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PROCEEDINGS AND DEBATES OF THE 96th CONGRESS, FIRST SESSION

SENATE—*Thursday, September 13, 1979*

(Legislative day of Thursday, June 21, 1979)

The Senate met at 10:15 a.m., on the expiration of the recess, and was called to order by Hon. HOWELL HEFLIN, a Senator from the State of Alabama.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father, who hast given us minds to know Thee and hearts to love Thee, help us to invest this sacred moment with profound significance. May we forget all else save our deep need of Thy help. May we feel Thy spirit brooding over us, longing to support us and to save us from the pressures which drive us, the stresses which impede us, and the tensions which break us down. As Thou hast given us life, now give us grace and wisdom. Deliver us from apprehensions and forebodings of the distant scene. Help us to do our very best this day and be content with today's troubles, so that we shall not borrow the troubles of tomorrow.

Into Thy hands we commit our lives. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 13, 1979.

To the Senate:

Under the provisons of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable HOWELL HEFLIN, a Senator from the State of Alabama, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. HEFLIN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield back my time.

Mr. PACKWOOD. Mr. President, I yield back my time.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, not to extend beyond 10 minutes, and that Senators may speak therein up to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MARITIME AUTHORIZATIONS, 1980

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 640.

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 640) entitled "An Act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes", do pass with the following amendment:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Maritime Appropriation Authorization Act for Fiscal Year 1980".

SEC. 2. Funds are authorized to be appropriated without fiscal year limitation as the appropriation Act may provide for the use of the Department of Commerce, for the fiscal year 1980, as follows:

(1) For acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, not to exceed $101,000,000: *Provided*, That no funds authorized by this paragraph may be paid to subsidize the construction of any vessel which will not be offered for enrollment in a Sealift Readiness program approved by the Secretary of Defense: *Provided further*, That in paying the funds authorized by this paragraph, the construction subsidy rate otherwise applicable may be reduced by 5 per centum unless the Secretary of Commerce, in his discretion, determines that the vessel to be constructed is part of an existing or future vessel series: *Provided further*, That no funds authorized by this paragraph may be used to construct any vessel which will have a subsidized manning level 50 percent above the minimum determined by the Coast Guard to be necessary for the safe operation of the vessel;

(2) For payment of obligations incurred for operating-differential subsidy, not to exceed $256,208,000: *Provided*, That no funds authorized by this paragraph may be paid for the operation of any vessel which is not offered for participation in the Sealift Readiness program approved by the Secretary of Defense: *Provided further*, That an operator receiving funds under this paragraph may elect, for all or a portion of its ships, to suspend its operating differential subsidy contract with all attendant statutory and contractual restrictions, except as to those pertaining to the domestic intercoastal or coastwise service, including any agreement providing for the replacement of vessels, if:

(a) the vessel is less than ten years of age,

(b) the suspension period is not less than twelve months,

(c) the operator's financial condition is maintained at a level acceptable to the Secretary of Commerce, and

(d) the owner agrees to pay to the Secretary, upon such terms and conditions as he may prescribe, an amount which bears the same proportion to the construction-differential subsidy paid by the Secretary as the portion of the suspension period during which the vessel is operated in any preference trade from which a subsidized vessel would otherwise be excluded by law or contract bears to the entire economic life of the vessel.

Any operator making such an election is entitled to full reinstatement of the suspended contract on request until October 1, 1984. The Secretary of Commerce may prescribe rules and regulations consistent with the purpose of this provision: *Provided further*, That no funds authorized by this paragraph may be paid for any item of wage costs

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

that is paid to the Transportation Institute, the Joint Maritime Congress, the American Maritime Officers Service, or to any other organization which engages in lobbying activities;

(3) For expenses necessary for research and development activities not to exceed $16,360,000;

(4) For maritime education and training expenses, not to exceed $31,372,000, including not to exceed $17,132,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $10,285,000 for financial assistance to State marine schools, 1,998,000 for fuel oil for State marine school training vessels, and $1,957,000 for supplementary training courses authorized under section 216(c) of the Merchant Marine Act, 1936; and

(5) For operating expenses, not to exceed $35,598,000, including not to exceed $6,377,000 for reserve fleet expenses, and $29,221,000 for other operating expenses.

SEC. 3. There are authorized to be appropriated for the fiscal year 1980, in addition to the amounts authorized by section 2 of this Act, such additional supplemental amounts for the activities for which appropriations are authorized under section 2 of this Act, as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law, and for increased costs for public utilities, food service, and other expenses of the Merchant Marine Academy at Kings Point, New York.

SEC. 4 During fiscal year 1980 the aggregate amount of new loan guarantees authorized by title XI of the Merchant Marine Act, 1936, shall be limited to $1,500,000,000.

SEC. 5. Section 27 of the Merchant Marine Act, 1920, as amended, 46 U.S.C. 883, is hereby further amended by adding the following new clause at the end thereof: ": *Provided further*, That until October 1, 1984, and notwithstanding any other provisions of this section, any vessel documented under the laws of the United States and owned by persons who are citizens of the United States may, when operated upon a voyage in foreign trade, transport merchandise in cargo vans, lift vans, and shipping tanks between points embraced within the coastwise laws for transfer to or when transferred from another vessel or vessels, so documented and owned, of the same operator when the merchandise movement has either a foreign origin or a foreign destination. This proviso shall not apply to movements between points in the contiguous United States and points in Hawaii, Alaska, the Commonwealth of Puerto Rico and United States territories and possessions."

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate disagree with the amendments of the House, request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the acting President pro tempore appointed Mr. INOUYE, Mr. MAGNUSON, Mr. LONG, Mr. WARNER, and Mr. PACKWOOD conferees on the part of the Senate.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further morning business, I ask that the Senate proceed under the order.

The ACTING PRESIDENT pro tempore. Morning business is closed.

RECLAMATION REFORM ACT OF 1979

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 14, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 14) to amend and supplement the acreage limitation and residency provisions of the Federal reclamation laws, as amended and supplemented, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Energy and Natural Resources with an amendment to strike all after the enacting clause and insert the following:

That this Act shall be a supplement to the Act of June 17, 1902, and Acts supplementary thereof and amendatory thereto (43 U.S.C. 391), hereinafter referred to as the Federal Reclamation Law, and this Act may be cited as the "Reclamation Reform Act of 1979".

DEFINITIONS

SEC. 2. (a) The term "Secretary" means the Secretary of the Interior.

(b) The term "individual" means any person, including his or her spouse, and including other dependents thereof within the meaning of the Internal Revenue Code (26 U.S.C. 152).

(c) The term "qualified recipient" means an individual who is a citizen of the United States or a resident alien thereof or any legal entity established under State or Federal law which benefits twenty-five such individuals or less.

(d) The term "limited recipient" means any legal entity established under State or Federal law benefiting more than twenty-five individuals that is receiving water service from, through, or by means of a Federal reclamation project on the date of this Act.

(e) The term "landholding" means the total acreage of one or more tracts of land owned or operated under a lease or leases by any person alone or by participation in a legal entity which is served with a water supply pursuant to a contract with the Secretary.

ACREAGE LIMITATION

SEC. 3. (a) The Federal Reclamation Law shall apply only to lands which are included within a Federal reclamation project which has been authorized by statute and which are served with a water supply from, through or by means of works provided by such authorization pursuant to a contract with the Secretary.

(b) Any provision of the Federal Reclamation Law which establishes a limitation on acreage to be served with a water supply to the contrary notwithstanding, a landholding of any qualified recipient which consists of one thousand two hundred and eighty acres or less shall be considered to be within the acreage limitation of the Federal Reclamation Law.

(c) In the determination of excess lands under the provisions of this Act or any other provision of the Federal Reclamation Law, the applicable acreage limitation shall be interpreted as applying to a landholding as defined in subsection 2(e) of this Act.

(d) Lands included in a landholding of any qualified or limited recipient which exceed the acreage limitation imposed by this Act or lands included in a landholding of any other person which violate the provisions of this Act and any other provision of the Federal Reclamation Law and which are receiving a reclamation water supply but are not under a recordable contract on the date of enactment of this Act shall be placed under a recordable contract within three years of the date of enactment of this Act as a condition of continued water service.

(e) Recordable contracts entered into pursuant to the provisions of subsection (d) of this section shall provide for the disposal of such excess land within ten years of the date of enactment of this Act.

(f) The Secretary may, in his discretion, by rule, impose a limitation on the number of landholdings that may be managed by another person on behalf of qualified recipients or other landholders.

(g) Except to the extent that they are inconsistent with the provisions of this Act, the provisions of the Federal Reclamation Law, including those provisions relating to the implementation of the acreage limitation, shall remain in full force and effect.

(h) Nothing in this Act shall repeal or amend any existing statutory exemptions from the acreage limitation of the Federal Reclamation Law.

EQUIVALENCY

SEC. 4. Wherever an acreage limitation is imposed by the Federal Reclamation Law, the Secretary shall (upon request of a qualified or limited recipient or other contracting entity representing one or more qualified or limited recipients) designate by rule the acreage of a landholding which may receive water at one thousand two hundred and eighty acres of class 1 land in the case of a qualified recipient or one hundred and sixty acres in the case of a limited recipient or the equivalent thereof in other lands of lesser productive potential. Standards and criteria for determination of land classes pursuant to this authority shall take into account all factors which significantly affect the economic feasibility of irrigated agriculture, including but not limited to, soil characteristics, crop adaptability, costs of crop production, and length of growing season.

RESIDENCY NOT REQUIRED

SEC. 5. Notwithstanding any other provision of law, a qualified or limited recipient shall not be required to be a resident on or near a landholding in order for such landholding to be eligible to receive water pursuant to a contract with the Secretary.

REPAYMENT OF CONSTRUCTION CHARGES

SEC. 6. (a) The acreage limitation provisions of the Federal Reclamation Law shall cease to apply to any landholding upon completion of the repayment by any contracting entity of the amount of any construction costs required to be repaid by such contracting entity by the terms of any contracts with the Secretary relating to the delivery of water supplies to such landholding for agricultural use either in the repayment period provided pursuant to the contract or, notwithstanding the payment schedule of a contract, upon lump sum payment or after repayment by an accelerated schedule when such accelerated schedule is applied for by said contracting entity: *Provided*, That where any such contract has been or may be entered into pursuant to the authority of the Rehabilitation and Betterment Act (Act of October 7, 1949, 63 Stat. 724, as amended), the contracting entity shall have the additional option of adopting a form of repayment consistent with section 5(c)(2) of the Small Reclamation Projects Act of 1956 (Act of August 6, 1956, 70 Stat. 1044, as amended) and if such form of repayment is adopted, the acreage limitation provisions of the Federal Reclamation Law shall not apply solely as a result of the indebtedness under such contract.

(b) The Secretary shall provide, upon request of any owner of a landholding for which repayment has occurred, a certificate acknowledging that the landholding is free of the acreage limitation of the Federal Reclamation Law. Such certificate shall be in a form suitable for entry in the land records of the county in which such landholding is located.

LEASING RESTRICTIONS

SEC. 7. (a) Lands which are leased by any lessee and operated for agricultural production utilizing water supplied pursuant to a contract with the Secretary shall be considered to be part of such lessee's landholding as well as the lessor's landholding for purposes of applying the acreage limitation of the Federal Reclamation Law.

(b) Notwithstanding the acreage limitation provisions of section 3(b) of this Act, a lessee may receive water for lands in excess of one thousand two hundred and eighty acres if he notifies the Secretary showing that such lands in excess of one thousand two hundred and eighty acres are leased for a period of one year or less without a right of renewal.

(c) The right to receive water pursuant to subsection (7)(b) shall be effective upon the filing of notice of the lease with the Secretary, containing the name of the lessee and lessor and the length of its term, and shall continue subject to any subsequent determination by the Secretary that the requirements of this section have not been met.

(d) Lessees holding lands in excess of the acreage limitation of this Act or of any other provisions of the Federal Reclamation Law under the provisions of a valid written lease effective as of the date of this Act shall be required to comply with the appropriate acreage limitation within ten years of the date of this Act.

EXEMPTIONS

SEC. 8. (a) The Secretary is authorized to continue delivery of water supplies to all project lands held by bona fide religious or charitable nonprofit organizations as of January 1, 1978, without regard to the acreage limitation of this Act or other Federal Reclamation Law so long as title remains unchanged and as long as the agricultural produce and proceeds of sales are directly used for charitable purposes.

(b) Section 3 of the Act of July 7, 1970 (43 U.S.C. 425b) is amended by striking the phrase "for a period not to exceed twenty-five years" following the term "project water".

(c) The acreage limitation of the Federal Reclamation Law shall not apply to lands within the Imperial Irrigation District of California.

(d) Any other provision of law notwithstanding, neither the acreage limitation, nor other provisions of the Federal Reclamation Law (Act of June 17, 1902, 32 Stat. 388 and Acts amendatory thereof or supplementary thereto) shall be applicable to landholdings receiving benefits from Federal water resource projects constructed by the United States Army Corps of Engineers unless—

(1) the project has, by Federal statute, explicitly been designated, made a part of, or integrated with a Federal reclamation project, or

(2) the Secretary of the Interior, pursuant to his authority under the federal reclamation law has provided project works for the control or conveyance of an agricultural water supply for the lands involved, or

(3) the provisions of the federal reclamation law are, by Federal statute, explicitly made applicable to the lands involved.

(e) The acreage limitation of the federal reclamation law shall not apply to lands temporarily provided with a water supply in unusually wet years or from infrequent flood flows of short duration, nor shall such limitation apply to lands leased for one year or less for the purpose of water conservation or management in years of inadequate water supply.

(f) Notwithstanding the provisions of section 3, the Secretary may deliver water to minor tracts of land though the delivery to such tracts may cause a qualified recipient to become an excess landholder if the Secretary determines that there is no economically viable alternative means of operating such minor tracts.

(g) Land in excess of a landholding upon sale into non-excess status after the effective date of this Act, shall be eligible to receive water service only if title to the land is subject to a condition that the land shall not be sold at a price greater than the landowner's cost for the land, plus the value of any improvements, both increased only by the rate of increase of the Consumer Price Index for the period between the date of that landowner's purchase and the date of his sale of the land: *Provided*, That if such land has continuously remained as nonexcess land for a period of ten or more years, the sale price of the land after the tenth year may be at the fair market value thereof without regard to the provisions of section 423e of title 43, United States Code.

(h) Notwithstanding any other provisions of the federal reclamation law to the contrary, a landholding, including any lands in excess of the acreage limitation applicable to such landholding, may be acquired by foreclosure or other process of law, by conveyance in satisfaction of mortgage, by inheritance, or by devise, and (1) if acquired by other than a qualified recipient, such landholding shall be furnished with a water supply temporarily for a period not exceeding ten years from the effective date of such acquisition, delivery of water thereafter ceasing until the transfer thereof is completed to a qualified recipient, and (2) such lands of the landholding as were not held in excess status at the time of such acquisition may thereafter be sold at the fair market value of the property without regard to the provisions of section 423e of title 43, United States Code, or section 3 of this Act.

(i) A landowner which is a corporate or other trustee may collectively hold in a fiduciary capacity land eligible to receive a water supply notwithstanding any other provisions of the Federal Reclamation Law to the contrary: *Provided*, That with respect to such holding, the beneficiary or beneficiaries thereof are in compliance with the acreage limitation provisions of the Federal Reclamation Law.

(j) Any provision of the Federal Reclamation Law which establishes a limitation on acreage to be served with a water supply to the contrary notwithstanding, a landholding of any limited recipient which consists of one hundred and sixty acres or less shall be considered to be within the acreage limitation of the Federal Reclamation Law.

RECORDABLE CONTRACTS

SEC. 9. Other provisions of this Act notwithstanding, and only with respect to excess lands subject to recordable contracts between the United States and owners of such lands as had been entered into prior to the effective date of this Act, the period of time during which such owners may dispose of the lands thereby encumbered shall remain as specified in such contracts: *Provided, however*, That the period of time during which the Secretary of the Interior has suspended, or in fact not generally processed approvals of dispositions of excess lands, whether by virtue of court order or otherwise, shall be added to the period provided by such contracts.

ADMINISTRATIVE PROVISIONS

SEC. 10. (a) The Secretary is hereby authorized and directed to amend any provision of any contract between the Secretary and another party existing upon the date of enactment of this Act which is inconsistent with the provisions of this Act but only at the request of said other party.

(b) Determination made by the Secretary pursuant to the authority granted in this Act shall be in accordance with the provisions of the Administrative Procedure Act, chapter 5 of title 5, United States Code.

(c) Any non-Federal party to a repayment contract with the Secretary relating to a Reclamation project may obtain validation of any provisions of such contract relating to the acreage limitation available to such party pursuant to such contract or under the Federal Reclamation Law by making application therefor to the Secretary in writing within three years from the date of enactment of this Act. The Secretary shall review each such application and within ninety days from the date on which he receives such application shall transmit it to the Congress together with his comments and recommendations. Unless the Congress by joint resolution disapproves the application within ninety days from the date on which it receives the Secretary's transmittal, the application shall be approved and the provisions shall be considered to be validated.

(d) If lands in excess of the acreage limitation of Reclamation Law have not been disposed of at the end of the recordable contract period, power of attorney shall vest in the Secretary who shall sell such lands by lottery or other impartial selection only to qualified recipients according to such reasonable rules as he may establish. In such sales the Secretary shall make every effort to provide opportunities for the acquisition of landholdings of varying financially and economically feasible size.

CONSENT TO SUE

SEC. 11. In addition to any other remedy available in law or equity, any party to a contract with the Secretary of the Interior providing for the delivery of agricultural water supplies may bring an action in the United States district court for the district in which the project is located for mandatory injunctive relief to reform such contract in accordance with the terms of any written representation concerning the application or interpretation of the Federal Reclamation Law or contracts made by the Secretary or his representative to such party or his predecessor in interest. Exclusive jurisdiction for such suit is hereby vested in the United States district court. If the court finds, on the basis of the evidence submitted, that the party would not have entered into the contract but for the written representations made by the Secretary or his representative, which were relied on by the water users, then the court shall order the Secretary to reform the contract to conform with the representations and the contract, as reformed, shall be considered valid as of the date of the written representation.

REPORTING

SEC. 12. Any contracting entity subject to the acreage limitation of Reclamation Law shall compile and maintain such records and information relating to land ownership, leasing, water supply and use, land use, cropping, financial transactions including transfers of interest in lands which are reasonably necessary to implement this Act and the Federal Reclamation Law. On a date set by the Secretary following the date of enactment of this Act, and annually thereafter, every such contracting entity shall provide in a form suitable to the Secretary such reports on the above matters as the Secretary may require.

The ACTING PRESIDENT pro tempore. Time for debate on this bill is limited to 4 hours, to be equally divided between and controlled by the Senator from Idaho (Mr. CHURCH) and the Senator from Oregon (Mr. HATFIELD), with 1 hour on any amendment in the first degree, except an amendment by the Senator from North Carolina (Mr. MORGAN), on which there shall be 2 hours, with 30 minutes on any amendment in the second degree and with 20 minutes on any debatable motion, appeal, or point of order.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, and I suggest unanimous consent that the time not be charged against either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MUSKIE. I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that Mike Aube, of my staff, be accorded the privilege of the floor during debate on S. 14.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. HATFIELD. Mr. President, I thank the Senator for yielding.

Mr. President, I ask unanimous consent that during the debate on S. 14, Steve Hickok, Tony Bevinetto, Chuck Trabandt, Gary Barbour, Carol Garnett, and Cindy Calfee, of the Energy Committee staff, and Greg Dow, of Senator PACKWOOD's staff, be accorded the privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that the time be charged to neither side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHURCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I yield to myself on the bill such time as I may need.

Mr. President, I ask unanimous consent that Mr. Fred Wahl, of my own staff, and the following staff members of the Committee on Energy and Natural Resources be accorded the privilege of the floor during the debate on S. 14: Dan Dreyfus, Russ Brown, and Mike Harvey.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, S. 14, the Reclamation Reform Act of 1979, seeks to address historical questions which have arisen both as to the interpretation as well as administration of the Federal reclamation law.

In S. 14, the Committee on Energy and Natural Resources provides a modern statement of congressional policy on several aspects of reclamation law, to resolve ambiguities, and to conform the law to current practical considerations of farm practices and economics.

As my colleagues know, "reclamation law," as it is commonly known, encompasses 75 years of history in the 17 Western States. The basic reclamation law was enacted in 1902. It has been frequently amended and updated and the body of statutory law now fills three thick volumes encompassing all or parts of hundreds of public laws. This legislation marks the first time in 40 years that Congress has undertaken a comprehensive review of reclamation law and I would like to commend the members of the Committee on Energy and Natural Resources for the truly bipartisan spirit with which we examined and faced up to some most difficult problems.

S. 14, as amended by the committee, will give relief to real family farmers in several important ways. It will abolish the troublesome residency requirement which has not been enforced for decades. I contend that requiring residency on or in the vicinity of the landholding serves no useful purpose. The establishment of a legal residency on an agricultural landholding does not guarantee that one is a practical farmer nor does a residence more than 50 miles from landholding in the modern-day West indicate that one is not operating the farm on a day-to-day basis.

Further, S. 14 would increase the maximum landholding for which a farmer might receive reclamation water service to 1,280 irrigated acres. That is a generous farm size, but it is consistent with the economics of modern farming. There are, in fact, some types of specialized equipment so expensive that they could only barely be supported by an operation of this size.

Beyond these two major provisions, S. 14 contains several other adjustments, clarifications, and amendments of existing law which will resolve inequities and problems that have arisen in special circumstances over nearly 80 years of experience with the reclamation law and its interpretation. These provisions are urgently needed by many hundreds of farmers throughout the 17 reclamation States, many who farm very small acreages but for one or another reason have come into conflict with narrow interpretations of existing law.

On the other hand, S. 14 includes provisions which will make the enforcement of the reclamation law more certain and practical. It clearly includes leased as well as owned lands within each landholding which is limited to 1,280 acres. Long-term leasing arrangements have long been cited as the most notable of the evasions of the existing law, and it is probably impossible for the Secretary to investigate the real nature of such leases.

I might say, Mr. President, that the practice of long-term leasing as a means for circumventing the 160-acre limitation has long since made a mockery of the law. And we have seen the abuses of leasing of the kind that have permitted certain large agribusinesses to accumulate immense tracts of land on Federal reclamation projects, measured in the many thousands of acres.

It is this abuse, that is a reality in parts of the West, that would be corrected by the provisions of S. 14, establishing, as it does, a maximum acreage of 1,280 acres. That size farm can be operated by a family under today's conditions, and it can yield a good living for a family, which was the original objective of the reclamation law. But obviously it is not the kind of farm that would be attractive for large agribusinesses that really seek enormous farm plantations of the kind that do in fact exist under present law, despite the 160-acre limitation, particularly in California, in parts of the State of Washington, and in some of the other States as well.

I would point out that under the provisions of S. 14, the acreage limitation applies to the lands for which a landowner receives water regardless of the nature of his tenure.

It applies if he is fee owner of the land, or if he is leasing the land, or if he operates the land under a combination of fee ownership and leasing arrangement. Whatever the nature of his claim to the land, it cannot exceed 1,280 acres for the delivery of reclamation water service under the provisions of this bill.

Also, under S. 14, large corporations will not be permitted to be qualified recipients of reclamation water supplies. Existing holdings of large corporations will be limited to 160 acres of land, owned or leased and no new corporate entries will be created.

The only exception to this is in fact no exception at all, since my statement has to do with large corporations. However, I should point out that the bill does permit small family corporations. Many times it is found desirable for a family owning a farm to incorporate the farm. This bill would permit the continuation of that practice for farm families.

I am confident that S. 14 will entirely resolve the legal problems of all but a very few of the farmers currently operating within the reclamation program. But it will also preserve the fundamental purpose of reclamation land law which is to provide the greatest number of opportunities for economically viable family farm operations.

Mr. President, I ask unanimous consent that the section entitled "Summary of Major Provisions" from Report 96-235 which accompanies S. 14 be printed in the RECORD at this point.

There being no objection, the excerpt from the report (No. 96-235) was ordered to be printed in the RECORD, as follows:

Summary of Major Provisions

As amended, S. 14 addresses several major issues related to the reclamation program and in some instances would mandate significant departures from past or present practice. Major issues and related provisions of the bill are briefly described as follows:

ELIGIBILITY

Section 2 establishes that a recipient of water for irrigable land (or "qualified recipient") would be an individual along with his dependents or a small corporation benefiting 25 individuals or less. A "limited recipient" would be any legal entity benefiting more than 25 individuals.

ACREAGE LIMITATION

Section 3 raises the basic acreage limitation from 160 acres to 1,280 acres for a qualified recipient. Section 2 provides that leased as well as owned land will be included in arriving at the total acreage subject to the acreage limitations, and that the total acreage of a qualified or limited recipient will be so limited regardless of whether or not the lands may be located on different projects.

LEASING

Section 7 defines the acreage limitation application to the leasing of lands served with water by a Federal reclamation project.

RESIDENCY

Section 5 of the bill would repeal the residency requirement of Reclamation Law.

SALES OF EXCESS LANDS

Section 10 provides for the use of a lottery or other impartial means for sale of excess lands for which power of attorney has vested in the Secretary at the expiration of a recordable contract.

PAYOUT

Section 6 of the bill provides that the acreage limitation would cease to apply upon repayment of the construction costs owed to the Federal Government by water users on a Reclamation project.

SPECIAL EXEMPTIONS

Section 8 of the bill provides that religious or charitable organizations, Corps of Engineers, projects, and the Imperial Irrigation District in California, are exempt from the acreage limitation of Federal Reclamation Law.

Mr. CHURCH. Mr. President, I yield to my good friend and Oregon neighbor, who is also the ranking Republican member of the Energy Committee, the able senior Senator from Oregon (Mr. Hatfield).

Mr. HATFIELD. I thank the Senator.

Mr. President, I am happy to join with our colleague from Idaho (Mr. Church) in bringing this bill (S. 14) to the floor. Senator Church and other members of the subcommittee, as well as the full committee, have labored long on this particular bill. I can say that there are parts with which I still disagree, and to which I will offer amendments during the progress of the bill in order to strengthen the bill and correct some inadequacies.

First, Mr. President, I ask unanimous consent that George Ramonas of Senator Domenici's staff be given the privilege of the floor during the consideration of this measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, in response to recent court cases and proposed Federal regulations Congress has taken upon itself the task of reforming a law which has been at the eye of a storm of conflict during several periods of the last 50 years.

I must applaud the distinguished senior Senator from Idaho for taking the initiative on this controversial but critical piece of legislation.

As the ranking minority member of the committee which had jurisdiction over the bill, as a consponsor of the legislation, and as a Senator and former Governor from a reclamation State I certainly appreciate the importance of this bill to farm interests of the West. As many of my constituents have written, this bill ranks with energy, inflation, and SALT II in importance to many people of the West.

Mr. President, while a great deal of criticism has been leveled on this bill, I believe the committee has constructed a bill which reforms many of the outdated principles of reclamation law. S. 14 brings reclamation policy into conformity with today's economics of farm enterprise. In addition this bill deals with a number of new concepts in reclamation law.

Specifically, this bill replaces the building block approach to acreage limitations with one absolute limit of 1,280 acres.

The bill also provides equity between reclamation water users by applying an equivalency formula to all lands in less productive areas.

Another important new concept is the definition of a qualified recipient. For years reclamationists have struggled with the family farm concept and abuses by large corporations. This bill, Mr. President, provides a meaningful application of reclamation law to qualified recipients and excludes corporations of over 25 persons from holding large parcels of land.

As well, the committee has drafted a bill which resolves years of debate about the validation of repayment contracts and legality of written representations to those contracts.

The committee has accomplished a great deal, Mr. President, but there remains a second and equally as important purpose of reclamation law which I believe has been neglected. That is to assure the public that their interest in the Federal support for family farm opportunities is protected from monopoly by large single farm interests and that the Federal subsidy associated with reclamation water is distributed fairly and equitably. In this regard, Mr. President, S. 14 can be improved.

Mr. President, I would like to resubmit for the record a statement I have prepared reviewing briefly the history of reclamation policy and Congress longstanding concern for the problems of speculation in and exploitation of the reclamation program by certain interests. I ask unanimous consent that it be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement

A great deal of controversy and criticism has surrounded S. 14, the Reclamation Reform Act of 1979. Before the Senate immerses itself in debate over conflicting facts and scenarios, I would like to take this opportunity to discuss briefly the history of reclamation in the West and explain my view of how S. 14 stands in the one-hundred year development of this issue.

During the middle of the 19th century the West was being settled by ambitious miners, cattlemen, and traders. The development of agriculture in the arid westlands was very much in question until the 1850's when members of the Mormon Church demonstrated that through proper irrigation these desert lands could be cultivated.

Expansion on this beginning was limited to several small locations because of the inadequate supply of water. Reclamationists at that time had not developed adequate techniques for water storage and delivery. In addition, agricultural developers found that farm practices in the humid areas of the Midwest and South did not apply to the arid region of the West. Congress, as well, found that the Homestead Act of 1862 established public lands policy but did little for growing farm interests in the West. Nevertheless, the passion for land heightened as men and women desired homesteads, and railroad companies and speculators envisioned profit from land investment.

With the passage of the Desert Lands Act in 1877, Congress encouraged agricultural development in the West by authorizing the sale of public lands to any person who could successfully cultivate the desert soil. The statute provided for a twenty-five cent per acre filing fee and an additional dollar per acre sale upon proof of compliance. This, the Federal Government's first major reclamation policy, was to be changed four years later after speculators and large economic interests exploited the law by buying promising parcels and selling the undeveloped land for profit.

During the 1880's and 1890's farmers and reform advocates banded together to form the Farmers Alliance which later became the Populist Party. With strong political support from the West and South, the Populist Party sought to reform federal reclamation policy and rid the country of special interest domination.

Behind the Populist Movement in 1891, Congress passed the General Revision Act which attempted to eliminate abuses and encourage private development of western lands. Farmers of public land were required to submit plans and had to be residents of the state in which they were filing. Maximum acreage was lowered to 320 acres and title could not be transferred unless an eighth of the land was cultivated within three years.

The next major reform was the Carey Act of 1894, introduced by Wyoming Senator Joseph M. Carey. The Carey Act granted public lands to states which would in turn contract with private construction companies to build irrigation works. By 1902 barely 11,000 acres had been reclaimed of the one million acres which had been turned over by the Federal Government.

After thirty years it was becoming increasingly apparent that if agricultural development of the West was to succeed in the near-term, the Federal Government was going to have to become directly involved in the construction of reclamation facilities.

After 1900, federal reclamation policy became an explosive issue on the national political scene. The 56th Congress began with a number of reclamation proposals and nearly every party and interest group expressed a position on the future of reclamation policy.

Southern and midwestern Congressmen opposed reclamation on the grounds that development of large agricultural interests in the West would compete with existing farm operations in their states. Aid to western irrigators, they argued, would be unfair to farmers in other parts of the country. Supporters brought forward social and financial arguments promising the legislation would relieve population pressures, stabilize the national farm economy, assist the drought-striken Midwest and, above all, restrict the federal reclamation benefits to families, not corporations, who wanted to reclaim desert lands.

Both supporters and opponents of reclamation legislation were keenly aware of the primacy of water to the development of the West and understood the need to manage the valuable benefits which would be created by federal reclamation projects. Previous reclamation policy did not address these important concerns.

Representative Francis G. Newlands of Nevada introduced the bill which, after several modifications, passed both Houses by a wide margin and which was signed into law by President Roosevelt on June 17, 1902. The Reclamation Act of 1902 represented the culmination of efforts to conform public lands policy to the social and agricultural needs of the nation. While the benefits of reclamation water would flow primarily to western farmers, southern and midwestern representatives played an influential role in seeing that reclamation law was for the benefit of the nation as a whole and not just the seventeen western states.

As we look at the debate surrounding reclamation reform today, these same concerns are expressed. How is Congress to manage the benefits of reclamation water? How is Congress to protect the public's interest from being exploited by land speculators and abused by large agribusinesses? How is Congress to undate the 1902 law to meet the agricultural, economic and social needs of today?

The period between 1902 and 1926 was marked by extreme devotion of the Bureau of Reclamation to the engineering aspects of reclamation projects. Many of the economic and social purposes of the 1902 Reclamation Law were put aside to solve the technical problems involved with delivering water. An attempt was made in 1926 to strengthen the economic and social elements when Congress passed the Omnibus Adjustment Act. Further restrictions were placed on speculators and would-be monopolists while the economic burden for small farmers was lifted by suspending $14 million worth of construction costs.

Throughout the '40's, '50's and '60's, development of the West took on a new look. Industry, as well as agriculture, put further demands on the scarce water supply. Multi-use projects were built to meet the growing need for power, irrigation and industrial water supply, transportation, and flood control in western states. Farmers, developers and conservationists clashed over the management and use of natural resources.

The '60's and '70's saw the executive branch and the courts attempt to untangle reclamation policy from the battles of these interest groups of the previous decades. Still, a vague impression of the agricultural and social purposes of the program remained despite the confusion created by various decisions. In 1961 the Department of Interior reversed itself on the question of exempting the Kings River project in California from the provisions of Reclamation Law, deciding finally that acreage limits should apply. The Ninth Circuit Court of Appeals ruled in 1969 to abrogate acreage limits in the Imperial Valley Irrigation District, but nearly contradicted itself by upholding residency requirements.

While the Congress has struggled over the issue of reclamation policy for the past 100 years, it has maintained the agrarian values upon which the reclamation program was founded. Congress has continually recognized the public's interest in reclamation law by upholding safeguards against the program's exploitation by other than the family farmers it was meant to assist. There is grave concern at this time, however, that S. 14 does not adequately protect the public's interest in seeing that the federal subsidy continues to encourage viable family owned farms.

Specifically, I believe the program is vulnerable to abuse in the short-term lease exemption of Sec. 7 of S. 14 and in the payout provision of Section 6. Through the loose language contained in these sections a large agribusiness could simply avoid acreage limitations by signing one-year leases or by satisfying repayment obligations before the end of the contract periods.

In addition, I believe that because landholders have been able to sell excess land to business associates and distant relatives to maintain their effective control and benefit, a limited lottery provision should be adopted to allow a farmer to sell only 1,280 acres of his excess land at his discretion, or up to 3,840 acres to his lineal descendants with the remainder to be sold to other qualified recipients through an impartial lottery.

I believe that these three changes in S. 14 are necessary to preserve the basic intent of reclamation policy in the West. I say this as a member of the Senate from a reclamation state and as a former governor of such a state. Without these amendments S. 14 will effectively allow landholders to benefit from unlimited reclamation water service and will greatly reduce opportunities to expand family farm opportunities in the West. Congress has been conscious of such abuses in the past and should maintain its vigilence in seeing that a meaningful reclamation policy continues.

Mr. HATFIELD. Mr. President, I would point out that only 2.8 percent of all the farmland in the United States benefits from reclamation water and is affected by this bill. This 2.8 percent, however, produces 30 percent of the country's fresh vegetables and a large percentage of fruits, nuts, and cotton. In 1975, the gross value of crops on reclamation land was $4.4 billion.

Of those farmers who would be affected by this bill, over 98 percent would be in compliance with a 1,280-acre limit. The remaining 2 percent, who would be in excess, presently hold over 2½ million acres and receive a Federal subsidy of nearly $10 million annually.

Mr. President, it is important to know also that the farmers who would benefit from exceptions to the acreage limit are not small or struggling tillers of the soil. The Department of Interior reports that a farmer with 1,280 acres maintains a crop value which places him in the top 95th percentile of gross annual income for all farmers in the United States.

I would ask my colleagues to stand with the committee on our basic objectives of updating reclamation law, recognize the importance of several changes which will keep the benefits of the reclamation program spread among small farm operations, and assure the public that their subsidy is not abused by large wealthy farm interests.

AMENDMENT NO. 400

(Purpose: To delete the short-term leasing exemption in section 7)

Mr. HATFIELD. In line with that statement, Mr. President, I send to the desk my first amendment and ask that it be reported.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD), proposes an amendment numbered 400:

On page 12, delete lines 10 through 21 and redesignate subsequent subsections accordingly.

Mr. HATFIELD. I ask unanimous consent that the names of the Senator from Idaho (Mr. CHURCH) and the Senator from Nebraska (Mr. EXON) be listed as cosponsors of this amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, what is the parliamentary situation?

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment of the Senator from Oregon. There is a 1-hour limit on the amendment, with the time to be equally divided.

Mr. McCLURE. Mr. President, will the Senator from Oregon yield briefly? I wonder if the Senator would be willing to yield me some time on the bill before going into the amendment, so that I may make a brief statement, and then he go back to his amendment?

Mr. HATFIELD. Mr. President, I ask unanimous consent that I may yield 5 minutes to the Senator from Idaho on the bill, without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McCLURE. I thank the Senator from Oregon for yielding.

Mr. President, I intend to be very brief, but as one who strongly supports the measure we now move to consider, there are just a few points I would like to make. As the Senate begins debate on S. 14, the bill to revise and modernize the Reclamation Act of 1902, I think it would be well at the outset to consider for a moment the importance and gravity of whatever action the Senate chooses to take on the issue. Before we launch into the thick of debate, before emotions rise and tempers flare, as I fear they will, let us look with clear heads at the serious implications the manner in which we resolve this issue will bear for our Nation and its people.

Never as long as I have served in Congress have I encountered an issue about which so much information and misinformation has been circulated. Never have I seen so important an issue so greatly misrepresented and misunderstood.

Many, I am afraid, consider this to be strictly a Western issue. It is of course, of vital importance to the West, where the ramifications of our action will be most directly felt, but it also has a manifest impact on the Nation as a whole.

I suggest that before we begin to toss around the facts and figures and statistics that are sure to come, each Member of this body first ask himself the simple question of what kind of country he wants to have, because that question is, in my judgment, at the root of this issue.

What is the purpose of government in general, and of this Government specifically? Should that purpose be significantly altered from that which was intended by the men who constructed a new nation—the greatest nation ever seen on the face of the Earth—and the ideas that motivated them? Should our national goals shift away from encouraging growth, productivity, and national prosperity in an atmosphere of economic and social freedom, to the creation of a centrally controlled, rigidly enforced egalitarian society in which excellence is not virtue and liberty no prize?

I suggest that each of my distinguished colleagues ask and answer all these questions for himself as this measure is considered. The American people by right ought to know the direction the leaders of their Government intend to take them, and I believe the outcome of this legislation will tell them clearly as any issue we have considered in this decade.

Briefly, I want to mention that on one of the pieces of literature sent to my office by the organization most adamantly opposed to S. 14, the National Land for People group, in bold letters across the top of the page appear the words, "The land belongs to those who work it." This is superimposed on a photograph of what appears to be farmworkers at work in a field. The underlying meaning of that language is devastating, for it implies that those who own land and hire people to work on it are somehow inherently evil and exploitative. It is in effect a call to revolution. It underscores that to some the concept of private ownership of property is wrong and has little meaning or importance. It suggests the existence of the so-called class struggle which is a part of the dogma of Marxism and which has no applicability whatever in a democracy such as ours where equality of opportunity is guaranteed. I resent and resist that implication. I submit that if the language to which I refer truly reflects the view of this organization, its credibility is effectively nullified. It becomes clear that their purpose is not to effect a more equitable distribution of a Federal subsidy, but an out and out agrarian land reform such as never before contemplated. Reclamation law is merely the excuse, at least apparently insofar as this group is concerned.

There is no doubt changes in the 1902 law are necessary and are long overdue. Clearly the 1902 reclamation law is inadequate for today's world and should have been revised long ago. But now the administration is opposing the bill which was painstakingly written to affect a reasonable, equitable, and realistic change in that law. Secretary Andrus has himself admitted that what the administration has proposed goes well beyond what is necessary to comply with the court order to draft regulations for excess lands; and what troubles me most greatly is that in attempting to address certain limited instances of what they consider to be abuse, the administration would be willing to sacrifice the ability of a man and his family to make a living from farming in every Western State. To foreclose a situation they fear might occur, the administration would restrict the right of a farmer to sell his property to his sons and daughters or to whomever he sees fit. I believe there is a better way to solve the apparent problems without gross overreaching.

Accordingly, I strongly support S. 14. Even though I recognize it misses the mark in some respects, I believe it is still a viable, reasonable compromise resolution of a most difficult and complex issue.

I expect that as the debate on the bill proceeds and as the various amendments to it are considered, the issues involved will be developed and discussed in some detail. But I want to lay down some basic arguments with regard to a couple of points I expect will be most troublesome.

First, as to the question of leasing, I would only point out that without the ability to lease ground it would be virtually impossible for a new, young farmer to start out. Costs of land and machinery, high interest rates, and other high production costs make it almost mandatory that a young farmer start out by farming leased ground in order to realize a profit. Leasing is not intrinsically wrong. It is a fact of modern farm life.

Second is the question of the so-characterized enormous subsidies the administration is so anxious to redistribute. I would only reiterate that the amounts of these subsidies have been greatly exaggerated, and in addition that the economic stimulus and return in terms of jobs created, productivity, and additional taxes the Federal investment has provided should not be overlooked. It was recently reported that over $54 billion in economic benefits have been gained as a result of our investment in reclamation projects. Rather than merely consuming resources like so many other of our Federal welfare and social programs, these projects produce wealth for our Nation. Water, it has been said, is the lifeblood of the West, but water projects are of life-giving benefit to the entire Nation.

I might conclude, Mr. President, by remarking that we have, in the 75-year history of this reclamation program, invested $7 billion of the taxpayers' money in reclamation projects. That is less money than the General Accounting Office found that the Department of Health, Education, and Welfare misapplied, misused, or simply lost, in 1 year, and there is no cost-benefit ratio study in the HEW program and there is no repayment required.

Mr. President, let us get this question of subsidy into the right kind of perspective, and national benefit in the right kind of perspective.

Mr. President, I yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I commend the Senator from Idaho for his very significant and reasoned analysis of this part of the bill to which he has addressed himself. I thank him for adding that to our general debate.

Mr. President, at this time, I ask unanimous consent to yield 15 minutes to the Senator from Wisconsin (Mr. Nelson) on the bill for his opening statement, without losing my right to the floor, and following his statement then to return to the consideration of my amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NELSON. I thank the distinguished Senator from Oregon.

First, Mr. President, I ask unanimous consent that after the completion of my opening remarks, there be printed immediately following those remarks a letter from the Secretary of Interior, Mr. Andrus, dated July 23, 1979, addressed to me, evaluating and giving his judgment on S. 14.

I note that the Secretary makes a devastating series of criticisms of the pending legislation which I think it is important the public and the Members of the Congress have the opportunity to read.

Next, I ask unanimous consent that immediately following the letter from Secretary Andrus there be printed in the Record a Dear Colleague letter which was sent out over the signatures of Senators McGovern, Proxmire, Riegle, and myself, and that the data appended thereto be printed in the Record.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. NELSON. Mr. President, before I begin to make my opening remarks on the legislation, I wish to say that the data that we have used in this speech come from either the Department of Interior itself, the U.S. Department of Agriculture, the General Accounting Office, and the American Journal of Agricultural Economics.

Mr. President, the Senate will today begin consideration of S. 14, the Reclamation Reform Act. As the bill is presently written, it would effectively repeal the acreage limitation provisions of reclamation law. It would make it the official policy of this Government to provide subsidies worth hundreds of thousands and in some cases, millions of dollars to individual large farm operators and wealthy investors.

I emphasize, under the provisions of S. 14, there will be subsidies worth hundreds of thousands and, in some cases which I will document later on, millions of dollars, to individual large farm operators and wealthy investors. It would end any hope whatsoever that reclamation law could be used as it was originally intended to be used to promote the family sized farm. Simply stated, Mr. President, S. 14 is nothing more nor less than reclamation reform for the wealthy.

My own State of Wisconsin is not a reclamation State but it is a family-farm State, and the preservation of the family farm has been of interest to the people of my State and myself and most people from agricultural States for many years. Because of this concern, I have had a strong interest in reclamation law. Starting in 1964, I have conducted four separate hearings on the topic, here and in California. The most recent hearing was held in Fresno in 1976 and it was shortly after these hearings that the Interior Department published its proposed regulations to enforce the family farm provisions of reclamation law.

I believe that Federal reclamation law offers a unique opportunity to take a stand for the family farm system. It provides us with a chance to stop praising the virtues of the family farmer, while damning him with policies whose benefits are captured largely by factories in the field and large landowners. There is no doubt, however, that S. 14, in my judgment, squanders this opportunity. In effect, S. 14 writes into law a guarantee that Federal reclamation subsidies can legitimately go to landowners of any size, and thereby repeals the provisions of reclamation law designed to limit its benefits to the family-sized farmer.

Unfortunately, the reform of reclamation law is often seen as purely a regional issue. Nothing could be farther from the truth. The Federal reclamation program involves billions of Federal dollars—dollars gathered from every taxpayer in the country. Moreover, the reclamation program is subsidizing Western farmers to grow crops that non-Western farmers are being paid not to grow. For some crops, most notably cotton, reclamation programs have caused massive shifts in cropping patterns from one region to another.

Reclamation is a national issue. It is an issue of equity for family farmers, of fiscal responsibility, and of sound agricultural policy. We should either change this bill substantially or to reject it in the hopes that a better bill can be drafted.

There is a great deal of confusion over what reclamation law is and what it does. While many claim the law is very complex, in fact, its basic principle is very simple: Providing low-cost irrigation water to encourage the farming of the arid West by family sized farms.

Just how much this low-cost water is subsidized by the taxpayer depends on the economic assumptions used to calculate the subsidy, but by any calculation, the subsidies are enormous.

The law calls on irrigators to repay only an average of 5 percent to 35 percent of the total principal cost of delivering water to their farms. This principal is then repaid over 50 years without any interest at all. It is the only interest free program in Government—not even disaster victims get interest free loans.

Later on I will discuss these subsidies in detail, but let me give just one example here.

The Southern Pacific Land Co. owns 100,000 acres in the Westlands Water District. Provisions in S. 14, when combined with the existing Westlands contract, have led the Interior Department to conclude that if S. 14 passes it is entirely possible—indeed probable—that Westlands will be able to be exempt from the acreage limitation entirely, and existing large landowners—even those who have signed contracts to sell their so-called excess land—will be able to keep all their land.

According to figures developed by the General Accounting Office, in the 10 years Southern Pacific is supposed to have to sell their excess land, they will net a subsidy worth $60 million. I repeat, Southern Pacific will get a subsidy worth $60 million.

If they can get out of the acreage limitation, they would be able to receive a subsidy worth $6 million per year—as long as the project continues. That means that over the projected 50-year life of the project, they would receive a subsidy worth $300 million from the taxpayer—and those are 1976 dollars.

Reclamation law was not intended to subsidize the railroads. It was not supposed to subsidize the factory farmer. It was not supposed to subsidize the wealthy investor. But it does, and this is a fraud; this is a ripoff of the taxpayer of unbelievable magnitude.

Let me give another example. Under the bill, the Imperial Irrigation District would be exempt from reclamation law, even though the courts have ruled that the district is subject to the law. The largest farm in the district is almost 16,000 acres. If the Imperial growers had to buy their water from the California State water project, they would have to pay an additional $20 per acre—the State project charges are closer to the real cost of delivering the water than the Federal costs are. Given current Imperial water usage, this would cost the 16,000-acre farm an additional $1,920,000 per year for its water. United Brands, which farms 6,000 acres in the district, would have to pay an additional $720,000 per year. It is no wonder that these growers are so concerned that S. 14 pass.

The examples could go on and on—if we had data for each project. Unfortunately, all we now have is overall data for the reclamation program and data for some individual projects. The Interior Department is conducting a major environmental impact study of this entire issue—an analysis which the large landowners forced the Department to do through court action. Now these same landowners are pushing for legislation prior to the completion of the EIS—scheduled for some time late next year. It seems clear that the reason for this is that they fear that the EIS will show just how typical these enormous subsidies are.

Mr. President, how much time does the Senator from Wisconsin still have?

The PRESIDING OFFICER (Mr. BOREN). Three minutes remaining.

Mr. NELSON. I wonder if the Senator will allow me 3 minutes to complete my remarks, in addition to the other 3 minutes.

Mr. HATFIELD. Yes.

Mr. NELSON. Mr. President, in 1902, Congress passed the Reclamation Act to encourage the settlement of the West. Since the land was arid, Congress decided that the Government should build irrigation projects and allow the new settlers to repay the costs of the project without interest. In order to assure that this built-in subsidy was distributed as broadly as possible and was not captured by large farmers or wealthy investors, Congress decreed that program beneficiaries would have to reside on or near the land and own not more than 160 acres, or 320 maximum for a man and his wife.

Many people argue that 160 acres was a large farm in those days, proving that Congress wanted to set a very high limitation. In fact, USDA historian David Brewster, reviewing Federal farm policy, has demonstrated that 160 acres was not a large farm, especially in the West, where large landholdings were quite common. Moreover, well before 1902, large southern plantations were a common feature of American agriculture. According to Brewster, "quarter section operations seemed restrained by comparison."

Over the years, however, successive Interior Department secretaries allowed the law to be eroded, dropping the residency requirement and ruling that the 160-acre limitation meant 160 acres per person. The net effect of these changes was to allow groups of investors to purchase farmland and lease it to a single large operator. A man and his wife and their two children, for instance, could join with two cousins from the city and 10 investors from outside the State to purchase 2,560 acres of land.

In most parts of the West, reclamation law's acreage limitations had little effect on the vast majority of farmers, since family sized units were the rule in agriculture there anyway. In California, however, and to a lesser extent in some areas of some other States, there were very large landowners who wanted to take advantage of the reclamation program. The law stated that they could do so—provided that they agreed to sell all their land in excess of the acreage limitation in no more than 10 years.

The subsidies of the program were so large that landowners readily agreed. What the hearings I have held revealed, however, was that when this excess land was sold, more paper changed hands than land. Large landholdings were broken up legally, but all too often control remained in the hands of large owners and operators through the use of complex legal subterfuges.

I have witnessed few hearings in my career that have been more moving than those held in Fresno, when literally hundreds of would-be family farmers appeared just to be represented by one California family farmer—one man who told their story of repeated efforts to buy reclamation land sold as excess, only to be told that it was not available in small parcels for family sized farms. These people were experienced family farmers with credit available to them from private sources. All they were asking was what the law promised. When the project in question was built, they and Congress were told that it would increase the number of farms in the westlands project from about 300 to about 6,000. Today, almost two decades later, there are 214 farms.

In Westlands, the largest reclamation project, the average farm averages almost 3,000 acres. Landholdings in other projects, such as Imperial and the Kings and Kern River, frequently are in the tens of thousands of acres. Unfortunately, the Bureau has not completed its current evaluation of land ownership patterns in reclamation projects, but, while the number of huge farms is small, it is clear that millions of acres are owned by factory farmers, factory farmers receiving hundreds of millions in subsidies.

In short, a report on the situation by the Senate Small Business Committee concluded, reclamation law, despite its stated intentions of fostering family sized farms, has had no effect on the size of farm operations and little effect on the size of landholdings.

It is important to note at this point, however, that nothing in reclamation law would limit anyone's right to own land. The law simply limits people's right to receive water to a specified amount of acreage. In other words, it limits the subsidy which landowners can receive. But how does reclamation law provide such enormous subsidies? Some people have argued that the money is paid back in full. This is nonsense.

Reclamation projects are built by the Government and the Government then requires that irrigators pay a percentage of the total cost allocated for irrigation in the project. This amount is then repaid over 50 years, without interest. During the first 10 years there are no payments at all. According to the report on S. 14, irrigators rarely repay even the entire principal amount—the Interior Department estimates that only 20 percent of the principal is repaid.

This amounts to an enormous subsidy. The respected professional journal, the American Journal of Agricultural Economics, published an article in the December issue calculating the subsidy. The total subsidy to irrigators through 1976 was $5 billion. For a 1,760 acre farm—and this would be the minimum effective acreage limitation under S. 14 for most projects—the average total present value of the subsidy per farm would equal $846,000 for all projects. For newer, higher cost projects, such as Westlands, the subsidy would be $3,872,000. Annually, this amounts to $61,666 per farm per year for all projects and $284,000 per year for newer projects such as Westlands.

These are conservative estimates. The GAO calculated a subsidy for Westlands that is six times as high as the Journal's figures. Other calculations by the Small Business Committee staff and the Interior Department are also several times higher.

The Journal article concludes that at present rates of repayment, even if interest is excluded, it will be 775 years before the debt to the Government is repaid. The Bureau of Reclamation itself performed an audit of the largest reclamation project—the Central Valley project—and found that by the projected payout date of 1996 the project will be $9 billion in debt.

The figures for the subsidy vary depending on the assumptions made about interest rates and other factors, but the exact numbers are not important. The overwhelming fact is that reclamation projects involve enormous subsidies, and Congress must decide who is to get them. S. 14 decrees that they will go to the large landowners and wealthy investors.

S. 14 changes reclamation law in a number of ways. First, it increases the acreage limitation to 1,280 acres of class one land or its equivalent in lands of lesser productivity. According to Bureau figures, even the most fertile districts have less than approximately 40 percent class one land, and thus would have average acreage limitations of at least 1,700 acres. Actual calculations on a district-by-district basis show that most districts would be higher than this figure; 1,700 acres in a reclamation project is a very large farm; 97.3 percent of all farms irrigate less than 1,000 acres; 99 percent of all farms would be under the acreage limitation. The other 1 percent of the farms could be exempted by a variety of other provisions in the law.

First, the bill provides that districts can "pay out" their obligation either on an accelerated or lump-sum basis, or according to the schedule in the contract. Once they pay out, the acreage limitations would be lifted. Payout is a myth, however. The subsidy continues forever—as long as the water flows, the subsidy flows. To allow the acreage restrictions to be lifted because a district has repaid the tiny fraction of its costs the contract calls for is to allow the subsidy to be captured freely by large landowners.

Even more odious is the provision calling for lump-sum or accelerated payout. Presumably, a district would borrow money to pay the obligation, which means that now the landowners would have to pay interest on the obligation. Many reclamation districts vote on a per-acre basis. The few large landowners thus can control the voting and thereby impose on the smaller landowners an obligation to repay the loan with interest. They will then pay several times the amount they would otherwise pay for water, and, since they are already within the limitation, will gain nothing. Of all the provisions in the bill, this is the most damaging to the family farm.

If the large landowners are not able to escape the acreage limitations through these provisions, then they have at least two others on which they can rely. First, the bill allows for unlimited additional leasing, provided that the landowner or operator's lease agreement contains no written right of renewal. Side agreements providing for these rights, of course, will be virtually impossible to police. Smaller loopholes than these have already allowed farms in reclamation projects to accumulate tens of thousands of acres.

Second, the bill exempts the Imperial Valley. It should be understood at this point that the court ruled that the Imperial Valley is covered by the Reclamation Act. Now comes a bill out of committee, after the court ruling, and it exempts the Imperial Valley, one of the largest districts, and several large projects built by the Corps of Engineers but specifically made subject to acreage limitations by Congress. The largest of these latter projects is the Kings River project. The J. G. Boswell Co. owns 90,000 acres in Kings River alone, plus another 25,000 in another district that is exempted, for a total of 115,000 acres, despite the ruling of the court. Boswell's cotton farm is five times as large as the next largest cotton farm in the United States, and he is exempt under this bill—an exemption worth millions and millions and millions of dollars to one owner. Although a precise calculation of the subsidy for any individual's farm is impossible, clearly the Boswell farming operation would net many tens of millions of dollars from the taxpayer.

The Imperial District has been the subject of considerable legislation, but the courts have decisively ruled that Imperial is subject to reclamation law. Imperial, like Kings River, has a number of very large landowners: 1.8 percent of the farmers own 38 percent of the land.

The large farm pattern exists throughout these exempted districts. Tenneco—poor, poor, poverty-stricken, little Tenneco—owns 67,000 acres in the Kern River project, and obviously needs millions and millions in subsidies from the American taxpayer. Superior Oil owns 22,581 acres in Kern River. Standard Oil owns 13,000 acres in Kings River, and Pagor-Punta owns another 26,816 acres there. The top 10 landowners in Kings River ow 210,522 acres and in Kern River the top 10 ow 172,000. Two owners in Imperial own 26,000 acres between them.

Mr. President, what possible justification is there for providing these landowners hundreds—and I emphasize hundreds—of millions of dollars in subsidies?

There are other problems in this bill. The equivalency provision allows for an expansion of the limitation in areas that are not all class 1 land. This sounds reasonable until it is recognized that there are no reclamation districts anywhere that are all class 1 land. Not even the fertile San Joaquin Valley is all class 1 land—in fact, it is only 40 percent class 1 land. The result is that the 1,280-acre limitation is really very misleading, for the smallest limitation would average at least 1,700 acres.

The equivalency provision is thus just another way to expand the acreage limitation. Moreover, the provision extends the equivalency concept to areas with year round growing seasons—the first time this has been done in the many efforts made so far to enact an equivalency provision. There is no reason to do this, for areas that can double crops already have a substantial advantage over more northern climates. The whole purpose of equivalency was to provide these colder areas with equity. This provision removes it.

What should reclamation law be? I believe that it should provide that the subsidies should be distributed as widely as possible to as many family-sized farms as possible. A bill that I recently sponsored, S. 718, the Reclamation Lands Family Farm Act, would accomplish this. That bill calls for an acreage limitation of 320 acres per farm family of class one land or its equivalent in lands of lesser productivity in areas with only one growing season. A father and a grown son farming together could have 640 acres—three brothers could have 960, and so forth, provided each actually farm the land.

Are 320 acres enough? Let me comment on what can be earned on these farms. I have felt that 320 acres is enough, but I have an amendment that will provide for 640, which I will offer, which I think is far too much. But let us take a look at it.

According to the U.S. Department of Agriculture, in a study they performed for the Bureau of Reclamation, 320 acres would provide a net income of $14,000 to $85,000 per year in reclamation projects. The cheap water provided by the project is a major boom to the irrigators, allowing the high incomes. Conservative Bureau estimates from actual farm data show that average net incomes of $8,000 to $37,000 per year were realized in reclamation projects in 1975–77, on farms of 320 acres receiving project water. Only Montana's Milk River project was an exception, providing only about a $4,000 net return. The equivalency provision in S. 718, which I introduced, would allow the Secretary of the Interior to expand the acreage in districts such as these to assure a reasonable income.

While I believe 320 is a good figure, I believe that a compromise of 640 acres would be reasonable. I can see no reason to go any higher than this figure. Over 90 percent of all Western farms irrigate less than 500 acres, and a 640-acre farm would still be netting a total subsidy during the course of the project, of over $200.000.

I will, therefore, offer an amendment to decrease the limitation to 640 acres per farm family, and to limit the equivalency provision to areas with less than a 180-day growing season.

In addition to this amendment, several other changes are needed.

First, we must retain the current provisions of law that retain the acreage limitations over the life of the project, except where a district has a specific provision in its contract to do otherwise.

Second, we must not exempt corps projects and the Imperial project where hundreds of thousands of acres would be exempted from the limitation and a few landowners would become eligible for hundreds of millions of dollars in subsidies.

Third, we must not allow advance payouts that would exempt districts from the limitation and force smaller farmers to pay for large farmers' exemptions.

Fourth, we must eliminate unlimited leasing provisions which allow a few large landowners to reap millions in susidies.

Fifth, we must require that beneficiaries not be investors. Instead, they should be farmers living on or near the land.

Finally, there must be a procedure which would allow at least some land to go to smaller family farmers. This could be accomplished by allowing owners of excess land to sell as much land as they want up to a certain limit, such as 1,280 acres, but require that land in excess of this amount would be sold through a lottery in parcels of varying sizes by the Secretary of the Interior to qualified family farmers. This would allow landowners considerable latitude in selling their land, but would still make land available for genuine family farmers.

Mr. President, unless we accept these changes in S. 14, this bill will simply be a bailout for the large landowners. Any one of the major problems addressed by these amendments would, in itself, be cause to oppose the bill. I believe that unless we can reach a consensus on these amendments, we should simply defeat this bill.

Mr. President, I thank the distinguished Senator from Oregon for yielding me the time from the bill in order to present my arguments, and I yield back whatever time may be remaining.

EXHIBIT 1

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., July 23, 1979.
Hon. GAYLORD NELSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR NELSON: Very shortly, the Senate will consider S. 14, a bill recently reported from the Senate Committee on Energy and Natural Resources, which dramatically amends the Reclamation Act. Because I have the most serious concerns about the bill and its adverse consequences on the future of the Reclamation program, I believe it is appropriate to detail those concerns now.

I would like to begin by commending you for your strong stand and for the thrust of your efforts in your "Dear Colleague" letter of July 11, 1979. I'm sure your views will be most helpful to your colleagues.

While I strongly commend the Senate Energy and Natural Resources Committee for taking up the issue promptly, the outcome is disappointing. I believe the bill is unacceptable in numerous specific respects, for which correcting amendments will hopefully be adopted. However, the bill's disregard for the most basic social purposes of the Reclamation Act is its greatest general deficiency.

I believe these social purposes, both in the historic and current sense, are beyond doubt. They were and are: to settle the arid West through the federally-subsidized development of water resources for irrigated agriculture; to foster an agriculture which is based on the family farm, manifested by limitation on farm size and personal operatorship; to distribute widely the benefits of Federal public works; and, to ensure that this Federal subsidy is not allowed to accumulate in the hands or pockets of an already well-endowed few, or the land speculators rather than the farmer. While, of course, the settlement of the West has been achieved, we strongly believe that the other purposes have continuing validity. Enclosed with this letter is a staff paper examining the subsidy and a compendium of public statements making clear the unequivocal and continuing objectives of the Act over the past 75 years.

We acknowledge that the subsidies involved are substantial, but when balanced against the social objectives of the Act, they have always been deemed in the public interest. S. 14, in my view, destroys this perceived balance by legitimatizing situations, and practices that Federal courts have decided were in violation of reclamation law. Significantly, the bill and its report are silent on the objectives of the Reclamation program leaving it understood that the traditional objectives still stand.

I should make it clear that the Administration has specifically recognized the need to carry out the objectives of the Act in ways which are sensitive to modern circumstances in agriculture, economics, and society. In virtually every area where change was indicated, such as farm size or residency, the Administration has offered amendments which allow the Act to conform to modern conditions *without* abandoning its purpose. In apparently pursuing the same puropse, the Committee exceeded reasonable limits.

We believe that Reclamation has, on the whole, been successful in achieving the objectives set for it over 75 years ago. However, we recognize that some serious problem areas and distortions of the program have developed over the years, some of them egregious. Reform of the reclamation laws should be directed to correcting of these problems.

Yet, S. 14 almost systematically amends away virtually every substantive component of the Act which ensures that the original social objectives will be met and that the problem areas can be corrected. The bill would effectively repeal the reclamation law as we have known it. What remains is a structure which endorses all of the present program aberrations, of large farms, absentee speculator owners, and enforcement loopholes which cry out for reform. Through its pattern of greatly expanded acreage limitations, disregard for residency or any other requirements for direct participation in the farming enterprise, and its numerous special exemptions, the bill would accommodate literally all of the large farming interests which have been fighting so hard in recent years to avoid the application to them of the limitations of the reclamation law.

S. 14 would reject the ideals of the Reclamation Act and, over time, abolish the program. Instead of aiding the creation and continuance of family farms, the bill would reward those who have ignored the law in the past and reward them generously. The bill would abolish the goal of promoting family farms. If enacted, S. 14 would jeopardize future irrigation projects, and at the same time, provide a financial windfall to some large landowners of untold proportions. Over time, the bill would seriously impair the reductions in large land holdings intended by the law and might well contribute to the accumulation of large land holdings in areas now characterized by small farms. It would work to the detriment of legitimate family farm operations and would reduce opportunities for new small farmers in the future.

I would like to address what I believe are some mistaken premises that were apparently the basis of some of the comments and amendments made at the Senate Energy Committee markup of S. 14.

The first of these is the belief that the subsidy is paid off when the contract obligation is paid off. The subsidy never is paid off. The subsidy in terms of interest foregone is, by itself, enormous, particularly at today's rate of interest. This, and all elements of the subsidy, are further detailed in the enclosed paper on the subsidy issue. In addition to the interest subsidy, there is a substantial capital subsidy as well, on most if not all reclamation projects. This results from the fact that repayment by irrigators is calculated on a formula based on ability to pay, not on costs allocated to irrigation. The formula, of course, assumes a need for such an advantageous basis. In fact, on a great many reclamation projects, the repayment of capital costs allocated to irrigation by irrigators is in the range of a mere 5 cents to 35 cents on the dollar. Power and other users pay the remaining share. The important point is, irrigators only repay a portion of the costs allocated to them.

The second misconception is that reclamation rules are an unreasonable government interference with private enterprise and with private ownership of land. Reclamation laws are not a limitation on the ownership of land, but only on the land which may be served with federally subsidized project water. There is no restriction on the amount of land a farmer may own or operate if it is not served by reclamation water. The reclamation laws are not new, but were created with the program. Moreover, even under today's rules, the great majority of reclamation farms are now in compliance. The problems exist on the minority of farms and projects, and most of the problems, while they merit attention, can be resolved rather simply, e.g., by a reasonable increase in the acreage limit to meet modern economic conditions. They do not require the numerous special exemptions contained in S. 14 which taken together, virtually abolish the purposes of the Act.

In addition, reclamation farms are by no means strictly "private" enterprise. With the very substantial subsidy they receive, as we have outlined above, they obtain special Federal support available to only a small group of the nation's farms, only about 1 percent of the nation's farms and 25 percent of the farms in the West. In order to receive the Federal funds, one must reasonably abide by some limitations.

The subsidy has always been judged to serve a legitimate purpose, and the Congress has so believed over the year. It does, however, enable reclamation farmers to compete on a more advantageous basis with other farmers in the West or other sectors of the country who do not obtain it. The difference is comparable to, for example, a program whereby some homeowners are enabled to purchase their homes without interest, while the majority pay normal rates of interest. The purpose of the program should not, then, allow aggrandizement of the subsidy in the hands of a wealthy few, or allow a very large and unfair competitive advantage to the select few to the disadvantage of competing non-reclamation farmers in all other regions of the nation, in the East, the South, the Midwest, and non-reclamation areas of the West.

It is not our purpose to limit individual enterprise or to limit one's opportunity to grow, "to get bigger." What is important is to control fairly the distribution of the subsidy.

Yet concentration of the irrigation subsidy to the competitive advantage of large corporate farm operations regrettably has occurred. This kind of situation is what we most want to correct. And it is precisely this kind of concentrated subsidy situation that would be protected and perpetuated by S. 14. For example, in the Kings River service area, the ten largest landowners own a total of over 200,000 acres, about 20% of the land served. Five companies own over 10,000 acres each, and one owns 80,000. S. 14 would exempt all these companies from the requirements of the law. In the Westlands Water District, the top ten landowners own over 180,000 acres, out of about 575,000 in the District. A list of the top ten owners in the Kings River, Kern River and Westlands Service areas is enclosed. There are a few other districts where large ownerships occur. We need to correct these distortions. Yet all of the above-mentioned areas would be exempted or relieved from enforcement of reclamation laws by one or more of the provisions of S. 14.

Another conception commonly voiced is that if the irrigators pay their contractual obligation, the purpose of the program has been served and the limitations should cease. We strongly disagree. As we have mentioned, the subsidy is never paid off, and is not expected to be. Part of the trade-off for dispensing the Federal benefits is the agreement of the water user to comply with acreage and other limitations—to sell excess land if that is called for, or to otherwise come into compliance. For an entire district to receive these benefits without subsequently complying is a disservice to those other areas in the West who are competing for the limited Reclamation dollar, who might have legitimately complied, and who, but for the money spent on a district that is resisting compliance, might have had a Reclamation project. Yet it is those very people who have resisted compliance that S. 14 will most benefit. S. 14 simply legitimizes years of violations of the most basic purposes of the Act.

There are a number of specific issues and provisions that must be addressed by amendment if S. 14 is to become an acceptable revision of the Reclamation Act.

FARM SIZE, RESIDENCY AND LEASING

This trio of factors is at the very heart of achieving the primary objectives of the law. A basic farm size limitation guarantees an economic unit, consistent with support for farm families and ensures the broad and equitable distribution of the subsidy. Residency or an operatorship requirement can ensure that those who work the land benefit from it, rather than an absentee investor owner merely adding to his portfolio. Leasing rules, reasonably drawn, can provide needed management flexibility, yet prevent the use of leasing as a primary mechanism for avoiding, through creative schemes, the basic rules of farm size and residency. I firmly believe that, if a revision of the Act is to be acceptable, it must responsibly address each of these three factors. Unfortunately, S. 14 does not.

Residency is specifically abolished by S. 14, with no alternative provisions to assure that the farmer-recipient of the Federal subsidy actually works the farm for a living. This opens the doors to nonresident, nonparticipative, investor-type ownership of reclamation farms.

The acreage limitation of S. 14 is both inadequate and illusory. The stated limitation of 1,280 acres is too large and is conditioned by other factors which further limit its effectiveness, such as open-ended equivalency for all projects, effectively unlimited leasing and numerous special exceptions. Moreover, there is no clear prohibition against each family member owning up to the limit. We supported a limitation of 960 acres applicable to a family unit with an equivalency provision for projects with less than a 180-day growing season. Department of Agriculture figures indicate that 97 percent of the farms in the West irrigate less than 1,000 acres and 91 percent irrigate less than 500 acres. Certainly 960 acres is a reasonable limit with additional acreage for shorter growing seasons. We recognize that you support even a smaller limit of 640 acres, but we feel 960 acres is an effective limit. In most cases, the vast majority of farms would probably not reach the 960 acre limit based on our available information. Of course, the 960 acre limit does not prevent dry-farming of additional acreage or irrigating other acreage with other water, so there is even less reasons to raise the limit above 960 acres.

The equivalency provision of S. 14 would apply to the entire West and would not be limited, as in our proposal, to districts having a growing season of 180 days or less. The purpose of having an "equivalency" provision is to assure that farms on lands in less productive areas, especially those with shorter growing seasons, will have the opportunity to be economically viable and to achieve comparable productivity to areas with more fertile soils and longer growing seasons. Landowners in very productive districts, such as Westlands, Imperial and others with a year round growing season, would be entitled to the same additional acreage as much poorer and less productive areas. On top of a limit of 1,280 acres, this would mean some very large farms in areas where very small farms can be very profitable. For instance, gross crop value for the Westlands Water District has been calculated by the Bureau at about $730 per irrigated acre, compared to $75 for the Milk River project in Montana. The Imperial Irrigation District is shown at $868 per acre, while nearby Coachella District is calculated at $1,869 per acre. In contrast, other projects in more northern or mountainous climates have per acre gross crop values even less than Milk River.

Perfect equivalency is not possible. Yet equivalency is not necessary in the most productive areas and those with year round growing seasons. To apply equivalency in those areas would further distort differences between wealthy and less wealthy districts. In reclamation-served areas in California and Arizona, for example, two or three crops a year are produced on the same land because of the climate. It makes no sense to apply equivalency there the same way it is applied in high altitude areas with shorter possible growing seasons which can barely squeeze in one crop.

Leasing has historically been one of the principal devices for avoiding limitations in the past. On the other hand, it is a necessary and desirable tool when properly used for initiation into the reclamation program, for legitimate growth and for management flexibility. S. 14 does not provide reasonable limits on leasing; on the contrary, it could allow unlimited leasing as long as leases were written for one year or less. There is nothing in the bill to prevent informal arrangements that would extend one year leases for a long time; in fact, informal agreements appear to be the prevailing method of leasing under current practice. The ten year compliance deadline is also unnecessary and would simply allow many existing large operations to remain unchanged for an additional extended period.

SPECIAL EXCEPTIONS

The other principal device for practically eliminating the effectiveness of any acreage limitation is the several special exemptions contained in the bill. The most serious of these are the "payout" and lump sum prepayment provisions, the Corps of Engineers exemption and the Imperial exemption. These provisions are the most inequitable, would discriminate in favor of the wealthier districts and against the poorer ones, and would cater the most to the special interests who have been so interested in loosening the limitations of the law.

The *"payout" or "buyout" provisions* of S. 14 (Sec. 6) would permit an automatic exemption from acreage limitations upon payment of a district's repayment obligation or obligation for construction costs. Accelerated or early lump sum prepayment to obtain an exemption would be permitted. These provisions would exempt many of the largest landholders in the reclamation system from any restrictions, would permit those who have failed to comply and those who can afford to buy their way out of the law to do so, and would discriminate against those who have complied and those who cannot afford to pay out early. Only a few would actually benefit—those who least merit it.

I am aware that those who seek such an exemption argue that, at some point, the restrictions of Reclamation law should be removed as they constitute a virtual "shadow on the land." We agree, but the sole basis for this clearly must not be the repayment of a contract amount which does not even begin to pay out the subsidy. As we have repeatedly stated, the subsidy is never paid, and it is not this repayment which measures fulfillment of the Act. Rather, fulfillment must be measured by the pattern of family farms which the subsidy has created. That is currently the practice under the law as it now exists.

The *Corps of Engineers' projects exemption* [Sec. 8(d)] is a special interest exemption which limits benefits to, among others, the large landowners in the Kings, Tule, Kaweah and and Kern Rivers service areas, in California, and would directly reverse recent Federal court decisions and Congressional and administrative policies of long standing. We think that the Flood Control Act of 1944 was clear in its intention to apply the reclamation law to Corps projects in the 17 western states with irrigation benefits, and the Ninth Circuit Federal Court of Appeals resoundingly supported this view. (In fact, when the case was heard on a request for rehearing not one of the nine judges voted in favor.) *Certiorari* was denied by the Supreme Court.

We should also mention that it has never been the policy of the Federal government, contrary to the claims of some interests, to apply reclamation law to Corps projects outside of the 17 western states. We would welcome any clarifying amendment to the 1944 act, if needed, to assure that interpretation. We do not think the 1944 Act has been so applied nor should it be.

The Corps exemption could also have the effect of gradually eliminating the reclamation program and its purposes from the West, if agricultural interest could obtain the benefits of a Federal subsidy—with no repayment and no limitations—by having the Corps build all future projects in the West. This possibility was raised in considering the 1944 Act and was rejected by the Congress.

The bill provides a special exemption for the Imperial irrigation district. This provision gives a special exemption to an especially wealthy district in one of the most fertile areas in the country, where rich soils and a year-round growing season lead to high quality, high quantity production. According to a recent decision of the Federal Court of Appeals in San Francisco, Congress intended the district to be subject to the limitation when it authorized the Boulder Canyon Dam and All-American Canal in 1928; only an erroneous administrative interpretation thwarted the result. Moreover, such special preference exemptions for one or more districts are poor precedent and discriminate unfairly against other districts which must comply.

We strongly support *lottery and anti-speculation provisions* which will adequately control prices and make land available to small farmers. While the provisions of S. 14 on this point are in the right direction, they are not sufficient. We have proposed amendments which will provide stronger controls on prices and sales of, and resales of, excess lands, and a fair lottery with incentive to perform under recordable contracts.

The foregoing issues are some of the major issues raised by the bill reported by the Energy Committee on S. 14. There are additional matters which must be corrected in the Senate if S. 14 is to be an acceptable bill. All of the issues are discussed in proposed amendments to S. 14 which are enclosed with this letter. Among the additional problems we address are: recordable contract provisions [Sec. 3(d), 3(e) and (9)]; consent to sue (Sec. 11); applicability of reclamation law [Sec. 3(a)]; disposal of excess lands and anti-speculation [Sec. 8(g)]; amendment of contracts [Sec. 10(a)], and validation of contracts [Sec. 109(c)].

We share your concern for amending the Federal reclamation law in a responsible way to ensure that the original and still valid purposes of the Reclamation Act of 1902 are maintained, and we support your efforts to achieve this important goal. We do not wish for the Reclamation program to become enshrined as a bastion of special interests, of a few, large, wealthy farms privileged by special subsidies from the Federal government. We believe that the only valid basis for continuing the program of subsidized irrigation is to support the small family farmer and to preserve opportunities for new farmers to enter the market.

We cannot overemphasize our disappointment with S. 14 as reported by the Senate Energy Committee and the seriousness of our concern for significant amendments to the bill in the Senate in order to produce a fair bill that will achieve program goals.

Sincerely,

CECIL D. ANDRUS, *Secretary*.

SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D.C., July 11, 1979.

DEAR COLLEAGUE: The Senate will soon consider S. 14, the Reclamation Reform Act. Unless this bill is substantially amended, it could easily result in large factory farms being able to take undue advantage of federal subsidies involved—subsidies running from hundreds of thousands up to millions of dollars per farm. As written, the bill would, in effect, declare that the promotion of the family size farm is no longer the primary purpose of federal reclamation law. It is, according to Interior Secretary Andrus, an effective repeal of reclamation law. We believe that this is a serious error, and we urge you to join our efforts to change the measure substantially.

Federal reclamation law provides that in the 17 Western states the federal government can build water projects to provide irrigation water, hydroelectric power, and other benefits. Irrigators must repay a percentage, varying from 5–100 percent, of the costs of the project allocated to irrigation. This amount is repaid over a fifty-year period, during which there are no payments for the first ten years, and in which the remainder is repaid, without interest, over the next forty years.

The repayment provisions of reclamation law thus provide irrigators with a substantial subsidy. We know of no other federal program which provides such interest-free loans. At an assumed interest rate of only 6.75 percent, the subsidy amounts to 82 percent of project costs, assuming that 100 percent of the principal is repaid. Calculations by Professor Phillip Leveen in the American Journal of Agricultural Economics show that this subsidy, when actual Bureau of Reclamation figures are used, amounts to an average of over $300,000 worth of water for a 640-acre farm in all Bureau projects, and $1.4 million for a 640-acre farm in the Westlands Water District, a district with typical repayment rates for newer projects. All told, through 1976, Professor Leveen calculates a total subsidy of over $5 billion for the program. This is a very conservative figure—the GAO calculated a figure six times as high as Leveen's figure for the one project (Westlands) they both studied. These conservative figures, nonetheless, yield an annual average subsidy of $20,000 to $100,000 per 640-acre farm.

Professor Leveen calculates that at current rates of repayment, even without considering the foregone interest, it will be 775 years before all Bureau expenses incurred as of 1976 are repaid. The Bureau's own audit of the Central Valley Project, the largest of all projects, shows that as of the scheduled repayment date, the project will be $9 billion in debt.

We dwell on the subsidy issue because there has been a great deal of confusion about this. Suggestions have been made that reclamation law involves no subsidy, that costs are repaid These figures make it abundantly clear that this is not the case. Reclamation law is designed to have a subsidy. The policy question before the Congress is who will get it and how much it should be.

Congress mandated in the original reclamation law that the subsidy go to family sized farmers. Over the years, however, the law has been gradually eroded by successive administrations until it has lost most of its effectiveness. The law required that all owners be residents of the area and that they agree to sell any land in excess of 160 acres (320 for a husband and wife). Over the years, the residency requirement was ignored, and the acreage limitation came to mean 160 acres per owner, allowing large factory farm operators in some areas to lease unlimited amounts of land from investors. The resulting scandal of wealthy investors reaping enormous subsidies persuaded the Interior Department to issue regulations returning the law to its original purposes, but with modernized acreage limitations. The regulations were delayed by a landowner sponsored suit requiring an environmental impact statement. In the meantime, Congress has been asked to reform the law itself.

S. 14 is the result of the effort. Instead of returning to the original intent of the law, however, S. 14 contains a number of provisions effectively repealing the law:

(1) The acreage limitation is set at 1,280 acres of class one land, or its equivalent in lands of lesser productivity. In fact, no reclamation district is all class one land. Bureau figures show that the actual limitation would be 1,500–2,500 acres, with 1,760 acres a typical acreage limitation figure According to the USDA, however, 97.3 percent of the farms in the West irrigate less than 1,000 acres, and over 91 percent irrigate less than 500. Another USDA study showed that the expected net income from a 320-acre farm would be between $14,000 and $85,000 on reclamation projects, due to the favorable growing conditions. A 1,760-acre farm would average a total subsidy of almost $850,000; in Westlands the figure could be almost $4,000,000.

(2) The perhaps 1 percent of the farms above the acreage limitation would still be able to avoid its effect. First, the bill provides for unlimited leasing provided that the leases are for one year and have no written right of renewal. It will be difficult, at best, to police side agreements providing such rights. Second, the bill allows for lump-sum payout in advance, or for exemption once the normal payout is completed. Either provision denies the reality that payout never really occurs; the lump-sum payout, as detailed in enclosure, would actually force family farmers to pay several times their current water charges in order to exempt the factory farmers from the acreage limitation.

(3) Corps of Engineers projects are exempted, even though some of the largest irrigation projects (and largest subsidies) are joint Corps-Bureau efforts. Exempting these projects may be sensible in some cases, but a blanket exemption seems to us to be bad policy. The Kings River project, for instance, was denied an exemption on the floor of the Senate last year, and includes one irrigation owning 90,000 acres.

The enclosed material includes explanations of the bill in greater detail, an explanation of the subsidy and payout questions, tables on the actual acreage limitation in selected, representative districts, actual figures on expected income and average farm sizes in reclamation projects, and a summary of the USDA study on reclamation law.

There is also an enclosure on amendments which various Senators could introduce to the bill.

We want to stress that there is nothing in reclamation law, and we do not propose anything, which in any way limits anyone's ability to own land; instead there is a limitation on the amount of land that is entitled to receive federal subsidies. We believe that these project benefits should be disbursed as widely as possible to as many genuine family sized farms as possible. S. 14 appears to fail in this regard.

If you have any questions, or wish to support our efforts, or you are interested in any of the amendments suggested here, please contact Corey Rosen of the Small Business Committee staff at 224–5175.

Sincerely,

GEORGE MCGOVERN,
WILLIAM PROXMIRE,
GAYLORD NELSON,
DONALD W. RIEGLE, Jr.

FACT SHEET ON S. 14—PROVISIONS IN THE LAW THAT REPEAL THE ACREAGE LIMITATION

(1) The "1,280" acre limitation: This is an extremely misleading figure. The bill states that the limitation shall be 1,280 acres per farm of class one land, or its equivalent in lands of lesser productivity. In fact, there are no projects entirely composed of class

one land. Table I uses the current equivalency formula (which is essentially what the bill mandates) and applies it to actual breakdowns of land classes in representative reclamation projects. As the table shows, the actual limitation is between 1,500 and 2,500 acres for most projects, with about 1,800–1,900 acres being typical. In short, even by a conservative standard of measurement the 1,280 acre limitation is really a 1,760 limitation. As Table 2 shows, over 97 percent of all Western farms irrigate less than 1,000 acres, and as Table 3 shows, the average farm size in reclamation projects is in the 200–300 acre range. This means that perhaps 1 percent of all farms in reclamation projects will be affected by the limitation. All others will be exempt.

(2) The lump sum payout provision: The remaining 1 percent have a number of options to become exempt, the most disturbing of which is the lump sum payout provision. Under this provision, a district can pay out its obligation in advance. As the fact sheet on payout shows, of course, no district ever "pays out". What this provision allows, however, is that a district can borrow the funds it needs and pay the government in a lump sum in advance the small obligation it does have. In most districts, 99 percent of the farmers will not need to be exempt from the limitation, since they will be below 1,760 acres anyway. Unfortunately, in most districts, voting is done on a per acre basis. The largest landowners may comprise only a small percentage of the total farmers, but may own enough of the acres to control the district. They can then force the district to borrow the money so that they can be exempt. Of course, the remainder of the farmers will now have to pay interest on the loan, which means that the lump sum payout provision will force many family farmers to pay several times their current water costs solely to bail factory farmers out of the acreage limitation provision.

(3) The payout provision: Districts not choosing the lump sum payout provision can wait until they have "paid out" and then become exempt. Many districts have already paid out, and many more will pay out soon. By the time this bill is enacted, implemented, and through the inevitable legal challenges, there will be few districts which have not either paid out or which will be close to payout. The result is that the payout provision will assure that almost no large landholdings will be required to give up their enormous federal subsidy.

(4) The unlimited leasing option: Theoretically, the bill limits total farm size to 1500–2500 acres. In fact, the bill contains a provision that allows a landowner or operator to lease any amount of land he or she wishes, provided that the lease is for one year and has no written right of renewal. Since it will be impossible to police side understanding assuring continuation of the lease, the one-year lease option negates the acreage limitation.

(5) Corps projects are exempt: This provision was inserted, apparently, to assuage Eastern Senators concerned that this law might limit the acreage their farmers could irrigate with water supplies affected by Corps projects. In fact, no Corps projects outside the 17 Western states will be affected by this law, according to the Department of the Interior. Moreover, only Corps projects in the West which have irrigation as a project function will be affected. Many Corps projects were built with irrigation functions administered by the Bureau of Reclamation, but the courts have decisively ruled that Congress intended these projects to be subject to the acreage limitation. This exemption is needless, and flies in the face of a refusal by the Senate last year to approve an amendment exempting the one project (the Kings River Project in California) most directly affected by this provision. The Corps exemption would allow some of the largest landowners in this country the full benefit of reclamation subsidies. J. G. Boswell, for instance, owns 90,000 acres in the Kings River area.

FACT SHEET ON THE RECLAMATION SUBSIDY

How the subsidy works: Federal Reclamation Law provides that reclamation projects per kilowatt at a rate determined by the industrial users repay their share of project costs with interest; power users are charged per killowatt at a rate determined by the government to cover all costs. Irrigators are charged a percentage of the amount of the cost of irrigation facilities based on their ability to repay. This figure varies from 5–100 percent. This amount is then repaid without interest over a 50-year period, with no payments during the first ten years. Assuming an interest rate of 6.75 percent, this amounts to a subsidy of 82 percent of the actual cost of the project where 100 percent of the principal is repaid (Water Resources Council Figures).

Who gets the subsidy and how much is it? All irrigators receive the subsidy in the form of water delivered to them for far less than its actual cost. The amount of the subsidy, then, depends on the amount of land receiving water. The following figures come from a study by Dr. Phil Leveen of the University of California published in the December 1978 issue of the American Journal of Agricultural Economics. The study assumes a 6.75 percent interest rate and is for projects through 1976:

	All projects	Westlands [1]
Total subsidy per acre (present value)	$481	$2,200
Total subsidy per 1,280-acre farm (present value)	612,000	2,500,000
Total subsidy per 1,760-acre farm (present value)	846,000	3,872,000
Total annual subsidy per 1,280-acre farm (present value)	44,848	206,592
Total annual subsidy per 1,760-acre farm (present value)	61,666	284,064
Total present value of the subsidy	5,050,000,000	110,000,000

[1] Westlands is the Westlands Water District in California's Central Valley project. It is the largest, and most controversial, irrigation district, containing over 500,000 acres.

Explanation: These are conservative figures. The GAO calculated a total present value subsidy for Westlands 6 times this amount. The figures for Westlands are so much higher because it is a new project. Older projects were built many years ago for a great deal less money. The foregone interest for these projects is thus much less in current dollars. If the foregone interest for these projects were all calculated in 1976 dollars, the figures would be much higher.

IMPACT OF RULES AND REGULATIONS—ACREAGE LIMITATION SUMMARY OF DATA FOR SELECTED RECLAMATION PROJECTS, OCTOBER 1977

Region	District and type of ownership	Ownerships					Farm operations	
		Number	Acres[1]	Average size (acres)	Residents[2]	Percent	Operators[3]	Average size (acres)
PN	Quincy Columbia Basin:							
	Single	515	50,979	99	331	64		
	Joint	1,262	171,925	136	1,000	79		
	Multiple	249	38,789	156	62	25		
	Total	2,026	261,693	129	1,393	69		
	A & B Irrigation District:							
	Single	2	373	187	2	100	2	
	Joint	534	74,124	139	501	94	447	
	Multiple	18	2,299	128	11	61	10	
	Total	554	76,796	139	514	93	459	167
MP	Westlands Water District:							
	Single	945	347,864	368	425	45	86	
	Joint	312	71,235	228	140	45	78	
	Multiple	(1,859) 565	155,901	276	75	13	35	
	Total	1,822	575,000	316	640	35	199	2,889
	Panoche Water District:							
	Single	36	13,611	378	20	56	20	
	Joint	25	3,402	136	18	72	18	
	Multiple	(117) 36	20,844	579	7	20	7	
	Total	97	47,857	493	45	46	45	1,064
	San Luis Water District:							
	Single	113	18,193	161	18	16	18	
	Joint	72	10,222	142	29	40	29	
	Multiple	(341) 103	24,495	238	40	39	26	
	Total	288	52,910	184	87	30	73	724

Footnotes at end of table.

IMPACT OF RULES AND REGULATIONS—ACREAGE LIMITATION, SUMMARY OF DATA FOR SELECTED RECLAMATION PROJECTS, OCTOBER 1977—Continued

Region	District and type of ownership	Ownerships					Farm operations	
		Number	Acres[1]	Average size (acres)	Residents[2]	Percent	Operators[3]	Average size (acres)
LC	Yuma Irrigation District:							
	Single	17	828	49	16	94	16	
	Joint	56	2, 872	51	55	98	42	
	Multiple	104	7, 193	69	93	90	75	
	Total	177	10, 893	169	164	93	133	82
	Fort Sumner:							
	Single	43	982	23	35	81	26	
	Joint	250	4, 805	19	217	87	173	
	Multiple	16	713	45	9	60	10	
	Total	309	6, 500	21	261	85	209	31
	Tucumcari:							
	Single	68	5, 426	80	49	72	31	
	Joint	358	28, 407	79	282	79	290	
	Multiple	63	7, 553	120	29	46	28	
	Total	489	41, 386	85	360	74	349	119
UM	Heart Mountain Irrigation District:							
	Single	135	5, 814	43	125	93	111	
	Joint	129	21, 562	167	119	92	90	
	Multiple	11	944	86	3	27	3	
	Total	275	28, 320	103	247	90	204	139
	Malta Irrigation District:							
	Single	136	15, 530	114	131	96	116	
	Joint	92	11, 403	124	91	99	89	
	Multiple	19	5, 088	268	17	90	17	
	Total	247	32, 021	506	239	97	212	151
LM	H & RW Irrigation District:							
	Single	58	5, 601	97	46	79	15	
	Joint	30	3, 938	131	25	83	18	
	Multiple	9	1, 451	161	6	67	6	
	Total	97	10, 990	113	77	79	39	282
	Gering-Fort Laramie Irrigation District:							
	Single	194	26, 303	136	173	89	86	
	Joint	129	17, 237	134	124	96	80	
	Multiple	72	11, 305	157	56	78	23	
	Total	395	54, 845	139	353	89	189	290

[1] Includes all irrigable land for service in district, including excess land.

[2] Residency based on owners of record living within 50 mi of land.

[3] Operators based on district water billing records and general knowledge of district and bureau field personnel of farming operations.

AVERAGE ACREAGES OF ALL IRRIGATED FARMS WITH SALES OF OVER $2,500 PER YEAR FOR THE 17 WESTERN STATES

State	Average	Percent over—		
		1,000 acres	500 acres	200 acres
Arizona	372. 0	8. 9	20. 9	37. 8
California	199. 2	3. 8	8. 5	18. 6
Colorado	226. 3	2. 6	10. 0	34. 7
Idaho	190. 9	. 2	. 7	24. 9
Kansas	305. 6	6. 2	18. 5	43. 6
Montana	228. 2	2. 9	9. 1	34. 8
Nebraska	197. 1	1. 0	6. 3	33. 8
Nevada	508. 9	10. 9	23. 4	48. 9
New Mexico	204. 0	2. 9	10. 0	29. 6
North Dakota	142. 3	. 6	4. 3	22. 7
Oklahoma	159. 7	2. 0	4. 4	19. 2
Oregon	171. 6	2. 4	6. 6	20. 1
South Dakota	145. 1	. 3	3. 5	23. 8
Texas	329. 6	6. 4	20. 8	47. 8
Utah	123. 2	1. 0	3. 1	17. 3
Washington	119. 1	1. 1	4. 1	15. 5
Wyoming	340. 1	5. 8	16. 0	46. 8
Range	119. 1–508. 9	. 3–10. 9	3. 1–23. 4	15. 5–48. 9
Median value of State, figures	204. 0	2. 9	9. 1	29. 6

Explanation: The numbers above represent total irrigated acres on a farm. In this sense, they are precisely comparable to the situation the acreage limitation concerns, since the limitation also applies to the number of acres irrigated.

Source: U.S. Census of Agriculture, 1974, table 12.

NET RETURN TO OPERATORS IN SELECTED RECLAMATION PROJECTS[1]

[In thousands]

Project	160 acres	240 acres	320 acres	480 acres	640 acres
Quincy Irrigation District	[2] $9. 1–16. 9	[2] $18. 5–36. 9	[2] $23. 4		
Hammond project (N. Mex.)	[3] 11. 2				
W. C Austin (Tex.)	[1] 7. 6		15. 7		[4] $31. 4
Tucumcari (N. Mex.)	[4] 4. 1	9. 9	18. 0		
San Luis (Calif.)	[5] $2–13. 0		[5] $8–37. 0		
Imperial Valley (Calif.)			[6] 10. 5–28. 1		
Heart Mountain (Wyo.)	[7] 3. 6–14. 3		[7] 9. 2–30. 5	[7] $16. 4–48. 4	[7] $25. 4–68. 1
Milk River (Mont.)	[7] . 4–3. 8		[7] . 3–8. 2	[7] . 4–13. 1	[7] 1. 4–18. 4

[1] Figures are taken from material requested from the Bureau of Reclamation. The projects are included for their representativeness of Bureau projects generally. The amounts in the columns represent net returns to operators after all expenses have been paid, and do not include any "return" for the accumulation of equity in the farm property. A variety of assumptions are made in computing the figures, which are explained below. Generally, farm prices are for 1975–6. The Bureau calculates these figures to determine ability to repay project costs. The figures are generally thought to be conservative and may understate actual returns.

[2] Lower figures represent lower land classifications.

[3] This figure applies to 180 acres.

[4] Assumes a farm size of 160 acres and multiplies for larger amounts.

[5] Range varies with crops and total indebtedness, using average prices for 1975–7.

[6] Uses 1974–6 prices and average indebtedness; range depends on crops. Using a 10-yr average would lower the range.

[7] Low figures are for farmers with 75 percent debt load; high figures for those with no debt load.

ACTUAL IMPACT OF ACREAGE LIMITATION WHEN EQUIVALENCY FACTORS ARE CONSIDERED [1]

Project	Actual Acreage Limitation: Class 1 limitation is—			
	320	640	960	1,280
Pacific Northwest:				
South Columbia (Wash.)	482	964	1,446	1,982
East Columbia (Wash.)	433	866	1,296	1,732
Quincy (Wash.)	452	916	1,374	1,832
Crooked River (Oreg.)	478	956	1,434	1,912
Deschutes (Oreg.)	436	872	1,308	1,744
Mann Creek (Idaho)	446	892	1,338	1,784
Michaud Flats (Idaho)	541	1,082	1,623	2,164
Rogue River (Oreg.)	382	764	1,146	1,528
Pacific Northwest total	456	913	1,368	1,832
Upper Colorado:				
Collbarn (Colo.)	420	840	1,260	1,680
Eden (Wyo.)	473	946	1,419	1,892
Weber Basin (Utah)	507	1,014	1,521	2,028
Upper Colorado total	467	933	1,400	1,867
Tahoma-Colusa (Northern California)	429	858	1,287	1,715
San Luis (Central California)	414	828	1,242	1,658
California total	422	843	1,265	1,687
Upper Missouri:				
Belle Fourche (S. Dak.)	576	1,152	1,728	2,304
Lower Yellowstone (Mont.-N. Dak.)	433	866	1,299	1,732
Milk River (Mont.)	666	1,332	1,998	2,664
Deaver (Mont.-Wyo.)	574	1,148	1,722	2,296
Shoshone (Mont.-Wyo.)	467	934	1,401	1,868
Heart Mountain (N. Dak.)	481	962	1,443	1,924
Willwood (Mont.-Wyo.)	409	818	1,227	1,636
Hanover Bluff (Mont.-Wyo.)	494	988	1,482	1,976
Helena Valley (Wyo.)	505	1,010	1,515	2,020
Upper Missouri total	512	912	1,535	2,046
Lower Missouri:				
Sandhills (Nebr.)	437	874	1,311	1,748
Kanaska (Kans.-Nebr.)	396	792	1,188	1,584
Bostwick (Kans.-Nebr.)	407	814	1,221	1,628
Cedar Bluff (Kans.)	421	842	1,263	1,634
Frenchman (Nebr.)	361	722	1,083	1,444
Middle Loup (Nebr.)	435	870	1,305	1,740
Lower Missouri total	410	819	1,229	1,638

[1] Figures are based on equivalency ratios of 0.8 for class 2, 0.6 for class 3 and 0.4 for class 4. These averages were presented by the Bureau of Reclamation to hearings before the House Interior Committee in 1976.

THE PAYOUT MYTH

Supporters of S. 14 argue that a district should be exempt from acreage limitations when it repays its obligation.

What is the district's obligation? Under reclamation law, it is a percentage of the total project costs allocated to irrigation, repaid over 50 years, without interest. During the first 10 years, there are no payments. In many projects, such as the Oahe and Garrison projects in North and South Dakota, districts are only required to pay 5–10 percent of their obligation (without interest), while in others, such as Westlands, they must pay 100 percent. Even at 100 percent, however, there is no payout, because there is no interest. It is no different than a home mortgage in which the homeowner would be allowed to live in the house for ten years free of charge, and then repay the principal only for forty years. According to the Water Resources Council, at an assumed interest rate of only 6.75 percent, this amounts to a subsidy of 82 percent of the cost of the project, even when 100 percent of the principal is repaid.

Moreover, in a study reprinted in the American Journal of Agricultural Economics, Professor Phillip Leveen calculated that even if the interest subsidy is excluded, it will take 775 years for the government to be paid for construction charges on reclamation projects incurred as of 1976. This is because the Bureau of Reclamation does not charge irrigators the full amount of the principal portion of project costs.

The Bureau has done similar calculations itself, for two projects. The Central Valley Project (California's largest project area) will be over 9 billion dollars in debt at the projected time of payout, primarily because of the shortfall from irrigators (again, interest is not included). The Missouri River Basin audit showed that at current rates of repayment (again without interest), it will be another 154 years before repayment is complete. While the Bureau is more optimistic than Professor Leveen, there is no question that the projects' useful lives will be over long before repayment occurs, and when it occurs it will be in dollars whose value has shrunk to virtually nothing as a result of the interest they did not earn.

The fact is that there is no such thing as payout. The federal tax dollar will continue to subsidize the projects as long as the water is delivered.

AGRICULTURE DEPARTMENT RECOMMENDS STRICT ACREAGE LIMITATION IN FEDERAL RECLAMATION PROJECTS

Mr. ABOUREZK. Mr. President, Agriculture Secretary Bob Bergland has written to Secretary Andrus this week to report on the Agriculture Department's study of farming in Federal reclamation projects. The report has been eagerly awaited by all sides in the recent dispute over acreage limitations in Federal reclamation projects. I think that this report should go a long way toward resolving the dispute.

Secretary Bergland, in essence, has concluded that the Interior Department's proposed regulations for acreage limitation in reclamation projects are not strong enough. The Department's data show that farmers can make a good living on 320 acres even at current low prices when they have the assistance of subsidized irrigation water from Federal projects. This subsidy can reach staggering proportions—in the Westlands District in California, for instance, it is equal to $76,000 per 640 acre farm per year. Secretary Bergland properly points out that such subsidies cannot be justified, especially when so many farmers across the country are unable to make a living at all.

Secretary Bergland's comments and the USDA study give strong support. I think, to S. 1812, the Reclamation Lands Family Farm Act, which I have cosponsored with Senators NELSON, HASKELL, BAYH, ANDERSON, and RIEGLE. If anything, our bill has more lenient limitations than this report would support.

I urge everyone concerned with this issue to read the Secretary's remarks carefully. I ask unanimous consent that the text of the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., January 25, 1978.
Hon. CECIL D. ANDRUS,
Secretary of the Interior,
Washington, D.C.

DEAR CECIL: I am writing to offer you the Department of Agriculture's comments on the Department of Interior's proposed reclamation rules and regulations for acreage limitation (Federal Register, Vol. 42, No. 165, August 25, 1977).

At my request, the Economics, Statistics and Cooperative Service (ESCS) of this Department has analyzed the potential economic impacts of the proposed rules. This study provides insight into some of the key questions surrounding the implementation of more stringent rules for the distribution of reclamation benefits. Among the questions studied are: the minimum acreage in a Federal Reclamation Project which constitutes a viable family farm in today's economy; the potential disruption to the surrounding communities; and the economic impacts of the proposed regulations on cost of production, production patterns and product prices.

To answer these questions, the study team looked at four reclamation projects, two in California, the Imperial Irrigation District and the Westlands Water District; and two in other locations, the Columbia Basin project in Washington and the North Platte project is Nebraska and Wyoming.

In summary, and subject to the qualifications and caveats detailed in the text, the report shows that the income possibilities on a relatively small farm irrigated by subsidized reclamation water are substantial. Annual returns to management and operator labor by farm size vary among the four regions studied. All farm sizes considered in the Westlands and Columbia Basin result in annual returns exceeding median family income. In Imperial and North Platte, using current land prices, 320 acres are required to achieve annual returns equal or greater than median family income. In view of rising production costs, price variability and other risks not considered fully in the analysis, large operating units may be necessary to provide a return to management and operator labor sufficient to maintain a viable farming operation over time. The other economic impacts are expected to be relatively slight under the proposed regulations. Copies of the study will be made available to you and your staff and, of course, the ESCS staff will be available to work with your staff if there is need for greater detail than the study provides.

Beyond the economic analysis, I would like to draw your attention to some related points that I feel should be resolved before the final rules are promulgated. I concur with the basic and broad objectives of the Reclamation Act of 1902 and your desire to administer that policy fully and equitably. However, though the proposed rules and regulations move in the right direction. I am concerned that under the proposed regulations it would still be possible to comply with the letter of the law, while frustrating its basic intent to use federally subsidized water to encourage the development of small family owned farms.

One such point is the determination of the maximum size acreage which qualifies as a small family farm, and is therefore eligible for subsidized water. Under the current proposed regulations, it would be possible to acquire ownership or use of an area of land, benefitted by federal water, in excess of a size that anyone could classify as a small family farm: with 320 acres allowed a husband and wife, plus an additional 160 for each child and as much through leasing, even a typical family of four could put together an operating unit of 1,280 acres eligible for project water, and conceivably with more children, larger units could be formed. According to USDA projections in the study, in the two areas in which pre-project land prices have been established, the Westlands Water District and the Columbia Basin, the net income generated from a 640 acre farm under the provisions of the proposed rules, would be $81,000 per year and $189,000 per year respectively. (For the Westlands calculation, projected seasonal average prices for 1977 were used. In the Columbia Basin, wheat was priced at $2.57 per bushel, and potatoes at $54 per ton.)

In 1976, 83 percent of this nation's farmers grossed less than $40,000 in sales. I believe that this discrepancy points out the need for a more precise limit of the total benefits which will accrue to a single operating or ownership unit than is currently provided under the proposed regulations.

Furthermore, on those farms which benefit from the Reclamation Project water, the federal subsidy is a major portion of the total income. According to the Department of Interior's estimates, the per acre subsidy available in Westlands, for example, is $1,540. If that figure is converted to an annuity for the 50 year project life, at 6½ percent interest, it would equal $118.68 per acre per year. On a 640 acre farm, then, the annual subsidy would be around $76,000. Again, in an average year, according to our study, the net income from a 640 acre farm in Westlands would be around $81,000. The magnitude of these income and subsidy calculations emphasize that this issue cannot be viewed simply from an agricultural perspective, but rather must be evaluated in the broader context of the distribution of social and economic benefits through the Reclamation Projects. (It is perhaps noteworthy that the maximum welfare payment under Aid to Families with Dependent Children for a family of four in the State of California is $5,076.)

Therefore, I recommend that we examine carefully the question of the maximum acreage eligible for subsidized water, with the intent of dispersing the benefits of the reclamation projects as widely as possible, in accordance with the purpose of the Act, yet permitting the establishment of farming units of sufficient size to be economically viable both now and in the foreseeable future. This maximum should be established individually for each project, and even within projects, taking into account the different income possibilities determined by the radically different soils and growing conditions in reclamation projects.

Current levels of income among farmers on irrigated land show the inadvisability of a single maximum acreage for eligibility. For example, in California, the average gross crop value per irrigated acre is $781. In South Dakota, the average per irrigated acre is $128, less than a third of that. Although establishing a series of maximum acreages for eligibility will be difficult and time consuming, it is the key to the acceptance and the equity of efforts to enforce the Reclamation Act.

I believe also that, for reasons of administrative convenience and equity, the maximum acreages eligible for subsidized water should be established without respect to the number of persons in a family. The number of persons in a family might change for a number of reasons, and does not seem to be greatly relevant to eligibility for subsidized water. I would suggest instead that eligibility should be determined on the basis of the total amount of land owned by a single person, family, partnership, or other combination thereof, with appropriate language to preclude the possibility of a person participating in more than one farm unit, and, as you have provided, in more than one water district.

A second point of the proposed regulation which concerns me is the 50 mile "neighborhood" designation. A meaningful residency requirement is essential to the fulfillment of the intent of the Reclamation Act. However, the 50 mile limit does not preclude the possibility of investors purchasing the land as an investment, with no intention of farming, and then leasing the land to bona fide farmers. The use of the public subsidy involved in reclamation projects as an investment to support income in this manner was not intended by the Act. To avoid this, it might be useful to require that purchasers of excess land actually farm the land, and live on or near it in order to be eligible for project water.

A related point is the leasing provision under the proposed rates. As you know, leasing can be an important opportunity for young people entering farming; it is also a way for the established farmer to respond to changing market conditions. Further, there are many small landlocked parcels in the Reclamation Projects which are not large enough to provide an adequate income by themselves. However, despite the advantages leasing provides, in the history of Reclamation Act administration, many of the most flagrant violations of the intent of Congress to foster small family farms have transpired through leasing and leaseback arrangements. For this reason, leasing under the new regulations should be limited so that it does not provide a vehicle for avoiding the basic purpose of the law. The language of the regulation should allow exceptions for people who retire or become disabled and the families of deceased farmers.

A third point is the proposed lottery for distribution of excess lands. I foresee a number of problems with this approach. The conclusion of USDA analysis that the smaller farms resulting from the proposed rules are viable is based on an assumption of average or better management abilities. Should excess land be distributed by a random method which fails to consider the experience and capacities of prospective farm buyers, income could be significantly lower than those estimates.

Moreover, distribution of land should be accomplished with consideration for eligible tenants who currently farm land rented from excess landholders. There is no provision in the proposed regulations permitting these tenants to buy their farmsteads. Divestiture of land by excess landholders will effectively end the tenure of those tenants and throw their homes into the lottery as part of larger excess land packages.

I was in California recently and discussed the situation with a number of these families. They are understandably concerned. Much of this land has been rented and farmed by these families for many years, and though they do not own the property, in all other aspects it is their home. I think that it would be consistent with the spirit of the 1902 Reclamation Act to offer these small farmers the first opportunity to own the land they have worked for years.

For these reasons, I recommend that we seek an alternative to the lottery method of distributing the land. I understand that the lottery system was suggested to ensure fairness and to prevent those with an "inside track" from unfairly obtaining the benefits of the redistribution. Nonetheless, I believe it is possible to develop a method which could ensure fairness, and yet would take into account the experience of prospective buyers, and the human investment that current farm tenants have in particular parcels of land.

A fourth point you may wish to consider relates to the broader issues of federal water policy. As I mentioned earlier, the subsidy to those who receive water under the provisions of the Reclamation Act is very large. Under the proposed regulations, the subsidy would be twofold: the buyer of the excess land would pay "pre-project" prices which are in the range of a third to half the current market price; and in addition, the buyer would then continue to receive the water at a price much below its value as a production input.

I understand that the purpose of charging the pre-project land price is to prevent current owners from enjoying a windfall profit by excluding from their selling price the value of the subsidy provided by the public. Of course, I agree with this goal. However, I am concerned with the magnitude of the federal subsidy resulting from the combination of pre-project land prices and the cheap water it provides, and the dependence of the new farms on this subsidy.

In formulating the 1977 Farm Bill, this Administration took special care to provide an equality of benefits among farmers in various regions of the country who grow different crops. Too often farm programs have distorted market patterns and have provided substantial benefits to one set of growers, while providing relatively little to another.

The size of the subsidy available to those eligible for reclamation project water and the resulting income possible on a given acreage is much more than in other areas in the country which do not benefit from reclamation water. For example, as I mentioned before, our study shows that net income on a 640 acre farm in the Westlands would average around $81,000, in Columbia Basin $189,000. Using the same budget techniques to measure income on 640 acres in the High Plains of Texas under the typical conditions of partially irrigated farming and partial dryland farming, the results are remarkably different. On 640 acres, the net income for the same period of time was $79. A dryland wheat farmer in Nebraska last year would actually have a negative net income on 640 acres. Although I understand that these three situations are not strictly comparable. I do think that we need to look at the magnitude of the income provided by the subsidized water in comparison to farms of a comparable size in other areas of the country to gain some perspective on the equity question involved.

It seems to me that the Administration's water policy has been moving toward a system which puts increased emphasis on conservation and under which beneficiaries pay a share of the total cost more commensurate with the benefits received. One way to encourage conservation consistent with this Administrations' water policies in other areas of the country, while at the same time to encourage small family farmers, would be to develop a water pricing system in which smaller farmers would pay a lower rate, with higher rates charged to larger operating units.

This pricing system would be in addition to, not in lieu of, the establishment of maximum eligibility acreages, although the reduced income possibilities which would result from the reduced subsidy would have to be considered in the acreage formula. This would permit recovery of some of the massive federal subsidy involved in these projects without endangering the viability of irrigated farming in these areas. I realize that a pricing scheme poses administrative difficulties but these may be justified if a more equitable solution to the subsidy problem can be achieved.

In summary, I would suggest that the proposed regulations be changed to reflect these considerations:

Maximum acreage size for eligibility for federal project water be determined on a project by project basis, to allow for different soil and growing conditions;

Maximum size would be determined without reference to family size, but rather on the basis of total ownership units, whether composed of a family, an individual, a partnership, or any combination thereof:

Purchasers of excess land must operate the farm and live on or near it to be eligible for reclamation benefits. Leasing should also be limited;

An alternative to the lottery be designed for the distribution of the excess land which takes into account factors such as farming experience and tenancy;

The Department of Interior, in consultation with the Department of Agriculture, look into the possibility of developing a pricing policy which would recoup some of the massive public subsidy in these projects, while still supporting the primary goal of the Reclamation Act to encourage the establishment of small viable family owned farms.

I appreciate the opportunity to share these comments and hope you will let me know if we can be of any further help.

Sincerely,

BOB BERGLAND.

Mr. JACKSON. Mr. President, will the Senator from Idaho yield me 4 minutes?

Mr. CHURCH. I am happy to yield to the able chairman of the committee for that purpose. I yield the time on the bill.

Mr. JACKSON. Mr. President, I rise in strong support of the passage of S. 14. Principal among my concerns in seeing this legislation adopted is my deep concern for the thousands of farm families on reclamation projects in my own State of Washington and throughout the West. This measure would provide a clear congressional expression of intent for the administration of the reclamation program by the Department of the Interior.

Right now, these farm families are under a sword of Damocles in the form of rules and regulations proposed by the Department of the Interior to carry out the Department's most recent interpretation of reclamation law. There is no doubt in my mind that, absent a clear congressional directive to the contrary, those rules and regulations will work undue hardship on thousands of families on reclamation projects.

As I said, I support passage of S. 14, but I caution my colleagues that we must not go too far in freeing the reclamation program from prudent requirements for participation in the program.

In my many years in the House of Representatives and the Senate I have actively participated in the authorization of dozens of reclamation projects. In justifying those projects, we may speak of costs and benefits, repayment, increased agricultural production, and so on. But when you get to the bottom line, the justification for the continuation of the reclamation program is the creation of opportunity for farmers to earn a living with Federal help. And of course, this opportunity must be spread as broadly as possible.

If we, by legislation, have in effect limited the scope of the reclamation opportunity and benefit to only a few by rationalizing large farm sizes based upon the economics of scale, then I am afraid we have defeated the intent of the program, which is to benefit the many. If we take away the social justification for the program, I am afraid that we may never see another project authorized.

Mr. President, I commend the senior Senator from Idaho for his courage and perseverence in bringing this important legislation before the Senate.

Mr. President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I thank the chairman of the committee very much for his remarks.

Mr. President, first of all, I ask unanimous consent that the Senator from New Mexico (Mr. SCHMITT) be added as a cosponsor of the pending bill, S. 14.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I yield from the bill such time as the Senator from Nebraska may require—I understand that will be 6 or 7 minutes—whatever he may require for an opening statement.

Mr. EXON. I thank my colleague from Idaho.

Mr. President, unlike my friend from Wisconsin, I am from a reclamation State, Nebraska.

It seems to me that one of the worst jobs of administering any Federal program can be traced to those who have been responsible for the administration of the Reclamation Act of 1902.

S. 14 as presented to the Senate cannot receive my support, but certainly I thank those who have brought forth S. 14 because certainly the time has long since passed that Congress should address itself to this very important matter.

For the record, let us start out by saying that in 1902 we had a different type of farming operation than we have today sizewise, and, therefore, the 160-acre limitation that was provided in the 1902 act is certainly not applicable when we consider farming operations today.

However, S. 14 as presented to the Senate does, in my opinion, go way beyond due bounds.

Mr. President, the Reclamation Act of 1902 was passed in response to a need to provide working farmers with irrigation water at prices they could afford. Because the program involves a subsidy, the policies behind the 1902 act required that benefits from the reclamation program be available to the largest possible number of people in order to promote family size owner-operated farms. Furthermore, the law sought to preclude speculation at public expense and prevent a monopoly of water on reclaimed public land.

A little history of Congress in this regard: Let me say that the legislative history of the 1902 act demonstrates that very fact and establishing family farmers was the principal policy of the law. Representative Francis G. Newlands, sponsor of the 1902 act, stated in the RECORD that:

> The very purpose of this bill is to guard against land monopoly and to hold this land in small tracts for the people of the entire country, to give to each only the amount of land that will be necessary for the support of a family.

I submit that these are worthy goals and are relevant yet today.

The Reclamation Act has not been significantly reexamined since 1926. Consequently, the restrictions designed to promote the objectives of the act have not been uniformly or diligently enforced by those administering the law. Congress has allowed vital policy questions to go unanswered for years and this has created unwarranted difficulties for administrators and the courts. Reform is necessary and a clear statement of policy is required. However, any reform this Congress undertakes should reaffirm the objectives and expectations which the 1902 law attempted to fulfill. At a minimum, reform of the present law should move us closer to, not away from, the original basic principles which I enumerated earlier.

S. 14, the so-called Reclamation Reform Act of 1979, effectively repeals rather than reforms the principles of the existing reclamation law. In effect, this bill will legitimize huge Federal water subsidies to industrial farming interests and land speculators and promote the demise of small family farms in favor of those interests. Large landowners will be allowed to receive federally subsidized water at bargain-basement rates. The water users of irrigation projects repay only a portion of the cost. The law provides at least a 10-year grace period in which the beneficiaries repay nothing, and then repay the costs over 40 years with no interest. Even then, irrigators are required to repay only a portion of the capital costs of the project with the balance being subsidized from power and other industrial revenues.

Mr. President, Congress stands today upon a threshold decision which will significantly affect the future course of our Nation's agricultural development. We must decide whether we will promote self-reliant family farmers or modern feudal landlords; agricultural production or land speculation; rural communities or the empires of industrial land companies; lifetime commitments to the land or short-term capital gains.

In closing, Mr. President, let me say this: A series of amendments are necessary to place S. 14 back on the track of faithfulness to the original and still important objectives of the reclamation program. I urge my colleagues to give careful consideration to these amendments that will be offered. The choice today goes beyond a simple needed reform of our reclamation law to the very heart of the future of the reclamation project themselves. If the reclamation program does not remain for the sole benefit of family owned and operated farms, it will not long survive and certainly it cannot be responsive to the original intent of the act.

I thank my colleague from Idaho and I thank the Chair.

Mr. HATFIELD. Mr. President, I wish to make one or two comments for the benefit of the Senator from Wisconsin, but I see he has left the Chamber.

I yield myself 5 minutes on the bill.

Mr. President, I am sure that all of us recognize the complexity of the 1902 act and any attempt to correct, modify, or change it. I am hopeful that in this debate we can keep to the facts. I believe that the Senator from Wisconsin without intention and certainly without design has misstated some facts as they relate to this bill, and I think it is very important to correct these points as they are made so that they will not be left unanswered and people then accept them as facts when they are not facts.

The Senator from Wisconsin (Mr. Nelson) has with great vigor protested that this bill guarantees to the Southern Pacific Railroad continued benefits and in fact locks in certain benefits that Southern Pacific has enjoyed under the 1902 act. This is, I believe, without foundation.

Let me tell you why. I must refer to the definition, in section 2 of the bill, subsection (c). It very clearly shows, and as a cosponsor of this bill I can say, that we exactly and precisely exclude continued benefits to corporations like Southern Pacific. I read from the bill:

> The term "qualified recipient" means an individual who is a citizen of the United States or a resident alien thereof or any legal entity established under State or Federal law which benefits twenty-five such individuals or less.

I do not think there is any question in anyone's mind that Southern Pacific is a larger corporation than 25 members. By no stretch of the imagination could Southern Pacific be a qualified beneficiary under this act.

Now, another section, which is called the exemption section, which is on page 13 of the bill, section 8, subsection (c), which states:

> The acreage limitation of the Federal Reclamation Law shall not apply to lands within the Imperial Irrigation District of California.

If the Senator from Wisconsin feels that this particular exemption or the exemption relating to the corps projects affects Southern Pacific, he is exactly and precisely wrong.

I ask unanimous consent to have printed in the Record at this point, Mr. President, the distribution of farm types of Imperial Valley farms, which lists the various types of farms and the acreage thereof.

There being no objection, the table was ordered to be printed in the Record, as follows:

Table 4.—*Distribution of business types, Imperial Valley farms*

Business type	Number of farms	Net acres farmed
Family	749	216,915
Multi-family	170	195,260
Non family	15	20,980
Trust	12	1,817
Public	5	442
Unknown	22	8,605
	973	444,019

Source: ASCS.

Table 5.—*Combination farms—owned and leased*

Net acres	Total acreage combination farms	Owned acreage combination	Leased acreage combination
0– 320	10,250	5,147	5,103
321– 640	17,862	8,730	9,132
641–1,280	38,653	18,820	19,833
1,280+	214,033	66,932	147,101
	280,798	99,629	181,169

Source: ASCS.

Mr. HATFIELD. Mr. President, what does Southern Pacific own? Southern Pacific owns 106,430 acres in the Westlands Water District. To be in compliance with S. 14, they would only be able to retain 160 acres, period. One hundred and sixty acres, under the definition of "limited recipient." But let me tell you what S. 14 has already accomplished. Southern Pacific has begun to dispose of its lands, and we have recordable contracts now covering 81,334 acres of the total 106,680 acres that the Southern Pacific owns.

So we can say, in effect, that the Southern Pacific, a large corporate entity, is in the process of disposing of lands, because they know that the likelihood of S. 14 becoming law would certainly make it impossible for them to continue receiving reclamation benefits.

This is precisely the opposite of what has been implied by the Senator from Wisconsin. The Southern Pacific Railroad could not enjoy the kind of benefits that he describes. I just wanted to take this moment to make that point in the Record, and I am happy to yield at this point to the Senator from Idaho (Mr. Church).

Mr. CHURCH. I thank the Senator very much.

Mr. President, if this bill were accurately described by the comments of the Senator from Wisconsin, I would oppose it. I think we must look more carefully at the reasons why the committee acted to exempt the corps projects and the Imperial Valley from the provisions of the bill.

The Senator from Oregon is quite right; the Southern Pacific Railroad cannot continue to own thousands of acres under the provisions of S. 14 as it has been brought to us by the committee. Any assertion to the contrary is wrong, and that can be made clear by reviewing carefully the text of the bill.

As I say, I think a word needs to be said as to why the committee exempted the Imperial Valley. It did not do so because it wanted to make itself a slave of the big corporate interests or great agribusinesses. I think the record of the Senate Energy and Natural Resources Committee through the years will sustain me in the assertion that this committee has always given strong and consistent support to the family farm, and we do not vary from that course in offering this bill to the Senate today.

Why was the Imperial Valley exempted? What were the circumstances? What were the equities that caused the committee to conclude that it would be grossly unfair not to exempt the Imperial Valley from the provisions of the law?

Here is the background as it was presented to the committee on the Imperial Valley case: In 1901, a year before the adoption of the original reclamation law in 1902, the Colorado River was diverted through a private canal to furnish irrigation water to the Imperial Valley. This hand-dug canal ran through parts of Mexico, and the water indeed made the desert bloom.

By the time that the new All-American Canal was authorized by the Boulder Canyon Project Act of 1928—this is the first time that the Federal Government becomes involved with the Imperial Valley, in 1928—at that time, when the authorization was enacted by Congress, and long before any Federal dams, the Boulder Dam, or any of the canals, the All-American Canal, were constructed, 94 percent of the current irrigated land in the valley was already being irrigated, by private works.

In view of this fact, Secretaries of the Interior have held and have given written assurances through the years that the valley was meant to be exempted from the acreage limitations of the reclamation law. That did not happen just once; it happened time and time again. And for most of this century the people of the Imperial Valley have been led to believe by their Government that the provisions of the reclamation law did not apply because of the peculiar circumstances of their case.

Then suddenly and unexpectedly, in 1977, the U.S. Court of Appeals for the Ninth Circuit reversed the position of the Government, and ruled that the acreage limitations should have applied and did in fact apply to the Imperial Valley.

Mr. President, it seemed to the committee that American farmers or any other citizens ought to be able to rely upon the representations of their Government, and to invest large amounts of money depending upon governmental assurances, and that it is arbitrary suddenly to tell them: "For 50 years the Government has been wrong; you should not have relied upon the representations of the Secretary of the Interior, you should not have thought that the representations of your Government would be honored. It is just too bad that you have been victimized in this manner, but the Government assumes no responsibility for its past position, and you will simply have to abide by the results of this unexpected court decision. If it ruins you, so be it; the Congress washes its hands and disassociates itself from your problem."

Oh, no, Mr. President, that is not just Government.

We cannot sever representations made by responsible authorities of this Government to the American people for the better part of a century and assume no further responsibility. We cannot do that and do justice at the same time.

The farmers of the Imperial Valley, as I have said, relied on the word of the Government that they were exempted from the reclamation law for these many years. The valley has developed a pattern of family farming without the reclamation law, I am happy to say.

Of the 973 farms in the valley, 94.5 percent of the farms and 93 percent of the acreage are operated as single-family or multifamily farms. Fundamental fairness requires that we now reassert legislatively the exemption that the Government so long told them was theirs.

I want to turn, if I may, to one other assertion made by the Senator from Wisconsin in connection with Kings River, Calif.

Again, Mr. President, I assure the Senate that the committee had no intention of serving any big corporate interests, let alone one corporate interest in California, by writing this provision into the bill.

If we will pause just long enough to examine the facts, then perhaps we can put this matter in better perspective than it was given to us by the able Senator from Wisconsin.

What were the facts in this particular case?

First of all, Mr. President, as will become clear later in the debate, there has been a gray area that has caused much trouble, much mischief, because of the uncertainty as to whether Corps of Engineers projects come within the scope of the reclamation law.

It was never thought in earlier years that any Corps of Engineers project was meant to be limited by the particular provisions of reclamation law. Thus, Southern States, Eastern States, and Midwestern States that are not involved in reclamation, were always assured that the corps projects, being of a different character, were not a part of or meant to be affected by the reclamation law.

Then there came in 1944, in the Flood Control Act of that year, some language which I think should be made part of the RECORD, because that language, later acted upon by a Federal court, has been the source of this confusion to which I refer.

Section 8 of the Flood Control Act of 1944 provided that dams constructed by the Corps of Engineers thereafter, and I quote the language of the law:

> * * * may be utilized for irrigation purposes.

The act authorized the Secretary of Interior to become involved in such projects, and again I quote the language of the law:

> under the provisions of the Federal reclamation laws.

That language has been the source of problems since.

In a few instances, the Corps of Engineers has been the constructor of dams closely related to reclamation projects. and the Congress, by specific statutory provision, has applied reclamation law to the beneficiaries of such projects.

The relation of reclamation law to other corps projects throughout the 50 States is now unclear because of the interpretations of the provision of law I have just quoted, and efforts by the Department of the Interior from time to time to assert that some benefit which accrues from a corps project brings it within the purview of the language as quoted, and thus authorizes the Secretary of the Interior to go in and begin to cut up the size of farms and impose the 160-acre limitation.

I must say, Mr. President, that on occasion this has practically caused land wars in the West. It needs to be straightened out, and the committee is endeavoring to separate Corps of Engineers projects from reclamation projects so that there may be some certainty in the law upon which those affected may rely.

S. 14 would make clear that where Congress has not specifically declared reclamation law to be applicable to corps projects, it will not apply.

Let me turn, with that background, to the provisions as they relate to Kings River, to which the Senator referred.

Mr. NELSON addressed the Chair.

(Mr. BRADLEY assumed the chair.)

Mr. CHURCH. I will be happy, when I make the explanation, to yield to the Senator for any questions he may want to ask.

It has been argued that the exemption of Kings River is wrong because there is a big farm down there that will benefit called the Boswell Farm.

Yes, it is there, along with many other farms, large and small.

The reason that the committee felt that no exception should be made for Kings River, that we ought to apply one rule separating corps projects from reclamation projects, and there ought not be any exception to that rule in the matter of Kings River, again goes back to the facts of the case.

If the committee had included Kings River as an exception to the general proposition that corps projects should be excluded from the scope of the Reclamation Act, it would not force Boswell to subdivide its land. That is an absolutely unsupportable charge.

What happened in the case of King's River?

Before the corps projects was built, which was known as the Pine Flat Dam, the water on the King's River was 100 percent privately owned by the farmers who drew that water from the river for irrigation. Their right had been established under the laws of California. As Senators know, reclamation programs have conformed through the years to State law, and properly so.

Suppose if we were to include King's River within this bill and say that corps projects are exempted from reclamation law, but make an exception of King's River because the Boswell Co. is there.

What would we be accomplishing? First of all, I question whether that is an equitable basis upon which to legislate, whether the company is big or small. I do not know about the company. I do not care about the company as such, and I am not acquainted with its operations beyond testimony the committee received. But I do know this: you will not break up the company by striking this provision from the bill because they own that water. All the dam did was to be a flood control dam. It stored the water. They can either take that water as it comes out from the dam, as it is released from the dam, or they can assert their underlying right under State law to that water and insist upon the natural flow of the river.

That evidence was presented to the committee. If they insist upon the natural flow of the river all of the flood control benefits will have been lost, the public investment in the dam will be lost, the gates will be opened, and the river will flow through it as though it were not there, and the Boswell Co. will continue to irrigate its land.

So I want to say that these charges against this bill and this condemnation of the committee as acting as handmaiden to the large agricultural interests are unfounded and will not withstand the careful scrutiny of the bill's provisions.

I think it is important that we get that straight at the beginning of this debate. The objective of this bill is a necessary and laudable one. We want to make the reclamation law work in accordance with its original purpose. We want to preserve the family farms. We know that the present law is so hopelessly out of date that the 160-acre limitation has long since been circumvented by the leasing loophole. It is to get at that loophole, it is to restore a maximum size that is consistent with the present investment costs of doing farming in the West. And when you have an irrigated farm it is more costly than when nature provides the water from the heavens above. We want this law to be sensible and workable, and that means it has to be updated to make it conform with modern-day economics on the farm.

Mr. President, the distinguished Senator from Oregon (Mr. HATFIELD) has presented an amendment that I wish to cosponsor, if I may. There is one loophole in this bill. It was unintended by the committee, but it is there. We discovered after we acted that there was one provision approved by the committee which could be abused, and that is a provision to which the Senator from Oregon has already referred that allows annual leasing beyond the 1,280-acre maximum.

The reason the committee did that was not for the purpose of providing a loophole but because we were told at the time that annual leasing was a crop management tool in certain parts of the West, not a landholding tool. In order to bring on certain crops, particularly lettuce, this device had been used to see to it that lettuce would come on regularly through the growing year.

The committee, believing that this might be a necessary exemption to make from the regular rule against leasing above the maximum cap permitted in the bill, adopted the provision.

After I saw the provision in cold print I agreed with those people who thought it was a loophole that could be used to circumvent the 1,280-acre cap. I think it could. Therefore, it is not worth the candle.

I want this bill clean of any loophole. My purpose from the beginning has been to establish a cap that is meaningful instead of the totally meaningless cap under existing law, circumvented with impunity through leasing.

So I am glad to join with the Senator from Oregon. This is a necessary amendment, and I hope the Senate will adopt it so that there can be no more talk about loopholes for the purpose of enabling big business to hold more land than is permitted under the terms of this bill.

I commend the Senator for offering it and I ask unanimous consent to join him in cosponsorship of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. I thank the Senator.

Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from Oregon on which there is 1 hour equally divided.

Mr. HATFIELD. Mr. President, what is the time factor on the bill at this time?

The PRESIDING OFFICER. The Senator from Oregon has 83 minutes remaining and the Senator from Idaho has 80 minutes remaining.

Mr. McCLURE. Mr. President, I wonder if the Senator from Oregon will yield to me briefly on the bill.

Mr. HATFIELD. I would be happy to yield. I ask unanimous consent that I might yield 5 minutes to the Senator from Idaho (Mr. McClure) on the bill without losing my right to the floor, and having it returned to me on the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I thank the Senator for yielding. I think this might be an appropriate time to come to an understanding relative to the division of time on the amendment.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the time on my amendment be equally divided and the time controlled by Mr. McClure of Idaho in opposition to the amendment and I will control time on behalf of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. I thank the Senator from Oregon.

Mr. President, I take this time only to add to the comments that my colleagues on the committee have made with respect to the stated opposition to the bill and, particularly, the comments made by the Senator from Wisconsin in his opening statement, because if there is one thing which has disturbed me throughout the entire discussion and debate of this issue it is the failure to understand that there are differences that must be addressed.

If the Senator from Wisconsin does not like the Imperial Valley exemption let us confront the Imperial Valley exemption and determine whether that is just or unjust, and let us debate that issue. But let us not try, in order to reach some wrong that is perceived to exist in the Imperial Valley, to apply a straitjacket to all of the lands in the 17 Western States that happen to have reclamation projects.

If there is to be resistance to the provisions of the bill with respect to the Kings River project in California because of the corps exemption, let us discuss the Kings River project and let us discuss the corps exemption without trying to solve that problem perceived by some to be a problem at the expense of saddling the other 17 Western States and all other reclamation projects and Corps of Engineers projects with a limitation that is designed to deal with a specific question. Let us confront that one separately.

If, as a matter of fact, there are those who want to raise the issue of residency, let us discuss the issue of residency, and whether or not it should be required, as a separate issue. Let us not attempt to solve some problem that might affect the residency by a blanket rule that hamstrings those for whom a residency requirement simply does not make sense. Let us discuss that issue separately.

Mr. NELSON. Mr. President, will the Senator yield for a brief comment?

Mr. McCLURE. I yield.

Mr. NELSON. My remarks were simply my general evaluation and judgment of the whole bill and the provisions. We will address the Imperial Valley and the corps exemptions in separate amendments. All the other questions will be dealt with separately.

Mr. McCLURE. I thank the Senator.

I want to list two or three others. But I think the blanket remarks, the general feeling, the general tenor of the Senator from Wisconsin, and much of the discussion that has permeated this issue generalize to the point of confusing rather than elucidating.

If there is a question on the leasing, let us discuss the leasing question separately. The Senator from Oregon has presented that issue in his amendment, and we will be discussing that particular amendment shortly. We should address the question of leasing. I am not sure that I agree with my distinguished gentleman from Idaho or my colleague from Oregon on this issue.

Yes, leasing can be a loophole. But to deny leasing is also an abuse. The question is whether leasing shall come at all or whether it is subject to the limitation of acreage.

Again, let us not condemn leasing without respect to whether or not it should be subject to the acreage limitation or outside the acreage limitation. Let us not forget that leasing and residency are intertwined issues, and we will discuss those issues.

If we are going to object to the prepayment provisions or the payout provisions, either under the contracts signed or the termination of the payout or for the early payout provisions, let us talk about those provisions, as to whether they are just or unjust. But let us not masquerade by contending that all these criticisms, each of them, and all these subjects, each one individually, is designed to deal with the question of Southern Pacific Railroad, because many of them have absolutely no relevance to that issue.

The Senator from Oregon was correct in stating that under S. 14 as written and reported by the committee, in the Westlands district, any corporation would be limited to 160 acres. That is the way the bill is now written, and to say otherwise betrays a lack of understanding of the provisions of the measure.

Mr. NELSON. Mr. President, will the Senator yield at that point?

Mr. McCLURE. I am happy to yield.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. McCLURE. Mr. President, will the Senator from Oregon yield me 3 additional minutes?

Mr. HATFIELD. I yield.

Mr. McCLURE. I thank the Senator.

Mr. NELSON. The Senator is correct, except that there is a huge loophole in there which starts on page 10, line 24:

> The acreage limitation provisions of the Federal reclamation law shall cease to apply to any landholding upon completion of the repayment by any contracting entity of the amount of any construction costs required to be repaid by such contracting entity . . .

Mr. McCLURE. Let me respond.

Mr. NELSON. So the answer is that they simply pay off that cost and they continue to get the water, and the acreage limitation does not apply.

Mr. McCLURE. Let me respond to my friend in this way:

First of all, there are two different kinds of payout provisions. Many of the reclamation projects already have a provision written into them, already approved by Congress, saying that when the payout is completed, the limitation ceases to apply. Congress has spoken on that many, many times in specific instances, saying that is just.

Mr. NELSON. That does not apply to Westlands, does it?

Mr. McCLURE. The second provision which is contained in the bill is a recognition that if that is good in one instance, it should be a matter of general policy and that, therefore, we will apply as a general policy the idea that when the taxpayers' money has been repaid to them, which was provided for the construction of the irrigation facilities, the limitation shall not linger on into the future.

I point out that either of those, by action of the committee or by action of Congress in the past, is a district-wide payout, not an individual property owner payout. So that the entire operation of the entire district must be paid before there is any relief of that provision for any individual landowner. So the Southern Pacific could not just come in and pay off their obligation.

But let us address ourselves for the moment to the purpose of the limitation.

Mr. NELSON. Mr. President, will the Senator yield for a comment on the point just made?

Mr. McCLURE. Let me complete my statement, and then I will be happy to yield.

The purpose of the reclamation law, when originally enacted, was to put water on land in order to aid in the development of the West, and that very modest investment has paid back brilliantly to the taxpayers of this country.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. McCLURE. Mr. President, will the Senator from Oregon yield me an additional 3 minutes on the bill?

Mr. HATFIELD. I yield.

Mr. McCLURE. I thank the Senator.

That has yielded great dividends for the entire country. The benefits that are repaid by the irrigators actually flow not just to the irrigators but also to the country as a whole. The income taxes that are paid, the benefits that go to the general communities, the manufactured products that are manufactured in the State of Wisconsin, which are sold to the people who live in the communities and on these lands in the reclamation area, are all benefits which are received by society as a result of the investment that has been made in the reclamation of the land. Not the least of these benefits is an abundant food supply for all the people of this country who benefit greatly from the fact that we do have the lowest per capita of income expenditure for food of any country in the world—by far. The reclamation program has contributed to that result.

So, is our desire in the reclamation bill simply to say to these people, "You pay back what the taxpayers put up," or is our desire, through the reclamation project, to say that this land must always remain subject to Federal control over ownership?

If it is the Senator's desire to say the latter, I must say that I respectfully disagree that that is a matter of acceptable or desirable public policy. If it is the desire of the Senator from Wisconsin to uphold the original intent of the 1902 Reclamation Act, saying that before we put up the money, the people who receive the direct benefits must repay the direct benefits, then that has been accomplished when the payout has been completed; and that has been recognized by Congress in literally dozens of individual reclamation projects where the authorizing legislation wrote that into the authorization. That principle seems to me to be applicable here. That is what the committee sought to do in the repayment provision of this bill.

I yield to the Senator.

Mr. NELSON. I say to my distinguished colleague that I agree with 96 percent of what he said.

Mr. McCLURE. 99.6 percent.

Mr. NELSON. In the other 4 percent, he is wrong. That is not a bad record, really.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. McCLURE. Mr. President, will the Senator yield me an additional 2 minutes on the bill?

Mr. HATFIELD. I yield.

Mr. NELSON. I support the Reclamation Act. I always have. I support any conceivable sensible program that supports the family farm in this country, because it is the most productive unit for almost all agriculture with which I am familiar. It is the most productive.

The reclamation law was aimed, as the Senator well knows, at family farming.

Regardless of how it has happened and what Congress has been doing over the years, the law in the case of the Imperial Valley has been avoided.

But, the decision not to follow the law was overruled by the court 25 or 30 years later. The Secretary of the Interior made the decision in 1933 on the Imperial Valley 2 weeks before Mr. Hoover left office. The author of the letter is still representing Imperial. It shows that if you were under the Hoover administration, you lived very long, because you did not do very much.

The point is that this bill permits a continuance, by one device or another, of huge holdings with subsidized water, and that is what I object to.

Mr. McCLURE. I do not disagree with what the Senator is saying, until the time the taxpayers' investment has been repaid to them by the recipients of the water.

But once that repayment has been completed why impress the land in perpetuity with the grim dead hand of Federal control that says, "We will continue to control because we have the power to."?

The land owned by farmers in the Senator's State of Wisconsin is not impressed by the dead hand of the past because the Federal Government at one time owned the land in Wisconsin and therefore seeks to perpetuate control over it. We in the West do not believe we should be subjected to that, either.

The PRESIDING OFFICER. The time of the Senator from Idaho has expired.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, I yield myself time on the amendment. I wish to get on with the amendment. I have sat with a great deal of patience throughout this whole hour-and-a-half period.

Mr. President, I ask unanimous consent to add Mr. MELCHER, the distinguished Senator from Montana, as a cosponsor to the amendment.

The PRESIDING OFFICER. There being no objection, it is so ordered.

Mr. NELSON. Mr. President, the purpose of my amendment is to limit those leasing arrangements which allow a single farmer to hold an unlimited number of acres in reclamation projects. Specifically I propose to delete the short-term leasing exemption in section 7(b) of S. 14.

Although the Bureau of Reclamation has not historically applied reclamation law to leased lands, the statutes are not definitive. Existing law refers to landowners receiving project water on a landholding and it does not make clear whether acreage limits apply to a landholding operated under a lease.

Nevertheless, leasing has evolved as a standard farm practice. Leasing accomplishes several important objectives to any farm operation. It allows for growth of small farms, allows for economic variations in the marketplace, recognizes the development of new farm techniques and permits a farmer to maintain an interest in his operation after retirement.

With regard to reclamation law, however, leasing arrangements have become the principle vehicle for evading acreage limitations. Specifically the short-term lease exemption will provide a loophole for large landowners and a potential haven for investment farmers. With this provision in section 7(b) a farmer who wishes to exceed the acreage limitation can do so simply by signing a 1-year lease agreement. As the committee report states, these 1-year leases can go on indefinitely.

Mr. HAYAKAWA. Mr. President, if the Senator from Oregon will yield, I had asked for time on the bill and I have some introductory remarks on the bill I wish to present at this time if the Senator will yield.

Mr. HATFIELD. I wonder if the Senator will permit me to finish my statement that I have commenced, and then I will be happy to yield time on the bill.

Mr. HAYAKAWA. All right.

Mr. HATFIELD. My amendment will return S. 14 to the original language which was introduced by the senior Senator from Idaho, and eliminate the acreage exemption for short-term leases.

This change will not prohibit leasing entirely; it only eliminates the exemption for short-term leasing beyond 1,280 acres.

Mr. President, if we are not able to set an acreage limitation and enforce it, why have a Federal reclamation program at all? Let private enterprise do it all.

I think this is basically the heart of the whole matter of what we are attempting to accomplish in S. 14. We want to make some meaningful limitations and set some caps that are enforceable.

But as the chairman of the subcommittee has indicated already, it is the recognition that he holds and the one that I have fought for that by exempting leased acreage you do not have an effective limitation.

So I urge that we close this loophole through which a Mack truck can move and get this bill onto a meaningful limitation basis as far as 1,280 acres are concerned.

Let me emphasize again that if a farmer has 640 acres of ownership, he could operate another 640 acres of leased land. He can have a total of whatever the mix may be of 1,280 acres.

That is the limit we want to make meaningful.

Mr. President, I ask unanimous consent to yield 5 minutes——

Mr. HAYAKAWA. Ten minutes.

Mr. HATFIELD. Mr. President, before I yield I want to say that I have been yielding now for about an hour and a half and I am determined to get on with this amendment. Following my yielding to the Senator from California, I will not yield any more time on the bill until we dispose of my amendment.

I ask my colleague from Idaho to join me in this in putting the Senate on notice, because I want to get to a vote on this amendment very shortly. I have schedules as well, and other obligations I must meet.

I am very happy to ask unanimous consent at this time to yield 8 minutes to the Senator from California on the bill without losing my right to the floor and then to proceed immediately in the time limitation ascribed to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HAYAKAWA. I thank the distinguished Senator from Oregon.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. HAYAKAWA. Mr. President, I express my overall support for S. 14, the Reclamation Reform Act of 1979 as it was reported out of the Committee on Energy and Natural Resources.

This bill essentially changes the 160-acre limitation to 1,280 acres per farm for those receiving federally subsidized water. But more important than that is the leasing provision in the bill. S. 14 as reported allows for unlimited leasing, but no lease may extend for longer than a year.

I support the concept of unlimited leasing and have testified before the Energy and Natural Resources Committee for the past 2 years on this very issue. I believe that the best thing we can do to support and encourage the productivity of our farms is to allow our free enterprise system to work in a natural way. Big businesses begin as small businesses. They grow over the years as their owners and operators gain expertise in their field and as they build their profits they plow more money back into the business to expand. In the same way, many people begin a farm with a small number of acres. As they succeed in this business, they begin to buy more land so that they can have bigger farms, with more crops and higher yields. It is very detrimental to our free enterprise system to artificially limit the actual farm sizes.

I am very happy that the committee included in the reported bill an unlimited leasing provision. However, I have been somewhat concerned about the limitation placed on this provision, which would restrict any lease above the 1,280-acre limitation to a year or less. This provision is very fragile. The farmers who have throughout the years farmed large farms will have the equipment and the managerial know-how to farm large areas of land on a year-to-year basis and succeed. This 1-year limitation is really going to have the most serious effect on the small farmer who desires to grow larger. It would be necessary for this small farmer to make tremendous investments in expensive farm machinery. Such an investment would be somewhat risky if he was not able to get a lease for the next year on that same land or for an equal amount of land within a reasonable distance.

I believe that the one year restriction on leasing will have the greatest effect on the smaller farmer or the new farmer who want to get into the business in a big way.

Overall I am very pleased with the bill that was reported out of committee.

I am very supportive of the provision to exempt all Army Corps of Engineers projects, and that such an exemption shall apply to the projects on the Kings, Kern, Kaweah, and Tule Rivers in California authorized by the Flood Control Act of 1944. Such language will be valuable in clearly defining the intent of Congress with respect to the applicability of the reclamation law to Corps of Engineers projects, because in some cases this is not clear, and it really casts a shadow over the people who receive their water through these projects. I support the language in the bill that would clarify this matter.

Another controversial issue that was addressed in S. 14 is that of a residency requirement. As we are all aware, the language that is currently in law is very hazy and open for interpretation as to whether a person must continue to live on the land in order to continue to receive Federal project water. This question was addressed in the bill by deleting any residency requirement. I agree with this position and would oppose any amendment to put a residency requirement back into the bill.

Overall I support S. 14 as reported out of the Senate Committee on Energy and Natural Resources. I would support an amendment to allow unlimited leasing and ownership of land above 1,280 acres if farmers pay the full cost of water. I appreciate the extensive work that the members of the committee and their staff have put into this legislation.

Mr. President, if I may go back a moment into the history, which other Senators have reviewed in part, let me remind my colleagues that the Government took a farsighted view in establishing and passing the Federal Reclamation Act of 1902.

It was understood that, for this country to succeed, the arid lands of our Nation needed to be developed and made available for agricultural purposes, particularly since agriculture, food, feed, fiber, and shelter are basic needs, essential to the economic growth and development pattern of any great nation.

When you think back to that period, you must remember that at that time it was normally accepted that California was essentially a desert, and who wants to go out there?

Reclamation projects must be viewed from all economic aspects and the advantages they lend to all people. Beyond agriculture itself, these areas include:

First. Domestic water availability;

Second. Industrial water availability;

Third. Hydroelectric power generation—the cheapest power available (solar power);

Fourth. Flood control; and

Fifth. Recreation availability.

Since only 11 million acres of this Nation's 35 million acres of arid lands have been developed to date, the need for a sound national reclamation program remains inherent in our development.

Just as President Carter presumes to quote Teddy Roosevelt when he refers to the Panama Canal, I would like to say that if Teddy Roosevelt were here today he would be equally concerned with the fact that the 1902 act and its 160-acre limitation does not fit the technological advancement found in agriculture nor the responsiiblity of agribusiness to meet the food and fiber needs of this country and the world.

As demand for food becomes more critical, irrigation will become more vital. Consequently, the Department of the Interior and the Army Corps of Engineers must play a greater role as developments are made in the usage and reusage of water. Water control is not a subsidy to the farmer, it is an enhancement to and for all people—industry, urban recreation, flood control, and so forth. Water is a replenishable resource, but it is limited and must be managed and controlled.

Farming, the most efficient sector of our society, is continually damned for receiving subsidized reclamation water. Yet, subsidized programs, such as HEW, urban renewal, mass transit, national defense, and so forth, absorbs nearly three-fourths of the national budget and this is considered normal.

The farmer is no longer the lone rugged individual; he is involved in every industry in the Nation. Farming is made up of thousands of people who have never been on a farm, but, nevertheless, are there on the farm in stored man-hours. How many people roam this family farm in the tractor, the tires, the fuel, the harvester, the electric motor, the disk and the plow; the electricians, the plumbers, the carpenters, the lumbermen, the mechanics, the welders, the truckers, the bankers, the scientists, the agronomists, the engineers, the contractors, and the Government?

These are just a few who actually touch the dirt. How about the product that leaves the farm—the hauler, the packer, the processor, the broker, the butcher, the baker, the advertiser, the printer, the nutritionist, and on and on to the store; the clerk and the boxboy and on to your home; the pots and pans, the stove, the table service, and the ultimate consumption of the most nutritious and cheapest meal in the world. Reclamation projects, viewed from a sound economic basis, can strengthen this great agricultural system which gives so much and involves so many.

Americans only spend 16 percent of their incomes on food. This is the cheapest food in the world. Despite our complaints about high grocery prices, only 16 percent of our income is spent on food. I think in the Soviet Union it is something like 35 percent. Certainly in any underdeveloped country it goes over 50 percent; but 16 percent, the lowest portion in the world, is what we pay out of our income for food. This is made possible by the size, by the technology, by the science, and by the skills that go into agriculture in all of America, and most especially in California. One farm in our country feeds 56 people—this includes the smallest farms where people have another income on the side.

I am proud to say, Mr. President, that California has the most efficient farms in the country. Our farmers are successful because they are productive and they work hard.

There were not any farmers from my State in town with the American Agricultural Movement, asking for 90-percent parity. This is because California has a year-round growing season in many places, and my farmers were planting while farms from other States were inactive throughout the winter.

We have made a great deal of progress since 1902. I am happy to be able to support S. 14, which addresses the need for changes in the reclamation program. I wish to express my appreciation to the members of the Senate Committee on Energy and Natural Resources for their hard work and valuable input on this legislation.

Mr. President, I ask unanimous consent to have printed in the RECORD a resolution on the 1902 Reclamation Act that was passed by the Western Association of State Departments of Agriculture at their July 1979 meeting.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION ON 1902 RECLAMATION ACT

We, leaders of the Western States Departments of Agriculture, favor modernizing the 1902 Reclamation law and commend Senator Frank Church of Idaho for his bill S. 14 as passed by the Committee on Energy and Natural Resources on June 21, 1979 and reported to the Senate. The bill recognizes the diversity of Western agriculture; the need to maintain the vitality and productivity of our family farms in the context of the economics of food and fiber production today; and the part that Reclamation projects play in providing an abundant food supply for the American people. The bill also recognizes the fact that the West is settled and is being farmed, in contrast to the situation in 1902 when the law was passed and 160 acres was all that a person could work with horses or mules.

We are extremely disappointed with those in the U.S. Department of Interior who continue to support outdated concepts and would turn the calendar back to 1902. They continue to talk about the Reclamation "subsidy". Federal "subsidies" certainly are not unique to Reclamation projects. Nearly all segments of our society receive Federal "subsidies" of one kind or another from airlines through railroads to the Washington, D.C., metro. Most beneficiaries of Reclamation projects including power customers, fishermen and other recreation usage have been paying below "market" value. Perhaps the Reclamation "subsidy" is better characterized as an investment. The increased production from Reclamation projects generates economic activity throughout the economy and taxes to fedederal, state and local governments that more than repay the investment.

In updating the law, we support:

1. Increasing the basic acreage allotment for the family unit;

2. Prohibiting non-resident aliens and corporations with more than 25 stockholders from continuing to lease land or own more than 160 acres in Reclamation projects;

3. Requiring future buyers of land in Reclamation projects to actively operate the farm;

4. Anti-speculation provisions;

5. Allowing leasing, in addition to the basic landholding, limiting leases to five years or less and requiring payment of a higher price for the water for that additional leased acreage;

6. Repeal of the residency requirement;

7. Validation of previous representations by Federal officials exempting specific projects.

8. Exemption of U.S. Army Corps of Engineers projects except those designated as Reclamation projects;

9. Payout provisions which end the application of the Reclamation law restrictions when payout is completed pursuant to the contract;

10. State and private water not being subject to Federal Reclamation Law when intermingled in joint use facilities.

We urge the Senate to proceed immediately to take action on S. 14 to update the Reclamation Law in a realistic manner. We further urge the House of Representatives to proceed immediately to take action on a bill including the features identified in 1 through 10 above.

Mr. HAYAKAWA. I thank the Chair, and I thank the Senator from Oregon.

Mr. HATFIELD. Mr. President, I am happy to yield to the Senator from Wyoming.

Mr. WALLOP. If I could have 5 minutes——

Mr. HATFIELD. Five minutes on the bill, without losing my right to the floor. Having made this commitment to the Senator from Wyoming before, I do not apply the previous notice I gave the Senate, but we will return to my amendment. It is my intention to return to my amendment immediately thereafter.

Mr. WALLOP. Mr. President, I will be very brief. I thank the Senator for yielding, because I know the complications it presents to him and what he wants to do.

But I would say to the Senator from Wisconsin and the Senator from Nebraska that they are perhaps misinformed as to what is going on and as to what the total picture is.

It is an interesting thing, Mr. President, to produce an idea that somehow this is a subsidy, and that this is a class of people alone in the United States who have received subsidies, and that there is no public interest served.

I might just, for the record, simply state that it is my idea that the U.S. Government is not a private profitmaking institution, and it is, among other things, a public investment-making entity which is interested in long-term social benefits.

Let us take a look at the so-called irrigation subsidies, and put them into perspective as to the other subsidies that may go on.

I do not deny that there is some subsidy. How many hours, days, and weeks of legislative history did we put in last year trying to get the barge users to even pay a portion, not of lock and dam construction costs, but their O. & M. costs, and how much resistance was there to that?

There are $6.2 billion in Federal aid payments for highway construction. Who pays that back? There is $5 billion a year to Amtrak. Who pays that back? Not the users of Amtrak. It is a public benefit. The airlines; who pays the subsidies provided? Other areas of agriculture?

I remind the Senator from Nebraska, not only those who receive reclamation water have a subsidy, but Federal outlays for farm income stabilization amounted to $7.9 billion in 1978. The Government further provided $3 billion in agricultural price supports for the 1976 crop, $100 million in 1977 for low interest Small Business Association loans to farmers.

In other areas of our economy, the State governments get $57.8 billion to make all kinds of private investment grants, $18.4 billion to the educational institutions of America, $179.6 billion in Federal income security benefits to individuals—not farmers. Nobody is going to ask them to pay it back. It is a social achievement the Government is looking for and it achieves a social benefit, as well.

Interestingly enough, the United States gives $1 billion a year, Mr. President, annually, to the World Bank for foreign water projects, and no repayment is made to the United States, nor is it expected.

While we are looking at what we give overseas, let us remember that the reclamation bill in the United States is only about $300 million a year, plus $100 million in operation and maintenance. And the country has a return.

Secretary Andrus, in his wisdom, says that the subsidy is never paid off. A report of the Denver Research Institute commissioned by an agency of the Department of the Interior, the Secretary's own agency, notes that when all the reclamation projects authorized between 1902 and 1969 have been built, and all costs repaid, the Federal Government will have regained 88.8 percent of its total investment through direct cash repayments from project beneficiaries.

Additional Federal, State, and local taxes generated as a result of the projects far exceed the shortfall and cash repayments.

The institute study showed, as well, that in one single year there was a total of $2.8 billion in Federal, State, and local taxes generated as a result of Bureau projects that would not have been generated had they not been built.

The $2.8 billion return in 1 year represents a rate of 34 percent on the total investment of taxpayer money in all the years from 1902 through 1976.

I think we ought to get off this idea that some group of farmers in America is getting some benefit nobody else is getting and then take a look at the reality of the present, which is as Senator CHURCH stated.

I will argue here against the amendment of the Senator from Oregon because I think there are some arguments that should be heard. But to make the case that somehow or another this puts farmers in one section of America into a competitive advantage over farmers in another section of America is absurd on the face of it. It is absurd on the face of it for the Secretary to make the kind of charges he makes in public, by letters and by other means.

We are even going to send, Mr. President——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. WALLOP. Could I have 30 seconds?

Mr. HATFIELD. I yield another 2 minutes on the bill to the Senator.

Mr. WALLOP. Mr. President, we will send a representative of five Federal agencies, including the Department of Interior, to China, if you please, to build dams for irrigation projects there, and in China, where there is no subsidy for American farmers, only a cost to the American taxpayer.

I suggest, Mr. President, if somebody is going to take a look at where the taxpayer gets the best bang for his buck, it is in a logical and reasonable extension of the 1902 reclamation law, as has been proposed by this committee, after considerable hard work and after a period of time in which we sought and succeeded, I suggest, in removing the subsidies to the big business interests of America.

I thank the Chair. I thank the Senator from Oregon and yield back to the Senator.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. EXON. I request 2 minutes to reply—could I have 2 minutes?

Mr. HATFIELD. I will yield, on behalf of Senator CHURCH, 2 minutes from his time on the bill to the Senator from Nebraska, Mr. President, under a unanimous consent arrangement that I would not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I thank my friend from Oregon.

Mr. President, evidently, from the points just made by the Senator from Wyoming, he does not understand my position because I am sure he would not intentionally try to misrepresent the position of the Senator from Nebraska.

I think the Senator from Wyoming knows full well that I have been a leader in farm legislation in general, and I am not against subsidies. I want to make that very clear to the Senator from Wyoming and every Member of this U.S. Senate.

I suggest that what we are talking about here is not being against subsidies, but making sure the subsidies we are giving out—and remember, we are talking about a relatively small amount of land that receives the benefit from these Federal water projects—I say that I am not against subsidies for agriculture to keep our food plant healthy.

If the Senator from Wyoming had been listening, he heard me stand on this floor time and time again, and I have been one of the leaders since I have been here in that regard.

I want it clearly understood, the Senator from Wyoming has been trying to misinform the U.S. Senate on my position. I want to make that very clear.

All I have to say is that what we are talking about here is what I referred to earlier, whether or not the subsidies we have for Federal water projects are going to fall into large corporate ownership, back to what I said a few moments ago on this floor, that the 1902 act by Francis G. Newland, the sponsor, who was for subsidies for farmers, for the family-size farm operations, said that the very purpose of this bill is to guard against land monopoly and hold this land in small tracts for the people of the entire country.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. EXON. If I may have 15 more seconds.

To give some tracts for the people of the entire country, to give each only the amount of land that will be necessary for the support of the family farm.

I thank the Senator for the opportunity to talk for 2 minutes and 15 seconds.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I will try to shift gears back to the pending business, which is the amendment I have offered.

I would like again, just briefly, to summarize the purpose of the amendment, and then yield the floor for other comments on it.

I yield myself on the amendment 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I think it has been well recognized by the opening statements and other comments made thus far by Members of the Senate that the reclamation law as it has evolved and as it has been practiced, because of its silence on the matter of leasing as it relates to acreage limitations, has permitted a rather significant number of acres—not so much in terms of ownership—a significant amount of acreage under a Government subsidy program to fall under large corporate ownerships, entities that could better pay full cost for that water, and in violation of what I believe the original act had in mind when Congress said that it was created to support and to encourage the small family farm.

Because of this situation experience under reclamation law these many years, over 70 years, it is considered now by those of us who are cosponsoring this amendment that the committee inadvertently, or for other reasons, perhaps too numerous to mention, provided a loophole in the bill, S. 14, that we have before us at this time.

This amendment is an attempt to close that loophole. We set a 1,280-acre limitation that, I feel, is only meaningful if we shut off the opportunity for those entities, corporate or otherwise, to move out beyond the 1,280 cap through a leasing arrangement.

This does not prohibit leasing, but it does mean that a combination of leasing and ownership cannot exceed 1,280 acres.

Let me point out that 98 percent of the farmers in the reclamation program are in compliance with the 1,280-acre limitation as of now. So no other justification, I believe, can be made for exempting farmers who are in compliance or to continue the exemption for those who are not in compliance. In other words, about 2 percent of the farmers are outside the 1,280-acre limitation and affected by my amendment.

So, in effect, what I am saying is we are closing the loophole as it relates to that 2 percent, but that 2 percent represents some rather significant acreage, because that is where you find your corporate farms and other large ownerships.

So I think the choice is very elementary here. It is elementary in the sense that it is very clear and not very complex—and that is whether we really want to put a meaningful cap, a meaningful limitation, on the acreage that is to receive subsidized water or whether we are going to continue to permit limitation to be circumvented through the leasing arrangements that could be added beyond 1,280 acres.

I know there are those who feel that there may be required readjustments that would work difficulties, and so forth. But bear in mind again that 98 percent of the farmers are now within 1,280 acres.

I would assume under the provisions of this bill, with this amendment, that it is not going to work that kind of hardship on the 2 percent who are not in compliance.

It is a very simple amendment. It makes meaningful the cap that was intended in the first place by the bill as it has been brought to the floor from the committee.

So, Mr. President, I urge my colleagues to support this amendment, and I think thereby it will answer many of the criticisms of Members who have already risen on the floor to say this bill is not satisfactory to them.

I think we can, with appropriate action, respond to those criticisms and, thereby, eliminate some of the obstacles to our colleagues' supporting this bill.

I think we are really trying to be very forthright here with this bill. I know the committee's intention was to not provide loopholes for abuses or continued gray areas of nondefinition of policy on leasing.

So I just want to urge my colleagues to support this and, in turn, add strength to the bill itself.

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. I wonder if the Chair can inform me how much time remains on the bill and how much time remains on the amendment, both sides.

The PRESIDING OFFICER. On the amendment, the Senator from Idaho has 30 minutes and the Senator from Oregon has 17 minutes. On the bill the senior Senator from Idaho has 76 minutes and the Senator from Oregon has 53 minutes.

Mr. McCLURE. I thank the Chair.

Mr. President, I yield myself such time as I may consume on the amendment.

The dilemma that I face in regard to this amendment, Mr. President, stems from some degree of surprise at the action taken in the committee, because while the original Reclamation Act had no limitation on leasing, leasing did become a means by which the acreage limitation could be easily circumvented. I think all of us on the committee had that in mind as we went through the discussions of this legislation and as we approached final resolution within the committee.

I was, therefore, very surprised when this amendment was offered to solve a particular problem, that problem being the short-term specialty crop problem in the southern California-Arizona areas particularly, and that the senior Senator from Idaho accepted the amendment and supported it because I thought he would do so.

But I think there does need to be some middle ground drawn between total prohibition of leasing or the strict limitation on leasing that would be the result of the adoption of the Hatfield amendment, and the position taken by the committee earlier to respond to the specialty crop question by allowing unlimited leasing where the period was for no more than a year.

There is a specialty crop industry that does not affect my State directly but it affects the consumers of my State because they get a great deal of the produce we consume through and as a result of those operations, and probably at lower prices because of those operations, and somehow we must strike a median ground, and I have not yet found it.

The Hatfield amendment would subject it to the same acreage limitation as all other, and I do not think the specialty crop industry quite fits that requirement.

On the other hand, I think if there is to be a limit, we cannot allow unlimited leasing. So I am still seeking the answer to that question, and I am opposing this amendment because I think there must be a better way than simply deleting the language which permits it, and I hope before the day is out someone will have suggested that compromise that is a better answer than simply doing away with the language completely.

I might add, too, Mr. President, my concern is compounded by the conviction that while we are updating a law that is woefully out of date, we must recognize not only that agricultural conditions have changed in the last 75 years. But that it is no longer adequate to expect a farmer to make a living on 160 acres of land, because in 1902 it may have made sense to expect a man to get out there with a mule and a one-blade walking plow, and yet we are doing that today.

Yet, we are revising now and putting into statute a limitation which makes sense today. But will it make sense 2 years, 5 years, 10 years from now?

It seems to me that rather than trying to put on a rigid limit now which barely accommodates modern agriculture, we could safely set that ceiling somewhat higher and still serve the objective of maintaining the individual farm entity, the family farm, without encouraging massive corporate land ownership which defeats the very purpose of the Reclamation Act.

I offered in the committee an amendment which would set the basic allotment at 1,500 rather than 1,280 acres. The difference between those two figures is not terribly significant, but it has some significance.

However, the second part of the amendment I offered in the committee would have permitted them, by payment of the interest which is the degree of subsidy—payment for interest as well as the repayment of the capital invested—to go up to three times the basic allotment. With 1,280 acres, that is about 3,840 acres of ground, which certainly is not enough to stimulate massive corporate interest to come in and invest in that kind of operation, but still would insure, not only for today but for tomorrow as well, that a modern farmer would not be held just at the very limits of existence.

I do not know why we insist on legislating a marginal existence. I am afraid that is what we may do for some, and it certainly will be so over the passage of time as agriculture evolves.

I have watched what has happened in agriculture in my State. I have participated in it. There was a farm family on every quarter section of ground. That gradually went up. There is scarcely a farm family on every section of ground anymore. Most dry land wheat farms are now in excess of 1,000 acres in order to make a living at it. They buy larger equipment which is manufactured in Michigan or Wisconsin or Indiana. They use steel that is produced in Pennsylvania, Utah, California, or Japan. They contribute a great deal to the economy of this country as they purchase equipment that is manufactured in many States that do not have reclamation land, and they do that in order to be able to produce more units of output at lower cost.

However, in order to do that, they also must have some land upon which to use that equipment. So the size of the average family farm has grown and continues to grow.

It seems to me that in combination with the leasing and ownership provisions, we should allow a farmer not only to survive but also to be reasonably successful. If he is going to buy a new $50,000 combine—it is probably $55,000 now—and if he is to buy a new $50,000 tractor and potato diggers and beet loaders and all the rest of the equipment, and if he is to be able to update his equipment year by year, he has to have some profit after his bills are paid, else he will not buy.

The farm machinery manufacturers and their constituents and the people who work for those manufacturers will be hurt if we keep the farmer on the bare edge of survival.

I think we could safely have a larger acreage limit than the 1,280 acres in this bill without stimulating the corporate takeover that is the fear expressed by many in opposition to this legislation.

For that reason, I am in opposition to the Senator from Oregon, not that I do not recognize that it needs some modification, not because I was not surprised that the Senator from Idaho accepted this amendment when it was offered as an amendment in the committee, but because I think the alternative of completely doing away with it is equally shortsighted and wrong.

I hope that before we have completed the discussion on this amendment today, we will have crafted some middle ground which will occupy and solve the problems that the Senator from Oregon quite rightly recognizes and the problems that are of concern to me.

Mr. President, I yield to the Senator from Wyoming 4 minutes on the amendment.

Mr. WALLOP. I thank the Senator from Idaho.

Mr. President, I understand the concern that the Senator from Oregon brings up in his amendment. I think they perhaps are overstated concerns, although I can see how he may make the argument.

I point out to the Senator from Idaho that the argument he made, in terms of the capital requirements to be successful, might as well be turned in favor of the language of the bill as it now stands.

While one may be capable of affording a tractor and sowing and harvesting equipment to produce a grain crop, one may not, by the same token, be capable of producing enough capital to produce a lettuce crop or a specialty melon crop which requires very high-priced machinery.

In Wyoming, that is not important. We do not get two crops of anything, except perhaps a couple of cuttings of hay. However, in those areas of the country with a prolonged growing season, it is particularly important that the land be in production as long as possible.

So a farmer might grow, in a 90- to 100-day season, a barley crop and harvest it and then not have the capital to continue to farm it for a lettuce crop or some other kind of specialty crop, though the growing season would permit it.

We would be telling a man that it is not his property right, unless he has the capital—which in this day may only be divinely bestowed—not to farm his land further.

I suggest, in addition, that this is an unenforceable posture, because who is to say what the right of somebody is in terms of sharecropping? We in the committee tried to deal up front with the problem and have a lease not to exceed a year for the purpose of a particular kind of crop—registered, and with notification to the Secretary. But in removing that altogether, all kinds of other farming arrangements can be made. One of those arrangements is a sharecropping procedure, another is a sublease procedure, and another is to go from reclamation district to reclamation district to reclamation district with a different title, corporate or otherwise. It is an absolutely untrackable, unenforceable amendment.

We tried to be as up front as possible and put everybody in the open and make them notify the Secretary what they were doing. If there is abuse of that, we should be able to find it.

Early this year, the National Water Resources Association asked the Bureau of Reclamation for any data it had that would support information that new larger farming operations are being assembled in contravention of reclamation law. The following reply was received:

> As you know, in the past, no restrictions were imposed on the quantity of land an individual could lease for which Federal project water could be supplied. For this reason we do not have any data on leasing activities in reclamation projects.

I suggest that what the committee tried to do was to bring everybody up front and bring it in the open, make the modifications there, so that the public and the administrators and the farming interests and other interests could see it plainly out there and open on the record.

In the absence of any hard and fast restriction that would be imposed by the amendment of the Senator from Oregon, all the other kinds of cropping arrangements that have existed for centuries, which nobody is going to find a way around, will come into play, and we will not know. The data will be no more exact at the end of it than it is now; and by keeping the provision, we will have provided that a landowner can do with his land as he sees fit, provided that it is judged to be in the national interest.

I thank the Senator from Idaho for yielding.

Mr. McCLURE. Mr. President, I yield 2 minutes to the Senator from Wyoming (Mr. SIMPSON).

Mr. SIMPSON. I thank the Senator from Idaho.

First, I pay my deepest respects to my colleague and friend, Senator WALLOP, for his discussion of this issue with great quality.

I am pleased with many provisions of the measure, which I have cosponsored. If they are retained in S. 14, I will support it.

I oppose the pending amendment, which would restore the original lease restrictions proposed for section 7. Leasing restrictions were never an original part of the Federal reclamation law, and they, therefore, should not have to be addressed in this bill.

Such limitation simply cannot be administered effectively. It would impose an undue burden on an irrigation district to administer the filing and reporting of any and all lease trasactions.

The common everyday practice of oral leasing in agricultural communities makes it impractical for either irrigation districts or the Bureau of Reclamation to check various county courthouse records in order to determine whether a certain parcel of land is even under lease much less what the term of that lease might be.

It just flies in the face of common agricultural practice with oral leases. We tend to create a very real loss of confidence in our system of government when Congress dabbles in the mystic art of adopting restrictions and regulations which simply cannot be effectively comprehended or administered in the cycle of day-to-day life in urban or agricultural communities.

The American farmer has always been market oriented. That is his theme. He has never had a peasant-minded view of agriculture in the sense of desiring to be tied to the land in subsidies for generation after generation.

A flexible leasing provision will permit the farmer to adjust to the agriculture economic cycle and should be maintained as they are consistent with the goal of farm efficiency as determined by the individual farmer himself.

I hope we will get on with the further leasing discussion in the course of this debate.

Those are my views on this particular amendment.

I yield.

Mr. McCLURE. Mr. President, I yield 5 minutes to the Senator from California (Mr. HAYAKAWA).

The PRESIDING OFFICER. The Senator from California.

Mr. HAYAKAWA. I thank the distinguished Senator from Idaho and I beg respectfully to differ with the distinguished Senator from Oregon in his proposal to restrict the practice of leasing in Federal reclamation project areas.

The restrictions, I am afraid, constitute a serious threat to basic property rights and would deny farmers one of the vital tools of modern agriculture. Presently there is nothing in Federal reclamation law which prohibits or restricts leasing, and several Federal courts have upheld the right to lease.

There are compelling reasons why farmers need the right to lease land, and the right to lease land out to another. First, land rental income represents the farmers' most certain retirement policy or physical disability benefits. It is common for a farmer to lease his operation to a neighbor upon retirement, so that he can move to a new home nearer his friends or relatives, or nearer the shopping and recreation of the cities. Likewise, if a farmer is injured on the job, his only income during recovery may be that from the lease of his land.

The ability to lease also serves a vital nurturing role in agriculture, both in helping young farmers to get started and in helping established farms to smoothly expand or diversify operations.

With some recent studies showing a minimum $400,000 cost of purchasing a new 320-acre irrigated farm in California, many young people with limited financial resources use leasing to more gradually enter into farming. Rather than purchasing the farm outright, these people may choose to lease farm lands for the first few years from those older persons who are scaling down their farm operation.

If a younger person chooses to purchase land outright but does not have the capital to purchase machinery and secure a production loan, he may lease to another while working at other employment, saving for the day when the new farm operation can be started.

Leasing is similarly important in various stages of expansion of a farming operation. If, for example, a farmer contemplated the purchase of a heavy-duty diesel tractor or other machinery for $100,000 or more, he may wish to lease additional land for a few seasons so that maximum use can be made of the new machine. Likewise, a farmer who diversifies his operation to include new crops or who begins farming in new areas may want to lease land first, to test the economics of the situation before making a long-term commitment.

For all these reasons, American farmers depend on the right to lease land. Leasing is an important, accepted business practice. According to the U.S. Department of Agriculture, 40 percent of the farmland in the Nation is leased, and 50 percent of that in California is leased.

Arbitrary restrictions on this widespread and long accepted practice could only impose hardship on the abundant agricultural production of this Nation.

I thank the Chair and I thank the distinguished Senator from Idaho.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I think some very valid issues have been raised by the Senators from Idaho, Wyoming, and California.

But I wish to go back to a caution that was expressed by the Senator from Idaho earlier, and that is for us to keep the issues clearly in focus here on what we are discussing. I am not about ready to engage in philosophical discussion of whether we should have no limits or limits.

I think the question remains before us at this moment in the amendment, as to whether or not we are going to put on a significant limit, because the bill is already committed to a limit.

The Senator from California introduced a reclamation bill that effectively had no caps. That is another situation entirely, another issue. This bill is committed to a cap. The question is whether we are going to have an effective cap, an effective limitation or not, whether we are going to provide a loophole sufficient for circumventing any kind of a cap and thereby making it meaningless, or whether we are going to close that loophole with my amendment and make this 1,280-acre limitation a meaningful one.

Let us bear in mind this: We have increased fourfold under this bill the amount of acreage that a person may own and gain the benefits of subsidized water.

I think we have to bear in mind that in addition to that fourfold increase we have provided an equivalency clause which can add further acreage based upon criteria of climate, productivity, growing season, and so forth.

I think we also have to keep this in context by remembering that only 2.8 percent of all the farmland in the United States is under the reclamation program; 97 percent of the farmland in the United States is not affected by the limitation of this bill at all.

These arguments that were used, or these issues that were raised by my colleagues, which I think are very significant, have to do with the special situation of growers of lettuce and specialty crops of various kinds.

Mr. President, let us bear in mind that this bill can provide for those unique circumstances. On page 9 of the bill, subsection (f), it says on line 12:

> The Secretary may, in his discretion, by rule, impose a limitation on the number of landholdings that may be managed by another person on behalf of qualified recipients or other landholders.

This is, in a sense, a provision to allow management agreements which will, in my opinion, take care of the specialty crop situations. This was, I think, the intent of the authors of the bill.

A manager may operate lands on behalf of a qualified recipient and may receive benefits from such lands in such situations as the Secretary may prescribe.

We obviously do not wish this management provision to become nothing more than another short-term lease exemption, but I believe we can accommodate the lettuce growers, specialty crop workers, and others, through this provision.

So, I think the management provision is really a significant part of this bill, one that I think we may be called upon to defend later on in the day. But if my amendment is adopted, it seems to me that we have properly closed a loophole while we have maintained the necessary flexibility in subsection 3(f), which is the special management provision to which I have just referred.

I also state from the standpoint of the history of this bill that it was a Senator from Oklahoma, Senator BELLMON, who is a farmer himself, who argued in the committee that this lettuce situation should be able to be accommodated without providing a blanket exemption from acreage limitations for short-term leases. I wish to underscore that.

I believe we can close the obvious glaring loophole that exists in S. 14 and establish a meaningful cap while not precluding arrangements which can deal with the lettuce problem.

Mr. President, I am ready to yield back the remainder of my time.

Mr. McCLURE. Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER (Mr. EXON). Is all remaining time yielded back?

Mr. HATFIELD. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT NO. 546

(Purpose: To improve certain surcharges on the delivery of water to certain lands)

Mr. MORGAN. Mr. President, I send to the desk an unprinted amendment in the nature of a substitute.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from North Carolina (Mr. MORGAN) proposes an unprinted amendment numbered 546.

Mr. MORGAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> In lieu of the language proposed to be stricken by the Hatfield amendment (No. 400 insert the following:
>
> "Nothing in this Act nor in any other provision of Federal Reclamation Law shall prohibit the delivery of water, made available pursuant to a contract with the Secretary, to land owned or leased by a qualified recipient in excess of a landholding: *Provided*, That the recipient thereof agrees to pay, in each year of the ownership or lease, a surcharge equal to the difference between the existing annual contractual obligation for construction costs of the project and the full construction costs properly allocated to irrigation and attributable to that leased or owned land in excess of such a landholding, with interest, over the remaining term of the contract with the Secretary.
>
> "For purposes of this section:
>
> "(i) The interest rate shall be consistent with section 5(c)(2) of the Small Reclamation Projects Act of 1956 (Act of August 6, 1956, 70 Stat. 1044 as amended).
>
> "(ii) In the event of a dispute between the Secretary and the contracting entity over the determination of the portion of construction costs allocated to irrigation, said allocation shall be in accordance with generally accepted utility ratemaking procedures.
>
> "(2)(a) Surcharges required pursuant to this subsection shall be used by the contracting entity for the reduction, by an amount not to exceed 50 per centum, of the construction charges of repayment contracts and/or the construction component of water service contracts otherwise required from qualified recipients farming one hundred and sixty acres or less.
>
> "(b) Any such surcharge funds not required for purposes of subparagraph (a) of this paragraph shall be deposited in a special account, in an amount not to exceed $100,000,000, in the Treasury of the United States for us, as provided for in appropriation Acts, by the Farmers Home Administration in subsidizing interest costs at below market rates to individuals buying farms of one hundred and sixty acres or less located in an irrigation district in one of the so-called seventeen land reclamation States. Any moneys remaining in such fund at the end of the fiscal year in which such moneys are credited to the fund and not otherwise earmarked for the purpose of this subsection shall be deemed transferred to the general revenues of the United States as miscellaneous receipts and shall be first credited against the repayment obligations of the appropriate contracting entity, and if none, then to the operation and maintenance charges.".

The PRESIDING OFFICER. Is this an amendment in the nature of a substitute for the matter proposed by the Senator from Oregon?

Mr. MORGAN. It is. It strikes the same language, but it inserts in lieu thereof certain other provisions.

The PRESIDING OFFICER. Therefore, all time having been yielded back, it is in order and takes precedence.

Mr. HATFIELD. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MORGAN. Yes.

The PRESIDING OFFICER. Is this the 2-hour amendment?

Mr. MORGAN. This is the 2-hour amendment.

Mr. HATFIELD. Mr. President, I would like to inquire of the Chair as to exactly what the parliamentary procedure is with reference to this matter. Under the unanimous-consent agreement, I thought amendments had a 1-hour limitation.

The PRESIDING OFFICER. That is correct, but under the agreement there is a 2-hour limitation on the amendment to be offered by the Senator from North Carolina, which he is offering at this time.

Mr. HATFIELD. Will the Chair repeat, please?

The PRESIDING OFFICER. There is a 1-hour agreement; generally there is a 1-hour time limit on first degree amendments, but under the agreement there is 2 hours on the amendment to be offered by the Senator from North Carolina, which he is offering at this time.

Mr. HATFIELD. This is the amendment which has special reference in the unanimous-consent time agreement?

The PRESIDING OFFICER. That is correct.

Mr. HATFIELD. I see. I thank the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. MORGAN. Mr. President, the amendment that I have sent forward is, in effect, the printed amendment that has been distributed and that has been discussed with many of you for several days now, with some slight modifications with regard to the structure of the amendment itself.

Back in March of this year, I received a "Dear Colleague" letter from the distinguished Senator from Arizona (Mr. GOLDWATER), in which he pointed out to me that earlier in the year he had joined with a number of Senators from cotton-producing States in support of the textile industry, in the fight to remove imported textiles from the list of negotiated tariff reductions.

Senators may recall that as a result of that legislation, the trade agreement ended up as one that was acceptable to both the administration and the textile industry, and one that we hope will protect tens of thousands of jobs in the textile industry.

In that same letter, Senator GOLDWATER pointed out that this bill, as it appeared then and as it appears now, might severely hamper cotton growers in the country, on whom our textile industry, the textile manufacturers in North Carolina and all over the Nation, depend.

There was another interesting matter pointed out in his letter which drew my attention, and that was the court case which really brought this matter to a head in the beginning. It was pointed out that the decision of the court did not just deal with reclamation projects west of the 100th meridian. It specifically alluded to Corps of Engineers projects and to the water projects. Let me quote from that decision. It said:

> The third sentence, referring to section 8 of the law, is general in coverage. It provides that all dams operated under the direction of the Secretary will be utilized for irrigation only in conformity with the section under reclamation law.

In another place, it alluded specifically to water projects, drainage districts, and so forth.

Mr. President, in the State of Florida

there are literally thousands of acres of sugar cane irrigated from Corps of Engineer projects. In the State of Louisiana, there are thousands of acres of rice. In my own State and my own county, there are drainage projects which possibly could come under it. So after all, this is not just a western America problem, though it would seem to be that in the eyes of many people. But even outside of the implications it might have for the cotton industry, the textile industry, and the implications it might have for interests in my own State where there are no charges now, there are some issues which I think transcend the narrow confines of parochialism and affect all of us in this Chamber and it is those issues which have drawn me into this question.

Those of us who have been more or less on the sidelines during the past several weeks of preliminary skirmishing have been wooed ardently with arguments that this is a controversy in which the "big farmers" are trying to steal something away from the "small farmers." If that is so, one would expect that most of us who claim to have any concern for the small farmers—and I come from a State with the smallest average farm size of any major farm State in the Nation—would tend to side with those who have been active in painting S. 14 as some kind of perversion of justice. After all, it is axiomatic in any kind of a political controversy that if you can create a devil, so to speak, in the form of something "big" and therefore "bad," you can beat him if you can wrap yourself in the cloak of righteousness in the form of something "small" and therefore "good," whether it be "small farms," "small business," or "small" anything.

Efforts to portray every controversy in American Government as a "class" struggle tend to blind us, I sometimes think, to some fundamental truths which we would do well to keep in mind.

One of the most fundamental of these truths has to do with the property rights of the American people—and that includes American farmers, American businessmen and every other kind of American. We dare not forget that property rights are basic to all rights, and if we let those rights slip away from us, we will have lost something that will be very difficult to regain.

Before I address the property rights question in more detail, I want to talk about subsidies, because after all, that seems to be the crux of this issue to me, and I think maybe it is. While there are basic property rights, there are no real basic rights under subsidies as such. So I want to talk about subsidies as they relate to regionalism and comity here in the Senate. All of us now and then yield to the temptation to brand something we do not like as a "subsidy" for somebody else, and that tendency certainly has been evident in the controversy over the reclamation reform bill. Those of us from the South have engaged in a number of skirmishes with our Western friends in agriculture. We certainly do not want our competitors from California, Arizona, and elsewhere to have an edge over us in the matter of subsidies to help them reduce the cost of producing farm products that they sell in competition with those of us from the East and South. For example, this has been historically true with cotton.

When I grew up, I grew up on a small cotton and tobacco farm. I picked cotton. That was the only way we had of harvesting it. But as labor became more and more expensive, and we had to go over to mechanization, we found that the small farms in North Carolina simply would not support the mechanization required to grow the cotton.

So on the farms I grew up on, there is no more cotton. There is no more cotton grown in my county and very little, if any, grown in the State of North Carolina, which was at one time one of the largest cotton-producing States in the whole Nation. That is because of changes in conditions, changes in the cost of labor.

We simply could not in our State, where farms and fields are relatively small, and large cottonpickers could not operate efficiently and effectively, compete with those we saw.

On the other hand, I believe we would do well to put the "subsidy" argument in some kind of perspective. The fact that I have no special ax to grind in this controversy I believe qualifies me as a disinterested observer and I would offer you some thoughts on these matters.

The material circulated on July 11 by another Senator refers to a subsidy of $481 per acre for farms in all reclamation projects, based on "present value." The "present value" is a little academic window dressing, but all it means is that if you invested $481 an acre today at 6¾ percent, at the end of 50 years, you would have an amount of money equal to the total subsidy on that acre of land.

The difficulty with this talk about subsidies is that in this case they only tell you half the story. They tell you how much the Federal Government had to invest in reclamation projects, but they do not tell you how much the Federal Government gets back.

Someone earlier referred to the Denver Research Institute.

The Denver Research Institute, in a study done for the Bureau of Reclamation, has estimated that the average increase in Federal income taxes as a result of this "investment" in a Bureau of Reclamation project is $186 per acre each year. If you take this $186 and perform the same calculations on it as was performed on the subsidy figures, you find that the increase in Federal income taxes has a "present value" of $2,650.40. In other words, the return to the Federal Government in the form of increased income taxes is more than five times what the farmer gets in the way of subsidy. It does not seem to me that you have to be an Einstein to figure out that this is and has been a very good deal for the U.S. Government, just as many other farm programs have returned similar investment.

Even using the worst of the "horrible examples" cited in the material circulated on July 11, the "present value" of the subsidy is $2,200 an acre in the Westlands Water District of California, and a Federal task force has estimated that the "present value" subsidy is $1,540 for the entire San Luis project in California. In either event, however, it is apparent that the amount invested in subsidies is much less than the return the Federal Government gets in the form of higher income taxes.

To give my fellow Senators an additional idea of the relative size of this "subsidy" in reclamation projects, I would quote to you from a speech made by Keith Higginson, the Commissioner of Reclamation in the Department of Interior, that he made last October.

He quoted some of the subsidy figures I have used and said that if the same method of calculating were used to determine the subsidy on Washington's Metro subway system, the subsidy would amount to $23,400 for every one of the 5 million men, women and children in the Washington Metropolitan area, more than 10 times the highest estimate of the reclamation subsidies quoted. And there will be no repayment to the Federal Government for Metro—with or without interest.

I cite these figures not to set myself up as an expert on the question of subsidies, but to establish the point that the Members of the Senate would do well to take a lot of this subsidy talk with a large grain of salt—and I ask the Members of the Senate from the Western States to remember this the next time there is a discussion on the floor about farm programs that may benefit the South.

(Mr. BUMPERS assumed the chair.)

Mr. CHURCH. Will the Senator yield?

Mr. MORGAN. I am glad to yield.

Mr. CHURCH. I appreciate it very much.

The Senator is bringing some light and some reason into this whole subsidy argument. I want to commend him for that.

Some time ago, the Bureau of Reclamation, in an effort to have the subsidy aspect of the program studied by an independent private research institution, engaged the Denver Research Institute to make such a study.

One of the conclusions reached by the Denver Research Institute I think should be stated at this point in the Senator's remarks.

The study showed that the amount of additional dollars flowing into the Federal Treasury alone in one 36-year period from reclamation projects was $19.5 billion, compared to a total investment of $7.5 billion for the reclamation projects studied.

So, quite apart the contribution made to the general economy by this developed land and to the national wealth of all our people, here is a net return to the Treasury itself that is threefold the size of the Federal investment.

I think the Senator is doing us a service to put in perspective this much maligned subsidy involved in Federal reclamation projects.

I do not know how many subsidies the Federal Government furnishes the American people. But I do know that they would be numbered in the hundreds, and most of them are outright subsidies that require no repayment at all.

In fact, the distinguishing characteristic of the subsidy extended to farmers in reclamation projects is that, unlike most of the Federal subsidies, there is a repayment. The principal must be repaid—attributable to the farmers—on any given project for irrigation, benefits must be repaid to the Government, usually over a 50-year period.

So I want to thank the Senator. I have some difficulties with his particular amendment. We will get to those. But I think it is a service to the Senate at this point to begin to put this question of subsidy in perspective.

The Senator well knows that every year this Congress approves vast sums for Corps of Engineers projects nationwide and every State enjoys the benefit of those projects. But there is no repayment requirement. It is an outright subsidy and all the taxpayers are called upon to put up the money because it is felt the general benefit to society justifies the investment.

So let those who support Corps of Engineers projects and river projects and harbor projects in their own States that are complete and outright Federal subsidies take some pause before they condemn reclamation where a repayment requirement is imposed.

I thank the Senator very much for the argument he is making.

(Mr. FORD assumed the chair.)

Mr. MORGAN. I thank my distinguished colleague for bringing out very forcefully some of the arguments that were found in the report.

I might say that no State in the Union has benefited more from Corps of Engineers projects than has my State and the farmers of my State, all without any repayment provisions.

Nevertheless, notwithstanding the probability that reclamation projects are a good investment for the U.S. Government, I am willing to accept the argument that there may be some subsidy there for western agriculture. I am not willing to concede, however, that the subsidy is inordinately high or that the Western States get a subsidy for agriculture that is not at least in some degree offset by other subsidy programs that benefit other parts of the Nation.

More importantly, I am not prepared to agree that the subsidy is sufficient to justify an abridgment of our basic property rights, which give each of us a right to dispose of his property as he sees fit. That is the issue I would like to focus on for the remainder of my time this afternoon.

To give my colleagues, again, an idea of how I come to arrive at my position on this issue, it is necessary to provide some background on how our reclamation program works.

Basically, the Reclamation Act of 1902 provides that a farmer can get water from a reclamation project for 160 acres of his land. In these days of community property, that means 320 acres for a man and a wife, and if there are children in the family, even more can be owned.

There is a way a farmer can get water for all of his land—no matter how much he owns. To do this, the farmer must agree to sell all of his land in excess of 160 acres within a 10-year period. During that 10-year period he can get water for all of his land, and when it comes time to sell it, he must sell it at a price approved by the Secretary of Interior. The reason for this is to make sure that the landowner selling his excess land does not reap a windfall profit from an increase in land prices which is brought about by the fact that there is a Federal project there to bring water to the land.

The landowner selling his land makes his own decision as to whether he wants to sell his land. He does not have to and he can keep on farming it as a dry land farm or he can irrigate with wells if he wants, but he cannot get any water service from the Bureau of Reclamation.

I do not like to keep referring to the Westlands Water District, but it is so much a part of the argument that is advanced by the other side of this issue that it is very difficult to avoid bringing them into the debate. It is important to remember that the people in the Westlands Water District have complied with the reclamation law as I have outlined it to you. These large landowners that you hear so much about have put all of their land under contract to sell at a price that is approved by the Secretary of the Interior. They have not tried to evade the law. They have agreed to abide by it.

What, then, is the cause of all of the controversy?

The controversy is over leasing. Reclamation law is silent on the question of leasing. There has never been any limitation on the leasing of land in reclamation States, and, as a consequence, substantial farming operations have continued in the Westlands Water District—and through the West—by means of leasing. With specific reference to the Westlands Water District, the Bureau's practice of not interfering with leasing was well established before the Westlands Water District ever entered into its first contract with the Federal Government for water from a Bureau of Reclamation project. This is well documented.

The trouble is that the Department of Interior, entirely on its own, has decided that leasing is contrary to the spirit of the Reclamation Act of 1902. There is no court case to force them to take that position. There is no statutory language to require them to take that position. It is purely a question of social philosophy which has brought them to this position.

I would further point out to you that the chief backers of this philosophy outside the Federal Government are a group of people who, up until a few months ago, identified themselves as a "land reform" group, but who now identify themselves as a group of "small farmers." It is important to remember that these same individuals have a long record of being hostile to agriculture and have only recently chosen to call themselves farmers.

Within the Government, this effort to limit property rights through control of leasing is being promoted by the same individuals who brought the Congress the water hit lists, unrealistic cost sharing concepts for water projects, and who have done everything in their power to bring water developments to a halt in this country—not only for agriculture but for flood control, navigation, and everything else.

If it had not been for the issue of a "farm size" limitation in this controversy, I would have been on the sidelines. I believe that I could have accepted the notion that reclamation laws should continue to inhibit a family's rights to own property if they wanted to—because the choice was theirs to make and they made it voluntarily. But now, we have a new ball game. Now the Federal Government is in a position of telling American farmers that the Federal Government is going to tell them how big a farming operation they can have, and the Government is going to do this unilaterally—by dictatorial methods and not by give and take negotiations. The Federal Government wants to change its rules in the middle of the game, and that is why I am here. I see this as a totally unwarranted interference with property rights and I am going to do what I can to see that the farmer in a reclamation project is not put in a position of having to sell his land in order to get water for it.

I believe reclamation project farmers should be able to continue to own as much land as they want, and to get water for it, but that they should have to pay, above a certain level, full costs—plus interest—for the water they receive. That seems to be one of the hangups many have had, the question of costs. That is the American way, a way that eliminates the subsidy at a certain level while recognizing certain fundamental rights to lease and own and hold property.

Those of us from the nonreclamation States may be inclined to shrug our shoulders and say that it does not affect us since these provisions would only affect the 17 Western States. I would suggest that if it happens this year to farms in the reclamation program, next year it may happen to farms in the wheat program, or the cotton program, or the feedgrains program, or any one of a number of other programs. What hurts western agriculture in this matter hurts all agriculture.

I believe S. 14 represents a good solution to most of the problems of reclamation law except in this one area of property rights and my proposed amendment addresses that issue.

The first thing my amendment would do is to eliminate sections 7(b) and 7(c), which are found on page 12 of the bill. The bill as it was reported from the Committee on Energy and Natural Resources provided that unlimited quantities of land could be leased in reclamation projects as long as the leases were for only 1 year. I have two problems with that. The distinguished Senator from California (Mr. HAYAKAWA) enumerated those problems earlier. In my own case I mentioned I grew up on a small farm and I like the memories of a small farm.

Fourteen years after my parents died,

I kept the homestead furnished with lights and water. But, as Thomas Wolfe said, it never was quite home, even though I wanted it to be.

Even after I came to the Senate I thought, well, I will return to small farming, and I took my farms back from people who had leased them.

I took on a farm manager. In the first 4 years I lost $70,000 flat. That is a far cry from tending tobacco with mechanical pickers and the days when I used to go along the rows and break the leaves off two or three at a time. The cost of labor was so high we could not do that.

So now my farms are being leased to a young farmer. He has leased my farms, along with some others, with assistance provided by the Farmers Home Administration, with something like a $75,000 to a $100,000 investment in equipment alone.

He could not have done that if he had had to lease those farms 1 year at a time. In order to borrow that type of money and make that kind of investment he had to be able to have some assurance that he was going to have some farms to tend. So I do not believe the provision in the bill which would allow a qualified person to have all he wanted just so long as he did it for 1 year ahead of time will work.

First, a 1-year lease is not enough if the objective is to permit farmers to farm. Farmers need longer leases than 1 year in order to be able to get satisfactory financing and in order to justify the large investment in machinery and equipment.

The second problem I have with section 7 (b) and (c) is that they do not make any effort to address the subsidy question. In other words, the big farmer, leasing all this land 1 year at a time, would still get the same amount of subsidies as the others. So they do not address that question, and this is what I am trying to address.

What I say is that you can lease all you want, you can own all you want, over the 1,280 acres; but over and beyond that 1,280 acres, you have to pay the full cost of the water. You have to pay the full subsidy computed on cost plus interest. I am willing to concede that there are some subsidies in the reclamation program and I am also willing to agree that those subsidies should be broadly distributed. There should be a limit on the amount of subsidy that a farmer can get under this program, as there is in other farm programs. The 1-year leasing provisions in S. 14 do not accomplish this, and I would therefore, eliminate them.

The second thing my amendment does is to reconcile the conflict between unlimited landownership and the encouragement of small farms. The amendment does this by surcharging the larger farms and applying the revenues from the subcharges to benefit both existing and future small farms.

Here is what my amendment does:

First. It accepts the basic farm size as spelled out in the bill. As reported, this is 1,280 acres, but my amendment would fit even if the Senate should change that to some other size.

Second. It requires that farm operators above 1,280 acres would have to pay full cost, plus interest, for the water that they receive in excess of the acreage limitation. I will explain what I mean by full cost and interest in a moment.

Third. My amendment uses part of the funds generated by the increase in the amount above water service fees to the benefit of small farmers. It does this in two ways. First, part of the revenues would be used to assist farm operators below 160 acres pay up to half of their water service costs. Second, a fund of up to $100 million would be created at the Farmers Home Administration to subsidize loans at below market rates of interest to nonfarmers purchasing farms of up to 160 acres in reclamation lands.

I would like to move to the question of the determination of what "full cost" is. There are two factors that must be taken into account.

The first factor is what the irrigation share of the cost is. The second is the determination of the interest rate.

My amendment addresses both of these issues.

The simplest issue to dispose of is the interest rate determination. My amendment merely takes the system that was adopted when the Small Reclamation Project Act was adopted in 1956. This act permitted farmers in small reclamation projects to own more than 160 acres if they paid interest on that portion of the project relating to deliveries to lands in excess of 160 acres.

The Small Reclamation Projects Act provides that the interest rate shall be determined by the Secretary of the Treasury. It is to be based on the average interest rate on outstanding marketable public obligations which had maturities of 15 years from the date of issue. This average rate is then adjusted to the nearest one-eighth of 1 percent. This is a system which is established in law. It has worked well and should continue to be the standard.

The other issue, as I indicated, is the determination of what the irrigation share of the cost of a project is. For many years, this had been a fairly clear-cut procedure and the irrigation share of the cost of a project was set out in feasibility reports upon which projects were based.

Recently, however, the Department of the Interior has radically revised its method of allocating costs. The new method has the effect of charging a farmer for the costs of projects that have never been built. In one case—Westlands—the Bureau had proposed a cost allocation in which 47 percent of the cost was for future projects that had not been built. Costs charged to farmers under this procedure could actually exceed the costs to the Federal Government. This was the most drastic departure from previous practice.

This was a question that was up in my State with regard to utilities wanting to increase their rates for powerplants to be built in the future, and it was not permitted.

Mr. President, how much time have I used?

The PRESIDING OFFICER. The Senator has used 32 minutes.

Mr. MORGAN. Under my amendment, in the event that an irrigation district and the Secretary of the Interior are not in agreement as to what this cost allocation should be, generally accepted utility rate making procedures are to be used.

What are these procedures?

Utility ratemaking procedures have developed through many years of regulatory commission and court proceedings. From this regulatory process, a body of accepted principles has emerged which is designed to protect both the public and the utility—or in this case, the U.S. Government.

These procedures for utility ratemaking have been adopted by Government agencies at the Federal, State, and local levels.

One of the elements of these ratemaking procedures is that the cost of the plant should be allocated, over time, to those who benefit from the use of the plant. In the private utility world, this is generally done through depreciation, and with some modifications this same principle can be applied to settle disputes over cost allocations in reclamation projects. This is not a new idea in the Bureau of Reclamation. The Bureau's chief counsel said 27 years ago that there is no legal objection to utilizing a depreciation procedures on reclamation projects as long as the depreciable life does not extend beyond the life of the legally authorized repayment of a given project.

Another of the important principles in utility ratemaking is the unincurred costs are not included in the current rate base. The utility ratemaking principles hold that rates should be based on the "plant in service" concept. This, incidentally, was the method used by the Bureau of Reclamation until its recent change.

In any event, generally accepted utility ratemaking principles are standards by which a court could review a conflict between the Secretary of the Interior and the irrigation district and make a determination of where the the public interest lies.

Earlier in my remarks, I stated that I believe the reclamation program should limit the subsidy, but not the farm size. My amendment accomplishes that objective. My amendment is an honest, straightforward approach and will make the program more workable without violating basic property rights that all of us must defend.

In conclusion, Mr. President, I want to say a few words about the family farm, that elusive, sentimental, and wonderful but undefinable thing that is so much at the heart of this debate. I believe all of us would like to preserve the family farm. I have sponsored and supported legislation on several occasions that is designed to do just that. And I believe, in fact, that American agriculture today is characterized by family farms. What is most difficult for most of us to accept is that both the family and the farm have changed from what they were. I do not believe that we can turn the clock to more simple, slower, and seemingly more pleasant days by putting a penalty on the American farmer's determination to do the best he can for his family.

The Washington Post discussed this subject in an editorial published while the farmers were on the Mall earlier this year. It touched briefly on a seminar on the future of family farming held at the University of Missouri at Columbia. I would like to quote briefly from that editorial:

> Most of the papers were presented by people who have lived with the question all their lives, and are deeply sympathetic to the idea of the one-family farm. The consensus was that family farming appeared unlikely to survive in its classic form because farms are, in fact, competitive businesses that grow by expanding. As one economist put it, "The greatest single threat to the family farm is other family farms."

As the Senator from California pointed out this morning, every person hopes to enlarge and grow in the farming business. If we put an absolute prohibition on leasing or owning land at 1,280 acres, then we have restricted and limited their activity.

I hope that my fellow Senators do not interpret my remarks to mean that the family farm is not worth saving. There are many policies and programs—including financial assistance to new farm entrants, payments limitations on price supports, among others—that can and should be pursued to maintain the vitality in rural America that the family farm provides. Rather, I think that my colleagues should carefully ponder approaches to engineering a structure of family farms that drives a stake into the heart of fundamental American rights, rights that our forefathers came to this Nation to achieve.

Mr. President, I hope that if nothing else, I have clarified some of the issues that I believe are central to this legislation. This concludes my remarks on my amendment to S. 14 and I urge adoption of my amendment.

Mr. President, I yield to the Senator from Oklahoma for a question.

Mr. BOREN. Mr. President, there are several questions about this amendment that I would like to address to the distinguished Senator from North Carolina.

First, how would his amendment treat the large corporations such as the Southern Pacific Railroad, which owns more than 100,000 acres in California?

Mr. MORGAN. To be eligible for Federal water under the amendment I am offering, the test of the qualified recipient provision must be met. Qualified recipients are legal entities consisting of 25 persons or less. So, Southern Pacific would have to dispose of all but 160 acres, because it clearly is not a qualified recipient.

The benefits of the reclamation program should flow to family agriculture, not corporate agriculture. If a family has been able through skill to acquire a landholding in excess of 1,280 acres, it should be permitted to do so—as long as that family is willing to pay the full costs, plus interest, for the water they receive.

To further answer the Senator's question, my amendment would apply only to reclamation lands, not lands serviced by water from projects built by the Army Corps of Engineers. The Committee on Energy and Natural Resources has decided that crops projects should be exempted from reclamation laws. Other districts are, of course, specifically exempted.

Mr. BOREN. How would you limit the subsidy to those qualified recipients who would farm in excess of 1,280 acres?

Mr. MORGAN. First, I would like to say that my amendment applies to the farm operation, owned or leased. Beyond 1,280 acres, the farmer pays the total cost of water, plus interest, that can be attributed to irrigation. In other words, the subsidy would be limited to those who farm less than 1,280 acres.

Through my amendment, the Senate can limit subsidies the same way that payments are limited to farmers in the feedgrains, wheat, or cotton programs. There would be a maximum payment, not a dime more.

Mr. BOREN. I understand the Senator is not giving unfair advantage then to those who are operating with more than 1,280 acres. How would the amendment help the smaller farmer?

Mr. MORGAN. My amendment would help small farmers in two ways. First, up to half of the water service costs to farmers with less than 160 acres could be paid by the additional revenues generated by those who have to pay for all of the water.

Second, we would create a trust fund in the Farmers Home Administration that could be used to assist those who want to buy small farms and get loans at interest rates below the market rate.

My amendment would create a new Farmers Home Administration program which would subsidize loans to nonfarmers purchasing 160 acres or less in reclamation areas. This second provision would be very helpful to tenants or farmworkers who have farming skills but lack land.

The feature that I would like to emphasize is that both provisions are limited to individuals with less than 160 acres.

Let me explain how the plowback provision could work. I have been told that water service charges range upward of $8,000 for some 160 acre farms. If sufficient funds were available, the water service fees for that particular farmer would be reduced by up to $4,000. I believe it fair to say that $4,000 in reduced water service would help farmers with 160 acres or less.

Also, I think the amendment would help small farmers in another way. It would effectively remove the statutory ceiling imposed on farm operations in S. 14. The result would be that farmers would have an incentive to grow, if they are willing to pay the full costs of the water.

Mr. BOREN. The Senator from North Carolina has commented that he does not like the Federal Government determining the size of farming operations. I wonder if the Senator from North Carolina would elaborate on that statement.

Mr. MORGAN. Yes. If we say in this bill, as we are about to do, that you cannot own more than 1,280 acres or you cannot lease it except on a 1-year basis, and that is what you in effect will be doing, then that you cannot get Federal water from those water projects, in effect you are limiting the amount of ownership of that land. The Federal Government should and must limit subsidies, but not the size of the farming operation. If we begin to limit the size of farms because a subsidy was involved, then we will begin to have serious difficulties. For example, I do not think it would make any sense to deny the benefits of the dairy program to a farmer who has more than 42 cows. There surely is a dairy subsidy but no limit on the number of Holsteins a farmer can own. And some dairy farmers, just as some cotton farmers, are getting to be substantial.

My goal, again, is to limit the subsidy. By limiting the subsidy, small farmers will benefit. If the so-called large family operator will pay full freight, then he should be allowed to do so.

I would like to make another point here. I would limit subsidies, not size. We have to remember that we are not talking about a situation where there are anticompetitive or noneconomic practices are occurring. Even before S. 14, farm sizes in many parts of the West were actually dropping—just the opposite of what is true in the rest of the Nation. If price fixing or some other antitrust violation were to occur, then I would want to pursue an effective remedy.

Mr. BOREN. If the sizes of farms are dropping in States like California, as I have been told farm sizes are dropping there, why would the Senator be so concerned about the size limitation?

Mr. MORGAN. I would be concerned about a size limitation on any small business, as long as there was competition in the marketplace. Businesses, be they a farm or a small shop, have to have an opportunity to grow. That dynamic is crucial to our economic success as a nation. By limiting sizes, we limit success, and we deny important economic incentives.

The issue here is reasonably simple. If the subsidy is removed at some point, then economic forces—the marketplace—will determine size. And I think that it is important for the marketplace, not the Federal Government, to determine what size farms should be. My experience indicates to me that people are tired of Washington dictating what they should do or not do. In this instance, I think that the marketplace should be given ample opportunity to work. It could turn out that farm sizes would actually be reduced.

One other point. No one can know if the 1,280 acres will be an appropriate size in the future. Frankly, I would wonder if the Senate could see into the future far enough to want to fix that size today.

Mr. BOREN. What about the social purposes of the reclamation program?

Mr. MORGAN. I believe that it is

appropriate for the Federal Government should do everything that it can, in a positive manner, short of land reform, to encourage and help small farmers. There are ways that we can help small farmers. Cooperatives can and should be developed to help small farmers. The extension service can develop special programs for small farmers. We already have special loan programs for small farmers at the Farmers Home Administration. My amendment would create another Farmers Home program, to encourage small farmers in reclamation areas. The difference between my approach, and limiting farm size, is that my approach is a positive approach, rather than a land reform.

I think that it is important to mention why small farmers are important. They are important because small farmers make up small communities. And it is small communities and towns that are at the heart of rural America. When farm consolidation occurs, it is rural America that suffers. Anyone who has taken a trip by car through rural areas, especially in grain producing States, has seen the boarded up stores—stores that have failed because small farmers have failed. That is why we have to keep searching for positive programs that will meaningfully assist small farmers. I believe that I can speak to this very well. My home State, North Carolina, has the smallest farm size of any farm State in the Nation.

Mr. BOREN. Mr. President, I appreciate the answers that have been given by my distinguished colleague from North Carolina. I am greatly reassured by his answers. I think that in them we see struck a proper balance between private property rights which are fundamental to our own form of Government in every sector of the economy and the concept of Federal Government should not bestow an unfair subsidy on those who do not necessarily need it.

I commend the Senator for striking this balance. I think the amendment is fair and reasonable. It is consistent with sound agricultural policy and it seeks to strengthen rather than weaken the property rights of American citizens.

I am well aware that S. 14 is primarily a regional matter affecting the 17 Western States. Most of the controversy on the subject of the reclamation law has centered on California. My State of Oklahoma, for example, has less than 50,000 acres under irrigation from a reclamation project and we have no serious problems with the reclamation law.

However, I point out, as the Senator from North Carolina pointed out that there is more at stake here than merely a regional problem. Although the present legislation relates to only programs administered by the Department of Interior in several Western States, the decisions we make here could have profound implications in terms of their affect upon property rights all across the nation.

What to me seems to be at issue is whether or not the Federal Government should be involved in dictating how much land an individual can operate as a farm unit. Diversity in farm size is very much a part of American agriculture and economics should determine this, not the Federal Government. There is a vast difference between limiting the amount of land on which the Government will pay a subsidy and effectively limiting the right of an individual to own land. The right to own and dispose of property is a sacred right in this country. No man, under our system of government, can take what belongs to another without due process of law. That is why I am supporting the Morgan amendment. I want to do my part, as a Member of the Senate, to protect the property rights of all the people of the United States, without regard to region or occupation.

I would be honored if the Senator from North Carolina felt it appropriate to have my name added as a cosponsor to his substitute amendment.

Mr. MORGAN. I thank my distinguished colleague and I thank him for his help in working this amendment up.

Mr. President, I ask unanimous consent that the Senator from Oklahoma, Mr. BOREN, the Senators from Arizona, Mr. GOLDWATER and Mr. DECONCINI, the Senator from California (Mr. HAYAKAWA) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORGAN. Mr. President, may I inquire as to the remaining time?

The PRESIDING OFFICER. The Senator from North Carolina has 15 minutes.

Mr. MORGAN. How much time does the Senator from California desire?

Mr. HAYAKAWA. Six minutes would be adequate.

Mr. MORGAN. Mr. President, I yield to the Senator from California 6 minutes.

The PRESIDING OFFICER. The Chair recognizes the Senator from California for 6 minutes.

Mr. HAYAKAWA. I thank the Senator from North Carolina.

Mr. President, I express my support for this amendment offered by the Senator from North Carolina, and would ask that I be added as a cosponsor of this amendment.

The bill as reported out of committee is a very good piece of legislation and it addresses many of the concerns of the people of California. However, as in the reported bill, the leasing provisions of S. 14 do present some problems.

The amendment offered by the Senator from North Carolina would allow for the unlimited leasing and ownership of land above the 1,280-acre limitation if the farmer pays the full cost of the water. This is the position that I have advocated since the spring of 1978 when I testified before the Senate Committee on Energy and Natural Resources in favor of such a proposal.

According to this amendment, the landowner or lessee would pay his proportionate share of the cost of the project attributable to irrigation, plus interest. Under such conditions, the person receiving Federal project water for that land would no longer be receiving a Federal subsidy. The excuse for limiting the size of the farm is then taken away, and that is the purpose of this provision. In the event that there is a disagreement between the Secretary of the Interior and the contracting entity as to what that allocation should be, the amendment provides that the cost allocation should be done according to generally accepted utility ratemaking procedures.

The amendment also provides for the payment of interest on the share of the cost attributable to irrigation. The rate of interest is to be determined according to the Small Reclamation Projects Act.

Most importantly, this amendment recognizes property rights, as the Senator from North Carolina was explaining to the Senator from Oklahoma.

Never before in this country has the Federal Government caused the excuse of Federal aid or Federal intervention by loan guarantees, and so on—never before has this excuse been used for limiting the recipient's income. Yet that is exactly what people have tried to do in limiting the actual size of a farm someone might operate. By eliminating completely any subsidy for farmers who operate more than 1,280 acres, such a limitation is removed and we reinstitute our free enterprise system.

The second part of this amendment provides that there will be a reduction in water costs for farmers on 160 acres or less, and that these water charges be reduced by up to 50 percent. After partial water cost payments have been made, any additional funds would be applied to the repayment obligation of the irrigation district. This would get the money to the U.S. Treasury sooner than it would have otherwise.

Under the provisions of this amendment, the Farmers Home Administration will be able to subsidize interest costs at below market rates to individuals buying farms of 160 acres or less in any reclamation district. This will further encourage people to enter the farming business, which is a very expensive proposition because of the heavy equipment costs, et cetera.

The Department of the Interior has consistently been in favor of an ownership limitation and a leasing limitation on opposing subsidies for larger farmers. This position is based on an objection to giving subsidies to large farmers. Under the provisions of the Morgan amendment there would be no subsidies for farms above 1,280 acres.

Mr. President, neither farm-size limitations nor leasing limitations have ever been a part of the law. Some people suggest that the primary objective of reclamation law is to achieve farms of a certain size, but let them grow no larger. The law that was enacted in 1902 was meant to encourage settlement of the West, and to stimulate economic development of the West through agricultural production. But the law never contained a farm size limitation. Farms in the West have thrived for many, many years. Many farms began as small farms, and have grown over the years.

Farmers are in business like many other people. Why should they be treated differently by having their farm size or income limited?

Can you imagine a law requiring a supermarket chain to be limited to a certain number of outlets in that chain? Can you imagine an automobile dealer being prohibited by law from selling more than so many cars a year? Is this the free enterprise system that America was founded upon?

There has never been a leasing limitation in the law, and never a farm size limitation. To put such limits on our farms in the West at this date is backward and wrong. Our farmers must have the flexibility to change and grow with the times. Equipment today is extremely expensive—a small tractor can cost $50,000 to $100,000. A farmer must have the ability to farm enough land to break even on the very costly investments necessary to enter the business.

Yet there are people who would rather see us return to backbreaking hand labor. They would prefer us to have our farmers revert back to the farming practices of 40 years ago. These people would prefer to forgo the efficiency of today's modern farm, and replace this with farming practices that would cause tremendous increases in our food prices. The level of efficiency in the production would fall off, so it is possible that our food supply could be affected.

But just on basic principle, how can anyone in the year 1979 put farm size limitations on our Western farms as a precondition for receiving water? This limitation would be brand new, as there has never been a farm size limitation. No farmer in the State of California ever agreed to the reclamation project from which he receives water with any understanding of a farm size limitation.

There has never been a leasing limitation. To now impose a farm size limitation on lands receiving Federal project water is backward, and I think it is wrong.

The better and more equitable solution is to require that any farm above 1,280 acres receiving Federal water be required to pay the full cost of that water. I have maintained from the beginning that farmers should be permitted to pay the full cost of the water in exchange from being free from the limitations of reclamation law. Let us get the Federal Government off the backs of our farmers.

I thank the Senator from North Carolina, and I thank the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. CHURCH. Mr. President, I wonder if the Senator from North Carolina would respond to a couple of questions. I know he has difficulties with his time, but on my own time.

Mr. MORGAN. I would be delighted.

The PRESIDING OFFICER. The Senator from Idaho is recognized on his time.

Mr. CHURCH. I thank the Chair.

Under the formula contained in the Small Reclamation Projects Act, the interest rate, as the Senator has pointed out, is based on the average rate paid by the Government on outstanding securities having a 15-year duration or more.

There are two things I would like to ask the Senator about in connection with his amendment. If the amendment is passed, and it is possible under the law to lease land in excess of 1,280 acres, a new contract would have to be entered into between the farmer and the Government with respect to payment for the water to be delivered to the excess lands.

Mr. MORGAN. The Senator is correct.

Mr. CHURCH. Would the interest rate, under the Senator's amendment, be based upon the current rate of interest being paid by the Government, as determined by the formula contained in the Small Reclamation Projects Act, applicable at the time that the new contract was entered into? What is the effective date for determining the rate to be paid in interest on the water to be delivered to the excess lands?

Mr. MORGAN. I have not studied the specifics of that, but it is my clear understanding and recollection that it would be the date upon which the new contract was negotiated, and I think it should be, because the interest rate years ago would be much less than it is now, and to put it any other way, you would not be paying the full cost of the project.

Mr. CHURCH. I agree with the Senator, and I think his answer is consistent with his earlier argument.

The second question I have is this: Would that interest rate contemplate the recoupment to the Government of the subsidy that the farmer realized during the life of the project, before entering into the new contract?

Is that clear, or should I rephrase the question?

Mr. MORGAN. I understand the question, but it is my understanding that it would be prospective. It would go from this day forward. It would be difficult to go back and require payment for benefits already received.

Mr. CHURCH. Then I believe the Senator has attempted, in good faith, to draft an amendment that is addressed to his objections; but I would point out that in most circumstances such an interest rate will not recoup—the Senator himself acknowledges this—the whole of the Government subsidy, since the subsidy begins with the life of the project itself, and that is one thing I think we should keep clear before voting on this amendment. Though there is an earnest effort to address the subsidy question, it would not in most cases recoup for the Government the subsidy that has been laid out from the time that the project was completed and the benefits were extended.

Mr. MORGAN. I would say to the Senator that I think that is correct. I would point out, however, that we here today cannot undo history, and it would be perhaps setting a dangerous precedent. So my thought is that we should go forward.

Mr. CHURCH. Mr. President, I ask for recognition for the purpose of opposing this amendment, and I yield myself such time as I may require for a short statement in opposition.

The PRESIDING OFFICER. The Senator is recognized in opposition for such time as he may use.

Mr. CHURCH. Mr. President, first of all I commend the Senator from North Carolina both for putting this subsidy argument in proper perspective—for it has been blown out of all reason—and secondly for what I regard as an earnest effort to suggest a formula which would require a farmer, on a reclamation project, to pay the Government reasonable interest for any water delivered to his farm or for irrigating land in excess of the 1,280 acres contained in this bill.

Nevertheless, I oppose this amendment, not so much because of the subsidy aspect, though, as we both have agreed, some subsidy will be left for the Government to absorb, if the Senator's amendment is adopted, but because of the very history that the Senator has wisely observed cannot be undone. In 1902 it was a very uncommon thing, Mr. President, for the Federal Government to use public funds for such a purpose as that contemplated under the reclamation law.

Prior to the enactment of the law in 1902 there had been various efforts made to stimulate the development of semi-arid lands in the West without directly involving the Federal Government.

There had been, as Senators will remember, the Homestead Act. It worked well in the Midwest. It was a cornerstone of enlightened public land policy. It made it possible by the turn of the century for the majority of the people in America to own land, and at the turn of the century more than 50 percent of our people were farmers.

When we consider how the land policies of other countries have tended to place the land in the hands of a relatively few people, and indeed, that had been the case in the South in the prewar period, large tracts of land owned by very wealthy people, but it was the Federal policy in the latter half of the 19th century.

As the Union turned its eyes westward, the Congress adopted very liberal land policies that were designed to turn the Federal land over to farmers, to settlers, and in tracts small enough to enable most of the people to own the land in their own right.

That was an extraordinary policy. We were immensely benefited by it. But neither the Homestead Act nor the Desert Land Entry Act nor the Carey Act, all of which preceded the reclamation law of 1902, none of these laws enabled settlers to go out on semi-arid land and develop it by bringing water to it.

Now, I amend that statement in just this one respect. The Carey Act financed by the State governments did permit some reclamation to take place, but it took place in a very modest scale.

The Desert Land Entry Act worked only in those cases where the land was in such juxtaposition to large western rivers that it was possible to divert the water out of the rivers by hand-dug canals, and under the application of the western water law that water was expropriated to beneficial use and a water right was thus established.

But the lands that were developed in that manner were usually close to the rivers and within the means of the individual settler to bring water to the land, thus develop it, and secure a Federal grant upon meeting the standards of development contained in the Desert Land Entry Act.

By 1902, Mr. President, these efforts of the Federal Government to develop the semi-arid lands of the West had fallen far short of the need. So the Federal Government did an extraordinary thing. With the passage of the Reclamation Act of 1902, the Congress engaged the Federal Treasury for the first time in the development process.

Beginning in 1902, the Federal Government would appropriate money for reclamation projects to build the dam, the reservoir, the canal system, that individual settlers could not afford, and this was done under arrangements whereby the farmer would, over a 50-year period, repay that part of the investment attributable to irrigation benefits.

I emphasize, Mr. President, that this was a very significant departure from earlier practice, because that is an indispensable part of reclamation history, and it was intended that this public money should be made available for a social purpose.

We must not lose sight of that fact, how it all happened. The purpose to be served was to establish a pattern of family farms on this desert land. That was the justification for the appropriation of public funds. That was the purpose of the 160-acre limitation which in the time of the mule and the plow was adequate to support a family, even on semi-arid land. That was the objective sought to be served by the Congress.

Mr. President, I do not want to see that objective overturned. It has served us well.

This bill keeps faith with the objective of preserving the family farm. It brings the maximum acreage limitation into line with modern day economics; 1,280 acres, given the size of the investment required on western lands, where the irrigation water must be repaid, is in line with present day economic realities. But should the Senate choose to adopt the amendment offered by the distinguished Senator from North Carolina, even though he tries to take care of the subsidy question, we would be saying, in effect, the original objective of the reclamation law is abandoned and from now on any farmer that has the means can buy up as much additional land as he wants as long as he pays this extra interest to the Government for the water delivered to the excess land.

We will have abandoned the original social objective of the reclamation law. I think that is a grave mistake.

So I would hope, Mr. President, that we recognize that even though the reclamation law has been badly administered through the years, even though the leasing loophole which the Senator from Oregon and I hope to plug crept by accident into this bill, the annual leasing loophole, let us not forget that the bill serves to preserve the family farm, and the adoption of the amendment offered by the Senator from North Carolina would have that negative effect. It opens it up to anyone with the means to buy as much land as he wishes, and that is contrary to public policy, and I think that it is contrary to the objective sought when the Reclamation Act was first approved.

I hope that this amendment is defeated.

Mr. President, I reserve the remainder of my time.

The PRESIDENT pro tempore. Who yields time?

Several Senators addressed the Chair.

The PRESIDENT pro tempore. Who yields time?

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a quorum call can be had at this moment without the time being charged to either side.

Mr. GOLDWATER. Would the Senator waive that for a moment?

Mr. ROBERT C. BYRD. I withhold momentarily.

Mr. GOLDWATER. Mr. President, if possible, I would like to get the floor to speak on this amendment after the picture has been taken. Several of us would like that. We have been prevented from talking. It is a very important thing to my State. Could I have that assurance?

The PRESIDENT pro tempore. The Chair wants to announce that there will be further time available after the picture is taken.

Mr. THURMOND. Mr. President, may we have order in the Senate?

The PRESIDENT pro tempore. The Senate will come to order.

The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, may I say to my friend from Arizona that I am merely asking that there be a quorum at this time not to be charged against either side. As I understood the Chair, there will be further time for debate on the pending business immediately following the photograph.

Mr. GOLDWATER. Might I ask the leader, time is running short on our side, and I was wondering if I might steal a few minutes from the bill if it were necessary.

The PRESIDENT pro tempore. It is possible under the agreement.

Mr. McCLURE. Mr. President, will the Senator yield? I think the Senator can be assured that if there is no time left on the amendment some time would be made available to the Senator on the bill.

CALL OF THE ROLL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[Quorum No. 8 Leg.]

Armstrong
Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cochran
Cohen
Cranston
Culver
Danforth
DeConcini
Dole
Domenici
Durenberger
Eagleton
Exon
Ford
Garn
Glenn
Goldwater
Gravel
Hart
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Jackson
Javits
Jepsen
Johnston
Kassebaum
Kennedy
Laxalt
Leahy
Levin
Lugar
Magnuson
Mathias
Matsunaga
McClure
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stevenson
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Alabama (Mr. STEWART), and the Senator from New Hampshire (Mr. DURKIN) are necessarily absent.

The PRESIDENT pro tempore. A quorum is present.

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 o'clock tomorrow morning.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

(During the quorum call pictures were taken of the Senate by the National Geographic Society for the Capitol Historical Society.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RECLAMATION REFORM ACT OF 1979

The Senate continued with the consideration of S. 14.

Mr. GOLDWATER addressed the Chair.

The PRESIDENT pro tempore. The Senator from Arizona is recognized.

Mr. GOLDWATER. Mr. President, will the Senator from North Carolina yield me some time, with the understanding that I will get some time from the bill if I need it? I do not intend to speak more than 6 or 7 minutes. In fairness to the sponsor of the amendment, I could have a little time from the bill, but not much.

Mr. MORGAN. Mr. President, I am happy to yield to the Senator time on the amendment.

Mr. HATFIELD. Mr. President, I wish to assure the Senator if there is not sufficient time on the amendment I will be happy to yield time from the bill.

Mr. GOLDWATER. I think I can get all of it in if we get cranked up.

The PRESIDENT pro tempore. Will the Senate be in order, please.

The Senator from Arizona.

Mr. GOLDWATER. Mr. President, I rise in support of the Morgan amendment to S. 14.

Mr. President, I feel qualified to speak on this because my State is probably the largest reclamation State in the Nation. We have seven dams on the system that provides water for the section of the State that I live in. I wish to inform my colleagues that this money has all been paid back. Only one dam was a Federal dam. The rest were built by private funds and we paid the Federal dam back long ago.

In addition to that, we have four dams on the Colorado River and three on the Gila River. In fact we had the first dam built under the Reclamation Act back in 1902.

Mr. President, the Senator from North Carolina is to be congratulated on proposing a sensible answer to the problems of farmers under the antiquated reclamation law of 1902. I am pleased to be a cosponsor of his amendment.

The amendment would allow farming operations to be governed by farm economics. It would free farmers and landowners from Government control over how their private property can be used.

At the same time it would foster small family farms by assuring that large irrigators using project water will pay a surcharge equivalent to each farm operator's full repayment costs, plus interest, of the balance of construction costs due which are attributable to the irrigation facilities. Please note that I said "balance due" and I said "construction" not operation and maintenance costs. Those costs are already paid for in full by farmers. The proceeds of the surcharge payments will be used to benefit the growth of small farm units.

Mr. President, the Morgan amendment is based on the fact that it is wrong—and impossible—to write a flat rule for every type of crop. Even if a magic figure could be found which allowed for efficient production of particular crops in the vastly different areas of the Nation, today's acreage would not be adequate for the future. A farm that requires 1,000 acres today might be a 2,000-acre farm tomorrow, due to changing technology and inflationary costs of operation.

One thing is clear. A 160- or 320-acre limit on individual ownership of land served with reclamation project water is absurd.

Mr. President, to give you a specific example of what this kind of restriction would mean, our biggest crop in Arizona is cotton. Many persons do not realize it, but Arizona is the fourth largest cotton producer in the Nation.

The value of our cotton and cottonseed production was $355 million last year. When we employ the usual multiplier effect, it means that cotton added $1½ billion to our State's economy in 1978.

About 90 percent of Arizona's cotton is exported. These exports help to counter the massive deficit in our Nation's trade account caused by fuel imports.

But if the present or proposed acreage limit is strictly enforced in our State, it would destroy our cotton business. For the minimum size of a full-time cotton farm in Arizona is 1,000 or more acres.

In fact, the average size of a farm in my State is 2,700 acres. I am speaking of full-time farms operated as a business, and not part-time farms where half the income comes from nonfarming activities.

All crops require irrigation in Arizona. They also demand expensive machinery to run an economical operation. The total investment of farms of just 500 acres, for example, can exceed half a million dollars.

An average size tractor, with plowing, planting, and cultivating equipment alone costs $50,000. A two-row cotton picker costs about $65,000; a grain combine about $60,000. And, I might remind my colleagues, that much of these farm implement purchases are made in States outside of the West and help to increase the farm manufacturing output of their own areas.

So the large size of farms did not just happen. They grew up out of necessity and they will have to grow larger to stay efficient, as production costs rise.

Back in 1902, farmers did most of their work with a team of horses. Horses burn hay, not gas.

Today, almost every aspect of farming is mechanized. Farm wages are going up and up. The latest Arizona data shows farm hired workers are getting $3.48 an hour.

Mr. President, all this talk about the high income farmers with only 300 or 500 acres can supposedly make is academic hogwash. A Bureau of Census study of irrigated farms of less than 500 acres revealed that the average net income was only $2,148 in Nevada and $3,806 in Utah, hardly subsistence levels.

Mr. President, one thing about the large farms has not been told. They produce most of the food and fiber of the Nation. In fact, the largest 20 percent of all farms account for nearly 80 percent of our total food supply. This is why, even if reclamation law applies to only a quarter of the farms in the West, the effect on national food production of Federal restrictions on these farms is immense.

So we have a choice. We either increase inefficiency and push the cost of farm products up beyond the pocketbook of the average household, and at the same time price ourselves out of export markets, or we put some commonsense into an archaic reclamation law.

Mr. President, before closing my remarks, I would like to answer the false and emotional charge that irrigators repay only 20 percent of project costs, while taxpayers repay the other 80 percent. On March 22, in testimony before a Senate subcommittee, John Datt of the American Farm Bureau accurately refuted this claim. He said:

> According to the Bureau of Reclamation, in the first 76 years of reclamation history, Congress appropriated approximately $8.7 billion for the construction of reclamation projects across the 17 Western States. Of that total, about $7 billion will be repaid to the Federal treasury—about half with interest.

Now, it may be true that it is not the farmer alone who is repaying all of that amount. Nor is it the farmer alone who benefits from the project. These are multi-purpose projects.

In some projects, the municipal or industrial water user, or the local power customer, repays a portion of the project costs in partnership with the irrigator. But it is dead wrong to say that the general taxpayer picks up the tab. Those users who benefit directly from the project repay the bulk of the costs. In fact, the Denver Research Institute in a 1977 study concluded that the Federal Government will regain 89 percent of its total investment through direct cash repayments from project beneficiaries.

I might add, Mr. President, that the valley that I live in, which, as I said earlier, spent most of the money on its own dams, one dam being built by the Federal Government, paid last year into the Federal Government, through income taxes, $78 million, which is over four times what the original reclamation system cost.

This leaves a small portion of the remaining costs which are not directly repaid. But what would the costs be to taxpayers if the reclamation projects had not been built?

Mr. Datt gave the following explanation in his testimony:

> The general public receives substantial benefits from the delivery of water to agricultural land. A few significant facts from the Bureau of Reclamation: Reclamation water deliveries are now producing well over $4 billion in gross crop value annually. There are more than 60 million recreation visitor-days at reclamation projects each year.
>
> Flood control benefits, he said, total more than $50 million annually. It is estimated that $12.1 billion in net economic, or national business, activity during 1976 was attributable to reclamation. Personal income and corporate profits from this activity totalled $7.4 billion and $1.6 billion, respectively. The same economic activity generated $1.9 billion in federal taxes, and nearly $1 billion in state and local taxes.

What this testimony reminds us, Mr. President, is that there are multiple public benefits from reclamation projects—flood control, agricultural water, municipal water, industrial water, hydroelectric power and recreation. All of these benefits should be measured, as well as the greatly increased business activities and tax payments, in estimating the economic impact of these projects. To look only at what farmers alone directly repay is to ignore reality.

Mr. President, current reclamation law and Department of Interior regulations are totally inadequate and do not take account of modern farming needs. Unless they are brought up to date as proposed in S. 14, and as provided in the Morgan amendment, Federal law will cause a serious drop in farm production, with rising prices at the grocery market, and less availability of high quality food and fibers.

Earlier this year I introduced S. 654, together with 17 other Senators, to completely repeal the acreage, leasing and residence rules under the 1902 law. If the Morgan amendment is adopted, I believe it would achieve the same basic purpose of freeing irrigated agriculture from arbitrary Government control that I had in mind. For this reason, I urge each Senator who has joined me in sponsoring S. 654 to now cast his or her vote for the Morgan amendment. It will protect private property rights and will allow farm economics, not Federal dictates, to govern farming decisions.

I ask unanimous consent that a list of groups supporting the Morgan amendment be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LIST OF SUPPORTERS ENDORSING MORGAN AMENDMENT

American Farm Bureau Federation.
National Cotton Council.
National Association of Wheat Growers.
American Bankers Association.
National Realtors Association.

Mr. MORGAN. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. PRYOR). The Senator has 3 minutes and 33 seconds remaining.

Mr. MORGAN. I yield the Senator from Minnesota the 3 minutes, and reserve the 33 seconds.

Mr. BOSCHWITZ. Mr. President, I rise to support the amendment by the eminent Senator from North Carolina.

The reason I support the amendment is that my understanding is that the irrigated area in California is 5 million acres where it is entirely irrigated, and 6 million acres where it is partially irrigated.

On that 11 million acres, Mr. President, there are 143,000 farms. That, to me, means there is not the concentration of landholding, not the concentration of effort that one finds in many industries in this country. That means that the average size per farm, Mr. President, is about 760 acres, and that also means that free enterprise flourishes there, in my judgment, and that people have access to the farming community of the irrigated parts of California.

I also support the amendment of the Senator from North Carolina because he talks about the full cost, that the full cost of providing the water should be assessed to the farmers in the area, certainly above 1,280 acres; and certainly that is a thing that can be determined, that the opponents who say that the full cost is not being assessed can have their day in court with respect to that terminology.

So I support the amendment because free enterprise is flourishing in the area, with 143,000 farms, Mr. President, on 11 million acres, 760 acres per farm. Certainly that is a competitive type of situation.

Mr. MORGAN. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator from North Carolina has 1 minute and 50 seconds remaining.

Mr. MORGAN. I ask unanimous consent that the name of the Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORGAN. I yield 30 seconds to the Senator from Kansas (Mr. DOLE).

Mr. DOLE. Mr. President, I would be glad to have my name added as a cosponsor of the amendment.

Mr. President, the Senator from Kansas rises in support of the amendment introduced by the Senator from North Carolina (Mr. MORGAN.)

I believe we need to direct this legislation toward the preservation of basic property rights and fashion this reclamation measure into one which would be effective and meaningful for all individuals engaged in agricultural operations. This amendment will provide that which I just mentioned.

This bill will be improved with the adoption of this amendment. First, to limit the subsidy that large farmers get in terms of federally subsidized water, water that has been available previously at rates below the true costs to the Federal treasury; and second, the additional revenues generated through this amendment would benefit existing farmers, and those in years to come, in reclamation areas.

The Morgan amendment is a full cost concept. Farmers who are in excess of 1,280 acres would have to pay the full cost for all lands owned or leased. This is accomplished by paying a proportionate share of the cost of the project attributable to irrigation. That rate of interest will be determined according to this amendment by the Small Reclamation Project Act, and will direct assistance to small farmers as well as large farmers.

The Senator from Kansas supports the full cost concept. In addition, the surcharge which is applied on users of federally supplied water will be economically sound and equitable. The Federal Government's role through this amendment will address the small farmer, which is sometimes side-stepped in other agricultural legislation, by the designation of part of the revenues generated by the surcharges to defray costs of up to half the water service fees for farmers of less than 160 acres. This amendment will also develop a fund to be based through the Farmers Home Administration to subsidize, at below market rates, loans to individuals purchasing farms of 160 acres or less on reclamation lands.

Mr. President, the passage of this amendment will preserve the role of the marketplace in the agricultural community and that of ownership of property. The Federal Government's role is carried out in a positive manner through this amendment and in the long run will benefit countless numbers of farmers in years to come.

I ask that my colleagues join with me in supporting this amendment and voting for its passage.

I thank the Senator for yielding.

Mr. MORGAN. Mr. President, I reserve the remainder of my time.

Mr. HATFIELD. Mr. President, I allocate myself 5 minutes. First of all, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATFIELD. How much time do we have remaining on our side?

The PRESIDING OFFICER. The Senator from Oregon has no time on the amendment, but he can yield himself time from the bill. The Senator from Idaho has the time in opposition.

Mr. HATFIELD. How much time does the opposition have?

The PRESIDING OFFICER. Forty-four minutes.

Mr. HATFIELD. I ask for 5 minutes.

Mr. McCLURE. I yield the Senator 5 minutes.

Mr. HATFIELD. Mr. President, I am interested to hear this free enterprise argument raised, which is really not the essence of this bill, nor was it ever intended to be.

I think it is interesting that free enterprise is usually raised only in terms of big corporations.

Let me get back to the very crux of this bill, and that is our effort to update our commitment to the small family farm. That is what it is all about. It is not about the big, corporate farm.

Free enterprise is just as valid among small farmers as it is among the large corporate farms. I think it ought to be clearly understood also that cost of the subsidy is beside the point.

I think the point is that we have got to decide whether or not we are going to be true to the concept of maintaining the small family farm or want to go into the subsidizing of the large or corporate farms.

If that is what we want to do, let us be honest about it and face it forthrightly.

The idea of trying to distort the whole idea of the reclamation law and S. 14, which is an attempt to modernize this law, is wrong. We will subvert the law through the Morgan amendment. The whole concept, the whole commitment, the whole integrity of the Reclamation Act of 1902, as it pertains to family farming will be destroyed.

We have a limit in this bill of 1,280 acres. The Morgan amendment essentially removes the limit. I am trying to close loopholes, not create them. The Morgan amendment creates a loophole because it says, in effect, the rich can come in and buy their way out of the 1,280-acre limitation.

Again, if that is the will of the Senate, fine. But let us not deceive ourselves that somehow we are furthering the cause of the small family farm by providing this kind of loophole.

I am willing to go along and consider the subsidy of the big corporate farm, if that be our desire. But let us do it in a bill intended for that purpose and not in this bill that is trying to maintain and sustain the small family farm.

Mr. McCLURE. Will the Senator from Idaho yield 2 minutes on the amendment?

Mr. CHURCH. Yes. I am happy to yield.

Mr. McCLURE. I thank the Senator for yielding.

Mr. President, I am troubled by the statement made by the Senator from Oregon for only one reason. As I understand the thrust of the Morgan amendment, it is to remove the subsidy and, as a matter of fact, I think it does that. It does extend to those who have the capability of paying the opportunity to relieve themselves of the limitation by agreeing to eliminate the subsidy they otherwise would receive.

If our objective is to remove the subsidy, the Morgan amendment does it. If it is to maintain some kind of land reform, the amendment will frustrate that aim.

I might point out for those who are troubled either by this payout provision or that payout provision in the bill generally, they talk about the Homestead Act as a constructive action by Government, as I believe it was. But the Homestead Act limitation ceased the moment the homestead was paid for and the patent was issued.

The Desert Land Act has a limitation of land, and it was a constructive and remains a constructive enactment of statute to enable people to get into the business of farming and make their land more productive, the limitation on ownership ceases to exist the moment they qualify for ownership and the patent is issued.

Yet there seems to be some idea because this is a Reclamation Act that the limitation must stay tied to the land ad infinitum.

I think that is patently absurd.

But whether we adopt the Morgan amendment or not, and I hope we will, let us recognize that the subsidy is eliminated and there is no relief from the landownership limitation until the subsidy is eliminated, either under provisions of the Morgan amendment or, if it is not adopted, under the limitations of the bill itself.

I thank the Senator for yielding.

Mr. WALLOP. Will the Senator yield me 1 minute from the bill to respond to one thing the Senator from Idaho said?

Mr. CHURCH. I am glad to yield 1 minute on the bill.

Mr. WALLOP. The point I would like to make is on the Senator's remarks on the historical undoing that might be implicit in Senator Morgan's amendment, and two things need to be made very clear.

One, with the exception of two rather special areas in California which have an historical reason for being treated the way they are within the bill, the case cannot be made that anywhere in America, in any reclamation district in America, there is anything but a pattern of family farming, that existing with the full present ability, full unlimited present ability, to lease.

The fact is that the historical pattern demonstrates, and the Department of Interior admits, that a pattern of family farming exists and people have, in fact, been able to lease in unlimited fashion until the recent court test brought us to where we argue now.

I think it speaks well for what Senator MORGAN is trying to do, which is simply provide that those who would lease in excess of 1,280 acres be responsible for a greater proportion of the subsidy than there has been.

I thank the Chair and I thank the Senator from Idaho.

Mr. CHURCH. Mr. President, the able Senator from Wisconsin asked for some time in opposition to the amendment.

How much time does the Senator desire?

Mr. NELSON. Mr. President, will the Senator yield 5 minutes? How much time is left?

Mr. CHURCH. I believe we have plenty of time. I am happy to yield 10 minutes to the Senator.

Mr. NELSON. All right, if the Senator will yield me 10 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. NELSON. Mr. President, I wish to join in endorsing the comments previously made by the distinguished Senator from Idaho respecting the pending amendment by Senator MORGAN.

Let me say that I understand and respect the philosophical viewpoint of Senator MORGAN and a number of other distinguished Senators here on the floor who believe that it ought to be permissible for large landholders to be the beneficiaries of project water on corps and reclamation projects.

It is an arguable position. They support their position vigorously. I happen not to agree with them. I think it is clear from the whole history of the act that the intention at all times, in all of these projects, has been to target on the family sized farm.

The objective was to provide water for these fertile soils in those parts of the West. The benefits of the subsidy were intended to go to family sized farms.

Yes, it is true that the size of the family farm has changed. It makes it no less a family farm.

When I was a kid, 8 or 10 or 12 cows was a family farm, and that is what could be managed by a family. And 80 or 60 acres was what could be managed.

Now 50,000, 60,000 to 100,000 acres can be managed. It is still run by a family, a mother, a father, and some children, and it is the most efficient producing unit in America. There is nobody who can produce milk more cheaply, more efficiently than the family farmer in my own State, and we produce one-seventh of it all over the country, because it is a family operation in which all of them exploit themselves and work 365 days a year and milk those cows twice a day on Christmas, on Thanksgiving, on birthdays, on Sundays—not a day goes by without milking—and it is a very efficient, productive operation.

The idea of the whole Reclamation Act was to provide for family farms. Down through history this has been the objective, and the law has been honored in its breech, there is no question about it. There have developed a number of very large holdings by corporations and individuals, and they should not have them, in my judgment. It is as simple as that.

It is true, as the distinguished Senator from Wyoming said, that in large parts of the West large percentages of land are in family holdings. As a matter of fact, however, 97.3 percent of all western farms irrigate less than 1,000 acres; and, in fact, 91 percent irrigate less than 500 acres. They are successful, and that is the way it should be.

We are not addressing ourselves to that 91 percent who irrigate less than 500 acres. But we should be, as a matter of principle, as a matter of philosophy, as a matter of public policy, as a matter of morality, be addressing the question of Mr. Boswell's getting project water for 115,000 acres, or Salyor getting project water for 60,000 acres; Elmore Farm 15,000 acres; Southlake Farms 28,816 acres; Westlake Farms 19,817 acres; George Nickle, Jr. 15,000; Boston Ranch 23,980; Westhaven Farms 10,924 acres. Every single one of those will be exempt under Senator MORGAN's amendment because they are closely held corporations.

If this country wants to make a policy change to say that we are going to furnish water to Southern Pacific or Boston Ranch or Nickle then, OK, make the change. I would wager that if you put it to a vote—and I would say to my good friends in the West respecting the reclamation program which I support—that if the public had all the facts in hand they would throw out the whole program lock, stock, and barrel because we are providing subsidies for people here that are far in excess of the top salaries of corporate executives who head places like General Motors and all over, and the little people around are paying it.

What they are prepared to pay for is a subsidy for water for a family farm, but not for Tenneco, not for Southern Pacific, not for Westlake Farms. This amendment will permit it to continue.

Mr. McCLURE. Mr. President, will the Senator yield for a question?

Mr. NELSON. Yes.

Mr. McCLURE. This morning we had a brief colloquy in regard to being very precise about what it was we were talking about. The Senator is merging Boswell, Southern Pacific, and others, and I think it ought to be noted, and I think I am correct in saying, that the Senator is again crossing the boundaries of the issues that are involved when one is in the Imperial Valley, another one is in the Kings River project which involves the corps exemptions, and another one involves the Westlands, which is a problem area, and trying to apply the argument in each of those which have unique histories in terms of the entire reclamation program.

Am I not correct that the Senator has, without reference to the distinction of which area they are in, kind of lumped them all together?

Mr. NELSON. That is correct. The Senator's position is tidier than mine. But the principle that I am addressing applies. I will get to the Imperial Valley, I will get to the Westlands; I will get to the corps exemptions, and I will discuss their history.

The Senator is absolutely correct that

exactly the same argument does not apply to each of them.

I mention these, Boswell, Salyor, Elmore, Southlake, because under the proposed pending amendment, they, being corporations that are closely held and have less than 25 owners, would be eligible to purchase the water involved, which is what Senator MORGAN proposes they should be able to do. This represents his honest philosophical position. But I disagree, and that is all.

Mr. McCLURE. Mr. President, will the Senator yield further?

Mr. NELSON. Yes.

Mr. McCLURE. I understand the Senator disagrees. But if Imperial Valley has a reason for existence, we ought not to use the example of the people within Imperial Valley as an example of why restrictions ought to be applied somewhere else.

The same thing is true of the Kings River project.

But I would also like to point out the Senator has indicated that he believes the taxpayers would like to eliminate the subsidy to these large operations even though they be family operations. I do not disagree with that and, as I read the Morgan amendment, the Morgan amendment does specifically that, says "if you want the water you have got to pay the full tariff for it. We are not going to subsidize it any further." Is that not correct?

Mr. NELSON. No, not quite.

Mr. McCLURE. Will the Senator tell us in what respect it is not correct?

Mr. NELSON. Well, I will give you one reason. Again let me say to the distinguished Senator from Idaho that this amendment in its own way is very complicated, and it is very new in terms of our legislation, so I may be mistaken about some parts.

Our reading of it is that the interest they would have to pay would be 6⅝ percent, which is currently 2 percent less than the Treasury rate. That is our interpretation of the amendment. Whether that is correct or not, it is a little confusing as to the percentage rate the amendment intends to use.

Mr. McCLURE. Mr. President, I think there was a colloquy earlier, if the Senator will yield, with respect to the interest rate that indicated this provision is intended to meet the Federal funds raised. I think the Senator from North Carolina would agree with that.

Mr. MORGAN. Mr. President, if the Senator will yield, it is under the rate that is set for securities due over a period of 15 years or more.

Mr. NELSON. My staff member tells me that in the statute to which the amendment refers the rate is 6⅝ percent. Whether that is your intent or not may be another matter.

Mr. MORGAN. I will say to the distinguished Senator——

Mr. NELSON. I was going to ask the Senator from Idaho (Mr. CHURCH) whether they have the interest figure involved in the pending Morgan amendment.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. CHURCH. If I may respond on my time, it is my understanding that the current rate under the formula contained in the Small Projects Act is 6⅝ percent and it will go to 6¾ percent on the 1st of October.

Mr. NELSON. That was the figure I was using in my remarks.

Mr. CHURCH. However, I should say in fairness it is my understanding from the interpretation given the amendment by the distinguished Senator from North Carolina that the current interest rate would apply when a contract was entered into for the delivery of reclamation water to the excess land and, therefore, the interest rate would not remain fixed as of the current date or as of the 1st of October, but it would move with the general rate paid on Government obligations of 15 years' duration or longer.

Mr. NELSON. I wonder whether the Senator will yield me 3 or 4 minutes.

Mr. CHURCH. I am happy to yield.

Mr. NELSON. Mr. President, my difference with the distinguished Senator from North Carolina is simply a philosophical difference. I understand that his argument is straightforward and that it would permit the purchase of water to be supplied to what now, under the Reclamation Act, would be excess lands. I think that is a serious mistake.

I want to comment briefly on some remarks made earlier, however, by the distinguished Senator from North Carolina on the question of the changing size of the family farm and remarks the Senator made about having been reared on a family farm. I want to give the Senate some data which I think it is important to understand. The data are pursuant to a study by the U.S. Department of Agriculture, which I have here, and which is a 50- or 60-page study.

What does that study say about reclamation lands and net incomes there?

First, according to the USDA study, a 320-acre farm would net an income of between $14,000 and $85,000 per year, depending on which the 320 acres are, the kind of land, and whether it is land that could be cropped twice in a year instead of once.

That is for 320 acres. Nobody at this time is proposing 320, although it is my belief that that is where it should be. I will offer an amendment for 640 acres.

Nonetheless, USDA says a net income of $14,000 to $85,000 per year in reclamation projects for 320 acres.

On a 640-acre farm, the range of net income was $23,000 to $125,000 a year—net. That $125,000 would put that farmer in about the top one-quarter of 1 percent of the incomes of the people in this country.

Mr. McCLURE. Mr. President, will the Senator yield for a comment on that point?

Mr. NELSON. I yield.

Mr. McCLURE. I am aware of the figures that the Department of Agriculture has put out. In my estimation, from a lifetime of living with people like this, those figures are patently ridiculous. I suspect that they are also about as accurate as USDA figures on average income of the average dairy farmer. The USDA figures on the income of the average dairy farmer are grossly higher than the Senator from Wisconsin would agree they are, I am certain.

Mr. NELSON. They are in Wisconsin; although, if you are a dairy farmer getting 25 percent or 30 percent or 40 percent more for your milk, they may fit, but it does not fit our dairy farmers.

The PRESIDING OFFICER. The Senator's 4 minutes have expired.

Mr. NELSON. Mr. President, will the Senator allow me 2 minutes to finish putting in these figures?

Mr. HATFIELD. I yield 2 minutes from the bill.

Mr. NELSON. The Bureau of Reclamation's estimates are more conservative. Their studies of projects in several States—they were different projects—find that a 320-acre farm would net an income of $8,000 to $37,000 per year in every project except Milk River in Montana. A Montana State University study of Milk River showed that 450 acres was needed there to support a farmer and repay the mortgage on the land.

On a 1,280-acre farm, the equivalency provision nets an average total subsidy of $850,000 over the life of the project, or $61,000 per year. In my judgment, that is not what Congress intended in the beginning. It is not what the people of this country thought they were supporting in these reclamation projects for family-size farms.

I think this bill goes far beyond anything that is acceptable to the American people, once they understand what it does.

Mr. CHURCH. Mr. President, I believe that the bill is highly acceptable to the people. It would be, once they understood what it did. I think it would be acceptable to the Senator from Wisconsin, also, once he understood what it does.

I oppose the amendment offered by the Senator from North Carolina, who attempts to take care of the subsidy in the best way he knows, and I do not argue that point with him. He made a very lawyer-like case for taking care of the subsidy with respect to excess land. He has done his best to take care of the subsidy argument.

The objection I have to his amendment is that it will permit the rich farmers in reclamation districts to reach out and buy up more land from poorer farmers who may be reluctant to sell, but who cannot resist the land price offered. The tendency of this amendment thus will be in the direction of permitting the most fortunate, wealthiest farmers to buy up additional tracts of land in Federal reclamation projects.

The reason why the Federal Government extended the help in the first place was in order to develop the semi-arid land and make it productive. The use of Federal money for that purpose is justified under the original act of 1902 and also under the bill that is presently before the Senate. In addition to servicing the needs of economic development, broadening the economic base and increasing the total gross national product, even in terms of the Treasury's contribution, the American people are being repaid many times over, during that 50-year repayment period, in income taxes collected from the proceeds of the farms themselves.

However, leaving the question of subsidy aside, the mischief of this amendment, in my view, is that it departs from the historic principle whereby the Government has contributed to the development of the land until the obligation to the Government has been repaid.

We seek a social purpose as well as an economic purpose, and the social purpose is to preserve the pattern of family farms.

There are those who say, "Why should the Federal Government arbitrarily restrict the size of the farm? Isn't this excessive Government control? Doesn't this interfere with the fundamental principles of free enterprise?" I remind them that it was not free enterprise that developed the land. It was the Government. I remind them that we are talking about 2.7 percent of the farmland in America. All the rest is open to all the growth that the rich can bring to it with their money and advantage. We are talking only about 2.7 percent of the land that has been developed with public funds.

Therefore, the original purpose of preserving the pattern of family farms is justified, so long as the Government subsidy is there.

So I hope the Senate will reject this amendment, and I hope it will then go on to adopt the amendment that has been proposed by the able Senator from Oregon (Mr. HATFIELD) and myself, which would eliminate any possibility of further argument or conjecture that this bill contains any sort of leasing loophole. We can do that by eliminating that provision of the bill reported by the committee, which would permit an exemption of annual leases. Strike that from the bill, and we have a new cap of 1,280 acres, which will be adequate for today and tomorrow, for as long ahead as we can perceive. It does the job right.

This is the first time in half a century that we have attempted a comprehensive reform of the Reclamation Act. Let us do it in accordance with its original principles. Let us do it right.

I understand that the time of the Senator from North Carolina has expired, and I want him to know that it is my intention to move to table the amendment, and to do that I am prepared to——

Mr. McCLURE. Mr. President, will the Senator yield for a question?

Mr. CHURCH. I yield.

Mr. McCLURE. I thank my colleague for yielding.

Mr. President, I asked for this opportunity only to get from my colleague from Idaho a statement in which I am sure we are in agreement, and that is that the USDA figures on that farm, for an irrigated farm unit, are grossly overstated.

Both of us were born and reared in our State, and we have grown up with the irrigated farmlands. As I recall, the USDA figures with respect to the average irrigated farm unit in Idaho, it was that they netted $200,000 a year. That is so ridiculous that it needs no refutation in Idaho; but for those who are not familiar with it, perhaps we should state for the record what the truth is.

Mr. CHURCH. I agree with the Senator. I would like to see those figures set out against the income tax figures of the Internal Revenue Service, which actually would show net income.

I think the disparity would be not only notable, but it would be staggering.

Mr. McCLURE. As a matter of fact, the average reclamation irrigation dam, many of which are in small units in Idaho, some of which are not, the net farm income of the people on that farm, if they bought the land a number of years ago when land values were much lower than they are today, if they had been prudent and careful operators and not carrying a great deal of debt, they are able to make enough money to take care of themselves and their families and educate their children and care for them, but they are not by any stretch of the imagination making tens upon tens of thousands of dollars of net income per year on irrigated farmland in the average ownership in our State.

Mr. CHURCH. I agree wholeheartedly with the Senator. If they were, then they would be in an income category which would make the Federal Government the prime beneficiary anyway.

Mr. MORGAN. Mr. President, if the Senator will yield, I will simply say the Bank of America did a critical analysis of that study and found it to be very unrealistic.

Mr. President, do I have as much as a minute remaining?

Mr. CHURCH. I will yield the Senator extra time if he will leave me with my right to the floor to make a tabling motion.

Mr. MORGAN. I agree to that.

The PRESIDING OFFICER. The Senator from North Carolina does have 1 minute and 20 seconds remaining on his own.

Mr. MORGAN. Mr. President, I believe I can do what I have to do. I wish to clear something up once and for all.

Senator NELSON kept referring to the Southern Pacific. The Southern Pacific specifically would be excluded under this bill. Under my amendment, you have to be a qualified recipient, which means 25 stockholders or less.

One final thing: Secretary Andrus put out a letter to Senator NELSON in which he said that my amendment would allow the Southern Pacific and other large public corporations to pay an increased cost for water on retained lands that otherwise would have to be disposed of.

That is untrue. Secretary Andrus, if he has read the bill, should have known that. I suspect his letter was prepared by a staff, someone other than himself, because I do not think he would deliberately mislead anyone.

The truth is that under my amendment no corporation with more than 25 stockholders will be allowed to participate under my amendment.

Thank you, Mr. President.

Mr. NELSON. Mr. President, how much time is there remaining on the amendment?

Mr. CHURCH. I do not know.

The PRESIDING OFFICER. A total of 14 minutes and 41 seconds remain on the amendment.

Mr. NELSON. Mr. President, will the Senator yield me 1 minute? I wish to set the record straight.

Mr. CHURCH. I yield 1 minute to the Senator from Wisconsin.

Mr. NELSON. Mr. President, I may have spoken carelessly. I did not intend to say that the amendment of the distinguished Senator from North Carolina would exempt Southern Pacific. They can be exempted by a buyout in another way.

The list that I did read, however, of Boswell, and so forth, there are eight on that list that would be exempt, because they are closely held corporations or individual owners with lands that range in acreage from 10,000 acres to 115,000 acres and they would qualify, as I interpreted it, under the amendment of the Senator from North Carolina.

Mr. MORGAN. Mr. President, I submit that some of them would not be affected by my amendment. Boswell, as I understand it, is a Corps of Engineers project and not a reclamation project. Those would have to be examined individually.

Mr. PERCY. Mr. President, I support the Morgan amendment, because it essentially accomplished the intent of the bill introduced by the Senator from Arizona (Mr. GOLDWATER), which is S. 654, which I cosponsored.

It makes sense to me that these farmers who own or lease land above the 1,280 average limitation should pay more for the federally subsidized water they receive. Those who can afford to can and should pay more. In addition, the provisions of the Morgan amendment that would designate that part of the revenues generated by the surcharge would be used to defray up to half the water service fees for farmers of less than 160 acres, or provisions that I find particularly attractive.

What must be kept in mind during this debate, what must be put into perspective, is that over 90 percent of the farmers in these reclamation areas will not be affected by this amendment or the bill. They will not be affected, because there is a great deal of diversity in farm size today. Mr. President, 90 percent of the farms in these reclamation districts are under 1,280 acres.

I would never support a bill that would cause the Federal Government to come into my State of Illinois and set acreage limits and tell farmers how much land they can or cannot own. Economic factors the marketplace should make those determinations. The Morgan amendment would insist that economics, rather than Government, should influence the size of farms.

Farm size limitations are bad public policy—pure and simple.

Mr. CHURCH. Mr. President, I move to table the amendment and call for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The question is on agreeing to the motion to lay on the table the amendment of the Senator from North Carolina.

On this motion the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), and the Senator from Alabama (Mr. STEWART) are necessarily absent.

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. STEVENS) would vote "nay."

The PRESIDING OFFICER (Mr. BAUCUS). Have all Senators who wish to vote done so?

The result was announced—yeas 52, nays 43, as follows:

[Rollcall Vote No. 275 Leg.]

YEAS—52

Baucus
Bayh
Bentsen
Biden
Bradley
Bumpers
Burdick
Cannon
Chiles
Church
Cohen
Cranston
Culver
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Gravel
Hart
Hatfield
Heinz
Huddleston
Jackson
Kennedy
Leahy
Levin
Magnuson
Matsunaga
McGovern
Melcher
Metzenbaum
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Pressler
Proxmire
Ribicoff
Riegle
Sarbanes
Stafford
Stevenson
Stone
Tsongas
Weicker
Williams
Young
Zorinsky

NAYS—43

Armstrong
Baker
Boren
Boschwitz
Byrd, Harry F., Jr.
Byrd, Robert C.
Chafee
Cochran
Danforth
DeConcini
Dole
Domenici
Garn
Goldwater
Hatch
Hayakawa
Heflin
Helms
Hollings
Humphrey
Javits
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
Mathias
McClure
Morgan
Percy
Pryor
Randolph
Roth
Sasser
Schmitt
Schweiker
Simpson
Stennis
Talmadge
Thurmond
Tower
Wallop
Warner

NOT VOTING—5

Bellmon
Inouye
Long
Stevens
Stewart

So the motion to lay on the table was agreed to.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now occurs on the amendment of the Senator from Oregon. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), and the Senator from Alabama (Mr. STEWART) are necessarily absent.

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BELLMON) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. STEVENS) would vote "nay."

The PRESIDING OFFICER. Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 59, nays 36, as follows:

[Rollcall Vote No. 276 Leg.]

YEAS—59

Baucus
Bayh
Bentsen
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Cohen
Cranston
Culver
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Gravel
Hart
Hatfield
Hollings
Huddleston
Jackson
Javits
Johnston
Kassebaum
Kennedy
Leahy
Levin
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Pressler
Proxmire
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Stafford
Stevenson
Stone
Talmadge
Tsongas
Weicker
Williams
Zorinsky

NAYS—36

Armstrong
Baker
Boren
Boschwitz
Byrd, Harry F., Jr.
Chafee
Cochran
Danforth
DeConcini
Dole
Domenici
Garn
Goldwater
Hatch
Hayakawa
Heflin
Heinz
Helms
Humphrey
Jepsen
Laxalt
Lugar
McClure
Morgan
Percy
Pryor
Roth
Schmitt
Schweiker
Simpson
Stennis
Thurmond
Tower
Wallop
Warner
Young

NOT VOTING—5

Bellmon
Inouye
Long
Stevens
Stewart

So Mr. HATFIELD's amendment (No. 400) was agreed to.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 401

(Purpose: To delete the lump-sum and accelerated payout provisions in section 6)

Mr. HATFIELD. Mr. President, I send my amendment to the desk for immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an amendment numbered 401.

Mr. HATFIELD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 10, line 25, insert the words "part of a" after the word "any" and before the word "landholding".

On page 11, line 5, insert the words "part of a" after the word "such" and before the word "landholding".

On page 11, line 5, delete the words beginning with "either in the" and continuing with and including the words "contracting entity:" on line 10.

On page 12, line 3, insert a new subsection (c) as follows:

"(c) Nothing in this Act shall be construed as authorizing or permitting lump sum or accelerated repayment of construction costs, except in the case of a repayment contract which is in effect upon the date of enactment of this Act and which specifically provides for such lump sum or accelerated repayment and except as provided in subsection (d) of this section.".

Following the new subsection (c) above, insert a new subsection (d) as follows:

"(d) The Secretary is authorized to negotiate with such contracting entity to conform the terms of any such contract to permit lump sum or accelerated repayment if the Secretary finds that the amount of outstanding indebtedness is less than 5 per centum of the total repayment obligation associated with such contract and that a pattern of family farming has been established in the project service area.".

Mr. HATFIELD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HATFIELD. Mr. President, the purpose of this amendment is to prohibit lump-sum or accelerated repayment of construction charges unless they were part of the terms and conditions of the original water contract.

Specifically, my amendment will revise section 6 of S. 14 to allow a lump-sum or accelerated repayment only if such a provision is included in existing contracts on the date of enactment of this act.

There are several reasons why this change in section 6 is necessary, but first it is important to understand how these contracts are drafted and how repayment costs are calculated.

When a reclamation project is built, the water district usually signs a long-term contract, usually for 40 or 50 years. The actual amount of repayment is determined by the Department of the Interior, based on the farmers' ability to pay. On the average, the irrigation users repay only about 25 percent of the total costs of providing the irrigation water. Some of the remainder of the irrigation construction costs is assigned to other project users, particularly power users. Unrecovered costs, of course, are borne by the general taxpayer.

Language in section 6 of S. 14 will allow a party to a water contract essentially to invalidate the contract and be exempt from acreage limits by writing out a check for repayment of the district's balance owed. This type of payout provision, in my opinion, is not a payout but a buyout which allows the wealthy to escape reclamation law and thereby be exempt from acreage limitations. I cannot support such a provision.

My amendment would require a water user to abide by the terms of his original contract before he becomes exempt from the acreage limitation.

S. 14, as it is now drafted, allows a contracting party to exempt himself from the acreage limits, regardless of the terms of the contract.

In addition to the wealthy being able to exempt themselves from the law, this type of provision will create serious inequities in reclamation districts across the West and put small farm operators in a very untenable situation.

For example, if this blanket payout provision remains in S. 14, large landholders above the 1,280 acre limitation could put pressure on the smaller farmers in the water district to pay out early, in order that the acreage limits would be lifted. A small farmer wholly within the law could be forced then to pay out his contract early, spending money he could use on capital investment, maintenance, or other purposes.

Large landowners, by virtue of their acreage, maintain a controlling interest in the voting rights within a district. Bear in mind that these voting rights are not in many cases on a 1-to-1 basis but in relation to size of ownership, and therefore this could force the small operators to bail out the large operators, to allow them to become exempt from the limitations.

Mr. President, my amendment would restore the language in the original version of S. 14, allowing the lifting of the acreage limitation once the contract obligation has been fulfilled, but only at that point. All this amendment requires is that landholders abide by the terms and conditions of these contracts.

Mr. President, I reserve the remainder of my time.

Mr. CHURCH. Mr. President, I oppose this amendment with some reluctance because of my regard for Senator HATFIELD, who sponsors it, knowing that we do not really have a serious philosophical difference with respect to the bill as a whole, nor the end which the reclamation law is designed to serve.

However, the committee did consider this matter rather carefully. There are at least three situations today that exist in the reclamation regions of this country relative to the payout of obligations owed by the farmers to the Government of the costs attributable to them for irrigation benefits.

One of the objectives we sought was to regularize the manner in which farmers on all reclamation projects work themselves free of the Government limitation. As long as there is a Government subsidy which has not yet been repaid by the farmers, then the committee felt—and I believe this to have been the unanimous view of the committee, or nearly unanimous view—that the restriction could be justified because of the investment of public funds involved.

Earlier in this debate, we discussed the extent of the subsidy under reclamation law. I think we have been able to point out that, compared to other subsidies, this is a very limited one, because the farmer is required to repay the principal attributable to the irrigation benefits. Under most Federal subsidies to most citizens for most purposes the recipient is not required to pay back anything. That certainly is true for the Corps of Engineer projects on our rivers and in our harbors throughout the land.

So we begin with the proposition that the subsidy involved in reclamation projects is a modest one compared to other subsidies that have long been endorsed and are seldom challenged either in this Chamber or by the press.

However, there is a need to establish one rule with respect to when the Government hand is lifted from the land and the restrictions, which may properly be imposed as long as there is a subsidy there, can be removed.

What are the three situations that presently are applicable to the differing projects in the West?

There are those projects that have paid out according to the original provisions—the 50-year period has expired and the Government has been repaid—and there is a question, then, as to whether or not the limitation continues to apply.

In some cases the contract entered into between the Government and the farmers specifies that once the Government is paid off there is no further acreage limitation.

Some of those contracts have been ratified by Congress. Some have not.

There is the argument, which may or may not be valid, that unless the contract has been ratified by Congress the limitations continue even though the contract prescribes that they are to last only so long as the Government subsidy.

There is a great deal of confusion in this field. Farmers are not being treated equally. From project to project different laws apply. Such is the massive confusion that has been injected into Federal reclamation through the years.

So there is, first of all, the situation of a district which is paid out but still the farmers may or may not be subject to the limitation on acreage depending on whether or not Congress has validated the contract in question.

Second, there are those situations where the district because of a special contract with the Government has been given the right to pre-pay, that is, to pay off the obligation prior to the 50-year period.

And then, third, there are those districts that are still paying under contracts which do not confer the right of prepayment.

If I have not described a condition of confusion, I do not know what one would be.

The committee sought to regularize all of this and to treat uniformly all districts and all farmers on all reclamation projects.

The committee decided that the fairest way to do this was to provide that the restriction is lifted once the obligation has been repaid to the Government. But since there are some districts that have contracts that permit prepayment then in fairness the right of prepayment should be extended to all. If we adopt the Hatfield amendment, we cannot extend that evenhanded treatment to all for his amendment would eliminate prepayment.

I have not had the opportunity to research the question, but I doubt very much that it is within the power of Congress to retroactively prohibit prepayment in those cases where the contract between the district and the Government provides for prepayment. That would interfere with a contract previously made and I think there is a serious constitutional question as to our authority to legislate retroactively in that manner.

There is a final point.

Mr. HATFIELD. Mr. President, will the Senator yield at that point for a question?

Mr. CHURCH. I yield.

Mr. HATFIELD. The Senator is a lawyer of great reknown, and I am not. Therefore, I am not attempting to raise a colloquy here on a legal question. But I was very interested in the Senator's legal opinion rendered just now as to whether there might not be a constitutional question if this Congress attempted to legislate retroactively on an existing contract. Did I understand that correctly?

Mr. CHURCH. Yes, where the contract provided the right of prepayment.

Mr. HATFIELD. I remind the Senator that on page 2 of my amendment, there is no way that it can be interpreted, at least in my understanding, that such would change any existing contract; there is no attempt to legislate retroactively on existing contracts wherein such a provision for an early payout is included. But, rather, if we fail to adopt my amendment we are, in effect, legislating retroactively by creating a right that does not exist in the present contracts.

Mr. CHURCH. I go with the Senator all the way to the last phrase. I withdraw my argument that there may be a constitutional defect in the Senator's amendment because he has drawn my attention to the provision in the amendment that corrects any possible constitutional defect.

But I disagree that the committee bill is constitutionally flawed, because the committee bill does not impose a limitation or restriction retroactively. It simply opens up to those farmers who presently do not have the right of prepayment the same right that other farmers on other projects possess under the contracts they have drawn with the Government.

So it confers a benefit that will give equal treatment to all, and I am certain that that is not a course that is constitutionally flawed.

Mr. President, there is just one other argument I have against this amendment, and that is the argument that has been presented very ably by the Senator from Oregon. The committee could have decided and considered permitting individual farmers to pay off their obligation to the Government within whatever time it was possible to pay it off, such as we have under modern day mortgages.

If you can pay the mortgage off faster it is against public policy to insert provisions in the mortgage that prevent you from so doing. We considered that possibility for farmers. But the committee rejected it because it believed it would give this advantage to which the Senator from Oregon refers to as available to the richer farmers. They could buy themselves out from under the obligation faster than their neighbors and once freed of the obligation or once freed of the limitation on acreage that would enable them to buy up other acreage on neighboring farms and would work against the purpose we sought to serve.

So the committee decided that the fairest way to do it would be to provide, first, that the limitation applies until the Government has been repaid; second, that there is no need to maximize the subsidy and that if the contracting entity, the irrigation district, can prepay the Government, the subsidy can be cut off which would mean a very sizable savings to the taxpayer.

Since only the districts may do this, that means that the farmers within the district have to be consulted in appropriate ways. In most cases it would rest upon a vote—in every case, to my knowledge, it would rest upon a vote. In some cases that might be weighed in favor of the larger landholder in the votes cast, but in most cases it is purely a democratic arrangement, so that the district itself, under its own rules, can decide the question.

If it has the assets and can make the financial arrangements to prepay the Government, then everybody in the district has the restriction lifted at the same time, and you have no special advantage conferred upon the richer farmer as against his poorer neighbor.

So, Mr. President, we felt, all things considered, that this was the fairest way to proceed. And believe me, this massive, confused, and unequal treatment that presently plagues the reclamation law needs to be cleared up. It is an accumulation of over 70 years, during which the Department of the Interior has applied different standards to different projects in different ways. We need to cure this inequity in the present law.

I believe the committee has done it in the fairest way possible. For this reason, I oppose the amendment offered by the able Senator from Oregon, and hope that the Senate will see fit to reject it.

Mr. HATFIELD. Mr. President, let me, first of all, assure my colleague from Idaho (Mr. Church) that I would much rather be on the same side of the issue than for us to be on opposite sides. It makes it less comfortable.

But I also must take issue with some of the interpretations given to my amendment, because I listened carefully to the Senator from Idaho as he led a very effective battle against the Morgan amendment a moment ago, because it was going to benefit the rich farmer.

Let me assure you, Mr. President, if the Morgan amendment was going to benefit the rich farmer, you would have to be a superrich farmer in this case, because the committee language provides for the superrich farmer in the loophole of the bill which I am trying to plug with my amendment.

Let me illustrate the point. If the committee language prevails, here is what can happen in the Westlands Water District, for example.

The Westlands Water District has large acreages owned by Southern Pacific Railroad, the Boston Ranch, Standard Oil Co., Westhaven Farms, Gerald Hoyt, et al., Southlake Farms, Airways Farms, Westlake Farms, and Britts Fertilizer Co. The total excess lands in Westlands would amount to about 290,000 acres. And Westlands could buy out and be exempt from the limitations.

These are the superrich that we are accommodating with this language left in the bill. Mr. Morgan's amendment may have been for the rich farmer, but this is for the superrich, and I feel very strongly that unless we are willing to plug this loophole, these large corporate entities can put the pressure on any of the smaller ones existing in the area for an early payout. In their original contract there was no provision for expedited or accelerated payout, and therefore the language of this bill will bestow upon the Westlands Water District a right they do not have under existing contracts, providing them with the opportunity for accelerated payout, creating, in effect, the continuation of subsidized water for almost 300,000 acres of land.

Mr. WALLOP. Mr. President, will the Senator yield for a question on his amendment?

Mr. HATFIELD. Yes, I would be happy to.

Mr. WALLOP. I refer a little bit to the question that the Senator from Idaho brought up as to the potential constitutionality or the equity of it.

I find your language so specific that perhaps the concerns the Senator from Idaho raised are indeed genuine; because under your amendment, unless the specific language providing for either lump sum or accelerated payout occurs written in that contract, it is not permitted.

Yet I think the Senator would find that in many instances, an irrigation district could argue that the lump sum payout or accelerated payout provisions were implicit at the signing of the contract, either under the terms of the law under which the reclamation project was authorized, or under the original 1902 Reclamation Act or under case law that exists within the area of reclamation projects.

Mr. HATFIELD. I would like to respond to the Senator. I appreciate his raising this question.

Let me begin on page 2, with the language to which he addresses himself, beginning on line 6:

> "Nothing in this Act shall be construed as authorizing or permitting lump sum or accelerated repayment of construction costs, except in the case of a repayment contract which is in effect upon the date of enactment of this Act and which specifically provides for such lump sum or accelerated repayment and except as provided in subsection (d) of this section.".

It does not say that specific language must be in the contract. It says it provides for that opportunity, or that procedure, rather.

I can only give that as the intent or legislative history of this bill. We are not requiring that specific nomenclature, but we are providing for a specific procedure for establishing the rights of lump-sum and accelerated repayment. Contracts may provide it in different language, but as long as it provides for accelerated repayment, it fits the intent of the amendment.

Mr. WALLOP. I would ask the Senator if he intends that if a district wishes to argue that its contract provides for any type of accelerated or speeded up payment, it be allowed to do so.

Mr. HATFIELD. Any contract that the district now has, that provides for that kind of accelerated pay out, would be respected.

Mr. WALLOP. The Senator misunderstands my question. I am saying, if a district wishes to argue that its contract provides for that, would it be allowed to do so? Under the terms of your amendment, it would appear that they would not even be allowed to do so.

Mr. HATFIELD. No, I do not think that is so at all. I do not think that is a matter we can determine here in the legislative body. It is a question of the law or a contract which must be raised before a court. Anyone who wants to can go before any court at any time on the basis of any contract. That is a right under the Constitution, under due process.

Mr. WALLOP. Then it is not the Senator's intent to prohibit, by the language in his amendment, the ability of somebody to argue in a court of law that this was implicit in their contract?

Mr. HATFIELD. Oh, no, I have no intention of trying to prevent the right of anybody to raise an issue with respect to a contract in a court of law.

I am trying here to provide that the legislation upon affecting such contracts be very clearly stated; that unless there is a provision for some method of accelerated repayment, it would not be provided by this legislation.

Mr. WALLOP. All right. Then it is a contract that is permissive, or could be so construed?

Mr. HATFIELD. That is up to the court.

Mr. WALLOP. Then would the Senator have any objection to striking the word "specifically" from his amendment?

Mr. HATFIELD. No, I would have no objection, if that would clarify it in the Senator's mind.

Mr. President, I ask unanimous consent to modify my amendment by striking the word "specifically" in line 10 on page 2.

The PRESIDING OFFICER. The Senator has that right. The amendment is so modified.

The amendment, as modified, is as follows:

> On page 10, line 25, insert the words "part of a" after the word "any" and before the word "landholding".
>
> On page 11, line 5, insert the words "part of a" after the word "such" and before the word "landholding".
>
> On page 11, line 5, delete the words beginning with "either in the" and continuing with and including the words "contracting entity:" on line 10.
>
> On page 12, line 3, insert a new subsection (c) as follows:
>
> "(c) Nothing in this Act shall be construed as authorizing or permitting lump sum or accelerated repayment of construction costs, except in the case of a repayment contract which is in effect upon the date of enactment of this Act and which provides for such lump sum or accelerated repayment and except as provided in subsection (d) of this section.".
>
> Following the new subsection (c) above, insert a new subsection (d) as follows:

"(d) The Secretary is authorized to negotiate with such contracting entity to conform the terms of any such contract to permit lump sum or accelerated repayment if the Secretary finds that the amount of outstanding indebtedness is less than 5 per centum of the total repayment obligation associated with such contract and that a pattern of family farming has been established in the project service area.".

Mr. WALLOP. I thank the Senator.

I say that it does clarify it in my mind. I also say that I hope it does not construe in his mind that——

Mr. HATFIELD. I was hoping that would bring the Senator's support for the amendment. But I appreciate his assistance in perfecting my amendment.

Mr. WALLOP. I thank the Senator.

Mr. HATFIELD. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator has 16 minutes remaining. The Senator from Idaho has 15 minutes remaining.

Mr. HATFIELD. Mr. President, I reserve the remainder of my time.

Mr. CHURCH. Mr. President, I have no further argument to make of any length. I would like to simply sum up the committee's position.

The Senator from Oregon has referred to Westlands. Whenever anyone wants to make out an appalling case against the way the Federal reclamation laws have been administered, they point to Westlands.

I have no brief for Westlands, let me say to the Senate. I hope that the provisions of this bill will help to correct some of the excessives that have been permitted in that particular irrigation district.

But, as the Senator knows, that does not typify the condition that exists in most irrigation districts. They simply do not consist of super wealthy corporate farms.

By and large, this program has been successful in preserving family farms and establishing a pattern of family farms.

By and large, we are addressing not just the Westlands case, but how we deal equitably and even-handedly with thousands of farm families in all of the projects, in all of the 17 reclamation States.

Let us not allow a bad situation in one place to make for bad law every place.

If the Senator's amendment is adopted, those farmers who were lucky enough to get written into their contracts provisions that permit them to pay off the Government early can do so. That will benefit them and it will benefit the Treasury because it will put an end to the subsidy. But those many thousands of family farmers who do not have that provision in the contract will be unable, even though their districts are capable of paying off early and even though they favor doing so, will not be able to do it.

Thus, we enforce and perpetuate the subsidy and apply an unequal standard.

That is my problem with the Senator's amendment. That is why I think the committee really did reach the right decision.

I hope for that reason the amendment will be rejected.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I would like to just make one brief comment about equity as between the districts.

Let us not forget there must be considered equity within the district, as well. Every district negotiates a contract with the Government on an ad hoc basis. I am sure its interests and desires were presented at the time. Even though some asked the Secretary for an accelerated payout and they were not able to achieve it, there is still this question that exists as to equity within the district.

We have large operations and we have small operations. The large operators man do a lump-sum payout by forcing this on the small operators within the same district, and that is why I think it is very important to consider the equity factor from within the district as well as between districts.

Let us bear in mind when we talk about subsidies, an accelerated payout or a lump sum does not, in itself, really repay the Federal Government for the whole cost, ever. There continues a situation of subsidized water even after the payout.

The repayment only represents about 25 percent of the total cost, probably, of the irrigation installation.

Consequently, we never get out of a relationship of some form of subsidized water even after the payout of the water district.

So I think that is a factor to bear in mind, as well.

The Westlands Water District is an extreme example. I have no question when the Senator says that we use that as an example. Of course we use it as an example frequently, and it is not typical of all the water districts.

But, bear in mind, this is an opportunity to correct that. The Senator from Idaho admits the Westlands Water District represents a great inequity in this whole picture of reclamation. But why continue it when we have an opportunity to close it off? Why bestow further advantages and further benefits at this time on the Westlands District, which this bill does under its present wording?

We bemoan the fact that this has existed and that this represents not a typical and not a very pleasant picture when we talk about reclamation costs and reclamation programs. But why bestow additional benefits to this existing district? Why not cut off this kind of attempt to bestow additional benefits, additional opportunities for the Westlands Water District to exempt itself from the provisions of reclamation law by accelerated payout, a right they do not have now under contract?

I think that is really the key to this amendment, whether it is Westlands or any other district. It is not to bestow additional rights at this time that do not exist, which put the pressure on the small operator for early buyout of the district of the Federal contract, moneys they cannot afford to put into that purpose at this time, but are forced into it by the power of the voting pattern of the large operations.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. NELSON. I wonder if the Senator would yield for a brief colloquy with the distinguished Senator from Oregon.

Mr. HATFIELD. I am happy to yield time for that purpose.

Mr. NELSON. I have an amendment that simply would provide that when a district has completed its payout it would become exempt only if the Secretary determined that a pattern of family farming had been established in the area. As pointed out by the distinguished Senator from Wyoming, and based upon his information, in all but two of the districts in the whole country, a pattern of family farming had been established which, of course, was the objective sought under the purposes of this legislation from the beginning.

So I have an amendment which would simply provide that on page 11, line 20, we would delete the period after the word "contract" and replace in lieu thereof a colon and add the words "and provided further that such an exemption shall only occur after the Secretary has made a determination that a pattern of family farming has been established in the project."

Would the Senator be agreeable to accepting that amendment?

Mr. HATFIELD. I did not have a chance to follow the Senator in his description of his amendment. Would he cite again the page and the point at which it would be inserted?

Mr. NELSON. I cannot hear the Senator.

Mr. HATFIELD. Would the Senator repeat, please, the point at which he would insert the proposed change in my amendment?

Mr. NELSON. It is amendment No. 410. What it provides——

Mr. HATFIELD. Yes, I understand the provision, but I am trying to find where it will occur in my printed amendment.

Mr. NELSON. It follows the last line of the amendment of the Senator from Oregon, and it provides that on page 11, line 20 of the bill, "delete the period after the word 'contract' and replace in lieu thereof a colon and add the words 'and provided further that such an exemption shall only occur after the Secretary has made a determination that a pattern of family farming has been established in the project.' "

(Mr. TSONGAS assumed the chair.)

Mr. HATFIELD. I thank the Senator for repeating his amendment.

I would say to the Senator from Wisconsin that the language he offers here strikes me in two ways: First of all, the language is rather vague as to the Secretary making a determination that "a pattern of family farming has been established." I am not sure what criteria are included in that phrase.

Second, it strikes me as vesting in the hands of the Secretary a tremendous amount of power.

I can conceive of an overzealous Secretary or, rather, an unsympathetic Secretary, unsympathetic to the whole reclamation program, using that as a weapon against the basic attempt of my whole amendment, and that is that the contracts which provide for accelerated payout should be recognized.

And I am trying to prevent accelerated payout from being bestowed upon contracts where it is not specifically provided, without affecting the lifting of acreage limitation upon payout. There is an equity question. There are contracts in which there is accelerated repayment which would not have the secretarial findings, but those that are incorporated in my amendment would, and it does not seem to me that we are adding anything of significance. I would say to the Senator from Wisconsin I would be reluctant to accept his provision as an amendment to my amendment.

Mr. NELSON. I understand the argument that the amendment has some weakness of imprecision in it. Of course, this amendment would not affect any contract in which there was a payout provision that exempted the water users from compliance with the acreage limitation. Specifically, I am getting at, of course, the question of the acreage limitation.

Supposing that language were made more specific to provide so that it would read, "and provided further that such an exemption shall only occur after the Secretary has made a determination that the acreage limitations have been complied with in the project?"

Mr. HATFIELD. In the what?

Mr. NELSON. In the project—whatever the applicable limitation is, that it has been complied with.

Mr. HATFIELD. Beginning on which date? I am not sure I follow the Senator's intent.

Mr. NELSON. At the time of the payout.

Mr. HATFIELD. That is has not exceeded 1,280 acres?

Mr. NELSON. Or whatever Congress has ended up agreeing on what the acreage limitation would be.

Mr. HATFIELD. We have, of course, a 1,280-acre limitation plus equivalency which, in effect, could bring it up to about 1,700 acres in some instances. I do not know that we could put a specific acreage limitation there because of the flexibility of the 1,280 acres which we have in the addition of the equivalency clause.

Mr. NELSON. I am saying it seems to me that this language is clear enough. It only says that there shall be a finding by the Secretary that whatever the acreage limitations applicable to the project are that they have been complied with. In some places there is an equivalency question and, therefore, they would be allowed, as the Senator suggests, 1,700, 1,800 acres, or in another place 1,280.

All it says is that the acreage limitations, whatever they are under the law, have been complied with.

Mr. HATFIELD. It seems to me we are adding a further burden on the family farm if we put their contract right in question or in jeopardy until the Secretary makes some kind of a finding, because I think the assumption of the Senator, or the implication of the Senator's remarks, is that there is a possibility of violating the acreage limitation during the contract.

I would assume that there is, and should be if there is not, careful monitoring, which is an easy matter to do, of acreage holdings during the periods of the contracts so that there does not have to be then another secretarial finding at the end of the contract that that acreage has been retained at that level, that limitation.

If there is a question in the Senator's mind about that happening during the life of the contract then I think we ought to get at that in another way. We ought to get at that in terms of the monitoring and the policing of the contracts by the Secretary.

But to attach this to a point in the contract when it has been fully satisfied from a payout provision, and that there is then imposed a further step for being removed from the acreage limitation, a secretarial finding of rather vague criteria, I think is an unnecessary encumbrance.

I would like to work with the Senator if he has any question about this, and I agree with the Senator wholeheartedly that we do not want people violating these limitations once we establish them and we have closed all the loopholes.

Let us move at that problem through policing action or other responsibility of the Secretary to monitor these contracts.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. CHURCH. It seems to me what the Senator from Wisconsin is actually asking is after the Government has been paid off, but before the limitation on acreage can be removed, the Secretary would make a finding that the law has been complied with.

Now we must assume that the law will be complied with, and we must correct any failure along the way. But once the farmers have paid off the Government it seems to me is the wrong time to make an assessment about whether or not the law has been complied with. At the end of the road is the wrong time. The law should be effectively enforced for the entire duration of the contract, and that is what we assume will be done. That is the only thing we can assume will be done when we write a law and put it on the statute books.

Mr. HATFIELD. I hope the Senator will either offer his amendment independently or in some other way keep this particular amendment rather sharply in focus on the point of trying to prevent accelerated payouts. In other words, I am trying to prevent a bestowal of lump-sum payout benefit where it does not exist, and if we begin to add, it seems to me, at least this is my feeling, additional factors on the actions taken at the time of the payout we really should be addressing all contracts, those that include and those that do not include accelerated payouts.

Mr. NELSON. Let me say to the Senator from Oregon that I have no intention of pressing the amendment unless the Senator is prepared to accept it because he does raise some perfectly valid points. I do not want to interfere with the——

I will withdraw the amendment. I will not press the matter, but I may raise the question tomorrow, after having a further chance to take a look at it.

Mr. HATFIELD. I will be happy to discuss the matter further with the Senator. I appreciate his withdrawing it.

Mr. President, I am prepared to yield back my time on the amendment.

The PRESIDING OFFICER. The Chair indicates that the Senator from Oregon has 17 seconds remaining.

The time of the Senator from Oregon has expired.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. CHURCH. Mr. President, how much time remains to the opposition?

The PRESIDING OFFICER. Eleven minutes and 46 seconds.

Mr. CHURCH. I yield 5 minutes to the Senator.

Mr. McCLURE. I thank the Senator.

Mr. President, in the Hatfield amendment, I think we again are falling into the trap of trying to apply a rule to 150,000 farm units in order to correct what is perceived to be the abuse by a few.

I would be much more comfortable if my friend from Oregon had addressed the question of the Westlands District by an amendment that said this provision will not apply to the Westlands District. Then we would be getting at the point he is trying to make, which is this: We are going to get those people who have violated the law in the Westlands District, and we are going to punish them for having violated the law.

Mr. President, a long time ago we outlawed the rack and thumbscrews, but perhaps we could bring them back and apply these instruments of persuasion to the people in the Westlands District for having done what they have done in not conforming to what is the letter and perhaps the spirit of the law.

One of the earliest recollections I have goes back more than 25 years, when I was working with what was then the Idaho Reclamation Association and the National Reclamation Association in trying to amend the 1902 Reclamation Act to deal with the question of the 160-acre limitation, because it was a known fact that the law was not workable with respect to agriculture as it was evolving in the early 1950's.

All our efforts over all the years since then to reform and conform the law to modern agricultural practices has failed—failed because of the difficulties of persuading people that somehow this was not a ripoff of the taxpayers for the benefit of the rich.

As a result, a whole host of practices has evolved, both for Republican administrations and Democrat administrations, starting in the early 1930's and coming right up to this date, of failure to enforce rigidly the provisions of the act that everyone recognizes is archaic and out of date.

Now we are getting to the point where

finally it no longer can be ignored. It must be modernized, and in order to bring it up to date, we are also trying to correct the abuses of the past. However, a long time ago it was decided that it is inequitable and unjust to pass ex post facto laws, to pass a law now that is going to apply to conduct that occurred in the past.

The failure to enforce a law in the past does not justify our actions now to penalize actions taken in the past which were not illegal in the past and were not enforced against. The pattern of nonenforcement by the Federal Government has been established thoroughly.

So if our desire is to punish wrongdoers, I suggest we might at least look at the application of the ex post facto law exclusions and say that we are not going to do that now but that we are going to set a rule for application in the future. If that is the way we are going to approach this problem, then it seems to me we should not be talking about punishing people in the Westlands District but should be talking about how we can reform the act and remove—if that is our desire—a subsidy which we are unwilling to continue to pay.

We saw in the argument against the Morgan amendment that we cannot allow them to pay the full costs because that would confer a benefit on them. Now we are saying that you cannot allow them to pay at the end of a contract because that might confer a benefit on somebody. We are saying that you cannot allow them to do it individually and you cannot allow them to do it collectively; that, somehow, we must hold them rigidly to a new standard of conduct which we are now imposing, with no opportunity for them to avoid the infinite wisdom and judgment of this body.

We are acting as though we alone have the right to determine what their conduct should be and to punish them if, as a matter of fact, they have taken actions in the past that do not conform to our present judgment. That is exactly what we thought was wrong in the evolution of the law when we banned the imposition of ex post facto laws.

Yet, we are here—my friend from Oregon—saying that because of the Westlands District, we must not only apply it to them but also must apply it to everyone else. We are saying that in order to avoid conferring upon them something they may have a right to expect, we will make it impossible for anyone else, by collective action in an irrigation district, to take advantage of the opportunities this might give them to relieve themselves of an obligation which we are now imposing on them.

Mr. President, I think that is wrong and inequitable. I hope the amendment of the Senator from Oregon will be defeated.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HATFIELD. Mr. President, will the Senator yield me 2 minutes from his time to close?

Mr. CHURCH. I yield.

Mr. HATFIELD. I thank the Senator.

Mr. President, I close my remarks by indicating the only people lump sum does benefit are those in excess. Who but they would accelerate repayment of a zero interest, long-term loan? They would because payout means an end to acreage limitations. That is the whole purpose.

The Senator from Wisconsin, I say in closing, has raised the question about the possibility of excess lands being acquired. If this amendment passes and the previous amendment that I have offered, which has already passed, are incorporated in the bill, I can assure the Senator from Wisconsin that excess lands would be required to be disposed of and there should be less likelihood of the problems rising that he has identified.

So I hope the Senator from Wisconsin will understand the purpose and motive of this amendment along with the one I just offered and thereby support it to close out these possible inequities that do exist in the bill at the moment.

Mr. NELSON. I wonder if the Senator will yield a moment. I did not hear the first part of the remarks. He is responding to the question that if a landowner exceeds the limitation prior to the contract and does not sell his land before the payout ends, the question is, "Would he still have to sell his excess lands under the recordable contract?"

Mr. HATFIELD. With the incorporation of my previous amendment and this one, my answer would be "Yes."

Mr. NELSON. I thank the Senator.

Mr. CANNON. Vote.

Mr. CHURCH. Mr. President, I have stated the committee's position as best I can. I think it represents the fairest resolution of this question and applies equal standards for all farmers everywhere rather than the different standards that now apply and will continue to apply if the amendment offered by the Senator from Oregon were to be adopted. Therefore, I hope the Senate will reject the amendment.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

Mr. HATFIELD. Mr. President, I call for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second. There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Georgia (Mr. NUNN), and the Senator from Alabama (Mr. STEWART) are necessarily absent.

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. STEVENS) and the Senator from Wyoming (Mr. SIMPSON) would vote "nay."

The PRESIDING OFFICER. Are there other Senators wishing to vote on this amendment?

Several Senators voted.

Mr. HATFIELD. Regular order, Mr. President.

Mr. HEINZ voted in the negative.

Mr. WALLOP. Regular order, Mr. President.

Mr. CULVER voted in the affirmative.

Mr. HATFIELD. Regular order.

The result was announced—yeas 47, nays 46, as follows:

[Rollcall Vote No. 277 Leg.]

YEAS—47

Baucus
Bayh
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Cranston
Culver
Durenberger
Durkin
Exon
Glenn
Hart
Hatfield
Huddleston
Jackson
Javits
Kennedy
Leahy
Levin
Magnuson
Mathias
McGovern
Melcher
Metzenbaum
Moynihan
Muskie
Nelson
Packwood
Pell
Pressler
Proxmire
Ribicoff
Riegle
Sarbanes
Sasser
Stafford
Stennis
Stevenson
Stone
Tsongas
Weicker
Williams
Zorinsky

NAYS—46

Armstrong
Baker
Bentsen
Boren
Boschwitz
Byrd,
Harry F., Jr.
Chiles
Church
Cochran
Cohen
Danforth
DeConcini
Dole
Domenici
Eagleton
Ford
Garn
Goldwater
Gravel
Hatch
Hayakawa
Heflin
Heinz
Helms
Hollings
Humphrey
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
Matsunaga
McClure
Morgan
Percy
Pryor
Randolph
Roth
Schmitt
Schweiker
Talmadge
Thurmond
Tower
Wallop
Warner
Young

NOT VOTING—7

Bellmon
Inouye
Long
Nunn
Simpson
Stevens
Stewart

So Mr. HATFIELD's amendment (No. 401) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. Mr. President, I ask for the yeas and nays on the motion to reconsider.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Do the Senators yield back their time on the motion?

Mr. CHURCH. If the Senator from Oregon is willing, I am willing to yield back my time.

Mr. HATFIELD. Yes.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the motion to reconsider. The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Georgia (Mr. NUNN), the

Senator from Mississippi (Mr. Stennis), and the Senator from Alabama (Mr. Stewart) are necessarily absent.

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. Bellmon), the Senator from South Dakota (Mr. Pressler), the Senator from Wyoming (Mr. Simpson), and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. Stevens) and the Senator from Wyoming (Mr. Simpson) would vote "yea."

The PRESIDING OFFICER. Are there other Senators who wish to vote?

The result was announced—yeas 44, nays 47, as follows:

[Rollcall Vote No. 278 Leg.]

YEAS—44

Armstrong
Baker
Bentsen
Boren
Boschwitz
Byrd,
Harry F., Jr.
Chiles
Church
Cochran
Cohen
Danforth
DeConcini
Dole
Domenici
Ford
Garn
Goldwater
Gravel
Hatch
Hayakawa
Heflin
Heinz
Helms
Hollings
Humphrey
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
Matsunaga
McClure
Morgan
Percy
Pryor
Roth
Schmitt
Schweiker
Talmadge
Thurmond
Tower
Wallop
Warner
Young

NAYS—47

Baucus
Bayh
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Cranston
Culver
Durenberger
Durkin
Eagleton
Exon
Glenn
Hart
Hatfield
Huddleston
Jackson
Javits
Kennedy
Leahy
Levin
Magnuson
Mathias
McGovern
Melcher
Metzenbaum
Moynihan
Muskie
Nelson
Packwood
Pell
Proxmire
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Stafford
Stevenson
Stone
Tsongas
Weicker
Williams
Zorinsky

NOT VOTING—9

Bellmon
Inouye
Long
Nunn
Pressler
Simpson
Stennis
Stevens
Stewart

So the motion to reconsider was rejected.

AMENDMENT NO. 402

(Purpose: To amend section 10 to include a limited lottery for the disposal of excess lands)

Mr. HATFIELD. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. Hatfield) proposes an amendment numbered 402:

On page 18, delete lines 4 through 12, and insert in lieu thereof the following:

(d) An owner of land in excess of the acreage limitation of Reclamation Law who places such land under a recordable contract pursuant to section 3(d) of this Act shall be entitled to dispose of up to a total of three thousand eight hundred and forty acres to qualified recipients who are lineal descendants of such owner: *Provided*, That such recipients shall not, as a result of such dispositions, have a landholding in excess of the acreage limitation: *And provided further*, That up to one thousand two hundred and eighty acres of this total may be sold to qualified recipients who are not lineal descendants of such owner.

(e) Upon request of such owner, or at the end of the recordable contract period, power of attorney shall vest in the Secretary who shall sell such excess land as has not been disposed of under the provisions of subsection (d). Such sales shall be made by lottery or other impartial means to qualified recipients according to such reasonable rules as the Secretary may establish.".

Mr. HATFIELD. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER (Mr. Metzenbaum). The amendment of the Senator from Oregon is the pending question.

Mr. HATFIELD. And the time agreement?

The PRESIDING OFFICER. Thirty minutes to each side.

Mr. HATFIELD. I thank the Chair.

Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. Will Senators be good enough to retire to their seats or leave the Chamber?

Mr. HATFIELD. Mr. President, I say for the benefit of my colleagues that I do not expect to ask for a rollcall vote on this amendment. I do not know what other people may intend to do, but so far as the author of this amendment is concerned, I will not ask for a rollcall vote. I assume that it will take about the full length of time, the 1 hour.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. CHURCH. I inquire of Senators present if any Senators are ready and prepared to offer amendments to this bill this evening, following the disposition of the amendment now being offered by the able Senator from Oregon.

I know that we have other amendments to face, but I would like to get as many amendments as possible disposed of this evening, in order to avoid having a long day tomorrow that might extend into the late afternoon or the evening. I am told by the majority leader that he wants a final vote on this bill tomorrow.

So if there are Senators who would like to present their amendments this evening, we invite them to do so.

Mr. HATFIELD. Mr. President, I ask unanimous consent that I may yield the floor to the distinguished Senator from Idaho, without losing my right to the floor, so that he may engage in a colloquy with the Senator from Colorado, the time to be deducted from the bill, and then we will return to my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, as the Senator from Idaho is aware, I testified before his committee earlier this year concerning how the 1902 reclamation law effects my State and in particular the Fryingpan-Arkansas project located in southeastern Colorado.

I would like to take this opportunity to compliment Senator Church for the fine reclamation bill reported from committee and which we are now considering. However, before voting on S. 14, I would like to make certain I understand the provisions of the bill which deal with comingling of project and nonproject water. The present administration's interpretation of the 1902 reclamation law in this regard has led to much uncertainty in the Arkansas Valley in Colorado. Let me explain this problem in more detail.

In 1962, Congress authorized construction of the Fryingpan-Arkansas project facilities in central and southeastern Colorado. From the beginning the project sponsors had been operating under the conclusion that the project was not bound by the 1902 acreage limitations. The 1962 authorization for the project notes that supplemental water is being provided for existing irrigated acreage rather than for newly irrigated lands. And, the repayment contract between the conservancy district and the U.S. Government signed in 1965 notes that the 160-acre limitations would not apply for those with previous water rights that now flow through the project.

Thus, in 1962, the project authorization date, and 1965, the repayment contract date, the people of the Arkansas Valley had received assurances from the Federal Government that they were in full compliance with any and all Federal requirements. However, when Secretary of the Interior Andrus issued on August 25, 1977, the proposed rules and regulations to implement the 1902 acreage limitations, it appeared he was suggesting that the 1902 acreage limitations would apply to the Fryingpan-Arkansas project. The proposed regulations declared:

> If project and non-project water is delivered by or through federally financed facilities, the non-project water shall be considered project water and the acreage limitations . . . shall apply.

As can be imagined, this has put a cloud over the project and has been a cause of concern throughout the Arkansas Valley. Many farmers in the area became convinced the Secretary's action was simply a scheme on the part of the Federal Government to confiscate their water and State adjudicated water rights.

A project built to serve a very substantial part of my State, built with support from many sectors in the Arkansas Valley—is now only through the interpretation of a Secretary of Interior—seen as a potential threat to long held water rights. This is an intolerable situation to subject farmers and families in this valley to many who have lived there for generations.

My point in going into all this detail is to make certain that S. 14 adequately resolves the question of comingled waters.

Section 3(a) of S. 14 states:

> The Federal Reclamation Law shall apply only to lands which are included within a Federal reclamation project which has been authorized by statute and which are served with a water supply from, through, or by means of works provided by such authorization pursuant to a contract with the Secretary.

As I understand it, section 3(a) of S. 14 exempts nonproject water as I have described in the Arkansas Valley from the acreage limitations as imposed by the 1902 reclamation law and as amended by S. 14. Is that a correct interpretation?

Mr. CHURCH. Yes, that is correct.

Mr. ARMSTRONG. I thank the Senator for his courtesy and once again compliment him for taking the initiative on this difficult issue.

Mr. CHURCH. Mr. President, will the Senator from Wisconsin be prepared this evening to offer any of his amendments following the disposition of the amendment now pending?

Mr. NELSON. I ask how late it will be. I do not care. I could offer all my amendments tonight, but I have been telling people, based upon an earlier conversation today with the leader, and subsequently with the Senator from Idaho, that we would be through by 7 o'clock. Many people relied on that, and I do not like to be the one responsible for keeping them beyond that time.

I am prepared to start the first thing in the morning, at 9:30, and call up my amendments and move them. But after what I have said to a number of people, I do not like to be responsible for pushing it beyond 7 o'clock.

Mr. CHURCH. I understand.

I yield the floor.

Mr. HATFIELD. Mr. President, my final amendment proposes to establish a limited lottery system for the disposal of lands which will be made excess as a part of this act.

It has been determined that only 2.8 percent of all farmland in the United States benefits from reclamation water. 97 percent of the total U.S. farmlands are not subsidized by Federal irrigation, and are not subject to limitations of reclamation law.

This 2.8 percent, however, produces 30 percent of the country's fresh vegetables and a large percentage of fruit, nuts, and cotton. In 1975 the gross value of crops on reclamation land was $4.4 billion. The present value of the water subsidy on reclamation lands is over $5 billion. (Dr. Phil Leveen, American Journal of Agricultural Economics, 1978.)

It is apparent that only a very few farmers in the country enjoy this lucrative subsidy. Still, one of the principal objectives of the original reclamation law of 1902 was to assure that this Federal subsidy was distributed fairly and equitably. It should be our purpose as well.

Price controls, acreage limitations, and residency requirements were included in the original act to assure the fair distribution of the subsidy and to encourage the development of small family owned farms.

With the evolution of the family farm in the past 50 years some of these controls have been outdated and have become infeasible. S. 14, I believe, reflects these changes and updates reclamation law to conform with the farming needs of today.

Even with changes we have made in the leasing and payout provision we still accomplish only half of what we should.

To meet this end, I propose the adoption of an amendment to section 10 of this act which will establish a limited lottery mechanism for the disposal of excess lands.

My proposal will allow an excess landholder to sell 3,840 acres to his direct lineal descendants. Or in the case of any other qualified recipients he may sell up to 1,280 acres which will be subtracted from his 3,840 allotment.

In any case, that amount of excess land above 3,840 acres will be sold to other qualified recipients through a public lottery or some other impartial means.

While some may contend that even this limited lottery proposal violates free enterprise, I feel it is imperative that Congress legislate a mechanism for the disposal of excess lands.

We are not talking just about agricultural land but about very valuable benefits which are supported by the general taxpayers.

The preferred customer system allows a landowner to sell a reasonable portion of his land as he sees fit, yet it assures the public that all individuals have an opportunity to benefit from the reclamation subsidy.

Mr. President, keep in mind that without the limited lottery the excess landowner already is required to sign a contract agreeing to dispose of the land. By Federal law the sale of such lands are under price controls which reflect the increase from improvements and the Consumer Price Index. Speculative gains are strictly prohibited. Under my proposal an excess landowner is losing nothing by sale through a lottery.

In addition, Mr. President, there is evidence to indicate that some landowners left to their own devices would create a chain of sales agreements which would eventually lead right back to the original owner. There are such cases on record.

My amendment is the single most effective mechanism to alleviate these violations and preserve the public's interest in seeing that this $10 billion Federal subsidy is distributed fairly and equitably.

Mr. President, I urge the adoption of this amendment.

Mr. CHURCH. Mr. President, it should be remembered by Members that this bill will require many farmers to dispose of excess land, land that they have either in fee ownership or land that they have leased above the 1,280 acre maximum to which reclamation water can be delivered.

Furthermore, the bill provides that this excess land must be sold within a 10-year period at a price determined by the Secretary, a price that by law may not reflect the benefits that have been conferred upon the land by virtue of the reclamation project.

So first, the bill requires divestiture; second, it requires divestiture at a price determined by the Secertary; and third, it provides that if at the end of a 10-year period the land has not been disposed of in accordance with the provisions of the bill, which means that it has to be sold in parcels that will not exceed 1,280 acres to qualified recipients at prices determined by the Secretary, then the Secretary can step in with a power of attorney and proceed to sell the land himself. He may sell it in parcels of varying size that he thinks are equitable or he may sell it by lottery.

How much further can we go? How much further should we go in trying to tie the hands of the farmers that will have to divest themselves of their present holdings in excess of the maximum established in the bill?

If we adopt this amendment, I suggest that we will complicate the process even further by laying upon the owner of the excess land a further limitation respecting how much acreage he may dispose of to other members of the family, to grown children, to relatives, and how much above or beyond that amount he may dispose of to others through the lottery method. The bill goes as far as one can justify by enforcing the divestiture of land at prices the Secretary determines within limits established under the statute and then if that fails, the Secretary may step in under the power of attorney and sell the land himself. He may use the lottery method to do so.

I just think to go further is unnecessary, unfair, and unreasonable.

For those reasons, I hope that the Senate will reject this amendment.

I have no further argument to make against it.

Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, the Senator from Oregon has momentarily stepped out of the Chamber. I am prepared to yield back the remainder of my time. He said he is prepared for a voice vote on this amendment.

The PRESIDING OFFICER. With the understanding that the Senator from Oregon yields back the remainder of his time, the question is on agreeing to the amendment of the Senator from Oregon.

(Putting the question.)

The PRESIDING OFFICER. The "noes" appear to have it. The "noes" have it.

The amendment is, therefore, not agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CHURCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 547

Mr. CHURCH. Mr. President, I send to the desk a technical amendment to clarify the meaning of a sentence in section 8(a) of the bill and to correct an error in section 10(c).

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Idaho (Mr. CHURCH) proposes an unprinted amendment numbered 547:
>
> Page 13, line 9 strike the word "and" following the word "produce" and insert thereof "or".
>
> Page 17, line 24, strike the word "joint" and insert instead the work "concurrent."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

Who yields time?

Mr. CHURCH. Mr. President, these are amendments of a technical nature made for the purpose of conforming the bill to the intent of the committee.

I ask that they be approved.

The PRESIDING OFFICER. Does the Senator from Idaho yield back the remainder of his time in connection with the amendment?

Mr. CHURCH. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Oregon yield back the remainder of his time in connection with this amendment?

Mr. CHURCH. I move the adoption of the amendment.

The PRESIDING OFFICER. Does the Senator from Oregon yield back the remainder of his time?

Mr. HATFIELD. Mr. President, I think I am in a state of confusion. I stepped out for a moment to make a phone call, and I come back and find my time has disappeared and my amendment has been defeated. I had not yielded back my time on my amendment that was under consideration.

Mr. CHURCH. Mr. President, I move that, if these technical amendments may be agreed to at this time, we then address ourselves to the problem that the Senator from Oregon has raised.

Mr. HATFIELD. I yield back my time on the technical amendments that are under consideration for the purpose of a vote on that.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment was agreed to.

AMENDMENT NO. 402

Mr. CHURCH. Now, Mr. President, I had understood from someone who spoke on this side, whoever it was, yielded back the remainder of the time of the Senator from Oregon. The Senator said he had not so intended. Therefore, I ask unanimous consent that the action of the Senate be rescinded on his amendment, that we return to the status quo ante, and take it up from where we left it; namely, from the time that the Senator left the Chamber.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I first thank the Senator from Idaho for permitting me to be at the execution of my own amendment. I did want to be at least in the Chamber for that occasion.

I do not have a great deal more to say about the amendment. But I am sure there was a misunderstanding. There was no intent on my part to yield back my time in absentia.

I do want to recapitulate the issue that is incorporated in this technical amendment.

Mr. President, in the disposal of these lands I think we have historical evidence of how the land can be divested so as to go back into the original control. Complying with whatever divestiture requirements may exist has still allowed circumvention of the meaning and the purpose of those divestitures.

So by going to a lottery system it seems to me—and bear in mind there is a price control factor here, so there is not any way that we are going to divest anyone from their rightful remuneration—we will provide broader access to the acquisition of these lands, a broader base of people who might otherwise be excluded from the land disposition program.

I believe we have to assure that the lands that are made accessible are available for new farm operations.

In keeping with the whole philosophy of the Reclamation Act, of not only supporting but sustaining and hopefully increasing the opportunities for small family farms, I think we must provide some guarantees in the provisions of the law which call for divestiture.

This may be the only way we can make sure these lands are not held within large family groupings beyond those allowed under the law, and this will give both the landowner, I think, and the general public access to acquiring these excess lands.

I know of no fairer system than a lottery, and this is not a total lottery but a limited lottery, which would give everyone and anyone who is interested in establishing a family farm an opportunity to acquire some of these access lands.

That is just the summary of what my amendment attempts to do, and I am ready to vote.

Mr. EXON. Mr. President, will the Senator from Oregon yield?

Mr. HATFIELD. I am happy to yield.

Mr. EXON. I wish to associate myself with the remarks of the Senator from Oregon, and, if it is acceptable, I would like to join him as a cosponsor of the amendment.

Mr. HATFIELD. I appreciate the request of my good friend from Nebraska, and I ask unanimous consent that his name be added as a cosponsor of the amendment at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, if it is in order, I would like to ask for the yeas and nays on the matter before us.

Mr. CHURCH. Mr. President, I wish the Senator would not press for the yeas and nays, because it had been our hope that we could dispose of this amendment tonight. The Senator from Oregon, when he originally introduced the amendment, said to the Senate that he would not ask for a yea or nay vote on it.

The Senator is within his rights, if he wants to insist, but under the circumstances, if we are going to go to a yea or nay vote on this issue, then we will have to put it over until tomorrow, because when the amendment was introduced Senators were put on notice that no yea or nay vote would be called for by the principal sponsors.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield.

Mr. ROBERT C. BYRD. I do not believe that we ought to—I would not want to, for myself, say that if the yeas and nays were ordered it would be put over until tomorrow. I do not know what understanding other Senators may have had, but I have not given out any impression to anyone that we would not have any further rollcall votes today. Whether the Senator wants the yeas and nays is not a matter of concern to me.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. HATFIELD. When I brought up this amendment, I only stated, because of many questions put to me by colleagues, to make it quite clear, that I would not ask for the yeas and nays. I would not speak for anybody else, but as far as I as author of the amendment am concerned, I will not ask for the yeas and nays.

What kind of action was taken based on that commitment on my part I do not know, but I do feel that perhaps I would like to associate myself with the Senator from Idaho in urging the leadership to consider the possibility of putting the vote over until tomorrow, if the Senator from Nebraska requests the yeas and nays, because I do feel that there were those who made decisions as to their presence on the Hill on the basis of my statement that I was not going to ask for a rollcall.

Mr. ROBERT C. BYRD. Mr. President, if it is the desire of the two managers to put the vote over, in the event that Mr. EXON asks for the yeas and nays—and he is entitled to that right—I will be very glad to put the vote over; but I think all Senators are aware of the fact that simply because the manager of the bill or the ranking minority member indicates that he does not intend to ask for the yeas and nays, they are not free to go home, because any Senator has that right, and they all know that.

If the Senator from Nebraska desires the yeas and nays, let us have them ordered now, and I will see that we will get to a vote.

Mr. EXON. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. EXON. I said on this floor this morning, and I will outline my position again, that I supported every amendment down the line to make the Reclamation Act fair. I am in strong support of, and have asked to be added as a consponsor of, the amendment offered by my friend from Oregon. I am going to ask once again for the yeas and nays. I certainly have no objection whatsoever to putting the vote over until tomorrow.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

● Mr. SIMPSON. Mr. President, raising this subject of reclamation has conjured up visions of hardy pioneers fulfillng the "manifest destiny" of this country during the turn of the century when this legislation was originally adopted.

To some extent, we all seem to become victims of our own institutions and history. The 160-acre limitation on the size of farms was first enacted in the 1902 Reclamation Act as an entry requirement for acqusition of public land. This acreage limitation provided for the disposal of public lands for the purposes of homesteading the West. The 1902 Reclamation Act carried forward the philosophy of the Homestead Law—being that once a settler had lived on and worked the land for 5 years and given proof of cultivation he was granted full title to it and could do with it as he pleased free of Government control. The Reclamation Act only added one requirement not found in the Homestead Law. Settlers were required to repay the cost of building the reservoirs and canals necessary for water delivery—with no interest charge included.

Those individuals who have become detractors from this form of S. 14, as reported from the Energy and Natural Resources Committee, have taken the position that this legislation amounts to some tremendous agricultural subsidy, which allows farmers in the western part of the United States to enjoy a competitive advantage over their fellow agriculturalists in other farming areas of the United States.

This is a very stilted and distorted view of the purpose of the reclamation program. Those of us in the West have long approached this program as a public works program designed to provide an "engine of economic growth." We view the question of the amount of Federal support for western water projects in the same light that we consider Federal flood control and navigation projects which benefit other portions of this country. On this point, it is important to note that the repayment of original costs of construction has always been a feature of western reclamation water programs, whereas the Federal Government has never required that Federal financing for flood control and navigation projects, which benefit much less arid regions of this country, be repaid to the public treasury.

The "Winning of the West" was accomplished several generations ago. A pattern of land ownership on reclamation projects has now been established through generations of land transactions.

The availability of water supplies, obtained from lands that were formerly under agricultural production, has been one of the chief factors in producing the now established economies in many of our Western States. Water provided by reclamation projects has been one of the major factors in contributing to the successful growth of such areas as Phoenix, Ariz.; Denver, Colo.; and Los Angeles, Calif. Federal tax receipts produced by irrigated agriculture on reclamation projects amount to $1.833 billion annually. If you consider the amount of State and local taxes and the net increase in business activity produced by reclamation projects the issue of Federal subsidy evaporates. What the Interior Department calls a "subsidy" is merely an estimate of the uncollected interest on a portion of construction funds—not a direct payment in any manner.

The reclamation program has operated in much the same way as the continual development of navigation and inland waterways has served to produce very desirable economic benefits in the Northeast United States, and as the harnessing of rivers which had previously produced annual destruction in the Southern States has proven to be an economic benefit in that area of the United States.

Environmental considerations and public recreation have also greatly benefited from reclamation projects. Later reclamation projects have specifically incorporated components which provide for betterment of fish and wildlife habitat as well as for surface water recreation. This multiple-purpose concept provided that various accounts be established for the different types of benefits that were produced by reclamation water-development activities. Repayment of costs, with interest, is required for municipal and industrial water components as well as for those features which were designed for hydroelectric power. Irrigated agriculture has traditionally been required to repay the original cost of construction. Benefits for fish, wildlife, environmental enhancement, and recreational purposes which accrue to the general public have not been assessed their original cost components.

As we conclude debate on the merits of reforming the reclamation law, I ask that several factors be retained in mind by my colleagues attempting to make an informed and rational decision based upon a convincing presentation of the facts by each side. Those factors are the following: First. The reclamation acreage limitation is an institutional creation originating from a point in history when we were attempting to establish the criteria for the entry of citizens upon vacant public lands for the purposes of populating the Western United States. Second. The need to assess the economic reality of contemporary agricultural production if Congress is determined to press the requirement that there be an acreage limitation placed upon the eligibility of an individual farmer to receive water from a Federal reclamation project. As I have stated previously, the American farmer has always been market oriented. He has never been "peasant-minded" in the sense of a desire to be enslaved to his land in a subsistence operation, for generation after generation. Third. Western reclamation projects are most properly categorized as other public works efforts more familiar to many of our colleagues which involve flood control and navigation purposes. Fourth. Private beneficiaries of these projects have always been required to repay the full costs of construction to the Federal Treasury, whereas navigation and flood control have never been required to make such a public accounting. Fifth. Multiple-purpose reclamation projects more recently have incorporated into their future usage, recreational aspects and the enhancement of environmental values. Those costs have been borne by the general public and assessed by a Congress responding to the true needs for such objectives and programs. S. 14 deserves our full support.●

LEGISLATIVE PROGRAM

Mr. ROBERT C. BYRD. Mr. President, will the distinguished manager of the bill yield to me?

Mr. CHURCH. I yield to the majority leader.

ORDER FOR RECESS UNTIL 8:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, the Senate will come in at 9 o'clock tomorrow morning. I ask unanimous consent that after the two leaders or their designees have been recognized—I see that we have three special orders coming up. I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 8:30 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

(This order was subsequently modified, as indicated below.)

ORDERS FOR RECOGNITION OF SENATORS STONE, HARRY F. BYRD, JR., AND JOHNSTON TOMORROW

Mr. ROBERT C. BYRD. I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order tomorrow, the Senator from Florida (Mr. STONE) be recognized for not to exceed 15 minutes, that the Senator from Virginia (Mr. HARRY F. BYRD, JR.) be recognized for not to exceed 15 minutes, and that the Senator from Louisiana (Mr. JOHNSTON) be recognized for not to exceed 15 minutes, after which the Senate resume its consideration of the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. That would mean, Mr. President, that the Senate would resume its consideration of the pending business at around 9:30 or a little before. What is the wish of the distinguished manager of the bill and the wish of the distinguished ranking member as to when the vote should occur on the amendment now pending?

Mr. CHURCH. May I ask, Mr. President, how much time remains to the proponents and the opponents of the pending amendments?

The PRESIDING OFFICER. The Senator from Oregon has 16 minutes and the Senator from Idaho has 19 minutes.

Mr. CHURCH. I would ask, then, that we each have our respective amounts of time to debate the amendment, after which we proceed to a rollcall vote.

Mr. ROBERT C. BYRD. So then the vote would occur at around 10 o'clock?

Mr. CHURCH. At around 10 o'clock.

Mr. ROBERT C. BYRD. Should we agree on a definite time, so all Senators will be on notice?

Mr. CHURCH. Could we agree, Mr. Leader, that the vote should not occur later than 10 o'clock?

Mr. ROBERT C. BYRD. Perhaps we had better say 10.

Mr. BAKER. Let us say 10.

Mr. CHURCH. Ten o'clock.

Mr. BAKER. At that hour.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote occur on the pending amendment at 10 o'clock tomorrow.

The PRESIDING OFFICER (Mr. METZENBAUM). If no other Senator objects, the Chair will raise an objection.

Mr. ROBERT C. BYRD. Well, if there is objection, Senators are left in a state of puzzlement, but they can be sure the vote will occur around 10 o'clock, because the time on the amendment will expire, unless time is yielded on the bill. I guess we will have to leave it at that.

The PRESIDING OFFICER. The Chair objects.

Mr. ROBERT C. BYRD. I beg the Chair's pardon?

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from Ohio, objects. I have a 9 o'clock appointment.

Mr. ROBERT C. BYRD. I had heard the Chair's objection; that is what I was responding to.

The vote will occur around 10 o'clock; unless the managers of the bill yield time therefrom for further discussion of the amendment, the vote will occur around 10 o'clock tomorrow morning.

Let me say, while I have the floor, that it is the intention of the leadership to complete action on this bill tomorrow, or if not tomorrow, on Saturday. The Senate will take up the second concurrent budget resolution on Monday. I gave assurance to the managers of the bill and the distinguished minority leader that once the Senate began its consideration of this bill, it would not leave the bill until the bill had been disposed of.

ORDER FOR RECESS FROM CLOSE OF BUSINESS TOMORROW UNTIL 9 A.M. ON SATURDAY

I ask unanimous consent that when the Senate completes its business tomorrow, it stand in recess until the hour of 9 o'clock on Saturday morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Hopefully, I will say to my friend, we can complete action on the bill tomorrow, so that we can vitiate the order for Saturday. That may mean that the Senate will be in session later tomorrow.

Mr. STONE. Mr. President, will the distinguished majority leader yield?

Mr. ROBERT C. BYRD. Yes.

Mr. STONE. I would ask unanimous consent that the majority leader withdraw the order for my time on tomorrow morning, because both Senators from Florida are planning to accompany the President to west Florida and Alabama to survey the hurricane damage.

ORDER FOR RECESS UNTIL 8:45 A.M. TOMORROW

Mr. ROBERT C. BYRD. I thank the distinguished Senator. I ask unanimous consent that the order previously entered for the recognition of Senator Stone on tomorrow be vitiated, and that when the Senate completes its business today, it stand in recess until the hour of 8:45 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Then there will be no more rollcall votes today. I thank the distinguished managers.

Mr. THURMOND. Mr. President, I ask unanimous consent that a statement by me——

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. I ask unanimous consent that no time on the amendment be charged for the remainder of the day.

Mr. CHURCH. I yield the Senator 1 minute on the bill.

THE DEATH OF F. W. SOSSAMON

Mr. THURMOND. Mr. President, Mr. F. W. Sossamon, Sr., a well-known and well-respected South Carolina journalist, died recently ending a long and honorable career.

I knew Mr. Sossamon for many years, and he was a man of distinction and integrity. He was a good friend who was dedicated and sincere in everything he undertook.

Mr. Sossamon, the retired owner and publisher of the Gaffney Ledger, helped mold his newspaper into one which, in his own words is "devoted to the best interests of the people of Cherokee County." His hard work and leadership made the Ledger one of the most technically innovative newspapers in South Carolina.

For more than 40 years, Frank Sossamon published the Gaffney Ledger, and he earned the respect of all his colleagues. He was an able businessman who steered his paper through times which were often perilous.

Frank Sossamon was also a man deeply concerned about his community and his State. He was a life member of the Gaffney Rotary Club and was a recipient of the Silver Beaver Award from the Boy Scouts. Many will long remember him for his fight to have Cowpens National Battlefield enlarged. It was through his tenacity and perseverance that this important battleground grew from a one-half-acre site to the present 845-acre national battlefield.

Frank Sossamon was a fine Christian man who will be sorely missed, and my deepest sympathy is extended to his lovely wife Will, his devoted sons Frank and Louis, and his beloved daughters Mrs. Will Hartzog and Mrs. Laura Turner.

Mr. President, in order to share with my colleagues, an editorial and article concerning Frank Sossamon's death, I ask unanimous consent that they be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Gaffney (S.C.) Ledger,
June 18, 1979]

FORMER LEDGER PUBLISHER, OWNER F. W. SOSSAMON SR. DEAD AT 91

Frank Wilmore Sossamon Sr., retired publisher and owner of The Gaffney Ledger, died Sunday afternoon at Brookview House after a long illness. Mr. Sossamon, who is survived by his wife of 65 years, Will DeCamp Sossamon of 330 College Dr., was 91.

A native of Charlotte, N.C., Sossamon came to Cherokee County in 1911 as a traveling auditor for Southern Railway. His first assignment with The Ledger was as bookkeeper.

In 1927 Mr. Sossamon, then business manager, and S. C. Littlejohn, local editor, purchased The Ledger from Sossamon's father-in-law, Col. Ed H. DeCamp, who had founded the newspaper in 1894. Through strong management, Sossamon and Littlejohn led the newspaper through the difficult years of the Great Depression and into an era of growth.

In 1963 Sossamon became sole owner of the publication after purchasing the interest of Littlejohn. In April, 1965, he led the newspaper in becoming one of the first in the state to make the change from letterpress to modern offset printing.

In 1968 at 80 years of age, Sossamon decided to retire and sold his interest in The Ledger to his son, who is the current publisher.

In more than 40 years of publishing The Ledger, Mr. Sossamon became noted as one of the best businessmen in his field, yet he always exalted the newspaper's longtime pledge, "A newspaper in all the word implies, devoted to the best interests of the people of Cherokee County."

Mr. Sossamon also served his community and profession, having been a past president of the S. C. Press Association, an elder of Limestone Presbyterian Church, a member of the old District 10 school board when Gaffney High School was built, and a life member of the Gaffney Rotory Club. His awards were many, but the ones of which he was proudest were the Silver Beaver Award from the Boy Scouts and awards for decades of perfect attendance at Rotary meetings.

Dr. Reid Montgomery, executive secretary of the S. C. Press Association, expressed the sympathy of the organization at the death of "one of the pioneers and leaders in the press association. He always stood for better things and left as a legacy one of the finer newspapers in the state. His leadership in the association was a part of the continued leadership which has come out of Gaffney."

In addition his wife, Mr. Sossamon is survived by two sons, Frank W. Sossamon, Jr., and Louis C. Sossamon of Gaffney; two daughters, Mrs. L. T. Hartzog of Gaffney and Mrs. Charles Turner of Rock Hill; a brother, Thomas Edward Sossamon of Daytona Beach, Fla.; 13 grandchildren and 14 greatgrandchildren.

Graveside services will be held at 11 a.m. Tuesday at Oakland Cemetery by the Rev. George Ducker.

Pallbearers are Larry, Cody and Frank Sossamon III, Tommy, Bobby, Rhett and Charles Hartzog, Frank, Scott and Charles Turner, Jr.; honorary escort will be members of the Gaffney Rotary Club, Gaffney Ledger staff, elders and deacons of Limestone Presbyterian Church.

In lieu of flowers, contributions may be made to Limestone Presbyterian Church or Thornwell Orphanage in Clinton.

Shuford-Hatcher Funeral Home is in charge.

FRANK SOSSAMON

He was frank, firm and fair.

Next to his family, he loved work best.

Long hours, hard work and difficult decisions were all a part of what it took to bring The Gaffney Ledger through the depression years and beyond.

Frank W. Sossamon, Sr., was one of the best businessmen in his field. He was because he worked at being the best.

Mr. Frank moved this newspaper forward from the time he and S. C. Littlejohn acquired it from Col. Ed. H. DeCamp, the founder, in 1927, until he acquired sole ownership in 1963.

Working long past normal retirement age, Mr. Frank pushed the newspaper into the modern age of offset printing and new horizons before he retired in 1968 at the age of 80.

Those who worked with him knew it meant working beside him, for he took every task seriously.

He spoke frankly. His decisions were firm and forthright. And he was fair and honest to a turn. He was loved and respected by those of us whose privilege it was to work with him and learn from him.

He was proud of this newspaper and he shared that pride with all of us.

His fondest memories were of those days when sunup to sundown work was not only the vogue but a necessity.

He recalled those days with the railroad, how he had to be accurate and punctual and how his job was exacting and challenging.

From an early morning breakfast at the boarding house, where he would often enjoy his favorite meal . . . biscuits and molasses . . . to the railroad job. He remembered not only those days but had a photograph of the everyday happenings etched in his memory. He had almost total recall.

His keen business acumen stabilized this newspaper in the days when others were falling around him. What we are today, we owe to his efforts.

Perhaps his greatest single achievement came about the business of the heart. When he met, courted and married Will DeCamp, Mr. Frank admittedly closed the "best deal" of his life. "I would have been better," he often told us, "if I had listened to her and heeded her advice more often."

He was frank, firm and fair, but he was also a fighter. In his later years, when infirmity challenged, he showed his ability to carry on the battle. He fought a good fight, but, as years have a way of doing, the foes of time tired his body and, in gentle simplicity, stilled his fighter's heart.

In his firmness, he would set his jaw, steadfast against whatever faced him. But, inside, he was sympathetic, caring and shared with each of us in our times of sorrow, grief and pain.

He was our leader, our confidant, our strength and our assurance. He gave us what we needed to face today and not worry about tomorrow.

Mr. Frank lived a full and productive life. He and his wife reared a fine family in a God-fearing environment. His love for country was manifested in the contributions he made through his personal life and this newspaper. He waged an on-going battle to have Cowpens Battleground enlarged and better recognized, a battle he finally won after years of minor victories and defeats.

So, it is a new day. Somewhere there must be a desk piled high with work. And, even though Heaven's deadlines are not likely calling for the presses to run at noon, Mr. Frank is doubtless looking at his railroad pocketwatch. He's just checking the time, making sure some of those who ran the presses, set the hot lead lines on the old linotype, and tosses the papers from the basket of an old bicycle, are on the job.

"Flaw Picker, Jim, Briggs, Darby, Sam and on and on. This list grows longer, but the job grows easier . . . the publisher is here and he's ready to go to work."

THE GROWTH IN U.S. TEXTILE EXPORTS

Mr. THURMOND. Mr. President, I was most encouraged to read recently in the Wall Street Journal that U.S. exports of textile goods and apparel are continuing to grow at a rapid rate.

This is good news for the national economy and for States such as South Carolina where textile manufacturing is crucial in providing jobs, tax revenues, and other economic activity. Especially in this period of economic slack, the favorable trend in textile exports is heartening, because export marketings are less vulnerable to a recession.

As this news article points out, exports of textile mill goods through the first half of 1979 are up 52 percent over last year to a volume of $1.4 billion. Overseas sales of apparel are also up 49 percent over the comparable period in 1978 to a total of $371.6 million.

While this growth is most encouraging, the volume of imported textile goods and apparel still exceeds exports and remains a major concern of the textile industry, especially the apparel sector. Apparel exports during calendar year 1978 grew to $551 million, but imports were nearly nine times as great at $4.8 billion. The apparel industry is making progress, but it continues to be difficult to compete with the very low wage Asian countries, such as China and South Korea, where wage rates are a mere 41 cents per hour. Exports of unfinished textile goods, however, are in a much stronger position compared with imports, because our U.S. manufacturers enjoy an advantage in technology and are less reliant on labor. 1978 exports of textile goods reached almost $2 billion, compared with imports of $2.2 billion.

Mr. President, I want to take this opportunity to congratulate the management and employees of U.S. textile firms, who are continuing to enhance productivity and are making aggressive strides in promotion of exports. I am pleased to see that the Commerce Department is stepping up its efforts to persuade other nations to "buy American." It is my hope that the recently concluded multilateral trade agreements will support continued growth of U.S. textile exports. Under the MTA, the United States agreed to reduce tariffs on textile imports by approximately 20 percent in exchange for comparable concessions by foreign countries. I call on our U.S. trade officials to carefully monitor the level of textile imports and the reciprocal performance of other nations under the MTA. Textile manufacturing is too important to our economy to allow it to suffer at the hands of unfair competition from low-wage foreign countries who would seek to dump their goods on U.S. markets.

Mr. President, I think this is also an opportune time to point out to Congress and to the administration what private industry can do to help our national economy if given a chance. The very worst possible thing the U.S. Government could do at this time would be to further burden the textile industry with more regulations, which add to costs without contributing to productivity. If we hope to compete with other nations in textile and apparel manufacturing, as well as in other areas, we must resist efforts to cripple industry with more and more costly, time-consuming laws and regulations. If we are really concerned about job opportunities; if we truly want to encourage economic growth, a higher standard of living, and improved quality of life for Americans, then Government must support efforts of private industry to expand output and develop new markets, rather than shackling businesses in a regulatory environment that makes it increasingly difficult to compete in world trade markets.

Mr. President, in order to share this excellent article from the Wall Street Journal with my colleagues, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TEXTILE, APPAREL CONCERNS GEARING UP TO ATTRACT LARGER SHARE OF EXPORT MARKET

(By Jeffrey H. Birnbaum)

In its 94-year history, Cannon Mills Co. hasn't thought much about exporting.

"A small number of relatively low-level employes" used to compose what the textile company called its "export department," says Otto Stolz, executive vice president.

All that has changed recently. Last year, Cannon's export sales ballooned to about $30 million, which, while they were less than 6 percent of total volume, were a 20 percent increase from the year earlier and five times what they were in 1971. Within the past year, too, the director of what is currently Cannon's international department was elevated to vice president. "One of our major corporate policies is to expand our export and international activity," says Mr. Stolz, who projects another "significant" increase in export volume this year.

In the textile business, as well as the allied apparel industry, Cannon is far from unique in its recent and growing emphasis on exports. Taking advantage of the dollar's reduced value, which has made U.S. goods more competitive in world markets, softgoods manufacturers increasingly are eyeing exporting as both a short-term hedge against a U.S. recession and a long-term market strategy of significant potential.

Textile and apparel makers are "reappraising the overseas market and slowly beginning to treat it as a valued market," says Jay J. Meltzer, an analyst for Goldman Sachs & Co. He says this is "a big change" that should continue "for several years." Exporting, he asserts, "is . . . becoming critical for the health and well-being of the entire industry."

EXPORTS HAVE ZOOMED

Already exports have zoomed. In the first half of this year, textile mill product exports rose 52 percent to $1.42 billion from the year-earlier period. Apparel exports jumped 49 percent to $371.6 million. Cotton denim in large volume is being sold to Italy, France, Hong Kong, Canada, Belgium and Britain. First quarter exports of cotton corduroy (the latest figures available) leaped more than 20 times to France and more than fourfold to Italy and West Germany.

As for apparel, U.S.-made men's and boys' nonknit denim trousers were exported to Ireland for the first time this year and to Denmark for the first time to any significant degree. Similar trouser exports to the United Kingdom rose more than 50 percent from last year's first quarter to $4.8 million.

The apparel exports, of course, are still minuscule compared with imports, which have long been the bane of U.S. clothing makers. Last year, U.S. apparel companies exported $551 million of garments compared with imports of more than $4.8 billion, mostly from Asia. "How can you compete with 41 cents an hour in Korea?" complains one industry analyst, referring to the average 1977 hourly wage of a Korean garment worker.

Textiles, however, are in better balance. Advanced technology and limited reliance on labor already combine to make the U.S. the lowest-cost producer of many fabrics, including denim and corduroy. As a result, in 1978 textile mill exports of about $2 billion were only slightly behind imports of $2.2 billion. Indeed, says one textile industry economist, exporting "is the textile industry's road to survival."

OPPORTUNITIES ARE THERE

Some executives are convinced that exports could be a major boost for the apparel industry, too, if a better job were done to sell American goods abroad. Previously, the U.S. apparel industry used the export market "to unload things you couldn't sell in the states," says Ted Troy, who moved from Burlington Industries last December to become president of Kayser-Roth Corp.'s international division. His job is to expand exports. "The opportunities are there and the apparel industry generally hasn't capitalized on those opportunities," Mr. Troy says.

In addition to appointing a new vice president for export sales, Kayser-Roth International has begun adding regional sales managers for Western Europe, Latin America, the Caribbean and Asia, and eventually hopes to have them for the Mideast and Africa. Mr. Troy says he is looking for a sales increase of more than 30 percent for his division in the first fiscal year of the expansion starting Aug. 1. He adds, "I'm sure we'll do more than that in the second year."

Until recently, Kayser-Roth had concentrated mostly on exporting men's socks. The company currently is looking at exporting a variety of quality goods and plans in time to tailor the socks, jackets, active sportswear and swimwear it will export to fit the taste of specific overseas markets.

The exporting trend may also get a boost from the recently negotiated Multilateral Trade Agreements that were signed this summer. Under the agreements, the U.S. would lower its tariffs on foreign apparel and textiles by about 20 percent overall, matching similar tariff reductions by the many foreign countries, says Peter Murphy, assistant to the chief U.S. textile negotiator.

EFFORTS ARE BOLSTERED

In addition, the Commerce Department has bolstered its efforts to urge foreigners to "buy American," partly to appease the textile and apparel industry for an unpopular reduction of U.S. tariffs. Under a new joint program with the apparel and textile industries, market surveys of some 40 nations are being compiled and export seminars are being arranged. Trade fairs and missions are also being scheduled.

"In 1980, we will probably have a total of eight trade missions and be involved in about 10 trade shows," says Peter A. Cashman, acting director of the Commerce Department's market expansion division. "We have never made this overall effort in the past." Among other things, Mr. Cashman's division is also trying to get a study started to determine if a government-sponsored apparel and textile trading company would be feasible. The trading company would act as the export department for small and medium-sized companies that can't afford such a department on their own.

The Commerce Department's joint program with the apparel and textile industry has already sparked a new sense of optimism in the apparel industry.

"There isn't any question in my mind that this industry will at least double its current level of exports" within three years, says Kevin Loftus, international committee chairman of the American Apparel Manufacturers Association. "The timing couldn't be better."

Some companies, particularly textile concerns such as Cannon Mills, are already seeing big gains, Robert S. Small, chairman and chief executive officer of Dan River Inc., a large textile company, told a recent gathering of securities analysts that his company's exports were up almost 150% in the first five months this year from a year earlier. "This is an area that I think offers a great deal of promise," he said.

THE VALUE OF EAST-WEST TRADE

Mr. THURMOND. Mr. President, an excellent editorial entitled "Discredited Myth" appeared in the August 31, 1979, issue of the Aiken Standard newspaper in Aiken, S.C.

This editorial is right on target when it discredits the myth that trading with the Soviet Union encourages them to take a less aggressive role in world affairs.

In July the Senate passed some amendments to the Export Administration Act designed to tighten up trade with the Soviets and Eastern bloc nations. I supported all of these amendments and I hope the House will tighten up the bill even further.

Especially disturbing to me is the fact that we have sold to the Soviets equipment which has been used to strengthen the military arsenal with which they threaten us and promote communism around the world. It is foolish to aid a nation which is determined to destroy our own system.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Aiken (S.C.) Standard, Aug. 31, 1979]

DISCREDITED MYTH

The notion that expanded East-West trade would induce the Soviet Union to assume a less-threatening role in world affairs was once part of the mythology of Soviet-American detente. The evidence of the last few years has, of course, discredited this rosy theory.

Nevertheless, American corporations are still vitally interested in the profits to be made from sales to the Soviet Union. The problem in all this is that the Soviets covet primarily the advanced technology their own economy has yet to produce. And much of this technology has potential military applications.

The Soviets are generally required to promise that technology purchased from U.S. companies will not be diverted to military use. Experience teaches that Moscow's word on this is no more reliable than, for example, its promises to observe the human rights provisions of the Helsinki agreement.

In 1972, the Commerce Department approved the sale of highly sophisticated precision grinding machines used in the production of miniature ball bearings. There is good reason to believe that this technology helped the Soviets develop multiple warhead systems for intercontinental ballistic missiles aimed at the United States. More recently, the Soviets have been diverting heavy truck and diesel engine production from their huge Kama River plant to military use. The plant, the largest heavy truck production facility in the world, was built with the assistance of $1.5 billion in technology purchased from American corporations.

The Commerce Department is, under current law, responsible for regulating the sale of technology to foreign countries including the Soviet Union. In theory, the department is supposed to prohibit the sale of technology that could endanger American security. Commerce Department officials are also supposed to monitor Soviet use of American technology as a safeguard against its diversion for military purposes.

But the law that supposedly bars the sale of militarily significant technology to the Soviet Union is so loosely worded that almost any sale can be justified or, more correctly, rationalized. As for monitoring the Soviets' end use of American technology, a senior Commerce Department official admitted in congressional testimony last May that it is almost impossible to obtain conclusive proof to Soviet cheating even assuming that diversion can be detected in the first place.

Which brings us to the Carter administration's bill amending and renewing the Export Administration Act, the law that regulates the sale of American technology to foreign nations.

As proposed by the administration, the bill would have weakened the already inadequate safeguards against technology transfers that endanger American security. Typically, the White House and its political appointees at the Commerce Department seemed more interested in appeasing Moscow that in heeding the lessons of recent years.

Fortunately, the Senate saw things differently. It amended the bill to grant the Department of Defense primary responsibility for drafting the list of products and technologies subject to export restrictions. And it also inserted language requiring the Commerce Department to consider the inadequacy of current end-use monitoring in deciding whether a particular export application should be approved.

We hope the House retains these safeguards when it takes up floor debate on the bill. Tighter restrictions on technology transfers will, of course, limit the profit potential of East-West trade. But it should be obvious that bartering away our national security is no solution to this country's foreign trade deficit.

Mr. PRYOR addressed the Chair.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. PRYOR. I am glad to yield.

Mr. ROBERT C. BYRD. The distinguished Senator from Arkansas has yielded to me.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business for not to exceed 15 minutes, and that Senators may speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY PROBLEMS RELATING TO AMERICA'S ELDERLY POPULATION

Mr. PRYOR. Mr. President, today the Senate Special Committee on Aging, of which I am a member, began hearings on the problem of energy as it relates to America's elderly population.

As a Senator from a State having the second highest percentage of elderly people in the Nation, I am deeply concerned about the impact of skyrocketing fuel costs on America's elderly.

Call the energy situation what you will—a problem, a dilemma, a crunch, a squeeze—but our Nation's elderly the only word which adequately describes it is a daily "crisis." Whatever discomfort, expense or inconvenience the average American suffers as a result of surging OPEC prices, double digit inflation, and the cost of oil decontrol, the elderly suffer manifold. In enacting a national program to improve our energy situation, it is unthinkable that we would not provide for the serious and particular needs of this very important segment of our population.

Inability to pay fuel bills is a humiliating experience for our elderly. My great concern is that in too many situations, elderly people who are understandably proud refuse to seek what energy assistance is available. Instead, they scrimp in other areas as basic as food, clothing, or medicine. It is thus very important that the tone of any program we enact is not of Government dole, but rather a perfectly justified and desirable adjustment for a system which is inequitable for those living on fixed incomes.

The past 5 years have shown that the elderly are particularly sensitive to any changes in energy pricing and availability.

Nationally, the elderly account for almost 50 percent of poor households and for over 55 percent of households in the extreme need category in the nation. It is apparent that these low-income pay a far higher proportion of their annual income for energy than do higher-income households. Last year, the average low income household spent almost 20 percent of its income on household fuel and other utilities.

In some regions of the country last winter the low-income paid fully half or more of their monthly income for energy. Unfortunately the prospect for the future is no brighter. Assuming an additional price increase of 25 percent, the percentage of an average household budget spent on energy will rise to 23 percent.

PARTICULAR PROBLEMS OF THE ELDERLY

As we set to work to relieve this unbearable burden on the elderly, it is essential that we examine some of the reasons the elderly are so hard hit by rising fuel costs.

First. The majority of the elderly live in low-grade housing in need of repair and weatherization. The homes are often old and large, built in a time when conservation was not emphasized, with high ceilings, drafty windows, inadequate insulation and the like. The elderly often lack the ready cash to make needed repairs, even though it would be beneficial to them in the long run.

Second. The income of the elderly does not keep pace with rising energy costs. According to Bureau of Labor Statistics for the first 6 months of 1979, household energy costs have increased at twice the rate of social security benefits. In July alone, heating oil prices were up 6.2 percent for the sixth consecutive large increase. Since 1974, following the Arab oil embargo, the cost of home heating fuels has risen an average of 110 percent, while social security benefits have risen only 24 percent. Because energy costs have so far exceeded the increase in the average income of the poor, this group has lost $4 billion in purchasing power since 1972.

Third. Conservation is not a viable option for the elderly. It is much harder for the elderly to adjust to lower temperatures, and usage figures show that the low income are already conserving as much energy as is desirable or healthy. Further reduction in consumption could place many elderly at the very brink of survival.

Fourth. Our current energy pricing policies discourage conservation and are unfair to frugal energy users. Elderly and other low-income persons must pay a higher cost for the energy they use than other income groups. Changes in this structure are needed. For example, a demonstration project in Arkansas funded by the Federal Energy Administration showed that pricing alternatives do indeed cause customers to shift their electric usage patterns.

CURRENT PROGRAMS

Since the cruel winter of 1977, Congress has made significant inroads in the area of energy assistance to the elderly. Through the special crisis intervention and energy assistance programs administered by the Community Services Administration, and the home weatherization program administered by DOE, many households have been helped in time of need.

The 1980 appropriations contain $250 million for continuation of the crisis intervention and energy assistance programs. In 1979, part of the $200 million authorized was distributed to the States by formula and the rest was distributed throughout the year for supplemental crisis intervention programs and winter-related disaster relief programs. Families at or below 125 percent of the poverty level were eligible.

DOE's weatherization program provides grants up to $800 for low-income persons to make energy improvements on their homes. These funds are also available for persons at 125 percent of the poverty level, with special emphasis on helping the elderly. DOE has requested $200 million in fiscal year 1980 for continuation of the weatherization program.

Arkansas' experience in administering DOE's weatherization program, I am proud to say, has been highly successful. Through a unique statewide delivery system, Arkansas was able to utilize the funds received for this program to best advantage.

All funding was administered through the Arkansas Department of Local Services rather than through the 19 local community action agencies scattered throughout the State. The statewide program provides two distinct advantages: First, it allows the State leverage to get better prices for insulation materials, better contracts with CETA, and better training for technical assistants and administrators; and second, it minimizes duplication of effort and bureaucratic redtape, evidenced by the fact that Arkansas was the first State in the Nation to be certified for the weatherization program in 1977 and 1978.

These programs are, at least, steps in the right direction. They are helpful, but not adequate. There are 16.2 million families in the category at or below 125 percent of the poverty level and 150 percent of the poverty level for the elderly; 7.2 million of these families are headed by persons aged 60 or older. A $250 million appropriation for the crisis intervention program would provide an average of only $35 per elderly family. However, last year's fuel bill for the elderly averaged $604. Clearly more aid is needed.

RECOMMENDATIONS FOR AN ENERGY ASSISTANCE PROGRAM FOR THE ELDERLY

A number of bills to ease the burden caused by rising fuel costs on America's elderly are currently pending before the Committee on Labor and Human Resources. These bills approach the problem through a variety of delivery systems, such as tax credits, energy stamps, and direct payments; and a number of eligibility levels, such as SSI, AFDC, and food stamp recipients and persons at certain percentages of the poverty level. In preparing one of these proposals for consideration by the full Senate, it is my hope that the committee will recognize elements which I feel are essential to an adequate relief program for the elderly.

First. Immediate relief must be provided. If a program is not in place by this winter, the health and safety of thousands of the Nation's elderly will be jeopardized. In addition, the legislation should establish a long-term program of energy relief for the elderly.

Second. The legislation should establish a "front end" payments system or other mechanism whereby eligible families are never required to pay high utility bills out of their own pockets.

Third. There should be provisions for educating eligible households as to available weatherization programs and the serivces of various agencies which would help them reduce their energy usage or provide additional aid.

Fourth. In determining the level of assistance to individual households, the legislation should account for percentage of income spent on energy as well as the income level. One possibility is a sliding scale taking into account income, type of dwelling, and type of energy.

Fifth. The legislation must set up an effective outreach program and must be relatively simple to administer. Administration should be conducted through existing channels, by the Federal, State, and local agencies with the most expertise in this area and the best access to all regions of the country. State governments should play a large role in the mechanics of delivery, such as determination of individual household eligibility, amount of subsidy to each household, execution of public information efforts and monitoring of the program.

Sixth. Funds should be set aside for continuation of an emergency assistance program to provide relief for those with exceptional need during times of energy-related emergencies of crisis situations.

Seventh. The legislation should address the problems of elderly in dealing with transportation problems as well as household fuel problems.

Eighth. The system should provide assistance for renters who do not pay their own utility bills, as well as individual homeowners.

Ninth. Consideration should be given to setting a lower threshold of eligibility for the elderly—perhaps 150 percent of the poverty level instead of 125 percent.

Tenth. The legislation should discourage unnecessary usage of energy.

Let me end by saying that enactment of a comprehensive energy assistance program for the elderly is a No. 1 priority in my mind. I hope that we will have one in place by the time cold weather is here again.

SENATE RESOLUTION 230—DIRECTION TO SENATE LEGAL COUNSEL TO REPRESENT A SENATE EMPLOYEE

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The second assistant legislative clerk read as follows:

A resolution (S. Res. 230) to direct the Senate Legal Counsel to represent a Senate employee.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the resolution be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, this question that the Senate would be deciding would be on allowing certain documents embraced in a subpena to be supplied.

Timothy Keeney, an employee of the Senate on the staff of Senator WEICKER, has been subpenaed in *Securities and Exchange Commission* v. *Wheeling-Pittsburgh Steel Corporation* (Misc. No. 7507), pending in the U.S. District Court for the Western District of Pennsylvania. The subpena was served on September 11, 1979, and is returnable tomorrow, September 13, 1979.

The Senate Legal Counsel has informed counsel that authorization of the Senate is requested prior to the release of any documents. This will require a careful analysis of the documents embraced by the subpena and, as counsel for the parties have been informed, additional time will be required to do this.

The limited question presented to the Senate today is whether the Senate Legal Counsel shall be directed to represent Mr. Keeney pursuant to section 704(a)(2) of the Ethics in Government Act of 1978, Public Law No. 95–521. The direction of the Senate Legal Counsel to represent the prospective witness does not constitute authorization to release any documents. The Senate will have the opportunity to address that matter at a future time.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 230) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

Whereas, in a proceeding entitled *Securities and Exchange Commission* v. *Wheeling-Pittsburgh Steel Corporation* (Misc. No. 7507), pending in the United States District Court for the Western District of Pennsylvania, a subpoena has been served on Timothy Keeney, an employee of the Senate directing him to appear, testify and produce documents, papers or records;

Whereas, Title VII of the Ethics in Government Act of 1978, Pub. L. 95–521 ("the Act"), establishes the Office of Senate Legal Counsel and provides that the Senate may direct its Counsel to represent the Senate, its committees, members, officers, or employees;

Resolved, that pursuant to Section 704(a)(2) of the Act the Senate Legal Counsel is directed to represent Timothy Keeney, a Senate employee, in this case.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I yield the floor.

REEXAMINING OUR UNEMPLOYMENT COMPENSATION SYSTEM

Mr. HATCH. Mr. President, this is a time in our history when the Congress has signified its approval of a general review on our entire U.S. employment insurance program by statutorily creating the National Commission on Unemployment Compensation. Unemployment insurance is a coordinated Federal-State program designed to compensate workers during periods of temporary unemployment. Workers who qualify are paid weekly cash benefits and the program is financed out of taxes imposed by the Federal Government and various States. These taxes are imposed on employers only except in a few States where employees are required to contribute.

The fiscal data for State unemployment compensation systems for 1979 reveals that employer taxes increased from $7.5 billion to $9.2 billion between 1976 and 1977—a rise of $1.7 billion or 22 percent. Employer taxes totaled $11.5 billion in 1978 and may go as high as $13 billion during this year—another 10 to 15 percent increase over 1977 levels.

Net reserve fund levels available to the States for the payment of benefits dropped nearly $10 billion during the 4-year period 1974–77—from $10.8 billion on December 31, 1973 to $950 million on December 31, 1977.

Total borrowing which must be repaid from employer taxes now totals $13.6 billion—an average of more than $200 per covered employee.

These developments unquestionably justify a thorough reexamination of the basics of this social structure at least in terms of the duration of benefits and the financing provisions of the system. Something has to be done to restore the program's solvency and integrity.

In this context, I call to my colleagues' attention an excellent article prepared by an eminent economist, Dr. Paul Craig Roberts, appearing in a recent edition of the Wall Street Journal. Dr. Roberts has eloquently pointed out that research by Drs. Benjamin and Kochin of the University of Washington have confirmed the glaring holes in the unrealistic Keynesian view of unemployment benefits—upon which our system is based and currently floundering.

Dr. Roberts performs a great service to the country by focusing on these studies. Hopefully this research comes at a time when it will be helpful to policymakers in reshaping and balancing our system to achieve the goals of unemployment compensation in a more responsible fashion. I trust that the National Commission will want to review this material in depth.

I ask unanimous consent that Dr. Roberts' article be printed in full at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POLITICAL ECONOMY—PHANTOM UNEMPLOYMENT

(By Paul Craig Roberts)

From 1921 to 1938 the measured rate of unemployment in Britain averaged 14 percent and never fell below 9.5 percent. The persistence of unprecedented high unemployment convinced John Maynard Keynes that insufficient aggregate demand was the cause and government deficit spending was the remedy. The appearance of his "General Theory of Employment, Interest and Money" in 1936 launched our era of demand management and budget deficits, culminating in rising inflation rates, stagflation and controls.

All for naught, say University of Washington scholars Daniel Benjamin and Levis Kochin. Reporting the results of the research on unemployment in interwar Britain in the June issue of the prestigious Journal of Political Economy, the scholars confidently state: "The army of the unemployed standing watch in Britain at the publication of the General Theory was largely a volunteer army." It was an army not pushed out of employment by insufficient aggregated demand, but pulled into unemployment by unprecedented high unemployment benefits.

Prior to 1920 and in the years just after World War II, the ratio of unemployment benefits to wages was low and did not have a substantial effect on the measured rate of unemployment. A big jump in benefits and coverage in 1920 ushered in a decade of legislation that progressively liberalized the benefits and reduced the requirements. By 1936 when the ratio of unemployment benefits to wages was at its peak, the unemployment insurance system had raised the unemployment rate by 6.5 to 10 percentage points. Over the 1920–38 period as a whole, professors Benjamin and Kochin find that the "insurance system raised the average unemployment rate by about five to eight percentage points."

Winston Churchill, who was responsible for the original unemployment insurance legislation, complained that the liberalization of the system had inflated the unemployment figures. He was concerned that the bogus figures would misdirect public policy and urged that they be disregarded. He didn't expect his advice to be followed because, as he put it, everyone could use the unemployment figures for advocating their schemes.

The fact that subsidizing leisure raised the unemployment measure will surprise no economist. But shattered and reeling Keynesians will demand the evidence. Suffice it to say that Benjamin and Kochin's empirical evidence survives the statistical tests and is far better than any evidence behind the Keynesian assertion that the unemployment was involuntary and caused by insufficient aggregate demand.

The professors add to their case by examining the behavior of juvenile unemployment and the effect of changes in the insurance system on the unemployment rate among married women. The juvenile work force was quite large, with compulsory schooling during the period ending at age 14. Yet juvenile unemployment averaged 5 percent during the same years that the overall unemployment rate averaged 14.6 percent. Moreover, the unemployment rate jumped sharply at age 18 and again at age 21. Unemployment among persons aged 18–20 was about double that of juveniles, and the rate for the 21–24 age group was about 50 percent higher than for the 18–20 age group.

The disparity in unemployment is explained by the disparity in benefits. The benefit rate for juveniles was low, and many could collect no benefits. At age 18 the benefits doubled, and they increased an additional 50 percent at age 21. As the system paid additional benefits for dependents, the span from age 16 to 21 saw a jump in unemployment benefits of more than 250 percent. Wages did not rise nearly as rapidly over this age span, so there were big jumps in the ratio of benefits to wages at ages 18 and 21 corresponding to the jumps in the unemployment rate.

In 1932 the unemployment rate for women fell sharply. The explanation is simple. Benefits paid to married women were reduced as a result of changes making it more difficult for women who were not in the work force to become "unemployed." As the rewards for being unemployed fell, so did measured unemployment.

Almost any system of unemployment benefits will cause measured unemployment to rise for two reasons. Some people will move out of paid work and into paid leisure. Others who would have chosen leisure anyway will simply contrive to avail themselves of the benefits. Governments can always add to the measured rate of unemployment by being more compassionate.

The professors' findings clear up a paradox that has long puzzled economists. The growth in British real income between 1920 and 1938 was as rapid as the country ever achieved over a period of comparable length, rising by one-third. By the end of the period there was a new England with "a general spread of prosperity unequaled in prior British history." These facts don't easily reconcile with a 14 percent rate of involuntary unemployment. Now we know that except for the depressions in the early 1920s and early 1930s, the unemployment rate was measuring the voluntary response of people who were capitalizing on a system that made leisure lucrative. Given the level of benefits, "the British economy was fully employed at 10 percent unemployment."

It is no wonder Keynesians failed to grasp the economics of unemployment benefits After all, their economic world is ruled by the mythical King Demand who permits no incentives or relative prices in his realm. Thanks to scholars like Benjamin and Kochin, science is steadily encroaching on the reign of Keynesian superstition.

WITCH HUNT DURING THE FIFTIES

Mr. HATCH. Mr. President, during the fifties, this Nation went through what has become known as a "witch hunt" for known Communists. In the intervening years, this fervor has subsided, in fact it has become somewhat of an embarrassment to many people that it occurred.

Communism remains the single most important threat to the freedoms enjoyed by the Western World. The leadership within the Kremlin continue to focus their efforts upon the dissolution of our way of life. To this end, they have been forced to adopt new methods.

It is apparent that open campaigning for Communist ideologies will not succeed in the United States. This knowledge has forced the Communist Party to maintain a lower profile in America. In many instances they have found it advantageous to work within other organizations, working their will from within. This poses a serious threat to our Nation.

I recently read a column which deals with this particular problem. Mr. William Rusher wrote a column entitled "Andy Young and Jesse Jackson: Explain." At this time he relates the story of a Mr. Hunter Pitts O'Dell. Mr. O'Dell has accomplished just what we fear the most. An active Communist in earlier years, he dropped out of sight only to reappear as a leader in the Southern Christian Leadership Conference. His background ultimately forced him to withdraw from the SCLC. This was in 1963.

He went unnoticed until he reappeared again this year with the Reverend Jesse Jackson during his visit to South Africa. He then appeared in a picture of advisers giving counsel to Andrew Young.

Mr. Rusher poses several questions which I feel need to be answered. Mr. President, I think that this column is essential reading to my colleagues and ask unanimous consent that it be printed in the Record.

There being no objection, the column was ordered to be printed in the Record, as follows:

Andy Young and Jesse Jackson: Explain

(By William A. Rusher)

New York.—Outgoing UN ambassador Andrew Young, his deputy Don McHenry, and Rev. Jesse Jackson all have some tall explaining to do. For all three have been associating openly with a longtime Communist activist, and circumstances preclude the possibility that they are unaware of his background.

This man's name is Hunter Pitts ("Jack") O'Dell, and I first ran across his spoor when I was associate counsel to the U.S. Senate's Internal Security Subcommittee back in 1956. At that time O'Dell, who is black, was district organizer of the Communist Party in New Orleans and leader of a white-collar Communist cell there that was under investigation by the subcommittee. Federal marshals, trying to serve a subpoena, found in his living quarters two fake Social Security cards made out to names O'Dell was using as aliases, 375 copies of the Worker setting forth "The Southern People's Common Program for Democracy, Progress, Peace", a November 4, 1955 directive from the National Organization Commission of the Communist Party, and an undated document headed "Proposals on Southern Party Organization—1955–56" containing instructions to "Join organizations that these workers are in, wherever possible—churches, Democratic Party, NAACP, etc."

O'Dell took the Fifth Amendment on every question put to him by the subcommittee on these and all related matters, then dropped out of sight. Late in 1962, however, the St. Louis Globe-Democrat reported that O'Dell had wormed his way into Martin Luther King Jr.'s Southern Christian Leadership Conference and was currently serving as the SCLC's Southeastern Director. In December that year Dr. King announced that O'Dell had resigned that position "pending an investigation" of his background. On July 27, 1963 the New York Times quoted Dr. King as telling a press conference that O'Dell had left the SCLC on June 26 " 'by mutual agreement,' because of concern that his affiliation with the integration movement would be used by 'segregationists and racebaiters.' "

Once again O'Dell dropped out of sight. The ruling passion of his life to that point however (he was then about 40) had been to pervert the civil rights movement to the purposes of the Communist Party, whose loyal servitor he was, and I know of no indication that the old leopard has subsequently changed his spots.

And yet in July this year O'Dell accompanied Rev. Jesse Jackson on the latter's noisy trip to South Africa. And on August 17 O'Dell was one of seven "friends and associates" depicted huddling with Andy Young, in a photograph on page one of the New York Times. (Jesse Jackson and Don McHenry were two of the others.) Not bad for the CPUSA's old New Orleans district organizer!

What's more, don't let anybody tell you these dignitaries didn't know about O'Dell's long Communist record. Young did, for sure: He was actually on the staff of the SCLC when O'Dell was forced out as its Southeastern Director.

No; what these people (and O'Dell, and many others like them) are counting on is the near-paralysis of the public mind and will where out-and-out Communists are concerned. Very well: Let this case be the test. Let's see just how far the paralysis has gone. To start the ball rolling, here are a few questions that badly need asking—and answering.

To Hunter Pitts O'Dell: You most certainly were a Communist back in the late 1950's. Are you still one? If not, exactly when did you resign? And is there any evidence that you have ever criticized the Soviet Union in any respect—e.g. its 1968 invasion of Czechoslovakia?

To Rev. Jesse Jackson: Were you aware of O'Dell's record? Did you—do you—care? What role has he played in shaping your views on South Africa, the PLO, and other subjects?

To Andrew Young: How long have you known O'Dell? Was the Times correct in describing him as one of your "friends and associates"?

To Don McHenry (copy to President Carter): Do you consider that an American diplomat at the UN is well advised to associate with Hunter O'Dell? To what extent have you done so, or plan to do so in the future?

I shall report on replies as they are received.

SALT II: A CONSTRUCTIVE ALTERNATIVE

Mr. HATCH. Mr. President, I would like to take just a brief moment to draw to the attention of my colleagues an article by M. Stanton Evans, "The Garn Alternative," recently published in the National Review. Mr. Evans makes note of the fact that my good friend and colleague, Senator Jake Garn, has drawn up a comprehensive alternative to the Carter administration's SALT II Treaty.

Senator Garn is well recognized as an articulate critic of the proposed SALT II Treaty who has spent many hours studying the multitude of complex issues involved in SALT and placing them in the broader context of America's defense posture.

SALT II is not arms control, it is not equitable, and it is not verifiable. What it does is to allow the Soviets to secure a politically meaningful nuclear superiority which they will use to intimidate our allies and exploit instances of unrest and instability in the Third World. I believe that the Senate would do well to consider these grave consequences, and to give deliberate consideration to the alternative approach offered by Senator Garn.

Mr. President, I ask unanimous consent that Mr. Evans' article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Garn Alternative

More or less despairing of selling the SALT agreement on its merits, spokesmen for the Carter Administration have retreated to generic argument. The issue now before us, they contend, it not the boring detail work about heavy missiles, MIRVs, or telemetry encoding, but the SALT process itself. The question to be decided is whether we want a treaty at all, or whether we are willing to face the terrors of a "future without SALT."

While this tactic appears to be effective in some quarters, it is not on the face of it all that frightening. Indeed, considering the injuries inflicted on us by SALT I, and the disadvantages inherent in SALT II, a "future without SALT" looks quite attractive. It can be plausibly argued that nothing has done more to erode the strategic posture of the United States, and the Free World generally, than the assumptions on which the SALT negotiations have been based. Peace through mutual vulnerability, glossing over Soviet transgressions to maintain the "process," and a willingness to subordinate cold-war realities to the spirit of detente are not the stuff of a successful foreign policy.

BACKFIRE, NO; B-52, YES

Even on the premise that *some* SALT accord is desirable, however, there is no reason to accept the colossal imbalance imposed on the United States by the Carter-Brezhnev understanding. From the premise that there ought to be some agreement on arms control, it doesn't necessarily follow that we must have *this* agreement. Treaty language that aims at authentic balance, and protects the vital interests of the United States, is after all conceivable. In fact, such language already exists in the form of an alternative treaty drawn up by Senator Jake Garn (R., Utah).

Garn, who has emerged as one of the most articulate foes of the SALT accords, pinpoints the major weaknesses of the existing agreement: the imbalance in terms of "heavy" missiles, allowing the Soviets to have 308 of these behemoths while we have none; the exclusion of the Soviet Backfire bomber from the treaty's limits, while our aging B–52s are counted; unrealistic methods of calculating missile potency, focusing on size as such rather than on actual capability; severe limitation on cruise missile ranges, working to the advantage of the Soviets; and totally inadequate provisions for verification to assure us that the Soviets aren't cheating.

The result of adopting such a treaty, Garn asserts, would be to "give the Soviet Union low-cost, 'politically meaningful' nuclear superiority, [which] would be the foundation for a continuing policy of global expansion by the Soviet Union, and allow it to divert military resources to the build-up of other forces while extending its nuclear umbrella over Western Europe, the Middle East, Africa, and the Far East . . . The United States, in the spirit of accommodation and 'compromise,' has accepted the Soviets' position on every major issue. Compromise is one thing, but surrender is another "

While many congressional critics have pointed to the deficiencies of SALT II, Garn is the only one to have drafted a comprehensive program for correction. This document, placed in the *Congressional Record* for June 27, is a point-for-point reconstruction of the Carter-Brezhnev treaty, setting forth Garn's conception of what is needed to restrain the spread of nuclear arms while assuring the defense of the United States. And while it is unlikely the Carter Administration or the Senate would accept such proposals *in toto*, the Garn alternative is a very handy measuring-rod by which to gauge the present treaty. Among the key provisos:

1. Each side would be permitted the same number of strategic nuclear delivering vehicles (SNDV), beginning with 2,400 and gradually reducing this to 1,600 by December 1983. Within this total, there would also be sub-limits, equally applied, on allowable numbers of missiles with multiple warheads. Most important, the number of "heavy" missiles would also be the same for both sides, beginning at 308 and diminishing to two hundred by December 1983.

2. The Soviet Backfire bomber would be included, with each plane being counted as three-fourths of an SNDV (recognizing its one-way capability). Our FB–111s, on the same principle, would then each be counted as one-half an SNDV. Garn would also increase the number of cruise missiles the United States could deploy, permit the transfer of this and other technology to our allies, and increase range limits on ground- and submarine-launched cruise missiles. (The severe range limits in the existing treaty benefit the USSR, since its major cities are inland, while many of ours are on the seacoasts.)

CLOSING THE LOOPHOLES

3. Multiple safeguards would be included against cheating. Destruction of old missiles would be required, to prevent their storage for loading onto reusable launchers. Technical rather than size limitations would be written in, to guard against the secret development of "new" missiles. The number of intermediate-range missiles that could be converted to ICBMs would be limited. Encoding of telemetry from missile testing, permitted under the Carter-Brezhnev treaty, would be prohibited. And specific provision would be made for on-site inspection.

In addition, Garn sets forth suggestions for upgrading our defenses—and reforming our strategic doctrine—irrespective of what happens to SALT II. "We must," he says, "change our strategic targeting—aiming most of our own weapons at Soviet military targets, instead of at cities; reduce the vulnerability of our ICBM force; develop the technology which will allow us to build our defenses against incoming missiles both for our own civilian population and for our weapons; modernize our bomber force; etc."

There is more to the Garn alternative, but this suggests the flavor of it. What he proposes is an equal, verifiable treaty, in contrast to the present one, which is unequal and unverifiable—with both those qualities working to the advantage of the Soviets.

WHY WE ARE FALLING APART

Mr. HATCH. Mr. President, I think the column by Paul Craig Roberts entitled "Running Out of Power" in this morning's Wall Street Journal says it all. I ask unanimous consent that it be printed in the RECORD and I comment it to my colleagues.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

RUNNING OUT OF POWER

Running to catch a plane recently, I grabbed a volume from my pile of unread books. It turned out to be "The Fall of the American University" by Harvard professor Adam Ulam. As I read his story of the humiliation of the country's most famous university during the late 1960s by a handful of uncivilized students. I quit worrying about the fact that I was going to be high in the sky in a DC–10 for the next eight hours. Whatever the structural faults of the aircraft in which I was flying, it was obviously sounder than the society in which I was living.

It wasn't Prof. Ulam's story of Harvard's fall that was unsettling. After all, many another university fell during the same period. And it wasn't his tale of how a few rowdies intimidated a faculty and administration overflowing with cowardice and self-doubt that shifted the focus of my unease. It wasn't even that some Harvard students found Ho Chi Minh's repressive regime more admirable than what they called "Amerika."

What got me to thinking about bailing out of America rather than airplanes was the story professor Ulam didn't know he was telling.

Harvard graduates have always played a prominent role in American public life. And since 1960 Harvard professors have had a disproportionate hand in running the government as State Department, Treasury, Pentagon and HEW consultants, White House advisors, and Cabinet secretaries and assistant secretaries. These are the men in whose theories, judgments, courage and character rests our fate and that of our allies. These are the men charged with keeping at bay inflation, unemployment, the dissolution of our alliances and the Russian bear. Yet, they were defeated by a handful of students.

I now understand the collapse of the military and diplomatic positions of the U.S. The same men who can't handle college kids can't handle steel-fisted Russians, avaricious Arabs and ambitious terrorists and guerrillas. Raised on theories of conflict avoidance, they don't understand that concession makes demands escalate. They have succeeded in signaling to the whole world that aggressive demands thrown at us earn a very high rate of return. It is, in other words, a good investment to cause the United States trouble.

We established an incentive structure that encourages others to make demands of us, and the demands rapdily got out of hand. On March 6 of this year, for example, the Assistant Secretary of the Treasury for International Affairs complained to Congress that foreign governments are unfairly requiring that for U.S. firms to do business within their borders, they must agree to transfer their technology. "Although these actions are inconsistent with the spirit of international trade agreements," they nevertheless "are rapidly becoming a pervasive feature of the world economy."

As any Mafia family knows, to let one's power slip is to experience increasingly uncomfortable hard demands—such as $30 and Israel bound and gagged for a barrel of oil. Yet the highly educated men who run our foreign policy are unfamiliar with this elementary principle of human behavior. Insulated by pedigree from the concerns of power and the harsh realities of life, they don't learn from hard experience that power is an extremely valuable commodity. The more they fritter ours away, the more we will experience it being applied to us by others.

And as we do, what kind of defense will we muster, having been taught for two generations that we are a racist-sexist-fascist-neocolonialist plague on mankind responsible for the cold war, world poverty, pollution and the evils of existence? Does a guilt-ridden people so unsure of itself that it must fight its wars under the cover of secrecy (as William Shawcross says we did in Cambodia) put up a stout defense, or does its eroded nationhood dissolve under external pressure once it has depleted its power as a profligate depletes his fortune? Few Americans, I fear, understand that reckless self-denunciation is an extravagance that a society can afford only as long as its pockets are full of power.

The U.S. has relied for so long on a self-critical posture as its means of achieving progress that it fearlessly follows it wherever it may lead, and even adopts this stance in its relations with adversaries. Consider a not uncommon member of our intellectual elite. His commitment to our society is conditional upon our adopting the institutional and policy changes that he thinks are necessary to improve it. His allegiance at any point in time is weak, because to satisfy his desire for progress he feels he must forever remain an opponent of existing society.

His program will not emphasize building on the past achievements and successes of our society, but correcting past failures and righting past wrongs. He will not see his country's gifts of foreign aid as attesting to its moral sense, but the insufficient amount will be evidence of an immoral foreign policy. He will justify foreign nationalization of his fellow citizens' property as a necessary remedy for neocolonial exploitation. He will not see lack of progress in arms limitations as a reflection of the opponent's intentions but, instead, on his own country's lack of good faith. He will not see a strong defense posture as a justifiable response to an external threat, but as "provocative" and the cause of an arms race. On the domestic scene he will champion those who are failures as victims of society, and he will explain the successful in terms of ill-gotten gains. He will not even be a Marxist, but just a man of pedigree.

The debunking and unmasking of America negates our achievements, and our successes go unrecorded. By denouncing their own heritage, our intellectuals have prepared the world for the power of others.

ENERGY ASSISTANCE FOR THE ELDERLY

Mr. PERCY. Mr. President, the Select Committee on Aging, chaired by Senator Lawton Chiles held hearings today on energy assistance for the elderly.

Winter is fast approaching, and Congress has not developed an energy plan to relieve the tremendous burden high energy costs place on low-income persons and the elderly. We must be compassionate with the low-income and elderly—and responsive—to the dilemma they face in paying rising energy costs and maintaining a sufficient standard of living.

Many of us can remember, so vividly, the 1977 case of the elderly couple who froze to death after their utilities had been shut off. And I cannot forget the 20 elderly people who died of heat prostration in Texas last year because they had no air-conditioning. These cases were covered by the news media.

But what of the untold numbers who sat in their tiny efficiencies, bundled up, making the hard choices: Should they spend their money on food or medicine, or should they pay their skyrocketing utility bills? How many others died or became seriously ill because of this decision?

I believe that this country is faced with an imminent crisis that has to be resolved. In July, the Fuel Oil Marketing Advisory Committee of the Department of Energy put it bluntly:

> If a major low-income Energy Assistance program is not established by next winter (1979–1980), the health and safety of thousands of low-income people and the elderly will be jeopardized.

The energy crisis has rendered a severe blow to the poor and the elderly on fixed incomes—the very people who are least able to resist this attack. We have been told that low-income persons spend an average of 25 percent of their income on household energy costs—the average household spends 5 percent. Increases in social security and income supplements have not fully reflected the increase in energy costs. Since 1974, social security benefits have increased by 42.7 percent and supplemental security income by 24 percent. However, between 1974 and June of this year, the cost of natural gas has soared 126.7 percent, fuel oil 136.3 percent, automobile gas 100.9 percent, and electricity 73.4 percent. And energy costs continue to soar. Last week, John F. O'Leary, Deputy Secretary of the U.S. Department of Energy, testified that the average price of home heating oil had increased 51 percent over the December 1978 price. Inflation has continued relentlessly.

In many cases, the low-income and elderly have already cut back on their use of energy to the point where it is questionable whether they are living in a healthy environment. Many utility companies penalize the low energy user by charging a higher base rate. To make matters worse many low-income families live in older houses which are not well insulated. Thus the energy they use—at an exorbitant price—is not adequately heating their homes in the first place.

The Department of Energy administers a weatherization program for low-income households which tries to place a special emphasis on helping the elderly. The latest figures from the State of Illinois reveal that for fiscal year 1977 $927,000 was spent on weatherizing 1,410 households. For fiscal year 1978, Illinois received $4,088,880, for this program and to date has spent $1,123,566 for the complete weatherization of 1,177 homes. But problems exist. Since most of the workers in this program are CETA employees who are limited to a stay of 1 year to 18 months on the job, the local administrators are constantly retraining workers. Thus this program has not been running as efficiently as envisioned by Congress.

The suffering felt by the low-income elderly because of the energy crisis cannot be overstated. Upon my urging the Senate Select Committee on the Aging this summer adopted a resolution calling on the President and Congress to develop a program of assistance to meet the particular energy needs of the elderly. I stated at the committee's summer executive meeting that the Alliance to Save Energy, a nonprofit organization, had gone on record supporting a diversion of part of the windfall profit tax for low-income families. The alliance was founded by our beloved former colleague Senator Hubert Humphrey, former Secretary of HUD Carla Hills and myself several years ago in anticipation of the energy crisis.

We all have a duty to review carefully each of the proposals submitted by the Aging Committee which would help alleviate the painful burden faced by low-income families—and particularly the elderly—in meeting their energy costs. I will support a responsible energy assistance program that truly reflects the urgency that must be felt—and addressed.

I commend Senator Chiles and the committee on the very meaningful hearings held this morning with respect to this vital subject.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

ENROLLED BILLS SIGNED

At 10:27 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 2774. An act to authorize appropriations for fiscal years 1980 and 1981 under the Arms Control and Disarmament Act, and for other purposes.

H.R. 4388. An act making appropriations for energy and water development for the fiscal year ending September 30, 1980, and for other purposes.

H.R. 4392. An act making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending September 30, 1980, and for other purposes.

The enrolled bills were subsequently signed by the President Pro Tempore (Mr. Magnuson).

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 3996) to amend the Rail Passenger Service Act to extend the authorization of appropriations for Amtrak for 3 additional years, and for other purposes; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Staggers, Mr. Florio, Mr. Santini, Ms. Mikulski, Mr. Murphy of New York, Mr. Russo, Mr. Broyhill, Mr. Madigan, and Mr. Lee were appointed managers of the conference on the part of the House.

The message further announced that the House has passed the bill (H.R. 4986) to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes, in which it requests the concurrence of the Senate.

HOUSE BILL REFERRED

The following bill was read twice by its title and referred as indicated:

H.R. 4986. An act to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes;

to the Committee on Banking, Housing, and Urban Affairs.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 13, 1979, he presented to the President of the United States the following enrolled bill:

S. 1019. An act to amend the International Development and Food Assistance Act of 1978 and the Foreign Assistance and Related Programs Appropriations Act, 1979 by striking out certain prohibitions relating to Uganda, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WILLIAMS, from the Committee on Labor and Human Resources, with an amendment:

S. 446. A bill to amend title VII of the Civil Rights Act of 1964 to prohibit discrimination against individuals because they are handicapped, and for other purposes (Rept. No. 95–316).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. CHURCH, from the Committee on Foreign Relations:

Herbert F. York, of California, for the rank of Ambassador during the tenure of his assignment as the U.S. Representative to the Comprehensive Test Ban Negotiations.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTIONS

Nominee: Herbert F. York.

Post: Ambassador.

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents' names, none.
5. Grandparents' names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

HERBERT F. YORK.

By Mr. CHURCH, from the Committee on Foreign Relations:

John P. Condon, of Oklahoma, now Ambassador Extraordinary and Plenipotentiary of the United States to the Dominion of Fiji, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States to the Kingdom of Tonga and as Ambassador Extraordinary and Plenipotentiary of the United States to Tuvalu.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTIONS

Nominee: John P. Condon.

Post: U.S. Ambassador to Tonga and Tuvalu.

Nominated March 1979.

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

JOHN P. CONDON.

By Mr. CHURCH, from the Committee on Foreign Relations:

Jack Richard Perry, of Georgia, to be Ambassador Extraordinary and Plenipotentiary of the United States to Bulgaria.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTIONS

Nominee: Jack Richard Perry.

Post: Ambassador to Bulgaria.

Contributions, amount, date, and done.

1. Self, none.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

JACK R. PERRY.

By Mr. CHURCH, from the Committee on Foreign Relations:

Richard David Vine, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States to Switzerland.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTIONS

Nominee: Richard D. Vine.

Post: Ambassador to Switzerland.

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, none.
3. Children and spouses names, Gail Joan Mangold, Michael David Vine, none.
4. Parents names, deceased, none.
5. Grandparents names, deceased, none.
6. Brothers and spouses names, George and Margaret Vine, John E. Vine, none.
7. Sisters and spouses names, none.

Listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

RICHARD D. VINE.

By Mr. CHURCH, from the Committee on Foreign Relations:

Lyle Franklin Lane, of Washington, to be Ambassador Extraordinary and Plenipotentiary of the United States to Uruguay.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTIONS

Nominee: Lyle Franklin Lane.

Post: Ambassador to Uruguay.

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

LYLE F. LANE.

By Mr. CHURCH, from the Committee on Foreign Relations:

Donald F. McHenry, of Illinois, to be Representative of the United States to the United Nations with the rank and status of Ambassador Extraordinary and Plenipotentiary, and the Representative of the United States in the Security Council of the United Nations.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

STATEMENT OF POLITICAL CONTRIBUTIONS

Nominee: Donald F. McHenry.

Post: U.S. Representative to the UN.

Nominated: September 10, 1979.

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, none.
3. Children and spouses names, $1.00, Christina Ann, Elizabeth Ann, Michael Stephens, Carter/Mondale.
4. Parents names, deceased.
5. Grandparents names, deceased.
6. Brothers and spouses names, Jerry McHenry, none.
7. Sisters and spouses names, Mr. Ross W. Randolph, Mrs. Charlotte M. Randolph, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

DONALD MCHENRY.

By Mr. CHURCH, from the Committee on Foreign Relations:

Stephen Low, of Ohio, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Federal Republic of Nigeria.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Statement of Political Contributions

Nominee: Stephen Low.

Post: Lagos, Nigeria.

Contributions, amount, date, and donee:

1. Self, Stephen Low, None.

2. Wife, Helen C. Low, $25, January 29, 1976, Morris Udall.

3. Sons, Stuart C. Lowe, $25 March 3, 1976, Morris Udall; Rodman M. Low, $20, May 28, 1976, Morris Udall; Peter J. Low, None.

4. Mother, Margaret F. Low, $25, December 10, 1975, Bella Abzug; $25, July 3, 1975, Jimmy Carter; $25, September 30, 1975, Jimmy Carter; $25, December 10, 1975, Ramsey Clark; $25, September 30, 1975, Fred Harris; $25 April 24, 1976, Ramsey Clark; $185, May 20, 1975 to May 20, 1975, Morris Udall.

6. Brother and spouse: Martin L. Low, Alice B. Low, under $200 per year in 1975 and 1976.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. Although I have not yet and a reply from them, I am quite certain that none of my children has made contributions totalling more than $50 in the period 1976 to the present, that my brother and his wife have not made contribuitons of more than $200 per year, and that my mother (who is now ninety) has probably made fewer contributions than shown for 1975 and 1976. I will submit the precise information when I receive it. To the best of my knowledge, the inforamtion contained in this report is accurate and complete through the dates given.

By Mr. CHURCH, from the Committee on Foreign Relations:

Thomas M. Tracy, of Florida, to be an Assistant Secretary of State.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

ORDER FOR STAR PRINT—S. 1726

Mr. HEINZ. Mr. President, I ask unanimous consent that there be a star print of S. 1726, a bill to amend section 103 of the Internal Revenue Code of 1954 to provide that the interest on certain mortgage revenue bonds will not be exempt from Federal income tax, a bill which I introduced last Friday, which contains a typographical error. I send the corrected copy of S. 1726 to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. STEVENSON (for Mr. Inouye):

S. 1744. A bill to amend the Export Trade Act to encourage increased utilization of the Act, to expand exemptions provided under the Act, to clarify United States Government policy with respect to the administration of the Act, to assist American exporters in international trade competition, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CANNON (for himself and Mr. Goldwater):

S. 1745. A bill to amend the Internal Revenue Code of 1954 with respect to the exemption from tax of veterans organizations; to the Committee on Finance.

By Mr. BAYH:

S. 1746. A bill to amend the Internal Revenue Code of 1954 to provide for the credit or refund of the tax on any gasoline which is used in the production of certain alcohol fuels; to the Committee on Finance.

By Mr. MOYNIHAN:

S. 1747. A bill to extend the time period for congressional study of certain fringe benefits; to the Committee on Finance.

By Mr. TSONGAS (for himself, Mr. Williams and Mr. Cranston):

S. 1748. A bill to establish a Conservation Bank to help make available below-market interest rate and principal-deferred loans for the purchase and installation of energy conservation measures in residential and commercial buildings; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENSON (for Mr. Inouye):

S. 1744. A bill to amend the Export Trade Act to encourage increased utilization of the act, to expand exemptions provided under the act, to clarify U.S. Government policy with respect to the administration of the act, to assist American exporters in international trade competition, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

EXPORT TRADE ACT AMENDMENT

● Mr. STEVENSON. Mr. President, I am introducing today, at the request of my distinguished colleague from Hawaii (Mr. Inouye), a bill concerning export trade associations. Senator Inouye is absent on official business and has asked me to introduce the bill so that it may be considered in hearings to be held next week on export trading companies and trade associations by the International Finance Subcommittee, which I chair.●

By Mr. CANNON (for himself and Mr. Goldwater):

S. 1745. A bill to amend the Internal Revenue Code of 1954 with respect to the exemption from tax of veterans organizations; to the Committee on Finance.

● Mr. CANNON. Mr. President, I am introducing for myself and Senator Goldwater legislation designed to remove a source of discrimination against young men and women whose service in the Armed Forces has been entirely during a time of peace.

The Air Force Association is currently classified under section 501(c) (19) of the Internal Revenue Service Code as a "war veterans" organization. As such, net income from the association's several insurance programs is exempt from taxation. To maintain this war veterans status, a minimum of 75 percent of the association's members must have served in the Armed Forces in time of war. Of the remaining 25 percent, substantially all (90 percent) must be veterans of other than wartime service.

A young man or women who enters the Armed Forces after May 7, 1975, the official end-point of the Vietnam conflict, does not qualify as a war veteran. As increasing numbers of them join the Air Force Association, the percentage of war veterans is diluted. Over the past 4 years, this percentage has fallen from more than 90 percent to less than 80 percent, and it continues to drop. Hence, AFA faces the anomalous situation whereby the association will not be able to accept as members young men and women who have voluntarily chosen to serve their country and the benefits of the association's low-cost insurance programs, used by its military members, will be denied them. This is a highly discriminatory situation that works against young persons generally and specifically against the increasing numbers of young women joining the Armed Forces.

Briefly, I am seeking legislation that would apply the 75 percent requirement to "past and present members of the Armed Forces," without regard to whether such service was in war or peace.

This bill is companion legislation to H.R. 4070 which has been introduced in the House.●

By Mr. BAYH:

S. 1746. A bill to amend the Internal Revenue Code of 1954 to provide for the credit or refund of the tax on any gasoline which is used in the production of certain alcohol fuels; to the Committee on Finance.

● Mr. BAYH. Mr. President, I am introducing legislation today to provide a mechanism to allow refunds on the excise taxes paid on gasoline used to blend gasohol.

The 1978 Energy Tax Act included a provision to exempt gasoline used to make gasohol from the 4c a gallon tax on gasoline. This exemption was to go into effect December 31, 1978, and last until December 31, 1984. However, during the first several months of this year no regulations were in effect to allow gasohol retailers to take advantage of the exemption. Hence the tax was paid with assurances to some from the Treasury Department that a refund would be granted at a later date. Unfortunately, Treasury officials soon realized that no authority existed to grant the refund even if it was deserved. Now that the regulations are in effect, a refund procedure is necessary to allow those who must pay the tax in the future, as well as those who paid it needlessly in the past, to get a refund from the Government.

I recently introduced legislation, S. 1520, which would have enabled effected persons to file for a refund. However, this procedure would have required the consent and cooperation of the producer and parties in the chain of title between the producer of the gasoline and the person who blends the alcohol and gasoline. The procedure would be time consuming and heavily reliant on the cooperation of others who may not want to be bothered with the additional paperwork. The technical corrections bill (H.R. 2797), as passed by the House of Representatives, contained language identical to that of S. 1520. Fortunately, the Treasury Department has drafted language since that time which would significantly simplify the procedure.

The bill I am introducing today would allow a person who buys gasoline for use in gasohol to obtain a direct refund or credit on the Federal excise taxes paid on the gasoline. If $200 or more in excise gasoline taxes have been paid on gasoline used to make gasohol, and is now owed by the Government to the retailer or marketer, he or she may file for a quarterly refund. If less than a $200 refund is warranted, a claim could be made for that amount as a credit on the applicant's annual tax return. Fourth quarter refunds can also be claimed as credits for the taxable year on the annual return. This refund mechanism applies to sales of gasoline made after December 31, 1978, and before October 1, 1984. All refunds which are in order prior to enactment of this legislative authority are to be treated as having occurred in the quarter of the taxpayer's taxable year in which the date of enactment occurs.

I believe enactment of this legislation will make obtaining the refund a relatively simple procedure. A marketer or retailer will simply file IRS form 843 on a quarterly basis thereby avoiding the large amount of work which would have been required by the previous method recommended by the Treasury Department. Many marketers, particularly oil jobbers, have been caught unfairly in the midst of this bureaucratic snarl. They buy gasoline from large refiners, but cannot qualify for the exemption for gasohol, because they do not know immediately who will purchase gasoline from them for blending with alcohol. However, retailers can purchase gasoline from them and not pay the tax because it will be used in gasohol production.

As I have said numerous times in the past, the future for gasohol is very bright. A new breed of people are getting involved in helping this country end its dependence on foreign oil. The demand for alcohol fuels is spreading rapidly throughout the country. If we are to continue to make this new fuel economically competitive we must allow retailers and marketers to take advantage of incentives the Government already allows—such as the excise tax exemption. The Federal Government should encourage small business marketers and retailers to promote and sell gasohol enthusiastically. If redtape discourages these persons from becoming involved in marketing gasohol, we all lose.

I commend this legislation to my colleagues and hope that we can act on it soon. I think it is imperative for Congress to give this procedure the attention it merits.

I ask unanimous consent that a copy of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1746

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REFUND OF TAX ON GASOLINE USED TO PRODUCE CERTAIN ALCOHOL FUELS.

(a) GENERAL RULE.—Section 6427 of the Internal Revenue Code of 1954 (relating to fuels not used for taxable purposes) is amended—

(1) by redesignating subsections (f), (g), (h), (i), and (j) as subsections (g), (h), (i), (j), and (k), respectively; and

(2) by inserting after subsection (e) the following new subsection:

"(f) GASOLINE USED TO PRODUCE CERTAIN ALCOHOL FUELS.—

"(1) IN GENERAL.—Except as provided in subsection (i), if any gasoline on which tax is imposed by section 4081 is used by any person in producing a mixture described in section 4081(c) for sale or use in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the aggregate amount of the tax imposed on such gasoline. The preceding sentence shall not apply with respect to uses described in such sentence after September 30, 1984.

"(2) COORDINATION WITH OTHER REPAYMENT PROVISIONS.—No payment shall be made under subsection (d) or (e) of this section or under section 6420 or 6421 with respect to any gasoline with respect to which an amount is payable under paragraph (1)."

(b) QUARTERLY REFUND ALLOWED WHERE $200 OR MORE PAYABLE.—

(1) Subparagraph (A) of section 6427(g)(2) of such Code (as redesignated by subsection (a)(1)) is amended by striking out "or" at the end of clause (i), by inserting "or" at end of clause (ii) and by inserting after clause (ii) the following new clause:

"(iii) $200 or more is payable under subsection (f),".

(2) Subparagraph (B) of section 6427(g)(2) of such Code (as redesignated by subsection (a)(1)) is amended to read as follows:

"(B) SPECIAL RULE.—If the requirements of clause (ii) or clause (iii) of subpargraph (A) are met by any person for any quarter but the requirements of subpargraph (A)(i) are not met by such person for such quarter, such person may file a claim under subparagraph (A) for such quarter only with respect to amounts referred to in the clause (or clauses) of subpargraph (A) the requirements of which are met by such person for such quarter."

(c) TREATMENT OF SUBSEQUENT SEPARATION.—Paragraph (2) of section 4081(c) of such Code relating to later separation of gasoline) is amended by inserting "(or with respect to which a credit or payment was allowed or made by reason of a use described in section 6427(f)(1))" after "this subsection".

(d) TECHNICAL AMENDMENTS.—

(1) Subsections (a)(4) and (b) of section 39 of such Code are each amended by striking out "6427(h)" and inserting in lieu thereof "6427(i)".

(2) Subsection (a), (b)(1), (c), (d), and (e)(1) of section 6427 of such Code are each amended by striking out "(h)" and inserting in lieu thereof "(i)".

(3) Subsection (g)(1) of such section 6427 (as redesignated by subsection (a)(1)) is amended by striking out "(a), (b), (c), (d), or (e)" and inserting in lieu thereof "(a), (b), (c), (d), (e), or (f)".

(4) Subsection (i)(2) of such section 6427 (as redesignated by subsection (a)(1)) is amended by striking out "(f)(2)" and inserting in lieu thereof "(g)(2)".

(5) Sections 7210, 7603, 7604(b), 7604(c)(2), 7605(a), 7609(c)(1), and 7610(c) are each amended by striking out "6427(g)(2)" each place it appears and inserting in lieu thereof "6427(h)(2)".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this Act shall take effect on January 1, 1979.

(2) TRANSITIONAL RULE.—Any use on or after January 1, 1979, and before the date of the enactment of this Act which is described in section 6427(f)(1) of the Internal Revenue Code of 1954 (as amended by this Act) shall, for purposes of section 6427 of such Code, be treated as occurring on the date of the enactment of this Act.●

By Mr. MOYNIHAN:

S. 1747. A bill to extend the time period for congressional study of certain fringe benefits; to the Committee on Finance.

● Mr. MOYNIHAN. Mr. President, I am introducing a bill to defer for an additional year any actions by the Internal Revenue Service in extending the taxation of fringe benefits and commuting expenses beyond present law. My bill would extend until December 31, 1980, the present moratorium on such administrative actions by the IRS. The present moratorium expires on December 31, 1979.

The taxation of fringe benefits is a most complex area and warrants careful congressional study before any actions are taken to overturn longstanding practices. It was my hope that the Congress would have had an opportunity to do this prior to this time. This is why the bill I introduced last year which was enacted into law, had the December 31, 1979, expiration date.

However, as important as this issue is, the Finance Committee has been occupied with even more pressing matters such as MTN and the excise tax on domestic oil production. These matters have also required the attention of the administration which for that reason, has not submitted its proposals in this area.

In light of this, I believe that an extension of the present moratorium for another year is warranted, and I hope that between now and the end of this Congress, we can explore the matter and develop solutions.

I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1747

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That with respect to transportation costs paid or incurred on or after December 31, 1979 and before January 1, 1981, the application of sections 62, 162 and 262 and of chapters 21, 23, and 24 of the Internal Revenue Code of 1954 to transportation expenses in traveling between a taxpayer's residence and place of work shall be determined—

(1) without regard to revenue Ruling 76-453 (and without regard to any other regulation, ruling, or decision reaching the same result as, or a result similar to, the result set forth in such Revnue Ruling); and

(2) with full regard to the rules in effect before Revenue Ruling 76-453.

With respect to fringe benefits no regulations shall be issued in final form on or after December 31, 1979 and before January 1, 1981, providing for the inclusion of any fringe benefit in gross income by reason of section 61 of the Internal Revenue Code of 1954.●

By Mr. TSONGAS (for himself, Mr. WILLIAMS, and Mr. CRANSTON):

S. 1748. A bill to establish a Conservation Bank to help make available below-market interest rate and principal-deferred loans for the purchase and installation of energy conservation measures in residential and commercial buildings; to the Committee on Banking, Housing, and Urban Affairs.

CONSERVATION BANK ACT OF 1979

Mr. TSONGAS. Mr. President, the Conservation Bank Act of 1979 was reported out of the Banking Committee today. It allows homeowners, even if they have low income and no savings, to save money and energy by using the neglected resource of energy conservation. It encourages business and industry to invest in energy-efficient improvements.

The Conservation Bank is a simple, businesslike means of leveraging Federal dollars to help Americans fight back in the energy crisis. It is set up under the Government National Mortgage Association—avoiding the need for any new bureaucracy. It provides the follow-through for the Federal energy audits established by the National Energy Conservation Policy Act.

Under this bill, a homeowner calls the local utility for an energy audit. The results include an inventory of conservation measures needed, the potential energy savings, the cost, a list of qualified contractors, a list of qualified financing institutions offering Conservation Bank subsidies, and a comparison of monthly energy savings and monthly loan payments.

The Bank subsidizes 10-year loans through existing lending institutions. The subsidy is used either to lower the interest rate or to defer repayment of the principal. The amount of Federal subsidy is the same. The choice of loan type is up to the borrower.

Consider conservation improvements costing $1,400. Let us assume that the subsidized rate of interest is 6 percent. In this case, the borrower pays about $15 per month, while saving an estimated $30 on his or her utility bill. The savings are immediate. Under the option of deferred principal, payments during the first 5 years are between $8 and $9 a month, and between $20 and $25 a month during the last 5 years, assuming a 7½-percent interest rate.

The cost of the Government subsidy for either of the above loans is approximately $350 in a lump-sum payment up front to the lending institution. This is equivalent to approximately $24 per barrel saved per year. Assuming a 20-year life for the conservation improvement, the Federal cost is a bargain—just over $1 per barrel saved. At the authorization level of $6.1 billion over 5 years, the Conservation Bank will produce an estimated savings of 700,000 barrels of oil per year by 1985.

Mr. President, the Conservation Bank is an efficient tool to end the neglect of conservation as an energy resource.

Few people have accused energy conservation of being exciting. There are no huge plants dedicated to a product called "energy from conservation." The vast, virtually untapped energy resource of conservation is the sum of millions of adjustments in the way we do things. Energy conservation sounds like a sideline in answering the energy crisis, despite the expert studies that put it on the front lines.

Energy conservation also has suffered from the misconception that it will be too rigorous and will demand extreme sacrifices in the quality of our lives. This is untrue. Conservation measures let us get more from our energy through more efficient and durable devices. A study last year by the Massachusetts energy office found that economically efficient conservation in New England could create 500,000 jobs, increase economic production by $2 billion per year, and cut energy costs by $1.4 billion a year by 1985.

The energy crisis is changing the lifestyles of all Americans whether we like it or not. Conservation efforts involve us all in shaping solutions to the imbalance between energy supply and demand. Instead of paying too high a price for someone or something else to solve our problem, we gain with conservation as a priority by going the democratic, decentralized way.

Energy Future, the recent report of the energy project at the Harvard Business School, puts it simply. It states:

> Conservation may well be the cheapest, safest, most productive energy alternative readily available in large amounts.

Mr. President, this bill provides relief for many Americans overburdened by expensive energy. It also helps our Nation as a whole by decreasing our reliance on imported oil and other finite energy resources. But it is especially vital to New Englanders because we are so highly dependent on imported oil. Energy prices in New England now are not a matter of inconvenience; they are a matter of survival. People are our ultimate resource—irreplaceable at any cost. Without a serious, sustained attack on energy, lives will be lost.

I urgently submit the Conservation Bank Act of 1979 for your consideration.

• Mr. WILLIAMS. Mr. President, I am pleased to join Senator TSONGAS as a cosponsor of the Conservation Bank Act of 1979.

As chairman of the Senate Subcommittee on Housing and Urban Affairs, I am apprehensive of the impact of fuel costs on homeowners throughout this Nation. Increases of up to 100 percent over last year's fuel costs will have a devastating impact on families, diverting family resources from shelter, medical, and fuel needs to monthly heating bills. This diversion, which amounted to $530 per family during the 1977–78 heating season for low-income families, is increasing by quantum amounts—staggering for any elderly person, or any family struggling to keep pace with inflation.

Unfortunately, up to this point, the primary focus of attention on the energy crisis has been to devote full attention to the production of synthetic fuels and to stopgap measures to assist low-income persons to meet their monthly fuel bills. Little discussion has been targeted to reducing existing residential fuel consumption.

Yet, every estimate on synthetic fuel production indicated that it will be at least a decade before there will be any substantial output of domestic, synthetic fuels. More ominously, these fuels will be available at a cost considerably higher than citizens of this country pay for present fuel bills.

At present, under the National Energy Conservation Policy Act, utilities will provide an audit to any homeowner—in some States as a service, in others for a fee. These audits will provide the homeowner with an assessment of what conservation improvements should be made, reputable contractors who could perform the work, and the likely fuel savings. The fuel costs saved will give the homeowner an approximate idea of when his improvement costs will be realized.

But for the vast majority of Americans, the average required expenditure of $1,500 is simply not available. What is required to finance these energy improvements is thus a conventional loan—borrowed at somewhere from 14 to 18 percent. The prospect of incurring still another financial burden, on top of preparing for perhaps the most expensive winter we have ever faced, is simply asking too much. Few families can be expected to incur such an obligation with such a long term break-even point when they are uncertain whether they will even be able to meet next month's bills.

The problem, then, has been to determine some incentive and some affordable means to permit us to reduce the residential heating consumption in this Nation—which amounts to approximately 11 percent of our total energy use—or the equivalent of about 3.2 million barrels of oil a day, and yet do this in a manner which is neither prohibitive to the taxpayer, nor unduly bureaucratic in its implementation.

What this means is that for the 74,000,000,000 residential units in this Nation—even if energy output were to remain constant, fuel costs will increase drastically over the next 10 years. But it is precisely that 10-year period that every prediction is for a fossil fuel decrease worldwide—not only further inflating residential energy costs, but in many cases, meaning that heat may simply not be available to American families.

We can already perceive that for families below the poverty level in northern cities, heating costs are no longer manageable—as high as 45.7 percent for families under the poverty level in Milwaukee two winters ago. Two trends are thus discernible; First, for lower income families, we will see increased abandonment of units as they are evicted by their inability to meet enormous utility bills. Secondly, this threat will be like a cancer, growing so that family after family becomes hostage to OPEC.

If we examine the existing alternatives, they are few, and available only to those who can easily afford the conservation improvements. But nearly 43 percent or 3 million family units in this country shelter families who earn less than 80 percent of median income. For these families, and for those who are relatively better off, the conservation alternatives are disheartening and discouraging.

There is no more critical criteria to shelter than heat. Heat relates not just to the comfort we traditionally associate with home, but it relates to health and inhabitability. This program, which I am cosponsoring today, for the first time offers a means in which to carry out the objectives of the National Energy Conservation Policy Act in an affordable fashion and without massive Federal intervention.

In the end, we will only see significant oil import reductions when our own citizens are able to afford the necessary energy improvements. At present, they cannot. The longer we wait, the more families we will find who cannot even afford their own home.●

ADDITIONAL COSPONSORS

S. 93

At the request of Mr. Nelson, the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 93, the Regulatory Procedures Improvement Act of 1979.

S. 102

At the request of Mr. Tower, the Senator from North Carolina (Mr. Helms) and the Senator from South Carolina (Mr. Thurmond) were added as cosponsors of S. 102, to postpone the increase in the minimum wage and the adjustment to the tip credit under the Fair Labor Standards Act of 1938.

S. 110

At the request of Mr. Nelson, the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 110, the Accelerated and Simplification Depreciation for Small Business Act.

S. 219

At the request of Mr. Packwood, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of S. 219, to amend the Internal Revenue Code to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions.

S. 259

At the request of Mr. Nelson, the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 259, the Emergency Paperwork Reduction Act of 1979.

S. 487

At the request of Mr. Nelson, the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 487, the Small Business Investment Act of 1979.

S. 653

At the request of Mr. Nelson, the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 653, the Small Business Capital Preservation Act of 1979.

S. 1068

At the request of Mr. Dole, the Senator from Hawaii (Mr. Matsunaga) was added as a cosponsor of S. 1068, to maintain for an additional 3 years the current program of services for disabled children receiving SSI benefits.

S. 1090, S. 1091 AND S. 1092

At the request of Mr. Talmadge, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of S. 1090, S. 1091, and S. 1092, bills to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 relating to church plans.

S. 1204

At the request of Mr. Ribicoff, the Senator from West Virginia (Mr. Randolph) was added as a cosponsor of S. 1204. the Child Health Assurance Act of 1979.

S. 1270

At the reouest of Mr. Javits, the Senator from New Jersey (Mr. Williams) was added as a cosponsor of S. 1270, the Basic Fuel Assistance Act of 1979.

S. 1435

At the request of Mr. Nelson, the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 1435, the Capital Cost Recovery Act of 1979.

S. 1571

At the request of Mr. Packwood, the Senator from Missouri (Mr. Danforth), the Senator from Montana (Mr. Baucus), and the Senator from Minnesota (Mr. Durenberger) were added as cosponsors of S. 1571, the Alternative Energy Source and Conservation Tax Incentive Act of 1979.

S. 1615

At the request of Mr. Hollings, the Senator from Michigan (Mr. Levin) was added as a cosponsor of S. 1615, a bill for the relief of James R. Thornwell.

S. 1663

At the request of Mr. Stevenson, the Senator from Hawaii (Mr. Inouye), the Senator from Montana (Mr. Melcher), the Senator from Alabama (Mr. Stewart), the Senator from New York (Mr. Javits), and the Senator from New Mexico (Mr. Schmitt) were added as cosponsors of S. 1663, the Export Trading Company Act of 1979.

S. 1679

At the request of Mr. Bayh, the Senator from Kansas (Mr. Dole) was added as a cosponsor of S. 1679, the Patent Law Amendments of 1979.

S. 1680

At the request of Mr. Hatch, the Senator from California (Mr. Hayakawa) and the Senator from Texas (Mr. Tower) were added as cosponsors of S. 1680, the Western Lands Distribution and Regional Equalization Act of 1979.

S. 1735

At the request of Mr. Hatch, the Senator from Florida (Mr. Stone), the Senator from California (Mr. Hayakawa), and the Senator from Utah (Mr. Garn) were added as cosponsors of S. 1735, the Congressional Pay Cap Act of 1979.

SENATE JOINT RESOLUTION 66

At the request of Mr. Ribicoff, the Senator from Kentucky (Mr. Huddleston), the Senator from Utah (Mr. Hatch), the Senator from New York (Mr. Moynihan), the Senator from Montana (Mr. Melcher), the Senator from New Hampshire (Mr. Humphrey), the Senator from Indiana (Mr. Lugar), and the Senator from Kentucky (Mr. Ford) were added as cosponsors of Senate Joint Resolution 66, to declare the week of January 21–27 as National Junior Achievement Week.

AMENDMENT NO. 212

At the request of Mr. Schmitt, the Senator from Wyoming (Mr. Wallop), and the Senator from Minnesota (Mr. Boschwitz) were added as cosponsors of amendment No. 212, intended to be proposed to S. 1020, the Federal Trade Commission Authorization bill.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL RECLAMATION REFORM ACT—S. 14

AMENDMENT NO. 426

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted an amendment intended to be proposed by him to S. 14, a bill to amend and supplement the acreage limitation and residency provisions of the Federal reclamation laws, as amended and supplemented, and for other purposes.

AMENDMENT NO. 427

(Ordered to be printed and to lie on the table.)

Mr. CRANSTON submitted an amendment intended to be proposed by him to amendment No. 356 intended to be proposed to S. 14, supra.

NOTICES OF HEARINGS

SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, I wish to announce a time change in connection with the September 18 and 19, 1979 hearings by the Select Committee on Small Business as previously announced in the Record of September 6, 1979.

The hearings on September 18 will begin at 8 a.m., in room 424, Russell Office Building, and the hearings on September 19 will begin at 8 a.m., in room 5302, Dirksen Office Building, on the subject of Oversight of SBA's 7(a) Regular Business Loan Program.●

SUBCOMMITTEE ON INTERNATIONAL FINANCE

● Mr. STEVENSON. Mr. President, the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs, which I chair, will hold hearings next week on U.S. export trading companies and trade associations. The hearings will begin at 10 a.m. on Monday, September 17, and 2:30 p.m. on Tuesday, September 18, in room 5302 of the Dirksen Senate Office Building. Four bills will be considered during the hearings: S. 864, introduced by Senators Danforth, Bentsen, Chafee, Javits, and Mathias, S. 1499 introduced by Senator Roth, S. 1663, which I introduced and which is cosponsored by Senators Inouye, Melcher, Stewart, Javits, and Schmitt, and a bill to be introduced by Senator Inouye.

The following witnesses are scheduled to testify:

Monday, September 17, 1979, 10 a.m., room 5302 DSOB, Mr. Luther Hodges, Under Secretary of Commerce, Washington, D.C.

Dr. C. Fred Bergsten, Assistant Secretary of the Treasury for International Affairs, Washington, D.C.

A Panel Consisting of the Following Persons:

Mr. Neil J. Boyer, President, Sillcox A.P.C.R. Corporation, representing the Chamber of Commerce of the United States, Washington, D.C.

Dr. Frederick W. Huszagh, Dean Rusk Center, University of Georgia, Athens, Ga.

John F. McDermid, Esq., General Counsel, National Association of Manufacturers, Washington, D.C.●

COMMITTEE ON LABOR AND HUMAN RESOURCES

● Mr. WILLIAMS. Mr. President, on behalf of the Committee on Labor and Human Resources, I would like to announce that the hearings on home fuel assistance bills scheduled for Tuesday, September 25, and Wednesday, September 26, will continue on Thursday, September 27. All 3 days of hearings will begin at 10 a.m. in 4232 Dirksen Senate Office Building.●

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON PARKS, RECREATION, AND RENEWABLE RESOURCES

Mr. CHURCH. Mr. President, I ask unanimous consent that the Parks, Recreation, and Renewable Resources Subcommittee of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate today to hold a hearing on the Antiquities Act and the Federal Land Policies Act.

I ask unanimous consent that this request be made retroactive and therefore applicable to the hearing referred to.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECIAL COMMITTEE ON AGING

Mr. CHURCH. Mr. President, I ask unanimous consent that the Special Committee on Aging be authorized to meet during the session of the Senate today to hold a hearing on energy assistance for the elderly.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

SUSIE MAKES A STATEMENT

● Mr. MUSKIE. Mr. President, the Central Maine Morning Sentinel in Waterville, Maine, recently pointed out the unintended comment on our economy made by the Susan B. Anthony dollar. This week, we are debating the Federal budget for 1980 and the best ways to use that budget in the fight against inflation. I hope the results of that debate do not mirror the symbolism of our new dollar coin.

Mr. President, I request that the following editorial, "Susie Makes a Statement," from the Morning Sentinel of July 12, be printed in the RECORD.

SUSIE MAKES A STATEMENT

Those women's righters (of both sexes) who waged such a strong campaign to get suffragette Susan B. Anthony's likeness on a coin may feel let down by the new metal dollar.

In contrast with the Eisenhower dollar and the Kennedy half dollar, its size is certainly puny. And, although it is worth a dollar as coin of the realm, it contains only about three cents worth of metal.

Could it be, then, that chauvinists in the U.S. Mint have conspired to put down not only Susan B., but her spiritual descendants all across this great land?

We don't want to think so. Rather, we prefer to look at the physical size of the Anthony dollar as symbolic of what has happened to the value of our money since the golden age of Eisenhower and even the more recent times of John F. Kennedy.

If the Anthony dollar is less than half as big as the Eisenhower, isn't that representative of what a dollar will buy these days in the supermarket compared with what it would purchase back in the 1950s?

And if it isn't even as big as the Kennedy half dollar, isn't that rather symbolic of what has happened to us as a nation in the past two decades?

Whatever the intent of our Washington lardheads, they've made a significant statement with the Susie B.'s. They have, indeed!●

GEN. OMAR BRADLEY

● Mr. TOWER. Mr. President, during my recent trip to Fort Bliss in El Paso, Tex., I had the honor to visit with General of the Army Omar Nelson Bradley. Although General Bradley is officially retired, I found him to be involved personally in the day-to-day activities at Fort Bliss where the troops draw upon this living legend for inspiration in achieving military excellence. Omar Bradley remains, for the soldiers of today, what he was to the GI's of World War II—"the soldiers general." Hundreds of thousands of veterans throughout the land remember Omar Bradley as their general. The general who shared the misery and danger of combat with them and then gave them the honor of victory also.

From the dark days of the early North African campaign, until the final march into Germany, Omar Bradley was on the scene in Europe. In Tunisia he turned green American troops into combat soldiers and then led them on to victory in Sicily. He left the Mediterranean operations to command the U.S. 1st Army in the great invasion at Normandy and then commanded the 12th Army Group in the long, hard fight through France, Belgium, Holland, Luxembourg, and into Germany. After the war, he accepted the challenge of administering to the many veterans, his former soldiers who were making the transition to civilian life. As the iron curtain fell over Eastern Europe, General Bradley became Chief of Staff of the Army and was the Chairman of the Joint Chiefs of Staff during the Korean war. During that period he was instrumental in the formulation of the North Atlantic Treaty Organization. Following his distinguished military career, Omar Bradley then went on to distinguish himself further in business.

Any American would be proud to claim some small part of Omar Bradley's accomplishments as his own life's accomplishments. But clearly, his greatest accomplishment is that he is honored today by yesterday's soldiers and today's soldiers as the soldiers general.

For that reason, I believe it is appropriate that on Friday evening, September 14, 1979, General of the Army Omar N. Bradley will be honored in El Paso, Tex., by the chapter there of the Association of the U.S. Army which bears his name. At this first annual awards banquet, bronze plaques will be presented to the outstanding officer and outstanding enlisted person of the year for Fort Bliss. The winners of these awards will be the two soldiers who have most emulated the military and moral characteristics for which Omar Bradley is so revered. I can think of no higher aspiration for a military leader than to reflect those virtues which we associate with the soldiers general.

As one of America's most renowned military heroes, it is truly fitting that the El Paso chapter of the Association of the U.S. Army should join with the civic leaders of that city to pay tribute to General of the Army Omar N. Bradley. I know that I speak for the entire Senate when I say that Omar Bradley represents all that is best in the American military tradition.●

EAST-WEST TRADE ISSUES

● Mr. STEVENSON. Mr. President, as part of a continuing study of East-West trade issues, I took advantage of the August recess and my status as a congressional adviser to the U.S. delegation to the U.N. Conference on Science and Technology for Development in Vienna to visit Bulgaria.

During my 4-day visit I had occasion to meet with the head of the Bulgarian Government, Todor Zhivkov, chairman of the State Council; Nacho Papazov, chairman of the State Committee for Science and Technical Progress; Vladimir Bonev, chairman of the National Assembly; Andrei Lukanov, Deputy Prime Minister, and other Bulgarian officials. In addition I visited the cities of Sofia, Varna, Plovdiv, and Villika Turnovo. The trip gave me occasion to learn something of the history of this nation at the crossroads of Byzantium and Russia, as well as to study its policies and objectives. It is a country little understood by Americans. I am grateful to the many Bulgarians who helped make this a productive study.

We fail to differentiate sufficiently between the nations of Eastern Europe. They are viewed as Soviet or Eastern bloc. Such differentiations as do surface in our policies reflect domestic American political realities, as in the case of Poland, perceptions of political independence from the Soviet Union, as in the case of Yugoslavia, perceptions of liberalizing internal economic policies, for example, Hungary, or an accommodating attitude toward Israel, for example. Romania. These perceptions are not always accurate; or one perception is logically offset by other considerations which are conveniently or inadvertently overlooked. The illiberal internal policies of Romania with respect to economics and individual rights, are offset by the notion that it follows an independent foreign policy.

As in most things, U.S. policy toward Eastern Europe is reactive. It reveals little willingness to shape events. We react to events and then only slowly, and with respect to the small nations of Eastern Europe we fail to differentiate among them and seize opportunities for economic and political advantage.

To its credit, the administration returned the crown of Saint Stephen to Hungary and negotiated a trade agreement with that country. This was followed by most-favored-nation treatment and Hungarian eligibility for Eximbank credits. The United States has negotiated a trade agreement with the People's Republic of China. We appear ready to waive the provisions of the Trade Act with respect to emigration and grant that nonmarket nation MFN and Eximbank credits while ignoring the remaining noneligible nations of Eastern Europe. I believe it is a mistake to let the Eastern European countries fall victim to our inability to resolve differences with other nations.

It is curious notion in the first instance that holds it a privilege to trade with the United States, a privilege to be withheld or shaped, not by the needs of the United States, but according to the favor in which we hold a foreign country. Most nations regard trade as indispensable to their economic welfare and, therefore, to their national security. Our trade with the nations of Eastern Europe ran a much-needed surplus last year. That surplus could be larger in the future. But our share of that trade is small in comparison to other Western nations. And by failing to develop the trade and investment opportunities available in Eastern Europe, we tend to perpetuate its continued reliance on the Soviet Union for markets and supplies. A large part of Bulgaria's gross national product goes into exports, and of those exports most are destined for Russia. When I questioned Bulgaria's relationship with the U.S.S.R., Chairman Zhivkov asked if the United States was prepared to take up Russia's imports.

Bulgaria has an ancient history and a national identity which goes back to the Middle Ages. In 1878 it was liberated from Turkish rule by the Russian army after major Russian sacrifices. In 1945, the invading Russians, against whom the Bulgarians never declared war, were welcomed back by the Bulgarians—so far as I can tell. Economic necessity and history have created little animus between Bulgaria and Russia, but even if such animus were our object, how would our purpose be served by leaving this, or any nation, to dependence on the Soviet Union? It is more realistic to expect the cautious normalization of trade with the Eastern European nations to be followed by a loosening of their ties to the Soviet Union. These nations have evolved into national entities over many centuries. While some, notably Yugoslavia, are subject to some destabilizing internal tensions, all are proud of their sovereignty, defensive about suggestions of subservience to Russia, yet chastened by experience. In the 1950's it was fashionable for American politicians to demand the liberation of Eastern Europe. But when patriots took to the streets of East Berlin and Budapest, the United States stood by while they were gunned by the Russians.

All people seek independence of foreign domination—but some are not altogether free to manifest their nationhood in ways that are endearing to us. The chief of an Eastern European state recently suggested to a group of visiting Congressmen that he knew better than they the limits of his power and his nation's ability to assert its independence. No Member dissented. They nodded knowingly, and now the normalization of economic relations is moving ahead with that nation.

Bulgaria appears to be decentralizing decisionmaking in industry, as well as in agriculture, installing profit incentives, inviting foreign investment and, so far as I can tell, moving toward the Hungarian economic system and away from the Russian. Its external debt is large. It suffers some manpower shortages. On the other hand, it is better situated with respect to energy as a result of lignite resources and food supplies than many nations of Eastern Europe. It claims the most advanced computer technology of the CEMA countries.

While freedom as we know it is not known to the Bulgarians, Bulgaria scarcely deserves its reputation as one of the most repressive nations. Its practices are not unlike those in many nations, at least in Eastern Europe. I visited Dr. Salvador Israel, leader of the Jewish community in Bulgaria, who confirmed that the Bulgarian authorities had let all Jews who wished to emigrate do so and most had left by 1967. Only about 5,000 Jews, mostly elderly, remain and none, he said, chose to leave. Conditions were better in Bulgaria than in Israel, he said. In any event, dependence on the Soviet Union for economic survival reinforced in some measure by our neglect of opportunities for improved trade relations with Bulgaria does nothing to liberalize either internal or external policies.

The obstacles in the way of mutually beneficial trading relationships with Bulgaria are formidable. In addition to all the barriers thrown up by the politics of East and West and Marxist ideology, Bulgaria is a small country. Its export potential to the United States is small. Its requirements for imports from the United States are larger, but a large volume of trade is difficult to foresee under the best of circumstances. In 1978 the volume of trade between the United States and Bulgaria was $19.1 million. I believe, however, that we make a mistake, not made by other nations, when we neglect market opportunities because the nation in question is small or off the beaten track. Already our trade with the LDC's exceeds the volume of trade with the EEC countries. Trade with all nations adds up. And with a $34 billion trade deficit last year, the United States can scarcely afford to rely on its own market and only the most obvious markets abroad.

Ours is a pluralistic world. Our relations with Bulgaria are much neglected owing, I believe, to a perception of that country which is not entirely accurate or fair and a larger neglect of all Eastern Europe.●

PRIME TIME FOR TAX EQUITY

● Mr. DOLE. Mr. President, yesterday the Chase Manhattan Bank announced that it is raising its prime lending rate to 13 percent. Other banks will follow suit, and the result will be that the cost of borrowing money will jump yet again. As always, American consumers and taxpayers will bear the brunt of anti-inflation policy.

To fight inflation, it is essential for the Federal Reserve to control the supply of money in circulation. The move by Chase Manhattan is a response to the Fed's efforts to control the money supply by allowing interest rates to rise, thus increasing the cost of borrowing. The fact that interest rates are rising to record levels reflects the degree to which the country has developed fixed expectations of continued inflation. Because people expect inflation to continue in the foreseeable future, they anticipate repaying their debts in inflated dollars. Because they see a gain in so doing, borrowers are less reluctant than in the past to assume debt at record interest rates.

This public attitude has been fostered by the No. 1 borrower—the U.S. Government. The Government knows that, when its policies are inflationary, the real value of each dollar in circulation declines. To finance its inflationary deficits, the Government borrows money. Purchasers of Treasury instruments, for example, are buying Government debt: They are lending to the Government at the rates of interest associated with the various instruments.

For example, a few days ago, long-term Treasury instruments were paying a record 10½ percent interest. A good deal for the investor? A better deal for the Government, which by inflating the currency at a 13-percent rate is paying a negative real rate to the investor. So long as the interest rate on Government obligations stays below the inflation rate, the Government is ahead, since it will pay off its debt in dollars whose value has declined by a percentage higher than the interest rate paid on the obligations.

The Government in effect reduces the national debt by the difference in percentage between inflation and the rate paid on Government obligations. In other words, were it not for inflation, our huge national debt would be even larger. It is no wonder that Government has little incentive to halt inflation once and for all.

There is a way to give the Government some incentive to stop inflation. The remedy is the Tax Equalization Act, which I have introduced. As inflation is reflected in nominal incomes, taxpayers move into higher brackets and pay higher rates of tax. Yet their real income has not increased, and in some cases may have declined. The result is a windfall profit for the Federal Government and a tax rate increase for working Americans. Eliminating this revenue windfall would give the Government an incentive to moderate spending and control inflation.

The Tax Equalization Act would achieve this by adjusting the tax brackets, zero bracket amount, and personal deduction by the percentage rise in the Consumer Price Index. The benefits would be tax equity for our citizens and motivation for the Government to stop inflation. So long as Government can profit from inflation, the prospects for economic stability are dim. Before our citizens are again asked to pay the price for controlling inflation, let us make certain that the Government accepts its responsibility to run a sound economy. Let us act now to make sure that Government cannot profit from inflation. Until then, the popular expectation of continued high inflation will not go away.●

OPEC PRICE INCREASES BENEFIT THE OIL COMPANIES

● Mr. BAYH. Mr. President, for a long time we have been hearing the major oil companies attempt to lay the blame for ever-increasing energy prices at OPEC's doorstep. There can be no denying that the tremendous price increases since 1973 have had an immediate impact on the fuel costs facing every American family. However, we must not overlook the role that the policies of the oil companies themselves play in energy price hikes. An article appearing in the July 24th edition of the Wall Street Journal confirms the suspicions that many Americans hold that some of the major oil companies are, indeed, exploiting the OPEC price situation to their benefit and the detriment of the American public.

As we are all aware, Saudi Arabia has traditionally lagged behind its OPEC brethren in increasing oil prices. Light oil from Saudi Arabia still sells at an average price of $2 to $4 per barrel less than the same oil from other Middle Eastern sources. It now seems that the four oil companies who are partners in the Arabian American Co. (Aramco) are using this price differential to garner a windfall of profits.

Although they are the recipients of almost all the lower-priced oil produced in Saudi Arabia, the Aramco partners are charging the same prices for their petroleum products as are other oil companies which are forced to pay much higher prices for their crude supplies. Aramco alleges that its action is necessary to assure the continued availability of products to sell.

This clearly anticompetitive behavior, Mr. President, is producing huge additional profits for these producers. It is not even clear how large these profits are. But their potential has been characterized as "immense."

Against the background of larger and larger OPEC price increases, it has been the Saudis who have acted most consistently to try to persuade OPEC to hold the line. The Saudis would hope, quite logically, that these efforts would be perceived in the West as an attempt to take a more reasonable approach in recognizing the problems facing industrialized nations dependent on foreign oil supplies.

But who is really benefiting from this policy? Surely not the consumers in this country. No, Mr. President, as we have seen often before, it is the oil companies directly involved who benefit. I can assure you that the Saudis are not alone in being upset that these lower prices go not to benefit consumers, but only to enrich the already swelled coffers of the oil companies.

The Journal article goes on to note that, fearing' public wrath, the multinational giants are expected to do their very best to hide the fact that they are reaping all these profits. I for one think that this is a situation that ought to be made known to the American people. Is it really any wonder, Mr. President, that the American people are skeptical of the claims that decontrol of domestic oil prices is necessary to provide companies with more profit and thus encourage them to produce more oil. When we see already mammoth profits being hidden, rather than used to encourage production, when we see already rich companies growing richer, is it responsible for us to allow this largess to grow still further?

I think it is especially important, Mr. President, for each of us to bear this situation in mind during our consideration of proposals for reimposing crude oil price controls or imposing a stiff windfall profits tax to deal with the massive infusion of funds into the oil companies as the result of decontrol. The bottom line remains that four oil companies are making a huge, unearned profit, by exploiting OPEC pricing policies. This is a money grab in its basest sense, and the American people have a right to know about it. The Senate should be aware of it during our deliberations on the windfall tax proposals. I ask unanimous consent that the Journal article be printed in the RECORD for the benefit of my colleagues who may not have had the opportunity to review it.

The article follows:

FOUR U.S. OIL CONCERNS BENEFIT AS SAUDIS' PRICES TRAIL REST OF OPEC'S

(By John R. Emshwiller)

NEW YORK.—Although the recent spurt in oil prices is bad news for most people, it is quietly providing the nation's four biggest oil companies with an unexpected bonanza that could total hundreds of millions of dollars or more.

The companies are Exxon Corp., Mobil Corp., Texaco Inc., and Standard Oil Co. of California. They are the four partners in Arabian American Oil Co., or Aramco, which accounts for almost all oil production in Saudi Arabia, the world's largest oil exporter.

The Saudi government has raised the price on its main grade of oil, Saudi light by 42% since the end of last year. But that increase is substantially smaller than the ones put through by most of Saudi Arabia's colleagues in the Organization of Petroleum Exporting Countries, which supplies about 60% of the Western world's oil.

As a result, Saudi light oil costs $18 a barrel, which is about $2 to $4 a barrel less than comparable crude oils from other OPEC countries. As recently as early this year, those oils sold for roughly the same price.

However, the Aramco partners are generally charging about the same prices for petroleum products made from Saudi oil as are competitors using higher-priced oil in their products. As a result, the lower cost of Saudi oil is resulting in "huge incremental profits" for the companies involved in Aramco, says William L. Randol, oil analyst at Blyth Eastman Dillon & Co.

Within the labyrinth of oil economics, it is almost impossible to tell how big those extra profits might be. But they could be immense.

Assuming an average price advantage of $3 a barrel and multiply that by the 6.5 million barrels a day that the Aramco partners have been allowed to take recently. The result is possible additional profits, before taxes, of $19 million a day, of about $7 billion annually. For comparison, total 1978 net income of the four companies was $5.84 billion.

Undoubtedly, the extra profits being realized are well below the potential maximum. For one thing, products in some countries, such as gasoline in the U.S., are under government price controls. Such controls force product prices to more closely reflect crude oil costs. And the Aramco companies sell part of the Saudi crude oil they get to other parties at the official price.

Nonetheless, a variety of oil-industry sources agree that the extra profits from Saudi oil could be at least in the range of several hundred million dollars for the Aramco partners this year. "In a market like this the fellows with the low-cost crude are going to make a bundle. And that is what we seem to be doing," says E. L. Dow, deputy controller for California Standard, one of the Aramco partners.

Constantine D. Fliakos, senior oil-industry specialist for Merrill Lynch, Pierce, Fenner & Smith, Inc., estimates that this year the lower-cost Saudi oil could add as much as $250 million to the earnings of Exxon's overseas refining and marketing operations alone. That, he forecasts, would push earnings for those operations to nearly $1 billion in 1979, sharply higher than the $582 million of 1978.

Some of the increased profits from Saudi oil are expected to show up in second quarter earnings, which the major oil companies are due to report over the next several days. Analysts expect oil-industry earnings generally to be strong, with those of the Aramco partners being particularly healthy.

Exxon, the first of the Aramco companies to report second quarter results, and yesterday that net income for the period rose 20% to $830 million. Although the earnings were a record for the period, the year-to-year gain was smaller than analysts had expected.

Indeed, analysts are hedging their second quarter earnings predictions more than usual because of uncertainty over the effect of all the upheavals in the world oil market this year. For example, the temporary halt in Iran's oil exports forced many companies, including some of the Aramco partners, to make up for that lost oil through purchases of high-priced crude oil and petroleum products on the spot market. Such added costs could be a drag on earnings, analysts say.

There is also some suspicion that political considerations may affect how the four companies account for extra profits from Saudi oil. Oil companies generally are the objects of heavy public criticism for what are seen as excessive profits and their role in the current energy-supply problems.

"I think they will try to hide what they can" of extra profits from Saudi oil in their second quarter reports, says one Wall Street analyst. Some observers believe one way would be to add money to reserves for possible future changes in Aramcos production arrangements with Saudi Arabia.

The Aramco partners do seem a bit edgy about their windfall from Saudi Arabia. Although some of the companies were willing to talk about the situation in general terms, they shied away from talking specifically about its financial effect. "It isn't something you want to wave in people's faces," says California Standard's Mr. Dow.

The companies may well be worried about further arousing one group that has already shown a good deal of unhappiness with the current situation: the Saudi Arabian government.

The Saudis have said repeatedly that they raised prices less than other OPEC members out of concern for the economies of the industrial nations. The kingdom, which has vast investments in those countries, clearly fears that too large a jump in oil prices could trigger a severe world-wide recession.

Although such largess is helping the balance of payments of industrial nations, it isn't being fully felt by consumers of those countries. Instead, a good portion of it is landing in the treasuries of the Aramco partners. "I'm sure that is frustrating to the Saudis," says a source at a major oil company.

Besides voicing complaints, the Saudi government has taken some actions. The Aramco partners are under orders that any sales of Saudi crude oil to outsiders must be at the kingdom's official price. And the government is quietly requiring the companies to provide written proof of that.

At the last OPEC pricing meeting in late June, Saudi Arabia raised official prices by more than other cartel members, thus somewhat narrowing the cost advantage of its oil. The kingdom also made that increase retroactive to June 1, which had the effect of transferring some of the accumulated extra profit from the four companies to Saudi Arabia. In its second quarter report yesterday, Exxon said that the retroactive price rise reduced net income for the period by about $100 million.

But the Saudis can't directly control the retail prices on the products made from their crude oil. On that matter, they have, so far, just "had to shrug their shoulders," one source says.

Indeed, the Aramco partners say that in the current market, even they have relatively little say over their own product prices. With demand outrunning supply for most of this year, the firms contend it doesn't make any economic sense to undercut the prices of competitors that have higher-cost oil. "We try to be conservative in pricing, but we have to charge effectively the going market price or we would run out of products in a hurry," says Peter Wolgast, manager of planning and analysis in Exxon's international operations.

In an effort to improve the world-wide crude supply Saudi Arabia recently announced plans to allow a temporary increase in its production. The new level for Aramco is apparently 9.5 million barrels a day, up from 8.5 million barrels daily. The latter figure comprises the 6.5 million barrels to Aramco and two million barrels the Saudis use or themselves sell.

It appears that much of the additional production will be allocated to the Aramco partners. So if the pricing split continues, the output rise could further swell the profits of the four companies.

But the Saudis seem to be betting that additional production and an expected slowdown in the economies of major consuming countries will bring supply and demand into better alignment. "Then Saudi Arabia could be in the driver's seat" in determining OPEC prices, says Mr. Fliakos of Merrill Lynch.●

CHILDREN'S TV

● Mr. HEINZ. Mr. President, last year I introduced S. 1960, a bill to create a National Endowment for Children's Television. I took this action, because I strongly believe that TV plays such a crucial role in shaping the emotional and intellectual development of our children that we have a duty to seek and stimulate excellence in TV programing for children.

I have recently had the pleasure of reviewing an article which so clearly expresses the need for more attention to children's programing, that additional comment is unnecessary. Kenneth Mason, president of the Quaker Oats Co., whose article "Responsibility for What's on the Tube" appeared in the August 13 issue of Business Week, charges "irresponsible" behavior on the part of some broadcasters and advertisers who have not acted on their own to improve TV programing for young children. His words underscore the need for Congress to act to create an endowment, the legislation for which will be reintroduced later this month.

Mr. President, I ask that the full text of Mr. Mason's article be printed in the Record at this time.

The article follows:

Responsibility for What's on the Tube

The concept of corporate responsibility is so much discussed in America these days that a broad yet unequivocal definition of what the term means is clearly in order. A good start would be first to try to agree on what the term does not mean.

Giving generously to the Crusade of Mercy is not an act of corporate responsibility. Nor is providing financial support to one's local hospital, museum, and symphony orchestra. Nor is sending a shipload of food to help the hungry in Third World countries. These are acts of corporate philanthropy, and, while they are admirable, they have nothing to do with responsibility.

Refusing to grease the palms of foreign government officials and not accepting kickbacks from suppliers are also not examples of corporations acting responsibly. They are examples of corporations obeying the law.

It is not a sign of corporate responsibility when a company insists on strict safety rules in its plant operations, truthfulness in its advertising, and equal opportunity for all employees. These also are examples of corporations simply obeying the law, as well as practicing sound management.

A GOOD RETURN

The simplest definition of corporate responsibility I know is this: Corporations that control the use of socially important assets have the responsibility to use those assets in a way that makes social sense.

For any nongovernment-supported economic entity this means, first of all, that the assets must produce a satisfactory profit, because without a profit the entity must close down, which makes no social sense at all for the entity's customers, suppliers, employees, and investors.

Is this just one more attempt by one more executive to "make the case" for high corporate profits? Quite the contrary. I know of no greater disservice to American business in my lifetime than Milton Friedman's widely publicized assertion that business' only reason for being is to generate profits for shareholders. What a dreary and demeaning view of the role of business and business leaders in our society!

Making a profit is no more than purpose of a corporation than getting enough to eat is the purpose of life. Getting enough to eat is a *requirement* of life; life's purpose, one would hope, is somewhat broader and more challenging. Likewise with business and profit.

The moral imperative all of us share in this world is that of getting the best return we can on whatever assets we are privileged to employ. What American business leaders too often forget is that this means all the assets employed—not just the financial assets but also the brains employed, the labor employed, the materials employed, and the land, air, and water employed. But let me move from the theory of corporate responsibility to a serious current example of the lack of it in a sector of American business that I think is of vital importance to this country.

Ten years ago a small group of mothers in Boston formed an organization called Action for Children's Television to call attention to the growing influence of television on the minds and attitudes of young children and particularly on children's attitudes toward food and nutrition. Not one major broadcaster or advertiser offered to help this group of concerned mothers in their attempt to seek improvements in children's television. Neither did the Federal Communications Commission for that matter, thereby providing that lack of a sense of responsibility is a failing not restricted to the corporate sector.

A POOR RETURN

In November, 1977, the four largest advertisers of breakfast cereals in this country were asked to testify before the Federal Trade Commission in Washington on this issue. One of the four companies did not send any of its executives to the hearing. Two of the three major advertisers who did show up spoke for several hours, supported by charts, graphs, and film, but never once in their testimony did they acknowledge the possibility that the way commercial television is used in this country to entertain and advertise to young children could or should be improved.

I think this attitude on the part of broadcasters and advertisers is plainly and simply irresponsible—because it does not make social sense. U.S. broadcasters have operating control of one of the most economically and socially important assets—the U.S. broadcast spectrum—in the world today. The TV medium is clearly the most pervasive influence in our society. This is particularly true in the case of children, who, by the time they reach college age, will have spent more time in front of a TV set than they will have spent in school, church, or in conversation with their parents.

Commercial television revenues in the U.S. are in excess of $6 billion annually. The advertising revenues for Saturday morning TV alone are around $100 million a year. With that kind of financial backing, broadcasters should be producing programs the nation can be proud of, not ashamed of. The fact that they are not producing such programs means that they and the nation are getting a very poor return on a very important investment, no matter how many dollars they may be reporting as profit.

We at Quaker Oats Co. believe that the key to corporate responsibility is for the business community to encourage, not evade, discussion of those problems that arise when the activities of business conflict with the needs and concerns of society. We think this is particularly true in the case of children's television. We only wish we could get others in the broadcast and television industry to agree with us.●

NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

● Mr. STEVENSON. Mr. President, it is required by paragraph 4 of rule 43 that I place in the Congressional Record this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Neal Houston of Senator Stafford's staff, to participate in a program sponsored by a foreign educational organization, Soochow University, Taipei, Taiwan, in July 1979.

It has been determined that Mr. Houston's travel, at the expense of the university, is in the interest of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Kenneth E. deGraffenreid of Senator CHAFEE's staff, to participate in a program sponsored by a foreign educational organization, Soochow University, Taipei, Taiwan, in July 1979.

It has been determined that Mr. deGraffenreid's travel, at the expense of the university, is in the interest of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Carolyn Jordan, counsel to the Subcommittee on Financial Institutions of the Committee on Banking, Housing, and Urban Affairs, to participate in a program sponsored by a foreign educational organization, Tunghai University, Taipei, Taiwan from August 10 to August 18, 1979. It has been determined that Ms. Jordan's travel, at the expense of the university, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit John G. Behuncik, of Senator SCHWEICKER's staff, to participate in a 1-week seminar from August 10 to August 18, 1979, at Tunghai University, Taipei, Taiwan. It has been determined that Mr. Behuncik's travel, at the expense of the university, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 43 which would permit Stephen Markman, a member of the staff of the Subcommittee on the Constitution of the Judiciary Committee, to participate in a program sponsored by a foreign educational organization, Soochow University, Taipei, Taiwan, from August 6 to August 14, 1979. It has been determined that Mr. Markman's travel, at the expense of the university, is in the interests of the Senate and the United States.●

THE CHANGING GEOPOLITICAL BALANCE OF SOUTH AMERICA

● Mr. GOLDWATER. Mr. President, recent events make it imperative that the United States turn some major foreign policy attention to the nations that lie to our south. Cuba, of course, demands immediate and concentrated efforts for our American diplomats and planners, but South America also is undergoing strategic changes which will have an important bearing on the future of the United States.

In this connection, Mr. Lewis A. Tambs of the department of history at Arizona State University, has written an extremely important article for the Journal of Social and Political Studies entitled "The Changing Geopolitical Balance of South America." Because of its importance both now and in the future, I ask that this article be printed in the RECORD.

The article follows:

The Changing Geopolitical Balance of South America

(By Lewis A. Tambs)

Presidents and politicians pass, but geographical imperatives and national aspirations remain. During the fourteen years since my "Geopolitical Factors in Latin America" was published by Praeger in 1965, this statement has once again proven correct. (1)

In that paper I postulated the presence of two great strategic centers in Latin America. Enlarging on the earlier effort of Mario Travassos of Brazil and Jaime Mendoza of Bolivia, I identified these as the Charcas Heartland, approximating the area of modern Bolivia, on the one hand, and the closed Caribbean sea on the other. I also claimed at that time that Argentina and Brazil were locked in a titantic, economic, demographic and diplomatic struggle for hegemony.

Reactions to the Charcas thesis were immediate. Upon publication in 1965 Rolf Hinder, editor of the Zeitschrift fur Geopolitik announced the formulation of a new Heartland theory. Two years later Golbery do Gouto e Silva of Brazil wrote that Bolivia along with Paraguay and Brazilian Rondônia and Mato Grosso formed the linkage which bound the geopolitical sectors of South American together. In 1969, Raul Botelho Gosalvez of Bolivia called his countrymen's attention to their strategic situation while others spoke of the continuing confrontation between Spanish and Portuguese America. (2) As predicted in the original presentation, the Communists, having gained control of Cuba—the key to the New World Mediterranean—subsequently sought to seize the axis of the Americas. Bolivia was to serve as the focus of their continental revolution. Concentrating at Camiri Ernesto, "Che" Guevara launched a campaign to conquer Charcas; but while his strategy seemed sound, his efforts nevertheless failed. Bolivian nationalism frustrated Guevara's guerrillas, and he paid the price of defeat in 1967. Since then, although geography influences policies and peoples, it has become clear that only men make history, and the scene in Latin America has changed dramatically.

The year 1967 also marked the take off point for seven years of unprecedented economic and industrial growth in Brazil. Unlike many of their counterparts, the Brazilian military revolutionaries of 1964 had come to power with a plan. Guided by the Sorbonne Group of military intellectuals, and closely cooperating with civilian technocrats and diplomats who had attended the *Escola Superior da Guerra* (ESG), the armed forces propelled Brazil toward super-state status. Beginning in 1964, a series of military presidents—Humberto Castello Branco (1964–67), Artur da Costa e Silva (1967–69), Emilio Garrastazu Médici (1969–74), and Ernesto Geisel—convinced that Brazil was essentially Western and Christian and that international stability was basic to Brazilian development abandoned the independent Third World foreign policy of Presidents Jánio da Silva Quadros (1961) and João Goulart (1961–64) and openly aligned themselves with the United States.

But the ESG and the Itamarati looked beyond associate state status to world power. Targeting 2001 as the year of Brazil's emergence as a super-state, Planning and Finance Ministers Roberto de Oliveira Campos (1964–67), Antonio de Delfim Neto (1967–74), and Mario Enrique Simonsen prepared a program which would provide the basis for a modern industrial society. Rejecting redistributionism, and stabilizing the social situation, they initiated a program of forced capital formation by encouraging savings, promoting high profits, restraining wages, and stimulating foreign investment. Thus, the Brazilian military Positivists succeeded in accelerating industrialization, increasing the assimilation of technology, and expanding exports of both manufactured and agricultural products until Brazil "between 1968 and 1974 achieved one of the highest rates of economic growth recorded in the post World War II era." (3) Moreover, Transport Minister Mário David Andreazza (1964–1974), guided by geopolitical principles, continentalized and colonized the country by constructing an extensive network of roads and highways. All of this was accomplished without endangering the existing agricultural elite which was induced to expand while the industrial sector soared.

The United States, Western Europe, and Japan responded favorably to the Brazilian model. Loans, grants, investments, and technology poured into Portuguese America. Recognizing a Brazilian-American partnership, President Richard M. Nixon proclaimed, during the state visit of President Garrastazu Médici to Washington, D.C. In December 1971, that Brazil was the natural leader of Latin America. (4)

Secretary of State Henry Kissinger (1969–1977) apparently went even further. Kissinger, seemingly sought, through détente, to replace the Cold War confrontation by an industrial-technological-ideological contest. It was argued that the U.S.A. would assuredly win such a conflict in the multipolar world which was emerging under the so-called atomic "balance of terror." Kissinger, accordingly singled out four nations for close cooperation with the United States which would serve as centers of stability in their respective areas: Japan in East Asia, Iran in the Middle East, the Federal Republic of Germany in Western Europe, and Brazil in South America.

Unfortunately the Soviets didn't follow the script. Rejecting the industrial-technological-ideological game plan, the U.S.S.R.—cleverly using détente as a cover, and employing its most effective weapons, agitation and subversion—continued its policy of penetration into the area of the North American economic empire.

In the immediate post World War II era the United States had sought to restrain Soviet ambitions with the Containment Doctrine of George Kennan. Containment was, however, basically defensive. The initiative passed to the Soviets. Seeping through the encircling alliance system erected in the Eurasian rimland or Inner Crescent by the Containment Doctrine—essentially an updating of Sir Halford McKinder's thesis of land power vs. sea power—the Russians began fueling wars of "national liberation" and sowing subversion in a variety of ways. Meanwhile, ignoring the desires of their consumers, the Communists concentrated the vast resources of the Eurasian pivot area on the production of nuclear weapons and the advancement of space technology. Within a decade they had achieved near parity. Atomic warfare became almost unthinkable to most people in the western world; the U.S. nuclear weapons ceased to be an effective deterrent, and the world returned once again to classical geopolitical concepts. The Soviets, especially Field Marshal V. P. Sokolovsky and Admiral Sergi G. Gorshkov, having studied and digested Sir Halford McKinder, General Karl Haushofer and Admiral Alfred Thayer Mahan, opted for imperial adventure.

The holders of the Eurasian Heartland would challenge the Oceanic Peoples of the Inner and Insular Cresents of the McKinder-Kennan thesis. Construction of a high seas fleet and control of the globe's sea lands became a prime objective of Soviet policy. By 1959 the Russians had intruded into the world's fourteen major maritime choke points: Five inland seas—South China Sea, Mediterranean, North Sea, Norwegian Sea, and Caribbean; two interoceanic canals—Suez and Panama, and seven critical passage points—Malacca Straits, Sri Lanka (Ceylon),

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Footnotes at end of article.

Horn of Africa, Mozambique Channel, Cape of Good Hope, Gibraltar, and Straits of Magellan. (5)

Confronted by subversion, insurrection, and Soviet sea power in the Americas the United States made some response. Cuba was quarantined in 1962, and a series of Castroite strikes around the rim of the Caribbean were suppressed. A revolution in the Dominican Republic which threatened the vital petroleum route through the Mona Passage from Venezuela to the United States—Communist Cuba already monitored the Windward Passage—was restrained in 1965 by military intervention. A joint Inter-American Peace Force of U.S. Marines and a Brazilian contingent under the command of the distinguished geopolitician Carlos de Meira Mattos occupied the island. Brazilian participation was of capital import, because when President Castello Branco announced his nation's adhesion to the operation he expressed officially, for the first time, the concept of Brazilian ideological frontiers: a view which would have notable consequences in the future.

Elsewhere, Guevara's guerrillas in Bolivia were suffocated in 1967, and another leftist challenge to Charcas was terminated with the toppling of General Juan José Torres in 1971. By late 1972, the Tupamaros in Uruguay had been tamed, and the following year the menace to the Straits of Magellan was eased by the overthrow of FRAP and Salvador Allende in Chile. The situation developed differently, however, in Southeast Asia. There the dominoes began to totter. Viet Nam, Cambodia and Laos tumbled. In Europe, Portugal (targeted along with Spain and Morocco by the Soviets in their Plan Oran of 1974) trembled. Of more importance, Mozambique and Angola went under. The United States, torn by inner struggles, stood by helplessly.

Brazil which supported the United States in two World Wars, and since participated staunchly in the Cold War, began to question U.S. resolve. (6) Adverse economic conditions accelerated the rupture. Already weakened by the petroleum crisis of 1973 and the concurrent slackening of the impetus of its economy, Brazil, dependent upon imported petroleum and with its Sea Lines of Oil Communication (SLOC) from the Middle East carried in super-tankers around the Cape of Good Hope now potentially endangered by unfriendly forces in Mozambique and Angola, faced disaster. Moreover, Brazil's burgeoning seaborne trade with Japan, already menaced by U.S. determination to turn over the Panama Canal to the Casotrite Chief-of-State Omar Torrijos, was further endangered by the U.S.-Peking rapprochement and the balance of power in the East China Sea destabilized with the impending withdrawal of U.S. forces from South Korea. Brazil, extremely sensitive to any threat to its overseas commerce because it must export or die, began to turn away from dependence on the U.S.

Other blows followed. At the Manila meeting of the International Monetary Fund in October 1976, David Rockefeller of Chase Manhattan Bank, one of Brazil's biggest creditors, criticized Brazilian Finance Minister Simonsen's monetary policies and "recommended a sharp reduction in Brazil's ambitious development programs." (7) Then both Presidents Gerald Ford and Jimmy Carter sought to block the West German-Brazilian Nuclear Agreement of 1975, which would provide Brazil with eight atomic power plants to supplement expensive imported petroleum and existing and projected hydroelectric facilities. Though the Federal Republic of Germany refused to yield, West German and Brazilian confidence in North American leadership further deteriorated. Fears that the United States and the Soviet Union were secretly seeking to retain nuclear hegemony increased.

The end of the Brazilian-American Alliance, already weakened by the energy crisis and the resulting balance of payment problems, and compounded by the loss of Southeast Asia, Guinea, Mozambique and Angola in 1975, came in March 1977. (8) The Brazilian Government, objecting to what it regarded as interference in internal policies, rejected $50,000,000 in U.S. military aid because this was to be accompanied by regular reports on the status of "human rights" in Brazil, and unilaterally canceled the 1952 mutual defense agreement. Thus, Brazil—while it still welcomes North American capital and technology—no longer looks to the United States for leadership in world affairs, and instead aligned itself with Japan and the Federal Republic of Germany.

Brazil's declaration of independence from the United States was also marked by accelerated economic and diplomatic offensives in Africa, the Antarctic and South America. Aware of the danger to its Sea Lines of Oil Communication around the Cape of Good Hope, and seeking to retain something of a Luso-Brazilian presence, Geisel recognized the Socialist regimes in Portuguese-speaking Mozambique and Angola, and with Japanese aid, accelerated the expansion of its fleet. The plan called for an Iranian naval projection southward along the East African coast to the Cape of Good Hope, while the Brazilians, potentially joined by Uruguay and Argentina in a South Atlantic Treaty Organization (SATO), would cover the West African coast from the Cape of Good Hope northward, past Guinea (where the Soviets already have a naval facility) to Dakar. Consolidation of SATO was delayed by Brazilian resistence to the inclusion of the Republic of South Africa, which the Uruguayans and Argentines favor. (9) Since then, this plan has been disrupted by the overthrow of the Shah of Iran.

Brazil's oil Sea Lines of Oil Communication and its Far Eastern trade have also prompted rising interest in the Antarctic. In 1975, Brazil adhered to the Antarctic Treaty which temporarily internationalized the "White Continent" and dedicated it to pacific and scientific purposes, but subsequently suspecting that the Antarctic Treaty was yet another effort by the U.S. and U.S.S.R. to monopolize the globe, the Brazilians became interested in Therezinha de Castro's defrontation or sector thesis which would give Brazil a territorial claim to the Antarctic. The Antarctic, not only controls the route to the Indian Ocean and the Middle East, but also controls one of the key sea lanes to the Pacific. (10) It is therefore not surprising that Brazil has since began to train polar exploration teams in the United Kingdom.

The Brazilians believe that, since some 70 percent of the world's population and approximately 70 percent of the globe's unexploited natural resources lie along the rim of the Pacific basin and the Indian Ocean, the Pacific is the ocean of the future. At present about 8 percent of Brazil's foreign commerce is with Japan, and this percentage is increasing. If the Panama Canal falls into hands hostile to Brazil there are only two other sea routes to the Pacific. The route by the Cape of Good Hope (Rio de Janeiro—Cape Town—Yokahama, 13,383 miles) is monitored by the Soviets; but the second, around Cape Horn, is somewhat "precarious." (11) Given the hazards of the Cape of Good Hope and Cape Horn, and the current international status of the Antarctic, Brazil may be interested in areas to a port on the Pacific—and the route through Characas is the most direct way across the continent.

Brazil's dream of super-power status envisions the establishment of a trans-continental confederation: not through conquest but by means of economic and political hegemony in South America. If Brazil patterns its program on the past performance of the United States and Soviet Russia, both of which pushed from the Atlantic to the Pacific, it will definitely seek a trans-continental passage. The most feasible is a railroad route from Santos to Arica by way of Bolivia and Chile. Ever since 1919, the Itamarti has supported Bolivian claims to a Pacific port. At his inauguration in 1974, President Geisel offered to mediate on this matter between two of his guests—Presidents Hago Banzer of Bolivia and Augusto Pinochet of Chile. A few months later, in June, 1974 Geisel and Banzer signed the Convention of Cochabamba which called for feasibility studies on the construction of a rail line from Santa Cruz de la Sierra to Cochabamba—the only gap in the Santos-Arica railroad. Bolivia and Chile also reached an accord, but a Peruvian counter-plan disrupted negotiations and the agreement was aborted early in 1976. By the end of the year, however, Peru, which since 1968 had contested Brazilian leadership, began to drift into the Brazilian orbit.

In October 1976, Presidents Francisco Morales Bermundez of Peru and Geisel of Brazil met on the upper Solimoes to sign a commercial agreement providing for Brazilian importation of petroleum and copper in exchange for manufactured goods. Peru along with Bolivia, Ecuador and Colombia, has also adhered to the Amazon Pact which provides for joint development of the basin. These Pacific Coast Republics—all members of the Andrean Group—were pulled into the Amazon Pact by Brazil's spectacular economic and industrial progress and by the desire to improve their technology.

Technology can alter geopolitical relationships. Just as long range aircraft, nuclear weapons, and intercontinental ballistic missiles temporarily negated the art of geopolitics in the immediate post-World War II era, so the construction of the Panama Canal, of the Trans-Amazon Highway, and the Northern Rim Road radically altered the geopolitical balance in the Amazon Basin. While the Panama Canal provided the Pacific states of Spanish South America with a direct water route to the Atlantic and to their heretofore inaccessible lands east of the Andes, this route was jeopardized in 1974 by the Kissinger-Tack Agreements and the subsequent Carter-Torrijos Treaties of 1977 and 1978, in which the U.S. promised to turn operation of the Panama Canal over to General Omar Torrijos. Peru and Ecuador, with 41 and 51 percent of their seaborne trade transiting the Canal would be heavily affected by toll increases or especially by closure. In view of this, the Spanish-speaking Pacific Coast Republics have begun to look to the Amazon as an Atlantic outlet, and to the new Trans-Amazon Highway. This turn towards Brazil has further fractured the Andean Group, and draws the nations bordering the Amazon Basin into the Brazilian orbit. At first Venezuela held out, but in November 1977 President Carlos Andrés Perez not only adhered to the Amazon Pact, but also announced his support of Brazilian nuclear development.

President Andrés Peréz's startling initiative signaled the end of three long-standing arrangements: (1) the special relationship between Venezuela and the U.S.; (2) the attempt by the Andrean Pact countries to establish an anti-Brazilian economic alliance; (3) the establishment of an Argentine-Venezuelan axis. Geopolitically the move marks the commencement of the continentalization of Venezuela. Previously, Venezuela had been heavily integrated into the U.S. dominated Caribbean concert; now, as it seeks cooperation with Brazil, it slides toward the South American system.

Venezuelan disengagement from the U.S. began with the founding of the Organization of Petroleum Producing Countries (OPEC) in 1960; and was accentuated the following year by the abortive invasion of Cuba at Playa Girón. Venezuelan national-

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Footnotes at end of article.

ism reinforced by petro-dollars accelerated the separation. The formation of the Latin American Economic System (SEIA) in 1974–75, diplomatic recognition of Cuba in 1975, and the nationalization of U.S. iron ore and oil companies in 1974 and 1975, completed the collapse of the Caracas-Washington connection.

Many of the moves away from Washington and toward the Third World commence during the presidency of Rafael Caledra (1969–1974). In February 1973, Caldera visited six Spanish South American capitals in an effort to establish an anti-Brazilian front and the next year led Venezeula into the Andean Group. Caldera's concert of Spanish-speaking nations was promoted, in part, by the economic rise of Brazil, the construction of the Trans-Amazon Highway, the projected Northern Rim Road, the installation of airfields and military facilities in Roraima, the upsurge of population in the territorial capital of Boa Vista, and the subsequent penetration toward the Venezuelan frontier. The meeting between Presidents Caldera and Geisel at the border town of Santa Elena de Uairen in 1973 did little to ease tensions. Even the joint decision to pave the Manaús-Boa Vista-Santa Elena-El Tigre-Caracas Highway upon completion merely exacerbated Venezuelan fears. (12)

Venezuela's vision of seizing Spanish-American leadership was, however, foredoomed to failure. The geopolitical factors of space, place, population and policy were lacking. Moreover, the inherent contradictions of the Andean Group precluded any long term cooperation between the member nations. The Buenos Aires-Caracas connection proved chimerical. Juan Domingo Perón, who had contemplated an anti-Brazilian alliance with Venezuela during his first presidency (1946–55), died within a year following his return to Buenos Aires in 1973, and Caldera's coalition collapsed. The subsequent military government of Jorge Videla (1976–) sought to draw Venezuela and Peru into an anti-Brazilian alliance but by 1976 it was too late. Venezuela found itself surrounded on the west, north and east by increasingly pro-Castorite republics—Panama, Jamaica and Guayana, and connected to Brazil by rising economic interchange and the Manaús-Caracas highway. Confronted with choosing between the declining Anglo-Americans and the Castroite Caribbean or the ever more powerful and increasingly independent Portuguese Americans, Andrés Pérez chose the latter. With Venezuelan adherence to the Amazon Pact, Brazil could safely pause in its initiatives in the Amazon Basin. Time was on its side.

Brazil possesses five powerful weapons its rivalry with Argentina for supremacy in the Río de la Plata Basin—ideological affinity, economic penetration, technological innovation, demographic superiority and hydroelectric diplomacy. President Castello Branco's proclamation of Brazilian philosophical frontiers in 1965 combined with leftist activity in Bolivia, Paraguay, and Uruguay, aided Brazil in gaining entry into these three states which were formerly associated with Argentina. This ideological advance was accompanied by economic expansion which corresponded with an era of confusion and contraction in Argentina (1971–1976). As Argentina turned inward, Brazil rushed into the power vacuum in the Río de la Plata Basin and signed a series of agreements with Bolivia (Cochabamba, 1974, Brasilia, 1977), Paraguay (Asunción, 1971, 1973, 1975), and Uruguay (Rivera, 1975) which brought these former *porteno* protectorates into political and economic partnership. Economic integration was further accentuated after 1974 with the introduction of a technological innovation—export corridors.

Buenos Aires had always believed in geography as destiny. Its position of the port on the mouth of the Paraguay-Paraná River complex seemed to assure that Argentina should persist as the leader of the Río de la Plata. Buenos Aires' position as the focal point of the railroad system, not only of Argentina, but also of Paraguay and Bolivia, appeared to guarantee continued *porteno* control. But the delta advanced, the day of container vessels and super-ships dawned, and in spite of extensive dredging Buenos Aires was bypassed by three Brazilian export corridors. These three funnels, which were suggested by Mário Travassos as early as 1930, flow eastward from the Rio de la Plata basin to deep water on the Atlantic. Route one moves from the Argentina mesopotania, through Uruguay and Rio Grande do Sul to the harbor of Rio Grande. The second corridor connects the Chaco, Paraguay, Missiones, Santa Catarina and Paraná with the port of Paranaguá. The third export axis advances from Bolivia eastward by way of Corumbá, Campo Grande and Sao Paulo to the Atlantic outlet of Santos. Thus, shallow, silted Buenos Aires became a back water, and geography was mastered by modern technology. Bolivia, Paraguay and Uruguay were pulled into the Brazilian orbit, and the Luso-Brazilians realized their age old dream of winning a natural frontier on the Rio de la Plata. (13)

Demographic superiority has accentuated the ideological, economical and technological advance of Brazil. Almost two thirds of Brazil's population of 110,000,000 lives in the South (Rio Grande do Sul, Santa Catarina and Paraná), Southeast São Paulo, Rio de Janeiro, Minas Gerais, and Espirito Santo) and Central-West (Campo Grande, Goiás and Mato Grosso). Given an annual average cumulative growth rate (1960–75) of 2.8 percent, it is estimated that Brazil's population will surpass 200,000,000 by the year 2000. At least half of these people will be concentrated in the South, Southeast and Center-West along the frontiers of Uruguay, Argentina, Paraguay and Bolivia. None of these nations have a comparable demographic base or the growth rate (Uruguay's population is 2,700,000, and its growth rate is 0.7 percent; Argentina, 25,000,000, and 1.5 percent; Paraguay, 2,600,000, and 2.9 percent; Bolivia, 5,600,000, and 2.6 percent) to match the Brazilian colossus. (14) In the case of Uruguay, Argentina, and Bolivia over half of the entire population is concentrated far from the frontiers around the national capital and major port (Uruguay and Argentina) or (in the case of Bolivia) in the Andes. (15) Superior Brazilian procreation gives them demographic preponderance. It appears certain that Brazilians will follow their traditional method of indirect expansion—infiltration, settlement and integration.

Only in the case of energy resources does Argentina have an advantage over Brazil. Ever since 1973, Brazil has tried desperately to turn to alternate sources—hydroelectric and atomic power. Seeking to maximize the potential of the Upper Paraná the Brazilians constructed a series of dams which culminated in an agreement with Paraguay for a joint project at Itaipú. Argentina, which had its own plans for development of the river at Paraná Medio, Yaciretá and Corpus, protested, but the Brazilian economic miracle and the aggressive attitude of Foreign Minister Antonio Azeredo Silveira toward Argentine complaints about Itaipú compromising Corpus, and his energetic efforts to push Paraguay into changing its electrical frequency from 50 cycles per second to 60 in order to integrate its grid with the Brazilian system and to standardize the generators at Itaipú appeared to carry all before him. Not until the Argentina Navy took charge of foreign policy did a concerted effort begin to redress the balance of power in the Río de la Plata basin.

The Argentina Navy has a strategic doctrine. This policy was formulated by Admiral Segundo R. Storni in 1916 and has dominated Argentine naval thought ever since. Basing his analysis on Mahan, Friedrich Ratzel, Camille Vallaux and Herman Beythien, Storni stressed that since Argentina is dependent on imports and exports it must keep its Sea Lines of Communication (SLOC) open to Europe, North America and Asia. Hence, relations with Argentina's neighbors could be seen as follows:

Brazil: Peace and parallel policies between Portuguese-speaking Brazil and its Spanish-speaking neighbors.

(1) Brazil sits astride Argentina's SLOC with Europe and the east coast of North America for over 2,000 miles from the Rio Grande do Sul to the Island of Fernando Noronha.

(2) Brazil and Argentina share the same Parana-Paraguay River complex—which Storni saw as merely an extension of the Atlantic.

Uruguay: Associated state status; at worst neutral, and never hostile.

(1) Spanish-speaking Uruguay shares the Rio de la Plata estuary and could cut Argentina's SLOC with ease. The Indio channel is particularly vulnerable.

(2) Uruguay is immediate to Buenos Aires, the capital and major port.

Chile: Amity and possible eventual confederation.

(1) Spanish-speaking Chile shares control of the Straits of Magellan, the passage to the Pacific. A possible but not desirable cause for dispute.

(2) Chile monitors Argentina's SLOC to East Asia and the west coast of South and North America.

(3) Argentina's interest in the Pacific will increase and it is easier and more economical to use railroads through the trans-Andean passes to Chilean ports than it is to round Cape Horn by ship.

Peru: Friendly relations.

Like Chile, Spanish-speaking Peru lies astride Argentina's communications with Pacific North America.

Falkland Islands: Incorporation of this purely British-populated group of islands into the Argentine Republic:

(1) Because the location of the Falklands threatens not only the Argentine Coast, but also dominates the Straits of Magellan and Cape Horn.

(2) Storni, writing in 1916, foresaw that the commercial and strategic value of the Falklands would decline with the opening of the Panama Canal (1914). However, since future control of the Panama Canal is questionable, as of 1979, the strategic value of these islands is now closer to their pre-1914 status. (16)

Storni also laid down certain guidelines for the internal development of Argentina which would enable Argentina to defend its national interests and realize its full potential:

Naval Base.—

Major base at San Clemente de Tuyú, which lies just south of the northernmost point of Cape San Antonio.

Secondary base at Deseado in Patagonia.

Facilities at Bahía Blanca, Port Madryn on Gulfo Nuevo, Río Gallegos and Thetis on the Eastern tip of Cape Horn.

Industry: Development of shipbuilding and repair services, expansion of the merchant marine and modern fishing fleet.

Infrastructure: A railroad running from Buenos Aires parallel to the Andes through the entire length of Patagonia. (17)

In Storni's geopolitical visions one can discern the shadow of SATO, the possibility of accommodation with Brazil, and of a possible Spanish speaking confederation in the Southern Cone, which would counterbalance Portuguese-American preponderance in South America's center.

Inspired by Storni, Senior Argentinian naval commanders seized the diplomatic ini-

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Footnotes at end of article.

tiative. Naval Chief Emilio Massera, and Foreign Ministers César Guzzeti and Oscar Montes, aware that there were only three choices open to Argentina regarding Brazil—submission, accommodation or confrontation—simultaneously sought both SATO and stability. Seeking to defuse the Itaipú question they opened direct contacts during June and July 1977 with their Brazilian counterparts. Admirals Geraldo Azevedo Henning, Gualter Magalhães and Air Force General Delio Jardim de Mattos. (18)

The Argentine Admirals could almost be certain of a favorable reception. The Brazilian military, despairing over the decline in United States determination to confront the Communist challenge and fearful that the new Carter Administration would not only try to disrupt the Brazilian-West German Nuclear Accord, but also foment internal discontent by supporting the opposition under the guise of human rights, had signaled their willingness to negotiate with Argentina late in 1976. The formal breakdown of the Brazilian-United States alliance in March 1977 further convinced many Brazilian officers that an accommodation with Argentina was desirable. Argentina's twenty-year lead in the development of nuclear power, and the determined, but vain efforts of President Jimmy Carter to void the Brazilian-German atomic agreement, undoubtedly played a role in the Brazilian military's desire to avoid conflict with Argentina.(19)

Admiral Massera followed up initiative of mid-1977 with a visit in August to Paraguavan President Alfredo Stroessner. Here, in Asuncion, Argentine efforts to keep the options open very ably aided by Ambassador Norberto Sergio Novoa.(20)

The question of electric frequency developed into a significant political issue, for Paraguay is destined to become the energy capital of the continent—the Kuwait of South America. Paraguay has three joint hydro-electric projects on the drawing board. Its project with Brazil at Itaipu will generate around 12,000,000 kilowatts. The two with Argentina (Corpus and Yacireta) will produce about 3,200,000 and 3,500,000 kilowatts each. Hence, one half of a total of 18,500,000 kilowatts will be at the disposal of Paraguay which, since it has little industry, will have around 9,000,000 kilowatts available for export. Brazil has standardized its electrical frequency at 60 cycles. Argentina, Uruguay, Chile, the urban areas of Bolivia, and part of Peru, utilize the 50 cycle system. Pressure from both Buenos Aires and Brasilia on Asuncion mounted during September and October. Then in November 1977, Asuncion announced it would retain the 50 cycle system. Stroessner's decision was momentaneous. (21)

Application of the Storni Doctrine had succeeded in temporarily stabilizing the balance of power in the Río de la Plata basin. The Argentine Navy then announced that it would commence construction of a deep water port at Punta Médanos at the southernmost point of Cape San Antonio, adjacent to Storni's proposed major naval station at San Clemente de Tuyú. This obvious effort to salvage Argentine natural geographic supremacy in the Río de la Plata, and counterbalance the three Brazilian export corridors, was followed by an agreement to aid Peru in the construction of a nuclear power plant. Concurrent with these projects, the Argentines continued conversations with the United Kingdom for acquisition of the Falkland Islands (against the wishes of the British descended, English-speaking residents of these islands) either by purchase of the shares of Falkland Islands Company or by direct annexation. These Storni inspired initiatives will probably be followed by a détente and rapprochment with Chile.

Though inflammatory, the Beagle Channel controversy and conflicting claims in the Antarctic are not incurable questions, for the long range Argentine and Chilean interests converge rather than diverge. Nevertheless, even if all these efforts succeed—partnership with Paraguay, construction of Yaciertá, Corpus and Paraná Medio, the installation of a deep water port at Médanos, and rapprochement with Chile—Argentina will not outstrip Brazil.

Meanwhile, Brazil and Bolivia have drawn ever closer since 1964. During the leftist regime of General Juan José Torres (1970-7 Brazilian geopolitical sensitivity to the strategic location of Charcas flared. Applying the Castello Branco doctrine of ideological frontiers former Brazilian Ambassador Hugo Bethlem called for "protective occupation" of the Heartland. (22) Simultaneously separatism surfaced in the Bolivian Beni and Santa Cruz, and the breakup of Bolivia was perhaps only prevented by the ouster of Torres. Banzer, with Brazil's blessings, assumed the presidency in August 1971, and contacts between the two countries therefore increased. While the Socialist Salvador Allende still held sway in Chile, the Itamaratí stoutly supported Bolivia's long-standing search for a salida al mar, and in April 1972 Presidents Garrastazu Médii and Banzer conversed at Corumbá about the iron ore of Mutún, exportation of gas from Santa Cruz and Atlantic and Pacific outlets.

Although the costs of constructing a steel mill for smelting the iron of Mutun utilizing Bolivian gas, and completing the gap in the Santos-Arica railroad between Santa Cruz de la Sierra and Cochabamba, were beyond the Brazilian economic capabilities: President Banzer and Geisel signed the convention of Cochabamba in June 1974. Further implementation of this instrument followed in August 1977 when the two presidents met in Brasilia. Through these agreements on ore, gas, petroleum, steel mills, railroads and roads, as well as the continuing migration of squatters into the empty Bolivian *oriente*, Brazil has gained an advantage in the rivalry for the control of Charcas. This advantage which has been increased by implementation of the Amazon Pact, which in turn has been triggered, in part, by the impending collapse of U.S. power in the other major strategic area in Latin American—the Caribbean.

It is generally felt that the withdrawal of the United States from the Panama Canal foreshadows the abandonment of Guantanamo and the independence of Puerto Rico. Castroite Cuba, supported by the Soviets, and Brazil allied with Venezuela, are moving into the power vacuum of the Caribbean created by the contraction of the U.S. presence. Although Castro failed to subvert the rim of the Caribbean during the decade 1959–1969 he has been remarkably successful since then in winning Panama, Jamaica and Guyana to Socialism. Communist Cuba, acting as a Soviet surrogate, aspires to control the Caribbean. This challenge has called Brazil into the arena.

The Brazilian advance to the northern shores of South America is defensive. Brazilian geopoliticians originally considered the "New World Mediterranean" to be within the U.S. sphere of influence. This conception remained valid as long as the Brazilian-American alliance and U.S. world leadership lasted. With the U.S. withdrawal into "Fortress America," the proposition lost its validity. Consequently, Brazil extended the Manáus-Boa Vista section of the Trans-Amazon Highway and the Perimeter Rim Road northward to Georgetown in Guayana and Caracas in Venezuela, to help contain the challenge. This Communist threat in the Caribbean also cooled Venezuelan ardor for employing the Andean Pact as a rival to Brazilian power and pulled Caracas toward the Amazon and association with Brazil.

Fourteen years after the original presentation of "Geopolitical Factors in Latin America," both the closed sea of the Caribbean and the Charcas Heartland are still the centers of titanic strife. In 1964 "Soviet occupation of Cuba had shaken, but not yet broken, *yanqui* hegemony in the New World Mediterranean." (23) Now, in 1979 after a striking rise in Soviet sea power and Russian intrusion into the world's fourteen maritime choke points, Communist victory in Southeast Asia and a general withering of U.S. will and purpose, control of the Caribbean is being contended by a Soviet-Cuban combination and a Brazilian-Venezuelan coalition as well as by independent nations like Nicaragua which controls the only other feasible route for a trans-Isthmian canal through central America besides Panama. Moreover, as foreseen in 1964, the "Communists having gained control of the key to the Caribbean (attempted to) concentrate their efforts on winning the key to South America—Bolivia." (24)

"Unbalanced, the continent sways with the struggle of vast potential superstates grappling for the pivot;" (25) but these oscillations are stabilizing. As the balance of power tilts toward Brazil, Argentina searches for accommodation. We are witnessing the end of the conditions created by the Treaties of Madrid and San Ildefonso of 1750 and 1777, which deeded the Amazon basin to Portugal and the Río de la Plata basin to Spain. Just as the eighteenth century British challenge to South American convinced the two crowns to cooperate, so the danger of Soviet Russia is stimulating the Portuguese and Spanish nations of South America into a closer pattern of economic, political and possibly even military cooperations.

FOOTNOTES

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SENATOR BAYH ADDRESSES "CITY OF HOPE" NATIONAL BICENTENNIAL CONVENTION

● Mr. CRANSTON. Mr. President, in terms of health care in the United States, very few, if any, organizations surpass the "City of Hope" in its dedication to the care of patients and the pursuit of medical research. The City of Hope is aptly named, for the efforts of the men and women who work at the medical center near Los Angeles, and those who take part in the City of Hope chapters throughout the United States, truly inspire hope for Americans who are stricken with major illnesses.

Mr. President, I am proud to inform the Senate that our distinguished colleague from Indiana (Mr. BAYH) addressed the City of Hope's national biennial convention, which was the culmination of a yearlong celebration of that organization's 65th year of health care. Senator BAYH has a well-deserved reputation for his efforts in support of the fight against cancer and other major diseases and it is particularly appropriate that he should address this convention.

An outstanding Californian, Mr. Ben Horowitz, in his capacity as executive director for the City of Hope, plays a key role in making effective health care in our Nation a reality for thousands upon thousands of people. Mr. Horowitz also addressed the biennial convention and described the medical achievements of the City of Hope and the support its community auxiliaries have generated for that center.

I ask that the remarks delivered by Mr. Horowitz and Senator BAYH at the national biennial convention be printed in the RECORD.

The remarks follow:

THE CITY OF HOPE: LET US COMMIT OURSELVES

(By U.S. Senator Birch Bayh)

Thank you very much, President Hersch. It's a privilege to be here with all of you who are friends and benefactors of the City of Hope. I will have the privilege of being the honorary chairman of a banquet in Indianapolis honoring both a very dear friend of mine and my wife, Marvella, and I have really looked forward to being here this evening.

The challenge facing America's medical research and health care system today is, in my judgment, no laughing matter. Proposition 13 "fever" which was conceived here in California has swept across the country, giving birth to a fearful retreat from medical research and health care goals long accepted as important and in our best interest. True, with inflation putting almost impossible pressure on both family and governmental budgets, people have every right to expect deficiencies, to expect economy in the use of their tax dollars, to expect us to do a better job of eliminating waste in Government.

But I say to you that prudence and efficiency cannot be equated with retreat from those programs in the field of health which offer hope from the relief of suffering—hope from the bankrupting cost of catastrophic illness and, in final analysis, hope for life itself.

During the last decade, we have invested billions of dollars in medical research and health care. This is, as all of you know, one of our major social costs. I use the word "investment" because that is exactly what it has been . . . and, in my judgment, an exceptionally good investment. As a result of that investment of our tax dollars, we've accomplished some major successes in the field of medicine. This last year, for the first time since any of us can remember, there was a decrease in heart-related deaths. We've seen miracles performed in the area of eye surgery and eye health. Your Dr. Rachmiel Levine can talk about the significant progress that has been made in the area of diabetes. We've had remarkable successes with infant diseases—polio, diphtheria, whooping cough, smallpox, measles, the rest. Because of this, all of us have been saved many, many sleepless nights in worry.

Even in the area of cancer, the greatest curse word of all, there have been successes. Thousands of our loved ones, our friends and neighbors are alive today because of our researchers, our doctors . . . because of the kind of effort that was made at the City of Hope by Dr. Charles Todd and his role in the development of a CEA test for certain malignancies. We've helped educate our people and alert them to the seven danger signals so they can detect cancer at a time when there is a much better chance of cure. Yes, we've made progress and we can be proud of that. But I say, very personally, we have absolutely no reason to be complacent because there is so much that remains to be done.

In this year of 1979, seven hundred thousand Americans will die of heart-related illnesses. Cancer will be a personal tragedy for the fifty-five million Americans who are alive today. During this decade of the seventies, six and a half million will have to fight it. This year alone, four hundred thousand of our loved ones will die from this dreaded disease. My wife, Marvella, spent a good period of her life crusading across this country trying to awaken people to the dangers of cancer. I loved to hear her say, and I say it less effectively than she, but if our country were confronted with some foreign adversary—if we were facing landing craft or incoming missiles that we knew would destroy four hundred thousand of our friends and neighbors we would demand unconditional surrender and we would not quit until we had accomplished that goal.

Well, we have joined the battle but I fear we are becoming timid and we certainly are not demanding unconditional surrender. As a member of the U.S. Senate's Appropriation Committee and a member of its sub-committee that handles the health, education and welfare budget which just passed the Senate yesterday morning, I made a personal effort to increase this year's National Institutes of Health budget for the major health institutes to keep up with inflation. These efforts were defeated. I was asking for no new programs. No advances. I was suggesting that we at least ought to spend the same dollar value next year as we are spending this year. And we were told by a majority of the committee that we could not afford to keep up.

Look at what this means in the area of cancer alone. The National Cancer Institute this year is budgeted for nine-hundred and thirty-seven million dollars. The new budget which will start October 1 asks for nine-hundred and thirty-six million dollars. If one looks at the inflation factor, that is an effort that would be many millions of dollars less next year than the effort we are making this year. I was able to get an amendment which would boost the figure up to one billion dollars. I don't want to make light of a billion dollars. I have not been in Congress that long.

A billion dollars is a lot of money. But confronted with the tasks, the programs that have been initiated, even a billion dollars does not keep up with an inflation. It is not unconditional surrender, rather it is a retreat. At the figure which will pass the Congress, we will still see that half of all the approved cancer research projects will go unfunded. Now, for some of us the product of this research will come too late. But for many, there is still time and, more importantly, there is still hope. I want to see all worthwhile research projects funded. The efforts at the City of Hope, I want to see expanded. I want to see the information that we have in pilot centers like the City of Hope, Indiana University Medical Center, and the National Cancer Institute—I want to see that information disseminated.

There is no reason for the great disparity between the cure rate for some forms of cancer if you are treated at the City of Hope or if you are treated at the Kokomo General Hospital. We have to do a better job of disseminating that information. I want to see us get the resources to those hospitals whether they are pilot medical centers or community treatment centers that make it possible for community centers to reach out and give the kind of treatment deserved and needed by all who are confronted with this dreaded disease.

I want to see the cancer and health education program strengthened. Smoking is the one personal habit which does more to destroy a healthy body than anything else we do. It is at least partially responsible for eighty-five percent of the lung deaths, two hundred and twenty thousand of the heart deaths, forty percent of the male deaths from cancer. And I'd like to see us demand that as we move to an ever-expanding health system program, we emphasize preventive medicine. You've all heard it said, "An ounce of prevention is worth more than a pound of cure." We practice that in our daily lives and in our businesses but not in our governmental health delivery programs in all too many instances. One of the greatest innovations, directly attributed to some of the money we have invested in cancer research, is the Pap test, a way to detect cervical cancer at a time when there is about a ninety percent chance of saving the patient. Cervical cancer is the number one killer for older women. Because of those two facts, it seemed to make sense to me that we should permit our older women to deduct the cost of a Pap test through Medicare. I asked then-Secretary Weinberger if that wouldn't be possbile and I got a very polite answer back saying, "I'm sorry, Senator Bayh, we can't do that because that is preventive." In other words, the Medicare system now says we can spend literally thousands of dollars for doctors and operations and radiation, chemotherapy, hospital beds and lose a patient, but we do not permit the deduction of fifteen or twenty dollars for a test that could save a patient!

I realize that, in many ways, citing these figures to those of you of the City of Hope family is like the preacher giving a "hellfire and brimstone" sermon to a church full of people who have already been saved. It's the sinners that aren't here that need to get the message that you can convey and carry to them even better than I. But I want to urge that when you go back to your communities across the country, you continue to fight. When our nation is told that we are going to have to spend between thirty and fifty and maybe as high as one hundred billion dollars for an MX missile, but we can't afford to spend as much dollar value on cancer next year as we are this year, something is wrong. And I urge you to let your Congressman and your Senator know, let our President know. You're fortunate, let me say right here, to have a Congressman like Henry Waxman who is the chairman of that critical subcommittee in the House. That is going to do a fantastic job moving authorizing legislation. Alan Cranston serves on the same committee in the Senate and you have two voices there. But there are some States with some Congressmen and Senators who are not as responsive to the health needs as these two gentlemen and I would urge you to let them know what you feel about it.

Let us as a nation commit ourselves to whatever investment is necessary to remove the scourge of cancer and other catastrophic illnesses from the human race. Now I'd like to conclude on a personal note if I might. Your tireless efforts and those you represent provide the building blocks of service that is the heart of the great institution whose sixty-fifth anniversary we honor tonight. I would like to convey personal thanks to all of you, volunteers and professionals, at the City of Hope but also those who have served similarly the National Cancer Institute and the other health centers throughout this country. I'd like to say thank you for my family and the millions of other families who benefit because you care.

Keynote Address

(By Ben Horowitz, Executive Director)

Home is where the heart is. So, to you delegates and members of the family of City of Hope, I say welcome home.

This National Biennial Convention culminates the 65th Anniversary of our haven of healing. The decision to make it a yearlong celebration was motivated by more than sentimental considerations. We felt that this was an appropriate way to pay tribute to all who labor on behalf of our cause—from pioneers to newcomers. Our ideas, passions and dreams have stood the test of time. They are profoundly relevant . . . for the immediate period and for the many years ahead . . . in the furthering of health and humanism in America.

These biennial gatherings reflect the democratic concept at its best. As the elected delegates of our auxiliaries, representing tens of thousands of members, you are called upon to pass judgment on fundamental aspects of our work: first, to assess the progress during the past two years, in light of our avowed objectives; second, to formulate policies for the next two years.

The results of Convention deliberation during the past six and a half decades have had momentous impact on the lives and actions of auxiliary members, their families, and fellow Americans everywhere; in fact, on people throughout the world.

The expressed convictions of delegates serve to inspire the entire membership of our national organization, thereby hastening the attainment of our goals. What transpires at these Conventions speeds messages of hope to communities throughout the country. You bear a serious responsibility and, in accordance with our tradition, you will meet the challenge.

The 1977 Convention gave a mandate for a significant thrust to our lifesaving endeavors. Utilizing expertise within our ranks as well as that of outside consultants, evaluations in-depth of our direction and resources were conducted. The data accumulated have become the springboard for gearing the City of Hope for the most decisive phase in its history; the 80's may well witness not merely a battle but the winning of a war against several catastrophic diseases.

A grand design is now being implemented at our Medical Center. Top priority has been given to rapidly expanding patient care and research programs, staff, facilities and equipment in the cancer field. Medical and scientific programs in other diseases will continue to be supported within defined limits. Basic research, uncovering the mysteries of the biological processes involved in all diseases, will be measurably strengthened. Administrative, medical, paramedical and scientific areas have been examined and reorganized to fulfill their maximum potential.

Throughout the years the City of Hope has been fortunate in attracting and retaining outstanding staff at our Medical Center. In pursuing the new developments, it was vital that they be joined by professional men and women of similar dedication, creativity and competence. We initiated a nationwide talent search during the last two years and it is gratifying to note that we have recruited an exceptionally large number of new physicians and scientists with eminent stature in their specialties.

Tomorrow, those of you on tour will hear the dynamic leaders of our Medical Center discuss ambitious programs under way and plans to be put into effect. You will see the extensive renovations of existing buildings and the ongoing construction of new facilities, part of long-range New Horizons projections. Most of all, you will experience the sense of excitement, the spirit of adventure, the determination of our staff to scale new heights and score new breakthroughs in the coming decade.

The purpose of my keynote address is to give delegates a broad overview of our accomplishments and perspectives.

In rendering my report, I address you as an audience. I want to talk to you not as a mass, rather as individuals. That is the focus of our ideology. Man must not be depersonalized . . . either in the hospital or anywhere else in our society by mass handling and mass manipulation. He must be humanized by a constant preoccupation with his individuality. You have a right to listen to this report with justifiable pride, for in a real sense its contents reflect the work of your hands, the thinking of your minds, and the devotion of your hearts.

OUR HOSPITAL

Free, personalized, quality services to patients are the hallmark of the City of Hope. Too many victims of crippling and killer diseases are helpless in the face of prolonged pain, disabling conditions, and the threat of premature death.

From its inception, the City of Hope has opened its doors to every man, woman and child who could benefit from its programs. In treating them, our overwhelming concern has been to avoid the coldness of mass medicine; our patients are not merely "cases" but vibrant human beings. We extended love and compassion, preserved their dignity and self-worth. It was an opportunity for us to put into pracitce our commitment to the brotherhood of man.

I could cite impressive statistics as to the tens of thousands of inpatient and outpatient admissions and discharges at our Medical Center. These are abstract figures. To me, the stilling of a cry in the night, the wiping away of the tears of a child, the laughter of a patient freed from fear, the reunion of a family with a recuperating member—these are the tugs of emotion which symbolize the meaning of our services.

As you are aware, the City of Hope is not satisfied simply to keep pace with the health scene. We embark on innovative approaches in the delivery of health care. Some highlights are: bone marrow transplantation for leukemia and aplastic anemia; immunotherapy in breast cancer; biofeedback and rehabilitation for respiratory ailments; genetic counseling for hereditary illnesses; modalities for relief of pain; surgical, chemotherapeutic and radiation techniques in cancer, and distinctive paramedical services. Particularly noteworthy is the wide range of new programs which have been launched in the Sunny and Isadore Familian Children's Center.

OUR CONSULTATION SERVICE

The growing complexity of medical care, with its stress on specialization, dispels any thought that physicians are infallible in knowledge and deeds. Disquieting information has emerged from authoritative private and governmental sources regarding wrongly evaluated disorders, unncessary surgeries, and inadequate therapy received by patients.

A long-time feature of our Medical Center has been a Consultation Service. It comprises doctors from varied disciplines who meet regularly and scrutinize medical histories, X-rays and slides of patients—sent by doctors from American cities and foreign countries. These "second opinions" on diagnosis and treatment are made available without charge.

The national reputation, skills, and access to modern technology of our staff make such consultations of priceless value. Just think what assurance this renders to distraught patients as they continue treatment in their own communities.

OUR ROLE AS A PILOT MEDICAL CENTER

Advances in the general field of medical care have been enormous. Unquestionably, incidence and mortality have been sharply reduced. Unfortunately, diseases properly characterized as catastrophic still reap a tremendous toll of victims. Has any one of us not witnessed the suffering and death of a near or dear one from these afflictions? Is it any wonder that the onset of even minor pain or disability flashes the thought that it may have worse implications?

The worldwide renown of the City of Hope rests solidly on piloting clinical and basic research aimed at influencing medicine and science everywhere. Currently, over 150 M.D.'s and Ph.D.'s, working with hundreds of supporting personnel, in 110,000 sq. feet of laboratory space, receive over $4,000,000 in grants from governmental agencies and private foundations, as well as millions of dollars from our own budget. Blueprints are now on the drawing board for a Molecular Genetics Building and the employment of additional staff.

Since 1977, our researchers have published over 300 original papers on their discoveries, adding to the thousands of findings which have previously emerged from our laboratories. The breakthroughs by our Drs. Keiichi Itakura and Arthur Riggs, demonstrating that artificial genes can be created and human hormones then synthesized in harmless bacteria, will provoke a revolution in therapy. The breakthrough by our Dr. David Comings, showing that a mutant protein in the brain is related to mental depression, opens up new avenues for exploration in this field. These and many other advancements are given impetus by the opportunity for free, unlimited inquiry provided to our scientific investigators.

OUR ROLE AS A THINK TANK FOR HOSPITALS

Mounting charges and a depersonalized atmosphere have made the hospital system in the United States particularly vulnerable to a barrage of criticism. Problems affecting the delivery of health care are many and must be solved.

The City of Hope has accepted the obligation of serving as a think tank for hospitals. Our task forces seek improvements in the quantity, quality, economy, efficiency, and warmth of hospital functioning. Thereafter they are relayed to other institutions. The flow of suggestions from our employees has won commendations from national agencies, both because of their number and remedial character.

OUR AUXILIARIES

The auxiliary movement has been the single most important force making possible our achievements. It has provided the formulators of our humanist ideology, the lifeline of our financial support, the core of our democratic structure, the emissaries spreading our ideals to the nation.

We come to this Convention with 511 auxiliaries in 225 cities and 30 states and Washington, D.C. on our roster. They constitute the strongest and most productive volunteer affiliation in our history.

OUR FUNDRAISING

Income for 1977–79 will be approximately $77,000,000, an increase of more than $15,260,000 over the 1975–77 period.

A retrospective of our funding growth can be capsuled in dramatic fashion. In 65 years, our total income amounted to $400,000,000. It took us 53 years to attain the first $100,000,000; 7 years to attain the second $100,000,000; 4 years to attain the third $100,000,000; and 2½ years to attain the fourth $100,000,000.

Our success must not create a false sense of security. Any relaxation in the momentum of our effort would be disastrous, for the next two years will be most crucial. The biennial budget you approve must be commensurate with the monumental needs and aspirations of our organization.

Should we take into account predictions regarding imminent slumps in the American economy? Strangely enough, the answer is no! Our past experience points up that recessions instigate our auxiliary workers to intensified efforts. They know that life and death hang in the balance.

OUR LEADERSHIP

The City of Hope is blessed with an array of effective officers in our far-flung network of community auxiliaries. Our heartfelt appreciation is extended to each and every one of them. On this occasion, it is also appropriate to count our blessings for the remarkable caliber of our national leadership. Truly, we owe a debt of gratitude to President Mike Hersch, Past Presidents Louis Tabak, Mannie Fineman and Percy Solotoy; Executive Medical Director Dr. Charles Mittman; Deputy Director for Research, Dr. Rachmiel Levine; and Medical Center Administrator Robert M. Sloane.

OUR MISSION

Throughout the 65 years of its existence, the City of Hope has served as a model and a means for enlisting Americans in an unceasing war against age-old enemies, summed up by our anniversary theme that "Health Is A Human Right."

First: Against the ravages of disease. We believe that medical and scientific mastery can be mobilized for prevention, detection, diagnosis, and treatment of the major ailments. Our insistence that disease was neither inevitable nor incurable was viewed as dreamy-eyed idealism, ignoring human limitations. The landing on the moon, ten years ago this week, shocked people into a realization that virtually nothing was beyond the grasp of the human species. Man had walked the lunar landscape! The City of Hope unfurled a banner calling for a broadening of the Space Age to two dimensions: penetration of the uncharted inner space of the human anatomy and mind.

Second: Against dehumanization. We believe that the misery of the less fortunate and underprivileged must be dealt with if this earth is to be habitable for all of us. Much has been heard about a growing antisocial attitude exemplified by stereotyped phrases like "I'm for Number One," "What's in it for me," "Let others shift for themselves," "Me-ism" etc. Undoubtedly this prevails and our auxiliary members combat it every day. Our faith is that giving of oneself is not an act of deprivation but an expression of aliveness on our part . . . that in helping others, we enrich ourselves. This ideology asserts that the human spirit can encompass unprecedented individual goodness and social concerns.

We, who are joined in our great cause, are prophets or hope and joy, offering awe-inspiring vistas to our countrymen. This 65th Anniversary will bring closer to reality our creed and vision—a world of love, courage and humanity.●

AMERICA AND THE MIDDLE EAST: ACHIEVING A LASTING PEACE—REMARKS OF SENATOR BOB DOLE

● Mr. BOSCHWITZ. Mr. President, the administration's policy on peace in the Middle East is of great concern to me, both personally and in the interests of national security. Israel is a close ally of our Nation, and our actions in the Middle East should work toward strengthening the ties that bind our two nations so closely together.

Recently, my colleage from Kansas, Senator Dole, spoke before the Zionist Organization of America and stated this position clearly. It is an extremely thoughtful analysis of the issues that face our country today in regard to the Middle East. I agree with the conclusions of my distinguished colleague, and commend him for the position he has taken.

Mr. President, I encourage every Senator to read thoughtfully the words of Senator Dole on this subject. Therefore, I ask that his remarks be printed in the Record.

The statement follows:

America and the Middle East: Achieving a Lasting Peace

It is a genuine honor for me to join with you this evening, to share a mutual concern about the direction of American Foreign Policy, and propose some alternative directions of my own. Our immediate concern is, of course, for the sanctity and security of Israel. We worry about the confusion and wishful thinking that mark this administration's approach to the Middle East. We are dismayed at the backward retreat of Israel's oldest and staunchest friend, away from all that is right and honorable and decent. We are appalled at a policy that rewards friendship with arrogance, and loyalty with cold-blooded contempt.

But it's not just in the Middle East that the Carter Administration has chosen to pursue international dead ends. We live in a turbulent world, full of frustrations and National Movements purporting to give voice to the oppressed or exploited. Some of these Movements are Marxist, others purely Nationalist. Some are peaceful in method; many more use the ancient weapons of terrorism to win international attention to their demands.

Some are legitimate, others illegitimate. But the Carter Administration seems unwilling to draw such a distinction. Our Government today seems obsessed with ingratiating itself with revolutionary movements around the globe, no matter how deeply rooted they may be in Anti-American or authoritarian philosophy. We appear to believe that a murderer will become a statesman, if only we call him one. We, who exhort the dignity of individual man and woman, seem, in practice, perfectly comfortable to accept forces whose only morality is enforced through sudden, violent death, and whose political platforms call for mindless obedience to totalitarian rule.

This is not a foreign policy for America. It is at best, hopelessly unrealistic. It is, at worst, a betrayal of our national heritage and our historic role as freedom's ultimate protector.

And it poses grave questions for all of us who seek a just peace in the Middle East.

A TIME OF DOUBT AND CONFUSION

Tonight, my friends, we stand dangerously close to a Middle East policy that threatens the very integrity of Israel. We have allowed our compassion for displaced Palestinians to blind us as to who displaced those unhappy people in the first place.

Let's get back to basics. Prime Minister Begin has stated repeatedly that Israel wishes to abide by all provisions of the Camp David accords. President Sadat agrees. He voices no desire to alter the current negotiating process. So why does the Carter Administration?

No one—even the most optimistic observer—can possibly expect the ancient rivalries that have torn the Middle East apart to be eliminated in a few weeks on merits of talks. Sadat and Begin know this—so do you and I. But, the Carter Administration seems determined to impose their own deadline on the peace process—like November of 1980. And with that goal in mind, this Government seems unable to devise a coherent policy for the Middle East.

It's one thing to have political differences among natural antagonists like Israel, the Arab States and the PLO. It is quite another to wage Guerrilla Warfare between two major U.S. Ambassadors and within the State Department and White House. It's even worse to see this public squabbling spill over to poison the relationship between two minorities who, perhaps more than any other, should share an awareness of oppression and the struggle for civil and economic justice.

I'm not sitting in the Oval Office. But that doesn't mean I lack a more coherent approach to the problems of the Middle East than President Carter and his Diplomatic Keystone Cops. Let me tell you about it.

BEDROCK PRINCIPLES FOR THE MIDDLE EAST

The keystone of America's Middle East arch has always been the security and prosperity of the State of Israel. That means more than the mere physical right to exist. It means existence within defensible borders, in a region that at the very least, accepts Israel as a permanent part of the Middle East scene.

All other foreign policy goals come after this bedrock principle. All other goals should be carefully examined to further the attainment of Israel's permanent security.

There is another objective of American Middle East policy almost as important as the first. It is a Jerusalem open to all men of good will, a Holy City free of barricades and barriers. Since the 1967 War, this Jerusalem has largely come to pass—because Israel has assumed responsibility for making it so.

Whatever else may be negotiable—and I think many things are—one sacred objective can never be sacrificed. Jerusalem must never again be shut off from any of the devout who would renew their faith in her historic streets. Never again. Never.

A DOMESTIC CONSENSUS

With this clearly understood, we can proceed to consider the elements that must be blended if the blood-soaked sands of the Middle East are to know lasting peace. At home this must be a process embracing all men and women of good will—black and white, Catholic, Protestant or Jew, Republican or Democrat. We simply must agree on common principles and then go about the delicate and often discouraging process of persuading all the actors in this tense international drama that we afford them a peace that is fair and historically sound.

Apostles of peace can have no reason to embrace the world's most notorious terrorist organization. Not as long as they continue to believe in peaceful methods of change.

PEACE AND A PRODUCTIVE ENERGY POLICY

But the hour is late, my friends and the threat of international blackmail is very real. America has become more dependent than ever before on Arab oil. The PLO wields an inordinate influence on the international political front. You have perceived the critical line between energy at home and justice abroad. I urge each of you to continue to press fcr an energy policy that is more positive than mere conservation; it must stress increased production of existing and potential domestic energy sources. Without such a policy, America will continue to put her head on an energy chopping block, inviting the Kaddifis and Arafats to sever the link connecting us with our oldest and most reliable Middle East friend, the State of Israel.

To continue our present drift, to play the oil producer off against the oil consumer, to divide instead of lead, to settle for anything less than ultimate energy self-sufficiency—all this does far more than weaken the dollar, hurt the poor and frustrate the ambitions of those who need a healthy, production-based economy to escape the welfare or unemployment lines. Such a negative "small is beautiful policy" undermines American Policy in confronting the deadly demands of the PLO. As long as America is at the mercy of Arab oil producers, then Israel herself is at dagger's point.

THE PALESTINIAN PROBLEM

Now, let's consider the single issue everyone can agree is the key to a Middle East peace. I speak, of course, of what has come to be known euphemistically as "The Palestinian Problem."

Well, there is a Palestinian problem—because hundreds of thousands of persons who fled Israel when the Arabs attacked in 1947 have been left in political and economic limbo. And whose fault is that? Not the Jews. What people on the face of the earth are as familiar as you with homelessness and persecution? That is an awareness that remains as real today as ever—witness Prime Minister Begin's offer of assistance to the Vietnamese Boat People. No one came forward quicker to extend a helping hand to these victims of Communist aggression—and no one has received less in the way of international appreciation.

It was the Arabs themselves who refused to assimilate the Palestinian people. And it was Palestinian leaders who were unwilling to let their people be assimilated. They knew that the refugee camps would be a breeding ground for hatred of Israel, and a fertile recruiting station for terrorists who shared their implacable hostility to the Jewish homeland.

Now those same Palestinian leaders, supported by those same Arab spokesmen who helped to hold the Palestinians hostage for thirty years and more—now they come before the court of international opinion and attempt to convey legitimacy to the illegitimate. Cynically, they bestow official status on the PLO—and incredibly, the American Government seems willing to go along. The President even compares the Palestinian question to the domestic Civil Rights Movement—as shameful a misstatement of history as any American Chief Executive has ever been guilty of. The next thing you know, we'll hear Yassir Arafat labeled the George Washington of his people.

NEVER TO THE PLO

Now, we can't afford to bury our heads in the sand. There is a Palestinian problem, and until it is solved, there will be no peace in the Middle East and no permanent security for Israel. But there is a right way and a wrong way to address the legitimate desires of the Palestinians. The wrong way is to announce the PLO as official spokesman, to extend any diplomatic recognition to the PLO, or to encourage the illusion of those who would establish a PLO-run state on the very doorstep of Israel.

The first tenet of American policy toward the Palestinian question should be to refute the notion that the PLO represents the Palestinian people. Just as Israel should not be expected to right the historic wrongs of the Arabs toward their Palestinian brethren, neither should she negotiate with terrorists who openly proclaim their objective—the destruction of the State of Israel.

Contrary to the Carter Administration's belief there are moderate Palestinian elements. There are elected mayors on the West Bank—chosen in clearly free elections even held in Arab-populated lands. They and other reasonable Palestinians could yet come forward to negotiate with Israel—if only they were not encouraged by American policy to regard the PLO as an officially sanctioned body. We should not be introducing pro-PLO resolutions at the U.N. We should not be meeting with the PLO in any capacity. And we should not give the PLO international legitimacy by comparing its wanton acts of brutality with the humanistic idealism of Martin Luther King and other civil rights leaders.

Instead, let's direct our overture to the responsible elements of the Palestinian leaderships. Already, a framework for such negotiations exists—in the form of ongoing talks between Arab mayors and Israeli authorities.

RESETTLEMENT AND A MIDDLE EAST FEDERATION

Ideally, we might return to the basic policy enumerated by Dag Hammarskjold in 1959—to absorb Arab refugees into Arab lands, the costs of such resettlement to be paid for with oil revenues. Such resettlement has traditionally been pursued; Germany, Greece, Korea and Turkey are just four examples where millions of displaced persons found new homes in friendly nations.

In fact, Palestinians already constitute a majority of the population of Jordan—what need exists for another Palestine where one already functions in fact if not in name?

If, ultimately, no alternative can be found to territorial self-determination by the Palestinians, I would be willing to take another look at Abba Eban's concept of a Federation of Israel, Jordan and a qualified Palestinian homeland on the West Bank. It must be remembered—the West Bank alone is not an economically viable territory. Abba Eban recognized this fact of geographical life in proposing that Israel and Jordan assume joint responsibility for an autonomous West Bank with open borders like those that now exist between Israel and Jordan.

Prime Minister Begin does not favor this concept. But I would recommend it again to his attention—if and only if the United States renounced once and finally any claim to authority by the PLO. If such a region could be governed by responsible elements of the Palestinian population, and the rights of Jewish settlers were guaranteed and the whole West Bank designed to be a demilitarized haven for Arab's homeless refugees, then I think the federation idea has potential.

What makes the Israeli-American drift so dangerous is the enormous stakes involved. Israel needs America as its greatest friend and supporter abroad. America needs Israel as a staunch democratic ally in a volatile and critical region. All other U.S. ties in the Middle East and Persian Gulf could be upset by the removal of a single dictatorial or authoritarian leader. Israeli's political system guarantees freedom as it guarantees its outreached hand in friendship and in the defense of our own security.

It is a hand to be grasped and clung to—out of our historic community of interests and because international morality demands it. The day can never arrive when America is willing to look the other way in the Middle East. But tonight, the disturbing question refuses to go away: have we already reached that day, or are we approaching a state of frozen inaction?

It doesn't have to be. We can once again set this nation on its traditional course of friendship with Israel and humanitarian support for the legitimate needs of a displaced Palestinian population. We can do so by insisting that our government meet its moral and political obligations and reject the dangerous and cynical demands of those who negotiate through a gun barrel. We can reach out to moderate Palestinian elements. in a search for self-determination that leads to peace, not war, and amity, not terrorist threats.

It can be done. It won't be easy, but it is possible—if we have a government and a president willing to stop dictating to Israel and start seeking in earnest a workable formula for a Middle East finally defused of the age-old ticking bomb of religious and racial hatred. May God help us to find such a way—and inspire all men of good will to work together in this historic quest.●

GASOHOL: THE LIST OF SUPPORTERS GROWS LONGER

● Mr. BAYH. Mr. President, as Chairman of the National Alcohol Fuels Commission, it gives me great pleasure to note the increasingly widespread acceptance of gasohol as an alternative fuel. From the farms of Iowa to the sugarcane fields of Costa Rica, people are getting interested in gasohol, and working to turn unused crops into fuel. This increased recognition of the potential of alcohol fuels in meeting our energy needs represents a very positive and healthy trend, and one that will ultimately make a substantial contribution to our efforts to regain control over our national energy supply.

We hear almost daily of new research ventures and test projects using gasohol. A number of articles describing these developments have appeared in both the national and local media, and for the benefit of my colleagues who may not have had the opportunity to note these recent events, I ask unanimous consent that a sampling of these articles be printed in the RECORD.

The articles follow:

[From the Oil Daily, July 6, 1979]

DERBY INITIATES GASOHOL MARKET TEST WITH ELABORATE CEREMONY

WICHITA.—Derby Refining Co., amid much ceremony, unveiled its gasohol marketing program here last week.

Derby's entrance into the gasohol market marked the first time the product has been produced and marketed by a substantial commercial refiner, officials said. Amoco Oil Co. has also made plans to enter the market.

"If our tests are successful," said James J. Schartz, Derby marketing vice president, "we hope to expand the sale of gasohol to our more than 600 outlets in 13 Mid American states.

"We hope that other companies will follow our lead in making gasohol available to the motorists of America—both for its value in helping reduce the nation's dependence on foreign sources of oil and in providing an alternate market for the products of American farmers."

Members of the Kansas Congressional delegation and Gov. John Carlin spoke in approval of Derby's program, which is being tested at three Wichita stations.

Rep. Dan R. Glickman called the firm's action "innovative—an action that has national implications." He noted that while gasohol isn't the decisive answer to the fuel crunch, it "can make a meaningful difference."

Derby president Richard W. Kersey said the gasohol step is something the firm had in mind "ever since gasohol first emerged as an alternate motor fuel. We are proud to be the first refiner/marketer to enter the gasohol field. We have high hopes for its future."

[From the Wall Street Journal, July 10, 1979]

RISING OIL PRICES SPUR THE THIRD WORLD TO CONVERT ITS SUGAR SURPLUSES INTO FUEL

(By Raymond A. Joseph)

Sharply rising petroleum prices are driving many debt-ridden Third World nations to convert their sugar surpluses into fuel.

The idea isn't new. Brazil has an ambitious program aimed at running most vehicles in the country on alcohol—distilled from sugar cane and other plants—by the end of the 1980s. In the U.S., "gasohol," a blend of gasoline and alcohol, is on sale in parts of the country, but widespread use has been considered uneconomic.

Developing countries don't have the luxury of choosing their energy sources, however. Most are forced to import petroleum and few have spare cash to pay for it. Most are in debt to the U.S. and other international lenders and they need their scarce foreign exchange to pay debt-service charges, for import necessities and to buy oil.

Thus, countries as diverse as the Dominican Republic, the Philippines, Thailand and Costa Rica are experimenting with producing alcohol from the sugar cane they grow. Success could cut their oil-import bills and eat into the world sugar glut that has been depressing prices of the sweet stuff in recent years.

There are about 65 cane-growing nations in the world and most of them import petroleum. But while oil's price has done nothing but rise, the prices of sugar and other raw materials on which these nations' economies depend swing sharply.

The Dominican Republic is a typical example. The Caribbean-island state depends on sugar for about two-thirds of its foreign exchange. This year, it is expected to spend $350 million more abroad than it receives from foreigners.

ASSIGNING THE BLAME

Dominican officials blame this balance-of-payments deficit on the high cost of oil and the low price of sugar. The nation's oil bill is expected to reach $260 million this year, compared with $60 million in 1974. At the same time, sugar earnings are expected to be $225 million, down from the unusually high $500 million in 1974.

To learn more about gasohol, which generally consists of 10 percent to 20 percent alcohol and 90 percent to 80 percent gasoline, the Dominican Republic is hosting a conference on the subject next month. To be attended by many Western Hemisphere nations, the conference will be run by the Economic Commission on Latin America, a United Nations affiliate.

Elsewhere, the Philippines also is looking into gasohol. The country's imported fuel bill will be about $1.4 billion this year, up from $1.06 billion last year. The government said it intends to build two factories to make 100 percent pure alcohol directly from sugar cane and cassava, a starchy root.

ANOTHER BENEFIT

Besides cutting import costs, gasohol could help boost the price of sugar itself, thus giving developing nations a second financial lift, some analysts say. Current low prices reflect large world stocks of sugar, they note. F. O. Licht, a widely followed West German sugar-statistics firm, says world stocks are likely to total 31 million metric tons at the end of next month; about nine million metric tons of that can be considered excess, says Helmut Ahlfeld, the firm's managing director. A metric ton is 2,204.6 pounds.

That kind of excess will exert downward pressure on prices this year and probably for years to come, says Dan Dyer, a partner of B. W. Dyer & Co., New York's sugar economists and brokers.

Gasohol had been considered uneconomic, but now that a barrel of crude oil costs $18 to $23.50, some experts think the product has become economic. Curtis Sittenfeld, president of White Plains, N.Y.-based I.R.A.S. Development Corp., says his firm is building anhydrous, or water-free, alcohol plants in the Philippines, Thailand, Greece and Guatemala. He asserts: "We are producing a gallon of alcohol for 95 cents." Meanwhile, a gallon of regular gasoline goes for $1 to more than $2 in most Third World countries. And the price keeps rising.

Thus, the interest in plants to produce 100% alcohol is increasing. Says Mr. Sittenfeld: "Five years ago we might have gotten one request a week about a potable-alcohol plant. Now we're getting 30 letters a week, mostly from sugar cane-producing countries interested in 100% alcohol plants."

On the New York Coffee and Sugar Exchange yesterday, most sugar futures rose slightly. Quotes opened lower and then climbed on buying to cover short positions, or commitments to deliver sugar. Buying by traders following price-chart patterns and higher quotes in metals and grain markets also helped support sugar prices, analysts said.

[From the ADM Gasohol News, August 6, 1979]

ENERGY INTERVIEW

The following interview was made with Mr. Bill Nordstrom, President of Nordstrom Oil Company in Cedar Rapids, Iowa.

How long have you been selling gasohol?

I believe we started on December 5, 1978 so we've been into it for over six months.

Why did you decide to sell gasohol?

We felt that it should be given a trial in a bigger community like Cedar Rapids. We'd heard that it went over well in the smaller towns with the Coops, etc. With the advent of the legislature reducing the motor vehicle tax on gasohol plus the federal 4¢ exemption we felt that it might be a viable product to sell. We were kind of amazed after we went into it at the acceptance that it had.

What pumps did you replace with gasohol?

We converted our premium tanks to gasohol. Our premiums sales had been dwindling for quite some time with the new cars using unleaded. It made a convenient changeover for us.

What has the feedback been from your customers who have tried gasohol?

It's been excellent. I think the thing that customers mention first about why they come back to buy gasohol is that it makes their cars run better; especially the people who have newer cars that require unleaded gas. It seems that the octane of our normal unleaded products has been a little bit low for these newer cars and they've experienced a ping. Then when they switch to gasohol, the ping stops.

Gasohol has been well accepted and it's getting better all the time. No complaints have come to our office. Our station owners say everyone likes it, their cars run better and the ping stops.

Has selling gasohol enabled you to extend your operating hours?

We started selling gasohol in December and around the first of February we ran into this current gasoline shortage, so we've had to curtail hours. Although gasohol has worked extremely well for us, it probably would have been even better if we could get all the gasoline we need. We've had to cut hours at most of our stations because we sell our allocations by 6 in the evening where normally we'd be open till 9. So the current shortage has been more of a hinderance to expanding sales than anything else. But, by the same token it has enabled us to take our unleaded allocation and stretch it by 10 percent on gasohol gallons.

Have you noticed any changes in the rest of your business?

I feel that it brought in new customers. Some of our stations sell car washes, some sell bread, milk, beer, etc. and we think that gasohol has also increased other categories of sales besides gasoline. Just bringing traffic into the station is bound to increase sales on other items and I'm sure that some of our dealers that sell tune-ups and lubrications, etc. have probably noticed a change there, too.

How many stations do you have selling gasohol?

Probably around 20. We have all of our stations except one truck stop on gasohol.

Do you have any additional plans to expand gasohol sales?

At the present time, no, because we can't get any more unleaded to mix the alcohol with. So it's pretty much stabilized until our suppliers give us more product. It's kind of discouraging in a way because I do think we could really expand gasohol sales with a little advertising.

What do you think are the chief advantages of having gasohol available?

If we didn't have allocations in effect, the big advantage would be increasing sales. Therefore we'd be making more money. But at the present time with gasoline as tight as it is one of the big advantages right now is that it will extend your allocation about 10 percent.

Do you use gasohol in your own car?

Yes, I do. If I use straight unleaded in my car it tends to diesel after I turn off the ignition. But by using gasohol it doesn't do that. We've also heard this comment from our customers. Another comment we've heard is that the customers kind of like the idea of buying a product that helps the Iowa economy or the Midwestern economy rather than having all this money go to the Arabs. It has captured everyone's imagination. Talking about synthetic fuels and oil from shale are all in the future while gasohol is here today. Alcohol is one of the few renewable sources of energy and I think people are thinking of that too.

In one station we had kind of an interesting thing happen. The dealer only carried two products—regular and unleaded. We asked him to do away with the unleaded and sell only gasohol and regular. He said "I've got customers who aren't going to like that." So we told him to just hang in there and give it a try. So he did and I checked back with him a week or so later and he told me "They like it and I'm seeing new faces." This was before we really got into this energy shortage. But it really did increase our sales. I checked with our stations just to see what percent our gasohol sales are to our overall sales at stations and they vary all over the ball park, from 11 percent to 44 percent with the 11 percent being the station on the interstate. The average has been 24–25 percent gasohol. We haven't done this yet, but we're considering selling regohol and dieselhol also.

[From the Indianapolis (Ind.) News, July 10, 1979]

GM Multi-Fuel Engine In Brazil

Detroit.—General Motors Corp. today announced plans to build a generation of four-cylinder, multi-fuel engines at its Brazilian production complex. The engines will be able to run on gasoline, gasohol or alcohol.

A G.M. spokesman said the firm will meet a Brazilian government mid-1980s deadline for production of cars that run on pure alcohol. Vehicles in Brazil, by government mandate, now operate on gasohol, a mixture that is eight-to-nine parts gasoline and one-to-two parts alcohol.

Under the $500 million Brazilian expansion plan, engine production would be boosted from 49 engines per hour to 119 engines per hour, with some of the new, multi-fuel engines earmarked for the export market.

Phillips Announces Plans To Test Market Gasohol

Bartlesville, Okla.—Phillips Petroleum Company today announced plans to test market gasohol at three midwestern cities. The test program would eliminate the sale of premium gasoline at 18 stations and substitute gasohol—a blend of 90 percent unleaded gasoline and 10 percent ethanol.

C. M. Kittrell, Phillips executive vice president, petroleum products group, said the product will be tested at nine company-operated stations in Des Moines, Iowa, two in Council Bluffs, Iowa, and seven in Omaha, Nebr.

"Phillips is test marketing gasohol because we want to evaluate the product's handling properties and customer acceptance," Kittrell said. "We also believe gasohol may offer one possibility for increasing supplies of motor fuel during a time when the nation badly needs them."

If initial results are favorable, the test program may be expanded, Kittrell said.

The test program will begin as soon as Phillips obtains necessary exceptions from Department of Energy rules to allow the company to designate gasohol as a separate product and to market in a localized area.

[From the Chicago Tribune, July 27, 1979]

Bell Gets Better Mileage With Gasohol; Tests Go On

Illinois Bell Telephone Co. said Thursday it will keep testing gasohol as a possible fuel for its vehicles for another six months.

In January, the company began testing gasohol in 15 vehicles in Peoria, planning to compare their fuel mileage and maintenance records with those of 15 "control" vehicles using conventional fuel.

Now, Bell said, it is putting regular gas in the vehicles that had been using gasohol and gasohol in the original "control" group.

"This will ensure that we're testing the performance of the fuel rather than of the vehicle," a spokesman said.

Preliminary results of the first six-month comparison indicate the gasohol vehicles averaged 4 percent better mileage with no more maintenance problems than normal.

Bell's gasohol is 90 percent unleaded gasoline and 10 percent alcohol "derived primarily from Illinois agricultural products."

Bell's fleet is the largest private one in the state with 7,800 vehicles. It drove 66 million miles on 7 million gallons of gasoline in 1978.

[From Energy Insider, Aug. 20, 1979]

Stretching Fuel is Sterling Goal of BPA Auto Test

Bonneville Power Administrator (BPA) Sterling Munro announced recently that BPA is starting a major test of gasohol.

"It is our hope to extend and conserve petroleum supplies and add to the available information on gasohol by conducting this kind of large-scale test. Gasohol also reduces air pollution," Munro said.

"BPA will start by using this mixture in 26 BPA cars which use unleaded fuel," Munro explained.

Munro said that in addition to the switch to gasohol for cars using unleaded fuel, there will be a year long test using nine new subcompacts. "Three of the cars will use unleaded gasoline, three will operate on 10 percent alcohol gasohol and three will operate on 20 percent alcohol gasohol. We will make sure that all get comparable use and will keep careful records of fuel consumption and maintenance," he added.

He noted that at present prices, unleaded gas now costs BPA about 76 cents per gallon purchased bulk wholesale and that gasohol will cost about 77 cents per gallon. "Right now we have to buy alcohol in small lots which makes it more expensive than the gasoline we buy in bulk. But we have storage tanks on order that will allow us to buy alcohol in bulk at 65 cents per gallon."

Munro said that if gasohol proves effective in BPA's fleet of cars the experimental program will be expanded to trucks, work trucks and cars using regular gas.

The gasohol tests began at the Ross Complex in Vancouver, Wash.

Australian Gasohol

An Australian oil company yesterday announced plans to produce four million tons of alcohol fuel a year that would replace 15 percent of the country's oil imports.

Ampol Petroleum and Biotechnology Australia have entered a joint venture partnership to make the alcohol from Australian wheat. An estimated 10 million tons of wheat would be needed each year to supply the continuous fermentation ethanol plant in a former brewery in Sydney.

Ethanol is the type of alcohol in drinks. If water is removed the spirit can be blended with gasoline to a proportion of 20 percent ethanol, without engine modifications, the announcement said.

THE MAIL MOVES AGAIN

● Mr. STEVENS. Mr. President, I was pleased to note in Monday's Washington Post an editorial regarding the good news emanating from the U.S. Postal Service headquarters in L'Enfant Plaza. It is about time the Postal Service begins to receive the credit due for their outstanding work that they and their employees are performing. I know we are receiving complaints from our constituents about late mail or missent mail, but when you think that the USPS processes some 90 billion-plus pieces of mail a year, even the slightest percent of error is going to be translated into millions of unhappy customers. Nevertheless, as we continually urge the Postal Service to improve their efficiency and service, we should remember that the Postal Service employees are dedicated individuals who, I believe, are making every effort to improve the postal service in this Nation. I want to take this opportunity to commend the Washington Post for their thoughtful editorial and submit this editorial for printing in the Record.

The article follows:

The Mail Moves Again

If you still think of the Postal Service as a hopelessly inefficient agency with large losses and little future, think again. The service has just announced that it expects a revenue surplus for this fiscal year—the first since 1945. That good news comes with a few caveats. The gain, probably around $400 million, includes the $920-million-per-year general federal subsidy. Moreover, rising costs—especially cost-of-living increases in wages—are expected to push the service into the red again next year and dictate another round of rate increases in 1981. Still, the central fact remains: the Postal Service is doing much better than most people expected a few years ago.

There are two major reasons for the gains. One is better management. Postmaster General William F. Bolger and his predecessor, Benjamin F. Bailar, have gotten a better grip on payroll costs—which consume 86 percent of the budget—by improving productivity and offering discounts to large-volume customers who sort their mail themselves. Second, contrary to many predictions, private delivery services and electronic communications networks have not yet taken away huge chunks of postal patronage, except for parcel post. Meanwhile, catalogue shopping is booming. Thus the volume of mail, which dipped to 89.5 billion pieces in fiscal 1976, is growing steadily and may exceed 99 billion pieces this year.

The future holds problems. There are the constant problems of containing costs and maintaining the expensive public services, such as rural delivery, which a national postal system must include. Beyond that lies the new era of communications, which is approaching so rapidly and may soon enable many postal users to transmit most of their messages and money electronically. Mr. Bolger is determined to compete for this business—and that has plunged the Postal Service into a fierce regulatory battle with private communications companies.

Ultimately, Congress will probably have to intervene in this multi-billion-dollar fight. So far, however, the complexity of the issues and the pace of technological change have frustrated congressional efforts to rewrite the communications laws. It has been easier for the lawmakers to poke at familiar issues, as the House did last week when it passed a bill granting the Postal Service larger subsidies—which the agency did not request—and making the postmaster general a political appointment once again. It is discouraging to see the House backing away from the concept of a businesslike postal system, just when that system is finally moving ahead.●

A "DOER" MOVES ON . . .

● Mr. PRESSLER. Mr. President, western South Dakota thrives with a rich abundance of beautiful land and spirited people. One standpoint for many years, has been Mr. Hoadley Dean, the former president of Western South Dakota Development Corp. Mr. Dean personifies individualism matched with action that gets results. Hoadley works hard and through the years his efforts have helped to improve the quality of life in South Dakota by promoting investment in my home State. He is a friend of longstanding and an asset to our country. I ask that the attached articles be printed in the Record.

The article follows:

[From the Sturgis (S. Dak.) Tribune, Aug. 1, 1979]

A "Doer" Moves On . . .

Hoadley Dean, former Sturgis resident, has resigned as president of Western South Dakota Development Corp., effective Sept. 1. He'll be missed in that post, in the succinct terminology of Damon Runyon, "more than somewhat." There is no indispensable man, but Dean comes closer to being one than anybody else we know.

Western South Dakota Development Corp., in case there are some readers who don't know about it (which we doubt), was formed in 1965 by a group of area businessmen, principally from the Rapid City area, to promote the region's economy. These businessmen, dependent upon a prosperous economy for their own business success, kicked in their own funds to finance the private corporation's promotional activities.

Dean, an aggressive booster (promoter, if you prefer) of the region, has directed the corporation's destinies for most of its 14 year history. He has achieved remarkable success in bolstering the economy of the region and also in promoting it as a desirable place to live, work, start a business, or to just visit. There are many industries in the area, including agriculture, tourism, and transportation, that have benefitted immensely from Dean's extensive promotions and worldwide contacts in the fields of government politics, business, industry, the military, entertainment and publicity.

More than 20 years ago we identified Dean as a "doer" to somebody who had inquired about the people in this state with the ability to get things done. If there was something we wanted done, especially if it was something difficult, we'd get Dean to do it because we have great confidence that he can do anything he sets his mind to; his know-how is phenomenal. Such action-oriented persons often make enemies and we suppose that Dean has made his share of them over the years. But we're sure that their number is small in comparison to the friends he has gained—for his beloved western South Dakota—as well as for himself through his energetic and innovative services.

Raised on a Harding County ranch, educated at the University of South Dakota, and having served as an Associated Press reporter, press aide to a U.S. Congressman, campaign manager for a South Dakota Governor, a former state official, both elected and appointed, and a regional publicity man, Dean's background is impressive indeed. He learned something useful in all his varied assignments and this experience has enabled him to provide services to the Western South Dakota Development Corp. that a successor will be hard pressed to duplicate.

Dean was manager of the Black Hills, Badlands and Lakes Assn., also a privately-supported promotion organization, when he lived in Sturgis. He knows South Dakota, particularly the favored western part of it, like few other residents and he has contributed greatly to its development and economic stability.

We don't want this to sound like a funeral eulogy, or an obituary, as Dean is still very much with us and, hopefully, he will continue to be for a long, long time. He's resigned to pursue private business interests (which doesn't surprise us) so he'll still be around. There is no doubt in our mind that he'll be actively promoting the region, and boosting its development, in his new endeavors with as much drive and enthusiasm as he's displayed in his present post. He's that kind of a guy! We wish him the very best in his new activity; he's earned it and deserves it. He's a doer who's done a lot for others throughout the years; it's proper that he now do something for himself.

Good luck, Hoad!

[From the Aberdeen (S. Dak.) American News, July 27, 1979]

Hoadley Dean Has Played Unique Role in South Dakota Business Development

If Western South Dakota Development Co. continues to function following the Sept. 1, resignation of its president, Hoadley Dean, it will have to have a new mode of operation.

Hoadley Dean is one of a kind.

The board of directors has announced it has no one else in mind to take Dean's place and because of this Dean has recommended that the organization be dissolved and the duties it has performed be taken over by the Rapid City Chamber of Commerce.

Dean has played a unique role in South Dakota progress since World War II. As a newspaper reporter he became acquainted with the political scene and went to Washington, D.C., as an aide to Sen. Harlan Bushfield. Later he assisted in the election campaign of Rep. Harold Lovre and directed his staff in Congress. He returned to South Dakota to head the Black Hills and Badlands Association and since 1965 has been president of Western South Dakota Development Co.

The company, in its economic developments efforts, has been supported by more than a million dollars in private funds contributed by some 60 Rapid City business concerns.

The community spirit of the business people who support the company is credited with playing a large part in obtaining businesses and industries that have, in the last 10 years, boosted the value of products made in Rapid City from less than $100 million to more than $225 million.

Much of Dean's success in helping influence the economic development of South Dakota resulted from a personal acquaintance with people high in government and industry and in his ability to sell South Dakota's advantages to them.

Dean became acquainted with many of these people through his 30-year interest in government and in political activity that helped elect Gov. Joe Foss and a number of other South Dakota leaders.

A colorful character with knowledge of how to attract favorable publicity for his state, he has given a mark of distinction to Western South Dakota Development Co.

It would not be the same without him.

[From the Western (S. Dak.) Horseman, September 1979]

Brush Poppin'

(By Dick Spencer III)

I first met Hoadley Dean a good many years ago on the Black Hills Trail Ride, and we have been good friends ever since. We've swapped lies on many different rides—the South Dakota Buckaroos, the Custer Trail, the Desert Caballeros, and several others. I was on Wyoming's One-Shot Antelope Hunt with him one year, too, and have bumped into him in airports all over the west.

He's one of the charter members of TRAIL, is president of the South Dakota Horse Council, is one of the big wheels of Frontier Airlines, and is on a couple hundred or so committees in addition to working for the Western South Dakota Development Company in the Rushmore Plaza Civic Center in Rapid City.

His friends are legion, and just about "everybody" knows ol' Hoad. There's a good story about him—and while I've heard it told about other people, too, somehow it just fits with congenial Hoadley Dean.

Back when John F. Kennedy was president, a friend of Hoad's made some disparaging remarks about the president. Hoad said, "That's no way to talk about a good friend of mine." Taken aback, the friend doubted that Hoad and JFK were that friendly. Hoad said, "Let's give him a call!"

He dialed the number, got an answer, and Hoad said "Hi, John, this is Hoad." The friend listened in; and sure enough JFK was overjoyed to hear from him, and asked how things were back in Rapid City, and told him to call again, any time.

"Good gosh," stammered the friend, "I suppose you knew the Queen of England, too!" Old Hoad just grinned and said, "Let's give her a call."

Same thing again, and Her Majesty mentioned that she wouldn't be getting over to Rapid City in the near future, but invited Hoad over for a visit. This staggered Hoad's friend, and two weeks later both of them were on a plane to Rome on business. His friend mentioned that he'd sure like to see the Pope while he was in Rome, and Hoad said "He's a good friend of mine, and I've got to stop and see him for a few minutes. Because of protocol, I can't take you with me, but I'll give him your best regards."

"You mean you're a friend of the Pope?" the guy stammered in amazement, and Hoad assured him this was true. "Tell you what," says Hoad, "when he comes out on the balcony to address the crowd, I'll come out there with him."

Sure enough, at the appointed time the Pope appeared on the small balcony overlooking the throngs below, and somebody else came out with him . . . wearing a big hat.

Hoad's friend was way back in the crowd, and didn't have his glasses with him, so he wasn't sure if this was really the Pope or not. He tapped the man next to him on the shoulder and said, "Pardon me, but just who is that up there on the little balcony?"

"I don't know who that guy is wearing the robes," the stranger replied, "but the fat guy in the big hat is Hoadley Dean, from Rapid City, South Dakota!"

[From the Argus (S. Dak.) Leader, Aug. 13, 1979]

WINNING WAYS OUT OF THE WEST

Hoadley Dean of Rapid City, who has been one of South Dakota's most effective and persuasive promoters, will leave that role Sept. 1 to enter private business.

Since 1965 he has been president of Western Development Corporation, organized by a group of businessmen principally from the Rapid City area, to promote the region's economy. Dean has played key roles in meeting industrial and business leaders and helped many of them make decisions that have benefited the Black Hills and the entire state.

Much of Dean's success stemmed from his optimism—a Rapid City characteristic the rest of the state should emulate—in promoting the Black Hills and western range country's attributes. He has boosted his area as a desirable place to live, hold a job, operate a business or visit as a tourist.

Previously, he had been manager of the Black Hills, Badlands and Lakes Association. Through the years, he has contributed much to the growth and well-being of South Dakota's second largest industry.

It also could be said that Dean knows the territory. He grew up on a Harding County ranch and was graduated from the University of South Dakota. Early in his career he worked as a reporter and later as an assistant to a South Dakota congressman and other political figures.

South Dakota during the 1970s has had remarkable success in attracting business and industry. Individuals such as Dean, former Gov. Richard Kneip and others have sparked steady and desirable growth by emphasizing the positives that South Dakota offers. These include lots of space, clear skies, plenty of water, an advantageous tax structure and business climate and our people.

South Dakotans have a strong work ethic and a character that complements the Northern Plains. For new industry, this means increased productivity, which U.S. leaders believe is essential to combat inflation and other pressures closing in on this country.

Anyone familiar with South Dakota and the positive changes in its cities—Sioux Falls, Aberdeen, Rapid City and many others—knows improvements have pervaded all phases of the state's activity. The changes in homes, businesses, farms and new plants are highly visible and dramatic. Faint hearts in South Dakota didn't evolve this change for the better.

Dean will be missed in his promotional capacity. What South Dakota needs in the decade ahead are more boosters and doers like Dean, whose approach to both problems and opportunities is pragmatic and optimistic.●

A THICKET OF ENVIRONMENTAL LAWS

● Mr. BOSCHWITZ. Mr. President, on August 24 a column appeared in the Wall Street Journal written by my good friend and neighbor, John Quarles. Mr. Quarles is former deputy administrator of the Environmental Protection Agency—a position which brought him in daily contact with the plethora of environmental laws and regulations which are characteristic of our regulatory process.

In his column "a thicket of environmental laws," Mr. Quarles provides us with an expert analysis of the administration's proposed energy mobilization board. His conclusion is eminently sensible: What we need is not an energy mobilization board, but a "thorough review of the entire regulatory system."

Mr. President, I ask that the column by Mr. John Quarles, published in the Wall Street Journal, of August 24, 1979, be printed in the RECORD.

The article follows:

A THICKET OF ENVIRONMENTAL LAWS

(By John Quarles)

In his July 15 energy address, President Carter argued that the United States must "cut through the red tape, the delays and the endless roadblocks to completing key energy projects. We will protect our environment. But when this nation critically needs a refinery or a pipeline, we will build it."

With that rhetorical flag unfurled, the President announced his proposal to create an Energy Mobilization Board. The Board would have authority to expedite critical energy projects by preventing regulatory roadblocks. Thus the President gave his support to proposals already pending before Congress which would set up a "fast track" for regulatory review of major energy projects.

Good. Noble goal. But what is the real problem? Will the Energy Mobilization Board truly solve the problem? And what are the trade-offs and the pitfalls?

The source of the complaints, quite obviously, is proliferating environmental regulation. Since the National Environmental Policy Act became law in 1970, its requirements for preparation of environmental impact statements have been blamed for incessant delay in the approval of major energy projects—delay normally needed for essential environmental planning, and delay often aggravated by voluminous documentation on minor issues or extended litigation. In the last few years several new federal laws have imposed even more serious restrictions on industrial development to protect environmental values.

The Clean Air Act has had a special impact. New regulatory programs to prevent significant deterioration of air quality in areas meeting federal standards and to prevent aggravation of violations in "nonattainment" areas have resulted in complex sets of preconstruction requirements. They have introduced a new era of technical criteria, involving "increments," "offsets," "baselines" and modeling analyses.

NEW PERMIT PROGRAM

But that is not all. The water-pollution permit regulations have just been amended to create similar preconstruction requirements. Under the Resource Conservation and Recovery Act, EPA is formulating an entirely new permit program covering the storage or disposal of all hazardous waste. These are only a few of the federal requirements. State and local requirements also abound.

The cumulative effect of these requirements is awesome. To a corporate official accustomed to development in the old style, they appear as a benumbing morass of regulatory strictures. He sees himself needing a limitless number of permits imposing strict technical requirements, exposed to the vicissitudes of local political opposition, caught in a crossfire of intergovernmental turf battles, and apt to be done in at the end by new developments in the ever-changing regulatory framework. The result has been cancellation of certain projects important to national energy supply, and delay of many others.

Can the Energy Mobilization Board resolve the problems posed by this new regulatory framework? It may help, but beneath the rhetoric of politicians lies a genuine dilemma—can we truly cut through the regulatory requirements without reexamining the underlying body of environmental law? Until the dilemma is faced honestly, the chief danger awaiting the Energy Mobilization Board is one of false expectations.

The crux of the dilemma involves debate over whether the Energy Mobilization Board should have authority to waive substantive environmental requirements. Although one bill sponsored by Representative Dingell would establish such authority, most bills would not. These include the bill being developed by Senator Jackson's Energy Committee and the bill recently adopted by the House Interior Committee, both of which provide authority for the board to waive procedural, but not substantive, environmental requirements. This is the weak point in the superficial plausibility of these bills.

The simple question for each of the innumerable environmental requirements is: Will it be waived or not? Must a new plant stay within an air quality increment? Or provide emission offsets? Or furnish a year's monitoring data? Or demonstrate that it will not violate water quality standards? Or meet the design and siting requirements for disposal of hazardous wastes?

In each case the answer is Yes or No. If any regulatory requirement is not waived, then its full burdens will remain in effect. Adequate data must be developed to answer pertinent technical questions, and reasonable opportunity must be provided for review by regulatory officials and resolution of disputes raised either by the sponsoring corporation or private citizens who oppose the project.

Granting authority to an Energy Mobilization Board to waive "procedural" requirements will do little to alter the outcome or shorten the process. It may provide marginal help in some cases, but the prospect of relief is mainly an illusion. The procedural waiver in reality is a legislative device for ducking the issue—it provides a mechanism to support supposedly faster approval of energy projects but does not support exemptions from environmental requirements. It thus provides a handy set of mirrors—so useful in Washington—by which a politician can appear to kiss both sides of the apple.

An exact historical analogy is presented by the Energy Supply and Environmental Coordination Act of 1974. The law was designed to force greater use of coal, without relaxing air quality protection. The hard trade-off choices were ducked by Congress, with the result that now, after five years of plodding efforts to implement the program, it has produced zero achievement.

The one benefit which the Energy Mobilization Board could provide would be to put a spotlight on key projects and command priority attention from the regulatory officials. This indeed might be helpful, since the regulatory program is badly overloaded.

Far more projects already require far more decisions than the system can possibly handle, and as new requirements proliferate the problem steadily gets worse. By creating a national traffic cop to push key projects through the bottlenecks, those projects may emerge from the maze more rapidly. The backside of this approach, however, is that when some projects are jumped ahead in the waiting lines, all other projects slip backwards. The basic situation is not materially improved.

THOROUGH REVIEW NEEDED

The real need is for a thorough review of the entire regulatory system. This means a close look at every regulatory requirement, with a commitment to simplifying the substantive prerequisites to project approval. Many regulations badly need pruning. Done with skill, that pruning could strengthen, not weaken, environmental protection.

Some requirements shouldn't be cast away. The application of others should be narrowed. Small facilities should be exempted from all but the most limited review. Specific deadlines should be set for completing each step in the regulatory process. Duplicate review by state and federal authorities which examine projects against the same criteria should be eliminated, and some limits must be set on procedures for judicial review.

This branch-by-branch review will be no easy task. It will take months to accomplish and will present some hard choices between conflicting objectives. But it is the only way. Neither the public nor Congress is likely to grant any Board unfettered power to sweep aside substantive environmental regulations. Yet an act of relief which does not touch those substantive requirements is apt to be a hollow gesture. Moreover, a streamlining of the review process is needed for all energy projects, not just a selected few. In fact, that streamlining is needed for every type of industrial growth.

Like a rocket's red glare, President Carter's pronouncement has signaled a situation of distress. But his proposal will not solve the problems. His proposal is a short-term expedient, likely to do little good even in the limited number of cases where it is designed to apply. It leaves the serious and fundamental problems essentially untouched.●

FIRMNESS AND DIPLOMACY NEEDED TO RESOLVE SOVIET TROOPS IN CUBA

● Mr. McGOVERN. Mr. President, I have supported the Carter administration's efforts to find a negotiated solution to the presence of a Soviet combat brigade in Cuba. Secretary Vance was right: The status quo is not acceptable to the United States. The Soviet Union should know that the United States is especially sensitive to the military status of Cuba and that maintenance of a combat brigade can only injure prospects for improvement in United States-Soviet relations.

The Soviet Union has expressed concern about the presence of German combat troops in Norway and it is concerned about American arm sales to China. The Soviet Union expects us to be sensitive to its security concerns and I think we have a strong right to expect the Soviets to be sensitive to our security concerns. In my view, the administration has proceeded thus far with appropriate firmness and with appropriate quiet diplomacy.

As the Washington Post makes clear in an editorial this morning, the point of contention is the combat mode of the Soviet troops. The administration's approach, rather than bluffs or ultimatums, seems the most constructive response at this time to eliminating the combat character of the Soviet troops. I am asking that the text of the Post editorial, because I believe it focuses on the essence of the problem in Cuba, be printed in the RECORD.

The text of the article follows:

[From the Washington Post, Sept. 13, 1979]

NO COMBAT TROOPS

The talks held so far by Soviet and American diplomats have left the impression that the two sides are aiming to resolve their disagreement over Soviet troops in Cuba in a rather prompt and quiet way. The Kremlin denied the other day that "organized Soviet combat units" have newly "arrived" in Cuba, contending that its military personnel have been on the island for 17 years and are only training Cubans. The United States is evidently inclined to accept this explanation, if American intelligence determines on a continuing basis that the units found to be operating in a combat mode last month are no longer operating in that mode. That would mean at the least that, in the State Department spokesman's words, the units would be shorn of the "associated equipment" that makes them "functionally able" for combat. It also might mean clarifying, by verifiable agreement, a gray area that may exist between training and combat modes.

Moscow would save face by not having to admit that it either activated a brigade or took one out. Poorly placed to suddenly start objecting to an old training mission, Washington could claim it had foreclosed a politically disturbing combat presence.

If events actually are working out in this way, there will be loud objections. From the left, some Americans and many foreigners will say that the United States has no good reason dictating the form of the Soviet military presence in Cuba.

But in fact the United States has excellent reason. Everything about Cuba is politically and strategically touchy, and has been for Fidel Castro's 20 years in power. The discovery and subsequent general awareness of a Soviet brigade come at a moment of fresh volatility in the Caribbean and of serious instability in overall Soviet-American relations and create a new and unsettling political fact. The United States need not apologize for a policy aimed at limiting new foreign military activity in its own back yard.

From the right, a good number of Americans are already suggesting that this is the time and place to draw the line against Soviet geopolitical expansion, and to compel Moscow to remove the troops. Some say this, by the way, ostensibly to help the administration ratify SALT, and others to kill SALT.

In fact, it is right and necessary to draw the line on a Soviet combat presence, however belatedly discovered and however currently innocuous. But is it sensible to take the long extra step of saying that the Soviet troops, even if shorn of combat capability, must be expelled? Acquiescence in continued Soviet training leaves intact the Cuban military activities supported by that mission. But neither the administration nor its critics have yet proposed a feasible and politically acceptable way to close them out.

The immediate problem is that of having found Soviet soldiers in a combat mode. This is what is unacceptable, and generally believed to be so. If the Soviets return their men to a training mode—and surely American intelligence, now that it's been alerted, can keep track—this affair can be put to rest. If the Soviets don't, that is another story.●

R. & D. SPENDING: "ALMOST AN AFTERTHOUGHT"

● Mr. WEICKER. Mr. President, on August 31, 1979, the Washington Post printed an editorial by Lester A. Fettig, former Administrator of the Office of Federal Procurement Policy in the Office of Management and Budget, concerning Federal investments in research and development. Mr. Fettig forcefully argues, and I concur with his sentiments, that R. & D. can bring an important cure to the ills suffered by an inefficient bureaucracy.

Since the end of World War II, only the Department of Defense has recognized the important relationship between a strong R. & D. program and the ability to meet the growing demand for delivery of services. Mr. Fettig criticizes the "civilian" agencies as lacking in "modern disciplined programs to competitively explore, promote and apply new systems for housing, education, nutrition and the host of mission responsibilities to individuals."

Mr. President, at this juncture in our history it is important to encourage innovation and the use of alternate technologies and approaches to solve the many problems facing this Nation.

I ask that the article by Mr. Fettig be printed in the RECORD.

The editorial follows:

R & D SPENDING: "ALMOST AN AFTERTHOUGHT"

(By Lester A. Fettig)

In his Aug. 20 op-ed piece "Chrysler Makes Great Tanks," Daniel S. Greenberg bemoans the large share of U.S. research and development that goes for defense. Uncle Sam finances about half of all American effort, and half of that goes for military purposes.

In rehashing the pop-wisdom cry over military "blank-check prosperity" in the face of poverty-stricken civilian needs, Greenberg paints a convenient straw-man villain while evading the real problem.

The cold statistics are quickly converted into the ominous observation that no other noncommunist country "gives its military half of all government research spending"—except Great Britain, "which should be a warning in itself."

First, nobody "gives" any such thing. Surely Greenberg understands our lovable government structure better than to suggest that someone, somewhere, somehow annually takes a knife to a U.S. government R & D pie. No president, no congressional committee, no OMB director ever makes such a conscious apportionment.

We get what we ask for. Each federal agency itself decides what portion of its proposed program goes to R & D through a combination of tradition, inertia and occasional new thinking. There are no Pentagon pirates who bully off with half the R & D treasure, thereby creating what Greenberg calls "one of the most enfeebling afflictions of the American economy"—"its great overdoses of military R & D."

That's a pretty bumptious assertion when the real decision process rests within the civilian agencies' management and program design.

The Pentagon's assigned responsibility is to cope with potential adversaries who, although statistically omitted, do spend even larger sums than we do on military versus civilian R & D. The Defense Department has learned since World War II that regular, substantial investments in R & D are the best if not the only way to keep up with the growing demand for delivery of their services. The civilian agencies largely have not.

Even in 1969, Elliot Richardson, as departing HEW Secretary, decried the department's failure to discover "wholly new capital and manpower technologies" to meet its mission needs in health, education, and welfare. As one assistant secretary of HUD more recently put it, "We're just not organized that way."

Civilian agencies just don't have modern, disciplined programs to competitively explore, promote and apply new systems for housing, education, nutrition and the host of mission responsibilities to individuals. The vast bulk of domestic funding goes instead to Richardson's "old ways of doing business"—grants, subsidies, transfer payments. Their R & D share, defined by themselves, not by the leftovers from Pentagon raids, comes as almost an afterthought. These smaller sums principally finance academically oriented basic research, disconnected from operating systems to meet the everyday needs of the people and, incidentally, serve to keep Sen. William Proxmire in fresh material.

Again, Greenberg should know better. When his targeted villain was the university basic research community, his 1969 book on "The Politics of Pure Science" praised, by comparison, the Defense Department's "Project Hindsight" conclusion that to be most productive, R & D effort should be tied to finding specific solutions to real operational problems. Applied R & D also happens to be more expensive and largely explains the larger military commitment Greenberg today finds so distasteful.

Next we are told to overlook the past "valuable 'spin-off' effects on the civilian economy" that come from military R & D. Why? Well, because the "exotic entries in the next stage of the arms race" are "so technologically sophisticated."

Good grief! Greenberg would argue we're traveling a different road because we see new scenery. *Every* stage of new systems development seems exotic, sophisticated and remote at the time. Greenberg sees only "very slim pickings for civilian purposes" now. He undoubtedly would have seen slim pickings way back when the military push for jet aircraft and computers seemed "exotic" and "remote" from civilian applications.

The shame is not that the Pentagon puts such a premium on new ways of doing business but that the civilian agencies seem unable and unwilling to do so. The shame is that our nation's base of inovation and creativity—the "opportunities for professional excitement and achievement" so jealously found in military R & D—remain essentially disconnected from our people's needs for health care and housing and nutrition and transportation.

The reasons for the stagnation, though, can better be found in a General Accounting Office report issued this month. It describes the failure of just a few civilian agencies to apply or even understand policies to harness competition and R & D to meet domestic needs under OMB Circular A–109 governing Major Systems Acquisition.●

THE DOOMSDAY DEBATE

● Mr. **BIDEN.** Mr. President, during the August recess, an unusual article appeared in the Washington Post dealing with an "imaginary" moment in U.S.-U.S.S.R. relations when the Soviet Union decides to launch the often discussed "first strike" against the United States. While this article is clearly categorized as fiction, the premise behind it—that the United States Triad is vulnerable to a Soviet strategic attack—is an issue that has been and will continue to be discussed in relation to the SALT II Treaty. I highly recommend this insightful and amusing article written by Robert G. Kaiser and Walter Pincus to those of my colleagues who may have missed it when it appeared on August 12, 1979. I ask that this article from the Washington Post be printed in the RECORD.

The article follows:

THE DOOMSDAY DEBATE

(By Robert G. Kaiser and Walter Pincus)

Will the United States soon be vulnerable to a sudden thermonuclear attack by the Soviet Union that could wipe out America's land-based missile force in a single blow? Yes, reply most of the experts—even the president of the United States. The 1980s will be perilous for America because of this "vulnerability," according to Henry A. Kissinger and many others.

A seemingly simple mathematical fact leads to this gloomy forecast. By the early 1980s the Soviets will have enough accurate warheads on their land-based rockets to target two bombs on every American missile silo while still holding in reserve most of their offensive forces. Theoretically, this would give the Soviets high confidence of "killing" 90 percent of the American silos.

In the past, America has relied on its "triad" of strategic forces—the combination of land-based missiles, submarine-based missiles and bombers—to insure survival of an adequate strategic force. If two or even one of those systems survived, that would be adequate to destroy the Soviet Union, according to the theory.

In a time of steadily increasing Soviet forces, however, the original "triad" theory has fallen victim to a new argument. Simply stated, the new theory is that even the *appearance* of a Soviet strategic advantage over one of the three elements of the "triad" would be dangerous. "Perceptions" about vulnerability are just as important as reality, according to this theory: the Soviets or other nations could misinterpret this perception as a genuine sign of American weakness. This is a theory devised and promoted entirely by Americans.

However, the most important question about vulnerability has not been asked: How would the Russians see it? The Soviet military literature contains no analysis of a possible Soviet first strike against U.S. land missiles. Then how might Soviet military planners exploit "vulnerability" five years from now, when their theoretical advantage will be greatest?

"SHALL WE ATTACK AMERICA?"

It is Aug. 10, 1984. The new Soviet leadership is finally in place in the Kremlin. The long bickering that followed Leonid Brezhnev's death in his sleep in late 1983 produced a showdown between the so-called Mir ("Peace") and Cil ("Strength") factions in the Politburo. This longstanding split has never been publicly revealed, but it has been the crucial division in Soviet politics since the early 1970s. Brezhnev led the "Peace" faction, and it has now been beaten. The new general secretary of the Communist Party is Vladimir Ivanov, 63, a resourceful politician who ran the Ukraine for several years. The outside world knows nothing of Ivanov's plans or policies.

In fact they are ominous. His secret platform in the just-completed leadership struggle was simple: The time has come for the ultimate showdown with the imperialists. The Soviet economy is slipping badly, Ivanov argued; oil is running out; the people are restless and hungry for consumer goods; the non-Russian nationalities are threatening rebellion. Most serious, the comrades who run the Red Army are upset by the latest developments in the imperialist camp—the new American MX missile, the stationing in Europe of new ballistic and cruise missiles aimed at the Motherland of socialism, and much more. This may be the last chance to win the ultimate showdown, so we must move now. That is what Ivanov and his colleagues argued, and they won.

Soon after taking power Ivanov had called together the seven-man team under Col. Lev Perlshtein that had long been responsible for the Soviet Union's most sophisticated strategic thinking. Ivanov asked Perlshtein and his group to produce a crash study on how the Soviet Union could initiate and win a nuclear showdown with the capitalist camp. Ivanov told Perlshtein he was especially interested in the concept of the "window of vulnerability" that he had read about in the Politburo's private translations of American publications.

On this sticky August afternoon Perlshtein assembled his group in the Kremlin's wood-paneled situation room, four stories below the ground. He brought with him all six of his team, including Vladimir Kuznetsov, an apparatchik who had worked for almost two decades on strategic issues on the secretariat of the Central Committee. Perlshtein was particularly proud of Kuznetsov, who was his own devil's advocate, a man steeped in strategic lore whose job it was to argue against whatever course of action the colonel himself chose to argue.

Ivanov was both excited and a little nervous about this encounter. Excited because he really did hope Perlshtein could produce a workable plan. Nervous because although he had won the power struggle, the "Peace" faction was still well represented on the Politburo, and he wasn't sure he could command a majority for an aggressive policy. On this day he had invited only four colleagues to the situation room—four men who were utterly loyal to him, though only one, Marshal Nikolai Antonov, his new minister of defense, had expert knowledge of strategic matters.

The other three were former regional party secretaries like Ivanov, all of whom he had brought to Moscow in the last few months: Fyodr Trepotkin from Leningrad, Alexei Stepanov from Minsk, Archil Shevshadze from Tbilisi. All were smart; all were tough; all had helped Ivanov to power.

The room was cool, unlike Red Square that sunny afternoon. Perlshtein and his group sat on one side of the long meeting table covered with green felt and dotted with bottles of Narzan mineral water. Ivanov and his four colleagues sat across from the experts. Ivanov nodded to Perlshtein to begin the briefing. This is what he said:

"First, comrades, a warning. You have put before us an unprecedented task. No power has ever used thermonuclear weapons. (I skip over the imperialists' atomic bombing of Japan, with which you are all familiar.) Also, the attack suggested by the general secretary will require launching 350 of our rockets almost simultaneously, an unprecedented feat.

"Nevertheless," Perlshtein went on, "Comrade Ivanov has indicated he hopes to pursue this course. I intend to present our best thinking on how it could be done. We are encouraged by the extensive American literature on this subject, particularly analyses by the most determined imperialist warmongers who are obviously convinced that we could succeeed with a surprise attack.

"Let me add at the outset," Perlshtein said, "that, as usual, Comrade Kuznetsov disagrees with the thrust of my briefing. He will offer his dissent when I have finished.

"Let me outline our analysis of how a surprise attack could be launched against the imperialist camp. First, we must strike without provocation, when the imperialists believe our relations are on a sound, peaceful footing. It might be advisable to pick a moment when the Bolshoi Ballet or the Moscow Circus is touring the United States.

"There can be no hint of what we plan. They are watching us intensely by satellite, an they are listening in on our communications. Need I recall the embarrassing revelations in the imperialist press some years ago of conversations picked up from Comrade Brezhnev's limousine telephone as he drove to his dacha? We must assume capitalist agents are well placed in our country, though we are confident they are not in our strategic rocket forces' chain of command.

"Our first aim must be to prevent America from going on any alert. With no alert we have a good chance of destroying all of their Minuteman and Titan missiles, at least half of their missile-carrying submarines and more than half of their bombers, which we would catch in port or on airfields.

"No matter what we do, you should keep in mind that the Americans' aggressive policies lead them to maintain much larger submarine missile and long-range bomber forces on alert, even in peaceful times, than we do. For example, we believe that more than 100 of their bombers can be put in the air, aimed at our homeland, within 15–30 minutes of an order to do so.

"Even without an order from the president, the notoriously reckless commanders of the U.S. Strategic Air Command can more than double this number by raising the level of alert. And American naval commanders can quickly add to the number of missile-carrying submarines at sea. In peaceful times, we calculate that the Americans usually have 350 submarine missiles at sea, carrying about 3,000 warheads. With an alert these numbers would rise."

At this point Kuznetsov, the devil's advocate, quietly interrupted his boss. "One point of information," he said. "To prevent the Americans from going on alert, we cannot go on alert. We must leave 80 percent or more of our submarines in port, where they usually are. We cannot move any bombers, including our Backfires, from their normal bases or otherwise change their behavior. We cannot evacuate any civilians. It may even be impossible for all of our leadership cadre to take advanage of the shelters that have been built for us."

"Quite right," Col. Perlshtein agreed. "But we do retain the element of surprise. To continue: The objective of this attack would be to eliminate the American land-based missiles and all of the missile-carrying submarines and bombers that would remain unalerted at the time of the strike.

"To do this we would propose firing 350 to 400 of our best long-range rockets, 200 RS20s (the one the Americans call the SS18) and 150 to 200 RS18s (the SS19). These would carry 2,450 to 2,800 warheads, each with explosive power of more than 500,000 tons of TNT. This would enable us to aim two warheads from two different rockets at each of America's 1,054 missile silos, and would give us a healthy margin to compensate for possible misfirings and to attack submarine and bomber bases."

Ivanov perked up as Perlshtein completed his description of the attack. "What was that about misfirings?" he asked. His question prompted a remark from Marshal Antonov.

"Comrade Perlshtein," Antonov said, "I think you should describe some of the technical challenges involved here."

"I was just coming to that," Perlshtein replied briskly. "As I said at the outset, we have been asked to describe an attack that no one has ever attempted. By its nature it is not something we can practice. Thus we will face a number of unique 'technical challenges', to use Marshal Antonov's expression. Let me outline the principal ones.

"To be successful, this attack must be timed with a precision that neither we nor the Americans have ever attempted. Our warheads must land within seconds of each other—to be precise, within 20 to 40 seconds of each other—on each target, each of which is at least 10,000 kilometers [6,000 miles] from our missile silos. To guarantee the destruction of each silo we attack, we will want to achieve two explosions: one at ground level, one several hundred meters in the air. If the warheads arrive at their target more than about 20 seconds apart, the effects of the explosion of the first will probably disable the second as it arrives.

"To achieve this precision at the targets, each of our rockets will have its own, precise instant of launch. Each rocket will travel a unique flight path, each over a precise and unique distance, as will each of our warheads. As you know, our missiles are based in silos that stretch across about 1,600 kilometers [1,000 miles] across our country. Naturally, our command communications to launch the hundreds of rockets in this maneuver will have to be perfected."

Ivanov perked up again. "What has happened in the past when our people have tried something of this kind?" he asked.

"We have never tried anything of this kind," Perlshtein responded crisply. "But we do have an advantage over the Americans in these matters. We have tested our missiles from operational silos, so we know how they will work in a real attack."

"How many have we tested at one time?" Ivanov asked.

"Usually one at a time," Perlshtein replied. "Never more than 10."

"But what about the misfirings you mentioned?" Ivanov asked.

"That is another matter," Perlshtein said. "We know from experience that some rockets will fail to ignite, fail to stick to their course, or fail to go off on time. For this reason we will fire more rockets than we think we need—a margin of safety, if you will."

"Another point of information," Kuznetsov interjected. "Col. Perlshtein has told you that some rockets—we estimate 10 percent, by the way—will misfire. Unfortunately, we cannot predict which rockets these will be. But all our rockets must be targeted in advance. This means the targets of those rockets that misfire will not be hit, or will be hit with only one warhead. But we will not know which targets these might be, so we will not know where to target the extra missiles we plan to fire to provide the 'margin of safety.' In summary, we have to acknowledge that we will miss some targets."

"Thank you, comrade," Perlshtein remarked. "Let me continue.

"Obviously, our attack must be based on the assumption that our rockets and warheads are now as accurate as even the Americans' best. We believe they are. Also, because our warheads are bigger than the Americans', we can be more confident they will actually destroy the U.S. silos, because they will have such enormous explosive power. As you know, we now believe we can hit any target in America within a margin of error of 300 meters [about 1,000 feet].

"Before Comrade Kuznetsov offers another point of information, let me explain one small problem regarding accuracy. This is a matter that has never been discussed by even the Americans in public, but our intelligence has discovered that the Americans refer to the problem as 'bias.'

"As some of you may know, during our rocket tests we have always had some difficulty hitting the planned target, particularly in early phases of testing. Our mathematicians tell us there are geodetic anomalies that can distort the flight path of a missile or a warhead. That means a flight path over the ocean will not be the same as a flight path over mountain ranges with high iron-ore content, to give an example. Of course you all remember that the earth is not a perfect sphere but a slightly distorted one. This too can influence flight paths.

"We have compensated for this by adjusting our targeting mechanisms. Now, when we fire our rocket systems from west to east, we can hit targets with the anticipated accuracy. Some pessimists among our scientists believe that when we fire missiles over the North Pole at the United States, we will discover that our computations no longer apply, that new factors we have never experienced will distort our flight paths. Obviously we cannot test this hypothesis."

"What do the optimists say?" Ivanov asked.

"They don't think these factors could take us far off target, and that the large explosive power of our warheads should compensate for whatever error occurs," Perlshtein said.

"A point of information," Kuznetsov interjected. "I think the Americans use the word 'bias' precisely because it is an irrational, unpredictable factor. In the end our mathematicians could not explain the constant and consistent error in our targeting systems that our test flight revealed. We have just made an arbitrary compensation in our aiming. We don't know why we always went off target before."

This exchange elicited the first comment from Trepotkin, the former party boss from Leningrad. Had he the gift of candor, Trepotkin would already have admitted that this entire meeting was quite astounding. Instead he asked Perlshtein a question:

"I'm not sure I understand," he said. "Is Comrade Kuznetsov saying that we won't be able to hit the targets?"

"No, no," Perlshtein replied. "Comrade Kuznetsov is saying there is some possibility—some unmeasurable possibility—that we won't hit the target with each warhead."

"We might miss the targets," Kuznetsov said in a low voice. Perlshtein ignored him.

"While we're talking about targets," Marshall Antonov commented, "perhaps you should discuss what the Americans have been doing to protect their missile silos."

"I was just coming to that," Perlshtein replied. "The Americans have recently completed what they call the 'hardening' of their Minuteman silos. This involves building thick barriers of concrete and steel around each silo. The Americans claim these silos can withstand pressures of 2,000 pounds per square inch. If true, this would mean they have good protection against anything but an almost perfect direct hit. Unfortunately, the atmospheric test ban treaty prevents us—and the Americans—from knowing exactly how strong these hardened silos might be. We can't test a real silo with a real bomb in normal conditions. It seems possible the silos are only half as strong as we think."

"Or twice as strong," Kuznetsov observed.

"Let me continue," Perlshtein said. "Of course this attack will not occur in a vacuum. We have also studied the political environment. Specifically, we have considered how the American president might react.

"We conclude that American satellites will detect our first barrage of 100 or more rockets as soon as they have taken off. Infrared detectors on satellites that hover in space 25,000 miles above our territory provide that information, and it is impossible for us to eliminate those satellites. That information will go through military channels to the White House, and it is supposed to reach the president almost instantly. But, as Dr. Kissinger and others have noted, it may not be easy to find the president at once.

"But we must assume he would get word of the attack within minutes. At first he will probably question the report, since he will see no provocation for an attack. Indeed, for the same reason the American military might withhold the information for further checking before passing it to the president. But this initial confusion could not last more than five mintues or so, because the Americans will soon detect our second and third barrages, and their radar will begin confirming what their satellites have told them already.

"As you know, the American system is poorly designed. The president alone can order a nuclear attack. But we assume he would inevitably consult with his ministers and perhaps some members of Congress. He would also have to flee at once to the airplane set aside for his use as a command post during an attack. We assume the president would also try at once to contact you, Comrade Ivanov, on the hot line. All these things take time. We have high confidence that the southernmost missile silos would be destroyed by the time the president could satisfy himself that he knew what was going on. I am talking of a period about 30 minutes after the initial launches.

"This is the crucial moment. By our calculation it will take another 30 minutes to complete our attack. The president will realize what we are doing. He will also realize that we have avoided attacking any major city, even Washington. The Americans have done studies on this kind of attack and they know that it will cause minor losses—perhaps 10 million people, perhaps 20 million."

Ivanov started at this last observation. He recalled the Great Patriotic War [World War II], when the Soviet Union was largely laid waste and 20 million people were killed. "Are you saying that 20 million dead is a minor loss?" he asked.

"Only by standards of nuclear war," Perlshtein replied. "We calculate that by targeting the American population, we could easily kill 150 million. The president knows this too. He will see it is a minor attack.

"To continue. The president will have to realize that if he retaliates with his remaining forces—the bombers that have escaped our attack and the missiles on submarines—he will use up most of his remaining weapons and can only strike at our cities and industry. Without land-based rockets, he won't have weapons of sufficient accuracy to fire at our remaining land-based force.

"But this is a horrible option for the president. If he exercises it, he knows that we will retaliate, and both our countries will be destroyed. But if he holds back and tries to negotiate, he can save his country—maybe even save the world. American presidents are romantics. We assume he will opt for negotiation, which of course will amount to surrender. And I might add, this is just what many American experts have predicted.

"We assume he will opt for negotiations," Kuznetsov interjected, "because we have to assume so. Otherwise our attack will fail. We would lose our country if the president decided to retaliate instead."

"Yes, yes," Perlshtein replied. "That is a hypothetical possibility."

Perlshtein put down his notebook and opened a bottle of Narzan. The bubbly water spilled into his tumbler. While he took a drink Marshal Antonov scribbled a note and passed it to Ivanov. The general secretary read it and turned to Perlshtein:

"I would like Marshal Antonov to ask a few questions. Marshal?"

"First let me say that Col. Perlshtein has done his usual fine job. Then let me ask some questions. First, colonel, as you know, if we saw an American attack coming at our missile silos, we would immediately launch our rockets, so they would not be in their holes when the American warheads arrived. Why wouldn't the Americans do the same thing? I know they have written about this idea as something called 'Launch Under Attack.' I remember my friend Harold Brown threatening to do just that."

"I am grateful you raised that point," Perlshtein replied. "Our people are dubious that the Americans are well-enough organized to launch under attack. Remember, they will be caught completely by surprise. And although I grant they have written and talked about this possibility, we have seen no sign that they have adopted it as a strategy."

"But what if they only began to launch their missiles after the first of ours had landed?" Antonov asked, "Couldn't they still fire off more than half of their land-based rockets before we could destroy them?"

"That is a hypothetical possibility," Perlshtein replied.

"On another matter," Antonov said, "during this attack, what happens to America's bombers in Europe and on their aircraft carriers—what we call the forward-based systems in SALT talks? Don't we know that at least 200 of them are on 15-minute alert, and can carry their nuclear weapons to our homeland in less than an hour?"

"We have two options," Perlshtein replied. "We could target those bombers with our medium-range missiles, wiping them out simultaneously with our attack on the American missiles. But this would mean destroying much of Western Europe, so we rejected that idea. No, we must assume that the president would be as reluctant to use these weapons as any of his others."

"Let me ask about the number of American missiles that might survive our attack," Antonov went on. "I gathered earlier that we assume that even if our attack goes very well indeed, we would miss 10 percent—about 100 missiles. Is that right?"

"Right," Perlshtein replied.

"And how did we arrive at that figure?"

"It's a mathematical probability, marshal. Our people say it is the sort of failure rate we could expect."

"Could it be 20 percent, or 30?"

"I don't know how to answer that, marshal. Ten percent is a hunch. Twenty percent could be another hunch."

"You mentioned that some American bombers would take off before we could destroy them on the ground. Wouldn't some of these bombers be the newly fitted type that can carry 20 of the most accurate cruise missiles? Wouldn't all of them at least carry potent bombs? What would happen to them?"

"Again, marshal, we have to assume that the president would decide not to use those weapons," Perlshtein replied.

"You'd also have to assume that there are no Dr. Strangeloves—wasn't that the name?" Kuznetsov interjected. "I mean, you have to assume that none of those American pilots would take it upon themselves to retaliate against the Soviet Union."

"Americans usually obey orders," Perlshtein replied.

"I should ask the same question about the Americans' submarines. You said, I believe, that there would be more than 20 of them hidden at sea during and after our attack, with more than 3,000 warheads?"

"Again," Perlshtein said, "we have to assume the president won't try to use them."

Perlshtein sat down and opened another bottle of Narzan, nodding toward Kuznetsov as he did so. The man from the Central Committee took the cue. He shuffled his notes and began to speak.

"My assignment, comrades, is to argue the weaknesses in the briefing you have just heard. Speaking frankly, I'm not certain that you need to hear any more arguments against this idea, but please permit me to add one or two new points, and then to summarize what Marshal Antonov has referred to as the technical challenges.

"All of us are familiar with the consequences of conventional warfare on a nation. The general secretary has already recalled the suffering of our Motherland 40 years ago, from which we are still recovering. I would remind the group that we are talking about something quite different. Perhaps this is something I am especially well placed to discuss. On Comrade Khrushchev's instructions, I was present in July 1962 when we detonated the largest hydrogen bomb ever exploded—about 50 megatons, you will recall. Let me assure you that all of what the Nazis did to our Motherland did not compare with this one explosion. And the 'minor attack' Comrade Perlshtein has outlined involves the explosion of about 1,350 megatons in the center of the United States.

"I have inquired at the Academy of Sciences: Do we know what the effects of such a powerful attack would be? (Here I have in mind not the military consequences, but the impact on the land, the air, the atmosphere and, of course, the population.) The answer is, we have theories but no real idea. We have no idea whether we might crack the earth's surface, or permanently damage the ionosphere, or poison the air over the entire world. I am referring here to consequences that could affect us at home—I happily set aside consequences for the United States. I am referring also to political consequences. Comrade Perlshtein implies that the American president would react to damage on this scale by doing nothing. That is not the way we reacted to Nazi devastation of our country. I do not think we can conclude that only Russians would react as we did to such devastation of the Motherland.

"In passing, let me note another point. Comrade Perlshtein has described an attack on the heartland of America. That, as you know, is the area that produces America's great grain harvests. For years even we have depended on those harvests. I did learn at the Academy of Sciences about the Americans' findings in the South Pacific, where they once tested thermonuclear weapons. Thirty years after the fact, on the site of much less devastating explosions than Comrade Perlshtein has proposed, the earth remains so poisoned with radioactivity that the food it produces contains unacceptable levels of radiation.

"But these are hypothetical matters, about which the best scientists can disagree. For myself, I am more concerned about those 'technical challenges.' Frankly speaking, I do not see how we can surmount them. Let me add that I do not believe the Americans could surmount them either.

Let me review them briefly. Comrade Perlshtein asks us to consider an attack that would require perfect timing of a command system that has never been tested; that would assume a level of reliability of our rockets that is extraordinarily high, especially when we consider that most of our rockets have been sitting for years—by necessity untested—in silos; that would require salvos of hundreds of rockets when we have never experimented with such salvos; that would require accuracy that depends on untested mathematical formulas, and when we know for certain that the earth's magnetism and atmosphere have unforeseen effects on rocket trajectories; that assumes we know how well America has protected its silos, when in fact we cannot know; that assumes we understand the effect of one thermonuclear explosion on a second, incoming weapon, when we don't really know those effects; and, most crucial—and, in my view, most debatable—that assumes that having suffered this attack, the American president will react by doing nothing with the enormous arsenal he would retain even after the attack. Moreover, we must assume that even if the American president did do nothing, the notoriously reckless American military would obey his orders.

"Of course I may be wrong. It remains possible that the American president will do nothing. But as Lenin's heirs and leaders of the Motherland, we must think of the problem from the opposite point of view. What if we guess wrong? What would the consequences be if instead of doing nothing, the president opts for an all-out response?

"We know the answer. The Americans could launch many land-based missiles during our initial attack, and these alone could destroy our industrial civilization or many of our own rockets. Their submarine missiles and bombers could continue to strike at us for hours or even days, eliminating most of our population. Yes, we might take some satisfaction from the fact that we retained powerful rockets of our own, but what will we have won? What is the gain? Both of our countries could be destroyed."

It was Kuznetsov's turn to open a bottle of Narzan. Perlshtein took advantage of the pause to speak up again:

"Comrades, please keep in mind, the proposals Comrade Kuznetsov attributes to me were not my idea. I came here today to fulfill an instruction, to present a hypothetical plan. This whole idea grew out of articles the general secretary read in the American press. It is the Americans who have always trumpeted this proposal—American generals, American cold warriors. As Marshal Antonov will confirm, our military people have never put great stock in these ideas. Frankly speaking, I am not prepared to give answers to all of Kuznetsov's points. I have searched for similar arguments in the American literature on these subjects, but to no avail. The Americans have not questioned the idea of their own vulnerability as forcefully as Comrade Kuznetsov has questioned it."

General Secretary Ivanov did not reveal his personal disappointment with the course this briefing had taken. Instead he asked Perlshtein a question:

"Let us assume you are right, that we really could not afford the risks inherent in this adventure. Still, could we exploit the Americans' belief in this theory to our advantage? Could we somehow threaten this attack to win other important objectives?"

Col. Perlshtein volunteered a reply: "Yes, Comrade Ivanov, we can use the threat, but I think we must be honest with ourselves about the fact that we can never fulfill the threat. That means we cannot invoke it to try to defend our own central interests. We might invoke it—even without saying anything—in areas like Angola and Ethiopia."

Kuznetsov intervened: "I might recall that we achieved our objectives in Angola and Ethiopia at a time when we did not enjoy this theoretical 'advantage.' We achieved our objectives in Berlin in 1961 when it was the Americans who had this kind of 'superiority.'"

"Well," said Ivanov finally, "at least we know we have this card to play in a crisis—if we find ourselves caught with the Americans in an escalating confrontation in the Middle East, for example."

"I think not," Kuznetsov replied. "In a real crisis the Americans would be on a high alert. We would lose the element of surprise. Our attack could not be even as effective as the one outlined by Col. Perlshtein."

With that the room fell silent. Ivanov gave no hint of embarrassment as he crisply thanked the briefers for their presentation. As the meeting broke up, Ivanov turned to Marshal Antonov, "I hope you will be ready next week with the briefing on lasers and particle beam weapons," he said. ●

ENERGY AND THE NATION'S FUTURE

● Mr. McGOVERN. Mr. President, I call my colleagues' attention to an important warning about damage ahead in the Energy Mobilization Board as it is now shaping up in the Congress. Mr. Anthony Lewis sounded that warning in a piece appearing in today's New York Times.

I submit the article for printing in the RECORD.

The article follows:

WHAT PRICE ENERGY?

(By Anthony Lewis)

WASHINGTON, Sept. 12—It is 1981. The Mobil Corporation announces plans for the country's biggest oil refinery, to be built on the New River in North Carolina.

A Federal law passed by Congress and signed by President Ford in 1976 protects the New River in its natural state. North Carolina laws protect the valley. But the Energy Mobilization Board says the refinery is more important. And under the Energy Act of 1979 the President, on the board's recommendation, can override both state and Federal law in order to build a critical energy facility.

President Reagan orders all contrary Federal laws and local zoning and health regulations overridden. The way is clear for an immediate start on the New River refinery.

A fantastic scenario? No. For the energy bill as it is now taking shape in Congress would allow future Presidents to do exactly that: override democratic decisions, local and national, and put aside the interests of health, safety and the environment.

It is an astonishing concept: one utterly contrary to the traditions of American federalism and constitutional democracy. Another amazing fact is that the idea is being supported by aides to Jimmy Carter, who has repeatedly said he is against any such Presidential power.

On Aug. 2 President Carter said his proposal for an Energy Mobilization Board was designed to "cut out excessive delay" in the approval of energy projects, by removing procedural roadblocks. He said: "With the exception of any new requirements imposed when construction of a critical facility is under way, the board could not waive substantive environmental standards."

But the House Commerce Committee has worked up a bill that would let Presidents nullify state and Federal substantive law that stands in the way of energy projects. And when members of the committee tried to cut back that sweeping authority with amendments, White House lobbyists fiercely and successfully opposed them. Key parts have been played by James C. Free, the Carter liaison man in the House, and Bertram Carp, Deputy Assistant to the President for Domestic Affairs and Policy.

Public health is a central question. For example, present technology for producing oil from oil shale leaves as a byproduct substantial quantities of arsenic. The bill as it now reads in the Commerce Committee would allow a future President to waive the Toxic Substances Control Act and allow an oil shale project to go ahead in, say, Colorado, even though there was no effective plan to keep arsenic from poisoning ground water in the area.

That example involves the overriding of a duly enacted Federal statute. Even more surprising, in our constitutional system, would be allowing a President to sweep away state law. If a coal liquefaction plant were to be built in Montana, requiring immense quantities of water, would the people of Montana and nearby states be content to have the crucial and complicated issues of Western water law decided by Washington lawyers?

The powers granted by the pending energy bill worry, among other people, the three leading environmental officials in the Carter Administration. Last week Secretary of the Interior Cecil Andrus, Douglas Costle of the Environmental Protection Administration and Gus Speth of the Council of Environmental Quality sent a memo to the President expressing their concern at Administration lobbying in favor of the bill as it stands.

"Such a posture is not only dangerous but unnecessary to achieve the 'fast track' legislation you outlined in your July 16 energy program," the memo said. It added that the position "undermines our credibility."

The President said this week that he is still against including in the energy bill a general power to override substantive law, state or Federal. Why, then, have his people fought amendments that would remove that unprecedented power from the bill? The House Commerce Committee has now approved the Energy Mobilization Board legislation with the broad waiver authority included.

The answer heard around the Administration is that the lobbying policy was "tactics." The President needs a "strong" bill, it is said. Whatever comes out of this first stage may be weakened later, especially in the Senate, so it is best to start with the "strongest" possible version.

But the tactical premise may be wrong. Senate energy leaders had been chary of any power to brush aside state and Federal law. But now, after the White House failure to stand by the President's stated position, the Senators are moving toward the same sweeping authority as the House bill.

The troubling possibility is that White House aides are prepared to soil Jimmy Carter's impressive record in defending the environment for a short-term political gain. The President wants to look "strong" and has made the energy bill his political test. But when it's all over, will he want to be remembered for having distorted our constitutional tradition and opened the way for unaccountable damage to our health and surroundings? ●

EXIMBANK PRENOTIFICATION OF JET AIRCRAFT TO AIR CANADA

Mr. PROXMIRE. Mr. President, I call to the attention of my colleagues a communication I have received from the Export-Import Bank pursuant to section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, notifying the Senate of a proposed direct credit of $88,000,000 to assist the export of 14 Boeing 727–200 jet aircraft, spare engines, and related parts and services to Air Canada. Section 2(b)(3)(i) of the act requires the Bank to notify the Congress of proposed loans or financial guarantees in an amount of $100,000,000 or more at least 25 days of continuous session of the Congress prior to the date of final approval. Upon expiration of this period, the Bank may give final approval to the transaction unless the Congress adopts legislation to preclude such approval.

In this case, the Bank has also issued a preliminary commitment to Air Canada to assist the purchase of 24 Boeing 727–200 and 10 Lockheed 1011–500 jet aircraft in addition to the 14 aircraft to be financed by the proposed direct credit. The total Eximbank participation would exceed $100,000,000 if the preliminary commitment is converted into a direct credit in the future.

The loan for the 14 aircraft will cover 40 percent of the total cost of U.S. exports related to the aircraft sales, that is, $220,000,000. The loan will bear interest at the rate of 8.375 percent per annum for aircraft deliveries during 1980 and 8.50 percent per annum for deliveries in 1981. The loan will be repaid in semi-annual installments over a 10-year period beginning in 1980.

Mr. President, I ask unanimous consent that the letter from Eximbank pertaining to this transaction be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., August 23, 1979.

Hon. WALTER F. MONDALE,
President of the Senate,
U.S. Capitol,
Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to Canada:

A. DESCRIPTION OF TRANSACTION

1. *Purpose.*—Eximbank is prepared to make a credit of $88,000,000 available to Air Canada to facilitate the purchase in the United States by Air Canada of fourteen new Boeing 727-200 jet aircraft, spare engines and related parts and services. The engines for the aircraft are manufactured by Pratt and Whitney, a subsidiary of United Technologies Corporation. The total U.S. export value for this transaction is estimated to be $220,000,000.

In addition to the aircraft proposed for sale in this transaction, Eximbank has issued a preliminary commitment to Air Canada in which it has indicated the terms and conditions under which it will be prepared to extend financing to Air Canada to assist it in the purchase of 24 Boeing 767-200 and 10 Lockheed 1011-500 jet aircraft to meet its needs for increased traffic on its transcontinental routes and replacement of its aging fleet.

The Eximbank Credit for this transaction, together with the Eximbank financing contemplated in the preliminary commitment, would fall within the purview of cases to be referred to Congress under Section 2(b)(3)(i) of the Eximbank Act.

2. *Identity of the Borrower.*—Air Canada is the national air carrier of Canada and is wholly owned by the Government. Eximbank has previously made five loans to Air Canada and repayments have been made on a timely basis. Air Canada currently has extensive operations within Canada as well as flights from Canada to the United States, the Caribbean, Europe and elsewhere.

3. *Nature and Use of Goods and Services*—The principal goods to be exported from the United States are fourteen commercial jet aircraft to be used by Air Canada to replace part of its aging DC-8 and DC-9 fleet. The airframes for the 727's will be manufactured in the Seattle-Renton-Everett area by The Boeing Company of Seattle, Washington. The engines for the aircraft will be manufactured by the Pratt and Whitney Aircraft Group of United Technologies Corporation in Hartford, Connecticut. In addition, other U.S. firms will furnish spare parts.

B. EXPLANATION OF EXIMBANK FINANCING

1. *Reasons*—Eximbank's financial support for the export of U.S. aircraft has assisted U.S. aircraft manufacturers in obtaining approximately 80% of the world market for commercial jet aircraft. Through 1990, aircraft purchases by foreign airlines are expected to account for approximately 40% of total U.S. aircraft sales. Over the next two to three years several large foreign airlines will be undertaking major reequipment programs, and most airlines choosing a particular aircraft type will continue with future purchases of the same models to maintain fleet continuity. During these next few years there will be intense competition from foreign aircraft and engine manufacturers and they will be supported by subsidized export credit from government sources. Eximbank believes it must be sensitive to purchasers' needs during this period of new product selection and to insure that U.S. aircraft and engine manufacturers are able to offer attractive financing which helps them to sustain their position as a leading U.S. export sector.

Boeing estimates that the export of the fourteen financed aircraft will provide 5.3 million man/hours of work for Boeing and its subcontractors. Additional benefits which will flow to the United States from the transaction include sizeable follow-on exports of spare parts, ground support and other related equipment.

2. *The Financing Plan*—The financing plan for the total U.S. procurement supported by Eximbank is as follows:

U.S. Costs

Cash Payment: 60 percent; amount $132,000,000.

Eximbank Credit: 40 percent; amount $88,000,000.

Total: 100 percent; Total amount $220,000,000.

(a) *Eximbank Charges*—The Eximbank Credit will bear interest at the rate of 8.375% per annum for aircraft deliveries from February 1980 to June 1980 and at the rate of 8.50% per annum for aircraft deliveries from January 1981 to May 1981.

(b) *Repayment Terms*—The Eximbank Credit will be repaid by Air Canada in two repayment schedules of 20 equal semiannual installments each, beginning October 15, 1980 and October 15, 1981, respectively.

Sincerely,

H. K. ALLEN.

SCIENTISTS DIFFER OVER THREAT OF ELF TO HUMAN LIFE

Mr. PROXMIRE. Mr. President, the issue of whether or not extremely low-frequency radiation poses a hazard to human life is central to the decision to deploy the ELF submarine communications system in Wisconsin and Michigan. Although there have been investigations by prestigious bodies into this matter, substantial doubts remain about the safety of ELF radiation.

In the course of investigating the effects of ELF radiation there have been disputes between reputable scientists—claims and counterclaims about bias, conflict of interest, lying, and scientific quackery.

Contention aside, the layman can only conclude that there is no clear undisputed evidence of the safety of ELF radiation. New studies have been ordered to reexamine ELF effects on rats. A Department of Energy study, according to Saturday Review, is underway. However, the Review article notes that the peer review board that oversees the rat study contains utility executives and others who have taken a public position in the past that ELF is not dangerous to human life.

If this is accurate, I question the impartiality of this peer group review process. It would seem only prudent, as well as scientifically sound, that the peer group members not be in a position of conflict of interest either in terms of prior employment, prior testimony on the subject under investigation, or employees of private industry that could be directly affected by any research conclusion. I intend to inquire further of this matter with the Department of Energy.

Mr. President, I ask unanimous consent that the Saturday Review article by Susan Schiefelbein be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE INVISIBLE THREAT: THE STIFLED STORY OF ELECTRIC WAVES

(By Susan Schiefelbein)

In the heart of the American midwest, a farmhouse is nestled in the land just adjacent to a military base. Although the enlisted men use the post as a practice area for electronic warfare, the base had never bothered the farmer and his wife much, at least not until recently. Then the wife began to lose her memory. Soon she also had problems with her sight. One evening, when she entered her son's darkened bedroom, the desk lamp lit up—by itself. She unplugged it, but its eerie light continued to glow. Perhaps, it occurred to her, electronics at the base held the secret to this ghostly intrusion; perhaps they were playing tricks with her mind and her vision as well. Some time later, still troubled, she flew to New York to visit an ophthalmologist who specializes in cataracts caused by radiant energy. He confirmed what she feared; electromagnetic waves had left their mark just as clearly as a burglar leaves fingerprints. The tissues in her eyes were clouded in a way that, given her youth and good health, could be explained only by exposure to radiant energy. Today the woman still lives in her farmhouse; but now she has serious psychiatric problems. Her husband, filled with anxieties that his land will be devalued, urges her to keep her story to herself. She feels she has no one to turn to.

There is reason to believe her feelings of abandonment are justified, for many scientists insist that electromagnetic waves can do no such harm. The small band of researchers who would believe her tale, moreover, are in no position to help her; they say they are being shunned and isolated themselves. This scientific minority accuses industry, which sells electronic gadgets, and the military, which depends on them, of squelching the scientific publications, cutting off funding, and attacking the reputation of anyone who questions the proclamation that electromagnetic waves are safe.

The facts, indeed, seem to bear out the claims of these researchers. Recently, the head of the department of biology at Harvard—speaking as a representative of the prestigious National Academy of Sciences—publicly lied about research and lashed out at the credibility of colleagues who differ with his benign depiction of a Navy project. Judges, too, have participated in highly questionable activities while cloaked in their official capacity as arbiters of a hearing over power lines, which also broadcast electromagnetic waves.

The controversy is a complex and many-faceted one; it is not well served by simplified conspiracy theories and personal vendettas. Part of the problem, of course, concerns the effect powerful electromagnetic waves have on the human body, which depends on its own microscopic currents of electricity to accomplish such delicate tasks as sparking heartbeats and transmitting the electronic signals we call human thought. But the issue has gone beyond these medical matters. The electromagnetic controversy now poses the larger question of human rights—not only the right to a healthy environment, but such fundamental rights as the freedom to speak to inquire, to explore and discover.

Two years ago, Paul Brodeur examined some of these problems in his much-acclaimed book, The Zapping of America: Microwaves, Their Deadly Risk, and the Cover-up. Unfortunately, however, the story continues. A U.S. ambassador is now reported to be suffering from cancer after having worked in the Moscow embassy, which the Russians had beamed with microwaves; he is the third ambassador to contract the disease after serving at that post. Moreover, low frequency waves—the kind that come from power lines—have now become another fierce part of the debate. Meanwhile, our uses of electronics multiply daily. The air in this country fairly vibrates with the waves from 9 million broadcasting transmitters, 30 million CB radios, and from the telephone network. The largest newspapers transmit their copy to printers via microwaves. Not one plane could lift itself into the sky, or fly, or land, without radar. Add to this electrified atmosphere 500,000 miles of high-voltage wires, and it is readily apparent that the modern way of life depends on what many experts call our electronic smog.

Despite the fact that the average American makes use of electromagnetic waves each day, few people really understand how they work. An electric charge sets off a ripple of electric and magnetic force in the same way that we set waves in motion when we dive into the sea. We measure these waves by their frequency—the number of times they go up and down per second—and their intensity, which is determined by the power of the initial charge. Frequency is measured in hertz; intensity, in milliwatts. The electromagnetic spectrum refers to waves of all frequencies, from the very highest—X-rays—down through microwaves, radiowaves, and finally extremely low frequency (ELF) waves, the kind we use for electric power. Radiation simply refers to the movement of these waves through space. The highest frequency waves vibrate so quickly that the material through which they pass breaks up into charged particles called ions. This phenomenon is called ionizing radiation, the kind that is associated with nuclear power, for example, and rips through cells in human tissues. Lower frequencies, like microwaves and ELF, are called non-ionizing radiation; while we do not fully understand their effects on the body, we do know that they do not destroy cells in the way ionizing radiation does. For that matter, some of the effects of microwaves are quite different from those of ELF. But that story is best told from the beginning.

In 1947, Dr. Herman Schwan, a biophysicist who for the previous decade had served as a professor at the Kaiser Wilhelm Institute of Biophysics in Germany, came to the United States to become a research scientist for the U.S. Navy. In 1950, he took a position as a professor of electrical engineering and physical medicine at the University of Pennsylvania, where he remains today, a highly funded researcher in electromagnetics. His research funds come primarily from the Department of Defense.

Shortly after his arrival at the University of Pennsylvania, Dr. Schwan set out to identify the levels of microwaves—that is, high frequency waves—that the human organism can withstand. Although he was neither a physician nor a biologist, Dr. Schwan assumed that the only effect microwaves have on living tissue is that of heat—the effect, basically, that an oven has on a ham. Using a metal ball as a model of the human body, together with his own assumptions of how much heat the body can throw off by means of perspiration and other biological processes, Schwan figures that a person can safely handle an exposure of 10 milliwatts of microwaves per square centimeter of body surface.

In 1953, Dr. Schwan proposed his 10-milliwatt standard to the Navy. The armed services, in fact, were looking for an exposure standard for their personnel just about this time, for they were dreaming of the day—they knew it would come soon—when their scientists would develop high-power radar.

During the following years, the armed forces eagerly pursued the idea of setting a personnel standard. Little actual biological experimentation was conducted, however, the few studies that were done tested only the effects of very high doses of microwaves. Solomon Michaelson, a veterinarian at the University of Rochester who is also largely funded by the DOD, tested intensities so high he induced gross burns in test animals. By virtue of these experiments, he said he confirmed Schwan's postulation that a 10-milliwatt standard would be safe. No one actually tested the 10-milliwatt level for anything other than heat.

In 1965, the Army and Air Force adopted the 10-milliwatt level. One year later, the U.S. American Standards Institute also adopted 10 milliwatts, but as an occupational guideline only. Other than a microwave-oven ruling, which limits leakage to one milliwatt at purchase and five milliwatts after use, no standard protects the American people. (While the National Institute for Occupational Safety and Health is now considering setting a standard, some of those who have reviewed the proposal denounce it as inadequate.)

The level that we had determined as "safe" was a thousand times greater than the standard accepted by the Soviet Union. This fact was to become more significant than any of the military brass or scientists imagined; for in 1962, the State Department discovered that the American embassy in Moscow was being irradiated by a microwave beam. Clever Russians: At its high-point of 18 microwatts, the beam was almost twice as intense as their own safety standard of 10 microwatts; yet it was about 500 times less than the standard that the Department of Defense had insisted was harmless.

The State Department decided not to tell any of the embassy employees that the building was being irradiated. Instead, it conducted a secret investigation of microwaves. The study, called Project Pandora, was completed in 1970. While those involved reported that the Moscow signal had no biological effects, they destroyed the data on which they had based the study.

Dr. Milton Zaret, an ophthalmologist now practicing in Scarsdale, New York, is one of the scientists who question the Pandora report. Zaret had been asked at the time to do research on the Moscow signal for the CIA. He says the CIA told him its agents had established the fact that the Moscow signal had not been intended for listening in on embassy conversations or for jamming our surveillance equipment. Zaret was asked to review Soviet medical literature to see what the Russians themselves had in mind. His conclusion: "Whatever other reasons the Russians may have had, they believed the beam would modify the behavior of personnel."

The employees in the embassy were not officially told about their irradiation until 1976, when, according to the State Department, the intensities of the beam increased. By this time, Ambassador Stoessel—whose office caught the center of the beam—was suffering from a blood disease, nausea, and bleeding in the eyes. The State Department installed metal screens on the window of the buildings, declared the post "unhealthful," and gave employees a 20 percent raise. Nonetheless, it informed personnel that "no medical problems had been identified with low levels of microwaves." The department also insisted that the beam had been aimed at the roof, where it was meant to deactivate our electronic surveillance equipment. This explanation has yet to be accepted by engineering experts, however, who say the weakness of the beam did not suit it to that purpose. Whatever the furtive explanations for the signal, the public outcry has been intense—particularly against the State Department for having kept information from embassy employees. Perhaps to assuage this irate reaction, the State Department contracted Johns Hopkins University to do a massive epidemiological study of some 4,000 former employees of the Moscow embassy. Dr. Abraham Lilienfeld, of Johns Hopkins, directed the research team, but the State Department itself designed the study and provided Lilienfeld with much of his information. The final report "supports the conclusion that governmental employees did not encounter health hazards traceable to their exposure."

While government officials tout this study as cause for great relief—a vindication of microwaves—Lilienfeld himself calls for caution in the interpretation of his results. He says he "would not use the word 'reassuring' to describe the report. Since the latency period of cancer can be as long as 20 years, and since the people who had the highest doses were exposed as late as 1977, there has been little follow-up."

But the most startling piece of information Lilienfeld has to offer today concerns the health of Ambassador Stoessel. As Lilienfeld was gathering the immense amount of data for the State Department study, he was provided with one fact that has not yet been given to the American people: Stoessel now suffers from either "a lymphoma or a leukemia." Stoessel's ill health takes on a measure of significance when one recalls that two of his predecessors, Charles Bohlen and Llewellyn Thompson, have died of cancer. How do these facts square with Lilienfeld's report, which finds "no health hazards"? "It is conceivable," says the epidemiologist, "that someone in the center of the beam who was affected more wouldn't show up in the size of our study." Stoessel, now stationed in Germany, declined to answer Saturday Review's questions on the matter.

The link between cancer and microwaves has also been brought up in another recent development. Last year, the chief epidemiologist for New Jersey discovered that the cancer rate in Rutherford was way above normal. Five children at the Pierrepont Elementary School had developed cancer; the odds against such a situation, one report stated, were 10 million to one. Accordiing to the FCC, some 6,400 sources of microwaves are located within a 15-mile radius of the town. The school itself is situated on top of a hill, a good target for microwaves. The citizens of Rutherford wanted microwave measurements. First, the state assigned Bell Laboratories to do the job, despite the fact that its parent company, ATT, was involved in a suit regarding a man who died from what his doctor claims were exposures to microwaves. When Bell's equipment proved faulty, a public uproar ensued; and the National Bureau of Standards remeasured microwaves in the area. A spokesman for that group has found what he calls "field strengths that are high enough to imply something. The data that we've got will make other government agencies want to look at Rutherford, too."

In the meantime, research on microwaves and their biological effects continues. The Government Accounting Office has conducted one review of the literature that cited 1,000 research papers. Among the effects reported were central nervous system disorders, genetic damage, reductions in the brain's electrical activity, loss of memory, and malfunctions of the fetuses of exposed animals.

Milton Zaret, the ophthalmologist who reviewed the Soviet literature for the CIA, has identified more than 50 cases of cataracts caused by nonionizing radiation. Fifteen of these were air traffic controllers and commercial airline pilots.

Dr. Allen Frey, a biophysicist at Radomline, a scientific research organization in Pennsylvania, has demonstrated that average power densities of 0.2 milliwatts affect the blood-brain barrier, that is, the ability of the brain's blood vessels to pick and choose what materials enter this vital organ. Other researchers, using some of Frey's basic data on cardiac research, have found that microwaves measured under 10 milliwatts affect the electrical pulses that spark heartbeats and can either slow the heart down or speed it up.

The literature of the Eastern bloc countries is replete with reports of such microwave effects as headache, fatigue, and reduction in sexual capabilities. Dr. Frey, who was recently asked to lecture extensively in the Soviet Union, reports that the Soviets have elevated microwave study to a top priority, assigning the research to their best organization, the Academy of Sciences, and naming as director the same man who did extensive scientific work in their space programs.

How do those who consider microwaves harmless react to these studies? Rather underhandedly, it appears. A historian at the University of Michigan reports in one study that Raytheon, which owns the companies that manufacture radar and Amana microwave ovens, went to the government to stop one scientific investigation. Zaret reports that an army officer tried to pull one of his papers from a scientific journal that had accepted it for publication. At a trial regarding a microwave-damages suit, Solomon Michaelson, the veterinarian who helped set the 10-milliwatt standard, tried to discredit Zaret by questioning his abilities. Later testimony revealed that Michaelson's mother had been operated on by Zaret, who restored the vision of an eye that had been blind.

While most of the researchers working on microwaves must battle to defend their findings, few researchers have even attempted to study the biological effects of ELF—the frequency used for high-voltage wires. The little we do know about low frequency fields—particularly about the field that naturally emanates from the earth—implies that they are intimately connected to the course of life itself. Studies of ocean sediment indicate that, with the last reversal of this field, 25,000 years ago, entire species vanished from the planet. Another indication of the importance of this field is tied to the fact that the field around the human brain has the same frequency as the field around the brain of every other living organism; and they, in turn, have frequencies comparable to the earth's natural magnetic field. Theory has it that the first living cell, formed at creation, took its electricity from the atmosphere that surrounded it. Studies show, further, that man's biological cycles depend on the rhythms of the earth's magnetic field; if a man is put in an underground bunker that is shielded from the field, these cycles go askew. Other studies indicate that the incidence of nervous and mental disease and suicides is related to magnetic storms.

We do not know what happens when we alter the earth's natural field; nonetheless, we have increasingly injected it with our own electric waves. High-voltage wires are one of the most notable sources of ELF pollution. Few people realize that electric power does not flow through the line; it flows in the direction of the line; its fields extend for thousands of feet on each side. This can be vividly illustrated by the fact that a fluorescent bulb held under a high-voltage wire will light up by itself. Though little study has been done on the effects of these lines, one report published recently in the American Journal of Epidemiology found that in a large residential area the greatest numbers of children with cancer lived in homes that were located nearest to power line substations, and thus were exposed to ELF electric fields.

In 1973, the link between microwaves and ELF had not yet been perceived. It was then that Dr. Robert Becker, a distinguished researcher and orthopedic surgeon at the V.A. Hospital in Syracuse, New York, entered the story.

Becker himself had spent his career studying applications of electricity for bone healing and growth. Because of his pioneering research, Becker was asked by the Navy to sit on the Ad Hoc Committee for the Review of Biomedical and Ecological Effects of ELF Radiation.

The Navy's interest in ELF was specifically attached to a $100 million antenna it hoped to build. Called Project Sanguine, the antenna would allow the Navy to communicate with deep, fast-running submarines. It was to be a grid of buried wires covering 25,600 square miles of northern Wisconsin. Though it would broadcast at a frequency near 60 hertz, the electric-line frequency, its signal would be 1 million times weaker than that of a power line.

The ad hoc committee decided that Sanguines effects would be different from what its name implies. After reviewing many studies—some of them on humans—it called for an "urgent and absolutely necessary" continuation of a study that had indicated Sanguine would affect the levels of triglycerides in the human bloodstream, a warning, researchers say, of stroke. "Strong emphasis" should be given, it said, to studies of Sanguine's effects on the central nervous system. The report also called for further psychological testing and studies of human biorhythms. The committee of researchers unanimously recommended that the federal government be "apprised of the possible significance to the large population at risk in the United States who are exposed to 60 hertz fields from power lines." Though the report was unclassified, the Navy did not release it. None of the recommended studies was conducted. The project was renamed Seafarer, a change one official ascribes to bad publicity.

Soon after the meeting, Becker discovered that two utilities were planning to build a 765-kilovolt high-voltage line in upstate New York. With the recommendations of the committee still ringing in his ears, and the knowledge that a high-voltage wire is 1 million times as powerful as Sanguine was intended to be, Becker immediately wrote the head of New York's Public Service Commission, briefing the official on the ad hoc committee and its conclusions. Becker, along with Andrew Marino, a biophysicist in Becker's labs, was then asked by the PSC to testify at hearings regarding the line.

During the first set of hearings, the two reviewed the literature regarding ELF. They said that an ELF field near the head of a human had induced anesthesia. It had affected the chemical balance in the blood, brain, and liver of rats and had slowed the heartbeats of exposed salmon and eels. It had interfered with the ability of homing pigeons to find their way. It had caused bone tumors in mice. Bees exposed to an ELF field ceased to store honey and pollen and began to kill one another; in a few days they had either abandoned or sealed off their hives, causing their death by asphyxiation.

On hearing such evidence, the two power companies, Niagara Mohawk and Rochester Gas and Electric, asked that the hearings be postponed for a year.

In the intervening months, Dr. Marino conducted two of his own experiments. In one study, rats exposed to an ELF field failed to gain weight normally. In another, three successive generations of mice exposed to ELF fields were stunted. Marino concluded that the animals were exhibiting the classic signs of stress.

Becker and Marino returned to the hearings a year later confidently carrying the data from their experiments. Who should they see, then, as witnesses for the utilities? Herman Schwan and Solomon Michaelson, the DOD-funded microwave researchers, together with a botanist from the University of Rochester named Mort Miller.

As Marino described the ensuing scene, "they came down on us like a ton of bricks." Schwan had made calculations, once again using a metal ball as his model for the human body, and had concluded that ELF fields could not affect biological processes. With the Miller-Michaelson-Schwan trio to prompt the utility lawyers, the cross-examination of Marino and Becker went on for 17 days.

In the meantime, Senator Gaylord Nelson of Wisconsin had discovered the ad hoc report and was, according to an aide, "hopping mad." Nelson issued a press release stating that the Navy had apparently "kept the wraps on the existence of this report because it contains the very first scientific evidence that Sanguine would have an adverse environmental impact."

Due to Nelson's ire another Sanguine/Seafarer study was to be held; this time, it would be conducted by the National Academy of Sciences and chaired by Professor Woodland Hastings, the head of the department of biology at Harvard.

Professor Hastings wrote to Andrew Marino saying he had been told of Marino's "research contributions concerning the biological effects of low frequency radiation." As chairman of the new NAS committee, Hastings wrote, he "would be pleased to have consultation" with Marino.

Marino telephoned Hastings and asked who else was to be on the new committee. The Navy had chosen nearly all members, Hastings replied. The members included Herman Schwan, Solomon Michaelson, and Mort Miller.

Marino told the professor about the PSC hearings currently being held in New York State. Power lines, he said, were 1 million times more powerful than Sanguine/Seafarer; three men who had been paid by a utility to testify that the lines were safe were hardly likely to perjure themselves, or jeopardize their interests, by finding a much weaker field to be dangerous. According to Marino, Hastings said he would quit unless the three men were removed from the group. He promised to put Becker and Marino on the committee.

Later, Marino called Hastings back. As Marino tells it, the professor said that all three men had filled out NAS "bias statements" to reveal possible vested interests; none had indicated that they were engaged in the New York hearings. To a question that asked whether or not the committee member owned stock in power companies and if so, whether the holdings totaled more than or less than $10,000, Mort Miller had checked "more." His stock holdings were in Niagara Mohawk, the company on whose behalf he had testified.

The first committee meeting was held, but Becker and Marino had heard nothing from Hastings about their own membership. They sent a letter to the National Academy, detailing the entire tawdry incident. The letter was reported in Science, the official journal of the academy.

A small tempest ensued in the august body; Schwan and Miller both wrote angry retaliations. But it was chairman Hastings of Harvard who made the most puzzling comment on the matter. He called the charges "ridiculous."

Today, two years after his committee has given Seafarer "a clean bill of health," Hastings insists that testifying for a utility "is not a basis for removing anyone from eligibility."

Hastings went on to tell Saturday Review that Marino and Becker have not even done work in ELF—forgetting, perhaps, his letter asking Marino to sit on his committee, as well as Becker's involvement with the ad hoc group. But the information Hastings volunteered about the hearings on utility lines was the most remarkable of his statements:

"The judge threw out the case with prejudice—ruled that Marino's not a believable witness, that he's evasive and deceitful. Here we were being attacked by people who ultimately were thrown out of a court of justice in that way. They've all been thrown out. These guys are all a bunch of quacks."

Given the fact that three of his committee members were engaged in the hearing, it seems difficult to believe that Hastings does not know that the Public Service Commission not only defended Andrew Marino's credibility in its final decision; it also ruled that the utilities had to purchase a large strip of land running under their power lines in order to keep people away from the electric field. Furthermore, it ordered that the utilities put part of their profits in a fund that would be used to support research on the biological effects of ELF.

But a double checking of that decision led to the discovery of yet another ignominious act.

In a PSC hearing, the first step is a recommended decision by the judges who are present at the hearings. The PSC itself then reviews the record and issues a final judgment.

While the final judgment did indeed support Andrew Marino, the recommended decision was startlingly antagonistic to him. Though 31 experts had testified at the hearing, almost one-third of the recommended decision—49 pages of 156—was devoted exclusively to Andrew Marino, his single rat experiment, and his credibility. His work was termed "reckless, inaccurate, careless, and unsupported." He was called "evasive and argumentative." Incredibly, Judges Thomas Matias and Harold Colbeth admitted the NAS committee report into the record to show that the "distinguished, nationally known scientists" who had developed the report "disagree with the essential opinions and conclusions advanced by Dr. Marino in this hearing"—this, despite the fact that three of these "distinguished scientists" were paid to testify for the utilities in this very hearing!

What on earth was going on here? Judge Colbeth's files contained the answers. Through the Freedom of Information Act, Marino obtained correspondence between Judge Colbeth and Asher Sheppard, a researcher who at the time worked at the Brain Research Institute at UCLA. Sheppard had received $5,250 to "furnish assistance in evaluating conflicting testimony of biophysicists." Judge Colbeth had directed Sheppard to "discuss his conclusions as to which positions are the more persuasive. We hope to put your report bodily into our decision with a few language changes for consistency of style."

This arrangement, in and of itself, is not illegal, many judges request and receive expert advice. The agreement would become questionable if the decision Sheppard wrote contained new information—it is a violation of due process to base a judgment on material not presented in a hearing—or if Asher Sheppard had reasons for being biased.

As for the possibility that Asher Sheppard was biased: The outcome of the hearing, obviously, is vital to all utilities. Asher Sheppard was once employed by Con Edison. At the same time that he was preparing the decision, moreover, he was writing a report for the American Electric Power Company, entitled "The Biological Effects of Electric and Magnetic Fields of Extremely Low Frequency." Sheppard left one more track of footprints across his report. His boss at UCLA was Dr. Ross Adey, who discovered that ELF fields increase the flow of calcium from the brain, possibly affecting the cortex. Adey's work was heatedly criticized during the hearings. Not a word of that criticism landed in the recommended decision, an imbalance, to say the least, compared to the 49 pages of criticisms of Andrew Marino.

Though the hearing is over now, the testimony delivered has recently resulted in two significant developments.

The Department of Energy is now paying $1.5 million for another rat study (Marino conducted the original experiment at the cost of $3,000). The head of the division of DOE that oversees studies on ELF, Robert Flugam, has stated publicly that he already believes power lines to be safe. He has also commented that until experimental data can be obtained to disprove the rat study, the course of action to be taken is to discredit Marino. But Flugam, of course, is not the only person who sits on the peer review board that oversees the rat study. Also on the board are Sol Michaelson and several utility executives, including one from Niagara Mohawk.

The controversy surrounding the rate experiment has also elicited what is undoubtedly the most significant development in the ELF debate. During the course of the hearing, Sol Michaelson severely criticized Becker and Marino for saying that the rats exhibited signs of stress. Michaelson contended that the rats showed no such debilitation; and even if they did, be added, stress can be good for you.

But the great doctor-philosopher Hans Selye has something interesting to add to these comments. Selye himself first described the biophysical effects of stress, showing that the condition elicits certain measurable hormonal responses in man. Selye told SR that both microwaves at nonthermal levels and ELF fields from power lines can cause stress. He also stated that the contention that such stress is good is "far-fetched. While I have shown that stress is good for many people, I would not say that applies to electromagnetic stress."

The fact that Selye would take such a stand is essential to this tale; his unassailable credentials cannot be questioned or discredited. Selye, however, went a step further: He said that the real experts on ELF were in the United States, and that their research was the work to be depended upon. He sent a sampling of 18 such reports from his library; among them were two written by Becker and Marino.

Even the remarks of a scientist as respected as Hans Selye, however, fail to provide the layman with a magic solution to the electromagnetic dilemma. The average American hasn't the background to determine the effects of electric waves. Moreover, even the most concerned environmentalists would never suggest that radar and power lines be disassembled; they are vital threads in the fabric of American life.

There are a few conclusions, however, that the layman is qualified and indeed justified in accepting. The first is that metal balls and calculations cannot determine what is or is not a dangerous assault on internal organs; the secret splendors of the human body do not reveal themselves on graph paper. Nor will we discover much with experiments designed to give us pre-planned, fabricated results.

But perhaps the most important conclusion for the layman is that honesty and morality are as essential to American science as genius. "The threat to intellectual freedom is a threat to the independence and worth of the human personality, a threat to the meaning of human life," writes Soviet physicist and dissident Andrei Sakharov. "It is essential that we not restrict our research to that done in a government controlled program; otherwise we might be tempted to avoid 'unpleasant' subjects and questions."

Perhaps the time has come to question a government that endangers its people in the name of defending them; an industry that pursues the quality of life at the expense of public health; and those scientists whose technological wonders today may threaten nature's own wonders tomorrow.

HOLOCAUST: THE FINAL CHAPTER

Mr. PROXMIRE. Mr. President, the four-part NBC television series "Holocaust" was rebroadcast this week. Once again the horrible truth flashed upon the screens across the country. Since April of 1978, when it was first broadcast, the story of "Holocaust" has not changed. It is still ugly. It is still brutal. It is still unanswered by the Senate.

The Nazi genocide of 6 million Jews remains the most barbaric event ever witnessed by mankind. It can never be erased from the history pages. That does not mean, however, that the story of the holocaust is final.

However well produced NBC's program was, the subject material warrants another episode. It needs a final chapter on the global effort to prevent genocide from ever occurring again. It is not surprising, however, that no such chapter exists. America has not helped write the script. It is time we start.

By ratifying the Genocide Treaty, the Senate can begin production of Holocaust's final episode. America is all too absent in the earlier chapters on the battles to prevent the occurrence of genocide.

Witnesses before the Committee on Foreign Relations have raised the following question: Did we play a major role in aiding the European Jews? Were our immigration policies too restrictive during the massive Jewish exodus from Germany and Poland? Must we add yet another question—Did we help prevent genocide from ever occurring again?

I ask my distinguished colleagues to answer this last question in the affirmative. I ask the Senate to put America on record as denouncing genocide as the most heinous of crimes. How many times must we be reminded about the story of the holocaust before we help to write its final chapter?

ORDER VITIATING THE LEADERS' TIME TOMORROW MORNING

Mr. ROBERT C. BYRD. Mr. President, with the understanding of the distinguished minority leader, I ask unanimous consent that the order for the recognition of the two leaders on tomorrow under the standing order be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF MR. HARRY F. BYRD, JR. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that immediately after the disposition of the approval of the Journal and the prayer, Mr. HARRY F. BYRD, JR. be recognized under the order.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will come in at 9 a.m., and after two orders for the recognition of Senators the Senate will resume its consideration of S. 14.

The pending question at that time will be on the adoption of amendment No. 402. There is still 35 minutes to run on that amendment, and unless time is yielded from the bill, or an amendment is offered to the amendment, or some motion on which time is allowed into the agreement is made, the vote will occur at around 10 o'clock, and the yeas and nays have been ordered on the amendment.

I would expect several other rollcall votes to occur tomorrow in relation to amendments or motions with respect to the bill, S. 14.

It is the intention of the leadership to complete action on the bill tomorrow, so this would mean that the Senate may be in late.

If not tomorrow, then the Senate would be expected to complete action on the bill on Saturday. I hope a Saturday session will not be necessary.

RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 9 o'clock tomorrow morning.

The motion was agreed to; and at 6:44 p.m., the Senate recessed until Friday, September 14, 1979, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate September 13, 1979:

DEPARTMENT OF STATE

Thomas W. M. Smith, of Maine, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ghana.

DEPARTMENT OF ENERGY

John C. Sawhill, of New York, to be Deputy Secretary of Energy, vice John F. O'Leary, resigned.

BOARD FOR INTERNATIONAL BROADCASTING

Thomas H. Quinn, of Rhode Island, to be a member of the Board for International Broadcasting for a term expiring April 28, 1982 (reappointment).

GENERAL ASSEMBLY OF THE UNITED NATIONS REPRESENTATIVES

The following-named persons to be representatives of the United States of America to the 34th session of the General Assembly of the United Nations:

Donald F. McHenry, of Illinois.

Benjamin S. Rosenthal, U.S. Representative from the State of New York.

Larry Winn, Jr., U.S. Representative from the State of Kansas.

Esther L. Coopersmith, of Maryland.

The following-named persons to be alternate representatives of the United States of America to the 34th session of the General Assembly of the United Nations:

Richard W. Petree, of Virginia.

William L. Dunfey of New Hampshire.

Howard T. Rosen, of New Jersey.

HOUSE OF REPRESENTATIVES—*Thursday, September 13, 1979*

The House met at 10 a.m.

The Reverend Dr. Harvey L. Duke, pastor, First Baptist Church, Cary, N.C., offered the following prayer:

Eternal God, our Heavenly Father, we thank You for Your love and kindness to us and for life with its joys and happinesses, its challenges and responsibilities; even when it brings us sadness and sorrow, stress and strain, we are grateful.

In these difficult days of our Nation and world we pray for the Members of this body as they struggle with the hard problems before them. Give them wisdom and guidance in their deliberations and decisions. And when they leave this assembly each day may they feel confident they have done their best in serving those they represent and the God in whom they trust. Grant unto them Your divine grace, power, and strength.

In Your holy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill and a concurrent resolution of the following titles, in which the concurrence of the House is requested.

S. 1403. An act to amend the Surface Mining Control and Reclamation Act of 1977 (Public Law 95–87) to provide an extension of time for the submission and approval of State programs or the implementation of a Federal program, to clarify the contents of a State program, to provide for increased cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and for other purposes; and

S. Con. Res. 29. Concurrent resolution regarding the restoration of Olympic records of the late James (Jim) Thorpe.

REV. HARVEY L. DUKE

(Mr. CHAPPELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHAPPELL. Mr. Speaker, the gentleman who led this House in prayer this morning, the Reverend Harvey L. Duke, is well qualified to seek divine guidance for this House. I have known him for a good long while. He was a member of my Reserve squadron back in Jacksonville, Fla., for a while and, of course, he had a very fine opportunity there to work with those of us who needed the benefit of daily prayer. We were all good candidates then as we are here today. Reverend Duke is a dedicated Naval Reservist, an outstanding American with a deep love for his country.

I join the House in welcoming him to be with us this morning. We wish him Godspeed in all that he does.

REV. HARVEY L. DUKE

(Mr. ANDREWS of North Carolina asked and was given permission to address the House for 1 minute.)

Mr. ANDREWS of North Carolina. Mr. Speaker, ladies and gentlemen, I would just like to join my colleague, the gentleman from Florida (Mr. CHAPPELL) in welcoming our guest chaplain this morning.

I would like to say that our district, the Fourth District of North Carolina, is honored that this distinguished gentleman has moved from Florida to Cary, N.C., a very vibrant and growing community adjacent to Raleigh, N.C. Being from there I especially welcome you here, sir, and I am sure all Members do likewise.

HOUSE ACTION ON SELECTIVE SERVICE REGISTRATION

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, I believe the House should be complimented for the very complete debate which it carried on yesterday relating to draft registration. I have always vigorously opposed the mandatory draft legislation except in time of a declared war. I think this House is to be complimented for the manner in which it conducted this debate. I supported the Schroeder amendment very vigorously because I think there was simply no need to reinstate mandatory registration. The President already has the power to renew registration at the stroke of a pen should we be faced with a national emergency.

By its action yesterday the House has saved the American taxpayer nearly $70 million, the estimated cost to resurrect the registration system.

Our military manpower needs are being well served by the highly trained and dedicated men and women of our All-Volunteer Forces. Should the situation ever arise where we are faced with a national defense emergency, we can institute draft registration on a moments notice given the highly sophisticated informational retrieval systems available to us in today's complex technological world. Our goal should not be the forced conscription of more young men to shoulder rifles, but rather the upgrading of training and benefits for those who have volunteered to serve our Nation in the Armed Forces.

Studies have pointed out that we can save between $5 and $10 billion in taxes annually from our defense budget through the more efficient and effective manpower utilization of our current Volunteer Force.

The All-Volunteer Force has proved successful in 6½ years operation. Recruitment levels have held basically firm. The quality and fighting power of our forces has gone up. I have confidence in the men and women who man the ramparts of this Republic.

Mr. Speaker, clearly no such emergency exists today, and clearly no such need for a registration renewal exists.

THE PRESENCE OF SOVIET TROOPS IN CUBA

(Mr. BAUMAN asked and was given permission to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, it has been out in the open for some time now that 3,000 Soviet combat troops are stationed less than 90 miles from the beaches of Florida. Reports of Soviet submarines and advanced military equipment pouring into Cuba has also been heard in recent days. Nicaragua has fallen into pro-Communist hands and the last 2 days have seen repeated press reports of armed revolutionary activities in Guatemala, Honduras, and El Salvador, all sponsored by the Moscow puppet, Fidel Castro.

Mr. Speaker, I must say the response of the President has been less than reassuring. Despite the fact that more than 30 percent of America's oil supplies travel through the Caribbean, Jimmy Carter says, "Be calm," and the Secretary of State lunches with Communist Ambassador Dobrynin and nothing happens.

Mr. Speaker, I am sure that the spirit of James Monroe is troubled, but even more, the people of this Nation ought to be frightened at the complete lack of response of our Government. I am also sure that the awards committee of the Neville Chamberlain school of diplomacy this year will have no problem in making its awards.

TABLING OF HOUSE RESOLUTION 398 DIRECTING SECRETARY OF STATE TO PROVIDE INFORMATION ON USE OF AIRCRAFT BY ISRAEL

Mr. HAMILTON. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the resolution (H. Res. 398) directing the Secretary of State to provide to the House of Representatives certain information with respect to the use in hostilities by Israel of aircraft of U.S. origin, and that the resolution be tabled.

The Clerk read the title of the resolution.

The Clerk read the resolution, as follows:

H. RES. 398

Resolved, That not later than ten days after the adoption of this resolution, the Secretary of State shall provide to the House of Representatives the following:

(1) Information in the possession of the Secretary concerning Israeli use of military aircraft of United States origin in hostilities outside Israeli borders during 1979.

(2) Documents in the possession of the Secretary which contain or describe communications between the United States Government and the Government of Israel with respect to the instances listed pursuant to paragraph (1).

(3) Documents in the possession of the Secretary which contain or describe communications between the Government of Israel and the United States Government during 1979 with respect to the circumstances in which Israel will or will not in the future use military aircraft of United States origin.

(4) Documents prepared since January 1, 1979, in the possession of the Secretary which relate to Israeli compliance with section 3(c)(1) of the Arms Export Control Act.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. FINDLEY. Mr. Speaker, reserving the right to object, I would ask the gentleman from Indiana (Mr. HAMILTON) to explain the purpose of his request.

Mr. HAMILTON. Mr. Speaker, the Subcommittee on Europe and the Middle East held a hearing September 11, 1979, to consider House Resolution 398, a resolution of inquiry introduced August 2 directing the Secretary of State to provide the House of Representatives certain information with respect to the use in hostilities by Israel of aircraft of U.S. origin.

Morris Draper, Deputy Assistant Secretary of State in the Bureau of Near Eastern and South Asian Affairs, testified and provided useful and informative answers to many questions posed by members. The State Department further agreed to provide additional material promptly in reply to questions submitted for the record of the hearing and specific requests made during the hearing for summary tables listing 1979 raids by Palestinians into Israel and raids by Israeli troops against targets in Lebanon. This material will be available in the subcommittee's offices next week, I am told.

Because of the sensitive nature of the material to be discussed, the subcommittee voted to go into executive session and the entire hearing was closed.

Following the testimony of the State Department the subcommittee, by voice vote, voted to table the resolution. Members seemed satisfied by the responses they received and the sponsor of House Resolution 398, the gentleman from Illinois, concurred in the tabling motion.

Mr. Speaker, the United States is currently involved in extensive efforts to try to bring a lasting truce to southern Lebanon. The cycle of violence and counterviolence between Palestinians residing in Lebanon and Israelis and their Lebanese Christian militia allies in southern Lebanon is a matter of grave concern to all of us and a constant source of instability in the Middle East, it has the potential of threatening the entire peace process. Innocent people in Israel and in Lebanon have suffered greatly from the events of the last few months. Our attention, at this time, is appropriately focused on bringing a stop to the cycle of violence. We should all hope for success.

Mr. Speaker, in view of the action taken by the subcommittee and the concurrence on the part of the resolution's sponsor, I urge that the resolution be tabled.

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Mr. FINDLEY. Mr. Speaker, further reserving the right to object, I want to express my gratitude to the gentleman from Indiana, the chairman of the Subcommittee on Europe and the Middle East, for having hearings on this resolution of inquiry. That was the purpose I had in mind when I filed the resolution, feeling that a careful examination of what is available in the executive branch concerning Israeli use of U.S.-supplied military equipment against southern Lebanon was entirely in the public interest.

Immediately subsequent to filing that resolution of inquiry, the Secretary of State did respond to inquiries I had made with a letter to Chairman ZABLOCKI in which he stated that an Israeli violation of U.S. law may have occurred.

The hearings that were held under the direction of the gentleman from Indiana, I feel, helped to clear up the issue, to settle a good many questions, and I would like to express the hope to the gentleman from Indiana that as soon as the subcommittee does get the full response from the executive branch, that an effort will be made to develop a summarized version that can be declassified and made available to the public.

I wonder if the gentleman could give me his comments on that prospect.

Mr. HAMILTON. Yes. First, I think the gentleman's resolution of inquiry was most useful in this instance, as was the hearing itself, and a sanitized version of the hearing, I would think, would be an appropriate measure and also useful.

Mr. FINDLEY. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

A motion to reconsider was laid on the table.

SOLAR ENERGY INCENTIVE TAX ACT OF 1979

(Mr. LUKEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUKEN. Mr. Speaker, today, I am introducing legislation to increase the solar energy tax credits to 50 percent.

Currently, businesses are permitted an inadequate 20-percent solar tax credit—10 percent for solar energy property and 10 percent for the regular investment credit. My legislation would up the permissible tax credit to 50 percent—40 percent for solar energy property and 10 percent for the regular investment credit.

For residences, current law grants a 30-percent tax credit for renewable energy sources—solar, wind, and geothermal—on the first $2,000 and 20-percent credit on the next $8,000. My legislation simplifies this by permitting one credit—50 percent of the cost expenditures up to $10,000.

The proposed increased tax credits are needed to spur the commercialization of solar energy equipment. According to a recent study by the Harvard Business School, solar energy can replace the equivalent of 2.5 million barrels of oil per day by the year 2000. This constitutes over 10 percent of our current daily oil usage. Solar technology is here now—it is ready for widespread commercialization. My legislation provides for the necessary incentives to accomplish this goal.

The higher solar tax credit is not new to the country. Since 1976, California has allowed a 55-percent solar tax credit. The credit has been a tremendous success: Over 40,000 solar installations in the first 3 years. Revenue losses are far below projections—the impact being minimal on the State's budget.

If we are to lessen our dependency on foreign oil, we must look toward solar energy—my legislation provides the incentives to accomplish this.

CARL YASTRZEMSKI REACHES TOP OF ONE OF BASEBALL'S HIGHEST MOUNTAINS

(Mrs. HECKLER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HECKLER. Mr. Speaker, I take this time this morning to bring to the attention of our colleagues a great event in American athletic history.

The lights at Fenway Park blazed with special brilliance last night when Carl Yastrzemski reached the top of one of baseball's highest mountains—3,000 base hits.

Only 14 other men in the history of baseball have stood on that peak. And only three others have scaled the other baseball Everest which Yaz conquered last night—3,000 hits and 400 home runs.

For almost two decades, and that is a century in baseball annals, Carl Yastrzemski has made millions of us proud to be Red Sox fans. Day after day during this season he has broken one after another of baseball's sound barriers.

He honors baseball and all American sports. He is a genuine American hero who has set a magnificent example of good sportsmanship for our children and grandchildren.

May the hits and home runs for Yaz go on and on for many, many seasons to come.

DEPARTMENT OF DEFENSE AUTHORIZATIONS, 1980

Mr. WHITE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4040) to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. WHITE).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were yeas 370, nays 2, not voting 62, as follows:

[Roll No. 463]

YEAS—370

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Aspin
Atkinson
Badham
Bafalis
Bailey
Baldus
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Deckard
Dellums
Derrick
Devine
Dickinson
Dicks
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harsha
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Howard
Hubbard
Hughes
Hutto
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McCloskey
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mica
Michel
Mikulski
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Roth
Rousselot
Royer
Rudd
Russo
Sabo
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Symms
Synar
Taylor
Thomas
Thompson
Traxler
Trible
Ullman
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Wilson, Tex.
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—2

Lloyd
Wilson, Bob

NOT VOTING—62

Addabbo
Anderson, Ill.
Applegate
Ashley
AuCoin
Barnes
Beilenson
Buchanan
Burton, John
Carter
Chisholm
Conyers
Crane, Philip
Davis, S.C.
de la Garza
Derwinski
Diggs
Dingell
Dixon
Edwards, Okla.
Fithian
Flood
Ford, Mich.
Garcia
Goldwater
Goodling
Harris
Hawkins
Huckaby
Hyde
Jones, N.C.
Kemp
Kindness

McClory
McCormack
McDonald
Mazzoli
Mitchell, Md.
Moffett
Murphy, Ill.
Murphy, N.Y.
Nolan
Pepper
Preyer
Railsback
Rosenthal
Rostenkowski
Roybal
Runnels
Santini
Simon
Stark
Swift
Tauke
Treen
Udall
Van Deerlin
Vander Jagt
Winn
Wirth
Wolff
Young, Alaska

□ 1030

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4040, with Mr. Mineta (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Wednesday, September 12, 1979, sections 812 through 815 had been considered as having been read and open for amendment, and all time for debate on these sections and all amendments thereto had expired.

Are there any further amendments to section 815?

AMENDMENT OFFERED BY MR. BROOKS

Mr. BROOKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Brooks: Page 31, line 3, strike out "(a)", and beginning on line 9, strike out subsection (b) through line 15.

The CHAIRMAN pro tempore. The Chair will ask the gentleman from Texas (Mr. Brooks), has this amendment been printed in the Record?

Mr. BROOKS. Mr. Chairman, the amendment was printed in the Record this morning. I submitted it yesterday for printing in the Record.

The CHAIRMAN pro tempore. The gentleman from Texas is recognized for 5 minutes in support of his amendment.

PARLIAMENTARY INQUIRIES

Mr. CHARLES H. WILSON of California. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. CHARLES H. WILSON of California. I was under the impression that when we completed sections 812 through 815 we would then revert back to title I. Are we going to complete title VIII before we go back to title I?

The CHAIRMAN pro tempore. Only section 815, since sections 812–814 have been amended.

Mr. CHARLES H. WILSON of California. We completed that?

The CHAIRMAN pro tempore. Only debate.

Mr. CHARLES H. WILSON of California. I thought that we closed that off last night when the chairman asked if there were any further amendments, and that those three sections were completed at that time.

The CHAIRMAN pro tempore. Only the debate on those sections and on amendments thereto had been completed last evening.

Mr. CHARLES H. WILSON of California. I am in error, then.

I thank the chairman.

Mr. STRATTON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. STRATTON. Mr. Chairman, is it my understanding that any action with regard to sections in title VIII prior to section 812 will come up at the conclusion of the consideration of the remainder of the bill?

The CHAIRMAN pro tempore. When the remainder of title VIII is read, the gentleman is correct.

Mr. STRATTON. So that the amendment which the gentleman from Texas (Mr. Brooks) is offering is to either section 812, 813, 814 or 815?

The CHAIRMAN pro tempore. The gentleman from New York is correct. It is to section 815.

Mr. STRATTON. I thank the Chair.

The CHAIRMAN pro tempore. Since his amendment is in the Record the gentleman from Texas (Mr. Brooks) is recognized for 5 minutes in support of his amendment.

□ 1040

Mr. BROOKS. Mr. Chairman, I am offering this amendment in order to remove a prohibition on executive reorganization authority, which was included in the military authorization bill as it passed the Armed Services Committee. Section 815(b) of the committee bill provides that the Selective Service System and its personnel and functions shall not be subject to any reorganization plan under the President's current reorganization authority.

Executive reorganizations by plan are within the exclusive jurisdiction of the Government Operations Committee. If this restriction on reorganization of the Selective Service System had been included in the original authorization bill, the bill would have been subject to a joint or sequential referral to Government Operations. However, because the section was included in a clean bill, Government Operations did not learn of the provision until after the bill was reported and it was too late to request a sequential referral.

In addition to these jurisdictional considerations, it would be unwise to impose a piecemeal restriction on the President's reorganization authority in this manner. The present Reorganization Act, Public Law 95–17, places clear limitations and conditions on the President's reorganization authority. It is customary to consult with the congressional committees of substantive jurisdiction before proposing any reorganization plan. We should not upset these formal and informal procedures by restricting individual agencies from reorganization authority. For these reasons, I urge an affirmative vote on my amendment.

Mrs. HOLT. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentlewoman from Maryland.

Mrs. HOLT. I thank the gentleman for yielding.

I certainly understand the purpose behind the amendment, but I was the author of the committee language which was put in, because I have some real concern about the Selective Service System losing its independence and being placed under the Department of Defense.

I would just like to ask the gentleman some questions, if I may, about removing this limitation on the President's reorganization authority.

Does this imply any likelihood that the Selective Service System will be consolidated in another executive agency?

Mr. BROOKS. Not to my knowledge. I have no indication of that whatsoever. It is not the genesis of this amendment whatsoever.

Mrs. HOLT. I certainly appreciate the gentleman's assurance as chairman of the Committee on Government Operations.

I would like to ask the chairman of the Subcommittee on Military Personnel if he feels that there is any danger in any effort to reorganize the Selective Service System under the Department of Defense? I would like his assurance that if there is, that our committee will consider it and try to put a stop to it.

Mr. WHITE. The committee has no plans whatever to make any such adjustment. I might advise the gentlewoman that we have been advised informally by the Office of Management and Budget this morning there is no plan under active consideration in the executive branch to combine the Selective Service System with another agency, and, in fact, the President's reorganization authority terminates next spring.

Mrs. HOLT. I thank the gentleman.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to my distinguished friend from Wisconsin.

Mr. ASPIN. I thank the chairman of the Committee on Government Operations for yielding.

I would like to commend the gentlewoman from Maryland (Mrs. Holt) for her amendment, and for her concern. I think that is a real concern about keeping this as an independent agency. I know the gentleman from Mississippi (Mr. Montgomery) has been concerned about it. I appreciate the words of the gentleman from Texas (Mr. White) about this, and I understand his concern about the jurisdictional problem and the problem of putting this kind of language in the bill. I think we ought to vote for the gentleman's amendment, and I appreciate his assurances on this matter, Mr. Chairman.

Mr. BROOKS. I thank the gentleman.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to my friend, the gentleman from Texas.

Mr. WHITE. Mr. Chairman, this amendment was presented to the committee several months ago by the chairman of the Government Operations Committee, Mr. Brooks.

Mr. Brooks' position is that subsection (b) of section 815 provides an exception to the President's reorganization authority and the Government Operations Committee is wary of providing such exceptions as an inroad to that committee's jurisdiction.

The Committee on Armed Services is anxious to insure that the Selective Service System remain an independent agency. However, we appreciate the concerns of the Government Operations Committee and are willing to accept the amendment to strike subsection (b) in section 815 as originally reported by the committee. This amendment does not change the expression in subsection (a) of section 815 declaring Congress' view that the Selective Service System should remain administratively independent of any other agency, including the Department of Defense.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to my distinguished friend from Mississippi (Mr. Montgomery).

Mr. MONTGOMERY. Mr. Chairman, I thank the gentleman from Texas for yielding.

Through World War I, the War Department or other military authority had responsibility for military conscription. Up to and including the Spanish American War, the uniformed troops actually went in to the communities and conducted a "muster" or registration of males in specified age groups and determined who would be sworn into service "on the spot." At times provisions were made for individuals to "buy out" by paying a specified sum of money and allow someone else to take his place. Although this provision that favored the affluent members of our society had been abolished and more civilian control of registration was allowed at the local level during World War I, responsibility for conscription was still vested in the Provost Marshal General of the War Department.

Based on the experiences of World War I, the Provost Marshal General in his postwar reports, recommended, among other things, that should there ever be a need for another draft, the agency responsible for its operation should be independent and responsible directly to the President.

The Provost Marshal's recommendations were followed when the Selective Service Act of 1940 was passed by the Congress. The wisdom of this action was evident by the success of the Selective Service System's operation during World War II.

What must be remembered is that during a war when there is need for conscription, the fabric of society and production capability must be maintained—and in fact production must be intensified. This brings on a competition for manpower and womanpower between the Armed Forces and civilian production. Because of a natural self interest that will exist in those circumstances, the best interests of national security would not be served by allowing either the Armed Forces or a civilian labor department to be responsible for conscription. The best alternative is for a separate agency such as Selective Service to handle this function. Past experience has shown this is the proper way for this delicate and personal function to be administered to the highest degree of objectivity. Like a democracy, the administration of the conscription agency is difficult and will not be perfect, but a separate agency will be the better of the alternatives.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Will there be any attempt at all by the Committee on Government Operations, if the President requests such an action, to fold the Selective Service into the Department of Defense?

Mr. BROOKS. We have no indication they have any request to do that. We have no tendency to do that at all.

The CHAIRMAN pro tempore. The time of the gentleman from Texas (Mr. Brooks) has expired.

(At the request of Mr. Rousselot and by unanimous consent, Mr. Brooks was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. Will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from California.

Mr. ROUSSELOT. If the President did make such a request, would the inclination of the chairman of the committee be to fold it into the Department of Defense or would the gentleman resist that effort?

Mr. BROOKS. I do not think it would be much for moving it into the Department of Defense. They have their hands full spending about $120 billion or $130 billion. I believe that they seem to be fully occupied doing that fairly well, just fairly well.

Mr. ROUSSELOT. I appreciate the gentleman's comments.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Texas (Mr. Brooks).

The amendment was agreed to.

The CHAIRMAN pro tempore. Are there any further amendments to section 815? If not, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Authorization Act, Fiscal Year 1980".

TITLE I—PROCUREMENT

Sec. 101. Funds are hereby authorized to be appropriated for fiscal year 1980 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, as authorized by law, in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $1,049,400,000; for the Navy and the Marine Corps, $4,610,104,000; for the Air Force, $7,816,190,000.

MISSILES

For missiles: for the Army, $944,800,000; for the Navy, $1,605,600,000; for the Marine Corps, $20,500,000; for the Air Force, $2,268,800,000.

NAVAL VESSELS

For naval vessels: for the Navy, $7,515,500,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $1,797,200,000; for the Marine Corps, $13,000,000.

TORPEDOES

For torpedoes and related support equipment: for the Navy, $267,200,000.

OTHER WEAPONS

For other weapons: for the Army, $196,400,000; for the Navy, $158,000,000; for the Marine Corps, $18,700,000.

RESTRICTION ON OBLIGATION OF AIRCRAFT MODIFICATION FUNDS

Sec. 102. Of the amounts authorized to be appropriated under section 101 for the procurement of aircraft—

(1) $454,700,000 of the amount authorized to be appropriated for the Army;

(2) $681,400,000 of the amount authorized to be appropriated for the Navy and the Marine Corps; and

(3) $1,495,100,000 of the amount authorized to be appropriated for the Air Force; shall be available only for aircraft modification, and none of the sums specified in clauses (1), (2), and (3) may be obligated or expended for any other purpose.

REPORT ON B-52 MODIFICATION PROGRAM

Sec. 103. Of the amount authorized to be appropriated under section 101 for procurement of aircraft for the Air Force, $431,900,000 is authorized for the procurement of avionics and cruise missile integration for the B-52 modification program subject to the condition that the Secretary of Defense provide to the Congress at the earliest possible date, and not later than September 30, 1979, a report on—

(1) all uncertainties in the effectiveness of the B-52 as a cruise missile carrier over the next decade, including any degradation of defense penetration capabilities of the B-52 which could result from possible air defense advances by the Soviet Union; and

(2) the requirement for maintaining the defense penetration capability of the B-52 and the options available during the next decade to maintain such capability.

AUTHORIZATION OF APPROPRIATIONS FOR NORTH ATLANTIC TREATY ORGANIZATION AIRBORNE EARLY WARNING AND CONTROL SYSTEM

Sec. 104. There is authorized to be appropriated for fiscal year 1980 $250,200,000 for contribution by the United States as its share of the cost for such fiscal year of the acquisition by the North Atlantic Treaty Organization of the Airborne Early Warning and Control System, as such system is specified in the Multilateral Memorandum of Understanding Between North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978.

CERTAIN AUTHORITY PROVIDED SECRETARY OF DEFENSE IN CONNECTION WITH THE NORTH ATLANTIC TREATY ORGANIZATION AIRBORNE EARLY WARNING AND CONTROL SYSTEM PROGRAM

Sec. 105. (a) During fiscal year 1980, the Secretary of Defense, in carrying out the Multilateral Memorandum of Understanding Between the North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978, may—

(1) waive reimbursement for the cost of work performed by personnel other than personnel employed in the United States Air Force Airborne Warning and Control System (AWACS) program office for—

(A) auditing;

(B) quality assurance;

(C) codification;

(D) inspection;

(E) contract administration;

(F) acceptance testing;

(G) certification services; and

(H) planning, programming, and management services;

(2) waive any surcharge for administrative services otherwise chargeable; and

(3) in connection with the NATO E-3A Cooperative Programme for fiscal year 1980, assume contingent liability for—

(A) identifiable taxes, customs duties, and other charges levied within the United States on the program; and

(B) the unfunded termination liability of the United States to any contractor whose contract is terminated.

(b) Authority under this section to enter into contracts shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

AUTHORIZATION OF REAPPROPRIATION

SEC. 106. There is authorized to be reappropriated for fiscal year 1980 for an additional SSN-688 nuclear attack submarine $55,000,000 of unobligated funds previously appropriated for the DDG-2 destroyer modernization program.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title I be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN pro tempore. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 13, strike out "$4,610,104,000" and insert in lieu thereof "$4,670,004,000".

The committee amendment was agreed to.

The CHAIRMAN pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 2, strike out "$7,515,500,00" and insert in lieu thereof "$7,515,400,000".

AMENDMENT OFFERED BY MR. PRICE TO THE COMMITTEE AMENDMENT

Mr. PRICE. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PRICE to the committee amendment: On page 3, line 2, in lieu of the matter proposed to be inserted by the committee amendment, insert "$6,790,400,000".

Mr. PRICE. Mr. Chairman, the purpose of the amendment is to reduce the naval vessel count by $725 million. That is the price of the two Iranian destroyers. They were included in the fiscal 1979 supplemental bill, and the money is no longer needed in this bill.

The CHAIRMAN pro tempore. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

AMENDMENT OFFERED BY MR. FAZIO AS A SUBSTITUTE FOR THE COMMITTEE AMENDMENT, AS AMENDED

Mr. FAZIO. Mr. Chairman, I offer an amendment as a substitute for the committee amendment, as amended.

The Clerk read as follows:

Amendment offered by Mr. FAZIO as a substitute for the committee amendment as amended: Page 3, line 2, strike out "$7,515,500,000" and insert in lieu thereof "$6,456,400,000".

POINT OF ORDER

Mr. STRATTON. Mr. Chairman, I have a point of order.

The CHAIRMAN pro tempore. The gentleman from New York will state his point of order.

Mr. STRATTON. Mr. Chairman, I understood that the gentleman from Illinois (Mr. PRICE) had just offered an amendment that changed the figure of $7,515,500,000 to $6 billion-something else, and that was accepted by the committee.

The CHAIRMAN pro tempore. The committee amendment, as amended, has not yet been agreed to, and it is open and subject to a substitute amendment.

Mr. STRATTON. The gentleman from Illinois (Mr. PRICE) offered an amendment that begins with $6 billion?

The CHAIRMAN pro tempore. The gentleman from Illinois (Mr. PRICE) offered an amendment to the committee amendment, and that figure was for $6,790,400,000.

□ 1050

Mr. STRATTON. And that has not been accepted?

The CHAIRMAN pro tempore. And that was agreed to.

Mr. STRATTON. That was agreed to, so the amendment of the gentleman from California is to what figure then?

The CHAIRMAN pro tempore. The gentleman is substituting for the original committee amendment, as amended.

The Chair has overruled the point of order.

Mr. STRATTON. It was a parliamentary inquiry.

POINT OF ORDER

Mr. ICHORD. Mr. Chairman, a point of order.

The CHAIRMAN pro tempore. The gentleman will state the point of order.

Mr. ICHORD. I want to make sure in making my point of order that I understand what is going on. I distinctly heard the chairman announce that the amendment of the gentleman from Illinois, without objection, is adopted.

Then the gentleman from California arose saying he had a substitute amendment. If the amendment of the gentleman from Illinois was adopted, that figure has been amended and would be subject to a point of order, and I make that point of order that he is amending a figure already amended by the gentleman from Illinois.

The CHAIRMAN pro tempore. The Chair has indicated that the technical amendment offered by the chairman of the committee to the committee amendment has been accepted.

The committee amendment, as amended, has not yet been accepted and, therefore, is subject to a substitute amendment. That is what the gentleman from California is offering at the present time.

PARLIAMENTARY INQUIRY

Mr. STRATTON. Mr. Chairman, parliamentary inquiry.

The CHAIRMAN pro tempore. The Chair has overruled the point of order.

Mr. STRATTON. Mr. Chairman, parliamentary inquiry. Is the amendment of the gentleman from California to the committee amendment or to the committee amendment as amended by the gentleman from Illinois?

The CHAIRMAN pro tempore. It is a substitute for the committee amendment as amended by the gentleman from Illinois. The gentleman from California is recognized for 5 minutes in support of his substitute amendment.

Mr. FAZIO. Thank you, Mr. Chairman. I am very pleased that we are going to have the opportunity to debate an issue which I think is of great importance and which the House has been anticipating some discussion on. I am certainly acting in concert with the chairman of the committee who has guided me in the method by which we could bring this before the House.

This amendment is straightforward and has really no strings attached. It simply presents us with the option of adopting, instead of a nuclear propelled carrier, as the committee has recommended, or instead of going along with the administration and supporting a smaller carrier, a compromise *Kennedy* class conventionally powered large deck carrier which will have the same air power as the nuclear carrier, but for $478 million less in initial outlays, and over the life of the ship, a reduced price tag of $1 billion for the American taxpayer.

This is offered really in a spirit of compromise. The administration has written the chairman of the Seapower and Strategic and Critical Materials Subcommittee, Mr. BENNETT, and indicated to him that for many years they have opposed the nuclear carrier and will continue to oppose it to the extent recommending another veto of the Defense authorization bill, if it passes the Congress with the nuclear carrier in it. They have now indicated that they are willing to compromise; they are no longer rigidly holding to the CVV, the smaller carrier. They are now willing to agree that the large deck carrier has merit, that the potential capability of that carrier, the larger decked ship is something that our Navy needs, and as a result of that they are willing to sign a Defense authorization bill with that change.

I think it is most important that in this very difficult period we are going through, as we debate the level of our defense spending, trying to develop a consensus for new Defense authorizations emerging from the SALT debate, we not get hung up on the method of propulsion of this one ship. I have been convinced, and I may add, I did not come to the committee with this certainty in mind, but I have become convinced that we need this carrier. In a few months the first carrier will be going into Philadelphia Naval Shipyard for an 18-month SLEP overhaul. In the next 20 years we will at all times have one carrier out of our carrier fleet in drydock going through this program, and we need to have another carrier available to us simply to maintain the commitments we have and the various treaty agreements we have entered into around the world.

There is no question that this ship will not be ready until 1987, even if we build the *Kennedy* class carrier, which is a design that has already been constructed and proven to be useful. I am very hopeful that the Members of this body, including the members of the Armed Services Committee, will join in the spirit of compromise that the administration has been willing to enter into so that we can finally put aside this issue which had been so divisive and has done really nothing more than prevent the Navy from having this ship they have been asking for such a long period of time.

Mr. TRIBLE. Mr. Chairman, will the gentleman yield?

Mr. FAZIO. I am happy to yield to the gentleman from Virginia.

Mr. TRIBLE. I thank the gentleman for yielding. I agree that we must procure an additional large deck carrier for our Navy. Our carriers give us that slim margin of superiority over the Soviet Navy and we need at least one additional carrier to meet our minimum force requirements of 12 carriers in the years ahead.

I would, however, argue to the House that we should procure another nuclear carrier.

May I ask the gentleman from California if he would relate to the House how he arrived at the conclusion that the *Kennedy* carrier would be a better buy than the nuclear carrier? It is my judgment after reviewing both the initial cost of the *Kennedy* and the nuclear carrier and then adding the substantial cost to procure, and store and deliver the fuel oil necessary to propel the *Kennedy* carrier, that the nuclear carrier is the better buy.

Mr. FAZIO. I will be happy to answer the gentleman's question.

I might point out that I followed the gentleman's leadership in the Seapower and Strategic and Critical Materials Subcommittee when at that time he took the lead in the effort to get a large deck carrier for the Navy, and was willing to support a conventionally powered *Kennedy*-class carrier. His leadership has led me to this point today, I might indicate, and I am sorry that at this point the gentleman is not joining me once again in taking the kind of stand that I am taking.

The differences are $477 million in initial procurement and that relates to the one time costs of the nuclear fuel. Also we incur midlife conversion costs of $275 million.

The CHAIRMAN pro tempore. The time of the gentleman from California has expired.

(At the request of Mr. TRIBLE and by unanimous consent, Mr. FAZIO was allowed to proceed for 3 additional minutes.)

Mr. FAZIO. We also incur $204 million in additional costs of personnel who are needed to man a nuclear carrier, people who have higher grades and, therefore, higher compensation. So it comes to a very significant amount of money over the life of the ship.

I might point out that we are calculating the acquisition, storage, and distribution, at a $52-a-barrel figure. We are not underestimating the cost of oil. We anticipate that the oil will increase in cost.

Mr. TRIBLE. If the gentleman will yield further, the $51.85 a barrel figure advanced by the gentleman is the cost of procuring, storing, and delivering that fuel oil today. Does the gentleman anticipate that there might be an increase in the cost of that fuel oil in the days ahead?

Mr. FAZIO. Well, I would say to the gentleman that the Navy, in testifying before our subcommittee, made it very clear that this was an acceptable ship to them. When the issue of fuel was raised they indicated that this would be a very, very small incremental increase in their total requirement and they did not seem to believe that this should be an impediment in terms of going ahead with this particular proposal.

The gentleman was very helpful in pointing out that the fact we need an oiler, for example, to accompany this carrier when the fleet is moving from one part of the globe to another is already a requirement, and the fact that we have an additional need for carrier fuel capacity among the existing oiler fleet is really not going to be an excessive requirement and is going to be really no impediment in terms of the ability.

Mr. TRIBLE. Will the gentleman yield for one further point?

Mr. FAZIO. I yield to the gentleman.

Mr. TRIBLE. I am concerned more about the price of that petroleum and the way that petroleum costs affects the overall price of this ship that is so vital to our national defense. Using today's price for the purchase, storage, and delivery of that fuel oil, it will cost $1.2 billion to propel a *Kennedy*-class ship during its 30-year life.

□ 1100

That is a fact that must be considered by the Members of this House. If we use today's rate and we consider that $1.2 billion figure, the nuclear carrier produces the better buy. If we factor in a reasonable rate of inflation, even 5 percent, which would be clearly a reasonable rate of inflation, over the term of the life of that ship, we multiply the total cost of that petroleum by the factor of four or five. That is a factor that must be considered. I appreciate the gentleman yielding.

Mr. FAZIO. There is no question that there will be an increase in the cost of fuel oil, but also it has been stated that the $1 billion difference in the cost of the *Kennedy*-class and the *Nimitz*-class carrier is a rather large difference, and it will take a great deal of time for that to be made up even with that incremental increase in the cost of fuel.

Mr. LLOYD. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I am always delighted to hear that this is a simple little adjustment. I went through that simple little adjustment for the last 3 or 4 years, and I want to tell the folks here who may not have remembered that it was a whale of a donnybrook the last time we discussed the nuclear carrier. Here it is again. We are going to compromise the very essence of carrier operation if we vote this amendment.

Indeed, the *Kennedy*-class carrier is a good carrier. It was a great carrier when it was designed back in the 1950's. I ought to know, because I operated off one of them. As a matter of fact, I had the glorious opportunity in my lifetime to have operated off 14 carriers, and I remember the very first one, which was a Jeep carrier, which is smaller than the Trident submarines of today. Just as that was a quantum jump, then going to what we call the *Essex*-class carrier, and from there to the *FDR*-class, so too was the jump to the *Kennedy*-class, and may I say it immeasurably expanded our capability to operate.

But, it was always tied to main fleet elements, and we always had to travel at the rate of the slowest ship. Finally, we had a nuclear carrier, the *Enterprise*, and for the first time we were freed of having to stay with the fleet and all of its antisubmarine activities which were attendant, because these ships could operate at such speeds that they were better off almost in using speed rather than the normal submarine screens that were surrounding these ships which, by the way, take a great deal of fuel for all these ships which the author of this amendment has not even presented by this amendment.

Do not fool yourselves. If you operate conventional ships, you have to have conventional vessels and conventional supports, which mean antisubmarine programs which go far beyond what is required for nuclear ships. I have also heard repeatedly that what we need are nuclear support ships for nuclear carriers. Well, that has a nice ring to it, but in reality it restricts, because by the very essence of the aircraft they have on board they have their own antisubmarine capability. They do not need those surface vessels. They have what they need on board as an integral function of the total weapons system, which is the ship and its aircraft.

We also hear, "Well, we have to have more people because we have nuclear power we have to work with."

Well, the answer is that I have worked on the old eight-boiler ships, and I want to tell the Members that we have been sailing short in the fleet for years because we do not have an adequate number of people, and this powerplant demands time, particularly in the in-port time required for maintenance. They require more time than do nuclear ships. The dockside periods for nuclear ships are shorter.

We do not bring out the fact that we free up our activities to conduct aviation operations, which in the final analysis is the only reason for a carrier. We are going to talk about the economies that are presented, but maybe we are going to save a few bucks on oil. My good friend from Virginia (Mr. TRIBLE) is absolutely right. We have no way of projecting what the year 2000 is going to bring. Remember, the vessel we are talking about will indeed be operating in the year 2000 and beyond.

I want to tell the author of this bill that I was willing to compromise. I sat there and fought with myself, and finally said, "As a person who has spent his life as a professional aviator on carriers, I would be less than honest—less than honest—with myself if I were to allow this kind of folly to be perpetrated on the Navy."

I said, "As far as I am concerned, as a Navy person and an officer of the deck underway," I said, "I will not do anything which gives somebody the opportunity to operate equipment which is inferior."

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. LLOYD. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I want to compliment the gentleman on his statement. I join him in his position, but in addition to the arguments he has presented today, I wonder if it is really appropriate, in deference to our President, to discuss a *Kennedy*-class carrier this morning.

Mr. LLOYD. I thank the gentleman for his comment.

Mr. BADHAM. Mr. Chairman, will the gentleman yield?

Mr. LLOYD. I do indeed yield to my colleague from California.

Mr. BADHAM. Mr. Chairman, I thank the gentleman for yielding. I would like to associate myself with the gentleman's remarks, because they are absolutely true.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. BADHAM and by unanimous consent, Mr. LLOYD was allowed to proceed for 4 additional minutes.)

Mr. BADHAM. The gentleman who proposed the amendment was not here last year. I will say that at least this amendment is superior to the one last year, and going along with the contention that there is a little bit of good in everything and nothing is absolutely bad, at least the gentleman in his amendment proposes to exchange this CVN for a carrier that we do have, that we do know about. It has got size, it has got shape, it has got reality, it has got planes.

Mr. LLOYD. Taking my time back for just a moment, I want to say that the gentleman is absolutely right. Talk about insanity, that was the presentation of something called a CVV, which no one had ever seen. We had never seen it on the drawing boards and had no idea what its operability was, and they told us that was going to be cheaper.

Mr. BADHAM. It was cheaper because there was not such a thing, and it was what we would have wanted it to be.

I would like to say that we have got to remember that the CVN *Nimitz*-class carrier, for which plans are available, which is up-to-date technology, comes with a 13-year gas tank already loaded. In other words, it comes with built-in 13 years' worth of fuel so that it does take no tankers. It takes no support ships. It is perfectly flexible, as the gentleman from California has said, and so it is something that is really appropriate for a naval power. The *Kennedy*-class carrier is a fine carrier, as the gentleman said, but it is old and it is not up-to-date technology. If we are going to have one, in the words of the President, "Why not the best?"

I think that this amendment is unfortunate, and I join with the gentleman from California in opposing the amendment.

Mr. LLOYD. I thank the gentleman.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. LLOYD. I yield to my colleague.

Mr. FAZIO. Mr. Chairman, I would like to ask the gentleman, who I know has a great deal of experience with naval carriers, did he imply that the CVN had larger capability in terms of air power?

Mr. LLOYD. Which? The *Nimitz*-class? Oh yes. I think there is a difference, and I will tell the gentleman why. It is because they do not have to take the time for replenishment and refueling at sea. That is one of the major reasons which really makes conventional carriers vulnerable. So, indeed I think nuclear carrier is a much more capable operating platform.

Does the gentleman have another question?

Mr. FAZIO. I think they have an equal number of planes.

Mr. LLOYD. That has no bearing on it. The gentleman does not understand carrier operations. I am not trying to put the gentleman down, but if the gentleman will let me have a minute, I would like to explain. The gentleman does not understand carrier operations if he does not understand that any time you have to take time out for handling your screen, orienting your screen, moving the screen, whatever it may be; handling your replenishment ships, and you have to do it every 4 days when you are operating heavily, oh yes, you debilitate those planes because you cannot do flight operations. This is normally on a 4-day schedule. If the gentleman does understand that it is not just numbers in the program, it is the operability of that weapons system that counts. That is what we are talking about.

☐ 1110

We are not talking about just numbers. We are talking about the flight deck. The gentleman talks about the space that is available to work on an aircraft carrier. It is about the same for each ship type. We do not have as much fuel for aviation, but then that is not the issue.

Mr. FAZIO. Equal numbers of catapults. Equal numbers of elevators.

Mr. LLOYD. Yes. But the fact remains that in operating that catapult you even have to break down if you are operating heavily because you might have to take a boiler off the line to operate the steam catapults on a conventional type. There are a lot of little nuances that go into it.

Mr. FAZIO. If the gentleman will yield further, a lot of little nuances amounting to a billion dollars are really something that this committee should take into consideration.

Mr. LLOYD. In response to the gentleman, I am saying in the nuances the gentleman is talking about, he is simply not bringing out the facts of this case. He is simply trying to add apples and oranges. This is entirely a different vessel. This is entirely different even in its method of operation. As a matter of fact, if the gentleman wants to know the truth, the Russians are now seriously considering building a nuclear carrier. They are not doing that just because we have nuclear carriers; they are doing that because they think it is the best.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. LLOYD. I yield to the gentleman from California.

Mr. LAGOMARSINO. I thank the gentleman for yielding. I want to commend the gentleman for his statement. He has hit the nail right on the head. It appears to me that the choice is very simple. On the one hand we can build a very capable nuclear-powered carrier that will not rely on fossil fuels, that will cut down not only our costs but the use itself of petroleum products which are going to continue to be in short supply. On the other hand, we can select a conventional carrier that will cost more.

In line with what the gentleman from California (Mr. CHARLES H. WILSON) was saying about *Kennedy* carriers, I think we should also avoid the temptation, to perhaps, substitute a *Brown* carrier that would be paddled, mostly on the left-hand side, with perhaps auxiliary-powered wind machines, or something of that kind.

I would hope that whatever carrier is constructed it would have an adequate rodent repellent system.

Mr. LLOYD. I thank the gentleman.

Mr. Chairman, I yield back the remainder of my time.

Mr. TRIBLE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. STRATTON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

☐ 1120

The CHAIRMAN pro tempore. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 464]

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Dellums
Derrick
Devine
Dickinson
Dicks
Dingell
Donnelly
Dornan
Dougherty
Downey
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Howard
Hubbard
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Lott
Lowry
Lujan
Lungren
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Roth
Rousselot
Royer
Rudd
Russo
Sabo
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Ullman
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolpe
Wright
Wyatt
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

☐ 1040

The CHAIRMAN pro tempore. Three hundred and sixty-nine Members have answered to their names, a quorum is present, and the Committee will resume its business.

The gentleman from Virginia (Mr. TRIBLE), a member of the committee, is recognized for 5 minutes.

Mr. TRIBLE. Mr. Chairman, let me say to my colleagues that once again the issue before us is the question of one additional carrier for our Navy.

Specifically, an amendment has been proposed by our colleague, the gentleman from California (Mr. FAZIO), that would substitute a nonnuclear *Kennedy*-class carrier for the nuclear carrier authorized by the Committee on Armed Services.

Mr. Chairman, this is not the time for extended debate. This issue has been discussed at great length in this House. Rather, it is my purpose this morning to set this debate in perspective and summarize the issues for my colleagues.

The carrier debate today is far different than it was in the 95th Congress. Today all parties agree that we need at least one additional carrier for our Navy. The President, the Pentagon, the Committee on Armed Services, and the Committee on Appropriations unanimously agree that we need at least one additional carrier in order for this Nation to meet its minimum force requirements throughout the world.

The question then becomes: What kind of a carrier do we procure? There are three choices: A repeat *Nimitz*-class nuclear carrier; a nonnuclear large-deck *Kennedy*-class carrier; or a smaller nonnuclear ship that I call affectionately the Carter carrier.

Now, there are certain points on which there is little disagreement. First of all, everyone will concede that the nuclear carrier is more capable and more survivable. What questions, then, must be resolved here today?

My esteemed colleague, the gentleman from California (Mr. FAZIO), suggests, in supporting his amendment to substitute a nonnuclear *Kennedy*-class carrier, two arguments: First, that it is more cost effective to buy the nonnuclear *Kennedy*-class carrier; and second, that as a matter of tactics this is the best way to procure a vital ship for our Navy.

I would like to respond to those questions. First of all, I will say to my colleagues that with regard to the matter of cost, the CVN, the nuclear carrier, is cheaper to build and procure than the nonnuclear carrier. The decisive point in the cost computations is the cost of procuring and transporting the fuel oil necessary to propel the nonnuclear carrier.

When we buy a nuclear carrier, we buy nuclear propulsion for 15 years. Therefore, if we are to accurately compare the cost of the nuclear carrier with that of the nonnuclear carrier, we have to factor in the cost of procuring and storing and transporting fuel oil for the period of those 15 years.

I have done that on the chart to my left, and I would ask my colleagues to look at these figures.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I will be happy to yield in just a moment, but I will ask the gentleman to please let me complete this summary of costs first.

The *Kennedy*-class carrier is in the column on my far left. The estimated cost of construction of the *Kennedy* carrier is $1.8 billion. The cost of procuring, storing, and delivering the fuel oil, at current costs, at today's prices, would be $570 million for that 15-year period. That means the total price of procuring and propelling that nonnuclear *Kennedy*-class carrier would be $2.385 billion.

Let us compare that to the cost of the nuclear *Nimitz* carrier. The total cost of that carrier, is $2.398 billion. To date this Congress, the House and the Senate, have appropriated and expended funds in the amount of $268.4 million. Those are dollars that are spent and gone and will be lost unless we dedicate those to the building of a nuclear carrier.

So if we consider those appropriated funds we find that from this point on it would cost us $2.129 billion to build a nuclear carrier. That shows us very clearly that the nuclear carrier is less costly than the *Kennedy* carrier.

☐ 1150

Indeed we can procure a nuclear carrier for $556 million less than we could procure a *Kennedy* carrier. So the nuclear carrier, I say to my colleagues, is a quarter of a billion dollars less expensive, based on the current cost of buying fuel oil for the nonnuclear *Kennedy*-class carrier.

But let me hasten to add that we cannot realistically assume that today's price will hold constant in the days ahead. Indeed, it will not. OPEC will dramatically increase those costs. We know that well.

The CHAIRMAN pro tempore. The time of the gentleman from Virginia (Mr. TRIBLE) has expired.

(By unanimous consent, Mr. TRIBLE was allowed to proceed for 5 additional minutes.)

Mr. TRIBLE. Mr. Chairman, if we compute a 5-percent inflation increase each year over that 15-year period for the price of petroleum—and I would suggest that is an eminently fair and perhaps totally unrealistic figure—then the total cost of procuring and storing and transporting the fuel oil for the *Kennedy* carrier over the 15-year period would not be $570 million but it would be $1.2 billion.

So the bottom line is this: If you will fairly look at the cost of a nuclear carrier and compare that with the cost of procuring the nonnuclear carrier proposed by my colleague, the gentleman from California (Mr. FAZIO), and you add as you must necessarily do, the cost of procuring and storing and transporting the incredibly expensive fuel oil to propel that nonnuclear ship, it becomes very clear that the nuclear ship is the best investment.

In summary then, the nuclear ship is the most capable, the most survivable, and the most cost-effective ship that we can procure, and it is vitally needed for our Navy.

The additional point made by my colleague in favor of his *Kennedy* proposal is an argument that I made to our committee 6 months ago, and it was a tactical argument. I recognized the need to procure an additional, large-deck carrier for our Navy. I realized full well that the President had seized on that nuclear carrier as a symbol of all that was wasteful and unnecessary in Federal spending. I realized, therefore, that the President might very well veto the nuclear carrier once again and deny that vital ship to our Navy. As a matter of tactics, 6 months ago I said, "Let us compromise. The *Kennedy* ship is a good ship. It is not as good as a nuclear ship, but let us compromise so that we can procure a ship for our Navy."

But times have changed, I suggest to my colleagues. I do not believe that the President of the United States can veto any defense bill at this point in our history. I do not believe that today he could veto a nuclear carrier, a ship that is so highly capable and so necessary to our national defense. At this time, when we recognize the relentless and substantial increase in military strength of the Soviet Union, and we are debating as a nation the provisions of a SALT treaty, no President can possibly veto a defense bill.

For those reasons, I would suggest that the nuclear carrier is the ship that we should buy. It is the better investment for us to make with our limited tax dollars and it will better serve our national defense. Finally, as a matter of tactics, it is a ship that we can procure.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from California.

Mr. FAZIO. I thank the gentleman for yielding.

Mr. Chairman, I would like to point out one thing which may be somewhat misleading and some of the Members may, from the gentleman's presentation, assume that the money which has already been appropriated for a nuclear carrier would be wasted. The gentleman has counted those dollars in order to reach the conclusion that the CVN would be cheaper.

Mr. TRIBLE. Those dollars will be spent, if not used for the procurement of an additional nuclear carrier.

Mr. FAZIO. They could very easily retrofit into other carriers that come in to drydock and need to have their fuel cells replaced.

Mr. TRIBLE. The gentleman is absolutely right. Those dollars have been expended and nuclear parts have been procured.

Mr. FAZIO. Absolutely.

Mr. TRIBLE. They are now waiting for this Congress to have the courage to build another large nuclear carrier. But if we fail to take that action, those parts will be used ultimately as replacement parts for our other existing nuclear carriers.

Mr. FAZIO. I would not want the Members to think we would be wasting those dollars we have spent for those parts, the dollars that have been invested in them, if we did not vote for a *Nimitz* nuclear carrier. I think it is more important that they realize that we can make a direct comparison on the initial cost of either of these ships, and it is indisputable that the Defense Department statistics indicate that it is a $477 million savings on the up-front costs.

Mr. TRIBLE. I will have to reclaim my time and suggest that there is no way anyone can seriously suggest that the *Kennedy* nonnuclear ship is a better bargain. The figures—and these are Navy figures I present to the Members here today—are indisputable. I would urge my colleague if he can convince us that the *Kennedy* is a better bargain, that he take time to come into the well and do it. But the fact is that glib conclusions about cost forced by our general view that nuclear propulsion is very expensive simply do not hold water, in view of the dramatically increasing cost of petroleum that would be necessary to propel that nonnuclear carrier.

The CHAIRMAN pro tempore. The time of the gentleman from Virginia (Mr. TRIBLE) has again expired.

(On request of Mr. DORNAN and by unanimous consent, Mr. TRIBLE was allowed to proceed for 3 additional minutes.)

Mr. DORNAN. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from California.

Mr. DORNAN. Mr. Chairman, the gentleman made this case just as effectively in the 95th Congress, but now I believe the gentleman's figures are even more critical, if that is possible, because of the fuel crisis that the gentleman mentioned.

I would like to ask my colleague from California if he accepts these figures, and if we do accept the point that he brought out, that the nuclear parts are transferable as spares, then that would change the cost saving from a quarter of a billion dollars to $12 million more, only $12 million more for the nuclear carrier. And that, to me, is an incredible bargain, given the nuclear capability over the petroleum prices.

So I would like to ask my colleague from California, does the gentleman accept those figures?

Mr. FAZIO. If the gentleman will yield, I have not had an opportunity to view those figures. The gentleman from Virginia (Mr. TRIBLE) presented them on the floor after I made my initial presentation. I am standing by the statistics that I presented prior to the quorum, which indicate that it is a $1 billion saving over the life of the ship and an initial $400 million saving because of the cost of the nuclear fuel.

I will admit that, even though we have a $52-per-barrel cost factored in here for acquisition, storage and disposal, fueling of the fleet, the carrier, we really do not, I think, reach a conclusion that nuclear fuel will not increase as well.

We have had talk about nuclear cartels in the world. Who knows, 20 years from now we may be as worried about them as we have been about OPEC. So I am not particularly willing to look too far down the road in estimating relative fuel costs.

Mr. TRIBLE. Mr. Chairman, I will simply respond to that point by saying that in procuring the nuclear carrier, we will be paying on a one-time basis the total cost for nuclear propulsion for 15 years.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, that is for 15 years. The $570 million, is that just fuel for 15 years, or is that fuel for the life cycle, 30 years?

Mr. TRIBLE. That is the fuel price for the first 15 years.

Mr. DICKS. So it is a pure comparison, that is the point I was making.

Mr. TRIBLE. It is a pure comparison of the cost of those ships.

Mr. DICKS. So the cost of procuring the *Nimitz* includes the cost of procuring the fuel?

Mr. TRIBLE. Exactly.

Mr. DICKS. Although the gentleman did not separate out the fuel cost, it is included in that?

Mr. TRIBLE. Yes. The total procurement cost of the *Nimitz* nuclear carrier includes the cost for propulsion for 15 years. If we are going to compare apples to apples and get a true cost comparison, then we must consider the price of propelling the nonnuclear carrier. That is what I have endeavored to do here with statistics offered by the Navy Department.

Mr. DICKS. The point I was trying to make is: It is not a 30-year figure?

Mr. TRIBLE. This is a 15-year figure.

The CHAIRMAN pro tempore. The time of the gentleman from Virginia (Mr. TRIBLE) has again expired.

(On request of Mr. DOUGHERTY and by unanimous consent, Mr. TRIBLE was allowed to proceed for 1 additional minute.)

Mr. DOUGHERTY. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Pennsylvania.

Mr. DOUGHERTY. I thank the gentleman for yielding.

Mr. Chairman, as a followup to the question of the gentleman from California (Mr. DORNAN), is it not true that the nuclear-powered carrier would be cheaper, even cheaper, taking in that $13 million difference the gentleman's chart shows, dropping out the cost of spare parts? If the gentleman projects a 5-percent inflation growth over that 15-year period, what would the *Kennedy*-class carrier cost?

Mr. TRIBLE. Mr. Chairman, this is an important question. I think that 5-percent increase per year is a very reasonable one. Indeed, it is a very conservative estimate. The cost of procuring and storing and transporting the fuel oil for the 15-year period with a 5-percent annual inflation increase will be $1.2 billion; $1.2 billion instead of the $570 million figure which is based on today's rates.

So what we are saying is this: The figures show clearly that the cost of the *Kennedy*-class carrier is more today. But when one looks into the future, it will be dramatically more expensive than the nuclear ship, which is also more capable and more survivable.

Mr. DOUGHERTY. To be specific, what the gentleman is saying is that if you have 5-percent inflation growth over 15 years, the *Kennedy*-class carrier is going to cost $3 billion, the *Nimitz* class, even if we drop out the spare parts, will cost $2.4 billion. So in effect, with a 5-percent inflation factor, the nuclear carrier would be $600 million cheaper than the *Kennedy*-class carrier?

Mr. TRIBLE. That is exactly correct.

Mr. DOUGHERTY. Mr. Chairman, I would like to associate myself with the comments of the gentleman in the well.

Mr. TRIBLE. I thank the gentleman for making that point.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Washington.

Mr. McCORMACK. I thank the gentleman for yielding.

Mr. Chairman, I would like to make one comment on the point that was made here a moment ago in this discussion, and that is about the availability or the price of uranium.

□ 1200

Is it not correct that the gentleman's figures assume the original loading of the carrier with fuel, which would last for a number of years? Is that not correct?

Mr. TRIBLE. No. Those figures include the cost of the core and also the fuel installation and refueling as well as for the 15-year period.

Mr. McCORMACK. All of the fuel for the 15-year period?

Mr. TRIBLE. Yes, Mr. MCCORMACK I want to make that point. I think it is important to understand that the administration claims we have 2.4 million tons of uranium in the United States. I think that figure is optimistic. There is obviously ample fuel for aircraft carriers.

The more important point is the total price of uranium is a very, very small portion even of the cost of the nuclear propulsion part of the ship, and doubling the price of the uranium.

The CHAIRMAN pro tempore. The time of the gentleman from Virginia (Mr. TRIBLE) has expired.

(At the request of Mr. MCCORMACK and by unanimous consent, Mr. TRIBLE was allowed to proceed for 30 additional seconds.)

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Washington.

Mr. McCORMACK. Even doubling of the price of uranium would have practically no effect at all, measurable effect at all, on the cost of the aircraft carrier and its fuel.

Mr. TRIBLE. I thank the gentleman for his contribution.

Mr. WHITEHURST. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Virginia.

Mr. WHITEHURST. I thank the gentleman for yielding.

I want to commend the gentleman. It is one of the best explanations, best analysis, I think we have had in the comparison of the two ships.

It is unthinkable to me that anybody who has examined the two cases, that they could opt for the *Kennedy*-class ship. I want to commend the gentleman.

Mr. TRIBLE. I thank the gentleman.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not blame the gentleman from California (Mr. FAZIO) for being a little bit confused in this particular matter of a carrier for the Navy, as a new member of the Committee on Armed Services, because when we started out in the spring of this year, the chairman of the subcommittee was pushing for a CVV—that is the midget carrier—which the administration wanted.

The gentleman from Virginia (Mr. TRIBLE), who has just made this very eloquent proposal here, was pushing for a *Kennedy*-class carrier, and I was the only member of the subcommittee, I think, who still stuck to the guns of the 1978 and insisted on a nuclear carrier. We had a tough job getting a majority on that subcommittee. I might add, for the nuclear carrier.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Florida.

Mr. BENNETT. I thank the gentleman for yielding.

I never supported the CVV at any time. I wanted the nuclear carrier or at least the *Kennedy*-class carrier and always preferred the nuclear carrier—I voted for the nuclear carrier.

Mr. STRATTON. I think, if I was in error, I stand corrected.

Mr. BENNETT. The record speaks for itself. I never spoke for that.

Mr. STRATTON. I did get the impression the gentleman was supporting the administration.

Mr. BENNETT. That is not the case.

Mr. STRATTON. I accept the gentleman's statement.

In any case, I think this confusion demonstrates one of the flaws of our defense policy over the past year or so, because there has been so much confusion. The administration, with or without the support of the gentleman from Florida (Mr. BENNETT)—and I certainly accept his statement—the administration has been trying to buy things in defense on the cheap for a long time and never mind the quality and never mind the performance.

They came up with the fantastic idea that if we had a lot of small carriers, they would do much better than several big carriers with increased fuel capacity. That concept was the CVV. CV stands for carrier, and the last V stands for vertical landing and takeoff, a capability which we do not even have in the Navy and probably will never have. Yet, that was the type of carrier that the administration wanted, because it cost a lot less. That was the theory of the Office of Management and Budget.

Those of us on the committee who have been around for a while and knew the score, certainly believed—and that included, I think, almost every member of the committee—that the nuclear carrier was obviously the best and could obviously do the job best. We pushed for it, although some people said, "Well, you just cannot get a nuclear carrier, because the President is going to veto it, and therefore we ought to get some kind of a carrier and why jeopardize it by going for the best?"

The uniformed personnel in the Navy, who, of course, have been tyrannized by this idea that if they open their mouths before Congress too much, they are going to end up in retirement like General Singlaub, tried to steer a safe middle course by saying:

> Well, of course, the CVV is a great carrier, but if you fellows want to force something down our throats, we will let you force down the *Kennedy*-class carrier, which is a great carrier.

It bears a distinguished name, particularly at this time of the season, and the only trouble is that it is hopelessly out-of-date and was hopelessly out-of-date when it was built, because in a nuclear age, it was an oil-fired carrier.

It is, I think, the recognition that this kind of confusion has characterized the Defense Department for all too many months, that finally led the Senate of the United States to the position that they have taken, that if we hope to try to compete with the Soviet Union, whether it be in terms of nuclear power or anything else, we have got to stop this business of trying to buy the cheapest trinkets on the store floor and instead must increase our defense budget by 3 percent or even 5 percent.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. STRATTON) has expired.

(By unanimous consent, Mr. STRATTON

was allowed to proceed for 3 additional minutes.)

Mr. STRATTON. We have got to stop this effort to buy on the cheap. We have got to restore at least 5 percent, or 4 percent, or 3 percent to our national defense budget. Already the President has insisted on a 3 percent increase.

This, hopefully, is the change in atmosphere that the gentleman from Virginia (Mr. TRIBLE), was talking about a moment ago.

If there is such a change of atmosphere, and I still am a little cautious as far as this House is concerned, particularly after what happened yesterday, I would like to list four reasons why I think the nuclear carrier, is the only way that we should go.

First of all, the nuclear carrier represents one of the few areas where the United States of America clearly has a technological lead over the Soviet Union. The technological lead has been slipping, but we do not possess it in many fields, but we do possess it in some. The nuclear carrier is the one edge we have over the Soviet Union when it comes to naval power.

Unfortunately, the administration, in its last couple of years, has been unilaterally eliminating many of these technological edges that we have had over the Soviet Union, like the B–1, the neutron bomb and the nuclear carrier. But if we assume there has come some real change of heart, and apparently there has, this is one item we ought to put back in; and we have a much better chance of reviving the nuclear carrier than we have, unfortunately, of reviving the B–1.

The second point is that we have been told that if carriers, nuclear carriers, were so darn good, why do not the Russians have one? Well, as has already been indicated, the Russians do have. They are embarking now on building a nuclear carrier.

I am also told, by the way, that since they know that we do not want to use the B–1, they are building their own B–1. Do you worry about the Backfire bomber? They are going to have their own B–1 too. We did not want it, so the Russians are going to have it.

□ 1210

I do not think we ought to let the Russians get ahead of us in nuclear carriers and we ought, therefore, to make sure that our nuclear carrier is in the fleet and that it will continue to provide us with an edge over the Soviets.

The third point is that with the recent upheavals in the Middle East, we have begun to recognize that we have a very important military responsibility in the Middle East to protect our oil lifeline, to protect Israel and also other states that are associated with us, and that currently control the oil wells, like Saudi Arabia, Kuwait and the others. Even the Secretary of Defense has admitted that we need a new military presence in the Indian Ocean area to protect these very strategic areas.

The CHAIRMAN pro tempore. The time of the gentleman from New York has expired.

(By unanimous consent Mr. STRATTON was allowed to proceed for 2 additional minutes.)

Mr. STRATTON. The Indian Ocean, if anyone has looked at a map lately, the Indian Ocean is a heck of a large place. We have only one U.S. installation in all of that Indian Ocean area. Unfortunately we had an opportunity to get another one but so far we have not taken it. That one installation, Diego Garcia, is right in the middle of the Indian Ocean; and if there were ever a place where we needed a carrier that could proceed from point A to point B, 5,000 miles away, without having to worry about keeping its speed low so as not to run out of fuel, the Indian Ocean is it. If we are to put a task force in the Indian Ocean, then we must have a nuclear carrier as a part of that task force. At the present time we simply do not have enough nuclear carriers to station one nuclear carrier permanently and steadily in the Indian Ocean.

If we had a *Kennedy*-class carrier that was in Bangkok, and suddenly the Russians moved in on Saudi Arabia, and President Carter ordered that carrier to proceed immediately to Saudi Arabia, they would have to limp along for a couple of weeks, with oilers following after them, to get there. And by then it would be too late.

So, we need the nuclear carrier to meet our responsibilities in the Indian Ocean.

Finally, is the point that Mr. TRIBLE has already made so very dramatically, that with the increasing cost of oil, going up as it is, the lifetime cost of fueling a *Kennedy*-class carrier would be much greater than the lifetime cost of fueling a nuclear carrier. And let us not forget what the President has told us, that in every conceivable way we ought not be using oil, we ought to be conserving oil, and we ought to be substituting some other source of supply. I believe we ought to follow that advice from the President's energy message.

The CHAIRMAN pro tempore. The time of the gentleman from New York has again expired.

(At the request of Mr. SOLOMON and by unanimous consent, Mr. STRATTON was allowed to proceed for 2 additional minutes.)

Mr. SOLOMON. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I am glad to yield to my colleague from New York.

Mr. SOLOMON. I thank the gentleman for yielding. I just want to commend the gentleman and I want to associate myself with his remarks. The gentleman from New York is the third ranking member on the Armed Services Committee and he is one of the most highly respected and informed members of that committee. I want to thank him for clarifying the confusion on this issue along with Congressman TRIBLE, who has done an outstanding job. I want to associate myself with the remarks of the gentleman.

Mr. STRATTON. I thank the gentleman very heartily for his most generous remarks.

Mr. SPENCE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, as the ranking member of the Seapower and Strategic and Critical Materials Subcommittee, I have always been in favor of the nuclear carrier over the conventional carrier.

Think with me for 1 minute about a cartoon that I saw not long ago in a newspaper. If you have had to stand in line for gasoline, or your constituents have had to stand in line for gasoline, you might be more sympathetic. This cartoon depicted a lineup of four conventionally powered aircraft carriers standing in line at sea waiting in turn to get gasoline from a pump. I do not think I could better express the problem we have confronting us today.

Even though people may have to stand in line with automobiles to get gasoline, somehow or another we can work it out. In time of war, aircraft carriers simply cannot stand in line for their fuel oil.

We have heard all kinds of cost figures being thrown around here today. Even if one concedes the initial cost of a nuclear carrier as being more than the conventionally powered carrier, it is still more cost-effective over the life of the ship. If we consider the life-cycle cost of the carrier, the 30- or 35-year life-cycle cost rather than the 15-year cost for one core, we find that the cost of two nuclear-core propulsion systems which will carry a nuclear carrier over its entire lifetime, will cost $390 million. Incidentally, we have already bought one of these nuclear-propulsion systems. If we count the life-cycle cost of fuel for a conventional carrier, 22 million barrels of oil, the cost will be $1.14 billion, if we can get the fuel oil at any price in the future. Here alone we have a savings of $700 million if we buy the nuclear carrier.

In addition to that saving, people forget that we have to add in the cost of the tankers which must supply this carrier for 30 or 35 years, plus the men required to run these tankers. And we are short in supply of tankers right now.

In addition to that, other replenishment ships will have to be provided with the men to run those ships, in order to replenish the conventional carrier. The nuclear carrier can carry more of the stores, more of the aviation fuel and those kinds of things necessary to sustain the carrier for a longer period of time since they do not need this extra space for fuel oil. Therefore, it does not require replenishment as often.

Also, we must consider the additional capability of a nuclear carrier. The conventional carrier has to refuel every 3 or 4 days. If the tanker can obtain the necessary fuel oil and find its way safely to where the carrier is, that is one thing. If the tanker never gets there, the aircraft carrier is dead in the water, cannot even operate, cannot fly airplanes. It is just dead in the water.

The conventional carrier has to withdraw from battle every couple of days to refuel. When competing with a nuclear carrier in a battle, the issue can be forced, the conventional carrier is on the ropes, she cannot withdraw to refuel, and can be sunk at will.

I want to say one more thing about the fact that the additional ammunition and the additional aviation fuel that can be carried on the nuclear carrier, is contained in storage spaces situated below the water line and, therefore, makes the nuclear carrier more capable and less vulnerable.

The Defense Subcommittee of the House Appropriations Committee has voted for the nuclear carrier. The Congressional Budget Office has also been in favor of the nuclear carrier.

Two studies by this administration, Sea Plan 2000, and the sea-based platform assessment study have also come out in favor of the nuclear carrier. Even former Secretary McNamara chose the nuclear carrier over the nonnuclear carrier.

Even the Russians are reportedly going to build a nuclear carrier. I will quote Admiral Stalbo who says that the nuclear carrier is good for all missions in a nuclear war; and that the total operational cost of the nuclear carrier is less than the conventional carrier. He gave the example of the U.S.S. *Enterprise* on a round-the-world voyage returning to port with more aviation fuel on board than the conventional carrier has when it leaves port.

If some of our colleagues do not believe us, maybe they will believe the Russians.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to first state where we are at the moment. In the President's fiscal year 1980 military budget he asked for a CVV, a small aircraft carrier. The Armed Services Committee in its deliberations decided to delete the small aircraft carrier and put in a large nuclear aircraft carrier, and that is what has been brought to the floor of Congress.

□ 1220

My distinguished colleague from California (Mr. FAZIO) in his amendment is attempting to substitute for this super nuclear carrier a super nonnuclear carrier, and that is where we are; so that the committee itself disagreed with the President's assertion that we need a small carrier. My distinguished colleague from California is suggesting that we do not need a nuclear carrier, but we need a large super carrier, so the amendment says, "Let us have a large nonnuclear carrier."

In the few moments I have before the Members, I would like to comment briefly with respect to my thoughts about a super carrier; and second, to address myself to the issue of the lifetime cost, specifically of the super nuclear carrier. A number of my colleagues who have preceded me in the well have spoken to the lifetime fuel cost, but that is a very small aspect of the incredible cost. The figures that I will use are figures that have been confirmed by the Defense Information Agency and by research from the Library of Congress.

To the question of the super carrier this is my assertions, Mr. Chairman and members of the committee: That the Navy must be weaned from these large super carriers. U.S. naval policy, in my estimation, is based on yesterday's wars, not today's realities and the realities of the future. It is not rational in my estimation to expect widespread and extended conventional surface warfare with the Soviet Navy. I think that is an absolute flight into fantasy.

The cutting edge in any future global conflict will be submarines, not giant aircraft carriers as sitting ducks on the high seas. If we indeed eliminate our outmoded carrier orientation, the Navy would have more than enough capacity for a very significant mission, and that is maintaining our sealanes to Europe.

The administration and the Navy leadership, in my estimation, must hammer out some new policy on the issue of naval air. New warships must be designed to cope with long-term changes occurring in naval weaponry, particularly the development of long-range antiship cruise missiles. That is something that we have to address. This gung ho, tenacious clinging to this nuclear super carrier in no way addresses that reality.

Now, I would like to turn my remarks to the issue of lifetime cost. On yesterday I made an assertion that 99.44 percent of the American people have no idea of the incredible magnitude of the economics of modern warfare, and for a few moments I would like to dramatize what that means in terms of this super nuclear carrier. We must remember that the $2.1 billion construction cost is only the beginning—$2.1 billion. In a $500-some odd billion budget, what is $2.1 billion?

The point I am going to make to the Members is, that is only the beginning. In rather round terms, the aircraft carrier costs us, not just $2.1 billion to build a modern *Nimitz*-class nuclear carrier, but another $4.1 billion for the 15-year life cycle of its complement of approximately 90 aircraft of various types, most of them designed to defend the carrier itself. Now, we have to double that figure because the lifetime of the carrier is approximately 35 years. The lifetime of those 90 airplanes is only 15 years.

The CHAIRMAN pro tempore (Mr. BREAUX). The time of the gentleman from California has expired.

Mr. DELLUMS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

Mr. PRICE. Mr. Chairman, reserving the right to object, I will not object, but I would like to have an opportunity to make a unanimous-consent request.

Mr. DELLUMS. I yield to the distinguished chairman.

Mr. PRICE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. EMERY. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. PRICE. Mr. Chairman, I amend that request and make it 1 o'clock.

The CHAIRMAN pro tempore. The unanimous-consent request is that all debate on this amendment and all amendments thereto end at 1 o'clock.

Is there objection to the request of the gentleman from Illinois?

Mr. BURLISON. Mr. Chairman, reserving the right to object, I am very reluctant to object but I want to observe that only members of the committee have spoken at this point, and it is obvious that there are a number of other Members who would like to be heard on the issue.

Mr. PRICE. I hope the members of the committee would cooperate and make it possible for other Members to address themselves on the amendment.

Mr. BURLISON. Unless the distinguished chairman is withdrawing the request, I would object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. PRICE. Mr. Chairman, I withdraw the request.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California (Mr. DELLUMS) to proceed for an additional 5 minutes?

There was no objection.

Mr. DELLUMS. I thank the Chair.

Mr. Chairman, I indicated that it is not just $2.1 billion for the construction cost, but $4.1 billion over the 15-year life span of the 90 various aircraft. It is double that figure because the lifetime of an aircraft carrier is 35 years. Now, there will be an additional $3 billion for about six escort ships, which without the carrier task force could be used elsewhere. Now, some people challenge the $3 billion for the six escort ships on the ground that a nuclear carrier may not need six ships. I am willing to give the $3 billion back, and we will get to that when we get to my final estimation.

There is another $1.5 billion for replenishment vessels and support ships, and perhaps at least $1.5 billion more for a carrier's share of shore facilities. When they have to be overhauled, each carrier is billed for that $1.5 billion.

The total is now over $16 billion just to buy this hardware. If we add some $22.6 billion—$22.6 billion—to operate this nuclear carrier over the lifetime of a nuclear carrier, we come to the figure of $38.6 billion that the American people are committed to pay over the 35 years of a nuclear aircraft carrier that started off as a $2.1 billion obscure item in a $100-some odd billion military budget.

Now, that is not all. For each carrier task force on line—that is, out on the sea on active duty—we have to allow for two more in the rear. That has been checked out by the Navy. That is one in reserve and one in overhaul. So, the grand total to sustain one carrier task force forward over its lifetime is well over $100 billion, just to keep one carrier floating on the high seas, one in reserve, one in overhaul. These figures, as I said, have been verified by the Defense Information Agency and the Library of Congress. It will cost the American people well over $100 billion.

I will give you the $3 billion back for the six escort ships, and grant that perhaps a nuclear carrier does not need six ships. That is still a hundred billion dollars for a 35-year period. If that is not shocking enough, we must reflect on what this $100 billion is able to give us in terms of ability to project at sea or at some distant shore. That is about 35 attack sorties a day. That is 35 individual flights carrying perhaps 6 tons of bombs, and even that presumes that each will fly its mission to the target, hit its target, and returns safely. We are not talking about fat, inefficiency, goldplating, or malfeasance. What I am trying to assert here is about something much more basic, much more intractable than that.

□ 1230

What I am talking about is the incredible level of economics of modern warfare that we are not dealing with on the floor of this Congress. That is the most, 35 sorties, that we are going to get for $100 billion that we are committing the American people to over the next 35 years. I do not think that we need it. I think that this is an incredible amount of money. No. 2, the day of the supercarrier is over. That is yesterday's war. I appreciate my colleague's offering an amendment to get us out of the restraint of this new nuclear carrier, but I would simply suggest that by replacing it with a big nonnuclear carrier also does not address many of these long-term costs, and it certainly does not deal with the implication of supercarriers being remnants of yesterday's war.

Mr. CARR. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Michigan.

Mr. CARR. I thank the gentleman for yielding. I thank the gentleman for his statement, and I would like to associate myself with his remarks. I think the last thing he said is even pertinent to those who are in favor of sea-based air in the future. If we invest in a *Nimitz*-class carrier or a *Kennedy*-class carrier, we are investing in the past. We are not investing in new technology. We are not investing in the wave of the future. If you favor sea-based air, everyone on this committee knows that while we are not exactly there, we do know that we are going to be going to V/STOL aircraft with large thrust-to-weight ratios.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. Carr, and by unanimous consent, Mr. Dellums was allowed to proceed for 2 additional minutes.)

Mr. CARR. If the gentleman would yield further, we know that we are going to go to aircraft, light aircraft, with composite materials and high thrust-weight ratios, and that the entire look of the air fleet at sea is going to be a lot different. Yet we are making a mistake by committing all of this money to ships of the past which have a 35-year-plus life. That means we are committing ourselves and we are digging ourselves into a hole and making sure that we are not even going to grow with the new technology that is coming down the line. So this is a terrible waste of money.

Mr. DELLUMS. I thank the gentleman for his remarks.

Mr. LLOYD. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from California.

Mr. LLOYD. I thank the gentleman for yielding. I would just like to respond to the comment of my good friend, the gentleman from Michigan (Mr. Carr) on V/STOL aircraft. That we are considering it is certainly true, but that the technology is here presently being encountered, even considering the AV–8B, is simply not true. It is not a viable weapons system ongoing in application on aircraft carriers where they have tried it. It just simply will not work as a total system.

Mr. CARR. If the gentleman from California will yield, I completely agree with my friend, the gentleman from California (Mr. Lloyd). The only point I am making is that we are not that far away from something that is a reality, and we are certainly not 35 years away. So what we are buying here is not really a 35-year aircraft carrier; we are buying an aircraft carrier which will last 35 years, which will not have currency, that is, appropriate technology for more than 10 years. I think that we can afford the risk to wait to build the aircraft carrier to fit the need. We are not here to justify the aircraft carrier. What we are trying to do is figure out a way to get reasonable sea-based air out there.

Mr. LLOYD. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. In the interest of this stimulating colloquy, I will certainly yield to my colleague, the gentleman from California.

Mr. LLOYD. I thank the gentleman for yielding. I would remind my good friend, the gentleman from Michigan (Mr. Carr) that the technology that we are dealing with is not V/STOL aircraft. We are dealing with the F–14.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. Lloyd, and by unanimous consent, Mr. Dellums was allowed to proceed for 1 additional minute.)

Mr. LLOYD. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from California.

Mr. LLOYD. I thank the gentleman for yielding.

The point I am trying to make is that we are dealing with F–18's, the F–14's, and with that type of aircraft that goes out beyond the year 2000. No matter what we do in the V/STOL area, we still have to operate these aircraft, and if you operate an F–14, you simply must have the big carrier. There is simply no other way to do it.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Virginia.

Mr. ROBERT W. DANIEL, JR. I thank the gentleman for yielding.

I would just like not to let this figure of 35 sorties a day slip by unchallenged, because the Navy has told me that the average number of sorties per day in a wartime scenario from such a carrier would be 120 sorties a day—probably more. Of these 120 sorties from that ship, 90 would be attack-oriented. I think that this 35 figure is a highly unrealistic figure.

Mr. DELLUMS. I thank my colleague. I am simply dealing with figures that have been given to me that have been confirmed, whether it is 105 or 125 or 135.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. Dougherty, and by unanimous consent, Mr. Dellums was allowed to proceed for 2 additional minutes.)

Mr. DOUGHERTY. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. Let me just simply respond briefly first. I think that the basic thrust of my argument is that, No. 1, the supercarriers are remnants of the past and that the Navy has to address the present and future in much more realistic terms. The second argument I am making is that it is a sham for us here to simply discuss $2.1 billion costs, or a few hundred million dollars on fuel costs. If we are really going to talk about the incredible cost of these weapons, then let us look at them over the 35-year period and say to the American people, "For this $2.1 billion you are committed to a hundred billion dollar expenditure over the next 35 years. Are you prepared to pay that?" I do not think that they are justified. I have heard—and I have listened very carefully—the debate on the floor of this Congress today and in our committees and last year when we debated this question. I do not think the justification is there.

I now yield to the gentleman from Pennsylvania.

Mr. DOUGHERTY. I think the point I would like to make, in response to the gentleman's comments, is that he is trying to blame the carrier, or charge the costs against the carrier for the entire surface Navy. I think the gentleman should say for the record, we do not need a surface Navy, because he is trying to pin the cost of the destroyers that are going to escort the carriers to the cost of the carrier. In fact he is saying, we do not need a surface Navy. That is the question I think he should present in this instance. Do not blame the carrier for the cost of the destroyers. Say either we are going to have a surface Navy or we are not going to have a surface Navy. He obviously does not think we are going to need a surface Navy.

Mr. DELLUMS. Let me respond to that. I think it is important for us to debate this here. There are not many people here listening, and maybe we can take a little more time to talk. I do not agree with the gentleman. I am capable of expressing myself very clearly and succinctly. I do not challenge the surface Navy. I do not blame the nuclear carrier for all of the costs. If I were challenging the surface Navy, I would say that.

Let me talk about the gentleman's argument a little further. The gentleman can assert, for example, that the cost of manpower should not be charged. So you have got a big carrier sitting in the water. Do not put any food on it; it might be charged against the carrier. Do not put personnel on it; it might be charged against the carrier. Do not put fuel on it; it might be charged against the carrier. Do not put airplanes on the carrier; it might be charged against the carrier. Do not put on the escorts that would keep it survivable in the water; it might be charged against the carrier.

I would suggest to my colleague that that is absurd. Some kind of way you are going to pay for it, whether it is on this ledger or the other ledger. I simply brought them all together to show in dramatic terms that to put one on the sea, you have got to have two in back, and to put one of them on the sea for 35 years will cost $38.6 billion.

Mr. DOUGHERTY. The point the gentleman is making about the cost of the nuclear carrier and its auxiliary ships and manpower applies equally to a CVV because you are not going to send that out without escorts. I want to clarify that in this debate. How many airplanes do you want to be able to deliver on the site? Whether you talk about V/STOL aircraft or whether you talk about traditional F-18 fixed-wing aircraft, the fact of the matter is it is still the same.

A *Kennedy*-class carrier or a *Nimitz*-class carrier is a big-deck carrier. Therefore you can carry more airplanes. And if it is a V/STOL aircraft carrier, you can carry more V/STOL aircraft on it.

The fact of the matter, in response to the gentleman from Michigan is we should judge this on the basis of what is the number of aircraft we want to be able to deliver in a given area in a time of crisis. If it is going to be a V/STOL aircraft or a fixed-wing aircraft, that is the question. A CVV does not carry the same number of airplanes as a CV or CVN. Indeed, I think the point being missed here is that not only is there a difference in the number of aircraft, but any aircraft carrier that you send out has to have a certain number of planes on board for defense purposes.

I have a study here that points out that with the CVV you are going to have 60 aircraft on board. Thirty of them must be used to defend the carrier, which means you are only going to deliver 30 planes on target. If you go to a CV or CVN which the gentleman in the well cannot support, you can deliver 58 planes on target in both instances, using only 32 planes for the defense of the carrier.

So in effect the bigger the deck of the carrier, the more planes you have available to strike to meet whatever your mission is. But when you go to that small-deck carrier, you in effect are having only 50 percent of the aircraft on board available for the mission. When you go to a big-deck carrier, you have two-thirds of the aircraft available to deliver on a mission.

Mr. DELLUMS. Let me respond briefly to my colleague. I think the bottom line in response is, who is the ostensible enemy in any kind of surface exchange using a nuclear carrier?

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 1 additional minute.)

Mr. DELLUMS. I guess that is where we differ, because obviously it is the Soviet Union. I think it is a flight into fantasy to assume we are going to have any conventional, long-term, surface naval exchange with the Soviet Union. I do not think that is the case. I believe if we go to war with the Soviet Union—God help us if we ever do—it will be a nuclear war, and in that regard a huge nuclear aircraft carrier sitting on the high seas, I would submit to my colleagues, is a $2.1 billion sitting duck or a hundred billion dollar turkey that would be blown out of the water.

Mr. DOUGHERTY. If the gentleman will yield for 10 seconds, we have disagreed in this respect on whether it is going to be a nuclear war or any other kind of war, and we will continue to do so.

Mr. DELLUMS. I am sure we will.

☐ 1240

Mr. BOB WILSON. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to the amendment.

Mr. Chairman, I have been very interested in this debate. I have heard a lot of words on the question of nuclear carriers over the years. I hate to take opposition to my good friend and colleague from California (Mr. FAZIO) who is one of the bright new members of our committee but I think he is wrong in this instance in backing the idea of substituting a *Kennedy* carrier for a *Nimitz*-class nuclear-powered carrier.

I participated in the debate in 1962 or 1963 when this committee had already approved the first nuclear carrier, the *Enterprise*. Perhaps it was on its test runs at the time we got into another debate just like this on the floor as to whether we could afford a nuclear carrier.

Mr. Chairman, although the committee that year opposed the idea of making the *Kennedy* a nonnuclear carrier, the House prevailed and it was made a nonnuclear carrier.

Mr. McNamara and his systems analysts were much interested in the cost effectiveness of the nuclear carrier. Mr. McNamara that time supported the idea of a nonnuclear carrier. Later he came in and admitted—it was perhaps the first time and one of the only times he admitted he made a mistake. He said he selected another nuclear carrier for the follow-on to the *Kennedy* carrier which later became the *Nimitz*. He supported the *Nimitz*-class carrier because the life cycle costs were only 2 to 3 percent more for the nuclear carrier than they were for the *Kennedy*.

Today, Mr. Chairman, the cost difference is only 1 percent. Mr. McNamara was advocating a nuclear carrier when it was 2 to 3 percent over the life cycle. Today it is less than 1 percent. Who knows what the cost of oil will be in the years ahead? We have seen about a 300-percent increase in the cost of oil in the past 5 years. We are trying to project what the cost of oil will be in 15 years. There is no question in my mind that the nuclear carrier will be more cost effective, will be more energy effective. If you want to vote for an oil guzzling super carrier, go ahead, this is the way to do it, support the *Kennedy* carrier. If you want a more combat effective and otherwise effective carrier, support the CVN-71 which we are advocating in the committee and which I hope the House will be wise enough to support this year.

We have had some threats of a Carter veto, as he vetoed the nuclear carrier last year, but I think we should give back to him his campaign slogan, "Why not the best?" He can get the best for less cost this year than he could have gotten it last year.

Mr. Chairman, it seems to me if we have a choice between a fuel guzzler or a more combat-effective, more cost-effective, more energy-effective aircraft carrier there is only one way to go and that is with the *Nimitz*-class CVN-71.

I have some notations from the skipper of the U.S.S. *Eisenhower* which is a *Nimitz*-class which, had a couple of operations over the last year, one in the 6th Fleet where he said in a report to the CNO that he had bad weather transit, wind 25 to 45 knots, swells 18 to 24 feet, rolls up to 15 degrees, pitch up to 11 degrees, yet they continued their flight operations with the *Eisenhower* when it was impossible for other carriers to operate in that kind of a condition.

He even backed down at high speed to recover aircraft that would have otherwise been lost.

In the Caribbean they had a fleet exercise with 2 nuclear submarines and 600 U.S. Air Force sorties attacking. They kept away from the subs through high-speed maneuvering, there were very few aircraft engagements and all U.S. Air Force aircraft were intercepted. They used deception, radio silence, electronic emission control. They had 17 days of intensive operation at consistent high speed and yet they were able to return to port with two-thirds of their aviation fuel left. This is more than the *Kennedy* class can carry fully loaded.

Mr. Chairman, the most important point, it seems to me, in this whole operation, the fact we have a very small nuclear reactor as a powerplant and all of those big fuel storage tanks that have to be used normally are not needed.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. BOB WILSON was allowed to proceed for 3 additional minutes.)

Mr. BOB WILSON. Instead of having those huge fuel tanks to store the oil to power the carrier, they can put aviation fuel in part of the space where those tanks would have been and can operate for much longer periods of time without need for refueling.

Mr. Chairman, it is when carriers are refueling, as the gentleman from California (Mr. FAZIO) knows, that they are vulnerable. That is when a carrier becomes a sitting duck, when it has to slow down and become vulnerable to submarine attack and to missile attack in order to take on fuel and supplies.

The fact that the *Nimitz*-class carrier can operate for 17 to 21 days without even seeing an oiler is evidence enough for the combat effectiveness of this particular class of carrier.

Mr. Chairman, I would hope that the Congress again will see the wisdom of a nuclear carrier. I think it is the only way to go.

Mr. BURLISON. Mr. Chairman, I move to strike the requisite number of words and will speak in support of the amendment.

Mr. Chairman, I would like to discuss one point that was alluded to earlier by the gentleman from California (Mr. DELLUMS). I think it was not focused in on with the specificity required in this debate.

The Chief of Naval Operations has testified a number of times on the Hill that the Navy requires in a combat situation three nuclear-powered cruisers in support of a nuclear-powered carrier. Mr. Chairman, I would like to point out to my colleagues that as of this moment we only have nine nuclear-powered cruisers. Eight are now operational. The last that has been authorized and funded, the *Arkansas*, will become operational next year.

Mr. Chairman, in view of the fact we have four carriers authorized and programed at the present time, at this moment we are three cruisers short of the necessary ships. That means if the Congress and the President approve this additional carrier, we will be six nuclear cruisers short. We have not authorized a nuclear cruiser since 1974. The obvious reason for that is because of the cost. It is enormously expensive. The CGN is drastically more expensive than the DDG destroyer that is characteristically the escort in the conventional task force.

Mr. Chairman, the point is, obviously we are not going to provide the nuclear cruisers necessary for the carrier task force.

Mr. Chairman, if that be so, then we give away the advantages of the nuclear carrier because it is held back by the same strictures that are obstacles for a conventional ship or conventional task force.

☐ 1250

If the Congress were willing to program the additional cruisers which it has shown it is not willing to do it would cost between $2 and $3 billion more for each nuclear carrier.

So the bottom line, Mr. Chairman, is that if we continue to fund the nuclear carriers without the necessary escorts, we are going to be denied the advantages that go with a nuclear carrier, that is, the added speed, the longer survivability, a longer period of time without refueling and without taking on supplies, and so forth. Those advantages can all be discarded because we are not going to have the necessary task force to accompany that nuclear carrier.

Therefore, I think the gentleman is eminently correct in suggesting that if we are going to have another carrier, and I am among those that believe we need 12 operational carriers, and that we are going to need another carrier to replace the *Midway* in the mideighties, that carrier ought to be a *Kennedy*-class carrier.

Mr. Chairman, I will be delighted to yield to my colleague, the gentleman from California.

Mr. FAZIO. Mr. Chairman, I thank the gentleman very much. The gentleman knows how much I appreciate the gentleman yielding and the gentleman's support on the position that he has taken on this issue.

It does lead, I think, to a correction that I would like to make on a point that has been made several times in prior presentations, and that is to the effect that we are going to have to go out and build a large number of oilers to accompany a conventionally powered carrier.

I would like to read from the record of our Sea Power Subcommittee.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. BURLISON) has expired.

(At the request of Mr. LLOYD, and by unanimous consent, Mr. BURLISON was allowed to proceed for 2 additional minutes.)

Mr. BURLISON. Mr. Chairman, I yield to the gentleman from California (Mr. FAZIO).

Mr. FAZIO. To quote Mr. TRIBLE:

> It is my understanding that the Navy has testified here that it would not be necessary to procure an oiler simply to serve this new oil fired carrier, but rather that the oil would be carried by ships that would be part of the fleet under any circumstances.

Admiral Turner in response said:

> Yes, the existing oiler fleet that services the 12 carriers would be there with routine replacements in order to service.

So we are going to be mixing this carrier into a fleet that will have a variety of kinds of ships with different modes of propulsion among them. It can fit very well into our existing fleet. It is going to be possible to meet the fuel needs of this large deck carrier with existing shipping we currently have on the high seas without going into an expensive new procurement program. I fully appreciate the gentleman's comments but I would like also to make the point that the Senate Committee on Armed Services which has been mentioned in glowing terms today for its position in favor of an increase of 3 or 5 percent in the Defense budget is, I think, giving us some leadership by having already passed through its house a Defense authorization bill which includes a *Kennedy*-class large deck carrier, not a nuclear carrier.

So there is no question about the fact that the most forward looking committee, perhaps at this time in the minds of those Americans interested in a strong defense has already made this compromise, gone halfway with the administration. I believe we can, as the gentleman in the well has indicated, provide the Navy with another ship that it clearly needs, a carrier that we can begin building this year, because as I indicated in my opening remarks, the gentleman from Florida (Mr. BENNETT) is in receipt of a letter that says that there will be no veto of the defense authorization bill if we go to a *Kennedy*-class carrier. This is I think a proper compromise which I hope the Members of the House will join us in voting for today.

Mr. BURLISON. Mr. Chairman, I thank the gentleman from California.

I yield to the gentleman from California (Mr. LLOYD).

Mr. LLOYD. Mr. Chairman, I thank the gentleman for yielding. I have the utmost esteem for my colleague, the gentleman from Missouri. I know also that the gentleman has based his comments on things that he believes are absolutely essential.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. BURLISON) has again expired.

(At the request of Mr. LLOYD, and by unanimous consent, Mr. BURLISON was allowed to proceed for 2 additional minutes.)

Mr. LLOYD. Mr. Chairman, will the gentleman yield further?

Mr. BURLISON. I yield to the gentleman.

Mr. LLOYD. I thank the gentleman for yielding. The gentleman firmly believes that his statement of the requirement for a nuclear cruiser to operate with the carrier is a correct statement; but I am here to tell the gentleman that there is no requirement whatsoever for a nuclear cruiser or any other vessel to operate in conjunction with the carrier, other than replenishment vessels.

As a matter of fact, a carrier by itself is a better shot, or excuse me, is a better weapons system than in conjunction with other ships wherein in heavy seas and operating where at high speeds it has to slow itself down in order to accommodate the other smaller vessel. Clearly that is the Navy's position.

I am sure the gentleman probably either asked the question and was told that if we could have everything we wanted we would love to have cruisers operating in conjunction with the carriers. I am sure that statement was made.

Mr. BURLISON. Mr. Chairman, may I reclaim my time so that I may respond to the gentleman before our time expires?

The gentleman is probably correct. In a peacetime scenario, it is certainly not as necessary to have a task force with a carrier, but certainly in a wartime period, there would be few Navy experts to suggest sending out the carrier without its escorts.

Certainly the Chief of Naval Operations would not, because he so testified last year before our Subcommittee on Defense Appropriations. That is the source of my statement.

The CNO—and I have not heard any Navy authorities contradicting—strongly recommends that with a nuclear carrier we need a CGN, a nuclear-powered CGN, three of them, in fact, to accompany that nuclear carrier.

To be more specific, Secretary of Defense McNamara in 1969 said that four nuclear-powered escorts were required for each carrier. Much more recently the CNO, Admiral Holloway, testified that a carrier-supported task group should include two or three cruisers and one to three submarines. These facts are from a Congressional Research Service study made in March 1978.

Mr. LLOYD. Mr. Chairman, will the gentleman yield further?

Mr. BURLISON. I yield.

Mr. LLOYD. Mr. Chairman, I appreciate what the gentleman is saying; but even in a wartime situation if you are pressed for ships, they do not need to operate with the nuclear-type carriers. They do need them to operate with the conventional carriers.

Mr. Chairman, I thank the gentleman for yielding.

Mr. COURTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as I am listening to the debate, the words "why not the best?" continue to haunt me as we discuss the issue of nuclear versus conventional aircraft carriers. Many of us are leaning toward a conventional *Kennedy*-class aircraft carrier as a compromise with the administration, simply to insure this bill against a Presidential veto.

It is a poor compromise. The men who will live, work, and may, God forbid, fight on this ship deserve the best. Even more important, our Nation deserves the best for its defense.

Let us review the facts inherent in this issue. The military facts are:

The large deck aircraft carrier remains the most potent power projection platform we have—for sea control or to exert our influence internationally. Moreover, it is our most effective antisubmarine platform, equaled only by the nuclear attack submarine.

We need another large deck aircraft carrier to meet our NATO commitments, our training and maintenance schedules, and to maintain our capability to meet international contingencies. Out of the 13 aircraft carriers we now have, the Navy says it needs a minimum of 7 aircraft carriers for the Atlantic Fleet to sustain its peacetime operations. Even this force is stretched so thin that carrier deployments have had to be extended. Next year at least one of these ships will be in a shipyard undergoing the long term and complex ship life extention program.

Nuclear power expands the capabilities of the large-deck aircraft carrier. The U.S.S. *Enterprise* returned from an around the world cruise, having covered a course of 35,000 nautical miles in 65 days, at a constant speed of 22 knots, her aircraft having flown more than 29,000 hours, with more aviation fuel on board than conventionally powered aircraft carriers carry when they leave port to join the fleet. This unparalleled ability to carry out protracted combat operations without replenishment of stores is being cited by the Soviet Navy as the basis of its rationale for developing a nuclear navy.

We are all painfully aware of our diminishing oil reserves and our dependence on oil imports for some 50 percent of our fuel. A conventional aircraft carrier burns a prodigious amount of fuel during normal operations. On a calm day when an aircraft carrier must generate its own wind to launch and recover her aircraft by steaming at flank speed of 25 to 30 knots, it consumes some 7,500 gallons of fuel an hour. Already, the Navy has been forced to restrict its operations to the absolute minimum to train personnel due to fuel conservation efforts. In spite of a 30-percent reduction in energy use since 1973, the Department of Defense's fuel bill of over $4 billion, was double its 1973 bill. It is difficult to imagine where the fuel for a conventional aircraft carrier is going to come from, or how much this fuel will cost, in 10 years when the ship is ready to go to sea. The political facts are:

Today, America needs a vote of confidence—a confidence based on a strong national defense, made up of the most effective systems we can produce.

There is no dispute here that a nuclear aircraft carrier is a more effective combat system than an oil powered carrier. There is no dispute that over the long term, 10 and 20 years, that a nuclear aircraft carrier is cheaper to operate. What is in dispute is the administration's approach to our national defense.

Mr. Chairman, it is time that we demonstrate the courage of our convictions. If we do not have the courage to provide for the best in our Nation's interests, then it is up to us to have that courage. We must insure that our Navy remains the strongest in the world.

□ 1300

Mr. CHAPPELL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I never cease to be amazed at those who speak of the aircraft carrier as something out of the past. If indeed the aircraft carrier is obsolete, then so is every airfield ever built.

The aircraft carrier is nothing more than the platform, the airfield, by and through which we extend our air power. When we talk about the aircraft carrier, we are talking about air power, not surface sea power. We are talking about the extension of our air arm. That is what we are talking about.

The only issue before us today—because I think it is now generally conceded that we have to have another carrier—the real issue before us today is: How are we going to move this airfield about? How are we going to propel it? It seems to me commonsense for us to propel it with that kind of fuel which is now, and in the future will be, available to us in the most accessible way and the most expeditious form.

Can we imagine our having a fossil fueled fleet in the Indian Ocean and having the Soviets cut our sources of the fuels to propel it? What would happen if we have an aircraft carrier there that is totally dependent upon fossil fuel? Imagine for a moment one of our aircraft carriers attempting to round the Horn of Africa out of danger, or trying to execute its mission in the Indian Ocean, which depending upon fossil fuels transported by sea from our homeland because its availability has been denied by hostile forces in Africa and the Middle East. Such a situation would be disastrous.

It seems to me that such a disaster would be eliminated by the use of nuclear fuel contained aboard the carrier in 13-year quantities.

An interesting feature of the nuclear carrier is that it runs more efficiently at full speed than at slower speeds. The nuclear aircraft carrier, as a weapons system, is more efficient at high speed than at low speed. It can attack or withdraw from peril at top speed without fear of running out of fuel and at no greater cost than at slow speed.

With that capability to move the airfield in and out of danger, with its hard-hitting air arm and its defensive umbrella, we increase our ability to extend our power in a far more substantial manner than we could with the oil burning platform

We can imagine what kind of control the Soviets are going to have around Africa if we get into a shooting war with them. The advantage of the nuclear carrier is that it only needs fossil fuel to propel its aircraft, and under heavy combat conditions it has to be refueled only about once a week, whereas the nonnuclear carrier has to be refueled for itself and its aircraft every other day, which means it is going to require only about a third of the refueling effect it required for the nonnuclear carrier.

Therefore, Mr. Chairman, it seems to me that given the circumstances of this day and the circumstances of this day and the circumstances we can reasonably project for the future, with the oil situation being what it is and what it is likely to be in the future, we would be extremely foolish to build a nonnuclear carrier. It would be extremely foolish to attempt to fuel it with other than nuclear fuels.

So, Mr. Chairman, I, therefore, oppose the amendment and hope we will sustain in the bill the provision for the nuclear carrier.

Mr. EMERY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as a member of the Armed Services Committee and the Sea Power Subcommittee, I have had the opportunity to study in depth the arguments for and against the nuclear-powered aircraft. In fact, for the past 3 years this House has engaged in spirited debate over this very issue.

After giving much consideration to this issue, I have again concluded that the construction of a nuclear-powered aircraft carrier is in the best interest of the Navy and the country.

Let me discuss some of the arguments as I see them.

ARGUMENT 1

Should the Navy continue to build the fleet around the aircraft carrier, and, is the current number of carriers sufficient to accomplish the Navy's missions?

The aircraft carrier is and will continue to be the focal point of the fleet well into the future. The aircraft carrier is our first line of both offensive and defensive capability. Whether in the sea control or power projection role, the carrier, and its associated airwings, is our No. 1 naval weapon system.

The carrier is really an airbase that can be moved around a great deal of the Earth's surface. This capability gives our forces three advantages.

First, it allows the Navy to cover parts of the world oceans which we cannot cover through land-based air power. A good example of this capability was seen last spring when in the face of the turmoil in Iran and the border fighting between North and South Yemen, the President ordered first the carrier *Constellation* and then the *Midway* into the Indian Ocean to keep an eye on events taking place and to be prepared to meet any problems which might arise from those tensions. Since the United States has no land bases from which to operate in that region of the world, only the aircraft carrier could have been called upon to protect our interests there. Even our permanent Persian Gulf squadron of destroyers could not have been as effective as the carrier if called to assist.

Second, the modern air wing associated with the carrier can quickly establish the necessary air superiority needed to protect the fleet and allow it to conduct offensive, long-range operations against hostile surface, subsurface, and air forces. Cruisers and destroyers simply cannot guarantee hostile-free airspace.

Nowhere is this requirement for air superiority so critical as on the flanks of NATO. The ability to maneuver mobile air bases into positions in the North, Norwegian, and Mediterranian Seas to prevent Soviet flanking movements can only be accomplished by the carrier. Again, destroyers and frigates, no matter how capable, simply cannot meet the threat of Backfire bombers or Soviet missile cruisers equipped with antiship missiles capable of far greater ranges than missiles presently deployed on our surface warships.

Third, the carrier gives our military planners the ability to move a complete airbase—with all its people, aircraft, and spares—to remote areas and begin operations until land bases can be established or made combat ready.

Again, I refer to the events of the Indian Ocean/Persian Gulf.

The Soviets already have air facilities available to them in Aden, Ethiopia, and even Mozambique. In a matter of a few hours, Soviet warplanes could be on those bases ready to strike at crude-laden tankers exiting the Persian Gulf and destined for the United States or Europe. In addition, air power can increase Soviet and Cuban military pressure on Oman or Saudi Arabia and could prove decisive unless matched by comparable air power provided by the United States. Again, since the United States has no air bases in that region, only an aircraft carrier could provide that valuable air power until the United States could establish an air base or be granted landing rights in Saudi Arabia or Oman.

Finally, the U.S. Navy now deploys 13 carrier task forces. I believe, as do many in the Navy, that this number is not sufficient to accomplish all of the requirements established for the Navy. A good example of how thinly the Navy is currently stretched is again the recent deployments into the Indian Ocean. In order for the Navy to send the *Constellation* or the *Midway* in the Indian Ocean, it had to draw down its force in the western Pacific. In wartime, this would not be desireable as the large Soviet Pacific fleet would be very active in both the Indian Ocean and the western Pacific, including the South China Sea where it would utilize the former American naval base at Cam Rahn Bay. In addition, any naval conflict in the NATO theater which results in high attrition rates would necessitate that additional carriers from the Pacific Fleet be rerouted to Europe. Under these circumstance, I believe the Navy should be deploying at least 16 carrier task forces.

ARGUMENT 2

The aircraft carrier is a symbol of power projection. Given the emphasis placed on the likelihood of a NATO war, should this mission remain a priority?

The answer to this is quite simply, "Yes." A brief review of World War II will show how important the carrier was to the American effort to break the back of the Japanese Imperial Navy and to the ground war in helping to clear many of the Pacific islands occupied by the Japanese. Many of these islands, captured with the help of sea-based airpower, later became staging bases for land-based air attacks on the Japanese mainland.

Aside from World War II, history will show that the aircraft carrier contributed heavily to operations against enemy forces in both Korea and Vietnam.

In a NATO confrontation, it is unlikely that U.S. aircraft carriers would be sent to conduct operations against targets within the borders of the Soviet Union. However, the Soviets are sure to seek control of several strategic areas in Norway, the Bosporus Straits and Aegean Sea, the Red Sea, Persian Gulf, and South China Sea. To match this, the United States must be prepared to go on the offensive and the carrier, with its long-range aircraft, is the only ship capable of meeting these threats.

ARGUMENT 3

The aircraft carrier is a high-value target and will be extremely vulnerable to Soviet submarines, antiship missiles and Backfire bombers. Why put "all our eggs in such large baskets?"

This argument has some merit because the Soviets have a vast array of effective long-range, antiship weapons. However, the same Soviet antiship missiles make all surface ships vulnerable. Should we accept this argument and stop building surface ships altogether? And if the carrier, with all its ability to defend itself as no other ship can, is considered so vulnerable, what about those oilers and ammunition ships which are much slower and cannot defend themselves? Should we cease construction of those as well?

The fact is, all ships are vulnerable. The Soviets know it, yet they are not only building more ships, but they are also building aircraft carriers. I think we have to ask ourselves why. Why do the Soviets feel they need aircraft carriers when they have such a modern and potent surface and subsurface fleet already? I believe it is because they have finally recognized the value of sea-based air power and its influence on the outcomes of any naval engagement. As a caveat to this, I would submit that the Soviets have watched the deterioration of our own carrier fleet and the reluctance of this Nation to build the best and most effective type of carrier and are now preparing to fill the vacuum of sea power being created by the decline of the U.S. Navy.

Mr. Chairman, I have outlined what I consider the main arguments against building any more carriers and why I feel those arguments cannot stand up to the historical evidences which have time and time again proven the value and need for the aircraft carrier. I would now like to turn my attention to why we need a nuclear carrier of the *Nimitz* class rather than the CVV proposed by the administration or the repeat *Kennedy*-class carrier cleared by the Senate as a compromise measure.

Basically, there are three considerations which lend support to the nuclear-powered carrier. These include the capabilities of the ship itself, the cost of the CVN with respect to the fiscal year 1980 defense budget, and the issue of fuel availability and cost for the CVV.

First, I would briefly like to deal with the most important element in this entire debate, the capability of the ships under consideration.

Last year, the Navy released its long-awaited sea-based platform study which addressed the issue of the carrier and its future. In that study, as well as in the testimony of the Secretary of the Navy and the Chief of Naval Operations, the nuclear-powered carrier was judged the best ship available to the Navy. Even those who oppose its procurement concede it to be the best ship.

I do not need to spend valuable time arguing the merits of the CVN. We have all been through this before, this House has repeatedly approved the CVN, and I do not believe anyone who has studied this issue can deny the facts which support the CVN as the most capable of all carriers. The following table compares the CVN and the CVV in certain critical areas.

Category	CVN[1]		CVV
Aviation payload (tons)	15,000		6,200
Air wing size	89–94		50–64
Catapults	4		2
Aircraft elevators	4		2
Aircraft ammunition (ratio)	2	to	1
Aircraft fuel (ratio)	2.8	to	1
Propulsion power (ratio)	2	to	1
Propulsion endurance	[2] 13		[3] 3–4

[1] Statistics for a repeat *Kennedy*-class carrier are similar to the CVN with the exception of propulsion endurance which is basically the same as the CVV.

[2] Years.

[3] Days.

At this point, I would like to briefly address two factors which I feel must be given consideration. Those are: Crisis response time and vulnerability.

With respect to response time, consider the fact that it took 13 days for the oil-fired aircraft carriers to arrive onstation in the Indian Ocean when the Iranian and Yemeni problems broke out. If either of these crises were significant threats to our national security, the 13-day transit time for our response may well have been too late. In 13 days, the Soviets with their bases in the Indian Ocean region, and with the help of their Cuban stooges already present in South Yemen and Ethiopia, could have launched an invasion of the Saudi Arabian oil fields. occupied the important country of Oman, and closed the straits of Hormuz to U.S. and allied oil tankers. A nuclear carrier could have made the transit in significantly less time and may have been able to prevent any disaster from occurring. Response time which will be critical in certain scenarios, definitely lies with the CVN rather than the CVV or any oil-fired warship.

With respect to vulnerability, I submit that the CVV is more fuel vulnerable than it would be missile vulnerable. The carrier, with its built-in defense systems, can successfully defend itself against the most likely Soviet threats, the submarine and the Backfire bomber with long-range, air-to-surface missiles. However, in the case of the oil-fired carrier, it is not the carrier itself that is vulnerable but the oiler ships which must accompany the carrier which is vulnerable. If the opposition can sink the oiler, which cannot defend itself, the carrier will really be in trouble.

Consider the recent Indian Ocean deployments of the *Constellation* and the *Midway*. It took each ship approximately 13 days to transit from the Subic Bay to the Indian Ocean. Along the way, the carriers were restricted to speeds of about 23 knots to allow the oilers and support ships to keep up with the task force. On at least four occasions, the carriers had to slow even more to receive fuel from the oilers. Each time a carrier would hook up to the oiler, it did become the sitting duck many claim carriers to be. A nuclear-powered ship without the constraint of having to refuel, avoids those moments when it presents itself as a fat target.

The second factor which supports the construction of the CVN deals with the important question of fuel availability.

My colleagues know full well that this Nation is in the midde of a fuel crisis. Gasoline lines, rocketing gasoline prices, and a Presidential call for energy belt-tightening should convince us all of the folly of ordering another oil-fired aircraft carrier. This House itself, over the past few months has turned its attention to providing alternatives to our dependence on foreign oil. We have seen all kinds of plans from the approval of gas rationing to passage of legislation which is designed to increase our future use of synthetic fuels, especially within the Department of Defense. Even others have suggested that we shift auto fuel efficiency research and development to NASA in order to speed up the acquisition of more fuel efficient automobiles. I ask my colleagues whether it is somewhat ridiculous to take all these measures and yet approve an oil-fired aircraft carrier.

Many of my colleagues argue that the $2.2 billion cost of the CVN is much too much to spend. Yet, included in that $2.2 billion cost is the fuel necessary to power the CVN for at least 13 years. The cost of the $1.6 billion CVV or the $1.7 billion CV do not include a 13-year supply of oil. Now, I realize that the Navy and the opponents of the CVN possess charts showing the 13 year expected fuel expenditure of the CVV. And, if the right figures are used, it can be shown how the life-cycle cost of the CVV will always come out lower than the CVN. However, I am sure that when the administration put these figures together last year to support the cost of the CVV, they had no idea that the price of oil would jump from $13 per barrel to $22 per barrel in 1 year. Therefore, it is critical that the cost of the oil for the CVV be based on likely prices of oil in 1990 and the year 2000 rather than on what oil cost today. I submit that if that true figure is calculated, the life-cycle costs of the CVV will come closer to the CVN. In that case, it is much better to build the better ship.

Life-cycle costs are based on the normal operation of a ship. But let us review the recent Indian Ocean deployments as a case where the normal routine of a task force is altered rather dramatically.

According to the Navy, the round trip from the Subic Bay in the Philippines to the northern Indian Ocean is about 4,500 nautical miles. The cost of the round trip transit portion of the *Constellation* and *Midway* deployments was approximately $1,509,000 for each ship. A total of $3,018,000. I remind my colleagues that this cost was for the transit portion of the deployment and does not include the fuel expended for the carriers while on station in the Indian Ocean or for the fuel needed by the escort ships which accompanied the carriers.

Now if we break that single-ship cost of fuel into its components, we will see some interesting statistics. For instance, by dividing the transit cost of one carrier deployment by the distance traveled, we can see that the Navy was spending about $335 for each mile traveled. Now if we assume that the Navy was burning oil it purchased at bargain-basement prices, say $0.70 per gallon, we might conclude that the carrier was burning about 478 gallons per mile. I dare say my colleagues can recognize the terrible fuel efficiency of the oil-fired carrier.

In fact, just to send one oil-burning carrier to the Indian Ocean from the Subic Bay, and not even from the west coast of the United States, the Navy consumed 2,160,000 gallons of oil. That figure represents an expenditure of 45,000 barrels of oil in 13 days. Think what our States could do with respect to gasoline lines and home heating oil shortages if they could split 2,160,000 gallons of gasoline over a 13-day period.

Mr. Chairman, at a time when this Nation, and this House, are trying to come to grips with the energy crisis, I feel one place where a positive impact can be made is by building more nuclear-powered ships like the CVN rather than by constructing inferior gas guzzlers like the CVV or CV.

Finally, Mr. Chairman, there is the question of cost with respect to the CVN and the fiscal year 1980 Defense budget. As you recall, last year the Congress added $2.2 billion to the Defense bill for the CVN. The President, claiming that the cost of the carrier would prevent the expenditure of funds on other more critically needed items, vetoed the bill. This year, however, the administration has requested $1.6 billion for the inferior CVV. The Armed Services Committee realizing the extra benefits gained by the CVN added an additional $500 million for the CVN.

The issue before us is no longer $2.2 billion for a carrier but $500 million for a carrier. I believe that since the President has requested at least a $1.6 billion carrier, which we know is inferior, the additional $500 million should be considered a bargain for the type of ship we really need. Besides, now that the Congress has authorized four Iranian destroyers for the fiscal year 1979 supplemental budget, the $750 million earmarked in this bill for two Iranian destroyers can be deleted. Thus, the committee can, by deleting the $750 million, buy the nuclear carrier and still save $250 million in the fiscal year 1980 budget.

Mr. Chairman, one final note. Some have suggested that the inclusion of a nuclear carrier would almost assuredly be "veto bait." I happen to disagree with this assessment. For one, I cannot see how the President or this Congress can call for control of our oil appetites and then turn around and build a gas guzzler like the CVV. And, second, I really cannot see how a President so concerned about his present image could risk tarnishing it any more by vetoing a defense bill right in the middle of the SALT debate and knowing full well the attitude of the American people with respect to the Soviet/American military balance of power. I believe any veto of this defense bill will be a disaster for the President's SALT agreement.

In sum, the CVN is the best ship for the Navy. It is cost effective and fuel efficient and provides the kind of military power this Nation needs to protect its interests abroad. I urge my colleagues to support the committee and the CVN.

□ 1310

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this would be a false economy, if there ever was one, and it would further erode the future power of the U.S. Navy which might already be incapable of carrying out certain missions it might be called upon to perform.

The edge in military capability of the nuclear carrier, which could mean the difference between winning and losing in combat, is not always susceptible to precise cost effectiveness comparisons.

The committee considered as an option, procurement of a CV–71, repeat *Kennedy*-class aircraft carrier, an oil-fired ship of about 80,000 tons. That ship has nearly all the characteristics of the *Nimitz* class except for nuclear propulsion. It is estimated cost in fiscal year 1980 dollars is $1,815 million, only $279 million less than the CVN. The CV–71 is, according to Navy testimony, an acceptable compromise. It is a fine ship.

Why then, in the face of national budget constraints, did the committee opt for the CVN–71 at a procurement cost of $2,094 million?

Some brief answers are:

First. The advantages of nuclear power are of inestimable strategic and tactical value in wartime.

Second. There is a significant increase in aircraft fuel capacity in the CVN since conventional fuel oil space can be used for aviation fuel—a factor that markedly increases air combat sustainability between replenishment operations.

Third. The nuclear carrier is more independent of its logistics train. In other words, the nuclear ship is capable of more sustained operations and has the unique capability to retire to relatively safe replenishment areas without concern over propulsion fuel.

Fourth. The life-cycle costs for the *Kennedy* or *Nimitz* carriers with their associated air wings are nearly even, favoring the *Kennedy* by about 1 percent.

For these fundamental reasons, particularly the last, the committee chose the *Nimitz* over the *Kennedy* class carrier at a front-end cost differential of $279 million.

Mr. RITTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to associate myself with the remarks of my very eloquent colleague, the gentleman from Maine (Mr. EMERY) in putting this nuclear versus oil-powered carrier in context with our present shortage of oil.

In addition, I would like to reflect on what I have heard on the floor of this House during this debate. I happen not to be on this committee, but I am interested in how this body deals with the subject of "technology." It has been said—and I hear it so often said—in this body—"Let us not go forward today. Tomorrow the very latest technology will be available." Or, "Tomorrow we can do it better." Or, "There is a better technology waiting on the horizon."

It reminds me of a thirsty man crossing a desert, and he comes across a little pool of water. It is there; it is drinkable. It will save him from the ravages of the becoming very, very thirsty, perhaps even fatal thirst. And he passes it up because on the horizon there is this beautiful, glistening pool water. It looks a lot better. There is a lot more. So he leaves the quenching of his thirst to some future day. Then he moves on and he goes miles and miles, and stumbles on yet another small pool. It is drinkable, it is there, but instead of quenching his increasing thirst, he looks out, see's again on the horizon the beautiful, large, and glistening pool and moves on. The man died of thirst and obviously the glistening pool was a mirage.

It is the same with the "new technology" that tomorrow will be superior to the nuclear carrier; V/STOL aircraft, cruise-missile-firing ships, electronic naval war strategies of the future, and so forth. However, they too are still on the horizon. In passing up presently available, buildable, pragmatic technology we end up doing nothing. And by doing nothing, we take the greatest of risks.

This debate is also reminiscent of the kind of argument you hear on the floor of this House regarding energy. Many in this body are reluctant to go ahead with energy potential that is here today, that is available now. They say that out there is a wonderful new, perfectly clean technology from which we are going to get umpteen quadrillion Btu's if we only just hold off, and wait. It is like the mirage. Tomorrow only brings new tomorrows and we suffer then for not acting today.

Mr. Chairman, I say, for the health and for the well-being of a Nation faced with increasing Soviet pressure in potential limited-scale war theaters all over this globe, we need an airbase that we can move around as quick as possible, without having to refuel, and one that is not dependent on some country saying to us, "No, you can't land here."

The fact is, listening to these arguments, the nuclear-powered ship is so vastly superior to this oil guzzler that there should not be any doubt in the minds of the Members of this House as to how to vote on the amendment before us.

Mr. Chairman, I urge my colleagues to reject this amendment.

Mr. BENNETT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I thought I would wait to the last to make some remarks. The debate has been a very fine debate. It has brought out a lot of good points. I am not going to try to bring any degree of statistics before the Members. They have already had them presented.

As I listened to the debate, it seems to me that it is rather clear that the cost of these two types of carriers is essentially the same, with the possibility of a few millions of dollars more for the nuclear carrier over all the life cycle; or the possibility of the *Kennedy* class, the nonnuclear carrier, being infinitely more expensive, perhaps by hundreds of millions of dollars, depending upon how much oil goes up.

So you have a chance of maybe spending a little bit more, a few million, not billions, but a few million more for a nuclear carrier in the lifespan, or you have a chance of spendng hundreds of millions of dollars more for our inferior carrier if the oil situation gets as bad as most of us think that it probably will.

So you can just wipe all that out and say the cost is about the same.

Then there is no evidence at all supporting having the nonnuclear carrier over the nuclear carrier from the standpoint of combat utility. All of the military authorities, both abroad and in this country, everybody who has studied this question, says that the nuclear carrier is infinitely more valuable as a method of winning a conventional war and can thereby limit the probability of having a nuclear war, because we might be able to win a nonnuclear war. So it has its thrust against presenting a nuclear war. It has a great possibility of winning in anything it enters into.

I might address one matter that was brought up about whether or not you have to buy up all of these cruisers with it. In view of the fact that comments like that were made a year or so ago when the veto was up, I interrogated the CNO. I do not have his language before me now, but my memory is, in the reply I got back, there was no requirement for three cruisers or destroyers to be with these carriers which are able military ships by themselves.

□ 1320

First of all, I repeat that the cost of this nuclear carrier is not greatly in excess of the nonnuclear carrier. As a matter of fact, it may be much, much cheaper than the oil-burning carrier, over the life cycle.

Second, the military value of the carrier is infinitely greater. It is a qualitative jump of great magnitude.

The final thing I would like to say to everybody here, it seems to me in 1979, this is a thrust we can make for our national will, a declaration of a will to be strong and to prevent, if we can, wars and prevent, if we possibly can, nuclear wars by being sufficiently strong.

Mr. Chairman, I urge very much this amendment, before us at this moment, be defeated.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. FAZIO) as a substitute for the committee amendment, as amended.

The question was taken, and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. FAZIO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 96, noes 309, not voting 29, as follows:

[Roll No. 465]

AYES—96

Aspin
AuCoin
Baldus
Bedell
Beilenson
Bingham
Bolling
Bonior
Brademas
Broomfield
Brown, Calif.
Burlison
Burton, John
Burton, Phillip
Cavanaugh
Clay
Cotter
Daschle
Dodd
Donnelly
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Erlenborn
Fascell
Fazio
Fenwick
Ferraro
Fithian
Florio
Forsythe
Frost
Garcia
Gephardt
Giaimo
Gray
Guarini
Hall, Ohio
Hamilton
Hawkins
Holtzman
Jacobs
Kastenmeier
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lowry
Lundine
Maguire
Markey
Marks
Matsui
Mavroules
Mikulski
Miller, Calif.
Mineta
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Pickle
Rahall
Rangel
Ratchford
Richmond
Rodino
Sabo
Schroeder
Seiberling
Shannon
Sharp
Simon
Solarz
Spellman
Stokes
Studds
Thompson
Udall
Vento
Walgren
Weaver
Weiss
Williams, Mont.
Wirth
Wolpe
Young, Mo.

NOES—309

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Ashley
Atkinson
Badham
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Boggs
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Brown, Ohio
Broyhill
Buchanan
Burgener
Butler
Byron
Campbell
Carney
Carr
Chappell
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Devine
Dickinson
Dicks
Diggs
Dingell
Dornan
Dougherty
Downey
Duncan, Oreg.
Duncan, Tenn.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Findley
Fish
Fisher
Flippo
Ford, Mich
Ford, Tenn.
Fountain
Fowler
Frenzel
Fuqua
Gaydos
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Hughes
Hyde
Ichord
Ireland
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lujan
Luken
Lungren
McCloskey
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Marlenee
Marriott
Martin
Mathis
Mattox
Mazzoli
Mica
Michel
Mikva
Miller, Ohio
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
O'Brien
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Price
Pritchard
Pursell
Quayle
Quillen
Railsback
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Roth
Rousselot
Royer
Rudd
Runnels
Russo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stratton
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Traxler
Trible
Ullman
Vanik
Volkmer
Walker
Wampler
Watkins
Waxman
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Zablocki
Zeferetti

NOT VOTING—29

Anderson, Ill.
Applegate
Carter
Conyers
Crane, Philip
de la Garza
Derwinski
Dixon
Edwards, Ala.
Flood
Foley
Goodling
Huckaby
Hutto
Jones, N.C.
Lott
McClory
Pepper
Preyer
Rosenthal
Rostenkowski
Roybal
Stark
Treen
Van Deerlin
Vander Jagt
Winn
Wolff
Young, Alaska

□ 1330

Mr. STOKES changed his vote from "no" to "aye."

Mr. GLICKMAN and Mr. RUSSO changed their votes from "aye" to "no."

So the amendment offered as a substitute for the committee amendment, as amended, was rejected.

The result of the vote was announced as above recorded.

□ 1340

AMENDMENT OFFERED BY MR. DELLUMS AS A SUBSTITUTE FOR THE COMMITTEE AMENDMENT, AS AMENDED

Mr. DELLUMS. Mr. Chairman, I offer an amendment as a substitute for the committee amendment, as amended.

The Clerk read as follows:

Amendment offered by Mr. DELLUMS as a substitute for the committee amendment, as amended: Page 3, line 2, strike out "$7,515,500,000" and insert in lieu thereof "$4,696,400,000".

Mr. DELLUMS. Mr. Chairman, we have heard a long and extended debate with respect to the question of whether we shall or shall not have a nuclear-powered aircraft carrier or a nonnuclear-powered aircraft carrier. I will not try to prolong that debate, but let me try to set the parameters of where we are.

First of all, for those Members who were not here on the flow participating in the debate, the President in his fiscal year 1980 budget presented to the United States Congress asked for a CVV, which is the nomenclature for a small aircraft carrier. The Armed Service Committee in its deliberations chose to strike the small aircraft carrier and insert in lieu thereof a nuclear aircraft carrier, a very large one. A few moments ago, Members just had a vote on an amendment offered by my distinguished colleague from California (Mr. FAZIO), who attempted to substitute a large nonnuclear carrier for the large nuclear carrier that was in the bill. That amendment did not succeed, and so where we are at this moment is back to the original version of the bill, and that is with a large nuclear aircraft carrier.

I know that most of my colleagues would like very much to be able to vote up or down on whether we ought to have a carrier at all. What this amendment does, simply, is strike the nuclear carrier, period, from this bill. So, those who want to vote against the nuclear carrier will have an opportunity to do it.

To quickly summarize I am suggesting, first, that super carriers, whether nuclear or nonnuclear, are an aspect of yesterday's war; and second, that to suggest that we are only spending $2.1 billion to construct a nuclear aircraft carrier really belies the reality of the economics of modern warfare. I laid out in an earlier presentation how we are not simply talking about the $2.1 billion, but over the 35-year life span of a nuclear aircraft carrier we are committing the American people to a figure of $38.6 billion, because for each carrier force to float on the high seas we need two in backup—one in reserve and one in overhaul, which means that we are talking about over a hundred million dollars' expenditure commitment on the part of the American people over the next 35 years.

I would conclude simply by suggesting to those Members who want a straight up-or-down vote on knocking the nuclear carrier out, that this is an opportunity to do so. I offer this amendment to provide Members that opportunity. I do not think we need these super carriers.

Mr. PRICE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Committee has just had the opportunity to do what the gentleman suggests the House have the right to do. The Committee has just expressed its will. I ask the Members to confirm that expression by rejecting the amendment now before us.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. DELLUMS) as a substitute for the committee amendment, as amended.

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. DELLUMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 112, noes 286, not voting 36, as follows:

[Roll No. 466]

AYES—112

Addabbo
Aspin
AuCoin
Baldus
Barnes
Bedell
Beilenson
Bingham
Blanchard
Boland
Bolling
Bonior
Bonker
Brodhead
Brown, Calif.
Burton, John
Burton, Phillip
Carr

Cavanaugh
Chisholm
Clay
Collins, Ill.
Conable
Conte
Daschle
Dellums
Dingell
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Erdahl
Fascell
Fenwick
Fithian
Ford, Mich.
Ford, Tenn.
Frenzel
Garcia
Gephardt
Glickman
Gray
Green
Hall, Ohio
Harkin
Heckler
Holtzman
Jacobs
Johnson, Colo.
Kastenmeier
Kildee
Kogovsek
Kostmayer
Leach, Iowa
Lehman
Leland
Lowry
Lundine
McEwen
McHugh
Maguire
Markey
Matsui
Mikva
Miller, Calif.
Mineta
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Nedzi
Nolan
Oakar
Oberstar
Obey
Ottinger
Panetta
Paul
Pease
Petri
Pritchard
Rahall
Rangel
Ratchford
Richmond
Rodino
Russo
Sabo
Schroeder
Seiberling
Sensenbrenner
Shannon
Simon
Smith, Iowa
Solarz
Stokes
Studds
Thompson
Udall
Vanik
Vento
Volkmer
Walgren
Weaver
Weiss
Williams, Mont.
Wirth
Wolpe
Yates
Young, Mo.

NOES—286

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Ashley
Atkinson
Badham
Bafalis
Bailey
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Boggs
Boner
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Chappell
Cheney
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Tex.
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Davis, Mich.
Davis, S.C.
Deckard
Derrick
Devine
Dickinson
Dicks
Dodd
Donnelly
Dornan
Dougherty
Downey
Duncan, Tenn.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fazio
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Fountain
Fowler
Frost
Fuqua
Gaydos
Gibbons
Gilman
Gingrich
Ginn
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harris
Harsha
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Hughes
Hyde
Ichord
Ireland
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kramer
LaFalce
Lagomarsino
Latta
Leach, La.
Leath, Tex.
Lederer
Lee
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lujan
Luken
Lungren
McCloskey
McCormack
McDade
McDonald
McKay
McKinney
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Ohio
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nichols
Nowak
O'Brien
Pashayan
Patten
Patterson
Perkins
Peyser
Pickle
Price
Pursell
Quillen
Railsback
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Rostenkowski
Roth
Rousselot
Royer
Rudd
Runnels
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Sharp
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stratton
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Traxler
Trible
Ullman
Walker
Wampler
Watkins
Waxman
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wright
Wyatt
Wydler
Wylie
Yatron
Young, Fla.
Zablocki
Zeferetti

NOT VOTING—36

Anderson, Ill.
Applegate
Carter
Conyers
Crane, Philip
de la Garza
Derwinski
Diggs
Dixon
Edwards, Ala.
Flood
Foley
Forsythe
Giaimo
Goodling
Huckaby
Hutto
Jones, N.C.
Lott
McClory
Murphy, Ill.
Pepper
Preyer
Quayle
Roe
Rose
Rosenthal
Roybal
Stark
Treen
Van Deerlin
Vander Jagt
Wilson, Tex.
Winn
Wolff
Young, Alaska

☐ 1400

The Clerk announced the following pairs:

On this vote:

Mr. Stark for, with Mr. Preyer against.

Mr. Dixon for, with Mr. Murphy of Illinois against.

Mr. Diggs for, with Mr. Hutto against.

Mr. Conyers for, with Mr. Pepper against.

Mrs. COLLINS of Illinois and Mr. PETRI changed their votes from "no" to "aye."

So the amendment offered as a substitute for the committee amendment, as amended, was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. CHARLES H. WILSON OF CALIFORNIA

Mr. CHARLES H. WILSON of California. Mr. Chairman I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CHARLES H. WILSON of California: Page 2, line 14, strike out "$7,816,190,000" and insert in lieu thereof "$7,473,990,000".

Page 4, strike out lines 5 through 11 and insert in lieu thereof the following:

SEC. 103. The Secretary of Defense shall provide to the Congress at the earliest practicable date, and not later than the end of the 120-day period beginning on the date of the enactment of this Act, a report on—

Mr. CHARLES H. WILSON of California. Mr. Chairman, I rise to speak in support of, and to urge adoption of the amendment I have just offered. Simply put, the amendment deletes $342.2 million in procurement authorization for modifications to the B-52 aircraft. The amendment further requires that the modification program be restructured, so that the costs of the B-52 modification program can be more carefully monitored and controlled.

My purpose in offering this amendment is to bring the attention of this body, and to debate and examine, a $14 to $20 billion program which will only questionably enhance the capability of the B-52 aircraft.

At the same time, I would like to make it clear that this amendment will not restrict, hinder, or slow the development and deployment of the cruise missile. In fact my amendment allows the authorization of $79.7 million for production of cruise missile integration equipment.

Some may argue against my amendment, and claim that my motive is to "kill the B-52 so as to revive the B-1."

This is simply not true.

When the Carter administration decided not to proceed with the B-1, they announced a program to accelerate the development of cruise missiles. Under their plan, when operational, the cruise missiles would be carried by B-52 bombers until a cruise missile carrier was available.

While I disagreed with that decision, I am a realist, and have accepted the judgment of the Congress. The B-1 is dead.

Now, I am trying to make the B-52 cruise missile system work as cost efficiently as is possible.

My amendment in no way affects the development or testing of the cruise missile. As a matter of fact, three B-52 aircraft, modified to carry cruise missiles, have been operational at Edwards Air Force Base since early May.

I accept the need for cruise missiles to be carried by the B-52 in the short term; for the next 5 to 7 years. However, I believe that the Congress must now decide whether it wants to commit itself to spend billions of dollars on other, future modifications to the B-52. Modifications which are not necessary for deploying the cruise missile.

Earlier this year, Lt. Gen. Thomas Stafford, the Air Force Vice Chief of Staff, told the Armed Services Committee that the cost of modernizing and modifying the B-52 G and H aircraft, for a mixture of cruise missile launchers and penetrating bombers, would cost $14 billion during the next decade.

I believe that the $14 billion figure used by General Stafford is an extremely conservative estimate. The $14 billion estimate, while in itself excessive represents only those costs which the Air Force classifies as "programed or probable."

As presently planned, the B-52 modification program includes not only a program for cruise missile integration, which is the development and production of the hardware which launches the cruise missile from the B-52; the MOD program also includes a complete avionics overhaul, new electronic counter measures, and a "life extension package" including $3.1 billion for new engines.

Alone, phase 1 of the cruise missile integration package is budgeted at $1.07 billion. Although this represents an increase from the administration's original estimate that the cruise missile integration package would cost $440 million, standing alone, the cruise missile integraton package appears reasonable. Yet, when all MOD costs are calculated, they will total $14 to $20 billion.

This is where I believe the Congress must draw the line. Let us take the time to get the facts, and more carefully determine whether these modifications are necessary and whether they justify the billions of dollars involved. I believe the Congress must add all the costs up, and let the taxpayers know what they will be getting for their dollars.

Will these multibillion-dollar modifications maintain or enhance the capability of the B-52 aircraft? The experts say no.

In January of 1966, then Air Force Secretary Harold Brown testified that it was not "desirable" to extend the life of the B-52 G and H aircraft beyond 1975.

Before the Budget Committee in late February, Chairman of the Joint Chiefs of Staff, Gen. David Jones, expressed his concern that the B-52's will not maintain their capabilities through the 1980's.

Earlier this year, and most recently during testimony on the SALT II treaty, Gen. Richard Ellis, Commander of the Strategic Air Command, recommended that the Air Force "discontinue B-52 modifications." In his recommendation, General Ellis stated that—

> "Based on the Soviet defensive environment projected for the late 1980's it will be extremely expensive—perhaps prohibitively so—to modify the B-52 sufficiently to provide it with a reasonable penetraiton capability beyond the late 1980's.

Further, General Ellis has urged the Air Force and the Congress to "face the reality that an aircraft which represents aviation technology of the 1940's and 1950's cannot compete with the technical advances that will be inherent in the defensive systems of the Soviet Union" by the end of the 1980's.

I hope the House will join with me in requiring that all the fine print in the contract be read before we sign a blank check for billions of dollars in questionable and unnecessary modifications to the B-52.

By adopting the Wilson amendment, the House will authorize those B-52/cruise missile mods which are essential to our national defense. However, we must delete and delay, until the Air Force restructures them into a total package, other requested modifications involving life extension and penetration effectiveness.

At a minimum, we should be able to afford the time to stop and consider the ramifications of the modifications, and the magnitude of their expense.

Mr. CARR. Mr. Chairman, will the gentleman yield?

Mr. CHARLES H. WILSON of California. I yield to the gentleman from Michigan.

Mr. CARR. Mr. Chairman, I recall that in the full committee the gentleman sought to amend the bill with a similar amendment which at that time I opposed. It is now my understanding, however, that this amendment differs from that amendment in that the modifications required to the B-52 to carry the cruise missile, including cruise missile avionics, including what are known as FRODS—that is functionally related observable differences—for the purpose of SALT verification, will not be hindered by this gentleman's amendment and that his amendment only drops those modifications that go to essentially the penetration and some update rolls.

Mr. CHARLES H. WILSON of California. That is exactly right.

Mr. Chairman, I had an original amendment which was adopted in the Subcommittee on Procurement which was for $431 million. I have eliminated the $79.7 million which is for the actual integration, the carriage for the cruise missile and which is to carry out the integration work for the B-52 to carry the cruise missile and do the mission for which the President said he wanted it to be used for. The $10 million takes care of the functionally related observable differences that must be added to the tail or some part of the B-52 so that it can be identified as a cruise missile carrier.

Mr. CARR. I thank the gentleman for his explanation and clarification. We have learned that these modification accounts are frequently used as slush funds for the military services to have money to reprogram and to have the extra money that they cannot get through the Congress and our committee and the Subcommittee on Defense of the Committee on Appropriations. I think the gentleman in offering this amendment is offering a real service to the House for which I commend him.

Mr. Chairman, I urge the House to support the Wilson amendment which is before us at this time.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I appreciate the support of the gentleman. I think this gives us an opportunity to reduce a significant amount from the budget that is not required and is not necessary. The President has made the decision that the cruise missile carrier replace the B-1, the penetrating bomber.

I recognize that the Air Force would like to put all of this extra money into modifying the B-52 so that they can update it as a penetrator, but its function is strictly for cruise missile carrying until such time as a more modern aircraft would be created and produced that will take us beyond the 1980's. What we now ask for will do the job, will take us through the 1980's and get started on the program of doing the integrations required.

Mr. Chairman, I know the gentleman from Missouri (Mr. ICHORD) has reservations and possibly is opposed to the amendment. He is introducing an amendment which I intend to support in the next title of the bill.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. CHARLES H. WILSON of California was allowed to proceed for 2 additional minutes.)

Mr. CHARLES H. WILSON of California. The amendment which the gentleman from Missouri (Mr. ICHORD) will be introducing I think is a good amendment which I shall support. I believe the gentleman from Michigan (Mr. CARR) will also support the amendment. It is one that will beef up the testing program and will assure that every possible plane that anyone has talked about will be considered in the eventual decision on the cruise missile carrier.

□ 1410

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. CHARLES H. WILSON of California. I would be happy to yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I appreciate the gentleman stating that he is going to support my amendment in regard to the cruise missile carrier. I do not want the gentleman wrong on both counts. I am glad that the gentleman at least is going to be right 50 percent of the time.

My problem is, though, I would state to the gentleman from California, I do not understand what the gentleman is doing here in the House. The gentleman has jumped around with his figures. At one time in the committee the gentleman was defeated on a $431.9 million cut; is that right?

Mr. CHARLES H. WILSON of California. Yes.

Mr. ICHORD. Now the gentleman is cutting it down to $342.2 million, but the gentleman is leaving in, as the gentleman from Michigan pointed out, and I cannot understand the alliance there, the gentleman is leaving $10 million in for FROD. If there is anything that I think is rather silly about this whole program, that is it. I would support the gentleman on the elimination of the $10 million for FROD.

Mr. CHARLES H. WILSON of California. Well, apparently this is something that is going to be required according to SALT in order that cruise missile carriers can be identified as such. Both sides are supposed to be playing the same game.

Mr. ICHORD. That may be true, but I think that part of SALT is absolutely silly. We might as well paint FRODS on the tail of the airplane.

Mr. CHARLES H. WILSON of California. Well, I think SALT is rather silly, but we are going through some exercises and there are some things that we are doing the best to comply with that we possibly can. The gentleman and myself have identical feelings as far as SALT is concerned.

Mr. ICHORD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I sympathize a great deal with the gentleman from California. I, too, was a great supporter of the B-1 bomber. I think we made a tremendous mistake in eliminating the B-1 bomber after spending almost $7 billion to bring that weapons system into being. I did think very strongly that we needed a manned penetrator and I still believe there is a need.

I cannot help but think that the gentleman from California, and I know how strong the gentleman was for the B–1 bomber, is really crying over spilled milk, and I will yield later to the gentleman from California. I cannot help thinking that. I say to the gentleman from California, the B–1 bomber is gone. The gentleman does not offer anything in place of the B–1 bomber and that is why I must reluctantly oppose the gentleman's amendment.

Now, the only thing we are going to have between now and the 1990 time frame is the B–52 as a cruise missile carrier. With all due respect, the gentleman has jumped around all over the lot with this amendment. In the committee, as I pointed out, the gentleman wanted to cut $342.2 million out for the avionics, which the gentleman is now cutting on the floor of the House, as well as $79.7 million for integrating the cruise missile into the B–52–G, and the gentleman also wanted to cut out $10 million for FRODS, which I happen to agree with. His amendment cut out $431.9 million in the committee.

I will yield in just a minute.

Now, the gentleman comes back and offers a $342.2 million cut with the hope, I suppose, of winning.

I cannot understand the alliance between the gentleman and the gentleman from Michigan (Mr. CARR).

Mr. CHARLES H. WILSON of California. Mr. Chairman, if the gentleman will yield, we have come to an understanding.

Mr. ICHORD. I will yield in just a minute.

Let me state to the gentleman from California that the avionics that has to be developed here is not only for the B–52–G, but also for the B–52–H.

Now, the B–52 is all we have. I agree with the gentleman from California. We should have had a B–1 bomber, but all we have as a possible penetrator today is the B–52.

I say to the gentleman from California, we just cannot continue to cry over spilled milk. All the gentleman is doing is perpetuating our stop, start and delay mentality. We have got to do something.

I think we should have proceeded with the B–1 also, but we cannot knock out our only alternative, which is the B–52.

For that reason, I would trust that the House would defeat the amendment of the gentleman from California.

I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I am sorry that the gentleman considers my amendment as a B–1 amendment. It is nothing of the kind. That is the furthest from the truth.

I recognize what has happened. I am realistic about it, but the President has decided that the cruise missile carrier will take the place of the penetrating bomber.

The avionics that is included in the $332 million that I am trying to have removed from this is new avionics to improve the G and H versions of the B–52 as penetrating bombers.

Mr. ICHORD. OK, let me ask the gentleman, can the gentleman identify to this House how much is for any avionics for the B–52–G, which is going to be the cruise missile carrier, and how much is for the B–52–H? The gentleman from California cannot, can he? The gentleman does not even know what this amendment is going to do.

Mr. CHARLES H. WILSON of California. Yes, I do. General Stafford told us that the eventual cost of the new avionics would be $14 billion. I have taken 50 percent of that and added to it and made it close to $20 billion.

Mr. ICHORD. That is not my question.

Mr. CHARLES H. WILSON of California. Because every figure that the Air Force comes up with, you can figure it is going to be 50 percent higher than what they tell you.

Mr. ICHORD. That is not my question. I did not bring this all about. This will have to be for the gentleman from Michigan (Mr. CARR), and those who are in opposition to the B–1 to explain.

My question to the gentleman from California is, how much avionics is the gentleman knocking out for the B–52–G and how much for the B–52–H? I did not hear it.

Mr. CHARLES H. WILSON of California. Three hundred forty-two million dollars is the amount of money that would be used.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. ICHORD) has expired.

(By unanimous consent, Mr. ICHORD was allowed to proceed for 2 additional minutes.)

Mr. ICHORD. How much is for the B–52–H and how much for the B–52–G?

Mr. CHARLES H. WILSON of California. I do not know how much is involved in the G and how much for the H.

Mr. ICHORD. That is my point, and for that reason, I must adamantly oppose the amendment.

Mr. CHARLES H. WILSON of California. But it is all money, though, that we should not commit ourselves to at this time, because we are going to be getting into a program that is so expensive for something that is not worth anything.

Mr. ICHORD. Mr. Chairman, let me state to the gentleman from California and the other Members, this is one of the places where the Congress is just as responsible as DOD and as OMB. We have got to make a decision. We made a decision on the B–1. I was opposed to our action of canceling the B–1 but we have got to go along with the B–52–G or H, like it or not. We have got to have something. We cannot continue to disarm this country and watch the capability of our potential adversaries increasing and ours going down.

Mr. Chairman, I ask that the amendment be defeated.

Mr. HILLIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I feel compelled to rise in very strong opposition to this amendment for a number of reasons. I find myself very much in agreement with the final conclusion of my colleague, the gentleman from Missouri (Mr. ICHORD) who just preceded me in the well.

A week ago last Tuesday I had the opportunity to visit the Boeing Co. at Wichita and spend a full day viewing various activities that are taking place there, one of which is the modification for the B–52.

Now, certainly none of us wants to spend another dollar in the defense of our country that is not necessary; but the B–52's, you see, have been chosen as the prime intermediate candidate to carry the cruise missile, that is the B–52–G. There are going to be 173 of them outfitted as cruise missile carriers. They have to begin to be prepared to operate in an environment of increasing hostility, hostility of electronics. The border of the air space which they must penetrate to get to the point to release their cruise missiles is going to become more and more under hostile radar surveillance.

☐ 1420

The thing we are considering here is a program to permit them to function in these intermediate years with B–52G's, 153 of them, as cruise missile carriers. There is no sense in building the pylons and modifying the bomb bays in the B–52 carrying cruise missiles on an airplane that cannot get any place. That is what we are talking about.

The genesis of this modification equipment is this: This equipment was developed by Boeing as part of the B–1 program. We are able to take advantage of the B–1 technology and update the 25-year-old technology—and that is what the B–52's have in their electronics, their navigation, and so forth—and it is going to have to be replaced. This definitely is necessary for the G's.

The 96 B–52H's are still considered to be penetrating bombers, and they absolutely have to have this equipment.

The language on page 4 of the bill, section 103, clearly denotes that if we go forward with this part of the program this year, with the $431 million, the Secretary of Defense is to provide a report back to us concerning the effectiveness of the B–52 as a cruise missile carrier, not only today but over the next decade, and also with the options that are available over the next decade to maintain its capacity as a penetrating bomber.

If we do not do this thing and take this action today, I think—and my colleague, the gentleman from Missouri (Mr. ICHORD), had it right—it is an action of unilateral disarmament. It is an act of sending our people out from SAC—and they are well trained, first-class pilots, probably the best trained aviators in the world today—in obsolete aircraft. That is the choice that is presented here.

So, Mr. Chairman, I do oppose the amendment.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I associate myself with the gentleman from Indiana's remarks.

I was out in the Boeing plant at Wichita when my friend from Indiana came to Kansas. I think the gentleman is absolutely correct on this subject, and I urge my colleagues to oppose the unwise amendment offered by the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, is the gentleman aware that General Ellis, the SAC commander, is opposed to any more modification of the B-52?

Mr. HILLIS. Mr. Chairman, I have not talked to General Ellis on this matter, but from the letter I saw here at the counsel's desk, I did not interpret it that way. I did not understand that he was opposed.

Mr. CHARLES H. WILSON of California. He testified that way before the Senate on the SALT hearings, and he is also on record as being opposed to it.

Mr. HILLIS. Mr. Chairman, let me say to my colleague that my purpose here is to point out that the B-52 is the only thing we have, and until we have something better—and that is not going to come along for 10 years—I think it is highly inappropriate to rely on technology that is some 20 years old when we can take advantage of the B-1 technology and the modern electronic defenses which are now available to us.

For that reason, Mr. Chairman, I have to oppose this amendment.

Mr. PRICE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I join the gentleman from Indiana (Mr. HILLIS) and the gentleman from Missouri (Mr. ICHORD) in opposition to this amendment.

The one thing to remember is that the B-52 is the only bomber we have, and there is not anything on the horizon for the next 10 years. In the meantime we have to keep the B-52 as effective as we possibly can.

I do not know of any other way to do that than to go along with the modification program that would be approved if we adopt the language in the bill and provide the amount of money in the bill for it.

Mr. Chairman, I urge the Committee to reject the amendment.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, just very briefly, let me state that I would like to associate myself with the remarks of the gentleman from Indiana (Mr. HILLIS), because I think he stated it very succinctly, and with the remarks of the gentleman from Missouri (Mr. ICHORD).

I have been to the Boeing plant and talked to the program manager. This was before the cancellation of the B-1, as a matter of fact. He was very proud of the B-52 at the time, and he told me they would be flying—and Boeing has said this—in the year 2000, with or without the B-1.

The B-1 is gone now. The B-1 has gone and the reason it is gone we are told, is that we are going to shift our emphasis and we are going to a cruise missile.

But what are we going to use for a cruise missile carrier? We have to decide what will be the platform that will carry the cruise missile. We do not know. There is money in here to develop a platform or to provide a study and a test and R. & D. to come up with the best solution for a cruise missile carrier. But in the meantime the only thing that we have that is viable and that will pose any threat at all and that can actually do the job is the B-52.

With the ever increasing sophistication in the electronic warfare field, it is necessary to equip whatever plane will carry the cruise missile or any conventional weapon for that matter, with the ability of getting closer to the launch point. That launch point, because of the electronic environment, is growing further and further away from the enemy lines.

We must have the capability, whether there is going to be an actual penetration or whether they are just going to be able to get closer to the launch point, to counter the electronic threat we see in the immediate future.

Besides that, this money not only provides for the penetration capability but it has to do with conventional weaponry, with bombing aids, with navigation and other things that will be needed even if we were not going to use cruise missiles.

So what is the alternative if we do not equip and upgrade the B-52? Do we use a Piper Cub? The only thing that could possibly be considered as an alternative would be the F-111, which has a much, much shorter range. The only way we are going to lengthen its range would be to build a stretch version. But in this we are getting into a multibillion-dollar item. A whole new development program.

So this is an interim step. It is a necessary step. We want to go into it in some detail in our Subcommittee on Research and Development. We see no alternative that would be preferable to this, since we have been denied what we thought would be the most effective aircraft, the B-1.

So, Mr. Chairman, I earnestly and very seriously urge the House to vote down this amendment and keep this money in here for the upgrading of the B-52's.

Mr. ASPIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to get the attention of the Members who have already spoken out on this amendment and get into a little bit of colloquy, because I am a little puzzled about the amendment and am still undecided as to how to vote.

There are three questions that I have. First of all, what are we striking out with this $342 million?

Second, if we do this, are we strengthening or weakening the case for the Air Force to come back at another time and want money for the resurrected B-1 or another penetrating bomber?

Third, do we need some penetration capability for a cruise missile carrier?

Let me start with the first question, if I may. The gentleman's amendment knocks out $342.2 million, as I understand it. In the little sheet here, the fact sheet or the handout from the Committee on Armed Services, it tells us what the $342 million is for, but the last sentence is this: "and to integrate electronically the ALCM capability on the B-52-G's."

I would have thought that was not what we wanted to be knocking out money for. There are two parts to this. The money in this part of the bill is: First, to improve penetration; and second, to make the B-52 into a cruise missile carrier. Apparently some of the money being taken out, some of the $342 million, is to go to this second purpose, to integrate electronically the ALCM capability on the B-52-G's.

I thought that we would not want to knock that out if we were interested in the cruise missile carrier.

Mr. Chairman, can either the author of the amendment or the gentleman from Michigan respond?

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, it is my understanding there has to be no improvement in the B-52 avionics system in order to carry the cruise missile. The cruise missile has its own guidance system. It does not rely upon anything that is in the B-52 to take it to whatever its mission is.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I would very strongly disagree with the gentleman from California (Mr. CHARLES H. WILSON). I think the gentleman from Wisconsin (Mr. ASPIN) will similarly agree that we have to have defense suppression avionics aboard a B-52 carrying cruise missiles. This is the reason why we need avionics modifications to the B-52-G, which will be the cruise-missile carrier, as the gentleman from Wisconsin points out.

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Mr. CARR. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Michigan.

Mr. CARR. Mr. Chairman, this was a point of some confusion prior to the offering of the amendment. Certainly money for the integration in any way of cruise missiles to the B-52 ought to remain in the bill.

In my colloquy with the gentleman from California, to enhance my understanding of his amendment, I thought I got an affirmative answer on that point. If perhaps the amendment as drawn did not do in fact what the gentleman intended, we ought to nail that down. But my position on the issue is that all modifications in whatever way related to cruise missiles, as distinguished from penetration, ought to be financed.

Mr. ASPIN. Is that the understanding of the gentleman from California?

Mr. CHARLES H. WILSON of California. That is the understanding I have, that money included in the $342 million does not involve anything involved in the integration.

My staff has been working directly with the staff of the gentleman from Missouri (Mr. Ichord) in trying to develop the facts on this matter, and we are depending on the expertise of the same people who are advising the committee on this.

I know there is some commitee opposition, some staff opposition in some areas to it, but I absolutely have no intention of striking anything that would be involved in the integration of the B-52 as a cruise missile carrier.

Mr. ASPIN. I think that answers the question. That is the intent of the author of the amendment.

Let me raise the second question, if I may, and again engage in a colloquy with the same three Members. That is this question about whether, if we knock out capability of the penetration of the B-52, does that resurrect the possibility that the Air Force will come in later either for money to resurrect the B-1 or some other penetration bomber?

The CHAIRMAN pro tempore. The time of the gentleman from Wisconsin (Mr. Aspin) has expired.

(By unanimous consent, Mr. Aspin was allowed to proceed for 3 additional minutes.)

Mr. CARR. If the gentleman will yield, my view is that, to some extent, it is a salvage operation on the part of B-1 proponents, and I would congratulate the gentleman from California, because it certainly is not he who is crying over spilled milk in this matter. What it is, however, is that an airplane can be defined in many ways. There is the airframe and there is the avionics. As the gentleman from Califcrnia said, the effort here is to try to put the B-1 avionics into the B-52 airframe.

We have made a decision, the President has made a decision and this House has supported it, that we are not going the penetration route. That is no longer our strategy and, therefore, any deployment of penetration capability is a waste of money.

Mr. CHARLES H. WILSON of California. Mr. Chairman, if the gentleman will yield, I will just add to that that this is a decision that was made by the administration. The Air Force supported them in their decision to drop the B-1 and to go with the cruise missile.

Mr. ASPIN. Is it the intention of the gentleman from California to push for the resurection of the B-1 or to push for the resurrection of a penetrating bomber sometime in the future?

Mr. CHARLES H. WILSON of California. No. It is my understanding that the B-1 will be a candidate for the cruise missile carrier when we determine who all will be the candidates for it. I would hope that the B-1 would have a good chance of becoming the carrier for that. I will certainly be honest about that. I think it would be the finest one that we could have. I cannot predict what I will do in the future at this time, but I am certainly not involved in anything to try to put together again a penetrating bomber.

Mr. ICHORD. Mr. Chairman, if the gentleman will yield, let me say to the gentleman from Wisconsin, first of all, that the gentleman from California, in regard to the B-52-G, stated he had been working with the staff of the Subcommittee on Research and Development, and that certainly is true. But I think there has been some misunderstanding. The staff has just reaffirmed to me that of this $342.2 million, part of it is for the purpose of integrating electronically the ALCM capability on the B-52-G. That was my great concern. I do not know how much is for the H and how much is for the G. The money for the H is to improve the penetrating capability of the B-52. I think it logically follows—and possibly the gentleman from Michigan, not being a member of the Subcommittee on Research and Development, as is the gentleman from Wisconsin—the gentleman from Wisconsin will remember that we deleted $5 million for a new manned penetrating bomber.

The CHAIRMAN pro tempore. The time of the gentleman from Wisconsin (Mr. Aspin) has again expired.

(On request of Mr. Ichord and by unanimous consent, Mr. Aspin was allowed to proceed for 2 additional minutes.)

Mr. ICHORD. Mr. Chairman, if the gentleman will yield further, if you delete this money to improve the penetrating capability of the B-52-H, then I think you are automatically driven toward the development of a new penetrating bomber, and I will candidly state to the gentleman from Wisconsin that I still think we need the penetrating bomber.

What we are trying to do is play general on the floor of the House, and this is no time to play general, I will say to the gentleman.

Mr. CHARLES H. WILSON of California. Mr. Chairman, if the gentleman will yield, may I say that I have honestly tried to present this program in a way that would do what I hoped to do with it. Apparently there is an honest difference of opinion and confusion over these figures. I would hope that the committee will keep a close observation on the development of the B-52 modification program. I know they will do that anyway, without my asking for their assurance.

Mr. Chairman, because of this confusion that has come up, I ask unanimous consent that my amendment be withdrawn.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN pro tempore. Are there further amendments to title I? If not, the Clerk will read title II.

The Clerk read as follows:

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Sec. 201. Funds are hereby authorized to be appropriated for fiscal year 1980 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army $2,757,322,000, of which $3,000,000 is authorized only for the performance and completion of a feasibility demonstration of launching Heliborne Missiles (HELLFIRE), from UH-60 helicopters.

For the Navy (including the Marine Corps), $4,569,544,000, of which (1) $180,000,000 is authorized only for the full-scale engineering development of the Marine Corps Harrier AV8-B aircraft, (2) $100,000,000 is authorized only for the continued research, development, test, and evaluation of the 3,000-ton prototype Surface Effect Ship (SES), (3) $32,000,000 is authorized only for the pilot production, shipboard installation, test, and evaluation of the MK-71 Major Caliber Lightweight Gun, (4) $30,844,000 is authorized only for joint Navy/Air Force full-scale engineering development of the Air-to-Ground Standoff Missile system which is to be available for production on or before December 31, 1984, and (5) $13,197,000 is authorized only for joint Navy/Air Force development of a common electronic self-protection system for integration into, but not limited to, the Navy F-18 and Air Force F-16 aircraft.

For the Air Force, $4,940,265,000, of which (1) $670,000,000 is authorized only for the concurrent full-scale engineering development of the missile basing mode known as the Multiple Protective Structures (MPS) system and the MX missile, as provided in section 202 of this Act, and (2) $30,000,000 is authorized only for the research, development, test, and evaluation required for competitive flight demonstration of the Strategic Weapons Launcher and the Advanced Medium STOL Transport (AMST) aircraft in order to establish the utility of these aircraft as cruise missile carriers.

For the Defense Agencies, $1,106,618,000, of which $42,500,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

BASING MODE FOR THE MX MISSILE

Sec. 202. (a) It is the sense of the Congress that maintaining a survivable land-based intercontinental ballistic missile system is vital to the security of the United States and that development of a new basing mode for land-based intercontinental ballistic missiles is necessary to assure the survivability of the land-based system. To this end, the development of the MX missile, together with a new basing mode for such missile, should proceed so as to achieve Initial Operational Capability for both such missile and such basing mode at the earliest practicable date.

(b) In accordance with the sense of Congress expressed in subsection (a), the Secretary of Defense shall proceed immediately with full-scale engineering development of the missile basing mode known as the Multiple Protective Structures (MPS) system concurrently with full-scale engineering development of the MX missile, unless and until the Secretary of Defense certifies to the Congress that an alternative basing mode is militarily or technologically superior to, and is more cost effective than, the MPS system or the President informs the Congress that in his view the MPS system is not consistent with United States national security interests.

(c) Nothing in this section shall be construed to prohibit or restrict the study of alternative basing modes for land-based intercontinental ballistic missiles.

(d) The Secretary of Defense shall submit to the Congress in writing, not later than

March 1, 1980, a report evaluating in detail the ability of the Multiple Protective Structures (MPS) system to survive foreseeable attempts by the Soviet Union to neutralize such system.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AMENDMENT OFFERED BY MR. ICHORD

Mr. ICHORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ICHORD: Page 8 line 10 of section 201, delete the following:

"(2) $30,000,000 is authorized only for the research, development, test, and evaluation required for competitive flight demonstration of the Strategic Weapons Launcher and the Advanced Medium STOL Transport (AMST) aircraft in order to establish the utility of these aircraft as cruise missile carriers." and insert in lieu thereof the following:

"(2) $30,000,000 is authorized only for the research, development, test, and evaluation required for competitive hardware demonstration of the Strategic Weapons Launcher and a derivative of a military and/or commercial medium or intermediate-sized aircraft in order to establish the utility of these aircraft as cruise missile carriers not later than September 30, 1981.

Mr. ICHORD. Mr. Chairman, the amendment I offer modifies the cruise missile carrier language proposed by the Armed Services Committee by substituting commercial and/or military medium or intermediate-sized aircraft as opposed to only the advanced medium STOL aircraft to compete against the strategic weapons launcher in order to establish the feasibility of these aircraft as cruise missile carriers.

At the time the language was proposed by the committee, the Department of Defense had not yet completed its analytical studies concerning the relative cost and performance effectiveness of various aircraft including the strategic weapons launcher, the AMST and commercially available aircraft such as the Boeing 707, the Lockheed L-1011, among others. The preliminary findings of these studies are that the strategic weapons launcher and medium-sized derivative of a military and/or commercially available aircraft are the most likely candidates to meet our cruise missile carrier requirements.

The subject of cruise missile carrier aircraft has been under study by the Department of Defense for over 2 years. One purpose of this amendment is to bring these costly analytical studies to a close and initiate a competitive hardware demonstration program to be completed by September 30, 1981.

The amendment requires that at least $30 million be made available for this competition.

Mr. CARR. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Michigan, who I know does have a great interest in this subject.

□ 1440

Mr. CARR. I thank the gentleman from Missouri for yielding.

At the risk of attaching myself to his amendment and causing the same fate that it did when I attached myself to the amendment of the gentleman from California (Mr. CHARLES H. WILSON), I would like to let the House know that this is in essence the very amendment that I attempted to pass in the committee, and it was narrowly defeated. I am in complete agreement with the gentleman from Missouri, and I congratulate him for his amendment and urge its adoption.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Alabama.

Mr. DICKINSON. I thank the gentleman for yielding.

Just to make sure I understand it and all the Members understand it, as the bill was written and came out of committee, it limited the number of the types of aircraft that would be tested for a carrier. The gentleman's amendment simply broadens the number of planes by allowing commercial planes to be added to that number, and this is done at the request of the Air Force; is that correct?

Mr. ICHORD. The gentleman is correct. The competitive demonstration in the amendment originally drawn by the committee was limited to a competitive demonstration between the SWL and the AMST.

This will broaden it to admit commercial planes.

Mr. DICKINSON. To allow it to go to or at least include any commercial plane also, and it does not mandate any particular plane?

Mr. ICHORD. That is right. The Air Force will have to choose a candidate to compete against the SWL.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from California.

Mr. BOB WILSON. I thank the gentleman for yielding.

I have polled the Members on our side. We have no opposition to the gentleman's amendment.

Mr. ICHORD. I thank the gentleman from California.

Mr. LLOYD. Mr. Chairman, I rise in support of the amendment.

I just want to commend the gentleman, who is the chairman of the Subcommittee on Research and Development of the Committee on Armed Services, for the fine work he has done, and I would like to point out to this body that he has in his leadership saved literally hundreds of millions of dollars in the area of research and development.

I would like to point out, in doing this, he has done it in such a way as to in no way debilitate our defense standing.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Missouri (Mr. ICHORD).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PRICE

Mr. PRICE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRICE: Page 8, line 10, strike out "this Act" and insert in lieu thereof "the Department of Defense Supplemental Appropriation Authorization Act, 1979 (Public Law 96-29)".

Page 8, strike out line 20 and all that follows down through line 24 on page 9 and insert in lieu thereof the following:

REPORT ON NEW BASING MODE FOR INTERCONTINENTAL BALLISTIC MISSILES

SEC. 202. The Secretary of Defense shall submit to the Congress in writing, not later than March 1, 1980, a report evaluating in detail the ability of the basing mode for land-based intercontinental ballistic missiles known as the Multiple Protective Structure (MPS) system to survive foreseeable attempts by the Soviet Union to neutralize such system.

Mr. PRICE. Mr. Chairman, this merely takes out unnecessary language as the language is already in the Department of Defense fiscal year 1979 Supplemental Appropriation Authorization Act, which has been signed into law. The supplemental was signed subsequent to reporting of the bill.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman for yielding.

I do think that perhaps a record should be made on this. The committee in the supplemental bill mandated that the Air Force proceed simultaneously with the advanced engineering of the MX missile system and also the MX basing system. This language was written by the Subcommittee on Research and Development, and was approved overwhelmingly by this House.

I know the gentleman from California (Mr. DELLUMS) endeavored to take the language out at that time.

I think that language is still good, and especially in view of the decision made by the President, except there was some reporting language that is definitely surplus, but I would like to ask the gentleman from Illinois, just to make a record—I see the gentlewoman from Colorado (Mrs. SCHROEDER) who may be rising for the same purpose, but the gentlewoman from Colorado did offer an amendment in committee, which would require the Secretary of Defense to report upon the status and effectiveness of the MX system. Is the gentleman retaining that?

Mr. PRICE. Anticipating what the gentleman said, we leave in the language of the gentlewoman from Colorado, and the language that was in the gentlewoman's recommendation.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. PRICE. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I thank both the gentleman from Illinois (Mr. PRICE) and the gentleman from Missouri (Mr. ICHORD), and if the gentleman from Missouri (Mr. ICHORD) will yield, and if I may ask another question of the chairman, does that mean, too—I want to make it perfectly clear that the language that is in there, since we did not mention the racetracks, that it would really include the racetracks as the basing mode, because I think we want to make that clear legislatively that those would be incorporated.

Mr. PRICE. It does.

Mrs. SCHROEDER. Thank you.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. PRICE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DELLUMS

Mr. DELLUMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DELLUMS: Page 8, line 5, strike out "$4,940,265,000" and all that follows through "and (2)" on line 10 and insert in lieu thereof "$4,270,265,000, of which".

Page 8, strike line 20 and all that follows down through line 24 on page 9.

Mr. DELLUMS. Mr. Chairman, the MX is a $30 to $40 billion waste of the taxpayer's money. We are being asked today to put down a $670 million partial payment on a system that is expensive, unnecessary, and dangerous. A weapon that we do not need, that will stimulate the arms race and will reduce the chances for arms control. Thirty to forty billion dollars to disrupt our environment in peacetime and to increase the destructiveness of a nuclear war. And why? Why the MX?

Is it because the Pentagon wants a first strike weapon? We know the military has sought a hard silo killer for two decades. Air Force planners have wanted to make it creditable that under some circumstances the United States would initiate a strategic exchange.

Why the MX? Is it part of a domestic SALT bargain? There is a feeling by many that the President feels that SALT II is only obtainable by ransoming it with the MX.

Why the MX? Is it a question of perception? Many say, "the Soviets are building," so we must build also.

I believe the real reason for the MX lies somewhere in these questions, and these cannot justify this multibillion expenditure.

But the defenders say that we need the MX because the Minuteman III is vulnerable. Two questions come to mind: First, is the Minuteman vulnerable; and second, if the Minuteman should be replaced, is the MX the only or the best answer?

Let us look at vulnerability, any vulnerability is theoretical. The Soviets must be as uncertain, as we are, as to whether in fact strategic weapons will be as accurate, as reliable and as technically capable in actual use as they appear on paper. Even if the systems worked as predicted, the Soviets face great risks. We may attack on warning. We may launch an all out retaliation.

Even if the Minuteman III's were all destroyed, we would retain upwards of 7,000 strategic nuclear weapons. These weapons are capable of a wide range of responses. There are enough weapons to destroy the Soviet Union as a modern industrial society.

There are alternatives to the MX. The MX, as advocated by the Air Force, would not cure the "Minuteman vulnerability problem" for many years to come. Given the hypothetical nature of the problem and the unlikelihood of the Soviets gambling all on "one cosmic throw of the dice," it might well be asked whether the "problem" really requires a "solution."

One alternative to the MX would be simply to leave our ICBM's as they are. In the unlikely event of a limited tit-for-tat nuclear war, they would still be available for accuracy and precise command and control. In the event that the majority of them were destroyed in a large nuclear attack, the United States would retain thousands of retaliatory weapons in submarines and on aircraft. In fact, even with the MX, in the coming years nuclear weapons on ICBM's will constitute a declining percentage of U.S. nuclear forces.

If we really fear a Soviet gamble on an attack on our ICBM's alone, then another alternative is to remove the ICBM's altogether, thus eliminating the "counterforce" limited nuclear war option from Soviet capabilities.

Another choice would be to leave only about 200 or so Minutemen III missiles in place. Those who believe in the possibility of limited tit-for-tat nuclear war would still have ICBM's available for that purpose. At the same time, the missile force would be too small to tempt a Soviet "counterforce only" strike.

On the other hand, if it is decided that the United States must have a guaranteed survivable ICBM, other possibilities have been suggested. For example, we could deploy a missile in numbers large enough to match present Minuteman capabilities but still small enough not to threaten the Soviet ICBM force and thereby escalate the arms race. In order to insure survivability and to allow the number deployed to be easily monitored by the Soviet Union, this missile could be placed on small, cheap submarines based in the waters of the U.S. Continental Shelves.

We must remember, the MX will do more than just replace the Minuteman. It will be a vastly different weapon with dangerous implications. The MX is a new and dangerous weapon. Before the emergence of the purported need to compensate for Minuteman vulnerability, the Air Force already wanted a new "Missile X"—a silo killer. The MX is not being designed to duplicate strikes against all the civilian and military targets we can now hit. It does not make sense to use it against empty silos. Therefore it is a first strike weapon.

With 10 Mark 12A warheads, with an accuracy of 50 percent better than the Minuteman missile, the MX would be primarily a Soviet missile silo killer. Such a missile is intended to serve strategies of fighting and winning nuclear war. (The current Air Force definition of victory in nuclear war is that our country takes fewer years to recover its economic capacity than the other side.) Two thousand or more 350-kiloton nuclear warheads with accuracies approaching 300 feet would pose a significant threat to the Soviet ICBM force. Air Force planners want to make it credible that the United States would under some circumstances initiate a strategic nuclear exchange.

A second purpose of the MX would be to destroy Soviet missiles remaining in silos after a Soviet first strike. The supposed need to do this is based on bizarre scenarios of limited nuclear war which even the Secretary of Defense finds implausible. The reason Secretary Brown hesitates to endorse a large scale ICBM-launched silo attacking capability is as follows:

> As the growing Soviet threat to our ICBM force indicates, this kind of targeting by forcing the other side to respond with redesigned capabilities is bound to affect long-term stability in what could be (but need not be) a negative way.

Let us try to translate that into English. While about 20 percent of U.S. strategic nuclear warheads are on ICBM's, about 70 percent of the Soviet warheads are on ICBM's and their other forces are on lower day-to-day alert status. If some in the United States feel a need to do something about Minuteman vulnerability, what do we suppose the Soviets will do about the emergence of a major threat to the largest part of their nuclear forces? They will certainly take countervailing measures.

First, they may institute a launch-on-warning policy. According to those who worry about Minuteman vulnerability, this is a destabilizing and dangerous policy. Next, the Soviets will probably move to a land-mobile ICBM system. When they do so, we will most likely no longer have confidence in our ability to count Soviet missile launchers. There will be great pressures in the United States to react to worst case estimates of Soviet missile numbers by building more missiles of our own.

Even if mobile missile deployments remained within SALT II limits, both sides would fear the possibility of a rapid "breakout" of many additional missiles.

Let us go so far as to suppose that instead of going to land-mobile missiles the Soviets were to take the more stabilizing course of sending their nuclear deterrent to sea. Whatever steps the Soviets take to make their ICBM's mobile, they remove the major set of targets of the MX. The MX will force some reaction from the Soviets. When they react—and they will have 6 to 11 years in which to do so—the whole point of the MX will have been obviated. As soon as the MX is on line, the Soviets will be able to nullify its major military function. Thirty or forty million dollars will have been spent on a weapon without a mission.

There are serious questions regarding the environmental soundness of the proposed "racetrack" basing mode.

The MX is expensive, unnecessary and dangerous. I urge you to support the amendment.

□ 1500

The CHAIRMAN pro tempore. The time of the gentleman from California has expired.

(On request of Mr. WEISS and by unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to my colleague.

Mr. WEISS. Mr. Chairman, I want to pay my highest commendation to the gentleman in the well for the very eloquent and learned note of sanity that he has lent to these proceedings. We have been listening for the last couple of days in this Chamber, and for the better part of a year, to a national debate which seems to have totally overlooked the very purpose and very intent of the Strategic Arms Limitation Talks.

The gentleman focuses clearly on the fact that what we really are debating, or should be debating is the survival of humanity. We seem to be adopting Orwell's "newspeak" when in the guise of arms limitations, we engage in this massive arms acceleration race. As a Congress, as elected representatives of the most powerful Nation in the world, we seem to have forgotten that our prime obligation is to make sure that the world and its people survive.

I want to extend my appreciation to the gentleman for bringing us back to face this very real crisis of humanity's survival.

Mr. DELLUMS. I thank my colleague for his kind and generous remarks.

Mr. ICHORD. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I will not take 15 minutes or 16 minutes, as did the gentleman from California, in opposition to his views. I do agree with the gentleman from California that this matter should be debated. I would point out to the Members of the House that I doubt if there is much more that we can say on this issue that was not said in the RECORD of May 31, 1979, when the gentleman from California made substantially the same remarks as he made today, and I perhaps will make almost identical remarks today.

But, I would like to take just a little different approach. May I say to the Members of the House that the gentleman from California usually differs with me on defense matters, but I think the gentleman from California plays a very valuable part, makes an important contribution, to the subcommittee that he serves on, the Research and Development Subcommittee, because we can always count on the gentleman from California to give the antidefense argument. As a Member who has been serving in a parliamentary body for now 27 years, I recognize the desirability of having that argument on the other side. There are always two sides, as all of us, I am sure, recognize—there are two sides to every question.

But, I wish that I could afford the luxury that the gentleman from California affords himself. As I understand the logic, the reasoning of the gentleman from California, it goes like this, and I think this is where he differs from the overwhelming majority of the Members of this House: He thinks about the horrors, the devastating effects, of a nuclear war, and I agree with the gentleman that it would be a horrible event not only for western civilization, but for all civilization. Then, he states that no one but an insane man would ever engage in a nuclear war, and then assumes that our potential adversaries are reasonable people—they are not insane, anyway. They may be tough, but they are not going to start a nuclear war.

I wish that I had the clairvoyance of the gentleman from California, or the clairvoyance which I think that he has, because I would prefer, as the gentleman from California, not to spend a dime for defense. I think we could spend it for a lot better purposes, but the gentleman, I submit, does not have the clairvoyance to say that we are not going to have a nuclear war.

I will agree with the gentleman from California, I do not think we are going to have a nuclear war. I do not know what the scenario will be. I do not have the clairvoyance to say how it is going to come about. I see perhaps another Kennedy-Khrushchev confrontation somewhere in the future. I see a greater possibility of a conventional war rather than any nuclear war.

□ 1510

The President of the United States, Jimmy Carter, does not have the reputation for frivolously spending money on defense, and he has made the decision to proceed with the MX missile—and an MPS basing system. I think what we really are facing, I would state to the gentleman from California is—and I think this is where he differs from the overwhelming majority of the Members of this body, and perhaps the gentleman from Michigan—if we do not watch it, we are going to get the President of the United States into a position where he is going to have to surrender vital American interests or risk a nuclear holocaust. No President should ever be placed in that position. We must retain our nuclear deterrence capability.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. ICHORD was allowed to proceed for 3 additional minutes.)

Mr. ICHORD. This is the real issue, I would submit to the gentleman from California. I hope and I pray that there will not be such a thing as a nuclear war, but if I am going to err—I would prefer not to spend a dime for defense, but if I am going to err—I want to err on the side of defense. This is what we are doing. Our policy is to deter a nuclear war.

Let me state to the gentleman from California that the experts in this field tell us—the more pessimistic tell us—that the ICBM leg of our Triad will be vulnerable in 1 or 2 years. That is the more pessimistic view. The more optimistic view of the experts is 3 or 4 years. And the real pessimistic view states that our ICBM leg is already vulnerable. Regardless of which one of those views is correct, we cannot let ourselves get in the position of having our ICBM leg vulnerable. This is why the gentleman's President and my President made this decision, and I would state that it is right in line with the position that the overwhelming majority of the R. & D. Committee has been holding now for several months. We mandated in the Supplemental Bill that they proceed simultaneously with the advanced engineering of the MX missile and the MX basing system. I think we cannot continue to argue these things forever. We must proceed in a way that will deter nuclear war. I have respect for the gentleman's views, and I think that he has respect for my views. But we have got to make a decision one way or the other. I know the gentleman from California (Mr. DELLUMS) knows that he does not have the clairvoyance to see what is going to happen out there in the future.

Mr. DELLUMS. If the gentleman will yield further, I appreciate his remarks, and I have tried to listen very carefully. I would only make two responses: No. 1, as to the question of ICBM vulnerability, my response is, (a) that is highly theoretical, and, (b), even if it is real, there are other options that are available to us that are less expensive and less dangerous than building an MX missile.

The second point I would like to make is simply that if we are suggesting that the role of strategic nuclear weapons in our lives is for deterrence, I am saying to the Members that our deterrence is not threatened at this moment. The Soviets have over 4,000 weapons. We have over 9,000 strategic weapons. Five thousand of those weapons are on sea-based submarines with such highly sophisticated technology that the Soviets do not even know where they are.

Mr. ICHORD. I decline to yield further at this point. I will yield later on to the gentleman if he wants me to. I refuse to accept the view that all of these are, as the gentleman says, theoretical. I think it is very practical. The Members of the Senate opposed to the SALT treaty are not holding SALT, hostage for an MX missile system. It is because of the imbalance in the SALT treaty that they demand the MX system to protect this country and to maintain a credible nuclear deterrence.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. ICHORD was allowed to proceed for 2 additional minutes.)

Mr. ICHORD. That is the reason why we are asking that the MX system be built if SALT is ratified. Let us deal in theory. The gentleman talks about theory. What would the gentleman do if he were president of the United States and he were confronted by a potential adversary in a position where if a nuclear war would result he would lose over 100 million Americans and the enemy would lose 10 million? Would he hold tight to vital American interests; or would be back down under that situation? He is the President of the United States. I do not want to put the President of the United States in that position. What would the gentleman do?

Mr. DELLUMS. If the gentleman will yield, I think the question is highly theoretical.

Mr. ICHORD. I do not think it is highly theoretical. The experts tell me, and I concur, that if we do not take steps to protect our ICBM leg, the Soviet Union in the mid-1980 timeframe because of tremendous throw weight capability, could with a first strike destroy our accurate ICBM and have enough missiles remaining to deter us from retaliating. That is, if we did retaliate, the Soviets would probably lose 10 million people while we lost over 100 million. The gentleman has been giving a lot of theoretical arguments on the floor of this House, and we have heard them time and time and time again. Why does he not answer that question? Does he want his President in that position?

Mr. DELLUMS. If the gentleman will yield, I do not think that is the issue here. What I am suggesting to the gentleman is that the reason why I said that the ICBM vulnerability is highly theoretical is because, I believe, first of all, we have got to deal with this question. The whole notion of deterrence—mutual destruction or deterrence—is based upon the notion that you are sane enough and rational enough to see the strength that I have and, likewise, on my side I see the same. What I am suggesting is that what we are doing when we engage in these arguments is to preclude the notion of rationality. I am saying that the whole notion of deterrence in a nuclear war is based upon rationality and intelligence on both sides.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from California.

Mr. DELLUMS. I thank the gentleman for yielding. I would simply like to conclude my point. I am saying that if one stops and thinks for a moment, the whole basis of the concept of nuclear deterrence is based on some rational notion that both sides are capable of understanding the repercussions of each other's acts. It would seem to me that when you come to the floor to argue in support of increasing nuclear weapons, we all know our new generation of weapons, and then the argument is, the other side is irrational, when the whole notion of deterrence is based on rationality. If we are living in a world where there are no rational roles, then none of these weapons we can develop will keep us from devastating ourselves. That is why, while I am saying on paper we might figure out some vulnerability of the Minuteman, there is a way of dealing with it, but that does not mean the Soviets are mad enough to say on paper the ICBM's are vulnerable. Therefore, push the button and release the weapons. I do not think they are that mad, and I do not think we are that mad. What I am suggesting is that the whole notion of nuclear weapons needs to be discussed by the American people. What is the role? If it goes beyond the question of deterrence, we are marking the devastation of humankind. I am saying (a) our deterrence is not threatened; and (b) the whole basis of deterrence is based on rationality on both sides. If we preclude rationality, then we are just harming ourselves.

Mr. SEIBERLING. Mr. Chairman, I want to thank the gentleman for his contribution and for raising this issue, which is absolutely the gut issue in terms of competition between the United States and the Soviet Union. President Carter apparently has made the decision to go ahead with the MX and the basing point mode for it, on the basis of advice of experts. Of course, the experts have been wrong before.

I believe it was Clemenceau who said, "War is much too important a matter to be entrusted to the generals." And that is true of other kinds of experts, including strategic military experts. The job of the Congress is to subject the experts views to the collective wisdom of this whole body and ultimately to the wisdom of the American people. The experts recommended the ABM, and we finally saw that was an egregious and dangerous waste of money and scrapped it after spending a billion or two dollars.

□ 1520

The experts recommended the B-1 bomber. After spending about $2.8 billion we scrapped that one. They now recommend another costly "Rube Goldberg" contraption which will actually endanger us by creating a hair-trigger situation in the arms race.

Mr. Chairman, just consider one little aspect of it: It will require building 6,000 miles of roads just for these 200 "race tracks" they propose to create for the MX. That is one-sixth the mileage of the entire interstate highway system, which we have spent 20 years building.

Mr. Chairman, the argument for the MX has been focused on the increasing vulnerability of land-based ICBM's to a first strike by the prospective new generation of super accurate Soviet missiles. However, the solution to the vulnerability problem does not appear to require the deployment of a new ICBM but simply the redeployment of existing ICBM's in a less vulnerable mode. Conversely, without such an invulnerable basing mode the new MX missile will be just as vulnerable as the existing Minuteman. In other words, Minuteman vulnerability is not a logically valid justification for the deployment of MX.

Mr. Chairman, it also seems clear that the proposed basing mode for the MX will not eliminate the ability of the Soviets to knock out the 200 MX missiles which would be deployed, even though each MX missile will be covertly shifted among 23 separate launching points. Once the Soviets develop missiles of sufficient accuracy to inactivate one of our missiles at any particular launching point—and that is a fear that gives rise to the argument for the MX—then they could achieve the destruction of practically all of the 200 MX missiles by directing one of their warheads to each of the 4600 potential MX launching points. While this may stretch out the invulnerable period a little longer until the Soviets produce a sufficient number of highly accurate warheads, and while it would mean the Soviets would have to waste over 4,000 warheads, they could still do the job and have 5,600 warheads left over, assuming the SALT II ceiling of 10,000 warheads is applicable. Of course, if there is no SALT ceiling then they can make any number of warheads they want.

In any event, Mr. Chairman, 5,600 warheads is quite a sufficient number to destroy all of our other land-based ICBM's and to wipe out all of our urban population centers several times over.

Mr. Chairman, a second argument that has been advanced to justify the MX is that if the Russians are going ahead with their deployment of first-strike capability then we must do it, too, in order to maintain equivalence. This may have some superficial political appeal but I think it will eventually become apparent to most Americans that our acquiring first-strike capability is a colossal waste and, in fact, it will make us less secure.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SEIBERLING was allowed to proceed for 3 additional minutes.)

Mr. SEIBERLING. Mr. Chairman, the Soviets are obviously not going to take the risk of launching a first strike against U.S. land-based ICBM's so long as our submarine launched missiles remain invulnerable and can destroy all of Russia's major population centers and military bases. Therefore, I see no strategic justification for us to create a hair-trigger balance of nuclear terror by deploying our own array of missiles capable of taking out Soviet ICBM's in their launching silos. Any idea that we or the Soviets could launch a nuclear attack on the other side's missile silos without triggering a full-scale nuclear war is a dangerous delusion.

Now, in a larger sense one of the reasons we find ourselves in this predicament is the failure of the SALT process thus far to produce an agreement freezing the continued technological drive by both United States and Soviet military establishments toward ever more sophisticated strategic weaponery. It is undoubtedly too late to do anything about this as part of SALT II. However, it may not be too late to offer to freeze deployment of MX if the Soviets will agree to halt deployment of their new generation of strategic missiles and will agree to include a permanent freeze as one of the subjects for negotiation in SALT III.

Mr. Chairman, I would like to call attention to an article I placed in the RECORD of September 10, 1979, page 23830. The article was by Richard Barnet, formerly with the Arms Control Agency. He is a well-recognized expert in foreign affairs and arms control. He points out that a rough balance of nuclear forces now exists which, according to the administration, still favors the United States, but that the next round of the strategic arms race can only work to the economic and strategic disadvantage of this country and create new perils for the entire world.

As he says, it hardly makes sense to destroy old weapons systems while replacing them with even more dangerous systems.

Senator Mark Hatfield has proposed a moratorium, along the lines I have mentioned, as an amendment to the SALT treaty.

The Soviet Union has made several proposals in the past few years for a ban on all new weapons systems. This has usually been dismissed as propaganda. But, as Mr. Barnet points out, we have never put them to the test. It is time, as he says, to stop guessing about Soviet intentions and put forward agreements which require them to choose between the road to peace or further preparation for war.

Mr. Chairman, the only road to national security, Mr. Barnet points out, is to reverse the arms race, but that cannot be done without first calling it to a halt. We have the capability to match technologically any buildup the Soviets undertake but we cannot continue to spend hundreds of billions of dollars on the military without risking mortal danger to our economy which, after all, is in the end the foundation of our strategic strength.

He notes that, in times of austerity, increasing the military budget while domestic programs are slashed raises the issue not of guns versus butter but of missiles versus the local police and firefighters. The distortion of priorities, as Mr. Barnet points out, has become so acute that as the administration counsels a 5-percent real increase in military spending each year, essential services in every major American city are going to be cut. What is that going to do to the strength of our society in the future and what is that going to do to the cause of peace?

Mr. DOWNEY. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the Dellums amendment.

Mr. Chairman, I would like to address the whole question of deterrence for a moment. It is clear that we do not know whether the Soviets believe in a doctrine of deterrence or in the doctrine of a warfighting capability. It is conceivable that the SS-18 is designed to do nothing else but to destroy Minuteman silos. Let us accept that just for argument's sake.

Mr. Chairman, any analysis of their capabilities in any scenario has to consider some of the thought processes they are going to have to go through. This has probably been discussed on the floor before, but we have to think about them. They have to be concerned about the reliability of their own forces.

Mr. Chairman, you have heard the story about the cosmic throw of the dice. Well that is important. I mean, anyone who is going to decide one afternoon or one evening to try to destroy the land-based deterrent in these United States has to have pretty reliable missiles, has to make sure their latest tests prove out their accuracy and then has to hope that upon launch that the United States does not decide to abandon its policy of riding out an attack and instead launch on warning, which is a very conceivable thing we can do. The Soviet leader is never going to know, never going to know, that we would not launch on warning. Therefore, in a sense that is deterrence, too.

Mr. Chairman, the Office of Technology Assessment has done a reasonably careful and scientific evaluation of what the United States could do to the Soviet Union, even if we decided to have 90 percent of our land-based missiles destroyed, and 10 to 20 million Americans die in the consequence of that exchange.

They say that with the bombers that would be on alert, and with the submarines we have to respond, that we could remove Soviet Union from a position of power and influence for the remainder of this century. That is something also I would think that a Soviet leader would have to be concerned about.

□ 1530

I would not want to be a leader of a starving group of cavemen, which is what the United States could do to the Soviet Union, should they decide to attack our missiles and should we decide to retaliate.

I believe we need to have deterrence and that the land based leg of our triad is vulnerable; but mv alternative of improving our submarine force, leaving the Minutemen as they are, is reallv a much more viable and less expensive option.

I think anyone who takes a look from a realistic nonscientific view has to be amazed at what we are proposing here. Multiple aim points on the soil of the United States to serve as a sponge to soak up the Soviet warheads in the event of a war; it is mind boggling, it is mind boggling.

The fact is also, for many of the people who are advocates of the MX, that unless we have a SALT agreement and unless we limit the number of SS-18's to 308 and unless we limit the warheads on the SS-18 and on the SS-19, the MX is not going to be a viable weapons system, simply because the Soviets will always be able to add more warheads than we will be able to add multiple launch sites.

So I ask the committee, please examine the realities of nuclear planning. Please examine the realities of nuclear war and let us not begin what will be a $60 billion folly that will add very little in the way of U.S. security.

Mr. Chairman, if the gentleman wishes, I will be happy to yield to my friend, the gentleman from Missouri (Mr. Ichord).

Mr. ICHORD. Mr. Chairman, I would ask the gentlman from New York, I know when the gentleman was a member of the R. & D. Subcommittee, the gentleman stated, if I recall correctly one time in committee, that the gentleman would not object to putting Minuteman in silos scattered around. Has the gentleman changed his thinking?

Now the gentleman comes back and states that the best way to go are submarines. Is the gentleman playing general?

The CHAIRMAN. The time of the gentleman from New York (Mr. Downey) has expired.

(At the request of Mr. Ichord, and by unanimous consent, Mr. Downey was allowed to proceed for 1 additional minute.)

Mr. ICHORD. Mr. Chairman, let me point out to the gentleman from New York, the gentleman says anybody in his right mind would not come out with this idea.

Is the gentleman saying that the Defense Science Board, none of those gentlemen are in their right minds?

Let me point out to the gentleman from New York, this system has been advocated for how long now by the Defense Science Board It is at least 2 years and they still maintain their position.

The gentleman from New York very eloquently tells the body that they are not in their right minds.

Mr. DOWNEY. Mr. Chairman, I would be happy to anwser the gentleman's question. I do not doubt that the members of the Science Board or the members of the Committee on Armed Services have decided that the MX missile is the right way to go or not in their right minds. They may on occasion be guided by things that I do not think are the wisest for this country, as in the case of the MX; but I think people come to decisions for a whole host of reasons.

I think that the debate that is going on in the other body on the SALT agreement is one of the reasons why we are suddenly seeing a great push toward this agreement.

I honestly believe that this is part of the price of SALT, an unfortunate price for SALT.

In answer directly to the gentleman's question, the MX missile does concern me. There is a more survivable mode for the Minuteman.

Mr. PRICE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would like to get back to the business at hand and discuss the amendment.

Mr. Chairman, the President is currently attempting to convince the Senate that it should approve the SALT II Treaty. If this amendment passes, it would make it, in my opinion, almost impossible for the President to get that Senate support. It is foolish to think that we are going to get a SALT treaty passed if we do not provide the needed improvements in our strategic capability.

The bill contains $60 million for the full scale engineering development of the MX missile and its basing mode known as the multiple protective structure (MPS) system. In the bill that we passed last month, the fiscal year 1979 supplemental authorization, there was included a provision expressing the sense of Congress that a survivable ICBM system with a survivable basing mode was vital to the long range security of the United States. It further expressed the sense of Congress that that survivable new system should be developed as soon as possible. It would be wholly inconsistent and make the Congress look foolish to turn around now and eliminate the funds to begin doing what we said 3 months ago was an urgent national security requirement.

The site selection for the missile will not be until the mid-1980's. The first missile test flights will be in early 1983. A production decision, which the House will have an opportunity to participate in, will not be made until mid-1983.

Therefore, voting for the bill does not commit you to any $30 billion. It only says that we shall continue development of what the Congress describes as an urgent matter and to continue to be in a position to modernize our strategic triad.

I urge the quick defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Dellums).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. DELLUMS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1550

QUORUM CALL VACATED

The CHAIRMAN pro tempore. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from California (Mr. Dellums) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 86, noes 305, not voting 43, as follows:

[Roll No. 467]

AYES—86

Addabbo
Aspin
AuCoin
Baldus
Bedell
Beilenson
Bingham
Bonior
Bonker
Brodhead
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Collins, Ill.
Corman
Daschle
Dellums
Diggs
Dingell
Donnelly
Downey
Drinan
Early
Eckhardt
Edwards, Calif.
Erdahl
Ford, Mich.
Ford, Tenn.
Forsythe
Garcia
Gephardt
Gray
Harkin
Holtzman
Jeffords
Johnson, Colo.
Kastenmeier
Kildee
Kostmayer
Lehman
Leland
Lundine
McHugh
Maguire
Markey
Mikulski
Mikva
Miller, Calif.
Mitchell, Md.
Moakley
Moffett
Nedzi
Nolan
Nowak
Obey
Ottinger
Panetta
Paul
Pursell
Rahall
Rangel
Ratchford
Richmond
Rodino
Rosenthal
Russo
Sabo
Schroeder
Seiberling
Simon
Solarz
Stokes
Studds
Thompson
Vanik
Vento
Waxman
Weaver
Weiss
Williams, Mont.
Wirth
Wolpe
Yates
Young, Mo.

NOES—305

Abdnor
Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Ashley
Atkinson
Badham
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Boggs
Boland
Boner
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Cavanaugh
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conte
Corcoran
Cotter
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Davis, S.C.
Deckard
Derrick
Devine
Dicks
Dornan
Dougherty
Duncan, Oreg.
Duncan, Tenn.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Hughes
Hyde
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Luken
Lungren
McCloskey
McCormack
McDade
McDonald
McEwen
McKay
McKinney
Madigan
Marks
Marlenee
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nichols
O'Brien
Oakar
Oberstar
Pashayan
Patten
Patterson
Pease
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Quayle
Quillen
Railsback
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Roth
Rousselot
Royer
Rudd
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stratton
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Traxler
Trible
Udall
Ullman
Volkmer
Walgren
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wyatt
Wydler
Wylie
Yatron
Young, Fla.
Zablocki
Zeferetti

NOT VOTING—43

Alexander
Anderson, Ill.
Andrews, N.C.
Applegate
Bolling
Brown, Calif.
Carter
Coelho
Conable
Conyers
Coughlin
Crane, Philip
Davis, Mich.
de la Garza
Derwinski
Dickinson
Dixon
Dodd
Edgar
Edwards, Ala.
Edwards, Okla.
Flood
Foley
Goodling
Huckaby
Hutto
Jones, N.C.
Kemp
Lott
McClory
Marriott
Murphy, Ill.
Pepper
Preyer
Rostenkowski
Roybal
Runnels
Stark
Treen
Van Deerlin
Vander Jagt
Wolff
Young, Alaska

□ 1600

The Clerk announced the following pairs:

On this vote:

Mr. Stark for, with Mr. Preyer against.

Mr. Conyers for, with Mr. Pepper against.

Mr. Dixon for, with Mr. Murphy of Illinois against.

Mr. Coughlin for, with Mr. Dickinson against.

Mr. LUNDINE changed his vote from "no" to "aye."

Mr. BLANCHARD changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ICHORD

Mr. ICHORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Ichord: On Page 7, line 7, strike out the amount "$2,757,322,000" and insert in lieu thereof the amount "$2,772,422,000".

□ 1610

Mr. BEARD of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Tennessee.

Mr. BEARD of Tennessee. Mr. Chairman, I rise to join my colleagues, the distinguished chairman of the Research and Development Subcommittee, Mr. Ichord, and the distinguished ranking minority member on that committee, Mr. Dickinson to seek your support of title II of H.R. 4040.

As you are all aware, the current SALT II treaty permits equality in numbers of strategic delivery vehicles to 2,400—and later 2,250, numbers of MIRVed strategic launchers at 1,320, numbers of MIRVed ICBM and SLBM launchers at 1,200 and numbers of MIRVed ICBM launchers at 820. Although these numbers represent equal aggregates, they should not be taken as a guarantee of equal capabilities of the strategic forces on both sides. To illustrate—although the number of Soviet strategic launchers will be reduced by some 250 to 300 from current deployed levels during the duration of the treaty, the most significant indices of nuclear power will dramatically increase particularly on the Soviet side.

By 1985 the Soviets will have an advantage of some: 50 percent in counter military potential—CMP—the ability to attack hardened military targets; that is, silos, nuclear storage sites, command and control centers, and so forth; 100 percent in equivalent megatons (EMT) area destructive capabilities; 250 percent in megatonnage; and 100 percent in throw weight.

I see no expedient way of reversing these trends through negotiations alone. No reasonable or persuasive arguments which can be advanced will cause the Soviets to abandon the thrust of their strategic programs.

Our direct expenditures on strategic nuclear forces are now about $10 billion a year. In the period from 1956–62 they averaged approximately $30 billion a year in today's dollars. A complete reversal of the trends in the strategic nuclear balance is simply not possible with currently projected programs and funding levels. Therefore, we must combine meaningful arms control initiatives with prudent force modernizations.

Maintaining stability implies not only aggregate equivalence in basic measures of military strength, but also a valid perception that no significant relative advantage can be gained by a first strike against our forces.

Over the past year primarily because of the testing of new Soviet ICBM guidance systems, there is general agreement that during the early 1980's our ICBM force will become vulnerable to a Soviet attack using one to two warheads per U.S. silo. Such a Soviet capability is wholly consistent with the proposed SALT II limitations.

Deployment of our ICBM's in a multiple protective shelter (MPS) basing system continues to be the most technically desirable response to the Soviet challenge to our confidence in the survivability of our ICBM force. The timely deployment of an MPS would preserve the Triad concept of well-hedged forces, negate the destabilizing impact of Soviet ICBM's, and allow modernization of our ICBM's. An MPS can add to crisis and arms race stability. The system's survivability and durability would make preemption a doubtful tactic. By responding effectively to the new Soviet programs, we tend to discourage the Soviet drive for strategic superiority. In time such action may induce them to accept more meaningful and balanced arms control limitations than those embodied in SALT II.

In summary:

The Triad concept of strategic nuclear forces provides the cost-effective diversity and redundancy needed to retaliate most effectively against a U.S.S.R. initiation of war and to protect against technological surprise.

Modernization of the Triad is needed to maintain military stability and equivalence in the face of increasing Soviet strategic nuclear offensive capabilities.

The ability of U.S. silo-based ICBM's to meet U.S. deterrent requirements will be in jeopardy by the early 1980's, even with currently proposed SALT II limitations.

A program to deploy an MPS ICBM system can add, in a timely manner, to the survivability, endurance, and capabilities needed to maintain the credibility of ICBM element of the Triad and thus to the Triad as a whole.

Mr. ICHORD. Mr. Chairman, before addressing myelf to the subject of the amendment, I would like to make a legislative record. I am looking for the gentleman from New York (Mr. BINGHAM), who had asked about the possibility of additional authorization for money that might be needed by the Defense Department to carry out the military critical technology program. Mr. BINGHAM asked to make sure that the R. & D. community did have sufficient funds to establish that program.

I see the gentleman is not on the floor at the moment, but I would state to the Members of the House that I believe there is already sufficient money in the study program to establish the military critical technology approach which the Members of the House voted overwhelmingly for day before yesterday. But if there is not, it can be considered in the Joint Conference Committee because the House cut out some $19 million, and there would be sufficient money in disagreement to take care of any funds needed to establish the military critical technology approach. I hope we do not need additional funds, however.

Mr. Chairman, getting to the amendment, subsequent to our markup of H.R. 4040, the Army informed the committee that the VIPER antitank program has incurred technical difficulties that will necessitate deferral of the fiscal 1980 production funding and an attendant increase in the fiscal year 1980 R.D.T. & E. funding of $15.1 million.

The purpose of my amendment is to increase the fiscal year 1980 Viper R.D.T. & E. authorization from $3 million to $18.1 million, which is a net increase of $15.1 million.

The committee has been notified by Mr. ADDABBO, the chairman of the Appropriations Defense Subcommittee, that his committee likewise intends to recommend that the total fiscal year funding for Viper be set at $18.1 million in the Army R.D.T. & E. account.

I would point out to the Members of the House that Viper procurement, because this is ammunition, does not require an annual authorization, but Mr. ADDABBO has indicated the $51.8 million requested for procurement of Viper in fiscal year 1980 is no longer required and will be deleted by the Appropriations Committee. The action on Viper will thus result in a net decrease of $36.7 million in the overall defense budget.

That may sound strange, but actually by increasing to $18.1 million, we are eventually going to have a net decrease of $36.7 million in the program.

Mr. Chairman, I ask support for this amendment so that the Army can make the necessary technical fixes to the Viper antitank weapon.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Alabama.

Mr. DICKINSON. I thank the gentleman for yielding.

If I understand correctly, the Viper is a hand-held antitank rocket-type weapon similar to the old bazooka which we are familiar with from World War II and the Korean war. During its development, I understand they have ascertained through operation of it that the rear end is too short and too close to the gunner's ear, and the noise level is so high that it is very injurious to the operator. They would need now to extend the length of the tube, to cut down the noise level, and in doing so they ran into some technical problems which necessitate the R. & D. effort the gentleman is requiring; is that correct?

Mr. ICHORD. That is true. It was thought the Viper was ready for production, but these difficulties were encountered, so we have to take it back in R.D.T. & E., and thus can eliminate the procurement funds.

Mr. DICKINSON. If the gentleman will yield further, none of us on this side have any objection to the amendment. I think it is necessary.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the gentleman for yielding. I am sorry I was not on the floor when he spoke of the matter of the funding of the DOD's activities in the field of export control.

I am glad that the gentleman seems satisfied with available funding.

It did seem to me appropriate this matter be handled in this bill rather than in the Export Administration bill.

Mr. ICHORD. I did state for the benefit of the gentleman from New York that I think there is already sufficient study money to finish the critical military technology approach. If there is not, there is certainly enough money in dispute in conference that we could earmark sufficient funds to establish the critical technology approach.

Mr. PRICE. Mr. Chairman, I move to strike the last word and I would say that the committee on this side has had an opportunity to review the amendment and we are willing to accept it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Missouri (Mr. ICHORD).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. KRAMER

Mr. KRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KRAMER: Page 9, after line 24, insert the following new section:

STUDY OF NORTH AMERICAN AIR DEFENSE FORCES CAPABILITIES AND REQUIREMENTS

SEC. 203. (a) The Secretary of Defense shall carry out a comprehensive review of the adequacy, character, and organizational structure of the present and projected capability of the United States to defend North American air space. The Secretary of Defense shall submit to the Congress, on the same day that the President transmits to the Congress the Budget for fiscal year

1981, a detailed report containing the findings and results of such review. Such report shall include—

(1) a definition of the forces (including interceptor forces and warning systems) required in the future to protect North American air space against Soviet Union aircraft;

(2) a definition of the forces (including interceptor forces and warning systems) required in the future to protect North American air space against non-Soviet threats;

(3) a definition of the space-based systems, and the command structure for such systems, required to manage the strategic deterrent forces of the United States effectively in the future, including consideration of how best to consolidate operationally-related space-based systems to achieve the greatest military cost effectiveness; and

(4) a definition of the command and control and organizational structure required to manage effectively and efficiently North American strategic defense forces in the future.

(b) The Secretary of Defense shall submit with the report required by subsection (a) an integrated plan for modernization of North American air defense forces (including interceptor forces and warning systems) and shall include with such plan the projected cost of carrying out such plan.

Mr. KRAMER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. KRAMER. Mr. Chairman, the purpose of this amendment is to focus the attention of the Defense Department and the Congress on what I believe to be the deplorable and declining state of our national air and space defense capabilities.

Perhaps it was natural that the emphasis on air defense which existed in the decade of the 1950's, shifted during the 1960's and into the 1970's as the character of the threat to our Nation shifted from air-breathening bombers to missiles. However, I am deeply concerned about the depths to which our air defenses have declined and the apparent continuing deemphasis on air defense, particularly in light of the obvious renewed interest on the part of the Soviet Union in high-technology manned aircraft such as the Backfire bomber and the even more advanced intercontinental bomber which has been reported.

I am not the only one who feels this concern, Mr. Chairman. I would like to insert in the RECORD a thought-provoking article by Tad Szulc which appeared in the Atlanta Constitution. Gen. James E. Hill, commander in chief of the North American Defense Command and the Aerospace Defense Command, acknowledged to the AFA symposium last October that the Soviet Backfire bomber fleet poses "a powerful threat already." He went on to say that if we had to defend against the Backfire in a comprehensive way:

> We would need a very large air defense system, at least as large as we had in the 1958 to 1960 period. But even that would not guarantee that some bombers wouldn't get through. Air defense is very expensive and not leakproof.

Let us look at the air defense system we had in 1958 compared with what exists today. In 1958, the Air Defense Command had 100,000 personnel and 2,300 fighter interceptors. Today, that command has been pared to 25,600 employees and just over 300 aircraft—1950 vintage aircraft. In point of fact, Mr. Chairman, these reduced figures are yesterday's figures, because the Air Force has just recently announced its decision to reorganize the Aerospace Defense Command out of existence altogether. Frankly, I do not think that decision could have come to a worse time, because it represents a clear signal to our adversaries that we do not have the intent to upgrade our defense capability, and in fact are eliminating our only major command dedicated to air defense at a time when the Soviets are increasing development of manned bombers with an intercontinental range.

This decision also sends yet another signal to our allies of the continuing withdrawal of the United States from its commitment to defend our own interests and those of our allies at home and abroad. This perception was highlighted by the recent announcement by a top Canadian official of his early retirement because of the failure of the United States and Canada to maintain their air defense capability. Maj. Gen. Ross Barber, deputy chief of staff for plans and programs at NORAD said:

> Our defenses are so poor (the Soviets) could put 10 bombers through Canada in the middle of the night and we'd never know they're there.

Barber charged that both countries are ignoring one of three major security threats by failing to upgrade their capabilities to detect and deter bomber strikes, and he noted the increased threat posed to the United States and Canada by the growing capability of the Soviets to launch cruise missiles from their bombers.

The House Armed Services Committee has recognized the problem of the inadequacy of our present air defenses in the report accompanying this bill. The committee has deferred funding for the initial phase of upgrading the Distant Early Warning System, questioning the expenditure of funds for additional detection capability when there is inadequate back-up to do anything about the penetration of our air space once we know about it. The committee has directed the Air Force to submit a justification of this budget request in the context of an integrated air defense modernization plan which would include a commitment to modernize our interceptor forces as well as upgrading of the warning systems. The Senate Armed Services Committee has similarly deferred funding DEW System improvements, and on a related measure, the military construction authorization bill for 1980, the Senate in its report directs the Department of Defense to conduct a comprehensive review of the adequacy, character and organizational structure of our future air and space defense.

The review and report to the Congress on the space defense requirements and organizational structure is particularly important, Mr. Chairman. The space mission is presently fragmented between separate commands, and the Air Force has had this situation under study, but has issued conflicting reports about the status of that study. In response to questions raised before the Senate Armed Services Committee in hearings this spring, the Air Force responded on the one hand:

> Active analysis in the space study was completed in early February . . . Several alternatives are under consideration to include an evolving structure as our space systems mature, assignment of space assets (or portions thereof) to various commands, and consolidating space resources under a new organization. . . . Recommendations will be provided to the Secretary of the Air Force in the near future.

To another question submitted at the same hearing, the Air Force responded:

> The Air Force is presently considering various command alignment options which might be used to perform the space mission. Additional analysis of the alternatives is required and a decision has not been reached to date nor is one expected in the near future.

One thing which we do know about the Air Force space study is that among the options under consideration for a major role in the future space mission was the Aerospace Defense Command, which presently controls the bulk of space resources in the Air Force. However, the elimination of ADCOM, under the proposed reorganization, effectively eliminates that option before the Air Force space study is completed. I believe that the Congress should receive a full report of the Defense Department's analysis of the most effective command and control structure for space-based systems and should have an opportunity to thoroughly consider DOD plans for this important future mission.

My amendment, Mr. Chairman, seeks to merge the instructions of the House and Senate Committees into a clear directive to the Secretary of Defense to conduct a comprehensive review of the present and projected air and space defense forces necessary to provide an adequate defense of the North American Continent from air and space threats. The Secretary would submit a report to the Congress, at the same time that the fiscal year 1981 budget is submitted, which would define the forces, both interceptors and warning systems, necessary to protect the continent against Soviet aircraft and against non-Soviet threats; would define the command and control and organizational structure required for the effective and efficient management of North American strategic defense forces; and would define the space-based systems and the space command structure necessary to effectively manage our strategic deterrent forces and which would provide the greatest military cost effectiveness through consolidation of operationally related space-based systems. In addition, the Secretary would be required to submit with this report a plan for an integrated air defense modernization, to include both interceptors and warning systems and cost projections. This information would provide the Congress with the necessary data on which to make an informed judgment about the necessity and costs of upgrading our air defenses and to weigh those factors against other defense requirements. I believe it is essential to halt the piecemeal deterioration of our air and space defense systems and to make a conscious assessment of where we are, where we need to be, and how to get there. My amendment would start us on that path.

[From the Atlanta Constitution, Mar. 12, 1979]

DEW LINE A MAGINOT, U.S. FEARS

(By Tad Szulc)

Two months ago Washington officials received a frightening intelligence report with vast implications for United States foreign policy. The Soviet Union, the information went, had started test-firing its nuclear-armed Backfire jet bombers—something it had never done before.

While this action was considered significant in and of itself, it has thrown a scare into many Pentagon officials for a perhaps more serious reason. The Backfire bombers seem entirely capable of penetrating the DEW (Distant Early Warning) Line, the weakest link in the United States' defense system and knocking our nuclear silos out of commission.

Complicating the matter further is the fact that under the terms of the current draft of the SALT II agreement, the Backfire will not be subject to limitation, so all of North America could be vulnerable to a Russian attack—until a massive modernization of the DEW Line can be completed. Indeed, the deterioration of the DEW Line and its rapidly diminishing value as a defense system serve to demonstrate just how faulty American strategic thinking and planning have been in recent years.

Becoming operational in 1957, the DEW Line was built principally as a barrier against Soviet bombers. Its 31 radar emplacements (10 of them operated by Americans, the remainder by the Canadian military) strung over 3,300 miles along the 70th parallel in northern Canada, were designed to provide 40,000-foot high-altitude and 500-foot low-altitude surveillance to the North American Air Defense Command (NORAD).

Operated jointly by the United States and Canada under an agreement signed in 1958 and renewed most recently in 1975, NORAD's headquarters are inside Cheyenne Mountain in Colorado Springs. Its operational concept was that the approach of enemy bombers, detected by DEW Line radar, would be instantly communicated to NORAD, which in turn would activate interceptor air defenses and, if ordered by the president, trigger nuclear retaliation by the United States.

This original conception was sound because at the time manned bombers were the only Soviet long-distance nuclear-delivery vehicles. But by 1974 the strategic situation had changed radically. Now heavy Soviet missiles—notably the SS–18—not planes, were perceived as the main danger to America. The assumption was that in the event of war, the Soviet land-based ICBMs would be fired across the "top of the world" on a north-south trajectory.

As the U.S. prepared to sign the new NORAD accord with Canada, the Pentagon noted that it had to take into account "significant changes in the character of strategic weapons and the threat they pose to North America." Furthermore, with the 1972 SALT treaty limiting the deployment of anti-ballistic missiles (ABM) by both sides, the United States was forced to put surveillance satellites in space over the northern tier to be assured of early-warning signals of a Soviet missile onslaught. As a result of this new emphasis, the conventional DEW Line defense was downgraded.

In 1974, then-Defense Secretary James R. Schlesinger testified before the Senate Armed Services Committee that "without an effective anti-missile defense, (now) precluded to both the U.S. and the USSR . . . a defense against Soviet bombers is of little practical value." The conventional wisdom in 1974 and afterward was that the Backfire, being subsonic and having a relatively limited range, should not be considered as a strategic weapon in the same sense as the missiles.

Schlesinger, in fact, was so persuasive in downgrading the need for defenses against Soviet bombers that a debate arose in Canada over whether, under the circumstances, it was warranted to go on spending millions of dollars on the DEW Line and NORAD. Some Canadian leaders proposed the scuttling of the DEW Line altogether. Still, the Ottawa government prevailed in its view that NORAD should be kept alive—if only because of its symbolic defense value. Eventually, the 1975 NORAD agreement was signed, and the United States earmarked an unspecified number of vintage model interceptors and airborne early-warning aircraft for these missions and went on manning the DEW Line radar sites.

But it soon became clear how wrong Schlesinger had been. By 1977, even if American SALT negotiators continnued to doubt the real strategic importance of the Backfire, the Air Force was taking it with utter seriousness. And once the Soviet bomber threat reappeared, the DEW Line had again to be regarded as a crucial dimension in continental defenses.

At this point, the Pentagon itself had to admit that NORAD was ill-equipped to carry out its bomber-warning and air-defense responsibilities. In testimony before a Senate panel in 1977, Air Force officials said that "it is important to note that current U.S. defenses have a very limited capability to detect and engage a bomber attack against any part of the United States or Canada" and that "our surveillance system has serious deficiencies, especially radar detection at low altitude, and our interceptor force is limited in size and performance to counter the increasing threat."

Even more to the point, the Air Force claimed that because of "gaps" in low-altitude radar coverage and improvements in Soviet bomber performance at low altitudes, "the possibility exists that they could penetrate the DEW Line gaps at low levels, cruise through central Canada at high altitude, and make the target penetration at low level or launch a cruise missile." The Air Force added that Soviet bombers had the capability "to end-run the DEW Line as it currently exists without great penalty in flight time." Meanwhile, the condition of the U.S. interceptor force attached to NORAD was described as "block obsolescence," with most of the aircraft models being 20 years old.

The Russians, unsurprisingly, have insisted that the Backfire should not be included along with the missiles in the proposed SALT II ceilings on strategic weapons. Because of Moscow's assurances that the Backfire would not be used as a strategic intercontinental weapon, American negotiators were prepared to accept the Soviet position during 1977 and 1978. For one thing, the U.S. negotiators seemed to be insufficiently aware of the Achilles' heel that the DEW Line is for the United States.

In the light of all these considerations, the Joint Chiefs of Staff decided in 1977—belatedly—that something ought to be done about the northern defenses, which only two years earlier Schlesinger had so cavalierly downgraded.

The modernization program for the DEW Line, which is barely starting in 1979, provides for a new American-Canadian joint civil and military radar network known as the Joint Surveillance System (JSS); the modification by the United States and Canada of the fighter-interceptor-aircraft system; the earmarking for the first time for NORAD of an unspecified number of the up-to-date Airborne Warning and Control System aircraft known as AWACS; the development, also for the first time, of an over-the-horizon backscatter radar (the OTHB) designed to provide air-defense surveillance of the East and West coasts of North America as protection against Backfire end-runs of the DEW Line; and, in general, to "enhance," as the chiefs put it, the DEW Line as a whole.

The Canadians, for their part, have agreed to modernize their interceptor force through the purchase of between 120 and 150 aircraft for about $2.4 billion. But despite a year's search for an appropriate plane, Canada has still to decide between the F–16 and the F–18–A, having discarded other possibilities. But the choice may be delayed for several more months—and it may be several years before the aircraft can be delivered.

Notwithstanding the new sense of urgency concerning the DEW Line, the United States' effort to upgrade the northern defenses is moving slowly. Thus, Defense Secretary Harold Brown said in his annual report for fiscal year 1980 that the Joint Surveillance System will be activated in Canada in 1981 and in Alaska in 1983. Technical feasibility testing of the backscatter radar, he said, will be completed by the end of 1980, and "we will then decide if system deployment would help satisfy our bomber-warning needs along the coastal air approaches to the United States." Brown also disclosed that, as a "long-term goal," the United States is studying the possibility of detecting bombers from space. This would be a new satellite surveillance system; Brown has called it the "TEAL RUBY Experiment."

Quite apart from the delays involved in modernizing the DEW Line, the question remains: How adequate will the new system be? An unpublished congressional study says that the objective in modernizing NORAD "is not to create a force capable of turning back a determined bomber attack on North America," but rather "to restore the commands ability to deny enemy bombers a 'free ride,' i.e., an uncontested attack on the continent."

In the meantime, the administration must decide rapidly what to do about the Backfire in terms of the SALT II agreement—because the realization of the weakness of the DEW Line has coincided with new, highly threatening Soviet tests of the Backfire.

At present, the tentative agreement is to exclude the Backfire—as many as 300 of these bombers are believed to be operational in 1979—from SALT II limitations through American acceptance of the argument that it does not constitute a strategic weapon. In return, Moscow does not demand that our FB–111 fighter-bombers stationed in Western Europe be included under treaty ceilings, although they clearly have a nuclear potential against Soviet targets. But, as previously mentioned, the Soviet Union has a good reason for this trade-off.

Intelligence data that reached Washington late in January show that in recent months the Soviet Union has begun testing cruise-missile firings from the nuclear-armed Backfire. The tests have covered a 750-mile range, a matter of vast concern to the United States.

In the draft of the SALT II treaty, a medium bomber that has a range of over 375 miles is to be counted as a strategic weapon and therefore comes under the ceiling. But, as a senior Pentagon official privately remarked not long ago. the Backfire could lanuch a cruise missile against U.S. missile emplacements in North Dakota from a range of under 375 miles. All the Backfire has to do, he said, is penetrate the DEW Line through low-level gaps, pick up altitude to cross central Canada, and then come down again to a lower altitude to fire the cruise missile "even from 100 miles."

Now that we know this new Soviet capability—and realize the starting inadequacies of the DEW Line—the time may have come to rethink the Backfire problem in this context. And even if the terms of the treaty are changed, the United States, in practice, still remains immensely vulnerable to such attack. Thus the question: Why didn't anyone in authority think about this danger four years ago when the DEW Line was about to be given up as obsolete?

☐ 1620

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to the gentleman from Illinois.

Mr. PRICE. I would ask the gentleman from Colorado (Mr. KRAMER) is it not the intent of his amendment to direct the Department of Defense to conduct a comprehensive study of our future air and space defense requirements and to provide this study to the Congress with the fiscal year 1981 budget submission?

Mr. KRAMER. Yes, that is correct.

Mr. PRICE. As the gentleman has noted, both the House and Senate Armed Services Committees have requested that related studies be conducted, the House in its report accompanying the fiscal year 1980 defense authorization bill (House Rept. No. 96-166) and the Senate in its report accompanying the fiscal year military construction authorization bill (Senate Rept. No. 96-209). This amendment seeks to draw together these separate instructions into one common, comprehensive review and report.

I would suggest to the gentleman that he withdraw his amendment as it is not necessary to include it in our bill to have the review conducted. However, as a result of our discussion here on the floor today the Department of Defense will be directed to fully address the issues raised in the gentleman's amendment.

Our committee has expressed concern about our present air defense posture and intends to pursue the matter further on receipt of the report on this comprehensive review.

Mr. KRAMER. I thank the gentleman for that clarification and given the chairman's assurance that the committee will pursue the matter, I withdraw my amendment.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to have the attention of the gentleman from Missouri (Mr. ICHORD).

Mr. Chairman, my colleague from Alabama (Mr. EDWARDS), whose home is Mobile, had intended to be on the floor today to offer an amendment in the amount of $25 million for a certain purpose. Unfortunately, Hurricane Frederic came ashore last night and passed over his home town of Mobile. He went to Alabama this morning and was unable to be on the floor today. So, in an effort to establish the legislative history and intent, I would like to enter into a colloquy with our distinguished chairman of the Research and Development Subcommittee to discuss the effect of what his amendment would have been. I understand Mr. EDWARDS has discussed it with Mr. ICHORD, as well as with me.

Mr. EDWARDS intended to offer an amendment of $25 million, which would be startup money for a program to develop the durability and lengthen the life and durability of aircraft engines. As the matter now stands, it takes about 12 years to develop an aircraft engine, and it takes about 4 years to develop an aircraft airframe. This program would be to set up a durability program in-house—not out of house—to marry up these engines, to give a longer leadtime so that it does not take so much time to develop the overall aircraft and marry the aircraft to the engine.

I wonder if the gentleman from Missouri has had an opportunity to discuss this, and what his opinion is.

Mr. ICHORD. Mr. Chairman, as the gentleman from Alabama has stated, the gentleman from Alabama (Mr. DICKINSON) and I have discussed this matter with the gentleman from Alabama (Mr. EDWARDS). I feel very strongly that the gentleman from Alabama (Mr. EDWARDS) has an excellent idea. In fact, I have entertained the same thought myself, and the gentleman from Alabama (Mr. EDWARDS) is to be commended for taking the lead.

I got interested in this problem of engine development when I was chairman of the Military Construction Subcommittee, and got into the matter of establishing the new testing facility at Tullahoma, Tenn. The gentleman is correct; it does take longer to develop an engine than it does an airframe. However, as the gentleman from Alabama (Mr. DICKINSON) well knows, and I am sure the gentleman from Alabama (Mr. DICKINSON) agrees with me, we need to spend more money on R. & D. But, we just cannot throw the money into the R. & D. community and expect to get the value out of the research money that we spend. A program has to be properly structured.

After talking to the gentleman from Alabama (Mr. EDWARDS), I went out to Wright-Patterson Air Force Base and talked to the people there who will actually be doing this work. They had not yet heard of any such program. They do not have any such program structured. So, I do not think we could possibly accept any amendment for money now with no program structured. But, certainly I would be willing, with the gentleman from Alabama (Mr. DICKINSON) and the gentleman from Alabama (Mr. EDWARDS) to advise the Department of Defense to get going on such a program and give us a well-structured program so that we can receive the benefits which Mr. EDWARDS envisions.

Mr. DICKINSON. Well, as the gentleman from Missouri is aware, we have a very serious problem in our F-100 engine now, which is in the F-15. We have a serious problem with the TF-30 engine, which is in the F-14. Perhaps if we had had a durability test, if we had a long-range test to do adequately what is proposed here, we would have obviated the problems that are going to cost us millions and millions of dollars.

While I am not suggesting that we dedicate any particular amount of money to this, I think it is good for us to go on notice and advise the Department of Defense that we think this is the way we should go, and they should develop a program.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama has expired.

(By unanimous consent Mr. DICKINSON was allowed to proceed for 3 additional minutes.)

Mr. ICHORD. Let me state to the gentleman that I think we need to get such a program in being, and such a program does have great promise of making air frame and propulsion system developments schedules more compatible and bring them into harmony more.

I would state to the gentleman from Alabama that I am sure the gentleman from California (Mr. LLOYD), who has had considerable experience in engine development, would have something to say.

Mr. DICKINSON. I am pleased to yield to the gentleman from California.

Mr. LLOYD. Mr. Chairman, I thank my colleague from Alabama for yielding to me. I would like to say that I do endorse the program. I would remind my good colleague from Missouri that while his attention may have been directed toward the necessity of this when he was on the committee, my attention was directed very directly to the necessity of an engine development program when an F-65 engine disintegrated on me when I was airborne. I want the gentleman to know that I really did want a new program very rapidly that would develop a good engine and marry it to a good airframe.

Ever since that time, I have dedicated myself, as the gentleman from Alabama well knows, to the development of a good, stable engine which we need in the F-14. Certainly, we want to stabilize the F-100, where we have had some problems, but they will be worked out.

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But it will be worked out, and in the future using, say, the 1014 or the 504 which may be developed in the future, that needs to be done now. We need the ongoing work, and I join with my colleagues in going forward with that step.

I thank the gentleman for yielding.

Mr. DICKINSON. I thank the gentleman.

Mr. Chairman, I yield back the remainder of my time.

AMENDMENT OFFERED BY MR. SANTINI

Mr. SANTINI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANTINI: Page 9, after line 24, insert the following new section:

LOCATION OF MX MISSILE LAUNCHING SHELTER

SEC. 203. No funds authorized to be appropriated by this Act may be used for the full-scale engineering development of the missile basing mode known as the Multiple Protective Structure (MPS) system or the MX missile if more than 25 percent of the shelters for such missile are to be located in any single State.

Mr. SANTINI. Mr. Chairman, the purpose of my amendment will become more evident, I guess, as the debate unfolds. It represents an attempt by the Member of an at-large congressional district to appeal to the individual Members of this body and ask for their sympathy, their understanding, and their vote. My amendment essentially says that we want to spread a little bit of the blessings around as well as the burdens. Nevada is presently contemplated as the principal location for the proposed MX missile site. Figures vary, but approximately 70 percent of the proposed system will be located in the State of Nevada. I believe that most Members of this body would agree that Nevada as a State has made a significant contribution to the national defense effort. I support the MX missile system, but I ask for the Members' understanding and their identification in order to appreciate the magnitude and the scope of impact of this system on one State. Out of 4,600 missile sites, approximately 3,220 shelters will be located in Navada; 140 racetracks and nuclear missile sitings will be placed in the Nevada mountains and desert areas. Sixty valleys will cut through the State from the western border almost to the eastern border. Sixty valleys of the State of Nevada would be dominated, influenced, and controlled by the missile system. This decision that the Members make this afternoon in response to my plea will have the most far-reaching implications of any land-use decision in the history of the U.S. Congress affecting the State of Nevada, to and including appropriations for the funding of the Bureau of Land Management.

Twenty-two thousand to thirty thousand proposed employees for a period of approximately 5 years will impact an area which now has only about 7,000 people. Where is the water coming from? What are the socioeconomic impacts? No one is in a posture or position to respond to that concern today, either within the Defense and Military Establishment or without. I am asking you as Members of this body to join with me in this consideration. Nevada is willing to and under this amendment would assume 25 percent of the MX missile siting, blessing, and burden. Utah in a contiguous siting—and that is already in the preliminary plan proposal—could have another 25 percent. They would be jointly operational. White Sands, N. Mex., has already been identified as a prospective MX missile site. They could assume a 25-percent blessing and burden, and the Yuma testing site in southern Arizona could represent the balance of 25 percent for the MX missile sitings. I believe it is a reasonable proposal. I certainly know that fundamental equity would suggest that asking one State in the Nation to assume 70 to 80 percent of the blessings and the burdens of missile siting is not equitable.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SANTINI was allowed to proceed for 2 additional minutes.)

Mr. SANTINI. I am pleading and appealing to you as Members of the House of Representatives to join in an understanding of my individual congressional district concern and I hope respond as well to a national security concern of yours.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. SANTINI. The gentleman from Missouri has waited patiently. I yield to him.

Mr. SKELTON. I thank the gentleman for yielding. I can only make this observation when the gentleman offers an amendment such as this that the congressional district that I represent has 150 ICBM missile silos with Minuteman II located in them. NBC's John Chancellor recently did a program on our congressional district to the effect that were there an attack on my congressional district, which is a prime potential target in this country, it would be 3,000 degrees Fahrenheit in Sedania, Mo. One hundred and ninety thousand people would be dead, and innumerable people would be injured. I must say this just for an observation. The gentleman's amendment comes too late, but I might also say this. No one in my congressional district in western Missouri with missile silos there, knowing of the dangers that are there, has said, "Move them." They accept them as part of our national defense.

Mr. SANTINI. I would interrupt my good friend and reclaim my time. I would say to my good friend, the gentleman from Missouri, that I will be happy to amend my proposal to include the 25 percent in terms of his district if it is a particular commitment and enthusiasm of his. I am only asking that, given the magnitude of a $30 to $50 billion project and a 10,000 square-mile-impact arena which will be the consequence of a one-State location, it would seem fair and reasonable to ask that part of it be shared.

Mr. PRICE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I oppose the amendment by the gentleman as unnecessary and unwarranted. The gentleman's amendment would arbitrarily require the MX system to be put in at least four States, which would inevitably require more land, a lot higher cost, and less efficient running of the system.

The site selection for deployment of the system will be preceded by an exhaustive environmental analysis. The decision on deployment of the basing mode should be made solely on the basis of which site is the more militarily and environmentally sound.

It should be understood that only land in the immediate vicinity of the shelter is withdrawn from public use. This amounts to about 2.5 acres per shelter. Thus, about only 25 square miles would be withdrawn from public use, including land for the assembly area.

I think the Members of the House should also be aware that the Governors of Nevada and Utah have indicated that the plans for the potential location of the MX facilities in their States are acceptable.

In a letter to the President, the Governor of Nevada stated that—

> It appears that adverse environmental impacts associated with the missile launching site in Nevada would be minimal.

He further stated:

> As Governor of Nevada I wish to convey to you the willingness of the State of Nevada to do its part in the development of such a system should the decision be made to deploy it here.

Also, I would like to point out that a poll done by a Nevada newspaper showed that 65 percent of the citizens of Nevada supported the deployment of the MX in Nevada.

In summary, I oppose the gentleman's amendment and hope the House will vote it down.

Mr. SANTINI. Mr. Chairman, would the gentleman yield?

Mr. PRICE. I yield to the gentleman from Nevada.

Mr. SANTINI. Let me say in my ongoing efforts, my communications on this issue, I have spoken with both our U.S. Senator and our Governor. Our Governor indicated he did not know that my proposal was in conflict with his interests on it.

Mr. Chairman, I think there is a great deal in terms of the pluses and the minuses of the impact of a system of this magnitude that is not known or understood, in terms of any citizen of any State in this Union, and a poll that asks citizens "Do you support an MX system?" I believe says something short of, "Do you support a nuclear fortress situated across the middle of your State that represents an impact of approximately 10,000 square miles and represents usage of 60 mountain and desert valleys in your State?"

Mr. PRICE. Mr. Chairman, I appreciate the gentleman's concern and I certainly commend him on his diligence in speaking to this.

However, Mr. Chairman, I can assure the gentleman before this installation is deployed anywhere a full environmental study must be made and will be made. At that time I imagine his State officials would have additional opportunity to make their positions more clear.

Mr. SANTINI. Mr. Chairman, will the gentleman yield?

Mr. PRICE. Yes, I yield to the gentleman from Nevada.

Mr. SANTINI. Mr. Chairman, I appreciate the sentiments of the gentleman. I would only urge the Members of the House to have an open mind and a receptive concern for my problem.

Mr. Chairman, there are many, many, many unforeseeable social, economic and military implications of this kind of proposal that no one can premeditate or deliberate and no one can apprehend in terms of trying to balance out the impact and the consequence of a system of this magnitude.

Mr. Chairman, I thank the chairman for yielding.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from Missouri.

Mr. ICHORD. I think in further answer to the gentleman from Nevada, it should be pointed out that actually the only land you are going to have removed from public use in the two States—namely, Utah and Nevada—will be 25 square miles. Just 25 square miles.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. Ichord, and by unanimous consent, Mr. Price was allowed to proceed for 3 additional minutes.)

Mr. PRICE. I yield to the gentleman from Missouri.

Mr. ICHORD. It is true that it will be scattered over about 5,000 square miles but only 25 square miles will be unusable land and I would point out that this system will be located on mainly desert land which is only good for mining and grazing. You will still be able to mine and you will still be able to graze.

Mr. Chairman, the problem is if we start scattering this system out over four States the cost will increase. It is already very high. It is going to go right through the ceiling. That will be because of increased operating and administrative costs.

Mr. Chairman, I sympathize with the problems of the gentleman from Nevada but we already have the approval of the Governor. I think we should take time to read into the Record parts of the letter from Governor List of Nevada to the President of the United States:

> Dear Mr. President: I would like to take this opportunity to express my viewpoints regarding the possible development of the missile MX system in Nevada. United States Air Force officials have extensively briefed members of the Nevada Legislature as well as myself regarding all aspects of the project. During early phases of the environmental impact investigation when an "area security" approach was being considered some concerns were raised as to the possible adverse affect on minerals, exploration, and development and on other uses of the land. We have since been assured that the more recent "point security" approach would minimize any such limitations.

Mr. Chairman, I would parenthetically point out that is what we have now, the "point security" approach.

> Although I know that additional details would be developed concerning the impact of the installation and while I feel that a full opportunity for public comment should then be allowed, it now appears that adverse environmental impacts associated with the missile launching sites in Nevada would be minimal. It is my belief that the multiple protective shelters deployment system for MX is essential to the future of our national defense capability. As governor of Nevada I wish to convey to you the willingness of the state of Nevada to do its part in the development of such a system should the decision be made to deploy it here.

Mr. Chairman, I am sure Governor List of Nevada had in mind some of the economic benefits that, of course, will adhere to the State of Nevada, this land is desert land. I would seriously ask the Members of the House not to approve this amendment because there is no telling what the cost of this amendment is going to be and we would be putting it in States where the Governors perhaps would not concur as does the Governor of Nevada.

Mr. EMERY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am not in favor of the amendment offered by the gentleman from Nevada (Mr. Santini), but nevertheless, I think the issue he raises is one worth discussing for a few minutes. That is the question of deploying any kind of a strategic deterrent on land—a weapon which might draw enemy fire toward land or toward populated areas.

Mr. Chairman, after considerable consideration of the MX program I have come to the conclusion that I do not support any of the three MX missile alternatives we have discussed. I think it is well to think in terms of the MX missile itself—as opposed to the three methods of deployment that we have debated; one being the trench system, one being the so-called MPS system, and the third being the transportable erector-launcher system which President Carter has chosen.

Mr. Chairman, it is my own personal feeling that our deterrent would be more survivable if a greater portion was deployed and launched from submarines similar to the submarine-launched missile systems we have now. I think there are many advantages to a submarine missile system. They are survivable. They are mobile. Recent development in missile technology, communications, and telemetry mean that submarine-launched missiles can be nearly as accurate as land-based missiles and you do not have the problem of drawing fire toward populated areas.

Certainly many of us—and my district is no different—have many targets for the Soviet missiles should war break out. I have several shipyards, oil storage depots, communication centers, and Air Force bases either in or near my district. The gentleman's district in Nevada is really not unique in that respect, nor is mine. We all share in both the burden and the responsibility of providing for national defense.

Mr. Chairman, I do think we should consider this whole question of MX deployment very carefully: Is there a more accurate system?

□ 1650

Is there a more survivable system? Is there a less costly system? Is there a system that will draw fire away from the populations?

I did not support the amendment offered by the gentleman from California (Mr. Dellums) because I believe that the MX missile itself is a good missile and we ought to maintain superior missile technology, develop missiles that are more survivable, more accurate, that can carry modern warheads—a smaller yield and greater accuracy; so I think there is a tremendous need to develop the missile, but I do sympathize with the gentleman from Nevada that this deployment not only may not be in the best interests of his own constituents as they see it, but I am not sure it is the best way to go when we talk about improving our deterrent.

My own feelings, which I will express in the Committee on Armed Services and on the floor over the next several months, will be to explore the desirability of a greater submarine missile force and less of a dependence on any land-based missile, simply because they are going to be sitting ducks, no matter how we harden the targets or no matter how we make the launches mobile. They are still in a relatively small area. They can either be bracketed or pinned down by incoming missiles, and eventually we are going to come right back to the old concept of how many silos can be built, and how many missiles will it take to knock them out. How many tracks can you build and how many warheads the Soviets launch at us, is going to be an escalating game. I do not think we ought to be moving in that direction. I just threw out those comments for consideration as we debate the wisdom of buying the MX systems proposed by President Carter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nevada (Mr. Santini).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. SANTINI. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 84, noes 289, not voting 61, as follows:

[Roll No. 468]

AYES—84

Abdnor
Baldus
Benjamin
Biaggi
Bingham
Blanchard
Bonior
Brodhead
Brown, Ohio
Burgener
Burton, Phillip
Carr
Cavanaugh
Cheney
Collins, Ill.
Dannemeyer
Daschle
Dellums
Dingell
Dodd
Donnelly
Downey
Erdahl
Evans, Ga.
Fazio
Florio
Forsythe
Glickman
Hall, Tex.
Harkin
Hollenbeck
Jacobs
Jeffords
Johnson, Colo.
Kastenmeier
Kildee
Kogovsek
Kostmayer
Livingston
Long, Md.
Lujan
Maguire
Marlenee
Matsui
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Mitchell, Md.
Moffett
Murphy, Pa.
Nedzi
Nolan
Nowak
Oberstar
Panetta
Pursell
Quayle
Rahall
Ratchford
Richmond
Rosenthal
Russo
Sabo
Santini
Schroeder
Sebelius
Seiberling
Shumway
Simon
Skelton
Staggers
Stockman
Swift
Traxler
Vento
Walgren
Waxman
Weaver
Weiss
Whittaker
Williams, Mont.
Williams, Ohio
Young, Mo.

NOES—289

Addabbo
Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Ashley
Aspin
Atkinson
Badham
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Beilenson
Bennett
Bereuter
Bethune
Bevill
Boggs
Boland
Boner
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brooks
Broyhill
Buchanan
Burlison
Butler
Byron
Carney
Chappell
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Tex.
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis, S.C.
Derrick
Dickinson
Dicks
Dornan
Dougherty
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Calif.
Emery
English
Erlenborn
Ertel
Evans, Ind.
Fary
Fascell
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Holt
Hopkins
Horton
Howard
Hubbard
Hughes
Ichord
Ireland
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kindness
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Lowry
Luken
Lundine
Lungren
McCloskey
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Markey
Marks
Martin
Mathis
Mattox
Mavroules
Mazzoli
Mica
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nelson
Nichols
O'Brien
Oakar
Obey
Ottinger
Patten
Paul
Pease
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Quillen
Rangel
Regula
Reuss
Rhodes
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Roth
Rousselot
Rudd
Runnels
Satterfield
Sawyer
Scheuer
Schulze
Sensenbrenner
Shannon
Sharp
Shelby
Slack
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Stangeland
Stanton
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Trible
Udall
Ullman
Vanik
Volkmer
Wampler
Watkins
White
Whitehurst
Whitley
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wolpe
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Zablocki
Zeferetti

NOT VOTING—61

Alexander
Anderson, Ill.
Applegate
AuCoin
Bedell
Bolling
Broomfield
Brown, Calif.
Burton, John
Campbell
Carter
Conable
Conyers
Davis, Mich.
de la Garza
Deckard
Derwinski
Devine
Diggs
Dixon
Edgar
Edwards, Ala.
Edwards, Okla.
Evans, Del.
Flood
Goodling
Holtzman
Huckaby
Hutto
Hyde
Jones, N.C.
Kemp
Lott
McClory
Marriott
Michel
Mikva
Moorhead, Calif.
Murphy, Ill.
Neal
Pashayan
Patterson
Pepper
Preyer
Railsback
Roberts
Rostenkowski
Roybal
Royer
Shuster
Smith, Iowa
Stark
Treen
Van Deerlin
Vander Jagt
Walker
Wilson, C. H.
Wirth
Wolff
Wyatt
Young, Alaska

□ 1700

The Clerk announced the following pairs:

On this vote:

Mr. Stark for, with Mr. Preyer against.

Mr. Conyers for, with Mr. Murphy of Illinois against.

Mr. Diggs for, with Mr. Pepper against.

Mr. Dixon for, with Mr. Jones of North Carolina against.

Messrs. STAGGERS, STOCKMAN, and DASCHLE changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1710

The CHAIRMAN pro tempore. Are there further amendments to title II? If not, the Clerk will read.

The Clerk read as follows:

TITLE III—ACTIVE FORCES

SEC. 301. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1980, as follows:

(1) The Army, 780,337.

(2) The Navy, 529,002.

(3) The Marine Corps, 189,000.

(4) The Air Force, 558,761.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN pro tempore. Are there any amendments to title III? If not, the Clerk will read.

The Clerk read as follows:

TITLE IV—RESERVE FORCES

SEC. 401. (a) For fiscal year 1980, the Selected Reserve of the reserve components of the Armed Forces shall be programmed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 355,700.

(2) The Army Reserve, 197,400.

(3) The Naval Reserve, 87,000.

(4) The Marine Corps Reserve, 33,600.

(5) The Air National Guard of the United States, 92,500.

(6) The Air Force Reserve, 57,300.

(7) The Coast Guard Reserve, 11,700.

(b) Within the average strengths prescribed by subsection (a), the reserve components of the Armed Forces are authorized, as of September 30, 1980, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, and training the reserve components:

(1) The Army National Guard of the United States, 6,244.

(2) The Army Reserve, 4,288.

(3) The Naval Reserve, 207.

(4) The Marine Corps Reserve, 67.

(5) The Air National Guard of the United States, 1,560.

(6) The Air Force Reserve, 681.

(c) The average strength prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participating in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of individual members.

AMENDMENTS TO SELECTED RESERVE EDUCATIONAL ASSISTANCE PROGRAM

SEC. 402. (a) Section 2131(b)(1) of title 10, United States Code, is amended by striking out "50 percent" and inserting in lieu thereof "100 percent".

(b) Section 2133(b) of such title is amended to read as follows:

"(b)(1) A member who fails to participate satisfactorily in training with his unit, if he is a member of a unit, during a term of enlistment for which the member entered into an agreement under section 2132(a)(4) of this title shall refund an amount computed under paragraph (2) unless the failure to participate in training was due to reasons beyond the control of the member. Any refund by a member under this section shall not affect the period of obligation of such member to serve as a Reserve.

"(2) The amount of any refund under paragraph (1) shall be the amount equal to the product of—

"(A) the number of months of obligated service remaining during that term of enlistment divided by the total number of months of obligated service of that term of enlistment; and

"(B) the total amount of educational assistance provided to the member under section 2131 of this title.".

(c) The amendments made by this section shall apply only to individuals enlisting in the Reserves after September 30, 1979.

DISCRETIONARY AUTHORITY OF SECRETARY CONCERNED TO RETAIN CERTAIN RESERVE OFFICERS ON ACTIVE DUTY UNTIL AGE 60

SEC. 403. (a) Section 3855 of title 10, United States Code, is amended by inserting "Veterinary Corps," after "Dental Corps,".

(b) Section 8855 of such title is amended by inserting "veterinary officer," after "dental officer,".

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title IV be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN pro tempore. Are there any amendments to title IV? If not, the Clerk will read.

The Clerk read as follows:

TITLE V—CIVILIAN PERSONNEL

SEC. 501. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1980, of 986,292.

(b) The strength for civilian personnel prescribed in subsection (a) shall be apportioned among the Department of the Army, the Department of the Navy (including the Marine Corps), the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within sixty days after the date of the enactment of this Act on the manner in which the initial allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for each allocation.

(c) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program, and personnel participating in the worker-trainee opportunity program. Whenever a function, power, or duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest, he may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed 1¼ percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under the authority of this subsection.

Mr. PRICE. (during the reading). Mr. Chairman, I ask unanimous consent that title V be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN pro tempore. Are there any amendments to title V? If not, the Clerk will read.

The Clerk read as follows:

TITLE VI—MILITARY TRAINING STUDENT LOADS

SEC. 601. (a) For fiscal year 1980, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 74,468.

(2) The Navy, 61,913.

(3) The Marine Corps, 22,618.

(4) The Air Force, 43,249.

(5) The Army National Guard of the United States, 14,616.

(6) The Army Reserve, 6,328.

(7) The Naval Reserve, 906.

(8) The Marine Corps Reserve, 3,156.

(9) The Air National Guard of the United States, 1,958.

(10) The Air Force Reserve, 1,276.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title VI be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN pro tempore. Are there any amendments to title VI? If not, the Clerk will read.

The Clerk read as follows:

TITLE VII—CIVIL DEFENSE

AUTHORIZATION OF APPROPRIATIONS

SEC. 701. There is authorized to be appropriated for fiscal year 1980 for the purpose of carrying out the provisions of the Federal Civil Defense Act of 1950 the sum of $138,000,000.

ELIMINATION OF CERTAIN LIMITATIONS ON CIVIL DEFENSE APPROPRIATIONS

SEC. 702. Section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended to read as follows:

"APPROPRIATIONS AND TRANSFER OF FUNDS

"SEC. 408. (a) No funds may be appropriated for any fiscal year for the purpose of carrying out the povisions of this Act unless such funds have been authorized for such purpose by legislation enacted after July 14, 1976.

"(b) Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Director of the Office of Management and Budget, to any agency or government corporation designated to assist in carrying out this Act. Any allocation or transfer of funds under the preceding sentence shall be reported in full detail to the Congress within thirty days after such allocation or transfer.".

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title VII be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AMENDMENT OFFERED BY MR. SKELTON

Mr. SKELETON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SKELTON: On page 16, strike all of lines 5 through 9, and insert in lieu thereof the following:

"SEC. 701. The Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251 through 2297), is amended—

(1) by adding after title IV the following new title:

"TITLE V—ENHANCED PROGRAM FOR THE 1980'S

"FINDINGS AND DETERMINATIONS

"SEC. 501. (a) The Congress finds that—

"(1) a program providing for relocating the population of the larger United States cities, and other risk areas, during a period of strategic warning resulting from an international crisis can be effective and cost less than alternative programs;

"(2) the present civil defense program is inadequate;

"(3) a new civil defense program can be developed immediately which, with only a modest increase in resource allocation, can enhance the civil defense capability of the United States.

"(b) The Congress determines that a new civil defense program should be implemented—

"(1) to enhance the survivability of the American people and its leadership in the event of nuclear war and thereby to improve the basis for eventual recovery and to reduce the vulnerability to a major attack;

"(2) to enhance deterrence and stability, to contribute to perceptions of the overall strategic balance and crisis stability, and to reduce the possibility that the United States could be coerced by an enemy in times of increased tension;

"(3) to not suggest any change in the United States policy of relying on strategic nuclear forces as the preponderant factor in maintaining deterrence; and

"(4) to include planning for population relocation during times of international crisis which are adaptable to deal with natural disasters and other peacetime emergencies.

"PROGRAM ELEMENTS

"SEC. 502. To carry out section 501, the President shall develop and implement a civil defense program which includes—

"(1) a survey of the shelter inherent in existing facilities;

"(2) nuclear civil protection planning for both in-place protection and population relocation, during times of international crises;

"(3) planning for the development of additional crisis shelter, of capabilities for shelter management, of the marking and stocking of shelters, and of ventilation kits for shelters;

"(4) the development of emergency evacuation plans in areas where nuclear powerplants are located;

"(5) the improvement of warning systems;

"(6) the improvement of systems and capabilities for the direction and control of emergency operations by civil governments at all levels, including development of a distributed survivable network of emergency operating centers;

"(7) the improvement of radiological defense capability;

"(8) the improvement of emergency public information and training programs and capabilities;

"(9) research and development; and

"(10) the development of such other systems and capabilities as are necessary to realize the maximum lifesaving potential of the civil defense program.

"ADMINISTRATIVE PROVISIONS

"SEC. 503. The powers contained in titles II and IV of this Act shall be used in developing and implementing section 502."; and

(2) by adding at the end of the table of contents the following:

"TITLE V—ENHANCED PROGRAM FOR THE 1980'S
"Sec. 501. Findings and determinations.
"Sec. 502. Program elements.
"Sec. 503. Administrative provisions."

"AUTHORIZATION OF APPROPRIATIONS

SEC. 702. There are authorized to be appropriated for the purpose of carrying out the provisions of the Federal Civil Defense Act of 1950, in 1979 dollars, the sums of $138,000,000 for the fiscal year ending September 30, 1980, $145,900,000 for the fiscal year ending September 30, 1981, $180,000,000 for the fiscal year ending September 30, 1982, $243,000,000 for the fiscal year ending September 30, 1983, and $283,000,000 for the fiscal year ending September 30, 1984. The sums specified in this section shall be adjusted by the inflation factor used by the Office of Management and Budget in preparing budget estimates submitted to the Congress, so that the actual sum authorized for each fiscal year shall reflect then current dollars."

And, on page 16, line 12, strike "SEC. 702." and insert in lieu thereof "SEC. 703."

Mr. SKELTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

(By unanimous consent, Mr. SKELTON was allowed to proceed for 5 additional minutes.)

Mr. SKELTON. Mr. Chairman, the first purpose of government is to provide for the common defense of its people, to have secure people, and a secure nation.

How is this done?

History tells us time and again that the only way to remain secure is to be strong and to be prepared to repel, survive and defeat a would-be aggressor. From the beginning of recorded mankind, we see that those nations that were not militarily strong eventually became victims of those who were stronger—either by giving way to the demands of the stronger diplomatically, or by losing in battle.

In the early days of armed conflict, governments built fortresses or walled cities to protect the population. Then, as time passed, the borders of a country were made secure to protect the country's citizens. But today, because of modern science, neither forts nor border defenses are sufficient to secure a people from an atomic weapon launched thousands of miles away by an intercontinental ballistic missile. To defend a populace from the threat of incoming ICBM's we need a civil defense program to allow for evacuation, fallout shelters or blast shelters. We need to educate the intended victims as to how they may be protected by their Government or by self-help. We must make the citizens aware that truly lives can be saved—and will be saved—should an attack occur. To be prepared, that is the answer; not only to the saving of lives, but to there being a strong deterrent to an enemy who would consider such an attack.

Mr. Chairman, the amendment I offer today, for the first time since American civil defense went into effect in the 1950's, establishes a plan, a definite program and definite goals for the civil defense of America. It would, in the first instance, do these things:

Provide for the population relocation during a period of strategic warning;

Provide for the survivability of the American population and for recovery;

Provide for civil defense being part of the strategic balance and reduce the possibility of the United States being coerced by an enemy;

Provide for planning of proper shelter that might be needed;

Provide for the saving of lives from the destruction caused by hurricanes, tornadoes, floods, and earthquakes;

Provide for emergency evacuation in the event of a nuclear plant accident such as the one at Three Mile Island;

Provide for adequate emergency warning systems; and

Provide for emergency public information and training programs.

Mr. Chairman, second, this amendment would provide for 5 years of authorized funding to meet the need of present and future planning.

It is interesting to note that the Appropriations subcommittee dealing with civil defense noted the absence of a multiyear authorization in its report. This second provision would give the demonstrated support necessary to effect a strong program that looks ahead to the future. The amendment adopts the same figure as the beginning figure the Committee on Armed Services chose, $138 million for the first year, increasing in 1984 to $283 million.

We must take note, Mr. Chairman, that our rival in the world community, the U.S.S.R., spends approximately $2 billion a year on civil defense and has 100,000 full-time civil defense personnel. On the other hand, in the past we in this country have spent only $100 million a year, which is about 45 cents a person, on civil defense, and we only have for the entire Nation approximately 10,000 people who are full-time emergency preparedness personnel. My amendment would be the first step in correcting this disparity.

I also point out the belief that if there is a nuclear war, all is lost. That belief just has no basis. Those who subscribe to the so-called mutual assured destruction theory overlook the fact that the Russians do not think that way. It is what a country perceives that is important. If Russia thinks that its population can survive a nuclear attack, then it can and will be more venturesome. Thus, the mutual assured destruction thinking is without foundation.

□ 1720

By our country maintaining attack preparedness, there will be a war-preventing value in our civil defense. The civil defense will be a stabilizing deterrent to a would-be aggressor.

If we are to be prepared, that is the question.

Mr. Chairman, we only have to look at recent examples in history, a recent example where attacks were made based upon what a country thought, not what was true.

We look at World War II, the failure of America to fortify Guam, the scrapping of our battleships; and the draft passing by only one vote caused Pearl Harbor. Nazi Germany invaded Poland and Russia on the belief that they could win. So it is what a country believes is what is important.

To be more specific, Mr. Chairman, the district I represent located in western Missouri contains 150 Minuteman missiles as part of our nuclear retaliatory force, part of the Strategic Air Command. This area is one of the 39 prime potential targets in this country.

I refer my colleagues to the map on my right showing the potential enemy nuclear targets in our country. All 39 areas in our country are literally under the enemy nuclear gun.

Further, populations in large cities are presently most vulnerable without plans or without preparedness to evacuate them or protect them. They are in serious trouble. For the proper protection of our citizens, I urge the adoption of this amendment.

Mr. MITCHELL of New York. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, my colleagues, I wish to speak in support of the Skelton amendment.

The Appropriations Committee reduced our authorization of $138 million to $95.6 million this year primarily because we did not have a full-scale, long-range plan in place for civil defense.

The Skelton amendment would overcome this objection. Apparently, they had no substantive objection to civil defense for our Nation. It was just that we did not have a plan in place.

I would like to point out that this House for the last 2 years has passed this figure of $138 million. Our full Committee on Armed Services has passed this figure for 3 years. The last vote in our last subcommittee was 9 to 1 in support of $138 million for a civil defense program.

What is the magic about $138 million? Well, that just happens to be the first-year expenditure of the 5-year program for civil defense of the gentleman from Missouri (Mr. SKELTON).

We need to protect our people from the danger of nuclear weapons, from the Soviet Union primarily, because they are protecting their citizens. Everyone in this Chamber wants peace, peace beyond anything else.

We are taught by our leaders, to maintain the peace, we have to have some sort of strategic balance with the Soviet Union. We cannot have any great disparity in weaponry.

We are told by our leaders also that we have something called the rough equivalent in weaponry.

From my point of view, it seems to get a little rougher every year. They say the weaponry is equal. If they can protect themselves from our weapons, and we cannot protect ourselves from their weapons, it is as if they have far more weapons, and it makes a mockery of the strategic balance. It just does not exist.

No one knows just how superior their system is, but there is no one who looks at the system or a comparison of the systems very long who does not deny it is positively superior. We are never going to know just how superior their system is until it is put in place.

We do know just by looking at the numbers that they are trying more than 10 times harder than we are to build an effective civil defense system.

First of all, we only have 10,000 people full time involved in our system. They have over 100,000.

We spend less than $100 million a year on civil defense. They spend between $1 and $2 billion.

The only place we excel is in the number of casualties that would occur in the event of a nuclear war. It is estimated that they can put their system in place, having the 3 or 4 days necessary to evacuate their cities, that their casualties would be in the range of 10 million people, but our casualties, without any program, would be in the range of 100 million people. So, once again they win by a 10-to-1 ratio.

If we want to maintain the peace, ladies and gentlemen, if we want to maintain this balance in weaponry and protection, we have two choices. We can develop a civil defense system for America which only costs about a billion dollars more than we spend now over the next 5 years, or we can build bigger and better weapons systems to be able to destroy more Soviet citizens.

I point out to my colleagues that to provide a civil defense system for our people protects their lives, and it is a much more humane approach and less expensive approach for those who are concerned about budgetary totals, than to build more exotic and more expensive weapons.

Let me refer to this chart that presents the results of a study President Carter asked for, an interagency study by the best brains in America on what would happen if there were an all-out nuclear attack by the Soviet Union.

This is a figure of comparisons of different systems. The first figure is called "Program Aid." That is about what we spend now, a little less than $100 million. If we were attacked by the Soviet Union, only 25 percent of our American population would survive.

So with Plan A, which is where we are now, 20 percent of Americans would survive an all-out nuclear attack.

If we go with the plan of the gentleman from Missouri (Mr. SKELTON), and just spend a little over a billion dollars over the period of the next 5 years, 85 percent of our population can survive, and even if our population is targeted after it is evacuated, 75 percent can survive. It is the best cost-ratio program we have invested in. We save, by investing about a billion dollars, 100 million American lives. That adds up to about $10 per American life. Where can you buy a program like that?

I just want to point out that the full House has passed this for 2 years in a row.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. MITCHELL) has expired.

(By unanimous consent, Mr. MITCHELL of New York was allowed to proceed for 2 additional minutes.)

Mr. MITCHELL of New York. Our head of the Defense Civil Preparedness Agency, Mr. Tirana, said for the past years they can get into this program, they can use the money effectively.

As I mentioned, our subcommittee passed it by a 9-to-1 vote the last time we considered it. I would just urge support of this program. I think it is a great investment in peace.

We learned yesterday we are behind the Soviet Union in pretty nearly every category, 20 out of 23 programs for waging war find us behind the Soviets, and we are behind here also.

I would like to say for those of my colleagues who vote against the defense budget and vote against our weapons systems and vote to destroy any new programs and technology we have, that those colleagues can support civil defense in good conscience. It is a program that does not hurt anyone. It is a program that saves Americans.

For those of my colleagues who would do away with our weapons or not provide us with adequate weaponry, if those colleagues cannot give us the weapons to protect our people, at least they can give our people a place to hide.

Thank you, Mr. Chairman.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Alabama.

Mr. DICKINSON. I thank the gentleman for yielding.

I want to commend the gentleman for his long-lasting and tenacious support of the civil defense program. I would like to make the observation here on the floor I made to him privately and in committee. I really think it would be advantageous to change the name of the program to, instead of civil defense, a civil disaster program. The connotation of civil defense conjures up fall-out shelters and the era of the 1960's when right now in my district and in Mobile and in the Southern part of the United States, Hurricane Frederic has come in. We have just seen David go through.

☐ 1730

That is a big function. Until we have a nuclear war that will be the principal function of this organization and we should recognize it as such. If we would label it properly we would get much greater and wider spread popular support. If we would recognize it as a civil disaster program for whatever the purpose, I think it would be much more readily accepted.

The CHAIRMAN pro tempore. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. MITCHELL of New York was allowed to proceed for 2 additional minutes.)

Mr. DICKINSON. Mr. Chairman, will the gentleman yield further?

Mr. MITCHELL of New York. I yield to the gentleman.

Mr. DICKINSON. I think funding would come more easily, I think we would have wider popular acceptance and I think people would more readily understand it if it were so labeled, and I think it would be more aptly described. I certainly hope as the gentleman continues to work in this field, which he has done for quite some time, and to his credit, he would seriously consider this and work toward that end.

Mr. MITCHELL of New York. I thank the gentleman for his contribution. I think his reasoning is sound.

I would mention one other thing that has not been mentioned as a reason, and that is every time we bring up civil defense in this program it meets with a disaster on the floor, so perhaps it would be good to call it that in anticipation of what is going to happen.

AMENDMENT OFFERED BY MR. NEDZI TO THE AMENDMENT OFFERED BY MR. SKELTON

Mr. NEDZI. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. NEDZI to the amendment offered by Mr. SKELTON: Strike out "on page 16, strike all of lines 5 through 9, and insert in lieu thereof the following:" and insert in lieu thereof "Page 16, after line 9, insert the following new section:".

Redesignate section 701 of the matter proposed to be inserted as section 702.

Strike out section 702 of the matter proposed to be inserted.

Mr. NEDZI. Mr. Chairman, let me try to put into perspective what is before the committee at this time. There is an amendment on the floor, an amendment, incidentally, with which I have no quarrel in substantial degree. The difference in my amendment and the amendment presented by the gentleman from Missouri is the fact that he proposes in his amendment a 5-year authorization which totals some $989.9 million over this period of time. This authorization is being presented to the committee without any hearings on the part of the subcommittee or the full committee or any having ever been considered.

The rest of the gentleman's amendment is something with which I agree, the administration agrees, and it represents certain findings and determinations of the Congress with respect to civil defense and encourages action in order to approve our civil defense program, which is sorely needed. That is what we are talking about at the present time.

The question is whether we want to take away from the Armed Services Committee, indeed, from the Congress, the right to renew the authorization during the forthcoming 4 years, or whether we here tonight at 5:30 are going to authorize almost a billion dollars for a program which is being managed at the present time by managers who have just gotten into office several weeks ago.

The new Civil Defense structure has just gotten off the ground. The Director for Civil Defense was confirmed by the Senate just before our congressional recess. So I think it is appropriate for Mr. Massey, the new Director, to have an opportunity to put his house in order before we endeavor to legislate a 5-year program.

This position is supported by the administration and the administration opposes the proposed funding methods and levels in the gentleman's amendment. As I said, there were no hearings held on this and if we are going to legislate properly, certainly some kind of congressional review is in order. This program which is outlined here today is not prevented from going into being, it can be done next year. The amount authorized for this year is identical in the bill and in the gentleman's amendment, so there is no quarrel about that. It is just the future authorization.

In all honesty, we just do not believe any authorizing committee should be asked to be put in this kind of a position.

Let me make one more point, and that is that we have been engaging here for some time now, as I am sure all of the Members are aware, in something of a charade with appropriation bills coming before the Congress before authorization bills. I might say that despite the fact we have $138 million in the bill, the House has appropriated only $100.6 million, and the other body has appropriated $99.1 million, so that is something of a charade. If anybody here does not think authorizing money for the next 5 years for this agency is a great charade, they are sadly mistaken. I trust that the amendment will be approved which, in effect, will adopt the findings part of the gentleman's amendment, but will eliminate the out-year authorizations.

Mr. SKELTON. Mr. Chairman, I rise to speak against the Nedzi amendment.

The gentleman in his address on his amendment, that guts the Skelton amendment, spoke of a charade. I think it is a charade if we have a civil defense plan and do not have one that works.

The people of this Nation in a recent poll felt that this country spends approximately $1 billion a year on civil defense. In truth and in fact, we spend about $100 million, one-tenth of that amount. It is a charade for them to believe that we have the capability to protect them, to remove them from areas that are in danger, to tell them about blast shelters, to tell them about fallout shelters.

I oppose this amendment because it would take out the multiyear funding. The reason for it is this: The chairman of the subcommittee that Mr. NEDZI mentioned, Mr. EDDIE BOLAND, in the report that refers to this says that the reason there was just $100 million appropriated was because of the lack of multiyear funding. That corrects this. That is what the report points out. If we are going to have proper funding we must leave this intact.

I urge this body vote no on the Nedzi amendment.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman.

Mr. MITCHELL of New York. I thank the gentleman for yielding.

In response to the charge we should have, or the suggestion that we should have more hearings, I would point out that we have had hearings on the need for a civil defense program for the past 4 years.

I would also say that the argument objecting to the program, because we have a new organization in place is not really valid because the same people, the same experts are going to come up with the same program they have been proposing for 4 years.

Mr. SKELTON. As a matter of fact, hearings have been held for 4 years. Would the gentleman be interested in knowing in response to the question that I requested a hearing on the exact bill on March the 22d and I have not had it yet. I am forced to go this way. We must protect the people of this country, we must do it by proper civil defense, and we must do it by multiyear funding, and that is what we intend to do.

Mr. MITCHELL of New York. Would the gentleman yield further?

Mr. SKELTON. Yes, I yield to the gentleman.

Mr. MITCHELL of New York. I would like to also point out that we are 10 years behind the Soviet Union. If we continue to postpone this thing, we are going to be even further behind.

I was a little disturbed by the characterization of a charade with the gentleman's amendment, and I think the only charade here is that the House has not done anything about civil defense. I point out that the chairman of the committee is the one person who voted against the civil defense program when we had a 9-to-1 vote in favor of the civil defense program in our subcommittee.

Mr. SKELTON. Does the gentleman mean everyone on the subcommittee voted for a civil defense program except one?

Mr. MITCHELL of New York. That is affirmative, and it is the chairman who just spoke on the program.

I would just like to see the House provide some leadership to get its teeth into a program and to do something about protecting the American people.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the Chairman of the committee.

Mr. PRICE. Mr. Chairman, I would like to say to the Committee that as soon as we are able to vote on this particular amendment, after that vote the Committee will rise and conclude the consideration of this bill tomorrow. If we could just wrap up the business on this amendment we could leave for the evening.

Mr. NEDZI. Mr. Chairman will the gentleman yield?

Mr. SKELTON. Yes, I yield to the gentleman.

Mr. NEDZI. Is it not a fact that there is not one single dollar more of authorization for this particular year in this legislation?

Mr. SKELTON. Yes; I purposely did that. Let me answer the gentleman. I purposely did that and included a multiyear funding, because the report of the Appropriations Committee said they will not appropriate more money until there is a multiyear funding established to set forth a proper several-year plan for civil defense.

□ 1740

That is what my amendment does, and the gentleman guts it by his amendment to prohibit us from having a proper year-to-year planning in civil defense. If the gentleman's amendment to my amendment is adopted——

Mr. NEDZI. Is it not true that we have not had a word of testimony on how the authorization——

Mr. SKELTON. The gentleman did not grant me a hearing on this. On the 22d day of March I requested a hearing. I heard nothing. As the gentleman knows, I wanted to come and present testimony. Nothing came, so we have to rely on the 4 years of testimony the gentleman from New York spoke about. Hearings have been held.

Mr. NEDZI. They did not talk about the 1981, 1982, 1983, 1984 requirements, did they, in those hearings?

That is not my fault, sir.

Mr. WHITTAKER. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak in opposition to the amendment offered by the gentleman from Michigan.

Mr. Chairman, the gentleman from Missouri, I think, is proposing a very sound, reasonable and logical amendment. I wish to speak in favor of it but in opposition to the amendment of the gentleman from Michigan.

The amendment of the gentleman from Missouri would give civil defense work a purpose and make it a part of the Nation's strategic military thinking. This measure was introduced with the intention of giving Congress a chance to at least demonstrate its support for a civil defense policy. It provides for the protection of human lives and property during emergencies such as natural disasters, nuclear powerplant accidents, other manmade calamities as well as nuclear confrontation.

I feel that Congress is going to have to take the lead on this issue of civil defense. If this amendment passes, rather than if the amendment of the gentleman from Mchigan passes, it would be a signal to the administration that the Nation is now preparing to start reappraising its attitude toward civil defense.

So, I ask the Members to vote negative on the amendment offered by the gentleman from Michigan and positive on the amendment offered by the gentleman from Missouri.

Mr. CHAPPELL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from Michigan.

Mr. Chairman, I do not know whether 2 years or 5 years is a proper period of time for funding under this program or not, but I can say that one of the principal reasons why we have not had anything in civil defense up to this point is that we have had no discussion; we have had no capacity to learn for the future. I believe we ought to lay out a plan for the next 5 years.

What this Congress does today it can undo tomorrow or next year, but it does not hurt to give us further discussion or planning. The very fact that we authorize does not mean that the Appropriations Committee has to appropriate those specfic amounts, as the authorization would propose. So, there is no harm to be done.

It seems to me that in this kind of long-range look at our civil defense we simply have not been doing anything in the past. We have had the opportunity with our natural disasters to train our people in this country to handle nuclear disasters should they occur, but we simply have not provided the tools and have not provided the facilities and have not provided the leadership, the planning for it, the long-range direction of any sort.

I think we ought to vote down this amendment and support the amendment offered by the gentleman from Missouri.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Michigan (Mr. NEDZI) to the amendment offered by the gentleman from Missouri (Mr. SKELTON).

The amendment to the amendment was rejected.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Missouri (Mr. SKELTON).

The amendment was agreed to.

Mr. PRICE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MINETA, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4040) to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes, had come to no resolution thereon.

PERMISSION FOR COMMITTEE ON THE BUDGET TO HAVE UNTIL MIDNIGHT, FRIDAY, SEPTEMBER 14, 1979, TO FILE REPORT ON SECOND BUDGET RESOLUTION FOR FISCAL YEAR 1980

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that the Committee on the Budget may have until midnight, Friday, September 14, 1979, to file a report on the second budget resolution for fiscal year 1980.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

MAKING IN ORDER ON MONDAY, SEPTEMBER 17, 1979, OR ANY DAY THEREAFTER, CONSIDERATION OF SECOND CONCURRENT RESOLUTION ON THE BUDGET

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that it may be in order on Monday, September 17, 1979, or any day thereafter, to consider the second concurrent resolution on the budget for fiscal year 1980, revising the congressional budget for the U.S. Government for the fiscal year 1980.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, do I understand that the gentleman is asking permission that the budget resolution may be considered on Monday or any day thereafter?

Mr. GIAIMO. That is right.

Mr. BAUMAN. If that permission is granted, what would be the schedule of consideration for general debate and amendments to the Budget Act?

Mr. GIAIMO. As I understand it, we would have general debate only on Monday. Then, we would continue thereafter. I do understand that there is an agreement by the leadership—and I cannot speak to this—but I am informed that we would not take up the budget resolution on Tuesday, but would go back to it on Wednesday.

Mr. BAUMAN. The tentative schedule, as the gentleman from Maryland has seen it, allows general debate on Monday, at which time I understand there are to be no rollcalls; and Wednesday would be the day amendments under the 5-minute rule will be considered on the budget resolution. Is that correct?

Mr. GIAIMO. That is my understanding.

Mr. BAUMAN. I understand the gentleman. Further reserving the right to object, I would like to observe that this request, while it comes by unanimous consent, is of great importance because of the nature of the legislation asked to be considered. If an objection were lodged to this, the gentleman would be forced to go to the Rules Committee and obtain a special rule waiving the statutory requirement of a 10-day layover after reporting. I would observe for the record that there has been much discussion in recent days of attempts by the majority leadership to limit the rights of Members to offer amendments to various pieces of legislation, to curtail debate, and perhaps even to change the nature of votes permitted on legislation. Such actions would be a serious violation of all Members' rights.

I would point out that while we are dealing here with a simple unanimous-consent request on a very important matter, if the policy I have described is adopted by the majority leadership of the House, this kind of pending request and many others could be subjected to the right of any Member to object. Such undemocratic plans could make it very difficult for the business of the House to be conducted if Members' rights are curtailed.

I thank the gentleman for his information, and I withdraw my reservation of objection, at least for this particular request.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

HOUR OF MEETING ON WEDNESDAY, SEPTEMBER 19, 1979

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, September 18, 1979, it adjourn to meet at 11 a.m. on Wednesday, September 19, 1979.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO FILE REPORT ON H.R. 4119, FEDERAL CROP INSURANCE ACT OF 1979

Mr. JONES of Tennessee. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight, September 13, to file a report on the bill H.R. 4119, the Federal Crop Insurance Act of 1979.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

CONCERN FOR INDEPENDENT TRUCKERS

(Mr. ROTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROTH. Mr. Speaker, last June, throughout much of the country, traditional commerce slowed and in many areas stopped due to a strike by the independent truckers of America. Many Americans, and especially many in leadership positions, were frankly amazed at the fortitude of the independent truckers, and the impact of their actions.

It was not long before calls for action were heard from across this great country. Distinguished Members of Congress from across the Nation bemoaned the impact of the strike on commerce in their districts. Certainly, justifiable criticism was aimed at those strikers who practiced violence as their only means of obtaining public attention.

As that strike continued, public sentiment and people in leadership positions decided it was probably time to sit down and listen to some very legitimate concerns and problems of the beleaguered truckers. It became obvious that the strike was an act of financial desperation for this group.

Three major concerns were echoed in almost every meeting with the truckers across the country. A distinct lack of adequate fuel supply presented unbearable problems to those trying to make shipping deadlines, and roll up sufficient dollars to meet their financial needs. The lack of uniform minimum weight standards across the country caused tremendous inefficiency in the shipping business. The time and energy costs of this problem are almost astronomical. The Interstate Commerce Commission's diesel fuel cost recovery program needed modification to adequately reimburse the independent trucker for his increasing costs.

Many of us who have the privilege of serving in elective office believe this privilege carries many responsibilities for leadership and service as well. Practicing this belief, we did our part to listen to the pleas of the independent truckers and determine what we could do to help them—and in doing that help the citizens affected by the strike.

President Carter sent a representative from the White House to a meeting in Madison where the truckers were promised action by their Government. These meetings occurred and were replayed throughout the country.

This very week, representatives of the independent truckers from across the country are meeting here in Washington. They are trying to determine what if anything has been done by their Federal Government. They are trying to determine what their next action must be; recognizing the intolerables still exist.

The talk of another strike is echoing across this land. The possible strike could make the first one look mild in terms of its impact on us all. At the very time we need the transportation of our fuel oil, and harvest crops, these truckers could be walking the picket lines.

If it occurs, the Federal Government must take a good share of the blame. For not only have the problems of the truckers not been solved—but more important—a promise by their Government to take action has also been broken. And thus, the tragedies of this strike would be many fold.

And so to the administration; and to the leadership of Congress, I say, "Act before it is too late." To do anything less will not only damage an already recession economy—it will also damage the integrity of the Government's commitment to past promises to an important segment of our citizens.

THE RIGHT TO EMIGRATE FROM THE SOVIET UNION

(Mr. LONG of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. LONG of Maryland. Mr. Speaker, on a recent congressional delegation visit to the Soviet Union, a letter to Leonid Brezhnev, which I drafted was signed by 12 Members of Congress:

This letter was addressed to Leonid I. Brezhnev. We have received a cable from the charge d'affaires in Moscow that the letter has been delivered to the Foreign Secretary for delivery to Secretary Brezhnev.

Mr. Speaker, I submit the letter, as follows:

WASHINGTON, D.C.,
August 21, 1979.

His Excellency LEONID I. BREZHNEV,
General Secretary,
Central Committee of the Communist Party,
Moscow, RSFSR,
U.S.S.R.

DEAR MR. SECRETARY: We, the undersigned members of Congress, express our deep concern both for the individuals who have sought to emigrate from the Soviet Union, and for those individuals of all faiths who have suffered because they have spoken out on behalf of their liberties and their religion.

The right of an individual to emigrate is a fundamental human right. This right has been denied to a number of religious groups, including Protestants, Pentecostals, Catholics and Jews. A number of Jewish men and women have been sentenced to prison for three to fifteen years after expressing their desire to leave the USSR for Israel. Jews have been accused of parasitism after losing their jobs following an application to emigrate; of hooliganism, for such trivial acts as bumping into a passerby causing a cake to drop on the sidewalk; and of owning anti-Soviet materials, for possessing Hebrew primers and prayer books.

We are further told that prisoners' rights guaranteed by Soviet penal codes are often denied Jewish prisoners, persecuted by both inmates and prison administrators. Anti-Jewish incidents are provoked. They are compelled to perform hard labor on low-calorie diets, they must live in unsanitary surroundings and they receive inadequate medical care.

Anti-Semitism apparently has not disappeared in the Soviet Union—restrictions against Jews attending higher institutions are tightening. Jewish religious and cultural life is restricted. Impediments to teaching Hebrew remain in effect.

We are concerned not only with the violations of human rights of Protestants, Pentecostals, Catholics and Jews, but over the damage this repression has had on the progress of detente.

When in Tashkent, the delegation was gratified to learn from the Grand Mufti that Muslim people are granted, in practice as well as in law, full freedom to observe their religion, to print religious documents, to distribute the Koran, to teach their children in religious schools, and to train religious leaders. We ask that you allow the same opportunities for other religious minorities, including the ones we have mentioned above.

In consonance with the Declaration of Human Rights to which the Soviet Union is a signator, we respectfully call upon the Soviet Union to:

(1) Recognize, in practice as well as in law, the rights of persons belonging to religious and other minorities and interpret their rights equally before the law;

(2) Act to prevent all harassment, intimidation and punitive action against persons wishing to emigrate;

(3) Release all Jews as well as prisoners of other religions who decide to emigrate for reasons of conscience;

(4) Increase the number of visas to make them equal to the number of applications or requests for applications;

(5) Issue visas on a first-come, first-serve basis, without discrimination because of profession or place of residence;

(6) Remove, from the paths of those wishing to emigrate, impediments—such as preventing applicants from obtaining official forms, and intercepting letters from abroad containing required documents, and eliminate all undue delays in processing and approving applications.

Mr. Secretary, your efforts on behalf of detente between our two nations are well known and deeply appreciated. It is unfortunate that our relations are constantly set back by the policies discussed in this letter, policies which gain your country nothing and which damage it in world opinion.

For all these reasons, we urge you to demonstrate your support for the spirit and substance of the Helsinki Agreement by acting promptly on these serious matters. Above all, we ask you to be generous and understanding in those cases the merits of which you may question. Such affirmative action would remove a major roadblock in the way of detente.

Sincerely yours,

Lester L. Wolff of New York, Tennyson Guyer of Ohio, Andy Ireland of Florida, David R. Bowen of Mississippi, Benjamin A. Gilman of New York, James H. Scheuer of New York, Clarence D. Long of Maryland, Robert J. Lagomarsino of California, Carlos J. Moorhead of California, Fortney H. Stark of California, Robert K. Dornan of California, and Billy Lee Evans of Georgia.

PROGRAM FOR DEVELOPING SYNTHETIC FUEL PLANTS NOW

(Mr. MOORHEAD of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, on July 29, the very highly regarded Committee for Economic Development, a private, nonprofit research and education organization composed of the leading businessmen of America, issued a report entitled "Helping Ensure Our Energy Future, a Program for Developing Synthetic Fuel Plants Now."

Mr. Speaker, this report recommends a program almost entirely on all fours with the legislation adopted by the House of Representatives last June by a vote of 368 to 25. Today, showing that businessmen are willing to put their money where their mouth is, representatives of 18 major banks and insurance companies have issued a statement indicating that they are willing to invest their money to support private sector development of synthetic fuels.

I include this statement as part of my remarks:

NEW YORK, N.Y.—Representatives of 18 major banks and insurance companies have endorsed a limited program to spur private sector development of synthetic fuels.

Chauncey J. Medberry, Chairman of Bank of America N.T. & S.A., has announced that these institutions have agreed to support efforts to "convert into law and into reality" the recommendations made in a recent statement on synthetic fuels by the Committee for Economic Development, a private nonprofit research and education organization. The recommendations were contained in a CED report entitled "Helping Insure Our Energy Future: A Program for Developing Synthetic Fuel Plants Now," which was released on July 29. Mr. Medberry is a trustee of CED.

The report called for the creation of certain government financial incentives to assist private sector development of synthetic fuels. It also called for the expedition and modification of certain regulatory and environmental requirements to make it possible for the private sector to build approximately ten first-of-a-kind plants to demonstrate the commercial feasibility of converting coal and oil shale into oil and gas.

Mr. Medberry noted that individual CED trustees have conferred with members of Congress and the Administration stressing the urgent need to begin work on a synthetic fuels program.

The banks and insurance companies endorsing the CED recommendation include:

Aetna Life and Casualty Company.
Bank of America N.T. & S.A.
Bankers Trust Company.
The Chase Manhattan Bank.
Chemical Bank.
Citibank, N.A.
Continental Illinois National Bank and Trust Company of Chicago.
Connecticut General Life Insurance Company.
Crocker National Bank.
The Equitable Life Assurance Society of the United States.
First City National Bank of Houston.
The First National Bank of Chicago.
Manufacturers Hanover Trust Company.
Metropolitan Life Insurance Co.
Morgan Guaranty Trust Co. of New York.
New York Life Insurance Co., Inc.
Prudential Insurance Co. of America.
United California Bank.

☐ 1750

DOOMSDAY DEBATE

(Mr. DELLUMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, during the August recess, a very thought-provoking article appeared on the front page of the Washington Post's editorial section, Outlook.

Titled the "Doomsday Debate," this piece by Robert G. Kaiser and Walter Pincus, is a scenario of debate in the Soviet Union regarding a proposed nuclear attack on the United States. Mr. Speaker, we have heard much recently about a supposed vulnerability that this country suffers, in our ability to defend ourselves from such an attack. I believe that this article speaks directly to that issue and accurately describes why the Soviets can only conclude that a nuclear attack would trigger nothing short of Doomsday.

Mr. Speaker, I would like to share this important article with my colleagues and wish to insert in the RECORD at this point:

THE DOOMSDAY DEBATE

Will the United States soon be vulnerable to a sudden thermonuclear attack by the Soviet Union that could wipe out America's land-based missile force in a single blow? Yes, reply most of the experts—even the president of the United States. The 1980s will be perilous for America because of this "vulnerability," according to Henry A. Kissinger and many others.

A seemingly simple mathematical fact leads to this gloomy forecast. By the early 1980s the Soviets will have enough accurate warheads on their land-based rockets to target two bombs on every American missile silo while still holding in reserve most of their offensive forces. Theoretically, this would give the Soviets high confidence of "killing" 90 percent of the American silos.

In the past, America has relied on its "triad" of strategic forces—the combination of land-based missiles, submarine-based missiles and bombers—to insure survival of an adequate strategic force. If two or even one of those systems survived, that would be adequate to destroy the Soviet Union, according to the theory.

In a time of steadily increasing Soviet forces, however, the original "triad" theory has fallen victim to a new argument. Simply stated, the new theory is that even the *appearance* of a Soviet strategic advantage over one of the three elements of the "triad" would be dangerous. "Perceptions" about vulnerability are just as important as reality, according to this theory: the Soviets or other nations could misinterpret this perception as a genuine sign of American weakness. This is a theory devised and promoted entirely by Americans.

However, the most important question about vulnerability has not been asked: How would the Russians see it? The Soviet military literature contains no analysis of a possible Soviet first strike against U.S. land missiles. Then how might Soviet military planners exploit "vulnerability" five years from now, when their theoretical advantage will be greatest?

"SHALL WE ATTACK AMERICA?"

(By Robert G. Kaiser and Walter Pincus)

It is Aug. 10, 1984. The new Soviet leadership is finally in place in the Kremlin. The long bickering that followed Leonid Brezhnev's death in his sleep in late 1983 produced a showdown between the so-called *Mir* ("Peace") and *Cil* ("Strength") factions in the Politburo. This longstanding split has never been publicly revealed, but it has been the crucial division in Soviet politics since the early 1970s. Brezhnev led the "Peace" faction, and it has now been beaten. The new general secretary of the Communist Party is Vladimir Ivanov, 63, a resourceful politician who ran the Ukraine for several years. The outside world knows nothing of Ivanov's plans or policies.

In fact they are ominous. His secret platform in the just-completed leadership struggle was simple: The time has come for the ultimate showdown with the imperialists. The Soviet economy is slipping badly, Ivanov argued; oil is running out; the people are restless and hungry for consumer goods; the non-Russian nationalities are threatening rebellion. Most serious, the comrades who run the Red Army are upset by the latest developments in the imperialist camp—the new American MX missile, the stationing in Europe of new ballistic and cruise missiles aimed at the Motherland of socialism, and much more. This may be the last chance to win the ultimate showdown, so we must move now. That is what Ivanov and his colleagues argued, and they won.

Soon after taking power Ivanov had called together the seven-man team under Col. Lev Perlshtein that had long been responsible for the Soviet Union's most sophisticated strategic thinking. Ivanov asked Perlshtein and his group to produce a crash study on how the Soviet Union could initiate and win a nuclear showdown with the capitalist camp. Ivanov told Perlshtein he was especially interested in the concept of the "window of vulnerability" that he had read about in the Politburo's private translations of American publications.

On this sticky August afternoon Perlshtein assembled his group in the Kremlin's wood-paneled situation room, four stories below the ground. He brought with him all six of his team, including Vladimir Kuznetsov, an apparatchik who had worked for almost two decades on strategic issues on the secretariat of the Central Committee. Perlshtein was particularly proud of Kuznetsov, who was his own devil's advocate, a man steeped in strategic lore whose job it was to argue against whatever course of action the colonel himself chose to argue.

Ivanov was both excited and a little nervous about this encounter. Excited because he really did hope Perlshtein could produce a workable plan. Nervous because although he had won the power struggle, the "Peace" faction was still well represented on the Politburo, and he wasn't sure he could command a majority for an aggressive policy. On this day he had invited only four colleagues to the situation room—four men who were utterly loyal to him, though only one, Marshal Nikolai Antonov, his new minister of defense, had expert knowledge of strategic matters.

The other three were former regional party secretaries like Ivanov, all of whom he had brought to Moscow in the last few months: Fyodr Trepotkin from Leningrad, Alexei Stepanov from Minsk, Archil Shevshadze from Tbilisi. All were smart; all were tough; all had helped Ivanov to power.

The room was cool, unlike Red Square that sunny afternoon. Perlshtein and his group sat on one side of the long meeting table covered with green felt and dotted with bottles of Narzan mineral water. Ivanov and his four colleagues sat across from the experts. Ivanov nodded to Perlshtein to begin the briefing. This is what he said:

"First, comrades, a warning. You have put before us an unprecedented task. No power has ever used thermonuclear weapons. (I skip over the imperialists' atomic bombing of Japan, with which you are all familiar.) Also the attack suggested by the general secretary will require launching 350 of our rockets almost simultaneously, an unprecedented feat.

"Nevertheless," Perlshtein went on, "Comrade Ivanov has indicated he hopes to pursue this course. I intend to present our best thinking on how it could be done. We are encouraged by the extensive American literature on this subject, particularly analyses by the most determined imperialist warmongers, who are obviously convinced that we could succeed with a surprise attack.

"Let me add at the outset," Perlshein said, "that, as usual, Comrade Kuznetsov disagrees with the thrust of my briefing. He will offer his dissent when I have finished.

"Let me outline our analysis of how a surprise attack could be launched against the imperialist camp. First, we must strike without provocation, when the imperialists believe our relations are on a sound, peaceful footing. It might be advisable to pick a moment when the Bolshoi Ballet or the Moscow Circus is touring the United States.

"There can be no hint of what we plan. They are watching us intensley by satellite, and they are listening in our communications. Need I recall the embarrassing revelations in the imperialist press some years ago of conversations picked up from Comrade Brezhnev's limousine telephone as he drove to his *dacha*? We must assume capitalist agents are well placed in our country, though we are confident they are not in our strategic rocket forces' chain of command.

"Our first aim must be to prevent America from going on any alert. With no alert we have a good chance of destroying all of their Minuteman and Titan missiles, at least half of their missile-carrying submarines and more than half of their bombers, which we would catch in port or on airfields.

"No matter what we do, you should keep in mind that the Americans' aggressive policies lead them to maintain much larger submarine missile and long-range bomber forces on alert, even in peaceful times, than we do. For example, we believe that more than

100 of their bombers can be put in the air, aimed at our homeland, within 15–30 minutes of an order to do so.

"Even without an order from the President, the notoriously reckless commanders of the U.S. Strategic Air Command can more than double this number by raising the level of alert. And American naval commanders can quickly add to the number of missile-carrying submarines at sea. In peaceful times, we calculate that the Americans usually have 350 submarine missiles at sea, carrying about 3,000 warheads. With an alert these numbers would rise."

At this point Kuznetsov, the devil's advocate, quietly interrupted his boss. "One point of information," he said. "To prevent the Americans from going on alert, we cannot go on alert. We must leave 80 percent or more of our submarines in port, where they usually are. We cannot move any bombers, including our Backfires, from their normal bases or otherwise change their behavior. We cannot evacuate any civilians. It may even be impossible for all of our leadership cadre to take advantage of the shelters that have been built for us."

"Quite right," Col. Perlshtein agreed. "But we do retain the element of surprise. To continue: The objective of this attack would be to eliminate the American land-based missiles and all of the missile-carrying submarines and bombers that would remain unalerted at the time of the strike.

"To do this we would propose firing 350 to 400 of our best long-range rockets, 200 RS20s (the one the Americans call the SS18) and 150 to 200 RS18s (the SS19). These would carry 2,450 to 2,800 warheads, each with explosive power of more than 550,000 tons of TNT. This would enable us to aim two warheads from two different rockets at each of America's 1,054 missile silos, and would give us a healthy margin to compensate for possible misfirings and to attack submarine and bomber bases."

Ivanov perked up as Perlshtein completed his description of the attack. "What was that about misfirings?" he asked. His question prompted a remark from Marshall Antonov.

"Comrade Perlshtein," Antonov said, "I think you should describe some of the technical challenges involved here."

"I was just coming to that," Perlshtein replied briskly. "As I said at the outset, we have been asked to describe an attack that no one has ever attempted. By its nature it is not something we can practice. Thus we will face a number of unique 'technical challenges,' to use Marshal Antonov's expression. Let me outline the principal ones.

"To be successful, this attack must be timed with a precision that neither we nor the Americans have ever attempted. Our warheads must land within seconds of each other—to be precise, within 20 to 40 seconds of each other—on each target, each of which is at least 10,000 kilometers [6,000 miles] from our missile silos. To guarantee the destruction of each silo we attack, we will want to achieve two explosions: one at ground level, one several hundred meters in the air. If the warheads arrive at their target more than about 20 seconds apart, the effects of the explosion of the first will probably disable the second as it arrives.

"To achieve this precision at the targets, each of our rockets will have its own, precise instant of launch. Each rocket will travel a unique flight path, each over a precise and unique distance, as will each of our warheads. As you know, our missiles are based in silos that stretch across about 1,600 kilometers [1,000 miles] across our country. Naturally, our command communications to launch the hundreds of rockets in this maneuver will have to be perfected."

Ivanov perked up again. "What has happened in the past when our people have tried something of this kind?" he asked.

"We have never tried anything of this kind," Perlshtein responded crisply. "But we do have an advantage over the Americans in these matters. We have tested our missiles from operational silos, so we know how they will work in a real attack."

"How many have we tested at one time?" Ivanov asked.

"Usually one at a time," Perlshtein replied. "Never more than 10."

"But what about the misfirings you mentioned?" Ivanov asked.

"That is another matter," Perlshtein said. "We know from experience that some rockets will fail to ignite, fail to stick to their course, or fail to go off on time. For this reason we will fire more rockets than we think we need—a margin of safety, if you will."

"Another point of information," Kuznetsov interjected. "Col. Perlshtein has told you that some rockets—we estimate 10 percent, by the way—will misfire. Unfortunately, we cannot predict which rockets these will be. But all our rockets must be targeted in advance. This means the targets of those rockets that misfire will not be hit, or will be hit with only one warhead. But we will not know which targets these might be, so we will not know where to target the extra missiles we plan to fire to provide the 'margin of safety.' In summary, we have to acknowledge that we will miss some targets."

"Thank you, comrade," Perlshtein remarked. "Let me continue.

"Obviously, our attack must be based on the assumption that our rockets and warheads are now as accurate as even the Americans' best. We believe they are. Also, because our warheads are bigger than the Americans', we can be more confident they will actually destroy the U.S. silos, because they will have such enormous explosive power. As you know, we now believe we can hit any target in America within a margin of error of 300 meters [about 1,000 feet].

"Before Comrade Kuznetsov offers another point of information, let me explain one small problem regarding accuracy. This is a matter that has never been discussed by even the Americans in public, but our intelligence has discovered that the Americans refer to the problem as 'bias.'

"As some of you may know, during our rocket tests we have always had some difficulty hitting the planned target, particularly in early phases of testing. Our mathematicians tell us there are geodetic anomalies that can distort the flight path of a missile or a warhead. That means a flight path over the ocean will not be the same as a flight path over mountain ranges with high iron-ore content, to give an example. Of course you all remember that the earth is not a perfect sphere but a slightly distorted one. This too can influence flight paths.

"We have compensated for this by adjusting our targeting mechanisms. Now, when we fire our rocket systems from west to east, we can hit targets with the anticipated accuracy. Some pessimists among our scientists believe that when we fire missiles over the North Pole at the United States, we will discover that our computations no longer apply, that new factors we have never experienced will distort our flight paths. Obviously we cannot test this hypothesis."

"What do the optimists say?" Ivanov asked.

"They don't think these factors could take us far off target, and that the large explosive power of our warheads should compensate for whatever error occurs," Perlshtein said.

"A point of information," Kuznetsov interjected. "I think the Americans use the word 'bias' precisely because it is an irrational, unpredictable factor. In the end our mathematicians could not explain the constant and consistent error in our targeting systems that our test flights revealed. We have just made an arbitrary compensation in our aiming. We don't know why we always went off target before."

This exchange elicited the first comment from Trepotkin, the former party boss from Leningrad. Had he the gift of candor, Trepotkin would already have admitted that this entire meeting was quite astounding. Instead he asked Perlshtein a question:

"I'm not sure I understand," he said. "Is Comrade Kuznetsov saying that we won't be able to hit the targets?"

"No, no," Perlshtein replied. "Comrade Kuznetsov is saying there is some possibility—some unmeasurable possibility—that we won't hit the target with each warhead."

"We might miss the targets," Kuznetsov said in a low voice. Perlshtein ignored him.

"While we're talking about targets," Marshal Antonov commented, "perhaps you should discuss what the Americans have been doing to protect their missile silos."

"I was just coming to that," Perlshtein replied. "The Americans have recently completed what they call the 'hardening' of their Minuteman silos. This involves building thick barriers of concrete and steel around each silo. The Americans claim these silos can withstand pressures of 2,000 pounds per square inch. If true, this would mean they have good protection against anything but an almost perfect direct hit. Unfortunately, the atmospheric test ban treaty prevents us—and the Americans—from knowing exactly how strong these hardened silos might be. We can't test a real silo with a real bomb in normal conditions. It seems possible the silos are only half as strong as we think."

"Or twice as strong," Kuznetsov observed.

"Let me continue," Perlshtein said. "Of course this attack will not occur in a vacuum. We have also studied the political environment. Specifically, we have considered how the American president might react.

"We conclude that American satellites will detect our first barrage of 100 or more rockets as soon as they have taken off. Infrared detectors on satellites that hover in space 25,000 miles above our territory provide that information, and it is impossible for us to eliminate those satellites. That information will go through military channels to the White House, and it is supposed to reach the president almost instantly. But, as Dr. Kissinger and others have noted, it may not be easy to find the president at once.

"But we must assume he would get word of the attack within minutes. At first he will probably question the report, since he will see no provocation for an attack. Indeed, for the same reason the American military might withhold the information for further checking before passing it to the president. But this initial confusion could not last more than five minutes or so, because the Americans will soon detect our second and third barrages, and their radar will begin confirming what their satellites have told them already.

"As you know, the American system is poorly designed. The president alone can order a nuclear attack. But we assume he would inevitably consult with his ministers and perhaps some members of Congress. He would also have to flee at once to the airplane set aside for his use as a command post during an attack. We assume the president would also try at once to contact you, Comrade Ivanov, on the hot line. All these things take time. We have high confidence that the southernmost missile silos would be destroyed by the time the president could satisfy himself that he knew what was going on. I am talking of a period about 30 minutes after the initial launches.

"This is the crucial moment. By our calculation it will take another 30 minutes to complete our attack. The president will realize what we are doing. He will also realize that we have avoided attacking any major city, even Washington. The Americans have done studies on this kind of attack and they know that it will cause minor losses—perhaps 10 million people, perhaps 20 million."

Ivanov started at this last observation. He recalled the Great Patriotic War [World War II], when the Soviet Union was largely laid waste and 20 million people were killed. "Are you saying that 20 million dead is a minor loss?" he asked.

"Only by standards of nuclear war," Perlshtein replied. "We calculate that by targeting the American population, we could easily kill 150 million. The president knows this too. He will see it is a minor attack.

"To continue. The president will have to realize that if he retaliates with his remaining forces—the bombers that have escaped our attack and the missiles on submarines—he will use up most of his remaining weapons and can only strike at our cities and industry. Without land-based rockets, he won't have weapons of sufficient accuracy to fire at our remaining land-based force.

"But this is a horrible option for the president. If he exercises it, he knows that we will retaliate, and both our countries will be destroyed. But if he holds back and tries to negotiate, he can save his country—maybe even save the world. American presidents are romantics. We assume he will opt for negotiation, which of course will amount to surrender. And I might add, this is just what many American experts have predicted.

"We assume he will opt for negotiations," Kuznetsov interjected, "because we have to assume so. Otherwise our attack will fail. We would lose our country if the president decided to retaliate instead."

"Yes, yes," Perlshtein replied. "That is a hypothetical possibility."

Perlshtein put down his notebook and opened a bottle of Narzan. The bubbly water spilled into his tumbler. While he took a drink Marshal Antonov scribbled a note and passed it to Ivanov. The general secretary read it and turned to Perlshtein:

"I would like Marshal Antonov to ask a few questions. Marshal?"

"First let me say that Col. Perlshtein has done his usual fine job. Then let me ask some questions. First, colonel, as you know, if we saw an American attack coming at our missile silos, we would immediately launch our rockets, so they would not be in their holes when the American warheads arrived. Why wouldn't the Americans do the same thing? I know they have written about this idea as something called 'Launch Under Attack.' I remember my friend Harold Brown threatening to do just that."

"I am grateful you raised that point," Perlshtein replied. "Our people are dubious that the Americans are well-enough organized to launch under attack. Remember, they will be caught completely by surprise. And although I grant they have written and talked about this possibility, we have seen no sign that they have adopted it as a strategy."

"But what if they only began to launch their missiles after the first of ours had landed?" Antonov asked. "Couldn't they still fire off more than half of their land-based rockets before we could destroy them?"

"That is a hypothetical possibility," Perlshtein replied.

"On another matter," Antonov said, "during this attack, what happens to America's bombers in Europe and on their aircraft carriers—what we call the forward-based systems in SALT talks? Don't we know that at least 200 of them are on 15-minute alert, and can carry their nuclear weapons to our homeland in less than an hour?"

"We have two options," Perlshtein replied. "We could target those bombers with our medium-range missiles, wiping them out simultaneously with our attack on the American missiles. But this would mean destroying much of Western Europe, so we rejected that idea. No, we must assume that the president would be as reluctant to use these weapons as any of his others."

"Let me ask about the number of American missiles that might survive our attack," Antonov went on. "I gathered earlier that we assume that even if our attack goes very well indeed, we would miss 10 percent—about 100 missiles. Is that right?"

"Right," Perlshtein replied.

"And how did we arrive at that figure?"

"It's a mathematical probability, marshal. Our people say it is the sort of failure rate we could expect."

"Could it be 20 percent, or 30?"

"I don't know how to answer that, marshal. Ten percent is a hunch. Twenty percent could be another hunch."

"You mentioned that some American bombers would take off before we could destroy them on the ground. Wouldn't some of these bombers be the newly fitted type that can carry 20 of the most accurate cruise missiles? Wouldn't all of them at least carry potent bambs? What would happen to them?"

"Again, marshal, we have to assume that the president would decide not to use those weapons," Perlshtein replied.

"You'd also have to assume that there are no Dr. Strangeloves—wasn't that the name?" Kuznetsov interjected. "I mean, you have to assume that none of those American pilots would take it upon themselves to retaliate against the Soviet Union."

"Americans usually obey orders," Perlshtein replied.

"I should ask the same question about the Americans' submarines. You said, I believe, that there would be more than 20 of them hidden at sea during and after our attack, with more than 3,000 warheads?"

"Again," Perlshtein said, "we have to assume the president won't try to use them."

Perlshtein sat down and opened another bottle of Narzan, nodding toward Kuznetsov as he did so. The man from the Central Committee took the cue. He shuffled his notes and began to speak.

"My assignment, comrades, is to argue the weaknesses in the briefing you have just heard. Speaking frankly, I'm not certain that you need to hear any more arguments against this idea, but please permit me to add one or two new points, and then to summarize what Marshal Antonov has referred to as the technical challenges.

"All of us are familiar with the consequences of conventional warfare on a nation. The general secretary has already recalled the sufferings of our Motherland 40 years ago, from which we are still recovering. I would remind the group that we are talking about something quite different. Perhaps this is something I am especially well placed to discuss. On Comrade Khrushchev's instructions, I was present in July 1962 when we detonated the largest hydrogen bomb ever exploded—about 50 megatons, you will recall. Let me assure you that all of what the Nazis did to our Motherland did not compare with this one explosion. And the 'minor attack' Comrade Perlshtein has outlined involves the explosion of about 1,350 megatons in the center of the United States.

"I have inquiried at the Academy of Sciences: Do we know what the effects of such a powerful attack would be? (Here I have in mind not the military consequences, but the impact on the land, the air, the atmosphere and, of course, the population.) The answer is, we have theories but no real idea. We have no idea whether we might crack the earth's surface, or permanently damage the ionosphere, or poison the air over the entire world. I am referring here to consequences that could affect us at home—I happily set aside consequences for the United States. I am referring also to political consequences. Comrade Perlshtein implies that the American president would react to damage on this scale by doing nothing. That is not the way we reacted to Nazi devastation of our country. I do not think we can conclude that only Russians would react as we did to such devastation of the Motherland.

"In passing, let me note another point. Comrade Perlshtein has described an attack on the heartland of America. That, as you know, is the area that produces America's great grain harvests. For years even we have depended on those harvests. I did learn at the Academy of Sciences about the Americans' findings in the South Pacific, where they once tested thermonuclear weapons. Thirty years after the fact, on the site of much less devastating explosions than Comrade Perlshtein has proposed, the earth remains so poisoned with radioactivity that the food is produces contains unacceptable levels of radiation.

"But these are hypothetical matters, about which the best scientists can disagree. For myself, I am more concerned about those 'technical challenges.' Frankly speaking, I do not see how we can surmount them. Let me add that I do not believe the Americans could surmount them either.

"Let me review them briefly. Comrade Perlshtein asks us to consider an attack that would require perfect timing of a command system that has never been tested; that would assume a level of reliability of our rockets that is extraordinarily high, especially when we consider that most of our rockets have been sitting for years—by necessity untested—in silos; that would require salvos of hundreds of rockets when we have never experimented with such salvos; that would require accuracy that depends on untested mathematical formulas, and when we know for certain that the earth's magnetism and atmosphere have unforeseen effects on rocket trajectories; that assumes we know how well America has protected its silos, when in fact we cannot know; that assumes we understand the effect of one thermonuclear explosion on a second, incoming weapon, when we don't really know those effects; and, most crucial—and, in my view, most debatable—that assumes that having suffered this attack, the American president will react by doing nothing with the enormous arsenal he would retain even after the attack. Moreover, we must assume that even if the American president did do nothing, the notoriously reckless American military would obey his orders.

"Of course I may be wrong. It remains possible that the American president will do nothing. But as Lenin's heirs and leaders of the Motherland, we must think of the problem from the opposite point of view. What if we guess wrong? What would the consequences be if instead of doing nothing, the president opts for an all-out response?

"We know the answer. The Americans could launch many land-based missiles during our initial attack, and these alone could destroy our industrial civilization or many of our own rockets. Their submarine missiles and bombers could continue to strike at us for hours or even days, eliminating most of our population. Yes, we might take some satisfaction from the fact that we retained powerful rockets of our own, but what will we have won? What is the gain? Both of our countries could be destroyed.

It was Kuznetsov's turn to open a bottle of Narzan. Perlshtein took advantage of the pause to speak up again:

"Comrades, please keep in mind, the proposals Comrade Kuznetsov attributes to me were not my idea. I came here today to fullfill an instruction, to present a hypothetical plan. This whole idea grew out of articles the general secretary read in the American press. It is the Americans who have always trumpeted this proposal—American generals, American cold warriors. As Marshal Antonov will confirm, our military people have never put great stock in these ideas. Frankly speaking, I am not prepared to give answers to all of Kuznetsov's points. I have searched for similar arguments in the American literature on these subjects, but to no avail. The Americans have not questioned the idea of their own vulnerability as forcefully as Comrade Kuznetsov has questioned it."

General Secretary Ivanov did not reveal his personal disappointment with the course this briefing had taken. Instead he asked Perlshtein a question:

"Let us assume you are right, that we really could not afford the risks inherent in this adventure. Still, could we exploit the Americans' belief in this theory to our advantage? Could we somehow threaten this attack to win other important objectives?"

Col. Perlshtein volunteered a reply: "Yes, Comrade Ivanov, we can use the threat, but I think we must be honest with ourselves about the fact that we can never fulfill the threat. That means we cannot invoke it to try to defend our own central interests. We might invoke it—even without saying anything—in areas like Angola and Ethiopia."

Kuznetsov intervened: "I might recall that we achieved our objectives in Angola and Ethiopia at a time when we did not enjoy this theoretical 'advantage.' We achieved our objectives in Berlin in 1961 when it was the Americans who had this kind of 'superiority'."

"Well," said Ivanov finally, "at least we know we have this card to play in a crisis—if we find ourselves caught with the Americans in an escalating confrontation in the Middle East, for example."

"I think not," Kuznetsov replied. "In a real crisis the Americans would be on a high alert. We would lose the element of surprise. Our attack could not be even as effective as the one outlined by Col. Perlshtein."

With that the room fell silent. Ivanov gave no hint of embarrassment as he crisply thanked the briefers for their presentation. As the meeting broke up, Ivanov turned to Marshal Antonov. "I hope you will be ready next week with the briefing on lasers and particle beam weapons," he said.

THE REPUBLICAN BUDGET IS A BUDGET OF HOPE AND OPPORTUNITY

The SPEAKER pro tempore (Mr. MOAKLEY). Under a previous order of the House, the gentleman from California (Mr. THOMAS) is recognized for 60 minutes.

Mr. THOMAS. Mr. Speaker, the Democratic budget—and make no mistake about it: It is the Democrats' budget; they control both Houses of Congress and the Presidency; in fact the Democrats have controlled our House for the last 13 Congresses in succession—the Democratic budget, the Government statement on its role in the Nation's economy and indeed the entire society, is a testament to bankrupt concepts. As the American people face recession, increasing inflation, and rising rates of unemployment, along with continuing energy problems, the fact is that the Democrats' budget is a failure. It is shot through with defeatism, disappointment, and despair. The Democratic budget offers more unemployment in an attempt to squeeze out inflation. This attempt to squeeze out inflation, through unemployment is a good example of their bankrupt ideas. It is also cruel, and ironically it is also unnecessary.

Republicans believe we would reduce inflation by increasing productivity, create real economic growth through lower taxes and less Government spending. But this plan, the Republican budget—a budget of hope and opportunity, a budget that proposes to change the shape and direction as well as the size of the Federal budget—is a program that will not be known by most Americans, because the opportunity to put this budget into effect will be denied by the Democratic majority, unless among that majority we can find some reasonable and fair-thinking Democrats. To outline some of the specifics of the budget of hope and opportunity in contrast to the budget of defeat and despair, I yield to the gentleman from Arizona, the distinguished minority leader, the Honorable JOHN RHODES.

Mr. RHODES. Mr. Speaker, I wish to thank my colleague and friend, the gentleman from California (Mr. THOMAS), for taking this special order on a very important occasion and for a very important reason. That reason, of course, is to discuss the current budgetary challenge facing the Congress as the economy of our country shows definite signs of sliding into recession.

We Republicans believe it is time for some fresh thinking, some different approaches to Uncle Sam's efforts to turn the economy around. Basically, what the Democrat majority and the Committee on the Budget are offering is warmed-over New Dealism, a retreaded old formula that failed 40 years ago and certainly is not applicable to the problems of 1979 and 1980.

Recessions mean unemployment. The traditional Democrat remedy has been massive make-work projects, dead-end WPA-type jobs. Again, this time, they are not concerning themselves with real jobs, but seem resigned to recession and committed to the same old discredited formulas.

Their budget is a budget based on despair and congressional helplessness in the face of our economic problems. We Republicans believe the American people deserve something better from their Congress.

In the area of jobs, we believe that the answer lies in the free enterprise system. That is where the jobs are—some 71 million of them. Instead of beefing up programs such as CETA that have been scandal-ridden and ineffective in training workers and improving their skills in order that they may qualify for real jobs, we want more on-the-job training programs. Put the workers where the jobs are; let them learn skills that are marketable. A cooperative private-Federal program would be far less expensive to administer, far more effective in upgrading skills. In the long run it would more than pay for itself in revenues from increased productivity and the lessening of the number of people dependent on Government for their livelihood.

This, of course, flies in the face of the old Democrat fondness for bureaucratic overkill. It is just too practical to be considered by the majority, mired in the thinking of the 1930's.

It is important that we make a strong effort to train and employ those who presently are at a disadvantage in our economic system. One of our major problems is that we have an increasing percentage of our population who are nonproducers. More and more of the resources of those who work and of the businesses that provide jobs are being drained off to perpetuate a growing population of nonworkers. This again reflects the despair of the Democrats who have given up on trying to offer hope and opportunity to the poor and are simply transferring a bigger share of the earnings of our working men and women to those who at present cannot or will not qualify for jobs in the economy.

It is long past time to take a hard look at the entire welfare system. Any honest assessment must conclude that it is not working. Expenditures continue to rise, but instead of being given a leg up, welfare recipients are only getting a handout. If the program were successful, after decades of professional poverty management, the numbers on welfare should be declining. Instead, we have more dependency, more abuse and fraud, and less effort to get off the dole and on the job than ever before.

The General Accounting Office estimates that $1 of every $10 in Federal expenditures is being wasted. That is about $50 billion. Certainly, if Congress were to dig into Federal expenditures, weed out superfluous programs, tighten up administrative procedures, and demand accountability from the bureaucracy, we could save a lot of that money.

We could have a balanced budget and provide a really effective job training program and a tax cut for wage earners without damaging one whit the essential and legitimate functions of Government. It is time to stop raising the ante to accommodate waste in Federal programs. It is time for lowered expectations for Government, not more deficit financing of waste and mismanagement.

The Democrats have come up with the same old shopworn policies toward a tax cut. They still have not come around to what has been public consensus for a long time: That a tax cut is needed.

☐ 1800

Republicans 2 months ago pleaded with the Democrat leadership in the Congress to get moving on a tax cut, to take effect by October 1 of this year, through withholding adjustments. Always, when recession comes, Democrats wait until suffering occurs, until the economy is being savaged by the downturn, and then pass a tax cut that takes effect months after it is needed. When the cut begins to affect the economy, it is already on the way up, and the cut adds to inflation.

People need the money now to pay for OPEC's oil price increases and to cope with the Democrats' 13-percent inflation and 13-percent all time record high interest rates.

The Carter administration has indicated that it will look around after the first of the year before deciding on a tax cut. The Democrat majority has adamantly shut the door on quick tax relief. Their desire to put off taking action until sometime next year on a cut to go into effect 6 or 8 months from then is indicative that the Democrats simply do not know how to deal with the realities of the economy. They want to lock the barn door after the filly has been filched.

The purpose of our remarks today is to call public attention to the fact that the Democrats apparently intend to keep right on taking more of the public's earnings and spending more on Big Brother government. Their 5-year budget projections call for increasing the tax take from this year's $519 billion to $910 billion by 1984. That is an increase of 75 percent over 5 years—a rise of 15 percent a year, far above the administration's wage-price guidelines and certainly far above the public's willingness to shell out for waste and overgovernment.

Our projected 5-year Republican budgets call for substantial tax cuts and substantial reductions in Federal deficits. We realize that the Democrat recession will make it nearly impossible to balance the budget in the next fiscal year, but we project a zero deficit in fiscal year 1981.

Our 5-year plan calls for 19 percent of the gross national product to be used for Federal purposes by 1984. The Democrats want to grab off 23 percent of the GNP for Federal purposes. While their budget estimates provide for no tax cuts over the next 5 years, our Republican budget would build in more than $150 billion in tax reductions, based on reduced growth of Government and an expanding economy.

Mr. Speaker, I think it would be well to look at that figure again. I said that Republicans would take 19 percent of the gross national product by 1984 for a balanced budget. The Democrats, if they have a balanced budget, will take 23 percent. That is a difference of 4 percent of the gross national product. If you have a $2 trillion gross national product, it does not take much arithmetic to come up with the answer of $80 billion, which is the figure that the Republicans will take from the taxpayer less than the Democrats would take. So it is important to understand how you balance a budget. You can balance a budget by increasing taxes and you can do it very easily but that is not what the people want. They want a balanced budget, lower taxes and with a smaller Government.

One of the problems we have had with this Government is that it has grown so fast that it has become unmanageable, unresponsive to the will of the people. It has become a subject of tyranny rather than a subject of service, as far as the American people are concerned.

Democrat policies have driven savings to only 5 percent of earnings, the lowest of any industrial nation. Republicans want to directly stimulate the economy and use our tax system to help generate capital in order to fund the expansion and modernization of facilities which are needed to provide more jobs.

The failure of the Democrats to recognize and use the potential of wise budgetary procedures to help our economy recover from recession is apparent. They have not had a new idea since 1933, and today they offer the same tired "Old Deal" panacea: higher taxes, bigger deficits, and move Federal programs.

The high hopes that began the 1970's have soured under the Democrat control of the Congress. Repressive over-regulation, voracious taxation, and profligate spending have driven our economy into two recessions during this decade.

We Republicans believe it is time for more effective fiscal policies. We must concentrate on the supply side of our economy instead of dwelling solely on consumption. Our budget of hope and opportunity would open the way toward rebuilding our economic prosperity on a solid base. Quite simply, we are in times that call for economic renewal, not more burdensome overgrowth of the Federal Government.

This is a time when we should produce our way out of a recession, not muddle our way out of it as the majority party apparently intends to do.

Mr. Speaker, I thank the gentleman from California for yielding this time to me and I especially thank him for taking this very important special order.

I would like it to be noted that there are Republican Members on the floor who are here to discuss the budget of hope and opportunity as contrasted with the budget of despair of the other side.

I now yield back to my good friend from California (Mr. Thomas).

Mrs. HOLT. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. Mr. Speaker, I yield to the gentlewoman from Maryland (Mrs. Holt).

Mrs. HOLT. Mr. Speaker, I thank the gentleman for taking this time on such a very important subject.

Mr. Speaker, while the American people cry for relief from runaway Government spending and raging inflation, the Budget Committee majority has recommended a 1980 fiscal policy that promises more of both.

Spending endorsed by the proposed second budget resolution for 1980 is almost $17 billion higher than the target resolution we approved in the spring and more than $50 billion higher than estimated 1979 spending.

The committee majority proposes to continue the free-spending habits of recent years with an 11-percent growth rate from 1979 outlays.

A large tax increase driven by inflation is in prospect. Revenues will be up more than $50 billion, if the committee's estimates are accurate, but this will just offset the spending increase.

All hope of reducing the budget deficit has been abandoned by the committee majority. The 1980 deficit will be roughly the same as the $30 billion deficit estimated for this year.

The Budget Committee majority has written a prescription for high inflation and economic stagnation. On the Republican side of the aisle, we have a better plan which we will offer in the form of a substitute budget resolution.

Our substitute slows the growth rate of Federal spending to about 7 percent, allows for a $20 billion tax reduction, and cuts the deficit to less than $20 billion.

Our goal is to achieve a balanced budget in the 1981 fiscal year. Even more importantly, our plan is to revive the productive sector of the economy.

The major problem afflicting the economy is the fast-rising total burden of Government spending at the expense of productive economic activity by the private sector. The answer to that problem lies in cutting the growth rate of Government and reducing taxes.

We consider our substitute budget as only a modest beginning. If we were in the majority, you could expect us to steadily reduce Government's share of the gross national product and national income and diminish the tax burden. We have the only realistic program for low inflation and less taxation.

We on the minority side of the aisle are united in our vision of a strong American economy expanding through private investment and offering opportunity for all people.

But Congress has been controlled by liberal Democrats for 30 years, and the record is one of expanding Government, soaring debt, and rising taxes that are suffocating the productive strength of the American economy.

There is only one source of wealth, the production of marketable goods and services, and we have been spending far more than we have produced. If we fail to reverse course, we will have a future of stagflation or worse.

In preparing the second budget resolution for 1980, the Budget Committee majority has shown that it lacks both the will and the ability to restrain spending with the tools available in the budget process. They cooked up some phony revenue numbers and then the committee majority ratified decisions of the authorizing and appropriating committees that ignored recommendations in our first resolution for 1980. The Budget Committee should have maintained its position and insisted on reconciliation, requiring the authorizing and appropriating committees to make the necessary cuts.

The Senate Budget Committee, which proposes to spend $6 billion less than the House budget recommendation, has proposed a reconciliation resolution to its body.

This demonstrates some courage, some commitment to fiscal discipline, some determination that the budget process has meaning. Unfortunately, the same cannot be said about the House Budget Committee majority.

Again, I thank the gentleman from California (Mr. Thomas) for yielding his time to me.

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Arizona.

Mr. RUDD. Mr. Speaker, I commend my colleagues for taking this time to discuss the legally binding fiscal year 1980 budget resolution, which has just been reported from the House Budget Committee.

As a member of that committee, I share the dismay that has been expressed over the further proposed increases in the nondefense areas of the budget.

Since 1969, when Federal outlays totaled $184.5 billion, spending has almost tripled—increasing $364.2 billion to the recommended level of $548.7 billion, a 197-percent increase.

Defense spending has increased only slightly over this period. In fact, in constant dollars we are spending less today for defense than we were in 1961.

The skyrocketing increase in the Federal budget has been in the social welfare area, where there is the most waste and abuse and the most opportunity to make meaningful cuts in unwarranted Government spending.

But the majority on the Budget Committee refused to make such cuts, which means that the full House of Representatives must now show the American people whether it will carry out the public mandate for spending reductions and tax relief.

Mr. Speaker, I recently conducted a survey of the people of Arizona's Fourth Congressional District to determine their true feelings concerning Federal Government spending and taxation. More than 20,000 people responded to the survey.

I believe that their responses represent the feelings of most Americans.

Ninety-seven percent believe that Government spending is the major cause of inflation.

Eighty-six percent favor a permanent reduction in personal income taxes.

Ninety-five percent want a reduction in Federal spending and Federal services.

Eighty-five percent want a constitutional amendment requiring a balanced Federal budget.

Seventy-nine percent or more want budget cuts for the Department of Health, Education, and Welfare, the CETA job training program, the Occupational Safety and Health Administration, and the Environmental Protection Agency.

In fact, 91 percent believe that the Federal Government is hurting the economy through over regulation.

Eighty-two percent of those responding to this survey favor restricting Federal spending to no more than 7 percent of gross personal income of the people of the United States.

This should be a message to Congress, Mr. Speaker, and I would like to include all the results of this survey on Federal spending and taxing policies at this point in the Record:

RESULTS OF CONGRESSMAN ELDON RUDD'S 1979 TAX BALLOT

[In percent]

	Yes	No	No Opinion
Government spending is a major cause of inflation	97	2	1
Favor permanent reduction in personal income taxes	86	7	7
Favor reduction in Federal spending and Federal services	95	3	2
Favor a constitutional amendment requiring a balanced Federal budget	85	9	6
Favor a cut in defense spending	17	78	5
Favor a reduction in funds for the Occupational Safety and Health Administration (OSHA)	83	12	5
Favor a reduction in funds for the Environmental Protection Agency (EPA)	80	16	4
Favor a reduction in funds for the Department of Health, Education, and Welfare (HEW)	79	17	4
Favor a reduction in funds for Federal reclamation projects	50	39	11
Favor a reduction in funds for the Comprehensive Employment and Training Act (CETA)	79	15	6
The Federal Government is hurting the economy through over-regulation	91	6	3
Nuclear power generators are safe and should be developed	69	16	15
Favor Government wage and price controls	30	61	9
Favor restricting Federal spending to no more than 7 percent of gross personal income of the people of the United States	82	6	12

Mr. Speaker, Congress must act to stop the tremendous proliferation and high cost of the wide-ranging and duplicative social welfare or public assistance programs, which number about 100 at the current time.

These programs are funded throughout the budget. Many of them are so-called entitlement programs—Federal cash subsidy programs, such as welfare assistance—for which eligibility is established by law and appropriations are set in concrete according to the number of eligible recipients who apply each year.

Total Federal spending for income transfer programs is now more than $250 billion, and the budget resolution which has just been reported by the House Budget Committee does nothing to restrain the growth, duplication, or waste in these programs.

The food stamp program, for example, which has received deserved criticism, is increasing in cost at an annual rate of about 37 percent. It started out at a modest rate of $34 million in 1965, and has now escalated to its estimated 1980 cost of $6.3 billion—almost 2,000 times the starting cost just 14 years ago.

I was most encouraged by the joint efforts of our distinguished minority whip, the Honorable Bob Michel of Illinois, and my colleague on the Budget Committee, Ralph Regula of Ohio, to require all committees of the Congress to recommend ways to control the growing cost of entitlement programs, and where necessary their method of funding, in language that was added to the budget resolution which we will consider on the floor of the House next week.

This is perhaps the most worthwhile action taken on the second concurrent budget resolution for fiscal year 1980, and I hope that it will result in a meaningful effort to counter and reduce the spending for Federal handout programs.

Social welfare programs of the Federal Government are primary evidence of the excessive and irresponsible Government attitude that led to proposition 13 and the movement to require a balanced Federal budget.

It has become apparent that the political motivation of many welfare program supporters, who refuse to help efforts to cut unnecessary spending in these nondefense areas of the Federal budget, is to build a permanent "recipient class" of citizens through Government handouts, who will in turn show their gratitude by reelecting the big spenders to office.

Working citizens and taxpayers—the producing element of our society—have become aware that their taxes are being used in this way to "buy votes" of welfare program recipients, rather than to help the truly needy in our society.

Unless Congress takes resolute action to restrain and cut back Federal spending for extravagant and wasteful programs, public confidence in our Government and democratic processes will be further eroded. Moreover, lasting damage will be done to our people's productive and humanitarian sense of community.

Mr. Speaker, to give proper perspective to this issue of Federal spending, and our debate next week on the final fiscal year 1980 budget resolution, I would like to include in the Record at this point a table which shows the history of Federal spending for each function of the budget since 1969:

BUDGET OUTLAYS BY FUNCTION: 1969–80

[In millions of dollars; fiscal years]

Function	1969	1970	1971	1972	1973	1974	1975	1976	Transition quarter	1977	1978	1979 (estimate)	Percent change, 1979/1969	1980 recommendation [1]	Percen change 1980 1979
National defense	79, 417	78, 553	75, 808	76, 550	74, 541	77, 781	85, 552	89, 430	22, 307	97, 501	105, 186	114, 400	+44.0	128, 587	+12.4
International affairs	4, 573	4, 297	4, 097	4, 693	4, 066	5, 681	6, 922	5, 552	2, 193	4, 813	5, 922	7, 500	+64.0	8, 772	+16.9
General science, space, and technology	5, 014	4, 507	4, 180	4, 173	4, 030	3, 977	3, 989	4, 370	1, 161	4, 677	4, 742	5, 200	+3.7	5, 662	+8.9
Energy	1, 000	990	1, 031	1, 270	1, 179	837	2, 170	3, 127	794	4, 172	5, 861	7, 400	+640.0	8, 801	+18.9
Natural resources and environment	2, 890	3, 061	3, 909	4, 235	4, 763	5, 670	7, 335	8, 124	2, 532	10, 000	10, 925	11, 300	+291.0	12, 026	+6.4
Agriculture	5, 780	5, 161	4, 288	5, 280	4, 852	2, 227	1, 659	2, 504	581	5, 532	7, 731	6, 200	+7.3	2, 542	−59.0
Commerce and housing credit	563	2, 108	2, 358	2, 216	924	3, 925	5, 607	3, 792	1, 392	−44	3, 325	2, 900	+415.1	2, 828	−2.5
Transportation	6, 528	7, 006	8, 050	8, 388	9, 065	9, 172	10, 388	13, 435	3, 304	14, 636	15, 444	17, 000	+160.4	18, 651	+8.8
Community and regional development	1, 511	2, 360	2, 833	3, 388	4, 537	4, 080	3, 689	4, 709	1, 340	6, 286	11, 000	9, 700	+541.9	8, 289	+14.5
Education, training, employment, and social services	7, 540	8, 625	9, 839	12, 519	12, 735	12, 344	15, 870	18, 737	5, 162	20, 985	26, 463	29, 700	+293.9	31, 471	+5.9
Health	11, 757	13, 051	14, 716	17, 467	18, 832	22, 073	27, 648	33, 448	8, 721	38, 785	43, 676	49, 700	+322.7	54, 715	+10.1
Income security	37, 285	43, 073	55, 426	63, 913	72, 965	84, 437	108, 610	127, 412	32, 797	137, 915	146, 212	161, 100	+332.1	188, 795	+17.2
Social security	(26, 791)	(29, 685)	(35, 247)	(39, 409)	(48, 288)	(54, 936)	(63, 648)	(72, 664)	(19, 763)	(83, 861)	(92, 242)	(102, 323)	(+281.9)	(119, 923)	(+17.2)
Other income security	(10, 494)	(13, 388)	(20, 178)	(24, 504)	(24, 675)	(29, 498)	(44, 959)	(54, 748)	(13, 034)	(54, 054)	(53, 970)	(58, 777)	(+460.0)	(68, 872)	(+17.2)

BUDGET OUTLAYS BY FUNCTION: 1969–80—Continued

[In millions of dollars; fiscal years]

Function	1969	1970	1971	1972	1973	1974	1975	1976	Transition quarter	1977	1978	1979 (estimate)	Percent change, 1979/1969	1980 recommendation [1]	Percent change, 1980/1979
Veterans benefits and services	7,640	8,677	9,776	10,730	12,013	13,386	16,597	18,432	3,962	18,038	18,974	20,200	+164.4	20,851	+3.2
Administration of justice	761	952	1,299	1,650	2,131	2,462	2,942	3,320	859	3,600	3,802	4,200	+451.9	4,468	+6.4
General government	1,610	1,888	2,104	2,449	2,626	3,296	3,182	3,006	883	3,374	3,777	4,200	+208.3	4,301	+2.4
General purpose fiscal assistance	430	536	535	673	7,351	6,890	7,187	7,235	2,092	9,499	9,601	8,750	+1,934.9	9,075	+3.7
Interest	15,793	18,309	19,602	20,563	22,782	28,032	30,911	34,511	7,216	38,009	43,966	52,400	+231.8	58,038	+10.7
Allowances												700	NA	453	NA
Undistributed offsetting receipts	−5,545	−6,567	−8,427	−8,137	−12,318	−16,651	−14,075	−14,704	−2,567	−15,053	−15,772	−18,100	+226.4	−19,600	+8.3
Total budget outlays	184,548	196,588	211,425	232,021	247,074	269,620	326,185	366,439	94,729	402,725	450,836	494,450	+167.9	548,725	+10.9
Total deficit	[2] +3,000	−3,000	−23,000	−23,000	−15,000	−5,000	−45,000	−66,000		−45,000	−49,000	−33,450		−29,225	

[1] 2d Budget Resolution.
[2] Surplus.

Source of data: Office of Management and Budget, "Federal Government Finances" (January 1979 edition).

□ 1810

Mr. THOMAS. Mr. Speaker, I yield to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, I wish to thank the gentleman for yielding and to commend him for taking this time on this very special order. I think this is one of the most important special orders we will probably have all year. It has already been announced that we will be taking up the budget resolution next week and, hopefully, we can do something on the minority side to reduce the amount of the deficit and to reduce the amount of expenditures.

The majority of the House Budget Committee reported out a second budget resolution for fiscal year 1980 last Tuesday, and I emphasize, without Republican support. Not only would this proposed budget eliminate the possibility of achieving a balanced budget in 1981, but it would worsen an already faltering economy. I would like to call the attention of my colleagues to the particulars of this budget which the majority describes as a "restrictive fiscal policy."

Government spending under the proposed budget would be permitted to soar upward at an alarming rate. This budget resolution would permit $549 billion of the taxpayers money to be spent in fiscal year 1980, a $54 billion increase over fiscal year 1979. This 11.1 percent increase exceeds the rate of inflation assumed by the committee for fiscal year 1979, which means that the Federal budget would grow in real terms. During this time of high inflation when wage earners and businesses are being asked to moderate their wage and price demands, the vote by the committee majority to approve this budget resolution hardly constitutes exemplary behavior. I urge my colleagues not to make the same mistake when the second budget resolution is taken up on the floor next week.

Inflation has reached its current proportions because the same expansionary fiscal policy contained in this budget resolution has been prescribed by the Democrats since the last recession. When President Ford left office in January inflation was running at only 4.8 percent. President Carter entered office and in his first 3 years increased Government spending by 35 percent, the biggest 3-year increase in peacetime history. As a result of these massive increases in Government spending, we are currently faced with double-digit inflation and economic stagnation. However, it appears that the majority of the Budget Committee has ignored these signals of the need for a change in our fiscal policy. The second resolution they have proposed contains more of the same medicine that has been demonstrated in the past not to work.

Let us take a look at the spending record of this Democrat-controlled Congress just since 1974. Would you believe it has more than doubled the expenditures since 1974? The answer is in the affirmative. In fiscal year 1974, the outlays of our Government were $269.5 billion. What are we saying here in this resolution that they have reported? Five hundred forty-nine point seven billion dollars, more than doubled since fiscal year 1979. I think that this is something that the American people should be aware of when they ask the question, who is responsible for inflation?

Let me say, my colleagues, we have reached a stage in the business cycle when we should be running a budget surplus. Generally speaking, at the onset of a recession revenues are relatively high because of high inflation, and expenditures are relatively low because of low unemployment. In 1970 and 1974 we entered into recessions and ran deficits in those years of $2.8 billion and $4.7 billion respectively, the lowest two deficits of this decade. In 1979, however, we are expected to register a budget deficit of $29 billion, the fifth largest deficit of the decade. As the country moves deeper into the current recession, pressure on the deficit will only mount. And if the policies of recent years prevail again, the deficit will be back up to $60 billion by 1981.

Excessive Government spending has also sharply increased the national debt through the course of this decade. In 1970, the gross Federal debt was $383 billion; in 1979 the debt is expected to reach almost $840 billion, an increase of $457 billion just during the 1970's. In the 3 years that President Carter has been in office, the national debt has increased by a staggering $204 billion. These debt increases are taking a toll on the American taxpayers of this country. Interest has become the third largest function in the Federal budget, behind only income security and national defense, absorbing an expected $58 billion of the taxpayers' money in fiscal year 1980 alone.

The committee-reported second budget resolution that will be up for consideration next week would increase the national debt to about $885 billion. It would insure that the long trend of budget deficits that began in 1970 would extend through the mid-1980's. It would increase taxes by 11.1 percent over 1979, to a peacetime high of 20.8 percent of our gross national product. For these reasons I urge my colleagues to vote against it and vote for the Republican budget alternative.

The Republican alternative represents an opportunity to change the course of this Government's fiscal policy. Not only does it propose to cut taxes to restore incentives to work, save, and invest, but it restrains the growth of Government spending. Under our alternative the deficit in 1980 would be lowered to under $20 billion, in contrast with the $29 billion deficit proposed by the Democrats. This deficit would permit us to achieve a balanced budget in fiscal year 1981 and to begin to pay back our astronomical public debt.

The choice between continued high inflation, low productivity, and negative growth, on the one hand, and a dynamic recovery ignited by incentives to private businesses and individuals, on the other hand, will be yours to make next week. In my opinion, our deteriorating economic situation signals that it is time for a new fiscal policy.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, I want to thank the distinguished gentleman from California (Mr. THOMAS) for taking this special order on the budget resolution. Recent polls show that for the first time in our history, Americans were more pessimistic than optimistic about the future of our Nation. A greater percentage thought the Nation would be worse off in the future than we are today. Of more concern to me was the fact that most Americans feel they do not have any say about what Government does or that they can change what Government does to them. Americans do remain optimistic about their own personal lives and say they have faith in America's institutions. President Carter recognized this pessimism when he came down from the mountain top to deliver his "crisis of confidence" speech. He tied the crisis of confidence speech to earlier times—Vietnam, Watergate, and the oil embargo. While these events have had an effect, my mail and national opinion polls show lack of confidence in leadership closely paralleled economic trends. People became more pessimistic as the prime interest rate approaches and reaches 13 percent, an alltime high. I submit, the President and the leadership in Congress have it within their power to restore confidence in Government by bringing down inflation. This can be done by balancing the Federal budget. Government spending is the root cause of inflation. I have said this many times before as you know. I will continue to say it and push for legislation to balance the budget. The point is that the American people are telling those in positions of power—in the administration and Congress—to do something about inflation, and we will have more confidence in you. We have unusually serious policy problems this year. It is imperative that we think our economic problems through and act correctly to develop fundamental policies to cure us of the inflationary disease which is draining the motivation from many people in our country and causing a serious decline in productivity. President Carter has analyzed the country's problems and found a malaise. We Republicans analyze the country's problems and find inflation. President Carter says "say something good about your country," and we Republicans say "let's do something constructive about inflation."

What we do on this second budget resolution will have a profound impact on interest rates and on inflation. Now is our chance as Members of this Congress to take decisive action to break the cycle of higher inflation, higher interest rates, higher unemployment, higher Government deficits, and back to higher inflation.

As we all know by now, the prime rate for bank customers is at 13 percent, 15 percent for you and me, and reportedly going higher. The rate of inflation for everyone is over 13 percent. If this inflation rate continues for 1 year, prime borrowers can borrow this year's dollars at 13 percent interest and pay back the loan next year with dollars that are worth 87 cents or less. Since interest expenses are deductible for income tax purposes, borrowing money in today's environment costs nothing if you use the money to buy goods that are increasing in price by over 13 percent per year. Consequently, it seems very likely to me that interest rates will go even higher than they are now unless Congress acts to stabilize the dollar.

My expectation and yours is that inflation and interest rates are going to go higher. The expectation itself is a large part of our problem. We have to take action which will change expectations that matters will be getting worse. To change expectations of inflationary crises we need two specific dramatic developments. First, we need a balanced Federal budget. Then, we will probably need a tax cut to stimulate business. But first we must cut Government spending. Some will say—here we go again, belt tightening for the poor, the young, and the minorities who are always the first notch of the belt. Some of those against a balanced budget argue that inflation hurts everyone, but unemployment hurts those who can least handle it, and parenthetically unemployment makes the voters madder. The unemployment rate is regarded by many of you as the preeminent politico-economic statistic. The rate of inflation, the falling value of the dollar, the soaring price of gold, the foreign takeover of American business, the desertion of America by our own multinational corporates taken together, it would seem, do not add up to a fraction of the importance of the unemployment rate politically on a national basis. I am a politician too, and I share your concern. Politically, on a national basis, I know you are correct about the dominant role of the unemployment rate in policy decisions of a Democratically controlled Congress.

Nevertheless, the number one problem facing the country today, September, 1979, is inflation. The unemployment rate is 6.0 percent, and that is not unusually high by historical standards. However, the inflation rate is over 13 percent and the prime interest rate is at 13 percent, which are the highest in history. Something has to be done. What do we do? I repeat, we must balance the Federal budget as the first decisive step in changing the economic policy of the country. Where and by how much do we cut Federal spending? Enough to balance the budget—and every program must be looked at. There will be some temporary employment dislocations. From my service on the Joint Economic Committee I am convinced we could pass legislation to promote part-time work and job sharing. We have a son who works part time. I have two good staffers on my payroll who work part time. That is exactly what they want to do. They do not want to work full time. They are not the least bit lazy. They are paid for part-time work, but they are in no sense unemployed.

If 15 percent of our national work force were to be reclassified as part-time employees through job sharing, that 6 percent unemployment rate, that has most Members of the other party paralyzed on deficit spending, would fall very sharply. We would not need CETA, and we would not need the Federal component of unemployment compensation. We could balance the budget, reduce aggregate demand and national inflation, reduce Federal borrowing and national interest rates, reduce Federal taxes and promote consumer spending and encourage business investment, expand our supply capability, and restore our national rate of productivity growth.

There is a way out of our problems in this country. I congratulate the distinguished gentleman from California, for providing this forum for discussion of this very important subject.

☐ 1820

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Ohio.

Mr. REGULA. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I want to commend the gentleman from California (Mr. THOMAS) and all the members of the Republican freshmen class for their interest in budget matters.

Budget is not very glamorous, but it is the contributing factor to the No. 1 domestic problem in this Nation, and that is inflation. It is very evident that unless we do something to deal with the problems of deficits, the ever-increasing debt, and the excessive spending, which has been the pattern for the last 25 years, we are not going to solve the problem of inflation.

All of us heard that message repeatedly during August, that people are concerned about inflation, and that their purchasing power is diminishing. And yet what are they going to be offered next week? It has been called a "budget of despair," and certainly this is an accurate portrayal. I would call it also a "budget of business as usual"—business as usual along the patterns that we have had for the last 25 years.

It is interesting to note that in the August 1979 midyear report of the Joint Economic Committee some significant facts were brought out. In this report it is stated that unless we do some things differently, we are going to be faced with a cumulative total inflation rate of 140 percent over the next 10 years.

Now, what does that mean? That means a house will cost in excess of $200,000. It means a loaf of bread could well be $2. This is what the American public is faced with unless we as the leaders of this Nation effect change.

What does this report suggest as a way of diminishing the rate of inflation? I might say that this is the unanimous report of a committee that is 2 to 1 Democrats, and for once the members are unanimous in their recommendations. They say we can cut the rate of inflation in half. If we do what? Stimulate savings, stimulate investment, and stimulate productivity.

Yet as I look at the budget that will be before this House next week, I see no effort on the part of the majority to do any of these things.

What does this budget do? It offers no tax cut, no stimulus to productivity, no stimulus to savings, and no stimulus to investment—the very things that are recommended in the report of the Joint Economic Committee. It has no restraint on spending.

We have heard the previous speakers tell about the increases in today's huge deficit that will have to be funded by the printing press. This has been the pattern for the last many years, to print more money. In effect that is what happens. We print the money to fund the deficit. We monetize, because Congress has been unwilling to develop prudent fiscal policies, and once again, in a business-as-usual pattern, we are going to force monetization of this deficit, increasing the debt and in the final analysis giving the American people another dose of inflation.

The Republican alternative, the budget of hope, does follow the recommendations outlined in the midyear report of the Joint Economic Committee. That budget will encourage productivity with tax cuts, it will encourage investment, it will encourage savings, and most of all, it will give the American people a sense of hope—hope that things will be better, hope that inflation will be diminished, and hope that there will be a balanced budget in their future.

Mr. Speaker, I yield back the balance of my time.

Mr. GRASSLEY. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I appreciate the opportunity to participate in this special order to call the attention of the people of this country and the Members of this Congress to the problem that we have in this Nation with deficit spending and the inflation that results from it. This special order is just one way of trying to reflect upon the real cost of inflation. Inflation is caused by this deficit spending.

The Congress of the United States is to blame for the deficit because we appropriate the funds by which this Government operates. It is real easy, as the President does with his program for voluntary wage and price restraints, to say in a sense to the businessman of this country and to the laboring man of this country, both the union member and the nonunion member, that somehow they are responsible for inflation when the constitutional fact of the matter is that only the Congress of the United States or the Federal Government has the power to coin money, print money, and determine the value thereof.

As the previous speaker said, the way this Congress finances this deficit is by monetizing that debt through the printing of money, and because the Congress of the United States is the only one that has the constitutional power to do that, there is no way that the workingman of this country and the business people of this country can be responsible for inflation.

But in a sense, when we talk about wage and price controls, voluntary or involuntary, the people involved with those programs are in effect trying to tell the people of this country that somebody else is responsible.

So the effort here tonight is to tell the people of this country that we know where the responsibility for inflation lies, and that we should not be trying to blame somebody else for something we are responsible for, because the responsibility only rests here with us, the elected representatives of the people.

Mr. Speaker, I think and know that out of a movement like this will come an effort that will be fruitful in helping to win this battle on inflation by bringing the budget in balance.

Mr. THOMAS. Mr. Speaker, I thank the gentleman from Iowa (Mr. GRASSLEY).

Mr. SHUMWAY. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from California.

Mr. SHUMWAY. Mr. Speaker, I am delighted to participate in this special order, and I sincerely thank the gentleman from California for requesting this time. There is little I enjoy as much as "spreading the word," if you will, concerning the budget of hope.

During the August recess, I was scheduled to make numerous speeches throughout my congressional district to widely divergent groups of individuals from all economic backgrounds and business interests. As one who has been newly infected with enthusiasm concerning the budget of hope, I quite naturally used it as the basis for the majority of my presentations. No matter what group I addressed, be they young or old, working or retired, married or single, Republican or Democrat, the response to my message was the same: hope, just as the title implies.

The faces of those people in the audiences were mirrors for my own opinion. I began by discussing the present practices of Government which lead to our economic woes, pointing out that, to me, the question of whether we are experiencing inflation or recession is really only a matter of semantics: Whatever it is, it hurts. Perhaps it is both, since our currency has failed to maintain its value due to Government ineptitude, and the incentive for savings, investment, production and employment is similarly being trodden under the heel of an unresponsive Government policy. Listening to that sad saga, the audience looked gloomy.

The gloom darkened when I reached the part about getting a raise actually equaling less take home pay; it positively thickened when I reminded them that money saved often equals money lost, and it reached the lowest of ebbs when I pointed out that production is penalized by taxation.

Then, however, I was able to watch despair become hope as I outlined our budget philosophy.

I mentioned tax cuts, saying "next year is an election year. We all know there will be a tax cut—but why permit it to be used as a political football? Entering a recession, as we are told we are, now is the time for a tax cut." They began to nod in agreement.

And why not prevent Americans from being pressed into unrealistically high tax brackets in the future by indexing, I asked? The nods of approval became more perceptible.

When I mentioned social security taxes, they groaned again, apparently convinced that there seemed no end to the burdens I would describe for them—until I point out that we could freeze those tax rates at their 1979 level, finding a more moderate financing arrangement for the future. They brightened again. Adding it together in their minds, they began to see a pattern of commonsense: less taxes, protection from inflation, the possibility of an end to the social security nightmare.

I topped off those remarks by mentioning that it might very well be possible to liberalize depreciation rates to stimulate expansion and modernization of the Nation's productive plans, thereby increasing output and creating more jobs.

And the audiences before me were living proof of what, to me, is the most important concept behind the budget of hope: it not only offers hope—it restores dignity, encourages advancement, and fans the will to excel and produce back into life.

In short, those audiences proved for me that the budget of hope is not only an answer to our economic problems—it is also a giant step toward curing the ills of our national attitude. The existing economic policies have fostered a climate of mediocrity. The plan we endorse—the budget of hope—will restore American pride.

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Mr. Speaker, I thank the gentleman for his comments.

Mr. Speaker, during this special order a lot of numbers are being thrown around. All of us, ultimately, have to bring it down to the human level, after all what we are talking about is people, and the Government's effect on their lives, an effect that grows greater with each year's increase in the size and scope of the Federal Government.

Mr. Speaker, I am from California, and Californians have much at stake in the current budget process. California's economy, were California an independent country, would rank fifth among the world's nations. Its economy constitutes more than 11 percent of the national economy, and California's economy is growing a full percentage point ahead of the national economy.

But California's economic growth is beginning to slow, and the budget of despair for 1980 would insure that the national recession would not miss our State. At a time when we need to increase productivity and revitalize our economy, the Democratic budget policies are proposing nothing to help do this—only higher inflation, higher unemployment, and lowered expectation for all Americans, including Californians.

The number of Californians thrown out of work by the recession will swell to 233,500 by the end of 1980 under the budget of despair, and that's an optimistic estimate. Some predictions place the figure closer to 320,000.

In my home district in Kern County, 3,600 more workers will have lost their jobs by the end of next year if we continue the budgetary policies of the Democratic majority.

Unemployment in California, currently at about 6.5 percent, is expected to rise to 7.6 percent by the end of this year and to reach somewhere between 8½ to 9 percent under the budget of despair. In Kern County, unemployment could reach more than 9 percent by the end of 1980.

We will not solve inflation by throwing people out of work. Rather, we must keep people on the job and boost productivity.

We will not balance the budget by crunching down the economy in the usual pattern employed by the Democrats. For every added percentage point of unemployment, the Federal Government must spend another $20 billion to offset unemployment, thereby increasing the deficit.

The budget of hope will propose approximately a $20 billion tax cut in 1980 to ease the coming recession's blow to working Americans. The budget of hope would also offer new tax incentives for capital investment which is so badly needed to revitalize our industry and create more jobs in the private sector.

For California, the budget of hope would mean fewer people out of work—nearly 100,000 jobs saved in Kern County, 1,500 jobs saved—and it would mean more money in the pockets of workers who need it to meet the rising cost of living.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Georgia.

Mr. GINGRICH. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I want to join my colleagues in commending the gentleman from California (Mr. THOMAS) for organizing and putting on this very, very important special order.

The point I really want to emphasize, with the help of a few charts, is that someplace in a reasonable process of self-government someone has to be responsible. The chairman of the Budget Committee, the senior Democrat from Connecticut, said on Monday, and I quote:

> For a variety of reasons beyond our control, chiefly the massive inflationary pressures exerted by OPEC price increases . . .

He then went on to disown any responsibility for the inflation, for the recession, for the high cost of living, for the joblessness.

If voting makes sense, if being in Congress makes sense, if the very idea of self-government makes sense, then someone has to take responsibility. Someone has to say "yes, we write the tax laws, we approve the budget."

In his very own statement, the chairman, the distinguished Democrat from Connecticut, said

> Spending restraints is the best anti-inflation contribution that Congress can make to the Nation at this time.

He cannot have it both ways. If cutting spending does have a positive impact on the cost of living, if it is possible for Government, by its behavior, to improve the way in which we live, to give us a better chance of going to work, to give us more income after taxes, then the Budget Committee and this Congress do have a real job to do. If we are responsible, then certainly the chairman of this committee cannot say, "For a variety of reasons beyond our control."

In fact, I think that the real question is: In responsible Government, the party which runs the White House, which runs both the House and the Senate, has to bear some responsibility for the economy.

I would like to turn for a moment and look at the economy and ask, first of all, the simple question: Can you afford another 15 months?

As this chart indicates, week by week, day by day, virtually, your grocery money has dropped during the last two budgets. The ability to go to the store, to buy gasoline, to buy fuel oil in the winter, your ability to buy food, goes down, down, down—because the value of the dollar goes down. The price of living goes up. And as the chairman, the Democratic chairman, said, spending restraint is the best anti-inflation contribution that Congress can make. And yet he was presenting a budget resolution which had gone up in spending at the rate of $100 million a day for the last 4 months. He is directly accountable and his committee is accountable and the Democratic majority in this Congress is accountable for what this chart indicates has happened to your family if you are lucky enough to be working.

To put it in a different way: You can look at the price increases during the last 10 years that the Democratic Party has controlled this Congress. They controlled the Committee on Appropriations, the Committee on the Budget for every one of these years. They have run this Government every year. And year in and year out through this Congress they have passed the kind of budget and the kind of taxes which lead to a huge increase in the cost of living. But not just over here in the cost of eggs, or in the cost of chickens, or in the cost of milk, but when you go all the way down to the other end of the chart, you look at the biggest single increase in the cost of living in the last decade and it is a tax increase. They have raised taxes more in the last 4 years than in any other peacetime period in American history. And they did it. They are responsible for it. They run the Congress. They control the committees. It is their tax increase that leads the way in forging a higher cost of living for the average American.

What does all this mean? It adds up to an economy that is sick in two ways, an economy is sick with higher and higher prices, giving us less and less real take-home pay, less money to spend, and the money we do have means less, and an economy that is now setting in toward a real serious, deep recession.

Look at this chart. By this Christmas, 1,400,000 Americans will have lost their jobs. That is not a Republican charge. That is not a partisan charge. That is a statement of the Federal Reserve Board. The U.S. Federal Reserve Board itself estimates that 1,400,000 Americans are going to be out of work by December. At Christmastime, if all of those Americans who are out of work stood in line, that unemployment line would then stretch from the Capitol to Plains, Ga., or it would stretch from the Capitol to Boston, Mass., and back, and then back to Boston. The people who reside in Plains, Ga., and Boston, Mass., the Senator from Massachusetts, the Speaker from Massachusetts, and the President from Georgia, all Democrats, are responsible for an economic policy that is deliberately going to unemploy 1,400,000 Americans. That is why we call the Democratic budget a budget of disappointment and despair. It is a disappointment if you hope to work for a living. It is despair if you hope to have enough money to spend to buy groceries until the next payday.

What we are offering is an alternative, a budget which provides for a strategy of real growth in personal income, for a better chance to get a job, for real growth for America.

If I could show one last chart, in general terms, what is really important is not the precise dollar or the precise figure; what is really important is the clear-cut difference in direction. If two people stand at a crossroads and one goes to the right and the other goes to the left, the first step is very short. But over time, they get further and further apart.

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What this shows is over the next 5 years, if you accept the Democratic budget of disappointment and despair, you get higher and higher taxes. You get more and more dollars in the Government to spend. You and I have less real income, and we have fewer jobs.

Over the next 5 years, if we pursue a Republican budget of hope and opportunity, then we have a chance to really cut taxes, to really increase the number of jobs in America to give working Americans more real take-home pay and to stabilize the cost of living and cut our price increases so that retired Americans have a decent chance to live.

I thank the gentleman, and I yield back the balance of my time.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I thank the gentleman from California for taking the time this evening to discuss these vital issues and I want to commend the distinguished minority leader, the gentleman from Arizona (Mr. RHODES), for his thoughtful discussion of the current budgetary challenge facing the Congress and for bringing the "budget of hope"—a budget of sound growth—before the American people.

I believe that most of us now realize the necessity for a tax cut to stimulate the private sector to achieve greater productivity. It should be obvious that simply pouring more money into the public Treasury will diminish the amount of goods and services available to the American people.

I want to take this opportunity to commend, as well, the gentleman from New York (Mr. CONABLE), the ranking minority member of the Committee on Ways and Means, who has fashioned H.R. 5050—a bill to cut income and payroll taxes and to stimulate capital investment—that, if adopted, would lead us quickly out of this recession.

I hope that the American people will heed the message delivered by our minority leader tonight and will let the administration and the majority leadership in the Congress know that they demand a responsible economic program that will get us off the economic roller-coaster and on to the path to prosperity.

Mr. LEWIS. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from California.

Mr. LEWIS. Mr. Speaker and my colleagues, it was not my intention to speak on this special order, for I am a relatively new Member of Congress, and frankly, I have enjoyed my 9 months here watching my colleagues work with the maze that makes up a huge and bureaucratic government; but my colleague from California (Mr. THOMAS), by this special order and his comments, stimulated me to perhaps share with the Members and with the American people some of his and my mutual experience in California, where we served in the State legislature for a number of years, preceding a thing called proposition 13.

During the last few years, it has been my questionable privilege to represent the minority party in that State legislature, attempting to bring about some sense to an inequitable taxing system there.

I will never forget the last couple of years, which clearly demonstrated two facts to me. The first was to demonstrate the reality that most Americans as well as Californians do not think simply in terms of Democrats and Republicans.

Most Americans care about solving problems and having Government make some sense. Above and beyond that, it was my own privilege to have both the Democratic and Republican nomination in California the last time I ran for the legislature. People are not looking to party alone.

In that last year I found most Democrats and Republicans became sick and tired of the leadership and legislature that was dominated so much by one party that was out of touch with its own people that they decided to bring about a change.

The average Democrat in California got the message that two-thirds controlled by one party was too much. Finally, they reacted. After years of hearing lip service to doing something about bringing sense and balance to our taxing systems, the people of California put a proposition on the ballot that was their voice.

I would like to share with my colleagues what occurred following that event.

The following week I was sitting in our budget committee representing the minority, and the leadership walked in, two-thirds of them Democrats, who were out of touch with the Democratic Party in California. They placed a sheaf on our desk that was as thick as the CONGRESSIONAL RECORD, and every page was filled with items that then they were willing to cut from our budget, after the people had put a proposition on the ballot. The people said, "Forget it." In November, they sent a message.

The one thing I would like to leave here is the fact that we are not here to condemn Democrats alone, but rather to condemn leadership of this party in this House that is out of touch with the American people, Democrat and Republican alike. It is about time the American people decided they were going to get that message across by bringing more balance to this system so that the two-party system will work, and more importantly, that those people who are elected here will be willing not just to roll over to old-time leadership. Instead, they will be willing to make a commitment to a budget of hope rather than simply vote for what the oldtimers suggest.

With that, will bring about more employment. Beyond that, old people will be able to live on incomes that are decent. Beyond that, our two-party system will work with some sense.

I want to commend the gentleman for his tremendous effort this evening and appreciate the opportunity to share it with him.

Mr. THOMAS. I thank the gentleman from California for reminding me of the recent events in our home State.

However, at the national level we do not have the initiative process. At the national level, the majority party elects the Speaker, and then every committee chairman is a member of the majority party.

The structure here is a partisan structure. We have an opportunity in the Republican budget of hope to present a program which, if enough reasonable Democrats would support, would in fact become the working plan for the Government. But my hopes are not high, for as I said, the structure in the House is of a partisan nature.

If we do not get a budget of hope here in the House of Representatives, then I think the charge has to be taken to the American people.

I think we have to clearly pin that responsibility on the majority party and to ask the American people to make a choice. Our job is to make that choice clear. a choice between the Democratic budget of despair or the Republican budget of hope.

The American people cannot continue with the present majority and expect a change in the budgetary process.

Unfortunately, this House is partisan, and the choice between a budget of hope or of dispair is going to have to be made. If not in these Chambers then it must be made in the election booth.

Mr. RITTER. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I would be happy to yield to the gentleman from Pennsylvania.

Mr. RITTER. I thank the gentleman for yielding.

I would like to thank the gentleman from California for requesting this special order to allow this presentation to the American people and to this Congress.

Basically, this special initiative represents to me, to the steelworkers, to the auto workers to the electrical workers, to the chemical workers, to the garment and apparel workers, to the working men and women back in the Lehigh Valley of Pennsylvania, this means an end to the previous politics of scarcity.

For 22 years, the Democrats in the House of Representatives have taken the approach that the American pie is big enough as is, that the American dream already has reached its full complement.

Whereas this present initiative for a budget of hope proposes to the American people the idea that the pie can grow, that the American dream is not dead. And that indeed this United States of America can have prosperity, can increase its output, can be productive, can fight inflation in the correct way, not fight inflation by creating 1.4 million additional unemployed. In my heavy industrial district this new budget we propose may translate into hope for up to 7,000 or 7,500 individuals who would otherwise be unemployed in a year from now.

No. I say no to the loss of jobs and unemployment. The working men and women of this country do not wish to pay the dues for excessive and profligate Government spending of the past.

The American people do not want to pay the dues of not being able to purchase a home, or to get involved in a downpayment on a new home where interest rates are so high that they cannot afford it. My constituents I know feel they are being made to pay for previous excesses.

And the Government goes ahead, spends all the phony money coming from the money tree on all these wonderful programs, which then causes inflation, which cannot be controlled. How can inflation be controlled in America?

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Well, some would propose: not by increasing our output, not by increasing our productivity, not by cutting back on some of the excesses. No. But rather by translating that burden to the backs of the working American people, by increasing the interest rates to the point where they will not be able to buy the things needed to have a decent life, to where they can participate in the American dream.

The average working man and woman is paying now for those 22 years of profligate and excessive spending. They have not been the beneficiaries of their hard work and frugality. Our workers are not on the dole. Our workers are not passing through the supermarket lines with food stamps that allow them to fill their baskets with meat as if they are having a picnic for a pro football team. No. These working men and women are simply paying the dues for others. These working men and women are paying the taxes for others excesses.

It is high time that we gave the economy the kind of tools needed to expand our horizons, not to contract them; to reduce Washington's own tendency toward expansion; and to provide greater expansion for both the lives and the local economies of our working men and women.

Again, I would like to thank the gentleman from California for this opportunity to speak out in favor of this new budget and economic initiative for America's working men and women.

Mr. THOMAS. I would like to thank the gentleman from Pennsylvania and all of my colleagues who have participated in this special order. This is indeed the first shot to be fired in the second budget resolution fight. More shots will be fired. Hopefully the sound of those shots will be heard by the American people. They have been wounded long enough by Democratic policies.

What we want to provide is a forum which will result in a budget which offers real and significant change, conceptual change in the way the American people relate to the Government. The opportunity is now there. The budget of hope will be presented. The question is whether or not sufficient Democrats will come to the position of hope and opportunity and form a majority. It is possible. As the drama unfolds, let us see what happens.

● Mr. CAMPBELL. Mr. Speaker, as a sponsor of the Budget of Hope, I am delighted to join my colleagues in commending the distinguished minority leader for his initiative.

The Republican Party has proposed a plan designed to avert the worst impact of the recession that is upon us and to set the economy on a long term path to stable and healthy growth. We reject the notion that Americans must settle for a reduction in our standard of living, for a no-growth economy, for a diminution of the greatness that was ours. We are calling instead for optimism, productivity and growth.

The elements of our proposal are these:

To immediately and permanently reduce personal income tax rates by at least 10 percent, and index tax rates to protect taxpayers from inflation.

To freeze social security taxes at their present 1979 levels, and avoid the negative effects of cutting individuals' spendable income and making it more expensive to hire workers.

To provide a speedup in depreciation rates for business to stimulate a permanent turnaround in productivity rates and spur capital investment.

Mr. Speaker, we are calling on our colleagues from the other side of the aisle to join us in restoring hope to a despairing country. We are representatives of a people, not a political party. Let us take our responsibilities seriously and lead this country forward. Let us not accept economic stagnation, but adopt this workable plan and get America moving again.●

GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of the special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

EXPORT CONTROLS AND THE HONEST PUBLIC SERVANT, LARRY BRADY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Hampshire (Mr. CLEVELAND) is recognized for 20 minutes.

● Mr. CLEVELAND. Mr. Speaker, on Tuesday of this week, the Committee of the Whole House on the State of the Union adopted an amendment to the Export Administration Act offered by my distinguished colleague from Missouri, Mr. RICHARD ICHORD.

That amendment requires the Department of Defense to establish a critical technologies list in order to prevent the export of materials and technologies which would jeopardize our national security.

I strongly supported the Ichord amendment and welcomed the action taken by this body. Although I did not participate in the debate on this amendment, my strong feelings were made known to each Member of this House through a letter sent to each one of them on Monday. I will place that letter in the RECORD following these remarks.

Before we begin to congratulate each other on our performance, however, we should not forget the man whose courageous testimony brought to congressional attention the serious problems which currently afflict the administration of export controls. I refer to Mr. Larry Brady, a constituent of mine, and until very recently, the Acting Administrator of the Office of Export Administration at the Commerce Department.

Despite intense opposition from political appointees in the Commerce Department, and apparent threats to his job, Mr. Brady appeared before the House Armed Services Committee and called the export control system at Commerce a shambles. In particular, he courageously called attention to the situation at the Soviet Union's Kama River truck plant where American technology and a sophisticated IBM computer are being used to produce a variety of military vehicles.

Mr. Brady's "reward" for his testimony was a prompt and unexplained demotion.

Mr. Speaker, Mr. Brady's situation has been carefully reviewed by two nationally syndicated columnists, Mr. Patrick J. Buchanan and Mr. Jack Anderson, and by the publisher of the Manchester, N.H., Union Leader, Mr. William Loeb. I am inserting their remarks since, in my opinion, this matter deserves careful attention and full public disclosure.

Congress and the American people have benefited from Mr. Brady's testimony. It is only fitting that Larry Brady be assured the full protection of the U.S. Constitution rather than be punished for daring to tell the truth. I might add that it is refreshing to call attention to the exemplary performance of a Government employee at a time when civil servants are increasingly under attack. It is easy to understand why the American Federation of Government Employees is so disturbed over the treatment Mr. Brady has received.

The commentaries of Patrick Buchanan, Jack Anderson, and William Loeb, and my "Dear Colleague" letter of September 10 follow:

[From the Manchester (N.H.) Union Leader, July 10, 1979]

WHISTLE BLOWER'S HAPPY LIFE

(By Patrick J. Buchanan)

WASHINGTON.—Few civil servants are more celebrated in the abstract than the whistle blower, "that conscientious bureaucrat who risks promotion and career to reveal the blunders of the policy-maker." The fate of the whistle blower, however is an uneven one.

When Otto Otepka, security officer at State, went secretly to the Senate with evidence of lax security procedures, he was made the victim of an official vendetta, with the blessing of the oldboy network in Washington politics and press.

When A. Ernest Fitzgerald revealed huge overruns in the C-5A program, he was on the staircase toward beatification.

Both men were prickly personalities who did their job as they thought their oath of office required.

There is a test today as to whether the whistle blower is a valued figure in official Washington—or only those whistle blowers who embarrass presidents and policy-makers that official Washington wishes to see embarrassed.

That is the case of Lawrence Brady, until June, acting director of the Office of Export Administration in the Department of Commerce.

A veteran public servant with a distinguished record on the Hill, in the White House and in the executive branch, Brady was, on the day of 23 May, placed on the horns of a dilemma. He had just heard his boss, Stanley Marcuss, testify that the controls on the transfer of critical technology to the Soviet Union were adequate.

An investigator turned to Brady to ask him if that were true. Faced with the choice of dissembling and backing up his boss, and telling the truth and contradicting his boss, Brady told the truth.

No, he said, the safeguards are not adequate; in fact, they are a total shambles, a sieve through which critical American technology is reaching the engineers who operate the Soviet war machine.

Following his dissent from the party line, Brady was called by his boss who was wondering if he were really a team player. His general counsel instructed him to follow the administration line in testimony the next day. Later, the director of his office of congressional liaison was more specific and "substantially more severe." There were threats, Brady told the committee.

In sum, an honest bureaucrat was being pressured to go before a congressional committee and stonewall about the transfer of technology to Soviet Russia—to grease the skids for the administration's program of loosening restrictions on the flow of American secrets to our partners in detente.

Brady balked. He told the subcommittee of Armed Services that, yes, he had confirmed that very morning that trucks, built with the aid of American computer technology at the giant Kama River plant, had been sighted with Warsaw Pact divisions in Eastern Europe. Yes, he conceded, the air traffic control equipment we sold the Russians could be used equally well by Aeroflot or the Soviet Air Defense Command. He spoke of the apparent diversion of an IBM computer system at Kama River—to quasi military usage—and said had he the authority, he would pull out the U.S. computer experts and deny the Russians spare parts when the machine broke down.

For doing his job, Brady was demoted. The position he held was turned over, without competition, to a more malleable bureaucrat. Brady anticipates a punitive transfer; and Washington has greeted his treatment with a yawn.

Indeed, following Brady's testimony—greeted with private encouragement from like-minded men at Defense and the National Security Council—President Carter proposed as ambassador to Moscow, Thomas J. Watson, former board chairman of IBM.

To our resident wit, Mark Russell, Watson is one of those Fortune 500 empty-heads who think Dr. Zhivago is a Bethesda dentist and whose qualifications for the Moscow post consist of dozing through two performances of "Swan Lake."

But the jest is an understatement. Watson is a student of the Averell Harriman School of Diplomacy, a businessman cut from the same bolt of cloth as Armand Hammer. He appears to hold to the tenet that capitalist-communist trade advances mutual understanding. Some of us are rather more concerned that on the other side of those "bridges" we are building to Moscow sit 50,000 Russian tanks.

A president has a right to choose his own envoy. Yet, there is ground for alarm when a Larry Brady is effectively and quietly purged, while the White House elevates to ambassador to the Soviet Union a big businessman likely to turn Spasso House into a miniature American-Russian version of the Leipzig Trade Fair.

Watson should be put upon a Senate griddle before confirmation. The American people, shelling out 5 percent of GNP for defense against the Soviet Union, have a right to know what his company's computer is doing at Kama River, and what he thinks State and IBM should do about it.

[From the Washington Post, July 16, 1979]

Soviets Buying Sensitive U.S. Computers

(By Jack Anderson)

Greedy American businessmen, reluctant bureaucratic regulators and detente-smitten presidents have combined to provide the Soviet Union with sophisticated militarily useful machinery from our technological arsenal.

The workings of this incredible triple whammy were described a few weeks ago to the House Armed Services Committee in secret testimony by Larry Brady, who was then the acting director of the Commerce Department's export office.

Some years ago, remembering Pearl Harbor and the U.S. scrap iron that had helped to build the Japanese war machine, Congress passed a law designed to ban the sale of "sensitive" products that could be converted to military use by our communist adversaries. Several thousand items on the "Commodity Control List" can be exported supposedly only after careful review and approval by federal watchdogs.

But Brady told the House committee bluntly: "The export control system, as it is today, is a total shambles." The safeguards written into the regulations are "not worth the paper they're written on," he said.

For example, before the Russians can get permission to purchase certain products, they must sign a statement that they won't use the American made hardware for military purposes. "Otherwise, we wouldn't approve it," Brady explained.

But sources told our associate Dale Van Atta that there is no effective way to make sure the Soviets live up to their promise. Instead, the Commerce Department relies on the fox to guard the henhouse; on-site inspections are made by representatives of the U.S. companies that sold the products. Not only are these employes often non-Americans but they have a strong motive for ignoring any Soviet violations. Explained Brady: "The company wants to sell more . . . and he knows very well that if he reports a diversion (to military use), he's not going to be able to sell more."

For the same selfish reason, American company executives are unlikely to squeal on their customers, another Commerce Department official told us. "Unless, they're superpatriots, they have a very large stake in not informing," he said.

Yet sources told us it can be assumed anything that can be used for military purposes will be put to such use by the Russians. Brady cited one example to the committee: the huge Soviet truck plant on the Kama River, largest of its kind in the world. It was built with some $500 million worth of American designs, tools and computers.

Brady testified that he had recently confirmed the use of the Kama River plant to make military vehicles and parts. "The file indicates that we knew at the time the license was made . . . at the White House in 1974 . . . that they would manufacture more engines than trucks," he said.

Another top official told us, "Any reasonable individual knew then that the extra engines and other things would go to the military." Despite objections on the score, then-Secretary of State Henry Kissinger approved the sale.

Computers are the source of the most intense controversy. "For all practical purposes, when you export a computer, you lose control over it," Brady explained. There is, he said, "no real way" it can be determined whether a computer has been diverted to military use. But last year President Carter approved the sale of a large plant for producing oil drill bits, and the plant includes a computer.

One congressman expressed concern over the sale of computers in a fully automated traffic-control system for Kova Airport in Russia, noting the presence of "many bunkers" and jet fighters at the facility.

Business firms and their political allies have been pressuring the Commerce Department to loosen the controls on exports still further. "We should begin to have a little more backbone in the process," the outspoken Brady told the House committee.

[From the Washington Post, July 17, 1979]

Two Who Talked Are Shifted

(By Jack Anderson)

Now and then, a brave soul will step out of the shadows of government, stand in the glare of publicity and declare the truth to all who will listen. This may lay him open to the most depressing harassments, for our society has not yet outgrown the hoodlum ethos, which honors the man who covers up his boss's deviousness above the employe who exposes it. Here is the story of two men who dared to speak up.

Larry Brady: He is a Commerce Department official who was rash enough to give a congressional committee his honest opinion about the Carter administration's dealings with the Soviet Union. His boss, Stanley Marcuss, had just finished painting a rosy picture of the export office's control over what is sold to the Russians.

As we reported earlier, Brady told the committee that the export office was approving sales to the Soviets of sophisticated computers and other technology that could be diverted to military purposes. The testimony, taken in secret, has not yet been released to the public.

For giving Congress testimony that contradicted the official line, Brady already has been reprimanded, transferred and advised to stop talking to Congress or reporters.

Brady was acting director of the export office when he was called as a witness. He entered a mild demurrer to his superior's testimony, stating that in his opinion the safeguards against military use of American imports were not adequate.

Next day, when Brady resumed his closed-door testimony, he told the congressmen he had been called that morning by Marcuss, who "indicated he was a little uptight with the remark I had made last night about safeguards."

Chairman Richard Ichord (D-Mo.) asserted the committee's right to get straight testimony from government witnesses. He noted that the Office of Management and Budget had threatened several witnesses during the export hearings. Such threats, he warned, "could very well be the subject of separate hearings."

Perhaps emboldened by this encouragement, Brady proceeded to speak frankly: The export control system, he said, "is a total shambles." Shortly after his heretical testimony, he was bounced from his job. Yet sources told our associate Dale Van Atta that Brady had been considered "very competent" until he testified so forthrightly.

Brady wasn't actually fired. He was given the post of deputy director of the export control unit—but only on condition that he not talk to Congress or the press without prior clearance from his higherups. Our sources say he hasn't yet agreed to this condition.

When we contacted him, Brady said he couldn't comment on either his secret congressional testimony or his present job situation.

Dennis Bossard: He was a court stenographer who refused to be bullied into lying to cover up an improper remark by U.S. District Judge John H. Pratt. For defying the judge and sticking to the truth, Bossard was fired.

As we reported earlier, Judge Pratt, aware of the impropriety of a remark he had made on the bench, sent his secretary to persuade Bossard to delete the remark from his transcript of the court proceedings. Destroying court records happens to be a felony, and Bossard quite rightly refused the request. Instead, he blew the whistle on Pratt.

During the subsequent FBI investigation of the incident, Pratt denied having an incriminating conversation with Bossard—unaware that the court reporter had secretly taped the conversation. Despite the damning evidence of the tape, both Pratt and his secretary got off scot free.

Bossard was not so lucky. Though he taped the conversation for his own protection and the tape was turned over to the FBI, he was left to the mercy of the judges wrath.

Pratt angrily notified Bossard's boss that he no longer would allow the stenographer to work in his courtroom. The judge cited other reasons for his action, but court sources told our Associate Gary Cohn there was no doubt Pratt was taking vengeance on Bossard.

Then one of Pratt's buddies, Judge John Lewis Smith Jr., also ruled that Bossard would not be allowed in his courtroom. And another, Judge Oliver Gasch, grilled court employees about Bossard and turned the results of his "investigation" over to Pratt.

The court clerk, James Davey, finally told Bossard he was fired because he had taped the embarrassing conversation with Pratt. Still hoping the system works, Bossard has filed an appeal with Chief Justice William B. Bryant of the Washington, D.C. district.

Bryant has put Bossard back on the payroll for the time being until he makes his final decision in the next few weeks.

[From the Manchester (N.H.) Union Leader, June 26, 1979]

Patriotism Rewarded

It is perfectly outrageous that the reward for Larry Brady's daring to speak out and warn the United States against giving away its technology to Communist countries, where it will be used to increase their armaments and probably someday will be used against us, should be denounced by the government he is trying to save. Yet that is exactly what has happened.

Certainly, Larry Brady is a realist from the North Country of New Hampshire who understood perfectly the risk he was taking when he spoke out.

Nevertheless, he had the courage to tell the truth and to try to warn our leaders that the U.S. is insisting on its own probable destruction.

New Hampshire is very fortunate in having one of its citizens, Larry Brady, serving as a watchdog in the United States Commerce Department in Washington. He is the official responsible for monitoring and controlling the sale of advanced technology to the Communist bloc nations. As such, he told a congressional subcommittee that the United States lacks appropriate safeguards to insure that equipment shipped to Communist countries is not diverted to military uses.

This newspaper was especially interested and pleased in Larry Brady speaking out in this fashion. We have pointed out many many times in our editorial columns that a number of U.S. corporations are so eager to increase their profits, and so ignorant of foreign policy and the implications of what they are doing, that they sell very important U.S. technology to nations that, if not presently are our enemies, potentially are.

The excuse always is that more trade means more peace, and that after all, the Russians or the Chinese or some other Communist nation is using the U.S. material we sell them for peaceful purposes.

Brady, acting director of the Office of Export Administration, cites, for instance, a recent disclosure that engines produced by the Soviets' huge Kana River truck plant are not simply used in trucks (although trucks themselves are most useful in war), but also they are installed in Soviet assault vehicles and armored personnel carriers.

The Kama River truck plant, which U.S. technology helped build, was one of those projects which was supposed to be producing machines that would be useful only for agricultural and other peaceful purposes.

Believe it or not, at the moment Congress is considering amendments to the 1969 Export Administration Act which would make it EASIER for U.S companies to obtain export licenses for advanced machinery and technology to Communist countries!

Commerce Secretary Juanita M. Kreps and Secretary of State Cyrus R. Vance favors this type of increased assistance to our potential enemies. Aides in the Pentagon and the White House National Security Council feel differently.

Some time ago, Fred J. Bucy, head of Texas Instruments, spoke out very strongly against the insanity of giving away U.S. technology to potential enemies. Unfortunately, much of American industry has not followed his lead.

We are delighted to see that a New Hampshire man, Mr. Brady, has spoken out in this fashion. Prior to joining the Commerce Department, he was a senior staff member of the Council of International Economic Policy (1970–1974). He is a graduate of Berlin High School and also was former staff aide for former Senator Norris Cotton.

The argument is often heard that, if we don't sell this technology to the Russians, the Chinese, French, Germans or the Japanese will. This really doesn't make sense because there is certain technology which is in the sole possession of the United States. Furthermore, just because some other nation wants to sell out, that is no reason the United States should follow suit.

WILLIAM LOEB, *Publisher.*

HOUSE OF REPRESENTATIVES,
Washington, D.C., September 10, 1979.

DEAR COLLEAGUE: The House will this week resume consideration of H.R. 4034, the Export Administration Act Amendments of 1979. This Act would amend and replace the existing Export Administration Act, the fundamental legislative charter for the export control of civilian goods and technologies which also have military application.

You have recently been hearing a lot about export controls over technology transfer to communist countries. Although these controls affect only a small fraction of U.S. exports, this fraction carries important national security implications and must be carefully monitored.

At present, the Office of Export Administration administers export controls for the Commerce Department. One of my constituents, Mr. Larry Brady, until very recently the Acting Director of the Office of Export Administration, has stated that strong export promotion pressure at the Department of Commerce is making it impossible to effectively implement the export control function.

There is no better evidence of this than the Department's recent efforts to deny that diversion of U.S. technology has occurred at the Soviet Union's Kama River Truck Plant, the largest truck factory in the world. Using U.S. technology and a very sophisticated IBM computer, the Soviets are producing trucks for military use.

The Commerce Department has stated that the military use of these trucks does not constitute diversion. In fact, the Department maintains that no end-use restrictions whatever apply to the products of the Kama Plant.

Mr. Brady recently appeared before the House Armed Services Committee. He courageously called attenion to the situation at the Kama River Plant and has used this example and others to call the U.S. export control system "a shambles." (Incidentally, the "reward" for this testimony was a prompt demotion for Mr. Brady.)

H.R. 4034 would further liberalize export control procedures over sensitive items going to the Soviet Union, despite the fact that the U.S. has supoort from COCOM, the International Coordinating Committee, in its efforts to delay Soviet acquisition of Western strategic technologies.

It is well known that the current declining Soviet economic growth rate has escalated the importance of Western technologies both for its consumer sector, and more importantly, for its military sector. At a time when confirmation of the SALT II Treaty is being debated, it is especially important that the United States not contribute to the effectiveness of Soviet weapons and defense vehicles by freely exporting critical quality-enhancing technologies.

I therefore urge you to support amendments which will be offered by Congressman Richard Ichord to appropriately and effectively strengthen the export control process Our national security will tolerate nothing less.

Sincerely,

JAMES C. CLEVELAND,
Member of Congress.●

MR. ANNUNZIO INTRODUCES LEGISLATION TO CUT TAXES ON SAVINGS ACCOUNTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, today I am introducting legislation to provide a tax deduction for part of the interest earned on savings accounts.

The purpose of my legislation is twofold. It is designed to help savers obtain a better break on their income tax while at the same time providing much needed funds for the homebuilding industry. My legislation would provide a Federal income tax deduction for the first $100 of interest on savings accounts for a single return and $200 for a joint return. Only savings accounts in institutions which are eligible to make home mortgage or homeownership related loans would be eligible for the tax break. This was designed to encourage savers to channel their funds into institutions which lend to the housing industry.

I am not happy that the amount of deduction is limited to a maximum of $200, but I am enough of a realist to know that is the best that the House can hope for given the current economic situation in this country. The Treasury Department has opposed every tax savings measure on the grounds that they are all too costly and would require even a larger deficit budget because of the loss of tax revenue. By limiting the amount to $200 I am hoping that the legislation, when enacted, can avoid a Presidential veto. There are those who predict that President Carter will veto any tax cutting measure, but I am hopeful that by keeping the savings tax deduction small that we can avoid a veto.

I am no stranger to this type of legislation since I have been involved in all of the savings account tax battles in my 16 years in the House. I would remind Members that in November 1974, legislation which I sponsored along with other Members, was reported from the Ways and Means Committee to the floor allowing a $500 deduction of savings account interest. Unfortunately, Congress adjourned before action could be taken on that legislation, but I am convinced that had there been enough time we could have passed a bill. I feel certain that this time we can achieve passage of a tax-saving measure, and more than half the Senate has already indicated their support of a tax savings relief bill.

In fact, if the House does not act on that type of measure soon we may well find that the Senate will attach such a provision to another House-passed tax bill and beat us to the punch.

Let me again point out that I am unhappy with the small size of the proposed tax deduction, but I am hopeful that once we get this legislation on the books as the budget becomes better managed, we can provide a bigger tax break for savers.

For those that feel that any tax break at this point would cause harm to the budget deficit, let me suggest a solution. The Congress should cut the budget in an amount equal to the dollars that would be lost in the savings tax deduction legislation. By operating in that manner we would be providing taxpayers with a double helping hand by both providing a tax break on savings and a reduced budget deficit.●

THE PASSING OF RABBI SAMUEL LANDA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 10 minutes.

● Mr. ADDABBO. Mr. Speaker, a dear and beloved friend has passed away, Rabbi Samuel Landa. Though of different faiths his spiritual compassion reached out to touch and comfort myself and others.

Beloved by many, revered by all who knew him, admired and praised by all who have worked with him, his passing was eulogized by great words of feeling and rememberance, his work touching the lives of so many.

The New York State Assembly and Senate recently finalized action eulogizing Rabbi Landa. Both bodies issued resolutions expressing heartfelt sorrow at the loss of one of Queens finest religious leaders and humanitarians.

I feel it is most appropriate for the House to recognize the services Rabbi Landa provided for the community.

The son of a Hassidic rabbi, Rabbi Landa left his native Poland at an early age and as a young man of 24 began his service in Ozone Park at what would prove to be his only congregation.

He served as chaplain at three major Queens hospitals, as well as rendering spiritual assistance at the Queens House of Detention for Men. He was also an active participant with the Queens Interfaith Council.

He earned his secular and religious degrees from Yeshiva University, and served on the board of numerous Yeshivas, including that of the Yeshiva Academy which he helped to found at the Ozone Park Jewish Center. He distinguished himself as the secretary and vice president of the Orthodox Rabbinical Council of America, and as an active participant as an executive member of the Rabbinical Association of Queens.

Rabbi Landa's concerns stretched across the ocean to the State of Israel. Listed in "Who's Who in World Jewry," the rabbi attended by invitation a special reception at the White House honoring Menachem Begin and the anniversary of the birth of the State of Israel.

Adored and loved by all who were touched by him, his passing left a spiritual void in the community. We will miss him and I join my colleagues in extending our personal sympathies to his wife Hannah and the other members of the Landa family.

LEGISLATIVE RESOLUTION EXPRESSING HEARTFELT SORROW OCCASIONED BY THE DEATH OF RABBI SAMUEL LANDA OF THE OZONE PARK JEWISH CENTER

Whereas, Rabbi Samuel Landa, the spiritual leader of the Ozone Park Jewish Center for thirty-four years, passed away on December thirty-first, nineteen hundred seventy-eight; and

Whereas, The son of a Hasidic Rabbi, Rabbi Landa left his native Poland at an early age and as a young man of twenty-four began his service in Ozone Park at what would prove to be his only congregation; and

Whereas, Having earned his secular and religious degrees from Yeshiva University, Rabbi Landa served on the board of numerous Yeshivas including that of the Yeshiva Academy which he helped to found and foster at Ozone Park Jewish Center; and

Whereas, Rabbi Landa further served as the Secretary and the Vice President of the Orthodox Rabbinical Council of America, as an executive member of the Rabbinical Association of Queens, as a chaplain at the city's hospitals and prisons, and was active with the Queens Interfaith Council; and

Whereas, The Rabbi attended by invitation a special reception at the White House honoring Menachem Begin and the anniversary of the birth of the State of Israel; and

Whereas, Rabbi Landa is survived by his wife, Hannah; a daughter Janet; three sons, Saul, Philip and Seth; and six grandchildren; now therefore be it,

Resolved, That this Legislative Body hereby expresses heartfelt sorrow occasioned by the death of Rabbi Samuel Landa of the Ozone Park Jewish Center, and offers sincerest condolences to Rabbi Landa's family; and be it further

Resolved, That a copy of this resolution, suitably engrossed, be transmitted to Mrs. Samuel Landa at her residence.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. GINGRICH (at the request of Mr. RHODES), for September 17, on account of official business.

Mr. HUTTO (at the request of Mr. WRIGHT), for today and Friday, September 14, on account of official business.

Mr. JONES of North Carolina (at the request of Mr. WRIGHT), for September 13 and 14, on account of official business.

Mr. MARRIOTT (at the request of Mr. RHODES), after 3 p.m. today and tomorrow, on account of official business.

Mr. WOLFF (at the request of Mr. WRIGHT), for September 13 and 14, on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. HINSON) to revise and extend their remarks and include extraneous material:)

Mr. CLEVELAND, for 20 minutes, today.

(The following Members (at the request of Mr. AKAKA) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. WEAVER, for 10 minutes, today.
Mr. ADDABBO, for 10 minutes, today.
Mr. SKELTON, for 30 minutes, on September 14, 1979.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. KRAMER, to include extraneous matter in his remarks on the bill H.R. 4040, today.

(The following Members (at the request of Mr. HINSON) and to include extraneous material:)

Mr. WYDLER in three instances.
Mr. FRENZEL in three instances.
Mr. PHILIP M. CRANE.
Mr. GOLDWATER.
Mr. RHODES in two instances.
Mr. GILMAN.
Mr. ROYER.
Mr. MCCLOSKEY.
Mr. ASHBROOK in three instances.
Mr. TRIBLE in two instances.
Mr. CORCORAN.
Mr. DANIEL B. CRANE.

(The following Members (at the request of Mr. AKAKA) and to include extraneous material:)

Mr. LONG of Maryland.
Mr. MAZZOLI in two instances.
Mr. GORE.
Mr. MAVROULES.
Mr. EDGAR.
Mr. HAMILTON.
Mr. MCCORMACK.
Mr. STOKES in two instances.
Mr. SHELBY in five instances.
Mr. GUARINI.
Mr. WOLFF in three instances.
Mr. O'NEILL.
Mr. STARK in two instances.
Mr. MILLER of California.
Mr. NICHOLS.
Mr. LAFALCE.
Mr. PEYSER.
Mr. SIMON in five instances.
Mr. DINGELL.
Mr. STUMP.
Mr. MCDONALD in five instances.
Mr. DANIELSON.
Mr. MIKVA.
Mr. MOORHEAD of Pennsylvania.
Mr. DRINAN.

SENATE BILL AND CONCURRENT RESOLUTION REFERRED

A bill and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1403. An act to amend the Surface Mining Control and Reclamation Act of 1977 (Public Law 95–87) to provide an extension of time for the submission and approval of State programs or the implementation of a Federal program, to clarify the contents of a State program, to provide for increased cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and for other purposes; to the Committee on Interior and Insular Affairs; and

S. Con. Res. 29. Concurrent resolution regarding the restoration of Olympic records of the late James (Jim) Thorpe; to the Committee on Foreign Affairs.

ADJOURNMENT

Mr. AKAKA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 54 minutes p.m.), the House adjourned until tomorrow, Friday, September 14, 1979, at 10 a.m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 1198.

A bill to clarify the authority to establish lines of demarcation dividing the high seas and inland waters; with amendments (Rept. No. 96–427). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 1196. A bill to revise and improve the laws relating to the documentation of vessels, and for other purposes; with amendments (Rept. No. 96–428). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 1197. A bill to simplify the tonnage measurement of certain vessels; with amendments (Rept. No. 96–429). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RICHMOND:

H.R. 5265. A bill: Emergency Fuel and Food Relief Act of 1979; to the Committee on Agriculture.

By Mr. PHILIP M. CRANE:

H.R. 5266. A bill to amend the Internal Revenue Code of 1954 to clarify the standards used for determining whether individuals are self-employed for purposes of the employment taxes; to the Committee on Ways and Means.

By Mr. LUKEN:

H.R. 5267. A bill to amend the Internal Revenue Code of 1954 to increase the investment tax credit for solar energy property to 50 percent, to increase the residential tax credit for renewable energy source expenditures to 50 percent, and to allow the residential energy tax credit for solar energy property which performs more than one function; to the Committee on Ways and Means.

By Mr. MOTTL:

H.R. 5268. A bill to amend title 38, United States Code, to authorize the Veterans' Administration to use its own legal counsel to pursue civil remedies for the collection of overpayments of educational assistance made to eligible veterans and dependents and for the collection of education loans which have been defaulted, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. MURPHY of New York (for himself and Mr. Hubbard):

H.R. 5269. A bill to authorize appropriations for the fiscal year beginning October 1, 1979, for the maintenance and operation of the Panama Canal, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. NEAL:

H.R. 5270. A bill to prevent the increase of salary for Members of the Senate and House of Representatives; to the Committee on Post Office and Civil Service.

By Mr. PASHAYAN (for himself and Mr. Kemp):

H.R. 5271. A bill to provide for permanent tax rate reductions for individuals and businesses; to the Committee on Ways and Means.

By Mr. QUILLEN:

H.R. 5272. A bill to amend the Internal Revenue Code of 1954 to increase to $6,000 the exclusion from taxable gifts for gifts made during a calendar year by a donor to a person; to the Committee on Ways and Means.

By Mr. RINALDO:

H.R. 5273. A bill to amend the Older Americans Act of 1965 to provide relief for older Americans who own or rent their homes; to the Committee on Education and Labor.

H.R. 5274. A bill to amend the Federal Rules of Criminal Procedure and the Federal Rules of Appellate Procedure to provide for postconviction proceedings in certain criminal cases; to the Committee on the Judiciary.

H.R. 5275. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

H.R. 5276 A bill to amend the Internal Revenue Code of 1954 and title II of the Social Security Act to provide a full exemption (through credit or refund) from the employees' tax under the Federal Insurance Contributions Act, and an equivalent reduction in the self-employment tax, in the case of individuals who have attained age 65; to the Committee on Ways and Means.

By Mr. RINALDO (for himself, Mr. Sensenbrenner, Mr. Roe, Mr. Akaka, Mr. Cleveland, Mr. Yatron, and Mr. Courter):

H.R. 5277. A bill to amend the Trade Act of 1974 to make certain changes in procedures applicable to Presidential actions to provide relief to U.S. industries from injuries caused by import competition, and for other purposes; to the Committee on Ways and Means.

By Mr. UDALL (for himself and Mr. Johnson of California):

H.R. 5278. A bill to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource developments; to the Committee on Interior and Insular Affairs.

By Mr. ZABLOCKI (for himself, Mr. Fascell, Mr. Diggs, Mr. Wolff, Mr. Solarz, Mr. Bonker, Mr. Pease, Mr. Gray, Mr. Findley, Mr. Buchanan, Mr. Gilman, and Ms. Fenwick):

H.R. 5279. A bill to provide for the distribution within thte United States of the International Communication Agency film entitled "Reflections: George Meany"; to the Committee on Foreign Affairs.

By Mr. BIAGGI:

H.J. Res. 398. Joint resolution making a supplemental approoriaton for the energy crisis intervention program for the fiscal year ending September 30, 1980; to the Committee on Appropriations.

By Mr. CLAUSEN (for himself and Mr. Lagomarsino):

H. Con. Res. 185. Concurrent resolution expressing the sense of Congress that there be no further consideration of the Strategic Arms Limitation Treaty until all Soviet Armed Forces are withdrawn from Cuba; to the Committee on Foreign Affairs.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

(Omitted from the Record of Aug. 1)

H.R. 4360: Mr. AuCoin.

ADDITIONAL SPONSORS TO PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2: Mr. Pashayan.

H.R. 357: Mr. Petri.

H.R. 390: Mr. Paul.

H.R. 654: Mr. Courter and Mr. Goldwater.

H.R. 1603: Mr. Campbell, Mr. Matsui, Mr. Hightower. Mr. Martin, Mr. Lent, Mr. Hance, Mr Hefner, and Mr. Guyer.

H.R. 2196: Mr. Bauman.

H.R. 2679: Mr. Guyer, Mr. Pashayan, and Mr. Daniel B. Crane.

H.R. 3609: Mrs. Boggs, Mr. Clay, Mr. Coleman, Mr. Philip M. Crane, Mr. Dixon, Mr. Fazio, Mr. Fountain, Mr. Frenzel, Mr. Gramm, Mr. Grassley, Mr. Gudger, Mrs. Holt, Mr. Jenrette, Mr. Kastenmeier, Mr. LaFalce, Mr. Livingston, Mr. Lott, Mr. Mitchell of New York, Mr. Pashayan, Mr. Quayle, Mr. Santini, Mr. Seiberling, Mr. Studds, and Mr. Tauke.

H.R. 3990: Mr. Young of Missouri, Mrs. Bouquard, Mr. Evans of Indiana, Mr. Grassley, and Mr. Howard.

H.R. 4071: Mr. Downey, Mr. Ertel, Mr. Gudger, Mr. Jacobs, Mr. Mazzoli, Mr. Patten, Mr. Russo, and Mr. Steed.

H.R. 4072: Mr. Downey, Mr. Ertel, Mr. Gudger, Mr. Jacobs, Mr. Lujan, Mr. Mazzoli, Mr. Patten, Mr. Russo, and Mr. Steed.

H.R. 4073: Mr. Akaka, Mr. Downey, Mr. Ertel, Mr. Jacobs, Mr. Lujan, Mr. Mazzoli, Mr. Patten, Mr. Russo, and Mr. Steed.

H.R. 4211: Mr. Patterson.

H.R. 4360: Mr. Emery.

H.R. 4679: Mr. Hanley, Mr. Clay, Ms. Ferraro, Mr. Dornan, Mr. Price, Mr. Florio, Mr. Quillen, Mr. Weiss, Mr. Lee, and Mr. LaFalce.

H.R. 4827: Mr. Edwards of Oklahoma, Mr. Robinson, Mr. Dornan, Mrs. Fenwick, and Mr. McClory.

H.R. 4843: Mr. Jeffords, Mr. Daschle, and Mr. Mazzoli.

H.R. 4892: Mr. Rahall.

H.R. 4943: Mr. Zeferetti.

H.R. 4970: Mr. Bennett, Mr. Bolling, Mr. Heftel, Ms. Holtzman, Mr. Howard, Mr. Kildee, Mr. Lagomarsino, Mr. Matsui, Mr. Neal, Mr. Rinaldo, Mr. Rose, Mr. Skelton, Mr. Stewart, Mr. Synar, and Mr. Zablocki.

H.R. 5261: Mr. Hyde.

H. Con. Res. 183: Mr. Pepper, Mr. Leach of Iowa, Mr. Corcoran, and Mr. Burgener.

H. Res. 288: Mr. Daniel B. Crane.

H. Res. 374: Mr. Broyhill and Mr. Jeffords.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2608

By Mr. WEAVER:

—Add a new section in title II:

"No amount authorized to be appropriated under this Act may be expended for the issuance of an operating license for a nuclear powerplant unless the Commission has received from the State in which the powerplant is sited, and has approved, an emergency evacuation plan for such State or, if applicable, a multi-State region."

H.R. 4034

By Mr. WEAVER:

—At page 28, line 15, insert a new subsection (c) as follows, redesignating succeeding subsections accordingly:

(c) (1) In order to carry out the policy set forth in paragraph 2(c) and paragraph 4 of section 3 of this Act, the Secretary shall require a validated license for the export of wheat, corn, or soybeans. In considering any application for such validated export license issuing under the terms of this paragraph, the Secretary shall establish a minimum export price for the above commodities of 80 per centum of the parity price as established and periodically revised by the Secretary of Agriculture under provisions of 7 U.S.C. 1301. No export license shall issue for the commodities listed in this paragraph at a price for export which is less than 80 per centum of the established parity price for said commodity.

(2) The provisions of paragraph (c) (1)

may be waived in the case of exports to developing countries.

(3) The provisions of paragraph (c)(1) shall not apply to applications for export to any country if and when the President determines that it is in the national interest to remove the requirement of a validated license for export of said commodities to said country.

(4) The provisions of paragraph (c)(1) shall remain valid for one year after the date of enactment of this Act.

H.R. 4040

By Mr. HUGHES:

—Page 33, after line 8, add the following new section:

PURCHASES OF GASOHOL AS A FUEL FOR MOTOR VEHICLES

SEC. 818. To the maximum extent feasible and consistent with overall defense needs and sound vehicle management practices, as determined by the Secretary of Defense, the Department of Defense is authorized and directed to enter into contracts by competitive bid, subject to appropriations, for the purchase of domestically produced alcohol or alcohol-gasoline blends containing at least 10 percent domestically produced alcohol for use in motor vehicles owned or operated by the Department.

By Mr. STRATTON:

—On page 27, line 23, section 811, delete lines 23 through 25; and on page 28, delete lines 1 and 2.

EXTENSIONS OF REMARKS

PUBLIC ELECTION FINANCING

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. FRENZEL. Mr. Speaker, in last Sundays Post, there was a splendid article which featured the conclusion of Dr. Herbert Alexander, perhaps America's most respected observer of campaign financing, that taxpayer financing of Presidential elections may also have significantly cut the level of grass roots partcipation in campaigns.

The article follows:

PUBLIC ELECTION FINANCING SEEN CUTTING GRASS ROOTS

(By Fred Barbash)

Public financing of the 1976 presidential election, while cutting more established candidates down to size for Jimmy Carter, may have also significantly cut the level of grass-roots participation in campaigns.

That is one of the conclusions reached by the country's foremost analyst of election financing, Herbert E. Alexander, after four years' study of the first publicly financed campaign.

Public financing, and its accompanying limits on campaign contributions, ended the era when a fund-raiser could assemble 10 people in a room and walk out with a million dollars in contributions. So a well-known candidate like Sen. Henry Jackson (D-Wash.), who could probably have done that sort of thing, was brought down to the level of a little-known candidate, Jimmy Carter, who couldn't, Alexander says.

This was "the most important effect of the public financing system," Alexander writes in "Financing the 1976 Election," his fifth quadrennial book on presidential campaigning. "Better known candidates who had connections with wealthy contributors could have swamped Carter, and without federal subsidies, Carter would have lacked the money to consolidate his initial lead," Alexander writes.

The law, enacted in 1973, provided millions of dollars in "matching funds" to primary candidates, and full financing—$21.8 million each—to general election candidates Carter and Gerald Ford. The act also imposed a $1,000 limit on contributions from any individual, wiping out the so-called "Fat-cat" who donated tens of thousands in years gone by.

At the same time, the law imposed strict new accounting requirements on candidates, limits on the uses of campaign money, and state-by-state ceilings on spending.

It was these elements of the act that Alexander says reduced participation at the grassroots level in presidential politics.

The limits fostered the "most cost-effective" means of campaigning. This meant a far broader use of television advertising, direct mail solicitations for money, and centralization of campaign operations.

"Cost-effectiveness," Alexander said in a press conference last week discussing his findings, in turn "brought a kind of professionalization to the campaigns which was not evident before" and a significant decline in volunteer activity.

The Carter campaign cut bumper stickers, Alexander reports, after a cost-benefit study showed that only one in five ever wound up on a bumper.

A Texas Republican official displayed for Alexander 5,000 buttons and 75,000 stickers for the entire state Ford-Dole effort. " 'You want to see our entire contribution to the President's campaign?' " the official said. " 'There it is on the shelf over there . . . The law says we can spend no more than $1,000 and we spent $1,020, so the last $20 is probably a felony.' "

The findings of Alexander, a political science professor at the University of Southern California and director of the Citizens Research Foundation, coincide in many respects with an analysis recently done by Harvard University for the House Administration Committee.

Both are expected to fuel the movement toward eventual major modifications—including an increase in contribution limits and an end to state-by-state spending ceilings—already under way in Congress.●

SHATTER THE SILENCE—VIGIL, 1979

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. GORE. Mr. Speaker, today I would like to bring to the attention of my colleagues the case of Grigory Vigdorov, a young Soviet Jew. In 1973, Grigory and his family applied for permission to emigrate to Israel with his elderly parents. Although the parents' visa was approved, Grigory was denied permission on the basis of his past service in the army. Two more attempts to obtain a visa were futile.

Since that time, Grigory has repeatedly been the victim of government harassment and maltreatment. After his first application, he was ordered to leave his job as a pressmaker in a small button factory, and the only employment he has been able to find since is as a part-time tree surgeon. Contact with his family in Israel has been stifled by the government as well. Grigory does not receive the letters which his parents write, and telephone contact has been halted.

This kind of treatment by the Soviet Government is disgraceful, but, unfortunately, Grigory is not an isolated case. Thousands of Soviet Jews are harassed and discriminated against, because of their wish to leave Russia.

We in the United States, the cradle of freedom and liberty, cannot stand idly by—we must speak out for compassion and decency. I urge the Soviet Union to grant these persons the freedom they deserve and to recognize the rights which they have as human beings. I hope that our efforts here on their behalf will convey that message loudly and clearly.●

NEWSWEEK'S NUCLEAR ENERGY POLICY

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. WYDLER. Mr. Speaker, for only the third time in its history, Newsweek magazine has proposed an editorial policy on a major issue. The subject is energy, and in its July 16 edition the magazine has published a list of recommendations many of which I consider sensible and feasible. Unfortunately, Newsweek has a blind spot on nuclear reprocessing, but otherwise, I am particularly pleased with their suggestions for the nuclear power component and also with their synthetic-fuels emphasis.

The magazine calls for the production of 2 million barrels a day of synthetic fuels by 1990. This is the same goal set by this body on June 26 in its passage of the National Defense Production Act amendment. I agree with Newsweek that the Government's role in synfuels should be minimized but that some Federal subsidies will be necessary to encourage private investment in the production of these fuels, which will cost more than crude oil currently does on the world market.

The magazine endorses a continuation of the use of nuclear power, which provides 12.5 percent of all U.S. electricity, but also advocates tough new standards for plant certification and operator training. Newsweek shows a firmer grasp on our energy realities than do many publications when it notes that "without—nuclear power—the United States would have to turn to coal on an even greater scale to meet its power demands. Despite the scare at Three Mile Island, the known risks of burning coal are greater than the risk of nuclear power."

I am now inserting in the Record complete proposals of Newsweek on the issues of decontrol, coal, synthetic fuels, and nuclear power:

Newsweek Editorial

DECONTROL

Decontrol of domestic oil, natural gas and gasoline prices, a course on which the Carter Administration has finally embarked, is absolutely necessary. By keeping a cap on prices and holding them below world market levels, the U.S. Government has sought to "protect" American consumers. What price controls have actually done is to insulate Americans from world reality—the end of the era of cheap oil. They have encouraged consumption at a time when conservation should be a top national priority. They have subsidized costly imports just when the U.S. should be trying to kick its foreign-oil habit. And they have effectively discouraged alternative energy sources that become economic only as the price of petroleum rises. It is time to get on with decontrol as fast as possible.

DECONTROL OF OIL PRICES

Carter's plan to lift the price lids on domestic production by 1981 is on the right track. But the schedule should be simplified. Rather than permit domestic prices to rise toward the world price in tortuously defined categories, all newly discovered oil and oil produced by enhanced-recovery techniques should be allowed to fetch the world price immediately. "New" oil (from fields discovered after 1972 or post-1972 additions to old production) should rise to the world price level in January 1980. "Old" oil should rise to the highest controlled price in January 1980—and to the world level a year later.

Newsweek supports a tax of approximately 50 per cent on the "windfall" profits oil companies will realize through decontrol. The billions of dollars in revenues from such a tax will be needed to ease inequities and to help fund other energy products. But all newly discovered oil, oil from enhanced-recovery and Alaskan production should be exempt from the tax. And after 1990, the "windfall" excise tax should be dropped altogether.

DECONTROL OF NATURAL-GAS PRICES

All prices controls on natural gas should be lifted immediately. The Byzantine schedule for decontrol enacted last year is confusing and may unnecessarily delay the development of new resources. Producers correctly complain that the legislation, which sets separate decontrol schedules for about twenty classes of gas, makes rational investment difficult. Since gas is a clean and efficient fuel that may prove plentiful, every effort should be made to speed production.

DECONTROL OF GASOLINE PRICES

The controls must be lifted and the government allocation system abolished. In trying to regulate and distribute the nation's gasoline supplies, the system has merely succeeded in turning a 5 percent shortfall caused by Iran's crisis into a 15 per cent shortage of gasoline at the nation's pumps.

If gasoline price controls and the allocation system were abolished, the market would be permitted to ration supply by price. Service stations, acting through gasoline wholesalers, would buy whatever gas they could get and supplies would flow where demand, measured by price, was highest. If gas were selling for $1.05 a gallon in Newark and $1.25 in nearby New York City, for instance, the network of suppliers would shift gasoline to New York faster than government bureaucrats would. Motorists, meanwhile, would "shop" service stations for the best price, and some semblance of order would be restored. Over time, prices would stabilize and might actually decline to levels only slightly higher than the old controlled prices.

No one knows for certain just how decontrol would affect domestic energy production. The Administration estimates that decontrolling oil prices will add nearly 1 million barrels a day by 1985. But even if decontrol merely helps stabilize declining U.S. production, it will be well worth it.

Natural gas provides a much greater opportunity. Historically, it has been the stepchild of the energy industry, produced mostly as a byproduct of oil, and low prices have quashed the incentive to explore for more. But by some estimates, the U.S. has a bonanza of natural gas—trillions of cubic feet in deep basins, coal seams, shale-rock formations and high-pressure salt-water deposits. The cost of finding and producing that gas has been prohibitive under price controls. Only by assuring producers that they can get an adequate return on the huge investments they must make will the U.S. find out how much natural gas it actually has.

In the short run, decontrol of energy prices is sure to add to the U.S. inflation rate as its impact ripples through the economy. Decontrol of gasoline prices alone could add as much as 20 cents to the price of a gallon at the pump. But that is one of the trade-offs that must be accepted. Higher energy prices will also cut demand and dampen economic growth somewhat. But the U.S. is in a better position than it has been in the past to sustain an economic slowdown with minimal damage. According to demographers, the U.S. is likely to experience a labor shortage in the 1980s, which would mean that a slower-growing economy would not cause as much unemployment as in the past.

Certain segments of society are sure to feel the impact of decontrol more than others. The poor, for example, will find it even harder to pay their energy bills. But a variety of Federal mechanisms—including income-tax breaks, direct Federal grants or perhaps heating-oil stamps—could ease the burden. The same holds true for geographical regions, particularly the oil-dependent Northeast, that will be especially hard-hit by higher energy prices. One promising plan, proposed by New York Gov. Hugh Carey, calls for an Energy Corporation of the Northeast—a bank, funded by the Northeastern states, that would help finance development of regional energy alternatives, such as Appalachian coal. But in designing appropriate policies to help the hardest hit, lawmakers must keep two crucial principles in mind: decontrol must proceed, and measures designed to reduce inequities must not reward increased energy consumption.

COAL

The good news about coal is that we have huge domestic quantities of it—enough to last more than 600 years at current consumption rates. The bad news is that we have to use it. The health, safety and environmental threats posed by mining and burning coal are severe; its emissions cause respiratory ailments, contain carcinogens and release more carbon dioxide into the atmosphere than any other fossil fuel, raising the possibility of a "greenhouse effect"—a warming of the atmosphere that could cause catastrophic climatic changes.

Mining it in the arid West, where it lies near the earth's surface, degrades hard-to-reclaim land. Mining it in the East, where it is trapped deep within the Appalachian hills, means a nightmare of labor and safety problems. Transporting it is awkward and expensive. Burning it is dirty. Coal is hardly the energy savior many proponents have claimed, and it should not be burned where the resulting pollution exceeds the health-related air-quality standards. But in the short term, the U.S. must make better use of coal where possible to free some precious gas and oil for other uses.

DIRECT COAL BURNING

Outside the most seriously polluted areas, utilities must be ordered to switch from oil to coal-fired power plants as Carter proposed in his original energy plan. The Department of Energy and the Environmental Protection Agency must agree on the appropriate environmental safeguards—and stop sending conflicting signals to the industry.

ENVIRONMENTAL PROTECTION

The standards in the Clean Air Act Amendments of 1977 should be retained, but Congress should drop the requirement that plants using low-sulfur Western coal install the same kinds of scrubbers as those burning high-sulfur Eastern coal. The resulting improvements in emissions are negligible, and the requirement is largely an effort to bail out the troubled Eastern coal industry.

SLURRY PIPELINES

By far the cheapest and most efficient way to transport large quantities of coal is by mixing it with water to form a slurry, then pumping it through a pipeline to its destination. So far, the biggest slurry project is ETSI (Energy Transportation Systems Inc.), which by 1984 will start carrying 25 million tons of coal a year from Wyoming to Louisiana. But in order to win the right of way under railroad tracks in the pipe's path, ETSI has to spend six years in court fighting 65 separate cases.

As a sign of the nation's serious commitment to developing its coal resources, the Federal government should again press legislation to ease the way for such pipelines. At the same time, however, every proposed slurry-pipeline project must be carefully scrutinized for its impact on scarce water resources in the West.

SYNTHETIC FUELS

The synthetic fuel solution to the energy crisis has suddenly come into vogue, with the House passing its own version of a program and a host of private lawyers, investment bankers and economists plumping for their pet synfuel schemes.

Carter may make synthetic fuels the centerpiece of the new energy program he intends to unveil in the next week or so, and the proposal his advisers have submitted to him is a ambitious one. It would create a new, independent Federal corporation, headed by a full-time chairman chosen by the President and dominated by appointees from outside the government. The corporation would spend up to $46 billion by 1995 to get plants built that would produce 2 million barrels of synthetic fuel a day. Only $6 billion, however, would come directly from the government; the rest would be from the sale of bonds or in the form of loan guarantees.

Newsweek agrees that the nation must phase in a synthetic-fuels capability over the next decade. The goal should be about 2 million barrels a day by 1990, a target that would reduce dependence on OPEC and exploit the nation's vast coal reserves.

But a synfuel capability will not come cheaply. Synfuels—whether derived from oil shale or tar sands or made by liquefying or gasifying coal—will certainly cost more than the prevailing world oil price of $20 a barrel to produce, perhaps as much as $35 a barrel. Because synfuels are not yet economically competitive, some government participation or subsidy will be necessary to encourage private industry to make investments that could total as much as $75 billion by 1990.

Oil shale is fine-grained rock that contains an organic material called kerogen. When heated to temperatures near 900 degrees Fahrenheit, the kerogen yields synthetic oil and gas. The shale can be mined, then heated in surface retorts, or it can be heated underground. But the problems of producing shale oil are formidable. It requires roughly 1.7 tons of rock to produce a single barrel of shale oil. Once the oil is removed, the producer is left with even more rock than he started with because of the "popcorn effect": the rock expands in volume when broken and heated. All the spent rock must be disposed of. Shale mining and oil production also demand huge quantities of water, pose the danger of leaching harmful materials in groundwater and produce a liquid that needs further refining to make it usable.

There are three basic ways to liquefy coal, each involving a different method for breaking down the mix of hydrogen and carbon atoms and recombining them with additional hydrogen. Several liquefaction plants are in operation around the world. South Africa, for instance, produces 20,000 barrels a day of synthetic oil called Sasol (for South African Coal, Oil and Gas Corp.) through a technique that breaks down the coal into carbon monoxide and hydrogen gases, then recombines them in liquid form.

But coal liquefaction is a massive task as well. Each full-scale plant producing 50,000 barrels of synfuel a day would require a staggering 30,000 tons of coal a day to run—enough to keep three to five coal mines going flat out. It may prove difficult to expand coal-production and transportation facilities. The liquefaction plants will also take years to complete. By most estimates, it would take two years simply to design a large coal-liquefaction plant and four more years to build it—provided there were no delays along the way. And the process is expensive: even before the first barrel of synfuel is produced, the plant would cost anywhere from $1 billion to $3 billion.

The government's role in synfuels should be minimized because market forces ought to get maximum attention in any energy policy. One route may be for the government to underwrite and build one commercial-scale demonstration synfuel plant on its own. The production from the plant could supply a strategic petroleum reserve, but far more important, the technological information gathered from production could be made available to all comers.

At the same time, Washington should nurture a private-sector synfuels industry. The government would guarantee to pay a producer for a fixed amount of synfuel at a specified price. If the world oil price at the time of delivery turned out to be above the government guarantee, the producer could sell on the world market and the government would pay nothing. If the world price were below the guarantee at the time of delivery, the government would become the buyer. In either case, the private company would lose money only if its cost of production in dollars per barrel were above both the guarantee and the world price. Thus, if world prices continue to rise at a rapid rate, synfuels would be competitive and the government role would be minimal.

NUCLEAR POWER

There is a strong antinuclear movement demanding that the U.S. close down all existing nuclear power plants and halt construction of any new ones. The U.S. cannot afford to do so. Nuclear power provides 12.5 per cent of all electricity generated in the country, and without it, the U.S. would have to turn to coal on an even greater scale to meet its power demands. Despite the scare at Three Mile Island, the known risks of burning coal are greater than the risk of using nuclear power. The U.S. must retain the nuclear option, but it should make some immediate changes in licensing and regulation and promote a crash program to solve the long-term waste-disposal problem.

LICENSING AND CONSTRUCTION

Since the lead time necessary to bring a nuclear plant on line is at least ten years, the U.S. must immediately end the moratorium on licensing and construction and get planned nuclear power plants into operation.

OPERATIONS

Tough new standards should be set for the certification of plants, the training of operators and Federal oversight procedures. Key nuclear workers should be trained and licensed according to strict government standards, much as U.S. pilots must pass required certification procedures set by the Federal Aviation Administration. Every nuclear plant in the U.S. should be required to have a Federal inspector on the premises with full authority to shut down the reactor in case of an emergency.

NUCLEAR WASTES

The Carter Administration's ban on reprocessing spent nuclear fuel should be kept in force for the time being; so far, there is simply no way to guarantee against terrorist attempts to plunder the plutonium produced during reprocessing—and, in any event, uranium will probably remain abundant enough to make the recycling economically unnecessary in this century.

Meanwhile, the spent fuel rods now stored in "swimming pools" at reactor sites should be moved to Federal dump sites, perhaps in Nevada and Washington state. With tough standards governing their transport and entombment, they can be made safe for the next few decades—and the relatively small amounts of added waste that will be produced by the end of the century will not jeopardize national safety. Later, if a uranium shortage develops or changes in national policy makes reprocessing more attractive, the rods will be retrievable.

At the same time, the Federal government should launch a crash program—to be completed within five years—to find out whether there is a more satisfactory way to dispose of the long-lived, highly toxic waste. If no solution is feasible within five years, the U.S. may well have to abandon plans to build any more nuclear reactors. No solution to the nuclear-waste problem will ever satisfy everyone. The best that can be attained is a plan that reduces the risk to a level acceptable to a blue-ribbon commission of scientists appointed by the President.●

FINANCIAL STATEMENT OF CONGRESSMAN AND MRS. ROBERT W. EDGAR

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. EDGAR. Mr. Speaker, as a firm believer in financial disclosure of public officials and candidates, I am submitting for the Record a listing of Mrs. Edgar's and my assets and liabilities, as well as our income and taxes for 1978:

Assets (as of December 31, 1978)

Savings account	$1,016.28
Cash on hand in checking accounts	410.55
Mortgage escrow accounts	722.10
1976 Volvo	3,063.86
1978 Plymouth Horizon	3,130.46
House in Broomall, Pa	50,000.00
House in Arlington, Va	85,000.00
Household goods and miscellaneous personal property	20,000.00
U.S. Civil Service Retirement Fund	14,658.54
U.S. Savings Bonds (approximate value)	3,000.00
Total assets	181,001.79

Liabilities (as of December 31, 1978)

Mortgage on house in Broomall, Pa.	$18,007.35
Mortgage on house in Arlington, Va.	54,873.96
Auto loans	7,690.40
Total liabilities	80,571.71
Net worth (December 31, 1978)	100,430.08

Taxes (1978)

Federal	$8,911.93
Pennsylvania (State)	1,869.23
Pennsylvania (local)	785.86
Virginia (local)	1,053.46
Total taxes	12,620.48

Income (1978)

Salary as a Member of Congress	$57,500.00

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IN PRAISE OF AMERICA

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. CORCORAN. Mr. Speaker, during the recent district work period, I had an opportunity to talk with a constituent who has written some thoughtful poetry about this country's events and people who have made it the great nation that it is today. It is important to remember, in the turbulent society in which we live caused by events such as the energy crisis, inflation, and international developments, that we are truly fortunate to be citizens of the United States.

At this point, I would like to insert in the Record, a poem written by Mrs. Marie Voights Thomas of Yorkville, Ill.:

In Praise of America

My country has art and literature
To enthrall the noblest of birth,
My country has scenic beauty
Unrivalled by all else on earth.
My country has music and song
To uplift the most learned of men,
My country has natural beauty
That sings in joyous amen.
My country excells in science,
And its' medical research gives
New hope and health to all mankind
For as long as each of us lives.
My country gives every new born child
The chances for greatness, and fame,
For all colors and creeds have found prominence,
And a reverence of their name.
My country boasts a heritage
That I most proudly own,

My country's glorious traditions
Are the greatest the world has known.
I am proud of my blessed America,
Yet sad when I pause to opine
On the young men who gave the supreme sacrifice
That so great an inheritance be mine.
How could anyone who shares this great land
Do anything to jeopardize
The greatest, most wonderful country of all
Neath our omnipotent God's boundless skies.
I know of naught else that I can do
Than to tell of my country's praise,
And be a loyal patriot,
And through all of my lifetime's days
Love, and respect, and uphold
The flag of my blessed land,
And with a humble and contrite heart
Remember that great, noble band
Who gave their lives for America,
And in my pride I bow,
And thank our great and gracious God
For America, then, and now.

MARIE VOIGTS THOMAS.●

TRIBUTE TO JOHN W. KELLER—REDWOOD CITY FIRE CHIEF

HON. BILL ROYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. ROYER. Mr. Speaker, on the evening of September 14, 1979, many close friends and professional associates will gather to honor a dedicated public servant of over 40 years, in my hometown, Redwood City, Calif., Fire Chief John W. Keller.

Chief Keller, a lifelong resident of Redwood City, became a firefighter for the Redwood City Fire Department on April 10, 1939. He was promoted to captain on January 25, 1947. On July 1, 1961, he was promoted to training officer, and on May 1, 1966, he was promoted to battalion chief. On February 16, 1967, he was promoted to deputy chief. On April 6, 1970, in recognition of his outstanding leadership capabilities, John W. Keller was appointed chief of the oldest fire department in San Mateo County.

I had the distinct pleasure of attending high school and later working with Chief Keller during the 16 years in which I served as a councilman and mayor of Redwood City.

President Carter has proclaimed the week of October 8–14, 1979, as Fire Prevention Week. I call this to your attention for the reason that Chief Keller has been a leader in California in emphasizing that fire prevention is every bit as important as fire suppression. He successfully convinced the Redwood City Council to adopt one of the strongest building sprinkler laws in California, and increased the roles and responsibilities of the fire prevention and inspection bureaus of the department.

Chief Keller took the leadership in establishing mutual aid agreements with neighboring cities and fire districts to insure that efficient, effective, and cost-beneficial fire service would be provided to the residents of south San Mateo County. He has been recognized by his peers, having served as president of the San Mateo County Fire Chiefs Association.

Chief John W. Keller is truly deserving of the honors and recognition bestowed upon him. As a leader of men and as a progressive manager, Chief Keller has made Redwood City a safer place for those of us who reside in that fine community. Although he has retired as fire chief, I know that John Keller is not about to retire from his community. I expect to see him involved in community affairs in the many years ahead. I am proud to join his many, many friends in paying him tribute.●

SHATTER THE SILENCE

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. FRENZEL. Mr. Speaker, "Shatter the Silence" is a reminder of the many families detained in the Soviet Union as a result of that Government's repressive emigration policy. But, this reminder will not end with the citation of a few case examples. We will continue to remind the Soviet Union of its commitment to all its citizens for basic human rights.

I invite the attention of this body to the plight of Vladimir and Irina Cherkassky and their 3-year-old daughter, Alla, who live in Moscow. Vladimir graduated from the Moscow State University in computer science. But, he cannot find employment because he is a Jew and desires emigration from the Soviet Union. We are uncertain of their destination, but Vladimir's mother and brother live in the United States. They have been denied emigration on two occasions for reasons of security. I have little information on the Cherkasskys. But, I do know that the family wants to leave the Soviet Union and has been denied this right.

The Soviet Union is a signatory of the Helsinki agreement, which included a pledge to facilitate the reunification of divided families. However, the Cherkassky family, and the many others like it, are living proof that the Soviet Government has failed to keep that promise.

We are all aware of the increase in emigrants allowed to leave the Soviet Union in 1978. And we are thankful for it. But, many of the emigrants have endured years of harassment prior to their departure, and there are many others who have been refused and are still waiting.

So, even as we applaud the increase in emigrants, we still mourn for those who are unreasonably not allowed to leave. We must continue our efforts until the Soviet Union has met its Helsinki pledge in full.●

FOREIGN POLICY AND THE CUBAN-CONNECTION

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. RHODES. Mr. Speaker, the current debate over developments in Cuba has generated a lot of heat, but not much light. The Wall Street Journal of September 13 points out in an editorial that our problems with Cuba are of the administration's own making. By ignoring Cuba's expeditionary ventures and exportation of subversion in this hemisphere, the Carter foreign policy has been perceived abroad as one of weakness, an open invitation to aggressive behavior by other nations.

I urge my colleagues to read this thorough and factual analysis of the predicament our hesistant foreign policy has created.

Text of the Journal editorial is as follows:

THE CUBAN CONNECTION

Over the past week, the news that there are perhaps 3,000 Soviet combat troops in Cuba has generated a vigorous boom of reaction among American politicians and pundits, who are now busy viewing with alarm, demanding rectification and discovering yet other examples of Soviet-Cuban influence and general disorder in the politics of the Western hemisphere. The Soviets seem annoyed at this sudden burst of energy; others are predicting cynically that it's not likely to last very long. Both reactions are to be expected. Nothing in American foreign policymaking of the past several years gives much cause to believe that the current show of concern has any deep roots or is likely to have much staying power.

The present furor began, of course, with the news about the troops' presence and their threat to the SALT treaty. But that was only the beginning.

Legislators and journalists began speculating that the troops were there to guard Soviet electronic surveillance facilities capable of monitoring vast numbers of American communications. The Senate Select Committee on Intelligence announced hearings to see whether intelligence failures on our part had prevented us from knowing all this earlier. The President personally entered the fray to urge national calm and warn the Russians of the present danger to U.S.-Soviet relations, and the administration announced it was reviewing the whole issue of Cuban force buildups over the last several years.

Senator Henry Jackson called for the withdrawal of not only Soviet combat troops but Soviet armaments as well. Ex-President Gerald Ford announced that those Soviet troops sure hadn't been in Cuba during his term of office, while reports started circulating around Washington that what all troops really signaled was the presence in Cuba of nuclear weapons.

Then the Latin American news began pouring in on other fronts as well. It happened that the nonaligned nations were holding their summit conference in that well known nonaligned capital, Havana, and President Castro carried out his previously formulated plan to lay some particularly virulent anti-American and pro-Soviet rhetoric on his assembled partners in neutrality. The timing was not terrific for detente. The administration freed four Puerto Rican terrorists who had been in U.S. jails for shooting five Congressmen and trying to kill President Truman; the released freedom fighters promptly began a round of rallies and press conferences, denouncing American imperialism and vowing to continue their fight for Puerto Rican liberation.

In Washington the administration, which had vigorously denied that there had been any Cuban-inspired funny business going on in the recent Sandinist coup in Nicaragua, warned Congress that it shouldn't deny aid to the new regime just because it was making some suspiciously Marxist-sounding noises. Over in nearby El Salvador, Sandinist-aided forces continued their escalating campaign against the current rightist government. And in Europe, we hear, observers are somehow taking the whole mess as a sign of the growing weakness of the West

The American concern and attention are very loud and visible at the moment. But how can anyone, Soviets and Cubans included, take them very seriously? The troop buildup has been going on in Cuba for years. The Soviet surveillance of American citizens has repeatedly gotten attention on the front pages of American newspapers. For years the Cubans have been a major organizing force in the network of aid that supports anti-Western terrorist and guerrilla movements throughout Africa and Latin America. For years Cuba has been a chief agent of the anti-American rhetorical posture now spawning very concrete consequences for this country's relations with the Third World.

The administration has been in possession of all these rather obvious facts and has quite deliberately and consistently chosen to minimize their significance and refuse to allow them a significant place in determining American policy. Senator Church, it must be said, has been a loyal ally in the enterprise. What could the Soviets have thought of this, except that it is the Carter administration's settled intention to allow such behavior to continue? How can anyone believe that the administration has changed its fundamental convictions on this basic tenet of its foreign policy? How can the Carter people's present agitation be seen as anything but a piece of opportunism that will last no longer than the moment's political noise?

As long as the administration keeps acting so as to make this kind of perception plausible, it can expect nothing from the Soviets but their current habits of constant probing, reaching, and scrambling for more advantage. And as long as this continues, our foreign policy invites a whole succession of Cuban crises.●

PERSONAL EXPLANATION

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. STUMP. Mr. Speaker, because of an illness in my family, I was unable to be present on Wednesday, September 12, 1979, for consideration of H.R. 4040, the fiscal year 1980 Defense authorization bill. Had I been present I would have voted as follows:

"Yes": Rollcall No. 461, an amendment to retain the Selective Service provisions of H.R. 4040.

"No": Rollcall No. 462, removing the Selective Service registration provisions of H.R. 4040.●

JOSEPH ZANINOVICH—SAN PEDRO MAN OF THE YEAR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. ANDERSON of California. Mr. Speaker, the San Pedro chapter of the Boy Scouts of America has selected Joseph Zaninovich as recipient of their 1979 Man of the Year Award. Knowing personally of his involvement in civic affairs, I can report this choice to be a fine one indeed. To the benefit of the south bay area, Joe Z, as he is often affectionately called, has selflessly devoted his time and energies to numerous community betterment efforts. Joining his friends and associates in paying tribute to Joseph Zaninovich for all his good works, I want to share with my colleagues some highlights of his career as community leader.

Joseph Zaninovich's participation in community improvement spans many years and covers a wide range of concerns. He has held or shared the top officer positions of the following organizations: The Southern California American Committee for Yugoslav Relief; the American National Red Cross, San Pedro and Peninsula branch; the Southern California American-Yugoslav Cultural Hour, Inc.; Personnel and Industrial Relations Association, Long Beach district; the Urban Action Committee; the Los Angeles City Board of Parking Commissioners; the Yugoslav-American Club of San Pedro; and the Yugoslav-Americans for Political Action.

The labor movement has also received Joe's support. Over 25 years ago, he helped form the welfare and pension trusts of the United Cannery & Industrial Workers Union. A continuing commitment has followed as he still cochairs the boards which oversee these benefit plans. In his current position as corporate director for the Star-Kist Co.'s industrial relations division, his performance has been described by union officials as one characterized by a sense of fairness and genuine concern for workers.

This man's career of service extends further. He has received appointments to seven advisory bodies of the city of Los Angeles: The community development committee, the mayor's community advisory committee, the mayor's council for international visitors, the board of parking commissioners, the board of transportation commissioners, the parking management steering committee, and the Peck Trust Committee. In addition, he served as a member of the State of California Industrial Welfare Board.

In recognition of his contributions, Joseph Zaninovich has received citations from more than 10 organizations ranging from the U.S. Treasury to the American Cancer Society.

My wife, Lee, joins me in offering congratulations to Joseph Zaninovich on being named "Man of the Year." The honor is one well deserved. To him and his lovely wife, Vesna, we send our best wishes for a future filled with continued success and happiness.●

GOVERNMENT INTERVENTION

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. SHELBY. Mr. Speaker, I wish to call to the attention of my colleagues which appeared in the Birmingham Post-Herald on July 21, 1979. Mr. Cox eloquently expresses what millions of Americans have been saying for some time. Unfortunately, it appears to me that the people who have been elected to Congress are not listening to their constituents and the people like Vernon Cox who have given so much to their country.

The editorial follows:

MR. PRESIDENT, GET GOVERNMENT OFF OUR BACKS

It was gratifying to read a complete text of President Carter's July 15 speech because after reading remarks by Senators Stewart and Heflin, Congressman Buchanan, Mayor Vann, Commissioner Doss and several other politicians I found out that Councilman Larry Langford and I had not listened to an entirely different speech.

May I use "Another View" to accept Mr. Carter's invitation to "let your voice be heard" and present the thoughts of a very average American who, for 44 years, has worked for and with many people in the construction and allied industry, all of us with a great deal of pride and the happy feeling that goes with building something, to produce a high quality, reasonably priced structure to owners.

I now watch, with tears in my eyes, as my governments tear the industry apart through their prevailing wage requirements, their affirmative action plans, their mandated minority participation deals, their required reporting procedures, their licensing, permit and inspection controls, their costly and unrealistic safety standards and on and on.

Mr. Carter stated that the main threat to America and the American way of life was "a crisis in confidence." Also, "for the first time in the history of our country a majority of our people believe that the next five years will be worse than the past five years." Yet, Mr. Carter never addressed himself as to why Americans had lost confidence and expected a worsening. Mr. Carter also stated "The productivity of American workers is actually dropping."

May I ask, "Mr. President what did you expect?" In the construction industry you, the top dog in our government structure, allow your bureaucrats and legislators to make contractors pay the same sizable wages for the sorriest carpenter, painter, mason, etc. as for the best, most productive craftsman. Your rules won't let us weed out those who won't or can't produce and thus takes all incentives away from those who can and will produce.

Then, too, Mr. President, you surely must realize that about 10 percent of the work force on the public payroll never produces anything except more paperwork to penalize the production of those who are trying to efficiently produce buildings, cars, gasoline, stoves, refrigerators, etc. And your unnecessarily high mandated wage scales, including minimum wage scales, confiscatory employer taxes, "timely" deposits of those taxes with their attendant penalties for being "untimely" and the fact that government has overspent so freely and "borrowed" so much money there is not enough left for a private employer to finance a business, even with outrageous interest rates, make it quite undesirable to even try to be an employer.

If you were in the construction business, Mr. President, the cash flow problems would make you wince. Why do you think Americans expect to be worse off in the next five years? Most of the answers lie within your Sunday night speech. We have watched you waste 22 billion tax dollars on a Department of Energy to create such total confusion in the energy field that all anyone can now say is "I've got to have more money."

Instead of trying to rectify this great error in judgment you propose to compound it by creating an Energy Security Corporation and an Energy Mobilization Board. This will only add to the confusion and further shackle the producers in America who can get things done if left alone. Also we realize you are the prime mover behind the proposed separate Department of Education, an even greater boondoggle.

You propose great new spending programs by borrowing through bonds and by taxing "windfall profits." By innuendo you are guilty of making it sound like the oil companies are ripping off the American public, but the tax will be paid by the American consumer not the oil companies.

You're not being honest with us, Mr. President, because all one has to do is look at who winds up with the money. It has been the 85 percent increase in government spending in the past five years and the accelerating pace since you became president that make the next five years look pretty bleak. And you must know that you already have about three-fourths of a trillion dollars out in notes and bonds. Adding another five billion ain't going to help that problem any.

But more pessimism is created by your Sunday statement, "Our nation must be fair to the poorest among us. So we will increase aid to needy Americans to cope with rising energy prices," than by any other action or inaction you might take. It is this type of social program which will do most to defeat America, if America is to be defeated, because we Americans made America what it is by hard work, saving, and helping those who can't help themselves.

Let us handle aid to those who can't cope with high energy costs, Mr. President. I'll guarantee you we'll do a better job than even the United States government can.

Both the Declaration of Independence and the Constitution use the word "liberty" where you use the word "freedom." Although synonmous they do not mean exactly the same thing.

Even as The Declaration of Independence expressed the need and the desire to be "free" of the tyrannies of the government as administered by King George, perhaps the Americans of today need to be "freed" from many of the inequities, injustices and tyrannies of the government as administered by you, Congress and the Supreme Court.

I feel I speak for millions and millions of other Americans when I say, "Yes, Mr. President, we'll go all out to save America. We only ask that you limit your help to our effort by keeping government off our backs and out of our hiar. Have everyone in government shuffle their papers if they have to, just don't send them to us."

You asked us not "take unnecessary trips." Would you consider it impertinent if I suggested you stay at the White House? That would be leadership by example, Mr. President. ●

POSSIBLE FUTURE ARMS SALES TO IRAN

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues a letter I received from the State Department August 31, 1979, concerning press reports alleging the resumption of U.S. arms sales and arms deliveries to Iran.

The State Department says that additional sales of sophisticated military equipment has not been discussed and that the subject of U.S. military advisers in Iran has not been addressed by either the United States or Iran.

The State Department has agreed, however, that the United States will provide Iran with some $300 million in nonsensitive spare parts already paid for and in the pipeline, conditional on a determination on the solvency of the Iranian arms sales trust fund. The United States now feels that the prospects for trust fund solvency is considerably improved and that deliveries of these spare parts can proceed. To date, the Iranians have not made arrangements for the delivery of any of these items. The United States also intends to offer each Iranian military service the opportunity to purchase a limited quantity of additional, unclassified spare parts provided Iran deposits $5 million in advance to cover the costs.

An article on the subject of arms sales to Iran and the letter from the State Department follow:

UNITED STATES AND IRAN TALK ABOUT RESUMPTION OF ARMS SHIPMENTS

WASHINGTON, August 23.—Defense Department officials said today that the Carter Administration was talking with the Government of Iran about resuming large-scale shipments of American arms to that country.

The officials said authorities in Teheran, faced with a Kurdish rebellion in western Iran and political unrest elsewhere, had recently shown new interest in signing contracts for a part of some $5 billion worth of arms and other military equipment ordered by the Government of Shah Mohammed Riza Pahlevi.

They said that about four weeks ago, officials in the American Embassy in Teheran began talks with Ibrahim Yazdi, the Deputy Prime Minister, on delivering the equipment, which is said to include spare parts for American equipment already in Iran, ammunition, new helicopters and artillery.

CONFUSION PREVENTS PROGRESS

Officials said American military advisers were also helping Iranians define the country's military needs. They said, however, that little progress had been made in the talks because of confusion, infighting and divided responsibilities in the Iranian Government. "It isn't clear who's in charge or what they want to do," one official said.

Before the Shah was ousted early this year, Iran was the leading recipient of American arms, having bought over $17 billion worth since 1970. Under Ayatollah Ruhollah Khomeini, Iran canceled some $7 billion worth of orders and left open the possibility of buying about $5 billion worth that Washington had agreed to sell the Shah.

Officials said the Administration was interested in supplying the arms to improve relations with Iran. The arms talks and the decision this week to sell heating oil to Iran are seen as enhancing what little influence the United States has there.

MAINTENANCE PROBLEMS

Pentagon officials believe Iran's interest in American arms stems primarily from the rapidly deteriorating state of the country's armed forces. Although earlier purchases by the Shah left the military with a huge arsenal, officials said fighting against the Kurds was exhausting supplies, critical equipment and spare parts.

Asked whether the fighting between Kurds and Iranian forces had led the Administration to consider an arms sale, a State Department official said: "So far, the Kurdish problem hasn't entered our calculations."

Military aides said Iran was also having problems maintaining and servicing advanced American-built equipment, particularly planes. They attributed recent crashes of several Iranian fighters to inadequate maintenance.

In assessing Iran's military, one Pentagon aide said most of the high officers had been executed, had retired or had left the country. "There is a complete lack of military discipline," he said, asserting that the only forces still in good condition were those close to the Soviet border.

However, officials said Iran was regularly sending large transport jets to the United States to pick up equipment paid for earlier.

Washington and Teheran are also discussing new training programs for the Iranian military. In the old American program, several thousand Government and civilian advisers were scattered across Iran.

The aides said there had been no discussion of adding to the small American military contingent in Iran. Only 17 American military people are there now and the number is scheduled to fall to 6 before the end of the year. However, they said the Administration wanted to continue training programs for the Iranian military in the United States. About 100 Iranian officers are attending American military schools.

At the same time, officials said, Iran recently renewed its offer to sell its 70 advanced F-14 fighters back to the United States. The fighters, among the most advanced in the world, were sold to the Shah in the early 1970's. The present Government has said they are too difficult to service.

The Administration is interested in buying them back, but officials said Iran had not produced an inventory of the planes and their missiles or quoted a price.

WASHINGTON, D.C., *August 31, 1979.*

DEAR MR. HAMILTON: You have asked for information on recent press reports of renewed arms sales to Iran. These reports contained some misleading information and I am pleased to clarify our position for the record.

First, let me deal with what has not occurred. There have been no talks of the sale of new equipment to Iran. There have been no talks of training of Iranians by U.S. technicians and Iran has not requested the U.S. to resume a military support program in Iran as we had before the revolution. Specifically there has been no discussion of sale of helicopters, artillery or ammunition as reported in one newspaper.

Since the revolution we have had continuing discussions with the Iranian Government about the status of the FMS trust fund and the Iranians' interest in obtaining spare parts to keep previously supplied U.S.-origin equipment operating. Payments to the trust fund from Iran became sporadic about a year ago. On 3 February we signed a Memorandum of Understanding with the Iranian Government which cancelled most of the Iranian orders and gave us the authority to cancel or divert contracts in order to assure the solvency of the trust fund. Actions pursuant to this MOU have been proceeding since February. From 3 February through 31 July recoupments from the sale and diversion of cancelled Iranian orders returned $603 million to the trust fund. Disbursements from the trust fund amounted to $716 million during the same period. The balance in the trust fund on 28 August is approximately $500 million.

As long as there was a serious risk to the solvency of the trust fund we maintained a suspension of all deliveries of FMS material to Iran. However, in July when the Congress approved the purchase of four SPRUANCE-class ships by the U.S. Navy, the prospect for trust fund solvency considerably improved. Accordingly, we were able to tell the Iranians that we no longer needed to maintain a claim on spare parts that were previously ordered and paid for and that were caught in the pipeline at the time of the revolution and, hence, we were willing to release nonsensitive spare parts on a selective basis. Currently we estimate that the value of such spare parts and related items in the pipeline is approximately $300 million. As yet, the Iranian Government has not made arrangements to take delivery of the spare parts, and no deliveries have been made.

The pipeline is a residue of various contracts and not a complete inventory of spare parts to keep military equipment operating. Therefore, we responded to the Iranian request for parts by offering to permit each service—Army, Navy and Air Force—to purchase a limited quantity of urgently needed unclassified parts provided they deposited $5 million in advance to cover the cost. Thus far the Iranian Government has not given us a decision on this offer. Both offers on the supply of parts were made well before the outbreak of the recent fighting in the Kurdish areas.

We believe it important for stability in the region and the preservation of civil order in Iran that the authority and the effectiveness of the Bazargan Government be strengthened. The Prime Minister has promised the Kurds greater autonomy than they enjoyed under the previous regime and financial aid has been offered to the region. We hope these moves can lead to an end in the fighting and that the Kurds and the Iranian Government can reach a peaceful accommodation of their differences.

If you need additional information on Iran we would be pleased to arrange to answer your questions. We understand that you are meeting with Charge' Laingen next week.

Sincerely,

NELSON C. LEDSKY,
Acting Assistant Secretary for Congressional Relations.●

PERSONAL EXPLANATION

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. MIKVA. Mr. Speaker, I was absent for rollcall No. 444 on September 6, 1979, on the MILLER of Ohio amendment to the OBEY substitute which provided for 4 percent, rather 2 percent, withholding of foreign assistance appropriations under H.R. 4473. Had I been present, I would have voted "no." I also was absent for rollcalls No. 448 and No. 449 on September 7, 1979. Had I been present, I would have voted "aye." ●

WHOSE SIDE ARE THEY ON?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. ASHBROOK. Mr. Speaker, during the gleeful celebration that was launched within the State Department on the collapse of the Somoza government many of my colleagues may have missed various news items regarding another nation that has a government in trouble. The nation I am referring to is Afghanistan. I would like to refresh some of my colleagues' memories on the situation in this nation by relating some of the recent developments happening there.

President Noor Mohammad Taraki seized power in Afghanistan in a coup in April 1978. The creation of the Taraki regime and his consolidation of power had the support and the blessings of the Soviet Union. In the months that followed, this Soviet presence grew into a major factor in the country. Mr. Taraki showed early on that he was no friend of America. In February 1979 the government of Afghanistan and some Soviet personnel had a hand in the murder of American Ambassador Adolph Dubs.

Following the death of Ambassador Dubs relations between the United States and Afghanistan have drifted apart. Within the country Mr. Taraki's hold on the nation has deteriorated. Today the Afghan Army of over 100,000 along with 4,500 Soviet advisers and technicians is crumbling in the face of armed rebellion of anti-Communist rebels in all 28 provinces in that nation. Mr. Taraki has tried to ruthlessly destroy political dissent by murdering over 3,000 political prisoners, yet, the opposition to his regime grows.

Under the circumstances I would think that the United States would view the possible downfall of Taraki's inhuman and pro-Communist regime with some happiness. After all one of our Ambassadors is dead because of that government as is thousands of that nation's citizens. Unbelievably, the U.S. State Department is hesitant to say anything on the Afghanistan situation.

At a recent press briefing at the State Department Mr. Reed Irvine from Accuracy in the Media had the following discussion with State Department spokesman Hodding Carter:

IRVINE. Could you tell us on record if the State Department would welcome . . . the crumbling of the Taraki regime and its army and their overthrow?

CARTER. I don't think I have much observation to make on the record about the internal affairs of a sovereign regime.

IRVINE. Well, Hodding, in view of our intense interest in destabilizing our ally in Nicaragua, do you see any inconsistency between the lack of interest in a government that has collaborated in the murder of a U.S. Ambassador and anti-U.S. activities?

CARTER. Our interest in Nicaragua is to stabilize the situation and end the civil war for reasons which have to do with the people there. And I don't have any comment to make whatsoever on the Afghanistan situation. . . .

IRVINE. It's a totally different situation? We don't have any interest in destabilizing Taraki? Is that what you're saying?

CARTER. I don't have any comment on that. . . ."

What is going on here? Is it possible that our own State Department, the supposed foreign policy arm of a nation that characterizes itself as the leader of the free world, views the fall of pro-Communist Afghanistan with alarm? Why should our State Department cheer on the collapse of pro-American Nicaragua, and at the same time have a hands off policy on a possible Soviet defeat? The answers to these questions is too terrible to consider. It is shocking that this can go on without any major criticism from the press or from this Congress. I hope that as this Congress and this Nation consider such major issues as SALT II, and the 1980 Presidential elections that they keep these questions in mind. One day we might find out whose side Mr. Carter and his regime is on. My betting money says it will not be on the side of what is good for America.●

LT. RALPH SCALZO

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. SEIBERLING. Mr. Speaker, Lt. Ralph R. Scalzo of the U.S. Capitol Police went on terminal leave August 8, 1979, after 25 years of faithful service to the Congress.

Lieutenant Scalzo was employed by the House from March 1954 to May 1956 and was then appointed to the U.S. Capitol Police on May 22, 1956. Lieutenant Scalzo served with the U.S. Army in the European theater during World War II where he earned four battle stars. He served in the Army from August 9, 1937, to January 31, 1951, and was retired for medical reasons. He has a grand total of 39 years of Federal service.

During Lieutenant Scalzo's tenure, he has had the privilege of participating in the inauguration of six Presidents and serving under five Speakers of the House.

I am particularly pleased to record these highlights of Lieutenant Scalzo's career, because he is a native of my own home city of Akron, Ohio, where he grew up, went to school, and lived until he joined the U.S. Army. He has certainly brought credit to his native city.

Only 10 Representatives in current service have been here as long as Lt. Ralph Scalzo. He is to be commended for his loyalty and dedication. The House of Representatives will miss him.●

FREE ENTERPRISE STILL THE BEST

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. RHODES. Mr. Speaker, the most popular game in America today is to sit around amidst our trappings of affluence and hurl stones at the free enterprise system. Roscoe Drummond, the astute and long-time reporter for the Christian Science Monitor, has written a trenchant and perceptive column about this American pasttime entitled "Free Enterprise Still the Best." It appeared in the Monitor September 12.

I urge my colleagues to take the time and read this realistic assessment of the virtues of our beleaguered free enterprise system.

Text of Mr. Drummond's article is as follows:

FREE ENTERPRISE STILL THE BEST

(By Roscoe Drummond)

WASHINGTON.

It seems almost incredible that American competitive enterprise economy should be the target of so much attack and disparagement.

It is a barrage which rarely lets up. Hardly a day passes when some big-name professor or social critic isn't producing a story which yields a headline like this: "US Economic System Under Fire."

Harvard's Prof. John Kenneth Galbraith constantly uses his book reviews and other articles as a platform to advocate more government control and intervention in business.

Barry Commoner, professor at Washington University in St. Louis, finds the nation's concern with the environment and with energy shortage a tempting way to make his case for socialism and more of it.

Multinational corporations, which expand world trade and benefit the consumer, are being continuously smeared and rarely defended.

It just doesn't make sense.

If the spokesman for free enterprise, which transformed America from a nation of widely shared poverty to one of widely shared prosperity, do not do better expounding the system, it may be in danger of being talked to death.

The reasons this drumbeat of disparagement of the US economic system is so fantastic, so paradoxical are numerous and, I think, would be fully persuasive if they could break their way through the wall of criticism.

The two industrialized countries which have yielded the most to socialist take-over—Britain and Italy—are near the brink of economic disaster.

The Soviet Union, which has been totally communized for more than a half century, has produced the lowest standard of living of all the industrial powers.

With all its resources and discipline, the communist economy of mainland China can't begin to compare with the productivity and living standard achieved by the competitive enterprise of Taiwan.

The vigor and prosperity of free-enterprise West Germany exceeds by at least 33 percent the communist economy of East Germany.

As Al Smith used to remark when he was running for president, "Let's look at the record." By any standard of comparison, the socialist and communist alternatives to capitalism are unattractive, unproductive, and anemic.

What can be said on the positive side for the American free enterprise economy? Quite a little.

The US economy has produced a standard of living which defines poverty at a level higher than the average income in the Soviet Union and 800 percent above the average world level.

The US has an agricultural economy which is producing food surpluses which much of the world urgently needs because of its own inefficiencies and an industrial technology and know-how which the communist countries want to buy, beg, or borrow!

In its 200 years, the United States has grown to be the economic wonder of the world, bringing forth a richness and a standard of living from its farms and factories unprecedented in all history.

Some businessmen have shown themselves dishonest and corrupt. Because a dozen or more congressmen have been indicted for taking bribes and misusing public funds, no one is proposing to abandon Congress.

Let's not disparage what has been working so well for so many so long.●

THE DECLINE OF THE BRITISH NATIONAL HEALTH SERVICE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. PHILIP M. CRANE. Mr. Speaker, when the health of ourselves and our loved ones is at stake, we naturally want the best medical care available. If the "best care available," however, is to be put on a waiting list to receive attention in the future, if the "best care available" is to be told which doctor you will see instead of choosing a physician you trust, if the "best care available" is to be placed in a crowded hospital room instead of receiving close personal attention, a rational man would begin to look for some alternative to Government health care.

For years the Britons have had to tolerate such health care, because the British National Health Service was practically the only care available. Disaffected with their government's form of national health insurance, many Britons are now turning to private health care—an innovative alternative. A recent Wall Street Journal article documents this resurgence of private care:

PRIVATE HEALTH CARE IN BRITAIN

(By Jonathan Spivak)

LONDON.—The Electrical and Plumbing Trades Union has just negotiated an astonishing fringe benefit in this land of socialized medicine—a complete package of private health care benefits for 45,000 members and their families.

The automobile association will soon offer its 5.3 million members a new health insurance plan guaranteeing private medical care whenever admission to a National Health Service hospital takes more than six weeks.

IBM has just purchased private health insurance benefits for its entire British workforce of 15,000; previously only a small group of 600 executives had been covered.

This recent spurt in Britain's private health care sector does not spell the end of the massive tax-supported National Health Service, which still provides the bulk of medical care in the United Kingdom. But it does offer some salient lessons to U.S. and other politicians bent on enlarging the state's role in furnishing health care.

The persistence and growth of private medicine here shows that even when the government provides free medical treatment for everyone, many citizens will nonetheless pay for the privilege of being able to get treatment more quickly, choose their own physicians and hospitals, and obtain a private room and other amenities. (Quality of care seems to be less of a factor, since most British physicians who treat private patients also practice in the NHS.)

The vitality of the private sector here also demonstrates that even the most comprehensive state medical scheme cannot satisfy all consumer demands—particularly as patients become more sophisticated about their needs.

The best indicator of disaffection with the government health service is the burgeoning membership in the private health plans—Britain's equivalent of Blue Cross-Blue Shield. There are eight such plans now, with 2.5 million members—almost 15 times their membership when NHS started three decades ago. The plans are adding more than 100,000 members a year and the largest, British United Provident Association, or BUPA, which has more than half the total private plan membership, is growing at a rate of 10 percent a year.

THE PRIVATE SECTOR

Altogether, the private sector accounts for 2 percent to 3 percent or up to $550 million of Britain's annual $18 billion outlay on medical care. Thus, while the private sector is still relatively small, it's growing steadily and likely to take on greater importance in future years. "These numbers will double in the next five years," predicts D. V. Damerell, chief executive of BUPA.

For one thing, private medicine is now generating enough capital to finance a substantial expansion in its own facilities. The number of large private hospitals in Britain is increasing at a rate of almost 10 percent a year, and now is up to 117. BUPA, which runs the largest private hospital chain in the country, is building three new hospitals a year, and studying the need for sophisticated facilities for kidney care—facilities which are becoming too costly for the NHS. American Medical International Inc., a U.S. firm, is investing $85 million to build seven new private hospitals in England and Wales.

Moreover, the new Conservative government has promised to "encourage the private provision" of health care. As a first step, it is expected to restore the tax exemption for workers of some $110 million in employer-financed health insurance benefits. Labor Party politicians made such health fringe benefits taxable in 1976, in an effort to discourage their spread.

The shift back to tax-free status could significantly expand the market for employer-employee plans, private health experts claim. "The private sector has grown as an employment-based health service," argues Michael Lee, an economist who has made several studies of the private health market.

A marked deterioration in the NHS is also helping to boost private care. In the past two years, a succession of labor disputes, government budget restraints and management crises have racked the health service.

At times last winter, union workers seeking higher pay were refusing to wheel patients to elective surgery. Increasingly, scarce NHS resources are directed towards the acutely ill, and patients with less acute medical problems are subject to long delays before getting treated.

The NHS "waiting list" for hernias, hemorrhoids, plastic surgery, gallstones, hip replacements, varicose veins, tonsillectomies and other "elective" operations grew by 40%

over the past two years—to some 750,000 patients. In several cities, elderly patients must now wait two years for hip replacements, and children must wait three years for tonsillectomies. To dramatize the situation, two private London hospitals last year began the practice of operating without charge on an NHS patient a week, but that obviously has had little impact on the backlog.

A royal commission that recently exhaustively examined the NHS concluded that the "private sector probably responds much more directly to patients' demands for services than the NHS and provides a useful pointer to areas where the NHS is defective." Among the NHS gaps it cited were there: Most nursing home care for the aged in Britain is provided by private facilities; 60% of the 150,000 abortions performed last year were performed in private clinics; and most health screening and preventive medicine is conducted under private auspices—the NHS does not even give physicals.

Finally, private health plans are attractive in Britain because they are inexpensive, at least by American standards. A British family can purchase private health coverage handling 90% of their medical costs for under $400 a year. (In comparison, family coverage in the U.S. is at least double that amount.)

Much of the reason for the low cost of private insurance is, ironically enough, the NHS itself. Private patients in Britain remain eligible for the NHS, and frequently elect its care for acute, emergency problems, since NHS hospitals usually have specialized facilities superior to those of the private institutions.

"Two thirds of the cost (of private plans) is underwritten by the NHS," Mr. Lee declares. Indeed, the private plans are now providing a cash payment of about $30 a day to patients who use the NHS, rather than a private hospital. These payments are not only an inducement to use the NHS, but represent a portion of the private plan's savings when customers do use it.

NHS advocates tend to minimize the present importance of the private sector but worry that moves to enlarge it very much further could create a two-class medical sector. "It is tiny, tiny, not worth bothering about," Professor R. F. L. Logan of the London School of Hygiene scornfully insists. "People age 65 and older consume one-half of the NHS's total resources, and no private scheme will touch them." Peter Draper, a health researcher at Guy's Hospital Medical School in London complains that "rather than having a reforming influence on the NHS, the private sector has tended to work as an alternative system for a privileged elite."

"PRIVILEGED ELITE"

But this "privileged elite" may increasingly be working its way down the income ladder, from management and professional types to include many working class men and women. Officials of BUPA, for example, report that it is enrolling blue collar workers for the first time. "Individuals have available income, and realize the benefits of freedom of choice," Dr. H. Beric Wright, deputy chairman of BUPA's medical center, explains.

One of the first such groups to join BUPA was 10,000 London taxi drivers, who, BUPA officials say, chose private insurance to avoid NHS delays and reduce the time lost to sickness.

The first union-negotiated plan was signed in July for 1,500 brewery workers in Birmingham. But it is the electrical workers agreement, covering 2,000 contractors and one-third of the union's members, that really represented the significant precedent and has accordingly split the union movement sharply. The hospital unions, claiming that such employe health plans will eliminate many of their jobs and ultimately destroy the NHS, have bitterly denounced the electrical workers and promised to try to have them censured at the Trade Unions Congress general conference this fall. "It's considered apostasy in the worst form," says one union negotiator.

Some private sector experts foresee private medicine filling in more and more of the NHS shortcomings in non-emergency care, until a full-fledged partnership develops. The NHS would continue to concentrate on life-threatened and acutely ill patients, while the private sector takes over the less severe cases—at a price.

Officials of the Conservative government are toying with a move in this direction: a government-run voluntary health insurance scheme under which Britons paying a special health premium could obtain extra benefits, such as free choice of physician and private hospital room.

Whether or not this particular scheme comes to pass, it's clear that private medicine has not only managed to survive but is now beginning to flourish in a socialized health system bent on its elimination.●

A TRIBUTE TO GEORGE "SUGAR" COSTNER

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. STOKES. Mr. Speaker, I would like to take this opportunity to bring to the attention of my colleagues the admirable accomplishment of Mr. George "Sugar" Costner of Cleveland and Cincinnati, Ohio.

Mr. Costner recently received the BA degree from Cleveland State University. While this particular event is rapidly becoming more of an average occurrence in this country, it is an extraordinary achievement for George Costner.

George Costner, an ex-fighter, is 56 years old, blind, and would be considered disadvantaged by our country's economic standards. However, his unusually keen desire to excel in the college environment was enough to overcome to what may have seemed to some people to be insurmountable odds. His professors and peers all agree that he was a highly motivated and exemplary student.

In a country where there is always a lot of rhetoric about "pulling yourself up by your bootstraps," it is interesting to note that Mr. Costner pooled his limited financial resources to pay for his college education. This is more than the usual "success story" we are all so familiar with.

The achievement of George Costner cannot be attributed to any assistance rendered by the State or Federal Government. Both the Social Security Administration and the State government told George Costner that he never would finish college. Instead this story is a tribute to George Costner himself who pooled all his resources to surpass every conceivable odd to reach his goal—a college education.

At this time Mr. Speaker, I would like to enter into the RECORD an article on Mr. Costner's achievement that appeared in the August 28, 1979, issue of the Cleveland Plain Dealer:

EX-FIGHTER WINS STRUGGLE TO EARN HIS COLLEGE DEGREE

(By Bob Dolgan)

It was May 9, 1949, in Philadelphia. George (Sugar) Costner, a 26-year-old nationally ranked welterweight boxer, was drubbing tough Chico Varona. In the sixth round, however, Varona landed a left hook to Costner's right eye.

"All of a sudden I saw the brightest light in the world," Costner recalled the other day. "It felt like a ball of fire. I didn't know it then, but I had suffered a detached retina. It didn't bother me that much. I thought it was a broken blood vessel."

Costner went on to knock out Varona, but he never forgot that punch. It was the beginning of a 30-year odyssey that will have its finest chapter Thursday night when Costner receives his B.A. at Cleveland State University.

Costner not only deserves a diploma, he deserves a medal for courage and fortitude.

Costner, 56 now, is blind. "I'm happy to finally be finished," he said, talking about the hardships he endured on the way to the treasured sheepskin. "It's been a very difficult four years."

Transportation, for example, was a constant problem. Every morning, at about 6:30, he would stand in front of his apartment on Cleveland's northeast side, waiting for the first of four buses he needed to go back and forth to CSU each day.

"We've had some bad winters lately," Costner said, followed by a laugh. "I almost froze a couple of times. Sometimes I got so cold I would get on the wrong bus deliberately so I wouldn't freeze." Despite all that, he missed only three classes in four years.

Costner could not take notes during class lectures, so he used a tape recorder. When a tape would run out, the professors would stop talking and give him time to slip in a fresh cassette.

Since he could not read, Costner got tapes of entire books from the New York public library system and from the Sight Center in Cleveland. Tests were given to him verbally. He did well; he will graduate with better than a B average.

Costner paid his college tuition almost unaided, relying on a small nestegg and the meager disability pension he receives from Social Security.

"George is one of the most highly-motivated students I have ever seen," said Michael Zuccaro, CSU coordinator of services for the physically handicapped. "He ran into considerable difficulty paying his tuition. The average guy would rather use the money from Social Security to eat, not for an education.

"He applied for more money from the state but he was turned down. He was told that, at his age, he probably wouldn't finish college and if he did he probably wouldn't be able to get a job anyway."

Through all this Costner, who is divorced, pursued the usual household duties—cooking, cleaning and shopping for himself.

Bernard Offerman, a CSU professor, taught Costner in a labor course. "He's a tremendous man," said Offerman. "As a student, he had the courage of a fighter. It was beautiful to see him progress, the way he'd participate in class. He is so youthful in spirit, yet a man of infinite patience. It was an honor to have him in my class."

"The professors and students were all beautiful," said Costner, a six-footer who speaks in the tones and cadences of a street-wise survivor. "They all helped me. It was good to be associated with young people. I helped a lot of them, too. They'd get discouraged and I'd talk them out of quitting."

Costner began his college career at age 52, a time when many men don't care about much more than the TV set and a can of beer.

He started at Cuyahoga Community College's metro campus. Why did he go to school?

"I couldn't make a good living," replied Costner. "I was sick and tired of living on Social Security and working part-time jobs (most often as a masseur). I'm still a healthy, active man and I felt I had a long time to live. I figured there was only one thing to do—go to school."

Costner's next step is to get a job. He is moving back to Cincinnati, his hometown, to be near his 90-year-old mother and old friends. With his degree in management and labor relations, he is hoping to get a government job. He would especially enjoy a post with the National Labor Relations Board.

"I think he can land a job," said Zuccaro. "He presents himself well and can talk to just about anyone. People like him almost immediately. The only thing against him is his age."

Costner was familiar to sports fans in the 1940s, when he was one of the top welterweights in the nation. He had 91 fights, winning 48 by knockouts and 29 others by decision. A lethal left hooker, he lost only eight bouts. Two of them were one-round knockouts to the great Sugar Ray Robinson.

Costner kept fighting after the ill-fated Varona bout, whipping a succession of opponents. But by the time he was matched for the second time against Robinson on March 22, 1950, the vision in his right eye was pretty much gone.

"The doctors couldn't tell anything was wrong and I wanted to fight Robinson," Costner recalled. The pay was $12,000, good money in those days.

About five days before the fight, Costner found he couldn't see punches coming from the right side. That was a big handicap against any fighter. Against a boxer of Robinson's caliber, it was suicidal.

Costner decided to try to knock out Robinson with an early punch. If it failed, he would lie down and live to fight another day. When his initial flurry failed, Costner took the count after Robinson's first attack.

"I felt guilty about it then and I feel guilty today," said Costner. "It was the only fight I ever gave up in."

Amazingly, Costner, fighting with only one eye, won his last three bouts, all against prominent boxers. He beat Kid Gavilan on May 8, 1950; Charley Cotton on June 12, 1950, and administered a fearful beating to lightweight champ Ike Williams in a non-title match on July 12, 1950. It was his last fight. The doctors took away his boxing license.

Between 1951 and 1958, Costner underwent six eye operations. Cataracts developed. "They took out a cataract that was the size of a shirt button," he said. "The next day I could see real good. But a couple of days later I couldn't see anything. For a while the shadows would come and go. Now there's nothing."

What did it feel like to go blind at such a young age? "I was lost," said Costner. "I didn't know what to do. My friends in Cincinnati were very kind to me. I'd be walking down the street by myself and they'd yell, 'C'mon, Sugar, let's go see the Reds play.'

"I said to myself, 'I can't just lay down and die like this.' I went to politicians for jobs but I couldn't get anything. Then I went to a rehabilitation center for aptitude tests and they put me in a room with some other people.

"I didn't know where I was or who I was with. Then I sensed there was something wrong with the other people there. It turned out they were mentally retarded. I started doing things for them.

"I was asked if I wanted to work with the retarded on a trial basis. My only pay would be carfare and lunch. I said yes. I was desperate. When I passed the tryout, I not only got lunch and carfare, but $50 a week."

Costner said he worked with the retarded at a Goodwill Industries Sheltered Workshop for three years. "I loved it," he said. "It was very rewarding."

He came to Cleveland in 1966 to attend Charlton College of Physical Medicine, earning a license as a physical therapist. He became a masseur at Jewish Community Center and other places.

College changed his life. Thursday will be a great day. His friends and three grown children will be in the CSU commencement audience as the old fighter walks across the stage for his treasured diploma. Even his mother might be there. They will applaud. Later there will be embraces and handshakes and laughter.

"This has to be the milestone of my life," said Costner. "I feel like I won the championship. I don't see how I could feel any better if I won the welterweight title." ●

EDUCATIONAL PROGRAM FOR THE SERVICES

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. McCLOSKEY. Mr. Speaker, it is my understanding that the Armed Services Committee has directed the Secretary of Defense for Manpower, Reserve Affairs, and Logistics to submit a report on the feasibility of a more attractive educational program for all the services.

A bill directly related to this request was introduced by my colleague, Mr. Goodling. Along with other Members Mr. Goodling is now attending the Interparliamentary Conference in Venezuela. I would simply like to note that Mr. Goodling's proposal appears to offer a workable plan for inducing more and better qualified men and women into the Service through more attractive educational opportunities.

I would certainly hope that the Defense Department in their study of this problem gives thoughtful consideration to Mr. Goodling's proposal.

The bill follows:

H.R. 4402

A bill to amend title 10, United States Code, to provide improved educational assistance benefits for persons enlisting in the Army

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 333 of title 10, United States Code, is amended by adding at the end thereof, the following new section:

"§ 3264. Special enlistments; educational assistance; reduction in basic pay

"(a) The Secretary of the Army may accept original enlistments into the Army under this section. A person who originally enlists in the Army under this section shall serve on active duty for eighteen months and, unless reenlisting for service on active duty, shall then serve in the Ready Reserve for four and one-half years. During each of the first three years of such service in the Ready Reserve, a member enlisted under this section shall serve on active duty for training for a period of not less than six weeks.

"(b) The rate of basic pay of a member of the Army who originally enlists under this section shall during the first eighteen months of such enlistment be 50 percent of the rate of basic pay otherwise payable to a member of the armed forces with such member's grade and length of service.

"(c) (1) A person who enlists in the Army under this section and completes the initial eighteen-month obligated period of active duty is entitled to 36 months of educational assistance as provided in this subsection.

"(2) The Secretary of the Army shall provide a person who is entitled to educational assistance under this subsection—

"(A) the cost of tuition and fees of a program of education being pursued by such person up to a maximum of $3,000 per school year or, in the case of a program of education being pursued at a public educational institution, a maximum of $1,000 per school year; and

"(B) a subsistence allowance of $200 per month during the school year while such person is pursuing a program of education.

"(d) A member who originally enlists under this section is not eligible to participate in the educational assistance program established by chapter 32 of title 38 until after such member has served on active duty for eighteen months.

"(e) Educational assistance benefits under this section may not be provided an eligible person after the end of the ten-year period beginning on the data of such person's last discharge or release from active duty.

"(f) The Secretary of the Army shall prescribe regulations to carry out this section. In prescribing such regulations, the Secretary shall consult with the Administrator of Veterans' Affairs and shall, to the greatest extent practicable, provide uniformity in such regulations with the laws and regulations providing educational assistance benefits that are administered by the Administrator of Veterans' **Affairs.**

"(g) In this section, the terms 'program of education' and 'educational institution' have the meanings given such terms by sections 1652 (b) and (c), respectively, of title 38.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"3264. Special enlistments: educational assistance; reduction in basic pay.".

Sec. 2. The amendment made by subsection (a) of the first section of this Act shall take effect on October 1, 1979.●

CARL YASTRZEMSKI

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. O'NEILL. Mr. Speaker, Carl Yastrzemski has proven that life begins at 40. Robert Browning said "Grow old along with me, the best is yet to be." All of Boston and Massachusetts, New England, and all of America know what Carl Yastrzemski has done. I would like to dwell on his future.

We will see the day of a father and son team, with the name Yastrzemski living on in baseball history into the next century. Cooperstown, N.Y. would need a new separate wing to hold the many accomplishments that Carl Yastrzemski will bring to the Hall of Fame on that distant day when he retires. Some of the intangible things are the things that inspire those of us over 40 and those of us under 40. Carl shows the virtues of hard work and constant preparation. He keeps in shape all year round. He knows that God gifted him with talent but that it is each person's responsibility to develop the maximum use of that talent.

I have seen many great ball players in Red Sox uniforms—Lefty Grove, Ted Williams, Joe Cronin, and Jimmy Foxx—but Yaz is my favorite. Yaz as a citizen shows the same dedication and determination he showed in pursuing 3,000 hits and 400 home runs. He is as alert and concerned about the issues facing this country as he is about a left-hander's slider.

He now joins the select circle of Musial, Mays, and Aaron. He has shown all of America what hard work and determination can bring to a career. We in the Congress salute him and look forward to the day when he brings a world championship to Fenway Park.●

HERBERT A. HOLDEN, M.D.: SKILLED PROFESSIONAL, GOOD CITIZEN

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. STARK. Mr. Speaker, the professional and community service of another of my constituents has been brought to my attention and I would like to share with my colleagues a few words about Dr. Herbert A. Holden.

Dr. Holden lives in Castro Valley, Calif., and he has been in private practice in adjacent San Leandro for over 30 years. He is in private family practice and has devoted his professional career to the cause of the medical profession generally and family practice in particular. A list of his medical activities is a page long and includes such important posts as president, California Academy of General Practice in 1967; president, Alameda-Contra Costa Medical Association, 1969; president, American Academy of Family Physicians, 1975, and president of the American Board of Family Practice in 1978. He has spent the last three decades playing a major role in the affairs of local, State, and national medical organizations.

He also has been an active member of the San Leandro Kiwanis Club, a group he headed some years ago. And he has served as chairman of the board of directors of Doctor's Hospital, San Leandro.

A Navy veteran and a graduate of Loma Linda University School of Medicine, Dr. Holden is one of those pillars upon which all of our communities rest. A top-notch professional, he also has taken time to serve the community at large. He is another of the talented people who help make our society function well and humanely. I honor him for being a skilled professional and a good citizen.●

KENNEDY AGAINST CARTER: THE LIBERAL SHIP IS SINKING

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. ASHBROOK. Mr. Speaker, like most Americans, I have been reading the almost daily news accounts of a possible challenge to President Carter by Senator KENNEDY for the 1980 Democratic Presidential nomination. The circus-like atmosphere surrounding that possibility, I must admit, is something to watch. The daily leaks from the Kennedy camp to a receptive news media have been enjoyable. Ditto for the Carter rebuttals. And, of course, the Senator's coy denials coupled with the President's downward surge in the polls have given the American people something to think about instead of gas shortages and a 13-percent annual rate of inflation. While these important news items get kicked to the back pages, we get to read what Miss Lillian has said while out on the stump. If I did not know better, I would think that the two Democrats were actually conspiring to take America's mind off what their party is really doing to the taxpayers.

The Senator from Massachusetts has been one of Mr. Carter's most loyal supporters in Congress. On issue after issue, the Senator has voted to support the White House position. The only real difference between the two, as far as I can tell, is that when President Carter wants to spend 1 billion, Senator KENNEDY would prefer to make it 2 billion. When the President opposes a comparatively mild version of socialized medicine, the Senator wants to go all the way. For the most part, however, Mr. KENNEDY has carried the ball for the Carter White House in the Congress. Take a look. The record will bear me out.

The Carter administration has been a disaster. Even the news media, who for some time played along with the antics of the man who said he would never lie to us, has done an about face and has declared our sitting President to be fair game. They know a loser when they see one. The beneficiary, of course, is not the Republican Party which seeks to change the course of Government but the Senator from Massachusetts, who seeks to steer it down the same rocky path at a more reckless pace. Never mind that Mr. Carter and Mr. KENNEDY come from the same free-spending mold. Never mind that the Senator has made it easier for the President to steer his inflationary programs through the Congress.

What it really boils down to is that Democrats are thinking about replacing an unpopular advocate of big government with a popular advocate, a liberal who has lost his credibility with one who has for some reason held on to his. Otherwise, heaven forbid, we might elect a conservative who would seek to balance our budget, relieve our Government-induced energy shortage and cut our taxes.

Frankly, if I were a liberal looking for a new lease on life and a continuation of the same ridiculous policies which have literally brought this country to its knees, I would do just what the liberals are doing right now. For if those who have relentlessly worked to bring about this disaster want to remain afloat, they are going to have to jump overboard because Mr. Speaker, the liberal ship is sinking, and sinking fast.●

HAPPY BIRTHDAY COMMODORE JOHN BARRY

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. MOAKLEY. Mr. Speaker, today is the birthday of Commodore John Barry, holder of the first commission in the U.S. Navy authorized by President George Washington, and often referred to as the father of the U.S. Navy.

The U.S. Government presented a statue of John Barry to the Government of Ireland in 1956, and the statue stands in his birthplace, County Wexford.

For many years, the Navy League of the United States honored John Barry's birthday with a wreath-laying ceremony at his statue in Washington, D.C., located at 14th and K Streets. This tradition is continued by the John Barry Division of the Ancient Order of Hibernians of Washington, D.C.

Commodore Barry is honored as an Irish-American patriot by the many Hibernian Divisions bearing his name throughout the United States.

John Barry was born at Tacumshane, County Wexford, Ireland, in 1745. He went to sea in early youth and about the year 1760 settled at Philadelphia, where he became a well-to-do shipmaster and owner. At the outbreak of the Revolution, he offered his services to the Continental Congress, and was placed in command of the brig *Lexington*, in which, on April 17, 1776, he took the British tender *Edward*, which was the first capture in actual battle of a British warship by a regularly commissioned American cruiser.

He was soon after given command of the *Effingham*, 32 guns; but the occupation of Philadelphia by the British in 1777 and the presence of an overwhelming enemy force in the Delaware prevented this vessel from going to sea. This, however, did not condemn the enterprising commander to idleness, and during this year he performed a heroic exploit in the lower Delaware. With four small boats he cut out an armed British schooner without the loss of a man, at the same time capturing a number of transports and a large quantity of supplies destined for the British army, receiving the personal congratulations of Washington on his "gallantry and address" (Jared Sparks, The Writings of George Washington, 1834, V, 271).

Barry then volunteered for service with the American army and took part in the Trenton campaign with distinction. In 1778 his vessel, the *Effingham*, against Barry's will, was burnt to prevent her falling into the enemy's hands. He then obtained command of the *Raleigh*, 32 guns, and in her fought a gallant and obstinate bottle against superior forces, finally being obliged to beach his ship, but saving most of his crew from capture. In 1781, in command of the *Alliance*, 32 guns, having taken many valuable prizes, he attacked and captured after a lengthy fight the British vessels *Atalanta* and *Trepassy*, being severely wounded in the action. Later in the same year he carried to France the Marquis de Lafayette and the Count de Noailles, and in 1782, while continuing his series of captures of enemy ships, he fought, in the *Alliance*, his last important battle, which he was obliged to break off on the appearance of powerful enemy reinforcements.

In 1794, when the depredations of the Algerine pirates had become insupportable, and Congress ordered the construction of six frigates, Barry was named senior captain and placed in command of the *United States*, 44 guns, being, as Cooper says (History of the Navy, 1839, I, 267), "of all the naval captains that remained—the one who possessed the greatest reputation for experience, conduct, and skill." During the hostilities with France, after a somewhat unsatisfactory cruise to the West Indies (1798), Barry was placed in command of all the naval forces in those waters, remaining there until the beginning of May 1799. In December of that year, he escorted to France the American envoys appointed to treat with the French Republic, and upon his return took command of the Guadaloupe station in the West Indies, which position he retained until 1801. He died 2 years later at the head of the Navy.

The John Barry Division of the Ancient Order of Hibernians in Washington will place a wreath on the Barry statue on Saturday, September 15 at 3 p.m. I join with them in honoring John Barry.●

MEXICO CELEBRATES INDEPENDENCE

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. DANIELSON. Mr. Speaker, September 15 marks another anniversary of the proclamation of Mexico's independence from Spain by a brave Father Hidalgo.

Many years of fighting followed Father Hidalgo's proclamation of September 15, 1810, when he set out with a poorly equipped army of 600 volunteers to challenge the Spanish forces. They were poor in weapons but strong in heart and the citizens of Mexico and people of Mexican descent throughout the world still remember that new beginning, which lead finally to Mexican independence and freedom.

Thousands of my constituents, as well as others throughout the Los Angeles area, will be celebrating Mexican Independence Day this weekend. I join in honoring our fast friends south of the border, and in saluting the many contributions that Americans of Mexican descent have made in this country—especially in the Southwestern States.

Mexico's struggle for independence was not unlike our own American revolution and these similar roots serve to strengthen those bonds that are already so strongly interwoven through culture and heritage in the area that I represent.●

SHOWCASE USA

HON. BARRY GOLDWATER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. GOLDWATER. Mr. Speaker, I would like to share with my colleagues a radio address recently made by former Governor, Ronald Reagan, about a publication produced in my congressional district in California entitled, "Showcase USA." Its publisher, George St. Johns, is also a constituent, and I want to take this opportunity to wish him every success in his ambitious endeavor. An excerpt of Governor Reagan's remarks follows:

SHOWCASE USA

There is something about a catalogue that grabs everyone. When we were kids we called them wish books. I've wondered now and then if we didn't have a secret weapon we've never used. What if we dropped umpteen million Sears catalogues on the U.S.S.R.? When the people there saw the kind of consumer goods available to those who worked and earned in a free society there just might be another revolution.

Well, this commentary is about a magazine, not a catalogue, but there is something of a relationship. There is also further evidence of the magic of the free market; this way of life that allows an individual to dream, then turn that dream into a saleable commodity.

"Showcase U.S.A." is the magazine I'm talking about—the dream that became reality. It isn't on the news stands. It has a controlled circulation aimed at a particular reader list for which it performs a most useful purpose.

A young man named George St. Johns is the publisher. His dream became a six-issue-a-year magazine aimed at importers throughout the world who are interested in American exports. "Showcase U.S.A." brings them useful information on every facet of America's export business.

From the beginning, publisher George St. Johns encouraged correspondence from his readers with regard to inquiries directed to American companies. He sees that the correspondence reaches the proper business or provides the answer such as sending a foreign executive a complete roster of companies making automobile air conditioners.

This correspondence has led to a new feature in the magazine, "Trade Inquiries & New Products" which is published in cooperation with the U.S. Department of Agriculture and Commerce. Adding to the flavor of the magazine is the colorful and great variety of advertising by American companies involved in export trade—another evidence of the free market in action.

"Showcase U.S.A.", published in Woodland Hills, California, is a handsome and interesting magazine, filled with illustrations, and it's performing a real service for buyer and seller alike. And isn't that what free enterprise is all about?●

RICKOVER ON RADIATION

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. WYDLER. Mr. Speaker, the recent accident at the Three Mile Island facility near Harrisburg, Pa., has been subject to much public debate. Unfortunately, I believe that many of the statements and comments which appeared in the media subsequent to this accident have not contributed very much to public understanding of the issue. This is particularly so when the subject of media discussion turns to radiation. I strongly believe that the public has been egregiously and irresponsibly misled by those hopping on the "anti-nuke" bandwagon.

With this in mind, I thought it appropriate to include in the RECORD a copy of a recent article which appeared in the Washington Star on August 26, 1979, by Adm. Hyman G. Rickover, entitled "Radiation! A Buzzword for Excessive Fears." Admiral Rickover dispels many of the myths about radiation in his typically frank and forthright manner. Admiral Rickover's perspective is one that concerned citizens and legislators should pay heed to.

Admiral Rickover's statement is as follows:

RADIATION! A BUZZ WORD FOR EXCESSIVE FEARS

(By Hyman G. Rickover)

Nothing we do is without risk. Risk is an inherent and accepted part of daily life. The problem lies in determining how great are the risks and what should we truly be afraid of. For this, it is important to acquire a sense of perspective.

The environmental risk having the greatest effect in the United States today is smoking. Smoking causes us about 325,000 deaths each year, half these from heart disease, and about one-quarter from lung cancer. Sixty years ago we had little lung cancer. Today more are dying from it than from automobile accidents.

Each cigarette has been estimated to shorten life expectancy by five minutes. Another method of estimating the risk shows that of a group of 10,000 who continue smoking, 1,600 die from the effects.

Another major health problem in the United States is caused by overweight. Our affluence and use of television contribute to this. Each ounce above normal weight is estimated to reduce life expectancy by two days.

We accept the inevitability of automobile accidents. By building safer cars or further reducing speed the risk could be reduced. But even a parked car is not risk free. You could choose not to drive, yet pedestrians and bicyclists also are injured by cars. Reducing the risk of injury from automobiles to zero requires moving to a place where there are none.

These comparisons should give some idea

of the risk involved in things you are familiar with. They give a basis for judging what smoking, or eating could mean to your health and safety. This is the kind of perspective to which people can relate.

While accepting the many daily risks of living, many seem to be getting the idea that their demands for energy should be met on an essentially risk-free basis. Since this is impossible, attention should be focused on taking reasonable steps to safeguard the public, on developing realistic assessment of the risks, and on placing them in perspective. One of the most widely distorted risks is radiation.

At the start of the Navy's nuclear propulsion program in 1946, I realized the need for careful attention to radiation. It was clear to me that if nuclear ships were to be viable, there would have to be assurance that workers and crews not be subjected to excessive radiation. To emphasize this, I designed the shielding for our naval nuclear plants to be many times more stringent than required by the standards then in effect. As a result, the shielding built into the first nuclear submarine, the Nautilus, was so conservative that it continues to be far more than adequate to meet the considerably lower radiation levels permitted today.

Insofar as the environment is concerned, naval plants have been so designed and operated that in each of the last eight years the total gamma radioactivity discharged to all harbors of the world has been less than two-thousandths of a curie. This quantity is for the operation of over 100 ships and of all their support facilities. To give you an idea what this means, if one person were able to drink the entire amount of this radioactivity discharged into any harbor in all of 1978, he would not exceed the annual radiation exposure permitted by the Nuclear Regulatory Commission for an individual worker.

The word "radiation" has come to connote danger. It is often described as so dangerous that any amount is unsafe—as if the only question worth addressing is "how fast will radiation harm you?" Because you cannot see, feel, taste, hear or smell radiation, it has an aura of mystery. But this same mystery appears to be absent from other potentially hazardous things for which we have a lack of sensory perception, such as radio waves, carbon monoxide, and small concentrations of numerous cancer-causing substances. These do not generate the same degree of fear as radiation.

The fear instilled by radioactivity today is akin to the fear of electricity following the invention of the electric light bulb 100 years ago. Public fear of electricity was inflamed. Wall plaques had to be installed in rooms with electric lights, assuring people that "the use of electricity for lighting is in no way harmful to health, nor does it affect the soundness of sleep." Yet electricity has helped to transform man's life from a short one of drudgery to one where long life and higher aspiration can be realized.

Scientists have stated for decades that radiation can cause harm. However, all of us have been subjcted to radiation throughout our lives from time of conception and, in fact, even prior to conception. The entire human race has been subjected to radiation, as has every living thing, throughout the entire evolution of our earth. The average person in the United States receives each year about one-tenth rem from natural radioactivity in the earth, in his body, and from cosmic radiation.

The unit of radiation, rem, ought to be required knowledge in all technical societies. It is defined in terms of energy absorbed in body tissues. Receiving one rem of gamma radiation is equivalent to absorbing 100 ergs of radiation energy for each gram of body tissue. There are 454 grams in a pound. An erg is the amount of energy required to lift a mosquito weighing one-thousandth of a gram about one centimeter. In terms of energy the rem is a small unit. A dose of one rem would raise body temperature only two-millionths of a degree centigrade.

We are not accustomed to fear background radiation; after all it is part of our natural environment. Yet in scientific terms it can be shown that its risk is not zero. More is known about radiation than almost any substance that can affect humans. More money has been spent to learn the effects of radiation on humans than for any other hazard in our modern society. The main effect is cancer. Effects other than cancer have not been found for low-level radiation exposure to adults. While genetic effects from radiation can occur, they are so small that none have been found, after the nuclear explosions, in 35,000 children conceived by parents irradiated in Hiroshima or Nagasaki in 1945.

The combination of one-tenth rem per year background radiation, together with nearly the same average amount from medical diagnostic radiation, is estimated to cause almost one per cent of cancer deaths in the United States. In an average group of 10,000 people, 1,600 will die of cancer. Sixteen of these deaths will be from background and medical radiation. If the lifetime radiation exposure of 10,000 people is increased by an average of one rem per person—a total of 10,000 rem—it is estimated that one additional fatal cancer may occur.

This estimate of risk gives perspective on what radiation exposure means in the following ways:

Of all industrial and medical radiation workers in the United States, about 15,000 die each year from cancer. The total radiation exposure from their work adds an estimated 25 cancer deaths per year.

Radiation from the nuclear accident at Three Mile Island may add one fatal cancer death to the public within 50 miles. Of the two million people living within this 50-mile radius, 325,000 are expected to die of cancer from causes other than the radioactivity released from this accident.

(For years rumors have persisted that radiation-induced cancer has killed the crew of the first nuclear-powered ship, the Nautilus. In 1978 the Navy traced each of the 96 officers and enlisted men of this first crew. Despite the rumors, all the men associated with operating the nuclear propulsion plant were alive and well.)

With this perspective you are in a position to better answer the question, "Is radiation safe?" If safe means zero effect, then you have to conclude radiation is unsafe. But to be consistent, you should also conclude that background radiation and medical radiation are unsafe. Or more simply, that being alive is unsafe.

"Safe is a relative term. Comparisons are necessary for actual meaning. For a worker, "safe" means the risk is small compared to other risks accepted in normal work activities. Aside from work, "safe" means the risk is small compared to other risks routinely accepted in life. From what I have said, it should be clear that the radiation encountered in our daily activities should not be the scary subject it is proclaimed to be.

A LOT IS KNOWN

In radiation, as in other areas, a most effective way to frighten people is to proclaim that no one knows what the effects are. This has been repeated so often that it has become an article of faith that no one knows the effects of low-level radiation on humans.

One could well state, "No one knows the risks of smoking a few cigarettes," but the risks of smoking a large number of cigarettes are well known. If 10,000 people smoke an average of four cigarettes a day, about 100 deaths will result; data are not available for lower smoking rates. For radiation, doses of 100 rem to each of 10,000 people would be required to cause an equal number of deaths. The effects of radiation on humans at doses of 100 rem are well known. The major controversy over radiation risks today is how to extend the risk estimates to lower levels. As we get to lower levels, it becomes more and more difficult to detect the effects, and this becomes a problem. Would it be possible to determine the effect on the death rate of doing one situp or one pushup a day?

Using the figures I just presented you can extend the numbers to show that one rem has about the same risk of death as smoking one cigarette per month. I make this comparison only to show that finding out the effect on the death rate of one rem of exposure is about the same as trying to find out the effect of smoking one cigarette a month.

The point is that the effect of one rem is extremely small. There are physical limits to how far we can go to ascertain precisely the size of this risk, but we do know it is small. Those who sing the refrain of how little we know about low-level radiation do a disservice. Instead, they should explain how much we do know about the small actual effects.

RISKS OF NUCLEAR POWER

The public perception of radiation has a direct bearing on the use of nuclear power in this country.

Nuclear power is not easy to deal with now because it has become a highly polarized issue. It is essential that our eventual decision be made on the basis of fact, not rhetoric, conjecture, or hope; nor as a result of the widespread tendency to sensationalize or ignore the true limits and risks of the alternatives.

According to the estimates I have already stated, the actual radiation exposure to workers and to the public from today's use of nuclear power can be estimated to result in about 11 extra cancer deaths per year out of a total of 360,000. On this basis, to eliminate nuclear power here would then potentially save 11 lives a year, but reduce the energy available. This loss of energy itself might well result in loss of life.

If the saving of 11 human lives were the sole objective, better results could be obtained from any of the following, than by eliminating nuclear power: reduce cigarette consumption by one cigarette per smoker per year; reduce medical radiation exposure by one per cent; move the population of the Denver region to coastal areas which have lower background radiation levels, due to lower altitude; eliminate stock car racing.

Concern over a nuclear accident is often cited as a reason for prohibiting nuclear power. Obviously, a repeat of the Three Mile Island accident cannot be lightly accepted, and corrective actions are called for. But the record and risks of this source of energy should be put into perspective, as compared with other risks we face.

Any large-scale generation of energy—whether nuclear or from other sources—involves major engineering difficulties and potential environmental impacts. (For example, accidents in mining and transporting coal, and the effects on the public from pollutants, result in a demonstrably higher death rate from use of coal than from nuclear power.) It is incorrect to assume that technology and increased government spending can overcome limits nature imposes.

I remember the optimistic projections made for nuclear power when it was first being developed. It was predicted that electricity from nuclear power would be too cheap to meter. These predictions sprang from hope, from ignorance of the engineering problems that would be encountered.

In similar vein, many advocates exaggerate the benefits and ignore the problems of the energy sources they are promoting. The solution to our energy needs is not just over the hill at the end of the rainbow. Nature always demands its price; providing adequate amounts of energy will exact its proper price.

Balancing risks and benefits must become a standard approach to evaluating environmental matters. The present crisis in confidence over energy requires this approach. ●

TODAY'S POOR PEOPLE

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. STOKES. Mr. Speaker, I would like to share with you and my colleagues an article by Colman McCarthy. Mr. McCarthy's article, "Today's Unfashionable Poor," appeared in the op-ed page of the September 5 edition of the Washington Post. I found the article to be extremely timely, particularly as I wait to begin to mark up the second concurrent budget resolution for fiscal year 1980.

Colman McCarthy's assertion that "helping the destitute is an idea whose time has passed" is not far off the mark. Current and projected budgetary policies confirm that. And while the complaints about the tax burden and inflation have been put at the center of our national debate, there is scant mention of the fact that in times of inflation, it is the poor who suffer the most.

The article follows:

Today's Unfashionable Poor

St. Louis.—No benches were in sight, so the black woman stopped to sit on the steps of a church. She lay down her bag of groceries. The bus from downtown had dropped her off on a corner in the near north side, one of the poorest sections of St. Louis.

In a few minutes, she would get up, suck in some air on this hot, swampish summer afternoon and walk two blocks to her house.

But first she talked. She had worked in a factory for 25 years. But the firm went out of business and she was laid off without a pension. Her husband died 10 years ago. She lives alone on a small Social Security check.

She took pride in having made it this far. But now, for the first time in her life, she was frightened. She survived being poor and black, and she had made it being poor, black and old. But now, on top of it all, "You can't depend on the money." She kicked her grocery bag: "I pay double the prices and get half as much." This winter, she said, she would have no money for fuel.

The old woman had too much dignity to say more. Complaining wasn't her way. Nor would she pity herself. She spoke of moving into her neighborhood 30 years ago when she was "only the second colored person" on the block. People respected each other then, and the north side was an address to be proud of. Now much of it is a shambles of urban decay and squalor.

"It's over now," she said. "We had some hope here 10 or 15 years ago. Back then, it was only us poor blacks they said were worthless. We could fight that. But now the dollar is worthless, too. Nobody can fight that. Not here, especially."

The foreboding of this woman—one of 25 million citizens the government says are poor—is part of what most politicians and economists now accept as unavoidable: the poor are about to be devastated by the onrushing economic chaos.

As hard times become impossible times, the fear among many of the poor is that they are being pushed further and further into invisibility. In the 1960s, programs like Head Start or Legal Services, and such laws as the Economic Opportunity Act, were at least reminders that the poor were there and that easing their wounds was a proper role for government.

It has been different in the late 1970s. During the congressional debate earlier this summer on food-stamp legislation, the battle cry of the conservatives in the 1960s—the poor are lazy and shiftless, let them rise by their own bootstraps—was transformed into a newer but still contemptible argument: the poor have already had enough done for them, so why do more?

Only after a dogged fight were the hungry allowed a few more dollars. The arguments for food stamps were bolstered by a Field Foundation report stating that in the past decade federal money for food programs was well spent. As for getting carried away with largesse for the poor and hungry, it was noted that the average benefit is about 30 to 35 cents per person per meal.

In the current politics of poverty, few mayors and few in Congress are bothering to get steamed up about compaigns or programs for the poor. Helping the destitute is an idea whose time has passed.

The urgency now is to take care of the middle-class and the rich. These groups have been fuming at members of Congress back in the districts for the August recess. Only a morally daring politician would rebuke them with the obvious answer: in times of inflation, the nation's first obligation is to the poor. They are catching it the worst.

The gripes of the affluent, who are nowhere near losing the necessities of life because of inflation, provide a cover for the institutional kindliness the middle and upper classes now enjoy. In "Small Futures," a new book written for the Carnegie Council on Children, Richard de Lone reports that 15 times as much federal money goes to the nation's wealthy—through tax exemptions on municipal bonds, capital gains and other aids—than to the poor through the welfare program.

As the old black woman in St. Louis walked down her street, it was almost certain that she would have a harsh and pathetic winter. As she disappeared into her home, the woman was like all of America's poor—out of sight. It is worse now, because today they are also out of fashion. ●

THE LEGACY OF ANDREW YOUNG

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. ASHBROOK. Mr. Speaker, it is a fitting commentary on the foreign policy personified by the soon to be departed Andrew Young that the so-called nonalined nations conference adopted a resolution denouncing the United States and calling for further surrender by this Nation. For the past 2½ years we have been fed a steady diet of people in the State Department, the White House, and the U.N. delegation pleading to the Nation to give up just one more military outpost, or just one more overseas possession in order to assure our good standing among Third World nations. Unfortunately, this Congress has seen fit to abandon Taiwan, to give away the Panama Canal, to cut back our military potential, and to watch Nicaragua go down the drain. We have also stood by while a democratically elected Government in Zimbabwe-Rhodesia has faced one test after another from armed guerrilla groups.

For all of this timidity, for all of this concern over how the Third World might react to our actions, for all of the millions spent on foreign aid to assist these developing countries, we have nothing to show except a major policy victory by the Soviets and Cubans. Once again the United States has been duped by a clatch of whining appeasers who have been able to hold sway over foreign policy. Once again we have been led down the road of overlooking aggression in the name of world peace only to find ourselves on the brink of yet another crisis with totalitarian expansionism.

Today, we are faced with Soviet troops in Cuba, as well as other signs of major military activity on this island of Communist tyranny only 90 miles off our shores. We see expansion of Communist aggression in the Caribbean and in Central America at the same time that demands are escalating on our own future actions in that region. We are told that giving up the Panama Canal would win friends and buy leverage in the Third World. What has happened? No longer satisfied with taking our canal and our billions of tax dollars, Panama helped bring a Communist-leaning government into power in Nicaragua. No longer satisfied with the elimination of a close American ally in Central America, Panama joined Cuba and other nonalined nations in calling for this Nation not only to abandon its important military base at Guantanamo, but to give up the Territory of Puerto Rico, an island that has representation in this very Chamber and has expressed its desire to remain a part of the United States. What we are seeing is the work of a boa constrictor that is tightening around this Nation every time we weaken our resolve. It is unrealistic to expect that Panama, Cuba, Nicaragua, or any of these other nations will cease their demands. No matter what this Nation does to placate the howls of these third rate dictatorships, there will be more demands.

What the leaders of this Nation do not understand is that these totalitarian leaders do not want justice, they want to carve out their own piece of the action in a world they hope will be led by the Soviet Union. The nonalined nations conference in Havana exemplifies these goals. In the first place, to consider the primary client state and henchman of the U.S.S.R.. Cuba, a nonalined nation is to stretch reality toward the surreal. Under the direction of Castro the conference played with a stacked deck from the outset.

In sweeping aside the warnings of Tito and other more moderate leaders of the nonalined bloc, the conference soon became a mouthpiece for the propaganda machine in the Kremlin. Its final act of passing a resolution condemning the United States as imperialist and calling for the withdrawal of American influence around the world was in keeping with the rhetoric espoused by Communist puppets since the Russian revolution. Lenin and Stalin would have been proud to see the sight.

Throughout the week of meetings leading up to the resolution, I could not help but think of all the words poured out on the floor of Congress and in the statements from the White House on how the Carter/Young policy of appeasing the Third World was working out so well. Editorialists and other commentators fell all over themselves explaining how the dipomacy of surrender was winning friends by the bushel basket. Just watch, they would say, Andrew Young is going to open up Africa and steal it away from the Soviets and Cubans. Just watch, they would state further, by allowing the Communists to win a few, we will benefit from the growing goodwill in the world and eventually prevail. Just watch, they cried, Andy Young knows what he is doing, all we need to do is let him renege on another U.S. commitment to a friend and all will be well.

Andrew Young is about to leave office. Behind him is a swath of foreign policy disasters and miscalculations that will take years to repair. It is possible that we may never recover the full trust of our friends or the respect of our adversaries. Long ago the Carter/Young combo had made the United States a helpless giant, given more time and effort they might have made this Nation a helpless dwarf. Lenin and Stalin would have been proud to see this sight, too.●

MARQUIS DE LAFAYETTE

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. LONG of Maryland. Mr. Speaker, September 6 of this year marked the 222d anniversary of the birth of the Marquis de Lafayette, the man whose deeds in battle helped in such a great degree to bring about the founding of the United States of America.

On September 6, a special ceremony took place at the Baltimore equestrian statue of Lafayette that is located at the foot of the Washington Monument at Baltimore's Mount Vernon Place. The monument is the first started in honor of our Nation's founder. Its cornerstone was laid July 4, 1815.

The equestrian statue of Lafayette was dedicated September 6, 1924, at a special ceremony where President Coolidge spoke and laid a special wreath. Since George Washington looked upon Lafayette as a son, it was appropriate that these two monuments should stand so close together.

Participating in this year's ceremony and presentation of wreaths was the Marquis Jean Pierre de Chambrun, great-great-great grandson of Lafayette. With the Marquis and helping with the ceremony was his lovely wife, the Marquise Muriel de Chambrun.

Making up the color guard and dressed in authentic uniforms of the Revolution were members of the Lafayette Camp of the Heroes of '76, Baltimore Chapter No. 7, National Sojouners.

The invocation was given by the Reverend Kenneth E. Jones, pastor of the Mount Vernon Place United Methodist Church which is located on the site of the former home of Francis Scott Key, composer of our national anthem.

Greetings were extended by the Honorable Hyman Aaron Pressman, comptroller of the city of Baltimore, who recited a poem that he composed shortly before the ceremonies.

Mrs. Romaine S. Somerville, director of the Maryland Historical Society invited all present to attend an illustrated lecture on the life of the Marquis de Lafayette prepared by the Marquis de Chambrun, direct descendent of Lafayette, and narrated by the Marquise de Chambrun to be held in the Jacob and Annita France Auditorium at the Museum and Library of Maryland History, Maryland Historical Society. Mrs. Somerville thanked the Ensign C. Markland Kelly, Jr. Memorial Foundation for partially funding through a grant the illustrated lecture on the life of the Marquis de Lafayette. She complimented Harold E. Wilmoth, his wife Blanche Wilmoth, and Mrs. Warren A. Burdette for the most hospitable luncheon arrangements held at the Engineering Center at 11 West Mount Vernon Place.

Mr. George W. Cyr, executive director of the Bicentennial Council of the 13 Original States Fund, headquartered in Alexandria, Va., reminded all present that there continues to be many more historic bicentennial dates in conjunction with the Revolution and urged all to support by attending and funding. He particularly mentioned that there was to be a reinactment of the march of General de Rochambeau's troops from Newport, R.I., to Yorktown, Va., where the final battle of the Revolution took place. The Bicentennial will actually end in 1990. Although the Constitutional Convention completed its actions in 1787 the Constitution was not finally ratified until the middle of 1790.

The Marquis and the Marquise both extended remarks of appreciation to the citizens of Baltimore City in remembering this day in the birth of the Marquis de Lafayette.

The Marquis, who as a result of the act of Congress in 1794 giving dual citizenship to direct male descendents of Lafayette, is both an American and a Frenchman. He is most proud of his father who as a member of the French Parliament was the only one to vote against the Vichy government during World War II.

Two live decorated wreaths provided by Flowers and Fancies, Stevenson, Md., were placed at the base of the equestrian statue of Lafayette by the Marquis de Chambrun and the Reverend Leighton E. Harrel, Jr., president of Baltimore Chapter No. 7, National Sojourners, Marquise de Chambrun and the Honorable Hyman Aaron Pressman, comptroller of Baltimore City.

The 222d anniversary ceremonies closed with the benediction by the Reverend Dr. Herbert Stein-Schneider, rector of St. John's Episcopal Church in Lafayette Square opposite the White House. This church has several Presidents' pews, as many of our former Presidents worshipped there. It is also known as the French Church and was built in 1815 under the supervision of Benjamin Latrobe, the architect of our Nation's Capital City.

The Reverend Dr. Herbert Stein-Schneider led all present in singing the "Marseillaise," the French national anthem.

The colors composed of the United States, France, Maryland, and Baltimore city flags were retired by Lt. Edward K. Henry, Jr., commander of Lafayette Camp Heroes of '76.

The honorary chairman for the 222d anniversary of the birth of the Marquis de Lafayette were the Honorable Louis L. Goldstein, comptroller, State of Maryland and the Honorable William Donald Schaefer, mayor of Baltimore City.

Coordinators were Warren A. Burdette, Mrs. Nita Schultz, and Gordon M. F. Stick who should be congratulated for their dedication and efforts for the remembrance of the Marquis de Lafayette. Benno Kohn was the official photographer for the event.●

HELP FOR THE LEATHER INDUSTRY?

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. MAVROULES. Mr. Speaker, Peabody, Mass., was once known as the leather capital of the world. It no longer holds that honor although it is still one of the major tanning centers in the Nation. Peabody used to have 200 tanneries. Now, it only has about 30.

Peabody is not unique in its present plight. Other major tanning cities around the Nation have similarly suffered because of the past failures of Congress to come to the aid of a beleaguered industry. Congress has the chance to rectify the situation if it approves the Shannon-Mavroules amendment to H.R. 4034, the Export Administration Act. The amendment seeks to reduce the current export level that allocates roughly 10 million hides to an industry that requires at least 19 million hides to keep the plants open.

If the wholesale exportation of cattlehides is not limited, it is estimated that over 1 million people in this country—500,000 employed in all facets of leather manufacturing, tanning, and retailing and 600,000 employed in ancillary service industries—could very well join the unemployment lines. These figures are by no means illusory. Just last month, one of the major tanneries in my district, employing over 250 people, announced its forced closing. August's toll for my district was 250 people. There are only 23,000 tanners left in Massachusetts, with the heaviest concentration being in the North Shore area that I represent. How soon before they become victims too?

But, I would be remiss if I failed to mention the adverse impact the present export level of cattle hides will have on every consumer in America when he or she goes to buy a pair of shoes, a handbag, a leather jacket, or any other leather product. The average price for a pair of men's shoes will increase $6 to $10 at the retail level; an average pair of women's shoes, along with those for children, will go up by $4 to $8 per pair at the retail level; and women's boots will increase somewhere between $12 and $18 per pair.

If I have just painted a grim picture for the American tanning industry and the American consumer, Mr. Speaker, I am not to blame for its cause of continuation. But, Mr. Speaker, I want to reverse this disheartening situation and help Peabody, my hometown, and other tanning cities that are enduring a painful demise because of the present state of their native tanning industry. I cannot help all of these cities by myself. But my colleagues can help me by supporting the Shannon-Mavroules amendment.

Mr. Speaker, on behalf of the great city of Peabody, Mass., and the Peabody City Council, I would like to bring to the attention of my colleagues a resolution submitted by Councillor John J. Ferrante and approved by the Peabody City Council. Their message is simple. They ask the President and Congress of the United States to come to the aid of an industry that was once strong and viable. I hope that their message will be heard.

The resolution follows:

> AUGUST 23, 1979.
>
> Whereas, the City of Peabody, Massachusetts, once known as the leather capital of the world, is highly dependent on leather and leather related industries for its livelihood and economic stability; and
>
> Whereas, the bleak outlook of the leather industry which is caused by the export of domestic hides to other nations at inflated prices is threatening those industries located in the City of Peabody and the North Shore of Massachusetts with extinction; and
>
> Whereas, the demise of these industries would be a severe blow to thousands of citizens employed by them, therefore be it;
>
> *Resolved*, That the Peabody City Council hereby urges the President and Congress of the United States to pass legislation whereby a limit shall be placed on the number of hides which may be exported from the United States, and be it further;
>
> *Resolved*, That copies of these resolutions be forwarded to the clerk of the U.S. House of Representatives, the President, and Representative Nicholas Mavroules.
>
> PETER TORIGIAN.●

SHATTER THE SILENCE, VIGIL 1979

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. MAZZOLI. Mr. Speaker, I would like to bring to my colleagues' attention the plight of the Beilin family.

Mr. Beilin is a forestry technician who lives in a small Jewish community in Tula. Most of his family, eight aunts and uncles who previously lived in Vilna, were exterminated with their young children during World War II.

In 1973, Mr. Beilin's father died after a long illness. Before he died, his last stated wish was that his family move to Israel where his only sister resided. This request the widow Beilin decided to fulfill.

Yakov Beilin's mother was granted permission to emigrate to Israel, but Yakov Beilin, his wife, and two children were refused. Despite her age and frailty, Yakov Beilin's mother decided to make the move.

His mother remains most distressed by being separated from her family. She writes:

> I have but one desire. I beg you to help me bring my son and his family to Israel. The few years that I have left to live I would like to spend together with him.

Mr. Speaker, as one of many concerned Members participating in this year's vigil, I hope the Soviet Union will exhibit respect for basic human rights and privileges, as guaranteed under the Soviet Constitution and the Helsinki Accord, and reunite the Beilin family and other Soviet families in similar circumstances.●

KRISTIN FARRELL'S ESSAY ON WORLD GOVERNMENT

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. DORNAN. Mr. Speaker, I would like to commend to the attention of my colleagues, an outstanding essay written by a young constituent of mine, Kristin Farrell. I was delighted to attend the Palos Verdes annual Fourth of July celebration and present to Kristin the award for first place in the 9th and 10th grade division of the Herbert Albright Americanism Essay Contest.

The topics of Kristin's essay, world government against democracy, is one which has been debated for decades. Yet, I was most impressed with Kristin's fresh insight into the inevitable difficulties which would ensue under one-world rule.

I always find it inspiring to hear from young people who are committed to our country's ideals and political way of life—who recognize freedom for the precious gift it is.

I am ever more convinced, even amidst the negativism of our age and the sometimes disheartening commentaries on youth, that our young people are, indeed, our greatest resource for the future—especially those with wisdom, dedication, and sensitivity—qualities which Kristin so obviously displays through her essay, which I am privileged and proud to insert in the RECORD at this time:

CAN AMERICAN INDEPENDENCE SURVIVE UNDER A WORLD GOVERNMENT?

In the event of a world government, American independence as we know it today could not possibly survive. While the United States has a representative-type government, a world government would most likely be based on majority rule, giving one man one vote. Because the United States is a minority compared to the rest of the world, this would greatly impact us in several ways.

An example of the type of government we would be likely to have can be seen in the way the United Nations is run. In past years, the main powers, such as the United States, Russia, and Great Britain, through their control of the Security Council, had most of the authority. Gradually, though, the proliferation of third-world nations has been taking over because of its greater representation in the Assembly. This is the same thing that would happen if a world government were established.

Another problem that would arise would be the loss of advanced agricultural and manufacturing techniques. Nations such as the United States, Japan, and Western Europe which, due to free enterprise, have been able to develop a much higher standard of living than other countries, would lose their incentives to better themselves if they were subjected to a "share everything" policy. A modified version of this has already been seen in the Law of the Sea Conference, a world-wide congress which has been discussing fishing and mineral rights. Underdeveloped nations feel that companies who put their knowledge and technology to work in international waters should be forced to share their profits as well as what they have learned with the entire world.

While the benefits from these industries would greatly help a limited number of people and aid everyone indirectly, if everything had to be divided equally among all the world's people, no one's standard of living would rise much. People would simply be discouraged from trying to improve themselves at all.

In addition to this, because of the underdeveloped nations, a world government would probably have to be socialistic. This would be disastrous, as very few American businesses are presently government-owned. The private businessman would be lost.

The United States, by being deprived of private commerce, freedom of choice, and suddenly becoming a very small part of the world at large, would lose its individuality. We would be like any other country . . . just working to survive, not striving for the better life that lies ahead.

KRISTIN FARRELL.●

"ENERGY FUTURE"—A HARD PUSH FOR SOFT TECHNOLOGY?

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. WYDLER. Mr. Speaker, there has been much attention given in the past few weeks to a recent publication of the Harvard Business School entitled, "Energy Future" edited by Robert Stobaugh and Daniel Yegin. I think it is important to highlight the shortcomings of the book since it has become extremely faddish to praise it at the other end of Pennsylvania Avenue. I believe that it should be recognized that the authors have clearly taken a position of strong advocacy for soft technology. Their energy approach is focused on conservation, particularly institutional aspects in the near term, and distributed solar systems in the long term.

The position is taken that "external costs" of coal; that is, the environmental penalties, and of nuclear—societal costs—in terms of health and safety concerns are much too great to encourage these options in the near term to lessen our dependency on foreign oil. This position is not taken on firm ground by measuring the comparative risks of these technologies, but rather from a visceral "feel" on the part of the authors that such costs, tangible and intangible, are simply too great. It sems to me that the thrust of the national energy policy and its implementation can hardly be based on such tenuous grounds as is the case for this study.

BREEDER REACTOR

The authors present a distorted nuclear picture of the Clinch River breeder reactor controversy and leave the reader with the impression that the costs for this first-of-a-kind plant are representative of the price of generating electricity from breeder reactors 20 years from now. Again, this is done in the absence of any firm quantative discusson of cost elements.

FUSION

There is no discussion of why nuclear reprocessing is such a major issue for the United States; that is, why this Nation must consider the retrieval of the precious energy from spent fuel in the form of uranium and plutonium.

The authors make no mention at all of fusion power as a source of electricity early in the next century. Apparently this omission stems from the antiutility bias which emerges particularly in their chapter on Solar America. Our Committee on Science and Technology has sensed a growing optimism about the magnetic fusion program and there is much sentiment in the Congress for accelerating the program so that fusion power would be demonstrated before the end of the century. I cannot conceive how a study purported to be reputable and, in any sense, scholarly can completely ignore this clean, safe way of tapping virtually unlimited supplies of energy.

OIL AND GAS

Surprisingly enough, the book is more optimistic about our domestic oil future than myself and many Members of the Congress who are pushing for increased energy supply. Not surprisingly, however, the authors assume that "environmental restrictions on nuclear power" are a sufficient basis for ignoring the tremendous savings that can be achieved in electrical power generation by shifting from oil to nuclear as well as coal. Although the authors present a somewhat credible history of the perils of the administration's National Energy Act (NEA), they do not explain the unfortunate near-term myopia of the national energy plan. They also ascribe all the administration's difficulties in passing the NEA to the fact that tremendous stakes were involved in terms of deregulation and decontrol. As a conferee on that legislation I can assure my colleagues that, although the stakes involved were a contributing factor, it should be recognized that the clandestine manner in which the plan was drafted without congressional input and the badly partisan manner in which the administration attempted to run it through were major contributing factors. The longer the conferees debated, the more obvious became the defects in the bill which the administration had proposed.

The authors do not seem to understand the technological promise of unconventional sources of natural gas and, as a result, they are more pessimistic about gas supply from synthetics and these other long-term sources than, I believe, is the technical community at large.

There is, as alluded to in the chapter on natural gas and as is ignored in the chapters on coal and nuclear, no real appreciation shown for getting at comparative risks of energy technologies. The authors' unwillingness to tabulate anything except the most rudimentary projections of energy contributions is a serious flaw and leaves a gaping hole in their argument on environmental and societal costs. They are apparently not even aware of potential problems with the radiation from radon contained in natural gas or the generally accepted scientific view that, of all the carcinogenic substances known to man, radiation is certainly the best understood.

CONSERVATION

It is fascinating to note that the study constantly mentions the conservation benefits of deregulation yet never comes to grips with assessing the prudent limits of decontrol to optimize supply without disrupting the economy. The authors fail to recognize the constraints on industrial conservation which they feel is the "key energy source" in the near to intermediate term. They ignore studies which have been done on the technical and economic promise on conservation options for industry in cogeneration. Although they cite instances of significant industrial conservation they do not seem to recognize that the easy things; that is, "business practice fixes," have been made and that future commitment to conservation will require significant investments on the part of many industries. These industries will also be reluctant to retrofit equipment which has considerable useful life remaining. Although the Government has provided tax credit encouragement for conservation in the NEA, the authors called for much higher levels for cogeneration to make these incentives strongly competitive with encouragement for adopting new technologies. This approach seems at odds with our national energy goals to rapidly commercialize advanced technologies. There is no discussion of cogeneration schemes under which a utility would distribute waste heat for industrial commercial or residential use.

NUCLEAR FISSION

I addressed some the major shortcomings of the nuclear area; it is also worth mentioning some specific failings. Unfortunately, the authors not only neglect a "cradle-to-grave" comparison of nuclear with coal and other sources in terms of real risk and environmental impact, but they misrepresent it by exaggerating the requirements of the uranium enrichment activity. As a result, their critique that the nuclear power "chain" is much more complex than the coal chain is rendered patently absurd. In this regard, let me remind my colleagues that the scrubber waste disposal problem from coal plants is a major problem we are just beginning to wrestle with. The other shortcomings of the book on the nuclear issue are:

There is no understanding of the technology for the isolation of nuclear waste and no appreciation of the fact that a reasonable goal of 1,000 years or so would be eminently sensible.

The discussion of the international breeder reactor program is simply incorrect. The French Phoenix reactor, almost 300 megawatts electric, is referred to as a "small pilot plant" and the authors clearly do not realize that the French Super Phoenix reactor is 1,200 megawatts electric and definitely a prototype machine.

There are serious other inaccuracies and omissions which demonstrate the authors' unfamiliarity with this technology which flaw the entire discussion on nuclear power.

The authors are confused about the character of the waste isolation pilot plant (WIPP) facility in New Mexico and have confused this defense facility with the civilian waste program.

A bizarre note in the discussion on nuclear safety is the authors' observation that perhaps the United States should not complete construction of the 90 or so reactors already being built. This is a stunning statement in light of even the most pessimistic electrical demand scenarios and is simply synonymous with brownouts in the late 1980's.

SOLAR

The authors concentrate on a "Solar Future" unmindful of several key facts:

Solar hot water heating systems costs are not projected to go down much, because of the large fraction of residential costs and the very high inflation rate for this activity.

The authors are far more optimistic about the usefulness of Federal "buys" in stimulating solar system technology than the Department of Energy or the majority of the technical community.

There is an unfortunate emphasis on the promise of distributed systems, because of the authors' obvious opposition to any utility role in marketing or servicing these systems.

The 55–60 percent tax credits which the authors suggest for solar heating systems such as offered in California are unprecedented incentives for any commercial technology and yet there is no unique defense for their position.

The authors demonstrate a clear bias against the aerospace companies as well as the utilities ignoring the fact that these companies have unique project management and advanced systems capabilities to complement the Department of Energy and National Aeronautics and Space Administration involvement in technology development.

Large windmills are referred to as complex technical systems in the same manner as microwave space satellites which seems to be an unusual characterization of this hardware.

There is no mention by the authors that solar technology development has been badly managed or not managed at all in DOE, because there has been no requirement of accountability. We can hardly expect commercialization of these technologies if the technology development is not even done successfully yet the authors are blandly unaware of the issue.

It seems to me that a much more quantitative study of energy technologies addressing all aspects of concern about various options, for example, from mining to disposal, would have been much more constructive. Also, a more objective approach without such demonstrated a priori bias would enhance the probability of acceptance by different camps leading to a genuine consensus on a reasonable energy strategy. I believe that Resources for the Future has completed such a study called "Energy in America's Future—The Choice Is Before Us" and I intend to comment on this document in the Congressional Record in the near future.●

A CASE FOR REGISTRATION

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. NICHOLS. Mr. Speaker, yesterday the House defeated the proposal coming out of the House Committee on Armed Services which would reinstate registration of young males 18 years of age on January 1, 1981.

I do not believe the matter is closed and I trust that the report which the House asked the executive department to make will point up the need for substantial changes in this country's Selective Service System.

My colleague from Mississippi, the Honorable G. V. Montgomery, in July of this year asked the Office of the Comptroller General for a report on the capabilities of the Selective Service System, and I am submitting their response which I believe points up the urgent need for some improvements in that System. I am also submitting for the Record an article appearing in the July 27 issue of the Washington Post by my respected colleague in the U.S. Senate, the Honorable Sam Nunn of Georgia, entitled "The Case for Peacetime Registration," and recomemnd these two articles for reading by every Member of this body:

Weaknesses in the Selective Service System's Emergency Registration Plan

(Report by the Comptroller General of the United States)

The Selective Service System has been developing an emergency plan to meet DOD's manpower requirements without the use of continuous registration of America's youth. The Selective Service System agrees with GAO that having continuous registration would strengthen its operation but says its emergency plan will work, given the necessary funds and people.

However, GAO concludes that the emergency plan has shortcomings which make it doubtful that the plan will ever be implemented. A National peacetime registration program, in GAO's view, will best meet DOD's current mobilization requirements. Mobilization requires the delivery of 100,000 people to the military services by the end of 60 days. It will provide the least risk to the Nation in the event of war or a national emergency.

Washington, D.C.

Hon. Gillespie V. Montgomery,
House of Representatives,
Washington, D.C.

Dear Congressman Montgomery: This is our report in response to your request on July 19, 1979. Since our report on the Capabilities of Selective Service (FPCD–79–4, Dec. 14, 1978) and our testimony in February 1979 before the House Armed Services Committee, Subcommittee on Military Personnel, we have surveyed the claims of the Selective Service System with respect to alleged improvements to the System. As arranged with your office, we are making copies of this report available to other parties.

Because of the short time frame in which you needed this report and agreements with your office, we did not obtain written comments from the Selective Service System but discussed our findings with its officials. The acting Deputy Director, Selective Service System, said that having peacetime registration would significantly enhance the System's operations. He said that, since registration is not in place, he has had to develop alternative plans to meet the manpower delivery requirements of the Department of Defense (DOD). He believes that the emergency plan they have developed will work if he is given the necessary funds and staff resources. Regarding the emergency plan, he also realizes that several arrangements have not been formalized such as agreements with States, identification of sites, and logistical arrangements for forms.

At the time of our prior report and testimony the System said it could not meet DOD's manpower requirements (deliver first inductees at mobilization plus (M+) 30 days and 100,000 people at M+60 days) with its existing personnel and $7 million budget.

In recent testimony the System stated that if it were provided the $9.8 million budget requested, it could meet DOD's requirements without returning to peacetime registration. To meet these requirements, the System said it would use the State election machinery in combination with a system of highly automated data processing equipment to conduct a mass 1-day registration. The System stated in the testimony that it had made considerable progress in developing the rapid registration and input concept but has some distance to go before considering its emergency registration plan as fully ready for implementation.

In addition to using the State election machinery and data processing, the System has to take numerous other actions before and after mobilization day to meet DOD's requirements. These include such things as prepositioning supplies and equipment, recruiting and training local and appeal board members, identifying sites for registration, and arranging the delivery of induction notices. Time frames established under this emergency registration plan to meet DOD's requirements of 100,000 inductees at M+60 days call for (1) having a mass registration at M+10 days, (2) processing registrant data between M+11 and M+15 days, and (3) delivering induction notices at M+20 days.

We have examined the procedures being developed for implementing the emergency registration plan and have serious reservations about whether it can be fully implemented. For example, we found that (1) formal arrangements had not been made with the States for using their election machinery, nor had the States been formally asked if they could begin registration by M+10 days, (2) the data processing equipment tested by the System was not representative of the equipment necessary to handle the workload in an actual situation, (3) equipment had not been tested to insure delivery of induction notices by M+20 days, and (4) logistical arrangements for distributing prepositioned supplies and equipment had not been developed. (See appendix.)

In addition to our specific concerns about implementing the emergency plan, an overriding issue centers around the concept of equity. Should any one of the planned procedures fail, serious legal questions could arise concerning fair and equitable treatment of those involved. For example, if one county did not hold the mass 1-day registration, it would be impossible to have an equitable lottery.

In view of all of the uncertainty, the lack of complete staff work, the assumptions that everything will work as conceived, and that all barriers are surmountable, we still believe that reinstating some form of national registration will best meet DOD's manpower requirements of 100,000 by M+60 days and carries with it the least amount of risk for the Nation in the event of war or national emergency.

Sincerely yours,
Elmer B. Staats,
Comptroller General of the United States.

The Case for Peacetime Registration

(By Sam Nunn)

Large-scale mobilization exercises conducted over the past several years demonstrate that present military manpower problems are so severe that our armed forces would not be capable of meeting a national-security emergency that required a rapid, major increase in present force levels.

The military will not be able to ensure adequate medical support in a major conflict. Shortages in surgeons, nurses and enlisted medical manpower are so grave that thousands of unnecessary deaths would occur from the lack of medical treatment. Nor would the Army possess sufficient troops to man its combat units. Combat manpower shortages would be especially acute in the most critical skills: infantry, armor and chemical warfare specialists. The shortages would be so severe that the secretary of defense has barred them from the public view by classifying the terrifying statistics. The public is told about the lack of enough tanks and equipment, but not about the lack of enough people to operate what the military already has.

Peacetime registration will not by itself solve the problems, but it can make a crucial contribution by providing trained manpower to units 100 days earlier.

Expert opinion, including that of the Selective Service director and the secretary of defense, is unanimous that our Selective Service System cannot now meet the stated requirements of the Department of Defense for the delivery of inductees upon mobilization. The public is largely unaware that DOD mobilization plans have never included reliance on the All-Volunteer Force in case of a war or emergency but rather on the delivery of inductees under a reinstituted military draft.

The DOD requirements call for delivery of the first inductees for training within 30 days following the decision to mobilize (M-Day), with a total of 100,000 inductees within 60 days and 650,000 within six months. Unfortunately, all experts agree that the Selective Service System today could not deliver the first inductees for training until three or four months after M-Day, and would be capable of supplying less than 60 percent of the 650,000 inductees required within 180 days. The time frames and numbers have become even more critical because of the severe shortages in our reserve forces.

The rapidity of the call-up required by the DOD war plan is based in part on the changed character of a war in NATO in which the Soviets are prepared for blitzkreig warfare. If we cannot meet this type of attack with conventional forces that depend on manpower, NATO might be forced to early use of nuclear weapons as the only option. In a real sense, the choice is between realistic preparation of our conventional forces, including peacetime registration, or more and more reliance on quick use of nuclear weapons.

To close the gap between present requirements and present capabilities without going to peacetime registration, the administration has dreamed up a Selective Service plan to institute registration after mobilization. The administration scheme would be unleashed on the youth of our nation in the following fashion:

On M-Day, the president announces that all males between 19 and 21 years of age would be required to register 10 days later at some 50,000 election sites around the country. At the same time, the president would mobilize the assets of the Selective Service System—750 Reserve officers and 100 paid staff—who would locate, organize and train tens of thousands of local precinct election personnel in towns all across the nation.

These measures would be taking place in the midst of a national emergency when the entire country would be trying to prepare for wartime conditions. Indeed, the presidential order to conduct mass registration in the middle of a period of international tension could itself be considered an escalatory act, increasing the chance of war. As a result, the registration order would be delayed.

But, let us assume that by M-Day plus 10, all 6 million draft-age males register after the president's announcement. The plan continues: By M-Day plus 15, millions of personnel records, handwritten by legions of untrained election personnel at 50,000 as-yet undetermined polling places, will all be picked up, sent to 10 regional Selective Service offices, and there entered into computers and transmitted to one control computer at Selective Service national headquarters. (The computers do not now exist, but are requested in this year's budget.)

Assuming that the computers are infallible, on M-Day plus 16, the national lottery commences. On M-Day plus 19, a tape is transmitted to Western Union to dispatch the first 200,000 mailgrams ordering inductions.

The director of the Selective Service has testified that, because of court decisions during the Vietnam era, if omissions of the primary age group occur, whether by lost registration cards, local- or regional-headquarters error, or computer breakdown, the entire induction order could be subject to successful legal challenge.

M-Day plus 20 to M-Day plus 30: The first 200,000 inductees arrive at the examination stations, including the blind, the crippled, the retarded and the conscientious objectors, since no pre-screening has occurred. After their examination, those fit for military service would then depart immediately out the back door for training (presumably without picking up their toothbrushes or telling their loved ones goodbye). Subsequent call-ups would continue at this pace in this fashion for months.

I can't help noting the contrast between the Defense Department's manpower mobilization plan and the Energy Department's plan, as reported in The Washington Post, to mobilize and train some 200 enforcement agents within six to eight weeks who will check to ensure public buildings are meeting the new 78° temperature mandate. The Defense Department mobilization plan assumes that millions of men can be called up, registered, examined, classified and sent to combat-training facilities in half the time it takes to teach 200 federal workers how to read a thermometer.

The Defense Department plan has been reviewed by committees in both houses of Congress and by outside agencies. The only people who appear to believe in the feasibility of the scheme, which is only a collection of untested ideas, are the director of the Selective Service, the assistant secretary of defense for manpower and the secretary of defense. Except for them, there seems to be a general consensus that only peacetime registration can meet our mobilization requirements for inductees. The chief of staff of the Army does not believe the present plan will work, and all the Joint Chiefs support peacetime registration. The top deputy at Selective Service headquarters was fired on June 28 because he voiced his belief that the plan was totally unworkable and endangered our national security.

As material for a Walt Disney cartoon, the DOD mobilization plan would be an instant best seller. Unfortunately, it is the basis for meeting our wartime requirements and preserving our national security.

Defense Secretary Harold Brown counsels that we should wait until the administration plan is fully tested (two years at least) before considering a simple call for our young men to furnish their names and addresses in a calm and orderly manner. If our nation remains at peace while we continue our reliance on the current unworkable scheme, we will simply look back on it as politically motivated nonfeasance. If, however, we have a war or emergency mobilization during this period, those in the chain of command responsible for basing our nation's security on this hoax and those who know better but sit silently by will be held accountable, by an enraged nation, for their gross negligence.●

WEST TEXAS VIEWPOINT

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. COLLINS of Texas. Mr. Speaker, I received a resolution that was passed by the Commissioners Court of Ward County out in west Texas.

What they say represents commonsense Americanism. Their desire to reverse the present policies of the Federal Government expresses the thoughts most Americans have from coast to coast. In plain language, they specifically sum up that we have too much Federal Government, too much Federal regulation, and too much spending by Congress. I am mighty proud of County Attorney Keys.

The commissioners court is composed of County Judge R. D. Sitz and Commissioners H. A. Collins, Lenora Price, J. H. Raglin, and Robert Spinks, with the resolution being signed and witnessed by Pat V. Finley, county clerk. This is part of the record of the Commissioners Court of Ward County, Tex.

Here is the resolution:

RESOLUTION

Whereas, the undersigned, the elected County Judge and Commissioners, comprise the Commissioners Court of Ward County, Texas, the governing body of Ward County; and

Whereas, we are highly alarmed and concerned about the policies of the Federal Government with respect to the matters listed below, to wit:

1. Yearly deficit spending, one major cause for the skyrocketing inflation rate of this Country (12 to 13 percent in 1979 as opposed 4½ to 5 percent in 1976);
2. Highly excessive spending each year;
3. The bloated National bureaucracy;
4. Revenue sharing (money the Federal Government does not have), which is a luxury we cannot afford at this time;
5. The CETA program which is a farce and another luxury we cannot afford at this time;
6. The Department of Energy which is stifling the oil, shale, and coal industries;
7. The various departments, administrations, bureaus, and other agencies in the unelected bureaucracy including, but not limited to, the Bureau of Alcohol, Tobacco, and Firearms; the Law Enforcement Assistance Administration; the Occupational Safetyand Health Administration; and the Independent Environmental Protection Agency, all of which have adopted a pattern of regulations and administrative decrees exceeding their Congressional mandates further stifling our industries;
8. The ridiculously high cost of medical care which has been caused by interference in the marketplace by the Federal Government through the Department of Health, Education, and Welfare;
9. Interference by the President and the State Department in the affairs of other sovereign nations;
10. The prevention by the Federal Government of the production of lumber and minerals from the vast areas of Alaska and the Western States at a time when such items are so sorely needed;
11. Any "windfall" profits tax on oil (if such increased "profits" are plowed back into exploration for and production of more oil) at a time when such action would be extremely harmful to increased oil production;
12. Failing to remove the minimum wage law insofar as it affects young people who cannot get jobs and thus significantly contribute to the nation's spiraling crime rate;
13. Policies of the State Department which penalize our friends (such as Rhodesia and South Africa) and which are in the process of giving "most favored nation" treatment to China and Russia;
14. Entering into the SALT II Treaty unless it gives the United States equal defensive capabilities with the Soviet Union;
15. Even considering socialized medicine;
16. Failing to let the market place (supply and demand) determine the true price for goods and services;
17. Continually imposing excessively high taxes on industry which prevents plant modernization and, thus, effective trade competition with other nations;
18. Forced school bussing which is wasting millions of barrels of oil yearly; and
19. All of the other socialistic programs of the Federal government too numerous to list at this time.●

REBECCA BREAZEALE

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. FRENZEL. Mr. Speaker, I rise today to recognize the contribution of a woman who has played an important role in getting young people in my State and around the country more involved in the political process.

For the past 5½ years, Rebecca "Becky" Breazeale has been employed by the Close Up Foundation, an organization which has had a tremendous impact on our young people. Through its seminars and workshops, many teenagers learn that participation at every level of Government is vital to the future of this democracy.

Ms. Breazeale, through her dedication, personal enthusiasm, attention to detail and, above all, hard work, has helped to make this educational experience possible for thousands of students from around the country. I have recently learned that Becky will be leaving the foundation to return home to Mississippi and, as a member of the foundation's board of advisers, I want to salute her for her valued contributions.●

JAPAN PREPARES FOR VIETNAM TRADE; WE DON'T

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. SIMON. Mr. Speaker, as my colleagues in the House know, for some time I have believed that it is not in our best interests as a nation to continue our stubborn and ridiculous stance of not recognizing the Government of Vietnam.

They are eager for such recognition and eager to begin a trading relationship with us that can be helpful to our economy.

More important than that, it is a way of encouraging Vietnam to maintain independence both from the Soviet Union and from China.

Interestingly, among the nations which maintain diplomatic ties with Vietnam are Japan, France, Great Britain, Australia, and Canada.

And even more interesting is the fact that Japan sends her diplomats to the United States for training in Vietnamese. They come to Southern Illinois University in Carbondale, Ill., which I am proud to say is in my district.

I find this interesting for two reasons. First, the Japanese have the good sense to train their diplomats in the language of the country before they send them to the country. Second, they look around and find the best possible training site in a language and then send them to that site.

I am inserting in the RECORD at this point the news release from Southern Illinois University which details some information about the most recent alumnus of the program at Southern Illinois University:

NEWS RELEASE FROM SOUTHERN ILLINOIS UNIVERSITY

CARBONDALE, ILL.—August promises to be a very big month in the life of Akira Ouchi. That's when the Japanese diplomat trainee is due to arrive in Hanoi to begin the first big assignment of his young career.

It's something he's been looking forward to ever since he came to the United States last summer to study Vietnamese under Southern Illinois University-Carbondale linguistics professor Dinh-Hoa Nguyen.

He's the third Japanese diplomat in three years who's been sent to SIUC to learn the Vietnamese language in preparation for joining Japan's Ministry of Foreign Affairs staff in Hanoi.

"I am excited about going to Vietnam, but I am leaving the United States with mixed emotions," said Ouchi. "I have seen much and enjoyed myself during my stay here."

During that yearlong stay, Ouchi has seen as much of the United States as he could, both out of interest and a desire to learn what he could of American culture and people.

He has visited California, New Orleans, Chicago and cities on the East Coast. He also spent a week in Montreal with his father attending a Lions Club international convention.

"America is a very free country. It seems you can do just about anything you have the will to do. I am impressed by the 'cowboy spirit' of self-dependence that Americans seem to have, as well as by the many different attitudes I have found people to have," he said.

Ouchi said American materialism staggered him at first. It will not be easy, he said, to adjust to the austerity he expects to find in Vietnam.

"It will be challenging to go there, but it will probably be difficult to adjust to the hard life I expect to be living there. It is an opportunity to see a part of the world that ordinary people cannot see," said Ouchi.

"My goal is to remain objective in judging life in Vietnam."

In Hanoi, Ouchi will round out a six-person embassy staff. Japan is one of several nations which maintain diplomatic relations with Vietnam. Others include France, Great Britain, Australia and Canada.

The assignment is the culmination of years of preparation for Ouchi, who first became interested in diplomatic work in high school in his hometown of Takasaga City near Osaka.

"I have wanted to travel internationally since I was a small child, and in high school I decided that being a diplomat would be a good way to do that," said Ouchi.

After graduating from Sophia University in Tokyo, he studied in Australia and the Philippines, where he made the decision to try for a position in the Southeast Asia Division of the Ministry of Foreign Affairs.

"There are very few Vietnamese specialists in the Ministry, and that appeared to be where the greatest opportunity was," said Ouchi.

Shortly after joining the Ministry of Foreign Affairs, Ouchi was dispatched to SIUC to learn English and Vietnamese.

SIUC is one of three universities in the United States where Vietnamese is taught. The others are the University of Hawaii and Cornell University.

SIUC has been the choice of the Japanese Ministry because of the quality of the program—headed by Nguyen—and the unmatched wealth of Vietnamese-language publications in the University's Morris Library, according to Ouchi.

"We've gone to great lengths to maintain the quality and quantity of our Vietnamese-language holdings with the help of libraries in Paris, Washington, Tokyo and Hong Kong," said Nguyen.

Publications like Nhan Dan—the People's Daily in Hanoi—have helped Ouchi learn about Vietnam. He said his academic training during the past year has been top-notch.

"But when I get to Vietnam—that is when I will really begin to learn," he said.

He is due to arrive in Hanoi Aug. 1.●

INDOCHINA REFUGEES AND AMERICAN POLICY

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. MILLER of California. Mr. Speaker, I delivered a speech to the Commonwealth Club of California on the subject of American Policy and the Indochinese Refugees last Friday, September 7, 1979. The subject of the refugees will be discussed in depth by this House in the coming weeks, as will other aspects of our policies toward the nations of Southeast Asia. I would like to share this speech with my colleagues.

The speech follows:

THE INDOCHINA REFUGEES AND AMERICAN POLICY: AN EYEWITNESS REPORT

One month ago, I was in Southeast Asia as a member of a fact-finding mission appointed by the Speaker of the House of Representatives.

We went there for a very specific reason. One week earlier, over 70 nations of the world had concluded that the international community could no longer watch the terrible plight of the Indochinese refugees.

The United States delegation, of which I was a member, went to Geneva for two purposes: To tell the world community that we were willing to do our share to help those in camps, and also to insist that other nations accept their responsibility in this effort. I am pleased to report that this effort was successful, and that thousands of the refugees will, in fact, be resettled in other countries.

In an effort to get first hand information, the Speaker appointed a select delegation, with the concurrence of the Secretary of State, to secure the facts we needed to make critical decisions about the future of American policy.

A report will be submitted to Congress next week. Today, I want to share with you my observations and conclusions after a hectic, informative and depressing journey of 80,000 miles through the relocation camps and capitals of Indochina.

The Congress, and the American people, are soon going to have to confront some complex questions and come up with some answers. For example—

Is the American taxpayer willing to provide basic humanitarian assistance to some of the 395,000 Vietnamese, Laotian, and Cambodian refugees who are barely surviving in makeshift relocation camps?

We must ask: Who are truly "refugees"? Who is fleeing Vietnam? Are they ethnic Chinese who have been subjected to racial persecution, or Catholics subjected to religious oppression? Are they fleeing concentration camps and torture?

We must ask whether many of the "refugees" are really people who are dissatisfied with the primitive economy of Vietnam who prefer the economic prospects in the United States.

Will the refugee flow continue indefinitely, so that the international obligation is never-ending? Will the Vietnamese halt the exodus of its people, whom it cannot feed, or shelter, or employ?

Should we look to new policies to allow the growth of that economy so that, absent persecution, people will choose to stay in their homeland rather than to seek refuge in other countries, including our own.

When I left for Southeast Asia, I largely shared the views of the Vice President and the Secretray of State. The refugees, we were told, were the victims of religious and political persecution. Their plight was a latter day holocaust.

Over the course of the next five days, we spoke with hundreds of refugees in relocation camps. We toured camps in which tens of thousands of people were crammed into a piece of territory the size of a few city blocks. We spoke to local Government officials, and with representatives of the United Nations and private religious and charity organizations.

It became clear that the overwhelming majority of the current residents of these camps simply can never go home again. Whether it is because of their ethnicity, or their past association with the Saigon or U.S. Governments, or merely because they had already fled, they cannot return to their own countries.

I am deeply committed to the concept that the United States uphold its historic role of accepting true, and I stress the word "true", political refugees.

I am similarly committed to the proposition that other nations also meet their obligations.

I believe that we must explore all ways of mitigating those conditions which have forced so many people to risk their own lives, to put their own children into open boats on the high seas, and to risk death or robbery, rather than to remain in their own homeland.

For whatever reason that terrible choice was made—economic, political, or a combination of many—it is an intolerable situation. The world community must provide asylum to such people, and must demand that the responsible governments, including Vietnam, halt those reprehensible policies which compel their citizens to flee.

But we learned more. We learned that unless there are significant policy changes by the world community, the 395,000 people now in camps will be only the vanguard of an eventual "refugee" population which could total 2 to 2½ million people!

We learned that neither the United States, nor the other countries of the world, can possibly assimilate such a large number of people.

When economic conditions absent political persecution drive hundreds of thousands of people from their homelands, we cannot merely throw up safety nets and accept unlimited numbers of immigrants. Understandable as their desire to come to America is, I do not believe we should encourage or permit the resettlement of such people in the United States.

Instead, we must look to the eradication of those adverse economic conditions which have produced the refugees, and which will continue to produce millions more.

Acknowledging the widespread economic destitution in Vietnam, Laos, and Cambodia does not minimize the oppressiveness of these governments.

We all are aware that Pol Pot systematically exterminated perhaps half of the population of Cambodia in only a few years.

While such liquidations do not appear to have occurred in Vietnam, no one ought to be under any misconceptions about the leaders of that country. The men I met with are tough, hardened and callous, tempered by 30 years of war. They are determined to survive.

The condition of Vietnam today is an outgrowth of those three decades of war and mammoth destruction. The U.N. high commissioner on refugees has said that the crisis of the refugees "is inseparable from the political and economic developments relating to Indochina." I agree with this evaluation. The continuing flight of the refugees is inevitably linked to the devastation and hopelessness of the local economy.

When I flew over Vietnam into Hanoi last month, I observed a country whose cratered countryside looked like the far side of the moon, where transportation was primitive or non-existent, where destitution has become a normal way of life.

It is a country where the average annual income today is $150, about the same as it was twenty years ago. Before the wars, Vietnam exported rice throughout famine-prone southeast Asia. Today, it must import hundreds of millions of dollars of food to feed its own people. Despite strict rationing, experts predict widespread starvation and famine throughout Indochina unless agricultural production is reestablished.

Currently, the agricultural sector is in a shambles. The irrigation systems have been decimated, livestock have been slaughtered, and fields have been destroyed by defoliants and landmines. Droughts and floods have ruined up to 25 percent of the irrigable land in the last two years.

The Vietnamese Government has hoped to develop "new economic zones" of agricultural production. But it is little wonder that many of the city dwellers, who moved to the cities in large numbers during the war, are unwilling to subject themselves to the rugged life in the zones. Even the prospect of assignment to an NEZ generates enough fear among many Vietnamese to persuade them to flee. Many of these urban residents were merchants, 80 percent of whom were of Chinese ancestry, who see no future for themselves in this Communist society.

These are some of the circumstances from which the refugees are fleeing. There is such widespread despair about the economic future and the repressiveness of Vietnam that people are willing to take the great risks to gamble their lives on the slim chance of escape.

In addition, many have left, especially ethnic Chinese, because of the continual threat of a new invasion from China. Over a quarter of a million of these ethnic Chinese have already fled into mainland China, and more may soon go. There can be no doubt that the Hanoi government, fearing that many of the ethnic Chinese collaborated with the Chinese invaders, mandated the relocation or expulsion of ethnic Chinese in the North, the area adjacent to China.

Many more were expelled as a form of reprisals after the war. As a result of these complex issues, we all are facing some very tough questions:

Can the U.S. be truly concerned with the continuing flow of refugees, and not use all of our growing economic and political influence with China to discourage a new invasion, which will produce hundreds of thousands of new refugees?

Can the U.S. be truly concerned with the refugees and not remove obstacles to foreign investment in Vietnam?

Can we be truly concerned about the refugees and the loss of human lives and yet do nothing to enable the people of Indochina to feed themselves?

If your answer to these fundamental questions is yes, then you must also be willing to spend billions of dollars to provide for a continued flood of the refugees.

You must be willing to see again thousands of people taking to the seas in open boats, and to hear of the casualty rates as high as 50 percent.

You must be willing to push the Vietnamese ever closer towards total domination by the Soviet Union, with the real possibility of Russian confrontation with China.

But I don't believe that the answer to these questions is yes. I don't think we have the right to tell the American people, in good conscience, that we must spend hundreds of millions of dollars in tax money in an attempt to solve this problem when less costly alternatives remain untried.

I say that the simple act of removing the trade embargo would cost the American taxpayer nothing. It would not require, and we need not recommend, any form of direct U.S. assistance to Vietnam.

But if American oil companies want to purchase offshore oil leases in Vietnam . . . oil which we could use, or if Denmark wants to build dairies, or if American companies want to sell spare parts for machinery lying idle in the fields, why should our government prohibit or discourage that investment activity?

Perhaps no one will want to invest in the future of the Vietnamese economy. That will be their choice. But if the interest is there, and the evidence strongly suggests that it is, we ought not stand in the way. Investment and trade can help establish an economic foundation for that country and will stimulate the creation of jobs which will reduce the pressures from which hundreds of thousands have fled, and from which millions more may still try to escape.

Since neither we, nor the other nations of the world can possibly assimilate the vast numbers of people who might choose to leave Vietnam, I believe we must seize the opportunity to initiate policies which will reduce the enormous pressures within Vietnam.

Those pressures are not only economic. The political and military turmoil in Southeast Asia not only continues, but threatens to escalate into major power confrontation. War anywhere is a threat to the security of our Nation.

While some may dismiss this scenario as a battle between the Communist superpowers, I think we must all recognize it as a grave threat to world peace.

We must use our growing political and economic influence with China, including the granting of "most favored nation" trading status, to discourage another invasion. Failure to do so may very well increase the likelihood of another Chinese aggression. I recall that the prevention of such Chinese expansionism was a major justification for our long and costly involvement in the war in Vietnam.

So it seems to me that we face, in the next few weeks, some very clear and critical choices.

We can either redefine our policies in Southeast Asia and help to relieve the incredible pressures contributing to the outpouring of refugees, or we can redefine our definition of "refugee" and prepare for millions of new ones;

We can either allow private companies of any nationality to invest in Southeast Asia by lifting our embargo, or we can ask the American taxpayer to commit billions of dollars in aid for hundreds of thousands more refugees;

We can either take actions which will strengthen the economic self-sufficiency of Asian nations, or we can pursue policies which will drive them deeper into exclusive reliance on the Soviet Union, which I believe they would rather not have to rely on.

We are all very aware that any discussion of the future relationship between Vietnam and the United States is bound to be difficult. Vietnam was, and remains, the source of deep divisions and strong emotional responses in this country.

The redirection of policy which I am recommending today is not one of support for the Government of Vietnam. Rather, it is one of compassion for the people of that impoverished and war-torn region of the world.

If we cannot find the wisdom to help improve the conditions of the millions who remain in Asia, we cannot hope to provide assistance or refuge to those who continue to flee.

The third option—to do nothing—is morally unacceptable and politically shortsighted, and clashes with our entire history as a nation.

The future of this crisis will largely depend on the decisions and efforts of those in the private sector—the companies who will make decisions about investment and trade, and the private charities and church organizations which have provided the backbone of the international relief effort.

I suggest that our own Government merely remove the barriers which I believe we have helped to create and permit the process of restoration and resettlement to proceed in the homeland of these unfortunate people.

I appreciate having had the opportunity to share these views with you today, and I would be pleased to respond to any questions you may have on this subject.●

RESPECTING A PARENT'S FREEDOM OF CHOICE IN EDUCATION

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. LaFALCE. Mr. Speaker, we have witnessed considerable debate during the last Congress concerning aid to private schools. Most often, the controversy centered around granting tax credits for tuition paid to private schools. While we spent a great deal of time discussing the validity and the constitutionality of such a measure, I would like to point out that we obfuscated the real issue.

The singular issue, which we have avoided, is a parent's right to choose the type of education he wants for his children. Clearly, education is primarily a parental responsibility, and government has the obligation of supporting that parental responsibility. Private education is a vital element in the American educational system today and I believe it is important that this dual system continue to exist. It provides an extremely important option for parents who feel their children cannot receive the same quality of education in public schools. Without aid to private education, however, this freedom of choice and the traditional pluralistic educational system in this country may become threatened.

I attended both public and private schools, and can attest to the quality of education I received in both. I certainly hope that this opportunity to attend both is made economically available to those who can not afford anything other than the public schools.

I have never heard anyone deny a parent's right to select a child's education. Like many other rights, however, it is nearly meaningless unless it is economically feasible. Only if we make such a right an economic reality will we be giving the parent's freedom of choice any viability.

In this light, I would like to share with my colleagues an article which appeared in the Washington Post on July 25, 1979. I believe it provides cogent and compelling reasons for respecting a parent's freedom of choice and providing aid to private schools.

[From the Washington Post, July 25, 1979]

Private Schools and Parents' Rights

(By Joseph Sobran)

Like many people, I used to oppose government aid to private education in any form. I attended public schools, and I felt that if other people thought the free system wasn't good enough for their children, they shouldn't complain about having to foot the bill for private schools. Besides, what if a dime of public funds should wind up in some priest's pocket? That would violate the First Amendment, wouldn't it?

I'm afraid this was, and is, a rather mean attitude. People don't choose private schools out of ingratitude, but out of love. They make sacrifices to give their children the best education they can. They deserve at least some consideration for that.

Besides, there is a matter of principle at stake, a principle we have nearly forgotten. Education means, finally, the shaping of the young. This is a grave duty, and it rests primarily with parents, and only secondarily (if at all) with the state.

Sen. Daniel Patrick Moynihan (D-N.Y.), our leading advocate of tax relief for parents of private-school pupils, points out that the issue hasn't really been weighed on its merits. Liberal opponents of even that mild a form of aid to private schools insist it is unconstitutional; but that question can be temporarily waived. The main question is simply whether aid to private schools is a good idea. Both the Democratic and Republican platforms of 1976 agreed that it is.

Liberal ideology generally wants government to supervise things. It is suspicious of private schools as havens of privilege and subterfuges for segregation. In addition, the public-school establishment—state officials and teachers organizations—resents independent schools as it resents parental pressure. It prefers the rule of accredited state "experts," and has been harassing private schools—especially the proliferating religious schools of the Southeast—in the name of "standards."

There is irony, not to mention impudence, in this. Parents choose private schools in part because the standards of public schools have deteriorated so badly. And private schools generally do a better job of teaching by all measurable criteria.

But measurable criteria are only part of the story. Parents choose private schools for less tangible reasons. They want their children taught in the atmosphere of moral and religious values that are (to some extent necessarily and properly) excluded from public schools. They feel that what the private schools supply is not extra luxuries, but vital necessities. Private schools are in a special sense free schools: free to be purposeful, free to reflect parental values.

All this runs counter to the instincts of modern liberalism, which implicitly regards education as a process of "liberating" the young from the presumably backward values of the home. Though tactfully downplayed, this attitude shows up in the campaigns for sex education and for the minors' "rights" to contraception and abortion.

It also shows up negatively. The fashionable intellectual journals have almost nothing to say on behalf of parents' rights—a strange anomaly in an age that elaborates the rights of minorities, women, homosexuals, even animals. Nobody openly denies a parent's right to select a child's education. But it is a right that is losing weight fast.

Usually, liberals argue that a right worth having is a right worth subsidizing. We are told that poor women don't really have the right to an abortion unless they have "access"—in the form of tax monies—to abortion. We are also assured that subsidizing abortion in no way implies approval of it. Why isn't this logic applied to private education?

In essence, public education has the status of an established church. All, regardless of personal conviction, are required to support it. Dissenters are "free" to support alternatives only after they have paid their dues to the establishment.

That situation trivializes genuine freedom. The preferred status of public education prevents some, and tends to discourage all, from supporting pluralistic education. Justice requires nondiscriminatory tax relief, at a minimum, to parents of private-school pupils. And that means no discrimination against religious schools.●

NUCLEAR IS THE SAFE POWER

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. McDONALD. Mr. Speaker, most of the rabid critics of nuclear power are always posing hypothetical questions concerning the safety of nuclear power. In this they were aided and abetted by the superficial press reporting of the Three Mile Island accident. Dr. Petr Beckmann, a professor of electrical engineering at the University of Colorado recently pointed out how dangerous other forms of energy are, not just in theory, but in actual practice. As compared with other forms of energy, even the nuclear waste problem is minimal as Dr. Beckmann points out. For those of my colleagues who would like to gain a little perspective on nuclear power, I commend Dr. Beckmann's editorial from the London Daily Telegraph, of London, for August 7, 1979:

Nuclear Is the Safe Power

The case for nuclear power is one of simple morality: it saves most of the lives now lost in generating comparable amounts of electricity by less safe sources. If it were not also reliable, economic and assured of free-world supplies for millennia, we would be faced with a moral dilemma, but fortunately, it is all of these as well.

The comparison with our present (or suggested future) power sources is one that any layman can check out for himself. Moreover, the results have rarely been disputed by the nuclear foes; they have simply been ignored. And the comparison works not just for safety from accidents; it works equally well for radiation, waste disposal and terrorism.

Of course nuclear power is not perfectly safe—no large-scale power source can be—but per unit of energy produced, its price in human suffering is very much smaller than for any other source. Nor can this be disputed by pointing to the short history of nuclear power: not only do we have several reactor-centuries of experience but in the 22-year history of nuclear power many thousands have died in the fossil-fuel cycle—even when only the correspondingly small fraction of energy is considered.

A nuclear power plant cannot undergo a nuclear explosion; the only danger is a significant release of radioactivity, and that danger is localised in a few cubic metres of space, where it can be surrounded by a multilayered defence in depth. Moreover, the time scale of a possible accident is so slow (melting of the fuel, melting through the pressure vessel, possible failure of the containment building) that there is time to bolster the defences wherever they are in danger of growing weak. And even if this slowly progressing battle threatens to be lost, there is time to evacuate the endangered area.

Nuclear safety, then, is not based on the infallibility of operators or the perfect function of gadgets, but on defence in depth and slow time scale. No other energy facility has even one of these two protections.

The dam of a hydro-electric plant, for example, can break and kill thousands in minutes, because it lacks a second, third, and seventeenth safety dam, and because there is no time to take counter measures.

Both points were dramatically illustrated by none other than the Harrisburg accident. After four horrible failures, both human and mechanical, there was not a single death or injury. What other 845-megawatt power plant could contain such a sequence of failures without loss of life?

Yet at Harrisburg the defence in depth never retreated close to a meltdown; and even a meltdown would most probably have been contained without loss of life; for the prime purpose of the containment building is to contain the danger after a meltdown.

As for the time scale, one of the teams of experts called to the scene at Harrisburg had the Ralph Nader-like task of engaging in "what-if" fantasies to prepare for any possible further failures. They found all credible failures protected by back-up systems, but if the entire electric supply failed, they had only one auxiliary diesel aggregate to generate emergency power; so they flew in a second one. What other 843 MW facility gives that kind of time when it threatens disaster?

A nuclear accident with large-scale loss of life remains very improbable, but even if one were to happen, the loss of life could hardly be the same as we are now tolerating for other power sources. Some 20,000 Americans die premature deaths every year due to coal-fired power plants; throughout the world, coal-fired power takes a toll of between 40 and 200 lives per year per 1,000 MW (mostly via air pollution, but also in transportation and in the mines). Oil fires, oil smoke, gas explosions, not to speak of hydropower (2,000 deaths in a dam failure in Italy in 1963), can kill victims by the tens of thousands—and with incomparably higher probabilities.

Radiation? The natural radioactive background in Colorado is twice the American average (the difference from sea level is equivalent to 5,000 nuclear plants), yet the cancer rate is 30 per cent below it. But let's keep it simple. The radioactivity of coal smoke (due to the radionuclides in coal) is up to 50 times higher than routine emissions from a nuclear plant. Anyone who really believes that "every little bit of radioactivity hurts" should first stop coal, jet flights and radiotherapy of cancer, as well as evacuating Colorado, Wyoming and Switzerland.

Waste disposal is perhaps the biggest single advantage of nuclear power (which may explain why it has been singled out for such a ferocious attack). Compared to coal and other fossil fuels it has two overwhelming advantages. The volume is minuscule, and the toxity temporary. Nuclear wastes are the only wastes of an industrial society that can be completely and permanently removed from the biosphere.

A 1,000 MW nuclear unit produces 2 cubic metres of wastes per year; a coal-fired plant produces 20 lbs of solid wastes not per year, but per second. Nuclear wastes can be solidified, sealed into glass, put into waterproof, earthquake proof steel drums, buried in salt formations (which will seal up rather than let water enter), and monitored for 650 years, by which time their radioactivity will decay below the level of the ore they originally came from.

Coal wastes, on the other hand, contain 19 toxic metals (arsenic is one), they will be around forever, and some of them are "disposed of" in your lungs.

Can nuclear power be abused by terrorists? Yes, but not very effectively. They can inflict incomparably heavier losses much more easily by other means (which I am not about to describe in a newspaper). Some of the scares are plain silly. Plutonium dispersal, for example. What self-respecting terrorists would use a weapon that kills 15 to 40 years later, would not kill many people even then, is extraordinarily hard to acquire, can immediately be detected in absurdly small quantities, and is more valuable than gold?

Reliability? In America 10.6 per cent of electric capacity is nuclear, but it pulls almost 13 per cent of the load. And that in spite of the fact that the Government will shut down not one but all nuclear plants of the same type as soon as a ludicrously small fault is detected, or even merely suspected.

Then there is availability. The already mined and stored American supplies of uranium ore fertile for breeding could supply America with a century of electricity. So why the opposition?

That is not an easy question. Perhaps much of the "Why?" is answered by the "Who?"

Who, indeed? Statistically speaking (with plenty of exceptions), the well educated, the affluent, the non-producers, the ones who do not make a living by customers coming to them voluntarily but who are used to planning, analysing, and redistributing at other people's risk.

They are not against nuclear power in particular, but against an abundance of energy in general, against industrial and economic growth, and most of all against capitalism, the system that has brought material wealth and political freedom to more people than any other in history.

Listen to them carefully, and you will hear them saying: "There are too many of you others." Watch their actions, and you will see their largely parasitic well-being threatened by the upward mobility of the economically less fortunate. It is the old story of a class that wants to freeze the world in the state where it has power and influence.

This "small is beautiful" crowd is talking humanity and environment. But if their dream of de-industrialisation by stifling energy sources came true, the result would be a retrogression to an America of plantation owners, a Britain of the landed gentry, a France of the *ancien régime* and a Germany of feudal Junkers.●

CONGRESSMEN QUITTING—WHY?

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. SIMON. Mr. Speaker, one of the more respected Members of the Senate is Senator ADLAI STEVENSON III.

I was pleased to read an article by his son, Adlai E. Stevenson IV, commenting on the situation in which the Nation finds itself today.

What he says makes sense, and he says it well.

It is good to see another generation of Stevensons contributing to the national dialog.

The article follows:

CONGRESSMEN QUITTING IN DROVES—WHY?

(By Adlai Stevenson IV)

Last year, 59 members of Congress retired voluntarily, topping 1976's record of 53. This is a surprising rate of attrition from a job that requires a tremendous effort to attain, that should offer the potential for making meaningful decisions affecting the nation and the world, and that supposedly commands respect.

Instead, some have found tension and strain are their rewards. Their efforts are compromised by contradictory pressures and interest groups. Instead of respect for a job well done, they're faced with an overwhelming cynicism toward government.

Why they quit is our concern as well as theirs. It's a vicious circle: Most members of Congress are frustrated, as is the public, with the seeming inability of government to confront national problems. If the public feels its leaders can't govern, then it won't make an effort to keep the best qualified in office. And if good leaders aren't elected or are driven out of office, the public's cynicism eventually will be justified.

Most did not quit for lack of time or money. Although members of Congress work six to seven days a week for long hours (and it's assumed that anyone competent to serve in Congress could make more money elsewhere), these would be happy sacrifices if they brought results. They quit because Congress doesn't work, because the nation lacks strong leadership and the public support to sustain it, and because when members of Congress speak out on their own, their ideas are seldom heard. Some suspect that they will be able to do more outside of Congress than in it.

Accompanying the rise of voluntary retirements has come an unprecedented string of defeats of incumbents, often by one-issue candidates or independents who owe little to the party system or to consistent politics. Last year, 97 members of Congress were freshmen. In all, more than half have served two terms or less. The new-style politician has learned it's possible to bypass the traditional means of gaining office with an emotional issue or with a well-funded, scientifically organized campaign. The net effect has been an upset in the balance of personal associations, party loyalty and experience that kept Congress functioning in the past.

In this vacuum of power, the influence of special-interest groups has increased. Political-action committees channel millions into selected campaign funds. Lobbies threaten and badger politicians. To satisfy these limited constituencies, some adopt fanatical positions, robbing the public of an objective look at the issues.

Congressmen soon learn there is more to lose than to gain by confronting these pressure groups openly. Collectively, they substitute the long-term interests of the majority with the immediate interests of a few.

Despite overriding problems like inflation and a shortage of energy, Congress has little substantive legislation to show for its recent efforts. Yet it's not a body without ideas. Some who have chosen to remain in office say they are in a sort of holding pattern, waiting for the political climate to change while doing as much as they can in committees and in their home states. But the public has little idea of their daily efforts, or what they would do if given a chance.

And the press seems incapable of telling the public about Congress or the issues upon which it must act. Members of the press claim objectivity both as a defense and a sign of their greatest contribution. In fact, they choose from many sources of authority or sets of facts to fashion stories they think will get the public's attention. Their most important editorial consideration is also their greatest copout: They print or air only what they think the public can understand. This "headline" approach to news tends to confuse rather than enlighten because it fails to recognize basic issues.

The news media are now as powerful as politicians themselves. And while the media do not determine what people think, they do determine what they think about.

News can be interesting and informative, but this requires reporters who are better informed and willing to co-operate with politicians rather than confront them. The press is easily manipulated by those who misuse their authority, but difficult to reach by those who work quietly but diligently.

Perhaps debate, risk-taking and commitment are the temporary casualties of mass electronic communications. It's not surprising that non-solutions have become so popular in an age where non-action is often the most feasible political alternative. Too many people are misled to the glib assumption that our problems are not as bad as they seem.●

GASIFICATION PROJECTS COULD EASE ENERGY PINCH

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the Journal of Commerce in an article published September 11 emphasizes how gasification projects could ease the energy pinch in the United States. Research now underway could speed their commercialization in any synthetic fuels effort.

The article, which deals with recent developments in both biomass and coal research, indicates some future directions which might be associated with any national synthetic fuels effort.

The text of the article follows:

GASIFICATION PROJECTS COULD EASE ENERGY PINCH: MAY SPEED COMMERCIALIZATION

(By Herman F. Feldmann)

Several research projects involving gasification under way at Battelle's Columbus Laboratories could help in solving the nation's energy shortage. One involves a method for converting forest residue and other biomass into a methane-rich gas that could be used in place of natural gas. The other involves the use of lime as a catalyst when Eastern coals are gasified. Both projects are being funded by the U.S. Department of Energy.

If the first research program is successful, forest residue—which includes everything from the leftovers of forestry and mill operations to trees grown on a "fuel farm"—could be turned into a substitute for natural gas by using a chemically-incorporated catalyst in a novel reactor system gasifying biomass.

COULD USE AS FUEL

The gas produced could be used either as a fuel interchangeable with natural gas for industrial or utility purposes or for the synthesis of a variety of products—ranging from ammonia to gasoline.

Use of gas from biomass could help reduce energy imports while conserving the domestic supply of natural gas. In addition, the anticipated method of production is simpler than conventional cost-gasification processes, thus allowing the use of smaller plants. This feature, in turn, should help reduce capital investment requirements allowing plants to become commercialized at a quicker pace once the technology has been demonstrated.

CATALYSTS USED

The research program involves enhancing the rate at which wood converts to gas (reactivity) by catalyzing it either with calcium oxide or wood ash. These materials are widely available, relatively inexpensive, and were identified as increasing gasification rates in earlier experiments at Battelle. While the catalysts were originally used in experiments involving coal-gasification techniques, they also have been shown to be effective in biomass gasification.

In one process, calcium oxide or wood ash is incorporated into the forest residue making what is already a highly reactive material even more reactive. In this way, gasification occurs at lower temperatures. The reactor used in the study is a multisolid fluid-bed gasification unit developed by Battelle.

This unique gasification system has four major advantages over existing systems:

Elimination of the need for an oxygen plant. This improvement alone can reduce plant investment requirements to approximately 50 percent.

The ability to handle a wide range of wood feed—from sawdust to chips—without front-end preparation and with minimal pre-drying.

The capability of operating at very high solid feed rates because of the high velocities at which the system operates.

The production of a lower carbon dioxide content gas which reduces distribution cost as well as the cost of acid gas removal.

Studies have shown steam to be a more effective gasification agent for wood than hydrogen because steam gasification proceeds at a higher rate than hydrogen gasification and results in a greater net BTU recovery in the produced gas.

Assuming the experimental work demonstrates the economic potential of the technology, subsequent phases of the work would be aimed at bringing it to commercialization at a rapid speed.

In a separate study—also for the Department of Energy—Battelle is studying the use of lime as a catalyst to help eliminate two major problems associated with using Eastern coals for gasification. The first is the tendency for Eastern coals to agglomerate (stick to themselves when burning), the second stems from the fact that Eastern coal is less reactive than Western coal.

By chemically incorporating lime (calcium oxide) or lime mixtures into Eastern coal, experiments have shown that agglomeration can be greatly reduced or eliminated. Coal treated by this process has been shown to be a superior feedstock for all of the gasification processes currently under development as well as for commercial gasifiers.

Gasification of the Battelle Treated Coal (BTC) also results in the production of more valuable organic liquids (benzene, toluene, and xylene) and light oil by-products rather than the tar produced when the raw coal is gasified. In addition, conventional slurry feed systems can be used in the treatment process, thus allowing the treatment process to be conducted as part of coal feeding and thereby minimizing additional plant investment.

Research efforts continue in this area:

To evaluate application of the treatment process to different coals.

To develop a unique hydro-gasification process made possible by the treatment process.

To continue to test the treated coal for application to other gasification processes.

To develop conceptual designs for commercial treatment processes.●

HISPANICS IN SCIENCE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. BROWN of California. Mr. Speaker, in this week designated as Hispanic Heritage Week, I would like to note the many contributions of the Hispanic community and their efforts to make significant social and economic gains while maintaining their cultural identity and essential dignity.

While Hispanics have made significant gains and contributions in our Nation's history, and hold potential for even more significant gains in the future, I believe that we as legislators must recognize the barriers that have been overcome, and those that have yet to be overcome, for our Nation to achieve an equitable and pluralistic society. One area in which I have a particular legislative interest is the field of science and engineering.

I had the opportunity this week to speak with Dr. Eugene Cota-Robles, until recently vice-chancellor of the University of California, Santa Cruz, and a recent appointee to the National Science Board.

He presented to me a number of significant facts that I wish to share with my colleagues.

Dr. Cota-Robles indicated that while 11 percent of Americans hold baccalaureat degrees, the average for Hispanics is about 1.6 percent. This disparity becomes even greater when comparing statistics of Ph. D.'s generally and Ph. D.'s in the fields of science and engineering. Of the total number of doctoral degrees awarded in the United States, only 0.7 percent are held by Hispanics.

And of those doctoral degrees held in the sciences, only 0.4 percent are by Hispanics. This is an alarming fact when you consider that this group is soon to be recognized as the largest minority in the country.

While some would argue that the scientific field is not the forum to raise questions of social equity, I believe it is essential that we seek to accomplish goals of racial equality in all professions and in all levels.

Given the statistics cited by Dr. Cota-Robles, and similar statistics relating to women and other minorities, I feel that the science establishment should take the time to reflect on its present policies and seek ways of creating greater opportunities for these groups.

It is an elementary fact that our scientific establishment is not as strong and vital as it would be if Hispanics, women, blacks, and others were free of the barriers which impede a possible scientific career.

Both the strength of science and the equity of our entire society would be upgraded by breaking down those barriers. I agree, of course, that in order to achieve greater plurality in the sciences we should provide greater incentives in scientific education at the elementary and secondary levels.

But I strongly believe with Dr. Cota-Robles that the scientific community has a role to play in this effort. One successful program is being conducted by the American Geological Institute which, through a program of scholarships and other means, is able to increase the participation of Hispanics in the Earth sciences profession. I urge other scientific disciplines to look to their own resources to define such affirmative steps to include greater numbers of Hispanics and other minorities.●

CASTRO'S SPIES IN THE UNITED STATES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. McDONALD. Mr. Speaker, for the past 10 years the Directorate General de Intelligencie (DGI), the Cuban Communist spy apparatus, has posed a substantial and growing threat to the security of the United States.

At one level the DGI has penetrated and sought to influence anti-Castro groups in this country, urging them to violence and to acts of terrorism, in order to discredit their legitimate goal of restoring freedom to Cuba. At a second level the DGI is conducting, on a coast-to-coast basis, extensive economic and industrial espionage, using Marxist sympathizers from the new left to obtain information on all aspects of our electronics industry, and particularly details of our semiconductor and laser technologies. This industrial espionage is not for any direct Cuban advantage, but is performed as a surrogate service to the Soviet Union whose KGB directs and funds the DGI in this area.

At a third level the DGI working through organizations such as the Institute for Policy Studies and its Transnational Institute, has established "agents of influence" in the highest levels of our academic community, our national media and in our political process.

A recent article in the London Daily Telegraph, by Robert Moss, a well respected writer on defense and intelligence matters, underscores these latter activities by the DGI. I commend this article to the attention of my colleagues, most especially to those who are still reluctant to believe that our defenses against subversion need strengthening by reestablishing the House Internal Security Committee.

The Robert Moss article of September 3 follows:

CAPITOL HILL VISITOR IS A SPY FOR CASTRO

One of the most assiduous visitors to Capitol Hill these days is a very sociable, nattily dressed black Cuban called Teofilo Acosta Rodriguez.

He is supposedly a First Secretary in the Cuban Interests Section that has been set up inside the Czech Embassy in Washington. The section has a staff of 12 accredited diplomats and is headed by Sr. Sanchez Parodi.

In fact, Acosta is the station chief of Castro's secret service, the DGI, in Washington.

According to a Cuban intelligence defector, who now lives in Miami, Acosta was formally recruited as a DGI officer in 1967 after a not particularly distinguished career as a journalist. In his DGI capacity he toured the PLO camps in Syria in 1969, becoming a member of the so-called "Palestinian Mafia" within the Cuban Secret Services whose influence is particularly marked today in the campaign to subvert Central America.

Acosta boasted recently to a Congressional staffer that he "had a number of Senators and Congressmen in his pocket."

While that may be dismissed as a piece of crude braggadocio there is no doubt that the effort to influence Congressional opinion ranks very high among the tasks that have been assigned to the DGI in the United States by its Soviet mentors.

ROMANTIC GUERRILLA

The KGB has long appreciated that many Westerners—in Europe as well as the United States—feel far fewer inhibitions about dealing with Cubans than about dealing with Russians or East Europeans.

This is no doubt attributable to Castro's surviving image as a romantic guerrilla leader and to a widespread failure to understand how completely his regime has fallen under the Soviet sway.

Since 1969, for example, the DGI has been totally controlled by the KGB "liaison team," originally headed by Gen. Vitaliy Semenov, which shares its offices.

The KGB supplies a special fund to enable the DGI to carry out foreign missions on its behalf.

The DGI contains seven divisions, or lineas. The Political and Economic Intelligence Division has primary responsibility for espionage and subversion in Western countries. Its chief, Ramon Oroza Naveran, used the nom de guerre of "Demetrio" when he ran the DGI's notorious Section III, responsible for deploying "illegals" (spies who do not use diplomatic or other official cover) in target countries.

The division chief's previous employment provides a clue to why the KGB sets a high valuation on Castro's Secret Service when it comes to spying on the United States.

Given the presence of a Cuban exile community of some 700,000—not to mention several million other Spanish-speakers, mostly of Mexican or Puerto Rican origin—it is singularly easy for the DGI to smuggle in illegals.

FBI OPTS OUT

The task is made even simpler by the breakdown of internal security inside the United States exemplified by the fact that the FBI is no longer even trying to keep tabs on some of the identified DGI officers who are working under United Nations cover in New York when they regularly breach the official ban on travel inside the United States beyond a radius of 250 miles.

The Cuban Mission to the UN in New York, which occupies an imposing mansion at 6 East 67 Street, has become the largest DGI base outside Cuba itself.

Over the past three years, the number of "diplomats" accredited to the Mission, whose nominal chief is Ricardo Alarcon de Quesada, has expanded from 35 to 77.

Most of them report to either the DGI or the Department of America—an organisation directed by the former DGI chief, Manuel Pineito Losada (whose nickname is "Barbaroja" or "Red Beard") under the auspices of the Central Committee of the Cuban Communist party.

The Department of America has special responsibility for subversion and terrorist support operations in the Western hemisphere but there is no hard-and-fast distinction between its role and that of the DGI in the field.

PROFESSIONAL SPIES

Some Western analysts suggest that there is no such thing as a legitimate Cuban diplomat, not merely because two-thirds or more of Cuban diplomats abroad are professional spies, but because the Ministry of Foreign Affairs in Havana is under the de facto control of the DGI.

The freedom of manoeuvre that the DGI has been able to establish for itself inside the United States has allowed it to provide staff back-up and logistical support for the series of Castro-backed political upheavals that are convulsing the Caribbean.

The first case that came to light this year was that of the successful coup by the "New Jewel" movement on tiny Grenada.

Weapons for the coup were purchased from private arms dealers by black Grenadan students from Washington's Howard University and stored in a house at Hyattsville, only ten miles away from the American capital.

GUN LAWS

The police investigating breaches of the gun laws discovered that these students were being advised by Chilean exiles who, in turn, were close to Julian Rizo, then the chief of the DGI station in New York.

Rizo's own stake in the Grenadan revolt became obvious when he was appointed Ambassador to the island as soon as the coup had taken place.

The manner of arrival of Rizo's accompanying squad of four DGI men within a few days of the coup was pure burlesque: a Cuban plane, claiming engine trouble, came in to land but took off again within a quarter of an hour—not before depositing the DGI men on the ground.

The delegates who are in Havana for the Non-Aligned Summit this week might, indeed, do well, to glance around the neighbouring territories to see what kind of men Dr. Castro has selected as his ambassadors of neutralism in Central America.

The Cuban representatives in St. Lucia and Dominica are both men with long backgrounds in the Department of America.

In Jamaica, which is one of the most important bases for Cuba's efforts to expand its influence over the region, the Cuban Ambassador, recently appointed, is Sr. Ulises Estrada. He is a prominent member of the DGI's "Palestinian Mafia."

He is a close friend of the Department of America chief and was previously DGI station chief in Cairo. According to Western intelligence sources, Estrada is not only working to push Michael Manley, Jamaica's Prime Minister, further down the road to Cuban-style socialism, but is encouraging him to play a more prominent role in marrying up diverse radical Third World causes.

In Costa Rica, the most important Cuban-in-residence over the months preceding the Sandinista take-over in neighboring Nicaragua was Julian Lopez Dias.

RECENT CONFIRMATION

Lopez Dias has received high honors from Dr. Castro for his work in assisting the Nicaraguan revolution. (The recent expulsion of Trotskyites from Managua was a confirmation of Cuban influence over the Sandinistas, not the contrary; commentators who prattled about "a crackdown on the ultra-Left" had clearly forgotten that there is rift in the world Communist movement and that the Cubans stand squarely on the Soviet side of the argument.)

Lopez Dias has received new assignments in Central America. The principal target that has now been assigned to him is believed to be Guatemala. This would fit in with the past background of this more-than-usually adventurous DGI officer.

In 1966, when he was working for the DGI in Mexico City under cover as a Cultural Attache at the Cuban Embassy, he was caught redhanded passing arms and money to a revolutionary Guatemalan.

Three years later he was the architect of what the DGI called "Operacion Estrella"—a successful attempt to spirit a hunted guerrilla leader from the Dominican Republic out of the Hague and via Paris and Geneva to sanctuary in Moscow.

Lopez Dias will be a man to watch wherever he next surfaces, in the next phase of Dr. Castro's ambitious powerplay in Central America.●

SHATTER THE SILENCE, VIGIL 1979

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. WOLFF. Mr. Speaker, from August 17 to 24, 11 of my colleagues and I were guests of the Supreme Soviet of the U.S.S.R. As chairman of the delegation, I welcomed this opportunity to meet with high-ranking Soviet officials in order to broaden our mutual understanding and enhance our cooperation. Our delegation raised many questions of critical importance to our two countries. In some areas we were able to agree with our Soviet hosts, in others, we remained separated by more than the conference table. One of these latter issues was human rights. Soviet officials claimed that human rights was an internal matter, not one in which I, any member of the delegation, or anyone in the United States should be interested. They are wrong in their assumption. Indeed we were interested, and will continue to be, in the plight of fellow human beings who suffer. What is more, the fact is that the question of human rights in the Soviet Union is of international concern, as the Soviet Union is a signatory to the Helsinki agreements and the Universal Declaration of Human Rights. These international documents endorse basic human freedoms which American and other peoples hold sacred. If the Soviet Union is not living up to these principles, then it is up to all countries to protest.

Soviet officials told us that their record on human rights was very good, better than that of most countries. Citing reduced waiting time for visas and increased visits of religious delegations as examples of improvement there, officials claimed that my colleagues and I had unreliable facts about life in the Soviet Union and complained that we were spending too much time on irrelevant subjects. Our delegation strongly protested this attitude of Soviet officials and presented a strong united front on the issue of human rights to Soviet officials.

We had a number of opportunities to express our shared beliefs that every human being in every nation has the universal right to practice his or her religion free of harassment by others or restriction by their government and to reaffirm the right of every human being to free emigration, especially if they are joining family members in other countries. In our meeting with Vasiliiy Kuznetsov, candidate member of the Politburo and First Deputy Chairman of the Supreme Soviet, we discussed the issue of human rights frankly.

We met twice in plenary session with representatives of the Supreme Soviet, including Vitaliy Rubin, Chairman of the Council of Nationalities; Lev Smirnov, Chief Justice of the Soviet Supreme Court; Victor Paputin, First Deputy of the Ministry of Internal Affairs; Army Gen. Sergey Skhomeyev, First Deputy Chief of the General Staff; Georgi Arbatov, Director of the Institute for U.S.A. and Canada; and many others. In addition, we had discussions with members of the Institute for U.S.A. and Canada; the Institute of Oriental Studies, the Ministry of Health; and many private discussions. In each of these meetings we sought to enlist the cooperation of Soviet officials in ending the harassment and repression of religious and ethnic minorities.

In my opening remarks at the plenary session, I state very clearly that it was "mandatory that we have frank and detailed discussion today and tomorrow about the refuseniks and dissidents." Over and over during these sessions, we impressed on our Soviet hosts the deep feelings of our fellow Americans for these people whose plight has done so much to exacerbate Soviet-American relations.

As I said in my press conference in Moscow, "Continued progress in the area of human rights is an essential part of the process of negotiating bilateral agreements of mutual economic and strategic concern." At the plenary session, I told the Soviets frankly that "scientific exchanges between our two nations will become increasingly difficult unless the concerns of the thousands of scientists who have signed petitions on behalf of Orlov and Shcharansky, for example, are addressed."

With all due respect to our Soviet hosts, they did not tell us the whole truth and at times even provided misinformation. Soviet officials assured us their citizens were free to practice the religion of their choice. In Tashkent, our delegation had the opportunity to meet the Grand Mufti and he confirmed that statement.

He explained that Muslims are allowed to have their own schools, to train their own mullahs, to publish their writings in their own language, and to build new mosques. Unfortunately, the same cannot be said of the Baptists, the Jews, the Pentecostals, or the Catholics.

While the Soviet Constitution professes to guarantee religious freedom, we learned that Soviet law pertaining to religious practices is very restrictive. It is illegal for children under 18 to attend religious services and it is illegal for parents to teach their children about religion.

Furthermore, the Soviet State reserves the right to veto the choice of a religious leader and to reject candidates for religious training. While religious organizations are free to publish materials they need, there are only three authorized publishing houses: One for Russian Orthodox, one for Baptists, and one for Muslims. To make it more difficult for Jews to practice their religion, Soviet officials declared that "Jew" is a nationality, not a religion.

Moreover, the Government recognizes Yiddish as the official Jewish language, even though most Jews do not speak Yiddish and the language of Judaism is Hebrew. The clincher is that teaching Hebrew is strictly prohibited at home or in school and Hebrew books are banned. At the plenary session, I vigorously protested such a classification, emphasizing to Chairman Rubin that Judaism is a religion and ought to be recognized as such by the Soviets with all the attendant rights that the Muslims and the Russian Orthodox have.

While we confirmed that the Soviet Government is indeed allowing more people to emigrate, the number of people applying for exit visas has also increased. There is even, at this point, a 6-month wait in some Soviet cities to obtain the necessary applications needed to apply for emigration.

Over 200,000 people have official invitations from relatives in Israel, approved by the Israeli Ministry of Foreign Affairs and over 5,000 Pentecostals have applied for exit visas. There is no saying how many other Soviet citizens would emigrate if given the chance. The only thing that we can prove is that those people who apply for and are refused permission to leave suffer severe consequences.

I have for many years spoken out in support of the Soviet refuseniks, Jews who applied for permission to emigrate and were refused on a variety of pretexts. During this trip to the Soviet Union I finally had an opportunity to meet and talk with some of the refuseniks whose names have always been synonymous in my mind with courage and steadfastness.

In officially sanctioned meetings in Moscow and Leningrad, I heard firsthand of the hardships, the petty harassment, the frightening persecution these people endure simply for asking permission to emigrate to another country. We met with Dr. Alexander Lerner, a world-renowned cyberneticist who 7 years ago was refused an exit visa because of the secret nature of his work.

But he has not worked with computers since he applied 7 years ago and any information he might have had is long since outdated by advances in the science. We met with Ida Milgrom, the mother of Anatoly Shcharansky, a man who was tried for anti-Soviet activities and espionage and sentenced to 13 years at hard labor in a Soviet prison camp. In actuality, he was tried and convicted for wanting to emigrate to Israel and for monitoring Soviet compliance with the Helsinki agreements.

We met with Maria Slepak, whose husband Vladimir, was sent into exile for creating a public nuisance and hitting a policeman. The Slepaks have waited 10 years to join their sister, mother, two sons, and grandson in Israel. To attract attention to their cause, they hung a banner from the balcony pleading for exit visas.

Their trial was a sham; only after the trial was Vlasimir accused of hitting a policeman and if he had actually done so, he would have gotten 5 years in a prison camp instead of just in exile. We met with two Pentecostals who have had repeated brushes with Soviet law enforcement authorities for demanding the right to form their own church or else to emigrate to a country in which they could practice their religion freely.

We met with many other whose stories were equally depressing. Most of them had been waiting more than 5 years for permission to emigrate; some as many as

10 years. All of them had relatives living abroad (except the Pentecostals), and had still been refused exit visas.

None of the people with whom we talked were employed in the field for which they had been trained: One mathematician who lost his job after applying had finally years later found work as a fireman. Some had children who could not enter the university because their parents had applied for emigration.

One man had been wounded serving in the Soviet Army during World War II and had lost his pension as soon as he applied for an exit visa.

At these meetings I asked if they would speak out against the Soviet Union if they left the country. I was assured time and again that these refuseniks were not anti-Soviet. Their goal is not to change the system or to make a new revolution. They want to join their families and to practice their religion. One of the refuseniks told us—

> It is not honest to live all your life in a country and then to make trouble for it when you leave.

I asked what we as Americans could do to help. They replied that we must continue to write letters to the refuseniks themselves and to Soviet officials on their behalf. Contacts with these people must be continued, if only to insure that they do not suddenly disappear one day.

They also asked us in future conversations with Soviet officials to press for acceptance of three points: Release all 10 prisoners of conscience; give exit visas to all refuseniks who have waited more than 5 years; and establish a 5-year maximum waiting period for exit visas.

The recital of tales of hardship and discrimination affected us deeply and made us renew our commitment to helping these people. We were especially disturbed by Mrs. Milgrom's description of her son, Anatoly Shcharansky.

While Soviet officials assured us that Shcharansky was in perfect health, Mrs. Milgrom informed us that when she saw him on July 15, he weighed 88 pounds. Only on the TV screen when they showed the prisoners in Auschwitz had Mrs. Milgrom seen such emaciation. Her son was an altogether alien person. Our concern about Shcharansky's health and our conviction that his trial had been a mockery led us to bring up his case in our discussions with Soviet officials.

We listened to them explain the true facts about Shcharansky's activities and the true facts about the expulsion of his Canadian lawyer from the Soviet Union a day before our delegation arrived. I remain unwilling to accept Shcharansky's guilt and until the Soviet Union can produce hard evidence.

I challenged Chairman Vitaliy Rubin both in private and at the plenary session to provide evidence of Shcharansky's espionage and promised at the press conference that if such evidence exists I would see to it that it is brought to the attention of not only the other people of the world but to the Congress of the United States.

Soviet officials are kidding themselves when they claim that human rights is an internal question, one in which we as Americans are not interested, or that it is an irrelevant subject of discussion during bilateral meetings. I would like to see scientific exchanges and I would hope to establish a broader economic relationship with the Soviet Union.

Trade is mutually beneficial and the granting of most-favored-nation status to the Soviet Union would help to improve trade. Our laws are quite specific, however, in precluding most-favored-nation status to any nation which interferes with the emigration of its citizens.

I feel more strongly than before my trip that the present practices of the Soviet Government in placing arbitrary restrictions upon emigraton, especially those affecting long-term refuseniks, are, and will continue to be, obstacles to the granting of most-favored-nation status to the Soviet Union.

I believe that the Soviet Government must act more vigorously on human rights issues if it wishes an improvement in bilateral relations. The misinformation we received from Soviet officials and the evidence we collected of Soviet pettiness and disdain for the individual human being colors our relationship with that Government and prevents any long-lasting cooperation between our two countries.

I call on all Americans to continue to speak out and to continue to attempt to influence Soviet officials to remove this stumbling block by ending the harassment and persecution of religious and ethnic minorities, and by permitting those citizens who apply to emigrate.●

GOVERNMENT EXCEEDS THE CPI WITH POSTAL RATES

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. SIMON. Mr. Speaker, our Budget Committee Task Force on Inflation issued 37 recommendations to Congress and to the administration, and one of these was that Government itself should set an example by restricting inflation. We specifically pointed out this was not happening in the area of postal service.

I read the item by Prof. Harold J. Morowitz, of Yale University, which appeared in the New York Times, which points out the problem.

I would add, not only does this inflation of book rates exceed the Consumer Price Index, but it is not good public policy otherwise. Whenever we discourage the distribution of ideas through books, magazines, and newspapers by putting excessively high postage rates on them, we are discouraging something that is fundamental in our process of government.

I hope my colleagues will read the article by Professor Morowitz:

THE SEVEN PERCENT CHARADE

NEW HAVEN, CONN.—It came as a surprise when the clerk informed me that the postage **was 11 cents short on the small book I was** sending to a colleague. The book rate for 1 pound had gone up from 48 to 59 cents. In my office, the calculator alerted me to the troublesome aspect of a mere 11 cents. I had witnessed a sudden inflation of 22.9 percent. Recalling that the price for the same service in January 1977 had been 25 cents, the rise over 2½ years had been a frightening 132 percent.

The government was outdoing the Organization of Petroleum Exporting Countries in its treatment of the citizenry. With the realization that the first-class rate had recently gone up 15.3 percent along with similar rises in other mailing charges, I felt considerable puzzlement about the real meaning of the 7 percent guideline.

Postage is the chief service that the government sells to the American people. The cost of the transactions is reflected in every aspect of doing business from billing to advertising to shipping. No facet of American public life escapes from the need for mail. Therefore a large-scale inflation in this area reverberates throughout the entire economy.

Since the Postal Reorganization Act of 1970, the United States Postal Service has been a government-owned corporation. Tariffs are fixed by that corporate body rather than by Congress, as was previously the case. The legislative branch does, however, retain the power to veto rate changes. We are clearly dealing with an arm of the federal government.

If a private business raised its prices by 23 percent, the government would stop buying from that firm, according to President Carter's anti-inflation guidelines. Yet the government does not cease from dealing with the postal system but merely continues its free franking privilege while the rest of us face a severe inflationary squeeze, in part caused by the same federal establishment that is supposed to be combating inflation. How can we take the Administration seriously if the Post Office hits us with an increase three times the guideline?

To make matters worse, the postal system is effectively a monopoly, so its rate structure is not affected by the play of the free market—I am not at liberty to take my business to a competing postal service.

In the end, the economy suffers and credibility suffers. No one is going to believe that President Carter really cares about inflation if the chief federally sponsored consumer-oriented business raises its rates by 23 percent. How can we ask labor leaders to take wage increases within the guidelines when the enforcer takes three times as much in prices?

That 11 cents is beginning to loom larger and larger. We have heard much talk about the role of government spending in inflation, but to catch Washington in the act of price gouging goes beyond the realm of reason. Before my confidence is restored, Mr. President, I would like 8 cents returned, keeping you within your own guidelines.●

FUSION ADVISORY PANEL REPORT

HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. McCORMACK. Mr. Speaker, the Subcommittee on Energy Research and Production has received a written report from its newly formed Fusion Advisory Panel, containing findings and recommendations concerning the fusion energy program. The panel, made up of some of the world's most distinguished fusion scientists and educators, as well as several outstanding business leaders, reviewed the fusion program in a recent 2-day meeting.

The essence of the panel's findings is that:

First, the tokamak magnetic fusion research program has been highly successful in accomplishing its goals, on time and within costs;

Second, present experimental data indicate that a demonstration of an energy producing fusion reaction in the early 1980's is almost assured; and

Third, it is none-too-soon for the Department of Energy to plan a comprehensive strategy for bringing a tokamak fusion electric demonstration plant on line by 1995.

The panel also noted that while this ambitious plan would certainly require added funding in the short term, the cost to the country in the long run would most likely be less than that involved in following the Department of Energy's current program strategy.

It seems clear that we have no option except to press forward with development of fusion electric production as soon as possible, and that this effort should never be limited by budgetary considerations.

In light of these observations and the panel's recommendations, I have written to Dr. John Deutch, Acting Under Secretary of the Department of Energy, asking him to prepare a detailed program plan—including costs—to accomplish the above recommended goals. This letter to Dr. Deutch was published in the July 26, 1979, CONGRESSIONAL RECORD.

I urge the Members of the House to lend their support to an accelerated development program for this extremely promising energy technology.

A copy of the report of the Fusion Advisory Panel follows:

JULY 20, 1979.

Hon. MIKE MCCORMACK,
Chairman, Subcommittee on Energy Research and Production, Washington, D.C.

DEAR MR. CHAIRMAN: The Fusion Advisory Panel of the Energy Research and Production Subcommittee of the House Science and Technology Committee met on July 10 and 11. At that time, the panel concentrated its attention on magnetic confinement (laser) fusion. Even though you and your colleagues received an oral report from the panel on July 11, it was deemed important to provide you with a short letter documenting the results of our efforts. The following is provided on behalf of the panel and represents the views of the overwhelming majority of our group.

On the basis of the information presented to us as well as the background that the panel members have in fusion and related technologies, we have come to several important conclusions. First and foremost is that the fusion program has to date achieved a very substantial and impressive measure of success. The magnetic confinement program has reached, and in many cases surpassed, the goals publicly set forth in past years. Magnetic fusion research has consistently been on schedule and very close to cost, even during recent inflationary times. On this basis, we see the program to be not only viable, but unusually meritorious and a source of national pride.

Second, as evidenced by recent results from the Princeton Large Torus, the Alcator, the Impurities Studies Experiment, and Doublet III, we believe that the magnetic fusion energy program is without a doubt ready to proceed much more aggressively than presently projected by the DOE. A key element in an expanded program would be a billion dollar class experimental fusion power system. In our view, this step must be formally initiated in the near term, not only because of the country's urgent need for energy for the future but because a delay would substantially reduce the effectiveness of the on-going program. We wholeheartedly believe that electric power from fusion should be attainable before the turn of the century, and we believe the total programmatic cost for an accelerated program will be lower than for the present stretched out schedule.

In view of these conclusions and based upon our deliberations, we recommend that the Subcommittee seriously investigate a more vigorous approach to practical fusion power. Specifically, we recommend that the Department of Energy be requested to prepare a program plan aimed at the goal of operating a demonstration fusion power plant by the year 1995. Such a plan should include a description of technical elements, costs, schedules, industrial involvement, etc. Once this plan is developed, a special hearing should be held to determine the credibility and desirability of such a program goal. We realize this to be an aggressive approach, but we believe that the recent successes in magnetic fusion research coupled with the energy needs of the nation justify an ambitious magnetic confinement fusion program.

My colleagues and I on the Fusion Advisory Panel hope that our efforts thus far have been useful to the Congress. We were impressed by the strong interest in fusion power evidenced by the large Congressional representation at the panel's sessions.

Sincerely,

ROBERT L. HIRSCH,
Chairman, Fusion Advisory Panel.●

MEDICAL EXPERTS CONFIRM SHCHARANSKY'S HEALTH DETERIORATING

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. DRINAN. Mr. Speaker, during the last several months it has been reported from a number of sources that the health condition of Soviet prisoner of conscience Anatoly Shcharansky has deteriorated significantly. Shcharansky is serving a 13-year term in a Soviet prison and labor camp for allegedly maintaining contacts with agents of the United States Government—a charge that has been categorically denied by President Carter.

Based on considerable data that has been collected regarding Shcharansky's condition, four expert physicians in Israel have issued a medical opinion. The doctors, who are affiliated with the Chaim Sheba Medical Center in Tel-Hashomer, Israel have concluded:

The continuation of Mr. Shcharansky's imprisonment endangers his life. The state of his health requires his urgent transfer to a hospital equipped with modern facilities for diagnostic evaluation and treatment.

Mr. Speaker, on two occasions the American Red Cross has petitioned the Soviet Red Cross Society to report on the condition of Shcharansky's health, but the Soviet authorities have refused to cooperate. Now, based on the most accurate information we can obtain, our worst fears have been confirmed. The Soviet authorities continue to ignore the pleas of Shcharansky's relatives and friends around the world who ask that he receive the medical care he so desperately needs, and ultimately that he be allowed to leave the Soviet Union and join his wife Avital in Israel.

I urge the administration to continue to raise the case of Anatoly Shcharansky in every appropriate forum. I also urge all Members of this body who have expressed their deep concern for Shcharansky in the past to redouble their efforts. Public pressure on the Soviets must not diminish.

Mr. Speaker, I am attaching the text of the medical opinion of the four expert physicians on the Shcharansky case for the attention of the Members. The text follows:

MEDICAL OPINION

Mrs. Avital Shcharansky provided us the following information regarding the health of her husband, Mr. Anatol Shcharansky, who is now imprisoned in the USSR. He is 31 years of age. Prior to imprisonment he was healthy and engaged actively in sports.

Mr. Shcharansky's trial was held after he had been in solitary confinement for 16 months. According to his brother, Anatol already appeared pale and ill at the trial. At present he is incarcerated in a prison in the Tataric Republic. His daily ration includes 40 gr. of bread. In addition at breakfast prisoners are given boiled water and 70 gr. of salted fish which is usually spoiled and inedible, for lunch a diluted soup with barley, for supper a porridge. Letters received from Anatol once monthly since July 1978, voiced complaints of severe headache and, in the last 3 letters, complaints about his eyes. He is unable to read for longer than 10 minutes, because severe pain and swelling of the eyes (especially the left) appear. In his last letter he writes that he is unable to read, and doubts if he will be able to write another letter.

Several days ago he was visited by his mother and brother. They were appalled by his appearance, skin and bones, reminiscent of prisoners of Nazi concentration camps. He complained not only of his eyes, but also of pain in the chest. Information received from another prisoner of the same prison. revealed that since February Anatol has suffered from chills, fever, profuse sweating, and a progressive loss of weight, that he was receiving no treatment, and that he often collapsed of exhaustion during the day, but was forcefully made to stand by the prison guards. The official diagnosis of the prison's physicians was "vegetative neurosis."

Although the information available does not permit an accurate diagnosis, it is clear that the features described are incompatible with the diagnosis of a neuro-vegetative disorder. Severe weight loss, chills, protracted fever, profuse sweating and pain in the chest and eyes, are indications of severe organic disease. The differential diagnosis ranges from some chronic disseminated infection, possibly tuberculosis, through the collagen diseases and includes lymphoproliferative disorders. It is also clear, that the continuation of Mr. Shcharansky's imprisonment endangers his life. The state of his health requires his urgent transfer to a hospital equipped with modern facilities for diagnostic evaluation and treatment.

Professor M. BLUMENTHAL,
Ophthalmology.
Professor J. GAFNI,
Internal Medicine.
Professor M. PRAS,
Rheumatology.
Professor E. SOHAR,
Internal Medicine.●

CREDIT IS DUE TO DEPUTY SECRETARY OF ENERGY, JOHN F. O'LEARY

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. DINGELL. Mr. Speaker, I note today with great personal regret the resignation of John F. O'Leary from his post as Deputy Secretary of Energy. Jack O'Leary has spent many hours testifying before the Energy and Power Subcommittee on a wide range of topics involving complex and critically important energy matters. I have always found him to be an extremely knowledgeable and candid witness.

Over the past few years, Jack O'Leary and I have fenced verbally when we disagreed, and we have found the opportunity for good humor as well. I have enjoyed the debate and the repartee immensely. When I asked him a question, I got a forthright answer. The knowledge he has amassed over 30 years of experience is impressive, but is leavened by a self-depreciating humor and sense of perspective.

Jack O'Leary did not spring into high position by virtue of having backed the right horse in a political race. In the early 1950's, he began his long and varied career in top administrative positions dealing with coal, oil, natural gas, and nuclear energy issues. Unlike so many of the businessmen, academics, and politicians who accede to top positions with the executive branch, he is not at the mercy of his staff. Witnesses usually appear before the subcommittee surrounded by a multitude of aides, each a specialist in some narrow and esoteric segment of an issue. Not so with Jack O'Leary. Without assistance from his aides, his answers have always been complete, pertinent, obviously unrehearsed and insightful.

I will miss Jack O'Leary also because of his exemplary sense of duty. He is one of the most issue-oriented public servants I have encountered in Washington. I understand he has had several differences of opinion over policy issues with other Government officials. However, these differences of opinion have not dissuaded him from his concept of what is right. When he differs with someone over an issue—and we have had our differences—the difference is confined to the issue. He does not carry policy differences into the realm of personal or social conduct.

For these and other reasons, I will be sorry to see him depart public life. The Department of Energy suffers from many infirmities, as I have had occasion to point out to him on a number of occasions. Some of these infirmities he has cheerfully acknowledged. However, the shortcomings within the DOE are not attributable to Jack O'Leary.

Jack O'Leary's prescience on energy matters now forms the basis for the administration's energy policy. Recall his emphatic warnings of the cost of increased dependence on foreign oil, both in dollars and in social upheaval, delivered long before the Iranian revolution. Recall the solutions he proposed years ago—specifically, with reference to emphasis on conservation, supply increases and synthetic fuel issues—solutions we are just now beginning to embrace. It seems that many people are just now catching up to Jack O'Leary as he is ready to depart.

Those of us who struggle with the complex energy dilemma on a daily basis will miss his assistance and unsurpassed capabilities.

I am sad to see him go, and I am hopeful that he will continue to participate in developing a sound energy policy for our country. Jack O'Leary is an able, honest and courageous person. Through people like him the bureaucracy is in danger of getting a good name.●

EXPLORATION AND DEVELOPMENT OF OIL AND GAS RESERVES

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. PEYSER. Mr. Speaker, today I am introducing legislation designed to promote exploration and development of oil and gas reserves on Federal lands. My bill will accomplish this by reducing the leasehold period for noncompetitive leases, which include the so-called "lottery" or simultaneous oil and gas (SOG) leases, thus encouraging early development of the lease. The bill will also allow the Department of Interior to lease acreage under the competitive bidding program which presently can only be leased under the noncompetitive SOG system.

A recent report compiled by the Department of Interior indicates that 98 percent of new leases issued each year are noncompetitive (SOG) oil and gas leases and that about 80 percent of all onshore production from Federal lands comes from these noncompetitive leases. Despite this fact, it is estimated that 90 percent of the noncompetitive leases are held for up to 10 years without ever being developed or explored for possible oil and gas deposits.

In order to encourage more exploration from noncompetitive leases my bill would reduce the leasehold period from 10 to 5 years. This will force the leaseholder to develop his lease within a reasonable time period or lose it. The 5-year period is the same as that under the competitive leasing system. A 2-year extension is provided if exploratory drilling is being conducted prior to the expiration of the 5 years. The bill would continue the present practice of allowing the lease to continue indefinitely as long as there are producing wells on the property.

This simple change will provide increased incentives for development and will allow for a more frequent turnover of those lands which are not developed within a reasonable time period.

The second provision of my bill would transfer acreage which is presently leased noncompetitively to the competitive leasing system. Part of the reason for the preponderance of leases issued under the noncompetitive system is due to the very strict definition of what land can be leased competitively. Presently only those lands within a known geologic structure (KGS) of a producing well can be included.

My bill would eliminate the requirement that the land be within the area of a producing well. Thus all land within a known geologic structure could be leased competitively. This will provide for immediate expansion of existing KGS's to include areas not greatly removed from drilling activity and new areas where geophysical and geological data are available. There would no longer be the requirement which depends upon a producing well or limits the area of the KGS to that included in the sphere of influence of a well.

The amended KGS concept would increase the amount of land leased competitively and the amount of income derived from bonus bids under the competitive system. The incentives for development by the leaseholder would be greatly enhanced due to the increased prices paid for the lease.

These simple amendments to the Mineral Leasing Act of 1920 will provide a spur to increased oil and gas exploration on Federal lands at a time when we so desperately need to develop our domestic oil and gas resources.

I urge all of my colleagues to join me in cosponsoring this bill which will provide one more step in a comprehensive approach to solving our energy problem.●

MERCHANT MARINE ACT BULK SHIPPING AMENDMENTS OF 1979

HON. PAUL S. TRIBLE, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. TRIBLE. Mr. Speaker, on August 2, 1979, I introduced H.R. 5145, the Merchant Marine Act Bulk Shipping Amendments of 1979. The summary of H.R. 5145 was printed in the CONGRESSIONAL RECORD without the full text of the bill, which I now insert into the RECORD as follows:

H.R. 5145

A bill to promote competitive United States-flag bulk cargo carrying vessels in world trade, to stimulate construction of modern bulk cargo carrying vessels for domestic and foreign trade built in shipyards of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Merchant Marine Act Bulk Shipping Amendments of 1979".

SEC. 2. Title IV of the Merchant Marine Act, 1936 (46 U.S.C. 1141), is amended—

(1) by amending the title to read "TITLE IV—SINGLE FACTOR PER DIEM RATE FINANCIAL AID".

(2) by striking out section 401 through section 404, inclusive, and inserting in lieu thereof the following:

"SEC. 401. From and after the date of enactment of this Title IV, a proposed ship purchaser who is a citizen of the United States or shipyard of the United States may make application to the Secretary of Commerce for financial aid as authorized by this title IV for the construction and operation of a vessel or vessels to be used in essential bulk cargo carrying services as described in section 211(b) and section 211(c) of this Act.

"SEC. 402. If the Secretary of Commerce determines that a vessel proposed to be constructed is suitable for such service, he shall furnish the applicant a 'Certificate of title IV Eligibility.' Such certificate shall provide that upon construction of the vessel in a shipyard of the United States, pursuant to plans and specifications approved by the Secretary, and upon documentation under the laws of the United States, the vessel shall be eligible for per diem financial assistance payable for each day the vessel is operated in foreign trade. Such certificate shall also provide that the vessel shall be entitled to engage in all domestic trades without restriction of any kind and to enter or leave foreign or domestic trade subject only to the notice requirements of section 403(f) of this title IV.

"SEC. 403. (a) Per diem financial assistance shall consist of a construction component and an operating component.

"(b) The construction component of per diem financial assistance shall consist of a principal element and an interest element computed as follows:

"(1) The principal element shall be the construction-differential subsidy which would be paid for each eligible vessel if the vessel were built pursuant to title V of this Act divided by the economic life of the vessel and computed as a fixed daily rate. For the purposes of this paragraph, economic life shall be twenty years.

"(2) The principal element shall accrue throughout the vessel's economic life whether or not the vessel is employed in foreign trade, but shall be payable only during periods of employment in foreign trade.

"(3) At any time during the economic life of a vessel, the unamortized balance of the construction-differential subsidy as defined in paragraph (1) above shall consist of such subsidy less the accrued principal element.

"(4) The interest element shall be the product of the unamortized balance of construction-differential subsidy as defined in paragraph (3) above and a daily rate of interest which rate shall be established by the Secretary of Commerce in the 'Certificate of Title IV Eligibility.'

"(c) The operating component of per diem financial assistance shall be the operating-differential subsidy that would be payable pursuant to title VI of this Act if the vessel were engaged pursuant to an operating-differential subsidy contract in an essential bulk service computed as a daily rate. The Secretary of Commerce shall review such determination and recompute the per diem, operating component, if necessary, whenever the vessel engages in foreign trade after a period of service in domestic trade.

"(d) The construction and operating components of per diem financial assistance shall be combined in one monthly payment to be paid with respect to an eligible vessel upon certification by the vessel operator with respect to the number of days the vessel was engaged in foreign trade during the preceding month.

"(e) The day commencing and the day terminating period of foreign trade shall be treated as a full day for the purpose of computing the assistance payable.

"(f) The operator of an eligible vessel shall notify the Secretary of Commerce prior to the commencement of any period of foreign trade and promptly upon the termination of any such period of service.

"SEC. 405. For the purposes of this title IV, the term 'other national requirements' as employed in section 211(b) and section 211 (c) of this Act is defined to include the construction and operation of bulk cargo carrying vessels intended for employment in domestic or foreign trade pursuant to this title IV. It is the intent of Congress that any vessel constructed and operated pursuant to a 'Certificate of Title IV Eligibility' not be impeded in any manner with respect to its employment in domestic and foreign trades or transfer between such trades.

"SEC. 407. The Secretary of Commerce shall promptly promulgate regulations governing the general administration and implementation of this title IV.".

SEC. 3. The second sentence of section 503 of the Merchant Marine Act, 1936 (46 U.S.C. 1153) is amended to read as follows: "The vessel shall remain documented under the laws of the United States for not less than ten years, or so long as there remains due the United States any principal or interest on account of the purchase price, whichever is the longer period, and may thereafter be documented under any other flag subject to the provisions of this Act: *Provided, however,* That unless the vessel has been documented under the laws of the United States for a period of twenty-five years, the net proceeds of sale of the vessel if transferred to another nationality shall be deposited in the owner's Capital Construction Fund and committed within a period of two years in the construction of a qualified replacement vessel or vessels.".

SEC. 4. (a) Section 607(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1177(a)) is amended by striking out "noncontiguous" and by inserting immediately after "domestic" the following: "coastwise, intercoastal, and noncontiguous."

(b) Section 607(k) of such Act (46 U.S.C. 1177(k)) is amended by striking out "noncontiguous" in paragraph (2) (c) thereof and inserting in such paragraph immediately after "domestic" the following: "coastwise, intercoastal, and noncontiguous."

SEC. 5. (a) Section 508 of the Merchant Marine Act, 1936 (46 U.S.C. 1158) is amended by inserting before the period at the end thereof the phrase "engaged in any service as defined in section 211(a) of this Act.".

(b) Section 804 of the Merchant Marine Act, 1936 (46 U.S.C. 1222), is amended—

(1) by amending paragraph (a) to read as follows:

"(a) It shall be unlawful for any contractor receiving an operating-differential subsidy under title VI or for any charterer of vessels under title VII of this Act, or any holding company, subsidiary, affiliate, or associate of such contractor or such charterer, or any officer, director, agent, or executive thereof, directly or indirectly to own, charter, act as an agent or broker for, or operate any foreign-flag vessel which competes with any American-flag service determined by the Secretary of Commerce to be essential as provided in section 211(a) of this Act." and

(2) by striking paragraphs (c), (d), and (e).

SEC. 6. Section 805(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1223(a)) is amended by inserting the following paragraph at the end thereof: "The prohibitions of this subsection shall apply only with respect to contractors providing essential services pursuant to section 211(a) of this Act.".

SEC. 7. Section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)) is amended—

(a) by amending the first sentence of paragraph (1) to the first colon to read as follows: "Whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, or provide any form of grant, advance, credit, or guarantee whatsoever to any party to a transaction involving the furnishing of equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per centum of the gross tonnage of such equipment, materials or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels (world market rates and rates equal to those charged by vessels operating under the flag of the recipient nation shall be presumptively fair and reasonable subject to the right of United States-flag vessel owners to rebut such presumption through the written presentation of appropriate cost data to the Secretary), in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographical areas:".

(b) by amending paragraph (2) to read as follows:

"(2) It is the intent of Congress that this subsection be construed and implemented by each department or agency pursuant to an affirmative plan of action so that its stated purposes and objectives are promptly and consistently achieved. Each department or agency shall develop an affirmative action plan and submit it to the Secretary of Commerce within ninety days of the date of enactment of this subsection. Within ninety days thereafter the Secretary shall approve such plan together with such amendments to the plan as he deems necessary or appropriate to further achieve the purposes and objectives of this subsection. Thereafter, no department or agency may alter or deviate from the approved action plan without first consulting the Secretary and securing his concurrence. Each plan, as submitted for approval of the Secretary and any subsequent amendment thereof, shall be published in the Federal Register by the Secretary for public comment and he shall give due consideration to such comments. Each approved plan shall be published in the Federal Register. Each department or agency shall separately publish in the Federal Register upon approval of its action plan a statement setting forth the name, office address and duties of each supervisory person having responsibility for the administration of this subsection. Every department or agency having responsibility under this subsection shall administer its program with respect to this subsection under regulations issued by the Secretary of Commerce. The Secretary of Commerce shall review such administration and shall annually report to the Congress with respect thereto.".

Sec. 8. Section 905(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1244(a)) is amended to read as follows:

"(a) The words 'foreign commerce' or 'foreign trade' mean commerce or trade between the United States, its territories or possessions or the District of Columbia, and a foreign country, except that in the context of liquid or dry bulk cargo carrying services as defined in section 211(b) of this Act, the said words 'foreign commerce' or 'foreign trade' shall also include trading between foreign ports or between points at sea and domestic or foreign ports.".

Sec. 9. (a) Section 209(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1119(b)) is amended by redesignating paragraphs (1) through (10) as paragraphs (2) through (11) respectively and inserting the following new paragraph immediately preceding paragraph (2):

"(1) payment of obligations incurred for single factor per diem rate financial aid;".

(b) Funds authorized to be appropriated by law for fiscal year 1980 pursuant to sections 209(b)(2), 209(b)(3), and 209(b)(4), of the Merchant Marine Act, 1936, as redesignated by section 9(a) of this Act shall also be available without fiscal year limitation for the purposes of section 209(b)(1) of such Act as enacted by section 9(a) of this Act.●

TROTSKYISM AND TERRORISM IN IRELAND

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. McDONALD. Mr. Speaker, the murders of Earl Mountbatten of Burma and others in Ireland on August 27 has served to bring into sharp focus the activities of a Trotskyite cadre operating within the terrorist movement in Ireland. The murder of Earl Mountbatten was claimed initially by the Irish National Liberation Army (INLA), the armed branch of the Trotskyite Irish Republican Socialist Party (IRSP) which is in the process of merging with Bernedette Devlin McAliskey's Movement for a Socialist Republic (MSR), the Irish section of the Trotskyite terrorist Fourth International. Later, as usual, the Provisional IRA also claimed responsibility for the murder.

The Brussels-based Fourth International (FI) is actively engaged in terrorism in several countries of Western Europe, Latin America, Japan, and the Middle East. Not only do Fourth International cadre provide extensive logistical support to terrorist groups, but they also participate directly in terrorism. For example, not only does the West German Fourth International section maintain liaison with the descendents of the Baader-Meinhof gang called the Revolutionary Cells, but several German Trotskyites havebeen arrested as members of terrorist groups.

The U.S. section of the Fourth International is the Socialist Workers Party (SWP). SWP members travel on assignment for the Fourth International and the SWP is the financial mainstay of the FI. SWP cadre are assigned to act as liaison with various terrorist groups including the IRA and the Palestine Liberation Organization, and yet thanks to the Attorney General's guidelines for the FBI and to the President's order regulating CIA activities, our American intelligence agencies are no longer able to monitor the activities of SWP members traveling abroad and carrying out tasks on behalf of the Fourth International.

The safety of the lives of American citizens as well as of others depends on this Congress removing such dangerous restrictions from the upcoming intelligence charters.

The following excellent summary of international terrorist activities involving the Trotskyite INLA and the West German Revolutionary Cells is taken from the September 5 issue of the weekly Review of the News:

VICIOUS ASSASSINATIONS IN IRELAND

Sligo, Ireland, August 27.—Earl Mountbatten of Burma, 79, a cousin of Queen Elizabeth II and great grandson of Queen Victoria, is killed when a powerful bomb destroys his cabin cruiser in Donegal Bay. A grandson, Nicholas Brabourne, and a local youth Paul Maxwell, are also killed outright. The vessel is blown out of the water and strewn in splinters by a remote-controlled bomb estimated at 50 pounds which was placed aboard despite intermittent police checks. All other passengers, relatives of the Earl, are seriously injured.

Warrenpoint, N. Ireland, August 27.—Eighteen British soldiers are killed in a well-laid double ambush at an Ulster border point. A 1,000-pound bomb concealed in a haywagon is detonated by remote control as a British Army truck passes by, killing eight men. As rescuers and reenforcements arrive on the scene, a second very large bomb hidden in a farm building almost brings down a helicopter laden with wounded survivors, and kills 10 more men.

Responsibility for the Mountbatten assassination is initially claimed on behalf of the Irish National Liberation Army (I.N.L.A.) by means of an anonymous telephone call. Later calls insist that the Provisional Wing of the Irish Republican Army is responsible, and the identification of the I.N.L.A. is denounced as a trick. However, according to terrorism expert John Rees, the modus operandi points strongly to the I.N.L.A. Mr. Rees explains in Information Digest that the I.N.L.A. is the armed wing of the Irish Republican Socialist Party, a Trotskyite Communist group which is in the process of merging with the Fourth International, an alliance of Trotskyite Communist terror groups worldwide. Members of I.N.L.A. have boasted to the London Daily Telegraph that, whereas the Provos (Provisional I.R.A.) have five members for every gun, I.N.L.A. has five guns for every member.

The use of large remote-controlled bombs and the targeting of high-ranking or highly visible victims is characteristic of I.N.L.A. methods. Just before the recent British elections which brought Margaret Thatcher to power as Prime Minister, they killed one of her key advisors, Airey Neave, with a bomb planted in his car and detonated by radio. Members of I.N.L.A. last year murdered the British Ambassador to The Netherlands. The June 25 bombing of the limousine of Gen. Alexander Haig, Supreme Allied Commander in Europe, is believed by some to have been directed in fact against Gen. Jack Harman, commander of the British Army of the Rhine.

Both weapons and expertise reach I.N.L.A. from European countries and the Middle East. A connection with the West German Revolutionary Cells, successors of the Baader-Meinhof gang, may lie in the four-month visit to Ireland earlier this year by Rudolf Rahbe, who was finally recognized by Irish police as a West German wanted for bomb attacks in Mainz, Germany. Rahbe was arrested and then, through a "blunder," released.

Brussels, August 28.—In an attack which may be related to yesterday's outrages, a large bomb destroys a platform which should have been occupied at that moment by a British Army band. Due to a traffic jam, the band had not yet arrived. This circumstance suggests a timing device rather than a radio-controlled weapon detonated by an observer.

Sligo, August 28.—Lady Brabourne, 84, mother of Earl Mountbatten's son-in-law, dies of injuries suffered in yesterday's bomb attack, and Mountbatten's surviving twin grandson is reportedly in danger of losing his eyesight. Further deaths are reported among the soldiers ambushed in Ulster.

Susan L. M. Huck.●

CLEVELAND: PRIDE OF THE NATION

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. STOKES. Mr. Speaker, the eyes of the Nation were focused on Cleveland, Ohio this week. The point of interest was the desegregation of the public school system.

I am proud to report to my colleagues that Cleveland had a peaceful desegregation of its schools this week. The city should be commended for this. The action taken in Cleveland this week will undoubtedly enhance the quality of education and learning experiences of our children in Cleveland.

But, the desegregation process in Cleveland was only the culmination of events spanning many years in this country. All of us can recall when schools throughout this country were segregated. In 1954, the Brown against Board of Education decision mandated that schools should be desegregated "with all deliberate speed." However, many years after this decision, only meager attempts to desegregate the school systems in this country had been made. In an attempt to carry out the law, court ordered busing to achieve desegregation became prevalent in many States.

Finally, this summer, a constitutional amendment to prohibit busing was proposed in the U.S. House of Representatives. After that amendment was defeated, the first school system to be desegregated was in Cleveland.

The news media, the Justice Department and every parent in this Nation watched the situation in Cleveland closely to see if the emotion tied to the whole busing issue would prohibit a peaceful desegregation of the school system. The outstanding job the Cleveland community did with the busing situation will quell many of the misgivings that Americans have about the whole process.

On the first day of classes, I visited some schools in Cleveland to get a first hand observation on the busing situation. I watched anxiously as the yellow school buses unloaded students at their respective schools.

At one school, a bus drove up with only black children on it. A short time later, another school bus arrived with only white children. Finally, a few minutes later, the third bus pulled up with both black and white schoolchildren on the bus. Three different buses were bringing these children together for one purpose—a quality education.

The only surge of emotion in Cleveland that day was displayed by a group called Welcome. As the children walked into the schools, Welcome, a group of black and white concerned citizens, greeted the cheery-eyed students. Armed with only posters of black and white fists joined, the actions of the group symbolized the coming together of the city for quality education. This scene was repeated on both the east and west side of Cleveland.

As I chatted with the children, I found that they were not distraught about being bused. Rather, they were concerned about the new friendships they would be making in school and the new experience. The members of Welcome were confident that this experience will not only be an educational lesson but also a lesson on how to live and communicate with all people.

Therefore, at this time, I would like my colleagues to join me in commending the school officials, parents, children, and Welcome in Cleveland on a peaceful desegregation. They have set a shining example and a challenge for everyone in this Nation.●

REHABILITATION SERVICES OF ILLINOIS

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. SIMON. Mr. Speaker, recently the Illinois General Assembly and Gov. James R. Thompson acted to upgrade and consolidate the rehabilitation services of the State of Illinois. As chairman of the Subcommittee on Select Education, and as a Representative from the State of Illinois, I am pleased to note that as a result of the actions of the General Assembly and the Governor, the State of Illinois now has the first cabinet level department of vocational rehabilitation in the Nation.

When the State/Federal partnership for vocational rehabilitation was established in 1920, the Congress authorized only $1 million to provide services to the physically handicapped. Since that time, the program's authority has been expanded to provide vocational rehabilitation services to individuals with both physically and mentally handicapping conditions, and the program has grown to the point where in fiscal year 1979, a Federal entitlement of $880 million has been provided for the State grant program of vocational rehabilitation.

When the Illinois DVR was established in 1921, it was a relatively small program and responsibility for its operation was placed under the board of vocational education and rehabilitation. This was consistent with its size in terms of dollar expenditures and numbers served. Over the years, however, the number of clients served, and the number of services provided, have grown substantially. As of July 1979, the Illinois division of vocational rehabilitation had a staff of 2,100 and a budget of $86 million. Consequently, in July the Illinois General Assembly decided that services provided to disabled citizens should be consolidated and the division of vocational rehabilitation upgraded to cabinet status. A factor which was instrumental in this decision was the recently enacted 1978 amendments to the Rehabilitation Act.

Under the newly authorized Federal legislation, the authority of the State rehabilitation agency was expanded to the extent that, in addition to providing services to those handicapped individuals with vocational potential, it was also authorized to provide comprehensive rehabilitation services, including helping disabled persons live independently. Under the consolidation effort, the Illinois State School for the Deaf, the State School for the Visually Impaired, the Illinois Visually Handicapped Institute, the Community Services for the Visually Impaired and the Illinois Children's Hospital School, all previously administered by the Department of Children and Family Services, were transferred to the new Department of Rehabilitation Services.

In addition, the In Home Health Care Program for the Disabled, previously under the administration of the Department of Public Aid, has been transferred to the new department. This program provides supportive services to the disabled to increase their capacities for self-support, self-care, and responsible citizenship and to assist them in maintaining and strengthening family life. The goal of the program is to provide services which help people to stay in their homes rather than being forced into institutional care.

Also, effective July 1, 1980, the division of services for crippled children, which was previously under the auspices of the University of Illinois, will be administered by the Department of Rehabilitation Services.

Mr. Speaker, I believe that the State of Illinois, which has long been a leader in services to disabled persons, has taken a positive step in this consolidation of services and the elevation of the Illinois Division of Vocational Rehabilitation to cabinet status. I expect that these actions will result in improved services to the citizens of Illinois and I hope that the Illinois Department of Vocational Rehabilitation will be the model for all the States.●

CAPT. ROGER LINLY MAIRS—29 YEARS WITH THE LOS ANGELES POLICE DEPARTMENT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. ANDERSON of California. Mr. Speaker, the demands of society on our law enforcement officials are enormous. Few of us have time to consider the complexities of the police officer's job in modern days. The vigorous enforcement of laws to control crime and to make our streets and homes safe, while at the same time being ever aware of individual rights, all must be accomplished with limited resources and are most often taken for granted by the individual citizen.

Roger Linly Mairs is one individual who has truly excelled in meeting the challenge of law enforcement within these constraints. After completing over 29 years service as a member of the Los Angeles Police Department, he retired on August 15, 1979. On September 28, friends, associates, and many members of the communities he served will pay tribute to him for his many years of dedicated service. His career with the Los Angeles Police Department and his contributions to the citizens of Los Angeles is worth sharing with my colleagues.

After serving 6 years in the U.S. Navy (1940–46), where he attained the rank of chief pharmacist's mate, Roger Mairs attended college, worked in private industry as an accountant and office manager, and then in 1950 joined the Los Angeles Police Department. His early assignments were in uniformed patrol, vice enforcement, juvenile, and narcotic investigation. He was promoted to sergeant in 1958, lieutenant I in 1964, lieutenant II in 1971, captain I in 1971, captain II in 1972, and captain III in 1973. As a sergeant, his assignments included vice enforcement supervision and detectives. While in the lieutenant rank he supervised homicide investigations, served as department advocate under former Chief of Police William H. Parker, and was the adjutant to the chief of detectives.

Upon his appointment to captain, he took command of the detectives headquarters division. He later commanded the 77th Street Detective Division. His final and perhaps his most notable assignment with the department was as commanding officer of the harbor area where he served over 6 years. While in this assignment, he provided the leadership to encourage community-police cooperation which resulted in numerous successful efforts against crime, pornography, and prostitution. Also, during this time, crime was reduced in the harbor area for each of 4 consecutive years.

Much of Captain Mairs' time involves participation in community betterment concerns including work with the Rotary Club, chamber of commerce, Harbor Area Youth Foundation, the local military affairs committee, and many other organizations. He founded and was chairman of the Harbor Areas Ad Hoc Public Safety Committee. He is a master Mason and a member of Mother Colony Lodge, No. 750, Anaheim, Calif.

Roger Mairs, by his work in the Los Angeles Police Department and by his involvement in the community, has demonstrated the best qualities of citizenship. My wife, Lee, joins me in offering our congratulations on his record of accomplishment. We wish him and his son, John Jay Mairs, a future of continued success and many rewards in the years to come.●

FEDERAL PAY RAISES

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 13, 1979

● Mr. MAZZOLI. Mr. Speaker, pay increases for Federal employees and Members of Congress are always hard issues. They are particularly vexing in these days of higher inflation.

I believe all Federal employees—including high-ranking executive and judicial branch employees—should receive a cost-of-living adjustment.

But, I do not believe Members of the House and Senate should receive any salary increase whatsoever this year.

Unfortunately, the bill reported by the Legislative Appropriations Subcommittee of the House Appropriations Committee on September 11, included a 7-percent pay raise for Members of Congress. I hope this provision will be deleted during floor action on this measure.●

HOUSE OF REPRESENTATIVES—*Friday, September 14, 1979*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Behold, how good and pleasant it is when brothers dwell in unity.—Psalms 133: 1.

O God, quicken our spirits so that we will know the blessings of living together in unity and peace. We have our personal aspirations and ideas of what is best, yet may we know the satisfaction from sharing our common concerns and experiencing the joy of mutual accomplishment.

Teach us to treat one another with respect and honor as we keep our vision to those noble objectives that are our common heritage.

This we pray, O Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate disagrees to the amendments of the House to the bill (S. 640) entitled "An act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. INOUYE, Mr. MAGNUSON, Mr. LONG, Mr. WARNER, and Mr. PACKWOOD to be the conferees on the part of the Senate.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO MEET TODAY DURING 5-MINUTE RULE

Mr. BEDELL. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture, may be permitted to sit today to consider the bill, H.R. 3905, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

WHY NOBODY LIKES THE DEPARTMENT OF ENERGY

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I understand that the Department of Energy cannot understand why it is about as popular as a case of hives in a heat wave, but we had a good example in my office these last few days.

One of my constituents wrote in and wanted to know where he could get hold of some information on solar heating. We called the Department of Energy. They responded by saying, "Try the National Solar Heating and Cooling Information Center. The telephone number is 800-523-2929."

My secretary called that number 24 times, and constantly got a busy signal. On the 25th time a phonograph record replied, but before it was finished the line was cut off.

I think they ought to do something down at the Department of Energy about making that information more readily available.

CARL YASTRZEMSKI'S 3,000TH HIT

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, there is not a lot of awfully good news to cheer about these days, especially for Boston Red Sox fans, but on Wednesday night, September 12, 1979, Carl Yastrzemski got his 3,000th major league hit. He is the 15th player to do so. He is also the fourth player to have both 3,000 hits and 400 home runs. And he is the first player in the long history of the American League, the league of Cobb, Ruth, DiMaggio, and Williams, among others, to attain this remarkable feat.

But statistics tell relatively little about what Yaz has meant to the Red Sox for 19 years. He has had innumerable hits in the clutch. He won the triple crown in 1967, and was the man most responsible for getting the Red Sox the pennant that year. Aside from being one of the game's top hitters, he is also one of its top fielders. He has been a perennial golden glove in Fenway Park, where he mastered the intricacies of the "Green Monster," the tricky left field in Boston.

Carl Yastrzemski is a man whom all citizens of the Bay State and all Americans can cheer. He has distinguished himself through remarkable achievements in our national pastime. I am proud to say that I know him not just as an admirer of his extraordinary talent, but as a friend, and I am delighted to offer him my sincerest congratulations, as well as the heartfelt best wishes of the First District of Massachusetts, on his attainment of this remarkable milestone.

DILATORY TACTICS—MAJORITY OR MINORITY?

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, you, better than most know that your party controls the House of Representatives by a 2-to-1 margin. Yet we hear continually rumors of plans for the suppression of the rights of the minority, and I might point out, of the Members of the majority, because of alleged dilatory tactics, and delays caused by abuse of the procedures of the House in debating bills and offering amendments.

I call attention to you, Mr. Speaker, and to the Democratic leadership, the defense authorization bill we have been debating now for 3 days. So far, your majority party Members have offered 13 amendments, and the minority 2.

☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Scheduled for today are a possible 9 more amendments by your majority party Members, and by the minority probably only 2. That is 22 to 4 for your party in offering amendments.

Yet, we constantly hear that dilatory tactics are occurring on the minority side. Several of the amendments offered by majority Members have been defeated by more than 3-to-1 rollcall votes after hours of debate on the majority side.

I defend the right of the majority to offer these amendments as they have on this bill. I hope you, Mr. Speaker, and the leadership will defend the right of the minority and the majority to do the same on all other bills.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1980

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4040) to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4040, with Mr. MINETA (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Thursday, September 13, 1979, title VII had been considered as having been read and open to amendment at any point.

Are there any further amendments to title VII? If not, the Clerk will read.

The Clerk read as follows:

TITLE VIII—GENERAL PROVISIONS

WAIVER OF APPLICABILITY OF OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-76 TO CONTRACTING OUT OF CERTAIN RESEARCH AND DEVELOPMENT ACTIVITIES

SEC. 801. (a) Except as provided in subsection (b), neither the implementing instructions for, nor the provisions of, Office of Management and Budget Circular A-76 (issued on August 30, 1967, and reissued on October 18, 1976, June 13, 1977, and March 29, 1979) shall control or be used for policy guidance for the obligation or expenditure of any funds which under section 138(a)(2) of title 10, United States Code, are required to be specifically authorized by law.

(b) Funds which under section 138(a)(2) of title 10, United States Code, are required to be specifically authorized by law may be obligated or expended for operation or support of installations or equipment used for research and development (including maintenance support of laboratories, operation and maintenance of test ranges, and maintenance of test aircraft and ships) in compliance with the implementing instructions for and the provisions of such Office of Management and Budget Circular.

(c) No law enacted after the date of the enactment of this Act shall be held, considered, or construed as amending, superseding, or otherwise modifying any provision of this section unless such law does so by specifically and explicitly amending, repealing, or superseding this section.

AMENDMENTS RELATING TO THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

SEC. 802. (a) Section 2112(b) of title 10, United States Code, is amended by adding at the end thereof the following new sentence: "In so prescribing the number of persons to be graduated from the University, the Secretary of Defense shall, upon recommendation of the Board of Regents, institute actions necessary to ensure the maximum number of first-year enrollments in the University consistent with the academic capacity of the University and the needs of the uniformed services for medical personnel.".

(b) Section 2114(b) of such title is amended by striking out "uniform" in the first sentence of such section and inserting in lieu thereof "uniformed".

(c)(1) The first two sentences of section 2115 of such title are amended to read as follows: "The Secretary of Defense may allow not more than 20 percent of the graduates of each class at the University to perform civilian Federal service for not less than seven years following the completion of their professional education in lieu of active duty in a uniformed service if the needs of the uniformed services do not require that such graduates perform active duty in a uniformed service and as long as the Secretary of Defense does not recall such persons to active duty in the uniformed services. Such persons who execute an agreement in writing to perform such civilian Federal service may be released from active duty following the completion of their professional education.".

(2) The section heading of such section is amended by striking out "electing" and "duty" and inserting in lieu thereof "permitted" and "service", respectively.

(3) The item related to section 2115 in the table of sections at the beginning of chapter 104 of such title is amended by striking out "electing" and "duty" and inserting in lieu thereof "permitted" and "service", respectively.

SIX-YEAR SERVICE OBLIGATION FOR PERSONS ENLISTING AFTER AGE 26

SEC. 803. (a) Section 511(d) of title 10, United States Code, is amended—

(1) by striking out "who is under 26 years of age,"; and

(2) by striking out the comma after "in an armed force".

(b) Section 651 of such title is amended by striking out "before his twenty-sixth birthday".

(c) The amendments made by this section shall apply only to individuals who become members of an armed force after the date of the enactment of this Act.

AUTHORIZED STRENGTH IN RESERVE BRIGADIER GENERALS AND MAJOR GENERALS OF THE MARINE CORPS

SEC. 804. Section 5458(a) of title 10, United States Code, is amended by adding at the end thereof the following new sentence: "An officer serving on active duty in the grade of brigadier general or major general and counted for the purposes of section 5443(a) of this title shall not be counted for the purposes of this subsection."

RESTRICTION ON CONVERTING PERFORMANCE OF COMMERCIAL AND INDUSTRIAL TYPE FUNCTIONS FROM DEPARTMENT OF DEFENSE PERSONNEL TO PRIVATE CONTRACTORS

SEC. 805. (a) No commercial or industrial type function of the Department of Defense that on the date of the enactment of this Act is being performed by Department of Defense personnel may be converted to performance by a private contractor unless the Secretary of Defense has provided to the Congress in a timely manner—

(1) notification of the decision to study such commercial or industrial type function for possible performance by a private contractor;

(2) upon completing the study described in paragraph (1) and before contracting for the performance of such function by a private contractor, a report showing—

(A) the economic impact on the local community, and on individual employees affected, of contracting for performance of such function; and

(B) the impact of contracting for performance of such function on the military mission of such function; and

(3) after a decision is made to contract for the performance of such function, a report of—

(A) the decision to convert the performance of such function to performance by a private contractor; and

(B) the amount of the bid accepted for the performance of such function by the private contractor whose bid is accepted and the cost of performance of such function by Department of Defense personnel, together with all other costs and expenditures which the Government will incur because of the contract.

(b) No funds may be obligated or expended for a contract for performance of a commercial or industrial type function with respect to which subsection (a) is applicable until the appropriate committees of the Congress have had 30 legislative days in which to review the decision to contract for performance of such function.

AMENDMENTS RELATING TO COMPENSATION OF HEALTH PROFESSIONALS

SEC. 806. (a) Section 2121(d) of title 10, United States Code, relating to stipends for members of the Armed Forces Health Professions Scholarship program, is amended to read as follows:

"(d) Except when serving on active duty pursuant to subsection (c), a member of the program shall be entitled to a stipend at the rate in effect under paragraph (1)(B) of section 751(g) of the Public Health Service Act (42 U.S.C. 294t(g)) for students in the National Health Service Corps Scholarship program.".

(b) Section 313(a) of title 37, United States Code, relating to special pay for medical officers who execute active duty agreements, is amended—

(1) by striking out clause (4) and redesignating clauses (5) and (6) as clauses (4) and (5), respectively; and

(2) by inserting after the first sentence of such subsection the following new sentence: "However, while serving an active duty obligation resulting from a medical education program leading to appointment or designation as a medical officer, such an officer shall be paid $9,000 (rather than an amount determined under the preceding sentence) for each year of the active duty agreement.".

(c) The amendments made by this section shall take effect on October 1, 1979.

ADVANCE PAYMENT OF STATION HOUSING ALLOWANCES FOR MEMBERS OF THE UNIFORMED SERVICES ASSIGNED OVERSEAS

SEC. 807. (a) Section 405 of title 37, United States Code, relating to allowances for members on duty outside the United States or in Alaska or Hawaii, is amended by inserting after the third sentence in such section the following new sentence: "A station housing allowance prescribed under this section may be paid in advance.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

ANNUAL REPORT ON NORTH ATLANTIC TREATY ORGANIZATION READINESS

SEC. 808. (a) Each year the Secretary of Defense shall assess, and make findings with respect to, the readiness status of the military forces of the North Atlantic Treaty Organization and shall submit a report of such assessment and findings to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives on the same date that the President transmits to the Congress the Budget. The first such report shall be submitted on the date the Budget for fiscal year 1981 is transmitted.

(b) The annual assessment by the Secretary of Defense under subsection (a) shall include the assessment and findings of the Secretary of Defense with respect to—

(1) deficiencies in the readiness of the North Atlantic Treaty Organization (including an analysis of such deficiencies in each member nation of the North Atlantic Treaty Organization) with respect to—

(A) war reserve stocks;

(B) command, control, and communications systems (including the susceptibility of such systems to degradation by potential overt activities of the Warsaw Pact);

(C) electronic warfare capabilities;

(D) offensive and defensive chemical warfare capabilities;

(E) air defense capabilities (including ground and air systems and the integration of ground systems with air systems);

(F) armor and antiarmor capabilities;

(G) firepower capabilities;

(H) forward deployed units and the proximity of such units to assigned general defensive positions;

(I) the availability of ammunition;

(J) the availability, responsiveness, and overall effectiveness of reserve forces;

(K) airlift capabilities to meet reinforcement and resupply requirements;

(L) the ability to protect, cross-service, and stage air assets from allied air fields;

(M) the maritime force capabilities (including sealift, minelaying, and minesweeping capabilities);

(N) logistical support arrangements (including the availability of ports, air fields, transportation, and host nation support);

(O) training (including the availability of the facilities and equipment needed to conduct realistic operational exercises); and

(P) the compatibility of operational doctrine and procedures among armed forces of the member nations;

(2) planned corrections in the identified readiness deficiencies of the United States with respect to the North Atlantic Treaty Organization and that portion of the Budget transmitted to the Congress by the President on the date such report is transmitted which is allocated for such corrections; and

(3) commitments made by other member nations of the North Atlantic Treaty Organization to correct readiness deficiencies of such nations (including any deficiencies of such nations in the items listed in paragraph (1)) and an identification of particular improvements to be made in readiness by weapons system, program, or activity.

QUARTERLY SELECTED ACQUISITION REPORTS TO CONGRESS

SEC. 809. Section 811(a) of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 89 Stat. 539) is amended to read as follows:

"(a) Beginning with the quarter ending December 31, 1979, the Secretary of Defense shall submit to the Congress quarterly written selected acquisition reports for those major defense systems which are estimated to acquire a total cumulative financing for research, development, test, and evaluation in excess of $75,000,000 or a cumulative production investment in excess of $300,000,000. The report for the quarter ending December 31 of any fiscal year shall be submitted within 20 days after the President transmits the Budget to Congress for the following fiscal year, and the other three reports for any fiscal year shall be submitted within 30 days after the end of the quarter. If preliminary reports are submitted, then final reports shall be submitted to the Congress within 15 days after the submission of the preliminary reports.".

AUTHORIZATION OF APPROPRIATIONS FOR ASSISTANCE FOR 1980 OLYMPIC WINTER GAMES

SEC. 810. There is authorized to be appropriated to the Secretary of Defense for fiscal year 1980 an amount not to exceed $10,000,000 for the purpose of providing assistance for the 1980 Olympic winter games, as authorized by section 816(a) of the Department of Defense Appropriation Authorization Act, 1979 (Public Law 95-485; 92 Stat. 1626). Except for funds used for pay and nontravel related allowances of members of the Armed Forces, no funds may be obligated or expended for the purpose of carrying out such section unless specifically appropriated for such purpose. The costs for pay and nontravel related allowances of members of the Armed Forces may not be charged to appropriations made pursuant to this authorization.

LIMITATION ON THE REDUCTION OF UNITED STATES GROUND FORCES FROM THE REPUBLIC OF KOREA

SEC. 811. No funds authorized to be appropriated by this Act may be used for the purpose of reducing the total number of Army ground combat troops stationed in the Republic of Korea below the total number stationed there on May 1, 1979.

TECHNICAL AMENDMENTS TO TITLES 5 AND 10, UNITED STATES CODE, TO REFLECT CHANGES MADE BY THE DEPARTMENT OF DEFENSE REORGANIZATION ORDER OF MARCH 7, 1978

SEC. 816. (a) Section 136(a) of title 10, United States Code, relating to the Assistant Secretaries of Defense, is amended by striking out "nine" and inserting in lieu thereof "seven".

(b) Section 3013 of such title, relating to the Under Secretary and Assistant Secretaries of the Army, is amended by striking out "five" and inserting in lieu thereof "four".

(c) Section 5034(a) of such title, relating to the Assistant Secretaries of the Navy, is amended by striking out "four" and inserting in lieu thereof "three".

(d) Section 8013 of such title, relating to the Under Secretary and Assistant Secretaries of the Air Force, is amended by striking out "four" and inserting in lieu thereof "three".

(e)(1) Paragraphs (13), (14), (15), and (16) of section 5315 of title 5, United States Code, relating to positions at level IV of the Executive Schedule, are amended to read as follows:

"(13) Assistant Secretaries of Defense (7).

"(14) Assistant Secretaries of the Air Force (3).

"(15) Assistant Secretaries of the Army (4).

"(16) Assistant Secretaries of the Navy (3).".

(2) Paragraph (96) of section 5316 of such title, relating to positions at level V of the Executive Schedule, is amended to read as follows:

"(96) Deputy Under Secretaries of Defense for Research and Engineering, Department of Defense (4).".

CORRECTION OF ERRONEOUS SECTION DESIGNATION

SEC. 817. (a) The last section in chapter 49 of title 10, United States Code, relating to military unions (as added by Public Law 95-610; 92 Stat. 3085), is redesignated as section 976.

(b) The item relating to such section in the table of sections at the beginning of such chapter is amended by striking out "975" and inserting in lieu thereof "976".

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title VIII, with the exception of sections 812-815, be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. STRATTON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present.

Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 469]

Abdnor
Akaka
Albosta
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Anthony
Atkinson
AuCoin
Badham
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bingham
Blanchard
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Deckard
Derrick
Devine
Dicks
Donnelly
Dornan
Downey
Duncan, Tenn.
Early
Eckhardt
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fenwick
Ferraro
Findley
Fisher
Fithian
Flippo
Foley
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gradison
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Hawkins
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Howard
Hubbard
Huckaby
Hughes
Hyde
Jeffords
Jeffries
Jenrette
Johnson, Calif.
Johnson, Colo.

Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Lungren
McCormack
McEwen
McHugh
McKay
Madigan
Markey
Marks
Marlenee
Martin
Matsui
Mattox
Mavroules
Mica
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Montgomery
Moore
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Panetta
Patten
Paul
Pease
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roth
Rousselot
Rudd
Runnels
Russo
Sabo
Sawyer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki

The CHAIRMAN pro tempore. Three hundred and six Members having answered to their name, a quorum is present, and the Committee will resume its business.

AMENDMENT OFFERED BY MR. STRATTON

Mr. STRATTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. STRATTON: On page 27, line 23, section 811, delete lines 23 through 25; and on page 28, delete lines 1 and 2.

Mr. STRATTON. Mr. Chairman, this section represents an issue that has been before this House on previous occasions. The chairman will recall that early this year the Defense Intelligence Agency and the CIA announced they were undertaking a new detailed review of the strength of North Korean forces in North Korea and subsequently the press accounts on that review indicated that the North Korean troop strength was discovered to be nearly twice what it had been originally anticipated, and was of such character indeed that North Korea could tie up South Korean forces on the demilitarized zone but could also capture Seoul in a surprise attack.

As a result, the Committee on Armed Services, which had included similar language in previous bills, voted to include section 811 in the bill, to provide that none of the funds authorized in the bill could be used for reducing the total number of army ground combat troops stationed in Korea below the total number there stationed on the first of May.

However, Mr. Chairman, President Carter on the 20th of July, after his return from a trip to the Far East and also from the Camp David summit, announced that in view of these changed intelligence estimates of North Korea troop strength, the withdrawal of any further combat troops from South Korea would be suspended until 1981. At that time the executive branch would then review whether any additional withdrawals were desirable.

The President's decision, Mr. Chairman, I believe has fulfilled all of the objectives that were originally sought with section 811. In fact, he has gone further, because the stipulation that there shall be no withdrawals through 1981 puts us into the next presidential term, whereas the provisions of any section of this bill would, of course, cease to be operative on the 1st of October of 1980.

Mr. Chairman, my amendment simply deletes section 811 and I urge the House to accept the amendment.

I would also like to take this opportunity to express my appreciation to the President for taking the action he has taken. I think it is certainly in the interest of our national security.

☐ 1030

Mr. PRICE. Mr. Chairman if the gentleman will yield, the committee has carefully examined this amendment. We have no objection to it. We are prepared to accept the amendment.

Mr. BOB WILSON. Mr. Chairman, we have no objection on this side to this amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. STRATTON).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. CHARLES H. WILSON OF CALIFORNIA

Mr. CHARLES H. WILSON of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. CHARLES H. WILSON of California: Page 27, strike out line 6 through 20 and redesignate succeeding sections accordingly.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I rise to offer an amendment. My amendment would delete section 810, title VIII continuing a previous authorization giving the Secretary of Defense the authority to provide logistical assistance for the XIII Olympic winter games to be held at Lake Placid, N.Y., in an amount not to exceed $10 million.

In 1976, the Congress authorized $49.4 million for the Lake Placid winter Olympic games. The administration did not support a number of facilities recommended by the committee and questioned the appropriateness of Federal financing. Its position was that the facilities should be financed from revenues derived from the Olympics or from State and local funding. Nevertheless, the Congress approved the authorization and the bill was signed into law. This is clear cut and a matter of public record. What is not so clear cut is the amount of Federal tax dollars that have actually been granted to Lake Placid.

The Secretary of Commerce has issued two reports on the steps which the Department has taken in assisting Lake Placid. What these reports show is that, to date, a minimum of $59.7 million has gone to Lake Placid. If this amount is taken in conjunction with:

The $10 million before us today;

The $11 million in reprogramed funds just approved by the Senate; and

The $4 million which the Interior Department has contributed in the form of matching funds.

The grand total for Federal assistance is $83.7 million. This is a conservative figure.

It is next to impossible to determine with any amount of certainty the exact bottom-line figure of Federal assistance. My own staff has been investigating this matter and our conclusion is that perhaps as much as $100 million may have already made its way to Lake Placid.

During the hearings on the original authorization, supporters stressed, and I quote:

> We do not want to be one of those people who are continually running back and saying to someone, "This is what we thought it would cost, but this is now what it is going to cost."

I submit to you that this is, in fact, what has occurred. The Federal Government and the taxpayers of this country are the ones who have suffered. It is plainly documented not only in the moneys before us today, but in the additional moneys which have been granted to Lake Placid. Actually, my amendment is one of the few opportunities the Congress has had since 1976 to voice its collective judgment specifically on Federal financing of the Olympics.

By offering this amendment, many will accuse me of being "against sports" or "out to get New York." Well, this could not be further from the truth. The simple fact is that I am totally opposed to use of Federal tax dollars to help host the Olympics in this country.

The use of Federal tax dollars for this purpose is a fairly recent phenomenon. The first such instance was in 1960 when Squaw Valley received $4.3 million from the Federal Government. From the figure of $4.3 million we have now progressed to perhaps over $100 million. Two months ago, the city of Los Angeles informally submitted a funding request of $141.5 million to help host the 1984 summer games. Not only do I oppose the $10 million before us today, I also reject the funding request by Los Angeles and will do all in my power to insure that it is not approved by the Congress.

As you may know, an amendment was added to the original Lake Placid authorization stating that:

> Assistance authorized by this act is provided in recognition of the unique economic circumstances of the Lake Placid area and should not be considered as establishing a precedent for any future Federal assistance for international athletic competitions.

Whether we like it not, a precedent has, in fact, been established. I refer my colleagues to information which I have inserted in the CONGRESSIONAL RECORD on the Los Angeles Olympic request. This request clearly uses the Lake Placid authorization as a basis for the scope of Federal assistance.

This request, and the funding for Lake Placid, represents a classic example of the "free money" syndrome. This conveniently ignores the fact that the citizens of our country are the ones who pay Federal taxes and are ultimately the losers. The one good aspect of the Lake Placid authorization is a provision that requires all revenues generated by the games in excess of actual costs to revert back to the U.S. Treasury. This has been flatly rejected by Los Angeles. The prospect of vast Federal funding has resulted in the abandonment of the "spartan" Olympics the city originally invisioned in presenting its bid.

This bid, and the accompanying resolution of support by the Congress, stressed that Los Angeles would be able to host the Olympics without any Federal funding. Now the organizers have made an about-face. I am firmly convinced that this authorization would be used as the opening wedge and that perhaps as much as a half a billion dollars might be eventually committed to Los Angeles if the organizers' plan falls into place. Given the "open-ended" funding to Lake Placid, it is only reasonable to assume that this will occur with Los Angeles.

I am not alone on this matter—my views are shared by an overwhelming majority of the voters in my district and, I believe, in the country as a whole. Of those responding to my recent questionnaire, 87.6 percent rejected the Los Angeles request, and 85.2 percent opposed any public money whatsoever being used to host the Olympic games. Many of these same people have helped to launch an initiative drive to bar Los Angeles from spending any public funds on the 1984 summer games. This initiative has my strongest of support and I have already indicated my willingness to work actively for its passage.

The CHAIRMAN. The time of the gentleman from California (Mr. CHARLES H. WILSON) has expired.

(By unanimous consent, Mr. CHARLES H. WILSON of California was allowed to proceed for 3 additional minutes.)

Mr. CHARLES H. WILSON of California. Mr. Chairman, proposition 13 is not just restricted to the State of California—it represents a growing nationwide trend against excessive and unnecessary government spending. If this spirit were ever alive, I submit to you that it thrives on such blatant waste of the taxpayers' dollars. I would appreciate your own inquiry as to what your constituents feel on the question of Federal funding for the Olympics. I do not have to remind you that the citizens of Colorado overwhelmingly rejected a statewide referendum on this issue.

The Olympics have become a political operation. The original purpose of goodwill among countries is something that does not now exist, nor has existed during any of the Oympics in recent history.

I just want you to know that if my amendment is defeated, the Congress will have gone on record as giving Los Angeles a carte blanche to request unlimited funding for the 1984 summer games. Moreover, I might just add that as this bill was reported by the House Armed Services Committee, we are $2 billion over the President's recommendations for the Department of Defense budget. Here is your golden opportunity to reduce defense spending and help to bring the bill into line with what the President has proposed. I urge you not to pass up this opportunity.

Mr. Chairman, at this point in the RECORD I insert the following material relevant to my amendment.

FEDERAL ASSISTANCE FOR THE LAKE PLACID OLYMPICS

[Dollar amounts in millions]

Department, purpose	Original Federal cost estimate	Actual funds obligated or pending
Department of Justice (Bureau of Prisons) for the construction of facilities to house the athletes during the games. To be conver ed later to minimum security prison for youths	$12.0	$22.0
Department of Commerce, EDA Reprogramed funds appropriated in fiscal year 1977 for the public works program. Grant for the construction of a speed skating oval, new field house, renovation of the arena, administrative offices, ski jumps, luge run, increased electrical power, sanitary and water facilities	31.5	30.2
Department of Commerce, EDA. Reprogramed funds from fiscal year 1979		11.0
Department of Commerce. EDA. Grant for the construction of parking and temporary and miscellaneous facilities	3.5	4.5
Department of Defense, fiscal year 1979, for logistical assistance		2.0
Interior Department, Bureau of Outdoor Recreation Matching funds for State of New York		4.0
Department of Defense, fiscal year 1980 Continuing authorization for logistical assistance		10.0
Total	49.4	83.7

OLYMPIC WINTER GAMES AUTHORIZATION ACT, HOUSE REPORT NO. 94-1167, P. 4

Facility and service	Recommended by—	
	Committee	Administration
Fieldhouse	$13,340,800	$13,340,800
90-m and 70-m ski jumps	2,560,000	2,560,000
400-m speed skating oval	1,424,300	1,424,300
Athletes housing	12,008,000	
Administrative offices	700,000	
Existing arena	570,000	
Dressing room, equipment, storage	605,000	605,000
Luge	3,600,000	3,600,000
Parking for 2,000 automobiles	512,000	
Increased electrical power	600,000	
Sanitary and portage water facilities	320,000	320,000
Land acquisition	500,000	500,000
Subtotal	36,740,100	22,350,100
Fees (A and E, CM, legal and fiscal, etc.)	9,300,025	5,587,525
Temporary and miscellaneous construction, scoreboard, etc	2,999,875	
Total	49,040,000	27,937,625

Mr. STRATTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in outraged opposition to this amendment, not only as a member of the Committee on Armed Services, but as the dean, believe it or not, of the New York congressional delegation. I thought that we had, with all the "I love New York" buttons and the tremendous welcome that New York City gave to the Democratic National Convention back in 1976, so overwhelming indeed that they are going back there again in 1980, I thought that we had brought an end to this era of anti-New York amendments; and yet my good friend, the gentleman from California, comes up with a maximum anti-New York amendment, even picking on the athletes from 100 nations to try to deny them the protection against attack, emergency evacuation, and the emergency communications that can only be supplied by the U.S. Department of Defense.

☐ 1040

The gentleman tells us that he tried to help us get the personnel for the armed services. But I cannot let this attempt go because we New Yorkers are sensitive on this score. I think the gentleman from California (Mr. CHARLES H. WILSON) gave it all away when he said that really his battle is not with New York; it is with California. His fight is actually with Los Angeles. Believe it or not, he is opposed to the Olympics going to Los Angeles in 1984; and he and the distinguished mayor of Los Angeles, Mr. Bradley, have been fighting over whether Los Angeles should come up with the "scratch" to finance those 1984 Olympics.

So he should not be fighting with New York, and we really should not have this battle on the floor of the House. He ought to be fighting with Mayor Bradley. If he does not want the money to go to Los Angeles for the Olympics, we in New York, I am sure, would welcome the opportunity to take the Olympics in 1984. Governor Carey tried to get the Olympics, but he was outmaneuvered and outgunned by Mayor Bradley and the members of the California delegation.

So we cannot allow this amendment to survive. As a practical matter and just for the sake of the record, I ought to point out that this $10 million is not money that is being squandered. When we get all of the thousands of people from a hundred different countries assembled in the little hamlet of Lake Placid in that snowy, upstate New York area next February, we are going to have a problem in terms of security and communications. We customarily turn to the Department of Defense to provide for that kind of thing, not to the Lake Placid Police Department.

We went to Secretary Brown 2 years ago and said, "Would you provide help?"

And we all know Mr. Brown. He is careful with a buck. He said, "We are not going to put on any show for you. But we will give you the basic things you need. What do you need?"

We said, "Most of all we need security protection. We certainly do not want another Munich in Lake Placid. We also need emergency communications equipment in the event we have a blizzard and the electricity goes out; and we also need emergency evacuation in the event of any accidents."

The Secretary of Defense said, "We will be happy to supply that, but you have got to put a line item in the bill." He said, "Put in $10 million. We probably will not spend it, but that will cover whatever expenses we get into."

Mr. Chairman, I would like to point out that this is not a joke. It is not shoveling snow, as the gentlewoman from Colorado (Mrs. Schroeder) suggested when we first had this matter up a couple of years ago.

In the Olympic preliminaries last spring you may remember that there was an Italian skier who came down in the downhill contest and was doing well until the very end, but then he fell, got up again, and then collapsed with a very serious concussion. The Army helicopter that the gentleman from California has sneezed at flew him immediately to a hospital in Vermont, and he is still there recovering, as I understand it. This is what this money is for.

Mr. Chairman, let us vote down the amendment offered by the gentleman from California (Mr. Charles H. Wilson) and let him take his argument to Mayor Bradley.

Mrs. SCHROEDER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think this is an excellent amendment.

First, let me just talk about what we have been listening to for 2 days. We have been listening to how difficult dollars are to raise for national defense. That is what this bill is. This is a weapons procurement bill, and we are raising this money supposedly for national defense and to fight the Russians or whoever the enemy might be.

I think there are a lot of things that would be nice for the Defense Department to do. It would be nice for them to help Cleveland bail out by supplying some of its services; it would be nice for them to provide day-care centers, jobs for youth in the summer and so on.

I come from a State where we, too, were going to host the Olympics. We put it on the ballot, and we said to people, "The idea of the Olympics is a very noble one, but funding it with precious tax dollars when the people are so overburdened already, is not very noble."

And the people said, "We don't mind having the Olympics, but we don't want our tax dollars being spent for it when we all know there are critical needs being underfunded or ignored.

In fact, I ran for office the first time in 1972 with a poster that had a picture of an elderly woman walking down the streets of Denver, and it said under the picture, "Cheer Up. The Olympics are coming."

What was the message of that poster? The message of that poster was to her as a taxpayer: "When you really feel you are in financial straights, you are not going to be happy to know they are going to take millions of your tax dollars to put on some games for some people up in the mountains?"

What kind of defense training is that? What kind of services are those? And really should taxpayers be asked to pay for that? That was the issue, and as you all know, the tax funding of the Olympics was overwhelmingly defeated in Colorado.

I understand that there are medical problems and there are all sorts of other problems connected with hosting the Olympics, but I also understand that the State of New York has medical facilities that they use in the private sector. The Defense Department is not the only one that can provide medical facilities in the State of New York.

I also understand that the FBI is the one that will provide the security protection. I also understand that the State of New York has a National Guard if they need it. They have a State Patrol, and they have all sorts of things.

We are not talking about hosting the games in the provinces; we are talking about a site in a State that is one of the 50 States and has the same facilities or better than other States have. I really do not see any reason for loading this onto the Federal taxpayers' backs, especially in the defense bill.

The State of New York is going to have the benefit of the Olympics being there. They are obviously going to make money having the Olympics there or they would not have wanted them. It is not as though the Congress mandated New York have the Olympics because no one else would take them. They sought them in open competition. I find that all these communities are very willing to take them and get all the PR from it, and then very quickly they want someone else to pick up all the costs of it. I do not think that is right.

Mr. WYDLER. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from New York.

Mr. WYDLER. Mr. Chairman, it is one thing to talk about the State of New York having this and having that, but the fact of the matter is—and I think the gentlewoman would admit this—that the team that is going to compete in the Olympics is not the team of the State of New York; it is the team of the United States of America. It is the national team, and it is made up of probably more skiers from Colorado than New York, more ice skaters from Colorado than from New York, and more competitors from Minnesota than New York.

This is not a New York team; it is a national team. It is our Nation's team.

Mrs. SCHROEDER. Mr. Chairman, if I may reclaim my time, let me point out that we could say what the gentleman has said about every convention or anything else. The Democratic Party that is going to New York City. It is not the Democratic Party of New York but the Democratic Party of the United States, and we are not asking for Defense Department protection to go into New York City. New York City is willing to provide the extra protection for the extra business. I think we could make that analogy all over the country.

I am saying that no one asked New York to bid for the Olympics; no one told New York to take them. This was a decision made by the local community, and this is a Defense budget. This is not a bill to provide protection and medical services for games or conventions or any other such thing.

We have international games in Colorado, and we do not ask for this kind of protection. We have lots of different national and international competitions going on there.

I really think that is what we are being asked to do. I think this is a dangerous precedent, and I do not want to see this kind of precedent put in this defense bill.

Mr. Chairman, I think the gentleman from California (Mr. Charles H. Wilson) is to be commended, because this puts us all in the box of having all our local communities saying, "We have a terrific idea. Why don't you go down and stick a little budget number in the Defense budget so we do not have to pay for the services we promised when bidding for the games."

The CHAIRMAN pro tempore. The time of the gentlewoman from Colorado has expired.

(On request of Mr. Charles H. Wilson of California, and by unanimous consent, Mrs. Schroeder was allowed to proceed for 3 additional minutes.)

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I would be delighted to yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, first let me make just one little comment. The gentleman from New York (Mr. Stratton) made a derogatory comment when he started his statement; I do not know whether he was trying to be facetious or what it was, but he was talking about my lack of success here during debate on the bill.

☐ 1050

I introduced one amendment which I withdrew voluntarily. That is the only vote I have lost on the gentleman from New York (Mr. Stratton). And the reason I withdrew that amendment was because of confusion over figures that were accumulated by the staff of the committee.

On this question of the importance of the helicopters in bringing people down, I have an AP report out of Lake Placid, N.Y., on July 22, 1979, where Robert Flacke, the State Environmental Conservation Commissioner, says the following:

> If the Lake Placid Committee feels that it must have that helicopter to run the races, I feel that American society can deliver.

He says further that air-rescue experts in his department—

> And the U.S. Air Force maintain that mid-mountain rescues are riskier than bringing injured skiers down by sled to the base lodge. They maintain that skiers can then be treated at the well-stocked infirmary before helicopter evacuation to nearby hospitals. The experts say they are willing to provide that kind of service at Whiteface Mountain, where the alpine ski races will be held.

Mrs. SCHROEDER. I thank the gentleman from California. I think that is a very important point. I really think this is a dangerous precedent. I think this puts us all in a position to find ways to slip little goodies into the defense bill. We all know we are getting ready to discuss the yearly budget next week. We all know how serious the deficit is. We all know that everybody wants us to run out and open a Federal soup kitchen under the dome any time there is any problem in the local community and yet balance the budget. If the easy way to do this is by inserting money in the defense budget, it is a bad precedent.

So I commend the gentleman from California for pointing this out and bringing this to our attention. I think he is correct in pursuing this.

Mr. McEWEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, at the very outset, I would be indeed remiss if, before speaking in opposition to this amendment, I did not express my appreciation to my good friend, the gentleman from California, for his overly generous credit for how this Member seemingly maneuvered a great many dollars into the northern Adirondack country of upstate New York.

I would say to the gentleman that his figures on total expenditures are not too far out of line. It is hard to get an exact handle on this.

I would also say to the gentlewoman from Colorado that, no, this is not entirely a Federal project. The largest amount of money put into setting up the facilities and for the administration and the operation of this 13th World Winter Olympic Games comes from the operating budget of the Lake Placid Olympic Organizing Committee, through their marketing, through the contributions of individual Americans and corporations, and from moneys from the State of New York.

The Federal role, however, is a substantial but not the majority one financially, but extremely important.

One thing I would want to be sure that the Members of this House understand and understand clearly, and that is that a no vote on this amendment is a yes vote for the Olympics. Or, putting it another way, if this amendment is adopted, there will be no Olympics. And I will say a little more about that later. I want to say some things that I think we should keep in mind about these games.

First off, by all of the estimates that anyone has made, the cost of these olympics, the total cost, will be under $200 million. That is a substantial figure. But may I remind the Members that a neighboring community to the north of my congressional district, Montreal, Canada, spent $1,600 million on the summer games that were recently held there. The most recent winter Olympics, Sapporo and Innsbruck—and these were taken from the official after-action reports on these games—Sapporo cost $654 million, and that was in 1972. Innsbruck, in 1976, cost $428 million.

So when we adopted as the slogan of these Olympics, an Olympics in perspective, they are exactly that. We are doing it on the lowest cost that any modern Olympic games have been conducted.

I said that a no vote on this amendment is a yes vote for the Olympics, or a yes vote would mean no Olympics. Let me quote for the Members from a letter I received recently on this subject from Peter L. Spurney, the general manager of these games. He was speaking of this $10 million incorporated in the Department of Defense authorization bill.

He concluded:

> We therefore continue to stand by our position that the elimination of this funding will jeopardize the successful conduct of the 1980 games and result in cancellation.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Missouri.

Mr. VOLKMER. I thank the gentleman for yielding.

Mr. Chairman, I have been listening to the gentleman's statement. It concerns me, as it concerns the gentleman from California and the gentlewoman from Colorado. I would like to know if the gentleman can tell me how much the State of New York has contributed, to this date, to the Olympic games, the total.

Mr. McEWEN. I would be happy to respond to the gentleman by saying that in trying to get these numbers, I have asked and received reports from the State of New York, Division of the State of New York, Division of the Budget, the Executive Office of Governor Carey, also from our Commerce Department here, the Justice Department's Bureau of Prisons, and from the Lake Placid Organizing Committee.

To answer the gentleman's question on the State of New York, if you take the cost exclusively for Olympics and from State funds, $38.3 million. If you include the Federal funds that they had a right to use for this or other projects, it increases it to $45.9 million. If you add to that what the State admits are expenditures that they believe they would have made in the next 10 years, highways, transportation improvements, various things that are needed for the Olympics but which they admit would probably have been made, that raises it to $69.9 million.

The CHAIRMAN. The time of the gentleman from New York (Mr. McEwen) has expired.

(On request of Mr. Volkmer and by unanimous consent, Mr. McEwen was allowed to proceed for 3 additional minutes.)

Mr. McEWEN. I say honestly. There are those numbers. If you are looking at strictly State tax dollars raised in the State, that is $38.3 million. Federal money included that they received and dedicated to this, $45.9 million. If you include the total of everything, including the facilities that they say work would have been done on in the next 10 years, but they accelerated, it brings it to $62.9 million.

Mr. VOLKMER. I also received information—and it may not be true; that is why I would like to ask the gentleman, since I understand the gentleman represents the area—that the facilities that were constructed for the corrections treatment center that will be used for housing of the Olympic athletes, once the Olympic games are over and done with. Some individuals do not want them to be used for corrections. Is that correct or incorrect?

Mr. McEWEN. There is, I think we can safely describe, a very small group called the National Moratorium Committee on Prison Construction that is opposed. But this facility, may I say, was one that this Congress had authorized. The site selection money had been appropriated by my own Appropriations Committee, to find a site for it. It is needed. To my knowledge, it will be used for the purpose intended.

Mr. VOLKMER. The gentleman has no objection to it being used for the purpose for which it was originally built, which would begin about a year from now?

Mr. McEWEN. None whatsoever. And I might say, neither do communities in the immediate area, because this was discussed with them.

Mr. VOLKMER. The last question I would like to ask: Because there have been various means through various appropriations bills and the Olympic bill itself, in getting money for Lake Placid, perhaps we should just have a committee on Olympics and have an Olympic bill and just pass it around every 4 years and help those areas which would like to have it, too.

Los Angeles has it in 1984. Let us give them some money. Maybe Seattle, Houston, or some other place, Miami, would like to have it. Maybe we could just start up an Olympics committee right here and start appropriating money for the Olympics.

Mr. McEWEN. I will say to the gentleman that we have had a Presidential commission on the Olympics, on which Members of this body and the other body have served, and I am sure that that is something that they might want to consider.

Mr. VOLKMER. What does the gentleman think about that? We are giving money now for Lake Placid. The gentleman says that it is absolutely necessary.

Mr. McEWEN. I say to the gentleman that I question whether you are going to see a great many sites for world Olympics, summer or winter. The best information I can get from those who are knowledgeable in this field is that the probabilities are that these games will rotate among relatively few countries in the world.

The CHAIRMAN. The time of the gentleman from New York (Mr. McEwen) has again expired.

(By unanimous consent, Mr. McEwen was allowed to proceed for 1 additional minute.)

Mr. McEWEN. Mr. Chairman, I do sincerely thank the gentleman from California for his generous tribute to my efforts. However, I want to make sure that every Member understands that this section of this bill, this $10 million authorization, is not of my doing. This is part of the President's budget that came up to the Hill. It is recommended by the administration. It has my support.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Alabama.

□ 1100

Mr. DICKINSON. As the gentleman knows, we have discussed this several times. One thing I do not understand is, is this money that is being asked for the defense budget, is this something that was unanticipated that came up that could not have been anticipated when the bid was made and they asked for the Olympics?

Mr. McEWEN. I think this is true. When the statements were made, they were on capital construction costs. This is not capital construction.

It was anticipated there would be a need for military support, because I say the history of the modern Olympics is the history of the support of military of the host nation, where they, incidentally, get great favorable exposure.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. McEwen) has expired.

(By unanimous consent, Mr. McEwen was allowed to proceed for 2 additional minutes.)

Mr. McEWEN. For example, the after-action report on Innsbruck might interest all of the Members. The role of the Austrian Army in man hours, in dollar expenditures, vastly exceeds anything that we are asking our military to do, and also, the exposure that the military would get. Let me point out that the lowest estimate of the television audience for these games, that will be from February 13 to 24, this coming February, is 600 million people in this world at one time or another who will watch it. The summer following this, Moscow will have a bigger audience. We are going to be compared with them.

Mr. DICKINSON. If the gentleman will continue to yield, could we possibly get a larger portion of the expense picked up by the television companies?

Mr. McEWEN. I would say to the gentleman on that, that contract was negotiated to get up-front money some time ago. That has been entered into. It is a substantial amount of money, however.

Mr. DICKINSON. Let me say this, I am going to vote for this out of respect for the gentleman and the delegation from New York, if for no other reason, but I would hope in the future—and I will not vote for it in the future—if they are going to approach it, do not hang it onto the defense bill.

The popular thing is, if we want to buy something, then take it out of the defense budget. So I would hope that in the future, if we are going to have an Olympics' expenditure, let us set it aside and not charge it against defense, because we get blamed for so many things.

Mr. McEWEN. May I respond to the gentleman by saying there will be nothing, and there has been nothing, requested of defense but what cannot be furnished or furnished as well in any other sector of our society.

The gentleman from California referred to the helicopters and the question of landing on the mountain. That is a dispute in procedure. What the Lake Placid Olympic Organization intends to do is use the Medivac helicopters as they did the last winter.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. McEwen) has again expired.

(At the request of Mr. Stratton and by unanimous consent, Mr. McEwen was allowed to proceed for 2 additional minutes.)

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

I think the matter ought to be clarified a little bit for my friend from Alabama (Mr. Dickinson), because the fact of the matter is that this money was authorized by our committee in a previous year. This is nothing new. The Olympics committee came to the Defense Department and asked the Defense Department to supply, as the gentleman has said, those things which could only be supplied by the Defense Department—emergency communications, emergency evacuation, and security.

The Secretary of Defense agreed to supply that. We put a section in the bill last year, and there is now a section in the bill next year, so this was not a matter of oversight. This was not a matter of coming in at the last minute.

The request of the committee and the action of the Committee on Armed Services originated a couple of years ago; is that not correct?

Mr. McEWEN. The gentleman is eminently correct.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

The gentleman said this is part of the Carter budget. Does that mean that Coca-Cola got a contract for the Lake Placid Olympics?

Mr. McEWEN. I have got to say to the gentleman, I do not know.

Mr. CHARLES H. WILSON of California. They just got one with the L.A. Olympics Committee for $13 million.

Mr. McEWEN. I do not know. I know there are many corporate contributors and sponsors. I do not know the answer to that.

Mr. CHARLES H. WILSON of California. Incidentally, the gentleman from New York (Mr. Stratton), was fortunate to get $2 million in the fiscal year 1979 budget from the Defense Department. Of that money, the actual total spent to date is only $138,566, and the estimate is that total expenditure will be $683,509, leaving about one million three that will not be used out of that first $2 million.

Now, it may be this $10 million is not needed at all, that money is still left over from 1979 that can be used.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. McEwen) has again expired.

(By unanimous consent Mr. McEwen was allowed to proceed for 2 additional minutes.)

Mr. McEWEN. I think the gentleman is eminently correct, there will be money left over. However, there are not sufficient funds left over to accommodate what this authorization in this bill will provide for.

Let me say to the gentleman, will it require $10 million? I do not think so, but no one knows at this point precisely.

With the Department of Defense and the organizing committee is working out exactly what the military support will be. I would say to the gentleman that while there is some money left over, he is correct, I do not think it will ultimately be as much as the number the gentleman gave. It is not adequate to cover the 1980 world games. That was for the pre-Olympic competition. This authorization is needed. Will it require the entire $10 million? I think not. But I think we had better not restrict ourselves to the extent of embarrassing America in the eyes of the world, because again, I tell my colleagues, there will be 50½ hours of television coverage viewed by an estimated audience in excess of 600 million people, and the Soviets at Moscow next summer, and I am told they have already expended in excess of three-quarters of $1 billion, intend to make a showpiece for their society out of those summer games. We had better not fall on our face in our winter Olympics.

Mr. CHARLES H. WILSON of California. If the gentleman will continue to yield, the gentleman does not seriously expect the committee to believe these games will not proceed if they do not receive this $10 million?

Mr. McEWEN. Yes, sir, I do absolutely. As a matter of fact, if no one else does, I have to say to the gentleman, I have raised the question. If this amendment prevails, I shall suggest that the games be cancelled, because I do not think we can proceed without them. That is my honest answer to the gentleman.

I thank the gentleman.

Mr. MITCHELL of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Olympics will be held in New York State just north of my congressional district. The northern part of my congressional district is a chronically economically depressed area. Unemployment is high, and spirits are low. The Olympics have served to create a lot of excitement and enthusiasm and has caused the people to work together for a common good.

We are even in the process of restoring a railroad that was removed several years ago from Utica, N.Y., to Lake Placid, so many people can visit the games and also can, throughout the years, see the beauty of the Adirondack Mountains.

I want to support what my colleague has said about the cancellation of the Olympics. Failure of this Congress to provide the funds, the $10 million, will mean that the Olympics will not be held. I firmly believe that.

It would be a disaster to this part of New York State, but I think an even far greater disaster to the United States of America, a nation that has the largest gross national product in the world. If the wealthiest nation in the world fails to come up with this $10 million for such a worthy cause, it will create an unfortunate and ugly image of America.

I think since the games are held during the winter months, actually in the holiday season, the Christmas season, that if Scrooge were alive and well and were a Member of this House, he would vote against the particular amendment.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

I want to associate myself with the remarks of the gentleman and commend him for supporting this appropriation. I, too, want to commend the gentleman from New York (Mr. McEwen), who has worked so long and hard to make certain we have adequate financing for the U.S. 1980 winter Olympics.

The gentleman from New York has had a great deal of opposition from the folks who are opposed to correction facilities and has had opposition from those who are concerned about the expenditure of money. An Olympic event is not just a local event, a State event. It is not just a national event. As we all know, it is a very important international event. Some of my colleagues on the Foreign Affairs Committee had the opportunity to personally see some of the work that the Soviet Union is embarking on just in the past 2 weeks, the extensive amount of preparation being made for the Moscow Olympics next year.

I certainly hope that our Nation is going to be proud of the Olympics, the winter Olympics, and do whatever we can to make certain that that will be a successful event.

I would urge my colleagues to support the appropriations to fund the amount.

□ 1110

Mr. HALL of Texas. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to my friend from Texas.

Mr. HALL of Texas. I have heard it mentioned by the last two speakers that if this $10 million is not appropriated that in all likelihood the games would not be held. I think the gentleman in the well made that same assertion.

Was this point known when New York made the application to try to get the games there, that if they did not get $10 million from the U.S. Treasury that they could not put this event on?

Mr. MITCHELL of New York. I was not in on the initial planning, but I am sure as the planning progressed that the $10 million was factored in as a very important part of the overall operation. This is pretty much a shoestring operation as far as overall costs are concerned. We are not beginning to spend the moneys that many nations have for their winter Olympics or for the Olympics themselves. Very early in the planning stages, I am sure they realized this. I am not sure if they realized it at the very outset, however.

Mr. McEWEN. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. McEWEN. I would just like to add to that. Let me say again that the history of modern Olympics, winter Olympics in particular, has been a history of the participation of the military of the host nation. That was true of the U.S. Armed Forces in the State of my good friend, Mr. Wilson of California, in 1962 at Squaw Valley. Our military was present.

May I say to the members of the Armed Services Committee who are concerned about recruitment and the cost of recruitment, what is it worth to have practically every person in America see our Armed Services in a pleasant, happy setting like this Olympics, with television coverage? Practically every person in America is going to see some part of these games, and they are going to see our military supporting them.

Mr. HALL of Texas. Mr. Chairman, will the gentleman from New York yield further?

Mr. MITCHELL of New York. I yield to the gentleman.

Mr. HALL of Texas. Is the gentleman from New York really sincere when he tells the American people in this House that if $10 million is not appropriated that these games will not be held?

Mr. McEWEN. Mr. Chairman, will the gentleman yield to me?

Mr. MITCHELL of New York. I yield to the gentleman.

Mr. McEWEN. On that may I say to my colleague that I quoted what the general manager of these games said, and I do not argue with him. Without this authorization and the appropriation, which I trust will be made, the games likely will not be held.

The CHAIRMAN pro tempore. The time of the gentleman from New York has expired.

(At the request of Mr. Hall of Texas and by unanimous consent, Mr. Mitchell of New York was allowed to proceed for 2 additional minutes.)

Mr. PRICE. Mr. Chairman, will the gentleman yield to me for 30 seconds?

Mr. MITCHELL of New York. Yes, I yield to the chairman.

Mr. PRICE. Mr. Chairman, I would like to see if we could not bring this to an end now. We have been debating this one amendment for the first full hour of the session. I think we all understand what is at issue. I wonder if we could not agree to end this debate within the next 5 minutes?

I ask unanimous consent and make that a unanimous-consent request.

The CHAIRMAN pro tempore. Has the gentleman from New York yielded to the chairman for that purpose?

Mr. MITCHELL of New York. Mr. Chairman, I have yielded to the chairman of the committee.

Mr. PRICE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and amendments thereto close in the next 5 minutes.

The CHAIRMAN pro tempore. Is there objection to the unanimous-consent request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time the unanimous-consent request was agreed to will be recognized for 20 seconds each.

Mr. MITCHELL of New York. Mr. Chairman, I would like to reclaim my time. I would ask the Chairman, how much time do I have left?

The CHAIRMAN pro tempore. The time of the gentleman from New York has expired.

The Chair recognizes the gentleman from New Jersey (Mr. Courter).

Mr. COURTER. Thank you, Mr. Chairman. With 20 seconds, it is really difficult to say very much. I rise in opposition to the amendment. It seems to me that it is rather ridiculous in a time and age when we are selling oil to Iran, where we are shipping wheat to the Russians, that we are not going to spend $10 million to make sure that the Olympics in upper New York State go without a hitch and without a problem. This is really $10 million for the security of the games during a time when there will be millions of people throughout the world observing and watching the United States very closely.

(By unanimous consent, Messrs. Wydler, Dickinson, Sensenbrenner, Lee, Beard of Tennessee, and Stratton yielded their time to Mr. McEwen.)

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from Colorado (Mrs. Schroeder).

Mrs. SCHROEDER. Mr. Chairman, I encourage people to vote for this amendment.

I am from out West; we do not talk about "a mere $10 million" out there. This is a lot of money in the West. The reason the military puts on the Olympics in other countries is because they do not have a federal system, they do not have a National Guard in each State, they do not have an FBI, and so forth. The country is the country.

The country is the host state. Here we have a host State, New York. They already have FBI aid and $80 million worth of Federal aid. So I think we do not need this additional money. It is wrong to bury such "goodies" in the defense bill.

(By unanimous consent, Messrs. Volkmer, Hall of Texas, and Lowry yielded their time to Mr. Charles H. Wilson of California.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. McEwen).

Mr. McEWEN. Mr. Chairman, I first want to thank my colleagues for yielding this time.

To the gentleman from Texas (Mr. Hall), let me respond. The general manager, and I think we are at that point, was very serious about cancellation of these games. The general manager of the Olympics, and I have quoted from his letter, feels we should not go ahead if we do not have this money.

There are lots of items in here, and I know my dear friend from California will bring up the old guard fife and drum, and I agree with him. I think we could probably have them at the games without this authorization. But there is a lot more than fifes and drums here.

We have the need for Medevac helicopters. The only difference of opinion on this, I would say to my friend from California, was reported in the story read by the gentleman which referred to our U.S. Air Force and the Olympic Organizing Committee feeling you should not Medevac off the side of a mountain; it should be done at the base of the mountain as it was done with the injured Italian skier in the World Cup races last winter.

There is no disagreement that we need six dedicated Medevac helicopters at these games, three at the principal sites and three in backup support. It is true that the 380th Bomb Wing at Plattsburg Air Force Base does have two Medevac helicopters. They did support one event going on at one time, the World Cup alpine events on White Face Mountain, but during this coming Olympics we are going to have ski jumping, bobsledding, luging, all of these going on at different locations at the same time, and I think to proceed without the required Medevac helicopter availability this authorization provides would be wrong.

Again I say to the Members, we are going to be judged in this competition on how we host the winter games as compared with the Soviets as host at the summer games. I hope we get a gold medal for America and that we will have hosted a first-class operation and brought it in for less dollars than anybody else has ever done it. If we do that, and I think we will, I think we ought to have a gold medal.

So I say to my colleagues, yes, this is essential.

My colleague, the dean of our delegation, said it is important to New York. He mentioned "I Love New York." Yes, and we ought to all say "I Love America," because this is what this is about. This is for America.

☐ 1120

As the gentleman from New York (Mr. Wydler) said, it is not the New York State team that is competing; not the Colorado team either, although there will be athletes from Colorado. It is the United States of America. That is what it is about.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. Mitchell).

Mr. MITCHELL of New York. Mr. Chairman, someone brought up the point that there was a group opposed to the creation of a new Federal corrections center in this part of the State. I would like to point out that this particular group is opposed to the construction of any correctional facilities anyplace in the country.

I would also like to say that this is a uniquely beautiful part of New York State and part of America. It will make a wonderfully favorable impression on the rest of the world if we can hold the Olympics there. I urge my colleagues to vote against the amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from California (Mr. Charles H. Wilson).

Mr. CHARLES H. WILSON of California. Mr. Chairman, I am not against Olympics; I am for Olympics, but I resent the Federal funding that we are getting involved in and the endless treasury that some of these people seem to think we have.

Now, this argument that if this $10 million is withdrawn the games will be cancelled is just foolishness to me. I have obtained from the Department of Defense a partial list of the requests which DOD has received for this money. It will be used for the following: Equipment for security personnel; manning of the biathlon; aero-medical evacuation; night vision devices; personnel carrier wreckers and generators; ground medical support; X-ray technicians; airport ground equipment; tents; body bags; and Army Fife and Drum Corps will be performing at ceremonies.

Personally, I cannot see any item on this list which is of sufficient scope to jeopardize the games as a whole. I think it is a bad use of defense money, and I hope we will have the courage to vote in favor of the amendment to delete the $10 million.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. Charles H. Wilson).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr CHARLES H. WILSON of California. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 112, noes 247, not voting 75, as follows:

[Roll No. 470]

AYES—112

Albosta
Anthony
Aspin
AuCoin
Baldus
Bauman
Bedell
Benjamin
Bereuter
Bethune
Bolling
Boner
Bonior
Bouquard
Brademas
Brodhead
Carr
Cavanaugh
Clay
Collins, Tex.
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Davis, S.C.
Deckard
Dellums
Drinan
Ertel
Evans, Ind.
Fascell
Fenwick
Findley
Fowler
Frost
Gaydos
Ginn
Gradison
Gramm
Hall, Tex.
Hamilton
Hance
Hansen
Harkin
Hefner
Hightower
Hinson
Hopkins
Hubbard
Huckaby
Hughes
Hyde
Jenkins
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kildee
Kogovsek
Kostmayer
Leach, La.
Lehman
Leland
Levitas
Livingston
Long, La.
Lowry
McDonald
McKay
Marlenee
Mikva
Miller, Calif.
Moore
Murtha
Nichols
Obey
Panetta
Paul
Pease
Pursell
Rangel
Ratchford
Reuss
Ritter
Rudd
Runnels
Schroeder
Seiberling
Shannon
Sharp
Shumway
Smith, Iowa
Smith, Nebr.
Snyder
Stack
Stenholm
Stockman
Stump
Symms
Synar
Tauke
Thompson
Udall
Vento
Weaver
Whittaker
Wilson, C. H.
Wolpe
Wylie
Yates
Young, Mo.

NOES—247

Abdnor
Addabbo
Akaka
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Atkinson
Badham
Bafalis
Bailey
Barnes
Beard, Tenn.
Beilenson
Bennett
Bingham
Blanchard
Boggs
Boland
Bowen
Breaux
Brinkley
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Chappell
Cheney
Chisholm
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Corcoran
Corman
Coughlin
Courter
D'Amours
Danielson
Davis, Mich.
Derrick
Devine
Dickinson
Dicks
Dodd
Donnelly
Dornan
Downey
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Evans, Del.
Evans, Ga.
Fary
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Fuqua
Garcia
Gephardt
Gilman
Gingrich
Glickman
Goldwater
Gonzalez
Gore
Grassley
Gray
Green
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hammerschmidt
Hanley
Harris
Harsha
Hawkins
Heckler
Heftel
Hillis
Hollenbeck
Holt
Howard
Ireland
Jacobs
Jeffords
Jeffries
Jenrette
Johnson, Calif.
Kazen
Kelly
Kemp
Kindness
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leath, Tex.
Lederer
Lee
Lent
Lewis
Lloyd
Loeffler
Long, Md.
Lujan
Lundine
Lungren
McCormack
McDade
McEwen
McHugh
McKinney
Madigan
Markey
Marks
Martin
Mathis
Matsui
Mattox
Mavroules
Mica
Michel
Mikulski
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Montgomery
Mottl
Murphy, N.Y.
Murphy, Pa.
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nolan
Nowak
O'Brien
Oakar
Oberstar
Ottinger
Patten
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Quillen
Rahall
Railsback
Regula
Rhodes
Rinaldo
Roberts
Robinson
Roe
Roth
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Sensenbrenner
Shelby
Shuster
Simon
Skelton
Snowe
Solarz
Solomon
Spellman
Spence
St Germain
Staggers
Stangeland
Stanton
Steed
Stewart
Stokes
Stratton
Studds
Swift
Taylor
Thomas
Traxler
Trible
Ullman
Vanik
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weiss
White
Whitehurst
Whitley
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wright
Wyatt
Wydler
Yatron
Young, Fla.
Zablocki

NOT VOTING—75

Alexander
Anderson, Ill.
Applegate
Ashbrook
Barnard
Beard, R.I.
Bevill
Biaggi
Bonker
Brooks
Brown, Ohio
Burton, John
Carter
Clausen
Cleveland
Conyers
Cotter
Crane, Philip
de la Garza
Derwinski
Diggs
Dingell
Dixon
Dougherty
Edgar
Edwards, Ala.
Edwards, Okla.
Fazio
Flood
Foley
Giaimo
Gibbons
Goodling
Guarini
Holland
Holtzman
Horton
Hutto
Ichord
Jones, N.C.
Lott
Luken
McClory
McCloskey
Maguire
Marriott
Mazzoli
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Murphy, Ill.
Nelson
Pashayan

Patterson
Pepper
Preyer
Quayle
Richmond
Rodino
Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
Royer
Slack
Stark
Treen
Van Deerlin
Vander Jagt
Winn
Wirth
Wolff
Young, Alaska
Zeferetti

□ 1140

The Clerk announced the following pairs:

On this vote:

Mr. Conyers for, with Mr. Zeferetti against.

Mr. HOPKINS and Mr. RITTER changed their votes from "no" to "aye."

Mr. FOUNTAIN changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ASPIN

Mr. ASPIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASPIN: Page 33, after line 8, add the following new section:

OVERSEAS TRAVEL AND TRANSPORTATION ALLOWANCES FOR DEPENDENTS OF JUNIOR ENLISTED MEMBERS

SEC. 818. (a) Section 406(c) of title 37, United States Code, is amended by inserting after the first sentence the following new sentence: "Notwithstanding clause (2) of the preceding sentence, in prescribing conditions and limitations on allowances and transportation authorized by subsection (a) of this section for travel and transportation of dependents to or from any place outside the United States, the Secretaries concerned may not differentiate among members (or dependents of members) on the basis of a member's grade, rank, rating, or years of service.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

Mr. ASPIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ASPIN. Mr. Chairman, the chairman of the Senate Armed Services Committee, Mr. STENNIS, has a concern which I think all of us share. However, he does something which I think is wrong and would like this body to correct.

The thing that he is worried about is the number of dependents of American servicemen in Europe. He would like to cut down on the number of dependents believing that it is a hindrance to fighting a war, that dependents will get in the way if a war should break out, the number of dependents is costing us a lot of money, in a way, not contributing to the fighting force of the United States.

Mr. Chairman, I think there is some merit in his concern. In order to deal with those concerns he has a number of things which he has proposed. He has asked the Department of Defense to study ways to reduce the number of dependents by 10 percent, by fiscal year 1980, and by 30 percent at the end of 5 years. He is looking at the issue of shorter tours, and unaccompanied tours, all of which I think are very, very good.

Mr. Chairman, one thing which the Senate Armed Services Committee has done which I think is really wrong is that in order to cut down on the number of dependents, the Senate Armed Services Committee has put into their bill language which would prohibit the paying of transporting dependents for junior enlisted people.

Junior enlisted men in the equivalent rank of privates and corporals in the Army, airmen in the Air Force, seamen and petty officers third class in the Navy. These are E–1's, E–2's, E–3's, and E–4's.

Mr. Chairman, the theory is if you do not pay those people to move their dependents they will not move their dependents.

Mr. Chairman, this issue has a long history, but very little of it has involved the Armed Services Committee. Originally the military did not pay to move the dependents of junior enlisted people on the grounds that most of them were single anyway.

In 1975, Mr. Chairman, it was suggested by the Nixon administration we ought to pay to move dependents because a lot more of the junior enlisted men were married and were wanting to move their families with them to Europe. The battle has always been fought out in the Committee on Appropriations. There is no statutory language on this issue one way or the other. In the Committee on Appropriations the issue has always been where the battle has been fought out.

Generally speaking, Mr. Chairman, the House Committee on Appropriations has put in money for junior enlisted travel; the Senate Appropriations Committee has not put money in for junior enlisted travel and in the conference sometimes the House prevails and sometimes the Senate prevails.

Now we have the issue here in the authorization bill because the Senate Armed Services Committee has put into their bill language which prohibits the pay for travel of dependents of junior enlisted men. The fact is, Mr. Chairman, all the evidence indicates if you do not pay the dependents it does not stop the dependents from going abroad. Sixty-eight percent of the junior enlisted personnel were taking their dependents with them even though they were not reimbursed by the U.S. Government. They were taking them abroad and paying it out of their own pocket.

Mr. Chairman, my argument against what the Senate has done is twofold. No. 1, it will not work, and No. 2, it is patently unfair to single out a group of people—and the lowest ranking group of people at that—and deny paying their dependents' travel; it is so patently unfair that it amazes me that the issue has gone as far as it has.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. ASPIN was allowed to proceed for 1 additional minute.)

Mr. ASPIN. It is patently unfair to deny dependent travel to 1 segment of the military and the lowest ranking segment at that.

Mr. Chairman, on the grounds that it will not work—and it has not worked in the past—and, No. 2, that it is obviously unfair, I offer this amendment which would put into the bill language that says that the U.S. Government is authorized to pay travel for the dependents of junior enlisted men.

Mr. Chairman, I ask for the approval of the amendment.

Mr. BOB WILSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to indicate my strong support for the amendment offered by the gentleman from Wisconsin (Mr. ASPIN) to mandate the payment of transportation expenses for junior enlisted personnel stationed overseas.

Last year, many Members expressed their concern to me about a series of news reports with respect to the severe economic plight of low-ranking enlisted personnel stationed in Europe. We were chagrined to find that German citizens in some areas were holding fundraising drives to aid the most impoverished of our GI's and their families. Although many factors contributed to this situation, such as the declining value of the dollar vis-a-vis foreign currencies, an investigation by the House Armed Services Committee showed the primary culprit to be the heavy indebtedness incurred by these servicemen to bring their families overseas with them. The old adage that "If the Army wanted the soldier to have a wife, it would have issued him one," is not only trite and overused, but terribly out of date in terms of the actual world in 1979. We must face the realities of the problems confronting the military services today and in the next decade, not fall back to an idealized recollection of what Army life was like in the "good old days."

There have been shocking reports of drug and alcohol abuse among our troops stationed in Europe. Whether the incidence is higher than that of young people of a similar age and economic group in the United States is subject to question. There is no doubt, however, that the consequences are far more serious, particularly when we consider that we are talking about combat-ready units in many instances. Unfortunately, many young soldiers find life abroad far different from the "glorified holiday" they felt they were signing up for; the morale problems, greatly accentuated by boredom and loneliness, multiply geometrically. Obviously, providing transportation costs for the low-ranking soldier's wife and baby will not solve the problem overnight. It will, however, go a long way toward attaining a degree of stability which is sorely needed.

While I can fully appreciate the concern felt by many with respect to the impact of military dependents during a wartime emergency, they constitute only a fraction of the American civilians who are working, traveling, studying, or living in retirement in foreign countries.

I would like to quote a brief statement by Gen. John W. Pauly, Commander in Chief, U.S. Air Forces in Europe:

> We have developed noncombatant evacuation plans and exercise these plans at frequent intervals. Given the minimum required time for execution, we are confident

that we can carry them out. It seems paradoxical that the relatively small number of military dependents among the million and a half Americans in Europe should be the center of focus in possible hostage considerations and evacuation chaos concerns. In an emergency, our problems will not revolve around our organized and tightly controlled body of dependents, but the large mass of other Americans requiring evacuation and other assistance.

The morale factor of having these families with their service member substantially outweighs their liability and I would urge that my colleagues in the House reaffirm our decision last year to fund travel for dependents of junior enlisted personnel. I urge an overwhelming vote of support for the Aspin junior enlisted travel amendment.

Mr. NICHOLS. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, last year the military compensation committee had detailed hearings on this matter. The gentleman from South Carolina (Mr. Davis) and I both went to Europe and spent a great deal of time in interviewing junior enlisted men and their dependents.

I strongly support the efforts of the gentleman from Wisconsin. I know of no objection on this side. I would hope that the House would support the amendment.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have checked with my colleagues on this side. We are in support of this amendment. We know of no opposition whatsoever.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, I just would like to say that I am not known as a supporter of increased military spending, but I think this particular additional spending will help keep good enlisted personnel in the voluntary armed services.

If a person cannot bring his family with him if he is sent to Europe, then his interest in staying in as a noncommissioned officer or enlisted man is going to be a lot lower than if he can bring them. So I think this will strengthen the All-Volunteer Force and is consistent with our vote 2 days ago to reject the first move toward a draft military force.

Therefore, I strongly support the amendment.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Alabama.

Mr. NICHOLS. Mr. Chairman, let me call to the attention of the gentleman from Ohio, there is no additional spending involved. It is just an extension of current law.

Mr. SEIBERLING. Well, all the better.

Mr. BEARD of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I will be glad to yield to the gentleman from Tennessee.

Mr. BEARD of Tennessee. Mr. Chairman, let me just say in this colloquy and just point it out, because I think the amendment will pass, but I think there is a certain tinge of irresponsibility as we send these young people over in understanding the morale factors that are keeping young people in the military, but I would also hope that this House in coordination with the committee, chaired by Mr. Mitchell of New York, who has done such an outstanding job in this particular area is concerned, would also show a responsibility when we send out young men and their families over that we provide the support that they need, such as proper medical care.

I would like to see this House start expressing very emotional concern as to the total lack of proper medical care for the families and their children, because the lack is there. It is a horrendous situation where we are sending these people over and not providing the basic needs of life to them.

Mr. SEIBERLING. I certainly agree that we should provide them with proper medical care.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I would be glad to yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, I appreciate the comments of the gentleman from Tennessee on that, because I agree with what the gentleman is saying on that issue.

As a member of the subcommittee of the gentleman from Alabama (Mr. Nichols), I would agree.

I would also like to say, Mr. Chairman, that when we come to vote on this issue I would very much to at least have a division vote on it, because it will be an issue that will be in contention in the conference. I would like to at least have some kind of show of numbers to take into conference. I do not want to waste the time of the House with a 15-minute rollcall vote, but if we could at least get a division on it so that we can show the Members of the Senate that there is strong sentiment here on this issue.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Wisconsin (Mr. Aspin).

The question was taken; and on a division (demanded by Mr. Aspin) there were—ayes 66, noes 2.

So the amendment was agreed to.

The CHAIRMAN pro tempore. Are there any further amendments to title VIII?

AMENDMENT OFFERED BY MR. HANLEY

Mr. HANLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Hanley: On page 20, strike out lines 16 through 24 and insert in lieu thereof the following:

Sec. 805. (a) No commercial or industrial type function of the Department of Defense that on the date of the enactment of this Act is being performed by Department of Defense personnel may be converted to performance by a private contractor—

(1) to circumvent any civilian personnel ceiling; and

(2) unless the Secretary of Defense shall provide to the Congress in a timely manner—

(A) notification of any decision to study such commercial or industrial type function for possible performance by a private contractor, together with a certification that such function has been organized and staffed for the most efficient and cost effective in-house performance;

On page 21, in line 1, strike out "(2)" and insert in lieu thereof "(B)".

On page 21, in lines 5 and 13, strike out "(A)" and insert in lieu thereof "(i)".

On page 21, in lines 8 and 16, strike out "(B)" and insert in lieu thereof "(ii)".

On page 21, in line 11, strike out "(3)" and insert in lieu thereof "(C)".

On page 21, beginning on line 1, strike out "paragraph (1)" and insert in lieu thereof "subparagraph (A)".

Mr. HANLEY (during the reading): Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN pro tempore (Mr. Mineta). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HANLEY. Mr. Chairman, the amendment which I have offered relating to contracting out is completely consistent with the committee's intent, expressed on page 136 of the committee report (H. Rept. No. 96-166), to "require the Department of Defense to provide the Congress with more information and permit the Congress to review decisions to contract out." My amendment also addresses another concern expressed in the committee report—contracting out to circumvent personnel ceilings.

My amendment does two things. First, it prohibits contracting out to circumvent civilian personnel ceilings. I think we can all agree that decisions to contract out should be based on factors related to saving taxpayer money, factors such as cost and efficiency, rather than on the need to circumvent a personnel ceiling.

Second, my amendment requires the Secretary to review the function which is to be studied for contracting out to insure that the function is organized and staffed in the most efficient and cost-effective manner. The Secretary is required to then certify that the function is so organized and staffed before studying the desirability of contracting out the function. Thus, in-house cost estimates developed in the study will be based on the most cost effective and efficient organization the agency can provide so that comparisons with contractor costs will provide a true basis for determining if taxpayer money can best be saved by contracting out. If the contract cost is less than the most efficient in-house performance, then taxpayer money will be saved. The fact that contract cost is less than the cost of an inefficient and poorly organized in-house function does not insure that taxpayer money will be saved. It may be cheaper simply to reorganize the in-house function into an efficient, cost-effective operation.

The Subcommittee on Human Resources of the Committee on Post Office and Civil Service has been conducting in-depth hearings on contracting out for personnel services, and so far it is safe to say that that subcommittee is concerned over what it is finding. This amendment, which has the support of the gentleman from Virginia who chairs that subcommittee, should enable the Congress to better oversee contracting out practices.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Virginia.

Mr. HARRIS. Mr. Chairman, I wish to commend Chairman HANLEY on his proposed amendment to H.R. 4040. As my colleague from New York noted in his statement, my Subcommittee on Human Resources has been working jointly with his investigations subcommittee in examining the procurement policies and practices of executive agencies. As a result of this investigation, serious questions have arisen concerning agency adherence to the policy which has been established through administrative directive.

The Office of Management and Budget has issued this directive which is identified as circular A-76. Although it has been in existence since 1967, even the OMB admits that agency compliance has been minimal. Our investigation indicates that this noncompliance results from the lack of a viable enforcement mechanism. We have even seen cases where obvious instances of noncompliance with the basic tenet of cost effectiveness has not been addressed. Since the policy is promulgated through regulation, the courts have shown little interest in interpreting the matter.

Circular A-76 has recently been expanded and revised. An elaborate cost-comparison handbook has been developed to supplement the policy statement. While much of the vagueness of the preceding issuance has been eliminated, the basic reason for noncompliance has not been addressed. A viable enforcement mechanism has not been established, and indeed the courts are specifically directed not to review appeals concerning noncompliance.

I firmly believe that the cornerstone of the Federal Government's procurement policy should be cost effectiveness once certain mitigating factors have been considered. I have introduced H.R. 4717 in order to insure that this policy would be firmly established in law. I commend my chairman for his cosponsorship of the proposal since it clearly indicates his commitment to the development of a sound Federal procurement policy.

The amendment which has been offered today by Mr. HANLEY would elevate two of the more important provisions of the policy statement of circular A-76 to the status of law. My subcommittee's investigation has uncovered numerous examples of agencies contracting out in order to meet personnel ceiling requirements, regardless of cost-effectiveness. We have also seen instances where contracts have been let because the Government performance is poorly organized and staffed, and thus inefficient. The amendment offered by Chairman HANLEY will insure that these wasteful practices are halted.

By voting in favor of this amendment, Members of this body will demonstrate their support for cost effectiveness of Federal procurement activity within the Department of Defense, which accounts for more than 70 percent of all procurement actions. I strongly urge adoption of the amendment.

Mr. HANLEY. Mr. Chairman, I thank the gentleman for his support.

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Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the committee has examined the language of the gentleman's amendment and feel it is consistent with the intention of the committee. It is a good addition to the bill, and, therefore, on the Democratic side the committee is delighted to accept the amendment.

Mr. HANLEY. Mr. Chairman, I appreciate the gentleman's comments and the committee's support of the amendment.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. HANLEY) has expired.

(On request of Mr. KAZEN, and by unanimous consent, Mr. HANLEY was allowed to proceed for 3 additional minutes.)

Mr. KAZEN. Mr. Chairman, will the gentleman yied?

Mr. HANLEY. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, as I understand the gentleman's amendment, it would only add "first, to circumvent any civilian personnel ceiling," and that language is not in the provisions of the bill. And second, under "(A)" the gentleman would add other language?

Mr. HANLEY. If the gentleman will allow me to explain, Mr. Chairman, it is to deny the occasion to circumvent a civilian personnel ceiling.

Mr. KAZEN. Mr. Chairman, I would like to tell the gentleman that the language in section 805 of the bill is the combined effort of several of us on the Armed Services Committee who were objecting to the way the Defense Department was going about contracting out its work and taking into consideration for all practical effects, only one element and that is cost effectiveness. That is to say that if it cost the Department of Defense less to have a certain work done by contracting out than it cost by doing it in-house, then they would award a contract and lay off the civilian personnel.

The gentleman well knows that the vast majority of the civilian personnel employed by the Department of Defense is highly motivated, has been highly trained and very expensively trained and that these people would not readily find jobs outside of the Department of Defense.

In some categories, it is no trick for a private company to under bid the Government. This is so because private business does not have to furnish employees fringe benefits such as a retirement plan, insurance plans, vacations, and so forth, as the Government furnishes. All private companies would have to do is pay minimum wage. Therefore, they can do the job cheaper than the Defense Department can.

But in this section that we have inserted in this bill, we try to have a showing made as to the economic impact not only on the Department of Defense but on the Government of the United States because it is the Government which has to pick up unemployment compensation payments, certain welfare payments, and so forth, and in the long run, as far as the Government is concerned, in many cases it would not be cheaper to contract out using the old guidelines.

I therefore think that the Congress should have the final say as is provided for in this bill as to whether or not a particular category of work should be contracted out.

I believe that the gentleman's amendment adds to the overall job which we had in mind when we wrote this particular section of the bill and I want to commend him for offering it.

Mr. Chairman, I hope that the committee will go along with the amendment of the gentleman from New York (Mr. HANLEY) and adopt the amendment as a valuable contribution to the provisions of section 805 in the bill.

Mr. HANLEY. Mr. Chairman, I am most appreciative of the gentleman's comments, and I thank him for his support. He puts the case very well.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yeild?

Mr. HANLEY. I yield to the gentleman from California.

Mr. BOB WILSON. Mr. Chairman, I appreciate the gentleman's yielding.

Mr. Chairman, I believe that the gentleman has offered a good amendment. It does improve the wording of the legislation.

We do have a very serious problem, as the gentleman pointed out. Because of overall cuts in manpower levels throughout the Federal Government, particularly the Department of Defense, a number of programs have been offered to the private sector that traditionally have been accomplished by the Government on an in-house basis, and this has caused a twofold problem.

Mr. Chairman, I would like to bring to the attention of my colleagues a situation that exists that could conceivably curtail drastically the ability of the Department of Defense to respond to a national emergency. Because of overall cuts in manpower levels throughout the Federal Government, and in particular in the Department of Defense, a number of programs have been offered up to the private sector that have traditionally been accomplished by the Government in-house. This is a twofold problem. The first problem is that you make the existing in-house organizations less efficient because in general, any cuts in workload translate to reduction of "direct" manpower. This in turn decreases the direct/

indirect rates and drives the labor rate upward for the same product produced. This results in our in-house organizations pricing themselves out of competition and compounding the problem. Second, this impacts adversely the retention of the skill base necessary to accomplish this sophisticated and highly technical workload. In addition, since existing facilities and equipment are not being fully utilized, it is difficult if not impossible to effect modernization to any plant equipment. This results in the loss of ability to stay abreast of new technology requirements and manifests itself in the inability to effectively compete for new workload.

In the light of this adverse impact I would recommend that we attempt to maintain the work force within the naval air rework facility community at the level imposed by the Leach amendment at the absolute minimum. In the case of naval air rework facilities, this ceiling would be 24,000. There is currently more than enough workload in the naval air rework facilities to accommodate and support this work force.

Therefore, in order to maintain the in-house skill base and support the operational requirements necessary to insure military adequacy, it is strongly recommended that the naval air industrial activities ceiling be set at 24,000 at an absolute minimum.

Mr. HANLEY. Mr. Chairman, I am most appreciative of the gentleman's comments.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. HANLEY) has again expired.

(On request of Mr. LAGOMARSINO, and by unanimous consent, Mr. HANLEY was allowed to proceed for 1 additional minute.)

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want to associate myself as well with the gentleman's remarks. I think while it is all well and good to save money by contracting out, in many cases it can be clearly demonstrated that not only have we not saved money but we have seriously curtailed the mission of the armed services. I think we should have a very clear policy, and I think the gentleman's amendment improves the language that is already in the bill.

Mr. Chairman, I strongly support the amendment.

Mr. HANLEY. Mr. Chairman, I appreciate the gentleman's comments, and I thank him for his support.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. HANLEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HUGHES

Mr. HUGHES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HUGHES: Page 33, after line 8, add the following new section:

PURCHASE OF GASOHOL AS A FUEL FOR MOTOR VEHICLES

SEC. 818. To the maximum extent feasible and consistent with overall defense needs and sound vehicle management practices, as determined by the Secretary of Defense, the Department of Defense is authorized and directed to enter into contracts by competitive bid, subject to appropriations, for the purchase of domestically produced alcohol or alcohol-gasoline blends containing at least 10 percent domestically produced alcohol for use in motor vehicles owned or operated by the Department.

Mr. HUGHES. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HUGHES. Mr. Chairman, the amendment I am offering today would require the Department of Defense to use alcohol, or alcohol-gasoline blends, as a motor fuel to the maximum extent feasible.

It is identical in purpose to the amendment I offered last week and which was approved by the House, to the Postal Service bill with respect to fuel purchases by the Postal Service.

As my colleagues know, the Postal Service has bulk gasoline purchases of about 1 million barrels a year. The Department of Defense has bulk gasoline purchases of over 6.5 million barrels annually. Together, these two agencies account for over 80 percent of the 9 million barrels of gasoline purchased in bulk by the Federal Government each year.

I am offering this amendment in the belief that, by using the massive purchasing power of the Federal Government in the field of energy, we can give a much needed boost to the manufacture of alcohol fuels which are a renewable and domestically produced alternative to imported oil.

At the outset, Mr. Chairman, I wish to stress that my amendment does not create an inflexible standard that would require the Department of Defense to use gasohol all the time, everywhere, under all circumstances.

To the contrary, my amendment specifically provides that gasohol use would be required only to the maximum extent feasible. Further, such use must be consistent with the overall defense needs of our Nation. It is also my intention that the use of gasohol or alcohol fuels not conflict with our Nation's defense preparedness or adversely affect the performance of motor vehicles owned or operated by the Department of Defense.

By the same token, my amendment would establish a clear preference for the use of alcohol or alcohol-gasoline blends in Federal fuel purchases in those circumstances where it is compatible with our defense needs.

Mr. Chairman, my colleagues should need no reminder of the seriousness of our country's overall energy problems in recent months and years. The situation in our military today is no different. As with the rest of the country, our Armed Forces now depend upon foreign sources for 46 percent of their energy needs.

When we consider that bulk fuel requirements for our Armed Forces on the east and gulf coast areas are about 10 percent short through March of 1980, and up to 30 percent short in other regions, the importance of using proven and domestically produced alternatives becomes all the more apparent.

Alcohol fuels are such an alternative, and they are not subject to the whims and wiles of an erratic and uncertain world market.

Alcohol fuels are a proven alternative which have been used successfully in vehicles which range all the way from the Model T Ford to the highest-performance racing cars of today.

In Brazil, which has oil import problems more serious than our own, a fleet of 1,000 government cars has been operating successfully on pure alcohol for the past 2 years. This includes the official car of the President of Brazil. That country has now replaced 11 percent of its annual gasoline use with alcohol fuels.

Although Brazil has far fewer cars than the United States, it has accomplished this impressive feat using less than two one-hundredths of 1 percent of its total agricultural land. I have little doubt that, by using our country's vast know-how and resources, we can easily replicate this accomplishment and cut our debilitating reliance on foreign oil.

But we cannot do this so long as alcohol fuels are just a nice-sounding theory. And we can not safely assume that the business community will ever respond with the investment that is needed so long as there is no dependable market in our country for this important energy alternative.

The fastest and most effective way to create that market, in my judgment, is through preferential purchases by our country's largest fuel purchaser: The Federal Government. And within that Government, the Defense Department is the largest single purchaser.

Mr. Chairman, I believe the amendment I am offering represents a balanced and reasonable means of not only extending the fuels supplies available to our armed services, but also of encouraging private sector investment in the facilities that are needed to manufacture the alternative of alcohol fuel.

Both of those goals are clearly in our national interest. Just as importantly, once our national commitment to alcohol as a major alternative becomes clear, we will begin to see developed the modern and efficient facilities for alcohol manufacture that can make a real contribution to our overall needs—not just in the Government sector, but throughout our country and all sectors of our economy.

We do not have all the oil we need in our country, and we will never have all the oil we need. But we do have the resources to make alternative fuels that are just as good if we can give industry the incentives it needs.

I urge my colleagues to support my

amendment, and to take this much needed and long overdue step to break our national addiction to petroleum.

☐ 1210

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from California.

Mr. THOMAS. Mr. Chairman, in the language of the amendment it says "* * * to enter into contracts by competitive bid * * *."

Does this mean that normal gasoline will compete with alcohol and alcohol-gasoline blends in a competitive bid situation? Or is it alcohol and gasoline-alcohol blends only competing in a competitive situation?

Mr. HUGHES. That would be a decision that the Department of Defense would make in determining what would be feasible and consistent with national needs. But I would assume it would be some blend, regular gasoline as well as alcohol.

The CHAIRMAN pro tempore. The time of the gentleman from New Jersey (Mr. HUGHES) has expired.

(On request of Mr. STRATTON and by unanimous consent, Mr. HUGHES was allowed to proceed for 5 additional minutes.)

Mr. THOMAS. If the gentleman will yield further, my concern is that the alcohol, gasoline-alcohol blends, are more expensive, and, on a competitive bid situation they will always lose to gasoline. In the Agriculture Committee we are now considering a gasohol bill that would give preferential treatment to gasohol purchased by the Agriculture Department, and we estimate the cost at about 15 percent over normal gasoline. So that if it is a competitive bid situation with gasoline, we are not going to get the kind of inducement that the gentleman has indicated.

I would ask the gentleman just to consider his amendment to determine whether the competitive bidding ought not to have some kind of preferential treatment to gasohol.

Mr. HUGHES. Let me just say I did develop an amendment that would put some kind of a cost cap while encouraging gasoline-alcohol blends. But I felt that did not give the Department of Defense the kind of flexibility that it really needed, in trying to determine what is practical and feasible and competitive.

I think, in developing the language that I have, I have addressed some of the concerns that I have heard not just from the Department of Defense but from other agencies.

I know my colleague, the gentleman from New York, is concerned that the Department of Defense does not have sufficient flexibility. I think that my language gives the Department of Defense all the flexibility it needs in trying to develop the type of invitation to bid that is required.

Mr. STRATTON. Mr. Chairman will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, I would like to make a couple of comments on the gentleman's amendment and then enter into a colloquy with him on exactly what his amendment means.

Believe it or not, I have been one of the strongest supporters of gasohol right from the start. At one time I represented more farmers in New York State than any other Congressman, although my district has been changed somewhat. I was disturbed, as a matter of fact, when the Department of Energy announced that they were not going to think about gasohol because it would cost $1.25 a gallon. I told them that the price of gasoline was going to be up to $1.25 before very long, and that is what it is approaching now. So I think to the maximum extent we ought to be using gasohol and I think that is an excellent idea. Perhaps it would be even better to use straight alcohol rather than mixing it with gasoline. But I am in favor of it. However, I think we have to recognize that there are limitations to the use of this fuel and, particularly, with regard to our defense vehicles.

The CHAIRMAN pro tempore. The time of the gentleman from New Jersey (Mr. HUGHES) has again expired.

(On request of Mr. STRATTON and by unanimous consent, Mr. HUGHES was allowed to proceed for 4 additional minutes.)

Mr. STRATTON. If the gentleman will yield further, I do not think that the Department of Defense ought to be made into a kind of test bed for every type of new fuel, any more than it ought to be turned into a day care center or a test facility for new welfare reforms.

The purpose of the Defense Department is to defend the Nation. It is my understanding that you cannot use gasohol in a combat vehicle, a tank, or a command car or something of that kind. You cannot expect to use it in an aircraft. You cannot, in fact, have two fuel supply systems out on the combat field, one providing gasohol and the other providing something else, without complicating and jeopardizing the activities of the Defense Department.

So what I want to assure myself of is that, when the gentleman's amendment says "to the maximum extent feasible and consistent with overall defense needs and sound vehicle management practices," he means that the decision about how and where, or even whether, gasohol should be used within the Defense Department structure would be left up to the Secretary of Defense.

Mr. HUGHES. I respond to the gentleman that, in developing the language, I have given a great deal of discretion to the Secretary. He has to make the ultimate decision as to whether it is indeed feasible and consistent with overall defense needs to use some blend of alcohol and gasoline. So the answer is, yes, he has to make the decision. However, it is my intent that the Department of Defense make a real effort to determine whether it is feasible to use a blend of alcohol and gasoline. Some of the things I have heard, for instance, have been, "Well, it is going to require more bookkeeping, it means we have to develop new suppliers." I do not think they are legitimate excuses or reasons not to use some blend of gasoline and alcohol. I believe that if indeed it proves unfeasible to use a blend of alcohol and gasoline in a particular vehicle, then that is a decision that the Department of Defense has to make. But they have to put it to a reasonable test—make a bona fide effort.

Mr. STRATTON. If the gentleman will yield further, the Department of Defense is, as I understand it, already testing and has been testing at Crane, Ind., an 11,000-gallon gasohol test. That is going to continue. The Navy has been handling that particular one. So we do have the testing.

I just wanted to try to understand the language, because if this is included in the bill and the Secretary of Defense says, "Look, we have looked this over and we just think that this would complicate our job of trying to defend the country, we cannot do everything, we cannot take care of all of the energy problems," that the gentleman from New Jersey is not going to complain because the Defense Department is not doing it.

Mr. HUGHES. I think that my amendment is very specific and clear. It says, "* * * as determined by the Secretary of Defense * * *." I do want the Department of Defense, however, to make a bona fide effort to use, and use as a preferred fuel, gasohol where it is feasible, that is, to the maximum feasible extent.

Mr. STRATTON. But if they determine it is not feasible and they have made a bona fide attempt, the gentleman will be satisfied?

Mr. HUGHES. I think if they have made a bona fide attempt, then I would be satisfied. However, I do not accept as a valid reason not to use it that it is going to require them to do some additional bookkeeping, requires additional work, or like excuses.

The CHAIRMAN pro tempore. The time of the gentleman from New Jersey (Mr. HUGHES) has again expired.

Mr. STRATTON. Mr. Chairman, I ask unanimous consent that the gentleman from New Jersey (Mr. HUGHES) be allowed to proceed for 1 additional minute.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

Mr. ANNUNZIO. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. GLICKMAN. Mr. Chairman, I move to strike the last word, and I would like to ask the author of the amendment a question.

Mr. Chairman, the gentleman from New York (Mr. STRATTON) has raised some good questions that I think can be answered with the point that the primary use of gasohol is as a motor fuel. It cannot be used now in tanks. It cannot now be feasibly used in any tank, airplane or other nonmotor vehicle in combination with middle distillates or anything else.

Therefore, is it the gentleman from New Jersey, Mr. HUGHES' intent that, to the extent practicable, as the language contained in your amendment indicates, that the Department of Defense make a good-faith effort to begin purchasing gasohol as a motor fuel?

Mr. HUGHES. If the gentleman will yield, yes, of course, that is my intent. In fact, we have given the Department of Defense tremendous flexibility. The fact of the matter is that we are not moving in that direction.

Here we have one of the largest bulk purchasers, and they are not making a bona fide effort. The reasons that are given are absurd—that it would require additional bookkeeping, that it would require additional effort, that we would have to go to different suppliers. I think that the Department of Defense has other national missions besides defense. If we can accomplish other national goals, we ought to be doing it. It should not be a single-minded agency. Sure, its main concern is defense. But, if we can achieve in a compatible fashion other national goals, we ought to be doing it. We are not.

Mr. GLICKMAN. I think that most enlightened procurement officers within the Department of Defense are also going to see that they ought to be purchasing gasohol.

I will make one final point and then I will conclude.

The Administrator has repeatedly given lipservice to the Government purchasing gasohol to the extent feasible. I visited the largest alcohol fuel plant in the country, Archer Daniels Midland in Decatur, Ill., and their people told me that this company has not sold one drop of alcohol to the U.S. Government. I think that the public of this country is tired of that kind of hypocrisy.

While I do not say that gasohol is a panacea, I think the gentleman's amendment is a good one.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New Jersey (Mr. HUGHES).

The amendment was agreed to.

☐ 1220

AMENDMENT OFFERED BY MR. KRAMER

Mr. KRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KRAMER: Page 28, after line 2, insert the following new section (and redesignate the succeeding sections accordingly):

LIMITATION ON THE REDUCTION OF UNITED STATES FORCE LEVELS AT THE UNITED STATES NAVAL BASE AT GUANTANAMO BAY, CUBA

SEC. 812. No funds authorized to be appropriated by this Act may be used for the purpose of reducing the personnel, support, or equipment levels at any United States naval installation or facility at Guantanamo Bay, Cuba, or reducing military functions that are primarily supported from any such installation or facility.

Mr. KRAMER. Mr. Chairman, the purpose of this amendment is straightforward: to prohibit the use of any funds authorized in this bill for the purpose of reducing our personnel, support, or equipment levels at the naval base at Guantanamo Bay, Cuba.

The reason for the amendment is to respond to periodic press reports and speculation that the U.S. naval base at Guantanamo Bay may become a sacrificial pawn in the negotiations with the Soviets on the removal of their combat troops from Cuba.

The effect of the amendment would be to send a clear signal to the Kremlin and to Cuba that the United States has no intention of relinquishing long-held interests and commitments in the Western Hemisphere and will not roll over and play dead when challenged in our own backyard. It would send a clear message to the President that the Congress stands resolutely behind the position which has recently been expressed by State Department spokesman Hodding Carter, that the U.S. naval base at Guantanamo Bay is "not negotiable." In fact, we would be strengthening the President's hand in the negotiations with this clear affirmation of congressional interest and intent with respect to the Guantanamo Naval Base.

I believe this affirmation is important because of the complex interplay of issues surrounding the revelation of Soviet combat troops stationed in Cuba and the concurrent position—blatantly anti-United States—taken by Fidel Castro at the Summit Meeting of Nonalined Nations in Havana.

The Soviet troop reports have led to growing concern on the part of American officials and the general public about the purpose of those troops; the inadequacy of our intelligence network in discerning that presence; the implication of this development on the ratification of the SALT II treaty; and the manner in which the United States will respond to this latest Soviet challenge in the Caribbean.

The question of the effect of this new development on the progress of the SALT II ratification and speculation on the response to public demands of several Senators for the withdrawal of Soviet troops before ratification can proceed have overshadowed other considerations, such as the strategic importance of our own naval base in Cuba and the concurrent Soviet and Cuban calls for withdrawal of U.S. forces from Guantanamo.

While the SALT linkage and the verification issues are important, I believe that the less-publicized efforts of the Communist nations to link Soviet troop presence in Cuba with the American presence at Guantanamo is also vitally important and should not be slighted. Nor should the coincidence of the announcement of Soviet combat troops in Cuba with the opening of the Summit Conference of Nonalined Nations in Havana and the strident attacks against the United States on several fronts by Fidel Castro, including the stationing of American troops in Korea and Cuba, be ignored.

This is certainly not the first time that Castro has called for U.S. withdrawal from Guantanamo. However, in the context of the Soviet troop discovery, the present growing unrest in neighboring Central and Latin American countries, and reports of growing Soviet naval presence and the strengthening of the Cuban naval base at Cienfuegos for Soviet military vessels, the heightened intensity of the Cuban demand should not be taken lightly. This is particularly so, given the forum in which the demand was made. In spite of U.S. efforts to moderate the tone of the resolutions adopted by the nonalined nations, U.S. News & World Report characterizes this summit meeting as a failure of the United States and a victory for Castro. The magazine reports that "Opposition was unanimous to the American naval base at Guantanamo Bay in Cuba and to the U.S. economic embargo of Cuba." We must anticipate that this position is just the first step in an obvious campaign undertaken by Castro to bring world pressure on the United States to abandon Guantanamo. We can expect this campaign under Castro's determined leadership, to continue when the U.N. General Assembly meets later this month, and throughout his term as chairman of the nonalined nations.

Under normal circumstances, such a resolution might not carry as much significance, but the theme has been picked up by the Soviet news agency, which has reportedly drawn a parallel between U.S. demands for withdrawal of Soviet troops and the continued presence of U.S. troops at Guantanamo. Such reports, and past speculation on the possibility of the United States abandoning Guantanamo Naval Base in the interest of normalizing relations with Cuba, suggest that this may be an issue in the current negotiations. I believe that we should make it unmistakably clear that Guantanamo is not a bargaining chip.

There are numerous reasons why we should remain firm in our resolve that Guantanamo not be abandoned.

The first and foremost of these is the obvious importance of the base for U.S. security interests. Located in the middle of the sea lines which cross the Caribbean and the Gulf of Mexico and connect the southeast U.S. ports with Europe, Latin American, and the Panama Canal approaches, Cuba is in a strategic position, and our base at Guantanamo Bay is superior for staging the forces necessary to protect those essential sea lines of communication.

In addition, the base is idea for the support of naval and air operations for possible contingency operations throughout the Caribbean and Central America—including humanitarian missions, such as during the recent devastating hurricanes.

Of no small importance, the U.S. military presence at Guantanamo serves as a visible symbol of U.S. interest and concern in Latin America and the Caribbean, and offsets the Soviet military presence in the area. U.S. abandonment of the base at this time would only serve to heighten unrest in the area and would signal a wavering U.S. commitment to protecting our own interests and to the time-honored resistance to domination of American nations by external powers.

Additionally, Gitmo as it is known to naval personnel stationed there, is important as a training base to maintain the readiness of the Atlantic Fleet, and it has certain unique geologic and geographic advantages which make it, in the words of a Navy captain formerly charged with fleet training at the base, "the best damned naval training base on the east coast, the west coast, and probably in the whole world."

The U.S. Navy has summarized the importance of Guantanamo in these terms:

> The ability to control military operations in the Caribbean is extremely important to U.S. interests now, and will be in the future. U.S. presence at Guantanamo denies its use to potentially hostile forces, offsets the Soviet military presence in Cuba, provides a visible indication of U.S. interest in the area, and contributes greatly to our forward defense of the U.S. and its sea lines of communication.

In addition to the factors arguing for our continued use of the naval base at Guantanamo Bay, we should also bear in mind the legality of our position there. Our presence in Cuba is based on agreements reached in 1903, under which the United States obtained the lease of Guantanamo Bay, with "complete jurisdiction and control over and within said areas" in perpetuity. The only means by which the lease could be voided would be by American abandonment of the area or by mutual agreement between the two countries. Additionally, the historic principle of the Monroe Doctrine, that the United States should consider any attempt on the part of foreign powers "to extend their system to any portion of this hemisphere as dangerous to our peace and safety," supports the position of the United States to act to protect its own interest and to deter acts of foreign dominance or aggression over American nations. This position was reaffirmed by President Kennedy in 1962:

> If at any time the Communist buildup in Cuba were to endanger or interfere with our security in any way, including our base at Guantanamo, our passage to the Panama Canal, our missile and space activities at Cape Canaveral, or the lives of American citizens in this country, or if Cuba should ever attempt to export its aggressive purposes by force or the threat of force against any nation in this hemisphere, or become an offensive military base of significant capacity for the Soviet Union, then this country will do whatever must be done to protect its own security and that of its allies."

Whatever else we do in response to this latest series of events in Cuba, we should make it unmistakably clear that we will not abandon our base at Guantanamo. I urge my colleagues to support this amendment.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

I just want to commend the gentleman for his amendment. I think it is an outstanding amendment. I cannot see any reason why any Member of the House would oppose it.

Mr. LLOYD. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to the gentleman from California.

Mr. LLOYD. I thank the gentleman for yielding.

I, too, commend the gentleman for his amendment, having spent 3 years of my life at the naval base at Guantanamo, being assigned there by the Navy.

On the other hand, I would remind the gentleman that this does deal with O. & M. funds, when he says he would restrict troop movement. This committee, I would remind the gentleman, does not have authority in that area. I absolutely concur with what the gentleman is saying. I think we should maintain the base. Certainly there should be no consideration for ever giving it up. If nothing else, just the training facilities which are available are just outstanding. The current world situation would demand that we not do that.

But I would remind the gentleman that it deals with O. & M. funds where we simply do not have authority.

Mr. KRAMER. I appreciate the gentleman's remarks.

The CHAIRMAN pro tempore. The time of the gentleman from Colorado (Mr. KRAMER) has expired.

(At the request of Mr. PRICE and by unanimous consent, Mr. KRAMER was allowed to proceed for 2 additional minutes.)

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield to the gentleman from Illinois.

Mr. PRICE. The gentleman from California has stated the situation accurately. This bill does not deal with operation and maintenance funds. That comes in the appropriations bill. Even if we adopted this amendment, it would have absolutely no effect, because it would not apply to anything in this bill.

Mr. KRAMER. Might I respond to that just briefly?

I know that there is some serious area of debate. However, we did undertake some very substantial research into this amendment before offering it, and it is our opinion, for whatever value that may have, that there are certain aspects of the authorization which do deal with research and development, and with procurement, testing and evaluation of weapons systems, and naval vessels and equipment; and because of the fact that Guantanamo is a major training and staging base, visited each year by 100 to 150 vessels, we feel that there is at least a serious argument that can be made that this amendment, couched as it is in the terms that it is, expiring with the authorization in the bill, does have some teeth in it; but that is a point with which some disagreement can be raised.

Mr. PRICE. The gentleman has an excellent amendment if it were to an appropriations bill. But for an authorization bill, there is no application at all for the amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Colorado (Mr. KRAMER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HARRIS

Mr. HARRIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. HARRIS: Page 33, after line 8, add the following new section:
>
> EXTENSION OF PERIOD FOR CERTAIN RESERVISTS TO ELECT COVERAGE UNDER SURVIVOR BENEFIT PLAN
>
> SEC. 818. Section 208 of the Uniformed Services Survivors' Benefits Amendments of 1978 (Public Law 95–397; 10 U.S.C. 1447 note) is amended—
>
> (1) by striking out "the end of the nine-month period beginning on the effective date of this title" and inserting in lieu thereof "January 1, 1980"; and
>
> (2) by striking out "at the end of the one-year period beginning on the effective date of this title" and inserting in lieu thereof "on March 31, 1980".

Mr. HARRIS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. HARRIS. Mr. Chairman, I rise to offer an amendment to the fiscal year 1980 defense authorization bill, H.R. 4040.

Last year, Congress extended the option of survivor benefit plan protection to dependents of qualified National Guardsmen and reservists under age 60, thereby correcting a longstanding inequity. That legislation was effective on October 1, 1978, and gave eligible National Guardsmen and Reservists 1 year in which to make their irrevocable election of an SBP option. That deadline expires on September 30, 1979.

The three military services were unable to produce and publish detailed information until April, May, and June just passed. Not only were those instructions terribly late from the viewpoint of guardsmen and reservists, but I am told that the instructions relative to the social security offset are inaccurate, or at least misleading.

The House has twice passed legislation introduced by Mr. BOB WILSON, of California, which would correct certain inequities in the military survivor benefit plan law. The House Committee on Armed Services this year has under consideration H.R. 3314—essentially the same legislation passed unanimously by the House in 1978. The Senate Armed Services Committee held hearings on July 12 on S. 91, companion legislation to H.R. 3314. Both H.R. 3314 and S. 91 would remove inequities which tend to cause service personnel, especially guardsmen and reservists, to decline to elect an SBP option. However, it seems unlikely that any SBP legislation can be enacted before the September 30, 1979 deadline for guardsmen and reservists.

My amendment would extend the period during which eligible guardsmen and reservists could elect an SBP option until March 31, 1980. This extension of time will permit the military services to clear up the apparent misunderstandings of the application of the social security offset. Additionally, the guardsmen and reservists could expect to make their option decisions on the basis of improvements which H.R. 3314 and S. 91 would make in the SBP program.

I urge the adoption of this amendment.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I would be happy to yield to the gentleman from Alabama.

Mr. NICHOLS. I thank the gentleman for yielding.

I have examined the amendment.

Mr. Chairman, the delays in implementation of the new provisions of the survivor benefit plan that apply to reservists and national guardsmen has recently been brought to my attention. I believe that a 6-month extension to permit more timely and accurate information to be disseminated would be beneficial.

I have no objection to the amendment, Mr. Chairman.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I would be happy to yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I rise in support of the amendment that an extension of time on the election of coverage of the survivors benefits is needed. I am proud to be one of the coauthors of the bill, along with the gentleman from Alabama (Mr. NICHOLS), the gentleman from New York (Mr. STRATTON), and the gentleman from Florida (Mr. BENNETT).

Also, I would like to give credit for having survivors benefits for reservists to a former Deputy Assistant Secretary of Defense, Mr. Will Hill Tankersly, for his tremendous help in drawing up a bill acceptable to the administration and the Congress.

I fully support the amendment by the gentleman from Virginia (Mr. HARRIS).

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Virginia (Mr. HARRIS).

The amendment was agreed to.

□ 1230

AMENDMENT OFFERED BY MR. PANETTA

Mr. PANETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PANETTA: Page 33, after line 8, add the following new section:

RETROACTIVE PAY EQUALIZATION FOR WORLD WAR II PHILIPPINE SCOUTS

SEC. 818. (a) The Secretary of the Army shall pay in a lump sum to each person who served as a Philippine Scout during the period beginning on December 7, 1941, and ending on December 30, 1946, an amount equal to the difference between (1) the total amount of basic pay such person would have received for his military service during such period if the rates of basic pay of the Philippine Scouts had been the same as the rates of basic pay during such period for other members of the Army of the United States of corresponding grades and length of service, and (2) the total amount of such basic pay actually received by such person.

(b) In the event a person entitled to a payment under subsection (a) is deceased, such payment shall be made to the persons, and in the manner, prescribed in section 2771 of title 10, United States Code.

(c) The retired pay of each former Philippine Scout shall be computed for periods after the effective date of this Act on the basis of the rates of pay prescribed for other members of the Army of the United States of corresponding grades and length of service.

(d) This section shall take effect as of the first day of the first calendar month which begins after the date of the enactment of this Act.

Mr. PANETTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PANETTA. Mr. Chairman, the amendment that I produce at this point fulfills, I believe, a commitment to certain former members of the U.S. Army, the Philippine Scouts, who fought and died alongside American soldiers in the defense of the Philippines in the Pacific during World War II. This is a commitment that was made during World War II and which we have failed to fulfill for the last 40 years.

Prior to World War II the Philippines were an American Territory. When General MacArthur began to fashion our strategy against Japan in the South Pacific, the Philippines became obviously a key factor. General MacArthur recruited Filipinos into the Philippine Scouts, an organization that was made part of the U.S. Army back in 1901. He recruited these Filipinos as part of the U.S. Army back in 1901. He recuited these Filipinos as part of the U.S. Army effort to defend the Philippines.

In recruiting these Scouts General MacArthur said, and I quote:

> War is the great equalizer of men. Every member of my command shall receive equal pay and allowances based on the United States Army pay scale, regardless of nationality."

Despite this clear promise, despite the principle of General MacArthur that there should be equal pay for equal risk, and despite the fact that these Filipinos were part of the U.S. Army, they were not a separate group, they were part of the U.S. Army, and received exactly one-half of the benefits that were provided to the U.S. Army soldiers. While a U.S. private was getting $50 a month during the war, a Philippine Scout, although he was a member of the U.S. Army, was getting only $18, a 43-percent lesser amount for the same sacrifice.

General MacArthur described these Scouts as excellent, professional, loyal, and devoted. These soldiers were an elite group in which membership was considered an honor by the Filipinos.

It was the continued resistance of the Scouts on Bataan and Corregidor that denied the Japanese an eventual base for the thrust of the South Pacific, and their defense of the Philippine Islands against incredible odds gave the United States the time to recover from the first blows of the war and to begin to send in supplies and reinforcements.

After the war in 1945 the Government of the United States recognized this discrimination by equalizing the pay for the Filipino Scouts, but failed to provide any retroactive relief for those who served during the war itself. My amendment would simply correct that injustice by authorizing the Department of the Army to pay a lump sum equal to the difference between the pay received by American soldiers of corresponding grades and lengths of service and the total amount of pay actually received by the Philippine Scouts.

My amendment also makes appropriate survivor and retirement benefits available to the Scouts.

The history of this legislation is a long one. This is not a new amendment. This amendment was introduced in the 91st Congress and in every Congress since then.

I do not particularly like the approach of bypassing the committee process on amendments, but this is not a new amendment. It has been introduced in each Congress and they have failed to have hearings on it. A Philippine-American Conference held in 1966 on this very issue concluded that there is a need for necessary legislation to clarify and rectify this discrimination once and for all.

I think it is clear that while the cost of my amendment, which is estimated to be somewhere in the vicinity of $8 million, it is minimal compared to the sacrifice of life and limb made by the Scouts in the battle against the Japanese during World War II, and it is minimal compared to rectifying the injustice and the discrimination that has existed for 40 years. Many of these soldiers are now in the United States and have become citizens, yet they receive only one-half of the benefits of their American GI counterparts.

Passage of this amendment will send a clear signal to Filipino-Americans everywhere, and to the people throughout the world that our commitment to justice is not parochial or expedient, but rather it is fundamental to our conception of human rights and fairness for all. I urge my colleagues to support this amendment.

Mr. NICHOLS. Mr. Chairman, I rise to oppose the amendment of my colleague from California. The matter of additional pay for those who served with the Philippine Scouts during the World War II period from 1941–46 has been before our committee on numerous other occasions. The gentleman from California is correct in that the pay for Philippine Scouts was set at one-half that of regular U.S. Army enlisted rates of pay and this pay was based on the lower cost of living in the Philippines. The record reflects that the pay was set at the lower rate to avoid local economic imbalance which would have resulted by paying Philippine soldiers military pay which was much higher than that paid to Philippine civilian workers. The retired pay of Philippine Scouts was, of course, set on the same basis as their active duty pay and was fixed at the 1946 rate of pay until 1965 when adjustment was provided.

The Department of Defense advises that the cost of such amendment would approximate $9 million annually, and would set a precedent for a likely request from a similar group known as the "Navy Insular Force" which also served in the Philippines during that period.

The Philippine Scouts, of course, served with great distinction but, in view of the more than 30 years which have elapsed and in view of the precedent which would be established which would lead to similar requests, I must request that the House oppose this amendment.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to my colleague from Mississippi.

Mr. MONTGOMERY. I appreciate the gentleman yielding and I also rise in opposition to the amendment. I hate to oppose the amendment of our good friend from California, but I approach this situation with a different hat. Serving on the Veteran's Affairs Committee and also as chairman of the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs, we have tried to do everything possible for the Filipino Scouts.

Under the gentleman's amendment some of these people now covered under veterans benefits would be further covered. We have health care under the Veterans' programs for the Filipino Scouts, both service and nonservice-connected. They are eligible for compensation and pension which is also service-connected and nonservice-connected.

The point that I would like to make the strongest here today is that the General Accounting Office has sent the Veterans' Affairs Committee a report requesting that the benefits under the veterans' programs for the Filipino Scouts be reduced because of the living standard discrepancies in the Philippines. In effect, this amendment offered by the gentleman from California is further getting the living standard more out of line in comparison to our veterans living standards here in the United States.

Our committee, despite the fact that the administration of both Republicans and Democrats have asked that we cut back on these benefits, our committee has kept veterans benefits up, so the Filipino Scouts will be treated fairly. I do not think the amendment is needed at all.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I appreciate the sentiment expressed by the gentleman from California. Similar sentiments have been expressed in amendments for the past several years. The Filipino Scouts were, indeed, very valuable allies. They were brave soldiers. They made a major contribution to our country and to their country during this period of time.

However, I honestly believe they have been treated fairly. Agreement was made at that time to provide them with remuneration compatible with the civilian community. It was felt that if more money than this was given that it would cause a severe disruption in their economy.

As our good chairman pointed out also, it would tend to create a precedent because we have a number of Philippine people who served in the Navy Insular Force. I do not know what the cost of that program would be. I was unable to get those figures. But the cost of this program would be around $9 million the first year.

□ 1240

As deserving as these people are and as fine a job as they did in helping us win World War II in that part of the world, I would urge my colleagues to vote against the amendment.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding. The argument that this would set a bad precedent confuses me to some extent, because the fact is that we have had, in the Veterans Committee dealing with our own U.S. veterans, cases where we have made commitments, where veterans went in knowing that they would get a certain amount of entitlement, and yet we have gone back over that and said, "This is not fair. They are not getting a fair amount."

If we took the position, "No, sir, it is fine because that is what they get, period," regardless of what is just or unjust involved, we would not be doing a lot of the things we are doing.

So, I do not think we are setting a precedent. The basic fact I suggest we look at is, was it fair at that time to pay Philippine Scouts fighting and dying alongside American soldiers one-half what the Americans were receiving? The Philippine Scouts themselves say that this is unfair, and they support this legislation. Indeed, in 1945 the U.S. Government said that this is unfair because they equalized the pay.

All we are doing is going back to the worst part of the war, 1942–45, and saying that during that period, my goodness, we should at least restore that pay.

Mr. MITCHELL of New York. When I mentioned the word "precedent," I was referring to this other force, the Navy insular force. If we back this increase in pay for the scouts, we will soon have to do it for the others. That was my reference to "precedent."

Mr. DORNAN. Mr. Chairman, I move to strike the requisite number of words, and I rise to support the amendment.

Mr. Chairman, I vigorously support this amendment, and compliment my colleague, the gentleman from California (Mr. PANETTA) for bringing it to the House floor again for one very simple reason. I believe it sends a message to every nation throughout the world which has ever joined us as an ally in combat. No group of fighting allies has ever joined us—this has been stated often on this floor—who has given more vigorous, loyal, service up to and including to the death, than the famous Philippine Scouts of World War II.

These are desperate times when Israelis and others look to us for consistent loyal support, when other countries around the world still find us at their doorsteps asking them for agents to help in intelligence gathering, and/or young men to join their combat units in mutual interests for both nations such as in North Yemen. I think this amendment eloquently says in a small but important way to our allies and remaining friends across the world that even the passage of decades will not damper our ardor in being fair to those who fought and died by our sides in combat against a ruthless aggressor army.

I thank the gentleman for his consistent efforts in this cause and I hope he will succeed is his amendment this year.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. PANETTA).

The question was taken; and on a division (demanded by Mr. PANETTA) there were—ayes 8; noes 11.

Mr. PANETTA. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1250

QUORUM CALL VACATED

The CHAIRMAN pro tempore. One hundred Members have appeared. A quorum of the Committee on the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from California (Mr. PANETTA) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LONG of Maryland: Page 33, after line 8, add the following new section:

EXTENSION OF PERIOD FOR REDUCTION IN NUMBER OF SENIOR-GRADE CIVILIAN EMPLOYEES OF DEPARTMENT OF DEFENSE

SEC. 818. Paragraphs (1) and (2) of section 811(a) of the Department of Defense Appropriation Authorization Act, 1978 (10 U.S.C. 131 note), are amended to read as follows:

"(1) After October 1, 1980, the total number of commissioned officers on active duty in the Army, Air Force, and Marine Corps above the grade of colonel, and on active duty in the Navy above the grade of captain, may not exceed 1,073.

"(2) After September 30, 1981, the total number of civilian employees of the Department of Defense in grades GS-13 through GS-18 (including positions authorized under section 1581 of title 10, United States Code) may not exceed the number equal to the number of such employees employed by the Department of Defense on July 30, 1977, reduced by the same percentage as the percentage by which the total number of commissioned officers on active duty in the Army, Air Force, and Marine Corps above the grade of colonel, and on active duty in the Navy above the grade of captain, is reduced below 1,141 during the period beginning on October 1, 1977, and ending on September 30, 1980.".

Mr. LONG of Maryland (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. LONG of Maryland. Mr. Chairman, my amendment simply delays for 1 year—from October 1, 1980 to October 1, 1981—the date by which the Defense Department must complete the 6-percent reduction in civilian high-grade officials mandated in the Defense Appropriations Authorization Act for fiscal year 1978. The 3-percent reduction already carried out has damaged the national capability in military research and development and has not saved money.

In order to reduce civilian high-grade personnel, DOD was forced to reduce the grade of many GS-13's and GS-14's to grades below GS-13. That in turn meant reducing the grades of lower level officials as well. But last January, Congress passed the Civil Service Reform Act, which prevents any civil servant reduced in grade from losing pay. As a result, the high-grade reduction provision of the law far from saving money is costing money. The Army's Materiel Development and Readiness Command (DARCOM) calculates that the annual overpayment costs due to the Civil Service Reform Act will be $4.61 million. Five-year costs of the reduction of high-grade officials, under these circumstances, will be $27.9 million, while savings are estimated at $16.3 million. So it will actually cost $11.6 million more because of the reduction of civilian high grades in this one agency alone. Although no data are available for the entire Defense Department, it is evident that the high-grade reductions are disruptive without saving the taxpayers any money.

These reductions fall most heavily on the Materiel Development Commands, which produce and test new weapons. Approximately one in four employees in these commands are GS-13's and above, and approximately 60 percent of these high grades are in research and development. These commands are having increasing difficulty competing with private industry for the scientific, engineering, and managerial talent needed to carry out their missions. They have already lost an alarming number of young, highly educated scientists and engineers because of the career uncertainties associated with high-grade reductions.

The Commander of the Army's Materiel Development and Readiness Command, the Chief of Naval Materiel, and Commander of the Air Force Logistics Command, and the Commander of the Air Force Systems Command have all declared by letter that a further 3-percent reduction in civilian high-grade officials will seriously impair their ability to accomplish their research and development and procurement missions.

This is not the time to cut further into our military research development and procurement capability. The Armed Services Committee notes in its report that "The Soviet investment in military research, development, engineering and acquisition has continued on an upward trend," and that the return on the U.S. investment in these areas has been "exceptionally low." One of the reasons for this poor U.S. performance, as the committee point out, has been stretchouts in weapons systems programs, a problem which has been exacerbated by the reductions in high-grade personnel who manage and carry them out.

The services have requested 1 year in which to make their case to Congress for removing from the law the requirement for reducing civilian high-grade personnel. I believe Congress will be persuaded that it can both save money and preserve our readiness in military technology by suspending any further reductions in these personnel. At the very least, we should give them a chance to make their case.

☐ 1300

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I would be happy to yield to the gentleman from Alabama.

Mr. NICHOLS. Mr. Chairman, I personally have no objection to this amendment. I would suggest that we take this amendment, pass it to the conference with the Senate, which was the body that originally proposed the grades ceilings. We have no objection to it.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from Florida.

Mr. BENNETT. Mr. Chairman, we have no objection. I presume the minority side has no objection.

Mr. DODD. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from Connecticut.

Mr. DODD. Mr. Chairman, I rise in strong support of the amendment offered by Mr. LONG of Maryland. Mr. LONG's amendment would extend by 1 year the 3-year period in which the Department of Defense must reduce its senior manpower positions—GS-13 and above—by 6 percent.

I should make it clear at the outset that I believe it was a great mistake to require DOD to reduce the number of its senior civilian personnel in the first place. Public Law 95-79, section 811, requires a drawdown in the total population of flag rank officers and a corresponding drawdown of the DOD GS 13-18 civilian employees of 2 percent per year beginning in fiscal year 1978 through fiscal year 1980. This provision was first introduced in the Senate bill and then unfortunately accepted by the House conferees in conference committee. I would like to see this reduction requirement lifted entirely, but I support Mr. LONG's amendment as a first step toward that goal.

Mr. Chairman, the goal of reducing flag officers in the armed services did make sense when it was proposed. Naturally, after the Vietnam war, and after most of the foot soldiers went home, the Department of Defense was top-heavy in senior officers. However, there was simply no logical reason to impose reduction on the number of senior civilian personnel. These reductions have hit the research and development community in the Defense Department especially hard. I do not believe that the people who proposed these reductions really foresaw what the effect would be. If the United States is to maintain its current technological lead over our potential adversaries, we need to have a strong research and development community. Yet these senior grade reductions have significantly jeopardized our R. & D. effort.

I should emphasize that I speak from experience in this matter, as one of the eight Navy R.D.T. & E. centers—the Naval Underwater Systems Center—is located in my district. It is frankly very depressing for me to see many of the brightest and most capable young scientists and engineers at the Naval Underwater Systems Center (NUSC) make the decision to leave Federal service. In most cases these Federal employees do not want to leave. They feel challenged by their jobs and they are proud to be contributing to our national defense. But at the same time, they see their career paths blocked by this high-grade reduction.

In order to understand the significance of the impact of these reductions on our scientists and engineers, it is useful to outline the characteristics of the GS-12 group. A scientist or engineer with a B.S. degree usually enters NUSC at the GS-7 level. If he or she performs well, he can expect promotion to the GS-12 level in about 6 years. If he enters with a master's or a doctorate degree, this time is reduced to 4 or 3 years, respectively. If these engineers and scientists continue to grow in skills and experience, they are normally considered for promotion in 3 to 6 years. It should be noted that most of these GS-12's are about 30 years old.

NUSC, both at the Newport, R.I., lab and at the New London, Conn., lab, had over 400 GS-12 engineers and scientists with significant time-in-grade at the end of 1978. One-third of them had advanced degrees. In short, because of these arbitrarily imposed high-grade reductions, over 400 professionals with highly marketable skill will not be promoted this year, nor in the near future, and they know it. I should not need to tell my colleagues what sort of effect this has on morale and on the efficiency of the center when employees are aware that only 1 in 80 GS–12's can expect promotion.

It is little wonder that the Center is seeing a record number of resignations. These young, highly talented scientists and engineers are leaving Federal service and in many cases are simply walking down the road to one of the innumerable private contractors who do work for the Center. In the private sector they often find better pay, better promotional opportunities, and the tragedy is that because they do contract work for the Center, the taxpayer in effect is often paying them a higher salary for doing the exact same work they did in Federal service.

These senior grade reductions simply make no sense whatsoever in the R. & D. community. They destroy motivation, they reduce the community's ability to hire new talent, and they often cost the taxpayer a great deal of money. The Federal Government has made a substantial investment in experience, special training, and talent in its GS–12 scientists and engineers. It is criminal that this investment is being cast away because of an arbitrarily imposed personnel reduction.

Finally, I should also point out that these reductions have increasingly involved the Government in litigation. It is against the law to pay someone at the GS–12 level if they are performing at a GS–13 or GS–14 level. Many GS–12's are therefore filing classification appeals asking to be promoted to a level consistent with the work they are being asked to do. Yet because of the reductions, they cannot be promoted. Instead they are being given less responsibility and fewer duties in order to keep them at the legal GS–12 level. Again, we are throwing away talent.

In light of the many tremendous problems associated with the impact of the senior grade reductions on DOD's R.D.T. & E. community, I would strongly urge my colleagues to support the Long amendment.

Mr. LONG of Maryland. Mr. Chairman, I thank the gentleman from Connecticut.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Maryland (Mr. LONG).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GLICKMAN: On page 31, insert after line 15, the following new section: (and subsequent sections should be renumbered accordingly).

STUDY OF TITAN II MISSILE SYSTEMS

"SEC. 814. The Secretary of the Air Force shall conduct an investigation of Titan II missile systems located within the United States to assess the physical condition of those facilities and components thereof as well as relevant maintenance procedures. Not later than 180 days after enactment of this Act, the findings of that investigation along with recommendations for any needed physical or procedural improvements to protect the public safety, including the safety of military personnel assigned to those systems, shall be reported to the House and Senate Committees on Armed Services and each Member of the Congress representing the states in which such systems are sited."

Mr. GLICKMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, this amendment will direct the Secretary of the Air Force to investigate the condition of the Titan II missile systems which are located in the vicinities of Wichita, Kans., Tucson, Ariz., and Little Rock, Ark. It will require an assessment of the physical condition of the Titan II facilities and their components as well as an evaluation of relevant maintenance procedures. Within 180 days of enactment, the Secretary would be required to report to the House and Senate Armed Services Committees and those Members of the Congress who represent the States where the Titans are sited. The report should include recommendations to Congress for any needed physical or procedural improvements to protect both the public safety and the safety of military personnel assigned to those systems.

A series of disturbing events at a number of the missile sites near Wichita over the past year spurred my concern and led me to question whether current procedures are adequate to safely maintain the aging Titan II missiles.

The most tragic incident resulted from a fuel spill near Rock, Kans., where two airmen were killed and several others injured during a routine fuel transfer. The Air Force investigated the spill and determined that human error and shoddy maintenance procedures were to blame. Upgraded and expanded training and maintenance procedures at Titan II sites were subsequently implemented in an effort to avoid future incidents.

Initially, I felt that the necessary steps had been taken to prevent further problems. Unfortunately, my optimism was premature. Several months later another mishap occurred at the Mayfield, Kans., facility and the summer problems became evident at three more missile sites. While the latter incidents did not involve loss of life or injury as at the Rock facility, they occurred after revised procedures designed to eliminate future mishaps had been implemented.

This pattern of accident is most disturbing and highlights the need for an overall assessment of the aging Titan II system. When put into operation, the Titan II missiles were expected to have a life of 10 years. Most have been in place for close to 17 years. At this point, rather than merely responding to problems on a piecemeal basis, I am convinced that we need to require the Air Force to take a look at all of these facilities to make sure that similar problems do not continue to develop.

The well-being of the civilian populations living near the missile sites must be protected. Any large scale accident could have devastating effects. Well over a million people live in the three metropolitan areas where these sites are located.

In addition, I have questions about whether existing procedures can protect the safety of the military personnel stationed at the missile sites. The Rock, Kans., incident cost the lives of two airmen and injured several others. Some of the injured are still suffering side effects over 1 year later.

I urge the adoption of the amendment. A thorough evaluation of the condition of the Titan II missile sites is a sound preventive step. It will make sure that other costly and possibly life threatening problems do not develop.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Florida.

Mr. BENNETT. Mr. Chairman, the committee has looked at this. We see no objection to it and, therefore, are in a position to accept it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. VENTO

Mr. VENTO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VENTO: Page 33, after line 8, add the following new section:

RESTRICTION ON PROVISION OF VETERINARY CARE

SEC. 818. The Department of Defense may not provide veterinary care or treatment for any animal (or bird, fish, or reptile) which is not directly used by the Department of Defense in a defense-related function.

Mr. VENTO. Mr. Chairman, the amendment which I am offering eliminates free and minimum cost veterinary care for non-defense-related animals.

This amendment addresses just one of the problems associated with the military's veterinary program; a program which costs the American taxpayer $57 million per year. Other problems, such as duplicate services offered by neighboring bases, non-veterinary-related job functions and excessive staffing, are being corrected by Secretary Brown. I support these efforts and urge that the Defense Department move further in this matter.

Approximately 25 percent of the combined man-hour utilization of Air Force and Army veterinary forces is devoted to animal care and zoonotic control, the control of diseases passed from animals to humans. The largest portion of that time, over 20 percent, is devoted to the care and treatment of privately owned animals. This care plus the associated administrative costs results in over a $10 million subsidization of pets of military personnel by the taxpayer.

A large segment of that time and expense is devoted to zoonotic control for privately owned animals. This function is unnecessary except for the most isolated bases. Since 1967 in the United States the incidence of rabies in humans has averaged only one per year; that is for the entire population, not just for the military population. In addition, it has been determined by a study conducted for the Department of Defense that other trained personnel could perform this function and that there was no evidence to indicate that "the presence of a veterinarian was more instrumental in the identification and control of such diseases than other types of medical or public health personnel."

What we are faced with today is that this program has become the lynch pin for justification of maintaining veterinarian service in the Air Force and Army. Today, for instance, we have four animals in defense-related functions for each one veterinarian, 4 to 1. In the past, when we had a cavalry, it was 400 to 1; what we have done is we have expanded this service to take in all of the animals and pets of military personnel for care.

As an example of this, all we have to do is look at the number of examinations that have gone on and where the veterinarians are located. Last year they had 18,939 examinations and outpatient visits, for Army service animals. That was for armed service animals, 18,939 for Army, Navy and Air Force animals, and 233,000 examinations for the private sector pets of dependents and beneficiaries, in other words, nonservice related.

In addition to that, statistics again point out who is using the vet service. Army and Air Force veterinarians did 3,800 immunizations for service animals and almost 300,000 inoculations were for nonservice related animals.

Well, I think as we look at these statistics you will find that there will be an argument made that this has to occur in isolated areas in different areas of the world where there are no veterinarians. Well, 87 percent of the veterinarians are providing that service within the United States. In other words, they are competing with the private sector to take care of these dogs, cats, and pets; so I think this case points out very graphically the problems that are occurring.

You can read examples of this above on the front pages of our Nation's papers, both in the Washington Post recently and in the Chicago Tribune. Here is an Army veterinarian that is complaining that he has done 2 weeks of legitimate professional work in 2 years of service as a veterinarian in the armed services.

Now, is that the type of record we want to establish? Is that the type of precedent and example that we want to establish for the American people, of freebies being utilized?

The Appropriations Committee has looked at this particular problem; a special study has been done.

The Secretary of Defense opposes the veterinarian service as it exists. There are many problems with it. I am just dealing with the free and subsidized service type of obligation we have permitted.

For heavens sake, we have elaborate military dog hospitals that we are providing service in most instances for private purposes.

So the point that I make is well taken here in terms of reviewing what is happening with regard to this particular service. It is something that we can certainly do without. It is a service that we cannot afford at a time when we have a crucial demand in the budget for every dollar with regard to defense related functions. It is time to eliminate this type of extraordinary expense. No place else in our society is this free pet service offered. They are competing with the private sector in many instances that could adequately provide this particular service.

Eighty-seven percent of the 667 veterinarians, are stationed in this country, located in relatively dense population areas where adequate services could easily be provided by private sources.

□ 1310

Mr. Chairman, I just think that this is the type of cost that we can move away from, one that we can and should eliminate from the Federal defense budget.

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Subcommittee on Investigations of which I am a member and which is chaired by the very able gentleman from New York (Mr. STRATTON) is just beginning to look into the military veterinarian mission, including the treatment of animals owned by service personnel. The committee has not had a chance to look at this issue in any depth and would appreciate the opportunity to investigate and hold hearings on the matter before passing any legislation of this type.

I would point out to my very able colleague, the gentleman from Minnesota (Mr. VENTO) who has offered the amendment, that the military veterinarian does not provide—and I emphasize that—does not provide medical treatment to animals owned by military personnel, except for the control of diseases which are transmitted from animals to humans and in certain population-control measures. This is spelled out explicitly in policy letters. It is to insure the public health of the military community, and it is not a "benefit." In addition, fees are charged to cover the cost of the supplies for those services.

Overseas more extensive care is provided if the host country does not have veterinarians, which is oftentimes the case.

This amendment, of course, would mean a stop to pet ownership overseas, and in some of our remote bases, of course, that would be very bad, I believe, for the morale of the troops.

The issue is not a simple matter of whether or not we give military service personnel a "benefit" in the form of veterinary medicine for their pets. It is a very complex medical and public health issue involving the control of some 150 diseases which are transmitted to humans by animals, such as rabies and the plague.

Last year the Air Force alone operated plague control programs at 26 bases. They diagnosed 39,000 cases of diseases in animals and identified 534 humans with disease caused from pets. They investigated 6,388 animal bites on base and 10,800 off base. They quarantined some 15,000 animals, of which 33 were positive for rabies.

So last year in the Army, I would call to the attention of my colleagues the fact that the Army in fiscal year 1978 alone vaccinated and quarantined 3,296 animals which had rabies. They impounded almost 21,000 stray animals, and they immunized animals which had diseases which would possibly transmit to humans in the total of almost a quarter of a million animals.

So, Mr. Chairman, I hope the House will in its judgment elect to vote down this amendment.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Certainly; I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Chairman, the point the gentleman makes is a good one in terms of their service with regard to publicly owned animals, and so forth. I make no bones about it, that is an important function.

When the gentleman talks about the subcommittee going into this matter and making an extensive review of it, that is fine, but I think the gentleman ought to be aware of the fact that there have been 25 studies of this particular issue already in terms of the problem that is occurring.

When the gentleman talks about the fees being charged, they are way below the usual fees, and they are simply to cover the cost of the materials, not at all to cover the labor and facilities provided for these pets.

The gentleman talked about, for instance, rabies, and 150 different diseases. Certainly rabies is important, but the principal carrier for rabies in the world is in the bat population; it is not dogs. We are certainly going to have pets contracting these diseases, but they are not acquired in the pet population of military personnel only.

We should not offer a free service for pets in the armed services. I think these diseases are serious, but when we talk about the primary carrier, the primary carriers of plague are rats and fleas. It is a well-known fact, of course, that dogs can be involved as well as many wild species.

Mr. Chairman, considering all of this, perhaps they should not have pets under these circumstances in the armed services, if this problem is of such grave concern, but I submit that my amendment is a better alternative and should be accepted.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Minnesota (Mr. VENTO).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. VENTO. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair will count.

Mr. VENTO. Mr. Chairman, I withdraw my point of order and renew my demand for a recorded vote.

The CHAIRMAN pro tempore. The gentleman from Minnesota (Mr. VENTO) withdraws his point of order.

The pending business is the demand of the gentleman from Minnesota (Mr. VENTO) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. DORNAN

Mr. DORNAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DORNAN: Page 31, after line 15, insert the following new section (and redesignate the succeeding sections accordingly):

DEFENSE MANPOWER STUDY OF LIFETIME TAX CREDITS ENLISTMENT INCENTIVE

SEC. 816. (a) The Secretary of Defense shall study possible programs for the use of increased financial incentives for encouraging individuals to voluntarily enter military service, as an alternative to resuming registration and induction under the Military Selective Service Act, in order to improve the quality and increase the quantity of individuals entering military service. The Secretary shall include in the consideration of possible increased financial incentives for voluntary military service the granting of lifetime tax credits based on the length of an original enlistment in the Armed Forces. Such study shall specifically consider the desirability of a program establishing a five percent tax credit for each year in the case of an original enlistment of two to four years and ten percent tax credit for each year in the case of an original enlistment of four or more years.

(b) The Secretary of Defense shall submit to the Congress a report on the study required by subsection (a) not later than April 3, 1980, or the end of the 6-month period beginning on the date of the enactment of this Act, whichever is later.

Mr. DORNAN. Mr. Chairman, let me just say to the distinguished members of the Committee that I believe that what I ask for in this amendment is simple, and yet it is so important that if the members do not support me, it will be only because I did not explain it to them properly. So I will try to be very precise.

I would have asked the Congressional Research Service to give me a cost effectiveness accounting on my idea for tax credits, but I believe, given the debate over registration the other day, that time is of the essence. I also believe that the Department of Defense could do this more quickly and more effectively.

This morning it just occurred to me, as I was sitting at the majority leadership desk, that 165 years ago Francis Scott Key watched Old Glory, shredded and tattered but still gallantly flying over Fort McHenry. He penned, at that moment, the final words to our national anthem:

> Oh, say, does that star spangled banner
> yet wave o'er the land of the free and the
> homes of the brave?

Everyone in this room is aware that those words alone were sufficient in certain periods of our history to motivate young men and, in the prior decades of this century, young women to go to a recruiting office and sign up to save their country. Young people then, and now, still get goose pimples when they hear those beautiful and difficult-to-sing words.

However, we are in a different era now. On next Monday night there will be a Jane Fonda-Tom Hayden propaganda effort called "Coming Home." It is, I believe, one of the latest of a peculiar variety of pornographic films. Although the objectionable scenes will be left out of the television version the film's message to our young people will be that military people engage in adultery, and their loved ones engage in adultery, when they are off fighting in combat. It will attempt to perpetuate the ugly Vietnam myth that most of our veterans, in some degree, engaged in adultery. This type of moral decline in our country, I think, is signaled by the broadcast of this film, which many of us know won two Oscars for the leading roles. That type of film is not the way to engender a spirit among our young people to enlist in the military.

□ 1320

On June 30, 1979, we returned to the concept of an All-Volunteer military. Whatever else may be said about the circumstances surrounding that decision, for example, the unsuccessful involvement in Southeast Asia, that measure was in actuality a return to our time-honored political and military tradition of volunteer spirit.

Before 1947 conscription had only been employed in times of national emergency. Recently a number of very well informed critics have properly called attention to the shortcomings of the All-Volunteer Force. I am in complete accord with many of the criticisms of my distinguished colleague, the gentleman from Tennessee (Mr. BEARD). Bills have been introduced which prepare the way for a return to conscription. No one who listened to the debate the other day can deny that, in spite of our serious volunteer problems, including manpower shortages and the decline in the overall quality of the discipline and competence among military personnel, we are still looking for solutions to make the volunteer military work.

Manpower attrition for mental and physical disqualifications has increased, and the chief age group from which the military recruits have been drawn, 17 to 21, have shrunken. At the same time, we are all well aware that the Soviet Union has been pursuing a relentless and massive military buildup in conventional as well as strategic arms. The Soviet Army alone, a well-oiled military machine that I had the opportunity to observe firsthand last year and again last month, numbered 1,825,000, compared to the 790,000, roughly, soliders in the U.S. Army. I was especially impressed in Russia this year, as last, by the physical appearance of the young Soviet troops. They are lean; they are strong looking; they are clear-eyed young men and they exude an admirable self-confidence and an elan. They are obviously well trained, according to the canons of rigorous discipline.

I have carried in my wallet for the last 3 years, since the retired general of TAC gave it to me, the oath of office of the Soviet military officer and enlisted man, and it is indeed an inspiring oath, though quite a bit different in style from our own.

Granted that there are problems with the volunteer military: that does not mean that we should precipitously move toward the drastic measure of scrapping it. That is why I was against reintroducing registration yesterday for compulsory military service for the draft yet. Not just yet. Instead, we should press for all measures to reform the Volunteer Force to try to make it an attractive alternative which satisfies our military manpower needs while reducing or eliminating outstanding problems.

To that end, I introduced a bill earlier this year, the Volunteer Military Incentive Act, H.R. 4080.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. DORNAN) has expired.

(By unanimous consent, Mr. DORNAN was allowed to proceed for 4 additional minutes.)

Mr. DORNAN. Mr. Chairman, that bill, as does this amendment, provides for a lifetime tax credit of 5 percent on the taxable income of any person who enlists for a period of 2 years, a 10-percent lifetime tax credit for any person who enlists for a period of 4 years. The credit would only be applicable to those persons who have served the full term of their 2- or 4-year-term enlistment and have been honorably discharged from armed services of the United States.

This amendment will commission a study to determine all aspects of the feasibility for tax credits as an incentive for short-term and, if someone likes the military, obviously, for long-term military service. The lifetime tax credit effectively makes military service a lifetime investment. Those who believe that, for one reason or another, they would achieve an above average income in their future years, would have an even greater incentive to enlist for 2 or 4 years, temporarily bringing their talents to the military rather than the private sector. Market incentives, we all know, play a dynamic role in decisionmaking in other sectors of our economy. So there is no reason to believe otherwise that it would not increase military career incentives. Why it should not play an equally dynamic role in strengthening our overall armed services manpower?

The economic benefits to the enlisted man or woman are obvious. The benefits for the military go beyond a simple increase in the number of enlistments. The greater incentive for a 4-year enlistment will, in the long run, reduce the righ rate of turnover that currently plagues our Army and will thus reduce related training costs.

This committee, more than any other committee in the House, well knows that even wear and tear on training equipment now contributes to the approximately $12 billion a year in training costs. The military tax incentive plan I have introduced, and a study of it through this amendment would, I believe, be a great service to the military. If realized, it would encourage an increase in up-front enlistments, a stabilization of turnover, an easing of training costs, a stimulation of the demand for military service and a broadening of the quality in the available manpower pool from which the services recruit. We would see an increased demand for military service among potential recruits, particularly doctors, nurses, male or female, lawyers, and other people who we are now falling far short of achieving our goals. We cannot even get young men any longer to fill the proper quotas to be Navy carrier pilots or Air Force pilots with a dream of flying an F-15 Eagle or an F-16 Falcon. Increased demand for service among potential recruits would enable the military to exercise greater selectivity in the induction process.

I ask the members of the committee, please, to support this amendment for an econometric study to see if we can make the volunteer military work. I have presented this idea to at least two dozen Members since February, when the notion first came to me as I was working on my own 1040, which I have done personally for the last 35 years. I have never had an accountant struggle with that, incidentally, and I am going through my first audit. I believe that tax credits, as with political donations, may be the way to go. I am not absolutely sure of this. I am not cocky about it at all. Maybe on the first day of the analysis, the Defense Department experts will find a flaw that 25 of us have been unable to find, and I will be blown out of the water.

I ask the Members to consider, in my remaining moments, a young doctor. He has this option of going to work in a general hospital and to attend to stabbing and gunshot wounds for 2 years in an emergency room. You can tell him, "Look, you get all of the benefits, you get a captain's commission, you will go to a base, maybe it will be a tough assignment or maybe it will be Mendenhall near England. But at the end of 2 years, for the rest of your life, you will have a 5-percent tax credit on your income tax bill. And tell me that in a free market economy a doctor will not say, "You mean when I am in Beverly Hills practicing psychiatry"—and with inflation it will then be about $200 an hour—"I get 5 percent off my tax bill? Man, I will probably go for the whole 4-year hitch." And he will sign up right then, I believe.

Please support me in this study, and we may be pleasantly surprised.

Mr. NICHOLS. Mr. Chairman, I rise, reluctantly, to oppose the gentleman's amendment.

Mr. Chairman, I may say to the gentleman and to the members of the committee that I appreciate the dedication of the gentleman from California who just spoke in the well. I know of his genuine concern for the military, and I appreciate that. But let me say this.

Based on the Military Compensation Subcommittee's studies of what attracts young men and women into the military, we believe that pay is a big incentive; but we happen to believe that it ought to be paid up front. I just doubt how much attraction you are going to be able to provide to an 18-year-old by offering him a tax credit somewhere along the line.

We have reported a doctor's pay bill, which the gentleman will be very much interested in, which is coming before the Committee on Armed Services on next Thursday. We are trying to keep these young doctors that the gentleman is so much concerned about, and I hope the gentleman will support that. We put the money up front. We think it is going to vastly improve our ability to keep them.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

Mr. Chairman, I just want to say that I, too, join in opposing this amendment. I regret to have to oppose my friend, the gentleman from California, but I think, first of all, that we have come just about as far as we can in attracting men and women in the armed services by means of money. We are up to some 56 percent of our defense budget, I believe, going for personnel.

That is one of the disturbing things we face, in comparison with the Soviet Union. They do not have to lure their recruits; they do not have to pay them, they do not have to entice them with benefits. So the Soviet Union spends only about 25 percent of its budget on military pay and personnel, and thus they can put significantly more money into weapons.

But I would also say to my friend, the gentleman from California, who has just spoken of Francis Scott Key and the "Star Spangled Banner," and very often thrills us all with his eloquent references to the desire for and need for patriotism, that perhaps now is the time when we ought to begin to let our young people know that they do have an obligation to serve this country of theirs. It is about time, I think, that we stop running from that truth, the way we did a couple days ago, and with the help of the gentleman from California, I regret to say, and recognize that if we mean to stand up to this relentless Communist pressure and this dedicated mechanistic, atheistic Communist insane philosophy, then it will not be done by giving somebody a 5-percent tax credit for the rest of his life. It can only be by making him proud that he is an American and by getting him to recognize that if he wants to keep America free, he is going to have to do his part, just as those who fought in the Revolutionary War and to do their part, and without any 5-percent credit, or in some cases, as at Valley Forge, without even any shoes.

Mr. DORNAN. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from California.

Mr. DORNAN. Mr. Chairman, I predicted when I began, that if the Members did not grasp the reason why we needed this study, it would be my fault, that I did not have enough clarity in my remarks.

The 18-year-old, I agree, would not be attracted by this. But I have noticed, with my five draft-age children, particularly my two sons, there is a significant difference of understanding economics between 18 or 17 and when they were starting to get serious checks in the labor market at the age of 20. When they looked at the window, as bachelors and bachelorettes, where their income tax chunk came out, they came running to me, and I retorted, "Write your Congressman." And they said, "That is what we are doing. We are appealing to you."

□ 1330

A 20-year-old is much better, it seems to me, with a hand calculator on what a tax credit is than an 18-year-old. I had 18-year-olds put this down and suggest they should get a free Bronco. That is a market incentive to get a Ford Bronco four-wheeler, but it is not the kind of lifetime career analysis that a 20-year-old does. That is the quality we need.

To address myself to the stirring remarks, with which I am in complete accord, just spoken by my friend from New York (Mr. Stratton), I say this is not part of that personnel military budget. This is the charm, I believe, of this amendment, if I may be immodest, and my 25 colleagues like the gentleman from Illinois (Mr. Hyde), the gentleman from California (Mr. Rousselot), and some distinguished gentlemen on that side of the aisle, find it appealing because it never will be mentioned in a defense budget.

We will debate into our senior years, some of you who stay here, defense budgets that will not include this tax credit, because this is contrary to what the gentleman said like any tax credit and acceptance of a fact that a portion of someone's income is outside the taxability by decree of Congress.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama (Mr. Nichols) has expired.

(At the request of Mr. Dornan, and by unanimous consent, Mr. Nichols was allowed to proceed for 30 seconds.)

Mr. DORNAN. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from California.

Mr. DORNAN. This, like all tax credits, is outside the purview by edict of the Congress, not the IRS, outside the taxability of the American people. Therefore, when it comes down to when two brigadier generals came to my office and said out of pool of 17 million young men and women, they only need a million, the other 16 million-plus, all those unfortunately are 4F and those of us beyond our military years and all other people in the country will make up that tiny 5 percent or 10 percent of the 2- and 4-year service for the rest of their life; and may I remind my colleagues, they will pay for 95 percent.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama (Mr. Nichols) has again expired.

(At the request of Mr. Rudd and by unanimous consent, Mr. Nichols was allowed to proceed for 1 additional minute.)

Mr. RUDD. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Arizona.

Mr. RUDD. I thank the gentleman for yielding.

I think what the gentleman from New York was saying is that you cannot buy soldiers, and you cannot buy friends. That is a proven fact.

Mr. CORMAN. Mr. Chairman, I rise in opposition to the amendment. I would like to suggest to my colleagues that this is a preposterous idea as a matter of policy. Although it may appeal to some, because it would be hidden, that is, never subject to the appropriations process, and it would be enormously expensive and blatently unfair.

I realize we are not paying enough money to young people who volunteer to serve their country. I was shocked to learn the other day in the Subcommittee on Public Assistance and Unemployment Compensation that many enlisted men and women in the service are now on Federal public welfare. Some are eligible for food stamps, because the small amount of compensation they receive is not adequate to support larger families. I am very concerned about this. However, we should address this problem directly by increasing their pay. They need help now while they are sacrificing to serve their country, not in some future time.

To offer a tax credit based on future taxable income of anyone who enlists and completes an enlistment in the armed services mocks the integrity of the tax code and the patriotic intentions of those who volunteer to serve. Not only would it fail to address the immediate needs of service men and women, but it would violate the progressive nature of the tax code by rewarding those who go on to make the most money with the greatest benefits. The amount of benefit would have no relation to distinction, bravery, or even competence exhibited in the service—it would be tied solely to future money-making potential.

Mr. Chairman, we have a number of unfair provisions in the tax code, but this one would be perverse. It would make a mockery of two very important principles—the ideal that each should be taxed according to ability to pay and the belief that if we allow men and women to live decently while serving their country, we can fill the ranks of the services with dedicated young people.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. DORNAN).

The amendment was rejected.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, a thoughtful analysis of our necessities for political objectives and military needs shows this budget to be bloated and wasteful. I assert that we can more effectively defend the United States and at the same time assure a greater capacity to meet our domestic priorities if we cut that budget by a minimum of $15 billion.

My arguments during general debate touched on what I suggest should be a reorientation of our defense policy. I would now like to call my colleagues' attention to a short review of weapons systems which are wasteful, inefficient, unnecessary, or dangerous. Their elimination provides the basis for cutting this budget by $15 billion.

BUDGET CUTS

Given a redefinition of our vital national interests and our necessary military posture, it is possible to significantly reduce this budget. The areas where cuts can be made include the programs that follow:

NUCLEAR FORCES

MX MISSILE ($670 MILLION)

We should stop the MX now. It is expensive, unnecessary and dangerous.

Forty billion dollars is a lot of money for a weapon that we do not need, that will stimulate the arms race and that will reduce the chances for arms control. Forty billion dollars is a lot for a weapon that will disrupt our environment in peacetime and would increase the destructiveness of a nuclear war.

It is sometimes assumed that if some answer for the vulnerable Minuteman is needed, then the MX must be the answer. But the MX will do more than just replace the Minuteman. It will be a vastly different weapon with dangerous implications.

There is still not agreement or a final decision on the basing mode. All proposed basing modes are questionable. So let us focus first on the missile.

The MX is first and foremost a silo killer. It is intended for "war-fighting" and "first strike." It would pose a significant threat to the Soviet ICBM force. Our deployment of the MX could well force the Soviets to a "launch on warning" position. Next we will force them to a land-mobile system. This in turn will force us to react to insure we can match the worst case estimate of Soviet launchers. Or, the Soviets will move to a submarine-launched ballistic missile and completely negate our MX capability.

The matter of Minuteman vulnerability is exaggerated. The Soviets must question their capacity and the result of any attack they might launch. They can not be sure we would not have fired our Minuteman before their missiles arrive. They must expect a massive retaliatory attack against their military, their cities and their industry. We would have, and the Soviets know it, the capability for a broad variety of controlled responses, including a substantial capability to destroy Soviet silos. It is inconceivable that the Soviets would risk the "one cosmic throw of the dice." We come to the point where we must ask whether the problem requires a solution.

We could leave the ICBM's as they are. They are still available, in limited strikes, for accuracy and precise command and control. In a large attack, we have thousands of retaliatory weapons in submarines and on aircraft. Even with the MX, ICBM's will be a declining percentage of our strategic forces.

If we do fear a Soviet gamble or an attack on our ICBM's, then let us remove them altogether. We could eliminate the counterforce option. We could reduce the force keeping the accuracy and command, control, and communication capacity for limited exchanges at the same time, the force would be too small to tempt a Soviet "counterforce only" strike.

We might consider placing a smaller, less threatening missile on small, cheap submarines based in U.S. waters. There are several possibilities. Clearly, though, we must stop the MX.

We should not seek a first strike ICBM.

All MX basing modes have major disadvantages.

The MX will stimulate the arms race and will cause its own obsolescence.

The vulnerability of the Minuteman is hypothetical. It does not require urgent action.

Cheaper, safer alternatives to the MX are available.

PATRIOT AIRCRAFT MISSILE ($396 MILLION)

This Army antiaircraft missile program (formerly known as SAM-D) has suffered from major cost increases. Its estimated total cost is $6.2 billion and the unit cost of the radar/launching system has jumped by over 109 percent over initial estimates. It is designed to replace the Nike Hercules and improved Hawk antiaircraft missiles in Europe in the 1980's. However, because of the technical limitations of the Patriot, the Hawk batteries will likely be retained. The Patriot is designed to shoot down enemy aircraft flying at very high altitudes. However, it may be a weapon without a mission, since attacking Soviet aircraft in a European war will most likely attack at very low altitudes (for example, tree-top level). It also duplicates the role and mission of the Air Force's F-15 fighter plane. Patriot is an enormously expensive backup system.

CVN HEAVY AIRCRAFT CARRIER ($2.094 BILLION)

The Navy must be weaned from large supercarriers. United States Naval policy is based on yesterday's wars. It is not rational to expect widespread and extended conventional surface warfare with the Soviet navy. The cutting edge in any future global conflict will be submarines.

If we eliminate our outmoded carried orientation, the Navy would have more than enough capacity for the most significant mission—maintaining the sea lanes to Europe.

The administration and the Navy leadership must hammer out a new policy on naval air. New warships must be designed to cope with the long-term changes occurring in naval weaponry, particularly the development of long-range antiship cruise missiles.

We must remember that the $2.1 billion construction cost is only the beginning.

In very round terms, an aircraft carrier costs us, not just the $2.1 billion to build a modern *Nimitz*-class nuclear carrier; but another $4.1 billion for the 15-year life cycle cost of its complement of about 90 aircraft of various types (most of them to defend the carrier itself). This should be doubled for the 35-year life of the carrier. A further $3 billion for about six escort ships which without carrier task forces could be used elsewhere. Another $1.5 billion for replenishment vessels and support systems; and perhaps $1.5 billion more for a carrier's share of shore facilities—a total of $16 billion, just to buy this hardware. If we add some $22.6 billion to operate it over its 35-year life, we are up to $38.6 billion. And that is not all, for each carrier task force online we have to allow for two more in the rear—one in reserve and one in overhaul. So, the grand total to sustain one carrier task force forward, over its total to sustain one carrier task force forward, over its lifetime, is approximately $100 billion.

If that is not shocking enough, wait until you see the payoff. What we get for that $100 billion is the ability to project at sea or onto some distant shore about 35 attack sorties a day—this is, 35 individual flights, each carrying perhaps 6 tons of bombs. (And even that presumes, further, that each flight reaches its target, hits its target, and returns safely to its ship.) Now, we are not talking about "fat" or "inefficiency" or "gold-plating" or "malfeasance." We are talking about something much more basic and intractable than that. We are talking about the economics of modern warfare. That is the most we are ever going to get for the money, no matter how well we do. For $100 billion, we increase our greatness as a nation by the capability to wage 35 attack sorties a day.

DDG-47 (AEGIS) (1) ($820.2 MILLION); FFG-7 (6) ($1,204 MILLION)

The Aegis destroyer (DDG-47) and the guided-missile frigates (FFG-7) are part of a new carrier task force. The task force support is as unneeded as is the carrier. Further, there is a construction backlog of 24 additional FFG-7's which have been authorized, but construction has not started.

SSN-688 NUCLEAR ATTACK SUB (2) ($831.5 MILLION)

Funds have already been authorized for 24 *Los Angeles*-class hunter killer subs. There is a backlog in construction. Fifteen authorized attack subs have yet to be started or completed. The tactical antisubmarine warfare role can be performed by existing U.S. and NATO fleets, mines, and aircraft. Further authorization is not needed at this time.

TRIDENT SUBMARINE/TRIDENT I MISSILES ($1890.6 MILLION)

Additional Tridents and the Trident I are unnecessary. We already have, in the present highly invulnerable SLBM fleet, a capacity to destroy almost every city in the Soviet Union. In addition to the present online fleet there are five Tridents now under construction, and another two are fully funded by Congress and are awaiting construction. The lead subs are now a year and a half behind their construction schedule. Cancellation of both programs will leave the fleet with nine Trident submarines and 240 Trident I missiles, in addition to the Polaris and Poseidon capacity.

The large and costly Trident was developed to launch a "silo killer," the Trident II missile, which has been scratched, and to confront a Soviet antisubmarine threat that has never developed. There is research and development money in the budget for the SSBN-X, a low-cost, smaller alternative to the Trident. This alternative should be pursued.

ADVANCED BALLISTIC REENTRY SYSTEMS (ABRES)—($105.3 MILLION)

The goal of this research and development effort is directed at products that facilitate "hard target" kill. We already have the capacity for a broad variety of controlled responses against all types of Soviet targets.

Given the high proportion of Soviet strategic capacity that is in their fixed ICBM's, U.S. development of "silo killers" will be provocative, could cause Soviet leaders to take ill-considered actions in times of crisis and would be an accelerator of the arms race.

BALLISTIC MISSILE DEFENSE SYSTEM ($243.7 MILLION)

The United States and the Soviet Union are limited by treaty to two missile sites each. This research should be reduced.

NAVSTAR ($230.3 MILLION)

The Navstar system would utilize 24 satellites to facilitate worldwide communication. The GAO says that there are questions as to real costs. The need for and the capacity of the systems have not been established. The system should at least be delayed.

ANTISATELLITE PROGRAM

Perhaps the Carter administration's most dangerous weapons initiative has been its speeding up of programs to develop an effective capability to destroy Soviet satellites. Begun in fiscal 1979, the United States could have an advanced system within 2 or 3 years. Soviet activity triggered the U.S. move but Soviet antisatellite capability has apparently been greatly exaggerated. According to Gen. David Jones, formerly Air Force Chief of Staff and today Chairman of the Joint Chiefs of Staff, the effectiveness of the Soviet antisatellite weapon (ASAT) is quite limited both in terms of the number of ASAT's they can launch and the types of U.S. satellites they can go against.

The United States is spending a total of several hundred million dollars in fiscal 1980 on satellite defense programs, some of which should be pursued. But, in pushing provocative antisatellite programs of its own, the Defense Department is overreacting to Soviet development. These are being used as the pretext for the United States to acquire a much more effective and dangerous American antisatellite weapon. Mutual restraint in this area growing out of the Soviet-American talks on this subject requires first priority.

SEA-LAUNCHED CRUISE MISSILE ($106.7 MILLION)

Work continues on launching highly accurate, nuclear-tipped cruise missiles from under the sea to targets on land. This is a questionable use of submarines and that may be why the Pentagon has still not decided whether to deploy such a system. Between our present thousands of submarine-launched ballistic missile warheads and our future air-launched cruise missiles, land targets can be more than adequately covered without loading this additional mission on our submarines.

THEATER NUCLEAR FORCES: PERSHING II MISSILE ($144.8 MILLION)

This ballistic missile, planned to replace the Pershing IA missile now with the U.S. Army in Europe, would have a range of over 1,600 miles, thus converting a "tactical" nuclear weapons system into one capable of attacking the Soviet Union from West Germany. Targets at that range can already be covered by the submarine-launched Poseidon missiles assigned to NATO and by some forward-based aircraft. Putting such missiles in the hands of the Army in Germany could have very destabilizing political and military consequences and might increase the chances of nuclear war escalation in Europe and would make future arms control agreements either for Europe or at SALT much more difficult.

The Soviet Union has posed a large nuclear threat to Western Europe for several decades. The SS-20 missile and the Backfire bomber do not constitute any major enlargement of the Soviet nuclear threat requiring hasty or dangerous new initiatives on the part of NATO. NATO has enormous nuclear capacity concentrated in Europe to deter Soviet military actions.

GROUND LAUNCHED CRUISE MISSILE (GLCM) ($44.1 MILLION)

The GLCM is nuclear armed, with great accuracy and with the ability to hit hard targets. The GLCM is redundant to the capacity of the NATO SLBM's (Poseidon-Polaris and the theater aircraft). It raises serious questions of verification. Use of the "theater" nuclear forces will destroy Western Europe in order to save it. Their use will lead immediately to strategic exchanges. These weapons seriously complicate force-reduction talks.

CONVENTIONAL FORCES: XM-1 MAIN BATTLE TANK ($647.6 MILLION)

The XM-1 is "goldplated." The M-60A3 tank (modified) is comparable to any of the Soviet equipment in the field. Further, the Soviets have been slow to introduce new tanks to the field.

The U.S. Army plans to build over 7,000 XM-1 tanks at a total cost of $10.5 billion. As with many modern weapons, the SM-1 is 2½ to 5 times as costly as the M-60 tank. Despite technical improvements in design and armor, the XM-1 is becoming increasingly vulnerable to advanced "smart" weapons.

The production capacity for the M-60A3 is over 1,200 per year. The production of M-60A3's could be increased by 352 and would insure the same number of tanks at much less cost.

ADVANCED ATTACK HELICOPTER + (HELIBORNE MISSILE) ($254.2 MILLION)

The AAH is a very expensive program at a total cost of over $4.1 billion. It does not justify itself in terms of improved combat capability. The 545 AAH's are going to cost over $7.6 million each, or about five times the price of the AH-1 Cobra which is still in production. The

AAH is not five times better than the Cobra, nor can it be in five different places at the same time. There are a number of other major antitank weapons which can still fill the mission (TOW, Dragon, Copperhead, new antitank mines, and so forth). The program should be canceled.

THE SURFACE EFFECT SHIP ($100 MILLION)

The surface effect ship has not been requested by the Navy and is a ship in quest of a mission. There is no valid reason at this point to go forward with this program.

AIRCRAFT; F–14 (FIGHTER) (36) ($803.9 MILLION); F–18 (FIGHTER) (30) ($1.004 BILLION)

The F–14 suffers from several problems. The most important being engine shortcomings. The F–18 planned as a "low cost" addition to the F–14 will cost $17.7 million per copy. This is a great deal for a "limited aircraft." The committee recommended 12 F–14's and 15 F–18's that were not requested by the Department of Defense.

CH 53 E (HELICOPTER) (%) ($156.5 MILLION)

The GAO questions the need for the ship based CH–53 E Heavy Life Helicopter. In fact, the program is not needed.

A–10 (144) ($857.4 MILLION)

There remains serious questions as to whether the A–10 can survive in the European theater. The plane faces serious counter weapons systems from pact armies. The program should be shelved until the questions are answered.

Given a reduction in foreign policy objectives, I suggest the following manpower levels:

	Fiscal year 1980		
	H.R. 1872	Dellums	
Army	780,337	629,000	Reduction of 3 divisions.
Navy	529,002	528,000	Reduction to President's budget.
Marine Corps	189,000	126,000	Reduction of 1 division and 1 air wing.
Air Force	558,761	559,000	Same as President's request.
Total	2,057,100	1,842,000	

This reduction of 215,100 personnel from the committee bill will result in a savings of at least $17,000 per troop or approximately a savings of $3.565 billion in the total budget authorization.

CIVIL DEFENSE

This program, to the extent it attempts to suggest the possibility of normal life after all-out nuclear war, is a fraud.

An Arms Control and Disarmament Agency report of 1978 paints an entirely negative picture of either the Soviet Union's or the United States ability to survive all-out war, despite all civil defense efforts. The program should be reduced.

UNIFORMED SERVICES UNIVERSITY FOR THE HEALTH SERVICES

Numerous independent studies have shown that the Uniformed Services University for the health services is more expensive than the scholarship programs now being used to procure medical personnel for the services. Furthermore, I do not believe that it is desirable to establish yet another military academy, this one at the graduate level, to further isolate the military from society and perhaps to train students to be soldiers first and doctors second. I believe that the university should be closed.

☐ 1340

AMENDMENT OFFERED BY MR. VENTO

Mr. VENTO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VENTO: Page 33, after line 8, add the following new section:

RESTRICTION ON PROVISION OF COSMETIC MEDICAL CARE FOR DEPENDENTS

SEC. 818. (a) No facility of the Department of Defense may be used to provide and no physician or other health professional who is a member of the Army, Navy, or Air Force or who is employed by the Department of Defense may provide, care or treatment to dependents of members or former members of the Armed Forces for the elective correction of minor dermatological blemishes and marks or minor anatomical anomalies.

(b) The Secretary of Defense shall prescribe regulations to carry out this section.

Mr. VENTO. Mr. Chairman, this is a very straight forward amendment. What it does is to prevent the Department of Defense from providing minor nontherapeutic cosmetic surgery to dependents or former members of the armed services.

It was startling for me to learn, and I am sure for others, that the Public Health Service hospitals and facilities provide this type of procedure.

Our constituents would probably associate this type of plastic surgery with the affluent, movie stars and so forth. Medicare, medicaid, commercial insurers, Blue Cross, or CHAMPUS programs do not provide for the cost of this type of cosmetic surgery solely to improve the appearance for personal reasons.

Former Secretary Joe Califano was quick to recognize the problem with the Public Health Service offering nontherapeutic surgery, and after a requested report by the Inspector General in review of the Public Health Service's nontherapeutic, free cosmetic surgery, documented the incidence, Secretary Califano discontinued it in all eight Public Health Service hospitals.

Ironically, the DOD has not acted in response to the report, in spite of the pressure on the defense dollars that exist today. The DOD's various service hospitals reflect the same problems with free nontherapeutic cosmetic surgery that existed in their Public Health Service counterparts.

Cosmetic surgery is not available through other public or private insurance programs and the Public Health Service has obviously rejected this service.

Military hospitals are having difficulty in attaining adequate staff and the use of facilities and resources for such nontherapeutic cosmetic surgery should not burn up these resources.

But the public demand for cosmetic surgery is growing and, therefore, the current and future commitments will be substantial. The review by the Inspector General of the eight Public Health Service hospitals was performed in a 21-month period. Let us analyze who was receiving this particular type of benefit.

Over 75 percent of those that used this plastic surgery were military beneficiaries, and dependents. I repeat 75 percent for nonprimary beneficiaries. Eleven percent were primary beneficiaries and 14 percent were special cases that were brought in, and they generally ended up being the employees at the hospital, or their relatives.

Not only that, but to add insult to injury, 34 percent, a third of those that received one plastic surgery process had come back for a second procedure. These people travel half way across the continent to get to these hospitals to have this type of process. Is it any wonder? Where else in our society do we offer this particular type of service free?

What is the impact of this amendment on the residency program? In other words, some may argue that the program is needed to train residents. Well, first of all, residents seldom have a career obligation to the Public Health Service or to armed services in terms of their training. They are there for a few years and they leave. Why should we endure this expensive training process for a career outside the military?

Second, most frequently the resident is serving only a part of his residency at that particular service hospital which is seldom the parent hospital for the resident physician. That is the Public Health Service experience, and I submit to the Members that it is essentially the same experience in other military hospitals. In other words, development of these skills for residents in Public Health Service hospitals or military hospitals; there is adequate opportunity and economic incentive for doctors to learn this outside military hospitals.

On the other hand, what are we dealing with here? Are we dealing with battle type of injuries, or are we dealing with aging, bagging eyes, cheeks, sagging chests or thighs. The cosmetic surgery we are attempting to remedy is not preparing doctors to deal with battle injuries. Seventy-five percent of the patients are female spouses of primary beneficiaries, many retired. The plastic surgery deals with corrections of chronological age. Certainly, they have to maintain skills for battle injury type of skill, but let us look at the bottom line on this. They are dealing with personal appearance of military personnel and their relatives.

I cannot even get a dollar figure, nor has anyone in Congress I presume obtained cost information with regards to the expenditure, because there is no documentation maintained in terms of costs. That is exactly the answer I got back from the Navy. That is the answer that the Army has given in terms of the reports in a May 1979 Army Times article. These are the facts of the cases I am talking about.

And who are these people? With a lack of documentation with regard to costs, no referral, no followup in terms of the services that are provided. There are sketchy records, psychiatric and social service consultation was absent in the Public Health Service service experience, and I see no evidence of it here.

What more needs to be said? There are doubtful standards of service, limited documentation, no referral records, no followup, absolutely no maintenance of cost records, so no one knows what this is costing. It would seem obvious that this service and expense should not be borne by the American taxpayer.

I would say to my colleagues that the committee report pages 24 through 30 is replete with the problems that the military service is experiencing in terms of meeting adequate health-care needs and enlisting physicians. Replete, yet what can we do? What do we do? We continue to extend cosmetic surgery services that are not necessary, or justified taking the precious time of physicians and utilizing it for this obviously nonessential personal service.

I ask for a yes vote, Mr. Chairman.

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, for the past year the Military Compensation Subcommittee has been dealing with doctors. I have been dealing with Air Force doctors, Army doctors, Navy doctors. I have talked to all shapes and sizes of doctors, and with doctors from the time they first join the service until they leave the service.

Let me make a few points about the amendment of the gentleman from Minnesota. I know he is sincere about it and I appreciate his sincerity. He has concern about this and I appreciate that concern.

But let me point out to the gentleman that the type of surgery he is discussing and is concerned about is performed at the very bottom rung of surgical priorities. I am saying to the gentleman that this elective service is performed only in the event that time is available in the doctor's schedule and he has no other surgery scheduled for that date.

Let me also point out to the gentleman that this is one of the serious problems that we have today with trying to attract and to retain doctors in today's military. Doctors want to do more than apply Mercurochrome and put on Ace bandages on healthy young members of the services. I say to the gentleman if a doctor is trained in plastic surgery, in facial surgery, we must make it possible for him to practice that specialty. Many of these plastic surgery procedures performed in peacetime will be urgently required by our wounded servicemen in a wartime situation.

For these reasons, I strongly oppose this amendment.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to my colleague from New York.

Mr. STRATTON. I want to join the gentleman from Alabama and support what he says. I was Chairman of the Compensation Committee before he took over, and I too have been fighting the battle of trying to find ways of attracting and retaining qualified doctors in the armed services. It seems to me that this kind of an amendment really represents nit-picking on a defense bill. And it seems to me that its basic impact will be to discourage any doctor who might be considering undertaking any kind of a career in the armed services.

□ 1350

We are having trouble enough as it is to attract and keep doctors. We are paying them fantastic salaries, something like $63,000, and yet the medical profession tells us that is still not enough to retain qualified physicians

Now, if Members are going to condemn military doctors because they fix somebody's scar or do a facelift, it is just going to jeopardize the job we are trying to do. Of course, we need plastic surgeons in the armed services. War is a disfiguring type of activity, and to suggest that plastic surgeons cannot practice that particular skill in peacetime, are only supposed to give aspirin tablets and iodine to healthy young men, that is going to damage the military medical service. I certainly hope the gentleman's amendment will be defeated.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman fom Minnesota.

Mr. VENTO. I appreciate the gentleman yielding. I tried to point out that this is not just a minor incidence. There are over 4,000 of these operations each year.

Mr. NICHOLS. I do not doubt that.

Mr. VENTO. But the point is, 75 percent of them are performed on nonprimary beneficiaries, which means that they are performed on women. So, we are dealing with the aging process, we are dealing with chest sizes. There are a lot of things we are dealing with that are not really related to the type of skills the gentleman is trying to foster. I think the gentleman ought to demonstrate to us that is not the case.

There is no idea of what the costs are. I realize that on priority treatment it is lower, and it should be higher. We do not provide it for CHAMPUS. I clearly think it is a cost of defense that ought to be absorbed in terms of keeping those skills.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, in many of the military hospitals at the present time one of the basic facets of those hospitals that attract young men is the teaching feature of the hospital. Is that not true?

Mr. NICHOLS. That is certainly correct.

Mr. WHITE. Part of these operations whether they be cosmetic or other kinds, are an integral part of that teaching procedure. If we eliminate that, we are going to dissuade even further the young doctors from staying in the service, and we will lose those.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. VENTO).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. VENTO. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1410

QUORUM CALL VACATED

The CHAIRMAN pro tempore. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Minnesota (Mr. VENTO) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Mr. DAN DANIEL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will not take the full 5 minutes.

I rise to pay tribute to the chairman of our committee, the gentleman from Illinois (Mr. PRICE) and to the ranking member, the gentleman from California (Mr. BOB WILSON) for offering this authorization bill and to the chairmen of the legislative subcommittees and their staffs, all of whom worked so diligently to bring this vital piece of legislation to the floor. And also the gentleman from New York (Mr. STRATTON) for diligence on the matter of Korean troops.

I also wish to commend the gentleman from California (Mr. DELLUMS) for withdrawing his amendment which would have reduced the total by $15 billion. I know that the gentleman from California is just as sincere in his approach to national defense as am I.

The question is raised, why should we spend these huge sums of money on national defense? And the answer is, unless we remain strong enough to deter aggression, all our other priorities become academic.

In Europe especially, we are outtanked, outplaned, and outgunned. This is what I think many of the people who oppose military budgets just do not understand. By denying improved nonnuclear forces in Western Europe, we are painting ourselves into a corner. We are forfeiting our options, and leaving ourselves with only a nuclear response. If NATO forces in Western Europe cannot hold off a conventional assault by Warsaw Pact troops, tanks and planes, we will be faced with the choice between using nuclear weapons or permitting countries such as France and West Germany to fall under Soviet conquest.

Decades ago, Lenin made public communism's plan for world domination. "First we will take Eastern Europe," he said. This has been done. "Next the masses of Asia." This too is a reality. "Then we shall encircle the last bastion of capitalism, the United States of America." Look to the south of us. Cuba is a Russian satellite. The new government of Nicaragua, while it professes not to be one, is talking and acting very much like a Marxist government. Russia through her proxy Cuba is fomenting trouble in El Salvador, Guatemala, and Peru.

Oh yes, the last line of that statement by Mr. Lenin goes: "We shall not have to attack; it (meaning us) will fall like overripe fruit into our hands."

By raising the ghost of Lenin I hope you will not associate me with those who believe there is a Communist under every bush or behind every tree. I do, however, believe the spokesmen for worldwide Communist domination, especially when they have been so faithful in pursuing their plan to this point.

Communism continues to pose a real threat to the safety and security of not only our own people, but of freedom-loving people throughout the world. In our negotiations with our adversary, it must be understood that we are not dealing with born-again Christians, but rather with hard-shell Bolsheviks.

Wherever the tree of liberty has blossomed, it has been attacked by the fungus of tyranny, and so it is today. Two ways of life, two systems of government, two tremendous material forces are locked in mortal combat. Our America as the plant of liberty must resist the fungus of totalitarian tyranny. We are the caretakers of the plant in our age, and as such we succeed worthier individuals of other ages who kept the plant alive that we might enjoy its fruits.

It is not enough that we strike against the disease which attacks the plant; we must lift our eyes and regard the ways of increasing the fruits of the tree, that all mankind may feed from it when its attacker perishes.

AMENDMENT OFFERED BY MR. DORNAN

Mr. DORNAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DORNAN: Page 33, after line 8, add the following new section:

FREEZE ON FORCED DISCHARGE OR RETIREMENT OF CERTAIN HIGHLY TRAINED OFFICERS

SEC. 818. (a) Notwithstanding any other provison of law, no commissioned officer of the Army, Navy, Air Force, or Marine Corps who has been trained by the United States in a military occupational specialty at a cost in excess of $100,000 and whose performance rating (as determined by the Secretary of the military department concerned) in the specialty in which such officer has been trained is above average may be involuntarily discharged, retired, or otherwise released from active duty during fiscal year 1980 because such officer has not been selected for promotion to the next higher grade.

(b) The Secretary of Defense shall conduct a study (1) of the cost, or the savings, to the Department of Defense of the provisions of law requiring involuntary discharge or separation of officers of the Armed Forces failing of promotion to the next higher grade as such provisions apply to officers described in subsection (a), and (2) of any other, nonbudgetary effect of such provisions. The Secretary of Defense shall submit to the Congress a report on the results of such study, together with such recommendations for legislative action as the Secretary considers desirable, at the earliest practicable date. If such report is not submitted to the Congress by September 30, 1980, the provisions of subsection (a) shall remain in effect after such date until the date on which such report is submitted to the Congress.

Mr. DORNAN. Mr. Chairman, this is another attempt to try to keep in the military those volunteers who are so skilled in the performance of their duties that it has cost our Government more than $100,000 to train them.

The object of my amendment is to temporarily freeze the forced discharge of highly trained military personnel whose training costs have been in excess of $100,000 and who rank above average in their particular area of specialty. We are losing, in some cases, highly trained officers of outstanding proficiency simply because they have failed promotion to the next higher grade. This "up or out" philosophy may have some merit when it is applied to officers or enlisted men whose training costs have been minimal. But to throw out of the service highly trained personnel simply for failure of promotion, when no disciplinary flaws mar their careers, is neither cost-effective nor beneficial for the maintenance of combat readiness in areas of military life that depend upon a high level of technical expertise.

I ask the House to consider the case of jet fighter pilots. The cost to train a jet fighter pilot is extraordinarily high, at least $600,000 plus for this year, a 14-percent inflationary increase. There is now a shortage of highly qualified fighter pilots. Many are attracted to commercial airlines. But what is the cost of losing a fighter pilot? According to the Air Force Times of September 17, the loss of an experienced pilot, past initial obligation, is estimated to be $500,000. I think this to be a conservative estimate. How many millions of dollars are going to be spent in replacing these pilots?

Air Force systems are growing in both cost and complexity. Consider the SR–71 Blackbird, the E–4 Presidential Command Center, E–3 AWACS, the F–4C and the F–15 which pulls nine plus "G's" in a dogfight. In fulfilling our duty to maintain a strong national defense, we must make sure that the Defense Department is run in the most cost effective, economical manner possible. Obviously, most of us are trying to save taxpayer's money whenever or wherever we can. We must dig out waste or inefficiency caused by counterproductive bureaucratic regulations whenever and wherever we can.

What brought this problem to my attention was the loss, or rather the potential loss, of a pilot whom the Air Force deemed safe for this Congressman to fly with on an F–106 interceptor mission out of Langley. Incidentally, I was trying to do some research on what had happened to two Russian Bear bombers that were flying at mach 8 perpendicular to our Carolina coast. They were lost by radar, and no one in our military or in this august Congress knows what happened to those two powerful Soviet aircraft.

When I saw that this officer was in jeopardy of being passed over for major, and then facing a forced discharge from the service, I was astonished. His squadron and group commander informed me that he was the finest pilot in the unit; obviously that is why he was assigned to fly this Congressman. I did some initial research, only to find out that the distinguished gentleman from California (Mr. LLOYD) has done extensive research in this area. After having talked to two members of the leadership on both sides of the committee and after having been assured, that without having to make this statutory law through my amendment, that the committee and its excellent staff would pursue the cost factors involved in forcing out Naval and Air Force pilots who have undergone years of rigorous training, I will withdraw the amendment. Once again, I hope I can respectfully get that assurance from the leadership.

Mr. PRICE. Mr. Chairman, will the gentleman yield to me?

Mr. DORNAN. I yield to the distinguished gentleman from Illinois.

Mr. PRICE. Mr. Chairman, I think the gentleman's position is pretty much along the line of thinking of most members of our committee. I think there would be no difficulty at all getting our committee to join the gentleman in trying to get from the Secretary of Defense and the Department of Defense the answer to some of these problems that the gentleman is deeply interested in. We will request this information and the position of the Department of Defense promptly and will get back to the gentleman the results of our study.

I thank the gentleman.

Mr. LLOYD. Mr. Chairman, will the gentleman yield?

Mr. DORNAN. I yield to my distinguished colleague from California.

Mr. LLOYD. Mr. Chairman, I thank my colleague for yielding.

I would commend the gentleman on this.

Indeed, this study should be undertaken. I know, as the chairman has indicated, that this committee will proceed with that.

I personally have talked to a good number of pilots, just as the gentleman has. I did an independent study. I have met with the Chief of Staff, with Air Force General Allen, explaining some of the problems that he was facing with regard to the lack of retention.

I would reiterate what the gentleman said. It is not $100,000 that we are looking at. With a pilot, our estimates in our study were $700,000; but in any event, it does require looking into. I know that this committee will go forward and do a good job.

Mr. Chairman, I thank the gentleman for yielding.

Mr. DORNAN. Mr. Chairman, I thank the gentleman for his contribution.

The reason I set it at the $100,000 figure, is that there are, for example, senior tank officers in the Army who, with years of experience, using that expensive equipment might get up in the neighborhood of $100,000. My concerns are not confined to the Air Force alone.

If I could then, taking the last few moments of my time, thank the gentleman from New York, the distinguished gentleman from New York (Mr. STRATTON) and the distinguished gentleman from Alabama for the way they destroyed my last amendment so gallantly. They were pressing the right buttons in me, using the very correct reason that we should encourage in this country the spiritual development of a younger class of citizen who would be willing to join the U.S. military services and take our beautiful and very simple oath to the Constitution.

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I might add—parenthetically—that I surely did not appreciate the word "disastrous" applied to a free market incentive approach in rewarding our military people by someone who does not understand the free market, never supported it, and is never going to support a tax credit even for the American middle class, the productive backbone of this country.

Mr. Chairman, I wish to close by reading the Soviet Military Oath. It is relevant to our deliberations, and I trust that it will give us a moment of pause:

> I Ivan Brezhnev, a citizen of the Union of Soviet Socialist Republics, by joining the ranks of the Armed Forces, take an oath and solemnly swear to be an upright, brave, disciplined, vigilant soldier, to strictly preserve military and Government secrets, and to execute, without contradiction, all military regulations and orders of commanders and superiors. I swear to learn conscientiously the trade of war, to protect with all means the military and peoples' property, and to be devoted to my people, my Soviet homeland, and the Soviet Government to my last breath. I will always be ready to report, by order of the Soviet Government, as a soldier of the Armed Forces for the defense of my homeland, the Union of Soviet Socialist Republics. I swear to defend it bravely and wisely with all my strength and in honor, without regard for my life to achieve a complete victory over the enemy. Should I break my solemn oath, may the severe penalties of the Soviet law, the overall hatred, and the contempt of the working masses strike me.

Mr. Chairman, I join with the distinguished members of this committee in trying to find, somehow, as fast as possible, a way to motivate our young people to voluntarily join our services or, failing that, to accept registration as a future alternative. We must come to grips with this emergency we see worldwide. It is an explosive situation. In the meantime, I look forward to fulfilling my dream of some day joining this distinguished committee.

Mr. Chairman, I thank the distinguished chairman and the members of the committee.

The CHAIRMAN pro tempore. The Chair wishes to inquire of the gentleman from California (Mr. DORNAN), does the gentleman seek unanimous consent to withdraw his amendment?

Mr. DORNAN. Yes, Mr. Chairman. I ask unanimous consent to withdraw my amendment.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FOUNTAIN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think the gentleman from Virginia (Mr. DAN DANIEL) just a few moments ago very aptly stated the purpose of this legislation. Not only is it for the purpose of enabling us to be prepared to defend ourselves in the event of an attack and to be military secure but its prime purpose is to deter aggression. In that connection, Mr. Chairman, I would like to add that yesterday we adopted by a strong voice vote an amendment to greatly improve our national system of civil defense, a step long desperately needed, and I rise to say that I firmly believe this was an extremely wise move on the part of the House. I wanted to commend the gentleman from Missouri (Mr. SKELTON) for offering the amendments and I am proud to associate myself with the views he so eloquently expressed. I sincerely hope the Appropriations Committee will support the action taken.

We must do all we can to enhance the survivability of the American people in the event of nuclear war; to enhance deterrence and stability; and, above all, to do some realistic and practical preparations for civil defense, adequate preparedness for all disasters, but primarily for the protection of our civilian, and military population, in the event of a major military attack upon us—especially a nuclear one. Doing all these things will lessen the likelihood that nuclear war will ever come.

We must never forget that nuclear war could happen. It is not unthinkable, whether we want to want to face that fact or not. Nuclear blackmail is also a strong possibility especially if we are not well prepared to protect and to minimize the dangers to our more than 200 million civilians.

Our current preparations for civil defense are simply not enough—too little and too late, if war were to come tomorrow. Meantime, our most likely adversaries are and have been steadily working at developing a far-flung system of civil defense that reaches not only into the towns and cities and factories of the Soviet Union, but also into the farms and the rural countryside.

While we ignore civil defense, the Soviet Union requires every citizen to take 4 hours of civil defense training every month, during the workday, and requires every school child to study civil defense as a part of his education.

The U.S.S.R. has a civil defense academy, similar to West Point, and a military force of approximately 100,000 people to conduct their civil defense effort throughout their country. Remember, this Russian force does nothing but civil defense work. We have nothing remotely comparable in this country.

There is, therefore, a pressing need to make a much greater commitment to civil defense. For a long time, I have been greatly concerned about an apparent lack of interest in this vital area. This seems to be the attitude of all too many people.

In recent years, there have even been attempts to cut the program back to little more than just a few lines at the bottom of the list of our defense priorities—and I have strongly opposed those attempts.

Presently, our civil defense effort—including warnings of military attacks, setting up evacuation plans and shelters, and efforts to handle the aftermath—is extremely small, especially in comparison with that of our nuclear neighbor—Russia. Intelligence estimates are that Russia now spends about $2 billion per year on civil defense—for example, in providing contingency plans for the security and safety of key Communist leaders throughout the country as well as for many ordinary Russian citizens. Some experts say that over 90 percent of the Russian people would survive a nuclear attack.

On the other hand, the estimate here is that less than half of our people would survive an attack, especially if the attack were concentrated—as it probably would be—on big cities, and on military installations—of which North Carolina has several.

What the civil defense officials have in mind is to develop methods by which people in the densely populated areas and other areas most subject to attack can be quickly and efficiently evacuated to the countryside and to more open space—to less likely targets.

However, simply moving people around would not solve the problems of radioactive fallout, contaminated food and water supplies, disease, and so on. Postattack conditions would not be good in any event, and plans must be made to alleviate these problems as much as possible.

Hopefully, an expanded civil defense program would also act as an additional deterrent to nuclear attack from other countries. If they see that our national survival rate would be increased to maybe two-thirds or so—which is what the latest plan envisions—they just might decide not to launch an attack, since we would not suffer as great a loss, and would be better able to strike back.

In other words, if they know we are prepared, they are less likely to start a nuclear war in the first place, or to attempt nuclear blackmail.

Of course, much of this talking and planning is speculation and conjecture. No one can say for sure what would happen in the event of a nuclear attack—what targets would be hit, how many would perish, what our capacity would be to fight back, and so forth.

However, we should not dismiss the warnings as simple scare talk. Instead, we should understand that Russia—and China for that matter—have strong civil defense programs and that ours is woefully inadequate. Consequently, responsible legislative and administrative steps just must be taken if we are to have hope of national survival in the perilous years ahead.

In that connection, it is noteworthy that during the present administration's first 2 years in office, no American soldier anywhere in the world went into battle. Not many administrations have been able to make that claim in recent decades.

But, I cannot emphasize strongly enough that despite the fragile peace now being enjoyed, we must not let our guard down, either militarily or in the civil defense area. The Communist superpowers have shown time and time again that they cannot be trusted. As a result, America simply must be prepared.

Defense spending today accounts for only about 25 percent of the national budget, down from more than 50 percent just a few years ago. But, this should not mean taking risks with our national security or the security of our allies. Hopefully, it means the Commander in Chief and his military advisers are making the defense and civil defense dollar go further, so that we can remain strong enough to survive in an oftimes hostile world.

Our adversaries have not only steadily increased the size of their already-massive armies, but also their supplies of sophisticated weapons. At the rate Russia is going, we clearly need to step up our defense efforts and to do so without delay.

Russian leaders operate under the assumption that nuclear war is winnable and survivable, and make their military plans—civil defense plans, too—accordingly. American leaders operate under the theory that nuclear war is almost unthinkable, too terrible for sane people ever to engage in, and make military plans reluctantly, figuring that if we just maintain the same number of launchers in the 1980's that we had in 1967, we will be OK.

These basic facts should be kept in focus as we debate every type of defense legislation, including civil defense programs. We must not force our diplomats to maneuver with one hand tied behind their backs.

As for numbers, in 1977 the United States had approximately 240 percent of what the Russians had in warheads; that is, fewer ICBM's, but more warheads (because more of ours are MIRV'ed); 35 percent of the megatons the Russians had; 75 percent of the SALT throw weight; and 160 percent of the Russians' hard target kill potential.

Unless the U.S. strategic force is properly modernized, by 1986 the strategic balance is expected to have U.S. percentages of 104 percent of Russia's warheads; 26 percent of the megatons; 48 percent of the SALT throw weight, and 26 percent of the hard target kill potential. The last percentage, 26 percent, shows an alarming decrease in U.S. strength, the kind of decrease which might encourage the Russians to think about starting a war.

However, if you concentrate on the first figures—for warheads—it appears that the United States has a fairly strong position. But, remember this also assumes that we would have enough planes and missiles and submarines left after a Russian first strike to hit back—second-strike capability.

American strategy assumes that if the horrors of nuclear war ever come, they will come only from the other side, not from us.

Consequently, Russia alone has the option of the first strike. If war comes, all of our air and military bases (such as Seymour Johnson, category 1; Fort Bragg and Cherry Point, category 2, all in North Carolina, our western missile installations, and our industrial regions would have to absorb everything that Russia could throw before retaliating.

Can the forces of the United States absorb a punishing nuclear blow and still have enough firepower left for a second strike? Disarmament bureaucrats—whose agency costs about $20 million a year—say yes, but I am not so sure.

Depending upon 1,054 ICBM's and 348 B-52's—almost 100 of these are about gone—and 41 nuclear submarines to work at 100-percent efficiency is unrealistic even in peacetime. What about wartime? When I think of those missiles buried in the ground, I cannot help but wonder how reliable they are even if they did cost billions.

What if our national security depended upon 1,054 cars, parked in a huge parking garage; what if our national security depended upon all these cars starting simultaneously. Even if we spend hundreds of millions of dollars a year keeping them tuned up, would they all start flawlessly on D-Day? How many would start after the enemy had a chance to bomb them out of existence?

If the Russians ever perceive—ever develop a firm belief at the highest levels of the Kremlin—that they can strike first and survive, then today's MAD policy—mutual assured destruction—will go by the boards and nuclear war will be much more likely.

We just cannot trust the Russians to think like Americans do. Russians are the product of 60 years of ruthless communism. Russians have an unbroken heritage of century after century of absolute dictatorship. Just because Americans think nuclear war is insane, cruel and barbarous, does not mean Russians think so. They do not and they will not. Their whole society is built upon war, threats of war, talk of war, militarism, and the very continuance of the Communist regime in power depends upon military force. Let us never forget they said, again and again "We will bury you."

Consequently, the United States has no choice but to be prepared and on guard 24 hours a day, 7 days a week. The lack of an adequate system of civil defense just must not be allowed to jeopardize our Nation's security and independence.

Mr. BOB WILSON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as we are drawing this long debate to a close, I want to take this opportunity to pay tribute to our chairman who has been very patient and very orderly in his acceptance of some of this legislation in his jockeying the bill through the House. I think we have been fairly successful in sticking to the House committee position on most of the legislation, and I think the staff and the members of the committee should be congratulated for their fine efforts.

Mr. Chairman, included in this bill is $180 million for research and development of the Marine Corps AV8-B. I am not sure that some of my colleagues understand the concept behind the AV8-B and what we are attempting to do here. The Marine Corps has had the AV8-A, a British built light attack jet aircraft capable of taking off and landing vertically within their inventory since 1971. They have successfully deployed and proven this aircraft in every conceivable scenario and are now ready to commit themselves to a second generation aircraft with far superior advantages. This aircraft, the AV8-B, will be built in the United States under contract to the McDonnell Douglas Aircraft Corp. in St. Louis, Mo. Utilizing American technology, the engineers at McDonnell Douglas have improved on the basic aircraft of the British Aerospace Corp. to a point where the AV8-B is now capable of either twice the range or twice the payload of the original AV8-A.

Further, the AV8-B will incorporate the latest state of the art technology and much of the same cockpit and components found in the F-18, which is also being built by McDonnell Douglas.

Now, two of the most common complaints heard when the subject of the AV8 Harrier is being discussed are the allegations that it has no range and cannot carry any payload. With the original AV8-A there was a degree of truth to both statements. However, where would we be if we said the same thing about the original helicopter or the original space rockets? The AV8-A tested a concept, a concept which has been proven. The AV8-B is a second generation aircraft with significantly greater improvements. For instance, with regard to range, the AV8 B will have a capability to fly from California to Hawaii without aerial refueling. A feat few other tactical aircraft can duplicate.

With regard to payload, the AV8-B carries a respectable 16 500-pound bombs plus its two internally mounted 30 millimeter cannons from the standard 8,000-foot runway utilized by most tactical aircraft. But, what is more interesting is what it can do if all that runway is not available. Utilizing only 1,000 feet of that 8,000-foot runway, the AV8-B can carry that same load from Washington, D.C., to Raleigh, N.C., hit a target and return. No other tactical aircraft can even fly off of a 1,000-foot strip, much less duplicate this feat. With 500 feet of takeoff distance, utilizing the innovative ski-ramp takeoff, the AV8-B can carry six 500-pound bombs from Washington to Atlanta, Ga., conduct an airstrike and return.

No other aircraft can make that statement. And, even if no roads, no fields, no runways—nothing were available from which to utilize for a takeoff roll, the AV8-B could still rise vertically from the Pentagon helicopter pad, fly to Richmond, kill five tanks and return. Not only is the payload of the AV8-B respectable, but it can carry that load from places where no other aircraft can even operate.

The AV8-B is not tied to the 8,000-foot runway which may be vulnerable to enemy strikes. The AV8-B offers basing flexibility that no other aircraft can offer. It can ground loiter, out of the enemy's missile envelope, and save fuel at the same time. By being forward based in austere sites, it provides the immediate response needed by the ground troops it was designed to support. This responsiveness and the high sortie rate capability is what the Marine Corps feels is important for the close air support role of the Marine on the ground. This aircraft is the aircraft that they hope will fulfill their light attack needs for the future. Not only is it the No. 1 aviation priority of the Marine Corps, but it also serves as a proven building block for the Nation as it moves forward into V/STOL aviation.

● Mr. DIXON. Mr. Speaker, I rise in opposition to the amendment offered by my neighbor from the 31st District, Mr. WILSON, and to associate myself with the remarks of the gentleman from New York (Mr. McEWEN).

In doing so, I want to dispel any erroneous impression that the gentleman's amendment may have created with regard to the support of the Los Angeles congressional delegation for the Lake Placid winter Olympics. Speaking for myself, I strongly support the Olympic movement, and a reasonable level of Federal assistance to insure the successful conduct of the 1980 winter games.

The amendment before us seeks to cut $10 million in security assistance for the Lake Placid games. The very fact that the House is taking the time to consider a $10 million item in a $42.1 billion authorization indicates that there is more involved here than meets the eye. Indeed, I am sure the gentleman is aware that this item is the most crucial single item to the conduct of the games, and that to stage the games without adequate security assurances is inconceivable. We should therefore label this amendment for what it is: A back-door attempt to scuttle the 1980 winter Olympics.

This, in my opinion, would be a grave and ill-timed mistake. The House has, on several occasions, indicated its willingness and its eagerness for the staging of the winter games in the United States. Through resolution, authorization and appropriation, the House has further committed itself to a reasonable level of assistance with capital expenses. Nothing thus far indicates that the Lake Placid organizers have exceeded the bounds of reasonableness. Indeed, the total cost of the Lake Placid games is about $178 million, compared with $428 million for the 1976 games in Innsbruck and $654 million for the 1972 games in Sapporo, Japan. In addition, more than half of these moneys are coming from State and local sources. This example of restraint, when coupled with the upcoming "Spartan Olympics" in Los Angeles, will breath new life into the international Olympic movement, a development which we should all applaud and encourage.

As the gentleman from New York indicates, the services required for the games and provided under this authorization are unique to the Department of Defense. The effect of this amendment would not be to shift the expenses to State and local governments, but to eliminate security assistance altogether, thus jeopardizing the very conduct of the games. I hope my colleagues will reject this attempt to shirk our international responsibilities, and vote down this amendment.●

● Mr. WHITTAKER. Mr. Chairman, I support the amendment that was offered by the gentleman from Kansas (Mr. GLICKMAN) and to emphasize to the Members of this body the necessity and urgency of adopting this amendment.

Numerous questions concerning the age, reliability and safety of the Titan II missiles have been raised—particularly since the tragic accident which occurred in my congressional district near Rock, Kans., just over a year ago—in which two Air Force crewmen were killed, several others were injured, and the civilian population nearby had to be evacuated.

In the last 13 months, at least four other oxydizer leaks have been confirmed at Titan II sites in my district. Although there have been no more reported deaths or serious injuries, the frequency of leaks make many wonder just how long we can go without having a major catastrophe occur.

Mr. Chairman, there are 54 Titan II sites in the United States—18 of which are situated around Wichita in the adjoining Districts the gentleman and I represent. The Air Force says the Titan II's were built to last 10 years—but the time they have been in service is now going on 17 years.

Further, the Air Force has indicated they will be used through the 1980's.

Considering the age of these missiles, the continued or anticipated further need for their service in our national defense arsenal, and the frequent leaks and other problems which are occurring with these missiles, I believe we have an obligation to study closely the Titan II's and to determine what must be done to insure their integrity and the safety of the Air Force crewmen and civilians who live and work around these missile sites.●

● Mr. BINGHAM. Mr. Chairman, I cannot vote for final passage of this legislation, which authorizes the bulk of the $136 billion this Nation will spend on its military forces in the coming fiscal year. Since some may interpret my action as being in favor of unilateral disarmament, I want to explain briefly why I will vote against this bill.

I believe we need, and in fact have, strong military forces, and I have no quarrel with the bulk of the funds in this bill. I am also relieved that the House has stricken the provision in the committee bill which would have brought back mandatory draft registration at the end of next year. Nevertheless, I will vote no to protest two of the grossly unnecessary weapons systems provided here—the $670 million for advanced development of the MX, a new intercontinental ballistic missile, and the $2.1 billion provided for yet another nuclear attack aircraft carrier.

The authorization for the MX missile sets us on the road to the expenditure of at least $33 billion for a Rube Goldberg project which is the wrong response to an artificial crisis. The Pentagon is telling us that before long the Soviets will be able to destroy our land-based ICBM's in a preemptive first strike, and that we must make these missiles less vulnerable by making them into harder-to-hit movable targets, at appalling cost. Furthermore, the Air Force has decided that it would not be enough to make our present missiles mobile, but instead we have to have an entirely new ICBM with greatly increased destructive power to move around. I reject both of these conclusions, and instead suggest that we begin phasing out our land-based missiles if they are no longer invulnerable. Let us move them to the place where they are really invulnerable from attack—under the sea. If one leg of the triad is, or is becoming, vulnerable and hence useless, let us concentrate on beefing up the other two legs. Spending $33 billion in the vain hope of creating a truly invulnerable land-based ICBM would be tragically mistaken. I was interested to note that, according to an article in the Baltimore Sun on August 10, 1979, the Director of the Central Intelligence Agency, Adm. Stansfield Turner also objects to the MX in the belief that a sea-based system would be far less vulnerable, and I will include that article at the end of my remarks.

I am also deeply disappointed that the House has once again insisted on constructing another nuclear-powered supercarrier at a cost of $2.1 billion, when the Carter administration had requested funds to build a conventionally-powered carrier for $400 million less. The less money we spend on these floating targets the better, and I cannot support squandering huge sums on weapons designed to fight the last war, not the next one.

The article follows:

[From the Baltimore Sun, Aug. 10, 1979]

CIA HEAD FAULTS PLANS FOR MX

(By Charles W. Corddry)

WASHINGTON.—Adm. Stansfield Turner, director of the Central Intelligence Agency, registered strong objection at a White House meeting this week to the latest plans for building MX intercontinental missiles and deploying them in "race track" patterns in Western states, authoritative sources disclosed yesterday.

Contrary to earlier reports from administration sources that a consensus had been reached, Admiral Turner raised exceptions to the scheme, which goes to the heart of United States strategic nuclear force planning.

If the admiral, now retired from the Navy, had his way, the sources said, the U.S. would gradually do away with land-based missiles and concentrate on upgrading missile-launching submarine fleets and retaining bomber forces. It would have two kinds of nuclear forces instead of the present "triad."

Admiral Turner, a spokesman for him said, would not comment on the reports emanating from the Tuesday White House meeting he attended with Cyrus R. Vance, Secretary of State, Zbigniew Brzezinski, the President's national security assistant, and Gen. David C. Jones, chairman of the Joint Chiefs of Staff, to discuss the MX deployment plan with Harold Brown, Secretary of Defense.

That plan, the latest of several and the one

Mr. Brown is expected to propose to President Carter in about two weeks, calls for shunting 200 missiles among 4,600 horizontal shelters. The shelters would be arranged in closed loops, or race track fashion, so that the missiles could be kept mobile among them and thus protected against a Soviet strike.

The plan is said to have answered political and environmental objections in the states concerned, mainly Utah and Nevada, with possibilities of deployment also in Arizona and New Mexico.

Admiral Turner's objections were viewed by authorities as somewhat mystifying in view of the reported position already taken by his advisers at the Central Intelligence Agency.

The CIA staff position, it was said, is that the MX missiles could be counted by Soviet reconnaissance satellites—as required by the SALT II treaty—and could be regarded as highly "survivable" under attack, based on estimates of Russian nuclear capabilities.

The admiral's reasons for dissent could not be determined, given his own silence on the matter, but critics immediately ascribed a Navy bias to them—in brief, a view that the Navy should take over the dominant nuclear deterrent role. The authoritative sources said he argued his case as the personal view of a military man.

This was but the latest instance of a publicly reported Turner view causing some embarrassment to Carter administration defense planners. He was recently held to have told the Senate Intelligence Committee the Russians could produce five new missiles under the SALT treaty, whereas the public version had been that only one new type was allowed.

Mr. Brown later explained in SALT hearings that any, besides the one, would have to be so closely related in dimensions to present types that they would be a waste of money, in his opinion.

As with the present case of the MX, Admiral Turner offered no public statement on the Soviet missile question.

President Carter made a basic decision in the first week of June to proceed with the development of the MX, a rocket weighing 190,000 pounds and carrying 10 separately targeted warheads.●

● Mr. WEISS. Mr. Chairman, the total authorization included in H.R. 4040 should be read not as a reflection of actual U.S. military needs but rather as a purely political ploy intended to win ratification of the SALT pact.

I recognize of course that compromise and concessions are necessary when an issue of SALT's importance and controversy is considered. But the price we are being asked to pay through this bill is embarrassingly exorbitant, especially in return for an agreement that only loosely fits the description of an arms limitation treaty.

Let us consider just a few features of this bill and I think my point will be proven.

First of all, the legislation authorizes a sum of $42.1 billion for military procurement and research and development in fiscal 1980. This is nearly $2 billion more than the total requested by the administration and almost $7 billion more than the fiscal 1979 authorization. How can this Congress possibly justify a spending increase of 19 percent at a time when we are simultaneously trying to keep the general inflation rate in the single-digit range?

This enormous increase is achieved through a series of costly and completely unnecessary give-aways to the Pentagon—give-aways that the administration did not even request or suggest in the first place.

To cite just a few examples, we are being asked to commit $2.1 billion to a nuclear-powered aircraft carrier that the administration does not want built, which was vetoed by the President last year and which was subsequently rejected by this House at that time. We are being asked to authorize $370 million for an attack submarine the administration did not ask for. The legislation calls for construction of 36 F-14 aircraft, 12 more than the administration wanted at an extra cost of $217 million. We are being asked to approve 30 F-18 aircraft, twice as many as the administration sought at an extra cost of $519 million. The bill contains $73.8 million in funds for five C-9 transport planes. The administration did not request this item at all. There is $68 million in the bill for 34 Cobra attack helicopters. The administration did not seek any funds for these craft. And we are being asked to authorize $22.5 million for 20 C-12A utility aircraft. Once again, the administration did not see the need for any of these planes.

In addition, the bill commits $1.1 billion for construction of an eighth Trident nuclear submarine and $670 million for research and development of the MX system. While these are items that the administration did request, there is considerable evidence that both are wholly unnecessary and, like many other weapons in the bill, will only further overstock an already waste-ridden arsenal.

Does anyone here really believe that the administration and the Pentagon have so badly underestimated our Nation's actual military needs and capabilities that it is necessary to add $2 billion to their request?

I submit that instead of further squandering funds on useless weapons systems, this Congress should be rigorously reviewing what is certainly an inflated administration request. We all know that the White House is engaged in a political operation intended to steer SALT through the Senate. And we all know, too, that the defense budget requests sent to us by the administration reflect this fact of life.

So why are we being asked to compound the problem, to add additional billions to this political poker game? Why are we not going over this budget with a critical eye, looking for some of the more blatant ways in which the administration is attempting to trade off tax dollars for SALT votes?

As presently written, this legislation mocks the very notion of arms control. It is replete with duplicative weapons expenditures and lavish handouts to the Pentagon.

Since every attempt made on this floor to eliminate some of the waste permeating the bill has been rejected, I must vote against H.R. 4040. I urge those of my colleagues who favor some degree of restraint and reason in our defense program to join me in this effort to reject H.R. 4040 and to construct a more realistic authorization bill.●

The CHAIRMAN pro tempore. Are there any further amendments to title VIII?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MINETA, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having under consideration the bill (H.R. 4040) to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes, pursuant to House Resolution 368, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. NEDZI. Mr. Speaker, I demand a separate vote on the so-called Skelton amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: On page 16, strike all of lines 5 through 9, and insert in lieu thereof the following:

"SEC. 701. The Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251 through 2297), is amended—

"(1) by adding after title IV the following new title:

"TITLE V—ENHANCED PROGRAM FOR THE 1980'S

"FINDINGS AND DETERMINATIONS

"SEC. 501. (a) The Congress finds that—

"(1) a program providing for relocating the population of the larger United States cities, and other risk areas, during a period of strategic warning resulting from an international crisis can be effective and cost less than alternative programs;

"(2) the present civil defense program is inadequate;

"(3) a new civil defense program can be developed immediately which, with only a modest increase in resource allocation, can enhance the civil defense capability of the United States.

"(b) The Congress determines that a new civil defense program should be implemented—

"(1) to enhance the survivability of the American people and its leadership in the event of nuclear war and thereby to improve the basis for eventual recovery and to reduce the vulnerability to a major attack;

"(2) to enhance deterrence and stability, to contribute to perceptions of the overall strategic balance and crisis stability, and to reduce the possibility that the United States could be coerced by an enemy in times of increased tension;

"(3) to not suggest any change in the United States policy of relying on strategic nuclear forces as the preponderant factor in maintaining deterrence; and

"(4) to include planning for population relocation during times of international crisis which are adaptable to deal with natural disasters and other peacetime emergencies.

"PROGRAM ELEMENTS

"SEC. 502. To carry out section 501, the President shall develop and implement a civil defense program which includes—

"(1) a survey of the shelter inherent in existing facilities;

"(2) nuclear civil protection planning for both inplace protection and population relocation, during times of international crises;

"(3) planning for the development of additional crisis shelter, of capabilities for shelter management, of the marking and stocking of shelters, and of ventilation kits for shelters;

"(4) the development of emergency evacuation plans in areas where nuclear powerplants are located;

"(5) the improvement of warning systems;

"(6) the improvement of systems and capabilities for the direction and control of emergency operations by civil governments at all levels, including development of a distributed survivable network of emergency operating centers;

"(7) the improvement of radiological defense capabilities;

"(8) the improvement of emergency public information and training programs and capabilities;

"(9) research and development; and

"(10) the development of such other systems and capabilities as are necessary to realize the maximum lifesaving potential of the civil defense program.

"ADMINISTRATIVE PROVISIONS

"SEC. 503. The powers contained in titles II and IV of this Act shall be used in developing and implementing section 502."; and

(2) by adding at the end of the table of contents the following:

"TITLE V—ENHANCED PROGRAM FOR THE 1980'S

"Sec. 501. Findings and determinations.
"Sec. 502. Program elements.
"Sec. 503. Administrative provisions.".

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 702. There are authorized to be appropriated for the purpose of carrying out the provisions of the Federal Civil Defense Act of 1950, in 1979 dollars, the sums of $138,000,000 for the fiscal year ending September 30, 1980, $145,900,000 for the fiscal year ending September 30, 1981, $180,000,000 for the fiscal year ending September 30, 1982, $243,000,000 for the fiscal year ending September 30, 1983, and $283,000,000 for the fiscal year ending September 30, 1984. The sums specified in this section shall be adjusted by the inflation factor used by the Office of Management and Budget in preparing budget estimates submitted to the Congress, so that the actual sum authorized for each fiscal year shall reflect then current dollars."

And, on page 16, line 12, strike "SEC. 702." and insert in lieu thereof "SEC. 703.".

Mr. NEDZI (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. NEDZI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 189, nays 149, not voting 96, as follows:

[Roll No. 471]

YEAS—189

Abdnor
Akaka
Andrews, N.C.
Andrews, N. Dak.
Anthony
Applegate
Archer
Bailey
Baldus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bethune
Bevill
Boggs
Bolling
Boner
Bouquard
Bowen
Breaux
Brinkley
Broomfield
Burgener
Burlison
Butler
Byron
Campbell
Carney
Cheney
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Davis, Mich.
Deckard
Dickinson
Dicks
Donnelly
Dornan
Duncan, Tenn.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Fish
Flippo
Florio
Fountain
Fowler
Frost
Gaydos

Gephardt
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gore
Gramm
Grassley
Guarini
Guyer
Hall, Tex.
Hammerschmidt
Hance
Hansen
Harsha
Hefner
Heftel
Hightower
Hinson
Holt
Hopkins
Howard
Hubbard
Huckaby
Hughes
Hyde
Ireland
Jeffords
Jeffries
Jenkins
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kildee
Kindness
Kramer
Lagomarsino
Leach, La.
Leath, Tex.
Lederer
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Lowry
Lungren
McCormack
McDade
McDonald
McEwen
Madigan
Marks
Marlenee
Martin
Matsui
Mavroules
Mica
Mikulski

Mitchell, Md.
Mitchell, N.Y.
Montgomery
Moore
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Oberstar
Patten
Perkins
Pickle
Rahall
Regula
Rhodes
Rinaldo
Roberts
Robinson
Roe
Rousselot
Rudd
Runnels
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Skelton
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
St Germain
Staggers
Stangeland
Steed
Stenholm
Stratton
Stump
Thomas
Trible
Volkmer
Walker
Watkins
White
Whitehurst
Whitley
Whittaker
Whitten
Wilson, Bob
Wilson, Tex.
Wright
Wyatt
Young, Fla.
Young, Mo.

NAYS—149

Addabbo
Ambro
Anderson, Calif.
Annunzio
Aspin
Atkinson
AuCoin
Badham
Barnes
Bedell
Beilenson
Benjamin
Bereuter
Bingham
Blanchard
Boland

Bonior
Bonker
Brodhead
Brown, Calif.
Broyhill
Burton, Phillip
Carr
Cavanaugh
Chisholm
Clay
Clinger
Conable
Corman
Danielson
Dannemeyer
Daschle
Davis, S.C.

Dellums
Derrick
Devine
Dodd
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edwards, Calif.
Evans, Ind.
Fary
Fascell
Fenwick
Ferraro
Findley
Fisher

Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Frenzel
Garcia
Giaimo
Gradison
Gray
Green
Grisham
Hagedorn
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Hawkins
Heckler
Hollenbeck
Jenrette
Johnson, Calif.
Kastenmeier
Kogovsek
Kostmayer
LaFalce
Leach, Iowa
Lehman
Leland
Lloyd
Long, Md.
Lujan
Lundine

McHugh
McKay
McKinney
Markey
Mattox
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Moakley
Moffett
Nedzi
Nowak
O'Brien
Obey
Ottinger
Panetta
Paul
Pease
Petri
Peyser
Price
Pritchard
Pursell
Ratchford
Reuss
Ritter
Roth
Russo
Sabo
Santini

Schroeder
Seiberling
Shannon
Sharp
Simon
Smith, Iowa
Solarz
Spellman
Stack
Stanton
Stewart
Stokes
Studds
Swift
Synar
Tauke
Thompson
Udall
Ullman
Vanik
Vento
Walgren
Waxman
Weaver
Weiss
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Wolpe
Wydler
Wylie
Yates
Yatron

NOT VOTING—96

Albosta
Alexander
Anderson, Ill.
Ashbrook
Ashley
Bafalis
Barnard
Biaggi
Brademas
Brooks
Brown, Ohio
Buchanan
Burton, John
Carter
Chappell
Clausen
Cleveland
Conyers
Cotter
Crane, Philip
de la Garza
Derwinski
Diggs
Dingell
Dixon
Dougherty
Edgar
Edwards, Ala.
Edwards, Okla.
Fazio
Fithian
Flood
Fuqua

Gibbons
Gonzalez
Goodling
Gudger
Hillis
Holland
Holtzman
Horton
Hutto
Ichord
Jacobs
Johnson, Colo.
Jones, N.C.
Latta
Long, La.
Lott
Luken
McClory
McCloskey
Maguire
Marriott
Mathis
Mazzoli
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Nelson
Nichols
Nolan
Oakar

Pashayan
Patterson
Pepper
Preyer
Quayle
Quillen
Railsback
Rangel
Richmond
Rodino
Rose
Rosenthal
Rostenkowski
Roybal
Royer
Slack
Stark
Stockman
Symms
Taylor
Traxler
Treen
Van Deerlin
Vander Jagt
Wampler
Winn
Wirth
Wolff
Young, Alaska
Zablocki
Zeferetti

□ 1440

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced the yeas appeared to have it.

Mr. PRICE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 282, nays 46, not voting 106, as follows:

[Roll No. 472]

YEAS—282

Abdnor
Addabbo
Akaka

Ambro
Anderson, Calif.

Andrews, N.C.
Andrews, N. Dak.

Annunzio
Anthony
Applegate
Archer
Ashley
Aspin
Atkinson
Badham
Bailey
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Benjamin
Bennett
Bereuter
Bethune
Bevill
Boggs
Boland
Bolling
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Cheney
Clinger
Coelho
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Corman
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Derrick
Devine
Dickinson
Dicks
Dodd
Donnelly
Dornan
Downey
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fenwick
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frenzel
Frost
Gaydos
Giaimo
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guarini
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hinson
Hollenbeck
Holt
Hopkins
Howard
Hubbard
Huckaby
Hughes
Hyde
Ireland
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lehman
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, Md.
Lowry
Lujan
Lungren
McCormack
McDade
McDonald
McHugh
McKay
McKinney
Madigan
Marks
Marlenee
Martin
Matsui
Mattox
Mica
Michel
Mikulski
Mikva
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Montgomery
Moore
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nowak
O'Brien
Panetta
Patten
Paul
Pease
Perkins
Peyser
Pickle
Price
Pritchard
Ratchford
Regula
Rhodes
Rinaldo
Roberts
Robinson
Roe
Roth
Rousselot
Rudd
Runnels
Russo
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stratton
Stump
Swift
Synar
Tauke
Thomas
Trible
Udall
Ullman
Volkmer
Walgren
Walker
Waxman
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.

NAYS—46

AuCoin
Baldus
Bedell
Beilenson
Bingham
Bonior
Burton, Phillip
Carr
Cavanaugh
Chisholm
Clay
Collins, Ill.
Dellums
Drinan
Edwards, Calif.
Erdahl
Forsythe
Garcia
Gephardt
Gray
Kastenmeier
Kostmayer
Lundine
Markey
Miller, Calif.
Mitchell, Md.
Moffett
Oberstar
Obey
Ottinger
Petri
Pursell
Rahall
Rangel
Reuss
Sabo
Seiberling
Shannon
Stewart
Stokes
Studds
Thompson
Vanik
Vento
Weaver
Weiss

NOT VOTING—106

Albosta
Alexander
Anderson, Ill.
Ashbrook
Bafalis
Barnard
Biaggi
Blanchard
Brademas
Brooks
Brown, Ohio
Burton, John
Carter
Chappell
Clausen
Cleveland
Conyers
Cotter
Crane, Philip
Daniel, Dan
de la Garza
Derwinski
Diggs
Dingell
Dixon
Dougherty
Early
Edgar
Edwards, Ala.
Edwards, Okla.
Fazio
Fithian
Flood
Fuqua
Gibbons
Gonzalez
Goodling
Gudger
Hillis
Holland
Holtzman
Horton
Hutto
Ichord
Jacobs
Johnson, Colo.
Jones, N.C.
Latta
Lee
Leland
Lent
Long, La.
Lott
Luken
McClory
McCloskey
McEwen
Maguire
Marriott
Mathis
Mavroules
Mazzoli
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Nelson
Nichols
Nolan
Oakar
Pashayan
Patterson
Pepper
Preyer
Quayle
Quillen
Railsback
Richmond
Ritter
Rodino
Rose
Rosenthal
Rostenkowski
Roybal
Royer
Santini
Slack
St Germain
Stark
Stockman
Symms
Taylor
Traxler
Treen
Van Deerlin
Vander Jagt
Wampler
Watkins
Wilson, Tex.
Winn
Wirth
Wolff
Young, Alaska
Zablocki
Zeferetti

□ 1500

The Clerk announced the following pairs:

On this vote:

Mr. Brademas for, with Mr. Wirth against.
Mr. Preyer for, with Mr. Stark against.
Mr. Ichord for, with Ms. Holtzman against.
Mr. Wolff for, with Mr. Richmond against.
Mr. Zeferetti for, with Mr. Conyers against.
Mr. Slack for, with Mr. Diggs against.
Mr. Chappell for, with Mr. Dixon against.
Mr. Nichols for, with Mr. John L. Burton against.

Until further notice:

Mr. Murphy of Illinois with Mr. Anderson of Illinois.
Mr. Dingell with Mr. Carter.
Ms. Oakar with Mr. Ashbrook.
Mr. Fithian with Mr. Brown of Ohio.
Mr. Barnard with Mr. Latta.
Mr. Zablocki with Mr. Bafalis.
Mr. Fazio with Mr. Edwards of Alabama.
Mr. Hutto with Mr. Symms.
Mr. Cotter with Mr. Johnson of Colorado.
Mr. Mollohan with Mr. Cleveland.
Mr. Nelson with Mr. Quayle.
Mr. Van Deerlin with Mr. Railsback.
Mr. Charles Wilson of Texas with Mr. Taylor.
Mr. Rosenthal with Mr. Quillen.
Mr. Pepper with Mr. Wampler.
Mr. Long of Louisiana with Mr. Ritter.
Mr. Rostenkowski with Mr. Vander Jagt.
Mr. Luken with Mr. Winn.
Mr. Biaggi with Mr. Young of Alaska.
Mr. Rodino with Mr. Moorhead of California.
Mr. Alexander with Mr. Pashayan.
Mr. Gibbons with Mr. Edwards of Oklahoma.
Mr. Traxler with Mr. Dougherty.
Mr. Flood with Mr. Derwinski.
Mr. St Germain with Mr. Philip M. Crane.
Mr. Fuqua with Mr. Goodling.
Mr. Leland with Mr. Clausen.
Mr. Jones of North Carolina with Mr. Hillis.
Mr. Dan Daniel with Mr. Lee.
Mr. Brooks with Mr. Horton.
Mr. Moorhead of Pennsylvania with Mr. Lent.
Mr. Watkins with Mr. Marriott.
Mr. Santini with Mr. Lott.
Mr. Roybal with Mr. McClory.
Mr. Patterson with Mr. McEwen.
Mr. Rose with Mr. Royer.
Mr. Albosta with Mr. McCloskey.
Mr. Blanchard with Mr. de la Garza.
Mr. Early with Mr. Edgar.
Mr. Holland with Mr. Gonzalez.
Mr. Mavroules with Mr. Gudger.
Mr. Mathis with Mr. Jacobs.
Mr. Mottl with Mr. Maguire.
Mr. Nolan with Mr. Mazzoli.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. PRICE. Mr. Speaker, pursuant to the provisions of House Resolution 368, I call up from the Speaker's table the Senate bill (S. 428) to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for civil defense, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. PRICE

Mr. PRICE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Price moves to strike out all after the enacting clause of S. 428 and to insert in lieu thereof the provisions of the bill, H.R. 4040, as passed, as follows:

That this Act may be cited as the "Department of Defense Authorization Act, Fiscal Year 1980".

TITLE I—PROCUREMENT

Sec. 101. Funds are hereby authorized to be appropriated for fiscal year 1980 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, as authorized by law, in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $1,049,400,000; for the Navy and the Marine Corps, $4,670,004,000; for the Air Force $7,816,190,000.

MISSILES

For missiles: for the Army, $944.800.000; for the Navy, $1.605,600,000; for the Marine Corps, $20,500,000; for the Air Force, $2,268,800,000.

NAVAL VESSELS

For naval vessels: for the Navy, $6,790,400,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $1,797,200,000; for the Marine Corps, $13,000,000.

TORPEDOES

For torpedos and related support equipment: for the Navy, $267,200,000.

OTHER WEAPONS

For other weapons: for the Army, $196,400,000; for the Navy, $158,000,000; for the Marine Corps, $18,700,000.

RESTRICTION ON OBLIGATION OF AIRCRAFT MODIFICATION FUNDS

SEC. 102. Of the amounts authorized to be appropriated under section 101 for the procurement of aircraft—

(1) $454,700,000 of the amount authorized to be appropriated for the Army;

(2) $681,400,000 of the amount authorized to be appropriated for the Navy and the Marine Corps; and

(3) $1,495,100,000 of the amount authorized to be appropriated for the Air Force;

shall be available only for aircraft modification, and none of the sums specified in clauses (1), (2) and (3) may be obligated or expended for any other purpose.

REPORT ON B-52 MODIFICATION PROGRAM

SEC. 103. Of the amount authorized to be appropriated under section 101 for procurement of aircraft for the Air Force, $431,900,000 is authorized for the procurement of avionics and cruise missile integration for the B-52 modification program subject to the condition that the Secretary of Defense provide to the Congress at the earliest possible date, and not later than September 30, 1979, a report on—

(1) all uncertainties in the effectiveness of the B-52 as a cruise missile carrier over the next decade, including any degradation of defense penetration capabilities of the B-52 which could result from possible air defense advances by the Soviet Union; and

(2) the requirement for maintaining the defense penetration capability of the B-52 and the options available during the next decade to maintain such capability.

AUTHORIZATION OF APPROPRIATIONS FOR NORTH ATLANTIC TREATY ORGANIZATION AIRBORNE EARLY WARNING AND CONTROL SYSTEM

SEC. 104. There is authorized to be appropriated for fiscal year 1980 $250,200,000 for contribution by the United States as its share of the cost for such fiscal year of the acquisition of the North Atlantic Treaty Organization of the Airborne Early Warning and Control System, as such system is specified in the Multilateral Memorandum of Understanding Between North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978.

CERTAIN AUTHORITY PROVIDED SECRETARY OF DEFENSE IN CONNECTION WITH THE NORTH ATLANTIC TREATY ORGANIZATION AIRBORNE EARLY WARNING AND CONTROL SYSTEM PROGRAM

SEC. 105. (a) During fiscal year 1980, the Secretary of Defense, in carrying out the Multilateral Memorandum of Understanding Between the North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978, may—

(1) waive reimbursement for the cost of work performed by personnel other than personnel employed in the United States Air Force Airborne Warning and Control System (AWACS) program office for—

(A) auditing;
(B) quality assurance;
(C) codification;
(D) inspection;
(E) contract administration;
(F) acceptance testing;
(G) certification services; and
(H) planning, programming, and management services;

(2) waive any surcharge for administrative services otherwise chargeable; and

(3) in connection with the NATO E-3A Cooperative Programme for fiscal year 1980, assume contingent liability for—

(A) identifiable taxes, customs duties, and other charges levied within the United States on the program; and

(B) the unfunded termination liability of the United States to any contractor whose contract is terminated.

(b) Authority under this section to enter into contracts shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

AUTHORIZATION OF REAPPROPRIATION

SEC. 106. There is authorized to be reappropriated for fiscal year 1980 for an additional SSN-688 nuclear attack submarine $55,000,000 of unobligated funds previously appropriated for the DDG-2 destroyer modernization program.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

SEC. 201. Funds are hereby authorized to be appropriated for fiscal year 1980 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, $2,772,422,000, of which $3,000,000 is authorized only for the performance and completion of a feasibility demonstration of launching Heliborne Missiles (HELLFIRE), from UH-60 helicopters.

For the Navy (including the Marine Corps), $4,569,544,000, of which (1) $180,000,000 is authorized only for the full-scale engineering development of the Marine Corps Harrier AV8-B aircraft, (2) $100,000,000 is authorized only for the continued research, development, test, and evaluation of the 3,000-ton prototype Surface Effect Ship (SES), (3) $32,000,000 is authorized only for the pilot production, shipboard installation, test, and evaluation of the MK-71 Major Caliber Lightweight Gun, (4) $30,844,000 is authorized only for joint Navy/Air Force full scale engineering development of the Air-to-Ground Standoff Missile system which is to be available for production on or before December 31, 1984, and (5) $13,197,000 is authorized only for joint Navy/Air Force development of a common electronic self-protection system for integration into, but not limited to, the Navy F-18 and Air Force F-16 aircraft.

For the Air Force, $4,940,265,000, of which (1) $670,000,000 is authorized only for the concurrent full-scale engineering development of the missile basing mode known as the Multiple Protective Structures (MPS) system and the MX missile, as provided in section 202 of the Department of Defense Supplemental Appropriation Authorization Act, 1979 (Public Law 96-29), and (2) $30,000,000 is authorized only for the research, development, test, and evaluation required for competitive hardware demonstration of the Strategic Weapons Launcher and a derivative of a military and/or commercial medium or intermediate-sized aircraft in order to establish the utility of these aircraft as cruise missile carriers not later than September 30, 1981.

For the Defense Agencies, $1,106,618,000, of which $42,500,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

REPORT ON NEW BASING MODE FOR INTERCONTINENTAL MISSILES

SEC. 202. The Secretary of Defense shall submit to the Congress in writing, not later than March 1, 1980, a report evaluating in detail the ability of the basing mode for land-based intercontinental ballistic missiles known as the Multiple Protective Structure (MPS) system to survive foreseeable attempts by the Soviet Union to neutralize such system.

TITLE III—ACTIVE FORCES

SEC. 301. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1980, as follows:

(1) The Army, 780,337.
(2) The Navy, 529,002.
(3) The Marine Corps, 189,000.
(4) The Air Force, 558,761.

TITLE IV—RESERVE FORCES

SEC. 401. (a) For fiscal year 1980, the Selected Reserve of the reserve components of the Armed Forces shall be programmed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 355,700.
(2) The Army Reserve, 197,400.
(3) The Naval Reserve, 87,000.
(4) The Marine Corps Reserve, 33,600.
(5) The Air National Guard of the United States, 92,500.
(6) The Air Force Reserve, 57,300.
(7) The Coast Guard Reserve, 11,700.

(b) Within the average strengths prescribed by subsection (a), the reserve components of the Armed Forces are authorized, as of September 30, 1980, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, and training the reserve components:

(1) The Army National Guard of the United States, 6,244.
(2) The Army Reserve, 4,288.
(3) The Naval Reserve, 207.
(4) The Marine Corps Reserve, 67.
(5) The Air National Guard of the United States, 1,560.
(6) The Air Force Reserve, 681.

(c) The average strength prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participating in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of individual members.

AMENDMENTS TO SELECTED RESERVE EDUCATIONAL ASSISTANCE PROGRAM

SEC. 402. (a) Section 2131(b)(1) of title 10, United States Code, is amended by striking out "50 percent" and inserting in lieu thereof "100 percent".

(b) Section 2133(b) of such title is amended to read as follows:

"(b)(1) A member who fails to participate satisfactorily in training with his unit, if he is a member of a unit, during a term of enlistment for which the member entered into an agreement under section 2132(a)(4) of this title shall refund an amount computed under paragraph (2) unless the failure to participate in training was due to reasons beyond the control of the member. Any refund by a member under this section shall not affect the period of obligation of such member to serve as a Reserve.

"(2) The amount of any refund under paragraph (1) shall be the amount equal to the product of—

"(A) the number of months of obligated service remaining during that term of enlistment divided by the total number of months of obligated service of that term of enlistment; and

"(B) the total amount of educational assistance provided to the member under section 2131 of this title.".

(c) The amendments made by this section shall apply only to individuals enlisting in the Reserves after September 30, 1979.

DISCRETIONARY AUTHORITY OF SECRETARY CONCERNED TO RETAIN CERTAIN RESERVE OFFICERS ON ACTIVE DUTY UNTIL AGE 60

SEC. 403. (a) Section 3855 of title 10, United States Code, is amended by inserting "Veterinary Corps," after "Dental Corps,".

(b) Section 8855 of such title is amended by inserting "veterinary officer," after "dental officer,".

TITLE V—CIVILIAN PERSONNEL

SEC. 501. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1980, of 986,292.

(b) The strength for civilian personnel prescribed in subsection (a) shall be apportioned among the Department of the Army, the Department of the Navy (including the Marine Corps), the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within sixty days after the date of the enactment of this Act on the manner in which the initial allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for each allocation.

(c) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program, and personnel participating in the worker-trainee opportunity program. Whenever a function, power, or duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest, he may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed 1¼ percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under the authority of this subsection.

TITLE VI—MILITARY TRAINING STUDENT LOADS

SEC. 601. (a) For fiscal year 1980, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 74,468.
(2) The Navy, 61,913.
(3) The Marine Corps, 22,618.
(4) The Air Force, 43,249.
(5) The Army National Guard of the United States, 14,616.
(6) The Army Reserve, 6,328.
(7) The Naval Reserve, 906.
(8) The Marine Corps Reserve, 3,156.
(9) The Air National Guard of the United States, 1,958.
(10) The Air Force Reserve, 1,276.

TITLE VII—CIVIL DEFENSE

SEC. 701. The Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251 through 2297), is amended—

(1) by adding after title IV the following new title:

"TITLE V—ENHANCED PROGRAM FOR THE 1980'S

"FINDINGS AND DETERMINATIONS

"SEC. 501. (a) The Congress finds that—

"(1) a program providing for relocating the population of the larger United States cities, and other risk areas, during a period of strategic warning resulting from an international crisis can be effective and cost less than alternative programs;

"(2) the present civil defense program is inadequate;

"(3) a new civil defense program can be developed immediately which, with only a modest increase in resource allocation, can enhance the civil defense capability of the United States.

"(b) The Congress determines that a new civil defense program should be implemented—

"(1) to enhance the survivability of the American people and its leadership in the event of nuclear war and thereby to improve the basis for eventual recovery and to reduce the vulnerability to a major attack;

"(2) to enhance deterrence and stability, to contribute to perceptions of the overall strategic balance and crisis stability, and to reduce the possibility that the United States could be coerced by an enemy in times of increased tension;

"(3) to not suggest any change in the United States policy of relying on strategic nuclear forces as the preponderant factor in maintaining deterrence; and

"(4) to include planning for population relocation during times of international crisis which are adaptable to deal with natural disasters and other peacetime emergencies.

"PROGRAM ELEMENTS

"SEC. 502. To carry out section 501, the President shall develop and implement a civil defense program which includes—

"(1) a survey of the shelter inherent in existing facilities;

"(2) nuclear civil protection planning for both in-place protection and population relocation, during times of international crises;

"(3) planning for the development of additional crisis shelter, of capabilities for shelter management, of the marking and stocking of shelters, and of ventilation kits for shelters;

"(4) the development of emergency evacuation plans in areas where nuclear powerplants are located;

"(5) the improvement of warning systems;

"(6) the improvement of systems and capabilities for the direction and control of emergency operations by civil governments at all levels, including development of a distributed survivable network of emergency operating centers;

"(7) the improvement of radiological defense capabilities;

"(8) the improvement of emergency public information and training programs and capabilities;

"(9) research and development; and

"(10) the development of such other systems and capabilities as are necessary to realize the maximum lifesaving potential of the civil defense program.

"ADMINISTRATIVE PROVISIONS

"SEC. 503. The powers contained in titles II and IV of this Act shall be used in developing and implementing section 502."; and

(2) by adding at the end of the table of contents the following:

"TITLE V—ENHANCED PROGRAM FOR THE 1980'S

"Sec. 501. Findings and determinations.
"Sec. 502. Program elements.
"Sec. 503. Administrative provisions.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 702. There are authorized to be appropriated for the purpose of carrying out the provisions of the Federal Civil Defense Act of 1950, in 1979 dollars, the sums of $138,000,000 for the fiscal year ending September 30, 1980, $145,900,000 for the fiscal year ending September 30, 1981, $180,000,000 for the fiscal year ending September 30, 1982, $243,000,000 for the fiscal year ending September 30, 1983, and $283,000,000 for the fiscal year ending September 30, 1984. The sums specified in this section shall be adjusted by the inflation factor used by the Office of Management and Budget in preparing budget estimates submitted to the Congress, so that the actual sum authorized for each fiscal year shall reflect then current dollars.

ELIMINATION OF CERTAIN LIMITATIONS ON CIVIL DEFENSE APPROPRIATIONS

SEC. 703. Section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended to read as follows:

"APPROPRIATIONS AND TRANSFER OF FUNDS

"SEC. 408. (a) No funds may be appropriated for any fiscal year for the purpose of carrying out the provisions of this Act unless such funds have been authorized for such purpose by legislation enacted after July 14, 1976.

"(b) Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Director of the Office of Management and Budget, to any agency or government corporation designated to assist in carrying out this Act. Any allocation or transfer of funds under the preceding sentence shall be reported in full detail to the Congress within thirty days after such allocation or transfer.".

TITLE VIII—GENERAL PROVISIONS

WAIVER OF APPLICABILITY OF OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-76 TO CONTRACTING OUT OF CERTAIN RESEARCH AND DEVELOPMENT ACTIVITIES

SEC. 801. (a) Except as provided in subsection (b), neither the implementing instructions for, nor the provisions of, Office of Management and Budget Circular A-76 (issued on August 30, 1967, and reissued on October 18, 1976, June 13, 1977, and March 29, 1979) shall control or be used for policy guidance for the obligation or expenditure of any funds which under section 138(a)(2) of title 10, United States Code, are required to be specifically authorized by law.

(b) Funds which under section 138(a)(2) of title 10, United States Code, are required to be specifically authorized by law may be obligated or expended for operation or support of installations or equipment used for research and development (including maintenance support of laboratories, operation and maintenance of test ranges, and maintenance of test aircraft and ships) in compliance with the implementing instructions for and the provisions of such Office of Management and Budget Circular.

(c) No law enacted after the date of the enactment of this Act shall be held, considered, or construed as amending, superseding, or otherwise modifying any provision of this section unless such law does so by specifically and explicitly amending, repealing, or superseding this section.

AMENDMENTS RELATING TO THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

SEC. 802. (a) Section 2112(b) of title 10, United State Code, is amended by adding at the end thereof the following new sentence: "In so prescribing the number of persons to be graduated from the University, the Secretary of Defense shall, upon recommendation of the Board of Regents, institute actions necessary to ensure the maximum number of first-year enrollments in the University consistent with the academic capacity of the University and the needs of the uniformed services for medical personnel.".

(b) Section 2114(b) of such title is amended by striking out "uniform" in the first sentence of such section and inserting in lieu thereof "uniformed".

(c)(1) The first two sentences of section 2115 of such title are amended to read as follows: "The Secretary of Defense may allow not more than 20 percent of the graduates of each class at the University to perform civilian Federal service for not less than seven years following the completion of their professional education in lieu of active duty in a uniformed service if the needs of the uniformed services do not require that such graduates perform active duty in a uniformed service and as long as the Secretary of Defense does not recall such persons to active duty in the uniformed services. Such persons who execute an agreement in writing to perform such civilian Federal service may be released from active duty following the completion of their professional education.".

(2) The section heading of such section is amended by striking out "electing" and "duty" and inserting in lieu thereof "permitted" and "service", respectively.

(3) The item related to section 2115 in the table of sections at the beginning of chapter 104 of such title is amended by striking out "electing" and "duty" and inserting in lieu thereof "permitted" and "service", respectively.

SIX-YEAR SERVICE OBLIGATION FOR PERSONS ENLISTING AFTER AGE 26

SEC. 803. (a) Section 511(d) of title 10, United States Code, is amended—

(1) by striking out "who is under 26 years of age,"; and

(2) by striking out the comma after "in an armed force".

(b) Section 651 of such title is amended by striking out "before his twenty-sixth birthday".

(c) The amendments made by this section shall apply only to individuals who become members of an armed force after the date of the enactment of this Act.

AUTHORIZED STRENGTH IN RESERVE BRIGADIER GENERALS AND MAJOR GENERALS OF THE MARINE CORPS

SEC. 804. Section 5458(a) of title 10, United States Code, is amended by adding at the end thereof the following new sentence: "An officer serving on active duty in the grade of brigadier general or major general and counted for the purposes of section 5443(a) of this title shall not be counted for the purposes of this subsection.".

RESTRICTION OF CONVERTING PERFORMANCE OF COMMERCIAL AND INDUSTRIAL TYPE FUNCTIONS FROM DEPARTMENT OF DEFENSE PERSONNEL TO PRIVATE CONTRACTORS

SEC. 805. (a) No commercial or industrial type function of the Department of Defense that on the date of the enactment of this Act is being performed by Department of Defense personnel may be converted to performance by a private contractor—

(1) to circumvent any civilian personnel ceiling; and

(2) unless the Secretary of Defense shall provide to the Congress in a timely manner—

(A) notification of any decision to study such commercial or industrial type function for possible performance by a private contractor, together with a certification that such function has been organized and staffed for the most efficient and cost effective in-house performance;

(B) upon completing the study described in subparagraph (A) and before contracting for performance of such function by a private contractor, a report showing—

(i) the economic impact on the local community, and on individual employees affected, of contracting for performance of such function; and

(ii) the impact of contracting for performance of such function on the military mission of such function; and

(C) after a decision is made to contract for the performance of such function, a report of—

(i) the decision to convert the performance of such function to performance by a private contractor; and

(ii) the amount of the bid accepted for the performance of such function by the private contractor whose bid is accepted and the cost of performance of such function by Department of Defense personnel, together with all other costs and expenditures which the Government will incur because of the contract.

(b) No funds may be obligated or expended for a contract for performance of a commercial or industrial type function with respect to which subsection (a) is applicable until the appropriate committees of the Congress have had 30 legislative days in which to review the decision to contract for performance of such function.

AMENDMENTS RELATING TO COMPENSATION OF HEALTH PROFESSIONALS

SEC. 806. (a) Section 2121(d) of title 10, United States Code, relating to stipends for members of the Armed Forces Health Professions Scholarship program, is amended to read as follows:

"(d) Except when serving on active duty pursuant to subsection (c), a member of the program shall be entitled to a stipend at the rate in effect under paragraph (1)(B) of section 751(g) of the Public Health Service Act (42 U.S.C. 294t(g)) for students in the National Health Service Corps Scholarship program.".

(b) Section 313(a) of title 37, United States Code, relating to special pay for medical officers who execute active duty agreements, is amended—

(1) by striking out clause (4) and redesignating clauses (5) and (6) as clauses (4) and (5), respectively; and

(2) by inserting after the first sentence of such subsection the following new sentence: "However, while serving an active duty obligation resulting from a medical education programs leading to appointment or designation as a medical officer, such an officer shall be paid $9,000 (rather than an amount determined under the preceding sentence) for each year of the active duty agreement.".

(c) The amendments made by this section shall take effect on October 1, 1979.

ADVANCE PAYMENT OF STATION HOUSING ALLOWANCES FOR MEMBERS OF THE UNIFORMED SERVICES ASSIGNED OVERSEAS

SEC. 807. (a) Section 405 of title 37, United States Code, relating to allowances for members on duty outside the United States or in Alaska or Hawaii, is amended by inserting after the third sentence in such section the following new sentence: "A station housing allowance prescribed under this section may be paid in advance.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

ANNUAL REPORT ON NORTH ATLANTIC TREATY ORGANIZATION READINESS

SEC. 808. (a) Each year the Secretary of Defense shall assess, and make findings with respect to, the readiness status of the military forces of the North Atlantic Treaty Organization and shall submit a report of such assessment and findings to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives on the same date that the President transmits to the Congress the Budget. The first such report shall be submitted on the date the Budget for fiscal year 1981 is transmitted.

(b) The annual assessment by the Secretary of Defense under subsection (a) shall include the assessment and findings of the Secretary of Defense with respect to—

(1) deficiencies in the readiness of the North Atlantic Treaty Organization (including an analysis of such deficiencies in each member nation of the North Atlantic Treaty Organization) with respect to—

(A) war reserve stocks;

(B) command, control, and communications systems (including the susceptibility of such systems to degradation by potential overt activities of the Warsaw Pact);

(C) electronic warfare capabilities;

(D) offensive and defensive chemical warfare capabilities;

(E) air defense capabilities (including ground and air systems and the integration of ground systems with air systems);

(F) armor and antiarmor capabilities;

(G) firepower capabilities;

(H) forward deployed units and the proximity of such units to assigned general defensive positions;

(I) the availability of ammunition;

(J) the availability, responsiveness, and overall effectiveness of reserve forces;

(K) airlift capabilities to meet reinforcement and resupply requirements;

(L) the ability to protect, cross-service, and stage air assets from allied air fields;

(M) the maritime force capabilities (including sealift, minelaying, and minesweeping capabilities);

(N) logistical support arrangements (including the availability of ports, air fields, transportation, and host nation support);

(O) training (including the availability of the facilities and equipment needed to conduct realistic operational exercises); and

(P) the compatibility of operational doctrine and procedures among armed forces of the member nations;

(2) planned corrections in the identified readiness deficiencies of the United States with respect to the North Atlantic Treaty Organization and that portion of the Budget transmitted to the Congress by the President on the date such report is transmitted which is allocated for such corrections; and

(3) commitments made by other member nations of the North Atlantic Treaty Organization to correct readiness deficiencies of such nations (including any deficiencies of such nations in the items listed in paragraph (1)) and an identification of particular improvements to be made in readiness by weapons system, program, or activity.

QUARTERLY SELECTED ACQUISITION REPORTS TO CONGRESS

SEC. 809. Section 811(a) of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94–106; 89 Stat. 539) is amended to read as follows:

"(a) Beginning with the quarter ending December 31, 1979, the Secretary of Defense shall submit to the Congress quarterly written selected acquisition reports for those major defense systems which are estimated to require a total cumulative financing for research, development, test, and evaluation in excess of $75,000,000 or a cumulative production investment in excess of $300,000,000. The report for the quarter ending December 31 of any fiscal year shall be submitted within 20 days after the President transmits the Budget to Congress for the following fiscal year, and the other three reports for any fiscal year shall be submitted within 30 days after the end of the quarter. If preliminary reports are submitted, then final reports shall be submitted to the Congress within 15 days after the submission of the preliminary reports.".

AUTHORIZATION OF APPROPRIATIONS FOR ASSISTANCE FOR 1980 OLYMPIC WINTER GAMES

SEC. 810. There is authorized to be appropriated to the Secretary of Defense for fiscal year 1980 an amount not to exceed $10,000,000 for the purpose of providing assistance for the 1980 Olympic winter games, as authorized by section 816(a) of the Department of Defense Appropriation Authorization Act, 1979 (Public Law 95–485; 92 Stat. 1626). Except for funds used for pay and nontravel related allowances of members of the Armed Forces, no funds may be obligated or expended for the purpose of carrying out such section unless specifically appropriated for such purpose. The costs for pay and nontravel related allowances of members of the Armed Forces may not be charged to appropriations made pursuant to this authorization.

LIMITATION ON THE REDUCTION OF UNITED STATES FORCE LEVELS AT THE UNITED STATES NAVAL BASE AT GUANTANAMO BAY, CUBA

SEC. 811. No funds authorized to be appropriated by this Act may be used for the purpose of reducing the personnel, support, or equipment levels at any United States naval installation or facility at Guantanamo Bay, Cuba, or reducing military functions that are primarily supported from any such installation or facility.

PRESIDENTIAL RECOMMENDATIONS FOR SELECTIVE SERVICE REFORM

SEC. 812. (a) The President shall prepare and transmit to the Congress a plan for reform of the existing law providing for registration and induction of persons for training and service in the Armed Forces. Such plan shall include recommendations with respect to—

(1) the desirability and feasibility of resuming registration under the Military Selective Service Act as in existence on the date of the enactment of this Act;

(2) the desirability and feasibility of establishing a method of automatically registering persons under the Military Selective Service Act through a centralized, automated system using school records and other existing records;

(3) the desirability of the enactment of authority for the President to induct persons registered under such Act for training and service in the Armed Forces during any period with respect to which the President determines that such authority is required in the interest of the national defense;

(4) whether women should be subject to registration under such Act and to induction for training and service in the Armed Forces under such Act;

(5) the desirability and feasibility of providing authority for the President to induct persons into the Individual Ready Reserve;

(6) whether persons registered under such Act should also be immediately classified and examined or whether classification and examination of registrants should be subject to the discretion of the President;

(7) such changes in the organization and operation of the Selective Service System as the President determines are necessary to enable the Selective Service System to meet the personnel requirements of the Armed Forces during a mobilization in a more efficient and expeditious manner than is presently possible;

(8) the desirability, in the interest of preserving discipline and morale in the Armed Forces, of establishing a national youth service program permitting volunteer work, for either public or private public service agencies, as an alternative to military service;

(9) such other changes in existing law relating to registration, classification, selection, and induction as the President considers appropriate; and

(10) other possible procedures that could be established to enable the Armed Forces to meet their personnel requirements.

(b) The President shall transmit with the plan required by subsection (a) proposals for such legislation as may be necessary to implement the plan and to revise and modernize the Military Selective Service Act.

(c) The plan required by subsection (a), together with the proposed legislation required by subsection (b), shall be transmitted to the Congress not later than January 15, 1980, or the end of the three-month period beginning on the date of the enactment of this Act, whichever is later.

PRESERVATION OF SELECTIVE SERVICE SYSTEM AS AN INDEPENDENT AGENCY

SEC. 813. Section 1 of the Military Selective Service Act (50 U.S.C. App. 451) is amended by adding at the end thereof the following new subsection:

"(f) The Congress further declares that the Selective Service System should remain administratively independent of any other agency, including the Department of Defense.".

STUDY OF TITAN II MISSILE SYSTEMS

SEC. 814. The Secretary of the Air Force shall conduct an investigation of Titan II missile systems located within the United States to assess the physical condition of those facilities and components thereof as well as relevant maintenance procedures. Not later than 180 days after enactment of this Act, the findings of that investigation along with recommendations for any needed physical or procedural improvements to protect the public safety, including the safety of military personnel assigned to those systems, shall be reported to the House and Senate Committees on Armed Services and each Member of the Congress representing the States in which such systems are sited.

TECHNICAL AMENDMENTS TO TITLES 5 AND 10, UNITED STATES CODE, TO REFLECT CHANGES MADE BY THE DEPARTMENT OF DEFENSE REORGANIZATION ORDER OF MARCH 7, 1978

SEC. 815. (a) Section 136(a) of title 10, United States Code, relating to the Assistant Secretaries of Defense, is amended by striking out "nine" and inserting in lieu thereof "seven".

(b) Section 3013 of such title, relating to the Under Secretary and Assistant Secretaries of the Army, is amended by striking out "five" and inserting in lieu thereof "four".

(c) Section 5034(a) of such title, relating to the Assistant Secretaries of the Navy, is amended by striking out "four" and inserting in lieu thereof "three".

(d) Section 8013 of such title, relating to the Under Secretary and Assistant Secretaries of the Air Force, is amended by striking out "four" and inserting in lieu thereof "three".

(e)(1) Paragraphs (13), (14), (15), and (16) of section 5315 of title 5, United States Code, relating to positions at level IV of the Executive Schedule, are amended to read as follows:

"(13) Assistant Secretaries of Defense (7).

"(14 Assistant Secretaries of the Air Force (3).

"(15) Assistant Secretaries of the Army (4).

"(16) Assistant Secretaries of the Navy (3).".

(2) Paragraph (96) of section 5316 of such title, relating to positions at level V of the Executive Schedule, is amended to read as follows:

"(96) Deputy Under Secretaries of Defense for Research and Engineering, Department of Defense (4).".

CORRECTION OF ERRONEOUS SECTION DESIGNATION

SEC. 816. (a) The last section in chapter 49 of title 10, United States Code, relating to military unions (as added by Public Law 95–610; Stat. 3085), is redesignated as section 976.

(b) The item relating to such section in the table of sections at the beginning of such chapter is amended by striking out "975" and inserting in lieu thereof "976".

OVERSEAS TRAVEL AND TRANSPORTATION ALLOWANCES FOR DEPENDENTS OF JUNIOR ENLISTED MEMBERS

SEC. 817. (a) Section 406(c) of title 37, United States Code, is amended by inserting after the first sentence the following new sentence: "Notwithstanding clause (2) of the preceding sentence, in prescribing conditions and limitations on allowances and transportation authorized by subsection (a) of this section for travel and transportation of dependents to or from any place outside the United States, the Secretaries concerned may not differentiate among members (or dependents of members) on the basis of a member's grade, rank, rating, or years of service.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

PURCHASES OF GASOHOL AS A FUEL FOR MOTOR VEHICLES

SEC. 818. To the maximum extent feasible and consistent with overall defense needs and sound vehicle management practices, as determined by the Secretary of Defense, the Department of Defense is authorized and directed to enter into contracts by competitive bid, subject to appropriations, for the purchase of domestically produced alcohol or alcohol-gasoline blends containing at least 10 percent domestically produced alcohol for use in motor vehicles owned or operated by the Department.

EXTENSION OF PERIOD FOR CERTAIN RESERVISTS TO ELECT COVERAGE UNDER SURVIVOR BENEFIT PLAN

SEC. 819. Section 208 of the Uniformed Services Survivors' Benefits Amendments of 1978 (Public Law 95–397; 10 U.S.C. 1447 note) is amended—

(1) by striking out "the end of the nine-month period beginning on the effective date of this title" and inserting in lieu thereof "January 1, 1980"; and

(2) by striking out "at the end of the one-year period beginning on the effective date of this title" and inserting in lieu thereof "on March 31, 1980".

EXTENSION OF PERIOD FOR REDUCTION IN NUMBER OF SENIOR-GRADE CIVILIAN EMPLOYEES OF DEPARTMENT OF DEFENSE

SEC. 820. Paragraphs (1) and (2) of section 811(a) of the Department of Defense Appropriation Authorization Act, 1978 (10 U.S.C. 131 note), are amended to read as follows:

"(1) After October 1, 1980, the total number of commissioned officers on active duty in the Army, Air Force, and Marine Corps above the grade of colonel, and on active duty in the Navy above the grade of captain, may not exceed 1,073.

"(2) After September 30, 1981, the total number of civilian employees of the Department of Defense in grades GS–13 through GS–18 (including positions authorized under section 1581 of title 10, United States Code) may not exceed the number equal to the number of such employees employed by the Department of Defense on July 30, 1977, reduced by the same percentage as the percentage by which the total number of commissioned officers on active duty in the Army, Air Force, and Marine Corps above the grade of colonel, and on active duty in the Navy above the grade of captain, is reduced below 1,141 during the period beginning on October 1, 1977, and ending on September 30, 1980.".

The motion was agreed to.

The Senate bill was ordered to be

read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes."

A motion to reconsider was laid on the table. A similar House bill, H.R. 4040, was laid on the table.

APPOINTMENT OF CONFEREES ON S. 428

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the Senate bill (S. 428) to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? The Chair hears none, and appoints the following conferees: Messrs. Price, Bennett, Stratton, Ichord, Nedzi, Charles H. Wilson of California, White, Nichols, Bob Wilson, Dickinson, Whitehurst, Spence, and Beard of Tennessee, and, as additional conferees, Messrs. Burlison, Zablocki, Mineta, Boland, Robinson, and Whitehurst from the Permanent Select Committee on Intelligence only when differences regarding intelligence-related activities are under consideration.

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS, PUNCTUATION, AND CROSS-REFERENCES IN ENGROSSMENT OF H.R. 4040

Mr. PRICE. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendments to the Senate bill, S. 428, the Clerk be authorized to make necessary technical corrections including section numbers, punctuation, and cross-references as may be necessary to reflect the action of the House in amending the bill, H.R. 4040.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

GENERAL LEAVE

Mr. PRICE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous matter on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERSONAL EXPLANATION

Mr. RITTER. Mr. Speaker, I missed the vote on the DOD authorization bill. Had I voted, I would have voted "aye."

APPOINTMENT OF CONFEREES ON H.R. 4393, TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS, 1980

Mr. STEED. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4393) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1980, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma? The Chair hears none, and appoints the following conferees: Messrs. Steed, Addabbo, Roybal, Patten, Giaimo, Whitten, Miller of Ohio, McEwen, and Conte.

LEGISLATIVE PROGRAM

(Mr. MYERS of Indiana asked and was given permission to address the House for 1 minute.)

Mr. MYERS of Indiana. Mr. Speaker, I ask for this time for the purpose of inquiring of the distinguished majority leader the program for the remainder of this week and for next week. I yield to the gentleman for that purpose.

Mr. WRIGHT. Mr. Speaker, I thank the gentleman for yielding.

In response to the request concerning the remainder of this week, we have concluded the legislative business and there will be no further legislative business this week. It is our purpose upon adjourning to adjourn until noon on Monday.

On Monday, there will be eight bills taken up under suspension of the rules, but any recorded votes requested will be postponed until the next day, Tuesday.

The bills are as follows:

H.R. 4746, miscellaneous changes in tax law;

H.R. 4998, Federal Reserve Act amendments;

H. Con. Res. 91, urge Syria to permit emigration of Soviet Jews;

H.R. 3502, Hazardous Materials Transportation Act authorizations;

H.R. 1196, revise and improve vessel documentation laws;

H.R. 1197, vessels tonnage measurement simplification;

H.R. 1198, high seas/inland waters demarcation authority clarification; and

H.R. 51, Fuels Transportation Safety Amendments of 1979.

After we have concluded action on the suspensions, we would expect to take up the second budget resolution for general debate only, and would hope to conclude general debate on Monday.

On Tuesday, we will ask permission that the House may come in at 10 a.m., because there are several matters that have been required to be cleared and we need to get on with them. First on Tuesday, we would take any recorded votes required pursuant to the suspension of the rules on Monday.

Then, we would go back to the consideration of H.R. 4440, Transportation appropriations, fiscal year 1980. We will continue on that to its conclusion.

Assuming that we have concluded that, we would expect to take up H.R. 4034, Export Administration Act Amendments of 1979, and continue that to its conclusion.

If time remains following that on Tuesday, it would be in keeping with our program, if we were able, to take up H.R. 2061, LEAA reauthorizations, with an open rule and 1 hour of general debate.

On Wednesday, according to the unanimous-consent request already granted, the House will convene at 11 o'clock. There will be an official House photograph taken immediately upon convening. So, Members should be advised to be here early on Wednesday at 11 o'clock so that they may participate in the House photograph that will be used in official publications.

Following that, we would take up the continuing appropriations for fiscal year 1980.

Then, we would return to the second budget resolution and try to complete that resolution on Wednesday.

For Thursday and Friday, we will meet at 10 o'clock. We have scheduled the following:

H.R. 5229, public debt limitation, subject to the granting of a rule;

H.R. 2859, Domestic Volunteer Service Act amendments, with an open rule and 1 hour of general debate;

H.R. 2172, International Sugar Stabilization Act of 1979, under an open rule with 2 hours of general debate:

H.R. 3829, Increase U.S. participation in International Development Banks, with an open rule and 1 hour of general debate;

H.R. 2795, International Travel Act authorization, with an open rule and 1 hour of general debate;

H.R. 3642, emergency medical services reauthorizations, with an open rule and 1 hour of general debate.

We would adjourn by 3 o'clock on Friday; by 5:30 or thereabouts on Monday. There are no votes on Monday, however.

We would expect to work on Tuesday perhaps until 7 o'clock if it appears we are accomplishing something and can complete some of the work by doing so.

On Wednesday, we may work late. On Thursday, we would hope to conclude by 5:30.

Conference reports may be brought up at any time.

Mr. MYERS of Indiana. Mr. Speaker, I know from the prepared program that I have here that for Tuesday the program says we meet at noon. However, the gentleman says that we are going to meet at 10 o'clock a.m. Is that correct?

Mr. WRIGHT. Immediately upon the conclusion of this colloquy I will ask that the House may meet at 10 a.m. on Tuesday. I think it is necessary for us to complete our schedule.

On Monday the second budget resolution, which has as much as 10 hours of debate, means we could go beyond the standard hour of 5:30, but there would be no votes. But, Members might expect to work beyond 5:30.

Mr. WRIGHT. Well, yes. In response to the question, I think we would have to say that if it is a choice between finishing that debate by going a little beyond 5:30 or having it carry over, we probably would want to finish debate. Nobody would be inconvenienced.

Mr. MYERS of Indiana. I do not think there will be any objection. It is just so that people will understand.

Mr. WRIGHT. If it is just impossible to conclude debate, we would carry it over until Wednesday, but I would imagine that we can conclude general debate on Monday so that we can have a clear shot at beginning consideration under the 5-minute rule on Wednesday.

□ 1510

Mr. MYERS of Indiana. My other question is, the second budget resolution on Monday and coming back on Wednesday, there is a possibility there may be extended debate. It could go into Thursday or possibly even Friday. We hope not.

The program being proposed here would have to be somewhat flexible, would it not? There could be some changes in this. All this legislation is not likely to be considered.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the gentleman from Texas.

Mr. WRIGHT. I think the gentleman makes a pretty good point. It might be a good point on almost any week's program. We frequently are unable to finish the entire program scheduled but if Members would, in promulgating the ecstatics of their sentimentalities try to beware of platitudinous ponderosity, it is as least conceivable that we might conclude the schedule on time.

Mr. MYERS of Indiana. On Wednesday after the official photograph, the first order of business will be the continuing appropriations bill. Then after that the second budget resolution, regardless of what other legislation is still left hanging on Monday and Tuesday; is that correct?

Mr. WRIGHT. The gentleman correctly states my intention.

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Speaker, I thank the gentleman for yielding. I would just like to ask the majority leader to confirm that there is no firm commitment that we finish by 7 o'clock on Tuesday evening. I have in mind that the Export Administration Act expires, the law expires at the end of the month and we still have a conference with the Senate. I think under the schedule we will be able to finish Tuesday but I would hate to feel we have rigid deadline to meet in the evening of Tuesday. If we do not finish Tuesday we are obviously in deep trouble.

Mr. WRIGHT. Will the gentleman yield, Mr. Speaker?

Mr. MYERS of Indiana. I yield to the gentleman from Texas to respond.

Mr. WRIGHT. If I am expected to respond, I would agree that we do need to conclude that debate and would hope that we could conclude it prior to 7 o'clock. Perhaps the gentleman from New York would be accommodated by the Members if he were to ask permission, in the event of extremities, to foreshorten debate on some of the amendments.

Mr. MYERS of Indiana. Perhaps we can save a little time by the continuing resolution that day and take up a little slack.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the gentleman from Maryland.

Mr. BAUMAN. In the cold days of last winter the Speaker and the majority leader announced that this first session of the Congress would adjourn by October the 20th. I was wondering whether or not the gentleman might have any later news now that several equinoxes have slipped by and things have changed, perhaps.

Mr. WRIGHT. I am pleased to recognize the gentleman's always acute observations. Conditions do change and changing conditions alter plans. Surely the House would not want it thought that it was so hidebound by precedent or so stuck in the fears of not being able to change or so consistent that we have become a hobgoblin House of little minds, that we are unable to change.

Mr. Speaker, I know the gentleman glories in our ability to change our plans to meet changing conditions, if necessary.

Mr. BAUMAN. I do glory in such things upon occasion but the gentleman did not tell me whether or not October 20 is still the target date for adjournment.

Mr. WRIGHT. Mr. Speaker, I am glad the gentleman has continued his interest in that possible date.

Mr. Speaker, I do not think it is at all possible for me to promise anybody we can finish by any particular date in October. I can foresee a possibility in which the other body might be engaged in a prolonged debate over the SALT treaty and conceivably Members of the House might find themselves able to leave for a few days at a time and return but not to adjourn sine die.

Mr. BAUMAN. We might have to look forward to both the turkey and the tree?

Mr. WRIGHT. It is possible. It might be well to look for a turkey near the Washington area.

Mr. BAUMAN. Well, there are plenty of them around here I can assure the gentleman.

Mr. MYERS of Indiana. Mr. Speaker, I thank the gentleman from Texas for his response and wish him a happy weekend.

I yield back the balance of my time.

ADJOURNMENT TO MONDAY, SEPTEMBER 17, 1979

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon on Monday, September 17, 1979.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH THE CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule on Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

HOUR OF MEETING ON TUESDAY, SEPTEMBER 18, 1979

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House meets on Tuesday next, it meet at 10 a.m.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO FILE REPORT, ALONG WITH MINORITY OR SEPARATE VIEWS, ON H.R. 5229, TEMPORARY PUBLIC DEBT LIMIT INCREASE

Mr. GEPHARDT. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report, along with any minority or separate views, on the bill (H.R. 5229) to provide for a temporary increase in the public debt limit.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

☐ 1520

HONORING A GREAT AMERICAN NEWSPAPER PUBLISHER, JOSEPH BERNARD RIDDER OF SAN JOSE, CALIF.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MINETA) is recognized for 5 minutes.

Mr. MINETA. Mr. Speaker, it is with great pleasure and pride that I rise today to honor a great American newspaper publisher, Joseph Bernard Ridder of San Jose, Calif. Joe Ridder retired earlier this year after a quarter of a century at the helm of the San Jose Mercury and News, and I ask my colleagues to join me in saluting his achievements as an exceptional newspaper publisher and a dedicated public servant.

As many of you throughout the country are aware, the Ridder family is an important one in American newspaper history. Joe Ridder is the grandson of Herman Ridder who started the Ridder newspaper tradition in the 1890's as publisher of America's largest German language newspaper. Over the years, Ridder Publications has grown to include many top newspapers throughout the country, and since its merger in 1974 with Knight Newspapers, Inc., the Knight-Ridder chain has become the largest newspaper firm in this country.

As publisher of the first Ridder paper in California, Joe Ridder has carried on the family tradition of hard work and responsibility. Under his guidance and leadership, the San Jose Mercury-News has grown into a major California daily, with many top awards for excellence to its credit.

When Joe Ridder first came to San Jose in the early 1950's, San Jose was a quiet, primarily agricultural area very much in the shadow of San Francisco to the north. Today, San Jose is known throughout the world as the hub of the electronics industry, and has a population of more than 600,000. The city's growth presented Joe Ridder as publisher with the challenges of burgeoning economic development and fast-increasing population. It has been Joe's foresight and understanding of San Jose that has been a major factor in shaping that growth into a city which is now rated highly among major American cities for its quality of life.

Another facet of the Ridder family tradition has been its sense of responsibility to the community and its civic duty. Following in this tradition, Joe Ridder's contributions to the betterment of life in San Jose have been extensive. His enthusiasm for the performing arts has been apparent over the years in his support and involvement on the boards of such groups as the Music and Arts Foundation of Santa Clara County, and the Partnership for the Arts in California. He is also a benefactor of the San Jose Center for the Performing Arts. Ridder has worked wholeheartedly for such philanthropic endeavors as the United Way, the O'Conner Hospital Foundation, the Police Athletic League, and the Boy Scouts of Santa Clara County. He has also been active on the boards of educational institutions and business organizations. I am sure that San Jose will continue to feel and appreciate the benefits of Joe Ridder's involvement for years to come.

Mr. Speaker, on September 18, a special dinner and reception is being held to honor Joe Ridder for his contributions to our city during his years as publisher of the Mercury and News. I ask my colleagues in the House of Representatives to join me in acknowledging the contributions of Joe Ridder and wishing him health and happiness in his retirement years.

GENERAL LEAVE

Mr. SKELTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my Special Order today.

The SPEAKER pro tempore (Mr. SLACK). Is there objection to the request of the gentleman from Missouri?

There was no objection.

OF POWER AND RESTRAINT: A CALL FOR UPBUILDING AMERICAN DEFENSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 30 minutes.

Mr. SKELTON. Mr. Speaker, in an address to the Congress in 1790, President George Washington spoke words which may well serve for my text today: "To be prepared for war is one of the most effective means of preserving peace." By the same token, to be unprepared—or inadequately prepared—is, in effect, to invite war. In so speaking, Washington recognized the dependence of peace and liberty alike in this land upon our ability to defend its territory and to assure its security. It was a realistic enunciation of what the history and tradition of all people in every age tell us: In time of peace, prepare for war. So our own American folk saying, which scholars trace all the way back to Cromwell: "Trust in God, but keep your powder dry."

Today, Mr. Speaker, we confront the awesome responsibilities of power in an increasingly troubled and uncertain world. It is to these concerns—security, defense, preparedness—that I direct your attention. My purpose is not to beat the drum or to rattle the saber. No sensible person, mindful of humanity and its survival, will lightly talk of war or minimize its horrors—especially in a world in which other nations already have or soon will have nuclear bombs. Yet, the preservation of peace, as of freedom, requires sufficient power to assure it, as well as restraint in its use. "The Nation," wrote President Cleveland in 1885, "that cannot resist aggression is constantly exposed to it."

My intent, then, is to sound an alert, to stress the imperative of a stronger national defense so that we may, indeed, honor our commitments and more effectively keep the peace. This requires a sober appraisal of our strength, present and future, in comparison with that of the Soviet Union, our principal rival in the world community. It may also demand sacrifices on our part if we are to have a deterrent force which is adequate and credible.

To that end, I believe that we must accept the burdens of increased defense expenditure in those areas where we are lacking. We can only do that if we all understand and support the upbuilding of our strength at home and abroad.

Let me briefly indicate the nature of the problem and something of its historical context:

This Nation faces a gathering crisis in the area of defense—if present trends continue. The nature of that crisis is simply stated: our nuclear deterrent is exclusively retaliatory and, therefore, we are dangerously vulnerable to any Soviet first-strike. In this respect we are probably the only example in history of a nation having voluntarily discarded its defensive power. The fact is that active defense plays little or no part in our nuclear deterrent.

Why this is—how it has come about and what it may mean—deserves our consideration. For many reasons to which we need only allude—the distraction and disillusion bred by the Vietnam war and the resulting antimilitary sentiment which flourished in many circles—cuts were made in the defense budget, reducing our Forces accordingly.

The result today is that our strategic nuclear triad, which is fundamental to our security, is steadily composed of one strong leg only and two weak ones.

We are reasonably secure at sea: our submarine-launched ballistic missiles, the SLBM's, are relatively invulnerable since the Soviets can neither identify nor target them. Though not yet intercontinental in range, they provide a credible retaliatory force. While the new so-called new silent sub developed by the Soviets, said to be the fastest in the world, represents a legitimate concern, it is not, in fact, as silent as our own. Judgment may differ as to whether we require yet another nuclear supercarrier—in addition to the four we will eventually have, two in the Pacific and two in the Atlantic—but there are certain needs which deserve priority: more destroyers and frigates with antisubmarine warfare capability. We may look for some further developments in antisubmarine warfare or ASW technology to counter the new Soviet nuclear submarines. Nevertheless, we are strong at sea, better able to detect and deal with potential foes.

The other legs of that triad—land based intercontinental ballistic missiles or ICBM's and heavy bombers, the B-52's—are quite a different matter. Generally, our B-52's are antiquated when set against improved Soviet air defenses. Deployment of air-launched cruise missiles—ALCM's—is a possible solution as well as development of superior manned penetrating bombers. Our ICBM system would be better protected and hence more effective by adding some form of mobile models for missiles in silos. Our concern over Soviet Backfire bombers and SS–20 intermediate range ballistic missiles, IRBM's, armed with MIRV warheads, has been heightened among many Americans by our own cancellation of the B–1 bomber.

The larger and more disturbing reality behind our weakened defense system is strategic. If our own defense is to be wholly characterized by deterrent retaliatory power, then we must recognize that if there is ever a time when we cannot retaliate in kind we will have lost the war before the fight begins. American defense policy has been built upon the principle of economy of force, quality rather than quantity, whereas the Soviets have sought mass, that is to say, both quality and quantity. Our response to that critical imbalance must not be just in numbers, not only in quantity or even in quality as such, but in overall strategy, in such deployment of our forces that we are able to assure both a credible deterrent and an effective defense.

We must act—and we can, if we will—to redress the present imbalance in ways that will dissuade Soviet leadership from embarking upon any venture in nuclear blackmail.

If we turn for a moment to conventional forces, we find a not dissimilar situation: While there has been an improvement, particularly in NATO in recent years, the pace of that improvement has fallen considerably behind that of the Soviet Union. The statistics are revealing: 50,000 Soviet tanks as against 10,000 American; 19,000–20,000 Soviet tanks in the European theater as against 6,000–7,000 of NATO. The Soviet military budget increases each year by 3 to 5 percent, representing at least 13 and perhaps 15 percent of their gross national product, triple that of the United States. If present trends are projected into the future, NATO, for example, appears as increasingly unable to compete with the sheer weight of Soviet power in tanks, air squadrons, artillery, and other weaponry. In Western Europe as in the United States, there is no ballistic missile defense system.

Our forces in Europe today are smaller and weaker than they were in the decade of the sixties when we were not even supposed to be able to provide adequate defense. While most of our reliance has been in firepower rather than in troops, the Soviets have expanded in both. As a result, our strategic posture and the position of our forces alike are badly out of balance.

Writing in the Christian Science Monitor, Mario Rossi reports that West European strategic thinking is deeply concerned over "Soviet apparent overall strategic superiority" in the face of "a loss of confidence in the U.S." There is growing concern that the Soviets, soon to have 1,200 SS–20 missiles with 3,600 nuclear warheads, able in one "surgical strike" to—for example—eliminate "the entire (West) German military apparatus," could disarm Europe overnight. Thus, the Soviets may "feel freer to direct their pressure to peripheral areas (such as the Middle East) where the West's destiny is actually at stake." He notes that in the past "the mere possession (of nuclear superiority)" enabled America to "play a leading role in world affairs." But what if that superiority should pass to the Soviets?

Similarly, in the Pacific area, our allies have watched Soviet capabilities increase while ours have steadily declined. The security of Japan, Korea, Taiwan, the Philippines, and other nations is far less assured today than was the case some years back. In the Middle and Near East, where we have a crucial interest in petroleum not only for ourselves but for many of our allies, we find no way to protect that interest effectively without, so to speak, robbing Peter to pay Paul, borrowing from our forces in Europe or the Pacific—hardly the best way to maintain our strength.

In the final analysis, what all this is adding up to is this: Sometime within the forseeable future, the United States is destined to become a second-rate power, second—that is—to the emerging power of the Soviets. What this means, further, is that we will be unable to protect the interests of our allies even as we will be unable to protect our own—and make no mistake, the security of those allies is vitally related to our own security.

We claim to offer a strategic nuclear policy, but it is increasingly out of balance. The fact is that our claim to shelter our allies under a retaliatory umbrella is no longer seen as wholly credible. As that credibility is eroded, so is our influence in the world and our ability to withstand or counter "progressivist" movements in Ethiopia or South Yemen, Afghanistan, Mozambique, or Angola. The current agitation over the Soviet combat brigade in Cuba provides a case in point. Our response is quite different from what it was in 1962, when (we may be certain) they would have been withdrawn.

Think for a moment of the possible consequences for America, of scenarios which might prove to be too close to reality for comfort.

In 1962, during the Cuban missile crisis, the advantages were with us in almost every respect—not only the overwhelming superiority of our Army, Navy, and Air Force in the Caribbean theatre but, more decisively, a strategic nuclear arsenal three to four times as great as that of the Soviet. That balance of strategic and conventional forces resulted in a backing down by the Soviets in 1962. However, since that time the pattern of Soviet improvements has not been matched by the United States. Already they surpass us in conventional ground forces, and the present projections (as I have indicated) are disturbing. There can be little doubt that the Soviets are determined to make their 1962 retreat the last one forced upon them.

Since that same time, by contrast, we have reduced our armed forces and scaled down our defenses.

It is clear that before very long, if the Iranian oil cutback continues, production will be permanently reduced to 4 million barrels a day and could even drop by 1985 to 2.9 million. Moreover, sometime within the next 3 years—that is, by 1983—it is generally expected that the Soviet Union, which is now an oil-exporter, will be compelled to become an oil-importer, competing with the West in this respect. Their ability to cut off the supply of that commodity both to us and to our allies will be greatly strengthened to the extent that our nuclear power and our military arm generally are weakened.

Put the case that the Soviets, seeking to control Persian Gulf oil resources, were tempted by their need and our weakness to bring pressure to bear in that area of the world. We would be forced to commit our reserves to the gulf region in order to make secure the lifeline to Japan and to Europe. Were the Soviets then simply to heat up the situation in Korea or in Europe, not by war but by inducing the kind of crisis that creates fear and demands some response, we would face the cruel dilemma of honoring our commitments in the gulf and retreating elsewhere. The danger of commitment in the wrong place at the wrong time is fully illustrated in history—consider the erroneous judgment which placed the main German Army opposite the straits of Dover in 1944 when the Allies actually struck in Normandy on that 6th day of June.

So, too, in West Europe, the Soviets, tempted by our growing weakness, might turn toward a forced option of surrender or suicide simply by the threat to paralyze European nations. Their medium-range ballistic missiles would be an effective source of pressure since they could at one strike knock out ports, airfields, supply points, and command controls, eliminating the possibility of resupply by the United States.

Innumerable scenarios suggest themselves involving Soviet pressure in different parts of the globe of a kind designed to test the credibility of American support for our allies and our common interests. All of them derive from a military buildup in Russia which is formidable both in quantity and quality. Soviet attainment of nuclear parity has increased the effectiveness of Soviet superiority in conventional arms. Need we dwell upon what scenarios might unfold in Africa and in Asia under these circumstances?

Yet having said all this—and it is said with a sense of urgency and gravity—it must also be said that we have it within our hands, to reverse the present drift, to see to it that those scenarios are rewritten.

The solution is to be found in a policy which begins by clearly defining our national interest and our national objectives, an overall strategy which recognizes that money and arms are useful only when put to wise use in support of such a clearly defined policy.

If the consensus is that we do, indeed, have basic interests overseas, then we must act accordingly to protect them with that prudence which the philosopher, Hobbes, called the "presumption of the future, contracted from our experience of the past." In the light of a policy so conceived, swayed not by mere sentiment or unpremeditated impulse, we must accept the dual necessity of prosperity at home and security abroad. There is no dichotomy between our responsibilities abroad and our responsibilities at home, no conflict between guns and butter, no either/or situation. Rather, we must seek stability at home and abroad: They are interdependent. An effective foreign policy must rest upon a strong economy at home.

There is no doubt that there will have to be substantial increases in our defense spending—but let us remember that budgetary comparisons in and of themselves are among the least effective ways of comparing military capabilities. Rather, let us ask: What are we to spend money for? Nevertheless, the willingness to spend will be the key to how determined we are to redress the present imbalance.

Let me be specific in highlighting where we should spend more on national defense:

First. Our ballistic missile defense, to assure greater protection both for our people and our production base.

Second. Greater numbers in general: Quality will not compensate for quantity where—as with the Soviet—the numbers are overwhelming. Thus, in the F–15 we have the worlds' finest tactical aircraft, but we do not have enough.

Third. Better balance: We need to strengthen our sealift. A stronger amphibious lift will help us to commit our forces more effectively; we must also be able to sustain them once they are committed. Among the difficulties we face is that of balance between airlift and sealift capabilities. Thus, we have only enough amphibious lift to carry one Marine division, given the fact that the Marine Corps is spread over the globe. A complete Marine divisional assault would require 40 days. What we spend on airlift must now be cut back on sealift, and vice versa.

Fourth. Better survival prospects for the Navy in countering the threat from the cruise missile. This will help preserve the freedom of the seas and our access to raw material and overseas markets, that commerce upon which our economy depends.

Fifth. Upbuilding of our Army Reserve, our ROTC, and National Guard in response to the perceived inadequacies of the All-Volunteer Force, a force useful only in conditions of peace. Here let me add that our present All-Volunteer Force is ineffective and inadequate. Too small to be effective, the Individual Ready Reserve is already about 500,000 short of what our Army would require in the event of any major conflict. It is difficult to fill even the present quotas with quality forces. According to reliable estimates, it would take about 7 months to mobilize the first draftees and prepare them for combat if selective service were to be instituted.

Sixth. Increased funding for large-scale training. Budgetary restrictions, aggravated by the effect of the Vietnam war, during which such training suffered here at home, have resulted in generally reduced training by Air Force and Navy alike, reductions furthered by the need to conserve fuel.

Seventh. Strengthening of our civil defense in response to the Soviet civil defense program. The Soviet civil defense system represents a capability equivalent of an ABM or antiballistic-missile system because it offsets the full effectiveness of American strategic weapons. By contrast, our own civil defense has been seriously neglected in recent years.

According to Santayana, those who do not learn from history are destined to repeat it. Looking at our overall defense posture in perspective, we cannot be unmindful of the lessons which history provides. Our unpreparedness in the Pacific during the years preceding Pearl Harbor, our unwillingness, for example, to arm Guam out of concern that such a move would appear provocative—this was crucial in the Japanese decision to attack Pearl Harbor in 1941.

History is filled with such examples. Around the year 370 there appeared the only original military work to come out of the later Roman Empire entitled "On the Things or Matters of War," advocating a mechanized army and administrative reforms to help pay for and supply it. Its message was not heeded. Only a few years later—in 376—a Roman army was destroyed by the Visigoth barbarians at Adrianople and the Emporer Valens slain in battle—one of the decisive turning points in world history. Surely the memory of that disaster is reflected in the medieval proverb: "Where there is vigilance, there is peace"—or, in another version, "one sword drawn keeps another in the scabbard."

Our responsibility, as Members of Congress, is to see to it that our country never has to face the kind of crisis that would result from the military and strategic inferiority to the Soviet Union or any potential foe. In this, we act not for this Nation's survival only, but for our allies and for the world community. "In war," so runs an ancient saying," there is never any chance for a second mistake." We must be prepared to guard against any first mistake, if we would be faithful to George Washington's warning on preparedness as the best means for preserving peace.

Yet let us remember that preparedness is not something static, some ideal attained and fixed; that the maginot line complex was the downfall of France in 1940. Preparedness is a dynamic process: it means a continual evaluation of the strategic situation throughout the globe. "If we desire to secure peace," wrote Washington again in 1793, "one of the most powerful instruments of our rising prosperity, it must be known that we are at all times ready for war." I take "at all times" to mean that we are never lulled into a false security by overestimating our own and underestimating another's strength. We should guard against the maginot line complex in our present time—1979.

"Of all manifestations of power," wrote the Greek historian Thucydides, "restraint impresses men most." And so it does—provided that restraint is rightly perceived, as a manifestation not of weakness or confusion, but of power—power and the will to exercise it in the cause of peace.

DOMESTIC ENERGY POLICY ACT OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 5 minutes.

Mr. CORCORAN. Mr. Speaker, I am today introducing the Domestic Energy Policy Act. The companion bill, S. 1371, was introduced in the Senate on June 19 by Senator BENNETT JOHNSTON, with Senators JACKSON, DOMENICI, and FORD as original cosponsors. Additional cosponsors include Senators STONE, LEAHY, and SCHMIDT. This legislation addresses one of the central difficulties with our present mechanism for dealing with energy policy. That is the absence of any comprehensive, definitive debate which forces the choices on the nature of our energy goals and the methods we will use to achieve them. Particularly as a member of the House Commerce Subcommittee on Energy and Power, I am acutely aware of the apparent "hit or miss" approach the Congress seems to be taking in the area of energy policy. This is magnified by the lack of a coherent energy policy by the administration.

Looking backward, we have a relatively simple way to assess what the results of our energy policy were. These results can be summarized in the form of a set of energy supply and energy consumption figures. The results for 1977 are displayed in the following table:

TABLE.—*U.S. energy supply and consumption*

(Quadrillion BTU's/year) [1]

Supply:	
Domestic production:	*1977*
Crude oil and NGL [2]	20
Natural gas	19
Coal	15
Nuclear	3
Hydro, solar and geothermal [3]	4
Total	61
Imports:	
Oil	18
Gas	1
Coal	–1
Total	18
Total supply [4]	78
Consumption:	
End-use consumption:	
Oil	33
Gas	17
Coal	4
Electricity	7
Decentralized solar and other [3]	2
Total	62
Conversion losses	16
Total consumption	78

[1] Totals may not add due to rounding.

[2] Includes shale.

[3] Includes 1.8 quads of biomass not currently included in DOE statistics.

[4] Net of refinery losses.

This table shows our heavy dependence on fossil fuels and on oil imports. It shows our relatively low dependence on coal, nuclear, and solar energy, sources which, although their supply potential is large, are nevertheless not extensively used. The table shows low domestic production of oil relative to consumption and, consequently, high oil imports. In fact, it shows that our total consumption of energy significantly exceeds domestic production of energy, but that this imbalance is nearly entirely made up by imported oil.

The Domestic Energy Policy Act requires the President to submit, annually, a set of targets for these numbers for specific years in the future. These energy targets, taken together, constitute the administration's view of where our energy policy is taking us. These targets would be accompanied by a detailed plan setting forth the assumptions and actions which are associated with this energy future.

The act then requires the Congress to consider these targets in detail, to debate them, to amend them, if necessary, and to arrive at a consensus set of figures—figures which balance supply and consumption—representing the Nation's energy future. This consensus would be formalized by a joint resolution setting forth the specific energy targets involved in that future.

No legislative action authorizing new budget authority in any year for energy programs would be in order in either House of Congress until that House had gone through the discipline of this debate and adopted energy targets.

In this way, the hard choices about the energy policy of the Nation would be made before each year of debate on major energy expenditures.

In title VIII of the DOE Organization Act of 1977, the Congress mandated that the President transmit to Congress biennially a proposed national energy policy plan that sets energy production and conservation objectives for periods of 5 and 10 years. Pursuant to this legislation, the President recently transmitted the national energy plan II to the Congress for our consideration.

I am convinced that it is not enough to simply receive a national energy plan such as NEP II and to proclaim that this is the blueprint for the Nation's energy future without any debate or action by the Congress. DOE Organization Act refers to the NEP II as a "proposed" plan. Without congressional approval of a plan proposed by the President, it simply cannot be said that this is the national energy plan.

For this reason the Domestic Energy Policy Act not only requires the President to submit a set of specific national energy supply and demand targets to the Congress along with a plan to achieve them, it also requires the Congress to consider these targets and to formally adopt them with a joint resolution establishing them as the energy goals of the Nation.

What I am attempting to promote is a serious congressional review of these energy targets, and in fact, a national debate on them. Once Congress adopted a set of national energy supply and demand targets and the President signed the joint resolution, these targets will represent as good a political consensus of where we are headed in energy policy as one could hope for.

The bill as introduced contains in section 5 a specific set of proposed budgets for the years 1980, 1985, 1990, 1995, and 2000. These proposed targets have been developed by the Department of Energy in connection with national energy plan II. They represent the administration's projections of energy supply and demand assuming enactment of the President's NEP II proposals, including the decontrol of domestic crude oil, and mid-range increases in world oil prices.

The assumptions of NEP II, particularly the assumptions about the rate of increase in world oil prices, may have already been overtaken by events. In any event, the presence of these specific proposed targets in the bill as introduced does not imply that the sponsors of the bill necessarily approve of each of these numbers or that we necessarily think that the energy future they set forth is likely or desirable. They simply represent a convenient place to begin the debate.

If NEP II were subjected to such scrutiny by the Congress, there is no doubt that considerable debate would ensue. That debate is not now required, and we are the poorer for it. In fact, we have no orderly mechanism to achieve the consensus this country so desperately needs in energy policy. The fashioning of such a consensus is the purpose of the Domestic Energy Policy Act. I intend to work with Senator JOHNSTON for its early enactment in this Congress so that the process of developing a comprehensive set of energy targets can begin in 1979.

Mr. Speaker, for the benefit of our colleagues, I would like to insert in the RECORD at this point the text of the Domestic Energy Policy Act of 1979 and a section-by-section analysis of this legislation.

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Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Domestic Energy Policy Act of 1979".

FINDINGS

SEC. 2. The Congress finds that—

(1) the United States faces an increasing shortage of energy;

(2) this energy shortage and our increasing dependence on foreign energy supplies present drastic threats to the economy and national security of the United States and to the health, safety and welfare of its citizens;

(3) a strong national energy program is needed to meet the present and future energy needs of the Nation consistent with overall national economic, environmental and social goals;

(4) the likelihood of development of such a program is presently substantially reduced because no comprehensive consideration of the Nation's energy needs and the methods of meeting those needs is required as a part of the energy policy process;

(5) unless the Congress establishes and regularly reviews and revises, as necessary, the energy targets of the Nation no definitive decisionmaking by Congress will be possible with respect to future energy consumption and supply patterns.

PURPOSE

SEC. 3. The Congress declares that establishment of the Nation's future energy targets is in the public interest and will promote the general welfare by assuring coordinated development and effective administration of Federal energy policy. It is the purpose of this Act—

(1) to establish a set of energy targets for the years 1980, 1985, 1990, 1995, and 2000;

(2) to update these targets annually, taking into account changes in circumstances;

(3) to provide for a mechanism through which a coordinated national energy policy can be formulated to deal with the short-, mid- and long-term energy problems of the Nation, including programs stimulating domestic energy production and offsetting shortages of imported energy supplies; and

(4) to require submission of a plan for the coordination, and management of a balanced and comprehensive energy program, including—

(A) requirements for energy research, development and demonstration in order to meet the energy targets estalished under this Act;

(B) priorities necessary to meet those requirements;

(C) programs for the development of the various forms of energy production and for energy conservation; and

(D) information resulting from such programs, including information on the commercial feasibility and use of energy from fossil, nuclear, solar, geothermal, and other energy technologies.

DEFINITIONS

SEC. 4. As used in this Act the term—

(1) "crude oil and NGL" includes liquid products obtained from lease operations, field facilities and natural gas processing plants and liquid petroleum obtained from shale, tarsands and coal;

(2) "natural gas" includes gaseous hydrocarbons obtained from coal;

(3) "renewables" includes energy or fuel derived directly from sunlight or from biomass, wood or other plant or animal wastes and hydropower;

(4) "end use consumption" includes exports of fuel or electricity;

(5) "decentralized renewables" excludes the production of electricity for delivery to multiple points of end-use consumption through an electric power grid network;

(6) "conversion loss" includes heat or other forms of energy not recovered in the conversion of raw energy resources, fuels or electricity into alternate form prior to delivery for end use consumption;

(7) "designated energy form" means one of the categories of energy production, imports or end-use consumption for which targets are established in section 5;

(8) "technology demonstration" means a commitment by the Federal Government of funds, tax incentives, regulatory actions or other assistance to the demonstration of a particular technique for producing, recovering, converting or consuming energy; and

(9) "cost per barrel of crude oil equivalent" means with respect to the cost of producing energy by any technique the cost of producing 5.8 million Btu's of energy by such technique.

ENERGY TARGETS

SEC. 5. The United States energy targets for the years 1980, 1985, 1990, 1995 and 2000 are established as follows:

ENERGY TARGETS

[Quadrillion Btu's per year]

	1980	1985	1990	1995	2000
Domestic production:					
Crude oil and NGL	20	22	22	21	21
Natural gas	19	18	18	19	18
Coal	17	22	27	32	38
Nuclear	4	6	9	13	16
Renewables	5	6	7	8	10
Subtotal	65	74	84	93	103
Imports:					
Crude oil and refined petroleum	22	18	19	19	18
Natural gas	1	2	2	2	2
Coal	−1	−2	−2	−2	−2
Subtotal	22	18	19	19	17
Total supply	86	92	102	110	119

	1980	1985	1990	1995	2000
End-use consumption:					
Petroleum liquids	35	34	34	34	35
Natural gas	17	19	19	21	22
Director coal	5	5	7	8	9
Electricity	8	9	11	13	14
Decentralized renewables	2	2	3	4	5
Subtotal	67	69	74	79	84
Conversion loss	19	22	27	31	35
Total consumption	86	92	102	110	119

ANNUAL ENERGY REPORT

SEC. 6. (a) The President is directed to submit an annual energy report to Congress no later than January 31 of each year. Such report shall contain a review of the energy targets approved or revised by Congress in the previous year and any recommendations to the Congress for further revision of such targets and in addition:

(1) the actual and projected (as applicable) domestic end-use consumption, imports and domestic production (in quadrillion Btu's), by designated energy form, for the year preceding the current year, the current year, and the year following the current year,

(2) the projected domestic end-use consumption, imports and domestic production (in quadrillion Btu's) by designated energy form for the years 1980, 1985, 1990, 1995, and 2000 to the extent these years are not addressed under paragraph (1).

(3) if the year previous to the current year is one for which targets are established under section 5, and if any such target is not achieved in that year, then the reasons therefor, and

(4) if the figures obtained under paragraph (1) regarding the actual domestic end-use consumption, imports, and domestic production for the year preceding the current year are significantly different from the corresponding figures that were obtained in the year two years preceding the current year as projected domestic end-use consumption, imports, and domestic production for the year preceding the current year, then the reasons therefor.

(b) The first report prepared under this section and any subsequent report (if such subsequent report contains proposed changes in any energy target) shall include a plan which shall—

(1) identify energy production, consumption and conservation programs necessary to achieve the energy targets (or proposed revisions thereof) of the United States;

(2) identify the strategies that should be followed and the resources that should be committed to implement the programs under paragraph (1);

(3) describe any differences between the plan contained in such report and the plan or plans developed pursuant to title VIII of the Department of Energy Organization Act (42 U.S.C. 7321); and

(4) recommend legislative and administrative actions necessary to achieve the energy targets (or proposed revisions thereof) including recommendations on taxes or tax incentives, Federal assistance, regulatory actions, antitrust policy, foreign policy and international trade policy.

(c) The report under subsection (b) shall include—

(1) whatever data and analysis are necessary to support the objectives, resource needs, and policy recommendations contained in such plan;

(2) a summary of energy research and development efforts and energy technology demonstrations funded by the Federal Government;

(3) a review and appraisal of the adequacy and appropriateness of procedures and practices (including competitive and regulatory practices) employed by Federal, State, and local governments and nongovernmental entities to achieve the purposes of such plan; and

(4) an assessment of the cost effectiveness of each planned technology demonstration, including a summary sheet, containing at the minimum the following information:

(A) a description of the technology to be demonstrated;

(B) the cost of the technology demonstration in total, and in each year;

(C) practical limits on the amount of energy to be produced by such technology;

(D) the cost per barrel of crude oil equivalent of the energy produced by the technology demonstration and such cost at the time when the technology is commercialized; and

(E) a brief description of special problems associated with the project, such as environmental or transportation problems.

CONSIDERATION BY CONGRESS

SEC. 7. (a) Any review and proposed revision of energy targets under section 6 (a) and the plan under section 6 (b) shall be transmitted to Congress and referred to the Committee on Energy and Natural Resources in the Senate and to the appropriate committees in the House of Representatives.

(b) Each such Committee shall review the established energy targets each year and, on or before May 15 of such year, report to the Senate or House of Representatives, as the case may be, a joint resolution prescribing any changes in the established targets or reaffirming such targets.

(c) It shall not be in order in any fiscal year in either House of Congress to consider any bill or resolution (or amendment thereto) which provides new budget authority in subsequent fiscal years for programs within the jurisdiction of the Department of Energy or any successor thereto until such joint resolution has been agreed to by such House.

(d)(1) Debate in the Senate on any such joint resolution and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to ½ hour, to be equally divided between, and controlled by, the mover and the manager except that in the event the manager is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions shall be received. Such leaders or either of them, may, from the time under their control on the passage of the joint resolution allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) A motion to further limit debate is not debatable. A motion to recommit, except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session, is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager.

(4) Notwithstanding any other rule, an amendment or series of amendments proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such joint resolution so as to make such mathematically consistent or so as to maintain such consistency.

(e)(1) When the appropriate Committees of the House of Representatives have reported any such joint resolution, it is in order at any time after the tenth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution has been available to Members of the House (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such joint resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) General debate on any joint resolution on the energy targets in the House of Representatives shall be limited to not more than 20 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the joint resolution is not in order, and it is not in order to move to reconsider the vote by which the joint resolution is agreed to or disagreed to.

(3) Consideration of any joint resolution on the energy targets by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be read for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in

order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

(4) Debate in the House of Representatives on the conference report or such joint resolution shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(5) Motions to postpone, made with respect to the consideration of any joint resolution on the energy targets and motions to proceed to the consideration of other business, shall be decided without debate.

(6) Appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any joint resolution on energy targets shall be decided without debate.

ENERGY IMPACT REPORTS

SEC. 8. The President shall prepare for each bill or resolution of a public character that is reported by any Committee of the House of Representatives or the Senate, or any rulemaking by any agency or executive order by the President, and submit to the jurisdictional Committees handling energy matters in the House and Senate:

(1) an estimate of the impact of such bill, resolution, rulemaking or order on the energy targets; and

(2) such estimate shall be submitted and included in any report accompanying such bill or resolution, rulemaking or order.

RELATIONSHIP TO THE NATIONAL ENVIRONMENTAL POLICY ACT

SEC. 9. Preparation and transmittal of energy targets, under section 6(a), review and proposed revision under section 6(a) and plans under section 6(b) to the Congress shall not be considered to be "a major Federal action significantly affecting the environment" within the meaning of section 102 (2)(c) of the National Environmental Policy Act of 1969 (83 Stat. 85) and an environmental impact statement need not be prepared on energy targets, revisions thereof or any plan submitted under section 6(b).

SECTION-BY-SECTION ANALYSIS OF THE "DOMESTIC ENERGY POLICY ACT"

Sec. 2. Findings.

Sec. 3. Purpose.

Sec. 4. Definitions.

This section provides definitions for the terms "crude oil and NGL", "natural gas", "renewables", "end-use consumption", "decentralized renewables", "conversion loss", "designated energy form", "technology demonstration", and "cost per barrel of crude oil equivalent".

Sec. 5. Energy Targets.

This section establishes energy supply and demand targets in quadrillion Btu's per year for the United States for the years 1980, 1985, 1990, 1995, and 2000. The supply targets are established for specific forms of domestic energy production, in particular, for crude oil and NGL, natural gas, coal, nuclear, and renewables. In addition there are supply targets for imported energy resources, namely, crude oil and refined petroleum, natural gas, and coal. Negative values indicate an export of that energy, resource. The demand targets are established for forms of end-use consumption, namely, petroleum liquids, natural gas, direct coal, electricity, and decentralized renewables. Finally, conversion losses, representing energy lost in the conversion of one form of energy to another, are included so that the sum of supply targets will equal the sum of the demand targets for any specified year.

Sec. 6. Annual Energy Report.

Under subsection (a) the President is required to submit to the Congress by January 31 of each year an energy report. This report will contain a number of items. First, it must include a review of the energy targets that the Congress has approved, including any revised energy targets approved by Congress. Second, the President may include any recommendations he has for revision of the approved targets. Third, (under paragraph (1)) the report will include the actual energy supply and demand figures by designated energy form for the United States for the past year and the projected energy supply and demand figures for the United States for the year in which the report is submitted and for the following calendar year.

Fourth, under paragraph (2), the report must include the Administration's projections for U.S. energy supply and demand for the remaining target years.

Fifth, if the previous year was one for which targets are set and if the actual supply and demand figures for that year indicate that the target was not achieved, then the reasons for this discrepancy must be enumerated.

Sixth (under paragraph (4)), *actual* energy supply and demand figures are compared for the same year with the corresponding *projected* energy supply and demand figures that were obtained the year before. The intent here is to gauge the quality of the projections of energy supply and demand.

Under subsection (b) the first annual report must include a plan to achieve the approved targets and identification of the strategies and resources to be used to implement the plan and any recommendations for legislative or administrative actions that are necessary to achieve the targets. In subsequent years, such a plan must be included in the annual report to support any proposed changes in the targets. Finally, the President must describe any differences between the plan contained in his annual report under this Act and the proposed plans he develops under title VIII of the Department of Energy Organization Act.

Subsection (c) enumerates other supporting data, analysis, and information that must be included in the annual report.

Sec. 7. Consideration by Congress.

Subsection (a) provides that the President's proposed revision of energy targets, the review, and the plan described above must be transmitted to Congress and referred to House and Senate Committees named.

Subsection (b) provides that after consideration of the matter referred to them, the named committees shall report a joint resolution to their respective Houses which will prescribe the energy targets for the United States.

Subsection (c) is the sanction in this legislation as it provides that neither House may consider any legislation that provides new budget authority to the Department of Energy until the joint resolution is agreed to by that House.

Subsection (d) prescribes procedures for the Senate's consideration of the joint resolution, so as to limit debate on the joint resolution and on any amendment thereto.

Subsection (e) prescribes procedures for the consideration by the House of the joint resolution, including provision for limited debate.

Sec. 8. Energy Impact Reports.

This section requires the President to prepare an energy impact report on any bill or resolution of a public character that any committee of the House or Senate reports. This report will give an estimate of the impact of such legislation on the energy targets established under this Act. Furthermore, this estimate must be included in any Committee report accompanying the legislation.

Section. 9. Relationship to Other Law.

This section provides that the preparation and transmittal of energy targets will not be a major Federal action significantly affecting the environment within the meaning of the National Environmental Policy Act, so that no environmental impact statement need be prepared.●

HAZARDOUS WASTE CONTROL AND TOXIC TORT ACT OF 1977—A LEGISLATIVE FRAMEWORK FOR A COMPREHENSIVE NATIONAL POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 30 minutes.

● Mr. LAFALCE. Mr. Speaker, I represent the city of Niagara Falls, whose fame for its beautiful natural wonder, the falls, has now been supplemented by an equal notoriety for its devastating manmade environmental and human tragedy, the Love Canal.

I have for the past several years been deeply involved in trying to seek Federal assistance for the residents of the Love Canal area. I have also been combing through every Federal law and regulation looking for some financial assistance to clean up the Love Canal area so that it no longer poses a threat to the public health and the surrounding environment.

My search has proven to me that the Federal Government is not yet equipped to respond to environmental and human tragedies of this magnitude. As a matter of fact, it took a special act of Congress to provide $4 million through the Environmental Protection Agency and a "state of emergency" declaration by the President in order to secure $2 million through the Federal Disaster Assistance Administration. Both of these actions were ad hoc, because there is no comprehensive Federal policy to address environmental problems caused by indiscriminate hazardous waste dumping practices of the past.

Lois Gibbs, the President of the Love Canal Homeowners Association, came to Washington last week to continue to educate the Federal bureaucracy about the continuing problems at the Love Canal and the need for additional assistance to the homeowners who are still living in the area. When we met with HEW and EPA officials in my office, both agencies stressed the point that there is no clear Federal response for emergencies of this type, nor are there any lines of authority which have been drawn so that the Federal Government will know how to react when this type of problem recurs, as it undoubtedly will. The EPA has estimated that there are perhaps as many as 2,000 hazardous waste dumpsites across the country which pose an imminent health hazard to the residents living near them.

The Federal Government must have an effective response mechanism in place.

I have tried to develop legislation over the past year which would provide such a framework for these efforts. Last October I introducted two bills, which I reintroduced this January: The Hazardous Waste Control Act and the Toxic Tort Act.

The first of these two bills sought to provide a program for the identification, monitoring and reclamation of abandoned waste sites, and it provided a scientific and systematic process for the selection of new sites for safe hazardous waste disposal. The Toxic Tort Act addressed the human problems of exposure to toxic substances from hazardous wastes of all kinds, including both dump sites and the workplace. This bill would greatly accelerate studies of chemically caused injuries; it would enable claimants to use the results of those studies in court and other compensation proceedings. Specifically, the bill provided for the following: Creation of a Federal cause of action easing the claimant's burden of proof and eliminating statute of limitations problems that exist under traditional negligence theory, and establishment of a system similar to workmen's compensation to provide compensation to victims injured by nonoccupational toxic exposure.

When I introduced these two bills, I stated that they were to serve as a basis for discussion and were to be the first in what may prove to be a series of revisions as my own thought processes developed. This statement proved correct, because I did revise these two bills and reintroduced them on April 30 as the Toxic Waste and Tort Act and the Hazardous Materials Control and Compensation Act. The major change from the original bills was the funding mechanism. Originally a major percentage of my programs were to be funded by general revenues. However, the new versions provided a "superfund" mechanism for funding.

In order to have a truly comprehensive program to manage hazardous wastes, I felt that we had to have a funding mechanism which not only generates sufficient revenue to do the job, but which also encourages the private sector and others involved to keep future problems to a minimum.

Mr. Speaker, today I am introducing a reformed version of my bill to be entitled the "Hazardous Waste Control and Toxic Tort Act of 1979." This bill combines the programs I outlined previously with the superfund mechanism of funding. However, it also expands upon the aforementioned programs in several ways.

IN-PLACE TOXICS

My latest bill continues to provide for a program for the identification, monitoring, and reclamation, where feasible, of abandoned hazardous waste disposal sites. However, this bill also provides for a similar program for in-place toxics which have caused environmental problems in North Carolina, New York, Virginia, and elsewhere. In-place toxics are ones which are static in the environment, posing a constant threat to the food chain.

COMPENSATION FOR PROPERTY DAMAGE

The Hazardous Waste Control and Toxic Tort Act also provides for a program not only for compensation of personal injury as a result of exposure to toxic pollutants, but it also provides for compensation for damage to property which has been caused by wastes leaching from abandoned dumps. This concept was included in earlier versions, but is expanded and clarified in this latest version.

DISASTER RELIEF ACT AUTHORITIES

My bill continues to provide for assistance for environmental emergencies. However, it expands the emergency provisions to direct the President to delegate to the Administrator of the Environmental Protection Agency any of his functions and authorities under the Disaster Relief Act of 1974, whenever he determines that an environmental disaster or emergency has occurred. This provision automatically triggers assistance to individuals provided by the Disaster Relief Act of 1974, but places the Administrator of the Environmental Protection Agency in charge rather than the Director of the newly created Federal Emergency Management Agency (FEMA). Any costs incurred by the Federal Government under this provision would be charged to the superfund.

SUPERFUND

I still believe that a "superfund" is the best way to mount an effective effort to deal with the innumerable environmental calamities which we face today and will continue to face in the future.

The sources of revenue for the superfund continue to be fees paid by the owners and operators of oil refineries; fees to be paid by producers of natural gas; fees to be paid by private organizations which store or dispose of hazardous wastes; and a 5-percent contribution from the States to help defray the costs of each individual State's hazardous waste program.

I believe that there should be a fee on the owners and operators of oil refineries and producers of natural gas, because, in addition to being hazardous materials themselves, these materials constitute the primary natural resources in the manufacture of many other toxic substances.

However, a fee levied on the natural resources alone would not achieve the other goals which a funding mechanism can achieve: Conservation—and therefore reduction—of waste, recycling of hazardous wastes into other manufacturing processes, and reductions in the toxicity of waste that cannot be eliminated.

My new bill has an additional provision for the compositions of the fund. It provides for a $100 million one time only Federal contribution to serve as initial funding so that the programs under this bill can begin immediately without having to wait for the fees to build up the fund.

RETROACTIVITY

An important clarification in the bill introduced today is the absolute assurance it provides that the benefits of the legislation will be made available retroactively. My earlier bill contained such an assurance, of course, but the administration's bill was disturbingly vague on this issue. Therefore, I have beefed up this provision in hopes that a program ultimately will be adopted by Congress and will leave no doubt whatsoever that citizens such as those in Niagara Falls will be entitled to assistance and that governments such as the State of New York will not be penalized for taking timely action in very difficult situations.

A clause providing for retroactivity is extremely important and essential to any Federal legislation which becomes law for without such a clause State and Federal governments might be tempted to put off necessary action and expenditure until such bill is enacted.

Although my bills have been revised during the past 11 months to reflect the evolution of my own thinking as well as comments I have received from innumerable experts in this field, the underlying premise has not changed one iota: There is a pressing need to enact a comprehensive legislative program for the cleaning up and long-term maintenance of hazardous waste sites, as well as the compensation of victims who have been innocently exposed to toxic pollutants.

The Federal Government can no longer sit idly by and allow these problems to increase at an exponential rate. The Federal Government can no longer sit idly by and tell people that they cannot help them because they do not have the authority to do so.

The credibility of the Federal Government is at stake. The Federal Government is equipped to handle emergencies such as infectious diseases, hurricanes, and oil spills. The harm that is done to the environment and the tragic effects to people's health and welfare is no less when tragedy strikes from a hazardous waste disposal site or a release into the environment of a toxic substance.

Mr. Speaker, other bills have been introduced by my colleagues both in the House and the Senate. I offer my new bill as yet another approach for dealing with these problems. I hope that my colleagues will hasten to enact legislation with the urgency that it deserves.●

PARKING FEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. Dicks) is recognized for 5 minutes.

● Mr. DICKS. Mr. Speaker, on Wednesday the House considered the far-reaching question of reinstitution of selective service registration. While there was not agreement that this is the best approach, there was no doubt that the armed services face serious manpower problems. None of the services are meeting their recruitment goals. And what is even more disturbing, we are having extreme difficulty in retaining the skilled and trained personnel in adequate numbers. In the Navy for instance, retention goals have been met in only 26 percent of the 89 enlisted ratings. In 48 of those ratings less than 75 percent of the goal was met, and 16 met less than 50 percent of their goal during fiscal year 1978. The evidence is that this trend could well deteriorate further during the current fiscal year. The Air Force and Army are also facing retention problems, particularly in highly skilled areas which require considerable training.

In order to address this problem, we in the Congress have provided funding for reenlistment bonuses and different tour options at a sizable cost. However, too often we have ignored what is the critical factor in retention, the perception of service individuals of the quality of military life. Former Secretary of the Air Force Stenson noted in his testimony before the Defense Appropriations Subcommittee this year:

> It will be difficult to attract and retain the top quality people if they perceive a decline in the quality of Service life and benefits . . . and that is what we are seeing today.

The burdens faced by our defense personnel, especially enlisted and lower grade civilians are major. Over 20 percent of our enlisted service people hold second jobs, and nearly two-thirds have a spouse who works as well. Nearly half of the enlisted personnel have withdrawn savings to meet living expenses or have gone into debt. Many have been forced to both. The number of service people receiving some form of public assistance is growing. Over 300,000 defense civilians earn less than $12,000.

The situation has been exacerbated by the existence of pay caps on military and civilian pay within the Department. The caps of 5.5 percent of the past have resulted in a substantial real income loss for these people. While the 7-percent cap announced last month by the President is an improvement, it is still well below the current 13-percent inflation rate.

Now, into the midde of this problem, the Office of Manageemnt and Budget has indicated its intent to impose parking fees for Federal employees including those in the military. While I can certainly sympathize with the energy savings objective of the administration, I am of the judgment that these fees will do significantly more harm than good if they are indeed applied to the military. A 7-percent pay raise for an E–4 will amount to $49. OMB estimates on parking fees indicate they should range from $10 to $70 a month. Thus the strong possibility exists that many enlisted personnel will have their entire pay raise eliminated by parking fees and in some cases the fee could exceed the raise.

There are over half a million E–4's and below who reside off base and must commute. And an E–4 with 4 years service has a base pay of only $7,296.

Some military installations will be exempted from parking fees should the OMB ratify its proposed rules for implementation. However, many will not, and those to which fees would apply tend to be in areas where the cost of living is higher, particularly large metropolitan areas. Exemptions for some will, however, result in serious problems by creating inequities based on duty location and residence.

The importance of parking in the military can be illustrated by the fact that the Navy is giving serious study to a proposal to give special parking privileges to sailors with gold hash marks, as a retention incentive.

The evidence that parking fees significantly reduce automobile use is mixed at best. One could certainly argue that increased gasoline prices have a greater impact than any but the most sizable parking fees. I applaud the initiatives included in the OMB circular to provide positive incentives for carpooling and support other initiatives to promote energy conservation by the Department of Defense. But in the case of proposed parking fees I am convinced that we are trading a questionable energy savings for another straw on the service person's back which can only hinder our efforts to attract and retain the numbers and type of people we need to secure our common defense.

I intend to work for congressional action to eliminate the Department from any parking fees and would appreciate the support of my colleagues in these efforts.●

PERSONAL EXPLANATION

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MIKVA. Mr. Speaker, I would like to indicate how I would have voted on three rollcall votes which I missed on September 11, 12, and 13. Had I been present, I would have voted as follows:

Rollcall No. 458, amendment by Mr. DORNAN to H.R. 4034 (Export Administration Act amendments) which sought congressional committee acquisition of records relating to the administration of export controls for national security purposes—vote, "no";

Rollcall No. 460, amendment by Mr. BEARD of Tennessee to H.R. 4040 (Defense Department authorizations) which sought to establish a Congressional Study Commission on Defense Readiness and Mobilization Capacity—vote, "no"; and

Rollcall No. 468, amendment by Mr. SANTINI to H.R. 4040 which sought to permit deployment of the MX missile only if no more than 25 percent of the missile shelters are located in any one State—vote, "yes."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. NELSON (at the request of Mr. WRIGHT) for today, on account of official business.

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

Mr. ZEFERETTI (at the request of Mr. VENTO), on account of family illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HINSON) to revise and extend their remarks and include extraneous material:)

Mr. CORCORAN, for 5 minutes, today.

(The following Members (at the request of Mr. STACK) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WEAVER, for 10 minutes, today.

Mr. LAFALCE, for 30 minutes, today.

Mr. SMITH of Iowa, for 5 minutes, today.

Mr. DICKS, for 5 minutes, today.

Mr. FOLEY, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. HINSON) and to include extraneous matter:)

Mr. SENSENBRENNER.
Mr. HINSON in two instances.
Mr. ARCHER.
Mr. MICHEL.
Mr. HILLIS in two instances.
Mr. ROUSSELOT.
Mr. CONABLE.
Mr. PAUL in four instances.
Mr. GRASSLEY in two instances.
Mr. LUNGREN.
Mr. HOLLENBECK in two instances.
Mr. GILMAN.
Mr. DORNAN.
Mr. WYDLER.
Mr. BAUMAN in two instances.

(The following Members (at the request of Mr. STACK) and to include extraneous material:)

Mr. SOLARZ in two instances.
Mr. MAZZOLI.
Mr. SKELTON.
Mr. BONKER in two instances.
Mr. GUDGER.
Mr. DINGELL in 10 instances.
Mr. MINETA in two instances.
Mr. DIXON.
Mr. ROSENTHAL in two instances.
Mr. UDALL.
Mr. MCDONALD.
Mrs. BOUQUARD.
Mr. LEHMAN.
Mr. LAFALCE.
Mr. STOKES.
Mr. WEISS.
Mr. JENKINS.
Mr. MOAKLEY.
Mr. BOLAND.

ADJOURNMENT

Mr. SKELTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 49 minutes p.m.), under its previous order, the House adjourned until Monday, September 17, 1979, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2451. A letter from the President of the United States, transmitting a proposed amendment to the requests for appropriations for fiscal year 1980 for the Department of Agriculture (H. Doc. No. 96-187); to the Committee on Appropriations and ordered to be printed.

2452. A letter from the Administrator of General Services, transmitting a followup report on the recommendations contained in the 1976 and 1977 annual reports of the National Advisory Council on Vocational Education, pursuant to section 6(b) of the Federal Advisory Committee Act; to the Committee on Government Operations.

2453. A letter from the Administrator of General Services, transmitting a followup report on actions taken on recommendations made by the National Advisory Council on the Education of Disadvantaged Children, pursuant to section 6(b) of the Federal Advisory Committee Act; to the Committee on Government Operations.

2454. A letter from the Assistant Attorney General for Legislative Affairs, transmitting a draft of proposed legislation to provide Drug Enforcement Administration executive personnel the same compensation and benefit entitlements now extended to like positions covered by the Senior Executive Service; to the Committee on Post Office and Civil Service.

2455. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on Dickinson Bayou, Tex., in response to a resolution of the Senate Committee on Public Works adopted September 8, 1960, and section 304 of the River and Harbor Act of 1965; to the Committee on Public Works and Transportation.

2456. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on the Saline River, Ill., in response to resolutions of the Senate and House Committees on Public Works adopted July 31, 1970, and July 9, 1970, respectively; to the Committee on Public Works and Transportation.

2457. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of the Netherlands for permission to transfer, temporarily by lease, certain U.S.-origin defense articles to the firm General Dynamics Corp., pursuant to section 3(a) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2458. A letter from the Administrator, Agency for International Development, Department of State, transmitting notice of the Agency's intention to transfer funds appropriated under several sections of the Foreign Assistance Act to be consolidated with appropriations made under section 491 of the act for international disaster assistance in order to provide assistance to victims in the Caribbean of Hurricane David, pursuant to section 610(a) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2459. A letter from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting notice of a proposed increase in the funding level of the Agency's fiscal year 1979 program in Lesotho, pursuant to section 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2460. A letter from the Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting notice of a proposed increase in the funding level of the Agency's fiscal year 1979 program in Swaziland, pursuant to section 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2461. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2462. A letter from the Comptroller General of the United States, transmitting a report recommending measures for action by the Secretary of Energy in dealing with future energy disruptions (EMD-79-97, September 13, 1979); jointly, to the Committees on Government Operations and Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of Sept. 13, 1979]

Mr. FOLEY: Committee on Agriculture. H.R. 4119. A bill to improve and expand the Federal crop insurance program, and for other purposes; with amendment (Rept. No. 96-430). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of Calif.: Committee on Public Works and Transportation. H.R. 1298. A bill to designate the U.S. Post Office and Federal Building in Huntington, W. Va., as the "Sidney L. Christie Federal Building" (Rept. No. 96-431). Referred to the House Calendar.

Mr. JOHNSON of Calif.: Committee on Public Works and Transportation. H.R. 4619. A bill to designate the Federal Building located at 727 East Durango, San Antonio, Tex., as the "John H. Wood, Jr., Building" (Rept. No. 96-432). Referred to the House Calendar.

Mr. JOHNSON of Calif.: Committee on Public Works and Transportation. H.R. 4792. A bill to name a certain Federal building in Houston, Tex., the Bob Casey Federal Building—U.S. Courthouse (Rept. No. 96-433). Referred to the House Calendar.

Mr. ULLMAN: Committee on Ways and Means. H.R. 5229. A bill to provide for a temporary increase in the public debt limit; with amendment (Rept. No. 96-434). Referred to the Committee of the Whole House on the State of the Union.

Mr. GIAIMO: Committee on the Budget. House Concurrent Resolution 186. Resolution revising the congressional budget for the U.S. Government for the fiscal year 1979 (Rept. No. 96-435). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ST GERMAIN:

H.R. 5280. A bill to amend the National Bank Act to provide for financial regulation simplification and to increase home mortgage financings, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ANNUNZIO:

H.R. 5281. A bill to amend the Internal Revenue Code of 1954 to exempt interest on certain savings from Federal income tax; to the Committee on Ways and Means.

By Mr. CORCORAN:

H.R. 5282. A bill to establish energy supply targets to the year 2000 and to establish procedure for an annual review and update of these targets; jointly, to the Committees on Interior and Insular Affairs, Interstate and Foreign Commerce, Rules, and Science and Technology.

By Mr. CORMAN:

H.R. 5283. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of film rents for purposes of the passive income requirements applicable to subchapter S corporations; to the Committee on Ways and Means.

By Mr. DELLUMS (for himself, Mr. Conyers, Mr. Downey, Mr. Edwards of California, Mr. Hawkins, Mr. Kildee, Mr. Ottinger, Mr. Quillen, Mr. Rahall, Mr. Simon, Mr. Staggers, Mr. Stokes, Mr. Thompson, and Mr. Charles H. Wilson of California):

H.R. 5284. A bill to establish an actuarially sound basis for financing retirement benefits for police officers, firefighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits; to the Committee on the District of Columbia.

By Mr. DRINAN:

H.R. 5285. A bill to amend title 18 of the United States Code to require court orders for the surreptitious use of pen registers, and for other purposes; to the Committee on the Judiciary.

By Mr. DUNCAN of Tennessee:

H.R. 5286. A bill to amend the Railroad Retirement Act of 1974 to provide for the counting of certain World War II military service toward the years of service requirements for eligibility for certain benefits under such act; to the Committee on Interstate and Foreign Commerce.

By Mr. DUNCAN of Tennessee (for himself, Mr. Broyhill, Mr. Skelton, and Mr. Yatron):

H.R. 5287. A bill to provide for a comparison study of the costs and other factors associated with establishment of reimbursement guidelines for respiratory therapy; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. HEFNER (for himself, Mrs. Heckler, Mr. Roberts, Mr. Hammerschmidt, Mr. Leath of Texas, Mr. Boner of Tennessee, Mr. Gramm, Mr. Daschle, Mr. Wylie, Mr. Grisham, Mr. Satterfield, Mr. Montgomery, Mr. Danielson, Mr. Wolff, Mr. Brinkley, Mr. Mottl, Mr. Edgar, Mr. Hall of Texas, Mr. Applegate, Mr. Mica, Mr. Coelho, Mr. Hillis, Mr. Abdnor, Mr. Guyer, Mr. Jenkins, Mr. Ginn, and Mr. Lee):

H.R. 5288. A bill to amend title 38, United States Code, to improve and modernize the vocational rehabilitation program provided veterans under chapter 31 of such title, to improve the veteran's educational assistance program, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. LaFALCE:

H.R. 5289. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the interest on deposits in certain savings institutions; to the Committee on Ways and Means.

H.R. 5290. A bill to provide for liability compensation, cleanup, and emergency response for hazardous substances released into the environment and the cleanup of inactive hazardous waste disposal sites; jointly, to the Committees on Interstate and Foreign Commerce, Public Works and Transportation, and Merchant Marine and Fisheries.

H.R. 5291. A bill to amend the Solid Waste Disposal Act (as amended by the Resource Conservation and Recovery Act of 1976) to establish a program for the identification and reclamation of abandoned hazardous waste sites, to establish a fund to be used for the reclamation of hazardous waste sites and for the compensation of persons and property injured by toxic pollutants, to provide a Federal cause of action for damages caused by toxic pollutants, and for other purposes; jointly, to the Committees on Education and Labor, Interstate and Foreign Commerce and the Judiciary.

By Mr. NOLAN (for himself, Mr. Stangeland, and Mr. Erdahl):

H.R. 5292. A bill to authorize the President to invoke procedures for the arbitration of labor disputes in cases in which an actual or threatened strike or lockout is likely to cause serious economic injury to agricultural producers in any State; to the Committee on Education and Labor.

By Mr. PAUL:

H.R. 5293. A bill to allow an additional income exemption for a taxpayer or his spouse who is deaf or deaf-blind; to the Committee on Ways and Means.

By Mr. PICKLE:

H.R. 5294. A bill to prohibit the imposition of unreasonable severance taxes or fees on coal or lignite mined from Federal lands; to the Committee on Interior and Insular Affairs.

By Mr. PICKLE (for himself and Mr. Jacobs):

H.R. 5295. A bill to amend title II of the Social Security Act to make the monthly earnings test available in limited circumstances in the case of certain beneficiaries, to amend the technical requirements for entitlement to medicare, and to provide that income attributable to services performed before an individual first becomes entitled to old-age insurance benefits shall not be taken into account (after 1977) in determining his or her gross income for purposes of the earnings test; to the Committee on Ways and Means.

By Mrs. SMITH of Nebraska:

H.R. 5296. A bill to make permanent the exemption of gasohol from the Federal motor fuels excise taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. UDALL (for himself, Mr. Dingell, Mr. Symms, and Mr. Brown of Ohio):

H.R. 5297. A bill to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WEISS:

H.R. 5298. A bill to amend the Budget and Accounting Act, 1921, and the Congressional Budget Act of 1974 to require the inclusion of certain figures on capital and operational expenditures in the budgets transmitted to the Congress by the President and in the first concurrent resolutions on the budget; jointly, to the Committees on Government Operations and Rules.

By Mr. WHITTEN:

H.J. Res. 399. Joint resolution making continuing appropriations for the fiscal year 1980, and for other purposes; to the Committee on Appropriations.

By Mr. JOHN L. BURTON:

H.J. Res. 400. Joint resolution proposing an amendment to the Constitution of the United States to provide that, except in time of war or national emergency, outlays made by the United States shall not exceed its receipts, excluding outlays to State and local governments; to the Committee on the Judiciary.

By Mr. DUNCAN of Tennessee:

H.J. Res. 401. Joint resolution proposing an amendment to the Constitution of the United States to limit the term of the office of the President to one 6-year term; to the Committee on the Judiciary.

By Mr. LEDERER:

H. Res. 407. Resolution authorizing the withholding of city income taxes from Members and employees of the House of Representatives; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LAGOMARSINO:

H.R. 5299. A bill for the relief of Mark Suzuki; to the Committee on the Judiciary.

By Mr. WALGREN:

H.R. 5300. A bill for the relief of John W. Graham; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 628: Mr. Frost.

H.R. 654: Mr. Shumway.

H.R. 782: Mr. Stangeland.

H.R. 1015: Mr. Blanchard, Mr. Florio, and Mr. Ford of Michigan.

H.R. 1041: Mr. Rangel and Mr. Mottl.

H.R. 2525: Mr. Erdahl.

H.R. 3532: Mr. Patterson.

H.R. 3558: Mr. Heftel, Mr. Patterson, Mr. Oberstar, Mrs. Fenwick, Mr. Winn, Mr. Leach of Iowa, and Mr. Florio.

H.R. 3883: Mr. Waxman, Mr. Gray, Mr. Brademas, Mr. Seiberling, Ms. Holtzman, Mr. Eckhardt, Mr. Stokes, Mr. Edgar, Mr. Patten, and Mr. Dellums.

H.R. 4175: Mr. Conable, Mr. Bevill, Mr. Lott, Mr. Brinkley, and Mr. Frost.

H.R. 4253: Mr. Vento, Ms. Oakar, and Mr. Findley.

H.R. 4576: Mr. Goodling, Mr. Badham, Mr. Gephardt, Mrs. Bouquard, and Mr. Brinkley.

H.R. 4594: Mr. Patterson.

H.R. 4639: Mr. Livingston and Mr. Daniel B. Crane.

H.R. 4646: Mrs. Byron, Mr. Davis of South Carolina, Mr. Frost, Mr. Hance, Mr. Harsha, Mr. Kramer, Mr. Leath of Texas, Mr. Luken, Mr. Sebelius, Mr. Stump, and Mr. Wyatt.

H.R. 4669: Mr. Rinaldo.

H.R. 5166: Mr. Abdnor, Mr. Corrada, Mrs. Fenwick, Mr. Frenzel, Mr. Jeffords, Mr. Montgomery, Mr. Quillen, Mr. Hughes, and Mr. LaFalce.

H.J. Res. 69: Mr. Snyder.

H. Res. 395: Mr. Barnes.

H. Res. 400: Mr. Beard of Rhode Island, Mr. Carney, Mr. Goodling, Mr. Guyer, Mr. Kindness, Mr. Lagomarsino, and Mr. Stratton.

PETITIONS, ETC.

Under clause 1 of rule XXII,

195. The SPEAKER presented a petition of the Arkansas Legislative Council, Little Rock, Ark., relative to State regulation of certain surface mining and reclamation, which was referred to the Committee on Interior and Insular Affairs.

SENATE—*Friday, September 14, 1979*

(Legislative day of Thursday, June 21, 1979)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. Bill Bradley, a Senator from the State of New Jersey.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, for Thy mercies which are new every morning, we give Thee thanks. Put an altar in our hearts that we may worship Thee in spirit and in truth. Shut out all other images that with the eyes of the Spirit and with pure hearts we may see Thee. Silence all sounds that we may hear Thy still small voice. Speak to each of us in this hallowed moment. Grant to us the mind of the Master and in His spirit send us to our work.

In His name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Magnuson).

The assistant legislative clerk read the following letter:

> U.S. Senate,
> President pro tempore,
> *Washington, D.C., September 14, 1979.*
>
> *To the Senate:*
>
> Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable Bill Bradley, a Senator from the State of New Jersey, to perform the duties of the Chair.
>
> Warren G. Magnuson,
> *President pro tempore.*

Mr. BRADLEY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Under the previous order, the Senator from Virginia, Mr. Harry F. Byrd, Jr., is recognized for not to exceed 15 minutes.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there may be a brief period for the transaction of routine moring business, without prejudice to the orders for the recognition of Senators, with the period of time not to exceed 15 minutes, and Senators permitted to speak up to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PRELUDE

(There was a pause in the proceedings after which the following occurred:)

Mr. ROBERT C. BYRD (humming). La-de-da-do.

I would like to hear the distinguished minority leader expound on some subject. Just any subject.

Mr. BAKER. Mr. President, I heard the majority leader expounding in lyrical tones a moment ago for the edification of the gallery, but since we have already passed that high point in the proceedings of the Senate today, I find myself speechless.

The distinguished junior Senator from Virginia is here; it might be that he could remark on some subject of common cause between himself and his colleague.

Mr. ROBERT C. BYRD. Mr. President, when the distinguished minority leader is speechless, one notices a great silence fall over this Chamber, like a cloud.

Mr. WARNER. Mr. President, I came this morning to hear my distinguished colleague from Virginia speak. He is not noted for being late at any time.

Mr. BAKER. I have here an urgent request from the staff that I suggest the absence of a quorum.

(Further lyrical rendition by Senator Robert C. Byrd.)

Mr. ROBERT C. BYRD. Mr. President, under the rules, one Senator can move to close the doors of the Senate, if a second Senator sustains the demand.

Mr. BAKER. Mr. President, this Senator would sustain the demand in sheer consideration for the gallery, if the proceedings continue as they are.

I must say, Mr. President, this may be a historic first in the Chamber. I have not heard the musical tones of the majority leadership heretofore, nor have I seen any reference to it in the public presses.

(Further lyrical rendition by Senator Robert C. Byrd.)

Mr. ROBERT C. BYRD. By the way, tomorrow night I will have my red vest on and my fiddle, and I hope that my colleagues will tune in on "Hee-Haw."

Mr. BAKER. Is that tomorow night?

Mr. ROBERT C. BYRD. "Hee-Haw," tomorrow night.

Mr. BAKER. This is known as a "primo."

Mr. ROBERT C. BYRD. Robert C. Byrd and his violin.

Mr. BAKER. Well, we will look forward to that.

I remember, if the majority leader will yield, when he came to Tennessee, to Nashville, to tape that show, or I assume it was that show, and I have heard reports back from many of my friends from Nashville, particularly in the entertainment or country music field. They asked me to convey a message to the majority leader that I never did; that is, that if he would quit fiddling they would quit politicking.

[Laughter.]

Mr. ROBERT C. BYRD. I hope Harry Byrd gets here pretty soon. We may destroy the decorum of the whole Congress before the morning is over.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask that morning business be closed.

The ACTING PRESIDENT pro tempore. If there is no further morning business, morning business is closed.

Under the previous order, the Senator from Virginia (Mr. Harry F. Byrd, Jr.) is recognized for not to exceed 15 minutes.

THE NATIONAL DEBT AND RESTRAINT IN SPENDING

Mr. HARRY F. BYRD, JR. Mr. President, I rise to comment on the action taken Wednesday by the Ways and Means Committee of the House of Representatives.

The Ways and Means Committee recommended an 18-month extension of the statutory debt ceiling, and it recommended a $99-billion increase in the national debt ceiling.

Now, Mr. President, this 18-month extension of the debt ceiling is unprecedented, and the $99-billion increase envisioned by the Ways and Means action is unprecedented.

Never before has the Congress at one time increased the national debt ceiling by $99 billion.

I strongly oppose the action taken this week by the Ways and Means Committee.

I cannot support or endorse such a large and lengthy increase in the national debt.

Such an increase would raise the statutory debt ceiling to $929 billion—almost $1 trillion in Government debt. The present debt ceiling is $830 billion.

The House Ways and Means Committee action would also raise the debt ceiling $46 billion above the increase in the debt ceiling requested by the Department of the Treasury.

The 18-month extension of the statutory debt ceiling is an unprecedented length of time in which to extend the debt ceiling and $99 billion is an unprecedented increase.

To extend the debt ceiling for 18 months and for such an enormous sum would only reduce the pressure upon Congress and the Federal Government to exercise fiscal discipline and account to the Congress for its action.

It will provide more opportunity for big spending, big Government, and reduce the accountability of the Congress and the Federal Government to the American people for Government spending.

It is obvious, that the proponents of the action in the Ways and Means Committee do not want to go to the voters next November with a recent increase in the national debt.

The action is one more example of the failure of Congress to come to grips with the need for restraining spending.

The impact of a massive increase in the Federal debt ceiling extends beyond fiscal decisions of the Congress.

It provides great latitude for an expansion of the money supply through Treasury borrowing.

Our debt will have to be financed through public purchases and Federal Reserve open market operations.

To the extent the Federal Reserve purchases Government debt, it will be increasing the money supply, thereby depreciating the dollar and causing greater inflation. However, if the Federal Reserve does not accommodate the massive Treasury borrowing in the next fiscal year, interest rates will continue to be high.

In addition, the massive Treasury borrowing will compete with other public borrowing, thereby lessening the capital available for the private economy.

This is the dilemma which the Federal Government has created through its failure to exercise fiscal discipline.

The current economic condition of our nation shows the disastrous consequences of continued deficit spending by the Government. The vote to increase the debt ceiling is concrete evidence of the failure of the Federal Government to get spending under control.

As a result, inflation has risen sharply. At the beginning of the year, the administration projected a 7.4 percent rate of inflation for 1979. It now estimates a rate of 10.6 percent for the year, an increase above the original estimate of 3.2 percentage points.

This projection may be low. The current rate of inflation, according to the most recent Labor Department figures, is 13 percent for 1979 to date.

Inflation is, and, in my opinion, will continue to be this Nation's major domestic problem.

The decisions which the Congress makes about spending and the size of the Federal debt are extremely significant with regard to our ability to reduce inflation.

In addition, increases in Federal spending, translated into an increase in the size of the Federal debt create a heavy interest burden. Interest on the Federal debt in fiscal year 1980 will be $67.6 billion.

This is over a 600-percent increase in interest payments since 1963.

Furthermore, the budget estimates may be low, because of high interest rates caused by inflation.

If we hope to achieve a prosperous economy in which the well-being of American citizens improves in real dollars, we must break the vicious cycle of more Government spending, more Federal borrowing, bigger debts, and more inflation.

In addition to causing high interest rates, inflation causes a silent but steady tax increase upon Americans. James McIntyre, of the Office of Management and Budget, indicated in the hearings before the Subcommittee on Taxation and Debt Management that for every 1-percent increase in the Consumer Price Index, the Government gains $9.6 billion in revenues.

Inflation is a great windfall to the Government in terms of revenues.

The best tax cut which we could give the American people would be to reduce Government spending and get inflation under control. What is needed is for the economy to stay on a steady course and reduce the Federal deficit.

The key to a sound future is reducing inflation which will cut the windfalls in tax revenues to the Government and permit Americans to plan for a secure future.

In addition, we should remember that the surplus or deficit which we have been looking at is a unified budget surplus and deficit.

The Federal funds deficit, according to the Office of Management and Budget for fiscal year 1980, will be $47.5 billion. This is the actual deficit in the operations of the Government and excludes surpluses which are now in our trust funds. Trust funds revenues do not come from general taxation and can be used only for specific purposes.

The gigantic size of the Federal funds deficit indicates that we are far from getting spending in Government operations under control.

A gigantic increase in the debt ceiling—$99 billion—will stimulate rather than restrain Government spending.

I hope the House will vote down the proposed $99 billion increase. I hope the House will oppose an 18-month extension of the increase in the debt ceiling.

The Committee proposal goes directly counter to what Congress claims it wants: more control over Government spending. This action of the House Ways and Means Committee goes directly counter to what I am convinced the American people want; namely, more control over Government spending.

Instead of more control, however, the Ways and Means proposal will open the floodgates.

The Ways and Means proposal will say to Congress, say to the department heads downtown, say to the President, say to the bureaucrats, "Go ahead and spend all you want; we are going to raise the ceiling now; we are going to give you a broad leeway, $99 billion."

I shall oppose such action.

Mr. President, the national debt has doubled in 8 years. If this new proposal of the Ways and Means Committee is enacted, it will mean an unprecedented additional increase in the national debt.

That means more interest charges that the American taxpayer must pay on the debt. In the current budget, the budget that Congress is working on now, the interest charges on the national debt will be $67 billion.

I don't know when this matter will get before the Senate. The House, of course, must act first. I hope that the House will sharply curtail the timespan of the increase in the debt and will also sharply reduce the $99 billion. When it comes to the Senate, I shall do what I can to moderate that unprecedented increase.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the national debt in the 20th century, which shows that in the period of 8 years, the last 8 years, the national debt has doubled. This table runs from 1900 through fiscal year 1980.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

NATIONAL DEBT IN THE 20TH CENTURY,[1] JULY 1979

[Totals at the end of fiscal years; rounded to the nearest billion dollars]

Year	Total	Year	Total	Year	Total
1900	1	1927	19	1954	271
1901	1	1928	18	1955	274
1902	1	1929	17	1956	273
1903	1	1930	16	1957	272
1904	1	1931	17	1958	280
1905	1	1932	19	1959	288
1906	1	1933	23	1960	291
1907	1	1934	27	1961	293
1908	1	1935	29	1962	303
1909	1	1936	34	1963	311
1910	1	1937	36	1964	317
1911	1	1938	37	1965	323
1912	1	1939	48	1966	329
1913	1	1940	51	1967	341
1914	1	1941	58	1968	370
1915	1	1942	79	1969	367
1916	1	1943	143	1970	383
1917	3	1944	204	1971	409
1918	12	1945	260	1972	437
1919	25	1946	271	1973	468
1920	24	1947	257	1974	486
1921	24	1948	252	1975	544
1922	23	1949	253	1976	632
1923	22	1950	257	1977	709
1924	21	1951	255	1978	780
1925	21	1952	259	1979[2]	839
1926	20	1953	266	1980[2]	899
				1981[2]	929

[1] Gross Federal debt.

[2] Estimated figures.

Source: Office of Management and Budget.

Mr. HARRY F. BYRD, JR. Mr. President, I yield back the remainder of my time.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECLAMATION REFORM ACT OF 1979

Mr. ROBERT C. BYRD. Mr. President, the hour of 9:30 having arrived, I ask unanimous consent that the Senate proceed to the consideration of the pending business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 14) to amend and supplement the acreage limitation and residency provisions of the Federal reclamation laws, as amended and supplemented, and for other purposes.

Mr. BAKER. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. The pending question is amendment No. 402, by the Senator from Oregon (Mr. HATFIELD), with 16 minutes remaining to the Senator from Oregon and 19 minutes remaining to the Senator from Idaho (Mr. CHURCH).

Mr. BAKER. Mr. President, if I may have the attention of the majority leader, I observe that the Senator from Oregon is not yet here. I believe he is unavoidably detained. I hope we can protect the remaining time of the Senator from Oregon.

Mr. ROBERT C. BYRD. Yes. It may be that Mr. CHURCH, who is available, will be willing to use some of his time at this time.

Mr. EXON. Mr. President, will the majority leader yield?

Mr. ROBERT C. BYRD. I yield.

Mr. EXON. Mr. President, Senator HATFIELD advised me late last evening that he would be unavoidably detained until about 10 o'clock this morning. He asked me to handle the debate on the lottery matter, on which I asked for a rollcall vote last night. He has indicated that he could be back here by 10 o'clock. He would like to make a closing statement immediately before the vote.

I suggest that there probably has been adequate debate on the measure before us. I have nothing further to say on the matter at this time. If we could get agreement from Senator CHURCH, we might be able to lay aside this matter temporarily and go on to other amendments, possibly by Senator NELSON, and move ahead with the business of the Senate and perhaps vote on the matter presently before us, as originally scheduled, around 10 o'clock or shortly thereafter. That is just a suggestion.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Nebraska for his suggestion.

Mr. NELSON is available and is agreeable to proceeding with one of his amendments, if consent can be given to laying aside temporarily the amendment by Mr. HATFIELD.

Mr. BAKER. Mr. President, I think that would be a good solution. I am advised now that the senior Senator from Oregon is in the building, but it will take a little while for him to reach the floor. I would be grateful for that arrangement to protect Senator HATFIELD's time, and it will permit us to proceed.

Mr. ROBERT C. BYRD. Mr. President, Mr. CHURCH is here and Mr. NELSON is available.

I ask unanimous consent that the pending amendment by Mr. HATFIELD be laid aside temporarily and that Mr. NELSON be recognized to call up an amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Does the Senator from Wisconsin seek recognition?

Mr. NELSON. Yes.

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin is recognized.

Mr. NELSON. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. On whose time?

Mr. NELSON. I ask unanimous consent that the time be charged to neither side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. The distinguished Senator from Oregon wishes to have a vote on this amendment at 10 o'clock. He is ready to yield back his time.

Is it agreeable with the distinguished Senator from Wisconsin if we proceed at 10 o'clock or 5 minutes before, whatever is convenient to the Senator from Wisconsin to vote on the Hatfield amendment at that time which has been temporarily laid aside?

Mr. NELSON. That was my understanding.

And the Senator is asking that that vote be at 10 o'clock?

Mr. ROBERT C. BYRD. Yes. It was announced in the RECORD last evening that the vote on the Hatfield amendment will occur around 10 o'clock.

Mr. NELSON. That is fine.

I would not want to use up all my time before the vote, because I may wish to when more Members are here to have some response to some debate that will be made on the issue.

Mr. ROBERT C. BYRD. Very well.

Mr. President, I ask unanimous consent that at 10 a.m. the two managers be considered as having yielded back their time. Mr. CHURCH is on the floor and may speak for himself. But if there be no objection, they be considered as having yielded back their time on the Hatfield amendment.

Mr. CHURCH. I have no objection.

Mr. ROBERT C. BYRD. And the Senate proceed to vote.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT NO. 355

(Purpose: To establish a six hundred and forty-acre limitation in Federal reclamation projects)

Mr. NELSON. Mr. President, I call up my amendment No. 355.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Wisconsin (Mr. NELSON) proposes an amendment numbered 355.

Mr. NELSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

> On page 8, line 14, strike the words "one thousand two hundred and eighty" and insert in lieu thereof the words "six hundred and forty".

Mr. NELSON. Mr. President, this is a perfectly straightforward and simple amendment. It would strike out, on page 8, line 14, of the bill "one thousand two hundred and eighty" and insert in lieu thereof "six hundred and forty."

This amendment, then, is an amendment that proposes to substitute 640 acres, or its equivalent, as the acreage limitation in the law. Everybody is familiar with the various arguments on acreage limitation.

S. 14 establishes a limitation of 1,280 acres of class 1 land or its equivalent in lands of lesser productivity. According to the Interior Department, under this formula, the average acreage limitation would be around 1,700 to 1,800 acres.

It seems to me this figure is too high—97.3 percent of all Western farms irrigate less than 1,000 acres; 91 percent irrigate less than 500 acres.

According to the U.S. Department of Agriculture study, a 320-acre farm would net an income of from between $14,000 and $85,000 per year in reclamation projects. The differences, of course, are dependent on where those 320 acres are. A 640-acre farm, which is the limitation, or its equivalent, which is the limitation I am proposing in this amendment, will produce, according to the USDA study, a net income of between $23,000 and $125,000.

These studies, done at the request incidently, of several supporters of S. 14, were of four typical reclamation districts in the States of California, Nebraska, and Washington. The study assumed a typical mix of soil types. Under this amendment, of course, the 640-acre limitation applies only to class 1 land, so most farmers would be allowed even more than 640 acres in order to meet the equivalency provision.

The Bureau of Reclamation also studied projects in several States, finding that a 320-acre farm would net an income of $8,000 to $37,000 per year in every project except Milk River in Montana. A Montana State University study of Milk River showed that 450 acres was needed there to support a family and repay a mortgage on the land.

A 1,280-acre farm, with equivalency provisions, nets an average total subsidy of $850,000 over the life of the project, or $66,000 per year. In newer projects, with their higher costs, the figures are four times as high—a total subsidy of $3.4 million per farm. A 640-acre farm still nets an annual subsidy of $33,000 per year in subsidized water.

Mr. President, what is the time limitation on this amendment?

The ACTING PRESIDENT pro tempore. One hour equally divided.

Mr. NELSON. The philosophy of the acreage limitation is simple—the limitation must be large enough to assure that a family can live comfortably on the acreage, but small enough so that as many family farmers as possible will be able to take advantage of the enormous subsidies the law provides. Remember, for every increase in the limitation, there are that many fewer opportunities to settle family farmers on the land. The Government limits many of its programs in this way—you have to be low-income to get food stamps and medicaid, there are income limits on housing loan assistance, Farmers Home subsidized loans only go to limited resource applicants, and so forth. Yet here we are proposing a limitation so large that less than 1 percent of all farmers would fail to qualify; a limitation so large that a farm as large as the limitation would cost over $2 million to capitalize.

The original sponsors of the Reclamation Act put it best, however. Congressman Newlands stated that—

> The very purpose of the bill is to guard against land monopoly and to hold this land in small tracts . . . to give each man only the amount of land that will be necessary for the support of a family.

To accomplish this still valid purpose, I believe 320 acres plus equivalency would be a more than adequate limitation, but to allow for changes in farm technology, I am proposing a figure of 640, which I must say quite honestly, I believe is too large—1,280, however, is simply too large for this Congress to justify. And I doubt very much whether it would have any support among the general public if they understood the implications of subsidized water from a reclamation project to a farm of 1,280 acres.

In evaluating the impact of any acreage limitation we must look, however, not only at the economic feasibility of the limitation in terms of agricultural efficency. Vital rural communities require a family farm based economy to prosper. The Small Business Committee has published the definitive and classic study of this phenomenon—Walter Goldschmidt's analysis of Arvin and Dinuba. Arvin was a large farm town, Dinuba a small farm community. Arvin, although about the same size as Dinuba, had less than half the business outlets, twice the unemployment, and 60 percent of the total business sales. Arvin had a less active community life—fewer churches, less citizen involvement in political affairs, and fewer sources of community information, such as local newspapers. The Arvin and Dinuba study was done to evaluate the effect of the acreage limitation in the 1940's. It reflects the sad history of this program that the study was long suppressed by the Government agency sponsoring it, and the agency itself was abolished by Congress.

Goldschmidt's findings, however, have been duplicated in several similar studies around the country. In one of the Westlands project in California, for instance, it was found that if only 30,000 of the district's approximately 500,000 acres were broken up into 320-acre farms, it would result in 524 new jobs, $6.2 million additional dollars added to the Fresno County totals for personal income, and $9.8 million added to total private sector sales. The study done by the University of California, provides convincing evidence that a smaller acreage limitation, by creating more farms, would create a more vital rural community.

Mr. President, that concludes the prepared remarks that I have. That still leaves 10 minutes prior to the time scheduled for a vote, but I yield the floor, and possibly the Senator from Idaho may wish to make some remarks.

Mr. JOHNSTON. Mr. President, will the Senator from Idaho yield me 3 minutes to speak out of order on this bill?

Mr. CHURCH. Yes, I will be happy to yield to the Senator 3 minutes on the bill.

Mr. JOHNSTON. Five minutes?

Mr. CHURCH. Five minutes, yes, on the bill.

Mr. JOHNSTON. I thank the Senator from Idaho.

(The remarks of Mr. Johnston at this point in connection with the introduction of legislation are printed under Statements on Introduced Bills and Joint Resolutions.)

AMENDMENT NO. 402

Mr. HATFIELD. Mr. President, the pending order of business is my amendment No. 402, to establish a limited lottery for the disposal of excess lands under recordable contracts entered into after this act is passed. It would not affect existing recordable contracts.

I would just like to restate my purpose in introducing this amendment and review some of the facts about reclamation law.

This amendment will allow an excess owner to sell up to 3,840 acres of his excess acreage to direct lineal descendants. To any other qualified recipients he may sell up to 1,280 acres which would be subtracted from the 3,840 entitlement.

In any case, that amount of excess land above 3,840 acres will be sold to other qualified recipients through a public lottery or some other impartial means.

Mr. President, it has been stated that this reclamation bill we have been discussing already places undue restrictions on reclamation farmers and that this type of an amendment would place too great an onus on legitimate farm operations.

I think not, Mr. President. We have, as a matter of fact, relieved farmers of a great many burdens and have yet to place upon anyone a condition or situation which did not already exist prior to this bill.

We have expanded by fourfold the acreage a reclamation farmer may hold and we have exempted farmers from those limits once they have repaid their contracts. In this bill we have provided for validation of repayment contracts for farmers and have given every farmer an opportunity to qualify for expanded acreage under the equivalency formula.

This bill alone does not impose new price controls on land sales nor does it require a farmer to sell more land than he would under the old reclamation law. Controlled sales have been a requirement of reclamation law since 1926.

My amendment does not create restrictions as such. It establishes a preferred customer system to allow a farmer to sell a reasonable portion of his land as he sees fit and at the same time it assures that at least some of these excess lands are made available for new farmers.

If my amendment were adopted, Mr. President, it would affect barely 2 percent of the farmers in the reclamation program. And of these farmers we are allowing a single owner to hold up to 1,700 acres for himself and then allow him to dispose another 3,840 acres to his descendants or persons of his choice.

For most excess owners this would be more than adequate acreage to keep in the family and distribute to long-time tenants and neighbors.

For the largest of farms, those 20 and 30,000-acre operations, I believe we need to assure the public that the tremendous benefits which are associated with reclamation water are not dominated by these large landowners, and that through a lottery mechanism new farmers are given an opportunity to participate in the reclamation program. This lottery mechanism is more than a fair shake for farmers.

The ACTING PRESIDENT pro tempore. The hour of 10 a.m. having arrived, under the previous order the question recurs on agreeing to amendment No. 402, of the Senator from Oregon (Mr. Hatfield). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Oklahoma (Mr. Boren), the Senator from Kentucky (Mr. Huddleston), the Senator from Hawaii (Mr. Inouye), the Senator from Louisiana (Mr. Long), the Senator from Hawaii (Mr. Matsunaga), the Senator from Ohio (Mr. Metzenbaum), the Senator from Connecticut (Mr. Ribicoff), and the Senator from Mississippi (Mr. Stennis) are necessarily absent.

I further announce that the Senator from Florida (Mr. Chiles), the Senator from Alabama (Mr. Heflin), the Senator from Alabama (Mr. Stewart), the Senator from Florida (Mr. Stone), and the Senator from Ohio (Mr. Glenn) are absent on official business.

I further announce that, if present and voting, the Senator from Connecticut (Mr. Ribicoff) would vote "yea."

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. Bellmon), the Senator from Mississippi (Mr. Cochran), the Senator from New Mexico (Mr. Domenici), the Senator from New York (Mr. Javits), the Senator from South Dakota (Mr. Pressler), the Senator from Wyoming (Mr. Simpson), and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. Simpson) and the Senator from Alaska (Mr. Stevens) would each vote "nay".

The PRESIDING OFFICER (Mr. Exon). The Senate will be in order. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 25, nays 54, as follows:

[Rollcall Vote No. 279 Leg.]

YEAS—25

Bayh
Burdick
Cohen
Cranston
Culver
Durenberger
Durkin
Exon
Hatfield
Heinz
Kennedy
Leahy
Levin
McGovern
Nelson
Pell
Proxmire
Riegle
Sarbanes
Stafford
Stevenson
Tsongas
Weicker
Williams
Zorinsky

NAYS—54

Armstrong
Baker
Baucus
Biden
Boschwitz
Bradley
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Church
Danforth
DeConcini
Dole
Eagleton
Ford
Garn
Goldwater
Gravel
Hart
Hatch
Hayakawa
Helms
Hollings
Humphrey
Jackson
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
Magnuson
Mathias
McClure
Melcher
Morgan
Moynihan
Muskie
Nunn
Packwood
Percy
Pryor
Randolph
Roth
Sasser
Schmitt
Schweiker
Talmadge
Thurmond
Tower
Wallop
Warner
Young

NOT VOTING—21

Bellmon
Bentsen
Boren
Chiles
Cochran
Domenici
Glenn
Heflin
Huddleston
Inouye
Javits
Long
Matsunaga
Metzenbaum
Pressler
Ribicoff
Simpson
Stennis
Stevens
Stewart
Stone

So Mr. Hatfield's amendment (No. 402) was rejected.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CHURCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHURCH. Mr. President, I yield such time as the Senator may require to Senator HATFIELD in opposition to the amendment now pending.

AMENDMENT NO. 355

The PRESIDING OFFICER. The consideration now occurs on amendment No. 355 offered by the Senator from Wisconsin who has 20 minutes remaining. The opposition has 30 minutes.

Mr. HATFIELD. I thank the Chair.

Mr. President, I have stood here on the floor from the beginning of the consideration of this bill in a very diligent effort to close the loopholes that would allow abuse, and to try to eliminate abuses of present practice, as well.

As Senators remember, yesterday we voted on two of my amendments that were attempting to do this very thing.

One amendment put a real cap on the kind of acreage that would qualify for this subsidized water—and I think a realistic cap at that, 1,280 acres—by eliminating the loophole that provided for unlimited leasing.

The second of my amendments to keep this bill truly equitable was one that was justified in the matter of making land available for sustaining the small farm and for those not now in farming but who would like to get into farming. It plugged the loophole on the accelerated payout of water districts in order to escape the limitation of acreage we established.

Mr. NELSON. Mr. President, may we have order? I am having difficulty hearing the Senator from Oregon.

Is the Senator speaking on the pending amendment?

Mr. HATFIELD. I am.

Mr. NELSON. I could not hear.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. HATFIELD. Mr. President, I would repeat by saying that I have reviewed the bill's development up to this point, which is primarily centered on two amendments I offered to try to make this bill an equitable and fair bill and to plug the loopholes that had existed that would give advantage to the large farm and put at a disadvantage the small farmers or those who wanted to enter into the farming business. My third amendment was an attempt to put on a lottery basis the disposition of excess lands. I believe much of this land should be available to anyone on a fair and equitable basis and at a fair chance.

But now we have an amendment that I think would be contrary to my overall objective in this bill and the amendments I have proposed to it.

Let me go back and recount for the benefit of our understanding of the history of reclamation one or two very important facts related to the Nelson amendment.

One is that the original 1902 Reclamation Act provided for a 160-acre limitation, but that was ownership. That 160 acres was also ownership per person. So that within a family, there could be multiples of 160 acres, and there were many. I do not have an exact record, but it was possible to own up to 640 acres in a family of four.

Now, bear this in mind. In effect, we made it a building block of 160 acres. It was not a limitation per farm family. It was a building block limiting single member ownership.

In addition to that, under present law those same families could lease land outside of those limitations of 160 acres per member of the family with no limit.

This bill puts a meaningful and a precise cap on the amount of acreage that can be acquired by one family and subsidized by these Federal revenues, and that is 1,280.

With my amendment adopted yesterday, there is no leasing possibility outside of that 1,280.

So, for the first time in the history of reclamation, we, by the bill and by the amendments adopted, have established a firm, meaningful cap on the amount of acreage a person can acquire through ownership or leasehold.

We have to recognize that economics have changed considerably from those in 1902 when this reclamation act was first established.

I think that the Senator from Wisconsin can see those changes in the dairy industry as part of the whole agricultural field.

I can remember out in the State of Oregon that I had an aunt and uncle who were dairy farmers—and this goes back quite a few years. I can remember they made a major part of their living from this dairy herd. It was a small dairy herd and like many others in the Willamette Valley of Oregon, eventually it became impossible to sustain on an economic basis, because of growing costs of operation, including labor, the cost of taxes, and so forth. They had to increase the size of their herd in order to maintain an economically viable status.

Finally, even at that, it began to appear that only the large corporate groups like Carnation could maintain dairy herds.

In fact—I see the senior Senator from Washington is here—we probably get a great amount of Portland's milk supply from Washington's herds under the corporate strength of Carnation and Borden, and other major operations.

That happened throughout our whole country, not just in the field of agriculture.

We look at the small communities struggling to survive.

Where do we see the single practitioner in the professions any more? They are going into joint clinics, or law firms of larger sizes. Everywhere we look, this goes on, because of increasing costs, or economic pressures, or other reasons.

So we have to look at this from a logical, reasonable perspective: What may have been a sufficient size of building on 160 acres 77 years ago will not be at a 640-acre ceiling today. It is not a realistic figure.

In addition to the economic change that has occurred, let us bear in mind that we are talking now about what would be the results if this amendment was adopted. It would literally tear apart many of the economically viable farming units that are operating today as family farms.

We have a number of people who, as family farmers, perhaps own 600 acres and may have another 500 acres or 600 acres under lease. If you start reducing the limit to 640, I am confident that not only will it create havoc in the West so far as agriculture is concerned, but it also will have an impact throughout the entire Nation because of the quantity of produce that is grown in the West on reclamation lands.

As I say, this particular issue is not one of big farmer versus small farmer. This is an issue of the rich farm versus the small family farm, as I stated strongly in my amendments and remarks of yesterday and today.

This is a reasonable, logical, intelligent approach to the economic situation of the day. That is why I urge my colleagues to be very careful in analyzing this particular amendment, and I hope they will vote it down.

Also, the Secretary of the Interior, Mr. Andrus, in his letter submitted to the Hill, has indicated that he cannot accept the 640-acre limitation as a realistic figure.

In moving from the building block approach to the absolute cap approach, I think we have to be careful. We have to set the cap large enough to cover the economic "operatorship," not just ownership.

It seems to me that what we are doing in the Nelson amendment is trying to keep the hands of the clock turned backward. We are trying to freeze the status quo of 1902. That is exactly what the Nelson amendment does. It establishes a freeze on 1902, and I need not remind the Senate that this is 1979.

I yield back my time.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, how much time does the Senator from Wisconsin have remaining?

The PRESIDING OFFICER. Nineteen minutes and 40 seconds.

Mr. NELSON. And how much time does the opposition have?

The PRESIDING OFFICER. Twenty minutes and 4 seconds.

Mr. NELSON. Mr. President, it is my understanding that the Presiding Officer desires to make some remarks with respect to the amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. NELSON. If the Presiding Officer desires to comment at this time, I will be glad to take his place in the chair.

The PRESIDING OFFICER. I thank the Senator from Wisconsin.

(Mr. NELSON assumed the chair.)

The PRESIDING OFFICER. How much time does the Senator from Nebraska request?

Mr. EXON. Ten minutes, maximum.

Mr. President, I support the amendment offered by the distinguished Senator from Wisconsin. I thank the Senator from Wisconsin and the Senator from Oregon for their efforts during the last day and a half to make the bill before us more acceptable and more fair, in my opinion, for the average-sized farm in the United States. However, I must take issue with the Senator from Oregon, for the first time, in all the series of amendments, in support of what I think is a very reasonable acreage limitation amendment offered by the Senator from Wisconsin.

Mr. President, despite the contrary arguments, including some for the need for large irrigated farmers, the facts simply do not support the excessive acreage allowance now contained in S. 14. The average irrigated farm, as reported by the U.S. Department of Agriculture, runs between 119.1 and 508.9 acres in the 17 Western States. More than 97 percent of all irrigated farms in these States are under 1,000 acres. In fact, more than 90 percent are under 500 acres.

It is clear, Mr. President, that the large acreage limitation now contained in S. 14 does not exist to match the existing farming practice but, rather, is there to protect the relatively few large landowners who now enjoy federally subsidized water at taxpayer and ratepayer expense.

Let us take a look at the record for a moment and see just how restrictive this amendment is.

Mr. President, we have a table that has been prepared as part of a factsheet, which I exhibit here, and I should like to cite some figures.

Let us assume for a moment that the U.S. Senate goes along with the 640-acre limitation as proposed in the amendment offered by the Senator from Wisconsin. Let us go down the line.

First, we must remember that this 640-acre limitation has to do with only class 1 land, the best land. But we recognize, of course, that there are four classes of land that would be administered by the Secretary of the Interior under the act we are considering changing in the form of S. 14. So if you take the 640 average class 1 acreage for the limitation, you have to look at that, when you ask how large a farm can be, with the average of the other four classes of land that would come under the act.

If you have a 640-acre limitation of class 1 land, that means, for example, that in Belle Fourche, S. Dak., which is a project, you could have 640 acres of class 1 land; but the average of all the land, the four classes in that area, would be 1,152 acres.

The same is true with respect to Lower Yellowstone, Montana-North Dakota: 640 acres of class 1 land would equal 866 acres average of all the land in that particular district.

The Milk River in Montana: 640 acres of class 1 land would equal 1,332 acres of all the average land in that area.

The Deaver project in Montana and Wyoming: 640 acres of class 1 land would equal 1,148 acres of the average land in that district.

Shoshone, in Montana and Wyoming: 640 acres of class 1 land would be an average of 934 acres.

The Heart Mountain, in North Dakota: 640 acres of class 1 land would amount to 962 acres.

The same is true with respect to Willwood, Montana-Wyoming: 640 acres of class 1 land would equal 818 acres.

In Hanover Bluff, Montana-Wyoming: 640 acres of class 1 land would equal 988 acres.

In Helena Valley, Wyo., 640 acres of class 1 land would equal 1,110 acres.

Those are all in the upper Missouri. In the lower Missouri areas:

In Sandhills, Nebr.: 640 acres of class 1 land would equal 874 acres.

In Kanaska, a Kansas-Nebraska project: 640 acres of class 1 land would equal 792 acres.

In Bostwick, Kansas-Nebraska: 640 acres of class 1 land would equal 814 acres.

In Cedar Bluff, Kans.: 640 acres of class 1 land would equal 842 acres.

In Frenchman, Nebr.: 640 acres of class 1 land would equal 722 acres.

In Middle Loup, Nebr.: 640 acres of class 1 land would equal 870 acres.

I cite those figures only to show that the 640-acre limitation is not nearly as restrictive as some would lead us to believe by statements made on the floor of the Senate.

Mr. President, I vigorously state that, contrary to the claim of others, large acreages are not necessary for efficiency in agriculture. An often cited 1967 study of the U.S. Department of Agriculture, written by Mr. Patrick Madden and entitled "Economics of Size in Farming," concluded that maximum cost efficiency occurs at a relatively small size of operation and remains more or less constant through the very large size range. The author found that economics of scale already existed in today's modern and fully mechanized one-man and two-man operations.

High food prices are not the result of small farm operations. Food in general is less expensive in the United States on the basis of percentage of disposable income than in any of the industrialized nations. Furthermore, farmers are receiving only 31 cents of every dollar spent by consumers on food, a near all-time low, while the transporter, the processor, the packager, and the merchandiser are taking a record 69 cents.

Concern for prosperity of the small family farms is not just a romantic attachment to the past. The trend toward larger farms threatens the opportunities for owner-operator farming in rural areas, imposing a burden on small communities based on family farm operations. Present policies must be directed toward reducing this economic burden. Rural communities are more prosperous when earnings from the land are spent on goods and services purchased in the local area. Our Nation has an important need to maintain the economic viability and the values of our rural communities. Narrow arguments that the small family farms are inefficient bypasses the major policy issues at stake in this debate today: opportunity for individuals, and the quality of life in our rural communities. Such questions are as relevant as subjects for debate today as in 1902 when the original Reclamation Act was considered.

I certainly agree with the statements made in the Chamber by the distinguished Senator from Oregon. I recognize that we have to raise that 160-acre limitation. That is not relevant today as it was in 1902.

But, in closing, Mr. President, let me try and put all of this in perspective. All that we are trying to do with this acreage limitation is to make sure that we have a viable economic unit using Federal water that is paid for by Federal taxpayers and ratepayers and make sure that whatever land has the ability to use this water is kept in a reasonable size so that we can have enough family-sized farming operations to take advantage of it.

As I said yesterday, I am not against subsidy. I just think that we should make sure that the original intent of the 1902 act is maintained today as we bring that act up to date.

Mr. President, let me briefly address the issue of the Federal Government dictating the size of farms that I have heard in the Chamber during this debate. It is argued in support of S. 14 that the Government should not dictate the size of farms and should not tell people where they should live. Mr. President, I could not agree more. But, these arguments are nothing but strawmen. I do not want the Government controlling the size of farms or restricting the residences of people and these amendments do not do that.

I do, however, strongly feel that reasonable restrictions should be placed in our reclamation law to insure that only family farmers receive federally subsidized water. With only 1 percent of the Nation's farms receiving Bureau water, it is easy to see that we are addressing only a small number of this Nation's farms which should, I think, reasonably put aside the argument that we are with these and other amendments trying to limit the size of farms.

Mr. President, I urge the support of the amendment offered by the Senator from Wisconsin.

Mr. CHURCH. Mr. President, as the bill now stands the serious leasing defect of existing reclamation law has been corrected. That defect over the years made a mockery of the 160-acre limitation. It has not been an effective limitation for the past 50 years. It was circumvented by the leasing of additional land, and this bill would prevent any form of leasing, any form of circumvention above the cap that is now established, a maximum of 1,280 acres of land.

For those who say that this cap is too large, let me first put to rest the argument that large corporations have occupied vast tracts of reclamation land and that this has represented a serious abuse of the public policy objectives meant to be served by the reclamation law.

This bill ends those abuses. Under its provisions no large corporation can own more than 160 acres. The 1,280-acre cap applies to qualified recipients of reclamation water and those qualified recipients are going to be family farmers. So we restore in this bill the original objective that I strongly endorse as does the senior Senator from Oregon, Mr. HATFIELD, which is the maintenance of a pattern of family farms on reclamation projects throughout the West.

It is said the cap is too large. The distinguished Senator from Nebraska can speak to the conditions in Nebraska, and I would not dispute him. I know that he is well aware of the pattern of farming in his State. But I am well aware of the pattern of farming in the intermountain West which depends even more heavily than Nebraska on irrigation water. And I can say to you that the 1,280-acre limitation that now exists in the committee bill is reasonable and representative of the present and future needs of the pattern of farming that does exist in the Western States.

(Mr. EXON assumed the chair.)

Mr. CHURCH. The Secretary of Interior, Mr. Andrus, who is as much of an expert as I know on this question, opposes the 640-acre maximum as unrealistic and has himself advocated a 960-acre maximum. The committee chose 1,280 acres because we want this reform to last. We know that prices are going up and up on the farm. We know that, as these investment costs increase, it has been necessary in order to maintain a viable family farm to expand it in the past. This is the first chance in 77 years Congress has had to bring the Reclamation Act up to date, and we want this to be the kind of reform that can withstand the test of time. I hope it will be possible for us to reform this law in such a way that it will preserve viable family farms for the remainder of the century and that we will not have to come back here every year as we do in the case of the national debt to increase the maximum limit.

And that is what we are discussing. All these farms are not going to be 1,280 acres. Many will be less than that. But we are establishing a maximum.

Now, Mr. President, no other farmers in this country have a maximum limit on the size of their farming operations.

Mr. NELSON. Mr. President, will the Senator yield at that point? I think that statement is incorrect, it is a misstatement. There is no limit on the size of the farm. There is a limit on how many acres are eligible for almost free water.

Mr. CHURCH. The Senator makes a distinction that does not really represent a difference. In irrigated land if you do not have the water you do not farm. So the effect of this is that those who are on reclamation projects are limited in the size of the farm. No other farmers are in the country.

I do not object to the limitation as long as there is a Federal subsidy involved. All I ask is that the limitation be reasonable and adequate to meet the needs of family farmers under modern economic conditions.

This amendment, though it might service the needs of some States, would be devastating in its impact on the other States of the irrigated West. The Secretary of Interior recognizes it, and the committee, after careful consideration of all of the factors, decided that the best maximum limit, looking to the needs of today and the needs of tomorrow, would be 1,280 acres.

I hope the Senate will see fit to support the committee position.

Mr. McCLURE. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. Yes, I am happy to yield.

Mr. McCLURE. I thank the Senator for yielding. I will be very brief. I think we need to get to a vote on the amendment and move on in order that we may finish the bill today.

Let me just say this much: Our friend from Wisconsin has been reciting figures from a study which was done with respect to the net farm income. Yesterday in a colloquy my colleague from Idaho and I laid to rest, at least so far as the irrigated land that I am most familiar with in Idaho, any idea that the net farm income per unit is around $200,000, which was the result of the USDA studies as published, and as I recall those figures.

That is so grossly inadequate as to be ridiculous, they being so grossly in error.

I went back to an earlier statistical analysis of farming operations to draw some contrasts between that figure in those studies and what the statistical analysis as a result of the agricultural census would show, and again I will not try to do this for every State, I do not know that for my friend's State of Wisconsin, and I can only presume to say I know my own State of Idaho, but in Idaho the gross value of agricultural products sold in the year in question was $901 million.

The gross expenses for growing that crop—and this does not refer to capital expenses—were $643 million. The difference between gross sales of product and gross expense of producing was $257 million.

The average per-farm value of product sold on irrigated cropland was $78,000, and the derived average expense for producing that would be $56,000, with an average difference between gross value of products sold and the expense of producing that crop of $22,000.

That is remarkably different from the figures that USDA furnished when asked to say how much money do you make on a reclamation project. I do not understand how it is thought if the water is put on land with a Federal project it makes a great deal more money than if it is put on land in a private project, and about half our irrigated land in Idaho is irrigated by projects that were not financed by the Federal Government and about half from projects which were constructed as a part of a Federal project.

If I recall correctly, my friend from Wisconsin yesterday was talking about the average dairy farmer in Wisconsin, a subject with which he would be more familiar than I would be. As I recall, he said years ago when he was closer to it in a physical sense, but not necessarily in an intellectual sense, dairy farmers in Wisconsin were milking eight head of cattle, and they made a living milking eight cows and marketing the milk.

Well, during that same period of time the Federal reclamation law limited farmers in ownership per owner, not per family, to 160 acres of land. Let us say that was actually the limit when, as a matter of fact, if it was husband and wife it was not 160 acres but 320 acres, and if they had a son it was not 320 acres but it was 480 acres, and if they had two sons it was not 480 acres but 640 acres. But let us take the 160 acres as an example of the limitation which was in effect at that time. He is saying now that today in modern agriculture the farmers on this kind of irrigated land should be permitted four times as much as they were under the original limitation, setting aside the difference in the way it is measured.

All right, let us do the same thing with respect to dairy farmers in Wisconsin. If they made a living milking eight head of cattle we ought to then allow them to have four times as many today, and we will limit the farmers in Wisconsin, the dairy farmers in Wisconsin, to 32 head of cattle to qualify for the Federal subsidy on milk. I do not think my friend from Wisconsin would really accept the idea that the average dairy farmer in Wisconsin could today make a living milking 32 head of cattle or that in order to qualify for the Federal program they must agree to limit them to no more than 32 head of cattle.

Yet that is what he is asking us to do in the evolution of modern agricultural practices on irrigated farmland throughout the intermountain West.

He tried to make a distinction a moment ago that, "Well, we are not limiting the size of the farm. We are only limiting the size of the amount of acres that a farm family can have to receive water."

Well, it rains in Wisconsin, and I suspect there may be some production outside the acres that are irrigated. In the irrigated areas in my State, Senator, it does not rain very much. The average rainfall down in the Mountain Home Desert is about 6 inches a year. We had that in 24 hours here the other day, there 6 inches a year. If we did not have irrigation there would be no production.

You fly over that area and you drive through it and you can see the dramatic difference where there is water and where there is not water. That is not totally wasteland. There is a small, very small, amount of natural forage on that, and the desert lands are grazed.

But to indicate that you can limit water without limiting the land farmed is to suggest absolute unreality.

Let me conclude by saying, as Senator HATFIELD said earlier, you can adopt a building block approach in which we try to limit the amount of land that was in individual ownership or control, and say the husband can have 160 acres, the wife can have 160 acres, the child can have 160 acres, and you build it up, but that runs into some very great difficulty in the event of a death in the family, a divorce, a child moves away, and you get all kinds of problems in changing the building blocks.

So the committee decided rather than confront all those difficulties and try to solve them, let us just simply say an entity farming this land, no matter how it is composed, husband and wife, son-in-law, son, daughter, daughter-in-law, cousin, brother-in-law, whatever the grouping may be who are working together on the family farm, any groups of 25 or less will have a cap, and no matter what the composition of that group may be the cap is the same.

I think that is a much easier, much more realistic, much more workable, and much more manageable formula than trying to do it on a building block approach. I hope the amendment will be defeated.

Mr. DOMENICI. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. McCLURE. I would be happy to yield.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Peter Wellish of my staff be granted floor privileges.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I would just like to add a final word to the argument made by my colleague (Mr. MCCLURE).

I do not believe it has been understood in the Senate that under present law, a man and wife with two children can legally receive water to 640 acres of land owned by them, plus any additional amount of land they might lease.

We have cut off the leasing. We are trying to establish a maximum cap that will accommodate families of differing sizes, because that is really not the fair measurement, and if we are going to make an adequate cap, and if we are going to make it at a level that is consistent with modern-day costs and future anticipated increases in cost, and we are going to give some measure of flexibility, then the 1,280-acre maximum is a proper one.

The adoption of this amendment would really mean that any family larger than four would not even be permitted to own as much land as they could own under existing law. Its point is manifestly wrong, because what we are trying to do is bring the law up-to-date with rising costs, looking to the future, and adopting a new standard that will not extend a different amount of land to each family depending upon its size and changing composition. That is not a practical way to do it.

The committee formula represents a practical and effective way of accomplishing this objective. Mr. President, I reserve the remainder of my time.

Mr. NELSON. Mr. President, how much time does the Senator from Wisconsin have remaining?

The PRESIDING OFFICER. Eight minutes and 53 seconds.

Mr. NELSON. Mr. President, I do not like to be repetitious, but after listening to the pleadings of the two distinguished Senators from Idaho about the poor, unfortunate farmer who cannot have at least 1,280 acres with subsidized water, I must say it is not a very impressive argument to anybody who will pay attention to the facts.

I have held hearings four times since 1964 on this issue. I went out to the Westlands project in California, and I held hearings in Fresno, Calif., at the university. The auditorium was full. It was filled with people who wanted to buy some land and were there to tell us they could not get their hands on it.

Three Mexican-American families were there. They were living successfully off 80 acres. Eighty acres, raising cherry tomatoes. Eighty acres in the Westlands project.

There are thousands of people who want to buy land now being held by Tenneco and Southern Pacific and all kinds of rich people, with 20,000, 50,000, or 100,000 acres of land, drawing subsidized water because they are exempt under this bill. I will address that with two amendments. There are all kinds of people who could farm and would farm and make a very successful living out of half the acreage I am proposing in this amendment, or 320 acres.

I have here a study by the U.S. Department of Agriculture. I mentioned it yesterday. It is a 1978 study of reclamation projects.

What does that study say? I have heard nobody refute the study. What does it say?

A 1978 study of the USDA says a 320-acre farm—half the size I am proposing in this amendment—would afford a net income, on the average, from the studies they made—a net income—of from $14,000 to as high as $85,000 a year.

That $85,000 net income puts that farmer in the top one-half of 1 percent of income groups in America, and that is on a 320-acre farm.

The Bureau of Reclamation also did a study. They did not study the same projects, and their figures are different, but they are impressive also. The Bureau of Reclamation study of 320-acre farms in reclamation projects found them to fall between a net income of $8,000 a year and a net income of $37,000 a year. So if you just doubled the amount, you would see what you would be talking about under the amendment, with 640 acres.

What about the subsidy on the 1,200? We are talking about public money. We are talking about taxpayers' money. We are talking about subsidies far in excess—far in excess—of the income of 99 percent of all the people in America. A 1,280-acre farm, with its equivalency provision, nets an average total subsidy of $850,000 in the lifetime of the project, or, put another way, $66,000 per year. It is that farmer that we hear all these crocodile tears shed for here on the floor of the Senate today and yesterday. What nonsense. There has been no study presented here in refutation of the Department of the Interior study or the USDA study. And they are saying, in their study, with these incomes, that 320 acres, under the reclamation projects they studied in several States, is adequate for incomes from $14,000 to $85,000 a year.

Is anyone prepared to defend the public policy that we ought to be subsidizing people with incomes in excess of what 99 percent of the people of this country make themselves, with no subsidy at all? I would like to hear that argument made to a public audience who could listen for the first time and hear what is being promoted here on the floor of the Senate through this piece of legislation, which not only gives $66,000 a year in subsidy, but then turns around and exempts the Imperial Valley and the Tulare project. And those projects, which the court has held are covered by the Reclamation Act, have landowners receiving millions of dollars in subsidies, one of them as high as $60 million in a lifetime. What a marvelous thing it would be if this place were full of Senators who would listen to the facts, and if the public knew what was going on under this bill and under the whole long life of this program, which was intended to benefit the family farm.

You watched, a few minutes ago, when there were only 25 votes for Senator HATFIELD's amendment to provide a sensible lottery provision so that when the excess lands were disposed of, it would not be the president of Tenneco going down to his lawyer friend and saying, "Why don't you buy 1,280 acres of my land, and go get somebody to lease it from you? It is a very profitable investment."

So you have lawyers and doctors and businessmen farming the best land in America, subsidized by the American taxpayers, thousands and thousands of hardworking American citizens and farmers who would like to be part of the program that has been created for them and gutted—gutted—by the Congress of the United States and by the management of this program, by the Reclamation Bureau, for the last half cenutry.

Mr. President, I ask unanimous consent that Senator EXON be added as a cosponsor.

The PRESIDING OFFICER (Mr. PRYOR). Without objection, it is so ordered.

The Senator from Idaho has 2 minutes remaining.

Mr. McCLURE. Mr. President, how much time remains to the Senator from Wisconsin?

The PRESIDING OFFICER. All of the time has been used by the Senator from Wisconsin.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to both sides on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I yield to the Senator from Montana (Mr. BAUCUS).

Mr. BAUCUS. I thank the Senator from Idaho.

Mr. President, I stand to oppose the amendment by the Senator from Wisconsin (Mr. NELSON), that would reduce the acreage on reclamation projects from 1,280 to 640 acres.

The Senate Committee on Energy and Natural Resources has spent several years trying to fashion a reasonable compromise that would allow adequately sized family farms while carrying out the intent of the reclamation law.

The problem with the amendment offered by the Senator from Wisconsin is its impact in areas like Montana where growing seasons are short and soils are poor. In these areas, farms must be fairly large to provide adequate family incomes.

As I have pointed out before, we do not have large corporate farming interests in Montana. There is definitely a pattern of family farming on all the irrigation projects in my State.

Nevertheless, farms in my State, of necessity, are fairly large. Typical farm sizes range from 300 acres on the Huntley project to 450 acres on the Milk River, 600 acres in the Helena Valley, and 800 acres on the East Bench project near Dillon.

These are not the largest farms in these various districts—they are typical size farms for those regions.

If we accept Senator NELSON's amendment, the basic entitlement will be less than the typical farm size on some Montana irrigation projects.

I recognize equivalency formulas will increase this basic acreage entitlement. I know that the Senator from Wisconsin has figures which indicate that the entitlement would double for the poorest soils in Montana. In other words, on class 4 land in the Milk River project, equivalency would increase the basic farm size to 1,280 acres.

The problem is, on these very poor soils, it could take 1,280 acres to make a living now. And what is going to happen in 5 years or 10 years or 20 years as the cost-price squeeze continues to force larger farm sizes?

I also point out that there is nothing in the language of this bill to tell us what the actual farm sizes will be in various districts where equivalency formulas are in effect. According to the bill, this will be done by administrative rulemaking whereby equivalency will be determined for lands other than class 1 taking into effect "soil characteristics, crop adaptability, cost of crop production, and length of growing season."

Let me briefly quote some figures to indicate to Members of the Senate how small profit margins are on Montana irrigated farms. These numbers are from a 1977 study by Dr. Leroy Luft of Montana State University. Dr. Luft has testified before the Committee on Energy and Natural Resources and his study is part of the hearing record for S. 14.

Assuming that a farmer has his land one-half paid for, the net return from an 800-acre farm on the East Bench unit would be less than $11,000. In other words, after the owner had paid his farming expenses and his mortgage payment, he would have only $11,000 left for family living, income taxes, and additonal investment.

Under the same criteria, the return for a 600-acre farm in the Helena Valley would be minus $5,000. A 300-acre irrigated farm in the Huntley project area, where sugar beets and corn can be produced, would be about $34,000.

The point I am trying to emphasize is that Montana farmers need substantial acreages for economic units. Even the Department of the Interior, which has not been noted for its charity to large farmers, recommends a basc entitlement of 960 acres.

I respect Senator NELSON's efforts to carry out the original intent of the reclamation law. I have supported a number of the amendments offered by Senators NELSON and HATFIELD to insure that the original intent of the act is carried out. But I believe that the amendment he is now offering would work an unreasonable hardship on legitimate family farms and I urge my colleagues to reject this amendment.

Mr. President, I am basically sympathetic with the intent of the Senator from Wisconsin to maintain the central feature of this bill—that is, the family farms—in America. However, as I say, in my State of Montana and other States, with poorer soil conditions than other parts of the country and longer winters, even with the equivalency provisions of the bill, 640 acres would not be sufficient. That is partly for the reasons I have enumerated, but also because we do not know what the future has in store for farmers, or how the Department will interpret the equivalency provisions. Already farmers in Montana, with 640 and with the 1,280, as some would be under the equivalency formula, are having a hard time making a go of it.

Mr. President, I strongly urge that the amendment not be passed. We have to leave the horse-and-buggy days of 1902, when the reclamation statute was first passed. There are parts of the country, certainly in the Northern Plains States, including my State of Montana, that need the kind of relief that is contemplated in the present bill, the committee bill, which would be eliminated by the Nelson amendment.

Mr. NELSON. Mr. President, have the yeas and nays been ordered on my amendment?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. NELSON. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to both sides on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I ask for 2 minutes.

The PRESIDING OFFICER. All time has expired on the amendment.

Mr. HATFIELD. I yield myself 2 minutes on the bill.

Mr. President, once again, I want to reiterate that I think the amendments that we have adopted to this bill to close the loopholes on leasing and to provide for a nonaccelerated payout on those contracts that do not now include it have sufficiently corrected and reformed the bill to make it a fair and equitable bill. I think we have to be realistic in terms of the economic problems of today and the size of operation necessary for farms to be economically viable. I think 1,280 acres is realistic. I think, also that the cap is a meaningful one now, one that is 1979 oriented and not 1902.

I think the Nelson amendment would be devastating to the economies of the agricultural community of the West. I do not think it is promoting the small family farm; I think it is destroying the small family farm. I urge my colleagues to defeat it.

The Nelson amendment is more restrictive than present law for a family of four, and I think that is totally unrealistic. Therefore, I move to table the Nelson amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second on the motion to table? There is a sufficient second.

The yeas and nays were ordered.

Mr. NELSON. Mr. President, I did not hear what the motion was. Is it a motion to table, and the yeas and nays have been ordered?

The PRESIDING OFFICER. The Senator is correct.

The question is on agreeing to the motion to lay on the table the amendment of the Senator from Wisconsin. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Kentucky (Mr. FORD), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Mississippi (Mr. STENNIS), are necessarily absent.

I further announce that the Senator from Ohio (Mr. GLENN), the Senator from Florida (Mr. CHILES), the Senator from Alabama (Mr. STEWART), the Senator from Florida (Mr. STONE), and the Senator from Alabama (Mr. HEFLIN), are absent on official business.

I further anounce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF), would vote "nay."

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Mississippi (Mr. COCHRAN), the Senator from South Dakota (Mr. PRESSLER), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Alaska (Mr. STEVENS), are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. SIMPSON), and the Senator from Alaska (Mr. STEVENS), would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 65, nays 18, as follows:

[Rollcall Vote No. 280 Leg.]

YEAS—65

Armstrong
Baker
Baucus
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd,
 Harry F., Jr.
Cannon
Chafee
Church
Cohen
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Eagleton
Garn
Goldwater
Gravel
Hart
Hatch
Hatfield
Hayakawa
Heinz
Helms
Hollings
Humphrey
Jackson
Javits
Jepsen
Johnston
Kassebaum
Laxalt
Leahy
Lugar
Magnuson
Mathias
Matsunaga
McClure
Melcher
Morgan
Moynihan
Muskie
Nunn
Packwood
Percy
Pryor
Randolph
Roth
Sasser
Schmitt
Schweiker
Stafford
Stevenson
Talmadge
Thurmond
Tower
Wallop
Warner
Weicker
Young

NAYS—18

Bayh
Biden
Byrd, Robert C.
Cranston
Culver
Exon
Kennedy
Levin
McGovern
Metzenbaum
Nelson
Pell
Proxmire
Riegle
Sarbanes
Tsongas
Williams
Zorinsky

NOT VOTING—17

Bellmon
Bentsen
Chiles
Cochran
Ford
Glenn
Heflin
Huddleston
Inouye
Long
Pressler
Ribicoff
Simpson
Stennis
Stevens
Stewart
Stone

So the motion to lay on the table was agreed to.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. NELSON. Mr. President, I yield to the Senator from South Dakota for the purpose of making a unanimous-consent request, without losing my right to the floor.

Mr. McGOVERN. Mr. President, I ask unanimous consent that Mr. Ned Leonard, of my staff, be permitted the privilege of the floor during the consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. NELSON. I yield.

Mr. HATFIELD. Mr. President, I ask unanimous consent that Tom Clark, of my staff, have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 548

Mr. NELSON. Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> **The Senator from Wisconsin (Mr. NELSON) proposes an unprinted amendment numbered 548.**

Mr. NELSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 14, line 10: Strike the period after the word "involved" and add the following: "(4) the landholdings are included in the Kings River, Kern River, Tule River, or Kaweah River Projects."

Mr. NELSON. Mr. President, through an oversight on my part, this amendment was not offered yesterday or the day before, as I had intended.

This amendment would delete the corps exemption for the Tule River projects which are exempt in the bill.

Mr. President, this amendment would delete the blanket exemption given by the bill to the four corps projects in the Tulare Lake area. The four projects are the King's, Kern, Kaweah, and Tule River projects. Although these projects were built by the Corps of Engineers, there is absolutely no question that Congress intended that they be subject to the acreage limitation. This intention was unanimously upheld in a recent decision of the ninth circuit court of appeals. The four districts contain some of the largest individual and corporate landholdings not only in the reclamation program, but, indeed, in the entire country.

I want to make it clear at the outset, however, that my amendment speaks only to these four projects. Nothing in this amendment would affect the commendable language of the bill stating that corps projects which were not meant by Congress to be subject to acreage limitation laws should now be forced to comply with those laws. This amendment applies only to the four projects I have mentioned.

It is very plain that these projects should be subject to the acreage limitation provisions of reclamation law. In 1944, landowners in the Tulare Lake area sought a project to control the unreliable flows of King's, Kern, Tule, and Kaweah Rivers. These landowners already had rights to the water, but they needed the Federal Government to come in to build a dam to control that water. The purpose of the dam would be for flood control, but the purpose of the flood control was to make irrigated agriculture in the area more profitable. It is important to understand this point, for there has been considerable distortion on it. The landowners asked the Government to build the dam. The Government did not force it on them.

The Roosevelt administration was sympathetic to the landowners' pleas, but it wanted the Bureau of Reclamation to build the project, so that the landowners would be subject to acreage limitation laws. In order to get around this, the landowners persuaded the Public Works Committee to include the project as part of an omnibus water bill for the Corps of Engineers. The Roosevelt administration agreed to support the project, but only on the condition that even though the corps built the project, the acreage limitation would apply, and the Bureau of Reclamation would enforce it.

In the debate on the bill, this point became very clear. Senator Lister Hill asked the bill's manager, Senator Overton, whether the acreage limitation would apply. Overton replied:

> Section 8 of the bill clearly places reclamation uses of water from these projects under the applicable reclamation laws. No project in this bill which may include irrigation features is exempted from reclamation laws. . . . Section 8 of the bill clearly places reclamation uses of water from all projects under this bill under the Secretary of the Interior and applicable reclamation laws.

Mr. President, how much time has the Senator from Wisconsin used?

The PRESIDING OFFICER. The Senator from Wisconsin used 5 minutes of his time.

Mr. NELSON. Mr. President, I yield myself an additional 10 minutes.

In fact, an amendment was offered at the time to exempt the projects from the reclamation law, and it was not adopted.

There is nothing ambiguous about this legislative history. When President Roosevelt signed the bill, he stated in his accompanying message that he was signing the bill only because it did subject the projects to the acreage limitation laws.

Here is the quote from President Roosevelt's statement at the time he signed the bill authorizing the four projects which the pending legislation that came out of the committee exempted. The President's language was:

> Congress has wisely decided that the reclamation policies of the Congress shall govern not only the reclamation projects constructed by the Secretary of the Interior but also the reclamation uses of multiple purpose flood control dams and reservoirs to be constructed by the War Department.

Despite this history, the landowners continued to fight for an exemption.

In 1947, they wrote to the Truman administration to ask for an exemption. They were turned down by the Truman administration. In 1957, they wrote to the Eisenhower administration, again seeking an exemption. Again they were turned down.

Finally, in 1963, the landowners and the Interior Department signed a contract in which both sides agreed to abide by the results of litigation on the issue.

In 1977, the Ninth Circuit Court of Appeals ruled that the landowners were subject to the law. The landowners requested an en banc review. All nine, and I repeat, all nine judges turned them down.

Now the landowners have gone to the committee of Congress and, despite the holding of the court, despite the written agreement of the landowners have come to the floor with an exemption worth millions and millions and millions of dollars to wealthy landowners, who are covered by the law as ordered by the court, who have violated their own personal agreement at the time they signed it, and there is no reasonable explanation by the committee or by anyone who can justify the result.

Let us see that multimillion-dollar result of the committee's refusal to go along with the decision of the Ninth Circuit Court of Appeals of the United States, who refused to go along even with the agreement the landowners made, who refused to recognize what President Roosevelt said when he signed it and who refused to recognize the intent of the law as stated on the floor when it was passed. Let us see what we are giving away, and I hope those Members who stand here today and vote for the continuation of this exemption will have to answer their constituents and explain to them these exemptions and what they mean and the hundreds of millions of dollars they are costing.

The landowners in these districts who are now exempt under this bill, despite the holding of the court that they are covered by the law, are not small family farms. Who are they? Well, all together there are about 1 million acres in the four districts. A gentleman by the name of J. G. Boswell owns 115,000 acres in that project; poor little Tenneco Corp. owns 67,000 acres; and poor, long-suffering, little Superior Oil Co. owns 22,581 acres; Bangor-Punta 26,816 acres; Salyer Land 60,000 acres. All together the top 10 landowners in King's River own 210,000 acres.

Congress passed a law that they are covered by the limitations; President Roosevelt signed the law saying they are covered by the limitations.

The landowners agreed in 1963 to go to court and abide by the decision. The court unanimously ruled that they were covered by the law. Now the committee comes to the floor with a bill saying, "Despite the intent of Congress, despite the agreement of the landowners, despite the holding of the courts of the United States we are going to exempt them." Why? Well, they have been on their food stamps so long it would be a pity to take it away from them even though it was illegal to give them their food stamps in the first place. That is about the level of the argument in support of this proposition.

No one has ever calculated, unfortunately, the subsidies. However, everybody agrees that they are worth millions of dollars to these large landowners. The precise amount is beside the point in any event because they are not entitled to it under the law, and this bill is in defiance of the law. It repeals the law.

Well, they have made the argument, that they pull out, that the law could not be enforced anyway, and that is what the landowners are saying. They can live, they say, with the unpredictable river and, if necessary, they will make all the small farmers in the area live with the unpredictable river as well.

They say they will withdraw from the project, making it impossible for the Federal Government to provide benefits only to the small farmer since, they say, if the Government controls the river for one landowner it must control it for all. If then the Government wanted to prevent them from receiving project benefits it would have to simply stop operating the dam.

What is this really except pure and simple blackmail? That is the only word in the dictionary that precisely defines it.

The landowners, unable to make a good case on the basis of the law, are now making their case based on an arrogant defiance of the law, supported by a committee of Congress.

The Bureau of Reclamation, however—and I emphasize this, the Bureau of Reclamation, however—states that the landowners are wrong. They say the law can be enforced. They acknowledge there may be periodic problems which require some unintended benefits to go to large landholders. Overall, however, the Interior Department says they can enforce the law, and they vigorously oppose the exemption that is in this statute.

The arguments on enforceability are technical. I am not an engineer and I do not claim the expertise to address these questions. The Bureau, however, is the source of expertise on this matter, and if they think they can enforce the law, then I think they should be given the chance to do so, rather than simply giving up and letting these enormous landowners receive extraordinary subsidies.

Even if the Bureau is wrong, however, we should still pass this amendment. If we find that the Bureau cannot enforce the law through controlling the flow of the rivers, then we should consider imposing stiff civil penalties on those who violate the acreage limitations. Senator BELLMON offered such an amendment when the committee marked up this bill. We should not, however, let ourselves be blackmailed under any conditions.

My amendment, therefore, includes these projects under reclamation law. In so doing, it simply affirms what the Congress, the courts, and the executive branch have said all along. My amendment does nothing, however, to effect the sensible intention and effect of S. 14 that corps projects which do not have irrigation as a project benefit should not be subject to acreage limitation laws. There is no reason that they should be, and Congress has been assured by both the Secretary of the Army and of the Interior that they will not be. This amendment should lay to rest any fears that such corps projects, including those in Eastern States, will be subject to laws not ever meant to apply to them.

To exempt the four projects covered by this amendment, however—projects which Congress clearly did intend to be subject to reclamation law—would be to further destroy the family farm principles of reclamation law.

I hope that this Senate is not going to go ahead and continue to provide project water subsidized by the taxpayers of the United States to people who rank in the top one-tenth of 1 percent incomes of people in all of America.

The PRESIDING OFFICER. Who yields time?

Does the Senator from Idaho seek recognition?

Mr. McCLURE. Mr. President, will the Senator yield just a couple of minutes?

Mr. CHURCH. Yes, I am happy to yield such time as the Senator may require.

Mr. McCLURE. I thank my colleague for yielding. Most of this ground was covered yesterday, and I do not know that there is anything to be gained by reiterating this except for one thing. The Senator from Wisconsin is uncomfortable with the position of Mr. Boswell. Well, let me say that Mr. Boswell would not be hurt if we passed the amendment. It would be everybody else because they have the old water rights on the river and they will get the water and just everybody else will not.

I think we have to understand the fact that the Senator from Wisconsin, even though he has been given that information, seeks to simply ignore it and say that in order to try to get at Boswell we are going to dry up the river for everyone else. That makes good political rhetoric but it does not make good water sense.

I thank the Senator for yielding.

Mr. WALLOP. Mr. President, will the Senator from Idaho yield me 3 minutes in opposition?

Mr. CHURCH. Yes, I am happy to yield 3 minutes to the Senator from Wyoming.

Mr. WALLOP. Mr. President, I will not belabor the point. I would endorse what Senator McCLURE has just said. I would also like to point out that the California legislature has sent a resolution, joint resolution No. 22 which was voted on by an overwhelming margin of 73 to 2, in the assembly on May 31 and 39 to 0 in the Senate on July 19, calling upon the Congress to specifically exempt Kings River from Federal reclamation law.

Mr. President, I ask unanimous consent that a copy of the joint resolution from the Assembly of California be introduced in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

ASSEMBLY JOINT RESOLUTION No. 22

Whereas, Pine Flat Dam, on the Kings River, California, was authorized by the Flood Control Act of 1944 for construction by the U.S. Army Corps of Engineers primarily as a flood control project with incidental conservation storage of water for irrigation; and

Whereas, The Kings River water users owned 100 percent of the rights to use such Kings River water for more than 80 years before such flood control dam was built; and

Whereas, The Kings River water users have paid or contracted to pay all the costs allocable to irrigation storage behind Pine Flat Dam; and

Whereas, For many years, representatives of the United States repeatedly stated that this project would not come under reclamation law or the restrictions thereof; and

Whereas, By virtue of building the dam, no "new" water was created, no "new" lands came into cultivation, no "arid" lands were reclaimed, and no "public" lands were opened for settlement; and

Whereas, No distribution facilities were built by the United States; and

Whereas, A substantial portion of the Kings River service area lies within the Tulare Lake Basin and is not susceptible to farming in small tracts due to periodic flooding and other factors; and

Whereas, In spite of such aforementioned facts, the Ninth Circuit Court of Appeals has reversed a judgment of the trial court and decreed that the reclamation laws of the United States apply to all waters stored behind Pine Flat Dam; and

Whereas, Such decree will cause the larger users to forego storage of their privately owned water and use it under natural flow conditions as was done before Pine Flat Dam was built; and

Whereas, Such natural flow use will destroy most of the recreation benefits of the reservoir and harm the smaller users of Kings River water by substantially increasing their reliance on already overdrafted and costly groundwater supplies; and

Whereas, As a matter of fairness and equity, such aforestated facts dictate that the beneficiaries of the Pine Flat Project should be exempt from the provisions of reclamation law; and

Whereas, Legislation has been introduced in the House of Representatives specifically to exempt such Kings River service area from such laws; and

Whereas, Legislation has also been introduced in the House of Representatives which would modernize such reclamation laws to recognize the changes that have taken place in agriculture, this state's number one industry, over the past 76 years; now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact legislation to specifically exempt the Kings River service area from the provisions of reclamation law and also to modernize such reclamation laws to recognize the changes that have taken place in agriculture; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Secretary of the Interior, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

Mr. WALLOP. Mr. President, I think the other point that needs to be made about the Kings River, and it can be made as well about the other areas which the Senator from Wisconsin seeks to eliminate from this exemption, is that if the Senator's desire is to hurt Boswell he will have to find another way. The plain fact is that the very smallest farmers whom the Senator professes to seek to help would be the only ones hurt by this amendment in this instance.

Mr. NELSON. Mr. President, will the Senator yield at that point?

Mr. WALLOP. I would be happy to yield on the Senator's time.

Mr. NELSON. Yes, on my time.

On that point I am simply relying upon the Department of Interior, upon their engineering department. They say they can enforce the law. They are opposed to this exemption. I am not an engineer. I am not an authority on that project. Neither is the distinguished Senator from Wyoming. But the Corps, the Bureau of Reclamation, say they can enforce the law, they want to enforce the law, and they are vigorously opposed to the committee's exemption.

Mr. WALLOP. They can enforce the law, I will tell the Senator, but they cannot hold back the water because they do not own it. Indeed, the rights to the waters of that river belong to those farmers which the Senator seeks to vilify in his statement. All the other water users who rely on the extended flow of that irrigation system will have no water.

I think it is a peculiar thing that in the interest of demagoguery, and it is a very demagogic possibility, that the Senator would hurt the very people he professes to help.

I would challenge the Bureau of Reclamation to demonstrate how they can hold water which they do not hold title to. The Senator must know that there is no mouth to the Kings River. The entire water flow of that has been appropriated long before the dam was built, and it belongs to the very companies that can store it because the Tulare Lake basin is made of clay and water does not go through, and they can run it down there and pump it out.

You would put a good deal of land out of circulation in the process, not enough to hurt them, but it is enough to make certain that those up stream water users will have no water except during the flood season when all of it is required to run through.

If the Senator wants to do that, he is welcome, but I think the Senate would not be wise to make that choice.

Mr. NELSON. Mr. President, in response to the distinguished Senator from Wyoming, let me read one paragraph from the decision of April 5, 1976, of the U.S. Court of Appeals for the Ninth Circuit. This is where the case went after these landowners agreed in writing in 1963——

Mr. WALLOP. The Senator had better not get into that, because I would suggest they agreed in writing after a promise that they would not be subject——

Mr. NELSON. They agreed in writing to comply with a decision of the court. Now let me read what the court says. Let me read what the law says. This bill seeks to repeal the law to make an exemption for these wealthy people. The court says, in two paragraphs—let me read it:

> There is no basis for implying an exception to the absolute language of section 46 that would permit excess landowners to escape the obligation of that provision by payment of construction charges.
>
> The Kings River project is subject to the reclamation laws. Landowners in that project must execute recordable contracts to sell their excess land at ex-project prices in compliance with section 46 in order to receive project water for their excess lands, even if the irrigation district or other contracting agency through which they receive project water repays its share of the irrigation costs of the Pine Flat Dam.

Could anything in the world be more clear? The court says they have to sign recordable contracts and sell their excess lands, and you are standing here defending the proposition that these wealthy people do not have to sign recordable contracts, or rather ought to be exempted by law passed by the Congress to overrule the circuit court, to allow them to continue without signing recordable contracts and selling their excess lands.

Mr. WALLOP. The Senator from Wisconsin displays the lack of knowledge of problems involving western irrigated lands that one would expect of someone from Wisconsin. The fact is that if they want project water, what the Senator says is correct. But there is no such thing as project water, and that is the whole problem. It is only project water insofar as they order their water stored. To the extent that that is true, what the Senator says is correct. But if they insist on having their water released, there is no project water, and the Senator will put the up-canal farmers out of business. That is what he would do, and no amount of rhetoric and reading court decisions will affect that outcome.

Mr. HAYAKAWA addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Idaho has 25 minutes remaining.

Mr. CHURCH. How much time does the Senator from California wish?

Mr. HAYAKAWA. Six minutes will be plenty.

Mr. CHURCH. I yield 6 minutes, then, to the Senator from California.

Mr. WALLOP. Mr. President, will the Senator from California yield for a unanimous-consent request?

Mr. HAYAKAWA. I yield.

Mr. WALLOP. I ask unanimous consent that a statement by the Senator from Alaska (Mr. STEVENS) on this matter be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR STEVENS

I had the opportunity to serve as the Solicitor for the Department of the Interior during a period of time when the issue of the Pine Flat Dam was being negotiated. I speak from my memory and from personal knowledge regarding many of the issues involved in this matter and wish only to present several significant points which I think are significant to the question at hand. This information will give Members of the Senate a better perspective on the Pine Flat Dam amendment.

First, from a historical perspective, the Senate should understand the Pine Flat Dam is a most unique situation when considering Federal water projects. Several renowned experts in Federal and State water projects have testified that it is the only known situation where the Federal Government placed a dam across a river in which 100 percent of the water was privately owned, in which no public lands were involved, where no arid lands were involved, where no "new" water was provided for any purposes, where no additional expenditures were made of any type or nature, where no new lands, either public or private, were brought into cultivation because of the dam being built, where the Corps of Engineers constructed the dam and then consistently, since 1954, when the dam was completed, have operated and maintained it. I am told there is no other example of such a situation in the entire nation.

We should all note that if the rationale of the ninth circuit court in this matter is carried to its ultimate conclusion, then reclamation law could be applied to every Corps of Engineer project.

Let me emphasize that: This is a unique situation. The Federal Government placed that dam in this position despite the fact that the water was already privately owned. No public lands, no arid lands, no new water, no new lands, either public or private were brought into cultivation. The only reason that this issue exists is that the Corps of Engineers, after the dam was completed, has operated and maintained it. To apply the reclamation law to such a project, I think, is miscarrying the original intent of Congress in this area.

Second, the Senate should understand, in considering this measure, that from the very first time discussions were held with the local land owners and water right owners about the construction, those landowners and water rights owners were promised repeatedly by representatives of the Federal Government, including three different Secretaries of the Interior, that as soon as local interests paid that portion of the cost of the dam which would be attributed to the increased benefit to irrigation because of flood control, there would be a complete exemption of the excess land provision of reclamation law. In fact, they were promised that there would be no application of reclamation law to this area once the payout was completed.

In 1963, local interests paid the Government 100 percent of their assigned portion of the cost of the dam, $14,250,000. From that time on, the land and water rightful owners have fought unsuccessfully for the fulfillment of the repeated promises made to them by Secretaries of the Interior of both our great parties that they would be exempt from reclamation law.

As we know, this is a matter of great concern to many in this Chamber. This situation is unique and should have been dealt with many years ago. The issue would not have come up if the promises made to these people at the time of construction of this dam had been kept.

I ask to have printed in the Record a copy of the opinion that I wrote on the Pine Flat River Dam, which I wrote when I was Solicitor for the Department of the Interior. The statement was provided to the Secretary of the Interior, Fred Seaton, on January 3, 1961. Also included for the Record, is a copy of the letter that the Secretary of the Interior, Fred Seaton, sent to the Attorney General on this matter.

The memorandum follows.

MEMORANDUM

WASHINGTON, D.C.,
January 3, 1961.

To: Secretary of the Interior.
From: Solicitor.
Subject: Proposed Repayment Contracts for the Kings River Project and the Kern River Project—Excess Land Limitations.

In connection with your consideration of these proposed contracts, it has been suggested that I review the question of the legal effect of final payment of construction charges, in the total amount required pursuant of the Federal reclamation laws, upon the application of the limitations contained in those laws on the acreage of land in a single ownership to which water may be served by the Federal project.

It is contemplated that on the Kings River Project a repayment contract will be executed by each of the twenty-eight entities representing the water users in the Kings River irrigation service area. One form of repayment contract offered for use by any such entity requires the repayment of its share of the total construction obligation in not to exceed forty annual installments. This contract would contain all of the provisions required by law concerning service of water from the project to lands in excess of 160 acres in a single ownership or the equivalent in joint ownership, including the execution of a recordable contract as a condition precedent to such service. As to excess lands not disposed of by the owner within the period of ten years under the recordable contract, the Secretary or his authorized representative would have the power to dispose of such lands on behalf of the owner. This form of contract would permit the contracting entity at any time or times within the forty-year repayment period to make advance payment of the obligation or any part thereof. Payment in full of the repayment obligation at any time after the execution of the contract would terminate and cancel all recordable contracts executed thereunder except those executed more than ten years prior to the date of such payment. Payment in full would likewise permit the contracting entity to make deliveries of stored water to excess lands notwithstanding the limitation provisions of the contract.

Contracting entities under the Kings River Project would also have the choice of executing a contract calling for the payment in full of that entity's share of the repayment obligation not later than one hundred eighty days after the execution of the contract. This form is parallel to that which is offered for joint execution by the principal water users' organizations under the Kern River Project, in that the share of the repayment obligation owing by each entity is to be paid not later than one hundred eighty days following the date of execution of the contract. The period of one hundred eighty days is recommended as an appropriate period within which the contracting entity may accomplish the authorizations and necessary proceedings requisite to effect full payment to the United States upon proceeding with reasonable dispatch. Neither of these two forms of contract, namely, the two forms calling for payment in full within one hundred eighty days, contains any reference to the excess land provisions of the Federal reclamation laws. In each case it is provided that, in the event a contracting entity fails to pay its share of the obligation as prescribed, the entity shall have no further right to the use of irrigation storage of the project.

In none of the three forms of repayment contract before you for consideration is an individual parcel of excess land permitted to be relieved of the acreage limitations of the reclamation laws by the payment of the construction charges assignable to such parcel of land. On the contrary, no relief is provided from those limitations except upon the full and final payment, by the entity executing the contract with the United States, or its total construction cost repayment obligation thereunder.

The negotiation of repayment arrangements with the Kings River interests has been carried on for more than fourteen years. There was previously submitted for your consideration a proposed forty-year repayment contract between the United States and the Kings River Conservation District, representing the entire service area of the Kings River Project, providing for the repayment of the total reimbursable construction cost in the amount of $14,250,000 together with $750,000 as the agreed purchase price for certain claims to waters associated with Fresno Slough (Draft-October 27, 1955). Within the Conservation District were some thirty-one "member units" composed of water users now represented by the twenty-eight entities to whom the United States would now offer separate repayment contracts. In the 1955 draft, delivery of water to excess lands was prohibited unless such lands were covered by a recordable contract. The draft also provided, however, that the Conservation District, any member unit, or other organization, co-partnership, entity or individual within the District might at any time or times within the forty-year period make advance payments on the obligation. It further provided that the payment in full by any member unit, landowner or stockholder owning lands to which a specified portion of the repayment obligation had been allocated would remove the limitation upon the storage and delivery of water to such lands.

With respect to that earlier draft, under date of July 12, 1957, you wrote to Mr. Philip H. Gordon, President, Kings River Conservation District, advising him that "after painstaking consideration, I have concluded the terms of the proposed contract between the United States and your District * * * should not be approved." You pointed out that the Department continues to recognize and support the basic concept of reclamation law that full and final payment of the obligation of a district to the Federal Government ends the applicability of the acreage limitations. You observed that in prior years administrative action had permitted individual landowners to avoid the excess land limitations by payment of an allocated share of construction costs. You advised, however, that you could not justify such action in an effort to remedy an absence of lawful authority.

In announcing your determination to Mr. Gordon, as outlined above, you had the benefit of an opinion by the Solicitor Elmer F. Bennett, under date of July 10, 1957 (M-36457). Your determination was entirely consistent with the opinion of the Solicitor, who advised that Congress had not authorized accelerated payments by individual landowners of their aliquot part of the District liability as a means of evading excess land limitations, and that the discretion to afford relief from those limitations had not been vested in you as Secretary and therefore remained a prerogative of the Congress. The Solicitor reviewed the pertinent statutory provisions together with a prior Associate Solicitor's opinion[1] and certain administrative actions taken thereunder. He pointed out that in connection with dams and reservoirs operated for flood control purposes after the Flood Control Act of 1944 the Secretary of the Interior was authorized to permit utilization of irrigation benefits from such works in comformity with the Federal reclamation laws. With respect to the excess land limitations, he set out the specific provisions with which you were required to comply under Section 46 of the Omnibus Adjustment Act, as amended.[2] He placed in historical perspective Section 46, dealing with District obligations, and the Act of August 9, 1912, as amended,[3] dealing with the obligations of individual homestead entrymen and water right applicants. He stated that "it is the payment of the full obligation by the district under the 1926 Act joint-liability repayment contract, as well as the similar payment under the 1912 Act individual contract, that relieves the excess lands from the statutory restrictions." He did not accept the proposition that the provisions of the earlier Act, relating to individuals, could be used to implement the later Act, relating to districts, to permit relief upon individual payouts. He pointed out that the previous opinion of the Associate Solicitor went no further than to advise that full payment of the reimbursable costs by a district relieved the excess lands in that district from the statutory limitations and requirements. It was administrative action later taken on the basis of a memorandum by the Chief Counsel of the Bureau of Reclamation which undertook to permit relief from these limitations by individual payout with respect to lands covered by a district obligation.

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[1] Associate Solicitor Cohen, October 22, 1947 (M-35004).

In net effect, then, Solicitor Bennett's opinion simply reaffirmed district payout under the 1926 Act and individual payout where the 1912 Act was applicable. The Associate Solicitor in 1947, in expressing the view that upon full payment of the construction obligation under a joint liability repayment contract the lands receiving water under such contract are relieved of the statutory excess land restrictions, relied upon the proviso to Section 3 of the 1912 Act and review the Instructions of 1914,[4] sometimes referred to as the "King opinion."

It has been said by critics of the Departmental position regarding the result of payment that Solicitor Bennett's opinion relied on the Associate Solicitor's earlier opinion without proper reanalysis; in turn, that the Associate Solicitor's opinion relied upon the King opinion without proper analysis of the basis for its conclusion; and finally that the King opinion was in error in the construction of the legislation then in effect. It is true that these documents do not include the working details of analysis of the 1912 Act, and to complete the record at this point that analysis is supplied in the following paragraphs.

The Instructions of 1914 cited the proviso to Section 3 of the 1912 Act and construed it, taking into consideration prior Departmental decisions in the two cases of Amaziah Johnson.[5] and Keebaugh and Cook.[6] First, with respect to these two decisions, the King opinion must be understood to have done one thing and not to have done another. It did conclude that the holder of a farm unit or private lands upon which full payment had not been made on the appurtenant water right might own additional lands for which water right charges had been paid in full without limitation, whereas the implication of the two decisions was that one could not hold a tract upon which full payment had not been made and acquire water rights in another tract for which the water rights were paid in full if the area exceeded one hundred sixty acres. What the King opinion did not do was apply the limitation after full payment for the rights sought to be acquired by one individual, and no such case was before the Department for consideration.

Moving, then, to the basic construction of the proviso to Section 3 itself, I have no question of the validity of the Associate Solicitor's conclusion with respect thereto. He does not, however, touch upon the structure of the 1912 Act as a whole or the history of its passage in light of prior legislation. It appears to be appropriate at this time to fill in that portion of the record.

Under the provisions of Section 3 and Section 5 of the 1902 Act,[7] the acreage limitation applied to the initiation of rights in public lands and to the initiation of the right to use of water on private lands. Further, patent to public lands was not to issue until payment in full, and no right to the use of water was to attach permanently to any lands until all payments were made. This was the total concept of acreage limitation in the reclamation law prior to the 1912 Act, and related itself solely to the status of the individual as an entryman prior to becoming a patentee or as a water right applicant prior to becoming the holder of a water right certificate.

In this stage of the law the irrigator was precluded from pledging his land with the necessary water rights as security for an improvement loan, thus imposing hardship on the irrigator and retarding development of the project. The initial impetus for the 1912 Act was the effort to correct this situation. Section 1 of the Act was drawn to permit, for the first time, the issuance of patents and water right certificates upon payment of "all sums due the United States on account of such land or water right at the time of issuance of patent or certificate * * *" (emphasis supplied). Thus the applicant needed only to be current in his payments rather than being required to have paid in full. Section 2 of the Act protected the United States by requiring each patent and water right certificate to reserve a lien to the United States for sums due or to become due. The substance of the 1912 Act, without Section 3, was passed by the Senate and was reported favorably by the House Committee. It was then, however, returned by request to the House Committee where it was redrafted and the present Section 3 was included. The records of the Congress contain no legislative history of Section 3 itself. It must be viewed in light of the fact that it was enacted by the Congress concurrently with Sections 1 and 2 and apparently as a result of consideration by the two Houses of the effect of Sections 1 and 2 standing alone. In the process of approving the policy embodied in Sections 1 and 2 it obviously became apparent to the Congress that such a provision would, consistently with the prior law, have the effect of lifting the excess land limitation at the time of issuance of patent and water right certificate and prior to full payment unless provision to the contrary was made. In other words, the entryman would become a patentee and the water right applicant would become the holder of a water right certificate. In order, therefore, that the period of time under prior law would not be so altered, Section 3 specifically continued the land limitation for "irrigable land for which entry or water right application" had been made until "final payment in full of * * * building and betterment charges" on such excess land. The Section thus had the effect of continuing the land limitation during the period between the issuance of evidence of ownership and final payment, which period would otherwise have been "uncovered" by the effect of Section 1.[8]

Most of the discussions of the 1912 Act, including those by critics of the Departmental position, have centered upon arguing the meaning of the proviso to Section 3 without recognizing, as set out above, the simple necessary, and logical function of Section 3. It appears to me that the analysis set out above accords to the Congress the credit for intelligent consideration to which it is entitled. Furthermore, this interpretation, consistent with every action of this Department over a half of century, dissipates the cloud of confusion some critics attempt to create because of their myopic, preconceived opinion as to what the law should be. We must interpret the law as it exists, and leave to others the prerogative to discuss whether the law should be as it is.

The most recent general expression dealing with excess land appears in the Small Reclamation Projects Act of 1956 (70 Stat. 1044). Section 5(b) of that Act provides in substance that interest shall be paid on that portion of the unpaid balance of the obligation allocable to excess lands. In other words, water may be delivered without regard to acreage, but interest is payable to the extent that excess lands are involved in the small project only while an obligation remains unpaid. Thus, the Congress in enacting the so-called "Eagle formula" demonstrated that it was not concerned per se with limiting the amount of land that might receive the benefit of Federally financed irrigation works; rather, it was concerned that so-called excess lands should not have the added assistance of interest-free Federal money during the period of repayment.

The Small Reclamation Projects Act of 1956 is by express provision (Section 11) a supplement to the Federal reclamation laws. It is hornbook law that individual enactments comprising a part of a general body of law treating with a given subject are, except as the context may expressly require another application; to be construed in harmony one with another. Viewing the Small Reclamation Projects Act of 1956 against an established Federal reclamation law excess land pattern tied to the continued existence of an unpaid obligation between the contracting entity and the United States, harmonizes the 1956 Act with the general statutory pattern save only that under the 1956 Act the Congress established a means whereby even during payout a water supply would be available to large ownerships. To regard the general body of reclamation law as providing for continuing applicability of acreage limitation provisions after payout would be to attribute to the Congress in its enactment of the 1956 Act a complete departure from the prior existing pattern, a departure not required not even hinted at by the language of the 1956 Act.

Finally, I note views are sometimes indicated that the concept of payment of construction charges terminating the excess land provisions of reclamation law is incompatible with the objective of the general homestead law[9] from which reclamation law was developed. This argument points out that the purport of that law is to limit an entryman to 160 acres of public land provided he is not already the proprietor of more than 160 acres. In terms of acreage limitation, the only qualification of the general homestead law is on the right of entry. The general homestead law never contained a continuing limitation on the acreage of land permitted to be owned after entry. To the contrary, it is clear that if a settler is qualified to make entry and does so there is no limit on the acreage of private lands he may acquire and still be qualified to make final proof and receive patent. *West* v. *Edward Rutledge Timber Co.* (D.C. Idano, 1913) 210 F. 189, affirmed (C.C.A. 1915) 221 F. 30. To the extent that analogy may be drawn we see no incompatibility between this result and the concept earlier advanced that repayment by the contracting entity terminates the land limitation feature of the reclamation law.

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[2] Act of May 25, 1926 (44 Stat. 636, 649; 43 U.S.C. 423e).

[3] Act of August 9, 1912 (37 Stat. 265; 43 U.S.C. 541 *et seq.*).

[4] Approved July 22, 1914 (43 L.D. 339).

[5] August 11, 1913 (42 L.D. 542).

[6] October 31, 1913 (42 L.D. 543).

[7] Act of June 17, 1902 (32 Stat. 388, 389).

[8] A brief contemporary administrative construction of Section 3 appears in Secretary of the Interior Fisher's report to the President on the enrolled bill on August 6, 1912, in which he stated: "Section 3 * * * contains a proviso to prevent the consolidation of holdings until such time as full and final payment of the building charge shall have been made."

[9] March 3, 1891, 26 Stat. 1097 (43 U.S.C. 161).

On a review of the applicable legislation, and with regard for the record of construction heretofore given to the legislation from time to time in the Department, it is my opinion that you have the authority to provide, by contract with a water users' organization, that upon full and final payment of the construction charges which that organization is required to pay, the lands covered thereby are no longer subject to the acreage limitations of the Federal reclamation laws.

THEODORE F. STEVENS,
Solicitor.

ACT OF AUGUST 9, 1912 (37 STAT. 265)

SEC. 1. That any homestead entryman under the act of June seventeenth, nineteen hundred and two, known as the reclamation act, including entrymen on ceded Indian lands; may at any time after having complied with the provisions of law applicable to such lands as to residence, reclamation, and cultivation submit proof of such residence, reclamation, and cultivation, which proof, if found regular and satisfactory, shall entitle the entryman to a patent, and all purchasers of water-right certificates on reclamation projects shall be entitled to a final water-right certificate upon proof of the cultivation and reclamation of the land to which the certificate applies, to the extent required by the reclamation act for homestead entrymen: *Provided,* That no such patent or certificate shall issue until all sums due the United States on account of such land or water right at the time of issuance of patent or certificate have been paid.

SEC. 2. That every patent and water-right certificate issued under this act shall expressly reserve to the United States a prior lien on the land patented or for which water right is certified, together with all water rights appurtenant or belonging thereto, superior to all other liens, claims, or interests whatsoever for the payment of all sums due or to become due the United States or its successors in control of the irrigation project in connection with such lands and water rights.

Upon default of payment of any account so due title to the land shall pass to the United States, free of all encumbrance, subject to the right of the defaulting debtor or any mortgagee, lien holder, judgment debtor, or subsequent purchaser to redeem the land within one year after the notice of such default shall have been given by payment of all moneys due, with eight per centum interest and cost. And the United States, as its option, acting through the Secretary of the Interior, may cause land to be sold at any time after such failure to redeem, and from the proceeds of the sale there shall be paid into the reclamation fund all moneys due, with interest as herein provided, and costs. The balance of the proceeds, if any, shall be the property of the defaulting debtor or his assignee: *Provided,* That in case of sale after failure to redeem under this section the United States shall be authorized to bid in such land at not more than the amount in default, including interest and costs.

The legal officers of this Department have consistently been of the view that the restrictions of the excess land provisions do not continue beyond the date of payout of its construction charge obligation to the United States by the contracting entity. Enclosed are the several legal opinions in which this position has been expressed. These are:

Will R. King, Chief Counsel, approved July 22, 1914, 43 LD 339.

Felix S. Cohen Associate Solicitor, October 22, 1947, M–35004.

Elmer F. Bennett, Solicitor, July 10, 1957, M–36457.

Theodore F. Stevens, Solicitor, January 3, 1961.

SEC. 3. That upon full and final payment being made of all amounts due on account of the building and betterment charges to the United States or its successors in control of the project, the United States or its successors, as the case may be, shall issue upon request a certificate certifying that payment of the building and betterment charges in full has been made and that the lien upon the land has been so far satisfied and is no longer of any force or effect except the lien for annual charges for operation and maintenance: *Provided,* That no person shall at any one time or in any manner, except as hereinafter otherwise provided, acquire, own, or hold irrigable land for which entry or water-right application shall have been made under the said reclamation act of June seventeenth, nineteen hundred and two, and acts supplementary thereto and amendatory thereof, before final payment in full of all installments of building and betterment charges shall have been made on account of such land in excess of one farm unit as fixed by the Secretary of the Interior, as the limit of area per entry of public land or per single ownership of private land for which a water right may be purchased respectively, nor in any case in excess of one hundred and sixty acres, nor shall water be furnished under said acts nor a water right sold or recognized for such excess; but any such excess land acquired at any time in good faith by descent, by will, or by foreclosure of any lien may be held for two years and no longer after its acquisition; and every excess holding prohibited as aforesaid shall be forfeited to the United States by proceedings instituted by the Attorney General for that purpose in any court of competent jurisdiction; and this proviso shall be recited in every patent and water-right certificate issued by the United States under the provisions of this act.

SEC. 4. That the Secretary of the Interior is hereby authorized to designate such bonded fiscal agents or officers of the Reclamation Service as he may deem advisable on each reclamation project to whom shall be paid all sums due on reclamation entries or water rights, and the officials so designated shall keep a record for the information of the public of the sums paid and the amount due at any time on account of any entry made or water right purchased under the reclamation act; and the Secretary of the Interior shall make provision for furnishing copies of duly authenticated records of entries upon payment of reasonable fees, which copies shall be admissible in evidence, as are copies authenticated under section eight hundred and eighty-eight of the Revised Statutes.

WASHINGTON, D.C.,
January 18, 1961.

DEAR MR. ATTORNEY GENERAL: Your opinion is requested on the question whether the applicability of the so-called excess land provisions of the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, as amended and supplemented, particularly Section 46 of the Act of May 25, 1926, 44 Stat. 636, 649) survives repayment by the contracting entity of its construction charge obligation whether such repayment be as scheduled in the repayment contract involved or, at the election of the contractor, be made in advance of the payment schedule.

Notwithstanding the views continuously expressed by the principal law officers of this Department, the opposite point of view has been earnestly and repeatedly pressed upon this Department. The earnestness and insistence with which these contrary views have been pressed, together with the widespread interest in the question and its transcendent importance in the administration of the Federal reclamation laws, prompt me to request our consideration of the matter in order that it may definitely be set at rest within the Executive Branch. In this connection we are in receipt of copies of recently dated letters from your Department to various correspondents in which it is indicated that a ruling would be forthcoming upon receipt of a request by this Department.

The issue is directly presented in three forms of repayment contracts now before the Department for action involving in excess of thirty contracting entities covering repayment of the irrigation costs of Pine Flat and Isabella reservoirs in California. In view of the longstanding position of the chief legal officers of this Department, I am today approving these contracts as to form with the understanding, however, that their execution on behalf of the United States will be deferred pending receipt of your views. A representative copy of each of the three forms of contracts is enclosed for your information. We are currently advised that the only one of the twenty-eight entities on the Kings River Project which is likely to avail itself of the 180-day repayment contract form is the Lovelace Estate (Circle "L" Farms) which is a trust for the life of certain heirs of the devisor with remainder over to the University of California.

Agreements having been reached, after lengthy and complex negotiations with the numerous contracting entities under the Pine Flat and Isabella reservoirs, it is most desirable that the contracts be consummated as soon as possible.

The issue may also be present in the joint Federal-State San Luis Project authorized by Public Law 86–488. In the event the Federal reclamation laws are determined to be applicable to the State service area, the answer to the question here presented would control the applicability of the excess land restrictions to that area after the State had, as required, met all of its capital cost commitments for the construction of joint facilities.

For your further assistance, we are enclosing Part One of "Excess Land Provisions of the Federal Reclamation Laws and the Payment of Charges" transmitted to the Subcommittee on Public Works and Resources, Committee on Government Operations, House of Representatives, May 1956, and call your attention to Report No. 399, 86th Congress, House of Representatives, Committee on Interior and Insular Affairs, to accompany H.R. 7155, at page 7 *et seq.*, and to "The Excess Land Law: Execution of a Public Policy", Paul S. Taylor, Professor of Economics, University of California, Yale Law Journal, Volume 64, Number 4, February 1955.

We would greatly appreciate receiving your advice at the earliest practicable time.

Sincerely yours,

FRED A. SEATON,
Secretary of the Interior.

Mr. HAYAKAWA. Mr. President, I am grateful to the Senator from Idaho for yielding me some time on this subject.

I, too, would like to point out to my revered colleague from Wisconsin that he is not fully cognizant of the facts regarding reclamation water, since in Wisconsin there is no such thing, and the conditions of agriculture in Wisconsin—where I lived 10 years, by the way—and the conditions of agriculture in California, where I have lived 25 years, are entirely different; and, therefore, any analysis or any thinking he does about California projects on the basis of his Wisconsin experience is bound to be misleading and mistaken.

I would not impose the rules of agriculture in Cambodia upon Wisconsin, nor would I expect him to impose upon California the presuppositions of agriculture in Wisconsin.

He talks about the corps projects, but resents their present exemption. I would like to explain what these corps projects are.

First of all, they are flood control projects, and that is why they are treated differently. As a result of these flood control projects, no new water has been made available. No new water has resulted from Federal involvement in this matter.

Furthermore, as a result of these flood control projects, there has been no irrigation of previously arid lands. That is what reclamation water is about, but not corps project water. The water was already available.

We are not, with corps project water, irrigating lands, therefore, that have need for water. The water was already available before those projects were completed.

Furthermore, the farmers own the water. They owned it before the Federal Government was involved in any way. These farmers, therefore, need not be brought under the severe regulations such as my learned colleague from Wisconsin is advocating. The Kern River reclamation project—let me talk about, for example, the facts regarding the Isabella project. First, these farmers received no Federal water at all. All the water involved is and has been, and long prior to the dam was, privately owned.

Second, the Federal Government delivers no water to the project. All facilities were privately owned and built and operated without Federal funds, long prior to the existence of the dam.

Third, these farmers receive no flood protection for their lands, and farm substantially the same land and crops, with or without the dam.

Fourth, these farmers receive none of the power generated at the dam, and get no benefit from the power revenues.

And fifth, these farmers receive no free subsidy, since they have to pay the Federal Government the full value of conservation storage up front, and are paying interest on the funds they have borrowed in the private money market to make these payments.

In other words, the situation in California with regard to corps projects is entirely different, as our distinguished colleague from Wyoming has pointed out, from the conceptions held by the distinguished Senator from Wisconsin.

Mr. President, I call the attention of this body to a joint resolution of the California State Assembly. This measure would request the President and Congress to enact legislation to specifically exempt the King's River service area from the provisions of Federal reclamation laws, and also to modernize such reclamation laws to recognize the changes that have been taking place in agriculture.

This resolution, consisting of two pages, passed by the Assembly of the State of California, fully protects the situations we are talking about, so it is not a purely local matter involving King's River, it is a matter that concerns the entire State; and this resolution, as I say, was endorsed completely by the State of California.

Therefore, Mr. President, I ask unanimous consent that the resolution be printed in the RECORD.

The PRESIDING OFFICER (Mr. LEAHY). Without objection, it is so ordered.

The resolution is as follows:

ASSEMBLY JOINT RESOLUTION No. 22

Whereas, Pine Flat Dam on the Kings River, California, was authorized by the Flood Control Act of 1944 for construction by the U.S. Army Corps of Engineers primarily as a flood control project with incidental conservation storage of water for irrigation; and

Whereas, The Kings River water users owned 100 percent of the rights to use such Kings River water for more than 80 years before such flood control dam was built; and

Whereas, The Kings River water users have paid or contracted to pay all the costs allocable to irrigation storage behind Pine Flat Dam; and

Whereas, For many years, representatives of the United States repeatedly stated that this project would not come under reclamation law or the restrictions thereof; and

Whereas, By virtue of building the dam, no "new" water was created, no "new" lands came into cultivation, no "arid" lands were reclaimed, and no "public" lands were opened for settlement; and

Whereas, No distribution facilities were built by the United States; and

Whereas, A substantial portion of the Kings River service area lies within the Tulare Lake Basin and is not susceptible to farming in small tracts due to periodic flooding and other factors; and

Whereas, In spite of such aforementioned facts, the Ninth Circuit Court of Appeals has reversed a judgment of the trial court and decreed that the reclamation laws of the United States apply to all water stored behind Pine Flat Dam; and

Whereas, Such decree will cause the larger users to forego storage of their privately owned water and use it under natural flow conditions as was done before Pine Flat Dam was built; and

Whereas, Such natural flow use will destroy most of the recreation benefits of the reservoir and harm the smaller users of Kings River water by substantially increasing their reliance on already overdrafted and costly groundwater supplies; and

Whereas, As a matter of fairness and equity, such aforestated facts dictate that the beneficiaries of the Pine Flat Project should be exempt from the provisions of reclamation law; and

Whereas, Legislation has been introduced in the House of Representatives specifically to exempt such Kings River service area from such laws; and

Whereas, Legislation has also been introduced in the House of Representatives which would modernize such reclamation laws to recognize the changes that have taken place in agriculture, this state's number one industry, over the past 76 years; now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact legislation to specifically exempt the Kings River service area from the provisions of reclamation law and also to modernize such reclamation laws to recognize the changes that have taken place in agriculture; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Secretary of the Interior, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

Mr. HAYAKAWA. Mr. President, it is inappropriate to apply certain reclamation law to projects of this kind. Enforcement will not cause a change in existing farming operations. It will not serve the underlying social policy of the creation of small family farms. The farmers will receive less favorable treatment under this law. They receive, at best, minimal flood control benefits.

Projects such as the Isabella project have none of the attributes of a reclamation project, and these farmers receive no subsidized benefits. Additionally, we are concerned here about resultant hardships that cannot be limited to owners of excess lands. Accordingly, these farmers, as all other farmers affected by similar projects, should be exempted from acreage limitation, residency, and antispeculative provisions of the Federal reclamation law.

In short, Mr. President, we are dealing here with something without precedent in the history of Wisconsin and totally unfamiliar to the learned Senator from Wisconsin. We are describing entirely different conditions. Whatever he may say about reclamation law does not apply to the particular projects under consideration here.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. Mr. President, I yield myself such time as I may consume.

Will the Senator from Wisconsin yield for a question?

Mr. NELSON. Yes.

Mr. McCLURE. Mr. President, I do not know whether the Senator from Wisconsin, by his amendment, intends to alter the contractual relationship which may exist between the landowner and the Government now on these projects. Is it the Senator's intention to change what the courts have said is the status quo or is it his intention to leave them under the existing contracts?

Mr. NELSON. I do not know what their contracts say. The amendment would simply require them to comply with the reclamation law. It would require them to sign recordable contracts. It would require them to sell excess lands, unless they withdrew from the project.

Mr. McCLURE. If there is a contract in existence, and I am not familiar with that contract in as much detail as, perhaps, I should be—or those contracts—but is it the Senator's intention to remove from the property owners whatever rights they may have under the existing contracts?

Mr. NELSON. It is solely my purpose to have them in compliance with the law precisely as it was intended at the time it was passed and debated on the floor of the Senate, at the time President Roosevelt signed it, and in compliance with what the court said, finally, in 1978.

So I know nothing about what contracts they have signed, but, of course, if they have signed a contract that is not in compliance with the law, it would not be an enforceable contract. All I am saying is that, under the order of the court, they are not exempt from the reclamation law which they have fought to be exempt from for all these years.

Mr. McCLURE. I understand the Senator's answer.

Mr. HAYAKAWA. Will the Senator from Wisconsin yield for a question?

Mr. McCLURE. Mr. President, I yield to the Senator from California such time as is required for asking the question.

Mr. HAYAKAWA. I thank the Senator, Mr. President, I have a very short question of Senator NELSON.

I should like to know, if it were intended by the Government to begin with that these should not be brought under reclamation law, why did the Department of Interior put in writing their assertion that they do not come under reclamation law? This is a fact.

The Department of Interior so stated, so affirmed in their own communication on the subject.

Mr. NELSON. I say to the distinguished Senator from California that I have not seen that. I have seen opinions by solicitors or various departments of the Government that turned out to be wrong under the law. If the Department did take that position in writing at some stage, which has not been called to my attention, all that has happened is that they were wrong under the law because, at the time the legislation was passed—I do not know if the Senator was here, but I read from a response to a question by Senator Lister Hill to Senator Overton, who asked whether the acreage limitations would apply to this project. The answer was, "Section 8 of the bill clearly places reclamation uses of water from these projects under the applicable reclamation laws. No project in this bill, which may include irrigation features, is exempted from the reclamation laws. Section 8 of the bill clearly places reclamation uses of water from all projects under this bill under the Secretary of the Interior, and applicable to reclamation laws."

Then, of course, President Roosevelt signed it, reaffirming that position, which I read into the record at the previous time.

Then, as I said, we finally end up, all the way to 1976, when the circuit court of appeals unanimously held that that was the law.

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. How much time remains on the amendment?

The PRESIDING OFFICER. The Senator from Idaho has 13 minutes. The Senator from Wisconsin has 13 minutes.

Mr. McCLURE. Mr. President, let me indicate that I am troubled by the response of the Senator, because I am not sure what the result is and I gather the Senator from Wisconsin is not really certain what the results would be with respect to the contractual provisions in the existing contracts between some of the water users and some of the districts that are affected by the amendment.

Mr. President, it is clear, there is no question, it is absolutely clear that certain representations were made to people who were involved in this project and that they, in reliance upon representation made by their Government, accepted the contract with those provisions. Now, as I gather from the Senator from Wisconsin, it is his feeling that perhaps the contracts ought to be voided in some regard.

This seems to me to be the fundamental case of some of the people who are involved in a number of these dealings. They ought to be able to rely upon what the Government tells them to induce them to sign a contract. That would be true about almost anyone else. Of course, the Government does not live by the rules that other people live by. There is some reason why that may be true; but in this instance, this amendment may have just that effect of leading the courts to believe that Congress, if it adopts this amendment, intended to force a change in the provisions of existing contracts.

If the Senator from Wisconsin had responded by saying, "No, I don't want to change those contracts. Whatever the Government agreed to or the water user agreed to, we will live with," we would have a set of circumstances quite different from the rather loaded and uncertain condition in which we say, "You will have to live with whatever the courts decide that contract should have said, regardless of what the contract does say." That, it seems to me, is a manifestly unfair condition to try to impose upon people who have, in good faith, dealt with their Government, signed contracts with their Government, and would like to comply with terms of that contract. But now Congress may come back and say, "Oh, no, we don't want you to have the benefit of the contract; we want only the liabilities of the contract, plus whatever restrictions there are in laws passed then, plus whatever restrictions we may be able to impose by passing new laws now.

Mr. President, equity and fairness do not yield to that kind of lawmaking in this body or elsewhere. For that reason, again, I think we ought to reject this amendment.

I reserve the remainder of my time.

Mr. NELSON. Mr. President, let me say to my good friend from Idaho that I find him quite creative in raising problems based upon no facts, and nobody knows whether they exist or not.

I do not know how many contracts there are there. I say quite frankly to my good friend, it is awfully hard to interpret what a contract means without knowing whether a contract exists or, if it does exist, what it says. I am not a Philadelphia lawyer. Some of them are able to do that.

I repeat that whatever the Senator's comments have been about this, I say in all due respect, are irrelevant. After all, they are covered by the reclamation law. That is all.

That is settled. That is clear.

Now at the time——

Mr. McCLURE. Will the Senator yield on that question?

Mr. NELSON. Yes.

Mr. McCLURE. One of the problems is that the reclamation is neither settled nor clear. That is why it has been in the courts repeatedly and continues to be in the courts all the time. That is why the answer the Senator from Wisconsin gave to the Senator from Idaho did not really resolve anything. He just said, "What is ambiguous, let's leave ambiguous."

But whatever ambiguity there is will be resolved against landowners.

Mr. NELSON. All I said is that it was clear they were covered by the reclamation law, and the circuit court of appeals stated it was clear.

I would only say to the Senator, when the landowners reached an agreement in 1963 that they were prepared to go to court on the question and abide by the decision of the court, they did that knowing whatever contracts they had—they are the ones who knew their contracts. They said, "We will leave it up to the court whether we are covered or not."

The court said, "Yes,"—unanimously—"you are covered, you are under the law."

So, what did they do? They came to the Congress after agreeing they would abide by the decision of the court and lobbied the Congress to get them out from under their obligation under the law. That is all that has happened.

If there are contracts in which there are disputes, we have a court system to settle it. They are in court every day, in every State, in every city, almost, on disputes under contracts all the time.

I do not know what their contracts are. But they knew, and they agreed they were going to court and said to the Government, "We will abide by the decision." They did not.

All I am saying is that we have a moral obligation. We have a public responsibility to require that the law be enforced and that they comply with the law.

This exemption exempts them from the law at great financial benefit to these people and great expense in subsidy from the American public. It is as simple as that.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. NELSON. Mr. President, I am prepared to yield back the remainder of my time.

Mr. McCLURE. Mr. President, I am prepared, unless there are some requests, to yield back the time in opposition.

The PRESIDING OFFICER. Is all time yielded back?

All time is yielded back——

Mr. CRANSTON addressed the Chair.

UP AMENDMENT NO. 549

(Purpose: To authorize the Secretary of Interior to conduct a study to determine the cost of storage behind Pine Flat Dam)

Mr. CRANSTON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an unprinted amendment numbered 549.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of amendment No. 548 add the following subsections and redesignate the existing subsections accordingly.

Section 8. (e)(1) The Secretary of the Interior shall conduct a study with a view to determining the cost to the Federal Government of storage of water for irrigation purposes behind the Pine Flat Dam on the Kings River and the Isabella Dam on the Kern River, both in the State of California.

(2) On or before the expiration of the twelve-month period following the date of the enactment of this Act, the Secretary of the Interior shall report to the Congress the results of such study.

(f) The excess land provisions of the federal reclamation laws, as amended and supplemented, shall not be applicable, during the thirty-six month period following the date of the enactment of this Act, to the lands covered by the study authorized by subsection (a) of this section, unless the Congress, by law otherwise provides.

(g)(1) Unless otherwise provided by Congress, at any time on and after the date on which the excess land provisions of the federal reclamation laws are again applicable to lands referred to in subsection (b), individuals receiving water from any such storage project for their lands shall be authorized to enter into an arrangement or other agreement with the Secretary of the Interior pursuant to which such individuals shall be permitted to pay the cost to the United States attributable to such storage. Upon making such payment, such excess land provisions shall not be applicable to such land receiving such water.

(2) Nothing in this subsection shall be construed as prohibiting any district from continuing to receive water from such storage facilities in accordance with the terms of any applicable contract, and to have the lands therein remain subject to such excess land provisions.

Mr. CRANSTON. Mr. President, I see some merit in Senator NELSON'S argument that the four river basins should not be exempted. But I also see merit in the statement made yesterday by Senator CHURCH who, apparently, foresaw that an amendment like this might be coming and who then said, "I questioned whether there is an equitable basis upon which to legislate," whether the company is big or small, whether that is an equitable basis to legislate.

He was raising a question in which I also see merit as to the fairness of this particular approach to this matter.

However, the fact is that if this amendment is adopted, a problem will be created which I hope by my amendment to resolve; namely, that the downstream growers who own the water will simply not purchase storage behind the Pine Flat Dam, but will take the water and dry up the lake.

All the flood control benefits of the dam will be lost if that occurs, and I am confident that would occur. That is what we have heard from the landowners.

That would be to the great damage of the small farmers along the banks of the river who might be subjected to very destructive floods. The small farmers also might be deprived of water they need to irrigate their farms at the times of year they are not concerned about floods.

That point is arguable, but there are those who believe that would be the consequence.

My amendment seeks to deal with this problem by directing the Secretary of Intreior to conduct a study of the Pine Flat Dam on the Kings River and the Isabella Dam on the Kern River to determine the cost to the Federal Government of storing water for irrigation behind these two dams. The amendment provides that during the 1-year study and the 2 years following the provisions of Federal reclamation law would not be enforced in these two project areas. At the end of the 3-year period, districts served by the Pine Flat Dam and Isabella Dam would have the choice of paying the full cost of the storage of irrigation water or complying with Federal reclamation law.

It seems to me that would be a very equitable solution to a difficult problem.

Mr. President, both the Kings River project and the Isabella Dam were authorized for construction by the Corps of Engineers in the Flood Control Act of December 22, 1944. The Secretary of Interior was authorized to make the repayment arrangements with the water users for the capital costs allocated to irrigation.

During the congressional consideration of the authorizing legislation, there was considerable debate on whether Federal reclamation law would apply to the Kings River project. The Senate rejected an amendment specifically designed to exempt the Pine Flat Dam from the 160-acre limitation. The Department of Interior maintains that reclamation law was made applicable to irrigation water deliveries from the corps projects by section 8 of the Flood Control Act of 1944.

The districts objected to the application of the excess land provisions to their lands and sought relief from the 160-acre limitation by paying their allocated irrigation construction costs in full. In 1957 the Secretary of Interior refused to sign the repayment contracts because of the pay out provision by individual farmers. Interior renegotiated the contract which provided for pay out by the irrigation districts. But in 1961 the Solicitor of Interior determined that such payments would not relieve the districts from the excess land provisions of Federal reclamation law.

Because of the continuing dispute, the districts and the Federal Government agreed to submit the issue to the courts. A lump sum contract with the Tulare Lake Canal Co. was executed in 1963 to serve as a test case. In the lawsuit, the districts contended that Federal reclamation law did not apply, and even if it did, the repayment in full of construction charges relieved the district from the excess land provisions. In 1972, a U.S. district court held for the district on both accounts. The United States appealed the case, and in 1976 the ninth circuit court reversed the district court ruling that reclamation law did apply to irrigation water deliveries from the Pine Flat Dam and that the lump sum payout did not provide relief from the excess land provisions. The Tulare Lake Canal Co. filed for an appeal to the Supreme Court, but on February 24, 1977, the Supreme Court refused to hear the case. Thus, the ninth circuit court decision stands.

It should be pointed out that the Pine Flat Dam and the Isabella Dam differ from some other reclamation projects in that the water users are purchasing only storage. They are not buying water—and that is a very important distinction.

The Kings River districts have the rights to the entire flow of the Kings River. Some of the smaller districts have junior rights. A similar situation exists on the Kern River.

Because they own the water and can use "pass through" water on any land they wish, the districts can demand the Corps of Engineers release the water rather than be subject to the provisions of Federal reclamation law—and that is where the problem exists. In fact, that is exactly what the growers in the Kings River and Kern River areas have said they will do.

Thus, regardless of the merits of the ninth circuit court's arguments, we must face the fact that Federal reclamation law will never be applied in the Kings River and Kern River areas.

I believe there is a public benefit in having the water stored behind Pine Flat Dam and Isabella Dam. There are recreation benefits from maintaining a substantial pool of water. Lake Isabella is one of the most popular recreation areas in southern California. Over 100,000 people visited the lake last Memorial Day weekend. If the dams are operated for flood control only, not only will there be a loss of recreation, but also there will be problems in the stream channels. Too much water might create flood problems downstream. It would not hurt the large farmers way down stream. It would hurt the small farmers along the banks of the river. The Tulare Lake basin will be periodically flooded. In addition, farmers will turn to ground water pumping, increasing the existing overdraft.

Finally, if the large downstream landowners demand the release of water because they do not wish to comply with Federal reclamation law, there is a question about whether upstream water users who may be willing to comply with the 160-acre limitation will be able to receive the benefits of storage and the timely delivery of water.

Even if the smaller farmers upstream want to comply, they will be unable to do so.

Six districts within the Kings River service area have signed 40-year repayment contracts with the Bureau of Reclamation and are in compliance with the 160-acre limitation, irrigating excess lands with non-Federal project water. The Bureau of Reclamation recently completed a study of the operations of the Pine Flat Dam and concluded that these upstream water users would not be affected if noncomplying farmers take their water on natural flow. The water master for the Pine Flat Dam and two private engineers strongly dispute the Bureau's study and conclusions.

That is why I say this is not a situation that has a definitive answer.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. CRANSTON. I yield.

Mr. NELSON. We had a study of the Bureau of Reclamation saying that the project would work and supply water for the small farmers even if the large ones did withdraw. That was the position of Interior, at least.

Mr. CRANSTON. That is true. The Bureau of Reclamation came to that conclusion. The water master of the Pine Flat dam and a private engineering company dispute that, and I think it is unresolved.

The flood control aspect is not in dispute.

Regardless of whether the Bureau or the water master is correct about the operations of Pine Flat Dam, I would like to find a solution that will permit the continuing impoundment of water behind Pine Flat and Isabella Dams. One solution is to exempt the Kings River and Kern River projects from Federal reclamation law—a solution that which the Interior Department strongly opposes on the merits.

Does the Senator wish me to yield?

Mr. WALLOP. Yes.

Mr. CRANSTON. I yield.

Mr. WALLOP. I compliment the Senator in what he is trying to do.

There is language that I think needs fleshing out, because they are not words of art.

I refer to the language in the amendment which say "individuals receiving water from any such storage project for their lands shall be authorized to enter into an arrangement or other agreement with the Secretary of the Interior pursuant to which such individuals shall be permitted to pay the cost to the United States attributable to such storage."

Cost of the storage is the area which I would like to flesh out with the Senator. Would that mean that capital costs which have already been paid to the United States would not be part of what was attributable? Is it just irrigation water that the Senator has in mind and just the costs that remain?

Mr. CRANSTON. The answer is, "Yes."

Mr. WALLOP. So that it would not have to do with any of the O. & M. attributable to a hydroelectric portion of the project or any other portion?

Mr. CRANSTON. That is correct.

Mr. WALLOP. So it would merely be the remaining capital plus the O. & M. attributable to irrigation?

Mr. CRANSTON. That is right.

Mr. WALLOP. I thank the Senator.

Mr. CRANSTON. Mr. President, it is because of the subsidy involved that we require beneficiaries of Federal reclamation projects to comply with the acreage limitation. I want to explore the possibility of the Kings River and Kern River water users paying the full cost of the storage to the Federal Government, if that cost is not now being paid, thereby eliminating the subsidy. However, no one—either in the Interior Department or elsewhere—has ever computed the subsidy, so we do not know what it is.

Mr. NELSON. I held hearings in the Westlands project, and I recall at the time that State waters in California projects—is that full cost to the user? Does the Senator know the answer to that? I know it is much higher per acre foot than the Federal water. Does the State of California charge full price for any of their water supplies?

Mr. CRANSTON. Yes, they do.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. CRANSTON. I yield.

Mr. McCLURE. Mr. President, I think I know what the Senator is trying to do. Yet, I am looking at this project and its history, and I wonder whether the cost of storage and the benefit to the user are proportionate.

Is it the Senator's intention that the amount to be levied against the water user would be his proportionate share of the benefit conferred by the storage?

Mr. CRANSTON. The Secretary would have to determine that. We would assume that would be the case.

Mr. McCLURE. I would assume that somebody who has prior rights on the river, to the stream flow in the river, is benefited much less by storage than someone else who has junior rights to the flow of the river.

Mr. CRANSTON. That is a logical assumption, and the Secretary would have to try to figure that out.

Mr. McCLURE. So it is not really a question of simply levying against the water users the cost of storage on a flat basis.

Mr. CRANSTON. No.

Mr. McCLURE. Because he would have to look at the comparative benefit to the people who use that storage.

Mr. CRANSTON. That would appear to be the equitable way to do it.

Mr. McCLURE. I assume that the amendment, in implementation, also would require the Secretary to subtract from the Government's costs those charges which are assigned to some other benefit, such as flood control, fish and wildlife, and so forth.

Mr. CRANSTON. Yes.

Mr. McCLURE. I thank the Senator.

Mr. CRANSTON. I thank the Senator for his interest and understanding.

Mr. President, the amendment I have offered would direct the Secretary of Interior to conduct a study to determine the cost to the Federal Government of providing this storage of irrigation water behind Pine Flat and Isabella Dams. Under the amendment, the Secretary is required to report the results of the study within 1 year. Once there is a definitive determination of the cost, including the interest, the water districts in the Kings River and Kern River service areas would have the choice of paying that cost, provided it is economically feasible to do so, and thereby be out from under Federal reclamation law, or comply with the acreage limitation. The amendment provides that Federal reclamation law not be applicable to the Kings River and Kern River service areas for 3 years. This gives Congress 2 years following receipt of the Secretary's report on the cost to take further action if that appears necessary or appropriate.

Mr. President, I believe that this amendment provides a reasonable solution to the problems on the Kings and Kern Rivers. It does not provide an exemption from Federal reclamation law. It assures that the American taxpayers will not be subsidizing large farmers on the Kings River and Kern River. And it permits all the social as well as economic benefits of the two projects to be realized. I urge the adoption of the amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CRANSTON. I ask if the Senator from Wisconsin can accept the amendment.

Mr. NELSON. The amendment is one of first impression to me. I have not even had a chance to read it. I really do not know what its implications are.

However, if I understand the amendment correctly, I am concerned that the large landowners, by paying a small amount, would be able to get out from under the reclamation law and buy out and not comply with what the court said they should comply with. If that would be the result, I would be opposed to it.

Mr. CRANSTON. They are not going to comply. They are going to take the water. They are not going to be compelled to comply by an amendment of the Senator from Wisconsin or any other amendment anyone else has devised.

Mr. NELSON. The Interior Department says they can operate the project or flood it, if that is their decision. The reason, the Senator knows, is that there was water there and there were floods.

One reason for the dam is flood control, but also to control the water and improve the irrigation. So it is not solely a flood control project.

My problem, if I may say to the senior Senator from California, is I do not know what the amendment does. So I am not prepared to accept it. I wish to see the Solicitor of the Interior Department have an opportunity to go through it. Maybe the Senator is prepared to lay it aside, and maybe we can get an opinion on it in a couple of hours from the Interior Department. I am not qualified, based upon what I have heard, to make a judgment on the merits of that amendment one way or the other.

Mr. CRANSTON. If we could lay aside the Senator's amendment and my amendment while he has that opportunity, I would welcome that because I think he would find it is supportable.

Mr. NELSON. That is fine with me. Is the Senator's amendment an amendment to my amendment?

Mr. CRANSTON. To the Senator's amendment, yes.

Mr. NELSON. I ask unanimous consent that my amendment and the amendment of the senior Senator from California be temporarily laid aside to be called up later after having an opportunity to have the Interior Department take a look at the amendment and offer an opinion about what it means.

Mr. WALLOP. Mr. President, will the Senator withhold that request a minute while I ask a further question of the sponsor of the amendment?

Mr. NELSON. Yes, I withhold the request.

Mr. WALLOP. Mr. President, I ask the Senator from California one further question. I assume that it is not his intent that some new device or new accounting method be devised by the Secretary of Interior and that these costs he is talking about exceed the normal kind of payout provisions that are in the contract.

Mr. CRANSTON. I assume that is the case, but I think the Secretary has to have an opportunity to determine what the costs are. I assume what the Senator says is the case.

Mr. WALLOP. In other words, we are not looking for some new device to attribute to the costs that are referred to in his amendment?

Mr. CRANSTON. By no means. That is not the purpose of the amendment. I think the Senator from Wyoming knows well the purpose of my amendment.

Mr. WALLOP. Then, could I ask if the Senator is going to ask Interior that. A question should be asked of them, that they give some reassurance that we are not launching on a new precedent that might well be applied to other contracts that may be up?

Mr. CRANSTON. I am not sure they would be able to respond fully to that question in the brief time we have. But we will endeavor to get a response from them.

Mr. WALLOP. Nor am I certain. I think it would be helpful if we try to endeavor that, because what we may do inadvertently is affect the kind of payout provisions that are in recordable contracts in other places. I do not think that is the intent.

Mr. CRANSTON. No, that is not the intent. We will see if we can learn anything to respond more fully to the Senator's question.

Mr. WALLOP. Then I am finished, and I yield.

Mr. NELSON. I am advised that the Assistant Secretary, after looking at it, is totally opposed to the amendment. I was prepared to set it aside. If the Senator wishes to discuss it with him, I believe he is available.

Mr. CRANSTON. I see no reason to set it aside if that determines the Senator's position and he is not going to accept it. We might as well proceed.

Mr. NELSON. Does the Senator wish to proceed with a vote on it?

Mr. CRANSTON. Yes. The only question is whether the question of the Senator from Wyoming might be answered. Maybe we could just have a brief quorum call and we could talk with the official. Is he nearby?

Mr. NELSON. We should set it aside. They also raise some questions as: What is the cost that is referred to? Will the interest be paid? The amendment is vague; "completely vague" is their language. Why do we not set it aside?

Mr. CRANSTON. What is to be gained by setting it aside?

Mr. NELSON. Information. I wish to know. I worry a little bit by what I heard from my distinguished friend from Wyoming. If what is going on here is a study in which they find out there is very little left of principal to be paid and so they let them buy out, but without being required to comply with the recordable contracts and sell excess lands, I cannot support that. That runs contrary to the court decision and contrary to everything that is in the law.

Mr. CRANSTON. Mr. President, will the Senator answer the question that I and others have posed? How are they going to be compelled to comply by the Senator's amendment?

Mr. NELSON. Maybe they can get out entirely. As the Senator knows, the reclamation department says "Let them out of the project."

Mr. CRANSTON. That is what they will do and proceed to get all the water. They do not have to sell off anything.

Mr. NELSON. They can quit the project now, I guess, as I understand it.

Mr. CRANSTON. They can quit it if they choose to, and they will choose to if the Senator's amendment is adopted.

Mr. NELSON. I am prepared to have it set aside if I get more information. As of now, the Interior Department is against it. The Senator wishes to go ahead with it.

Mr. CRANSTON. Does the Senator from Wyoming wish to put it aside long enough to try to answer his question?

Mr. WALLOP. Mr. President, I do not think that it is necessary in light of the Senator's assurances that his intent is that we are not setting out new ground that would affect other contracts that may be out there and new accounting methods be used that have not been yet devised. I think there is a standard means of measuring what the Senator seeks, and I think that should be mentioned.

Mr. CRANSTON. I thank the Senator very much.

I prefer not to set it aside at this moment.

Mr. NELSON. All right. I just point out that the amendment now gives the people in the project an additional 3 years on top of the 16 years that they have had a free ride after a court decision. I cannot understand, in heaven's name, what the merit of that is. They have lost their case. So the Senator from California wants to give them another 3 years.

I move to table the Senator's amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from California. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that the Senator from Florida (Mr. CHILES), the Senator from Alabama (Mr. HEFLIN), the Senator from Alabama (Mr. STEWART), and the Senator from Florida (Mr. STONE) are absent on official business.

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Mississippi (Mr. COCHRAN), the Senator from South Dakota (Mr. PRESSLER), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. SIMPSON) and the Senator from Alaska (Mr. STEVENS) would each vote "nay."

The PRESIDING OFFICER (Mr. WILLIAMS). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 24, nays 60, as follows:

[Rollcall Vote No. 281 Leg.]

YEAS—24

Bayh
Biden
Bumpers
Burdick
Cannon
Culver
Durkin
Exon
Hart
Jackson
Kennedy
Levin
Magnuson
Metzenbaum
Morgan
Muskie
Nelson
Proxmire
Riegle
Roth
Stafford
Stevenson
Tsongas
Williams

NAYS—60

Armstrong
Baker
Baucus
Boren
Boschwitz
Bradley
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chafee
Church
Cohen
Cranston
Danforth
DeConcini
Dole
Domenici
Durenberger
Eagleton
Ford
Garn
Glenn
Goldwater
Gravel
Hatch
Hatfield
Hayakawa
Heinz
Helms
Hollings
Humphrey
Javits
Jepsen
Johnston
Kassebaum
Laxalt
Leahy
Lugar
Mathias
Matsunaga
McClure
McGovern
Melcher
Moynihan
Nunn
Packwood
Pell
Percy
Pryor
Randolph
Sarbanes
Sasser
Schmitt
Talmadge
Thurmond
Tower
Wallop
Warner
Weicker
Young
Zorinsky

NOT VOTING—16

Bellmon
Bentsen
Chiles
Cochran
Heflin
Huddleston
Inouye
Long
Pressler
Ribicoff
Schweiker
Simpson
Stennis
Stevens
Stewart
Stone

So the motion to lay on the table Mr. CRANSTON'S amendment (UP 549) was rejected.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. CRANSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, I want to clarify one point that occurred to me during the rollcall. The costs we are talking about——

The PRESIDING OFFICER. Time on the amendment has expired.

Mr. CRANSTON. I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Is there objection? Without objection it is so ordered.

Mr. CRANSTON. The costs we are talking about having the users pay would be the remaining costs of the project construction, and so forth, interest, and the cost of operation.

Mr. NELSON. And the cost of operation?

Mr. CRANSTON. Yes. I think we do not need a rollcall, and I will be glad to proceed with the vote on the amendment by voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

Mr. CHURCH. I move to reconsider the vote by which the amendment was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the Senator from Wisconsin (Mr. NELSON), as amended.

Mr. NELSON. That is what I wanted to clarify. All time has expired on my amendment, and the vote is on my amendment as amended by the amendment of the Senator from California?

The PRESIDING OFFICER. The Senator is correct.

Mr. NELSON. Have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. NELSON. And it is a straight up-or-down vote?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. CHURCH. Would the Senator like to have the order for the yeas and nays vacated, to save some time?

Mr. NELSON. Mr. President, I am perfectly prepared to have the order for the yeas and nays vacated, if it will save some time.

Mr. CHURCH. Good.

Mr. NELSON. I ask unanimous consent that the order for the yeas and nays be withdrawn.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The order for the yeas and nays is vacated.

Mr. CHURCH. I move the adoption of the amendment, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin (Mr. NELSON), as amended.

The amendment, as amended, was agreed to.

Mr. CHURCH. I move to reconsider the vote by which the amendment, as amended, was agreed to.

Mr. McCLURE, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. SARBANES). The bill is open to further amendment.

Mr. CHURCH. Mr. President, I hope there will be no further amendments but I had understood that there might be further amendments. In order to protect the rights of Senators who may be interested, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHURCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time does the Senator suggest the absence of a quorum?

Mr. NELSON. On the time of the Chair—Mr. President, I ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 356

(Purpose: To delete exemption of Imperial Valley from Reclamation Law)

Mr. NELSON. Mr. President, I call up my amendment numbered 356.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. NELSON) proposes amendment No. 356.

Mr. NELSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 13, strike subsection (c) and reletter the following subsections as appropriate.

Mr. NELSON. Mr. President, this amendment would delete S. 14's exemption of California's Imperial Valley from the acreage limitation law. Imperial is one of the largest and richest of all irrigation districts, with roughly 550,000 acres served by Federal water. The total subsidy for the district, according to a recent letter from the Interior Department to Congressman FLORIO, is over $500 million over the life of the project. The largest ownership in the Imperial Valley is that of Steven Elmore, with 15,000 acres. The total subsidy over the life of the project for Mr. Elmore's farm would be $13.67 million, or roughly $950,000 per year. The second largest farm belongs to E. C. Rutherford, with 10,000 acres. His total subsidy amounts to $9 million over the life of the project, or $630,000 per year. Also farming in Imperial are United Brands and Castle & Cooke, two giant food processors, both on the Fortune 500. These companies lease land in the district, so they do not receive a subsidy for their land per se, as do the owners. These companies, however, do benefit from being able to buy water at very low costs—$5 an acre-foot. An acre-foot is 325,000 gallons of water. If they had to buy water from another source, they would pay vastly more. Water from the California water project—a project which charges closer to the actual costs of delivering the water—costs $25 an acre-foot. If United Brands had to buy water from a source such as this, they would pay about $700,000 a year more than they do now.

According to the Bureau of Reclamation, the average crop value per acre in the Imperial Valley is $900 per acre, making it one of the richest agricultural areas in the world. A USDA study of the Imperial Valley in 1977 concluded that a 640-acre farm there could expect a net income of $61,000 per year. This same 640-acre farm in Imperial would receive a water supply subsidized to the tune of $40,000 per year by the taxpayer, according to Interior Department figures. Exact subsidy calculations, of course, will vary depending on what interest rates are assumed, but clearly, the amount is enormous; 103 of the valley's 973 farms are over 1,280 acres; 188 exceed 640 acres.

If S. 14 passes as written, but the Imperial exemption were removed, only about 10 percent of the farms would exceed the acreage limitation. Unfortunately, it is impossible to calculate the exact percentage, because S. 14 would allow an equivalency provision for Imperial, raising the limitation to an average of about 1,700 acres. There is no data to indicate how many farms are larger than that amount. If S. 14 passes with the amendments I have proposed, and there is a 640-acre limitation, with no equivalency for areas such as Imperial, about 80 percent of the farms would be unaffected. If we look only at ownership, rather than farm operations, only 1.8 percent of the ownerships exceed 1,280 acres, and only 5 percent own over 640. Whether we consider ownership or farm operating size, then, it is clear that even if all strengthening amendment to S. 14 were to pass, the vast majority of Imperial farmers would still be able to continue their farming operations as they always had. Only the very largest farms would be affected.

Those largest farms, however, farm a large percentage of the acreage in the valley. Farms with over 1,280 acres farm 60 percent of the land; farms with over 640 acres farm 78 percent of the acreage. If Imperial were subject to the law, therefore, there would be literally hundreds of new farms in the valley. If each farm averaged 320 acres, there would be over 800 new farms. A 320-acre farm would be a relatively large farm in the valley, in fact, as the average farm size is only 82 acres. These 800 new farms would be 800 new opportunities for family farmers to take advantage of the tremendously productive land in the valley—land made productive by the taxpayer subsidized Federal reclamation program.

The farmers in the Imperial Valley argue, however, that they were told by the Interior Department that they would not be subject to the acreage limitations. To understand the fallacy of this argument, it is necessary to review Imperial's history.

Irrigation in Imperial Valley began in 1902 with construction of a private gravity canal from an undammed Colorado River. This canal ran partly through Mexico. With this so-called water system the Valley was alternately flooded, dried up and silted over. The threat of Mexican appropriation always concerned the local irrigators. Moreover, the land would soon salt out unless a more adequate irrigation system was constructed.

These four factors inspired Imperial to lobby long and hard for a Federal all-American project to provide a dependable, clean and unthreatened water supply to the Valley.

These Federal works were authorized in the Boulder Canyon Act of 1929 which included a provision applying the acreage limitation to all the irrigation water.

Three large Federal dams, including the Hoover Dam, have been constructed on the Colorado River. They supply flood control, irrigation and silt precipitation for Imperial Valley. Imperial does not repay any of the costs of these dams. They are paid by electric power users in Los Angeles and general taxpayers across the country. Imperial Valley does pay nearly all of the costs on a small diversion dam and the All-American Canal, but its total water payment is only $5 acre foot.

As construction began on this huge project, a Department of the Interior official, responding to a letter from the Imperial growers, convinced the Secretary of the Interior, Ray Lyman Wilbur, to sign a letter to Imperial stating that, in his view, the district was exempt from the acreage limitation provisions of reclamation law. The ruling came just 2 weeks before the Hoover administration left office. A Federal appeals court ruled in 1977 that the letter was illegal—that it was the clear policy of the Congress in passing the Boulder Canyon Act to apply the acreage limitation to Imperial. The court ruled that that there is no legal authority to an administrative decision that contradicts the clear policy of Congress. I know that many of my colleagues are currently concerned, as I am concerned, with this very issue. A Federal bureaucrat should not be able to issue a ruling that flies in the face of what Congress intends, and this Congress should not uphold any such actions.

Imperial growers argue, however, that they relied on the Wilbur letter for 50 years. This reliance was very ill-advised. The Wilbur letter was a shaky document to begin with, given the fact that it contradicted the law. In 1945, soon after construction of the Imperial project began, Interior Solicitor Fowler Harper issued an opinion overruling the Wilbur letter. In 1957, the Solicitor General of the United States reaffirmed the Harper opinion, stating that Imperial was in fact subject to the acreage limitation.

These opinions were not enforced, but, it seems to me that any lawyer worth his salt would have advised the valley that their exemption was in considerable doubt.

This doubt, in fact, did cause the growers to request that California Senator Claire Engle request from the Interior Department a definitive ruling on the acreage limitation issue. In 1964, Interior Solicitor Frank Barry responded by declaring that Imperial was indeed subject to the acreage limitation. A long court battle ensued, resulting, finally, in the Ninth Circuit Court of Appeals decision that Imperial was subject to the limitation.

The plain fact is that the Imperial question has always been a controversial one, and the Wilbur letter has always been the subject of great disagreement.

Even if the Imperial Valley exemption is deleted, remember that the landowners will have 10 years to take advantage of the subsidized water before they must sell their excess land. In that 10 years, landowners who would be defined as "excess operators" under S. 14 will receive a total subsidy worth roughly $180,000,000, according to Interior Department figures. Frankly, the landowners are fortunate that they have been exempt for all these years—they have gotten a much better deal than everyone else who had to comply with the law.

Finally, when we think about equity, let us remember that reclamation law promises to open up land for family farmers. Should we not be concerned with equity for all the family farmers who could be irrigating in Imperial right now were it not for the failure to enforce the law? What about equity for them?

This amendment is critical, it seems to me, in making this bill a responsible effort to reform the law and to comply with the law and to comply with the ruling of the circuit court of appeals in 1977.

Mr. President, how much time does the Senator from Wisconsin have remaining?

The PRESIDING OFFICER. The Senator from Wisconsin has 18 minutes remaining.

Mr. NELSON. I yield the floor, and I withhold the remainder of my time.

Mr. HATCH. Mr. President, I believe the amendment of the Senator from Wisconsin happens to be an administration amendment.

The Secretary of the Interior, Mr. Andrus, made the following statement:

> We recognize certain equities in favor of Imperial, as did the court. However, we believe the issue is appropriate for the courts to decide.

The integrity of the Federal Government is at stake in Congress decision as to whether the Imperial Irrigation District should be exempt from the acreage limitation provisions of reclamation law as is now provided for in section 8(c) of S. 14.

On-farm irrigation development and the related irrigation distribution system of the Imperial Valley was a non-Federal undertaking by private enterprise. Irrigation was started in 1901 and the Imperial Irrigation District was organized in 1911. The only Federal involvement was in construction of Imperial Dam and the All-American Canal in the late 1930's and early 1940's. Prior to construction of those works the water supply from the Colorado River flowed by way of the old Alamo Canal into the Republic of Mexico and then back into the United States at the south end of the Imperial Irrigation District. As this was prior to the 1944 Water Treaty with Mexico, the United States and the Imperial Irrigation District landowners were anxious to have the control of water entirely within the United States for U.S. lands.

Accordingly, under authority of the Boulder Canyon Project Act of December 21, 1928 (45 Stat. 1057) a contract for construction of works and delivery of water was entered into between the United States and the Imperial Irrigation District on December 1, 1932.

While considering that contract, a Cabinet level written commitment was made to the Imperial Irrigation District in a letter dated February 23, 1933, from the Secretary of the Interior Lyman Wilbur, which stated in part regarding the contract and the Imperial Irrigation District lands:

> These lands having already a water right, are entitled to have such vested rights recognized without regard to the acreage limitation mentioned.

The superior court, relying on the Wilbur letter, validated the "Contract for Construction of Diversion Dam, Main Canal and Appurtenant Structures and for Delivery of Water," dated December 1, 1932, between the United States and the Imperial Irrigation District. The Wilbur position was reaffirmed numerous times by later Secretaries of the Interior, with Solicitor concurrence, over the next 30 years.

Relying on these Cabinet level Federal commitments the farmers of Imperial Valley invested millions of dollars in developing and draining over 450,000 acres of land; in improving the district's 3,000 mile long sophisticated irrigation and drainage system; and in building a modern agricultural complex which includes grains, forage, livestock, and extensive vegetable packing, processing, and marketing facilities which now account for a large part of the Nation's vegetables during the fall, winter, and early spring months. This is the largest irrigation district in the United States and its agricultural production exceeds $500,000,000 annually.

The 1978 records show that there are 3,752 owners of cropland and that over 75 percent of the owners reside in Imperial County. Some of the nonresident owners formerly resided in the valley but have moved to a more moderate summer climate for retirement. Some of the resident owners are retired from farming or are widows of farmers and now lease their land to others. Ownership sizes range from small part-time farms up to specialized vegetable and cotton farms occupying several thousand acres. Of the 973 farms in Imperial Valley, 87 are in the 321 to 640 acre size; 85 are 641 to 1,280 acres, and 103 have 1,280 acres or more. The remaining nearly 700 farms are 320 acres or less in size, but many of those are part-time farms. Over 94 percent of the total number of farms and 93 percent of the acreage are operated as single-family or multifamily units. Only 15 of the 973 farms could be classified as being operated by nonfamily corporations or nonresident investor partnerships. They represent less than 5 percent of the irrigated area. There is only one publicly held corporation that owns and farms its own land, and that corporation has reduced its acreage by half over the past decade. In other words, Imperial Valley has a very stable and healthy pattern of family farming.

Such a complex and efficient enterprise should not be tampered with as proposed by Secretary Andrus. Needlessly dismantling such a large and productive agricultural system would be felt directly by the American consumer of winter vegetables.

Imposition of the Secretary's concept of acreage limitation with its major Federal regulation of the Imperial Irrigation District after nearly 80 years of private enterprise and related land transactions, dating back prior to the initial Reclamation Act of 1902, would bankrupt many Imperial Valley landowners; disrupt the district's agricultural marketing complex; result in prime and unique farmland being used for establishing on-farm residencies and other nonagricultural purposes—contrary to congressional policy—and require drastic changes in the various community services such as schools, roads, water, power lines, mail routes, and so forth.

In proposing the deletion of section 8(c), the Secretary of the Interior states that it would be a poor precedent to give the Imperial Irrigation District an exemption and discriminate against other districts. We agree that in fairness the Federal Government should not discriminate against any district. In fact we recommend that all comparable long-standing commitments made by high level Government officials should be honored as now provided in S. 14.

We feel very strongly about this, and I recommend that the amendment be rejected by my colleagues in the Chamber.

I yield to Senator Hayakawa at this time.

Mr. HAYAKAWA. I thank the Senator from Utah.

Mr. CHURCH. How much time does the Senator from California desire?

Mr. HAYAKAWA. About 6 to 8 minutes.

Mr. CHURCH. How much time remains in opposition to the amendment?

The PRESIDING OFFICER. Twenty-two minutes.

Mr. CHURCH. I am happy to yield 8 minutes to the Senator from California.

Mr. HAYAKAWA. I thank the Senator.

The PRESIDING OFFICER. The Senator from California is recognized for 8 minutes.

Mr. HAYAKAWA. Mr. President, I rise to oppose the amendment offered by my learned colleague from Wisconsin, Senator NELSON, which would delete section 8(c), which is a section of this bill which exempts the Imperial Valley of California from the acreage limitations of the Reclamation Act.

The Imperial Valley was first settled at the end of the last century to turn the then existing desert into a productive farm area. Because of the arid quality of that area, early farmers dug their own gravity flow canal through Mexico from the Colorado River 80 miles to deliver water to their farms.

One has to really think back and imagine things to realize what really an arid desert Imperial Valley and the southern end of California was and the labor it must have taken to dig that canal to bring the water from Mexico. When you see the Imperial Valley today, that wonderful rich agricultural area, you know it is really moving to see what has developed there.

When the Boulder Canyon Act was passed authorizing the construction of Hoover Dam, the farmers of the Imperial Valley decided to let the Bureau of Reclamation replace the old canal with a canal totally within the United States. But before they agreed to this, they made sure they would not be under the Reclamation Act acreage restrictions. They received a ruling from Interior Secretary Wilbur in 1933 in their favor. The California court, relying on this assurance, ruled on the validity of the contract and said that the valley was not under the acreage limitation.

The Secretary reasoned that the farmers of the Imperial Valley had a prior right to the Colorado River because this was all prior to the passage of the 1902 act. They had been using that water on their farms since then without acreage restrictions. All the Federal Government was doing was building them a canal replacing what they already had. The canal cost $25 million and the farmers to date have paid back more than half the cost.

But tragedy struck in 1977 when the Ninth Circuit Court of Appeals ruled that the valley was under the Reclamation Act's restrictions. This flew in the face of years and years of assurances these farmers had received from their Government. The reasoning of the court is a classic in frustration. Because Imperial was not mentioned in the Boulder Canyon debate, and since no Imperial exemption amendment had been introduced, the court reasoned that congressional intent was to include them. This is a peculiar backward kind of logic, but that was the kind of logic that was used by the Ninth Circuit Court. Using this logic, I suspect that every water district in all the 50 States had better get an exemption—although they might not be under the Reclamation Act—the ninth circuit will drag them in.

Mr. President, over 90 percent of the acreage in the Imperial Valley is composed of family farmers. They are of mixed ethnic parentage. There are many whites, of course, and Mexicans, Armenians, Japanese, Filipinos. It is a wonderful range of people in the Imperial Valley. Most of them are family farmers who have built up those farms from very, very modest beginnings indeed. They have been assured over the years by their Government that they were not under the acreage restrictions. They relied on these promises—these assurances. Please defeat this amendment so that these hard-working, productive farmers from the Imperial Valley of California can again believe in the promises of their Government.

I have backup material on this, Mr. President, which I ask unanimous consent to have printed in the RECORD. I thank the Chair and I thank the Senator from Idaho.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

IMPERIAL VALLEY

Lands in the Imperial Valley were irrigated as early as 1896. Water was delivered to the Imperial Valley from the Colorado River via a privately constructed canal. The Boulder Canyon Project Act of 1928 provided for the construction of Imperial Dam where water would be diverted to the Imperial Valley through the All-American Canal.

In 1932, the Imperial Irrigation District entered into a contract with the United States providing for the construction of the Imperial Dam and the All-American Canal by the United States and repayment of certain costs by the district. Water delivery to the Imperial Valley through the All-American Canal began in 1940 and since 1942 the district's entire water supply has been carried through the All-American Canal.

The 1932 contract with the district did not specifically provide for acreage limitation. In 1933 former Secretary of the Interior Wilbur informed the district by letter that the acreage limitation provisions did not apply to lands within the district. In 1964 former Solicitor of the Department of the Interior Barry reversed the 1933 interpretation and concluded that acreage limitation should apply to privately owned lands in the district. The Department attempted to negotiate a new contract with the district that would incorporate the acreage limitation provisions but the negotiation failed. In 1967 the Government filed suit seeking a declaratory judgment that the acreage limitation provisions applied to privately owned lands in the district that received Colorado River water through the All-American Canal. The United States District Court ruled against the Government and no appeal was made.

At the same time, a group of people seeking enforcement of a residency requirement for owners of lands in the Imperial Valley which received project water sued the Government. The United States District Court in that case held that residency applied. Thus, two conflicting opinions on Reclamation law existed in the same judicial circuit. The Ninth Circuit Court ordered that an appeal be allowed in the final case, and that both cases be consolidated for the appeal.

On August 18, 1977, the Ninth Circuit ruled that the acreage limitation provisions do apply to the Imperial Valley. I understand that an appeal of the decision may be made to the Supreme Court. In the meantime, landownership data is being collected for the Imperial Valley. Initial estimates suggest that half of the 530,000 acres in the valley may be in excess status.

IN OPPOSITION TO THE NELSON AMENDMENT TO STRIKE THE EXEMPTION FOR THE IMPERIAL VALLEY

Mr. DOLE. Mr. President, I rise in opposition to the amendment by the Senator from Wisconsin, Mr. Nelson, to strike the exemption in this bill for the Imperial Valley of California.

The Imperial Valley is unique. Unlike other reclamation areas we have discussed in this bill, the Imperial Valley has never been subject to acreage limitations of reclamation laws. The valley is unique in the farming industry. It was settled, irrigated, and transformed from a virtual desert wasteland into one of the most productive farmlands in this Nation. Private financing of this land occurred years before the first federally financed waters reached the area which was in 1940 through the Boulder Dam and All-American Canal.

BOULDER CANYON PROJECT ACT OF 1928

For almost 50 years, since the passage of the original Boulder Canyon Project Act in 1928, Federal authorities and State and Federal courts had held that the acreage limitations in the valley did not apply to those lands. In 1933, Secretary of the Interior Ray Lyman confirmed in an opinion letter that the acreage limitations did not apply to the lands in the Imperial Valley. The Department of the Interior followed that ruling for 40 years. Through the establishment of this legal foundation, family farming in the Imperial Valley has evolved into what it encompasses today. Thousands of individuals rely on the Government's longstanding assurance in helping to build their farms, planning for their futures.

In August 1977, the Court of Appeals for the Ninth Circuit Court held that acreage limitations are applicable to Imperial Valley. The effect of that decision has caused confusion and prevented the needed capital investment in the improvement of this farmland area. In effect, this ruling is threatening to break up many family farms now operated by third and fourth generation valley farmers.

Unlike many other reclamation areas, the farms in Imperial Valley are owned and operated by family farmers; 94.5 percent of the farms in this valley and 93 percent of the total acreage are owned and operated as single family or multifamily farms. Only 15 of the 1973 farms in the valley could be characterized as nonfamily farms, consisting of less than 5 percent of the total net irrigated acreage of the valley. Three-fourths of the farms owners live in the valley. Most of those who do not are retired and have moved to a more temperate climate.

EXEMPTION FROM LIMITATIONS

Records show that there are 3,752 owners of cropland in the valley and as the largest irrigation district in the United States its agricultural production exceeds $500 million annually. In simple terms, Mr. President, the Imperial Valley has a very stable and healthy pattern of family farming. It would be destructive to the agricultural community of the entire Nation to tamper with this area of crop production. To apply land requirements would frustrate the efforts that many of these family farms have made for years and only serve to jeopardize the productivity and continued existence of that farm.

COSTS CANNOT BE CALCULATED

In proposing deletion of section 8(c), bankruptcy would occur in many Imperial Valley landowners because of cost, it would disrupt the district's agricultural marketing complex; result in prime and unique farmlands being used for building on-farm housing and other nonagricultural purposes; and not to mention the impact that such move would have in changing the community services in the valley such as schools, road, water and power services, and other public assistance.

Mr. President, the cost of the land requirements cannot be calculated. Valuable commodities would be lost, environmental upset would occur, and again the imposition on the lives and generations of these Americans would be immeasurable.

Mr. President, the Senator from Kansas will vote against this amendment and trusts that his colleagues will join him in defeating this effort to delete section 8(c).

Mr. CHURCH. Mr. President, I made the case for the committee decision to exempt the Imperial Valley yesterday. It was based on the general equity considerations that have been referred to by the able Senators from Utah and California.

It is my understanding that the senior Senator from California intends to introduce a substitute for the Nelson amendment, and that being the case, I am prepared to yield back the remainder of my time in order to permit him to introduce his substitute so that the debate can then proceed in the regular order.

I ask my friend from Wisconsin if he would be willing to do the same.

Mr. NELSON. Yes. I said all I needed to say on yesterday and today. I simply repeat that I based the amendment on the Federal appeals court decision of 1977 which said that the acreage limitation applied to the project, and I think it is clear that it does. I think the law ought to be complied with.

However, having said that, in addition to what other remarks I have made, I am prepared to give back the remainder of my time so that the Senator from California may proceed with whatever amendment he has.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back, and the Chair recognizes the Senator from California.

UP AMENDMENT NO. 550

Mr. CRANSTON. Mr. President, I send to the desk a modified version of my amendment No. 427 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an unprinted amendment numbered 550.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

"(c)(1) The following provisions of Federal reclamation laws shall not apply to lands within the Imperial Irrigation District of California on January 1, 1979—

"(A) section 5 of the Act of June 17, 1902 (43 U.S.C. 431);

"(B) section 46 of the Act of May 25, 1926 (43 U.S.C. 423e); and

"(C) any other provision of law amendatory or supplementary to either of such sections.

"(2) Paragraph (1) of this subsection shall not apply to any land during any period during which such land or any interest therein is owned by any person who is not a citizen of the United States or an alien admitted to the United States for permanent residence, if such ownership commences after the date of the enactment of this Act.

"(3) Any person, other than a person referred to in paragraph (2) of this subsection, who, after the date of the enactment of this Act, purchases or otherwise acquires irrigable land in the Imperial Irrigation District of California, or the beneficial ownership of acreage limitations of the Federal reclamation laws except for the exemption provided by paragraph (1) of this subsection, shall pay interest annually on that part of the unpaid balance of the district's indebtedness for project costs which is allocable on a pro rata basis to such land. This paragraph shall not apply with respect to any land or interest acquired by devise or inheritance or otherwise acquired by reason of the death of any person. The interest rate applicable for purposes of this paragraph shall be the average interest rate paid on Treasury bills during the year preceding each annual payment.".

Mr. CRANSTON. Mr. President, this amendment is a perfecting amendment to the language that the pending Nelson amendment proposes to strike from the bill. It would keep in the bill modified revised provisions exempting the Imperial Irrigation District in California from the provisions of Federal reclamation law.

I believe that the language in my proposed amendment is preferable to the language in S. 14 as reported by the Senate Energy Committee in that it clarifies that the Imperial Irrigation District is exempt from the residency requirement in the law as well as the acreage limitation.

My Imperial Valley exemption amendment also provides that future owners of land in excess of the acreage limitation in the Imperial Valley would pay the interest on the unpaid balance of the district's indebtedness for project costs attributable to their excess lands.

In addition, my amendment stipulates that the exemption be applicable only to irrigated lands within the Imperial Irrigation District as of January 1, 1979. I do not think the exemption should apply to any lands brought under irrigation or added to the district beyond that date.

Finally, the amendment does not extend the exemption to nonresident alien owners of land in the Imperial Valley. I am concerned about the growing number of purchases of American farmland by aliens, and that without the prohibition, the exemption might act as a magnet for foreign investment capital in the Imperial Valley. I think that extending the exemption to nonresident aliens would be inconsistent with the continuance of family farming.

Mr. President, I believe in the family farm, and I support the enforcement of Federal reclamation law. I feel that we need to be very conservative in granting exemptions from this or any law. But I have carefully reviewed the history of the Imperial Valley, and have concluded that the overwhelming equities in this case merit an exemption—even if the courts ultimately determine that the Imperial Irrigation District legally might be subject to Federal reclamation law.

The Senator from Utah spoke in detail on the historical background as to how water was first brought to many of these farms, spoke about that this afternoon. The distinguished Senator from Idaho did the same thing yesterday.

In brief, let me just summarize once again that commencing in 1901, a year before the adoption of the original reclamation law in 1902, the Colorado River was diverted through a private canal to furnish irrigation water to the Imperial Valley, a hand-dug canal that was built by private works, and much of the valley was irrigated before reclamation law came along.

In view of that fact, Secretaries of the Interior have held and have given written assurances through the years that the valley was intended to be exempted from the acreage limitations of the reclamation law. It seemed to the committee and it seems to me that American farmers or any other citizens must be able to rely upon what their Government tells them and the rules should not be suddenly changed at great cost to them. That is not fair, that is not just, that is not equitable.

Mr. President, the authorizing Boulder Canyon Act specifically applied the acreage limitation to public lands withdrawn from entry, but not to the privately owned lands in the Imperial Valley. With this knowledge, the landowners approved the construction of the All American Canal and accepted the contract which the irrigation district entered into in 1932 with the Federal Government. The contract did not provide for any acreage limitation on the private lands. Moreover, in 1933 Secretary of Interior Wilbur signed a letter to the district reaffirming the Government's position that Federal reclamation law did not apply to the privately owned lands in the Imperial Valley. For over 30 years the Federal Government held that the Boulder Canyon Act did not make reclamation law applicable to the Imperial Valley.

Thousands of individuals have relied on the Federal Government's longstanding practice and assurances in building their farms and businesses. It can be argued that Secretary of Interior Wilbur should never have signed the letter holding that reclamation law did not apply to the Imperial Valley. But he did, and the Federal Government stood by that letter for over 30 years.

Mr. President, there is little to be gained by enforcing reclamation law in the Imperial Valley. One of the primary purposes of reclamation law—the establishment of family farms—has already been attained in the Imperial Valley. Of the 973 farms there, 919 are operated as single family or multifamily farms. That is 94.5 percent of the total farms, representing 93 percent of the total acreage. Of the remainder, some farms are operated by family trusts or public entities. Only 15 of the 973 farms are what could be characterized as nonfamily farms; that is, farms operated by public corporations or nonresident investor partnerships.

These nonfamily farms constitute only 1.5 percent of the total number of farms and represent less than 5 percent of the total irrigated acreage in the Imperial Valley. Of those 15 nonfamily farms, only 3 comprise more than 500 acres of irrigated land.

Further, a strict residency requirement would serve no purpose inasmuch as the vast majority of Imperial Valley farmers live on or near their farms. There are 3,752 owners of farmland in the Imperial Irrigation District. Records show that 76.5 percent of them are residents of Imperial County. Only 882—roughly 23.5 percent—are nonresidents and the majority of them formerly resided in the valley. They moved to other areas upon retirement and continue to hold and lease their land, which represents their life savings. Typically, these people now depend on the rental income from their land for their support.

Mr. President, in closing I just want to emphasize the fact that for over 30 years the Federal Government consistently held that Federal reclamation law did not apply to the Imperial Valley. I firmly believe that because of this fact the Imperial Valley, more than any other area, deserves to be exempted from Federal reclamation law. I urge the adoption of my amendment.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Who yields time?

Mr. NELSON. Mr. President, I would just say in response that the amendment——

The PRESIDING OFFICER. Who yields time to the Senator from Wisconsin?

Mr. CHURCH. The Senator from Wisconsin has his own time on his own amendment. However, that time has been yielded back.

Mr. CRANSTON. I am glad to yield whatever time I may have.

Mr. NELSON. What is the parliamentary situation? Did we yield back all the time on the original amendment?

Mr. CHURCH. Yes. Mr. President, I yield the Senator from Wisconsin as much time as he may require.

Mr. NELSON. Mr. President, it is quite obvious what the amendment of the Senator from California does. It simply continues to exempt the Imperial Valley from the requirements of the reclamation law.

I have stated the case on that. It hardly needs to be repeated. It asserts the court's ruling that they were covered by the law, and that the ruling by the Department of the Interior, in a letter by a Department of the Interior official years earlier, does not change the law. Of course, that raises the proposition that if an official of the Government takes a position that turns out to be not in compliance with the law, then you should not change the law in order to be in compliance with what was illegal in the first place.

The Circuit Court of Appeals ruled that the Imperial Valley was covered by the Reclamation Act and the limitations in it. I felt we ought to require the law to be enforced, and that we should not have an exemption. Therefore, I am opposed to the amendment of the Senator from California.

I am not unmindful of the fact, however, that a substantial majority of the Members of the Senate do not agree with my viewpoint reflecting reclamation law, and that there is a strong mood here that subsidies should be paid to huge landholders and that those who have been able to evade the law in various ways—by failure of enforcement by the Reclamation Department, by going to court or coming to Congress one way or another—those who have been successful, ought to have that success written into law, despite the fact that these huge subsidies and the huge expense of all this is paid for by the taxpayers of this country, and despite the fact that the whole objective of the Reclamation Act is being undermined by the series of exemptions that are included in this statute.

So, though I know very well that I will be defeated substantially, I do want the American public to have a written record of how Senators voted on these issues. Unless someone wishes to comment further, I intend to move to table the amendment.

I move that the amendment of the Senator from California be laid on the table, and I ask for the yeas and nays.

The PRESIDING OFFICER. The motion to lay on the table is not in order until all time on the amendment has expired.

Mr. CRANSTON. Mr. President, I yield back the remainder of my time.

Mr. CHURCH. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back——

Mr. NELSON. I now move to lay on the table the amendment of the Senator from California, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there

a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment (UP No. 550) of the Senator from California (Mr. CRANSTON). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Ohio (Mr. METZENBAUM), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that the Senator from Florida (Mr. CHILES), the Senator from Alabama (Mr. HEFLIN), the Senator from Alabama (Mr. STEWART), and the Senator from Florida (Mr. STONE) are absent on official business.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. BAKER. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Mississippi (Mr. COCHRAN), the Senator from South Dakota (Mr. PRESSLER), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. STEVENS) and the Senator from Wyoming (Mr. SIMPSON) would each vote "yea."

The PRESIDING OFFICER. Are there Senators in the Chamber who wish to vote? Does any Senator wish to change his vote?

The result was announced—yeas 39, nays 44, as follows:

[Rollcall Vote No. 282 Leg.]

YEAS—39

Armstrong
Baker
Boschwitz
Burdick
Cannon
Cohen
Danforth
Dole
Domenici
Garn
Glenn
Goldwater
Hatch
Hatfield
Hayakawa
Helms
Humphrey
Jackson
Jepsen
Kennedy
Laxalt
Lugar
McClure
Muskie
Nelson
Packwood
Proxmire
Roth
Sarbanes
Schmitt
Stafford
Stevenson
Thurmond
Tower
Wallop
Warner
Williams
Young
Zorinsky

NAYS—44

Baucus
Bayh
Biden
Boren
Bradley
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Chafee
Church
Cranston
Culver
DeConcini
Durenberger
Durkin
Eagleton
Exon
Ford
Gravel
Hart
Heinz
Hollings
Javits
Johnston
Kassebaum
Leahy
Levin
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Morgan
Moynihan
Nunn
Pell
Percy
Pryor
Randolph
Riegle
Sasser
Talmadge
Tsongas
Weicker

NOT VOTING—17

Bellmon
Bentsen
Chiles
Cochran
Heflin
Huddleston
Inouye
Long
Metzenbaum
Pressler
Ribicoff
Schweiker
Simpson
Stennis
Stevens
Stewart
Stone

So the motion to lay on the table was rejected.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the motion to table was rejected.

Mr. CRANSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California (Mr. CRANSTON).

The amendment (UP No. 550) was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHURCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the precedents of the Senate, the adoption of the amendment offered by the Senator from California as a substitute for the language proposed to be stricken by the amendment of the Senator from Wisconsin renders that amendment moot and it is not acted on.

The Chair now recognizes the Senator from South Dakota (Mr. McGOVERN).

UP AMENDMENT NO. 551

Mr. McGOVERN. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. McGOVERN) proposes unprinted amendment No. 551:

On page 8, lines 14 and 15 after the words "which consists of . . ." strike "one thousand two hundred-eighty" and insert "nine hundred and sixty".

Mr. McGOVERN. Mr. President, without losing my right to the floor, I yield briefly to the Senator from Wisconsin (Mr. NELSON).

Mr. NELSON. Mr. President, I wonder if the distinguished manager of the bill would be prepared to respond to a question I have on the bill that is not clear to me from a reading of the bill?

Mr. CHURCH. I am happy to.

The PRESIDING OFFICER. May we have order in the Senate?

The Senator from Wisconsin is trying to propound a question.

The Senator may proceed.

Mr. NELSON. Mr. President, is it the intention of section 3(f) of the bill to assure that management contracts will not be used as a device to avoid the purposes of this act to limit farm operating size to 1,280 acres?

Mr. CHURCH. The Senator is correct.

Mr. NELSON. What I am not clear about is this: Does the Secretary have the authority, then, to decide whether or not, in some circumstance, the management contract is being used as a device to avoid the limitation?

Mr. CHURCH. Let me explain that, Mr. President.

Occasionally, it becomes necessary for owners of farms on reclamation projects to resort to hired managers because of family problems or for other reasons. At present, there is no provision for the Secretary to review management arrangements to insure that they are legitimate and not simply a legal device to permit one manager to take beneficial control of several farm units and thus evade the acreage limitation.

Section 3(f) of this bill authorizes the Secretary, by rule, to limit management arrangements if necessary in order to insure that management arrangements are not used in that way. It is vital, however, that there be flexibility to employ normal business practices.

The committee did not wish to deny a farmer the right to engage a manager, but we were determined that that should not become a device for circumventing the cap of 1,280 acres, which is now definitely established in the reclamation law under the provisions of this bill.

We know that from time to time there are legitimate reasons why a farmer may want or need a manager, but we thought we should subject that practice to the review of the Secretary, so that it does not become a device for the circumvention of the 1,280 acre limit.

Mr. NELSON. He has the authority to make a decision on that point if the evidence before him indicates that is what is going on?

Mr. CHURCH. He does, indeed.

Mr. NELSON. I thank the Senator.

Mr. McGOVERN. Mr. President, the amendment that is now pending, which I call to the consideration of my colleagues, is simply a compromise——

Mr. NELSON. Mr. President, may we have order? I have some difficulty, as close as I am, in hearing the Senator's remarks.

The PRESIDING OFFICER. The Senate will be in order.

Mr. McGOVERN. Mr. President, this amendment, I believe, strikes a reasonable and prudent compromise between the amendment offered by Senator NELSON setting a limitation of 640 acres of combined ownership and leasing on reclamation projects and the limitation set forth in S. 14—that of a 1,280-acre limitation.

I believe the 1,280-acre limitation suggested by the Energy and Natural Resources Committee is too large and lacks sufficient justification. It may be argued that the setting of any limitation is arbitrary. However, I believe there is more at stake than arbitrary limitations. Let me explain.

The 1,280-acre limitation is conditioned upon other factors contained in S. 14, factors which are of concern to me. Primary among them are the open-ended equivalency formula which would allow irrigators farming less productive or less irrigable soils when compared to the best soils on a project to farm an "equivalent" number of acres based upon such criteria as soil characteristics, crop adaptability, costs of production and the length of the growing season. Frequently, most of the soils on a reclamation project are not the best.

The best soils are rated class one. However, most soils on a reclamation project will be class two, class five "s" or class five "d." What this means is that under this provision of S. 14, most irrigators will be farming considerably more than 1,280 acres. Some estimates would place the acreage irrigated as high as 1,700 acres.

A second loophole in S. 14 which permitted virtually unlimited leasing arrangements was wisely corrected yesterday by the amendment offered by Senator CHURCH and Senator HATFIELD.

Nonetheless, other provisions of the bill have the effect of enlarging the 1,280-acre limitation which the bill seems to promise.

What, then, is so "magic" about 960 acres? Nothing. It is simply less than 1,280 acres. And more than 640 acres. It represents a midpoint compromise between the two camps that have formed around this issue. I should point out that the U.S. Department of the Interior supports a limitation of 960 acres with an equivalency provision for projects where the growing season is less than 180 days. Under these circumstances, I believe it is safe to say that the majority of reclamation irrigators will, under provisions of my amendment, be allowed to farm close to, if not more than, the committee's 1,280-acre figure.

Let us, however, look at a more relevant point. As Senator NELSON has pointed out in earlier remarks, the U.S. Department of Agriculture has indicated that fully 97 percent of the farms in the West where irrigation is used are irrigating less than 1,000 acres. In point of fact, some 91 percent of Western States irrigated farms consist of less than 500 acres of irrigation. Clearly, under such circumstances my amendment is not unreasonable.

Who benefits from the 1,280-acre limitation on irrigation? From the USDA figures, only 3 percent of the irrigating farmers in the Western States.

But a still more relevant point can be made. Farmers who irrigate constitute only about 25 percent of the farms in the United States. Of that number, 97 percent are irrigating less than 1,000 acres. If opponents of my acreage limitation amendment are going to argue that it somehow strangles western agriculture, I would like my colleague to consider the fact that those who might conceivably be "adversely affected" by my amendment represent less than 1 percent of the farms in the United States.

Finally, it is worth pointing out, that any limitation upon reclamation irrigation acreages does not prevent dryland farming on additional acres or irrigating other acres with water not supplied under the reclamation program. For these reasons there is even less reason not to have an acreage limitation of 960 acres. There is absolutely no way this can be construed as placing an absolute limit upon farm sizes in the 17 Western or reclamation States.

For these reasons, I would ask the concurrence of my colleagues in supporting an appropriate reclamation acreage limitation of 960 acres.

Mr. President, this amendment is, very simply, a compromise at the exact midpoint between the 1,280-acre limitation for farms in reclamation projects proposed by Senator CHURCH, and the 640-acre limitation proposed by Senator NELSON, which the Senate rejected earlier.

I believe this issue is one of the central issues raised by the consideration of this bill. As my colleagues know, the original Reclamation Act set the limitation on irrigation at 160 acres. However, with the passage of time and the development of more and more exemptions and loopholes in the law, it is now considered reform to place that level at 1,280 acres, which is what is the substance of the bill before us.

I think Senator NELSON made a very convincing case—at least for some of us in the Senate—that such a limitation was too high a figure. He proposed that it be cut in half, to not more than 640 acres.

As Senator NELSON has pointed out, 97 percent of the farms in the West where irrigation is used consist of less than 1,000 acres of irrigation per unit. So if the Senate were to adopt the compromise proposal that is now pending, that of 960 acres, there would be no effect at all on 97 percent of the farms now using irrigation.

Twenty-five percent of the farms in the entire country are under irrigation. So what we are talking about is about 1 percent or less of the farms in the United States which would be affected by the amendment I am proposing.

Senators should keep in mind that when they vote for this amendment, they are not putting any arbitrary limit on the size of farms. You still can engage in unlimited dryland farming above the 960 acres provided in this amendment for irrigation land. You still can irrigate any number of acres you wish beyond the acres covered by the Federal reclamation program. But it says, in effect, that so far as reclamation subsidies are concerned, they should be limited to not more than 960 acres.

As I said, this limitation affects only about 3 percent of all the reclamation irrigation farmers in the United States.

The amendment I have offered happens to be the position of the administration. They have studied this matter, as Members of the Senate know, for many months—actually, years. Secretary Andrus has been vitally interested in this matter since he has come into the Department of the Interior. He and his colleagues have recommended to Congress the 960-acre figure incorporated in the amendment I have offered.

Mr. President, I do not think it is necessary to debate this matter at great length. Senators have had the advantage of the debate which took place earlier today on the proposal by Senator NELSON to create a 640-acre limit. I voted for that amendment. I think it was a reasonable proposal. But I hope those Senators who may have felt that it might have been a little too stringent will give consideration to the compromise proposal I am now offering.

Mr. President, the Governor of my State, Gov. William J. Janklow, has sent me, under date of September 12, a very thoughtful letter on this whole question of the reclamation program and the importance of gearing it primarily to the so-called family farm operator. I ask unanimous consent that his letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF SOUTH DAKOTA,
September 12, 1979.

Senator GEORGE MCGOVERN,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR MCGOVERN: Allow me to encourage Congress in its efforts to update the Reclamation Act of 1902. While this office agrees heartily with the principles contained within the original Reclamation Act, I feel a modification of the Act to fit current conditions is due and extend the following suggestions on behalf of the State of South Dakota.

Of primary concern to the citizens of South Dakota is the proposed increase in acreage limitations. Since 320 acres is an insufficient amount of land to support a family in modern agri-business, an acreage limitation increase would be most welcome. I must express concern, however, that an increased acreage limitation could work more toward the benefit of corporate farms than individual family farms. South Dakotans believe strongly in the family farm concept. While encouraging a new limitation of 640 or more acres, South Dakotans can only approve changes designed to help the individual farmer, not those that create loopholes for large corporations. (Please allow me to emphasize that by the term "corporate farm" I mean large, investor owned operations, not small family farms that have been incorporated or larger farms owned by single individuals living on the land and managing it.)

A farmer should have a deep-set, close feeling for the land. This principle was set out in the original Reclamation Act. I am troubled by the amendment that would allow numerous land holdings to be managed by several individuals for one qualified recipient. Further, the owner of Federally irrigated land should live within a reasonable distance of that land, although present residency requirements should be relaxed. Irrigation of excess acreage if the excess has been leased for a period of one year or less without right of renewal sounds fine in theory, but I question whether this might become a major loophole for those legal entities wishing to irrigate more than their fair share. I approve the concept that excess acreage may be irrigated in those situations where the land is poor, so long as this does not become an additional loophole.

South Dakota is willing to accept the cessation of legal limitations once water charges have repaid the Federal government for its expenditures on the project. I question, however, the value of allowing projects to be paid fully in a lump sum or on an accelerated program. This gives an unacceptable advantage to big agri-business, while leaving the "little guy" without any sufficient means to compete.

Finally, I must question the exemptions outlined in the amendments by the Committee on Energy and Natural Resources. I do not question special exemptions for charitable organizations, but cannot support an exemption for the Imperial Valley area of California. The Imperial Valley is a prime example of rejection of the principles expressed in the Reclamation Act of 1902. An exemption should be granted, however, where water from a Corps of Engineers project is delivered by a non-federal, privately built means of diversion and delivery.

Agriculture is best managed and maintained by individual farmers managing, working and loving the land. The interests of this nation are not best served by a shift to giant, corporate agri-business. I support an increase in the acreage limitation that could be adjusted by climate, soil conditions, and other factors to best benefit individual farm-size units in each area of the country. I support the concept that the individual who farms the land should live on or near the land; distant investors tend not to manage the land in a manner suitable for this or future generations. If large acreage federal irrigation is to come about, irrigation charges should increase for irrigation above a minimum level, and the excess funds from water sales should be used to subsidize individual farm units of limited acreage. In this manner, Washington can guard the interests and livelihood of the individual, family-owned farm.

Thank you for your attention to this commentary. I appreciate your time and consideration. Should you wish any further comments from this State or me, please do not hesitate to contact me.

Sincerely yours,

WILLIAM J. JANKLOW.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, I oppose this amendment.

The committee struggled long and hard to determine what the maximum acreage should be under reclamation law, given present day costs on the farm. We sought to reform this law so that it would withstand the test of time from now until the end of the century. It has been 77 years since Congress has undertaken a comprehensive revision of reclamation law, and it may be another 77 years before we can do it again.

So, considering the spiraling costs facing the farmer today and looking ahead to the future, it was the considered judgment of the committee that 1,280 acres constitued a reasonable maximum farm unit to be served by reclamation water during the life of any given reclamation project.

I hope the Senate will sustain the committee in that position.

We have no way of knowing what the House of Representatives decision will be when it addresses this bill. It could well be that when we have gone to conference and attempted to reconcile the two versions of the bill that it will be necessary to strike some compromise and it could be 960 acres. But if that decision is made now on the floor of the Senate, then we will be denied the opportunity to strike a compromise with which we can live, once we have to deal with the House version of the bill.

I do not say, Mr. President, that it is impossible to live with a 960-acre maximum. But I do say that if we want to reform this law for now and for the future, then it would be more prudent to establish a maximum we know to be adequate, even generous, and yet we also know is within the capability of a family unit to farm. That is what the committee has done.

Mr. President, I have heard critics of this bill lambaste the reclamation program as though it were the biggest give-away ever designed by Congress, and I find that a very curious argument because in actuality it has been through the reclamation program that millions of acres of land have been converted from barren, unproductive, uninhabited land in the West to fertile farmland from which enormous riches flow; reclamation has been an investment in the growth of America. It has been a successful investment.

We know from actual studies for the Government conducted by independent, private research organizations how enormously successful reclamation has been for this country.

For example, the Denver Research Institute completed a study not long ago, commissioned by the Department of Interior, which showed that the amount of additional dollars flowing into the Federal Treasury alone in one 36-year period from reclamation projects was $19.5 billion compared to a total investment of $7.5 billion for the reclamation projects studied.

Here is a 3-to-1 return to the Government itself within a 36-year period on an investment of $7.5 billion, and that, Mr. President, does not take into account all of the other benefits that have flowed from the productivity we have realized on these reclamation projects—the communities that thrive today because the farmland about them has been reclaimed from the desert; the State and local governments that derive taxes from this production. I am speaking simply of the direct return to the Federal Treasury alone. As for the subsidy about which we have listened interminably for the last 2 days of debate, it is a subsidy limited to the farmer. These are multiple-purpose projects. When the Government builds a dam on a reclamation project today, it generates electricity, and it sells that electricity. It recovers not only the cost of the dam, but it recovers its interest as well.

The farmers must repay the principal over the life of the project.

And so if it is a subsidy it is much less of a subsidy than those we associate with other forms of public works projects. I do not know of any other form of public works project that requires any direct repayment to the Government, certainly not the Corps of Engineers projects. They are pure subsidy.

But reclamation returns many times the cost to the Government of developing these arid lands. It is making the country richer day by day.

It is a success story, and I cannot understand why it is so hard for us to live with success.

So I hope that the Senate will support the committee position. Before this bill there was no limit on the size of farms on reclamation projects because the limitation was a laugh. It was avoided by leasing; circumvented.

This bill will impose a limit and it permits no circumvention by leasing; it will require farmers in the West to divest leased lands in excess of 1,280 acres. All of the 17 irrigation States will be affected and farmers will be required to divest leased lands in excess of 1,280 acres. We know that this bill will assure a pattern of family farms on these projects throughout the West.

But in view of the fact that so many farmers will have to divest their present holdings, will have to conform to this maximum, we think that it should be at least sufficient to provide the basis for a good living today and tomorrow.

So I think it is not wise for us to adopt this amendment, and I know that if we were to do so, it will be even more difficult for the Senate to have the flexibility we should have in dealing with the House of Representatives when this matter goes to conference.

On that basis, Mr. President, I urge the Senate to reject the amendment.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to my colleague.

Mr. McCLURE. Mr. President, I underscore what my colleague from Idaho has said. The Senator who proposes the amendment suggests this is a compromise, and indeed it is a compromise between two figures that have been discussed, just as the 1,280 acres was a compromise between the other figures that were discussed.

One thousand two hundred and eighty acres came out of a meeting of the Western Coalition a little over a year ago as the reasonable figure around which the greatest number of people could find agreement.

I have felt that it is a limit that is designed to exclude the movement of lands away from family farm operations and into corporate farming operations.

If that were its sole purpose, then the limit is much too strict because no large corporate entity is going to move in for 1,000 or 2,000 acres of ground. And I think the debate that has been thus far brought forth on the floor of the Senate at least reveals that, that when the corporate interests move in they are moving in in the tens of thousands of acres, and that is typically the case throughout the country. Whether it is on reclamation projects, whether it is on private irrigation projects, or whether it be on large ranching operations, the large corporate interests want massive operations.

I am convinced from analysis that has been done in my own State that corporate interests are not attracted to farming operations of less than 5,000 acres of irrigated land, which led me to the conclusion that you could go up to 5,000 acres without attracting corporate interests. You would still have individual family farm operations, albeit large ones and very successful ones, above the 1,280 acres and approaching the 5,000 acres but you would not be displacing the individual and replacing him by a large absentee corporate ownership that was simply exploiting land value.

So I offered in the committee, when this matter was before the committee, a 1,600-acre limitation, with a provision that that 1,600 acres would be exceeded if they paid the full cost up to three times that basic amount, or 4.800 acres.

The committee turned that down in favor of staying with the 1,280-acre limitation, and it was not my purpose in offering that amendment to open it up to corporate farming but was simply to allow a farmer the hope that he can be more than just marginally successful.

What is wrong with the American dream? Have we turned our back on the idea that a man should be able to aspire to doing better than he is doing now, that he should be able to grow if he is willing to work and he has the capacity and is able to put together a successful operation to grow beyond just being able to survive?

I had some colloquy with the Senator from Wisconsin on the size of dairy farms and he was offering us the opportunity to grow in the same equivalence as if we limited a dairy farm in Wisconsin to 32 cows. At the very best, that is all he could say about what he was offering at 640 acres.

I am saying that the amendment before us, instead of in equivalent terms limiting a dairy farm to 32 cows, would limit that dairy farm to 48 cows. I do not know many dairy farms making it on 48 cows. The average dairy operation in my State has now exceeded 100 animals if they are a successful and viable unit, and they work very, very hard indeed to be successful even then.

All I have suggested is rather than this being a compromise in a true sense, it simply is a movement away from the compromise which the committee already has arrived at and, in my judgment, we ought to stay with the committee.

If we are just playing a numbers game I would offer an amendment to the pending amendment to suggest that we raise the 1,280 acres to 2,500 acres, and then we could compromise that one with the 640 and we would come out about right.

Well, we are not just playing a numbers game. We are making a determination that will affect the lives and the livelihood of a great many American citizens.

Whether it is 960 or 1,280 or 1,600 acres of land, that will be a typical family farm operation. It will not be a large absentee landlord somehow exploiting the land and cheating the taxpayers.

I hope, Mr. President, that the amendment offered will be rejected.

Mr. McGOVERN. Mr. President, I think all of the things I want to say on this issue have been said. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. I would like to request that someone yield me 5 minutes to make some remarks.

Mr. McGOVERN. I yield 5 minutes to the Senator from Nebraska.

Mr. EXON. Mr. President, if there is no objection I would like to add the name of the Senator from Nebraska (Mr. Exon) as a cosponsor of the amendment which has been offered by my collegue from South Dakota.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, I guess everything that I have said on this floor yesterday when, I think, the Senate took some correct action on attempting to straighten out the situation that has confronted us on the whole scope of reclamation projects applies today, and we were generally successful yesterday; but, in my opinion, the opposite has been true today.

Before we have the rollcall vote on the amendment that is being offered by the Senator from South Dakota, I would just like to make another brief point or two in an attempt to clarify what the situation is all about.

First, I want to say that it is not my intent to limit the amount of land that anyone can farm or raise crops on or raise dairy cattle on in the United States of America. But when we are talking about that I think it is important for us to recognize once again what was the original intent of the Reclamation Act of 1902. Are we here in this body going to subvert the original intent of that act which, because the money it took to build the reclamation projects was paid by the taxpayers and the ratepayers of the United States? We have to remember that that is the context in which we are talking.

Certainly those of us who want the amendment to S. 14 agreed to are not against family-sized farming operations. I suggest that we can probably argue all day today and maybe all day tomorrow on what is a true family-sized farm operation that is supposed to benefit from the reclamation projects.

But before I give some brief figures in this area, I want to say that the 960 acres of class one land that would be covered by the amendment offered by the Senator from South Dakota are, in my opinion, quite generous. Certainly I want to say again that the 160-acre limitation that was written into the original act of 1902 is outmoded today because of the farming operations and how our farms have grown over the years.

However, I think it is a mistake for those of us in the U.S. Senate to remove ourselves so far from what I consider was the original intent of that 1902 act that we are going to allow thousands of acres to be farmed by some land grabbers, and I suggest that most of us would be able to agree, if we would stop to think, that it was and is a violation of the 1902 act.

I want to quote again, I think for the third time during this debate, and have it appear in the Record once again, the statement of Representative Francis G. Newlands, the sponsor of the 1902 act, who said in the Record:

> The very purpose of this bill is to guard against land monopoly and to hold this land in small tracts for the people of the entire country, to give each only the amount of land that will be necessary for the support of a family.

In that regard I ask unanimous consent that these three papers, containing the tables and representing a fact sheet, be printed in the Record.

There being no objection, the tables were ordered to be printed in the Record, as follows:

ACTUAL IMPACT OF ACREAGE LIMITATION WHEN EQUIVALENCY FACTORS ARE CONSIDERED[1]

Project	Actual acreage limitation, Class 1 limitation is—			
	320	640	960	1,280
Pacific Northwest:				
South Columbia (Washington)	482	964	1,446	1,982
East Columbia (Washington)	433	866	1,296	1,732
Quincy (Washington)	452	916	1,374	1,832
Crooked River (Oregon)	478	956	1,434	1,912
Deschutes (Oregon)	436	872	1,308	1,744
Mann Creek (Idaho)	446	892	1,338	1,784
Michaud Flats (Idaho)	541	1,082	1,623	2,164
Rogue River (Oregon)	382	764	1,146	1,528
Pacific Northwest total	456	913	1,368	1,832
Upper Colorado:				
Collbarn (Colorado)	420	840	1,260	1,680
Eden (Wyoming)	473	946	1,419	1,892
Weber Basin (Utah)	507	1,014	1,521	2,028
Upper Colorado total	467	933	1,400	1,867
Upper Missouri:				
Belle Fourche (South Dakota)	576	1,152	1,728	2,304
Lower Yellowstone (Montana-North Dakota)	433	866	1,299	1,732
Milk River (Montana)	666	1,332	1,998	2,664
Deaver (Montana-Wyoming)	574	1,148	1,722	2,296
Shoshone (Montana-Wyoming)	467	934	1,401	1,868
Heart Mountain (North Dakota)	481	962	1,443	1,924
Willwood (Montana-Wyoming)	409	818	1,227	1,636
Hanover Bluff (Montana-Wyoming)	494	988	1,482	1,976
Helena Valley (Wyoming)	505	1,010	1,515	2,020
Upper Missouri total	512	912	1,535	2,046
Lower Missouri:				
Sandhills (Nebraska)	437	874	1,311	1,748
Kanaska (Kansas-Nebraska)	396	792	1,188	1,584
Bostwick (Kansas-Nebraska)	407	814	1,221	1,628
Cedar Bluff (Kansas)	421	842	1,263	1,634
Frenchman (Nebraska)	361	722	1,083	1,444
Middle Loup (Nebraska)	435	870	1,305	1,740
Lower Missouri total	410	819	1,229	1,638
Tahoma-Colusa (northern California)	429	858	1,287	1,715
San Luis (central California)	414	828	1,242	1,658
California total	422	843	1,265	1,687

[1] Figures are based on equivalency ratios of 0.8 for class 2, 0.6 for class 3, and 0.4 for class 4. These averages were presented by the Bureau of Reclamation to hearings before the House Interior Committee in 1976.

Mr. EXON. Let us say, for example, if the 960-acre class 1 land limitation that is being proposed in the present amendment before us is placed in effect that the factsheet shows in the Pacific Northwest on average, because we not only have class 1 land of 960 acres to which this amendment specifically addresses itself, but we have three other classes of land, so on the average in the Pacific Northwest 960-acre limitation would still allow on average 1,360 acres to receive the benefits from the reclamation projects.

In the Upper Colorado region it would be 1,400 acres, and in the Upper Missouri region 1,535 acres. In the Lower Missouri region it would be 1,229 acres, and last, but far from least, in California it would be 1,265 acres.

I hope my colleagues will recognize that we should agree to the amendment offered by the Senator from South Dakota.

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. How much time remains on the amendment?

The PRESIDING OFFICER. The remaining time is 16 minutes to the proponents and 14 minutes to the opponents.

Mr. McCLURE. Mr. President, will the Senator from Idaho yield me 5 minutes.

Mr. CHURCH. Yes, I yield the Senator from Idaho 5 minutes.

Mr. McCLURE. I thank my colleague for yielding.

Mr. President, it is not my purpose to delay the debate, but a couple of facts have been brought out that need to be laid into some kind of context.

Again I know the sincerity with which my friend from Nebraska speaks, but he speaks in terms of the thousands of acres that would now be permitted. It seems to me that the earlier dialog was subject to the difficulty that we kept mixing apples and oranges. We were talking about what might happen under the entire reclamation program. We were looking at the Imperial Valley, King's River, and Westlands, and sort of lumping them all togther with the rest of the reclamation West.

The Senate has addressed those questions, and the question of the Imperial Valley ought to be set aside. The question of Westlands, and so on, has been resolved by the Senate, and now I hope we are talking about the acreage limitation as it will apply to all the rest of us.

If we are talking about the acreage limitation as it will apply to all the rest of us, we are talking about a 1,280-acre limitation. We are not talking about thousands of acres; we are talking about the 1,280-acre limitation. When we get down, then, to some of the other figures that have been used and are still being used in justification for a reduction in the acreage figure for the net farm income to be derived by a farmer per year in agriculture, again, I cannot speak for other States, but I do know something about my own.

The average per farm income in Idaho on our 27,000 farms, which had an average size of 578 acres, was $3,944 per farm unit. That is an average, and that was not all irrigated farmland, but I would remind my friends that on the average, an irrigated farm tends to be smaller in acreage than a dryland farm, and so the acreage and the income figures are inclined to balance out, because of that factor.

Out of those 27,000 farms in Idaho, 10,000 of the farms—10,098 to be precise—according to the Census figures, are on reclamation projects. So we have 10,000 farm families in Idaho who, in admittedly a bad crop year in Idaho, because of the drought that affected yields on dry lands, and in some irrigation projects also affected their yields because they run short of water, the average net income after expense was less than $4,000, on an average of 578 acres.

Mr. President, this is not the picture of greed run wild. It is not the picture of the enormous subsidies we have been talking about here. I would remind my friends again that the farmer on a reclamation project pays back every cent of capital that it is deemed by the legislation and the administration under which it is administered that they are capable of paying back in income from that farm unit. That is the only subsidy that it can be charged would be involved here as a subsidy. In other words, that the money they pay should not be beyond their repayment capacity, and they are not charged interest on the capital investment the Government made in the project in the first place; they only pay back capital.

My colleague from Idaho has already mentioned the return flow of cash to the Government, and the benefits to our society in dollar terms of the money generated on our reclamation projects.

Two studies have been made, both made by democratic circles, neither run by people benefited by irrigated farmland, one run in the State of Idaho and the other conducted in the State of Washington. Both of those studies revealed almost precisely the same pattern: that 25 percent of the benefits of the project are received by the people who pay 100 percent of the cost—the farmers. The other 75 percent goes back to the communities in which they trade, that are supported by the agricultural economy of the area, and to the larger circles, in ever-widening circles, of those people who provide the fertilizer, the transportation, the equipment, the machinery, the water, and all the rest that goes into producing those things which the farm economy consumes, and then the ever-wider circle of those of us who consume the agricultural products and benefit because of their great abundance.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. McCLURE. Mr. President, I hope the amendment will be rejected.

The PRESIDING OFFICER. Who yields time?

Mr. McGOVERN. Mr. President, I am prepared to yield back the remainder of my time, if the opponents of the amendment are so prepared.

Mr. CHURCH. I want to say to the Senator from South Dakota, I would like to yield back the remainder of my time and proceed to a vote, but there is a possibility that another Senator would like to be heard, and for that reason, until we can reach him, I would suggest, Mr. President, the absence of a quorum, and ask that the time for the quorum call be taken from the time on the bill.

The PRESIDING OFFICER (Mr. LEVIN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Will the Senator from Idaho yield me 3 minutes?

Mr. CHURCH. Mr. President, I am happy to yield to the Senator from Oregon 3 minutes.

Mr. HATFIELD. I thank the Senator.

Mr. President, I rise again to ask the Senate to defeat this particular amendment. I need not recite again the arguments I used against 640 acres. To a lesser degree, but still with significant application, the same arguments are valid for 960 acres.

Let us bear in mind that the 160-acre limitation in the original Reclamation Act of 1902 was per member of the family. An average family of four could own 640, plus lease land beyond that level. So we are not comparing 160 acres with 1,280 acres. Rather, what we are doing is establishing, for the first time in the history of reclamation, a meaningful cap on the total benefit a farm unit of leased and owned lands can receive.

I think, even in spite of the comments of the Secretary of the Interior, you will find that with the variation in agricultural crops, with the variation in growing season, with the variation in economics of these various farm enterprises, 1,280 acres, including both leased and owned land, is a reasonable and an economically viable figure. Therefore, it seems to me we would be, again, striking at the heart of the agricultural community—that is, the family farm community, the small family farm—and ripping it apart. This will be very difficult to adjust in the days and years ahead.

Let me close by saying that we are going to have this bill in conference, and every indication that I have is that we will face a bill in conference with less than a 1,280-acre figure. We may have to compromise. At any rate, it seems legitimate to me to ask the Senate to go along with 1,280 acres and then resolve the difference in the conference committee itself.

It will probably end up being less than 1,280 acres.

So, with that in mind, Mr. President, I move to table the McGovern amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. The motion to table is not in order until the time for the proponents of the amendment has expired.

Mr. CHURCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CHURCH. Mr. President, I am authorized by the distinguished Senator from South Dakota (Mr. MCGOVERN) to yield back the time remaining to him, and I hereby do so.

I also yield back the remainder of time, if any, of those opposing the amendment.

The PRESIDING OFFICER. All time having been yielded back, is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment (UP No. 551) of the Senator from South Dakota. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Ohio (Mr. METZENBAUM), the Senator from North Carolina (Mr. MORGAN), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Mississippi (Mr. STENNIS), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that the Senator from Florida (Mr. CHILES), the Senator from Alabama (Mr. HEFLIN), the Senator from Alabama (Mr. STEWART), and the Senator from Florida (Mr. STONE) are absent on official business.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. PACKWOOD. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Mississippi (Mr. COCHRAN), the Senator from Pennsylvania (Mr. HEINZ), the Senator from South Dakota (Mr. PRESSLER), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Wyoming (Mr. SIMPSON), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. SIMPSON), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not voted and who wishes to do so?

The result was announced—yeas 50, nays 28, as follows:

[Rollcall Vote No. 283 Leg.]

YEAS—50

Armstrong
Baucus
Boren
Boschwitz
Bumpers
Byrd, Harry F., Jr.
Cannon
Chafee
Church
Cohen
Danforth
DeConcini
Dole
Domenici
Durenberger
Eagleton
Ford
Garn
Glenn
Goldwater
Gravel
Hatch
Hatfield
Hayakawa
Helms
Hollings
Humphrey
Jackson
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
Mathias
Matsunaga
McClure
Moynihan
Nunn
Packwood
Percy
Pryor
Randolph
Roth
Sasser
Schmitt
Thurmond
Wallop
Warner
Weicker
Young

NAYS—28

Bayh
Biden
Bradley
Burdick
Byrd, Robert C.
Cranston
Culver
Durkin
Exon
Hart
Javits
Kennedy
Leahy
Levin
Magnuson
McGovern
Melcher
Muskie
Nelson
Pell
Proxmire
Riegle
Sarbanes
Stafford
Stevenson
Tsongas
Williams
Zorinsky

NOT VOTING—22

Baker
Bellmon
Bentsen
Chiles
Cochran
Heflin
Heinz
Huddleston
Inouye
Long
Metzenbaum
Morgan
Pressler
Ribicoff
Schweiker
Simpson
Stennis
Stevens
Stewart
Stone
Talmadge
Tower

So the motion to lay on the table UP amendment No. 551 was agreed to.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 552

Mr. CRANSTON. Mr. President, I now send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON), for himself, Mr. DOLE, Mr. GOLDWATER, and Mr. HAYAKAWA, proposes an unprinted amendment numbered 552.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 13, line 3, insert a new subsection.

(A) Nothing in this Act nor in any other provision of Federal reclamation law shall prohibit the delivery of water, made available pursuant to a contract with the Secretary, to land leased by a qualified recipient in excess of a Landholding; provided that the recipient thereof agrees to pay, with interest on the unpaid balance, that portion of the costs of the project properly allocated to irrigation, attributable to that leased land in each year of the lease and not otherwise paid. The interest rate applicable for purposes of this section shall be computed on a project-by-project basis in accordance with the specified project interest rate or, if none exists, such rate shall be equal to the weighted average rate paid by the United States on its marketable long-term securities issued during the construction period of each project. For the purpose of this section, the determination of the portion of construction costs allocated to irrigation and the rates to be charged for water, if not otherwise provided by law for a specified project, shall be in accordance with generally accepted utility rate making procedures. For the purposes of this section, a qualified recipient must be directly involved in the management and operation and responsible for a substantial portion of the financial risks of the farming operation.

Mr. CRANSTON. Mr. President, my principal cosponsor on this amendment is the distinguished Senator from Kansas (Mr. DOLE). Also cosponsoring are Senator GOLDWATER and Senator HAYAKAWA.

This amendment would permit growers to lease land in excess of the acreage limitation provided that they pay full cost for the water received to irrigate the leased land.

This amendment differs in a very significant way from the Morgan amendment which was considered yesterday. Unlike the Morgan amendment, this amendment applies only to land leased in excess of the acreage limitation. The Morgan amendment, on the other hand, would have permitted both ownership and leasing in excess of the acreage limitation. The important difference thus is that under the Morgan amendment the landowner would not have to sell his excess land. He could keep his excess land, if he chose to pay the full cost of water. Thus, the breakup of landholdings would not occur. It is for this reason that I voted against the Morgan amendment.

Under the amendment I am proposing, the breakup of landholdings would occur. Excess landowners would be required to sell their land under regulations prescribed by the Secretary of the Interior. Thus, the breakup of large holdings into smaller units as envisaged by the original law would be accomplished. So this fulfills the original purpose of the Federal reclamation law.

Mr. President, there is and should be a limitation on the ownership of land receiving subsidized water from Federal reclamation projects. But I do not think there should be a limitation on the amount of land a farmer can lease as long as no subsidy is involved.

In the past, the right to lease excess land with an unlimited subsidy has been the rule. The Federal Government has not enforced Federal reclamation law on leased land in excess of the acreage limitation. I firmly believe, however, that there should be a limit on the amount of the subsidy on leased land. S. 14 as now amended limits the subsidy to 1,280 acres.

My amendment would keep that limit on the subsidy. But it would allow flexibility in farm size by permitting growers to pay full cost—that includes interest—for water received to irrigate leased land in excess of the acreage limitation.

Mr. President, it is our intention for the purposes of this amendment that the Secretary of the Interior determine what is full cost so that we can say once and for all that the subsidy attributable to water stored in Federal projects for irrigation has been removed. The first and obvious step is removing the interest subsidy provided by current reclamation law. The amendment provides that the interest rate used be based on the rate paid on marketable long term securities, which is now around 8 percent. Also the amendment provides that the determination of the portion of construction costs allocated to irrigation be in accordance with generally accepted utility ratemaking procedures. That is the maximum rate of return on capital investment.

Mr. President, as I said at the outset, I do not think the Federal Government should have the right to tell a farmer how much land he can lease where no subsidy is involved. This amendment totally eliminates the subsidy on leased land in excess of the acreage limitation by having the farmer pay full cost. The American taxpayer and the public interest are protected in this amendment.

Mr. President, I wish to place this amendment in a broader context. During yesterday's discussion of the benefits of Federal reclamation law a picture of California agriculture was painted that was twisted and distorted to the point of surrealism. While there certainly are some giant farms, including corporate operations, it is not realistic to picture California growers as Wall Street coupon clippers who never see the dirt and sweat of California ranches. Most California growers are hard-working year-round farm operators, whose total lives are committed to their physically, mentally, and psychologically demanding high risk business.

I am going into this because so much of what this bill relates to, relates to California and because there seems to be a considerable misunderstanding inside and outside this Chamber of what California agriculture and those who work in it is really all about.

Mr. President, while there may have been some abuses in the sale of excess lands in the Westlands District during the past few years, the vast majority of the Westlands growers—small, medium, and even large, and there are many small ones there—signed recordable contracts. They signed them in accordance with the law. They sold their lands in accordance with the long-standing procedures used to implement the law by the Bureau of Reclamation.

If the Bureau failed over the years to carry out the intent of the 160-acre limitation, that failure is a stain on the Federal Government—not on the excess landowners who have complied with Federal regulations. And it is true that many California growers make a lot of money from their labors. But since when is it a crime to make money?

Take a look at the record:

California produces about 250 crop and livestock commodities and leads the Nation in production of 44 of them;

California provides the United States with about 25 percent of its table food;

California accounts for over 90 percent of U.S. production of 12 crops: Almonds, apricots, artichokes, broccoli, dates, figs, grapes, nectarines, olives, persimmons, pomegranates, and walnuts;

California's total gross farm product is $9,370,000,000: No. 1 in cash receipts for all commodities, No. 2 for all crops, and No. 3 nationally for livestock;

California ranks first in production of eggs and chickens and second in all dairy products;

California is the Nation's largest producer of vegetables, providing the United States with 50 percent of its vegetables;

California ranks first in production of grapes, tomatoes, and lettuce;

California is the Nation's largest producer of sugar beets and the second largest of barley;

California is the third largest producer of potatoes and the fourth largest producer of rice;

California is the Nation's second largest producer of dry beans; and California is the second largest producer of cotton.

California agricultural exports include three-fifths of total U.S. exports of fruits and nuts, a fourth of the vegetables, a fifth of the rice, and a tenth of the cotton.

Mr. President, I am proud to represent California agriculture in the U.S. Senate. And let me add that I mean all of agriculture—growers and farmworkers alike. They have a lot of problems—and it will not be easy to resolve those problems—as our debate on this bill illustrates.

But let us not forget, California farms are the finest and most productive in the world.

California farmworkers and farmers have led the Nation in establishing adequate working conditions in the field, decent wages, and previously nonexistent fringe benefits.

Returning now to the matter immediately before the Senate, the pending amendment, I once again urge my colleagues to support it.

I am delighted to yield to the distinguished Senator from Kansas.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. CRANSTON. Yes, certainly, after Senator DOLE. I have already listed the various speakers.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. I thank my friend from Kansas and my friend from California, and I will be very brief.

Mr. President, I rise to support the Cranston amendment.

The argument made against it is the same one we have been hearing throughout this debate: "There is something wrong with the large farms simply because they are large."

Well, one point has not been emphasized enough in these debates, and that is that the large farms, generally family operations, produce most of the food and fiber of the Nation.

In fact, the largest 20 percent of all farms account for nearly 80 percent of our total food supply.

This is why the bill we are working on today can make or break America's food supply system.

By piling more and more restrictions on what a farmer can do with lands he owns or leases, we are striking at the very heart of America's abundant food supply. These restrictions on private ownership and use of land promote nothing else than inefficiency. The limitations will push the cost of farm products beyond the ability of consumers to pay for them.

If we do not adopt the Cranston amendment, and if we keep adding more restrictive amendments on S. 14, then we might as well call the bill "The Anti-Consumer Act of 1979."

For that is what the end result of the bill will be.

And, Mr. President, I am sick and tired of hearing about the subsidies irrigation farmers are supposed to get at the expense of the taxpayer. This is just not true.

In 1977, the Denver Research Institute proved in a careful study that the Federal Government will regain 89 percent of its total investment through direct cash repayments from project beneficiaries. The general public more than gets back whatever balance is remaining due in the form of increased crop production, flood control benefits, personal income taxes and other benefits resulting from these projects.

I might interject here, Mr. President, that by the year 2000 the lands of this country will have to produce 20 percent more in produce or we will have to have 20 percent more land, and I do not think the latter is possible.

I will give as an example the valley in which I was born. When I was born there was a reclamation project of 770,000 acres. The entire project has been paid back over 40 years ago. The total cost involved less than $400 million, and yet last year $480 million was collected from that valley through the income tax.

So the people who argue that the reclamation projects are a giveaway are wrong, and they are dangerously wrong, if we are going to face the increasing prospects of having to feed additional hundreds of millions of people.

So I would remind my colleagues that there are multiple public benefits resulting from reclamation projects. All of these benefits have to be measured, including the greatly increased business activities and tax payments arising out of the projects, in estimating their economic impact.

Mr. President, the Cranston amendment makes good commonsense. It is proconsumer. It is profarmer. I urge my colleagues to vote for it.

I thank my friend from Kansas.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I am pleased to have worked with the distinguished Senator from California in arriving at what we feel is an equitable compromise of the acreage limitation question.

Yesterday the Senate voted against an amendment offered by Senators MORGAN and HAYAKAWA, which would have allowed unlimited ownership and leasing if the water on all lands above the statutory limit of 1,280 acres were paid for at full cost.

I supported the Morgan amendment when it came before the Senate yesterday because I thought it was fair and equitable; 43 other Senators also thought it was a good amendment.

I continue to believe that reclamation project farmers should be able to continue to own as much land as they want, and to get water for it, but that they should have to pay, above a certain level, full costs—plus interest—for the water they receive.

The question of subsidies was one that concerned many people. Paying full costs for water under the Morgan amendment was the American way. A way that eliminates the subsidy at a certain level while recognizing certain fundamental rights to lease and own and hold property.

Since the defeat of the Morgan amendment there has been several discussions about alternatives. In those discussions it has been apparent that many Senators liked the concept of paying the full cost of water above 1,280 acres. It was also apparent that more Senators objected to owning additional acres than did to leasing additional acres.

The amendment now before the Senate would allow additional acres to be leased and receive water under the full cost of concept, but would not allow water under the full cost concept, but would now allow any additional ownership lands to receive water.

I believe this amendment overcomes many of the objections raised during the debate yesterday. The main objection was to allow additional ownership of lands which would be eligible to receive additional project water.

This amendment accepts the basic farm size of 1,280 acres as spelled out in the bill. The amendment allows farm operators above 1,280 acres to lease additional lands and receive water if they agree to pay full cost, plus interest.

My amendment would allow farmers the flexibility of leasing additional lands, not owning more, and receiving water if they pay the full cost of the water.

I believe additional leasing should be allowed if the farmer pays the full cost of water. Reclamation law is silent on the question of leasing. There has never been any limitation on the leasing of land in reclamation States.

The trouble has been that the Department of Interior, entirely on its own, has decided that leasing is contrary to the spirit of the Reclamation Act of 1902. There is no court case to force them to take that position. There is no statutory language to require them to take that position.

Businesses, be they a farm or a small shop, must have the opportunity to be flexible. That dynamic is crucial to our economic success as a Nation. By limiting the size of the farm in such a restrictive way as the present bill dictates, we limit success, and indirectly deny important economic incentives.

I believe this amendment helps strike a balance between private property rights which are fundamental to the very foundation of our country. The basic concepts of our Government were never meant to bestow an unfair subsidy on those who do not necessarily need it, and that is not the intent of the authors of this amendment.

I, of course, however, do not believe the Federal Government should be involved in dictating how much land an individual can operate as a farm unit. Diversity in farm size is very important to my State of Kansas as well as to other Western States where the family farm size and water availability are very closely alined in terms of economic success.

I am willing to compromise on this issue and hope other Senators will be willing to do so. More flexibility is needed in this bill. Farmers need the flexibility to own and lease more land if they agree to pay the full cost of water. That approach was obviously not possible in the Senate and I, therefore, believe we should adopt this amendment which allows for only additional leasing.

Mr. President, without this amendment many successful family farm operations will be severely handicapped. I do not believe this is a fair approach for the Senate to adopt.

Mr. President, the amendment before the Senate is the only fair and equitable solution we have today to the problem before us. I urge all my colleagues to join the Senator from California and myself and vote for this equitable compromise.

Mr. President, before yielding the floor, I would pose one question to the distinguished Senator from California. On the second page of the amendment, it says:

> For the purposes of this section, a qualified recipient must be directly involved in the management and operation and responsible for a substantial portion of the financial risks of the farming operation.

I would ask the distinguished Senator from California, when he talks about a "qualified recipient," is he talking about the lessee and not the lessor?

Mr. CRANSTON. Yes, I am talking about the lessee.

Mr. DOLE. I appreciate the clarification, for those who may have any doubt about that particular language.

I yield the floor.

Mr. CHURCH. Mr. President, I strongly oppose this amendment. It is not an improvement upon the amendment that was offered by the Senator from North Carolina yesterday; it is a far more objectionable amendment.

The Senator from North Carolina in his amendment at least undertook to establish a rate of interest that would repay the Government's costs and attempt to eliminate the subsidy on the excess land that was leased. I cannot reconcile this amendment with the representations that have been made by the Senator from California or the other proponents of the amendment. I cannot reconcile the argument that this would fully cover the Government's costs and eliminate the subsidies for anyone who wanted to lease more land than the 1,280 acres authorized under this bill. I cannot reconcile these arguments with the text of the amendment, and I call the attention of the Senate to the text of this amendment. Unless I am reading a different amendment from the one the Senator from California has proposed at this 11th hour. Listen to the actual words of the amendment itself:

> The interest rate applicable for purposes of this Section shall be computed on a project-by-project basis in accordance with the specified project interest rate or, if none exists, such rate shall be equal to the weighted average rate paid by the United States on its marketable long-term securities issued during the construction period of each project.

Mr. President, these projects were built years ago. I am told that the average interest rate prescribed by this amendment would be about 4 to 5 percent. You cannot reconcile that with the statement made that his would cover the Government's costs. Current interest rates to the Government are way above those early rates applicable at the time when these projects were first constructed, or the average rate during the period of the construction.

This amendment continues the Government's subsidy even for the leased land in excess of 1,280 acres. This amendment is far more objectionable for those of us who believe in the objective of the reclamation program than the one that was offered yesterday. The Senate defeated yesterday's amendment, and properly so, because the whole purpose of the effort involved in this bill is to establish a maximum acreage, and we have established that acreage at a generous level, but we have sought to cut off the circumvention that has plagued this program through the years. Now the Senator from California would open up that Pandora's box once again, and he would do so under a formula which does not pay the Government for the interest it would continue to bear on that excess land.

Mr. President, I do hope that the Senate will not have voted yesterday to reject a leasing arrangement that at least would have covered the current interest rate on long term securities under the formula to be found in the Small Reclamation Projects Act, and then turn right around and adopt an amendment today which would cheat the Government out of the interest due it, and thus continue the Government subsidy for those who could afford to lease lands above 1,280 acres.

This is a mischievous amendment, and I regret that it has been offered here at the last moment, at the 11th hour. I regret even further that it is offered on the basis of an argument that cannot be reconciled with the text of the amendment. I hope that the amendment will be resoundingly rejected, as it should be.

The PRESIDING OFFICER (Mr. BAUCUS). The Senator from California.

Mr. CRANSTON. Mr. President, I am going to deal with the problem, which is a genuine one, that has been raised by the Senator from Idaho relating to the interest rates.

I send to the desk a modification of the amendment that covers the interest rate problem by the following language:

> The interest rates shall be consistent with Section 5(c)(2) of the Small Reclamation Projects Act of 1956 (Act of August 6, 1956, 70 Stat. 1044, as amended.)

That will mean we will have an interest rate procedure conforming to that which was in the Morgan amendment. It is better because it will provide for higher interest rates. That is appropriate.

My modification relates to one other matter that is totally separate from this, striking the reference to "in excess of a Landholding," and inserting, in lieu of "Landholding," language that will read "in excess of the acreage limitation in section 3(b)."

I modify my amendment in accordance with those changes and send my modification to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 13 line 3 insert a new subsection.

(6) Nothing in this Act nor in any other provision of Federal Reclamation law shall prohibit the delivery of water, made available pursuant to a contract with the Secretary, to land leased by a qualified recipient in excess of the acreage limitation in section 3 (b); provided that the recipient thereof agrees to pay, with interest on the unpaid balance, that portion of the costs of the project properly allocated to irrigation, attributable to that leased land in each year of the lease and not otherwise paid.

The interest rates shall be consistent with section 5(c)(2) of the Small Reclamation Projects Act of 1956 (Act of August 6, 1956, 70 Stat. 1044, as amended.)

For the purposes of this section, a qualified recipient must be directly involved in the management and operation and responsible for a substantial portion of the financial risks of the farming operation.

Mr. DOLE. Will the Senator yield to me?

Mr. CRANSTON. Yes, I am happy to yield.

Mr. DOLE. It is my understanding that along with that modification, the Senator will strike out the sentence beginning, "The interest rate applicable for purposes of this section shall be computed on a project-by-project basis." That language will come out and in lieu thereof, we take the language from the Morgan amendment, "The interest rate shall be consistent with section 5(c)(2) of the Small Reclamation Projects Act of 1956," and so on.

Mr. CRANSTON. That is correct. The modification is designed to meet a very legitimate argument raised by the Senator from Idaho.

Mr. DOLE. Also there would be eliminated then the second sentence:

For the purpose of this Section, the determination of the portion of construction costs allocated to irrigation and the rates to be charged for water, if not otherwise provided by law for a specified project, shall be in accordance with generally accepted utility rate making procedures.

That will also be out?

Mr. CRANSTON. That is taken out.

Mr. DOLE. I think that, with that clarification, we have addressed the argument made by the distinguished senior Senator from Idaho.

Mr. CRANSTON. I yield to my distinguished colleague (Mr. HAYAKAWA).

Mr. HAYAKAWA. Mr. President, I support the concept of unlimited leasing, which has long been the practice in California and in all the Western States. My colleague is correct that there has always been unlimited leasing, but not unlimited ownership of land in the reclamation area.

However, it is also true that farmers have never had the opportunity to pay the full cost of water in exchange for being free from the limitations of Federal reclamation law. This would be a new provision in Federal law: the idea of paying the full cost of water and being free from limitation.

However, as in the amendment of the senior Senator from California, that says that a farmer can have unlimited leasing but not unlimited ownership—by accepting that, we would be supporting farming practices which are now common and which have been common for many years. Of course, I, myself, would have preferred the amendment to allow leasing and ownership above the 1,280-acre limitation, but this alternative of unlimited leasing, with payment of the full cost of water, is the next best solution. Therefore, I shall support the idea that if a farmer pays the full cost of water, he will be free from limitations and, therefore, he should be allowed to lease as much of that land as he desires.

Despite the objections of the senior Senator from Idaho that the provisions here do not provide for paying for the full cost of water, I shall continue to support Senator CRANSTON's amendment, because even if Senator CHURCH is right, and I do not really question his wisdom in the matter, the researches of the Denver Institute that have been cited by several Senators in support of expanded ownership and expanded leasing have shown conclusively that the benefits derived from reclamation water far outweigh the cost to the Government. For every dollar the Government puts in, $5 or $10 come back to the Government in the form of taxes on increased production and increased income in the areas affected. Therefore, I shall continue, as I say, to support Senator CRANSTON's amendment.

Finally, I should like to say a reflective word or two on this issue. In reviewing the debates that we have been having on the reclamation issue, I must confess that I have been much puzzled by the hostility, widely expressed, to success in farming. As Senator CRANSTON has asked, When has it become a crime to make a profit? He has eloquently stated the fantastic richness and variety of California agriculture and he has detailed this success in a way that I need not repeat here. This success has had an impact on the Nation and on the world.

Nevertheless, the passion and zeal that many of my colleagues have displayed in pursuing the goal of shackling and crippling successful enterprise in agriculture has been a matter for amazement to me. I am told that the McDonald hamburger chain has now something like 2,500 outlets here and there throughout the world. Do we want to legislate and say they have to stop at 2,000 and get rid of the other 500? Are we to put a limit on the number of cars General Motors may sell? Are we to put a limit on successful egg production or dairy production or goat production? Why this hostility to succeed in farming without corresponding hostility to succeed in all the forms of enterprise? Of course, some people have that general hostility to profit. Nevertheless, here is a particular instance in which a successful farmer seems to me to be an object of particular concern and particular hostility. Philosophically, I am quite puzzled as to why this should be.

Let me close by saying I fully support Senator CRANSTON's amendment and I am happy to go on record to that effect.

I thank the Chair.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to the distinguished Senator from Oregon.

Mr. HATFIELD. How much time is there, Mr. President?

The PRESIDING OFFICER. There are 24 minutes.

Mr. CHURCH. There are 24 minutes remaining in opposition to this amendment and I am happy to yield to the Senator such time as he may require.

Mr. HATFIELD. I thank the Senator from Idaho.

Mr. President, I am somewhat amazed at this point at the proceedings on this bill. I never cease to be surprised at the way political forces begin to move. I listened to my good friend from California (Mr. HAYAKAWA), for whom I have great respect, who, basically and philosophically, is committed to no limitations in this bill. He has just indicated again that that is his basic approach and philosophy in this whole matter.

Yesterday, my good friend (Mr. CRANSTON) supported an amendment to the bill in which we tried to put an effective limit on the acreage that could be leased or owned. All the battles of yesterday would indicate that we have fairly defined lines. Now we find the two gentlemen from California combined in their efforts, which obviously shows again the fuzziness of some of these arguments. There is nothing wrong with such cooperation. I am sure the people in California cheer whenever the two Senators of California are united on one issue, the same as the people of Oregon cheer when Mr. PACKWOOD and I are united on an issue.

But let me point out that this is simply the Westlands case again. You get right back to what we had argued yesterday when Senator MORGAN offered his amendment. This is a sort of half Morgan amendment. Any way you adorn it with cosponsorship, any way you entitle it with attractive words, it is still the same old lifting of limitations for the wealthy, for the big farmer, for the big farming enterprises.

Mr. President, any way we look at it, we are lifting the cap with the Cranston amendment. We are lifting the limitations we put on yesterday.

I do not mean to be especially critical. After all, Senator CRANSTON has to take care of his constituents, like I do, like all of us do, whether it is Westlands or some other farmers. In this case, it happens to be the big farmer with tremendous excess land.

There is nothing wrong with that per se. But the Reclamation Act of 1902 said that this program was created for the support and the maintenance and the encouragement of the small family farmer, not owners of tens of thousands of acres.

Let me say what will happen if we adopt the Cranston amendment. We will effectively remove the cap for the wealthy because they can come in and lease a lot of land. They have the money to do it.

What will happen is that they will divest themselves of the excess lands they own and then lease it back.

They can sell the lands off to an arranged customer who will say, "We'll lease them back to you," and then they can continue to benefit from thousands of acres of land being subsidized with cheap water.

I am glad he modified his amendment to get more current with the interest rate, because it would have been about 3 percent otherwise, which is certainly not full-cost, as he indicated in his introductory remarks.

All I say is that we marched up the hill yesterday on this issue, and those who were committed to the proposition that the Reclamation Act should remain intact and its integrity restored in terms of promoting small family farm operations won the argument, won the debate. Today we are trying to march down the hill.

So I urge my colleagues again to maintain the commitments we made yesterday, that we wanted an effective lid, an effective cap on this bill. Let us not turn it into a big boondoggle, a big payout and a sellout to the wealthy large farm. Let us keep the small family farm intact.

I urge my colleagues to reject the amendment.

Mr. CHURCH. Will the Senator yield?

Mr. HATFIELD. I am happy to yield.

Mr. CHURCH. I have not seen a copy of the modified amendment. It may be even now in the process of being modified again.

But I do think that the Senator from Oregon ought to have an opportunity to read it and, as manager of the bill, I should like to have that opportunity before the Senate proceeds to vote on it.

Mr. CRANSTON. That is a very reasonable request.

Mr. CHURCH. I hope the Senator from California can supply me with a copy of the latest version.

But if I understand that version correctly, it would not fully repay the Government, even if the formula contained in the Small Reclamation Projects Act is used.

I asked the Senator if that formula is not the average cost of interest for long-time securities of 50 years' duration or more, and I believe that in yesterday's debate we established that that formula today results in a 6⅝ percent interest rate.

Well, I do not believe 6⅝ percent represents the cost to the Government today of borrowing money. So, even if we take the revised version, or the revision of the revised version of this 11th hour amendment, we still cannot factually say that the Government would be repaid the full cost of interest by those who are fortunate enough to have the means to lease reclamation land beyond the 1,280 acres allowed in this bill.

I hope the Senate will not reverse itself. This is an amendment so much like the amendment rejected yesterday that, in the interests of consistency, and for the purpose of protecting the objectives sought to be served by the Reclamation Act, this amendment should be defeated.

Mr. CRANSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. Mr. President, first, I ask unanimous consent that Senator DECONCINI be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, will the Senator from California add me as a cosponsor, as well?

Mr. CRANSTON. Certainly.

Mr. President, I ask unanimous consent that Senator WALLOP may be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The time of the Senator from California has expired.

Mr. MAGNUSON. Vote!

Mr. CRANSTON. May I have 2 minutes, please?

Mr. McCLURE. Mr. President, how much time does the Senator want?

Mr. CRANSTON. Two minutes.

Mr. McCLURE. I am happy to yield the Senator from California 2 minutes on the bill.

Mr. CRANSTON. I thank the Senator very much.

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. Mr. President, first, this is not an 11th hour amendment. The Senator who just yielded me 2 minutes introduced this very same amendment, with the very same impact, in committee. It was fully considered in committee. It did not make it out of the committee, so it was brought to the floor. It is not an 11th hour amendment. It dates back on the calendar many, many weeks.

Second, replying to the remarks of the Senator from Oregon, I voted against the 1-year leasing provision in the bill, voted to take it out, because it had an unlimited subsidy and it was unworkable for other reasons. Farmers needed to know more about what they were doing.

I voted against the Morgan amendment because it would not have broken up farms and because it provided for ownership of land in excess of the acreage limitation if the grower paid full costs.

There would have been unlimited ownership under the Morgan amendment. Thus, I voted against it.

The only way under our amendment now pending, that an owner could keep holdings together would be to find a purchaser who was willing to agree to lease back.

I would not approve of that procedure, and I voted for the lottery as a way to protect against that sort of sale. The lottery provision did permit sales to members of the family and employees up to a sizable amount of acreage, and I voted for it.

My philosophy is almost consistent with that of the Senator from Oregon on this point.

Since the lottery amendment did not carry, I will urge the Secretary of Interior to develop regulations for sales to insure, to the degree that is possible, that they be made only to bona fide purchasers who wish to go into farming.

The effect of the amendment will be to provide opportunities for people to go into farming.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. WALLOP. Mr. President, will the Senator yield me 1 minute?

Mr. McCLURE. I yield the Senator from Wyoming 1 minute on the bill.

Mr. WALLOP. Mr. President, I would like to respond a little bit to the senior Senator from Idaho and the Senator from Oregon.

We dealt with all the arguments that were raised at the time of the opposition to the amendment of the Senator from North Carolina yesterday.

The arguments that were raised then were the specter of these big people in the big irrigation projects of California, and all those now, in one way or another, have been dealt with by the Senate working its will.

So now, what we are trying to do is restore some measure of equity to the small farmers of America, not punish them for the sins of the big people and the bad administrations that have gone in the past, but allow them the privilege of not being held stationary in time for the rest of their farming existence, no matter how capable a farmer they may be.

That, to me, is the essence of what we are trying to do with the reclamation law—to provide a vehicle by which family farmers, small, competent farmers of America, can continue to progress in their chosen profession of farming. The big ones have been dealt with in one way or another, and the arguments of yesterday have all been laid to rest by actions of the Senate today.

It seems entirely unfair to punish the rest of America's farmers for what are perceived popular dreams and the mad musings of how huge companies are going to take over the rest of the farming world, in the absence of some kind of petty action on the part of the Senate of the United States.

I urge the adoption of the amendment of the Senator from California.

Mr. McCLURE. Mr. President, I yield 2 minutes to the Senator from Kansas on the bill.

Mr. DOLE. Mr. President, I will take about a minute to address the statements on interest.

The amendment offered by the Senator from Kansas and the Senator from California has been modified so that the interest rate shall be consistent with section 5(c)(2) of the Small Reclamation Act of 1956. I think we should look at the language of that subsection, because it states very clearly:

> Section 5(c)(2). Interest as determined by the Secretary of the Treasury as of the beginning of the fiscal year in which the contract is executed on the basis of the computed average interest rate payable by the Treasury upon its outstanding marketable public obligations which are neither due nor callable for redemption for 15 years from

> date of issue, and by adjusting such average rates to the nearest one-eighth of one percentum on that portion of the loan which is attributable to furnishing irrigation benefits in that particular year to land held in private ownership by any owner in excess of 160 irrigable acres.

The point is that that is the long-term going interest rate. There may be some short-term change. Maybe it is 9 percent or 8 percent. We are talking about long-term interest rates.

The Senator from Kansas believes that this section takes care of any fears the distinguished senior Senator from Idaho may have. It is not an effort to subsidize or to give someone a break insofar as the interest rate is concerned. This section outlines in detail how the long-term interest rate shall be computed.

It seems to me that with that section being referred to specifically in the Cranston-Dole amendment, we can lay to rest that particular argument.

Mr. CHURCH. Mr. President, the formula referred to represents an interest rate of 6⅝ percent, and that would be the application of the formula.

Is there anybody in this Chamber who would not like to get a mortgage on his house for 6⅝ percent?

If I recall correctly, I read in the press yesterday or the day before that the Chase National Bank has just announced a current prime interest rate of 13 percent. Do not tell me that this formula is going to return full costs to the Government.

Mr. DOLE. Is that a short-term interest rate or long-term?

Mr. CHURCH. The interest rate has been going up with the rate of inflation. If we go back 15 years and average out the interest rate, we have a good deal. We have made ourselves a good deal.

So it is just a question of how much you are going to skim off the Government in order to give the biggest farming interests an opportunity to lease all the land they want, developed by the Government in the first place, at the expense of the public, for 6⅝ percent interest.

Well, the Senate can do that. It has done things that are even worse. But it cannot do that and remain consistent with the objectives of the reclamation law; because, as the Senator from Oregon has stressed again and again, the purpose of the reclamation law was to encourage and promote small family farms. We can abandon that purpose and give a highly attractive rate of interest to the big corporate entities. However, we will have forsaken the historic effort, dating back to 1902, of trying to keep the land parceled out, trying to make it possible for young people, who may not have inherited from their parents, to come onto land that has been developed at public expense and to enter farming.

That was the purpose of this bill, Mr. President, and it is a good social purpose that has served this country well since the law was enacted.

This bill, if we will just keep it free of leasing loopholes, will get this country back again to where it began when the reclamation law was first passed, back to the promotion and encouragement of the pattern of family farms on land developed at public expense.

This amendment should be defeated. If the Senate adopts it, it will have turned 180 degrees from the position that Senators took on this issue. I oppose this amendment very strongly.

The committee did take this up. I did not mean to suggest that this amendment had never been seen before. I thought it had been decently interred in the committee when we twice voted it down. All at once, at the eleventh hour in this debate, it rises from the grave. This issue will never die as long as there are those who can profit from large leaseholds on land that has been developed at public expense.

Mr. WALLOP. Does the Senator from Idaho realize that he truly wants us to go back to where this country was when the reclamation law was passed and 160 acres and a mule was enough for everybody to make a scrap of a living?

Mr. CHURCH. If the Senator from Wyoming has inferred from my remarks that that is my position, then I am surprised, knowing his intelligence—to think that his mind, at this hour, has led him so far astray.

No, I have not said that.

Mr. WALLOP. I am saying literally the words the Senator has spoken.

Mr. CHURCH. I said the objective of the law in 1902 was good then and it is good now, and it should not be abandoned by Congress.

It is true that a family farm today must necessarily be larger than the one in 1902, which represented a relatively small investment which had to be tilled with a mule and a plow. Nevertheless, the objective of a family farm is a good public objective. It serves the country well, and this is no time for Congress to reject it in the interests of the few large, wealthy, corporate entities. I do think that would be most unfortunate.

Mr. HAYAKAWA. Mr. President, will the Senator yield for a question?

Mr. CHURCH. I yield.

Mr. HAYAKAWA. At what rate of interest were these reclamation projects constructed? Was a project that was built years ago financed at today's high interest rates or at yesterday's lower rates? Is this not a relevant question?

Mr. CHURCH. It is a relevant question, indeed.

The amendment offered by the Senator from California, in its original form, would have permitted these corporate entities to lease excess land, as much as they wished, for interest of 3 percent or 3.5 percent, whatever may have applied at the time the project was first constructed. That would have been an even bigger rip-off than the one under the revised amendment, which at least would return to the Government the current costs of long-term securities under the formula of the Small Reclamation Project Act.

Mr. HAYAKAWA. Since the Senator has mentioned corporate entities, I think we should remind ourselves that legislation does not qualify for reclamation water a corporate entity that contains more than 25 persons. Therefore, the large corporations mentioned with alarm in other speeches this afternoon have nothing to do with the legislation as planned.

Mr. CHURCH. The Senator is correct that the law does limit the delivery of reclamation water to a qualified recipient who might be an individual, might be a partnership, or might be a corporation of up to 25 members. But the effect of this amendment is to lift the 1,280-acre maximum cap, if any large landholding qualified recipient wishes to lease additional land, and can do so today under the formula of the amendment at an interest rate to the Government of 6⅝ percent.

I hope the amendment is defeated.

Mr. CRANSTON. Mr. President, will the distinguished Senator from Idaho yield me 1 minute?

Mr. McCLURE. I yield the Senator 1 minute on the bill.

The PRESIDING OFFICER. The Senator from California is recognized for 1 minute.

Mr. CRANSTON. I simply state that this is not a 180° turn. It is not turning our back upon all history. It is not injecting a totally new approach into farming. The fact is that under present law, as presently interpreted, as presently administered, there is unlimited leasing with full subsidy, and most certainly the amendment that we have offered is a major, substantive, highly significant improvement in that situation, even from the point of view of the distinguished manager of the bill.

It differs from the language in his bill.

Mr. CHURCH. Mr. President, will the Senator yield at that point?

Mr. CRANSTON. It differs from the language in his bill but it does change the situation from present practice.

Mr. CHURCH. Present practice?

Mr. CRANSTON. Yes.

Mr. CHURCH. The Senator is correct. The reason we have this bill on the floor is because of the mighty mess that has resulted from leasing circumventions of the old reclamation law. We are trying to remedy that by putting a stop to leasing and putting an effective modern cap on the maximum size of the farm. We are trying to get back to the original principles of the reclamation law, and I do say that the Senator's amendment does violence to that objective.

Mr. CRANSTON. In conclusion, I wish to say that I think, in the spirit of stopping regulating people where it is appropriate to do it, that we should not regulate and limit what people can do in terms of leasing farmland for production of food and fiber not only for our Nation but for our world, if the subsidy is eliminated.

The PRESIDING OFFICER. Who yields time?

Mr. MAGNUSON. Vote.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, will the junior Senator from Idaho yield 1 minute?

Mr. McCLURE. Mr. President, I will yield 1 minute to the Senator from Kansas but before yielding I might just say, Mr. President, and yield myself such time as I may consume, it is my judgment that we are at the point where we should vote on this amendment, unless there is a compelling reason to continue the debate. It would not be my purpose to yield very much more on this amendment. But I do yield 1 minute to the Senator from Kansas.

Mr. DOLE. Mr. President, if the only objection of the senior Senator from Idaho is the interest rate, we could probably work that out. It appears he is for the amendment with the exception of that one minor provision because he has spent all his time discussing what may or may not be an accurate description of what the interest rate would be. So I think we could probably accommodate his desire and maybe charge the current cost to the Treasury.

As I understand the REA Act, you can still borrow Government money at 2 percent. The rural water districts financed by the Farmers Home Administration can borrow money at 5 percent. It seems to me that certainly there is no effort, it is not the intent of this Senator or the Senator from California, to permit anybody to profit because under this administration the interest rates have shot up. Hopefully next year they are going back down and that will take care of the argument of the Senator from Idaho.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, I am prepared to yield back the remainder of my time in opposition to this amendment.

Mr. HATFIELD. Mr. President, I wonder if the Senator will allow me 2 minutes and permit me to yield it back when I finish.

Mr. CHURCH. Of course I will. I am happy to yield.

Mr. HATFIELD. Mr. President, let me just summarize the amendment as I understand it. Let me assure my good friend from California, I have nothing against a person changing his position. That is the right we all have, and I certainly have done it myself.

The Senator voted against the Morgan amendment yesterday and my amendment to put a ceiling on it and if he wishes to change his position, even though it is a modification, that is perfectly all right.

Mr. CRANSTON. Mr. President, will the Senator please yield?

Mr. HATFIELD. I am happy to yield.

Mr. CRANSTON. I really have not changed my position because the Morgan amendment was different in a substantive way from this amendment.

Mr. HATFIELD. Mr. President, there is no essential difference between the Morgan amendment and this amendment. It is just another version of the same thing—lift the lid for the wealthy. That is all the Morgan amendment attempted to do. Lift the lid. That is all the Cranston amendment does.

If we allow unlimited leasing beyond 1,280 acres, let me tell you what will happen: Large and wealthy owners today will have to divest themselves of large excess landholdings. That is the difference between the Morgan and the Cranston amendments. But what will happen further is they will turn tens of thousands of acres of owned land into tens of thousands of acres that they will operate under lease. The little guy will be shut out.

I would point out that agricultural land is very expensive. Most farmers cannot afford to own that much. To have a viable economic base, they must put together economic farming units through leasing. But what lands will be available for them to lease if we allow the big and the wealthy to monopolize this opportunity?

Mr. President, I feel this is the essence of the amendment. We should vote it down.

I yield back the remaining part of the time that we have on the opposition side.

Mr. CHURCH. I yield back the remainder of the time in opposition.

Mr. HATFIELD. I move to table the Cranston amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays have been ordered.

The question is on agreeing to the motion to lay on the table the amendment of the Senator from California.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Ohio (Mr. METZENBAUM), the Senator from North Carolina (Mr. MORGAN), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Mississippi (Mr. STENNIS), the Senator from Georgia (Mr. TALMADGE), the Senator from Indiana (Mr. BAYH), the Senator from Iowa (Mr. CULVER), the Senator from Kentucky (Mr. FORD), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that the Senator from Alabama (Mr. STEWART) is absent on official business.

Mr. PACKWOOD. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Mississippi (Mr. COCHRAN), the Senator from Pennsylvania (Mr. HEINZ), the Senator from South Dakota (Mr. PRESSLER), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Wyoming (Mr. SIMPSON), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. SIMPSON), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The PRESIDING OFFICER. Are there any Senators remaining who wish to vote?

The result was announced—yeas 42, nays 33, as follows:

[Rollcall Vote No. 284 Leg.]

YEAS—42

Baucus
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Cohen
Durenberger
Durkin
Eagleton
Exon
Glenn
Gravel
Hart
Hatfield
Hollings
Jackson
Johnston
Levin
Magnuson
Matsunaga
McGovern
Melcher
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Proxmire
Riegle
Roth
Sarbanes
Stafford
Stevenson
Stone
Weicker
Williams
Zorinsky

NAYS—33

Armstrong
Boren
Boschwitz
Byrd,
Harry F., Jr.
Chafee
Cranston
Danforth
DeConcini
Dole
Domenici
Garn
Goldwater
Hatch
Hayakawa
Heflin
Helms
Humphrey
Javits
Jepsen
Kassebaum
Laxalt
Lugar
Mathias
McClure
Percy
Pryor
Randolph
Sasser
Schmitt
Thurmond
Wallop
Warner
Young

NOT VOTING—25

Baker
Bayh
Bellmon
Bentsen
Cochran
Culver
Ford
Heinz
Huddleston
Inouye
Kennedy
Leahy
Long
Metzenbaum
Morgan
Pressler
Ribicoff
Schweiker
Simpson
Stennis
Stevens
Stewart
Talmadge
Tower
Tsongas

So the motion to lay on the table Mr. CRANSTON's amendment (UP No. 552) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. CHURCH. I move to lay that motion on the table

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

UP AMENDMENT NO. 553

(Purpose: To improve certain surcharges on the delivery of water to certain lands)

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 553:

On page 12, beginning with line 10, strike out all through line 21.

On page 12, line 22—

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, beginning with line 10, strike out all through line 21.

On page 12, line 22, strike out "(d)" and insert in lieu thereof "(b)".

On page 16, between lines 15 and 16, insert the following:

(k)(1) Nothing in this act nor in any other provision of Federal Reclamation Law shall prohibit the delivery of water, made available pursuant to a contract with the Secretary, to land leased by a qualified recipient in excess of the average limitation in Sec. 3(b) not to exceed an additional 1280 acres; provided that the recipient thereof agrees to pay, in each year of the lease, a surcharge equal to the difference between the existing annual contractual obligation for construction costs of the project and the full construction costs properly allocated to irrigation and attributable to that leased land in excess of such a landholding, with interest, over the remaining term of the contract with the Secretary.

For purposes of this Section:

(i) The interest rate shall be consistent with the average cost of long-term money to the Treasury.

(ii) In the event of a dispute between the Secretary and the contracting entity over the determination of the portion of construction costs allocated to irrigation, said allocation shall be in accordance with generally accepted utility rate making procedures.

(2)(a) Surcharges required pursuant to this subsection shall be used by the contracting entity for the reduction, by an amount not to exceed 50 per cent, of the construction charges of repayment contracts and/or the construction component of water service contracts otherwise required from qualified recipients farming 160 acres or less.

(b) Any such surcharge funds not required for purposes of subparagraphs (a) of this paragraph shall be deposited in a special account, in an amount not to exceed one hundred million dollars, in the Treasury of the United States for use, as provided for in appropriation Acts, by the Farmers Home Administration in subsidizing interest costs at below market rates to individuals buying farms of 160 acres or less located in an irrigation district in one of the so-called seventeen land reclamation states. Any moneys remaining in such fund at the end of the fiscal year in which such moneys are credited to the fund and not otherwise earmarked for the purpose of this subsection shall be deemed transferred to the general revenues of the United States as miscellaneous receipts and shall be first credited against the repayment obligations of the appropriate contracting entity, and if none, then to the operation and maintenance charges.

Mr. DOLE. I might say to my colleagues that I can discuss this in about 1 minute, and then I am prepared to yield back whatever time remains.

I ask unanimous consent that the name of the distinguished Senator from California (Mr. CRANSTON) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. This is really the 11th hour amendment the Senator from Idaho referred to earlier.

Mr. CHURCH. It is the double or nothing amendment.

Mr. DOLE. It limits the additional acres you may lease to 1,280 acres, and it says that the cost of the money, the subject of the Senator from Idaho's long argument—very effective, as it turned out—about somebody ripping off the Government on interest rates, it says the interest rate shall be consistent with the average cost of long-term money to the Treasury, so that takes away the big argument that somebody is going to profit off a Federal project.

This amendment would allow additional lands to be leased not to exceed an additional 1,280 acres above the limitations now in the bill. This is a limited leasing amendment.

The Senate just voted against an amendment to allow unlimited leasing if the farmer paid the full cost of water. My amendment would allow leasing with a cap or ceiling on it.

Many of the objections to the previous amendment should be overcome with this limited leasing amendment.

With the defeat of the Morgan amendment and the Cranston-Dole amendment I believe there are still alternatives. It has been apparent that many Senators liked the concept of paying the full cost of water above 1,280 acres. It was also apparent that too many Senators objected to the concept of unlimited leasing.

My amendment now before the Senate would allow an additional 1,280 acres to be leased and receive water under the full cost concept, and would not allow any additional ownership lands to receive water.

I believe this amendment overcomes many of the objections raised during the debate yesterday and today the main objections were to allow unlimited ownership and leasing of lands which would be eligible to receive additional project water.

This amendment accepts the basic farm size of 1,280 acres as spelled out in the bill. The amendment allows farm operators above 1,280 acres to lease 1,280 additional lands and receive water if they agree to pay full cost, plus interest.

My amendment would allow farmers the flexibility of leasing limited additional lands, not owing more, and receiving water if they pay the full cost of the water.

I believe limited additional leasing should be allowed if the farmer pays the full cost of water. Reclamation law is silent on the question of leasing. There has never been any limitation on the leasing of land in reclamation States.

The trouble has been that the Department of Interior, entirely on its own, has decided that leasing is contrary to the spirit of the Reclamation Act of 1902. There is no court case to force them to take that position. There is no statutory language to require them to take that position.

Businesses, be they a farm or a small shop, must have the opportunity to be flexible. That dynamic is crucial to our economic success as a nation. By limiting the size of the farm in such a restrictive way as the present bill dictates, we limit success, and indirectly deny important economic incentives.

I believe this amendment helps strike a balance between private property rights which are fundamental to the very foundation of our country. The basic concepts of our Government were never meant to bestow an unfair subsidy on those who do not necessarily need it, and that is not the intent of the authors of this amendment.

I, of course, however, do not believe the Federal Government should be involved in dictating how much land an individual can operate as a farm unit. Diversity in farm size is very important to my State of Kansas as well as to other Western States where the family farm size and water availability are very closely alined in terms of economic success.

I am willing to compromise once again on this issue and hope other Senators will be willing to do so. More flexibility is needed in this bill. Farmers need the flexibility to own and lease more land if they agree to pay the full cost of water. That approach was obviously not possible in the Senate and I, therefore, believe we should adopt this amendment which allows for only addditional leasing.

Mr. President, without this amendment many successful family farm operations will be severely handicapped. I do not believe this is a fair approach for the Senate to adopt.

Mr. President, the amendment before the Senate is another chance to have a fair and equitable solution to the problem before us. I urge all my colleagues to join together and vote for this equitable compromise.

Mr. CHURCH. Mr. President, this is the 11th hour double-or-nothing amendment. If I recall correctly, it seeks to increase the 1,280 acres to something like 2,500 acres. We have been through this thoroughly, and the Senate has held to the 1,280 acres. We have rejected 960 and 640, and stuck to the 1,280 figure, and this would double it to 2,500.

The committee has given the matter proper consideration, and we feel we have an appropriate level that can be justified on the basis of the farming pattern in the West and the economics of western farming.

I hope the amendment will be rejected.

Mr. DOLE. Mr. President, I do not want anyone to be confused. This is a leasing amendment; we are not talking about ownership, we are talking about the full cost of the water and the full cost of the interest, and we give them the right to lease, not to own, an additional 1,280 acres. So it is not a matter that we went up to 960 and down to 640 and back up to 1,280; this does not change the ownership limitation.

Mr. HATFIELD. Mr. President, will the Senator yield for a question?

Mr. DOLE. Yes.

Mr. HATFIELD. I ask the Senator how this amendment relates to the equivalency clause. We have in the bill an equivalency clause, saying that you may lease and own a combination of more than 1,280 acres of lesser lands than class I through an equivalency formula. How would this amendment apply to that?

Mr. DOLE. I am suggesting a 1,280-acre ownership limit for the farmer, and that he may lease an additional 1,280 acres if he pays the full cost of water.

Mr. HATFIELD. Mr. President, I yield myself 3 minutes. I only want to point out to the Senate that this is typical of amendments that are drafted in a succession of fallback positions. This is obviously a fallback amendment, and I am not even sure how to apply this amendment. We have, today, an equivalency clause in this bill that says that you can have a combination of leased and owned land that may total as much as 2,000 acres by formula applied to 1,280. If we are going to have 1,280 acres of additional leased land, we would totally obliterate the impact of the cap. I think this is not really, truly thought out well. It is one of those last-minute amendments that should be defeated.

We are ready to yield back our time.

Mr. DOLE. Mr. President, I yield to the distinguished Senator from Wyoming.

Mr. WALLOP. Mr. President, I suggest the arguments of the Senator from Oregon are a red herring. This argument was never brought up on any of the amendments. The equivalency would have been the same thing. The Senator well knows the formula for equivalency would carry right through.

Let me call the attention of the Senate to one thing. The Senator from Oregon and the Senator from Idaho are scared to death that somebody rich might have a little privilege and they are going to punish that man, come hell or high water. They are going to stick it in his ear.

The one thing they forget about is the guy who is good, the young farmer who maybe does not go to town overnight, carouse with women, or drink a bunch of liquor. He makes a little money, saves it, puts it into a tractor and does some work, makes some money.

You are, by the action you have taken, condemning the good to a size we have predisposed to be in the social interest of the United States forever, because these projects are not going to get paid off in the kind of lifetime that we are talking about.

It is absurd when a good, young, capable farmer who takes care what he does and makes the right decision on his property cannot go forward because somebody here is worried that somebody rich is going to have some silly little privilege.

I think it is beneath the dignity of the Senate of the United States to say, "If you are good and competent and make those decisions, you must be frozen into place because we have decided that there is no progress for you in farming. You can progress in the grocery business, you can progress in the shoe business, you can progress at tanning hides—anywhere else in America, but not in the social interest of reclamation law."

Mr. CHURCH addressed the Chair.

The PRESIDING OFFICER (Mr. Sasser). The Senator from Idaho.

Mr. CHURCH. Mr. President, this bill deals with land developed at the public expense, at the expense of the taxpayers of this country. It is an exceedingly generous bill. It will permit a reclamation farmer, to which the Senator from Wyoming has referred, 2 square miles worth of irrigated land. That is a lot of irrigated land. We have meant this 1,280-acre cap to be generous.

But let us not lose our heads at the last minute and suddenly increase this 1,280 acres, which can be owned or leased, or owned and leased in any combination, become 2,500 acres. That cannot possibly be justified in the name of preserving healthy and viable family farms, which was the objective of the reclamation law in 1902 and should remain the objective in 1979.

Mr. President, I am prepared to yield back the remainder of our time. I hope that if the proponents of the amendment are willing, we can then proceed to a vote.

I think that Senator Hatfield and I would like to make a tabling motion when the time is right.

Mr. DOLE. I would prefer that you did not, but go right ahead.

Mr. President, I yield back the remainder of my time.

Mr. CHURCH. All right. I defer to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I yield back the remainder of the time on the opponent's side.

On the advice of the Senator from Kansas (Mr. Dole), I do now make a tabling motion for his amendment and ask for the yeas and nays.

Mr. DOLE. It is not my advice.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment of the Senator from Kansas on the table. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Texas (Mr. Bentsen), the Senator from North Dakota (Mr. Burdick), the Senator from Iowa (Mr. Culver), the Senator from Kentucky (Mr. Ford), the Senator from Kentucky (Mr. Huddleston), the Senator from Hawaii (Mr. Inouye), the Senator from Vermont (Mr. Leahy), the Senator from Louisiana (Mr. Long), the Senator from Ohio (Mr. Metzenbaum), the Senator from North Carolina (Mr. Morgan), the Senator from Rhode Island (Mr. Pell), the Senator from Connecticut (Mr. Ribicoff), the Senator from Mississippi (Mr. Stennis), the Senator from Georgia (Mr. Talmadge), and the Senator from Massachusetts (Mr. Tsongas) are necessarily absent.

I also announce that the Senator from Alabama (Mr. Stewart) is absent on official business.

I further announce that, if present and voting, the Senator from Connecticut (Mr. Ribicoff) would vote "yea."

Mr. PACKWOOD. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Oklahoma (Mr. Bellmon), the Senator from Mississippi (Mr. Cochran), the Senator from Pennsylvania (Mr. Heinz), the Senator from New York (Mr. Javits), the Senator from Idaho (Mr. McClure), the Senator from South Dakota (Mr. Pressler) the Senator from Pennsylvania (Mr. Schweiker), the Senator from Wyoming (Mr. Simpson), the Senator from Alaska (Mr. Stevens), and the Senator from Texas (Mr. Tower) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. Simpson), the Senator from Alaska (Mr. Stevens), and the Senator from Texas (Mr. Tower) would each vote "nay."

The PRESIDING OFFICER. Is there a Senator in the Chamber who wishes to vote who has not voted?

The result was announced—yeas 39, nays 33, as follows:

[Rollcall Vote No. 285 Leg.]

YEAS—39

Baucus
Biden
Bradley
Bumpers
Byrd, Robert C.
Cannon
Chiles
Church
Cohen
Durenberger
Durkin
Eagleton
Exon
Glenn
Gravel
Hart
Hatfield
Jackson
Johnston
Kennedy
Levin
Magnuson
McGovern
Melcher
Moynihan
Muskie
Nelson
Nunn
Packwood
Proxmire
Randolph
Riegle
Sarbanes
Stafford
Stevenson
Stone
Weicker
Williams
Zorinsky

NAYS—33

Armstrong
Boren
Boschwitz
Byrd,
Harry F., Jr.
Chafee
Cranston
Danforth
DeConcini
Dole
Domenici
Garn
Goldwater
Hatch
Hayakawa
Heflin
Helms
Hollings
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
Mathias
Matsunaga
Percy
Pryor
Roth
Sasser
Schmitt
Thurmond
Wallop
Warner
Young

NOT VOTING—28

Baker
Bayh
Bellmon
Bentsen
Burdick
Cochran
Culver
Ford
Heinz
Huddleston
Inouye
Javits
Leahy
Long
McClure
Metzenbaum
Morgan
Pell
Pressler
Ribicoff
Schweiker
Simpson
Stennis
Stevens
Stewart
Talmadge
Tower
Tsongas

So the motion to lay on the table was agreed to.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CHURCH. Mr. President, I have not been notified by any Senator that there are further amendments to the bill. That being so, I hope we can go to third reading.

Mr. HATFIELD. Mr. President, I know of no amendments on our side that are pending, so I ask for third reading.

The PRESIDING OFFICER. Without objection, the committee substitute, as amended, is agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from New York?

Mr. CHURCH. I yield time on the bill.

Mr. MOYNIHAN. I thank the distinguished chairman.

Mr. President, I will delay the Senate only for a moment, to note that we have had a long day in this body as we continue to deal with the specifics of water and agricultural policy in a number of States of the West, which are matters of very large import to those States.

This is but the most recent of the water policy issues that come to the floor of the Senate, as they do in the House, to be decided by bodies which do not always reflect the constituencies involved and which occasionally cannot make the judgments best suited to those occasions. The shortcomings of our reclamation law, and the administration of that law, provides but another instance of a much more profound and pervasive problem: The Government of the United States has no coherent water policy.

This is a result of an accretion of ad hoc policies and legislation that has developed over a century and a half, since the Marshall court first decided that Congress could approve moneys for internal development, thus setting the stage for the rivers and harbors bills that followed in the 19th century.

In 1902 the Reclamation Act was passed, to reclaim the great American desert, which we have been dealing with here. Later, in 1936, on the occasion of the great floods in the Ohio and Mississippi Valley, we had the flood control measures with their provisions of benefit-cost analysis by the Corps of Engineers.

Out of this random assortment of legislation we have built up a large program that is neither rational nor national. Some portions of the country benefit greatly, others not at all, but all pay, and in particular they pay for the Federal water programs in our Government which are virtually what economists call free goods.

If one happens to have a position in Congress that can get a dam agreed to, questions of whether it is beneficial or whether it is the best use to which the money can be put are often disregarded because there is no alternative but to take advantage of the one opportunity. That is why this week we were dealing at such great length, and with such an unsatisfactory outcome, with the Tellico Dam project.

I can speak with a certain detachment on this measure, because my part of the Nation benefits not at all from these programs—or, at most, marginally.

It is a peculiar provision of Federal water policy that it will provide you fine water for cows to drink but not for people to drink. That, no doubt, is part of the ancient Aryan attachment to cows, deep in our genetic code, I do not doubt, but it is not necessarily rational.

Senator DOMENICI and I have introduced a national water resources policy bill, S. 1241, the National Water Policy and Development Act of 1979. This bill has as its purpose the institution of water policy which is both national and rational, in which every State will participate, but in which the major decisions will be made within the States concerned, although it does not specifically resolve the issue raised here today.

The essence of our proposal is to decide each year how much money will be spent in the wide range of programs involving water and allocate those resources, by State, on a formula that is half population, half territorial. Then we propose to let the States, which will be required to pay a quarter of the cost of these programs, decide which projects they will build, knowing that they can make the optimal decisions according to their own lights.

We have had testimony on this matter. States such as California have come and said, "Yes, we want this." And other States have endorsed it as well.

Remember, when your State is in such a situation that it has the opportunity to build a dam, it need not build a specific river dam, but might decide that the Rabbit Run Dam or the Tarantula Dam or another dam is a better choice; but such choices are not now easily made.

We would take these issues off the Senate floor. We would return this responsibility to the States, which are fully capable of bearing it, and we would give every State in the Union an interest in these programs.

I hope the Senators present will hear me say that the present regime is not going to persist indefinitely. We have already seen, from the hit lists and the battles over specific water projects, that the broad national constituency behind these programs is disappearing, and a constituency in hostility is rising.

I will not speak further, but I simply would like to call attention to the fact that after a century and a half it is time that Congress and the Nation adopted a rational, national water policy which has State choice as its basic measure, follows national guidelines, and sees that all parts of the country participate.

Those who have benefited so much in the past from the skewed nature of this program will not benefit so in the future. I hope that when the measure comes to the floor, as we expect it will this year, the Senate will take the opportunity to consider what we think may be the fourth most important enactment of its kind in the history of the Nation.

I thank the distinguished chairman for his courtesy in giving me an opportunity to speak at this moment.

Mr. CHURCH. I am happy to have obliged the Senator.

Mr. President, I call for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

PRESERVING THE FAMILY FARM IN RECLAMATION LAW

Mr. McGOVERN. Mr. President, there can be little question that the 1902 reclamation law is sorely in need of reform. Under present statutes, which perhaps have less actual force than the interpretations to which they have been subjected over the last 75 years, the objectives of the reclamation program have been obscured. As an "abuse" of the program has been found it has either been overlooked, ignored or impossible to correct due to deficiencies in the law.

Changing times also mandate the need to reform reclamation law. Whereas the program originally set out a framework by which the arid 17 Western States could be settled by farmers migrating westward and indeed spurred settlement of previously unattractive or uninhabitable western areas, the law was geared to the agricultural operations of a bygone era. This is most graphically illustrated by the 160-acre limitation upon ownership of irrigated land on any Federal reclamation project. One hundred and sixty acres, or a quarter section, was about all a man could farm using manual labor and "real" horsepower. Today, of course, few farm families could survive on 160 acres of land. This is far below the level of the typical family farm in South Dakota and other Western and Great Plains States.

Another aspect was the original residency requirement, a source of controversy in S. 14—a bill we are debating here today. It was inconceivable in 1902 that a farmer could live anywhere but on his farm. Times have indeed changed—we are today much more mobile. A farmer does not of necessity have to actually live on the land he farms—although that is preferable. I am still unwilling to accept the concept of land being owned and operated by those who are far removed from the land.

But these and other factors mandate a need for reclamation law reform.

Other problems have evolved in relation to the character of western agriculture itself. While many of my colleagues from Eastern States might have a concept that the agricultural practices in the West are pretty much uniform, differences in soil and climate have a profound effect. Thus the "reclamation States are diverse in relation to their agricultural "needs. The difference between irrigated agriculture in California or Arizona and South Dakota or Idaho are sharp indeed. This has raised questions of equity under reclamation irrigation assistance.

The crops in California are dominated by relative "exotics" in relation to what a farmer can raise in South Dakota. We do not grow lettuce, tomatoes, almonds, avocados, grapes, and artichokes as cash crops in South Dakota—but a California irrigator can and frequently does. In South Dakota we cannot count on a 9-month growing season and a rotation of crops within a single season—but a California or Arizona irrigator can and does.

These kinds of differences embodying the diversity of Western States agriculture are in part the reason the reclamation law needs reform.

But I can say with certainty that the reforms we need are not embodied in S. 14 as reported by the Committee on Energy and Natural Resources. That is why I rise in opposition to this bill.

Let me offer a few examples of why I find the bill unacceptable.

A major reason for considering reclamation reform is to close loopholes which permit abuses. Those abuses are alleged to be predominant in California; yet two sections of this bill exempt the very areas where the abuses are alleged to occur. Supporters of S. 14 will no doubt argue exemptions are needed because of special circumstances. I do not doubt that there are special circumstances we should consider. But why do not the supporters of S. 14 report out of committee a clean bill with a coherent philosophy we can live with and then allow us to consider an amendment which would grant the exemptions? I suspect the reason is that without the support of those who want these special exemptions that the coalition supporting this bill would cease to exist.

We will have to watch the course of this debate to ascertain whether or not this conjecture on my part is true. A law which will affect my State and impose new restrictions and limitations upon reclamation irrigators should be applied equally to California, Arizona, and others. But the bill before us would appear to have been drafted with the special interests of certain States in mind. It does not apply equally to all States.

If we are going to afford those irrigators farming soils of lesser productivity in less hospitable climates equivalent reclamation benefits, then why press legislation which provides equivalency not only to farmers under adverse circumstances in the Midwest but to farmers in California who are by comparison working in a "dream" climate with exceptionally favorable conditions? Granted, there are soils of comparably low productivity on California and Arizona projects when compared to the best soils on those same projects. But the effect of S. 14 is to make irrigators comparable in terms of productivity among their neighbors whether in California or South Dakota.

So S. 14 does not begin to close the productivity gap between different States. It does not begin to equalize the "perks" inherent in the reclamation program. Again, under these circumstances, my State does not benefit from the "reform" offered by S. 14.

There are broader philosophic questions we should be confronting in debating reclamation law reform. But with S. 14 we are presented with a "fait accompli." There is no real philosophy embodied by this bill. It is a piece of flawed legislation complete with sufficient loopholes and exemptions so as to make the "reform" incomprehensible to all but the special interests who lobbied for the loopholes and exemptions. It certainly is going to do little or nothing to relieve the suspicion that the reclamation program is somehow corrupt or obsolete.

We need a bill which restores the integrity of this vital program. We need a bill which reasserts the importance of this program for western agriculture. We need a bill of which it can be said there is a consensus of opinion throughout the reclamation States. S. 14 is no such bill.

We are not served by a bill of which the Secretary of Interior who administers the law can say, "Instead of upholding the social purposes of promoting family farming and the building of rural community (S. 14) opens the door to nonresident, nonparticipative, investor-type ownership of reclamation farms."

We are not served by a bill which the largest farmer organization in my State says is "unthinkable" and to which it is "unalterably opposed."

The National Farmers Union contends that this legislation will strike a serious blow at the heart of family farming in America. When any Member of the Senate concerned for the well-being of this fundamental source of our agricultural strength hears such a statement, he should look closely at such legislation.

Mr. President, my "bottom line" on this bill is that upon having looked it over very carefully and after weighing its cumulative impact, I feel that no bill at all is better than passing this bill. If the bill cannot be amended in a meaningful way—then I sincerely hope that we can defer final action on reclamation law reform with an eye toward improving the law and not simply putting together a tenuous house of cards hoping to coalesce a narrow spectrum of special interests.

Mr. CRANSTON. Mr. President, I ask unanimous consent to have printed in the Record a statement by Mr. DeConcini.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. DECONCINI

Many economic and technological changes in the last three quarters of a century have made traditional definitions of the family farm obsolete. In 1902, it was reasonable to define a family farm as consisting of 160 acres. Today, the capital-intensive nature of farming makes that increasingly unrealistic.

We must not fall into the trap of taking a parochial view toward eastern vs. western interests. Reclamation is in the interest of the entire nation. It has provided the tools for making parts of the barren west an important source of this nation's food and fiber supply. Additionally, we must recognize that Reclamation Projects have brought many billions of dollars of tax revenues into the Federal Treasury benefitting every American. We cannot stand by and watch this reclamation program be gutted.

Farmers are required to expend vast amounts of money to merely remain in business. In these two days of debate, much information has been brought to light on the statistics of how much reapers, tractors, and other heavy equipment costs without even considering the investment which must be made to improve the land itself to make it suitable for agriculture. Modern farmers cannot be asked to make these kinds of investments without the assurance that they will have their land the following year. Farmers in the west need to be allowed adequate acreage to justify their capital investment and they must be allowed to lease land to compensate for variable growing seasons and reasonable farming practices.

The winning of the West has been accomplished for several generations now. A pattern of landownership on Reclamation projects has now been established over generations of land transactions. In those instances where excess land holdings are receiving water from Reclamation works, this situation is either a function of the Bureau of Reclamation's past policy of not enforcing an outmoded law, or expresses assurances that the limitation did not apply. Efforts to revitalize this archaic concept can only be seen as agrarian reform at best. At worst, it amounts to expropriation of private property, because to deny water service is to render land in the arid West valueless.

The availability of water supplies from lands that were formally under agricultural production has been one of the chief factors in producing the now established economies in many of our western states. Water provided by Reclamation projects has been one of the major factors in contributing to the successful growth of such areas as Phoenix, Arizona; Denver, Colorado; and Los Angeles, California. Federal tax receipts produced by irrigated agriculture on Reclamation projects amount to $1.833 billion annually. If you consider the amount of state and local taxes and the net increase in business activity produced by Reclamation projects the issue of Federal "subsidy" evaporates. What the Interior Department calls a subsidy is merely an estimate of the interest foregone on a portion of construction funds—not a direct payment.

I attach for the Record a Resolution which was adopted by the Western Association of State Departments of Agriculture.

1902 RECLAMATION ACT

We, leaders of the Western States Departments of Agriculture, favor modernizing the 1902 Reclamation law and commend Senator Frank Church of Idaho for his bill S. 14 as passed by the Committee on Energy and Natural Resources on June 21, 1979 and reported to the Senate. The bill recognizes the diversity of Western agriculture; the need to maintain the vitality and productivity of our family farms in the context of the economics of food and fiber production today; and the part that Reclamation projects play in providing an abundant food supply for the American people. The bill also recognizes the fact that the West is settled and is being farmed, in contrast to the situation in 1902 when the law was passed and 160 acres was all that a person could work with horses or mules.

We are extremely disappointed with those in the U.S. Department of Interior who continue to support outdated concepts and would turn the calendar back to 1902. They continue to talk about the Reclamation "subsidy". Federal "subsidies" certainly are not unique to Reclamation projects. Nearly all segments of our society receive Federal "subsidies" of one kind or another from airlines through railroads to the Washington, D.C. metro. Most beneficiaries of Reclamation projects including power customers, fishermen and other recreation usage have been paying below "market" value. Perhaps the Reclamation "subsidy" is better characterized as an investment. The increased production from Reclamation projects generates economic activity throughout the economy and taxes to federal, State and local governments that more than repay the investment.

In updating the law, we support:

1. Increasing the basic acreage allotment for the family unit;
2. Prohibiting non-resident aliens and corporations with more than 25 stockholders from continuing to lease land or own more than 160 acres in Reclamation projects;
3. Requiring future buyers of land in Reclamation projects to actively operate the farm;
4. Anti-speculation provisions;
5. Allowing leasing, in addition to the basic landholding, limiting leases to five years or less and requiring payment of a higher price for the water for that additional leased acreage;
6. Repeal of the residency requirement;
7. Validation of previous representations by Federal officials exempting specific projects;
8. Exemption of U.S. Army Corps of Engineers projects except those designated as Reclamation projects;
9. Payout provisions which end the application of the Reclamation law restrictions when payout is completed pursuant to the contract;
10. State and private water not being subject to Federal Reclamation Law when intermingled in joint use facilities.

We urge the Senate to proceed immediately to take action on S. 14 to update Reclamation Law in a realistic manner. We further urge the House of Representatives to proceed immediately to take action on a bill including the features identified in 1 through 10 above.

Mr. BAUCUS. Mr. President, I stand to support the Reclamation Reform Act of 1979. This legislation is of utmost importance to farmers who use Federal water, not only in Montana, but throughout the Western States.

As many of my colleagues have pointed out, the 1902 legislation is a relic from horse and buggy days, and must be updated to avoid unreasonable hardship on thousands of farmers throughout the Western States. For this reason, I was a cosponsor of S. 14 when Senator Church introduced the bill.

THE MONTANA SITUATION

For the information of my colleagues, let me briefly describe characteristics of reclamation projects in Montana.

In Montana, out of 3,638 owners of federally irrigated land, only 179 are in excess of current acreage limitations. For farms that have excess acreage, the average excess is 124 acres per farm.

I point this out not as an indication that the problem of excess acreage is minor, but to show that large accumulations of farmland are not occurring in Montana irrigation districts. Farming by outside corporations is virtually unknown on irrigated lands in Montana. We do not have anything that compares with the Southern Pacific Land Co. situation in California.

Economic studies and testimony of farmers at hearings I have held in my State show that the 160-acre limit is too restrictive for Montana. There has been an enormous amount of discussion about an acreage limit that might be more acceptable. The conclusion is that there is no "magic number" that can apply to all areas and conditions.

I think we all agree, though, that some increase in the limitation is essential. The new acreage limitation should be large enough so farmers can have economically viable operations. For Montana this requires at least the 1,280 acres called for in S. 14. Also, an equivalency formula must be included to deal with special problems in areas like Montana where soils are poor and growing seasons short.

RESIDENCY AND LEASING

Philosophically, I am opposed to strict limitations on residency and leasing. From Montana's point of view, unlimited leasing and no restrictions on residency would make the most sense.

Leasing has become an integral part of the farm economy. Something like 60 percent of all farmland in the United States is leased.

Young people trying to start farming today must at least be able to lease land. Irrigated land in Montana costs $1,000 or more per acre, and beginning farmers just do not have the capital to buy their own land. Also, return per acre is often low, and substantial acreages are necessary to make economic units.

Leasing is also necessary so farmers can retire, but continue to receive the income and security irrigated farms provide. Without this possibility for leasing, a farmer who becomes sick or disabled would have to give up his land.

Given a choice, I prefer minimal restrictions on leasing. I recognize, however, that the administration and others feel strongly that a leasing limit is necessary to carry out the intent of the Reclamation Act. This is an area where the Congress must compromise.

I also support minimal restrictions on residency. Probably more Montanans would be in violation of the proposed 50-mile residency requirement than the 160-acre limitation. The 1926 amendments to the Reclamation Act do not mention residency, and the residency requirement has never been enforced.

Distances are vast in Montana. In many cases, irrigated farms produce winter feed for livestock ranches, and these farms are often more than 50 miles from ranch headquarters.

In addition, residency requirements would hamper the ability of families to pass land on to their children.

In one example I am familiar with, two brothers own a farm they inherited from their parents. One brother farms the land, the other works in a distant town. Under a strict residency requirement, the brother in town would have to sell his share of the land because he does not live on it.

S. 14 will eliminate residency requirements and allow leasing up to 1,280 acres or more where equivalency formulas are in effect.

MORGAN AMENDMENT

Mr. President, let me briefly comment on the amendment offered by the Senator from North Carolina.

Senator Morgan's amendment would allow farms to continue to exceed the acreage limitation as long as they agree to pay what he calls the "full cost" of water.

Unfortunately, depending on whose figures you use, what Senator Morgan calls "full cost" is only a small part of the cost to the Federal Government of providing the water. The estimates I have heard range from 6 to 17 percent of the actual Federal cost.

In addition, Senator Morgan's amendment provides for only a 6-percent interest rate. I read in my newspaper this morning that the prime rate has been boosted to 13 percent.

Obviously, even with a 6-percent interest rate there is substantial subsidy to the large farmers who would be the beneficiaries of this amendment.

This amendment would in no way help small farmers in my State. Any surcharges collected are to be used by the contracting entity to reduce costs for recipients farming 160 acres or less. Since in Montana it is highly unlikely that any farmers will pay surcharges, no small irrigators would benefit.

I appreciate Senator Morgan's efforts to benefit small farmers. Unfortunately, I think that the amendment he has suggested will not benefit small farmers, but in fact, will only provide a loophole for the very largest operators to avoid the intent of the reclamation law.

SUMMARY

Mr. President, we face some very difficult issues in updating the Reclamation Act. We must walk a fine line between preventing abuses of the Reclamation Act by large corporate organizations and placing unreasonable restrictions on legitimate family farming operations.

I know that the Senate Committee on Energy and Natural Resources has tried very hard to provide such a bill. Unfortunately, the bill as it was reported by the committee will be strongly opposed in the House of Representatives and by the administration. For this reason, I am supporting certain amendments which will not be detrimental to farmers in Montana, but will help insure passage of those provisions of the bill that are essential in my State.

Finally, I would like to reiterate my strong support for the bill in general. The expansion of the acreage limit from 160 to 1,280 acres of owned and leased land is most necessary.

The equivalency provision of the act is of utmost importance to farmers in Montana. In my State, poor soils and short growing seasons make larger acreages imperative if family farms are to be viable.

I am pleased that the bill does not include residency requirements that could be a great burden on Montana farm families.

I would urge my colleagues to support final passage of the bill. The greatest hardship of all for western farm families would be for Congress not to act at all.

Farmers in my State have been in a hot seat for 2 years since the Department of Interior first proposed tough new rules to enforce the 160-acre limit. Unless some legislation clears Congress, some regulations to enforce the act must go into effect. The likely result will be the breakup of many legitimate farming operations throughout the Western States. It is imperative that we enact this important legislation.

Mr. CHURCH. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of S. 14.

The PRESIDING OFFICER (Mr. Melcher). Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I ask unanimous consent that S. 14 be printed as passed, if passed by the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Do Senators yield back their time?

Mr. HATFIELD. Mr. President, before I yield back the time, I wish to commend the manager of the bill, the Senator from Idaho (Mr. Church) for his diligence and his great energies that he has expanded on developing the bill up to this point.

I also thank Steve Hickok, Gary Barbour, and Chuck Trabandt of the minority staff on the Energy Committee for their extraordinary diligence and efforts on behalf of this bill and to the majority staff for their outstanding efforts as well.

Mr. CHURCH. I thank the Senator very much.

Mr. President, 2 long, hard years of work have gone into preparing the Reclamation Reform Act of 1979. I am pleased that this bill, which I first introduced almost 2 years ago, is now ready for a final vote in the Senate.

There is no more vital resource in the West than water. Western agriculture and industry contribute an enormous outpouring of food, fiber and finished products because we have learned to conserve and wisely employ scarce water supplies. This continued capacity depends on our ability to successfully resolve problems that have arisen during the 77-year life of the 1902 Reclamation Act. Bureau of Reclamation projects have been very important to our Nation, the West and my home State of Idaho. Enactment of this bill will provide a modern legislative statement, removing the festering litany of problems confronting reclamation farmers today.

Irrigation in Idaho commenced in earnest when the Mormon pioneers began to colonize and settle much of the West. Streams were diverted to irrigate dry but fertile valleys and progress was made in opening arid land to cultivation.

But these and other private and State efforts soon faced the monumental task of building enormous storage dams. The need to expand these early efforts led to enactment of the 1902 Reclamation Act.

This act has helped settle and develop the West. It has been a wise investment. Communities centered around family farms are a source of strength. In Idaho alone, almost one and a half million acres of reclamation farmland have been developed.

The Arrowrock Dam on the Boise River was one of the first reclamation projects. When completed in 1915, after 12 years of construction, this dam was unique for its height and curved gravity design.

However, conditions have changed. Modern family farm economics are vastly different from the days of 1902 when 160 acres and a mule were adequate. Farm costs for machinery, fuel and operating expenses continue to accelerate rapidly. Many of the patchwork provisions of the outdated 1902 act have long been administratively ignored because of their growing irrelevance or obsolescence.

This bill seeks to redress these problems by modernizing the law to the end that the maximum number of economically viable family farms will benefit from publicly built reclamation projects. This bill seeks to set a realistic maximum farm size on reclamation projects of 1,280 acres, whether owned or leased. Provisions are included to keep out large corporations so that family farmers may work the land. The outdated and unenforced residency requirement of the 1902 law is abolished. Living on the land does not make one a farmer. Nor does living a distance away from the land automatically make one a nonfarmer. One of the reasons for residency in 1902 was to keep out remote speculators and to populate the land. The land is now populated and other provisions of this bill guard against remote speculators and nonfarm corporate takeovers. Equally important is the equitable manner with which this bill treats the irrigator once his assessed share of project costs is paid back to the Government. Once these project costs are repaid, there is no basis for continuing Federal limitations. At that point, my bill would remove the shadow of the Federal presence from the land.

Mr. President, reclamation farmers need this bill. If the Congress does not act to update and clarify this outdated law, family farms throughout the West will be pulled apart. The Department of Interior is under court order to strictly enforce the ancient provisions of the 1902 act. All fair minded people agree that the drastic impact of such a step must be avoided. This Reclamation Reform Act is a reasonable, balanced effort to solve these difficult issues. I urge my colleagues to join me in rejecting efforts to cripple this important bill.

Mr. President, I pay special tribute to the distinguished Senator from Oregon (Mr. HATFIELD) who throughout the debate has been so helpful and who at crucial times during the debate often made the difference in the outcome. Without his help and the help of my colleague from Idaho, Mr. McCLURE, and other members of the committee, including the able assistance of our staff on the majority side, Mr. Dan Dreyfus, Mr. Russ Brown, and Mr. Fred Wahl, we would not have been able to conclude this legislation so successfully.

I am now prepared for a vote, and if the Senator from Oregon is willing to yield back the remainder of his time, I am so willing.

Mr. HATFIELD. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER VITIATING SENATE SESSION TOMORROW

Mr. ROBERT C. BYRD. Mr. President, in view of the fact that the Senate is now about to complete action on this bill, I ask unanimous consent that the order for the convening of the Senate on tomorrow be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 11:30 A.M., MONDAY, SEPTEMBER 17, 1979

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11:30 a.m. on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

SECOND CONCURRENT BUDGET RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, under the order, upon the disposition of the pending bill, the second concurrent budget resolution is to be the next item for consideration by the Senate and once the Chair lays that item before the Senate I ask unanimous consent that no time on the matter run today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. That will be the business before the Senate on Monday.

There will be no rollcall votes today following the disposition of the present business.

RECLAMATION REFORM ACT OF 1979

The Senate continued with the consideration of S. 14.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from North Dakota (Mr. BURDICK), the Senator from Iowa (Mr. CULVER), the Senator from Kentucky (Mr. FORD), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from Ohio (Mr. METZENBAUM), the Senator from North Carolina (Mr. MORGAN), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Mississippi (Mr. STENNIS), the Senator from Georgia (Mr. TALMADGE), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I also announce that the Senator from Alabama (Mr. STEWART) is absent on official business.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) would each vote "yea."

Mr. PACKWOOD. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Mississippi (Mr. COCHRAN), the Senator from Pennsylvania (Mr. HEINZ), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. McCLURE), the Senator from South Dakota (Mr. PRESSLER), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Wyoming (Mr. SIMPSON), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from Idaho (Mr. McCLURE), the Senator from Wyoming (Mr. SIMPSON), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) would each vote "yea."

Mr. JOHNSTON (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from North Dakota (Mr. BURDICK). If he were present and voting he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withdraw my vote.

The PRESIDING OFFICER. Has every Senator voted?

The result was announced—yeas 47, nays 23, as follows:

[Rollcall Vote No. 286 Leg.]

YEAS—47

Armstrong
Baucus
Boren
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Cohen
Danforth
DeConcini
Dole
Domenici
Eagleton
Garn
Glenn
Gravel
Hatch
Hatfield
Heflin
Helms
Hollings
Humphrey
Jackson
Jepsen
Kassebaum
Kennedy
Laxalt
Lugar
Magnuson
Mathias
Matsunaga
Melcher
Muskie
Nunn
Packwood
Pryor
Randolph
Schmitt
Stafford
Stone
Thurmond
Wallop
Warner
Weicker
Young

NAYS—23

Biden
Boschwitz
Bradley
Cranston
Durenberger
Durkin
Exon
Goldwater
Hart
Hayakawa
Levin
McGovern
Moynihan
Nelson
Percy
Proxmire
Riegle
Roth
Sarbanes
Sasser
Stevenson
Williams
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Johnston, for.

NOT VOTING—29

Baker
Bayh
Bellmon
Bentsen
Burdick
Chafee
Cochran
Culver
Ford
Heinz
Huddleston
Inouye
Javits
Leahy
Long
McClure
Metzenbaum
Morgan
Pell
Pressler
Ribicoff
Schweiker
Simpson
Stennis
Stevens
Stewart
Talmadge
Tower
Tsongas

So the bill (S. 14), as amended, was passed as follows:

S. 14

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be a supplement to the Act of June 17, 1902, and Acts supplementary thereof and amendatory thereto (43 U.S.C. 391), hereinafter referred to as the Federal Reclamation Law, and this Act may be cited as the "Reclamation Reform Act of 1979".

DEFINITIONS

SEC. 2. (a) The term "Secretary" means the Secretary of the Interior.

(b) The term "individual" means any person, including his or her spouse, and including other dependents thereof within the meaning of the Internal Revenue Code (26 U.S.C. 152).

(c) The term "qualified recipient" means an individual who is a citizen of the United States or a resident alien thereof or any legal entity established under State or Federal law which benefits twenty-five such individuals or less.

(d) The term "limited recipient" means any legal entity established under State or Federal law benefiting more than twenty-five individuals that is receiving water service from, through, or by means of a Federal reclamation project on the date of this Act.

(e) The term "landholding" means the total acreage of one or more tracts of land owned or operated under a lease or leases by any person alone or by participation in a legal entity which is served with a water supply pursuant to a contract with the Secretary.

ACREAGE LIMITATION

SEC. 3. (a) The Federal Reclamation Law shall apply only to lands which are included within a Federal reclamation project which has been authorized by statute and which are served with a water supply from, through or by means of works provided by such authorization pursuant to a contract with the Secretary.

(b) Any provision of the Federal Reclamation Law which establishes a limitation on acreage to be served with a water supply to the contrary notwithstanding, a landholding of any qualified recipient which consists of one thousand two hundred and eighty acres or less shall be considered to be within the acreage limitation of the Federal Reclamation Law.

(c) In the determination of excess lands under the provisions of this Act or any other provision of the Federal Reclamation Law, the applicable acreage limitation shall be interpreted as applying to a landholding as defined in subsection 2(e) of this Act.

(d) Lands included in a landholding of any qualified or limited recipient which exceed the acreage limitation imposed by this Act or lands included in a landholding of any other person which violate the provisions of this Act and any other provision of the Federal Reclamation Law and which are receiving a reclamation water supply but are not under a recordable contract on the date of enactment of this Act shall be placed under a recordable contract within three years of the date of enactment of this Act as a condition of continued water service.

(e) Recordable contracts entered into pursuant to the provisions of subsection (d) of this section shall provide for the disposal of such excess land within ten years of the date of enactment of this Act.

(f) The Secretary may, in his discretion, by rule, impose a limitation on the number of landholdings that may be managed by another person on behalf of qualified recipients or other landholders.

(g) Except to the extent that they are inconsistent with the provisions of this Act, the provisions of the Federal Reclamation Law, including those provisions relating to the implementation of the acreage limitation, shall remain in full force and effect.

(h) Nothing in this Act shall repeal or amend any existing statutory exemptions from the acreage limitation of the Federal Reclamation Law.

EQUIVALENCY

SEC. 4. Wherever an acreage limitation is imposed by the Federal Reclamation Law, the Secretary shall (upon request of a qualified or limited recipient or other contracting entity representing one or more qualified or limited recipients) designate by rule the acreage of a landholding which may receive water at one thousand two hundred and eighty acres of class 1 land in the case of a qualified recipient or one hundred and sixty acres in the case of a limited recipient or the equivalent thereof in other lands of lesser productive potential. Standards and criteria for determination of land classes pursuant to this authority shall take into account all factors which significantly affect the economic feasibility of irrigated agriculture, including but not limited to, soil characteristics, crop adaptability, costs of crop production, and length of growing season.

RESIDENCY NOT REQUIRED

SEC. 5. Notwithstanding any other provision of law, a qualified or limited recipient shall not be required to be a resident on or near a landholding in order for such landholding to be eligible to receive water pursuant to a contract with the Secretary.

REPAYMENT OF CONSTRUCTION CHARGES

SEC. 6. (a) The acreage limitation provisions of the Federal Reclamation Law shall cease to apply to any part of a landholding upon completion of the repayment by any contracting entity of the amount of any construction costs required to be repaid by such contracting entity by the terms of any contracts with the Secretary relating to the delivery of water supplies to such part of a landholding for agricultural use: *Provided,* That where any such contract has been or may be entered into pursuant to the authority of the Rehabilitation and Betterment Act (Act of October 7, 1949, 63 Stat. 724, as amended), the contracting entity shall have the additional option of adopting a form of repayment consistent with section 5(c)(2) of the Small Reclamation Projects Act of 1956 (Act of August 6, 1956, 70 Stat. 1044, as amended) and if such form of repayment is adopted, the acreage limitation provisions of the Federal Reclamation Law shall not apply solely as a result of the indebtedness under such contract.

(b) The Secretary shall provide, upon request of any owner of a landholding for which repayment has occurred, a certificate acknowledging that the landholding is free of the acreage limitation of the Federal Reclamation Law. Such certificate shall be in a form suitable for entry in the land records of the county in which such landholding is located.

(c) Nothing in this Act shall be construed as authorizing or permitting lump sum or accelerated repayment of construction costs, except in the case of a repayment contract which is in effect upon the date of enactment of this Act which provides for such lump sum or accelerated repayment and except as provided in subsection (d) of this section.

(d) The Secretary is authorized to negotiate with such contracting entity to conform the terms of any such contract to permit lump sum or accelerated repayment if the Secretary finds that the amount of outstanding indebtedness is less than 5 per centum of the total repayment obligation associated with such contract and that a pattern of family farming has been established in the project service area.

LEASING RESTRICTIONS

SEC. 7. (a) Lands which are leased by any lessee and operated for agricultural production utilizing water supplied pursuant to a contract with the Secretary shall be considered to be part of such lessee's landholding as well as the lessor's landholding for purposes of applying the acreage limitation of the Federal Reclamation Law.

(b) Lessees holding lands in excess of the acreage limitation of this Act or of any other provisions of the Federal Reclamation Law under the provisions of a valid written lease effective as of the date of this Act shall be required to comply with the appropriate acreage limitation within ten years of the date of this Act.

EXEMPTIONS

SEC. 8. (a) The Secretary is authorized to continue delivery of water supplies to all project lands held by bona fide religious or charitable nonprofit organizations as of January 1, 1978, without regard to the acreage limitation of this Act or other Federal Reclamation Law so long as title remains unchanged and as long as the agricultural produce proceeds of sales are directly used for charitable purposes.

(b) Section 3 of the Act of July 7, 1970 (43 U.S.C. 425b) is amended by striking the phrase "for a period not to exceed twenty-five years" following the term "project water".

(c)(1) The following provisions of Federal Reclamation Law shall not apply to lands within the Imperial Irrigation District of California on January 1, 1979—

(A) section 5 of the Act of June 17, 1902 (43 U.S.C. 431);

(B) section 46 of the Act of May 25, 1926 (43 U.S.C. 423e); and

(C) any other provision of law amendatory or supplementary to either of such sections.

(2) Paragraph (1) of this subsection shall not apply to any land during any period dur-

ing which such land or any interest therein is owned by any person who is not a citizen of the United States or an alien admitted to the United States for permanent residence, if such ownership commences after the date of the enactment of this Act.

(3) Any person, other than a person referred to in paragraph (2) of this subsection, who, after the date of the enactment of this Act, purchases or otherwise acquires irrigable land in the Imperial Irrigation District of California, or the beneficial ownership of such land, which would be in excess of the acreage limitations of the Federal Reclamation Law except for the exemption provided by paragraph (1) of this subsection, shall pay interest annually on that part of the unpaid balance of the district's indebtedness for project costs which is allocable on a pro rata basis to such land. This paragraph shall not apply with respect to any land or interest acquired by devise or inheritance or otherwise acquired by reason of the death of any person. The interest rate applicable for purposes of this paragraph shall be the average interest rate paid on Treasury bills during the year preceding each annual payment.

(d) Any other provision of law notwithstanding, neither the acreage limitation, nor other provisions of the Federal Reclamation Law (Act of June 17, 1902, 32 Stat. 388 and Acts amendatory thereof or supplementary thereto) shall be applicable to landholdings standing, neither the acreage limitation, nor source projects constructed by the United States Army Corps of Engineers unless—

(1) the project has, by Federal statute, explicitly been designated, made a part of, or integrated with a Federal reclamation project, or

(2) the Secretary of the Interior, pursuant to his authority under the Federal Reclamation Law has provided projects works for the control or conveyance of an agricultural water supply for the lands involved, or

(3) the provisions of the Federal Reclamation Law are, by Federal statute, explicitly made applicable to the lands involved, or

(4) the landholdings are included in the Kings River, Kern River, Tule River, or Kaweah River Projects.

(e)(1) The Secretary of the Interior shall conduct a study with a view to determining the cost to the Federal Government of storage of water for irrigation purposes behind the Pine Flat Dam on the Kings River and the Isabella Dam on the Kern River, both in the State of California.

(2) On or before the expiration of the twelve-month period following the date of the enactment of this Act, the Secretary of the Interior shall report to the Congress the results of such study.

(f) The excess land provisions of the Federal Reclamation Law, as amended and supplemented, shall not be applicable, during the thirty-six-month period following the date of the enactment of this Act, to the lands covered by the study authorized by subsection (e) of this section, unless the Congress, by law otherwise provides.

(g)(1) Unless otherwise provided by Congress, at any time on and after the date on which the excess land provisions of the Federal Reclamation Law are again applicable to lands referred to in subsection (f), individuals receiving water from any such storage project for their lands shall be authorized to enter into an arrangement or other agreement with the Secretary of the Interior pursuant to which such individuals shall be permitted to pay the cost to the United States attributable to such storage. Upon making such payment, such excess land provisions shall not be applicable to such land receiving such water.

(2) Nothing in this subsection shall be construed as prohibiting any district from continuing to receive water from such storage facilities in accordance with the terms of any applicable contract, and to have the lands therein remain subject to such excess land provisions.

(h) The acreage limitation of the Federal Reclamation Law shall not apply to lands temporarily provided with a water supply in unusually wet years or from infrequent flood flows of short duration, nor shall such limitation apply to lands leased for one year or less for the purpose of water conservation or management in years of inadequate water supply.

(i) Notwithstanding the provisions of section 3, the Secretary may deliver water to minor tracts of land though the delivery to such tracts may cause a qualified recipient to become an excess landholder if the Secretary determines that there is no economically viable alternative means of operating such minor tracts.

(j) Land in excess of a landholding upon sale into nonexcess status after the effective date of this Act, shall be eligible to receive water service only if title to the land is subject to a condition that the land shall not be sold at a price greater than the landowner's cost for the land, plus the value of any improvements, both increased only by the rate of increase of the Consumer Price Index for the period between the date of that landowner's purchase and the date of his sale of the land: *Provided*, That if such land has continuously remained as nonexcess land for a period of ten or more years, the sale price of the land after the tenth year may be at the fair market value thereof without regard to the provisions of section 423e of title 43, United States Code.

(k) Notwithstanding any other provisions of the Federal Reclamation Law to the contrary, a landholding, including any lands in excess of the acreage limitation applicable to such landholding, may be acquired by foreclosure or other process of law, by conveyance in satisfaction of mortgage, by inheritance, or by devise, and (1) if acquired by other than a qualified recipient, such landholding shall be furnished with a water supply temporarily for a period not exceeding ten years from the effective date of such acquisition, delivery of water thereafter ceasing until the transfer thereof is completed to a qualified recipient, and (2) such lands of the landholding as were not held in excess status at the time of such acquisition may thereafter be sold at the fair market value of the property without regard to the provisions of section 423e of title 43, United States Code, or section 3 of this Act.

(l) A landowner which is a corporate or other trustee may collectively hold in a fiduciary capacity land eligible to receive a water supply notwithstanding any other provisions of the Federal Reclamation Law to the contrary: *Provided*, That with respect to such holding, the beneficiary or beneficiaries thereof are in compliance with the acreage limitation provisions of the Federal Reclamation Law.

(m) Any provision of the Federal Reclamation Law which establishes a limitation on acreage to be served with a water supply to the contrary notwithstanding, a landholding of any limited recipient which consists of one hundred and sixty acres or less shall be considered to be within the acreage limitation of the Federal Reclamation Law.

RECORDABLE CONTRACTS

SEC. 9. Other provisions of this Act notwithstanding, and only with respect to excess lands subject to recordable contracts between the United States and owners of such lands as had been entered into prior to the effective date of this Act, the period of time during which such owners may dispose of the lands thereby encumbered shall remain as specified in such contracts: *Provided, however*, That the period of time during which the Secretary of the Interior has suspended, or in fact not generally processed approvals of dispositions of excess lands, whether by virtue of court order or otherwise, shall be added to the period provided by such contracts.

ADMINISTRATIVE PROVISIONS

SEC. 10. (a) The Secretary is hereby authorized and directed to amend any provision of any contract between the Secretary and another party existing upon the date of enactment of this Act which is inconsistent with the provisions of this Act but only at the request of said other party.

(b) Determination made by the Secretary pursuant to the authority granted in this Act shall be in accordance with the provisions of the Administrative Procedure Act, chapter 5 of title 5, United States Code.

(c) Any non-Federal party to a repayment contract with the Secretary relating to a Reclamation project may obtain validation of any provisions of such contract relating to the acreage limitation available to such party pursuant to such contract or under the Federal Reclamation Law by making application therefor to the Secretary in writing within three years from the date of enactment of this Act. The Secretary shall review each such application and within ninety days from the date on which he receives such application shall transmit it to the Congress together with his comments and recommendations. Unless the Congress by concurrent resolution disapproves the application within ninety days from the date on which it receives the Secretary's transmittal, the application shall be approved and the provisions shall be considered to be validated.

(d) If lands in excess of the acreage limitation of Reclamation Law have not been disposed of at the end of the recordable contract period, power of attorney shall vest in the Secretary who shall sell such lands by lottery or other impartial selection only to qualified receipts according to such reasonable rules as he may establish. In such sales the Secretary shall make every effort to provide opportunities for the acquisition of landholdings of varying financially and economically feasible size.

CONSENT TO SUE

SEC. 11. In addition to any other remedy available in law or equity, any party to a contract with the Secretary of the Interior providing for the delivery of agricultural water supplies may bring an action in the United States district court for the district in which the project is located for mandatory injunctive relief to reform such contract in acordance with the terms of any written representation concerning the application or interpretation of the Federal Reclamation Law or contracts made by the Secretary or his representative to such party or his predecessor in interest. Exclusive jurisdiction for such suit is hereby vested in the United States district court. If the court finds, on the basis of the evidence submitted, that the party would not have entered into the contract but for the written representations made by the Secretary or his representative, which were relied on by the water users, then the court shall order the Secretary to reform the contract to conform with the representations and the contract, as reformed, shall be considered valid as of the date of the written representation.

REPORTING

SEC. 12. Any contracting entity subject to the acreage limitation of Reclamation Law shall compile and maintain such records and information relating to land ownership, leasing, water supply and use, land use, cropping, financial transactions including transfers of interest in lands which are reasonably necessary to implement this Act and the Federal Reclamation Law. On a date set by the Secretary following the date of enactment of this Act, and annually thereafter, every such contracting entity shall provide in a form suitable to the Secretary such reports on the above matters as the Secretary may require.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the title amendment is agreed to.

The title was amended so as to read:

A bill to amend and supplement the acreage limitation and residency provisions of the Federal Reclamation Law, as amended and supplemented, and for other purposes.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, with Senators permitted to speak therein up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE LIQUIDATION OF BIG STEEL

Mr. THURMOND. Mr. President, during these times when our American citizens continue to fight the ravages of inflation and, at the same time, face the frustrating problems of a recessionary economy, our national leadership is floundering more than ever in its ineffective, cosmetic, and nonproductive programs to overcome these problems. We of the 96th Congress must bear our share, along with the national administration, of the responsibility for the continued Federal Government actions and impositions that adversely affect our national economy. These actions, or lack of appropriate actions, are critically restraining our domestic economic growth and the ability of our U.S. business to compete internationally. As a result, the real income situation for American workers and the purchasing power of American consumers are suffering intolerably.

Mr. President, I fully appreciate the efforts of the various committees and individuals of the Congress and of the administration to find solutions to these serious economic problems. Undoubtedly, some of the proposals for action have considerable merit and deserve our most careful consideration. Also, Mr. President, I recognize that these problems have both short-term and long-term implications and thus must be treated accordingly.

Certainly we cannot allow our Nation to get itself in the intolerable position in major areas of our economy such as that which we permitted, and actually contributed to, with the energy situation over the last decade. This applies particularly to the oil supply situation.

Mr. President, I address my remarks at this particular time to the problems of one specific, but basic, industry—the steel industry. Our domestic steel industry has some major and unique long-range problems that are not being adequately analyzed and are not being given the depth of policy consideration that is crucially needed. There are, in my opinion, ominous signs that indicate the possibility for some disastrous consequences within the next decade for the steel industry and for our country if we do not move expeditiously and effectively to handle these long-range problems now.

Mr. President, an excellent analysis and discussion of this problem situation is presented in the September 17, 1979, issue of Business Week magazine. The title of the article is "Big Steel's Liquidation." The article deals with an in-depth view of the steel industry, including the effects on the industry and on the public interest of inflation, inadequate depreciation, low capital investment, the increasing U.S. dependence on imported steel, the higher and higher prices that American consumers must pay for steel products, and the very clear danger for national defense when we have to rely on imports for a major portion of our steel needs.

Mr. President, I favor strong and aggressive efforts by industries in the private sector to solve private industry problems. The steel industry is no exception. We must, however, be cognizant of the already existing Government restraints, regulations, and antibusiness attitudes that prevent private businesses and free market forces from operating in the best public interest. Government does have a responsibility to create and support an economic and investment climate that will provide the incentives for U.S. industries, particularly those like the steel industry, to make the capital investments which will lead to the production levels that we must have in the decades ahead.

Mr. President, in order to share this excellent Business Week magazine article, titled "Big Steel's Liquidation," with my colleagues, I ask unanimous consent that it be printed in the Record following my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Big Steel's Liquidation

In one respect, David M. Roderick began his tenure as a chief executive the way most managers dream about. Just three months after taking office last April, the new chairman of U.S. Steel Corp. reported first-half profits of $187.4 million, three times those for the first half of 1978—itself a recovery year—and the highest first-half earnings since the record year of 1974.

Yet Roderick is far from cheered by those results. For one thing, the developing recession is already hurting the company's near-term outlook. Most industry executives predict that domestic steel shipments will drop at least 10 percent in the third quarter and fall even further in the fourth quarter. And Roderick is anything but sanguine about the long-term outlook for his company's main business. Although steel executives have long complained of unfair government pricing pressures, growing imports, inadequate depreciation rates, and other ills, never has the country's No. 1 steelman talked in such starkly frightening terms as Roderick. "It would be a disaster," he warns, "if we continue this insidious liquidation of the steel industry."

Clearly, Roderick sees that U.S. Steel now stands at a watershed. Because of inflation and government policies on taxes, trade, and environment—plus the company's past lethargy—the nation's largest steelmaker is not coming even close to generating enough capital to replace its aging plants with modern mills like those of its aggressive global rivals in Japan and Western Germany. That is why the new management team has evolved a new strategy for the future. The team is led by Roderick, the 20-year company veteran who succeeded retired Chairman Edgar B. Speer, and by William R. Roesch, the newcomer who replaced Roderick as president and chief operating officer.

The new plan calls for a massive efficiency drive in steel by shutting down unprofitable facilities, even though that will substantially reduce capacity, and then by cracking down on labor. Capital spent on steel operations will be directed only to improve productivity of existing plant, not for expansion of capacity to meet growing domestic demand. For now at least, the company has put off all plans for construction of a huge mill at Conneaut, Ohio, that was to have been U.S. Steel's first new integrated steel mill in 26 years. "Assuming no changes in steel's cost-price relationship, there is no question that the domestic industry is going to continue to shrink," says Roderick.

With such a contraction, U.S. Steel is taking a tremendous risk: giving up market share for higher profits in the near term. Under the new strategy, Roderick will also steer his company away from steel, devoting a greater portion of capital to nonsteel lines where he has greater hopes for profit growth. These include chemicals (BW—Oct. 9, 1978), transportation (barges, railroads, and shipping facilities that haul minerals), resource development (iron ore, coal, and uranium mining and oil exploration), and various construction and engineering operations.

For U.S. Steel—a legacy of the steel and mining empires of J. P. Morgan and Andrew Carnegie, and for decades a paradigm of America's industrial might, known simply as "The Corporation"—the very notion of walking away from its heritage seems heretical. But Roderick, contending that national policies are irrationally skewed against domestic steel, believes the new plan is his company's only rational course. Some close observers agree. Declares Fletcher L. Byrom, chairman of Pittsburgh-based Koppers Co.: "If the intervention of society destroys the ability of the private sector to make economic decisions that insure the viability of the organization, you cannot expect a corporation to continue in an industry because someone thinks it's necessary."

Obviously, U.S. Steel's tough new program has major implications for the domestic steel industry by virtue of the company's one-fifth share of the domestic steel market. Its decision not to invest in new steel capacity virtually assures that U.S. dependence on imports will rise steadily. In 1978 imported steel reached a record 18 percent of domestic consumption, up from 14 percent a decade ago. Now some industry experts are predicting that the import share could hit 5 percent or more by the late 1980s.

By giving up share of market, U.S. Steel risks losing all its steel business. In steel, as in any commodity business, the strongest competitive position belongs to the low-cost producer. To achieve that, a supplier needs both modern facilities and the economies of scale to reduce overhead costs. In addition, customers need a reliable source of steel in periods of prosperity when demand is high, as well as in slack times, when there is plenty of steel around.

The attrition of the domestic industry becomes far more troubling when set against the larger scenario of a world steel shortage. Many experts now predict that such a shortage will unfold in the next decade as demand in both the developing and industrialized nations grows, while the U.S. steel industry continues to decline. Thus, with foreign producers increasingly controlling the supply of so vital a product, reasons Roderick, the outcry against an "OPEC in steel" could spur the U.S. government to nationalize the industry. "New expansions in domestic steelmaking will take place," he says. "If there's the right investment climate, the private sector will finance them. If not, the government will. And you only have to look at Great Britain to see what happens when the government takes over"—a reference to the storied inefficiency that has produced losses of more than $2 billion at nationalized British Steel Corp. in the last four years.

Some critics in labor and government circles argue that Roderick's rhetoric is merely that of a lobbyist. He is exaggerating the specter of the industry's liquidation as a negotiating ploy, trying to wangle sweeping trade and tax benefits, goes this theory. Anthony M. Solomon, Under Secretary of the Treasury for Monetary Affairs, does not see a sharp decline in the U.S. steel industry's ability to meet the demands of the domestic market. Neither does he see the need nor the desirability of any new policy initiatives to aid the steel industry. "I don't see what it would be appropriate for the government to do," he says.

But rhetoric aside, U.S. Steel's financial statistics, vividly portraying the plight of its basic business, tend to support Roderick's view. Steel operations contributed 73 percent of the company's 11 billion in sales last year but only 14 percent of its $286.1 million in operating income. Indeed, there is serious question whether its steel business actually earned anything at all.

Without an inventory profit of $124.5 million—a gain on raw materials purchased to tide the company through the United Mine Worker's strike that ended in late March, 1978—the operating income of $33 million reported in steel would have been a $91.5 million loss. And that loss calculation is before deducting steel's share of $191.4 million in corporate interest and financing expenses. If course, during periods of severe inflation all capital-intensive companies report illusory profits, because their depreciation charges reflect historical costs, not current replacement costs. If this understatement of real depreciation is great enough, a company may be liquidating in real terms, because it is not generating enough capital through depreciation charges to cover replacement costs.

When it comes to inadequate depreciation, U.S. Steel has the dubious distinction of being a leader, because steel is one of the most capital-intensive businesses and U.S. Steel's plants are among the oldest in the industry. Just how serious a problem real profits and liquidation have become for the company is dramatically illustrated in a recent study by Kidder, Peabody & Co., which adjusts the steel company's cash flow and earnings by calculating the replacement cost of maintaining its existing plant and equipment.

Figuring depreciation on a replacement cost basis, the study concludes that U.S. Steel lost $902 million in real terms in the last five years, instead of earning the $2.9 billion it reported for income during that period. To maintain plant and equipment on a replacement cost basis, it notes, the company would have had to spend $7.6 billion in the last five years, twice the amount actually spent. Even after adjusting for the company's growing debt capacity, the study shows that simply maintaining plant and equipment without any liquidation would have produced a negative real (or "excess") cash flow of $3.5 billion between 1974 and 1978. "Every year now, this company has to spend $2 billion [compared with the $668 million spent last year] to maintain facilities," says Barre W. Littel, vice-president of Kidder and co-author of the analysis. "Otherwise it will rot away. We have a time bomb that sooner or later is going to explode."

The company's strategy for warding off this wholesale liquidation of its steel operations is to pare down the business, betting that the surviving core will be a thriving, profitable unit. Its management, marketing, and labor policies are now single-mindedly aimed toward that goal.

The pruning of unprofitable plants and product lines has already begun. The company's steelmaking capacity dropped 5% so far this year to about 36 million tons, with the closing of 12 operations. "We have no intention of perpetuating our loss situations," declares Roderick. "If an individual mill is not competitive, it won't be there."

Applying that dictum, U.S. Steel during the next two months will close a plate mill in Fairfield, Ala., and plants in Waukegan and Joliet, Ill., that produce rods, bars, wire, nails, and fence. And with a recession promising to push other marginal facilities into the red, additional shutdowns may follow. In all, such moves could clip U.S. Steel's capacity by an additional 10% during the next few years.

The company, meantime, has initiated a tough review of its product offerings, and those that do not meet strict financial guidelines for present and future profitability will be jettisoned. From here on, Executive Vice-President W. Bruce Thomas insists, "We're going to concentrate on only those things that make money." Lines that U.S. Steel will continue to trim away, in addition to products at the two soon-to-be-closed plants in Illinois, include a wide range of low-volume steel products. Conversely, the company will focus more on those products where it has a major and profitable segment of the market, such as flat-rolled products and heavy steels for the capital-goods sector.

U.S. Steel is the last of the major steel producers to conclude that it cannot afford to serve all segments of the steel market. Other major companies had begun to specialize much earlier. "We've moved away from the idea of having something for everyone," observes William J. De Lancey, chairman of Republic Steel Corp.

Under Roesch, who joined U.S. Steel in 1978 after resigning from his post as chief executive of Kaiser Steel Corp., the company is overhauling its sales organization to coordinate this shift in marketing plans. Previously, U.S. Steel's marketing efforts were largely the province of its four—now three—highly autonomous regional sales units, each assigned to a given geographic production division. These groups became almost separate fiefdoms, which even insiders concede enjoyed too much independence. One result, according to a competitor, was that "size has been an end in itself at U.S. Steel."

Now, headquarters will tighten its grip over these sales divisions, eliminating much of their autonomy in order to direct production to the most profitable products and the most efficient plants.

Getting tough with labor is another key element in the company's efficiency drive. Already, U.S. Steel is risking a confrontation with United Steelworkers' unions at its two biggest mills, in Gary, Ind., and in Fairfield, Ala., by cracking down on absenteeism and tardiness in an effort to boost productivity. At Fairfield, Rayford A. Prater, president of USW Local 1013, says, "There have been more discharges, suspensions, and discipline slips in the last two months than in all of the last several years. Our morale is real low."

In addition, the company will go to industry contract talks next February determined to curb soaring labor costs. Roderick even suggests strongly that U.S. Steel might be willing to give up its no-strike agreement with the USW in order to get rid of the costly wage guarantees that accompany it (page 80).

The new top executive team at U.S. Steel blends financial and operating experience. Roderick, 55, with a degree in economics and finance from the University of Pittsburgh, rose primarily through the financial ranks at U.S. Steel, becoming its chief financial officer in 1973 and president in 1975. He is the first finance specialist in four decades to become the company's chairman, and his background differs sharply from the production orientation of his predecessors, Speer and Edwin H. Gott.

For his part, Roesch is a hard-nosed operating specialist. Respected as a brilliant steelman, the 54-year-old executive has little patience for losing operations or for workers he deems superfluous, observers say. In fact, his reputation as a ruthless "ax man" apparently did not go down well at Kaiser Steel, and that is one reason he departed after three years as chief executive. He was recruited by U.S. Steel specifically to head operations, initially as executive vice-president.

Previous regimes at U.S. Steel have frequently been criticized as slow-moving, parochial, and autocratic. In fact, some critics believe that the company finds itself now burdened with the oldest facilities in the industry and spread out in too many markets precisely because previous management did not deal with these problems earlier. By contrast, Koppers' Byrom says, "This is the best team I can remember at U.S. Steel."

Still, management is clearly working with a risky strategy. Nothing so symbolizes those risks as does the recent decision not to go ahead with the Conneaut mill on the shore of Lake Erie, a project that has been on the drawing boards for three years.

"This country needs a Conneaut," says Roderick. "It needs several Conneauts." The increased efficiency of a giant and modern integrated mill such as the one planned for Conneaut is considerable; construction of such facilities is the only way to make domestic production costs competitive with similar mills now operating abroad. For instance, the Conneaut mill would afford a labor saving of one third—measured in man hours per ton of steel produced—when compared with conventional facilities.

Yet such facility would cost $4 billion, roughly equal to the company's entire capital expenditures of the last five years. And U.S. Steel has neither the money nor the inclination to go heavily into debt on the unlikely chance that returns in the steel business will increase sharply in the future. "We're not shooting craps," Roderick declares.

But Wall Street analysts and steel executives agree returns would have to rise substantially to justify a Conneaut-type investment. U.S. Steel's return on equity last year was a paltry 4.6 percent, compared with the steel industry average of 7.3 percent and an average for all manufacturing industries of roughly 15 percent. Roderick states: "With today's cost-price relationship and tax laws, our decision on building Conneaut would have to be 'no'. Return on investment will dictate where our money goes."

GOING THE NONSTEEL ROUTE

The drift toward nonsteel investments in recent years is evident. As a result, the company's nonsteel assets grew 80 percent to $4.7 billion during the past three years, while steel assets increased only 13 percent to $5.9 billion. Under the current plan, all the funding for expansion and acquisitions will be in businesses other than steel. Thus, while the spending just to maintain and upgrade the company's existing steel plants will be substantial, the percentage of the corporate capital budget pegged for nonsteel lines must inevitably rise. And some analysts expect that nonsteel operations will contribute as much as half the company's revenues by the late 1980s, compared with 27 percent last year. Industrial and agricultural chemicals, plus uranium and coal mining, are the units marked for the most rapid growth.

For today, however, so much of the company is tied to steel that Roderick must focus much of his efforts on a desperate struggle to stem the rising tide of troubles in that business. Where help is most needed, he seems to believe, is from Washington. And in his early dealings with the government, Roderick has taken a more flexible, pragmatic approach than his predecessors. In the past, U.S. Steel's chieftains have fought government regulation tooth and nail.

Significantly, U.S. Steel not only lost its past tussles with the government but also penalized its own operations in the process. Because the company fought harder and longer with the EPA on pollution control than others in its industry, it delayed needed plant renovation longer as well. Without knowing what environmental designs were to be required, it was not possible to revamp many production facilities to improve their efficiency. Partly because of that, the company is saddled with what appear to be the oldest steelmaking facilities in the country. Its 29 plants have an average age of 17 years, according to Kidder Peabody, compared with 12 years to Bethlehem, Armco, National, and Inland, and with 15 years for Republic.

Now that Roderick is chairman, the company is yielding somewhat to government regulations instead of blindly resisting. Last May, for example, U.S. Steel signed an agreement with EPA that will cost an estimated $1 billion over the next four years or so to clean up and modernize seven facilities in western Pennsylvania, ending an acrimonious standoff with the agency.

Roesch declares that "there is no reason that U.S. Steel cannot be a totally competitive company—and it will be." But given the gravity of the company's steelmaking shortcomings, many outsiders regard Roesch's claim with skepticism.

U.S. Steel's productivity trials that of almost all its major competitors. Employment accounted for 41 percent of sales costs, equal to Bethlehem's performance but badly trailing the 28 percent-to-34 percent rates of Inland, National, Republic, and Armco. Again, one key reason is that U.S. Steel is stuck with more old and small plants than its competitors in an age of steelmaking during which bigness and efficiency walk hand in hand. In fact, the company built its "newest" integrated mill, the Fairless Works in eastern Pennsylvania, in 1953. And its big plants at Gary and Fairfield date back to the turn of the century.

Antiquated open-hearth furnaces still represent 30 percent of the company's raw steelmaking capacity, more than a third higher than the industry average. And although it continuously casts 20 percent of its steel, compared with 14 percent for the American industry, the foreign record is better: 50 percent of Japanese and 38 percent of German steel is produced by this more efficient process.

It has fallen on Roesch to tackle these productivity problems. He is now trying to boost the output of coke batteries as well as the iron-making blast furnaces, which consume about 50 percent of the energy required to make steel. As part of that effort, the company has retired 14 old, inefficient blast furnaces in the last five years, and four others will close by 1982.

Nonetheless, U. S. Steel cannot afford to close its two largest and most troublesome facilities, the giant mills at Gary and Fairfield. These two account for 33 percent of the company's steelmaking capacity; to shut them down would cripple its steel business, and saddle it with mammoth worker settlement costs. Roderick blames the two mills for much of his company's financial woes. "We readily admit that we have a profit problem," he says, "but it is not for the total corporation, just those two locations."

Both plants have suffered from labor, equipment, and management problems. At Fairfield, where absenteeism is running about 12 percent, the general superintendent—the fourth in eight years—recently wrote the employees that the plant faces a "drastic reduction in operations unless it reverses its three-year string of losses."

INSUFFICIENT INVESTMENT

Without major changes in depreciation and tax policies, the problem can only worsen. Domestic producers figure they must spend $6 billion annually for the next several years merely to maintain existing facilities and meet environmental requirements, compared with an estimated $3.2 billion to be spent in 1979. But even at full operationg levels, the companies can just generate about $4 billion, and the industry's annual expenditures over the last five years have averaged only $2.8 billion. U. S. Steel, for instance, can at best generate $1 billion of the $1.5 billion its management says the company needs to prevent its facilities from deteriorating. Washington is finally taking steps to address such problems. On Aug. 17 the Treasury Dept. cut the depreciation life on steel plants from 18 years to 14½ years, a move that the American Iron & Steel Institute estimates will add $60 million to the industry's cash flow in its first full year. But U. S. steelmakers will still be held to much more lengthy depreciation timetables than most of their foreign competitors. Pointing out that the Steel Co. of Canada Ltd., which is building a new mill in Ontario just 50 mi. north of Conneaut, can depreciate its investment in about a fifth the time possible for U. S. Steel, Roderick dryly asks, "Which mill is likely to succeed?"

On the depreciation and tax front, additional help may be on the way. A bill sponsored by Representatives James R. Jones (D-Okla.) and Barber B. Conable Jr. (R-N. Y.) would allow business to recover its investments for plants in 10 years, for equipment in 5 years, and for some vehicles in 3 years. That bill, likely to be considered next year, would increase the steel industry's annual depreciation as much as threefold to $3.9 billion.

Because the industry anticipates doling out $3.8 billion in environmental expenditures by 1984—U. S. Steel will spend up to $1.8 billion —Roderick also badly wants to be able to depreciate pollution-control equipment in one year. Today most such equipment can be depreciated in five years. Without quicker depreciation for nonproductive pollution-control gear, steel executives fear the environmental burden will only hasten the liquidation of capacity.

Some financial analysts believe U.S. Steel will not be in solid financial shape until it takes a giant write-off of its obsolete facilities, much like the $750 million Bethlehem Steel wrote off in 1977.

Another leitmotif in the industry's dirge of financial woe is its inability to boost prices enough to keep pace with rising costs. Ever since President Kennedy blew up at former U.S. Steel Chairman Roger M. Blough in 1962, over steel price increases, the steel industry has been under government pressure to hold down prices, either through actual controls or jawboning. The Carter Administration's voluntary wage-price program is the latest form of pressure. During its first year, Roderick estimates that this company's costs have climbed nearly 11 percent, while its steel prices increased only 8 percent.

Also holding down prices is the rising tide of steel imports. And an angry Roderick charges that by failing to increase its trigger prices on imports to reflect inflation abroad, the government is aiding foreign producers by allowing them to dump their steel in the United States at prices below their own production costs.

The trigger-price mechanism, established in 1978, in effect sets minimum prices for imports, based on production costs abroad. Foreign producers must pay a countervailing duty if they bring in steel priced below that trigger level. A recent U.S. Steel study shows that because of the government's failure to account for inflation overseas, trigger prices in the fourth quarter will unfairly undercut domestic prices by 7 percent to 9 percent. "If the Treasury is going to continue to administer the trigger-price mechanism as it has," says Roderick, "then the mechanism has probably outlived its usefulness."

Other steel executives, including Lewis W. Foy, chairman of Bethlehem Steel Corp., and Harry Holiday Jr., chief executive of Armco Inc., perfer to keep trigger pricing, at least until governments put in force the strictures of a new international trade agreement that covers steel imports. Legislation to implement the agreement, signed in Geneva on Apr. 12 as part of the continuing Tokyo Round of the General Agreement on Tariffs & Trade, will go into effect in early 1980. The new law should tighten existing U.S. dumping controls by eliminating vague language in previous trade agreements.

Yet even if the new trade package is enforced assiduously, the steel industry's import problem may not disappear. A study by the Central Intelligence Agency estimates that less developed countries, such as South Korea and Taiwan, will double their steelmaking capacity to 115 million tons by 1985. Presumably, a hefty share of this additional tonnage will be shipped to the United States.

NOT "ANOTHER CHRYSLER"

These new foreign supplies, too, are an integral element in the "insidious liquidation" of the domestic industry that Roderick sees. Already, the industry's "melt" capacity—its ability to produce raw ingots and slabs—has fallen 2.5 percent to 156 million tons in the last two years, and the pace of shutdowns promises to increase in coming months. Industrywide coking and finishing capacity is also waning, both have declined 15 percent in the past several years. At the same time, the nation's appetite for steel is growing by about 2 percent annually.

Still, for all the industry's and its own travails in steel, the state of U.S. Steel's overall financial health is not yet critical. "I do not worry about U.S. Steel becoming another Chrysler," says C. Talbott Hiteshew Jr., group vice-president of Mellon Bank, one of the steel company's major lenders. Its long-term debt of $2.2 billion is equal to only 41.5 percent of its equity, about the same as the industry average.

Moreover, U.S. Steel boasts one of the strongest pension positions in the steel industry. Its unfunded pension liability per employee of $7,000 compares quite favorably with the $11,000-to-$12,000 range of Armco, Bethlehem, Inland, National, and Republic.

Beyond these strengths, however, Roderick is counting on a major increase in the demand for steel products in the 1980s. Given the proper investment incentives from government, he predicts that the nation would begin the massive task of rebuilding and expanding its energy, transportation, and industrial infrastructure. Should such a capital boom develop, U.S. Steel would benefit inordinately, because nearly 70 percent of its product mix is geared toward serving the capital-goods market—more than any of the company's more consumer-oriented competitors.

Of course, the quicker the government moves to spur capital spending, the faster the hoped-for boom would arrive. But ironically, the longer Washington delays in changing tax laws to encourage investment, the dimmer are the prospects that U.S. Steel and others will have the time or financial ability to build the new capacity needed to service that boom.

LINING UP FOREIGN SOURCES

Indeed, some customers are already expressing grave doubts about that. Some of the more skittish among them are lining up foreign sources in what could become a scramble to develop assured supplies of steel in the 1980s. "We made a policy decision about six to nine months ago to establish relations with foreign mills," admits the president of one of the nation's leading steel distributors, which has never purchased more than 10 percent of its steel abroad.

To date, the government's only significant gesture to help the faltering domestic industry has been its loan-guarantee program for troubled steelmakers, which since 1977 backed loans totaling $243 million to several companies, although not U.S. Steel. Yet Roderick brands the program an "out-and-out mistake." He views such government safety nets not only as the first steps toward nationalization but also as ill-conceived—aid that will prop up marginal operators without addressing the basic problems.

"The solution is not government guarantees," he says. "It's to create an economic and investment climate that will encourage companies that are credit-worthy to go out and get the funds, and put in the investment to build up the industry."

HOW UNITED STATES STEEL'S REAL 5-YR CASH FLOW IS $3.5 BILLION IN THE RED

[Dollar amounts in millions]

	1974	1975	1976	1977	1978
Begin with net income	$635	$560	$410	$138	$242
Add reported depreciation	386	297	309	372	436
Add deferred taxes	20	97	117	47	(28)
Equals conventional cash flow	1,041	954	835	557	650
Subtract annual capital cost to maintain plant and equipment, which is arrived at by calculating the replacement cost of fixed assets—using cost indexes—and dividing that by 21, the industry's standard life of plant and equipment	1,186	1,359	1,497	1,675	1,866
Equals distributable cash flow	(145)	(405)	(661)	(1,118)	(1,216)
Subtract dividends paid	$119	$152	$173	$182	$136
Equals discretionary cash flow	(264)	(557)	(834)	(1,300)	(1,352)
Add incremental borrowing. This is additional debt capacity that has resulted from the company's increase in net worth through retained earnings during the year. Here, it is assumed that debt should not exceed 50 percent of equity	354	218	153	7	77
Equals annual real cash flow	90	(339)	(681)	(1,293)	(1,275)
Cumulative real cash flow	90	(249)	(930)	(2,223)	(3,498)

Note: Figures in parentheses are negative amounts. Because United States Steel uses the LIFO system, there has been no deduction for inventory valuation adjustment in calculating real cash flow.

United States Steel's real profits: Few are hit harder by inflation

[Real '78 profits[1] percent of reported income]

Company:	
American Broadcasting	96
Federated Department Stores	94
General Mills	90
General Motors	82
Du Pont	76
Procter & Gamble	74
Caterpillar Tractor	72
Ford Motor	70
Georgia-Pacific	62
Monsanto	54
Anheuser-Busch	48
Union Carbide	37
International Harvester	16
Bethlehem Steel	—1
Schlitz	—78
U. S. Steel	—195
Chrysler	—241

[1] Net income less inventory profits and the difference between reported depreciation and depreciation based on the replacement cost of plant and equipment.

Data: Kidder, Peabody & Co.

ONE PLANE, ONE SHIP, ONE TANK

Mr. PROXMIRE. Mr. President, I have noted with some amusement that William J. Perry, the Under Secretary of Defense for Research and Engineering, has discussed the declining force level trends in the U.S. military budget. Dr. Perry has given testimony before the House Appropriations Committee that the cost of military fighter aircraft has been increasing tenfold every 20 years since World War II. If this trend continues, he pointed out, and the defense budget increases by 3 percent a year, the Pentagon will need to spend its entire budget in the year 2110 to buy a single aircraft.

Now this might be some kind of aircraft. I can see it performing a dozen missions—air superiority, interceptor, fleet air defense, close air support, transport, refueling, reconnaissance, electronic warfare, and of course as a trainer. Fleet air defense will not be as difficult as might be presumed because with the price of ships going up as fast as at present, we will only have one ship in the Navy then to protect.

And the close air support mission will be substantially easier because the unit price of tanks is rising so fast that we may have only one very sophisticated tank in the field. It will be a beautiful tank—inches off the ground, push button controls, advanced environmental systems, automatic fire controls, space age sensors.

There will be a substantial overall budget savings in manpower although operation and maintenance will likely stay about the same given the complexities of these super weapons.

Congress will have excess time on its hands since the defense budget will be so simplified. Just think of it, a defense budget with maybe three or four line items.

Now, Mr. President, such hyperbole only hints at the truth. Aircraft carriers now cost over $2 billion each. The Trident submarine is over $1 billion each. The XM1 tank is running close to $1.3 million apiece. Fighter aircraft go as high as $25 million. True, much of this is inflation. But just as true is the insistence of the Pentagon and the Congress to exploit the latest technology to the fullest, to fail in enforcing discipline in the defense marketplace, to trade off sophistication for numbers.

These trends do not serve us well in a world where potential adversaries are concentrating on quantitative advantages.

EXIMBANK PRENOTIFICATION COVERING TWO NUCLEAR POWERPLANTS TO KOREA

Mr. PROXMIRE. Mr. President, I call to the attention of my colleagues a communication I have received from the Export-Import Bank pursuant to section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, notifying the Senate of a proposed direct credit of $1,168,750,000 for exports of U.S. goods and services and a guarantee of a dollar-sourced commercial loan of $206,250,000 to meet local costs in construction and fueling of two nuclear plants in Korea.

Section 2(b)(3)(iii) of the act requires the Bank to notify the Congress of proposed loans or financial guarantees involving nuclear exports at least 25 days of continuous session of the Congress prior to taking final action on such proposals. Upon expiration of this period, the Bank may give final approval to the transaction unless the Congress adopts legislation to preclude such approval.

The Eximbank loan to the Korea Electric Co. will cover 85 percent of the cost of U.S. goods and services to be used in two new nuclear power units known as Ko-ri 7 and 8, each with a capacity of 997,000 kW of electricity, to be located at Gyaema-Ri on the southwest coast of the Republic of Korea. The loan, fully guaranteed by the Republic of Korea, will bear interest at the rate of 8 percent per annum and be repaid over a 15-year period beginning in 1986 in the case of the first nuclear unit and in 1987 in the case of the second unit. The Eximbank guarantee of a local cost loan of up to $206,250,000 or 15 percent of the actual procurement cost of U.S. goods and services, whichever is less, will include a guarantee fee of 0.5 percent per annum on disbursed portions and be repaid to the commercial lenders in 30 semiannual installments beginning in 1986 in the case of the first nuclear unit and 1987 in the case of the second unit.

Mr. President, I ask unanimous consent that the letter from Eximbank pertaining to this transaction be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., August 22, 1979.
Hon. WALTER F. MONDALE,
President of the Senate, Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States Senate with respect to the following transaction involving U.S. exports to the Republic of Korea (ROK).

A. DESCRIPTION OF TRANSACTION

1. Background and Purpose.—

In August 1969, in June 1975 and in June 1978, Eximbank authorized direct credits and guarantees of private credits to assist Korea Electric Company (KECO) in financing the purchase of U.S. goods and services for four nuclear power units at Ko-ri, Korea. The details of the 1975 and 1978 transactions are found in our letters to Congress of May 20, 1975 and May 3, 1978, respectively. The financing authorized for the 1969 transaction was not required to be so reported.

KECO, after consultation with agencies of the ROK Government, as well as authoritative outside consultants, decided to construct additional nuclear power units and solicited bids for the goods and services and related financing for two units known as Korea Nuclear Units 7 and 8. Suppliers from France, Germany, Japan, Switzerland and the United Kingdom, all supported actively by their respective government export credit agencies, tendered bids along with United States suppliers. Each financial assistance package had certain attractions, with the Japanese, the Germans and the English offering terms substantially more favorable than Eximbank could offer. Nonetheless, because of many factors including the Eximbank financing, certain U.S. suppliers have obtained purchase contracts from KECO subject to the availability of Eximbnak financial support.

Consequently, Eximbank is prepared to extend a direct credit of up to $1,168,750,000 to KECO for 85% of the costs of United States goods and services, estimated at $1,375,000,000 (U.S. Costs), and to guarantee a Dollar sourced local cost loan of up to $206,250,000 (the equivalent of 15% of the U.S. Costs). Funds for the balance of the U.S. Costs of $206,250,000 or 15% will come from other sources including KECO's own resources. The Eximbank direct credit will be used to assist KECO in financing the purchase in, and the export from, the United States of two nuclear steam supply systems and two turbine generation units from Westinghouse Electric Corporation. Supervisory engineering, procurement and construction services, and at least 90% of the non-Korean procurement of the balance of plant equipment and materials will be purchased from U.S. suppliers presently not known but to be selected by the engineers and KECO. In addition, the Eximbank financial assistance will be used for financing the purchase and export of uranium ore and its conversion, enrichment and fabrication into the initial fuel cores. Westinghouse will provide the initial fuel core fabrication services. The U.S. Department of Energy will provide the enrichment services.

The two nuclear power units, each with a gross rating of 997,000 KW of electricity, will be located at Gyaema-Ri on the southwest coast of the Republic of Korea. The total estimated cost for the two nuclear power units is $2,475,800,000 of which $1,177,000,000 represents U.S. equipment and services, $198,000,000 the cost of the initial fuel cores, $717,700,000 local costs and the balance of $383,100,000 represents financial costs during construction.

2. Identity of the Parties.—

KECO was incorporated in 1961 and is the Republic of Korea's sole supplier of central station electric power. The Government of the Republic of Korea is the owner of the majority of KECO's stock. KECO is one of the largest users of Eximbank's programs for its U.S. purchases and has maintained an excellent credit relationship with Eximbank.

The Republic of Korea will issue an unconditional, full faith and credit guarantee of repayment of the Eximbank direct credit and the Eximbank guaranteed local cost loan.

3. Executive Branch Approval.—

Eximbank requested through the Department of State the views of the Executive Branch on the proposed transaction. The State Department has advised Eximbank that the Executive Branch has no objection to Eximbank proceeding with this transaction. The Department of Energy has advised that based on its current survey of the uranium, its conversion, and enrichment and fuel fabrication supply situation, it has no objection to the proposed transaction.

4. Safety and Safeguard Aspects.—

The Preliminary Site Investigation Report for the nuclear units which was undertaken by D'Applonia Consulting Engineers, Inc. of Pittsburgh, Pennsylvania, covered aspects of site geology, seismology, marine geophysics and foundation conditions. The Gyaema-Ri site was found to be the most favorable of several alternatives for the proposed units as population density is relatively low, seismic findings indicate no potential earthquake activity and site geology is favorable. The Republic of Korea Atomic Energy Committee (ROK-AEC), the regulatory body responsible for issuing plant construction and operation permits, is requiring that safety analysis reports patterned after the U.S. Nuclear Regulatory Commission (NRC) format be filed with the ROK-AEC. These reports are subject to its stringent review, before the respective permits are granted. The safety reports will include site investigation data, plant design criteria, environmental considerations, and procedures for construction.

The ROK-AEC has entered into an agreement with the International Atomic Energy Agency (IAEA) whereby the IAEA actively engages in consultation with the ROK-EC on issues including safety report review and quality assurance monitoring. The ROK-AEC was very active in auditing all aspects of construction of the Ko-ri #1 nuclear unit which is now in commercial operation.

Experience with this first nuclear project will further enhance the ability of the ROK-AEC to undertake its responsibilities in conjunction with the proposed project. The units themselves will be designed and built according to NRC standards in effect as of March 31, 1979.

A trilateral agreement between Korea, the U.S. and the IAEA is in effect whereby the IAEA administers Korean safeguard procedures, providing for the monitoring of nuclear fuel quantities and enforcement of security measures to prevent fuel diversion to other uses.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons.—

The Eximbank direct credit of $1,168,750,000 will facilitate the export of $1,375,000,000 of U.S. goods and services.

Eximbank perceives a positive impact on the U.S. economy from this financial support. This transaction will have a favorable impact on employment, as well as on the United States balance of trade. It is estimated that the transaction will provide 60,600 man-years of direct and indirect employment and will benefit 1,200 subcontractors and suppliers (many of which will be small businesses) in 250 cities in 40 states. The states to benefit the most are California (7,849 direct man-years), Pennsylvania (5,820 direct man-years mainly employed by Westinghouse), Tennessee (2,149 direct man-years), New York (1,801 direct man-years), Missouri (1,296 direct man-years), Florida (1,200 direct man-years), Oregon (1,054 direct man-years), and Ohio (911 direct man-years). For further details, please see Exhibit 1 attached to this letter.

In addition, many of the manufacturers have excess capacity for the goods to be exported as a result of the slowdown and cancellation of nuclear power projects in the United States.

Other economic benefits accruing to the United States from the transaction are: additional employment resulting from the potential sale of reload fuel cores (providing 1,300 direct man-years annually of employment), spares and related services; tax revenues generated by the sale of the goods and services at all levels; and a reduction of domestic plant costs through the spreading of costs over more units by enabling the nuclear industry to achieve an even workload and maintain a skilled work force. Further, cash flow from such exports will enable the nuclear industry to continue its high level of research and development activities.

Nearly every industrialized country with nuclear exporting capability bid on the transaction and their bids were supported by attractive financing proposals of their respective official export credit agencies. The Japanese, the Germans and the English offered the most attractive terms with interest rates at far less than Eximbank is able to charge. KECO has selected or will select United States suppliers for the nuclear steam supply system, the turbine-generations sets, the engineering, construction management services, balance of plant equipment and the initial fuel core on the basis of KECO's evaluation of cost, financing, economic comparison, delivery schedule, prior experience and quality of goods and services.

2. *The Financing Plan—U.S. Costs.*—

The total cost of United States goods and services of $1,375,000,000, allocated $1,177,000,000 to equipment and technical services and $198,000,000 to the initial fuel cores, will be financed as follows:

[Dollars in thousands]

	Equipment and technical services	Initial fuel cores	Total	Percent of U.S. costs
Cash payment	$176,550	$29,700	$206,250	15
Eximbank credit	1,000,430	168,320	1,168,750	85
Total	1,176,980	198,020	1,375,000	100

(a) Eximbank Charges:

The Eximbank direct credit will bear interest at the rate of 8.00 percent per annum. In addition, Eximbank will charge a commitment fee of 0.25 percent per annum on the undisbursed portion of the Eximbank direct credit.

(b) Repayment Terms:

The amounts disbursed under the Eximbank direct credit for the equipment and technical services will be repaid in 30 approximately equal consecutive semiannual installments, beginning October 11, 1986 in the case of the first unit, and October 11, 1987 in the case of the second unit.

The amounts disbursed under the Eximbank direct credit for the initial fuel core will be repaid in six approximately equal consecutive semiannual installments, beginning October 11, 1986 in the case of the first unit, and October 11, 1987 in the case of the second unit.

3. Financing Plan—Local Costs.—

Eximbank will guarantee a local cost loan to be provided by commercial lenders in an amount not to exceed $206,250,000 or 15 percent of the actual procurement costs for the U.S. goods and services, whichever is less.

(a) Eximbank Charges:

Eximbank will charge the lenders of the local cost loan a guarantee fee of 0.5 percent per annum on amounts disbursed to KECO, and Eximbank will charge KECO a commitment fee of 0.125 percent per annum on the undisbursed portion of the local cost loan.

(b) Repayment Terms:

The amounts disbursed under the local cost loan will be repaid in 30 approximately equal consecutive semiannual installments beginning October 11, 1986 in the case of the first unit, and October 11, 1987 in the case of the second unit.

Sincerely yours,

JOHN L. MOORE, Jr.

FINANCIAL AND EMPLOYMENT EFFECT OF NUCLEAR POWER EXPORTS, KOREA NUCLEAR UNITS 7 AND 8

State	Cities	Value of exports (thousands)	Employment man-years	Subcontractors
Alabama	4	$1, 508	33	7
California	12	307, 121	7, 849	465
Colorado	5	26, 114	583	19
Connecticut	12	27, 013	549	30
Delaware	1	170	4	1
Florida	2	45, 591	1, 200	9
Georgia	2	169	4	3
Illinois	17	23, 691	481	44
Indiana	9	5, 436	128	13
Iowa	2	5, 046	110	66
Kansas	1	333	5	1
Kentucky	2	725	17	7
Louisiana	3	4, 253	98	3
Maine	1	55	1	2
Maryland	4	7, 957	174	10
Massachusetts	9	14, 957	323	27
Michigan	9	3, 222	70	20
Minnesota	2	728	15	2
Mississippi	1	530	14	1
Missouri	3	64, 160	1, 296	10
Nevada	1	258	5	3
New Hampshire	1	7, 844	159	2
New Jersey	13	43, 465	885	44
New Mexico	5	24, 503	550	17
New York	15	88, 676	1, 801	53
North Carolina	4	41, 317	702	9
Ohio	15	44, 845	911	59
Oklahoma	1	3, 955	61	5
Oregon	3	50, 734	1, 054	10
Pennsylvania	49	267, 259	5, 820	163
Rhode Island	2	1, 192	28	2
South Carolina	2	19, 130	446	4
Tennessee	5	113, 262	2, 149	45
Texas	7	24, 580	522	29
Utah	5	25, 840	580	19
Virginia	4	26, 275	535	13
Washington	4	1, 787	38	9
West Virginia	4	5, 027	116	3
Wisconsin	5	21, 772	444	12
Wyoming	5	24, 500	550	16
Total	251	1, 375, 000	30, 310	1, 197
Rounded total	250	1, 375, 000	30, 300	1, 200

THE GENOCIDE TREATY WOULD NOT COMPROMISE THE CONSTITUTION

Mr. PROXMIRE. Mr. President, over the past 25 years, opponents of the Genocide Convention have claimed that ratification of the treaty would compromise our precious first amendment. It is time these charges were put to rest.

Time and time again, those testifying before the Committee on Foreign Relations, including legal experts and defenders of civil liberties, have assured us that the convention does not violate the first amendment of our Constitution.

The American Civil Liberties Union—one of the most vigorous defenders of first amendment rights—endorsed the convention in 1970. Hope Eastman, speaking on behalf of the ACLU, pointed out that "(r)atification of this Convention could not obligate us to ignore the first amendment. * * *"

Those who argue that upon ratification the convention would become the "supreme law of the land" disregard numerous court precedents. In *Reid* v. *Covert* (354 U.S. 1) the Supreme Court decided that no treaty could override the clear commands of our Bill of Rights.

Again, in *Geofroy* v. *Riggs* (133 U.S. 258) the Court maintained that treaty power does not extend so far "* * * as to authorize what the Constitution forbids." Treaty power is limited. The Constitution is supreme.

Yet the Supreme Court precedent is not the only safeguard protecting the first amendment. The Convention itself guarantees that our Constitution would not be compromised. Article V of the Convention stipulates that the contracting parties join in the Convention only "* * * in accordance with their respective Constitutions." No signatory of the Genocide Convention would expect any compromise of our first amendment. No Senator in this chamber would allow it. No situation would produce it.

Never has the International Court forced America to compromise its constitution because of treaty obligations. Both historical and court precedents have proven the supremacy of the Constitution. Nevertheless opponents of the Convention continue to expound on the dangers of the Genocide Treaty.

The Convention should no longer be portrayed as being inconsistent with the first amendment. Once again, I ask my distinguished colleagues to ratify the Genocide Treaty.

Mr. LEVIN. Mr. President, before the remarks which I had planned to deliver at this point, I wish to commend my friend and colleague from Wisconsin. He never misses an opportunity to remind us of the Genocide Convention, which we have not ratified, and I regret that too infrequently do we have an opportunity to thank him for his steadfastness on that issue.

Mr. PROXMIRE. Mr. President, if the Senator will yield, I thank my good friend from Michigan. I know how strongly he feels about the Genocide Treaty, and I cannot tell him how much I value his support. There is no Member of this body whose support I would rather have on this matter—or other matters, for that matter—and I appreciate his support.

Mr. LEVIN. I thank the Senator.

THE CHILDREN OF FOSTER CARE IN SEARCH OF A PERMANENT HOME—THEIR PLIGHT

Mr. LEVIN. Mr. President, there has been much discussion and concern about the 500,000 children living in foster care. A substantial number spend the most significant years of their lives floating from family to family, never knowing the stability of a permanent home, a most precious aspect of our existence which so many Americans take for granted.

Mr. President, the children to which I refer come from underprivileged families and more often broken homes. The foster child is usually one who has been neglected, abused, or abandoned by the parent or parents. In some cases they are the severely retarded or otherwise handicapped.

The National Commission on Children in Need of Parents (NCCNP) organized for the expressed purpose of addressing and providing a resolution to this "American tragedy." They have published valuable information, some of which I would like to bring to the attention of my colleagues.

Before introducing a portion of chapter I of the report into the RECORD, I would like to enlighten those of my colleagues who may not be familiar with the NCCNP.

The work of the NCCNP has been funded by a grant from the Edna McConnell Clark Foundation of New York. Its membership is derived from outstanding leaders in education, industry, government and the arts. Social welfare experts were consulted throughout the NCCNP's study of the foster care system. The membership was chosen with the aim of bringing a fresh and new approach to an old and unsolved problem.

It was not the NCCNP's intention to add to the body of technical and statistical data that already exists on the subject of foster care; but, rather find out what has been impeding the transition to permanent homes for numerous foster care children. The Commission digested all current literature on the issue, then heard testimony from those involved with the foster care system on a daily basis (case workers, judges, administrators, foster parents, child advocates, and the children of foster care facilities) to get their view of what is blocking the permanent placement of children in foster care.

Regional planning councils (comprised of adoptive and foster parents, social workers, clergymen, public and private child welfare agency staffs, judges, psychiatrists, psychologists, attorneys, and lay people) were created to clarify major issues in foster care throughout the United States and to identify appropriate witnesses for public hearings which NCCNP held in nine regions of the country during 1978: Boston, Philadelphia, Los Angeles, Atlanta, and Houston.

Mr. President, as you know, a number of my colleagues have joined me in sponsoring legislation which would facilitate the placement of foster care children in permanent homes. The proposal, which was introduced August 2, would provide Federal matching funds for an AFDC-eligible child who has special needs. Once adoption assistance payments begin, the foster care costs for that child (which are usually much higher) would be terminated. Under S. 1661, a child with special needs is defined as one who: First, cannot or should not be returned home; second, one who bears a special condition (such as age; physical, mental, emotional, or medical handicap; or membership in a minority or sibling group) or; third, one for whom efforts have been made to find a permanent home without providing adoption assistance payments.

Mr. President, unfortunately, these

children—because of their special condition—are the most likely to be placed in foster care, and the least likely, in the absence of adoption assistance, to be placed in permanent homes. Current law discourages willing families; attempts to place them in adoptive homes without a subsidy have often failed because many families cannot afford the expense required to adequately meet the special medical or other needs of these children.

Under the proposed legislation, the amount of adoption assistance payments would be determined by agreement between the adoptive parents and the administering agency, taking into consideration the economic circumstances of the adopting parents and the needs of the child. The amount would be subject to periodic adjustments in accordance with any changes in those circumstances. Further, the payment could not exceed the amount that would have been paid for foster care for such a child in a foster home in the State.

Mr. President, S. 1661 not only redirects funds to a more efficient child placement scheme; it may well save money. Because the children who will receive this assistance are AFDC children who otherwise would remain in more expensive foster care arrangements, an adoption assistance program could result in cost savings, particularly in the administrative area. It is my hope that the Senate will act on this legislation in the very near future.

Mr. President I ask unanimous consent to have printed in the RECORD parts of chapter I of the NCCNP's report on children in foster care.

Any of my colleagues desiring a copy of the complete report should contact: NCCNP, 801 2d Avenue, New York, N.Y. 10017.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PERMANENCE: THE FORGOTTEN OBJECTIVE

In social work theory, foster care is intended as a temporary condition, a stop-gap solution until children can be returned to their parents or adopted. The long-term objective is permanence. Dr. Ner Littner of the Chicago Institute for Psychoanalysis, testified before the Commission: "If a child is separated from his biological parents but is able to develop a permanent relationship with another mother and father, there may be no long-term damage done. If, instead, the child is moved from one foster home to another, a variety of harmful consequences may occur. He may develop pseudo-mental retardation or learning problems, or mental illness or personality problems, including delinquency, criminality and sexual perversions and varying degrees of self-defeating behavior. If he survives into adulthood he probably will have the adult version of his childhood problems. If he has children, he will probably pass his own problems on to his children—and they to theirs."

Clearly, foster care, designed as a means to an end, becomes the end itself, a no-exit fate for hundreds of thousands of luckless, innocent children. Permanence, the bedrock of a healthy childhood, is forfeited and replaced by an existence of rootless insecurity.

The Commission set out to discover why this happens to children in America, and to determine what must be done to correct an untenable failure in our society. Specifically, the Commission sought to identify those obstacles—legal, administrative, financial and social—which perpetuate instability and deny permanent parents and family to so many children. Indeed, the Commission does not advocate any increase in the present total spending for foster care. Increases now would only serve to support an essentially insupportable system. A major conclusion of the Commission is that the current system spends a great deal of money for the wrong reasons and that most changes it recommends should eventually produce economies while providing better service to children.

For example, current public costs for a child in foster care average $3,600 per year. If an annual adoption subsidy of $1,200 per year were paid, and if 10,000 hard to place children were thus given permanent adoptive homes, cumulative savings over 10 years would amount to $1.3 billion.

Viewed another way, the Michigan Department of Social Services has calculated that one young foster child who is adopted produces savings in foster care payments roughly equivalent to the salary and supporting administrative costs of one social welfare worker.

PREVENTIVE EFFORTS

Appraisals of foster care inevitably begin by noting the superiority of keeping a child with the original parents over placement in foster care, whenever this course remains open. Most students of the problem accept the wisdom of helping families "at risk" stay together and thus spare children the trauma of separation and the psychological damage of floating in foster care. The Commission shares these views. Properly administered family counseling, home maker services, medical assistance and other support can hold a family together and thus make foster care unnecessary for some children.

At the same time, the Commission recognizes that the preventive aspects of foster care are among the most sociologically complex. Therefore, in attempting to carry out a manageable mandate, we have largely restricted our scope to those problems which arise after the child, for whatever reason, leaves his or her original parents and enters foster care. The Commission does, however, strongly endorse a study by an appropriate body of the potential of enhancing family support services as a means of avoiding the necessity of placing children in foster care.

MAJOR FINDINGS

1. Approximately 500,000 American children are presently in foster care. Many do not belong there at all. Many could be adopted. Many are kept in foster care too long. Often this experience causes profound damage to the child's normal development.[1]

2. The courts are often the cause of children unnecessarily spending years in foster care. Children who should be legally freed for adoption languish in foster care because the courts do not act to terminate the rights of the biological parents. The faintest "flicker of interest" often deters judges from severing the rights of persons who have for years demonstrated unfitness, disinterest or an inability to be responsible parents. This condition is abetted by a maze of differing state laws and inadequate judicial guidelines for making the painful decision to sever parents' rights to their children. Harried judges are often unaware of the damage being done to these children. Highly subjective attitudes may prevail.

3. The way in which Federal aid is provided encourages keeping children in foster care and discourages finding them permanent homes. Though it is far less costly to find a child a permanent home, Federal aid is available to support a child in foster care, but essentially stops after the child is adopted. In 1977, for example, the average support payment to a foster care institution (as distinguished from foster family homes) was $7,000 per child annually. (And as high as $24,000 in some New York City child care institutions). But, if the child is placed for adoption, the social agency which places it receives only a one-time fee. That fee, for example, in New York City is $1,750. The financial aid pattern thus encourages the higher cost option of continued foster care over adoption.

4. Foster care is administered by staffs so overburdened, poorly paid and often unprepared professionally that they are ill equipped to free children for adoption and find homes for them. Turnover rates of from 50 to 100 per cent among case workers are not uncommon. While the standard recommended by the Child Welfare League of America is 20 to 30 cases per worker,[2] 75 to 90 cases is more the national experience.[3] A case worker's actual direct face-to-face contact with the child and family may total under two work days per year.

5. Inadequate support payments to foster parents contribute to frequent turnover of homes and thus mean more moves for foster children. The Commission found some foster home care monthly support payments as low as $90 (Texas), $106 (Colorado), $115 (Oregon). In Connecticut, foster parents are paid $32 a week to support a child. In most areas, kennels charge about $35 per week, often more, to board a dog. Support payments rarely cover actual out-of-pocket expenses of the foster child's care. The predictable result? A high turnover and inadequate care in available foster homes.

6. Taxpayers and contributors to charity are not getting dollar value for foster care spending in this country. Federal-state expenditures for foster care are presently estimated to be at least $1.2 billion to $1.5 billion, and the grand total nationwide, including private charity spending, is estimated at $2 billion.[4] This substantial investment is producing a dismal return on the principal objective: providing permanent homes for uprooted children and quality care while they are in foster care.

7. Children virtually become lost in foster care. The figure of 500,000 children in foster care is at best a raw estimate. The Commission could not determine the number of such children with precision since many state child welfare agencies do not maintain complete records and admit they do not know how many children are in their charge. Indeed, the federal government's mandate that this information be collected has been consciously ignored by some federal and state officials in recent years. Few states mandate a review of foster care cases to determine the child's current status and to find if a plan exists and is being carried out to find the child a permanent home. Even in states which mandate judicial review, the uneven qualifications and prejudices of judges, the inadequacies of social service agencies and absence of guidelines too often defeat the intent of the law.

8. There is in America no cohesive "system" of foster care worthy of the name. What passes for a foster care system, is in actuality, a patchwork of inconsistent, conflicting competing organizations, laws and procedures, a maze, in short, in which children's interests are lost and their healthful development is jeopardized.

These findings, more accurately, failings, reflect a largely ignored tragedy in America. While, obviously, no willful conspiracy is at work to defeat children, the net effect of neglect and maladministration is quite the same. The Commission finds that a surer system for harming children and wasting money could hardly be invented than that which has grown up, like a pernicious weed, in the operation of foster care.

Footnotes at end of article.

A prime concern of the Commission has been to avoid a simplistic indictment of foster care's evils. The problem is intensely difficult because it deals with human behavior and motivation which we still barely comprehend. The conflicts and contradictions in human nature are vastly magnified in a problem that often pits biological parents, their children, surrogate parents, the courts and state agencies against each other.

Indeed, a vexing contradiction lies at the heart of the foster care problem and explains much of its intransigence. We accept that the best place for a child, all other things being equal, is with the natural parents. Hence, the reluctance of judges to terminate parental rights even in the fact of an egregious history of child abuse and neglect. A judge's choice between the best foster home and the worst natural parents may be simple. But the myriad gray areas in between literally require the wisdom of Solomon. And, as long as the child is not legally released from his or her original parents, adoption is impossible. Hence, foster care becomes the uncomfortable, indefinite compromise, a middle ground wholly satisfactory to no one.

MAJOR RECOMMENDATIONS

Recognizing the complexity of the issue, the Commission nevertheless has concluded that a far superior system, more humane, practical and economical, is possible than that which now exists. From the testimony taken nationwide, and examination and research into the field, the Commission found these as the most promising, feasible and affordable actions for removing impediments to permanent adoption for foster children and for improving the quality of their lives while they are compelled to remain in foster care. The Commission recommends that:

1. State governments should adopt a consistent, effective law for the termination of parental rights, a statute that will insure timely judicial decisions, release children from the legal limbo of foster care and require a plan for moving these children from foster care to adoption. Specifically, the Commission believes that the model statute prepared by the Neglected Children Committee of the National Council of Juvenile and Family Court Judges is a good law to meet these objectives and its provisions should be considered by all states.

2. Federal aid programs should be redesigned to shift the incentive from placing the children in foster homes and institutions to placing them in permanent homes with their original or adoptive parents. Specifically, the Commission recommends the passage of Federal legislation eliminating the prohibition on the use of Federal funds for adoption subsidies for hard to place children. The Commission also urges all state governments to enact legislation similar to the Model State Subsidized Adoption Act drafted by the Office of Child Development, U.S. Children's Bureau.

3. The payment of Federal aid should be designed to encourage better management practices than now prevail in the administration of foster care. Formulas should be considered which link Federal aid to good management and vigorous efforts to place foster children in their own or permanent adoptive homes.

4. Foster parents must be fairly reimbursed for the cost of rearing foster children.

5. Every foster child's case should undergo mandatory, periodic review by either the courts or an independent administrative body to see that an individualized, realistic plan for moving the child into a permanent home has been prepared and is being responsibly pursued.

6. Foster care agencies should be far more imaginative in using the news media and other promotional techniques to make people aware of foster children available for adoption.

7. The Federal government should launch a a national effort to develop and implement a positive, integrated policy to promote the rights of children in need of parents.

8. Public Law 95–266 should be implemented on a timely, adequate basis, including the creation of an Adoption and Foster Care Resource Center and a National Information Exchange. The creation of these institutions should also be seen as an opportunity to bring new, qualified leadership into the field.

A CAUSE WITHOUT A LOBBY

An awareness which pervaded the work of the Commission has been the evident helplessness of children in foster care. They have no vote. They come largely out of poor, unsophisticated, uninvolved families. They have no constituency. They have a limited advocacy in the work of organizations such as the Child Welfare League of America, the Children's Defense Fund and others. But, in the arena of political decisionmaking, the interests of these children are still not sufficiently represented. They lack direct political influence. Hence, there is scant reward for the elected official who heeds their crying needs and no punishment for those who ignore them.

IT CAN BE DONE: HEARTENING SIGNS

The most encouraging evidence that this nation can do a better job in foster care was testimony presented to the Commission reporting successful model projects. These efforts admittedly touch only on a small part of the total problem. Still, they demonstrate, in area after area, that each failing in foster care will yield to an intelligent, imaginative, vigorous solution.

In Oregon a project to identify and remove obstacles to permanence returned 26 per cent of the children involved to their parents, while 52 per cent were adopted. In Michigan, people are being taught the difficult art of being a foster parent rather than being plunged into this role unprepared. In South Carolina, a Foster Care Review Board is making sure that children do not get lost in the system. Adoptions are consequently up nearly 50 per cent. In Michigan, special teams are showing judges how best to handle foster care cases. In Colorado, a network of specialized adoption programs is demonstrating important success with the most difficult to place of the children in need of parents. These efforts are reported at greater length in the appropriate chapters of this report.

Yet, throughout most of the foster care system, young lives are being wasted. Money is misspent. The seeds of welfare dependency, medical and psychiatric illness, even criminal behavior, for which we all pay, are being sown by the failure of the present system of foster care.

The Commission concludes, for the expenditure of no more money and possibly a good deal less, that we can have a system both compassionate and practical for returning uprooted children to permanent homes. The recommendations described above and dealt with more fully in the following chapters provide the key to achieving that objective.

FOOTNOTES

[1] See also Table 1, Appendix, "Number of Children in Out-Of-Home Placement."

[2] Child Welfare League of America Standard for Foster Families Service, 1975.

[3] See Table 3, Appendix "Average Caseload."

[4] Public Assistance Statistics, Department of Health, Education and Welfare, 1977, and HEW staff responses.

YANKEE KNOW-HOW AT ITS FINEST

Mr. DURKIN. Mr. President, I take this opportunity to commend George Quig, the New Hampshire State Police, and the U.S. Coast Guard stationed in Portsmouth, N.H., who just last month combined efforts to miraculously save the lives of four Americans stranded at sea. Their quick thinking and the resultant rescue was a stunning example of Yankee know-how at its finest.

Mr. Quig was in New Hampshire's scenic White Mountains area when he picked up a cry of "May Day" over his citizens band radio. For years, CB'ers across the country have risen to the call for help from stranded motorists and those in need of emergency assistance. Mr. Quig continued this tradition. What was unusual about this "May Day" call was that the troubled party was over 2,500 miles away, drifting helplessly off the coast of Colombia, South America.

Mr. Quig did not dismiss this call as an irresponsible prank—a cry of "wolf" from some summer sailors. Instead, he immediately notified the New Hampshire State Police, who in turn notified the U.S. Coast Guard station in Portsmouth, N.H. The Portsmouth Coast Guard are no strangers to rescue missions, having established a superlative record for protecting boatsmen off the New England coast. Within 3 hours, the troubled trawler was safely in tow back to a Columbian port. The Air Force Search and Rescue Center, which found the vessel, reported that all four passengers were unharmed thanks to the concerted effort of George Quig, the New Hampshire State Police, and the U.S. Coast Guard in Portsmouth.

I ask unanimous consent to have printed in the RECORD the New York Times account of this heroic rescue.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW ENGLAND CB USER AIDS CARIBBEAN RESCUE

CONCORD, N.H., August 12.—A quirk in the atmosphere and the alertness of a CB operator in New Hampshire's White Mountains sparked a rescue that saved the lives of four Americans adrift thousands of miles away off Colombia's Caribbean coast, the authorities said today.

The 2,586 mile rescue effort started at 9 A.M. Friday when George Quig's attempts to contact his wife on the CB radio were interrupted by a scream of "Mayday."

"It came in so loud I thought they were down the street," said Mr. Quig, a 58-year-old real estate agent who has operated a CB for 20 years.

Mr. Quig notified the New Hampshire State Police, who in turn notified the Coast Guard in Portsmouth. The mission was then turned over to the Air Force Search and Rescue Center at the Howard Air Base in Panama.

"It took about three hours to get on scene, but they spotted the trawler right where they said it would be," said Capt. Ralph Johnson at the air base. The vessel, a 42-foot fishing boat from Miami, was towed to a Colombian port. The four passengers were believed to be unharmed, Captain Johnson said.

RAYMOND A. BRIGHTON RETIRES

Mr. DURKIN. Mr. President, I am privileged today to pay tribute to Raymond A. Brighton, whose candor and boldness were trademarks of his long and distinguished career in journalism.

Ray Brighton, who has been editor of the Portsmouth Herald in New Hampshire for the past 10 years, and associated with the paper for more than 33 years, announced his plans to retire at the end of this summer. To say that he will be missed is an understatement—and this is from someone who has drawn both his criticism and his praise.

For 10 years he has provided the seacoast readers with incisive, provocative, and forceful editorials. Whether praising, condemning, or generally observing, Ray's editorials were flavored by a judicious mind, keen wit, and clarity of thought.

Wielding his pen with all the flair and expertise of a fine swordsman, Ray could knight the noble, defend the weak, and expose the pompous or unjust, with a plain, straight-to-the-point style unsurpassed in editorial writing.

As a faithful reader, who will sorely miss his colorful prose and unequivocal opinions, I wish Ray and his wife Jackie many happy and peaceful years which they so much deserve.

I ask unanimous consent that the farewell editorial, written by Ray Brighton for the Portsmouth Herald be printed in the RECORD, at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AN APPRECIATION OF SEACOAST

Edward VIII won immortality he didn't deserve in January, 1936, as he abdicated the throne of England, when he said, "Now at long last, I will say a few words of my own."

In no way is the present occasion so pretentious; not even the Seacoast will rock; let alone an Empire; so, even more indelibly engraved on memory are the first two verses of Ecclesiastes:

"To everything there is a season, and a time to every purpose under Heaven; a time to be born; a time to die; a time to plant; and a time to pluck up that which has been planted. . . ."

Subsequent verses run in the same vein, but because Social Security was unknown in ancient days, there's no mention of retirement from active life; and, that, too, comes to all.

Edward VIII, England's last uncrowned king, in leaving the throne deferred to royal polity, a discipline that dictates silence when a "Royal" isn't in agreement with public policy. Edward left the throne, sticking his brother George with the job so he could pursue his light of life.

We have no light of life to pursue; but we're going to stick a George—Robinson, that is—with the tasks we're putting aside.

Because Herald General Manager Azio J. Ferrini is allowing a special indulgence this week, today specifically, I'm dropping out of the editorial "we" and will write a few words of my own.

First let me say, and it comes from the heart, I can never repay the debt I owe the Seacoast, and more especially the people of Portsmouth.

For nearly 11 years, Herald readers have allowed me to fulminate, praise, insult, cajole and so on without ever starting up justifiable lynching parties. I'm of an era that can recall the late Robert Marvin leering in the old Chestnut Street door to ask: "Is this where they horsewhip editors?" but no one ever tried. For that I'm grateful.

In my 33 years at The Herald, it's been my pleasure and privilege to know some of the most powerful personalities ever to reign in the Seacoast; the greatest of which has to be the late Justin D. Hartford.

Second only to "JD" has to be "Dick" Blalock, the third of the four editors The Herald has known since 1897. Proudly, I'm the fourth.

As editor, I've been able to swing freely only because of the understanding forbearance of two great newspapermen, Kenneth K. Burke and Azio Ferrini. And it has to be understood that many times I made both of them nervous, especially when I skated near those reverenced beings—advertisers.

In fact, both Ferrini and Burke had the habit of wandering out to the Back Shop to find out what they might have to explain to advertisers the next day, and, in all truth, they seldom interfered.

Fairness to both gentlemen dictates saying that few if any editorial writers in New Hampshire, other than those who own their newspapers, ever enjoyed the license I did. They should and would, with publishers who understand the principles of newspapering, so I'm grateful to the two fine men under whom I worked for their permissiveness.

Most of the Portsmouth characters I came to know when "JD" hired me in 1946 have shuffled offstage, for one reason or another.

Years ago, reading Charles W. Brewster's Ramble entitled, "Fifty Years in a Printing Office," told me that change in newspapering is ever a constant. At the end of his half century, Brewster found one small piece of ornamental type that was all that was left of what had been there when he began.

Well, I've been at The Herald only 33 years, and already there's nothing left of the metal type I knew from days when I started out in the business. When I cleaned out my office the other day, the only piece of metal left was the main part of an "ad" for "They Came to Fish (that's a commercial), and that had been around since 1973.

A few years ago, I heard Dr. John Kenemy, Dartmouth College's chain-smoking, computer-wise president, predict that in the 1990s newspapers, as we know them, will be gone. Each household, according to Dr. Kenemy, will have its own electronic terminals, receivers for the type of machines The Herald has just installed, from which, via a TV-type screen, the news will come—all day. Heaven help us!

Dr. Kenemy is probably right. In the last few weeks of my career, much of the time was spent in fooling around with The Herald's new system, and I'm slowly becoming converted.

Why bother to learn such new techniques on the eve of retirement? Why not? I always maintained there was no job in the newsroom I couldn't do, so could I leave without learning "terminals?"

And it's been both fun and an aggravation, so I still maintain I would prefer to work with typewriters, paper and pencils. My revered superior, Azio Ferrini, digs deep into his Italian ancestry to weep at such heresy, and, I have to admit, I did this piece myself on one of his infernal machines.

So, like Brewster's old wooden type cases, paper, typewriters, linotype machines, hot metal and so on are "Gone With the Wind."

Before closing, I wish every success to those who are going onward in The Herald's newsroom, and in every other department of the paper.

The Portsmouth Herald is a great institution; it's been my life for 33 years or more, and cutting the umbilical cord hasn't been easy, but it's better to do it with people asking "Why?" rather than "When?"

So in this, the only signed editorial of my career, and the only one ever to appear on Page One, I thank all who made my career possible: a tolerant wife and family, fine colleagues and wonderful friends.

For years, at least the last two or three, when it became obvious that this day was coming, I have tried to imagine the moment, and to conjure up some deep philosophical thought, as great minds do, that's appropriate to the moment. I can't meet that standard, so I content myself by saying:

"Thank you, one and all!"

SOVIET MILITARY ACTIVITIES IN CUBA

Mr. THURMOND. Mr. President, the problem of Soviet activities in Cuba goes beyond the issues raised by the recent discovery that a combat brigade of up to 3,000 personnel is present on that island nation.

What is happening there and what must be stopped is the establishment in Cuba of a Soviet military outpost. It is taking place because of a weak U.S. foreign policy and it will continue so long as we meet various challenges with weak responses.

For instance, in 1978 the Soviets for the first time moved into Cuba MIG-23 aircraft which are nuclear capable. This is in direct violation of the 1962 agreement negotiated by President Kennedy. What was the U.S. response? After the complaints declined, the United States accepted these aircraft based on the Soviet claim that they were not modified to carry nuclear weapons.

Any military man knows that these aircraft can be modified to carry nuclear weapons in a matter of days. Thus, they do pose a threat and an escalation of Soviet activities in Cuba. Besides the new threat, these aircraft were often piloted by Soviet airmen, another escalation which the Carter administration played down.

So what is the reward for these weak policies. Now we have a Soviet combat brigade in Cuba. This represents still another escalation which we may or may not be able to deal with in a successful manner.

Certainly the Soviet response that this is a training unit is unacceptable. A training unit with large numbers of tanks, artillery, armored personnel carriers, and support units? That is not the way training units are structured.

On top of the air and ground forces the Soviets have been constructing a naval base in Cuba, supposedly for the Cuban Navy. The Soviets have given Cuba one submarine and another is on the way. These subs will tie down U.S. vessels to watch them and the Cubans could monitor traffic out of U.S. ports, such as Charleston, S.C. in my own State. In any event this base is much larger than the Cubans would need and could serve as a base for Soviet ships. They will simply use it for short periods of time and then as the complaints stop, it will be used for longer periods or for emergency repair. The end result will be a Soviet warm water naval base just off U.S. shores.

Mr. President, the combination of air, sea and ground forces the Soviet Union has introduced into Cuba in recent years, and especially the activities in the past few years, clearly leads to the conclusion that a military outpost is being established. This is what President Carter should deal with, and he should do so promptly and with firmness. If we cannot stand firm in our own hemisphere, we cannot stand firm anywhere in the world.

RETIREMENT OF ROBERT D. BENNETT

Mr. THURMOND. Mr. President, Mr. Robert D. Bennett, one of the outstanding electric cooperative leaders in the country, will retire soon after 29 years as executive vice president of the South Carolina Electric Cooperative Association.

During World War II, Bob Bennett served our country well as an infantry first sergeant. Upon his return he became manager of Salkehatchie Electric Cooperative in Barnwell, S.C., and helped organize Central Electric Power Cooperative, a generation and transmission system.

Mr. Bennett is an energetic man and his work is almost unceasing. He breathed life into the South Carolina Electric Cooperative when he took over its helm, leading it to become an organization representing more than one-fourth the population and every electric cooperative in the State.

He helped organize the South Carolina Council of Farmer Cooperatives, and, under his leadership, the co-ops formed the Cooperative Electric Energy Utility Supply, Inc., a materials supply organization for co-ops.

Bob Bennett's contributions have been felt all over America. He has provided leadership through serving on many national committees and by the generous use of his experience. His counsel has been sought by governors and legislators in South Carolina for three decades, and every member of the South Carolina congressional delegation has drawn heavily on his wisdom and experience.

Mr. Bennett is a dedicated, selfless individual whom I am proud to have as a friend. His long, illustrious career is a credit to him, his family and our State. South Carolina will forever be grateful for his many contributions.

NATO DOUBTS U.S. CONCERN

Mr. THURMOND. Mr. President, recently, many have voiced concern about NATO's ability to maintain a defensive position in Europe which would be strong enough to deter any aggression by the Warsaw Pact nations.

An editorial in the Aiken Standard, Aiken, S.C., sheds light on the reluctance of some NATO nations to allow an intermediate range nuclear missile, which would help balance the 4 to 1 Soviet superiority of theater nuclear forces, in Europe.

Mr. President, in order to share this with my colleagues I ask unanimous consent that it appear in the RECORD at the conclusion of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NATO DOUBTS U.S. CONCERN

The Carter administration quietly sounded out NATO allies last month on a proposal to base intermediate-range nuclear missiles in Europe capable of reaching targets in the Soviet Union. The response tells us a lot about the extent to which the shrinking American nuclear umbrella and the Soviet Union's growing strategic strength have already begun to undermine the independence of Western Europe.

It is patently obvious that the new missile force, which would consist of ground-launched cruise missiles and improved versions of the U.A. Army's Pershing rocket, is desperately needed. The Soviets currently enjoy a 4–1 superiority in European-based, theater nuclear forces. Moreover, the crushing U.S. strategic nuclear advantage that once made the European military balance almost irrelevant has melted away during the last 10 years.

Western European military leaders all recognize the heightened importance of offsetting the Soviet Union's expanding force of mobile, SS–20 missiles targeted on cities in West Germany, Belgium, Holland and Great Britain. These intermediate range weapons are not limited by any SALT agreements.

Yet, when Western Europe's political leaders were asked for their views on the proposed missile deployments, the response was characterized by nervousness bordering on timidity.

Helmut Schmidt, chancellor of West Germany, said again that Bonn would only permit new missiles on its soil if other Western European states would do likewise. Belgium and Holland have expressed similar reservations.

And all three nations have indicated a reluctance to help finance the new force designed exclusively for the defense of Western Europe.

The Carter administration has no choice but to press on with its efforts to stiffen the spines of this country's NATO allies. The alternative is continuation of the erosion of the NATO-Warsaw Pact military balance, an imbalance that could become irreversible at some point during the 1980s.

Countering the SS–20 threat also provides some hope that the Soviets might be persuaded to include intermediate-range nuclear weapons within a SALT II agreement. That at least would begin to address European security concerns virtually ignored in the SALT II treaty.

Until then, Western Europe must be coaxed, if need be, into permitting deployment of the minimum forces necessary for its defense and for the protection of the United States' vital interests in an independent Europe. The all-too-apparent apprehensions of our NATO partners are vivid signals of just how belated is Washington's new concern for their security.

CARL YASTRZEMSKI'S 3,000TH HIT

Mr. KENNEDY. Mr. President, if historians of the future look back and wonder why the United States of America seemed to pause in the past few days, they may well find the pause was not over inflation, or energy, or Soviet combat troops in Cuba, or politics, but over an eighth inning single in Fenway Park in Boston by Carl Yastrzemski.

The Yaz Watch is over. On Wednesday night, one of the greatest baseball players of all time achieved the near-impossible—the 3,000th hit of a long and brilliant career with the Red Sox. With that milestone now behind him, Yaz has moved even higher into the highest ranks of baseball's immortals. He is the only player in the history of the American League ever to achieve both 3,000 hits and 400 home runs in his career.

Members of Congress and millions of baseball fans throughout the Nation watched and waited in recent days for Yaz to make this hit. Now, all of us join in extending our warmest congratulations to Yaz and his family. As he said, that hit was the hardest of the 3,000, and it is easy to understand why, with all of the pressure and national attention on him.

Now, in celebrating his 3,000th hit, we also honor one of the greatest players in the history of America's national game, and we wish him many more hits to come.

Mr. President, I ask unanimous consent that articles from yesterday's Boston Globe and Boston Herald American may be printed in the RECORD, along with a tribute by Speaker O'NEILL in this morning's Boston Herald American.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Boston Globe, Sept. 13, 1979]

YAZ HITS 3,000

(By Peter Gammons)

It came, simply, a ground ball between first and second base past the lunge of Yankee Willie Randolph in the eighth inning of a 9–2 game that had nothing but Carl Yastrzemski.

It came, simply, after an agonizing wait, like Odysseus limping home across the bed of coals. It had taken three days and 13 trips to the plate since hit 2999, each time limping out with his cleat on his left foot, his sneaker on his right, but when he pulled the pitch of a Dartmouth man named Jim Beattie through into right field, Yaz had reached home.

And the first to him as he pulled up at the first base bag was his son, Carl Michael Yastrzemski Jr., followed by teammates and coaches and fans and security people and Yankee players. The megaboard flashed "3000, 3000" and "Yaz is the first American Leaguer to have 3000 hits and 400 homers," and the 34,337 people stood and cheered and tiredly relaxed.

He stood at the microphone, simply, a 40-year-old man who grew up on a Long Island potato farm, a mile and a half from the nearest house. His arm was around his son, his father to his left, and he waved his right arm to his wife Carol behind home plate.

There were awards and a few kind words but the crowd chanted for him. "I know one thing," he said, "this was the hardest of the 3000. I took so long because I enjoyed all those standing ovations you gave me the last three days."

"I don't know what to say, except to thank everyone for these 19 years." As he thanked his teammates and Don Zimmer and the owners and his family, he slowly broke down, until, choking on every word, he talked of how he wished "two people who helped me more than anyone—my mother and Mr. Yawkey—could have been here. They deserve to be here."

By last night the Yaz Watch had gotten like covering the Paris Peace Talks. On Yawkey Way the scalpers were getting $12 for $5 seats; Monday night they were asking $50. Last night there were no planes circling with flashing messages, only two signs remained in the bleachers and even the press box had thinned out.

"How many times can I say I can't wait to get it over?" he had said beforehand, and tried passing the time by making a TV spot for the US Navy, pitching to his son and giving friend Abby Gordon a hotfoot.

With Fred Lynn sick with a virus, Yastrzemski was put in the third spot, so when Ted Sizemore, Boston's second hitter, moved towards the plate, Yaz emerged from the dugout, cleat on left foot, sneaker on right, to a warm, standing ovation. It wasn't like it was Monday night, but it had been a long wait.

However an old nemesis, Catfish Hunter, against whom Yastrzemski batted but .209 in this decade, wouldn't mess with The Captain the first time up. He dangled four pitches around the plate—fastball away, slider in, fastball low, slider in—and walked him on four pitches. The crowd roared its disapproval. Jim Rice hit Hunter's next pitch into the net in left center for a 2-0 Boston lead.

When Yastrzemski came up again leading off the third, there was an uneasy calm, a kind of polite applause, reverent, not demonstrative, and when he jumped on an 0-1 pitch and sent it towering towards the Red Sox bullpen, the entire audience stopped en route to its feet. But Reggie Jackson slowed down as he reached the warning track, turned, tapped his glove and caught the ball, looking up at the flag indicating the wind that held it in. Some bleacherites chanted obscenities to Reggie. The wait had begun to become a tease.

Try No. Three—and tenth since hit 2999 Sunday—came in the fourth, with two out, Sizemore at third and the Red Sox ahead, 5-1. Hunter, at that point, was struggling like a man two weeks from his retirement and 2-8 on the season. And as even Mike O'Berry (whose 3000th hit at his present pace will come in the year 2579) had gotten a hit the crowd figured this had to be it. They rose, trying their best to muster noise to their "We want a hit," and again, after Yaz pulled himself out swinging at an off-speed pitch, he seemed to have a hit. He rapped a hard grounder inside the first base bag, but Chris Chambliss stabbed it, beat him to the bag and prolonged the agony. It made Yaz 13 for 78 in the last 21 games, 0 for 10, and even more tired.

The agony continued when Yastremski's fourth chance in the sixth inning was a ground ball that second baseman Willie Randolph backhanded. He appeared tired as he limped back to the dugout. The crowd sounded tired.

3,000–HIT CLUB

Player and team(s)	The year it happened	Number of years it took	Total years played	Total games played	Total hits
Ty Cobb (1905–28): Detroit (A)–Philadelphia (A)	1922	18	24	3, 033	[1] 4, 191
Hank Aaron (1954–76): Milwaukee (N)–Atlanta (N)–Milwaukee (A)	1970	17	23	3, 298	3, 771
Stan Musial (1941–63): St. Louis (N)	1958	18	22	3, 026	3, 630
Tris Speaker (1907–28): Boston (A)–Cleveland (A)–Washington (A)–Philadelphia (A)	1925	19	22	2, 789	3, 515
Honus Wagner (1897–1917): Pittsburgh (N)	1914	18	21	2, 789	3, 430
Pete Rose [2] (1963–79): Cincinnati (N)–Philadelphia (N)	1978	16	17	2, 647	3, 332
Eddie Collins (1906–30): Philadelphia (A)–Chicago (A)–Philadelphia (A)	1925	20	25	2, 826	3, 311
Willie Mays (1951–73): New York-San Francisco (N)–New York (N)	1970	20	22	2, 992	3, 283
Nap Lajoie (1896–1916): Philadelphia (N)–Philadelphia (A)–Cleveland (A)–Philadelphia (A)	1914	19	21	2, 481	3, 251
Paul Waner (1926–45): Pittsburgh (N)–Brooklyn (N)–Boston (N)–Brooklyn (N)–New York (A)	1942	17	20	2, 549	3, 152
Cap Anson (1876–97): Chicago (N)	1897	22	22	2, 276	3, 041
Lou Brock [2] (1961–79): Chicago (N)–St. Louis (N)	1979	19	19	2, 602	3, 016
Al Kaline (1953–74): Detroit (A)	1974	22	22	2, 834	3, 007
Roberto Clemente (1955–72): Pittsburgh (N)	1972	18	18	2, 433	3, 000
Carl Yastrzemski [2] (1961–79): Boston (A)	1979	19	19	2, 850	3, 000

[1] Cobb's 4,000th hit occurred in his 23d year—1927.

[2] Active player.

[From the Boston Herald American, Sept. 13, 1979]

TWO OUT IN THE EIGHTH, HE STEPPED UP AND . . .

(By Marie Brenner)

Finally done.

And done, if not done finely, at least done. The party's over. The captain's been released. He can move into another season and hope for another World Series to put the final crown on all his triumphs past. Now the press box will clear out and it will be safe to walk through the stands and there might even be, could it be possible, a few empty seats.

The Yazwatch is over. Now the traffic which causes Storrow Drive to resemble a parking lot of Yaz Day floats will thin before and after the next home games and the vendors who have waited to print up thousands of Yaz No. 3000 T-shirts can throw their schedules into high gear. For last night, he did it—hit Number 3,000.

Now the governor does not have to wear his three-piece suit at 10 o'clock each night and monitor the TV broadcasts so he can be ready to hand his friend the proclamation. Now the Red Sox can just play out the string and maybe even be able to move around in their clubhouse without tripping over the TV cables and the bodies which have surrounded the captain like a shroud.

Now the captain can sit on his director's chair and pull at his beer and cigarettes without the attentions of the crowd. He will not have to say I-hope-I-get-it-today or I-don't-feel-like-talking, and at home maybe he can just shag flies with his son, Mike, and relax.

And once the phone calls stop and the telegrams no longer threaten to engulf his home, he might even be able to step away from the event in the eighth inning and find the whole thing risible, in the way that the captain would find all this attention risible. Which is to say he might find it downright amusing that he didn't get the damn hit in the precise way that everybody wanted him to. He knew that his fans and his chroniclers would have loved—and indeed predicted—that he would get the pitch from his close friend, Looie Tiant. He knew they would have loved—and indeed, predicted—that the pride of New England would make baseball history for the pleasure of national TV.

But as he always has, the son of the Long Island potato farmer held out. In the best of times, he is an elusive and streaky hitter. He's always been unpredictable or at least played hard to get. His 3,000th moment was no different from any other. It was even an enigma to his wife. Before Tuesday's game, Carol Yastrzemski wailed to Maria Tiant, "Do you think Looie will give Yazi his hit?" Maria Tiant just smiled and then answered in her native language, "Que sera, sera."

But now for Carol and her Yazi there is no more whatever will be, will be. They have seen the future and it worked. It wasn't done to his watchers' specifications, but it was still done with elan. It was done with the arch-rivals but without George Steinbrenner watching, which was some consolation to those who searched for metaphor when it was time for hit number 3,000 by Captain Carl.

And maybe there was even a little metaphor amidst all the hysteria. There was certainly surprise. Everyone felt: Here we go again. The eighth inning, and you just knew he wasn't going to get it because it was obvious that the captain was looking old and weary and suffering from batter's block. The pundits were upstairs sounding more and more cynical and somebody asked if Yaz was now 0 for 81?

But then he approached the plate. You searched hard. Did he look different? Was he twirling the bat in a special way? Was he leaning more precariously than usual and, for God's sake, what did his horoscope say?

In case anyone should doubt it, it said that the man still knows how to play. His 3,000th hit was a beauty.

The hit was a dramatic one, and he achieved it gracefully, cleanly, without his usual wag of the bat.

It was his last chance of the night, and the crowd's relief bordered on frenzy. The captain's relief was of a different kind. For him, the moment seemed orchestrated and anticlimactic; the buildup had been so long. He was mobbed by family well-wishers teammates, competitors and by those who had planned to mob him.

He took his hugs, he said his ritual thanks until he thought of his mother. And then, a man of silence and distance was no man of distance at all.

[From the Boston Herald American, Sept. 14, 1979]

NO FINER GENTLEMAN

(By THOMAS P. O'NEILL)

There is no finer gentleman who has played the game of baseball than Carl Yastrzemski.

He deserves the great honor of becoming the first American League player to have 3,000 hits and 400-plus home runs. You have to work very hard for a very long time to reach such a goal. It requires dedication, persistence, strength of character and skill. It is because Yaz has all four—and in abundance—that he is my favorite ballplayer. I have seen many great ones pass through the Red Sox organization—good old Joe Cronin, Lefty Grove, Babe Ruth, Ted Williams—but Yaz is my favorite.

I like him most because he has more than one dimension. When we have our regular lunch in the Capitol when the Red Sox are visiting Baltimore, I have to be ready to answer all his questions about the government. He is up on legislation, the economic problems of our country, and foreign policy, and he has a real feeling for the social problems of the United States. Those lunches are a real workout for me and they show me Yaz would be a good politician with his intense interest in current events.

Like the time Yaz picked from my memory all the details of the installation of the first Polish Pope, Pope John Paul II, I attended in Rome. I went into a big buildup about the honor of representing the President of the United States with all the heads of state in attendance, the pomp and ceremony, the Swiss Guard, my full dress suit and finally a special audience with the new Holy Father afterwards. I told him about delivering my formal felicitations from the President and how I handed him a personal letter from the head of the greatest country in the world to the greatest religious leader and how the

Pontiff motioned to whisper something to me. "What did he say?" asked Yaz anxiously. "He said 'Why did Yastrzemski pop up in the ninth to let the Yankees win the playoff game last year?'"

Seriously, I have been proud to play a part in insuring that Yaz will be a part of our history too. I arranged to have his triple-crown trophy included in the Lyndon B. Johnson Library in Austin, Texas. The other day I presented his Golden Glove Award to President Jimmy Carter for his collection. And one of the proudest plaques in the offices of The Speaker in Washington is the clock Yaz was presented at the All Star Game in St. Louis.

Sometimes I think they are writing about me when they write about him. They mention his seniority (I have served under six Presidents, Yaz, five Presidents), how he has to push his body (did you ever see me on the golf course?), the fact that he is having the most enjoyment of any season, and how he has one more goal—a World Series Championship (me too!).

DEFENSE PRIME CONTRACT AWARDS INCREASING FASTER THAN INFLATION

Mr. PROXMIRE. Mr. President, once again the Council on Economic Priorities has provided the public and the Congress with a timely assessment of the effect of military spending on prime defense contractors.

Most recently available statistics indicate that the dollar value of prime contract awards rose 18 percent in fiscal year 1978 and 20 percent in fiscal year 1977. Thus major spending programs under the Defense Department are experiencing a growth rate substantially higher than the annual inflation rates.

This is in contrast with the modest real increases in the overall defense budget. The difference can be accounted for in the operation and maintenance accounts and the manpower expenditures which continue to drive up the cost of defense. However, the conclusion that can be reached in this matter is far different from the one most often cited. Spending for major weapon systems is on the increase dramatically in this country and is not declining as some have argued.

The defense contracting picture portrayed by the Council on Economic Priorities is one of solid even spectacular growth. But the mix of corporations sustaining this windfall remains relatively constant.

Of particular interest to this Senator is the improving status of the Chrysler Corp.—a potential recipient of Federal largess. Chrysler ranked 13th in terms of dollar contracts in fiscal year 1978 with $742.5 million in awards or 5.4 percent of total sales. This compares to a ranking of 57th in 1972, 30th in 1973, 16th in 1974, 26th in 1975, 16th in 1976, and 15th in 1977. The long-term trend for Chrysler appears to favor more dependence on defense spending as future commitments are made for quantity purchases of the XM–1 tank. Chrysler is not overly dependent on defense spending but a sole source contract for a critical item such as the XM–1 tank may bring forth justifications of a Federal bailout for national security reasons.

Mr. President, I commend this excellent analysis to all parties interested in the debate over defense spending and I ask unanimous consent that the Council on Economic Priorities research paper be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

THE DEFENSE DEPARTMENT'S TOP 100

THE BOOM CONTINUES

Defense Department prime contract awards totalled $59.6 billion in Fiscal Year 1978, an increase of more than $9 billion over FY1977, according to the Pentagon's recently released report on the Top 100 defense contractors. The dollar value of prime contract awards rose 18 percent in FY1978, following a 20 percent rise in FY1977.

The increase in prime contract awards over the past two years was almost three times as high as the rate of inflation, indicating that Pentagon contract awards have been rising rapidly in real terms.

General Dynamics received the lion's share of the increases in awards in FY1978, largely due to contracts for the Trident and the F-16 fighter plane. It obtained $4.2 billion in prime contract awards, an increase of $2.8 billion, or 200 percent in one year, and now ranks first on the list of military contractors, up from eighth in FY77 and seventh in FY76.

The large increases in Pentagon procurement in recent years are partly a reflection of increases in total Defense Department outlays. Defense outlays were $96 billion in FY1977 and $103 billion in FY1978. They are expected to be $112 billion in FY1979 and are budgeted at $122.7 billion for FY1980. Military outlays have been increasing since FY 1973, in current dollars. Outlays have been increasing more rapidly than the rate of inflation, and the Carter Administration has pledged that real increases in military spending will continue.

Procurement awards are rising at an even greater rate than overall DOD outlays because of the large number of new weapons systems that are in or entering production. The military services are in the midst of a major revamping of strategic and conventional weaponry. The rapid growth in procurement awards reflects some of these changes; the expansion of research and development (R & D) spending implies that there will be continuing increases in spending in the future, as more new weaponry enters production.

The Department of Defense's data on the Top 100 contractors in FY1978 indicate a number of significant developments:

Litton Industries was awarded $1 billion more in FY1978 than it received in FY1977, an increase of 167 percent. United Technologies was up $800 million (50 percent); Lockheed, $500 million (30 percent); and Hughes Aircraft, $400 million (36 percent).

McDonnell-Douglas, the number one contractor for three years, dropped to second place. United Technologies stayed in third place, while Lockheed dropped from second to fourth and General Electric remained fifth.

Two companies, Rockwell and Northrop, dropped out of the Top 10, replaced by Litton and Raytheon. Rockwell had its prime contract awards fall almost $600 million, or 40 percent, from FY1977 to FY1978, primarily due to the cancellation of the B–1 bomber production, indicating how dependent even large companies can be on a single project. Northrop's awards fell 45 percent ($489 million), largely due to a drop in its large foreign military orders. Northrop is one of the companies most heavily dependent upon foreign military sales.

Seven of the current Top 10 companies increased their dependence on defense contracting, as measured by the ratio of defense contracts to total sales.

There was a marked increase in DoD contracting for petroleum, from $1.8 billion in FY1977 to almost $2.5 billion in FY1978. This included substantial awards to foreign oil companies. Fifteen petroleum companies were in the Top 100, including British Petroleum (ranking forty-second), Petroleos Mexicanos (45), Royal Dutch Shell (47), and Agip S. p. a. of Italy (56).

ALL THE OLD FAMILIAR FACES

Defense Department prime contract awards remained highly concentrated in FY1978 and the Top 100 list was dominated by the same companies that have led it in past years. The Top 100 companies received 68 percent of all prime contract awards, as compared with 67.7 percent in FY1977. The Top 10, eight of which are the same as in 1977, received 34.4 percent of awards, as compared with 30.4 percent the previous year. Each of the Top 10 companies received more than $1 billion in new contract awards, with four receiving over $2 billion. The lowest firm on the Top 100 list, United Industrial Corp., received $60 million in prime contract awards.

General Dynamics' huge increase of $2.4 billion in a single year was not the only large gain. Litton Industries had a gain of $1 billion over FY1977, United Technologies increased by $800 million, Lockheed by $500 million, and Hughes Aircraft by $400 million. In addition, outside of the Top 10, Textron's prime contract awards jumped by $400 million and that company advanced from twenty-first place on the list to twelfth. McDonnell-Douglas, General Electric, and Raytheon, within the Top 10, all experienced increases of $300 million in contract awards. R. J. Reynolds Industries, which was not even in the Top 100 in FY1977, was in twenty-third place in 1978 with awards totalling $420 million, mostly for their shipping subsidiaries. The big declines were registered by Grumman, down $250 million (dropping from seventh to tenth on the list), Rockwell, down almost $600 million (falling from sixth to eleventh), Northrop, down over $400 million (falling from tenth to fifteenth), Westinghouse, down almost $300 million, and Tenneco, down $300 million. Fourteen new companies entered the Top 100 list, a relatively small turnover but similar to last year's change of 13.

THE BIG 10

1. *General Dynamics* had an increase of 200 percent in prime contract awards, ranking first in 1978 up from eighth in 1977 and seventh in 1976. General Dynamics awards totalled $4.2 billion, 7 percent of all awards and over a billion dollars higher than any other single contractor. Major contracts were received for the F–16 fighter, now in full production for the Air Force and in co-production with firms in various NATO countries; the Trident ballistic missile submarine and the Los Angeles class attack submarine, both produced by the Electric Boat division in Connecticut; and for the Tomahawk cruise missile and a number of other missile programs in the Pomona division.

2. *McDonnell-Douglas*, the leading defense contractor for three years, fell to second in 1978. Its new contract awards increased by $300 million, or 10 percent. Currently in production are the F–15 Eagle for the Air Force, the F–18 naval strike fighter, the F–4, the KC–10 advanced tanker cargo aircraft (a military version of the DC–10), and the Harpoon anti-ship missile.

3. *United Technologies* remained in third place as its awards jumped $815 million, a 51 percent increase over 1977. Their Pratt and Whitney division continued to produce engines for a number of major fighter programs: the F–14 Tomcat (Grumman/Navy), the F–15 (McDonnell-Douglas/Air Force and foreign sales), the F–16 (General Dynamics/Air Force), the E3A Airborne Warning and

Control Plane (AWACS) (Boeing/Air Force), and the A-6 (Grumman/Navy). UT also firmed its base as a prime contractor of helicopters; their Sikorsky division produced the utility transport Black Hawk helicopter for the Army, and the anti-submarine Lamps and the CH-53E Super Stallion for the Navy.

4. *Lockheed* received $500 million more contract awards in 1978 than in 1977, a 30 percent increase, yet dropped to fourth place on the list. It received big contracts for the TR-1 reconnaissance aircraft, a new version of the U-2, and the anti-submarine P-3C Orion aircraft, while continuing substantial work on the C-141 and C-5A transport aircraft and the Trident I ballistic missile. Lockheed lost business through the phasing out of the Navy's S-3A anti-submarine aircraft and reduced deliveries on the C-130 transport.

5. *General Electric* remained fifth while its awards increased by $266 million (20 percent). GE is a major engine producer, working on the F-18 (McDonnell-Douglas/Navy), the A-10 (Fairchild/Air Force), and the Black Hawk helicopter (United Technologies/Army), and adapting the engine originally designed for the B-1 for use in fighter programs.

6. *Litton* had a $1 billion (167 percent) increase in prime contract awards in 1978, jumping 10 notches to the sixth spot on the Top 100 list. Most of its contracts were to the Ingalls Shipbuilding division for continued production of the Navy's SHA and DD-963 destroyers, and to begin production of the DDG-47 Aegis, the Navy's newest line of destroyer.

7. *Boeing*'s contract awards held steady at $1.5 billion. Significant awards were received for the AWACS aircraft, the Roland air defense system, the upgraded B-52 long range bomber, and modifications on the CH-47 helicopter, produced by the Vertol division.

8. *Hughes Aircraft*, specializing in electronics, had its awards increased by $400 million, or 30 percent over 1977. Its largest contracts were for the Phoenix missile for the F-14, the TOW anti-tank missile, R&D for the Roland missile, and an advanced attack helicopter.

9. Raytheon is a major missile contractor. The company is working on the new Patriot surface-to-air missile, the Sparrow air-to-air missile for the F-15, the Sidewinder for the F-14, and the Hawk defense system. Raytheon's awards were up $265 million (25 percent).

10. Grumman was the only member of the Top 10 to experience a decline in the dollar value of its prime contract awards. Grumman's awards dropped almost $250 million (17 percent) and the company fell from seventh to tenth place on the list. The F-14 still accounts for the bulk of its military business. Grumman also has contracts for the A-6, the EA-6B Prowler electronic warfare plane, the E-2C Hawkeye electronic surveillance plane, and the EF-111, an electronic countermeasure version of the F-111 fighter-bomber. Grumman may well leave the Top 10 in FY 1979, depending upon Congressional decisions on the production pace of the F-14.

INDUSTRY PROJECTIONS

Department of Defense prime contract awards have increased 42 percent over the last two fiscal years, generating boom conditions throughout much of the industry. Pentagon procurement should continue to expand rapidly over the next few years. Defense outlays are expected to rise by more than 9 percent in the current fiscal year (1979), and are budgeted for a similar increase in FY 1980. The Carter Administration has pledged to maintain a real growth rate of 3 percent. If the rate of inflation remains high, supplementary budget requests can be expected in order to meet that objective.

The Administration continues to see recent increases in Soviet military expenditures as a threat to U.S. security, and plans for increased expenditures in practically every area. Almost the entire strategic arsenal is being updated, and there is new, costly weaponry in other areas. Even if the Senate ratifies the SALT II Treaty, strategic weapons spending will continue to rise. Recent Senate debates indicate that there will be increased pressure on the Administration to raise military spending even more rapidly than currently planned, in order to secure ratification of the Treaty.

Commitments to NATO, partly as a response to the perceived Soviet threat in Western Europe, will bring further increases in conventional weapons and certain battlefield nuclear weapons. The decline of the Nixon Doctrine, as indicated by the fall of the Shah of Iran, has led military policymakers to de-emphasize the role of powerful regional allies in U.S. world-wide military policy. Recent formulations of U.S. policy with regard to key trouble spots have emphasized the need for large, flexible and mobile forces, implying greater airlift and sealift capability.

Although military industries are generally booming, several military contractors have been experiencing difficulties. Northrop, as high as third on the Top 100 list as recently as FY 1976, has seen its foreign military orders decline by more than $1 billion over the past two years. (Foreign military sales normally pass through the DoD, and are considered as part of Pentagon procurement.) Rockwell lost the huge B-1 production contract in 1977 and has not found a replacement. Both companies are expected to work on parts of the MX missile when that project gets underway. Grumman has had little success in selling the F-14 overseas, and has had its domestic production expanded only after an intense lobbying campaign in Congress. Thus, while the boom continues, it is also acknowledged that there is substantial excess capacity in aerospace and missile production. Competition for contracts will remain intense; some companies may find themselves forced to compete for subcontracting work, and not remain as major military prime contractors.

Strategic Programs: Production of the Minuteman land-based ICBM was recently halted, affecting Boeing, nine other associated contractors, and numerous subcontractors. Some work on Minuteman will continue, however. The MX, Minuteman's projected replacement, is entering engineering development and will generate up to $1 billion a year for the next few years, with such companies as Martin Marietta, Rockwell, Northrop, and General Tire and Rubber (Aerojet General) the beneficiaries. The Trident submarine will continue to be produced at General Dynamics' Electric Boat division. Lockheed will continue to produce the Trident I missile, and that company will also continue its R&D on the Trident II. Boeing and General Dynamics are testing versions of the air launched cruise missile (ALCM), and one of those companies will be chosen to produce the missile for the Air Force, with the decision likely in FY 1980. Whichever version of the ALCM is chosen, additional wide-bodied aircraft will be required to carry and launch the missile. Boeing is one contender with the B-52, and Lockheed and McDonnell-Douglas are also in the running with converted versions of the L-1011 and DC-10. The ground launched cruise missile is still in R&D (General Dynamics). Boeing continues to receive business for updates on the B-52.

Aircraft: The F-15 (Airforce/McDonnell-Douglas) and the F-16 (Air Force/General Dynamics) will each generate about a billion-and-a-half dollars in new contracts in FY1979. The F-18 (Navy/McDonnell-Douglas and Northrop) will produce about a billion dollars in contracts, and the A-10 (Air Force/ Fairchild) and the F-14 (Navy/ Grumman) over $800 million each. Other substantial aircraft programs include the P-3C (Navy/Lockheed) and E-3A (Boeing/ Air Force). Air Force programs will continue to boom while naval aviation looks more problematic. In particular, Grumman, which does almost all of its business with the Navy, will keep up its struggle in Congress to have the production run on the F-14 expanded. That aircraft will go out of production by 1983 at the latest. The boom in aircraft production also affects aircraft engine output. The Pratt & Whitney division of United Technologies and the General Electric Company will gain most of this business.

Shipbuilding: This is the only soft spot in the outlook for defense procurement. The big debate is over the future role of aircraft carriers. President Carter vetoed a FY1979 defense authorization bill in 1978, because it contained money for a large, nuclear-powered carrier. At present, only the General Dynamics' Electric Boat shipyard, which produces ballistic missile submarines, and Litton's Ingalls Shipbuilding division, wth several destroyers in production have large contracts on the horizon. Tenneco lost an important contract for refurbishing of the aircraft carrier Saratoga to the Philadelphia Naval Shipyard.

NATO: The President's pledge to increase NATO-related military expenditures by 3 percent a year, in real terms, can be translated into a variety and range of new weapons systems. The XM-1 tank, produced by Chrysler and AVCO Lycoming (engines) will generate contract awards in the hundreds of millions of dollars. Early reports indicate, however, that the tank has serious repair problems and the Pentagon's rush to place it in production may result in severe cost overruns. Contract awards for helicopters will be up, benefitting United Technologies (Sikorsky), Hughes, and General Electric (engines). Boeing (Vertol) and Textron (Bell) will also obtain helicopter contracts. Another NATO-related item is airlift. Lockheed will have continued work on modifications and repairs on the C-5 and C-131 and McDonnell-Douglas will produce a cargo/tanker version of the DC-10 called the KC-10. Boeing's AWACS will be produced for NATO and the US Air Force. Finally, NATO also means missiles, especially surface-launched, anti-tank and precision guided missiles. Hughes, Raytheon, and General Dynamics are among the beneficiaries here.

DOD TOP 100 CONTRACTORS LIST, 1977–78

Company	1978			1977		
	Rank	Contracts (millions)	Percent of sales	Rank	Contracts (millions)	Percent of sales
Aerospace Corp. (J)	66	$114.0		66	$102.5	
AGIP SPA (J)	56	148.7				
Amerada Hess Corp	32	325.2	6.9	31	302.4	6.5
American Motors Corp. (A)	39	222.0	8.6	43	178.7	7.9
American Telephone & Telegraph Co	21	456.6	1.1	19	456.8	1.2
Atlantic Richfield Co. (G)	89	75.5				
AVCO Corp. (B)	64	124.1	7.2	60	109.6	7.1
Beech Aircraft Corp. (A)	78	98.3	18.8	74	84.3	19.9
Bendix Corp. (A)	40	220.0	6.0	39	205.7	6.2
Bethlehem Steel Corp	86	85.5	1.4			
Boeing Co	7	1,524.4	27.9	4	1,579.0	35.7
British Petroleum Co. Ltd. (G)	42	211.0		65	104.5	
Burroughs Corp	96	65.3	2.6	94	66.5	3.1
Chamberlain Manufacturing Corp	61	130.3	63.4	52	127.8	84.4
Charles Stark Draper Labs., Inc	81	93.0				
Chrysler Corp	13	742.5	5.4	15	619.9	3.7
Coastal Corp. (H)	53	154.4	4.0	75	83.8	2.4
Computer Sciences Corp. (C)	88	78.6	28.6	89	70.7	30.1
Congoleum Corp. (I)	34	282.3	49.0	35	254.2	64.8
Control Data Corp	71	110.9	4.1	51	132.5	8.7
Cubic Corp	98	62.2	43.3			
Day & Zimmerman, Inc. (J)	97	65.1	65.0	80	79.4	
E I DuPont de Nemours & Co. (G)	82	89.0		92	68.2	
E Systems, Inc	58	142.3	41.8	45	160.0	45.9
Eastman Kodak Co	72	107.9	1.5	78	81.9	1.4
Emerson Electric Co. (A)	68	111.9	5.1	87	73.2	4.0
Engelhard Minerals & Chemicals Corp	43	210.4	2.1	88	72.2	
Exxon Corp	33	310.8		38	238.1	
FMC Corp	30	360.4	12.4	37	244.9	10.5
Fairchild Industries, Inc	20	507.8	93.4	22	429.3	106.7
Ford Motor Co. (G)	26	406.2		27	351.9	
General Cable Corp	63	128.9	15.2			
General Dynamics Corp	1	4,153.5	129.5	8	1,371.5	47.2
General Electric Co	5	1,786.4	8.9	5	1,519.6	8.5
General Motors Corp. (G)	24	419.5		24	380.1	
General Telephone & Electronics Corp	46	194.5	2.2	40	199.7	4.8
General Tire & Rubber Co. (B)	41	213.3	9.7	42	187.1	8.7
Goodyear Tire & Rubber Co	51	164.6	2.2	48	140.0	2.1
Gould, Inc	55	150.8	8.0	70	95.3	5.9
Grumman Corp	10	1,180.0	80.4	7	1,428.1	91.3
Guam Oil & Refining Co., Inc. (J)	59	140.1		54	119.5	
Gulf Oil Corp. (G)	87	79.7		81	78.3	
Harris Corp. (E)	74	105.1	12.0	73	88.0	13.4
Harsco Corp. (E)	44	206.3	25.3	44	177.8	25.7
Hercules, Inc	54	153.4	7.9	58	117.4	6.9
Hewlett Packard Co. (D)	92	70.5	4.1	90	69.0	5.0
Honeywell, Inc	17	544.7	15.4	20	456.7	15.7
Hughes Aircraft Co. (J)	8	1,488.6		9	1,093.4	
International Business Machines Co	27	396.4	1.9	17	547.1	2.9
International Harvester Co	95	66.6	1.1	83	76.7	1.3
International Telephone & Telegraph Co	37	268.7	2.0	36	250.5	1.9
Johns Hopkins University (J)	60	134.8		57	117.7	
LTV Corp	28	384.4	7.3	33	296.0	6.3
Lear Siegler, Inc. (E)	77	100.6	8.7	68	101.6	11.0
Litton Industries, Inc. (F)	6	1,557.1	42.6	16	609.3	17.7
Lockheed Corp	4	2,226.4	63.9	2	1,573.4	46.4
Loral Corp. (C)	91	71.2	54.6	85	74.0	76.0
Martin Marietta Corp	19	539.1	30.7	23	426.4	29.6
Mason & Hanger Silas Mason Co. (J)	90	74.3				
Massachusetts Institute of Technology (J)	69	111.7		62	109.0	
McDonnell Douglas Corp	2	2,863.3	69.3	1	2,574.0	71.4
Mitre Corp	93	69.9	69.0			
Mobil Corp. (G)	48	168.4		41	188.8	
Motorola, Inc	65	123.4	5.5	76	82.3	4.4
Natomas Co	99	60.9	12.3			
Norris Industries	84	85.9	14.0	61	109.0	19.1
North American Phillips Corp	57	147.3	6.7	47	142.4	7.4
Northrop Corp	15	586.0	32.0	10	1,046.7	64.9
Ogden Corp	50	166.9	9.0	93	68.0	4.3
Pacific Resources, Inc	79	96.4	20.4	91	68.6	17.3
Pan American World Airways, Inc	73	105.6	4.8	49	139.5	7.3
Petroleos Mexicanos (J)	45	199.7				
RCA Corp	16	565.2	8.5	25	364.0	6.1
Raytheon Co	9	1,306.7	40.3	11	1,041.0	36.4
Ret Ser Engineering Co	49	167.8	3.0			
R.J. Reynolds Industries, Inc	23	421.4	6.4			
Rich, Marc & Co	94	69.2				
Rockwell International Corp. (A)	11	890.2	15.7	6	1,480.0	25.0
Royal Dutch Shell Group (J)	47	170.7		55	118.9	
Sanders Associates, Inc. (F)	67	113.3	70.2	97	64.8	43.8
Signal Cos, Inc. (A)	52	155.5	4.4	56	118.3	3.9
Singer Co	35	281.7	11.4	28	350.1	15.3
Sperry Rand Corp. (C)	14	612.0	14.6	14	651.5	19.9
Standard Oil Co. of California	38	243.8	1.0	32	296.5	1.3
Standard Oil of Indiana (G)	76	102.0		53	123.2	
Sun Co., Inc	62	129.7	1.3	96	65.6	1.0
Sverdrup & Parcel & Associates, Inc. (J)	83	87.9		77	82.0	
TRW, Inc	31	325.4	8.6	26	361.3	11.1
Teledyne, Inc	36	272.3	11.1	30	304.8	13.5
Tenneco, Inc	25	407.0	4.6	13	745.0	9.9
Texas Instruments, Inc	22	434.4	17.0	29	324.1	15.8
Textron, Inc	12	867.5	27.0	21	454.7	16.2
Thiokol Corp	70	111.5	20.0	46	144.8	32.3
Todd Shipyards Corp. (C)	29	379.0	97.4	18	468.4	219.7
Transamerica Corp	85	85.7	2.4	72	88.1	2.7
U.S. & South American Enterprises (J)	80	94.8		86	74.0	
United Industrial Corp	100	60.6	56			
United Technologies Corp	3	2,399.8	38.3	3	1,584.7	28.8
Vinnell Corp. (J)	75	103.7				
Westinghouse Electric Corp	18	539.1	8.1	12	802.1	12.7

Notes: Fiscal year for all companies ends Dec. 31, except:
(A) Fiscal year ends Sept. 30.
(B) Fiscal year ends Nov. 30.
(C) Fiscal year ends Mar. 31.
(D) Fiscal year ends Oct. 31.
(E) Fiscal year ends June 30.
(F) Fiscal year ends July 30.
(G) Less than 1 percent of total sales.
(H) Formerly Coastal States Gas Corp.
(I) Formerly Bath Industries.
(J) Nonprofit privately held, or foreign corporation; does not release financial information.

Source: 100 Companies Receiving the Largest Dollar Volume of Military Prime Contract Awards, Fiscal Year 1978 "(Washington, D.C.: Department of Defense, 1979).

CONTRACTOR DEPENDENCY ON DOD, 1974–78

[Companies in top 100 with over 10 percent of sales with DOD—in percent]

Company	1974	1975	1976	1977	1978
Beech Aircraft	(1)	(1)	19	20	20
Boeing Co	29	42	30	36	28
Chamberlain Manufacturing	70	45	62	85	81
Coastal Corp	(1)	(1)	3	3	10
Computer Sciences	30	27	20	30	29
Congoleum Corp	22	(1)	85	65	49
Cubic Corp	(1)	(1)	(1)	(1)	50
Day & Zimmerman	74	67	67	79	65
E Systems	47	40	36	46	42
FMC Corp	17	6	20	11	11
Fairchild Industries	40	88	85	(2)	94
General Dynamics	94	60	42	47	(2)
General Tire & Rubber Corp	6	10	6	9	10
Grumman	62	99	65	91	80
Harris Corp	17	10	17	13	12
Harsco Corp	12	18	33	26	25
Honeywell	11	11	16	16	16
Hughes Aircraft	(3)	(3)	(3)	64	88
Lear Siegler, Inc	14	9	8	11	29
Litton Industries	30	30	29	18	43
Lockheed Corp	45	61	47	46	64
Loral Corp	(1)	(2)	62	76	59
Martin Marietta	20	30	20	30	31
Mason & Hanger Silas Mason Co	(1)	(1)	(1)	(1)	90
McDonnell Douglas	43	43	69	71	69
Mitre Corp	46	50	49	(1)	71
Natomas Co	(1)	(1)	(1)	(1)	14
Morris Industries	26	28	(1)	19	14
Northrop Corp	58	63	(2)	65	37
Pacific Resources	(1)	36	48	17	20
Raytheon Co	38	30	32	36	40
Rockwell International	19	15	18	25	16
Sanders Associates	44	78	51	44	70
Singer Co	5	10	9	15	11
Sperry Rand Corp	15	14	16	20	17
Sverdrup & Parcel & Associates, Inc	62	69	63	81	73
Texas Instruments	8	11	9	16	18
Textron, Inc	20	22	14	16	27
Thiokol Corp	34	29	29	32	20
United Technologies	37	36	24	29	38
Vinnell	(1)	(1)	(1)	(1)	100

[1] Company does not appear on the top 100 list.

[2] Indicates that DOD awards surpassed 100 percent of the company's sales; see note below.

[3] Company is closely held and often does not disclose financial data. In recent company publications, Hughes Aircraft stated that its sales were $1,700,000,000 in both 1977 and 1978.

Note: If taken solely on a 1-yr basis, contracts as a percent of company sales can be misleading. Contract awards are made in 1-yr; expenditures can be made over as long as 3 yr for a single contract. DOD progress payments (up to 90 percent of incurred costs each month), however, maintain a steady flow of contract dollars to each company. In addition, company fiscal years often differ from the Government's fiscal year, meaning that the reported data overlaps but is not totally matched. 5 yr of such data, however, reflect the general trend of company dependence on DOD contracts since the mismatch between contract payments and contract awards and between company and Government fiscal years tend to even out over time.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KENNEDY, from the Committee on the Judiciary, without amendment:

S.J. Res. No. 97. A joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocause" (Rept. No. 96–317).

H.J. Res. 367. A joint resolution to authorize and request the President to proclaim the week of September 16 through 22, 1979, as "National Meals on Wheels Week" (Rept. No. 96–318).

By Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs; without amendment:

S. Res. 232. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1716. Referred to the Committee on the Budget.

S. Res. 233. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 932. Referred to the Committee on the Budget.

S. Res. 234. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1748. Referred to the Committee on the Budget.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. CHURCH, from the Committee on Foreign Relations:

Stephen Low, of Ohio, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Federal Republic of Nigeria.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. CHURCH, from the Committee on Foreign Relations:

G. William Miller, of California, to be U.S. Governor of the International Monetary Fund and U.S. Governor of the International Bank for Reconstruction and Development, a Governor of the Inter-American Development Bank, and U.S. Governor of the Asian Development Bank and U.S. Government of the African Development Fund.

Paul A. Volcker, of New Jersey, to be Alternate Governor of the International Monetary Fund.

(The above nominations from the Committee on Foreign Relations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. NUNN. Mr. President, as in executive session, from the Committee on Armed Services, I report favorably the nomination of Maj. Gen. Richard Edwin Merkling, USAF, to be lieutenant general. I ask that this nomination be placed on the Executive Calendar.

The PRESIDING OFFICER. The nomination will be placed on the Executive Calendar.

Mr. NUNN. In addition, Mr. President, in the Air Force, there is a list (beginning with Bernard Abramson) for promotion to the grade of colonel and below (medical corps) totaling 126. In the Regular Air Force, there are 150 appointments to the grade of captain and major (list beginning with James A. Abels). Also in the Air Force and Reserve of the Air Force, there are 80 for appointment to the grade of colonel and below (list begins with Donald M. Toenjes). In the Army, there are 97 nominations to the grade of lieutenant colonel and below (list includes scholarship students and distinguished military students) (list beginning with Bruce L. Cain). Also in the Army, there are 162 nominations for promotion to the grade of colonel and below (list beginning with Paul R. Hilty, Jr.). In the Marine Corps and Marine Corps Reserve, there are 2,435 nominations for permanent and temporary appointments to the grade of colonel and below (list beginning with Ronald E. Ablowich). In the Navy and Naval Reserve, there are 322 for promotion and appointment to grade of captain and below (list beginning with Mark O. Abbott). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, the nominations will lie on the Secretary's desk.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD on September 5, 1979, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. JOHNSTON:

S. 1749. A bill to encourage the conservation of motor fuels; to the Committee on Finance.

S. 1750. A bill to encourage the conservation of motor fuels; to the Committee on Finance.

By Mr. HATFIELD:

S. 1751. A bill to amend section 103 of the Internal Revenue Code of 1954 to provide that the interest on certain mortgage revenue bonds will not be exempt from Federal income tax; to the Committee on Finance.

By Mr. DURKIN:

S. 1752. A bill to amend the Internal Revenue Code of 1954 to provide individuals a credit against income tax for amounts paid or incurred by the taxpayer for alterations to his principal residence in order to make such residence more suitable for handicapped family members; to the Committee on Finance.

By Mr. JACKSON (by request):

S. 1753. A bill to amend the act of October 21, 1976, an act to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. MOYNIHAN:

S. 1754. A bill to determine the causes and effects of acid precipitation throughout the United States and to develop and implement solutions to this problem; to the Committee on Environment and Public Works.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JOHNSTON:

S. 1749. A bill to encourage the conservation of motor fuels; to the Committee on Finance.

S. 1750. A bill to encourage the conservation of motor fuels; to the Committee on Finance.

GASOLINE CONSERVATION

Mr. JOHNSTON. Mr. President, Congress is presently considering a broad variety of measures designed to improve the long-term outlook for U.S. energy supplies. What is urgently needed now is a program which places greater emphasis on the short- and mid-term energy shortages we face.

Today I am introducing legislation designed to encourage the conservation of gasoline and diesel used in automobiles and light trucks.

A new tax on gasoline and diesel will begin at a level of 10 cents per gallon and rise to 50 cents per gallon over 5 years. Thereafter it will keep pace with inflation.

The moneys collected by this tax will be rebated in the form of grants to States which reduce their State sales and other taxes. Thus, while Americans will pay more at the pump they will pay less at corner stores and lunch counters. This legislation will reduce our consumption of motor fuels by 600,000 barrels per day by the late 1980's in an economically efficient manner without hurting any particular income class or any particular region of the country. This measure will not add to our already high rate of inflation nor will it add any new Government programs. In fact, when conditions in world oil markets permit, this proposal will allow us to get rid of the Federal bureaucrats now used to monitor gasoline prices.

Recent fuel shortages and the ensuing gasoline lines have taught us the folly of high levels of gasoline consumption in the United States. Americans drive bigger, more gas-guzzling cars than any other nation in the world. We now consume almost 8 million barrels per day of gasoline and diesel fuel for automobiles and light trucks—which accounts for more than 40 percent of our total petroleum consumption. For gasoline alone, the United States consumes more than the rest of the non-Communist world put together.

While new taxes are generally unpopular, I believe that it is time to halt our prodigious use of gasoline and to do so in as efficient a manner as possible. The current tax on gasoline in the United States is 12 cents per gallon. This includes the 4 cents Federal tax plus the State taxes, which average 8 cents per gallon. In contrast, the Europeans tax their gasoline at much higher rates. France and Italy, for example, impose taxes of $1.56 per gallon, and the West Germans tax their gasoline at $1.10 per gallon. Not surprisingly, the citizens of these countries drive smaller, more fuel efficient cars than Americans, and they drive them fewer miles per year. While it is true that many factors affect car size and driving habits, it is equally clear that great progress can and must be made to reduce our motor fuel consumption in the near term.

The bill I am introducing today has several virtues that I would stress: It will save energy without increasing the tax burden on Americans, without increasing inflation, and without any expensive new Government programs. In fact, it has the potential to reduce the regulatory morass of gasoline price controls.

Using very conservative assumptions of the economic impact, we calculate that a 50-cent-per-gallon tax will conserve at least 600,000 barrels per day by the late 1980's. In the early years the savings will come from reductions in discretionary driving, and more carefully planned trips to the grocery store. In the later years, the savings will come from the use of smaller and more fuel efficient cars, more carpooling, greater reliance on mass transit and the like. Compared to other bills that are under consideration by the Congress, this measure will have very significant energy impacts.

The fiscal neutrality of this measure is critical to its success. Heavily rural States, like my own, with poorly developed mass transit systems, are dependent on the automobile for basic transportation needs. Under the provisions of my bill residents of Louisiana would receive State sales tax reductions equal to the revenues collected by the gasoline tax. For example, once the full 50-cents tax were in effect, it would generate about a billion dollars in revenue per year for gasoline sold in Louisiana. Under the provisions of the bill, this $1 billion would be rebated to Louisianians thereby wiping out completely the current State sales tax and the State income tax.

The New York Times, which has endorsed a tax similar to the one I am proposing, calculates that in New York State the sales tax could be reduced from its current 4 percent to zero with the proceeds from the tax. Thus, my bill would be costless to the residents of each and every State.

An argument raised about the gasoline tax is that because the poor spend a larger portion of their income on gasoline than the rich, the tax is unfair. However, by reducing State sales and other taxes, the poor will get back at least as much as they pay in gasoline taxes. In many cases, the poor will actually be better off as a result of this gasoline tax than before. In the agregate, the gasoline tax increases will be offset by the reductions in other taxes, so that the inflationary impact of this measure will be zero or negligible.

A final benefit of this bill is that it will permit us to get out from under the bureaucratic mess of gasoline price controls. The regulation of gasoline in the United States is a disaster. It is expensive, it creates shortages and dislocations, and causes gasoline lines. Currently, getting out from under gasoline regulations is politically and probably economically impossible so long as gasoline demand and supply are in imbalance. This bill should bring an equilibrium between demand and supply of gasoline and thereby make it possible to eliminate gasoline price controls. In the process, it should have money for the country, bureaucratic redtape, and eliminate gasoline lines.

During the supply interruptions of 1973 and 1979 the United States, with its long gasoline lines, stood in stark contrast to European countries, which had none.

Since the rebate mechanism is of such critical importance, I am also introducing a companion bill for consideration by my colleagues in the Finance Committee. The companion bill is identical in every respect to the first measure except that it utilizes the social security system to refund the bulk of the funds to Americans. Such an approach has much to commend it, especially in these times of rapidly rising social security taxes.

It is time that this proposal be brought into the public forum for debate and into the Congress for consideration. It may or may not be palatable to Congress or to the American people. Even if palatable, it may require major amendments, and certainly fine tuning. I certainly do not propose to thrust it upon an unwilling America. But I do believe that a deliberate and rational consideration of this measure will reveal this approach to have inherent advantages to the average American, compared to the present system. But he will never be able to make this decision and express himself through his elected officials, unless we begin the debate.

Mr. President, I am introducing today a measure to levy a tax of 50 cents per gallon on gasoline. That tax would be phased in 10 cents a year over a period of 5 years.

The bill provides that the 50 cents, or the earlier amounts, as phased in over a period of years will be rebated to the States, first, for the purpose of wiping out a State sales tax and for those States that do not have a sales tax or do not have sufficient sales tax, then to wipe out other State taxes.

The tax will flow through Washington only for the purpose of being rebated and will not support any programs other than being rebated to the people.

Mr. President, this bill has three advantages: First, it is economically neutral both from a macroeconomic and microeconomic level. In theory at least—and I believe in practice—it will return to every driver, every taxpayer, almost precisely the same amount that he paid in gasoline tax back into his pocket.

Second, Mr. President, it will allow for deregulation of gasoline because you cannot deregulate gasoline, it is said, and I believe you cannot deregulate it, while demand and supply are in an imbalance. This tax will bring demand and supply into balance and will allow for that deregulation.

There is notable, and a stark contrast, I think, Mr. President, between the United States and the countries of Western Europe and Japan. In the last two supply crunches when the rest of the world was without gas lines, we had gas lines. That is because we had gasoline under control, because the market was not allowed to work.

By levying this tax and by putting supply and price in balance we will be able to avoid those gas lines and, in the process, Mr. President, conserve 600,000 barrels a day of gasoline.

Mr. President, I have been repeatedly told by some constituents and by some of my colleagues that it is a great idea. In fact, I have not heard anyone who seriously thinks about energy say that this is not a great idea. Everybody, it seems, acknowledges that it is a good idea. The problem is everybody says, "Well, the voters won't understand, the people will be against it, they will think it is another tax."

Well, it is time I think that we put out in the public forum for debate that which most every expert recognizes as being a good idea. Indeed, I think it is inevitable that we are going to come to this kind of pricing situation for gasoline.

In Europe, Mr. President, gasoline is taxed much more heavily than allowed for in this bill. The taxes in France and Italy, for example, are $1.56 per gallon; in West Germany it is $1.10 per gallon.

Not surprisingly, Mr. President, the citizens of these countries drive smaller, more fuel-efficient cars than Americans, and drive them fewer miles than Americans drive them.

If we are serious about conserving energy—and I believe we are—then we have got to wake up and take action. There are some grandiose schemes floating around this Congress to save energy. Some of them are magnificent spending programs. Others call for synfuels at $8 billion, and all other kinds of grandiose schemes, Mr. President, to solve the energy crisis.

But the simplest, most direct, most effective method by any standard is this bill which I am introducing today to bring the price of gasoline more in line with world prices and give the money back to the people. It is not going to cost the average American anything, not one thin dime for the average American, and you save 600,000 barrels of oil, at least, and I think those figures are very conservative.

You allow for the deregulation of gasoline, and you cut out all that redtape, all that delay, all those dislocations, all the problems we have had in the past few months with gasoline lines caused by regulation.

Mr. President, I do not propose to require that the American people adopt this or to jam this measure down their throats. However, it is time that the proposal is brought into the public forum for debate and for consideration by Congress. We ought to have hearings on it, I believe, and I hope the Senate Committee on Finance will have those hearings. Also for the consideration of the Finance Committee I am introducing a companion bill with an alternative approach, and that rebates the tax proceeds through the social security system.

I did not invent the idea of a gasoline tax with rebate. It has been talked about in the New York Times, in the New Republic, and in the various publications. It has been talked about by economists, and it needs to be brought forward into the public arena.

This measure may not be perfect. Indeed, it may require major amendments, I am certain it requires fine-tuning if it were to be enacted into law.

I do believe, Mr. President, that a deliberate and rational consideration of this measure will reveal that this measure has inherent advantages; indeed, it is superior to any other conservation measure we can take. It is the most painless, the easiest, and the most effective measure to conserve gasoline we can provide.

I hope Congress and the American people will come to the same conclusion. I am, therefore, introducing these bills to bring these matters into the public arena. I thank the Chair and I thank my distinguished colleague from Idaho.

Mr. President, I ask unanimous consent that the bills and a statement of explanation be printed in the Record.

There being no objection, the bills and statement were ordered to be printed in the Record, as follows:

S. 1749

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. That this Act may be cited as the "Motor Fuel Conservation Act of 1979".

FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds and declares that—

(1) the achievement of energy security for the United States is essential to domestic economic stability, the well-being of its citizens, and the maintenance of national security,

(2) gasoline and diesel fuel used as motor fuels currently account for more than forty percent of the nation's total petroleum use,

(3) considerable evidence exists which indicates that users of motor vehicles can and will respond to higher fuel prices by reducing their consumption of motor fuels, and

(4) the insuring of equity among income classes and among regions of the country is of the utmost importance in any conservation plan.

(b) It is the purpose of this Act to—

(1) utilize to the fullest extent the constitutional power of Congress to regulate interstate and foreign commerce and to provide for the national defense in order to improve the Nation's balance of payments, reduce the threat of economic disruption from oil supply interruptions, and increase the Nation's security by reducing its dependence upon imported oil;

(2) impose a surtax on motor fuels to encourage Americans to take special steps to reduce their use of motor fuels, as quickly and efficiently as they can;

(3) rebate the proceeds in full in an equitable manner through the reduction of taxes while leaving the States full discretion in the matter of taxation of its citizens; and

(4) rebate the funds in such a manner that individuals who take reasonable steps to decrease their use of motor fuels will not be financially hurt and may actually benefit from the tax rebate.

MOTOR FUELS CONSERVATION TRUST FUND

Sec. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the "Motor Fuels Conservation Trust Fund" (hereinafter in this section referred to as the "Trust Fund") consisting of such amounts as are appropriated to the Trust Fund under this section.

(b) There is appropriated to the Trust Fund an amount equal to the sum of the amounts received in the Treasury as a result of the surtaxes imposed under sections 4041(a)(2) and 4081(a)(2) of the Internal Revenue Code of 1954.

(c) The Secretary of the Treasury shall transfer to the Trust Fund any amount appropriated under this subsection.

(d) The amounts required to be transferred to the Trust Fund under subsection (c) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(e)(1) It shall be the duty of the Secretary of the Treasury to hold the Trust Fund, and to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations during the next fiscal year. Such report shall be printed as a Senate document of the session of the Congress to which the report is made.

(2)(A) It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of 1 percent next lower than such average rate. Such obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(B) Any obligation acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

(C) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(f) Amounts in the Trust Fund shall be available only to make the payments provided under section 4 of this Act.

PAYMENTS FROM THE TRUST FUND

Sec. 4 (a) There shall be allocated to each State for each fiscal year an amount equal to the amount of the surtax imposed under sections 4041(a) and 4081(a) of the Internal Revenue Code of 1954 on the sale or use of gasoline or special fuels within that State during the fiscal year.

(b)(1) Within 60 days before the beginning of each fiscal year (60 days after the date of enactment of this Act in the case of fiscal year 1979), the Secretary of the Treasury shall project the amount of the allocation of each State for that fiscal year under subsection (a).

(2) The Secretary shall each quarter of each fiscal year pay out of the Trust Fund to each State one-fourth the amount projected to be allocated under paragraph (1).

(3) The Secretary shall adjust the payment to each State to reflect any modifications necessary as a result of any difference between the projected and actual allocation.

USE OF FUNDS BY STATE

Sec. 5 (a) Funds received by a State under section 4 shall, under regulations prescribed by the Secretary within 120 days after the date of the enactment of this Act, be—

(1) returned to residents of the State in full,

(2) returned, to the maximum extent practical, to residents of the State paying the surtax under sections 4041(a)(2) and 4081(a)(2) of the Internal Revenue Code of 1954.

(3) returned through a reduction in an existing State tax program, in the following order of priority:

(A) State sales tax (other than State sales tax on gasoline),

(B) State property taxes, and

(C) State income taxes; and

(4) used to assist public mass transportation systems within the State if all of the taxes described in paragraph (3) are reduced to zero.

(b) In order to qualify for any payment under section 4 of this Act for any fiscal year, the State shall establish to the satisfaction of the Secretary that it has a plan to disburse such funds which meets the requirements of this section.

ENERGY CONSERVATION SURTAX

Sec. 6. (a) Section 4041 (a) of the Internal Revenue Code of 1954 (relating to tax on diesel fuel) is amended—

(1) by striking out so much of such subsection (a) as precedes paragraph (1) and inserting:

"(a) Diesel Fuel.—

"(1) In general.—There is hereby imposed a tax of 4 cents a gallon upon any liquid other than any product taxable under section 4081.—";

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B);

(3) by striking out "paragraph (1)" and "paragraph (2)" each place they appear and inserting "subparagraph (A)" and "subparagraph (B)", respectively; and

(4) by adding at the end thereof the following:

"(2) Energy conservation surtax.—

"(A) In general.—In addition to the tax imposed by paragraph (1), there is imposed a surtax in accordance with the following table:

Calendar year of sale or use	Surtax per gallon is—
1980	10 cents
1981	20 cents
1982	30 cents
1983	40 cents
1984 and thereafter	50 cents

except that this energy conservation surtax shall not apply to diesel fuel sold for use in trucks, other than light trucks, as defined by the Secretary of the Treasury.

"(B) Inflation adjustment.—Beginning with the third calendar quarter of 1984, and each calendar quarter thereafter, the surtax shall be equal to the sum of 50 cents, plus an amount equal to—

"(i) 50 cents, multiplied by

"(ii) the percentage by which the implicit price deflater for the gross national product for the second preceding calendar quarter exceeds such deflator for the calendar quarter ending December 31, 1983.".

(b) Section 4081 (a) of such Code (relating to tax on gasoline) is amended to read as follows:

"(a) Imposition of Tax.—

"(1) In general.—There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 4 cents a gallon.

"(2) Surtax.—

"(A) In general.—In addition to the tax imposed by paragraph (1), there is imposed a surtax in accordance with the following table:

Calendar year of sale or use	Surtax per gallon is—
1980	10 cents
1981	20 cents
1982	30 cents
1983	40 cents
1984 and thereafter	50 cents

"(B) Inflation adjustment.—Beginning with the third calendar quarter of 1984, and each calendar quarter thereafter, the surtax shall be equal to the sum of 50 cents, plus an amount equal to—

"(i) 50 cents, multiplied by

"(ii) the percentage by which the implicit price deflator for the gross national product for the second preceding calendar quarter exceeds such deflator for the calendar quarter ending December 31, 1983.".

(c)(1) Section 4041(e) of such Code is amended by inserting "(1)" after "(a)" each place it appears.

(2) Section 4081(b) of such Code is amended by striking out "this section" and inserting "subsection (a)(1)".

(d) The amendments made by this section apply to the sale or use of gasoline or special fuels after December 31, 1979.

S. 1750

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "Motor Fuel Conservation Act of 1979".

FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds and declares that—

(1) the achievement of energy security for the United States is essential to domestic economic stability, the well-being of its citizens, and the maintenance of national security,

(2) gasoline and diesel fuel used as motor fuels currently account for more than forty percent of the nation's total petroleum use,

(3) considerable evidence exists which indicates that users of motor vehicles can and will respond to higher fuel prices by reducing their consumption of motor fuels, and

(4) the insuring of equity among income classes and among regions of the country is of the utmost importance in any conservation plan.

(b) It is the purpose of this Act to—

(1) utilize to the fullest extent the constitutional power of Congress to regulate interstate and foreign commerce and to provide for the national defense in order to improve the Nation's balance of payments, reduce the threat of economic disruption from oil supply interruptions, and increase the Nation's security by reducing its dependence upon imported oil;

(2) impose a surtax on motor fuels to encourage Americans to take special steps to reduce their use of motor fuels, as quickly and efficiently as they can;

(3) rebate the proceeds in full in an equitable manner through the reduction of Federal social security and income taxes; and

(4) rebate the funds in such a manner that individuals who take reasonable steps to decrease their use of motor fuels will not be financially hurt and may actually benefit from the tax rebate.

MOTOR FUELS CONSERVATION TRUST FUND

Sec. 3. (a) There is established in the Treasury of the United States a trust fund to be known as the "Motor Fuels Conservation Trust Fund" (hereinafter in this section referred to as the "Trust Fund") consisting of such amounts as are appropriated to the Trust Fund under this section.

(b) There is appropriated to the Trust Fund an amount equal to the sum of the amounts received in the Treasury as a result of the surtaxes imposed under sections 4041(a)(2) and 4081(a)(2) of the Internal Revenue Code of 1954.

(c) The Secretary of the Treasury shall transfer to the Trust Fund any amount appropriated under this subsection.

(d) The amounts required to be transferred to the Trust Fund under subsection (c) shall be transferred at least quarterly from the general fund of the Treasury to the Trust Fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(e)(1) It shall be the duty of the Secretary of the Treasury to hold the Trust Fund, and to report to the Congress each year on the financial condition and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations during the next fiscal year. Such report shall be printed as a Senate document of the session of the Congress to which the report is made.

(2) (A) It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of 1 percent next lower than such average rate. Such obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

(B) Any obligation acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

(C) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

(f) Amounts in the Trust Fund shall be available only to make the payments provided under section 4 of this Act.

PAYMENTS FROM THE TRUST FUND

Sec. 4. (a) Within 60 days before the beginning of each fiscal year (60 days after the date of enactment of this Act in the case of fiscal year 1979), the Secretary of the Treasury shall—

(1) make projections for such fiscal year with respect to—

(A) the amount of the surtax to be paid under section 4041(a)(2) and 4081(a)(2) of the Internal Revenue Code of 1954,

(B) the amount of such surtax to be paid by persons liable for tax under chapter 21 of such Code,

(C) the amount of such surtax to be paid by persons not liable for tax under such chapter 21 but under chapter 1 of such Code, and

(D) the amount of such surtax to be paid by persons not described in subparagraph (B) or (C); and (2) submit to the Congress a plan—

(A) to reduce the taxes described in subparagraphs (B) and (C) of paragraph (1) by the amount of the surtax to be paid by persons described in such subparagraph, and

(B) to increase food stamp benefits for persons described in subparagraph (D) of paragraph (1) by the amount of the surtax to be paid by such persons.

(b) The Secretary shall transfer from the Trust Fund—

(1) to the Federal Old-Age and Survivors Insurance Trust Fund an amount equal to the reduction in taxes as a result of any decrease in the taxes imposed by chapter 21 of such Code as a result of the plan submitted under subsection (a)(2); and

(2) to the general fund of the Treasury an amount equal to any reduction in income taxes or increase in food stamp benefits as a result of such plan.

ENERGY CONSERVATION SURTAX

Sec. 5. (a) Section 4041 (a) of the Internal Revenue Code of 1954 (relating to tax on diesel fuel) is amended—

(1) by striking out so much of such subsection (a) as preceds paragraph (1) and inserting:

"(a) Diesel Fuel.—

"(1) In general.—There is hereby imposed a tax of 4 cents a gallon upon any liquid (other than any product taxable under section 4081—";

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B);

(3) by striking out "paragraph (1)" and "paragraph (2)" each place they appear and inserting "subparagraph (A)" and "subparagraph (B)", respectively; and

(4) by adding at the end thereof the following:

"(2) Energy conservation surtax.—

"(A) In general.—In addition to the tax imposed by paragraph (1), there is imposed a surtax in accordance with the following table:

Calendar year of sale or use	Surtax per gallon is—
1980	10 cents
1981	20 cents
1982	30 cents
1983	40 cents
1984 and thereafter	50 cents

except that this energy conservation surtax shall not apply to diesel fuel sold for use in trucks, other than light trucks, as defined by the Secretary of the Treasury.

"(B) INFLATION ADJUSTMENT.—Beginning with the third calendar quarter of 1984, and each calendar quarter thereafter, the surtax shall be equal to the sum of 50 cents, plus an amount equal to—

"(i) 50 cents, multiplied by

"(ii) the percentage by which the implicit price deflator for the gross national product for the second preceding calendar quarter exceeds such deflator for the calendar quarter ending December 31, 1983.".

(b) Section 4081(a) of such Code (relating to tax on gasoline) is amended to read as follows:

"(a) IMPOSITION OF TAX.—

"(1) IN GENERAL.—There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 4 cents a gallon.

"(2) SURTAX.—

"(A) IN GENERAL.—In addition to the tax imposed by paragraph (1), there is imposed a surtax in accordance with the following table:

Calendar year of sale or use	Surtax per gallon is—
1980	10 cents
1981	20 cents
1982	30 cents
1983	40 cents
1984 and thereafter	50 cents

"(B) INFLATION ADJUSTMENT.—Beginning with the third calendar quarter of 1984, and each calendar quarter thereafter, the surtax shall be equal to the sum of 50 cents, plus an amount equal to—

"(i) 50 cents, multiplied by

"(ii) the percentage by which the implicit price deflator for the gross national product for the second preceding calendar quarter exceeds such deflator for the calendar quarter ending December 31, 1983.".

(c)(1) Section 4041(e) of such Code is amended by inserting "(1)" after "(a)" each place it appears.

(2) Section 4081(b) of such Code is amended by striking out "this section" and inserting "subsection (a)(1)".

(d) The amendments made by this section apply to the sale or use of gasoline or special fuels after December 31, 1979.

GASOLINE CONSERVATION—HOW THE JOHNSTON BILL WORKS

1. Beginning January 1, 1980 the current 4¢ federal tax on gasoline and diesel rises by 10¢ per gallon. On January 1 of every year thereafter the tax rises by 10¢ more until it reaches 54¢ on January 1, 1984. (The 50¢ new tax plus the existing 4¢ tax). Beginning January 1, 1985 the new 50¢ tax is adjusted upward, on a quarterly basis, for inflation. Note Trucks, except light trucks, are exempt from the tax.

2. All the proceeds of the new tax are deposited in the newly established Motor Fuels Conservation Trust Fund. The Secretary is appointed trustee of the Trust Fund.

3. The Trustee of the new Trust Fund will promulgate guidelines for the states to apply for grants up to the amount of the gasoline tax revenues collected in the state. In framing the guidelines the Trustee shall be guided by the following considerations:

a. All the funds collected within a state must be returned to residents of that state

b. The distribution of funds within a state shall be through an existing state tax program, including state sales taxes (except the state sales tax on gasoline), state property taxes, state income taxes

c. The priority for distribution of funds within a state shall be; first state sales taxes (except state sales tax on gasoline); second, state property taxes; third, state income taxes.

4. Two numerical examples: Louisiana and New York—

TAX REVENUES

[In billions of dollars]

	Louisiana		New York	
	1977	1984[1]	1977	1984[1]
State sales taxes	0.5	0.9	2.2	4.0
State income taxes	.1	.3	4.5	9.0
Total	.6	1.2	6.7	13.0
50 cents per gallon gasoline tax		1.2		3.1

[1] Projections for State sales tax revenues assume 9 percent per year annual growth rates. Projections for State income tax revenues assume annual increases of 10 percent per year.

Note: Projections for gasoline tax revenues assume gasoline use at 1978 levels.

As can be seen from this table, the revenues from a 50c/gallon gasoline tax would be sufficient to completely wipe out the state sales and income taxes in Louisiana in 1984. For the case of New York the gasoline tax revenues would be sufficient to reduce the state sales tax by at least 75 percent. The principal reason that New Yorkers would see smaller reductions than Louisianans is that people drive more in Louisiana and state taxes are generally lower.

By Mr. HATFIELD:

S. 1751. A bill to amend section 103 of the Internal Revenue Code of 1954 to provide that the interest on certain mortgage revenue bonds will not be exempt from Federal income tax; to the Committee on Finance.

Mr. HATFIELD. Mr. President, today I am introducing legislation to amend Section 103 of the Internal Revenue Code of 1954, to provide that the interest on certain mortgage revenue bonds will not be exempt from Federal Income Tax.

As most of my colleagues are aware, the past few years have seen the dramatic rise of municipal activity in the field of low interest home mortgage bonds. Originally pioneered in July, 1978, when the city of Chicago issued $100 million worth to finance local home loans, by April of this year numerous localities had sold over $1.6 billion in similar single-family housing issues. Furthermore, the CBO estimates that by 1984, State housing agencies and localities together will issue between $20 and $35 billion of tax exempt municipal bonds, with the majority originating at the local level. This is significant indeed when one realizes that each billion dollars of newly issued tax-exempt bonds has been estimated to result in an annual loss of some $22.5 million in forgone Federal tax revenue over the life of the bonds. By 1984, we could potentially experience a gross revenue loss from these bonds of $1.6 to $2.1 billion. Prudence would dictate that the use of such bonds be strictly controlled.

Admittedly, there are numerous beneficial and proper purposes which these bonds might and do serve. For instance, while numerous programs have been initiated to assist middle income home buyers, low income housing assistance programs remain limited to less than 10 percent of those eligible families. Then too, many State housing programs have failed to address local housing and redevelopment needs, as well as neglecting to encourage family relocation in locally designated areas. These are just some of the problems which local municipal bonds have sought to rectify.

As we all know, insuring the availability of affordable housing has come to be the major priority of all housing programs. It is particularly urgent for those people with an annual income below $10,000. Of those families with average annual incomes above $10,000, only 19.3 percent spend more than one-fourth of their income on housing. Of those below this figure in 1976, 39 percent were paying greater than a quarter of their income for shelter. Hence, the need for increased low income housing finance becomes clear. Even given large proposed 1979 increases to HUD, "existing programs will continue to serve only a very small portion of the eligible population."

Unfortunately, due to lack of local control and planning, many tax exempt municipal bonds have gone to assist those families without substantial need. According to a recent study completed by the Urban Institute, too many of these bonds have gone to assist families in the $14,000 to $25,000 income bracket; of whom 70 percent previously owned a home, and among whom 11 percent are buying homes annually exclusive of the aid from such bonds. Meanwhile, just getting into a first home has become a major task for those families below medium income.

The bill which I am proposing today would address this concern, as well as many others voiced by mortgage bankers, local government officials, and citizens from across the country. For instance, while still allowing single-family home financing through mortgage bonds, it restricts it to those households not in excess of 95 percent of area median income, or 150 percent median income, providing the prospective residence is within a designated neighborhood strategy area. Furthermore, 75 percent of the proceeds must be used to finance homes with a maximum 90-percent loan-to-value ratio.

Much concern has also been voiced about the potential flooding of the housing market with these low-interest loans, thereby squeezing out private lenders and exacerbating inflationary trends. For this reason, provision has been made to limit the aggregate bonding authority to 250 times the eligible number of individuals in any given locality or 5 percent of the total mortgage loans made over the past 3 years, whichever is less.

In addition, no such loan may be assumed by an ineligible family and also may not be used to refinance any residence unless substantial rehabilitation is involved. In order to further protect that vast group of renting Americans, none may be used to purchase any multiunit residence which was renter occupied during the prior 24-month period.

Four other provisions have been included in this plan to limit tax-exempt mortgage bonds: First, they must be administered by a qualified housing agency or an agency so designated; second, the loans may not be limited to any single lender, and more importantly, the effective interest rate on any mortgage loan may not exceed 1¼ percent the yield to maturity to the issue purchaser. The intent here is to insure their fair and responsible issuance and at the same time to discourage their excessive use. Finally, current arbitrage and investment gains must be returned to the homebuyer to further reduce the costs of owner financing. This means anything beyond the 1.25 interest is guaranteed to assist the mortgager.

Mr. President, the practical effect of loans made possible by these tax exempt bonds cannot be overstated. A family with a gross income of $16,000 and a prospective home purchase of $40,000 stands to save $85 a month in home payments, or roughly as much as $27,000 over the term of the loan. It is essential that such low interest loans be limited to those families with real need and, likewise, targeted to those urban areas in need of redevelopment. The bill which I have just briefly described contains all these provisions and also attempts to guarantee their equitable and moderate issuance.

By Mr. DURKIN:

S. 1752. A bill to amend the Internal Revenue Code of 1954 to provide individuals a credit against income tax for amounts paid or incurred by the taxpayer for alterations to his principal residence in order to make such residence more suitable for handicapped family members; to the Committee on Finance.

Mr. DURKIN. Mr. President, today I am introducing and cosponsoring legislation to help Americans who are physically or mentally disabled. I propose a tax credit to encourage home improvements made for the care of handicapped family member. Also, I welcome the opportunity to join the distinguished Senator from Michigan, my good next-door-neighbor in the Dirksen Senate Office Building, Senator Levin, in cosponsoring a measure that will remove certain work disincentives for the disabled under the supplemental security Income (SSI) benefit program.

Among those who are concerned or involved with helping handicapped persons, there is a consensus that entirely too many disabled Americans are living in institutions unnecessarily. Still, others are forced to reside in highly unsatisfactory accommodations outside of institutions.

The legislation I am introducing allows a tax credit up to $1,000 per year, with a ceiling of $5,000, for home improvements which are made for the care of handicapped family members. If a household includes more than one eligible disabled individual, the credit may be applied separately. Adjusted gross income limitations are set at $20,000 for unmarried persons and $35,000 for persons filing jointly.

My bill reflects comparatively modest, but much needed, encouragement to families who seek a viable alternative to sending their kin away from home in an effort to provide them with optimum living conditions. It is going to help those disabled Americans who have to fight each day for the kind of independence you and I take for granted.

At first glance, the tax credit I propose may seem expensive to the nondisabled. Quite the contrary. No institution can duplicate the love and attention of family and, in the long run, I believe this tax credit will save the Federal Treasury money that would otherwise be spent on a well-meaning but less effective Government effort. This legislation will reverse the trend of Federal intrusion into family life. Moreover, it recognizes the higher costs of living that disabled Americans encounter in our economy today.

The same holds true for the series of supplemental security income (SSI) program reforms that I am sponsoring with Senator Levin. Our legislative package, S. 1657, adjusts the SSI definition of "substantial gainful activity" (SGA) to reflect the expense of being a severely disabled worker by almost doubling the earnings limitation from the present monthly rate of $280 to $481. In determining "countable earnings" for purposes of SGA, we recommend the following items be disregarded:

First, the first $65 of monthly earnings;

Second, "standard work related expense disregard" equal to 20 percent of gross earnings;

Third, "impairment-related work expenses" of certain severely disabled individuals equal to the cost to the individual of any attendant care services, medical services, equipment, prothesis, and similar items and services which are necessary for the individual to remain employed; and

Fourth, 50 percent of remaining monthly earnings.

While the previous Congress did much to improve the Federal vocational rehabilitation program to increase employment opportunities for the disabled, I strongly believe that we can and must do more. Handicapped individuals face more than usual obstacles in job hunting and, in my view, perhaps none is so great as the fear of risking one's financial security.

Under present law, an individual retains disability status for a total of 12 months after obtaining "substantial gainful employment." The legislation I am cosponsoring allows a disabled person to retain this status, without receiving SSI payments, for an additional 12 months. During this period, if the person experiences a loss of earnings, he or she could begin to receive SSI payments without being subject to a new eligibility procedure. Also, individuals may be considered "presumptively disabled" for 4 years following the loss of disability status, which would permit them to reobtain all benefits upon proof of income eligibility without requiring disability status to be redetermined.

I applaud the House of Representatives for having already approved supplemental security income amendments which are quite similar to the reforms I am sponsoring. I urge the Senate to act favorably on this legislation, and on the tax credit I propose to encourage home improvements made for the care of handicapped family members. There are well over 2 million disabled people in our country today who not only deserve this help but need it now.

Mr. President, there being no objection, I ask unanimous consent that the text of the tax credit I propose today be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1752

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44C the following new section:

"Sec. 44D. Credit for Expenditures To Make Principal Residence More Suitable for Handicapped Family Members.

"(a) Allowance of Credit.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified home alteration expenditures paid or incurred by the taxpayer during the taxable year.

(b) Limitations.—

"(1) Maximum amount of credit with respect to each eligible handicapped individual.—The credit allowed by subsection (a) to the taxpayer for the taxable year with respect to a dwelling unit shall not exceed an amount equal to the lesser of—

"(A) $1,000, or

"(B) an amount which, when added to the amounts allowed as a credit under this section to the taxpayer with respect to such unit for any prior taxable year, does not exceed $5,000.

In the case of a dwelling unit with respect to which there is more than one eligible handicapped individual, the dollar amounts contained in the preceding sentence shall be applied separately with respect to the qualified home alteration expenditures for each such individual.

"(2) Adjusted gross income limitation.—If the adjusted gross income of the taxpayer for the taxable year exceeds—

"(A) $20,000 in the case of an unmarried individual, or

"(B) $35,000 in the case of a joint return under section 6013,

the dollar amount contained in paragraph (1)(A) shall be reduced by an amount equal to one-half of the excess of such adjusted gross income over $20,000 or $35,000, as the case may be.

"(3) Application with other credits.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than credits allowable by sections 31, 39, and 43.

"(c) Definitions.—For purposes of this section—

"(1) Qualified home alteration expenditures.—The term 'qualified home alteration expenditures' means any amount paid or incurred for the purpose of making a qualified dwelling unit more accessible to, and usable by, any eligible handicapped individual who is described in paragraph (2)(B) with respect to such unit.

"(2) Qualified dwelling unit.—The term 'qualified dwelling unit' means any dwelling unit—

"(A) which is the principal residence of the taxpayer for the taxable year, and

"(B) in the case of any eligible handicapped individual, which is the principal place of abode of such individual for not less than a 9-month period which begins during the taxable year.

"(3) Eligible handicapped individual.—The term 'eligible handicapped individual' means any individual—

"(A) who is handicapped, and

"(B) who is the taxpayer, the spouse of the taxpayer, or a dependent of the taxpayer (as defined in section 152).

"(4) Handicapped individual.—The term 'handicapped individual' means any individual who has any medically determinable physical or mental impairment—

"(A) which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, and

"(B) which substantially limits one or more major life activities of such individual.

"(d) Special Rules.—For purposes of this section—

"(1) Married couples must file a joint return.—

"(A) In general.—If the taxpayer is married at the close of the taxable year, the credit provided by this section shall be allowed only if the taxpayer and his spouse file a join return under section 6013 for the taxable year.

"(B) Legally separated individuals.—An individual legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married at the close of the taxable year.

"(C) Certain married individuals living apart.—If—

"(i) an individual who is married and who files a separate return for the taxable year, and

"(ii) during the last 6 months of such year such individual's spouse is not a member of such household,

such individual shall not be considered as married at the close of the taxable year.

"(2) Taxpayer who is a dependent of another taxpayer.—No credit shall be allowed to a taxpayer under subsection (a) for amounts paid or incurred for any taxable year for expenditures if such taxpayer is a dependent of any other person for a taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.

"(e) Basis Adjustments.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed."

(b)(1) The table of sections for such subpart A is amended by inserting after the item relating to 44C the following new item:

"Sec. 44D. Credit for expenditures to make principal residence more suitable for handicapped family members."

(2) Subsection (a) of section 1016 of such Code (relating to adjustments to basis) is amended by striking out "and" at the end of the paragraph (21) added by the Revenue Act of 1978, by striking out the period at the end of paragraph (23) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(24) to the extent provided in section 44D(e), in the case of property with respect to which a credit has been allowed under section 44D."

(3) Subsection (b) of section 6096 of such Code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44C" and inserting in lieu thereof "44C, and 44D".

(c) The amendments made by this Act shall apply to amounts paid or incurred after the date of the enactment of this Act, in taxable years ending after such date.

By Mr. JACKSON (by request):

S. 1753. A bill to amend the act of October 21, 1976, an act to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, and for other purposes; to the Committee on Energy and Natural Resources.

● Mr. JACKSON. Mr. President, by request, I send to the desk for appropriate reference a bill to amend the act of October 21, 1976, an act to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the bill and the executive communication which accompanied the proposal from the Assistant Secretary be printed in the Record.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 1753

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (13) of section 101 of the Act entitled, "An Act to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, and for other purposes," approved October 21, 1976 (90 Stat. 2732, 2733), is amended by changing the period to a semicolon and inserting the following thereafter: "the Secretary of the Interior is authorized to revise the boundary of the seashore to add approximately 274 acres and to delete approximately 2,000 acres, and sections 302 and 303 of the Act of April 11, 1972 (86 Stat. 120, 121), shall apply to the boundary revision authorized herein."

U.S. Department of the Interior,
Office of the Secretary,
Washington, D.C., August 28, 1979.

Hon. Walter F. Mondale,
President of the U.S. Senate,
Washington, D.C.

Dear Mr. President: Enclosed is a draft bill to "Amend Public Law 94-578 (90 Stat. 2732) to authorize the addition and deletion of land at Padre Islands National Seashore, Texas."

We recommend that it be submitted to the appropriate committee and that it be enacted.

P.L. 94-578 increased the land acquisition ceiling for this area by $350,000. The purpose of this increase was to allow the National Park Service to acquire 274 acres of private land south of and adjacent to Mansfield Channel. In addition, the law was to authorize the deletion of approximately 2,000 acres of Federal, State and privately owned land presently within the seashore boundary. However, the legislation as passed did not provide for the necessary boundary change to permit the land acquisition, or the deletion of the 2,000 acres.

Our proposed bill would amend Title I, section 101(13) of P.L. 94-578 by authorizing the addition of approximately 274 acres to, and the deletion of approximately 2,000 acres from, the seashore.

The present boundaries of the seashore are narrow and will become increasingly more difficult and expensive to manage as development expands northward along the island adjacent to the present boundary projection. The 274 acres proposed for acquisition on the southern shore of Mansfield Channel will be principally used as a staging area for cross-channel visits, thereby sparing the southern portion of Padre Island National Seashore proper from unnecessary development.

Deletion of the 2,000 acres, which consists of approximately 11.5 miles of land extending south from Mansfield Channel, will provide a more economically realistic and manageable package.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

Robert Herbst,
Assistant Secretary.●

By Mr. MOYNIHAN:

S. 1754. A bill to determine the causes and effects of acid precipitation throughout the United States and to develop and implement solutions to this problem; to the Committee on Environment and Public Works.

ACID PRECIPITATION ACT OF 1979

● Mr. MOYNIHAN. Mr. President, I rise today to introduce a major environmental bill aimed at alleviating the problems caused by acid precipitation in this country. Many of you are already aware of the potentially debilitating effects of acid precipitation. Many of my colleagues know that over 300 lakes in my State are now sterile, unable to support life other than algae and moss. Many of my colleagues also know that forests, rivers and even buildings can be damaged by acid precipitation. And many of us can speculate as to the adverse health effects of this environmental problem.

The increase in the severity and frequency of acid rains is suspected to be caused by a number of different actions. Any activity which increases the amounts of sulfur, nitrogen and chlorine compounds in the atmosphere can potentially increase acid precipitation. The acid rain effects of these increased concentrations may be felt long distances from the activities which caused these higher levels. Ironically, recent advances in pollution control may have inadvertently exacerbated this problem, for devices that removed particulates from factory smokestacks tended to make the remaining exhaust more acidic than it would otherwise be, and the higher smokestacks which were intended to disperse pollutants more widely had the secondary effect of allowing the acidic particles to travel farther in the upper atmosphere.

This process has been occurring unnoticed for years, and even now we do not have complete information on how it works and precisely what its affects are, as a recent New York Times article attests.

And I might note that this problem is not purely a problem of individual States, or this Nation alone, simply because of the broad geographic range of the airflows involved. All too often the acid rain effects are felt across borders—State and national—from the sources of the pollution. Europe has long had an extensive air quality monitoring system and gradually accumulated the necessary data to identify and analyze the problems involved. Even now in Europe there is presently being considered a convention to deal with transboundary pollution. It is time then that the United States formulated a comprehensive plan and policy to deal with this problem, and begin to coordinate national, State, local, and private efforts to ameliorate the problem. We must also work with Canada and Mexico to assure an adequate understanding and solution to this problem.

The Federal responsibility in this matter becomes much greater as the Federal Government presses industries and utilities to burn coal and synthetic fuels rather than oil, for combustion of these fuels will certainly exacerbate the acid rain problem.

The physicians of the Middle Ages had a Latin motto of "primum non nocere," which translated means, "first do no harm." Our knowledge of the complexities of the natural environment is not always that much more advanced than was the medieval surgeons knowledge of the human body, and so I think that motto may be particularly relevant for us in this matter. This legislation freely acknowledges our ignorance and seeks to extend our knowledge by greatly increasing the scope and intensity of research on its causes and cures. The acid precipitation task force organized by the bill is assigned to formulate a comprehensive plan for the study and alleviation of acid precipitation and is assigned to develop and implement recommendations for its solution.

While we await the results of the massive research program the bill establishes, and while we negotiate the complex interstate and international agreements that will be required to cope with acid rain, the Federal Government must assume the costs of a more vigorous program to detoxify our lakes and streams. Presently 51 percent of the lakes in the Adirondacks are sterile. Similar results are being discovered in the boundary waters of Minnesota. To me, these statistics alone dictate that we must act now, before any further harm can be done.

In outline, the legislation I have proposed will provide the following:

It will establish a Federal acid precipitation task force composed of representatives of the Departments of Interior; Energy; Health, Education and Welfare, Commerce; Agriculture; the National Science Foundation; and the Tennessee Valley Authority. The task force will be chaired by the Administrator of the Environmental Protection Agency;

The bill directs this task force to develop a comprehensive plan to coordinate the efforts of Federal and State agencies, localities, university and other research and demonstration centers and public and private corporations; and

The bill authorizes an additional $152 million to be spent by the Federal Government over the next 11 years on the acid rain programs developed in this plan.

At the Federal level this bill proposes that the task force establish programs designed to—

Understand the complex meteorological and chemical process involved in the acid rain phenomena;

Determine and document the effects of acid rain, and develop recommendations for the redressing of these effects;

Foster scientific and management interchanges and agreements with foreign government and public and private multinational organizations; and

Consider and recommend regulatory and nonregulatory solutions to the problem, which may include compensatory payments or effluent charges to industry, rehabilitation of affected areas, adjustment of pollution standards and other emission control techniques.

At the State level, this legislation would:

Encourage Federal and State cost-sharing opportunities for the capital expenditures needed for controlling pollution sources and rehabilitating affected areas; and

Authorize $15 million in Federal funds for the States to implement such recommendations.

In addition, this legislation will authorize another $50 million in Federal funds to be allocated to universities and other research and demonstration centers to carry out activities set out for them by the acid precipitation task force. Such actions should include:

Developing course curricula on acid precipitation problems;

Establishing university centers to evaluate the effectiveness of proposed solutions to the acid rain problems; and

Establishing university extension services in local communities to involve local groups in the overall program set out by this legislation.

The Federal task force is also directed to assess the effectiveness of all of its programs in meeting the overall objectives of the act. Each year a report will be submitted to Congress documenting the progress made to date toward finding solutions to the acid rain problem. While research is the emphasis in the early years of the act, implementation programs are given greater incentives in the later years of the act.

I await my colleagues comments and support for such a measure, for the problems it is intended to solve do affect us all.

At this point, I ask unanimous consent to have inserted in the RECORD the article, "Acid Rain—No One Really Knows Yet How Bad It Really Is," from the New York Times of August 12, 1979.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ACID RAIN—NO ONE REALLY KNOWS YET HOW BAD IT REALLY IS

(By Gladwin Hill)

Rain may not differentiate between the just and the unjust, but governmental officials are joining scientists in concern about important distinctions in the quality of the rain descending on some parts of the world. More and more, rain water is picking up atmospheric contaminants that transform its traditional mildness into acid, sometimes as sour as vinegar.

While no direct harm to human beings has been documented, there is growing evidence of other baneful effects that present trends conceivably could aggravate into a calamity.

President Carter, in his environmental message to Congress on Aug. 2, included acid rain among pressing environmental issues, and announced the initiation of a 10-year program to study the phenomenon and its effects, with a $10 million budget for the first year.

The program will be conducted by an interagency "Acid Rain Coordination Committee," led by officers of the Department of Agriculture and the Environmental Protection Agency, and including "policy level" representatives of the Interior, Commerce, Energy and State Departments, the Council on Environmental Quality, the National Science Foundation and the Office of Science and Technology Policy. It will pursue coordinated research with industry and with foreign countries, particularly Canada and Mexico, and international organizations.

Acid rain was first brought to world attention in 1972 at the United Nations Conference on the Environment at Stockholm. There Sweden complained of damage to its lakes and forests resulting from noisome precipitation, presumed to derive from contaminants wafted from the vicinity of France, Belgium and Germany.

Two years later acid rain was reported in the northeastern United States in a joint study by Dr. Gene E. Likens, a Cornell University aquatic ecologist, and Dr. F. Herbert Bormann, a Yale forest ecologist. The high lakes of New York's Adirondack mountains, above 2,000 feet, were a special subject of attention. Half of them that had fish a generation ago no longer do. The whole northeastern section of the country was found subject to excessively acid precipitation. Since then acid rains have been observed in Maryland, Ohio, Missouri, Michigan, Texas, California and Washington.

Sometimes the acid can be traced to local air pollution. But often it is apparent that the pollution is coming from hundreds and possibly even thousands of miles away.

The principal pollutants causing acid rain are sulfur dioxide and nitrogen oxides. Combining with water in the air, they may form sulfuric and nitric acid, two of the most corrosive substances known.

Nature produces quantities of sulfur dioxide and nitrogen oxides, from vegetable decay, animal processes, the ocean and volcanoes. But historically the resultant acids have been laregly neutralized by the carbon dioxide in the air. This has normally produced rain only slightly acidic—5.7 on the acid-alkaline scale, which runs from 0 (most acid) to 14, with "neutral" at 7.

But where, in the northeastern United States, rainfall acidity levels of 5.6 were normal in the 1950's, researchers have been getting consistent measurements as low as 4.2, 6th occassional readings down to 3. On the acid-alkaline scale, each unit represents a 10-fold difference, so a reading of 4 is 10 times as acid as 5, and a reading of 3 is 100 times as acid.

Sulfur dioxide and nitrogen oxides are major residual products of combustion, and it is to the burning of fuels—in factories, power plants, automobiles and space heating—that scientists attribute this jump in acidity. Even with air pollution controls, more than 32 million metric tons of sulfur dioxide are estimated to be going into the air every year in the United States alone. Projections of fossil fuel burning—particularly in power plants—suggest that sulfur dioxide emissions may increase between 2-and-5 fold in the next 20 years. Present Federal air quality standards are geared entirely to localized effects. Acid rain might, in certain meteorological contexts, occasion additional standards related to remote effects.

Scientists acknowledge, for now, that the damage acid rain might do is still largely a matter of conjecture. They have discerned a half-dozen ways in which it could be deleterious, but quantitative data are still lacking.

The Council on Environmental Quality lists as possible effects decreased fresh water fish; production, decreased farm, and forest yields, depletion of nutrients from soils and aquatic systems, disruption of the natural acid or alkaline quality in soils, inactivation of important micro-organisms and corrosion of materials.

Ecological implications are more dramatically suggested by Dr. F. Harvey Pough of the State College of Agriculture and Life Sciences at Cornell. Noting that, along with the disappearance of trout from many Adirondack lakes, there has also been a decline in the spotted salamander population, he said: Absence of salamanders could result in the proliferation of mosquitoes and midges, which salamanders eat. Amphibians also are eaten by birds, shrews, foxes and other small mammals. Decreased numbers of salamanders could affect those animals too."

Because it so often results from long-range atmospheric drift, acid precipitation is both a scientific and governmental enigma. In Europe, the span of a few hundred miles can involve several nations; in the United States, several states, counties, cities and air pollution control areas.

When pollution of the Mediterranean Sea was brought up at the Stockholm Conference, it was relatively simple for the sources to be traced and for the United Nations Environmental Program to organize a multinational corrective effort. But the acid-rain situation is still so amorphous as to defy a corresponding approach. To date the matter has been mainly in the hands of another United States arm, the Economic Commission for Europe, which has been drafting some remedial "protocols" but doesn't expect to convoke an international meeting on them until 1980 or 1981.

"At this point," says Kay Jones, who has been the Council on Environmental Quality's acid-rain specialist, "our ignorance of the causes and effects of the problem is so bad you could do as well blindfolded in trying to pin responsibility on any particular party. We're going to need a lot of hard-nosed research in the next five years." ●

ADDITIONAL COSPONSORS

S. 91

At the request of Mr. THURMOND, the Senator from South Dakota (Mr. MCGOVERN) was added as a cosponsor of S. 91, a bill to amend title 10, United States Code, to remove certain inequities in the survivor benefit plan provided for under chapter 73 of such title, and for other purposes.

S. 326

At the request of Mr. BUMPERS, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 326, the Taxpayers' Bill of Rights Act.

S. 381

At the request of Mr. HOLLINGS, the Senator from North Carolina (Mr. MORGAN) was added as a cosponsor of S. 381, the Brown Lung Disease Act of 1979.

S. 1571

At the request of Mr. PACKWOOD, the Senator from Alaska (Mr. GRAVEL) and the Senator from Rhode Island (Mr. CHAFEE) were added as cosponsors of S. 1571, a bill to amend the Internal Revenue Code to provide increased incentives for the utilization of alternative energy sources.

S. 1579

At the request of Mr. BOREN, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of S. 1579, the Family Welfare Demonstration Program Act.

S. 1629

At the request of Mr. JACKSON, the Senator from Washington (Mr. MAGNUSON), the Senator from South Carolina (Mr. THURMOND), the Senator from Tennessee (Mr. SASSER), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 1629, the Civil Air Patrol supply bill.

S. 1655

At the request of Mr. MOYNIHAN, his name was added as a cosponsor of S. 1655, a bill to designate the building known as the Department of Labor Building in Washington, D.C., as the "Frances Perkins Department of Labor Building."

S. 1680

At the request of Mr. HATCH, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of S. 1680, a bill to provide for the cession and conveyance to the States of federally owned unreserved, unappropriated lands, and to establish policy, methods, procedures, schedules, and criteria for such transfers.

AMENDMENT NO. 422

At the request of Mr. HOLLINGS, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of amendment No. 422 intended to be proposed to Senate Concurrent Resolution 36, a concurrent resolution revising the congressional budget for the U.S. Government for fiscal years 1980, 1981, and 1982.

SENATE RESOLUTION 231—SUBMISSION OF A RESOLUTION DESIGNATING "AMERICAN HISTORY MONTH"

Mr. ROBERT C. BYRD submitted the following resolution, which was referred to the Committee on the Judiciary:

S. RES. 231

Whereas it is important for every American to understand the values and traditions which have contributed to the growth and well-being of our Nation;

Whereas the study of American history leads to a greater appreciation and understanding of our national heritage; and

Whereas February contains the birthdays of George Washington, Abraham Lincoln, and other famous Americans: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That February of each year is hereby designated as "American History Month", and the President is authorized and requested to issue a proclamation calling for the observance of each such month with appropriate ceremonies and activities.

SENATE RESOLUTION 232—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs, reported the following original resolution, which was referred to the Committee on the Budget:

S. RES. 232

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act was waived with respect to the consideration of S. 1716. Such waiver is necessary because S. 1716 authorizes the enactment of new budget authority which would first become available in fiscal year 1980, and such bill was not reported on or before May 15, 1979, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible in this instance because the Administration had not formulated its solar bank proposal by May 15. The expanded role of solar energy in reducing our dependence on imported oil was not foreseen at the time the previous authorization was approved.

The effect of defeating consideration of this authorization will be to impede seriously this important effort to reduce our oil imports.

SENATE RESOLUTION 233—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs, reported the following original resolution, which was referred to the Committee on the Budget:

S. RES. 233

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 932. Such waiver is necessary because S. 932 authorizes the enactment of new budget authority which would first become available in fiscal year 1979, and such bill was not reported on or before May 15, 1979, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible in this instance because proposals to reduce oil imports through increased residential and commercial energy conservation measures and through expanded production of alcohol fuels had not been formulated by May 15. This expanded role of conservation and alcohol in reducing our dependence on imported oil was not foreseen at the time the previous authorization was approved.

The effect of defeating consideration of this authorization will be to impede seriously this important effort to reduce our oil imports and rapidly rising residential and commercial utility bills.

SENATE RESOLUTION 234—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs, reported the following original resolution, which was referred to the Committee on the Budget:

S. Res. 234

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act was waived with respect to the consideration of S. 1748. Such waiver is necessary because S. 1748 authorizes the enactment of new budget authority which would first become available in fiscal year 1980, and such bill was not reported on or before May 15, 1979, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible in this instance because a workable proposal to encourage residential and commercial energy conservation had not been formulated by May 15. This expanded role of conservation in reducing our dependence on imported oil was not foreseen at the time the previous authorization was approved.

The effect of defeating consideration of this authorization will be to impede seriously this important effort to reduce our oil imports and rapidly rising residential and commercial utility bills.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL TRADE AUTHORIZATIONS S. 1020

AMENDMENT NO. 428

(Ordered to be printed and to lie on the table.)

Mr. McCLURE (for himself and Mr. COCHRAN) submitted an amendment intended to be proposed by them, jointly, to S. 1020, a bill to authorize appropriations for the Federal Trade Commission.

SELECTIVE SERVICE REGISTRATION—S. 109

AMENDMENT NO. 429

(Ordered to be printed and to lie on the table.)

Mr. McGOVERN submitted an amendment intended to be proposed by him to S. 109, a bill to require the reinstitution of procedures for the registration of certain persons under the Military Selective Service Act, and for other purposes.

● Mr. McGOVERN. Mr. President, I submit for printing an amendment to S. 109, a bill to require the reinstitution of procedures for the registration of certain persons under the Military Selective Service Act, and for other purposes.

The purpose of the amendment is to provide for a plan for reform of the existing law providing for registration and induction into the Armed Forces of the United States.

I ask unanimous consent that the text of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Amendment No. 429

On page 2, beginning with line 19, strike out through line 14 on page 5 and insert in lieu thereof the following:

That (a) the President shall prepare and transmit to the Congress a plan for reform of the existing law providing for registration and induction of persons for training and service in the Armed Forces of the United States. Such plan shall include recommendations with respect to—

(1) the desirability and feasibility of resuming registration under the Military Selective Service Act as in existence on the date of the enactment of this Act;

(2) the desirability and feasibility of establishing a method of automatically registering persons under the Military Selective Service Act through a centralized, automated system using school records and other existing records;

(3) the desirability of the enactment of authority for the President to induct persons registered under such Act for training and service in the Armed Forces during any period with respect to which the President determines that such authority is required in the interest of the national defense;

(4) whether women should be subject to registration under such Act and to induction for training and service in the Armed Forces under such Act;

(5) the desirability and feasibility of providing authority for the President to induct persons into the Individual Ready Reserve;

(6) whether persons registered under such Act should also be immediately classified and examined or whether classification and examination of registrants should be subject to the discretion of the President;

(7) such changes in the organization and operation of the Selective Service System as the President determines are necessary to enable the Selective Service System to meet the personnel requirements of the Armed Forces during a mobilization in a more efficient and expeditious manner than is presently possible;

(8) the desirability, in the interest of preserving discipline and morale in the Armed Forces, of establishing a national youth service program permitting volunteer work, for either public or private public service agencies, as an alternative to military service;

(9) such other changes in existing law relating to registration, classification, selection, and induction as the President considers appropriate; and

(10) other possible procedures that could be established to enable the Armed Forces to meet their personnel requirements.

(b) The President shall transmit with the plan required by subsection (a) proposals for such legislation as may be necessary to implement the plan and to revise and modernize the Military Selective Service Act.

(c) The plan required by subsection (a), together with the proposed legislation required by subsection (b), shall be transmitted to the Congress not later than April 15, 1980.

On page 5, amend the matter following line 14 as follows:

Amend the title so as to read: "A bill to require the President to prepare and submit a plan for the reform of the Military Selective Service Act, relating to the registration and induction of persons for training and service in the Armed Forces of the United States, and for other purposes.".●

RELOCATION OF THE NAVAJO AND HOPI INDIANS—S. 751

AMENDMENT NO. 430

(Ordered to be printed and referred to the Select Committee on Indian Affairs.)

Mr. DECONCINI submitted an amendment intended to be proposed by him to S. 751, a bill relating to the relocation of the Navajo Indians and the Hopi Indians, and for other purposes.

ENVIRONMENTAL EMERGENCY RESPONSE ACT—S. 1480

AMENDMENT NO. 431

(Ordered to be printed and referred to the Committee on Environment and Public Works.)

Mr. STAFFORD (for himself and Mr. CHAFEE) submitted an amendment intended to be proposed by them, jointly, to S. 1480, a bill to provide for liability, compensation, cleanup, and emergency response for hazardous substances released into the environment and the cleanup of inactive hazardous waste disposal sites.

SECOND CONCURRENT BUDGET RESOLUTION—SENATE CONCURRENT RESOLUTION 36

AMENDMENT NO. 432

(Ordered to be printed and to lie on the table.)

Mr. CRANSTON (for himself, Mr. TALMADGE, Mr. RANDOLPH, Mr. STONE, Mr. DURKIN, Mr. MATSUNAGA, Mr. THURMOND, and Mr. HUMPHREY) submitted an amendment intended to be proposed by them, jointly, to Senate Concurrent Resolution 36, a concurrent resolution revising the congressional budget for the U.S. Government for fiscal years 1980, 1981, and 1982.

● Mr. CRANSTON. Mr. President, on behalf of myself and seven other members of the Veterans' Affairs Committee, the Senator from Georgia (Mr. TALMADGE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Florida (Mr. STONE), the Senator from New Hampshire (Mr. DURKIN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from South Carolina (Mr. THURMOND), and the Senator from New Hampshire (Mr. HUMPHREY), I am submitting an amendment to the second concurrent resolution on the budget for fiscal year 1980, Senate Concurrent Resolution 36 as reported, to increase the levels in section 2 for veterans' benefits and services—function 700—by $300 million in budget authority and $400 million in outlays and to delete section 9, which would instruct the Veterans' Affairs Committees to recommend changes in current law and reported bills to reduce spending by $100 million in budget authority and $200 million in outlays in fiscal year 1980. Under the proposed second concurrent resolution—SCR—the totals for function 700 would be $21.2 billion in budget authority and $20.5 billion in outlays. Under our amendment, those totals would be $21.5 billion in budget authority and $20.9 billion in outlays. Our amendment would also make other conforming changes in the proposed SCR.

Our amendment reflects the bare minimum we believe necessary to sustain veterans' programs at adequate levels. Without this amendment, the SCR as reported would require cuts in service-connected disabiltiy compensation benefits and in Veterans' Administration health-care programs to substantially below essential levels that the Senate has already approved this year.

As chairman of the Veterans' Affairs Committee, I believe that it is vital that we all examine with the greatest care the assumptions made by the Budget Committee in arriving at its proposed totals for function 700. We have made that thorough examination; and I cannot in good conscience concur either with the Budget Committee's recommended levels or the proposed reconciliation instructions to the Veterans' Affairs Committees, or the cost savings and other assumptions underlying the Budget Committee's actions.

FUNCTION 700 TOTALS

With respect to the section 2 amendment to increase the function 700 totals, the SCR as reported proposes totals of $21.2 billion in budget authority and $20.5 billion in outlays. These totals are based on the Budget Committee's assumption that only an 8.3-percent cost-of-living increase would be enacted, effective October 1, 1979, for the service-connected disability compensation program and, thus, would not allow for a realistic increase to offset the effects of inflation. The 8.3-percent-increase assumption reflects the January 1979 Congressional Budget Office—CBO—projection of inflation for the 12-month period ending October 1979; CBO's current projection, prepared in June, for this period is 10.9 percent.

Moreover, the Senate has already, in H.R. 2282, passed on August 3, approved an 11.1-percent increase based on the actual CPI increase for the 12-month period ending in June 1979; and the present annual rate of inflation exceeds 13 percent. The exact amount of the compensation increase is under negotiation with the House Committee on Veterans' Affairs, but the House-passed figure of 8.3 percent is totally unacceptable—it is 16 percent less than has already been paid to non-service-connected VA pensioners and to social security and railroad retirement beneficiaries effective July 1—a 9.9-percent cost-of-living increase. We strongly oppose denying a fair cost-of-living increase to those veterans who were injured in the service of their country and the survivors of those who gave their lives.

Although the Budget Committee report states that the SCR as reported assumes a 7-percent cost-of-living increase, effective October 1, 1979, in GI bill educational assistance benefits, that assumption is offset by totally unrealistic cost-savings assumptions that "proposals" will be enacted to cut veterans' benefits, including some that no one—neither the administration nor any Member of the Senate or House of Representatives—has made in this Congress. The "proposals" assumed to be enacted—to eliminate certain VA burial benefits—minus $50 million—and reduce from 10 to 8 years the "delimiting" period for Vietnam-era veterans to use their GI bill benefits—minus $104 million—have not been introduced in either House; and the Senate Veterans' Affairs Committee has rejected as unwarranted and unfair the administration proposal to eliminate totally benefits for flight and correspondence training.

Instead, our committee has recommended, as part of S. 870, reported on September 7—Senate Report. No. 96-314—and entailing an overall net cost-savings of $10 million, legislation to tighten administration of these and other programs in order to eliminate waste and abuse. Thus, in our view, the SCR as reported would not permit legislative action to provide a reasonable increase in GI bill rates in fiscal year 1980.

With respect to VA health-care programs, the pending conference report on H.R. 4394, the HUD-Independent Agencies Appropriations Act for fiscal year 1980, includes $6.3 billion for VA health-care accounts. The SCR as reported includes $6.1 billion in budget authority and $6 billion in outlays. The Budget Committee's proposed $200 million reduction would mean elimination of $89 million—$12.5 million less than the Senate had earlier passed—that the H.R. 4394 conference report would add to the President's budget request to restore badly needed staffing that the administration has cut in fiscal year 1979 and proposes to cut in fiscal year 1980—$76.4 million—and to implement Public Law 96-22—$12.5 million.

That $200 million reduction for veterans' health care would also mean acceptance of the totally unrealistic assumption that legislation, S. 759, authorizing the VA to be reimbursed by health-insurance carriers for certain health-care services rendered to insured veterans would reduce the VA's fiscal year 1980 regular appropriations needs by $107 million. Although the Veterans' Affairs Committee is giving this proposal serious consideration and will hold hearings on it next week, it is simply impossible to operate VA health-care programs based on the expectation of estimated amounts of insurance collections resulting from the enactment of this new legislation.

It is clear to us, after extensive analysis and very broad consultations on the effect of this legislation, that putting to one side some serious problems yet to be resolved with this legislation at best it will result in negligible or no receipts until very late in the first fiscal year in which it is effective. It is important to note that if the Senate were to agree with us to reject the assumption regarding nonrestoration of VA health-care personnel cuts, this alone would not achieve the intended result unless the Senate also agrees to reject the assumption that regular VA health-care appropriations should be reduced by $107 million on the expectations that some form of health-insurance reimbursement legislation will be enacted and will net that amount in fiscal year 1980.

Mr. President, although we are in strong disagreement with the Budget Committee's assumptions regarding cost-savings, our committee has not ignored the great need to eliminate waste and abuse and to achieve savings in the Federal budget whenever it is reasonable to do so. And the fact is that the Veterans' Affairs Committee has exercised fiscal prudence and responsibility in its legislative recommendations this year.

The committee has reported legislation containing eight cost-savings provisions—totaling $81.2 million for fiscal year 1980 and $407.8 million over the next 5 fiscal years—and three cost-containment provisions—two provisions already enacted in Public Law 96-22, four provisions already passed by the Senate in H.R. 3892, and five provisions in S. 870 as reported.

Further, we plan to recommend this month a further cost-savings provision derived from S. 1518, on which hearings were held on August 2, to facilitate Government collection of outstanding GI bill claims, designed to net $10 million in fiscal year 1980 and $70 million over the next 5 fiscal years. These actions thus represent proposed savings of at least $477.8 million in function 700 over the next 5 fiscal years—a record of action that we believe is fully responsive to the congressional budget process and our severe national economic and fiscal constraints.

All that our amendment seeks is to provide veterans' programs reasonable protection from the effects of inflation and to enable the VA health-care system to provide an acceptable quality of care to sick and disabled veterans.

RECONCILIATION INSTRUCTION

With respect to the section 9 reconciliation instruction for the Veterans' Affairs Committee to recommend changes in current law or reported bills to reduce fiscal year 1980 spending by $100 million in budget authority and $200 million in outlays, our committee could comply with that instruction only by depriving veterans and survivors of a reasonable cost-of-living increase in service-connected disability compensation rates or making cuts that no one is proposing in existing veterans' entitlement—compensation, pension, burial, or GI bill—programs, or some combination of the two. In short, the instructions are totally unrealistic and flow from the unwarranted and unsupportable assumptions regarding cuts in veterans' entitlement programs that underlie the amounts proposed in section 2 of the SCR as reported.

The fact is the Veterans' Affairs Com-

mittee has exercised fiscal prudence and responsibility in its legislative recommendations this year. The committee has reported legislation containing eight cost-savings provisions—totaling $81.2 million for fiscal year 1980 and $407.8 million over the next 5 fiscal years—and three cost-containment provisions—two provisions already enacted in Public Law 96-22, four provisions already passed by the Senate in H.R. 3892, and five provisions in S. 870 as reported.

Further, we plan to recommend this month a further cost-savings provision derived from S. 1518—on which hearings were held on August 2—to facilitate Government collection of outstanding GI bill claims, designed to net $10 million in fiscal year 1980 and $70 million over the next 5 fiscal years. These actions thus represent proposed savings of at least $477.8 million in function 700 over the next 5 fiscal years—a record of action that we believe is fully responsive to the congressional budget process and our severe national economic and fiscal constraints.

All that our amendment seeks is to provide veterans' programs reasonable protection from the effects of inflation and to enable the VA health care system to provide an acceptable quality of care to sick and disabled veterans.

I urge all Senators to support our amendment.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point, the text of the amendment we are submitting and of messages to all Senators from the Veterans of Foreign Wars, The American Legion, and the Disabled American Veterans, regarding this amendment as well as our July 27 letter to the Budget Committee outlining the view of the Committee on Veterans' Affairs with respect to the second concurrent resolution.

There being no objection, the amendment and letters were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 432

On page 2, line 16, strike out "$632,200,000,000" and insert in lieu thereof "$632,500,000,000".

On page 2, line 17, strike out "$649,200,000,000" and insert in lieu thereof "$650,100,000,000".

On page 2, line 18, strike out "$722,500,000,000" and insert in lieu thereof "$723,600,000,000".

On page 2, line 21, strike out "$542,700,000,000" and insert in lieu thereof "$543,100,000,000".

On page 2, line 22, strike out "$588,600,000,000" and insert in lieu thereof "$589,400,000,000".

On page 2, line 23, strike out "$632,800,000,000" and insert in lieu thereof "$634,000,000,000".

On page 3, line 4, strike out "−$28-,000,000,000" and insert in lieu thereof "−$28,400,000,000".

On page 3, line 5, strike out "+$15,000,000,000" and insert in lieu thereof "+$14,200,000,000".

On page 3, line 6, strike out "+$25,600,000,000" and insert in lieu thereof "+$24,400,000,000".

On page 3, line 9, strike out "$887,400,000,000" and insert in lieu thereof "$887,800,000,000".

On page 3, line 10, strike out "$906,200,000,000" and insert in lieu thereof "$907,400,000,000"

On page 3, line 11, strike out "$921-400,000,000" and insert in lieu thereof "$923,700,000,000".

On page 3, line 14, strike out "$57,400,000,000" and insert in lieu thereof "$57,800,000,000".

On page 3, line 15, strike out "$76,200,000,000" and insert in lieu thereof "$77,000,000,000".

On page 3, line 16, strike out "$91,400,000,000" and insert in lieu thereof "$92,500,000,000".

On page 9, line 1, strike out "$21,200,000,000" and insert in lieu thereof "$21,500,000,000".

On page 9, line 2, strike out "$20,500,000,000" and insert in lieu thereof "$20,900,000,000".

On page 9, line 4, strike out "$21,800,000,000" and insert in lieu thereof "$22,800,000,000".

On page 9, line 5, strike out "$21,400,000,000" and insert in lieu thereof "$22,100,000,000".

On page 9, line 7, strike out "$22,600,000,000" and insert in lieu thereof "$23,700,000,000".

On page 9, line 8, strike out "$22,500,000,000" and insert in lieu thereof "$23,600,000,000".

On page 15, strike out lines 4 through 16.

On page 15, line 17, strike out "SEC. 10" and insert in lieu thereof "SEC. 9".

On page 15, line 19, strike out "9" and insert in lieu thereof "8".

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
September 11, 1979.

To: All Members of the United States Senate.

From: Howard E. Vander Clute, Jr., National Commander-in-Chief Veterans of Foreign Wars of the United States.

Subject: Second Concurrent Budget Resolution, S. Con. Res. 36.

Urgently request your support of the Cranston Amendment to the Second Concurrent Budget Resolution in the reconciliation process to increase funding for the Veterans Administraton by $300 million in budget authority and $400 million in outlays, thus establishing spending ceilings of 21.5 billion in budget authority and 20.9 billion in outlays and, also, to strike section 9 of the Resolution which would require reduced spending in the form of cost savings legislation by $100 million in budget authority and $200 million in outlays.

The funding which would be authorized by the Cranston Amendment is absolutely essential not only to prevent further cuts in veterans' programs and permit a realistic cost of living increase in the compensation and Dependency and Indemnity Compensation programs but, also, to provide the medical care and benefits as mandated by the Congress of the United States for our veterans who have rendered a very special service to our great Republic. We must never forget that because of our veterans, and only because or our veterans, we have a free nation where we, you and I, may live with dignity and honor in freedom and progress in accordance with our individual abilities and motivation.

Again, I urge each and every one of you to vote for the Cranston Amendment and with best wishes and kind regards, I am

Sincerely,

HOWARD E. VANDER CLUTE, Jr.,
National Commander-in-Chief.

THE AMERICAN LEGION,
Washington, D.C., September 11, 1979.

DEAR SENATOR: The American Legion strongly supports the "Cranston amendment" to S. Con. Res. 36, the Second Concurrent Resolution that seeks to increase budget authority and outlays in veterans benefits (Functon 700). Specifically, budget authority would be increased from $21.2 billion to $21.5 billion and outlays from the present $20.5 billion to $20.9 billion.

The Legion believes that the "Cranston amendment" is justified in order to provide a realistic increase in service-connected disability compensation rates for veterans injured in service to their country and their eligible survivors. It definitely is not a "budget buster" item. This amendment is needed to assure that the Budget Resolution makes provisions for the VA health care appropriation, that House/Senate conferees have agreed to in the HUD-Independent Agencies appropriations bill for FY 1980 (H.R. 4394), which will be on the floor later this month.

Senator, as you know, both the Senate Veterans Affairs and Appropriations Committees have recommended restoration of additional medical staff in the VA health care programs. The "Cranston amendment" goes a long way toward protecting the money that has been restored for this staffing requirement, and also guarantees that war disabled veterans and their survivors will receive a needed cost-of-living adjustment in their benefits.

We urge you to support the "Cranston amendment" when it is considered on the floor later this week.

Sincerely,

MYLIO S. KRAJA,
Director, National Legislative Commission.

DISABLED AMERICAN VETERANS,
Washington, D.C., September 11, 1979.

Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: This letter is in reference to the Senate's consideration of the final federal spending ceilings for Fiscal Year 1980 as contained in Senate Concurrent Resolution No. 36—The Second Concurrent Resolution on the Budget.

The Disabled American Veterans is vitally concerned over action recently taken by the Senate Budget Committee which, through the "Reconciliation Process" as contained in Section 310 of the Budget Act, would have a severe adverse impact on Function 700—Veterans Programs and Services—cutting VA appropriations by $200 million dollars in FY 1980 and reducing outlays for new initiatives proposed by the Veterans Affairs Committee by an additional $200 million dollars.

Adoption of the Budget Committee reconciliation instruction would restrict the increase in VA compensation payments to 8.3 percent instead of the 11.1 percent adjustment in these benefits passed by the Senate just a few weeks ago.

Before the August recess the Appropriations Committees of the House and Senate came to a Conference agreement on the funding level for the VA in Fiscal Year 1980. Adoption of the reconciliation instruction would require the two Appropriations Committees to reconsider the VA budget and to reduce FY 1980 VA funding levels by $200 million dollars, primarily in the hospital and medical care programs.

Such action would seriously impair the implementation of Public Law 96–22, a long-awaited program of psychological readjustment counseling for Vietnam Era veterans and withdraw the 3800 VA medical care employees, already in Conference by the Appropriations Committees, as well as require the closing of 500 30–bed VA hospital wards.

As far as the VA hospital and medical care program is concerned, the adoption of the reconciliation instruction by the Senate would be a direct reversal of its previous actions thus far on the future and scope of VA health care and of its prior commitment to deal with the psychological impairments suffered by many Vietnam Era veterans.

Finally, in terms of Veterans Administration programs, the savings proposed by the Senate Budget Committee are based upon

several false assumptions. Among others, the Budget Committee assumes the enactment of cost-saving proposals which would curtail federal burial benefits provided to certain nonservice-connected veterans, reduce the GI Bill eligibility period from 8 to 10 years, eliminate flight and correspondence training under the GI Bill, and permit third party reimbursement by private insurers to the VA for health care received by certain nonservice-connected veterans.

Although the Senate Veterans Affairs Committee has taken up legislation which deals with some of these proposals, no such legislation has been passed by either the House or Senate. While hearings have been scheduled for late in September on S. 759, to allow third party health care reimbursement to the VA, it is not likely that such legislation will be enacted this year nor is it likely, if such legislation were enacted, that the savings would approach the $200 million dollars assumed by the Budget Committee.

For these reasons, the Disabled American Veterans is opposed to the reconciliation instructions contained in Sections 3 and 9 of Senate Concurrent Resolution No. 36 and is vitally concerned over Section 2 of the measure establishing FY 1980 VA budget totals that are well below those contained in the First Concurrent Resolution on the Budget.

Accordingly, when Senate Concurrent Resolution No. 36 comes to the Senate floor, we respectfully request that you oppose the reductions proposed in Function 700 by striking the reconciliation instructions related to Veteran's Programs and Services as contained in Sections 3 and 9 of the bill.

Thank you for your kind attention to our concerns regarding the VA funding levels for Fiscal Year 1980.

Sincerely,

PAUL L. THOMPSON,
National Commander.

COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., July 27, 1979.

Hon. EDMUND S. MUSKIE,
Chairman.
Hon. HENRY BELLMON,
Ranking Minority Member,
Committee on the Budget,
U.S. Senate, Washington, D.C.

DEAR ED AND HENRY: We are writing, on behalf of the Committee on Veterans' Affairs, in response to your letter of July 23 pertaining to legislation under the First Concurrent Resolution on the Budget for Fiscal Year 1980 (FCR). In that letter you asked for information regarding the Veterans' Affairs Committee's plans with respect to legislation having cost implications in order to assist the Budget Committee in its deliberations on the Second Concurrent Resolution (SCR).

You specifically asked about the prospects for cost-savings legislation that your Committee has assumed would be enacted. First, with respect to S. 759, health-insurance reimbursement legislation, estimated by the Congressional Budget Office (CBO) at the time of your report to result in savings of $0.2 billion in budget authority and outlays in fiscal year 1980, Committee staff has conducted an extensive review of the complex issues involved, has met with VA, CBO, Congressional Research Service, and health insurance industry representatives, and has scheduled a further meeting for August 15 with representatives of the same organizations, staff of your Committee and other Congressional Committees, and White House staff. Hearings will be held on S. 759 on September 12. In light of the difficult constitutional and policy issues that this legislation presents, we are not now in a position to predict what action will be taken in our Committee.

There has been no movement on counterpart legislation in the House of Representatives, and the House Committee on Veterans' Affairs has clearly indicated that it will not take any action on it this year.

In any event, even if it is assumed that such legislation would be enacted (which seems most unlikely this year), we believe strongly that the estimated cost-savings should not be deducted, just as we have previously urged they should not be deducted in connection with the FRC, from amounts otherwise allocable to the Appropriations Committee for the first fiscal year following enactment of the legislation.

Our reasons for this are primarily based on the fact that collections of reimbursements under this measure would not be available to the VA until toward the end of fiscal year 1980; and any reduction of appropriations premised on the enactment of this legislation would, to the extent of such a reduction, force the VA to operate at a reduced program level for much of that year—perhaps for the entire fiscal year in the event that estimated collections later in the year do not materialize in the amounts forecast. In our Committee's view, this would be a most unsatisfactory result, and an alternative method is clearly necessary.

We would also note that on July 6, 1979, we received an informal CBO estimate (copy enclosed) of cost-savings (collections) of only $107 million in fiscal year 1980, based on an optimistic assumption of an effective date of January 1, 1980; this is a reduction of $58 million from the previous CBO estimate dated April 19, 1979.

Second, with regard to legislation to eliminate or reduce certain veterans' burial benefits, the enactment of which your Committee assumed would result in cost savings of $0.1 billion in fiscal year 1980, no such legislation has been introduced either in the House or the Senate. In our view, it is totally unrealistic to expect the Congress to reduce these benefits: and we have no plans to consider such legislation. Thus, we urge that the estimated savings be restored in the SCR.

Third, with regard to legislation to reduce the period of eligibility for GI Bill—educational assistance—benefits, in connection with which your Committee assumed cost savings of $0.1 billion in budget authority and outlays, as in the case of burial benefits, no such legislation has been introduced in either House. In our view, there is no basis whatever for assuming enactment; and we have no plans to consider such legislation. Thus, we recommend the SCR.

that the estimated savings be restored in

Fourth, with regard to legislation to eliminate GI Bill benefits for flight and cor- ministration-requested legislation, S. 870, respondence training, as proposed in Ad- and assumed to result in cost-savings of $57.8 million at the time your Committee reported the FCR, the Veterans' Affairs Committee, after very careful study and with the benefit of preliminary data from a General Accounting Office report on these two programs, will not recommend such legislation but rather has ordered reported legislation (S. 870) to tighten administration of the flight and correspondence programs and reduce payments for flight training by requiring greater cost sharing by the trainee. According to CBO, fiscal year 1980 estimated cost savings of $31 million in budget authority and outlays would result from the enactment of the provisions that our Committee has approved.

With respect to the projects you requested several matters on which we would like to give you our views. First, our Committee plans to report legislation making improvements in the G.I. Bill, including a targeted extension of the period of GI Bill eligibility for educationally disadvantaged veterans and those who could benefit from on-job training to acquire needed job skills, all of which, when taken into account together with the above mentioned cost-savings, will result in net costs that are within our crosswalk under the FCR for Mission 2 of Function 700—$2.2 billion in budget authority and $2.3 billion in outlays. As soon as we have a CBO estimate of the costs of this bill, we will make certain that you also have copies.

We also recommend that Mission 1 of Function 700 be increased to provide for the 11.1-percent cost-of-living increase in service-connected disability compensation rates which our Committee has favorably reported in S. 689.

Also, as our Committee had previously urged in our March 15, 1979, report of views and estimates for the fiscal year 1980 budget, we strongly recommend that the SCR include provision for a "capped" 7-percent cost-of-living increase in GI Bill benefits, estimated to result in costs of $275 million in budget authority and outlays in fiscal year 1980. (Although your Committee had assumed enactment of such a cost-of-living increase in making its recommendation on the FCR, various cost-savings proposals for Function 700 entitlement programs that your Committee had assumed would be enacted, but will not be enacted—together with the fact that the cost-of-living increase in the compensation legislation has become more costly than had been expected—ultimately resulted in a crosswalk that realistically left no room for any cost-of-living increase.) If the SCR makes provision for this badly needed increase, our Committee will shortly thereafter recommend the enactment of this legislation.

With respect to Mission 3 of Function 700, we recommend that provision be made in the SCR for appropriations for VA accounts that are included in H.R. 4392 as reported by the Appropriations Committee plus $30.1 million, which would consist of an additional $25.1 million for the medical care account for the implementation of the Veterans' Health Care Amendments of 1979 (Public Law 96–22), which was enacted on June 13, 1979, and an additional $5 million for the grants to State extended-care facilities account to maintain the veterans' State home construction assistance program in fiscal year 1980 at the same $10 million level of appropriations provided in the current fiscal year. Senator Cranston will propose an amendment to H.R. 4392 for the $25.1 million increase; and Senator Randolph, for the $5 million increase.

Finally, we would like to clarify on behalf of the Veterans' Affairs Committee one aspect of our Committee's crosswalk report (S. Rept. No. 96–244) under the FCR. Our Committee, in subdividing among major programs the allocations to it of $14.1 billion in budget authority and outlays, allocated $11.7 billion in budget authority and $11.6 billion in outlays to "Income security" and $0.2 billion in budget authority and outlays to "Burial benefits". The Committee's intention regarding this subdivision is that the only programs included in the "Income security" category are the disability compensation and pension programs; and "Burial benefits" includes all other non-direct spending programs in Mission 1 of Function 700—for which $211 million in budget authority and outlays (in unrounded figures) were included.

With respect to other legislation, there are for fiscal years 1981 through 1984, we are unable to provide you with firm estimates for those years because of the very uncertain prospects for S. 759, the health insurance reimbursement measure discussed above, and the complexities involved in forecasting legislative activities in future years. However, if you require further information in this regard to update the projection included in the attachment to our Committee's March 15 report to your Committee (pages 51-52), we would ask that you have a member of the Budget Committee staff contact Edward Scott, General Counsel of the Veterans' Affairs Committee, for whatever analysis or data that is needed and that our Committee staff can provide with respect to those years.

We hope that you find this response helpful in your Committee's deliberations on the SCR for fiscal year 1980.

Sincerely,

ALAN CRANSTON,
Chairman.
ALAN K. SIMPSON,
Ranking Minority Member.●

NOTICES OF HEARINGS

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. SASSER. Mr. President, I wish to announce the hearing schedule of the Subcommittee on Intergovernmental Relations, Committee on Governmental Affairs, for the early part of October:

October 3, 9:45 a.m., room 1114, Dirksen: Grant reform location with focus on S. 878, the Federal Assistance Reform Act; and, S. 904, the Federal Assistance Reform and Small Community Act of 1979.

This will conclude subcommittee hearings on the above measure. If you wish to file a statement for the hearing record, it should be mailed to the subcommittee office before October 26, 1979.

SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES AND OPEN GOVERNMENT

● Mr. PRYOR. Mr. President, I would like to announce that the Subcommittee on Federal Spending Practices and Open Government, Committee on Governmental Affairs, will hold 1 day of hearings on S. 1681, a bill to reduce paperwork in the administration of certain construction contract provisions of law relating to wage rates. This hearing will be held on Tuesday, October 2, 1979, at 10 a.m. in room 1318 of the Dirksen Senate Office Building.

If anyone has any questions concerning this hearing, they may contact the subcommittee office at 224-0211.●

SUBCOMMITTEE ON CIVIL SERVICE AND GENERAL SERVICES

● Mr. PRYOR. Mr. President, I wish to announce that the Subcommittee on Civil Service and General Services will hold oversight hearings on the activities of the General Services Administration, with particular emphasis on the art in architecture program on September 25, 1979, at 9:30 a.m. in room 324 of the Russell Senate Office Buliding.

Anyone wishing additional information about the hearing may contact the subcommittee staff at 224-4551.●

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate today to consider the stockpile commodities bill, the naval petroleum reserves authorization bill, the Defense Officer Personnel Management Act, and military nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate today to hold a markup session on pending calendar business and Energy Mobilization Board legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE 100TH BIRTHDAY OF MARGARET HIGGINS SANGER

Mr. PACKWOOD. Mr. President, today marks the 100th anniversary of the birth of Margaret Higgins Sanger, a champion of human rights through her lifelong struggle to help all people, but especially the poor, to a safer, better life by giving them the chance to make responsible choices about parenthood and family planning.

Margaret Sanger's pioneering work in this country and abroad helped educate women about their bodies, their health, and their fundamental right to know. She coined the term "birth control." She established the first family planning clinic in this country. Her efforts inspired countless supporters, but she had her adversaries as well. She was at the forefront of social change throughout her lifetime. She brought controversy wherever she went and was jailed several times, but her efforts finally changed the consciousness of the generation which followed her.

Today, Margaret Sanger's strength of purpose and commitment are reflected through the activities of the Planned Parenthood Federation of America, the organization she founded. They are also reflected in the existence of the national family planning program, created by Congress a decade ago. But her vision—equal access to safe, legal, dignified, and truly comprehensive reproductive health care for all people—has not yet fully been realized. All of us can best commemorate her birthday by continuing to fight for the cause of reproductive freedom for all people, here in the United States and abroad.

Mr. President, I submit for printing in the RECORD a list of those States, cities, and counties which have proclaimed today, September 14, 1979, Margaret Sanger Day.

The list follows:

Alabama, James Forrest, Jr., Governor.
Arizona, Bruce Babbitt, Governor.
Arkansas, Bill Clinton, Governor.
Colorado, Richard Lamm, Governor.
Delaware, Pierre S. duPont IV, Governor.
Florida, Robert Graham, Governor.
Georgia, George D. Busbee, Governor.
Hawaii, George R. Ariyoshi.
Illinois, James R. Thompson, Governor.
Kentucky, Julian M. Carroll, Governor.
Maryland, Harry R. Hughes, Governor.
Michigan, William G. Milliken, Governor.
New York, Hugh L. Carey, Governor.
Virginia, John N. Dalton, Governor.
Wisconsin, Lee S. Dreyfus, Governor.
Cities and counties:
Birmingham, Ala.
Tucson, Ariz.
Los Angeles County, Calif.
San Diego County, Calif.
Washington, D.C.
Jacksonville, Fla.
Louisville, Ky.
Baltimore, Md.
Ann Arbor, Mich.
Ypsilanti, Mich.
Minneapolis, Minn.
St. Paul, Minn.
Lincoln, Nebr.
New York City, N.Y.
Dayton, Ohio.
Oklahoma City, Okla.
Madison, Wis.
Milwaukee, Wis.

WAGES AND TAXES: LABOR'S DILEMMA

Mr. DOLE. Mr. President, on Wednesday it was reported that the Carter administration is considering the establishment of a new committee to set wage guidelines. The committee is expected to include labor representatives who would then have a voice in the process of recommending national wage standards.

I sympathize with the problems of our labor leaders in attempting to set meaningful policies which will moderate the impact of inflation on working people. If they seek maximum wage increases for workers, they are criticized for adding to the inflationary spiral. If they reduce their wage demands, they are subject to attack for allowing the standard of living for workers to decline. To maneuver between those positions is not easy.

The difficult task of our labor leaders could be eased by a simple and equitable change in the law. We should recognize that, in our present economic environment, wage increases are not a primary cause of inflation. Declining productivity, which is a separate problem, does, indeed, contribute to inflationary pressures. But today most workers are hard put trying to keep up with inflation. Labor, more often than in the past, is accepting wage increases which do not keep pace with the cost of living, in the hope that the inflationary cycle can be broken. There are more two-income families, where both spouses work or where the breadwinner holds down two jobs.

The sad truth is that these efforts by citizens to behave in a responsible manner with regard to inflation will come to naught, unless Government will follow their example. Government spending remains irresponsible, in the true sense of the word: Government is not truly accountable for spending beyond its means. It is hard for voters to pinpoint the particular spending decisions which swell the deficit, and there is no adequate overriding control on Government spending.

Mr. President, labor could afford to moderate its wage demands much more readily if Congress would index taxes for inflation. The Tax Equalization Act, introduced by the Senator from Kansas, would do this. Because inflation exacts an automatic tax penalty on the progressive income tax, workers fall behind even if their wages keep up with prices. This is so because they are pushed into higher brackets where they pay higher rates of tax. Eliminate the inflation tax penalty, and you ease the burden on workers and on labor leaders trying to balance their social responsibilities with the needs of working people. As a result, lower wage increases would gain greater acceptance, and a significant blow would be struck against the inflationary psychology of the country.

Income tax indexing to eliminate "taxflation" would provide tangible benefits for American workers. The leaders of the American labor movement should take a look at the Tax Equalization Act, for its enactment would serve their interests well. It would also serve the immediate and long-term interest of the Nation.

GOOD QUESTIONS ABOUT SALT II

● Mr. **BAYH**. Mr. President, very recently a column by Mr. Arthur Krim was brought to my attention. In it, two very important questions are framed as a reference by which to judge the adequacy and likely consequences of final approval of the SALT II agreement. My own position on this issue still awaits a final determination as to the extent to which SALT II will enhance our national security and whether we can verify Soviet compliance, a requirement underlined by the recent confirmation of the clandestine deployment of a Soviet combat brigade in Cuba. Yet while it is clear that Mr. Krim is a firm advocate of arms control and favorably inclined toward SALT II, I would hope that those who have already made a negative assessment of this matter would consider the logic presented in such a precise and cogent manner.

As many of my colleagues are aware, Art Krim has a long and distinguished record of public service as a lawyer and a prominent figure in the motion picture industry. He is presently serving as a member of the General Advisory Committee on Arms Control and Disarmament. At this point, I ask that his column of August 21, which appeared in the New York Times, be printed in the RECORD.

The article follows:

[From the New York Times, Aug. 21, 1979]

2 QUESTIONS ON SALT

(By Arthur B. Krim)

To those millions of Americans to whom evaluation of the strategic-arms treaty has become lost in technicalities and conflicting generalities, I suggest that you ask your Senators two basic questions. You will be amazed by the extent to which the answers will cut through to the bottom line, not only for yourself, but also for your Senators as they approach their own moment of truth in making one of the most crucial decisions in our country's life.

1. Which of your objections to the terms of SALT II would be satisfied or alleviated by a repudiation of the treaty?

The fact is that the principal arguments against the treaty would actually in most instances be exacerbated if the treaty were not to be ratified.

As an example, take the argument that the treaty allows the Soviet Union the unfair advantage of the 308 heavy missiles now in place. If there were no treaty, this limit would be lifted; even more, the Soviet Union could then arm each of these missiles with up to 30 warheads, instead of the limit of 10 provided by the treaty, an overall potential increase of 6,000 warheads or more, which would otherwise be prohibited under SALT II.

Or take the argument that the Soviet Backfire bomber is not counted within the treaty ceiling. If there were no treaty, the Soviet Union could increase the range of the Backfire and its production rate without limits. Instead, in assurances that are integral to the treaty, the Soviet Union has specifically agreed to restrict the capacity of the Backfire to less than intercontinental range and to limit its production to no more than 30 a year.

Or, take the argument that compliance with the terms of the treaty is not adequately vertifiable. If there were no treaty, we would be required to rely entirely on our ability to penetrate what is happening in a closed society in order to know what missiles the Russians were testing or deploying. Instead, under the treaty the Soviet Union is required to take affirmative steps to aid us in monitoring these same developments.

Or, take the argument that our Minutemen missiles will be vulnerable in the early 1980's. No one can argue that this is in any way due to, or caused by, the terms of SALT II. However, any steps to counteract this vulnerability are made much simpler by knowledge under SALT II that the threat to be counteracted comes from a limited and known number of Soviet missiles.

You may be surprised to find that your Senator, if he is opposed to the treaty, may not be able to point to a single substantive objection that would be remedied to any extent by a defeat of ratification.

2: What do you propose be done to enhance our security that cannot be done under SALT II?

The fact is that whatever is being credibly proposed to improve our security or the security of our allies involves questions for broad national debate that are not inhibited by SALT II. Should we deploy the MX missile and, if so, how? Should we enlarge our nuclear forces in the European theater?

You may again be surprised to find that our choices on these and the other important issues of security remain the same, SALT II or not. The difference is that under SALT II we can make these choices with greater certainty of the extent of the strategic forces deployed against us.

The argument that SALT II should not be ratified unless and until these choices are made, even though they are unrelated to any SALT II restrictions, in effect says that one-third instead of a majority of our Senators should control our defense decisions.

These two questions recognize that your Senator's decision cannot turn on what an ideal treaty might be but on whether we are better off under the terms of this treaty or by opting for the foreseeable future to go our own way without restraints on either side. If you insist on satisfactory answers, the bottom line becomes clear.●

S. 1680: WESTERN LANDS DISTRIBUTION AND REGIONAL EQUALIZATION ACT OF 1979

● Mr. **DOLE**. Mr. President, I am pleased to join in cosponsoring S. 1680, the Western Lands Distribution and Regional Equalization Act of 1979 as introduced in early August by my distinguished colleague from Utah, Mr. HATCH.

Mr. President, this act will address the inequities in the adjudication rights and privileges to many States by establishing a mechanism by which States west of the 100th meridian may obtain title to certain public lands within their respective boundaries.

NEED FOR STATE JURISDICTION

The Federal Land Management and Policy Act of 1976 has held control over many aspects of public domain which has resulted in apprehension by the public toward the Federal Government. In some cases, it has been noted that Federal land managers have misinterpreted the legislative provisions that have been made resulting in economic and social damage to these areas in the West that are primarily under Federal ownership.

What has resulted, Mr. President, has been questionable management of our national resource lands. To be in the Nation's best interest would be for the States to receive jurisdiction over these lands. With our present energy situation it would be unwise for us not to grant to these States the opportunity to use the capabilities they have developed themselves in helping to wage the battle against the energy crisis.

The evidence that the Western States can effectively manage their resources can be seen through wildlife and fossil fuel developments of past years and the contributions that have been made in the presentation of their environments ecosystems.

EFFECTIVE PROVISIONS AND MECHANISM

As my colleague from Utah has noted in his remarks upon introduction of this measure, the idea of public land transfer is not new—what we have sought is an effective mechanism to enable transfer. This bill provides that.

To avoid adding more layers of growth to the bureaucracy, this bill provides that Federal involvement in each transfer process will be conducted by a seven-person interagency Federal land transfer board. The bill provides a definite schedule of events that spans a maximum of 28 months during which applications that are in compliance with the act are completed. The bill requires the establishment of State land commissions to manage the lands after they are transferred and specific management planning direction be provided to the State land commissions. In addition, the bill would also provide that certain State legislation be passed prior to land transfers which would insure contracts and covenants currently in force will continue uninterrupted under subsequent State jurisdiction.

BACK TO THE STATES

Mr. President, quite simply this bill will allow those western lands which for years have been held under the strict rule of the Federal Government, to decide their fate. Through this measure, the Western States will be capable of utilizing all of its resources and regulate their own programs and projects. I believe, Mr. President, that this concept will be a welcomed effort to this Nation to help meet the many crises, be it energy or the economy, for years to come.●

BROAD SUPPORT FOR TRUCKING DEREGULATION

● Mr. KENNEDY. Mr. President, I think it important that my colleagues be aware of the fact that the newspapers of this Nation have expressed virtually unanimous support for the trucking deregulation proposals President Carter and I announced last June. This legislation is critically important in our overall national effort to save fuel and to fight inflation.

As Members of Congress are aware, Senator Metzenbaum and I have inserted in the Record over the last few months a number of the editorials on this issue which have appeared in newspapers around the country. The volume of editorials is now so great, however, that it is not possible for us to continue to insert all of them. In the last 2 months, for example, more than 150 newspapers have editorialized in favor of the legislation. These include papers in some of the largest cities and some of the smallest towns in the country.

Today and tomorrow I will place in the Record some of the more illuminating editorials which have appeared. I submit editorials from the States of Alabama, Arizona, California, Colorado, Connecticut, Florida, and Georgia to be printed in the Record following my remarks.

Mr. President, given the breadth of support for trucking deregulation throughout the Nation, it is troubling to find industry trade associations continuing to tell their members that the current pressure for deregulation is coming from an isolated band of academics out to destroy their industry. A recent Harris poll, for example, showed that 49 percent of the American people opposed Federal regulation of the trucking industry—an unusually high result for the first time such a question has been asked. The regulated trucking industry must recognize that as Congress and the American people come increasingly to understand who benefits and who is hurt by the current regulatory system, the pressure for change will intensify.

It is my hope that representatives of regulated truckers will recognize the importance of change, and will pull back from their all-out opposition to this significant and necessary measure. Working together, I believe we can encourage the development of a truck transportation system that operates fairly and effectively for the benefit of all truckers, all shippers, and all consumers.

The editorials follow:

[From the Florence (Ala.) Times, July 4, 1979]

TRUCK COMPETITION

President Carter and Sen. Edward M. Kennedy, D-Mass., have proposed deregulation of the trucking industry, which would eliminate mandatory practices that place a burden on both truckers and their clients.

If Congress concurs, legalized price-fixing will be phased out by 1984. Restrictions on what cargoes truckers may carry will be lifted. The truckers will be able to follow the shortest routes. They will be allowed to cut rates by as much as 20 percent a year.

The American consumers will share in an estimated $5 billion savings in trucking charges every year. The president's Council on Wage and Price Stability estimates the average benefit to each family at $100 a year.

The Carter plan will allow independent truckers access to new markets and permit more minorities to enter the business.

The powers of the Interstate Commerce Commission to control trucking operations too often have been used to inflate industry profits and stifle competition. Consumers have little voice in the regulatory process.

Deregulation in the trucking industry will help break the stranglehold on markets enjoyed for years by firms protected from competition in price and services by a federal umbrella.

But these firms and the Teamsters who work for them will not release their stranglehold willingly or easily. The truckers association and the labor union have threatened to launch an all-out campaign to block congressional approval of deregulation of the industry.

[From the Phoenix (Ariz.) Republic, July 8, 1979]

BIG TRUCKERS WAIL OVER DEREGULATION

Washington.—Free enterprise, says American industry, is great—but for the other guy. The marketplace is where prices should be set, and not by government fiat—but again, only for the other guy.

The airlines were pretty jittery over deregulation by the Civil Aeronautics Board. But the airlines are making more money than ever since lower rates have brought in new consumers.

Now the trucking industry—or, more accurately the big truckers—have gone to war against deregulation.

Regulation has made it difficult for new truckers to go into the business and has kept prices artificially and unfairly high.

Interstate Commerce Commission rules are costing the nation millions of gallons of gas by forcing some trucks in interstate commerce to deliver a load and then return empty.

This doesn't bother the American Trucking Association and the big truckers. They pass the cost on to the shipper. So who needs free enterprise?

The ATA is lobbying furiously on Capitol Hill and at the White House to block a deregulation measure introduced by Sen. Edward M. Kennedy.

The ultimate horrors ATA envisions are competition and lower rates.

ATA is even weeping over the truckers who are exempt from ICC regulation. In a telegram to President Carter, Bennett C. Whitlock Jr., who heads ATA says:

"Since the rates of the exempt products they transport are not regulated, they have no mechanism whereby they can recover the higher fuel costs."

No mechanism? The exempt operators can charge what they please, and that charge will include higher fuel costs.

Remove regulation and all rates will come down, meaning lower profits for the big operators. Remove regulation, and all truckers will be in competition benefiting consumers.

[From the Brawley (Calif.) News, June 30, 1979]

TIME FOR DEREGULATION—TRUCKERS WANT CONTROLS

Is it possible that one of the best reasons for passage of President Carter's trucking deregulation bill is the concerted opposition of the regulated trucking industry and the International Brotherhood of Teamsters?

The President announced the long-anticipated bill at a press briefing with Sen. Edward M. Kennedy, D-Mass., at his side. Kennedy will sponsor the bill in the Senate.

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Competition is not regarded kindly by the regulated part of the trucking industry. This industry has had unique privileges since 1948, when the Reed-Bulwinkle Act was passed over the veto of President Truman.

The act permitted common carriers to formulate rate, fare and other agreements among themselves without being subject to anti-trust prosecution. The initial pressure for passage came from the railroads. Truman felt no legislation should grant immunity from the anti-trust laws without public safeguards.

Proponents of deregulation contend that the Reed-Bulwinkle Act resulted in a network of local monopolies that have added to the price of nearly everything.

The administration says that in 1978 the nation's eight largest trucking companies had an average return of 29 percent on their equities.

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[From the Fresno (Calif.) Bee, July 2, 1979]

TRUCKING DEREGULATION

If ever an industry is ripe for deregulation, it is trucking. For 40 years it has been subject to Interstate Commerce Commission regulations which have kept competition low and freight rates high.

Approximately 16,000 interstate motor carriers are licensed by the ICC, which seems to suggest there's a lot of competition in the business. But the facts are that under ICC regulations truckers are allowed to set rates jointly, immune in this respect from antitrust laws, and that a few large trucking companies carry the bulk of the freight. A study done several years ago estimated that fewer than 1 percent of the regulated carriers earn more than half of the trucking industry's revenues.

Federal regulations now make it difficult for newcomers in the industry to obtain licenses to transport goods. This increases the value of existing franchises. The result is that persons wanting to enter interstate trucking frequently have to buy licenses, at high prices, from those who hold them.

Some regulations require truckers to take circuitous routes when shorter and cheaper runs could be made. Others prohibit certain truckers carrying one kind of goods to a city or a town from picking up a load of some other kind of goods for the return trip. The result is that many of these trucks make the return trip empty.

Recognizing these things and fulfilling a pledge he made more than two years ago at a town meeting in Clinton, Mass. where he said his administration favored deregulation of all aspects of the transportation industry, President Carter has submitted legislation which would stimulate competition in the trucking industry, and save consumers $5 billion a year in shipping costs.

Carter's proposals would outlaw the now legal price fixing among truckers and would remove the restrictions that bar truckers from carrying certain commodities or taking the most direct routes. They would allow easier entry into the trucking business and give greater freedom in raising and lowering prices without ICC approval.

Although Carter has been joined by Sen. Edward Kennedy in his efforts to deregulate the industry, and the president's proposals are endorsed by the Independent Truckers Association, the National Association of Manufacturers, the National Farmers Organization and Common Cause, it won't be easy to get the bill through Congress.

Trucking interests that thrive under federal regulation, such as the large firms represented by the American Trucking Association, and the Teamsters Union whose members drive for them, are sponsoring an all-out lobbying campaign against the bill. If they are successful in defeating the measure, the $100 billion industry will be free to set rates and continue charging what the traffic will bear. Nonetheless, there is a good possibility that under the growing political pressure to stem inflation the legislation will pass. Carter and Kennedy may thus be able to accomplish a task that should have been undertaken long ago.

[From the Ukiah (Calif.) Journal, July 1, 1979]

Truck Competition Will Help Consumer

President Carter and Sen. Edward M. Kennedy, D-Mass., have proposed deregulation of the trucking industry, which would eliminate mandatory practices that place a burden on both truckers and their clients.

If Congress concurs, legalized price-fixing will be phased out by 1984. Restrictions on what cargoes truckers may carry will be lifted. The truckers will be able to follow the shortest routes. They will be allowed to cut rates by as much as 20 percent a year.

The American consumers will share in an estimated $5 billion savings in trucking charges every year. The president's Council on Wage and Price Stability estimates the average benefit to each family at $100 a year.

The Carter plan will allow independent truckers access to new markets and permit more minorities to enter the business.

The powers of the Interstate Commerce Commission to control trucking operations too often have been used to inflate industry profits and stifle competition. Consumers have little voice in the regulatory process.

Deregulation in the trucking industry will help break the stranglehold on markets enjoyed for years by firms protected from competition in price and services by a federal umbrella.

But these firms and the Teamsters who work for them will not release their stranglehold willingly or easily. The truckers association and the labor union have threatened to launch an all-out campaign to block congressional approval of deregulation of the industry. They fear that competition will impair their "sweetheart" deal, and they couch their opposition in highsounding terms. But nothing should be allowed to conceal their naked self-interest.

Congress should respond quickly and positively to the president's plan in the interest of its constituency—the consumers.

[From the Santa Ana (Calif.) Register, July 2, 1979]

A Great Moment For Trucking

Some of the protesting truckers will not like the Carter-Kennedy accord on deregulation, but if they can remember how tough it was to get into the business independently their hearts might soften.

What the rumbustious independents have been doing lately—besides engaging in disruption of commerce and violence—is calling for increased government protection. The subsidies and supports they demand, all at the expense of the nation's taxpayers, will do nothing to increase the buying power of consumers on which their industry depends. Their demands will in fact reduce that power.

President Carter and Senator Kennedy, whose mutual affection has been anything but warm these days, have managed to cooperate on a comprehensive trucking deregulation bill. It is one of those rare matters of public policy on which the two politicians have gotten things right—or about right. They want to overturn forty years of bureaucratically imposed inefficiencies and absurdities.

Normally when government leaders propose economic policy, it is done in the name of popular but unworkable theories about how the world ought to work—the nationalization of the health industry, for example. Astute people therefore turn to leaders of the industry in question to get some sense of the way things really work.

Alas, we find ourselves aligned with those—be they insulated politicians or ivory tower economists—who propose the deregulation of industry on the principle that business will be more accountable to the public than to the government. The Carter-Kennedy program sprang from just such crystallized intimations of reality.

And this time industry spokesmen are cranking up the opposition, having grown utterly reliant on government for sustenance and immunity from competition—as well they might after forty years of complacency. And these are not just the howling independents we've been hearing so much from and about these days. They represent such established industry groups as the American Trucking Association and, naturally, the Teamsters.

These two special interests, who are historically at odds with the independents, condemn deregulation as a "radical approach," which will encourage waste rather than efficiency. Congress should not forget their precursor. It was not that long ago, to keep things fresh, that airline officials complained about attempts to deregulate their industry.

Well, the airlines were largely deregulated, the competitive spirit was excited, and consumers were benefited enormously. Did anybody seriously think the airline industry would fail? It happens that deregulation is based on the real world; and continued regulation on sluggishness, sloth and a mentality that resists awakening.

So the alarm clock buzzed for airlines and presto! the airlines performed. So too will the truckers perform once government removes itself from such details as fees and routes. And once government removes the roadblocks against independent entrants into the industry.

The Carter-Kennedy bill contains the usual political caveats that prevent it from being a complete deregulation of the industry. But inasmuch as it lifts restrictions that bar truckers from carrying cargoes on the most direct routes, and encourages the entry of new truckers, consumers all will regain lost sovereignty.

[From the Long Beach (Calif.) Independent, July 5, 1979]

Deregulating Nation's Truckers Would Save Fuel, Curb Inflation

Sen. Kennedy's shadow government has reached agreement with Jimmy Carter's administration on deregulating the trucking industry.

Given the magnitude of that accomplishment, getting their proposal through Congress should be a cinch. It won't be. The plan is opposed by two other unlikely allies: the Teamsters and the trucking industry. And they have clout in Congress that makes oil companies seem like 97-pound weaklings.

When federal trucking regulation began 44 years ago at the height of the Depression, the aim was to discourage unfair competition. The idea was to keep a trucker from setting rates so low others would be driven out of business.

In time, the regulations discouraged not unfair competition but all competition.

Example: A truck licensed to carry steel from Pittsburgh to Chicago is prohibited from hauling a load of refrigerators back to Pittsburgh. Another trucker gets that job.

As a result of such rules, it has been estimated, at any given time 40 percent of the trucks under ICC regulation are operating empty.

That is inefficient. It is expensive. It is an outrageous waste of fuel.

Other ICC rules dictate what roads truckers may use, and sometimes prevent truckers from taking the shortest routes.

To win the right to compete on a route, a new trucker has to prove that trucks now serving the route aren't doing a good job. That can be difficult, or impossible, to prove.

So competition is kept out. And rates, set by groups of truckers and rubber-stamped by the ICC, are kept high. In 1977 the eight largest trucking companies had an average return on equity of 29 percent. The rate for all manufacturing industries was only 14 percent.

The Carter-Kennedy proposal would end antitrust immunity for price-fixing in the industry. It would make it easier for new companies to get into the business. It would lift many of the restrictions on the kinds of freight trucks may haul. And it would end all government control over shipping charges in 1985, at which time competition would be back to stay in the trucking business.

Industry and Teamsters' fear of unbridled competition is excessive. Deregulation worked in the airline industry, and its virtues there are now generally conceded—even by people who originally opposed it.

Free enterprise might be a good thing for the trucking industry and its powerful union, too. It would certainly be a good thing for the nation.

[From the El Centro (Calif.) Press, June 30, 1979]

Time for Deregulation—Truckers' Want Controls

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[From the Santa Rosa (Calif.) Press-Democrat, June 28, 1979]

TRUCKING INDUSTRY DEREGULATION A MUST

If the Nation's railroad workers went on strike, there would be immediate action taken at the nation's capitol to get the trains rolling again.

Yet today we have a strike of independent truckers which represents a serious threat to the nation's economy, and very little is being done.

True, the independent truckers would not be as easy to force back on the job as the railroad unions, business enterprise, and the government would be hard put to force them back if they refuse to go.

The strike is threatening the orderly movement of food and fiber to the marketplace. Industries are closing their doors because supplies can't be delivered. Violence is a constant companion to those truckers who are willing to haul.

So what can be done to get the trucks back on the road?

First, the truckers want more and cheaper diesel fuel for their rigs. This may be impossible to accomplish. It is becoming more and more evident the oil shortage is real, and if that be true, then there will be shortages in all lines of petroleum products, including diesel fuel.

The single positive step the government could take would be to remove the red tape which is now costing the nation's consumers $5 billion extra each year.

President Carter, much to his credit, has taken the first step toward the removal of excessive trucking regulations. He sent to Congress on June 21 a proposal which would result in significant deregulation of the trucking industry.

One of the important elements in the Carter proposal is the elimination of backhaul restrictions. Over the years, trucking interests have been able to push through some rather curious and expensive backhaul rules.

The Interstate Commerce Commission, for example, now permits the hauling of tea from New York to Florida, but forbids a backhaul. In other words, the trucks go to Florida loaded with tea, and return empty. This same rule is repeated for many products. In fact, only half of the new operating certificates awarded as recently as 1975 have any authority for backhaul. Consider the waste in diesel fuel in that rule alone!

The President's proposal would remove all backhaul restrictions immediately.

There are other ICC rules which are just as expensive to the consumer and wasteful of the nation's diesel fuel supply. Some demand truckers go miles out of their way in point-to-point hauls. Others demand certain truckers can haul certain commodities, but not others. The President's proposal would remove these restrictions to free trade. It would also expand the agricultural exemption, allowing farmers to haul more of their own products.

We agree with President Carter that the government should deregulate the trucking industry. We all know what happened to air fares after the airlines were deregulated last year.

Quick action by Congress on the deregulation proposal could be the encouragement the truckers need to go back to work. We urge Congress to take this positive action soon.

[From the Denver (Colo.) Post, July 8, 1979]

DEREGULATE TRUCKING

With the American economy caught in a vise between rising consumer prices and spreading energy shortages, the already strong arguments for deregulation of the trucking industry have become overwhelming.

Deregulation is not a prospect which will be welcomed by those politicians with latex backbones. Powerful segments of the trucking industry are determined to hang on to the special privileges granted them by government fiat rather than risk the rewards and failures of the free enterprise system. Thus, it is more important than ever that consumers make their voices heard on this issue.

The stakes are evident from looking at just how one featherbedding regulation now in effect adds at least $330 million annually to the bills of U. S. food buyers alone. That's the so-called "anti-back-haul" clause which affects the many supermarkets and food wholesalers whose trucks carry goods from company warehouses to retail store outlets.

Often, on the way back to the warehouse, the empty truck will pass by a food supplier. Generally, those trucks aren't permitted by existing federal regulations to carry that merchandise back to their company's warehouses.

Take the $330 million wasted annually in one industry by just one rule and multiply it by the myriad industries affected by trucking and the government rules which usually favor the trucking companies at the expense of the consumer. Now you begin to see the inflationary effect of the present system of "sweetheart regulation."

Just a short summary of those regulations aimed at picking your pocketbook would include:

—Prohibition on intermediate stops. To protect favored firms, the Interstate Commerce Commission often prohibits carriers from making intermediate stops along their authorized routes. That wastes fuel and raises costs to consumers by insuring inefficient, partial loads—as well as denying many small towns adequate service.

—Route restrictions. The regulators often actually specify the highway over which a truck must travel and frequently prohibit truckers from taking the shortest, most fuel-efficient, routes. For example, one trucking firm authorized to serve Denver and Salt Lake City, 512 miles by direct route, must haul by way of Phoenix and Flagstaff—a route of 1,142 miles.

—Cargo restrictions. Believe it or not, present restrictions allow one carrier to carry paint in two-gallon cans but not five-gallon cans. Another carrier has the right to haul bananas. He can carry pineapples as well—but only if mixed with bananas.

—Prohibition of competition. Present rules often allow existing trucking firms to blackball would-be competitors simply by telling the government that they believe such competition would lower their profits. That's the sort of logic that appeals to OPEC.

President Carter has proposed a wide range of regulatory reforms that would scrap most of these abuses and bring a whiff of capitalistic reform to the trucking industry. As so often happens in industries that praise free enterprise in principle but demand government favors for themselves in practice, a major lobbying effort has been launched to demand continued protection for the trucking industry at the expense of the consumer.

One can look at so recent an example as the airline industry—where re-introduction of free-enterprise competition not only lowered fares but stimulated profits—to see the folly of such "protection." In the long run, sweetheart regulation hurts everybody by locking in waste and inefficiency. In the short run, it is a powerful force behind our present energy shortage and inflationary spiral.

[From the Danbury (Conn.) News-Times, July 9, 1979]

TRUCKING LOBBY PUSHES TO KEEP REGULATIONS

Businessmen are among the most vocal advocates of "get government out of our hair." Half or even more of the problems they face are blamed on government regulations.

But not all businesses mean what their spokesmen are fond of saying. When Alfred Kahn, now the inflation fighter, began his campaign to deregulate airlines, many airlines objected. Some of them will cheerfully admit they were wrong.

Now that Congress is following up President Carter's suggestion that the trucking industry be deregulated, major trucking companies are beginning a huge campaign to derail deregulation. The Teamsters Union is working with industry leaders.

Current interstate trucking regulations give certain operators special privileges they would have to give up if they lose the protection the Interstate Commerce Commission provides them.

Consumers should bombard Congress with support of deregulations. They have the most to lose if truckers can keep their special privileges which are estimated to cost an average family $100 a year.

The trucking lobbyists are fond of telling you that nearly everything you buy moves by truck at one time or another. They do not tell you that the eight largest ICC-regulated trucking lines earned an average return of 29 percent on equity last year.

The trucking lobby does not tell you that the industry operates under an exemption from the anti-trust laws which the 80th Congress gave it in 1948 over President Truman's veto.

Nor does the trucking lobby inform the public that costs of moving freight are unnecessarily high because of outmoded regulations which force thousands of trucks to run empty in one direction. Or that some trucklines are forbidden to deliver goods in towns through which they pass. Or that some trucks are required to follow circuitous routes instead of going straight to destination from point of origin and saving half or more of the mileage.

Don't be taken in by those who want to continue to profiteer from unnecessary regulation. The monopolistic practices they want to protect cost you money—and waste fuel which might otherwise be available at your gas station.

[From the West Palm Beach, (Fla.) Post, June 30, 1979]

THE CASE FOR TRUCKERS

It shouldn't take a truck strike and gas rationing in the capitol to get the attention of Congress, the White House and the Interstate Commerce Commission (ICC). But apparently it does—certainly there's been a flurry of activity since Washington's gas lines were cut by the truckers.

For months people have been trying to send Washington the message that the gas crisis is a get-rich-quick scheme of the big oil companies. There's been some agreement in Congress but little action.

Now the independent truckers—squeezed between a 40 percent rise in diesel fuel prices, spot shortages and government-fixed rate schedule that would battle a Las Vegas lawyer—are making the point that if the profits aren't going to be spread around through a windfall profit tax and rebate, the costs at least ought to be passed through.

In Florida the Public Service Commission (PSC) rather quickly got the message. Even as truckers shut down Port Everglades fuel depot, the PSC voted a 6.5 percent rate hike that takes into account the increase in fuel costs and the percent of a trucker's expense that represents. The PSC ordered the new revenue be passed directly to whoever is buying the fuel—be it trucker or the company. Once explained the action ought to be acceptable to truckers who will be reimbursed fully for their increased fuel costs. To be sure they are the PSC must set up an auditing system with stiff fines for companies tempted to pocket the extra money.

Whether and when Congress and The Washington bigwigs get around to similar action depends apparently on how dry their gas tanks are. Trucking deregulation legislation which would help the independents has been tied up for months in a Congress beholden to the transport companies. Based on the Florida hearings, the 5.6 pecent surcharge proposed by the ICC was surely inadequate.

Independent truckers confronting bankruptcy cannot be blamed for taking the only course of action which seems to work in these days and times. But even while recognizing the strike or boycott as an effective means of "petitioning for the redress of grievances" strike-related violence must be condemned and cannot be tolerated.

When violence threatens the government must move quickly to protect lives, just as it now must move quickly to solve the problems of gas-short truckers.

FREEING THE TRUCKERS

Americans will now learn just how much the U.S. Congress cherishes free enterprise.

The issue is regulation of trucking which, if it ever had merit 44 years ago, has evolved into socialism run amuck. Its insanities and asininities cost Americans about $5 billion a year.

President Jimmy Carter proposes sharp deregulation, which was so successful with airlines. Lofted by free enterprise, airline passenger traffic in 1978 soared 16.3 percent over the previous year. Profits nearly doubled, from $754 million to $1.2 billion.

The truckers should love that.

But they don't. Whimpering like pups deprived of the nipple are the Teamsters Union and the American Trucking Association, a trade group for the 17,000 regulated truckers which do a $31 billion a year business in transporting 40 percent of all trucked goods.

Freedom says the Trucking Association, is "frightening."

And what are the truckers trying to protect? A New York trucker can haul tea to Florida but cannot haul anything on the return trip. A Connecticut trucker can haul poultry to Florida but has not authority to haul anything back. One trucker can transport paint in two-gallon cans, but not paint in five-gallon cans. Another trucker is permitted to haul bananas; he also can haul pineapples, but only if mixed with bananas.

One trucker can service Denver and Salt Lake City, which is 512 miles by direct route; but he must haul by way of Phoenix and Flagstaff, which is a route of 1,141 miles. And this is only a single screwed up example of many. For instance, many truckers cannot even make intermediate stops along their authorized routes.

When trucking regulation was enacted in 1935, agribusiness objected. So it has exemptions which have functioned rather well for 44 years. But even these have backhaul limitations and asininities. Such a hauler can take raisins if they are coated with honey, cinnamon or sugar, but not if they are coated with chocolate. He can haul parrot food, but not hamster or gerbil food. He can haul fresh tomatoes to a processing plant, but not catsup or canned tomatoes on the return trip. He can haul oranges and lemons, but not orange or lemon peels.

And rates. The 1948 Congress, over the veto of President Truman, exempted regulated trucking from the antitrust laws. So with token supervision, truckers set their own minimum rates through rating bureaus. This legalized price-fixing, which otherwise would be a crime, costs something like $2 billion more than a free market.

That partly explains why the trucking corporations are willing to suffer the inanities of no backhauls, wasteful routing, commodity limits, and all the rest. But the other reason is that they want continued near-monopoly in their service areas. They do not want competition—either from existing truckers now restricted by routing or commodity, or from new businesses. In short, they shrink from free enterprise like Dracula from the cross.

So valuable is this regulated monopoly that when Associated Transport Inc. sold its operating rights at public auction in 1976, the selling price was $20 million.

President Carter wants to restore free enterprise to trucking. Congress is expected to labor painfully because the truckers and Teamsters have invested $520,000 in this Congress' political campaigns. But deregulation has a chance because President Carter is joined in this struggle with America's other leading Democrat, U.S. Sen. Edward Kennedy of Massachusetts.

This issue is a beautiful litmus test for Florida's 15 House members because, regardless of professed party affiliation, most pay vociferous lip-service to independent free enterprise. But their resolve sometimes melts when industrial goliaths demand the teat, with the result that only poor folks and consumers get the nutritionless nub of free enterprise.

A case in point was the really big issue of the $250 million Lockheed loan in 1971 (about a tenth of which was ultimately used to bribe public officials in Japan and Italy). That bit of socialism was supported by two of the leading conservatives hereabouts, U.S. Reps. Bill Chappell of Ocala and Don Fuqua, who represents Alachua County. But when it came to helping the needy, aged, blind and disabled with a national family assistance program that same year, both went the free enterprise route. Yup, both voted against.

Rep. Fuqua has grown quite a bit in the intervening years, and we have no idea he will vote for socialism just because the corporate truckers want it. But it's a clear-cut issue, big industry versus consumer, and a nice test of his sentiments about free enterprise.

But look where the smart money is. Lockheed never forgot and rewarded Fuqua with a $300 campaign contribution last year and, from the cryptic federal reports, we conclude Fuqua got $2,000 or more from truckers and truck dealers and related industries.

So bear down hard on ideology. Let's hear it for free enterprise.

[From the West Palm Beach (Fla.) Post-Times, June 24, 1979]

TIME FOR DEREGULATION

The combined clout of two strange political bedfellows, President Jimmy Carter and Sen. Ted Kennedy, should assure swift adoption of the administration's new trucking deregulation bill. We hope so.

Deregulation, to be accomplished over the next three years, would inject badly needed competition into the trucking industry. It would go a long way toward solving the problems of the independent truckers by removing senseless regulations that prevent them from taking the shortest route with the fullest load.

We can understand why the trucking industry and the Teamsters union will fight the legislation, for it threatens their monopolistic hold on the business. We find it harder to understand why about half of the independent truckers also oppose deregulation, fearing that lower freight rates will mean lower profits.

Trucking regulation was originally installed to protect the railroads, but in more than 40 years of bureaucratic growth it has been expanded to benefit virtually every economic interest in the country except the consumer.

If we have any complaint about the bill introduced by the president and drawn from information compiled by Sen. Kennedy's anti-trust subcommittee, it is that many of its provisions would not take effect until 1981. We say the sooner the better.

HERE'S A PROPOSAL THAT MAKES SENSE

President Carter has submitted proposed legislation to Congress aimed at changing the rules by which the Interstate Commerce Commission regulates the nation's trucking industry.

The president wants less regulation of truckers because the present pile of policies have: ". . . not protected the public, but rather raised trucking costs and created unnecessary inefficiencies."

Whether the president's solutions are the best, or whether somebody else has better ideas it is hoped that a bill will be hashed together, passed and signed into law which will do away with a maze of restrictions on truckers which, if valid once, certainly aren't now.

Currently, for example, trucks that go loaded to a distant point often must return empty unless they have a special permit known as "backhaul authority." Examples:

A truck which carries tea from New York City to Florida must return empty.

A truck which carries poultry—dressed, frozen or fresh—from Hartford, Conn., to some points in Florida and must return empty.

In light of the gasoline scarcity and the attendant scrap over trucking costs, such nonproductive runs by trucks are without excuse.

The list of other absurdities is long.

Many trucking certificates issued by the Interstate Commerce Commission forbid carriers from making intermediate stops along authorized routes which prevents maximization of loads, increases costs and keeps many towns from receiving the best service.

Some certificates to haul "general commodities" specify the route a truck must travel. One firm authorized to serve Denver and Salt Lake City, 512 miles by direct route, must travel by way of Phoenix and Flagstaff—a route of 1,142 miles.

Other certificates go to ridiculous lengths to limit the type and quantity of what a trucker can haul. One recent certificate permitted a carrier to haul bananas, and pineapples, too, but only if the pineapples were mixed with the bananas.

We expect, in fact are sure, that the same kinds of silly, counterproductive over-regulation has been foisted on America by every federal agency with the power to make a rule.

In such situations often a step backward is a step forward.

Congress has a chance to backstep to progress toward less costly, more efficient and less strike-bothered trucking in America. . . .

The Congress shouldn't miss that chance.

[From the Atlanta (Ga.) Journal, June 28, 1979]

SET THE TRUCKING INDUSTRY FREE

(By Jim Wooten)

Truckers are basically con artists.

My daddy was one. He went to a pond draining and caught a washtub full of suckers. He brought them home and sold them around the neighborhood as smallmouth bass.

The neighbors allowed as to how the smallmouth bass sure were good, but they had an awful lot of bones in them, and they certainly believed they preferred the largemouth variety.

The American trucking industry is doing the same thing to us. They're trying to convince us that a washtub full of government regulations is a fine meal of which we ought to pay big bucks.

Don't buy. The bones in Interstate Commerce Commission regulations would choke an ordinary businessman to death, but the truckers love them. They grew up on them. And to hear them tell it, nothing else will sustain life.

Only the truckers of all American businessmen could appreciate and fight dearly to preserve regulations which state that one trucker can haul paint in two-gallon cans, but not five-gallon cans, while the other hauls fives and not twos.

They're told in excruciating detail what they can haul, where they can haul, what roads they're to use—everything except whether drivers are to wear pink socks or purple. The industry is more regulated than the life of a private in boot camp.

Offer them freedom and they go berserk. Please, they beg, don't send us out in the real world to compete with all those mean free-enterprisers; they'll rob us, mug us, have their way with us; keep us here in the barracks where we're safe.

The Carter administration has proposed an interim trucking deregulation bill which doesn't send the truckers out into the city alone, but it does get them to the compound gate—and that's farther than they have been from lock-step regulation before. In 1983, assuming Carter's bill passes, the secretary of transportation is to take another look to see if the truckers are adjusting well enough to be completely cut free.

It is not a foregone conclusion that Carter's limited deregulation bill will pass Congress. The trucking industry, shippers and their unions are fighting it tooth and nail.

To hear them tell it, deregulation will be chaos. The little companies will be swallowed up by the big ones, small towns will lose frieight service, unsafe drivers will be on the roads, rates will fluctuate wildly—think of anything undesirable, short of skyrocketing teen-age pregnancies, and they'll predict it as a consequence of deregulation. Most of their better arguments are refuted by reason and well-documented studies.

One of the most abhorrent features of the existing system, and one the truckers cling to tenaciously, is the antitrust exemption that allows truckers and shippers to get together and set their own rates. In any other industry, proof that such a deal had been cut would be grounds to put some people in the penitentiary. But not in this one. The Reed-Bulwinkle Amendment of 1943 exempts truckers.

In theory, the ICC can order rates lowered. But it doesn't happen. The ICC gets 5,000 pages per day of rate agreements. It merely rubber-stamps its approval and awaits tomorrow's mail. That exemption, incidentally, was granted by Congress over President Truman's veto.

There was a time and there is a place for the kind of expensive bureaucratic regulation involved here. Trucking was an infant and disorganized industry when Congress brought it under government's regulatory wing in 1935. It was needed then. Infant industries ought to be protected, even if it is costly to the American taxpayer.

But when industry matures, it ought to stand free.

The trucking industry now is mature.

It ought to be completely deregulated.

[From the Macon (Ga.) Telegraph, July 5, 1979]

TRUCKING INDUSTRY MUST BE DEREGULATED

"A chaotic patchwork of inconsistent and often obsolete legislation and regulation," was how John Kenendy characterized the trucking industry 17 years ago.

These regulations were implemented during the Depression and enabled a poverty-stricken America to get its goods to the marketplace.

But times have changed. The trucking industry no longer needs such specific aids. Regulated truckers' profits, as a matter of fact, are abnormally high. Last year, the average return on equity for Fortune 500 companies was 14 percent. Regulated trucking firms averaged 28 percent.

There are more than 100,000 different firms in interstate trucking's $56 billion a year industry. The size of the industry means two things: It makes truly effective regulation impossible; and proves there are more than enough firms to offer competition that will keep prices in check.

The unwieldy bureauracy that has evolved to manage such a large, diverse industry also makes it difficult for small businessmen to enlarge their operations. For example, John Dotson, who in 1977 was Georgia's Small Businessman of the Year, has tried unsuccessfully to get ICC's permission to operate outside of Georgia for so long now he finally has given up. He calls the regulatory system "a dead-end street."

Truckers point out that any trucker may take "independent action," ignoring set rates and filing any rate he chooses. And many do this—but usually only to stay at the same rates, since rate bureaus often raise prices across the board.

But truckers very rarely ask for lower rates on the hauls they have monopolies on—the "less than truckload" shipments that account for 95 percent of all regulated loads moving interstate. More than 80 percent of the time on these shipments, regulated truckers use the highest rates.

Carter and Kennedy also propose that certification restrictions be removed. These restrictions are one reason (some contend the main reason) truckers make frequent return trips completely empty of cargo.

Carter and Kennedy also would end restrictions on routes that often cause circuitous paths that waste fuel—and money.

Our only hesitation involves the small firm. One has to wonder if an absence of restraint will force them out of business, resulting in a loss of service to small towns. Deregulation needs to be monitored. If small firms cannot make it, something would have to be done.

But the facts are clear: The Carter-Kennedy bill would put an end to regulation that basically ensures profits for some trucking firms at the expense of farmers, manufacturers and the public at large.●

FRANK I. HAMILTON: NATIONAL COMMANDER OF THE AMERICAN LEGION

● Mr. BAYH. Mr. President, on August 23 of this year, Frank Hamilton, a citizen of Greensburg, Ind., and Army veteran of World War II, accepted election as the national commander of the American Legion. This is the third time that a Hoosier has won such distinction and it is indeed a privilege to represent individuals of such character here in the Senate.

Frank Hamilton was born in Indianapolis on January 6, 1923. He graduated from Wiley High School in Terre Haute, Ind. and earned a bachelor of science and law degree from Indiana University.

In 1942, Frank joined the U.S. Army Reserve and later went on active duty in the same year. In 1945, he was commissioned a second lieutenant and served with the U.S. Army of occupation in Japan.

Commander Hamilton has served at virtually every level of Legion activity with distinction. From 1959–60 he was commander of his home post, the Walsh-Crawley-Kramer Post 129 in Greensburg. He also served as judge advocate, adjutant, and commander of the 10th district of the Indiana American Legion. From 1962–63, Frank was judge advocate of the American Legion of Indiana and in 1964–65 he became Indiana southern vice commander. He served his home State as commander in 1966–67, as well as a member of the Indiana American Legion's legal committee, and as chairman of the Americanism Commission and American Legion leadership conference.

At the national level of Legion service, Frank has served as a member of the Americanism and Internal Affairs Commissions as well as chairman of the National Legislative Commission.

Outside of the Legion, Frank Hamilton exemplifies the kind of public spirited citizenship which has made our country strong and should encourage more citizens to participate in the affairs of the community. A practicing attorney in Greensburg, Ind., and member of the Decatur County and Indiana State Bar Association, Frank has served as chairman of the Indiana State Veterans Commission so he is intimately aware of the problems affecting our State's more than 730,000 veterans, Legionnaires and non-Legionnaires alike. In addition, he has been extremely active in a number of civic, fraternal, professional, and service organizations including Lodge 475 of the Elks, the Board of Lambda Corp. of Sigma Chi Social fraternity, the Indiana University Varsity Club of Decatur County of which he is chairman and the Decatur Bar Association of which he is president, and deacon of the Presbyterian Church. He is also active in many other social and fraternal organizations, including several Masonic orders.

Commander Frank Hamilton is married to the former Ethel Fitzhugh Dawson and they have six children.

The theme of National Commander Hamilton's term of office for the Legion will be to "help America work." To that effort, I pledge my own helping hand to, as Lincoln said:

> Care for him who shall have borne the battle and for his widow and orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations.

Given Frank's past record of service to his country and achievement in his State and community, I know he is equal to the national challenge he has so diligently sought and will be fully capable and successful in his new post as National Commander of the American Legion.

Mr. President, I request that Commander Hamilton's remarks of August 23, 1979, be printed in the Record.

The message follows:

Acceptance Message

Commander Jack, Distinguished Guests, Delegates to this 61st Annual National Convention of The American Legion. I thank all of you for the expression of confidence you have given me here today to provide leadership for the coming year to the world's greatest veterans organization—The American Legion.

Through the years my family has shared in and been a dominant part of my service to The American Legion. Their understanding, devotion and assistance have made possible those accomplishments in whatever degree of measure. I thank you for your tolerance, help and cooperation.

As Commander Carey noted in his report to this Convention on Tuesday, he looks ahead with confidence for the future of The American Legion, and I want you to know that I too share in that feeling.

Jack Carey has given unselfishly and tirelessly of himself in the cause of The American Legion over these past 12 months and I ask you to join me in acknowledging this great American Legionnaire for a job well done.

Now that our election is over, and the course of the American Legion has been set by this Convention for the coming year, I implore all of you to join ranks and move forward together in the cause of God and Country—and in continuing service to our fellowman.

I pledge to you my personal full time effort to the important work of The American Legion, which, to my way of thinking, always has been synonomous with the work of America. "We help America work," those four words will be the theme of my term.

We are committed to a series of Regional American Legion and American Legion Auxiliary Leadership Conferences in September and early October, and I look forward to participation in as many of them as I can attend. These sessions are a means of bringing your National Headquarters operation closer to Legionnaires and Auxiliary members in the field. I expect that this will give our post and unit, and district and department leadership a better insight into many more phases of our operations than we ever have offered before.

We will have Children & Youth, Americanism, Veterans Affairs & Rehabilitation, Membership, Legislative Economic and Public Relations sections in each of these eight conferences.

Greater members of Legionnaires and Auxiliary members will reap the benefit of sharing an exchange of ideas.

I want you to know too that I am in wholehearted accord with the call to political action which was sounded by Commander Carey in his report to you. We know our limitations and restrictions set out by a Congressional charter that describes us as nonpolitical. However, as individual citizens, sharing common goals and concerns, there is nothing that says we can't be well informed of the issues, knowledgeable of the views of those who seek elected office, and free to exercise our rights at the ballot box. In fact, we are not performing the responsibilities of citizenship if we do not do these things.

As an organization, we cannot engage in the business of endorsing candidates for office. As individual citizens, you have not only the right, you have the responsibility to act.

The American people must send the message from the Courthouse to the White House.

We can accept the truth if it is given to us. We expect the truth and now is the time to demand it.

One of my objectives will be to increase American Legion membership during my term of office. There are a lot of eligible veterans out there who need to be Legionnaires and Auxiliary members, and we need them to add to our effectiveness and clout.

I pledge to pursue all of the mandates of this Convention as well as the standing mandates of our organization as vigorously as possible. We know we have a struggle on our hands to hold many of the gains we have made over a period of years, but we are going into this year with our eyes wide open and not content just to hold what we have, but to improve upon all of our programs.

The foreign policy of our nation has been damaged by lack of initiative and lack of leadership.

The credibility and integrity of this great country needs corrective surgery. It is again time to walk softly but to carry a big stick. This in turn demands an adequate system.

I seek divine guidance and your continued help in carrying out the task you have given me. Thank you once again for your expression of confidence.●

POLITICAL AMNESTY IN BRAZIL

● Mr. KENNEDY. Mr. President, when Brazil observed its Independence Day last Friday, September 7, its citizens had a special reason to celebrate. The holiday was marked by a genuine spirit of reconciliation in the aftermath of a broad political amnesty and there was a common commitment on the part of virtually all Brazilians to move forward with the redemocratization of their country. With the return of such leading Brazilian political figures as Marcio Moreira Alves, Miguel Arraes, Leonel Brizola, Paulo Freire and Francisco Juliao the public dialog in Brazil not only will be more lively, but will come to include all sectors of the Brazilian political community.

I hope that the spirit of national reconciliation will continue to show to all other nations, including our own, the way in which a nation can peacefully but effectively address its basic social, political, and economic problems.

On August 28, President Joao Batista Figuereido signed into law a general amnesty that will affect over 6,000 Brazilians. This legislation, which had been previously approved by the Brazilian Congress, is an important step in the liberalization of Brazilian political life, and stands as a signal to the countries of Latin America and the world that the transition from authoritarianism to democracy can be possible, peaceful, and orderly under the rule of law.

To understand the significance of the amnesty one must understand its place in recent Brazilian history. Following a military coup in 1964, which overthrew the democratic government of Joao Goulart, Brazil entered a prolonged period of repression of democracy and widespread violation of basic human rights. The once independent national Congress was effectively brought under control by the executive, student organizations were repressed, press freedoms were severely restricted, and alternative political parties were banned. Such internationally recognized groups as Amnesty International documented many allegations of torture at that time. And in response to those repressive conditions, some Brazilians resorted to violent terroristic methods against the government.

Since late 1974, however, there has been a gradual relaxation of these repressive practices. Allegations of torture by the federal government have decreased substantially. Restrictions on the written press have been loosened. Labor unions have experienced some liberalization of the laws that restrict their rights. Perhaps most important in this process of political liberalization was last January's abolition of the Fifth Institutional Act, an act that granted sweeping authoritarian powers to the executive and became a symbol of its repressive rule.

The amnesty also occurs in a time of economic crisis for the people of Brazil. While the "Brazilian economic miracle" has achieved rapid industrial development and an explosive growth rate, it is accompanied by many of the classic problems of rapidly developing nations. Brazil now faces an annual inflation rate of 50 percent a year and has the largest foreign debt of any developing nation—over $50 billion at the end of this year. Brazil has one of the most alarming distributions of national wealth in the world, where the wealthiest 10 percent of the population share 50 percent of the wealth, and where the poorest 20 percent of the population share only 2 percent of the wealth.

In the face of these major problems, the leaders of Brazil must be sure of the unity and support of their people to push through the bold economic changes that will be needed.

It is into these complex and difficult conditions that the amnesty has been introduced. It is not yet a comprehensive amnesty, and it has been subject to widespread criticism in Brazil. A major controversy has been the inclusion of those who are alleged to have committed violent crimes in the name of the state—including torture—under the terms of the amnesty, yet the exclusion of those who resorted to violence in the face of dictatorship and repression. Also widely criticized is the requirement that those dissident professionals who lost their jobs for political reasons must be examined and approved by government review boards before they can regain their posts. Finally, the exclusion of those convicted of violation of the subversive laws—which often included those who simply worked for opposition parties—has been a subject of controversy. Nevertheless, I am pleased to note that, in the exercise of his Presidential authority, President Figuereido has broadly interpreted the amnesty so as to include a significant number of prisoners who were previously thought to be excluded under its provisions.

In addition to its direct benefits to thousands of Brazilians, the amnesty is welcome for three major reasons. First, it is important as a sound first step in the redemocratization of one of the most populous, richest, and powerful nations in the world. It is the most significant advance to date on a continuum of liberalization that began in 1974. The world looks forward to the continuation of this process and its culmination in the restoration of full and free democracy to the Brazilian people.

Second, the restoration of democratic processes to Brazil will demonstrate to the world that political and human rights do not have to be sacrificed for economic development. There are those who claim that the strong authority of dictatorship is the only way to mobilize people for development. I believe that the Brazilian people will show how wrong this belief is—by improving the quality of life of its people through their active participation in the decisions that must be made, and not through programs forced on them from above.

Finally, the liberalization of military rule in Brazil presents lessons to many other countries, especially those burdened with dictatorial governments. To their rulers, it demonstrates that moderate, representative government can be peacefully restored to countries through law, and that relaxation of repression does not necessarily breed violence or revolution. To their people, it shows that there is an alternative to the polarization that can so often lead to bitter civil war, and there is hope for a peaceful release from the oppressive rule that they live under.

The Brazilian amnesty should be recognized and praised for what it is—an important step on the road to full democracy in Brazil. The world is watching with great hope the return of Brazil's prominent opposition leaders, and views their reentry and participation in their country's political life as important evidence of Brazil's progress toward democracy. All Americans and Brazilians should look forward to the completion of this process. And the people of the United States and the members of the U.S. Senate should join in congratulating the Brazilian Government and people for this very positive step toward human rights and democracy in Brazil.●

ADDRESS BY F. LESLIE FORSGREN COMMEMORATING 75TH BIRTHDAY OF CROSBY, N. DAK.

● Mr. BURDICK. Mr. President, the city of Crosby, located in the farming area of northwestern North Dakota, is celebrating its 75th birthday this year. On the 17th day of July, an old friend, F. Leslie Forsgren, delivered an address honoring senior citizens, on the occasion of the diamond jubilee. I have read the speech and found that it picked up the flavor of the pioneer period, which was presented in a delightful manner.

In his closing remarks, he gives to our pioneers the recognition that is justly theirs, as follows:

> Our Nation is not a tangible thing, not a building of bricks and mortar that will crash to ruins at the first strong blow. A nation is not its laws, nor its customs nor even its behavior, nor even its history alone.
>
> Rather it is an echo of the past and a whisper of the future, the whole bound together with the lives and hopes and the endeavors of millions of men and women. We thank you pioneers for the echoes of the past, and pledge that the whisper of the future will swell to a triumphant shout!

Mr. President, I submit the entire speech to be printed in the RECORD.

The speech follows:

A TRIBUTE TO OUR PIONEERS

(By F. Leslie Forsgren)

Toastmaster Bob, Governor Link and Mrs. Link, Justice VandeWalle, Senator Rait and Mrs. Rait, Representatives Oppedahl and Jacobson and Mrs. Jacobson, Mayor Engberg, other distinguished guests, honored senior citizens, and all of the rest, you my friends.

When Pastor Anderson originally invited me to speak at this occasion, he let me understand that the selection of the speaker had been made in consideration of the modern trend of extending equal opportunities to minorities. Since I belong to the ethnic majority in this county, his reference was obviously not racial. Likewise, since Bob Kinsey, Jerry VandeWalle and myself are all lawyers, then neither could the reference have been professional.

This left the conclusion with me that the selection and reference must have been made from a political stand point. Now I have heard it said facetiously albeit somewhat factually, that the Republicans of Divide County usually hold their district conventions in a telephone booth on the corner of Main Street and 1st Ave. NW in downtown Crosby. I would guess that would qualify me as a member of a minority. Looking over the list of distinguished guests reminds me of the old song, "I'm a lonely little petunia in an onion patch"; or is it a lonely little onion in a petunia patch? I am also experiencing some of the feelings the Democrats must have felt in the 1979 legislative session, so I suppose they now feel that this preponderance is only fair.

I must say however, that I feel singularly honored at this opportunity to address such a distinguished gathering. The very nature of the affair affords me certain peculiar advantages as well. Please note that nothing I say tonight can be vetoed by Governor Link. None of my statements can be objected to by Bob, as immaterial, irrelevant or beside the point, nor can Justice Jerry sustain such an objection under these captive conditions. Equally important to me, neither Senator George nor Representatives Irvin or Olaf interrupt me with a point of order, nor counter with rebuttal debate. In a strict sense, it would appear that I have it made.

Returning if you will, to the subject of ethnic origin, one of the reasons I am particularly proud of my personal origins, is the fact that the Norwegian Americans are perhaps the only people left in America with enough of a sense of humor not to resent ethnic jokes told about them. We don't get mad, not even when our relatives still in Norway stand on the Swedish border on the Syten of Mai and throw firecrackers at the Swedes. We don't even mind when the Swedes light those firecrackers and throw them right back.

I have a cousin whose parents didn't immigrate, and so he's a pilot for the Royal Norwegian Airlines. They tell the story about him when he made first landing at Kennedy Airport in New York. He brought the jet in and immediately after touchdown he slammed the brakes on hard, painfully tumbling his passengers tight up against their seat belts in the abrupt stop. A stewardess ran up to the cockpit to enquire the reason for such a rough and short landing. My cousin replied quite logically, "These crazy Americans build such funny runways, they're 6000 feet wide and only 200 feet long."

A short time ago, my cousin was flying across the Atlantic between Oslo and Reykjavik, Iceland. About halfway he developed engine trouble, losing two out of three of his engines. Realizing that they would soon have to ditch the aircraft, he turned the controls over to co-pilot and walked back to address his passengers on the loud speaker.

"Min herer o damer. (Ladies and gentlemen). We have lost two of our engines and we'll have to ditch. Now just stay calm and I'll explain the procedure. First I want all of you who can swim to line up on the left side of the plane near the door. After we are in the water, you will have plenty of time to get out of the plane and swim away so you won't get sucked in when the plane sinks.

Now all of you who can't swim, I want you to line up on the right side of the airplane. Now to all of you on the right side, we wish to thank you for flying with the Royal Norwegian Airlines."

Tonight, I would like you to enter with me into a mystical time machine. We'll pull this lever, and set the dial for July 17, 1904, at the hour of 12:00 o'clock noon. I have set it for noon, because it will be warm then, there's no roof over our heads, no chairs, no tables, no church, no Crosby. Here we have only open prairie on a slightly elevated ground, and set on the verdant green of original buffalo grass, crocus heads sticking their violet blossoms above their emerald stems. We look out over the rolling sea of grass, spotted with buck brush and satiny pink of delicate wild roses. We see no trees and from here we can see only one small body of water to the southwest, its surface lightly rippled by the waft of a gentle breeze and the tiny v-marks of a mother mallard and her urgently following chicks. There are of course, no roads of ditches marring the landscape, and only a few wagon ruts and stock trails.

It is quiet, but we can hear meadow larks sing, black birds chirp, the trill of the robin, the lilt of the killdeer; and we see the bustling flashes of striped prairie chickens and ruffled grouse in their quest for the bountiful good lying on the rich, fertile soil. We see the gophers darting to and fro, their plumed tails flickering, whistling to one another and warning of a hawk gracefully soaring overhead on spreading, motionless predatory wings. Curious but alert antelope twitch their powder puff tails at the nearby invisable Canadian border. At this time of the day, the lonesome yelp of the coyote has been stilled. On the purple hills to the southeast, a perceiving eye can spot the occasional alabaster white of skeletons, a plaintive reminder of the sixty million buffaloes who but a short time before had stretched out an endless brown furry mass, munched on the high protein grasses, grew fat and sleek and furnished all of the food, clothing and shelter for the former tenants, the seven tribes of the Sioux and Cree. This then is the sea of hope, and these natural stirrings are its myriad heralds.

About a mile west of us clusters a handful of small, unpainted or tarpapered wooden buildings, flanked along a couple of hundred yards of a rutted, dusty street; OLD CROSBY, soon to be picked up bodily and transported by horse drawn vehicles to the area where we are now Seated. There gathered is a milling group of People, shaking hands in the Old World manner, exchanging greetings in multiple tongues: Howsen gorder mi day; vie gehts, mein fruend; Gud Dagen, gud Dagen; Hutta Show; the top of the maarning to ye; har mowrrrr ni; Bone Jur, mon ami; Jane Dobray; Hoot mon, tis a brae morn!

The really startling common feature of all these people is their age. They are all young, incredibly young, an average age of less than 25. They are all dressed neatly in Sunday best clothes in which they appear uncomfortable; the calloused, work hardened hands protruding from long sleeves, the sun and the wind reddened necks emerging from hard, starched collars or ruffled dress tops. It is obvious they would be more at ease in work denim or calico.

They are cheerful, laughter rings out here and there. They are proud and free people. Proud of their new status of land owners, proud of their strength and health and ability to conquer and subdue the newly plowed prairie fields; proud to be, or about to be, citizens of a new nation, free of the shackles, restrictions, customs and prejudices of the old world. Almost all had shared the experience of Ellis Island, the welcoming sight of the Statue of Liberty with its heartwarming invitation:

"Keep, ancient lands, your storied pomp" cries she
With silent lips; "Give me your tired, your poor,
Your huddled masses yearning to breathe free;
The wretched refuse of your teeming shore;
Send these, the homeless, tempest tost to me,
I lift my lamp beside the golden door."

The noonday's sun warms the bare feet of the children, and the prairie echos with the sweetest sound ever to bless this earth, the delightful laughter of happy children.

Gathered here at this day, time and place, is the picnic of our pioneers who are gathered to celebrate the birth of a town, Crosby, the Crosby that still stands, here, now grown, prospered and blessed. Here we have something entirely new in the annals of history—a new land, fresh and to all practical purposes, still empty, still virginal. A new people, a composite, more mixed than any other nation yet seen on the stage of history. And what a people! Full of vigor and industry, replete with ambition and courage, inspired by dreams and ideals, carried along by vision and imagination. And a new way of life, not a reproduction or duplication. A new culture, not along fixed, rigid, static lines, but built on a flexible, ever changing pattern, whose foundation is human freedom and equality.

Tonight, some of you honored guests may well have been members of those groups of delighted children, and I envy your memory of those people and those days. You may not recall it precisely, but this was the first gathering of the community of Crosby, its location having been determined by a whim of fate and a planning engineer of the Great Northern Railroad Company.

But not all of the rugged struggle for survival was yet known to those pioneers we just watched from our vantage point in the imaginary time machine. Yet to come were the blazing infernos of prairie fires, blackening the sky and earth, terrifying the most stalwart of people and beasts, tame and wild. After the summer came the winter, the raging blizzards taking more bitter glee at each shower, taking firm hold of each of the flakes of snow and hurling them at any crack or crevice in the sod houses and tears in the tarpaper, to let in a numbing, biting cold upon the hapless but brave men, women and children, and their helpmates, the oxen, horses, cows and chickens.

Still lying in wait for them are dry, hot winds, sucking out the moisture from fields, shrivelling the tendershoots of wheat and oats, parching the pastures, leaving the sloughs cracked and wasted. Lurking around the corner were hail storms to shred and stamp crops into the dirt and smashing in the few and precious glass windows of homestead shacks. Yet to be endured were low grain prices, depressions, world wars, flu epidemics, droughts and dust storms, swarms of voracious grasshoppers, rusted grain, greater depressions and more wars.

And yet through all this, they endured, they laughed, they danced, they sang, they cried and they prayed a lot, and they worked ceaselessly from dawn to dusk, and in the dark a lot too. That indomitable, irrepressible faith in their God, their land, and in themselves carried them through each adversity and they survived!

They survived because they were united in a common cause of survival. While they were at once fiercely independent, they were also inimitably interdependent. To be neighbors involved the obligation of being their brother's keeper. They helped each other, they spiritually supported one another, they worshiped together, they frequently ate together and they always sorrowed together. One's loss was every one's loss too. Their families were strong units and the community was a strong family.

Each year God renewed his promise to his children. To all the harried, disillusioned people who had temporarily lost their shining dreams in the miasma of adversity, then came the reminder, right outside their windows, along the fields, the meadows and pastures, that nothing had really changed, only themselves. They noted a sweetness and a soothing balm in the air and the bright spring sun lit up the darkened corners of their lives, its warm rays melting away the tension and rudeness of their way. And once again the meadow larks seemed to give forth better music when heaven tries the earth if it be in tune.

Today, in 1979, we are living in a world of machines and atoms where the push of a button does the work that once required a great deal of human labor. But it is also a world of war and insecurity, of tension and mental strain that often tax man's endurance far more than physical strain ever could. As we move forward, it is wise to look back and try to revive those pioneer characteristics that have proven to be good in society. There will never be a button to push that will rear our children. Rearing children in pioneer days was a secondary duty, because the children knew hardship and appreciated even small pleasures such as a tumble weed adorned with crayon colored decorations for a Christmas Tree. In these times, we must also pay and give generously in order to protect our country and preserve the democracy that our forefathers founded for us.

There can be no human advance, there can be no possibility of human advance apart from freedom! And, unfortunately, the struggle for freedom is never permanently won. It is always an unfinished task. The freedom won by one generation must be won by the next generation. Freedom cannot be passed on from one year to the next, from one decade to the succeeding decade. The faith of the fathers' must become the faith of the sons.

My father, and my wife's father, along with 4 million other Americans fought the war to end all wars, only to lose the peace. My father fought the tyranny of fascism. The next generation struggled against the engorged ambitions of communist expansion. The succeeding generation pressed home the revolution against discrimination in our home land. Today, we are again not truly free, but for the time being we are enmeshed in the tenacles of the greedy OPEC nations, threatened with bankruptcy, and hamstrung by an energy crisis. Our president the night before last has termed this modern dilemma as a "WAR", and he is correct in both the semantics and actualities of the circumstances.

It is now incumbent upon us to engage that time proven method of winning a war, the all-out, no holds barred concentration and singleminded purposeful effort to win this war. There is of course, no magic panacea, no wand to wave, no open o'sesame. Instead we must become once more, free and independent of the manacles forged upon our wrists by foreign sources of energy. Now is not the time to point accusatory fingers at our leaders of government and industry! The only times we have ever lost any wars, have been those times we have been divided on the question in controversy. This time we must once more unite in a common cause against a real and formidable enemy, and do everything and anything necessary to win. If rationing is necessary, then let's have that. If alternate and synthetic energy sources are necessary, then let us produce them. If conservation is necessary, then let us get on with it!

Upon every occasion, when all of the chips were laid down and when our nation has been beset by a real and genuine emergency, we have always collectively bound ourselves together in a common crusade, rejected and repudiated capitulation, and then we have always won. And we will win this one too!

Our nation is not a tangible thing, not a building of bricks and mortar that will crash to ruins at the first strong blow. A nation is not its laws, nor its customs nor even its behavior, nor even its history alone.

Rather it is an echo of the past and a whisper of the future, the whole bound together with the lives and hopes and the endeavors of millions of men and women. We thank you pioneers for the echoes of the past, and pledge that the whisper of the future will swell to a triumphant shout!! Thank you and good night.●

PROTECTION AGAINST VISA FRAUD

● Mr. KENNEDY. Mr. President, some months ago there were a number of allegations about large-scale visa fraud in several of our consulates overseas, especially in Latin America. Several articles appeared in the press on this issue and many expressions of concern were sent to the Judiciary Committee.

As chairman of the committee responsible for legislation governing the issuance of immigrant and nonimmigrant visas, I asked Assistant Secretary of State for Consular Affairs, the Honorable Barbara Watson, to review for me the steps the Department of State has taken to guard against fraud in the issuance of visas.

Her report finds that there has been no general, or alarming pattern of visa fraud. But a number of specific instances of malfeasance have been found and corrected. She also outlines certain actions the Department has taken in recent months to protect the integrity of the visa issuing process.

For the information of the Senate I ask that the Department of State report on its investigations of visa fraud be printed in the Record.

The report follows:

DEPARTMENT OF STATE, ASSISTANT
SECRETARY FOR CONSULAR AFFAIRS,
Washington, D.C., July 12, 1979.
Hon. EDWARD M. KENNEDY,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR SENATOR KENNEDY: Thank you for your letter of June 7 concerning investigations into allegations of visa fraud.

The Department of State's Office of Security is currently investigating several allegations of visa fraud and visa malfeasance in the following Latin American countries. No information has been developed to indicate any connection or link of these allegations from country to country:

El Salvador, The Bahamas, Jamaica, Haiti, Dominican Republic, Colombia, Ecuador, Paraguay.

The investigation in Nassau, The Bahamas, has resulted in the indictment of former Foreign Service Officer A. Stephen Vitale, the Miami law firm of Walters and Constanzo, and Alexander Neuberger, a retired employee of Walters and Constanzo, for conspiring to defraud the Government. The grand jury alleged that the parties conspired in 1976 and 1977 to defraud the United States Government of Vitale's honest and impartial services as a consular officer. Vitale was the Consul of the U.S. Embassy, Nassau, Bahamas, during the alleged conspiracy. The grand jury also charged Vitale with 34 counts of conflict of interest.

The New York office of the US Immigration and Naturalization Service and the US Attorney's Office for the Southern District of New York conducted an investigation in Paraquay during October, 1978 in connection with violations of immigration laws by a private US citizen. The subject allegedly procured nonimmigrant investor visas for Korean citizens in Paraquay, apparently through the use of a US based front corporation. All Koreans were located and dealt with by the INS. The investigators also learned that an undisclosed number of Paraguayan citizens from Caraguatay, Paraguay, had remained in the US illegally after entering as tourists. Allegations of involvement by State Department employees are being investigated, but no information has been developed to substantiate the allegations. The investigation is still pending.

On a worldwide basis, visa malfeasance investigations completed in calendar year 1979 resulted in the firing of eight Foreign Service National employees. No American employees were implicated in the investigations. The following list shows a breakdown of these cases by location and result of the investigations:

Barranquilla, Colombia (Visa fraud).

Bogota, Colombia (Allegation not substantiated).

Buenos Aires, Argentina (7 Foreign Service National employees and 3 contract guards fired).

Ciudad Juarez, Mexico (Allegation not substantiated).

Georgetown, Guyana (Allegations not substantiated).

La Paz, Bolivia (Foreign Service National employee fired).

Mazatlan, Mexico (Leads too old to pursue).

Mexico City, Mexico (Allegation not substantiated).

Port-au-Prince, Haiti (Allegation not substantiated).

San Salvador, El Salvador (Allegation not substantiated).

Santo Domingo, Dominican Republic (US citizen pleaded guilty to attempting to bribe a Consular Officer).

Santo Domingo, Dominican Republic (Allegation not substantiated).

Tijuana, Mexico (Allegation not substantiated).

These investigations revealed no common denominators other than the fact that Koreans desiring to immigrate to the US were involved in the La Paz and Buenos Aires cases.

The Buenos Aires investigation was initiated in December 1978 when information came to the attention of our Regional Security Officer in Buenos Aires. The investigation revealed three separate visa fraud operations by Foreign Service National employees. A joint investigation by Argentine police and the Office of Security resulted in the firing for cause of seven Foreign Service National employees and three contract guards. The former employees are now being prosecuted by Argentine authorities for violation of local laws. A number of Argentine travel agencies were also implicated in the schemes. Koreans residing in Paraguay and Argentina were the primary recipients of the fraudulent visas. Investigative reports have not been furnished on Argentina and Paraguay since the investigation in Argentina turned up matters other than visa malfeasance in which appropriate referrals to other agencies have been made. We also have leads outstanding on Paraguay.

In recent years the Department has taken various steps to combat visa fraud and malfeasance. We have established an anti-fraud coordinator in the Visa Office of the Bureau of Consular Affairs. Thirty posts abroad either have fraud officers or fraud units. Many of our larger posts utilize a more secure, automated visa lookout system and over two dozen additional posts will be brought into this system this year.

We have found a direct correlation between cases in which we have not detected fraud as early as we should have and extreme work pressures caused by increases in work loads that are not matched by comparable increases in personnel resources. Overburdened consular officers are less able to supervise FSN employees as closely as desired, thus encouraging attempts at fraud and contributing to the difficulty in detecting that fraud. From fiscal 1976 to fiscal 1978, for example, the Buenos Aires nonimmigrant visa workload increased by 87 percent. An additional increase of 54 percent is projected for fiscal year 1979. The Embassy in Buenos Aires reported visa issuance had risen from 27,000 in June, 1978 to more than 60,000 in June, 1979. In Asuncion, Paraguay, during these same periods, increases of 76 percent and 21.6 percent were recorded or projected. In neither case were personnel resources increased an equivalent amount.

Inspection and auditing are valuable tools in combating fraud and malfeasance. While Congress recently legislated inspector general organizations for some federal agencies, the Department of State is fortunate in having had a well-established Office of the Inspector General for many years. Regular inspection of our overseas posts provides the opportunity for the "whistle blower", however remote his or her location to, weigh in on the side of better performance.

The Bureau of Consular Affairs is an active participant in the Department of State's committee to Combat Waste, Fraud and Mismanagement. This committee, chaired by the Inspector General, consists of representatives from the offices of Secretary, Finance and Management Operations, and a representative of the Director General. It meets regularly to exchange information on fraud and other problem cases, plan thorough investigations of problem areas and recommended policy or procedural changes to prevent recurrences of these problems.

Internally the Bureau of Consular Affairs has utilized various tools in combating fraud, malfeasance, and waste. We hold consular conferences annually throughout the world to permit our overseas employees to receive the latest guidance and to facilitate an exchange of ideas on consular operations. The Bureau also plays a major role in the use of Consular Assistance Teams (CAT) which draw on a variety of disciplines (consular management, space and building expertise, security, etc.) to provide on-the-spot assistance to troubled consular sections overseas. By use of in-house publications we keep consular officers in the field aware of our efforts to control fraud and malfeasance (see latest edition attached of our Bureau's Consular Notes). The challenges are many. In many parts of the world we find that fraud, as we Americans define it, is endemic and a constant challenge to effective consular operations. Nevertheless, I feel that progress has been and continues to be achieved in the fight against fraud and malfeasance.

The files on visa fraud and visa malfeasance allegations are voluminous and many of these reports concern cases which are still under investigation. If there are any specific cases in which you of the committee are interested I would be happy to arrange a meeting between members of your staff and the appropriate persons in the Department.

Sincerely,

BARBARA M. WATSON.●

STRATEGIC ARMS LIMITATION TREATY (SALT)

● Mr. JACKSON. Mr. President, I have been moved on other occasions to place in the CONGRESSIONAL RECORD single perceptive and landmark editorials from the Wall Street Journal. This is the first time I have asked for permission to place in the RECORD an entire editorial page of the Journal, because the full page deserves the reading and consideration of my colleagues.

On the editorial page of Tuesday, September 11, 1979, there appeared: First, a lead editorial entitled "Reject SALT Now"; second, the record of a June 17 conversation at the Vienna summit meeting between U.S. Secretary of Defense Harold Brown and JCS Chairman David Jones and Soviet Defense Minister and Politburo member Dimitriy Ustinov entitled "But We Did Get To Know Each Other Better"; third, a selection on SALT from testimony before the Senate Foreign Relations Committee by former Secretary of State Henry Kissinger, and a selection from a Senate floor speech by DANIEL PATRICK MOYNIHAN; and fourth, an article by Henry S. Rowen entitled "Soviet vs. U.S. Military Expenditures."

Mr. President, I submit for the RECORD the contents of the entire editorial page of the Wall Street Journal of September 11.

The material follows:

REJECT SALT NOW

The discovery of Soviet troops in Cuba suddenly threatens to become the straw that breaks the back of the strategic arms treaty. Yet the only surprising thing is that anyone should be surprised. Didn't everyone know that the Soviet Union is engaged in a worldwide geopolitical offensive under the umbrella of its massive military build-up? And isn't it equally clear that the debate over SALT is really a debate over whether or not the U.S. will acquiesce to this imperial drive?

As the debate proceeds, both voters and their representatives are gradually awakening to the realities of our situation. The Cuban issue, and before it the Kissinger-Nunn position of linking support for the treaty to defense budget increases, have been useful steps in the educational process. As debate proceeds further, more people will recognize that the strategic arms negotiations are not incidental to the tipping military and political balance, but instrumental to it.

The treaty as it stands would ratify Soviet gains in central weapons systems. It would also ratify the vacillating foreign policy record of the Carter administration; after all, the administration itself bills the treaty as the centerpiece of its foreign policy. Above all, the treaty would stand in the way of future U.S. efforts to rectify the military balance. Rejecting it would be the clearest first step toward reversing the recent adverse trends. All of this is implicit in much of the recent discussion, and it is time the so-far timid critics grasped the nettle and called for a clear and unambiguous rejection.

It is first of all vital to recognize the enormity of the Soviet arms drive. As Henry S. Rowen details nearby, the Soviets are now outspending us by 45 percent on defense, and by 100 percent in military investment. This increasing Soviet power is before our eyes translating itself into greater boldness and greater political influence throughout the world. Cuba of course strikes close to home, but the threat to the Middle Eastern oil lines is even more significant.

We do of course have the option of accepting a Soviet imperium. It is hard to imagine us failing to retain enough power to make it inconvenient for them to land troops on Long Beach or Long Island. But with the Soviets already sending muscle men around our airports and tapping our phone calls, it is not so hard to imagine the U.S. evolving into a big Finland; there would still be elections, but the Soviets would have a practical veto over certain nominees. Our allies would suffer more. The result would be a world-wide erosion, already so evident in the plight of the Indochinese boat people, of those values for which Western civilization has stood: the idea of progress, economic growth, personal freedom, individual liberty.

The other option is to offset the Soviet arms drive with a military buildup of our own. Senator Nunn's proposed 4 percent to 5 percent real growth in spending, borrowed from a politicized Joint Chiefs, is a creditable start for the next fiscal year. But it will not close the gap. A realistic estimate would be that we need additional military spending of about 1 percent of GNP, moving over a few years from the current 5 percent to about 6 percent. This would still not bring us to Soviet spending levels, but it would make their ambitions for superiority expense enough to stress their economic system. At that point, they might even become willing to talk about serious arms control.

It is no accident that the unparalleled Soviet military gains coincide with the era of arms negotiation. There is of course no treaty with a clause saying the U.S. can spend only so much on defense and the Soviets can spend 45 percent more. But the dynamics of the process—the attempt to reach a treaty more than the ultimate provisions—have curtailed American military programs. There is no more cogent statement of this than the melancholy testimony of Henry Kissinger reprinted alongside. Note well that Mr. Kissinger concludes that on the record the arms control process has restrained the U.S. without restraining the Soviet Union.

This result cannot be overcome simply by a tougher stance in the future, even if by some superhuman effort we could overcome the problems that arise when an open political system negotiates with a closed one. For we are left with provisions that limit U.S. technologies in ways that make them uneconomic to pursue. SALT-I killed the U.S. anti-missile program in precisely this way, and SALT-II threatens both the mobile ICBM and the cruise missile.

It is said that while the SALT-II provisions do not curb the Soviet arms drive, neither do they stop anything the Carter administration wants to build. This is far from clear, witness the reprinted remarks from Soviet Defense Minister Ustinov; obviously the Soviets believe the treaty outlaws the administration's MX missile because of professed difficulties in verifying how many are deployed.

It is said that there will be no renewal of the three-year protocol limiting ground and sea-launched cruise missiles to ranges of 600 kilometers—far less than the new Soviet SS-20 missile already threatening our European allies. Even SALT proponents concede these restrictions are so one-sided they cannot be accepted permanently. But at the very least, the protocol precedent, like the MX verification problem, creates huge bargaining chips for the Soviets. If SALT-III is to ignore the protocol precedent and ratify the MX, what else will we have to give up?

And if all this is laid aside, the fact remains that the Carter administration's plans do not call for a gap-closing effort. Lay aside, too, any of the predictable political effects on future efforts; in congressional budget committees the prospect of SALT-III is already being used to argue against new programs. Even if all this is overcome, SALT-II forecloses options that would be of extreme interest to any future administration interested in closing the gap. For example, it precludes cruise missiles based on short take-off-and-landing aircraft as an answer to the SS-20 in the European theater.

The real logic of the Nunn-Kissinger requests for more spending is precisely to demonstrate that a gap-closing effort can be mounted within the provisions of SALT. It is up to the administration to demonstrate this by coming up with real programs. So far the administration offers nothing except an offset to inflation to maintain its original plans. This leaves room for a few billion in concessions later, and perhaps the administration can come up with cosmetic concessions on the troops in Cuba. This would test whether Mr. Kissinger and Senator Nunn and Senator Church have the courage of their convictions.

For arms control retains a diffuse popularity. In a nuclear era it is in fact an idea that cannot be permanently abandoned. But witnessing the negotiations over the past decade, real arms control can come only in a new military and political context, when the U.S. has reestablished its determination to avoid one-sided agreements. Many of the timid critics recognize this, but are unwilling to risk the unpopularity of saying so. So they say that we may have to cut off the current SALT talks, but never today, always tomorrow.

Mr. Kissinger, for example, wants the Senate to review Soviet behavior to see whether the negotiations need to be stopped. But in the past few years, Soviet-backed Marxist governments have taken over seven nations. How many would Mr. Kissinger allow before acting? Eight? Ten? Twenty?

Similarly, former UN Ambassador Moynihan, who obviously understands the dynamics, wants to stop SALT if the Soviets demonstrate they are not interested in real reductions. They have already, repeatedly and brutally, demonstrated that they are interested in no such thing.

Similarly again with the protocol. The only way we can avoid its renewal is simply to refuse, to scuttle the talks. If that is to be the ultimate outcome three years hence, why wait?

In fact, there will never be an easier time than now. With the Carter administration's clear record on foreign policy, and with a new election pending, there will never be an easier time to signal the need for change. With the Soviets so clearly on the march, there will never be an easier time to demonstrate linkage. With the treaty ratifying the Soviet building plans, there will never be an easier time to send the message that arms control means reductions. With the treaty not yet ratified, there will never be an easier time to insure that the protocol provisions do not become permanent.

There will never be an easier time to start a real national debate on meeting the Soviet challenge, perhaps to put arms control on a more solid future footing, and certainly to insure that we are not bullied and intimidated for the rest of this generation. This requires a sustained effort, and cannot be done with one stroke, but has to start sometime. The clearest, most meaningful and most essential starting place is the Strategic Arms Treaty. Between the clear opponents and the timid critics there are more than enough votes to reject the treaty and do it now; the Senators need only summon the courage to draw the obvious conclusion of their own logic.

BUT WE DID GET TO KNOW EACH OTHER BETTER

USTINOV. The time allotted for our meeting is running out. I must, however, raise one question with you. Recently, discussion has been going on in the speeches of military leaders and in the U.S. press of the basing mode of your ICBMs, saying that 20–30, as many as 40 launchers will be deployed for each individual ICBM—that is, MX launcher. I would like to hear your explanation of these reports of various basing modes such as tunnels and multiple ICBM launchers and the possibility of verification by national technical means. I must, however, tell you that we cannot agree with such ICBM launcher deployments.

BROWN. I will try to be brief. The basing modes that we are considering are such that verifications will be possible by national technical means—just as we believe we know how many submarine launched ballistic missile launchers the Soviet Union has even though we do not know where they are all the time.

USTINOV. But you do, in fact, know the exact numbers of SLBM launchers we have!

BROWN. The schemes we have in mind are similar to present SLBM launcher deployments and would allow the numbers to be known. There are other methods but we will avoid them because of verification. The launchers will be known in the systems we are considering, as we expect will be the case when, and if, you deploy ICBM launchers in such modes.

JONES. It is unfortunate that we do not have enough time to discuss this question more fully. I believe there has been considerable misunderstanding in this regard. We have gone to great lengths and will spend many dollars to ensure that you can verify the number of such ICBM launchers with your national technical means of verification. We understand your concern. There are many people in the U.S. who are also deeply concerned—and these are not just the cold war warriors—about the ability to verify the number of ICBM warheads. I must also stress to you that access to unencrypted telemetry is essential to the verification of SALT II.

USTINOV. As far as telemetry goes, I don't think there is any sense in discussing this problem. The information essential to verification of the provisions of the Treaty will not be encrypted. Agreement in this has been reached. But on such ICBM launcher basing modes which have been in the U.S. areas we believe that they are inconsistent with the Treaty, particularly in respect to verification. Moreover such deployments could cause a reaction, and we do not believe that the U.S. side would be happy with respect to verification.

BROWN. With respect to telemetry encryption, it is necessary to have access to unencrypted telemetry relevant to verification of the parameters of missiles limited by the Treaty. If we are agreed on this and I think we are, then the situation is fine. With respect to MX, there is some misunderstanding. It may be better if I say MX basing that one possible mode we have under study for is the use of a 350,000 kilogram launcher, without which the missile could not be launched. I emphasize this fact: the missile could not be launched without use of a launcher weighing 350,000 kg. I am confident that Soviet NTM, and even U.S. NTM, will be able to see the construction and numbers of such a 350,000 kg launcher when deployed. This weight is considerably greater than the weight of some of the aircraft limited by the agreement.

Ustinov. I am sorry. That is not an answer. You and I have been speaking of different things. Such deployments are unacceptable and we cannot agree to them. But we did get to know each other better. Later on things should go more smoothly.

(The meeting adjourned hastily as Korplektov and other Soviets came in and asked Ustinov to close the meeting and permit Soviet logistical personnel to set up for the presidential meeting.)

Selected Readings on the Strategic Arms Treaty

VIEWS OF KISSINGER

(Former Secretary of State Henry A. Kissinger, in his testimony on the Strategic Arms treaty to the Senate Foreign Relations Committee.)

As one of the architects of SALT, I am conscience-bound to point out that—against all previous hopes—the SALT process does not seem to have slowed down Soviet strategic competition, and in some sense may have accelerated it.

The Soviets worked hard and successfully to enhance the first-strike capabilities of their land-based ICBM's despite our restraint and within the framework of SALT. The administrations of the early 1970s of which I was a member sought to use SALT to demonstrate their commitment to easing tensions and thereby restore a public consensus behind a strong national defense; to some extent we succeeded. But we will not draw the appropriate conclusion if we do not also admit that SALT may have had a perverse effect on the willingness of some in the Congress, key opinion makers, and even administration officials to face fully the relentless Soviet military build-up.

New weapons systems have long had to overcome the traditional objection of advocates of "minimum deterrence" that they were unnecessary (because we already possessed an "overkill" capability); they were now also attacked by arms control experts as endangering the prospects of SALT. Indeed, many new programs could be put through the Congress less on their merits than as a "bargaining chip"; they were needed, various administrations argued, so that they could be traded in a negotiation. Whatever the tactical utility of this argument, it tended to reduce the energy with which such programs were pursued. The Pentagon found it difficult to muster enthusiasm—or scarce resources—for programs which were ephemeral by definition.

After a while the Soviet Union began to play the game deliberately: from ABM to cruise missiles it systematically sought to use SALT to inhibit our military and technological development; it tried to fuel our domestic debate, adding its own propaganda pressures to domestic pressures against new weapons systems.

The theory that new American weapons weakened the prospects of arms control thrived despite all evidence to the contrary. In 1967, before we had an ABM program, when President Johnson suggested to Soviet Premier Kosygin at Glassboro that both sides renounce ABMs, Kosygin contemptuously dismissed the idea as one of the most ridiculous he had ever heard. By 1970, after the Nixon administration had narrowly won its congressional battle for funding of an ABM, Soviet SALT negotiators refused to discuss any subject except ABM, and it required the most strenuous negotiating efforts to maintain the crucial linkage between offensive and defensive limitations. Conversely, neither the abandonment of the B-1 by the current administration, nor its stretch-out of the MX missile, nor the slowdown in the Trident program, speeded up SALT negotiations or improved the terms.

VIEWS OF SENATOR MOYNIHAN

(Sen. Daniel Patrick Moynihan (D., N.Y.) on the floor of the U.S. Senate, Wednesday, August 1, 1979:)

The actual negotiations in SALT have taken place within the American government. The process goes something as follows. The advocates of strategic arms limitations obtain agreement to have "talks"—that is the term—with the Soviets. In these talks they find the Soviet government has already agreed with its military to continue their nuclear buildup. (At the time of SALT I the Soviets had already decided to build the SS-19, which they proceeded to do. This is one reason why our Minuteman force is now threatened.)

Accordingly a treaty is drafted which permits the increase in Soviet strategic forces the Soviets have already planned. Our negotiators return with this treaty which the American military in all honor cannot support unless a corresponding increase in American nuclear forces is also to take place. This is then agreed to on our side through a complex negotiation involving the White House, the State Department, and the Defense Department and the Congress.

Thus, as The Washington Post observed only this morning, the commitment to the Trident submarine was made in order to gain approval of SALT I. Whatever its military utility, it was deemed to serve the purpose of the moment—to win ratification of SALT I—simply because it was—big.

Similarly the MX has become the price of SALT II. It is hard to describe this weapons system, for it changes every day. At minimum it is complex. More seriously, it will require the Soviets to deploy some 8,000 warheads to neutralize it. (Two warheads per twenty possible sites for two hundred missiles.)

Thus the United States joins the arms race the Soviets insist on. This is the ultimate irony. Without thinking, without so far as I can tell even noticing, United States behavior in nuclear weapons has become basically imitative of Soviet behavior, because we have accepted the Soviet definition of "arms control."

By the end of SALT II the United States will have four nuclear warheads for every rayon—the Soviet equivalent of our county—in the Soviet Union.

In the meantime our conventional military forces grow relatively weaker with respect to the Soviets. In the kind of conflict one can imagine and could accept we are ever more likely to be overmastered. All because we wanted arms limitation and went about it badly.

The gods must weep.

Soviet vs. U.S. Military Expenditures

(By Henry S. Rowen)

During the past few weeks, the SALT debate shifted sharply when Senator Sam Nunn announced that the treaty should not be ratified unless the administration commits to a 4 percent to 5 percent real increase in our defense budget. He was joined by Senators Jackson and Tower in a letter to the President in which they said, "A treaty that fails to impede the Soviet drive toward strategic superiority while the theater nuclear and conventional balance continues to shift against the West becomes simply an instrument for registering the U.S. slide into military inferiority." They also observed that in military investments (e.g. weapons, ships and research and development), "the Soviet Union has been outspending the United States by 2:1 during the past decade."

Although there are sharp differences among Americans about the danger of this buildup for us and what we should do about it, most people would agree that the facts about it do matter. What do we know?

We observe a great deal of activity. Just enumerating the principal items of Soviet growth and modernization and contrasting them to our own programs makes for a long list. It includes the addition of 500,000 men to the Soviet armed forces in the past decade whereas we cut back 1.5 million men and now have forces at below our pre-Vietnam level; the Soviet production in the past five years of 3,000 tactical aircraft versus our 1,400; 50 submarines to our 12; 1,000 new ICBMs to our 280; the appearance of the first Soviet aircraft carriers while our carrier force declines, and on and on.

In addition to knowing about particular weapons it is also important, as the Senators suggest, to know how much the Soviets are spending. There are two reasons for this: One is to assess the burden on that society of its great military apparatus. This tells us a good deal about Russian priorities; it also informs us about how much scope there is for further increases. The second reason is to obtain a better measure of the relative size—and, by inference, strength—of the two military establishments.

The CIA says that the defense sector has taken 11 percent to 12 percent of the Soviet gross national product for the past decade. Other sources, including the Defense Intelligence Agency and some independent analysts, have consistently made higher estimates, putting it at 14 percent to 17 percent of GNP or higher. In contrast, we now spend less than 5 percent of GNP on defense.

INCREASED ESTIMATE

The credibility of the CIA's costing procedures received a jolt in 1975 when the agency abruptly increased its estimate of this burden from 6 percent to 8 percent of GNP to 11 percent to 13 percent. Of particular note was a 200 percent increase in its estimate of the cost of weapons and construction. (The adjustment was apparently occasioned largely by the agency getting data on actual Soviet defense spending.)

In effect, the CIA change reflected not more weapons but the conclusion that the Soviets were much less efficient in making them and therefore that the appropriate prices were higher. In short, the military was a much larger burden than had been assumed. This interpretation has been questioned by outside analysts; for example, Steven Rosefielde of the University of North Carolina suggests that the CIA might have been missing some weapons in its count or underestimating qualitative improvements in them.

There is also an issue about the growth rate of the Soviet military sector. The CIA estimates its real growth at between 4 percent and 5 percent annually, a rate somewhat larger than the growth rate of the economy as a whole. (Again, some outside analysts, including notably William Lee, put it much higher, around 9 percent.) In contrast, the U.S. defense budget in real terms declined from 1968 to the early 1970s as Vietnam wound down and has been pretty much on a plateau since. Our real level of defense expenditures is still below that in 1964, the last year before our Vietnam increases. The presidential promise to allies of a 3 percent real increase in defense has shrunk under OMB pressure and has been largely negated anyway by unexpectedly high inflation.

The Soviet weapon investment account has been the source of particular concern and controversy. We observe enormous numbers of weapons coming out of Soviet factories.

(Remember when Detroit was regarded as the arsenal of democracy, without peer?) Unfortunately, the Russians don't publish price lists. Our analysts have to go through a complex process to arrive at the ruble cost of these weapons. The CIA comes up with a growth rate in the Soviet weapons investment account in the 1970s of 4 percent to 5 percent. The critics assert that this is a gross underestimate and that the true growth in this category has been much larger—perhaps 10 percent annually or more.

Making budget comparisons in assessing the size of the two military establishments is a way of trying to cope with the "apples and oranges" problem in comparing different mixes of tanks, ships, divisions, and so forth. This is done by estimating what it would cost us in dollars to produce and operate the Soviet array of forces and weapons. The latest CIA published exercise of this kind produces the following dramatic results:

Ratio of dollar cost of Soviet to U.S. forces

	1968	1978
Strategic forces	2.0	2.9
General purpose forces	.9	1.7
Support forces	.5	1.0
Overall defense	.7	1.45

In dollars, the CIA estimates that it would costs us $146 billion to procure and operate the 1978 Soviet forces; our actual outlay that year on our own forces was $102 billion. (Pensions are excluded and other adjustments made.)

A look at other components points up the contrast. Consider research and development. In 1968, Soviet research and development was about 70 percent of ours; it is now about 175 percent of ours. How can this swing be squared with the Secretary of Defenses assertion that while we needn't match the Soviets in numbers of many kinds of weapons, it is necessary for us "to maintain the crucial technology advantage that gives us superiority where we need it"? Doing this with a progressively smaller relative research and development effort may be impossible.

This approach is sometimes faulted on the grounds that costing the Soviet forces in dollars makes it look larger than it really is. When Soviet weapons and the people that it has in larger numbers are valued at high American prices, the difference in the cost is exaggerated. This problem can be met by doing a similar comparison in rubles, thereby creating the opposite bias—underestimating the relative Soviet expenditures. This ruble comparison still shows substantially larger Soviet spending—25 percent more compared to 45 percent more in the dollar comparison.

UNMISTAKABLE FACTS

However one looks at it, the gross facts about the balances and trend are unmistakable; on most measures the Soviet Union either has superiority or is rapidly moving to acquire it. And increasingly it is exercising this muscle around the world.

There are, of course, many ways of interpreting these facts: The Soviets have a hostile China to worry about, we have wealthier and more reliable allies, the Soviet navy can be bottled up in various constricted seas. On the other hand, we have longer distances to go to scenes of trouble, our alliances are collapsing or eroding, and so on. Nonetheless, the trend is clear.

The surfacing of the issue of our defense effort vis-a-vis the Soviet Union in the SALT debate is an event to be welcomed. The nuclear balance really isn't separable from the larger competition, a proposition more clearly perceived by many members of Congress and the public than by the administration. A cool look at the wider scene gives ample grounds for concern if not alarm. The Senators might be faulted for not taking a bolder position: even a 5% real increase in the U.S. defense budget would, at best, leave us Number Two for years to come and might leave us indefinitely in that position. It promises to be an increasingly uncomfortable position.●

BREEDER REACTORS

● Mr. KENNEDY. Mr. President, in the near future the Senate will be again facing the issue on whether or not it should fund a commercial demonstration facility at the Clinch River site in Tennessee. I would like to place in the RECORD today a summary of a report by Mr. Brian Chow of the Pan Heuristics Corp. It was prepared for the U.S. Arms Control and Disarmament Agency. This study concludes that under any reasonable scenario breeder reactors will not be needed before 2030. I believe this study is another indication that the administration's decision to postpone commercialization of the breeder reactor was a wise choice.

The summary follows:

SUMMARY

1. Our model can determine uranium breakeven prices at which the economic optimum, from the electric utility's point of view, changes from one type of reactor to another. These prices are determined under specific government policies, which has not been done in existing studies.

2. Our results on uranium breakeven prices can be summarized as follows:

Scenario	Transition		Uranium breakeven price (dollars per pound U_3O_8, Jan. 1, 1978 dollars)	
	From	To	Reference	Range
Thermal recycle disallowed	Standard LWR (OT)	LMFBR	218	122-316
	15 percent—Improved LWR (OT)	LMFBR	270	150-389
	30 percent—Improved LWR (OT)	LMFBR	270	150-438
Uranium—Only	Standard LWR (OT)	LMFBR	262	127-401
Thermal recycle allowed	15 percent—Improved LWR (OT)	LMFBR	279	150-422
Thermal rocycle allowed	Standard LWR (R)	LMFBR	419	210-633
	Standard LWR (OT)	Standard LWR (R)	65	50- 81
	15 percent—Improved (OT)	Standard LWR (R)	126	99-152

3. In the scenario that allows thermal recycle, and if a cost penalty for the proliferation and diversion risk amounting to 3, 7 or 10 percent of delivered electricity cost is assigned to LWR with thermal recycle, the uranium breakeven price for the transition from LWR once-through to thermal recycle increases to $176, $290 and $407/1b U_2O_8 respectively. Therefore, even a small proliferation risk penalty would eliminate the benefit of thermal recycling in LWRs if there were any to begin with.

4. Though a CIVEX-like process may improve diversion resistance, it does not satisfy a standard of proliferation resistance comparable to five-year old spent fuel from LWR once-through and a two-year inventory requirement simultaneously. Furthermore, it is not likely that additional steps such as spiking, preirradiation and/or other procedures can make the CIVEX products meet the aforementioned set of criteria. On the other hand, a CIVEX-like process does not seem to add substantially to the electricity generating cost.

5. For the developing countries, large and small, the route to energy independence via breeder deployment is much more costly than for the industrialized countries because of the technical sophistication of the breeder, higher fixed charge rate, lower plant capacity factor and diseconomies of sale of fuel cycle facilities. It may not even be feasible because of prohibition of export of breeder reactors and related fuel cycle facilities by the suppliers' countries resulting from nonproliferation considerations.

6. Even if proliferation risk is ignored, the breeder is not economically competitive with a 30 percent-improved LWR once-through before the year 2030 in the United States and in the world outside communist areas in 90 percent of the considered cases. In those few exceptions which seem to be unlikely cases, the penalty of delaying commercial breeder introduction to the year 2030 is small and well within the noise level of long-term energy planning. For example, the undiscounted delivered cost of electricity in the U.S. during the lifetimes of all the nuclear power plants coming on-line in the period 1980–2029 would only be higher by 2 percent, while that in the world outside communist areas would be higher by 2⅔ percent. In terms of absolute dollar value, the penalty discounted at 10 percent would be $1.7 billion in the U.S. and $7.6 billion in the world outside communist areas.

7. Our results indicate that the coal-fired power plants have an economic advantage over the breeder in most of the cases investigated, even if the coal price reaches $40/ton. The future coal price is uncertain. According to the Electric Power Research Institute, the most probable price in the U.S. during the 1985–2000 period is around $23/ton. However, this figure may be quite optimistic.

8. Past cost and technical assumptions, and various demand and supply projections used in studies supporting early breeder introduction in the U.S. were unrealistic. Adding to these a new emphasis on nonproliferation, we feel that the breeder timing issue should be seriously reassessed in every major nation. Described below are the typical ranges used in those studies, contrasted with those we feel are more reasonable.

a. Projected on-line U.S. nuclear capacity was exaggerated.

The capacity by the year 2025 was typically assumed to be approximately 700 GWe. It has been reduced drastically to 300-900 GWe. This reduction alone would eliminate a substantial portion, if not all, of the benefits in most of the analyses supporting early breeder introduction.

b. The plant capital cost differential between the breeder and the LWR was too small.

It has typically been assumed to be in the range of $0-200/kwe. Recent estimates by the U.S. Department of Energy and Rand indicate differentials in the range of $200-400/kwe and $170-1140/kwe respectively.

c. Reprocessing costs for LWR and breeders were too low.

They were assumed to be in the range of $100–200/kgHM. Recent studies and market-observed data indicate a range of $200-700/kgHM.

d. Uranium supply was too pessimistic.

Studies supporting breeders have been revising uranium supply downward over the years. Yet, looking at past projections of total uranium resources in the U.S., one would note that the amount at a forward cost of $30/lb U_3O_8 (in 1975 dollars) increases consistently over the years: 1.5 million tons in 1968, 2.0 million tons in 1971, 2.3 million tons in 1974, 3.5 million tons in 1975. The official estimate as of January 1, 1978, for the U.S. at a forward cost of $50/lb in 1978 dollars (i.e., $43/lb in 1975 dollars) by the National Uranium Resource Evaluation Group is 4.4 million tons while the estimate as of January 1, 1979 at a forward cost of $50/lb in 1979 dollars (i.e., $39/lb in 1975 dollars) is 4.1 million tons.

e. Costs of the breeder research, development and demonstration programs have been underestimated.

The discounted cost of the liquid-metal fast breeder reactor program from fiscal year 1970 until completion was estimated at $2.96 billion in 1968, $3.59 billion in 1970, and $7.20 billion in 1974. (All figures are in 1970 dollars.)

f. Little consideration has been given to future improvements in LWRs and other technologies.

The inclusion of a retrofittable improvement of 15 percent in LWRs by 1990 and a nonretrofittable one of 30 percent by 2000 would significantly reduce breeder benefits and delay its economic introduction.

9. We do not suggest abandoning the LMFBR RD&D program on the premise that the breeder is unlikely to be economical before the year 2030 or even beyond. Many studies address the wrong question by comparing the total discounted electricity cost of two scenarios—with and without the LMFBR—over a planning horizon of, say, 75 years. The scenario which excludes the LMFBR for 75 years is not interesting because no sensible energy planner would make up his mind now for the next 75 years regardless of future information and events. We do suggest that a sequential LMFBR program would be much more flexible in exploiting future valuable information, in view of the unresolved proliferation risk and questionable advantages of the type of breeder being developed, the unlikely and small penalty of delayed breeder introduction, the possibility of economical and proliferation-resistant energy alternatives—electric and nonelectric, nuclear and nonnuclear—including LWR once-through, advanced converters, coal-fired plants, and modified breeders such as fast-mixed spectrum reactors.

INTRODUCTION

On April 7, 1977, President Carter decided to extend the previous administration's moratorium on the commercialization of nuclear reprocessing and to restructure the U.S. breeder reactor program with emphasis on concern about nuclear proliferation rather than the previous goal of early commercialization. Simultaneously, he proposed an International Nuclear Fuel Cycle Evaluation (INFCE) whose purpose is stated in the Final Communique of the Organizing Conference on October 21, 1977:

"The participants in the Organizing Conference of the International Nuclear Fuel Cycle Evaluation are conscious of the urgent need to meet the world's energy requirements and that nuclar energy for peaceful purposes should be made widely available to that end. They are also convinced that effective measures can and should be taken at the national level and through international agreements to minimize the danger of the proliferation of nuclear weapons without jeopardizing energy supplies or the development of nuclear energy for peaceful purposes."

Since the breeder reactor has been the centerpiece of civilian nuclear research and development programs in major industrialized nations, a reevaluation of breeder economics and timing in light of the aforementioned twin objectives of nonproliferation and energy sufficiency is warranted. Even setting aside the proliferation considerations, serious doubts[1] have been raised in the U.S. and abroad, especially in the last few years, about the often-claimed substantial economic benefits of the breeder within the time scale envisioned by its advocates. In fact, the impetus of breeder development has historically stemmed more from its technical feasibility and negligible demand on uranium resources than from its economic advantages compared to other electricity generating systems.

The body of the report will be organized as follows: review of past major economic analyses of the U.S. breeder reactor program; the uranium "breakeven" price model; data sources of the study; scenario analyses; sensitivity analysis; internalization of proliferation risk and energy policy factors; breakeven price and breeder timing; coal-fired power plant; and overview.

Our study will concentrate on the liquid metal fast breeder reactor (LMFBR) since all nations with significant breeder reactor programs have concentrated their efforts on this breeder alternative. Unless specified otherwise, all figures are in January 1, 1978 dollars.

REVIEW OF PAST MAJOR ECONOMIC ANALYSES OF THE U.S. BREEDER REACTOR PROGRAM

The U.S. Atomic Energy Commission (AEC) and the Energy Research and Development Administration (ERDA), predecessors of the Department of Energy, conducted a succession of cost-benefit analyses on the U.S. breeder reactor program since 1969.[2] The cost assumptions and reactor characteristics of these analyses vary widely, reflecting the uncertainties of the underlying projections. However, the studies concur in their conclusion that "the introduction of a fast breeder into the U.S. electric power utility system will produce significant financial benefits. This results largely from a reduction in uranium ore and U-235 enrichment requirements."[3] Such a conclusion stems more from the studies' cost assumptions than from their model assumptions. In fact, analyses using similar cost assumptions, including plutonium value determination, came to similar conclusions regardless of types of model used. Thus, to avoid repetition, we will comment later on the validity of the cost assumptions used in various analyses supporting early breeder commercialization. We confine our discussion here to the methodologies of several models which have been applied to the issues of breeder economics and timing.

The cost-benefit analyses undertaken by AEC and ERDA started with a projection of the electricity demand. The discounted costs of electricity in constant dollars, both without and with the integration of the LMFBR into the national generating system, were minimized over a planning horizon of fifty years. The net discounted benefit is the difference between these two discounted electricity costs, less the discounted cost of LMFBR research, development and demonstration (RD&D) program. A positive value signifies that the LMFBR program will produce an economic benefit subject, of course, to the validity of the input data and model assumptions.

Because of the intrinsic complexity of the problem, simplifying assumptions are made in every model of breeder economics in order to make it computationally tractable. Furthermore, models have been structured differently so as to analyze some specific issues more effectively. For this reason, it is important to note that all the models discussed in this report, including ours, complement rather than discredit each other.

In the AEC-ERDA model, electricity demand is exogenously determined. In other words, once it is determined externally, it is inelastic or not responsive to different energy prices derived from various nuclear scenarios under investigation in the model.

As early as 1969, MacAvoy[4] incorporated the price elasticity of electricity demand into his model. In Manne's[5] energy technology assessment model, nonelectric energy sources are also included. Thus, his model has both the own- and cross-price elasticities of demand. Richels,[6] and Richels and Plummer[7] employ Manne's model in their decision analysis to investigate optimal breeder timing under uncertainty. In 1977, Nordhaus and van der Heyden[8] developed a mixed integer linear programming model in which the breeder introduction date is an endogenous instead of exogenous variable. While such an approach is not necessarily superior, it does offer a new way to investigate the optimal breeder timing issue. Bupp and Derian[9] apply the breakeven analysis to the study of the comparative economics of breeders and light water reactors. Previously, studies followed the traditional approach of cost-benefit analysis. Our model follows the breakeven analysis approach but has substantially more technical and financial details, which will be described in Section 4, along with the discussion of the advantages and disadvantages of this approach. Other studies of breeder economics employ methodologies similar to those mentioned above.

Economic studies whose results and conclusions tend to support early breeder introduction—say, prior to the year 2000—include those by AEC and ERDA, Manne, Richels, Richels and Plummer, Electric Power Research Institute,[10] Stauffer, Palmer and Wycoff[11] and Baron.[12] Studies that suggest stretching out or bypassing the breeder program include those by Bupp and Derian, Cochran,[13] Speth, Tamplin and Cochran,[14] Chow,[15] Ford-Mitre study,[16] and Feiveson, von Hippel and Williams.[17] Economic studies that are critical of breeders generally use cost and financial assumptions less favorable to the breeder. Of course, it is difficult to decide whose assumptions are more reasonable, those of the breeder critics or advocates. There are, however, two ways of shedding some light on the matter. First, by correlating the new projections with the old ones made by the same author, one can determine whether the author has consistently underestimated or overestimated the key cost figures. Second, one can analyze the robustness of past projections in light of new information. If these past projections rapidly show signs of strain in the near term, it is unlikely that these projections will hold in the distant future. Using these two criteria, we find that the cost assumptions in studies supporting early breeder introduction are less reasonable than those used by breeder critics. Our finding is based on the following observations.

FOOTNOTES

[1] Irvin C. Bupp, Jean-Claude Derian, "The Breeder Reactor in the U.S.: A New Economic Analysis," *Technology Review*, July/August, 1974, pp. 26–36; Thomas B. Cochran, *The Liquid Metal Fast Breeder Reactor: An Environmental and Economic Analysis* (Baltimore: Johns Hopkins University Press, 1974); Brian G. Chow, *The Liquid Metal Fast Breeder Reactor: An Economic Analysis* (Washington, D.C.: American Enterprise Institute, 1975); U.S. Congress, Joint Economic Committee, *The Fast Breeder Reactor Decision: An Analysis of Limits and the Limits of Analysis* (Washington, D.C.: U.S. Government Printing Office, 1976); Ford-Mitre Nuclear Energy Policy Group, *Nuclear Power Issues and Choices* (Cambridge Mass.: Ballinger, 1977); William D. Nordhaus, *What Is the Value of Advanced Nuclear Power?* Discussion Paper No. 449 (New Haven: Cowles Foundation, February 21, 1977); Harold A. Feiveson, Frank von Hippel, Robert H. Williams, "Fission Power: An Evolutionary Strategy," *Science*, January 26, 1979, pp. 330–337; Otto Keck, *Fast Breeder Reactor Development in West Germany: An Analysis of Government Policy*, Doctoral Dissertation (University of Sussex, June 1977).

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Atomic Energy Commission, Division of Reactor Development and Technology, *Updated (1970) Cost-Benefit Analysis of the U.S. Breeder Reactor Program*, WASH-1184 (January 1972); U.S. Atomic Energy Commission, *Draft Environmental Statement, Liquid Metal Fast Breeder Reactor Program*, WASH-1535 (March 1974); U.S. Atomic Energy Commission, *Proposed Final Environmental Statement, Liquid Metal Fast Breeder Reactor Program*, WASH-1535 (December 1974); U.S. Energy Research and Development Administration, *Final Environmental Statement, Liquid Metal Fast Breeder Reactor Program*, ERDA-1535 (December 1975).

[3] U.S. Atomic Energy Commission, *Proposed Final Environmental Statement*, WASH-1535, p. 11.3-1.

[4] Paul W. MacAvoy, *Economic Strategy for Developing Nuclear Breeder Reactors* (Cambridge: MIT Press, 1969).

[5] Alan S. Manne, "ETA: A Model for Energy Technology Assessment," *Bell Journal of Economics and Management Service*, Autumn, 1976, pp. 379-406.

[6] Richard G. Richels, *R&D Under Uncertainty: A Study of the U.S. Breeder Reactor Program*, Doctoral Dissertation (Harvard University, June 1976).

[7] Richard G. Richels, James L. Plummer, "Optimal Timing of the U.S. Breeder," *Energy Policy*, June 1977, pp. 106-121.

[8] William Nordhaus, Ludo van der Heyden, *Modeling Technological Change: Use of Mathematical Programming Models in the Energy Sector*, Discussion Paper No. 457 (New Haven: Cowles Foundation, June 30, 1977).

[9] Bupp, *Breeder in the U.S., op. cit.*

[10] Electric Power Research Institute, *Liquid Metal Fast Breeder Reactor: Decision Process and Issues*, EPRI SR-20 (Palo Alto, May 9, 1975.

[11] T. R. Stauffer, R. S. Palmer, H. L. Wyckoff, "Breeder Reactor Economics," Breeder Reactor Corporation, July 1, 1975.

[12] Seymour Baron, "The LMFBR: The Only Answer," *Mechanical Engineering*, December 1974, pp. 12-20.

[13] Cochran, *Breeder Reactor, op. cit.*

[14] Gus Speth, Arthur Tamplin, Thomas Cochran, "Bypassing the Breeder," *Environmental Action*, April 12, 1975, pp. 9-13.

[15] Chow, *Breeder Reactor, op. cit.;* Brian G. Chow, "'The Economic Issues of the Fast Breeder Reactor Program," *Science*, February 1, 1977, pp. 551-556.

[16] Ford-Mitre, *Nuclear Power, op. cit.*

[17] Feiveson, *Fission Power, op. cit.*●

LORD MOUNTBATTEN

● Mr. PELL. Mr. President, last week I attended the funeral of Lord Mountbatten as a member of the official U.S. delegation, ably headed by Averell Harriman. Lord Mountbatten was one of the few truly heroic figures of our time; and it was tragic that after having survived so many trials of war he perished at the hands of vile and, these days, all too common terrorists.

Almost 30 years ago, the then Commander Mountbatten came to Newport, R.I., where he was received by all the local Navy brass. In the party receiving him were two young, lonely sailors and Commander Mountbatten spoke mainly to them, asking them about conditions below decks and making them feel at home. I was one of those young sailors and have ever since admired and respected Lord Mountbatten. Through the years, because of my wife's family connection, we have remained in touch and so I found myself particularly honored to have been chosen by President Carter to be part of the U.S. delegation to Lord Mountbatten's funeral.

Both my wife and I grieved over the loss of someone we knew and admired for his personal as well as his public attributes. Lord Mountbatten had a wonderfully warm, gracious and decisive nature and we shall miss him greatly.

As I sat in Westminster Abbey, witnessing the solemn and stirring pageant that the British do so well, it occurred to me that if the death of this hero, who loved Ireland so much in addition to England, serves to discredit terrorism as a force in the struggle over the future of Northern Ireland, Lord Mountbatten will have performed one final great public service.

Mr. President, on August 28, the Washington Star published an excellent column by Mary McGrory on the life and death of Lord Mountbatten, and I submit for printing in the RECORD excerpts from that article.

The material follows:

BY KILLING MOUNTBATTEN, THE IRA COMMITTED THE ULTIMATE ATROCITY

(By Mary McGrory)

If ever a man deserved to die in his bed, it was Lord Mountbatten.

He was 79 years old.

He had survived shipwreck, battles at sea, battles on land, the bitterest fighting of World War II in the Southeast Asia campaign.

He was a dashing commander who after a close-run operation in the Far East, where he was Supreme Allied Commander, jauntily cabled home "Everything is tickety-boo."

And he was blown to bits by thugs, on his own boat, off the coast of Ireland, a country he loved and persisted in visiting long after many of his countrymen, fearing his fate, had given up their Irish holidays.

One of his twin grandsons, Nicholas, who was 14, and a Sligo boy named Paul Maxwell died with him.

The IRA is claiming "credit."

Within hours, at least 18 British soldiers were killed in Ireland.

IRA murders are of two classes: They choose often the obscure, random victims who must be instructed in the dangers of holding an opposite view. The napalm-bombing of a Belfast Hotel, where the Irish Collie Association was meeting and 13 people died, represents this type of activity.

Then there are the political murders: the killing of Christopher Ewart-Biggs, whose car was bombed 12 days after his arrival in Dublin as ambassador, and the car-bombing outside the House of Commons of Arley Neave, Margaret Thatcher's principal adviser on Northern Ireland.

NOBODY IS EXEMPT

Mountbatten's death partook of both varieties. At his age, he was as innocent as a member of the Irish Collie Association—or even a Bogside baby caught in a crossfire. He was "political" because he was demonstratively a great man, who exemplified British valor and British will. It's the IRA way of showing that nobody is exempt.

Mountbatten was for many the ultimate Englishman. He was born to the purple, improbably handsome, charming, gallant, debonair and accomplished. He was warrior, statesman, diplomat, at home in palace and wardroom. A darling of Mayfair in his youth, he married an heiress, was mentioned in a Cole Porter song, and became the hero of Noel Coward's wartime epic, "In Which We Serve."

He was the last viceroy of India. He presided with enormous tact and aplomb over the "disintegration" of that great chunk of empire. He declared once that he loved Gandhi. He attended his funeral in his bare feet.

"I think," he said in one interview after he had seen the last action, "that it will be judged that I didn't do too badly. Mine is just a normal decent approach to life."

He knew a great deal about hysteria. His father, an Austrian-born German prince, was driven out of his post as first sea lord by anti-German passions during World War I. The family name was changed from Battenberg to Mountbatten, and "Dickie" made it his career to bring glory to it. Winston Churchill made him first sea lord in 1955.

A MOST DISTRESSFUL LAND

The "normal decent approach to life" is the antithesis of the IRA, which seems to believe that if you kill enough people you will drive the British out of Ireland and bring peace and prosperity to "a most distressful land." They have no support in North or South. Only a handful of Americans continue to provide them with guns and money.

In the terror that has gripped Ireland in the last 10 years, 1,936 persons have died. Nobody seems to have the faintest idea of what to do about it.

It is possible that the death of a hero at the hands of thugs may break that paralysis. The odds are formidable—as formidable as those Mountbatten, having been told it would take 50 days to liberate Mandalay, took it in three. For 900 years the British and the Irish have warred and cursed each other. The roots are religious, economic, nationalistic. The "wise impulse," which one of Mountbatten's predecessors as viceroy of India expressed the need for, has stubbornly eluded both sides. Every time a political solution has loomed, some fresh atrocity or tragic misunderstanding has canceled it.

Lord Mountbatten will be given a state funeral. The queen is his cousin. The British are incomparable at such solemn pageants. And what will British rage be when they see the cortege pass the magnificent Mountbatten, who stood up to every tyranny his era could provide, fallen to today's tyranny, terrorism.●

VICE PRESIDENT MONDALE'S SPEECH AT BEI-DA

● Mr. KENNEDY. Mr. President, Vice President MONDALE made an important visit last month to the People's Republic of China—the first political-level visit since our two countries established diplomatic relations at the beginning of this year. The Vice President's visit established the tone and substance of United States-China relations for years to come, making it clear that Americans and Chinese would enjoy normal ties, in every sense of the word, and enduring ties which reflect the importance of a secure and modernizing China to the United States, East Asia, and indeed, the world.

The Vice President was able to sign an implementing accord for cultural exchanges in 1980 and 1981 and, more importantly, to sign an agreement on development of hydroelectric energy in China—in which American engineers will once again become involved in the management of hydraulic resources which have been a crucial dimension of Chinese politics and society for millennia. He indicated that President Carter will submit to the Congress the United States-

China trade agreement and a request for OPIC guarantees and insurance for private American investment in China—and that Export-Import Bank credit arrangements will be established on a case-by-case basis, up to a total of $2 billion over a 5-year period. I welcome and support all of these initiatives, which reflect a broader and deeper substantive relationship befitting the importance of China to our regional and global interests.

An unprecedented development was Vice President MONDALE's speech before Beijing University (Bei-Da), delivered on August 27 and televised nationwide in China. In an eloquent speech on this historic occasion, the Vice President expressed his vision of United States-China relations in an environment of diversity, progress and peace:

> Together, we can enrich our two cultures, strengthen our two economies, build better lives for both our peoples. And together, we can help stabilize the world community—fostering respect for diversity, and standing firmly opposed to intolerance and domination.

His visit and his speech struck a responsive chord in the Chinese leadership and the Chinese people, reflected in Vice Premier Deng Xiaoping's statement to the Vice President that—

> The Chinese and American peoples are two great peoples whose genuine cooperation and friendship will play an influential role in the effort to maintain world peace.

So I welcome and applaud the Vice President's visit to China. I strongly support his view that a secure and modern China is in the interests of the United States, just as a strong and prospering United States is in the interests of China. We have established a strong foundation of mutual interests which has the support of the American Congress and the American people. In the spirit of Vice President MONDALE's trip, let us insure, in the months ahead, that we achieve not only a truly normal relationship in every sense of the word, but an irreversible relationship between our two peoples which will be an enduring legacy for generations to come.

Mr. President, I request that the text of Vice President MONDALE's August 27 speech at Bei-Da be printed in the RECORD.

The speech follows:

MONDALE SPEECH AT BEIJING UNIVERSITY

AUGUST 27

I am honored to appear before you. And I bring you the warm greetings and the friendship of the President of the United States and the American people.

For an American of my generation to visit the People's Republic of China is to touch the pulse of modern political history. For nearly three decades our nations stood separate and apart. But the ancient hunger for community unites humanity. It urges us to find common ground.

As one of your poets wrote over a thousand years ago, "We widen our view three hundred miles by ascending one flight of stairs." We are ascending that flight of stairs together.

Each day we take another step. This afternoon, I am privileged to be the first American political figure to speak directly to the citizens of the People's Republic of China.

And no setting for that speech could be more symbolic of our relationship than this place of new beginnings. The history of modern China is crystallized in the story of Beijing University and the other distinguished institutions you represent. At virtually every turning point in the 20th Century China, Bei-Da has been the fulcrum.

Sixty years ago, it was at Bei-Da that the May 4th movement began, launching an era of unprecedented intellectual ferment. It inaugurated an effort to modernize Chinese culture and society. It established a new meeting ground for eastern and western cultures. And its framework of mutual respect sustains our own cultural cooperation today.

Forty-four years ago, Bei-Da was where the December 9th movement galvanized a student generation to resist external aggression. And its message of sovereignty and nonaggression underpins our own political cooperation today.

As China looks to the future, once again it is Bei-Da and your other research centers which are leading the drive toward "the four modernizations." And the closeness of your development goals to our own interests will provide the basis for our continuing economic cooperation.

Today, we find our two nations at a pivotal moment. We have normalized our relations. The curtain has parted; the mystery is being dispelled. We are eager to know more about one another, to share the texture of our daily lives, to forge the human bonds of friendship.

That is a rich beginning. But it is only a beginning.

A modern China taking its place in the family of nations is engaged in a search not only for friendship, but also for security and development. An America deepening its relations with China does so not only out of genuine sentiment, and not only out of natural curiosity. It does so out of the same combination of principle and self-interest that is the engine of mature relations among all modern states.

Our job today is to establish the basis for an enduring relationship tomorrow. We could not have set that task without our friendship. But we cannot accomplish it with friendship alone.

On behalf of President Carter, this is the message I carry to the people of China—a message about America, its purposes in the world, and our hopes for our relations with you.

The Americans are historically confident people. Our politics are rooted in our values. We cherish our fundamental beliefs in human rights, and compassion, and social justice. We believe that our democratic system institutionalizes those values. The opportunities available to our citizens are incomparable. Our debates are vigorous and open. And the differences we air among ourselves—whether on strategic nuclear policy or on energy—are signs of our society's enduring strength.

My country is blessed with unsurpassed natural resources. Moreover, we also have unparalleled human resources—workers and farmers and scientists and engineers and industrialists and financiers. With their genius we are able to transform our natural assets into abundance—not only for ourselves, but for the world.

Of course we face unsolved problems. But the high goals we set for ourselves—and our determination to meet them—are measures of our national spirit. In that striving, in that restless pursuit of a better life, we feel a special affinity for the people of modern China.

In the world community, the United States seeks international stability and peace. But we have no illusions about the obstacles we face. We know that we live in a dangerous world. And we are determined to remain militarily prepared. We are fashioning our defenses from the most advanced technology anywhere. We have forged alliances in Europe and Asia which grow stronger every year. Together with our Japanese and Western allies, we will ensure that our investment in security is equal to the task of ensuring peace—as we have for thirty years.

But we want to be more than a firm and reliable partner in world affairs. We also believe in a world of diversity. For Sino-American relations, that means that we respect the distinctive qualities which the great Chinese people contribute to our relationship. And despite the sometimes profound differences between our two systems, we are committed to joining with you to advance our many parallel strategic and bilateral interests.

Thus any nation which seeks to weaken or isolate you in world affairs assumes a stance counter to American interests. This is why the United States normalized relations with your country, and that is why we must work to broaden and strengthen our new friendship.

We must press forward now to widen and give specificity to our relations. The fundamental challenges we face are to build concrete political ties in the context of mutual security . . . to establish broad cultural relations in a framework of genuine equality . . . and to forge practical economic bonds with the goal of common benefit.

As we give substance to our shared interests, we are investing in the future of our relationship. The more effectively we advance our agenda, the more bonds we build between us—the more confident we can be that our relationship will endure.

And so what we accomplish today lays the groundwork for the decade ahead. The 1980's can find us working together—and working with other nations—to meet world problems. Enriching the global economy, containing international conflicts, protecting the independence of nations: these goals must also be pursued from the perspective of our bilateral relationship. The deeper the relationship, the more successful that worldwide pursuit will be.

That is the agenda President Carter has asked me to come to the People's Republic of China to pursue. That is the principal message President Carter has asked me to bring to you. It is the agenda we share for the future.

In the eight months since normalization, we have witnessed the rapid expansion of Sino-American relations.

We have reached a settlement on claims/assets and signed the trade agreement. Trade between our countries is expanding. American oil companies are helping you explore China's offshore oil reserves. Joint commissions on Sino-American economic relations and on scientific and technical exchange have been established. We have exchanged numerous governmental delegations, including the visits of many heads of our respective ministries and departments. And the flow of people between our two countries is reaching new heights.

We have gained a cooperative momentum. Together let us sustain and strengthen it.

For a strong and secure and modernizing China is also in the American interest in the decade ahead.

In agriculture, your continued development not only provides a better life for the Chinese people, it also serves our interests—for your gains in agriculture will increase limited world food supplies.

In trade, our interests are served by your expanding exports of natural resources and industrial products. And at the same time your interests are served by the purchases you can finance through those exports.

As you industrialize, you provide a higher standard of living for your people. And at the same time our interests are served—for this will increase the flow of trade, narrow the wealth gap between the developed and the developing world, and thus help alleviate a major source of global instability.

Above all, both our political interests are served by your growing strength in all fields—for it helps deter others who might seek to impose themselves on you.

Efforts in the 1920's and 1930's to keep China weak destabilized the entire world. For many years, China was a flash point of great power competition. But a confident China can contribute to the maintenance of peace in the region. Today, the unprecedented and friendly relations among China, Japan, and the United States bring international stability to Northeast Asia.

That is why deepening our economic, cultural, and political relations is so strategically important—not only for your security, but for the peace of the world community.

We are taking crucial steps to advance our economic relationship.

First, before the end of the year, President Carter will submit for the approval of the U.S. Congress the trade agreement we reached with you. This agreement will extend "most favored nation" treatment to China. And its submission is not linked to any other issue.

Second, I will be signing an agreement on development of hydroelectric energy in the People's Republic of China. U.S. Government agencies are now ready to help develop China's hydroelectric power on a compensatory basis.

Third, the United States is prepared to establish Export-Import Bank credit arrangements for the PRC on a case-by-case basis, up to a total of 2 billion (two thousand million) dollars over a five-year period. If the pace of development warrants it, we are prepared to consider additional credit arrangements. We have begun discussions toward this end.

Fourth, the Carter administration this year will seek congressional authority to encourage American businesses to invest in China—by providing the guarantees and insurance of the Overseas Private Investment Corporation.

We also stand ready to work with the Chinese Government to reach textile, maritime, and civil aviation agreements in the shortest possible time.

As we advance our cultural relationship, universities will again be a crucial meeting-ground between Chinese and Americans, just as they were in an earlier era.

Today, gifted Chinese scholars study in America, and American scholars—many of whom I am delighted to see here today—study in China. That exchange inherits a distinguished tradition. On campuses all across the United States, Americans who lectured and studied in China in the 1930's and 1940's today are invigorating our own intellectual life—none of them with greater distinction than Professor John K. Fairbank, who honors us by joining my traveling party. At the same time, we are proud that Chinese scholars who studied American agronomy, engineering, and medicine have been able to contribute the skills they gained in our country to the progress of Chinese society.

It is a mutual relationship—a true reciprocity—we are now engaged in building. From us, you will learn aspects of science and technology. Our anthropologists and archeologists have tools to share with you as you explore your own past. American and Chinese social scientists and humanists have insights to offer each other—a fuller understanding of our respective institutions and values.

And so with your help, we intend to broaden our horizons. Chinese researchers pioneer in key areas, from medical burn therapy to earthquake prediction—and we want to learn these skills from you. Where the progress of science requires global cooperation—in astronomy, in oceanography, in meteorology—our common efforts can benefit the world. And our social scientists and humanists have hardly begun to share your understanding of history, of social change, and of human potential.

Strong bilateral relations serve our strategic interests. Through them, both of us can foster the world community we seek—a world that respects diversity and welcomes constructive change.

Today, there are 162 nations in the world, most of them poor. Eighty percent of the world's population live in developing countries. Every day, people in these nations are lifting their heads to demand independence and justice. Every day, efforts by rulers to oppress their people are meeting increasing resistance. Governments are coming to understand not only the necessity, but also the fundamental wisdom and decency of protecting the rights of their people through law.

When political power is more equitably shared within nations: When that power shifts from the few to the many among nations; when an era of colonialism gives way to a more just international order—these changes deserve worldwide support.

In the last few years, as the preeminent military and economic power in the world, the United States faced a fundamental choice. Were we to resist those winds of change, attaining our national security by defending the status quo? Were we to collude with a few other countries in an effort to dominate the world? Or were we to welcome change, to make the necessary adjustments, and to help shape a more just world order?

Let there be no doubt about the choice my country has made. The United States believes that any effort by one country to dominate another is doomed to failure. Neither by relying exclusively on an increasing stock of arms, nor by direct or indirect military intervention, can any nation hope to attain lasting security. On the contrary, nations which embark on that course will find themselves increasingly isolated and vulnerable.

And nothing more vividly demonstrates our belief in those principles than the normalization of Sino-American relations. Normalization signals our understanding that American security in the years ahead will be attained not by maintaining the status quo; not by colluding for purposes of domination; but by fostering a world of independent nations with whom we can build positive relations.

That is the world community we seek. It is a vision of diversity, of constructive ties—and above all, of peace.

In a world that hopes to find new energy sources, peace is essential. In a world that aims to eliminate hunger and disparities in wealth, global equilibrium is vital. In a world that is working to eradicate communicable diseases and to safeguard our environment, international cooperation is crucial.

To secure that peace, to maintain that equilibrium, to promote that cooperation—the United States is totally committed.

During the visit to the United States by vice premier Deng and Madame Zhuo in January, President Carter said this: "We've not entered this new relationship for any short-term gains. We have a long-term commitment to a world community of diverse . . . and independent nations. We believe that a strong and secure China will play a cooperative part in developing that type of world community."

I would like to underscore that point. Anyone who seeks to understand America is invariably drawn back to the idea of diversity. The United States is a nation of immigrants, all of whom contribute to our society their distinct talents and traditions.

The American people find their common heritage not in a single bloodline, not in thousands of years of shared national history, but in their shared ideals. And we have a profund faith in the very diversity that shapes us. We value tolerance and pluralism and mutual respect.

We aim to honor those same principles in the conduct of our foreign policy in the decade of the 80's. For Sino-American relations, that does not mean we will always agree.

But in a world that respects diversity, countries as different as the United States and China can work side by side toward the common goals. Together, we can enrich our two cultures, strengthen our two economies, build better lives for both our peoples. And together, we can help stabilize the world community—fostering respect for diversity, and standing firmly opposed to tolerance and domination.

Last month, China and the United States joined many other nations in Geneva to confront the agony of the Indo-Chinese refugees. The enormity of their human tragedy defies the imagination. In a world that seeks to alleviate such suffering—suffering that transcends national boundaries—the way of conscience is the way of common cause.

Today the world watches us. In a sense, we are testing whether a developed nation and a developing nation—each with different traditions, each with different systems—can build a broad, enduring, constructive relationship. Certainly there will be serious barriers to overcome. But if we can work together, future generations will thank us. If we fail, not only will our children suffer: the entire world will feel the consequences.

Diversity and stability are not new themes in Sino-American relations. President Roosevelt once said this:

"It is to the advantage—and not to the disadvantage—of other nations, when any nation becomes stable and prosperous, able to keep the peace within its own borders, and strong enough not to invite aggression from without. We heartily hope for the progress of China. And so far as by peaceable and legitimate means we are able, we will do our part toward furthering that progress."

It was a bright vision three generations ago—and subsequent events only postponed the fulfillment of its promise. As we look to the future, let us resolve to rekindle the light of its insight.●

HISPANIC HERITAGE WEEK

● Mr. **BIDEN**. Mr. President, I would like to join my colleagues in commemorating the week of September 10–16 as Hispanic Heritage Week. This week we will honor the many contributions of Spanish-speaking citizens to American society.

Since the 16th century, Spanish-speaking persons have been making important contributions to every facet of American life: Art, music, literature, religion, philosophy, economics, and public service. We are all deeply indebted for these accomplishments, because cultural diversity and pluralism have been an integral part of the American heritage.

Mr. President, there are over 11 million Americans of Spanish origin in this country, including 7,000 from my own State of Delaware. This week, in many communities throughout the country, these Americans are celebrating the awareness of their unique cultural heritage and their role in American society.

However, at the same time that we remember the positive contributions of the Hispanic people we must not forget the problems which beset many Hispanic families.

According to 1976 figures, family income was lower for families of Spanish origin than for the population at large. The median income of families with a family head of Spanish origin was $9,551 in 1976 as compared to $13,719, the national average for that year. Approximately 15.5 percent of Americans of Spanish origin had incomes of under $4,000, as compared to 8 percent for the whole American population in 1976.

Although 2.2 million heads of households were employed in various occupations, only 8 percent were working in professional and technical fields. Educational achievement among children of Spanish-speaking households has also lagged behind the general population.

In recognition of the special problems of our Spanish-speaking citizens, Congress has enacted legislation which would help overcome barriers that language presents. The bilingual and bicultural educational programs administered by the U.S. Office of Education are just one example of these types of programs.

As we enter the decade of the 1980's, the role of Hispanic Americans will increase in all areas of American life. The ability, pride, and strength of our Hispanic citizens will enable them to overcome the language and cultural barriers of the past and will enable them to become a significant and major influence in American society in the future.●

HOME ENERGY ASSISTANCE ACT OF 1979

● Mr. KENNEDY. Mr. President, I am pleased to join Senator WILLIAMS, Senator JAVITS, and Senator METZENBAUM today in cosponsoring S. 1724, the Home Energy Assistance Act of 1979. Since 1973, the urgent need for such comprehensive authorizing legislation has gone unmet. Stop-gap measures taken under existing authorities have only reached a small handful of the most extreme cases. And the amount and timing of aid has often been sadly inappropriate.

Mr. President, this is one of several bills that have been or will be offered this year acknowledging the cruel result of existing national energy policies. Our failure to pursue energy policies that could restrain price rises both at home and abroad has taken a human toll. I recommend that my colleagues review an important assessment of this problem that was recently completed by the Fuel Oil Marketing Advisory Committee (FOMAC) of the Department of Energy. Entitled, "Low-Income Energy Assistance—A Profile of Need and Policy Options" (July 1979), it describes in some detail the growing crisis for poor and near poor families. Some of the statistics cited in that report are worth repeating here.

From 1972 to 1978, while the Consumer Price Index increased 55.9 percent, fuel prices increased 151.7 percent.

In 1978, the average median income family spent 10.4 percent of their income on direct household expenditures for energy, while low-income families spent 25.3 percent, or more than one-quarter of their income directly on energy.

If energy prices increase by 50 percent this year, the average low-income family could find itself spending 38 percent of its family budget directly on energy, and as much as 27.5 percent even after eliminating automobile use.

National averages, while troubling, understate the true picture for regions like New England, where direct energy expenditures could approach 50 percent of the family budget if energy prices increase 50 percent over 1978.

Energy prices have far outstripped increases in income, resulting in a loss of $4 billion in purchasing power for 16.2 million low-income households since 1972.

Clearly, past Government efforts to alleviate this crushing burden are inadequate. The crisis intervention program is only reaching an estimated one-tenth of the eligible families.

The Home Energy Assistance Act of 1979 recognizes the magnitude of the unmet need. In combination with companion initiatives in the area of weatherization and alternative energy services, I believe we can meet our responsibility to respond effectively to the energy plight of all poor and near poor Americans.

I look forward to the hearings and committee deliberations on this important bill.●

COMPREHENSIVE ENERGY CONSERVATION SERVICES ACT OF 1979

● Mr. KENNEDY. Mr. President, I am pleased to join Senator NELSON and Senator RIEGLE today in cosponsoring S. 1725, the Comprehensive Energy Conservation Services Act of 1979. This major initiative will enable this country to move aggressively in protecting poor and near-poor Americans against the unprecedented ravages of energy inflation.

Mr. President, this is one of several bills that have been or will be offered this year acknowledging the cruel result of existing national energy policies. Our failure to pursue energy policies that could restrain price rises both at home and abroad has taken a human toll. I recommend that my colleagues review an important assessment of this problem that was recently completed by the Fuel Oil Marketing Advisory Committee (FOMAC) of the Department of Energy. Entitled, "Low-Income Energy Assistance—A Profile of Need and Policy Options" (July 1979), it describes in some detail the growing crisis for poor and near-poor families. Some of the statistics cited in that report are worth repeating here.

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The legislation offered today contains practical solutions to several bureaucratic tangles that have stymied attempts to deliver needed energy assistance to those least able to help themselves.

First, it recognizes that weatherization of homes is not only an essential element of good energy policy, but also the most long-lasting form of low-income energy cost relief. Much of the urgent need for Government to deliver cash assistance in the immediate future can be eliminated by teams of weatherization workers who, in a single visit to the beneficiary's home, can deliver 20 years' worth of weatherization assistance. Furthermore, the weatherization program provides employment opportunities through the Comprehensive Employment and Training Act (CETA). The legislation proposed today preserves the role of CETA to the maximum feasible extent, and puts a priority on the hiring of unemployed youth. At the same time, it makes necessary changes in the average wage limitations and use of weatherization funds for labor that have kept the current weatherization program from fulfilling its potential.

Second, this bill sets forth a comprehensive and workable program of direct fuel assistance to lower income households. For the past three winters, attempts to fashion a satisfactory program in the absence of comprehensive authorizing legislation has not worked. Assistance has been arriving too little, too late, or not at all, and has been limited to crisis situations which are often past the point where assistance with fuel payments can still prevent shutoffs. This bill recognizes that energy prices driven sky-high by OPEC have so eroded the purchasing power of many Americans that a system of fuel assistance must be available on a regular basis. Unfortunately, it is highly unlikely that programs like the one we are introducing today can become law before this winter. In the meantime, we must continue to seek adequate funding for the existing ad hoc crisis intervention program so that Federal, State, and local governments will have some means of responding to the unprecedented number of extreme hardship cases that will inevitably arise this heating season.

Finally, this legislation recognizes the importance of delivering comprehensive energy information and assistance beyond fuel and weatherization assistance. Alternative energy improvements, which often appear unnecessary to those Americans who can afford higher energy costs, can offer essential savings to those whose family budgets are already strained to the limit. Solar and conservation technologies, and the counseling and education to make them work, are an important part of this comprehensive legislation.

For too long the energy debate has been carried on without adequate recognition of the hardship and struggle that this bill addresses. I look forward to the hearings and committee deliberations on the Comprehensive Energy Conservation Services Act of 1979.●

SALT II STATEMENTS OF WITNESSES IN SECOND PHASE OF HEARING BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE

Mr. CHURCH. Mr. President, the Senate Foreign Relations Committee began its second phase of SALT hearings on September 6. Public witnesses—both critics and supporters of SALT II—were heard that day and on September 7. Witnesses on those 2 days included:

Eugene Rostow, Committee on the Present Danger.

Adm. Thomas H. Moorer and Lt. Gen. Daniel Graham, Coalition for Peace Through Strength.

Brig. Gen. David Winn and Victor Fediay, the Institute of American Relations.

Charles W. Yost, Coretta Scott King and Senator Thomas McIntyre, Americans for SALT.

Cardinal John Krol, United States Catholic Conference.

Dr. Claire Randall, the National Council of Churches.

Albert Vorspan, Union of American Hebrew Congregations.

Robert D. Schmidt, American Committee on East-West Accord.

Herbert Scoville, Jr., New Directions.

Peter V. Baugher, the Ripon Society.

John M. Carey, The American Legion.

Lane Kirkland, AFL–CIO.

Phyllis Schlafly, American Conservative Union.

Dr. Edward Teller.

Dr. Phillip A. Karber, BDM Corp.

Mr. President, I ask unanimous consent that the statements of the witnesses cited above be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF EUGENE V. ROSTOW

Thank you, Mr. Chairman, for your invitation to testify on the ratification of the SALT II Treaty. I am here in behalf of the Committee on the Present Danger, a bipartisan, nonpartisan citizens' committee which began to function on November 11, 1976. Our position on SALT II has been stated on two occasions. In July, 1977, our Executive Committee issued a pamphlet called *"Where We Stand on SALT,"* which was later approved by the Board of Directors. And in July of this year, the Executive Committee adopted a statement which was submitted to your Subcommittee on Europe on July 19, 1979. Both those documents, together with related materials, are before you. They are the basis of what I shall say.

Our conclusions on the Treaty as it stands are summed up on pp. 2–3 of our July 19 statement. They constitute, we believe, a positive and affirmative seven-point program for action, which puts the SALT Treaty and the SALT negotiating process into the context of our foreign and defense policy as a whole.

Permit me to recall those conclusions for ready reference:

In view of the gravity of the issues raised by the Treaty now before you, and all that has happened since the SALT I package was approved in 1972, we recommend (1) that the Senate advise the President and the nation of the need to seek a more positive, forward looking, and effective foreign and defense policy, and state the goals and principles on which that policy should be based; and (2) that the Senate withhold its consent to the ratification of the Treaty the President has submitted unless and until it is modified to meet its demonstrated deficiencies, and the President and the Congress are firmly committed to a specific program that will achieve and maintain essential equivalence and adequate deterrence.

The Committee on the Present Danger is the first to recognize that withholding the Senate's consent for the SALT II Treaty now before you is not in itself a foreign and defense policy. We have concluded, however, that the action I have just outlined is a necessary condition for developing a sound and prudent policy. And it is the only available way to convince the President that the SALT II Treaty he signed in Vienna fails both as a means for protecting our national security, and as an arms limitation measure.

It is our conviction that what the country needs above all else is to turn a sharp corner in our foreign and defense policy. To recall the language of President Carter's speech of July 15th, we believe the nation should start on a new course, based on a clear recognition of the truth. Such a course, in our view, should include these elements: (1) to shake off our post-Vietnam depression about foreign affairs and the yearning for isolation which is implicit in it; (2) to reach a bipartisan consensus on what our national interests in this turbulent world really are; (3) to rebuild conventional and nuclear force deterrence so that we can protect those interests by political means or by the use of conventional forces if we have to; (4) to cooperate closely and continuously with our allies and other nations whose interests in a peaceful and stable world political order and economic system are parallel to our own; and (5) on that basis to continue negotiating with the Soviet Union about the limitation of nuclear arms, including both intercontinental and intermediate range nuclear weapons like those threatening Europe and other areas of great importance to us.

There is still time for that great task to be accomplished in peace. As a group, the NATO allies, Japan, China and other like-minded nations have more than enough power and potential power to contain the Soviet drive for domination. But that power is dispersed and inchoate. It is not being mobilized into forms which can become political power—naval squadrons and armored divisions; planes, reserves and research formations. The potential power of the nations which favor a peaceful world order cannot be brought to bear on world politics unless the energy, optimism and intelligence of the American people are liberated and harnessed once again in considered programs designed to restore the peace and prosperity of the nation. In the bipolar world of nuclear weapons and nuclear blackmail, no coalition to guard the peace can act without the protection of the American nuclear umbrella and confidence that our nation is willing and able to meet its commitments.

I thought I could be most useful to you today if this opening statement supplemented our earlier statements by commenting on some of the key issues which have emerged in the SALT hearings so far. President Carter's case for SALT rests on something more than complacency about our own strength and an underestimation of Soviet power and Soviet intentions.

The strongest argument for SALT II thus far put forward by the Carter Administration is an argument of political myth. It was summed up by a distinguished Senator in these terms: "To reject SALT II would be to go over the abyss."

The variations on this theme are infinite. One hears it said everywhere that to reject SALT, or to ratify it with amendments or on conditions, would be to "end" detente and revive the "Cold War." The President has said that those who oppose the Treaty as it stands are war-mongers and opponents of "detente." The Secretary of State is reported to have said that he would resign rather than preside over the end of "detente" and the revival of the "Cold War." Some years ago, I counted a couple of hundred remarks of this tenor, and then stopped counting.

The notion that Soviet-American relations have improved in recent years, that the Cold War is over, and that negotiation has been substituted for confrontation is a dangerous symptom of auto-intoxication. The Cold War is not over. On the contrary, it is worse than ever, featured by Soviet threats and thrusts on a far greater scale than those of the simple days of the Berlin airlift and the crisis in Greece. But as things get worse, many Americans insist on telling each other that they are getting better. SALT II is a case in point. If ratified in its present form, it would be an act of submission on our part, legitimizing Soviet superiority—a great Soviet victory in the Cold War, and so perceived everywhere in the world. But we keep repeating that SALT II would be a step towards stability, detente, and peace.

This Delphic assertion is made so often that we tend to accept it as self-evident. It implies that the Russians would behave even worse than they are behaving now if SALT II is not ratified in its present form; that it would cost us more to keep up with them in such an event; and that the process of negotiating with the Soviet Union about nuclear weapons somehow contributes to peace and stability. In 1972, the SALT I package was ratified under different geo-political circumstances, but on the basis of this same litany of arguments. The period since 1972 has been the worst and most disastrous period of the Cold War, featured by Soviet deception of the United States in Indochina and the Middle East; the Soviet campaign in Africa and Southern Asia; and an extraordinary Soviet military buildup, far greater than that of the United States and its Allies. In view of the betrayal of every promise and expectation on the basis of which the SALT I package was approved, it is difficult to understand why these arguments are still so popular. But they are. As President Kennedy once remarked, "If you are cheated once, it is their fault. But if you are cheated a second time, it is your own."

The contention that the failure to ratify SALT II in its present form would be "going over the abyss" is not really an argument, but an appeal to fear which attributes nearly magic influence to arms limitation agreements. Those who are swayed by this appeal are hypnotized by the SALT negotiating process as MacDonald, Baldwin, and Chamberlain were hypnotized by the climera of disarmament forty-five years ago.

Nothing in the history of arms limitation agreements gives the slightest encouragement for such beliefs. The Treaty of Versailles was the most important of modern arms limitation agreements. It prescribed strict limits on German armaments and the demilitarization of the Rhineland. If Britain had been willing to join France in enforcing that Treaty, the Second World War could never have taken place. But when the Versailles limits on arms were violated, secretly at first, and then openly; when Hitler introduced conscription in 1935 and marched into the Rhineland in 1936, Britain and France did nothing except wring their hands and try to persuade Hitler to sign new treaties limiting armaments. We can see parallels to this behavior nearly every week in our reaction to Soviet behavior raising serious questions about whether they are violating the Test Ban Treaty, the SALT I agreements, or the agreement of 1962 about the Soviet presence in Cuba.

The second most important arms limitation agreement of modern times was the Washington Naval Treaty of 1922. Our experience under that agreement and its successors is hardly more inspiring than the record of Versailles. Lulled by the delusive security of the Treaty, we, the British and the French persistently kept our navies relatively low, while Japan and later Germany built to the limits of the Treaty and beyond.

There is another aspect of the Administration's argument that to reject SALT II would be "to go over the abyss": the notion that such action on our part would make Soviet policy even more aggressive than it is. The claim betrays a misunderstanding of the nature of the Soviet Union and of the serious and devoted men who govern it. The Soviet Union is already behaving as badly as it dares. It is moving as rapidly as it deems prudent toward the strategic and political goals of its policy. It takes advantage of every opportunity to expand its sphere of influence. There is no use getting excited about this fact. It is simply a fact. As Professor Bernard Lewis has remarked, the Soviet leaders are still in the imperial mood of the seventeenth and eighteenth centuries, which the West has long since abandoned with relief In the interests of our own survival, we have to persuade the Soviet Union that this ruthless and cynical process must stop before it results inevitably in war.

There is only one argument that can deter Soviet expansion—the conviction on their part that a given action would expose them to unacceptable risk. That is the factor which made our diplomacy persuasive and effective in a dozen crises since 1945, from the Berlin Blockade to the Cuban Missile Crisis of 1962. It is the visible erosion of that conviction since 1972 which has invited a series of Soviet thrusts on every continent. In recent years, the Soviet Union has increased the pace of its expansion because of the impact of Vietnam and Watergate on American policy, and now because it perceives President Carter as weak. As a result, the Soviet Union is moving forward with incredible boldness in several areas of the world, including even the Caribbean.

Some who accept this view of Soviet Policy argue for SALT II nonetheless on the ground that under SALT II it would be easier for us to verify Soviet behavior, and confine the Soviet impulse to expand. I shall comment later on the verification controversy as such. Suffice it to remark at this point that there is no reason to suppose that we should have any more confidence in our knowledge of Soviet activities under SALT II than we have had under SALT I. Since our intelligence estimators have recently confessed to being in error by a factor of 100%, that is not a comforting thought.

The claim that the ratification of SALT II would save us money is equally specious. Short of general mobilization, it is hardly feasible for the Soviet Union to spend more on military hardware than it has been spending for the last fifteen years or so. I have heard General Jones say that the task of restoring the military balance between the United States and the Soviet Union will cost the same with or without SALT II—an estimate which may be erroneous in a perverse way, because some programs—MX, for example—may cost a good deal more than otherwise if SALT should be ratified, in order to meet its verification standards. Administration spokesmen have offered a variety of opinions on the cost consequences of not ratifying SALT. Paul Warnke has said that the rejection of SALT would be costly, but that its cost could not be quantified. Leslie Gelb has written recently that saving money is the chief reason for ratifying SALT. Others have said quite different things on the subject. The fact is that in an area of complex and rapidly changing technology, none of these estimates are of much consequence.

Averell Harriman and George W. Ball have offered a variant of the "abyss" argument which brings out its basic weakness. Not to accept SALT II, they have told you, would help lead to the election of a "hard-liner" to succeed Brezhnev. The notion that Brezhnev is a "moderate" in any sense we can recognize, or that he believes in our concept of detente, is denied by everything he has said and done in all the years of his high office. Brezhnev was the architect of the attack on Czechoslovakia in 1968, and on our whole Middle East position in 1967 and 1973. He is the man who broke his solemn agreements with us about Indo-China and the Middle East. In the name of the Brezhnev Doctrine, he claims the right to use force internationally in order to protect or promote regimes or revolutions he regards as socialist or progressive. To call him a "moderate" is an abuse of the English language.

There are of course differences within the Kremlin and no doubt there are groupings among its members. But there is no serious evidence that any of these differences concern Soviet-American relations. Of course all the Soviet leaders want SALT II ratified. They have never made to much progress as they did under SALT I, and they expect SALT II to be at least as productive for them. And they know that if the United States ever does wake up, and decide to restore the military balance, both in strategic and in conventional forces, they would lose ignominiously. Their economy is only half as large as ours. But these are hardly reasons for us to take the Treaty as it is.

There is thus nothing in the contention that to reject SALT would be "to go over the abyss." The leaders of the Soviet Union are patient realists. They will negotiate with us so long as it is in their interest to do so. And it will be in our mutual interest to negotiate about strategic weapons only when we have fully restored essential equivalence and adequate deterrence at every level relevant to our interests.

III

President Carter's second best argument for his Treaty is that it wouldn't do much harm, would not prevent us from restoring the military balance, and should therefore be ratified to demonstrate to our friends and adversaries that we really do have a government. This argument appeals strongly to all Americans. For the best of reasons, we tend to rally to the flag when it is under fire. Foreigners have their own view of our government, based on their daily experience on a dozen issues. In my talks with the leaders of friendly foreign governments in recent years, it became clear that what they want from us, as the Chinese have said very bluntly, is a policy of vigorous and imaginative resistance to the process of Soviet expansion. I am confident that the program our Committee has outlined would be well received by friendly nations, and fully respected by our adversaries abroad.

There is, however, a fatal flaw in the argument which would wrap SALT II in the flag of patriotism. The SALT II Treaty is not harmless; it would do a great deal of harm; it would make it far more difficult for us to redress the military balance; and no spokesman for the Administration has as yet seriously addressed the principal issues raised in this connection by its critics.

All studies of the nuclear balance agree that if present trends continue just a few years longer, the Soviet Union will have significant nuclear superiority in the early 1980s authorized by the SALT II Treaty—the capacity, that is, to make a preemptive first strike by destroying our ICBMs, our planes on the ground, and our submarines in port with a fraction of their nuclear force, leaving enough accurate missiles in reserve to neutralize our own nuclear arsenal. If we should ever allow such a position to develop, as Ambassador Francois de Rose among others has remarked, the military doctrine of Mutual Assured Destruction on which we have relied since Secretary McNamara's time would be entirely obsolete, and our submarines and other less accurate missile launchers would be useless. Facing such threats, we should be unable to use conventional forces, and our diplomacy would be without influence.

Slowly and reluctantly, the Administration has conceded that at a given point fairly soon our ICBMs and other ground-based launchers will become vulnerable to a Soviet first-strike attack. Some Administration spokesmen say that such a development would not mean the end of the world, because we could always strike back from our submarines, or, in an argument of desperation, even launch our ICBMs on warning. It is hard to believe, but Secretary of State Vance himself has expressed this bizarre view. Others say that our Allies must realize that there are limits to our nuclear umbrella: that is, in plain words, that the American nuclear guarantee would be worthless. The official Administration doctrine is that the concerns of SALT critics about our vulnerability to a preemptive first strike are valid, but that they will be cured by the MX missile, long delayed by President Carter. A decision on its mode of deployment was supposed to have been made by August 1, but has not yet been announced.

But the MX missile cannot be ready, the Administration says, before 1989 at the earliest, even if President Carter finally solves the problem of reconciling its mode of deployment with the SALT II Treaty.

What are we supposed to do in the meantime—that is, during the period of the 1980s when everybody agrees we shall be in a position of maximum exposure to nuclear war or nuclear blackmail? If the Soviet Union gains sufficient superiority in the early 1980s to threaten our land-based missile launchers with one-third or one-fifth of their force, would it be rational or even conceivable for an American President to use our submarine-launched missiles to destroy Soviet cities, knowing that the Soviets had enough missiles in reserve to blow up a very large fraction of our population in reprisal? Calculations of these gruesome scenarios are affected of course by Soviet active and passive air defense programs and the absence of such programs on our part. Such calculations are currently most unfavorable to the United States. In effect, they would reverse the position of the two nations at the time of the Cuban Missile Crisis. Under those circumstances, would the Soviet government believe in the possibility of American retaliation to a first strike, and be deterred by it? Such retaliation would be suicidal for us. No one could believe in so irrational a policy.

This is the key question to consider in evaluating the nuclear balance and its bearing on the political influence of both the Soviet Union and the United States. I have been unable to find an answer on the part of any proponent of the Treaty beyond a blind reiteration of faith in the continued vitality of the McNamara Doctrine of Mutual Assured Destruction. This is indeed the heart and nearly the whole of President Carter's case for SALT II. As former Secretary Kissinger emphasized in Brussels last Saturday, this position will soon be intellectually and politically untenable. We simply must move to counterforce strategies or abandon the notion of nuclear deterrence altogether.

But the Treaty would prevent us from undertaking the most feasible, perhaps the only credible counterforce program that could preserve our second-strike capability during the early and middle 1980s: to reopen the Minuteman III production lines, which President Carter has recently closed, and deploy Minuteman IIIs in multiple vertical protected shelters. Such shelters would be considered "fixed launchers" under Article IV of the Treaty, and would be prohibited. And the number of Minuteman IIIs required for such a program would exceed the quotas established by the Treaty, since Minuteman III carries only three warheads. There again, the Administration has simply not addressed the issue. It is still struggling with its attempt to reconcile the MX missile with the provisions of the Treaty—a problem that doesn't seem to worry the Soviet Union, which continues to develop and deploy large numbers of mobile intermediate range missile launchers that can be converted into intercontinental missiles by the addition of an extra stage.

There are many other aspects of SALT II which are far from harmless—aspects which have been repeatedly called to the attention of the Administration, and ignored or evaded in these hearings. The strange provision of the Treaty allowing the Soviet Union more than 300 heavy missiles, while we can have none, has been much discussed, but it has not been explained. These heavy missiles of enormous throw weight are designed primarily as first-strike weapons against hardened targets. The essence of the Soviet Union's capacity for a credible first strike is the fact that if present trends continue they will be able to destroy a large part of our land-based missile force with one-third or one-fifth of their missiles. It is quite true that another combination of weapons might also threaten our land-based missiles and submarines in port. But there is all the difference in the world between a strike which would require one-fifth of the Soviet force and one requiring four-fifths of that force. In the strange calculus of nuclear terror, the difference is decisive. It is what is left after the first strike that counts both politically and militarily.

Similarly, the provisions of the Treaty regarding the Soviet Backfire bomber have been vehemently discussed, but the Administration's answer is totally unconvincing. There is no doubt now that the Backfire is capable of reaching targets throughout the United States from the Soviet Union, and that it can be refueled in the air and land in Cuba. Why is it not counted among the launchers covered by the Treaty, like our B–52s or B–1s? We have to count even mothballed B–52s, cannibalized for spare parts. The Administration does not answer the question, but asks us to be content with Mr. Brezhnev's assurance that the Soviet Union will make no more than 30 Backfires a year. Why 30 a year is to be considered *de minimis* in a Treaty which purports to limit launchers to some 2,000 on each side isn't immediately apparent, even if there were any way we could monitor these limits. How much damage could 30, 60, or 90 Backfires do from Cuban bases?

Further, the restrictions of the Treaty and its protocol on the development of cruise missiles, especially of land- and sea-based cruise missiles, and the ambiguities of the Treaty about our capacity to transfer cruise missile technology to our Allies, are both dangerous to our security and without any justification. Here again, the testimony offered by the Administration is both unresponsive and unconvincing.

As for the verification provisions of the Treaty, I can find no answer in the testimony thus far available to the facts pointed out on pp. 17–18 of our July 19 statements. My distinguished colleague Paul H. Nitze testified on this aspect of the problem on July 30 before the Select Committee on Intelligence of the Senate. I have included a copy of his Prepared Statement in my submission, and call it particularly to your attention.

IV

The Executive Committee of the Committee on the Present Danger has recommended that the Senate should not give its consent to the ratification of SALT II unless the most important deficiencies of the Treaty are modified by amendment, and the President and the Congress are firmly committed to a specific program that would achieve and maintain essential equivalence and adequate deterrence. Among the deficiencies of the Treaty requiring amendment, I should list first our right to deploy ICBMs in modes and numbers we deem necessary to ensure their survival against surprise attack; (2) the equal right of the two sides to use heavy missiles; (3) the inclusion of the Soviet Backfire and the SS–20 within the numerical limits of the Treaty; (4) provision for the adoption of programs which would reverse the present ominous situation of Soviet strategic superiority in Europe, including change in the provisions regarding the range of land- and sea-based cruise missiles and a clarification of the transfer-of-technology issue causing so much concern to our Allies.

There are other deficiencies and ambiguities noted in our earlier statements, and in the studies of my distinguished colleagues who have written, spoken, and testified on these matters during the last few years. And there are many which have come to the surface in your hearings and those of other committees of the Senate. These too should be given serious consideration before the Treaty is ratified.

In closing, permit me to stress the extraordinary responsibility of the Senate in voting on SALT II. The arguments put forward for the SALT I package were the same as those advanced for SALT II today. Under the political and military circumstances of 1972, they were plausible arguments. But there is no rational way to accept them as the basis for policy in 1979. It is simply too late to entertain such views. Too much has happened to contradict them.

Therefore, the burden of responsibility on the Senate with respect to the Treaty is unique in our history.

Every American shares the goal of achieving true detente with the Soviet Union, which can only be defined, in my opinion, as a policy of scrupulous and reciprocal respect for the rules of the Charter of the United Nations regarding the international use of force. True detente is a central objective of the Committee on the Present Danger, and, I am sure, of the American people. Every President and Congress since 1945 have gone to great lengths to reach that goal. But President Carter's quest for detente with the Soviet Union has been based on the misconception that acts of unilateral disarmament on our part, and other unilateral concessions, will induce the Soviet Union to follow suit. As a result, President Carter has sacrificed our defenses and our alliances, and abdicated his responsibility for the security of the nation. Under our Constitution, that responsibility therefore falls on the Senate with respect to this Treaty, and ultimately on the whole Congress and the people. We have not faced decisions of such moment since the Presidency of James Buchanan.

President Carter sometimes compares the controversy over the ratification of SALT II to the battle over our entry into the League of Nations after the First World War. The analogy is misleading.

In the first place, despite the pervasiveness of the political legend, it cannot be said that "a small group of willful men" blocked the ratification either of the Covenant of the League or of the Security Treaty with France which had been promised to France in order to induce its acceptance of the League, and was therefore brigaded with the League Covenant. President Wilson gave up and indeed strongly opposed the Treaties when he realized that he would have to compromise with the Senate to obtain ratification. In the end, and at President Wilson's urgent request, twenty-three loyal Democratic Senators voted against ratifying the League Covenant with the reservations negotiated by Senator Lodge. History might well have been different if seven members of the Senate had voted then for their convictions. The Treaty with France never came to a vote. President Wilson was always the kind of man who refused half or two-thirds of a loaf when he couldn't get the whole thing. And at the time of the fight in 1919, he was seriously ill as well.

Secondly, President Wilson was proposing full and responsible American participation in world politics, which some members of the Senate were resisting. The position today is just the opposite. For nearly three years, President Carter has been conducting a retreat to weakness and isolation. Unless that policy is promptly reversed, it will soon be beyond our power to do so. We should then be squeezed into a position of passive dependence on the Soviet Union. The program the Committee on the Present Danger is recommending to you today, on the contrary, is one through which we could remain what we have been and are, the bastion of democracy, and a responsible member of the society of nations, capable with our allies and associates of maintaining the balance of world power on which the future of human freedom depends.

It is therefore not hyperbole to say that the state of the union for the next decade at least, and perhaps for much longer, will be determined by the outcome of your vote on the Treaty.

Your vote on SALT is important because the Treaty is important, and in our judgment dangerous to the security of the nation. It would lock us into a position of strategic inferiority which would also be unstable and unverifiable—a perfect recipe for Soviet nuclear blackmail during the period of our greatest relative weakness in the early and middle 1980's. President Carter found that possibility staring him in the face when he took office in 1977. He made the situation worse by cancelling or postponing the programs which his predecessors had initiated to prevent the problem from arising: B-1, the enhanced radiation warhead, M-X, and the rest of the sad story.

Your vote on SALT II is important for another reason. It is the only chance you are likely to have to pass judgment on President Carter's foreign and defense policy as a system: his abandonment of the United Nations Charter as the lodestar of our policy, and many other contradictions, paradoxes, and retreats.

These aspects of President Carter's foreign policy are not extrinsic to the merits of the SALT Treaty. They are what the Treaty is all about. SALT II is not concerned with a remote and unpleasant subject of interest only to experts. It is not limited to assuring the immunity of the United States from nuclear attack. The United States has vital security interests beyond Fortress America. There is no escaping the "linkage" between SALT II and the rest of our foreign and defense policy. The state of the nuclear balance between the Soviet Union and the United States is the fulcrum on which the entire process of world politics is poised. The visible and unquestioned availability of usable force has always been the key to effective diplomacy. This maxim has never been more obviously true. Unless we restore and maintain our clear second strike strategic nuclear capability, and our naval and other conventional forces, the American nuclear umbrella will lose all credibility, our political influence will continue to decine, and we shall be unable to use either conventional or nuclear forces anywhere in the world if such action on our part should be required. The pattern of our diplomatic impotence during the last few years will become our normal condition, until it is succeeded by something infinitely worse.

Many have compared the policies of the Carter Administration revealed in its defense of SALT II to the posture of the ostrich taken by Great Britain and to a lesser extent by France during the Thirties, when they failed to act together in time to prevent the Second World War. The comparison is fair. In the Thirties, British policy was determined by wishful thinking and a nearly suicidal paralysis of will. Thus far, these two attitudes have dominated the foreign policy of the Carter Administration. But there is one fundamental difference between the dilemma faced by the United States today and that of Britain and France a generation ago. Even in the darkest days of the Second World War, Britain and France could always hope that the United States and the Soviet Union would somehow be drawn into the fray, so that victory would become possible. There are no great powers in that position now, no nations in the wings who might help to turn the tide if we persist in our folly as Britain, France, and the United States did during the Thirties, until it was too late to do anything but fight. If we allow the Soviet rush for dominance to continue unchecked; if we allow Europe to be enveloped and reduced, through the Middle East or the Northern seas or both, Japan, China, and many other countries would fall under Soviet control. We should then be truly isolated, living in a state of siege, and confronting the pressures of a hostile Soviet foreign policy backed by an overwhelming array of force. Under such circumstances, if history is a guide, an episode trivial in itself—the murder of an Archduke or the sinking of another Lusitania—would prove again to be the flash point of war. This is the nightmare probability at stake in your vote on SALT II.

Some will say that I am too gloomy about the way things are going. The Russians are not ten feet tall, we are frequently reminded. But for decades now the Soviet Union has been keeping the living standard of its people low in order to support an arms buildup and a foreign policy geared to indefinite expansion. This has hardly been done in a fit of absent-mindedness. You have only to compare the map today with the map in 1945 or 1972 to realize what extraordinary gains the Soviet Union has made in its quest for geopolitical mastery. One after another, the old naval bases of the nineteenth century imperial system are being taken over by the Soviet Union. This process has to be faced and evaluated, not denied and ignored.

Let me appeal directly to those among you who believe that the Soviet Union is a conservative, peaceful power, that the Cold War is over, and that active military and political efforts on our part are not needed to preserve the world balance of power and restore the vitality of the United Nations Charter. In Cromwell's famous words, 'Consider that ye may be wrong." If our analysis is correct, isn't it better and more prudent to take precautions now than to be sorry later? If President Carter is wrong, we shall face, over and over again, the choice of surrender or war against bitter odds, alone and unprepared.

President Carter's case for SALT II is the same mixture of incompatible themes, myths, and moods one finds in reviewing the history of the years before the Second World War. The finest study of Pearl Harbor, that of Roberta Wohlstetter, comments that in going over the record one is faced time and time again on the American side "by the paradox of pessimistic realism coupled with loose optimism in practice." If you read what President Carter has said on these problems, you can see exactly what Mrs. Wohlstetter meant. On several occasions, President Carter has described the Soviet arms buildup as offensive in character, and incompatible with any theory of defense. But he has also characterized the Soviet position as defensive in nature, based on exaggerated anxieties about the risks the Soviet Union faces. Clearly, both the President's policies and his actions are based on the second hypothesis, that of an essentially harmless, conservative, and defensive Soviet Union. How he reconciles this view with his daily diplomatic and intelligence reports is a mystery beyond my understanding. It is true that the President is prone to boast that our military power is greater than that of any other nation, despite the statistics, and what Secretary of Defense Brown says. We are left with the disquieting thought that President Carter's defense budgets and policies are based on jejune complacency and on the assumption that the Soviets have feet of clay.

The coming decade will be as difficult and dangerous as any we have faced in the past. We have a very short time in which to protect our future through allied diplomacy and deterrence rather than through war. A two-ocean Navy cannot be restored in a day or a year. Nor can the other programs we require to achieve effective deterrence at every level. It will be a ticklish time, calling for cool nerves and a firm grasp of the problem. The Soviet Union will not view an American awakening with equanimity. It can be expected to take full advantage of positions of relative superiority, and the presence in office of Presidents whom it perceives as weak.

The time to begin is now. And the place to begin is here. Normally, we look to our President to take the lead in decisions of this order. It is now clear that President Carter is firmly committed to another view.

What is at stake, Mr. Chairman, is not the balance of power alone, but the future of liberty. Democracy cannot survive unless America plays its full part in assuring its future.

The tide has been running against us now for nearly a decade. The leaders of the Soviet Union are pursuing a program of break-neck expansion, and treating our interests everywhere with open contempt.

Forty years ago, as the doubts and vacillations of the Thirties were being swept away by events, a speaker rose to his feet in the House of Commons to address the great issue of the looming War. Leopold Amery, one of Churchill's companions in the political wilderness, shouted a remark from his seat before the speaker began. "Speak for England," he said. In that spirit, I say to you, "Speak and vote for America."

PREPARED STATEMENT OF PAUL H. NITZE

Mr. Chairman: It is an honor to appear before your distinguished Committee. My experience with Intelligence has been as a user, not as a producer. I will therefore approach the subject of compliance with the SALT II agreements primarily from the user point of view.

I find it useful to divide the subject of compliance into four component issues.

The first requirement is to interpret what the agreements permit and do not permit. What do they limit and how do they limit it? Can one define a cutoff line between compliance with the agreements and noncompliance applicable to given instances that may come up for review? Is the Soviet side likely to agree to our interpretation? Would world opinion back our interpretations as having greater validity than a differing Soviet interpretation?

The second requirement is that we assure ourselves of having sufficient information to:

(a) Arrive at clear and timely judgments ourselves as to Soviet compliance,

(b) Persuade the Soviet side of their noncompliance while still protecting our sources and methods, and

(c) Persuade world opinion, if necessary.

The third issue is the degree to which we can expect to be able to deal with noncompliance in an effective and timely way through:

(a) Obtaining satisfaction or accommodation through the Standing Consultative Commission,

(b) Offsetting unilateral action, or

(c) Abrogation of the agreements, if necessary.

The fourth issue is what would constitute significant noncompliance, calling for what degree of U.S. response. Can we be assured that that response would be timely and adequate?

I will comment briefly on each of these four components of the compliance issue.

The SALT II agreements, as signed at Vienna, are not sufficiently precise to give an adequate base for the first requirements.

The principal limitations involve launchers, launchers for fixed and mobile ICBM's; bombers equipped to launch bombs or bombers equipped to launch tubes; and ASMs, ballistic and cruise, of various types. But there is no specific noncircular definition of "launcher." A launcher is a launcher is a launcher.

An ICBM launcher is a launcher of a type which has launched or contained an ICBM. The negotiating record makes it clear, I believe, that silos of a type which have contained an ICBM, or from which an ICBM has been launched, have been understood by both sides to be countable as fixed ICBM launchers. The State Department in Document 12A in its description of Article II takes a different, and I believe erroneous, view. They suggest that in the case of canisterized MXs in an MPS deployment (and similarly canisterized SS–17 and SS–18 missiles?) the canister is to be counted as a mobile launcher merely because the canister is from time to time moved from one silo to another, and the silo containing it is no longer to be counted as a launcher.

In any case, there is no clear statement in the agreements as to the criteria distinguishing a fixed from a mobile launcher. A class of missiles once tested by the U.S. Navy—called Hydrolaunch missiles—are launched directly from the sea with no manmade launcher of any kind. The agreements appear to leave the launching of such missiles unlimited.

In the absence of reasonably precise definitions of what is to be limited and how it is limited, the very foundation on which compliance would rest is lacking.

The agreements are riddled with imprecise definitions and descriptions. Let me point out a few. It is virtually meaningless to define range without also specifying the payload to that range. This is not done in the agreements. It is at least highly imprecise to specify throw weight to intercontinental distances without specifying that it be normalized to a specific distance, say 10,000 kilometers. That is not done in the agreements. It is meaningless to limit the radius of the BACKFIRE to less than an intercontinental distance. To be meaningful, intercontinental bomber range, not radius, should be specified with a given payload, flying a given flight profile, with one or more refuelings.

There is no range cutoff between SLBM launchers for tactical ballistic missiles and strategic ballistic missiles.

No data base has been provided for the controlled parameters of previously tested ICBMs from which deviations of plus or minus 5 percent are to be measured in determining whether the tests are of a "new missile" or a permitted modification of an old one.

On difficult issues where the agreements are imprecise or ambiguous, it is quite unlikely that the Soviet side would find it to their interest to agree with our interpretation of the cutoff line between what the agreements permit and do not permit. Nor is it likely that we could persuade world public opinion of the rightness of our interpretation if the language of the agreement is subject to a variety of interpretations.

Let me now turn to the second requirement, that of adequacy of information. Your Committee is undoubtedly better informed on this subject than am I. I have, however, had some experience with this subject in the past as a user. I can think of many instances in which current intelligence information was partial, delayed, and misleading. For many years we used to concern ourselves with two difficult categories. These were called the "known unknowns" and the "unknown unknowns."

Even though some of our present collection methods are more sophisticated than they were Soviet understanding and ability to circumvent them may well have increased to an offsetting degree.

Let me turn to the third issue, that of how to deal with noncompliance. I note that some of the SALT II proponents are saying that in the last analysis we could always abrogate the treaty. I find this an unsatisfactory argument. I would view unilateral abrogation of a treaty of this type as a definite signal of political confrontation to be backed, if necessary, by military confrontation. If one foresees a reasonable risk of having to abrogate the treaty, it would be better not to enter into it in the first place.

Offsetting unilateral action was the sanction which was supposed to give weight to the unilateral statements accompanying SALT I. The principal issue in that part of SALT I dealing with offensive systems was how the United States was to be assured that essential equivalence could be maintained. At the time of SALT I, Soviet superiority in numbers and size, i.e., in equivalent throw weight, was offset by U.S. superiority in technology, i.e. accuracy and MIRVing. If the Soviets were permitted to further increase their throw weight and MIRV that increased throw weight, essential equivalence and crisis stability could not be maintained. An important step in maintaining a ceiling on their ICBM throw weight was to prevent an increase in the throw weight of their so-called light missiles. The Soviet side would not agree to a definite cutoff line between light and heavy missiles. To fill that gap, we told them that we would consider any missile significantly larger in volume than their SS–11s, approximately 67 cubic meters, to be a heavy missile. The only sanction available to us was the implication that if they were to ignore our unilateral statement (we knew they had a larger replacement for the SS–11 under development) we would go forward with a comparable missile, the MX missile. They went forward with the SS–19, and we did not take offsetting action. This is part of the reason we today find ourselves in a difficult position.

I understand you Friday heard Mr. Graybeal on the subject of the Standing Consultative Commission (SCC). He is more knowledgeable about it than am I.

I note, however, that many of the "Common Understandings" and "Agreed Statements" refer unagreed points to the SCC for resolution. This would appear to be merely a way of papering over the fact that the two sides, after six years of negotiation, were unable to resolve the points involved. The SCC was never considered to be an appropriate body for the original negotiation of terms; it was supposed to assist in the resolution of disagreements about the interpretation and implementation of those terms.

The fourth compliance issue, that of what would constitute significant noncompliance, I believe to be the most disturbing issue of all.

As I understand Secretary Brown's testimony, he assures us that we will know about noncompliance which could potentially become strategically significant in time to take offsetting corrective action before it could become strategically significant. But what degree of imbalance or increment to imbalance does he consider to be strategically significant? I have discussed with him the figures in Annex II to this statement. He believes that my figures for June 18, 1979 may somewhat overstate Soviet deployments and my figures for December 31, 1985 somewhat understate them. In any case, the change in the strategic balance from now to 1985, which would be greater under his assumptions than under mine, I consider to be significant. His statements imply that he does not. I understand that he testified that the entire Soviet SS–18 deployment was not significant. If the addition of 3,000 megaton range RVs to the Soviet deployed on-line inventory is not significant, I have difficulty conceiving of any issue of compliance or noncompliance which would be significant. Then the treaty as a whole lacks significance. I would be surprised if that is what he actually means but that is what he seems to say.

In summary, I do not believe compliance with the terms of the agreements can be assured unless the treaty language is made clearer, more specific, and the loopholes closed; unless we correct the deficiencies in our collection systems; and unless we demonstrate the resolution effectively to deny the Soviet Union strategic superiority.

STATEMENT OF ADM. THOMAS H. MOORER

Mr. Chairman and Members of the Committee: I am honored to have the opportunity to testify again before this Committee on the SALT II treaty.

Today I am testifying as Chairman of the Executive Committee of the Coalition for Peace Through Strength.

The Coalition for Peace Through Strength is a bipartisan alliance of 105 national organizations, 204 Members of Congress and other pro-defense leaders across America. The American Security Council, which I serve as a member of the Board of Directors, is the program secretariat for the Coalition.

The purpose of the Coalition is to work for the adoption of a national strategy of Peace Through Strength.

It is our belief that if the United States Senate consents to the SALT II Treaty, it would make the adoption of such a strategy most unlikely.

We did prepare a detailed study called An Analysis of SALT II. However, this is a 78-page document and thus too long for me to cover in the time allotted to us today.

Instead, I ask permission to read a three-page joint statement signed by 1,678 retired general and flag officers from all the armed services.

As you know, active duty military leaders are not permitted to flatly oppose SALT II. This is why we at the Coalition for Peace Through Strength have sought out the views of retired military leaders who are now free to speak out.

From my conversations with active and retired military leaders, I believe that the overwhelming majority oppose SALT II as written. This has been confirmed by the fact that only four of the retired officers contacted so far have declined to join in the statement because they support SALT II as written. Another thirty-three declined for such reasons as that they were undecided, ill, or thought that the statement should be written differently.

We are continuing to circulate the statement and will later give each Senator a copy of the statement with a list of all the signers at that time.

COALITION FOR PEACE
THROUGH STRENGTH,
Washington, D.C., September 6, 1979.

The Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations,
U.S. Senate.

DEAR SENATOR CHURCH: We, the undersigned retired and reserve general and flag officers of all U.S. Military Services respectfully request you to oppose ratification of SALT II.

We are in agreement with most of our fellow Americans in preferring international cooperation and equitable arms-limitation agreements to hostility and competition. But we cannot agree that we can wish this congenial state of affairs into being by blinding ourselves to the stark realities of our strategic situation. In our view, SALT II as now written epitomizes the refusal of some Americans to face the facts. The facts which must be faced are these:

Ten years of U.S. restraint in the strategic nuclear field rooted in our faith in the SALT process has not been reciprocated by the Soviet Union; rather, the Soviets have pursued an unprecedented buildup of nuclear offensive and defensive capability which, as Secretary of Defense Brown points out, is aimed at a war-winning capability.

The concept of Mutual Assured Destruction (MAD) which has shaped U.S. policy since the 1960's was never accepted by the Soviets and has been completely negated by their massive strategic defensive effort including civil defense.

The aggressiveness of Soviet behavior throughout the world has increased ominously as the military balance has tilted in favor of the USSR.

U.S. intelligence capabilities to verify Soviet compliance with arms-control agreements have been seriously eroded through compromise of satellite reconnaissance systems and loss of key monitoring facilities.

It seems to us that there is little disagreement inside or outside government that these are the facts, yet the Senate has been asked to ratify a treaty which apparently ignores those facts. We are told by defenders of SALT II that while this treaty does little to slow down the Soviet military surge, it is necessary to ratify it to preserve the "process." They insist that SALT III and SALT IV will cure the inequities of SALT I and SALT II. This ignores Soviet behavior since SALT I. The Soviets have become harder, not easier, to deal with.

The proponents of SALT II insist that we will improve our security through ratification because the situation would be worse without SALT II.

We find it hard to believe that the Soviets could significantly accelerate their current arms buildup in light of the fact that they are already spending 15 percent of their gross national product on arms. And we find it even harder to believe that ratification of SALT II would be followed by vigorous U.S. efforts to close the widening gaps between U.S. and Soviet military capabilities. It is almost certain that Senate ratification of this treaty would commit the United States to another seven years of pursuing peace through trust of the Soviets and adherence to the obviously bankrupt doctrine of Mutual Assured Destruction (MAD). This means further decline of our capability to deter war or to defend ourselves.

We respectively submit that the arms-control process has become dominated by a persistent U.S. refusal to face the reality of a failure of the twin policies of detente and disarmament.

SALT II doesn't even limit arms. The image of limitation is provided by alleged equal numbers of launchers and aircraft, not to the real destructive elements of nuclear force—missiles and explosive power—where the Soviets have been allowed a heavy advantage. To make matters worse, the "equal" numbers are contrived by failing to count Soviet delivery systems such as the Backfire, the most advanced strategic bomber in the operational inventory of either side.

We also find the treaty as written unverifiable and attempts to finesse this issue by redefining terms most disturbing. SALT II is much more complex than SALT I and covers qualitative as well as quantitative aspects of nuclear armaments enormously more difficult to monitor. Given the compromise of our key verification satellite systems and the loss of vital monitoring stations in Iran, we cannot insure against Soviet circumvention of the treaty provisions. State Department documents describing SALT II redefine verification. Where adequate vertification once required an assurance from U.S. intelligence that attempts by the Soviets to circumvent would be detected, it now requires only that we can detect cheating on such a large scale that it alters the strategic balance in time to assure an appropriate U.S. response. This new definition completely finesses the problem of adequacy of our intelligence capability since it is totally dependent on one's view of what constitutes a "strategic balance" and an "appropriate response." For those who find the actual balance of strategic capabilities irrelevant, and believe that a single U.S. Poseidon submarine is an adequate deterrent regardless of the size of the Soviet forces, SALT II can be considered "adequately verifiable" with no U.S. intelligence capability at all.

We agree with the Secretary of Defense, Dr. Brown, that the Soviets are building forces capable of fighting and winning a nuclear war with the United States and its allies but we strongly disagree with his view that this aim can be thwarted by ratifying SALT II Soviet participation in SALT, or any other arms control treaties, is primarily designed to further this goal and to elicit U.S. acquiescence and even cooperation in creating the necessary imbalance of power required by that goal.

In sum, we urge the Senate of the United States to consider the grave consequences of ratifying a treaty which will commit this country to continuation of disarmament policies which, however promising when adopted, have imperiled the security of the United States and its allies and encourage ever more aggressive Soviet behavior. The SALT process is not so sacrosanct that we must accept a lopsided and unverifiable agreement simply to show "progress."

We who know war cherish peace. We are not warmongers, as all who oppose SALT II have been dubbed by some.

As military professionals, and with all due respect for our more circumscribed colleagues still bound by their active service, we strongly urge you to reject SALT II as injurious to the security interests of the United States and its allies.

With Grave Concern,
THOMAS H. MOORER.

On behalf of the following retired generals and flag officers:

Rear Adm. Elmer P. Abernethy, USN, Ret.
Rear Adm. Raymond B. Ackerman.
Rear Adm. Charles Adair, USN, Ret.
Brig. Gen. Charles J. Adams, USAF, Ret.
Rear Adm. Frank Akers, USN, Ret.
Brig. Gen. Frank Albanese, USA, Ret.
Rear Adm. John W. Albrittain, USN, Ret.
Rear Adm. Clarence E. Aldrich, USN, Ret.
Rear Adm. Leroy J. Alexanderson, USNR, Ret.
Maj. Gen. Jesse M. Allen, USAF, Ret.
Rear Adm. John M. Alford, USN, Ret.
Brig. Gen. Lawrence H. Allen.
Brig. Gen. Richard C. Allgood.
Maj. Gen. John R. Allison.
Brig. Gen. Conrad S. Allman, USAF, Ret.
Brig. Gen. Walter F. Alt.
Brig. Gen. Kenneth G. Althaus, USA, Ret.
Rear Adm. Richard G. Altmann, USNR, Ret.
Rear Adm. Stephen H. Ambruster, USN, Ret.
Rear Adm. John G. Ames, III, USNR, Ret.
Maj. Gen. Glenn C. Ames, USA, Ret.
Rear Adm. Charles C. Anderson, USN, Ret.
Maj. Gen. Earl O. Anderson, USAF, Ret.
Rear Adm. Herbert H. Anderson, USN, Ret.
Rear Adm. Roy G. Anderson, USN, Ret.
Rear Adm. Vernon L. Anderson, USN, Ret.
Brig. Gen. Winston P. Anderson, USAF, Ret.
Rear Adm. John D. Andrew, USN, Ret.
Rear Adm. R. S. Andrews, USN, Ret.
Maj. Gen. John G. Appel, USA, Ret.
Rear Adm. Jack J. Appleby, USN, Ret.
Brig. Gen. Howard H. Arbury, USA, Ret.
Rear Adm. Robert J. Archer, USN, Ret.
Brig. Gen. Wilbur W. Aring, USAF, Ret.
Brig. Gen. Theodore A. Arndt, USA, Ret.
Admiral Jackson D. Arnold, USN, Ret.
Brig. Gen. Kelly Arnold, USA, Ret.
Maj. Gen. Walter E. Arnold, USAF, Ret.
Brig. Gen. Thomas E. Arnott.
Rear Adm. G. W. Ashford, USN, Ret.
Brig. Gen. Milton H. Ashkins, USAF, Ret.
Rear Adm. James H. Ashley, Jr., USN, Ret.
Vice Adm. Frederick L. Ashworth, USN, Ret.
Brig. Gen. Raymond Astumian.
Vice Adm. Bernard L. Austin, USN, Ret.
Rear Adm. Edward Austin, USNR, Ret.
Rear Adm. Kenneth A. Ayers, USNR, Ret.
Rear Adm. Leo A. Bachman, USN, Ret.
Brig. Gen. Robert M. Backes.
Brig. Gen. Van. N. Backman, USAF, Ret.
Rear Adm. Donald G. Baer, USN, Ret.
Rear Adm. George H. Bahm, USN, Ret.
Maj. Gen. James A. Bailey, USAF, Ret.
Rear Adm. William B. Bailey, USN, Ret.
Brig. Gen. William S. Bailey, USA, Ret.
Rear Adm. Lee E. Bains, USNR, Ret.
Rear Adm. Duncan S. Baker, USNR, Ret.
Rear Adm. Felix L. Baker, USN, Ret.
Vice Adm. Harold D. Baker, USN, Ret.
Rear Adm. Felix P. Ballenger, USN, Ret.
Rear Adm. Richard R. Ballinger, USN, Ret.
Rear Adm. Joseph R. Barbaro, USN, Ret.
Lt. Gen. Glenn O. Barcus, USAF, Ret.
Rear Adm. Eugene A. Barham.
Rear Adm. Christopher S. Barker, Jr., USN, Ret.
Brig. Gen. Roland J. Barnick, USAF, Ret.
Brig. Gen. Charles H. Barnwell, USA, Ret.
Brig. Gen. Charles D. Barrett.
Brig. Gen. Paul L. Barton, USAF, Ret.
Brig. Gen. John W. Baska, USAF, Ret.
Rear Adm. Thomas E. Bass, III, USN, Ret.
Rear Adm. Raymond H. Bass, USN, Ret.
Maj. Gen. Joseph E. Bastion, USA, Ret.
Rear Adm. Harold Bater, USNR, Ret.
Maj. Gen. Harold R. Bauer, USA, Ret.
Rear Adm. Rudolph C. Bauer, USN, Ret.
Rear Adm. George W. Bauernschmidt, USN, Ret.
Brig. Gen. Richard M. Baughn, USAF, Ret.
Maj. Gen. William H. Baumer, USA, Ret.
Maj. Gen. Edward Bautz, Jr., USA, Ret.
Maj. Gen. Kenneth H. Bayer, USA, Ret.
Maj. Gen. Charles Beach.
Rear Adm. Charles B. Beasley, USN, Ret.
Rear Adm. Charles Becker, USN, Ret.
Rear Adm. Frederick J. Becton, USN, Ret.
Maj. Gen. Theodore C. Bedwell, USAF, Ret.
Brig. Gen. Aaron W. Beeman, USA, Ret.
Rear Adm. Charles S. Beightler, USN, Ret.
Rear Adm. John K. Beling, USN, Ret.
Rear Adm. David B. Sell, USN, Ret.
Brig. Gen. Frederick Bell, USAF, Ret.
Maj. Gen. John H. Bell, USAF, Ret.
Rear Adm. Russell J. Bellerby, USN, Ret.
Brig. Gen. Herbert G. Bench, USAF, Ret.
Brig. Gen. Russell A. Berg, USAF, Ret.
Maj. Gen. William W. Berg, USAF, Ret.
Maj. Gen. Kenneth P. Bergquist, USAF, Ret.
Admiral Russell S. Berkey, USN, Ret.
Rear Adm. Ferdinand V. Berley, USN, Ret.
Maj. Gen. Joseph L. Bernier, USA, Ret.
Maj. Gen. Robert Bernstein, USA, Ret.
Brig. Gen. Paul D. Berrigan, USA, Ret.
Brig. Gen. Walter B. Bess, USA, Ret.
Brig. Gen. Wendell L. Bevan, USAF, Ret.
Rear Adm. Irwin F. Beyerly, USN, Ret.
Maj. Gen. William W. Beverley, USA, Ret.
Rear Adm. Horace V. Bird, USN, Ret.
Brig. Gen. John F. Bird, USA, Ret.
Brig. Gen. William H. Birdsong, USA, Ret.
Brig. Gen. Max K. Bitts, USA, Ret.
Vice Adm. Paul P. Blackburn, Jr., USN, Ret.
Brig. Gen. Donald F. Blake, USAF, Ret.
Maj. Gen. William H. Blakefield, USA, Ret.
Brig. Gen. Charles E. Blaker.
Brig. Gen. R. M. Blanchard, USA, Ret.
Maj. Gen. John R. Blandford.
Maj. Gen. Jonas L. Blank, USAF, Ret.
Vice Adm. Albert M. Bledsoe, USN, Ret.
Maj. Gen. Frederick B. Blessee, USAF, Ret.
Rear Adm. Elliott Bloxom, USN, Ret.
General Philip T. Boerger, USA, Ret.
Rear Adm. Calvin M. Bolster, USN, Ret.
Maj. Gen. Jones E. Bolt, USAF, Ret.
Maj. Gen. Charles R. Bond, USAF, Ret.

Brig. Gen. Thomas Bonner, USA, Ret.
Brig. Gen. Milton O. Boone, USA, Ret.
Admiral Walter F. Boone, USN, Ret.
Maj. Gen. John L. Boros.
Rear Adm. John T. Bottoms, USN, Ret.
Rear Adm. Aubrey J. Bourgeois, USN, Ret.
Rear Adm. Clarence M. Bowley, USN, Ret.
Rear Adm. George M. Bowman, USNR, Ret.
Lt. Gen. A. L. Bowser.
Brig. Gen. John H. Boyes, USA, Ret.
Lt. Gen. George S. Boylan, USAF, Ret.
Maj. Gen. William A. Boyson, USA, Ret.
Maj. Gen. Russell Boyt, USA, Ret.
Rear Adm. Anthony A. Braccia, USNR, Ret.
Maj. Gen. William T. Bradley, USA, Ret.
Rear Adm. Frank A. Braisted, USN, Ret.
Brig. Gen. William H. Brandenburg, USA, Ret.
Rear Adm. Frank A. Brandley, USN, Ret.
Maj. Gen. William H. Brandon, USAF, Ret.
Brig. Gen. Arthur F. Brandstatter, USA, Ret.
Maj. Gen. L. Render Braswell, USAF, Ret.
Lt. Gen. Robert A. Breitweiser, USAF, Ret.
Rear Adm. James T. Brewer, USN, Ret.
Brig. Gen. James R. Bright, USA, Ret.
Rear Adm. Russell C. Brinker, USNR, Ret.
Brig. Gen. James Brittingham, USA, Ret.
Brig. Gen. John C. Brogan, USA, Ret.
Rear Adm. Douglas B. Brokenshire, USN, Ret.
Maj. Gen. Allison C. Brooks, USAF, Ret.
Brig. Gen. Grady S. Brooks, USA, Ret.
Brig. Gen. Thad A. Broom, USA, Ret.
Brig. Gen. Charles R. Broshous, USA, Ret.
Maj. Gen. Charles P. Brown, USA, Ret.
Maj. Gen. Jay G. Brown, USAF, Ret.
Brig. Gen. Thomas W. Brown, USA, Ret.
Rear Adm. William D. Brown, USN, Ret.
Maj. Gen. Samuel R. Browning, USA, Ret.
Rear Adm. Frederick J. Brush, USN, Ret.
Brig. Gen. Albert S. Brussel, USA, Ret.
Rear Adm. Henry C. Bruton, USN, Ret.
Maj. Gen. William E. Bryan, USAF, Ret.
Vice Adm. Carleton F. Bryant, USN, Ret.
Maj. Gen. John H. Buckner, USAF, Ret.
Rear Adm. Carl E. Bull, USN, Ret.
Rear Adm. Ross P. Bullard.
Brig. Gen. Cady R. Bullock, USAF, Ret.
Maj. Gen. Howard G. Bunker, USAF, Ret.
Rear Adm. William O. Burch, Jr., USN, Ret.
Rear Adm. Harvey P. Burden, USN, Ret.
Lt. Gen. Allen M. Burdett, USA, Ret.
Rear Adm. Raymond W. Burk, USN, Ret.
Maj. Gen. William A. Burke, USAF, Ret.
Maj. Gen. John W. Burkhart, USAF, Ret.
Brig. Gen. John C. Burney, Jr., USA, Ret.
Brig. Gen. John R. Burns.
Maj. Gen. Merrill D. Burnside, USAF, Ret.
Rear Adm. Albert C. Burrows, USN, Ret.
Brig. Gen. Ernest H. Burt, USA, Ret.
Brig. Gen. Charles R. Bushong, USA, Ret.
Brig. Gen. Chester J. Butcher, USAF, Ret.
Maj. Gen. Benjamin J. Butler, USA, Ret.
Brig. Gen. Ogbourne D. Butler.
Maj. Gen. Robert G. Butler, USA, Ret.
Brig. Gen. Thomas F. Butt, USA, Ret.
Rear Adm. John L. Butts, Jr., USN, Ret.
Brig. Gen. Victor A. Byrnes.
Rear Adm. Jose M. Cabanillas, USN, Ret.
Vice Adm. Malcolm W. Cagle, USN, Ret.
Maj. Gen. William R. Calhoun, USA, Ret.
Maj. Gen. John U. Calkins, USA, Ret.
Vice Adm. William M. Callaghan, USN, Ret.
Rear Adm. Joseph W. Callahan, USN, Ret.
Rear Adm. Thomas S. Cameron, USN, Ret.
Brig. Gen. John M. Campbell, USAF, Ret.
Rear Adm. Robert L. Campbell, USN, Ret.
Maj. Gen. Roland A. Campbell, USAF, Ret.
Maj. Gen. Wiliam B. Campbell, USAF, Ret.
Brig. Gen. C. Craig Cannon, USA, Ret.
Brig. Gen. Robert H. Canterbury, USA, Ret.
Rear Adm. Daniel Carlson, USN, Ret.
Rear Adm. Martin D. Carmody, USN, Ret.
Maj. Gen. Edwin H. Carns, USA, Ret.
Rear Adm. Stephen W. Carpenter, USN, Ret.
Rear Adm. Bruce L. Carr, USN, Ret.
General W. Reynolds Carr.
Brig. Gen. Richard C. Carrera.
Lt. Gen. Charles W. Carson, USAF, Ret.
Rear Adm. Harry R. Carson, Jr., USN, Ret.
Rear Adm. Joseph M. Carson, USN, Ret.
Rear Adm. Albert S. Carter, USN, Ret.
Rear Adm. Jesse H. Carter, USN, Ret.
Maj. Gen. Hugh J. Casey, USA, Ret.
Brig. Gen. Benjamin B. Cassiday, USAF, Ret.
Rear Adm. George W. Cassleman, USNR, Ret.
Rear Adm. Gordon L. Caswell, USN, Ret.
Maj. Gen. Richard C. Catledge, USAF, Ret.
Gen. Jack J. Catton, USAF, Ret.
Rear Adm. Cecil T. Caufield, USN, Ret.
Maj. Gen. John H. Caughey, USA, Ret.
Rear Adm. Robert W. Cavenagh, USN, Ret.
Maj. Gen. William S. Chairsell, USAF, Ret.
Vice Adm. Alvin D. Chandler, USN, Ret.
Maj. Gen. Curtis W. Chapman, USA, Ret.
Brig. Gen. Harry M. Chapman, USAF, Ret.
Brig. Gen. James W. Chapman, USAF, Ret.
Brig. Gen. Steve A. Chappuis, USA, Ret.
Vice Adm. P. N. Charbonnet, USN, Ret.
Maj. Gen. Carlos F. Chardon.
Maj. Gen. Charles H. Chase, USA, Ret.
General Max M. Cherry.
Brig. Gen. William H. Cheeseman,, USA, Ret.
Maj. Gen. John H. Chiles, USA, Ret.
Brig. Gen. Keith L. Christensen, USAF, Ret.
Maj. Gen. James G. Christiansen, USA, Ret.
Rear Adm. John S. Christiansen.
Vice Adm. Ralph W. Christie, USN, Ret.
Rear Adm. Gordon P. Chunghoon, USN, Ret.
Brig. Gen. Bradford G. Chynoweth, USA, Ret.
Rear Adm. Albert H. Clancy, USN, Ret.
General Albert P. Clark.
Brig. Gen. Allen F. Clark, Jr., USA, Ret.
Rear Adm. David H. Clark, USN, Ret.
Rear Adm. Jeane R. Clark, USN, Ret.
Admiral John E. Clark, USN, Ret.
Brig. Gen. John M. Clark, USAF, Ret.
General Bruce C. Clarke.
Brig. Gen. Loris R. Cochran, USA, Ret.
Maj. Gen. Winton R. Close, USAF, Ret.
Brig. Gen. John B. Coates, Jr., USA, Ret.
Rear Adm. Ralph G. Coburn, Jr., USNR, Ret.
Brig. Gen. Loris R. Cochran, USA, Ret.
Brig. Gen. Samuel G. Cockerham, USA, Ret.
Rear Adm. Benjamin Coe, USN, Ret.
Rear Adm. James E. Cohn, USN, Ret.
Rear Adm. Philip P. Cole, USN, Ret.
Rear Adm. William C. Cole, USN, Ret.
Rear Adm. Lewis E. Coley, USN, Ret.
Lt. Gen. R. W. Colglazier.
Maj. Gen. Kenneth W. Collins, USA, Ret.
Rear Adm. John L. Collis, USN, Ret.
Vice Adm. John B. Colwell, USN, Ret.
Rear Adm. Walter V. Combs, Jr., USN, Ret.
Brig. Gen. J. Richard Compton.
Brig. Gen. Ross R. Condit, Jr., USA, Ret.
Admiral Ray R. Conner, USN, Ret.
Maj. Gen. Raymond C. Conroy, USA, Ret.
Maj. Gen. Louis J. Conti.
Rear Adm. Albert B. Cook, USNR, Ret.
Rear Adm. Ralph E. Cook, USN, Ret.
Rear Adm. William R. Cooke, USN, Ret.
Vice Adm. Damon W. Cooper, USN, Ret.
Rear Adm. Joshua W. Cooper, USN, Ret.
Maj. Gen. Marcus F. Cooper, USAF, Ret.
Maj. Gen. Paul T. Cooper, USA, Ret.
Maj. Gen. Ralph C. Cooper, USA, Ret.
Maj. Gen. Richard H. Cooper, USAR.
Rear Adm. Bennett S. Copping, USN, Ret.
Maj. Gen. Thomas G. Corbin, USAF, Ret.
Lt. Gen. Charles A. Corcoran, USA, Ret.
Rear Adm. Frederic W. Corle, USN, Ret.
Rear Adm. Peter Corradi, USN, Ret.
Brig. Gen. Ted H. Corry, USA, Ret.
Rear Adm. Edward J. Costello, Jr., USNR, Ret.
Brig. Gen. Hugh J. Cox., USA, Ret
Rear Adm. William R. Cox, USN, Ret.
Rear Adm. John S. Coye, Jr., USN, Ret.
Maj. Gen. Jarred V. Crabb, USAF, Ret.
Rear Adm. Kenneth Craig, USN, Ret.
Maj. Gen. William H. Craig, USA, Ret.
Rear Adm. Wyatt Craig, USN, Ret.
Rear Adm. Richard S. Craighill, USN, Ret.
General Reginald M. Cram.
Brig. Gen. William J. Crandall, USAFR, Ret.
Maj. Gen. Albert B. Crawford, USA, Ret.
Rear Adm. B. Hayden Crawford.
Rear Adm. George C. Crawford, USN, Ret.
Maj. Gen. Edward I. Creed, USA, Ret.
Rear Adm. Charles H. Crichton, USN, Ret.
Maj. Gen. Richard G. Cross, USAF, Ret.
Maj. Gen. Thomas H. Crouch, USAF, Ret.
Brig. Gen. Albert B. Crowther, USA, Ret.
Maj. Gen. Harry Crutcher, Jr., USAF, Ret.
Rear Adm. Robert R. Crutchfield, USN, Ret.
Brig. Gen. Allman T. Culbertson, USAF, Ret.
Rear Adm. Charles R. Cundiff, USNR, Ret.
Brig. Gen. John W. Currier, USA, Ret.
Maj. Gen. R. D. Curtin, USAF, Ret.
Maj. Gen. Robert H. Curtin, USAF, Ret.
General Donald Curtis.
Maj. Gen. Gilbert Curtis, USAF, Ret.
Maj. Gen. Raymond W. Curtis, USA, Ret.
Vice Adm. Walter L. Curtis, Jr., USN, Ret.
Rear Adm. Ben Scott Custer, USN, Ret.
Maj. Gen. Charles S. D'Orsa, USA, Ret.
Lt. Gen. John A. Dabney, USA, Ret.
Maj. Gen. Leo P. Dahl, USAF, Ret.
Rear Adm. Theodore O. Dahl, USN, Ret.
Rear Adm. Carl M. Dalton, USN, Ret.
Brig. Gen. O. T. Dalton.
Rear Adm. Winfred P. Dana, USN, Ret.
Brig. Gen. Maurice W. Daniel, USA, Ret.
Maj. Gen. Thomas C. Darcy, USAF, Ret.
Brig. Gen. Carlton S. Dargusch, USA, Ret.
Maj. Gen. Carl Darnell, Jr., USA, Ret.
Maj. Gen. Don O. Darrow, USAF, Ret.
Brig. Gen. Anthony F. Daskevich, USA, Ret.
Maj. Gen. Frederick J. Dau, USAF, Ret.
Brig. Gen. Lester A. Daughterty, USA, Ret.
Brig. Gen. Buddy R. Daughtrey, USAF, Ret.
General Harry J. Davidson, Sr.
Brig. Gen. Joseph H. Davidson, USAF, Ret.
Brig. Gen. Charles L. Davis, USA, Ret.
Vice Adm. George M. Davis, Jr., USN, Ret.
Vice Adm. Glenn B. Davis, USN, Ret.
General Raymond G. Davis.
Maj. Gen. Woodard E. Davis, USAF, Ret.
Rear Adm. Thurlow W. Davison, USN, Ret.
Maj. Gen. Donald S. Dawson, USAF, Ret.
Rear Adm. Willard H. Day, USNR, Ret.
Brig. Gen. James K. DeArmond, USAF, Ret.
Brig. Gen. Arthur R. DeBolt, USAF, Ret.
Brig. Gen. Chester B. DeGavre, USA, Ret.
Brig. Gen. Merlin L. DeGuire, USA, Ret.
Brig. Gen. John W. Dean, Jr., USA, Ret.
Maj. Gen. Elbert Decoursey, USA, Ret.
Rear Adm. Russell Defauver, USN, Ret.
Rear Adm. Clinton G. Defoney, USN, Ret.
Maj. Gen. Robert L. Delashaw, USAF, Ret.
Brig. Gen. Leon Delighter.
Maj. Gen. Marvin C. Demler, USAF, Ret.
Maj. Gen. Kenneth C. Dempster, USAF, Ret.
Vice Adm. Francis C. Denebrink, USN, Ret.
Admiral Robert L. Dennison, USN, Ret.
Brig. Gen. Clyde R. Denniston, USAF, Ret.
Brig. Gen. John A. Des Fortes, USAF, Ret.
Vice Adm. Harold T. Deutermann, USN, Ret.
Brig. Gen. J. P. S. Devereux.
Maj. Gen. Lawrence R. Dewey, USAF, Ret.
Rear Adm. E. B. Dexter, USN, Ret.
Brig. Gen. William J. Deyo, USA, Ret.
Brig. Gen. John S. B. Dick, USA, Ret.
Lt. Gen. William W. Dick, Jr., USA, Ret.
Rear Adm. George W. Dickinson, USN, Ret.
Maj. Gen. William A. Dietrich, USAF, Ret.
Brig. Gen. Charles E. Dissinger, USA, Ret.
Brig. Gen. John S. B. Divk, USA, Ret.
Rear Adm. Ernest W. Dobie, Jr., USN, Ret.
Brig. Gen. John W. Dobson, USA, Ret.
Brig. Gen. Nevin W. Dodd, USAF, Ret.
Read Adm. Sydney P. Dodds, USNR, Ret.
Brig Gen. Roy T. Dodge, USA, Ret.
Rear Adm. Joseph E. Dodson, USN, Ret.
Rar Adm. Joseph E. Dodson, USN, Ret.
Rear Adm. Carl R. Doerflinger, USN, Ret.
Rear Adm. John W. Dolan, Jr., USN, Ret.
Rear Adm. William A. Dolan, USN, Ret.

Maj. Gen. John M. Donalson, USAF, Ret.
Maj. Gen. Jack N. Donohew, USAF, Ret.
Brig. Gen. Philip J. Donovan.
Lt. Gen. Stanley J. Donovan, USAF, Ret.
Rear Adm. Thomas A. Donovan, USN, Ret.
Brig. Gen. Edward M. Dooley, USA, Ret.
Brig. Gen. Charles R. Doran, USA, Ret.
Brig. Gen. Paul P. Douglas, USAF, Ret.
Maj. Gen. William R. Douglas, USA, Ret.
Rear Adm. Wallace R. Dowd, Jr., USN, Ret.
Admiral James H. Doyle, USN, Ret.
Brig. Gen. William C. Doyle, USA, Ret.
Maj. Gen. Abraham J. Dreiseszun, USAF, Ret.
Brig. Gen. Donn R. Driver, USA, Ret.
Rear Adm. Raymond F. DuBois, USN, Ret.
Rear Adm. Thomas H. Dubois, USN, Ret.
Rear Adm. Francis R. Duborg, USN, Ret.
Rear Adm. James R. Dudley, USN, Ret.
Brig. Gen. John H. Dudley, USA, Ret.
Rear Adm. Clifford H. Duerfeldt, USN, Ret.
Vice Adm. Irving T. Duke, USN, Ret.
Brig. Gen. Robert W. Duke, USA, Ret.
Lt. Gen. Leo J. Dulacki.
Admiral Charles K. Duncan, USN, Ret.
Brig. Gen. Donald Dumford, USA, Ret.
Brig. Gen. William D. Dunham, USAF, Ret.
Brig. Gen. Frank Dunkley, USA, Ret.
Brig. Gen. Charles G. Dunn, USA, Ret.
Brig. Gen. Richard T. Dunn, USA, Ret.
Admiral Lewis W. Dunton, USNR, Ret.
Brig. Gen. James K. Durham.
Rear Adm. William H. Duvall, USN, Ret.
Maj. Gen. R. T. Dwyer.
Brig. Gen. John R. Dyas, USAF, Ret.
Rear Adm. Victor A. Dybdal, USN, Ret.
Rear Adm. E. R. Eastwold, USN, Ret.
Maj. Gen. Robert E. L. Eaton, USAF, Ret.
Maj. Gen. Samuel K. Eaton, USA, Ret.
Brig. Gen. Harvey W. Eddy, USAF, Ret.
Brig. Gen. Alan C. Edmunds, USAF, Ret.
Lt. Gen. James V. Edmundson, USAF, Ret.
Brig. Gen. Morris O. Edwards, USA, Ret.
Maj. Gen. Parmer W. Edwards, USA, Ret.
Brig. Gen. Clarence T. Edwinson, UAF, Ret.
Brig. Gen. Edward S. Ehlen, USA, Ret.
Brig. Gen. Milton Ehrlich.
Brig. Gen. Charles V. Elia, USA, Ret.
Rear Adm. Ernest M. Eller, USN, Ret.
Maj. Gen. Frank W. Elliott, USAF, Ret.
Brig. Gen. Howard V. Elliott, USA, Ret.
Brig. Gen. John C. B. Elliott, USAF, Ret.
Vice Adm. William E. Ellis, USN, Ret.
Rear Adm. Ernest B. Ellsworth, USN, Ret.
Lt. Gen. Hugh M. Elwood.
Lt. Gen. William J. Ely, USA, Ret.
Lt. Gen. Henry E. Emerson.
Lt. Gen. Jean E. Engler, USA, Ret.
Lt. Gen. William P. Ennis, USA, Ret.
Rear Adm. Horace H. Epes, Jr., USN, Ret.
Brig. Gen. William H. B. Erwin, USAF, Ret.
Brig. Gen. Graydon C. Essman, USA, Ret.
Maj. Gen. William E. Eubank, USAF, Ret.
Maj. Gen. Harry L. Evans, USAF, Ret.
Maj. Gen. Thomas B. Evans, USA, Ret.
Rear Adm. Gordon S. Everett, USN, Ret.
Rear Adm. Harry G. Ewart, USNR, Ret.
Brig. Gen. Arthur E. Exon, USAF, Ret.
Rear Adm. Francis L. Fabrizio, USNR, Ret.
Rear Adm. D. S. Fahrney, USN, Ret.
Brig. Gen. William H. Fairbrother, USAF, Ret.
Brig. Gen. Ivan L. Farman.
Rear Adm. Eugene H. Farrell, USN, Ret.
Rear Adm. Ralph E. Faucett, USN, Ret.
Maj. Gen. James B. Faulconer, USAF, Ret.
Vice Adm. Albert J. Fay, USN, Ret.
Rear Adm. Edward L. Feightner, USN, Ret.
General James Ferguson, USAF, Ret.
Rear Adm. William E. Ferrall, USN, Ret.
Brig. Gen. Angelo L. Ferranti.
Rear Adm. Harold F. Fick, USN, Ret.
Rear Adm. Richard D. Field, USNR, Ret.
Brig. Gen. Kendall J. Fielder, USA, Ret.
Rear Adm. Ralph E. Fielding, USN, Ret.
Brig. Gen. Russell R. Finn, USA, Ret.
Rear Adm. Alvan Fisher, USNR, Ret.
Brig. Gen. Ralph E. Fisher, USAF, Ret.
Brig. Gen. Richard E. Fisher, USA, Ret.
Rear Adm. Phillip H. Fitzgerald, USN, Ret.
Rear Adm. W. F. Fitzgerald, USN, Ret.
Rear Adm. William H. Fitzgerald, USNR. Ret.
Rear Adm. Michael F. D. Flaherty, USN, Ret.
Lt. Gen. Edward M. Flanangan, USA, Ret.
Rear Adm. Francis E. Fleck, USN, Ret.
Maj. Gen. Lawrence J. Fleming, USAF, Ret.
Rear Adm. Morton K. Fleming, USN, Ret.
Rear Adm. William B. Fletcher, USN, Ret.
Rear Adm. William O. Floyd, USN, Ret.
Brig. Gen. George C. Fogle, USA, Ret.
Rear Adm. Francis D. Foley, USN, Ret.
Rear Adm. Harry J. P. Foley, USN, Ret.
Rear Adm. Joseph F. Foley, USN, Ret.
Rear Adm. Winston P. Folk, USN, Ret.
Brig. Gen. J. E. Fondahl.
Brig. Gen. Paul P. Foran, USA, Ret.
Vice Adm. Bernard B. Forbes, USN, Ret.
General G. Foreman.
Rear Adm. James E. Forrest, USN, Ret.
Rear Adm. Edward C. Forsyth, USN, Ret.
Lt. Gen. George I. Forsythe, USA, Ret.
Rear Adm. Newton P. Foss, USN, Ret.
Rear Adm. Walter M. Foster, USN, Ret.
Maj. Gen. C. Lyn Fox, USA, Ret.
Rear Adm. Claud M. Fraleigh, USN, Ret.
Brig. Gen. John W. Francis.
Rear Adm. Nickolas J. F. Frank, USN, Ret.
Maj. Gen. John F. Franklin, USA, Ret.
Maj. Gen. Wesley C. Franklin, USA, Ret.
Brig. Gen. Joe N. Frazar, Jr., USA, Ret.
Rear Adm. Dewitt L. Freeman, USN, Ret.
Rear Adm. Mason Freeman, USN, Ret.
General Paul L. Freeman, Jr., USA, Ret.
Rear Adm. Leonard F. Freiburghouse, USN, Ret.
Rear Adm. Leonard Frisco, USNR, Ret.
Brig. Gen. William J. Fry, USAF, Ret.
Brig. Gen. Thomas Fuller, USA, Ret.
Rear Adm. Samuel G. Fuqua, USN, Ret.
Rear Adm. Charles M. Furlow, USN, Ret.
Rear Adm. Frederick R. Furth, USN, Ret.
Vice Adm. Walter D. Gaddis, USN, Ret.
Brig. Gen. Frank L. Gailer, USAF, Ret.
George R. Gallagher.
Rear Adm. W. Earl Gallaher, USN, Ret.
Rear Adm. William O. Gallery, USN, Ret.
Brig. Gen. Clarence J. Galligan, USAF, Ret.
Lt. Gen. Walter T. Galligan, USAF, Ret.
Maj. Gen. Jack K. Gamble, USAF, Ret.
Rear Adm. Wayne N. Gamet, USN, Ret.
Maj. Gen. Robert G. Gard, USA, Ret.
Brig. Gen. George W. Gardes, USA, Ret.
Maj. Gen. E. Blair Garland, USAF, Ret.
Rear Adm. Francis L. Garrett, USN, Ret.
Rear Adm. Malcolm E. Garrison, USN, Ret.
Rear Adm. Ralph S. Garrison, USNR, Ret.
Rear Adm. Norman F. Garton, USN, Ret.
Brig. Gen. Eugene W. Gauch, USAF, Ret.
Rear Adm. John D. Gavan, USNR, Ret.
Rear Adm. Donald Gay, Jr., USN, Ret.
Rear Adm. J. Edwin Gay, USNR, Ret.
Brig. Gen. Arthur A. Gentry.
Brig. Gen. William F. Georgi, USAF, Ret.
Rear Adm. Harry E. Gerhard, USN, Ret.
Brig. Gen. John H. Germeraad, USAF, Ret.
Maj. Gen. William K. Ghormley, USA, Ret.
Rear Adm. Frederic Gibbs, USNR, Ret.
Maj. Gen. Elmer J. Gibson, USA, Ret.
Maj. Gen. Harold B. Gibson, USA, Ret.
Brig. Gen. Kenneth H. Gibson, USAF, Ret.
Rear Adm. W. M. Gibson, USN, Ret.
Brig. Gen. Raymond A. Gilbert, USAF, Ret.
Lt. Gen. Alvan C. Gillem, USAF, Ret.
Rear Adm. Thomas E. Gillespie, USN, Ret.
Maj. Gen. Charles H. Gingles, USA, Ret.
Rear Adm. Richard P. Glass, USN, Ret.
Brig. Gen. James Glore, USA, Ret.
Brig. Gen. William R. Goade, USAF, Ret.
Brig. Gen. George W. Goddard, USAF, Ret.
Maj. Gen. Guy H. Goddard, USAF, Ret.
Maj. Gen. George A. Godding, USA, Ret.
Rear Adm. William H. Godson, USNR, Ret.
Brig. Gen. Melvin A. Goers, USA, Ret.
Brig. Gen. Robert R. Goetzman.
Rear Adm. William B. Goggins, USN, Ret.
Brig. Gen. Morton J. Gold, USAF, Ret.
General William B. Gold, Jr.
Admiral Henry W. Goodall, USN, Ret.
Brig. Gen. John C. Gordon, USAF, Ret.
Lt. Gen. Gordon T. Gould, USAF, Ret.
Rear Adm. C. L. Grabenhorst, USNR, Ret.
Lt. Gen. Daniel Graham, USA, Ret.
Brig. Gen. James E. Graham.
Maj. Gen. Donald W. Graham, USAF, Ret.
Lt. Gen. Gordon M. Graham, USAF, Ret.
Vice Adm. Arthur R. Gralla, USN, Ret.
Brig. Gen. John G. Gramzow, USA, Ret.
Rear Adm. Etheridge Grant, USN, Ret.
Rear Adm. Elonzo B. Grantham, USN, Ret.
Rear Adm. Alfred M. Granum, USN, Ret.
Brig. Gen. Guy J. Gravlee.
Rear Adm. Oscar Gray, Jr., USN, Ret
Maj. Gen. Philip H. Greasley, USAF, Ret.
General William O. Green.
Brig. Gen. James W. Green, Jr., USA, Ret.
Maj. Gen. George B. Greene, USAF, Ret
Rear Adm. William M. A. Greene, USN, Ret.
Rear Adm. John F. Greenslade, USN, Ret.
Vice Adm. Elton W. Grenfell.
Admiral Charles D. Griffin, USN, Ret.
Maj. Gen James A. Grimsley, USA, Ret.
Lt. Gen. Francis H. Griswold, USAF, Ret.
Brig. Gen. Sidney Gritz, USA, Ret.
Brig. Gen. August H. Groeschel, USA, Ret.
Rear Adm. Rowland H. Groff, USN, Ret.
Brig Gen. John V. Grombach.
Rear Adm. Royce L. Gross, USN, Ret.
Brig. Gen. Donald G. Grothaus, USA, Ret.
Rear Adm. William H. Groverman, USN, Ret.
Rear Adm. Bradford E. Grow, USN, Ret.
Maj. Gen. Richard A. Grussendorf, USAF, Ret.
Rear Adm. William S. Guest, USN, Ret.
Rear Adm. William M. Gullet, USN, Ret.
Rear Adm. Frederick A. Gunn, USN, Ret.
Maj. Gen Karl W. Gustafson, USA, Ret.
Brig. Gen. Kermit L. Guthrie, USA, Ret.
Rear Adm. Frank S. Haak, USN, Ret.
Brig. Gen. Chester E. Haberlin.
Maj. Gen. Herbert R. Hackbarth, USA, Ret
Brig. Gen. Louis J. Hackett, Jr., USA, Ret.
Maj. Gen. James F. Hackler, USAF, Ret.
Rear Adm. Ira F. Haddock, USN, Ret.
Rear Adm. Theodore G. Haff, USN, Ret.
Rear Adm. Hamilton Hains, USN, Ret.
Maj. Gen. Peter C. Hains, III, USA, Ret.
Maj. Gen. Dudley D. Hale, USAF, Ret.
Brig. Gen. Stewart L. Hall, USA, Ret.
Lt. Gen. William E. Hall, USAF, Ret.
Brig. Gen. Kay Halsell, II
Maj. Gen. Milton B. Halsey, USA, Ret.
Brig. Gen. Lyle E. Halstead, USAF, Ret.
Brig. Gen. Archelaus L. Hamblen, USA, Ret.
Brig Gen. Edward J. Hamilton.
Rear Adm. Thomas J. Hamilton, USN, Ret.
Gen. Barksdale Hamlett.
Rear Adm. Wellington A. Hammond, USN, Ret.
Maj. Gen. George F. Hamner, USA, Ret.
Brig. Gen. William L. Hamrick, USAF, Ret.
Maj. Gen. Jack L. Hancock, USA, Ret.
Maj. Gen. Walter J. Hanna, USA, Ret.
Brig. Gen. Clifford P. Hannum, USA, Ret.
Rear Adm Harry J. Hansen, USN, Ret.
Maj. Gen. Norris B. Harbold, USAF, Ret.
Brig. Gen. Eads G. Hardaway, USA, Ret.
Brig. Gen. Robert M. Hardaway, USA, Ret.
Maj. Gen. Harold F. Harding, USA, Ret.
Maj. Gen. Donald L. Hardy, USAF, Ret.
General Robert B. Harkness, Jr.
Vice Adm. F. J. Harlfinger, USN, Ret.
Rear Adm. John Harllee, USN, Ret.
Maj. Gen. Joseph H. Harper, USA, Ret.
Lt. Gen. Robert W. Harper, USAF, Ret.
Rear Adm. Talbot E. Harper, USN, Ret.
Rear Adm. Brooks J. Harral, USN, Ret.
General Ben Harrell.
Maj. Gen. William S. Harrell, USAF ,Ret.
Rear Adm. Alfred R. Harris, USN, Ret.
Brig. Gen. Benjamin T. Harris, USA, Ret.
Lt. Gen. Bertram C. Harrison, USAF, Ret.
Brig. Gen. Eugene L. Harrison, USA, Ret.
Rear Adm. Lloyd Harrison, USN, Ret.
Maj. Gen. William H. Harrison, USA, Ret.
Brig. Gen. Gerald A. Hart.

Brig. Gen. Frederick O. Hartel, USA, Ret.
Maj. Gen. Thomas J. Hartford, USA, Ret.
Rear Adm. Charles C. Hartman, USN, Ret.
Rear Adm. William H. Hartt, USN, Ret.
Vice Adm. Harry L. Harty, Jr., USN, Ret.
Rear Adm. Valery Harvard, Jr., USN, Ret.
Brig. Gen. Robert A. Harvey.
Brig. Gen. David C. Hastings, USA, Ret.
Brig. Gen. W. G. Hathaway.
Maj. Gen. John J. Hayes, USA, Ret.
Rear Arm. Hugh C. Haynesworth.
Maj. Gen. Stuart G. Haynesworth, USAF, Ret.
Vice Adm. John T. Hayward, USN, Ret.
Brig. Gen. Raymond F. Hebrank.
Vice Adm. Truman J. Hedding, USN, Ret.
Lt. Gen. Earl C. Hedlund, USAF, Ret.
Brig. Gen. Edwin C. Heffelfinger, USA, Ret.
Maj. Gen. William T. Hefley, USAF, Ret.
Brig. Gen. Charles A. Heim, USAF, Ret.
Rear Adm. Roger C. Heimer.
Rear Adm. Paul R. Heineman, USN, Ret.
Lt. Gen. John A. Heintges.
Lt. Gen. Rolland V. Heiser.
Rear Adm. Frank V. Helmer.
Brig. Gen. Jack W. Hemingway, USA, Ret.
Brig. Gen William H. Henderson.
Maj. Gen. Raleigh R. Hendrix, USA, Ret.
Maj. Gen. Augustus M. Hendry, USAF, Ret.
Maj. Gen. John P. Henebry.
Maj. Gen. William H. Hennig, USA, Ret.
Maj. Gen. John B. Henry, Jr., USAF, Ret.
Rear Adm. Karl G. Hensel, USN, Ret.
Rear Adm. Joseph L. Herlihy, USN, Ret.
Rear Adm. Vincent Hernandez, USN, Ret.
Maj. Gen. John H. Herring, USAF, Ret.
Brig. Gen. Daniel W. Hickey, Jr., USA, Ret.
Rear Adm. George L. Hicks, USNR, Ret.
Maj. Gen. Gerald J. Higgins, USA, Ret.
Rear Adm. Paul L. High, USN, Ret.
Maj. Gen. John M. Hightower, USA, Ret.
Maj. Gen. Jim D. Hill.
Maj. Gen. Roderic L. Hill, USA, Ret.
Maj. Gen. Harry L. Hillyard, USA, Ret.
Vice Adm. William O. Hiltabidle, USN, Ret.
Lt. Gen. John H. Hinrichs, USA, Ret.
Brig. Gen. B. J. Leon Hirshorn, USA, Ret.
Brig. Gen. Howard M. Hobson, USA, Ret.
Rear Adm. John H. Hoefer, USNR, Ret.
Maj. Gen. John R. Hoefling, USA, Ret.
Rear Adm. Herbert L. Hoerner, USN, Ret.
Rear Adm. Bartholomew H. Hogan, USN, Ret.
Brig. Gen. R. Wesley Hogan, USA, Ret.
Rear Adm. Harold R. Holcomb, USN, Ret.
Brig. Gen. William H. Holcombe, USA, Ret.
Rear Adm. Richard Holden, USN, Ret.
Lt. Gen. James F. Hollingsworth, USA, Ret.
Admiral William R. Hollingsworth, USN Ret.
General Bruce K. Holloway, USAF, Ret.
Rear Adm. Harland E. Holman, USNR, Ret.
Brig. Gen. Ernest V. Holmes, USA, Ret.
Rear Adm. Carl O. Holmquist, USN, Ret.
Brig. Gen. Everett W. Holstrom, USAF, Ret.
Maj. Gen. William H. Holt, USAF, Ret.
Maj. Gen. J. Stanley Holtoner, USAF, Ret.
Admiral Ernest C. Holtzworth, USN, Ret.
Vice Adm. Edwin B. Hooper, USN, Ret.
Maj. Gen. John E. Hoover, USA, Ret.
Rear Adm. Lewis A. Hopkins, USN, Ret.
Rear Adm. Charles F. Horne, USN, Ret.
Brig. Gen. Richard C. Horne, USA, Ret.
Maj. Gen. Charles T. Horner, USA, Ret.
Rear Adm. John S. Horner, USNR, Ret.
Brig. Gen. John B. Horton, USA, Ret.
Rear Adm. Herschel A. House, USN, Ret.
Brig. Gen. Edwin B. Howard, USA, Ret.
Rear Adm. James H. Howard, USN, Ret.
Rear Adm. Hamilton W. Howe, USN, Ret.
Rear Adm. Hugh H. Howell.
Rear Adm. C. C. Howerton, USN, Ret.
Rear Adm. Lester E. Hubbell, USN, Ret.
Brig. Gen. Edward M. Hudgins.
Brig. Gen. Oscar Conrad Hudson.
Brig. Gen. Ronald S. Huey.
Brig. Gen. Harry J. Huff.
Brig. Gen. Robert B. Hughes, USAF, Ret.
Brig. Gen. Robert L. Hughes, USA, Ret.
Maj. Gen. H. E. Humfeld, USAF, Ret.
Maj. Gen. Ladd F. Hunt.
Rear Adm. Louis H. Hunte, USN, Ret.
Brig. Gen. Albert E. Hunter, USA, Ret.
Rear Adm. George P. Hunter, USN, Ret.
Rear Adm. Raymond P. Hunter, USN, Ret.
Rear Adm. Robert N. Hunter, USN, Ret.
Maj. Gen. Benjamin Hunton, USAR, Ret.
Rear Adm. Jack E. Hurff, USN, Ret.
Brig. Gen. Richard M. Hurst, USA, Ret.
Rear Adm. Samuel H. Hurt, USN, Ret.
Maj. Gen. Eugene L. Husdon, USAF, Ret.
Maj. Gen. Vincent G. Huston, USAF, Ret.
Maj. Gen. Charles R. Hutchison, USA, Ret.
Maj. Gen. Joseph C. Hutchison, USA, Ret.
Admiral John J. Hyland, USN, Ret.
Rear Adm. John P. Ingle, Jr., USNR, Ret.
Rear Adm. Walter D. Innis, USNR, Ret.
Rear Adm. Donald G. Irvine, USN, Ret.
Rear Adm. Roy M. Isaman, USN, Ret.
Brig. Gen. Robert M. Ives, USA, Ret.
Maj. Gen. William A. Jack, USAF, Ret.
Rear Adm. David H. Jackson, USN, Ret.
Brig. Gen. Ivan E. Jackson, USA, Ret.
Rear Adm. Milton C. Jackson, USNR, Ret.
Rear Adm. P. W. Jackson, USN, Ret.
Rear Adm. Robert W. Jackson, USN, Ret.
Brig. Gen. Oscar J. Jahnsen, USA, Ret.
Rear Adm. William J. James, USN, Ret.
Rear Adm. Frederick E. Janney, USN, Ret.
Lt. Gen. Carl H. Jark, USA, Ret.
Brig. Gen. Irby B. Jarvis, Jr., USAF, Ret.
Lt. Gen. Hal B. Jennings.
Rear Adm. M. J. Jensen.
Rear Adm. John R. Johannesen, USN, Ret.
Brig. Gen. Ernest F. John, USAF, Ret.
Maj. Gen. Charles E. Johnson, USA, Ret.
Maj. Gen. E. Gillis Johnson.
Maj. Gen. Earl L. Johnson, USAF, Ret.
Brig. Gen. Edwin L. Johnson, USA, Ret.
Rear Adm. Henry C. Johnson, USN, Ret.
Rear Adm. John B. Johnson, USNR, Ret.
Maj. Gen. Kenneth L. Johnson, USA, Ret.
Rear Adm. Ralph C. Johnson, USN, Ret.
Brig. Gen. Richard H. Johnson, USA, Ret.
Admiral Roy L. Johnson, USN, Ret.
General Warren R. Johnson.
Admiral Means Johnston, Jr.
Rear Adm. Don A. Jones.
Brig. Gen. Bruce B. Jones, USA, Ret.
Rear Adm. Carlton B. Jones, USN, Ret.
Brig. Gen. George M. Jones, USA, Ret.
Maj. Gen. Stanley W. Jones, USA, Ret.
Rear Adm. William C. Jonson, USN, Ret.
Rear Adm. Allen R. Joyce, USN, Ret.
Brig. Gen. Charles E. Jung, USAF, Ret.
Brig. Gen. Carl S. Junkermann, USA, Ret.
Rear Adm. William L. Kabler, USN, Ret.
Rear Adm. Joseph I. Kane, USN, Ret.
Rear Adm. Constantine A. Karaberis, USN, Ret.
Rear Adm. Draper L. Kauffman, USN, Ret.
Rear Adm. John H. Kaufman, USN, Ret.
Maj. Gen. Louis Kaufman, USA, Ret.
Rear Adm. Paul Kaufman, USNR, Ret.
Brig. Gen. Albert Kaye, USA, Ret.
Rear Adm. Edgar S. Keats, USN, Ret.
Maj. Gen. George Keegan, USAF, Ret.
Maj. Gen. Gerald F. Keeling, USAF, Ret.
Maj. Gen. Naiff H. Kelel.
Brig. Gen. Harold K. Kelley, USAF, Ret.
Brig. Gen. Arthur W. Kellond, USAF, Ret.
Maj. Gen. Maurice W. Kendall, USAF, Ret.
Maj. Gen. Richard C. Kendall, USA, Ret.
Brig. Gen. John M. Kenderdine, USA, Ret.
Brig. Gen. Kenneth W. Kennedy, USA, Ret.
Brig. Gen. Thomas B. Kennedy, USAF, Ret.
Rear Adm. Richard A. Kern, USNR, Ret.
Brig. Gen. Redmond F. Kernan.
Brig. Gen. H. E. Kessinger, USA, Ret.
Brig. Gen. Wayne O. Kester, USAF, Ret.
Vice Adm. Dixwell Ketcham, USN, Ret.
Rear Adm. Gerald L. Ketchum, USN, Ret.
Vice Adm. Ingolf N. Kiland, USN, Ret.
Brig. Gen. Benjamin H. King, USAF, Ret.
Brig. Gen. James I. King, USA, Ret.
Vice Adm. Jerome H. King, Jr., USN, Ret.
Brig. Gen. John J. King, USA, Ret.
Rear Adm. Philip V. King, USNR, Ret.
Brig. Gen. Thomas H. King, USAF, Ret.
Rear Adm. Leon S. Kintberger, USA, Ret.
Brig. Gen. John M. Kinzer, USA, Ret.
Rear Adm. Louis J. Kirn, USA, Ret.
Brig. Gen. Bernard J. Kitt, USA, Ret.
Maj. Gen. Julius Klein.
Lt. Gen. Richard P. Klocko, USAF, Ret.
Brig. Gen. Richard A. Knobloch, USAF, Ret.
Brig. Gen. Frank J. Kobes, Jr., USA, Ret.
Rear Adm. Herman J. Kossler, USN, Ret.
Rear Adm. William J. Kotsch, USN, Ret.
Rear Adm. Edgar P. Kranzfelder, USN, Ret.
Brig. Gen. Frederick C. Krause.
Brig. Gen. Martin R. Krausz, USA, Ret.
Brig. Gen. Philip F. Kromer, USA, Ret.
Maj. Gen. Clifford J. Kronauer.
Lt. Gen. Victor H. Krulak.
Rear Adm. Howard F. Kuehl, USN, Ret.
Rear Adm. Chester A. Kunz, USN, Ret.
Brig. Gen. William B. Kunzig, USA, Ret.
General Laurence S. Kuter, USAF, Ret.
Rear Adm. Paul L. Lacy, Jr., USN, Ret.
Rear Adm. John J. Laffan, USN, Ret.
Brig. Gen. James A. Lake, USA, Ret.
Brig. Gen. Kirby Lamar, USA, Ret.
Rear Adm. Valdemar G. Lambert, USN, Ret.
General F. H. Lamson-Scribner.
Maj. Gen. James E. Landrum, USA, Ret.
Maj. Gen. Robert B. Landry, USAF, Ret.
Rear Adm. Richard Lane, USN, Ret.
Maj. Gen. Clarence J. Lang, USA, Ret.
Maj. Gen. Cyrille P. Laporte, USA, Ret.
Rear Adm. Louis R. Laporte, USNR, Ret.
Maj. Gen. William W. Lapsley, USA, Ret.
Rear Adm. Wharton E. Larned, USNR, Ret.
Vice Adm. Harold O. Larson, USN, Ret.
Brig. Gen. Harold V. Larson, USAF, Ret.
Maj. Gen. William B. Latta, USA, Ret.
Rear Adm Robert E. Laub, USN, Ret.
Brig. Gen. John T. Lawler.
Brig. Gen. John D. Lawlor, USA, Ret.
Brig. Gen. Baskin R. Lawrence, USAF, Ret.
Rear Adm. Sidney J. Lawrence, USN, Ret.
Lt. Gen. William S. Lawton, USA, Ret.
Maj. Gen. Osmund A. Leahy, USA, Ret.
Rear Adm. William H. Leahy, USN, Ret.
Brig. Gen. John E. Leary, USA, Ret.
Rear Adm. John E. Lee, USN, Ret.
Rear Adm. Lamar Lee, Jr., USN, Ret.
Lt. Gen. Frederick E. Leek.
Rear Adm. James E. Leeper, USN, Ret.
Brig. Gen. William C. Lemly.
Rear Adm. Frederick W. Lemly, USNR, Ret.
Maj. Gen. Kelley B. Lemmon, USA, Ret.
Maj. Gen. Charles F. Leonard, USA, Ret.
Rear Adm. William N. Leonard, USN, Ret.
Brig. Gen. Cecil P. Lessig, USAF, Ret.
Rear Adm. Joseph W. Leverton.
Maj. Gen. William P. Levine, USA, Ret.
Rear Adm. B. E. Lewellen, USN, Ret.
Lt. Gen. John T. Lewis, USA, Ret.
Maj. Gen. Oliver W. Lewis, USAF, Ret.
Rear Adm Porter Lewis, USN, Ret.
Maj. Gen. Vernon B. Lewis, USA, Ret.
Brig. Gen. William D. Lewis, USA, Ret.
Rear Adm. R. E. Libby, USN, Ret.
Maj. Gen. David I. Liebman, USAF, Ret.
Maj. Gen. Lawrence S. Lightner, USAF, Ret.
Rear Adm. Walter E. Linaweaver, USN Ret.
Lt. Gen. Lawrence J. Lincoln.
Gen. Rush B. Lincoln, USA, Ret.
Brig. Gen. Joseph J. Lingle.
Brig. Gen. Andy A. Lipscomb, USA, Ret.
Brig. Gen. John J. Liset, USAF, Ret.
Brig. Gen. Elmer L. Littell, USA, Ret
Rear Adm. Olin A. Lively.
Brig. Gen. B. C. Lockwood, Jr, USA, Ret.
Rear Adm. Thomas A. Long, USN, Ret.
Vice Adm. Victor D. Long, USN, Ret.
Rear Adm. William H. Longley, USNR, Ret.
Rear Adm. Michael Lorenzo, USNR, Ret.
Lt. Gen. Walter E. Lotz, USA, Ret.
Maj. Gen. Charles E. Loucks, USA, Ret.
Rear Adm. Kenneth Loveland, USN, Ret.
Maj. Gen. Jessup D. Lowe, USAF, Ret.
Maj. Gen. Sumter L. Lowry, USA, Ret.
Brig. Gen. Bernard R. Luczak, USA, Ret.
Brig. Gen. Garland A. Ludy, USA, Ret.
Maj. Gen. Robert P. Lukeman, USAF, Ret.
Maj. Gen. William S. Lundberg, USA, Ret.
Brig. Gen. Reginald P. Lyman, USA, Ret.
Maj. Gen. George E. Lynch, USA, Ret.
Brig. Gen. George P. Lynch, USA, Ret.
Rear Adm. John J. Lynch, USN, Ret.

Rear Adm. Ralph C. Lynch, USN, Ret.
Maj. Gen. Nelson M. Lynde, USA, Ret.
Brig. Gen. Donald J. Lynn.
Brig. Gen. Archibald W. Lyon, USA, Ret.
Rear Adm. Harvey E. Lyon, USN, Ret.
Rear Adm. Hylan B. Lyon, USN, Ret.
Rear Adm. Raymond R. Lyons, USN, Ret.
Maj. Gen. Clinton S. Lyter, USA, Ret.
Rear Adm. Donald J. MacDonald, USN, Ret.
Rear Adm. Duncan C. MacMillan, USN, Ret.
Maj. Gen. John J. Maginnis.
Rear Adm. John B. Macgregor, USN, Ret.
Rear Adm. Robert A. Macpherson, USN, Ret.
Brig. Gen. Robert S. Macrum, USAF, Ret.
Rear Adm. Dashiell L. Madeira, USN, Ret.
Maj. Gen. Frank M. Madsen, USAF, Ret.
Brig. Gen. W. S. Magalhaes.
Rear Adm. Thomas B. Magath, USNR, Ret.
General R. J. Maglione, USAF, Ret.
Rear Adm. Charles J. Maguire, USN, Ret.
Rear Adm. Harry P. Mahin, USN, Ret.
Brig. Gen. Thaddeus F. Malanowski, USA, Ret.
Rear Adm. Ralph W. Malone, USN, Ret.
Maj. Gen. Robert W. Maloy, USAF, Ret.
Brig. Gen. Ben J. Mangina.
Maj. Gen. Daniel J. Manning.
Rear Adm. Joseph I. Manning, USN, Ret.
Brig. Gen. Alexander Marble, USA, Ret.
Brig. Gen. Theodore H. Marshall, USA, Ret.
Vice Adm. William J. Marshall, USN, Ret.
Maj. Gen. Clarence A. Martin, USA, Ret.
Brig. Gen. Edward O. Martin, USAF, Ret.
Maj. Gen. Sherman F. Martin, USAF, Ret.
Rear Adm. David L. Martineau, USN, Ret.
Rear Adm. Harry C. Mason, USN, Ret.
Maj. Gen. Stanhope B. Mason, USA, Ret.
Brig. Gen. Theo. C. Mataxis, USA, Ret.
Rear Adm. Paul L. Mather, USN, Ret.
Maj. Gen. Salve H. Matheson, USA, Ret.
Rear Adm. Bob O. Mathews, USN, Ret.
Rear Adm. John H. Maurer, USN, Ret.
Maj. Gen. Azro J. Maxham.
Rear Adm. William S. Maxwell, USN, Ret.
Rear Adm. Walter S. Mayer, USN, Ret.
Brig. Gen. Richard W. Mayo, USA, Ret.
Rear Adm. John H. McAuliffe, USNR, Ret.
Brig. Gen. Madison M. McBrayer, USAF, Ret.
Brig. Gen. George M. McBride, USA, Ret.
Maj. Gen. William D. McCain.
Maj. Gen. Chester E. McCarty, USAF, Ret.
Admiral J. W. McCauley, USN, Ret.
Brig. Gen. Arthur J.McChrystal, USA, Ret.
Brig. Gen. Clyde F. McClain, USAF, Ret.
Rear Adm. John McClaughry, USN, Ret.
Rear Adm. William M. McCloy, USNR, Ret.
Maj. Gen. Charles M. McCorkle, USAF, Ret.
Rear Adm. James R. McCormick, USN, Ret.
Rear Adm. Victor B. McCrea, USN, Ret.
Brig. Gen. Kenneth A. McCrimmon, USA, Ret.
Rear Adm. Leo B. McCuddin, USN, Ret.
Maj. Gen. Robert H. McCutcheon, USAF, Ret.
Admiral David L. McDonald, USN, Ret.
Brig. Gen. Everett A. McDonald, USAF, Ret.
Rear Adm. Ellsworth D. McEathron, USN, Ret.
Brig. Gen. John A. McEwan, USA, Ret.
Lt. Gen. Thomas K. McGehee, USAF, Ret.
Maj Gen. Francis M. McGoldrick, USA, Ret.
Brig. Gen. Thomas J. McGuire, USA, Ret.
Brig. Gen. Godfrey T. McHugh, USAF, Ret.
Rear Adm. D. E. McKay, USN, Ret.
Lt. Gen. George H. McKee, USAF, Ret.
Rear Adm. Logan McKee, USN, Ret.
General Seth J. McKee, USAF, Ret.
Brig. Gen. William A. McKee, USA, Ret.
Maj. Gen. C. M. McKeen, USA, Ret.
Maj. Gen. Henry R. McKenzie, USA, Ret.
Rear Adm. Eugene B. McKinney, USN, Ret.
Rear Adm. William R. McKinney, USN, Ret.
Rear Adm. John R. McKnight, USN, Ret.
Brig. Gen. John H. McLain, USAF, Ret.
Major Gen. Richard E. McLaughlin.
Vice Adm. Ephraim R. McLean, USN, Ret.
Rear Adm. G. A. McLean, USN, Ret.
Vice Adm. Gordon McLintock.
Brig. Gen. Robert McMath.
Maj. Gen. Henry W. McMillan, USA, Ret.
Rear Adm. George J. McMillin, USN, Ret.
Rear Adm. Edwin E. McMorries, USN, Ret.
Rear Adm. James A. McNally.
Maj. Gen. Raymond F. McNelly, USA, Ret.
Maj. Gen. Melvin F. McNickle, USAF, Ret.
Rear Adm. Richard R. McNulty, USNR, Ret.
Brig. Gen. Claude M. McQuarrie, USA, Ret.
Rear Adm. Charles J. McWhinnie, USNR, Ret.
Maj. Gen. John C. McWhorter, USA, Ret.
Brig. Gen. Keith E. McWilliams.
Rear Adm. States M. Mead, USNR, Ret.
Lt. Gen. Fillmore K. Mearns, USA, Ret.
Maj. Gen. Edward P. Mechling, USAF, Ret.
Maj. Gen. John B. Medaris, USA, Ret.
General Vernon E. Megee.
Rear Adm. Roger M. Mehle, USN, Ret.
Rear Adm. John L. Melgaard, USN, Ret.
Rear Adm. Robert E. Melling, USN, Ret.
Brig. Gen. Albert L. Melton, USAF, Ret.
Rear Adm. Corwin Mendenhall, USN, Ret.
Maj. Gen. Chauncey D. Merrill, USA, Ret.
Rear Adm. Charles H. Mester, Jr.
Brig. Gen. Frank Meszar, USA, Ret.
Rear Adm. Ralph M. Metcalf, USN, Ret.
Rear Adm. Alfred B. Metsger, USN, Ret.
Rear Adm. Edward F. Metzer, USN, Ret.
Maj. Gen. Richard J. Meyer, USA, Ret.
Rear Adm. Walter C. Michaels, USNR, Ret.
Brig. Gen. Howard E. Michelet, USA, Ret.
Rear Adm. Bill A. Miles, USNR, Ret.
Rear Adm. Edwin S. Miller, USN, Ret.
Rear Adm. George H. Miller, USN, Ret.
Rear Adm. Harold B. Miller, USN, Ret.
Maj. Gen. Junior F. Miller, USA, Ret.
Brig. Gen. Robert B. Miller, USAF, Ret.
Rear Adm. Ward S. Miller, USN, Ret.
Brig. Gen. Eugene J. Mincks.
Maj. Gen. Charles F. Minter, Sr., USAF, Ret.
Maj. Gen. Augustus M. Minton, USAF, Ret.
Rear Adm. Clinton A. Misson, USN, Ret.
Brig. Gen. Burt L. Mitchell, USA, Ret.
Rear Adm. Cleo N. Mitchell, USN, Ret.
Brig. Gen. William L. Mitchell, Jr., USAF, Ret.
Rear Adm. S. Edward Mittler, USNR, Ret.
Maj. Gen. Chester J. Moeglein, USA, Ret.
Brig. Gen. Robert L. Moeller, USAF, Ret.
Brig. Gen. Robert E. Moffet, USA, Ret.
Rear Adm. William A. Moffett, USN, Ret.
Rear Adm. Lloyd W. Moffit, USN, Ret.
Brig. Gen. Edmund W. Montgomery.
Lt. Gen. Richard M. Montgomery, USAF, Ret.
Brig. Gen. Harley F. Mooney, Jr., USA, Ret.
Rear Adm. Benjamin E. Moore, USN, Ret.
Vice Adm. French R. Moore, USN, Ret.
Maj. Gen. Harley L. Moore, USA, Ret.
Brig. Gen. John B. Moore.
Lt. Gen. Joseph H. Moore.
Brig. Gen. Leon A. Moore, Jr., USAF, Ret.
Rear Adm. Moore Moore, Jr., USNR, Ret.
Rear Adm. Robert L. Moore, Jr., USN, Ret.
Rear Adm. William T. Moore, USNR, Ret.
Vice Adm. William J. Moran, USN, Ret.
Maj. Gen. James L. Moreland, USA, Ret.
Rear Adm. Henry S. Morgan, Jr.
Maj. Gen. Martin J. Morin, USA, Ret.
Brig. Gen. William F. Morr, USA, Ret.
Rear Adm. John H. Morrill, USN, Ret.
Brig. Gen. Albert R. Morris, USA, Ret.
Brig. Gen. John H. Morrison, USA Ret.
Brig. Gen Manley G. Morrison, USA, Ret.
Brig. Gen. Richard I. Morton, USA, Ret.
Brig. Gen. Alvin J. Moser.
Read Adm. Charles W. Moses, USN, Ret.
Admiral William C. Mott, USN, Ret.
Read Adm. Horace D. Moulton, USNR, Ret.
Brig. Gen. Charles F. Mudgett, USA, Ret.
Maj. Gen. Dolf E. Muehleisen, USAF, Ret.
Brig. Gen. E. L. Mueller, USA, Ret.
General Richard Mulberry, Jr.
Maj. Gen. Hal L. Muldrow, USA, Ret.
Brig. Gen. Henry J. Muller, USA, Ret.
Lt. Gen. George W. Mundy, USAF, Ret.
Maj. Gen. George P. Munson, Jr., USA, Ret.
Rear Adm. John D. Murphy, USN, Ret.
Rear Adm. John W. Murphy, USN, Ret.
Brig. Gen. Robert F. Murphy, USA, Ret.
General S. A. Murphy.
Maj. Gen. James L. Murray.
Brig. Gen. Joseph Murray, Jr., USA, Ret.
Vice Adm. Lloyd M. Mustin.
Brig. Gen. Philip D. Myers, USA, Ret.
Maj. Gen. Warren E. Myers.
Rear Adm. Charles D. Nace, USN, Ret.
General Gus G. Nagy.
Brig. Gen. Ezekiel W. Napier, USAF, Ret.
Gen. Joseph J. Nazzaro, USAF, Ret.
Vice Adm. Ray C. Needham, USN, Ret.
Maj. Gen. Spurgeon H. Neel, USA, Ret.
Brig. Gen. Richard C. Neeley, USAF, Ret.
Brig. Gen. Carson R. Neifert, USA, Ret.
Maj. Gen. Douglas T. Nelson, USAF, Ret.
Brig. Gen. Roy W. Nelson, Jr., USAF, Ret.
Rear Adm. William T. Nelson, USN, Ret.
Rear Adm. J. H. Nevins, USN, Ret.
Brig. Gen. James P. Newberry, USAF, Ret.
Read Adm. Langdon C. Newman, USN, Ret.
Brig. Gen. Henry C. Newton, USA, Ret.
Maj. Gen. Franklin A. Nichols, USAF, Ret.
Rear Adm. Richard E. Nichols, USN, Ret.
Rear Adm. Charles A. Nicholson, USN, Ret.
Brig. Gen. Wallace H. Nickell, USA, Ret.
Lt. Gen. Herman Nickerson, Jr.
Rear Adm. Hugh R. Nieman, Jr., USN, Ret.
Rear Adm. Samuel Nixdorff, USN, Ret.
Admiral A. G. Noble, USN, Ret.
Rear Adm. Paul R. Norby, USNR, Ret.
Rear Adm. Robert H. Northwood, USN, Ret.
Brig. Gen. William P. Nuckols.
Brig. Gen. Bernard A. Nurre, USA, Ret.
Brig. Gen. Howard O'Connor.
Rear Adm. Michael G. O'Connor, USN, Ret.
Vice Adm. James W. O'Grady, USN, Ret.
Maj. Gen. Charles S. O'Malley, USA, Ret.
Rear Adm. John F. Oakley, USNR Ret.
Lt. Gen. Arthur W. Oberbeck, USA Ret.
Brig. Gen. Joseph C. Odell, USA, Ret.
Maj. Gen. T. C. Odom, USAF, Ret.
Brig. Gen. Russell G. Ogan, USAF, Ret.
Brig. Gen. Milton L. Ogden, USA, Ret.
Brig. Gen. William U. Ogletree, USA, Ret.
Maj. Gen. Nils O. Ohman, USAF, Ret.
Brig. Gen. Clay Olbon, USA, Ret.
Rear Adm. Richard M. Oliver, USN, Ret.
Rear Adm. William M. Oller, USN, Ret.
Rear Adm. Alfred C. Olney, Jr., USN, Ret.
Rear Adm. Carl B. Olson.
Brig. Gen. Gustaf P. Olson, USA, Ret.
Vice Adm. Howard E. Orem, USN, Ret.
Rear Adm. William H. Organ, USN, Ret.
Rear Adm. David P. Osborne, USN, Ret.
Maj. Gen. Frank A. Osmanski.
General J. A. Ostroph.
Rear Adm. William W. Outerbridge, USN, Ret.
Brig. Gen. Edwin B. Owen, USA, Ret.
Rear Adm. Hinton A. Owens, USN, Ret.
Rear Adm. Norris W. Potter, USNR, Ret.
Rear Adm. Roger W. Paine, Jr., USN, Ret.
Maj. Gen. Ralph A. Palladino, USA, Ret.
Rear Adm. Charles J. Palmer, USN, Ret.
Rear Adm. George G. Palmer, USN, Ret.
Brig. Gen. George A. Pappas, Jr.
Rear Adm. Charles W. Parker, USN, Ret.
Vice Adm. Edward N. Parker, USN, Ret.
Maj. Gen. Hugh A. Parker, USAF, Ret.
Admiral George A. Parkinson, USNR, Ret.
General Harlan C. Parks, USAF, Ret.
Rear Adm. Joel D. Parks, USN, Ret.
Brig. Gen. Frank J. Parrish.
Brig. Gen. Benton K. Partin.
Maj. Gen. William A. Patch, USA, Ret.
Rear Adm. Goldsborough S. Patrick, USN, Ret.
Rear Adm. Stanley F. Patten, USN, Ret.
Rear Adm. Alex M. Patterson, USN, Ret.
Rear Adm. Richard O. Patterson, USNR, Ret.
Brig. Gen. H. C. Pattison, USA, Ret.
Brig. Gen. Leonard E. Pauley, USA, Ret.
Rear Adm. Albert G. Paulsen.
Admiral Charles N. Payne, USN, Ret.
Maj. Gen. D. J. Peacher.

Rear Adm. Rufus J. Pearson, USN, Ret.
Rear Adm. Theodore E. Pearson, USNR, Ret.
Lt. Gen. Willard Pearson, USA, Ret.
Rear Adm. Edwin R. Peck, USN, Ret.
Rear Adm. Oscar Pederson, USN, Ret.
Brig. Gen. Byron E. Peebles, USA, Ret.
Lt. Gen. Howard W. Penney, USA, Ret.
Brig. Gen. Donald G. Penterman, USA, Ret.
Rear Adm. Louis W. Perkins.
Brig. Gen. Howard P. Persons, USA, Ret.
Brig. Gen. Roy W. Peters, USA, Ret.
Rear Adm. George E. Peterson, USN, Ret.
Rear Adm. Richard W. Peterson, USN, Ret.
Brig. Gen. Frank I. Pethick, Jr., USAF, Ret.
Maj. Gen. Robert L. Petit, USAF, Ret.
Brig. Gen. Rogert E. Phelan, USAF, Ret.
Brig. Gen. Tobias R. Philbin, Jr., USA, Ret.
Rear Adm. Chester G. Phillips, USN, Ret.
Brig. Gen. Eugene Phillips.
Lt. Gen. Jammie M. Philpott, USAF, Ret.
Rear Adm. Ben B. Pickett, USN, Ret.
Maj. Gen. Joseph E. Pieklik, USA, Ret.
General Arthur J. Pierce, USAF, Ret.
Maj. Gen. Russell K. Pierce, USAF, Ret.
Brig. Gen. Gladwyn E. Pinkston, USAF, Ret.
Maj. Gen. Ernest A. Pinson, USAF, Ret.
Vice Adm. Robert B. Pirie, USN, Ret.
Brig. Gen. Eli P. Plaskow.
Rear Adm. William G. Pogue, USN, Ret.
Brig. Gen. Boleslaw H. Pokigo, USA, Ret.
Rear Adm. David P. Polatty, USN, Ret.
Brig. Gen. Douglas C. Polhamus, USAF, Ret.
Brig. Gen. Jack P. Pollock, USA, Ret.
Rear Adm. Joseph G. Pomeroy, USN, Ret.
Brig. Gen. Mackenzie E. Porter, USN, Ret.
Rear Adm. Robert L. Porter, USN, Ret.
General Robert W. Porter, Jr., USA, Ret.
Maj. Gen. Alton G. Post, USA, Ret.
Rear Adm. William S. Post, Jr., USN, Ret.
Brig. Gen. Edwin L. Powell, USA, Ret.
Maj. Gen. Kenneth R. Powell, USAF, Ret.
Maj. Gen. George T. Powers, III, USA, Ret.
Rear Adm. Richard R. Pratt, USN, Ret.
Rear Adm. Arthur W. Price, Jr., USN, Ret.
Admiral Frank H. Price, Jr., USN, Ret.
Brig. Gen. Oran O. Price, USAF, Ret.
Maj. Gen. Fay B. Prickett, USA, Ret.
Admiral Alfred M. Pride, USN, Ret.
Maj. Gen. George S. Prugh, USA, Ret.
Rear Adm. William M. Pugh, II, USN, Ret.
Rear Adm. Harold F. Pullen, USN, Ret.
Brig. Gen. George S. Purple.
Rear Adm. Ira D. Putnam, USNR, Ret.
Rear Adm. Frank E. Raab, Jr., USNR, Ret.
Rear Adm. William H. Rafferty, USN, Ret.
Vice Adm. Lawson P. Ramage, USN, Ret.
Vice Adm. Paul H. Ramsey, USN, Ret.
Admiral John E. M. Ranneft.
Maj. Gen. Henry A. Rasmussen, USA, Ret.
Rear Adm. William T. Rassieur, USN, Ret.
Rear Adm. Clemens V. Rault, USN, Ret.
General Edwin W. Rawlings, USAF, Ret.
Rear Adm. Ralph W. Rawson, USNR, Ret.
Rear Adm. Clarence C. Ray, USN, Ret.
Rear Adm. Herman L. Ray, USN, Ret.
Brig. Gen. Joseph G. Rebman, USA, Ret.
Vice Adm. E. F. Rectanus, USN, Ret.
Maj. Gen. William H. Reddell, USAF, Ret.
Maj. Gen. William N. Redling, USA, Ret.
Brig. Gen. Albert Redman, Jr., USA, Ret.
Rear Adm. Allan L. Reed, USN, Ret.
Brig. Gen. Michael J. Reichel, USA, Ret.
Rear. Adm. Leslie L. Reid, USNR, Ret.
Rear Adm. George H. Reifenstein, USNR, Ret.
Brig. Gen. Stewart E. Reimel, USA, Ret.
Maj. Gen. Richard D. Reinhold, USAF, Ret.
Brig. Gen. Henry J. Reis-El Bara.
Rear Adm. Harry L. Reiter, Jr., USN, Ret.
Brig. Gen. Ivan A. Reitz.
Rear Adm. Edward E. Renfro, USN, Ret.
Maj. Gen. Thomas F. Rew, USAF, Ret.
Brig. Gen. Vorley M. Rexroad, USAF, Ret.
Brig. Gen. Emmett R. Reynolds, USA, Ret.
Brig. Gen. George E. Reynolds, USAF, Ret.
Rear Adm. James R. Z. Reynolds, USN, Ret.
Brig. Gen. William E. Reynolds, USA, Ret.
Rear Adm. Lester K. Rice, USN, Ret.
Rear Adm. Joseph E. Rice, USN, Ret.
Vice Adm. Robert H. Rice, USN, Ret.
Brig. Gen. Clyde K. Rich, USAF, Ret.
Maj. Gen. George J. Richards, USA, Ret.
Rear Adm. Alvin F. Richardson, USN, Ret.
Rear Adm. Clifford G. Richardson, USN, Ret.
Brig. Gen. Hugh A. Richeson, USA, Ret.
Rear Adm. James B. Ricketts, USN, Ret.
Rear Adm. Herman P. Riebe, USN, Ret.
Rear Adm. Charles E. Rieben, USNR, Ret.
Rear Adm. Robert E. Riera, USN, Ret.
Rear Adm. Cecil D. Riggs, USN, Ret.
Rear Adm. Whitaker F. Riggs, USN, Ret.
General D. E. Riley, USAF, Ret.
Brig. Gen. Richard A. Risden, USA, Ret.
Lt. Gen. James P. Riseley.
Brig. Gen. Robinson Risner, USAF, Ret.
Maj. Gen. Osmond J. Ritland, USAF, Ret.
Rear Adm. B. A. Robbins.
Lt. Gen. Jay T. Robbins, USAF, Ret.
Rear Adm. Joe A. Robbins, USN Ret.
Rear Adm. Levi J. Roberts, USNR, Ret.
Rear Adm. Armand J. Robertson, USN, Ret.
Maj. Gen. Pearl H. Robey, USAF, Ret.
Maj. Gen. Ray A. Robinson, USAF, Ret.
Rear Adm. Allan B. Roby, USN, Ret.
Maj. Gen. Harry J. Rockafeller, USAR, Ret.
Rear Adm. Walter F. Rodee, USN, Ret.
Maj. Gen. Jermain F. Rodenhauser, USAF, Ret.
Brig. Gen. Rafael Rodriguez-Ema, USA, Ret.
Brig. Gen. Frederick C. Roecker, USA, Ret.
Brig. Gen. Andrew W. Rogers, USA, Ret.
Brig. Gen. Jack A. Rogers, USA, ret.
Brig. Gen. Kenwood B. Rohrer.
Maj. Gen. Andrew P. Rollins, USA, Ret.
Brig. Gen. Michael R. Roman, USA, Ret.
Rear Adm. William K. Romoser, USN, Ret.
Rear Adm. David L. Roscoe, Jr., USN, Ret.
Brig. Gen. John M. Rose, Jr., USAF, Ret.
Rear Adm. Philip H. Ross, USN, Ret.
Rear Adm. Richard M. Ross.
Rear Adm. Henry J. Rotridge, USN, Ret.
Brig. Gen. John A. Rouse, USAF, Ret.
Brig. Gen. Charles H. Royce, USA, Ret.
Rear Adm. Edward A. Ruckner, USNR, Ret.
Rear Adm. Thomas J. Rudden, USN, Ret.
Vice Adm. Theodore D. Ruddock, USN, Ret.
Maj. Gen. Paul E. Ruestow, USAF, Ret.
Gen. Clark L. Ruffner, USA, Ret.
Maj. Gen. George Ruhlen, USA, Ret.
Maj. Gen. Louis J. Rumaggi, USA, Ret.
Brig. Gen. Richard G. Rumney, USAF, Ret.
Rear Adm. Joseph W. Russel, USN, Ret.
Rear Adm. Michael P. Russillo, USN, Ret.
Brig. Gen. Clifford G. Ryan.
Maj. Gen. Charles W. Ryder, USA, Ret.
Brig. Gen. Edward A. Sahli.
Maj. Gen. Charles E. Saltzman, USA, Ret.
Rear Adm. James G. Sampson, USN, Ret.
Brig. Gen. Crawford F. Sams, USA, Ret.
Maj. Gen. Kenneth, O. Sanborn, USAF, Ret.
Rear Adm. E. R. Sanders, USN, Ret.
Vice Adm. Harry Sanders, USN, Ret.
Maj. Gen. Homer L. Sanders, USAF, Ret.
Rear Adm. Ira T. Sanders, USN, Ret.
Brig. Gen. Leo A. Santini, USA, Ret.
Maj. Gen. Edward W. Sawyer, USA, Ret.
Rear Adm. Valentine H. Schaeffer, USN, Ret.
Lt. Gen. George E. Schafer.
Brig. Gen. Evan W. Schear, USAF, Ret.
Brig. Gen. Harold G. Scheie, USA, Ret.
Rear Adm. Otto A. Scherini, USN, Ret.
Maj. Gen. Edward C. D. Scherrer, USA, Ret.
Rear Adm. John J. Schieffelin, USNR, Ret.
Rear Adm. Walter F. Schlech, USN, Ret.
Maj. Gen. Howard F. Schlitz, USA, Ret.
Rear Adm. John W. Schmidt, USN, Ret.
Rear Adm. Raymond J. Schneider, USN, Ret.
Vice Adm. William A. Schoech, USN, Ret.
Rear Adm. Herbert E. Schonland, USN, Ret.
Maj. Gen. Robert A. Schow, USA, Ret.
Brig. Gen. Ned Schramm, USAF, Ret.
Rear Adm. Floyd B. Schultz, USN, Ret.
Brig. Gen. Carl F. Schupp, II.
Brig. Gen. Francis F. Schweinler, USA, Ret.
Rear Adm. Albert B. Scoles, USN, Ret.
Brig. Gen. Tom W. Scott, USAF, Ret.
Rear Adm. Eugene T. Seaward, USN, Ret.
Brig. Gen. Wiltz P. Segura.
Rear Adm. F. Gordon Selby, USN, Ret.
Maj. Gen. Moise B. Seligman.
Vice Adm. Benedict J. Semmes, USNR, Ret.
Maj. Gen. John W. Sessums, Jr., USAF, Ret.
Rear Adm. Paul E. Seufer, USN, Ret.
Maj. Gen. W. T. Sexton, USA, Ret.
Rear Adm. John N. Shaffer, USN, Ret.
Rear Adm. Leland G. Shaffer, USN, Ret.
Rear Adm. Louis D. Sharp, Jr., USN, Ret.
Rear Adm. Raymond N. Sharp, USN, Ret.
Brig. Gen. William J. Sharrow.
Rear Adm. Charles W. Shattuck, USNR, Ret.
Brig. Gen. Samuel R. Shaw.
Brig. Gen. William L. Shaw.
William H. Shawcross.
Rear Adm. Maurice W. Shea, USN, Ret.
Brig. Gen. William F. Sheehan, USA, Ret.
General Ralph A. Sheldrick.
General Lemuel C. Shepherd.
Brig. Gen. Paul D. Sherman.
Lt. Gen. James C. Sherrill, USAF, Ret.
Rear Adm. Stephen Sherwood, USN, Ret.
Vice Adm. Ralph L. Shifley, USN, Ret.
Maj. Gen. Clarence B. Shimer, USA, Ret.
Maj. Gen. John G. Shinkle, USA, Ret.
Vice Adm. Allen M. Shinn, USN, Ret.
Rear Adm. James M. Shoemaker.
Lt. Gen. Raymond L. Shoemaker.
Vice Adm. Wallace B. Short, USN, Ret.
Maj. Gen. Anthony T. Shtogren, USAF, Ret.
Brig. Gen. Roland P. Shugg, USA, Ret.
Maj. Gen. William R. Shuler, USA, Ret.
Brig. Gen. Edwin L. Shull, USA, Ret.
Rear Adm. Burton H. Shupper, USN, Ret.
Brig. Gen. Thomas N. Sibley, USA, Ret.
Rear Adm. William B. Sieglaff, USN, Ret.
Maj. Gen. Norman D. Sillin, USAF, Ret.
Rear Adm. Rupert M. Simmerli, USN, Ret.
Brig. Gen. Robert H. Simmert, USA, Ret.
Maj. Gen. Cecil L. Simmons, USA, Ret.
Maj. Gen. Henry Simon, USAF, Ret.
Rear Adm. Maurice E. Simpson, USN, Ret.
General William H. Simpson.
Maj. Gen. John F. Sims.
Brig. Gen. Turner A. Sims, USAF, Ret.
Maj. Gen. John K. Singlaub, USA, Ret.
Brig. Gen. William K. Skaer, USAF, Ret.
Brig. Gen. Robert B. Skinner, USA, Ret.
Brig. Gen. Lecount H. Slocum, USA, Ret.
Rear Adm. Morris Smellow, USN, Ret.
Rear Adm. Curtis S. Smiley, USN, Ret.
Rear Adm. Allen Smith, Jr., USN, Ret.
Rear Adm. Bertram D. Smith, USN, Ret.
Brig. Gen. C. Coburn Smith, USA, Ret.
Rear Adm. Charles H. Smith, USN, Ret.
Maj. Gen. Donald J. Smith.
General Frederic H. Smith, USAF, Ret.
Maj. Gen. George F. Smith, USAF, Ret.
Admiral Harold P. Smith, USN, Ret.
Rear Adm. Hugh R. Smith.
Brig. Gen. James M. Smith.
Brig. Gen. L. W. Smith.
Brig. Gen. Lynn D. Smith, USA, Ret.
Brig. Gen. Paul E. Smith, USA, Ret.
Rear Adm. Spencer R. Smith, USN, Ret.
Rear Adm. Stuart H. Smith, USN, Ret.
Brig. Gen. Wilbur A. Smith, USAF, Ret.
Maj. Gen. William T. Smith, USAF, Ret.
Brig. Gen. Willard W. Smith, USAF, Ret.
Brig. Gen. Ralph A. Snavely, USAF, Ret.
Rear Adm. William O. Snead, USN, Ret.
Vice Adm. Edwin K. Snyder.
Maj. Gen. Oscar P. Snyder, USA, Ret.
Maj. Gen. Maxwell C. Snyder, USA, Ret.
Rear Adm. Albin R. Sodergren, USN, Ret.
Brig. Gen. Leo E. Soucek, USA, Ret.
Brig. Gen. Richard B. Spear.
Brig. Gen. Max H. Specht, USA, Ret.
General John F. Speer.
Brig. Gen. William Spence, USA, Ret.
Brig. Gen. Donald O. Spoon, USA, Ret.
General R. I. Stack.
Brig. Gen. John E. Stannard, USA, Ret.
Brig. Gen. George R. Stanley, USAF, Ret.
Brig. Gen. Conrad L. Stansberry, USA, Ret.

Maj. Gen. Allen T. Stanwix-Hay, USA, Ret.
Brig. Gen. James B. Stapleton, USA, Ret.
Rear Adm. Merlin H. Staring, USN, Ret.
General Albert B. Starr.
Maj. Gen. Maxwell W. Steel, USAF, Ret.
Vice Adm. George P. Steele, II, USN, Ret.
Maj. Gen. Wycliffe E. Steele, USAF, Ret.
Brig. Gen. Floyd W. Stewart, USA, Ret.
Brig. Gen. James L. Stewart, USAF, Ret.
Brig. Gen. LeRoy J. Stewart, USA, Ret.
Maj. Gen. Kenneth Stiles, USAF, Ret.
Brig. Gen. Alden E. Stilson, USA, Ret.
Rear Adm. James J. Stilwell, USN, Ret.
General Richard G. Stilwell, USA, Ret.
Brig. Gen. Lewis W. Stocking.
Vice Adm. Thomas H. Stokes, USN, Ret.
Brig. Gen. Jack W. Stone, USAF, Ret.
Rear Adm. Frank B. Stone, USN, Ret.
Rear Adm. Leslie O. Stone, USN, Ret.
Rear Adm. Martin R. Stone, USN, Ret.
Rear Adm. Aaron P. Storrs, USN, Ret.
Rear Adm. Charles L. Strain, USN, Ret.
Maj. Gen. Leland S. Stranathan, USAF, Ret.
Rear Adm. William W. Strange, USNR, Ret.
Rear Adm. Elliott B. Strauss, USN, Reti.
Brig. Gen. Eugene L. Strickland, USAF, Ret.
Maj. Gen. Robert W. Strong, USAF, Ret.
Rear Adm. William A. Stuart, USN, Ret.
Brig. Gen. Coulter R. Sublett, USA, Ret.
Rear Adm. Henry Suerstedt, USN, Ret.
Maj. Gen. Henry R. Sullivan, USAF, Ret.
Brig. Gen. Jordan B. Sullivan, USA, Ret.
Rear Adm. William A. Sullivan, USN, Ret.
William F. Summerell.
Rear Adm. Paul E. Summers, USN, Ret.
Lt. Gen. Alexander D. Surles, USA, Ret.
Brig. Gen. Frederick J. Sutterline, USAF Ret.
Rear Adm. Frank C. Sutton, USN, Ret.
Rear Adm. Daniel J. Sweeney, USN, Ret.
Rear Adm. William E. Sweeney, USN, Ret.
Rear Adm. Douglas M. Swift, USN, Ret.
Brig. Gen. Charles A. Symroski, USA, Ret.
Brig. Gen. Alden P. Taber, USA, Ret.
Maj. Gen. Avelin P. Tacon, USAF, Ret.
Lt. Gen. C. M. Talbott, USAF, Ret.
Brig. Gen. Benjamin B. Talley, USA, Ret.
Vice Adm. George C. Talley, USN, Ret.
Maj. Gen. Lawrence F. Tanberg, USAF, Ret.
Brig. Gen. Robert M. Tarbox, USA, Ret.
Rear Adm. Raymond D. Tarbuck, USN, Ret.
Maj. Gen. Thomas M. Tarpley, USA, Ret.
Brig. Gen. August F. Taute, USAF, Ret.
Rear Adm Edwin A. Taylor, USN, Ret.
Maj. Gen. Edwin B. Tayolr.
Rear Adm. Ford N. Taylor, USN, Ret.
Rear Adm. Joseph I. Taylor, Ret.
Maj. Gen. Leonard B. Taylor, USA, Ret.
Maj. Gen. Robert Taylor, III, USAF, Ret.
Maj. Gen. William A. Temple, USAF, Ret.
Brig. Gen. Joseph N. Tenhet, Jr., USA, Ret.
Maj. Gen. Frederick R. Terrell, USAF, Ret.
Maj. Gen. Roy M. Terry, USAF, Ret.
Maj. Gen. Harold C. Teubner, USAF, Ret.
Lt. Gen. Herbert B. Thatcher, USAF, Ret.
Maj. Gen. Thoralf T. Thielen.
Maj. Gen. Arthur Thomas USAF, Ret.
Rear Adm. Lloyd H. Thomas, USN, Ret.
Maj. Gen. Charles S. Thompson, USAF, Ret.
Brig. Gen. James H. Thompson, USAF, Ret.
Rear Adm. Mark R. Thompson, USNR, Ret.
Brig. Gen. Roy E. Thompson, USA, Ret.
Rear Adm. Walter G. Thomson, USNR, Ret.
Brig. Gen. Wallace O. Thompson.
Rear Adm. William Thompson, USN, Ret.
Maj. Gen. John F. Thorlin, USA, Ret.
Brig. Gen. Harrison R. Thyng, USAF, Ret.
Brig. Gen. Paul W. Tibbets, USAF, Ret.
Rear Adm. Murray J. Tichenor, USN, Ret.
Vice Adm. Emmett H. Tidd, USN, Ret.
Rear Adm. Carl Tiedeman, USN, Ret.
Maj. Gen. Thomas S. Timberman, USA, Ret.
Maj. Gen. James B. Tipton, USAF, Ret.
Brig. Gen. Benton C. Tolley.
Rear Adm. Kemp Tolley, USN, Ret.
Rear Adm. Rutledge B. Tompkins, USN, Ret.
Brig. Gen. William A. Tope, USAF, Ret.
Rear Adm. Harold W. Torgerson, USNR, Ret.
Brig. Gen. John D. Torrey, Jr., USA, Ret.
General Salvador Torros.
Vice Adm. George C. Towner, USN, Ret.
Rear Adm. Charles O. Triebel, USN, Ret.
Brig. Gen. Thomas K. Tripp, USA, Ret.
Maj. Gen. George W. Trousdale, USA, Ret.
Maj. Gen. Orlando C. Troxel, USA, Ret.
Rear Adm. Herman J. Trum, III, USN, Ret.
Rear Adm. Richard B. Tuggle, USN, Ret.
Maj. Gen. Benjamin O. Turnage, Jr., USA, Ret.
Maj. Gen. Carl C. Turner, USA, Ret.
Brig. Gen. Joseph W. Turner, USAF, Ret.
Brig. Gen. Hiram L. Tuttle.
General Nathan F. Twining, USAF, Ret.
Maj. Gen. Harold H. Twitchell, USAF, Ret.
Maj. Gen. Achilles L. Tynes, USA, Ret.
Lt. Gen. Edward H. Underhill, USAF, Ret.
Maj. Gen. Edgar H. Underwood, USAF, Ret.
Lt. Gen. F. T. Unger, USA, Ret.
Rear Adm. Clarence Unnevehr, USNR, Ret.
Maj. Gen. Fay R. Upthegrove, USAF, Ret.
Brig. Gen. Lee N. Utz.
Lloyd W. Van Antwerp.
Rear Adm. Clyde J. Van Arsdall, USN, Ret.
Maj. Gen. Lawrence E. Van Buskirk, USA, Ret.
Brig. Gen. William M. Van Harlingen, USA, Ret.
Rear Adm. Blinn Van Mater, USN, Ret.
Rear Adm. Thaddeus J. Van Metre, USN, Ret.
Brig. Gen. Harry Van Wyk, USA, Ret.
Rear Adm. James E. Van Zandt, USNR, Ret.
Rear Adm. Roland B. Vanasse, USN, Ret.
Brig. Gen. Daniel Vance, Jr.
Rear Adm. George Vandeurs, USN, Ret.
Maj. Gen. Walter M. Vann, USA, Ret.
Vice Adm. Frank W. Vannoy, USN, Ret.
Rear Adm. K. L. Veth, USN, Ret.
Brig. Gen. Fred W. Vetter, Jr., USAF, Ret.
Brig. Gen. Felix L. Vidal, USAF, Ret.
Rear Adm. Warren C. Vincent, USNR, Ret.
Admiral Quentell Violett, USNR, Ret.
Maj. Gen. Norman H. Vissering, USA, Ret.
Maj. Gen. Edward H. Vogel, USA, Ret.
Rear Adm. Ernest S. Von Kleeck, USN, Ret.
Rear Adm. Curtis F. Vossler, USN, Ret.
Rear Adm. John R. Wadleigh, USN, Ret.
Rear Adm. Ruben E. Wagstaff, USN, Ret.
Rear Adm. Charles L. Waite, USN, Ret.
Maj. Gen. Alden H. Waitt, USA, Ret.
Rear Adm. George H. Wales, USN, Ret.
Rear Adm. Edward K. Walker, USN, Ret.
Vice Adm. Thomas J. Walker, USN, Ret.
Brig. Gen. Henry T. Waller.
Rear Adm. Harry N. Wallin, USN, Ret.
Rear Adm. Harvey T. Walsh, USN, Ret.
Maj. Gen. Louis A. Walsh, Jr., USA Ret.
Rear Adm. Wilfred A. Walter, USN, Ret.
Brig. Gen. Ernest K. Warburton, USAF, Ret.
Rear Adm. Norvell G. Ward, USN, Ret.
Maj. Gen. Robert W. Ward, USA, Ret.
Brig. Gen. Herbert O. Wardell, USA, Ret.
Brig. Gen. Daniel H. Wardrop, USA, Ret.
Rear Adm. Thomas G. Warfield, USN, Ret.
Brig. Gen. Aln D. Warnock, USA, Ret.
Maj. Gen. Henry L. Warren, USAF, Ret.
Rear Adm. Hugh Warren, USNR, Ret.
Rear Adm. Jacob W. Waterhouse, USN, Ret.
Rear Adm. John R. Waterman, USN, Ret.
Rear Adm. Odale D. Waters, Jr., USN, Ret.
Brig. Gen. William W. Watkin, USA, Ret.
Maj. Gen. James H. Watkins, USAF, Ret.
Big. Gen. Tarleton H. Watkins, USAF, Ret.
Lt. Gen. Albert Watson, II, USA, Ret.
Rear Adm. Carl E. Watson, USNR, Ret.
Maj. Gen. Harold E. Watson, USAF, Ret.
Brig. Gen. Paul C. Watson, USAF, Ret.
Rear Adm. George A. Weaver, USNR, Ret.
Brig. Gen. Wilburn C. Weaver, USA, Ret.
Brig. Gen. John H. Weber, USA, Ret.
Rear Adm. David A. Webster, USN, Ret.
Brig. Gen. George B. Webster, USA, Ret.
Rear Adm. Charles S. Weeks, USN, Ret.
Rear Adm. John F. Wegforth, USN, Ret.
Brig. Gen. Harold F. Weidner.
Brig. Gen. Walter D. Weikel, AUS, Ret.
Major Gen. Frank D. Weir.
Rear Adm. Robert O. Welander, USN, Ret.
Brig. Gen. Seth L. Weld, Jr., USA, Ret.
Vice Adm. Charles Wellborn, USN, Ret.
Rear Adm. Joseph A. Wellings, USN, Ret.
Rear Adm. Benjamin O. Wells, USN, Ret.
Rear Adm. David J. Welsh, USN, Ret.
Brig. Gen. Walton K. Weltmer.
Maj. Gen. Donald L. Werbeck, USAF, Ret.
Brig. Gen. Holden C. West.
Brig. Gen. Leslie J. Westberg, USAF, Ret.
Brig. Gen. Edward W. Westlake.
Maj. Gen. James H. Weyhenmeyer, USA, Ret.
Brig. Gen. William J. Whelan, USA, Ret.
Rear Adm. David L. Whelchel, USN, Ret.
Brig. Gen. Sherburne Whipple, Jr., USA, Ret.
Brig. Gen. Richard S. Whitcomb, USA, Ret.
Brig. Gen. Roger E. Whitcomb, USA, Ret.
Brig. Gen. Charles F. White, USA, Ret.
Brig. Gen. Charles H. White, USA, Ret.
Rear Adm. Donald M. White, USN, Ret.
Maj. Gen. John W. White, USAF, Ret.
Rear Adm. Marshall W. White, USN, Ret.
Rear Adm. Scott Whitehouse, USNR, Ret.
Maj. Gen. Otis M. Whitney, USA, Ret.
Brig. Gen. Howard R. Whittaker, USA, Ret.
Rear Adm. Carlos W. Wieber, USN, Ret.
Brig. Gen. Geoffrey P. Wiedeman, USAF, Ret.
Vice Adm. Charles W. Wilkins, USN, Ret.
Maj. Gen. John H. Wilkins, USAF, Ret.
Maj. Gen. Collin P. Williams.
Maj. Gen. Gorge V. Williams, USA, Ret.
Rear Adm. James W. Williams, USN, Ret.
Rear Adm. Macpherson B. Williams, USN, Ret.
Rear Adm. Richard C. Williams, USN, Ret.
Rear Adm. Roy D. Williams, USN, Ret.
Rear Adm. Delbert F. Williamson, USN, Ret.
Rear Adm. Francis T. Williamson, USN, Ret.
Rear Adm. John H. Willis, USN, Ret.
Maj. Gen. Delmar E. Wilson, USAF, Ret.
Rear Adm. Edwin Mark Wilson, USN, Ret.
Brig. Gen. George H. Wilson, USAF, Ret.
Brig. Gen. James A. Wilson.
Maj. Gen. Thomas N. Wilson, USAF, Ret.
Brig. Gen. William R. Wilson.
Vice Adm. L. J. Wiltse, USN, Ret.
Maj. Gen. Loren G. Windom, USA, Ret.
Rear Adm. Walter C. Winn, USN, Ret.
Brig. Gen. Jowell C. Wise, USAF, Ret.
Rear Adm. Narvin O. Wittman, USN, Ret.
Lt. Gen. Thomas Wolfe.
Brig. Gen. Frank P. Wood, USAF, Ret.
Rear Adm. Hunter Wood, Jr., USN, Ret.
Rear Adm. Lester O. Wood, USN, Ret.
Rear Adm. Robert R. Wooding, USN, Ret.
Brig. Gen. William R. Woodward, USA, Ret.
Rear Adm. Edward L. Woodyard, USN, Ret.
Brig. Gen. Francis A. Woolfley, USA, Ret.
Rear Adm. Joseph M. Worthington, USN, Ret.
Maj. Gen. Stanley T. Wray, USAF, Ret.
Maj. Gen. Edwin K. Wright, USA, Ret.
Rear Adm. Thomas K. Wright, USN, Ret.
Rear Adm. Henry J. Wuensch.
Rear Adm. Don W. Wulzen, USN, Ret.
Maj. Gen. Ira T. Wyche, USA, Ret.
Rear Adm. Evan W. Yancey, USN, Ret.
Rear Adm. Earl P. Yates, USN, Ret.
Brig. Gen. Charles E. Yeager, USAF, Ret.
Brig. Gen. George H. Yeager, USAF, Ret.
Brig. Gen. Emmett F. Yost, USAF, Ret.
Brig. Gen. Charles M. Young, Jr., USA, Ret.
Admiral Edwin J. S. Young, USN, Ret.
Brig. Gen. George H. Young, USA, Ret.
Brig. Gen. Mason J. Young, USA, Ret.
Maj. Gen. Carl A. Youngdale.
Brig. Gen. Ninian L. Yuille, USA, Ret.
Rear Adm. William T. Zink, Jr., USN, Ret.
Brig. Gen. Kenneth F. Zitzman, USA, Ret.
Brig. Gen. Virgil L. Zoller, USAF, Ret.
Admiral Elmo R. Zumwalt, Jr., USN, Ret.
Brig. Gen. Edwin A. Zundel, USA, Ret.

TESTIMONY OF LT. GEN. DANIEL O. GRAHAM

I wish to thank the Committee for this opportunity to testify with regard to this critically important SALT II Treaty.

The importance of the debate over SALT lies in the nature of the fundamental U.S. foreign and defense commitments which ratification will represent.

As several distinguished Senators and statesmen have said before me, SALT II must not be considered as simply a treaty to be accepted or rejected on the basis of its effect on one aspect of the U.S.-Soviet military balance—SALT II is the lynchpin of current U.S. foreign and defense policy—as President Carter has said "the centerpiece". Ratification of SALT II represents an endorsement of at least seven more years of policy based upon the assumptions of the mid-1960's:

The Soviet retreat from Cuba represented the end of the Cold War with the West the victor;

That the Soviets had preforce became a status quo nation not likely to be adventuresome in the rest of the world;

That the Soviets had no real option but accept the U.S. doctrine of Mutual Assured Destruction;

That the Soviets were pouring resources into military strategic nuclear forces because of fear of the U.S. and an understandable desire to catch up.

Non-ratification of SALT II will represent a rejection of policy based on those assumptions.

The question is certainly not one of determining that level of increased U.S. military spending necessary to convince defense-minded Americans that SALT II can be safely ratified. And I deeply regret that a debate which demands examination of national strategy should dissolve into a contest of over percentage points in the Defense budget.

Clearly the fallacies of the assumptions underlying that entire gamut of policies of which SALT is but one feature—detente, disarmament, and trusting the Soviets—have been clearly demonstrated since the ratification of SALT I. Soviet behavior has not reflected the death of ideology and adoption of status quo policy. Quite the contrary, Soviet adventurousness and aggressiveness has steadily and ominously increased as they drew even with and surpassed U.S. military strength. I need not recite the litany of their behavioral patterns. Suffice it to say they are now bold enough to threaten the Senate of the United States if it dares to amend the lop-sided provisions of SALT II. And they are in the process of reconstructing the Soviet military establishment in Cuba which we once had the will and the capability to prevent. I remind you, that a similar Soviet combat unit was in Cuba in 1962 and most of us in intelligence considered its prime mission to be securing Soviet positive control of the nuclear weapons for their delivery systems—a job not to be entrusted to Cuban units.

The Soviets have proved to all who are willing to look the evidence in the face, that they are determined to achieve a nuclear war-winning capability over the United States and have used the SALT process as a means to attain it.

At the root of U.S. foreign and defense policy lies the concept of Mutual Assured Destruction—MAD, the most apt acronym ever to come out of government. It was the brainchild of the McNamara regime at the Pentagon and the epitome of the cost-effectiveness approach to military matters. I have written a book about this and Senator Humphrey has sent you each a copy, but let me give you the gist of the concept today. The Mutual Assured Destruction doctrine holds that strategic nuclear stability can be attained and maintained if both sides reject the notion that nuclear weapons can be used in the traditional military function of fighting the opponents' military power. Instead, both sides should agree to aim their weapons at people and their cities. Neither side should defend its populations or cities. Thus each side's people would be hostage to the other side's destructive nuclear weapons. If both sides agree to this, then each side would require only a limited number of weapons capable of mass slaughter which number can be worked out between the two sides by agreement—that is by SALT.

This would, of course, save both sides a great deal of money since all that would be required would be about a thousand missiles; perhaps fewer. Further both sides could save all the costs of active and civil defense since such defenses ran counter to the MAD doctrine. This was nuclear stability on the cheap—the acme of cost-effectiveness.

The MAD concept can be understood more easily in microcosm. It is as if a man threatened by an adversary with a gun, aimed his own weapon not at his opponent but at his opponent's wife and children, so as to create a stability of terror and save money on getting better weapons. Of course, the adversary would be asked to cooperate by not doing anything to defend his wife and children.

The Soviets rejected this concept from the beginning calling it bourgeois naivete. They have insisted that nuclear weapons have not changed the nature of warfare and that they would achieve a war-fighting, war-winning capability. Their contempt for Mutual Assured Destruction was shrugged off in the mid 60's and early 70's as mere rhetoric, but the enormous investment of the Soviets in first strike offensive forces, and in active and civil defenses made it clear several years ago that they have backed their war-winning doctrine with enormous expenditures of resources. We have refused too long to recognize the reality of Soviet rejection of assured destruction and the SALT II Treaty is based squarely on the false assumption that MAD is real.

We have negotiated with the Soviets on arms control and negotiated among ourselves on U.S. military programs on the basis of Mutual Assured Destruction. The great irony is that the U.S. military has all along rejected MAD as not only a bankrupt military policy but a morally reprehensible one running contrary to the military ethic. In the last three months, the U.S. Senate has evoked startling evidence of the rupture between military men and their civilian masters who still cling to the MAD Doctrine. On July 9 this year Secretary of Defense, Harold Brown described "assured destruction" as the "bedrock" of our strategic policies On 16 July, General David Janes, Chairman JCS, in answer to a question by Senator Tower described MAD as an extremely dangerous doctrine that the military have tried to ignore in forgetting.

The sad fact is that the U.S. military, possessed of strategic weapons granted by their masters but ill-suited to any mission but city-busting still try to target military objectives or create skimpy rationales for city busting such as "Destroying military-related industry".

I urge the Senate to consider the consequences of ratifying a SALT II which permits and impels the Soviets to continue their thrust for war-winning strategic forces and permits and impels the United States to continue its unwarranted adherence to assured destruction theories. Ratification of SALT II will be a victory for those so addicted to a SALT process based on MAD that no inequities in the agreement will checkrein their enthusiasm for it. If this treaty passes the Senate with reservations about supporting U.S. military programs, the next objective of the winners will be to nullify the effects of such reservations. The newly energized MX-missile program will disappear with extension of the Protocol in 1981, if not earlier.

I will close this statement with a none-too-modest averral that I am expert in the field of intelligence and verification and would be honored to answer any questions you may have in that regard.

Thank you.

STATEMENT BY BRIG. GEN. DAVID W. WINN

The statement that I am about to make reflects my own opinion. It should be in no way attributed to my former 33-year association with the U.S. Air Force or to the Institute of American Relations which arranged for my appearance today.

I am grateful to be here and to be able to contribute my opinion to the SALT II debate.

My last job on active duty was Commander of the North American Air Defense Command Combat Operations Center, the NORAD Cheyenne Mountain Complex near Colorado Springs. With all source intelligence available, my command watched the Soviet Union each day around the clock. Our responsibilities were to provide the President and the National Command authorities warning and evaluation of any threat to North America. From that "window", Soviet capability was impressive.

For example, they outshot us 5 to 1 in space launches and 4 to 1 in missiles in 1977. We saw some events exceeding our own capabilities and technological expectations. Sometimes it took us too long even to know what we were seeing and sometimes we weren't sure we knew what we saw at all.

Our intelligence collection ability is good, but it doesn't support the conclusion that adequate technical verification of Soviet capabilities is possible. Yet my concern for the future doesn't stem from verification limitations I know exist. I am concerned about the basic premise of our strategic arms limitation negotiations. The lop-sided conception of SALT II treaty implications worries me far more than the prospect of ICBM's flying both ways over the Arctic.

I got out of the Air Force early because I could not find an arena in the service where positions, policies or concepts could be debated.

For example, I tried to raise issues against the decision eliminating ADCOM—the aerospace defense command. The decision didn't make sense from a military or management point of view. I objected to killing the only integrated homeland air defense command we possess. Nobody even answered the mail. All arguments were totally ignored from start to finish—not just mine. The ADCOM decision was steam-rollered from the very top.

Shredding out our only full time, dedicated heartland defense command contributes directly to the SALT II imbalance. The mission of a fully integrated command is now to be split four ways.

It was said that this would save $12 million a year. At the same time, we are in the process of eliminating all but a hand full of ground radars with combat capability—turning our air sovereignty over to the FAA with civilian radars and operators.

I asked a senior officer privately: "If the decision to kill ADCOM were yours to make, would you do it?" He said, "Yes." I shook my head and turned away. He then added, "Dave, you just don't know the pressure."

He's right—I don't know the pressure. And I don't understand the pressure for SALT II. Why do we insist on the treaty? The bottom line of the SALT II advocates is that we are better off with it than without it. I think the opposite is true. Take, for instance, the Backfire bomber problem.

B-52's are counted in SALT II, despite their age and the high threat under which they might have to fly, and the Soviet Backfires are not counted, despite our near-total inability even to detect them, much less destroy them.

Contrast that with the defense our aging B–52's and FB–111's would meet to reach a Soviet target. While we systematically reduced both our homeland interceptor aircraft and ground control radars, Russia has built and built and built.

The Soviets took the lesson of the Cuban crisis of 1962 very seriously. This lesson was simply that the power ratio at that time was wrong for them. The U.S. could defend herself. In the early 60's, it didn't matter where our interests were threatened. The numbers were wrong for them.

Now the numbers are different. You have to conclude that we haven't paid the price to maintain military parity. The reason that Russia arms is to become a force against which there is no defense. With SALT II, we see in action the belief that there is a disconnect between raw Soviet military power and their international behavior.

The SALT II issue is more than ballistic missiles, bombers and submarines. A lot of history and a few fundamentals are involved.

It's been over 6 years since I returned from Hanoi's Hoa Lo prison. During these 6 years, and especially during the last 30 months, a pattern in American dialogue has developed which is familiar to me. That pattern goes back to Hanoi.

When my parachute cracked open over North Vietnam, there was little doubt that my freedom was over.

The Hanoi prisoner had no choices. Pressure was total. Control was complete. There was no end short of yielding. For the prisoner, the inevitable result was inability to continue resistance. Now America is being challenged and we all have been conditioned, in some sense much like the prisoner in Hanoi.

Freedom throughout the world is being squeezed left. I wonder how many of us are aware and anxious about it.

The prisoner in Hanoi was left with nothing to link him to tradition, family or country. But the United States is not yet cut off from its traditional, historical and Constitutional strengths.

But the same inexorable pressures faced by the prisoner in solitary can be seen ahead for the American people. America's solitary confinement is our isolation from the premises on which SALT and other issues are being faced.

And the same temptations to cave in are working on free people in the same ways they did on the captive man in Hanoi. We are being pushed—and pushed very hard.

The basic question of the SALT II debate is: Do we have a choice in this matter? SALT II is an agreement which we will honor with those whose aim is destruction of our free choice.

Is Salt II ratification process the final argument that everything will come out OK if we simply trust those who say they understand these things? The American people, just as the Soviet citizen, may not understand the technicalities of "assured destruction" or even when it's about to occur. But every person understands that life without choice is the ultimate weakness.

This treaty lacks fundamental logic and ignores history. Its worse feature is that it is being sold on a "mother-knows-best" premise, when people ought to wonder whether mother knows what she's doing.

We don't have to do this, but the circle of decision grows smaller and smaller. We risk having fewer choices in deciding when wisdom needs the strength to say "no" in meeting its responsibilities.

In its recently published annual report, the International Institute for Strategic Studies in London warns the free world that the Soviet Union leaves the United States and its allies far behind in the military force, both strategic and conventional.

The new generation of missiles developed and deployed by the Soviet Union is more powerful than any of ours—none of which have been significantly improved since the 1960's. The Institute estimates that the Soviet Union is in the position of achieving a first-strike capability against the United States.

These conclusions of the prestigious London Institute, plainly stated, put the ratification of SALT II into a very dubious category.

During the course of 10 years of SALT negotiations, the trend emerged for the above-mentioned adverse changed in the overall U.S. security posture vis-a-vis that of the Soviet Union.

We still have a fundamental policy objective of "essential equivalence". Defense Secretary Brown,[1] speaking of the uncertainties of Soviet response, said: "Basically, they require us to insist on essential equivalence with the Soviet Union in strategic nuclear forces." He also said: "The issue is now to make it clear to the Soviets that they cannot gain any military or political advantage from their strategic forces. Insistence on essential equivalence guards against any danger that the Soviets might be seen as superior—even if the perception is not technically justified."

In a way of partial clarification of what is understood by the "essential equivalence", Secretary Brown had said:

"By essential equivalence, we mean the maintenance of conditions such that:

Soviet strategic nuclear forces do not become usable instruments of political leverage, diplomatic coercion or military advantage;

Any advantages in force characteristics enjoyed by the Soviets are offset by U.S. advantages in other characteristics; and

The U.S. posture is not in fact and is not seen as, inferior in performance to the strategic nuclear forces of the Soviet Union."

"These conditions exist today", Secretary Brown stated, "and our objective in the current SALT II negotiations is to maintain them in the future. . . ."

The International Institute for Strategic Studies disagrees with Secretary Brown. The conditions for "essential equivalence" of February 1978 obviously are not a reality in September 1979. According to the London Institute, the Soviets are ". . . seen as superior" and "the U.S. posture is in fact seen as inferior."

As if to prove that "strategic forces are usable instruments of political leverage, diplomatic coercion or military advantage", the Soviet Union dispatched 3,000 special military troops to maneuver jointly with Cubans on Cuban territory.

Under the overall umbrella of strategic superiority, the Soviets apparently feel free to use their forces in the proximity of Nicaragua or any other country which may become their next target. The presence of 3,000 Soviet forces are not a direct threat to the United States, but for wars in Central America, they could be decisive.

It is imperative that the SALT Treaty which the U.S. eventually ratifies does not force the United States to look the other way at every geopolitical move the Soviet Union makes—even in the West Hemisphere.

If the USSR should decide to test our will today or tomorrow, how many warheads would we presume to be aboard the SS–18? As agreed in the treaty?

If they chose to use their superior Navy to close the Mediterranean and the Indian Ocean in 1980, where would the Backfire bombers be based? And what range would Backfires reach, to what targets, just in case we tried to respond?

Would SALT II have helped? Treaties do not deter. Negotiations never reach the bottom line of deterrence.

Without any agreement at all, we halted the B–1 and enhanced radiation weapons, and stretched out other programs into the period we now seek to cover with SALT II.

Advocates of SALT II insist that it puts a cap on the number of MIRV-type warheads the Soviets can install on the 308 heavy missiles, the SS–18.

It is a strange argument; the agreement prohibits the United States from having any such large missiles. By 1985, the Soviets will probably have improved the accuracy and yield of increased numbers of warheads. They could increase the MIRV's on each SS–18 to 20 or even 30.

There is an argument that the MX will reestablish the strategic balance in our favor. But if the production of the MX moves forward as rapidly as possible, it would be ready for initial deployment only by 1986, and not fully available until 1989. By that time, the SS–18s could be fully MIRV'ed with 30 accurate warheads per missile. That could give the Soviet Union the capability of striking all MX and Minuteman missiles in one attack.

The SALT II numbers game is obviously not in our favor. But that clearly is not the main reason why the Treaty should not be ratified in its present form.

The conditions for negotiation of SALT III will be even more restrictive for the U.S. than experienced in SALT II if it is ratified as it stands. The vulnerability of peace arrangements will be absolute if the conditions of SALT II permit the maximization of Soviet advantage in space and in the air, while Soviet conventional forces continue to grow.

Simply by having so much to negotiate away, the Soviet Union has sent us a message.

The first line is, Let's negotiate if it makes you feel better.

The last line is, let the results speak for themselves.

Statement of Honorable Charles W. Yost

Mr. Chairman and Members of the Committee: I testify before you today as a Co-Chair of Americans For SALT and as a former Foreign Service Officer with some 45 years of experience in international affairs. That service included substantial experience in negotiating with the Soviets—at the Dumbarton Oaks, San Francisco and Potsdam Conferences, two assignments in Vienna under Four Power occupation, as Director of the State Department's Office of Eastern European Affairs, and at the United Nations for seven years, including those of the Berlin, Cuban and Congo crises. I have no illusions, therefore, either about Soviet objectives or about the need for great vigilance in doing business with them.

"Americans For SALT" is a private organization established for the purpose of mobilizing public support for the conclusion and ratification of the SALT II treaty. There is submitted as an annex to this testimony a list of the co-chairmen, of the members of our Advisory Council and of about 140 prominent persons who are publicly supporting our organization and our goals. As you will note, many of these persons are officers or representatives of other organizations with substantial nationwide memberships, some of which assisted in the establishment of "Americans For SALT" and many of which have taken a public position in support of ratification of the treaty.

With respect to the attitude of the American public toward the treaty, you gentlemen are of course aware that a substantial number of public opinion polls taken over the past year show that about 70 percent of Americans polled consistently favored a strategic arms control agreement with the Soviet Union. The Secretaries of State and Defense, the Chairman of the Joint Chiefs of Staff and the senior officials of the Administration in their testimony to you before the recess have submitted convincing evidence that this particular strategic arms control treaty, SALT II, will, on balance, reenforce the security of the United States, will not inhibit us from further strengthening our armed forces in ways necessary to our defense, and will in several important respects place the United States in a more advantageous military position than if the treaty should be rejected or delayed. Distinguished private citizens with long experience in negotiating with the Soviets, such as Averell Harriman, John J. McCloy, and, subject to some conditions, Henry Kissinger, have supported these views and recommended ratification of the treaty.

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[1] February 2, 1978—Statement to the House Committee on Armed Services.

After the study of testimony offered to this Committee and a careful examination of the provisions of the treaty by its own experts, "Americans For SALT" is strengthened in its conviction that the treaty, if ratified, will serve to reenforce both the security of the United States and the prospects of world peace. It therefore clearly meets the objective which those 70 percent of Americans who in opinion polls supported an arms control agreement with the Soviets had in mind. Reports from public interest groups throughout the country which are aligned with us confirm that this is the case.

Many of them, like many of you, would have preferred that the treaty provide for more substantial reductions. However, part of a loaf is decidedly better than no bread. If the SALT process is continued and not interrupted, such larger reductions, to which both parties to the treaty are pledged, can be promptly pursued in the next stage of negotiations.

Returning for a moment to Mr. Kissinger, I should like to recall a public statement he made in January 1977, just before leaving office: "I believe that to achieve a usable superiority in strategic nuclear weapons is extremely unlikely and relatively easy to prevent, and the obsession with it distracts us."

What Mr. Kissinger meant was that, as long as we maintain a credible second strike capability, and show a clear intention to use it if necessary, any superiority the Soviet Union might have in some weapons is not usable, either militarily or politically, because its use would bring about almost total devastation of their homeland. We do certainly have that capability at present and are in the process of reenforcing it with Trident submarines and missiles and with air-launched cruise missiles. The SALT II treaty places no obstacles in the way of our maintaining that capability. As long as we do maintain it, scenarios of our docilely succumbing to nuclear blackmail are in my view wholly implausible.

The time available to me does not permit my dealing in any depth with the substance of the treaty. I should like therefore to submit for the record a statement of 10 points explaining briefly why I personally support the treaty and why the principal arguments of its opponents seem to me unconvincing.

In conclusion I would recall that when the actor Maurice Chevalier was asked how he felt about getting old, he replied that he was not particularly enthusiastic about it but he preferred it to the alternative. I believe that a sober assessment of the benefits of the SALT II treaty, and of the quite predictable consequences of rejecting it, should lead us to the same conclusion.

WRITTEN STATEMENT

I have carefully followed the debate on the SALT II treaty during the past year, including testimony pro and con before this and other Senate committees. To summarize my conclusions, there seem to me ten major points which emerge in favor of ratification of the treaty. Several of these points seem to me to refute convincingly the principal arguments put forward by opponents of the treaty.

1. The highest officials of our Government, including those responsible for our national defense, have testified unequivocally that this treaty will, modestly but usefully, strengthen the security of the United States. I see no reason to doubt either their judgement or their sincerity.

2. The treaty does not prohibit the United States from taking a wide variety of additional measures to strengthen its national defense, if the Administration and the Congress deem it necessary to do so. Such permitted measures, several of which are already under way, include Minuteman modernization, deployment of Trident submarines and missiles, deployment of cruise missiles, deployment of the MX missile, and an unlimited range of improvements in conventional forces.

3. If the treaty is not approved, the Soviets would gain specific substantial military advantages which the treaty would deny them. They would, instead of being obliged to reduce from 2500 to 2250 missile launchers, be able to increase by 1985 as many as 3000; instead of being limited to 10 warheads on each of their 300 heavy missiles they would be able to install as many as 30 on each (a difference of 6000 warheads, more than their total present number); they would be able to deploy three or four new strategic systems, rather than only the one permitted under the treaty; they would be able to interfere significantly with our monitoring of their military activities in ways that would be prohibited by the treaty. All these options offered gratuitously to the Soviets by rejection of the treaty could constitute together a most serious threat to our national security.

4. One of the principal arguments by opponents of the treaty relates to an alleged approaching vulnerability of our Minuteman missiles. If such a vulnerability were to occur, it would occur either with or without the treaty. Personally I consider such a supposed vulnerability to be purely theoretical. As long as we maintain other invulnerable systems, such as our strategic submarines, the Soviets will not be fools enough to risk destruction of most of their cities and industries by attacking us. Moreover, they would not be able to achieve political advantages by threatening to do so, since both we and they would know that such threats were bluff and would not be carried out.

5. Our principal NATO allies have publicly urged ratification of the treaty and several of their leaders have publicly emphasized the dismay they would feel if it were rejected. In his testimony before this Committee July 31 Henry Kissinger said: "There is no doubt that failure to ratify the treaty will shake European confidence in an American government that for seven years assured them that it knew what it was doing."

6. There can be little doubt that rejection of the treaty, after seven years of painstaking negotiation, would lead to a further escalation of the arms race, the deployment of additional new systems on both sides, and very heavy expenditures which would not be incurred if the treaty takes effect. There is no warrant for believing that the Soviets have reached a ceiling of military expenditure. Experience clearly shows that they will spend whatever amounts they think are required to keep even with us.

7. On the question of linkage with SALT of Soviet behavior in the Third World, there is no reason whatsoever to suppose that the Soviets would behave better if SALT is repected than if it is ratified. On the contrary, a significant inhibition on their objectionable behavior—their concern not to risk being too offensive to us—would be diminished by the interruption of the SALT relationship.

8. There is no reason to believe that, if the treaty is rejected or if amendments are added which would require renegotiation, such renegotiaiton could be either begun or concluded quickly. The U.S. is about to enter an election year. More important, the Soviet Union is already preparing for and about to undergo a change in leadership. It is highly probable that the SALT process would remain in suspense until that change, which as Mr. Harriman has pointed out could be adversely affected by rejection of SALT, has been completed and assimilated. By that time any one of a dozen contingencies could occur, as we have seen so often in the past seven years, to cause further and indefinite delay.

9. If the treaty ever should be renegotiated, to accommodate amendments proposed by the U.S., we would of course, if we expected a new treaty to result, have to be prepared to make concessions to the Soviets to balance those we would be asking of them. What concessions would we be prepared to make? We might in fact end up with no treaty at all or with one worse on balance than the one we now have before us.

10. Finally, rejection of the treaty would delay indefinitely, perhaps for many years, the process of negotiating the more substantial reductions which are stipulated in the Statement of Principles in the present text and which both proponents and opponents of the treaty solemnly proclaim is their principal objective.

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STATEMENT OF MRS. CORETTA SCOTT KING

Mr. Chairman, I greatly appreciate this opportunity to appear before this committee in support of ratification of the SALT treaty. In the course of the past few weeks, this committee has heard voluninous testimony on the merits and shortcoming of this treaty by experts in the field of nuclear and strategic matters. I, too, come to you as an expert because I am a citizen of this nation and, as a citizen, I know the issues in this historic debate on SALT are not confined to missile counts and throw weights and basing modes.

As we all know, a more basic and fundamental issue tests us and challenges us today, and it is this: Shall we, in the name of national security, commit ourselves to a course of confrontation and potential nuclear annihilation by rejecting this treaty or shall we, as a nation seek a more lasting security through the peaceful resolution of conflict in a way that allows us to free our spirits and our resources for the development of human potential in our society.

These are public policy choices which must be made by citizens for they are the true experts; they are the people whose lives are to be risked, whose childrens' lives are to be mortgaged and whose parents' lives are to be wasted, should we choose to pursue a course of superiority and winnability in an arms race that knows no winners.

Yet most Americans are overlooked and excluded from this debate; public polls showing citizen support for the SALT process are ignored or glossed over because, we are told, citizens are not experts.

My husband, Martin Luther King, Jr., knew these same frustrations during another historic national debate. Though a recent recipient of the Nobel Peace Prize, my husband was informed by so-called specialists on the Vietnam war that he was not enough of an expert to discuss this basic issue of war and peace, of violence and non-violence.

I fervently hope that we, as a nation, in contemplating the wisdom of this treaty to limit nuclear weapons, will listen to those whose lives are directly affected by the outcome of this debate:

The mother in Utah who gives her child milk, knowing the dangers of radiation from nuclear weapons testing. That mother is an expert on SALT.

The unemployed youth who can't find a job and knows that military spending creates less jobs than spending on human needs. That youth is an expert on SALT.

The elderly American, holding his grandchild, who witnessed the massive loss of life in past world wars. That American is an expert on SALT.

Indeed, no issue of public policy is more personal than this issue of limiting nuclear weapons, and ending this senseless arms race. Let me give you an example from an area of personal concerns: Unemployment. Studies have shown that a billion dollars of military spending creates about 75,000 jobs; the same amount, if spent on construction, creates about 100,000 jobs, on health care, 139,000 jobs, on education, 188,000 jobs.

Thus, the military budget swells in the name of national security while our most precious resources stand idle. Our communities may be ringed by missiles and our cities surrounded by silos, but how secure are we if America's future, blighted by high unemployment, holds only the prospect of deterioration and decay?

The twin perils of unemployment and inflation are not confined to our shores; today, the economically dislocating effects of the arms race can be felt throughout the world. Children with distended bellies still suffer for want of adequate food, yet global military expenditures now exceed $400 billion a year. This vast expansion of destructive power, at the expense of human needs, has served to decrease our global security and leaves us ever more vulnerable to random annihilation through nuclear exchange or accident. Yet, we recognize these perils, and have shown the vision and moral leadership to engage in a process of negotiated restraint.

As we, in this country, re-examine our commitment to this SALT process, we must ask ourselves this question: What perception will the world community have of our nation should we fail, after seven years of deliberation, to proceed with this historic agreement to limit nuclear weaponry?

Nothing less than our future is at stake. Without SALT, any prospect of progress toward further arms limitation is clouded. Without SALT, any hope of replenishing our human resources is undermined. Without SALT, any dream of peace for our children and their children is diminished—in its place, a legacy of tension and fear.

Skeptics will say that the SALT process is untenable in today's world, that mutual accommodation is unthinkable, and that harmony in international relations is impossible. They choose, instead, to pursue a policy of confrontation and violence, despite the potential for human extinction. I am accustomed to a great deal of skepticism and even outrage at the thought that the principles of nonviolent social change are relevant to world affairs. Yet, I firmly believe that the world's people, though often divided by nationalism and racism, are united in their instinctive will to live and their civilized will to do so in peace. I am reminded of my husband's words almost fifteen years ago: "I refuse to accept the cynical notion that nation after nation must spiral down a militaristic stairway into the hell of nuclear destruction. I believe that unarmed truth and unconditional love will have the final word in reality."

Mr. Chairman, this treaty to limit strategic weapons is not a perfect agreement; indeed, it has been termed "a modest step". How do you define "modest" when any progress toward bringing nuclear weapons under some control means a better chance for a peaceful future for everyone. I am sure I will be well understood when I say I have learned the virtue of patience—although patience can seem a terrible taskmaster when every fiber of one's being longs for speed in setting right what one knows to be wrong.

The important thing is to keep pressing forward—to take advantage of every opportunity to make progress, even if it is only one step at a time. This opportunity to limit nuclear weapons under the SALT II treaty, to reduce the probability of destroying civilization itself, and to turn our labors toward improving the quality of all our lives rather than the useless waste of our resources, must not be lost.

STATEMENT OF THE HONORABLE THOMAS J. MCINTYRE

Mr. Chairman, members of the Senate Foreign Relations Committee: Today I offer my testimony on the importance of SALT II on behalf of Americans for SALT, a nationwide citizens' campaign of which I am President. Americans for SALT is a coalition of individuals and major organizations in support of the ratification of the SALT II Agreement. The individuals include retired military officers, former government officials and other prominent Americans. The organizations include religious groups, business associations, labor unions, scientific and educational organizations and public interest groups.

The working consensus of these many Americans is that the ratification of SALT II is essential for the security of the American people. I believe SALT will enhance our security in several important ways.

First, SALT caps the Soviet strategic threat. The nuclear threat we would likely face without SALT will be both quantitatively and qualitatively more formidable than the threat under SALT.

As Secretary Brown has testified:

The Soviet total strategic missile and bomber force will likely be 30 percent larger without SALT than with it.

Their total strategic MIRVed ballistic missiles, both land and sea, will likely be 50 percent greater without SALT than under SALT.

Their MIRVed ICBM's could be up to 75 percent greater if unrestricted by SALT.

Their total strategic nuclear warheads and gravity bombs could easily be half again as large a force if unrestricted by SALT.

The threat to our ICBM's from their silo killer warheads could double without SALT restraints on MIRVed ICBM launchers and number of warheads permitted on each.

Without SALT, the Backfire bomber production could grow unrestricted beyond its current level. Without SALT, the Soviet SS–16, the only mobile ICBM fully developed by either side, could be deployed. Without SALT, the Soviets could proceed to develop their fifth generation of ICBM's without any restrictions.

In sum, it's precisely because many of us are concerned about an unrestricted Soviet strategic buildup that we wish to place SALT restrictions on the Soviets. The more one is concerned about the formidable Soviet threat under SALT, the more one should seek to avoid an even greater one without SALT.

There is a second way SALT will enhance our security. Under this treaty, we will be able to plan our defense programs more effectively, because we will be able to predict with greater accuracy and confidence the size and shape of the Soviet threat. Under SALT, we will know the number and kinds of strategic weapons developed and deployed by the Soviets, because the treaty requires them to fit their forces into a well defined grid of specific limits, sublimits and qualitative restrictions.

Moreover, the treaty prohibits the Soviets from interfering with our national technical means of monitoring their weapons development and deployment. Since our own military research and development programs must be designed to hedge uncertainties about the Soviet threat, the greater the unknown, the move difficult our own R&D task. In other words, under SALT, we will be able to focus our R&D monies much more effectively to counter the Soviet buildup since that threat itself will be more predictable.

Let me suggest an important way this is true. As we all know, current intelligence projections suggest the Soviets will be able to mount a technical threat to our ICBM's in the early to mid 1980's. Any of the basing schemes under consideration to ensure our ICBM's would survive this threat is designed against a specific presupposed number of attacking silo-killer Soviet warheads.

Under SALT II, we can predict the maximum number our MX basing design must be able to counter, because the treaty will limit the number of MIRVed ICBM launchers and the number of warheads permitted on each.

Without SALT, that number will be much higher and much more difficult to predict.

This is vividly true in the case of the threat to our ICBM's from the Soviet heavy missiles. SALT restricts the SS–18's to 308 with no more than 10 warheads on each. Without SALT, they could keep their hot production line going and could relatively cheaply build up to 500 SS–18's. They could also double the number of warheads on each.

So instead of having to design an MX basing scheme that would counter a threat of 3,000 warheads from the SS–18's under SALT, we would have to design one to counter 10,000 warheads from the SS–18's. So in this case as in others, SALT will help us design an effective solution to a critical military problem we will face.

Third, SALT leaves us free to choose the strategic and theater weapons we need to ensure our common defense. With virtually no exceptions and certainly no important exceptions, the U.S. will be free to exploit its formidable military technology to meet the Soviet challenge. I am particularly reassured that the Joint Chiefs of Staff testified this is the case.

When I served as Chairman of the Subcommittee on Military Research and Development of the Senate Armed Services Committee, my colleagues and I were particularly vigilant on this point. Throughout our hearings, we consistently inquired about the degree of technological freedom the emerging agreement would leave us. We urged the Administration to avoid as much as possible any such restrictions.

I realize that our success in ensuring this freedom is a source of some frustration to some who wish that SALT would have resolved domestic debates about what weapons systems we require. I never believed that this was a proper objective of SALT negotiations.

If, of course, we would have been required in the bargaining to accept restrictions, we could judge that bargain in the aggregate. But I personally reject the view that it should be an objective of SALT either to preclude or mandate a particular U.S. weapons system. I always felt that was something we should decide for ourselves in our councils.

There is a fourth way SALT can enhance our national security. I believe that we have an opportunity to reunite our nation behind a prudent national defense program through the debate on SALT. For too long, we have been divided about both our defense requirements and SALT. At the heart of this division is a fallacy that SALT and national defense are mutually exclusive.

I believe SALT should be a means to a more effective common defense for our nation rather than as an aspect of detente or as an end in itself. Further, I believe, the American people want both a strong national defense and a SALT agreement.

The SALT debate gives us an opportunity to reconstruct a broad working American middle that will support both a strong defense program and arms limitations as a means to that same end. For the first time since Vietnam, we have an opportunity to rebuild a working majority on this common ground.

However, if the treaty is rejected, I fear we will return to a polarized politics which will make it difficult for us to rally a stable base of public support behind defense programs. At a time when we find a deep American desire to get together to manage our affairs in so many troubling policy areas—inflation, energy, taxes—we need to demonstrate again to ourselves, our allies, and our adversaries that we can find common ground to manage the most dangerous of all problems, nuclear weapons.

This suggests my final point. Although it can't be proved in any systematic way, we somehow all know that this agreement enhances our security because it represents the common efforts of both nuclear superpowers to avoid the use of nuclear weapons. The treaty will not eliminate the possibility of nuclear war, but it does, because of this unstated premise, make the use of these weapons somehow less likely. SALT will not eliminate military competition, but it will make it less dangerous and more orderly.

In sum, I believe that the American people, in fact people all over the globe, know that they will be more secure in a world in which the two most powerful nations continue to work in our common interests to reduce the likelihood of nuclear war within the framework of this treaty.

TESTIMONY OF CARDINAL JOHN KROL

Mr. Chairman and Members of the Committee: I am Cardinal John Krol, Archbishop of Philadelphia. I speak on behalf of the U.S. Catholic Conference (USCC) comprising over 350 bishops of the United States, serving more than 50 million Catholics.

I express the sincere gratitude of the USCC for the opportunity to present the views of the Catholic Bishops of the United States on the moral aspects of the nuclear arms race.

I. THE PERSPECTIVE OF THE TESTIMONY

The moral principles underlying my testimony, have been enunciated clearly in papal documents and speeches, and in Vatican Council II. Pius XII pleaded on the eve of the World War II: "Nothing is lost by peace, everything may be lost by war" (Aug. 24, 1939). Paul VI speaking to the General Assembly of the U.N. said: "No more war, War never again. Peace must guide the destinies of all peoples and of all mankind. . . . Disarmament is the first step toward peace. . . . As long as man remains that weak, changeable and even wicked being he often shows himself to be, defensive armaments will also be necessary" (Oct. 4, 1965).

Vatican Council II, in its *Constitution on the Church in the Modern World*, declared: "The arms race is one of the most grievous plagues of the human race, and it inflicts an intolerable injury upon the world" (para. 81); "The arms race is not a secure way of maintaining true peace, and the resulting balance of power is no sure and genuine path to achieving it" (para 80); "Since peace must be born of mutual trust between peoples, instead of being forced on nations through dread of arms, all must work to put an end to the arms race and make a real beginning of disarmament, not unilaterally indeed, but at an equal rate on all sides, on the basis of agreements and backed up by genuine and effective guarantees" (para. 82).

These principles reflect the authentic position of the Catholic Church and of all faithful Catholics. The manner and degree to which these principles are reflected in a particular proposal, such as the SALT II Treaty, admits a divergence of views.

For this reason, I recognize, and I want this Committee to know, that while the principles to which we subscribe are clear and generally accepted, the position I present here today is the view of the majority of the Administrative Board of the Bishops Conference; it is not a unanimous position within the Conference of Bishops, nor is it the unanimous position of all Catholics in the United States. It is however the official policy of the U.S. Catholic Conference, and in expressing it, we Bishops seek to fulfill a role of responsible citizenship, as well as the religious leadership.

This role requires me to speak the truth plainly. The Catholic Bishops of this country believe that too long have we Americans been preoccupied with preparations for war; too long have we been guided by the false criterion of equivalence or superiority of armaments; too long have we allowed other nations to virtually dictate how much we should spend on stockpiling weapons of destruction. Is it not time that we concentrate our efforts on peace rather than war? Is it not time we take that first step towards peace: gradual, bilateral, negotiated disarmament?

It is impossible to regard this Treaty as a spectacular achievement in the field of arms control. But we support its ratification as a partial and imperfect step in the direction of halting the proliferation of nuclear weapons and as part of an ongoing process, begun in 1972, to negotiate actual reductions in nuclear arms. Our support is, however, heavily qualified precisely because of the moral principles which govern our view of arms control.

No question of foreign affairs surpasses the arms race in terms of moral complexity and moral content. Along with the correlative issue of world poverty, the arms race forms the heart of the moral agenda of foreign policy.

The massive technical complexity of the arms race in its political and strategic dimensions is something that people in our government grapple with daily. We respect that technical complexity and have tried to assimilate it in this testimony. At the same time, for the Church the arms race is principally a problem defined in religious and moral categories.

The specter of war, in any form, raises for Christian ethics the central question of the taking of human life. Since the life of every single human person bears the sacred dignity of the image of God, the question of the religious and moral significance of warfare has received more sustained reflection in Roman Catholic theology than almost any other moral problem.

From St. Augustine's masterful treatment of war in Chapter 19 of *The City of God* to the Vatican Council II's injunction to the Church that it should "undertake a completely fresh appraisal of war" there has been present in Catholic tradition an abiding determination to limit the impact of war on the human family.

In the nuclear age, the moral sanctions against war have taken on a qualitatively new character. From Pius XII to John Paul II, the moral argument is clear: the nuclear arms race is to be unreservedly condemned and the political process of arms control and disarmament is to be supported by the Christian community.

This pursuit of peace is not based on a naive utopian view of the world. The Christian tradition is eloquent about the vision of peace; it is also realistic about the fact of war. Hence, Vatican Council II, recognizing the inadequate nature of the political structure of the international community, stated that "governments cannot be denied the right of legitimate self-defense once every means of peaceful settlement has been exhausted." (*Pastoral Constitution on the Church in the Modern World*, para. 79.)

The perspective which shapes this testimony, therefore, recognizes that some forms of war can be morally legitimate, but judges that nuclear war surpasses the boundaries of legitimate self-defense. The application of this basic moral principle to our present situation requires that we distinguish two problems of the nuclear age: the use of nuclear weapons and the strategy of deterrence. Both are pertinent to our assessment of the SALT II Treaty.

The Prohibition of Use: The primary moral imperative of the nuclear age is to prevent any use of strategic nuclear weapons. This prohibition is expressed in the following passage of Vatican Council II: "Any act of war aimed indiscriminately at the destruction of entire cities or of extensive areas along with their population is a crime against God and man himself. It merits unequivocal and unhesitating condemnation." (*The Pastoral Constitution*, para. 80.)

This was the only formal condemnation

of the Council and indicates the seriousness with which the bishops of the world viewed the possible use of what they called "modern scientific weapons." Our first purpose in supporting SALT II is to illustrate our support for any reasonable effort which is designed to make nuclear war in any form less likely. I have said that our support of the Treaty is qualified; one reason for this is the paradox of nuclear deterrence.

The Moral Dilemma of Deterrence: The moral paradox of deterrence is that its purpose is to prevent the use of nuclear weapons, but it does so by an expressed threat to attack the civilian population of one's adversary. Such a threat runs directly counter to the central moral affirmation of the Christian teaching on war: that innocent lives are not open to direct attack. The complex of the moral dilemma is reflected in the statement on deterrence of the American Bishops in 1976:

> "With respect to nuclear weapons, at least those with massive destructive capability, the first imperative is to prevent their use. As possessors of a vast nuclear arsenal, we must also be aware that not only is it wrong to attack civilian populations but it is also wrong to threaten to attack them as part of a strategy of deterrence. We urge the continued development and implementation of policies which seek to bring these weapons more securely under control, progressively reduce their presence in the world, and ultimately remove them entirely." (*To Live in Christ Jesus:* 1976.)

The moral judgment of this statement is that not only the *use* of strategic nuclear weapons, but also the *declared intent* to use them involved in our deterrence policy, are both wrong. This explains the Catholic dissatisfaction with nuclear deterrence and the urgency of the Catholic demand that the nuclear arms race be reversed. It is of the utmost importance that negotiations proceed to meaningful and continuing reductions in nuclear stockpiles, and eventually to the phasing out altogether of nuclear deterrence and the threat of mutual-assured destruction.

As long as there is hope of this occurring, Catholic moral teaching is willing, while negotiations proceed, to tolerate the possession of nuclear weapons for deterrence as the lesser of two evils. If that hope were to disappear the moral attitude of the Catholic Church would almost certainly have to shift to one of uncompromising condemnation of both use *and* possession of such weapons.

With this in mind, the Catholic Bishops of this country ask the Senate of the United States to ratify this Treaty because the negotiations which produced it, and the further round of negotiations which it permits, offer the promise of escape from the danger of a nuclear holocaust and from the ethical dilemma of nuclear deterrence.

II. THE SALT II TREATY

Nevertheless, we have serious reservations about this Treaty. SALT I had created a hope among people that SALT II would require real reductions on both sides. This hope has not been fulfilled and there is no clear indication that SALT III can revive that hope. That is why some of my fellow bishops and many more concerned Catholics refuse to support SALT II.

The U.S. proposals of 1977 had significant reductions in view but these were rejected by the U.S.S.R. The present Treaty limits strategic nuclear delivery systems to 2250 (after 1981) on both sides and this will require the dismantling of about 250 Soviet launchers. Such a reduction is not very significant considering the destructive power (3550 megatons for the U.S., and 7868 megatons for the U.S.S.R.) that will remain and continue to increase on each side.

Secondly the Treaty does not preclude either side from proceeding to replace its present land-based ICBMs with a new system, or modifying existing systems within limits, it is true, as to size and number of warheads but obviously embodying significant improvements in accuracy. These systems will obviously be more destructive.

On the other hand it cannot be argued, as do some critics, that the Treaty does not constrain Soviet strategic weapons expansion. Under the Treaty the U.S.S.R. will not be permitted to deploy an already-tested mobile missile (SS–16); it must count all SS–18 missiles as having multiple warheads though some may not; it must stop its current program of deploying additional missiles with multiple warheads by about 1982 and may not increase the number of warheads in existing missiles.

SALT II is thus basically a deceleration, not a reversal of the nuclear arms race. While the weight of this testimony comes to the conclusion that the quantitative and qualitative limits on delivery systems and weapons constitute an arms control achievement worthy of support, that conclusion becomes harder to defend if one assumes SALT II to be the end of the process. Much more remains to be done.

By far the most numerous opponents of ratification are those who reject the Treaty as failing to protect U.S. security. In particular, there are those who argue that this Treaty will permit the U.S.S.R. to achieve a first-strike capability against our land-based ICBMs, and that they will use this threat to challenge and change the strategic balance in various parts of the world. Can this really be reliably predicted? With the U.S. in possession of a large nuclear arsenal and varied means of delivery would not the leaders of the U.S.S.R. be insane to start, or threaten to start, a nuclear war, even in possession of a first-strike capability vis-a-vis our land-based ICBMs? Can we gainsay the tragic reality that deterrence is still based on the posture and policy of mutual-assured destruction? Even if the U.S.S.R. were to acquire the capability to neutralize the U.S. Minuteman force of ICBMs, is it not clear that the other legs of the TRIAD will continue to deter a Soviet first-strike, if indeed that were the Soviet intention?

Some critics of the Treaty, however, do not base their opposition mainly on the premise that the U.S.S.R. would risk a first-strike. Rather they argue that the perception in the world of the U.S.S.R. having first-strike capability will lead to an adverse shift in the global political balance. I do not pose as a political or technical expert, but I must ask whether, in the nuclear age, it can be argued that an increment of strategic power can so easily be translated into an effective instrument of political influence.

This translation from the strategic balance to specific political conflicts seems particularly complex precisely in those situations in the developing world where forces of nationalism and a plethora of ideological positions are vying for control. The cost of using nuclear weapons on the part of those who employ them has deprived them of much of their strategic utility and has made their political usefulness equally problematical. For example, the U.S.S.R. has not been able to achieve a decisive political advantage vis-a-vis China, despite the former's admitted military superiority.

On balance, we are satisfied that while the Treaty does not require a reduction in nuclear weaponry on either side, at the same time it will not substantially endanger U.S. security. Whatever risks may be involved are worth taking for the sake of ensuring that the SALT II negotiations will be followed quickly by a third round aimed at more significant reductions.

III. BEYOND SALT II

By itself SALT II is no more than a beginning. It creates a certain momentum which should make possible more impressive arms control achievements. If not, our confidence may have been misplaced. What are the prospects?

It is our hope that the U.S. agenda for future negotiations will be bold and imaginative, and that the aim of the negotiators should be real, demonstrable reductions in both weapons and delivery systems. Our negotiating posture should not sacrifice long-term possibilities for real disarmament in the name of short-term tactical advantages in the strategic competition.

It can hardly be a source of satisfaction or pride that the ratification of this Treaty may be in doubt or that an arms control agreement can only be purchased in conjunction with substantially increased expenditures for other arms. There is a prevalent belief in this country that our national security can only be preserved by the dynamic of technological development and investment in new and ever more destructive weapon systems. One reads that the decision to deploy the MX missile is a response to such perceptions but perhaps still not sufficient to reconcile opponents of the Treaty.

We have already referred to the opportunities which the Treaty affords for further escalation of nuclear weaponry by both sides. It has been argued during these hearings that ratification of the Treaty should be linked to a new and massive program for expanding and improving U.S. strategic nuclear as well as conventional forces. If the Congress accepts this advice, the hope which I referred to earlier for a reversal of the nuclear arms race will grow even dimmer.

Many of us remember being told by the then Secretary of Defense McNamara in the late sixties that U.S. security depended on U.S. strategic forces being maintained at a level 2 or 3 times greater than that of the U.S.S.R. in terms of deliverable warheads. The U.S. now has 9,200 strategic nuclear weapons (re-entry vehicles and aerial bombs) compared to 5,000 for the U.S.S.R.; yet we are told we are no longer superior, in fact are facing strategic inferiority, and must exert ourselves to maintain or recover "equivalence".

Where McNamara once was confident that neither side would be able to acquire a first-strike capability, we are now told that the U.S.S.R. is acquiring a first-strike capability and that the U.S. must hasten to do likewise. Witness after witness have told this Committee that SALT II is acceptable precisely because it does not prevent the U.S. from meeting this challenge. Strategic "equivalence" is the new name for the nuclear arms race!

At the time of SALT I Dr. Kissinger was quoted as asking, "what good is strategic superiority at these levels of numbers?" Are we not justified in asking today, is strategic equivalence an absolute necessity? Is this doctrine not an infallible recipe for continuing the strategic arms race? Are we not moving inexorably toward a situation in which each side has a first-strike capability, a posture and a policy, not of deterrence by mutual-assured destruction, but of readiness for and reliance on the capability for fighting a nuclear war?

We, the Catholic Bishops, find ourselves under the obligation of questioning fundamentally the logic of the pattern of events implied by determined pursuit of strategic equivalence. Our purpose in coming before this distinguished Committee is to speak on moral-religious grounds in support of arms control designed to be a step toward real measures of disarmament. It would radically destroy our intention and purpose if our support of SALT II were in any way coupled with plans for new military expenditures. The Treaty should be approved as an arms control measure, not a maneuver to increase the strategic budget.

These proposed new strategic systems will require a massive outlay of funds at a time of increasing fiscal stringency. The Constitution of the United States calls upon the executive and legislative branches of our government not only to provide for the common defense but also to establish justice, to promote the general welfare of the nation and to secure the blessings of liberty for ourselves and our posterity. Estimates for the MX missile run from $30 billion upwards over the next decade; with the existing national debt at $805 billion and pressure being exerted on legislative bodies at all levels to reduce expenditures, the investment of $30 billion in one weapons system inevitably will result in new limits on spending for essential human services here and abroad.

This topic of the competition of arms for scarce resources has been an abiding concern for me. Speaking at the Synod of Bishops in 1971 I argued then, and still believe now, that:

"The armaments race violates the rights of the world's poor in a way that is fruitless and intolerable. The reason is that it is not the way to protect human life or foster peace, but on the contrary the causes of war are thereby aggravated little by little."

It is our recommendation that systems like the MX, as well as TRIDENT II, should be considered as negotiable in return for equivalent concessions by the U.S.S.R. in SALT III. We have been told that the aim of SALT III will be "deep cuts" in the strategic arsenals of both superpowers; we fervently hope this will be true.

As we consider the future of U.S. defense policy, including the deployment of the MX, it might be well to review one dimension of the SALT I negotiations. At that time, the possibility existed of excluding the deployment of MIRVs; we did not take that option. Now we find that one of the major objections of those opposing SALT II is the threat posed by the Soviets to our land-based ICBMs.

The Soviet MIRV capability is a central element of the threat to our ICBMs, a threat which we might have obviated by a different negotiating posture in SALT I. Our hope is that we will carefully consider the MX, and related decisions in the light of their impact on the negotiating process of SALT III.

Perhaps the most important single strategic arms control step would be elimination of MIRVs from the respective ICBM forces. Unrealistic as it may seem to hardheaded defense planners, the question should be raised now whether the United States could try immediately to negotiate a lower MIRV level for ICBMs.

IV. SUMMARY

The foregoing testimony may be summarized in the following propositions:

1. Catholics reject means of waging or even deterring war which could result in destruction beyond control and possibly a final holocaust of humanity.

2. In particular, strategic nuclear weapons of massive destructiveness and poisonous regional or global aftereffects must never be used.

3. Consequently, the reduction, through negotiated agreements, and eventually the elimination of such weapons, must be the overriding aim of policy. Without it, there can be only one alternative: the indefinite continuation and escalation of the strategic competition. The doctrine of strategic equality, by itself, does not insure against such competition; rather it almost guarantees it. Some risks must be taken in the direction of control, both to avoid nuclear war and to rescue us from the moral dilemma of nuclear deterrence.

4. SALT II, the result of seven years of negotiation, represents a limited but acceptable agreement which constrains the nuclear forces of both the U.S. and the U.S.S.R., does not jeopardize U.S. security, and can be the beginning of a continuing and necessary process for obtaining meaningful and progressive reductions. The Treaty should be ratified by the Senate.

5. This process must not be sacrificed to a narrow and technologically oriented insistence upon exploitation of new nuclear options. including counterforce options. In particular, final decisions regarding deployment of the MX and TRIDENT II should be deferred until the utility of those options for negotiation in SALT III can be explored.

6. Failure by the U.S. to take full advantage of the possibilities for further restraints and reductions will eventually rob U.S. foreign and defense policy of moral legitimacy.

Mr. Chairman, the attention of the whole world has been captured by the new Pope, John Paul II. He has already taken note of the significance of the SALT II Treaty for world peace. The Pope's remarks came in his weekly Sunday talk before leading the noon Angelus in St. Peter's Square. The SALT accord, he said, "is not yet a reduction of weaponry or, as could be hoped, a provision for disarmament. But that does not mean that the foreseen measures are not a sign, which we ought to greet with pleasure, of the desire to pursue a dialogue, without which every hope of working effectively for peace could vanish".

"Believers and men of goodwill who feel themselves so impelled by conscience to pledge themselves as 'artisans of peace' cannot ignore the importance of anything that favors a climate of alleviating tensions. This helps to encourage other indispensable progress on the road to limitation and reduction of armaments".

The Pope asked for prayers "to bring progress to the great cause of laying down weapons and pursuing honest, stable and effective agreements" of peace and concord. It is with such sentiments that the U.S. Catholic Conference submits this testimony to the Foreign Relations Committee.

STATEMENT OF DR. CLAIRE RANDALL

My name is Claire Randall. I am General Secretary of the National Council of the Churches of Christ in the USA.

The National Council of Churches of Christ in the USA is a cooperative agency of thirty-two Protestant and Orthodox bodies in this country. I do not purport to speak for all members of the communions which are constituent to the National Council of Churches. I am speaking for the Governing Board, the policy-making body which is composed of persons selected by member denominations in proportion to their size. It is this group which determines the policy positions through which the Council seeks to fulfill its expressed purpose "to study, and to speak and to act on conditions and issues in the nation and the world which involve moral, ethical and spiritual principles inherent in the Christian gospel."

The National Council of the Churches of Christ in the USA has since its formation 30 years ago given leadership in the Protestant and Orthodox churches to the struggle for peace and justice. The Council came into existence shortly after the world had witnessed the devastating effects of nuclear weapons, and its leadership and the members of the churches ever since have been keenly aware of the danger to all humanity posed by the threat of nuclear war.

In the Old Testament we are told to beat our swords into plowshares. In the New Testament we are asked not to return evil for evil but to love our neighbors as ourselves—and, in fact, to love our enemies. We seek peace, not only because of these biblical injunctions, but because we believe these principles expressed in action create the climate which leads to just, peaceful relations between people and nations.

At its meeting in May, 1979, the Governing Board of the National Council of Churches voted unanimously in favor of the ratification of the Strategic Arms Limitation Treaty. It is my purpose in this testimony to set forth some of the reasons the National Council of Churches supports ratification. My remarks will be related to the purpose of the Treaty as stated in its introduction:

"Conscious that nuclear war would have devastating consequences for all mankind (Preamble, SALT II Treaty, 1979),"

The United States already has in its nuclear arsenal enough nuclear weapons to kill every man, woman and child in the world, not once, but several times. Once is too much. And even limited use of this power would visit devastation on future generations as well as the present due to radiological contamination. The devastation of every major Soviet city by US nuclear weapons might achieve what defense planners call a strategic objective. But the winds that sweep 'round the globe would bring deadly radiation to the USA even if no Soviet bombs explode in the USA. Such "devastating consequences for all mankind" must be prevented.

"Convinced that the additional measures limiting strategic offensive arms provided for in this treaty will contribute to the improvement of relations between the Parties, help to reduce the risk of outbreak of nuclear war and strengthen international peace and security (Preamble),"

In SALT II the USA and the USSR are mutually agreeing to limit strategic offensive arms. Our country and the Soviet Union have opposing ideological, political, and economic systems, but unless all humanity is to be endangered these two major powers must find ways to improve relations. The Treaty provisions which limit arms are of vital significance. But we must not underestimate the symbolic importance of the two "superpowers'" ability to reduce tension and danger by mutual agreement—without resort to war. The ratification of the Treaty by two nations with such opposing views gives evidence to all the world that differences between nations can be dealt with by peaceful means.

While the Treaty is a symbol of mutual trust it does not depend for its success on mutual trust. Article XV provides for vertification of compliance. The chief military and intelligence officers of our nation have said the United States is capable of verifying Soviet compliance. We believe the Treaty does, in fact, "help to reduce the risk of outbreak of nuclear war and strengthen international peace and security."

"Mindful of their obligations under Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons (Preamble),"

In 1968 under pressure from the United States and the Soviet Union many nations renounced nuclear weapons for themselves and joined the Non-Proliferation Treaty. Article VI contains a promise made by the superpowers to make progress in reducing and eliminating their nuclear arsenals and to move quickly toward completion of a ban on all nuclear testing.

The Governing Board of the National Council of Churches, in May, 1979, expressed profound concern about the danger of a precarious balancing of humanity on the brink of nuclear catastrophe. We know that still more terrible weapons are being developed which can only lead to greater fear and suspicion and thus to a still more feverish arms race. Against this we say with one voice—NO! In the name of God—NO!

"Guided by the principle of equality and equal security (Preamble),"

Neither the United States nor the Soviet Union is ready to accept a treaty which gives the other nation strategic offensive superiority. The USA and the USSR weapons systems are not identical. Therefore, an element of judgment is involved in determining parity. After long, careful negotiations, agreement has been reached which most American military and intelligence leaders have testified provides "equality and equal security." We note the United States now has almost twice as many deliverable strategic nuclear warheads as the Soviet Union. The USSR has 1400 land based missiles versus 1054 in the USA and 950 submarine launched ballistic missiles to 656 in the USA. Both nations in the Treaty have agreed to an overall ceiling of 2250 nuclear delivery vehicles by 1985, with equally important sub-limits in various categories (US Department of State, 1978). The agreed upon verifiable limits, we believe, do provide "equality and equal security."

"Recognizing that the strengthening of strategic stability meets the interests of the Parties and the interests of international security (Preamble),"

Without an agreement setting limits on the arms race there can be no strategic stability. Each side will inevitably make huge investments to achieve what is perceived as superiority. The fear that the other nation is achieving strategic superiority has fueled the arms race between the USA and the USSR.

SALT II does not reduce US arms. It only sets a ceiling. Without such a mutually agreed upon ceiling both countries would be tempted to an arms race which would use scarce resources, divert scientific research from avenues designed to benefit all human kind and, in fact, endanger rather than enhance the security of the United States. Our nation's security does not depend solely on its military might. It depends as much on our economic stability and fairness, our technological competence, and the faith of the people that our government is truly benefiting all its citizens.

The nations of the world, in 1978, spent more than a billion dollars per day—400 billion per year—on armaments. We are informed that the World Health Organization required a mere 83 million dollars to eradicate smallpox from the face of the earth. The United States now has an unacceptable rate of inflation, millions of its citizens unemployed, almost 20% of the population illiterate. The true strength of a nation is the strength of its people. The only rewards of an arms race with no limitations are widespread moral devastation, cynicism, hopelessness, and possibly even the end of civilization.

Surely limiting the arms race "meets the interests of the Parties and the interests of international security."

"Reaffirming their desire to take measures for the further limitation and for the further reduction of strategic arms, having in mind the goal of achieving general and complete disarmament (Preamble),"

While pressing for "the earliest possible approval of the SALT II accords," the National Council of Churches Governing Board affirmed:

While we understand that SALT II does not provide for more substantial arms reduction, it does provide a new and essential framework (of parity) for negotiating substantial and equal reductions in SALT III, and further steps in the direction of general and complete disarmament. It promises a new opportunity to consolidate institutions for halting the spread of nuclear weapons. The success of SALT II would open the way to decisive progress on other critical disarmament issues. It would enable our two governments to share more fully in the constructive works of peace in economic, technical and cultural affairs. It would help to promote a new climate of international relations in general.

"Declaring their intention to undertake in the near future negotiations further to limit and further to reduce strategic offensive arms (Preamble)."

Limiting the arms race by ratifying SALT II is an important step, but it is only one step among many that must be taken. SALT II limits the arms race. It does not reduce it. SALT II does not deal with the vital matter of nuclear non-proliferation. It does not ban chemical or radiological arms. But by limiting strategic arms the NCCC believes SALT II helps to establish a climate in which work in these vital areas can proceed.

The joint statement of Principles and Basic Guidelines for Subsequent Negotiations on the Limitation of Strategic Arms which is attached to SALT II establishes the framework for negotiating "further limitation and reduction in the numbers of strategic arms, as well as for their further qualitative limitations." Thus the ratification of SALT II not only limits the current strategic arms race but helps make possible negotiations looking forward to an actual arms reduction.

The NCC Governing Board's May 1979 statement expressed "profound anxiety for the future of our own and all peoples." It was encouraged by the unprecedented range of disarmament negotiations; by the strengthening of the more significant measures taken by the United Nations for disarmament; by the renewed vitality of nongovernmental organizations in the disarmament field; and by the indications that the peoples of the world are calling for disarmament.

Ratification of SALT II is not full disarmament or the establishment of peace. But we believe it promises a new opportunity to consolidate institutions for halting the spread of nuclear weapons, opens the way to decisive progress on other critical disarmament issues, and enables the governments of the USA and the USSR to share more fully in the constructive works of peace in economic, technical and cultural affairs. Therefore, we urge ratification of SALT II.

Actions by this United States Senate can and do affect the well being of all the world's peoples. We urge you to remember that as you deal with this critical Treaty. Therefore, may I close with a challenge to you from the book of Deuteronomy:

I have set before you life and death, blessing and curse. Therefore choose life, that you and your descendants may live (Deuteronomy 30: 19).

NOTES

Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Strategic Offensive Arms, Vienna, Austria, June 18, 1979.

US Department of State. SALT and American Security, November 1978.

PREAMBLE TO THE TREATY BETWEEN THE UNITED STATES OF AMERICA AND THE UNION OF SOVIET SOCIALIST REPUBLICS ON THE LIMITATION OF STRATEGIC OFFENSIVE ARMS

VIENNA, AUSTRIA,
June 18, 1979.

The United States of America and the Union of Soviet Socialist Republics, hereinafter referred to as the Parties,

Conscious that nuclear war would have devastating consequences for all mankind,

Proceeding from the Basic Principles of Relations Between the United States of America and the Union of Soviet Socialist Republics of May 29, 1972,

Attaching particular significance to the limitation of strategic arms and determined to continue their efforts begun with the Treaty on the Limitation of Anti-Ballistic Missile Systems and the Interim Agreement on Certain Measures with Respect to the Limitation of Strategic Offensive Arms, of May 26, 1972,

Convinced that the additional measures limiting strategic offensive arms provided for in this Treaty will contribute to the improvement of relations between the Parties, help to reduce the risk of outbreak of nuclear war and strengthen international peace and security,

Mindful of their obligations under Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons,

Guided by the principle of equality and equal security,

Recognizing that the strengthening of strategic stability meets the interests of the Parties and the Interests of international security,

Reaffirming their desire to take measures for the further limitation and for the further reduction of strategic arms, having in mind the goal of achieving general and complete disarmament,

Declaring their intention to undertake in the near future negotiations further to limit and further to reduce strategic offensive arms,"

TESTIMONY OF MR. ALBERT VORSPAN

Good afternoon. I am Albert Vorspan. With Rabbi David Saperstein, the Director of the Religious Action Center of Reform Judaism and co-chair of the Religious Committee on SALT, I am here today to share with you the position on SALT II of the Union of American Hebrew Congregations which I serve as Vice-President. The UAHC represents over one million American Reform Jews in 700 congregations throughout the country. After a year of investigation and discussion, the Board of Trustees of the Union of American Hebrew Congregations voted unanimously in favor of ratification of the SALT II treaty explaining, in part, that "in keeping with our mandate to 'seek peace and pursue it,' we see in the SALT process the most realistic chance for checking an insane, wasteful and potentially catastrophic nuclear arms race."

A JEWISH IMPERATIVE

This is not the first time that members of the Jewish community have testified publicly on behalf of arms control and disarmament. "They shall beat their swords into plowshares and their spears into pruninghooks; nation shall not lift up sword against nation, neither shall they learn war any more." These words of Isaiah, echoing down through the centuries have been eloquent testimony of our commitment to disarmament. To ignore those words now is to imperil humankind. Since Hiroshima the prospect of warfare has been raised to a qualitatively different order of risk. We have always had warfare—but never the capacity to destroy human life and to make the world unliveable. Nuclear warfare requires a moral revolution, a revolution in which human life and peace must take precedence over worshipping the idols of production, technics, strategic superiorities and the military-industrial-complex. Because we address the issue of SALT II in this context, we have joined with 26 other national Catholic, Protestant and Jewish groups in the Religious Committee on SALT.

We all share a sense of the urgency of the time. Religious values must be given a chance. If not it may well be too late. Increasing numbers of experts maintain that nuclear war is likely by the end of this century. This contention is supported by a number of political and military factors in the world today including:

1. The immense size of the superpowers arsenal—the equivalent of 3 tons of TNT for every human being on Earth.
2. A nuclear club that is expected to increase seven-fold by the year 1990, from five to thirty-five nations.
3. The massive resort by dozens of countries to nuclear technology as an energy source following the energy crisis of 1973–74.
4. The faltering prospects for a strong and stable non-proliferation agreement to prevent the spread of nuclear weapons to additional countries.
5. The mounting prospects of the utilization by terrorist groups of stolen fissionable materials or tactical nuclear weapons.
6. The rising curves of hostility and violence in regions such as Southeast Asia, the Korean peninsula, the Persian Gulf, South-

ern Africa and Latin America, and the potential that the tensions in these areas can trigger or escalate to a nuclear conflict.

7. The on-going conventional and nuclear arms race, reaching $400 billion in military expenditures this year.

8. The fragility of US-USSR detente.

9. The commitment on both sides to a qualitative build-up of increasingly sophisticated strategic weapons which go beyond the reach of verification and threaten to destabilize arms control negotiations, and

10. The lack of firm or coherent policies of security and disarmament at the highest levels of the governments of the US and USSR.

Thus today, we are faced in fact with precisely the choice God set out for us in the Book of Deuteronomy, "I have set before you this day, the blessing and the curse, life and death, good and evil; therefore choose life in order that you may live."

Through the millennia, the Jewish tradition has painfully developed a set of values limiting war which must serve as our guide in evaluating this treaty:

1. The use of force is permissible for self-defense. Thus SALT II must be evaluated in terms of legitimate U.S. security needs.

2. The goal of humankind is shalom. Shalom is more than the cessation of war. It is the opportunity for national and personal fulfillment and completeness.

3. Any use of force must guarantee absolute protection of non-combat and civilian populations.

4. Any use of force must be guided by a concept of proportionality which insists that no more damage should be inflicted than is necessary to pursue the limited goal of defense.

The dilemma of our age is that the values and positions described above are now faced with a stark reality of new and incomparable proportions—weapons of mass destructions which threaten to erase distinctions between offense and defense; which if used would be a massive violation of the protection of noncombatants and proportionality; which would eliminate the possibility of *shalom*—indeed, threatens the very possibility of all of God's creation. Since any use of nuclear weapons threatens these values, the goal of the American people must be first, the limitation; then, the reduction; and finally, as President Carter pledged in his inaugural address, the elimination of all nuclear weapons. Thus, SALT must be regarded as a process which transcends SALT II and in which lies our ultimate security.

The question for the Senate: Are We More Secure with SALT II or Without SALT II?

Will we be further along the path to achieving the values discussed above with SALT II or without SALT II? After careful and lengthy evaluation, the UAHC concluded that in every way we will be more secure when this treaty is ratified.

If SALT II should be rejected by the Senate it will be a serious set-back for the cause of arms limitation and control. The SALT process provides the best hope for arms control. It has been accepted by the U.S. and USSR. Recently, it has been accepted by China. It is accepted by the rest of our allies who are members of the nuclear club. Indeed, the leaders of these and many other countries have called for the ratification of the treaty. The General Assembly of the United Nations voted 127–1 in favor of SALT. The likelihood of successful renegotiation with the USSR of any substantive change is very slim. For this reason, the UAHC would like to see the treaty passed in its present form with no amendments or actions which would result in the need for renegotiation. A failure to ratify the treaty would result in a major crisis of confidence among our allies and friends. It would be a major setback for détente between the U.S. and USSR. Thus the failure to ratify SALT II would adversely affect American security.

Without SALT II, U.S. and Soviet military spending will rise even more rapidly than now planned. Each side will redouble its efforts to achieve illusory superiority. Dangerous and provocative weaponry will be developed and deployed. Trends toward "limited" nuclear wars, massive civil defense programs and a garrison state mentality will ensue.

The economic costs to the United States and the USSR would be enormous. Between $30 and $100 billion more would be spent on military expenditures, by 1985. Balanced budgets and inflation controls would be sacrificed. The ability of the U.S. to increase its security by providing employment and educational opportunities to its citizens; decent health care and housing; and welfare assistance which provides a minimally decent living—all these would be sharply undercut. The result would be the development of an underclass of Americans who are out of jobs and out of hope—filled with frustration and despair. Intergroup tensions would be greatly exacerbated. The spirit and soul of America would be drained by its inability to maintain a fundamentally decent quality of life for its citizens. No country which erodes its internal strength can long endure—no matter how large its military budgets and how great its military forces might be.

Without SALT II, we will be hurt strategically, as all of the compromises and concessions made by the Soviets in the negotiations of this treaty would be lost. In the sometimes mean spirited and hawkish tone of the recent debate over SALT II, we have constantly emphasized the concessions we made and ignored the concessions which the Soviets made. Without SALT II:

1. The Soviets will have 3-4,000 missile launchers rather than the 2,250 to which they have agreed (a reduction of 250 launchers for them.)

2. We would have no common data base as opposed to that to which the two countries agreed under the treaty.

3. The US and USSR would have a number of new land-based missiles as opposed to the one allowed by the treaty.

4. We would face 20 to 30 warheads on some Soviet missiles as opposed to the limit of 10 to which they have agreed.

5. There will be no production limits on the backfire bomber as promised the U.S. in an agreement outside the treaty.

6. The Soviets might have thousands more new warheads than they would have with the treaty.

7. Whatever qualms the U.S. might have on verification, can any sane human being believe that we would be more secure and more capable of verifying what the Soviets did, if they had not accepted our counting rules; if they had not promised to continue their policy of non-interference with our national technical means; if they had not restricted their encryption of missile tests?

In the abysmal ignorance which our inability to monitor the Soviets would create, the military hardliners in both countries would be strengthened. An atmosphere of intense fear and mistrust would blanket the world. Efforts to negotiate further reductions through SALT III or any other arms control agreement would be severely restricted. Successful negotiations on a comprehensive test ban treaty would be unimaginable. Negotiations aimed at checking proliferation of nuclear and conventional weapons would likely break down.

Despite the accusations of some SALT critics, the U.S. negotiators struck a fair bargain in SALT II. They did not undermine our security. The Soviets agreed not to limit our forward-based missiles. They accepted no limitation on air-launched missile range. They gave up their demand for a non-transfer clause. They gave up their demand for a limit on ground-launched or sea-launched cruise missile testing. They permitted an average 28 cruise missiles per bomber. They accepted limitations on the upgrading of the backfire bomber. They accepted our definition of what constituted a "new" missile. While, of course, as critics of SALT pointed out, the United States has made numerous concessions to the Soviets—compromise is the essence of a successful agreement. Our negotiators have successfully embodied the notion of nuclear parity in SALT II. This offers a real hope for reduction in the future.

THE SALT DEBATE—SO FAR

Indeed, the debate so far seems to have ignored the basic reality that the SALT II treaty has balanced the needs of two fundamentally different and asymetrical military forces. The rhetoric of the debate has implied that for each compromise the U.S. made, the USSR must have made a similar one. Such a provision by provision comparison is not grounded in reality. We must rather measure the total effect of the treaty. It is the position of the UAHC that when this standard is applied, the two superpowers have reached an accord which limits arms growth in a way which protects our security and the security of the USSR.

The debate has been particularly distressing in two other ways. First, the debate has lost sight of the goal of arms reduction and elimination. Instead, SALT II has been used as a political football by those who would seek greater growth of the US nuclear arsenal; a higher military budget or would seek to end the SALT process altogether. Senators who only a few months earlier had voted reductions in military spending now demand, in banner headlines, a sharp rise in the military budget. If SALT II is a bad treaty then no amount of spending will make it a good one.

More importantly, new weapons systems and increased military spending ought to be decided on their own merits. For senators today to lock the country into new systems, new weapons and higher budgets for years to come after a couple of months of debate on the SALT treaty does not appear to be the most responsible way of dealing with the real security and defense needs of our country. The series of extravagant pay-offs which marked SALT I should not be permitted to plague SALT II. We must be most careful to avoid the technological trade-offs of SALT I. Because we led in certain types of technology in the early seventies—MIRV technology, cruise missiles and large submarines—we exempted limitations on such arms. As a result, the Soviets felt compelled to undertake a major "catch-up" program. Today, the Soviets now are MIRVing their missiles. The result is that our land-based ICBM's may soon be theoretically vulnerable to destruction on the ground. Today, because we lead in mobile missile technology, we seek to set time limits on the controls of mobile missile deployment and thus risk escalating the arms race into a new and dangerous stage. We will soon introduce the unverifiable, destabilizing cruise missiles into the strategic picture. The decisions on the MX missile and any other new system ought to be carefully evaluated on their own merits with a full public debate after the SALT treaty has been ratified.

Perhaps even more threatening in the debate has been the virtually unchallenged contentions of those who would provide the United States with the capacity to fight a "limited" nuclear war. This "counterforce" theory has increased its attraction as the Soviets develop the capacity to target U.S. land based missile silos. The ability to destroy accurately military nuclear targets raises the theoretical spectre of a nuclear war which would inflict "acceptable" damage to industrial and human targets. Various basing modes of the proposed mobile missiles seriously raise the spectre of a counterforce capacity.

Increasingly, the rhetoric of counterforce theory has been infused into the SALT II debate. While counterforce theory presumes solutions to strategic and technological problems which may be unsolvable in this century, as a religious presence in this country we are more concerned about the devastating moral implications of this theory. The counterforce theory creates the dilemma that by seeking to give either country various limited strategic options, it makes the use of nuclear weapons more thinkable. Because the effects of the use of limited nuclear strikes appear to be selective, discriminate and controllable, strategic planning and analysis would accept them as real options. If counterforce becomes a part of the strategic relationship, the likelihood of nuclear war would greatly increase.

Given the present state of the arms race, both technologically and politically, it seems more prudent to accept only those weapons and strategic doctrines that seek to prevent any use of nuclear weapons; that renders them "unthinkable" in political and moral terms. Only from this position is it possible to begin reduction of strategic arms in a reasonable, balanced and prudent manner; bring them more surely under control; and decrease their significance and legitimacy in world affairs. This is the theory of SALT, and SALT II is essential to its process. We believe that the whole issue of counterforce theory deserves far more analysis and attention than it has been given so far.

PAST SALT II

Opponents of SALT II have attempted to discredit the notion and the rhetoric of the SALT process. We categorically reject such aspersions. The pursuit of peace and the elimination of nuclear weapons must be a constant and continuous effort by all of us. The notion of a process is inherent in SALT and we must look past SALT II. The UAHC is disappointed in the modest limitations of SALT II. We would have wished that this had been a treaty embodying real arms control.

Arms control must be the essence of the next SALT agreement. This goal should be reflected in understandings and reservations to SALT II which would not require renegotiations. The SALT II limits must be regarded as ceilings not as targets which must be reached. There should be an explicit rejection of the concept of "limited" nuclear war as an element of U.S. foreign or strategic policy. We should clarify that we are prepared to seek meaningful bilateral reductions even before the expiration of SALT II.

The symbolism of the Soviet dismantling of missile launchers without replacement, as required by SALT II, must not be lost in the debate. It should be emphasized as the type of action that will take on real meaning in SALT III. Just this week, Senator Biden, upon returning from a series of meetings with Soviet leaders, indicated that they were prepared for real reductions in future arms agreements. The initiative created by those meetings must be seized by the Senate. The U.S. should clearly set out its intentions as to how these two countries will achieve real reductions and work for that goal as quickly and effectively as possible.

The example which the superpowers sets in controlling nuclear arms will have a significant impact on future efforts to control horizontal proliferation of nuclear weapons. No dynamic in the 1980's so threatens to destabilize the world and lead to nuclear war as the numerical growth of those countries which will soon possess a nuclear capacity. The US and USSR have succeeded in making the possession of nuclear weapons a "status" symbol of power and influence in the world. We must act dramatically to change that. Ratification of SALT II is an important step in that direction. On the eve of the Second Non-Proliferation Treaty Conference, rejection of SALT II would inevitably undermine any hope to check the proliferation of nuclear weapons to other countries.

ISRAEL AND SOVIET JEWRY

As Jews, we have a special concern for our brothers and sisters throughout the world. Repeatedly we have been asked how does our support for SALT II relate to our concern for Soviet Jewry and progress towards peace in the Middle East? Proponents of linkage argue that we should refuse to ratify SALT II until the USSR improves its human rights performance and supports progress towards peace in the Middle East. We reject that notion. Our support for SALT II in no way signifies our approval of Soviet domestic or international policies. The SALT treaty is of momentous intrinsic, moral and strategic interest. It is deserving of ratification on its own merits. If the world goes up in a nuclear holocaust, our concerns for human rights and peace become irrelevant.

In fact, however, SALT II can only help to improve the situation of Soviet Jewry. Recently Senator Kennedy put this problem to Andrei Sakharov, one of the truly courageous fighters for human rights in the Soviet Union. Senator Kennedy reported:

"When I met last year with Andrei Sakharov in Moscow he stressed that the greatest threat to humanity and human rights is the threat of nuclear war. His plea to us is to ratify SALT: not only to reduce the threat of nuclear war but also to create the mutual confidence necessary to resolve the other important issues between the Soviet Union and the United States . . . Let the advocates of linkage explain how the cause of human rights in the Soviet Union will be served by Senate refusal to ratify SALT."

To the extent that the United States can influence Soviet performance on human rights it can do so best in an atmosphere of detente and cooperation. If SALT II is defeated it is unlikely that the U.S. will have any impact on USSR policies regarding human rights.

The ability of the U.S. to act as a constructive partner in further progress towards reaching a peaceful resolution of Mid-East problems will be strengthened by SALT II as well. First, progress towards peace requires stability—stability among the superpowers and relative stability among the parties involved in the Mid-East conflict. To the extent that SALT II allows for continued stability on the nuclear front, it permits Israel and its neighbors to focus on their regional concerns.

Secondly, the danger of horizontal nuclear proliferation threatens to engulf the Middle East in a nuclear confrontation. Recent evidence indicates that Pakistan, which may explode a nuclear device in a matter of months, has been bankrolled in its efforts to develop "the bomb" by Libya. Reports indicate that Pakistan will supply Libya with nuclear weapons, in return for its help. No leader on Earth would so threaten nuclear stability as would Qaddafi. It would be difficult to determine whether his weapons would be aimed first at Egypt or Israel. Such proliferation poses a massive threat to U.S. interests in the Middle East, to Israel's survival and, indeed, to the survival of the world.

Finally, the strategic impact of the SALT treaty would have little effect on the ability of U.S. forces to maintain a deterrence in the Middle East to Soviet designs. Indeed, by diverting limited U.S. budgetary funds from a senseless and endless strategic weapons arms race, we can better strengthen our conventional forces which would increase our capacity to help our friends in Europe and the Mediterranean basin.

Thus, ratification of the SALT II treaty will enhance the ability of the American government to further both peace in the Middle East and the cause of human rights in the Soviet Union. During the past year we have made significant progress in both these areas. The peace treaty between Israel and Egypt and the unprecedented levels of Jewish emigration from the USSR have been due in large measure to a sense of stability in the relationship of the global powers. We cannot continue to progress towards peace and freedom in the atmosphere of suspicion, mistrust and intense superpower competition which would inevitably follow the failure of the Senate to ratify the SALT II treaty. Rather, the spirit of cooperation and detente which would be furthered by this treaty is essential to such progress in both of these areas.

CONCLUSION: THE RESPONSIBILITY OF THE SENATE

The U.S. has not yet met the issue of arms reduction and control as firmly as the situation requires. Both the religious community and the Senate must bear the responsibility for that failure. The religious community has not posed the moral challenge of the arms race with sufficient clarity and immediacy to capture the imagination and concern of the American people. The Senate has too often permitted the SALT II debate to deteriorate into rhetorical battle of militarism and fear.

Rabbi David Polish points out an insightful lesson in the story of Samson. Before he was born, Samson's mother was told that he was to grow up as a mighty savior of Israel. He was to be set aside as a Nazirite, as a special kind of person, dedicated to God, forbidden to drink wine or to cut his hair. When he was born, he was called Shimshon, meaning sunperson, symbolizing that the brightness of the very sun glowed within his being. What great promise burned within this man who grew to be a powerful figure and who, indeed, did rescue Israel from its enemies. But this giant of a man, this dazzling, brilliant judge in Israel soon forgot the source of his power and his greatness. He was tricked into having his hair shorn. He was captured by his enemies. They put out his eyes. They set him to work in the prison yard, grinding grain. Day in, day out, chained to a huge stone wheel, he trod his blind course, round and round like a beast. Time passed, and his hair grew and his strength was restored. On a festive day, when the enemies of Israel were all assembled in their Temple, he made his way there with the aid of an unsuspecting lad. Planting himself between two huge pillars, he pushed mightily against them, and crying, "let me die with the Philistines," he brought the Temple and its celebrants crashing down upon him.

What do we know from this episode? We learn of the tragic and fatal combination of power and blindness. Samson was once the union of strength and vision. But with vision gone, all that Samson could do was to feed his renewed strength with the venom of revenge, destroying himself with his enemies.

The story of Samson is a warning to America. Our nation arose in this new world like a special being, blessed and nurtured by the sun, the source of light and of life. This giant of a nation was born in the midst of a struggle against tyranny and consecrated to a higher order of political existence than had ever been known. This nation was a kind of Nazirite among the nations, denying itself the temptations of rule by castle and the heady wine of government by the few. It was endowed in its birth with the might of the continent which it straddled and the vision which it drew from its unique history.

But we stand in danger of seeing the eyes of the sunblessed giant gouged out, not by its enemies, but at its own hands. Its strength cannot be impaired, but its vision can be mortally impaired. Nothing can be as destructive as the well-meaning power of a bewildered and frightened giant. How well our prophets understood this when they said, "Where there is no vision the people perish."

Together we can ensure that the United States does not lose its vision. But it will be your decision as to whether the debate over this treaty will focus attention on the necessity of multilateral nuclear disarmament. You alone will decide what message SALT II will carry beyond its substantive provisions. It might be a message that this is but one stepping stone in an inevitable escalation of nuclear proliferation. Or the message of SALT II can be a proclamation heard throughout the world:

That the joint benefits for both sides outweigh even deep differences;

That there are ways besides strife for nations to redress grievances and resolve disputes;

That nations will not be prisoners of a bitter, unremitting past—we can be the shapers of a better and more hopeful future;

That humankind is not inexorably doomed to repeat the disasters of history—what also was need not always be.

Just as the Bible tells us the "the effect of righteousness shall be peace" so do we know—from observation and intuition—that we who share this vulnerable planet can never come into our full human inheritance until we can put bloodshed and war behind us. SALT II can help us achieve this goal.

STATEMENT BY ROBERT D. SCHMIDT

Mr. Chairman and member of the Committee: I am Robert D. Schmidt, President of the American Committee on East-West Accord, and Executive Vice President of Control Data Corporation.

The group I represent today—the American Committee on East-West Accord—is a diverse one. On its board, and among its officers and members, are people of international repute, representing academia, industry, the world of science, diplomacy, private foundations, labor unions, the legal and publishing professions, and lay people who believe that only through normalization of relations with the Soviet Union can we maintain a workable and lasting peace on this planet.[1]

The American Committee has a strong and continuing interest to promote the SALT process. We have a strong and continuing interest to promote U.S.-Soviet trade. Both are essential. Trade and the SALT process reinforce each other. They both contribute to lessening those international tensions we know must be controlled lest our acknowledged ability to destroy life on Earth as we know it is unleashed.

The hearings on SALT II, thus far, have placed primary emphasis on military relations of the U.S. and the U.S.S.R. Who is ahead in what weapon? Who will be ahead in 1985? Which nation is likely to get a scientific breakthrough providing a military advantage? Which nation is spending more for military research and development?

Both societies put more effort and money into planning for a war than on planning on how to get along. Both societies act as though the best way to preserve peace is to prepare for war. There has been no apparent progress from this kind of activity.

Perhaps the best way to preserve peace is to adopt a new strategy that depends more on negotiations than confrontation.

SALT AND UNITED STATES-SOVIET TRADE

I am not so naive as to believe that either the United States or the Soviet Union is about to summarily transfer research and development funds from military purposes to peaceful purposes. Nevertheless, there are many activities we might carry on in tandem with our potential antagonist which may lessen the likelihood of military confrontation.

One of those areas is trade.

I emphasize the importance of trade because the American Committee believes Senate approval of SALT II is essential to preserve and promote a climate in which nonstrategic trade, joint development of energy, and other projects of common interest may be carried out to the mutual advantage of both societies, economically and politically.

Trade is a path to understanding. It costs us nothing, it costs the Russians nothing. Trade is engaged in only if both parties perceive benefits for themselves.

Granted that ill-conceived trade policies can generate negative relationships among countries, nevertheless, as Professor Thomas Schelling has written:

"Aside from war and preparations for war . . . trade is the most important relationship most countries have with each other. Broadly defined . . . trade is what most of international relations is all about."

Accepting the importance of trade in international relations, it follows that an even-handed, realistic, and vigorously pursued trade policy can produce positive results.

Trade can be a weapon of war, or an instrument for peace; or, put more delicately, trade can promote confrontations, or negotiations. That is for the parties to choose.

If SALT II is rejected, the temptation to use trade as a weapon, which will exacerbate conflict, will be very great. On the other hand, if SALT is approved, trade between the U.S. and the Soviet Union will be expanded and the ability of the United States to influence the Soviet Union in ways which will serve our long term security will be enhanced.

But there is another benefit for the American economy that will flow from a successful SALT treaty. It is the benefit based on the common sense proposition we all recognize—that both parties benefit from trading.

If we are moving ahead in the mutual control of strategic weapons, the climate of U.S.-Soviet relations will be propitious for expanding U.S.-Soviet trade. Our adverse balance of trade over the past few years demands expansion of our export markets—including exports to the Soviet Union.

We all know of the importance of Soviet purchases of grain and the help that has given to balance our trade deficit with the world, as well as to maintain farm prices.

We have not done as well in the export of industrial products to the Soviet Union. Discrimination against Soviet trade imposed by the Jackson-Vanik and Stevenson amendments and the use of trade as a political weapon to try to force Soviet emigration policy into line with our concepts of free emigration have seriously impaired American sales to, and purchases, from, the Soviet Union—to the detrdiment of our economy and our political relations. Furthermore, these measures have not, in my view, been as effective as would have been the encouragement of mutually beneficial programs in science, culture, and non-strategic trade.

There is another advantage to the United States in expanding trade with the Soviet Union. It is that our system of free enterprise is so incomparably more efficient than the Soviet system that in time I believe we will promote greater Soviet awareness of Western values. Those of us who have spent substantial periods of time in the Soviet Union over the past decade have observed changes—liberalization, if you will—which we would have thought impossible a decade ago.

For example:

Ten years ago, the word "profit" didn't seem to exist in the Soviet vocabulary—at least with the people to whom I spoke. Now it is commonplace to discuss "profit."

Five years ago, it was not possible to discuss questions of joint ventures. Now, a number of elements of Soviet society are exploring ways to accommodate joint venture.

Five years ago, the Soviets never mentioned the Voice of America. Indeed, Voice of America broadcasts were regularly jammed by the Soviet Union until 1973. Not so long ago, in Novosibirsk (halfway around the world from my home office in Minneapolis, Minnesota) a Soviet scientists remarked to me about a news item he heard the previous evening on the Voice of America.

Western views are beginning to seep into Soviet society.

SALT AND AMERICAN SECURITY

Thus far I have emphasized the importance of SALT to the expansion of trade and U.S. influence in the Soviet Union and one might believe that I ignore the effect of SALT on our military strength. In the words of Secretary of Defense Brown, "national security is more than a matter of military strength. It includes economic strength. It includes in the case of the United States our enormous agricultural production; it includes our technological capabilities; and it includes also, our self-confidence, self-cohesion, and will."

So much of the emphasis in these hearings has been on what I consider to be the exaggerated strengths of the Soviet Union that we forget our own tremendous strengths.

Consider, for example, some of the security advantages we have over the Soviet Union—borders with friendly nations, Canada and Mexico. In contrast, the Soviet Union has as neighbors China and a number of Eastern European ethnic groups always threatening turmoil.

Consider our NATO allies, in contrast to the Soviets' Warsaw Pact allies.

And consider the Soviet domestic situation in contrast to our own—a situation well summed up by Professor J. S. Berliner, an eminent Soviet specialist at Brandeis University and a member of the Harvard Research Center.

Berliner writes that Soviet policy is in a shambles, and believes that they have lost most of their sources of influence around the world that they had once hoped to have, to the point that their economy has lost its dynamism and is no longer a model for the Third World or anywhere else.

"It is ironic," Berliner writes, "that they have only one major source of influence left, military prowess. . . . That should be small comfort for all that they do not have." (Taken from article to be published in the forthcoming issue of *Commentary*.)

Let us look at the assertion that the one major source of influence left to the Soviet Union is military prowess.

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[1] Officers and members of the Board of the American Committee are: John Kenneth Galbraith, Co-Chairman, Donald M. Kendall, Co-Chairman, George F. Kennan, Co-Chairman, Robert D. Schmidt, President, Fred Warner Neal, Executive Vice President, Stephen Schlossberg, Vice President, Carl Marcy, Secretary-Treasurer & Co-Director, William Attwood, Meyer Berger, Tilford Dudley, Joseph Filner, Curtis Gans, Theodore M. Hesburgh, C.S.C., Vice Admiral J. M. Lee, Jeanne V. Mattison—Co-Director, Stewart R. Mott, Harold B. Scott, Jeremy J. Stone, Kenneth W. Thompson, Mrs. James P. Warburg, Jerome B. Wiesner.

In the last few weeks we have heard opponents of the SALT Treaty repeat and repeat that the United States is behind the Soviet Union in military strength. For that reason, opponents argue, the U.S. Senate must reject SALT II.

This makes no sense to me for the simple reason that if there were no SALT agreement there would be no limitations whatsoever on the production of nuclear weapons by either side. With SALT, for the first time, we have an agreed overall limit on the number of strategic nuclear delivery vehicles for each side—2,250.

But it is not to the numbers and the footnotes of the SALT Treaty to which Americans must look to determine whether the Treaty is in our security interests. We need rather to apply our own good sense.

Is it reasonable to believe that for seven years the Russians have managed to outnegotiate American representatives of *three* Presidents?

Is it reasonable to believe that our Joint Chiefs of Staff would recommend the Treaty to the Senate if they thought it damaged our security interests?

Is it reasonable to believe that all our NATO allies would urge ratification of SALT if they didn't mean it?

Is it reasonable to believe that American security will be promoted by a reversion to the Cold War, that we are more secure in a world of confrontation than negotiation?

Even if one believes the United States is behind the Russians in some categories of weapons, or that we are inferior militarily across the board—which I do not accept—the problem is the failure of our own system to use our resources wisely to achieve a quality—rather than quantity—defense strategy.

In conclusion, though SALT may not be all we want, we will invite a disastrous escalation of the arms race if it is rejected. But with the approval of SALT, I believe we will move toward further arms reductions which we and the Russians want and need, and there will be a basis for improvements in U.S.-Soviet relations in other fields as well, including trade.

Mr. Chairman, the American Committee on East-West Accord has recently adopted statements on SALT II and on trade. I ask that they be included at the end of my remarks.

STATEMENT ON SALT

The American Committee on East-West Accord supports the draft treaty negotiated between the United States and the USSR on the limitation of strategic arms and strongly urges its approval by the United States Senate.

The stakes are high. Either we move ahead with arms limitation and reduce the threat of nuclear war, or we slip back into an era of confrontation and escalating arms competition. The dangers of such a setback are obvious and serious. The increasing sophistication of strategic weapons on both sides seems to accord an advantage to the side which strikes first. Even if, as we believe, neither side would contemplate such a step, growing vulnerabilities would be exploited on both sides by those wishing to escalate the arms race.

The proposed treaty is the culmination of efforts by four U.S. Administrations—two Democratic and two Republican—to stabilize the nuclear threat posed by each superpower against the other. These efforts have won the increasing support of the American public; today four out of five approve the effort to reach a SALT agreement. Just as Americans have a high stake in the outcome of the Senate vote, so do our allies, who could—and probably would—be destroyed along with the two major powers by a U.S.-Soviet nuclear conflict.

Any agreement limiting strategic arms must meet one overriding requirement: it must enhance the security of the United States. We believe this treaty meets that requirement. The strategic forces of the United States and the USSR are not identical; they differ widely in structure, deployment, and weapons systems, as geography makes it natural they should. But the treaty will bring these forces into overall balance. It will for the first time cause a reduction in the stockpiles of strategic delivery vehicles. It will place restrictions upon development and deployment of certain types of strategic weapons. It will moderate arms competition between the two great powers and thus contribute to the maintenance of the present essential equivalence in strategic nuclear arms.

We regret that SALT II does not place more effective controls upon improvements in the nuclear arms permitted under the treaty. It does not prevent the development of a counterforce capability on either side and thus prolongs the danger that mutual fears and suspicions could precipitate nuclear war in a critical situation. It might even encourage more intense arms competition in weapon systems not limited or proscribed by the treaty. We therefore call upon both governments to reexamine their military concepts and strategies and to clarify and curtail their commitments to existing and contemplated arms programs.

Despite these weaknesses, SALT II is an indispensable step in the continuing process of lifting from mankind not only the terrible shadow of nuclear war but the debilitating economic burden of arms expenditures. The resources of both countries are already strained by the need to maintain and to strengthen their military establishments. Without further progress on arms control beyond SALT II, both nations will increase their arms expenditures, thus diverting human and material resources from uses beneficial to mankind, causing both countries to overtax their financial and material resources and—certainly in the United States—contributing to inflationary pressure.

A failure to ratify SALT II would not only undermine the strategic balance which is achieved by the draft treaty but would scuttle arms control for years to come. The fears and uncertainties which would ensue would make even more difficult than at present the problem of pursuing a consistent and effective foreign policy in support of U.S. interests around the world. Above all, it would be widely interpreted as a sign that the American people had lost interest in reducing U.S.-Soviet tensions and improving the prospects for world peace.

Approval of SALT II should usher in a new era in U.S.-Soviet relations. It will reduce fears and suspicions. It will ease the resolution of disputes between the two nations. It will create an atmosphere in which trade and cooperation can prosper. In such an atmosphere lies the greatest chance not only for world peace but for the sort of liberalization in Soviet society that we would like to see.

We recognize that SALT II will not produce any sudden or dramatic abatement of the U.S.-Soviet competition for world influence. But in approving the agreement and in continuation of the SALT process lies the greatest prospect that both countries will carry on that competition by peaceful means and reduce their reliance upon military powers.

The SALT II agreement deserves the overwhelming support of the American people and of its legislative representatives.

STATEMENT OF TRADE

While welcoming reports that the Carter Administration is about to sign a trade agreement with China, the American Committee has grave misgivings as to the agreement's impact on SALT II.

We are deeply concerned that the U.S. be even-handed in its treatment of China and the Soviet Union with respect to extension of Most-Favored-Nation treatment of imports from both nations. We believe it would be a grave mistake at this time to take any action which would be viewed either in the U.S., China, or the Soviet Union, as tilting toward China. Any discrimination in the treatment of the two communist countries on matters of trade could only damage prospects for SALT II.

The American Committee is in favor of a Presidential waiver, under the authority which the President now possesses, to extend Most-Favored-Nation treatment to both countries and Amendments to the Trade Act which would honor U.S. commitments under the 1972 Trade Agreement to extend unconditional and non-discriminatory MFN tariff treatment and Export-Import Bank credits to the USSR and China simultaneously.

The American Committee believes such moves are in the national interest of the United States and also of importance for the American economy.

The Committee believes these moves should proceed at the same time as Administration efforts to obtain approval of SALT II.

TESTIMONY BY HERBERT SCOVILLE, JR.

Mr. Chairman, Members of the Committee: I appreciate very much this opportunity to appear before this Committee and testify on the SALT II Treaty in behalf of New Directions. New Directions is a citizens' lobby for world security whose full-time president is former Congressman Charles W. Whalen, Jr. I co-chair the New Directions Task Force on Arms Control and Disarmament with Betty Goetz Lall.

New Directions supports the SALT II Treaty and urges that it be ratified without amendment. We believe SALT II improves the U.S.-Soviet strategic balance, takes important first steps in controlling the offensive strategic arms race, and will improve our knowledge of Soviet military programs and thereby reduce the need to procure unnecessary weapons in order to deal with an uncertain and unlimited Soviet threat. We believe that a failure to ratify the Treaty can only result in increased tensions, in a less secure and more unstable strategic balance, in accelerated arms buildups, and in increased and unnecessary military expenditures. In such a world the real security of the United States will be lower and the nation will be less able to deal with the critical economic and political problems facing it.

New Directions believes that a strong case can be made that with the Treaty our security will be significantly enhanced and the dangerous arms race provided with important brakes. Too often in the debate over the SALT II Treaty, there has been a tendency to focus on what the Treaty does not do and to pay little attention to its positive benefits. This, in our view, has led to a distorted picture of the contribution that this Treaty will make to our national security. We believe that it would be useful to consider the Treaty as a glass that is half full rather than half empty.

It was never practical to expect that SALT II Treaty would solve all our strategic policy problems nor lead directly to the end of the arms race. Negotiated arms control agreements are only one means of ensuring that our security is maintained and of reducing the burden of continued weapons procurement. National decisions are equally important if we are to prevent new weapons from increasing the risks that we will be embroiled in a nuclear conflict which can only lead to catastrophic devastation of the United States and most of the world.

It is, of course, impossible to list in this testimony all of the benefits which the SALT

II agreements provide, but it might be useful to summarize some of the more important elements.

1. The Treaty establishes ceilings on all types of offensive strategic weapons, heavy bombers as well as ballistic and cruise missiles. These ceilings are low enough to require the Soviet Union to dismantle without replacement about 250 relatively modern operational strategic delivery systems; therefore it establishes the precedent of reducing weapons stockpiles rather than allowing continued buildups. Although this cutback is only 10 percent of the Soviet strategic force, the direction of the change is of prime importance. Furthermore, since this ceiling primarily affects the USSR and only marginally affects the United States, it will improve the relative U.S.-Soviet strategic balance. Without this ceiling the Soviets could during the lifetime of the Treaty increase substantially their lead in numbers of strategic delivery vehicles.

2. The Treaty for the first time places an upper limit on the total number of missile warheads that each side can have by setting ceilings on the number of MIRVed missiles and the number of warheads each type of missile can carry. While these limits are much higher than would have been desired, they will at least place an upper range on the number of warheads, make finite the maximum threat to U.S. landbased ICBMs, and limit the potential advantage of the larger throw-weight of Soviet ICBMs. They will provide a fixed base for possible future negotiations to reduce the number of warheads on both sides to less threatening levels.

3. The Treaty will prevent the Soviets from deploying their potentially mobile SS-16 ICBM, and the Protocol will ban the deployment of any mobile ICBMs by either nation until 1982. The failure to include this prohibition in the Treaty lasting until 1985 is a result of the U.S. desire to keep the option open for the MX mobile deployment, but in the long run this loophole may prove to the U.S. security disadvantage since deceptive mobile basing schemes, such as multiple launch point systems, may be of greater advantage to the Soviet Union than to the United States. Verification of future limits on CBMs and warheads may prove very difficult, and this could lead to a future breakdown in the ability to control the size of the Soviet strategic arsenals.

4. The Treaty includes air-launched cruise missile carriers within the 1320 MIRV delivery vehicle ceiling, and thus controls for the first time this new type of strategic weapon. Without such provisions the way would be open for an uncontrolled race in this alternative to ballistic missiles. Long range ground- and sea-launched cruise missiles cannot be deployed for the duration of the Protocol, but their testing is permitted. This loophole could produce a difficult if not insoluble problem in controlling such weapons after 1982. Although this option was kept open in order to permit U.S. deployment of such weapons in the future, it could prove in the long run to work to our detriment by preventing the achievement of verifiable controls on this class of weapons.

5. The Treaty limits each side to the testing and deployment of only one new type of ICBM. For many characteristics, modernization of existing types will now be strictly limited so that any allowed changes would have little military significance. For example, the launch-weight and throw-weight of current ICBMs cannot be changed by more than 5 percent; such a change would make little military difference, particularly since the number of warheads a missile can carry cannot be increased. However, for other characteristics, such as accuracy, no verifiable limitations could be agreed upon. This loophole could not be closed, unfortunately, without relaxation of U.S. standards for verifying compliance.

6. The Treaty contains many provisions that will improve the information on Soviet strategic forces, without which major uncertainties could develop on the size and nature of the Soviet strategic threat. Without the bans on deliberate concealment against naitonal technical means of verification, the Soviets would be in a position to adopt many techniques for denying intelligence on strategic weapons developments to the United States. Without this intelligence the United States would be forced to rely on worst case estimates, which could only lead to excessive force buildups.

While we strongly support the ratification of the SALT II Treaty, we are increasingly concerned with the tendency during the debate to turn the SALT II Treaty into a Christmas tree loaded with presents to be exchanged for SALT support. We have already seen President Carter's decision, only a week before he signed the SALT II Treaty in Vienna, to proceed with the full-scale development of the new large-model MX missile. We, too, are concerned about the theoretical vulnerability of the Minuteman ICBM. But it is not clear that the weapons-procurement rather than the weapons-limitation approach is the best way of solving this problem. In SALT I the United States opted to continue the arms race in MIRVed missiles when the United States was more than five years ahead, since the Soviet Union had not yet carried out a first test of such a missile system. Now the United States is paying the price for its failure to deal with this problem through arms control; quite predictably, the Soviets have followed along behind the United States and will now some time in the 1980s have sufficient numbers of accurate MIRV warheads at least to threaten our entire ICBM force. Now it appears that the United States is repeating this failure of the early 1970s by not exploring vigorously enough possible arms control solutions to ICBM vulnerability. Instead, it is adopting the new-weapons route, which in the long run may not work and would cost many tens of billions of dollars.

Furthermore, the decision by President Carter in June to procure the largest of the candidate MX missile models for full-scale development cannot be justified as a solution to the ICBM vulnerability problem. Because of its large size, the missile will be harder to make invulnerable than would smaller designs. In fact, the characteristics of the new missile can only increase the potential vulnerability of land-based ICBMs, since this MX missile is designed to have a counter-silo capability against Soviet ICBMs. Such a program can only force the Soviets, who rely on fixed land-based ICBMs for 75% of their deterrent force, to take one or more of the following alternative actions: (1) They could in time of crisis launch a preemptive strike; (2) place all of their missiles on launch-on-warning, thus increasing the risk of an accidental nuclear conflict, or (3) adopt a mobile basing scheme, making it impossible for the United States to verify the number and type of missiles which the Soviets had deployed. Each of these hurt U.S. security.

So far the Administration has not yet determined the exact basing scheme that it will use for the new MX missile, but it appears likely that it will involve some sort of multiple-launch-point system. It is conceivable that a US system could be designed in some Rube Goldberg way so that the Soviets could verify the number of US ICBMs actually deployed. But the problem for the United States is not Soviet verification of US compliance, but instead, United States verification of Soviet compliance. The Soviets may not find it so easy with their liquid-fueled missiles to adopt a mobile system, a ceiling on which would be verifiable by US intelligence. Since they will feel threatened by the counter-silo capability of the United States' MX, they may be forced to adopt such an unverifiable basing scheme even if it were to lead to a breakdown of the entire SALT process. Yet, without SALT limitation on the number of Soviet warheads the effectiveness of the multiple-launch-point system for obtaining invulnerability for US ICBMs is lost. There is no easy solution to the ICBM vulnerability problem, and the United States should not rush into weapons programs in order to solicit support for the SALT II Treaty when these programs could well lead to a collapse in the efforts to establish long-term controls on strategic nuclear weapons.

Instead, the United States should be exploring every effort to seek an arms control solution to this problem and make sure that no doors are shut that would foreclose such an option in the future. The most obvious approach is to establish much stricter mutual limitations on the total number of MIRVed missiles and their warheads. This should be the highest priority issue to be dealt with in the aftermath of SALT II. To be successful in controlling the theoretical threat to land-based ICBMs, both negotiated agreements and difficult national decisions by the United States and the USSR will be required in the near future.

To date no other specific weapons programs have been directly tied to SALT ratification, but such linkages could implicitly or explicitly develop at any time. One can visualize attempts to get commitments for future deployment of ground- and sea-launched strategic cruise missiles in exchange for SALT support. Decisions on these weapons are very complicated and intimately related to the military and political relationships with our NATO allies. They should not be taken hastily during the SALT debate. The reason that provisions relating to these weapons were placed in the Protocol, which expires in 1981, was to provide time to make these decisions. One should not, in the heat of the SALT debate, preclude such careful consideration.

There may also be pressures to add a new manned bomber to the SALT Christmas tree. President Carter made the decision in 1977 against the B-1 and in favor of air-launched cruise missiles on purely military-effectiveness grounds, not on arms-control considerations. It would be a travesty if now a hasty decision were made to proceed with a new manned bomber as well as cruise missiles to generate support for an arms control agreement.

We have already seen explicit linkage of a 5 percent increase in the total military budget as a price for supporting SALT ratification. A decision to increase the military budget is of paramount national importance not only because of its effect on our military posture but also of its effect on the economy of the country.

Dollars wasted on unnecessary strategic weapons means less money for conventional forces.

Dollars spent for the military means less money available for other pressing national needs.

Dollars spent for the military means increased inflationary pressures.

Dollars spent for the military means fewer people employed.

All of these facts must be taken into consideration, and the decision on what funds to spend on non-strategic weapons should not be tied to support for SALT. Furthermore, since in 1985 the relative US-Soviet strategic balance will be more favorable to the United States with the SALT Treaty than without, logic would say that there is less need for increased military spending if SALT were ratified than if it were not. Thus a more appropriate linkage with SALT would be an increased military budget if SALT is not ratified and a decreased budget if it were. Tying SALT support to an increased military budget is a mindless connection.

Finally, it would be wrong to leave the discussion of the SALT II Treaty ratification without voicing the view that the entire climate of the ratification debate in the United States is based on a fundamental misconception—that somehow our nation has become or is rapidly becoming inferior to the Soviet Union and subject to military coercion or blackmail. Yet Secretary of Defense Harold Brown said in his January 25, 1979 Annual Report:

"National Security has always been comprised of a number of factors and has always required a number of strengths—non-military as well as military. The United States fortunately is by most measures the strongest nation in the world. No other country—certainly not the Soviet Union—can compete with us in economic power, political stability and cohesion, technological capability, national will, or appeal as to way of life and international policies."

Those who urge boosting military spending above the very high levels projected for the coming years assume that the Soviet Union is gradually becoming dominant on the world scene and that the United States has been standing still militarily. They ignore three factors: (1) US strategic programs and strengths; (2) Soviet weaknesses; and (3) the unlikelihood of translating nuclear arsenals into political advantage.

Let me comment briefly on each of these points.

1. The United States has a secure deterrent force composed of a triad of SLBM's, ICBMs, and long-range bombers; the Soviet Union has a less secure force of which 75% are fixed land-based ICBMs which will become increasingly vulnerable in the 1980's. In the past decade the United States has increased the number of its strategic force loadings (warheads and bombs) by 5,250 to nearly 10,000; the Soviets by 3,590 to only slightly more than 5,000. As Dr. Kissinger once said when he worked in the government, it is warheads, not delivery vehicles, that kill people and destroy targets. Moreover, during the same period the United States deployed hundreds of new Minuteman III ICBMs; upgraded its existing missiles by adding new guidance systems and more powerful warheads; hardened the Minuteman silos; deployed a thousand SRAM air-to-surface missiles; developed the highly accurate air-launched cruise missiles, which will virtually nullify the large, extremely costly Soviet Air Defense system; made major modifications in the B-52 bomber; deployed hundreds of Poseidon MIRVed SLBMs, and developed the quieter Trident submarine and longer-range Trident I missile. The United States has not been standing still. The United States has and will continue to have a balanced, enormously destructive strategic deterrent, capable of retaliating after any Soviet attack and destroying thousands of Soviet military and industrial targets.

2. The Soviet Union is a military superpower, and there is no way to prevent it from having nuclear weapons that can devastate the United States. But it, too, cannot prevent catastrophic devastation by the United States. Furthermore, it has major economic and political weaknesses. The inefficient Soviet economy requires its leadership to import grain and technology from the West. According to CIA estimates, this dependence will increase as the growth rate of the Soviet economy dips below 1% in the mid-1980's. After six decades in power, the Soviet leadership has no big-power allies. It is bordered by a hostile China and restive East European countries. Compare this situation with the close US ties to its NATO partners and to Japan.

3. The Soviet Union has been unable to use its nuclear weapons for political advantage, or even to prevent a number of developments that were inimical to Soviet power. This situation will continue into the future unless the United States talks itself into a position of weakness. Despite their 5,000 strategic warheads, the Soviets were unable to prevent Pope John Paul II from speaking to millions in Poland, unable to prevent Hua Kuo-feng from visiting Eastern Europe, unable to require Romanian acceptance of a military budget increase voted by the Warsaw Pact, unable to exert its influence in the Middle East, and unable to dissuade the Japanese from signing a peace treaty with China. In a world of two nuclear-armed superpowers, there is no known way for one of them to use weapons of mass destruction for limited political gains.

In conclusion, as the United States faces the decision to ratify or not to ratify the SALT II Treaty, it must recognize its real strength and stop exaggerating its weaknesses. Poor-mouthing military capabilities can only create self-fulfilling prophecies. Statements that the United States would not retaliate, even after a Soviet attack that killed tens of millions of Americans, do more to undercut the deterrent than all the Soviet heavy missiles. Implying that the President would have no choice but to retaliate against Soviet cities is dangerously misleading when our capability and strategy have long been to attack military targets and the industry supporting the military.

The SALT II agreemens must be understood as useful and important steps, not end points, toward improved security and toward controlling and reversing the dangerous nuclear arms race. To this end we urge prompt ratification of the Treaty without amendment. SALT II must not be asked to bear the burden of all the complex problems of foreign relations. Neither must the ratification process be used to adorn the SALT Christmas tree with all manner of new weapons programs, many of which in the long run could not only decrease security but also make future agreements to limit nuclear weapons more difficult, if not impossible. The United States should make decisions on future military programs on the basis of its true security needs in the light of the limitations that the SALT II Treaty provides, and not in the light of whether they will provide increased support for its ratification.

New Directions believes that US security between now and the expiration of the SALT II Treaty would be greatly enhanced by taking further steps to end the US-Soviet competition in arms and to curb the spread of nuclear weapons to additional countries. Among the steps that should be vigorously pursued during this period are a Comprehensive Test Ban, an agreement banning anti-satellite weapons, a first-step accord on mutual reductions in conventional forces in Europe, and some partial agreements in SALT III that can be added as protocols to SALT II. New Directions is most interested in securing deep cuts in MIRVed missiles in order to allay fears of surprise attack. In addition, the first accords on medium-range nuclear weapons could be achieved during this time frame.

Security lies not in pursuing a self-defeatng arms race, but in taking all necessary steps to end it.

STATEMENT OF PETER VINCENT BAUGHER

Mr. Chairman, and Members of the Committee on Foreign Relations: I appreciate this opportunity to appear before you to urge that the Senate give its advice and consent to ratification of the proposed Treaty on the Limitation of Strategic Offensive Arms (SALT II).

INTRODUCTION

My name is Peter V. Baugher. I am a Chicago attorney and a member of the Chicago Council on Foreign Relations. I also serve on the Republican National Committee's Advisory Council on National Security and International Affairs and am past Chairman of the National Governing Board of the Ripon Society, on whose behalf I am testifying this morning.

Over the past two decades the Ripon Society has studied and taken positions on many issues of major public importance. Few matters have commanded as much attention, or aroused as much controversy, though, as has the debate over the SALT II Treaty. The agreement now before this Committee bears not only upon our military security and international political relations, but also on what America's role in the world ought to be, whether we are strong enough to carry out that role, and whether the American sun is rising or setting on the world scene. SALT II has thus taken on symbolic importance far exceeding its value as an agreement to limit nuclear weapons. In evaluating the Treaty we are mindful of the serious concerns expressed by those who believe its passage would threaten U.S. security. We are also aware that SALT II more closely resembles a set of marginal regulations on the nuclear weapons buildup already planned by the United States and the Soviet Union than it does the strict arms control accord we would have preferred. These considerations notwithstanding, we believe that the case for ratification remains clear and convincing.

THE BENEFITS OF SALT II

The testimony on nuclear diplomacy received by this Committee during the last two months has been characterized by a high level of sophistication and expertise. The principal benefits of SALT II can nevertheless be easily summarized. The Treaty places certain carefully defined quantitative and qualitative limitations on the nuclear arms race, which—if permitted to proceed unchecked—would be militarily dangerous and politically disruptive, and which could impose the burden of massive additional defense spending upon the citizens of both the Soviet Union and the United States. These limitations are not as stringent as we had hoped, but they are nonetheless a significant improvement over the alternative, which is to have no ceilings at all. The proposed Treaty, moreover, is verifiable, and in fact will enhance our ability to monitor Soviet strategic forces. At a minimum the Treaty's precise and agreed upon limits, reinforced by the greater knowledge each side will have of the other's capabilities, should relieve the U.S. and the U.S.S.R. of the need to build excessive forces based on "worst-case" estimates. Finally, ratification of SALT II, while not impairing our efforts to maintain strategic equality, can provide the basis for further negotiations with the Soviet Union out of which more substantial arms control measures, including real reductions in the number and quality of atomic weapons, might emerge.

More specifically, the major advantages of the SALT II Treaty may be enumerated as follows:

First, the proposed agreement sets important quantitative limitations on the number of strategic delivery vehicles. Both sides agree in Article III of the Treaty to the imposition of a common aggregate ceiling (2,400 initially, to be reduced to 2,250 by the end of 1981) on ICBM (intercontinental ballistic missile) launchers, SLBM (submarine-launched ballistic missile) launchers, and heavy bombers. This will compel the Soviets to dismantle or destroy over 250 of the missile launchers or heavy bombers they now have deployed. By contrast, because we are below the SALT II limits, the United States could actually increase the number of launchers and heavy bombers it deploys.

Article V of the Treaty also places equal subceilings on specific categories of launchers. There is a limit of 1,320 on the combined total of MIRVed ICBM and SLBM launchers, together with heavy bombers equipped to carry long-range, all-launched cruise missiles (Paragraph 1). The total number of MIRVed launchers cannot exceed 1,200 (Paragraph 2), and the number of MIRVed ICBM launchers—potentially the most destabilizing weapon system—is restricted to a maximum of 820 (Paragraph 3).

Second, Article IV of the proposed agreement contains a number of qualitative restraints. The Treaty freezes the number of warheads on existing types of ICBMs (Paragraph 10) and establishes ceilings of 14 and 10, respectively, on the number of warheads that can be placed on SLBMs and on many new type of ICBM (Paragraph 11). SALT II, further, bans new ICBMs and new SLBMs that are larger in throw-weight than the largest current light ICBM, the Soviet SS–19 (Paragraph 7). The Treaty permits production of only one new type of light ICBM for each side (Paragraph 9). Article IV also limits improvements to existing types of ICBMs in such characteristics as throw-weight, launch-weight, number of warheads, length, diameter, and fuel type.

There are other qualitative constraints in the Treaty. SALT II (Paragraph 5 of Article IV) bans rapid missile reload systems which, if made workable, could greatly multiply the military capabilities of ICBM launchers. To reinforce this restriction, storage of excess missiles near launch sites is also barred. In addition, Article IX of the Treaty prohibits development, testing, and deployment of seabed, outer space, and a variety of other types of weapons not yet deployed by either side.

Third, under the terms of Article XV, XVI, and XVII of the proposed agreement our ability to monitor Soviet strategic systems will be protected and enhanced. Deliberate concealment measures that impede verification, such as encryption of the telemetry associated with missile tests, are banned by SALT II, as is any interference with national technical means of verification. The Treaty, moreover, requires the parties to exchange information on the numbers, sizes, and kinds of their strategic systems, and to notify one another in advance about all planned ICBM launches. Through the Standing Consultative Commission (Article XVII), an institutional mechanism for discussing compliance and verification problems is also made available to the parties.

Fourth, ratification of the proposed agreement will facilitate continuation of the SALT process. The talks on limitation of strategic armaments begun by President Nixon in 1969, buoyed by the signing of the ABM Treaty and Interim SALT agreement in 1972, and accelerated by President Ford at Vladivostok in 1974, may now progress to a new level of negotiations—SALT III—sustaining the forward momentum generated by the successful conclusions of SALT I and II.

THE ARGUMENTS AGAINST THE TREATY

Opponents of the SALT II agreement argue that approval of the Treaty would jeopardize our national security. They are wrong. These critics take an inordinately narrow view of what elements contribute to real security. The security of this nation depends not only upon the status of our nuclear arsenal, but also upon the strength of our political institutions and the health of our economy. It rests not alone on weaponry, but as well on the will of the American people to support those actions and policies necessary to guard this country's interests both domestically and outside of our borders. Even in terms of military security, our strategic weapons can provide little more than a "fore de frappe," if U.S. conventional forces—those we are most likely to rely upon in anything short of a nuclear catastrophe—are ailing or inadequate. These components of national security, and the debilitating effect of a profligate nuclear arms race upon them, have for the most part been ignored by SALT II's opponents.

Contrary to the fears of those who oppose the Treaty, SALT II's effect upon the strategic balance—to the extent it has any—will be generally favorable. The agreement is based on the principle of "equality and equal security" (Preamble); the United States no longer enjoys nuclear superiority over the Soviets, as it once did, but only an "essential equivalence". SALT II acknowledges and reflects this shift in power. But the Treaty is not the cause of the shift, nor will refusing to ratify the agreement reestabish our nuclear preeminence.

Indeed, while SALT II places a lid on certain quantitative improvements in the force levels of the two countries, these limits will impinge most immediately on the Soviet Union. By contrast, the Treaty interferes with none of the prospective U.S. nuclear defense programs now under consideration—the MX missile, the Trident submarine and missiles, air, sea, and ground-launched cruise missiles, a cruise missile carrier, or a possible new bomber. Should we decide to fund these programs, nothing in the Treaty would prevent us from moving ahead with them on schedule.

Similarly, nothing in Article XII of the Treaty or elsewhere will prevent us from continuing nuclear and conventional military cooperation with our allies. In particular, SALT II does not apply to "Eurostrategic weapons"—those nuclear forces deployed in Europe—and we are free therefore to implement our announced plan to modernize and upgrade NATO's strategic capabilities. For this reason, among others, all of our European allies have endorsed the proposed agreement.

It is said that we should withhold approval of the Treaty because of the Soviet Union's aggressive behavior in the Third World. Without a doubt Soviet conduct in Africa, Asia, and the Middle East—and, as we learned only this week, its stationing of combat troops in Cuba—has been disruptive and provocative. Clearly, our attitudes toward the Soviet Union and our willingness to enter into agreements with them are, as a practical matter, "linked" to what the Soviets (or their representatives) do in other parts of the world.

We do not negotiate with the Soviet Union, however, because we admire its policies. We negotiate with the U.S.S.R. because it is to our advantage, in the long run, to compete diplomatically, politically, and economically, rather than just militarily. The SALT II agreement must accordingly be evaluated on its own merits. It ought to be ratified because it offers significant benefits to the United States and not defeated because our adversary shows every sign of continuing to displease us.

Finally, any examination of the consequences of approving SALT II must be accompanied by an assessment of what is likely to happen if the Senate refuses to give its consent to this agreement. The defeat of SALT II would inevitably heighten tensions between the U.S. and the U.S.S.R., further eroding whatever may be left of detente. The political repercussions of such new tensions could also adversely affect our allies (who rely on us to manage a stable East-West relationship), especially those like the Germans who have an "Ostpolitik" of their own. Rejection of the Treaty would tend, additionally, to reinforce the Soviet's apparent belief that the only way to attain security is to act unilaterally, and belligerently, to improve their position as a world power.

Beyond this, we are now engaged in a wide range of arms control ventures with the Soviet Union and other nations. Although ratification of SALT II will by no means guarantee success in these other arms control efforts, the failure of SALT II would almost certainly damage them, perhaps fatally. In addition to the collapse of the SALT process itself, the most important casualty of nonratification would be our attempt to halt the spread of nuclear weapons through the 1968 Nonproliferation Treaty, Article VI of which commits all parties—including the United States and the Soviet Union—"to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date." Nations now poised on the brink of producing nuclear weapons might well use the breakdown of SALT as an excuse (or a reason) to reconsider their own commitment to the Nonproliferation Treaty. It is also likely that rejection by the United States of the SALT II agreement would impair our ongoing negotiations with the Soviets on a comprehensive nuclear test ban, on the prohibition of antisatellite weaponry, and on mutual and balanced force reductions in Europe.

Defeat of the SALT II Treaty would also further undermine the credibility of the Carter Administration and its ability to manage our international relations. While as Republicans we have frequently been critical of the Administration's foreign policy, as Americans we believe that it is important to present a reasonably unified front to the rest of the world, and particularly to the Soviet Union. This does not mean that the Senate should abdicate its constitutional responsibility to pass upon all treaties between the United States and other nations. It does mean, however, that in judging such treaties allowance must be made for the President's role as the chief architect and manager of our foreign relations.

CLARIFICATION OF TREATY AMBIGUITIES

Like any negotiated agreement, the SALT II Treaty is not without problems. In the context of an accord supposedly premised upon equality, we are concerned about the Soviet Union's unilateral right to deploy 308 modern large ballistic missiles (MLBM), a carryover from SALT I. Clearly, the desired result would have been a major cutback in Soviet MLBMs in order to have reduced the U.S.S.R.'s substantial throw-weight advantage over the United States. For the time being, limiting the SS-18 to 10 warheads provides a significant restraint on their MLBM potential, but obtaining sizeable reductions in the number of these heavy weapons should be one of our major objectives in future negotiations.

Lest there be any confusion about U.S. intentions with respect to certain potentially ambiguous provisions of the Treaty, the Senate should ratify SALT II subject to the following understandings: (1) It should be made clear that the Protocol which, among other things, bars until January 1, 1982, the deployment of ground and sea-launched cruise missiles with ranges of more than 600 kilometers, cannot be extended without the advice and consent of the Senate; (2) In order to clarify the limited scope of our obligation under Article XII, the so-called "non-circumvention" clause, the Senate should state that nothing in the Treaty prohibits the United States from continuing traditional patterns of allied defense cooperation, including the transfer of cruise missile technology if it deems such a transfer necessary; (3) President Brezhnev's statement delivered to President Carter at Vienna on June 16, 1979, pledging that the Soviet Union would not build more than 30 Backfire bombers a year and that it would not deploy them for intercontinental missions, should be made a formal part of the Treaty.

These suggested understandings are modest and would not require renegotiation of the agreement. They would, on the other hand, highlight several ambiguities in SALT II which, if not resolved now, could conceivably lead to serious disagreements after the Treaty has gone into effect.

MEETING THE SOVIET MILITARY CHALLENGE

From the outset of these hearings it has been conceded that the days of U.S. nuclear supremacy are past, and that the momentum of atomic weapons development belongs now to the Soviet Union. Secretary of Defense Harold Brown and General David Jones of the Joint Chiefs of Staff both testified that, while today our nuclear forces are essentially equivalent to those of the U.S.S.R., the trend is that the Soviets will possess advantages in most of the major indicators of strategic force within the next few years. In particular, the ICBM (Minuteman) leg of our nuclear triad is projected to be critically vulnerable by the mid-1980s, if not sooner.

The danger of this deterioration in our once dominant strategic position is not that the Soviets would be tempted to launch a nuclear first strike against the United States. In view of the very substantial U.S. retaliatory capacity that would survive any Soviet attack, this eventuality seems highly unlikely. Rather, as General Jones suggested, the growing disparity would probably be reflected in a more confident Soviet leadership, increasingly inclined toward adventurous behavior in areas where our interests might clash, and where America's ability to respond by conventional means could be circumscribed. "Such a situation," the General warned, "would carry the seeds of serious miscalculation and run the risk of precipitating a confrontation which neither side wanted nor intended." Plainly, this is not a development the United States can afford to permit.

This trend, which (if allowed to continue) will tip the strategic balance precariously toward the Soviets, has emerged over the past 15 years as a consequence of unilateral decisions by the U.S. and the U.S.S.R. to invest at sharply different rates in the acquisition of nuclear armaments. It is not the result of SALT, nor will ratification of the proposed agreement in any way aggravate our problem. Indeed, in that it places limits on the further growth of the parties' atomic forces, it should act to stabilize the arms race and to minimize whatever apparent strategic advantage the Soviets may have achieved by the first half of the next decade. SALT II, however, is not a substitute for a strong defense; nor, regrettably, are America's hopes for SALT III an alternative to an ongoing program for the upgrading of our strategic forces.

In practical terms this means that within the life of the SALT II Treaty the United States must develop and deploy several major new atomic weapons systems and modernize those strategic systems already in existence. As the fact of the Soviet arms buildup has become more widely known, many have assumed that the solution to our projected strategic deficiencies is to bolster the military budget—usually by a certain percentage, typically three to five percent, in real dollars. This approach misses the mark.

To be sure, the new weapons systems we need will be costly. But this is exactly why the multi-billion dollar programs now envisioned—whether one is speaking of the MX missile with its array of competing basing modes (each more expensive than the next), the Trident submarine or Trident missiles, the several varieties of cruise missiles, or the B-1 bomber—must be judged on an individual basis, not as part of a mandatory quota for overall spending. Dollars alone will not buy national defense.

Congressman Joseph Addabbo of New York, Chairman of the House Subcommittee on Defense Appropriations, commented on this subject last month (*Congressional Record*, August 2, 1979, pp. 22204–22205):

"There is a limit to what we can afford to spend each year [on defense], yet there are certain levels of capability that we must maintain. It is clear that we are spending more and getting less for it, year by year, and that the tough years lie ahead, not backward.

* * * * *

"Budget officers, be they civilian or military, tend to stockpile dollars for a rainy day. We just cannot afford to let them do this any longer, nor can we begin a procurement unless we are reasonably sure that it will do the job it is supposed to do when it comes into the inventory, and unless we are reasonably sure it can be produced in line with what we anticipate, and unless we are sure it is not low on the priority list."

These problems have been exacerbated by the failure of the Department of Defense to improve its weapons program review capability. Without a strengthened independent review effort it would be wasteful to increase the Pentagon's budget, no matter how unfavorable the balance of forces might become.

It may be that in order to meet the Soviet challenge and to maintain the essential equivalence of our strategic forces we will be required to boost our real outlays for defense by five percent or more every year for the next five to ten years. But this is a conclusion that should be reached after the relative cost-effectiveness of each potential new weapons system has been carefully evaluated. It is not a goal to be sought as an end in itself.

CHALLENGING THE SOVIET UNION

One way of meeting the Soviet military challenge is to augment and modernize our strategic (and conventional) forces. Another is to challenge the Soviet Union to engage in negotiations about actual reductions in nuclear armaments, not just limitations.[1] We advocate that these approaches be pursued concurrently.

It is ironic, to say the least, that the SALT debate has become (as Senator Moynihan recently remarked) a "debate on rearmament." The problem, unfortunately, is endemic to arms limitation talks in which one side—the Soviet Union—exhibits little or no interest in curbing the arms race. The Soviet military buildup has been underway now for 15 years. It began before formal SALT negotiations were inaugurated in 1969, and it has continued unabated during the period following the war in Vietnam when U.S. defense spending declined markedly. It has never ceased because the Soviets have thus far been unwilling to give up the advantage they perceive in acquiring new and even more powerful weapons systems.

Under these conditions arms control talks with the Soviet Union have too frequently served to ratify and legitimize the U.S.S.R.'s latest weapons and plans for weapons expansion. The agreements resulting from these talks have as often as not encouraged both sides (and especially the Soviet Union) to expand their forces to the maximum size allowed and to attempt to exploit to the fullest whatever marginal advantages may be discerned in the accord.

There is no reason to believe that the SALT III will offer any more meaningful opportunities. The United States entered the negotiations for SALT I with a pronounced superiority in strategic weapons and commenced the SALT II talks with a lesser but still significant advantage. The likelihood is that SALT III will begin with the Soviets expecting strategic supremacy by the end of those negotiations. In such circumstances, the promise of any real arms reductions is illusory.

Our best hope is to obtain agreement for a SALT III reduction in arms now, while the United States still retains the power to forestall this shift in the strategic balance. If there are to be substantial weapons cutbacks in SALT III, the mandate for those cuts must be written into SALT II.

Toward this end, Senator Daniel Patrick Moynihan of New York has proposed an amendment to the Treaty that would add a new Paragraph 4 to Article XIX of the text:

"The Parties shall conclude, by December 31, 1981, an agreement which shall, as a result of the negotiations undertaken in accordance with the Joint Statement of Principles and Guidelines for Subsequent Negotiations on the Limitation of Strategic Arms agreed upon at Vienna on June 18, 1979, effect *significant and substantial reductions in the numbers of strategic offensive arms*, consistent with the requirement for the maintenance of *essential strategic equivalence*. This agreement shall enter into effect immediately upon the expiration of the present Treaty or sooner, as the Parties shall decide. *If the Parties are unable to conclude such an agreement by December 31, 1981, the present Treaty shall terminate on that date.*" (Emphasis added.)

This kind of approach deserves your support. Unlike some other proposals that have been made to force the pace of the SALT III negotiations, such an amendment would not require undoing the substantive terms of the present SALT II Treaty. A less demanding alternative that could still improve the chances for a "deep cut" SALT III agreement of the kind we seek would be to amend the resolution of ratification to include a set of explicit guidelines for the next round of negotiations. This list of objectives would operate similarly to the amendment to SALT I which required that future weapons limitations impose equal aggregate ceilings on both countries.

As Senator Moynihan noted in advancing his proposal:

"This much is certain: Our margin for error in SALT has disappeared. We must rescue the "process" from itself; otherwise, it will present us with ever more unappealing choices. We must recover for SALT the possibility of arms limitation and genuine arms reductions. This, so it seems to me, is the major contribution the Senate can make to preservation of the SALT process that the President, and others, seek. We must at least make the effort."

This is a challenge, Mr. Chairman, worthy of the United States. The SALT II Treaty should be approved because it is a useful, if modest, step in the long-range process of controlling nuclear armaments. But if the SALT process itself is to be preserved, we must say now to the Soviet Union—and to ourselves—that the time has come to face the real issues and the real prospects of substantial arms reductions. We hope that your Committee will recommend the incorporation of a SALT II mandate into the existing agreement and urge that the Senate give its advice and consent to the Treaty as so amended.

DESCRIPTION OF THE RIPON SOCIETY

Founded in 1962, the Ripon Society is a national Republican research and policy organization that takes its name from Ripon, Wisconsin, the birthplace of the GOP. It has chapters in cities across the country and members in all 50 states. The Society encourages young men and women to participate actively in public affairs. Ripon also works to formulate the kind of sound programs that will enable our Party to better fulfill its potential for constructive political leadership. We believe that we can assist the GOP in identifying and claiming the issues of the future; that we can help Republicans to raise the questions others will not ask and to grasp ideas whose times are yet to come. Above all, the Ripon Society seeks to serve as a spokesman for the progressive Republican tradition whose integrity and vision have inspired the GOP throughout its history.

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[1] The agenda for future negotiations must also include (1) tighter limits on the testing and development of new weapons, (2) some kind of answer to the concern that MIRVed Soviet ICBMs will jeopardize the survivability of U.S. ICBMs, and (3) mutual reductions in European theatre nuclear weapons systems.

The Society maintains its national headquarters at 800 Eighteenth Street, N.W., Washington, D.C. 20006 (202-347-6477).

BIOGRAPHICAL INFORMATION ON PETER VINCENT BAUGHER

Peter Vincent Baugher is an attorney at Schiff Hardin & Waite law firm in Chicago, Illinois. He was Law Clerk to Judge Philip W. Tone, United States Court of Appeals for the Seventh Circuit, in 1973–74.

Born in Chicago in 1948, Baugher received his legal training at Yale Law School (J.D. 1973), and his undergraduate education at Princeton University (A.B. 1970), where he studied in the Woodrow Wilson School of Public and International Affairs.

Baugher is past Chairman of the National Governing Board of the Ripon Society and serves on the Republican National Committee's Advisory Council on National Security and International Affairs. He is a member of the Chicago Council on Foreign Relations, the American Council on Germany, the Economic Club of Chicago, and a variety of other professional, civic, and community associations.

Baugher serves on several boards of directors, including those of the Chicago Educational Television Association (WTTW/Chicago Public Television), WFMT, Inc. (which owns and operates WFMT–FM radio and Chicago Magazine), and the Princeton Club of Chicago.

Baugher is married to the former Robin Stickney of Pacific Palisades, California. They live at 816 Monticello Place in Evanston, Illinois.

STATEMENT BY JOHN M. CAREY

Thank you Mr. Chairman:

I am Jack Carey, immediate past National Commander of The American Legion. I appreciate the opportunity to present the views of The American Legion on a matter of vital interest to our organization and to the nation—the limitation of strategic nuclear arms. All members of The American Legion, Mr. Chairman, are veterans of wartime service, and many of us have personally experienced the horror of war. As veterans, we realize full well that if conventional wars are horrendous, nuclear war would be an unspeakable catastrophe for mankind. Thus, it should not be surprising that we have long supported the concept of strategic arms limitation.

Our fundamental position has been that a strategic arms limitation treaty should be equitable, should actually halt the arms race, should reduce tensions and the likelihood of war, and should be fully verifiable. We have insisted, however, that such a treaty should not place the United States in an inferior strategic position.

The Strategic Arms Limitation Treaty now before the Senate does not fully meet those criteria, but before we enumerate the treaty's shortcomings let us acknowledge that it does make certain positive contributions.

Although both sides—especially the Soviet Union—will continue to add considerably to their nuclear arsenals, upper limits are established on the total number of strategic launchers, the number of ICBMs and SLBMs and MIRVed warheads, and so on.

The treaty restricts the number of reentry vehicles either country can install on the various types of ICBMs and SLBM missiles.

The treaty prohibits certain basing modes for strategic launchers.

The treaty prohibits the placing in orbit nuclear weapons of any kind including fractional orbital missiles.

The treaty establishes maximum parameters for the development, testing, and deployment of new missile types.

We realize that each of these provisions is subject to violations and that many experts have expressed concern over what they consider to be our nation's limited ability to detect violations. Our organization, although likewise concerned, feels that it can contribute very little to any serious debate on verification since we have no information on the highly classified intelligence-gathering techniques which would be the focal points of any such debate.

Perhaps the most serious flaw in the pending treaty is that it covers not the total number of missiles and warheads possessed by each side. The Soviet Union could legally stockpile an unlimited number of missiles. Although the treaty pledges both sides to a rather vague commitment not to develop a "rapid reload" system, the Soviets can launch most of their missiles from a "cold launch" mode. Even without improving existing technology, they could launch a second, or perhaps third, salvo from their silos in a matter of hours. Furthermore, many of the reserve missiles could be stored in such a way that they could be fired in place within a short period of time. Then, of course, there is the possibility of outright cheating, of concealing full-fledged launchers in violation of the treaty. In the event of a war or a major crisis, the existence of such a "ready reserve" could give the USSR an enormous strategic advantage.

We are aware that it was determined at an early stage of the SALT negotiations that the total number of missiles and warheads could not be limited because of verification problems, and that therefore the criterion became the number of "launchers". But we strongly recommend that the United States not abandon the principle of counting all nuclear arms during the SALT III negotiations, even if that means demanding on-site inspections.

Another glaring deficiency of the treaty is that the Soviet Union is allowed a monopoly on heavy missiles—the SS18. As has been pointed out numerous times in the course of these hearings, those missiles will be sufficiently accurate by the early 1980s to pose a significant threat to our land-based ICBMs. While we realize that equivalence does not necessarily require our nuclear arsenal be a mirror image of the Soviet Union's, we strongly recommend that the United States urgently proceed with the development, production, and employment of the MX missile, which will give us roughly the same hard-target capabilities as the Soviet Union and a highly survivable back-up system to our increasingly vulnerable land-based ICBMs.

The treaty's prohibition on the production of any heavy missiles is tantamount to legitimizing the Soviet throw weight advantage in its land-based ICBM's as gained through deployment of the SS18. There are those who would argue that U.S. advantages in SLBM and cruise missile technology provides an overall strategic balance. However, we view the heavy missile prohibition under SALT II as an inequitable provision and one which must be addressed. We believe that there should be a counting rule adopted under the treaty as an adjustment for the awesome power of the SS18. Each SS18 should be counted as more than one launcher. This provision would not require dismantling any of the heavy missiles but would necessitate some changes in the makeup of other components of the Soviet arsenal.

The American Legion is fully aware of how firm the Soviet negotiators have been in demanding a full complement of SS18s. It, therefore, might be advisable for this Committee to consider the adoption of a new heavy missile counting rule with an effective date several years in the future to allow the Soviets ample time to make the necessary adjustments in their arsenal.

The value of the SS18 is fully realized when evaluating the most often cited nuclear exchange scenario—one in which the United States accepts a Soviet first strike from its land-based ICBM force. With continuing improvements in Soviet missile accuracy we could expect to lose more than half of our retaliatory capability during such an attack while the Soviets would retain as much as 75–80% of their strike potential. This indeed is a rather shocking possibility and one which should encourage our war planners to reconsider the wisdom of accepting a Soviet first strike.

We believe that one of the most effective ways of countering the SS18 is to minimize the damage inflicted by the weapon through the adoption of a "launch on warning" policy. It's rather obvious that Soviet weapons experts have built such explosive power into the SS18 for one reason—to give it a hard target kill capability, the sort of hard targets found in and around U.S. missile silos. If we adopt a policy under which the SS18 would strike an empty silo then we have (1) substantially reduced the effectiveness of an otherwise inflexible weapons system and (2) created some doubt in the minds of Soviet war planners; thereby, reducing their confidence that a Soviet victory can be achieved as a result of nuclear exchange.

I will expand upon our justification for "launch on warning" later in my statement.

Our third major concern over the pending treaty deals with the failure of including the Soviet BACKFIRE bomber as a strategic nuclear delivery vehicle under terms of the agreement. There is general agreement that the BACKFIRE can reach targets in the continental United States by aerial refueling or by making one way flights.

We have two recommendations to make relevant to the BACKFIRE bomber. The first is that the Soviet Union be required to sign and officially acknowledge the letter presented by Secretary General Brezhnev to President Carter which promised that the bomber would not be deployed in an intercontinental mode and that its production would not exceed 30 per year. Our second recommendation is that the United States develop and deploy a similar number of comparable aircraft.

Another aspect of the treaty that especially disturbs us is the provision regarding the encryption of telemetry data. The treaty prohibits the encoding of radios missile test data that would be needed to verify compliance with the treaty. Each side, however, is allowed to determine whether or not such data would be needed to "verify compliance" Our recommendation is that both sides formally agree not to encrypt any missile test data.

Putting this matter in its simplest terms, we know that the United States does not engage in the practice of encrypting telemetry and that the Soviets have promised not to encrypt any telemetry which would impede verification. It seems only logical that both sides should agree to ban all encryption. Such a ban would be a demonstration of Soviet good faith as well as a commitment by them to the maintenance of a verifiable treaty.

We are also concerned that the treaty's Protocol, which bans the development or flight testing of ICBMs from mobile launchers and the deployment of cruise missiles with ranges of more than 600 kilometers until the end of 1981 will "assume a life of its own", and that the United States will give into Soviet demands that the Protocol remain in force during the course of the SALT III negotiations. We recommend that the Senate approve an understanding or reservation stating that the Protocol will expire on schedule unless its extension is specifically approved by the Senate.

There are those who argue that the Senate already has the power to veto an extension of this or any other treaty protocol. However, our reasons for seeking such an expression by the Senate is to put you and your colleagues firmly on record and to put the Soviets on notice that there will be no tampering with the Protocol termination date.

We also agree with critics of the SALT II treaty who express concern that the treaty may prevent us from transferring cruise missile and other technology to our NATO allies. We believe it necessary that the Senate clarify U.S. intentions regarding technology transfer by adopting a reservation or understanding. It is very clear to anyone who considers himself a student of arms limitation talks that our NATO allies in Western Europe have more than a passing interest in the pending agreement. The Soviets view themselves as a people surrounded by enemies—a perception which has led to upgrading the armament of Warsaw Pact nations in Eastern Europe. This activity, of course, poses a direct threat to the NATO nations and demands a realistic response.

Since the Soviets would rather the United States not assist NATO in improving its defenses, especially in the area of nuclear weaponry, they have disputed the U.S. right to continue to exchange nuclear weapons technology with Western Europe. A Senate understanding that nothing in the treaty precludes a continuation of U.S. technology transfer with NATO would reaffirm our commitment to the alliance and would create Soviet uneasiness over having a formidable opposing nuclear strike force on the same continent.

We believe that such a Senate expression would provide the additional service of promoting a continental balance between the NATO alliance and the Warsaw Pact nations: thereby, creating a stabilizing factor. Maintaining a viable nuclear strike force in Europe also gives the Soviet war planners yet another contingency to be concerned with, a fact which we believe reduces the threat of nuclear war.

Another step we should take to bolster the security and confidence of our NATO allies is to deploy updated theatre nuclear weapons in Europe to help offset the Soviet SS20 intermediate range missile, which was not covered by the treaty. By the early 1980s the Soviets are expected to have deployed in Eastern Europe 300 SS20s with 3 warheads each.

Mr. Chairman, The American Legion also seeks an adjustment in the procedure for reporting treaty violations. The treaty now provides that all actual or suspected violations be reported to a standing commission for consideration. We propose a reservation or understanding that would require a simultaneous reporting of all such actual or suspected violations to the Senate for referral to the appropriate committee. Such reporting of violations would strengthen the U.S. commitment to force Soviet compliance with the agreement.

Our final recommendation to correct what we consider to be a flaw in the treaty deals with the agreed statements and common understandings. It appears as though these explanations of treaty provisions have been presented as separate documents and, therefore, not subject to the ratification process. If this is the case—and we defer to your ruling on the matter—then we demand formal Soviet agreement that these statements and understandings be made part of the treaty text. The treaty would be simply unmanageable without such an agreement.

Mr. Chairman, we have called for several modifications to the treaty some of which seek amendments to the language and others which seek unilateral declarations by you and your colleagues. And there is little doubt in my mind that The American Legion will be accused of proposing so called "killer amendments" and accused of trying to sabotage the treaty.

I began my statement by saying that our organization has historically endorsed the concept of limiting strategic arms. I came here today with that attitude and presented these recommended modifications in that spirit. In fact, our organization would have been happy if both sides were forced to reduce their strategic arsenals by 50 percent or more. But, of course, we realize that such reductions ignore the realities of negotiating an arms agreement in an environment of unprecedented weapons production.

I have asked you to consider three amendments—to address the overwhelming Soviet advantage in heavy missiles; to prohibit the encryption of telemetry; and to insure that agreed statements and common understandings are legally binding. The first of these creates obvious negotiating difficulties but the existing treaty provisions simply guarantee the Soviets a superior hard target kill capability which must be addressed in one of the ways we've recommended. The issue of heavy missiles will continue to be a problem during SALT III and beyond unless we stand firm. The second and third recommended amendments do not seek any significant changes in the terms of the treaty. They are honest attempts at (1) making the agreement more verifiable and (2) insuring that its provisions are precise enough to be manageable.

Up to this point we have recommended certain amendments to the treaty, reservations by the Senate, or weapons programs to help compensate for Soviet strategic advantages. These measures alone, however, are insufficient to assure "essential equivalance" and effective deterrence. As I mention earlier, our organization believes that the time has come to reconsider our fundamental nuclear strategy.

Our present strategy essentially dates back to the early 1960s, when Defense Secretary McNamara ordered a study to, for the first time, determined the specific criteria of effective deterrence to serve as a guide for U.S. nuclear war planners. We wanted to determine how much capability the United States would need, after absorbing a Russian first strike, to retaliate and inflict "unacceptable damage" on the Soviet Union. His planners concluded that the "unacceptable damage" threshold was the destruction of 20–25% of Russia's population and at least 50% of its industrial capacity. Any capability beyond that would be "overkill" and could only "rearrange the rubble".

McNamara's "Assured Destruction" led to the concept of MAD—Mutual Assured Destruction—toward the end of the 1960's, by which time the Soviet Union had developed a roughly equivalent strategic posture. The MAD concept denies any significance to superiority in force levels, makes "sufficiency" the standard of deterrent capability, and requires that deterrence be mutual. Professor Richard Pipes summed up the MAD concept with the ironic comment that "to feel secure the United States actually requires the Soviet Union to have the capacity to destroy it". To avoid upsetting mutual deterrence, the MAD concept requires that neither side should threaten the survivability of the other's retaliatory forces.

U.S. nuclear strategy underwent another modification in 1974, when Defense Secretary James Schlesinger, who continued to adhere to the Assured Destruction concept, made explicit a second goal, that the U.S. strategic forces should be capable of limited attacks on selected economic or military targets, to provide the President with "limited nuclear options" in situations short of an all-out nuclear strike on U.S. cities.

During a recent appearance before this committee, Defense Secretary Brown stated that, "We have today . . . survivable forces capable of massive destruction of Soviet cities and industry, even after an all-out surprise attack on our forces by the Soviets. We also have both the forces and the targeting and employment policies to allow selective use of nuclear force to respond to more limited provocations". Thus the Carter administration essentially retains the strategy of the previous administration, the concept of assured destruction tempered with the concept of "limited nuclear options".

It is evident that since the early 1960s we have taken what is essentially a "second strike" posture. We have indicated, directly and indirectly and at the highest levels, that we would absorb a first strike, and our basic strategy has centered around that assumption. In recent months, high-ranking U.S. officials have on several occasions sought to suggest that the U.S. might not absorb the first blow, but in each instance they have hastened to add, "of course, that is not our policy", or some other disclaimer. If their intent was to inject an element of doubt into the minds of Soviet war planners, it is doubtful that they have succeeded.

The only problem with the Mutual Assured Destruction thesis is that it is not mutual. Western experts on Soviet military thought agree almost unanimously that Soviet strategists have never regarded nuclear war as unthinkable or unwinnable. In the words of one American analyst, "The only Soviet 'doctrine' is found in its concept of fighting and winning nuclear wars".

Thus the Soviets refuse to accept any concept that would increase Soviet vulnerability, and believe that "deterrence" cannot lead to "victory" and that there is no sense in absorbing an enemy strike merely to retaliate. During the SALT I negotiations, the American delegation officially disavowed the "launch on warning" concept which, it claimed, could result in automatic escalation or even in starting a nuclear war by accident. But efforts to elicit a statement on Soviet policy toward "launch on warning" met with silence. The only Soviet response was that such matters went beyond the proper scope of the SALT talks.

Soviet military writers have clearly and consistently indicated that the Soviet Union will, if attacked, "launch on warning". That policy was affirmed by Secretary Brezhnev at the 24th Congress of the CPSU: "Any potential aggressor is well aware that any attempt to launch a missile attack on our country would be met by devastating retaliation." This fundamental difference in strategic outlook helps explain the Soviet Union's relative lack of concern over the vulnerability of its ICBM silos. At present, its land-based ICBMs carry about 70% of its strategic warheads, which account for more than 80% of its megatonnage. In contrast, U.S. ICBMs account for about 35% of our megatonnage.

Offensively, the Soviet Union has increasingly emphasized the deployment of "hard target killers"—very large and accurate ICBMs such as the SS18s—which according to the MAD doctrine are "destabilizing". As has been pointed out many times in the course of the Senate SALT II hearings, by the early 1980s the Soviet Union, with the improved accuracy of its powerful missiles, will be capable of launching a counterforce strike that could well destroy 90% of our land-based ICBMs (which account for about 35% of our megatonnage), at least half of our B52s (which carry about half of our total nuclear explosive power), and perhaps one-third of our nuclear submarines. As a result, our total megatonnage would be reduced by about 60% with the expenditure of only about 20% of the Soviet nuclear force. The number of remaining U.S. ICBMs, SLBMs, and bombers that could reach targets in the Soviet Union would be reduced by normal systems failures (about 15%), improved Soviet antibomber and anti-submarine capabilities, and ABMs. The damage the U.S. could inflict on the Soviet Union would be further limited by the Soviet civil defense system, which is not so much intended to cope with an all-out attack on its urban/industrial centers as to minimize the damage that might result from U.S strategic forces that have been significantly reduced by a Soviet first strike and by active Soviet defenses.

Since it would, for example, require more than 100 SLBMs on target to inflict 40% damage on a city the size of Leningrad, it is quite possible that we would not be capable of inflicting "unacceptable damage" on the Soviet Union with our surviving forces, largely highly vulnerable B52s and relatively inaccurate SLBMs. That would be especially true if we had to expand a significant percentage of our remaining delivery vehicles on counterforce targets. But our major concern is that in view of the enormous nuclear disparity between the U.S. and the Soviet Union following a Soviet first strike our leadership, especially if the Soviets left many major U.S. population centers untouched as "second strike hostages", may decide not to retaliate.

Instead of opting for a "surgical" first strike aimed only at our strategic nuclear forces, the Soviets might attempt to strike a "knock out" blow, to paralyze the U.S. by destroying all significant military targets, communications installations, transportation hubs, airfields, ports, refineries, power plants, governmental centers, etc. The prospect that the Soviets might opt for more than our ICBM silos on a first strike was reinforced by the late Marshal Krylov, Commander of Strategic Rocket Forces, who in one of the most authoritative public comments on Soviet targeting strategy, revealed that the principal targets of his forces would be the enemy's delivery systems and weapons storage and manufacturing sites, military installations, military industries and centers of political military administration, command and control. Such a massive assault by as many as 10,000 warheads (the Soviets are expected to have deployed about 14,000 warheads by the early 1980s might leave us with little capability or will to retaliate.

It should be pointed out that the first half of the 1980s, during which time the Soviets will be capable of launching a perhaps decisive counterforce strike, will precede the scheduled deployment phase of the MX missile system (1986–1989). It will also coincide with the period during which about half of the Polaris-Poseidon fleet may have to be retired but before the full Trident fleet has been put into service.

In our view, the most effective way of countering the vulnerability, of preventing our ICBMs from being knocked out, assuring the maintenance of essential equivalence and effective deterrence, and lessening the temptation for the Soviet Union to launch a counterforce or nation-paralyzing first strike, would be to adopt a "launch on warning" posture. The adoption of such a policy would also help nullify any strategic advantages the Soviet Union might obtain by violating the SALT II treaty, by concealing more than the stipulated number of launchers, by increasing the number of reentry vehicles in MIRVed warheads, and so forth. In other words, no matter what the Soviet Union did we would be assured of an effective deterrent.

Those who oppose the "launch on warning" policy cite two principal objections. One is the danger of accidental war, that our radar and monitoring systems are not sufficiently reliable. We believe that there is virtually no chance of such an "accident". General James C. Hill, Commander of NORAD/ADCOM, recently remarked that, "We do have the capability *now* to detect and assess a large-scale ICBM attack on the U.S.—and so notify the President," although he warned that there are deficiencies if the objective is to extend launch on warning to flexible response and similar kinds of graduated retaliatory actions. Our ICBM warning network consists of a number of redundant systems. First, there are the early warning satellites which detect missile firings at the moment of launch. Confirmation and assessment are provided by the Ballistic Missile Early Warning System (BMEWS). The Perimeter Acquisition Radar Attack Characterization System (formerly part of the SAFEGUARD anti-ballistic missile system) has been integrated into our ICBM warning system. In addition, the PAVE PAWS coastal phased array radar system provides radar confirmation and assessment of SLBM launches to corroborate early detection by early warning satellite systems. We should give the highest priority to further improving our monitoring and communications systems, with the goal of eliminating, to the extent that is humanly possible, the chance of accidental war.

The second major objection to a "launch on warning" policy is that it would restrict the President's ability to employ limited nuclear options. In the words of Secretary Brown, "While I have serious doubts about whether a nuclear war, once started, could be kept limited, it would be imprudent to place the United States in a position in which uncontrolled escalation would be the only course we could follow. Massive retaliation may not be appropriate, nor will its prospect be sufficiently credible in all circumstances to deter the full range of actions we seek to prevent."

We take issue with the views that a launch on warning policy is destabilizing or may prevent uncontrolled escalation. In the first place, the Soviet Union now has, and has long had, such a policy. Second, if there is a destabilizing factor in the nuclear deterrence equation it is that Soviet war planners may be at least 90 percent certain that, according to our present policy, we would absorb a first strike no matter what its magnitude. That could tempt the Soviet Union to try for a "knock out" blow. The possibility of their opting for such a course would be greatly diminished if they know that their missiles would impact on empty silos.

Furthermore, we believe that there is little likelihood that the Soviet Union would play our game of "limited nuclear options". They would in all likelihood attempt to inflict maximum military-economic damage on the first strike, although perhaps leaving certain population centers "hostage" to a second strike. We would be left with shattered military forces, a shattered economy, and a bag full of limited nuclear options.

In sum, we believe that the United States can no longer afford to pursue a strategic policy that would oblige us to absorb a first strike. We must make it clear to the Soviet Union and while we will not be the first to start a nuclear war, we are prepared to retaliate immediately. This would decrease the likelihood of nuclear war, not increase it.

Although the adoption of a "launch on warning" posture would go a long way toward assuring that we could maintain an effective deterrent, we realize that at the crucial moment the President may fail to act or that there may be some breakdown in the communications link. We, therefore, believe that the MX program would be a good investment. It would provide the United States with a highly survivable back-up system and with an accurate, powerful hard-target system similar to that of the Soviet Union. But deployment of the MX system alone is not enough. We must recommit ourselves to the modernization of our strategic TRIAD—the concept developed as the basis for providing the President certain options during a crisis. The survivability and strike capability of our submarine fleet are matters of debate as the aging POLARIS and POSEIDON ships quickly approach their scheduled retirement dates. The schedule for full deployment of the TRIDENT system, therefore, must be accelerated.

A manned penetrating bomber capable of delivering cruise missiles close to Soviet targets is especially critical since B–52 vulnerability to Soviet air defenses is almost a certainty. Our nation's war planners should also examine the feasibility and cost effectiveness of deploying a portion of our current land-based ICBM force in a mobile mode during the early 1980's since it will be a decade before the MX system is fully deployed.

We are aware that these recommended actions to modernize the strategic TRIAD are expensive and there are many people in this country who have expressed concern that the SALT II hearings have provided a market place in which defense-minded groups and individuals have presented military hardware shopping lists with the totals being the costs of their support of the agreement. We present our recommendations as necessary expenditures, whether SALT II be approved or rejected.

The Soviet Union is a formidable opponent but the greatest potential danger facing our nation today in terms of its security is not the threat of any foreign power but the unwillingness of our citizenry to pay the price of pursuing peace through a position of strength. Regardless of the disposition of this treaty, we will be required to step up defense spending in order to counter improvements in the Soviet strategic arsenal.

Our final recommendation is that the United States should make a much greater effort in civil defense preparedness. The Soviet Union has long realized that civil defense is an integral part of strategic policy. It has devoted a good deal of effort to "hardening" key economic and military installations and in developing evacuation capabilities, with special emphasis on evacuating essential industrial and political personnel. An effective civil defense system would also give the Soviets a strategic advantage in that in the event of a developing crisis they could evacuate their major population centers, perhaps on the pretext that they fear a U.S. preemptive strike, thus presenting U.S. war planners with empty cities while ours are filled with people and panic. In addition to matching the Soviet Union in strategic nuclear weapons, we must also endeavor to match it in terms of civil defense.

In sum, Mr. Chairman, we believe that although the SALT II treaty, if it is adhered to fully and in good faith, has certain positive features, it also has a number of serious deficiencies. An even greater danger than the deficiencies of the treaty, however, is the prospect that the people of the United States will be lulled into a false sense of security and assume that the treaty will eliminate the likelihood of nuclear war. We must realize that we can have peace only through strength. The Soviet Union is already ahead of the United States in a number of strategic areas, and by all projections we have seen, that gap will grow in the years ahead. But if such a disparity is allowed to exist, that will be not so much the fault of the treaty as the lack of national will, as the result of our own deliberate policies. We are willing to support the SALT II treaty only if we are assured that the United States will strengthen its defenses along the lines we have outlined and the treaty is modified in the areas that we've mentioned.

STATEMENT BY THE AFL–CIO EXECUTIVE COUNCIL

The Strategic Arms Limitation negotiations, begun ten years ago, have so far failed either to curb the nuclear arms race or to stabilize the strategic balance of power. Whatever restraint we have seen has been in the form of unilateral U.S. decisions to cancel or delay new weapons systems, while the Soviet Union has engaged in the most massive military buildup in peacetime history. These facts are no longer contested.

Whether SALT II, by contrast, will serve as a significant step toward arms control depends on what the U.S. government does within its terms. Inaction on the part of the United States while the Soviets build up to the high limits allowed in the treaty, would lead the U.S. into a position of gross inequality, from which this nation could offer the Soviets no effective inducements to accept real arms reductions. The arms race would continue.

The AFL–CIO will support SALT II if the following steps are taken both to remedy the emerging strategic imbalance and to move toward genuine strategic arms control:

(1) In its resolution of advice and consent to the ratification of SALT II, the Senate should stipulate that under the terms of the treaty, parity requires the modernization and development of U.S. strategic forces—including, and most particularly, the MX missile based in such a mode as to survive a first strike by Soviet missiles.

Without the MX, the U.S. will be restricted to 3 warheads on its Minutemen ICBMs, compared with 10, 6, and 4 on the Soviet's SS–18, SS–19, and SS–17. The only way to protect U.S. ICBMs from a Soviet first-strike would then be to rely on the most dangerous of all strategies: The launch-on-warning of hair-trigger missiles that virtually fire themselves. If instead the U.S. is to maintain multiple presidential options in a crisis, this country must proceed to develop the MX in a survivable basing mode so as to remove the temptation of a first strike.

(2) The way to reduce strategic arms expenditures is not to stand pat on inferior or vulnerable systems but to proceed forthwith to real and dramatic mutual arms reductions.

The Senate, therefore, should further stipulate in its instrument of advice and consent more stringent and specific directives to U.S. negotiators than the vague and general language now contained in the Statement of Principles for SALT III, so as to assure that SALT III negotiations will constitute a genuine, early and searching test of whether or not the SALT process will, in fact, lead to significant and continuing reductions in strategic arms. A time limit for a final response and evaluation, such as the termination date of the protocol (December 1981), should be set forth so as to assure urgency and to avoid the endless protraction of negotiations while the build-up continues beyond the point of no return.

The stipulation should also call for limits not only on launchers but on warheads—which are the real instruments of destruction and which SALT II permits to increase dramatically in numbers and accuracy.

The Senate should stipulate that U.S. negotiations in SALT III insist on limits which would require the dismantling of warheads to a level of parity significantly (at least 30 percent) below the existing level of the higher party in each leg of the triad (air, sea and land-based strategic nuclear forces). Once these limits are set, the basis will then exist for further annual across-the-board percentage reductions.

The general, unchecked growth of warheads, combined with the acquisition of counterforce capability, exposes the inadequacy of Mutual Assured Destruction (MAD) as a deterrence theory. To compel an American President, in the wake of a Soviet first strike, to choose between negotiating terms of surrender or launching an annihilative retaliatory attack on Soviet civilians is both morally unacceptable and lacking in the chief prerequisite of deterrence: credibility. The U.S. must move from MAD to Mutual Assured Non-destruction (MAN). That is, these negotiations must seek to create conditions which make it impossible for either side to destroy the other as a viable society through a nuclear attack, or to believe that it can.

Only then can we begin to look forward with optimism to the ultimate goal of total nuclear disarmament.

TESTIMONY BY PHYLLIS SCHLAFLY

My name is Phyllis Schlafly of Alton, Illinois. I am an author, a journalist, and a member of the Illinois Bar. I appear here as a representative of the American Conservative Union, of which I am a member of the Board of Directors.

For the past 15 years, my major field of research and writing has been strategy. I am the co-author of five books on nuclear strategy, which have sold in the hundreds of thousands of copies. Beginning in 1964, these books make a series of remarkable predictions which, unfortunately, have all come true. At a time when others were discounting Soviet intentions and capabilities, my books predicted that the Soviets would keep building nuclear weapons until they achieve decisive strategic superiority, while the United States was opting out of the arms race by a self-imposed freeze on the building of additional strategic weapons. It is now obvious that this is what happened.

Strategy is the science of planning and using your assets to achieve your objective. Many people seem to assume that the only utility of nuclear weapons is to kill millions of people. Nothing could be further from the truth, and nothing could be a more dangerous assumption. Today I ask you to consider the other uses of nuclear weapons, and how ratification of the SALT II Treaty would allow the Soviet Union to have powerful political and economic weapons against which we would have no defense.

Ratification of the SALT II Treaty would deliver to the Soviet Union: (1) the power to cut off U.S. imported oil, (2) the power to destroy the U.S. dollar, and (3) the power to use Cuba as a Soviet base. Ratification of the SALT II Treaty will prevent the United States from effectively interfering with or stopping the Soviet exercise of the Oil Weapon, the Dollar Weapon, or the Cuba Weapon.

Rejection of SALT II, on the other hand, will not give the Soviet Union any additional power which is realistically usable, but it will permit the United States to control our own destiny, politically, and economically.

I. THE OIL WEAPON

The great American industrial nation, a people on wheels to whom gasoline is almost as much an essential of life as water, is now facing the prospect of gasoline rationing. What is it that has brought us to the point of accepting rationing? President Carter says he needs standby power to cope with a sudden, massive oil shortage. Obviously, all the oil wells in the United States will not dry up at the same time. The very request for rationing power reveals our humiliating dependence on the whim of the OPEC nations thousands of miles away, in the shadow of the Soviet Union.

In October 1973, the Kremlin openly, brazenly, and defiantly goaded the Middle East oil producers to use their "oil weapon" against the West. Use of the "oil weapon" was so simple: just embargo oil to the West for five months, and then jack up the price fivefold. It cost the Soviets nothing. With the higher prices, the Arabs quickly recouped their temporary losses. And the United States was exposed as an impotent giant who could do nothing, absolutely nothing, to force the Arabs to respect U.S. property and contracts.

We have had six years since Oil Embargo I to prepare and defend our nation against the contingency of Oil Embargo II. Instead of improving our situation, we have become dependent on imported oil for an even larger percentage of our consumption. Nobody likes to talk about it publicly, but the only reason there is the slightest need for gasoline rationing is the clear and present danger from the threat of Oil Embargo II. Dr. Ghazi A. Algosaibi, Saudi Arabia's Minister of Industry and Electricity, said in a July speech in Los Angeles: "Your industrial way of life for the coming decades will collapse without Arab oil. The independence of the Arab countries in the face of expanding Communism cannot be maintained without your strength and resolve. No interdependence could be more complete."

Translated into plain English, SALT II equals Soviet superiority in nuclear arms equals Soviet ability to wage political nuclear blackmail in the Middle East equals more gasoline shortages in America. So, let's consider a possible scenario of what Oil Embargo II might mean to America.

Scenario: Oil embargo II

Time: Early 1980. Scene: The Kremlin, Moscow. Members of the Politburo are hosting a meeting of the chiefs of the Middle East oil-producing states. Brezhnev (or his successor) is doing all the talking.

"Comrades of the Middle East, we all have a common interest in world peace and prosperity. Although we have been enjoying apparent peace, our great leader Lenin warned us that, so long as Capitalist Imperialism exists, war is a constant danger. Our courageous intelligence agents have uncovered a massive plot by the Capitalist Imperialist Warmongers to launch a new world war. This would bring death and destruction such as the world has never seen before. This would be bad for your business. Your good customers, the United States and Western Europe, would be destroyed by our necessary retaliation. Since your economies are based on continuing revenues from your great oil resources, you have a vital interest in preventing such a senseless Armageddon.

"Fortunately, there is a peaceful way to avert this nuclear destruction, and that is why I have invited you to Moscow. I want you all to agree to impose immediately a total embargo on sales of oil to the warmongering United States and her NATO allies. Within a few weeks, hardly a wheel will be turning in Western factories. They will have little electricity. They will be on their knees to you, pleading for oil on any terms. Then you and the great peace-loving U.S.S.R. will impose our joint terms. The Western democracies will pay any price you set for your oil and you can easily recover tenfold the revenues you lost during the embargo.

"For our part in the settlement, the Soviet Union will demand that the Capitalist Imperialist Warmongers surrender all their nuclear and conventional weapons to the United Nations. And, since most UN members do not possess the technology to handle the takeover of nuclear weapons, the U.S.S.R. will gladly take custody for the UN.

"Do you want to know what the United States will do to pressure you into terminating your embargo? The answer is NOTHING. Just remember back to your first courageous and innovative use of your oil weapon back in 1973. What did the United States and Western Europe do then? Nothing. They meekly agreed to pay you a fivefold increase in the price of oil, even though that increase disrupted the stability of their economies. It was your courageous action in 1973 which brought about so much costly inflation and unemployment in the Western nations.

"The United States had far more conventional military power than any of the Middle East nations. Yet the United States did not dare to use its conventional military power because the great peace-loving Soviet Union gave you the protection of our strategic nuclear umbrella.

"The United States will never again dare to send in the Marines as President Eisenhower did to avert a threatened coup in Lebanon in 1958.

"Our techniques of keeping SALT I and II negotiations pending for 12 years kept the United States from building up any additional ICBMs, submarines, or bombers, while we built up continuously and massively. The Soviet nuclear umbrella is now three times more powerful than it was in 1973. During the last six years, we have tripled the throw-weight of our strategic forces. We have replaced a thousand of our older ICBMs with advanced models many times more powerful and more accurate. We have deployed 27 of our huge Delta-class missile-firing submarines and hundreds of new strategic bombers.

"Thus, Oil Embargo II will enable our Middle East friends to become richer and richer at the expense of the Capitalist Imperialist nations, and it will give the great Soviet Union the power to enforce world peace, on our terms of course. The massive nuclear power we were allowed to retain under the terms of the SALT II Treaty has made all this possible. SALT II prevented the United States from building any weapons to challenge our use of the Oil Weapon.

"We realize that Saudi Arabia recently established a friendly relationship with the United States, selling them oil at less than world prices and increasing production to help them alleviate their shortages. However, in view of the massive shift in the world's strategic balance, it would be very foolish of the Saudis to remain friends with the Capitalist Imperialists. We can stop the flow of oil with our naval superiority alone. It is in your own best interests to cooperate with our plan for world peace."

II. THE DOLLAR WEAPON

The second power that the SALT II Treaty, if ratified, would accord to the Soviet Union is the power to destroy the U.S. dollar. The value of a nation's paper currency is based directly on that nation's promise-to-pay credibility and on the public's perception of the government's ability to survive and redeem its paper-money promises. The rapid decline of the value of the U.S. dollar in the last few years exactly tracks the world's perception of the fact that the Soviet Union is building toward a decisive military superiority which will soon be able to dictate the terms of surrender-or-survival to the United States.

From 1945 to 1967, the United States had clear and undisputed nuclear superiority which peaked at the ratio of 8-to-1. During those years of undisputed U.S. nuclear superiority (which were disparagingly known as the Cold War), we had hard currencies, a stable dollar, and inflation only in that controllable degree which accompanies an increase in the Gross National Product. The U.S. nuclear umbrella was the basis for the stability of relationships in the Western world, not only for political freedom, but for trade relationships and agreements, for the stability of the flow of raw materials in and finished products out, and for the availability of oil and other energy sources at reasonable prices.

The year 1967 was the last year in which the United States added a single strategic weapon (ICBM, nuclear missile-firing submarine, or strategic bomber) to our forces. Many of us knew that the United States that year opted out of the arms race at a time when the Soviets were building toward a first-strike capability, but most Americans refused to believe it. The U.S. nuclear umbrella remained credible, and therefore effective, for another five years because of the lag in international perception that the strategic balance was shifting in favor of the Soviets.

The SALT I Agreements signed in Moscow on May 26, 1972, made it officially and publicly apparent that the United States had voluntarily and unilaterally put ourselves in a nuclear-weapons freeze and abandoned our once-overwhelming strategic superiority. Under the SALT I Treaty (on defensive weapons), the United States gave up our right to defend our population against incoming nuclear missiles, and under the SALT I Interim Agreement (on offensive weapons), we agreed that, for every three ICBMs and every three nuclear missile-firing submarines the Soviets build, we will limit the United States to only two, respectively.

Publication of the SALT I statistics in May 1972 destroyed the credibility of the U.S. strategic umbrella. The newly credible Soviet strategic umbrella protected the Arabs in their effective use of the oil weapon against the great oil-consuming Western nations. Although the conventional military power of the Western nations overshadowed that of the Arabs by a factor of about 1,000-to-1, that was no help whatsoever in the face of the Soviet nuclear umbrella.

Thus, mere possession by the Soviets of nuclear weapons of sufficient numbers and power rendered impotent all other forms of American power, including conventional military power, industrial power, financial power, technological power, population power, and even food power. All those other factors, however mighty in themselves, even in combination are not enough to challenge Soviet nuclear power.

It is not even necessary to discuss the point of whether the 3-to-2 numbers superiority in ICBMs and nuclear missile-firing submarines did or did not give the Soviets an across-the-board strategic superiority. The fact is that the SALT I gave the Soviets a worldwide perception of nuclear superiority, and it gave the Soviets a sufficiency of nuclear power to use the Oil Weapon and the Dollar Weapon.

The financial cost of SALT I

When we plot on a graph what has happened to the U.S. dollar, it is clear that our runaway inflation started with the signing of SALT I in 1972. If our leaders don't learn the lesson of the financial cost of SALT I, we will find to our sorrow that the cost of SALT II is far higher.

The Consumer Price Index is based on the 1967 dollar (the last year the United States acquired an additional strategic weapon). The Consumer Price Index, which stood at 100 in 1967, had risen only to 125 by 1972 (the year of SALT I). However, subsequent to SALT I and Oil Embargo I, we slid into double-digit inflation. By 1979 the Consumer Price Index had shot up to 217, and inflation is now running at 13.4 percent a year. It now takes $2.17 to buy what $1.00 would buy the year the United States stopped building nuclear weapons. This means that more than half of all our savings in bank accounts, savings and loan companies, life insurance, pensions, and other money investments has been stolen from us by those who changed American strategic policy from superiority to inferiority.

According to conventional wisdom, stocks are supposed to be a good hedge against inflation. From 1950 to 1968, stocks did as expected, rising 436 percent during a period of relatively low inflation. But since 1968, while consumer prices have more than doubled, stocks have fluctuated widely and the 1979 average is a pitiful two percent higher than in 1968. This means that stocks in 1979 have really lost half their 1968 value, because the dollars they are worth will buy only half as much.

And the price of gold rose from $60 in the year of SALT I to $329 in the year of SALT II.

American history provides a tragic lesson of what happens to paper money when the government which issues it lacks the military weapons necessary to maintain itself as an independent nation. In the South, children of the second generation after the War Between the States in impoverished households had a unique toy. Instead of play money, they had quite literally scores of thousands of dollars in genuine American currency. Thousands of southern patriots had turned in their gold for this currency in order to buy essential food and war materials from abroad. The first postwar generation still treasured this paper, hoping that some day it might be redeemed. They finally learned the bitter lesson that the paper-money promises of a government which has been militarily destroyed will never again be honored.

However, Confederate paper money did not lose its value overnight. When it was first issued, it was accepted at face value in the South. Progressively, as it became apparent that the industrial North was building toward decisive military superiority, the credibility of the Confederate Government's promise-to-pay began to deteriorate. As it was perceived that the North's power would soon become overwhelming Confederate currency began its slide down to nothingness.

This is what is happening to the American dollar as the power centers of the world progressively grasp the fact that the Soviet Union is building toward decisive military superiority. The progressive attainment by the Soviet Union of the military power which will enable it to fulfill what it has openly declared to be its "historic" mission (to destroy the Western capitalist nations) has resulted in a growing loss of confidence in the U.S. dollar.

SALT I and Oil Embargo I which resulted cut the value of the U.S. dollar in half. SALT II and any resulting Oil Embargo II will complete the destruction of the U.S. dollar.

III. THE CUBA WEAPON

The recent revelation that there are thousands of Russian combat troops in Cuba is only the tip of the iceberg of what a Cuban Crisis II could mean to the United States. What will we do if the Soviets send 200 Backfire bombers or 225 SS-20 missiles to Cuba?

At the time of Cuban Crisis I (the Cuban Missile Crisis of 1962), the United States was able to face down Khrushchev because our Strategic Air Command put our then-new and impressive B-52 fleet on airborne alert. This constituted a credible threat that we could deliver up to 50,000 megatons of nuclear striking power on Soviet territory.

No U.S. President could make that threat today. It would not be credible to the Soviets or to anyone else. So what will our President do if the Soviets send Backfire bombers or nuclear missiles into Cuba? Plead with them to take them out? Humbly appeal to their good faith? Tell them we will denounce them in the UN or the OAS? Is that what the great United States is reduced to when it comes to the supreme matter of protecting the lives and property of our own citizens?

First, let's consider a scenario of the Soviets' sending 200 Backfire bombers to Cuba. Basing Backfire bombers in Cuba would give the Soviets a dramatic option to exercise their strategic power without the launching of a single missile or the dropping of a single bomb.

The Kremlin could send a flight of 200 Backfire bombers to overfly New York, Boston, Philadelphia, Baltimore, Washington, Pittsburgh, Detroit, Cleveland, Chicago, St. Louis, Atlanta, and any other cities convenient to a plan of concentrating on areas of dense population. The flight could be timed to arrive over the cities during late-afternoon rush hours. No bombs would be dropped, but they would be on board.

The force of 200 could be divided into flights of 10 Backfires each, and they could sweep in low over our great cities at, say, ten-minutes intervals; each flight could make two sweeps over each city. The Backfires are large and impressive, and they fly at mach 2.2. Sonic booms would break windows by the thousands. Motorists on the freeways would abandon their cars, attempting to find shelter from what they would think was a bombing attack. No wheels would be moving because of the massive traffic jams. Telephone systems would be swamped by the volume of calls from frightened people trying to find out where to go and what to do.

What would our President do? Get on the Hot Line and ask the Kremlin, please, not to drop any bombs? Or please, order the bombers home? There is no way we could stop the overflights because our policy for years has been one of zero defense against bombers.

This use of the Backfires to create Cuban Crisis II would be in exquisite technical compliance with the SALT II Protocol which allegedly (though not directly) prohibits the Backfire bombers from "operating at intercontinental distances" or from "in-flight refueling" or from a production rate of not more than 30 per year. Of course the Backfires would not run out of gasoline on this overflight mission; they could all return to their bases in Cuba.

Second, let's consider the scenario of the Soviets' sending 225 SS-20s into Cuba. The SS–20 is a compact, land-mobile missile launcher having five MIRV warheads, each in the megaton range. The 225 SS–20s would give the Soviets a total of 1,125 warheads, or slightly more than one warhead for each of our 1,000 Minuteman missiles and 54 Titan II missiles. It is reasonable to suppose that U.S. intelligence will be just as slow in discovering SS–20s in Cuba as it was in discovering offensive missiles in Cuba in 1962 and in discovering thousands of Russian troops in 1979; so the Soviets could expect to get them all deployed before a U.S. President recognized the threat.

The strategic power which 225 SS–20s in Cuba would give to the Soviets is almost incalculable. The Soviets would know that, even if we had instantaneous warning of a launch from Cuba, it would require 10 to 12 minutes time to launch our ICBMs. But missiles launched from Cuba would require only 8 or 9 minutes travel time to reach most of our Minuteman bases. So the SS–20s could reach our ICBMs before they could be launched or, at the very least, create a "pin-down" effect which might delay our launching, thereby allowing the opportunity for a second salvo of SS–18s or SS-19s to arrive direct from Russia.

The Soviets would not have to violate SALT II to carry out this SS–20 scenario. The SS–20 is not an ICBM, is not fixed-based, and is not a "heavy" missile, so is not covered by SALT II.

Again, the question remains, what would the United States do? What could the United States do? We would be reduced to doing nothing at all except pleading on the Hot Line for the Kremlin to show compassion, mercy, and good faith. Ask Alexander Solzhenitsyn how much compassion the Kremlin bosses show when there is no force able to make them act in a civilized manner. If our State Department couldn't even make the Soviets accede to our request to let Russian ballerina Vlasova be interviewed on American soil without the intimidating presence of 12 KGB kidnappers, how can we make the Soviets respect our demands about Cuba?

RATIFICATION VERSUS REJECTION RISKS

What are the risks of SALT II Treaty ratification versus rejection? If the Treaty is rejected, we risk a tantrum by Kremlin officials. If the Treaty is ratified, we risk Soviet use of the Oil Weapon, the Dollar Weapon, and the Cuba Weapon. Is it worth the risk? I think not.

If SALT II is ratified, the Soviets will be given both the power and the perception of power to use the Oil Weapon, the Dollar Weapon, and the Cuban Weapon. If SALT II is rejected, the Soviets will have substantially the same power, but the worldwide perception of that power will be diminished because of new respect for the United States in rejecting such an unequal deal. Everywhere in the world, people will have a new respect for the determination of the United States to control its own destiny.

The perception of power can be just as important as the power itself. Neither idealism or semantics can conceal the fact that SALT II is an unequal bargain for the United States. The Treaty does not limit the carrying capacity of either individual weapons or the total weapons forces of the two superpowers.

The alleged "equality" of SALT II is like saying that two intercontinental freight-moving firms are equal when each one has 2,250 "delivery vehicles," even though one firm has all 50-ton tractor-trailers and the other has only one-ton pickup trucks. Our principal ICBM, the Minuteman, has a "carrying capacity" of one megaton; the 308 Soviet SS-18 ICBMs have a "carrying capacity" of 50 megatons each.

The humiliating inequality of SALT II is also shown by the comparison of what the Treaty allows each side in the most powerful category of nuclear weapons: land-based ICBM MIRVs. Article V allows each side to have 820 land-based ICBMs which can be MIRVed. The Soviets have 308 heavy SS–18 ICBMs. Article IV, Section 10, allows each SS–18 to have ten MIRVs. That leaves 512 (820 minus 308) other land-based launchers of ICBMs which the Treaty allows the Soviets to equip with MIRVs. Since the Treaty allows the Soviets to MIRV any mix of ICBMs they choose, and since neither the Soviets nor the Pentagon will say how many SS–17s and SS–18s the Soviets have, they can choose to deploy 512 S–19s with MIRVs. Article IV permits six MIRVs on each SS–19. The Treaty thus permits the Soviets to have 3,080 (308 times 10) MIRVs on their SS–18 force, and 3,072 (512 times 6) MIRVs on their SS–19 force; making a total of 6,152 Soviet MIRVs on their land-based MIRVed ICBM force alone.

The United States has no heavy ICBMs at all. We have 550 Minuteman IIIs, our only ICBMs capable of being MIRVed, and the Treaty does not permit us to add any more. The "Common Understanding" of Article IV prohibits the United States from flight-testing or deploying the Minuteman III "with more than three reentry vehicles." Therefore, the Treaty limits the United States to only 1,650 (550 times 3) MIRVs on our land-based missile force.

The Treaty, therefore, allows the Soviets to build almost four times as many MIRVs on land-based ICBMs as it allows the United States to build: 6,162 to 1,650.

But that's not all. The Treaty places no limit whatsoever on the power of MIRVed warheads. The Soviet SS–18 and SS–19 MIRVs are estimated at a power of 1.2 megatons each. Multiplying 1.2 megatons by 6,152 MIRVs gives the Soviets at least 7,382.4 megatons (7 billion, 382 million, 400 thousand tons) of TNT explosive equivalent in their land-based MIRVed missile force alone.

The U.S. Minuteman III MIRVs are only 0.17 megaton each. Multiplying 0.17 megaton by 1,650 U.S. MIRVs gives us 280.5 megatons (280 million, 500 thousand tons) of TNT explosive-equivalent in our land-based MIRVed missile force.

The Treaty thus allows the Soviets to have land-based ICBM MIRVs with explosive power more than 26 times that of ours. The power centers of the world will not be fooled by calling this fantastic disparity "equality." With SALT II, the Soviets will not only have the power, but just as important,they will have the worldwide perception of power.

Defense Secretary Harold Brown argues that, without SALT II, the Soviets could build even more strategic weapons. His speculation as to how many more weapons the Soviets might build sets up a strawman in the SALT II debate. Nobody can offer any reason for why the Soviets might want to build more strategic weapons than they are permitted under the terms of SALT II; there simply are not that many targets in the world. Under SALT II, the Soviets clearly have enough weapons to destroy the United States as a viable nation if they choose to use that power and risk our retaliation.

But even assuming the existence of Secretary Brown's boogeyman of the additional weapons the Soviets might build if we reject SALT II, those hypothetical additional weapons add nothing whatsoever to the Soviet power to use the Oil Weapon, the Dollar Weapon, or the Cuba Weapon. The lessons of history are impressive and convincing on this point. The lesson of Oil Embargo I, the decline of the U.S. dollar since then, and the Cuba Crisis I, all prove that the Soviets now have a sufficiency of power to confront us with Oil Embargo II, a coordinated assault on the U.S. dollar, and Cuba Crisis II. The Kremlin will not need to launch any missiles against us. The Soviets will not even need to suggest the use of nuclear missiles against us. A few "peaceful" measures will suffice: cut off our soil supplies from abroad, cut off our imports of other essential materials, and make the dollar unacceptable in international trade.

Now let's look at the differences to the United States between ratification and rejection of the SALT II Treaty. If SALT II is ratified, we clearly will not have the power to prevent the Soviets from using the Oil Weapon, the Dollar Weapon, or the Cuba Weapon. SALT II prevents us from ever catching up with the Soviets in major strategic weapons. We couldn't do anything to save ourselves from Oil Embargo I, and our position is vastly weaker as we face the possibility of Oil Embargo II. The galloping dollar decline is a pervasive reality. There is no way we could face down the Soviets in Cuban Crisis II.

With SALT II ratification, we would lose the perception of power even more dramatically than we did after SALT I. SALT II is so obviously unequal that nations which respect power would lose all respect for us. Ratification of SALT II would advertise to the world that we have accepted strategic inferiority to the Soviets and are willing to place our destiny in the hands of the good faith of the Kremlin bosses.

It is important that we not get hung up on the issue of whether the United States is inferior today or whether that point will arrive in 1981 or 1984. The prevailing dogma is that, while the United States does not have superiority today, we enjoy an intangible something called "essential equivalence." Nobody knows for sure what that is, but assuming it means something like "rough equality," even if this were an accurate assessment (which it is not), it would not be good enough to prevent the Soviets from using the Oil Weapon, the Dollar Weapon, or the Cuba Weapon. In a situation of equivalence or parity, all the odds favor the aggressors, not the defenders. The side committed to the strategy of a surprise attack needs fewer weapons than the side which must defend its people at all times. The side which places no value on human life can afford to take more risks than the side which values the life of every citizen. The side which has the nerve to use nuclear blackmail can outmaneuver the side which respects life, liberty, and property.

American strategy for survival in the nuclear age is still based on the long-since discredited and now hopelessly-obsolete doctrine called Mutual Assured Destruction (MAD). This strategy keeps American citizens as hostages in the face of the Soviet nuclear weapons force, hoping that the men in the Kremlin will be deterred from attacking us by the knowledge that we will retaliate and kill millions of Russians. If deterrence fails, we have no contingency plan except surrender. Even if the plan works, it is based on killing Russians instead of on saving American lives.

But most immediately relevant here, this strategy is completely unable to cope with Soviet use of the Oil Weapon, the Dollar Weapon, or the Cuba Weapon.

If SALT II is rejected, the United States would be vastly better off. It will immediately give us a new perception of power because it will be a clear signal to the world that we intend to be masters of our own destiny, and that we are not going to submit to Soviet blackmail in the Middle East or in Cuba or elsewhere.

If SALT II is ratified, it will prevent the United States from taking those steps which are essential to the survival of our Nation.

THE ALTERNATIVE TO SALT II

The best and time-proven strategy for survival in the nuclear-space age is the one which worked so well in its first 27 years from 1945 to 1972, namely, U.S. nuclear superiority combined with a war-winning capability. The history of 1945 to 1972 proves—and millions of us are witness to it—that American nuclear superiority did preserve the nuclear peace between the great powers. In themselves, nuclear weapons are neither good nor evil. They are just instruments of power. In the hands of a peaceful nation like America, nuclear weapons can ensure world peace because no nation would be able to challenge them. In the hands of an evil, aggressor nation like the Soviet Union, nuclear weapons are a force for tyranny, destruction, and world conquest.

Our first priority must be to rebuild the credibility of our strategic deterrent, and our second priority must be to rebuild our strategic deterrent itself. Unless we do that, our entire population, deprived of all ABM defenses by the SALT I Treaty, will be sitting ducks for mass murder, nuclear blackmail, or economic disaster, at the will or caprice of the Kremlin.

The fastest and easiest way of restoring the credibility of our strategic deterrent would be for the United States to adopt a launch-on-verification-of-warning strategy as a substitute for our present strategy of not launching our ICBMs until after a Soviet disarming strike has impacted. This is the only way we can preserve our Minuteman force as a credible deterrent. This changeover in strategy will immediately render our 1,000 Minuteman force invulnerable and make it safe against a preemptive strike by the Soviets. Defense Secretary Brown has testified that our Minuteman missile force will be "vulnerable" in the 1980s, a timeframe which begins in only a few months. A launch-on-vertification-of warning strategy can prevent that vulnerability before it begins.

The second way to rebuild the credibility of our strategic deterrent is to reject the SALT II Treaty. This would be a clear signal to the world that the United States will not accept a position inferior to the Soviet Union, and that we will reassume control of our responsibility to defend our own people and our allies from any vital threat, political or economic.

Then comes the task of rebuilding our strategic deterrent. Remembering always that it is the mix and the readiness of weapons which are paramount, here are some specific suggestions—all of which would be prohibited if we ratify SALT II, but which become possible if we reject SALT II.

1. Start immediate production of the B–1 bomber. SALT II would prevent this, because the Treaty would force us to scrap an ICBM for every B–1 built, which would be foolish. Without SALT II, we can build all the bombers we need. If the Soviets can build 30 Backfires a year, we can build 60 B–1s a year.

2. Reopen production lines for the Minuteman III. Deploy the missiles as mobile missiles or, alternatively, install them in Minuteman I silos and immediately transfer the Minuteman Is to mobile launching pads. This would be prohibited by SALT II because the Treaty does not permit us to catch up with the Soviets' larger numbers by increasing the numbers of our missile launchers.

3. Proceed immediately and rapidly with development and deployment of the MX mobile missile, and deploy it variously on railroad cars and trucks. This would make effective use of one of our great American assets: our far-flung and efficient transportation system. This can be our counterbalance to the Soviet capability of hiding their mobile missiles in their enormous land mass protected by the tight security of their closed society. The Soviets had the capability and the legal right under SALT I to build and hide 2,000 mobile missiles; no one knows how many they have.

4. Develop, test, and deploy the cruise missile in ranges that can reach the Soviet Union from our delivery vehicles. This is prohibited by the SALT II Treaty.

5. Go into immediate and rapid production of the Trident submarine and submarine-launched missiles. If the Soviets can build eight such submarines a year, we can build 16. The Soviets already have 27 Trident-class submarines, and at our present snail's pace of production, we will have only one in 1981.

6. Withdraw from the SALT I ABM Treaty in accord with Article 15 which permits either country to do that when "extraordinary events related to the subject-matter of this Treaty have jeopardized its supreme interests." Certainly the staggering momentum of Soviet weapons buildup and their steady substitution of heavy missiles for lighter missiles jeopardize our supreme interests.

7. Proceed with research and development on the beam weapon, as urged by Major General George Keegan, former head of U.S. Air Force Intelligence. If ever developed, this beam weapon may be the "ultimate weapon" and we cannot afford to let the Soviets get it first. Evidence indicates that the Soviets are five to seven years ahead of U.S. physicists in beam weapon research.

A country so divinely blessed as America, with boundless resources, a Gross National Product twice that of the Soviet Union, a technology which is the envy of the world, and the "can-do" resourcefulness that put a man on the moon, certainly has all the qualities it takes to defend ourselves against the Soviet Union—not only against its nuclear arsenal, but also against its use of the Oil Weapon, the Dollar Weapon, and the Cuba Weapon. Some will say that the rebuilding of our strategic deterrent along the lines outlined here will cost too much money, and that we cannot afford it. I submit that "cost" is now and has always been a phony argument when applied to strategic weapons. Here is just one shocking example to prove that statement.

This phony "cost" argument is brought forth by the same deceptive persons who destroyed 550 Minuteman missiles. When our nation built and deployed our 550 Minuteman III missiles, we did not get a single additional missile because the Defense Department scrapped one Minuteman I or II for every Minuteman III we built. We were told it was more cost-effective to use the same silos used by the Minuteman I and II. But digging holes with modern earth-moving equipment is a very minor expense. New holes for the Minuteman IIIs would not have cost more than $1 million per Minuteman III, complete with launch tube and hole, as compared to the $800,000 we paid to "modify" each existing launch tube and fit each Minuteman III into it. We invested at least $2½ billion in the cost of the 550 Minuteman IIIs. But because we used the Minuteman I and II holes, we did not add a single missile. For a puny $110 million more, we could have increased our missile force by 50 percent! Such an addition would have been vastly more valuable than adding extra warheads to a constant number of missiles; such an addition would have kept our Minuteman missile force invulnerable years past 1980. It cannot be argued that such an addition was prohibited by SALT I: the Minuteman IIIs were ready for deployment in 1970, two years before SALT I imposed a freeze on digging new holes; and it was widely known that the Soviets were rapidly digging holes during that same period.

Cost was a phony argument then, and it is a phony argument today. The funds spent for strategic weapons are the smallest part of the Defense Department budget; yet strategic weapons will determine whether we survive as a free nation, and whether we are able to defend ourselves against the Soviet use of the Oil Weapon, the Dollar Weapon, and the Cuba Weapon.

In conclusion, I ask the Senators to ponder the warning given to us by Winston Churchill in his later years when he surveyed the prospects for survival in the nuclear age:

> "Sometimes in the past we have committed the folly of throwing away our arms. Under the mercy of Providence, and at great cost and sacrifice, we have been able to recreate them when the need arose. But if we abandon our nuclear deterrent, there will be no second chance. To abandon it now would be to abandon it forever."

Those who vote for SALT II will be abandoning our nuclear deterrent forever. Our nation will never get a second chance. The "peace" bought by the SALT II Treaty will be as fragile, as temporary, and as dangerous as the "peace in our time" bought by Prime Minister Neville Chamberlain at Munich in 1938.

SALT II AND ARMS RACE OR RESEARCH AND SAFETY

(By Edward Teller)

INTRODUCTION

The SALT II Treaty was presented to the Joint Session of Congress by President Carter and most Americans were listening. We were told that the United States is the strongest military power, that atomic weapons are too dangerous, and the danger for everybody can be diminished if SALT II is ratified. Ensuing discussions resulted in proposals that SALT II indeed should be ratified provided that by further expenditures we increase our military preparedness. It is indeed generally believed that we are involved in a quantitative arms race and our military experts are beginning to recognize that the Russians are outspending us. Indeed Secretary of Defense Brown has stated before the Senate Armed Services Committee

> ". . . the gap between U.S. and Soviet defense expenditures cannot go on increasing without a dangerous tilt in the relevant bal-

ances of power and a weakening of the overall U.S. deterrent."

He also said

". . . our strategic submarines and bombers are aging; the ICBM leg of the TRIAD is becoming vulnerable; and our command and control system is not as capable as it should be."

I claim that all these somewhat divergent statements point in the wrong direction. They suggest that we are, and for some time will be, involved in an arms race, that the race can be slowed down by ratifying SALT II and if there are residual dangers they can be rectified by spending more money.

To the extent to which we are involved in an arms race, we have lost it and will take many years and extremely heavy financial sacrifices to catch up. Even in the quality of the weapons the Soviets are ahead of us, a shocking circumstance since many Americans continue to think of the Soviet Union as a primitive nation.

If we continue on our present course, adopt SALT II, and try to apply the proposed corrective measures we shall fail and the 1980s will become an exceedingly dangerous period for the United States as well as for the Free World.

There is a possibility to correct this dangerous situation. We should get rid of the idea that we are involved in an arms race. We should realize that we are involved in a race of technology. If we turn our full attention to the weakest points in our defense, to qualitative improvements of our weapons, to strengthening our alliances, and sharing responsibilities and benefits with our friends, and if we place the highest priority on defending the lives of the citizens of America, we still may escape the consequences of mistakes that have been made in past years.

One essential difference between an arms race and a race in technology is that in the former quantities are important and limitation of the number of weapons makes sense; in the latter qualitative improvements are emphasized and there is not much point in counting the numbers of various pieces of equipment. In an arms race arms limitations such as proposed in SALT II could, under some circumstances, lead to more security; in a race of technology arms limitations can hardly be formulated.

Conversely, ratification of SALT II will of necessity drive us into a continuing arms race. In playing "catch up" we are not apt to be successful, particularly because of the sense of prevailing complacency which has been strengthened by the President's over-optimistic presentation.

If on the other hand we realize the present danger, if we mobilize American talent, inventiveness and capability of innovative production, the United States together with its Allies may prevail in an effort to stabilize peace and avoid war. The more we emphasize ingenuity in defense and the less we rely on the obsolete idea of an arms race the less expensive it will be to insure desperately needed stability.

THE IMBALANCE OF ARMS

We have been told by our government officials that at present Russian and American strategic forces are roughly equivalent. This statement is made in spite of the accepted fact that in one of the categories where comparisons are most easily made, the land-based missiles, the Russians enjoy a 5 to 1 advantage in throw weight, that is, the weight of the explosives that the rockets can carry across the ocean. That the Russian advantage is not only in quantity but also is in quality has been denied by our Secretary of Defense. Even he admits, however, that the Russians "have been developing several land-based missiles, their fifth generation of them." By comparison our missiles are fifteen years old. Even to maintain them places considerable burden on our economy.

Our bombers have been built thirty years ago while the Soviets are turning out the new "Backfires," planes that constitute a formidable danger to our Allies and that can cross the Atlantic, deliver atomic bombs on the United States and land in Cuba.

There is evidence of considerable Russian progress in submarines, which is not fully acknowledged by our Navy and is known to our public only through rumors.

We are being told that our retaliatory force is three-fold assured. The "three legs of the TRIAD" are the land-based missiles, the American bombers, and the missile-carrying submarines. Let us consider these three legs.

It is officially acknowledged that by the early 1980's our land-based missiles can be wiped out by a Russian first strike. We are told that the new big MX missile will be survivable. Unfortunately MX is supposed to be flight tested only in 1983. Full deployment cannot be expected before 1986 and probably not even then. In the meantime the Soviets have several methods by which they can destroy our present Minuteman together with the new MX sites. This situation is in part due to the fact that for MX an optimal mode of deployment has not been chosen. The deployment appears to have been influenced by acceptability to the Soviets even though other modes of deployment could be checked as easily as the presently planned MX. The Soviets seem to be more willing to accept our present plans which are more expensive, less efficient, and slower in deployment than others that have been suggested. From the Soviet point of view their behaviour is fully understandable.

In this difficult situation it has been even suggested that our land-based missiles should be fired "on warning." This is a proposal dangerously close to the concept of an American first strike which in my opinion we must avoid.

By overemphasizing insufficiently controlled arms reduction we appear to be driven into the destabilizing position where we may be willing to release our rockets before America or our Allies have actually suffered nuclear damage at the hands of the Soviets.

I am not suggesting that our land-based missiles should be abandoned. I am suggesting that constructive improvements should be sought and that these improvements should not be constrained by arbitrary restrictions presumably originating in the Kremlin.

Our reliance on retaliation by our airplanes is hardly more secure. Practically all our air fields are a short distance from the ocean and can be destroyed within a few minutes by rockets launched from Russian submarines. To establish an inland air field will cost 50 million dollars and it is difficult to understand why a considerable number of such air fields have not yet been established.

Airplanes are also vulnerable shortly after takeoff by rockets fired by saboteurs. This is all the more easy since the course of an airplane immediately after takeoff is relatively easily predicted.

Deployment of cruise missiles on airplanes is a real help. It is therefore no surprise that in the SALT II negotiations the Soviets objected to the cruise missiles in a most vigorous manner.

There is a serious danger that for a considerable period to come our planes will be vulnerable to Russian air defense before they can release the cruise missiles. Taking all this into account I am happy to express my strongest support to Secretary Brown's advocacy of the cruise missile. I wish he had been even more successful in the rapid deployment of this instrument.

This is indeed one of the examples where American know-how is making an improvement in a difficult situation.

And the situation is indeed difficult. Soviet air defenses are by far the best in the world, while we have practically nothing with which to stop Soviet bombers if they choose to attack us.

Considering the danger to our air fields, the danger to our planes at takeoff, the danger to our planes in midcourse as they are being observed by long-range Soviet radar and subsequently attacked, and finally considering Soviet air defenses by which they can oppose airplanes and also a considerable number of cruise missiles, we have to conclude that our strategic bomber force is not a reliable leg of the TRIAD.

This leaves a single leg: our missile-carrying submarines. Here we are moving in the direction of putting more and more eggs into fewer and fewer baskets. We hope, but do not know, that our submarines will not be detected. We have paid careful attention to minimize the noise of the submarines and the Soviets may find acoustic detection difficult indeed. They have openly stated that they are working on non-acoustical unconventional means of detection. This is one field where we have to suspect that their technology is ahead of ours. That suspicion of course cannot be proved even though the Russians have stated that they have solved the submarine detection problem. Our information on this topic is so highly classified that the Navy practically keeps these data secret from itself.

This question has been carefully discussed in a book entitled, "Strategic Deterrents in the 1980's" by Dr. Roger Speed. The book is based on unclassified data. The relevant portion on our submarines, taken from Chapter 3 on the "The Survivability of U.S. Strategic Forces," is attached as Appendix I to this report.

The conclusion is that the uncertainty concerning submarines is the greatest. They may work, but on the other hand, they may be the first which are lost.

CAN SALT II BE VERIFIED?

In his testimony before the Armed Services Committee of the Senate, Secretary of Defense Harold Brown stated

"This (SALT II) would require the Soviets to reduce by approximately 250 these strategic nuclear delivery vehicles. Without SALT II, if the present trend continued, as I believe it would, the Soviet Union would instead have about 3000 such weapons by 1985, instead of 2250."

According to the Secretary, one of the considerable advantages of SALT II is therefore to reduce the prospective number of Soviet weapons in 1985 by 25%.

The remarkable point is that according to the provisions of SALT II the difference of 750 weapons could hardly be noticed. Indeed SALT II permits to produce additional rockets which could be stored in unknown locations, in warehouses or even in holds of ships as long as no launching equipment is associated with them.[1] Of course, these sites would not be hardened but they also would not be known to us. Soft launching equipment can be exceedingly simple and can be rapidly assembled, probably in not more than 24 hours.

This example illustrates how easy it is for the Soviets to evade a provision of the SALT II agreements which our Secretary of Defense counts as one of the big advantages of SALT II.[1]

Article XV, paragraph 2, provides that neither Party will "interfere with the national technical means of verification of the other Party."

It also states in paragraph 3 that

"Each Party undertakes not to use deliberate concealment measures which impede verification by national technical means of compliance with the provisions of this Treaty."

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[1] See Appendix II.

While this seems to be a satisfactory statement it becomes dubious due to the Second Common Understanding attached to this provision according to which—

"Each Party is free to use various methods of transmitting telemetric information during testing, including its encryption, except that, in accordance with the provisions of paragraph 3 of Article XV of the Treaty, neither Party shall engage in deliberate denial of telemetric information, such as through the use of telemetry encryption, whenever such denial impedes verification of compliance with the provisions of the Treaty."

It would be interesting to know how complete an explanation of the encryption would be needed in order to be assured that Soviet encryption does not carry additional information which is denied to our side.

This point is of importance, for instance, in connection with obtaining most important information concerning accuracy of Soviet missiles. We have consistently claimed that the accuracy of our missiles is considerably higher than that of the Soviets. This claim has been always based on somewhat involved and complicated inferences. SALT II opens an easy possibility for the Soviets to let us know as much of the details of their telemetry as is convenient for them and to deny information which they want to keep concealed.

In his testimony before the Senate Armed Services Committee Secretary Brown rightly places emphasis on the limitation that the Treaty imposes on "fractionation." He points out that within the Treaty only ten-fold MIRVing is permitted and continues:

"Were it not for this limit, the Soviet SS–18 missile could be equipped to carry as many as 30 independently targeted warheads in the 1980's. With SALT II, that will not happen. . . .The treaty also provides measures to permit unimpeded verification by national technical means."

The question must be raised whether a thirty-fold MIRVed SS–18 may be tested but only ten of the thirty reentry vehicles may be released. This would be a sufficient test from the point of view of the Soviets. That two-thirds of the payload is not released as reentry vehicles could in principle be detected by our side. Such detection, however, would be hard and the evidence would be dubious particularly in view of permission that Soviet telemetry be encrypted.

In his testimony before the Senate Armed Services Committee Secretary Brown states:

"The Treaty limit means that now all but one of those new missiles[2] will have to be restricted to designs whose capabilities can differ from those of their predecessors in only quite limited fashion."

This claim is based on Article IV, paragraph 9, "Each Party undertakes not to flight-test or deploy new types of ICBMs, that is, types of ICBMs not flight-tested as of May 1, 1979, except that each Party may flight-test and deploy one new type of light ICBM," and in particular on the Second Common Understanding, according to which "the term 'different,' referring to the length, the diameter, the launch-weight and the throw-weight, of the missile, means a difference in excess of five percent from the value established for each of the above parameters as of the twenty-fifth launch or as of the last launch before deployment begins, whichever occurs earlier. The values demonstrated in each of the above parameters during the last twelve of the twenty-five launches or during the last twelve launches before deployment begins, whichever twelve launches occur earlier, shall not vary by more than ten percent from any other of the corresponding values demonstrated during those twelve launches."

It is remarkable that the Soviets have not communicated to us the values from which according to the Second Common Understanding they must not deviate by more than five percent or more than ten percent. These values are based on American inferences. The difficulty of verification is obvious and has been emphasized in the press.[3] In particular it was pointed out that the text of Article IV was drafted in such a manner to give latitude for Soviet tests sufficient to gain a decisive advantage.

SOVIET GOALS

Our Secretary of Defense, to my positive knowledge, has given the question of Soviet goals careful thought for many years. In his testimony to the Senate Armed Services Committee he has stated:

"Although Soviet intentions cannot be confidently assessed, there can be no doubt about the steady increase in the Soviet defense effort. As the Soviet gross national product has grown, so have expenditures on the defense effort; Soviet armed forces have improved substantially with these steadily increasing outlays.

"My judgement is that these developments have been for more than a decade substantially insensitive to changes in the magnitude of U.S. and allied programs.

"It is worth noting, moreover, that the growth in Soviet military spending has correlated quite closely with the overall growth in the U.S.S.R.'s economy, while our own military effort has steadily shrunk as a fraction of our economy. Nowhere in the record do I find historical evidence that if we are restrained, the Soviets will reciprocate—except where specific and verifiable arms control agreements are negotiated.

"The Soviets have made steady and impressive military strides during the last 15 years. We cannot afford either to underestimate or to exaggerate them."

It has been widely noted that as Soviet strength has continued to increase so did Soviet interference in parts of the world which were not previously included in their zone of influence. This fact has been stressed in the testimony of Secretary Kissinger. Soviet weapons have appeared in Angola, in the guerrilla fights in Rhodesia, and they have established Soviet dominance in the horn of Africa. South Yemen now does the bidding of the Kremlin. The regime in Afghanistan is based on Soviet arms. Soviet influence has aided in bringing about the present continuing disorder in Iran.

The time may not be distant when the Soviet Union can dictate terms to the oil-producing countries in the Middle East. It is not difficult to foresee that Soviet confidence in their own arms may enable them to extend their domination into the Middle East, that is into a region which in turn, through the oil weapon, could have the most deep influence on decisions made in Western Europe, in Japan and in the Third World.

To what extent and how explicitly the Kremlin intends to use its military power as a threat and whether any such threat may be carried to the extreme of action and in particular employment of nuclear weapons, this is and remains impossible to predict.

EFFECT OF SALT ON NATO

The United States negotiated a treaty with the Soviet Union which includes no limitations on the SS–20 missiles and little limitations on the "Backfire" airplane. These are formidable weapons which put our NATO Allies into mortal danger. Our Allies not wanting to offend both the super powers are under extreme pressure to agree to the SALT II Treaty. This agreement is further based on general fear of nuclear weapons, a motivation which for understandable reasons is shared by many people in the United States.

In spite of this there can be no question that our NATO Allies are deeply disturbed by the turn of events. It is probable that both England and France will increase their nuclear preparedness and thereby decrease their reliance on the United States. Germany and also Japan (which of course is outside the NATO Alliance) are in an even more difficult position. These countries may have to make a choice in the coming years between being Finlandized or developing, probably in complete secrecy, a nuclear strike force of their own.

The upshot of all this is that SALT II, instead of decreasing the arms race, will contribute to nuclear arms proliferation in a most dangerous manner.

THE TESTIMONY FROM THE EXECUTIVE BRANCH

Statements of support of SALT II from our Allies cannot be considered as being made in a completely free and voluntary manner. The same may hold for witnesses who are a part of the Executive Branch of our Government.

I have little doubt that discussions within the Executive Branch are conducted on the highest intellectual level and in a free manner. But when the Executive Branch comes to a policy decision members of the Executive Branch must work as a team. For this reason they cannot oppose the policy decisions of the Executive Branch without losing their effectiveness or at least a great part of their effectiveness.

In a problem as complex as SALT II it is not easy to arrive at a clear and conclusive answer. The result is that testimony in favor of SALT II must be carefully reviewed and should not always be taken completely at its face value.

The division of power in our Constitution has the purpose of rendering the other Branches of our Government truly independent of the Executive Branch. If the Senate is overly influenced by testimony from the Executive Branch this would contradict the spirit of our Constitution.

I would like to add a personal remark. The testimony of our Secretary of Defense before the Senate Armed Services Committee, which I have quoted on several occasions, comes from a person of the highest competence and of impeccable honesty. I believe that he is the best qualified Secretary of Defense this Country has ever had in the Modern Age. It is significant that his testimony in favor of SALT II contains a number of serious warnings.

It may be even more significant that General Haig who left the Executive Branch before testifying came among his colleagues closest to a recommendation against ratifying the SALT II Treaty.

CONSEQUENCES OF REJECTING SALT II

It has been repeatedly stated that rejection of SALT II would result in an arms race and in high expenditures. Secretary Brown estimates that total added expenditures needed would be 30 billion dollars. Others have rightly suggested that in case of ratification of SALT II the defense budget in real dollars should be increased by 5 billion dollars annually for a number of years, a total expenditure considerably in excess of what Secretary Brown has recommended. In the whole discussion whether one argues for SALT II or against it, it seems that we will have to spend more dollars. This whole line of reasoning is faulty and is a symptom of the arms-race mentality which is closely connected to SALT II.

I would like to recommend a radically different approach, the first step of which would be to deliver a negative vote on the ratification of the SALT II Treaty, thereby providing the incentive for a number of events.

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[2] The Secretary refers here to the fifth generation of Russian missiles.

[3] See Appendix III.

The first is a widespread realization that we are in serious trouble. Indeed SALT II is not a measure by which our danger is decreased. Rather it is a measure by which our danger will be hidden. The ultimate consequence of a belated realization of our troubles will be greater and perhaps even inescapable danger to the welfare and perhaps even to the survival of our Country.

The second consequence should be to take some elementary steps to insure the survival of our citizens. I recommend a first inexpensive step toward civil defense which should consist in a careful plan for national counter-evacuation in case we observe that the Soviets evacuate their cities. It is a well known fact published by the Soviets and verified in detail by our intelligence that the Soviets have a very thorough evacuation plan which is obligatory for all citizens affected by it. Our own plan could not and should not be obligatory but should consist in advising our citizens to evacuate in case of an emergency and making it possible for them to find temporary shelter and food and to construct elementary protection against an atomic attack. The Federal Emergency Management Agency could provide an adequate framework for this procedure if it would be properly supported and properly staffed. That this Agency performs important duties in peace time is an added advantage. Unfortunately the President has separated its civil defense activities from its remaining duties and has reduced its civil defense budget recently from the low figure of 106 million dollars to the even lower figure of 100 million dollars.

The third action that should follow the refusal to ratify SALT II is to introduce negotiations not with the Russians but with our friends and allies. We should make sure that our NATO Allies as well as Japan should be fully satisfied that the joint defenses of the Free World are being planned in an optimal fashion for the purpose of preserving the peace in the interest of all of us. The best and probably the only way to prevent dangerous nuclear proliferation is to make sure that none of the powerful countries perceives nuclear defense in its own hands as a necessary measure of preserving its own independence. What the outcome of such negotiations should be can of course not be predicted. We must postulate however one part of the outcome: All parties must be satisfied, that their interest are protected, and all parties must understand that they must make a proper contribution to the common defense of all of us.

The fourth step is the mobilization of American science and industry to insure the commen defense. The danger to freedom from Soviet imperialism is less visible than the danger signals that preceded World War II. This is due to the fact that the Soviet leaders are incomparably more cautious than Hitler had been. The greater caution on the part of our opponents provides us with some time but it also has the consequence that unless we take timely counter-measures it will become too late to defend ourselves. If this fact is fully understood by the American community I have no doubt that in the course of a few years we can establish a stable equilibrium in the world.

What technical measures should be taken, no single person is qualified to state. As one man's opinion I may state that we should exploit our undoubted lead in electronics. This leadership position enables us to construct unmanned, remotely piloted vehicles in the air, on the ground, and also on the oceans. Such a development could reverse the trend that has dominated our defense development for many years: to construct ever more costly weapons which are fewer in number and therefore basically more vulnerable. It is a characteristic fact that a first step in that direction, the cruise missile, strongly advocated by our Secretary of Defense, has also strongly, and in part successfully, been opposed by the Soviets in the SALT II negotiations.

What I have said so far could be carried out with relatively little expenditures. They are the preliminary steps needed to change the arms race into a technological race in which we could prevail and thereby serve the interest of peace. I had argued that our deterrent which we call the TRIAD stands on one dubious leg rather than being based on three firm foundations. The one presently proposed improvement called MX has been adjusted to Soviet demands in the SALT II negotiations and has thereby become expensive, late in execution and probably ineffective when executed.

Into what kind of deterrent the TRIAD should be changed is something that must be determined by careful and diligent cooperation between our scientists, our technologists, and our military leaders.

A compromise that has been proposed concerning SALT II starts with more expenditures and proceeds to spend more money without introducing basic improvements. This is the reverse of the proper order. We should start by careful study, proceed to detailed technological plans and then spend the money that is necessary. The technological effort which we should pursue and by which we can win may in the end be less expensive than the present defense effort which is dominated by the weight of obsolescent equipment.

CONCLUSION

If the Senate ratifies the SALT II Treaty it will have contributed to a most dangerous cover-up. It will have helped to lull the American public into a sense of security which is not based on reality and which in itself is our greatest danger.

If, on the other hand, the Senate rejects SALT II the American people will become aware of the need to reconsider our defense posture. I have the firm confidence that once the American people realize that they are facing a real danger they will act with determination, with moderation, and with success.

SUMMARY

The majority of Americans dislike the arms race. So do I. SALT II is offered as a palliative. In fact, if ratified, it will intensify the arms race and make it more disastrous. If the Senate refuses to ratify SALT II more reasonable alternatives will emerge.

An arms race is a quantitative competition. SALT II claims to limit it. But the limitations are unfair and they are not verifiable.

The Soviets have won the arms race. They possess a 5 to 1 advantage in throw weight of their missiles. Our planes are 30 years old, our missiles 15 years old. Soviet equipment is new and is in the process of rapid improvement. SALT II would freeze us in a state of perpetual inferiority.

We are told that our retaliatiory force, the TRIAD, rests on three solid foundations. Actually the Administration admits that one leg of the TRIAD, our land-based missiles, is losing its survivability. Unfortunately the remedy, called MX, cannot be deployed before SALT II has expired.

The second leg, our bomber force, can be destroyed on the ground by Soviet submarine-launched missiles, by saboteurs shortly after takeoff, by the Soviet air force in midcourse before cruise missiles can be launched or by the powerful air defense of the Soviet Union. We cannot rely on our B–52s as the Soviets can on their Badgers, Bears, Blinders or Backfires, which can penetrate practically unopposed by any American air defense.

The only remaining leg of the TRIAD is our missile-carrying submarine force. The Soviets have pursued unconventional detection methods in which they appear to be qualitatively superior to American research. This retaliatory force is the most uncertain one. It may survive but it may well be the first to be wiped out.

The result of SALT II will not be safety for the United States but the illusion of safety.

This Treaty apart from other shortcomings is not verifiable. Because we have concentrated on missile launchers rather than the missiles themselves, the Soviets can covertly or legally store hundreds or even thousands of additional missiles in warehouses or holds of ships. These missiles could well be launched within 24 hours.

The Treaty will not impede the Soviets from testing of essentially new missiles which they will claim as insignificant modifications of old ones.

The Treaty permits encrypted telemetering of tests which means that secret messages are exchanged but we are supposed to believe that we shall be given a key to all the secrets contained in the messages.

The Treaty does not limit Soviet SS–20 missiles and relies on the Russian assurances concerning the Backfire bombers. These weapons can be used easily after minor changes have been made in an attack on our Country. They are an obvious and deadly danger to our Allies. Together with the noncircumvention provisions (Articles XII and XIII) the Treaty will serve to undermine the NATO Alliance.

If SALT II is ratified, even with the provision that our defense spending shall be greatly increased, we shall further contribute to the arms race mentality.

If the Treaty is not ratified, this will serve as a clear message to the American people and warn them of the real danger that has developed in the last decade. The road will be open for us to engage in a technological competition, which is quite different from an arms race, we can win and we can, thereby, insure stability and peace.

To do so two measures are necessary.

One is to replace negotiations with the Soviet Union by careful and complete discussions with our friends and Allies. The free democracies are collectively stronger than the Soviet Union, provided that full cooperation is established between these free countries. In the absence of such full cooperation our friends may have to choose between surrender to the Soviet Union or development, in some cases secret development, of their own nuclear deterrents.

The second obvious step is to mobilize American and Allied science and industry for the technological race. What the result of such activity will be depends on the collective inventiveness and wisdom of the best experts. A technological race is, of course, unpredictable and cannot be limited by treaty restrictions.

My own guess is that American superior know-how in electronics could be put to excellent use in defense. We should construct unmanned, remotely-piloted vehicles in the air, on the ground, and on the oceans. Thereby we could reverse the present trend toward bigger and more costly weapons which are becoming fewer in number and ever more vulnerable. A first step in this direction, the cruise missile, has been vigorously opposed by the Soviets in the SALT II negotiations. They succeeded in imposing serious limitations on these missiles.

The consequences of the current trends can be illustrated by a final juxtaposition.

One of our eminent officials stated that our missiles may have to be fired on warning. This terrible and destabilizing plan is a direct result of the SALT process.

Would it not be better to match Soviet

civil defense plans by an inexpensive procedure of voluntary evacuation in case that we observe that the Soviets evacuate their cities? Peaceful protection of our citizens is a better deterrent than missiles that would be fired by a hair trigger procedure.

If the Soviets know that we are making realistic plans to survive, if they notice that together with our Allies we have developed novel weapons, they will never dare to attack us.

APPENDIX I

SSBN SURVIVABILITY

In view of the possible vulnerability of America's ICBM and bomber forces in the early 1980s, the maintenance of the survivability of the strategic missile-carrying submarines (SSBNs) is crucial.[42] Although the Defense Department has generally discounted any threats to the SSBNs, this view is not shared by the Soviets. The founder of the modern Soviet navy, Admiral Gorshkov, has claimed: "On the basis of the latest advances of science, technology, and production, the mission to repulse and disarm [the U.S. SSBN threat] was accomplished successfully." [43]

The United States presently has 41 SSBNs, and a new Trident-class submarine will enter the fleet around 1980 (see table 6). The 10 older Polaris submarines are all in the Pacific and operate out of Guam. The 31 other boats carry Poseidon missiles and operate out of Holy Loch, Scotland; Rota, Spain; and Charleston, South Carolina. (The United States must leave the Rota base by July 1, 1979.) At any one time, about 55 percent of the boats are at sea.

TABLE 6.—U.S. SSBN FORCES

Missile type	Number of RV's	Missile range (nautical miles)	Number of SSBNs[1]		
			1978	1981	1985
Polaris-A3	[2] 3	2, 500	10	7	5
Poseidon-C3	10	2, 500	31	28	20
Poseidon-C4	7	4, 000	0	3	10
Trident-C4	6	4, 000	0	1	7

[1] Deployment will depend upon outcome of SALT II.
[2] These 3 warheads cannot be independently targeted.

Sources: U.S. Congress, House, Committee on Appropriations, Subcommittee Department of Defense Appropriations for 1979, 95th Congress, 2d session, 1978, pt. 1, pp. 563, 704–706; Gen. George S. Brown, United States Military Posture for FY 1979, pp. 27–31.

The Soviet approach to countering SSBNs is likely to be quite different from that of the United States. The U.S. program for strategic surveillance of Soviet SSBNs relies upon passive acoustic techniques,[44] primarily the SOSUS (Sound Surveillance System) network of large hydrophone arrays located along the peripheries of the oceans.[45] The SOSUS network uses sophisticated computer-assisted discrimination techniques and reportedly can detect some submarines halfway across the ocean and distinguish them from surface ships.[46] However, because of geographical constraints, the Soviets cannot readily utilize similar techniques to detect U.S. submarines.

Alternative directions that the Soviet antisubmarine warfare (ASW) program might take are discussed below. A number of potentially serious threats (both acoustic and nonacoustic) to the U.S. SSBN fleet exist, and recent advances in ASW technology could make these threats even more severe. Because much of this new technology is now available to the United States, there is little reason to assume that the Soviets do not have or cannot develop similar capabilities in the near future.

TRAIL

The primary mode of protecting the SSBNs is to "hide" them in the vast expanse of the ocean. The SSBNs do, however, return to port after two months at sea. The protection of the ocean can thus be negated if the Soviets undertake a trail of SSBNs as they leave port.

Because Soviet attack submarines are faster than U.S. SSBNs, they are an ideal vehicle for tracking. Although it is difficult for the Soviets to maintain a covert trail using passive sonar (because U.S. submarines are quieter than those of the Soviets), a covert trail using nonacoustic techniques (to be discussed below) could be feasible.[47] However, even if the tracking submarine were discovered, the SSBN could find it difficult to break trail if the Soviet submarine used its active sonar system, particularly if the Soviets supported their attack submarines with surface ships.

The argument raised against the possibility of the Soviets undertaking such overt trails has been more political than technical. It has been suggested that such threatening actions would cause the breakdown of detente. Although the Soviets may not be willing at present to damage the chances for detente, a change in world conditions could create a state of tension lasting for several months, and detente may then cease to be a prime consideration in Soviet strategic planning.

AREA SEARCHES

If a U.S. SSBN is not trailed as it leaves port, the Soviets face the much more difficult task of finding it in the open ocean. Because the range of the Polaris and the Poseidon missiles is about 2,500 nm and because at any one time, about 55 percent of the SSBNs are at sea, the Soviets must contend with sixteen or seventeen boats in an Atlantic patrol area of around one million square nautical miles. Several acoustic and nonacoustic techniques that could possibly be used by the Soviets for this task are described below.

Towed arrays

The development of a line array of hydrophones that can be towed through the water represents a potential breakthrough in acoustic ASW technology. According to Larry L. Booda, an editor of *Sea Technology:* "The success of towed hydrophone arrays has been outstanding. They have been designed for towing by surface ships, submarines and helicopters. (They are used as protective detection devices by the ballistic missile submarines.) These arrays offer high gain reception combined with a very narrow beam. Thus two of them deployed one hundred miles or more apart can locate a submarine with sufficient accuracy for the pinpointing detectors of the operating forces to take over to complete the mission." [48]

In the hands of the Soviets, this new technology could pose a serious threat to the SSBNs. If the detection range is, in fact, at least 50 nm, the SSBN patrol area can be searched in two days or less.[49] The data from the arrays could be processed on board the towing ships or relayed via satellite back to the Soviet Union for processing at a larger computer center. Once a submarine is detected, other forces (aircraft and surface ships) can be assigned to verify the detection and to maintain trail.

Another approach to area surveillance is to augment these towed arrays with small, portable, active acoustic sources, either small, disposable explosive charges or more conventional, very high-powered but portable acoustic generators.[50] A few acoustic sources could be operated by a small number of towed-array ships distributed about the SSBN patrol area. By listening for a signal bouncing off a submarine, it could be possible to obtain a cross-fix and to localize a submarine in a half hour or less. Soviet ICBMs could then be targeted to the suspected targets, or aircraft and ships could be used to verify each detection.[51]

Sonobuoy surveillance

At present, when a submarine is detected, aircraft-dropped sonobuoys are generally used to localize it. The data obtained from these buoys are relayed by radio to the aircraft for analysis. Because the buoys deploy hydrophones with directional capabilities, two or more buoys can give a cross-bearing to localize the target.

Most buoys float on the surface and generally have a short detection range, but this range can be extended considerably by mooring the hydrophones to the ocean bottom. The United States has a program of this type called the Moored Surveillance System.[52] It is an aerially dropped sonobuoy system that is self-mooring and is intended to create a surveillance barrier. The data from these sonobuoys can either be transmitted to aircraft for retransmission to ships and to shore-based processing centers or be sent to shore by satellite relay.

If the Soviets were to deploy a similar system, they could cover a million square nautical miles by using from around 1,000 to 1,500 sonobuoys if the detection radius at the surface were 15 to 20 nm. The sonobuoys could be clandestinely deployed by surface ships and set to start broadcasting at a particular time, sending their data via satellite to the Soviet Union for processing. All designated targets could be attacked using ICBMs within a half hour of the start of broadcasting. Or, on a longer time scale, aircraft and surface ships could be used to investigate suspected targets, bring them under trail, and, if required, deliver weapons against them.

NONACOUSTIC THREATS

Although the United States has devoted most of its ASW effort to acoustic techniques of detection, nonacoustic techniques also exist. Admiral Donald P. Harvey, director of Naval Intelligence, stated in 1978 that "methods of detection could include, but not be limited to, radars, optical systems, and lasers." [53] The United States now has a limited capacity to detect submarines using nonacoustic techniques. A more extensive, operational capability is expected in the 1980s.[54]

Some of the phenomena that the Soviets might exploit to detect submarines are described below.[55]

Surface effects

When a body moves through a stratified medium like the ocean, internal waves are generated that make their way to the surface, and the interaction of these internal waves with the surface changes the reflective properties of the surface. This change reportedly can be detected by radars operating in the millimeter wavelength region [56] and possibly by other systems such as lasers.

Other hydrodynamic phenomena associated with the passing of a submarine can cause a difference in surface temperature. For example: "The sea water used to cool machinery discharged from a submerged submarine is warmer than the surrounding water, and, therefore, represents a heat anomaly in that region of the ocean." [57] According to the Soviets, such temperature differences can be detected by earth satellites.[58]

Another potential threat results from the small rise in the surface level of the water above a passing submarine.[59] Both optical and radar techniques could possibly be used to detect this change.

Finally, there is another phenomenon that reportedly not only affects the ocean surface but also the atmosphere above it and thus

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Footnotes at end of article.

may be easier to detect. According to *Air Force Magazine:*

"There's mounting concern that the Soviets may have made significant progress in submarine detection through the energy emissions that surface from the wake of even deeply submerged boats. These irregular emissions, called convective cells, show up as hot spots in the atmosphere and cause moisture. They are detectable by special radar and infrared detection systems on ships or in space.[60]"

Internal wakes

A submarine generates a wake of turbulent water that persists for some time after it passes. Several techniques to detect these wakes, such as measuring the temperature and pressure fluctuations associated with the turbulent wake, are available. The use of high-frequency (ultra-sonic), active sonar systems to detect the presence of a wake may also be feasible.

Contaminant wakes

Besides a hydrodynamic wake, a submarine can leave behind other indications of its recent presence. Because some neutrons escape from the nuclear reactor used to power a submarine, it leaves behind a trail of neutrons and radionuclides. It has also been suggested that a submarine leaves a biological track formed by microorganisms killed by its passage.[61] Finally, submarines use electrolysis of water to obtain oxygen for their crews. If precautions are not taken, the residual hydrogen can leave a trail in the water and at the surface that can be detected by such means as lasers.[62]

EM signals

Electrochemical processes generate varying electrical potentials at different points on a submarine.[63] Because seawater is a conductor of electricity, an electric current (which is modulated at the frequency the propeller shaft is turning) travels between the points of different electrical potential. The resulting low-frequency electromagnetic (EM) field can be detected by a number of devices, such as those using very large magnetic loops or those using superconducting devices based on the Josephson effect.[64]

Direct detection

Water is opaque to visible light except for a very narrow frequency band. However, lasers operating in the blue-green region of the spectrum can penetrate to some depth underwater and detect submarines. This is of particular concern because U.S. submarines must remain fairly close to the surface for communication purposes.

Conclusion

A serious threat to the SSBNs would exist if nonacoustic techniques could be used by aircraft to make detections. Aircraft with a detection range of around 10 nm could complete a search of the SSBN patrol area in a few hours.[65] Satellites would, of course, be even more effective. The detection of subsurface wakes by surface ships or submarines could also present a threat even though their sweep of the patrol area would be slower. If these subsurface wakes persisted for a long enough time, a covert trail might be established as an SSBN left port since the trailer could remain outside the acoustic range of the SSBN.

OTHER THREATS

In addition to acoustic and nonacoustic threats, there are a number of other methods of detecting submarines that do not fit either of these two categories, although they obviously use one or the other (or both) of these techniques.

Trailing communications wire or buoy

The requirement that the U.S. SSBN fleet remain in constant communication with the U.S. military command poses a serious hazard to the survival of the fleet. Because most radio waves cannot significantly penetrate the ocean, each submarine is required to maintain an antenna at or near the surface. This antenna (which is connected by a buoyant cable to the submarine) takes the form of a long communications wire[66] or a communications buoy.[67]

The Navy has testified before Congress that this arrangement offers many opportunities for detection.[68] Both the wake of the antenna and the antenna itself can be detected by radar, infrared, laser, or visual (photographic and television) techniques.[69]

Other means of communications are possible. Extremely low frequency (ELF) radio can penetrate the ocean to great depths. An ELF communications system (originally Sanguine but not known as Seafarer) has been proposed for some time by the Navy but has been delayed, primarily because of opposition from environmentalists. Until this or other methods of communicating with the SSBNs are deployed, the trailing antennas will remain a significant threat to the safety of the submarines.

Tags

U.S. SSBNs operate from only a few ports and are constantly observed by Russian trawlers as they leave. It is possible that as a submarine leaves port, some device (a "tag") could be attached to its hull by a frogman or a trained animal (sea lion or dolphin). This tag could take many forms and could be designed either to release a device that will rise to the surface at a set time to reveal the submarine's position or to release a series of devices that will reveal the submarine's position over a long period of time. To reveal the position of the submarine at a present time, a miniature radio broadcaster could be used. To maintain a trail over a longer period of time, a series of devices that remain silent until interrogated by some Soviet surveillance system could be used. A number of such devices are conceivable. For example, recent advances in large-scale integrated circuits make possible the construction of tiny transponders designed to respond only when interrogated by a specially coded pulse from a microwave radar. Thousands of these devices could be placed in a relatively small package and periodically released to form an easily followed trail on the ocean surface.

Sabotage

The U.S. SSBN is a formidable nuclear force, but it is also a very concentrated one. Normally, about half the force (around twenty boats) is at sea while the rest are in port and vulnerable to attack. A boat remains at sea for about two months and then returns to port for another month before returning to sea again. If the Soviets ever believed that war was inevitable, they could decide that the sabotage of a submarine while in port would be far easier than attacking it at sea.

There are any number of chemical and biological agents that could incapacitate or kill a submarine crew. They could be brought on board in the ship's supplies (or through other means) and released at a preset time. In this way, the whole at-sea fleet could be attacked at once.[70]

Boost phase intercept

Soviet antiballistic missile (ABM) systems placed in the vicinity of a U.S. launch area could be more effective than those systems that have to wait until a U.S. RV enters the atmosphere over the Soviet Union. If Soviet ships (and possibly aircraft) with radars and ABM missiles were placed in the U.S. SSBN patrol area, a serious threat would exist to any SLBM that was fired (and also to the submarine because a missile could be backtracked by radar to its point of origin, thus revealing the submarine's position).

Such an ABM system would be designed to attack the booster or the postboost vehicle (the "bus") before the RVs were released. These boosters are easy to track because they make very large targets for ABM radars. Once the booster is above the atmosphere, the computers used for guidance and control aboard the booster and the bus can be incapacitated by a nuclear explosion at a very large distance (perhaps 50 to 100 nm depending on the computer hardness and the yield of the ABM warhead). A successful attack on the computers insures that, at a minimum, the RVs will miss their targets.

Forward-based ABMs are now outlawed by treaty. However, the Soviets have continued a massive ABM research and development program. If the treaty is ever abrogated, they may be able to deploy a forward-based system of this type much more rapidly than they can a land-based system.

CONCLUSION

The military doctrine of the Soviet Union takes the possibility of war, even nuclear war, seriously, and the Soviets have made a concentrated effort to develop countermeasures to America's strategic forces. By the early 1980s, the Soviets could (if appropriate counteractions are not taken) seriously threaten the ICBM and bomber legs of the triad. It is unlikely that they will fail to try to counter the SSBNs also.

This section has discussed a large number of individual threats, but it should be noted that the Soviets practice "defense in depth." If one technique or system guarantees only partial success, then the Soviets add another to improve their chances. For example, the Soviet air defense system consists of many layers, and the Soviets continue to upgrade, improve, and expand their forces. A similar approach can be expected in ASW, although any one of the techniques mentioned above could be enough to compromise almost the entire SSBN fleet.

Understanding the extent of the Soviet ASW threat is one of the more crucial tasks of the intelligence community, but it is an area in which great uncertainties exist. As Admiral Harvey, director of Naval Intelligence, noted in 1978, the Soviets' "extensive [ASW] R&D effort . . . is the area in which we could be expected to know the least, because it does not have the manifestations in the open seas that their weapons and platforms do."[71] Because these ASW systems often have no easily identifiable characteristics, the Soviets can successfully disguise or hide critical aspects of their program.

It is known, however, that the Soviets have for some time had an extensive ASW program, and there appears to be growing concern recently over the possibility of a breakthrough, particularly in the nonacoustic area.[72] In this field, the Soviets are known to have research programs on lasers, processed optical scanners, advanced radar, and infrared detection systems.[73] It is the evaluation of the U.S. Navy that a "significant advancement in any of these techniques would pose a potential threat to the security of our SSBNs."[74]

Considering the wide range of possible threats (acoustic, nonacoustic, and unconventional) and the intensive Soviet ASW effort, the continued survivability of the SSBNs should not be taken for granted. In fact, unless appropriate countermeasures are taken, the viability of this force in the near future could be in serious doubt.

EARLY WARNING AND STRATEGIC C^3

The United States maintains tactical warning systems to detect an incoming attack and a command, control, and communications (C^3) network to assure that war orders are implemented. Quick and reliable tactical warning of an attack on U.S. bomber bases is particularly critical because, as noted earlier,

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Footnotes at end of article.

a delay of a few minutes could result in almost complete destruction of the strategic bomber force. The maintenance of a communications network between the strategic forces and the National Command Authority (NCA) (the president or his designated successor) is also critical because all strategic forces are under positive control; U.S. missiles cannot be launched nor can U.S. bombers proceed to target without positive authorization from the NCA. The following sections briefly describe these systems and discuss some of their major weaknesses and vulnerabilities.

STRATEGIC WARNING

Strategic warning is usually on a time scale of hours, days, or weeks before actual hostilities begin. It might result from an evaluation that a severe international political crisis existed or from positive intelligence that an attack was being planned. Strategic warning is important because it would allow the readiness status (alert rate) of the strategic forces and the C^3 network to be raised. At the highest level of alert, the president could be airborne and prepared to direct the retaliatory strike if an attack materialized.

The technical means of obtaining strategic warning (as opposed to normal diplomatic assessment of the political situation) primarily consists of photographic and electronic satellites and numerous electronic surveillance ground stations located around the periphery of the Soviet Union. In addition, some observers believe that the disposition of Soviet missile-carrying nuclear submarines (SSBNs) could offer a means of strategic warning. At present, the Soviets operate only a few SSBNs off U.S. coasts, and none are located very close. Under present bomber basing patterns, alert rates, and reaction times, this small force could pose a threat to much of the bomber force in a surprise attack (at the minimum it could destroy the 70 percent of the force not on alert). However, most defense planners assume that the Soviets will move fifteen or twenty boats closer to U.S. coasts if they are planning an attack.

To follow the movements of Soviet submarines, the United States uses SOSUS, a system of underwater hydrophones.[75] These hydrophone line arrays are generally located along the edge of the continental shelf and feed their data through underwater cables to shore-based stations along the Atlantic and Pacific coasts. Ship-towed hydrophone arrays are being developed to supplement the SOSUS system. Their data will probably be relayed via satellite to a shore-based processing center.

It is likely, but not certain, that the United States would detect a change in Soviet SSBN deployments. Detection depends on the noise level of the submarines, and it is possible that this noise level will be lowered in the future. In addition, there may be gaps in the coverage; apparently, the Gulf of Mexico is not covered, for example. Also, because the SOSUS hydrophones are located in the so-called "deep sound channel" (in order to obtain the low-frequency signals that travel great distances at this depth), a submarine operating close to shore in shallow water could go undetected.

A more important point is that if the Soviets were planning an attack, it seems unlikely that they would suddenly move twenty SSBNs close to the U.S. coasts. If the Soviets were to build up their force over a period of several months, it is doubtful that true strategic warning (in the sense of a conviction that the Soviets were planning a war) would be obtained or acted upon.

In general, strategic warning can be very beneficial, but, as noted in chapter 2, it may fail to materialize at the critical moment. This may not be due to lack of data, but rather to a failure to perceive the significance of the data or to believe data that conflict with preconceived notions of the other party's behavior. In view of the long-held American belief that a deliberate nuclear war is almost inconceivable, the past history of the success of surprise attacks is even more relevant.

FOOTNOTES

[42] Many would consider the firepower in the alert SSBNs to be marginal at best as a deterrent, and some consider it to be inadequate. (See Paul Nitze, "Nuclear Strategy: Detente and American Survival," in *Defending America*, James R. Schlesinger et al. [New York: Basic Books, 1977], p. 105.)

[43] Quoted in Harry S. Bradsher, "Vulnerability Growing for US Sub-based Missiles?" *Washington, Star*, Dec. 12, 1977, Focus section, p. 1.

[44] There are two acoustic techniques used for detecting the presence of submarines: passive and active. Passive techniques use acoustic equipment (sonar) and listen for noise generated by a submarine, either from the propeller and water flowing around the hull or, at low speeds, from machinery aboard the submarine. Active sonar generates a pulse of sound and then detects the echo reflected from a submarine. For a discussion of acoustic ASW techniques and problems, see Richard L. Garwin, "Antisubmarine Warfare and National Security," *Scientific American* 227, no. 1 (July, 1972): 14–25.

[45] Larry L. Gooda, "Undersea Warfare Improved Effectiveness Awaits Major Top Level Decisions," *Sea Technology*, Nov., 1976, p. 13.

[46] Ibid., p. 12. Of course, the detection range depends on the noise level of Soviet submarines. It is not clear what the detection range is against the newer and presumably quieter Soviet submarines.

[47] It should be noted that the Soviets maintain a fleet of 128 diesel-powered attack submarines in addition to their 39 nuclear-powered attack submarines (see "The Military Balance 1977/78," op. cit., p. 69). Diesel submarines running on batteries are even quieter than U.S. nuclear submarines. Thus, a threat of a *covert* trial may exist, particularly for those SSBNs operating out of European ports.

[48] Booda, op. cit., pp. 13, 40. For a description of the current U.S. program, see Harold Brown, op. cit., pp. 181–182.

[49] With a detection range of 50 nm (on either side of the boat), twenty vessels towing these arrays at a speed of ten knots (nm/hr) could search an area of one million square nautical miles in about two days.

[50] The Soviets could use larger sources. By 1970, high-energy transducers that could generate acoustic power in the millions of watts were available. (Even a noisy submarine radiates less than one watt of acoustic power.) Dr. Victor Anderson of the Scripps Institution of Oceanography predicted that this technology, when combined with the advances in signal processing that enable the returning signal from a submarine to be distinguished from background noise, could in effect make the oceans transparent, and submarines would no longer be safe from detection. The Soviets could deploy such transducers from large, stable, surface platforms in the open ocean. However, the effectiveness of this approach is unclear. Because these large platforms could be easily detected, the United States could employ countermeasures. The outcome is uncertain because attempts to jam the receiver with noise might be overcome by adaptive processing techniques (which, in effect, filter out the noise from the jammer). (See V. C. Anderson, "Ocean Technology," in *Impact of New Technologies on the Arms Race*, ed. Feld et al. [Cambridge, Mass.: M.I.T. Press, 1971], pp. 201–216.)

[51] The effectiveness of this approach depends to a great extent on the false-alarm rate. If only the seventeen SSBNs are detected, it may take 150 1–MT warheads to barrage the area in which the submarines are thought to be located. (This assumes that the SSBNs patrol at five knots, that their initial positions are known within a radius of 15 nm, and the warheads arrive one hour after detection.) If there are 100 total targets (only seventeen actually being submarines), the Soviets will have to use about 800 warheads to cover the area of uncertainty. They could, in theory, do this with 100 SS–18 ICBMs and still have around 1,300 ICBMs left. However, warheads exploded at or near the ocean surface are not as effective against undersea targets as those burst at some depth under the ocean surface. Thus, this approach might require the development of a warhead that could withstand the impact of hitting the ocean surface or the use of more warheads if a surface burst were used.

[52] Booda, op. cit. 40.

[53] Testimony of Adm. Donald P. Harvey, in U.S., Congress, Senate, Committee on Armed Services, *Fiscal Year 1978 authorization for Military Procurement, Research and Development, and Active Duty, Selected Reserve, and Civilian Personnel Strengths: Hearings on S. 1210*, 95th Cong., 1st Sess., 1977, part 10, p. 6655.

[54] Testimony of Adm. James Holloway, chief of Naval Operations, in ibid., part 2, p. 1043.

[55] Until about 1965, the Soviets wrote openly about most of these nonacoustic techniques. For a review of the Soviet literature, see K. J. Moore, "Antisubmarine Warfare," in *Soviet Naval Influence: Domestic and Foreign Dimensions*, ed. M. McGwine and J. McDonnell (New York: Praeger, 1977), pp. 185–200.

[56] Ibid., p. 192.

[57] Testimony of Rear Adm. J. Metzel, in U.S., Congress, *Fiscal Year 1978 Authorization*, op. cit., part 10, p. 6655.

[58] Moore, op. cit., p. 191. Infrared detectors deployed on aircraft can reportedly detect temperature variations on the sea surface of 0.2°C. (*See Strategy Survey, 1970* (London: International Institute for Strategic Studies, 1970), p. 14.

[59] Moore, op. cit., p. 192.

[60] "Focus On . . . ," *Air Force Magazine*, May 1978, p. 20. See also Henry S. Bradsher, "Vulnerability Growing for US Sub-Based Missiles?" *Washington Star*, Dec. 12, 1977, Focus section, p. 1.

[61] Moore, op. cit., p. 191; and Bradsher, op. cit.

[62] Hydrogen in concentrations of one part per million can be detected at 300–400 yards by laser resonance Raman spectrography. Whether the concentration of a hydrogen wake left by a submarine is greater or lesser than this is unknown.

[63] Moore, op. cit., p. 190. See also Giordio Tacconi, "Fundamentals of ELF Communication and Detection," in *Applications of Remote Sensing to Ocean Surveillance*, AGARD Lecture Series no. 88 (Neuilly Sur Seine, France: NATO Advisory Group for Aerospace Research & Development, 1977) pp. 9–17, 9–18.

[64] See Frank Chilton, Lowell Wood, and Rod Bontzen, *Electric and Magnetic Sensing Sensors: Applications*, UCID–17597 (Livermore, Calif.: Lawrence Livermore Laboratory, 1977). Also contained in *Applications of Remote Sensing to Ocean Surveillance*, op. cit., p. 10–1.

[65] With a detection range of 10 nm (and a "sweep width" of 14 nm), 30 aircraft flying at 300 knots could search an area of one million square nautical miles in about eight hours. Of course, even smaller detection ranges could be quite useful.

[66] As described by Fessenden and Cheng: "Since the early nineteen sixties, U.S. submarines have utilized trailing-wire antennas in order to remain submerged while maintaining RF reception with an antenna at or

near the ocean surface. The trailing wire is simply an RF transmission line and/or single conductor encased in a buoyant, polyethylene foam jacket and is usually referred to as a buoyant cable. It is normally about 2000 ft (610 m) in length and may be divided, functionally, into three parts: transmission line section, antenna section, and drogue section (if any)." A typical configuration would have a 105 ft section at the end of the cable to receive very-low frequency (VLF) up to high-frequency (11F) messages. (Charles T. Fessenden and David H. S. Cheng, "Development of a Trailing-Wire E-Field Submarine Antenna for Extremely Low Frequency (ELF) Reception," *IEEE Transactions on Communications* 22 [April, 1974]: 428.)

[67] See U.S., Congress, *Fiscal Year 1978 Authorization,* op. cit., part 10, pp. 6690–6695.

[68] Ibid.

[69] For a photograph of the trailing wire floating on the surface, see ibid., p. 6694.

[70] This approach has the possible drawback that it would take about two months before all the boats had been cycled through port and returned to sea with the sabotage devices aboard. This conflicts considerably with the general notion that a nuclear war would occur by accident or in the heat of a worldwide crisis. Of course, the crisis could come and appear to subside in the eyes of the West. The Soviet perception might be quite different. In the height of the crisis, the Kremlin might decide that war is inevitable and proceed with war preparations while giving all appearances of cooling the crisis and pushing for a return to the precrisis political atmosphere.

[71] Testimony of Adm. Donald P. Harvey, in U.S., Congress, *Fiscal Year 1978 Authorization,* op. cit., part 10, p. 6620.

[72] Bradsher, op. cit.

[73] Testimony of Vice Adm. Robert Kaufman, director, Command, Control and Communications, in U.S., Congress, *Fiscal Year 1978 Authorization,* op. cit., part 10, p. 6756.

[74] Ibid.

[75] For a description of SOSUS and other U.S. ASW systems, see the November issues of *Sea Technology* for 1974, 1975, and 1976.

[76] John M. Collins and John S. Chwat, *United States and Soviet City Defense, Considerations for Congress* (Washington, D.C.: Government Printing Office, 1976), p. 73.

[77] Ibid., pp. 75–76.

[78] Ibid., p. 75.

[79] Ibid., p. 76. These are the PAVE PAWS radars.

[80] For a more detailed description of these aircraft and wartime procedures, see the special issue of *Aviation Week & Space Technology,* May 10, 1976.

[81] Ibid., p. 57.

[82] Ibid., p. 49.

[83] SAC could adopt a policy of launching the bombers whenever contact is lost between the satellites or ground stations. However, the launching of the entire alert bomber force is a serious matter, both from a diplomatic and from a technical viewpoint. For example, when the bombers return to base following a false alarm, there is a period of time during which the fleet is at a lower readiness state. This solution would depend a great deal on how often false alarms occur. If they are fairly common, it is doubtful that this would be adopted.

[84] U.S., Congress, House, Committee on Appropriations, Subcommittee, *Department of Defense Appropriations for 1979,* 95th Cong., 2nd sess., 1978, part 3, p. 622.

[85] Ibid.

[86] See Henry S. Bradsher, "Soviet ABM Efforts Have Pentagon Worried," *Washington Star,* Feb. 16, 1979, p. 11.

[87] Ibid.

[88] Ibid. These mobile missiles have mobile, phased array radars associated with them. The Soviets also appear to be developing other ABM radars that can be quickly deployed. (See *Aviation Week & Space Technology,* Oct. 21, 1974, p. 14).

[89] Bradsher, "Soviet ABM Efforts," suggests the high altitude SA–5 would be used as the middle system of a tri-level, layered ABM. He also states that the Soviets have tested the SA–5 against ballistic missiles RVs, although there is some debate over the accuracy of this contention.

APPENDIX II

SALT II, Article VI, paragraph 1 states:

"The limitations provided for in this Treaty shall apply to those arms which are:

(a) operational;

(b) in the final stage of construction;

(c) in reserve, in storage, or mothballed;

(d) undergoing overall, repair, modernization, or conversion."

The statement would seem to exclude keeping considerable numbers of added missiles in storage. Actually the number of surface-to-surface missiles is nowhere explicitly regulated in the SALT Treaty.

The limitations apply, according to Article III, only to ICBM launchers, SLBM launchers, heavy bombers, and air-to-surface ballistic missiles. Therefore production and widespread distribution of excess numbers of surface-to-surface ballistic missiles would not only be difficult to find but if found would not be in clear violation of the Treaty. Deployment of launchers, however primitive, would be in violation, but primitive launchers particularly in a not completely assembled form, could hardly be identified.

APPENDIX III

Quoted from Inside report (Field Newspaper Syndicate), release Friday, August 10, 1979 by Rowland Evans and Robert Novak, SALT, Soviet-Style.

WASHINGTON.—Preparation of three "distinctly new" test silos for "modernized" Soviet long-range missiles are now receiving final preparations at Soviet test ranges, a piece of intelligence that could doom continuation of SALT as a game that runs so heavily in the Kremlin's favor.

No longer in question is the clarity of intelligence demonstrating Moscow's intent to trigger a hugh new test program the instant the new Strategic Arms Limitation Treaty (SALT II) is ratified. It seems likely to harden American public opinion against what has come to be called to the SALT "process."

"This may well prove to be the end of the SALT process," says a Nixon-Ford administration official, who was one of the original authors of SALT II and supports the final version. "When our people read about what Moscow is legally doing under this new treaty, they may say to hell with SALT."

Students of SALT, mostly critics but also including important supporters, long have been concerned that the "process" of SALT, replacing substance, has become the political objective. The impending Soviet test program could stop this dangerous inversion by concentrating public attention on substance.

During the period of intense Soviet testing following SALT I, the U.S. still had strategic superiority. In contrast, the U.S. today is on the verge of losing, if it has not already lost, strategic parity. That points to outrage as the public watches four free years of testing for Moscow, while the U.S. fails to test a single new intercontinental ballistic missile (ICBM).

Preparations of the new test silos to let Moscow exploit Article 4 of SALT II are virtually complete. High Pentagon officials are privately warning senators and other politicians not to be surprised when "modernized" (improved) versions of the main Soviet ICBM force are tested immediately following the final ratification of the new treaty.

One defense official made this clear last week to a meeting attended by senate staff experts: U.S. negotiators of SALT II "know that the Russians deliberately negotiated Article 4 so that they could go ahead and test and deploy all their new missiles without violating the treaty."

This Soviet upgrading or modernization of the existing force is a loophole totally separate from the provision in the treaty (Article 2) that gives each side the right to build one new missile. President Carter has announced a decision (still resisted by arms control enthusiasts) for the U.S. to build the MX mobile missile as its new missile.

The U.S. has no plans for upgrading or modernizing its present land-based missile force. There is today no intention to fire a single test of any long-range missile until the MX itself is fired (now scheduled for 1983).

That means silence from the Americans amid heavy Russian missile-rattling. The Soviet Union, without cheating, is in the same position to modernize its land-based long-range missiles as it was after ratification of SALT I on Sept. 14, 1972. Immediately thereafter, the Soviets began initial tests of the huge SS–18 and the large SS–19, whose size did violent injustice to the spirit of SALT I. Now, both the SS–18 and the SS–19 will be modernized under SALT II, along with three lesser missiles.

Skeptics within the U.S. SALT delegation sounded repeated warnings during the negotiations that Article 4 must not leave the "modernizing" door wide open. One result was to limit the modernized missiles to a 5 percent variation from the older missiles (which the Soviets can easily violate).

Moscow's negotiators never have been willing to give the U.S. accurate measurements of its existing missiles from which to measure the permitted 5 percent variations. Indeed, the "modernizing door" was left open as the intelligence reports of the new silos at Soviet test sites prove.

That sets the stage for public outcry as soon as the new Soviet tests are launched. It could mark the end of innocence that up to now has made the SALT process a self-contained objective even more important than the SALT substance.

TESTIMONY BY PHILIP A. KARBER

SALT II AND EUROPEAN SECURITY

Mr. Chairman and members of the Committee. I would like to thank you for the honor of testifying. The focus of my remarks will be addressed to the relationship between SALT on the one hand and European security and the security of the NATO alliance on the other. This is the subject I was asked to address and the area where I have spent most of my professional time. In my prepared opening remarks I have not recommended either the rejection or acceptance of this treaty, its protocol, or any recommended amendments. If you would like my views on this, I would be glad to give them, but, I would like to make it clear that they are my personal opinion and not based on professional expertise.

There are four major points which I would like to make:

1. European security is intimately and inextricably linked to the strategic balance between the U.S. and the Soviet Union by history, alliance politics, current military strategy and public perception. Any discussion of a strategic arms limitation agreement which does not take into consideration the potential impact on European security, even though subtle and implicit, may produce disastrous political consequences.

2. NATO's current strategy, the doctrine of flexible response, is directly dependent on the use of nuclear weapons by the United States in the event that NATO conventional defenses cannot hold against a Soviet-led

Warsaw Pact attack. Since the beginning of the SALT negotiations over a decade ago, the conventional military balance in central Europe has eroded significantly, creating a potentially unstable correlation of forces and making NATO more dependent than ever on the first use of nuclear weapons. Yet NATO's once clear superiority in tactical and theater nuclear weapons has declined to the point that when considered with the ratification of parity under SALT, the credibility of the American nuclear deterrent has become in danger of being decoupled from Europe.

3. There has been considerable discussion before this committee with respect to European attitudes toward SALT II. I believe it is fair to say that the NATO allies generally support detente and simultaneously have deep concerns about its long-term consequences. This apparent contradiction is more understandable, if more complex, when one looks at it from a European perspective.

4. Failure to ratify the SALT Treaty expeditiously may produce reactions within the NATO alliance and by the Soviet Union which could have seriously destabilizing consequences for European security. It is perhaps unfortunate that the negotiated treaty—admittedly less than perfect—threatens such dire consequences to which both the proponents and opposition should give careful consideration.

I. THE EURO-STRATEGIC RELATIONSHIP

There has been a growing tendency in the United States, reinforced in each succeeding discussion of SAT, to divorce the strategic U.S./Soviet balance from considerations of European security. There is a certain logic for doing this. Soviet strategic nuclear weapons pose a direct threat to the survival of the United States and it makes sense to reduce these weapons via arms control. That is, the most obvious threat must be addressed first. Secondly, the complexities involved in defining weapon systems and placing restrictive parameters on their quantity and technical specifications is difficult enough with strategic weapons, without adding the ambiguities inherent in so many of the "gray area" systems (e.g., multiple mission profiles, rapid redeployable mobility, and employment contingencies). Third, recent experience has shown that there is a much higher probability of success in bilateral arms control negotiations than when many states are involved each with differing perceptions, strengths and security requirements.

Nevertheless, having recognized that a dyadic relationship between the U.S. and Soviet Union is important and deserving of special attention, we should also realize that it is an arbitrary, indeed false duality. Europe is intimately and irrevocably tied to the strategic balance between the superpowers. This, as I noted, is a product of history, alliance strategy, Soviet force posture, current NATO doctrine and the political requirements of our closest allies.

History may be prologue, but it is seldom predictive. And thus, it is quite specious to claim that what has been, will be. Nevertheless, the U.S., the Soviet Union and our European allies are, to a great extent, products of our past experience, and that experience shows a very clear interrelationship between the U.S. strategic deterrent posture and our commitment to Europe. It is interesting to note that the U.S. signed the NATO Treaty and deployed the Seventh Army in Europe to back it up, before we possessed a significant strategic nuclear force, before we adopted a doctrine of massive retaliation, and before the continental United States was vulnerable to Soviet retaliation. Indeed, it was the perceived Soviet threat to Europe and the inability of the West to match it with conventional forces, which led us to attempt to redress the conventional imbalance by depending upon our strategic forces. Thus, it is fair to say that not only did NATO antedate our strategic posture, but necessitated it. Moreover, throughout the 1950s the U.S. used European territory in order to deploy much of our strategic force capability.

Since the Soviet Union could not match our advantage, indeed superiority in their own overseas deployment, they concentrated on a major build-up of European oriented strategic forces (medium bombers and MR/IRBMs). In essence, the Soviets held the European NATO member nations as hostages to the American strategic deterrent that was there to protect them. Furthermore, the leadership of the Soviet Union showed no reticence in making this unambiguously obvious. There has been considerable discussion about Soviet military doctrine with respect to whether it is oriented to war-fighting as opposed to retaliatory deterrence. The evidence is unambiguously clear that while they do not relish the prospect of a major conflict, either conventional or nuclear, should such a war occur, it would be waged to achieve definite political/military objectives, one of which being the destruction of NATO's military capabilities through offensive action. Likewise, the evidence equally demonstrates that the Soviets believe that the most likely route to a strategic nuclear exchange is *via* a European connection. If they perceive the highest proximity between European security and strategic stability, we cannot afford to do anything less.

Most of the political upheavals within the Atlantic Alliance have been as a result of U.S. attempts to cope with our growing vulnerability to Soviet nuclear strikes. Thus the withdrawal of France from military cooperation with NATO was a direct product of U.S. reluctance to share authority over nuclear weapon employment with our allies, when we expected them to share the consequences. The imbroglios over the Multi-Lateral Force, the cancellation of Skybolt, and even the fallout from the neutron bomb decision were clearly exacerbated, if not caused, by U.S. insensitivity to legitimate allied security concerns. NATO's current doctrine of flexible response, promulgated by the U.S. at a time when we had clear strategic superiority, was predicted on the unambiguous and deliberate commitment of U.S. strategic nuclear power to NATO's security. The U.S. has repeatedly emphasized this coupling through such actions as: deploying large quantities of tactical nuclear weapons and delivery systems to our European allies (albeit under U.S. control); formally dedicating strategic nuclear delivery systems to NATO; and announcing a selective European-oriented targeting doctrine for the U.S. ICBMs.

The point is that the U.S. Government, through successive administrations including the current one, has drawn a direct and purposeful linkage between NATO security and the U.S. strategic forces. It is we who have repeatedly asked them to accept that linkage and we should not think anything less of them now or in the future for taking us at our word. Our European allies cast their future with ours, not because they had no other option nor because they were coerced, but because they had an honest faith that the United States had irretrievably cast its fate with them. They believed and continue to believe that we define their existence as co-terminous with ours, that we are consciously willing to share the threat of nuclear annihilation equally. Any negotiations that the United States conducts with the Soviet Union which have the appearance—let alone the reality—of implicit hedging of this EURO-Strategic linkage requires the most deliberate consideration. If we decide to alter our commitment, we, at a minimum, owe our NATO allies an explanation before, not after the fact.

In no way, however, does this suggest that the intent of the current SALT II Treaty or those who negotiated it, at least from the American side, was to weaken the linkage of U.S. strategic forces to our NATO commitment. In fact, from personal observation, I believe that those representing this administration have as strong a desire to maintain that linkage as any who have preceded them. Nevertheless, appearances are not always the product of conscious decisions. Strategic nuclear parity reduces the credibility of U.S. strategic first use against the Soviet Union. Suicide is not a credible means of demonstrating one's feality to a friend. To the extent that a SALT agreement codifies strategic parity, it gives a global recognition to the illogic of strategic first use. This is compounded if the targets of such strikes are the opponent's civilian population centers, due to limitations in the survivability, penetrability, and/or sufficient quantity of systems. It is magnified even more, if, as a result of either unilateral inhibitions or the provisions of a treaty, there is an appearance of asymmetrical parity—that is, if our side is notably weaker in the typical measures of a strategic equality: throw-weight, delivery vehicles, equivalent megatonage, warheads. It is unfortunate, although undoubtedly necessary, that the expressions of "Angst" over U.S. nuclear viability produced by the current strategic debate does not help in giving the appearance of credibility to our European allies.

If the United States has no intention of weakening the linkage, it is less than obvious that the Soviets share that same motivation. In fact, the politics that they have played in the SALT negotiations and other arms control forums (the Nuclear Non-Proliferation Treaty and MBFR negotiations), coupled with their theater force deployment and modernization, suggest just the opposite. The Soviet Union apparently considers it most fortuitous to sever the U.S. EURO-strategic relationship by simultaneously trying to reduce: 1) the linkage between NATO's conventional defense and its escalatory first use of tactical weapons; and 2) the European theater nuclear forces linkage with U.S. strategic strike systems. One does not have to manufacture a myth of Soviet malevolence to suggest that since the mid-1950s, they have considered that the de-coupling of Europe from their American strategic deterrent is in their highest political self-interest and is a major foreign policy objective.

Recognizing that the Soviets have considerable self-interest in producing such a decoupling does not mean that we cannot negotiate meaningful strategic arms agreements which are mutually satisfying. It does suggest, however, that if as the consequence of a strategic arms limitations agreement the linkage of the American deterrent to Europe should come into question, we should not optimistically expect the Soviets to come to our rescue. In fact, we should realistically anticipate that they will try and make the most political capital, should our strategic currency be devalued.

II. NATO STRATEGY AND THE EUROPEAN ARMS RACE

In 1967, NATO formally adopted the strategy of flexible response. This strategy, frequently cited but seldom discussed in depth, specified three sequential but co-equal defense requirements necessary to deter, with a sufficient level of confidence, any Soviet-led Warsaw Pact attack on NATO's territory. The first of these requirements was Direct Defense, which called for the maintenance of adequate ground, air and naval forces in a high state of peacetime readiness to meet any likely contingency. Although there was a recognition that defensive nuclear weapons employment on or over NATO territory might be necessary during Direct Defense, the primary emphasis was on having sufficient conventional forces to meet a major Warsaw Pact attack. And, if unable to defeat a massive attack, then at least be able to hold it at bay for a considerable period of time, while defending as far forward as possible, so as to provide adequate time to determine the optimum level of response for the later doctrinal phases.

The second phase of flexible response was Deliberate Escalation; clearly intended to symbolize, by a nuclear strike on Warsaw Pact territory, the seriousness with which NATO viewed the aggression. The scope, magnitude and duration of the Deliberate Escalation phase has never been explicitly defined. Rather NATO defense planners have assumed that by keeping it ambiguous, Soviet military and political elites will be uncertain as to its application, and thus be deterred by this uncertainty. There was also the implicit assumption that Deliberate Escalation is unlikely to be exercised until the prospect of the collapse of NATO's conventional defense and/or the loss of significant territory is imminent.

Quite clearly the Deliberate Escalation phase was conceived as a transitory pause, after which, should the situation continue to deteriorate, NATO would initiate a General Nuclear Response. This large-scale nuclear strike would not only be delivered against Eastern Europe but also against critical military targets in the U.S.S.R. as far as the Urals. A major element in NATO's General Nuclear Response would be U.S. strategic forces and the implementation of this phase could either precede or be exercised simultaneously with the unleashing of U.S. SIOP.

These three phases remain current NATO strategy. However, events over the intervening period may call into question the viability of some, perhaps all, of these three elements. Shortly after the adoption of flexible response, the NATO leadership recognized that arms control and force reduction could enhance the viability of its flexible response strategy. It was assumed that a reduction of forces to a more balanced position would not only increase the stability of the European balance but would perhaps even favor NATO, given the West's substantial qualitative superiority in convention weapons technology. Thus, after repeated invitations, the Warsaw Pact joined with NATO in 1972 in the MBFR talks. To date, although there is increased speculation that the positions of the two sides are getting closer, there has been no formal agreement.

Unfortunately, many of the assumptions upon which NATO's Flexible Response strategy were initially premised have been undermined. The Soviets have not been content with the balances that have existed in 1967 but rather have undertaken a major arms build-up opposite NATO in Central Europe. The clear qualitative superiority of NATO in conventional weapons technology has been nullified by the extensive modernization of Soviet forces and the overall quantitative increase in the threat. What could have been characterized as a fairly stable balance in which neither side had any incentive to undertake rash actions, has now become highly unstable. A Soviet-led attack, even with relatively small East European participation, would enjoy major advantages if launched with minimum preparation (and thus warning) while NATO's conventional defenses are still in the process of mobilizatio and forward deployment.

By striking before NATO's defenses are fully prepared, there is even the prospect that the survivability of NATO nuclear forces could be so seriously degraded, its air base and command and control elements so greatly disrupted, and ground defenses so rapidly and deeply penetrated and overrun, that NATO's Deliberate Escalation policy would be in large measure irrelevant. The accompanying charts, utilizing the same definitions of units and geography that are under consideration in the MBFR negotiations, graphically illustrate to the extent to which the arms race in Central Europe has been one sided—a race that NATO is clearly losing. Figure 1 shows the geographical area and forces involved in the MBFR discussions.

It is interesting to note that since the inception of the SALT negotiations, the Warsaw Pact has introduced nearly 12,000 major combatant weapons into Central Europe. These are given for major weapon categories in Figure 2. In almost every major weapons category where they had a lead they have increased it. In most areas where the Soviets were behind (most notably in SAMS and antitank guided missiles), they have since taken the lead.

In terms of the quality of conventional weapons, in many areas the Soviets have not only caught up but surpassed NATO's deployment of new technology. For example, Soviet forces in Eastern Europe today have a greater quantity of new tanks—the T–64—than NATO will have Leopard II and XM–1 tanks in 1983. Likewise, the number of Soviet BMPs (infantry fighting vehicles) in Central Europe today exceeds the counterpart systems that NATO will have in the mid 80s. This is also true in the areas of surface-to-air missiles and self-propelled, radar directed, air defense guns. Where NATO had a clear lead in self-propelled artillery this is being matched by the extensive deployment throughout the Warsaw Pact of new Soviet designed self-propelled systems which are at least the equal of NATO deployed artillery weapons. Where in 1970 it could be rightly claimed that the quality of NATO aircraft more than compensated for their quantitative inferiority, the rapid and extensive modernization of Soviet frontal aviation in Central Europe clearly opens to question the long held premise of NATO air superiority over the battlefield. (It should be noted that Soviet frontal aviation in Central Europe by itself is equal to the total number of available NATO aircraft, with Soviet aircraft payloads in addition being doubled).

There is no more persistent myth than the repeated claim that NATO's superiority in the number and quality of its antitank weapons makes up for its quantitative inferiority in tanks. This misconception, which started in the late 1960s, has persisted with such resiliance that I hope you will forgive a short digression aimed at putting this falsehood to rest. NATO has never had a sufficient enough quantity of antitank weapons (either antitank guided missiles, antitank guns or antitank grenade launchers) to offset its noticible lack of tanks). Today NATO faces in Central Europe over 36,000 Soviet and Warsaw Pact armored vehicles (16,000 tanks, and over 20,000 APC's, light tanks and armored reconnaissance vehicles). As the defender, NATO's tank and antitank crews cannot afford to concentrate solely on the opposing tanks while having their positions overrun by the other armored vehicles. To oppose this array of Warsaw Pact armor, NATO has a total of 6000 tanks, approximately 4000 antitank guided missile launchers, and no more than 2000 light tanks and antitank guns. While many exaggerated claims have been made for the antitank guided missile, the combined effect of its deficiencies to include low rate of fire, terrain limitations in Europe which preclude its maximum range of effectiveness, the lack of armored protection or tactical mobility for its crews, and the fact that the high theoretical accuracy of these systems is degraded by two thirds due to the financial limitations on training, all contribute to minimizing the impact of these weapons. Moreover while NATO had a clear advantage in guidance technology this has been lost with the introduction of second and even third generation guidance for Warsaw Pact ATGMs. It should be pointed out that today the Warsaw Pact has more antitank guided missile launchers deployed in Central Europe than does NATO, and over 80 percent of these are mounted on armored vehicles providing protection and tactical mobility to the crews. This is in comparison to only 40 percent for NATO.

In other areas NATO has not been able to exploit its supposed technological lead in weaponry. One looks in vain for precision delivered air munitions (such as Maverick) in the air forces of our European allies: their high cost, limited utility in European weather, and operational problems having been a disincentive for our allies. NATO has placed heavy emphasis on the use of the armed helicopter equipped with antitank weapons, but the numbers deployed or programmed are pathetically small in comparison to the quantities of armor they face and the density of the opposing air defenses. In fact, the Warsaw Pact has nearly matched NATO's deployment of armed helicopter; their MI–24 Hind helicopter equaling the best that NATO has available. The U.S. Army has been intensely developing a long-range multiple rocket launcher (called GSRS) for dispensing antitank mines designed to impede the rapid advance of second armored formations. It is depressing to consider that this system, which is scheduled to be available in the mid 1980s, already has a counterpart deployed today with Soviet Ground Forces. Thus, NATO has lost the quantitative race and is rapidly falling behind in the qualitative aspects as well. If an MBFR agreement had been reached early on, quite clearly the conventional threat would be far less. In fact the Soviets have introduced more combat equipment into Central Europe since 1973 than the current MBFR proposals would require them to remove. Perhaps we were overly ambitious in attempting scaled reductions when a simple ceiling or qualitative modernization sub-ceiling would have helped considerably. On the other hand, no one predicted such a massive expansion and modernization build-up when MBFR started.

The erosion of NATO's relative conventional capability to conduct a Direct Defense, coupled with a decline in its force readiness due to the high cost of modernization, also impacts negatively on the Alliance's ability to provide sufficient time for a well planned and conscious exercise of Deliberate Escalation. Moreover NATO's clear superiority in tactical nuclear weapons has been substantially degraded by a series of Warsaw Pact actions. They have a substantial lead in the survivability of their tactical air bases and the command/control structure. Extensive modernization of Soviet Frontal Aviation gives it a battlefield and interdiction dual capability almost double what it had a few years ago. The extensive quantities of chemical warheads, and delivery systems and protective measures of the Warsaw Pact have no equal within NATO. And should they be used either prior to or simultaneously with tactical nuclear weapons, NATO's ground and air capabilities could be decisively impaired within a few hours. This is not to mention Soviet doctrine, which clearly calls for the purposeful degradation of NATO's nuclear capability and command survivability during the conventional phase of battle. Nor does it include the clear escalatory dominance in Soviet long-range, theater-oriented bombers and MR/IRBM systems deployed in the Western USSR sanctuary—this being an effective staging area for launching strike against NATO's land based delivery systems:

The point is that the conventional and theater nuclear legs of the NATO "triad" are in bad shape and seem to get worse with the passing of each year. This would not be so destabilizing if the U.S. had still clear strategic superiority. Those days, however, are long gone and while we can bemoan their passing a dependence on U.S. strategic forces to make up for NATO's inadequacy in conventional and theater nuclear weapons makes the implemention of current NATO strategy an exercise in Nihilism.

III. EUROPEAN ATTITUDES TOWARDS SALT II

There has been considerable discussion before this committee with respect to the European attitude toward SALT II. Some suggest that they wholeheartedly endorse it while others, citing unnamed sources, suggest that the Europeans harbor grave misgivings. While there appears to be an apparent contradiction between these two perspectives, the reality seems more complex and perhaps these views are even complementary.

Before addressing this question, however, several points are worth noting. First, there is no single integrated European perspective on SALT II or anything else for that matter. There are considerable differences between political parties, within governments and between the NATO member states themselves. If we are willing to except the ambivalence of a strategic debate in this country with all its varying nuances and shades of perceptions, we should expect no more certitude from our allies.

Secondly, I have noticed from personal experience a considerable difference between official utterances in public forums, and the personal convictions conveyed in privacy by the same people. This is neither duplicity nor lack of courage on their parts. Most, by definition, are "influential" Europeans tending to be officials in their respective governments and feel that they have an obligation to support the official position. They are sufficiently sophisticated to be able to differentiate personal opinion from their official responsibility. This is no different than what happens daily in the United States. There is also a deep-rooted deference to the NATO alliance and very few individuals feel that it is worth undermining a jointly agreed position or appearing to contradict what the United States, as the leader of the alliance, has made a cornerstone of its foreign policy.

Thirdly, no American can or should presume "to speak for" the Europeans. All too often the U.S. has treated our allies with condescension rather than understanding, management instead of maturity. European governmental leaders have minds of their own, and, if they have decided to support SALT II it should be taken as a given government's position. I know of no case where any government has been coerced by the U.S. administration into an endorsement of SALT II. In fact—and just to the contrary—I have been told repeatedly by Europeans at many different levels how much they appreciate the extent to which this administration, far more than its predecessors, has kept them informed on the developments in SALT II and listened with open ears to their views and concerns, even if they were not reflected in the final treaty.

Having registered these caveats, I would like to try and explain the apparent ambivalence that I believe many Europeans feel toward SALT II. As a whole they are far more committed to detente as a long term political process than we in the United States. There is a good reason for this. They have to live on the same continent as the Soviet Union, an environment which could place them directly in the middle of a superpower confrontation. It simultaneously heightens their anxieties with respect to their own security and yet gives them a feeling of impotence at not being able to control or even significantly influence actions which may have dire consequences for them. At the same time the Europeans realize that to a great extent they have been left out of the bilateral SALT negotiations. And they have watched from the sidelines as each successive negotiation has involved itself more and more with that part of the strategic balance that relates to them. Thus the ABM Treaty only affected Europe tangentially in that it highlighted U.S. acceptance of shared vulnerability with them and the Soviet Union. In the interim agreement, the Soviet unilaterally interpreted the U.S. SLBM limitations as including French and British systems. While this did not have any effect on their programmed forces, no one likes to have someone else to take it upon themselves to negotiate for them. This was more than compensated for by the onset of superpower agreement and the effervescent euphoria of detente. The Vladivostok Accord impacted more directly in that it appeared to codify a strategic assymetry even if the net affect was parity.

SALT II has increased their direct interest not only because the protocol affects systems which they may receive and calls for even further discussions in their area under SALT III but, as a result of U.S. policy they were briefed extensively on its developments and watched from the sidelines as the Backfire bomber slipped through the cracks. We should thus expect that in the future our NATO allies, having tasted the semblance of participation, will expect a greater amount of influence in the outcome of strategic negotiations.

The greater the apprehension in the United States over the credibility of the linkage between our strategic systems and our commitment to European security, the greater will be European desire to actively participate. The key to the long-term success in this process is U.S. leadership in demonstrating that we know where we are going, that we still hold a shared destiny, and that the U.S. is willing to cooperate as well as consult.

Our European allies have consistently followed our lead. When the U.S. ignored European defense during our preoccupation with Southeast Asia they followed suit with unilateral manpower reductions and force economizing measures. Now that the U.S. has "rediscovered Europe" our European allies have certainly kept up their end of the bargain. In fact, to the extent that NATO forces in Central Europe have increased at all during the last decade it has been primarily due to the European contribution rather than that of the U.S.

There is no greater injustice done to our European allies than the claim that they are unwilling to provide for their own defense. They realize that there is a growing conventional imbalance and that something needs to be done with respect to NATOs theater nuclear modernization although they are far less certain with respect to what is the right course in the latter area.

They are not blind. Increasingly West Europeans realize that the credibility of NATO's first use of nuclear weapons, the fundamental cornerstone of alliance strategy and the critical link to the U.S. strategic deterrent is becoming less credible. Moreover their is increasing concern in the more informed circles (particularly the military) that the option for first use is not NATO's alone, and that the growing Soviet theater nuclear capability requires some point of modernization of NATO's systems if nothing more than to insure their survival as a deterrent to preemption.

IV. SALT II RATIFICATION AND ALLIANCE INSTABILITY

Whether or not the SALT II Treaty is ratified or rejected, it is my opinion there is a significant chance for instability within the alliance. This does not mean that the resultant perturbations would be same or the consequences symmetrical. Nevertheless, the significances of these potential instabilities ought to be given considerable attention. If the treaty is ratified we should be aware of the potential dangers posed by: (1) the inhibiting potential for TNF moderation following the inclusion of cruise missile range limitations in the protocol; and (2) the transferring of superpower confrontations in the third world to a crisis in Europe. If the treaty is rejected the Soviet ability to teach us a lesson and the potential anxiety within the NATO alliance should not be minimized.

A potential problem inherent in the passage of SALT II is the political effect in Europe of the inclusion of cruise missile range limitations in the protocol. Recognizing that an amendment to the SALT II Treaty may specify to the Soviets that the extension of these limitations is unlikely short of major arms control agreements dealing with theater oriented systems, nevertheless the mere fact that these systems are covered under the treaty may mean that some European governments could have difficulty convincing their electorates that they should commit themselves to a nuclear modernization program, parts of which are banned for the present. For those who witnessed the Soviet propaganda campaign directed at Europe on the possible deployment of the neutron bomb this raises the spectre of a fertile area for similar efforts with even more divisive effects upon the NATO TNF modernization program in particular.

There has been considerable discussion before this committee with respect to Soviet adventurism in the Third World, and its "linkage" to the Treaty. I personally find this argument more convincing in a debate over detente foreign policy rather than in terms of the specifics of SALT II. There is an element here which could have an adverse effect on our European allies. If the Treaty is passed and such adventurism continues in the absence of an effective U.S. reposite the tendency in Europe to identify strategic parity with the loss of U.S. will could lead to the unwarranted extrapolation that the Euro-Strategic relationship is also in doubt. The stability of the European balance is not unrelated to events in the Third World. If we and the Soviet Union should come into confrontation there is a distinct potential that this "macho" political posturing may be transferred to calls for increased readiness of the forces in Europe, the only place where units of two superpowers are currently in direct opposition. This could result in a breakdown of the very detente environment which the Europeans depend upon so heavily. Thus if we do not deal with Soviet adventurism now in SALT the U.S. had better do it soon before it is too late and the reverberations are bouncing off European capitals.

Far more likely is a negative reaction that the rejection of SALT ratification could have on the European alliance at least initially. The Soviet military capability and political capacity to "teach us a lesson" has in my opinion received far too little attention to date. If SALT II is spurned, there is in my opinion no small likelihood that the Soviet Union would take this as a national insult and it is no great inferential leap from there to a coordinated political/military strategy that is designed to demonstrate that the global correlation of forces has changed. To be quite frank, the United States and NATO have many areas of potential politico-military vulnerabilities in which the Soviets could apply substantial pressure with minimal risk. At least the option of terminating the crisis would be theirs with the escalatory onus on the West. To name only one, it is difficult to conceive how the West would be able to achieve a favorable accommodation should the Soviets exercise a contingency to enforce East German sovereignty over Berlin. If the land and air routes were closed I can conceive of no readily available means given the current imbalance of forces in Central Europe to reopen them short of a political concession. By such action this or other less dramatic actions the Soviets could not only demonstrate to us that they are not to be trifled with but also bring out the most latent tensions inherent in the NATO alliance structure.

The same divisive effect could be achieved, albeit less dramatically, by a misbegotten attempt to accelerate "the internal contradictions of capitalist strategy" by increasing Soviet theater nuclear capability. It would not surprise me to find that within the next several years that the Soviets have introduced a whole new generation of tactical rockets and missiles (to replace or augment Frog, Scud, and Scaleboard) into their forces located in Central Europe.

Over the last several years the Soviets have been deploying considerable quantities of the self-propelled 152mm artillery systems. There has been increasing speculation in Europe that these weapon systems are capable of firing a low yield tactical nuclear device and that warheads may be soon deployed. If such an eventuality occurs it will erase the last semblance of NATO tactical nuclear superiority represented by the current 155mm and 203mm artillery systems. NATO has long assumed that nuclear artillery provided a substantial advantage to the defense which, because of its accuracy, response time, and direct battlefield impact serves as an inhibitant to the attackers massing of armor. However, when both sides have nuclear artillery of comparable range and warhead size, it is far from self evident that mutual possession inherently favors the defense.

If the Soviet artillery systems are equipped with a nuclear capability it would not be out of the question for us to "discover" sometime in the 1980s that these warheads have an enhanced radiation (ER) effect—a Soviet neutron bomb. Contrary to many statements that were made during the recent Western neutron debate, low yield accurate artillery delivered munitions with an ER capability are likely to aid the attacker more than the defender because it is the latter's infantry, deployed on the ground in relatively static and open positions who are far more vulnerable than fast moving armored columns. Needless to say that the political reaction in Europe accompanying such a "discovery" would create considerable public pressure for a mutual cessation of TNF modernization and possibly a no first use agreement.

Many in the West are acting as if cruise missile technology were beyond the reach of Soviet science. It is only a matter of time and resource commitment. They could appear in much larger quantities and much quicker than we expect. The short ranges to NATO targets, their high vulnerability, and the great number of Soviet medium bombers, a Soviet theater oriented ALCM could significantly tip the TNF balance scales with a far less sophisticated technology.

These speculations could certainly be characterized as alarmist and I am not predicting them. On the other hand the Soviets may not wait for NATOs TNF modernization to mature or for the U.S. to regain strategic ascendence. Of course, there is nothing in SALT II that would prevent Soviet TNF "posturing" either except their desire to keep the treaty in force.

Less dramatic but no less significant, even in the absence of Soviet actions (other than verbal abuse) following the rejection of SALT II, would be the negative impact on allied politics. Having committed themselves to favoring the treaty its rejection could lead to the most divisive tendencies. While some would hope that rejection would lead to a new vigor in U.S. world leadership, others would see it as a symbolic proof of American administrative division and impotence. In the rejection of SALT II, there are those in Europe, and their numbers are currently growing, who would argue that individually their countries should maintain the momentum of detente and approach Moscow to negotiate the best deal they can. The effects of such action on the NATO alliance would be catastrophic.

Thus, on balance, the onerous aspects of the rejection of the SALT II Treaty seem to have a more immediate and dangerous consequence for the stability of our European alliance than would be the more tangential negative consequences of ratification. On the other hand it is a commentary on the current state of U.S. military preparedness and the perception of U.S. leadership within the alliance that such coercive elements as Soviet crisis manipulation, TNF posturing or playing on European fears, must be considered with respect of the ratification of this treaty.

With or without SALT II, if the current trends with Central Europe continue the day will come when the credibility of the U.S. strategic nuclear guarantee to our European allies will not be in doubt but a recognized anachronism. The political result is not likely to bear any resemblance to the much maligned status of Finland. If one must use analogies, the European environment is far more likely to resemble "Balkanlization" rather than "Finlandization", with all the attendant instabilities and dangers to world peace.

V. CONCLUSIONS

With respect to SALT II, the stability in Central Europe and the security of the NATO alliance, I have but one recommendation: the United States must increase the American forces deployed in and programmed for Central Europe. I would not recommend this as a formal condition to the Treaty, but it seems only prudent that if SALT II is going to have a fraction of the success its proponents hope, the Treaty should neither undermine the Euro-Strategic Relationship nor be undermined by current force imbalance in Central Europe.

The administration has made major strides in this direction. The positive actions of the Secretary of Defense and his advisor on NATO Affairs have had a noticable impact in giving a renewed sense of purpose to the alliance, enhancing the commitment of its membership and in initiating major substantive improvements. Nevertheless the administration's NATO initiatives desperately need additional congressional support. Inflation is hollowing out much of the increased NATO oriented defense spending, each of the services require additional support if they are to fulfill their NATO oriented missions, and there are many areas for force improvements that need even greater emphasis. Two years ago I described these initiatives as helpful actions to help redress the European imbalance. Now I believe they are the minimum necessary to keep it from getting worse.

Arms control and the threater force improvement can be mutually supported rather than mutually exclusive. A dynamic U.S. leadership which encompasses both a combined European oriented strategy and puts the security of our allies above the good will of our opponents could produce a restabilization of the European military balance. I could think of no more meaningful contribution which could come in the wake of the current SALT II debate than the conveyance of the message to the Soviet Union that they cannot have it both ways: that Europe and the United States are indivisible. The security of one directly affecting the other. That the stabilization produced by arms control with one alliance partner must ultimately be available to all.

ADDRESS BY DR. ROBERT L. SPROULL

● Mr. MOYNIHAN. Mr. President, Dr. Robert L. Sproull, a distinguished scientist, a former Federal official, and now president of the University of Rochester, recently delivered testimony before the House Ways and Means Committee that should command our attention. It is an extraordinarily thoughtful statement about the role of universities in scientific research and development, about the relationship between universities and the Federal Government in the field of scientific research, and especially about the relevance of university-based research to the solution of pressing national energy problems. In order to make Dr. Sproull's insightful remarks more widely available, I request that they be printed in the RECORD.

The testimony follows:

TESTIMONY BY ROBERT L. SPROULL

INTRODUCTION

Mister Chairman and Members of the Committee: It is a great pleasure to appear here today to discuss a part of the energy challenge that confronts the nation and the role of the nation's research universities as performers of basic research in meeting that challenge. My name is Robert Sproull. I am President of the University of Rochester. This morning I am speaking in my role as a member of the Committee on Science and Research of the Association of American Universities. My testimony is also on behalf of the American Council on Education and the National Association of State Universities and Land Grant Colleges. In 1976, according to Science Indicators, 1976, 73 percent of federally funded basic research, totaling $1.8 billion, was performed by universities and colleges, almost all of which are members of these three associations.

My association with federally-sponsored research has been almost continuous since work during World War II on Navy radar. Since that time I have been principal investigator on numerous DOD, AEC, and NSF research projects: I have helped guide the administration of millions of dollars of DoD research grants and contracts at Cornell University. I have also served on the other side. That is, in the DoD, from 1963 to 1965 as Director of the Advanced Research Projects Agency, administering government research programs of great complexity and urgency. I have been a member and Chairman of the Defense Science Board and a member of the Naval Research Advisory Committee.

My comments this morning will attempt to place in perspective the university's role in energy-related research and training yesterday, today, and in the future. I hope to point up the importance of our participation in energy research and training and will suggest how the government can make more effective its dependence on universities to meet our energy needs.

At the outset I should state that universities will arise to the call of the Congress and the Administration to assist in meeting this nation's most critical threat to democracy and our capitalistic system, the energy shortage challenge. Abundant and assured supplies of energy are the underpinnings of this nation's freedom, security, economy, and welfare. However, there will be no easy, inexpensive, or quick solutions. Conservation will play an important role, and universities pledge to do their share of reducing their call upon energy for operations.

Even with the President's 15 July, 1979 call for an import reduction of 3.8 million barrels of oil a day by 1990, we would still be dependent upon other nations for 4.7 million barrels a day in 1990. Further, we must be reminded that we will not get to the lower import goal for another decade. Synthetic fuels and recovery of oil from shale present major technological and other problems.

We are, therefore, a vulnerable nation through 1990 and after that until other major alternative sources of energy are found and used in order to achieve a much larger degree of energy independence.

On a more optimistic note, in my opinion there are lasting, positive, and dependable solutions to the problem. The answer is found in patience (time) and the country's scientific and technological responses. It is here where the universities can and are ready to play a major role through the use of our scientific and technical talent and the plethora of laboratory facilities. What is required is strong national leadership, guidance in terms of goals, and mobilization of the universities to answer the scientific challenges. More on this aspect later.

UNIVERSITIES, RESEARCH AND GOVERNMENT

The primary goal of the research relationship between the Federal government and performers of basic research, particularly universities, is neither to help government agencies procure specified research more quickly nor to funnel more research funds into universities. It is to secure for the people of the country the best possible responses to the national needs, including energy, that fall within the purview of Congress and the federal agencies. That is why it is to important to maintain strong and effective relationships between government and universities.

Universities are a critical and unique national resource. As such they have public obligations not only to their students and their faculties, but also to help the nation meet its critical needs. Energy is one of those needs. The nation's research universities promise their full cooperation to help fulfill our future energy requirements. They are ready to go to work, within their missions of research and training, to develop the new knowledge and solutions which will shape future energy strategies. Neither national laboratories nor industry has basic research and training as its main objective. Research universities, therefore, constitute a unique and strong national resource.

I do not dismiss the value and importance of national laboratories nor industry. The former are especially important to the nation's security posture, and they can make some contributions to the energy problem. The role of industry is most crucial to the technological problems in the field of energy. Industry must be involved with the universities and their basic research efforts from the start in order to achieve the maximum speed and effectiveness in moving a scientific and technological concept to its application. Unlike military or national security research where the government is the buyer and the user of the products resulting from the investment in research, in energy research private industry will be the users, producers, and providers. Therefore, in the massive research efforts which lie ahead we must assure effective means for the user and producer, industry, and universities to work closely together. The country did this in agriculture in terms of seeds, fertilizers, planting and harvesting equipment, cattle, development, and food processing and preservation. In this case the nation's land grant colleges and universities in each state provide an excellent example of cooperation with industry similar to that which will be needed in the area of energy.

In addition to the distinctive capability to perform basic research, universities are the dominant source of scientific and technical manpower for government and industry to meet the varied and technical needs of the nation. Performance of government-sponsored research programs enables universities to remain current with emerging needs and to produce graduates technically trained in the skills required. Federally-sponsored research also provides for an easy flow of highly competent people from among universities, industries, national laboratories, and government organizations. This mobility and resulting cross-fertilization of ideas significantly strengthens the national research, including energy research programs. Such strong science carefully nurtured is indispensable in a sophisticated energy-intensive society. Universities can apply existing knowledge to specific energy needs, but if they are to help address long-term energy problems, their strength, and therefore, their primary emphasis, must be focused on the discovery of new knowledge. It is here the universities are absolutely essential to the nation's effort.

Unfortunately it is also here that the national commitment to the mobilization of our universities to meet energy problems has fallen short. In a major way this has happened as a result of a lack of understanding of basic research and the absolutely critical role it plays in providing a foundation for technological advances. Further, basic research is too uncertain in its time and its results, and therefore industry as well as the government are loath to make the kinds of significant long-term investments required.

DOE'S SUPPORT OF ENERGY RESEARCH

The best evidence of how the government has fallen behind is a major study of basic research in the Department of Energy initiated by the Office of Science and Technology Policy ("Report of the Office of Science and Technology Working Group on Basic Research in the Department of Energy," June, 1978, Dr. S.J. Buchsbaum, Chairman). This report finds DOE's Energy Research Program to be lacking, and it makes several specific recommendations for change.

Among the conclusions and the recommendations of the OSTP Working Group are these: (1) a dearth of research is especially evident in the solar and fossil fuel programs, (2) each assistant secretary should include a basic research category within his budget, (3) the overall basic research program should be of a size and scope sufficient to ensure the health of disciplines important to the long-term development of energy technologies, and (4) the budget for basic energy research in universities should be increased.

The report's recommendations generally are excellent and should be implemented. I understand that many of the recommendations have been accepted in principle and that the President's 1980 budget proposals reflect some of the key recommendations.

I am convinced that these will need to be pursued much more vigorously if the nation's energy capacities are to be developed as rapidly or as effectively as they should and can be.

With regard to the Department of Energy, in fairness, it should be recognized that DOE has been recently assembled from a number of agencies, some new and some themselves recently reorganized. It lacks long experience with basic research, except in the areas of nuclear and high energy physics, and much of that for military purposes. Moreover, the agency has been from the start and continues under heavy political pressure to produce immediately technologies which are commercially feasible with little concern about the long-term technical problems and needs of the nation.

In my opinion, the first and overreaching requirement for my agency's research program to be successful is a clear understanding of the absolutely essential role of basic research in the eventual solution of most major problems. Of course applied research and technological development are required, not only to translate basic research findings to practical application but also to make significant improvements in current approaches to problems. But the really important breakthroughs, the giant steps forward, come as a result of basic research, as often as not far removed from any utility for problems at hand.

Not long ago, Dr. Arthur Bueche of General Electric provided a helpful analogy particularly appropriate to our considerations here. He pictured how a national energy program undertaken in 1776 might have looked. He surmised that Benjamin Franklin would have been kept busy searching out ways to improve his famous stove, but he hoped that Franklin would have had time left over to carry on his seemingly useless experiments with kites and lightning rods and Leyden jars. As Dr. Bueche said:

"Such 'useless' experiments have had more long-range impact on energy supply than all of the short-term work put together."

It is precisely on this point, the heavy concentration on near-term work that the OSTP group chaired by Dr. Buchsbaum strongly criticized the DOE research program. Their report recognized DOE's concern with developing major new technologies but expressed serious doubts that near-term success in such efforts was likely. The report said:

"In almost every existing program, especially in the solar and fossil fuel areas, there is inadequate knowledge upon which to build . . . the mandate to develop alternative sources of energy cannot be met in the foreseeable future unless the level of basic scientific and engineering knowledge is significantly and continuously increased. Therefore, a strong commitment of basic research is essential if the DOE is to fulfill its mission."

The universities' basic research efforts, many times in cooperation with industrial basic and applied research, have given the nation the superiority it enjoys in areas such as agriculture, chemicals, electronic components, communication devices, medicine, photography and optical equipment, propulsion, computers and metals and alloys. Conversely, many past development and application programs, for example, have proved exceedingly costly because frankly we did not possess a better stock of fundamental knowledge on which to base our efforts when they were needed. The FY 1980 budget proposes $220.8 million for the basic energy sciences programs in DOE, or a 25 percent increase in budget authority over FY 1979. I understand, however, that the House Appropriations Committee has reduced the appropriation for these basic science programs by about 50 percent. This is regrettable, and it is important to note that the total budget for basic energy sciences represents less than one percent of the DOE R&D energy budget for 1980. This action is not becoming of the response required for the horrendous energy problem facing this nation!

The country is now reaping the results of past investment policies which let our energy research capability fall behind. Those policies have proved inevitably shortsighted. For research is not like a procurement which can be quickly mobilized and made immediately productive; research is a long-term process which cannot be readily speeded in productivity.

Universities will rise to the challenge of energy-related problems, and they will do so most effectively and productively, if the nation recognizes that universities as educational institutions differ in purpose, in people, and in settings from other research organizations and from other social institutions. Universities' basic research and training functions are inextricably combined to accomplish the universities' fundamental purpose which is education. Universities are composed of a unique mix of people, independently-minded faculty, undergraduates and highly motivated advanced students who are really apprentice scholars. Faculty are chosen for their originality, productivity, and independence; and they select graduate students for their promise in these same directions. Faculty choose their own lines of research—within the important limits of available facilities and financing.

This mix of people, clearly different from those in other research organizations, makes the university a logical place to look for the original and startling new ideas that cause scientific breakthroughs, but it is a population that cannot be directed to perform specified research as can those in most other research organizations.

While all universities share these general characteristics they differ in many important ways. They vary enormously in size and sponsorship in their facilities, in areas of interest, and in the quality of teaching and research in various academic fields. No laboratories could be constructed which would begin to duplicate this vast tapestry of resources for learning and innovation.

A large amount of what is now in place in terms of research equipment and facilities at universities is attributable to government support in the past. Although the amount of equipment suitable for use requires considerable upgrading, what is available could be mobilized immediately to get a big start on energy research if the Federal government desires.

The diversity of institutions offers public agencies great advantages in the choice of research projects, in the flexibility to shift choices deliberately as needs change, in the freedom to shop around for the most appropriate fit between university work in progress and the agencies' requirements. Somewhere in the huge welter of scholarly activities, agencies can find much research that fits their long-run—if not their immediate interests—they can find and encourage such research and progress even though they cannot order it done.

But while the Federal government and its various agencies cannot command research, they must stimulate it. There is a critical need for stability of basic research support. New ideas essential to our energy problems will emerge only if funding for basic research is adequate. In part this will mean guaranteed funds over a period of several years to support an adequate number of proven young scientists. These are the people who are vital to the nation's energy research. These are the people who will determine whether this country can overcome the energy challenges. Regretfully the people who represent the scientific core to work on the science spend too much of their time each year preparing and processing research proposals in their annual struggle to obtain the needed financial support.

A recent survey indicated that there were 475,000 research proposals submitted to federal agencies in 1978.[1] This involved 6,600 academic man-years. At my institution, the University of Rochester, we have an above average yield of proposals accepted for support. We estimate that 1,500 scientific man-weeks must be expended each year in the writing, submitting, and justifying of research proposals. I contend that this is an unwarranted waste of human scientific energy. The amount of time could be reduced by at least one-half if there were longevity funding of two to four years for many of the basic research programs. The scientific manpower savings could be applied to the laboratory bench from which the answers and new ideas and technologies flow.

With a few exceptions inexpensive basic research is behind us. Experimental science is now highly sophisticated. Basic research not supported by public agencies is research that simply may not or cannot be done. Increased attention and effort devoted to projects on only limited or short-run significance will not compensate for underinvestment in the fundamental long-range search for solutions. The near-term strategies may on occasion bring immediate improvements two or even five-fold in magnitude, but what will be forfeited is the occasional breakthrough leading to improvements a hundred or a millionfold in magnitude, such as the transistor or the laser.

The effort to be dedicated to synthetic fuels, albeit very important, will take much time, many resources, and large financial investments. Nevertheless, synthetic fuels will be only a partial and the nearer-term solution. To sustain this country's economic growth and national strength free of outside constraint, the nation must face up to much longer-term solutions required to meet our overall energy problems.

The OSTP Working Group found that DOE was spending only about 20 percent of its basic research funds for university research. The Department's research strategy was skewed toward an overemphasis on applied and developmental, large-scale, high-cost activities built upon an insufficient base of new knowledge. The FY 1980 budget proposals for DOE are a step toward correcting that imbalance. I would urge the Committee, as you consider alternative strategies, to help ensure a balanced and sustained commitment to fundamental research and advanced training.

SOME PROBLEMS

Mr. Chairman, this morning I have not laid out a program of research to meet the nation's energy needs. Many ideas and programs already exist. They must be reconsidered and priorities ordered. What I have attempted to indicate, however, is that universities must and are willing to assist in the meeting of unprecedented challenges through our research and training capabilities. It is neither honest nor fair to stop at this point and suggest there are not problems in the universities' participation in the search for near and the more important long-term solutions to the energy problem. Let me briefly enumerate the major ones.

First, much of the universities' capital base for science was constructed during the 1950's and 1960's. These essential resources are facing obsolescence and research universities face a serious erosion in their capacities to do modern science and to train people to the state of the art. The need for upgraded equipment along with high inflation and increased operations and maintenance costs threatens the participation of universities in meeting national research needs.

We are indeed gratified, therefore, that the Administration has recognized the seriousness of the problem and recommended, in a July 19 statement to the House Subcommitte on Postsecondary Education, a new program that will be a first step toward facing the problem. The Administration proposed creation of a new five-year program to provide $50 million per year for equipment and facilities modification in the nation's major research universities. The statement said:

"We undertake this initiative because, in recent years, a number of financial pressures have made it increasingly difficult for universities to sustain the research enterprise already in place. Thus, they have not been able to build on existing strengths to meet new challenges. These deficiencies threaten an erosion of our national research capacity. We simply cannot permit this to happen, especially at a time when other countries are significantly expanding their research investment. The United States has been writing checks on its research account for too long. It is time that we start to make some deposits. It is the best investment we can make in a strong and healthy America."

We commend the Administration for taking this significant initiative and we urge the members of the Committee to support it.

The second problem is the provision of support for an adequate number of young scientists. They hold the keys to our future research productivity. Nevertheless, universities cannot assure them adequate career opportunities. Strategies designed to expand energy research, development, and training must take into account our need to provide adequate career opportunities for the next generation of investigators.

Studies are now being conducted by the National Academy of Sciences, the National Science Foundation, and the Association of American Universities. They will lead to specific policy proposals within the next few months. At that time we will submit our recommendations to the Congress and we will be pleased to discuss them with the members of the Committee.

The third problem to do with the appropriate arrangements whereby industry, government, and universities can work together as "partners" in the endeavor to meet the challenges. We must erase the many serious bureaucratic, policy, and legal obstacles which constantly engender suspicion and closed communications rather than promote a spirit of openness, cooperation, and incentive for performance.

Finally, universities are aware that we have been held suspect because we are alleged by the government not to be always fiscally accountable. This may be true in an exceptional case but not generally. We have been vigorously strengthening our management systems for over a decade. At the same time we have pointed up that often government management systems imposed upon us are not adapted to the peculiarities of universities and often government policies and practices do not foster mutual trust. These counterproductive adversorial relationships must be replaced with a partnership and mutual trust approach which once existed between the government and universities for research purposes.

None of these represents insurmountable obstacles to university participation. I am confident that the problem will be resolved with the funding which must be made available for the large program of research. The new sense of urgency and near-crisis attitude that surrounds the energy question will pull all of us together to make the effective arrangements so that we can work together more nearly as a common team pursuing a mutual problem.

CONCLUSION

The nation is confronted with a most serious challenge to its future because of the energy crisis. There will be no quick turnaround of the problem. In fact it will persist into the year 2000.

Nevertheless, there is promise through the rich base of science and technology available to be applied to the problem. Universities await the government's leadership and direction necessary to mobilize and capitalize on the untapped research potential and creativity of our universities. It is not a case of starting from a zero point. A large share of what is required to begin the hard and long task ahead is already available.

If we are to succeed, we must allow our best and most creative individuals to do what they do best. And to do that, our objectives must be clearly defined. A signal from the government requesting our help and the provision of the tools, primarily financial support for the research, is all that is required to engage those who hold the promise to answers needed to solve the problem. Universities are ready to participate in an expanded search for solutions.

Thank you very much. I will be pleased to respond to your questions.●

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[1] See Science, 16 February 1978, p. 607.

ADDRESS BY SENATOR CRANSTON ON RIGHTS OF HANDICAPPED PEOPLE

● Mr. STAFFORD. Mr. President, on Friday, August 17, 1979, Senator CRANSTON spoke before a rally in Los Angeles, which was organized by a coalition of organizations representing handicapped individuals, and designed to register disapproval of the recently decided Davis and Trageser cases. The cases create some doubt about certain rights of handicapped individuals under the Rehabilitation Act of 1973, as amended. Senator CRANSTON told the rally that he disagreed with the Court's decisions in these cases and that Congress and the administration should take the steps necessary to insure that rights of handicapped individuals are protected.

On the same day Senator CRANSTON sent a letter to President Carter calling upon him to issue a formal statement reaffirming support for rights of handicapped people.

Mr. President, I share Senator CRANSTON's sincere concern about the possible negative effects of these cases, and I join him in encouraging the President to issue a formal statement which will clear up any doubt about the Federal Government's commitment to end employment discrimination against the handicapped individuals in its own operations.

Mr. President, I would like to share Senator CRANSTON's thoughts with my colleagues; therefore, I ask that the text of Senator CRANSTON's speech and letter to the President be printed in the RECORD.

The material follows:

SPEECH BY SENATOR CRANSTON

Good afternoon. I'm honored to be here with you today. As I look at this crowd gathered here to demonstrate concern for the rights of handicapped individuals, I know for a fact that this is indeed a good morning. You have rallied here to demonstrate your displeasure with the U.S. Supreme Court's recent ruling in the Southeastern Community College v. Davis case. And I share your unhappiness over the bad news that was Davis.

But let this not be a day of unhappiness or sorrow. Rather, let it be a day of recommitment and reaffirmation. Let us take inventory of where we are, how far we've come, and where we have to go to make handicapped Americans first-class citizens of this nation.

Indeed, I think there's good news that we can celebrate today.

Now, I am not here as any Pollyanna. I am a realist. I will not for an instant attempt to downplay the potentially negative impact of the Davis decision. It's bad—and we need to deal with it. The Davis case—particularly as portrayed by the media—tends to add to the attitudinal barriers that handicapped people face every day.

However, the Davis case, while far from helpful, certainly did not sound a death-knell for the civil rights of handicapped people in this country. The very fact that so many of you are here today—exercising your rights under the First Amendment, and demanding your civil rights from society—stands out as a stark contrast against the mentality and rationale many see as underlying the Davis case.

Thus, in my inventory of where we are, this rally is itself a positive sign! I would like to talk briefly about some other indicators that affirmative action's prognosis for a healthy recovery after Davis is very good.

On July 18, representatives from the White House, Congressional offices, and the various federal agencies charged with enforcement of title V of the Rehabilitation Act provisions mandating equal employment opportunities for handicapped individuals in federal jobs or jobs touched by federal money met in the Senate offices at my request to discuss the Davis and Trageser cases. Each Federal agency representative was asked to comment on how their efforts to provide and ensure equal employment and equal opportunity for handicapped individuals would be affected by these two cases. Without exception, the response was that the departments would continue to carry out their responsibilities under the Rehabilitation Act. What's more, at that meeting we were informed that the title V Interagency Coordinating Council established by one of my 1978 amendments to the Rehabilitation Act was finally scheduled to meet. That Council has been badly needed for years. It's needed even more now to coordinate a government-wide response to the Davis and Trageser cases that leaves no doubt about the commitment of the Federal Government to provide equal opportunities for handicapped individuals.

On August 9th, I'm delighted to say, the Council did in fact meet. I understand that its first meeting was long and productive and that an impressive and ambitious agenda was set. We should be optimistic today that the Interagency Council has the ability—and apparently the will—to safeguard the hard-won rights of handicapped people in this country.

Just two weeks ago the Senate Committee on Labor and Human Resources voted to report S. 446 out of Committee. As many of you probably know, that bill would extend title VII of the Civil Rights Act of 1964 to handicapped individuals. During the Committee's first discussion of the bil I expressed concern that many questions needed resolution if the bill was truly to add protections for handicapped persons. I offered ten amendments to strengthen the bill and six were accepted either as statutory language or as matters for clarification in the Committee's report on the bill.

One of my ten amendments was an amendment to reaffirm Congressional intent to confer jurisdiction on U.S. District Courts to hear employment disputes arising out of title V of the Rehabilitation Act. My intention in offering the amendment was two-fold. First, I intended to assure that the civil rights afforded handicapped individuals would remain as strong as possible. Second, I wanted Congress to send a strong signal to the courts in this land that we intended before, and intend now, that handicapped individuals be accorded equal rights and that they have the ability to enforce those rights, judicially, like any other civil rights.

The fact is that we have come a long way since the civil rights protections provided by sections 503 and 504 were enacted into law. I believe that H.E.W. and the Labor Department have taken major strides in developing the commitment, interest, and expertise to make those sections work. In seeking to add title VII protections, I believe that we must not forget that we are not writing on a clean slate and we must be extremely diligent so as not to cloud further some already muddied waters.

My clear goal is to guarantee that the title V rights of handicapped individuals and the enforcement of those rights are subject to the continuing vigilance that only the availability of a private right of action can assure.

I thought we sent the courts that message in the 1978 Rehabilitation Act Amendments; but some seem to have missed our point.

That is why there is an urgent need now to reaffirm—at the same time as we extend any new protection under title VII—the availability of judicial review under title V. This is the best way available to strengthen considerably the ability of handicapped individuals to seek and enforce the rights and protections to which all in our society must be entitled.

I was not fully successful in offering my amendment to S. 446 in Committee. But I'm not far from through. You have my assurance today that I will continue my efforts to counteract the negative effects of the Davis and Trageser opinions, and to make sure that, in moving forward on S. 446, we do not throw out the baby with the bathwater.

We must move forward on many fronts—together. As you are aware, during the last session of Congress several bills were introduced to address some of the problems severely handicapped persons encounter because of work disincentives built into many assistance programs. These are matters on which I've worked very closely with many of you, and I care about them deeply. The Senate Finance Committee reported legislation last year, which, unfortunately, despite our best efforts, the Senate was unable to consider before adjournment. This Congress, I am an original cosponsor of S. 591 which proposes to eliminate disincentives under the S.S.I. program. In January, I wrote to the Chairman of the Senate Finance Committee to urge Committee action early this Session.

The House has already acted to remedy some problems in this area by passing, on June 11, H.R. 3464. While not all we'd like, this is progress, and, working together, we will get legislation enacted in this Congress to begin to deal with this problem.

Finally, to mark the occasion of this rally, I have written to President Carter calling upon him to act quickly to issue a formal statement that the responsibilities owed to handicapped individuals by all Federal agencies and grantees remain undiluted by Davis, and, further, reaffirming his commitment and that of his Administration to act affirmatively to break down barriers—both real and attitudinal—to the employment, education, and full participation of handicapped people in this country.

Along with my letter to the President, I forwarded a petition to him. This petition—to end discrimination against handicapped individuals—was submitted by 26 California organizations representing thousands of handicapped people. I know many of those organizations are represented here today. This petition presents very persuasively the need for Presidential action in this area and illustrates clearly the impetus and depth of feeling behind the civil rights movement for handicapped individuals across this land. I am very hopeful that the President will respond positively to my letter and your petition.

My message to you on this fine afternoon is thus one of hope, not foreboding, for the civil rights movement for handicapped individuals. Sure there have been recent setbacks. Certainly the Davis case was bad news. But there have been recent gains, too. And there will—I am sure—be more.

I am confident that if ever there was a group of people that could rise to the type of challenge posed by the Davis case it is the group of handicapped people here today, and across the nation, who have risen up mightily and proudly from long years of frustration and neglect, finally to be heard and seen.

Handicapped civil rights are alive, and you and I and millions of others in this land are going to keep them well and flourishing.

U.S. Senate,
Washington, D.C., August 17, 1979.
Hon. Jimmy Carter,
The White House,
Washington, D.C.

Dear Mr. President: Over the past several years, much progress has been made in promoting and protecting the civil rights of handicapped individuals in this country. The road has been long, and each step a difficult one. But every inch of the way has been well worth the effort.

Because of many programs, rights, and services made available to handicapped individuals through the Rehabilitation Act and its 1974, 1976, and 1978 amendments, the Education For All Handicapped Children Act, the Developmental Disabilities Assistance and Bill of Rights Act, the White House Conference on Handicapped Individuals, and other legislative and administrative efforts, many formerly or potentially dependent handicapped individuals have become independent. Many other handicapped individuals who would have been ignored, shunned, or institutionalized in years past are now working or going to school. We have—at long last—begun to make a real dent in society's biases against handicapped individuals.

The outlook for handicapped individuals today is thus far brighter than it was at the beginning of this decade, and it has been my privilege to be actively involved in this civil rights struggle throughout my service in the Senate. However, on June 11 of this year, the Supreme Court handed down a decision in the Southeastern Community College v. Davis case that has somewhat dimmed that bright future (47 U.S. Law Week 4689 (June 11, 1979)). As a matter of law, I do not believe that the Court's decision should substantially undermine Executive Branch implementation of Congress' clear intent in enacting section 504 and the other programs of title V of the Rehabilitation Act, to protect handicapped individuals from employment discrimination and promote affirmative action on their behalf by federal agencies and federal recipients. But, Mr. President, as you know, much discrimination against handicapped persons is caused by attitudinal prejudices that are most difficult to root out. Whatever the merits of the Davis holding on the narrow facts as found by the District Court, there is a good deal of discussion in the high Court's opinion—particularly as it has been reported in the media—that will encourage many recalcitrant employers to dilute or discontinue altogether their efforts under title V of the Rehabilitation Act. This most unfortunate result can be substantially avoided, I believe, by decisive action on your part.

On July 18, I convened in the Senate offices, a meeting of officials from the Departments of Health, Education, and Welfare, Labor, the Equal Employment Opportunity Commission, Justice, your domestic policy staff, and various Congressional offices for the purpose of discussing the implications of the Davis case (and the case of Trageser v. Libbie Rehabilitation Center, Inc., 590 F.2d 87 (4th Circ. 1978), cert. denied, 47 U.S. Law Week 3814 (June 19, 1979) for title V programs and enforcement. The meeting was very well attended. There seemed to be a clear consensus among all the participants that, from a legal standpoint, the Davis decision on its particular facts could and should be carefully analyzed and probably had only a rather narrow application insofar as title V protections are concerned. However, what clearly was missing at the meeting was a consensus as to exactly where the Executive Branch was headed, other than that the Office for Civil Rights was preparing a post-Davis statement for the (prior) Secretary of HEW to issue.

Last week the Interagency Coordinating Council, which was mandated by a provision I authored in the 1978 Rehabilitation Act Amendments, met for the first time. I am informed that the Council held a very productive meeting and set a positive agenda for itself. That is as it should be—since there are many difficulties that the Council will have to sort out. I congratulate you on your leadership in convening the Council.

I am writing now for two purposes. First, I urge that you direct the Coordinating Council to prepare for you to issue, preferably not later than October, 1979, a clear, forceful statement reaffirming, in the wake of the Davis decision, the continuing commitment of all United States Government agencies to continue their affirmative actions to break down the barriers—both real and attitudinal—to the employment, education, and full participation of handicapped individuals in this society. Your Administration's impressive efforts to assure the civil and human rights of handicapped individuals should not and certainly need not be diminished by the Davis decision, and that conclusion should be made widely known by you along with an authoritative legal analysis of the effect of the Davis holding on title V programs and enforcement activities.

I stress that I feel strongly that a post-Davis Executive Branch-wide pronouncement is necessary and that an issuance by HEW alone will not be adequate to deal with the potentially adverse implications of the Davis opinion.

Second, Mr. President, I enclose a petition addressed to you by 26 organizations from California representing the interests of thousands of handicapped individuals. The petition presents a forceful brief on the need for direct Presidential attention to the problems generated by the Davis decision and sets forth clearly and effectively the impetus and depth of feeling behind the civil rights movement for handicapped individuals.

I hope you will respond swiftly to my request and the enclosed petition. Your forthright reaffirmation of your Administration's commitment and intent in this area will go a long way toward preventing any erosion of the rights and protections so painstakingly won and built in the 1970's by and for handicapped Americans.

With warmest regards,
Cordially,
Alan Cranston.

SHOWBIZ DIPLOMACY

● Mr. STEVENSON. Mr. President, Mr. George Ball, the former Under Secretary of State, has drawn our attention in a September 7 Washington Post article to the degeneration of American diplomacy into a kind of show business spectacle. He describes our abandonment of a traditional diplomacy that enables us to deal with the subtleties of international relations in a quiet and unemotional atmosphere, substituting for it the frenetic negotiations of freewheeling Secretaries of State and other personalities. Once their personal prestige is engaged, they can easily confuse quick public relations success with long-term enhancement of the Nation's interests. The shuttle diplomacy and marathon bargaining sessions characteristic of attempts to settle the Middle East conflict are cases in point. It may be more fun for the participants, Mr. Ball observes, but it is not an effective way to conduct foreign policy, and the Nation cannot afford it. Mr. President, I ask that the text of Mr. Ball's article be printed in the Record.

The article follows:

Showbiz Diplomacy

(By George W. Ball)

We have set back diplomacy by 500 years. Prior to the 15th century, kings and princes did business with one another by elaborate personal visits and then by special envoys. But in 1455, an Italian city-state first established a permanent diplomatic mission in a foreign sovereignty and that practice was soon universally adopted. American diplomacy has now reverted to the pre-15th-century pattern.

Consider our current application of these medieval arrangements. We use our embassies as observation posts, while reducing our ambassadors to messenger boys. All important business is transacted by direct visits of the president or the secretary of state or even of that aberrant diplomatic mutation, the national security adviser. Lately we have resorted to highly publicized missions by American personalities primarily known for their prowess in other fields. Accompanying those dignitaries is a restless retinue of press and television reporters to record their between-innings banalities enlivened with the informal indiscretions of an anonymous "official on the plane." All that provides rich fodder for the afternoon news shows, but it seriously impedes the conduct of a coherent foreign policy.

Secretary of State John Foster Dulles was the first to exploit the "do-it-yourself" potential offered by Air Force One and its siblings, while Henry Kissinger seems never to have understood any other method. But, unhappily, the addiction did not stop there. A reversion to an ancient diplomatic procedure that began as an expression of two hypertrophied egos is being perpetuated by a more modest successor, who has even made a pilgrimage to the terrorist leaders of the Zimbabwe Patriotic Front. Meanwhile, restricted by the episodic limitations implicit in this method, our government has repeatedly overlooked deteriorating relations with countries not in the immediate spotlight, while permitting dangerous situations to develop without timely or adequate attention.

The prospects for drift and breakage inherent in these atavistic diplomatic procedures were intensified when Kissinger's impressive theatrical flair transmuted his virtuoso diplomacy into something novel and seductive: Diplomacy as Showbiz. During his spectacular season on stage, his attempt to bring two nations into agreement became an enthralling dramatic event, with the secretary of state pitting his skills (and America's pocketbook) against an Israeli and Egyptian bargaining power that was progressively inflated by the process. Thus the world was wonderfully entertained by America's "miracle worker" flying like Superman between Middle Eastern capitals, while press and television breathlessly reported, "He's down; he's up, he's gaining momentum!" and political commentators sounded like sportscasters.

Showbiz diplomacy has notable limitations. It destroys the scope for quiet and subtle maneuver available to a less flamboyant approach, such as that habitually practiced by the most skillful American negotiator of modern times, Ellsworth Bunker, who repeatedly achieved prodigious feats of mediation at almost no expense to the American taxpayer by never letting his own ego become a factor in the bargain. But an even more important defect of the method is that it narrows the goal of the contest to the conclusion of the agreement—almost any agreement—without sufficient regard for its cost or content. Kissinger's most theatrical achievement, Sinai II, was, for example, an unprecedented real-estate transaction in which the United States paid Israel an exorbitant price, both in money and political commitments, for a huge acreage of desert sand and a few oil wells that it then paid the Egyptians to take over.

The Camp David Accords—which might properly be called "The Son of Sinai II" or, more succinctly, "Sinai III"—expanded that transaction to include the balance of the desert with additional huge payments to each side. Of course, that was not all President Carter intended; he had initially set out in great good faith to produce a comprehensive Middle Eastern agreement that would go to the heart of the dispute—the settlement of the Palestinian issue. But, here again, the pressures of a theatrical diplomatic process constricted the focus to the narrow objective of getting both sides to sign something—an objective that became all-important when the president engaged his personal prestige in the effort. The agreement that emerged has, by polarizing the Arab world, prejudiced any ultimate solution of the festering, substantive problems of the Arab-Israeli dispute to the disadvantage of the United States.

Recently we have witnessed a further variant of Diplomacy as Showbiz: the Prima Donna as Diplomat. Those two well-publicized personalities, Ambassadors Andrew Young and Robert Strauss, have both shown their disdain for the accepted rules of diplomacy. Young put the cap to a long career of free-wheeling by talking against instructions to a PLO representative, while Strauss returned from a mission to the Middle East with the announcement—unprecedented in diplomatic history for a serving ambassador—that he had never believed in the mission on which he had been engaged and was unprepared to accept instructions from the secretary of state.

It is not surprising that the chancelleries of the world have reacted to all this with a nervous mix of belly laughter and disbelief. No doubt, if we continue to practice our modern version of medieval diplomacy as showbiz, replete with well-advertised stars addicted to improvisation, while our permanent diplomatic establishment atrophies from desuetude, we can make foreign policy more entertaining. But at what cost to American leadership? Even if it's less fun, shouldn't we once again move boldly forward to the 15th century?●

NATIONAL MEALS ON WHEELS WEEK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House Joint Resolution 367, which has been cleared on both sides of the aisle.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. SCHWEIKER. Mr. President, I urge the prompt passage of House Joint Resolution 367, the House-passed version of Senate Joint Resolution 85 which I introduced June 6 to establish the week of September 16 through September 22, 1979, as "National Meals on Wheels Week."

I am pleased to have been joined in sponsoring this resolution by my colleagues, Senators CHILES, COCHRAN, COHEN, FORD, HEINZ, LUGAR, MCGOVERN, PACKWOOD, SARBANES, SCHMITT, STEVENS, STEWART, and STONE.

This year will make the 25th anniversary of the meals on wheels programs which serve nutritious food to the homebound elderly and disabled. This service is provided through the efforts of countless dedicated volunteers who devote much time to the cooking, preparing, and transporting of daily meals to elderly clients.

I am very proud that this valuable volunteer service began in my own State of Pennsylvania. In 1953, visiting nurses in the Philadelphia area noticed that several of their elderly clients were suffering from poor health due to severely inadequate diets. Answering the visiting nurses' appeal, volunteers in 1954 set up the first home-delivered meal program to aid these aged patients.

Since that first effort, meals on wheels programs have sprung up all across the country. They are locally based groups organized around the specific needs of their community and clientele. By providing both nutritious meals and warm personal contacts, the volunteers assist many of our Nation's elderly to live independently, to remain in their homes instead of in institutions.

Not only is it vital to honor the success with which meals on wheels has reached the elderly, but also its approach deserves recognition. This grassroots effort should serve as a model for other volunteer and community action programs. Because they are locally based, the meals on wheels projects can be responsive to special needs and individual preferences in a way that broader based programs could not. In addition, this is accomplished with minimal overhead and administrative expense. The meals on wheels service is still very much "neighbor helping neighbor." I believe it is important to keep this spirit alive. We must protect and expand private sector efforts to deal with community needs.

I have offered my resolution in recognition of the tireless dedication of these volunteers. Through their commitment, many of our homebound aged and disabled are living healthier, happier, and more vigorous lives.

I urge my colleagues to join me in supporting this significant legislation.

Mr. President, I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

H.J. Res. 367

Whereas, visiting nurses appealed for help to prevent further health breakdown and hospital admissions of several aged patients who were living on grossly inadequate diets; and

Whereas with the delivery of meals beginning in 1954, a new and progressive step in the care of the aged evolved which resulted in maintaining a number of elderly people as free and independent souls living at home instead of in an institution; and

Whereas over one hundred thousand well-balanced meals are delivered daily to aged and ailing people across the Nation to the end that they are happier, more vigorous, and better adjusted individuals; and

Whereas the delivery of meals originated on a volunteer basis in the private sector, has great merit as a direct service to the people, and bears witness to social and economic needs of many of our older citizens: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in recognition of the selfless service performed, the President is hereby authorized and requested to issue a proclamation designating the week of September 16 through 22, 1979, as "National Meals on Wheels Week" and inviting the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such same week with appropriate ceremonies and activities.

The joint resolution (H.J. Res. 367) to authorize and request the President to proclaim the week of September 16 through 22, 1979, as "National Meals on Wheels Week" was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DAYS OF REMEMBRANCE OF VICTIMS OF THE HOLOCAUST

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Joint Resolution 97.

There being no objection, the joint resolution (S.J. Res. 97) designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust," was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The resolution, with its preamble, read as follows:

Whereas, less than forty years ago, six million Jews as well as millions of others were murdered in Nazi concentration camps as part of a planned program of extermination;

Whereas the people of the United States of America should always remember the terrible atrocities committed by the Nazis so that they are never repeated;

Whereas the people of the United States should continually rededicate themselves to the principle of equality;

Whereas the people of the United States should remain eternally vigilant against all tyranny, recognizing that tyranny provides a breeding ground for bigotry to flourish;

Whereas April 13 has been designated internationally as a day of remembrance of victims of the Nazi holocaust, known as Yom Hoshoah; and

Whereas it is appropriate for the American people to join in the international commemoration: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, in memory of all the victims of the holocaust and in the hope that Americans will strive always to overcome cruelty and prejudice through vigilance and resistance, the days of April 13 through April 19, 1980, are hereby designated as the "Days of Remembrance of Victims of the Holocaust." The President is requested to issue a proclamation calling upon the people of the United States to remember the atrocities committed by the Nazis and to commemorate such days with appropriate ceremonies and activities.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMTRAK REORGANIZATION ACT OF 1979

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. CANNON, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 3996.

The PRESIDING OFFICER (Mr. LEVIN) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 3996) to amend the Rail Passenger Service Act to extend the authorization of appropriations for Amtrak for 3 additional years, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBERT C. BYRD. I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CANNON, Mr. LONG, Mr. HOLLINGS, Mr. EXON, Mr. PACKWOOD, Mr. SCHMITT, and Mrs. KASSEBAUM conferees on the part of the Senate.

ORDER FOR RECOGNITION OF SENATOR TSONGAS ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday after the two leaders or their designees have been recognized under the standing order, the Senator from Massachusetts (Mr. TSONGAS) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask that morning business be closed.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

SECOND CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Senate Concurrent Resolution 36, which the clerk will state.

The legislative clerk read as follows:

> Calendar Order No. 327, a concurrent resolution (S. Con. Res. 36) revising the congressional budget for the U.S. Government for fiscal years 1980, 1981, and 1982.

The Senate proceeded to consider the concurrent resolution.

Mr. ROBERT C. BYRD. Mr. President, under the statute I believe 15 hours constitutes the maximum time for debate on amendments, motions, et cetera, on the resolution; am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, am I also correct that time on any amendment in the first degree is 2 hours; time on any amendment in the second degree is 1 hour?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Am I correct that the time on any motion is 1 hour?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Am I correct that all such time must come out of the overall 15-hour maximum cap?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, I thank the Chair.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on Monday, after the order for the recognition of Mr. TSONGAS is completed, the Senate will resume consideration of the second concurrent budget resolution.

THE SECOND BUDGET RESOLUTION

● Mr. MUSKIE. Mr. President, 5 years ago, Congress made a historic and unprecedented compact with itself and the American people. By nearly unanimous votes, both Houses of Congress agreed to a new and daring experiment in budgeting called the congressional budget process. At the heart of that process are two budget resolutions a year and a reconciliation process to review and adjust spending and taxes before the fiscal year begins.

When the Budget Committee reported the second and binding budget resolution for 1980 last month, we advised the Senate that unless concrete action was taken promptly to reduce spending under already passed and enacted legislation, the deficit for 1980 would rise more than $2 billion higher than the deficit for 1979.

The Budget Committee recommended that reconciliation legislation be adopted pursuant to the budget act to reduce already enacted spending by $ billion in savings to control the deficit.

There was nothing new among these savings. They were the same savings the Senate approved last spring when it adopted the first budget resolution for 1980, which set the spending targets for the year.

The reconciliation recommendation by the Budget Committee, although an explicit part of the Budget Act, had rarely been employed before. A number of committees and Senators had concerns and questions about the implications of our recommendation. Before the Senate debated that recommendation, it was appropriate for members of both parties to thoroughly understand what we had recommended and why we had done so, for the Senate alone can determine whether the Budget Committee's recommendation should be adopted.

I am pleased to report that, as a result of thorough consultation with members on both sides of the aisle, an agreement has been reached to go forward with debate on the budget resolution Monday.

We have further agreed to modify in an important but limited regard the provisions of the reconciliation instructions as that debate begins.

The principal modification will be to reduce the spending to be saved by the reconciliation instruction in the case of the Committee on Finance from $1.7 billion in outlays to $1.4 billion and, in the case of the Veterans Committee, from $200 million in outlays to $100 million.

These reductions symbolize that the social security and veterans income programs need not be reexamined or reduced as a result of this reconciliation process. The savings will need to be achieved from other programs.

The second modification is to set a ceiling for the Appropriations Committee into which all appropriations bills for 1980 must be fitted. In the event any bill will exceed that total ceiling, the Appropriations Committee will report a rescission of other spending to avoid a breach of the ceiling.

This change recognizes that the appropriations process has missed the deadline provided for it in the Budget Act. This ceiling replaces the immediate rescission called for in the budget resolution as it was reported to stay within the ceiling provided. That committee can enact all of its regular appropriations bills before determining where appropriations spending needs to be cut.

At the same time, the total allocated to the Appropriations Committee will be no greater than if spending were actually reduced now by that committee by the $2.5 billion in outlays proposed in the reconciliation instructions reported by the Budget Committee.

No similar problem in the Budget Act timetable exists for the authorizing committees involved in the budget reconciliation process. No need exists to vary the instructions proposed in the budget resolution for those committees except modifications I have mentioned to eliminate the need to look at the social security and veterans income programs for savings.

But recognizing the fact that reconciliation has not previously been undertaken by the Senate, the period of time after adoption of the conference report on the budget resolution to recommend changes in legislation to achieve these savings has been extended to 30 days in the modification upon which we will vote.

Mr. President, these 2 days of meetings have served a very important purpose. They have smoothed the way for Senate consideration of this budget resolution by helping many more Senators understand the difficult fiscal and procedural problems we must deal with in the budget resolution. These meetings, as well as consultations with the minority, have produced a reasonable modification of the reconciliation instructions. They have provided reaffirmation of the congressional commitment to the compact we entered 5 years ago to deal more rationally with the Federal budget.

During the debate next week, we shall hear expressions of doubt that the process can succeed. Some may criticize even the carefully thought-out compromise I have described today.

But the Budget Act was born amid doubt that Congress would adhere to its timetable, would accept its discipline, or would keep the bargain we made with the American people to deal in a new way with the chaos of Federal budgeting which preceded the Budget Act.

The critics have been proved wrong until now. I am confident that the Senate will meet its responsibility under the Budget Act and prove the critics wrong once more.

We owe no less to ourselves and the American people.

I want to express my special gratitude for the patience of my fellow Senators during these difficult days and their support for the solution we have achieved. I want to acknowledge the special help and consideration of Senator Henry Bellmon and the other members of the minority side of our committee, not only in formulating this budget resolution, but in accepting the modification which has been hammered out.

And I want especially to thank and congratulate the majority leader, whose patience and understanding has made this outcome possible. As well as Senator Magnuson, Senator Long, and other committee chairmen for their understanding and cooperation.

For the benefit of all Senators in considering the forthcoming debate, I ask that a summary of the modifications in the budget resolution which have been hammered out and their details be printed at this point in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

Explanation of Compromise

The proposed compromise meets the concerns expressed by the Appropriations Committee that all regular appropriations have not yet been completed and that the appropriations process can live within the totals assigned to it by this Resolution. The compromise also reduces the amounts required to be saved by the Finance Committee by .3 billion in outlays and by the Veterans Committee by .1 billion in outlays. These reductions eliminate the need to review Social Security or veterans income benefits to achieve savings.

The specific details of the changes in the Resolution to achieve this compromise are as follows:

(1) The Resolution will assign the overall spending ceilings to the Appropriations Committee within which all appropriations bills must be kept. If a subsequent appropriation would breach these ceilings, rescissions of prior appropriations would be required. The existing reconciliation instructions to the Appropriations Committee will be deleted.

(2) The instruction to the Finance Committee will be reduced by .3 in outlays.

(3) The existing instructions to the Veterans Committee would be decreased by .1 billion in outlays.

(4) The time limit for action by authorizing committees under the Resolution is extended by 30 days.

(A) New budget authority, —$100,000,000;
(B) Outlays, —$100,000,000.
Fiscal year 1981:
(A) New budget authority, —$100,000,000;
(B) Outlays, —$100,000,000.
Fiscal year 1982:
(A) New budget authority, $0;
(B) Outlays, $0.

(s) Undistributed Offsetting Receipts (950):

Fiscal year 1980:
(A) New budget authority, —$19,700,000,000;
(B) Outlays, —$19,700,000,000.
Fiscal year 1981:
(A) New budget authority, —$21,500,000,000;
(B) Outlays, —$21,500,000,000.
Fiscal year 1982:
(A) New budget authority, —$23,900,000,000;
(B) Outlays, —$23,900,000,000.

Sec. 3. The allocation pursuant to section 302(a) of the Budget Act to the Committee on Appropriations for all legislation within its jurisdiction shall not exceed $383.6 billion in budget authority and $338.4 billion in outlays as assumed in this budget resolution. If some rescission of appropriations proves necessary to prevent any regular or supplemental appropriation for FY 1980 exceeding the ceilings provided in this section, the Committee on Appropriations shall report legislation to rescind the necessary amounts.

Sec. 4. Pursuant to subsection 310(a) of the Congressional Budget Act of 1974, the Committees on Agriculture shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly, in accordance with section 310 of such Act, their recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction by this section.

Sec. 5. Pursuant to subsection 310(a) of the Congressional Budget Act of 1974, the Committees on Armed Services shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly, in accordance with section 310 of such Act, their recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported on enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Sec. 6. Pursuant to subsection 310(a) of the Congressional Budget Act of 1974, the Senate Committee on Environment and Public Works and the House Committee on Public Works and Transportation shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $250,000,000 in budget authority and are instructed to report promptly, in accordance with section 310 of such Act, recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Sec. 7. Pursuant to subsection 310(a) of the Congressional Budget Act of 1974, the Senate Committee on Finance and the House Committee on Ways and Means shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $300,000,000 in budget authority and $1,400,000,000 in outlays and are instructed to report promptly, in accordance with section 310 of such Act, recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Sec. 8. Pursuant to subsection 310(a) of the Congressional Budget Act of 1974, the Senate Committee on Governmental Affairs and the House Committee on Government Operations shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in outlays and are instructed to report promptly, in accordance with section 310 of such Act, recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Sec. 9. Pursuant to subsection 310(a) of the Congressional Budget Act of 1974, the Committee on Veterans Affairs shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly, in accordance with section 310 of such Act, recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Sec. 10. Pursuant to sections 300 and 310 of the Congressional Budget Act of 1974, the committees specified in sections 4 to 9 herein shall report the recommendations required by this resolution within thirty days after Congress completes action on this resolution, but not later than November 1, 1979.●

RECESS UNTIL MONDAY, SEPTEMBER 17, 1979, AT 11:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11:30 a.m. on Monday.

The motion was agreed to; and, at 6:10 p.m., the Senate recessed until Monday, September 17, 1979, at 11:30 a.m.

EXTENSIONS OF REMARKS

GENERAL ACCOUNTING OFFICE REPORT SPECIFICALLY CALLS FOR MORE TESTS OF AIRBAGS

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, the Department of Transportation Appropriations bill, H.R. 4440, for fiscal year 1980 is scheduled for Tuesday, September 18. With our cosponsors, Congressman James Broyhill and I will offer the amendment that provides for an additional year of testing, research and development of passive or automatic occupant protection devices for passenger automobiles, such as airbags and passive safety belts.

Our amendment is a consumer protection amendment designed to ascertain whether these occupant protection systems, especially airabgs, are in themselves safe for occupants and whether their potential effectiveness for reducing accident fatalities and injuries is proven.

The recent evidence has mounted showing that there is absolute need for further research, testing, and development of the airbag technology before millions of vehicles are equipped with such systems. Contractor tests of airbags for DOT resulted in fires and explosions of the system which severely burned test dummies and made the airbag inoperative. GM tests in early 1979 using pigs as surrogates for out-of-position children, and earlier Volvo tests, show the hazard to children. Seven pigs died as a result of fatal injuries in airbag impacts in the GM tests, which has prompted that manufacturer to conduct further research. GM now has delayed its plans to voluntarily install some airbags in early 1981 model year cars due to these problems. More recent GM tests show continuing serious injuries to test subjects due to this problem.

Therefore, the extra fiscal year of 1980 testing under our amendment could be completed before the Federal Motor Vehicle Safety Standard 208 takes effect in model year 1982 for large-size cars which mandates passive equipment such as airbags or the automatic belts.

The General Accounting Office report to Congress, "Passive Restraints for Automobile Occupants—A Closer Look," as released by GAO July 27, 1979, clearly underscores and strongly supports the need for adoption of a program which our amendment provides, more research, testing and development by the Department and its National Highway Traffic Safety Administration.

Congressman Broyhill and I have provided each of our colleagues with a copy of the GAO report and urged their study and support for our amendment which is printed in the Congressional Record of July 12, page 18393:

LIST OF COSPONSORS

Thomas L. Ashley, William M. Brodhead, Carl D. Pursell, John B. Anderson, James J. Blanchard, Clarence J. Brown, Lucien N. Nedzi, Bob Traxler, Bob Carr, Phil Gramm, Carlos J. Moorhead, Tim Lee Carter, William D. Ford, James M. Collins, David Satterfield, Dave Stockman, Samuel L. Devine, and Matthew J. Rinaldo.●

NUCLEAR POWER AND ARIZONA

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. UDALL. Mr. Speaker, many of my constituents are vitally concerned about the continued use of nuclear energy. After the near-disaster at Three Mile Island questions about the ultimate safety of nuclear power have to be addressed, and we have to make some long-delayed decisions about plant siting, disposal of wastes, environmental costs, and other important issues. I have prepared a statement outlining my thoughts on some major questions regarding nuclear power, which follows:

NUCLEAR POWER AND ARIZONA

The issue of nuclear energy to generate electricity is not a single question. It is a dozen. They overlap and all are being hotly debated these days.

None of these questions can be resolved by shouting slogans or by demanding categorical positions on each piece of the puzzle.

As chairman of the House Committee on Interior and the Subcommittee on Energy and Environment, I am deeply involved and have a heavy responsibility in trying to wisely answer questions about safety, nuclear waste, state vetoes, moratoriums and all the rest. But final decisions should not be made solely by me or by the so-called experts. They involve all of us and the kind of society and country we want to pass along to future generations. I'm often asked my position on these complex questions. Here is a summary of my present thinking:

PROMISE OF THE FIFTIES

In the 1950s, we decided that nuclear electricity was good, feasible, safe and inexpensive and that it ought to be encouraged.

Our political leaders, the best scientists, all saw it as "power for the people," as energy for the underdeveloped world and for nations not blessed with coal or oil.

In hindsight, it is clear that we were too optimistic and that we now owe it to ourselves to reassess the whole nuclear picture.

But we are not in a position to make a fresh decision about producing some nuclear energy. We crossed that point a long time ago. As you read this, 12 percent of the electricity in the United States is being generated by nuclear power plants. And in some regions, such as New England and Northern Illinois, nuclear power is producing 30 to 50 percent of the electricity. We can't undo the past, go back to the 50s, and start over.

LET'S INSIST ON SAFETY

Today, we have some 70 nuclear power plants in operation, producing that 12 percent I mentioned. Realistically, we must accept these plants and acknowledge that they will play some part in our electrical systems through the 1980s and 1990s. But we must heed the lessons of Three Mile Island and other troubling reactor incidents of recent years. We must insist that these plants be made safe, and when they are found to be unsafe, they ought to be closed.

MAJOR INVESTMENTS

In addition to the 70 operating plants, there are about 96 nuclear plants under construction. Some will be completed this year; others are in early stages. I believe that plants which have major investments of money and material should be treated the same as those which now have operating licenses.

In each case, plant designs should be modified to enhance safety and to prevent close calls like that at Three Mile Island.

THE PALO VERDE PROJECT

Some thoughts about the Palo Verde project: Three of the 96 reactors in the construction phase in this country are at the Palo Verde site owned by the Arizona Public Service Company and located west of Phoenix. More than $1 billion has been spent on these three identical reactors. The proposed Units 4 and 5 have been cancelled. I favor completing Plants 1 and 2. Unit 3 is a closer call. Because it is part of a single complex on which large and interrelated expenses and liabilities have been incurred, I would favor leaving it out of any moratorium.

NUCLEAR EXPANSION AND THE PUBLIC

But, the most serious question we face is whether additional new plants beyond the 168 I have already discussed should be allowed, encouraged or forbidden. In the Nixon years, our government was projecting and supporting construction of more than 800 plants by the year 2000. As recently as last year, the Carter Administration was talking in terms of 300 or 400 plants by the end of the century.

I do not favor constructing any additional nuclear plants beyond the 168 already under construction or in operation. We should hold off encouraging or permitting new plants until our country has made a thorough evaluation of where the future will take us. The fact is that nuclear power is unlikely to expand unless the American people will accept (1) living close to nuclear power plants, (2) a system of transporting nuclear materials, and (3) a nuclear waste system they can live with. And the truth is that all three are in trouble.

If we wisely use the operating nuclear plants, plus the 96 under construction, they can serve as a bridge for the next 20 years or so to give us the lead time we need to change to a new energy mix based on coal, solar, wind, bio-mass, hydrogen and all kinds of renewable, simple technologies.

If we go heavy on conservation efforts in every aspect of our lives and in industry and transportation systems, think we can get through those 20 years and be in a position to begin a phase-out of existing nuclear plants, as they wear out. There will be no single, quick technological fix for our energy problems. Nuclear energy can serve as a "bridge" to an era of new power sources. That era, I suspect, will hold the answer of not one, but several dozen answers—each contributing a small percentage to the solution.

THE BREEDER REACTOR

In light of the trouble we have had with this first generation of nuclear reactors and the unanswered questions about nuclear power, I believe we should call off the Clinch River Breeder reactor plant. Its design is outmoded. I do support continued research

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

on a variety of breeder models and cycles. Some of them may prove out, but we have a couple of decades before we need to decide whether we wish to run the additional risks involved in this more complex and possibly more dangerous application of nuclear technology.

THE STATE VETO

With regard to states' rights and nuclear power, I favor amending the Atomic Energy Act to grant specific authority to states, allowing each to establish conditions under which nuclear power plants might be constructed. This would allow states to establish site conditions and certain characteristics of plant design, but I would insist that state regulations be at least as stringent as those of the Nuclear Regulatory Commission, and the states would also be allowed to prohibit new nuclear plant construction if they so decided.●

THE MORAL EQUIVALENT OF BANKRUPTCY

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. PAUL. Mr. Speaker, the National Taxpayers Union had a magnificent statement in today's Wall Street Journal. Entitled "The Moral Equivalent of Bankruptcy," the statement shows the failure of Government intervention in energy, and outlines the only policy that will help our country: freedom.

I would like to bring this excellent essay to my colleagues attention:

THE MORAL EQUIVALENT OF BANKRUPTCY

President Carter has made high drama of his proposal to implement oil import controls and increase government spending on energy by yet another $142 billion.

Thinking citizens, however, will ask more than high drama of Mr. Carter. They will ask, as we do, that he face up to the true causes of our current energy debacle.

SHOULD WE BLAME OPEC?

OPEC is not, as claimed by Mr. Carter, "the direct cause of the long lines that have made millions of you spend aggravating hours waiting for gasoline."

A disruption in world oil production, such as that caused by the revolution in Iran would not lead to gas lines here, as it did not in other countries, if the market were permitted to allocate supplies. Not even the gas lines experienced during the era of embargo of 1974 can be blamed on conditions beyond our control. Over the previous year, our stocks of crude oil and petroleum products actually rose by 85 million barrels. The long lines at gasoline stations were produced by the government price controls and allocation system.

NOTHING SUCCEEDS LIKE FAILURE

Rather than moving away from private development and delivery of energy, we should be reducing subsidies, dismantling controls and lowering taxes. A competitive oil industry will better serve the consumer than any possible combination of government bureaus.

Of course, some claim that the market cannot work. That claim was made two years ago when we were told that the shortage of natural gas could not be alleviated by the lifting of price ceilings. Nevertheless, the Congress acted to loosen natural gas price controls with the result that the shortage was lessened. While only two years ago President Carter was proposing legislation to prevent industry from using natural gas, today the Department of Energy is urging industry to use more natural gas.

Where is the evidence that our energy future be more safely entrusted to government than to private companies operating under the spur of profit and competition? A dollar spent by private enterprise on research and development yields many times more return than a dollar spent by government.

Nonetheless, Mr. Carter now wants to create two new energy agencies. He believes that the Energy Security Corporation and the Energy Mobilization Board will succeed where the Federal Energy Office, the Energy Research and Development Administration, the Federal Energy Administration, the Federal Energy Regulatory Commission, the Federal Power Commission and the Department of Energy have failed. This, to borrow Dr. Johnson's words, is "a triumph of hope over experience."

PAYING MORE OR LESS

Mr. Carter proposes to spend $88 billion to develop synthetic fuels. To avoid paying $20 a barrel for oil, we are to spend $40 (or perhaps more) a barrel—not even counting the heavy environmental costs.

And to top it off, an import quota is to be instituted as a kind of protective bargain. Our goal should be to reduce the costs which our economy must bear to obtain energy, not increase them. Under Mr. Carter's plan the consumer has no opportunity to avoid paying more for energy by limiting his consumption. He will pay—through budget deficits and higher taxes—whether he uses the energy or not.

A PRESCRIPTION FOR FURTHER ECONOMIC DECLINE

The only result to be expected from the Carter program is further disruption of energy markets, less incentive for genuine conservation, lowered productivity and permanently higher costs for the energy we use. We are dangerously dependent on a thin line of tankers stretched around the globe. But the cure proposed by Mr. Carter is worse than the disease. In strict logic, our adverse balance of payments is not caused by oil imports. If that were true, Japan and Germany would be in much deeper trouble than we are. Those countries import almost all of their crude oil while we import less than half. Yet they enjoy substantial trade surpluses. The yen and the mark appreciated, while the dollar declined. It is not oil imports that are the primary cause of the decline of the dollar. It is excessive government spending, budget deficits and undue monetary growth.

The President's program would aggravate the problem rather than solve it. It would swell budget deficits, take more resources away from the productive segment of our economy and worsen rather than alleviate inflation.

NOT ONLY ECONOMIC COSTS

The economic costs of the Carter program are not the only costs: our liberties will suffer as well. Energy spies will check our thermostats. The proposed Energy Mobilization Board would have the power to abrogate property rights and run roughshod over due process of law. In a recent briefing, a White House official put it this way: "as far as energy is concerned, this is going to be a government of men, not of laws."

Is this a policy on which to build our future? We think not. The right policy is to end at once the government controls on oil, gasoline, and natural gas; end government allocations of gasoline; and abolish as promptly as possible the Department of Energy.●

FEDERAL SPENDING LIMITATION AMENDMENT

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. CONABLE. Mr. Speaker, on September 11 I joined my colleague, Mr. JENKINS of Georgia, in introducing House Joint Resolution 395, proposing an amendment to the Constitution to protect the people of the United States against excessive governmental burdens and unsound fiscal policies by limiting total outlays of the Government.

The continuous and excessive growth of Government expenditures and resulting deficits are a chief cause of the inflation that has troubled us for too long. Many of us in Congress have tried to limit the growth of Federal spending, but without much success. The centralists who view every problem of society in terms of a government solution have continued the expansion of Government. As a result, Federal Government spending has moved up to more than 22 percent of the gross national product (GNP) in recent years from historic levels nearer 18 or 19 percent. But there is now widespread concern and a growing movement for some form of ceiling on Federal spending in order to restrain Government. The amendment we are offering could be a major weapon against inflation, by restraining spending and leading to a balanced budget, while preserving the flexibility we need to respond to economic problems and national emergencies.

The amendment prohibits the Federal Government from increasing overall spending by a rate any larger than the most recent increase in the GNP. Should there be a surplus of Federal revenues over outlays, it must be used to reduce the national debt. Beyond that, the amendment contains an additional inflation fighter. Recent high levels of inflation discourage savings and capital formation. Absence of venture capital means a lower rate of economic growth, and fewer jobs. Our amendment states that whenever inflation is more than 3 percent a year, then the growth in Federal spending is limited even more sharply.

Flexibility is maintained by permitting Congress to authorize expenditures in excess of the limit in the event an emergency is declared by the President. This action would require a two-thirds majority vote of each House; if the need continues, this authority must be renewed each fiscal year. Emergency outlays, however, may not become part of the spending limit base in subsequent years.

Another important feature of this amendment is the protection it provides State and local governments so that they are not required to bear the brunt of spending restraint. During the first 6 years after ratification, total grants to State and local governments must not be less than the current proportion of Federal spending. After 6 years, grant reductions are permitted but only in conjunction with a dollar-for-dollar reduction in Federal spending.

This type of limitation seems preferable to me to an amendment requiring a balanced budget, however desirable that result is. To balance the budget at a high level of taxation is no great favor to the American people, or at least not in comparison to one restraining the growth of the burden of government upon them.

Mr. Speaker, it is imperative that our Government promote a more stable economy to protect the value of wages and savings, to provide continuing opportunity and assurance to our people in planning for the future, and to enable us to maintain national security commitments at home and abroad. There have been many proposals to force Congress to curb Federal spending, but it is time we try an approach that offers a real possibility of success. I think this proposal does and I urge my colleagues to join me in bipartisan support of this amendment.●

COLUMNIST/COMMENTATOR JACK ANDERSON WARNS CONSUMERS ON POTENTIAL HARM FROM AIR-BAG SYSTEMS

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, on September 13, 1979, columnist and broadcast commentator Jack Anderson, on his nationwide syndicated newscast, reported on the question of safety of air bag systems for automobile occupants. He warned of the explosive chemical sodium azide that will be used to detonate air bags.

His newscast text follows:

> Air bags which inflate on impact can cut down on the number of injuries in auto collisions. Their proven safety benefits led Congress to mandate that car manufacturers equip new autos with air bags or passive restraint systems by 1983. (The date should have been model year 1982.) But now I've learned that the bags may harm you more than help you. A most likely substance for filling the bag is called sodium azide. Environmental Protection Agency investigators have found that the chemical is dangerous. It is about as toxic as a similar cyannide compound. The harmful substance can cause eye irritation, weakness, and increase blood pressure. It is suspected of being a carcinogen and can form highly explosive compounds when combined with other metals. The General Accounting Office is now looking into the harmful side effects of sodium azide.●

WHY SHOULD CONGRESS FUND RESEARCH?

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. BROWN of California. Mr. Speaker, during the floor debate on the National Science Foundation authorization earlier this year, I believe some of my colleagues had difficulty to some degree understanding NSF's role in the support of fundamental scientific research. Much of the debate concerning NSF and its budget involved titles of NSF-sponsored research that some of my colleagues considered frivolous and suggestive of wasteful spending.

I raise the issue again today because the Director of the National Science Foundation, Dr. Richard C. Atkinson, raises it explicitly in an article published in the September 6 edition of the Washington Post. Dr. Atkinson asks:

> Why, in these hard times, is the government giving money to scientists to study bugs and monkeys? If we are going to support science, let's at least have the scientists do something practical like developing synthetic fuels, or finding a cure for cancer, or improving economic productivity."

The NSF Director points out that support of basic research consumes only one-eighth of the U.S. spending for research and development. He notes, however, that—

> It is the vital precursor to such practical scientific applications as developing synthetic fuel, or finding a cure for cancer, or improving economic productivity.

Dr. Atkinson makes a point with which I strongly agree, he says:

> Clearly, what we can realistically hope to achieve with our technology at any given moment is harshly constrained by the availability of fundamental knowledge. Unless we continually expand this knowledge, we will find our potential for new and beneficial applications contracting before our eyes.

I commend the article to my colleagues, and I ask unanimous consent that it be included in the RECORD:

[From the Washington Post, September 9, 1979]

OF TALKING MONKEYS AND GAS IN THE TANK

(By Richard C. Atkinson)

A minor industry in certain quarters is the generation of stories with headlines like "Uncle Sam Wastes *Your* Tax Dollars to Study Sex Life of Screwworm Fly" or "Scientists Gets Cushy Federal $$$ Teaching Monkeys to Talk."

Invariably, the scientific activities targeted for this treatment are government-funded research projects of the most fundamental sort, designed to expand our base of scientific knowledge rather than achieve some specific objective. What gives these formula pieces their particular bite is that the work seems irrelevant—sometimes absurdly so—to pressing daily concerns like coping with high prices or getting gasoline into the car.

Why, in these hard times, is the government giving money to scientists to study bugs and monkeys? If we are going to support science, let's at least have the scientists do something practical like developing synthetic fuel, or finding a cure for cancer, or improving economic productivity.

There is a brusque, no-nonsense logic to this approach, but it is a blinkered logic, one that fails to grasp the full role of science in our highly technological culture. If it were to govern the distribution of research funds, it would ultimately sap the vitality of the nation every bit as destructively as economic depression or energy starvation.

It is true, of course, that one of the most important roles of scientific research is the development of new products and the introduction of new technologies. Indeed, this sort of applied and developmental work accounts for the great bulk of our national R & D effort, both public and private, and it is perfectly appropriate to judge its worth in terms of the direct economic and social benefits it will bring.

What I am concerned about is the remaining one-eighth of U.S. research, that which is basic in character. The goal of this work is to expand our knowledge of life and our universe without regard to specific applications. Consequently, basic research may seem to be an aimless, free-floating indulgence, yet its product is an expanding web of knowledge containing the seeds of future applications and future surges in technology. It is the vital precursor to such practical scientific applications as developing synthetic fuel, or finding a cure for cancer, or improving economic productivity.

To illustrate the critical relationship between the two types of research, suppose the nation had declared a "war" on polio in the 1920s, seeking a quick fix to a major problem. Today we would boast of a magnificent technology in iron lungs, powered wheel chairs and other chilling appliances that were our only answers to that disease until the 1950s. Only after research of the most basic kind had brought to light the viral origin of the disease was it possible to develop the Salk and Sabin vaccines, which have proved so effective. Clearly, what we can realistically hope to achieve with our technology at any given moment is harshly constrained by the availability of fundamental knowledge. Unless we continually expand this knowledge, we will find our potential for new and beneficial applications contracting before our eyes.

Consider those fanciful headlines again. The screwworm fly is a major cattle pest in the South and Southwestern United States. In the years of its unchallenged infestation, it exacted annual losses of hundreds of millions of dollars on the cattle industry. But the pest has an Achilles heel—its reproductive cycle. By releasing huge numbers of sterilized but otherwise viable insects on the wild population, it has been possible literally to "mate" the screwworm fly out of existence in large regions of the United States.

Before the Agriculture Department could launch its remarkable eradication effort, an extensive body of prior scientific knowledge had to be assembled. One important part was the discovery in the 1940s that insects could be made sterile by X-rays. That discovery arose in an entirely different context—genetic experiments with fruit flies. Another part was the gathering of data on the population densities of various insects in the natural state. Only after this foundation of prior knowledge was constructed could scientists predict with confidence that low-density populations of insect pests like the screwworm fly would be vulnerable to the sterile-insect release method.

With respect to the second headline I have concocted, scientific interest in the remarkable facility chimpanzees have displayed in understanding and using linguistic symbols is largely fundamental at the present time, promising insights about the development of language as well as intelligence itself. But it is already apparent that the work has important applications, and may find many more, in helping learning-disabled children acquire language and helping adult stroke victims reacquire language.

To deride basic research projects like these as "academic con-games" or to insist that all government-supported scientific inquiry have a practical aim is simply to ignore the deep linkage between basic research, technological advance and economic and social welfare. Such a stance may seem tough-minded and the essence of common sense in light of the harsh economic realities we face today, but it is hardly the basis of sound public policy. Such tunnel vision would simply foreclose our nation's future options and deprive it of a fertile source of cultural, social and economic enrichment. As we look into the future, it is clear that our national well-being is going to depend on how wisely we deal with the constraints of a world with very real resource limitations. The roots of that wisdom are forming now and must be nurtured.●

LITTLE LEAGUE CHAMPIONS

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. MINETA. It gives me great pleasure to rise today to honor the 14 outstanding young men of the Campbell, Calif., Little League team. On August 24, 1979, they became the U.S. Little League champions and earned the right to play the All Stars from Taiwan in the World Series championship game.

The Campbell Little League team represented the finest 12-year-old baseball players from Campbell and West San Jose, Calif. Team members included Steve Tonini, Rich Stanifer, Frank Ortiz, Mark Phillips, Greg Vaughn, Tim Farnham, Bob Fraka, Matt Allison, George Tsamis, David Niemeyer, Jim Zaccheo, David Carlson, Ray Hixson, and Dave DeCarlo. The team was managed by Subby Agliolo and coached by Bill Wright.

Although these fine athletes were not the world champions, they are definitely champions in every sense of the word. They played their best, and ably represented the hospitality and good will of the United States. They were the only team to score a run against the Taiwan team in the championship playoff games.

Mr. Speaker, I ask you and all my colleagues in the U.S. House of Representatives to join me in congratulating an outstanding team on a superb season. The "Campbell kids" are truly No. 1 in the West.●

THE TIME HAS COME FOR INDEXING

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. ARCHER. I would like to commend to my colleagues' attention the following editorial that appeared today in the New York Times regarding indexation of various elements of the tax code—a move which I have long advocated to get the Federal Government out of the business of taxing inflation itself.

The editorial makes a convincing argument for initiating such changes in this Congress. As those who served in the last Congress will recall, we took the first step in this direction last year with the passage of my amendment to the Tax Act of 1978 which would have indexed capital gains. That amendment did not survive in conference during that last hectic days of the session—but the message of the House was clear. Indexing is indeed an issue whose time has come.

The editorial follows:

TAX CUTS FOR INFLATIONARY TIMES

New tax cuts are now all but inevitable. They are being proposed by conservatives and soon will be by liberals. The Administration's official wait-and-see attitude will not long withstand the chill of this fall's increasing unemployment. Tax cuts could moderate that chill before the 1980 elections. If well designed, they could also lift from taxpayers the extra burden of inflation. So how should such cuts be designed?

Past reductions have cut taxes by the same percentage for everyone. They have been justified as being easy to enact in order to stimulate the economy. They have, moreover, relieved taxpayers whose dollar salaries and taxes were rising while their buying power was not. But one good argument against another such simple cut is that inflation has worsened. It is pushing taxpayers into higher tax brackets despite a parallel loss of buying power. Periodic flat tax cuts cannot readily correct for that kind of loss. This time the cuts should be made by indexing income taxes, personal and corporate, directly to inflation.

Suppose the law calls for a tax rate of 30 percent on an income of between $25,000 and $30,000. An indexed tax cut would specify that if the rate of inflation is 10 percent, the 30 percent rate would be moved upward to those earning between $27,500 and $33,000. The tax rate for those whose incomes remained the same would fall, reflecting the loss in the value of the dollar. Exemptions, deduction limits and credits would be indexed in a similar way.

For corporations, the chief impact would be on depreciation charges. If a machine cost $10,000 and lasted 10 years, during which inflation totaled 100 percent, the firm would be allowed a depreciation deduction of $20,000. Replacement costs would substitute for historical costs in figuring depreciation—a powerful stimulus to investment.

Indexing is the right way to solve problems that will otherwise be solved in the wrong way. Suppose a stockholder owns shares that have risen in value from $100,000 to $150,000 while the cost of living has risen 100 percent. The owner has a real income loss of $50,000; to have stayed even, the stock would have had to rise to $200,000. But the owner still must pay taxes on a paper gain of $50,000. Congress, in addressing such inequities last year, reduced the tax on capital gains. But the reduction gave tax breaks to some people who did not deserve them and, in general, the size of adjustments failed to correspond to real gains or losses.

There are now comparable pressures on Congress to shorten the "official" period over which capital assets can be depreciated to correct for inflation. That would lower the average tax rate on capital investments. But, again, there is no correspondence between the tax cut and the actual losses from inflation.

As the growth of unreported income shows, our tax system is already badly out of balance. To fail to right it properly would guarantee further unfairness and more cheating. If revenues are, in effect, to be handed out in an antirecessionary tax cut, they should be handed out by indexing the system to inflation.●

THE KURDS—BEYOND THE MELTING POT

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. MICHEL. Mr. Speaker, one of the great myths that has not survived the last half of the 20th century is the "melting pot" theory of national and international affairs. We were told by experts that high-speed transportation and electronic communications media would erase differences between various nations and ethnic groups. We were told that everyone was eager to cast aside old ways and old beliefs and jump on the jolly bandwagon of progress as defined by Western intellectuals and experts.

Well, it has not quite turned out that way. Instead of the world becoming one great melting pot we have fierce tribal wars in Africa and rising nationalistic fervor among the Scottish and the Welsh. The Vietnamese, Cambodian, and Chinese are engaged in conflicts with each other that are as much ethnic as political in origin.

The Kurds, an ancient and proud people have also refused to be thrown into the melting pot. They deserve our attention.

At this point I wish to insert in the RECORD, "The Kurds and the PLO," an editorial in the Peoria Journal Star, September 7, 1979:

THE KURDS AND THE PLO

As the regime of the Ayatollah Khoumeini wages a "holy war" against the Kurds, who speaks a single word for the "legitimate rights"—or human rights—of the Kurds?

In the United Nations, they go on about the Palestinians—but not a word about the Kurds. In the Havana conference of "unaligned nations" Castro and company attack Israel and root for the PLO—but nobody has a word to say on behalf of the Kurds.

Strange?

It should be.

It happens that one of the top authorities of the Kurdish nation in our land is a native Peorian, William Eagleton, who visited them in their mountains and made a study of them and wrote a book about them in the course of his unique service with the U.S. State Department.

We think Bill Eagleton would tell us that the Kurds are an ancient and distinctive ethnic nation with their culture, their own Iranian dialect from very ancient times, their own social structure, community life—and territory—which they have occupied since the Seventh Century, for sure, and many authorities believe since antiquity.

They are not a recently invented or artificial group such as we now call "Palestinians" who except for a British Mandate territory within a small span of this century are totally indistinguishable from any other Arab population.

The Kurds are and always have been fiercely independent in their aims and in their spirit . . . and there are far more of them than there ever were "Palestinians" in the British Mandate called Palestine.

The Kurds have a better claim to natural and ethnic and territorial "nationhood" than the Palestinians—and far, far better claims than the PLO, which is a bunch of terrorists from many Arab nations, in fact, and some terror gangs who are not even Arab.

Indeed, the only common denominator of the PLO's "Palestinian" terror gangs are their Marxist dogma and Communist weapons.

They do not represent the Palestinians. They terrorize the Palestinians into submission—and are presently engaged in violently resisting the efforts of Egypt and Israel to devise a recognition of the true Palestinians that could be accomplished by terror-free elections.

What is incredible is that American "liberals" seem to insist that the PLO be "recognized"—and thus imposed—on the Palestinians, themselves, instead of devising a true representative process for the evolution of a Palestinian state.

The fakery of this whole tactic of the Arab world, however, is dramatically demonstrated by the fact that every argument raised on behalf of the PLO and "Palestinian rights" applies to the Kurds—more aptly than to the Palestinians or the PLO.

Yet, not one voice is raised when an Arab ally turns loose their tanks and planes and automatic weapons on the Kurdish people . . . to keep them in subjugation.

If the principles being expounded on behalf of the PLO are valid, the treatment of the Kurds by the international community is totally inexcusable.

Those who spout the principles, however, do not believe in them. They are fakes. What is being pursued in the Middle East is a power struggle and in the international community that gives lip service to it, such a policy is pure expediency.

Human rights have nothing to do with it. We need not delude ourselves about that any longer.

When the PLO is exalted and the Kurds ignored, it is crystal clear that what is involved is not principle. It is oil.

The common denominator is simple enough. Those attacking the Kurds have oil. Those rooting for the PLO have oil. Ergo, the Kurds are wrong and the PLO right.

That is the only continuing "principle" that fits, in fact.

And all the fancy words being spouted add up clearly to pure bunk.●

OUTMODED DELANEY CLAUSE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. PAUL. Mr. Speaker, the outmoded Delaney clause almost caused the banning of saccharin. Should Government have the right to remove this valuable substance from the market? Of course not. In a free society, consumers make their own choices. In this area, the Congress has so far listened to the people, and refused to allow the FDA to ban saccharin.

Now, the would-be big brothers and big sisters in the Federal Government want to ban sodium nitrite—the very important chemical used in the curing of meat—which prevents botulism.

Outlawing this chemical would have serious economic, health, and nutritive effects, and recently Charles D. Nyberg of the Hormel Co. gave an excellent talk about them.

As a physician, I would like to draw excerpts from it to my colleagues' attention at this point:

SOLA DOSIS FACIT VENENUM (ONLY THE DOSE MAKES THE POISON)

(By Charles D. Nyberg)

I have the privilege to talk to you tonight about a very remarkable chemical. As with most things, there is a good-news, bad-news side to the subject.

The good news is that the most lethal form of food poisoning is stopped cold by this chemical when it is used in food products.

The bad news is that some scientists contend that it may cause cancer in laboratory animals when administered at high dosage levels.

The chemical is sodium nitrite.

The immediate issue is whether it will continue to be permitted as an ingredient in meat products.

The larger issue is whether confidence in the integrity of the nation's food supply can be maintained under our present regulatory system.

What is all the fuss about? Simply put, it's cancer. All of us loathe it. None of us want it. And most of us will do anything we can to keep from getting it.

The problem is, we really don't know what causes it in most cases. And that generates all sorts of additional problems. . . .

We are the best fed nation in the world. But, no nation is more apprehensive and nervous about the safety of its food supply.

Why? Why shouldn't we be thankful for the bounty of our harvest and relax and enjoy it?

Dr. Elizabeth Whelan and Dr. Frederick Stare, in their book, "Panic in the Pantry," put their finger on a large part of the problem. They say that, "while food fads and concerns about food safety are nothing new, they are today receiving an extra boost from the Delaney Clause, a controversial piece of legislation that promotes unscientific and panic-based bannings of food additives."

The Delaney Clause basically says that when any food additive is shown to cause cancer in people or animals, it must be banned. That certainly sounds reasonable enough.

Back in 1958, when the Delaney Clause was enacted into law, scientific methods and equipment could detect 100 parts per billion of certain substances in foods. Anything less than 100 parts per billion was automatically equal to zero. But scientific methods and equipment have improved dramatically over the past two decades. Now scientists can detect substances in food in very small quantities, in some cases in parts per trillion. One part per trillion is about the equivalent of one grain of sugar in an olympic-size swimming pool. Our ability to detect traces of substances in food has gone far beyond our ability to interpret what the presence of those substances means.

This, added to the inflexibility of the Delaney Clause, causes no end of problems. Under Delaney, if any food additive, in any amount, for any length of time, is shown sometime, somewhere, under some circumstances to cause cancer in laboratory animals, the substance must be banned.

Common sense tells us that too much of anything can be harmful to us. Too much sun can cause skin cancer, but we don't shut ourselves indoors around the clock to avoid that risk.

Close to 50,000 people die from auto accidents and 8,000 people drown each year. But most of us continue to accept the risks of riding in cars and going swimming. We accept the benefits of those activities and the risks that go with them. And so it goes in almost every aspect of life.

Not so with food additives, says Delaney. Here, the normal rules of life are changed. We will allow all of the benefits of modern food technology but only at the price of absolute safety, with absolutely no risk. Nice goal if you can reach it. But you can't. And—as is the case with trying to reach any impossible goal—the result is frustration and confusion.

The use of food additives has increased dramatically since the turn of the century. At the same time, cancer has moved from being the eighth leading cause of death in 1900 to the second leading cause of death today. Therefore, some people conclude, cancer must be linked to the use of "unnatural" food chemicals.

That conclusion may seem plausible at first blush, but it is not supported by facts. Statistics clearly show that the increase in deaths from cancer in the United States during the past 40 years is due to an increase in lung cancer. The death rate from lung cancer is now 18 times as high for men, and six times as high for women, as it was 40 years ago. There is just no connection between food additives and lung cancer. Deaths from lung cancer are directly related to the growth in popularity of cigarette smoking between 1900 and 1964.

And what about the frequency of cancer at all other sites of the body? Cancer has actually declined or stabilized. Indeed, the suggestion is made by reputable scientists that food additives may be responsible for all, or part of, the decline in deaths from stomach cancer.

Way back during Renaissance times in Europe, Paracelsus, a noted physician, said "*Sola dosis facit venenum,*" which means "*Only the dose makes the poison.*" That is as true today as it was then.

Something that's good for you in small quantities may be toxic in larger quantities. Take potatoes. We usually think of potatoes as one of our simpler foods. Actually, there are about 150 different chemical substances in a potato, including arsenic and solanine. You all know what arsenic is. Well, solanine can also be toxic. In consuming an average of about 119 pounds of potatoes a year, we take about 9,700 milligrams of solanine into our systems. Enough to kill a horse. But, it doesn't matter, does it?—because we don't eat that much of it at any one time.

And then there are lima beans. We consume an average of 1.85 pounds of lima beans per year. These tasty little morsels contain hydrogen cyanide, a deadly poison. But, again if we eat like normal human beings, we don't have health problems with lima beans.

I like my coffee . . .

There are 393 chemical compounds in coffee. One of them is caffeine. This "natural" substance has been found to cause abnormalities in unborn mice if it is fed in large doses during pregnancy. It has also been suggested that there may be a relationship between the amount of coffee consumed and cancer of the bladder. None of my heavy-coffee-drinking relatives have had these problems, but then they didn't drink it by the barrelful either.

Nevertheless, maybe it's best to play it safe. Maybe we should drink decaffeinated coffee. Well, we won't be out of the woods here, either.

One of the world's largest food companies de-caffeinated coffee by a special process several years ago. They used a solvent called trichloroethylene (TCE) to de-caffeinate coffee. Minute traces of the chemical were left in the coffee during processing; and it was, technically, therefore, a "food additive." It was investigated by the National Cancer Institute, and the preliminary report of the institute indicated that *in very large* dosages, TCE caused cancer in mice.

How large were the dosages administered to mice? Translated to the human diet, that same dosage could be reached only by a human being drinking 50 million cups of decaffeinated coffee per day, for 70 years. Good grief—what a comparison! Yet, the manufacturer soon quietly discontinued the product because of a fear of adverse publicity

When I walk through downtown Minneapolis or St. Paul about lunch time, these days, I see the "natural" foods generation walking around, or sitting around, eating yogurt.

Many people consider yogurt to be about as perfect a diet food as you can find. Researchers at Johns Hopkins Hospital in Baltimore conducted an experiment on yogurt and put rats on an exclusive diet of this wonder food. They grew normally, mated, had normal litters, but 100% of those yogurt-eating rats developed cataracts. Not half of them, or 75% of them—all of them developed cataracts. The researchers ventured the opinion that the high galactose levels in commercially prepared yogurt may have been responsible for this condition. Alarming, isn't it? But, then, who do you know who eats nothing but yogurt?

There is an additional point of interest here. All of these yogurt-eating rats developed cataracts. But, when food additives are tested much the same way, they are in danger of being banned if only a small percentage show some evidence of health problems.

Which brings us to nitrite. First, a word about nitrate. Nitrate is a naturally occurring substance that is found in vegetables, in water, in the soil, and even in the air. It was probably originally discovered as an impurity in salt. Small amounts of it have been used for thousands of years to cure meats. In the curing process it converts to nitrite.

Nitrite performs several vital functions in cured meats. It gives cured meats their special flavor and appearance. Without it, we could not have bacon, sausages, hams and other meat products as we know them today.

But most important, nitrite prevents botulism, a very deadly food poisoning—perhaps the most deadly food poisoning known to man. It has been estimated that an 8-ounce glassful of botulinal toxin would be enough to kill the entire human population of the world.

Nitrite is the only substance we know of that produces the characteristic color and flavor of cured meats and also protects us against deadly food poisoning. No substitute has been found, even though more than 700 substances have been tested as possible replacements for nitrite.

Why, then, is nitrite in trouble?

Some time ago, it was found that nitrite may combine with certain other substances to form something called nitrosamines. It was also found that nitrosamines *may* cause cancer in test animals when they are fed *large* quantities of the material.

Research over the past decade has shown that nearly all cured meats are free of nitrosamines. Very small amounts of a specific nitrosamine were found in some samples of fried bacon, but only when that bacon had been fried at severe temperatures.

Until recently, the controversy surrounding the use of nitrites centered upon the issue of nitrosamines. Since August of last year, however, the issue has expanded to the question of the safety of nitrite itself. And that is unfortunate.

In August, 1978, the United States Department of Agriculture and the Food and Drug Administration announced that the findings of a Dr. Newberne at the Massachusetts Institute of Technology indicated a *possibility* that nitrite caused lymphoma in laboratory rats. Based on that report, proposals are being advanced within those agencies to ban nitrite. This is being done even though Dr. Newberne has said that *he* would not recommend a ban without additional studies on different strains of rats.

We do not agree that the Newberne study indicates that nitrite is either a dangerous chemical in the amounts in which it is used in cured meats, or that it ought to be banned.

For one thing, the research under the Newberne study was conducted with a strain of rats that were especially cancer prone. Also, the rats that were used in these tests were fed doses of nitrite 1,500 times as great as the average human would consume from cured meats. It would be the human equivalent of eating 586 pounds of cured meats *per day* to get the same levels of nitrite as those that were fed to those rats.

On the earlier bacon studies, in order to produce the results which were obtained with nitrosamine-fed rats, you would have to eat something like 46,245 pounds, or more than 23 tons of bacon per day, to obtain the same human equivalent.

In Holland and in Denmark, two lifetime rat feeding studies of nitrite-cured meats containing up to 5,000 parts per million of nitrite and up to 30 parts per billion of nitrosamines have shown no resulting cancer formation. A similar lifetime rat feeding study of fried bacon has been completed in Canada, also with negative findings on the causation of cancer.

In a statement issued on August 17 of last year, the same month in which the USDA and the FDA issued a release on the Newberne study, the health and welfare minister of Canada said that "on the basis of a benefit to risk assessment, the elimination of nitrite would not be warranted."

Nitrite is added to processed meat products in very small amounts. *If* nitrite is a health hazard—and, again I emphasize *it is not*—you couldn't protect the public from exposure to nitrite by banning it from meat products. Very little of our total exposure to nitrite comes from cured meats.

The Council for Agricultural Science and Technology (CAST), at Iowa State University, estimates that 2 percent or less of our exposure to nitrite comes from cured meats. The other 98 percent comes from other sources, including our body's own manufacturing processes.

About four times as much nitrite is found naturally in the saliva we manufacture in our own bodies, as we get from processed meats.

About 42 times as much nitrite is generated naturally from protein in our intestines, and then absorbed into our bloodstreams, as we get from processed meats.

It is a curious government ban, indeed, which would eliminate 2 percent of our exposure to nitrite while leaving the other 98 percent to the processes of nature.

I don't want to get into the merits or demerits of a vegetarian diet. To each his own on that score. But, the point I want to make here is simply this—a vegetarian diet will not decrease a person's intake of nitrite. In fact, the opposite may be true.

Dr. Steven Tannenbaum of the Massachusetts Institute of Technology has said: "It would be essentially impossible for man to completely avoid nitrate in a normal diet, whether it consisted of processed or unprocessed foods, and the amount of nitrate consumed would almost certainly be higher in a vegetarian diet."

The recommended nitrite level for curing bacon is 120 parts per million. And most of that is dissipated by the time the bacon is consumed.

Since we eat vegetables, we also ingest the nitrate or nitrites they contain. Nitrate in vegetables is easily converted to nitrite by bacteria in saliva. How much nitrate do they contain?

Lettuce has 100 to 1,400 ppm of nitrate; cabbage has 200 to 350; spinach has 500 to 1,900; beets have 1,200 to 1,300; carrots have 100 to 900; radishes have 1,500 to 1,800.

Can it be that the *consequence* of a ban of nitrite would be so negligible that the government agencies feel that it should be banned in spite of lack of supporting evidence? Hardly.

If nitrite is banned from cured meats, we would very likely, and very soon, have a *serious* problem with botulism. Since nitrites have been used in commercially cured meat production, there hasn't been a single case of botulism in the United States that has been caused by these cured meats. That's quite a record. Nitrite is a known protector of a vital part of our food supply.

As to the economic effects of a ban on nitrite—they would be staggering. Domestic production of cured meats is more than nine billion pounds per year. The amount of cured meats consumed is even greater because the United States also imports cured meats.

The retail value of cured meats sold in this country exceeds twelve billion dollars per year. Look at just bacon alone. If nitrite were no longer allowed in bacon, hog producers would lose an annual income of at least 500 million dollars.

There would be fewer hog farmers and less employment in farming.

There would be less employment in meat packing, less employment in distribution, and less employment in retail stores.

There would be a loss of export markets for pork.

There would be financial losses from the closing of facilities.

There would be a loss of both cash and future markets.

And there would be less choice of consumers at the meat counter.

And we're just talking about bacon!

If nitrite were to be banned from all cured meats, the losses would be compounded. About 70 percent of U.S. pork production ends up in processed meat products—mostly in cured meats. Only about 30 percent is sold as fresh meat. On the cattle side, about 10 percent of our beef production goes into cured meats.

A nitrite ban would all but destroy the United States hog industry. Cash receipts to farmers on hog sales amount to about seven and one-half billion dollars per year. And the value of that pork production at retail is about fifteen billion dollars per year.

I guess there are some things that we could agree on on the subject of nitrite and cancer.

It just may be that if you eat 23 tons of bacon a day; some 119 pounds of potatoes; a couple of bushels of lima beans; and wash all that down with several tank cars of coffee; and topped off with a couple of barrels of yogurt for dessert.

You may find yourself with serious health problems. That's all very interesting—and all very unreal. But, there's a lesson for us here.

When we get back to the real world, and look at real facts, we should remind ourselves—over and over again—that "it is only the dose that makes the poison."

We should enjoy our food and not approach our tables with fear and trepidation that we are courting cancer at every meal.

With that in mind, I want to leave you with two thoughts:

(1) We should know what happens to cancer-prone rats when they are fed a diet of what we eat every day.

And do you know what happens to them? They get very healthy—that's what happens.

(2) When you wonder whether you can safely enjoy cured meats, you should know that there is not one documented case of cancer—either in humans or in animals—that has been caused by the consumption of meats containing nitrate or nitrite. Not one.●

EARL MOUNTBATTEN OF BURMA

HON. JON HINSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. HINSON. Mr. Speaker, the senseless murder of Earl Mountbatten of Burma by IRA terrorists has outraged public opinion throughout the world. Everywhere, people of conscience and decency deplore this horrifying and senseless act.

Lord Mountbatten was one of the great heroes of World War II and is rightly credited with leading and inspiring the successful British effort to expel the Japanese from Indochina. He went on to serve as the last imperial Viceroy of India and as Britain's First Sea Lord, the highest post in the British Navy. He was the great-grandson of Queen Victoria and a cousin of the last Czar of Russia, Nicholas II. In an age when the world has witnessed the fall of empires, emperors, and kings, Lord Mountbatten embodied the very highest ideals of royal service and personified perhaps better than any other individual of our time, the best that Britain has produced.

As one who has supported the idea that Ireland ought to be unified into the one nation it is, the murder of Lord Mountbatten and members of his sailing party can only serve to set back the cause of Irish reunification, not advance it.●

IN MEMORY OF THREE HEROES

HON. LAMAR GUDGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. GUDGER. Mr Speaker, it is a sad fact in our society that we often fail to appreciate the efforts of our most important citizens until it is too late. The citizens of Rutherford County in western North Carolina are all too aware of this fact after the tragic slaying of three law enforcement officers in the community on the horror-filed night of May 31, 1979.

Rutherford County sheriff's officers Roy Huskey and Owen Messersmith and North Carolina State Trooper Robert L. (Pete) Peterson gave their lives on that night while in the act of protecting the county's citizens from an enraged, dangerous gunman. On June 4, 1979, the county seat of Rutherford paused from its normal activities as an estimated 1,000 citizens and colleagues of the slain lawmen gathered to pay tribute at public memorial services. North Carolina Gov. James B. Hunt, Jr., eulogized the men at the services. Businesses closed early in the day in deference to the officers' memory. Flags throughout the county flew at halfstaff. Rutherford County had never before known an equal degree of widespread, uniform grief.

Before the tragedy had faded from the minds of the county's citizens, the Rutherford County Board of Commissioners took action to perpetuate the memory of the three for posterity. By unanimous vote, the board designated May 31 as Law Officers' Appreciation Day. This action insured that in each following year, the people of Rutherford County would, for at least 1 day per year, honor the thankless work of its peace officers by remembering those who gave their lives on a steamy spring night in 1979.

Huskey, 48, was a captain with the sheriff's department. The brother of County Sheriff Damon Huskey, he had served in the field of law enforcement for 11 years. He is survived by his wife, Jo Ann; a son, and a daughter.

Messersmith, 58, was a sergeant with the department. He had been an officer for about 5 years. He is survived by his wife, Alice; a son, a stepson, and his mother, Mrs. Jennie Messersmith of Texas.

Peterson, 37, was a veteran of 11 years with the North Carolina Highway Patrol. He is survived by his mother, Mrs. Hazel Peterson; his father, Earl Peterson, and a daughter.

In commemoration of the brave manner in which these three servants of law and order gave their lives, flags will be flown over the U.S. Capitol in Washington and will be delivered to the families of these officers. Granted, this is but a small tribute to the memory of these men, but it is doubtful that, to the people of Rutherford County, they died in vain.●

SENIOR CITIZEN LOBBY

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. BONKER. Mr. Speaker, I commend to my colleagues an interview with Mr. Norm Schut in the current issue of Aging magazine.

Because of the tremendous commitment and leadership of Mr. Schut, Washington State has become a frontrunner in programs to assist senior citizens. Founder of the senior citizen lobby, Mr. Schut, has worked closely with the State office on aging and the State council on aging in helping older people know how to become their own advocates. He has set up advocacy training workshops, State legislative conferences and telephone hotlines for older people across our State. Mr. Schut reports that senior citizens are literally pleading for some type of on-going, on-the-spot follow-through assistance. Most of them have had no real involvement in the whole operation of identifying their own needs and goals, understanding where, how, and to whom you go to get things done, developing the skills to get things done, and of considerable importance, developing the community-based structure as the mechanism to work through.

Since the creation of the senior citizen lobby, Washington State has seen funds for community-based aging services double over the past couple of years. I think the concept is exciting and I heartily congratulate Mr. Schut for his innovative and successful advocacy network for senior citizens:

WORKING THE SYSTEM: AN INTERVIEW WITH NORM SCHUT

AGING. What made you decide to create the Senior Citizens Lobby?

NORM SCHUT. My former job lasted 26 years, and I felt that I needed a change of pace. I could financially afford to retire so I did. But you can't, when you've been as active and involved as I have been all my life. You just don't retire and do nothing.

About six months before I retired I was appointed to the State Council on Aging. I practically asked for the appointment and I decided that I wanted to build a senior citizens movement in this State.

AGING. You really took on a monumental task. How did you go about organizing this coalition?

NORM SCHUT. Well, I did the same thing with the State Employees Union. There was practically nothing out here, so I decided that this was an organization that you could build from the ground up and that's what I really love to do. I don't like coming into something that's already in existence as the administrator, so I traveled around the State on my own for a couple of months and met with local senior citizens. I also met with area agency directors, college people, and some of the State council on the aging staff. I had some discussions with Nelson Cruikshank and other people I've known on the national level. I tried to get a feel as to what was out there and what was wrong. Why weren't things really being accomplished? This was a real eye-opener. In the first place, there was no coordination as far as senior citizens action in this State was concerned.

AGING. Everybody was just doing their own thing?

NORM SCHUT. Yes. In a previous legislative session there were five different bills introduced on property tax relief for seniors. They came from five different directions, sponsored by five senior citizens groups and nothing happened, obviously. One of the things I ran into was that out in the field there were senior groups at the local level who had tried to get things done and many of their people had become frustrated because they didn't get anywhere. The reason that they didn't get anywhere is that they didn't understand. They had no knowledge about where to go, how to go, and when to go.

AGING. They didn't know how to work the system, in other words?

NORM SCHUT. Okay, that's better yet; they didn't know how to work the system. I decided the first thing that had to be done was to conduct training programs around the State. I got funding through Title IV-A. During a period of 18 months we conducted 23 two-day workshops composed of 30 senior citizens each, on an average, and we worked through the aging network to select representative seniors to attend these training programs. We also permitted staff representatives from the area agencies on aging to sit in as auditors so that they would get the same training, knowledge, and information as the seniors themselves so that we didn't have an unequal situation.

AGING. These were senior groups at the grass roots level?

NORM SCHUT. Representatives came from the different organizations and economic groups, advisory committees, nutrition sites, and Indian tribes. We tried to get a good cross section.

The purpose of those two-day training programs was to learn how to identify issues, establish priorities, and determine where you go to get things done—what level and branch of government, the legislative process—how you work the legislative process for your own benefit, how you build a community-based lobbying and action mechanism, and how you set up a communications network. We discussed the role everybody should play, including the State bureau, the area agency on aging, the independent senior citizen groups, and the advisory committees.

Now, with just two days of workshop training, we had a session set aside on how to organize and conduct an effective political campaign. Not with the stress on candidates but on issues, so that if they wanted to put a bond issue on a ballot locally to build a senior citizen center, they'd know how to go about doing it.

We even had a small period of time set aside where a local State legislator came in and I put them through a training session on how you interview and lobby a public official. Then we appointed a three member committee from the 30 to 40 seniors who were there to lobby the State senator on the questions and issues they had already identified. When we were through, we excused him and we had a critique on, "How did you do? Do you know anymore since he was here than you did before he came? Did you make the mistakes we warned you about?" The training program was the key to the whole thing. There was no glamor to it. It was just hard work, but those people needed the tools. For example, in Pierce County, I ran into a large group of 900 retired teachers who were totally turned off because they had gotton no where.

AGING. Had they been working through the National Retired Teachers Association?

NORM SCHUT. Yes, and they had been trying to get some pension legislation passed. There are seven legislative districts in that country, and these were State issues they were dealing with. The first thing I asked them was, "How many members do you have?" They said 900. I looked at their membership list to see how they were organized and they had them organized alphabetically, by county. I said, "How do you determine who lives in which legislative district?" "Well, we don't. Should we?" I asked, "How do you zero in on the right legislators?" "Well, we just ask our people to write to all the legislators in Pierce County." They were writing senators when the bill was in the House; they were writing people who didn't represent their district.

We found that a lot of people were frustrated. They'd reached a point where they felt they ought to be doing something in their own behalf and they didn't know where to start. They didn't have the tools to work with. I decided that before anything happened, I had to get out there and go from town to town, conduct workshops, and give them materials that they could keep after I'd left. Then I'd keep checking with them and use the help of the area agency to build their communications network and their own lobbying mechanism to get their membership identified by legislative districts.

You know, the whole thing isn't all that difficult. The system can be explained, it can be understood, and it can be worked, but if you don't have the basic training first, you waste your time and get frustrated.

Then came the problem of understanding the issues. So under the sponsorship of the State Council on Aging, again using training monies, we sponsored four one-day sessions on State issues affecting the elderly that the legislature should be, or would be, dealing with in the January 1977 session. They were held in four locations of the State.

That got everybody into position, papers were given and the pro's and con's were organized, and they took notes and had lots of discussions. They went into the 1977 session with some understanding of what the issues were and what they ought to be involved in.

AGING. When did you organize the Senior Citizens Lobby?

NORM SCHUT. It wasn't until the middle of the first month of the session that we actually organized the Senior Citizens Lobby. When the session was over and it turned out to be a pretty successful one, I went back into the field for more workshops. I was giving these two-day sessions and covering additional subject matter, but I began to have a bit of a health problem because I was going night and day.

And so, I used an idea I picked up from some other groups. We brought in 22 teams from 11 different districts for a solid week at Evergreen State College. We used local training monies, and trained people to go back into their communities as a team of two and organize mini-workshops and train other senior citizens so that they could do a good job.

Nebraska, Arkansas, Idaho, and Oregon also sent people as auditors so that they could go back and try to get the same thing going in their own States.

Then before the '79 session that we are in now, we held six one-day issue conferences in six communities which were attended by about 892 people. There were representative senior citizen leaders from the adjacent areas at each conference and there was a thorough review of what the issues were. They raised additional issues. We had forms to fill out to determine what they felt the priorities ought to be and what options were open on certain needs, such as which of five proposals on property tax relief they felt would best meet their needs. Then I compiled all of their individual comments and gave them to the governor and legislative leaders as a guide. I used the results with the board of directors of the Senior Citizens Lobby before we adopted our final legislative package to go to the legislature. That gave me a good base so that the legislators are fully aware of the Senior Lobby's position when I appear at a hearing.

This isn't what they are running into with a lot of other groups. Very often a small select group at the State level is making decisions with the troops out there totally uninformed as to what the issues are and having had little input in making the decision on what the program ought to be.

AGING: But you're keeping people informed and there's a communication process going on continuously, isn't there?

NORM SCHUT: Yes, and in organizing the lobby the decision I made was that I didn't want to have jurisdictional problems, so the lobby is not an organization that has individual members. It's a coalition of groups and there are no dues or affiliation fees of any kind. We are being operated purely with volunteers and contributions that are coming from individuals and organizations. That way you are not competing with national organizations. All these groups are participating. Now, I had trouble at first from groups that were jealous and didn't want to participate but nothing succeeds like success and as we got things done, they all wanted to be a part of it and they all wanted to claim part of the success. There's plenty of work to be done and our needs are unlimited as far as people are concerned.

AGING. Do various groups in the coalition have their own pet interests which they really push? How do you work that out?

NORM SCHUT. No problem. We are incorporated as a non-profit organization. During the session we hold open meetings of the lobby and a lot of people attend, but they just make recommendations. The controlling board is a 17 to 21 member board of directors. Each group selects a representative.

The basis of the program is that we are a coalition of groups, that we have an interest in the community, and that we have a communication network which everybody has played a part in putting together.

The Board of Directors needs a two-thirds vote in order to take a position for or against a legislative issue. For example we had a difference of opinion within our board on the natural death act (the death with dignity issue). I was very strongly for it. I recommended it to the board. The AARP, the Retired Teachers, and the Retired Equals Activity Club were strongly for it, but the Association of Churches and the Catholic Conference opposed it.

We needed 11 votes at that meeting and we got only nine. So the Senior Citizen Lobby took no position on the natural death act. I, as President of the Lobby, therefore, had no comment to make one way or the other and I never did.

The AARP and those groups who favored it were then free to go ahead on their own.

They testified before the committee hearings and pushed that bill. It passed, the Governor signed it, and nobody misunderstands at all. There are other issues where the Lobby, because it has to establish other priorities, just has to say, "We're in too many issues already, it's getting out of hand. If you want to do a special thing on transportation that affects your area, you're on your own. We will get appointments for you, we'll show you the ropes, we'll help you, but we will not make this part of the Senior Citizens Lobby program." This means that as President of the Lobby, I don't express an opinion one way or the other and that's a restriction I have to accept so that I don't allow my personal feelings to get involved in what's going on down here. The legislators know when I say this is a good bill and ought to be passed, that I'm saying that because it's the position of the Senior Citizens Lobby.

Aging. How many priorities would you set for a given session?

Norm Schut. If you've got a major priority in a given session, you should limit it to one. We ended up with three major priorities, and a whole list of other things we got into. Frankly, they started out secondarily but when we got into them we got enthusiastic and almost all of them became priorities. We took on too many issues and it's been rough on those of us who've been volunteering. We are not covering all the bases we should.

Right now senior citizen legislation receives support unless you are way out in left field. Both political parties are very responsive in wanting to do something for senior citizens. They also are fully aware of what my track record is. They know that I started out with nothing with the State Employees Union and built it into a strong group which was recognized as one of the most effective in the State. They see that I'm doing the same thing here, quietly doing all the drudgery first of getting people trained and getting the course set up in every community. The seniors are active; they have time on their hands and they need to be involved. Of course, the talent you have is just fantastic. You know, you're not limited as you are with a union where you represent a certain trade or skill. That's not true with retired people.

Aging. I understand that a lot of people that are involved in the Lobby don't live here in Olympia.

Norm Schut. That's right. You only saw the tip of the iceberg at the meeting you attended because most of them were here as chairmen or co-chairmen.

Some came from Eastern Washington, some came from the Canadian border, and others came from the Oregon border and the Vancouver area. The majority came from Western Washington, the Puget Sound area. Out there is a tremendous network of co-chairpersons in each of the 49 legislative districts, and underneath them captains, and underneath the captains, not more than nine people who make up the communications network or telephone tree. It's a system that's really strong in some places but we have a few weak spots in the State and I'm going to have to go back when the session is over and do a better job.

Aging. Now, with the telephone tree, those people call older people in their district and tell them that this legislation is pending. Is that correct? And then they say write or call or send a telegram to your representative.

Norm Schut. We have a good system in our State that has been going on now for about 3 or 4 sessions. Our State, using taxpayers money, runs a legislative hotline. Whenever the legislature is in session, there are five operators in this building. You, as a private citizen, can dial 1-800-562-6000 and leave a message for your senator or your two representatives on how you feel about a piece of legislation or you may inquire about the status of a piece of legislation. You may leave a message for the Lt. Governor, or the speaker of the house, or the Governor. That is a direct lobbying mechanism that doesn't cost the private citizen anything.

Now frequently, those lines are busy because they are heavily used, so the Senior Citizens Lobby, at our own expense (that was that $874.00 phone bill for one month I had mentioned), runs a senior citizen's hotline just two blocks from here and we have volunteer operators there every day. We have two trunk lines coming in. They can also call the senior citizen's hotline free of charge from any place in the State and the whole network's got that number. We have a messenger, an elderly man who knows the legislative set up here, who picks up those messages regularly and delivers them directly to the offices of the representatives and senators for whom they are intended. The legislature recognizes these messages as legitimate, that there are seniors calling on their own hotline because this line is busy. And what we do is, in part, what I did in the training; we target lobby. You don't leave lobbying to chance; it's got to involve trained and disciplined people who know where to go and when to go.

It has to be by a specific group so that you can have accountability that you can monitor. It has to be for a specific purpose. You don't go contacting people and saying, "Please support things that would help senior citziens." It has to be aimed at a specific target and that's why we've developed this program called target lobbying and it must be done at an appropriate time.

Aging. Can you tell me how target lobbying works?

Norm Schut. Okay, let's take the recently enacted Senior Citizen Services Act as an example. We want it made permanent; we are putting all State money in now because there's going to be no more Federal money. So that bill is introduced and referred to the House Social and Health Services Committee. Now, what goes out through the network is simply a statement that the bill has been introduced. Here is its number and it's before the House Social and Health Services Committee. All those people who coordinate this network out there have already gotten from us a list of the members of each legislative committee in the district they're from. They get the message in King County, for example, and they take a look and see that in 3 of the 17 districts in King County there are legislators who sit on the House Social and Health Services Committee. The coordinator calls the co-chairpersons of those three legislative districts and he leaves the other 14 districts alone. They are then alerted and immediately call their captains and each of those three members on the House Social and Health Services Committee starts getting calls from senior citizens who are registered voters and live in their respective legislative districts. The calls specifically ask them to support House Bill 491 and get it out of the committee. It's an important bill for senior citizens and that's all it says.

Now that's going on all over the State so that each legislator who sits on that House Social and Health Services Committee is hearing on a coordinated, planned basis at the appropriate time from registered voters in his or her legislative district and only when that bill is right before them and ready for action. The bill gets out of there and gets into the House Rules Committee, then you go through the same thing all over again.

Aging. So when you communicate with the legislator, it's really going to have some impact. You are only communicating when you need to.

Norm Schut. Absolutely. You're zeroing in on him when the thing is before him, when it's ready for action, and it's got his attention. He's only hearing from the registered voters who live in his or her legislative district and they never understood that out there before. We had to do all these training programs first so that they would understand how this whole mechanism works. Once they understood the mechanism and how it works, they really took to it. When I go in there to conduct these workshops, its a genuine pleasure. I tell them I want to get started promptly at 9:30 and 9:00 they're all waiting. When I used to do this with other groups, 9:30 meant 9:45. Not with them; they are there to learn and they are really interested. When they get the word that the bill is reported out of the Appropriations Committee, those 15 representatives who voted "yes" and those 4 who voted "no" are contacted. Thank you calls come in for the 15 who voted yes, and calls go to the 4 who voted no, telling them that, "We're sorry you couldn't go along with this, we wish you would keep an open mind and reconsider. We would like to talk to you further about it." They understand that they are being watched and that their voting record is under scrutiny.

I can't stress too strongly that the key to the whole thing is to see that training takes place first. It's got to have depth. The program would have collapsed in 1977, and it would have stumbled along without me in 1979. By 1980, I could disappear from the scene and I'm confident that the thing is going to succeed because a lot of people are involved.

Aging. Many times senior citizens issues are humanitarian and you don't have any special interest group opposing them. Then again, when you were talking about the situation with the trailer parks, you said that you are opposed by a special interest group who has hired lawyers, etc. Now, it takes a very sophisticated person or group to oppose that kind of lobby. Do you feel they can handle that type of challenge?

Norm Schut. They are learning. You know we have friendly legislators who are committee chairpersons with staff who are available to us and we've got staff from the Bureau on Aging whom we can tap. They can't get into the direct lobby but I had it out with the attorney general in this State a couple of years ago about what they could do. They put out the legislative newsletter which goes to the whole communication network. It is paid for by the Bureau on Aging, and it's an educational tool. It tells them the status of legislation and what the legislation will do. It doesn't say call your senator and tell him to vote yes. That would be direct advocacy and would be stepping over the line. Our people are trained and they know when they get that information, there are certain things they need to do.

Aging. Who does the background homework so that you can be a really effective lobbyist?

Norm Schut. A lot of people. Members of our board of directors help. Sister Sharon heads up the Subcommittee on Health Care, someone else is dealing with property taxes, and I'm bringing more and more people into the act. Senator Day, the Chairman of the Senate Social and Health Services Committee, has almost given me the full-time services of Ed Larson, their senior analyst. He travels around the State with me to each of the six issue conferences. He's there as a resource person. One of the groups that's in our Lobby represents retired faculty members for higher education. They have a network of units in this State. These are retired professors and I use them. If I tell them we have a problem and I need some research done on it, they do it.

AGING. AoA is very much concerned with the frail, minority, and low-income elderly—people who tend not to join organizations. Do you keep them in mind and do you try and communicate with them in some way?

NORM SCHUT. Yes, but I learned a lesson immediately. You can't build an impact organization with them. I went into Seattle and tried it. I said to myself, "Okay, these are the people who need help the most. These are the ones I've to identify, to get into the workshops. I've got to get these people speaking out in their own behalf," and I fell flat on my face. They don't want to be identified as such. They, in their own minds, don't see themselves that way. They don't want other pepole to see them that way. There are also people, unfortunately, particularly at low economic levels, who have a history of an inability to cope. They haven't changed and so they have a tendency to be withdrawn and you have to literally drag some of them into a workshop.

Let me tell you an interesting sideline. I went to one of the workshops in Bellingham and area agency staff who had worked with me and helped set it up said, "There's going to be one woman there who is somewhat negative and we forced her to come to the workshop. She thinks she's in poor health, she has economic problems, and she feels sorry for herself. She thinks that the system is no good and she's going to be a little belligerent with you, but just be patient."

She was there and for half the day she gave me a bad time but then she began to get interested and before the two days were over she was participating pretty well. About six months later we were having a meeting of the Lobby, and she came up to me during a coffee break and said, "Mr. Schut, I just want you to know that I came to that workshop in protest but I liked it, and I've gotten active in what you are doing. I think it's wonderful and I want you to know that I had all kinds of health problems for several years before I got involved. I just feel great now. My health problems are over, I like people, and I think this is the most wonderful thing that ever happened."

Once people get to know each other and begin doing things as a group that they are trained to do, they grow. You should never ask them to do things beyond their capacity. That is a real mistake you can make in this business because then it really upsets people, turns them off, and makes them think they can't contribute.

Now, the other interesting thing about this movement is that most of those people you see at a meeting are not going to directly benefit from most of the legislation that we're getting passed. These are the more affluent, the more successful senior citizens, and yet they are putting in all kinds of volunteer hours and really pushing this stuff.

We know we're needed and wanted, that we're playing vital roles and doing things that are benefiting other people. We're sharing ourselves with other people and this is giving us a whole new meaning and purpose in the last phase of our lives. If we don't have that, what's the alternative? It's the loneliness, the boredom, the artificial entertainment, or it's dwelling on self pity.

AGING. Since I've been here, a number of people have expressed the view that your organization cannot be duplicated in other areas, unless they can find the type of leadership and commitment which you possess. Do you agree with this assessment?

NORM SCHUT. I know that frequently people say that what we're doing here in the State of Washington is because of me and that is wrong. Idaho had me come in for a month and I did a series of three two-day workshops in three locations using the area agency boundaries. Putting through a training program with 30 seniors in each one I did some more work with them and shared all the things we've done here. Idaho had a senior citizen lobby the last session of the legislature. They operated a senior citizen hotline—they're building their communication network. There is talent out there among senior citizens.

I went into Nebraska, spoke at their first annual Conference on Aging, and did a one-day workshop with some of their leaders. I sent them the material I've done here and they sent four of their people to this one-week training program here. Using two staff people and two senior citizen leaders, they are doing their job there.

Arkansas, the same thing. I helped Oregon to get started. The point I'm trying to make is that there are talented persons out there. All you have to do is give them the tools to work with. That's why I'm going to get that manual done so they've got something they can refer to. They need to go through some training programs and then they need to get out there and put that training to work and learn the hard way. They can shortcut the whole thing because of the 35 years of experience I've had in this business and they don't have to go through all the miseries I did in order to become skilled.

That's why if the national people are interested at all, one of the things they can do is pick people and I can put together a training program out here. I don't want to go around the country. It wears me out and my job is here—to keep building this thing. But they can send people in here for a concentrated four-day program and use that manual.

AGING. Do you think it's possible to do this at the Federal level?

NORM SCHUT. The key is to have these bases in the States which becomes the lobbying mechanism of their own congressional delegation. Then what you need is coordination at the national level through the Administration on Aging, the National Association of State Units on Aging, and the national organizations themselves—AARP, the National Council of Senior Citizens, NARFE, and some of those groups.

AGING. How do you feel about professionals advocating for the elderly?

NORM SCHUT. How come we don't hear from the senior citizens themselves for whom these programs were intended? All we are hearing from are the paid bureaucrats or the people representing the private nonprofit organizations. They get contracts and they are protecting their own turf and their own job and they think that their particular programs are the greatest thing since sliced bread.

We've turned this whole thing around now that we've coordinated it and worked it through the aging network. It's a cooperative system where the Bureau of Aging, the area agencies, the advisory committees, the lobbies, and individual groups are involved. We all know we've got a job to do, we all have a role to play, we all compliment each other, and the bottom line is to get results. When we had the hearing on the Senior Citizens Services Act, we brought in two elderly people who were using the health centers. Those two gentlemen did a fantastic job in front of the committee. We also brought in older people who were benefiting from the nutrition program and people involved in the rural transportation program. These were senior citizens from areas that had members sitting on the committee we were dealing with and they were briefed in advance so that their presentation was well organized but spontaneous. They treat those people gently, you know. When an old, gray-haired lady tells them what a fantastic job the rural transportation program is doing in Central Washington and how it's making it possible for shut-in seniors to stay in their own homes, perhaps she won't have all the facts right, but this has a fantastic effect on these people and the news media love it.●

HISPANIC HERITAGE WEEK

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, by tradition, September 16 is celebrated by citizens of Mexican descent as the anniversary of "el grito de Dolores," the inspiring battle cry which launched Mexico's drive for independence. On this day, in 1810, Father Miguel Hidalgo Costilla rallied the citizens of the small town of Dolores with "el grito" to start the successful revolt against foreign domination.

This weekend, in events throughout my home district and elsewhere in our country, Mexican Americans and others will celebrate this anniversary of a victorious struggle which gave the world the great nation of Mexico. Additionally, this occasion will be used to recognize the contributions made to our own country by people of Hispanic descent.

The cultural heritage of the Hispanic peoples has added richness to American life. For years, these contributions have been widely recognized and valued. But new and exciting is the growth of the contributions being made by Hispanics in the fields of commerce, industry, government, education, and the sciences. More often now than in the recent past, a Spanish surname will identify a leading official in State and Federal government or a well-known sports figure. Unfortunately, there still exists some barriers of prejudice which slow these advancements. We should use this occasion to recall that our own Nation was founded on high goals and a firm commitment to the intolerance of such injustice. Strict adherance to these high values can only make our Nation a more united, stronger, and better one for all citizens. It is a proper course we should continue to pursue.

We are pleased that President Carter designated this week as Hispanic Heritage Week, and that we have been able to join in its observance. This year's celebration is bound to be a joyous and memorable one for those who joined in the celebration of "el grito de Dolores."●

INCENTIVE FOR SAVERS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. LAFALCE. Mr. Speaker, ever since the days of the depression, economists and policymakers have demonstrated a certain bias against savings and in favor of consumption. This bias resulted from an undue emphasis of Lord Keynes' theory that economic slumps could be reversed by stimulating demand through increased Government spending. Hence, Government has provided a stimulus for consumer spending, but has neglected savings as a means to sustain long-term growth. Accordingly, we have passed measures that have discouraged the public's incentive to save; one notable example of which is the taxation of interest income from savings accounts.

Personal savings are extremely important to the economy of this country. They are a source of investment and growth—especially long-term growth. If we save less now, we have that much less to invest in the future.

The declining rate of personal savings is no doubt one major reason for our bleak economic picture. Inflation is now at 13 percent and shows prospects of continuing; our dollar is relatively weak and losing its competitiveness against other currencies; our long-term growth is slackening; and, our productivity is declining in part due to insufficient capital investment.

One solution to this pervasive problem is to encourage savings, which will contribute to capital formation and a long-term growth economy. For this reason I have introduced a bill that will exclude from the taxpayer's income the first $1,500 of interest earned in a depository institution for single taxpayers—$3,000 for those filing joint returns.

The public has seen the value of its financial assets eroded by years of inflation, and as consumer spending statistics show, do not feel that saving is a good hedge against inflation.

No group feels the effect of inflation more than our small savers; that is, those who do not generally have the resources to enter the capital market for purposes of investing in its higher yielding debt instruments. It is impossible for the small saver to scrape up the necessary funds to invest in the so-called money-market certificates. The basic form of these certificates has remained that of a 6-month maturity and a $10,000 minimum size. Hence, the small saver is left with depositing his earnings in passbook accounts, which as of this past July, placed a 5.5-percent ceiling on the interest rates payable on regular thrift accounts.

The only recourse the small saver has is to invest in tangible assets in the hopes that they will beat further price increases. Buying in anticipation of worsening inflation is mercy fueling inflation.

Mr. Speaker, to put this in proper perspective, the United States has the lowest savings rate among the major industrial nations, and is the only one of the free countries in the world that taxes every dollar earned on savings. In Japan, the rate of personal saving in 1978 was five times that of our rate.

The Federal Republic of Germany has pursued an active policy of encouragement of saving by private households since 1948. The system was somewhat modified during the 1960's to make the system even more advantageous for low-income persons and families.

In Japan, personal saving has been an important priority since the postwar period. Various tax incentives for savings were formulated to meet the need of financing requirements created by a rapid rate of capital accumulation. Presently, a wide variety of measures designed to ease the tax load on savings are in operation, one of which exempts altogether the interest on bank demand deposits.

Japan has a savings rate of 20 to 25 percent of disposable income, while many countries in Western Europe save between 15 and 20 percent. I think that we can safely correlate the significant savings rate and the tremendous economic growth in countries in Japan and West Germany.

A program of tax incentives for savings will encourage thrift, aid in capital formation, and increase the availability of funds for mortgage lending. It will also be a first move in curbing the rate of inflation and promoting an equitable or favorable return for our small savers.

This problem cannot be cured overnight, but one step in the right direction is to induce the public to save by giving it a greater after-tax return on earnings which are deposited in savings accounts. I trust my colleagues will give this bill the serious consideration it deserves.●

CASTRO OIL

HON. JON HINSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. HINSON. Mr. Speaker, the recent meeting of nonalined nations in Havana, Cuba, provided another forum for the court jester of international Communism, Fidel Castro. Using this platform, Castro spouted his malign philosophy of murder and theft to representatives of Third World governments from throughout the world, as usual, with the United States as the villain of the piece.

Any informed individual knows that Fidel Castro is about as unalined as Yasser Arafat who, incidentally, also lent his dubious presence to the comic opera proceedings in Havana. While these two international criminals richly deserve each other, their absurd pretensions brought discredit to other participating governments which have shown true neutrality and a general level of restraint in their international dealings. Of all the participants, only Marshal Tito displayed a degree of dignity and statesmanship by calling upon the governments to refrain from endorsing Castro's evil rantings.

If Tito resisted the copious applications of Castro's snake oil, then there probably are still a few cool heads left among the leaders of the Third World. It is devoutly to be hoped, however, that they will refuse to be led further down the path to terrorism, international meddling, and revolution as espoused by Fidel Castro.●

NATIONAL TRANSPORTATION SAFETY BOARD FINDS DOT/NHSTA PASSIVE RESTRAINT EVALUATION PROGRAM "UNORGANIZED"

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, the National Transportation Safety Board has been critical of the Department of Transportation's airbag and passive restraint evaluation program. The Board is calling the National Highway Traffic Safety Administration's program "unorganized" and that a "contract study underway" at NHTSA to develop a plan of evaluation of the effectiveness of Motor Vehicle Safety Standard No. 208 "appears limited in scope."

The technical report documentation page from NTSB criticizing DOT follows:

NATIONAL TRANSPORTATION SAFETY BOARD—SAFETY EFFECTIVENESS EVALUATION OF THE NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION'S PASSIVE RESTRAINT EVALUATION PROGRAM, MARCH 16, 1979

The report includes an assessment of the activities of the National Highway Traffic Safety Administration (NHTSA) to evaluate the passive restraint standard (FMVSS 208 as amended July 5, 1977). The traffic findings of the report are:

1. It is essential that NHTSA evaluate the real-world effectiveness of the passive restraint standard.

2. The NHTSA is committed to evaluating the passive restraint standard, but the current evaluation program is unorganized.

3. An evaluation program plan is required to effectively coordinate the evaluation activities and to address the complexities of this task.

4. The NHTSA has a contract study underway to develop an evaluation plan for the period up to the effective date of the standard, September 1, 1981. However, the study appears limited in scope to gross measures of effectiveness.

5. The NHTSA has no evaluation plan documented or under development to cover the period after September 1, 1981.

The effectiveness of the evaluation program will be improved by providing for public comment on the proposed evaluation plan.●

ECONOMIC SANCTIONS ON ZIMBABWE-RHODESIA

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. SOLARZ. Mr. Speaker, when he decided 3 months ago to maintain economic sanctions against Zimbabwe-Rhodesia, President Carter pledged to report on a monthly basis to the Congress concerning progress being made in the political development of that nation. In carrying out that pledge, the President has submitted to the Congress the following report, covering July and August 1979. In my capacity as chairman of the House Subcommittee on Africa, I would like to call this document to the attention of my colleagues. Following is the second Presidential report to the Congress on Zimbabwe-Rhodesia:

REPORT TO THE CONGRESS ON ZIMBABWE-RHODESIA JULY–AUGUST 1979

EXTERNAL DEVELOPMENTS

At their conference in Lusaka, August 1–8, the Commonwealth nations reached broad agreement on a basis for proceeding toward resolution of the Rhodesian problem. As summarized by the final communique (a copy of which is attached), the consensus which emerged included the following highlights:

There has been a change in the political situation in Rhodesia, as noted by President Nyerere and Prime Minister Thatcher in their opening speeches.

The communique noted agreement that "the internal settlement constitution is defective in certain important respects."

At the same time, Commonwealth leaders generally agreed on the need for appropriate constitutional safeguards for minorities—including reserved seats for a specified period, as provided in other independence constitutions.

The government formed under a democratic constitution must be chosen through free and fair elections.

The search for a lasting settlement must involve all the parties. The Commonwealth's call for an inclusive process was particularly significant in light of the summit meeting of the Organization of African Unity on July 16–21. At that meeting, African concerns that outside countries would recognize the Muzorewa government and lift sanctions led to a resolution designating the Patriotic Front as "the sole legitimate and authentic representative of the people of Zimbabwe."

The communique noted that cessation of hostilities and an end to sanctions should be part of a process implementing a lasting settlement.

The constitutional responsibility of the British government to grant legal independence on the basis of majority rule was also recognized. It was noted that it would be appropriate for Britain to convene a constitutional conference, and that elections should be properly supervised under British government authority.

At the same time, the Commonwealth nations indicated they would continue to cooperate with Britain's efforts to implement the goals set forth by the conference. For example, they agreed that free and fair elections would include Commonwealth observers.

In a message later made public, President Carter congratulated the Commonwealth leaders for taking a significant step forward in producing a document which "holds the promise of serving as the basis for a just and lasting settlement." He conveyed to Prime Minister Thatcher his full support in the process which she had set in motion.

In their initial reactions, the Rhodesian parties to the conflict indicated that the proposals would be given consideration. However, it also was apparent that difficult negotiations lay ahead. Muzorewa and Ian Smith were initially critical of some aspects of the agreement, such as that providing for free and fair elections, but later indicated that the Commonwealth agreement contained positive elements. Mugabe and Nkomo reiterated their positions that a settlement would have to involve the dismantling of the Rhodesian army and police, and their replacement by the guerrilla forces; but they, too, did not categorically reject the agreement.

The British government has moved rapidly to begin the process endorsed by the Commonwealth conference. On August 14 it issued invitations to Bishop Muzorewa and Mr. Mugabe and Mr. Nkomo to attend a constitutional conference in London to begin September 10. The British also outlined proposals for an independence constitution. Attached is the text of the British announcement and related documents.

Key elements of the next phase of negotiations include:

The purpose of the London conference will be to discuss and reach agreement on the terms of an independence constitution.

Proposals for dealing with the various constitutional questions include:

For a specified minimum period, a minority of guaranteed reserved European seats—the proportion to be discussed among the parties.

Procedures for constitutional amendments by Parliament similar to those contained in other independence constitutions granted by Britain.

Independent service commissions for the public service, police and defense forces, "appointed on a basis, and with terms of reference, which will take due account of the need to preserve a high standard of efficiency and which also recognize the legitimate claims of the majority of the population to increasing representation in all forms of public office."

The Prime Minister to make certain senior public and other service appointments, after consultation with the appropriate commissions.

The British government would consider granting independence on the basis of alternative proposals put forward by any of the parties on which the parties themselves are able to reach agreement.

The United States Government has been in close communication with the British government and other involved governments on these developments; there will be UK/US consultations in London before the constitutional conference begins.

INTERNAL DEVELOPMENTS

There have been several significant developments in the internal situation since the last report.

The Parliament elected in April resumed its duties on July 24 and remains in session. James Chikerema, who had left Muzorewa's United African National Conference with seven other members of Parliament to form the Zimbabwe Democratic Party, won the court case which permitted his followers to retain their parliamentary seats under their new party label. Consequently, Muzorewa's former absolute parliamentary majority has now been reduced to 44 of 100 seats.

Reverend Sithole and 11 other ZANU members, who had boycotted the parliament in protest at how the elections had been conducted, finally took their seats on August 1. His party accepted two ministerial positions, but Mr. Sithole remains outside the government and continues to press his court case charging election irregularities. According to his party spokesmen, several hundred internal ZANU members were detained in July without specific charges.

Finance Minister David Smith announced what he called "unashamedly a war budget," 37 percent of which was allotted to defense and security. The total budget, totaling approximately $1.6 billion, is a 12 percent increase over the previous year. The budget provides for limited expansion of education and housing programs, but the overall increases in the civilian appropriations were generally below the inflation rate. A large deficit of some $660 million is anticipated. The Finance Minister repeatedly called for sacrifice by the population.

A new policy was revealed July 21 requiring future emigrants who subsequently return to Zimbabwe-Rhodesia to pay a reentry fee of at least 20,000 Rhodesia pounds (about $28,000). Official figures released in Salisbury indicate a net white emigration rate of 1,008 in May and 821 in June, showing that white emigration has leveled off at about 1,000 per month during 1979.

MILITARY AND SECURITY DEVELOPMENTS

The security situation remained essentially difficult during the past month, and the war continued to take a tragic toll. According to Zimbabwe-Rhodesian statistics, at least 711 people on all sides were killed in July, the fifth highest rate since 1972. Among the dead were more than 180 auxiliaries killed by Rhodesian security forces, most of whom were followers of the Reverend Sithole, although some were said to be supporters of Bishop Muzorewa's UANC party.

The government in Salisbury charged that ZAPU violated its pledge to suspend movement of its forces across the border from Zambia from July 25-August 10 in connection with the Commonwealth conference in Lusaka. Salisbury indicated it, too, would suspend strikes into Zambia during this interval. However, prior to the stand-down, a preemptive raid was launched July 20 against a ZAPU camp near Livingston. ZANU did not adhere to the stand-down during the Commonwealth conference.

The Muzorewa government has undertaken a new appeal to induce insurgents voluntarily to give up their guerrilla activities. Cabinet ministers and other civilian officials have been active in traveling outside Salisbury to reemphasize the amnesty campaign, but the results to date are uncertain.

On August 10 Bishop Muzorewa announced all educated blacks age 16–60 were to register for the draft, although only persons over 18 would be drafted. This act is intended to provide more qualified leaders and specialists in the military, and is expected to furnish a pool of approximately 100,000 conscripts for the armed forces, thus lessening the burden on whites.●

CHECKERED FLAGS: THE INVISIBLE MAN RECONSIDERED

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. PAUL. Mr. Speaker, the Lincoln Institute for Research and Education, on whose advisory board I am honored to serve, is a Washington, D.C., think-tank that studies public policy issues and their impact on the lives of black Americans.

The institute, under the able direction of Mr. J. A. Parker, publishes a very impressive quarterly, the Lincoln Review, and I have just received a copy of volume I, No. 2. Among its many essays of note is one by Dana Samuel Orie, called "Checkered Flags: The Invisible Man Reconsidered."

Among the few American novels of really first-rank importance, "The Invisible Man" by Ralph Ellison has much to say to us today, as we address the problems of American society.

I would like to bring this excellent article by Mr. Orie to my colleagues' attention:

Checkered Flags: The Invisible Man Reconsidered

(By Dana Samuel Orie)

Frederick Douglass and Harriet Tubman—the first "recognized Negro leaders"—satisfied two central expectations of Judeo-Christian tradition: the importance of the prophet, saint, or messiah attempting to lead the masses to the Promised Land. Christianized black Americans, perceiving their dilemma in metaphoric terms, likened themselves to the biblical, enslaved sons and daughters of Israel by searching for their own Moses. Less than a surprise, therefore, is the name given to Tubman: A Woman called Moses.

Both Douglass and Tubman set a stage that has been ascended and occupied by black leaders, orators all, until the assassinations of Malcolm X and Martin Luther King, Jr. in the Nineteen-Sixties. Between Douglass' and Tubman's time and the night of April 4, 1968 was a series of "begats" who passed on the mike—oftimes reluctantly—of race leadership. No great leader has emerged during the last decade, an "absence of leadership" decried by many. Yet we must consider a question: Is that absence necessarily a negative reflection of the progress black Americans have made?

While considering that question, we ought to reread Ralph Ellison's *Invisible Man*, a classic and complex novel which traces a black man's odyssey through historical, political, philosophical, psychological, and, ultimately, racial America. Questions of leadership—the *fight* for leadership—are among the novel's major themes, yet Ellison does not answer these questions. Instead, he leaves the decision to the individual reader. He reminds us—and we need to be reminded—that a black American's freedom brings him or her, as James Baldwin writes in his essay, "The Discovery of What it Means to be an American": "full cycle, back to himself, with the responsibility for his development where it always was: in his own hands." [1]

For an understanding of Ellison's juxtaposition of ideological leadership models against each other and against the "invisible music of . . . isolation," we should take a new look at *Invisible Man's* protagonist, the "orator . . . rabble rouser" who "was, and perhaps shall be again," and the historical forces that have molded and baffled him.

Orators, like actors, consider the butterfly a favorable omen. Uncertainty and excitement fan repositories of unharnessed artistic energy and inner tension that he hopes will fire stellar portrayals. Matters of posture, tone, and business are formidable butterflies to overcome, but a most worrisome butterfly is gut ambition: when footlights obscure the audience; when "you" becomes "y'awl." Driven by this gut ambition to be seen and heard, and attempting to satisfy the rote requirements of role, Ellison's protagonist blindly swerves from one ideological milepost to the next: A messianic driver at the wheel of a remotely controlled lemon.

In the prologue, the narrator declares that, "the end is in the beginning." He alludes to an earlier history of "fallacious assumption": "I, myself . . . did not become alive until I discovered my invisibility." His invisibility is "advantageous" to him. He relishes his hibernation, defined as "a covert preparation for a more overt action." He has acquired a "certain ingenuity," ability to "see around corners," even a proper ear for the blues. His is a picaresque understanding of his individuality and blackness in relation to a structured, black-and-white America. It is an understanding contrary to his former act of playing the role as written in order to achieve what had been defined by others as success. "I was looking for myself," he writes, "and asking everyone except myself questions which I, and only I, could answer."

He does not always have such keen self-perception. In his moments of glory as speaker and fledgling race leader, he steps onto a surreal dais, using all the tricks of the orators' trade to convince and unify his audience. Finally, he recognizes the unreality of his past and the reality of his present: "I know men are different and that all life is divided and that only in division is there true health." Furthermore, he has learned that individuals, to be effective as human beings, must say for themselves and their so-called leaders—"No, thank you; I'll free myself."

The learning process is painful and wrought by delusion. Accommodation, religion, unionism, and various ideological traditions push him about. He clings tenaciously to his oral tradition, his tradition as *griot;* but he abandons the intimate, personal environment of the *griot*, transforming it into an impersonal concern with oratorical technique and an abstraction of the audience. His technique is not original: vocal cadences and lucid articulation are borrowed from the pulpit and patriot. During, and on, his first stage, he parrots Booker T. Washington's brand of accommodation, "Cast down your bucket where you are." [2]

Booker T. Washington, represented by The Founder and Dr. Bledsoe of the narrator's college, was succeeded as "race leader" by W. E. B. Dubois and other black intellectuals, who, with considerable assistance from white, northern liberals, achieved leadership status. The bi-racial thrust for a "non-racial" America has a parallel in the narrator's conversion to the Brotherhood, an organization based on political scientific principles and similar to some manifestations of communism. Ellison is not suggesting that the organization with which Dubois was connected early in his life—the NAACP—is either communist or inordinately influenced by communism; rather he is describing the socialist and communist organizations which proliferated in America during the Great Depression.

At the time he is approached by the Brotherhood in the person of Brother Jack, he is unemployed, broke, and quite tired of eating cabbage. Historically, communists have been able to capitalize on these unfortunate, but real, situations on a larger scale, as evidenced by the Bolshevik Revolution in Russia and the prior conditions of other nations that have since become communist. The Brotherhood recognizes his oratorical skill and leadership potential, witnessed at an eviction of an elderly black couple. Brother Jack, in his initial conversation with him, says, "your anger was skillfully controlled. It had eloquence." He continues, "We need a good speaker for this district." He sums up his appeal by offering a job: "You were a spokesman for your people, and you have a duty to work in their interest." The narrator's response is, "I wanted to make a speech. I like to make speeches. What happened afterwards is a mystery to me."

But his resistance subsides as he reconsiders his situation and proceeds to the Brotherhood's party at the *Chthonian,* a word defined by Webster's New Collegiate Dictionary as "INFERNAL." Karl Marx's well-known quotation—"Religion is the opium of the people"—and our "invisible man's" observation after riding the *Chthonian's* elevator that he "was uncertain whether we had gone up or down," makes firmer than speculation the assumption that Ellison is implying a lack of Godly concerns there. This new setting is certainly in contrast to his college campus, where one could "stand . . . beneath the high hung moon, hearing 'A Mighty Fortress is Our God.' "

At the Brotherhood's party, a drunken white Brother accosts him: "Come on, Brother, git hot! Go down, Moses, . . . Way down in Egypt's land. Tell dat ole Pharaoh to let ma colored folks sing"—a thinly disguised allusion to his new career as messiah, to which he makes a fairly simple transition. After studying Brotherhood pamphlets and listening to their propaganda, he sits on a platform at a rally, listening "carefully, trying to snatch a phrase here, a word there, from the arsenal of hard, precise terms." When his speech is finished, "Red spots" dance before his eyes. He sees "blurred figures," and stumbles "as in a game of blindman's bluff." Here, Ellison is repeating imagery that is used throughout the novel; the imagery suggests that the orator is "unable to see." What he is blind to is that the Brotherhood is using him, that the helping white hands are guiding him, that he is not guiding himself.

Another leadership alternative that has been offered to black America—the separatist, afro-centric model—is represented in *The Invisible Man* by Ras the Destroyer. Like the protagonist, DuBois and others were often criticized as being too influenced by white liberals. A radical magazine edited by the late A. Phillip Randolph once accused: "The NAACP is led, controlled and dominated by a group who are neither Negroes nor working people, . . .' [3] Marcus Garvey, believing that "Negroes of Africa and America are one in blood," was even more critical of DuBois: "The masses of Negroes think differently from the self-appointed leaders of the race," and accused DuBois of agitating "for the privilege of dancing with a white lady at a Ball at the Biltmore. . . ." [4]

This volume has a much more physical opponent in Ras than DuBois had in Garvey. When Ras and his followers attack the narrator and his Brother Tod Clifton (described as possessing "the chiseled, black marble features sometimes found on statues in northern museums and alive in southern towns"), Ras cannot bring himself to kill Clifton, simply because, "You black and beautiful." Garvey's "one-in-blood" sentiment is seconded by Ras in his estimation of the Brotherhood:

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[1] James Baldwin, *Nobody Knows My Name* (New York: Dell Publishing Company 1962).

[2] See Booker T. Washington's Atlanta Exposition Address, delivered in 1895, *Up From Slavery: An Autobiography* (New York: Doubleday, Page & Company 1901).

[3] "DuBois Fails As A Theorist, Editorial, the *Messenger* (December 1919).

[4] Marcus Garvey, *Philosophy and Opinions of Marcus Garvey,* ed. Amy Jacques-Garvey (New York: Universal Publishing House 1925).

"They betray you and you betray the black people," he says, "We organize—organization is good—but we organize black. BLACK!" Ras, a West Indian like Garvey, asks Clifton to join his cause: "So why don't you recognize your black duty, mahn, and come jine us."

The Battle Royal for the narrator's mind continues as it has continued for black Americans' allegiance, indicative of the search for the "right" dialectic to achieve freedom. DuBois, who died as a citizen of Ghana in 1963, went "home" to Africa and espoused communism. Unlike DuBois, he does not find his peace in the Brotherhood.[5] He begins to perceive the cold, scientific nature of the Brotherhood when he is reassigned out of Harlem to a downtown district. He is told, "The Brotherhood is bigger than all of us. None of us as individuals count when its safety is questioned." Yet he confesses to himself that his "ambitions were too great to surrender. . . . He stays with the Brotherhood despite an awareness that he is acting "out a pantomime more eloquent than my most expressive words."

It is at the funeral of Brother Tod Clifton—who has "failed in his assignment"—when our "invisible man" tightens his focus. From the platform he peers "down into their sunswept faces," faces illuminated for the first time in his oratorical career. He asks, "What are you waiting for me to tell you? . . . What good will it do?" He answers himself by saying about Clifton what could be said about himself: "He's in the box and we're in there with him." He declares the cause of death "resisting reality."

And, again for the first time, he sees "not a crowd but the set faces of individual men and women." As opposed to the surreal quality of earlier speeches, when this speech is completed the narrator notices the minutiae of his environment, the sharp, allegorical delineations of Harlem: "Stale and wilted flowers, rejected downtown, blazed feverishly on a cart, like glamorous rags festering beneath a futile spray from a punctured fruit juice can."

The "invisible man's" odyssey has revealed to him that "there's nothing like isolating a man to make him think." This understanding is underscored by his discovery of Rhinehart, a man capable of being a pimp, numbers runner and "spiritual technologist" at the same time—a man clearly lacking a definite identity. His lesson is completed when he witnesses Scofield and Dupre burn their apartment building. "They've done it," he thinks, "they organized and carried it through alone, the decision their own and their own action." A violent, angry decision, perhaps, but Scofield's and Dupre's action is contrary to his earlier observation that men like them were "outside the groove of history," and that it was his responsibility to "get them in, all of them."

Finally, after being pummeled in and by the forces of history, he sees that, albeit invisible, he is a "man of substance, of flesh and bone, fiber and liquids," who "might even be said to possess a mind." At the end, he understands that life "is to be lived, not controlled; and humanity is won by continuing to play in the face of certain defeat."

Here, it would be simple to say that political dialectics, as represented in Ralph Ellison's *Invisible Man*, are like leadership models in a soap box derby rolling willy-nilly downhill; concerned only with the gravity of the race as they perceive it; all fighting for first position; mistaking the checkered flag for their respective banners; losing sight of the folks in the bleachers. But that would be too simple, for the political, philosophical, psychological, and racial ramifications of *Invisible Man* demand far less smugness than that. There is also the temptation to call Ellison a prophet, what with the realization that *Invisible Man* was first published in 1952. That proposition would surely be laughable to Ellison: Moses he is not. His is a difficult book, a novel which answers and poses questions at the same time.

Nor are the questions simply a rehash of Hamlet's question: "To be or not to be." The novel's narrator humorously but correctly boasts. "I yam what I am!"

He ends his narration asking, "Who knows but that on the lower frequencies, I speak for you?" Ellison, at the end of an essay in *American Scholar*, urges black Americans—black American *individuals*—to see and speak for ourselves when he advises: "Where there's a melting pot there's smoke, and where there's smoke it is not simply optimistic to expect fire, it's imperative to watch for the phoenix's vernacular, but transcendent, rising."[6] ●

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[5] See *The Autobiography of W. E. B. DuBois* (New York: International Publishers 1968).

[6] "The Little Man at Chehaw Station," *American Scholar* (Winter 1977–78).●

PERSONAL EXPLANATION

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. HOLLENBECK. Mr. Speaker, due to scheduling conflicts I was unable to record my position on several recorded votes in the House on September 5 and 6. Had I been present I would have voted as follows:

Rollcall No. 436: Amendment to reduce appropriation for international organizations and programs by $3.75 million with the provision that no more than $126 million would be made available for the United Nations development program, "no."

Rollcall No. 437: An amendment that prohibits use of funds for economic or military assistance to Panama, except for food programs and medical assistance, "yes."

Rollcall No. 438: An amendment that sought to strike the appropriation for the Institute for Scientific and Technological Cooperation, "no."

Rollcall No. 439: A substitute as amended that sought to prohibit indirect aid through international institutions to Angola, Central African Empire, Cambodia, Laos, or the Socialist Republic of Vietnam provided that this would not present the expenditure of funds to finance assistance to Israel, Egypt, Mexico, the Dominican Republic, Indonesia, Malaysia, Thailand, or any other nation not specifically mentioned or eligible to receive assistance, "no."

Rollcall No. 440: An amendment that prohibits indirect as well as direct assistance or reparations to Angola, the Central African Empire, Cambodia, Laos, or the Socialist Republic of Vietnam, "yes."

Rollcall No. 442: Amendment to the substitute that sought to withhold 5 percent of total appropriations for payments not required by law, "no."

Rollcall No. 443: Amendment to the substitute that provided for a 2-percent cut in appropriations exempting Israel and Egypt and those appropriations for agriculture, rural development, nutrition development assistance, health, migration and refugee assistance, and U.S. emergency refugee and migration assistance, "yes."

Rollcall No. 444: Amendment to the substitute that provided for a 4-percent cut in appropriations with same aforementioned exemptions, "no."

Rollcall No. 445: An amendment that sought to prohibit use of funds to finance assistance to Nicaragua without prior approval of Congress, "no." ●

UNITED AUTO WORKERS UNION DOES NOT OPPOSE THE DINGELL/BROYHILL AMENDMENT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, a communication to me from the United Auto Workers Union clarifies that the UAW does not have a position on the amendment Congressman BROYHILL and I will offer to the Department of Transportation appropriations bill regarding our call for more testing of airbag systems for automobiles.

The letter follows:

JULY 19, 1979.

HON. JOHN D. DINGELL,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. DINGELL: This is to confirm an earlier conversation with you in which I reported that the UAW does not have a position on the Dingell Amendment to the Fiscal 1980 Transportation Appropriations bill.

As you know, the UAW does support the action of the Secretary of Transportation in ordering the installation of passive restraints in automobiles beginning in the 1982 model year. While that position is unchanged, the Appropriations bill to which you are offering your amendment expires a full year before the Department of Transportation rule takes effect, and thus it is our judgment that your amendment will not prevent implementation of the rule. This view is further substantiated by the fact that your amendment explicitly permits the continuation of research and development of passive restraints.

To sum up, while the position of the UAW on the underlying issue of passive restraints is unchanged, we do not believe the Dingell Amendment will undermine implementation of the rule.

Sincerely,

HOWARD G. PASTER,
Legislative Director.●

SYNFUELS CRASH PROGRAM VIEWED AS RISKY

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. WYDLER. Mr. Speaker, I wish to bring to the attention of my colleagues the following recent article in Science magazine which goes a long way toward putting into proper perspective what we can expect from synthetic fuels. While I feel the 250,000 to 500,000 barrels per day by the year 1990 is too modest a goal, the article, by summarizing and comparing two new major studies, does point out the pitfalls of an $88 billion crash program at this time.

We have a great need in this country for a major synthetic fuels effort but it must be one that is grounded in technological know-how and one that is implemented in an orderly fashion. It is clear that the technology which is commercial today is not the technology which will sustain a major synthetic fuels industry, so we must accelerate the R. & D. program to get the winning technologies ready. We must also get the range of incentives in place that will permit each type of company which is interested in synthetic fuels into the market at the earliest possible date. We must start today with a major two-pronged effort in synthetic fuels but with a much more modest price tag than the President has proposed.

I recommend this article to my colleagues:

Synfuels Crash Program Viewed as Risky

(By Luther J. Carter)

Some independent energy experts who are far apart on other key policy issues seem pretty much of one mind in putting down as a bad idea President Carter's proposed crash program to develop, by 1990, an entirely new industry capable of producing synthetic fuels and other oil substitutes at the rate of 2½ million barrels per day (MBPD). This can be seen, for instance, in the views held by the authors of the recent report of the Harvard Business School energy project and by the authors of the report just issued by Resources for the Future (RFF), a respected private research organization based in Washington.

In most respects, the two reports differ markedly. The Harvard Business School report emphasizes conservation and solar energy as answers to the nation's energy problem, contending that it is nothing short of "romanticism" to imagine that the steady rise of oil imports can be stopped even by extraordinary efforts to develop the four "conventional" domestic energy sources—oil, gas, coal, and nuclear.

The RFF report, on the other hand, emphasizes the need to expand a variety of domestic sources of energy supply, including coal and nuclear, and not rely heavily on unconventional means still a long way from commercial reality. Conservation and solar energy are acknowledged to be important, but the report is notably less bullish than the Harvard study as to what can be expected of them in the near term and is especially cautious as to the solar prospect.

But, on synfuels, authors of the two reports appear to be saying the same thing, or at least thinking in the same vein. Testifying recently before a Senate subcommittee, Mel Horwitch, a member of the team that prepared the Harvard Business School report, said that the proposed crash program "involves serious risks to the nation in a variety of areas: inefficient use of funds, hazards to the environment, and, ironically, a future wholesale disillusionment with the synthetic fuels option as a result of a possible backlash perhaps midway through this effort as it becomes clear that the grandiose promises we hear today will not be met."

At a recent news conference, Harry Perry, RFF's expert on coal and synfuels and a major contributor to the RFF energy study, told reporters that a crash program amounted to "locking yourself in to the lowest cost technology of today." The alternative, which Perry preferred, would be to begin modestly with a program to test a number of different synfuel technologies at commercial scale in order to find out what the costs really are and determine the environmental impacts and other problems.

One of Perry's colleagues in the RFF study, Milton Russell, in a recent speech at the American Enterprise Institute, described some of the problems associated with a crash program in these terms:

"Synfuels plants are very large enterprises—a 50,000 BPD coal [liquefaction or gasification] plant will cost, at a minimum, over 2 billion dollars and use several times as much coal as the largest electric generating plant. And no one has ever built even one at this scale. And we are talking about building 20 to 30 of them in the next 10 years assuming [that] 1 to 1½ MBPD will come from coal. Another set of plants using essentially the same heavy construction and engineering skills and the same industrial base will be required for the oil shale program. . . . We do not have unemployed managers, skilled laborers, and production equipment to utilize as we did with war production in 1941. The managers, engineers, and laborers will have to be trained or diverted from other activities, [and] new plants will have to be built to produce the equipment going into the synthetic fuels plants. . . . Some of these steps [and others, such as selecting sites and obtaining environmental approvals] can be compressed, but, taken together, the prospects for anything like 2.5 MBPD by 1990 seem to me slim unless as a nation we decide nothing much else is important."

Russell added that, the faster the synfuels program is pushed, the higher will be its costs, and that these will be paid in three ways: first, the cost in direct waste, as the same mistakes are made in a lot of places at once, "when redundant paths are followed because there is no time to learn, and when inevitable unforeseen bottlenecks mean that time and effort is lost everywhere"; second, the cost "in lower outputs in the rest of the economy as shortages and distortions show up because labor and equipment are diverted to synfuels tasks leaving a mismatch among resources and leading to less efficient production of everything else"; third, the cost in loss of energy production from conventional sources, as money, equipment, labor, and technical skills are diverted from the search for conventional oil and gas and the construction of conventional energy conversion facilities, such as coal-fired electric generating plants.

"This last cost should be carefully examined in evaluating even a 'successful' program," Russell said, observing that, even if the goal of producing oil substitutes at the rate of 2½ million barrels a day should be achieved, oil imports might not be reduced by that amount.

If a big crash program for synfuels development is a bad idea, what level of effort is appropriate? Horwitch of the Harvard Business School recommends a modest effort, perhaps the equivalent of a half-dozen projects rather than the twenty-plus that the Administration has in mind. "We need a portfolio of synthetic fuel activities that range across the spectrum in terms of technological risks, scale, and type of raw material," Horwitch says. He suggests that the program include first, second, and third generation technologies; laboratories; pilot- and demonstration-scale plants; and maybe a commercial plant. "Perhaps by 1990," he says, "we will be producing the oil equivalent of 250,000 to 500,000 barrels per day of synthetic fuels. More importantly, however, our learning in this area will have been accelerated."

Russell of RFF also favors such an "informational" program, except that he emphasizes the importance of building commercial size plants to test "social acceptability, environmental impact, and, in general, the feasibility of operating plants at this scale." Perry believes that, as a practical matter, even with an all-out synfuels effort, the production capacity that could be brought on line by 1990 would not exceed 500,000 barrels per day. With an informational program, he says, daily production probably would be no more than half that.

Perry notes that there simply has been no case of a synfuels plant ever having been built before on the scale—50,000 barrels per day or larger—contemplated in President Carter's proposal. Nazi Germany's maximum daily production of synfuels during World War II was, he says, 110,000 barrels, with the largest plant producing 17,000 barrels.

Early this summer, prior to the President's announcement of his proposal, there was a strong push in Congress for a major national synfuels effort. A bill was passed by the House of Representatives to establish, through a program of price and loan guarantees, a 2 MBPD synfuels industry by 1990. Since then, however, an attitude of caution has become evident, especially on the part of the Congressional Budget Office. When Congress returns from its Labor Day recess, the kind of advice now being heard from the Harvard Business School team and RFF may contribute to a reshaping of synfuels strategy.●

NINTH DISTRICT ISSUE SURVEY RESULTS

HON. F. JAMES SENSENBRENNER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. SENSENBRENNER. Mr. Speaker, early in July I sent a survey to all the households in my district, in which I asked the opinions of my constituents on a variety of issues we must deal with this session. I am pleased to report that over 12,000 families took the time and effort to respond. I found the results both interesting and informative, and they will be helpful to me in representing Wisconsin's Ninth District.

The following are the results of that survey, Mr. Speaker, which I wish to share with my colleagues, because the message they contain should be heeded by all of us:

1. Do you favor an amendment to the U.S. Constitution to require a balanced federal budget except in war or national emergency? Yes, 79 percent; no, 15 percent; undecided, 6 percent.

2. Do you favor the use of federal income tax dollars to finance Congressional election campaigns? Yes, 20 percent; no, 78 percent; undecided, 2 percent.

3. Do you favor a system of taxpayer-financed national health insurance? Yes, 24 percent; no, 72 percent; undecided, 4 percent.

4. Do you believe reducing federal government spending is the best means of reducing inflation? Yes, 83 percent; no, 13 percent; undecided, 4 percent.

5. Do you favor tuition tax credits for parents of pupils in private colleges or universities? Yes, 46 percent; no, 48 percent; undecided, 6 percent.

6. Do you favor giving Congress the power to veto or change federal agency rules and regulations? Yes, 64 percent; no, 23 percent; undecided, 13 percent.

7. Do you favor reinstatement of the military draft? Yes, 47 percent; no, 45 percent; undecided, 8 percent.

8. Do you favor price supports for farm products? Yes, 39 percent; no, 52 percent; undecided, 9 percent.

9. Do you favor indexing the personal income tax so the tax paid won't increase unless after-inflation income increases? Yes, 81 percent; no, 11 percent; undecided, 8 percent.

10. Do you favor closing down all nuclear power plants, even though they produce 40 percent of Wisconsin's electricity? Yes, 12 percent; no, 83 percent; undecided, 5 percent.

11. Do you favor gasoline rationing with each car allotted the same amount of gas? Yes, 21 percent; no, 75 percent; undecided, 4 percent.

12. Do you favor ratification of the President's proposed Strategic Arms Limitation Treaty (SALT II) with the Soviet Union? Yes, 42 percent; no, 40 percent; undecided, 18 percent.

13. What level of profit (return on investment) do you believe the oil companies should be allowed to make? a. 5 percent?, 27 percent; b. 10 percent?, 47 percent; c. 20 percent?, 16 percent; d. Other?, 10 percent.

14. Do you favor minimum prison sentences for convicted felons to serve before they are eligible for parole? Yes, 89 percent; no, 8 percent; undecided, 3 percent.

Mr. Speaker, the message is clear. The people of Wisconsin's Ninth District, and most other districts as well I suspect, want the Federal Government to be more fiscally responsible, to regulate their lives less, and to abandon the attitude of "Government programs can solve our problems."

Thank you, Mr. Speaker.●

INTERNATIONAL RELATIONS

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. HILLIS. Mr. Speaker, due to the worsening situation in El Salvador and the recent inability of the United States to adequately respond to international developments which threaten our national interest, I have today sent President Carter a letter requesting a reevaluation of our foreign policy. Because of the importance of this issue, I am at this point placing that letter in the RECORD:

SEPTEMBER 14, 1979.

Hon. JIMMY CARTER,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: It is with utmost concern over current world trends that I write to you today. Within the last year the United States has seeen the governments of two important allies overthrown by anti-American forces.

The entire world watched as the Shah of Iran was deposed by forces loyal to Ayatollah Khomeini. Not only was Iran of extreme importance to the United States as a source of crude oil, but also due to its geographic location it was, and is, vital to our national security. It was unfortunate that the United States was unable to respond adequately and come to the aid of the Shah, a proven, valuable friend.

More recently the government of President Somoza in Nicaragua was violently overthrown by the Sandinista guerrillas. As in the case of Iran, the United States was unable to respond to the situation and assist an important ally in Central America.

I realize that since assuming office you have made human rights the cornerstone of your foreign policy. However, I am concerned that the human rights issue has caused us to narrow our focus on international issues to such a degree that our national interests are being threatened.

I am specifically concerned with the growing tensions throughout Central America in general, and El Salvador in particular where the government of President Romero is under attack by Marxist-Leninist terrorist organizations. Although El Salvador has historically had a very poor human rights record, President Romero has promised free elections and has invited the OAS to monitor these elections later this year. Yet, as in the two previously cited situations, the United States finds itself incapable of responding to prevent anti-American forces from seizing power.

Although I can fully appreciate and support your desire to improve human rights throughout the world, I am convinced that at the present time this effort is hampering our worldwide influence. It must be noted that in the cases of Ayatollah Khomeini and the Sandinistas human rights under their regimes have far from improved. Certainly the leftist organizations in El Salvador cannot be expected to improve upon the human rights record of President Romero.

The growing anti-American sentiment in Central America is not liimited to Nicaragua and El Salvador, but is being spread throughout Central America by a strong Cuban influence. The recent discovery of a Soviet combat brigade in Cuba further illustrates how well orchestrated the anti-American movement is.

Communist-backed forces have used or taken advantage of the poor human rights record and economic conditions of many nations friendly to the United States. While never intending to recognize the basic rights of individuals, these forces use the discontent among the populace to mislead them and gain influence. It must be noted that the same economic conditions which facilitated the overthrow of governments in Nicaragua and Iran and which are working against the government in El Salvador are present in many other nations throughout South and Central America.

I was encouraged by the article which appeared in the Washington Post September 14 that indicated that the State Department is beginning to approach the situation in El Salvador in a more realistic manner. However, unless priorities are changed within the near future, I am convinced that the number of governments added to the list of those overthrown by anti-American interest will continue to grow.

Sincerely,
ELWOOD H. "BUD" HILLIS,
Member of Congress.●

FOREIGN ASSISTANCE

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mrs. BOUQUARD. Mr. Speaker, while not agreeing with the decision of the majority of this body in its approval of the foreign assistance appropriations for this fiscal year, I feel that many issues were raised during the course of debate which eventually must be dealt with. I realize that the issue of whether this Nation has the ability to provide massive amounts of financial assistance to foreign nations is indeed difficult. Since I first came to the Congress I have opposed the continuation of these programs, because I could not support the giveaway of billions of dollars to other nations while we faced severe economic problems at home.

Since the end of World War II, we have spent over $175 billion on foreign aid. Some of these programs have provided miraculous results. We only need look to the Marshall plan to see that our programs were not all wasted.

However, in recent years, our aid has too often been readily accepted by nations who have consistently opposed U.S. interests. Our embassies are taken over and our ambassadors are murdered, yet still we insist upon these massive expenditures. Foreign aid has often been the basis for drawing this Nation into long and bloody conflicts under the guise of "protecting our investments." U.S. assistance has come to be regarded as the norm by nations who refuse to tax themselves so that they might stand on their own.

The sad and discouraging aspect is that the funding level for foreign aid far exceeds the amount appropriated for beneficial programs for the senior citizens of our own country. For example, the moneys appropriated for the Older Americans Act over the past 5 years amounts to only one-eighth of the total expenditure for foreign aid within the same period.

So long as there is a desperate need in this Nation—elderly citizens who must choose between food and shelter, workers unable to support their families, young people without work—I will not support this massive expenditure of our tax dollars on foreign aid.

I deeply regret that in voting against this bill I am voting against aid to Israel, a nation which has borne the brunt of its own defense. I do feel that continued U.S. aid to Israel is justified under the present circumstances. I assure you that I would support such a proposal if it were offered independent of this legislation. However, since this is not the case, I reluctantly voted against the Foreign Assistance Appropriations Act for fiscal year 1980.●

HARRY K. WELLS SPEAKS OUT ELOQUENTLY FOR THE RIGHT TO HELP OURSELVES

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. BAUMAN. Mr. Speaker, one of the finest traditions this country has is the ability and willingness of its people to help others more needy than themselves. Unfortunately, the Federal Government seems intent on stifling this independence and replacing it with centralized, controlled social programs where ivory-towered wise men tell us what we need and then give it to us whether we like it or not.

Fortunately, the spirit of private and voluntary community service is still alive, as evidenced at a recent gathering in my State of Maryland. On May 24, 1979, at the Hunt Valley Inn, McCormack and Co. chairman of the board and President Harry K. Wells was presented the National Jewish Hospital/National Asthma Center's Humanitarian Award. Mr. Wells has a long and distinguished record of volunteer work in charitable, business, and civic activities in Maryland and throughout the United States. His acceptance speech addresses this question of volunteerism versus Government interference, and he makes an eloquent appeal for the right of people to help themselves. I would like to share it with my colleagues:

Address of Harry K. Wells

Your 1979 Humanitarian Award is a great honor for me, one that I accept proudly because I believe in the kind of public service that it is a symbol of; and I believe in the kind of work being done by the dedicated researchers and staff at the National Jewish Hospital in Denver.

Known throughout the world, this excellent research center and its brave patients are the real honorees tonight and on behalf of those you have helped breathe easier by your presence here tonight, I thank you again.

The poet Elizabeth Barrett Browning is perhaps best known for her love sonnets. But she also wrote other lines which seem appropriate for us tonight.

"The child's sob . . . in silence . . . curses deeper . . . than the strong man . . . in his wrath."

Anger is a natural response, and it's understandable that we would want to strike out in frustration at the cruel and unfair fate which condemns many to a helpless and at times almost hopeless life. Confined, restricted to air-blocked prisons which make even the simplest tasks of everyday living tremendous challenges.

But striking out in wrath means spending our energies the wrong way.

We strike best—our most effective blows—when we undo our angry fists and offer them open-handedly in service and help, to others. You believe that, too, or you wouldn't be here tonight.

Even though we live in a country founded as a democracy, with freedom of enterprise as one of its founding principles, there are those I see today in our society—some of them in government and other proponents of special social causes who are seeking to limit and even take away our abilities to respond, either as companies or as individual employees, to the needs of others.

Under the guise of measuring corporate and social accountability many of these well-intentioned people believe that only they can identify needs; only they know what needs should be met; only they can determine what goods and services should be offered the American public and what products should be marketed; only they can judge which causes are worthy; only they know when, where, and how to dispense charity and good will to other men and women.

And, they are determined not only to tax and regulate our products and our abilities but also to hound, to coerce, and to force us into following their dictates.

I'm sure these self-styled directors of the social and economic conscience are men and women of good will themselves but somehow their well-intended motives take away much of the "good" from good will and much of the "free" from free enterprise.

Concern for our fellow men ought to be dictated and regulated by our conscience and our hearts, not by the government.

Volunteering to help others is a product of our American democracy and our free enterprise system.

It's because our companies are free to be successful and our employees are well paid and have free time that we can help others.

Most of the people of the world struggle from dawn to dark just to be able to feed themselves. It's not that they have any less concern for others. It's that, unfortunately, they don't live under an economic system like ours which permits the luxury of volunteering.

Erma Bombeck, who normally delights us with her wit, recently did a serious column on volunteering.

She suggests volunteers are a luxury in a world that's become very practical.

To her, volunteers not only contribute to our American civilization, she believes they are our American civilization.

Volunteers are the only people, she says, who reflect this nation's compassion, unselfishness, caring, patience, need, and just plain loving one another.

Like too many other things, Erma thinks we Americans take charity for granted.

She believes we ought to take more time to say "thank you" to those who provide the symphony; the six new dialysis machines; for sitting up with the 16-year old who overdosed and begged to die; for the hot chocolate at scout meetings; for reading to the blind; for taking the golden age group to the ballgame; for knocking on doors in the rain; for hugging the winners of Special Olympics. And, if she were here tonight she'd add: for helping patients in Denver breathe easier.

Like Erma, it frightens me to think what our country would be like without these volunteers.

The Center for Voluntary Action estimates Americans contribute $36 billion dollars worth of time, talent and energy each year toward making this a better country for all of us. I'm told a total of over 37 million Americans volunteer an average of 9 hours each week in helping others.

That's measuring social accountability in a way that really counts.

I wonder how long our city, or any city, would work without the dedicated volunteers, many provided by successful companies and organizations like yours and mine.

We all know it couldn't operate very long or very effectively.

Though largely unrecognized, companies like yours and mine and our employees and their families give muscles and money to activities which run the gamut from A to Z, from amateur athletics, to Boy Scouts, to the Walters Art Gallery, to the zoo.

For example, at McCormick, over 800 local employees participated this year in a program started years ago called C-Day. On this day, employees may volunteer to work an extra day, a Saturday, for charity. The pay they would normally be paid for their work this day is donated to charity and the Company matches each of their contributions. Since this "extra" day is a Saturday, the rate of pay and the matching Company gift is figured at time and a half.

Since 1960, this C-Day program has contributed almost $1.5 million dollars to the local charitable agencies. It has the enthusiastic support of our employees, not just because it greatly increases the amounts they are able to contribute but because of the real sense of community it develops. It says the Company cares—and that each employee cares.

In addition to these C-Day funds, McCormick quietly underwrites many other worthwhile local educational, civic, and cultural programs through its Charitable Donations Committee. There's never enough to do all we'd like to do but we try to invest our funds and the time of our people as carefully in community affairs as we do in our business affairs.

Those who are demanding social accountability should be asked to total up the value of these kinds of contributions by your company, your employees and mine. And they should remember that only strong and successful organizations can afford to support these kinds of commitments by their employees.

These volunteers are the real catalysts of much of the charity, civic, and cultural life in this country. Perhaps we in business should stand taller and talk more openly about these contributions—not the dollars but the commitments of executive and employee time, talent, and energy. Charity isn't free without free enterprise.

That's why I hope each of you, as you reflect upon this evening, will appreciate and recognize that each of you by being here has really given the "breath of life" to someone less fortunate. And, if you believe that this is an extension of the same breath of life the Creator breathed in each of us, then I think you'll agree there's no greater gift we can give than renewed life.

Thank you for this award, this honor, and for being here this night.●

FEDERAL REGULATION OF INDUSTRY

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. GRASSLEY. Mr. Speaker, the past few years have seen an ever-increasing invasion of Government into private enterprise. Concurrently, we have suffered two phenomena that are unprecedented in the history of the American economy.

One is stagflation; a paradoxical situation where business is stagnant, yet the cost of goods and services moves ever higher.

The other is an alarming and growing decrease in the production output per hour of the American worker in comparison with workers in Japan and Western Europe.

Federal interference in business and industry has brought us to this predicament. Taxation and Federal regulation have elevated the cost of goods and contributed to inflation. This has two directly injurious effects on the economy. First, it opens the door to cheaper foreign products and cuts into sale of American goods in both the domestic and foreign markets. Second, it promotes inflation and generates demands by labor for increased wages to cope with inflation. With reduced sales and increased costs, industry is left with no good way to turn.

The ideal solution is to improve the ratio of production to production cost so that American industry can meet the competition in the marketplace at home and abroad. This is the traditional response of industry in a laissez-faire economy. Today, however, such response cannot take place for American industry is so shackled by Government that its only remedy lies in cutting operating costs in order to compensate for production costs.

As a result, quality is sacrificed. Reinvestment is curtailed, research and development is cut back. Equipment ages and cannot be replaced, because the depreciation rate allowed by the Federal Government makes modernization so costly that production costs would be forced even higher. It is a vicious cycle from which no relief is possible until Government removes its feet and its thumbs from the engines of industry.

If we want to control inflation, let us give American industry the freedom to compete in the marketplace, both at home and abroad. Let us reenergize the ingenuity that accounted for the phenomenal growth and modernization of America prior to the era of onerous and nonessential Federal regulation. Let us reform our tax and depreciation laws in a manner that will promote reinvestment and industrial research. Only then will industry be able to respond to the challenge of foreign competition through the productivity per dollar that will regain our markets and reestablish America as the front runner in world technology and economic progress.

If such incentive were provided to the producers of American goods, what results should we expect? Would private enterprise rise to the challenge of energy self-sufficiency? Would Detroit produce an energy-efficient automobile engine to compete with foreign imports? Would American productivity per man hour rise to the level needed to capture a larger share of foreign markets? Would inflation decrease and the value of the dollar reassert its traditional position in world trade?

For those who believe in American ingenuity and the free enterprise system, the answer is "yes."

Let us reassert our faith in America and remove the Federal restraints which prevent the private sector from restoring our economy to its rightful place in the world.●

CARL YASTRZEMSKI

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. BOLAND. Mr. Speaker, today was Carl Yastrzemski Day on Capitol Hill.

Hundreds of Members of the House and staff employees and visitors to the Capitol greeted Yaz in the office of the Speaker of the House, Hon. THOMAS P. O'NEILL, JR.

Following the Speaker's reception, the Massachusetts congressional delegation, hosted a luncheon in the Speaker's dining room. Joining Yaz at the reception and luncheon was the great Boston Red Sox outfielder Dwight Evans, the Sox manager Don Zimmer, and batting coach Walter Hriniak.

Carl Yastrzemski deserves the magnificent tributes that are being paid to him by thousands of fans and the sports media. He is the first American League player to reach a record of 3,000 hits and 400 home runs.

In his finest hour, and at 40 years of age, Yaz' thoughts were similar to the yearnings of all kids who love to play baseball. As long as he could remember, he said he wanted to be a ball player. And baseball player he became to rise to one of the game's greatest and finest players.

But, Mr. Speaker, Carl Yastrzemski is more than a great baseball player. He is a superb individual who has gone out of his way countless times to bring hope and happiness to so many youngsters and not so young alike. His constant attention to his own physical condition, his marvelous competitive spirit, his willingness to help younger players on the way up in the baseball world, his engaging personality and kindness to all, have combined to make him one of the most durable, popular players that the game has ever seen.

All kinds of tributes have been written of him as he reached his record breaking moment. But he put it in typical Yastrzemski modesty as he responded to the thunderous greeting that was sparked by his achievement. Yaz said:

> I haven't had the greatest ability in the world. I'm not a strong guy. I've made nine million adjustments, nine million changes. I've worked hard over the winter time. I've paid the price and God gave me a tremendous incentive and body to excel and that desire inside of me.

And as Red Smith, the famed sportswriter for the New York Times writes:

> That's what it takes—the willingness to pay the price—and keep paying it year in and year out, summer and winter.

Mr. Speaker, Yaz would be the first to say that he paid the price. Boston, our State of Massachusetts, his beloved Boston Red Sox and millions of baseball fans are all the better because he did.●

TECHNOLOGY TRANSFER AND SALT II

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. ROUSSELOT. Mr. Speaker, it is entirely appropriate that as we are debating the Export Administration Act amendments, our colleagues in the Senate are debating the SALT II Treaty. This is more than a mere coincidence, as both debates center on questions of the relative military power of the United States and the Soviet Union, and in particular on the growing might and aggressiveness of the Soviet military. Just as our Senate colleagues are more and more perceiving a linkage between Soviet activities around the world and our position on SALT, so should we recognize a direct connection between SALT and the technology transfer question.

It is an obvious truth the Soviets would not be militarily where they are today were it not for tremendous advancements in their technological and productive capability. Their ability to project force either on land or on the sea; their development of modern firepower control systems, jet engines, radar and antiaircraft systems and so on is clearly technology-dependent. Modern warfare in the late 20th century is in its purest sense technological warfare.

The Soviet Union, of course, has an independent and impressive technological base, particularly in the military area. In the past, however, we in the United States and in the West have foolishly contributed to the development and expansion of that base. And this is still going on today. The examples are legion and by now should be well known. The case most relevant to our immediate deliberations here, however, bears repetition. This was our sale to the Soviet Union in 1972 of 164 Centalign-B precision grinding machines, which are used in the production of precision miniature ball bearings. Among other things, these precision ball bearings are used in modern missile guidance systems.

Although this was known at the time of the sale and was warned against, the sale was allowed to go through anyway. It is now known, as many had feared, that the Soviets have used the Centalign machines to produce MIRVed nuclear warheads capable of hitting the United States. MIRV technology, which allows a single missile to carry a number of nuclear warheads, each of which is independently targetable, was in 1972 still beyond Soviet capabilities. As a result of this sale, however, America's lead in both missile accuracy and in MIRV technology has been greatly reduced.

The Soviet Union has developed a first-strike capability which threatens in a very few years to destroy much of our land-based missile force on the ground, leaving the United States all but helpless. It is this new vulnerability that lies behind the calls which are now being made for an expanded defense budget. This lies behind the major outlays which we will soon be making to deploy the MX missile—a system designed to remedy our current strategic vulnerability. It lies behind much of the doubt which now exists about the credibility of our defense against an ever-growing Soviet threat.

The point is, Mr. Speaker, that the issue of strategic trade with the Eastern Bloc is not an isolated one. Rather, it must be evaluated within the broader context of East-West relations and the growing military disparity between ourselves and the Warsaw Pact countries. Trade which places in Soviet hands technology with possible military applications is trade which undermines our own security and leads to even greater pressures for increased military spending here at home. It is trade which promises to further tip the military balance to the disadvantage of the West. Whatever the short-run economic gains, such trade can only damage America's strategic position in the world. It ought to and must be controlled—responsibly and fairly, but controlled nonetheless, if we in the United States are to maintain intact our economic leadership, our military strength, and our political freedoms.●

TRADE WITH THE COMMUNIST BLOC: THE PUBLIC'S RIGHT TO KNOW

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DORNAN. Mr. Speaker, during further consideration of the Export Administration Amendments of 1979, H.R. 4034, I will offer an amendment to maintain the current law and allow public access to information in the area of export control under the Freedom of Information Act. Currently Mr. M. Stanton Evans of the National Journalism Center has brought suit against the Department of Commerce seeking relevant information on the sale of militarily related technology to the Soviet Union. I applaud his efforts. The nationally renowned columnist, William A. Rusher, the publisher of National Review, has spoken eloquently on this subject.

Moreover, a further discussion of the merits of the matter is to be found on the editorial page of the Charleston Daily Mail. There are few rights more precious to a free people than the right to know. I hope that my colleagues will support that right when this issue comes to the floor, and I ask them to please read the following articles on this vital issue:

IT'S TIME TO EXPOSE SALES TO RUSSIA

(By William Rusher)

Wouldn't you like to know which American corporations are selling what products to the Soviet Union and for how much? Nobody can say it's none of the public's business; it is so much the public's business that anybody exporting anything to Russia must obtain a government license. In addition, the Commerce Department is required by law to prohibit the export of "strategic goods" to the Soviet Union.

It would be interesting, for example, to know just how seriously the Commerce Department takes that obligation concerning "strategic goods." According to the existing records, American corporations have already sold the Russians computer and jet engine technology, processes involved in missile guidance and the manufacture of armor-piercing projectiles and the world's largest truck factory. (Trucks produced by the latter have already been spotted in military formations of the Warsaw Pact countries.)

Unfortunately, the inquiries of Washington's young and feisty National Journalism Center, a fast-expanding arm of the American Conservative Union's Education and Research Institute, have been stalled for two years by Secretary of Commerce Juanita Kreps. Divulging such information on exports to Russia would violate trade secrets, Mrs. Kreps argues; besides, she adds more obscurely, it would run counter to "the national interest."

The trade-secrets argument is folderol according to M. Stanton Evans, chairman of the Journalism Center: "Competitive firms in the computer business, for example, have a pretty good idea of who is selling what to whom, and in the matter of trade with Moscow undoubtedly know a great deal more about each other's sales than does the American public. It is the public, not the competitor, that is being denied this information.

HOW WILL IT HURT?

Evans' comment focuses attention on Mrs. Kreps' second objection, concerning "the national interest." How, precisely, could revealing to the U.S. public information that the business community already has and that the Soviet Union certainly has (since it was the other party to these transactions), possibly affect adversely the national interest of the United States?

The suspicion grows that Mrs. Kreps has in mind the celebrated picketing of Firestone Tire & Rubber by Young Americans for Freedom back in 1965, which ultimately persuaded Firestone to stop building a factory in Romania. Apparently the Commerce Department wants to protect companies who do business with Big Red Daddy from criticism by those Americans (and there are millions of them) who profoundly object to such cynical profiteering.

In addition, of course, her adamant refusal to disclose details of our exports to Russia serves to protect the department itself from any effective investigation of its administration of the ban on sales of strategic goods.

SO, A SUIT

So on May 17 the National Journalism Center and Chairman Evans filed suit in federal court, seeking to compel disclosure of the relevant data under the Freedom of Information Act. According to attorney William Olson, who is handling the case for the center, this is believed to be the first time the act has been used to obtain hidden data on Soviet purchases from American business. It opens up some fascinating vistas.

Secretary Kreps isn't the first bureaucrat who has thought that "the national interest" would be served by concealing something from the American people, but she is one of the relatively few who have said so in public. The truth is that some businesses are so greedy they would have sold poison gas to Hitler; and government, for its part, positively loves having an occasional commercial bonbon to pop into some communist tyrant's mouth in return for approved behavior.

The instinct of millions of Americans, that this is a filthy traffic we have no business engaging in, is just one more minor inconvenience to such people, and it is effectively thwarted by keeping details of the transactions hidden from public scrutiny. If the National Journalism Center's lawsuit succeeds, we will all be privileged to see what—and who—is crawling around under this particular rock.

TRADE SECRETS

Elsewhere on this page, columnist Patrick Buchanan tells the disquieting story of Lawrence Brady, who told the truth to a congressional committee and, in consequence, was sacked from his post at the Commerce Department. Mr. Brady's "crime" was to reveal that, contrary to the Pollyanna line laid down by his department, critical military technology is flowing to the Soviet bloc through the Commerce Department's sieve-like screening mechanism.

One aspect of this situation that Mr. Buchanan does not touch on is the effort now under way to pry loose information on the exact nature and magnitude of this commerce. M. Stanton Evans, director of the National Journalism Center in Washington and a recent visitor to Charleston, has brought suit against the Commerce Department under the Freedom of Information Act. The government is fighting tooth and claw, knowing as it does that many captains of industry are less than eager to be identified with such trafficking.

And for good reason. On the basis of the sketchy information available, American manufacturers are known to be exporting to the Soviet Union miniaturized ball bearings vital to missile guidance (no one needs to ask where the missiles are aimed), armor-piercing projectiles, and the world's largest truck factory. Precisely what other commercial treachery is afoot, no one can say, which is why Mr. Evans has asked the federal court to require a reluctant Commerce Department to open its bulging files.

The department vehemently protests. It insists that such disclosures would violate trade secrets and run counter to the "national interest," all of which is so much twaddle. What trade secrets? As Mr. Evans notes, "competitive firms, in the computer business, for example, have a pretty good idea of who is selling what to whom . . . It is the public, not the competitor, that is being denied this information."

As for that last refuge of stonewallers, "the national interest," Mr. Evans points out that the Communists are scarcely in the dark as to what we are selling them, how much of it we are selling, and to what degree the hapless American taxpayers are being obliged to subsidize the sales through low-interest loans. "By what possible stretch of logic," Mr. Evans demands to know, "can it be asserted that data fully known to the Soviet Union should be denied to the American public?"

The government evidently isn't concerned with logic. It is concerned with shielding manufacturers who lust to turn a few rubles on the sly while simultaneously avoiding the kind of notoriety that might hurt domestic sales. The Commerce Department is charged with preventing trade in military technology, but questions arise as to the diligence with which Mr. Brady's superiors are going about this task. The purpose of Mr. Evans's lawsuit is to find out, even at the terrible risk of causing a public relations problem for greedy manufacturers. Thoughtful persons will wish him luck.●

A TIME FOR TRUTH

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. SKELTON. Mr. Speaker, politicians and the press share a common responsibility to foster public awareness. One newspaper editor in my congressional district, Mr. Matt Walsh of the Independence Examiner, has met the challenge of informing his readership about one of the major issues of our time—energy.

Mr. Speaker, I bring to your attention the recent August 16 editorial printed in the Independence Examiner. In the article Mr. Walsh has grappled with the issues involved in the energy crisis and has written a message which should be read and heeded by all Americans.

It states as follows:

A TIME FOR TRUTH

Our paper salesman came into the office this week to exchange information and gripe about the gas situation. He'd just filled his tank, $20 worth and that doesn't go far taking him on his sales route.

Oil slick to the south of us, Canada's oil sands to the north of us and, to paraphrase Tennyson, "into the valley of oblivion rides the United States of America."

Those Canadians have discovered oil and gas enough to justify a pipeline connection to southern markets, and it's safe to bet they won't send their crude to Japan for refining.

The Canadian paper salesmen like to come into the States and warn us we are just 20 years behind Great Britain on the skid to bankruptcy. That's the warning and the time mentioned by William E. Simon, former Secretary of the Treasury, in his book "A Time for Truth."

Simon quotes the Nobel Prize-winning economist Milton Friedman as saying: "We're following the same path Britain is following. Fortunately, we are about 20 years behind. . . . I hope the American people can look at Britain . . . and come to their senses before it's too late."

So does our paper salesman. And the rest of thinking Americans.

We say "the government this" and "the government that" but we can't run to the government every time we feel stress or distress.

Simon says he "watched with incredulity as businessmen ran to the government in every crisis, whining for handouts or protection. . . ." He "saw Texas ranchers hit by drought, demanding government-guaranteed loans; giant milk cooperatives lobbying for higher price supports; major airlines fighting deregulation to preserve their monopoly status; giant companies like Lockheed seeking federal assistance to rescue them from sheer inefficiency; bankers . . . demanding bailouts, . . . networks executives . . . fighting to preserve regulatory restrictions."

What can we do?

We can ride herd as individuals on our own desires and demands.

When was the last time you walked to the neighbors? to the local market? to church?

The exercise is conducive to weightwatching.

When did you call your neighbor and invite him to ride with you and save his gas?

And more important, when did you quit saying "there isn't any gas shortage. It's just a scheme, a gimmick, to raise the price of gas"?

That's something we all can do.●

BRAVO, SPILLVILLE, FOR DVORAK MUSIC FEST

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. GRASSLEY. Mr. Speaker, much has been written of late regarding the state of the performing arts in this country. I cannot speak for the United States as a whole, but in Iowa the people continue to sponsor, finance, and attend a marvelous spectrum of performing arts, even without the aid of a Federal grant.

The following article by Dix Hollobaugh of the Des Moines Register warmly recounts one such community's efforts to maintain and share its artistic, ethnic, and emotional ties with the 19th century composer Antonin Dvorak:

[From the Des Moines Register, Aug. 26, 1979]

(By Dix Hollobaugh)

SPILLVILLE, IOWA.—This little village brought off one of the biggest, most beautiful surprises in Iowa this summer—the National Dvorak Musical Festival, Aug. 3–5. Four thousand persons came and endured three days of intense heat and humidity in the best of spirits while their Czech hosts offered nourishment for body and soul.

The festival was almost non-stop Dvorak as the great composer's music poured through the steaming concert hall in great swelling tides, in delicate ripples, in rousing Slavonic dances.

Prune kolaches, home-cooked chicken noodle soup and other hearty Czech tablefare were consumed as eagerly as the music.

There were more symphonies, sonatas, serenades, concertos, overtures and opuses than many people hear performed live in a lifetime.

The melodic banquet was the work of one man, Antonin Dvorak, who lived here during the summer of 1892. He brought his wife and their six children to Spillville and lived on the second floor of the tinsmith's house, now a clock museum.

Dvorak had come to America as director of the National Conservatory of New York and he was homesick for Bohemia, now a part of Czechoslovakia. His friend and secretary was a native of Spillville, and suggested this village, settled by Czech immigrants in the 1850s and still fresh in old world traditions.

Dvorak, then 52, endeared himself to the villagers by his love for this sweet valley, said to be so like his homeland, and entertained them with impromptu concerts and took part in their common folk music. He walked daily to church to play the organ at Mass.

Three days after he arrived, he began writing the String Quartet in F Major. The Quintet in E Flat Major also was written here. Those two and the following compositions were performed during the three-day festival:

Serenade for Wind Instruments in D Minor; Serenade in E Major for Strings; 11 of the Slavonic Dances; Hussite Overture; eight Humoresques; Sonatina in G Major; two Legends; Carnival Overture; Piano Concerto in G Minor, Cello Concerto in B Minor, Scherzo Capri closo and Symphony in G Minor. The Symphony in E Minor, "From the New World," was the finale.

Here in St. Wenceslaus School gymnasium, with the great steel girders and wooden ceiling, with the basketball hoops pushed up, were a 94-piece symphony orchestra, five conductors and two guest soloists of International acclaim. They performed these works at the invitation of a tiny Bohemian hamlet in a remote corner of northeastern Iowa.

The Great River Symphony, under the direction of Francesco Italiano, was made up of about 75 high school and college musicians and some 20 professionals. The orchestra is based in LaCrosse, Wis., and has been a favorite in the southern part of that state for its series of outdoor summer concerts.

Czech pianist Rudolf Firkusny and American cellist Nathaniel Rosen were soloists. Guest conductors were Elizabeth Green and Hugo Jan Huss.

NO HELP FROM ARTS COUNCIL

The Spillville Historic Action Group, Inc., pulled this musical coup and it is to the group's credit that it did not heed the advice of some townsfolk and some experts. Right up to the moment of opening ceremonies, the group was told, "You're crazy."

The total cost of the festival will be between $20,000 and $30,000, and the sponsors are still adding up ticket receipts. Last winter they asked the Iowa Arts Council for money to help put on the festival. The council said the amount, $13,000, was unrealistic. Besides, the group had no track record, had never done this kind of thing before and wanted to "import" the musicians rather than use homegrown talent. Too, there were no motels or other "support services" for the crowds, and they had no matching money.

The council and its various panels and boards talked about the "political expedience" of the request. That is, if they granted some money and the event bombed, they would look bad, and if they didn't give a dime and the festival was a success, they would look dumb.

The vote was almost unanimous to keep the purse strings closed. The National Endowment for the Arts, was approached and Spillville is still waiting for an answer.

The Spillville committee went right ahead. It sold bean soup and molasses cookies at the nearby Fort Atkinson Roundup Days and followed with a raffle of folk crafts on the Fourth of July. Members had faith that advance ticket sales would tide them over until a full accounting after the festival.

They had the temerity to charge $10 for general admission seats and $14 for the reserved seats. They sold cardboard fans, for 50 cents, at the gym door. Purchasers for both tickets and fans smiled as they paid.

With seating capacity of 700, they did well to fill the hall with about 675 persons on Saturday and again on Sunday. There were about 400 at the Friday night performance. The Saturday afternoon piano recital drew 450 persons at $3.50 each.

Another 450 persons at $1 each were present for the string quartet recital in St. Wenceslaus Church on Friday.

DANCING IN THE STREETS

If anyone needed a break from the classics, the local band played in the park, and it was splendid. Its enthusiastic melodies accompanied the Friday night fish fry at the American Legion Hall, where Legionnaires cooked 700 pounds of fish.

People stood in line 45 minutes to heap paper plates with fish, salad, beans and garden fresh cabbage slaw. Sweet rye bread from Spillville kitchens, cakes, pies and sweets were set out on the dining tables for all to take.

After the two evening concerts, polka and accordion bands and costumed dancers led a torchlight parade to the town square for public dancing. There were dance demonstrations throughout the three days by the New Prague Czech Dancers, by the St. Paul Czech Folk Dancers from Minnesota and by the American Sokol Organization from Berwyn, Ill.

A special Czech Mass was celebrated Sunday morning. The church was filled with magnificent garden flowers as colorful as the native costumes. Many homes were decorated with Czech greetings: "Vitame Vas," and "S Panem Bohen."

Busloads of American Czechs came from Iowa towns and neighboring states. Countless sacks of prune, apricot and poppyseed kolaches were carried off at $2 per dozen. In the Legion kitchen, the sturdy women of St. Wenceslaus Guild cooked morning to night. Artists and craftsmen brought their talents and wares for display or sale, and a young woman from Arizona brought Dvorak albums, a few featuring Firkusny himself, and sold them from a park bench.

Firkusny performed Saturday night and stayed on to greet members of the audience and orchestra, sign autographs, and visit in his native tongue. He sat in the back row for Rosen's concert the next afternoon. Rosen, too, signed autographs and visited with the hosts and populace.

They will be hard pressed to find a more appreciative audience, for during their time on stage almost every little cardboard fan was stilled. The heat was forgotten, the music was all.

Soloists, conductors and musicians were drenched in perspiration as the audience rose in thunderous applause, skirts and trousers sticking to their backsides and bodies, at the end of each selection.

Despite the violent heat, both Firkusny and Rosen graciously played encores. Streams of sweat ran down Rosen's cello and he wiped it with his handkerchief a few times before the cloth was soaked.

SPILLVILLES "A TRUE HAVEN"

Why all this Dvorak in Spillville in August? Why did these people risk the equivalent, to them, of the national debt to honor one man?

This greeting from the Rev. Frank Benda, pastor of St. Wenceslaus Church, tells why:

"We welcome the Great River Symphony Orchestra under the direction of Francesco Italiano, all the guest artists, and all who have graced the streets of our fair village these past couple of days.

"This peaceful town was a true haven for Antonin Dvorak during his stay in the United States. We hope that you, our guests, will relax with God and nature and go away filled with the melodies and peace of heart the great Czech composer found here.

"We indeed feel privileged to be your hosts."

This was the spirit of the Dvorak's music festival from start to finish. The people of Spillville were determined to honor their countryman on the 75th anniversary of his death. They paid him a great honor.●

FROM AUSCHWITZ TO JERUSALEM

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. LEHMAN. Mr. Speaker, as a congressional Member of the President's Commission on the Holocaust, I would like to share with my colleagues the text of a moving speech by Hyman Bookbinder, who is the Washington representative of the American Jewish Committee. The talk was presented to the Washington Hebrew congregation upon the Commission's return from a factfinding mission to World War II concentration camps in Europe and memorials to the victims of the holocaust in Europe and Israel.

The speech follows:

FROM AUSCHWITZ TO JERUSALEM

I am pleased that my first public discussion of the pilgrimage of the President's Commission on the Holocaust should be given at a temple, and as I shall explain later, at this particular temple. For it was at the Moscow Central Synagogue exactly four weeks ago that the bitter-sweet nature of our trip was perhaps best symbolized. I can still hear the beautiful chanting of the Haftorah by the Chairman of our Commission, Elie Wiesel—reading from the 40th Chapter of Isaiah: "Comfort ye, comfort ye, my people." It was a precious moment I shall not soon forget.

About 150 Russian Jews, a tiny segment of the last remaining major Jewish community of Europe, impressively quiet, glued to the face and the voice of this Auschwitz survivor, now the representative of the President of the United States, this eloquent challenger to all the world never to forget. A bitter-sweet experience. Sweet because it was so good—after Auschwitz and Birkenau and Treblinka and Babi Yar, after seeing not only the reminders of six million murdered Jews but also the destruction of once proud Jewish communities—it was good to see even this modest manifestation of Jewish commitment, Jewish life, Jewish faith, Jewish community. But it was bitter too because we dared not speculate how many more Sabbaths there would be in Moscow with even this many congregants, bitter because we knew that so many Soviet Jews had given up on the country of their birth, but only a relative few were permitted to leave.

Elie Wiesel, speaking in Beautiful Yiddish, had earlier told these aging Russian Jews what we had been doing—that members of the Commission, Jew and non-Jew, had been through the death camps, that we were determined to challenge not only every American but every person and nation in the world not to forget, that we had not forgotton them, the Soviet Jews, either. We all sensed the love and the appreciation that they sought to transmit to us, and we were moved. As I walked around carrying the Torah among the congregants, I was overwhelmed with the good wishes and prayers for our well-being.

It had indeed been a momentous first week for us. We had said Kaddish at half a dozen sites where there had been massive extermination of Jews; we had watched five of our representatives return to Auschwitz from which they had miraculously been liberated; we had visited empty synagogues and abandoned cemeteries; we had participated with Polish officials in discussions about sharing research materials further to sensitize our respective peoples; we had laid wreaths and sworn remembrance at memorial after memorial. And after Moscow, we were going on to Denmark and then to Israel.

I cannot tonight, in this short presentation, give you a full account. There will be articles, there will be books by the scholars in our delegation, I am sure. But some things stand out—events and memories that still bring goose pimples to me every time I recall them. I'd like to share a few of these personal recollections with you.

There were those exhibits, for example, specially prepared for us by the Polish Archivist in Warsaw. . . . We saw a photograph I'd seen a thousand times—perhaps the most familiar photo in all Holocaust literature—the five year old boy with his hands raised, surrounded by armed stormtroopers. But this one was an actual photograph, made from the original negative, not a reprint in a magazine or a mural enlargement at Yad Vashem. The realization that only a thin film negative separated this picture from the reality of that beautiful Jewish boy being rounded up by Nazis and then becoming one of the "six million" was a jolt that I cannot really describe. . . . There he was, standing alive before me. . . .

And then we saw a photograph album that had been found in the possession of an SS man, a beautifully bound collection of photos. In that same album, page after page of happy family scenes of the Nazi's wife, his parents, his children, himself . . . and along with these proud family treasures, other pages of his presumably proud deeds: gruesome pictures of dead bodies—disembowled, decapitated, hanging bodies. In aggregate, those pictures added up to an incredible, inexplicable portrait of a human being capable of both these experiences at the same time.

But that album only hinted at what was to come . . . because then there was Auschwitz. . . . There, unlike other death camps we visited, there was enough preserved at Auschwitz to help me understand something better than I had ever understood before. . . . I was overwhelmed with the realization that hundreds of people—human beings presumably—day after day were involved in the highly organized, methodical killing of other people. Some of them were soldiers, some were civilians—but all of them reported for their duty day after day, knowing that that day's work meant the deliberate destruction of thousands of men, women, and children that day. Not participation in a war operation that might kill people, not as public executioners of some individuals who might have been guilty of some crime—but participants in wholesale, indiscriminate, wanton genocide.

And I have to admit to you tonight that when I asked myself over and over again: What kind of people were they? What did they think about and talk about when they went back to their barracks or to their homes to have dinner with their families? That when I asked myself these questions I found myself feeling not only anger and revulsion, but I felt sorrow and anguish for what had become of them. I do not ask you to share these feelings with me, I do not ask you to shed tears for them, but I do hope you understand what I am saying. It frightened me, and frightens me now, to see what can happen to people who love families and love music . . . but who can also behave like animals. If it happened to them, where and when can it happen again? And to whom?

I've talked about that photo of the five year old boy. But a few days later, I had another picture in my mind, a picture of another little boy. After visiting Polish and Russian death camps and memorials, we went to Denmark—to bear witness this time not to butchery and depravity, but to courage and humanity. We said all the appropriate things to the Danish Prime Minister and to other officials, and they said eloquent things to us. But it was at a reception arranged by the American Ambassador to Denmark for Commission members and Danish dignitaries that perhaps the most memorable moment of the whole trip occurred. One of our Commissioners, Dr. Yaffa Eliach—a professor of Holocaust studies in New York, a survivor herself from Vilna—was engaged in animated discussion with an older man. When she saw me approach, she called out, "Bookie, Bookie, come here. This is the man I've written about, lectured about—one of my great heroes. And now I see him face-to-face! Do you know who he is?" When I said no, she explained that he was the doctor who had saved thousands of Jewish lives by secretly visiting the hiding places of Jews whenever the Nazis came to round up more victims, and put the children to sleep with appropriate medication so that they would not cry and thus reveal their presence. I was quite moved by this joyous explanation of the good doctor's deeds. But I was hardly prepared for what was to follow. "Do you know why I am particularly excited about meeting you?" Yaffa asked. "No," the doctor replied. "Well," she said, "if there had been more doctors like you, my baby brother might be alive today. I saw with my own eyes—I was six then—how my father permitted another Jew to strangle my baby brother so that the rest of us might live."

A few hours later I could finally muster enough courage to ask Yaffa whether she could talk about it. She did; she told me all the gruesome details about how her mother had fought against the group decision to kill the baby, and then how her father patiently reasoned out the pros and cons and announced the family decision. Months later, I learned, her own life was saved by her mother, when the mother was shot and her body collapsed over her daughter, and the blood gushing over both of them made the Nazis think that Yaffa too was dead.

That very night we left for Israel. That first morning in Jerusalem, there was a Commission ceremony at Yad Vashen. I'd been there a dozen times—and each time, I need not tell you, it was a poignant and difficult visit. But this time it was different. From the moment we stepped into that powerfully quiet temple of remembrance and reverence, I had a sharp picture in my mind—a picture of a one year old Jewish boy being strangled, in order to save other Jews. And so, this time at Yad Vashem, I was not thinking of the six million. I was not even thinking of the 80 members of my parents' family who had been murdered. I could think only of a single baby boy. It was the most painful visit I'd ever made to Yad Vashem.

Of course we must remind the world—not let them forget—about "the six million." One third of all Jews in the world. But the real story of the Holocaust, I now believe, lies much less in the numbers than in the death of that little boy * * * and in each individual among the six million.

Many other millions have died cruelly and needlessly over the ages—and in our own times—the victims of wars, of famines, of typhoons. We grieve over all of these victims. But the Holocaust is about millions who died only because they were Jews—killed in a systematic extermination conceived and implemented by a State against a defenseless, civilian population—against not soldiers or political leaders, but against Jews whose only crime was that they had been born Jews—even one-day-old Jews and one-year-old Jews. All through our pilgrimage we had to remind people of this central fact—the uniqueness of the Holocaust, and the need to remember this uniqueness even as we remember and honor others who also were victims of Nazi horror. And I like to think that we did help people understand. One instance stands out among the many. . . .

Five of us had been selected to meet privately with Roman Rudenko, the Soviet lawyer who had served as Chief prosecutor at Nuremberg, and who was now the Solicitor General of the Soviet Union. We wanted to discuss with him greater co-operation between our two countries in obtaining and exchanging information which could facilitate further prosecutions of Nazi war criminals. The day before our scheduled meeting, we had been at the Babi Yar memorial. An impressive memorial, but terribly and disturbingly inadequate because it fails to note even indirectly that the victims of Babi Yar were Jewish. Elie Wiesel could not contain his anger at this—and right there at the monument called an impromptu press conference and bitterly attacked those responsible for this terrible omission.

We thought this might get the Rodenko meeting canceled, but it didn't. Rodenko opened the session with a most impressive talk. He expressed eloquent outrage at the inhumanity of the Nazis, and referred to the "noble mission" we were engaged in, that of helping people remember the Nazi cruelties. Elie Wiesel then thanked Rodenko for his eloquent and moving words. He started to say, "We hope, Mr. Rodenko, that you will understand our particular interest in the six million Jews who . . ." when Rodenko, until that point gracious and polite, interrupted Elie and said, "But there were *twenty* million Soviet citizens killed. . . ."

"If I could have finished my observation," Elie then said, "I was going to say that while we have this special interest in the six million Jews, we grieve for all the victims of Nazi terror . . ." and then he went on to discuss the special significance of the six million deaths. Rodenko listened closely. When the meeting was coming to a close, Rodenko made some summary remarks, and to our great satisfaction we heard him saying . . . "And so it is important that we never forget those who were victims of the Nazis—the Jews, the Ukranians, the Poles, etc., etc. . . ." The Jews were, at least for the moment, being remembered.

I cannot fail at this point to tell you of another memorable moment in our journey. Perhaps some of you saw it on American television. At Babi Yar—as he had done earlier at Birkenau—Bayard Rustin, that remarkable Black civil rights leader, a member of the Commission, enriched our ceremony by singing a Negro spiritual—and in so doing reminded us of that other truth that we dare not forget. The Holocaust *is* unique . . . it is the story of Yaffa's little brother and the six million—but it is a reminder too of the universal nature of cruelty and terrorism and tyranny. And so, there we were, members of the President's Commission—Jew and non-Jew—on the steps of the Babi Yar Memorial in the Soviet Union—where two million Jews still strive for their own freedom—there was Bayard Rustin singing . . .

"Freedom, Freedom . . .
And before you'd be a slave
You'd be buried in your grave
And go home with your God and be free.
We'll remember, we'll remember thee . . ."

It was a grim pilgrimage, as you can see. But not entirely grim. There was that lunch we had at the Kiev airport restaurant on our way to Moscow. The lunch was in a private room. To our surprise there was a balalaika ensemble to entertain us. One of our delegates, a Cantor, started a Russian song, and the balalaikas joined in. When a polka was played, I grabbed one of the ladies and we made fools of ourselves, and we all laughed. As we left the room, I suddenly felt bad about it all, and I said to one of our lady Commissioners who happened to be a survivor, "Gee, how could we be so jolly, especially now, right after having been at Babi Yar." The answer was immediate, direct, and persuasive: "How do you think we've survived all these years?"

It was a couple of days later that I had a real lesson in survival. We were in a bus going from one meeting to another. Standing in front of me on the bus was a wonderful young Jewish woman from the US embassy who had been assigned to us for the mission. Sitting next to me was Hadassah Rosensaft, a Commissioner, a survivor of Auschwitz and now an author and Professor of History and Holocaust studies, and who had, a few days earlier, been shown the very cell at Auschwitz in which her husband had been tortured for seven months.

Judie, the embassy representative, was talking to another Commissioner, when I suddenly heard him call out to Hadassah, "Did you hear that, Hadassah? Judie was born in Bergen-Belzen!" "When?" Hadassah shouted out. "October, 1947" was the reply. "Then I held you in my arms when you were born," she cried out. I could not believe what I was hearing. But I do now. Their conversation then explained it all. Hadassah, after liberation, stayed on to work at Bergen-Belzen which had become a displaced persons camp. She helped watch over the children and their needs. And she knew that there wasn't a child born in that period that hadn't gotten some of her loving care.

Survival? Continuity? Why shouldn't we have some faith—if 35 years after those horrible days, one of the survivors is a college professor in America, and a child of a survivor, born in a concentration camp, is in the diplomatic corps of the United States.

But, finally, we had the greatest possible source of faith. Our last destination was Jerusalem. On behalf of the Commissioners I had the privilege of reporting on our mission to Israel's President Navon. I told him that many of us had come many times to Jerusalem. But never had it had more meaning for us. If our steps through Auschwitz and Treblinka and those abandoned synagogues and cemeteries had not been quite as unbearable as we'd feared, it was because we knew that those steps would ultimately take us to Jerusalem; that in our search for an appropriate memorial to the six million, we understood that the real memorial was already being built and that it must be made a truly permanent, living memorial—and that is Israel itself.

I told President Navon what of course he did not have to be told—that Israel's legitimacy did not depend upon the Holocaust, that return to Zion did not start with the Hitler era—but Israel had provided the hope and the home for the great majority of the remnants of European and Sephardic Jewry—and now provides the sumbol of Jewish continuity for all Jews everywhere.

And because the security of Israel depends so much on a healthy, trusting relationship with our own country, these are very troublesome days. I returned to the United States three weeks ago right smack in the middle of the Andy Young affair and its aftermath. The special relationship between U.S. and Israel is undergoing serious challenge. Some ugly Black anti-semitism has surfaced. The PLO has gained undeserved support.

This is not our subject for the evening. And yet it is too, in a way. In a recent television appearance with Walter Fauntroy, having just returned from the Holocaust mission, I instinctively turned to Walter and said, "Walter, I've just seen Auschwitz and Treblinka. And I've just returned from Israel. You'll never really understand this PLO business if you do not understand that there are thousands of children today, many of them children and grandchildren of Auschwitz victims or survivors, who have to sleep in bomb-shelters every night in order to keep from being slaughtered by PLO terrorists."

So remembering the Holocaust is not only an obligation we have to the six million. It is an obligation we have to ourselves, to our fellow Jews everywhere.

And it is an obligation to all mankind.

I said earlier that I was glad to be making this report in this particular synagogue. Let me now explain. About ten days before I left for Europe I had participated in that Joan Baez concert at the Lincoln Memorial on behalf of the Vietnamese Boat people. The next day I was interviewed on the radio. Later that day I got an angry phone call from someone very important in Jewish life. "How dare you use the word Holocaust in talking about the boat people," he said. That cause is important, he conceded, but Holocaust? That belongs to us . . .

I argued with him, but I think I failed.

But I feel I am right—above all, because I was in good company that night at the Lincoln Memorial. After the concert, Joan Baez led the procession to the White House. One of her arms was entwined with one of Rabbi Haberman's. The other with Bayard Rustin. Yes, the same Rustin who at Birkenau and Babi Yar helped us see the connection between the Holocaust and outrages against his Black people, and that evening in Washington was telling us how we dared not ignore the boat people. And Rabbi David Saperstein was there too. And I was there not because I think the situation of the Jews in 1939 is the same as that of the boat people in 1979—but because I do not want to see the world again indifferent to the plight of innocent millions.

Of course the Holocaust was unique. Of course that uniqueness must never be forgotten. But we do not do the six million all the honor and reverence they deserve, if we fail to invoke their horror to prick the conscience of the world whenever massive inhumanity threatens.

Later this month, our Commission will be presenting to President Carter our recommendations for an American memorial to the Holocaust. I am confident we will succeed in blending two truths:

The first is that the world must never forget the special nature of the genocide directed at the Jewish people.

And the second is that it must learn how to cope with and prevent any future genocide against any people.

Thank you. Shabat Shalom!●

IN FAVOR OF ODD-EVEN GAS LAW

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. MAZZOLI. Mr. Speaker, I could not agree more with the editorial in the Washington Post of September 11, 1979, urging retention of the metro's area's odd-even gasoline sales rule.

My family's driving habits have changed dramatically since odd-even went into effect in northern Virginia—where we reside—and in the entire area.

We drive less. We drive more energy efficiently because of preplanning. And, we are conserving gasoline, as a result.

My family and I know we cannot fill our gas tank whenever and wherever we wish. We can get gasoline only under certain conditions.

Thus, odd-even stands as a daily reminder to all the Mazzoli's that gasoline is a commodity in scarce supply and that we should do our part to conserve it so the available supplies can be stretched to do the most good for the most people.

It was not easy to convince my family and me of the reality of the gasoline emergency and of the necessity for us to change our driving habits.

But, I am convinced now as are thousands of auto drivers in this important and bellwether area of the country; all because of odd-even rules.

I would hate to see this salutary mood and spirit of conservation dissipate and disappear because our reminders and memory joggers—odd-even gasoline rules—were removed from the books.

Even though the rules are not respected by each and every driver nor by each and every gas station operator, they still are worth keeping.

Mr. Speaker, I join the Post in calling on local officials of the metro area to reconsider their decision to drop odd-even rules. It is in the public interest to have odd-even gasoline rules.

The Post editorial follows:

[From the Washington Post, Sept. 12, 1979]

KEEP THE ODD-EVEN RULE

A decision by the governors of Maryland and Virginia and the mayor of the District to drop the odd-even gasoline rule as of Oct. 1 is a bad idea. However much of a nuisance the restriction now seems, it is a constant reminder that gasoline conservation is still important, that "the problem" of supply has not disappeared. What has disappeared for now—thanks in no small way to the odd-even, minimum-purchase ground rules for distribution—is panic at the pumps.

Declaring open season on gas supplies invites a return to "normal"—excessive is the word—use. This could produce another severe shortage at area pumps; and if that leads to another decision to bring back the odd-even rule, it couldn't help reinforcing public suspicions that the whole thing is a sham in the first place. Besides, there is reason even now to believe that soon there will be new pressure on filling-station supplies. In the past, September has been a month of weaker demand; but use in October tends to match that of May and June—which was when this year's pandemonium at the filling stations erupted.

True, the odd-even rule has its flaws. Such a rule made uniform across the country would be more effective than regional restrictions, for instance. And it is also true that the area rules have not been observed or enforced all that strictly. But this is not a good reason to lift them. The effect of ending the restrictions in this region will be to convey the notion that the situation has improved enough for people to disregard the problem. There is still time for the two governors and the mayor to reconsider their decision. They should.●

FORD MOTOR CO. RAISES AIR BAG CONCERNS, SUGGESTS MORE TESTING CRITERIA

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, in light of the disturbing Volvo and General Motors Corp. tests of airbag systems using piglets as surrogates for children to test for the safety of airbags deploying in crashes into out-of-position occupants, Ford Motor Co. also has expressed strong concern to the Department of Transportation as to the testing criteria used by DOT and the National Highway Traffic Safety Administration to determine safety.

Ford additionally notes its concern in the following correspondence to NHTSA as to the possibility of Ford abandoning plans to offer airbags for sale.

The letter follows:

FORD MOTOR CO.,
Dearborn, Mich., August 31, 1979.

MS. JOAN B. CLAYBROOK,
Administrator, National Highway Traffic Safety Administration, Washington, D.C.

DEAR MS. CLAYBROOK: As you know, Ford Motor Company has been planning to offer an air bag system as a regular production option for front seat passengers in its Lincoln and Mark VI passenger cars during the 1981 model year. We are now at a point where significant financial commitments are being made to suppliers of driver and passenger modules, sensors and other components.

Recently the media, the General Accounting Office and others have directed considerable attention to a condition reportedly encountered during airbag developmental testing. Specifically the concern is generated by the results of tests commissioned by General Motors related to out-of-position occupants (in this case children). Reportedly, the tests resulted in several of the test subject piglets, used as surrogates for children, sustaining serious or fatal injuries. These results are similar, in many respects, to those reported earlier by Volvo.

We, of course, are not in a position to technically assess these reported results in the absence of specific information as to restraint system design, test protocols or methods of evaluating real world implications. There is a general lack of information as to the correlation between injuries sustained by the animal subjects and those that would be sustained by humans.

Ford has engaged in preliminary discussions with Southwest Research Institute to determine if they would be able to conduct out-of-position occupant tests for Ford. In those discussions, films of Ford tests using a child manikin were reviewed. It was the judgment of Southwest Research people that our design may ameliorate certain of the adverse results recently reported. This is, however, only a preliminary judgment. Ford would be willing to have passenger-side air bag testing conducted using piglets as surrogates for children if we had an acceptable method of interpreting the results. In our opinion, this calls for the deductive establishment of limits of acceptability for such testing because of the limited biomechanical knowledge and the difficulty of assessing the results in terms of human injury exposure.

This matter is of such concern to us that we believe unless a broad-based consensus can be developed as to appropriate criteria for a vehicle manufacturer to follow in developing passenger-side air bags, the potential exposure to liability may force us to abandon our present plans to offer them for sale to the general public in our vehicles. For that reason, and because timing has now reached a critical stage, we believe that the public interest requires that the Administration immediately undertake an initiative involving affected manufacturers and other interested groups to resolve the matter. Ford, of course, will cooperate fully in any reasonable program that may be undertaken by the Agency.

Ford fully endorses the concept that, in the normal conduct of business, it is a manufacturer's responsibility to design and develop its product in a proper manner. In this situation, however, we find ourselves faced on one hand with exaggerated public expectations that the air bags will provide "automatic" protection from any chance of serious injury and on the other hand with the possibility that under some circumstances, a child may suffer injuries that subsequently may be attributed to the deployment of an air bag installed in the vehicle. There may be no complete solution to this problem but the urgency of the issue suggests that all material information promptly should be gathered and explored for means of guarding against injuries.

To that end, we respectfully recommend that the NHTSA undertake an initiative now. The following are suggested as possibilities:

a. Conduct a seminar involving affected manufacturers, testing organizations and medical care groups to reach a consensus regarding the limits of acceptability. In the present circumstances, we do not consider that such a seminar should be a forum for pro or anti air bag rhetoric but rather should be a rational review of the state-of-the-art, possible sensitive design parameters and evaluation of possible trade-off values of air bag-system safety.

b. Participate in establishing acceptable criteria for out-of-position occupants. The NHTSA could initiate its own test program using the latest air bag designs developed and planned by the manufacturers for production. To be of any meaningful assistance the results and evaluations of such tests should be made public as soon as possible.

c. Establish criteria and demonstration procedures as an amendment to FMVSS No. 208 for inflatable restraints that would cover the out-of-position occupants (in particular, children).

These certainly are not the only approaches the Administration might take to resolve the issue nor are they all necessarily required. We do suggest that some action is necessary as soon as possible if our present programs are to continue. I would be most willing to discuss this issue further with you at your earliest convenience.

Very truly yours,

H. L. MISCH.●

CARTER'S ENERGY PLAN: TELLING IT LIKE IT IS

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. BAUMAN. Mr. Speaker, I have received many letters from my constituents responding to President Carter's speech to the Nation on July 15, where he outlined his plan to cope with the energy crisis. Now, the people of Maryland have a reputation for self-reliance, commonsense, and a good nose for the truth. That reputation seems to be deserved, based on the reaction they had to the speech and the proposals. And those comments are well summarized in a letter I received from Mr. Ethan C. Allen of Havre de Grace, Md. He concisely and eloquently captures the reaction countless Americans had after hearing the President's words. I would like to share it with my colleagues:

HAVRE DE GRACE, MD.

Hon. ROBERT E. BAUMAN,
Member of Congress,
Rayburn Building,
Washington, D.C.

DEAR CONGRESSMAN BAUMAN: This letter is written in response to President Carter's Sunday evening speech and the programs that appear to be unfolding as a result thereof.

Let me begin by stating that I consider myself to be a part of middle class America. I vote in each local, state and federal election. I struggle each day to meet the needs of my family. This letter represents the first time a political event has motivated me to write my elected representatives to express my views.

As I listened to President Carter's speech, I was inspired and proud. At the conclusion of his speech, I immediately turned off the television so that my thinking would not become muddled by the network commentary. I have given a lot of thought to that speech and the subsequent speeches in Kansas City and Detroit. My pride and inspiration have turned to despair.

At last, my views and suggestions on a point by point basis.

(1) There is a real energy crisis and confidence crisis in the U.S. today. I believe it!

(2) The energy crisis has been caused by:

(a) Governmental price controls over domestic production.

(b) Governmental mishandling in Iran that assisted in the overthrow of the Shah.

(c) Governmental allocation system that is not as effective as the free marketplace and wasteful of taxpayers' money.

(3) The confidence crisis has been caused by:

(a) Deficit spending which has caused inflation.

(b) Governmental mismanagement over energy.

(c) Large government programs that create false hopes.

(4) I believe the energy crisis can be solved by:

(a) Immediate price decontrol of domestic production.

(b) Defeat of the "windfall profits" tax. The term windfall is a lie and a fraud. (I don't work for an oil company.)

(c) Abolish the Department of Energy and allow the profit motive to develop the alternative energy sources.

(d) Defeat all attempts to place the government in the energy business.

(5) I believe the confidence crisis can be solved by:

(a) Reducing inflation by reducing the Federal deficit.

(b) Amending tax laws to encourage savings rather than encouraging consumption.

(c) Reduce governmental intervention in our everyday life. We need freedom to achieve our full potential, not auditors running around second guessing our every action.

(d) Seeing the truth as it is and being man enough to stand up for the truth in the face of special interests.

As I read over what I have written, I realize the words appear conservative, maybe even reactionary. It appears the rest of the democratic world, i.e., Italy, France, United Kingdom, Canada and Australia, have already realized government is not the answer to their problems.

I urge you to act in the same way.

Sincerely yours,

ETHAN C. ALLEN.

P.S.—Please no form letter response, just decisive action to return freedom to the people.●

BUDGET ACT AMENDMENTS OF 1979

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. WEISS. Mr. Speaker, I am today introducing legislation to require distinctions in the Federal budget between capital outlays and financing on one hand and current operational expenditures and revenues on the other.

When a business, a city, a State, or practically any other enterprise computes its profit or loss or its surplus or deficit for a given year, it does so by deducting expenses from revenues. Separate and distinct consideration is given to any long term expenditure for capital needs it may have as compared with current operating expenses. Such a two-part budget is a much more accurate, rational, and useful portrayal of actual financial status than is the combined budget currently employed by the Federal Government. By balancing current operating income with expenses and by comparing long term capital outlays with long term financing, a much clearer and concise budgetary picture emerges.

It is, for example, most instructive to note that more than one-fifth of the fiscal 1979 Federal budget—$115 billion—represents capital investments. The remaining $380 billion in the fiscal 1979 budget represents operating expenditures and should, under standard and universally accepted accounting methods, be measured against the $456 billion in revenues for fiscal 1979. A $76 billion operating budget surplus results when this computation is used.

Were the Federal Government to employ the budget methodology used by almost every other financial entity, it would be clear to the public that there is, in fact, no operational budget deficit whatsoever.

The $39 billion deficit shown in the fiscal 1979 Federal budget is in reality the difference between capital outlays and the operational surplus. The Federal budget deficit, which we have all heard so much about, actually finances capital items exclusively. And these capital commitments in turn represent sound investments in America's future—investments that will yield benefits in the years to come.

Borrowing to finance capital outlays—which is what, in effect, the deficit represents—is universally considered sound business practice. Borrowing to meet operational needs is not.

In proposing a capital-operational breakdown in the Federal budget, I am not suggesting that the Government need not exercise sound fiscal planning, nor am I arguing that this kind of budgeting be used as an excuse to ignore waste and cost overruns. Indeed, I believe that the type of budgeting I am urging would facilitate identification of poor fiscal management and increase accountability.

As it exists today, the Federal budget is grossly misleading. The legislation I am offering would bring needed and helpful clarity to the budget-making process and would also encourage more informed participation by both Congress and the public in this process.

I urge my colleagues to support this effort to regularize and simplify the Federal budget.

A copy of the bill is printed below:

H.R. 5298

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Budget Amendments Act of 1979".

SEC. 2. Section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), is amended—

(1) by striking out "estimated expenditures" in paragraph (5) before "and proposed appropriations necessary" and inserting in lieu thereof "estimated capital expenditures and estimated operational expenditures";

(2) by striking out "expenditures" in paragraph (7) and inserting in lieu thereof "capital expenditures, operational expenditures"; and

(3) by striking out "estimated expenditures and receipts" in paragraph (8) and inserting in lieu thereof "estimated capital expenditures, estimated operational expenditures, estimated receipts".

SEC. 3. Section 301(a)(2) of the Congressional Budget Act of 1974 (31 U.S.C. 1322(a)(2)) is amended by inserting "for capital expenses and for operational expenses" after "an estimate of budget outlays".

SEC. 4. (a) Section 2 shall take effect with respect to all budgets transmitted pursuant to section 201 of the Budget and Accounting Act, 1921 (31 U.S.C. 11), more than 30 days after the date of the enactment of this Act.

(b) Section 3 shall take effect with respect to all first concurrent resolutions on the budget reported to both the House of Representatives and the Senate pursuant to section 301(d) of the Congressional Budget Act of 1974 (31 U.S.C. 1322(d)) more than 30 days after the date of the enactment of this Act.●

ASIA'S REFUGEES, THE WORLD'S CONSCIENCE

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. ROSENTHAL. Mr. Speaker, the plight of the boat people and other refugees of Southeast Asia was the focus of a study mission I recently led to that part of the world. One of those in our group was Representative ROBERT F. DRINAN of Massachusetts.

"Our trip revealed the agony and the tragedies of one of the largest mass migrations in modern history," he reported in an article in the September 15, 1979, issue of America, a magazine published by the Jesuits of the United States and Canada.

He said:

> The drama of the boat people may soon disappear from the television screen, but the agonies of 400,000 homeless Vietnamese, Cambodians and Laotians will go on. Humanity has limited options in seeking to resettle some of these groups, but humanity, and especially the United States, has the means and, one prays, the determination to fulfill the multiple responsibilties that are ours in Indochina.

Because of the importance of what our colleague says, I am inserting his article in the RECORD and I commend it to the attention of all Members.

Asia's Refugees, the World's Conscience

(By ROBERT F. DRINAN)

From August 1 to 10, I was one of nine congressmen on a mission appointed by the Speaker of the House of Representatives to conduct a fact-finding tour of the camps in Southeast Asia where more than 400,000 refugees reside. Our trip revealed the agony and the tragedies of one of the largest mass migrations in modern history.

The boat people out of Vietnam now number over 300,000. Another 200,000 Vietnamese have gone to China while thousands of Cambodians and Laotians continue to move into the countries bordering the South China Sea. The immensity and the immediacy of the problem are overwhelming, but there are few quick solutions. Countless people in Vietnam—especially the 1.4 million ethnic Chinese—have concluded that life is so intolerable under the Hanoi Government that in order to avoid it, they will lose their fortunes and risk their lives in a quest for a new life. After the 65-nation Geneva Conference on Refugees in July 1979, Hanoi has enforced a moratorium on all unauthorized emigration, but the frenzy in Ho Chi Minh City, formerly Saigon, is so intense that it is not clear that the Government of Vietnam can stop a mass movement of such profound dimensions.

The Congressional delegation visited Hong Kong, Thailand, Indonesia, Malaysia and Hanoi. We visited camps that contained the staggering number of 256,000 refugees. Everywhere, we were overwhelmed by the complexity of the many political and social factors involved in even a partial or short-range resettling of this quarter of a million people.

Let me (1) review the background of the sites visiter; (2) reflect on the attempted explanations of the exodus by officials in Hanoi; and (3) analyze the options available to the United States.

HONG KONG: A COMMUNITY THAT CARES

Hong Kong continues to be in the eye of the storm of those 900,000 people who have fled their homeland since the spring of 1975 when the governments of Vietnam, Cambodia and Laos collapsed. In the first six months of 1979, 67,340 refugees arrived in Hong Kong, a rate of over 300 per day. An extraordinary humanitarian policy on the part of the Hong Kong Government gives outstanding protection to these refugees but also, Hong Kong fears, invites countless others to this place of first asylum. In Hong Kong, no one is ever turned away or towed out to sea. But the five million people of this tiny, overcrowded island want no new immigrants and resent the fact that some of the refugees can leave their camp to work by the day.

A visit to a Hong Kong camp with 15,000 refugees dramatized the enormity of the problem for this tiny nation. Eighty-three percent of the refugees are ethnic Chinese who have chosen to live outside of both Vietnam and China. They have no family connections with America and consequently are ineligible to migrate, nor will they be invited to live in any nation in Southeast Asia. Their resettlement may be possible in one of the nations that, at the Geneva Conference, pledged a total of 250,000 new visas for the homeless of Indochina. But the processing of the United Nations' High Commissioner for Refugees (U.N.H.C.R.) takes months. Hong Kong is afraid the process may even take years.

The refugees in Hong Kong, many of whom are highly educated, are disappointed that more nations have not agreed to take a quota of Asia's new emigrants. A Catholic in the Hong Kong processing center reminded me that although one-half of all the world's Catholics reside in Latin America, Argentina, with a recent commitment to take 4,500 refugees, is the only nation in all of South America to respond to the urgent plea of U.N.H.C.R. for more visas.

INDONESIA: AN INVOLUNTARY SAMARITAN

Indonesia became involved with refugees like Simon of Cyrene: there was no way to refuse to carry the cross. Refugees landed on several remote northern islands of Indonesia after they had been repulsed and sent back to sea by Mayalsia. Indonesia, with 140 million people and annual per capita income of $300, wants no more immigrants of any kind. This is especially true of ethnic Chinese, who make up about two-thirds of the 50,000 Vietnamese boat people who have drifted onto the isolated islands off Indonesia. The three million Chinese in Indonesia are victimized in a very special way by the distrust extended all over Southeast Asia to the 15 million overseas Chinese who reside in that area of the world.

Jakarta had no option but to try to help the 20,000 refugees who in June alone abandoned their boats for an uninhabited island with no roads. Indonesia, with help from U.N.H.C.R., is working to evacuate some 36,000 refugees to places less life-threatening and to do so before the monsoons come in October.

Indonesia has received only a small percentage of the 413,000 refugees from Indochina scattered throughout Asia. The Suharto Government knows that the entire world is watching to see how Indonesia handles the 50,000 persons whose lives and futures depend on the level of humanitarian aid extended to them during the months or years of their forced visit to a land where they are not welcome.

THAILAND: CLOSED TO REFUGEES

Thailand, always officially neutral in the U.S.-Vietnam war, has borne the brunt of being the principal asylum for land refugees from Cambodia and Laos. The 180,000 refugees in some 20 camps in northern Thailand have received virtually no publicity compared to the worldwide media attention to the boat people.

About half of Thailand's refugees are Laotian or Hmongs (Meo), tribal people who have fled systematic extermination campaigns by the Communist Pathet Lao. What is particularly heart-rending is the fact that thousands of the Hmongs acted as surrogate soldiers for America in the secret war conducted by the C.I.A. in Laos. Many of these people came out of Laos shortly after the collapse of Saigon in April 1975; they have been waiting ever since in the bleak camps on the shores of the Mekong River, which separates Laos and Cambodia from Thailand. About 14,000 Laotians have been moved to the United States, but 4,000 more arrive in the camps every month. They come after a three-month march on which only the strong survive. They are uneducated farmers who really want to return to their highlands, if they could be assured some minimal safety.

Thailand is further beset with at least 75,000 refugees from Cambodia. Angered at the continuous outflow of Cambodians, Thailand in June 1979 forcibly repatriated 40,000 Khmer refugees into Cambodia. The worldwide explosion of criticism of this brutal act has prompted Thailand to continue its practice of maintaining and expanding camps of first asylum.

Thailand is embarrassed by the constant and undenied reports that Thai pirates in the Gulf of Siam have plundered the possessions of hundreds of boatloads of refugees. Not everyone thinks that Thailand has done all it could to deter a practice which, the more candid in Thailand confess, helps to keep boat people away from Thai shores.

Thailand, like all the other nations of Southeast Asia, recognizes that its reputation could be severely harmed by any failure to observe the minimal standards expected of a nation that has imposed on it the care of thousands of refugees. Thailand may soon join a storm of voices in Malaysia, Indonesia and Hong Kong demanding that the United States physically remove all of the 400,000 refugees scattered throughout Southeast Asia and take them to a camp in the United States or to a resettlement center in a U.S. trust territory in the Pacific. Thailand has reason to urge this since, in the first five months of 1979, about 90,000 Khmer entered Thailand to avoid the fighting and hunger in Cambodia. So long as Hanoi continues to occupy Cambodia with 200,000 troops, the stream of refugees out of Cambodia will continue.

MALAYSIA: NO CHINESE NEED APPLY

Kuala Lumpur is the capital of a nation of 12 million people living in a delicate balance of 47 percent Malays and 37 percent Chinese. The reception of refugees, heavily of Chinese origin, coming by boat to the barren shores of Malaysia, was described as politically unfeasible by the highest authorities of Malaysia. Some weeks ago, one highly placed official brought angry retorts from across the world when he recommended that refugees be shot if they tried to land on Malaysian soil. A total of 110,744 have done precisely that since August 1977. As of Aug. 1, 1979, 61,083 were still living, quite literally, on the beaches of Malaysia.

I visited Bidong Island where in one square mile, 32,935 of Malaysia's refugees reside. Four hundred fifty-five boats have arrived at this barren island, bringing 52,873 persons. An estimated 150 boats never arrived at Bidong. In July 1979, over 6,000 persons left Eidong—mostly for the United States.

Only a few non-Vietnamese have come to Bidong and about 80 percent of the Vietnamese there are ethnic Chinese. The elected camp captain is a Vietnamese Catholic priest, the Rev. Le Ngoc Trieu, a charismatic man who received his Ph. D. in education from Boston College in 1965. He returned to Vietnam in the 1960's, lived throughout the war, but in early 1979 decided to join the boat people and sail away from his family and fatherland. He is the pastor of the 3,000 Catholics at Bidong. This brave priest introduced me to the two Buddhist monks who came to Bidong with him from South Vietnam.

The people at Bidong had more joy than we saw at any of the other camps that we visited. They had made their decisive, indeed heroic, break with their past and awaited with hope their new lives in a receiving nation. One could hardly imagine the depths of their revulsion for the options remaining to them in Vietnam. Some related horror stories of being sent to the new economic zones, uninhabited areas of Vietnam where the Government of Hanoi hopes eventually to grow rice. Others told stories of their businesses being nationalized, their Chinese schools being closed, or their personal freedom being threatened.

The evidence is in conflict on the question of whether the Vietnamese Government officially sanctioned the imposition of heavy fines on those fleeing Vietnam. High officials in Hanoi attributed the receiving of fees up to $3,000 per person to corruption and to open thievery. But the refugees at Bidong knew that their gold and all their possessions were gone.

There was silence among the nine Congressmen and the seventeen representatives of the major media of the world aboard the helicopter leaving Bidong Island for the mainland. All of us were moved, some almost to tears, to see the frightful consequences in thousands of human lives of the decisions made between 1965 and 1975 by the Pentagon, the Congress and the White House. Those decisions radically altered the lives and the entire future of the 50 million people who call themselves Vietnamese.

America's ability to respond responsibly to the consequences of those decisions is not at this time very certain. At least the United States has accepted some 220,000 Vietnamese into America. How many more will want to come and over how long a period is not now clear. But we had a feeling at Bidong that a million or even more Vietnamese might come to that forlorn place or places like it in a desperate flight for a life more tolerable than what Vietnam now offers.

HANOI: A WORD OF SELF-JUSTIFICATION

It was a weary and bewildered Congressional delegation that arrived in the drab and depressed city of Hanoi. The Government was clearly apprehensive about future worldwide adverse press accounts over the hemorrhage of Vietnamese refugees.

Hanoi's explanation was a curious distillation of: 1) its pathological fear of China and its profound distrust of the 3 percent of Vietnam's 50 million population who are Chinese; and 2) its desperation about the economic situation in Vietnam.

Almost every decision reached in Hanoi begins and ends with the fact that China invaded northern Vietnam in February 1979. It is expected that Peking will attack again, probably soon. The 200,000 Chinese who migrated from Vietnam to China are thought to be the core of the military force that will return. They know every hamlet of Vietnam and can be expected, according to Hanoi, to infiltrate and to take over all local governments. It is logical, therefore, that Hanoi has expelled or at least promoted the departure of, almost every ethnic Chinese in North Vietnam. Not a few references were made in our conversations in Hanoi to the internment by our Government of Japanese Americans in 1941.

The occupation of Cambodia by Vietnam also influences Hanoi's desire to control its Chinese population. In an outrageous violation of the sovereignty of her neighboring state, Vietnam maintains an army of at least 200,000 in Cambodia. It has set up a government there, undermined the rule of Pol Pot and brought chaos to a nation of 2 million. Again, Hanoi's motivation goes back to its fear that China will control the Government of Cambodia and use this nation to keep the Soviets out of Indochina. Hanoi, of course, receives substantial military and economic aid from Moscow to maintain its war machine in Cambodia.

In all of this power struggle, the ethnic Chinese in Vietnam are innocent bystanders. They have contributed in very significant ways to Vietnam's economy; they are physicians, engineers, small-businessmen. But their day of prosperity and peace has probably passed. Hanoi tries to proclaim that the world is unfair to the Vietnamese Government, which has been criticized if the Chinese cannot migrate and criticized if they do. But the world knows that Hanoi distrusts its Chinese citizens now more than ever before and that, if it wants to be fair, Hanoi must either let them go in an orderly manner or allow them to live in peace, not victimized by Hanoi's obsession about encirclement by Peking.

A desperate economic situation

Vietnam is appallingly poor. Hanoi, once a city of splendor, appears paralyzed by the effects of the bombings and by the termination of aid from China in April 1978. In November 1978, Hanoi signed a 30-year agreement of friendship with the Soviet Union. Aside from whatever it receives from the Soviets, no other funds are available for development in Vietnam. Hanoi's own resources are siphoned off to its military machine in Cambodia. Outside help has sharply diminished as a result of global anger over the exodus of Vietnamese refugees. In addition, Vietnam's mining enterprises have been crippled because many of their most skilled workers were Chinese who have gone to China.

Because of its acute need to produce more rice, Hanoi has been inviting and possibly assigning thousands of people to settle on 5 million acres of uncultivated soil in areas called the "new development zones." In an attempt to decrease the swollen 3.5 million population of Saigon, hundreds of thousands have been persuaded to go to the new economic zones. For the 1.1 million Chinese in the Cholon section of Saigon, a life in the undrained plains of the proposed new villages was so totally unattractive that at least 20 percent of Cholon's population has fled from its fatherland. It is a bitter ending of five generaions of highly developed Chinese life in Vietnam.

The starvation that is feared for Cambodia in the next several months will further aggravate Vietnam's problems since Hanoi has consistently announced that it shares its resources on an equal basis with Cambodia.

Hanoi's explanation of the outpouring of refugees is not likely to abate the anger that the world experienced at the massive misery condoned and even arranged by high officials in Vietnam. Nor will Washington be pleased at Hanoi's adamant insistence that America's Seventh Fleet should cease picking up people in unseaworthy ships on the China Sea. The Seventh Fleet is, of course, simply carrying out in an aggressive way what international law riquires of those who see people in imminent danger of drowning. But Hanoi feels that the Seventh Fleet is further embarrassing the Government of Vietnam and is openly encouraging the mass exodus to increase.

America's options on Vietnam

Hanoi is literally begging for normalization of relations with the United States. Everyone in the American Government wants to improve relations with Vietnam. But three fundamental difficulties argue against normalization: Vietnam's war in Cambodia, its adventures with the Soviet Union and its activities regarding the massive exodus of its people.

In the ideal order, the United States should do for Vietnam what it did for Germany and Japan after World War II. But neither of those nations was in the Soviet orbit. The United States, however, could at least lift the trade embargo against Vietnam, a question that must be redecided either way by the President by the end of September. If we are to give the most favored nation status to China and possibly to the Soviet, we can extend something less to Vietnam.

We can also extend economic and humanitarian assistance without seeming to contribute to Communist expansion. In any event, we cannot appropriately condemn the fact that thousands of persons are leaving Vietnam in desperation while we do nothing to alleviate the economic conditions that prompted so many people to abandon their homeland.

The least that America can do is work to bring about those conditions that would allow the United States to expedite the emigration out of Vietnam of the immediate relatives of the 220,000 displaced Vietnamese who now reside in America. Many weeks ago, the American Government gave Hanoi a list of 5,000 Vietnamese citizens who, by American law, are entitled to join their families in the United States. Only 228 of these requests have been acted upon by Vietnam.

In a larger context, the United States must recognize that it alone among all nations can bring Hanoi and Peking together. It may be naive or premature to suggest a Camp David summit a la Begin-Sadat for the top leaders of Peking and Hanoi. But both China and Vietnam are imploring us to extend economic assistance. The United States extended normalization and an ambassador to Peking even though Peking sent some 600,000 soldiers into an invasion of northern Vietnam. How can the United States, Hanoi now reasons, say that normalization with Vietnam is out of the question unless Hanoi withdraws its 15 divisions from Cambodia?

A Camp David-like summit would provide a sequel to the Geneva Conference in July where China, one of the principal causes of the refugee exodus, confined its activities to an excoriation of Hanoi's policies with respect to ethnic Chinese refugees.

An even more fundamental question which the United States has almost refused to confront is the establishment of a fair and just number of immigrants to be legally admitted each year. The present ceiling of 250,000 was established in 1921 and modified in 1965. The admission of refugees in special hardship cases expanded that number in 1977 to 462,000, marking the largest influx in more than 50 years.

The Congress has been unable or unwilling to resolve the status of an estimated five million undocumented aliens now residing in the United States. It may be that all development of a formula to handle these people could be tied into the establishment of an annual quota substantially larger than the present number. This increased figure would allow the United States to assume a greater role in aiding the poor people of the world.

Viewing the pitiful plight of thousands of homeless persons in Southeast Asia should not let us forget the tragedies of the other 13 million persons identified by the U.N.H.C.R. as refugees. They include 250,000 Ethiopians in the Sudan, 134,000 Burundians in Tanzania, 250,000 Pakistanis in Bangladesh and, of course, hundreds of thousands of Palestinians in Israel, Jordan, Lebanon and Syria.

Humanity has limited options in seeking to resettle some of these groups, but humanity, and especially the United States, has the means and, one prays, the determination to fulfill the multiple responsibilities that are ours in Indochina. The United States Catholic Conference has been in the forefront; it has resettled 45 percent of all the refugees from Indochina, three times as many as any of the other seven voluntary agencies involved.

The drama of the boat people may soon disappear from the television screen, but the agonies of 400,000 homeless Vietnamese, Cambodians and Laotians will go on. Vice President Walter Mondale expressed the historic challenge that confronts America in these closing words of his eloquent address at Geneva on July 20, 1979: "History will not forgive us if we fail. History will not forget us if we succeed."●

ELIMINATION OF HUNGER

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. SOLARZ. Mr. Speaker, the World Food Council recently convened in Ottawa to discuss ways to increase global food production and eradicate world hunger. In response to a special request from the president of the council, Sol Linowitz, chairman of the Presidential Commission on World Hunger, addressed the council on the subject of the United States' food policy.

In his address, Mr. Linowitz declared that the United States "must make the elimination of hunger the primary focus of its relationships with developing countries" during the 1980's. With current reports indicating that the globe food situation has worsened since the World Food Conference in 1974, I think it is particularly important that Mr. Linowitz's message be brought to the attention of the Congress, and to the American public:

STATEMENT BY SOL M. LINOWITZ

Mr. President, ladies and gentlemen, delegates to the Fifth Session of the World Food Council.

I am deeply pleased and honored to be with you and to have this opportunity to pay my respects to this Council, which has done so much to focus the world's attention and concern on the agonizing problem of world hunger—one of the most pressing issues confronting mankind today.

I am here as Chairman of the Presidential Commission on World Hunger appointed last year by President Carter pursuant to a joint resolution of the Congress. In appointing our Commission, the President expressed his own strong conviction that overcoming world hunger is of urgent importance for the well-being of the United States and for the future of mankind.

The United States delegation to this Council, led by our distinguished Secretary of Agriculture Bob Bergland, will convey to you the official position of the United States Government with respect to the important problems on your agenda. My own role is to convey to you some of the thinking of our Presidential Commission which has taken on this assignment of identifying the root causes of hunger, assessing past and present United States programs and policies affecting hunger, and recommending to the President, the Congress, and the people of the United States specific actions which the United States might take in helping to overcome this ancient and insidious disease.

It would be presumptuous of me to undertake to talk to you about the background and causes of the world food problem with which you are so familiar and which you have studied so long and so deeply. I do, however, want to tell you a little about a few of the conclusions and recommendations which have resulted from our deliberations over the past months and which will be contained in the Report of our Commission to be issued in a few weeks. Perhaps the most significant point I can make is this: The major conclusion of our Presidential Commission on World Hunger is that the United States Government must make the elimination of hunger the primary focus of its relationships with the developing countries of the world during the decade of the 1980's. We believe that this commitment must underlie future United States foreign assistance programs and policies; but we also recognize that to be a reality it must become a part of all United States relations with the developing world—including development policy, trade policy, investment policy, and foreign policy.

We make this recommendation with the deep conviction that it is right and appropriate for our Government in the context of the kind of world and the kind of time in which we live.

As we know all too well, this is a difficult, anxious, uncertain time in world history. It is a time which has been called both the Age of Anxiety and the Age of Science and Technology. Both are accurate, for indeed one feeds upon the other. As our scientific and technological competence has increased, so have our fear and anxiety.

In a real sense we are at a time of paradox—a time when we seem to have learned how to achieve most and to fear most. It is a time when we seem to know more about how to make war than how to make peace, more about killing than we do about living. It is a time of unprecedented need and unparalleled plenty; a time when great advances in medicine and science and technology are overshadowed by incredible achievements in instruments of destruction. It is a time when the world fears not the primitive or the ignorant man, but the educated, the technically competent man, who has it in his power to destroy civilization.

It is a time when we can send men up to walk the moon, yet hauntingly recall George Santayana's words that people have come to power who "having no stomach for the ultimate, burrow themselves downward toward the primitive".

No one needs to remind us that this moment may be the most fateful in all the long history of mankind. In the past men have warred over frontiers; they have come into conflict over ideologies; they have fought to better their daily lives. But today each crisis seems to overlap the other and we are engaged in a vast human upheaval that touches upon every phase of our existence—national and international, religious and racial.

Part of that upheaval is as old as hunger. Part is as new as a walk in lunar space. The overriding fact is that today we are all part of a global society in which there no longer is any such thing as a separate or isolated concern—in which peace is truly indivisible.

And the fact is that whether we like it or not, either we will all survive together or none of us will. Either we will all share the world's bounty, or none of us will.

We must, therefore, ask what chance we have of accepting our shrinking world with its fewer and fewer natural frontiers, or of transcending our ideological struggles unless we are prepared to get to the roots of the problem—the roots that are dug so deep in injustice and resentment in a worldwide contrast between wealth and misery.

There is no escape any longer from what I believe is surely the central fact of our time: That whether it be Africa or Asia or Latin America or anywhere else in the world—human beings can no longer be condemned to hunger and deprivation, to the indignity of life without hope.

Certainly there is no question about our moral and ethical obligation. Every major world religion and philosophical system agrees on two overriding values—respect for human dignity and commitment to social justice. And human hunger is a serious—a blasphemous—affront to both.

But the concerns of our Presidential Commission and those which led to the creation of this Council, and which will occupy your deliberations throughout this week, go far deeper than this sense of moral and ethical obligation. They deal also with the realities of growing economic and political interdependence, and our increasing awareness that the very survival of the human race may depend on how well we together manage the finite resources of this earth. Energy makes the headlines today—and the concerns about energy are real and significant. But the undeniable fact is that a worsening of the world food situation in the decades ahead could make us regard the current energy shortages as merely one contributing factor to the far greater challenge to our ability to control our destiny. What is required—and urgently—is to find a way to awaken among the governments of the world and the peoples of this world an understanding of the broad scope of this challenge—and the dangerous implications of failure to meet it head on.

Hunger today wears many faces. It is the boat people in the South China Sea; it is the refugees in East Africa; it is the peasants and children of Cambodia; and it is—far more pervasively—the hundreds of millions in this world suffering the ravaging disease of malnutrition. We have some sense of relationship with the immediate and the dramatic, the stories which fill our headlines and our television screens. But how can we begin to understand the reality of more than 500 million malnourished human beings?

The conclusion which emerged from the deliberations of our Commission is that if we are really to take effective action to help solve the hunger problem affecting these millions, then we will have to have a radical re-ordering of our national and international priorities—including a re-definition of national security. Such a re-ordering is, we believe, essential for reasons which you know far better than we:

Because the world hunger problem is getting worse rather than better, and a major crisis lies ahead unless a concerted effort is made to forestall it;

Because the world food problem is less a matter of periodic famine than of chronic malnutrition rooted in poverty and in lack of access to available supplies;

Because hunger is a political problem at least as much as a scientific and technological problem;

Because while hunger has extremely complex and interrelated global causes and consequences, the fact is that its elimination is within the available technical and financial resources of the world today;

And because the attainment of long-term solutions will depend upon lasting commitments by donor countries, international agencies, and food priority countries alike.

Clearly there is not and cannot be any single answer or magic formula to overcome the problem of world hunger. And clearly there is no single model for all countries to follow. But there are many partial answers which together can add up to solutions.

Obviously there cannot be a solution without increased food production. More food is needed and it will take money to produce it. But we also know that agricultural production is only one part of the answer.

Structural change is necessary too. People have to be able to buy what they do not grow. The poor need jobs in order to gain purchasing power. They need education and organization to convert their nutritional needs into effective demand. The whole system of food production, processing, transportation, marketing, distribution and storage must be modernized and made more equitable.

Our first priority, our Commission believes, should be to focus United States efforts directly and through multilateral agencies on encouraging developing countries to adopt food policies aimed at improving self reliance. We recognize that every country cannot be self sufficient in food production and that there will continue to be need for food trade—and, for the time being, food aid. We also recognize that to encourage governments of food priority developing countries to commit themselves to provide additional food for their poor and to change their internal policies and structures will mean that the United States and other developed countries must be ready to help them with material and financial resources. We recognize that this will require a significant increase in development assistance funds and we plan to make that clear in our Report to the President. We will also recommend that special attention be given to strengthening the indigenous research capacity of poor countries and the capability of institutions to design and implement relevant projects.

We will also make some recommendations about our own governmental operations in the United States and to the need for restructuring our own institutional mechanisms. There are now two dozen separate United States agencies involved directly or indirectly in dealing with hunger and food issues. Unfortunately these agencies sometimes operate at cross purposes with conflicting policies. What we must do in our own country is to coordinate and streamline the operation of our Government agencies in order to be able to focus properly on the job of eliminating hunger during the decades ahead.

But national governments cannot do it all. We will have to examine carefully our relations with international bodies, particularly the United Nations agencies, to insure that our participation is constructive, clear, well-focused and designed to help them carry out their functions effectively. We must also, I believe, encourage private organizations to take more initiative in finding innovative ways to contribute their resources, know-how, and experience to the struggle against world hunger.

The simple fact is, however, that while the United States can alter its own policies and approaches, clearly it cannot solve the world food problem alone.

I hope that the countries you represent will embark upon a similar re-evaluation of policies and programs to be certain that we can together make the most effective contribution toward our common objective.

We are at a time in world history when the impact of total human activity is bursting national boundaries and there is an explosive growth in the agenda of global issues. Increasingly we are confronted by problems which have become global because they can no longer be dealt with by nations acting alone and because their resolution has unavoidable implications for the well-being of the world at large. Hunger today has become such an issue. For as never before, hunger today threatens world security.

I mentioned earlier that we need a new definition of national security. For a long time now the world has equated security with military security. For a long time we have been accepting the notion that security lies in armed might—and to achieve that kind of security the world today spends collectively some $400 billion each year. The simple fact is that military security is but one facet of national safety and survival in the last quarter of the 20th Century. For today national security is inseparable from global security, and the non-military threats to that security are manifold and awesome. The most unsettling force in the world today is the inability of poor people to attain a decent standard of living. In recent years hunger has become a divisive and disruptive force in international relations. No weapon or military alliance can overcome hunger. No instruments of war can overcome disease, death and economic decline—which would result from the spread of hunger across the earth.

This is the message which our Commission will undertake to carry. And our responsibility involves more than merely turning the problem over to an international body such as yours while we turn away or withdraw. We look upon our work as supportive of yours. We call upon other nations to undertake similar efforts to broaden the base of understanding of the seriousness of the problem and the concerted effort it will take to solve it. For there are no boundaries to hunger. There are no ideologies in humanity's survival. I am more certain now than I was when I accepted the President's appointment that the issue of world hunger is one of the most crucial of our time. And at stake may, indeed, be the future of mankind.

What makes our Commission's opportunity unique in the United States is our mandate to use our Report to inform the American people about the causes and possible remedies of world hunger, the urgency of immediate and long-range action, and the cost. That process we hope to begin soon. We in the United States hope that in building the public awareness which is so essential to the task will expand the boundaries of what is politically relevant and feasible, and that our efforts will join with yours in the common task of creating a word in which hunger is no more.

President John F. Kennedy once said: "We have the power to make this the best generation in the history of mankind, or to make it the last". I believe we want it to be the best generation—and it can be. For the first time in human history we have the science and the technology, the skills and the resources to put an end to hunger which has for so long been the scourge of humanity. The question is whether we are—all of us—ready to do what we can and must. For its part, our Commission will do everything it can to help make it happen.

I thank you again for this opportunity to share my convictions with a group that has already proven itself so dedicated to this great common cause of mankind.●

IS A NEW PIPELINE NECESSARY?

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. BONKER. Mr. Speaker, I want to recommend to the attention of my colleagues a recent article by my fellow Congressman from Washington State, AL SWIFT, which appeared in the recent edition of the Laser, the Snohomish County Democratic Newsletter.

Congressman SWIFT takes an overdue look at the economics of the need for a transcontinental pipeline across the United States to bring oil to the Midwest refineries.

Mr. SWIFT raises some serious questions about the economic validity of general recommendations made by the Department of Energy regarding the amount of Alaskan oil surplus that exists and the amount of shortfall that can be expected in the Midwest.

The Department of Interior is expected to make its recommendations next month. The questions raised in this article are timely, and I recommend it to my colleagues:

CROSS-SOUND PIPELINE ECONOMICS

(By Congressman AL SWIFT)

I have sent a letter to Cecil D. Andrus, Secretary of Interior, raising some serious questions about the economic validity of general recommendations made by the Department of Energy in an earlier study.

When we are considering energy projects, we need to consider all of the factors. While mindful of our energy woes, we should not stampede into foolish energy projects.

Because of this, there are several economic issues we should look at very carefully when analyzing proposed construction of a West-to-East crude oil pipeline crossing Puget Sound.

First, we need to look at crude oil supplies on the West Coast. Right now, we have about a 300,000 barrel-a-day surplus of Alaska North Slope crude, and this is with a 100,000 barrel plus or minus factor. Projections have that surplus shrinking over the coming decade.

Secondly, we have to look at supplies in the Midwest. The supply in the nine northern tier states—Washington, Idaho, Montana, North Dakota, Minnesota, Wisconsin, Illinois, Indiana ad Ohio—today runs about 4 million barrels a day. The demand in the region runs a little over 4.1 million barrels—creating about a 100,000 barrel shortfall.

In these estimates, DOE admits there is about a 10 percent-or-minus error factor—or something like 40,000 barrels a day—in their demand figures. If the error factor is on the minus side, demand could be cut down to 3.7 million barrels daily, eliminating any deficit in the region. If the demand is on the high side, it could create a 500,000 barrel-a-day shortfall.

But a shortfall of this size would fill only half of the capacity of the pipeline proposed by the Northern Tier Pipeline Co., potentially far below the flow level needed to justify the economics of the company's $1.6 billion project.

And this is all based on several assumptions the Department of Energy made that could drastically change the supply picture in the northern tier states.

First, the DOE study presumes that all crude oil from Canada will be cut off after 1982. There is a possibility, however, that the Canadians might entertain a swap of Alberta crude for Montana for American-bound crude into Eastern Canada. Senator Magnuson has sent a letter to Secretary of State Cyrus Vance asking what the State Department is doing to explore such a swap.

The DOE doesn't take into consideration, for example, new oil finds in Western North Dakota that could supply 146,000 barrels-a-day. The agency's study didn't consider connection of the Northern Pipeline from the Gulf States to the Midwest, which could bring 120,000 barrels.

If any of these assumptions are seriously off, it could reduce the deficit, or even possibly eliminate it, to make any pipeline economically justified.

Considering the physical capacity and the capital cost of the Northern Tier Pipeline Co.'s proposal, it is vital that it be environmentally and economically justified.

If we pursue it without these considerations, we could end up with a 1,500 mile, stainless steel white elephant. And it would be a heavy financial beast for all consumers to shoulder.●

PERSONAL EXPLANATION

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. HOLLENBECK. Mr. Speaker, because of the inefficiency of Eastern Airlines, which resulted in an 85-minute flight delay, I was forced to miss an important vote on the House floor. Under normal circumstances, I would hesitate to "pass the buck" for missing a recorded vote. However, I discovered on Tuesday that a "normal" relationship with Eastern Airlines is one plagued by constant time inconveniences. Because of Eastern's flight delay my constituents were deprived of congressional representation during consideration of H.R. 4986, the Consumer Checking Account Equity Act.

I would like to take this opportunity to state that had I been on the floor, as originally planned, I would have enthusiastically supported H.R. 4986—a bill that I cosponsored. In my opinion, this legislation is a victory for the consumer, for it assures that all types of depository institutions will have an opportunity to maintain interest-bearing checking accounts.

Mr. Speaker, H.R. 4986 extends the highly successful credit union share draft program and provides that commercial banks, savings and loan associations, and mutual savings banks may offer NOW accounts (negotiable orders of withdrawal) nationwide. I am thrilled by the passage of this critical piece of consumer banking legislation and am only sorry that, due to circumstances beyond my control, I was unable to be present for the vote on final passage.●

"AUTOMOTIVE NEWS" REPORTS: "AIRBAG PERIL TO KIDS STIRS FEAR"

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, yet another news publication has reported on the potential hazards to automobile occupants that recent airbag testing has shown. "Automotive News," in its September 10, 1979 report points to the need "that everything possible must be done to perfect the system and to settle once and for all every single remaining question, including the out-of-position child and the nightmare worries companies genuinely have about safety and product liability."

This "News" report further underscores the fact that the amendment Congressman JAMES BROYHILL and I and others will offer to the DOT Appropriations bill for fiscal year 1980, calling for more research and testing of passive restraint devices, such as air bags, must be adopted.

The article points to the fact that two major automobile manufacturers, Ford and General Motors, as well as others, are seriously concerned about air bags and their impact on out-of-position occupants, especially children. Ford is "asking NHTSA (National Highway Traffic Safety Administration of DOT) to take some action to help companies planning to use air bags cope with the out-of-position child problem." The message is clear: further research and testing under the Dingell/Broyhill amendment is required. While our amendment does not permit NHTSA to use funds under the DOT bill, H.R. 4440, to implement or enforce during just fiscal year 1980 the future model year 1982 standard requiring air bags on automobiles, the research and testing provision in our amendment provides NHTSA authority and opportunity to have testing done and collect such data for use by air bag and automobile manufacturers to facilitate their development of the air bag and other such passive restraint occupant protection devices.

The adoption of the Dingell/Broyhill amendment will send a very clear message to DOT/NHTSA that Congress wants airbag systems and other devices declared safe for consumer and automobile occupants.

On behalf of Congressman BROYHILL and our cosponsors, we urge our colleagues review of the Automotive News report and vote for our amendment.

LIST OF COSPONSORS

James T. Broyhill, William D. Ford, James M. Collins, David Satterfield, Dave Stockman, Samuel L. Devine, Matthew J. Rinaldo, Thomas L. Ashley, William M. Brodhead, Carl D. Pursell.

John B. Anderson, James J. Blanchard, Clarence J. Brown, Lucien N. Nedzi, Bob Traxler, Bob Carr, Phil Gramm, Carlos J. Moorhead, and Tim Lee Carter.

The report follows:

AIR BAG PERIL TO KIDS STIRS FEAR

(By Helen Kahn)

WASHINGTON.—On the eve of House debate over whether to let NHTSA have any money to "implement or enforce" the air-bag part of Standard 208, Ford Motor Co. is asking NHTSA to take some action to help companies planning to use air bags cope with the out-of-position child problem.

Ford is sufficiently concerned about liability from possible injury to a standing child from its passenger air bag that it is telling NHTSA something must be done or it may not be able to keep its commitment to use air bags as an option on its '81 Lincoln and Mark VI—a year before the standard itself starts to phase-in.

In addition, General Motors, which has committed itself to offering air bags as an option on its '81 full-sized cars, is now talking about the offer being "late" in the model year. Its concern is also over the risk to children who may be in the path of the deployment.

A key question, therefore, may be—if or when the amendment to the DOT appropriations bill passes restricting air-bag funds—is Ford's idea of getting NHTSA to help somehow with a specific problem "implementation" which would be banned under the proposal sponsored by Rep. John Dingell, Michigan Democrat, or is it "research and development" which would be allowed?

Issues that may arise during floor debate—sodium azide and malfunctioning inflators—are not of prime concern to any company involved.

All new systems use sodium azide in part because it behaves better for its purpose (pelletized rather than powder) but mostly because the stored bottled gas used in earlier systems is thought to have less shelf life and to be heavier and possibly dangerous as a missile if such an accident happened.

This is not to say there is not some small concern about future disposal problems with junked cars, although this is considered solvable.

Ford would clearly like to know more about General Motors' tests using pigs as surrogates for children. It would like more specifics and more importantly it would like to know what the tests mean, allowing for the difficulty of correlating animal injuries to human injuries.

Or as GM put it: "The inflation force risk is much more difficult to measure because child test dummies are very crude and because very little is known about the impact tolerance of small children."

Nonetheless, GM says it has developed new techniques for evaluating that risk and has an "aggressive program in progress to minimize this risk."

Ford has gone to Southwest Research Institute thinking about having that lab do some surrogate animal testing for it. Ford was told its particular design may be helpful in preventing injuries to children. Ford is using Hamill (a division of Firestone) and Rocket Research for its right-front system.

But SRI's off-the-cuff judgment does not appear enough for Ford. What Ford wants is some official, government judgment on how much testing is needed and help in interpreting what it means.

Although Ford recognizes that responsibility for its own design is the usual order of doing business, in this instance, it thinks NHTSA should get manufacturers and suppliers together, perhaps in a strictly scientific meeting to look at the state of the art and evaluate tradeoffs.

The performance standard does not address protection for out of position children as such, but Ford suggests that in this instance it might be desirable to amend the standard to include some testing procedures to deal with unbelted right front seat occupants, especially children or small adults. Even without changing the standard, NHTSA could help companies by setting special tests for the out-of-position child and do its own testing, using the latest technology and sharing data as soon as possible.

It is obvious that Ford's and General Motors' concern is genuine and it appears that Ford's worry about product liability suits is greater than GM's—reasonable enough in view of its experience with the Pinto gas tank. Whether the problem of out-of-position occupants is a significant problem, however, may be debatable. NHTSA Chief Joan Claybrook has always maintained product liability is a company, not a government, problem.

At this stage of the game, a tremendous amount of time, effort and money has been spent to perfect a system that Ford, GM, Rolls Royce, Mercedes-Benz, Volvo, Chrysler and BMW can confidently install in their cars. This includes both the vehicle makers (including Minicars) and suppliers like Hamill, Thiokol, Rocket Research, and Talley.

In the recent brouhaha in Congress, it is hard to remember that Claybrook is not opposed to belts, both active and passive, and Dingell is not opposed to air bags.

The manufacturers do not use reusable inflators in their testing, and the government did so only to save money. Inflators need to go off correctly once—not dozens of times. Sodium azide it hermetically sealed in containers; it is no longer used in powder form.

The manufacturers expect to use the tightest quality control possible and to enforce it on their suppliers because it is the vehicle makers who must accept responsibility for compliance although everybody can become defendants in a consumer liability suit.

In addition to setting specifications, the vehicle makers make regular on-site inspections and monitor production by suppliers. Improvement in reducing the size and weight of inflators—using air aspirators—is now being worked on.

Already size has been reduced by some 40 percent and weight by 30 percent and the exhaust particulates have been reduced by a factor of 40, thanks to the use of pellets which burn more uniformly because they do not cake.

Delco, a division of GM, will be making sensors and diagnostic systems and will supply Chrysler and maybe some foreign makers. The maker of the system Ford is planning—one Ford thinks is superior—is Essex—a gas dampened sensor originally developed by Breed Corp. and licensed to Essex. It is geared to discriminate a real crash by sensing vehicle deceleration to sense the proper timing of inflation and avoiding inadvertent deployment.

At present, the diagnostic systems are complex because they are designed to overprotect but as experience with air-bagged vehicles grows, simplified and cheaper systems can be expected.

Work is also going on in changes in size and shapes of air bags to protect in angular and side impacts as well as multiple collisions and new bag materials may be coming on stream.

Both now and in the future, the air-bag system is a complex one for mass production. It would be naive not to assume there will be mistakes and it seems reasonable to do all that is possible to protect those children whose parents will not protect them.

But it seems also important to put the problem in some sort of perspective. The total record of the 12,187 air-bagged cars that have been driven—1974–75 Oldsmobile, Buicks, Cadillacs in the public's hands, the 1972–75 Mercury, Chevrolet and Volvo fleet cars driven by Allstate—over 640 million miles, resulted in 219 crashes with 311 front-seat occupants protected—has had five fatalities, one serious injury, 36 moderate to severe injuries and 257 with no or only minor injuries.

According to the government, one unrestrained baby was thrown into the dashboard during panic braking before the crash; two were nonsurvivable accidents; another unascertained because of no autopsy but the man may have passed out or died before the crash, and the fifth was ejected through the door during a sideswipe at 100 MPH although the air bag worked.

There were also 15 non-crash inflations, mostly due to garage carelessness but including one failure in a 1973 Chevy experimental test car.

But it is the future that should also be looked at. Regardless of whether ordinary consumers stand in line to buy air-bagged cars, especially at the high initial prices, there is said to be a market in the fleets.

In 1978 when NHTSA canvassed a cross-section of business and government fleets to find out if they would buy air-bagged cars, almost 200 fleet operators responded. The total was more than 45,000 as replacement vehicles.

The point of all this is to show there is existing and future technology that should be allowed to show what it can do and there is also at least some market—consumer choice is Claybrook's slogan.

But it is also to show that everything possible must be done to perfect the system and to settle once and for all every single remaining question, including the out-of-position child and the nightmare worries companies genuinely have about safety and product liability.●

REPORT BY FATHER SEAN McMANUS, NATIONAL DIRECTOR, IRISH NATIONAL CAUCUS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. GILMAN. Mr. Speaker, at yesterday's meeting of the Ad Hoc Committee on Irish Affairs, of which I am a member, the director of the Irish National Caucus, Father Sean McManus delivered a report on the caucus's trip to Ireland during the month of August. Father McManus was joined by Rita Mullan, executive director, Dr. Fred Burns-O'Brien, deputy national director, Bob Bateman, ancient order of Hibernians liaison for the ad hoc committee, and David McDermitt, legislative assistant to Congressman LEO ZEFERETTI of New York. The caucus representatives traveled to Northern Ireland over the August recess to examine the situation in that troubled land, and to make some recommendations as to the possible options open to Americans—the American people and the U.S. Congress—in assisting in peacemaking ventures.

Stressing the need for self-determination of the Irish people, the caucus has worked tirelessly to involve the interest of the Congress in this issue, and to make the issue of human rights in Northern Ireland an integral part of the U.S. foreign policy.

Mr. Speaker, in order to share these views with my colleagues I am asking permission to include for the RECORD a full copy of the report of Father McManus:

REPORT OF THE IRISH NATIONAL CAUCUS

Mr. Chairman, Honorable Members, the Irish National Caucus reaffirms its dedication to the principle that human rights for Ireland is an American issue and that until Ireland becomes a major American issue, there will not be a breakthrough in the now hopelessly dead-locked situation.

We cannot over-state the importance of our recent trip to Ireland. Nor, indeed, the importance of each and every trip there over the past year by both the Irish National Caucus and the Congressional Committee for Irish Affairs.

The purpose of our recent travel was two-fold: (1) because of the great and growing interest in the "American Dimension", to inform the people of Ireland of the actions and goals of the Irish National Caucus and this Committee: and (2) to personally review the human rights situation in Ireland and that of the Irish in England.

On the political front, we met with members of the Irish Parliament and elected officials in Northern Ireland. We also met with clergy of all denominations, including the Papal Nuncio, Archbishop Allibrandi and held several meetings with Cardinal Tomas O. Fiaich. There were also numerous meetings with community leaders in Ireland and England.

During the many press conferences we held—in Ireland and England—the media invariably produced a copy of Congressman Hamilton Fish's Report and reports from the Chairman of this Committee, Mario Biaggi. Without fail they showed a greatly heightened interest in the American dimension.

Perhaps most importantly, we met with literally hundreds of Irish people—the people on the street and relatives of the prisoners—those most deeply and most directly affected by the Northern Ireland situation. Their common assessment was: the political vacuum in Ireland continues; the level of repression is at an all time high; and that there was every indication, as a result, violence will escalate to an all time high.

There is no doubt in our minds that the people of Ireland long for a political answer to their problem and there is also no doubt they are looking to America for assistance in reaching such a solution.

Aiming for just such a solution, in 1978 the Irish National Caucus proposed that your Committee for Irish Affairs sponsor an Irish Peace Forum, to which all parties could come without precondition or compromise. We feel that, to date, no better proposal have been offered and we deeply appreciate the support so many Members of Congress gave to this effort. A special mention must be made of your Chairman, Mario Biaggi, who devoted untold hours and efforts to this endeavor.

Because the British Government has refused to take a political initiative and because their policy has created a total vacuum, the climate at present is not conducive for such a Forum. What the United States must do is convince the British Government to embark on a political solution. When this happens, the Forum will have a vital role to play. The most effective way the Congress can help to encourage that climate is by passing House Concurrent Resolution 122.

We held extensive meetings with Father Raymond Murray, Father Denis Faul, and Father Brian Brady—Chaplains in the prisons of Northern Ireland—as well as numerous attorneys in the North. It is not pleasant—it is most frustrating and disheartening to have to report to this Committee today that conditions in the prisons and interrogation centers have not improved. They have not improved despite the reports and recommendation of Amnesty International, the European Court of Human Rights, indeed the British Government's own Bennett Report.

Very recently, the incorporated Law Society—comprised of lawyers from every section of the community—publicly stated their "complete rejection" of newly announced measures involving the attorney-client privilege. A number of these attorneys have threatened to refuse to cooperate with the system. Many here today are attorneys and will think this a drastic step. I remind you this is a drastic situation.

The conditions in the prisons—especially the infamous H-Blocks—and the treatment of prisoners and suspects alike, is another clear result of the British Government's refusal to accept the fact that they are dealing with a political problem which will not lend itself to a military solution. Tragically, while they produce one futile military plan after another, the prisoners, their families and friends—the entire community of Northern Ireland endure untold suffering.

The provisions of the Prevention of Terrorism Act in England also create a grave concern for the protection of the human rights of the Irish people living in England. For this reason, we traveled to London to meet with the people and media there. We continued to stress that it was not a matter of "American intervention" but, rather, the implementation of America's international agreements on human rights and that it was the human rights situation in Ireland and England that created the necessity of our involvement.

Of particular interest to this Committee will be the reaction to the State Department's temporary ban on the sale of weapons to the police force in Northern Ireland—the

Royal Ulster Constabulary (R.U.C.)—at your instigation. We found overwhelming approval among the Catholic minority community for this ban. This is easily understood when one realizes the Catholic community sees the R.U.C. to be a sectarian and anti-Catholic force. It is clear that the Protestant/Loyalist paramilitaries have a policy of joining the R.U.C., so by day they can be "legal" terrorists and by night illegal terrorists. The British Government has announced they are going to increase the R.U.C. force by one thousand. It is likely that most of these one thousand will come from the loyalist terror gangs. A police force must be acceptable to the whole community.

The R.U.C. were created to be sectarian. They never have been and never will be acceptable to the Catholic community. If this Administration is to have any credibility—if it is to honor its own laws about not supplying arms to the police of a country that is guilty of gross, systematic violations of human rights, then the suspension of weapon sales to the R.U.C. must be made permanent. This is of tantamount importance if America is to change its deplorable and irresponsible double-standard on human rights in Ireland.

Also of concern to this Committee, to fair-minded Americans, and to the people of Northern Ireland is the issue of discrimination in Northern Ireland—specifically in the area of employment.

Congressman Benjamin Gilman, in keeping with his outstanding record of concern for human rights, asked the Caucus, by letter, to investigate the hiring practices of United States firms in Northern Ireland. We contacted every American firm there and will soon have a detailed report on this effort. It is clear, however, that there is prima facie evidence for a case to be made that American firms are part of the systematic geographical and personal pattern of discrimination in Northern Ireland.

We intend to continue our efforts in this most important area. We have Congressman Gilman's assurance that we will continue his—and we sincerely hope we can count on every Member of this Congress, the Administration and the American public to support this effort.

Many Members of Congress had the pleasure and honor of meeting last year with Nobel Peace Prize Winner, Sean MacBride. Sean MacBride, as founder of Amnesty International, is internationally known and respected for his concern for human rights throughout the world. Mr. MacBride totally supports our efforts concerning Ireland and we are very proud to announce his acceptance as Chairman of a newly formed group in Dublin—The Irish National Caucus of America Liaison (INCAL).

The purpose of this group is to keep clear the lines of communication between the people of Ireland and the America; to further efforts in both countries to press for political action; and to ensure that the work of the Irish National Caucus and this Committee will not be distorted in Ireland by the media or politicians. Mr. MacBride is joined in the leadership of this organization (INCAL) by Kevin Boland, former Cabinet Minister in the Irish Parliament and Michael Mullen, General Secretary of the Irish Transport and General Workers Trade Union.

Wishing to be identified with this organization and working closely in tandem with them is Member of the Irish Parliament and newly-elected Representative to the European Parliament, Neil Blaney. Mr. Blaney has asked to represent the people of Ireland, as a guest of the Irish National Caucus, in the United States in December. We hope to give the members of this House ample opportunity to meet with him and discuss matters of mutual concern.

While it would be impossible to present a total account of all our activities in this brief report, please be assured we are ready to answer any questions you might have now or at a later date. We think you will realize from this presentation, however, that we fulfilled our objective of meeting with as many in Ireland as possible to present our views and to make ourselves readily available for their response.

In summation: the human rights situation in Ireland continues to be deplorable, the British Government clearly cannot rule Northern Ireland without the systematic administrative violation of human rights; the governments involved have no apparent will to address the problem politically. This combination will inevitably lead to an increase in violence.

We are more convinced than ever that a break-through can only come through an American initiative and we hope we can encourage you to delve deeper into the problem of Ireland so that you may work harder for its resolution.

The Congress, to our mind, has made a good start. The well-known and documented report of Congressman Fish, the ban on arm sales, the new efforts toward job equality. It must be noted that it was apparent during our travel that Chairman Mario Biaggi and this Committee have won the respect of all the suffering and oppressed people in Ireland for the initiative they have shown.

But we would be negligent in our duty if we did not strongly encourage the Congress to increase its efforts. In the months ahead the Irish National Caucus will be doing just that. We will be calling for a permanent ban on the sale of arms; we will be pressing for direct Congressional action on the job discrimination issue; and we will be insisting that the Congress vote favorably on House Concurrent Resolution 122, which would put Congress on record as calling on the British Government to embark upon a new initiative for Ireland that ends all violations of human rights and promotes self determination.

There is little need to tell the assembled distinguished Members of Congress that there has been a selected application of the present Administration's foreign policy regarding human rights. One need only look at Rhodesia, South Africa, or the Soviet Union and compare them to Ireland.

Today we stress that unless the Carter Administration adheres to its proclaimed platform on human rights for Ireland—as it has done throughout the world—not only will it betray its own stated moral principles, but it will most certainly lose the respect and confidence of the Irish American community.

On behalf of the Irish National Caucus and the people of Ireland, I thank the Members of the Ad Hoc Congressional Committee for Irish Affairs for their unaltering willingness to address problems in Ireland. I pray God that, sharing our fervent desire for peace, you and many others will support our efforts.

In the words of the motto of the Irish National Caucus, "Human Rights in Ireland is an American Issue." ●

FEDERAL SPENDING LIMITATION AMENDMENT

HON. ED JENKINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. JENKINS. Mr. Speaker, my able colleague, BARBER CONABLE, and I have introduced a resolution to amend the Constitution of the United States to provide a Federal spending limitation amendment. That resolution is House Joint Resolution 395. We are firmly convinced and submit that this measure provides a straightforward, workable, and long-lasting approach for Federal fiscal responsibility.

Our Constitution must never be inadvisably amended or altered for it has served well a great people and been the organic compact of a great nation since the first Wednesday in January of 1789. In my 2½ years of service in the Congress I have seldom favored the proposal of constitutional amendments and I can readily assure my colleagues that it is not lightly that Mr. CONABLE and I offer this resolution.

A Federal spending limitation amendment is offered because it will assure that the Federal Government can never be used to engulf our State and local government; tax away the livelihoods of our people whether their personal fortune be meager or large; or exceed the limitations of breadth and operation which are economically and socially undesirable in a free economy and free society.

This resolution is not a balance-the-budget plan nor a substitute for it. Inasmuch as the Federal budget should be balanced, let us do it through the congressional budget process. It is the carefully considered design of House Joint Resolution 395 to limit increases in Federal expenditures. This limitation is a reasonable one. If the amendment were proposed and ratified, the percentage increase in Federal spending from the first year could not exceed the percentage increase in the gross national product. Generally, the resolution proposes to assure that Federal expenditures, and concomitantly the growth of the Federal Government, cannot exceed the real growth of the Nation's economy.

Why is the constitutional route necessary? The very economic plight of the Nation today illustrates the need. The United States has not experienced any military emergency or economic emergency for several years. Nevertheless, the Federal Government's growth has not been restrained and despite no apparent emergencies our fiscal year 1981 budget will exceed $30 to $40 billion in on-and-off budget expenditures.

I have reached the conclusion that our system is simply unable to restrain itself despite the good and honest intentions of our colleagues here and our friends in the administration. Our people are convinced that this premise is true and I see no history to refute it.

The Nation has reached a point in its history when the question must be debated whether our Federal Government's growth has reached a size of diminishing returns. Absent a military or other serious emergency I submit that it is overgrown, overgrowing and unstoppable either through the good offices of the President or the institution of the Congress. The call of the Government on our private resources through income taxation combined with an insidious inflation, the money markets—and we have just acted in the Ways and Means Committee to recommend a raise in the public debt of an additional $99 billion—and pervasive regulatory activity is simply astounding. Frankly, these cumulative factors are confirming our people's disdain for the Government far more than any single incident such as Watergate.

Permit me to offer an explanation of the specific aspects of House Joint Resolution 395. The key provision is section 1. The language of section 1 provides the basic limit on total outlays of the Federal Government. It requires that the increase in total outlays in any fiscal year be limited to the percentage increase in the gross national product (GNP) for the previous calendar year. If that calendar year's inflation is more than 3 percent, the permissible percentage increase in total outlays during such fiscal year shall be reduced by one-fourth of the percentage by which the inflation rate exceeds 3 percent.

I would point out that the inflation rate for a calendar year is the percentage by which the percentage increase in nominal gross national product (nominal GNP) for that calendar year exceeds the percentage increase in real gross national product (real GNP) for that calendar year. Additionally, total outlays includes both on-and-off budget outlays.

The amendment would retain the greater flexibility needed to meet a national emergency. Section 3 of the article provides that following the declaration of an emergency by the President, the Congress may authorize expenditures in excess of the limit of section 1. The action requires a two-thirds vote of each House of the Congress. The amount of the emergency outlays must be specified, and, if the need continues, this authority must be renewed each fiscal year. Emergency outlays may not become part of the spending limit base in subsequent years.

Section 5 accords protection to our State and local governments. It provides that during the first 6 years after ratification, total grants to State and local governments must not be less than the current fraction of Federal spending. At the end of this 6-year period, grant reductions are permitted but only in conjunction with a dollar-for-dollar reduction in Federal spending. Additionally, section 6 prevents the Federal Government from imposing costs on State or local governments without compensation.

To my statement I am appending a full section-by-section analysis of the proposed amendment. I would urge my colleagues' careful consideration.

Only 26 amendments to the Constitution have been proposed and ratified in the history of the Republic. One of those amendments was repealed. I have always respected the prevailing view of my colleagues on the Judiciary Committee that any proposed constitutional amendment be scrutinized. I invite that close study and examination of House Joint Resolution 395 and I submit that its provisions will pass muster. They have been formulated with great care and thought in collegial environment of economists, constitutional lawyers, scholars, and politicians. I believe that this measure will stabilize our inflationary cycles to more manageable levels over the long course.

The summary of the resolution follows:

H.J. RES. 395

SUMMARY

H.J. Resolution 395 would provide a constitutional limit to increases in Federal spending. The percentage increase could not exceed the percentage increase in the gross national product. However, if the inflation rate exceeds 3%, the Amendment would apply additional limits on the growth of federal outlays. Any surplus must be used to reduce the national debt. The Amendment provides for emergency situations and for permanent increases or decreases in the limit. It protects the people from an increasing burden of government by protecting state and local government from withdrawal of Federal grants and from Federal mandates.

SECTION-BY-SECTION ANALYSIS

Section 1. The basic limit: The increase in the Federal Government's total outlays in any fiscal year are limited to the percentage increase in the gross national product for the previous calendar year. If that calendar year's inflation is more than three percent, budget growth is reduced by one-fourth of the excess of inflation over three percent. The inflation rate is defined as the percentage difference between nominal gross national product and real gross national product. Total outlays include both budget and off-budget outlays, but not public debt redemption or emergency outlays under Section 3.

Section 2. Handling of surplus: Any surplus of Federal revenues over outlays must be used to reduce the national debt.

Section 3. Emergency provision: Following the declaration of an emergency by the President, the Congress may authorize expenditures in excess of the limit. The action requires a two-thirds vote of each House of Congress. The amount of emergency outlays must be specified. If the need continues, this authority must be renewed each fiscal year. Emergency outlays may not become part of the spending limit base in subsequent years

Section 4. Permanent Change: The spending limit may be changed by a three-fourths vote of each House of Congress.

Section 5. Protection of State and local government grants: During the first six years after ratification, total grants to state and local government must not be less than the current fraction of federal spending. After six years, grant reductions are permitted but only in conjunction with a dollar-for-dollar reduction in Federal spending.

Section 6. State and local government protection against imposed costs: The Amendment prevents the Federal Government from imposing costs on state or local government without compensation.

Section 7. Effective date of amendment: The Amendment becomes effective for the first full fiscal year following ratification by the States.

Section 8. Enforcement: The Congress will be empowered to enforce the Amendment through appropriate legislation.●

CARL YASTRZEMSKI

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. MOAKLEY. Mr. Speaker, in America, it is thought hard work and perseverance pays off, and no one can be a more telling example of this than Carl Yastrzemski.

Day-in and day-out during 19 seasons and over 2,800 games of baseball, Yaz has truly left his mark on the game he loves so much. He won his first batting title in 1963, he won the triple crown in 1967 and now he has joined a group who have hit both 3,000 base hits and 400 homeruns during their careers.

And what a select group this is. For before him have only been Stan Musial, Willie Mays, and Hank Aaron. All baseball immortals.

I can't think of a more deserving man to join this elite group than Yaz.

Also, congratulations to his biggest fans—his wife, Carol, and their four children, Mary, 19, Mike, 18, Susie, 13, and Cara, 10.

We will be joining them in rooting on Carl again next year for Yas has told us he will play at least one more season, and I hope, as all Red Sox fans do, that it is next year he cashes in on another goal—bringing a world series championship to Boston.●

MEXICAN INDEPENDENCE DAY

HON. DAN LUNGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. LUNGREN. Mr. Speaker, no one who has been to California can fail to be impressed by the influence Mexican culture has had on our State.

The architecture, food, names of our cities and streets, and our entire lifestyle in California bears a distinct Spanish flavor, as passed on by our close neighbors in Mexico.

I would like to take this opportunity to commemorate the great national holiday of our neighbors to the south, and a holiday of meaning to Americans of Hispanic ancestry—Mexican Independence Day.

One hundred and sixty nine years ago today—on September 16, 1810, Mexico began its campaign for independence and autonomy from her colonial mother—Spain.

This revolution was led, not by princes of the state or political figures, but by a rural parish priest, Father Hidalgo y Costilla.

On September 16 Father Hidalgo y Costilla read to his parishioners a proclamation of Mexican independence, "Mexicans, viva Mejico!"

Not content with spreading his message to his congregation, Father Hidalgo y Costilla joined forces with General Ignacio Allende who gathered an army of Indian and Mestizo slaves to fight against colonial oppression. The famous battle cry of this army—"Grito de" (Cry of) Dolores, was named after the town in which Father Hidalgo y Costilla first proclaimed independence, and where the revolt began.

Mexico has chosen the date of this proclamation to celebrate its independence although it did not actually achieve independence until 52 years later in 1862, on the 5th of May. This date commemorates the beginning of Mexico's campaign for independence, it celebrates the spirit of freedom, and the extension of human rights and privileges to the long exploited populations of Mexico.

Today, Father Hidalgo y Costilla is revered as Mexico's greatest patriot—not only because he led the movement toward independence in his country, but because he gave hope for a better life to the poorest people in his country.

We salute Mexico today, in honor of her history of democracy and spirit of humanity.●

SALT II TREATY

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. HILLIS. Mr. Speaker, when appraising the validity and worth of SALT II, it is essential to consider not only the explicit provisions of the negotiated treaty, but also plans the Pentagon has to upgrade and modernize U.S. weaponry. The SALT debate is taken totally out of context and loses all meaning if it is isolated from what modernization efforts are expected within the treaty's guidelines. Although the proposed treaty must enhance stability by limiting numbers and characteristics of strategic weapons, it is just as important that the United States be allowed the flexibility to continue the development and modernization of weapon systems which are necessary for future U.S. security and world stability.

The treaty as negotiated is by no means the panacea to arms control, and it is essential that the United States not allow a feeling of complacency to slip into our military planning. In order to preclude that complacency from evolving, I suggest that the ratification of SALT II be coupled with a significant increase in defense spending.

Our national security is not enhanced if the Government perceives the achievement of SALT II and the future negotiations toward SALT III as the only steps necessary to protect our country and our allies. An adequate defense budget is essential.

This need for adequate defense spending, however, should not be a dark reflection on the auspicious portions of the treaty. For example, the pending treaty is important in that for the first time it establishes an equal number of strategic launchers for both sides. By establishing an equal aggregate of strategic nuclear delivery vehicles, the numerical imbalance that has existed in favor of the U.S.S.R. since prior to the signing of SALT I is redressed. In 1972 SALT I froze each signatory at its existing levels of strategic missiles, which permitted the Soviets significantly greater numbers than the United States. With the genesis of SALT II, the United States and U.S.S.R. will be obliged to comply to equal ceilings and subceilings.

Possibly the most promising portion of SALT II is that it places the first qualitative restrictions on strategic weapons. Prior to SALT II, all constraints on nuclear weapons were quantitative, with the aforementioned numerical advantage enjoyed by the Soviets. In the face of the Soviet weapons systems rapid modernization and improvement during the past 15 years, a limit on qualitative improvements greatly enhances the effectiveness and credibility of the future strategic balance.

These limitations include: A freeze on the current number of MIRV's per missile at the levels that have previously been tested on ICBM's. Under this limitation the Soviets are permitted no more than 10 warheads on their heavy missiles, while without the limit experts estimate that 20–30 MIRV's could be deployed on the SS–19. In addition, each SLBM will not be allowed an excess of 14 warheads. With no limit on the number of MIRV's, the limit on strategic launchers would be a moot point, making an international farce of a treaty which purports to limit strategic weapons.

To further limit growth of the payload of missiles, the throwweight of light ICBM's, SLBM's, and ASBM's cannot exceed that of the SS–19, and heavy ICBM's cannot increase the throwweight beyond that of the SS–18. Within these restrictions, each side will be permitted to test and deploy one "new" type ICBM, which must be "light" and carry no more than 10 warheads. Although this provision allows the United States to develop and deploy its new MX it precludes the Soviets from continuing their past practice of deploying entire generations of new ICBM's.

These qualitative limitations are a major achievement in the process of arms limitation. We must continue to strive toward agreements with the Soviets that will further restrict the technology involved, and thus add to world stability.

Opponents have argued that this treaty restrains planned U.S. programs, and merely codifies Soviet plans, thus playing into the Kremlin's hand. This is just not so. Within the guidelines of the treaty the United States is allowed to continue on schedule development and testing of all weapons systems currently planned. In certain cases, such as the long-range cruise missile program, deployment on B–52's is not permitted until after the protocol period; the same rule is applicable to MX. As neither MX nor ALCM's will be ready for deployment until well after the protocol expiration date, this in no way hinders Pentagon planning; development and testing of these systems can proceed on schedule.

The Trident submarine and its new, complimentary missile will also be permitted to be deployed according to present time schedules. In addition, SALT II allows the United States to develop and deploy a new strategic bomber, should the administration decide to restart B–1 production lines, or develop an entirely new bomber. The theory that the pending treaty hampers U.S. military modernization just is not valid. While many systems at the Pentagon have been canceled or delayed in the past few years, it was our own administration weilding the stick; none of these programs would have been restrained by SALT.

Verification is one of the most sensitive issues, and one that will no doubt continue to be at the fore during debates on SALT II. This is perhaps the most serious component of the treaty, and one that must be satisfactorily addressed prior to ratification by the Senate.

There are several verification provisions explicit in the treaty itself. For example, verification shall be conducted by national technical means which must not be interferred with by the opposing country or its allies. These NTM consist of a number of systems, including overhead photographic reconnaissance by satellite, land-based radar sites, and signal and electronic surveillance systems carried by ships and planes. These electronic devices are of course supplemented by intelligence sources and agencies such as the CIA and Defense Intelligence Agency. Compliance with SALT II should be monitored objectively by technology, not on an emotional level reliant on trust alone.

Since it is difficult to distinguish MIRVed from non-MIRVed missiles, certain counting rules established within the treaty should prove helpful in verification. These rules are: First, all missiles of a type that has been tested with MIRV's shall be considered MIRVed, even if they are deployed with single RV's; and, second, all launchers of a type that have been tested with MIRVed missiles shall be counted within the MIRVed launcher sublimit of 820.

The loss of land-based stations in Iran has undeniably handicapped our monitoring of Soviet flight testing. However, the administration argues that our NTM are so extensive and interwoven that the loss of a single system does not so adversely affect our verification capabilities that the Soviets would be enabled to cheat without being detected to a degree that would be detrimental to the balance of strategic superiority. This point must be proven prior to Senate approval.

In the absence of a treaty, there would likely be a dangerous new surge in the strategic arms race. We would be forced to keep pace with the Soviets as long as our budget would allow; the result would be increased weapons for both sides, but a significant decrease in world stability and U.S. security. Another possible result would be the dissolution of the ABM Treaty, leading to an escalation of not only our offensive weapons but also our defense systems.

Although the primary purpose of the SALT negotiations is not to save money, an ebb in the arms race will nonetheless do just that. Instead of continually pouring more and more money into improving our strategic forces, I suggest that we channel the money saved by SALT into improving our conventional forces. These conventional forces have been overshadowed and neglected during the emergence of SALT II, yet they remain the core of our military strength. Improving them, while at the same time strengthening our nuclear posture as provided under SALT II, will serve as a credible deterrent to possible Soviet aggression.

A reasonable and verifiable SALT agreement is in America's interest and the interest of the Western World; but not at any price, and certainly not if the President and Congress fail to recognize the need to strengthen and modernize our conventional forces.

My participation in the Geneva SALT negotiations convinced me that the Soviets are sincere in their desire to bring strategic nuclear weapons within a more stable level. Although they are sincere in this effort, they are ambitious and eager to adopt provisions that are in their best national interests—as is the United States. This ambition, linked with the vast societal, political, and economical differences inherent between these two countries necessitates that we maintain a strong military posture.

SALT II must be kept in perspective; we cannot expect any treaty to assure our security. Without continually improving and modernizing our conventional forces, our deterrent capability falters and encourages Soviet aggression. SALT II can be made to work and work in our advantage. However, that is contingent upon a national commitment toward improving the overall readiness of our armed services.

A nation's security is a delicate balance, based not only on hardware, but on the resolve of its people as well. We can demonstrate such resolve by doing what is necessary to assure that our military hardware and manpower are second to none.●

DOCUMENTS CITED SUPPORTING HOUSE ADOPTION OF AIRBAGS TESTING AMENDMENT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, in addition to this report in the Record, I am today inserting eight other reports which cover the numerous reasons why the House should adopt the amendment that Congressman Broyhill and I will offer to the Department of Transportation Appropriations fiscal year 1980 bill, H.R. 4440, which is scheduled for this coming Tuesday, September 18, 1979.

Our amendment concerns the automobile occupant passive restraint standard and our listing of the following documents inserted in the Record shows substantial evidence pointing to the need for the adoption of our amendment. Such evidence especially concerns the passive device called the airbag and our reports uncover the potential hazards to automobile occupants from airbags. The amendment we will be offering with cosponsors requires an additional year of testing of airbags and automatic safety belts while placing on hold for 1 year any further attempts by DOT and the National Highway Traffic Safety Administration to begin implementation or enforcement of the passive restraint standard as it may require airbags until such testing is completed. Safety belts are not prohibited from implementation or enforcement.

As the NHTSA standard mandating airbags is not effective until model year 1982, the fall of 1981, there is adequate leadtime for further testing and determination as to the safety of airbags. The House must adopt our amendment for a strong message to be sent to DOT and NHTSA for the demand that additional research, testing, and development be conducted.

In addition to the list of cited documents I am inserting at this point, elsewhere in today's Record are the following eight reports:

September 14, 1979, General Accounting Office report specifically calls for more tests of airbags, see this edition of the Record.

September 14, 1979, 'Automotive News" reports: "Airbag Peril to Kids Stirs Fear," see this edition of the Record.

September 14, 1979, "Federal Times" reports airbag testing problems at DOT/NHTSA, see this edition of the Record.

September 14, 1979, columnist/commentator Jack Anderson warns consumers on potential harm from airbag systems, see this edition of the Record.

September 14, 1979, Nader Organization Newsletter To Consumers Reports On Airbag Test Problems, see this edition of the Record.

September 14, 1979, Ford Motor Co. raises airbag concerns, suggests more testing criteria, see this edition of the Record.

September 14, 1979, United Auto Workers Union does not oppose the Dingell/Broyhoil amendment, see this edition of the Record.

September 14, 1979. National Transportation Safety Board finds DOT/NHTSA passive restraint evaluation program "unorganized," see this edition of the Record.

July 30, 1979, Dingell charges NHTSA with coverup of airbag tests that exploded and burned dummies representing 6-year-old children, page 21380.

July 30, 1979, GAO report substantiates need for research amendment, page E3991. (The final report by GAO was sent to Members' offices Monday, September 10.)

July 27, 1979, consumer alert: airbags do need more testing, GAO report released today, page 21173.

July 27, 1979, National Highway Traffic Safety Administration report misleads Congress and the public on airbag effectiveness, page 21158.

July 27, 1979, Wall Street Journal supports Dingell/Broyhill passive restraint amendment, page 21147.

July 23, 1979. Congressman Dingell's floor statement on the passive restraint amendment during general debate on the bill, H.R. 4440, DOT appropriations for fiscal year 1980, pages 20098–20101.

July 23, 1979, Congressman Broyhill's floor statement on the passive restraint amendment during general debate on the bill, H.R. 4440, DOT appropriations for fiscal year 1980, pages 20104–20105.

July 19, 1979, an open letter on the airbag controversy, page 19652.

July 19, 1979, special GAO report confirms potential danger of airbags, more research recommended, page 19648.

July 19, 1979, the Dingell/Broyhill amendment to DOT bill, page 19638.

July 17, 1979, AAA Club voices concerns on untested airbags, page 19136.

July 16, 1979, automatic safety-belt equipped car scheduled for Capitol steps, page 18859.

July 12, 1979, printing of the Dingell/Broyhill amendment for research, testing, and development of occupant restraint systems, H.R. 4440, page 18393.

June 27, 1979, Motoring Consumers' magazine condemns airbag mandate for automobiles, page 17110.●

SOUTHEAST ASIA REFUGEES AND BOAT PEOPLE

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. ROSENTHAL. Mr. Speaker, I have just returned from a trip to Southeast Asia and want to tell you something about it. You appointed me, Mr. Speaker, as a member of the majority leadership (deputy whip), to lead a factfinding mission to Southeast Asia to report to the Congress on the situation of the refugees/boat people. During the period of August 2 to August 10 we visited Hong Kong, Thailand, Indonesia, Malaysia and Vietnam. We met with government officials in all of these countries and observed conditions in 9 refugee camps housing a total population of about 180,000.

Members of the factfinding mission were: Representative John Paul Hammerschmidt, Republican of Arkansas; Representative Richard Nolan, Democrat of Minnesota; Representative Robert F. Drinan, Democrat of Massachusetts; Representative Thomas J. Downey, Democrat of New York; Representative George Miller, Democrat of California; Representative Daniel K. Akaka, Democrat of Hawaii; Representative Antonio Borja Won Pat, Democrat of Guam; and Representative Lyle Williams, Republican of Ohio.

You may already have seen on television some of what we experienced in the refugee camps. We saw suffering and inhuman warehousing that is really unacceptable in this century. Conditions in many of the camps were subhuman, primitive, and uncivilized. Housing, food, rations, and medicine were all in short supply—in some cases to the extreme. In many of the camps sanitary facilities were nonexistent and disease was uncontrollable.

Our first stop was the Kai-Tak North Camp, which houses 15,000 persons next to the airport in Hong Kong. What we saw there were families occupying plywood squares, one on top of the other, three high about 8 feet by 10 feet. They had all their belongings in these spaces and the entire family lived there. To use the word crowded in describing this condition is a misstatement—it was horrendous. Many of the children had skin and eye disease even though this Hong Kong camp was receiving high priority in medical supplies.

In Thailand, we visited six camps with a total population of 125,000 refugees. Congressman Tom Downey of Long Island and I helicoptered into Camp Loei, which is 250 miles north of Bangkok and close to the Laos border. It is the worst place I have ever seen and totally unfit for human beings. Most of the people there were Hmong tribesmen; many of whom had worked for the

United States during the war. This camp, which houses 38,000, was literally hacked out of the jungle. It has no sanitary facilities, very little water and nothing that can be described as acceptable housing. There are two Americans there processing applications for transit to the United States. In a makeshift hospital we saw young children with distended stomach and shriveled arms and legs. It was a very emotional experience. Regardless of one's political feelings about these particular refugees or about the dynamics of the refugee problem, it is devastating to watch people die. We beseeched the representatives of the United Nations High Commission on Refugees (UNHCR) to provide more personnel and especially medical assistance.

We visited a number of other camps where conditions varied. At Camp Pulau Bidong, off the Malaysian coast, the children looked well and physical conditions seem much better. This was partially due to the fact that sanitary facilities were somewhat improved. In this camp, as in others, hundreds of people stood around and cheered when we arrived by helicopter and we were inundated with letters to be mailed in the United States.

In Malaysia, the government has threatened to shoot the boat refugees and in fact has towed boats back out to sea. There is, of course, no justification in civilized society for such inhuman behavior and we pressed them for an explanation. Its response, while wholly unsatisfactory, was that any change in the racial composition of that country would cause political tremors that it could not deal with. It was also fearful of creating more acceptable human conditions for the refugees since some of its own people would object and be envious of this government attention.

We concluded our mission with a 2-day visit to Hanoi in which we held extensive meetings with refugee officials and a long discussion with Nguyen Co Thach, Secretary of State for Foreign Affairs. Mr. Thach gave all the usual reasons for the departures and expulsions from Vietnam and urged the normalization of relations between our two countries. He indicated that his government would attempt to prevent further boat refugees from leaving but would agree to an orderly and safe emigration process. Whether this occurs remains to be seen. My impression of Vietnam is of a repressive government in deep trouble, not only politically because of the conflict with China, but because it is devastatingly poor and probably unable to feed its population. Its leaders are very anxious for American food assistance and yet at the same time they are pursuing military intervention in Cambodia. We felt our conversations were useful and productive. It is clear to me that Southeast Asia is now becoming a pawn in the struggle between China and the Soviet Union and until some balance can be achieved in their ambition, stability in that part of the world will not be realized.

What we learned from extensive interviews with hundreds of refugees and government officials was that the refugee problem is far more than a humanitarian exercise. It is a complex political, ethnic, religious, economic situation.

To the vexing question of why people risked their lives to leave Vietnam we found that there was no simple answer. In the area that used to be North Vietnam, the ethnic Chinese were put in an intolerable position. Because of the recent invasion by China, they were perceived as traitors and either they left voluntarily or were forced to leave. They knew they could not stay there. In what was South Vietnam those persons who cooperated with or who had been associated with the American Government were made to feel very uncomfortable, the middle and commercial classes found it enormously difficult to accommodate to the new political and economic situation and thus wanted to leave on their own. Additionally, the Hanoi Government has made a conscious effort to depopulate Saigon (Ho Chi Minh City) and it transferred hundreds of thousands of people into "new economic zones." These urban dwellers were ill-equipped to begin life in agricultural communes and many decided to leave. It is hard for Americans to understand all of this but each of the conditions I have described is, I am sure, far more demoralizing than we can imagine.

We will shortly be submitting our formal report to you, Mr. Speaker, as to our findings and recommendations. My own view is that the international community, including the United States, must respond more positively and forthrightly to correct the living conditions in the refugee camps. In terms of resettlement, the Geneva Conference was a step forward, and countries around the world must assume a measure of obligation for resettling these people. The current fear everyone has is that Vietnam will begin additional expulsions since there are probably well over a million people who find it extremely difficult to accommodate to life in this new society.

I believe that it is in the U.S. national interest to maintain as good relations as possible with the countries of Southeast Asia. Obviously we should never again permit ourselves to become enmeshed or dragged into the quagmire as we did in the early 1960's. We can provide humanitarian assistance without becoming politically entangled. At the same time we must recognize that it is in America's interest that stability and tranquility be mainained in every part of the globe.●

EQUITY FOR HOMEOWNERS ASSOCIATIONS

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. MINETA. Mr. Speaker, I would like to discuss with my colleagues a problem with the way in which Congress has determined how homeowners associations are taxed. While Congress took a major step toward clarifying the tax status of homeowner associations with the Tax Reform Act of 1976, associations remain caught in an inequitable and confusing tax situation. I have introduced legislation, H.R. 4511, which would alleviate this problem. H.R. 4511 would simply change the tax rate of homeowner associations from a flat 46 percent to the graduated corporate tax rate. By doing so, the bill would provide for the equitable tax treatment of homeowner associations according to the intent of the 1976 Reform Act.

Prior to the Tax Reform Act of 1976, the tax status of homeowners associations—condominium associaitions are synonymous with homeowners associations for tax purposes—was vague and confusing. With the 1976 Reform Act, Congress clarified the tax status of homeowners associations with the following principle in mind:

> Congress believes it is not appropriate to tax the revenues of an association of homeowners who act together if an individual homeowner acting alone would not be taxed on the same activity. . . . Also, under these provisions an association's net investment income and net trade or business income, is to be taxable, since an individual homeowner would be similarly taxed on investment income, such as interest on money set aside for improvements. ("General Explanation of the Tax Reform Act of 1976," pp. 599, 600).

Yet one major provision of the change was not consistent with the principle Congress delineated. On its taxable income, an association is taxed at the highest possible corporate rate, 46 percent. From the available evidence, it is clear that members of homeowners associations are not in the 46-percent tax bracket. Rather, homeowners who are members of associations tend to be somewhere in the 25- to 32-percent tax brackets. Thus, the principle of the new association tax status is violated because the 46-percent tax rate is much higher than what an individual would be taxed if he or she earned the same income.

As a result of the changes in the Tax Reform Act of 1976, a homeowners association can now elect to be treated by one of two different methods. One is as a corporation, essentially the same confusing and vague method as before the 1976 Reform Act. The advantage to an association using this method is that, while more of its income is considered taxable, the association is allowed to use the graduated corporate rate—the association would file the standard corporate form 1120. The graduated schedule is as follows:

Graduated schedule

Taxable income:	Tax rate in percent
$0 to $25,000	17
$25,000 to $50,000	20
$50,000 to $75,000	30
$75,000 to $100,000	40
Over $100,000	46

The other method, created by the 1976 Reform Act, limits the types of income which are taxable and requires less paperwork than form 1120, but the association is subject to the highest corporate tax rate, 46 percent, on its taxable income; the association would use form 1120–H. In sum while there is less paperwork involved with the new 1120–H form, the 46-percent tax rate is considerably higher than the graduated rates under form 1120.

In addition, many large homeowner associations find it advantageous to continue to use form 1120. Since, first, the larger associations can afford professional tax advice; second, the status of associations as a corporation is unclear; and third, few IRS auditors clearly understand the treatment of homeowners associations, these larger associations can use various accounting devices to significantly lower their tax rate—and perhaps avoid paying taxes altogether. Thus, the law discriminates against the smaller associations which cannot afford professional tax advice, and favors the larger associations which can.

In sum, by changing the tax rate of homeowners associations which use form 1120-H from a flat 46 percent to the graduated corporate rate, H.R. 4511 would provide for the equitable tax treatment of homeowners associations according to the principle Congress set out with the Tax Reform Act of 1976. Further, because of the lower tax rates for the special homeowner tax form 1120-H, H.R. 4511 would reduce the incentive for associations to use the inappropriate and vague standard corporate form 1120. Thus, the administrative burden of not only the associations, but the IRS, when auditing the returns, would be significantly reduced.●

TERRORISM IN WEST GERMANY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. McDONALD. Mr. Speaker, the June 25 attempted assassination of NATO Chief of Staff, Gen. Alexander Haig, in Belgium and the killings by terrorists of Earl Mountbatten of Burma, of Conservative British Member of Parliament Airey Neave, of the British Ambassador to the Netherlands, and the bombing of a Brussels concert by a British Army band have served to bring into sharp focus the international terrorist network in Western Europe. While the network is known to have British, Irish, Latin American, Italian, Swiss, Spanish, French, Dutch, and Arab members, its main component in Western Europe remains West German terrorists descended from the New Left radicalization of the 1960's, aided by the Communist governments of East Germany, Czechoslovakia, and Cuba acting as surrogates for the Soviet Union.

Terrorism is not guerrilla warfare. I believe that the definition of terrorism I offered 3 years ago is still accurate and valid: Terrorism: A violent attack on a noncombatant segment of the community, for the purpose of intimidation to achieve a political or military objective.

The terrorists prefer to call themselves "urban guerrillas"; and governments tend to contribute to the semantic confusion by calling unconventional warfare terrorism. But unconventional or guerrilla warfare targeted against an enemy army or its supplies is a legitimate form of modern war. On the other hand, violent attacks on the civilian population, whether by regular or irregular armed units, is not a legitimate form of warfare.

An attack in Zimbabwe/Rhodesia by the ZIPRA and ZANLA forces on a Rhodesian Army unit is not an act of terrorism; but the attacks on farms and missions and civilian travelers are terrorist actions. Those killings and the torture and mutilation of black Rhodesian civilians by the Marxist forces of the so-called Patriotic Front have as their purpose the intimidation of the civilan population, the breaking of their will to resist. The fact that from time to time a terrorist group may fight regular military forces does not remove it from the category of terrorism.

While the United Nations, being packed with despotic states who both rule by terror and who support the international terrorist networks, cannot agree even to a definition of terrorism, the citizens of Free World countries who have a tradition of government by law can agree that the shooting and killing legislators, the attempted killing of the audience at a band concert, kindappings of businessmen held for the release of jailed terrorists and the like are acts of terrorism.

Terrorism is a fundamental assault against the very principles of civilization. The shedding of blood is raised by terrorists to the highest form of political activity. The glorification of revolutionary violence as the highest form of political action, whether derived by its practitioners directly from Lenin and Trotsky or via the more widely known works of Jean Paul Sartre, Franz Fanon, Herbert Marcuse, and their followers, has provided the intellectual rationale for modern terrorism.

Fanon, for example, was exactly paraphrasing Lenin when he wrote that:

> Violence alone, violence committed by the people, violence organized and educated by its leaders, makes it possible for the masses to understand social truths and gives the key to them.

Violence organized and controlled by an elite Marxist party was Lenin's formula for seizing state power.

But Franz Fanon went still further. He argued that terrorism is "good" for its practitioners. He wrote:

> At the level of individuals, violence is a cleansing force. It frees the oppressed from his inferiority complex and from his despair and inaction.

Fanon got the line of this pernicious garbage from his intellectual mentor, Jean Paul Sartre, who provided an introduction to Fanon's "The Damned of the Earth" in which he asserted that the murder of a white person by a nonwhite is ipso facto an act of "liberation." Wrote Sartre, "to shoot down a European is to kill two birds with one stone, to destroy an oppressor and the man he oppresses at the same time."

Which brings us to Marcuse's variation on the theme of supporting revolutionary terrorism in which the adaptability of the Free World's representative political institutions to pressure and dissent, its very openness to many shades of political opinion, was termed "repressive" and the "equivalent" of "violence." George Orwell understood well this process of perverting the philosophical and moral foundations of society.

During this week I will offer a series of reports on aspects of the terrorist movement in West Germany, with an emphasis on their international contacts and support networks. I am certain that my colleagues will be able to see the many parallels between the European terrorist movements and those in this country; and it is my hope that they will keep in mind the fact that European-type terrorism could break out here during their consideration of charter legislation for the Federal Bureau of Investigation and Central Intelligence Agency.

FORMATION OF THE WEST GERMAN TERRORIST CADRE

Although the Rote Armee Fraktion (RAF), popularly termed the Baader-Meinhof gang, did not make its formal appearance until 1970, the principals had been brought together by an act of terrorism in 1968, the planting of an incendiary device in a Frankfurt department store that caused over $500,000 damages.

Among the activists charged in the arson attack were Andreas Baader, a high school dropout born in 1943 in Munich who had gravitated to the radical student circles in West Berlin; and his 28-year-old "revolutionary bride," Gudrun Ensslin. Their defense was led by a New Left activist lawyer, Horst Mahler, organizer of West Berlin's Socialist Lawyers Collective. Supporting this action of violence, intended, said Baader, to give middleclass Germans "a taste of Vietnam was Ulricke Meinhof, 34, a writer for the magazine, Konkret, and the wife of its publisher, Klaus-Rainer Röhl.

After the death of her parents who were art historians, Meinhof was raised by a foster mother, Dr. Renate Riemeck, a Socialist pacifist. From Christian Socialist pacifist circles at her university, Meinhof became active in the late 1950's nuclear disarmament movement, began writing for Konkret, and eventually married its publisher. Klaus Röhl eventually revealed that both he and Ulricke had been members of the illegal West German Communist Party from 1956 to 1961.

He also confessed that he and his wife had made clandestine trips to East Germany and that their magazine had been subsidized to a sum of a quarter million dollars. The East German money was funneled into the magazine via Czechoslovakia. Konkret's circulation reached 250,000 and had the widest circulation and greatest influence of any West German New Left publication. A 1975 Encounter article described Konkret as a "mixture of sex and politics. * * * alternating nude pinups * * * with militant left-wing propaganda (zippily spiced with a marajuanised modishness)." Konkret writers expressed strong support for the Third World revolutionary "antiimperialist" movements and generally supported, a la Herbert Marcuse, the alleged "natural right" of "suppressed minorities" and Third World people to use violence and terrorism to attain their "liberation."

After writing in Konkret that what was "progressive" about the Frankfurt arson attack by Baader, Ensslin et al., was not the mere destruction of bourgeois property, but the fact that the action taken was criminal and openly in violation of the law, Meinhof then separated from her husband and moved with her 5-year-old twin daughters to West Berlin where she became a leader in the revolutionary circles associated with the prestigious Free University of Berlin.

The shooting of German student revolutionary leader Rudi Dutschke a few days after the department store attack in 1968 was used by extremists to increase paranoia and assert that "repressive forces" were planning to exterminate leftists and that force should be met with force. New Left study groups in a number of student collectives and "alternate" or "free" schools began discussions of the role of revolutionary violence.

Even at this stage, West German New Leftists had made contacts with Palestine Liberation Organization (PLO) terrorists, and most likely with Cuban and Czech agents. Already large student revolutionary crowds had participated in violent demonstrations with the Iranian Students Association (ISA) against the Shah of Iran. In fact the shooting death of student Benno Ohnesorg in a June 2, 1967, ISA riot against the Shah's visit to West Berlin caused one group of West Berlin militants to adopt the name, June 2 Movement, which was first the rival, then the ally and is now the successor to the RAF.

Experts on terrorism from the Federal Republic of Germany (FRG) point out the considerable influence of the U.S. student revolutionary movement led by Students for a Democratic Society (SDS) and the sit-ins and campus riots at Berkeley during the Free Speech Movement rebellion in 1964 on West German student radicals, particularly those in Berlin. The extensive television coverage of the Berkeley riots in the FRG, France, and Italy had a marked effect on local dissidents.

As on many U.S. campuses, protest issues included demands for greater student control over the university plus opposition to U.S. involvement in South Vietnam, with the students and junior faculty.

For both the June 2 Movement (J2M) and the founders of the embryonic RAF, the attempted assassination of student leader Rudi Dutschke at Easter 1968 served as the spark for the discussion of moving toward terrorist "armed struggle" and "self-defense against the state."

Baader, Ensslin, and their codefendants had been held in detention during their trial. However, after their conviction, they were all released for a short time before they were to present themselves to the authorities to begin serving their sentences. All of them promptly went underground.

Baader was provided with false documents and traveled to Paris where he hid for some time in the apartment of revolutionary theoretician Regis Debray, by arrangement with Debray's father. At this time Regis Debray was still in prison in Bolivia for his role in the terrorist band led by Che Guevara.

Little information is available on the activities of the initial RAF cadre in this period. Certainly some of them were recruiting among the members of the "basisgruppen"—collectives or cells—in the university centers. Others approached members of the West German drug culture.

In the summer of 1969, an organization of revolutionary "anarchist" activists associated with the violence-oriented fringes of the New Left involved with use of marihuana, hashish and other psychedelics was formed in West Berlin. Affecting black flags and marihuana leaf insignia in the style of the U.S. Youth International Party (YIP), the group was called the Central Council of Wandering Hash(ish) Rebels [Zentralrat der herumschweifenden Hasch-Rebellen]. Stating that it intended to set up "liberated zones" for the undisturbed abuse of drugs, its members and associates were prominent in numerous other demonstrations, and several recruits to the J2M and RAF emerged from this background.

During the winter of 1969–70, small terrorist groups drawn from the drug and student revolutionary circles carried out pipe-bomb and firebomb attacks on U.S. targets, Israel El Al airlines offices, and West German police and judicial targets.

While there is no public information as to whether the RAF cadre held a "war council" in the manner of the Weatherman faction or of the embryonic Brigate Rosse, it is known that Baader returned to West Berlin. He and his comrades encouraged the violent student riots on March 18, 1970, to protest disbarment proceedings against his defense lawyer, Horst Mahler. It is of particular interest that in this riot, concerted attacks were made by loosely organized "affinity groups" based on membership in "autonomous collectives" and small political study groups.

A routine traffic stop on April 4, 1970, brought Baader's arrest. He was taken to prison to serve his 3-year arson sentence. However, the very generous FRG courts permitted him to continue his sociology studies while jailed. This included visits, accompanied by guards, to West Berlin libraries. On May 14, 1970, Ulricke Meinhof was waiting inside when Baader and his guards entered. Attorney Horst Mahler and three other terrorists burst in firing wildly. A librarian was critically wounded and crippled and many others—guards, library staff and readers—were wounded.

Meinhof picked up her twins and the entire group disappeared. A bank robbery followed the next day, probably to obtain travel money. The group traveled next to Palestine Liberation Organization (PLO) camps in Jordan run by Al Fatah, probably by way of East Berlin and Beirut.

The RAF group received training in small arms and explosives from the PLO and made contact with revolutionaries from Switzerland and other countries who also were receiving terrorist training from the PLO. The training period was cut short by the Jordanian army drive which forced the PLO to leave in what was termed by the PLO "black September" and commemorated in the terrorist commando of that name.●

NADER ORGANIZATION NEWSLETTER TO CONSUMERS REPORTS ON AIRBAG TEST PROBLEMS

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, "Congress Probe," a Ralph Nader consumer organization publication, has reported on the problems that have occurred in tests conducted to ascertain the safety and performance effectiveness of airbags to protect automobile occupants.

The Nader newsletter also points to the findings by the General Accounting Office report that more testing should be conducted.

The report follows:

AIRBAGS AGAIN

High noon is approaching in the airbag showdown between National Highway Traffic Safety Administration (NHTSA) head Joan Claybrook and Rep. John Dingell (D-Mich.).

Sometime this month, the House will vote on an amendment, introduced by Dingell, that would prohibit the use of funds to implement a NHTSA standard requiring the installation of airbags in all U.S. cars. The measure does not block funds for seatbelts, which are also covered by the standard. The amendment also stipulates that funds will not be prohibited from being used for further research on airbags.

The Claybrook-Dingell confrontation is a classic example of an irresistible force meeting an immovable object. The bespectacled Claybrook, nicknamed the "Dragon Lady" because of her penchant for playing political hardball, has made implementation of the airbag/seatbelt standard a priority. Unfortunately, her tough stand has politicized an issue that is primarily one of safety, not politics.

Her opponent is just as intractable, and just as political. He is a veteran of the House, and has pushed his amendment to the point where the upcoming vote is a tossup. He did this even though his stand appears publicly unpopular.

Dingell has viciously attacked NHTSA's research efforts on airbags. But NHTSA has also been criticized by the General Accounting Office (GAO); and the National Transportation Safety Board (NTSB), which is currently studying the airbag research, is not satisfied that the research is adequate, according to NTSB sources.

According to GAO's study of NHTSA's research on airbags and seatbelts: "These systems offer life-saving and injury-prevention potential: however, the Department of Transportation's [NHTSA is a part of Transportation] quantification of the benefits lends a degree of certainty not fully supported by the test data. Industry's testing indicates that a deploying air bag may be a danger to out-of-position occupants. The Department should perform additional testing. . ."

An NTSB official concurs with GAO's findings. He said that the "out-of-position problem has not been fully resolved." He also noted that NHTSA has not seriously explored the cost factors involved in both airbags and seatbelts. Privately, the official admitted that he believed more testing on airbags is necessary.

NHTSA'S ACTIONS

NHTSA's internal actions on airbags, in some cases, appears questionable. It may be that politics has clouded the research. Speaking generally, an aide close to Claybrook was forced to admit: "Anyone who says this agency is not political is lying."

Here are some examples of problems that Dingell, and others, have found with NHTSA's research:

Minicars, a California firm testing air bag inflators for NHTSA, filmed the tests, which showed dummy facsimiles of six-year-old children in crash situations. Minicars report to NHTSA said, "an inflator dysfunction produced some undesirable results during this test . . . hot gases and particulate matter were apparently allowed to exit the inflator . . ." A viewing of the film shows that this is, at best, an understatement. The airbag exploded, and chemicals burned the dummy and parts of the test car's interior. This information was not released to the public by NHTSA.

Peter Dill, the Minicars engineer who was conducting the inflator tests, was disturbed by the explosion. He contacted Thiokol, the manufacturer of the inflators. "The condition experienced during the test was a blowout of the airbag and resultant blasting of the occupant's face and chest with hot gas from the inflator. The results of this test were total degradation of the airbag's restraint capabilities and subsequent burning of the occupant's face and chest," wrote Dill in a March 1978 letter.

Dill, who began repeatedly questioning the results of the tests, was subsequently fired for incompetence, according to NHTSA and Minicars. Dingell aides claim he was canned for criticizing the tests. It is unclear who is correct.

Last April NHTSA published a progress report on its occupant protection program. The report cites tables of statistics prepared by University of Michigan researchers. NHTSA clearly used only the tables that support the use of airbags. Tables which were not so supportive were omitted from the progress report.

More than a month ago, Claybrook wrote Dingell a letter about General Motors planning to produce cars with airbags by model year 1981. In the letter, she said, "These systems have shown, in tests carried out thus far in a wide variety of situations, that it is possible to design airbags that will meet the performance criteria and will provide a high level of protection for children whether they are seated properly or not."

Claybrook's letter drew a response from the research staff at General Motors: ". . . we wish to remind you of the information we gave you and members of your staff. We called to your attention that, in our development work to date, all passenger systems tested which provided restraint to normally seated occupants, also resulted in significant injuries to pigs (used to represent out-of-position children).

"While the number of significant injuries is declining, we have not yet resolved our concerns for the risk of injuries to out-of-position occupants."

Congress Probe has examined both sides of the airbag issue. We conclude that airbags are necessary to providing car safety. Even given the problems in research, airbags will undoubtedly save lives. But it is certain that clouding the safety issue with politics—and both sides have been guilty of that—can only cost the consumers, not only monetarily, but in lives.●

CHRYSLER: ARE JOBS THE ISSUE?

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. PAUL. Mr. Speaker, Dr. Milton Friedman has a talent for getting to the heart of public policy questions.

His recent column on Chrysler tells eloquently why this Congress should not vote tax funds for this company. I would like to call his essay to my colleagues' attention:

CHRYSLER: ARE JOBS THE ISSUE?

(By Milton Friedman)

In its high-powered campaign to induce Washington to bail it out, Chrysler Corp. has stressed jobs. Let Chrysler go bankrupt, the logic goes, and 500,000 jobs will be at stake—the jobs of the 130,000 people employed directly by Chrysler and the jobs of the numerous others employed by parts suppliers Chrysler dealers and so on in remoter and remoter circles.

To put it plainly, this is hogwash. Bankruptcy is one thing. Idling Chrysler factories and assembly lines is a very different thing. A concern that goes bankrupt generally continues to operate under administrators appointed by the court, with instructions to recover as much as they can to meet the obligations that are in default. Many a company emerges from bankruptcy after an interim period to resume full operation as a private enterprise under new management and with a clean financial slate.

USEFUL FACILITIES

Similarly, parts suppliers and other enterprises now related to Chrysler will not stop operating. They will go on serving whatever Chrysler operations continue, as well as any automobile manufacturers that inherit the business Chysler loses. No doubt many of the related enterprises will suffer losses, along with Chrysler stockholders, but that is a risk they knowingly run in order to be able to enjoy profits.

Even if Chrysler did not continue to operate as a single enterprise, its facilities would not go up in smoke or go to wrack and ruin or even stand idle. If its facilities are worth using to produce automobiles, it will pay other automobile companies to buy and operate them, or new companies will be set up to acquire them. If Chrysler facilities are not worth using to produce automobiles, but have value for other activities, they will be purchased for those purposes.

If Chrysler is not bailed out, the facilities worth using would be taken over by people who would be risking their money in the belief that they can make more effective and productive use of them than Chrysler's present management. In the process, they would create new jobs.

If Chrysler is bailed out, it will cost the taxpayer money. The cost may be hidden in the form of loan guarantees, but it is real nonetheless. It includes the possible loss if Chrysler cannot repay the loan. It includes also the slightly higher interest rate that the government will have to pay because it has increased its liabilities. Bailing out Chrysler will not change the total amount of capital available to the economy. But it will divert capital to Chrysler from other more productive uses.

Bailing out Chrysler would simply preserve unproductive jobs at the expense of productive jobs. However, the people who would be denied jobs by a Chrysler bailout do not even know who they are, so they cannot speak out to counter the self-serving claims of the firm's present management,

The private-enterprise economic system is often described as a profit system. That is a misnomer. It is a profit and *loss* system. If anything, the loss part is even more vital than the profit part. That is where it differs most from a government-controlled system. A private enterprise that fails to use its resources effectively loses money and is forced to change its ways. A government enterprise that fails to use its resources effectively is in a very different position. If Amtrak loses money, it is more likely to get a larger appropriation from Congress than to be forced to change its ways. Indeed, Congress may even instruct it to expand.

BAD MANAGEMENT

An enterprise may lose money for reasons beyond its control that are not likely to be repeated; or it may lose money because it is mismanaged. If it is possible to tell which, the market will distinguish. In the first instance, people who risk their own money will bail the enterprise out of its temporary difficulties; in the second, they will replace the management or force the enterprise to close down. Often it is not possible to tell whether bad luck or bad management is to blame. In that case, the market is likely to act as if it were due to mismanagement. That undoubtedly is harsh on some individuals and some companies. But it is highly beneficial for the community as a whole. It assures that resources are directed toward those enterprises that can use them most effectively.

This system produced the remarkable growth in the productivity of the U.S. economy during the past two centuries. Our increasing rejection of this system in favor of a government-controlled economy is a major reason why productivity in recent years has gone into reverse.●

"FEDERAL TIMES" REPORTS AIRBAG TESTING PROBLEMS AT DOT/NHTSA

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 14, 1979

● Mr. DINGELL. Mr. Speaker, an objective and encompassing news report regarding airbag issues has been published by the "Federal Times" newspaper in its September 17, 1979, edition which I am providing you for information.

The "Times" reporter, Inderjit Badhwar, covers several arguments supporting the amendment Congressman JAMES BROYHILL and I and others will offer to the DOT fiscal year 1980 appropriations bill scheduled Tuesday, September 18, which calls for further testing, research, and development by DOT and the National Highway Traffic Safety Administration of passive restraint devices such as airbags.

[From the Federal Times, Sept. 17, 1979]

REP. DINGELL ACTS TO DEFLATE CAR AIRBAG SAFETY PROGRAM

(By Inderjit Badhwar)

Rep. John D. Dingell, D-Mich., has begun a counter-offensive against what he considers to be a public relations blitzkrieg launched by the National Highway Traffic Safety Administration designed to gain public support for installing protective airbags in cars by 1982.

Dingell's pokes at the airbag—the darling gadget of the Ralph Naderites—has resulted, he says, in the release of a lot of hot air and nothing more.

The congressman's investigators, following two years of sustained research, have compiled a massive package of documents from various sources that purport to show that the current state of the art of the airbag is an unproven—if not outright dangerous—technology and that NHTSA and its administrator Joan Claybrook have deliberately tried to mislead the public into trusting the device by covering up adverse information and disseminating false data.

The airbag, according to Dingell and his aides, has so far been proven neither fully safe nor fully effective. And Dingell along with a host of colleagues including James T. Broyhill, R-N.C., has sponsored an amendment to the Department of Transportation appropriations bill to halt federal funding for the federal standard requiring airbags to be installed on passenger automobiles starting in 1982.

The NHTSA standard—a performance standard—requires all cars to carry a "passive restraint system." It does not specify that the system will be an airbag. But most auto manufacturers—because seatbelts cannot be provided for passengers sitting in the middle of bench seats—will have to provide airbags in order to comply with the mandate. And some manufacturers are planning to install airbags in 1981.

"We are not against the standard, or the date on which it should take effect," a Dingell spokesman said: "All we're asking is further studies and research be conducted to test the airbag for another year before we rush into the whole thing. We're not sure whether airbags that are likely to add $825 to the price of a new car are more effective than seatbelts."

Dingell aides caution that the congressman's stance should not be interpreted as dogmatically anti-airbag. "All we're asking for is more evidence that they work. NHSTA has done no monitoring or testing or evaluation of its own."

A National Transportation Safety Board official told this newspaper that the board is seriously hampered in its effort to evaluate NHTSA's test reports on passenger restraint systems "because we cannot obtain all the research reports we need to form our judgments. We couldn't find anyone who had this information. A system of retrieval and recordkeeping doesn't seem to exist there."

And the NTSB official said that he was surprised that NHTSA did not even have regular research plans and systematic methods of evaluation on which the agency based its judgment on safety devices such as seatbelts and airbags.

Ralph Hoar, executive director of the National Committee for Automobile Crash Protection—an organization backed by insurance companies and medical groups—said in an interview that Dingell's anti-airbag stance is well known. Dingell, he said, once described airbags as "side-pockets on a cow." and an "obnoxious device."

Airbags, Hoar said, have been tested for the last decade and "General Motors was ready to go with them in 1969." He noted that their record in "real world accidents" is remarkable. General Motors, he said, had equipped 10,000 cars with optional airbags in 1974, and in more than 200 accidents in which airbags have figured the results have been favorable. Fourteen of 15 children involved in these accidents, he said, had suffered no serious injuries because of airbag protection.

"Look at the backing we have," Hoar said. "Insurance companies are traditionally conservative. Why should they back what Dingell claims to be an untested device? And we also have backing from the Epilepsy Foundation."

Dingell recently questioned statistics that insurance companies are giving 30 percent discounts to owners of airbag-equipped automobiles. And he quoted statistics from a trade magazine showing that such discounts turned out to be no more than $3.14 on a $281 policy.

Bob Jackson, an official for Government Employees Insurance Co., said in an interview that his company is definitely backing the airbag on the basis of the statistics on the 200 "real world" deployment of airbags and because drivers and passengers do not always use seat belts. "It's much more difficult to disconnect an airbag," he said.

And Jackson confirmed that his company is offering 30 percent discounts on medical payments and personal injury (no fault) payments. The dollar amount of the discounts, he said, varies according to the price of the total coverage and type of coverage.

He said that in Washington, D.C. the amount was close to Dingell's figure—between $3 and $4. In New York the discount varies from $12 to $18 and in Maryland from $10 to $15. And the company will not extract a surcharge for replacing an airbag following a crash.

Dingell's other major arguments opposing the airbag center on some of the following issues:

Tests conducted by a contractor—CALSPAN—in 1977 using cadavers and dummies showed that seat belts did a better job in protecting test subjects than did airbags. "Those airbags were knocking the s— out of the cadavers resulting in broken legs and other injuries," a House staffer said. NHTSA withheld these results from us. And he added that NHTSA prevented Tom Glen, a project manager at NHTSA, from delivering a research talk on the subject and ultimately forced him into early retirement. Dingell's staffers had to obtain the results of the tests independently.

A recent GAO report on airbags says that DoT's statements in favor of the device are not fully supported by the test data and that deployment of airbags can be dangerous for occupants not seated squarely in the area covered by the inflated bag.

Studies conducted by Volvo, and more recently by General Motors on pigs—using them as surrogates for children—strapped in various positions showed 30 percent of them were killed by internal injuries caused by the airbag hitting the abdomen of these animals.

Dingell is charging that in a July 23 letter to him from Claybrook, she misled him about these G.M. studies by informing him that the G.M. tests had shown that "it is possible to design airbags . . . that will provide a high level of protection for children whether they are seated properly or not." Dingell released a letter from a G.M. official stating that the tests had resulted in significant injuries to pigs used to represent out-of-position children.

NHTSA published selective data from a University of Michigan (Ann Arbor) study in order to convince the public that airbags are the best instruments in saving lives in automobile accidents. Referring to a letter from one of the study's architects which said that the table used by NHTSA was misleading because there was no independent testing of airbags. Dingell described the NHTSA document as a "fraud against Congress and the public."

DoT withheld information on studies conducted by Minicars, Inc., California in 1977 and 1978 showing that there is a risk of airbags exploding and burning occupants. Dingell has charged that NHTSA terminated the contract before the problem was solved, withheld information from the public file and initially refused to supply him with the sensitive documents. Hoar responded that one of Dingell's main concerns is that airbags are only effective in head-on collisions and that they do not work in side swipe accidents or multiple crashes. Hoar points out that 50 percent of all fatal injuries are associated with head-on crashes, "and if airbags protect in such circumstances, what's wrong with that? To dump the airbag for other reasons is like saying let's get rid of penicillin because it doesn't cure cancer."

Carl Nash, special assistant to Claybrook, said, "We've never made claims that airbags are superior to seatbelts. The point is airbags are always *there*, unseen, even if a passenger is not using a seat belt."

He said Dingell's claim that NHTSA doesn't monitor or evaluate research continuously was unfair. "We've been doing this for ten years," he said, and the index of the rulemaking docket on the subject, "is 80 pages long. Between government and industry we've spent about $100 million on research and development."

Nash said that NHTSA has investigated every known crash of airbag equipped cars, and "their performance has been really superior."

The GAO report, he said, indicated that NHTSA ought to look at a variety of problems including the effect of airbags on improperly seated passengers, especially children.

The pig tests, Nash said, were designed to address precisely the same problems identified by GAO in order to make safety modifications. "Those tests were doing exactly what Dingell would have them do. So he's really talking from both sides of his mouth."

Dingell's attacks on airbags, Nash said, are creating "tremendous uncertainty within the industry and there's a danger that the industry will back off and kill the program. Auto company presidents, he said, have informed Claybrook that they're uncomfortable and "embarrassed" by Dingell's posture. "They don't like it."

Officials of the Motor Vehicles Manufacturers Association take the public position that they have no option but to comply with the 1982 standard. But privately they admit that there's been too little testing of the airbag and that the major manufacturers differ on what approach to take.

An official for GM said, "When you come down to it, the Dingell amendment doesn't change the standard. So it's really a status quo and a rule we still have to live with. We fought the imposition of the standard itself but no one listened to us, and we were painted as being against consumer safety.

"They're adding costs without any recognizable benefits. We really have no idea whether those airbags will work but we still have to install them." He said that the 200 case studies of airbag deployment referred to by NHTSA represented too small a sample. When more cars are equipped with these bags, he said, and if a certain percentage of them malfunction, there may have to be massive recalls.

"And guess who's going to foot the extra bill?" he asked. "The consumer." And he predicted that the insurance companies while reducing some costs, would probably raise collision rates to offset lower premiums in other areas.

NHTSA's Carl Nash further explained that the airbag fires were caused because the canisters used to inflate the bags were test models that had to be replugged frequently, and that such re-use would never occur in a real life situation. But Dingell insists that there is no evidence to indicate that this problem has been solved or that it will not recur.

And Glen, the liaison employee for the CALSPAN tests, Nash insisted, was never muzzled. He didn't present his paper, Nash said, because he never got down to writing it. NHTSA insiders believe that if any pressure was put on Glen it came from Dingell's staffers rather than NHTSA management.

As for withheld information, Nash said much of what was denied Dingell is considered proprietary information falling under the Trade Secrets Act.●

SENATE—*Monday, September 17, 1979*

(Legislative day of Thursday, June 21, 1979)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by Hon. J. JAMES EXON, a Senator from the State of Nebraska.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Eternal Father, in whom we live and move and have our being we pause to pray not in desperation but because we cannot live without Thee. Thou hast made us for Thyself and our hearts are restless until they rest in Thee. Without Thee we are weak and ignorant and sinful. With Thee we find strength and wisdom and forgiveness. Fit us for our work this day. Abide with us while we work. In all our ways help us to acknowledge Thee in the confidence Thou wilt direct our paths.

In Thy holy name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 17, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable J. JAMES EXON, a Senator from the State of Nebraska, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. EXON thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the majority leader.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PROGRESS IN THE MIDDLE EAST

Mr. ROBERT C. BYRD. Mr. President, today is the anniversary of the Camp David accords, signed September 17, 1978, which subsequently led to the Mideast Peace Treaty. President Carter, President Sadat, and Prime Minister Begin met at Camp David last September, and laid the foundation for the historic document that was signed on March 26 of this year.

It is pleasing to note that now, 1 year after that original Camp David meeting, the agreement is being implemented. I think it is appropriate for us to take a moment to consider the very positive events that are occurring in the Mideast.

President Sadat and Prime Minister Begin recently completed their eighth summit conference since the Mideast Peace Treaty was signed. This fact alone—that they have met eight times, alternating the site between their two countries—is very significant. It would have been almost unthinkable just a year ago.

At this most recent conference, the two leaders agreed on an interim method of supervising the withdrawal of Israel from the Sinai Peninsula. Instead of relying solely on the United States to see that the withdrawal is supervised, Prime Minister Begin and President Sadat agreed that their own two countries would supervise the withdrawal.

The significance of this action is not lost on the United States. It means that Egypt and Israel have begun to undertake the peacemaking process themselves, which was the intent of the Mideast Peace Treaty.

In addition, the United States, as prime sponsor of the peace treaty, has a very real interest in seeing that the withdrawal from the Sinai is carried out in an orderly and peaceful fashion.

The leaders of Egypt and Israel also reached an agreement concerning the disposition of oil from the Sinai fields; and President Sadat has offered to make the waters of the Nile River available for irrigation of Israel's Negev Desert. The water from the Nile would be piped across the Sinai and would be available as soon as a Suez Canal tunnel is completed next year.

Oil from the Sinai fields now accounts for one-fourth of Israel's oil supply. The previous understanding had been that Egypt would make available to Israel only portions of the oil from these fields. But now the two leaders have agreed that Egypt will make available to Israel all of the oil from these fields, at world market prices.

These agreements are as significant symbolically as they are in substance. They set a precedent for solving problems in the Middle East through consultation and cooperation among the Middle East countries themselves.

To acknowledge these successes is not to diminish the importance and difficulty of issues yet to be faced, issues concerning Palestinian autonomy, Gaza, the West Bank, and Jerusalem. The problem of Israeli settlements on the West Bank continues to be a troubling factor.

But as Ambassador Robert Strauss has stated, it is possible that the peace talks can now move into "second gear" and begin to face these larger issues.

The journey down the road to the resolution of these issues, a journey begun at Camp David, is being continued by the Middle Eastern parties to the treaty, and this is as it should be. I hope that the future will bring broader participation in the peace process and resolution of the difficult issues which remain.

ORDER OF BUSINESS

Mr. PROXMIRE. Will the Senator yield to me?

Mr. ROBERT C. BYRD. Yes.

I now yield to the distinguished Senator from Wisconsin.

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin.

Mr. PROXMIRE. I thank the distinguished majority leader very much.

THE GENOCIDE CONVENTION IS ONLY A STEP TOWARD THE PROTECTION OF HUMAN RIGHTS

Mr. PROXMIRE. Mr. President, those who oppose the ratification of the Genocide Convention have fired a barrage of criticism over the past 25 years. Each criticism has been systematically analyzed and shown to be without substance.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

One of the questions often raised by these critics is, "Will the treaty really do anything in the immediate future to prevent genocide?"

To ask such a question is to misunderstand the purpose of the convention. The battle for human rights is an ongoing one that might last forever. No document will ever absolutely guarantee the protection of human rights. But treaties and bills have been used as building blocks—steps which mark a mutual obligation, a mutual determination among fellow men and women to protect what they hold most sacred.

Our own Bill of Rights began as a statement of principles to guide our country—it represented the hopes and aspirations of our forefathers. No one guaranteed our ancestors that their Bill of Rights would automatically insure their freedoms. Americans have struggled for human rights throughout modern history. This Chamber exists as a living embodiment of the battle for individual freedom and rights.

My distinguished colleagues, we should place no more burden on the Genocide Convention than our ancestors placed on the Bill of Rights. It takes time and effort to make any paper document worth what it stands for.

In his 1977 testimony before the Committee on Foreign Relations, Justice Goldberg explained the importance of the long-range effects of the Genocide Convention in these terms:

> . . . none of the great documents of human civilization produced instant morality—not even Magna Carta or our own Bill of Rights. The point is that they did shape history in the long run.

Indeed, it is hard to prove that ratification of the convention would result in an immediate deterrent to the crime of genocide. But approval of the Treaty would mark a major step to help insure the protection of human rights. In the words of Justice Goldberg:

> . . . it is surely a good place to begin.

VETERANS' ADMINISTRATION ADJUDICATION PROCEDURE AND JUDICIAL REVIEW ACT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 244.

Mr. STEVENS. There is no objection, Mr. President.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 330) to amend title 38, United States Code, to establish certain procedures for the adjudication of claims, and so forth.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Veterans' Affairs with an amendment to strike all after the enacting clause and insert the following:

That (a) this Act may be cited as the "Veterans' Administration Adjudication Procedure and Judicial Review Act".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—ADJUDICATION PROCEDURES

SEC. 101. (a) Chapter 51 is amended by adding at the end of subchapter I thereof the following new section:

"§ 3007. Burden of proof; benefit of the doubt

"(a) Except when otherwise provided by the Administrator in accordance with the provisions of this title, a claimant for benefits under laws administered by the Veterans' Administration shall have the burden of submitting evidence sufficient to justify a belief by a fair and impartial individual that the claim is well grounded.

"(b) When, after consideration of all evidence and material of record in any proceeding before the Veterans' Administration on a claim for any benefit under laws administered by the Veterans' Administration, there is an approximate balance of positive and negative evidence regarding the merits of an issue material to the determination of such claim, the benefit of the doubt in resolving each such issue will be given to the claimant, but nothing in this section shall be construed as shifting from a claimant to the Administrator the burden described in subsection (a) of this section.".

(b)(1) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part IV of such title are each amended by striking out in the item relating to chapter 51 "Applications" and inserting in lieu thereof "Claims,".

(2) The heading of such chapter is amended to read as follows:

"CHAPTER 51—CLAIMS, EFFECTIVE DATES, AND PAYMENTS".

(c)(1) The table of sections at the beginning of such chapter is amended by striking out in the item relating to subchapter I "APPLICATIONS" and inserting in lieu thereof "CLAIMS".

(2) The heading of subchapter I of such chapter is amended to read as follows:

"Subchapter I—Claims".

(d) The table of sections at the beginning of such chapter is amended by adding after the item relating to section 3006 a new item as follows:

"3007. Burden of proof; benefit of the doubt.".

SEC. 102. Section 3311 is amended by adding at the end thereof the following new sentence: "Subpenas authorized under this section shall be served by any individual authorized by the Administrator by (1) delivering a copy thereof to the individual named therein, or (2) mailing by registered or certified mail addressed to such individual at such individual's last dwelling place or principal place of business. A verified return by the individual so serving the subpena setting forth the manner of service, or, in the case of service by registered or certified mail, the return post office receipt therefor signed by the individual so served shall be proof of

SEC. 103. Section 4001 is amended by—

(1) amending subsection (a) by striking out "(not more than fifty)" and inserting in lieu thereof "(not more than sixty-five)", striking out "associate", and inserting before the period at the end of the second sentence "in a timely manner"; and

(2) adding at the end thereof the following new subsection:

"(c) The Chairman shall submit a report to the appropriate committees of the Congress, not later than February 1, 1980, and annually thereafter, on the experience of the Board during the prior fiscal year together with projections for the fiscal year in which the report is submitted and the subsequent fiscal year. Such report shall contain, as a minimum, the number of cases appealed to the Board during the prior fiscal year, the number of cases pending before the Board at the beginning and end of such fiscal year, the number of such cases which were filed during each of the twenty-four months preceding the prior fiscal year and the then current fiscal year, respectively, the average length of time a case was before the Board between the time of filing of an appeal and the disposition during the prior fiscal year, and the number of members and other professional, administrative, clerical, stenographic, and other personnel employed by the Board at the end of the prior fiscal year. The projections for the current fiscal year and subsequent fiscal year shall include, for each such year, estimates of the number of cases to be appealed to the Board and an evaluation of the Board's ability, based on existing and projected personnel levels, to ensure timely disposition of such appeals as required by subsection (a) of this section.".

SEC. 104. Section 4002 is amended by striking out "associate" wherever it appears.

SEC. 105. Subsections (a) and (b) of section 4003 are amended by inserting a comma and "after notice to the claimant of such additional information together with an opportunity to be heard in connection with such information," after "concerned" both places it appears.

SEC. 106. Section 4004 is amended by—

(1) inserting before the period at the end of the second sentence in subsection (a) "after affording the claimant an opportunity for a hearing and shall be based exclusively on evidence and material of record in the proceeding and on applicable provisions of law";

(2) amending subsection (b) by striking out "in the form of official reports from the proper service department" and adding at the end thereof, the following new sentence: "A judicial decision upholding, in whole or in part, the disallowance of a claim under chapter 72 of this title shall not diminish the Board's discretionary authority under this subsection to reopen the claim and review the Board's former decision."; and

(3) amending subsection (d) to read as follows:

"(d) After reaching a decision in each case, the Board shall promptly mail notice of its decision to the claimant and the claimant's authorized representative, if any, at the last known address of the claimant and at the last known address of the claimant's authorized representative, if any. Each decision of the Board shall include—

"(1) a written statement of the Board's findings and conclusions, and reasons or bases therefor, on all material issues of fact, law, and matters of discretion presented on the record; and

"(2) an order granting appropriate relief or denying relief.".

SEC. 107. Paragraph (5) of subsection (d) of section 4005 is amended by striking out "will base its decision on the entire record and".

SEC. 108. Section 4009 is amended by adding after subsection (b) the following new subsection:

"(c) Whenever there exists in the evidence of record in an appeal case a substantial disagreement between the substantiated findings or opinions of two physicians with respect to an issue material to the outcome of the case, the Board shall, upon the request of the claimant and, after taking appropriate action to attempt to resolve the disagreement, arrange for an advisory medical opinion in accordance with the procedure prescribed in subsection (b) of this section. If the Board denies the request of such claimant for such an opinion, the Board shall prepare and provide to the claimant and the claimant's authorized representative, if any, a statement setting forth the basis for its determination. Actions of the Board under this subsection, including any such denial, shall be final and conclusive and no other official or any court of the United States shall have the power or jurisdiction to review any aspect of any such decision by an action in the nature of mandamus or otherwise, chapter 72 of this title to the contrary notwithstanding.".

SEC. 109. (a) Chapter 71 is further amended by adding at the end thereof the following new sections:

"§ 4010. Adjudication procedures

"(a) For purposes of conducting any hearing, investigation, or other proceeding in connection with the consideration of a claim for benefits under laws administered by the Veterans' Administration, the Administrator may administer oaths and affirmations, examine witnesses, and receive evidence.

"(b) Any oral, documentary, or other evidence, even though inadmissible under the rules of evidence applicable to judicial proceedings, may be admitted in a hearing, investigation, or other proceeding in connection with the consideration of a claim for benefits under laws administered by the Veterans' Administration, but the Administrator under regulations of the Administrator, may provide for the exclusion of irrelevant, immaterial, or unduly repetitious evidence.

"(c) In the course of any proceeding before the Board, any party to such proceeding or such party's authorized representative shall be afforded opportunity—

"(1) at a reasonable time prior thereto as well as during such proceeding, to examine and, on payment of a fee prescribed pursuant to section 3302(b) of this title (not to exceed the direct cost of duplication), obtain copies of the contents of the case files and all documents and records to be used by the Veterans' Administration at such proceeding;

"(2) to present witnesses and evidence, subject only to such restrictions as may be set forth in regulations of the Administrator, pursuant to subsection (b) of this section, as to materiality, relevance, and undue repetition;

"(3) to make oral argument and submit written contentions, in the form of a brief or similar document, on substantive and procedural issues;

"(4) to submit rebuttal evidence;

"(5) to present medical opinions and request an independent advisory medical opinion pursuant to section 4009(c) of this title; and

"(6) to serve written interrogatories on any person, including employees of the Veterans' Administration, which interrogatories shall be answered separately and fully in writing and under oath unless written objection thereto, in whole or in part, is filed with the Administrator by the person to whom the interrogatories are directed or such person's representative.

The fee provided for in clause (1) of this subsection may be waived by the Administrator, pursuant to regulations which the Administrator shall prescribe, on account of the party's inability to pay or for other good cause shown. In the event of any objection, filed under clause (6) of this subsection, the Administrator shall, pursuant to regulations which the Administrator shall prescribe establishing standards consistent with standards for protective orders under rule 26(c) of the Rules of Civil Procedure for the United States District Courts, evaluate such objection and issue an order (A) directing that, within such period as the Administrator shall specify, the interrogatory or interrogatories objected to be answered as served or answered after modification, or (B) indicating that the interrogatory or interrogatories are no longer required to be answered. If any person upon whom interrogatories are served under this section fails to answer or fails to provide responsive answers to any such interrogatories within thirty days after service or such additional time as the Administrator may allow, the Administrator shall, upon a statement or showing by the party who served such interrogatories of general relevance and reasonable scope of the evidence sought, issue a subpena pursuant to section 3311 of this title (with enforcement of such subpena to be available pursuant to section 3313 of this title) for such person's appearance and testimony on such interrogatories at a deposition on written questions, at a location within one hundred miles of where such person resides, is employed, or transacts business.

"(d) In the course of any hearing, investigation, or other proceeding in connection with the consideration of a claim for benefits under laws administered by the Veterans' Administration, an employee of the Veterans' Administration may at any time disqualify himself or herself, on the basis of personal bias or other cause, from adjudicating the claim. On the filing by a party in good faith of a timely and sufficient affidavit averring personal bias or other cause for disqualification on the part of such an employee, the Administrator shall determine the matter as a part of the record and decision in the case.

"(e) The transcript or recording of testimony and the exhibits, together with all papers and requests filed in the proceeding, and the decision of the Board shall constitute the exclusive record for decision in accordance with section 4004(a) of this title, and shall be available for inspection by any party to such proceeding, or such party's authorized representative, at reasonable times and places and, on the payment of a fee prescribed pursuant to section 3302(b) of this title (not to exceed the direct cost of duplication), shall be copied for the claimant or such claimant's authorized representative within a reasonable time. Such fee may be waived by the Administrator, pursuant to regulations which the Administrator shall prescribe, on account of the party's inability to pay or for other good cause shown.

"(f) Notwithstanding section 4004(a) of this title, section 554(a) of title 5, or any other provision of law, adjudication and hearing procedures prescribed in this title and in regulations prescribed by the Administrator under this title for the purpose of administering veterans' benefits shall be exclusive with respect to hearings, investigations, and other proceedings in connection with the consideration of a claim for benefits under laws administered by the Veterans' Administration.

"§4011. Notice of procedural rights

"In the case of any denial, in whole or in part, of a claim for benefits under laws administered by the Veterans' Administration, the Administrator shall, at each procedural stage relating to the disposition of such a claim, beginning with denial after an initial review or determination and including the furnishing of a statement of the case and the making of a final determination by the Board, provide to the claimant and such claimant's authorized representative, if any, written notice of the procedural rights of the claimant. Such notices shall be on such forms as the Administrator shall prescribe by regulation and shall include, in easily understandable language, with respect to proceedings before the Veterans' Administration, (1) descriptions of all subsequent procedural stages provided for by statute, regulation, or Veterans' Administrations policy, (2) descriptions of all rights of the claimant expressly provided for in or pursuant to this chapter, of the claimant's rights to a hearing, to reconsideration, to appeal, and to representation, and of any specific procedures necessary to obtain the various forms of review available for consideration of the claim, and (3) such other information as the Administrator, as a matter of discretion, determines would be useful and practical to assist the claimant in obtaining full consideration of the claim.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new items:

"4010. Adjudication procedures.

"4011. Notice of procedural rights.".

SEC. 110. (a) In order to evaluate the feasibility and desirability of alternative methods of (1) assuring the resolution of claims before the Administrator of Veterans' Affairs for benefits under laws administered by the Veterans' Administration as promptly and efficiently as feasible following the filing of a notice of disagreement pursuant to section 4005 (as amended by section 107 of this Act) or 4005A of title 38, United States Code, and (2) affording claimants the opportunity for a hearing before or review by a disinterested authority at a location as convenient and on as timely basis as possible for each claimant, the Administrator shall conduct a study for a period of between twenty-four and thirty-six months, in at least six geographic areas and at least six regional offices of the Veterans' Administration, involving two alternative methods for resolution of claims.

(b)(1) In at least three such geographic areas, the Administrator shall provide an intermediate-level adjudication process whereby each claimant may, within the time afforded such claimant under paragraph (3) of such section 4005(d) or 4005A(b) to file an appeal, request a de novo hearing at the agency of original jurisdiction (as described in section 4005(b)(1) of such title 38) before a panel of three Veterans' Administration employees, each of whose primary responsibilities include adjudicative functions but none of whom shall have previously considered the merits of the claim at issue. Following such hearing, such panel shall render a decision and prepare a new statement of the case in accordance with the requirements of paragraphs (1) and (2) of such section 4005 (d). Such new statement of the case shall, for all purposes relating to appeals under chapter 71 of such title 38, be considered to be a statement of the case as required by paragraph (1) of such section 4005(d).

(2) In at least three other such geographic areas, the Administrator shall provide for an enhanced schedule of visits, on at least a quarterly basis each year, by a panel or panels of the Board of Veterans' Appeals to conduct formal recorded hearings pursuant to such section 4002 in such areas.

(c) Not later than forty-two months after the date of enactment of this Act, the Administrator shall report to the Congress on the results of this study, including an evaluation of the cost factors associated with each alternative on an annual basis, the impact on the workload of the regional office in question, the impact on the annual caseload of the Board of Veterans' Appeals resulting from both alternatives, together with any recommendations for administrative or legislative action, or both, as may be indicated by the results of such study.

TITLE II—VETERANS' ADMINISTRATION RULE MAKING

SEC. 201. (a) Subchapter II of chapter 3 is amended by adding at the end thereof the following new section:

"§ 221. Rule making

"Notwithstanding the provisions of subsection (a)(2) of section 553 of title 5, the promulgation of rules and regulations by the Administrator shall be subject to the requirements of section 553 of title 5.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following:

"221. Rule making.".

TITLE III—JUDICIAL REVIEW

SEC. 301. Subsection (a) of section 211 is amended by striking out "sections 775, 784" and inserting in lieu thereof "sections 775 and 784 and chapter 72 of this title".

SEC. 302. (a) Part V is amended by adding after chapter 71 the following new chapter:

"CHAPTER 72—JUDICIAL REVIEW

"Sec.
"4025. Jurisdiction.
"4026. Scope of review.
"4027. Remands.
"4028. Survival of actions.
"4029. Appellate review.

"§ 4025. Jurisdiction

"(a) Except as provided in subsection (h) of this section, after any final decision of the Administrator (as defined in subsection (c) of this section) adverse to a claimant in a matter involving a claim for benefits under any law administered by the Veterans' Administration, such claimant may obtain a review of such decision in a civil action commenced within 180 days after the mailing to the claimant of notice of such decision pursuant to section 4004 of this title. Such action shall be brought against the Administrator in the district court of the United States for the judicial district in which the plaintiff resides or the plaintiff's principal place of business is located, or in the district court of the United States for the judicial district where the principal offices of the Board of Veterans' Appeals (established under section 4001 of this title) are located.

"(b) In any matter not directly involving a claim for benefits under any law administered by the Veterans' Administration, section 211(a) of this title shall not operate as a bar to a civil action otherwise authorized by law.

"(c) For the purposes of this chapter, 'final decision of the Administrator' means—

"(1) a final determination of the Board of Veterans' Appeals pursuant to section 4004 (a) or (b) of this title; or

"(2) a dismissal of an appeal by the Board of Veterans' Appeals pursuant to section 4005 or 4008 of this title.

"(d) The provision of this chapter shall not apply to matters arising under chapters 19 and 37 of this title.

"(e) The complaint initiating an action under subsection (a) of this section shall contain sufficient information to permit the Administrator to identify and locate the plaintiff's Veterans' Administration records.

"(f) The Administrator shall file, together with the answer to a complaint filed pursuant to subsection (a) of this section, a certified copy of the records upon which the findings of fact and decision complained of are based or, if the Administrator determines that the cost of filing copies of all such records is unduly expensive, the Administrator shall file a complete index of all documents, transcripts, or other materials comprising such records. After such index is filed and after considering requests from all parties, the court shall require the Administrator to file certified copies of such indexed items as the court deems relevant to its consideration of the case.

"(g) In an action brought pursuant to subsection (a) of this section, the court shall have the power, upon the pleadings and the records specified in subsection (f) of this section, to enter judgment in accordance with section 4026 of this title or remand the cause in accordance with section 4026 or 4027 of this title.

"(h) No action may be brought under this section as to which the initial claim for benefits is filed pursuant to section 3001(a) of this title after the last day of the fifth fiscal year beginning after the effective date of this section.

"§ 4026. Scope of review

"(a) In any action brought under section 4025 of this title, the reviewing court to the extent necessary to its decision and when presented, shall—

"(1) decide all relevant questions of law, interpret constitutional, statutory, and regulatory provisions;

"(2) compel action of the Administrator unlawfully withheld; and

"(3) hold unlawful and set aside decisions, findings, and conclusions of the Administrator found to be—

"(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

"(B) contrary to constitutional right, power, privilege, or immunity;

"(C) in excess of statutory jurisdiction, authority, or limitations, or in violation of a statutory right; or

"(D) without observance of procedure required by law.

If the reviewing court finds the Administrator's finding on an issue or issues of fact to be arbitrary, capricious, or an abuse of discretion, the court shall specify where it finds the record to be deficient and shall, prior to entering any judgment reversing such decision, remand the case a single time to the Administrator for further action not inconsistent with the court's order. In so remanding, the court shall specify a reasonable period within which the Administrator shall complete the required action and, if such action is not completed within the time specified by the court, the matter shall be returned to the court for its action.

"(b) In making the determinations under subsection (a) of this section, the court shall review the whole record before the court pursuant to section 4025(f) of this title or those parts of such record cited by a party, and due account shall be taken of the rule of prejudicial error.

"(c) In no event shall findings of fact made by the Administrator be subject to trial de novo by the reviewing court.

"(d) When a final decision of the Administrator (as defined in section 4025(c) of this title) is rendered in any case and such decision is adverse to a party solely because of the failure of such party to comply with any applicable regulation of the Veterans' Administration, the court shall review only questions raised as to compliance with and the validity of the regulation.

"§ 4027. Remands

"In any action brought under section 4025 of this title, the reviewing court shall, on motion of the Administrator made before the expiration of the time specified for the filing of an answer to a complaint filed pursuant to subsection (a) of such section, allow a single remand of a case to the Administrator for further review by the Administrator. If such review is not completed within ninety days after the date of such remand, the matter shall be returned to the court for its action. At any time after the Administrator files an answer, the court may, in the exercise of its discretion, remand the case to the Administrator for further action by the Administrator and, if either party shall apply to the court for leave to adduce additional evidence and shall show the satisfaction of the court that such additional evidence is material and that there is good cause for granting such leave, the court shall remand the case to the Administrator and order such additional evidence to be taken by the Administrator; in either case, the court may specify a reasonable period of time within which the Administrator shall complete the required action. After a case is remanded to the Administrator, and after further action by the Administrator, including consideration of any additional evidence, the Administrator shall modify, supplement, or affirm the findings of fact or decision, or both, and shall file with the court any such modification, supplementation, or affirmation of findings of fact or decision or both, as the case may be, and certified copies of any additional records and evidence upon which such modification, supplementation, or affirmation was based. Any such modification, supplementation, or affirmation of the findings of fact or decision shall be reviewable by the court only to the extent provided in section 4026 of this title with respect to the review of the original findings of fact and decision.

"§ 4028. Survival of actions.

"Any action brought under section 4025 of this title shall survive, notwithstanding any change in the person occupying the Office of the Administrator or any vacancy in such office.

"§ 4029. Appellate review

"The decisions of a district court pursuant to this chapter shall be subject to appellate review by the courts of appeals and the Supreme Court of the United States in the same manner as judgments in other civil actions.".

(b) The table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part V are each amended by adding below the item relating to chapter 71 a new item as follows:

"72 Judicial Review............... 4025".

SEC. 303. Subsection (d) of section 1346 of title 28, United States Code, is amended by inserting before the period at the end thereof "except as provided for in chapter 72 of title 38".

TITLE IV—ATTORNEYS' FEES

SEC. 401. Section 3404 is amended by—

(1) amending subsection (c) to read as follows:

"(c) The Administrator, pursuant to regulations which the Administrator shall prescribe, may determine and approve payment of reasonable attorneys' fees to be paid by the claimant, to attorneys recognized under this section, for services rendered in representing an individual before the Veterans' Administration in connection with claims for benefits under laws administered by the Veterans' Administration. In no event shall such attorneys' fee, determined and approved by the Administrator, exceed—

"(1) for any claim resolved prior to the claimant's receipt of a statement of the case pursuant to section 4005(d) of this title, $10; or

"(2) for any claim resolved following the claimant's receipt of such statement of the case, an amount in excess of the lesser of—

"(A) the fee agreed upon by the claimant and the attorney; or

"(B) (i) $500, or a greater amount specified in regulations prescribed by the Administrator based on changed national economic conditions subsequent to the date of this subsection, except that the Administrator may, in the Administrator's defense, determine and approve a fee in excess of $500, or such greater amount if so specified, in an individual case involving extraordinary circumstances warranting a higher fee; or

"(ii) if the claimant and an attorney have entered into an agreement under which no fee is payable to such attorney unless the claim is resolved in a manner favorable to the claimant, 25 per centum of the total amount of any past-due benefits awarded on the basis of the claim."; and (2) adding at the end of such section the following new subsections:

"(d) If, in an action brought under section 4025 of this title, the matter is resolved in a manner favorable to a claimant who was represented by an attorney, the court may determine and approve as part of its judgment a reasonable fee for the representation of such claimant in such action. When the claimant and an attorney have entered into an agreement under which no fee is payable to such attorney unless the matter is resolved in a manner favorable to the claimant, the fee so determined and approved shall not exceed 25 per centum of the total amount of any past-due benefits awarded on the basis of the claim. If, in such an action, the matter is not resolved in a manner favorable to a claimant, the court may determine and approve as part of its judgment a reasonable fee, taking into consideration the extent to which there could have appeared to have been a reasonable probability of success for such an action at the time it was filed, for the representation of such claimant not in excess of $750.

"(e) To the extent that past-due benefits are awarded in proceedings before the Administrator or by a court, the Administrator shall direct payment of any attorney's fee that has been determined and approved under this section out of such past-due benefits, but in no event shall the Administrator withhold any portion of benefits payable for a period subsequent to the date of the decision of the Administrator or court making such award.

"(f) The determination and approval by the Administrator regarding attorneys' fees pursuant to subsection (c) of this section may be reviewed by a court only to determine whether the Administrator's action constituted an abuse of discretion. Review of the determination and approval by either the Administrator or the court regarding an attorneys' fee shall be obtained as follows:

"(1) For an award in conjunction with a claim before the Administrator pursuant to subsection (c) of this section, by an action brought, within thirty days after the date of notice of such award, by either the claimant or the attorney in the district court of the United States in the judicial district in which the claimant resides or the claimant's principal place of business is located.

"(2) For an award in conjunction with a claim approved by a United States court pursuant to subsection (d) of this section, on a motion made, within thirty days after the date of such award, by either the claimant or the attorney in the district court of the United States where the appeal was considered.

For actions brought under clause (1) of this subsection, the Administrator shall be named as the defendant, but notice of any such action shall also be given to all parties in interest and all such parties shall be heard by the court reviewing the award.

"(g) The provisions of this section shall apply only to cases involving claims for benefits under the laws administered by the Veterans' Administration, and such provisions shall not apply in cases in which the Veterans' Administration is the plaintiff or in which other attorneys' fee statutes are otherwise controlling.

"(h) For the purposes of subsections (c) and (d) of this section, claims shall be considered as resolved in a manner favorable to the claimant when all or any part of the relief sought is granted.

"(i) In an action brought under section 4025 of this title, the court, in its discretion, may, as an extraordinary remedy, allow the prevailing party, other than the Administrator, reasonable attorneys' fees as part of the costs.".

Sec. 402. Section 3405 is amended by striking out "or" after "title," and striking out "him" and inserting in lieu thereof "such claimant or beneficiary, or (3) with intent to defraud, in any manner willfully and knowingly deceives, misleads, or threatens a claimant or beneficiary or prospective claimant or beneficiary under this title with reference to any matter covered by this title, by word, circular, letter, or advertisement".

TITLE V—EFFECTIVE DATES

Sec. 501. The provisions of this Act shall become effective on the first day of the first month beginning 180 days after the date of enactment of this Act.

Sec. 502. A civil action authorized in chapter 72 of title 38, United States Code, as added by section 302 of this Act, may be instituted to review decisions of the Board of Veterans' Appeals rendered on or after January 1, 1977, and prior to the effective date of this Act: *Provided*, That such actions are instituted not later than 180 days after the effective date of this Act or after the mailing of notice by the Administrator to the last known address of a claimant of the right to bring such a civil action, whichever occurs later.

● Mr. CRANSTON. Mr. President, it is good news for veterans that we have successfully brought this legislation developed by the Committee on Veterans' Affairs, which I am privileged to chair, to the floor on the Senate today, and I am truly delighted to be able to present it to my colleagues and urge their approval of it.

Mr. President, the basic purpose of S. 330, the proposed "Veterans' Administration Adjudication Procedure and Judicial Review Act," which I reported from the Committee on Veterans' Affairs on May 15, 1979, is to assure that veterans and other claimants before the VA receive all benefits to which they are entitled under law by providing them with the opportunity for judicial review of final decisions of the Administrator of Veterans' Affairs denying claims for benefits, by codifying certain internal procedures of the VA relating to the adjudication of benefit claims, by requiring that VA rulemaking processes comply with provisions of the Administrative Procedure Act relating to notice and comment, and by providing for attorneys to receive reasonable fees for representing claimants before the VA following an initial denial of the claim and representing claimants in judicial proceedings.

BACKGROUND

Mr. President, this legislation has been through an extensive developmental process, beginning in the 94th Congress when my colleague, the distinguished Senator from Colorado (Mr. Hart) first introduced legislation—as S. 3392—that would have provided for judicial review of VA decisions on claims for benefits. In the 95th Congress, Senator Hart introduced S. 364 which was identical to S. 3392. Since that time, the Committee on Veterans' Affairs has held seven hearings on the issue—five during the 95th Congress and two this year in the 96th Congress on S. 330 which Senator Hart and I introduced on February 1, 1979—and the original legislation has been through numerous revisions, which have been undertaken in consultation with Senator Hart, the VA, veterans organizations, and other interested groups and individuals.

Mr. President, following the two hearings on S. 330 this year, the Committee on Veterans' Affairs met in open session on May 3, 1979 and voted 9 to 1 to report favorably S. 330 with an amendment in the nature of a committee substitute.

Following the Committee on Veterans' Affairs' action, the Committee on the Judiciary, pursuant to the original referral order, had 30 days in which to consider S. 330. This period was subsequently extended until June 27 to permit that committee to hold a hearing on June 20 and to consider possible action on the measure following that hearing. However, the Judiciary Committee took no action by June 27 and the bill as reported by the Committee on Veterans' Affairs was placed on the Senate calendar that day.

NEED FOR THE LEGISLATION

Mr. President, as I mentioned earlier, the committee's involvement with the issue of judicial review of Veterans' Administration decisions began in the 94th Congress and has progressed through two different bills, seven hearings, extensive consultations with a variety of interested parties, and significant technical assistance from the VA. Thus, the present legislation is an attempt to reconcile a wide variety of viewpoints on the issue of judicial review of VA decisions and the related issues of internal adjudication procedures, attorneys' fees, and VA rulemaking procedures.

Mr. President, the decision to introduce S. 330 in the 96th Congress and to continue committee consideration of judicial review legislation was not based on a belief that the current system resulting in a final, unappealable decision being made by the Board of Veterans' Appeals results in wide spread injustices; to the contrary, there is no evidence that most claimants are not satisfied with the resolution of their claims for VA benefits. Rather, the decision to continue the consideration of this legislation was based on concerns raised by a number of witnesses and commentators that, whatever the merits of the original statutory preclusion of judicial review in 1933, the view that veterans' benefits are mere gratuities and that veterans have no interest in or right to such benefits warranting the protection afforded by access to court review in the event of a denial by the VA, seems highly questionable at this time, particularly in light of the protections, including access to court, provided most all other beneficiaries of Federal benefits.

In addition, Mr. President, the tremendous volume of applications for benefits that are processed annually by the VA and the many thousands of appeals taken from unfavorable decisions—66,464 in fiscal year 1978—suggests that there is a significant opportunity for some injustices to occur. Under the present state of the law, a veteran or other claimant aggrieved by a VA decision is left without any further recourse.

Beyond the possibility of real injustices without a remedy, the committee has also continued its consideration of judicial review legislation in order to address what some veterans, especially those whose claims for benefits are denied by the VA, perceive as a system with various inequitable features. The combination of no access to court for review of the agency decision coupled with a statutory limit of $10 on the amount an attorney is permitted to receive for representing an individual before the VA on a claim for benefits, which effectively precludes any meaningful attorney representation of veterans or other claimants in VA claims matters, has led many claimants over the years to believe that they have been denied their "day in court".

Mr. President, our emphasis in fashioning this legislation was to attempt to assure that all veterans are served with compassion, fairness, and efficiency, and that each individual veteran receives from the VA every benefit and service to which he or she may be entitled under law. There is also an emphasis on eliminating any unwarranted distinctions that exist between protections accorded to veterans and claimants for Federal benefits from other agencies. In the latter respect, it was recognized that many of the VA's internal procedures, particularly in the area of adjudication of claims, have developed over the years in such a way that they are different from procedures in other agencies and that all such differences are not necessarily detrimental to veterans and other claimants; however, it is clear that not all present procedures are a benefit to veterans and other claimants and it was the committee's intention to eliminate, to the extent feasible, those VA procedures that are not justifiable on the basis of the agency's mission of serving veterans and their survivors.

Therefore, Mr. President, after reviewing all the various arguments and concerns relating to judicial review, the committee decided that providing an opportunity for those aggrieved by VA decisions to have such decision reviewed by a court, in a manner similar to that enjoyed by claimants before almost all other Federal agencies, was necessary so as to provide such claimants with fundamental justice. To continue to inform a claimant before the VA that a benefit to which he or she was entitled by law could be wrongly denied and that there is no recourse to remedy such wrongful denial, no longer seemed a viable response. In addition, the committee believed that the provision of judicial review, by opening the decisions of the VA to court scrutiny, will have a salutary effect on such decisions and the VA's decisionmaking process in general by involving the judiciary as a check on agency actions. Although the VA has a unique and vital mission of providing service to our Nation's veterans and their survivors, it is, at the same time, Mr. President, a large and complex Federal agency, and providing the opportunity for an independent, nonpartisan body, in the form of the Federal courts, to review the fairness of the processes and procedures of the agency should prove beneficial to those with claims or other matters before the VA.

CONCERNS ABOUT EXISTING VA ADJUDICATIONS SYSTEM

Mr. President, the preclusion in section 211(a) of title 38, United States Code—of court review of decisions of the Administrator of the Veterans' Affairs denying a claim for benefits—dates from the Economy Act of 1933, Public Law 73–2, a measure that is remembered for its particularly harsh treatment of our Nation's veterans. One reason that this preclusion of access to court, which makes veterans virtually unique among beneficiaries of Federal benefits, has survived to this time, I believe, is because a system evolved—in the absence of any court review and with little or no representation of claimants by attorneys because of another section of title 38 that limits an attorney's fee to a maximum of $10—whereby the VA generally views the facts and interprets the law liberally in the claimant's favor, and many have seen proposals allowing access to court review as a threat to this system. In addition, a group of specialists in VA claims matters, known as veterans service officers—individual employees of various veterans organizations who represent claimants before the VA for no charge—has been developed, and concerns have been expressed that permitting judicial review and amending the restrictions on attorneys' fee might jeopardize the work of that group to the ultimate detriment of veterans and other claimants before the VA.

Mr. President, I and the Committee on Veterans' Affairs share these concerns for the continued strength of the existing adjudication system procedures and the continued effectiveness of veterans service officers. In response to these concerns—which appeared to lead a number of those who commented on S. 364 when it was considered by the committee during the 95th Congress, particularly witnesses representing veterans organizations, to oppose the authorization of judicial review of VA claims decisions—the committee worked very closely with veterans groups, other individuals and groups interested in veterans' claims matters, and the Veterans' Administration as revised versions of the legislation were developed. Throughout this process, the committee attempted to reach as broad a consensus as was possible in order to assure that the step of providing access to court review did not impair the beneficial features of the existing claims adjudication system.

BROAD SUPPORT FOR THE LEGISLATION

Mr. President, I am pleased to note that, as a result of the committee's efforts to respond to the concerns expressed about S. 364, most witnesses who testified before the committee on S. 330 endorsed the legislation. Among the veterans organizations testifying, AMVETS and the Paralyzed Veterans of America both supported S. 330. The Disabled American Veterans indicated support for portions of the bill and testified in support of the concept of authorizing judicial review of VA decisions on claims for benefits, although recommending a different method of review—through creation of a Court of Veterans' Appeals. And last month, at the Veterans of Foreign Wars' 80th National Convention in New Orleans, that organization reversed a prior position—taken in response to S. 364—in opposition to judicial review and passed a resolution in support of "legislation to provide judicial review of Veterans' Administration claims decisions pertaining to matters of law and regulations, insofar as the merits of the claims are concerned, and review of facts that are alleged to be arbitrary and/or capricious." That resolution very clearly applies to S. 330 as reported, and I believe that the VFW's change in position on this issue is significant in that it demonstrates that organization's belief that judicial review legislation can provide access to court for unsuccessful veteran or survivor claimants before the VA, thereby removing the current discrimination against such claimants without impairing the beneficial aspects of the existing VA adjudications process. I am, therefore, delighted that the VFW now supports this judicial review legislation.

Mr. President, I would also note that the Veterans' Administration testified in general support of S. 330 when appearing before the committee in March and that most of the remaining concerns raised by the agency at that time were addressed in the committee substitute reported by the committee on May 15.

CONCERNS ABOUT COURT REVIEW OF FACTS

Mr. President, during committee consideration of judicial review legislation, some concerns were raised about the extent to which courts would be authorized to review decisions made by the VA in a particular case. Specifically, there was a concern that permitting courts to review questions of fact could undermine the role of the VA as the expert arbiter of claims matters and would lead courts to substitute their views for that of the VA. In light of this concern, there was a suggestion that courts should be allowed to review only questions of law in VA cases and that VA findings on questions of fact should be final and unreviewable.

Mr. President, the scope-of-review provision in S. 330 as introduced allowed court review of questions of both law and fact and defined the court's role on questions of fact by using the "substantial evidence" test—as in the Administrative Procedure Act and the Social Security Act (SSA). Recognizing the concerns that were raised about experience with this test in the SSA context—the concerns being that courts are disregarding the intent of that test and substituting their own judgment for that of administrative decision-makers—the committee amended the bill to drop the "substantial evidence" test and replace it with an "arbitrary or capricious" test. Under this latter test, a court would have to affirm a factual finding unless it found the VA's decision to be arbitrary or capricious. This more restrictive formula was coupled with a remand provision requiring a reviewing court, on first finding a factual decision to be arbitrary or capricious, to return the matter to the VA for reconsideration before the court could reverse the decision. In the committee's view, this modification should guard against the problems identified under the SSA experience while still leaving an ultimate judicial remedy for correction of a truly egregious VA decision on factual issues.

Mr. President, the committee believed that this approach was far preferable to denying all review of factual questions because of problems that approach could generate. For instance, there is a strong argument that such a law/fact distinction would actually increase litigation in the Federal courts because any lawyer representing a VA claimant in court would merely style the complaint so as always to appear to raise "issues of law"—for example by characterizing the agency's decision on a question on the evidence of record as a denial of constitutional due process and, thus, it would be contended, a question of law for the court to decide. It is entirely likely that, in large numbers of such cases, courts of appeals would then be asked to pass on the district courts' decisions on the threshold jurisdictional question.

In addition, Mr. President, legal scholars are in agreement that questions relating to a factual issue, such as the sufficiency of the evidence to support a factual finding or the character of the evidence of record, are not questions of fact but of law. Thus, there would undoubtedly also be litigation seeking to determine if the Congress meant to make such questions not reviewable by adopting a scope-of-review provision limiting review to questions of law. Conversely, it can be argued that there is no such thing as a pure question of law because any such question involving the meaning of a law or regulation must be raised in the context of a particular factual situation.

Therefore, Mr. President, the committee took the position that fact/law distinction is workable, would invite much undesirable litigation over the fact/law distinction itself, and would, at the same time, suggest congressional support for the proposition that the VA can make "arbitrary" and "capricious" factual determinations that are immune from court review or reversal. Further, creating a fact/law distinction would run counter to one of the underlying bases for the bill, namely, that for too long veterans and their survivors with claims before the VA have been discriminated against in terms of access to the judicial system for redress of perceived or real injustices and a standard only allowing review of questions of law might result in continuation of this distinction to a great extent.

SUMMARY OF PROVISIONS

Mr. President, the committee bill has five titles: Adjudication procedures; Veterans' Administration rule making; Judicial review; Attorneys' fees; and Effective dates, as follows:

Title I: Adjudication procedures.—This title would codify and establish various internal procedures of the VA applicable in adjudications of claims for benefits under laws administered by the VA. Included in title I of the Committee bill are provisions that would:

Codify the burden of proof and reasonable doubt standards in VA claims adjudication proceedings, currently provided for by regulation—38 CFR 3.102—in order to assure that the VA's present practices of providing claimants all reasonable assistance in the development of claims and construing the evidence liberally in favor of the claimant are not lost in reaction to the provision, in title III of the committee bill, for judicial review of final decisions denying claims.

Specify procedures for the service of subpenas authorized under section 3311 of title 38, United States Code, including procedures for personal service or service by mail.

Increase the statutory limitation on the size of the Board of Veterans' Appeals from 50 to 65 in order to enhance the Board's ability to deal with the increased workload that judicial review of VA decisions is expected to generate.

Require expressly that the Board of Veterans' Appeals dispose of appeals before it in a timely manner.

Require the Board of Veterans' Appeals—BVA—chairman to report to the appropriate committees of the Congress annually on the board's current and future workload and its ability, based on then current and projected staffing, to dispose of appeals in a timely manner.

Require the BVA to provide a claimant with notice and an opportunity for a hearing before making a decision based on additional official information received after the BVA had previously decided the case.

Codify a claimant's right to an opportunity for a hearing before the BVA.

Require expressly that BVA decisions be based exclusively on evidence and material of record and on applicable provisions of law.

Make a technical correction in the description of the BVA's authority to reopen a claim by deleting—as inconsistent with present practice—the present requirement that new and material evidence sufficient to reopen a claim be in the form of official reports from the proper service department.

Specify that a court decision upholding denial of a claim under the new judicial review chapter of title 38, United States Code, added by the provisions of title III of the committee bill, shall not diminish the Board's discretionary authority to reopen a claim.

Require the BVA to mail a detailed statement of its decision to the claimant and the claimant's authorized representative, if any, at the last known address of the claimant and such representative.

Expand the present requirement that BVA decisions be in writing and contain findings of fact and conclusions of law separately stated to require that such decisions include findings and conclusions and reasons and bases therefor, on all material issues of fact, law, and matters of discretion and an order granting or denying relief.

Expressly provide a claimant before the BVA with the right, upon request, to have the Board acquire an independent medical opinion when there is a substantial disagreement between the substantiated findings or opinions of two physicians on an issue material to the outcome of the case. Any Board decision to deny such a request, and the basis for such denial, would have to be provided to the claimant but such decision would not have to be subject to judicial review.

Authorize the Administrator to administer oaths and affirmation, examine witnesses and receive evidence in VA claims adjudication proceedings.

Provide for the admission, even if inadmissible under the rules of evidence applicable in court, of all evidence submitted in VA claims adjudication proceedings subject only to such provisions as the Administrator may impose through regulations for the exclusion of irrelevant, immaterial, or unduly repetitious evidence.

Provide that, in the course of hearings on a claim for VA benefits following initial denial of the claim, the claimant—or other party—shall have the right to review and, on the payment of a fee—waivable, pursuant to regulations that the Administrator must prescribe, on account of inability to pay or for other good cause shown limited to the costs of duplication, to obtain copies of the case files and all materials to be used by the VA at the hearing, the right to present witnesses and evidence including medical opinions and rebuttal evidence, the right to make argument and to submit written contentions and the right to submit written interrogatories to any person which must be answered unless written objections thereto are filed. If the person served with interrogatories files an objection thereto, the Administrator must, pursuant to regulations that the Administrator must prescribe, evaluate the objection and issue an order directing that answers be given or stating that they need not be given. If the person served with interrogatories fails to comply with such an order or, in the absence of an objection, to answer the interrogatories, the party who served the interrogatories would have the right, upon a statement or showing of good cause, to have the Administrator issue a subpena—enforceable in Federal district court—for the witness' attendance at a deposition at which the unanswered interrogatories would be asked.

Allow, in the course of any claims proceeding, any VA employee to disqualify himself or herself on the basis of personal bias or other cause and a party to challenge such an employee on such basis.

Describe the contents of the record of VA claims adjudication proceedings and provide that the record shall be available for the claimant's inspection and shall be copied for the claimant upon the payment of a fee—available, pursuant to regulations that the Administrator must prescribe, on account of inability to pay or for other good cause shown—limited to the costs of duplication.

Specify that the adjudication and rights contained in title 38 and prescribed thereunder by the Administrator are exclusive.

Require the Administrator, at each stage of claims adjudication proceedings before the VA, to provide the claimant with detailed notice, in easily understandable language, of the claimant's procedural rights.

Mandate a VA study of alternative methods of assuring the resolution of claims as promptly and efficiently as feasible and affording claimants the opportunity for a timely and convenient hearing or review by a disinterested authority, such study to include two alternative methods of speeding claims resolution at locations convenient to claimants, as follows: In at least three geographic areas, a procedure utilizing intermediate review panels which would conduct de novo reviews at VA regional offices prior to appeal to the BVA; and in at least three other geographic areas, an enhanced schedule—at least quarterly visits—of BVA traveling board visits. The report on the study, including the Administrator's recommendations for administrative or legislative actions, or both, would be due to be submitted to the Congress within 42 months after the date of enactment.

Title II: Veterans' Administration rulemaking.—This title would require application of the Administrative Procedure Act (APA) provisions applicable to rulemaking.—This title would require notice to the public of proposed regulations and opportunity for comment on such proposed regulations, notwithstanding the exclusion from such provisions in section 553(a)(2) of title 5, United States Code, of matters involving loans, grants, benefits, or contracts.

Title III: Judicial review.—This title would permit access to the U.S. Federal court system for review of decisions of the Administrator on claims for benefits. Included in title III of the committee bill are provisions that would:

Add cases covered by the judicial review provisions added to title 38 by this title of the committee bill to the exceptions from the general preclusion of judicial review contained in present section 211(a) of title 38, United States Code.

Authorize review of a final Administrator's decision adverse to a VA benefits claimant in Federal district court—in either the plaintiff's home district or the judicial district where the Board of Veterans' Appeals is located, presently the District of Columbia—instituted by a civil action brought within 180 days of the mailing of the VA notice of such decision.

Provide that, in matters not directly involving a claim for benefits, nothing in section 211(a) of title 38, United States Code, shall operate as a bar to a civil action otherwise authorized by law.

Define a "final decision of the Administrator," which may be appealed to Federal court, to include a Board of Veterans' Appeals (BVA) final decision on the merits, refusal to reopen a claim, and dismissal of an appeal.

Preclude applicability of the judicial review provisions added by this title of the committee bill to matters under chapters 19—insurance—and 37—home, condominium, and mobile home loans—of title 38, United States Code.

Require that a complaint instituting a civil action for court review of a decision relating to a claim for benefits include sufficient information to permit the VA to identify and locate the plaintiff's VA records.

Require the VA to file, together with its answer to a complaint, a certified copy of all of the materials that constitute the record or, if the cost of filing all such materials would be unduly expensive, a complete index of all of the materials. In the latter case, the court would, after considering the requests of the parties, order the Administrator to file certified copies of such indexed items as it deemed relevant to its consideration of the case.

Authorize a court, in an action for review of a VA denial of a claim for benefits, to enter a judgment on the pleadings and the records.

Limit judicial review, under the provisions added by this title of the committee bill, of denials of claims for benefits to cases in which the initial claim is filed with the Administrator on or before the last day of the fifth fiscal year beginning after the effective date of such provisions.

Authorize the reviewing court to decide all relevant questions of law; to interpret constitutional, statutory, and regulatory provisions, compel action of the Administrator unlawfully withheld; and to hold unlawful and set aside decisions, findings, and conclusions of the Administrator found to be, first, arbitrary, capricious, an abuse of discretion, or not in accordance with law; second, contrary to constitutional right, power, privilege, or immunity; third, in excess of statutory, jurisdiction, authority, or limitation, or in violation of a statutory right, or fourth, without observance of procedure required by law.

Require a reviewing court, before reversing an Administrator's decision on the basis of a court finding that a factual determination of the Administrator is arbitrary, capricious, or an abuse of discretion, to specify where it finds the record deficient and remand the matter a single time to the Administrator for further action within a reasonable, specified period of time.

Require a court, in making determinations, to review the whole record of those parts cited by a party and to take due account of the rule of prejudicial error.

Preclude a reviewing court from conducting a trial de novo on the Administrator's findings of fact.

Provide that, in a matter resolved by the VA solely on the basis of a party's failure to comply with a VA regulation, the reviewing court may consider only issues raised as to the validity of or a party's compliance with the regulation.

Authorize three different types of remands from the reviewing court to the Administrator: First, a single remand for not more than 90 days at the Administrator's request, before the Administrator files an answer, for the Administrator to reconsider the case; second, a remand in the court's discretion after the Administrator has filed an answer; and third, a remand if either party applies for leave to adduce further evidence and the moving party shows "good cause" for the requested remand.

Provide that any actions brought under the judicial review provisions added by this title of the committee bill will survive the tenure of any individual as Administrator.

Provide that decisions of the district court pursuant to the judicial review provisions added by this title shall be subject to review in higher Federal courts in the same manner as judgments in other civil actions.

Specify that the current-law limitation on the jurisdiction of Federal district courts in matters involving pensions shall not apply to VA pension matters.

Title IV: Attorneys' fees.—This title would revise the present title 38 limitation of $10 for claimants' attorneys' fees by providing for approval by the Administrator of reasonable attorneys' fees, within certain limits, for representation of individuals before the VA and for court approval of a reasonable attorneys' fee in a case appealed to court under the judicial review provisions added to title 38 by this title of the committee bill, with a specified limitation in cases in which the matter is resolved in a manner unfavorable to the claimant. Included in title IV are provisions that would:

Retain the $10 limitation on the amount an attorney may receive for services rendered prior to the time the claimant receives a statement of the case—a formal explanation of an initial denial of a claim.

Permit the Administrator to approve a reasonable attorneys' fee for representation within the VA after the statement of the case is issued, up to a maximum of $500 or, if the claimant and attorney have entered into a contingency-fee agreement, no more than 25 percent of any past-due benefits awarded the claimant.

Authorize the Administrator to increase the $500 maximum limitation in future years to reflect changed economic conditions.

Authorize the Administrator to disregard the $500 limitation in an individual case involving extraordinary circumstances warranting a higher fee.

Allow a reviewing court, in a case appealed from the VA, to approve a reasonable attorneys' fee. For cases not resolved in a manner favorable to a claimant, the maximum a court could approve would be $750. For cases resolved in a manner favorable to a claimant, the only limitation on the amount of the reasonable fee that a court could approve would be that, if a claimant, and an attorney had entered into a contingent-fee agreement, the fee approved by the court could not exceed 25 percent of the total amount of past-due benefits.

Authorize the VA to make payment to an attorney from past-due benefits, but preclude the VA from making payments from benefits received subsequent to the date of the decision entitling the veteran to benefits.

Provide for court review of either the Administrator's or a court's approval of attorneys' fees. With respect to approvals by the Administrator in cases resolved within the VA, either the claimant or the attorney would be permitted to bring an action, in the Federal district court in the claimant's home district, challenging the Administrator's action regarding the fee on the basis that it was an abuse of discretion. With respect to approvals by a court, either the claimant or attorney would be permitted to make a motion to modify the fee in the Federal district court where the appeal to court was considered.

Limit the applicability of the attorneys' fees provisions to cases involving claims for benefits.

Define, for the purpose of attorneys' fees provisions, a claim as being "resolved in a manner favorable to the claimant" when any or all of the relief sought is granted.

Authorize a court, in its discretion and as extraordinary remedy, to allow a prevailing party, other than the Administrator, reasonable attorney's fees as part of the costs awarded following its decision.

Provide criminal penalties for willfully and intentionally defrauding a VA claimant.

Title V: Effective dates.—This title provides for an effective date and authorizes the institution of civil actions, under the judicial review provisions added by title III of the committee bill, for the review of certain Board of Veterans' Appeals—BVA—decisions prior to such effective date. Included in this title are provisions that would:

Provide that the provisions added by the committee bill would become effective 180 days after the date of enactment.

Allow for court review of a BVA decision rendered on or after January 1, 1977, and prior to such effective date, if the action to review such decision is brought within 180 days after the effective date of the provisions added by the committee bill or after mailing of notice by the Administrator to the claimant of the right to such court review, whichever is later.

Mr. President, in order that all Senators and the public may have a full understanding of the various provisions of S. 330 as reported, I ask that there be printed in the Record at this point pertinent excerpts from Senate Report No. 96–178 accompanying this bill.

The excerpts follow:

DISCUSSION

TITLE I: ADJUDICATION PROCEDURES

Title I of the committee bill contains a number of provisions related to the proposed provision for judicial review of VA decisions under title III of the committee bill.

Throughout committee consideration of judicial review legislation, several witnesses expressed concern over the possible detrimental impact that the allowance of court review could have on internal VA claims procedures. Those who voiced this concern noted that, because of the VA's special mission of providing services to veterans and their survivors, the VA has developed regulations and procedures that result in a very supportive, nonadversarial, and informal atmosphere that is generally quite beneficial to veterans. In addition, it has been noted that, because the Board of Veterans' Appeals is the final arbiter of veterans' claims, it proceeds with particular care and concern in its evaluation of such claims.

Other witnesses and commentators, although not disagreeing with the viewpoint that the VA's present internal procedures are generally beneficial to veterans, expressed concern that because many of the VA's regulations and procedures relating to the adjudication of claims have no clear statutory basis, and because court review of administrative actions is precluded, claimants' rights may depend on the whim of particular individuals in the adjudications process. In addition, it was suggested by some witnesses that it was not clear that current VA procedures lead to the development of a sufficient administrative record to provide a reviewing court, in the event of judicial review, with an adequate basis on which to evaluate the VA's decision.

In response to these various points of view, the committee bill contains provisions relating to VA adjudication procedures that fall into three broad categories—provisions intended to codify certain VA adjudications procedures (some set forth in regulations and some only a matter of practice) so as to assure claimants of procedural protections while preserving the informality that characterizes VA procedures at present; provisions intended to promote the development of an administrative record that should enable a reviewing court to understand and evaluate the VA's proceedings in a given case; and provisions intended to enhance the VA's ability to carry out its mission of service to veterans and their dependents and survivors after judicial review has been authorized.

All of the veterans groups that testified before the Committee on S. 330, including The American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, AMVETS and the Paralyzed Veterans of America, expressed their general support for the various provisions of title I. Likewise, the VA, in its testimony, indicated general support for the provisions of title I.

Codification of VA adjudications procedures

In the category of provisions intended to codify present VA adjudications procedures, section 101(a) of the committee bill includes a provision to codify the burden of proof and reasonable doubt standards currently provided for by VA regulation (38 CFR 3.102). The reason for proposing such codification of a current practice based on regulation is to ensure that the VA's present practice of making every effort to award a benefit to a claimant is not abandoned, as many witnesses suggested might occur, in response to court review, especially if the agency believed that reviewing courts were relying on the standard of giving the claimant the benefit of the doubt in cases where evidence clearly failed to establish entitlement to the benefit in question, in order to decide factual issues in a manner contrary to the Administrator. The committee does not believe that such a result is likely, particularly in light of the restricted scope of review that is proposed for court review of factual VA determinations under title III of the committee bill, and believes strongly that the existing regulatory standards relating to a claimant's burden and the VA's evaluation of the claim should be maintained.

Under the provision included in the committee bill, as in current VA regulation, a claimant for benefits has the burden of submitting evidence sufficient to justify a belief that a "claim is well grounded." Thus, the claimant would have the burden of adducing some evidence on each element necessary to warrant the granting of the benefit at issue. In determining whether this form of a "prima facie" showing requirement has been met, only the evidence favorable to the claimant should be considered; of course, in making the ultimate determination of entitlement to the benefit in question, all of the evidence of record should be considered. Issues regarding the weighing of conflicting and other adverse evidence are to be resolved under the provisions regarding the benefit of the doubt.

In that regard, the committee bill clarifies and codifies the "reasonable doubt" standard, which, under VA regulation, is stated, in equivocal and sometimes internally inconsistent terms, as follows:

§ 3.102 Reasonable doubt.

It is the defined and consistently applied policy of the Veterans' Administration to administer the law under a broad interpretation, consistent, however, with the facts shown in every case. When, after careful consideration of all procurable and assembled data, a reasonable doubt arises regarding service origin, the degree of disability, or any other point, such doubt will be resolved in favor of the claimant. By reasonable doubt is meant one which exists by reason of the fact that the evidence does not satisfactorily prove or disprove the claim, yet a substantial doubt and one within the range of probability as distinguished from pure speculation or remote possibility. It is not a means of reconciling actual conflict or a contradiction in the evidence; the claimant is required to submit evidence sufficient to justify a belief in a fair and impartial mind that his claim is well grounded. Mere suspicion or doubt as to the truth of any statements submitted, as distinguished from impeachment or contradiction by evidence or known facts, is not a justifiable basis for denying the application of the reasonable doubt doctrine if the entire, complete record otherwise warrants invoking this doctrine. The reasonable doubt doctrine is also applicable even in the absence of official records, particularly if the basic incident allegedly arose under combat, or similarly strenuous conditions, and is consistent with the probable results of such known hardships. In the committee's view, the various parts of the VA's present "reasonable doubt" rule are difficult to follow—for example, the statement that the rule is not to be used to reconcile actual conflict or contradiction in the evidence.

In addition, the VA and others have urged that the term "reasonable doubt" be deleted from any statutory codification of the rule in order to avoid confusion with the more familiar usage of that term in criminal matters.

After extensive consultations with the VA with respect to the current VA interpretation of the rule and practices under it, the Committee bill provision has been fashioned to require that where the totality of the evidence is such that "there is an approximate balance of positive and negative evidence regarding the merits" of a material issue, the doubt is to be resolved in the claimant's favor. Thus, under the provision in the Committee bill, where on the basis of all the relevant evidence an element of a claim is neither clearly established nor clearly refuted, the benefit of the doubt is to be given to the claimant. Where the evidence clearly calls for a finding of fact for or against the claimant, such a rule would be unnecessary and would thus not apply; the finding would simply follow the clear direction of the evidence.

The committee notes that the above-described provisions, in codifying current procedures, are not intended in any way to diminish the VA's obligation, by regulation (38 CFR 3.103), to provide complete assistance to the veteran or other claimant in the development of the claim. Although the claimant has the burden of submitting evidence in support of the claim, that evidence may be in the veteran's service record or other governmental records and, therefore, in the control of the Federal Government. In such situations, the VA should be responsible for providing the material—or seeing that it is provided—needed to make the determination on eligibility.

The committee bill, at section 106(1), also would codify a right currently provided by regulation (38 CFR 19.133) to an opportunity for a hearing before the Board of Veterans' Appeals. In the committee's view, the right to a hearing is so fundamental to fair proceedings that it should be elevated to the level of a statutory guarantee.

* * * * *

In large measure, the procedures specified in the new section are generally applicable in present VA proceedings. Those procedures that represent a change in VA proceedings have been included primarily to provide a claimant with a clear opportunity to develop a complete administrative record before the agency so that, in the event of a denial of a claim, there will be a record on the basis of which a reviewing court will be able to understand and evaluate the VA's decision.

Many of the procedures included in the proposed "Adjudication procedures" section are derived from sections of the Administrative Procedure Act (5 U.S.C. 554, 555, and 556). However, before including similar provisions in the committee bill, the committee was careful to evaluate each for any detrimental impact that could result from codifying any such procedure in the context of the particular nature of VA proceedings, and rejected provisions that it considered to be potentially disruptive. One example of this approach was in the area of cross-examination of witnesses before the Board of Veterans' Appeals and the concomitant need for authority to subpena such witnesses. A number of witnesses before the committee strongly advocated the need for the provision of such authorities, basing their position on the belief that cross-examination is a critical tool for testing the assertions and opinions of witnesses. The Committee is well aware that such authority is available in other administrative proceedings for Federal benefits (for example in administrative action for benefits under the Social Security Act). However, the committee believes that such authority could significantly disrupt existing VA adjudications procedures. Thus, in an effort to provide a discovery tool to a claimant while striving to maintain the existing informal and supportive tenor of VA proceedings, the committee bill includes authority for a claimant to submit interrogatories to any person, with mechanisms provided for the enforcement of this authority through the Administrator, after reviewing the interrogatories and determining their reasonableness, issuing a subpena to compel a witness to answer the questions posed by the claimant at a deposition in a location convenient to the witness.

Among the procedures in the proposed new section that are intended to codify existing procedures are those that would: (1) authorize the Administrator to administer oaths and affirmations, examine witnesses, and receive evidence; (2) provide for the admission of any evidence in VA proceedings, even if such evidence were inadmissible under the rules of evidence applicable to judicial proceedings, subject only to exclusions, if the Administrator provides by regulation therefor, for irrelevant, immaterial, or unduly repetitious evidence; (3) permit a claimant (or claimant's representative) to examine all of the materials to be considered in the proceeding and—on the payment of a fee, which may be waived in specified circumstances, including the claimant's inability to pay—to receive a copy of any or all such materials; (4) provide authority for a hearing officer to disqualify himself (herself) on the basis of personal bias or other cause and permit a claimant to challenge a hearing or adjudication officer on such basis; (5) define the contents of the administrative record following Board determination and permit a claimant (or a claimant's representative)—on the payment of a fee, which may be waived in specified circumstances, including the claimant's inability to pay—to receive a copy of the materials constituting the record; and (6) specify that the adjudication and hearing procedures prescribed in title 38 and in regulations of the Administrator are exclusive.

This last provision is included to reaffirm the committees' belief that the existing internal adjudications procedures of the VA are generally fair and workable and to preclude, therefore, judicial incorporation of other procedures beyond those codified in title 38 or provided by regulations in accordance with such statutory authority. The committee believes that such a clear statement of the exclusive nature of VA adjudications procedures is necessary to prevent a court from requiring that VA proceedings be in compliance with all Administrative Procedure Act provisions on the grounds that the "trigger" provision in the Administrative Procedure Act (5 U.S.C. 554(a)), which provides that the requirements of that "section apply * * * in every case of adjudication required by statute to be determined on the record after opportunity for any agency hearing" might otherwise be activated by the amendment to section 4004(a) proposed in section 106 of the committee bill codifying the claimant's right to a hearing before the Board.

Development of administrative record

The committee bill includes provisions designed to promote the development of a record of the agency proceeding that would permit a reviewing court to understand and evaluate the proceedings as part of its review without having to remand the matter for further development by the Administrator. The bill also contains provisions, relating to the administrative proceedings, that provide the claimant with a full opportunity to participate in the development of the record so that all relevant issues would be considered by the Board of Veterans' Appeals prior to any judicial review.

The provision most directly concerned with the development of a sufficient record by the Board is in an amendment to section 4004(d) of title 38, as proposed to be made by section 106(3) of the Committee bill, which would require that each decision of the Board be in writing and include a "statement of the Board's findings and conclusions, and reasons or bases therefor, on all material issues of fact, law, and matters of discretion presented on the record", together with the appropriate order in the case. The committee anticipates that this provision, derived from a similar provision in the Administrative Procedure Act (42 U.S.C. 557(c)), would result in a decisional document from the Board that will enable a claimant to understand, not only the Board's decision but, the precise basis for that decision, and would also permit a claimant to understand the Board's response to the various arguments advanced by the claimant. With such an understanding, the Committee believes that a claimant would be able to make an informed decision on whether or not to request court review, and that, if an appeal is taken, the decisional document should assist the reviewing court to understand and evaluate the VA adjudication action.

New section 4010 of title 38, as proposed to be added by section 109 of the committee bill, contains provisions intended to provide a claimant with an opportunity to present fully his or her case in support of a claim for benefits. The key provisions in this respect would authorize a claimant (or a claimant's authorized representative) to: (1) Present witnesses and evidence (subject only to regulations of the Administrator excluding irrelevant, immaterial or unduly repetitious evidence); (2) present arguments, either orally or in the form of written brief or similar documents, on substantive and procedural issues; (3) submit rebuttal evidence; (4) present medical opinions and request an independent medical opinion; and (5) serve written interrogatories to any person. As discussed earlier, the Committee was guided in its decisions relating to procedural matters by a sense that existing VA procedures are generally fair and workable and that any changes should be made with the intent of preserving such procedures and the informal atmosphere of VA adjudications proceedings while providing claimants with statutory assurance of a full opportunity to have their arguments and evidence presented to the Board.

The new authority for a claimant to submit written interrogatories is, as discussed earlier, an attempt to reconcile two conflicting viewpoints: That claimants should have an opportunity to subpena potential witnesses, then cross-examine them and that such an authority would lead to serious disruption of the VA adjudications system and would serve to turn supportive, informal hearings into adversarial ones. Under the provision in the committee bill, a claimant would have the opportunity to submit interrogatories to any person who, unless that person objected to the Administrator, would have to answer the questions fully and under oath. If the person served with the interrogatories objected to them, the Administrator, pursuant to regulation, would evaluate the objection, under standards consistent with standards for protective orders under Rule 26(c) of the Rules of Civil Procedure for the U.S. district courts, and accordingly would determine if the interrogatories were appropriate or were designed to annoy, embarrass, or oppress, or would otherwise place an undue burden or expense on the person to whom they were submitted. Thereafter, the Administrator would issue an order directing that the interrogatories be answered as submitted or as modified or indicating that they need not be answered. If a person served with interrogatories failed to answer them or answered them in an unresponsive manner, the party submitting such interrogatories would be able to request the Administrator to issue a subpena compelling the person's attendance at a deposition on written questions at which the unanswered interrogatories would be asked. The design of the committee bill is that such a subpena would be issued, and enforced pursuant to section 3313 of title 38, only if the Administrator was satisfied that the evidence sought by the interrogatories was both relevant and reasonable in scope.

Other improvements in internal procedures

The committee bill contains a number of provisions in title I that are designed to improve internal VA procedures in order to enhance the agency's ability to carry out its mission of service to veterans and survivors once judicial review becomes available pursuant to the provisions of title III of the committee bill.

Thus, the committee bill proposes two changes relating to the Board of Veterans' Appeals that are intended to assist the Board in handling the increased workload that judicial review of VA decisions is expected to generate and to enable the Congress to monitor that progress. First, section 103(1) of the committee bill proposes an expansion of the maximum size of the Board from the present limit of 50 members to 65 members.

In authorizing this increase in the size of the Board's membership, the committee is aware, from extensive correspondence between the chairman and the Administrator, that minority representation among members of the Board of Veterans' Appeals is very limited. As of October 1978, the following constituted the entire minority membership of the Board: 1 black woman and 1 Hispanic-surnamed man out of a total of 47 members. It is the committee's view—concurred in by the Administrator of Veterans' Affairs—that this disparate representation must be remedied as rapidly as possible so that the Board will have a prima facie appearance of a fair and impartial body. The prolonged failure to achieve a fairly representative Board membership inevitably has a serious impact on the confidence of minority group veterans and other claimants that their appeals will be fairly and sensitively considered. Thus, the committee expects that the Administrator will use the opportunity presented by the increase in the size of the Board to undertake an aggressive outreach and recruitment effort aimed at improving the extent of minority representation on the Board.

Second, the committee bill would add a requirement that the Board dispose of appeals properly before it in a "timely manner" and that the Chairman of the Board report to the Congress annually on the Board's record of meeting that requirement, together with an evaluation for the coming fiscal year, of the Board's ability to meet this requirement. The requirement of timely disposition of appeals, together with the annual reporting requirement, should afford the committee the opportunity to monitor closely the Board's ability to handle its caseload after judicial review is allowed so that, if the Board is overwhelmed by new requirements, the Congress will be in a position to take any appropriate remedial action.

Another proposal in title I of the committee bill, section 108, would expand the availability of independent medical opinions (IMO's) of the type authorized under present section 4009 of title 38—outside evaluations of the medical records before the Board generally made by a medical school faculty member. The new provision is intended, in part, to provide claimants with increased statutory opportunity to influence the development of the record before the Board, but it also reflects the view of the committee that IMO's may be a valuable tool to assist in resolving claims involving disputed medical evidence. In fiscal year 1978, the Board requested 201 such independent medical opinions, but the VA predicts that, under the proposal in the bill, it would request approximately 2,600 IMO's. These facts indicate to the committee that current procedures for evaluating the need for an IMO may not result in acquiring such opinions as often as might be desirable to provide assurance that the Board's resolution of a disputed medical issue is, in fact, correct.

Under the procedure proposed in the committee bill, a claimant would be able to request that the Board seek to secure an IMO when the evidence before the Board indicates a "substantial disagreement" between the "substantiated findings or opinions" of two physicians on an "issue material to the outcome of the case" and such disagreement cannot be resolved in any other way (by, for example, submitting interrogatories to either physician in order to probe the basis for the physician's findings). It is the committee's intention that, when the evidence before the Board is as described above, the Board should secure an IMO because, without such an independent opinion, it would appear if the Board found against the claimant that it had simply taken the VA physician's view without giving credence to the view expressed by the claimant's physician. In suggesting this position, the committee does not mean to suggest that the Board would in all cases be required to resolve the disputed matter in the way that the IMO suggests—only that it believes that a well-substantiated IMO that disagrees with VA-physician findings or opinions would be entitled to substantial weight.

The committee bill IMO provision differs from the provision as introduced in S. 330 in three ways. First, the committee bill adds the word "substantiated" to modify "findings or opinions of two physicians" in order to indicate the committee's view that a bare statement in the record from a private physician setting forth only a medical or legal conclusion, without stating the diagnostic techniques employed and the specific resulting findings and other facts and reasoning that support the conclusion, would not be sufficient to require the Board to secure an IMO. The second change in the committee bill commits the decision on whether to grant an IMO solely to the discretion of the Administrator and explicitly precludes judicial review of such decision. In so doing, the committee recognizes that this preclusion of court review could lead to abuse. However, the committee believes that the Board will fully and fairly evaluate requests for IMO's pursuant to the provisions of the new authority, and the committee intends to monitor closely the Board's actions in this regard. Third, a provision is included in the committee bill to require the Board, if it denies a request for an IMO, to provide a claimant with a statement setting forth the basis for its denial; the committee believes that this requirement should act as further assurance of responsible Board action in this respect.

Finally, new section 4011 of title 38, as proposed to be added by section 109 of the committee bill, would require the Administrator, at each procedural stage of a claim, to provide a claimant and the claimant's authorized representative, if any, written notice, in easily understandable language of the procedural rights of the claimant and of opportunity for further review. By inclusion of the requirement that such notices be "in easily understandable language", the committee intends that the required notices be available in languages other than English, such as Spanish, when a substantial percentage of a particular VA facility's clientele have a limited English-speaking capacity and generally use such other language as their primary tongue.

Study of methods to speed claims resolution

Section 110 of the committee bill would mandate the Administrator to test alternative methods of resolving claims for VA benefits in a speedier fashion and at locations more convenient to claimants' residences. S. 330 as introduced included a provision to be added as a permanent authority in title 38 to authorize the Administrator to establish and evaluate one such method, a procedure whereby a claimant, following an initial denial at the regional office, could receive a *de novo* hearing, generally in the same regional office, from a new panel of three regional office adjudications personnel. Under that proposal, the claimant, after such a hearing, would have still had the opportunity for review by the Board of Veterans' Appeals (BVA) but would not have had an entitlement to a hearing before the Board (although the Board, as a matter of discretion, could have provided opportunity for such a hearing).

The Committee's interest in evaluating alternative means of speeding the claims resolution process at locations as convenient as possible for each claimant was based, in part, on its awareness of the increased success rate of claimants who appear personally before the Board as compared with the rate of allowance where there is no personal appearance (in fiscal year 1978, the Board's overall allowance rate of claims before it was 12.4 percent; in cases where the claimant had a hearing before the Board at VA's Central Office in Washington, D.C., the allowance rate was 16.8 percent; and, for cases heard by BVA traveling panels, the allowance rate was 19.9 percent). Although these statistics are not conclusive, they are very suggestive that a personal appearance before the Board makes a significant difference in achieving favorable resolution of a claim. However, the current alternatives for appearing before the Board (travel to Washington, D.C., or waiting for up to a year or more, in some locations, to appear before a traveling panel) provide little opportunity for such an appearance in a timely manner without the difficulty and expense of travel to Washington, D.C.

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The Administrator would be directed to report the results of the study, which would be conducted for a period of between 24 and 36 months, not later than 42 months after the date of enactment of the committee bill. The report of the study is to include an evaluation of the cost of each alternative and the impact of each on the workload of the regional offices in question as well as on the BVA, together with recommendations for such administrative or legislative action, or both, as may be indicated by the results of the study.

The committee is very concerned that alternatives for speeding claims resolution, particularly those that permit the claim to be resolved at a location as convenient as possible for each claimant, should be explored and thus, will closely monitor this study and very carefully review the Administrator's final report of the results.

TITLE II: VETERANS' ADMINISTRATION RULE MAKING

Title II of the committee bill consists of only one substantive provision, which would require that the VA's promulgation of rules and regulations be subject to the provision of the Administrative Procedure Act (APA) relating to rule making (5 U.S.C. 553). That APA provision generally requires an agency to provide public notice of proposed rule making (or proposed regulation issuance) in the Federal Register and opportunity for public comment on the proposed rule or regulation. As noted by one scholar in the field of administrative law:

"[t]he rulemaking procedure marked out by the Administrative Procedure Act . . . is especially successful . . . . The procedure is both fair and efficient. Much experience shows it works beautifully. K. C. Davis, Administrative Law Text 139 (3d ed. 1972)."

* * * * *

The VA, which states that, pursuant to regulation (38 CFR 1.12), it has been in voluntary compliance with the requirements of section 553 since April 1972, indicated in its report on S. 330 that it has no objection to having such compliance made mandatory.

All of the witnesses who testified before the committee on S. 330, including all of the representatives from the various veterans groups that appeared, indicated their support for mandating VA compliance with the provisions of the APA relating to rule making.

TITLE III: JUDICIAL REVIEW

Background

Although there were various earlier legislative and judicial actions pertaining to the availability of court review of decisions concerning veterans' benefits, the modern predicate for the current statutory preclusion of judicial review (38 U.S.C. 211(a)) was section 5 of the Economy Act of 1933 (Public Law 73-2), a particularly harsh measure in its impact on veterans, which, in title I of the measure, cut severely into the then-existing scheme of veterans' benefits.

For example, using authority provided him in the Economy Act to revise amounts paid to veterans for pensions and compensation, President Roosevelt issued an Executive order that resulted in a reduction of $361 million, from $592.7 million to $231.7 million in funding for VA compensation and pension benefits for fiscal year 1934 (see H.R. Rept. No. 73–61, 73d Cong., 1st Sess. 9 (1934)). Clearly, both the Congress and the President believed at that time that the benefits provided to veterans by law could be summarily reduced, a viewpoint which, without regard to what it expressed about how veterans were perceived generally as a particular group in the population, obviously demonstrated the viewpoint that veterans' benefits were mere gifts or gratuities, to be freely given or taken. While much of the viewpoint demonstrated in that legislation has disappeared over the years since 1934, the statutory bar codified in that legislation to preclude veterans and their survivors from receiving review by a court of a decision denying benefits remains in force.

This bar to court review has been challenged on numerous fronts over the years, both in litigation and legislative proposals. However, other than some short-lived breaches in the bar to review (see the discussion of *Wellman* v. *Whittier*, 259 F.2d 163 (D.C. Cir. 1958) and *Tracy* v. *Gleason*, 379 F.2d 469 (D.C. Cir. 1967) in the VA's March 21, 1979, report on S. 330 (reprinted beginning at page 83, *infra*, and hereinafter referred to as "VA Report on S. 330" at pages 28–29), which were filed by subsequent legislative action (see H.R. Rept. No. 91–1166, 91st Cong., 2d Sess. 8 (1970) accompanying H.R. 17958, legislation ultimately enacted as Public Law 91–376), veterans and other claimants whose claims for benefits have been denied by the VA have been unable to obtain review of such a decision outside of the agency.

In attempting to discover the congressional purpose for the continued existence of the no-review clause, the Supreme Court of the United States, in *Johnson* v. *Robison*, 415 U.S. 361 (1974), after noting that the legislative history accompanying the predecessors to present section 211(a) "is almost nonexistent", analyzed a 1952 letter, from the Administrator of Veterans' Affairs to a subcommittee on the House of Representatives Committee on Veterans' Affairs, in connection with a proposed revision to the no-review clause that was then before the Congress. From the Court's review of that correspondence and later Congressional action, the Court identified two primary purposes for the no-review clause:

"(1) to insure that veteran's benefits claims will not burden the courts and the Veterans' Administration with expensive and time-consuming litigation, and

"(2) to insure that the technical and complex determinations and applications of Veterans' Administration policy connected with veterans' benefits decisions will be adequately and uniformly made. 415 U.S. at 370."

Although it is clear that there is some merit to these purposes, it is equally clear to the committee, from the testimony and related correspondence received on S. 330 and the predecessor bill, S. 364, that there are significant reasons to reconsider the application of the concept of judicial review to VA decisions on claims matters as proposed by that legislation.

A number of witnesses who appeared before the committee during the five hearings held on S. 364 testified in general support of the concept of allowing judicial review of VA decisions. . . .

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The Committee also received testimony and submissions to the S. 364 record detailing numerous examples of instances where the claimants involved had received arguably improper treatment from the VA but were precluded from receiving any redress from these wrongs by the preclusion of judicial review. For example, beginning on page 315 of the printed S. 364 hearing record, Mr. Robert Landers of the International Veterans Association, described two cases involving former prisoners of war and their inability to secure, in one case, any service-connected disability compensation and, in the other, a proper amount of service-connected disability compensation, despite what Mr. Landers described as the serious physical and psychological after-effects of their imprisonment. Beginning on page 454 of the hearing record, Dr. Alcide D. Pellerin, a former member of the Board of Veterans' Appeals, described the case of a veteran he called "Frank X". Dr. Pellerin's testimony indicated that the VA had made a clear error in the original assignment of a service-connected disability rating, an error that was not corrected for over 20 years, at which time the rating awarded the veteran was doubled (from a 30-percent disability to a 60-percent disability). Despite this clear error, the Board of Veterans' Appeals, according to Dr. Pellerin, who was on a BVA panel that considered the claim, refused to award any retroactive benefits for the extended period that the veteran had been wrongly denied the proper service-connected disability rating.

Two other witnesses, Mr. Carlos Soler-Calderon, representing the National Congress of Puerto Rican Veterans, and Mr. Frederick Gross, an attorney in private practice with experience before the VA, both discussed cases involving VA actions in cases involving disabilities. Mr. Soler-Calderon, in testimony on page 473 of the hearing record, described the plight of an individual veteran who was hospitalized five times in 4 years for a psychiatric disability before receiving only a 30-percent disability from the Board of Veterans' Appeals, and the Board, according to Mr. Soler-Calderon, did not even mention the numerous hospitalizations in rendering its decision. Mr. Gross' testimony, which begins on page 476 of the hearing record, described a case involving a veteran who, according to Mr. Gross' analysis, became psychotic while in the service but was denied service-connected disability compensation because an Army psychiatrist relied on the disabled veteran's fantasies to determine that the individual was psychotic before entering the service.

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These cases, together with numerous other examples (see, for example, the testimony of Mr. George Lively at pages 508–509 of the hearing record, of Mr. Dennis W. Carroll and Mr. Dennis M. Sweeney at pages 689–690, and the submission from Mr. Gary Bradford, reprinted at pages 791–792) support the committee's view that there is a genuine need for legislation providing for some form of judicial review of VA decisions.

Because of the significant amount of general testimony and supporting material that the committee had received on the concept of judicial review of VA decisions in connection with its consideration of S. 364 in the 95th Congress and because S. 330 represented such a significant change in the form of judicial review legislation, the Committee requested potential witnesses before the committee on S. 330 to "focus [their] testimony most directly on the specific provisions of [S. 330] rather than principally on the broader, underlying issues". Thus, rather than receiving further specific examples of alleged misfeasance or malfeasance involving the VA and the Board of Veterans' Appeals, the Committee heard testimony generally directed at the specific provisions in S. 330.

Nevertheless, a number of witnesses took the opportunity of their appearance before the committee to voice general support for judicial review legislation. For example, Mr. Gabriel P. Brinsky, the National Service and Legislative Director of AMVETS, testified: "AMVETS favors judicial review of Veterans' Administration decisions as proposed by S. 330." Likewise, Mr. Gerald Jones, legislative director of the Paralyzed Veterans of America, stated:

"May we begin by stating that the veterans' right to judicial review can be valuable to both the individual veteran and to the Veterans' Administration. Furthermore, a claimant's right to redress certainly would be in keeping with the American tradition of allowing any aggrieved citizen to present his claim to a reviewing body."

The representative of the Disabled American Veterans, Mr. John F. Heilman, national legislative director, indicated that, although the DAV did not support the specific form of judicial review incorporated in S. 330, the DAV does "believe that a veteran, or the dependent or survivor of a veteran, whose claim has been denied in the VA appellate process should be able to seek further redress in judicial proceedings outside the Veterans' Administration."

Other expressions of support for judicial review during the S. 330 hearings came from witnesses representing the National Association of Veterans Program Administrators, the Non Commissioned Officers Association of the United States of America, the American Veterans Committee, the American Association of Minority Veterans Program Administrators, the National Association of Concerned Veterans, the National Veterans Law Center, the California Community Colleges Federal Affairs Council, and the Legal Aid Bureau, Inc., of Baltimore, Maryland.

The representative of the Veterans of Foreign Wars, Donald H. Schwab, director, National Legislative Service, although indicating that his organization had passed a mandate at its 1978 National Convention opposing judicial review of VA decisions, based on a number of concerns that the organization had regarding the impact of S. 364, testified that "a number of the foregoing impediments [raised by S. 364] have been made moot by [S. 330]" and noted that the VFW had advocated delaying the S. 330 hearings "until after the major veterans' organizations had held their national conventions, thereby giving the voting delegates the opportunity to review their position in light of [S. 330]."

Thus, from the testimony and related materials presented to the Committee in connection with its consideration of S. 364 in the 95th Congress and S. 330 in this Congress, there appeared to be significant rationale for authorizing judicial review of VA decisions and widespread support for such legislation, and the committee decided to continue the consideration and development of appropriate legislation.

The committee's decision to consider judicial review legislation generated significant comments from individuals and groups favoring such a change. Among the arguments advanced by the proponents of judicial review, one of the strongest is a challenge to the continued characterization of veterans' benefits as "gratuities", as in the 1933 Economy Act. This characterization has been consistently applied to VA benefits over the years. For example, in 1953, a United States court of appeals, in *Hahn* v. *Gray*, 203 F.2d 625, 626 (D.C. Cir. 1953) stated, "Congress withdrew from the jurisdiction of the courts every final decision in relation to benefit payments * * * and * * * there can be no doubt as to its power so to do, because such benefits are mere gratuities * * *." Two years later, a Presidential commission headed by General Omar N. Bradley, in its comprehensive 1955 report on veterans' benefits, entitled "Veterans' Benefits in the United States," stated:

"The gratitude of the Nation to those who served it in time of war is fundamental in the whole concept of American veterans' benefits. This tends to place benefits in the category of a gratuity to which the recipient (the veterans) has no legal "right" and which the giver (the Government) has a right to withhold. Id. at 407."

Many individuals who commented on S. 330 and S. 364 questioned whether such a characterization could be sustained today, particularly in light of court decisions over the past decade, such as *Goldberg* v. *Kelly*, 397 U.S. 254 (1970). In *Goldberg*, which involves a claim for welfare benefits, the Supreme Court stated, "Such benefits are a matter of statutory entitlement for persons qualified to receive them." In a footnote to that statement, the Court noted "[I]t may be realistic today to regard welfare entitlements as more like 'property' than a 'gratuity' ".

This argument, together with Committee concern that the continuing preclusion of court review relegates veterans to a second-class citizenship when compared with almost all other claimants for benefits before other Federal agencies, such as those pursuing claims under the Social Security Act, convinced the committee, despite the long-lived statutory preclusion of court review, to evaluate seriously changing the statutory bar to judicial review.

Yet a further consideration motivating committee action was that, although neither present section 211(a) nor any statute precluding judicial review of a specified agency action has ever been declared unconstitutional, if present section 211(a) were struck down on such a basis in a particular case, the result might be to subject all of the internal VA procedures to judicial scrutiny and determination. Such a result could constitute a usurpation of the proper role of the Congress to assure that the VA's procedures are most beneficial to veteran and could hinder the VA in the performance of its mission of providing services to veterans. The committee's concern that section 211(a) could be declared unconstitutional is based, in part, on the decision of the Supreme Court in the *Robison* case, discussed above, in which although the Court did not decide the constitutionality of present section 211(a), it held that that section was not a bar to certain constitutional challenges to veterans' benefits legislation. Rather, the Court stated that the bar in section 211(a) "would appear to be aimed at review only to those decisions of law or fact that arise in the administration by the Veterans' Administration of a statute providing benefits for veterans" (emphasis in original). The difficulty with this analysis is, as one commentator has noted, the "conceptual distinction between cases involving individualized application of the benefit provisions and those arising under the Constitution is considerably more troublesome than the Court was willing to recognize." Rabin, "Preclusion of Judicial Review in the Processing of Claims for Veterans' Benefits: A Preliminary Analysis", 27 Stan. L. Rev. 905, 908 (1975). Whether this analysis ultimately proves correct and a court, using the *Robison* decision as its authority, determines that there is authority, derived from the Constitution, to review questions directly relating to claims remains to be seen. At least one Federal court has read *Robison* to support a holding that it had jurisdiction to hear a constitutional challenge to the procedures utilized by the Administrator in a benefit determination. *Plato* v. *Roudebush*, 397 F. Supp. 1295 (D.Md. 1975).

The Committee's consideration of judicial review legislation also generated a significant volume of comments from individuals and groups opposing such a change. Among the principal concerns of those who questioned the need for allowing judicial review were ones that reflected the purposes underlying the present statutory bar as described by the Administrator in 1952 and discussed in the *Robison* case: Fear of overburdening the courts and the VA with claims for VA benefits and concerns about shifting responsibility for deciding complex issues relating to VA benefits determinations from a body expert in such matters, the Board of Veterans' Appeals (BVA), to a Federal court with no expertise in matters relating to VA benefits. In addition, concerns were expressed that allowing judicial review could disrupt existing internal VA procedures by turning them into more formal, adversarial proceedings; that allowing review of VA claims in the Federal courts would add inordinate delays to the claims resolution process; and that, with courts deciding VA cases, rigid precedents would be developed in VA cases lost by the veteran in court that would preclude the BVA from exercising its discretion in favor of other veterans in later, similar cases, and, also, that a court decision adverse to a particular claimant would bar that person from reopening a claim before the Board for the consideration of new and material evidence as is possible under existing law.

The committee recognized the legitimacy of these concerns and, in drafting S. 330, made a concerted effort to minimize the possible impact of the problems that had been raised. In reference to the concern about shifting decisional authority in a complex area away from the BVA to a Federal court, the Committee bill, as will be discussed more fully below, incorporates a scope-of-review provision which defines a reviewing court's authority to review factual determinations of the Board in as narrow a manner as possible while still allowing some recourse for a claimant where the VA's decision was plainly in error. Further, the Committee bill specifically precludes a court from conducting a de novo trial on any factual issue. The Committee believes very strongly that the Board should remain, to the maximum extent consistent with providing recourse to a judicial authority to overturn arbitrary or capricious actions, the final, expert arbiter of VA claims matters.

Likewise, the committee bill specifically addresses the concerns raised about the possible impact of judicial review on the internal adjudicatory procedures of the VA and the possible impact of an adverse court decision on a claimant's right to reopen a claim. Title I of the Committee bill, "Adjudication procedures", codifies many existing VA procedures relating to claims resolutions, including the requirement that the agency give a claimant the benefit of the doubt when the evidence of record on the merits of the claim is relatively evenly divided, and the practice of admitting any evidence in a VA proceeding, even if the evidence would be inadmissible under the formal rules of evidence applicable in court proceedings. Because many of the procedures that are proposed to be codified by title I are now based only on regulation or even informal VA practice, the committee believes that the proposals in the Committee bill would actually provide greater protection for existing internal VA practices than is available at present.

In response to the concerns about the effect of the res judicata doctrine on a claimant's ability to reopen a claim after an adverse court ruling, the committee bill includes a provision specifically providing that an adverse court decision would in no way limit the Board's discretion to reopen a claim on the submission of "new and material evidence".

With respect to the concerns raised about the impact on the court system of allowing judicial review of VA decisions, the committee acknowledges that there would be additional cases brought to Federal courts under the provisions of the committee bill, but fails to see the justification for veterans and their survivors with claims for VA benefits being singled out to bear the burden of efforts to protect the Federal judiciary from too-high workloads. There are a wide variety of other methods for dealing with judicial workload problems, such as eliminating or further limiting Federal court diversity, jurisdiction, without precluding a certain class of claimants from any judicial recourse at all.

Likewise, the committee does not believe that concerns raised about undue delay or the development of precedents that would be applicable in other cases present valid reasons for precluding opportunity for court review in the event of a denial of a claim for benefits by the VA. The committee does not anticipate that authorizing judicial review should result in a significant slowing of the claims resolution process within the VA (title I contains authority for an additional 15 members for the Board of Veterans' Appeals to preclude that result), and any delay encountered by a disappointed claimant during the judicial review stage is obviously preferable from the claimant's point of view to a final, unappealable, adverse decision, in which case the delay in receiving the benefit is infinite. As to concerns raised about the creation of rigid precedents, the committee is not persuaded that this would prove to be a significant problem. The committee believes that VA claims cases authorized by the committee bill will involve greatly varying fact patterns, each being virtually unique. Thus, only those cases involving pure questions of law regarding the interpretation of specific provisions of title 38 would have significant precedential effect. In other cases, decisions as to whether or not, on the basis of a particular administrative record, the agency's actions were arbitrary, capricious, or an abuse of discretion will have little precedential value for subsequent cases involving, inevitably, somewhat different factual situations.

The Committee also considered proposals, similar to that contained in H.R. 1813, for the establishment by the Congress of a special court, a Court of Veterans' Appeals, to resolve cases appealed from the VA. Although such a proposal has some merit, in that it creates a court that could, over time, develop an expertise in matters relating to claims for benefits under laws administered by the VA and also, because such a court could establish its own rules relating to admission to the court to represent claimants, thereby providing opportunity for individuals who are not attorneys, such as nonattorney veteran service officers, to appear before the court, the Committee believes that providing access to the existing Federal judicial system is more desirable. First, a special court would most likely be situated in one location (the court proposed in H.R. 1813 would be located in Washington, D.C.) and, unless panels of the court traveled frequently to a large number of locations around the country, claimants would not have the opportunity to participate as fully in the development of their case before the reviewing court as they would in a Federal district court located in their State. If such traveling panels were provided for, the costs would seem to be high. Further, such a court would, at least in part, perpetuate a disparate treatment of veterans and their survivors when compared with claimants for benefits before other Federal agencies. In response to Chairman Cranston's request at a hearing on S. 364 for the Department of Justice's view of this issue of a Court of Veterans' Appeals, the Department responded:

"The creation of specialized courts has been the subject of extensive consideration in the past by several committees of the Congress, the Federal courts, and a number of leading scholars and legal practitioners. While the creations of specialized courts in certain areas offer the prospective benefits of specific judicial familiarity with a defined aspect of substantive law and accompanying procedure, such selective specificity may have costs that outweigh any benefits that might be realized. This specific issue was considered at length by the Study Group on the Case Load of the Supreme Court, chaired by Prof. Paul Freund of the Harvard Law School, which reported in 1972:"

Federal specialities such as taxation, labor law, or, more broadly, administrative law, have been candidates for a specialized tribunal, either supplementing the Federal courts of appeals as a new tier of review, or supplanting those courts as a reviewing tribunal for cases from designated agencies. It is not necessary to rehearse the considerations for and against such tribunals in the general context of judicial review of administrative bodies. We would suggest that, in general, the more specialized the appellate tribunal the greater the risks. There would be a loss of the judicial perspective afforded by a broader range of review, and inconsistencies would develop among various specialized appellate tribunals in resolving pervasive, common problems of administrative justice. Moreover, there is the possibility that in dealing with a narrow subject-matter that judges might form polarized blocs; and that, as a corollary, there might be a politization of the appointing process around a single set of issues.

* * * * *

Provisions of the committee bill

Although the committee believed that providing opportunity for judicial review was an appropriate action, it was concerned that the specific formula chosen must reflect the committee's intention to retain the BVA as the primary, expert arbiter of VA claims matters. The committee was aware of the criticism of the experience in cases appealed to court involving disability benefits under the Social Security Act, and particularly of concerns that have been expressed in that regard that reviewing courts have felt too free to substitute their judgments, without having seen or heard the witnesses and without the expertise of the administrative decision makers, for that of the administrative tribunal.

The committee believes that such a situation needs to be avoided in relation to VA claims. Thus the provisions of the committee bill are designed to avoid that result in VA claims matters.

Jurisdiction

Section 302 of the committee bill would provide for judicial review of a final decision of the Administrator adverse to a claimant in a matter involving a claim for benefits under any law administered by the VA. An action to commence such a review would have to be brought within 180 days of the date the notice of the Board's decision was mailed to the claimant pursuant to section 4004 of title 38, as proposed to be amended by section 106 of the committee bill. It is the committee's intention to include all matters involved with an individual's seeking, receiving, or losing a VA benefit under the phrase "claim for benefit". Thus, judicial review would be authorized for decisions relating to an initial claim for benefits, a reduction in the amount of a benefit, or a suspension or termination of benefits.

Final action of the Administrator, a prerequisite to bringing an action under the authority proposed in the committee bill, would be defined to include not only a decision on the merits pursuant to section 4004(a), as proposed to be amended by section 106 of the committee bill, but also a refusal to reopen a claim pursuant to section 4004(b), as proposed to be amended by section 106 of the committee bill, or a refusal—on the basis of nonconformity with present chapter 71 provisions relating to the form or manner of appeals action, pursuant to present section 4008, or a lack of timeliness, pursuant to present section 4005—to consider a claim. Of course, the committee bill specifies that if a court reviews a final decision rendered on a basis other than on the merits of the claim, its review would be restricted to a review of the lawfulness of the Board's action on that basis and it could not consider the merits of the claim, but would have to return the matter to the Board for a decision on the merits if it held the Board's action unlawful.

The committee bill also provides that, in a case not involving claim for benefits under laws administered by the VA, nothing in present section 211(a), the section which generally precludes judicial review of decisions of the Administrator, would bar a Federal civil action otherwise authorized by law. This provision, which is not a grant of jurisdiction, is intended to clairify that present section 211(a), as the Supreme Court held in the Robison case, discussed above, is aimed only at review of findings of fact and law involved in the administration of a particular statute and in no way is intended to bar challenges to regulations, practices, or procedures that would be open to challenge if implemented by any other Federal agency. The principal purpose of this provision is to codify an emerging body of case law to this effect, and it is not intended to withhold from the VA any defense generally available for Federal agencies to resist judicial review, such as standing, ripeness, or a failure to exhaust administrative remedies.

Scope of review

In framing the judicial review provisions in the bill, the Committee's single greatest concern centered on defining the scope of review to be made available to a reviewing court. As discussed above, the committee is keenly aware of the criticism of the experience with court review of disability claims under the Social Security Act, and the committee wishes to prevent such a situation from arising in the area of VA claims cases.

In its agency report on S. 364, 95th Congress, the VA advocated "that the scope of review of individual cases should be based on the substantial evidence test" and S. 330, as introduced included that formula in the scope of review provision. Under that test, for example, under the Administrative Procedure Act (5 U.S.C. 706) a court is required to set aside an agency decision "unsupported by substantial evidence". However, the exact meaning of that phrase and court application of it in reviewing the record of an administrative decision have been far from clear or consistent. There has been substantial criticism that courts use this standard in reviewing disability claims cases under the Social Security Act so as to freely substitute their judgment for that of the Secretary. As Professor Kenneth C. Davis has noted:

"Whatever impression a literal-minded reader may get from the words in the statute book, the plain reality is that the substantial-evidence rule as the courts apply it is a variable. K. C. Davis, *Administrative Law Text* 530 (3 ded. 1972)."

Based on a review of the testimony received at the hearings on S. 330 and concerns expressed by various commentators, including cautions presented by the VA in its 1979 testimony, the Committee rejected the "substantial evidence" test. In addition, the Committee was aware of recent Administration proposals to amend the Social Security Act with respect to judicial review of disability claims under that law so as to preclude any authority for court review of factual determinations made during the administrative proceedings and, instead, to restrict court review to review of questions of law.

In the study of S. 330 as introduced for possible modifications to the scope-of-review provision, consideration was given to incorporating the formula proposed by the Administration for review of disability cases under the Social Security Act. However, the committee was quite concerned that that formula—providing for the review of questions of law but no review of questions of fact—proposed by the Administration might be far easier to describe than to apply in actual practice. It is the committee's view that a greater number of VA cases, while involving resolution of factual issues, present a mixture of legal and factual questions. For example, a claim for service-connected compensation could require resolution of some simple factual issues, such as whether the veteran had the requisite service in the Armed Forces and whether, in fact, the veteran is currently suffering from a disability. However, the same claim could also require the application of a complex rating schedule to the apparent disability to determine the degree of service-connection, which would not be a simple factual determination. Likewise, the decision as to the time of the onset of the disability might be very difficult if the veteran's military records did not contain a clear statement describing an occurrence during the period of service, again, a question that is not simply factual in its makeup, especially if the disability in question is listed in present section 312, which provides for statutory presumptions of service-connection if the disability became manifest within a stated period of time after the end of the individual's period of service.

In addition, the same claim for service-connected compensation could ultimately be resolved on the basis of the legal sufficiency of evidence relating to a factual matter—for example, whether particular affidavits from individuals with whom the veteran served, relating to an alleged occurrence, are sufficient to support a finding of service connection in the absence of any supporting evidence in the veteran's military records—another situation in which a formula of permitting review of legal questions while precluding review of questions of fact might prove unworkable. A court, feeling bound by the precise terms of such a preclusion, might refuse to review mixed questions of law and fact so as to avoid any review of a factual issue, thereby leaving a claimant with incomplete judicial review; or a court might feel free to examine all questions on the record by characterizing some facet of a particular question as legal, thereby allowing review, under no significant restraints. As Professor Kenneth Davis has written, describing civil actions for damages:

"In any particular case the question whether the defendant was negligent may be a question of fact or a question of law or both, depending on whether the parties are in dispute about what the defendant did or whether they agree on what he did and are in dispute about the legal consequences, or both. The same kind of analysis can be made of all questions of application of legal concepts to facts. K.C. Davis, *Administrative Law Text* 545 (3d ed. 1972)."

The Committee is concerned that this analysis may be precisely correct and, for that reason, is questioned and decided against the advisability of including the law/fact review provision, as proposed by the Administration for the Social Security Act, in S. 330.

In addition, the Committee was aware that the subcommittee of jurisdiction in the House of Representatives, the Social Security Subcommittee of the Ways and Means Committee, that considered the Administration's proposal to amend the judicial review provisions under the Social Security Act, as incorporated in H.R. 2854, rejected in March 1979, the Administration's proposal by a vote of 7 to 2, and that the full Ways and Means Committee did not include the proposal in the measure that it later reported favorably, H.R. 3236, the proposed "Disability Insurance Amendments of 1979", which proposes various amendments to disability insurance programs under the Social Security Act.

Thus, had the committee included a provision similar to that proposed by the Administration for Social Security Act cases in the Committee bill, it would have endorsed a concept with uncertain ramifications and would also have continued to allow claimants before the VA dramatically less opportunity for court review than is available to claimants before other agencies.

In order to reflect the concerns that had been raised about the impact of the substantial evidence test as included in S. 330 without resorting to adoption of a proposal totally foreclosing review of questions of fact, section 302 of the committee bill was amended to delete the substantial evidence test and to restrict a reviewing court's authority in reversing a decision of the VA on a factual issue to a finding that such a decision was based on an arbitrary or capricious factual determination or that the factual determination constituted an abuse of discretion. In addition, the provisions in section 302 were modified to include a provision specifying that, even on a finding by the reviewing court that a BVA factual determination was arbitrary or capricious or constituted an abuse of discretion, the court may not reverse the Administrator's determination on the issue without first remanding the case, for a time-limited period, to the Administrator, so as to provide the Administrator with the opportunity to reconsider or substantiate the record. This formula, which is intended to strike an appropriate balance between the proper functions of the reviewing court and the Administrator, would permit the court to exercise its own judgment in resolving issues of law but restricts narrowly the court's review of questions of fact.

The committee was aware, in selecting this formula, that the precise impact of restricting a court's ability to review factual determinations using the arbitrary, capricious, or abuse of discretion standard is not clearly predictable in all cases. As the VA noted in its agency report on S. 330, "legal scholars are still undecided on such basic questions as whether the substantial evidence test and the arbitrary or capricious test are equivalents or whether they differ." However, the Committee intends, by eliminating the authority for a reviewing court to review a decision using the substantial evidence test and leaving only the arbitrary or capricious test, to narrow the court's reviewing authority and, in taking this position, relies on the statement by the Supreme Court in *Abbott Laboratories* v. *Gardner*, 387 U.S. 136 (1967), where the Court noted, in discussing the Administrative Procedure Act provisions relating to scope of review,

"The act as it was finally passed compromised the matter by allowing an appeal on a record with a 'substantial evidence' test, affording a considerably more generous judicial review than the 'arbitrary and capricious' test available in the traditional injunctive suit. 387 U.S. at 143."

The real difference with respect to types of scope-of-review provisions is also borne out in later Supreme Court cases, such as *Citizens to Preserve Overton Park* v. *Volpe*, 401 U.S. 402 (1971), and *Camp* v. *Pitts*, 411 U.S. 138 (1973), where the Court explicitly found the "substantial evidence" test inapplicable to the cases before it and described the appropriate standard of review for the reviewing court as whether the administrative adjudication was "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law." In *Citizens to Preserve Overton Park*, the Court described a review under this standard as follows:

"Although this inquiry into the facts is to be searching and careful, the ultimate standard of review is a narrow one. The court is not empowered to substitute its judgment for that of the agency. 401 U.S. at 416."

Thus, the committee intends to indicate clearly its view that the Administrator, in the person of the Board of Veterans' Appeals, is the expert arbiter of claims involving veterans' benefits, and the committee does not desire nor does it expect reviewing courts to second guess the Administrator on factual determinations.

The committee is aware that some commentators have suggested that allowing a court any review of the facts in a case would ultimately encourage a *de novo* review and court substitution of its findings on factual determinations for that of the administrative decision maker. However, the committee does not believe that such a result is inevitable and suggests that this view indicates a belief that reviewing courts will not follow Congressional mandates in conducting statutorily-authorized review of administrative proceedings. The committee does not accept such a view and believes that a court, using the standards set forth in the committee bill, will not disturb findings of fact made by the Administrator unless it determines that such findings are arbitrary, capricious, or constitute an abuse of discretion. Even upon making such a finding, the Committee would stress, the court would be required to return the matter to the Administrator so that the Board will have a further opportunity to reconsider the record or to substantiate the finding in question.

A final provision included in the committee bill under the scope-of-review provisions in section 302 would incorporate a reference to the "rule of prejudicial error" as included in the APA (5 U.S.C. 706) so as to limit still further a court's role on review. Acting in accordance with the prejudicial error rule, a court should pass over errors in the record of the administrative proceedings that the court finds not to be significant to the outcome of the matter. As the U.S. Court of Appeals for the Ninth Circuit noted in *NLRB* v. *Seine and Line Fishermen's Union of San Pedro*, 374 F.2d 974, 981 (9th Cir. 1967):

"[A] court, on review of an administrative determination, should take due account of the rule of prejudicial error. Procedural irregularities are not per se prejudicial; each case must be determined on its individual facts and, if the errors are deemed to be minor and insubstantial, the administrative order should be enforced notwithstanding."

Thus, by an express inclusion of a reference to the rule of prejudicial error, the committee is suggesting that a reviewing court should consider such a reversal only after determining that the identified error caused substantial prejudice to the claimant's case.

Remand provisions

Section 302 of the committee bill contains provisions authorizing three additional forms of remands, in addition to the one discussed above in connection with the scope-of-review provisions, that would apply once a matter has been appealed to court.

Under the first, a court would be required to remand the case to the Administrator, upon the Administrator's request, after it is appealed to court but before the Administrator files an answer, for a single reconsideration, with such reconsideration to be completed within 90 days of the remand or the matter would be returned to court. This provision, which is based on similar authority in section 205(g) of the Social Security Act (42 U.S.C. 405(g)), is included in the committee bill in order to provide a mechanism whereby the time and expense of litigation could possibly be avoided through VA reconsideration of the case and possible agreement with the claimant. The committee is aware of the criticism that has been made of similar authority under the Social Security Act and of the proposal in H.R. 3236 as reported, discussed above in connection with the scope-of-review provisions, to amend this Social Security Act authority so as to require the Secretary to show good cause for the requested call-back, but the committee believes that the modifications made in the call-back authority as it appears in the committee bill, limiting the call-back to a single, time-limited period, should satisfactorily guard against possible abuses of the agency authority.

The second remand provision would permit the court, in its discretion, to remand a case at any time after the Administrator files an answer; and the third would require a court to remand a matter when either party applies for leave to adduce further evidence and shows good cause for the requested remand. In S. 330, as introduced, this last remand authority was limited by a requirement that the moving party show good cause for having failed to adduce the evidence in question when the matter was previously before the VA, which is also the standard that is being proposed in H.R. 3236 as reported for such remands under the Social Security Act; present section 205(g) of the Social Security Act, U.S.C. 405(g), currently has a provision similar to that in the committee bill requiring only a showing of "good cause". The provision now in the committee bill was changed to reflect the committee's view that a "good cause" showing was sufficient to protect the parties, and the administrative and judicial processes, from dilatory practices while not creating undue impediments to the Administrator's consideration of additional evidence bearing on the merits of the claim. This standard seems best designed to preserve the informal, nonadversarial nature of the BVA adjudication process, although the Committee does not expect a reviewing court to remand a matter to the Administrator to adduce further evidence if it is clear that the claimant has deliberately engaged in dilatory behavior or withheld evidence from the prior administrative proceeding.

On the other hand, however, the committee sees little purpose to be served by a reviewing court entering into an exhaustive analysis of the reasons for the evidence not having been presented when the matter was before the agency; based on the VA's "open file" system of reopening previously decided claims to admit new evidence, pursuant to the authority in section 4004(b), as proposed to be amended by section 106 of the committee bill, it would appear to be a poor use of judicial resources for a court to deny such a requested remand and resolve the appealed case against the claimant, only to have the claimant, following such final court action, return to the agency so as to submit the new evidence, thereby creating the possibility of further court review. Obviously, the committee does not desire a reviewing court to remand a case when the evidence in question is of little potential significance; however, if the court determines that the evidence is potentially material to the claim, it should generally remand the matter.

The committee appreciates the impetus to amend the remand provisions under the Social Security Act so as to curb abuses that have been highlighted in court review of cases under that Act, but believes that the significant difference in the adjudicatory proceedings before the VA when compared with those applicable in Social Security Act cases, particularly the difference between appellate review by the Appeals Council (the final administrative appeal) for SSA cases (the Council does not review all requests for review and, in those cases it does review, it does not conduct a de novo (the Board conducts a de novo review of all cases appealed to it), suggests that different standards relating to remand provisions for VA matters are appropriate. Nevertheless, the Committee intends to monitor closely the changes proposed in H.R. 3233 if enacted in the Social Security Act as well as the experience under the provisions in the committee bill, and will consider alternative provisions if it appears that the remand authority proposed in the committee bill is being abused.

Sunset provisions

Section 302 of the committee bill would provide that the jurisdiction of Federal courts to review decisions of the VA relating to claims for benefits as provided for in the new chapter 72 added to title 38 by the committee bill will not apply to claims for benefits, the initial claim for which is filed with the Administrator pursuant to present section 3001(a) after the end of the fifth fiscal year following the fiscal year in which the Act becomes effective. This 5-year "sunset" provision on new claims is designed to require a thorough Congressional evaluation of the operation and effects of the new judicial review provisions before they are made permanent or are further extended.

Although the committee recognizes that "sunset" provisions are normally associated with specific programmatic rather than procedural efforts, the committee believes that, particularly in light of the implications of permitting judicial review for the VA's procedures, the 5-year "sunset" provision provides an important safeguard to ensure further Congressional scrutiny of the full impact of the changes made by the committee bill.

TITLE IV: ATTORNEYS' FEES

Background

Title IV of the committee bill contains provisions that would substantially revise the current title 38 provision that generally limits the amount an attorney may receive for representing an individual in a claim for benefits to $10 (present section 3404). This current limitation, which has statutory precedents dating back to the Civil War, was set in 1924 as part of the codification of the War-Risk Insurance Act as the World War Veterans' Act, 43 Stat. 628 (June 7, 1924).

Although the limit on the amount an attorney may receive under current law (present section 3404(c) limits the amount an attorney may receive for services rendered in connection with "any one claim" to a maximum of $10; to be eligible for this fee, which is paid to the attorney from the monetary benefits awarded to the claimant, the claim must be allowed) is not directly linked to preclusion of judicial review, it seems clear that the bar to judicial review has contributed to nonparticipation of attorneys in VA claims matters. In fiscal year 1977, only 2.2 percent of all claimants before the Board of Veterans' Appeals were represented by attorneys (Annual Report 1978, Administrator of Veterans' Affairs, pages 114–115), a phenomenon that is undoubtedly most directly influenced by the limit on the fee that an attorney may receive. However, providing opportunity for judicial review of VA decisions, as proposed in title III of the committee bill, does require a change in the limitation on fees to effectuate the new authority. Without the assistance of an attorney, a claimant would, effectively, be precluded from filing a proper appeal of an adverse VA decision in Federal court and, without a change in the $10 limitation, there would continue to be little or no attorney representation in VA claims cases.

Recognizing this fact, the committee is concerned that any changes relating to attorney's fees be made carefully so as not to review in each such case) and by the BVA induce unnecessary retention of attorneys by VA claimants and not to disrupt unnecessarily the very effective network of nonattorney resources that has evolved in the absence of significant attorney involvement in VA claims matters. The mainstays of that network are veterans' service officers, employees of national veterans' service organizations, and other organizations approved pursuant to present section 3402 of title 38, who provide representation without charge to veterans and other claimants before the VA, without regard to whether the individual claimant is a member of the service officer's organization. It is widely recognized, as the VA noted in its agency report on S. 330, that veterans' service officers "render sophisticated and expert assistance in prosecuting a claim" (VA report on S. 330 at page 19); and the committee strongly believes that the availability of their services should be maintained and fostered.

The committee, in its consideration of the issue of attorneys' fees also recognized that the existing limit on attorneys' fees is generally appropriate with respect to the initial claims stage in the sense that applying for VA benefits is a relatively uncomplicated procedure, with the VA generally securing the relevant military records as well as evaluating the merits of the claim. In light of the availability of national service officers and other nonlegal forms of free assistance, there would seem to be no need for the assistance of an attorney in order to initiate the claims process by completing and filing an application. Continuing to discourage attorney representation at the initial application and decision stage would thus appropriately serve to protect claimants' benefits without prejudicing the claimant's ability to obtain effective legal representation for purposes of reconsideration of, or appeal from, an initial denial of a claim.

As discussed in the VA's agency report on S. 330 (VA report on S. 330 at pages 16–17), the basis for Congressional action, first, after the Civil War and then after World War I, limiting the amount an attorney could receive for representing a claimant before the VA was grounded in a belief that the lawyers of that day were unscrupulous and were taking unfair advantage of veterans by retaining an unwarranted portion of the veterans' statutory entitlement in return for very limited legal assistance. Whatever the merits of such a view at the time that the limitation was imposed, and despite numerous court opinions upholding the validity of the statutory limitation in the face of challenges to its constitutionality (see discussion of *Staub* v. *Roudebush*, 424 F. Supp. 1346 (D.D.C. 1976) (VA report on S. 330 at page 18), it is the committee's position that such a view of the organized bar, particularly in light of the widespread network of local bar associations that now generally police attorney behavior, is no longer tenable.

The committee is also of the view that the current statutory limitation is an undue hindrance on the rights of veterans and other claimants to select representatives of their own choosing to represent them in VA matters. As noted above, there is a strong and vital system of veteran service officers who provide excellent representation at no cost to claimants. The committee fully expects and believes that this system will continue and prosper, with no significant impact from the allowance of judicial review or attorney participation after an initial claims denial in the administrative process before the VA. However, an individual should not be restricted by arbitrary legislation in retaining an attorney if he or she so desires, either because of personal preference or because of a concern that his or her claim is likely to be denied by the Board of Veterans' Appeals and will be appealed to court. A claimant could well conclude, for example, that the proper development of the administrative record in a complex case while the matter is before the agency would be of critical importance and that an attorney would be better able to produce such a result.

Based on these various considerations and after reviewing and incorporating suggestions from a wide variety of sources, the committee developed a formula for allowable attorney's fees for representation of a VA benefits claimant that is intended to continue to restrict attorney representation at the initial claims level, and that provides for approval by the Administrator of a reasonable fee, within certain specified limits, for representation before the VA and for court approval of a reasonable fee, within certain limitations, for attorney representation in court proceedings.

Fee approval for attorney representation within the VA

The committee bill contains provisions authorizing dual levels of fees that may be approved for representation in conjunction with claims resolved within the VA. For claims resolved at the initial level, that is, prior to the time a claimant is issued a statement of the case pursuant to present section 4005(d), the proposal in the Committee bill would retain the present $10 limit on the amount an attorney may receive. As discussed above, the Committee believes that there is no requirement for attorney representation at this initial level since, in most instances, all a claimant need do is file the claim and the agency will obtain the military service and medical treatment records, where appropriate, necessary to make an initial evaluation of the merits of a claim. Should the materials in the records be insufficient to permit a decision on the claim, the effort is made to inform the veteran or other claimant what evidence would be required and the possible sources for acquiring such evidence.

If an initial application for a claim is denied, all a claimant need do to initiate an appeal is to file a notice of disagreement pursuant to present section 4005. The notice of disagreement is a very simple document; as described in the applicable VA regulation (38 C.F.R. 19.113):

> The notice should be in terms which can be reasonably construed as evidencing a desire for review of that determination. It need not be couched in specific language. Specific allegations of error of fact or law are not required.

Following a filing of a notice of disagreement, the VA office that made the original determination (called the agency of original jurisdiction) reviews the matter, pursuant to present section 4005(d)(1), in a final attempt to resolve the disagreement. Again at this stage, no need for attorney representation is foreseen since the VA assumes the primary responsibility for assuring that the claim is properly considered. Should the further review action not resolve the matter in a manner acceptable to the claimant, the VA prepares and provides to the claimant a statement of the case pursuant to present section 4005(4)(1). A statement of the case must include:

> (A) A summary of the evidence in the case pertinent to the issue or issues with which disagreement has been expressed;
>
> (B) A citation or discussion of the pertinent law, regulations, and, where applicable, the provisions of the Schedule for Rating Disabilities;
>
> (C) The decision on such issue or issues and a summary of the reasons therefor.

It is at this point, after a claimant has received a statement of the case, that the committee believes that an individual may require the services of an attorney to help analyze the statement of the case so as to prepare to refute the adjudicators' factual or legal analysis and to further develop any deficient areas in the presentation of the claim. Thus, for claims resolved within the VA but after the claimant is issued a statement of the case, the formula for approval of attorneys' fees proposed in the committee bill would allow the Administrator to approve a reasonable fee not in excess of $500 or, in the event that a claimant and an attorney have entered into a contingent-fee agreement, an amount not in excess of 25 per centum of any past-due benefits awarded in the case. Under the proposal in the Committee bill, a claimant and an attorney would still be able to agree to a fee lower than authorized and the Administrator would be limited to approving the agreed upon amount.

The formula proposed in the committee bill is similar to that provided for in section 206(a) of the Social Security Act (42 U.S.C. 406(a)), with the one significant difference that, in addition to the contingent-fee percentage amount authorized under the Social Security Act, the proposal in the committee bill incorporates a separate dollar amount of $500 as an alternative to the percentage figure. This difference is incorporated because, in many VA benefit cases, the amount of past-due benefits awarded is quite small or even nonexistent (as in a case establishing a service-connected disability with a 10- or 0-percent rating) while still being quite beneficial to the claimant in terms of eligibility for VA medical care and related service-connected benefits under chapter 17 of title 38.

The $500 limit provided for in the committee bill would be subject to being increased in two different ways. First, the Administrator might, by administrative action, raise this general maximum in future years in response to changed economic conditions. The committee anticipates that the Administrator would use great care in the exercise of this authority.

The second way in which the $500 limit might be increased would be in unusual cases that require extraordinary effort and time on the part of the attorney. The committee expects that occasions for use of this authority would be extremely rare. An approval of a fixed fee award above $500 should occur only when the Administrator was persuaded that the attorney, due to the complexity of the case, was required to expend such time and effort that the $500 limitation is plainly inadequate. In making such a determination, the committee expects that the Administrator would remain mindful that the claimant and the attorney negotiated an agreement with presumed awareness of the fee limitation and that, at that time, the attorney had an opportunity to evaluate the claim and determine if he or she wished to pursue it. Clearly, this authority in the committee bill should not be used to relieve an attorney from the consequences of an ill-advised decision to devote great amounts of time on a poorly-founded claim or any aspect thereof. Further, the committee does not believe that this extraordinary authority would be appropriately applied to compensate an attorney, who, because of an unfamiliarity with VA proceedings, the provisions of title 38, or the regulations issued thereunder, devotes a great number of hours to what is otherwise an ordinary claim for benefits, primarily to achieve a basic understanding of the applicable law.

Fee approval for attorney representation in court

For claims cases appealed to court, the Committee bill provides for court approval of a reasonable fee, subject to specific limitations in particular types of cases. First, if an attorney and claimant have entered into a contingent-fee agreement, the same limitation would apply as in cases resolved before the VA, 25 per centum of any past-due benefits awarded.

In the event that a case appealed to court is resolved in a manner unfavorable to a claimant, the court's authority to approve a fee would be limited to a maximum dollar amount of $750. S. 330 as introduced provided for an attorney to receive no compensation for representation in a case appealed to court if the matter was not resolved in a manner favorable to the claimant, a provision derived from section 206(b)(1) of the Social Security Act (42 U.S.C. 406(b)(1)). However, the Committee found persuasive the suggestion to the opposite effect of a witness, Donald H. Schwab, Director, National Legislative Service of the Veterans of Foreign Wars, who testified as follows on this preclusion of a fee for unsuccessful representation in cases taken to court: "if a claimant desires to enter into a client-attorney relationship even though the odds for success are adverse, the claimant should have the option to do so." Thus, the Committee chose to provide authority for a court to award a fee in such a situation, limited by a statutory maximum of $750. The committee bill also includes a direction to the reviewing court to take into consideration, in determining the amount to be approved, the extent to which the attorney could have predicted the unfavorable result at the time the appeal was taken. This specific direction is designed to stress to reviewing courts that the $750 fee allowable under this section is not to be regarded as the amount to be approved automatically but rather that the court should act so as to discourage attorney representation in cases lacking in any significant merit by approving fee amounts at lower levels when appropriate.

In cases appealed to court when the matter is resolved in a manner favorable to the claimant, which is defined in a proposed new subsection (h) of present section 3404 to include the granting of all or any part of the relief sought, the committee bill would authorize court approval of a reasonable fee with no other restriction. It is the Committee's intention, by this formulation, to allow courts to exercise their expertise in evaluating the difficulty of the case and the attorney's performance in order to arrive at a reasonable fee. Specifically, the Committee believes that the guidelines adopted by the U.S. Court of Appeals for the Fifth Circuit in *Johnson* v. *Georgia Highway Express, Inc.*, 488 F.2d 174 (5th Cir. 1974) would be appropriate for use by a court in its determination of the fee to be approved under the provision in the Committee bill. Those guidelines, in brief, suggested that a court should examine:

1. The time and labor required.
2. The novelty and difficulty of the questions involved.
3. The skill requisite to perform the legal services properly.
4. The preclusion of other employment by the attorney due to the acceptance of the case.
5. The customary fee charged in the locality for similar legal services.
6. Whether the fee was fixed or contingent.
7. Time limitations imposed on the attorney by the client or by the circumstances.
8. The amount involved and the results obtained.
9. The experience, reputation, and ability of the attorneys.
10. The "undesirability" of the case.
11. The nature and length of the professional relationship with the client.
12. Awards in similar cases.

Appeal of fee approvals

The committee bill would authorize either a claimant or an attorney to appeal a fee approved by either the Administrator or a court.

For a fee approved by the Administrator in a case resolved within the VA, the right to seek judicial review of the amount approved may be exercised by either the claimant or the attorney by filing a civil action in the Federal district court in the claimant's home district, within 30 days after the notice of the award is mailed to the claimant and the attorney. The committee bill would restrict the court's review to a determination of whether the Administrator's action constituted an "abuse of discretion". It is the Committee's expectation that this limited review authority would serve to discourage frivolous challenges to a fee approval or challenges in arguable cases in which there may be disagreement but the Administrator's judgment is clearly not without reasonable foundation. Thus, the principal reason for including such authority in the committee bill is not to suggest that the committee believes that the Administrator will not act fairly in the approval of a fee award, but only to provide some remedy for either aggrieved claimant or attorney to have recourse outside of the agency for review—within clear limits—of the amount approved.

For fees approved by a court in a case appealed to court, either the claimant or the attorney would be able, within 30 days after the award, to make a motion, in the district court where the appeal was considered, to modify the amount approved.

Punitive award of attorneys' fees

The committee bill includes a provision whereby a court could, as an extraordinary remedy in a matter involving a claim for benefits appealed to the court, award a claimant, who has prevailed in court, reasonable attorneys' fees to be paid by the VA as part of the court's award of costs following judgment. This authority is intended to be used very sparingly—only in situations where the reviewing court is persuaded that the claimant clearly should have prevailed when the matter was before the agency and that the only necessity for having to seek court review and thus incur attorneys' fee costs was patently unwarranted action on the part of the VA in its consideration of the claim. It is the committee's intention that a court evaluation of the VA's position should be similar to that undertaken by courts in Freedom of Information Act (5 U.S.C. 552) cases when the issue to be resolved is whether the Government agency involved had a reasonably colorable basis in law for its action (for example, *Kaye* v. *Burns*, 411 F. Supp. 897, 903 (S.D.N.Y. 1976)). Accordingly, an award against the VA would be appropriate under the provision in the committee bill only upon a finding by a court that the VA had been "recalcitrant" in its denial of a valid claim or had otherwise "engaged in obdurate behavior" in the adjudication of the claim. One situation that might warrant such a finding and thus, an award of attorneys' fees, would be where the reviewing court finds a factual determination of the Administrator to be arbitrary, capricious, or an abuse of discretion and, therefore, remands the matter to the VA pursuant to proposed new section 4026 for further review or substantiation of the record, following which the matter is returned to the court with the Administrator's original finding unchanged and with no further significant substantiation or development of the record.

Ancillary attorneys' fees provisions

Title IV of the committee bill contains two other provisions relating to the approval of attorneys' fees which are intended to clarify the application of the new fee-approval provisions. The first such provision would provide that, to the extent past-due benefits are awarded in a claim, by either the Administrator or a court, the Administrator is required to direct payment of the approved fee to the attorney out of the past-due benefits. This authority, similar to that in section 206 of the Social Security Act (42 U.S.C. 406), would not be applicable if no past-due benefits were awarded so that, even if the resolution of the claim resulted in a claimant qualifying for a monthly payment from the VA for, for example, service-connected disability compensation, the Administrator would not be authorized to arrange for any portion of such future benefits to be paid to the attorney. Thus, in a case with no award of past-due benefits, the claimant and the attorney would have to make their own arrangements for payment of any fee that is approved.

The second ancillary provision in title IV would specify that the provisions proposed in the title are applicable only to cases involving claims for VA benefits and that where no claim for benefits is involved (for example, in constitutional challanges to regulations, Freedom of Information Act cases, and other nonclaim cases), the individual and the attorney would not be restricted by the provisions proposed by the title.

TITLE V: EFFECTIVE DATES

Section 501 of the committee bill provides for a 180-day delayed effective date (following the date of enactment) in order to provide the VA with a full opportunity to make necessary adjustments in its internal procedures in preparation for full implementation. In addition, section 502 authorizes judicial review of decisions of the Board of Veterans' Appeals rendered between January 1, 1977, and the effective date of the act, and requires the Administrator to notify the individuals affected, at their last known address, of this opportunity. The provision specifies that action under this authority would have to be instituted within 180 days of the effective date of the act or of the date of the mailing of the required notice to the claimant.

After considering the pros and cons of providing for some authority for judicial review of decisions rendered by the Board before the effective date of the act, the committee determined that it would not be equitable to provide for judicial review only in a prospective manner. However, the committee also recognized that it would produce an unmanageable workload for the VA and the courts to reach back over an extended period of years to reopen previously denied claims. As a balance of these concerns, it was determined to provide opportunity for review of more recently denied claims and, therefore, included the authority for review of claims decided on or after January 1, 1977—so as to be generally consistent with the beginning of the Congress (the 95th) in which S. 364 was introduced.

COST ESTIMATE

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91-150, 91st Congress), the Committee, based on information supplied by the Congressional Budget Office, estimates that the 5-year cost resulting from the enactment of the Committee bill would be $2.2 million in fiscal year 1980; $5.9 million in fiscal year 1981; $7.2 million in fiscal year 1982; $7.9 million in fiscal year 1983; and $8.1 million in fiscal year 1984. A detailed breakdown of the costs, as estimated by CBO, over the 5-year period follows:

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE—MAY 3, 1979

1. Bill number: S. 330.

2. Bill title: A bill to amend title 38, United States Code, to establish certain procedures by the adjudication of claims for benefits under laws administered by the Veterans' Administration; to apply the provisions of section 553 of title 5, United States Code, to rulemaking procedures of the Veterans' Administration; to provide for judicial review of certain final decisions of the Administrator of Veterans' Administration; to provide for the payment of reasonable fees to attorneys for rendering legal representation to individuals claiming benefits under laws administered by the Veterans' Administration; and for other purposes.

3. Bill status: As ordered reported by the Senate Committee on Veterans' Affairs, May 3, 1979.

4. Bill purpose: Under current law, disputed VA adjudication decisions cannot be appealed beyond the jurisdiction of the Board of Veterans' Appeals. This bill would expand VA's in-house appellate system and would provide veterans and their survivors with access to the Federal court system to appeal VA decisions. This would be accomplished by the five major provisions of the bill: To expand the Board of Veterans' Appeals from its present statutory limit of 50 members to 65 members, to provide for judicial review of certain VA decisions, to provide for independent medical opinions in certain disputed claims, to provide for reasonable attorneys' fees for those who represent claimants before the VA and the courts, and to provide certain codified procedures for adjudicative proceedings before the VA that would bring VA's rulemaking activity under the Administrative Procedure Act.

5. Cost estimate: The following section-by-section cost estimate deals only with those sections of S. 330 that would be expected to affect Federal costs. The remaining sections of the bill pertain to administrative and adjudicative procedures and should have no budgetary impact.

With the exception of title III, all costs resulting from S. 330 would fall within budget function 700. That portion of the cost of title III that relates to Federal judges would fall under function 750. The costs applicable to each function are shown separately.

[In millions of dollars]

	Fiscal year—				
	1980	1981	1982	1983	1984
TITLE I					
ec. 103:					
Estimated authorization level	0.9	1.9	2.9	3.4	3.6
Estimated outlays	.9	1.9	2.9	3.4	3.6
Sec. 108:					
Estimated authorization level	.2	.4	.4	.4	.4
Estimated outlays	.2	.4	.4	.4	.4
Sec. 109:					
Estimated authorization level	(1)	(1)	(1)	(1)	(1)
Estimated outlays	(1)	(1)	(1)	(1)	(1)
Sec. 110:					
Estimated authorization level	.2	.3	.3	.2	---
Estimated outlays	.2	.3	.3	.2	---
TITLE III					
Sec. 302—Function 700 impact:					
Estimated authorization level	.4	3.3	3.6	3.9	4.1
Estimated outlays	.4	3.3	3.6	3.9	4.1
Sec 302—Function 750 impact:					
Estimated authorization level	.7	2.4	3.1	3.2	3.3
Estimated outlays	.7	2.4	3.1	3.2	3.3
TITLE V					
Sec. 502:					
Estimated authorization level	.5	---	---	---	---
Estimated outlays	.5	---	---	---	---
Total costs:					
Function 700:					
Estimated authorization level	2.2	5.9	7.2	7.9	8.1
Estimated outlays	2.2	5.9	7.2	7.9	8.1
Function 750:					
Estimated authorization level	.7	2.4	3.1	3.2	3.3
Estimated outlays	.7	2.4	3.1	3.2	3.3

[1] Less than $100,000.

6. Basis for estimate:

Section 103: This section would expand the maximum number of members on the Board of Veterans' Appeals (BVA) from 50 members to 65 members. The level of support staff per Board member is assumed to be the same for the new members as for current members. It is further assumed that the 15 new members and their support staffs would be hired gradually over the first 3 years, reaching full strength by the beginning of fiscal year 1983. The estimate includes $60,000 in each of the first 3 years for office furnishings and equipment for the new personnel. Salaries were inflated in the outyears for projected Federal pay raises.

Section 108: This section establishes a mechanism whereby a claim, in dispute on the basis of opposing medical opinions, can be settled by the procurement of an independent medical opinion at VA expense. This estimate is based on a VA estimate that approximately 2,600 decisions a year would require independent medical evaluations at a cost of $150 per case. The cost of the medical evaluations is fixed in an agreement between VA and the medical schools that conduct the evaluations, and therefore, would not be affected by inflation in the first 5 years. The increase in the workload of the Board of Veterans' Appeals, where the independent medical opinions would be processed, should not require any increases in staffing beyond that provided for in section 103.

Section 109: This section requires the Administrator to provide, at each stage in the proceedings, notice to the claimant of his procedural rights and options. VA officials maintain that, for the most part, such notifications are provided now. It is, therefore, not expected that the increase in cost would be significant.

Section 110: This section mandates a pilot program to review disputed claims prior to the hearing by BVA. The review would be conducted by a panel of three VA adjudication employees. It is assumed that a 3-year pilot program would be established in six regional offices: Two large stations, three medium stations, and one small station.

Section 302: This section would provide access to the Federal court system for veterans and their survivors to appeal disputed decisions of the Board of Veterans' Appeals. These provisions would increase slightly the workload of the BVA, would substantially increase the workload of the Office of the General Counsel, and would add to the workload of the Federal courts. The added workload for the BVA as a result of cases remanded by the courts should not require any additional staffing beyond that provided for in section 103.

The Office of the General Counsel would have the responsibility of developing and pleading the case of the government before the courts. In the absence of any independent information on the number of manhours acquired to prepare a case, the estimate of the increased costs anticipated for the General Counsel's office was based on the estimate prepared by the Veterans' Administration.

In the judicial impact statement prepared by the Department of Justice last year in connection with a similar bill, S. 364, it was stated that an additional eight district judges and one appellate judge would be required to handle the influx of veterans cases into the Federal court system. Although this bill does not authorize the establishment of any new judgeships, the estimate assumes that such authorization would be forthcoming. In addition to the salaries of the assumed new judges, this estimate includes the cost of support personnel and services. The appointment of the new judges and the hiring of their staffs is assumed to occur gradually over the first 3 years, with full staffing attained by the end of fiscal year 1982. The cost of this section, as it affects the Federal court system, would fall in budget function 750.

It should be noted that the expansion of the appeals process for VA decisions would probably result in some number of new awards that would not otherwise be approved. While it is not possible to estimate precisely how many new cases would result, the number is not expected to be substantial.

Section 501: This section establishes the effective date of the bill to be the first day of the first month beginning 180 days after the date of enactment of the bill. This cost estimate assumes an effective date of April 1, 1980.

Section 502: This section provides that all cases denied by the Board of Veterans' Appeals since January 1, 1977, would be eligible for appeal in the Federal courts, and should be notified by VA of such eligibility. VA states that, because of the configuration of their computer system, it would be cheaper to notify all cases reviewed by the BVA in the designated time period than it would be to determine which cases had been denied. Notifying the approximately 90,000 cases reviewed, assuming an average cost of $5 per case, would result in a one-time cost of $450,000.

7. Estimate comparison: In an informal estimate submitted by VA to the Senate Committee on Veterans' Affairs, the agency estimates the cost of S. 330 as follows:

Estimated cost

Fiscal year:	[In millions]
1980	$5.0
1981	6.6
1982	8.1
1983	8.0
1984	8.0

The CBO and VA estimates differ for every cost-related section of S. 330. There are two major differences in assumptions that affect all sections: The VA assumes an effective date of October 1, 1979, while CBO assumes an effective date of April 1, 1980 (see "Basis for Estimate," Section 501); CBO assumes annual Federal pay raises in the outyears while VA does not. Additional variances are explained below by section.

Section 103: The VA estimate includes additional BVA staff personnel, above that which would be associated with the 15 new Board members, to handle the additions to BVA workload resulting from S. 330. The CBO estimate that the additional staff resulting from the expansion of the Board would be sufficient to handle the increased workload.

Section 108: See above explanation for Section 103.

Section 110: At the time the VA estimate was made, the pilot program was proposed as a 2-year program involving five regional offices. The reported version of the bill proposes a 3-year pilot program covering six regional offices. The CBO estimate extends the VA costs to cover the larger pilot program.

Section 302: The CBO estimate differs from the VA estimate only as a result of the later assumed effective date and the inclusion of anticipated costs in function 750.

Section 502: The VA estimate assumes an average cost of $11 per letter to notify claims denied by BVA. The CBO estimate assumes an average cost per letter of $5.

8. Previous CBO estimate: None.

9. Estimate prepared by K. W. Shepherd (225-7766).

10. Estimate approved by:

C. G. NUCKOLS,
(For James L. Blum,
Deputy Director for Budget Analysis).

SECTION-BY-SECTION ANALYSIS OF S. 330 AS REPORTED

SECTION 1

Subsection (a) of section 1 provides that this Act may be cited as the "Veterans' Administration Adjudication Procedure and Judicial Review Act".

Subsection (b) of section 1 provides that, except when otherwise expressly provided, reference to a section or other provision shall be considered to be made to a section or other provision of title 38, United States Code, relating to veterans' benefits.

TITLE I—ADJUDICATION PROCEDURES

SECTION 101

Subsection (a) of section 101 would amend chapter 51 of title 38, United States Code, relating to applications for, the effective dates of, and the method of payment of veterans' benefits, to add a new section 3007 codifying, for VA adjudication purposes, the burden of proof and reasonable doubt standards currently provided for by VA regulation (38 C.F.R. 3.102). These standards would be codified in order to ensure that the VA's present practices of making every reasonable effort to assist a claimant and construing the evidence favorably to the claimant are not abandoned in response to the provisions of title III of the bill proposing to amend title 38 to authorize court review. The new section 3007 would be added to chapter 51, as follows:

New section 3007.—Burden of proof: benefit of doubt: Subsection (a) would provide that, except where otherwise provided by the Administrator in accordance with provisions of title 38, a claimant would have the burden of submitting evidence sufficient to justify a belief by a fair and impartial individual that a claim is well grounded. Thus, as presently provided for in VA regulations (38 C.F.R. 3.102), the initial burden of going forward with evidence to establish all elements of a claim would be on the claimant. This subsection would not affect existing statutory or regulatory procedures that specify a different procedure relating to burden of proof (for example, the statutory presumptions relating to certain diseases in section 312 of title 38, United States Code, pursuant to which certain such diseases are considered service-connected without a showing that the particular disease existed during active duty service if it became manifest within a specified period after the individual's discharge from such service). In addition, this subsection is not intended to affect the obligation of the VA (pursuant to 38 C.F.R. 3.103) to provide complete assistance to the veteran or other claimant in the development of a claim.

Subsection (b) would provide, without shifting the burden specified in subsection (a) of this section, that, if, after reviewing all of the evidence in a case, there is an approximate balance of positive and negative evidence regarding the merits of an issue material to the determination of the claim, the VA is to give the claimant the benefit of the doubt on each such issue, thus resolving the issue in favor of the claimant. This provision is derived from an existing VA regulation (38 C.F.R. 3.102) but the rules are simplified and the phrase "benefit of the doubt" is used in lieu of the phrase "reasonable doubt" in order to avoid confusion with the meaning of the latter phrase in the criminal law context.

Paragraph (1) of subsection (b) of section 101 would amend the table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part IV of such title, relating to general administrative provisions, to strike, in the item relating to chapter 51, "Applications" and insert in lieu thereof "Claims" in order to reflect the change made in that chapter heading by paragraph (2) of this subsection.

Paragraph (2) of subsection (b) of section 101 would amend the heading of chapter 51 to read "Chapter 51—Claims, Effective Dates, and Payments" in lieu of "Applications, Effective Date, and Payments" in order to indicate more accurately the subject matter of that chapter.

Paragraph (1) of subsection (c) of section 101 would amend the table of sections at the beginning of chapter 51 of title 38, United States Code, relating to claims, effective dates, and payments, to strike, in the item relating to subchapter I, "Applications" and insert in lieu thereof "Claims" in order to reflect the change made in that subchapter heading by paragraph (2) of this subsection.

Paragraph (2) of subsection (c) of section 101 would amend the heading of subchapter I of chapter 51 to read "Subchapter I—Claims in lieu of "Subchapter I—Applications" in order to indicate more accurately the subject matter of that subchapter.

Subsection (d) of section 101 would amend the table of sections at the beginning of chapter 51 of title 38, United States Code, relating to claims, effective dates, and payments to reflect the addition of the new section 3007 proposed to be made by subsection (a) of this section of the Committee bill.

Section 101—Cost.—Enactment of the provisions of section 101 are estimated to entail no cost.

SECTION 102

Would amend present section 3311, relating to the Administrator's authority to issue subpenas, to provide that subpenas authorized under that section may be served either by personal delivery to the person named or by registered or certified mail. This provision is derived from (and intended to have the same substantive effect as) section 205(d) of the Social Security Act (SSA) (42 U.S.C. 405 (d)).

Section 102—Cost.—Enactment of this provision would entail no costs.

SECTION 103

Clause (1) of section 103 would amend subsection (a) of present section 4001, relating to the composition of the Board of Veterans' Appeals, to increase from 50 to 65 the limitation on the size of the Board of Veterans' Appeals membership in order to enhance the Board's ability to handle the increased workload, in the form of longer, more detailed opinions and court-ordered remands for further development of the record in individual cases that the judicial review of VA decisions (as would be authorized by the amendments proposed to be made by title III of the Committee bill) is expected to generate; to make a technical amendment in the statutory description of members of the Board (striking "associate" in the description of members of the Board based on the VA's explanation that there is no difference between "members" and "associate members"); and to require expressly that the Board dispose of appeals properly before it in "a timely manner."

Clause (2) of section 103 would further amend present section 4001 by adding a new subsection (c), as follows:

New subsection (c): Would require the Chairman of the Board of Veterans' Appeals to submit a report to the appropriate committees of Congress, not later than February 1, 1980, and annually thereafter, on the Board's activity for the prior fiscal year, together with a projection for the fiscal year in which the report is submitted and the subsequent fiscal year. The report must include detailed information of the Board's workload, including a report on the average length of time cases were before the Board, and an evaluation of the Board's ability, based on existing and projected personnel levels, to dispose of cases before it in a "timely manner" as expressly required by the amendment to subsection (a) of present section 4001 as proposed to be made by clause (1) of section 103 of the Committee bill.

Section 103—Cost.—Enactment of the provisions of section 103 of the Committee bill is estimated to cost $0.9 million in fiscal year 1980.

SECTION 104

Would amend present section 4002, relating to the assignment of members of the Board of Veterans' Appeals, to make a technical amendment in the statutory description of members of the Board (that is, to delete "associate" from the description of members of the Board for the reason set forth in the analysis of clause (1) of section 103 of the Committee bill, above).

Section 104—Cost.—Enactment of this provision would entail no costs.

SECTION 105

Would amend subsections (a) and (b) of present section 4003, relating to determinations by the Board of Veterans' Appeals, to require that the Board, before reversing its prior decision in an individual case on the basis of additional official information from the service department concerned, to provide the claimant with notice of such additional information together with an opportunity to be heard in connection with such information.

Section 105—Cost.—Enactment of the provisions of section 105 are estimated to entail no cost.

SECTION 106

Would amend present section 4004, relating to the jurisdiction of the Board of Veterans' Appeals, to codify a number of existing practices of the Board and to clarify other practices and procedures in conjunction with court review of VA decisions, as would be authorized by the amendments made by title III of the Committee bill.

Clause (1) of section 106 would amend subsection (a) of present section 4004, relating to a claimant's right to one appeal, which is to be decided by the Board, to provide claimants with appeals before the Board with the express statutory right to an opportunity for a hearing before the Board, and to require that Board decisions be based exclusively on evidence and material of record in the proceeding and on applicable provisions of law. These changes codify the general practice now followed by the Board, derived from the provisions of present section 4005(a) as to a right to a hearing (made express in 38 CFR 19.133(a)) and present section 4005(d)(5) as to the record, which provision is proposed to be deleted by section 107 of the Committee bill.

Clause (2) of section 106 would amend subsection (b) of present section 4004, relating to the reopening of Board decisions, to eliminate the requirement that new and material evidence sufficient to allow the Board to reopen a previously disallowed claim be in the form of "official reports from the proper service department" (this change is consistent with the Board's current practice of allowing previously denied claims to be reopened on the basis of new and material evidence from any source, although the applicable regulation, 38 CFR 19.155, does not clearly articulate this process; and to specify that a judicial decision (pursuant to the new judicial review provisions added by the amendments made by title III of the Committee bill) upholding, in whole or part, a prior decision of the Board disallowing a claim shall not diminish the Board's discretionary authority to reopen a claim on the basis of new and material evidence. This latter provision is designed specifically to make it clear that nothing in the new provisions authorizing judicial review is intended to allow the doctrine of res judicata to affect the VA's "open file" system of claims adjudication.

Thus, the fact of an adverse court ruling on a claim in no way is intended to preclude a veteran or other claimant from continuing to pursue the claim by gathering and offering new and material evidence sufficient to reopen the matter.

Clause (3) of section 106 would amend subsection (d) of present section 4004, relating to the form of Board decisions, by requiring that Board decisions state separately findings of fact and conclusions of law on each material issue in the case, and that the Board mail a copy of its final decision to the last known address of the claimant and of the claimant's authorized representative, if any. These requirements would codify current Board practices not expressly provided for in regulation, and provide a statutory basis for procedures that would precede and should facilitate court review of a matter appealed to court. The date on which the decision is mailed to the last known address of the claimant and the claimant's authorized representative would serve as the date from which time would begin to run on the 180-day period following a Board decision that would be allowed for the commencement of a civil action under new section 4025 of title 38 (as added by subsection (a) of section 302 of the Committee bill). The provision relating to the contents of the Board's decision, which is derived from the Administrative Procedure Act (APA) (5 U.S.C. 557 (c)), is intended to assure that decisions of the Board are sufficiently explicit and detailed so as to enable the claimant to understand clearly the basis of the Board's action and, if the case of an appeal to a court, to enable the claimant to state specific grounds for disputing the decision; and to provide the reviewing court with a basis to understand and interpret the decision of the Board.

Section 106—Cost.—Enactment of the provisions of section 106 are estimated to entail no costs.

SECTION 107

Would amend present section 4005(d)(5), relating to the Board's disposition of appeals, to delete the requirement that the Board base its decision on the entire record because that requirement would be included in present section 4004(a) by an amendment made by section 106(1) of the Committee bill.

Section 107—Cost.—Enactment of this provision would entail no costs.

SECTION 108

Would amend present section 4009, relating to the obtaining of independent medical opinions by the Board in medically complex or controversial cases, to add a new subsection (c), as follows:

New subsection (c): Would provide the claimant with the right to request an independent medical opinion when the Board has a case in which there is a substantial disagreement between the substantiated findings or opinions of two physicians with respect to a material issue in the case and the Board cannot resolve the disagreement in any other way (for example, by interrogatories to one or both physicians, probing the basis for such physician's findings or opinion). In the case of a denial of such a request, the Board would be required to provide the claimant and the claimant's authorized representative, if any, with a statement of its reasons for denying a request for an IMO under this subsection, but the Board's decision on such a request would be committed to agency discretion and thus would be final and not subject to judicial review.

Section 108—Cost.—Enactment of this section is estimated to cost $0.2 million in fiscal year 1980.

SECTION 109

Would amend chapter 71 of title 38, United States Code, relating to the Board of Veterans' Appeals, by adding two new sections, one establishing certain procedures to be followed in adjudicatory proceedings within the VA (largely derived from provisions of APA (5 U.S.C. 554, 555, and 556)) and the other setting forth requirements for the Administrator to apprise claimants of their procedural rights before the VA.

Subsection (a) of section 109 would amend chapter 71 by adding two new sections, as follows:

New subsection 4010.—Adjudication procedures: Subsection (a) would authorize the Administrator, in any hearing, investigation, or proceeding in the VA, in connection with a claim for benefits under laws administered by the VA, to administer oaths, examine witnesses, and take evidence. This fundamental authority codifies existing VA practice, derived, insofar as subpenaed witnesses are concerned, from present section 3311 and not required from a specific regulation, and is based on an APA provision (5 U.S.C. 556(c)) and is similar to SSA section 205(b) (42 U.S.C. 405(b)).

Subsection (b) would provide for the admission of any evidence in VA proceedings, including before the Board, even evidence that would be inadmissible under the rules of evidence applicable in judicial proceedings, but would also authorize the Administrator to prescribe regulations allowing exclusion of irrelevant, immaterial or unduly repetitious evidence. This provision, which is based on similar APA (5 U.S.C. 556(d)) and SSA provisions (42 U.S.C. 405(b)), generally codifies the existing VA regulation, 38 CFR 19.133(c).

Subsection (c) would specify certain procedural rights of claimants in proceedings before the Board of Veterans' Appeals, the first four of which (clauses (1) through (4) below) are derived from the APA (5 U.S.C. 556(d)).

Clause (1) of subsection (c) would give the claimant or the claimant's authorized representative the right to examine the contents of the case files and all documents and records that the VA plans to use in the proceeding and, on the payment of a fee, prescribed pursuant to present section 3302(b), not to exceed the direct cost of duplicating the materials, the right to obtain copies of all such materials.

Clause (2) of subsection (c) would give the claimant or the claimant's authorized representative the right to present witnesses and evidence restricted only by regulations of the Administrator relating to irrelevant, immaterial, or unduly repetitious evidence as authorized by proposed subsection (b) of this section.

Clause (3) of subsection (c) would give the claimant or the claimant's authorized representative the right to make arguments to the Board, both orally and in the form of a written brief or similar document, on both substantive and procedural issues.

Clause (4) of subsection (c) would give the claimant or the claimant's authorized representative the right to submit rebuttal evidence.

Clause (5) of subsection (c) would give the claimant or the claimant's authorized representative the right to present medical opinions as part of the case and to request an independent medical opinion pursuant to new subsection (c) of present section 4009 (as added by section 108 of the Committee bill).

Clause (6) of subsection (c) would give the claimant or the claimant's authorized representative the right to serve on any person written interrogatories that would have to be answered in writing separately and under oath unless the person makes an objection to the Administrator. (Other provisions of this subsection discussed below provide specific procedures for objection to and enforcement of such interrogatories.)

Subsection (c) would further provide, in a final paragraph, that the fee provided for in clause (1) of this subsection for the reproduction of the contents of case files and all materials that the VA plans to use in the proceeding may be waived, pursuant to regulations of the Administrator, either on account of a party's inability to pay or for other good cause. In addition, the final paragraph of the subsection would provide procedures that would apply in conjunction with the use of interrogatories authorized in clause (6) of this subsection. In the event an individual served with interrogatories objects to some or all of the interrogatories, the Administrator would be required, pursuant to regulations which the Administrator must prescribe establishing standards consistent with standards for protective orders under Rule 26(c) of the Rules of Civil Procedure for the United States District Courts, to evaluate the objection and either order the interrogatories to be answered as served or as modified by the Administrator or order that the interrogatories need not be answered. In this manner, the Administrator would be available to protect against the use of interrogatories to harass or unduly burden the person served with the interrogatories. This paragraph would also provide that, if a person served with interrogatories under this section fails to answer or to provide responsive answers and the party serving the interrogatories shows the general relevance and reasonable scope of the evidence sought, the Administrator is to issue a subpena pursuant to present section 3311 of title 38 with enforcement pursuant to present section 3313 of title 38, United States Code, to require the person served with the interrogatories to appear at a disposition on written questions at a location within 100 miles of the witness' residence or place of work. This procedure for enforcing the interrogatories, together with the check provided by the Administrator's evaluation of any objection, is designed to prevent abuse of this discovery tool while providing a claimant with a means of obtaining relevant evidence that would otherwise be unavailable to the claimant. The provisions relating to the use of interrogatories are proposed in lieu of allowing a claimant to subpena a witness to appear at a Board hearing for the purpose of cross-examination by the claimant or the claimant's authorized representative because of concern that such cross-examination would not be consistent with the goal of conducting proceedings by the Board in a nonadversarial fashion.

Subsection (d) would provide authority for a hearing officer in any VA proceeding to disqualify himself or herself because of personal bias or other cause and also would provide authority for a party to challenge a hearing officer on such basis. This provision is derived from the APA (5 U.S.C. 556(b)).

Subsection (e) would specify that the administrative record in a case would consist of the transcript or recording of testimony and the exhibits, all papers and requests filed in the proceeding, and the decision of the Board; and would require the Administrator, upon payment of a reasonable fee for the cost of duplicating, pursuant to present section 3302(b) of title 38, to copy the contents of the record for the claimant. The duplicating fee would be waivable on account of a party's liability to pay or for other good cause shown.

Subsection (f) would specify that, notwithstanding any other provision of law, the adjudication and hearing procedures contained in title 38, and in regulations prescribed by the Administrator are exclusive. This provision is designed to preclude judicial incorporation of other procedures from the Administrative Procedure Act or elsewhere in order to assure that VA procedures remain informal and nonadversarial in nature.

New section 4011.—Notice of procedural rights: Would require the Administrator to provide, at each stage of the proceedings before the VA, notice, in easily understandable language, to a claimant of procedural rights and the procedures available to obtain various opportunities for review. This provision is designed to assure that at each critical juncture in the adjudication/appeals process, the claimant is specifically notified of his or her rights, at that level and of remaining available options; and to assure that, where there are substantial populations of veterans with limited English-language proficiency, this notice is provided in a language other than English, such as Spanish, which is spoken by a significant percentage of the clientele of the particular VA facility.

Subsection (b) of section 109 would amend the table of sections at the beginning of chapter 71 to reflect the addition of new sections 4010 and 4011 made by the amendments in subsection (a) of this section of the Committee bill.

Section 109—Cost.—Enactment of the provisions in section 109 is estimated to cost less than $100,000 in fiscal year 1980.

SECTION 110

Would require the Administrator to conduct a study of alternative methods of providing speedier claims resolution at locations convenient to claimants' residences. The study would include two alternative procedures: First, in at least three VA regional offices, a procedure utilizing an intermediate review panel of regional office personnel from the Department of Veterans' Benefits, which would conduct a de novo review of the claim prior to any appeal to the Board of Veterans' Appeals; and, second, in at least three other VA regional offices, an enhanced schedule of visits by traveling panels of the Board of Veterans' Appeals (on at least a quarterly basis). The Administrator would be required to report to the Congress on the results of the study, including an evaluation of the cost factors associated with each alternative and the impact on the workload of the regional offices and the Board of Veterans' Appeals resulting from each alternative, together with any recommendations for administrative or legislative action, or both, as may be indicated by the study.

Section 110—Cost.—Enactment of this provision is estimated to cost $0.2 million in fiscal year 1980.

TITLE II—VETERANS' ADMINISTRATION RULE MAKING

SECTION 201

Subsection (a) of section 201 would amend subchapter II of chapter 3 of title 38, United States Code, relating to various administrative matters pertaining to the Veterans' Administration, by adding a new section 221, as follows:

New section 221.—Rule making: Would provide that, notwithstanding the preclusion in section 553(a)(2) of title 5, United States Code, of matters involving "loans, grants, benefits, or contracts" from Administrative Procedure Act rulemaking procedural requirements, the VA's rulemaking procedures must be in compliance with the provisions of the Administrative Procedure Act section relating to rule making, section 553 of title 5, United States Code. This section would generally codify the current VA regulations, 38 CFR 1.12.

Subsection (b) of section 201 would amend the table of sections at the beginning of chapter 3 of title 38, United States Code, relating to general administrative matters pertaining to the Veterans' Administration, to reflect the addition of the new section 221 proposed to be made by subsection (a) of this section of the Committee bill.

Section 201—Cost.—Enactment of this provision would entail no costs.

TITLE III—JUDICIAL REVIEW

SECTION 301

Would amend section 211(a) of title 38, United States Code, relating to decisions by the Administrator, which generally precludes judicial review of decisions of the Administrator in matters relating to claims for benefits under laws administered by the VA, to add to the matters to which such preclusion does not apply, chapter 72, the new judicial review chapter proposed to be added by section 302 of the Committee bill.

Section 301—Cost.—Enactment of this provision would entail no costs.

SECTION 302

Subsection (a) of section 302 would amend part V of title 38, United States Code, relating to VA boards and departments, to add a new chapter, chapter 72, entitled "Judicial Review", which would authorize and prescribe procedures for access to the Federal court system for review of certain VA decisions and would consist of new sections 4025 through 4029, as follows:

New section 4025.—Jurisdiction: Would define the reviewing court's jurisdiction to review a case involving a claim for benefits under laws administered by the Veterans' Administration.

Subsection (a) would authorize judicial review of a "final decision" (as defined in subsection (c) of this new section) in a matter involving a claim for benefits under laws administered by the Veterans' Administration. A civil action seeking such review could be brought in Federal district court in either the home district of the claimant or in the district court where the Board of Veterans' Appeals is situated (presently the District of Columbia), and must be brought within 180 days (the same period as is allowed for bringing an action in Federal court in connection with a tort claim against the United States, as provided for in 28 U.S.C. 2401(b), following final denial of such claim by the Federal agency involved, as required by 28 U.S.C. 2675(a)) after the notice of the Board of Veterans' Appeals decision is mailed to the claimant pursuant to new section 4004 (d) (as proposed to be added by clause (3) of section 106 of the Committee bill).

Subsection (b) would provide that, in matters not directly involving a claim for benefits, present section 211(a), which generally precludes judicial review of decisions of the Administrator, shall not bar a Federal civil action that otherwise would be authorized by law. This provision is intended to make clear that nothing in section 211(a) operates to bar judicial challenges to VA regulations, practices or procedures that would be open to such challenge if carried out by any other Federal agency. Thus, the provision is not a grant of jurisdiction and is in no way intended to vitiate any available defenses, such as standing, ripeness, and failure to exhaust administrative remedies, in civil actions for the review of Federal agency conduct. Rather, this provision is intended to recognize and codify an emerging body of case law (for example, the decision of the United States Court of Appeals for the Sixth Circuit in *Wayne State University* v. *Cleland*, 590 F. 2d 627 (6th Cir. 1978), holding that section 211(a) does not preclude court review of the Administrator's authority to promulgate particular regulations) to the effect that present section 211(a) precludes judicial review of only those decisions that Administrator makes in the administration of a statute providing benefits to veterans or other claimants.

Subsection (c) would define "final decision of the Administrator", as used in subsection (a) of this new section, to include not only a decision on the merits pursuant to section 4004(a), as it is proposed to be amended by section 106 of the Committee bill, but also a refusal to reopen a claim pursuant to section 4004(b), as it is proposed to be amended by section 106 of the Committee bill, or a refusal on the basis of nonconformity with present chapter 71 provisions relating to form or manner of appeals actions, pursuant to present section 4008, or on the basis of a lack of timeliness pursuant to present section 4005, to consider a claim.

Subsection (d) would specify that the provisions of the new chapter 72 would not change the current law provisions governing judicial review of matters under present chapter 19 of title 38, relating to insurance, and under present chapter 37 of title 38, relating to home, condominium, and mobilehome loans and loan guaranties. There are in both chapters procedures established relating to judicial review and no need to change such procedures has been suggested or shown.

Subsection (e) would require the complaint seeking appeal of a decision relating to a claim for benefits, brought pursuant to new subsection (a) of this section, to include sufficient information in the complaint (for example, the date of the final Board of Veterans' Appeals decision and the claimant's VA claim number) to assist the VA in identifying and locating the claimant's file.

Subsection (f) would require the Administrator to file, together with the answers to the complaint, certified copies of all of the materials that constitute the record in the case or, if the Administrator determines that the cost of filing all of the records would be prohibitive, would permit the Administrator to file a complete index of all of the materials of record in the case. If such an index is filed, the reviewing court would consider requests from all parties for the filing of specific record materials, and thereafter order the Administrator to file certified copies of the indexed items that the court deems relevant to its consideration of the case.

Subsection (g) would provide that a reviewing court has the power to dispose of a case on the pleadings and record certified under subsection (f) of this new section. It is anticipated that court's use of this authority should reduce unnecessary expenditures of judicial resources. As noted in the "Final Report—Study of the Social Security Administration Hearing System" by the Center for Administrative Justice: "The amount of time invested in average case [under the SSA] is undoubtedly very small. Most disability cases present simple issues. There is no trial and often not even an oral appearance."

Subsection (h) would remove judicial review as provided in subsection (a) of this new section for cases in which the initial claim for benefits is not filed with the Administrator (pursuant to present section 3001(a)) before the end of the fifth fiscal year after the fiscal year in which the Act becomes effective. The provision would have no effect on the availability of remedies under new chapter 72 in connection with any claim filed before such time. This "sunset" provision on new claims is intended to require the Congress to evaluate the new judicial review provisions before making such provisions permanent or extending them further.

New section 4026.—Scope of review: Would define a reviewing court's role in considering actions brought under the proposed new judicial review chapter. The provisions are derived, with certain modifications, from the APA scope of review provisions in 5 U.S.C. 706.

Clause (1) of subsection (a) would authorize a reviewing court to decide all relevant questions of law and interpret constitutional, statutory, and regulatory provisions. As discussed above with respect to subsection (b) of new section 4025 (as proposed to be added by this subsection of the Committee bill), there is an emerging body of case law which holds that courts are not barred by present section 211(a) from reviewing questions relating to the legal authority of the Administrator, under the Constitution or statutory provisions, in matters not directly relating to claims for benefits (for example, the decision in *Plato* v. *Roudebush*, 397 F. Supp. 1295 (D. Md. 1975) where the court permitted a constitutional challenge to VA procedure relating to pension benefit termination). This new provision expands that case law to include questions of law in cases involving claims for benefits.

Clause (2) of subsection (a) would authorize a reviewing court to compel action of the Administrator that the Administrator has unlawfully withheld.

Clause (3) of subsection (a) would define a reviewing court's authority to hold unlawful and set aside decisions, findings, and conclusions of the Administrator. Specifically, a reviewing court would be empowered to reverse a decision of the Administrator if such a decision is found to be: (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; (B) contrary to constitutional right, power, privilege or immunity; (C) in excess of statutory jurisdiction, authority or limitations, or in violation of a statutory right; or (D) without observance of procedure required by law. As noted above, this authority to reverse is largely derived from the APA; however, it is specifically limited in cases where a reviewing court finds the Administrator's decision on a factual issue to be arbitrary, capricious, or an abuse of discretion so as to require the court, before reversing the decision, to specify where it finds the record to be deficient and to remand the case once, for a time-limited period, to allow the Administrator either to reconsider the decision or substantiate the record. It is the Committee's intention that these limits on a reviewing court's authority to reverse a decision of the Administrator on a factual issue, together with the limitation on a court's review of factual issues to an evaluation for arbitrariness, capriciousness, or abuse of discretion, should serve to restrict court review of factual matters more tightly than is the case where review is authorized (as in the APA, 5 U.S.C. 706) to determine whether a Federal agency's decision on a factual issue is "supported by substantial evidence". Thus, the role of the Board of Veterans' Appeals as the primary export arbiter of factual matters involving claims for VA benefits be preserved.

Subsection (b) would incorporate the rule of prejudicial error from the APA (5 U.S.C. 706) in order to define further a reviewing court's role. Thus, pursuant to this rule, a court would be expected to disregard errors in the administrative record that are not significant to the outcome of the matter.

Subsection (c) would clarify a reviewing court's role in relation to questions of fact decided by the Administrator by specifying that in no event shall such findings be subject to a trial *de novo* in the reviewing court.

Subsection (d) would provide that, in reviewing a matter resolved by the VA solely on the basis of a failure to conform to VA regulations or procedures, the reviewing court may consider only those issues relating to the validity of or conformity with the regulation or procedure. Thus, if a court were to uphold the validity of a regulation or procedure and its application to the facts of a case, the matter would be ended; but if, on the other hand, the court were to rule that the regulation or procedure is unlawful, the underlying claim for benefits must be returned to the VA for its consideration, and the VA's role as the principal arbiter of VA claims matters would thus be preserved.

New Section 4027.—Remands: Would provide for three different types of remands (two mandatory and one discretionary), in addition to the mandatory remand provision to be provided for under new section 4026(a). Under the first, the court would be required, at the request of the Administrator, to remand the case, after it is appealed to court and before the Administrator files an answer, for a single reconsideration by the Administrator, which, must be completed within 90 days or the matter would be returned to court. This provision is derived from a similar one in the SSA (42 U.S.C 405(g)) but modified to place a specific limit on the amount of time allowed before the case must be returned to court. The second remand provision would allow the reviewing court, in its discretion, to remand a case for further action after the Administrator has filed an answer. The third remand provision would require a court to remand a matter when either party applies for leave to adduce further evidence and shows "good cause" for the remand. In the Committee's view, the burden of showing good cause for the remand should be applied to protect parties and administrative and judicial processes from dilatory practices but not so as to create undue impediments to the Administrator's consideration of additional evidence bearing on the merits of a claim. The new section would thus authorize a reviewing court to specify a time period within which the Administrator must act on a matter remanded under either the second or third remand provisions in this new section.

New section 4028.—Survival of actions: Would provide that actions brought under new section 4025 would survive the tenure of any individual as Administrator.

New section 4029.—Appellate review: Would provide that decisions of district courts pursuant to the new judicial review chapter would be subject to review in higher Federal courts in the same manner as other civil judgments.

Subsection (b) of section 302 would amend the table of chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part V of such title, relating to boards and departments, to reflect the addition of the new chapter 72 proposed to be made by subsection (a) of this section of the Committee bill.

Section 302—Cost.—Enactment of this provision is estimated by the Congressional Budget Office to result in costs of $0.4 million to the Veterans' Administration in fiscal year 1980 and of $0.7 million to the Federal court system. This latter cost estimate assumes that additional judgeships (and supporting staff) would be authorized by the Congress to deal with the judicial workload generated by allowing court review of VA decisions. This assumption may prove to be fallacious in light of the enactment of Public Law 95-486 in the last Congress which authorized an additional 117 district court judgeships and 35 circuit court judgeships. Although it is clear that these additional judges were designed to reduce the Federal court workload existing at that time, it seems unlikely that the Congress would be prepared to act to add still more new judgeships so soon after such a significant increase. In any event, it is clear, as noted in the cost estimate of the Congressional Budget Office, that the Committee bill does not authorize any additional judgeships and any such authorization, and attendant cost, would have to be considered separately.

SECTION 303

Would amend present section 1346 of title 28, United States Code, relating to the jurisdiction of Federal district courts when the United States is the defendant, to provide that the exclusion contained therein limiting the jurisdiction of Federal district courts in matters involving pensions shall not apply to VA pension matters. This is a conforming amendment to effectuate the purpose of the new chapter 72 that would be added by section 302 of the Committee bill.

Section 303—Costs.—Enactment of this provision would entail no costs.

TITLE IV—ATTORNEYS' FEES

SECTION 401

Would amend present section 3404 of title 38, United States Code, relating, in connection with VA proceedings, to the recognition of agents and attorneys and to attorneys' fees, to revise the present title 38 limitation if $10 for claimants' attorneys' fees by providing for the approval by the Administrator of reasonable attorneys' fees, within certain specified amounts for representation of individuals before the Veterans' Administration and for approval by the court of a reasonable attorneys' fees in cases appealed to court.

Clause (1) of section 401 would amend present subsection (c) of present section 3404, to provide for approval by the Administrator of attorneys' fees above the present $10 maximum for services rendered in representing a claimant following the issuance by the Administrator of a statement of the case (a formal explanation of an initial denial of a claim) pursuant to present section 4005(d), but would retain the $10 maximum limitation for cases resolved upon the initial proceeding at the regional office level. With respect to claims resolved within the VA but following the issuance of the statement of the case, the Administrator's approval of an attorney's fee is limited to the lesser of:

(A) the fee agreed upon by the claimant and the attorney, or

(B)(i) $500 (an amount which could be increased administratively by the Administrator in future years as warranted by changed economic conditions) except that a greater amount may be approved by the Administrator in an individual case involving extraordinary circumstances warranting such a higher fee, or

(ii) if the claimant and attorney have entered into a contingent-fee agreement, an amount not in excess of 25 per centum of the total amount of past-due benefits awarded.

Thus, approved fees for legal representation before the VA following the issuance of a statement of the case will generally be limited to a maximum of $500 unless the claimant and attorney have entered into a contingent-fee agreement and the matter is resolved in a manner favorable to the claimant, in which case the limitation would be 25 per centum of any past-due benefits awarded in the claim. The Committee does not anticipate that the Administrator will have occasion to approve a fee in excess of $500 on the basis of "extraordinary circumstances" except in the most unusual of cases where an attorney is able to demonstrate that the facts and circumstances of the case were so markedly different, in terms of complexity or difficulty, from the average case before the Administrator that an exceptional amount of time was legitimately required to prepare and present it.

Clause (2) of section 401 would further amend present section 3404 of title 38, United States Code, by adding six new subsections (d) through (i), as follows:

New subsection (d): Would define the court's role in approving attorney's fees in cases appealed to court under the new judicial review chapter as proposed to be added by section 302 of the Committee bill. In a case that is resolved in a manner favorable to the claimant (as that result is defined in new subsection (h) of this section), the court may approve a reasonable fee, with the limitation that, if the claimant and attorney have entered into a contingent-fee agreement, the amount of the fee is limited to 25 per centum of the total amount of past-due benefits awarded in the case. In the event that a matter is not resolved in a manner favorable to a claimant in court, the reviewing court may approve a limited reasonable fee, not to exceed $750, taking into consideration the extent to which success appeared reasonably probable when the action was filed. Of course, where the claimant and attorney have entered into a contingent-fee agreement, no fee could be approved unless court review ultimately results in an award of past-due benefits.

New subsection (e): Would provide authority for the Administrator to authorize payment to an attorney from any past-due benefits that are awarded by the Administrator or a court but would specifically preclude the VA from making payments out of any future benefits accruing to a claimant on the basis of the action.

New subsection (f): Would provide for court review of an approval of a fee award by either the Administrator or a court. Where the matter is resolved within the VA and the Administrator approves an award, the amount approved may be challenged as reflecting an abuse of discretion by an action brought by either the claimant or the attorney in the Federal district court in the claimant's home district. Where the fee is approved in a matter appealed to court, either the claimant or the attorney could make a motion, in the United States district court where the appeal was considered, within 30 days after the fee is approved.

New subsection (g): Would limit the applicability of the new attorneys' fee section, section 3404 (as proposed to be amended by this section of the Committee bill), to cases involving claims for benefits under laws administered by the VA. Thus, in all other types of cases (for example, constitutional challenges to regulations, Freedom of Information Act cases, and other claims for relief other than VA benefits) where no claim for benefits is involved, the fee agreement between the individual and the attorney would not be restricted by the provisions of this section.

New subsection (h): Would provide that, for the purposes of this section, a claim is to be considered as having been resolved favorably to a claimant when any or all of the relief sought is granted.

New subsection (i): Would provide that a court may, in its discretion and as an extraordinary remedy, allow a prevailing party, other than the Administrator, reasonable attorneys' fees as part of the costs awarded after the decision. This provision is intended to permit a court to evaluate all of the circumstances of a claim and, in particular, the VA's basis for denying the relief requested and its conduct with respect to the claimant. The Committee's intention is that the court's evaluation of the VA's action be similar to that undertaken by courts in Freedom of Information Act cases when the issue to be resolved is whether the governmental agency involved had a reasonable or colorable basis in law for its action (for example, the analysis in *Keye* v. *Burns,* 411 F. Supp. 897, 903 (S.D. N.Y. 1976) cited with approval in *Cueno* v. *Rumsfeld,* 553 F. 2d 1360 (D.C. Cir. 1977)). Accordingly, there should seldom be an award of attorneys' fees under this provision; an award would be appropriate only upon a finding by a court that the VA had been "recalcitrant" in its denial of a valid claim or had otherwise "engaged in obdurate behavior" in the adjudication of the claim. One situation that might, in particular cases, warrant such a finding and an award of attorneys' fees would be where the reviewing court has found a factual determination of the Administrator to be "arbitrary, capricious or an abuse of discretion" and remands the matter to the VA pursuant to proposed new section 4026 (as proposed to be added by section 302 of the Committee bill), following which the matter is returned to the court with the Administration's finding unchanged and with no further substantiation or development of the record.

Section 401—Cost.—Enactment of the provisions in section 401 are estimated to entail no cost.

SECTION 402

Would amend present section 3405 of title 38, United States Code, relating to penalties for certain acts, to delete a gender reference and to strengthen this provision by making it a Federal criminal offense for an attorney or other person willfully and intentionally to defraud a VA claimant.

Section 402—Costs.—Enactment of this provision would entail no costs.

TITLE V—EFFECTIVE DATES

SECTION 501

Would make the Act effective on the first day of the month beginning 180 days after the date of enactment.

SECTION 502

Would allow for judicial review, pursuant to proposed new section 4025 (as proposed to be added by section 302 of the Committee bill), of decisions of the Board of Veterans' Appeals rendered on or after January 1, 1977, and prior to the effective date of the Act. This section also specifies that any appeals of such decisions rendered prior to the effective date of the Act must be brought within 180 days after the effective date of the Act or after mailing of notice by the Administrator to the claimant of the right to such an appeal, whichever is later.

Section 502—Cost.—Enactment of this section is estimated to cost $0.5 million in fiscal year 1980.

CONCLUSION

Mr. CRANSTON. Mr. President, in closing, I want to express my thanks and appreciation to my good friend and colleague, the Senator from Colorado (Mr. HART) for his vision and strong leadership on this issue. He has been deeply interested in the issue of judicial review of VA decisions since coming to the Senate, and today's Senate action on S. 330 is a tribute to his perseverance. I also want to express my appreciation to the ranking minority member of the committee, the Senator from Wyoming (Mr. SIMPSON), for his excellent assistance and counsel on this bill and to the other members of the committee who voted to report the bill and have been so helpful—

Senators TALMADGE, RANDOLPH, STONE, MATSUNAGA, DURKIN, THURMOND, and STAFFORD.

The bill as reported was developed over many months by the committee staff, and I believe they did a truly outstanding job in blending together many aspects of the legislation and accommodating the many competing considerations. I particularly note the work on the bill and committee report of committee staff members Bill Brew, Ed Scott, Jon Steinberg, Kerry Shortle, and Harold Carter. They were extremely ably assisted by Janice Orr, Terri Morgan, Becky Walker, Mikki Day, Jim MacRae, and Walt Klingner.

I would also like to extend thanks for their efforts to committee minority staff members Garner Shriver and John Pressly, as well as former staff member Gary Crawford, and to Ken Bergquist of Senator SIMPSON's staff. In addition, I want to thank Bill Holen and Terry Johnson of Senator HART's staff for their close cooperation with us in developing the committee version of the legislation.

The committee staff received significant technical assistance during the long developmental process—from Hugh Evans, of the Senate's Office of Legislative Counsel, and from the VA, particularly from Guy McMichael, the VA's General Counsel, Dean Phillips, Don Zeglin, and Roland Halstead, all on the General Counsel's staff, and from Jan Donsbach, Special Assistant to the Chairman of the Board of Veterans' Appeals, to all of them, I express my gratitude.

Mr. President, I believe that this legislation is long overdue. There is no longer any reason, if there ever was, for denying veterans and other claimants before the VA access to the Federal court system to challenge arbitrary or capricious denials of claims for benefits, and I urge my colleagues to support this bill.●

● Mr. HART. Mr. President, today Senator CRANSTON, the distinguished chairman of the Senate Veterans' Affairs Committee, has brought to the floor for consideration a measure which will significantly reform the administrative procedures of this Nation's third largest Federal agency—the Veterans' Administration.

Senator CRANSTON and I introduced the Veterans' Administration Adjudication Procedure and Judicial Review Act on February 1. The bill would provide for judicial review of the administrative decisions of the Veterans' Administration, and allow for the payment of reasonable attorneys' fees by veterans who wish to be represented by counsel at VA hearings or in court. Additionally, this measure requires the VA to comply with the rulemaking provisions of the Administrative Procedures Act (APA) and clarifies and codifies VA adjudication procedures to assure veterans the opportunity to receive full and fair notice and hearings from the VA on their claims for benefits.

Mr. President, the Veterans' Administration is unique among major Federal agencies in that its benefit decisions are not subject to the scrutiny of the Federal courts. In addition, an outdated $10 limitation on the amount a veteran may pay an attorney to assist in the presentation of a claim before the VA prevents many veterans from being represented by counsel of their choosing.

Under existing law, a local VA board reviews a veteran's case to determine if he or she is eligible for disability compensation pension, or other benefits. If the local board renders an unfavorable decision, the veteran is entitled to appeal to the Board of Veterans Appeals (BVA) in Washington, D.C., which is a part of the VA. Unlike claimants before nearly all other Federal agencies, a veteran who feels that the BVA has misinterpreted the law or decided a case without taking all relevant facts into account has no further recourse outside the VA.

Mr. President, I first introduced corrective legislation to allow for judicial review of Veterans' Administration decisions in May 1976. In the 94th Congress, I had intended to introduce S. 3392 as an amendment to the then pending Veterans' Education and Employment Assistance Act of 1976. However, I agreed to refrain from pressing for passage of that measure after then-chairman of the Veterans' Affairs Committee, Senator Vance Hartke, promised to hold hearings on the issue of judicial review in the 95th Congress. In January 1977, I introduced S. 364, a bill to provide for judicial review of VA decisions and several other reforms in VA procedures. Senator CRANSTON, chairman of the Senate Veterans' Affairs Committee honored Senator Hartke's commitment and five hearings were held to consider the merits of S. 364.

The extensive hearings on the question of judicial review of VA decisions revealed a wide range of complicated and complex issues with significant implications for the adjudication and procedural operations of the VA. The committee concluded that much of the excellent testimony from the hearings pointed to the need for some refinement of my legislative proposal. Senator CRANSTON directed the committee staff to begin work on a substitute to S. 364. My staff, the Veterans' Affairs Committee staff, VA staff, and representatives of veterans organizations all participated in the development of a substitute to S. 364 which more closely fits the existing VA procedures and provides additional due process protection for the veteran.

On February 1, Senator CRANSTON and I introduced S. 330, the Veterans' Administration Adjudication Procedure and Judicial Review Act.

Mr. President this bill represents 3 long years of hard work by many people. I am particularly pleased by the strong support Senator CRANSTON has given this important issue. His dedicated staff on the Senate Veterans' Affairs Committee is to be commended for the excellent legislation before us today. In addition, I would like to recognize the effort of Mr. Dean K. Phillips, a Vietnam veteran and former legislative director of the United Veterans' Committee of Colorado, who first brought this issue to my attention over 3 years ago.

This bill represents an historic precedent in the administration of benefits for the American veteran.

S. 330 will provide for the establishment of certain procedures for the adjudication of claims for benefits under laws administered by the VA; will apply the provisions of section 553 of title 5, United States Code, to rulemaking procedures of the VA; will provide for judicial review of certain final decisions of the Administrator of Veterans' Affairs; and will allow the payment of reasonable fees to attorneys for rendering legal representation to individuals claiming benefits under laws administrated by the VA.

Mr. President, the fundamental issue addressed in this bill is simple justice for the American veteran. To deny a citizen access to an attorney, to isolate an agency of the Federal Government from the scrutiny of the Federal courts, and to prevent citizens affected by the actions of an agency to participate in the development of its rules and regulations go against the very principles of our constitutional form of government.

I urge the Senate to act favorably and quickly on this measure.●

Mr. THURMOND. Mr. President, I rise in support of S. 330, the Veterans' Administration Adjudication Procedure and Judicial Review Act. This measure, if enacted, will produce four major changes in the adjudication process of claims by the Veterans' Administration.

First, title I would codify and establish various internal procedures of the VA applicable in the adjudication of claims for benefits under laws administered by the VA.

Second, title II would require the application of those provisions of the Administrative Procedure Act regarding rulemaking by the VA. These provisions would include the requirement of notice to the public of proposed regulations and an opportunity for comment on such regulations.

Third, title III would permit access to the U.S. Federal court system for review of decisions of the Administrator on claims for benefits. These decisions are primarily made by the Board of Veterans Appeals and, under current law, are final and not subject to review by the Federal court. Title III also would establish the criteria upon which the Federal court may review an individual claim. In addition, this title would provide that the jurisdiction of Federal courts to review these final VA decisions would terminate 5 years after enactment of this legislation.

Fourth, title IV would revise the present title 38, United States Code, limitation of $10 for attorney fees by providing for approval by the Administrator of a reasonable attorney fee, within certain limits, for representation of individuals before the VA. Also, this bill provides that the court could approve a reasonable attorney fee in a case appealed under the judicial review provisions of title 38, United States Code.

Mr. President, S. 330 and its predecessor in the 95th Congress, S. 364, have been subjected to close scrutiny by the Senate Veterans' Affairs Committee during the past 3 years. Seven days of hearings were held on these two legislative initiatives. Testimony was received from Senators, the Commissioner of Puerto Rico, VA, American Legion, DAV, VFW, AMVETS, other veterans organizations, ABA, several State bar associations, various legal bureaus, legal scholars, private attorneys, and others, all of whom were concerned that veterans receive all benefits to which they are entitled under the law.

I, too, share this same concern and interest; however, I believe the Board of Veterans Appeals has been doing an excellent job. They bend over backward for the veteran claimant; furthermore, I have received very few constituent requests to change the procedures of the BVA which have worked so well for 45 years. However, I realize the apparent inequity in a system which does not permit court review of Federal administrative agency decisions. It has been my firm belief that no Federal agency, whether VA, EPA, OSHA, or the host of others should be allowed unfettered discretion to promulgate a rule that may affect even one person, and invariably, countless thousands.

Mr. President, as S. 330 was being considered in committee, it became apparent to me that the issue was no longer whether there should be judicial review of final VA determinations but rather what the scope of that review should be. This, I believe, is the gravamen of this legislation.

As S. 330 is presently written, court review would be permitted not only on questions of law, but also where there is an allegation that the decision of the Administrator is arbitrary, capricious or is an abuse of discretion. This review of nonlegal questions, I believe, would allow the Federal court to supplant its decision on factual matters for those determinations by the Board of Veterans Appeals—experts in veterans matters. Also, the work load on the Federal court system would be taxed further, thereby creating longer delays for the veterans claimant and other participants within our judicial system.

Mr. President, during the markup session of S. 330 on May 3, I offered an amendment that would strike the language which would authorize court review of questions of fact. One of the primary reasons for doing this was to protect the single agency concept regarding veterans' benefits. I believe that the VA and the Board of Veterans Appeals are experts in veterans matters. It is my firm belief that a veteran is unique. He served his country when duty called and returned home often experiencing events and suffering conditions that can only be understood by others who did similar service. Questions of combat conditions or injuries sustained in service should be determined by those who are experts in this field and not by someone who may have no idea of the conditions that existed during wartime and during military service.

I also offered my amendment because our Federal court dockets are entirely too crowded. The VA testified that approximately 5,000 VA benefit cases will be filed in Federal courts with a cost of $12 million during fiscal year 1980. This additional cost will ultimately fall upon the Department of Justice to litigate these cases and on the Federal court system for administration.

Finally, Mr. President, the major veterans organizations opposed the judicial review provision of S. 330 at the time of my amendment. However, these organizations held their national conventions during the past summer months at which time they thoroughly considered S. 330 as reported by the Senate committee. As a result of this reconsideration, the majority of these organizations favor some form of judicial review of final VA determinations. Also, the Chairman of the Board of Veterans Appeals recently indicated to me that his Board is not opposed to S. 330 as reported. In view of these recent decisions by the veterans organizations and others, who will be directly affected by S. 330, I removed my objection to this legislation.

Mr. President, I believe that some form of judicial review of final VA determinations is needed and it appears that S. 330 is one of the appropriate legislative vehicles to accomplish this goal. Our Nation's 30 million veterans, all of whom may be affected by S. 330, must be given their day in court so that they can proceed with their daily activities with some degree of certainty and finality regarding their claims with the VA. I will support S. 330 and urge my colleagues to do likewise.

● Mr. HUMPHREY. Mr. President, judicial review of veterans' claim, as proposed in S. 330, will be an unquestioned addition to the Federal court burden, yet such review will not lead to a fairer system of the benefits claims process. Who is to benefit from judicial review? Veterans certainly do not clamor for it. I urge Congress to think carefully before opening the Pandora's box proposed in S. 330.

Judicial review is not needed. The current claims process is fair—no one has come before the Senate Veterans' Affairs Committee to claim otherwise. Veterans are satisfied that the existing practice is fair. The current veterans benefits appeals process has been characterized as follows:

First. It is not an adversary proceeding;

Second. Strict rules of evidence are not applied;

Third. All evidence is accepted as long as it is reasonably relevant;

Fourth. While the burden of proof is on the claimant, the VA procures and assembles the evidence on the basis of leads furnished by the veterans;

Fifth. Reasonable doubts must be resolved in the veteran's favor; and

Sixth. The VA must make every effort to assist in proving the veteran's claim.

Compelling evidence that the current process is fair exists in the form of statements from major veterans organizations. Two major veterans organizations, speaking on behalf of many of the Nation's veterans, do not want judicial review. John Heilman, national legislative director of the Disabled American Veterans, states in a May 8, 1979, letter to me:

> Though the Committee has had a series of judicial review hearings during two sessions of the Congress, I believe the record is still lacking in terms of basic, fundamental information and documentation relative to the need and extent of judicial review for veteran claimants.

Mr. Heilman states later in the letter:

> In conclusion, Senator Humphrey, the DAV is opposed to the Congressional passage of S. 330 in its present form.

The American Legion also strongly opposes passage of S. 330. Mylio Kraja, director of the American Legion's National Legislative Commission, states in a May 1, 1979, letter to me:

> The Legion takes the view that the VA should be the sole agency responsible for dispersing benefits granted to veterans by Congress. History clearly documents that the Veterans Administration's Board of Veterans Appeals has been liberal in rendering its decisions and has traditionally not rigidly followed rules of evidence. With judicial review by the courts, we believe such informality would be lost and the BVA would have to formalize its proceedings and follow strict rules of evidence, often to the detriment of claimants.

In short, then, veterans do not want judicial review. And in the absence of any compelling need for judicial review, we should not loose a potential flood of cases onto an already overloaded Federal docket. Let us keep this Pandora's box closed.●

The ACTING PRESIDENT pro tempore. The question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT. C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RECOGNITION OF THE ACTING MINORITY LEADER

Mr. ROBERT C. BYRD. Mr. President, I have no further use for my time. I will be glad to yield it to any Senator who wishes to do so.

How much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator has 3 minutes remaining.

Mr. ROBERT C. BYRD. I yield the time to the acting Republican leader, if he needs it.

The ACTING PRESIDENT pro tempore. The Chair recognizes the acting minority leader, the Senator from Alaska.

Mr. STEVENS. Mr. President, if there is no objection, I ask unanimous consent that I may be able to use the leadership's time after the special order of the Senator from Massachusetts.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Massachusetts is recognized for not to exceed 15 minutes.

UNITED STATES POLICY TOWARD ANGOLA

Mr. TSONGAS. Mr. President, before I get into the remarks I have prepared for this morning, I should like to insert in the Record an article on a somewhat related issue published in this morning's Washington Post, entitled "Young Blames United States Policy for Angola's Soviet Ties," with which I am in full accord.

A companion to this article is an editorial in this morning's Boston Globe, entitled "A Missed Opportunity in Africa," which outlines the same kind of concern.

These two items are in support of the statement I made last week on the same subject, and I ask unanimous consent to have them printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Washington Post, Sept. 17, 1979]

Young Blames U.S. Policy For Angola's Soviet Ties

(By Leon Dash)

Nairobi, Kenya, Sept. 16.—The United States has pushed Angola into the arms of the Soviet Union by withholding recognition of the Marxist Angolan government, U.N. Ambassador Andrew Young said tonight.

Young said U.S. policy toward Angola, which achieved independence during civil war four years ago, was prompted by a fear of the 20,000 Cubans estimated to be stationed there.

"I have always felt it is stupid to be afraid of Cubans," Young said. "We should go in there and compete with them."

The Carter administration has made its recognition contingent on the withdrawal of Cuban soldiers from Angola.

"That is one of my biggest regrets," Young said of American failure to recognize Angola during his 2½ years as U.N. ambassador.

Young made the comments at a press briefing following a diplomatic reception at the home of the U.S. ambassador to Kenya, Wilbert J. LeMelle. Kenya is the fifth stop of a seven-nation African trade mission Young is heading.

The trade mission has slipped into the background as the loquacious, outgoing U.N. ambassador increasingly has concentrated his comments on U.S. domestic politics and foreign policy.

Most of his comments have been made in speeches or in answering reporters' questions.

Young's criticism of American policy toward Angola came in response to questions about Young's regret over the death of Angolan President Agostinho Neto. Young said he would have liked to attend Neto's funeral in Angola today.

"I would have liked to have been there because of the respect I have for Neto," he said.

Neto came to power in 1975 as head of the Popular Movement for the Liberation of Angola after more than a decade of anticolonial guerrilla war against the Portuguese. Independence was preceded and followed by civil war between the Popular Movement and two other groups who also had rebelled against the Portuguese.

In the ensuing strife, the United States' Central Intelligence Agency and South African soldiers aided the two movements fighting Neto's Popular Movement. Neto was able to win the conflict with the aid of Cuban soldiers.

Today there are Cuban doctors, technicians and a large contingent of Cuban troops in Angola. The Soviet Union also has large numbers of advisers there.

Angolan "leadership in the frontline states has been the most moderate," Young said. "They want to end the fighting [in Zimbabwe-Rhodesia] because they know the cost."

The front-line states of Angola, Tanzania, Zambia, Mozambique and Botswana have played a leading role in seeking a solution to the guerrilla war in Zimbabwe-Rhodesia.

Young said that while he was a congressman a delegation from the Popular Movement came to see him and asked that the Americans "not do to them what was done to the Cubans."

After it was clear that the Portuguese were leaving and the Popular Movement would win the civil war, "they wanted to stay nonaligned and they felt they couldn't do that if pushed into the Soviet camp." Young said.

Recent news accounts have reported three assassination attempts against Neto by leftists in his own party who wanted a closer alignment with the Soviet Union. Neto is said to have wanted Angola to remain independent of the Soviets.

The withholding of American recognition of their government pushed the Angolans closer to the Soviets than they wanted to be, Young said.

Young said he felt the transition of power to Neto's yet-unknown successor would be smooth. "If there is a smooth transfer and a new government emerges that still wishes to be nonaligned, then I think we ought to give them the chance to be nonaligned," he said.

Young also said Nigeria's transition from military to civilian rule in two weeks, will have a wide impact on Africa and other parts of the developing world under military governments. "Freedom is contagious," he said.

Young also said:

Future American foreign policy in Africa will have to include Nigeria, Africa's most populous and richest state.

Nigeria's President-elect Shehu Shagari's incoming civilian government "would be inclined to be a bit more cooperative with Britain" than the outgoing military government, which recently nationalized British Petroleum's holdings in Nigeria.

[From the Boston Globe, Sept. 17, 1979]

A Missed Opportunity in Africa

The death in Moscow this week of Angolan President Agostinho Neto ended the life of a man who was once one of the true heroes for black Africa's radicals and militant nationalists, a man who was hailed by Russia at his death as "one of the prominent leaders of the international revolutionary movement." It may seem paradoxical in light of the Soviet statement, but Neto's death may also have marked the passing of a major opportunity to reduce the Soviet role in Africa and enhance our own.

Neto, 56, a poet, a doctor and a Marxist intellectual, headed the Popular Movement for the Liberation of Angola—the MPLA—during its guerrilla struggles to liberate Angola from the control of Portugal. In that effort he sought aid from Russia and Cuba when Western assistance was denied. And when Lisbon granted Angola its independence, Neto refused Western and African calls to join a coalition Angolan government and, again with Cuban and Soviet assistance, emerged victorious from a bloody civil war less than four years ago. The United States supported a losing faction.

All this activity did not, of course, endear him to American politicians and policymakers. Yet, the fact of the matter is that within the MPLA Neto became in recent years a moderate. And for the last year he had not only been working actively with the United States on its efforts to secure a peaceful resolution of the Namibian situation but he had been actively seeking US recognition and said. His goal, it seemed to all who studied the situation, was to reduce his dependence on Russian and Cuban aid and to move toward more true nonalignment.

The Carter Administration, apparently worried about a conservative backlash, failed to respond. Now Neto is dead, apparently the victim of leukemia for which he sought treatment in Moscow at the time of his death. The shape of a new Angolan government is uncertain but, whether or not the Neto faction retains its control, the next president is expected to be more resolutely anti-American. In a speech on the Senate floor the other day, Sen. Paul Tsongas made the essential points:

"What is an African leader going to think about the United States and its refusal to respond to nonalignment? It is too late now. He is dead, and we do not know what is going to happen in Angola. . . . I really lament our situation because I believe the Soviets are now going to have opportunities in Angola that they did not have under Neto. They will have opportunities in Africa, not because of what they do right, but because of what we do wrong.

"It seems to me that, at some point, the United States should stop giving the Soviets entree into Africa. I am sorry that President Neto is dead, but I am more sorry that we do not have the courage of our convictions."

HYPOCRISY AT THE NONALINED CONFERENCE

Mr. TSONGAS. Mr. President, my colleagues in the Senate are well aware that I have a strong record in support of Third World aspirations. I have spoken often in defense of the world's disenfranchised, the racially oppressed, the hungry, and the poor. My respect and friendship for the Third World is beyond question.

Today, however, I must raise my voice in protest against what I believe is a shameful episode in Third World affairs. I refer, Mr. President, to the just concluded Conference on Nonalined Nations held in Havana, Cuba. Under the unscrupulous chairmanship of Fidel Castro, the conference delegates let themselves be bullied into accepting a final declaration which strayed far from the noble principles of nonalinement. Cuba, the Soviet Union's dependency in the Western Hemisphere, converted a nonalined conference into a partisan rally for Soviet foreign policy. Fault for this miscarriage of principle lies with Cuba, first and foremost. Fault, by default, however, belongs to the silent majority of moderate nations. The aims of a few prevailed over the supine majority. As Burma's foreign minister proclaimed, "The principles of the nonalined movement are not merely dim, they are dying."

Those principles were born in 1961 when President Tito of Yugoslavia convened the first nonalined conference.

Twenty-five nations from the developing world gathered in Belgrade that year and carefully constructed the foundations of their movement. I think some of these principles bear repeating. They included the final abolition of colonialism in all its forms and manifestations; a prohibition of intimidation, interference, or intervention in the affairs of sovereign peoples; the nonalinement of member nations with the two antagonists in the Cold War; and a commitment to self-determination for all peoples.

These are admirable and lasting principles. I heartily support them. The nonalined movement has faithfully supported them—until Havana. A week ago, disaster struck in Havana.

President Castro announced his objective at the beginning of the Conference—to convince the member states that the Soviet Union is their "natural ally." Standing nonalinement on its ear, Castro used his office of Chairman to aline this conference with the Soviet Union, to transform neutrality into belligerence; to replace nonalinement with allegiance. This brazen attempt did not go unopposed. President Tito of Yugoslavia, now 87 years of age, led the fight to retain the original principles of the movement. His brave appeals to a cowed majority touched only a few. In the wreckage and disarray of this failed conference, Castro scored significant victories for his warped concept of nonalinement. The scorecard goes like this:

The Conference declaration followed the Soviet line in condemning Egypt for its participation in the Camp David Peace Conference.

On the issue of Cambodia, the delegates unseated the Pol Pot delegation and effectively recognized the pro-Soviet regime installed by the invading Vietnamese, who in turn were supported by the Soviet Union.

Throughout the Conference, Castro and his allies harangued the delegates with anti-U.S. rhetoric and pro-Soviet slogans.

Those who wished to express other points of view were unable to gain recognition from Castro, the Conference chairman, until the halls were empty and the committee meetings disbanded.

It is inescapable that Fidel Castro has inflicted great damage on the nonalined movement. He orchestrated the pro-Soviet, anti-U.S. tone of this Conference, and he undoubtedly will continue his efforts to drag the member nations into the Soviet camp.

Castro's behavior, however, is not surprising. Cuba's brand of development requires $3 billion a year in economic subsidies and aid from the Soviet Union. Soviet capital, technicians, and managers can be found in every corner of Cuba's economic life.

The Soviets equip, train, advise, and arm the Cuban military. Soviet ships, planes, and troops are welcome in Cuba.

This intimate relationship with Soviet largesse can hardly be described as nonalinement. I would be the first to accept that Castro's Cuba has its own legitimate interests, but we must acknowledge the obvious—Castro's attempt to aline the nonalined serves Soviet aims. Castro's verbal attacks on China follow the same line. His position is more than ideological; it is an act of allegiance.

Castro's credibility as an authentic nonalined leader is almost nonexistent. Delegates to the Conference surely recognized that indisputable fact—yet they allowed him to misrepresent their movement, by announcing to the world that the Soviet Union is the natural ally of the nonalined nations. In numbers and influence, the true nonalined nations were more than capable of resisting Castro's bullying tactics, but only a few actively supported President Tito.

Perhaps these nations, the so-called silent majority, doubted the importance of the Conference and the movement. Perhaps they saw some political benefit to a pro-Soviet line at the Conference. Perhaps they calculated that back home they could act as if the Conference never happened.

If that was their reasoning, then they were wrong.

Their acquiescence to Castro's demands has already sent shock waves around the world, from the socialist East to the capitalist West. The signals from this Conference are clear. When the Soviet Union claims to be the leader of the Third World, people will listen. Many will view the nonalined movement as wounded and dying. Uninformed observers will now expect the Third World to follow the Soviet line.

These signals are nothing less than preposterous. The Third World has grown in diversity and independence every year since the first nonalined Conference in 1961. The reality of nonalinement is more in evidence now than it has ever been before. The idea that the Soviet Union is the natural ally of the Third World is absurd.

The track record of the Soviet Union in the Third World is a pageant of shifting alliances, Sino-Soviet rivalries, humiliating expulsions, and strained relations. In Africa, the Soviets have been expelled from Nigeria, Sudan, Somalia, and Egypt. Guinea is cutting ties with Russia and making overtures to the West. Angola, under President Agostinho Neto, who died last week, has been reaching out to the West in an attempt to end its dependence on the Soviet Union. The guerrilla organizations at war with the Rhodesian Army have not called in either Soviet or Cuban troops despite their desperate need for modern military assistance. The new government in postrevolutionary Nicaragua is charting an independent course. The upheavals in Southeast Asia demonstrate how selective Soviet alliances really are.

Nonalinement is a fact of life in the Third World. The vast majority of member nations in Havana support nonalinement in practice. Until last week they supported it in theory. Now they are faced with a contradiction between rhetoric and reality, a contradiction these states created for themselves. The truly nonalined states must speak out in support of their own convictions, or they too must face the consequences of hypocrisy.

I would like to add a personal note to my remarks today.

It is no secret that I have a deep personal sympathy for the Third World. I feel that I understand Third World problems because I have lived in the Third World, worked on development projects, and supported the Third World on a number of controversial issues.

I like to believe that I have given part of myself to developing nations, and in return the Third World has fulfilled me in many ways. All of this makes it painful for me to speak as critically as I have today. It is a sad occasion for me, both personally and professionally.

But I have never patronized my friends in the Third World, and I am not about to do so today. I cannot accept irresponsible behavior. I will not condone hypocrisy. Nearly all Third World nations are fiercely independent, solidly nonalined, and intensely nationalist. What happened at Havana was an affront to the nonalined movement and a discredit to the Third World.

I am confident, however, that the damage done will not last. I have great faith in the intregrity and maturity of Third World leaders. I know that they will reject the hypocrisy in Havana. They will reaffirm their commitment to the true principles of nonalinement. They will repair the damage, and I, for one, will applaud and support them.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the acting minority leader, the Senator from Alaska.

PHYSICAL FITNESS

Mr. STEVENS. Mr. President, I have just returned from Alaska, a trip that takes me through five different time zones, and only this morning learned of the news that President Carter had to drop out of a 6.2 mile race near Camp David over the weekend.

As one who has spoken critically of the President at times let me, as a fellow runner, make a few comments about the President's participation in that race. I think that it took a lot more guts and strength for him to listen to the advice of his White House physician and quit the race when he did than it would have to continue and avoid the possible embarrassment.

I mention my trip because I have found it impossible to run on the day after my return from Alaska. The impact of that phenomenon known as jet lag, coupled with the tension resulting from problems emanating from my responsibilities as a U.S. Senator and the personal problems of caring for my family since losing my wife last year, have made it necessary for me to forgo the daily run I usually enjoy.

It is very unfortunate to see some people use this as an opportunity to kick the President while he appears to be down. Rather, we should applaud his efforts to try and stay in shape by keeping his body in good physical condition, as well as his efforts to demonstrate to the American people some concept of "wellness."

Many doctors refer to a state of "wellness" as opposed to illness and anyone who goes to the trouble to run and exercise his body deserves to be congratulated, particularly one such as the President who serves as an example to all Americans.

As a fellow runner over 50, I applaud the President for having the courage to heed that advice. Many of us "over-50" runners should consider the President's experience and not run when suffering from extra fatigue caused by tension.

The situation of the Soviet troops in Cuba would, by itself, constitute enough tension for any normal man to bear. I speak from experience in saying that as a runner, you do feel the tension brought on by your individual job and personal life.

You especially feel that tension if you are used to running on a flat course of 5 or 7 miles a day and then, in a race, find yourself running up and down hills trying to keep pace with younger, faster runners.

Fatigue is something that those of us who are getting a little older have to learn to recognize, and I think the President was correct in listening to the advice of his physician. I am sure that he will soon be out running again, demonstrating to the American people what it means to be in good physical shape through daily exercise.

I do not think that this one isolated incident reflects on his ability to run, nor do I think that this should be interpreted to mean that he is not capable of running 7½ minute miles.

I have run the same course at times and thought I was running a very fast pace, only to learn afterwards that it was one of my slower times. You just never know, and it is a matter of personal, individual feeling at the time.

The very fact that he tried is what we should look at, and if he continues to keep up his physical condition I think it will have a greater impact on his ability to meet the challenges of his office than anything else I know of.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished acting Republican leader for his observations and for his thoughtful comments.

I share the viewpoint that he has expressed, and I join with him in expressing this feeling about the President and about his need for exercise and also in recognizing that these times of stress, and particularly in these high-stress office positions that are held by certainly the President and others as ourselves, there is a need for doing what can be done to maintain good health and body fitness.

I think the Senator's statement is reasoned and very considerate, and I commend him on it and I thank him.

Mr. STEVENS. I thank the majority leader.

CITIZENSHIP DAY

Mr. STEVENS. Mr. President, on this day, September 17 in 1787, the delegates to the Constitutional Convention in Philadelphia signed their names to a new document, the Constitution of the United States. On the day of the signing, the document was termed "the finest expression of the determination of a free people to govern themselves and protect their liberty." Those words still hold true today.

Since that time, our Constitution has weathered many tests. Fortunately, the Founding Fathers had the wisdom to make the Constitution fairly straightforward and very difficult to change.

But today, I believe we are in the midst of a very serious constitutional crisis. Government policies have seriously eroded the constitutional rights of private citizens to own land in this country through devices like land acquisition, taxation, and manipulation of water rights.

The rights of citizens of States to determine their own destinies through the use of their lands have also been eaten away by Federal officials.

Congress needs to take stock of the Federal Government's relationship with the States. The agreement by the Constitutional Convention in 1787 and the subsequent ratification of the document by the States represented an unprecedented act by sovereign States to unify and, at the same time, relinquish some of their sovereign powers to cement the Union of the former colonies into a single Nation.

Yet, we must not forget that the Nation remains a Union of the States, and that the ultimate power of the government springs from the States and their populations.

As a westerner, I am greatly concerned that the Nation is rapidly dividing between East and West. Evidence of this political division appears daily and has been portrayed in numerous articles as the "Sagebrush Rebellion."

What we are seeing is the reaction to a Government which is increasingly overreacting and overregulating its populace because of lack of knowledge of the special circumstances which exist in the individual States.

The burden of this overreaction falls particularly heavily on the Western States because of the vast land holdings of the Federal Government. For example, in my State nearly 95 percent of the land is held in Federal ownership.

We are less able to deal with the Federal Government as sovereign because of this overbalance of land ownership. In all States east of the Mississippi, the Federal Government owns less than 10 percent of the land, usually less than 5 percent.

The Federal presence does not weigh so heavily on States and people residing within the Eastern States. In the West, it is different.

Congress deals daily with the unique concerns of the West: In energy matters, we are concerned that State and local control will be usurped in the name of energy development, most particularly as it relates to the appropriation of the lifeline of the West: water. In land policy, we fear that misperceptions fostered by outmoded theories of land use will be visited upon the citizens of Western States. Most of all we fear that this country is losing its sense of partnership between the States and Federal Government.

The basic concept of the Constitution and its unique beauty is that the Nation is a Union of the States.

Accepted as a given fact is that each of the States was in the best position to judge the effects of Federal policy on their populations.

That theory was unique in its time and remains the cornerstone of our Union. Many of us fear that this sense of uniqueness is being eroded and replaced by an attitude that the Federal Government is paramount and the States secondary.

This is a serious matter. The Constitution recognized as a fundamental fact that there could be no Union without a partnership between the States and the Federal Government. More and more, there are advocates asserting the Federal Government should ignore the States and deal with issues in a single, unitary fashion, in the national interest, without regard to the uniqueness of individual States and the lifestyles of their citizens.

To undermine the basic concepts of our Constitution is a grave mistake. The strength of our Nation rests in the Union upon which it is based. We should strive to keep that Union operating in the framework in which it was conceived—as an equal partnership between State and Nation.

On this day, the anniversary of the signing of our Constitution, I take this opportunity to call to the attention of the Senate the plight of those of us in the West who try to maintain the basic concepts of the Union.

I thank the Chair.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business not to exceed 10 minutes, and Senators may speak therein up to 5 minutes each.

The PRESIDING OFFICER (Mr. HEFLIN). Without objection, it is so ordered.

DEAN MANION—A GREAT AMERICAN

Mr. HELMS. Mr. President, I have been remiss in not having paid my respects earlier to the late Dean Clarence Manion, who died on July 28 after suffering a stroke 2 weeks earlier.

Not a day has passed, however, that I have not thought of the great loss sustained by all Americans when Dean Manion departed. As so often is the case, I suppose, a great many citizens of this land may not be really familiar with the career, character, and dedication of

Clarence Manion. He was a brilliant man, a brave man. And he loved his God and his country as fervently as any man I ever knew.

Mr. President, I first met Dean Manion in the early 1950's when he came to Washington at the request of the Senate Committee on the Judiciary. The committee sought Dean Manion's counsel on a piece of legislation before the committee. Many of the congressional committees similarly sought the advice of this wise American through the years, and he always was willing to share his talents.

At that time, I was administrative assistant to Senator Willis Smith, who was a member of the Judiciary Committee. Following Senator Smith's death, and upon my return to Raleigh, my friendship with and for Dean Manion continued and grew. He came to Raleigh on more than one occasion at my behest to discuss various constitutional issues at public meetings in which I was a participant.

It would be impossible to detail here, in a brief time, the remarkable career of Clarence Manion. Suffice it to say that he was constantly aware of, and concerned about, the tendency in America to depart from constitutional principles. He was a valiant warrior against that trend. While many others were too timid to speak out, Clarence Manion wasn't. Day after day, week after week, he warned the American people that their liberties were being trampled by the disciples of big Government.

A quarter of a century ago, he began a nationwide weekly radio broadcast called the "Manion Forum." More than once I had the privilege of appearing with him on this broadcast. He did not create the "Manion Forum" as a means of making money. I suspect that he made little, if any. Money was not important to Dean Manion. Standing up for America was.

Mr. President, I speak today not in an attempt to pay tribute to Clarence Manion, because what he stood for, and the way he stood—these are a tribute to him. I don't possess the eloquence, and I doubt that anyone else does, really to "pay tribute" to him. I can say only that he was one of the most remarkable men I ever knew, and that my admiration and affection for him knew no bounds.

Dean Manion's splendid son, Dan, announced in mid-August that the broadcast, "Manion Forum," would be discontinued. As Dan put it: "The family wishes the 'Manion Forum' could continue, but realistically it cannot because Dean Manion was the 'Manion Forum.' "

I want the Manion family to know that this Senator from North Carolina is deeply grieved at the loss of Dean Manion. It is a loss to all Americans—even those who never realized that Clarence Manion was a courageous guardian of their liberties and a tireless defender of Christian principles.

Mrs. Helms joins me in extending our genuine sympathy to the Manion family.

THE BICENTENNIAL OF THE CONSTITUTION

Mr. HELMS. Mr. President, I would like to continue sharing with my colleagues the lectures given as part of the 1979 Winter Symposium presented by the Student Bar Association of the Campbell University School of Law. The symposium, entitled "In Anticipation of the Constitutional Bicentennial: The Philosophical Foundations of the Creation of a Nation," accomplished its goal of identifying and evaluating the roots of American fundamental law by inviting distinguished speakers to present lectures on the American Constitution and its English history.

This, the third lecture which I have submitted, was presented by Dr. J. Stanley McQuade, whose education in Ireland has made him particularly knowledgable on his topic "From Magna Carta to the Mayflower." Dr. McQuade received his law degree, Ph. D., and M.D. degrees from the Queens University of Belfast. He received his masters in theology from Union Theological Seminary. A certified anesthesiologist, he has taught in graduate and undergraduate schools; practiced medicine in Ireland, Canada, and the United States; and served for 20 years as a Methodist minister.

Dr. McQuade points out that the major difference between the Magna Carta and the U.S. Constitution is that the Magna Carta fails to give reasons to justify why people have the rights enumerated therein. But the Constitution, directly or by implication, has adopted many of the principles of the Magna Carta—including, but not limited to the concepts of trial by jury, due process, habeas corpus, the right to bear arms, the establishment clause, and the prohibition against cruel and unusual punishment.

Another important similarity pointed out by Dr. McQuade is that

> * * * [n]either Magna Carta nor the U.S. Constitution require that we conceive of the state as a secular institution. * * * [To do so] would involve the shift from a legal system based on rights, which imply moral ideals and ultimately religious ones, to a system based on power, the positive notion that what the state orders is right.

Mr. President, I ask unanimous consent that the lecture delivered by Dr. J. Stanley McQuade at the Campbell University School of Law Winter Symposium on January 25, 1979, be printed in the Record at the conclusion of my remarks.

There being no objection, the lecture was ordered to be printed in the Record, as follows:

From Magna Carta to the Mayflower

(By J. Stanley McQuade)

The old seal of the State of Massachusetts shows a citizen, dressed in the garb of the late seventeen hundreds, with a sword in his right hand and a copy of Magna Carta in his left. It may seem odd to us that the colonists should so value an ancient and indeed archaic statute such as Magna Carta, but the seal perfectly represents the political thinking of the colonists; force they were prepared to use as was necessary but it was force based on right and this right was expressed preeminently for them by Magna Carta. When the colonies were being founded, applicants had been encouraged by the statement that they would be given the full rights of Englishmen so far as these were suitable to the conditions in the New World. Governors and magistrates were then expected to use English Law but given discretion on how to use it.

When the magistrates began acting in an arbitrary and despotic manner without proper and fair legal procedure and it was round the provisions of Magna Carta that the dissatisfied citizens rallied. They demanded, as Magna Carta had, that government be of laws and not of men, and when the demand was expressed in New England that the colony should have written laws to free the citizens from the arbitrariness of the magistrates this demand was expressed in the form that the laws should resemble Magna Carta. In 1641 the Body of Liberties was produced in response and begins in terms reminiscent of chapter 39 of Magna Carta.

"No man's life, person, family or property should be proceeded against—unless it be by virtue of some express law of the Country warranting the same, established by a general Court and sufficiently published, or in the case of a defect of a Law in any particular case by the Word of God. Chapter 39 of Magna Carta states that "No free man shall be taken, imprisoned, disseised, outlawed, banished, or in any way destroyed, nor will we proceed against him or prosecute him, except by the lawful judgment of his peers and by the law of the land." Numerous other provisions of the Body of Liberties echoed the great charter and it is concluded with the requirement that it be read publicly in every place just as Magna Carta had been publicly read in every country in England.

The dissidents were not satisfied with this document. The provision that the Word of God could be used seemed to them to be a loophole for arbitrary decisions. The Massachusetts court felt obliged to defend itself and in 1656 published an answer to the complaints. It is interesting that the principal part of this answer consisted of a list of the principal provisions of Magna Carta and the laws of Massachusetts drawn up in parallel columns to show that no Englishman was denied his rights in the colony. A similar tale could be told for Virginia "the Old Dominion" where a provision of 1658 was passed on by the Court only when it was found that it was not contrary to anything in Magna Carta.

A century and more later the same Magna Carta would be used to protect the rights of the colonies as a whole against the English crown, focusing this time on the chapter which stated that no taxes should be imposed without consultation, or as the colonists expressed it "no taxation without representation." This and other provisions of the Charter were later to have a significant input into the United States Constitution and the Bill of Rights.

This emphasis on Magna Carta by the colonists was no accident. They brought Magna Carta with them to the New World as a prized possession, it was the basis of all their early efforts at codification. Nor was it just a memory of it that they carried with them from the old country. William Penn, before setting sail for West Virginia in 1682 had an exact replica made, including even the original illuminations, of the manuscript of Magna Carta in the Cottonian Library.

The reasons for this emphasis on Magna Carta are not difficult to find. The seventeenth century which saw the establishments of the American colonies was a period of constitutional struggle in England. The Stuart Kings and the established Church were employing prerogative powers and courts against the consciences of the Puritans and Catholics, and against the property of the lesser gentry (often the same people).

This was seen as a struggle between the rule of law on the one hand and tyranny on the other. Their great champion was Sir Edward Coke, chief justice of the Kings Bench. Coke had formerly been a staunch supporter of the crown but for unknown motives, which can hardly have been mercenary, felt obliged to champion the authority of the Common Law against the crown. He was no natural hero, trembling on his knees before the wrath of King James he still felt obliged to argue from the floor, so to speak, that "the King is under the Law" (Bracton). Coke's weapon was learning.

Night after night he pored over the old Statute Books and the year books of the Common Law. Out of these old fields, he said, the new corn must grow. In particular he brought forth, refurbished and reapplied the provisions of Magna Carta embodied in the Common Law. Whether he did so accurately is very much open to question, but his learning was such that none but Sir Francis Bacon could argue with him, and Bacon was considered a Royal lackey and disregarded.

Coke it was who resurrected the Statute of Edward III declaring that any Statute contravening Magna Carta would be null and void, and the great chief Justice declared that he too would disregard any Statute or administrative provision which denied any of its provisions. This may be illogical in a country which believes that a statute may be altered or annulled by later statutes. Why should one Statute then be allowed to say that it or any other statute cannot be changed.

Nevertheless Coke said it and the dissidents agreed with him and so was planted the idea of a privileged set of legislative principles that could only with difficulty, if at all, be altered. Coke went on to describe these principles in detail and to apply them to the constitutional struggles of his day. In his court he refused to recognize any of the prerogative courts such as Star Chamber and the Ecclesiastical Commission and he used Habeas Corpus to liberate anyone imprisoned by them.

When he was finally dismissed from his post, he had himself elected to Parliament and continued the struggle there proposing the Petition of Rights in 1628. He refused to have it as a Bill, partly for political reasons but also partly because he believed that in principle his provisions were already contained in Magna Carta. His petitions were merely clarificatory. Nevertheless, the Petition was later passed on and became the Bill of Rights and was, of course, very similar to the document of the same name that was appended to the American Constitution as the first eight amendments.

The American constitutional law, both in general idea that there should be such law and also in its detailed provisions, was developed in a struggle in which the authority and meaning of Magna Carta was the central issue. The provisions of Magna Carta may have been warped and extended here and there in the course of the argument, but we cannot hope to understand American Constitutional Law without understanding the older Charter. So we skip back through the Middle Ages and then hopefully proceed forward again.

When William Duke of Normandy defeated King Harold at Hastings in 1066 he claimed the throne not by conquest but as lawful King, appointed, so he said, by Edward the Confessor. He came, however, to a people who believed that they had laws and rights which the King too must respect and obey. From their ancestors the Saxons of North Germany and the Danes they had inherited a tradition of yeoman independence. Every man who carried a weapon or plied the oar had a voice in decisions. Their kings were not hereditary entirely, they were elected from among the royal household by the thegns. (Harold had been so elected) who were simply those citizens who owned more than a certain amount of land, and the rights of such Kings were carefully circumscribed by custom.

The customs indeed had been put down in written form by the Christian King Ethelbert, in the Dooms of King Alfred, and most recently in the laws of King Canute. It was a well developed body of law, heavily influenced by Biblical ideas as well as folk custom and applied in a system of shire or county courts under the presidency of the shire reeve (or sheriff) representing the King, and the Bishop representing the Church. William the Conqueror professed respect for these laws as lawful king and swore to protect the ancient laws and customs. But he advanced the Royal Power and the central administration and put down brutally any resistance to his rule.

Almost one million people, about half of the population, died by the sword or starvation in the rebellions that followed Hastings, and the memory of that "pacification" lingered for centuries in England and may have contributed to their suspicion of all things Continental. But the memory of their ancient rights and freedoms lingered also. In 1290, almost 300 years after the conquest, a book called "The Mirror of Justice" was published by an English official harking back to the good old days and the good old ways of Canute and Alfred and Edward the Confessor.

As the Norman Population became absorbed into the larger English one they began to consider themselves as English and they too came to accept this tradition as their own. This process was virtually complete by 1200 and everyone spoke "English." This tradition of law and liberty continued to assert itself against the growing power of the Norman monarchy. When William Rufus, the tyrannical son of the Conqueror, died in a hunting "accident" his successor Henry I felt obliged to reaffirm the policy of William I to respect the ancient laws and freedoms of the land.

An ancient book, the Laws of Henry, may or may not represent his effort to set down just what those laws and freedoms were and a document has survived preserving his promises which is important since this "Charter of Henry" was used by Archbishop Stephen Langton in drafting Magna Carta.

The struggle between the rule of law and the power of the monarchy was to be a recurrent theme in English history and in 1215 it produced Magna Carta. Cynics have professed to see in this no more than a battle of interests, a contest between the Crown and the greater nobles, with no real issue of human rights involved at all. But my fellow countryman Mr. Oscar Wilde has defined a cynic as someone who knows the price of everything and the value of nothing, and I would submit that this is a case in point. Private interests there inevitably were but this struggle was preeminently conceived as an issue of rights, and by that they meant the rights of free men.

The evils of King John and the righteousness of the Barons may in the past have been overplayed. John was a complex character to be sure with bursts of the desire to be a good as well as a great king, but to his contemporaries he seemed the epitome of evil. He has since been described by Herodotus picture of the tyrant: "He disregards laws, violates women and puts men to death without trial." This fits him. He ravaged their womenfolk, pillaged their possessions and threatened their lives according to his whim. His wars made him perennially in need of money so that he was called "John Lackland," moreover he lost his wars, unforgivable in a Norman King, and so was called John Softsword. His sudden and unpredictable changes themselves followed no laws. He moved rapidly from defiance of the Pope to papal puppet, from enemy of Louise Phillippe of France to ally, now friend and patron of some great nobleman, now his implacable foe, following no patterns but his temporary interest.

In the literal meaning of that term he was an unprincipled man and so the perfect opponent of law and justice. The Barons were no saints either, but they had among them men of integrity and principle. These later rallied round the nine year old son of John to secure him on the throne and above all to establish law and order, and the early years of Henry III, when these men were in control, saw the establishment of the traditions of the English courts of justice. Bracton, writing in 1258 claimed that the justiciars of this period, men such as William Raleigh and Martin Pateshull were giants of the bench and the yearbook reports support his contention.

Moreover, it should not be forgotten that foremost among the nobles was the Archbishop of Canterbury Stephen Langton. He played a leading part both in the opposition to King John and in the drafting of Magna Carta. He gathered the chief barons together and exhorted them to play their part, he read to them the manuscript of the Charter of Henry I, and set up the commission to draft the demands on the King. Langton was himself the appointee of the Pope.

A cardinal was forced on King John only after an interdict, but he did not allow that to alter his position when the Pope became the ally of the King. He sat in the chair of Thomas à Becket and must have known that he was in daily peril of his life from the King but was no more moved apparently by fear than he was by favor. When John was pillaging the countryside with an army he faced him twice, alone, and won. He worked with the Barons and worked for their rights. He gathered them in council and made them swear an oath, one by one, to fight for liberty or die. But he would not permit the rights of lesser persons to be forgotten. Only the villains were left out. Magna Carta extended only to free men. But the Black Death, by making laborers scarce, remedied that defect later, and the great Charter was held to apply to all Englishmen.

The same issue was later to be raised in the American colonies, and Magna Carta was at first held not to apply to indentured persons until their bond was paid off. There is one noticeable difference between Magna Carta and the United States Constitution. In Magna Carta no reasons are given to justify the demands.

No one in the negotiations and struggles of the thirteenth century ever formulated the question as to why people had such rights. To Langton and any law minded person the answer would, I think, have been obvious. The English legal tradition had been long influenced by the Church and as we have seen the Bishops before the conquest sat in on the proceedings of the County Courts. That a man has value as a creature of God and so has rights would have seemed to them elementary. Langton moreover was acquainted with Roman Law as well as Ecclesiastical Law. He would then have seen law as the expression of the Law of Nature, enacted in the mind of the Creator and unchangeable, at least as regards its principles.

Within such a framework of ideas such a scheme as Magna Carta would seem natural. The universe is governed by the law and good purposes of God. A nation must then be governed by law not caprice, and this law should have central unchanging principles as well as more detailed adaptable rules. Moreover there is only one place for the king to be in such a scheme and that is under the law. He can only be conceived as its executive officer putting its principles into effect for the general good.

Magna Carta does not, of course, talk in such high flown terms. It is a most pragmatic document, dealing, for the most part with very particular things, but it treats them in a most humane way with a nice regard for human rights. Much of it has to do with the old feudal incidents; wardship, i.e., the rights of the Feudal Lord to have the use of the land of minors till they come of age;

or marriage, the right to have some say in the remarriage of the wife of a deceased and a fee for agreeing to it. These customs were part of the feudal theory of land holding and had reason enough in the beginning but had become legalized robbery, with women being forced to marry the feudal lord's choice with a large extortionate fee in addition, and orphans being like prisoners, their lands wasted during their minority and being ransomed only with extortionate payments at their majority.

Magna Carta did not abolish these incidents, time did that, but demanded that they be managed humanely and fairly. The widow may remain unmarried if she will, or marry only willingly and only a reasonable fee be demanded. The orphan heir must be properly educated, his lands not wasted and again a reasonable payment only required at his majority. And note, this was not only demanded of the King, the supreme feudal Lord, it was also enjoined on the Barons and lesser nobility. Fairness and humanity had to extend all the way down. The provisions dealing with foreign merchants breathe some spirit. They are to be allowed to come and go freely without interference to their person or goods, and "without any evil tolls."

In time of war, the merchants of an enemy country are to be held until it is seen if English merchants are being well treated by the enemy, if so, they are to be released to go about their business. This is not a demand dictated by baronial interest. It is a magnanimous attitude dictated by the idea that national policies, as well as the King, are under law and must be fairminded.

The same sort of thing could be said about all the other multifarious provisions of the charter, they relate to the length of time that the king can hold land escheated from felons, about the rights of common people to fish in the rivers and hunt in the forest. E.g. Ch. 48, all evil customs concerning forests, warrens, . . . rivers and their keepers, shall straight away be enquired into in each county, by twelve sworn knights of the same shire chosen by reputable persons of the same county, and within 60 days be abolished so as never to be restored again. A good many are about the administration of courts of law. Formerly the King's court of appeal followed him wherever he went and a litigant might have to track all over the country to have his case heard. Magna Carta says that the king's court of law must be established in one place. It also provides that the petty assizes, the speedy remedies that enabled small tenants, thrown off their land, to be reinstated quickly before they starved to death, these must be held every month and within the county as poor people cannot afford to run off to London to get their rights. Some of the provisions are more familiar. Ch. 28–31 says that no government officer shall take corn or goods or horses or timber or anything else of any man without paying for it, unless the man give it of his own free will. Ch. 12 says that no scutage (i.e. shield money, money required to wage war) shall be imposed unless by the general council of the realm. This is indeed the old Anglo-Saxon law and the original of the war cry of our colonial forefathers "no taxation without representation."

Ch. 20 speaks of amercement or the king's mercy. When we discover that the king's mercy is a fine we may think it badly named, but since the alternative was something like having your feet cut off or being hanged, disembowelled and your head displayed on a spike, it may indeed have seemed merciful. Magna Carta, however, provides that a free man shall only be amerced after the manner of the fault, a small fine for a small fault, a greater one for a larger fault "according to the heinousness of it." The important provision is that the fine shall be "after the manner of the faults." The punishment shall fit the crime. In this we see the forebear of our provision about cruel and unusual punishments. Ch. 20 also made provision that such fines should not be such as to take away the livelihood of the family and the livelihood of even the lowest class in society, the villains who were almost slaves, is expressly guaranteed. For "a villain shall be ammered after the same manner, saving to him his wainage" (his patch of ground and dwelling).

Ch. 36 speaks of a writ of inquisition of life or limb, which it is said, must be given freely and not denied. This refers to a writ that could be demanded by a prisoner held on a serious charge pending trial. It directs the sheriff to make enquiry whether the person is properly held or only accused out of spite and malice (De odio et atia). In this we can see the germ of the writ of Habeas Corpus.

Ch. 51 promises that all foreign mercenaries shall be sent out of the kingdom, an important provision. If government is to be by consent the principal impediment, outside force, must be removed. The right of the private citizen to possess arms had the same reason. It should not guarantee the right to keep a pistol—a nuclear rocket perhaps.

Ch. 45 is interesting and worth a little attention at the present time. "We will not make any justices, constables, sheriffs or bailiffs but of such as know the law of the realm and mean duly to observe it." This item was dropped from subsequent issues of the charter. Perhaps we ought to restore it.

Chs. 39 and 40 are perhaps the most famous provisions of the charter, and undoubtedly the forebearer of the due process clause of the fourteenth amendment and of the right to trial by jury. John's charter runs as follows: "No free man shall be arrested, nor imprisoned nor outlawed nor exiled nor in any way destroyed, nor will we come upon him nor will we send upon him, except by the lawful judgment of his peers, or by the law of the land. Ch. 40 states "We will sell to no man, deny to no man, nor delay to any man, justice or right."

As confirmed by Edward the First in the twenty-fifth year of his reign (around 1300 a.d.) the charter again states that no free man shall be arrested nor imprisoned but adds "nor shall he be deprived of any free tenement (landholding) nor of his liberties or free customs." This addition is the assertion of the sanctity of freedom. It is rooted not in any philosophy of will that a man may do as he pleases because he pleases. It is based on the idea of a sturdy Englishman, a citizen worthy of respect and good treatment, with the right to stand up and say his piece as a free man. Neither reason nor explanation is added to this bare statement but the provision requires some theory as to why a man should have this value and be so respected. That its roots are in the Christian Laws of the Anglo-Saxon kings with perhaps some additional flavor from the reviving natural law theory of Roman Law is not too hard to believe. That Archbishop Langton, the moving spirit in the whole enterprise, saw it in this way is virtually certain. Bracton, writing less than fifty years later, certainly did. Writing in the middle of a second Baronial uprising he comments "the King is under God and the law and if his exercise of power is unbridled, we must put one on him."

It remains only to comment on the first chapter of Magna Carta which states "That the Church of England shall be free." This simply meant that the Church shall no longer be a tool of the government but free to do its own work and free to elect its own bishops. The converse that the state shall not be the tool of the church, nor its power used to coerce the consciences of citizens was to be the subject of another struggle in the early years of the seventeenth century when crown and established church combined to oppress the puritans. The established Church of England was able to use the royal prerogative courts of the Stuart Kings to bring pressure to bear on all nonconformists. The puritans bitter experience of this time and their distaste for the idea of Established Church has become enshrined in our constitutional provision that Congress shall not pass any laws to Establish any Religion. This is not a direct deduction from chapter one of Magna Carta, but it is a development of the idea implicit in it, of the Church as a spiritual entity in the community, contributing to its government but not identical with it, free to protest as Langton protested when wrong was being done.

As Dr. Lowry has pointed out the Constitution does not express this relationship as the separation of church and state, and I would agree with him that it is unfortunate that it has been so expressed. Neither Magna Carta nor the United States Constitution require that we conceive of the state as a secular institution. We have never done so. As Mr. Justice Douglas has expressed it, our laws and political institutions imply the Deity. To secularize it would require drastic surgery on our political theories, and I am not sure that the people who are pushing the secular interpretation of the constitution would like it. Prof. Levinson has contended, and I agree with him, that this would involve the shift from a legal system based on rights, which imply moral ideals and ultimately religious ones, to a system based on power, the positive notion that what the state orders is right. It is paradoxical then that the secular forces in our society, since they insist on their rights, are using arguments derived from a natural law and Biblical heritage.

But I digress!! We have looked at the broad outline of the great charter and it remains to trace the use made of it in our constitutional history. It was no sooner made than John capitulated to the Pope and even paid him an annual rent for the privilege of being King. The Pope thereupon declared the charter void, and John treacherously prepared to reassert himself against his enemies. He died in 1216 (before the issue could be decided) from overindulgence, so it is said, in peaches and Malmesey wine. The principal barons, to their credit, rallied around his nine year old son Henry III and as their first measure reissued and reaffirmed the charter. In 1254 the barons again revolted and captured Henry III and his son Edward and imprisoned them. Edward felt that the grievances of the barons were genuine but he did not express himself openly; he escaped, rallied support and defeated the barons in 1255. However he immediately proceeded with reforms.

Edward was virtually ruler for almost a score of years following although his father was still alive. Edward I had a talent for law and efforts were made to expand the charter into a proper detailed code of law. These were not successful, however. English law expanded by judicial decision rather than statute, but Magna Carta was enrolled as the first Statute in the Statute Book.

In the reign of Edward III, as Coke was later to notice, a statute was enrolled declaring any legislation appealed to from time to time in suits of law, and became incorporated in the common law. Less and less tended to be heard of it, however, until the civil unrest of the Stuart period when Sir Edward Coke wrote a commentary upon Magna Carta to support his claims that there could be no courts established save by the consent of Parliament, and that no one could be imprisoned under Royal prerogative but only by the law of the land and the judgment of his peers, which for Coke meant jury trial.

King James insisted that he was a judge and could try and adjudicate cases, too. His argument to Coke was, "Is not the Law reason, and have I not my share of reason?" Coke's answer was that law was reason certainly, but reason that had become incorporated into law, so that mere natural reason was not sufficient to learn it; many years of study were also required. Coke is in essence here establishing the supremacy of law. Indeed he explicitly quoted Bracton's words that the king is under the law, but politely forbore to mention the passage about putting a bridle on the royal pretensions.

This was the high noon of Magna Carta's prestige among the English people. The great days of Stephen Langton and King John were relived. Magna Carta spoke of the privileges of being an Englishman, and Magna Carta was the law, indeed with solemn oaths it had been enjoined on the English Kings forever. When William Penn was being tried for preaching in the streets in London, he was charged with sedition, disturbance of the peace, etc. The jury were directed by the judge to find him guilty of these. They would only return him guilty of preaching in the street.

The judge was furious and threatened to keep them incarcerated without food, water, heat nor so much as a chamber pot until they returned the verdict he demanded. They refused. The judge wished to charge them again without the presence of Penn, so he had him removed from the court and then harangued the jury again. Penn, however, was within hearing and shouted in to the jury, "remember Magna Carta, remember that you are Englishmen." The foreman of that jury, Bushel, was imprisoned, but freed under a writ of Habeas Corpus. Bushel's case is supposed to establish the proposition that a jury must be free to do its work. This proposition was surely already established under Magna Carta. What happened in the struggle with the Stuart monarchy was that the principles of Magna Carta were brought out of the closet and reestablished firmly in the English constitutional tradition. These were expressed by Coke's Petition of Rights which was later incorporated in the Bill of Rights after William of Orange was established on the Throne in 1689. Coke's petition cites all the provisions of Magna Carta that we have noted concerning fair trial, etc. A number of these provisions, such as the prohibition of quartering troops on the population, the right to bear arms, and jury trial are almost directly incorporated into the American Bill of Rights.

That all this was taking place at the time when the American Colonies were being established may be regarded as a fortuitous accident of history or as Divine Providence, but whatever your preference the principles of Magna Carta and indeed a number of its detailed provisions found their way into the Constitutional Law of the United States. The monument erected by the Virginia Bar Association states:

THE COMMON LAW

Here the Common Law of England was established on this continent with the arrival of the First Settlers on May 13, 1607. The first charter granted by James I to the Virginia Company in 1606 declared that the inhabitants of the colony ". . . shall have and enjoy all liberties, franchises and immunities . . . as if they had been abiding and borne within this our realme of Englande. . .". Since Magna Carta the Common Law has been the cornerstone of individual liberties, even as against the crown. Summarized later in the bill of rights its principles have inspired the development of our system of freedom under law, which is at once our dearest possession and proudest achievement.—Presented by the Virginia State Bar May 17, 1959.

(Plaque at Jamestown commemorating the introduction of the common law into America.—Courtesy, Jamestown Foundation.)

This has been considered by some to be an overstatement of the case. Whether it is statement or overstatement, I will leave you to judge.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

SECOND CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business, Senate Concurrent Resolution 36, which the clerk will state by title.

The legislative clerk read as follows:

Senate Concurrent Resolution 36 revising the congressional budget for the U.S. Government for fiscal years 1980, 1981, and 1982.

The Senate resumed consideration of the concurrent resolution.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on the Budget be allowed to remain on the floor during consideration of and votes on Senate Concurrent Resolution 36:

John McEvoy, Karen Williams, Sid Brown, Susan Lepper, Cornie Motheral, George Merrill, Brenda Tremper, John Tillson, Liz Tankersley, Bob Sneed, Jim Capra, Eric Hemel, Tom Sliter, Martin Kress, Joe Ridge, Jim Conroy, Jack Conway, Charlie Flickner, Chuck Riemenschneider, Porter Wheeler, Allan Mandel, Ann Hadley, Ann Erfle, John Nelson, Gina Knoll, Mark Bobseine, Bob Boyd, Carol Cox, Becky Davies, Bob Fulton, Bob Helm, Janis Moore, Susan Petrick, Joyce Purcell, Tom Sullivan, Gail Shelp, Jill Wissler, and Steve Bell.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. I ask unanimous consent that the use of small electronic calculators be permitted on the floor during the consideration of Senate Concurrent Resolution 36.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 554

(Purpose: Complete substitute to reflect compromise proposal)

Mr. MUSKIE. Mr. President, I have an amendment at the desk which I call up at this time.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Maine (Mr. MUSKIE, for himself, Mr. BELLMON, Mr. HOLLINGS, Mr. CHILES, Mr. BIDEN, Mr. JOHNSTON, Mr. SASSER, Mr. HART, and Mr. EXON) proposes an unprinted amendment numbered 554.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the resolving clause and insert the following:

"Sec. 1. That the Congress hereby determines and declares, pursuant to subsection 310 of the Congressional Budget Act of 1974, that in order to achieve a balanced budget in fiscal year 1981 and deficit reductions in fiscal year 1980, the following reconciliation instruction is appropriate:

(a) The allocation pursuant to section 302 (a) of the Budget Act to the Committee on Appropriations for all legislation within its jurisdiction shall not exceed $383.6 billion in budget authority and $338.4 billion in outlays as assumed in this budget resolution. If some rescission of appropriations proves necessary to prevent any regular or supplemental appropriation for fiscal year 1980 exceeding the ceilings provided in this section, the Committee on Appropriations shall report legislation to rescind the necessary amounts.

Pursuant to section 310 of the Congressional Budget Act of 1974, the Committees on Agriculture shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly their recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Pursuant to section 310 of the Congressional Budget Act of 1974, the Committees on Armed Services shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly, their recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdiction of those committees sufficient to accomplish the reduction required by this section.

Pursuant to section 310 of the Congressional Budget Act of 1974, the Senate Committee on Environment and Public Works and the House Committee on Public Works and Transportation shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $250,000,000 in budget authority and are instructed to report promptly, recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Pursuant to section 310 of the Congressional Budget Act of 1974, the Senate Committee on Finance and the House Committee on Ways and Means shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $300,000,000 in budget authority and $1,400,000,000 in outlays and are instructed to report promptly recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Pursuant to section 310 of the Congressional Budget Act of 1974, the Senate Committee on Governmental Affairs and the House Committee on Government Operations shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in outlays and are instructed to report promptly recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Pursuant to section 310 of the Congressional Budget Act of 1974, the Committees on Veterans Affairs shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

Pursuant to sections 300 and 310 of the Congressional Budget Act of 1974, the committees specified herein shall report the recommendations required by this resolution within thirty days after Congress completes action on this resolution, but not later than November 1, 1979.

"Sec. 2. The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1979, October 1, 1980 and October 1, 1981:

(a) the recommended level of Federal revenues is as follows:

Fiscal year 1980: $514,700,000,000;
Fiscal year 1981: $603,600,000,000;
Fiscal year 1982: $658,400,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1980: +$2,000,000,000;
Fiscal year 1981: +$9,700,000,000;
Fiscal year 1982: −$38,700,000,000;

(b) the appropriate level of total new budget authority is as follows:

Fiscal year 1980: $632,200,000,000;
Fiscal year 1981: $649,200,000,000;
Fiscal year 1982: $722,600,000,000;

(c) the appropriate level of total budget outlays is as follows:

Fiscal year 1980: $543,100,000,000;
Fiscal year 1981: $589,500,000,000;
Fiscal year 1982: $634,700,000,000;

(d) the amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

Fiscal year 1980: −$28,400,000,000;
Fiscal year 1981: +$14,100,000,000;
Fiscal year 1982: +$23,700,000,000;

(e) the appropriate level of the public debt is as follows:

Fiscal year 1980: $887,500,000,000;
Fiscal year 1981: $906,300,000,000;
Fiscal year 1982: $921,800,000,000;

the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1980: $57,500,000,000;
Fiscal year 1981: $76,300,000,000;
Fiscal year 1982: $91,800,000,000.

"Sec. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (b) and (c) of the preceding subsection of this resolution, the Congress hereby determines and declares pursuant to subsection 310(a) of the Congressional Budget Act of 1974 that, for the fiscal years beginning on October 1, 1979, October 1, 1980, and October 1, 1981, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(a) National Defense (050):
Fiscal year 1980:
(A) New budget authority, $136,800,000,000;
(B) Outlays, $127,400,000,000.
Fiscal year 1981:
(A) New budget authority, $147,300,000,000;
(B) Outlays, $138,300,000,000.
Fiscal year 1982:
(A) New budget authority, $159,000,000,000;
(B) Outlays, $148,900,000,000.

(b) International Affairs (150):
Fiscal year 1980:
(A) New budget authority, $13,100,000,000;
(B) Outlays, $8,300,000,000.
Fiscal year 1981:
(A) New budget authority, $14,000,000,000;
(B) Outlays, $8,700,000,000.
Fiscal year 1982:
(A) New budget authority, $14,900,000,000;
(B) Outlays, $8,700,000,000.

(c) General Science, Space, and Technology (250):
Fiscal year 1980:
(A) New budget authority, $5,900,000,000;
(B) Outlays, $5,700,000,000.
Fiscal year 1981:
(A) New budget authority, $5,900,000,000;
(B) Outlays, $5,800,000,000.
Fiscal year 1982:
(A) New budget authority, $5,600,000,000;
(B) Outlays, $5,700,000,000.

(d) Energy (270):
Fiscal year 1980:
(A) New budget authority, $41,000,000,000;
(B) Outlays, $7,000,000,000.
Fiscal year 1981:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $7,600,000,000.
Fiscal year 1982:
(A) New budget authority, $24,200,000,000;
(B) Outlays, $9,500,000,000.

(e) Natural Resources and Environment (300):
Fiscal year 1980:
(A) New budget authority, $12,700,000,000;
(B) Outlays, $11,900,000,000.
Fiscal year 1981:
(A) New budget authority, $13,400,000,000;
(B) Outlays, $12,700,000,000.
Fiscal year 1982:
(A) New budget authority, $14,100,000,000;
(B) Outlays, $13,500,000,000.

(f) Agriculture (350);
Fiscal year 1980:
(A) New budget authority, $5,000,000,000;
(B) Outlays, $2,600,000,000.
Fiscal year 1981:
(A) New budget authority, $4,800,000,000;
(B) Outlays, $3,200,000,000.
Fiscal year 1982:
(A) New budget authority, $3,900,000,000;
(B) Outlays, $3,600,000,000.

(g) Commerce and Housing Credit (370):
Fiscal year 1980:
(A) New budget authority, $6,800,000,000;
(B) Outlays, $3,000,000,000.
Fiscal year 1981:
(A) New budget authority, $5,900,000,000;
(B) Outlays, $3,500,000,000.
Fiscal year 1982:
(A) New budget authority, $6,200,000,000;
(B) Outlays, $3,200,000,000.

(h) Transportation (400):
Fiscal year 1980:
(A) New budget authority, $19,500,000,000;
(B) Outlays, $18,600,000,000.
Fiscal year 1981:
(A) New budget authority, $21,700,000,000;
(B) Outlays, $19,800,000,000.
Fiscal year 1982:
(A) New budget authority, $20,400,000,000;
(B) Outlays, $20,800,000,000.

(f) Community and Regional Development (450):
Fiscal year 1980:
(A) New budget authority, $8,900,000,000;
(B) Outlays, $8,400,000,000.
Fiscal year 1981:
(A) New budget authority, $9,900,000,000;
(B) Outlays, $9,200,000,000.
Fiscal year 1982:
(A) New budget authority, $9,500,000,000;
(B) Outlays, $9,600,000,000.

(j) Education, Training, Employment, and Social Services (500):
Fiscal year 1980:
(A) New budget authority, $29,700,000,000;
(B) Outlays, $30,500,000,000.
Fiscal year 1981:
(A) New budget authority, $30,400,000,000;
(B) Outlays, $30,000,000,000.
Fiscal year 1982:
(A) New budget authority, $30,300,000,000;
(B) Outlays, $30,000,000,000.

(k) Health (550):
Fiscal year 1980:
(A) New budget authority, $58,800,000,000;
(B) Outlays, $54,200,000,000.
Fiscal year 1981:
(A) New budget authority, $70,500,000,000;
(B) Outlays, $61,100,000,000.
Fiscal year 1982:
(A) New budget authority, $82,100,000,000;
(B) Outlays, $68,100,000,000.

(l) Income Security (600):
Fiscal year 1980;
(A) New budget authority, $216,600,000,000;
(B) Outlays, $188,700,000,000.
Fiscal year 1981:
(A) New budget authority, $242,200,000,000;
(B) Outlays, $211,300,000,000.
Fiscal year 1982:
(A) New budget authority, $273,400,000,000;
(B) Outlays, $234,700,000,000.

(m) Veteran Benefits and Services (700):
Fiscal year 1980:
(A) New budget authority, $21,200,000,000;
(B) Outlays, $20,600,000,000.
Fiscal year 1981:
(A) New budget authority, $21,900,000,000;
(B) Outlays, $21,400,000,000.
Fiscal year 1982:
(A) New budget authority, $22,800,000,000;
(B) Outlays, $22,700,000,000.

(n) Administration of Justice (750):
Fiscal year 1980:
(A) New budget authority, $4,200,000,000;
(B) Outlays, $4,400,000,000.
Fiscal year 1981:
(A) New budget authority, $4,400,000,000;
(B) Outlays, $4,500,000,000.
Fiscal year 1982:
(A) New budget authority, $4,500,000,000;
(B) Outlays, $4,500,000,000.

(o) General Government (800):
Fiscal year 1980:
(A) New budget authority, $4,400,000,000;
(B) Outlays, $4,400,000,000.
Fiscal year 1981:
(A) New budget authority, $4,700,000,000;
(B) Outlays, $4,400,000,000.
Fiscal year 1982:
(A) New budget authority, $4,900,000,000;
(B) Outlays, $4,600,000,000.

(p) General Purpose Fiscal Assistance (850):

Fiscal year 1980:
(A) New budget authority, $9,300,000,000;
(B) Outlays, $9,300,000,000.
Fiscal year 1981:
(A) New budget authority, $8,200,000,000;
(B) Outlays, $8,600,000,000.
Fiscal year 1982:
(A) New budget authority, $8,200,000,000;
(B) Outlays, $8,200,000,000.
(q) Interest (900):
Fiscal year 1980:
(A) New budget authority, $58,100,000,000;
(B) Outlays, $58,100,000,000.
Fiscal year 1981:
(A) New budget authority, $60,900,000,000;
(B) Outlays, $60,900,000,000.
Fiscal year 1982:
(A) New budget authority, $62,300,000,000;
(B) Outlays, $62,300,000,000.
(r) Allowances (920):
Fiscal year 1980:
(A) New budget authority, —$100,000,000;
(B) Outlays, —$100,000,000.
Fiscal year 1981:
(A) New budget authority, —$100,000,000;
(B) Outlays, —$100,000,000.
Fiscal year 1982:
(A) New budget authority, $0;
(B) Outlays, $0.
(s) Undistributed Offsetting Receipts (950):
Fiscal year 1980:
(A) New budget authority, —$19,700,000,000;
(B) Outlays, —$19,700,000,000.
Fiscal year 1981:
(A) New budget authority, —$21,500,000,000;
(B) Outlays, —$21,500,000,000.
Fiscal year 1982:
(A) New budget authority, —$23,900,000,000;
(B) Outlays, —$23,900,000,000.

Mr. MUSKIE. Mr. President, I yield myself such time as I may consume, and ask unanimous consent that it be taken from the time on the concurrent resolution.

The PRESIDING OFFICER. The Senator has that right.

Mr. MUSKIE. Mr. President, just 4 months ago, the Senate agreed to the most thoroughly considered and stringent spending plan in the history of the budget process. It answered the need for a fiscal policy to help control inflation and the public demand that we scale down Federal spending.

Those needs and the goal of a balanced Federal budget have not changed since we approved the first resolution 100 days ago.

The budget we adopted to meet those goals included savings in every significant area of Federal activity. It assumed outlay reductions of $5.6 billion below current law. It projected a balanced budget in 1981.

The Senate adopted that anti-inflationary plan by a 2 to 1 margin.

The country and the world are watching to see if we stand by that commitment.

The world and our fellow citizens are watching to see if we can actually bring the budget under control.

They are skeptical about our intentions and our will.

Confidence in America's ability to control its own economic future has eroded badly. We need only look to the soaring price of gold and the declining value of the dollar for evidence of that.

Twenty-nine States have asked Congress to call a Constitutional Convention to force a balanced budget because they have lost faith that we can do it ourselves.

In public opinion polls, inflation ranks highest among American concerns and Congress ranks lowest in public confidence to deal with it.

Senate adoption of this binding second budget resolution and its instructions to reduce spending by $4 billion will give a clear answer to this deep public skepticism.

This resolution continues the orderly plan Congress has pursued for 5 years to reduce Federal spending and the deficit each year as a percentage of gross national product.

Despite inflation and recession, this budget forces the deficit for 1980 below the deficit for 1979.

This budget will help restore public confidence that Congress can respond to public needs. It responds to citizen demands for a more frugal fiscal policy.

It will give some assurance that progress is being made toward fiscal stability, at a time when other facts of economic life seem to be out of control.

Central to any such reassurance, however, is the adoption of the savings provisions—the so-called reconciliation instructions—of this resolution.

There is nothing new about these savings. They are the same savings the Senate approved last spring when it adopted the first budget resolution for 1980, which set the spending targets for the year. They are the savings upon which the totals in both resolutions have been based.

These savings, and the committees responsible for them, were explicitly spelled out in the report and the debate on that resolution.

The excerpts from that report on the first budget resolution describing those savings and the committees responsible for them have been reprinted in the report on the second budget resolution. I ask unanimous consent that they be printed in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MUSKIE. These savings and the committees responsible for them were also spelled out in the debate on the first budget resolution. I ask that a portion of that debate discussing those savings be reprinted in the RECORD at the conclusion of these remarks.

(See exhibit 2.)

Mr. MUSKIE. When the Budget Committee reported the second budget resolution for 1980 last month, we advised the Senate that most of these savings had not been made.

We pointed out that unless concrete action was taken promptly to reduce spending under already enacted legislation, the deficit for 1980 would rise more than $2 billion higher than the deficit for 1979.

The Budget Committee recommended that reconciliation legislation be adopted under the Budget Act to reduce spending by $4 billion in savings to control the deficit.

The reconciliation recommendation by the Budget Committee is based upon the explicit provisions of the Budget Act. But they had rarely been employed before.

A number of committees and Senators had concerns and questions about the implications of our recommendations. Before the Senate debated that recommendation, it was appropriate for Members of both parties to thoroughly understand what we had recommended and why we had done so, for the Senate alone can determine whether the Budget Committee's recommendation should be adopted.

As a result of thorough consultation with the Members on both sides of the aisle, an agreement was reached last week to modify an important but limited part of the reconciliation instructions.

The principal modification will be to symbolize that the social security and veterans income programs need not be reexamined or reduced as a result of this reconciliation process.

So we propose to reduce the spending to be saved by the reconciliation instruction in the case of the Committee on Finance from $1.7 billion in outlays to $1.4 billion and in the case of the Veterans' Committee from $200 million in outlays to $100 million.

The remaining savings will need to be achieved from other programs, not from social security or veterans income programs.

The second modification is to set a ceiling for the Appropriations Committee into which all appropriations bills for 1980 must be fit. If any appropriation bill would exceed that total ceiling, the Appropriations Committee will agree to report a rescission of other spending to avoid a breach of the ceiling.

This change recognizes that the appropriations process has missed the deadline provided for it in the Budget Act. This ceiling replaces the immediate rescission called for in the budget resolution as it was reported, so that the Appropriations Committee can enact all of its regular bills before determining where appropriations spending needs to be cut. If the committee stays within the ceiling, no further cuts will be necessary.

At the same time, the total allocated to the Appropriations Committee under this provision will be no greater than if spending were actually reduced now by that committee by the $2.5 billion in outlays proposed in the reconciliation instructions originally reported by the Budget Committee.

No similar problem exists for the authorizing committees involved in the budget reconciliation process.

No need exists to vary the instructions proposed in the budget resolution for those committees, except, as I have mentioned, to eliminate the need to look at the social security and veterans' income programs for savings.

But the compromise we have reached recognizes the fact that reconciliation has not previously been undertaken by the Senate. Several committees asked for more time to make the required legislative changes. So in the modification upon which we will vote, the period of time to recommend changes in legislation to achieve these savings has been extended to 30 days after adoption of the conference report on the budget resolution.

The net result of all these changes is to reduce the savings under the reconciliation instructions by $400 million. The deficit will be $28.4 billion, $1.5 billion below the deficit for 1979.

I recognize that we face a hard choice on the reconciliation issue. If the choice were easy, these savings would already have been made. We would not be talking about them today.

I know that some powerful lobbies have combined forces to increase spending and the deficit by striking the reconciliation instructions.

They are opposed to saving this money.

These lobbyists do not share our view that we should try to keep the 1980 deficit below the deficit for 1979. As one of them said, "We want a bigger deficit."

Well, if the reconciliation instructions are defeated, these lobbyists will get that bigger deficit.

And all of our people will have to pay for it in higher taxes and greater inflation.

And that is really the issue, isn't it? The question is not one committee's interests or another's. The question is the public interest.

The question is not the merits of the specific savings our committee has proposed. Under the Budget Act, any committee can use its own judgment as to where to make the savings—as long as the savings are actually made with its own plan.

The simple fact is that Congress approved a fiscal plan last spring which included these savings. Now we must ask whether the Congress will stick with that plan.

These lobbies have been telephoning and writing Senate offices against saving these $4 billion. We have all heard from them. I have heard from them. Unfortunately, their arguments contain a lot more fiction than fact.

Rather than addressing the need to reduce spending, the lobbyists are whispering that the reconciliation is an "undesirable precedent," and a "power grab" by the Budget Committee.

Actually, the undesirable precedent—as far as many of these lobbyists are concerned—is the Budget Act, passed almost unanimously 5 years ago to bring exactly this kind of budget control into effect.

The Budget Act expressly provided the reconciliation process to deal with what we know is a predictable occurrence—spending after the first budget resolution which unjustifiably exceeds the targets of that resolution.

Actually, the wonder is that reconciliation has not been necessary in previous years, not that it is being invoked now.

To argue that Congress should abandon the reconciliation process is to assert that budget chaos is preferable to orderly budget reductions to reduce deficit spending.

When Congress enacted the Budget Act, it assigned certain responsibilities to the Budget Committee for the reconciliation process, including recommending when it should be employed.

But the Budget Committee only recommends congressional action, it cannot force it. The same Congress which passed the Budget Act must approve each congressional budget. Congress alone, not the Budget Committee, must decide whether these savings should occur.

And after all, who is the Budget Committee? The 20 members of the Budget Committee are Members of this same Senate, to which all Senators belong. In fact, they constitute a full fifth of the Senate's membership.

Budget Committee members serve on nearly all the Senate's committees. We are happy to number among our Members two members of the Committee on Finance and six members of the Committee on Appropriations, including its chairman, four Appropriations Subcommittee chairmen, and one ranking Appropriations Subcommittee member.

So we are not from Mars, although I know that charge has been made. Senators sitting as members of the Budget Committee are just as sensitive to the needs the Federal Government is called upon to meet as when they sit as members of the other committees on which they serve.

We represent many of the same States as other Senate Members represent. We talk to the same administration and the same Governors, mayors, union leaders, businessmen, and other citizens as other Senators do.

And we should like to be as generous in meeting the demands for higher spending and lower taxes as any other Senator.

But the Budget Committee would have failed in its responsibility to the Senate had we not recommended reconciliation to keep the 1980 deficit from rising over the deficit for 1979.

So when these lobbyists accuse them of reaching for the power—power grab is what they call it—what they are really objecting to is that the Budget Committee has to put the issue where the public can see it and where the power of the public opinion can be brought to bear upon the issue.

That is what they complain about. They would prefer it if the Budget Committee had glossed it over, covered it up, hidden it, and somehow tried at the same time to convince the public that this budget represents restraint.

As one member of the Budget Committee, I could not take that coverup road, and I take it that neither could a majority on the Budget Committee, and I do not intend to do so today.

Another argument being made is that many of these savings—which total less than 1 percent of the budget—1 percent of the budget—might threaten important national priorities and vital programs. Well, that is just not the fact.

First of all, the committees responsible for making these savings have total latitude about what to recommend to the Senate to achieve these savings. They can take these savings from the lowest priority programs.

Savings of at least these amounts were included in the President's budget. All were clearly identified in the report and debate on the first budget resolution. The committees asked to make the savings were named and examples of how the savings could be made were given. No one offered an amendment to eliminate any of these savings in the debate on the first concurrent resolution. And the budget resolution was enacted by a vote of more than 2 to 1.

And why not? This is not a "liberal" or "conservative" issue. Enacting these savings will impair neither our defense nor our priority domestic programs.

In fact, this budget resolution contains nearly $11.0 billion more in outlays than the first resolution, mostly for such programs.

But failure to enact these savings will require cutting both domestic and defense programs, if we want to hold the 1980 deficit below 1979.

Another argument we will be hearing during this debate is that we should not be cutting spending in time of recession. The fact is that this budget includes extra funds to help those affected by the recession. For example, it assumes enactment of $500 million in countercyclical fiscal assistance for 1980 not contained in the first resolution.

It contains more job-related funds for 1980 than we included in the budget for 1979. I ask unanimous consent that a table setting forth these job-related funds be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Comparison of jobs-related Federal spending in fiscal year 1979–80 SCR

[In billions of dollars—outlays only]

	FY 1979 SCR	Senate-reported FY 1980 SCR
CETA:	10.0	9.0
Countercyclical revenue sharing	.5	.8
General revenue sharing	6.9	6.9
Community development block grants	2.9	3.5
EPA construction grants	3.4	3.3
Corps of Engineers and Bureau of Reclamation	2.4	2.6
Highway construction	7.1	7.9
Mass transit construction	1.4	1.6
Military construction	1.7	2.0
Community service employment for older Americans	.2	.2
UDAG	(*)	.2
EDA	.4	.5
LEAA grants	.6	.6
Rural water and sewer	.2	.3
Indian construction programs	.2	.1
Appalachian regional development programs	.3	.3
Airport construction grants	.5	.6
Subtotal, spending programs	38.7	40.4
Targeted jobs tax credit (tax expenditure)	.2	.5
Total	38.9	40.9
Unemployment compensation	10.4	15.3
Total	49.3	56.2

Mr. MUSKIE. Mr. President, that table will reveal that the second concurrent resolution provides $56.2 billion in 1980 compared to $49.3 billion for fiscal year 1979.

This budget will produce a balance in 1981 and record-high tax cuts in 1982.

This budget also balances the need to alleviate the hardships of recession with the need to provide leadership in inflation control to the Nation and the rest of the world. For while unemployment rises, the worst inflation of modern times also erodes the welfare of the poor and the jobless as well as the 94 percent of all Americans who remain employed.

The restraint incorporated in this budget is endorsed by the President, the Federal Reserve Board, and the Congressional Budget Office.

They agree it is the appropriate response to runaway inflation at this time.

Economists in and out of Government continue to predict that the current recession will be both so shallow and so brief that Federal fiscal action to deal with it could come too late to help much with unemployment, but could seriously fuel inflation.

We should stay on the course we charted last spring to balance the budget. We should stick by this budget.

In the next few days we will have to dispose of a number of amendments to this budget resolution. Some will be designed to increase the deficit by increasing spending or deleting some of the savings provisions the resolution contains.

At least one will propose a major increase in the defense budget.

I will have more to say about each of these amendments when they are offered. But I want to make some general observations about amendments designed to cushion the defense budget against inflation.

This budget provides more than the Defense Subcommittee of the Senate Appropriations Committee requested last spring. It also provides sufficient additional funding for all the strategic weapons systems which the administration has recommended.

And this resolution increases defense outlays by $3 billion, compared to the first budget resolution.

And yet amendments will be offered to increase this defense spending.

I want to make this point as clearly as I can: To the extent that inflation is used as an argument for increasing the defense function, it affects the entire budget. If that case is reasonable for defense, it will be argued, patiently and eloquently by those concerned about domestic programs, that it ought to be applied there as well.

So once we begin to move in that direction I do not know what the deficit will turn out to be.

My own feeling is that we have not suddenly, since May 15, reached an Armageddon with respect to defense.

The argument for restraint in Government spending we made then was based on the very real problem of inflation to which every arm of government here and abroad has given priority.

The Federal Government has got to swallow some inflation, in my judgment, in order to set an example, in order to communicate to the country our concern that restraint be practiced not only in the Federal Government but across the board.

And I do not know how we are going to achieve that if now we panic and begin to add to Government programs on the argument that we must cushion them against inflation.

It is that argument, used by every segment of our economy, that underlies the inflationary expectations which, as much as any other force, have been driving the inflation rate upward over the last year or two.

But amendments will be offered to increase the defense budget still further to compensate for inflation.

I believe it ought to be possible to live for 1 fiscal year with the numbers of the second resolution in the interests of making some gains on the inflation fight. I believe that strongly, Mr. President.

The decisions the Senate makes in the defense function and the reconciliation instructions will send an unmistakable message to the American people.

Both the proposed defense budget increase and these reconciliation savings instructions involve relatively modest amounts of outlays. Each involves only about 1 percent of the budget.

We are talking about reducing the budget by less than 1 percent in the reconciliation instructions. We are talking about increasing defense by about the same amount. Yet there is a large proportion of the Senate who may resist even a 1-percent discipline.

I find it hard to believe that a 1-percent overall increase in spending is going to dramatically change our national security posture, or the largesse with which the Federal budget deals with domestic problems.

But if no one is willing to accept even that amount of discipline, then controlling the deficit is surely impossible.

That is the significance of the test we face this week, and the world and our fellow citizens will be watching.

Until this year, we have had the benefit of shortfalls between the first budget resolution and the second budget resolution to absorb increases in spending, when committees failed to make savings.

Those shortfalls permitted us to go to the Senate with a lower deficit in the fall than we estimated in the spring.

So the budget process was easy. We voted for budgets because we lowered deficits. Now, for the first time, there are no shortfalls, no shortfalls at all.

There has been no dramatic change in the economic or defense picture since May to affect that budget except in the direction of more inflation.

All we are asking the Senate to do is to reaffirm what the Senate agreed to on May 15, under the threat of inflation. And that is the test.

As one Senator, I welcome the test. Because I think for the first time since the budget process has been in effect, the Senate is being forced to consider whether it is willing to accept even a little restraint; and obviously a lot of Senators are not. And if they are not, the Senate ought to say so; the country ought to understand it.

Even if Senator BELLMON and I are the only two Senators to vote to support the resolution, I intend to do so, because I think that is what the economy requires.

And I think that is what the country expects. And I think the country has every right to expect it.

So the issue, Mr. President, is a simple one. Will the Senate reaffirm its determination to balance the budget, reduce lower priority spending programs, and make good on its commitment to the people?

Or will we abandon that commitment and betray the hope of fiscal responsibility which we have held out to our constituents?

The time has come for that basic decision to be made. It will be made here and now.

Failure to achieve these savings in these reconciliation instructions will frustrate the fiscal plan we adopted in May and demoralize our people in the face of what threatens to become runaway inflation.

That fiscal plan responds constructively to the American public's desire for tight control of Federal spending and a balanced budget as soon as possible.

At the same time, it provides measured relief to those actually affected by increased joblessness.

This second resolution, as did the first, provides for a balanced budget in fiscal year 1981.

This second resolution, as did the first, contemplates a record large general tax reduction, amounting to at least $55 billion in fiscal year 1982.

By that time, it is hoped that economic growth and spending restraint will permit tax cuts without jeopardizing budget balance and sound fiscal policy.

But is fiscal restraint still the order of the day? Should tax cuts be postponed? Could not more countercyclical money be included in the resolution? What about changing economic circumstances?

The economic outlook has become somewhat gloomier since the first resolution. Rapidly rising OPEC prices have drained purchasing power from the American public.

The outlook now—as it was last spring—is for a rise in unemployment.

But the outlook is also for continued high inflation. Inflation at the 13 percent annual rate of July, or of more than 9 percent most analysts expect for next year, is the most urgent problem we confront.

Although much of the devastating acceleration in inflation this year is attributable to food and energy prices which cannot be directly reversed by fiscal policy, fiscal restraint can set the tone for winding down inflation.

By demonstrating that the Federal Government is willing to absorb some inflation in many programs and activities, the Government can encourage private citizens and firms to restrain their wage demands and price decisions. To an important extent, the strength of our economy will depend on the cooperation of the Government and the private sector in jointly exercising restraint.

If the public believes their Government is out of control, why should they restrain themselves?

Surely, a sympathetic case can be made for adding more jobs money to this budget, even though it contains as much for jobs as we provided last year. No Senator has been more active in designing and arguing for antirecession aid programs than I have been.

But a shift from restraint to stimulus seriously risks raising demand for skilled labor and industrial capacity which is in short supply. It would surely worsen the prospects for inflation, eroding income, savings, and pensions, straining the social fabric, distorting investment incentives, and jeopardizing the international position of the dollar.

We may be in a period of recession, but those who have studied business cycles intensively are more cautious. As one of them told our committee, "I have now lived long enough to see half the recessions of my lifetime eliminated by subsequent revisions of the data."

Despite the difficulties in the automobile industry, the number of Americans employed continued to rise through July, and although employment declined slightly in August, it remained above the second quarter average.

The 6 percent unemployment rate for August remains well below the 6.3-percent rate forecast by CBO as an average for the current quarter.

Thus we are in a situation where unemployment is, so far, rising less rapidly than many have forecast—and less rapidly than might be expected on the basis of sales and production.

Meanwhile, inflation remains higher than many had predicted just a few months ago.

This is not an environment in which a convincing case can be made for shifting fiscal policy.

Mr. President, it is true that unemployment remains tragically high among some groups in the labor force.

We have increased funding in the budget for structural unemployment programs designed to reach these especially disadvantaged citizens.

We urgently need the cooperation of the private sector in this endeavor. It now appears, for example, that the targeted employment tax credit may be underutilized this year relative to our budget projections. I very much hope that that turns out not to be the case.

But, at the same time, unemployment among many groups of experienced workers remains low. In August, the unemployment rate for white-collar workers was 3.6 percent and for skilled blue-collar workers was 4.9 percent.

Similarly, unemployment is higher in some parts of the country than in others. In States as seemingly similar as Ohio and Michigan, unemployment rates this year have differed by 2 percentage points.

It is important to help those areas actually in need. The Senate has passed, and we have assumed in the budget resolution, a program of targeted fiscal assistance that can be funded if unemployment worsens.

But nationwide, untargeted measures not tied to local needs or unfolding events will unacceptably increase inflationary demand pressures in still prosperous industries and localities.

There is another reason why we should not rush to fiscal stimulus. We cannot leave the entire responsibility for fighting inflation to the Federal Reserve System.

Any move to stimulate the economy in present circumstances will raise inflationary psychology here and abroad, sending the value of our dollar down.

It will also force the Federal Reserve to raise interest rates even further. The higher they are forced to push interest rates, the more disastrous it will be for housing and other investment. Any prospects for easing pressures in financial markets depend on the measured fiscal restraint in this budget.

Mr. President, no one can say with certainty what is just exactly the right amount of fiscal restraint for the coming 12 months.

But the proposed budget does provide reasonable fiscal restraint: It will contribute to an environment in which inflation can be reduced while providing for the needs of hard-pressed citizens and localities; it will permit responsible progress toward a balanced budget without the jarring consequences of a possibly futile attempt to achieve that goal immediately; it will set the stage for a time 2 years hence when sizable tax reduction can benefit the economy in both the short and long run.

Now, turning to revenue matters, the budget resolution recommends a revenue floor of $514.7 billion for fiscal year 1980, $603.6 billion for fiscal year 1981, and $658.4 billion for fiscal year 1982.

The revenue floor for fiscal year 1980 assumes that legislation will be enacted to raise net revenues by $2.0 billion above projections under current law. This revenue increase could be accomplished through enactment of a windfall profit tax. Alternatively, other proposals such as the cash management legislative initiatives proposed by the President in January could raise this amount if enacted this fall. And smaller revenue raising legislation such as restrictions on tax exempt housing bonds could contribute to the achievement of the revenue floor.

The assumption that the net effect of legislation in fiscal year 1980 will be to increase revenues by $2.0 billion does not necessarily preclude later enactment of some minor revenue-reducing legislation. Such legislation could be adopted if offset elsewhere in the revenue total.

The revenue floor for fiscal year 1982 will accommodate a major tax cut. The revenue floor assumes that legislation will reduce revenues by at least the $55 billion general tax cut in fiscal year 1982 that was proposed in the first resolution.

The committee gave careful consideration to the arguments for an immediate tax cut, advancing part or all of the major fiscal year 1982, 1983, and 1984 tax cuts proposed in the budget resolutions finally reported.

But any short-term benefits from advancing the effective date of part or all of the 1982, 1983, and 1984 tax cuts proposed in this budget must be weighed against the possible negative effects of accelerating these cuts.

Unfortunately, in the present environment, a significant tax cut will aggravate inflation unless a recession at least as severe as the one many economists forecast actually occurs.

Such a tax cut would also reverse our goal of steady deficit reduction and could postpone the goal of a balanced budget. For example, a $20 billion tax cut now would also increase the fiscal year 1980 deficit to a level of as much as $40 billion or more. It would produce a deficit of $5 billion in 1981, instead of a balanced budget.

Finally, unless a recession at least as severe as the one forecast actually occurs, a tax cut could undermine the dollar and our country's world leadership position.

The United States cannot formulate macroeconomic policy in isolation from the policies of our major trading partners. In moving to tighten their monetary policies, other nations have recently indicated clear intentions to restrain inflationary pressures including those emanating from OPEC price increases.

Very serious uncertainties arose in foreign exchange markets about the capability of the U.S. economy to contain those inflationary pressures following the latest OPEC price rise.

These uncertainties contributed to a decline in the exchange value of the dollar, wiping out most of the gains made since last November.

Indications of a premature shift in fiscal policy could contribute to further uncertainties and downward pressures on the dollar. This would be likely to result in further monetary restraint which would blunt both the expansionary effect of tax reduction and, in particular, its benefit as an investment incentive.

We do not foreclose timely action on the economy if the present outlook changes.

As the committee report makes clear, the committee will closely monitor economic conditions as events unfold and is prepared to reconsider revenue policy, if and when the need arises.

Now let me discuss some of the spending priorities in this budget.

NATIONAL SECURITY

Mr. President, the committee's recommendation for national defense reflects the spending targets established by the Congress in the first budget resolution plus economic and technical adjustments of previous estimates. The committee recommends $136.8 billion in budget authority and $127.4 billion in outlays for fiscal year 1980, $147.3 billion in budget authority and $138.3 billion in outlays for fiscal year 1981, and $159.0 billion in budget authority and $148.9 billion in outlays for fiscal year 1982. It is anticipated that defense spending will total $806 billion in budget authority and $748.0 billion in outlays over the fiscal year 1980–84 period.

The committee's position continues to be that, in order to fight the ravages of inflation, all areas of Federal spending must be rigorously pruned. Although the first concurrent resolution approved by the Congress provided 1-percent real growth in defense spending, inflation has reduced that growth to 0.3 percent. If the Congress is to meet its budget goals we cannot increase this level. If inflation is to be conquered, defense spending, at least in 1980, must be held down.

As part of its anti-inflation effort, the committee's recommendation continues the policies embodied in the first budget resolution which accepts the President's recommendations for a pay cap on the anticipated fiscal year 1980 pay raise for civilian and military employees of the Department of Defense and other Federal agencies. However, the 7-percent pay cap level recommended by the President on August 31 is 1.5 percent higher than the recommendation in his January budget and in the reported resolution. The committee retains its earlier recommendations and assumes that Federal agencies will absorb the difference through savings in other activities.

The committee also recommends a number of management initiatives including greater efficiency in defense operation and maintenance activities, and adjustment of military and civilian retired pay on an annual rather than a semiannual basis in order to make these procedures compatible with social security procedures.

FUNCTION 150: INTERNATIONAL AFFAIRS

Mr. President, for international affairs, the committee recommends $13.1 billion in budget authority and $8.3 billion in outlays for fiscal year 1980, $14.0 billion in budget authority and $8.7 billion in outlays for fiscal year 1981, and $14.9 billion in budget authority and $8.7 billion in outlays for fiscal year 1982. The committee's recommendation is essentially that contained in the first budget resolution, as adjusted by CBO technical reestimates, plus an allowance to cover the President's request for the resettling of Indochinese refugees.

The committee's recommendation retains the first budget resolution assumptions for providing the funding levels of the President's request for the Middle East peace treaty, for requiring a reduction in the President's request for international development programs, and by requiring that other international programs be held constant in real terms over the fiscal year 1979 levels.

HUMAN RESOURCES

For human resources programs, the committee recommends $326.3 billion in budget authority and $293.6 billion in outlays for fiscal year 1980. For fiscal year 1981, the recommendation is for $365.0 billion in budget authority and $323.0 billion in outlays. For fiscal year 1982, it is $408.5 billion in budget authority and $353.6 billion in outlays.

For education and social services programs, the committee's recommended ceilings accommodate the Labor/HEW appropriation conference report. In addition, the committee recommendation assumes that the permanent title XX ceiling will be increased to $2.7 billion rather than the $2.9 billion level assumed in the first resolution.

For training and employment programs, the committee recommendation continues the assumption of the first budget resolution that the work incentives (WIN) program will be reduced by half by the end of fiscal year 1981 and that CETA countercyclical public service employment program (title VI) will be phased out by the end of fiscal year 1981.

In health programs, the committee remains concerned about the rapid escalation in health care costs.

Voluntary efforts to curb hospitalization costs, initiated by the hospital industry, have been gratifying. According to a recent CBO study these efforts were successful in holding down the rise in hospital costs by 1.1 percentage points in 1978. In 1979, CBO estimates that these efforts will reduce the increase in costs by 1.9 percentage points.

But that is not good enough. Even with this voluntary effort, hospital costs rose by 12.8 percent in 1978. CBO estimates that they will increase by another 14.5 percent in 1979. Such increases in the cost of a vital service such as health care simply cannot be tolerated.

Therefore, the committee recommends that the Federal Government undertake a strong initiative in controlling hospital costs. The Federal savings to be reaped from such an initiative are reflected in the committee's budget recommendations, as are the savings which the committee expects to accrue from other efforts to curb the costs of the medicare and medicaid programs.

The committee also recommends that a reduction and refocusing of Federal assistance for health manpower be made to solve the problems of geographic and specialty maldistribution that now plague this country.

Funding is assumed to expand medicaid benefits to low-income children and pregnant women.

In the income security area, the committee recommendations assume an increase to take account of the President's decision to admit an additional 7,000 Indochinese refugees a month. Also assumed is additional funding for energy assistance for low-income families.

The committee also recommends legislative savings in a number of income-security programs—social security, civil service retirement, assisted housing and AFDC and nutrition programs. These same legislative savings were assumed for the first resolution but the great majority have not been achieved to date.

Reform of our Nation's welfare system is assumed to begin in fiscal year 1982.

In veterans programs, the committee recommendation provides funding for cost-of-living increases in both the veterans disability compensation program and the GI bill program. Programs for flight training and correspondence school training are eliminated because available evidence indicates that they do not effectively lead to full-time employment.

Legislation is assumed that will enable the VA to collect from private insurers the costs of medical care provided to veterans with private insurance coverage.

Savings are also assumed from legislation eliminating duplicate Federal burial benefits to certain veterans and reducing the GI bill eligibility period for certain veterans.

NATURAL RESOURCES

Mr. President, for natural resources programs, the committee recommends $64.6 billion in budget authority and $27.2 billion in outlays for fiscal year 1980. For fiscal year 1981, the recommendation is $28.8 billion in budget authority and $29.3 billion in outlays. For fiscal year 1982, it is $47.8 billion in budget authority and $32.3 billion in outlays.

The committee recommendation would continue science activities at a constant real level through fiscal year 1980, but at declining levels in subsequent years. The recommendation would allow for increased funding for civilian space activities beginning in fiscal year 1980 and continuing through 1982. This would maintain the pace of development of the space shuttle program required to meet civilian and military needs.

For energy, the committee recommends increased funding above the first budget resolution levels beginning in fiscal year 1980.

There are now before Congress numerous proposals aimed at the reduction of oil imports. Reductions would be achieved by various means including increased production of synthetic fuels and new conservation initiatives.

The committee recommendation would accommodate any one of the proposals. It in no way prejudges the outcome of the debate on these complicated issues. The committee also recommends further reductions in fiscal year 1981-82 below the first budget resolution for the strategic petroleum reserve. The recommendation assumes continuing program delays and reflects the administration's recent commitment to limit oil imports. The recommendation would accommodate real growth in energy conservation programs and in the regulatory activities of the Department of Energy.

For natural resources and environment programs, the committee recommends funding at levels slightly higher than provided for in the first budget resolution. Higher outlays for water resources, resulting from inflation and severe flooding, and for forest and land management are partially offset by reduced spending for EPA construction grants.

For agriculture, the committee recommendation for the second budget resolution reflects continued strong Federal support for the agricultural sector, but acknowledges the significant improvements in farm prices and income that have occurred since the first budget resolution. In recognition of the improved agricultural economic conditions, outlays for farm price supports were reduced. The resolution includes an allowance for a crop insurance initiative but delays acquisitions for a food security reserve until fiscal year 1981. Allowances for higher export credit sales and for constant real levels of agricultural research and services assumed in the first budget resolution were maintained.

COMMERCE AND COMMUNITY DEVELOPMENT

For programs involving commerce and community development, the committee recommends $53.1 billion in budget authority and $47.9 billion in outlays for fiscal year 1980. For fiscal year 1981, the recommendation is $54.8 billion in budget authority and $49.9 billion in outlays. For fiscal year 1982, it is $53.8

billion in budget authority and $50.9 billion in outlays.

For commerce and housing credit, the first and second budget resolution policy assumptions are identical. The committee recommendation generally assumes continued support for existing housing and thrift insurance programs at a current law level. While housing assistance for the elderly and handicapped could rise with inflation, net funding is below current law levels due to the use of recaptured budget authority for GNMA and anticipation of reduced losses in the FHA mortgage insurance programs. The recommendation does not assume funding for two items requested by the President: The homeownership assistance program, and a standby line of credit for the National Credit Union Administration central liquidity facility.

The Federal payment to the Postal Service is continued in accordance with existing law, which anticipates that the Postal Service will make steady progress toward financial self-sufficiency.

In the area of transportation the recommendation is similar to the first resolution and reflects continued high levels of assistance. It is unchanged for air and other transportation programs and would permit small increases in airport development programs funded by the airport and airway trust fund.

The recommendation is adequate to accommodate expected funding for railroad programs and provides an allowance of $0.1 billion above the President's request for increased Amtrak funding consistent with the Senate-passed authorization bill.

The recommendation could accommodate increased funding above the first resolution targets for existing mass transit authorizations, in keeping with the President's newly proposed energy initiatives. Also, the recommendation assumes that the Appropriations Committees will, as they have indicated they intend, cancel existing "old" interstate transfer contract authority and substitute "new" appropriated budget authority over a 3-year period, fiscal years 1980–82, resulting in technical accounting changes that would not affect the program level.

As in the first resolution, savings in transportation programs reflect an equitable distribution of expected budgetary sacrifices. The committee recommends that highway funding increases enacted last year be reduced by $250 million in fiscal year 1980 and again in fiscal year 1981. This still represents a significant increase over fiscal year 1979 funding but is adequate to accommodate only limited funding for appropriated highway programs.

As in the first budget resolution, the recommendation for community and regional development reflects the high priority that the Congress attaches to Federal assistance to encourage economic development in urban and rural areas that are not sharing fully in the Nation's economic progress. Funding for the President's requested increase for urban development action grants and for an expansion of EDA economic development programs at the level of Senate-passed legislation could be accommodated. For fiscal year 1981 and 1982 the recommendation could accommodate increased EDA funding at the level of the President's request.

In addition, the recommendation was increased to accommodate funding for the SBA disaster loan program at a level estimated by CBO to be required in a normal disaster year under the provisions of the Senate-passed version of SBA authorizing legislation now in conference. The recommendation therefore assumes that all but a small portion of agricultural disaster lending will be carried out by the Farmers Home Administration, which has traditionally provided financing for this purpose.

For administration of justice, the first and second budget resolutions accommodate the administration request for judicial action and law enforcement activity by the Department of Justice and other agencies to control organized crime, public corruption, drug trafficking and illegal immigration, and to prevent racial and ethnic discrimination. The budget assumes that aid to State and local governments through LEAA will be reduced to $0.4 billion in budget authority in fiscal year 1980 and future years.

For general Government, the second budget resolution policy assumptions are the same as those in the first resolution, and would allow continuation of the current level of program activity for the legislative and executive branches.

The committee recommendation assumes continued funding for revenue sharing at current law levels, and provides an allowance for programs of temporary or standby countercyclical fiscal assistance to State and local governments, as authorized in legislation passed by the Senate.

FUNCTIONS 900, 920, AND 950

FUNCTION 900: INTEREST

For function 900, interest, both budget authority and outlays for fiscal year 1980 have increased by $2.1 billion since the first budget resolution as a result of higher estimates of interest rates and technical reestimates of interest on the public debt.

FUNCTION 920: ALLOWANCES

For function 920, allowances, the committee recommendation for fiscal year 1980 is identical to the first budget resolution. The recommendation assumes funding for a cap of 5.5 percent on the October 1979 pay raise, and absorption of the remaining costs to reach the 7 percent level recommended by the President by the civilian agencies through savings in other activities.

The committee recommendation assumes management savings in fiscal year 1980 and succeeding years through reductions in Government travel and transportation costs, filmmaking, procurement of supplies and materials, and consulting contracts, the same as the first budget resolution.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

For function 950, undistributed offsetting receipts, collections from rents and royalties have been estimated downward to reflect recent sales and changes in the timing of proposed sales. These reductions are offset by higher estimates of interest collections by trust funds as a result of higher estimates of trust fund balances which are invested in Government securities.

Much more detail on all these issues is contained in our committee report. But all the issues in this budget resolution—savings, tax cuts and defense spending—really boil down to one question. Can we deal with inflation?

I think that takes priority over tax cuts, over increases this year in the defense budget, or increases this year in other spending.

I think that this fiscal year we ought to demonstrate to the people of this country that we believe inflation is the number one enemy and that we believe the Government must restrain its spending all across the board to set an example and to reduce its own impact on the economy.

I believe that very deeply. If we can get the economy under control; if we can stabilize the rising inflation rate and begin to cut it down, then all of us will benefit—defense requirements, the requirements of other government programs, and, of course, our citizens in their day-to-day lives.

Inflation control must be our number one priority. I put that at the top of the list.

I will oppose a premature tax cut, which would greatly increase the deficit.

I will oppose any increases this year in defense. We did, in this budget, provide for increases in the next five years that go to the issues raised by the SALT hearings. I will support those significant defense spending increases. They are adequate to fund every strategic system the President has proposed.

But for this fiscal year 1980, I think we should hold the line across the board on Government spending and on tax cuts.

We should concentrate on driving toward a balanced budget and doing what we can by that effort to deal with inflation.

I am confident that we will have the support of the U.S. Senate in that effort.

EXHIBIT 1

EXCERPTS ON SAVINGS ASSUMPTIONS FROM THE REPORT ON THE FIRST CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1980 (S. REPT. 96–68)

CHAPTER I. INTRODUCTION

(Pages 4–7)

"The Budget Resolution recommended by the Committee establishes a watershed in the recent history of the Senate's fiscal policymaking.

"The Committee concluded that fiscal policy at this time must be characterized by a significant degree of restraint incorporated in a plan to achieve a balanced budget in the shortest practicable and reasonable time. The budget plan recommended by the Committee responds forthrightly to that challenge.

"In recent decades, increasingly higher levels of Federal spending in real terms have been a fixture of American Government. But this First Resolution on the Budget calls for fiscal 1980 outlays below current law. It allows no real growth in overall Government outlays. In fact, this budget requires significant reductions in spending under current law, amounting to $5.2 billion in each of the fiscal years 1980 and 1981, and $6.0 billion in fiscal 1982. Compared to the cost of continuing current Federal policy at the levels required to offset inflation, this budget reduces outlays by $11.7 billion in FY 1980, $21.6 billion in FY 1981, and $35.0 billion in FY 1982.

"Last January, the President proposed a fiscal 1980 budget which was characterized as exceptionally "lean and austere." But the Committee recommends a fiscal 1980 budget which contains a deficit $11.8 billion lower than the President's proposal (on a comparable basis). Stated on the President's basis, the Committee has recommended a budget which contains a deficit of $19.7 billion.

"The recommended budget reduces the outlay levels recommended by the Senate's authorizing committees by $14.3 billion. It is lower than the recommendation of the Appropriations Committee—$1.1 billion lower. This budget contemplates room for only a few of the new initiatives proposed by the President, unless other programs now in law are reduced or eliminated.

"The Committee recommends the imposition of rigorous restraint, spread widely across the gamut of Federal activity. Under the Committee's recommendations, even the highest priority programs have not been spared a share of the pain. This is highly disciplined recommendation. But it is an equitable one. Neither defense, nor public welfare programs, nor any of the Federal Government's other major enterprises are spared a share of the burden which must be borne if this Congress is to balance the budget in 1981.

"The Committee was not confronted solely with the task of separating unworthy Federal programs from the others. For the most part, it has also been necessary to choose among the good ones. It has been necessary to face up to some very painful realities.

"The Members and committees of Congress must be willing to accept that same discipline if Congress is to meet its obligation to produce a restrained and prudent budget commensurate with the character of our national economic needs.

"The following is only a partial listing of some of the key cuts and assumptions which the Committee's plan requires:

"Defense.—Limit military and civilian pay raises; adjust military and civilian retired pay annually instead of semiannually; phase out the military and commissary subsidy.

"Other Federal Employment.—Limit pay raises and establish once-yearly adjustment of retirement benefits.

"Energy.—Cut the FY 1980 level of Strategic Petroleum Reserve storage from 84 million barrels to 20 million; reduce funding for breeder rector programs; allow long-term research and development to decline in real terms.

"Natural Resources and Environment.—Cut funding for new park acquisition; eliminate the Youth Conservation Corps; reduce budget authority for EPA's construction grant program.

"Agriculture.—Reduce CCC price supports beginning in FY 1981 through greater use of acreage set-aside; reduce dairy price supports beginning in FY 1982; disallow the President's proposal to fund all-risk crop insurance.

"Transportation.—Reduce Federal-aid highway fundings; restrain Amtrak to the levels requested by the President which would eliminate rail passenger service in many States.

"Education, Training, Employment, and Social Services.—Phase out the countercyclical public service jobs program; cut summer youth jobs; forgo increases in social services funding.

"Health.—Allow for only a portion of the President's proposed child health assessment program; save substantial amounts in medicare and medicaid; reduce assistance to medical schools and students.

"Income Security.—Achieve savings in the social security and AFDC programs; delay implementation of welfare reform.

"Veterans Benefits.—Enact cost-saving reforms in veterans income security programs; eliminate flight training and correspondence courses from the G.I. bill; enact legislation to collect benefits for VA medical care from private companies which insure veterans.

"Administration of Justice.—Reduce LEAA funding by almost half; require Federal law enforcement agencies to absorb inflation costs.

"General Government.—Require Congressional operations to absorb inflation costs.

"General Purpose Fiscal Assistance.—Deny funding for targeted temporary and standby countercyclical assistance.

"In order to meet the targets proposed in the Committee's recommended spending plan, other committees of Congress must recommend legislation to change existing law.

"—The Finance Committee must report legislation to make changes in existing health and welfare programs to save nearly $3 billion.

"—The Environment and Public Works Committee must produce a rescission of spending authority for the highway program by a half billion dollars for each of the next 2 years.

"—The Appropriations Committee must rescind funds for the Strategic Petroleum Reserve.

"—The Commerce Committee must approve the Presidents proposal to reduce Amtrak's support to levels consistent with a 43 percent reduction in passenger route mileage.

"—The Small Business Committee must terminate SBA disaster loans for crop losses which are eligible for FmHA assistance.

"—The Agriculture Committee must report legislation to reduce spending for CCC programs.

"—The Veterans Committee must report legislation requiring private insurers to reimburse the Veterans Administration for care provided to policyholders who go to VA hospitals.

"—The Governmental Affairs and Armed Services Committees must provide for once a year increases in retirement benefits, instead of the current twice a year increases.

"To the extent that any committee does not change existing law as contemplated in this budget, it must make other changes or other committees will be forced to make up the difference."

FUNCTION 050: NATIONAL DEFENSE SAVINGS

(050) Mission 4: Other national defense programs

(Page 80)

"The Committee's recommendation assumes a slight reduction in the level of the President's request for other national defense programs. This reduction results from revising the cost-of-living adjustments for military retired pay from a semi-annual to an annual basis."

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT SAVINGS

(300) Mission 1: Water resources

(Page 115)

"The Committee recommendation does not provide for full funding of new water resource construction projects."

(300) Mission 2: Conservation and land management

(Page 116)

"The Committee assumes that programs for conservation of agricultural land would be consolidated as requested in the President's budget and would focus on long-term, enduring practices to control soil erosion."

FUNCTION 400: TRANSPORTATION SAVINGS

(400) Mission 1: Highways

(Page 144)

"The Committee recommendation assumes that direct spending authorizations for Federal-aid highways will be limited to approximately the FY 1979 level. Realization of this target would require changes in existing legislation to reduce budget authority already enacted by $0.5 billion in both FY 1980 and FY 1981."

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES SAVINGS

(500) Mission 4: Training and employment

(Page 173)

"The Committee's recommendations assume that the CETA Title VI countercyclical public service employment program will be phased out by the end of FY 1981, with the program reaching a level of 100,000 jobs by the end of FY 1980. The Committee's recommendation also assumes a reduction in FY 1980 budget authority for CETA public service jobs below the President's request, on account of the large amounts of unspent funds remaining from prior year appropriations. The Committee's recommendation assumes that these unspent funds—except the minimum amount necessary for program stability—will be used in lieu of new budget authority. The Committee recommends that the Work Incentive (WIN) program be phased out by the end of FY 1981, that funding be provided in FY 1980 for the CETA private sector initiative, and that the President's levels for the summer youth employment program be accepted."

FUNCTION 550: HEALTH SAVINGS

(550) Mission 1: Health care services

(Page 182)

"The Committee recommendation anticipates savings of $0.3 billion in budget authority and $2.0 billion in outlays in the medicaid and medicare programs compared to the current law level through the adoption of several legislative initiatives suggested by the Finance Committee in its March 15 report to the Budget Committee, and from the maximum level of savings obtainable through the Administration's hospital cost containment initiatives presently being considered by the Finance and the Labor and Human Resources Committees."

FUNCTION 600: INCOME SECURITY SAVINGS

(600) Mission 1: General retirement and disability insurance

(Page 195)

"The Committee recommendation assumes actions by the Congress to achieve outlay savings beginning in FY 1980 and FY 1981 in social security programs, but not necessarily those proposed by the President."

(600) Mission 2: Federal employee retirement and disability

(Page 196)

"The Committee recommendation assumes that outlay savings will be achieved starting in FY 1980 from instituting an annual, rather than the current semi-annual, cost-of-living adjustment for beneficiaries of these programs."

(600) Mission 4: Public assistance

(Page 201)

"The Committee recommendation assumes savings from benefit reductions and better management in the AFDC program."

(600) Mission 5: Nutrition programs

(Page 202)

"The Committee assumes enactment of the recommendations of both the President and the Agriculture Committee to achieve savings in the special milk, summer food, and WIC programs. Additional savings recommended by the President are assumed from reducing the Federal subsidy provided to students from non-poor families who participate in the school lunch and breakfast programs."

(600) *Mission 6: Housing assistance*

(Page 205)

"The Committee recommendation assumes a reduction from the current law level of funding for subsidized housing to allow annual commitments on 250,000 additional units per year beginning in FY 1980, with 50% allocated to existing housing. The Committee also assumes that the maximum rent in assisted housing will be increased from 25 to 30% of a tenant's income."

FUNCTION 700: VETERANS BENEFITS AND SERVICES SAVINGS

(700) *Mission 1: Income security for veterans*

(Page 214)

"The Committee's recommendation anticipates a cost of living increase in FY 1980 of 8.3% in veterans compensation benefits. This increase would be partially offset by cost-saving reforms in veterans' income security programs."

(700) *Mission 2: Veterans education, training, and rehabilitation*

(Page 216)

"The Committee recommendation assumes a 7% increase in the level of veterans readjustment benefits. This increase would be partially offset by legislation reducing the period of eligibility for GI bill benefits for certain veterans and eliminating payments for flight training and correspondence courses, as proposed by the President. The President proposed eliminating these courses because of abuses in these programs as well as concern that the course do not lead to employment for veterans. Additional savings could be achieved by tightening program requirements, as proposed by the Veterans Affairs Committee."

(700) *Mission 3: Hospital and medical care for veterans*

(Page 218)

"The Committee recommendation assumes savings of $0.2 billion in budget authority and outlays from the President's proposal under which private insurers would be required to cover the cost of hospitalization in a veterans hospital for certain veterans with private insurance coverage. The Committee is concerned that Federal funds which could be used for other purposes are spent to provide health care which should be covered by private insurance paid for by veterans."

FUNCTION 750: ADMINISTRATION OF JUSTICE SAVINGS

(750) *Mission 2: Criminal justice assistance*

(Pages 226–27)

"The Committee recognizes that its recommendation assumes a significant reduction in funding for LEAA. One method the Committee discussed for achieving such a reduction would be to place less emphasis on diffuse grants to State and local governments and relatively more emphasis on Federal research and data dissemination activities.

"The 5-year recommendation would hold the program constant at FY 1980 budget authority levels, resulting in a gradual reduction in annual outlays over the 5-year period."

EXHIBIT 2

SUMMARY

The Budget Committee's recommended restraints on Federal spending will do more than merely pinch. They will hurt. Some programs will be eliminated entirely and others will be drastically curtailed. But a multibillion-dollar deficit cannot be promptly wiped out without inflicting pain.

We cannot achieve a balanced budget without accepting these consequences. But the consequences of forgoing that achievement would be far more distasteful.

Until quite recently, Federal deficits have reflected continued slack in the economy and had little if any impact on inflation. But conditions are changing. The economy is moving toward full capacity. In this situation, deficits could indeed induce additional inflation.

Mr. President, we simply cannot afford that. In this 5th year of economic recovery, a sound fiscal plan must be a restrained plan.

There is no room in a sound economic future for Federal initiatives which contribute needlessly to the fueling of inflation.

Consistent with principles of humane and prudent Government administration, the deficit should be squeezed down and out as soon as possible. In the end, that is in the interest of all Americans.

This year's budget recommendation establishes a watershed in the recent history of fiscal policymaking. A few weeks ago, Congress instructed the Budget Committees of both Houses to prepare two alternative plans—one producing a balanced budget in fiscal 1981, and one producing a balanced budget in fiscal 1982. Your committee has responded aggressively to that mandate. It is now up to Congress as a whole to reciprocate.

Adoption of this plan to achieve a balanced budget could well be the most important step in responsible fiscal management since the adoption of the Budget Act itself.

In recent decades, increasingly higher levels of real Federal spending have been a fixture of American Government. But this first resolution on the budget calls for fiscal 1980 outlays below current law. It allows for no real growth in overall Government spending. It would reduce spending below current law levels by $5.2 billion in each of the fiscal years 1980 and 1981, and by $6 billion in 1982.

Compared to the cost of continuing current Federal policy at levels required to fully offset inflation, this budget reduces outlays by $11.7 billion in fiscal 1980, by $21.6 billion in fiscal 1981, and by $35 billion in fiscal 1982.

The deficit contained in this budget is $28.8 billion. If the budget prepared by the House Budget Committee were restated to reflect the economic and program assumptions of the Senate, their deficit would be $32.4 billion. On the same basis, the President's would be $40.6 billion.

Stated in the President's terms, the committee has recommended a budget which contains a deficit of $19.7 billion in fiscal year 1980. That has been accomplished at a time when many have insisted that a deficit goal of $30 billion was unrealistically low.

We have met that goal and gone further, and we have done so while using the most unflinching and objective economic forecast available. There are no smoke screens or mirrors in this committee's recommendations.

The recommended budget reduces spending proposed by Senate authorizing committees by $14.3 billion.

The budget is $1.1 billion lower than the proposal of the appropriations committee. The appropriation committee proposal would be several billion dollars higher if restated on a basis comparable with the budget committee figures.

In the committee's view, there is little room in the budget for new programs. This budget contemplates allowances for only a few of the new initiatives proposed by the President. Only by reducing or eliminating existing programs can room be made for innovations.

This very stringent budget path has not been easy to construct. It has been necessary to swallow hard before endorsing many of the cuts and restraints which the committee recommends. None of these proposals has been casually considered. The committee is fully aware of the penalties inherent in a disciplined course of fiscal policy; and these recommendations are highly disciplined indeed.

But if these restraints are harsh, it must also be said that they are equitable. The burden is widely distributed. None of the Federal Government's major enterprises is spared a share of the sacrifice.

The report details the extent to which the committee has distributed the weight of responsibility. Let me touch on some items which demonstrate the diversity of restraint.

In the Department of Defense, the committee recommends efficiencies in operations costs totalling a $300 million savings in fiscal 1980. These savings are not achieved in readiness-related operations. Another $100 million is saved in fiscal 1980 by phasing out the commissary subsidy.

For all Federal employees—civilians and military—the committee recommends a cap on pay raises. For retirees, the committee recommends once-yearly cost of living adjustments rather than twice yearly ones. These actions will save $4 billion in 1980.

The committee has found room for restraint in the energy field. Storage levels would decline for the strategic petroleum reserve based on likely fill rates. Savings there will be $1 billion. Funding for breeder reactor programs would be reduced by $200 million, and long term R. & D. would decline in real terms.

In the area of health care, the recommendations would allow for only $200 million of the President's proposed medicaid benefit expansions. No allowance is made for a program of national health insurance. Net savings of $1.8 billion are assumed in medicaid and medicare; and support for medical schools and students is cut back by $100 million.

In the field of transportation, the federal-aid highway program would be reduced by $500 million and restraint in funding for Amtrak would end passenger service in many of our states.

Cuts of $400 million would be made in public welfare programs and reform of the welfare system would have to be delayed until 1982.

Some price supports would be reduced for farmers in future years. And there is no room for the President's proposal to fund all-risk crop insurance.

And in the area of employment, the countercyclical public service jobs program would be phased out entirely by fiscal year 1981—for a reduction in fiscal year 1980 of $1.8 billion—and summer youth jobs would be cut back with fiscal year 1980 savings of $200 million.

There is scarcely a constituency in the United States which will not be touched in some significant way by the imposition of these and other sacrifices.

There is no satisfaction in that with the subcommittee or, I am sure, with the Senate. But neither is there any chance to make good on our duty to manage the public purse in a prudent and responsible manner unless we are willing to pay the price.

Some may ask, if the budget can be balanced in 1981, why not in 1980? That would require a fundamental change in the role of Government in America—or a tax increase of great proportions.

Mr. President, at this point I ask unanimous consent to insert a table in the RECORD in order to indicate what would be required. Federal outlays would have to be cut by another $38.3 billion—or $43.5 billion below current law in order to achieve a balanced budget in 1980.

When one considers the kinds of cuts I have already described we have in 1980, pointing to a balance in 1981, Senators may get some faint notion of the enormity of that challenge.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

IMPLICATIONS OF BALANCING THE BUDGET IN FISCAL YEAR 1980

[In billions of dollars]

	Committee recommendation	Balanced budget total	Balanced budget total compared to committee recommendation
Revenues	503.6	[1] 494.1	−9.5
Outlays	532.4	494.1	−38.3
Deficit	28.8	0	−28.8

[1] The reduction in revenues from the committee recommendation would occur because of reduced economic activity as a result of the cut in Federal outlays.

Mr. MUSKIE. Total outlays would be $481.1 billion, allowing no increase at all over fiscal 1979. That is true despite the fact that increased case loads, spendouts from prior commitments, and inflation adjustments required by law will inevitably drive the totals up.

The free lunch is as scarce in 1979 as it has ever been. And those who demand a stringent spending diet must not forget that the cost of Government can be reduced but not eliminated.

No tax cut would be provided under the recommended budget until fiscal 1982. But there would be a $55 billion cut in that year, to be followed by even more substantial reductions—$75 billion in fiscal 1983, and $100 billion in fiscal 1984.

The reality is that a balanced budget requires attention to both sides of the scales. We cannot achieve that balance solely through Draconian spendings cuts.

On both sides of the ledger—in spending cuts and in tax proposals—the Budget Committee has faced up firmly to the requirements of fiscal integrity. But those commitments will have no value unless they are reflected in the decisions of other congressional committees and in rollcall votes on the floor.

For example, in order to meet the budget resolution targets, other committees must recommend the following changes in existing law to achieve savings or make other cuts of equal magnitude.

The Finance Committee must save nearly $3 billion by recommending changes in existing health and welfare programs.

The Environment and Public Works Committee must produce a rescission of spending authority for the highway program—a rescission of half a billion dollars in each of the next 2 years.

The Appropriations Committee must rescind $1 billion of funds for the strategic petroleum reserve.

The Commerce Committee must approve the President's proposal to reduce Amtrak's support to levels consistent with a 43-percent reduction in passenger route mileage.

The Small Business Committee must terminate SBA disaster loans for crop losses which are eligible for FmHA assistance.

The Veterans' Committee must report legislation requiring private insurers to reimburse the Veterans' Administration for care provided to policyholders who go to VA hospitals.

The Governmental Affairs and Armed Services Committees must provide for once yearly increases in retirement benefits instead of the current twice yearly adjustments.

These will not be easy votes to cast. They were not easy to cast in the Budget Committee. They will not attract an eager flock of enthusiastic supports. Indeed, the Budget Committee's proposals for such sacrifices are anything but gleeful. Unfortunately, our fiscal dilemma is a sobering one.

FISCAL POLICY

In theory, fiscal restraint should be a popular course of action. The public has demonstrated its general support for shrinkage in the size and scope of Government. And the popularity of lower taxes is no recent development.

In reality, however, no meaningful spending cuts will ever be imposed without producing howls of outrage from those who suffer the consequences. Therein lies the challenge to us who make this Nation's fiscal policy—because the budget is a political document as well as a fiscal plan.

But fiscal restraint is made necessary by the overwhelming importance of the fight against inflation.

The success of our past efforts to stimulate the economy has added over 12 million jobs. The gap has been substantially narrowed between what the economy can produce and what it in fact produces.

Serious attention is still required to the plight of the structurally unemployed. But with inflation currently running close to a double-digit rate, the time has come to end general fiscal stimulus.

The Congress can only make a meaningful contribution to the battle against inflation if we approve a budget which avoids excessive strains on our productive capacity.

We must send a signal to the American people. We are not oblivious to the rages of inflation. We must set an example for sacrifices in both the public and private sectors which can bring inflation down.

Weighing the need to support public programs against the need to restrain public spending, a well-contributed budget can play an important role in shrinking inflation and in moving our economy in a more positive direction. The committee has recommended such a budget.

But important though a balanced budget is, it is not enough. Its impact will be blunted if wage settlements continue to break through the bounds of reasonableness.

Its moderating influence will be meaningless unless profit growth is no more than reasonable and prices are held down.

The committee has told the Senate with this budget that government must swallow some inflation if we are ever to return to a healthy balance of wages and prices. But the bitter taste of that sacrifice must also be absorbed in the private sector.

Federal budgets are not the sole source of inflation—far from it. And there are even limits on the impact which our private sector decisionmakers can have. Judgments made in Iran, in Saudi Arabia, and even in Japan or in West Germany can have as big an impact on the course of our inflation as any made here at home.

But Congress cannot dodge its responsibilities by pointing to those who must also contribute. We must carefully evaluate measures that have an inflationary impact by directly adding to the cost and price of goods and services. In a few cases, that may be necessary to accept such measures when overriding needs cry out to be served. But we must be aware of the consequences for inflation. We must be sure that every inflationary cost is balanced by a commensurate benefit.

The establishment of a new inflation monitoring capability at CBO has helped. We have already seen it working. We now know the inflationary implications of every major bill we consider. And those implications must weigh heavily as we make our choices and cast our votes.

Mr. MUSKIE. Mr. President, at this time I yield to my good friend, the distinguished Senator from Oklahoma who has been a partner in this budget effort for some 5 years now, a partnership which I value as much as any experience in my public life.

Mr. BELLMON. I thank my friend, our distinguished chairman.

Mr. President, I yield myself 10 minutes on the resolution.

I begin by complimenting the chairman of the Budget Committee, Senator MUSKIE, for the leadership he has given the committee both in this current matter as well as over the 5 years of our existence and especially for the extraordinary effort he put forth last week to, first of all, clear up misunderstanding about what the reconciliation process was all about and, second, to work out what appears to be an agreeable compromise to accomplish reconciliation and to make the process effective not only this year but in years to come.

Mr. President, the second concurrent resolution for fiscal year 1980 contains a 3-year spending and revenue plan for achieving budget balance in fiscal year 1981. This is the point Senator MUSKIE was just making. It also makes provision for substantial tax reductions in fiscal year 1982 and beyond. This resolution presents Congress with a clear choice between continuing its commitment to fiscal restraint or reverting to the fiscal expediency that has all too often characterized past policies.

I cannot emphasize too strongly the importance of this decision. The economy is experiencing a marked slowing in the rate of economic growth and may be in the early stages of a recession. While there are other elements, the most important cause for this slowdown is the present rapid rate of inflation, which is necessarily accompanied by high and rising interest rates. Unless Federal spending is controlled effectively, and unless the persistent pattern of high (though declining) deficits is reversed, the American economy is likely to continue to suffer the pernicious effects of inflation for the forseeable future. This decision must be made clearly and it must be made now. The citizens of this Nation are already beginning to take dangerously destabilizing protective measures against the ravages of inflation—reduced saving, defensive buying, and flight into gold.

Federal spending and large budget deficits, while the principal cause, are by no means the only source of inflation. The economy has experienced internal and external inflationary shocks such as rising energy prices, rising prices for food and other commodities, and capacity shortages in key industries.

Since January, for example, the Consumer Price Index has increased at a 13.6 percent annual rate. Of this 13.6 percent, 2 percentage points are due to the runup in energy prices, 1½ percentage points are due to food price increases, and another 1 percentage point to increases in mortgage interest rates.

We can expect some reduction in these inflationary pressures. The largest short-range increases in energy and food prices are probably behind us, and if we make progress toward controlling inflation by exercising fiscal restraints, mortgage interest rates will also moderate.

We do, however, face the difficult task of reducing the remaining 9 percentage points which represents the rate of increase in the general price level aside from these special factors. Positive action by the Congress to restrain Federal spending and eliminate the deficit are important first steps toward attacking this underlying inflation.

I am convinced, Mr. President, that past stimulative action by the Congress has conditioned the American public to anticipate further increases in the inflation rate whenever such stimulative actions are undertaken. The anticipation of inflation leads to a "catch-up" psychology and generally speculative behavior that only worsens inflation.

In his testimony last week before the House Budget Committee, Chairman Volcker described the effect of inflationary expectations" on both fiscal and monetary policy in the following way. I quote:

> . . . Over the years, labor and product markets have developed an increasing sensitivity to inflation. Expectations about inflation are an important factor in wage bargaining, in price setting for many goods and services, and certainly in interest rates. The plain danger is the (stimulative) actions are rightly interpreted as doing little or nothing toward dealing with our underlying persistent problems of productivity and investment, and (are) all too likely to produce more inflation . . .

This is a sober reality, and one which the Congress faces directly in its consideration on the second concurrent resolution for fiscal year 1980.

The proposed second concurrent resolution for fiscal year 1980 responds to the need for spending restraint. This resolution contains an outlay ceiling of $542.7 billion for fiscal year 1980 which amounts to roughly 22 percent of GNP. This is a 9.4 percent spending increase over fiscal year 1979 but due to inflation, represents virtually no increases in real terms and may be a reduction.

Outlays in future years are projected to decline to 18 percent of GNP by 1984. This is far below the Federal share of GNP in most years of the postwar period.

This resolution continues that pattern of successively declining deficits and a smaller Federal share of GNP in spite of the necessity to provide additional spending room for programs which grow automatically when inflation or unemployment increase, and in spite of funding increases for defense, energy, and countercyclical fiscal assistance.

This resolution contains $55 billion in budget authority over the 4 years for additional energy spending. While I personally believe that price guarantees and private sector initiative are the most effective solution to our energy problem, the budget does provide sufficient flexibility for the Senate to choose from a wide range of energy alternatives.

In addition, the President has just announced that he is supporting an increase in the defense function to accommodate higher operating costs and still provide for 3 percent real growth. This would raise budget authority $4.4 billion and outlays by $3.2 billion for fiscal year 1980. If the President's proposed 3 percent real increase were assumed in fiscal year 1981 and fiscal year 1982 as well, defense spending would be $30 billion higher over the next 3 years. Other proposals would raise this increase to $41 billion. Each Senator will have to reach a decision on the merit of this sudden and very large request.

Mr. President, speaking for myself, I am inclined to not be in favor of increases of this magnitude until we thoroughly review both our defense and foreign policy positions, and make certain that increases of that magnitude will produce a result that is in the national interest.

However, we cannot provide real funding increases for these new priorities and retain our commitment to spending restraint if spending in other parts of the budget is allowed unrestrained growth. The fact that this resolution invokes the "reconciliation" process for the first time in the history of the budget process underscores the difficulty of achieving even small reductions in spending.

The reconciliation instruction is necessary because, thus far, the Congress has failed to achieve 70 percent of the legislative savings which were explicitly assumed and adopted by the Senate last May.

Mr. President, I think that is important to emphasize that we, the Senate, have failed to achieve 70 percent of the legislative savings which we assumed when we passed our first budget resolution. In fact, most of these savings were recommended by the authorizing committees themselves or in the President's January budget.

I ask unanimous consent to have printed in the RECORD a list of quotes from the authorizing and appropriations committees' March 15 reports and from the President's budget. These quotes discuss the savings. I ask that they be printed at the end of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(see exhibit 1.)

Mr. BELLMON. I strongly urge the Senate to support the reconciliation instruction. In total, the reconciliation instruction represents less than a 1 percent cut in spending.

I remind my colleagues, that over the history of the budget process, the Senate has had numerous separate votes on across the board spending cuts of 1 percent or more. The reconciliation instruction should certainly be supported by all the Senators who favor over-all budget reductions, whether by across the board cuts or through other means. If Members want additional cuts, they are free to offer such amendments.

If reconciliation is rejected by the Senate, fiscal year 1980 spending will be $4 billion higher than proposed in the pending budget and the deficit will increase by $4 billion to $32 billion in total.

Senator MUSKIE is prepared to offer a compromise which would change those figures somewhat. But if we do not enact either the Muskie compromise or the reconciliation recommendation, our deficit will clearly be larger than the deficit for fiscal 1979, and we will be headed in the wrong direction. Moreover, the impact is even worse in fiscal year 1981 and fiscal year 1982 with spending increases by $5.9 billion in fiscal year 1981 and $8.2 billion in fiscal year 1982. These increases in spending jeopardize a balanced budget in fiscal year 1981.

This resolution is also responsive to the need for restraint on the revenue side of the budget. While this budget provides for a major $55 billion tax cut in fiscal year 1982 growing to $100 billion in fiscal year 1984, it recommends that any immediate tax reduction be postponed until the budget is balanced and the present inflation problem is improved.

I strongly support this conclusion in the budget that we not make room for an immediate tax reduction partially because during the August recess, as I am sure many other Members did, I traveled broadly across my State and was amazed to find that in almost every case when my constituents were asked to comment as to whether or not they would rather see a tax cut or a balanced budget, they were almost unanimously in favor of balancing the budget first and then looking at the possibility of reducing taxes. They can easily see that having a tax reduction paid for by a larger deficit simply exacerbates inflation, and that any benefits they get from a tax reduction would quickly be lost by a subsequent increase in prices.

This is a difficult decision, especially in light of the substantial inflation-induced tax increases. However, in my contact with constituents, I am continually impressed with the willingness on the part of the average American to withstand the burden of these tax increases in order to balance the budget and help bring down the inflation rate.

I do not think it is a mere coincidence that measures of consumer confidence reached their post war peak in 1965, when inflation was near its lowest, and have deteriorated since that time, as inflation has accelerated. If the Nation is pessimistic now—and these confidence indicators show that it is—I am convinced that it is fear of still higher inflation, and not fear of unemployment, that is at the source.

Mr. President, the rise in the national unemployment rate announced last week has caused some to question whether the long-rumored recession is now a reality and whether the primary goal of Federal fiscal policy should now become stimulation of economic growth—rather than inflation fighting. Such a shift of objectives in my view is unwarranted.

The budget totals and tight fiscal policy reflected in the second resolution for fiscal year 1980 are recommended in full recognition that the Nation may face rising unemployment in coming months. While I personally believe that the present economic slowdown will be milder than CBO projects, the economic assumptions underlying this resolution include a recession that is deeper and accompanied by a larger increase in unemployment than assumed in the first resolution.

The restrained fiscal course recommended in the resolution is based on the conviction that any lasting solution to our goal of full employment of both capital and labor lies in wringing inflation out of our economy. Almost every respected economist agrees with this assessment and has spoken out against adding economic stimulus at this time, whether by allowing spending increases or large tax reductions.

This budget resolution already contains a substantial amount of economic stimulus. For example, the aggregate spending ceiling fully reflects the costs of entitlement programs which grow automatically when inflation and or unemployment rise. There is a growing consensus among economists that automatic increases in programs such as unemployment insurance have contributed substantially more to counteracting the effects of economic cycles than have discretionary decisions in the form of counter-cyclical spending programs or tax cuts.

In addition to increases in entitlement programs, this resolution also assumes $800 million as "targeted" or "standby" fiscal assistance to State and local governments. I personally opposed the injection of this fiscal stimulus but it was approved by a majority of the Senate. In any event, it seems to me the pending second budget resolution provides for all the stimulus that is required in the present situation.

Moreover, I remind my colleagues that it is not at all clear that we are in fact in a serious economic downturn. The economic signals are obviously mixed.

For example, if we compare the actual unemployment rate thus far for the third quarter of between 5.8 and 5.9 percent, we see that we are substantially below the 6.3 percent forecast by CBO for the quarter. Indeed, I would hope that the more favorable performance of the unemployment rate would help convince the Senate that the fiscal policy recommended by the pending budget resolution is the correct one.

One other matter on which I would like to comment briefly is the difficult problem of growing costs of entitlement programs. The Appropriations Committees in both Houses have recently expressed alarm that the congressional budget process has not yet made much headway in finding ways of controlling spending growth in these programs. I believe it is essential that the entire Congress, not just the Budget Committees, respond directly to this challenge.

Not only does automatic growth in entitlement programs make balancing the budget difficult, it also complicates the problem of fighting inflation. When benefits are increased to respond directly to the going rate of inflation, that inflation rate is reinforced rather than moderated. To control inflation, someone—perhaps everyone—must sacrifice. I have recently proposed to Chairman MUSKIE that a high-priority review of alternatives for action on this problem be conducted. I hope there can be a comprehensive, constructive approach to recommend to the Senate by the time it considers the first budget resolution for fiscal year 1981 next spring.

Mr. President, let me conclude by saying that rarely has the Congress been presented with a more clear-cut opportunity to exercise its leadership than in the second concurrent resolution for fiscal year 1980. The need for fiscal restraint is compelling and yet the pressure for increased spending or large and immediate tax reductions is great. I ask my colleagues to take this opportunity to chart a prudent fiscal course and demonstrate plainly to the Nation our serious commitment to balancing the budget and bringing inflation under control.

Mr. President, let me further conclude with a few words to my Republican colleagues. We are all fully aware that 1980 is an election year. Pressure for a tax cut is already growing intense. There will be a great temptation and many speculative proposals for reducing taxes. A good case can be made to justify these tax cuts because inflation and inflation induced tax increases have caused a reduction in after tax real incomes in recent years.

As attractive as a tax cut is, I am convinced, as I said earlier, that most American citizens are willing to forgo an immediate tax cut which would be paid by an increased Federal deficit and which would contribute to future inflation. They would much prefer to see our Federal budget balanced and inflation brought under control so that future tax reductions would be meaningful.

We are only kidding, in fact betraying, our constituents if we raise the deficit to provide a transitory tax cut which will soon be eaten up by rising prices caused by the inflationary pressures which deficits produce and exacerbate.

Mr. President, I again express my appreciation for all of the work done, not only by our chairman but by all the members of the committee, both majority and minority, in bringing this concurrent resolution before the Senate. I hope that the Senate will approve it without delay.

I yield the floor.

EXHIBIT 1

EXCERPTS FROM MARCH 15TH REPORTS BY SENATE COMMITTEES

APPROPRIATIONS COMMITTEE

"The target recommended by the (Defense) Subcommittee is $800 million below the (President's) budget request in budget authority and $700 million below the (President's) budget request in outlays".

"The (Housing and Urban Development-Independent Agencies) subcommittee has postulated a decrease of $300 million in the (President's) budget request of the Central Liquidity Facility of the National Credit Union Administration (NCUA) under function 370, commerce and housing credit".

"The Subcommittee on Treasury, Postal Service, and General Government recommends that the target ceiling for fiscal year 1980 be set at 2 percent below the President's request for the controllable items in the bill".

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

"The Committee recommendation does not include $79.4 million in outlays that the Administration had included for start-up costs of a nationwide all risk insurance program".

"The President's proposals with regard to the Special Milk Program and the Summer Food Program are supported by the Committee". The President proposed reductions of $110 million in the Special Milk Program and $47 million in the Summer Food Service Program.

"The Committee anticipates savings of approximately $132 million through the enactment of legislation that would establish an error rate sanction system" (for the food stamp program).

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

"The Committee deleted funds for this new program ($107.5 million for GNMA Energy Conservation Loans) since it was not funded in the President's budget for fiscal year 1980".

"The reductions (in Community Development and UDAG) would bring these programs in line with the authorizations level approved for fiscal year 1980" ($206 million).

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Reductions below current policy level: Maritime Administration (ship construction—Budget Authority: $195 million; Outlays: $0. Amtrak funding: Operation—Budget Authority: $74 million; Outlays: $74 million.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

"Therefore, the committee recommends a decrease of $110.4 million in the President's proposed budget authority to reflect the actual capability of the Bureau of Reclamation for fiscal year 1980".

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

"While the Corps of Engineers was increased by a total of $50 million in two areas, the committee voted to decrease the Corps construction budget by ten percent, or $152 million".

COMMITTEE ON FINANCE

"The Finance Committee estimates for fiscal year 1980 would represent an overall reduction in net outlays of $1.8 billion as compared with existing law".

"The Committee recommends that the Congressional budget for fiscal year 1980 assume that net reductions totalling $1.5 billion will be achieved in this (health) category".

"The Committee recommendation for this function (income security) indicates allowance for legislative changes which would on a net basis reduce outlays by $0.7 billion".

COMMITTEE ON FOREIGN RELATIONS

"The Executive Branch is requesting the authorization of appropriations of $2,104,-060,000 for programs under the International Development and Food Assistance Act. The Committee anticipates a reduction to at least $1,772,069,000, and possibly lower".

COMMITTEE ON GOVERNMENTAL AFFAIRS

Letter of July 27, 1979 in response to Budget Committee letter of July 20, 1979.

"This committee takes seriously its obligations to reduce the cost of government . . . this committee has undertaken an effort to achieve comparable, or even greater, savings in a more responsible and equitable manner. Every effort will be made to achieve the recommended levels of savings at the earliest possible date, and we are hopeful that savings will be realized during fiscal years 1980–1982".

COMMITTEE ON LABOR AND HUMAN RESOURCES

"This represents a reduction from current policy projections of $158 million of budget authority, attributable primarily to revisions in aid to federally impacted schools and $676 million of outlays, attributable mainly to a committee decision to adhere to the President's outlay estimates in advance-funded programs for which appropriations already have been enacted".

"Combined with our recommendation to fund direct student loans with the same level of appropriations as in fiscal year 1979, the committee estimate of outlays for all student assistance programs is $340 million below the current policy projections".

"The committee recommends a reduction of $1,000 million from a current policy level for the activities of the Department of Labor in subfunction 504, Employment and Training".

COMMITTEE ON VETERANS' AFFAIRS

"CBO's estimates (for the pension program) are thus $252 million less than the Administration's in budget authority and $194 million less in outlays. The Committee accepts the CBO estimates . . ." "The Committee accepts the CBO estimates (for GI Bill benefit payments and enrollment) and thus recommends decreases of $51.5 million in budget authority and $48.5 million in outlays for current programs in Mission 2".

PREVIOUSLY EXISTING PROGRAMS OR AGENCIES RECOMMENDED FOR TERMINATION IN THE 1980 BUDGET

(Approximate Savings)[1]

[In millions of dollars]

Agriculture—$145.1	
Youth Conservation Corps	60.0
Cooperative forest fire control	30.7
Rural development planning grants	5.0
Rural community fire protection grants	3.5
Water bank	10.0
General curriculum development grants (Bankhead-Jones)	11.5
Beekeeper indemnities	3.6
Urban forestry assistance	3.6
General forestry assistance (Dutch elm disease control, fire-scope and Pinchot Institute conservation studies)	4.5
Imported fire ant control program	1.9
Noxious weeds control program (SEA)	0.8
Noxious weeds control program (FS)	1.6
Range caterpillar control program	1.0
West Indian sugarcane root borer control program	0.5
Poultry disease control program	1.3
Title V rural community development research and extension grants	4.0
Payments to States and possessions (AMS—matching grants)	1:6
Commerce—$1,015.5	
Labor intensive public works	1,000.0
S/K fisheries development fund	4.0
U.S. Travel Service	11.5
Defense—$462.3	
Delete procurement funding for AV-8B, vertical take-off and landing plane	173.0
National Board for the Promotion of Rifle Practice	0.3
Surface effect ship	80.0
A-6 and A-7 aircraft procurement	209.0
Energy—$146.8	
High Btu loan guarantees	20.0
Coal (mines) loan guarantees	5.0
Low/medium Btu gasification plant	50.0
Domestic high temperature gas reactor	42.0
EPCA "basic" energy conservation grants [2]	-------
ECPA "supplemental" conservation grants [2]	-------
Energy extension service [2]	-------
Grants for local government buildings [3]	29.8
Assistance to areas impacted by energy development [4]	-------
HEW—$1,107.3	
Health:	
HRA:	
Energy conservation	0.4
Health Professions Education:	
Health Professions	
Capitation	68.0
Start-up grants	1.0
Loans	0.3
Loan repayments	2.0
Exceptional need scholarships	5.0
Nursing:	
Advanced training	0.4
Loans and other support	1.8
Allied health	9.0
Special Education Programs:	
Area health education centers	12.0
Foreign medical transfers	1.0
NIH: Child health facility	[5] 37.0
Education:	
Impact aid ("B" children)	288.0
University community services	16.0
College library programs	10.0
Education information centers	3.0
State postsecondary commission	3.5
Law school clinical experience	2.0
Public service fellowships	4.0
Mining fellowship	4.5
Ellender fellowships	1.0
Ethnic heritage studies	2.0
Continuing education demonstration centers	1.0
Librarian training and demonstrations	3.0
Career education incentives	22.4
Social Security:	
Phase out post-secondary school student benefits in OASDI	---
Eliminate minimum benefit for new recipients	609.0
Replace lump sum death benefit in OASDI with new SSI death benefit	---
Other legislation	---
HUD—$1,008.2	
Section 802 interest subsidy grants	600.0
NEW community assistance grants	[6] 8.2
State incentive grants	[7] 200.0
College housing	-------
Rent supplement program	[8] 200.0
Interior—$220.0	
National Petroleum Reserve—Alaska	[9] 220.0
Labor—$130.9	
Youth incentive entitlement pilot projects	[10] 130.9
State—$25.0	
Assistance for settlement of refugees in Israel	25.0
Transportation—$120.9	
Highway beautification	13.0
State boating safety assistance	5.0
Railroad-highway crossings demonstration projects	40.0
Off-system roads programs	30.0
Access highways to certain lakes	7.9
Demonstration projects—Highway trust fund	10.0
Alaska highway	15.0
Treasury*—	
New York assay office refining operation	-------
Annual Assay Commission	*
EPA—$50.0	
Section 175 air quality planning grants	50.0
GSA—$0.3	
Office of policy, planning and evaluation	0.3
Nuclear Regulatory Commission—$3.5	
Assistance for health manpower training institutions	[11] 50.0
National Science Foundation—$3.6	
Advanced converter reactor	3.5
National Science Foundation—3.6	
Chemical threats to man and the environment	3.6
TVA—$0.3	
Mineral resources projects	0.3
Total	4,489.7

* Less than $500 thousand.

[1] Usually equal to 1979 BA.

[2] Programs deleted but no net savings since they will be consolidated into the proposed State energy management and planning grant program.

[3] This program was intended to be funded completely by the end of FY 1979.

[4] Joint DOE/Farmer's Home Administration program deleted but no net savings since alternative impact aid program is being funded in Commerce Department.

[5] Cumulative savings from 1979 rescission.

[6] Estimated amount of balances available for rescission.

[7] Proposed but unenacted urban initiative.

[8] Recaptured balances proposed for 1980 rescission.

[9] Estimated 1980 budget authority to continue "exploration" program (current services estimate). The 1979 appropriation for this program is $211.9 million.

[10] Based on annualized savings from 1980 current services estimates. Phase-out costs included in the 1980 Budget are ignored to illustrate the annual savings to be realized.

[11] Annualized savings. The 1979 estimates include phaseout costs that have not been used in the above calculation.

NOTE: The planned phase-out of the grant military assistance program is excluded from the information contained in this table. This program is phasing down, and new grants of defense material after 1981 will be provided only under exceptional circumstances. An appropriation of $110.2 million is proposed for 1980.

Mr. MUSKIE. Mr. President, I am happy to yield at this time to a very valued member of the Budget Committee, the Senator from Nebraska (Mr. EXON), who is very deeply committed to the budget process and the need for fiscal restraint. He has brought to the Senate the experience which he gained as Governor of Nebraska, which has proved most valuable in the committee's consideration of the issues which have come before the Senate this year.

The PRESIDING OFFICER (Mr. BOREN). The Senator from Nebraska.

Mr. EXON. I thank the Chair, and I thank the Senator from Maine. I am very honored to serve with him and Senator BELLMON on the Budget Committee. The three of us have something in common, since we were all Governors at one time, and have met and faced the problem of how to balance the budgets in our States. I take nothing away from our colleagues who have not had the opportunity to serve their States as Governors; but, when you have been through tough budgetary decisions, it makes it a little easier to say "No" to schemes that come before us as Members of the Senate, and particularly as members of the Budget Committee.

I certainly want to add my high praise for the excellent work of the chairman of the committee (Mr. MUSKIE) and the ranking minority member (Mr. BELLMON). They worked very long, very hard, and very diligently in trying to take a realistic approach to the very important matter of the Federal budget, which, in one way or another, affects almost every citizen in the United States.

Mr. President, I wish to add my voice to those who are in favor of the second concurrent resolution on the budget, and its reconciliation instructions. As a member of the Budget Committee, I have participated in much of the testimony, discussion, and voting which has led to the committee recommendation which we consider today.

When I came to the Senate, I asked to be assigned to the Budget Committee. I did so from a conviction that inflation is one of the most, if not the most, serious problem facing our country today. Since excessive Federal deficit spending contributes to our problem of inflation, I felt that another voice on the Budget Committee which was prepared to say "No" to excessive spending would be of great assistance in our country's battle against inflation.

The time for truth has come, and I am prepared to say "No" to those who want us to reject this resolution, add even more to our Federal budget, and greatly add to the Federal deficit.

It is not an easy decision for me to support the second budget resolution and its reconciliation instructions. In fact, there are certain items in the cuts suggested by the Budget Committee which I believe are important and should be funded. However, I must point out that I am in firm agreement with most of the suggestions as to where the budget can be reduced, and, in any case, the committees receiving the reconciliation instructions are under no obligation to make the cuts that the Budget Committee suggests. The committees are free to make the spending reductions in any area under their appropriate purview, which may or may not agree with the particular items suggested by the Budget Committee.

Like many of you, I have received a great deal of pressure from various interest groups who suggest I should oppose the resolution and the reconciliation. But those of us who have been in touch with all of our constituents know that the country as a whole wants fiscal discipline, not cave-ins to each and every group which wants to protect its share of the Federal purse. If this resolution and its reconciliation instructions are rejected, it will represent the victory of special interest spending over the greater need for Federal fiscal moderation, and will be read as such by our citizens. Rejecting this resolution and its reconciliation will send a signal, loud and clear, that the Senate is strong on rhetoric regarding fiscal discipline, but short on action when it comes down to making the tough decisions on the budget.

I wish to reemphasize and congratulate the Senator from Oklahoma on the statements he made with regard to what the people are thinking. I found the same thing in Nebraska during the August recess. Everywhere I went, I found that the people are not fooled any more by Congress talking about tax cuts, especially immediately or a few months before an election. What they want is a balance, balancing the income of the Government with the outgo, and then to talk about tax cuts after that.

Mr. President, the resolution before us represents one of the most significant votes we will make in this or any other year, and certainly will be one of the most important votes ever on the budget since the Budget Act was passed in 1974. If we reject the budget resolution and the reconciliation, we must be prepared to accept another round of continued inflation. Assurances to the country that Congress will balance the budget in 1981 will surely ring hollow if the Senate cannot find less than 1 percent of the Federal budget in which to exercise economy. Our citizens will surely say that increasing the Federal deficit in 1980 over the deficit in 1979 is a strange path toward a balanced budget in 1981.

Regardless of feelings on any specific function or budget item, I urge my colleagues to accept the numbers and the reconciliation instructions of the second budget resolution. To be sure, the numbers in the resolution are not perfect; no budget ever is. Many of the figures and projections are surely subject to some change. It may well be that this Senator from Nebraska will support some specific increases that likely will be brought to the floor. For example, moderate additional authorizations in defense spending, but only—I emphasize only—on the basis of controlling expenditures to protect our pledge on restraint of deficit spending in fiscal 1980 and a true balanced budget in 1981.

However, that is not the issue now before us. The issue is whether the Senate will take action to back up its own rhetoric on reducing the deficit and balancing the budget. The time for a vote for fiscal restraint is upon us, and I urge my colleagues to vote accordingly.

I thank the Senator for yielding.

Mr. MUSKIE. I thank my good friend from Nebraska.

Mr. President, at this point, I yield to my friend from New Mexico (Mr. DOMENICI), a member of the Budget Committee who has devoted a great deal of time to the issues involved in the budget process over the full life of the process. We do not always agree, but we do certainly agree on the need for fiscal restraint. I appreciate his support in that respect on this resolution. I yield him 10 minutes.

Mr. DOMENICI. Five minutes will be fine, Mr. President.

Let me say that while we might not agree on the specifics, Mr. President, we agree here today. There is no question about that. We agree, I believe, that the Budget Committee has a rather exceptional responsibility at this time in America's history, when there is such grave doubt about our economy, about whether it will work; why we have 13 percent and rising inflation; why the prime interest rate is 13 percent, the highest in history, and going up higher. We agree that that means that the Committee on the Budget has a special and significant role.

I believe, Mr. President, that because of that, we did something rather dramatic, different, difficult, unusual, when we passed this second concurrent resolution out of committee and brought it to the floor as it stands before the Senate today.

Mr. President, I am pleased to speak in strong support of the second concurrent budget resolution and the concept of reconciliation process embodied within the Resolution.

While I intend to sponsor an amendment to the final spending and revenue figures of this resolution, I do so because I believe that political realities will force this Congress to have a tax cut next year. The resolution fails to accommodate a tax cut. And, further, it is my judgment that any such tax cut ought to be accompanied by a spending cut. This would lessen the inflationary impact of a tax cut and would most accurately reflect the will of the majority of Americans.

As far as the basic premises of the second concurrent resolution go—fiscal restraint, increased commitment to the two great national problems of energy and national security, and reconciliation—I stand in strong support. Inflation and energy prices played havoc with many of the initiatives that our Committee advocated in the first concurrent budget resolution this past spring. Because of the indexed nature of many federal programs, inflation has boosted the projected deficit of the second resolution. This occurs despite our committee's commitment to restraint. Like many others on the committee, I would have preferred less spending and a smaller deficit. Indeed, I voted for those two concepts during deliberation on this resolution in July. However, the committee has adopted a resolution that I believe is the most reasonable one that we could have achieved under the political and economic circumstances we faced.

Let me speak briefly about, first, the political circumstances surrounding the committee's deliberations in July. The most obvious political pressure was that exerted by the OPEC nations. These nations joined together to raise oil prices dramatically in the time frame between approval by the Senate of the first concurrent budget resolution and committee deliberations on the second resolution. The "politics of oil" thus hung over the committee as it attempted to devise a reasonable strategy for 1980 spending. As the committee report points out:

> The economic outlook has worsened because of the unanticipated acuteness of the energy problem and, to a much lesser degree, because of the continuation of rapid inflation in food prices . . . The burden of higher energy prices in 1979 fully accounts for the downward revision in the growth of real output in the forecast.

In short, Mr. President, we are paying now, literally paying now, for the shortsighted policies of the past. Another political pressure was purely domestic. Some members of the Congress fear the recession. They believe that we should prime the public pump, pouring moneys into domestic programs in order to achieve goals they believe are necessary. As a longtime member of this committee, I have seen us succumb to that kind of reasoning in the past. I have seen us pour money into antirecessionary programs that sounded logical, only to see the money enter the economy after the downturn had passed. This late entry of funds not only failed to really help unemployment, but ended up making inflation worse. It was, briefly, counterproductive at best and catastrophic at worst.

The committee's decision to continue to put the emphasis on combating inflation—the most serious economic evil we face—is not only good policy, but courageous policy. The committee continues to keep faith with the American people, who are so sorely taxed not only through the Tax Code, but through the hidden and more insidious tax of inflation.

It is in this area, the area of keeping faith, that the core of this budget resolution will face challenge. If this Senate repudiates the spirit of the first concurrent budget resolution by rejecting the reconciliation recommendation of this second resolution, the Senate will have failed to keep faith with the American people. Inflation is raging at an unprecedented peacetime level. American taxpayers will face the largest, effective, peacetime tax increase in history in 1980. Reconciliation sounds like a complicated concept, but it is really very simple: Does the Senate have the courage to cut back on its spending or not?

I am told by my more cynical friends that reconciliation may fail because the American public does not know what it is. They tell me that special interest groups who will benefit by large increases in Federal spending have organized in an unprecedented effort to defeat the Budget Committee. They say that this combination of an unalerted general public and a mobilized special interest spells certain defeat. That may be true. It may be that the voice of the taxpayer will be ignored in the Senate. It may be that those who prosper from Federal programs will prevail. But, I believe it is the duty of the Budget Committee to join the fight on the floor and to do all it can to let the general public know just what stakes we are fighting about.

Failure to approve the reconciliation instruction will mean a higher deficit by about 15 percent in 1980. Failure to approve that instruction will mean more inflationary pressure. Failure to approve this instruction will mean higher unemployment, in the long run. And, above all, failure to approve the spending restraint that this instruction requests will mean that those in our society who believe that the Congress cannot and will not discipline itself will have been given powerful evidence that they are right.

I remember an earlier debate this year, when we were told that we needed no statutory spending limits. We were told that the Congress would react and would limit spending without either a new law or a constitutional amendment. Well, we now have a chance to see if that is true. If the Senate approves the reconciliation instruction, those who have argued that the Congress will be responsible will be proved right. If the Senate disapproves the reconciliation instruction, then these critics of the Congress—who argue for an imposed spending limitation—will be proved right.

In my more than 6 years in this body, I have never seen a clearer battle line drawn. Will the general public be heard and heeded in this debate? Or will the special interest groups be heard? Will the Senate keep faith with the will of the people for less Federal spending and less inflation? Or will the Senate fail to keep that faith and repudiate the very fiscal restraint that it approved in public view last spring when it adopted the first concurrent budget resolution?

I should add that while the reconciliation process is the focus of the second concurrent resolution, the resolution has also responded to the need for new energy initiatives. We have had dramatic evidence since 1974 of the dependence of the well-being of our economy on a reliable supply of reasonably priced energy. America must continue its fight for energy self-sufficiency. By leaving sufficient budget authority in the energy function in the second resolution, the Budget Committee and the rest of the Senate have enough room for a full debate on the scope and size of future energy programs. This is a responsible position and one that the committee reached after full deliberation.

In the area of national defense, the second resolution recognizes that this Nation is in serious danger of allowing her security to be compromised. On my motion, the Budget Committee adopted spending levels for fiscal year 1980 in national defense to accommodate the kind of strong effort in strategic weaponry that the 1980's and beyond will demand. We have also adopted my recommendation for full funding of these strategic programs in the 1981–84 period. I believe that the committee's action in this critical area should be reassuring to the American people: We are committed to a strong and free America and we are willing to sacrifice to keep that commitment.

Finally, the committee's resolution keeps intact the goals of a balanced budget in fiscal year 1981 and provides for large tax cuts in future years. This is a good policy, necessary policy, and a policy that the American people want enacted.

In conclusion, Mr. President, I congratulate Senator Muskie, our chairman, and Senator Bellmon, our ranking minority member, for their real courage in what may have been one of the most difficult times for our committee. We are in an unstable economic climate. Our basic energy resources are subject to either supply disruption or oppressive price increases beyond our control. Inflation and taxes have reached intolerable levels. In this economic climate, and in a social climate in which the average citizen has so little faith in his Government, the action of these two Senators in leading the committee was exemplary and reassuring.

Mr. President, it is obvious that we have to do something different with the budget of the United States of America and the role of the U.S. Government in spending money and using our citizens' resources. If we do not believe that it is time for us to do something different, then it seems to me we would have to be willing to concede that nothing can be done and that we are to have some more business as usual around the Congress and just decide that, rather than address the issue, we are just going to go along our merry way, letting the deficit increase from the first concurrent to the second, and discuss it on the basis that, the first concurrent is just some targets; we hope you all follow them.

Changing times require that the second concurrent change dramatically. Having said that, let me say there are many people who did not think that in our first concurrent resolution, the first set of targets was adequately low. Let me say we know they were historic because, for the first time, indeed, the trend line of growth was down for the entire budget.

How is that? People will say, it is up; how is it down? Well, it was less than inflation as an add-on. That is historic. That means if things are working right, the Government is going to do a little bit less than it did the year before, have a few less people working for it, have a bit less to spend in programs in terms of real dollars.

That is what was significant about the first one, that we did not let the whole Federal budget grow even as much as inflation.

Having done that, we came along and went into the second concurrent with a lot of problems: A new energy program, a new energy policy the President had just articulated—or, even after we had debated it, he articulated his new energy policy, the fourth in a few years; a new windfall profits tax with all its impact; a major synthetic fuels program, with all of its impact.

Yes, all of those, but we had a couple of other things happen. That is that, even without those new things, those new relationships, the authorizing and appropriating committees of the Senate, even before they are totally finished with their work, give a clear indication that we are going to abandon that trend line and that we are going to spend somewhere between $4 billion and $4.2 billion more than that first concurrent resolution contemplated, even if we allow for the added inflation.

Having said that and having described the dilemma that way, the committee, in my opinion, properly went back into this Budget Reform Act and found a precise mechanism contemplated for these times, the mandatory reconciliation approach, which the committee then proceeded to vote in by rather a large margin and bring it to the floor.

In a nutshell, it said, in general words, we are going to keep faith with the American people, that the core of the budget resolution will face challenge, but we felt that the first resolution set a good pattern, gave Americans hope of a balanced budget in 1981 and a commitment to less rather than more government, especially where it is not working.

So we said, let us not turn our backs on that; let us remain consistent with that challenge. The reconciliation then directs that this institution, in short order, cut back where it has exceeded that proposal that I have just described, found in the first concurrent resolution. We may, before we are through, have to depart here and there a little bit, but let me urge, as I am sure our good chairman has, that the basic format be retained and that we not let ourselves get out from under that discipline afforded by that reconciliation resolution. If we have to change or modify because of this great institutional debate, and some think differently than others and we finally have to vote, then let us minimize the departures from it, both in substance in terms of dollars and in terms of the effectiveness of causing a cutback or, at least, dictating as an institution, to ourselves, that we are going to cut back. Unless we do this, then I believe that we have truly let America down and I honestly believe that if the Senate wants to totally wreck this resolution, they are, indeed, risking wrecking the budget process.

Maybe it is not the third strike, but it is close, because if we cannot exert some discipline in this kind of economic times, when the American people are with us—there is no question about that. We know that they want a balanced budget in short order and we can argue as to whether they are misinformed or properly informed. They want that. That, at least, gives us the encouragement to discipline the American Government's propensity for growth and expenditure of tax dollars well beyond what we want to collect and have the ability to collect from our people.

We must do that now. The opportunity will not be as ripe or as supportive, in fact, if we do not use the budget procedure this way, this time, it appears to me.

I say to my good chairman, we have together at various times thought we were falling into the role of becoming accountants. As he recalls, we said in hearings that they will send us what they want and we will add it up for them.

We have got to get out of that because the propensity for sending up the wrong kind of accounting requirement and requests is not relinquishing, it is getting bigger. The American people are getting more concerned and more worried.

So it is ripe for us to do what is right. I believe the Senate will be making a tremendous mistake, and individual Senators will be making tremendous political error, if they want to wreck this reconciliation process.

I hope the chairman and others will give them the opportunity to stand up and be counted at this particular time in the life and history of the budget process for the U.S. Congress.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MUSKIE. Mr. President, I thank my good friend from New Mexico.

There is no question but we have arrived at that time and we will all have to make decisions. I think that is just as well.

Mr. President, I expect there are other opening statements. But I see no Senators on the floor who were planning to do so.

Mr. President, what is the pending business?

The PRESIDING OFFICER. The amendment offered by the Senator from Maine.

Mr. MUSKIE. Mr. President, I understand the distinguished Senator from South Dakota has an amendment. He has been patiently waiting until all opening statements were concluded.

The PRESIDING OFFICER. Until the time has been yielded back or used on the pending amendment, the substitute, other amendments would not be in order.

Mr. McGOVERN. Mr. President, if the chairman will yield, would it be in order to call up the amendment now, but not press for a vote until the time has been used on the substitute?

The PRESIDING OFFICER. With unanimous consent, that certainly can be done.

Mr. MUSKIE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUSKIE. Is the Chair ruling that the amendment I called up is not subject to amendment?

The PRESIDING OFFICER. Until the time has been used or yielded back, that will be correct, although with unanimous consent other amendments could be taken up and discussed.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the time on the pending amendment be reserved until later so Senator McGovern may call up his amendment at this time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. McGOVERN. I thank the Senator, the distinguished chairman of the Budget Committee (Mr. Muskie).

UP AMENDMENT NO. 555

(Purpose: To strike the reconciliation requirement that the Committee on Agriculture, Nutrition, and Forestry recommend a reduction of $100,000,000 in the nutrition programs (Function 800))

Mr. McGOVERN. Mr. President, I have an amendment and I send it to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. McGovern, for himself and Mr. Dole), proposes an unprinted amendment numbered 555.

Mr. McGOVERN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike the matter proposed to be inserted by the Senator from Maine and others in Sec. 1(a) with respect to the reconciliation instruction to the Agriculture Committee (lines 1–13) and

On page 10, line 9, strike "$216,600,000,000" and insert in lieu thereof "$216,700,000,000."

On page 10, line 10, strike "$188,700,000,000" and insert in lieu thereof "$188,800,000,000".

Mr. McGOVERN. Mr. President, I am introducing this amendment on behalf of myself and the Senator from Kansas (Mr. Dole).

First, let me state at the outset that I greatly appreciate and admire the diligent and constructive work that has been done by the chairman of the Budget Committee (Mr. Muskie), the ranking minority (Mr. Bellmon), and other members of that committee.

I am a strong supporter of the budget process which they represent. I fully recognize the need to have one committee that looks at the larger picture, the sum total of the work of the various authorizing committees.

There is no question in my mind that the Budget Committee has made a great contribution to helping the Senate do its work in a responsible way.

Having said that, I would like to underscore that I recognize the budget process as one that has forced all of us to look at our actions in perspective and to keep in mind the effect of our individual action on the total budget.

It has also provided the opportunity for ongoing oversight of the operation of the various programs in our jurisdiction, and it has made the Congress more successful in responding to the President's budget proposals.

That is why the amendment that Senator Dole and I offer here today has been drafted very carefully, and I think one can say very narrowly.

Amendment No. 407 is not a budget-busting amendment. It would increase the Budget Committee's deficit recommendation of $28 billion to $28.1 billion.

Mr. President, I know that every Senator is anxious to go on record in making whatever cuts we can in the cost of Federal programs. But we have to be careful in making those reductions that we do not set the stage for even larger outlays on the part of the American public later on.

I firmly believe, and I hope we can demonstrate in the course of these deliberations, that saving $100 million now in the child nutrition programs of this country would in the long run set the stage for even greater costs down the road.

It has been my growing conviction for the last 10 years that the money we spend on the nutritional health of our people, and especially of our children, tends to reduce the cost of illness and poor health in later life.

Just to illustrate what I am talking about, it would be comparatively easy for a given family to reduce their immediate expenditures by refusing to insulate their homes, even in a cold climate. But that saving in costs from not insulating sets the stage for greater fuel bills later on.

So it is with nutritional cuts that would tend to weaken the nutritional health of our children in their formative years when young minds and young bodies desperately need a balanced diet.

I do not think there is any program on the statute books that has any greater payback in dividends to the American people than the school lunch program.

We have made a number of reforms in that program recently to make it a tighter, better run program. But I do not think it is in our interests for us to try to squeeze out another $100 million in cuts below those already recommended by the Committee on Agriculture, Nutrition, and Forestry.

The President's budget for 1980 called for reductions of over $500 million in the child nutrition budget. That was the largest cut ever sought by any President in the area of child nutrition and, as a result, the Nutrition Subcommittee held oversight hearings on the budget before we submitted our March 15 report.

What we were trying to find out in the hearings was the merit of the proposed reductions.

Subsequently, the committee, in its report to the Budget Committee, said it would support the President with regard to the summer food program.

The committee agreed to support the President with regard to the special milk program and to make some savings there.

We had already agreed to a reduction in the so-called WIC program, the program for supplemental feeding for women, infants and children.

Of the $528 million in reductions sought by the President in the area of child nutrition, our committee agreed to $207 million of the reductions, or approximately 40 percent, thus showing, I think, a reasonable good faith effort to the budget process and the economic concerns of the Nation.

The Senate Committee on Agriculture made a considerable concession in agreeing to reductions of $200 million in programs that all us believe in: The special milk program, which is not easy to vote against; the summer feeding program for summer youth programs; and the special program of supplemental foods for women, infants, and children.

In addition, the Senate Committee on Agriculture did not stop there. After listening to the General Accounting Office testify that "the Department has little convincing evidence to support their proposed modifications in the school lunch program," the committee then reported, and the Senate agreed to, Senate Resolution 90. Under that resolution, the Secretary of Agriculture is requested to conduct a comprehensive analysis of the school lunch program and the breakfast program, to try to answer some of the questions raised by the General Accounting Office and others about these proposed cuts.

In short, Mr. President, I believe that the Committee on Agriculture has made a good faith effort to comply with the Budget Committee; but I do not believe that we are supposed to take action to curtail a program before we feel assured that such actions will not have a detrimental effect on millions of school children. In other words, are the possible losses greater than the temporary minor gain that we can show in budget cuts?

In my opinion, of all our programs designed to help people, the Nation's nutritional programs have been the most successful. If you want to find a real success story in American Government, look at what has happened on the nutritional front in this country during the last 10 years, especially in the areas of child nutrition.

Many of the programs that were developed during the 1960's and the 1970's in other areas of our society have come under great criticism lately as being inefficient and a waste of taxpayers' money, but that generalization absolutely does not apply to the Nation's nutritional programs. This country can be proud of the commitment we have made to feed the hungry, and we can be proud of the accomplishments we have achieved during the past decade in accomplishing that goal. The Nation's nutritional programs do work, and they work very well indeed.

When a team of medical doctors of great prominence recently testified before the Nutrition Subcommittee, summarizing the findings of their 10-year followup on examining the health and nutritional status of people in various counties they told the subcommittee:

> Our first and overwhelming impression is that there are far fewer grossly malnourished people in this country today than there were 10 years ago . . . the facts of life for Americans living in poverty remain as dark or darker than they were 10 years ago. But in the area of food, there is a difference. The food stamp program, the nutritional component of Head Start, school lunch and breakfast programs and, to a lesser extent, the women-infant-children feeding programs have made the difference.

Notwithstanding these findings, we are being asked to make substantive changes in a program when, frankly, we do not appreciate the consequences of that action.

Currently, all students participating in a school lunch program, regardless of family income, receive a Federal subsidy of approximately 32 cents—17 cents in cash and 15 cents in Federal donated commodities. That goes to all children, without regard to their income levels. It is not a welfare program for the poor but a nutritional program for all children—rich, poor, and in the middle. It is this Federal assistance which is primarily responsible for the success of the school lunch program in the United States.

It has maintained a ratio of participating poor children vis-a-vis nonpoor students at approximately 50–50. Fifty percent of the students participating in the school lunch program are receiving a free or a reduced price lunch because they are poor, and 50 percent, the nonpoor, if I may use that phrase, are receiving a full priced lunch.

As a result, not only is the middle class receiving some assistance in the form of this 32-cent subsidy I have talked about, it has prevented the school lunch program from being viewed as a welfare-type program, with the concomitant administrative and social consequences of that.

The President's proposal to reduce the subsidy to nonpoor students, these middle-class youngsters—which is the basis of the Budget Committee's reconciliation instruction to the Agriculture Committee—is a dangerous precedent that may do much more than simply raise the price of a school lunch by 5 cents to middle-income children:

It may eliminate millions of children from the program.

While the Department of Agriculture admits that reducing the subsidy by 5 cents will force hundreds of thousands of children out of the program, the American School Food Service Association, which has great expertise in this field, predicts the figure to be in the millions.

It may eliminate the entire program in marginal school districts where it no longer would be economically viable.

Anyone who is familiar with the plight of our schools in the countless communities across this country knows that they are operating on very tight budgets. When you change the ground rules just as a new year is getting underway, there is no way of knowing what the impact of that change is going to be.

The school lunch program, after all, is not a compulsory program; it is not mandated. Schools participate in that program only if they believe that the program is economically feasible—that is, if there are enough participants to pay the overhead costs.

Furthermore, the action recommended by the Budget Committee may serve as a precedent for a policy redirection that eventually will eliminate all Federal support to nonpoor children, turning the school lunch program into a welfare program for the poor alone.

When testifying, the Department of Agriculture could not guarantee—and I am sure that the Budget Committee cannot guarantee—that if we reduce the Federal subsidiy by 5 cents, it will not become a precedent for future reductions.

In addition, the lower the participation in the program, the less capability we have to dispose of surplus agricultural commodities. This is another factor that should be kept in mind by Senators from the farm States. For many years, these nutritional programs have been an important outlet for the produce of our farms. One can only speculate on the hundreds of millions of dollars of increased income that these programs have made to the farmers of America.

The distinguished chairman of the Agriculture Committee who is here in the Chamber is thoroughly familiar with the contribution, I know, that has been made over the course of time by these various food programs, including the child nutrition program and the school lunch program.

These are the various types of concerns that I have. That is why the Senate passed Senate Resolution 90, which was sponsored by Senator DOLE and myself.

That is why I urge the Senate to let our committee act judiciously and responsibly and to adopt this amendment, to Senate Resolution 36 striking section 4. The section number may have to be adjusted, Mr. President, to fit the new language in the substitute version of Senate Resolution 36. I ask unanimous consent that my amendment be adjusted to correspond with the new numbering system in the measure now pending.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I hope that Senators will think carefully about this amendment. I fully believe that what Senator DOLE and I are attempting to do here today will, in the long run, save the country money.

I end on the note I began that there is no wiser investment that this country can make, none that will return any greater dividends in the form of improved health and improved productivity, even in improved academic performance, than sustaining the school lunch program at the level recommended by the Committee on Agriculture, Nutrition, and Forestry.

Mr. TALMADGE. Mr. President, will the distinguished Senator yield?

Mr. McGOVERN. I yield to the distinguished chairman of the Committee on Agriculture.

[Disturbance in the visitors' galleries.]

The PRESIDING OFFICER. The Senate will suspend until the Sergeant at Arms restores order in the gallery.

Mr. TALMADGE. Mr. President, I thank the distinguished Senator from South Dakota.

Mr. President, I support amendment No. 407, which is being offered by Senators MCGOVERN and DOLE. This amendment would strike section 4 from the second concurrent resolution on the budget for fiscal year 1980, which directs the Committee on Agriculture, Nutrition, and Forestry to report promptly its recommendations for 1980 savings of $100 million in budget authority and outlays.

My decision to support this amendment was not casually arrived at. It required a great deal of thought. I have been and continue to be a strong supporter of a balanced Federal budget. I can appreciate and concur with the Budget Committee's concern over the deficit. Federal programs for which cuts are justified, should be cut. However, that is not the situation that this amendment addresses.

The Committee on Agriculture, Nutrition, and Forestry has been a conscientious follower of the Budget Act. The committee, through the Subcommittee on Nutrition, held hearings on the administration's proposed cuts in the child nutrition programs that were contained in its budget recommendations. The witnesses at those hearings included representatives of the Department of Agriculture, the General Accounting Office, and interested individuals and organizations. The hearing record raised more questions than it answered. It became obvious that there were gaps in the available data on these programs. Since we could not anticipate with any degree of certainty what the consequences of the adoption of these proposals would be, it was decided to inform the Budget Committee in the March 15 report that the committee did not intend to reduce the reimbursement for paying students in the school lunch program or to reduce the eligibility guidelines for free or reduced price school meals. As a result of comprehensive, good-faith oversight the committee also informed the Budget Committee of its support for the $50 million reduction in the funding for the WIC program, which passed the Senate as part of S. 292, and for the administration's proposals with regard to the special milk program and the summer food program.

In recognition of the need for better data on the school feeding programs the Agriculture Committee reported and the Senate passed Senate Resolution 90. That resolution requests the Secretary of Agriculture to make a comprehensive study of the school feeding programs. The study is underway and will provide the information that we need to responsibly legislate.

While section 4 of Senate Concurrent Resolution 36 does not specify how the $100 million savings are to be accomplished, as a practical matter the Committee on Agriculture, Nutrition, and Forestry would be limited to considering cuts in the child nutrition programs. In a short period of time, since the resolution would require the committee to report its recommendations promptly, it would seem that the only available alternative would be to recommend the administration's proposed five-cent reduction in the reimbursement for paying students.

I would like to correct a misconception that has been voiced in the media. This is not the first time that the reconciliation process has been invoked by the Budget Committee, the second concurrent resolution on the fiscal year 1978 budget, as reported by the Budget Committee, contained instructions to the Agriculture Committee to reduce spending. That provision was removed on the Senate floor. Thus, there is precedent for amendment No. 407. And just as there were compelling reasons in 1977, there are equally compelling reasons now.

The adoption of section 4 of the resolution would force the Agriculture Committee to legislate in the absence of all the facts. The desire to get all the facts was the reason for the adoption of Senate Resolution 90. The situation has not changed. I do not believe the catchwords of "fiscal responsibility" should force us to legislate irresponsibility.

I have long been a supporter of the school lunch and breakfast programs. The State of Georgia has been a leader in both of these fine programs.

The school feeding programs work and have had a tremendous amount of local support. It is unwise to jeopardize the worthwhile contributions of these programs for anticipated short-term savings.

These programs stand on their merits. The Committee on Agriculture, Nutrition, and Forestry has conducted a thorough, good-faith examination of the administration's proposals. I have been presented with no compelling reason to short-cut the legislative process, through implementation of the reconciliation process, in regard to these programs.

I thank the distinguished Senator from South Dakota who has done an outstanding job as chairman of the Subcommittee on Nutrition of the Agriculture, Nutrition and Forestry Committee.

Mr. McGOVERN. Mr. President, I thank Senator TALMADGE for his thoughtful presentation here and his support for this amendment. His support of this amendment convinces me of its soundness.

Mr. President, I yield the floor.

Mr. MUSKIE. I would like to ask the Senator from South Dakota if he would object if at this time we put his amendment aside briefly to engage in a colloquy with the distinguished Senator from Iowa (Mr. JEPSEN)?

Mr. McGOVERN. I have no objection.

Mr. MUSKIE. Mr. President, I ask unanimous consent that we set aside the McGovern amendment briefly—I do not think it will be more than a few minutes—so that I can engage in a colloquy with Senator JEPSEN which is of some importance to him, and I yield myself such time on the bill as may be necessary to conclude the colloquy.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEPSEN. A few months ago the Senate voted on a sense of the Senate resolution which prohibited HEW from denying AFDC and medicaid entitlements from the poor and the elderly, as a result of HEW's failure to comply with the spirit of the "Michel amendment."

As you may remember the "Michel amendment" required HEW to cut waste, fraud, and abuse by $1 billion in AFDC and medicaid payments in fiscal year 1979. I sponsored that resolution to protect the States from an arrogant, bloated, insensitive bureaucracy which ignored the will of the Congress, and who, in final desperation, sought to protect its own interests by denying entitlements to legal recipients.

Will the reconciliation instruction to the Appropriations Committee affect the legal entitlements for AFDC and medicaid recipients, particularly in reference to the Senate resolution I sponsored? What will be the ramifications for the fiscal year 1980 AFDC and medicaid appropriation?

Mr. MUSKIE. The Budget Committee's recommendations assume legislative savings of $300 million in budget authority, and $1.7 billion in outlays by the Finance Committee. As examples—and only as examples—of areas where savings could be made, the committee's suggestions included the medicaid and AFDC programs.

The medicaid assumption would not affect the benefits of legally entitled persons. The recommended savings assume enactment of hospital cost containment legislation which simply induces hospitals to reduce future increases in costs by adopting more efficient and economic methods of operation.

No individual's eligibility for hospital care would be affected. In fact, the second resolution provides for increases in medicaid funding by providing $0.2 billion for benefit improvements for certain low-income children and pregnant women.

With regard to AFDC, Mr. President, I can assure Senator JEPSEN that the Budget Committee did not envision that the savings would be achieved by denying AFDC benefits to people legally entitled to them. Rather, the committee assumes that modest changes would be made in the AFDC program to eliminate low priority payments to people who are not truly needy. For example, savings could be achieved by making the work expense deduction provisions the same for all AFDC recipients. This provision was already passed by the Senate in the 95th Congress.

Mr. JEPSEN. I thank the Senator.

I also received a number of inquiries from Iowans representing the interests of children, those inquiries being from people who are concerned about the school lunch and special milk program.

In regard to the school program, the Agriculture Committee did not recommend any change in the school lunch program until a study of the program is made by the Agriculture Department.

In fairness to the Agriculture Committee and to the Department of Agriculture's forthcoming study, would it not be wise for the Senate to take a wait-and-see attitude on school lunch?

Mr. MUSKIE. I will undoubtedly address this question further in connection with the debate on the McGovern amendment.

May I say at this point that the Budget Committee recommendations assume legislative savings of $0.1 billion in budget authority and outlays from programs within the jurisdiction of the Agriculture Committee, all programs.

As examples of possible areas in which these savings could be achieved, the committee suggested cutting the subsidy for school lunches by 5 cents for nonneedy students. This change was proposed by the President. This modest change would have no effect on very poor children receiving free and reduced price lunches. The effect of the proposal would be to reduce by 5 cents the Federal lunch subsidy for children in families whose income is above 195 percent of the proverty level. In the case of a family of four, the proposal would affect only children in families with income above $13,940. Nationwide, the cost of a lunch for these nonpoor children would be increased from roughly 60 cents to 65 cents.

Let me emphasize, however, that the $0.1 billion in savings does not have to be achieved in the school lunch program. The Budget Committee's assumptions as to what legislative changes could be made are not binding. The Agriculture Committee can recommend changes to achieve the savings in other programs under its jurisdiction.

I know that finding the $0.1 billion in savings will not be easy for the Agriculture Committee. However, these are the same savings that were assumed by the Senate in the first resolution and they must be achieved if the Senate is to meet its commitment of reducing the deficit for fiscal year 1980.

Mr. JEPSEN. In regard to the special milk program, the Agriculture Committee as of July 27, 1979, recommended that no special milk savings be assumed for the second concurrent resolution, on the grounds that the Senate had already rejected cuts in the program.

That being the case—why is the Budget Committee recommending that the Agriculture Committee assume more savings in the special milk program?

(Mr. BAUCUS assumed the chair.)

Mr. MUSKIE. Let me say here what I said in response to the Senator's earlier question. These recommendations to which the Senator refers are simply a reminder to the Senate of savings that were assumed in the first budget resolution. If committees desire to make the savings in other areas—that, of course, is their prerogative, and the Budget Committee cannot remove that prerogative.

With respect to this particular program, the reconciliation instruction goes to the Appropriations Committee rather than to the Agriculture Committee, and it requires savings of $2.9 billion in budget authority and $2.5 billion in outlays.

Among the examples suggested by the Budget Committee as areas in which $0.1 billion of the savings could be achieved was the elimination of the special milk program in schools that have school lunch and breakfast programs. A little history may be useful. When the special milk program began, the school lunch program was in its infancy and many schools were not equipped to offer federally subsidized meals. The special milk program was a way to insure that children in such schools could at least receive milk. Now, roughly 90 percent of all schools have federally subsidized meal programs (which include milk), but there has been no reduction in the special milk program to take this into consideration.

However, let me emphasize that the $0.1 billion in savings does not have to be achieved in the special milk program. The Budget Committee's assumptions as to what legislative changes could be made are not binding.

Let me emphasize even more strongly that the Senate agreed to these same assumed savings in the first resolution. If it is decided not to make changes in the special milk program then comparable savings must be achieved in other programs. The Budget Committee cannot and should not dictate how the savings will be achieved—it can only make suggestions.

However, I must point out again that the assumed savings must be achieved in one way or another if we are to accomplish the objectives of reducing the deficit and moving toward a balanced budget.

Mr. JEPSEN. I thank the Senator. You have answered my questions, and I would like to commend again your distinguished work on what may set the stage for many years to come in the next couple of days in this budget resolution being here in the Senate.

Mr. MUSKIE. I thank my good friend from Iowa.

Mr. President, do we now return to the McGovern amendment?

The PRESIDING OFFICER. That is correct. Who yields time?

Mr. MUSKIE. How much time is left on this amendment?

The PRESIDING OFFICER. The Senator from Maine has 30 minutes remaining. The Senator from South Dakota has 3 minutes remaining.

Mr. MUSKIE. Mr. President, I do not expect to use the full 30 minutes, although I often surprise myself by the amount of time I consume in a vigorous debate.

I have been interested to listen to my good friend from South Dakota (Mr. McGOVERN) and the distinguished chairman of the Agriculture Committee (Mr. TALMADGE) with respect to the budget resolution and the instruction that is directed to the Agriculture Committee.

First, it is implied that one must vote for the McGovern amendment if one is for the school lunch program. Mr. President, I have been for the school lunch program thorugh all of my public life, or that part of it which has seen the school lunch program come into being and grow, and perform the very useful and high priority public function that Senator McGOVERN describes. I am for the school lunch program, whatever has been implied to the contrary in this debate.

Second, if one is to accept the thesis which is implicit in the argument that has been made, then one must not ever reduce any program, whatever the implications to the national debt or the national budget or the national economy, unless one wishes to be labeled an opponent of whatever program is reduced, whether it is defense, school lunches, education, health, or whatever.

In other words, the Budget Committee, by its very existence, logically opposes every program in which it suggests restraint or reduction, however meritorious.

I doubt that any Senator would wish to serve on the Budget Committee if that is the assumption that is to be made with respect to his service. We are not talking about eliminating the school lunch program. We are not even talking about significantly reducing it and, indeed, we are not even talking about establishing a precedent for future destruction of the school lunch program. To accept that logic is to say that if the Senate were to vote for the reconciliation instruction, what the Senate is voting for is an eventual elimination of all Federal spending, and nobody advances that ridiculous thesis in connection with the budget resolution. We are talking about the modest goal of holding Government spending as a percentage of gross national product to 22 percent.

To argue that by holding it to 22 percent we are presuming to eliminate in the future all Federal spending is, I think, reductio ad absurdum taken to an extreme. The McGovern amendment, on its face, says this:

> Purpose: To strike the reconciliation requirement that the Committee on Agriculture, Nutrition, and Forestry recommend a reduction of $100,000,000 in the nutrition programs.

Mr. President, let me read the proposed instruction. There is no mention in the instruction of nutrition programs, but rather it reads as follows:

> Pursuant to section 310 of the Congressional Budget Act of 1974, the Committees on Agriculture shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in

budget authority and $100,000,000 in outlays and are instructed to report promptly their recommendations for changes in new budget authority for fiscal year 1980.

There is no mention in that proposed legislative language of nutrition programs. Rather, the instruction imposes upon the Committee on Agriculture the responsibility, which I submit rests upon every committee of the Senate, to do its part in holding down Federal spending. And what is its part? All programs in the Agriculture Committee's legislative jurisdiction total $13.2 billion in outlays. Now we are told it is unreasonable of us to ask the Agriculture Committee that, out of that $13.2 billion, it should find $100 million in savings. That $100 million is eight-tenths of 1 percent of $13.2 billion; that request is being interpreted here on the floor of the Senate as an attempt ultimately to destroy the school lunch program.

It is a long time, Mr. President, since I took courses in argumentation, debate, and logic, but that kind of a thesis would have been ridiculed in the first-year class. What we are asking for is a minuscule amount of restraint from the Agriculture Committee, as well as from the other committees of the Senate.

If we cannot do that, if it is unreasonable for us to ask that of the Agriculture Committee, then how could anyone stand here and successfully argue that what we are asking other committees is reasonable? If it is unreasonable to ask the Agriculture Committee to find $100 million in savings, how is it reasonable of us to ask the Appropriations Committee to find $2.5 billion, or how is it reasonable for us to ask of the Veterans' Committee to find $100 million, or to ask of other committees—and they are mentioned in the instruction—to find the savings which they are asked to find?

There is not a reasonable proposition in the reconciliation instruction if this one to the Committee on Agriculture is unreasonable. And if the Senate should endorse the McGovern amendment, I can think of no good argument as to why the Senate should not disregard the reconciliation instruction.

The argument is—and I heard this from the distinguished chairman of the Agriculture Committee—that we will be shortcutting the legislative process—I do not know that "shortcutting" is the word he used—if we were to agree to this amendment.

Well, heavens to Betsy, Mr. President, is not the Budget Act part of the legislative process?

Is he not really arguing that it is better to shortcut the budget process and destroy it than to make a modest request of the Agriculture Committee that it find eighth-tenths of 1 percent savings in its overall total of $113.2 billion?

So, Mr. President, I have undertaken at the outset to put in perspective the real significance of the reconciliation instruction, which has been misinterpreted as a mandate to cut $100 million from the school lunch program, and only the school lunch program, with no other option available.

That is not the reconciliation instruction. But let us look at the school lunch program and see whether it was unreasonable of the Senate, in May, to assume the very savings to which Senator McGovern addressed his attention.

In the first budget resolution, the Senate assumed legislative savings of $100 million in budget authority and outlays for fiscal year 1980. The Budget Committee had assumed these savings would be achieved through savings in the school lunch program, and that assumption was consistent not only with the vote of the Senate, but with the President's recommendations for savings in the school lunch program.

But now, as we remind the Senate of what it did in the spring, the Budget Committee is being asked to carry the onus of trying to destroy the school lunch program. The Agriculture Committee, I repeat, is not bound to achieve the savings by changing the school lunch program. It could achieve the savings from other programs under its jurisdiction, but it does not seem to be interested in even making the effort.

With regard to savings in the school lunch program, the Federal school lunch subsidy for non-needy children would be cut by 5 cents. I submit that change is a modest one. It would not affect needy children who receive free and reduced-price lunches. It would affect only those children whose families have income above 195 percent of the poverty line. That translates to an income of $13,940 for a family of four. It would not affect any children in families of four with incomes under that figure.

The proposal would increase the average nationwide price of paid lunches from roughly 60 cents to 65 cents. There would still be a Federal subsidy for paid lunches, but the subsidy would be reduced from roughly 32 cents to 27 cents.

In listening to the argument against that proposition and whether or not it is reasonable, one must put it in the context of this question: Are there no limits to the largesse of the Federal Government, no limits at all, no reasonable limits whatsoever? The argument against this change is not that that change would gut the program, but that it would lead to future changes that would gut the program.

It is as though the Senate does not have the capability or the compassion to distinguish between a 5-cent reduction in the cost of school lunches for non-needy children—that is, children whose parents have incomes of more than $14,000. In other words, the assumption is that this Senate or future Senates do not have the compassion or the sensitivity to distinguish between this cut and the future destruction of the school lunch program.

I submit, Mr. President, that the Senate does not have to vote on this issue on the basis of any such assumptions about its future. I do not think there is anything in the Senate's record to suggest that there is any basis for such an assumption about what the Senate may do in the future.

The Agriculture Committee has informed the Budget Committee that it opposes making the changes in the school lunch program which the President has recommended and the Senate assumed in the spring until a study of that program has been undertaken. I recognize that it is up to the Agriculture Committee to decide what changes and authorizations it wishes to propose. I have emphasized that. But, Mr. President, I cannot emphasize strongly enough that the Agriculture Committee's decision not to recommend school lunch program changes does not relieve that committee of the obligation to achieve the savings that were agreed to by the Senate in the first resolution. So if the Agriculture Committee insists on this amendment, it is making two decisions: One, it opposes the making of savings in this program; and, two, it refuses to make the effort to find the savings in any of the rest of its $13.2 billion for program authorizations. That is the conclusion I reach. And I have listened to all these words paying obeisance to the budget process.

Mr. President, we have come to a time when words are no longer sufficient. Action is necessary. If it is legitimate for the sponsor of this amendment to conclude that, because I am for trying to get these savings out, I am against the school lunch program, it is just as legitimate to conclude that, because he is against making these savings, he is against a balanced budget. I do not make any such claim.

Mr. President, when we are discussing matters as serious as a balanced budget, inflation, and the health of the economy, the resolution of the questions which divide us is not served unless we focus on the specifics of what is being proposed and the options that are available. All I am urging, all that the Senator from Oklahoma is urging, and all the Budget Committee is urging, is that we make the kind of effort that is implicit in this reconciliation instruction—that the country's vital economic interests require—and we try to meet the objective of saving enough in outlays to hold the deficit down below the 1979 figure. If any Senator thinks there is some easy place where that $3.5 to $4 billion can be saved, easier than the places where the Senate is being asked to make the effort, let him suggest it. Let him offer an amendment to that effect.

The McGovern amendment does three things: It strikes out the instruction to the Committee on Agriculture in order to relieve the Committee on Agriculture from making any effort whatsoever to achieve savings.

Second, it proposes an increase in outlays in this resolution by $100 million in order to provide that relief.

Third, it proposes an increase in the deficit of $100 million in order to provide that relief.

So, if this amendment is adopted, the Senate Committee on Agriculture is, in effect, saying to the country—we cannot find any way to relieve the taxpayers of $100 million of Government spending; we have not the ingenuity or the will. We do not want to cut the school lunch program, but we are not interested in looking beyond that to other programs under our jurisdiction in order to hold the deficit down, to hold spending down.

I am not making this argument just for the benefit of the Committee on Agriculture, because the kind of discipline I am talking about bears on each of us, on every committee subject to reconciliation instructions, and on every Senator who has an interest in any of the priorities served by any Senate committee. Mr. President, there is no single place to find discipline. There is no discipline unless it exists everywhere. There is no discipline unless every committee and every Senator adopts some responsibility for it. There is no discipline just because the Budget Committee exists.

If the Senate does not want discipline, get rid of the Budget Committee, get rid of the budget process. Then we can spend what we like, the way we used to.

Mr. President, this will be the first vote. It is a key vote. If this amendment is successful, I would not dare predict what the deficit will be by the time we continue deliberation on this budget resolution. I am willing to stand by the results. I am not interested, as Senator DOMENICI put it earlier, to be just a counter, counting up the bills as other committees send them to us. Either the budget process represents discipline or it does not. There is no way of saying yes to everyone, even for such worthwhile programs as this one.

I do not think that, if the Agriculture Committee decided to achieve these savings in the school lunch program, we will have done a disservice to the country's interest. But that is not mandated. It is a suggestion, a suggestion with healthy precedents in this budget process.

Mr. President, I reserve the remainder of my time.

● Mr. DOLE. Mr. President, I would first like to thank my distinguished colleague (Mr. McGOVERN) for his continued efforts in the child nutrition area and attention he has brought before this body on the impact of nutrition in the school lunch program.

Mr. President, the administration's budget for 1980 called for a reduction of over half a billion dollars in the child nutrition budget. This is the largest cut ever seen in the area of child nutrition. As a result of this request by the President, the Committee on Agriculture, Nutrition, and Forestry through the Subcommittee on Nutrition undertook a thorough, good faith examination of this budget proposal. This effort included a request to the General Accounting Office to review, and where possible, evaluate the proposed changes.

As my distinguished colleague from South Dakota has noted, in the report to the Budget Committee, the Agriculture Committee agreed to support the President's request with regard to the summer food program, the special milk program, and the WIC program. This was an effort by the entire committee membership to help in resolving the Nation's increasing budget deficits.

SENATE RESOLUTION 90

The General Accounting Office testified before the Subcommittee on Nutrition on February 27 of this year and reported that "the Department had little convincing evidence to support their proposed modifications in the school lunch program."

The General Accounting Office also pointed to the lack of program information and evaluation material as a serious impediment to the consideration and evaluation of programmatic changes. The General Accounting Office was not alone in this observation. At the most recent USDA outlook conference, James E. Austin, associate professor in general management, Harvard Business School (who is a department consultant in program evaluation) summed up the Department's work in evaluating the feeding programs as follows:

> Although the breadth and magnitude of the Agency's nutrition programs have expanded tremendously, evaluation of these efforts has not. Evaluation has seriously lagged behind program growth. The absence of systematic and thorough program evaluation leaves policymaking on tenuous grounds. We do not know how well we are doing nor whether we could be doing it better.

The administration proposal raised several significant policy issues for the Nutrition Subcommittee. The committee could only find scant data to evaluate such a proposal and the data available to us was based on local samples and not on a national scale. In addition, the only reliable data available to the committee to review was outdated. During the course of the Nutrition Subcommittee hearings and that of the full Committee on Agriculture it became clear that we did not have sufficient program information or evaluation materials to come to an accurate conclusion of what the results or ramifications would be if the proposed administration change was put into effect.

In the March 15 report to the Committee on the Budget the Agriculture Committee stated support for the President's proposals with regard to special milk program and the summer food program. However, the committee reported that it did not intend to reduce the reimbursement or eligibility guidelines in the school lunch program. This recommendation and report was not one made randomly by the committee—it was established through the hearing process at which the administration, the General Accounting Office, and the public had opportunity to present their views and opinions.

As a result of the lack of information essential to carrying out the program effectively, I joined with Senator McGOVERN in introducing Senate Resolution 90, requesting the Secretary of Agriculture to make a study of the programs administered under the National School Lunch Act and the Child Nutrition Act of 1966. This study would include aspects of the school lunch and breakfast programs in regard to: First, costs of the program; second, income of families participating in the programs; third, use of the programs for nutrition purposes; fourth, contribution of the program to the agriculture economy; fifth, income verification procedures; and, sixth, need for future legislative changes. This resolution passed the Senate on June 20 and hopefully will fill the void we now have in our present school lunch and child nutrition data.

IMPORTANCE OF THE SCHOOL LUNCH

For over 27 million students, the school lunch program serves as a safeguard for their health and well-being. For many of these students, the meal they receive at school may be the only nutritionally balanced and well-prepared meal they receive during the course of the day. The intent of all child nutrition programs conceived and enacted by the Congress, has been to provide those safeguards for health and to encourage the consumption of nutritious agricultural products. We have seen through the years the initial legislation of child nutrition, the National School Lunch Act of 1946, expand and become enhanced.

We have seen the additions of the summer food service program for children, child care food program, special milk program, school breakfast program, and the special supplemental food program for women, infants, and children (WIC). As stated previously, we have already agreed to cuts in some of these programs, however, the school lunch program is one which we must preserve and continue to the fullest extent.

Like my colleague from South Dakota, I am committed to making a cost savings in the child nutrition programs. However, I am not prepared to act in cutting this program when the consequences cannot be determined.

The school lunch program not only touches more individuals than any other program, but it also provides the education needed in the early years of development in making good judgment in selection of nutritious foods and also education in prevention of disease through the eating of these foods.

Few would quarrel with the idea that American food habits have significantly changed over the past few decades. However, through the school food program many youngsters get a well-balanced diet every day. In addition, the school-based nutrition education activities and personnel training workshops that are provided through this program strengthen the goal of improving the American diet.

DETRIMENTAL EFFECTS IF CUT

Mr. President, the Senator from Kansas believes that the Agriculture Committee has gone beyond expectations in complying with the Budget Act. However, in cutting the school lunch program I believe such action would be detrimental and could in the long run defeat many of the advancements we have made in past nutrition legislation.

A vote to strike this deletion cannot be identified with fiscal irresponsibility. Fiscal responsibility in regard to child nutrition programs has already occurred this year. The Senate has already passed legislation that would save almost $100 million from child nutrition programs. A $50 million savings in the special supplemental food program (WIC) is contained in S. 292 and a reduction in the summer food service program for children amounts to approximately $37 million which is contained in the agriculture appropriations bill for 1980.

As you can see, Mr. President, the structure for meaningful oversight and evaluation of the school feeding programs has been established. Later this year, a comprehensive review of the child nutrition programs by the Subcommittee on Nutrition will begin.

To pass the recommendation to delete these funds under the second concurrent budget resolution would only give us a short-term cost savings. However, those small savings could undermine the goals and benefits of the school lunch program that we have worked for many years to establish. I believe we should not delete these funds until we are assured that such reduction will have no negative impact on the individuals the program seeks to serve—the child.

I can certainly appreciate the concerns of the Committee on the Budget and its distinguished chairman, Mr. Muskie, however, I ask my colleagues to join with me in adopting this amendment so that the committee can continue its comprehensive review of child feeding programs and benefit programs and budgets for future years.●

Mr. CRANSTON. Mr. President, will the Senator yield me 1 minute on the bill? I do not need even that time.

I would like to suggest the absence of a quorum so I may talk with the Senator from Maine, on behalf of myself and the chairman of the Committee on Finance, without taking him off the floor at a time that I am sure he wants to be involved in the debate. If there is no objection, I shall briefly ask for a quorum call.

The PRESIDING OFFICER. The Chair inquires of the Senator, on whose time does the Senator suggest the absence of a quorum?

Mr. CRANSTON. I ask unanimous consent that it not be charged to anyone. It will be very brief.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the vote on the amendment take place at 3 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. At what hour?

Mr. MUSKIE. Three o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, is there anything in the request that would indicate whether it is an up or down versus a tabling motion, Mr. President?

Mr. MUSKIE. Well, I intend to move to table.

Mr. DOMENICI. So that is what we are agreeing to, whatever the form is, that we vote then?

Mr. MUSKIE. Yes.

I would be glad to ask——

The PRESIDING OFFICER. Is there objection to the request?

Mr. McGOVERN. Can we get the yeas and nays?

Mr. MUSKIE. Mr. President, I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. Is there objection to ordering the yeas and nays on the motion to table?

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the request is agreed to.

Mr. CRANSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. CRANSTON. Not to be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The Senator is recognized to make a motion to table the McGovern amendment.

Mr. MUSKIE. Mr. President, I move to table the McGovern amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maine to lay on the table the amendment of the Senator from South Dakota. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Arkansas (Mr. Bumpers), the Senator from Iowa (Mr. Culver), the Senator from New Hampshire (Mr. Durkin), the Senator from Louisiana (Mr. Long), the Senator from New York (Mr. Moynihan), and the Senator from Arkansas (Mr. Pryor) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Nevada (Mr. Laxalt), the Senator from Maryland (Mr. Mathias), the Senator from Idaho (Mr. McClure), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I also announce that the Senator from Vermont (Mr. Stafford) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. Stafford) would vote "nay."

The PRESIDING OFFICER (Mr. Riegle). Are there any Senators in the Chamber desiring to vote?

The result was announced—yeas 69, nays 18, as follows:

[Rollcall Vote No. 287 Leg.]

YEAS—69

Armstrong
Baucus
Bayh
Bellmon
Biden
Boren
Boschwitz
Bradley
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cochran
Cohen
Cranston
Danforth
DeConcini
Domenici
Eagleton
Exon
Garn
Glenn
Goldwater
Gravel
Hart
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Humphrey
Inouye
Javits
Jepsen
Johnston
Kassebaum
Lugar
Magnuson
Metzenbaum
Morgan
Muskie
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Randolph
Ribicoff
Sasser
Schmitt
Schweiker
Simpson
Stennis
Stevens
Stevenson
Stewart
Stone
Thurmond
Tower
Tsongas
Wallop
Warner
Williams
Young
Zorinsky

NAYS—18

Burdick
Dole
Durenberger
Ford
Hollings
Huddleston
Jackson
Kennedy
Leahy
Levin
Matsunaga
McGovern
Melcher
Nelson
Riegle
Roth
Sarbanes
Talmadge

NOT VOTING—13

Baker
Bentsen
Bumpers
Culver
Durkin
Laxalt
Long
Mathias
McClure
Moynihan
Pryor
Stafford
Weicker

So the motion to lay on the table Mr. McGovern's amendment (UP No. 555) was agreed to.

UP AMENDMENT NO. 556

(Purpose: To increase budgetary levels in fiscal year 1980 for veterans' benefits and services by $300 million in budget authority and $400 million in outlays, to strike the reconciliation instruction to the Veterans' Affairs Committee, and for other purposes)

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair advises that the amendment is not in order at this point.

Mr. CRANSTON. I ask unanimous consent that it be in order.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. Cranston) proposes an unprinted amendment numbered 556 to the unprinted amendment No. 554.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, strike out lines 15–27, relating to reconciliation instructions to the Veterans' Affairs Committees, in its entirety.

On pages 5 and 6, strike out subsections (b) through (e) of section 2, and insert in lieu thereof the following:

(b) the appropriate level of total new budget authority is as follows:

Fiscal year 1980: $632,500,000,000;
Fiscal year 1981: $650,100,000,000;
Fiscal year 1982: $723,700,000,000;

(c) the appropriate level of total budget outlays is as follows:

Fiscal year 1980: $543,500,000,000;
Fiscal year 1981: $590,300,000,000;
Fiscal year 1982: $635,900,000,000;

(d) the amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

Fiscal year 1980: —$28,000,000,000;
Fiscal year 1981: +$13,300,000,000;
Fiscal year 1982: +$22,500,000,000;

(e) the appropriate level of the public debt is as follows:

Fiscal year 1980: $887,900,000,000;

Fiscal year 1981: $907,500,000,000;
Fiscal year 1982: $924,100,000,000;

the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1980: $57,900,000,000;
Fiscal year 1981: $77,100,000,000;
Fiscal year 1982: $92,900,000,000.

On page 10, strike out clause (m) of section 3, relating to veterans' benefits and services (700), in its entirety and insert in lieu thereof the following new clause (m):

(m) Veterans Benefits and Services (700):
Fiscal year 1980:
(A) New budget authority, $21,500,000,000;
(B) Outlays, $20,900,000,000.
Fiscal year 1981:
(A) New budget authority, $22,800,000,000;
(B) Outlays, $22,100,000,000.
Fiscal year 1982:
(A) New budget authority, $23,700,000,000;
(B) Outlays, $23,600,000,000.

Mr. CRANSTON. Mr. President, on behalf of myself and six other members of the Committee on Veterans' Affairs—Mr. TALMADGE, Mr. RANDOLPH, Mr. STONE, Mr. DURKIN, Mr. MATSUNAGA, Mr. THURMOND, and Mr. HUMPHREY—I have called up this amendment that we have submitted to the Muskie substitute in order to increase the levels in section 2 for veterans' benefits and services, function 700, by $300 million in budget authority and $300 million in outlays; and to delete the instruction to the Veterans' Affairs Committee to recommend changes in current law and reported bills to reduce spending by $100 million in budget authority and $100 million in outlays in fiscal year 1980.

Under the second concurrent resolution as proposed to be modified by the Muskie amendment, the totals for function 700 would be $21.2 billion in budget authority and $20.6 billion in outlays. Under my amendment, these totals would be $21.5 billion in budget authority and $20.9 billion in outlays.

Mr. President, in view of the new version of the Budget Committee's reported resolution, laid before the Senate today, this amendment now calls for $100 million less in outlays over the Budget Committee recommendation than the amendment I submitted for printing on Friday (No. 432).

The pending amendment reflects the bare minimum necessary to sustain veterans' programs at adequate levels. Without this amendment, the resolution as reported would require cuts in service-connected disability compensation or other entitlement benefits and in Veterans' Administration health care programs to substantially below essential levels that the Senate has already approved this year.

Mr. President, I would like to emphasize that our amendment is not directed at the budget resolution and reconciliation processes authorized in the Congressional Budget Act. I support the purposes of that act and the processes which it establishes; and I do not regard our amendment as inconsistent with those purposes and processes. The essential purpose of the Budget Act is to provide the means by which Congress can gain control over the Federal budget, and it provides various processes—reconciliation being one—by which the Congress is forced to exercise self-discipline in fiscal matters.

I believe in committee self-discipline in fiscal matters, and I will later describe some discipline we have exercised on the Veterans' Affairs Committee in regard to the cost of veterans' programs.

I am one who wants to see us balance the budget as soon as possible. I am unhappy to be in a position of having to offer an amendment that increases expenditures under the budget resolution as reported by the Budget Committee. But I do this because I do not favor balancing the budget at the expense of those who have had commitments made to them by their country. I do not favor balancing the budget at the expense of those who truly are entitled to depend upon help from our Government.

I would also oppose moving to a balanced budget so rapidly that we would throw the country into a deeper recession, with higher unemployment, than already looms.

I want to emphasize that the Budget Act and its processes are designed to give the Congress control over the budget—the Congress—to give the Congress control over the budget.

They are not designed for a single committee to gain control over the budget and over the decisionmaking of other committees and of the Senate. I do not suggest that that is the intent of the Budget Committee or the able Senators who are now handling the Budget Committee's report on the floor.

However, the process that we face is one that does create difficulties for the committees that have responsibilities in different areas of legislation.

I am grateful to the chairman of the committee, the ranking member, and to others, for the changes they made in the resolution as originally reported, changes embodied in the substitute they have now offered, which have been designed to give the various committees and individual Senators a greater opportunity to participate appropriately in the process.

I also want to express my thanks to the chairman of that committee (Mr. MUSKIE) for delaying any effort to get a vote on the substitute until Senators have had the opportunity to offer amendments, so that no one will be precluded by a parliamentary situation from seeking to do what he feels should be done.

I want also to note that the budget processes are not designed to end in House when its Budget Committee makes recommendations on a budget resolution. Rather, Mr. President, I believe that letter, intent, and spirit of the Budget Act call for the Senate to review carefully the recommendations of the Budget Committee and the assumptions on which those recommendations are based and for the Senate to exercise its judgment and work its will on those recommendations. The full Senate, through the expertise of all of its Members, obviously is in the best position to make a judgment on appropriate spending levels for all of the broad range of Federal programs in their entirety. Nothing in the Congressional Budget Act suggests that the full Senate should delegate that task so as to accept each and every judgment of a majority of one committee with respect to each and every Federal program. Rather, I believe that it is our responsibility to consider very carefully the Budget Committee's proposed resolution—that is our obligation—and, if it is seriously deficient in any respect, to make appropriate changes.

Mr. President, in exercising that responsibility, I ask that all my colleagues examine what is being proposed for our Nation's veterans' programs because, in my view, the Budget Committee's recommendations for those programs are unrealistic and are based on a series of assumptions regarding cost-savings measures that do not stand up under even the most cursory analysis.

First, the Budget Committee in its markup and committee report assumed that only an 8.3-percent cost-of-living increase, effective October 1, 1979, would be enacted for the service-connected disability compensation program and, thus, voted to deny a realistic increase to offset the effects of inflation. The 8.3-percent increase assumption reflects the January 1979 Congressional Budget Office projection of inflation for the 12-month period ending October 1979; CBO's current projection, prepared in June, of the CPI rise for this period is 10.9 percent. Even that projection may be too low—for, as my colleagues are painfully aware, the present annual rate of inflation exceeds 13 percent. Moreover, the Senate has already, in H.R. 2282, as passed on August 3, approved an 11.1-percent increase based on the actual CPI increase for the 12-month period ending in June 1979. The exact amount of the compensation increase is presently under negotiation with the House Committee on Veterans' Affairs, but the House-passed figure of 8.3 percent is totally unacceptable. It is 16 percent less than the 9.9-percent increase that has already been paid to non-service-connected VA pensioners and social security and railroad retirement beneficiaries effective July 1. I do not expect the House to make a serious effort to stand by that 8.3-percent figure. I believe the Senate must stand clearly against insistence on a long outdated CBO estimate as a measure for providing a just increase to veterans who were injured in the service of their country and the survivors of those who gave their lives.

Thus, the assumption in the Budget Committee's report of cost savings of $181 million in budget authority by reducing this cost-of-living increase from 11.1 to 8.3 percent should be rejected.

Indeed, it is my understanding that the Budget Committee will now tell that it has now rejected its own assumption and, through the magic of playing "musical assumptions," now supports an 11.1-percent increase by denying GI bill trainees a cost-of-living increase and assuming that benefits for flight and correspondence training will be totally eliminated.

Second, the Budget Committee report assumes savings of $50 million from legislation to eliminate certain veterans' burial benefits. No Member of the Senate Budget Committee nor anyone else in either House has introduced such legislation. I repeat—no measure has been introduced to bring about that consequence. The Veterans' Affairs Committees in both bodies have no plans to consider such a proposal. In our view, it is totally unrealistic to expect the Congress to eliminate these benefits or to make any plans based upon their elimination.

Third, the Budget Committee report assumed savings of $104 million from legislation to reduce from 10 to 8 years the period during which certain Vietnam-era veterans may use their entitlement to GI bill benefits. As in the case of the burial benefits assumption. No legislation has been introduced by any Senate Budget Committee member or anyone else in either House to carry out this proposal. This so-called proposal would be extremely unfair to the 69,000 Vietnam-era veterans—many of them combat veterans—from whose slashed eligibility this cost savings would be derived. They have long relied on, and would be thus denied, the availability of GI bill assistance in attaining their educational and vocational goals. I cannot conceive of Congress taking such an action.

Fourth, the Budget Committee report assumed savings of $79 million from administration-requested legislation to terminate completely GI bill benefits for flight and correspondence training. The Veterans' Affairs Committee has very carefully considered and rejected this extreme approach, as both unwarranted and unfair. However, the Veterans' Affairs Committee has recommended, as part of S. 870, which was reported on September 7, legislation to tighten administration of these and other programs in order to eliminate waste and abuse. S. 870 as reported would bring about overall net cost savings of $10 million in fiscal year 1980.

Fifth, Mr. President, the Budget Committee report assumed a $200-million reduction in VA health care programs and thus proposes a $6.1 billion level of funding for those programs—even though the pending conference report on H.R. 4394, the HUD Independent Agencies Appropriations Act for fiscal year 1980, includes $6.3 billion for VA health care accounts. The proposed $200-million reduction would mean elimination of $89 million that the H.R. 4394 conference report would add to the President's budget request to restore badly needed staffing that the administration has cut in fiscal year 1979, and proposes to cut in fiscal year 1980, as well as to implement Public Law 96–22.

The Budget Committee's $200-million cut would also mean acceptance of the totally unrealistic assumption that legislation—S. 759, authorizing the VA to be reimbursed by health-insurance carriers for certain health care services rendered to insured veterans—would reduce the VA's fiscal year 1980 regular appropriations needs by $107 million. Although the Veterans' Affairs Committee is giving this proposal serious consideration and will hold hearings on it this week, it is simply impossible to operate VA health care programs based on the expectation of estimated amounts of insurance collections resulting from the enactment of this new legislation. It is clear to us, after extensive analysis and very broad consultations on the effect of this legislation, that—putting to one side some serious problems yet to be resolved with this legislation—at best it will result in negligible or no receipts until very late in the first fiscal year in which it is effective. Thus, if the Senate were to agree with us to reject the assumption regarding nonrestoration of VA health care personnel cuts, that alone would not achieve the intended result unless the Senate also agrees to reject the assumption that regular VA health care appropriations should be reduced by $107 million on the extremely unrealistic expectations that some form of health-insurance reimbursement legislation will be enacted and will net such an amount in fiscal year 1980. Even if this $100 million is believed to be forthcoming in reimbursements under this legislation, the health care personnel that the VA so badly needs and that the House and Senate have approved cannot be hired this fall and employed throughout the year using uncertain amounts of collections that the VA will not receive until next summer.

Those additional health care personnel are badly needed. In this connection, Mr. President, I note that the latest administration estimate of the cost savings under this legislation would be only $45 million in fiscal year 1980, less than half the amount that the Budget Committee is now assuming based on BO estimates that need to be reevaluated.

The PRESIDING OFFICER. The time for the proponents of the amendment has expired.

Mr. CRANSTON. Mr. President, will the distinguished chairman of the committee yield me some time on the bill pursuant to our conversation?

Mr. MUSKIE. How much time does the Senator wish?

Mr. CRANSTON. I wish to have a half hour, if that is possible, or 20 minutes at this point. Let us say 20 minutes at this point.

Mr. MUSKIE. The Senator may have 20 minutes of my time.

Mr. CRANSTON. I appreciate that very much.

Mr. MUSKIE. Not on the bill, but on the amendment. That leaves me 10 minutes on the amendment.

Mr. CRANSTON. Fine. I thank the Senator very much.

The PRESIDING OFFICER. The Senator has yielded 10 minutes of his time on the amendment and 10 minutes on the bill, and the Senator from California has 20 minutes.

Mr. CRANSTON. I thank the Chair very much.

Frankly, Mr. President, this administration requested health insurance reimbursement legislation is very, very intricate, very complicated. I can assure the Senate that the only way our committee would report out such a bill would be by amending it to use a prospective budgeting basis under which collections in 1 year would be used to reduce the next year's appropriation. This is the only sensible way to run a health-care system.

Mr. President, all these "cost savings" assumptions together total more than $600 million above and beyond those that the Veterans' Affairs Committee has already recommended this year. Any one of the assumptions, if agreed to by Congress, would mean a serious reduction in a benefit or service that Congress has established as the just due of those who served this country in its time of need and who now need and deserve assistance. Taken together, congressional action to implement these assumptions would be the most severe, unfair blow to programs for our Nation's veterans since the Economy Act of 1933. Such action would—and I use these terms advisedly—constitute a default on the commitments that the Nation has properly made to its veterans and a warning to those who are now serving and who may be called upon to serve in future conflicts—which I pray will never occur—that, after a veteran has served and sacrificed, the Congress may at any time see fit to renege on its commitments to him or her.

Mr. President, we must not allow this to happen under the pretext of fiscal responsibility or prudence. We must not delude ourselves into thinking that "budgetary discipline" can be used as an excuse for breaking faith with our Nation's veterans and their survivors.

I know that is not the intent of the Budget Committee, but I am convinced that that is the consequence of the committee's action.

Mr. President, I want to assure all Senators and the American public that the levels that I am recommending are essential to protect veterans' programs from the effects of inflation and to provide for an acceptable quality of care in VA medical facilities.

Mr. President, the Veterans' Affairs Committee has carefully examined all veterans' programs this year with a view toward establishing priorities, eliminating waste and abuse, and reducing and containing costs wherever it is possible and reasonable to do so; and we will continue our efforts in this regard.

But, I emphasize that the Veterans' Affairs Committee has already achieved an excellent record of responsibility and prudence this year. The committee has reported legislation containing eight cost-savings provisions—totaling $81.2 million for fiscal year 1980 and $407.8 million over the next 5 fiscal years—and three cost-containment provisions, too. Two provisions have already been enacted in Public Law 96–22, four provisions have already been passed by the Senate in H.R. 3892, and five provisions are contained in S. 870 as reported. Further, we plan to recommend this month a further cost-savings provision derived from S. 1518, on which hearings were held on August 2, to facilitate Government collection of outstanding GI bill claims, designed to net about $10 million in fiscal year 1980 and $70 million over the next 5 fiscal years. These actions represent proposed savings of $478 million in function 700 over the next 5 fiscal years—a record that we believe is fully responsive to the congressional budget process and our severe national economic and fiscal constraints.

Based on these actions and with the purpose clearly in mind of asking for no more than is absolutely essential, we are recommending levels for function 700 that are significantly less than the aggregate of the savings assumptions on which the Budget Committee has based its totals.

Mr. President, our amendment would also delete the so-called reconciliation instruction to the Veterans' Affairs Committees. Under that instruction, the committees would be ordered to reduce fiscal year 1980 spending by $100 million in budget authority and $200 million in outlays by recommending cuts in existing veterans' entitlement programs—such as the service-connected disability compensation program, the pension program, the GI bill, and burial benefits—or by recommending changes in reported bills or legislation that has been passed.

Mr. President, the amounts at issue—$100 million in budget authority and outlays—are based on the untenable Budget Committee cost savings assumptions that I have already discussed.

Mr. President, I have outlined our committee's strong record of action in recommending legislation to eliminate waste and abuse, tighten administration, and reduce and contain costs in veterans' programs. There are no further recommendations that could responsibly be made by our committee unless we are prepared to cut entitlement programs—or prevent service-connected disabled veterans from receiving a fair cost-of-living increase.

Mr. President, the reconciliation instruction to the Veterans' Affairs Committees would force our committee into the position of recommending cuts that are unjustifiable and inequitable—cuts that would betray our commitments to our Nation's veterans. That, I am sure, is not the intent but that would be the consequence of the Budget Committee's recommendations. In all good conscience, there are no proposals that we are aware of that would enable us to make any such recommendations without breaking faith with the veterans of this country and their survivors.

Mr. President, the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans have each indicated in messages to all Senators their strong support for this amendment. I ask unanimous consent that copies of their letters be inserted in the Record at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

The American Legion,
Washington, D.C., September 11, 1979.

Dear Senator: The American Legion strongly supports the "Cranston amendment" to S. Con. Res. 36, the Second Concurrent Budget Resolution that seeks to increase budget authority and outlays in veterans benefits (Function 700). Specifically, budget authority would be increased from $21.2 billion to $21.5 billion and outlays from the present $20.5 billion to $20.9 billion.

The Legion believes that the "Cranston amendment" is justified in order to provide a realistic increase in service-connected disability compensation rates for veterans injured in service to their country and their eligible survivors. It definitely is not a "budget buster" item. This amendment is needed to assure that the Budget Resolution makes provisions for the VA health care appropriation, that House/Senate conferees have agreed to in the HUD-Independent Agencies appropriations bill for FY 1980 (H.R. 4394), which will be on the floor later this month.

Senator, as you know, both the Senate Veterans Affairs and Appropriations Committees have recommended restoration of additional medical staff in the VA health care programs. The "Cranston amendment" goes a long way toward protecting the money that has been restored for this staffing requirement, and also guarantees that war disabled veterans and their survivors will receive a needed cost-of-living adjustment in their benefits.

We urge you to support the "Cranston amendment" when it is considered on the floor later this week.

Sincerely,

Mylio S. Kraja,
Director, National Legislative Commission.

VFW,
Washington, D.C., September 11, 1979.

To: All Members of the United States Senate.
From: Howard E. Vander Clute, Jr., National Commander-in-Chief, Veterans of Foreign Wars of the United States.
Subject: Second Concurrent Budget Resolution, S. Con. Res. 36.

Urgently request your support of the Cranston Amendment to the Second Concurrent Budget Resolution in the reconciliation process to increase funding for the Veterans Administration by $300 million in budget authority and $400 million in outlays, thus establishing spending ceilings of 21.5 billion in budget authority and 20.9 billion in outlays and, also, to strike section 9 of the Resolution which would require reduced spending in the form of cost savings legislation by $100 million in budget authority and $200 million in outlays.

The funding which would be authorized by the Cranston Amendment is absolutely essential not only to prevent further cuts in veterans' programs and permit a realistic cost of living increase in the compensation and Dependency and Indemnity Compensation programs but, also, to provide the medical care and benefits as mandated by the Congress of the United States for our veterans who have rendered a very special service to our great Republic. We must never forget that because of our veterans, and only because of our veterans, we have a free nation where we, you and I, may live with dignity and honor in freedom and progress in accordance with our individual abilities and motivation.

Again, I urge each and every one of you to vote for the Cranston Amendment and with best wishes and kind regards, I am

Sincerely,

Howard E. Vander Clute, Jr.,
National Commander-in-Chief.

Disabled American Veterans,
Washington, D.C., September 11, 1979.

This letter is in reference to the Senate's consideration of the final federal spending ceilings for Fiscal Year 1980 as contained in Senate Concurrent Resolution No. 36—The Second Concurrent Resolution on the Budget.

The Disabled American Veterans is vitally concerned over action recently taken by the Senate Budget Committee which, through the "Reconciliation Process" as contained in Section 310 of the Budget Act, would have a severe adverse impact on Function 700—Veterans Programs and Services—cutting VA appropriations by $200 million dollars in FY 1980 and reducing outlays for new initiatives proposed by the Veterans Affairs Committee by an additional $200 million dollars.

Adoption of the Budget Committee reconciliation instruction would restrict the increase in VA compensation payments to 8.3 percent instead of the 11.1 percent adjustment in these benefits passed by the Senate just a few weeks ago.

Before the August recess the Appropriations Committee of the House and Senate came to a Conference agreement on the funding level for the VA in Fiscal Year 1980. Adoption of the reconciliation instruction would require the two Appropriations Committees to reconsider the VA budget and to reduce FY 1980 VA funding levels by $200 million dollars, primarily in the hospital and medical care programs.

Such action would seriously impair the implementation of Public Law 96-22, a long-awaited program of psychological readjustment counseling for Vietnam Era veterans and withdraw the 3800 VA medical care employees, already approved in Conference by the Appropriations Committees, as well as require the closing of 500 30-bed VA hospital wards.

As far as the VA hospital and medical care program is concerned, the adoption of the reconciliation instruction by the Senate would be a direct reversal of its previous actions thus far on the future and scope of VA health care and of its prior commitment to deal with the psychological impairments suffered by many Vietnam Era veterans.

Finally, in terms of Veterans Administration programs, the savings proposed by the Senate Budget Committee are based upon several false assumptions. Among others, the Budget Committee assumes the enactment of cost-saving proposals which would curtail federal burial benefits provided to certain nonservice-connected veterans, reduce the GI Bill eligibility period from 8 to 10 years, eliminate flight and correspondence training under the GI Bill, and permit third party reimbursement by private insurers to the VA for health care received by certain nonservice-connected veterans.

Although the Senate Veterans Affairs Committee has taken up legislation which deals with some of these proposals, no such legislation has been passed by either the House or Senate. While hearings have been scheduled for late in September on S. 759, to allow third party health care reimbursement to the VA, it is not likely that such legislation will be enacted this year nor is it likely, if such legislation were enacted, that the savings would approach the $200 million dollars assumed by the Budget Committee.

For these reasons, the Disabled American Veterans is opposed to the reconciliation instructions contained in Sections 3 and 9 of Senate Concurrent Resolution No. 36 and is vitally concerned over Section 2 of the measure establishing FY 1980 VA budget totals that are well below those contained in the First Concurrent Resolution on the Budget.

Accordingly, when Senate Concurrent Resolution No. 36 comes to the Senate floor, we respectfully request that you oppose the reductions proposed in Function 700 by striking the reconciliation instructions related to Veteran's Programs and Services as contained in Sections 3 and 9 of the bill.

Thank you for your kind attention to our concerns regarding the VA funding levels for Fiscal Year 1980.

Sincerely,

Paul L. Thompson,
National Commander.

Mr. CRANSTON. Mr. President, it seems to me that, with the best of intentions, but either from a lack of familiarity with and knowledge of veterans' programs or a lack of recognition of the actions our committee has already taken to make all reasonable savings in those programs, the Budget Committee has erred badly in its assumptions and recommendations for function 700. It is thus extremely important for the Senate to correct those errors; and, to do this, I urge my colleagues to adopt our amendment.

Finally, in closing, Mr. President, let me say this to my good friends, two Senators for whom I have profound respect, the floor managers for this resolution and my former colleagues on the Budget Committee where I served for 4 years with them. You and your committee say you are proposing to cut GI bill and burial benefits, totaling more than $200 million in cost-savings in fiscal year 1980 alone. When action is completed in the Congress on the second concurrent budget resolution, you will have the opportunity to do exactly that when the Senate takes up S. 870. I urge you to offer your amendments on these issues then and let the Senate clearly and authoritatively dispose of your assumptions, rather than continuing to rely upon what the Veterans' Affairs Committee has twice told you are unrealistic proposals. Let us join the issue at that time and deal with your recommendations in concrete legislative terms.

I yield to the Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I am a strong battler for a balanced budget. I cast every vote in the U.S. Senate on the basis of how that vote will affect our deficit. In fact, as I have said several times here on the floor, I ran for office on the pledge that I would be the toughest skinflint in the U.S. Senate. I suspect that is why I was elected, and now I intend to carry that out. In the Veterans' Affairs Committee I have, on more than one occasion, voted against creating new veterans programs. These votes have not been popular.

I have voted against new veterans benefits, because even though some of the proposed programs were worthy ones, these are times of economic difficulties and are not times to continue the expansion of Federal programs. Government spending must be curtailed in order that our dangerous inflation rate, which is fueled solely by excessive Government spending, can be brought under control.

Yet, I maintain strongly today that the Senate must not vote to curtail veterans programs, to reduce essential veterans benefits, by accepting the Budget Committee's demands for reduced spending by the Veterans' Affairs Committee. The reconciliation resolution, if adopted, will mean the sure, steady erosion of existing benefits. Let me outline some of these benefits.

The Senate has already voted unanimously to give disabled veterans and their widows and dependents an actual cost-of-living increase of 11.1 percent. This 11.1 percent represents the increase in the cost of living from June 1978 to June 1979. The Budget Committee would deny this needed inflation adjustment to those veterans who must depend on their disability compensation checks. I do not think this is fair. Surely, the Senate will agree that we must not shirk our duty and obligation to those veterans who gave so much to their country in a time of need. We must keep our word to our Nation's veterans.

In addition, I would like to have room in our budget for a modest cost-of-living increase in the GI bill payments. In the period since the last inflation adjustment, the Consumer Price Index has gone up more than 20 percent. We must leave some room in our budget for at least a part of this. The GI bill program is an important benefit which allows our Nation's soldiers to make the transition to civilian life.

I am very disturbed by the growing tendency to place veterans programs at the bottom of the list of this Nation's priorities. That is what we are all discussing here today—what our Nation's priorities are. While the Defense budget and the veterans programs budget decline as a percentage of total Federal outlays, other programs are escalating out of sight.

I have a chart here, compiled with figures supplied by the Library of Congress, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Fiscal year:	*VA percent of total Federal outlays*
1960	5.9
1961	5.9
1962	5.3
1963	5.0
1964	4.8
1965	4.8
1966	4.4
1967	4.4
1968	3.8
1969	4.1
1970	4.4
1971	4.6
1972	4.6
1973	4.9
1974	5.0
1975	5.1
1976	5.0
1977	4.4
1978	4.2
1979	4.1
1980 (proposed in SCR)	3.8

Mr. HUMPHREY. Mr. President, veterans programs outlays have been in steady decline over the last 20 years. In fiscal year 1960, VA outlays as a percentage of total Federal outlays were 5.9 percent. In the years since President Carter took office, VA outlays as a percentage of total Federal outlays have declined dramatically, and the VA hospital system is in danger as a result. In fiscal year 1977, the figure is 4.4 percent. In fiscal year 1978, it declines to 4.2 percent. In fiscal year 1979, 4.1 percent. And in the budget proposed by the Senate Budget Committee in this second concurrent budget resolution which we are now considering the VA outlays as a percentage of total Federal outlays declines to an alarmingly low figure of 3.8 percent.

Let us work to maintain existing veterans' benefits. Let us work to keep the VA medical programs, on which our veterans rely, in sound condition.

Let me suggest some cuts in worthless or misguided programs, any of which would be sufficient to fund the maintenance of existing veterans benefits.

For example, eliminating title VI of the CETA program, the public service jobs program, would save more than $2 billion in fiscal year 1980 alone. This program makes little sense, a program riddled with fraud and abuse, as a February 20, 1979, General Accounting Office report suggests.

Other savings could be made by reform of the aid for families with dependent children (AFDC) program. A series of reforms have been suggested by Senator ARMSTRONG which would save approximately $1.4 billion.

Another example of misdirected spending, at a time when the Budget Committee is asking veterans to tighten their belts, is the food stamp program.

While veterans programs spending has declined over the last two decades, as I have pointed out, the food stamp program continues to expand at an alarming rate. Just this summer, the Senate voted to increase food stamp spending by $620 million. Proponents of increased spending claimed that inflation required more spending. They said that without more money for the program, food stamp recipients would be hard pressed. I submit that it is grossly unfair of the Budget Committee to allow room for more and more food stamp spending, yet trim essential veterans benefits, such as compensation payments to disabled veterans.

Mr. President, our veterans are patriotic Americans, as their service proves. I am sure that they would be willing to make another great sacrifice if everyone in this Nation, from Congressmen and Senators, to food stamp recipients, to average workers were to sacrifice equally. But the Budget Committee is not requiring equal sacrifice. Veterans are being required to bear the brunt of the balanced budget. This is not fair.

Our Nation's veterans have earned their benefits. They deserve these hard-earned benefits. We in the Senate must honor our pledges.

I would like to close by quoting the new national commander of the Disabled American Veterans, the Honorable Paul L. Thompson. He states in a recent letter to the New York Times:

> Veterans have earned these benefits through extraordinary sacrifices that our nation called upon them to make. The VA's programs are not giveaway programs. America owes a debt to those who were called upon to defend her . . . particularly those who were disabled in wartime service. That includes quality medical care and adequate disability compensation.

Mr. President, we are discussing today budget proposals that total $543 billion. I disagree with those who say that we cannot afford our pledges to veterans and suggest we should cut compensation to those disabled while serving their country and to their widows and their dependents. I reject that. We have enough money to honor pledges and commitments. It is a matter of ordering our priorities correctly and we will be judged on that basis, I believe.

I thank the Chair and I thank the Senator from California for yielding.

The PRESIDING OFFICER. The Senator from Hawaii. Who yields time to the Senator from Hawaii?

Mr. CRANSTON. I yield part of the time yielded to me to the Senator from Hawaii.

The PRESIDING OFFICER. There are 11 minutes remaining.

Mr. CRANSTON. I yield 8 minutes to the Senator from Hawaii.

Mr. MATSUNAGA. I thank the Senator for yielding.

Mr. President, as a member of the Committee on Veterans' Affairs, I rise in strong support of the amendment offered by the distinguished chairman of the Veterans' Committee, Senator CRANSTON and seven others, including myself.

Mr. President, as Chairman CRANSTON has so eloquently stated, we who are members of the Veterans' Committee are not making this effort to amend the second concurrent resolution without proper justification. We do not, and I am sure that all Senators do not, take lightly the fact that we are requesting the Senate to approve an increase in budget levels for veterans' programs. We have a great deal of respect for the chairman of the Budget Committee and the congressional budget process, and want to see it work as much as the Senators who are members of the Budget Committee. We are convinced, however, that our amendment is essential in order to restore the bare minimum in terms of budget authority and outlays which we believe are necessary to sustain veterans' programs at levels that are reasonable and acceptable. The fact of the matter is, Mr. President, the second concurrent budget resolution, as reported by the Budget Committee, would require cuts in service-connected disability compensation benefits and Veterans' Administration health care programs to levels which are substantially below those that we believe to be essential to our efforts to provide veterans with decent pensions and the best possible health care and rehabilitation services.

In our view, Mr. President, the Budget Committee, in proposing totals of $21.2 billion in budget authority and $20.5 billion in outlays for function 700, made several assumptions in terms of cost savings which cannot and will not be realized during the 96th Congress.

First, with respect to the service-connected disability compensation program, the Budget Committee assumed that only an 8.3-percent cost-of-living increase would be enacted by the Congress, to be effective October 1, 1979. The 8.3-percent increase assumption is based upon the Congressional Budget Office's estimate, made last January, of the Consumer Price Index rise for the 12-month period ending October, 1979. However, the Veterans' Committee, in considering S. 689, the veterans' disability compensation and survivors' benefits amendments, used the most recent estimate of the CPI rise, taken in June, which was calculated to be 10.9 percent. With the actual CPI increase in mind, the Senate, on August 3, passed the veterans' disability compensation bill containing an 11.1-percent cost-of-living increase.

Currently, we are in conference with the House on this legislation and are negotiating the exact amount of the compensation increase. However, I want to emphasize that as far as this Senator is concerned, the House-passed cost-of-living increase figure, which is 8.3 percent, is totally unacceptable in that it is 20 percent less than has already been paid to non-service-connected VA pensioners and to social security beneficiaries, who received a 9.9-percent cost-of-living increase on July 1 of this year. Clearly, Mr. President, insistence upon the 8.3-percent cost-of-living increase figure would not be consistent with the unanimous decision of the Senate in July to provide an 11.1-percent increase to veterans who were injured in the service of their country and to the survivors of those who gave their lives.

Second, the second concurrent resolution assumes a 7-percent cost-of-living increase in GI bill educational assistance benefits, to be effective October 1, 1979. At the same time, however, the Budget Committee has included in the resolution unrealistic cost-savings assumptions which will more than offset the 7-percent increase. The Budget Committee has assumed that proposals will be enacted during this Congress to eliminate certain VA burial benefits—a projected cost savings of $50 million—and reduced from 10 to 8 years the delimiting period for Vietnam-era veterans to use their GI bill benefits—a projected cost savings of $104 million. As Chairman CRANSTON indicated in a letter to the Budget Committee on July 27, it is totally unrealistic in the view of the Veterans' Committee, to expect the Congress to reduce burial benefits and the period of eligibility for the GI bill when no such legislation has been introduced in either House and when the Veterans' Committee has no plans to even consider such proposals.

Furthermore, with respect to the Budget Committee's assumption that legislation will be enacted to eliminate GI bill flight training benefits for a cost savings of $57.8 million, the Veterans' Committee, after careful consideration of that proposal, has decided not to recommend such legislation, but rather has reported a bill to tighten administration of the program and reduce payments for flight training by requiring greater cost sharing by the trainee. According to the CBO, the fiscal year 1980 cost savings of the Veterans' Committee bill, in budget authority and outlays, would be $10 million. In the final analysis, Mr. President, the second concurrent resolution, as reported, would not permit legislative action to provide a reasonable increase in GI bill rates for fiscal year 1980.

Third, with respect to VA health care programs, the second concurrent resolution includes totals of $6.1 billion in budget authority and $6.0 billion in outlays, as opposed to $6.3 billion for VA health care accounts which has been provided in H.R. 4394, the HUD and independent agencies appropriations bill for fiscal year 1980. The proposed $200 million reduction would mean the elimination of $89 million that the HUD and independent agencies conference report would add to the budget to restore badly needed VA staffing which has been cut by the administration, and to implement Public Law 96-22, the Veterans' Health Care Amendments of 1979, which contains the important psychological readjustment counseling program for Vietnam-era veterans. It would also mean the acceptance of a Budget Committee assumption that a cost savings of $107 million for fiscal year 1980 would result from the enactment of S. 759, the health insurance reimbursement bill.

In the view of the Veterans' Committee, as expressed by Chairman CRANSTON in his July letter to the Budget Committee, this is an unrealistic cost-savings assumption which should not be deducted from the second concurrent resolution. The chairman emphasized that the collections of reimbursements under S. 759, if enacted, would not be available to the VA until the end of fiscal year 1980. For that reason, any reduction of appropriations premised on the enactment of this legislation would, to the extent of such a reduction, force the VA to operate at a reduced program level for much of that year, and, perhaps, for the entire 1980 fiscal year, in the event that estimated collections later in the year do not materialize in the amounts forecast.

In my judgment, Mr. President, rationing veterans' health care is totally unacceptable, and that is just what may happen if our veterans' health care programs are forced to operate at reduced levels in anticipation of the collection of health insurance reimbursements during fiscal year 1980. Clearly, this would only exacerbate the serious problems which the VA as currently experiencing in providing quality health care for veterans, which has been mandated by the Congress.

Mr. President, I would like to point out to my colleagues that the Veterans' Committee, during the course of this Congress, has made a concerted, and I believe successful effort, to strike a balance between what we believe is necesssary in terms of funding to provide for the needs of our Nation's 30 million veterans, and what we believe is important in terms of budgetary restraint in veterans' programs.

In the Veterans' Committee report to the Budget Committee in March of this year, we indicated that our committee fully recognizes the necessity for close scrutiny of all parts of the Federal budget, and, accordingly, we promised to closely analyze each component part of the veterans' programs under our jurisdiction. Since the submission of that report to the Budget Committee, the Veterans' Committee has exercised fiscal prudence and responsibility in its legislative actions.

Importantly, the committee has this year reported legislation pertaining to veterans' health care and GI bill benefits containing eight cost-savings provisions totalling $81.2 million for fiscal year 1980 and $407.8 million over the next 5 years. Furthermore, the committee plans to recommend later this month a further cost-savings provision derived from S. 1518, a bill to facilitate Government collection of outstanding GI bill claims, designed to net $10 million in fiscal year 1980, and $70 million over the next 5 fiscal years. In total, these actions by the Veterans' Committee represent proposed cost savings of at least $477.8 million in function 700 over the next 5 fiscal years.

Mr. President, the Veterans' Committee strongly believes that this record of action is fully responsive to the congressional budget process and the fiscal and economic constraints under which our Government is operating. We are convinced that additional reductions in veterans' program funding levels, as proposed under the second concurrent resolution, cannot be accepted without jeopardizing our legitimate efforts to provide veterans with reasonable protection from the effects of inflation and enable the VA health care system to provide high quality health care to sick and disabled veterans.

Mr. President, the Cranston amendment seeks to restore in the second concurrent resolution amounts which are essential to sustain veterans' programs at acceptable levels—no more, no less. I, therefore, strongly urge my colleagues to give thoughtful and favorable consideration to the amendment.

Mr. CRANSTON. I am delighted to yield to the distinguished Senator from South Carolina, who is an important and hard-working member of the Committee on Veterans' Affairs.

Mr. THURMOND. Mr. President, today the Senate is considering the proposed second concurrent budget resolution for fiscal year 1980, Senate Concurrent Resolution 36. Within this measure are so-called "reconciliation instructions" to six authorizing committees and the Senate Committee on Appropriations that would, if passed by the Senate and adopted by the Congress, require the committees to recommend legislation to reduce spending by $4 billion for fiscal year 1980.

The Senate Committee on Veterans' Affairs, of which I am senior Republican member, has been instructed to reduce spending for fiscal year 1980 by $100 million in budget authority and $200 million in outlays to meet the proposed Senate concurrent resolution. I believe this instruction is unwise and does not reflect the true commitment this Nation has made to the veteran.

As it now stands, the Senate concurrent resolution that is being advanced by the Budget Committee proposes $21.2 billion in budget authority and $20.5 billion in outlays for the VA during fiscal year 1980. However, the Senate Veterans' Affairs Committee has continued to advise the Senate Budget Committee that a minimum of $21.7 billion in budget authority is needed to fully carry out the legislative programs administered by the VA. This budget authority reduction of $500 million plus the $100 million contained in the "reconciliation instructions" will work a tremendous hardship on those veterans who can least afford it.

For example, the program of foremost concern in the scheme of veterans' benefits is that of compensation—payment to those who are disabled due to service-connected injuries. If this "reconciliation instruction" is not stricken and the Senate concurrent resolution increased, the meaningful cost-of-living increase for the compensation program adopted by the Senate in July may not be funded.

The Senate also has considered the issue of adequate staffing for VA hospitals during this Congress. Due to the "lean and austere" VA budget submitted by the administration which contributed to the closing of several wards at VA hospitals and the reduction of hundreds of hospital employees, I made a decision to support legislation which called for the reduction of veterans' benefits in several existing programs so that funds would be available to employ needed personnel within the VA hospital system. This measure passed the Senate but is now before a joint House-Senate conference and its future is uncertain. However, regardless of the outcome of this conference, should the efforts to strike the "reconciliation instruction" and then to increase the Senate concurrent resolution be defeated by the Senate, funding for the VA hospital system will be dangerously low and the quality of care for our Nation's hospitalized veterans will be in jeopardy.

Mr. President, in addition to these vital VA health maintenance programs, which I consider extremely important, I am equally concerned with several of the assumptions concerning veterans' legislation that the Senate Budget Committee relied upon in arriving at their proposed Senate concurrent resolution.

First, there was an assumption that legislation would be enacted that would save $50 million by eliminating VA burial benefits for non-service-connected deaths. The rationale for this legislation is that under current law an eligible veteran may receive $300 in VA burial benefits while also receiving, if eligible, $255 from the Social Security Administration; therefore, these benefits were said to be duplicative. As of this date, no legislation has been introduced in either the House or Senate which would eliminate this $300 burial benefit and most surely relegate these veterans to a pauper's funeral.

Second, there was an assumption that legislation would be enacted which would eliminate GI bill benefits for flight and correspondence training. Although the Veterans' Affairs Committee has ordered reported legislation to modify and reduce the frequency of abuse in these and other GI bill programs, the once reported cost-savings of $79 million will not be realized. However, it is anticipated that this legislation, as reported by the Senate will save approximately $10 million during fiscal year 1980.

Third, the assumption that $104 million would be saved upon enactment of legislation which would reduce the delimiting period from 10 to 8 years for GI bill purposes has not reached fruition. As a matter of fact, legislation of this nature has not been introduced in either the House or the Senate during this Congress.

Finally, Mr. President, there has been widespread discussion regarding the merits of legislation which would grant authority to the VA to seek reimbursement from private insurers for treatment provided by the VA to their insured veterans, thereby creating a cost savings of $107 million.

On first glance, it would appear reasonable and equitable to require private health insurers and similar contractors to reimburse the VA for nonservice-connected health care which the VA provides to their insured. Such a proposal is especially attractive in light of the need to reduce the Federal deficit and cut taxes.

However, the legislation raises a number of serious questions, such as the issues of constitutionality and administrative feasibility, plus the equitable considerations involved in shifting the economic burden of the care involved from taxpayers to health-insurance premium payers. In any event, hearings are scheduled by the Senate Veterans' Affairs Committee on this legislation in the near future and any expected cost savings in fiscal year 1980, assuming enactment, look minuscule if not illusory.

Mr. President, I do not stand here today in opposition to the Senate Budget Committee and the principles upon which it was created. I believe that Congress must be more responsible in fiscal matters; however, we must not take unwarranted and ill-advised action on programs that are meritorious and cost effective just for the sake of a budget reduction. We also must consider the priority and historical commitment our Nation has made to the various programs and their recipients. I believe that veterans' programs rank high on this list of priorities, especially compensation which benefits those disabled while in the service of this Nation and the hospital program which is the core of the VA system.

Mr. President, I urge my colleagues to join me in seeking adequate funding for the VA by supporting the amendment of our colleague and chairman of the Senate Veterans' Affairs Committee, the able Senator from California (Mr. CRANSTON).

The PRESIDING OFFICER (Mr. FORD). The Senator from California.

Mr. CRANSTON. Mr. President, I thank the distinguished Senator very much for his support for this amendment and his cooperation in so many matters affecting veterans.

Mr. President, I ask unanimous consent that the name of the Senator from Vermont (Mr. STAFFORD) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, how much time do I have?

The PRESIDING OFFICER (Mr. BURDICK). The Senator reserved 10 minutes of his time for himself.

Mr. MUSKIE. Mr. President, in some fashion, in 10 minutes I have to cover ground that has been plowed over for 50 minutes. I have no objection to that at all. I hope I can do it. But it was my desire to give the proponents of this amendment every conceivable moment they needed to make a case. And I have listened. I have sat here and listened for all the 50 minutes. And what have I learned?

I have learned, first of all, that the American Legion and the VFW are for the Cranston amendment. But that came as no great shock or surprise. For the implication was that for some of these reconciliation instructions, the people affected would be for the cuts.

I cannot think of a constituency impacted by the reconciliation instructions—and these include not only the Veterans' Committee, but the Agriculture Committee, the Finance Committee, the Appropriations Committee—who have come to any Senator and urged that the Senator support the cuts. But does that mean, Mr. President, that we have to wait, in this body and this Congress, until the impacted constituencies ask for their own programs to be cut? Mr. President, how long do you think it would take to get a balanced budget if we were to wait until the cuts met that test?

But that is the way we budgeted for most of the 21 years I have been here in Congress. The constituencies of the special programs brought pressures which resulted in increased spending. Surely that is no mystery to any of the rest of us.

So, Mr. President, if we are to hold down spending, if we are to balance the budget, surely our own history tells us it will be done only if, a sufficient group in this body, is willing to enforce budget discipline. Only if we do that will we ever achieve a balanced budget.

All the Veterans' Committee has said to us this afternoon is that their constituency is against the cuts. I did not need to come to the floor to know that. I have veterans in my State, and of course they are against the cut. It is the business of these veterans organizations to be against cuts in their programs. It is their business to represent the veterans, and I honor them for doing so. But it is our business to decide the total of resources for numerous constituencies which run across the whole budget. And it is our responsibility to ask if there is a limit, or is there not? And if there is a limit, who ought to be subject to it? Everybody, or nobody, somewhere in between?

Mr. President, let us look at this veterans' function. The first concurrent resolution recommended $21.2 billion in budget authority and $20.6 billion in outlays. There was no amendment on the Senate floor to change those numbers, and those numbers assume some of the savings that we have been talking about here this afternoon.

Then the first concurrent resolution, reestimated in July, contained the same numbers—$21.2 billion in budget authority and $20.6 billion in outlays. The second concurrent resolution, with the original reconciliation instruction to the Veterans' Committee, was $21.2 billion in budget authority and $20.5 billion in outlays. In other words, we tried to save something in the veterans' function, as well as in other functions, in order to hold spending down and move toward a balanced budget. So we cut outlays by $100 million, as we reported the budget resolution to the floor.

Mr. President, I have listened to at least one speaker tell me that we have been discriminating against veterans in this compromise. But let me make this clear: The pending Muskie amendment modifies the pending reconciliation resolution in two places by reducing the savings required. One of those places was the Finance Committee, because of its concern with social security recipients. The other was the Veterans' Committee. We relieved the Veterans' Committee of some of the savings burden that we have been talking about all afternoon.

We relieved them, but that relief was not enough. This amendment that is pending before us, the Cranston amendment, asks not only that the remaining $100 million of cost savings be lifted from their shoulders, but that beyond that, they be allowed to spend $200 million more. It is not enough for them to be relieved of part of the savings responsibility. It is not enough for them to be relieved of all of the savings responsibility. They want to be able to spend $200 million more, so that their budget authority totals would not be the $21.2 billion in the first concurrent resolution, but $21.5 billion if the amendment passes. On the outlay side it would rise from $20.6 billion in the first concurrent resolution to $20.9 billion.

So what they are saying to us, Mr. President, is that not only should they not be required to share some of the responsibility for holding down the cost of the Government, not only should they not be required to make a contribution to a reduction of the deficit, but they ought to be allowed to spend more. And this is at the expense of the savings responsibilities assumed by others, like the school lunch program.

Mr. President, the Senate has just voted that the school lunch program had to bear $100 million of the savings responsibility. So if we vote for the Cranston amendment, we are going to be saying to the country, "We are for taking these savings out of the school lunch program in order that the veterans' programs can spend $300 million more." That would be the effect of those two votes taken in conjunction with each other. But I think in making that kind of a statement, I do not need to take the criticism that I am against veterans because we have presented to the Senate balanced savings proposals, which are spread not just among the Veterans' Committee but among seven committees of the Congress, including Appropriations, Defense, Finance, and Agriculture. If it is unreasonable to ask one of these committees to make any savings, then obviously, it is unreasonable to ask any of them to make any savings.

There is one thing I have noticed about a case that is made for this kind of amendment. That is that the debate is always launched in such a way as to put people in my position in the worst possible light. I have found myself accused, because of this $100 million additional savings that we are asking for, of jettisoning just about every veterans' program I have ever heard of. Let us just take one, the 11.1 percent cost-of-living increase for veterans' income programs.

Well, Mr. President, we reduced the savings responsibility of the Veterans' Affairs Committee by $100 million in order to provide the full 11.1 percent cost-of-living increase for disabled veterans. And we stated that explicitly to a meeting considering this reconciliation compromise, attended by at least one Senator on the floor this afternoon. But I have heard four Senators make the statement that, by retaining $100 million of the $200 million savings, we would be making impossible a full cost-of-living increase, 11.1 percent, for the veterans disability compensation program.

Mr. President, the $100 million in savings that we gave up was designed to provide for that 11.1-percent cost-of-living increase for the veterans' disability compensation program. But to now find myself accused, having made that positive gesture in the direction of the veterans' programs, of not providing for, the disabled veteran, truly discourages me.

The PRESIDING OFFICER. The Senator's time on the amendment has expired. There is still time on the resolution.

Mr. MUSKIE. Mr. President, I give myself 2 minutes on the bill, just to round out my argument.

Mr. President, from fiscal year 1970 to 1975, veterans' programs increased by 91 percent; from 1975 to 1980, by 24 percent; from 1970 to 1980 by 134 percent. But, apparently, Mr. President, there is no way one can disabuse those who are interested in such programs of the notion that restraint represents hostility. And this political fact of life has resulted in uncontrollable spending in many aspects of the Federal budget—senior citizens, farmers, veterans, schoolchildren. You name it, we all know the constituencies. If you deny even the last penny, somebody is going to accuse you of being against schoolchildren, against veterans, against farmers, against senior citizens. So we all panic as politicians when those issues arise, to give every penny and then double it. We have seen that happen, over and over again, in my 21 years in the Senate.

Mr. President, we are never going to have budgetary discipline, we are never going to get the budget balanced we are never going to get rid of inflation until the majority is willing to say there comes a time when restraint has to be the measure of public policy. Inflation is robbing veterans, inflation is robbing schoolchildren, inflation is robbing senior citizens, inflation is robbing farmers, inflation is robbing the defense, inflation is robbing the housewife, inflation is robbing Members of Congress, who worry about the adequacy of their pay and privileges. Inflation is robbing everybody, Mr. President. And whenever a group with political clout seeks to insulate itself from inflation at the cost of others without as much clout, all that happens is that the inflation of rising expectations begins to overwhelm all of us. So we have to put more money in for everybody in order to avoid the political consequences of appearing to be hostile to somebody.

I have no bias against veterans. My best case for that is that the $100 million savings which we asked the Veterans' Committee to find is only 2.5 percent of the total savings the Budget Committee is requesting of Senate committees. It is less than one-half of 1 percent of total veterans' spending. But it is argued to me that these figures indicate hostility on the part of ED MUSKIE to veterans. And if I have to bear the consequences of that unfair argument, I shall bear it. But it does not rest on fact.

I do not think we have asked anything unreasonable of the Veterans' Committee. We have discriminated in their favor in this compromise. But that is not good enough. Well, it is their right to complain. But it is my right to point out that not only are they asking to be relieved of the savings responsibility we have asked them to assume, but they want to go $200 million beyond—$300 million beyond the first concurrent resolution, to which they offered no amendment in the spring—to increase spending.

Mr. President, I yield the floor.

Mr. MATSUNAGA. Will the Senator yield for a question?

Mr. MUSKIE. I yield 1 minute on the bill for the purpose of a question.

Mr. MATSUNAGA. The effort, of course, being made here is to balance the budget. The Joint Committee on Taxation, appearing before the Committee on Finance, presented figures which show that, in 1980, out of new taxes on oil, Federal royalties, and windfall profits tax, there be an additional $7.6 billion. Of course, it goes anywhere from $4.7 billion to $4.8 billion to $7.6 billion. In each case where assumptions are made, the additional tax anticipated because of decontrol on oil will mean an amount in excess of what the Budget Committee is trying to save. Was this figure taken into consideration by the Budget Committee in figuring out the revenues expected?

Mr. MUSKIE. Mr. President, I am going to have to have more than the minute. I yield myself 2 more minutes.

No. 1, we went into this question of potential revenues from a windfall profits tax at length in the Budget Committee, in the caucus which we held last week on the reconciliation resolution, and in the meeting of chairmen of committees. The possibility of squeezing out more from revenues was raised and we were advised by members of the Committee on Finance, who are more knowledgeable in this than I am, that we have probably assumed more than is realistic already. But we assumed $2 billion in windfall profits tax revenues, not tied to conservation or production incentives or other energy-oriented objectives. We were told that that $2 billion has to stretch to possibilities beyond what we have assumed.

So the $2 billion, I gather, is pretty much at the top of what we can expect, that if a windfall profits tax is enacted. The Senator knows that is controversial, but if it is enacted there will be demands made against the revenues, the conservation, the production incentives, and for relief of low-income citizens who will be unacceptably burdened by the higher cost of energy, and we were told, the Finance Committee told us, before we assume the $2 billion that we ought not assume a penny in extra revenues from the General Treasury.

Mr. MAGNUSON. Will the Senator yield?

Mr. MUSKIE. I am happy to yield to my good friend.

Mr. MAGNUSON. At least, we were told that is the most we could expect for the first year.

Mr. MUSKIE. That is right.

Mr. MAGNUSON. It may be more afterwards, but for the 1980 budget, this is all we could use.

Mr. MUSKIE. That is what we were told.

Mr. MATSUNAGA. I have the figures, as a matter of fact, presented in writing by the——

Mr. MUSKIE. I know what the gross figures are, and I have bigger gross figures than the Senator described.

Mr. MATSUNAGA. Even without the windfall profits tax, the figure here, income tax, for all additional oil produced as a consequence of deregulation, is $3.4 billion in 1980.

In 1981, that goes up to $8.6 billion, and so on.

Mr. MUSKIE. Is the Senator saying that independent of the passage of the windfall profits tax, the general revenues can increase by that much more; in other words, that our general revenue estimate should be increased by this amount?

Mr. MATSUNAGA. That is the figure given us by the Joint Committee on Taxation.

Mr. MUSKIE. Did they have before it our revenue assumptions, which are $514.7 billion?

That includes $2 billion from a windfall profits tax. Is the Senator telling me that the remaining $512.7 billion is unrealistically low?

Mr. MATSUNAGA. Yes, I am—well, I have put the question whether the Senator and his Budget Committee had taken into consideration this estimate made by the Joint Committee on Taxation for additional taxes expected out of decontrol, and, as I see it——

Mr. MUSKIE. Well, the Senator is estimating $512.7 billion, may I say, from all sources of revenue.

I do not know that I can, from the top of my head, isolate the particular contribution to our total revenues made by the source the Senator refers to.

Mr. MATSUNAGA. According to table 1 of the summary, the committee print, anticipated revenues show as $514.7 billion.

Mr. MUSKIE. That is what I just said.

Mr. MATSUNAGA. I thought the Senator said $512 billion.

Mr. MUSKIE. I said $512.7 billion, deducting the $2 billion we assumed for the windfall profits tax.

Mr. MATSUNAGA. I see.

I still feel we have not included this anticipated increase in GNP in taxes as a consequence of decontrol.

So I would think perhaps the small amount, such as the Veterans' Committee is asking for, would easily be overbalanced by an increase in revenues from decontrol, even without the windfall profits tax.

Mr. MUSKIE. I can only say to the Senator that we took into account in the new revenue estimates, and he will see they are higher than the first concurrent resolution, that the new revenue estimates include the impact of inflation, including the higher cost of oil.

Whether or not they specifically relate, or in what way, specifically relate to the estimates the Senator has given us, I cannot say from the top of my head.

But there is $3 billion to $4 billion additional revenues in this resolution attributable to inflation and the higher cost of energy.

Mr. MATSUNAGA. If I may——

Mr. MUSKIE. One can always quarrel with revenue estimates. I found as a Governor that State legislatures love to increase revenue estimates so they can spend deficits in that constructive way.

If we spend increased revenues, we are not spending deficits, even though the revenues are never realized.

Mr. MATSUNAGA. If the anticipated increase in revenues is based on sound projection, I think we ought to make that in order to meet important programs, such as that proposed by the Veterans' Committee.

What I am trying to say is that it is a sound projection, on the basis that there will be an increase in GNP because of decontrol.

Mr. MUSKIE. I am not specifically familiar with the particular figures the Senator is advocating, but I assure him, in my judgment, our overall revenue projections are sound. They ought not be inflated any more than they are.

For one thing, if unemployment rises more significantly than it has, we will begin to get a shrinkage of revenue because the unemployed produce no revenue.

So just arbitrarily raising them to fund programs is pretty risky business.

Mr. MATSUNAGA. I am not asking the Senator to raise projected revenues arbitrarily, but based on what the Joint Committee on Taxation has provided the Finance Committee as being sound estimates.

Mr. MUSKIE. I can only assure the Senator, the Budget Committee operates on the basis of the inputs it gets from the appropriate committees of the Congress and the Senate, from the Office of Management and Budget, the Treasury Department, anybody who can give us enlightenment on this important question of revenues.

We do not like deficits. If we could, by raising revenues in a way that is responsible, reduce deficits, nobody would like that better than the Budget Committee, I assure the Senator.

But, on the other hand, we are not going to just arbitrarily increase revenues in order to reduce the deficit.

Mr. MATSUNAGA. The figures presented to us were presented to the Finance Committee on September 5. I do not know whether these were taken into consideration, but the chairman is not really definite as to whether they were or not, and that is the response—except for the $2 billion?

Mr. MUSKIE. The Senator can ask how much increase Chrysler will contribute to the Treasury next year, and I would not have the answer to that.

We are a macroeconomic committee. We try to get the best revenue estimates we can.

I am under the impression the chairman of the Finance Committee watches our estimates pretty closely. If we set a number that is unreasonably high or unreasonably low, he is inclined to be the first to come to us to say so, because he does not like to be under the pressure of the Budget Committee telling him what he ought to do or ought not to do.

I assume that if our revenue estimates are numbers he agrees with, that they are probably pretty good, and if he does not agree with them, he will tell me so, and why. He has access, as the Senator just told us, to the information available to the Joint Committee on Taxation—as he should.

I mean, they are first boss for the chairman of the Finance Committee.

Mr. MATSUNAGA. I thank the chairman for his remarks.

Mr. CRANSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from California has 3 minutes remaining on the amendment.

Mr. CRANSTON. Mr. President, I would like to say to the distinguished chairman of the committee that I have not charged, hinted, or suggested that he or his committee is hostile to veterans. If that charge has been made, I disassociate myself from it. I know it is not true.

Mr. President, I would like to point out, in response to the distinguished floor manager, that in the 50 minutes, more or less, that I and others devoted to support of our amendment, I believe less than 30 seconds was spent in indicating the veterans' organizations support my amendment.

It is, therefore, I think, a rather clear indication of the weakness of the floor manager's position that he devoted so much attention at the outset of his rebuttal to that one point, rather than coming to grips with the merits of this issue.

Mr. MUSKIE. Will the Senator yield?

Mr. CRANSTON. Certainly.

Mr. MUSKIE. Would it be appropriate for me to answer in rebuttal, that the little time he spent on it on the floor suggests how unimportant it may be, in his judgment.

Mr. CRANSTON. In that connection, I point out that in June, over the opposition of the veterans' organizations, I and the Veterans' Affairs Committee amended H.R. 3892, a House-passed veterans' health bill, to lead to a savings of $35 million if enacted.

The Veterans' Affairs Committee, I stress, is working for $478 million in savings over the next 5 fiscal years. So we are doing what we can to contribute to the effort by many of us, with the committee taking a strong lead, to move toward a balanced budget and to cut costs where we can, in an effective, equitable, and appropriate way.

It has been asserted by the floor manager that the proposed budget resolution would include funding for an 11.1-percent cost-of-living increase in service-connected disability compensation benefits. That assertion ignores the fact that the proposed budget levels for function 700 in section 3 of the substitute resolution and the proposed instruction to the Veterans' Affairs Committees in section 1, to reduce spending by $100 million in budget authority and outlays, do not—I repeat, do not—allow for this realistic cost-of-living increase in compensation programs unless further reductions are made in veterans' entitlement programs beyond those the Veterans' Affairs Committee has already recommended in its painstaking, exhaustive efforts to achieve savings.

Thus, under the approach now recommended by the able chairman of the Budget Committee, the compensation cost-of-living increase would not be provided for in a direct, straightforward manner; rather, part of the necessary funding would have to come from funds derived from reductions in other veterans' entitlement programs. As proposed by the floor manager, that would mean total elimination of GI bill benefits for flight and correspondence training courses, the preclusion of any cost-of-living increase in GI bill benefits—and it has been 3 years since the last such increase—and elimination of the targeted delimiting date extension that the Veterans' Affairs Committee is proposing in S. 870 to assist educationally disadvantaged and unemployed Vietnam-era veterans.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CRANSTON. May I have 2 additional minutes on the bill?

Mr. MUSKIE. I yield.

Mr. CRANSTON. I believe that Mr. President, this is an unrealistic and unfair approach and is tantamount to the Budget Committee dictating to the Veterans' Affairs Committee its legislative program for veterans' programs. The most dangerous feature of this "musical assumptons" game, of course, is that Senators may actually be misled into thinking that, if they support the floor manager's position, they are making adequate provision for a realistic cost-of-living increase in compensation benefits.

That just is not so, Mr. President.

In addition, Mr. President, I wish to stress against that the Budget Committee, as I have previously indicated is recommending a $200-million reduction in VA health-care appropriations for fiscal year 1980. Acceptance of this recommendation would require a reduction of nearly 10,000 VA health care personnel below the level which the Senate approved in H.R. 4394, the HUD-Independent Agencies Appropriations Act for fiscal year 1980 and to which the conferees on that legislation have also agreed. Adoption of the Budget Committee's recommendation would be a truly devastating blow to the VA's ability to provide needed health-care services. In fact, I am convinced that the Budget Committee's proposal if adopted, would directly impair the VA's ability to provide quality medical care to veterans at facilities across the Nation.

Finally, Mr. President, I again urge that the cuts that are assumed in the Budget Committee GI bill and burial benefits recommendations actually be offered as amendments when the appropriate legislation, S. 870, comes before the Senate. Then we can directly find out the will of the Senate on these proposals in concrete legislative form, rather than sweeping them into a budget resolution where the Senate will not have an opportunity to vote up or down on each of these separate proposals for cuts.

I doubt that the full Senate would make such cuts if Members were aware of the exact situation involved in a proposal upon which they could vote directly in the Senate. That is the way for the Senate to work its will on such matters.

Mr. MUSKIE. I yield myself 2 minutes.

Mr. President, unless I did not hear what I thought I was hearing, I have been confronted with two arguments that seem in conflict with each other. First, if the Budget Committee suggests particular places to make cuts, it is dictating. But if it does not suggest places to cut, then it is being unrealistic, because there are no ways to make the cuts.

Any committee can make that argument. It is a constant argument the Budget Committee faces.

Mr. President, we are not a line item committee, but we feel some responsibility to take into account some program specifics—How are programs to be funded? Which ones are proposed to be funded and at what rates? What is the validity of proposals that come from one source or another for reductions in spending?

If I understand Senator CRANSTON correctly, we should not listen to anybody else's suggestions for cuts in veterans' programs unless he endorses them; that we should make no proposals for specific areas of savings unless he endorses them; and that if he has no such specific proposals for us to recommend, we should make no proposals for overall cuts because we do not know what we are talking about. That seems to be the sum and substance of the argument.

Now, Mr. President, with respect to additional cuts in entitlement programs, I happen to believe there is a place where this can be done. But the Veterans' Committee, apparently, is not interested in trying.

Let us take the flight training and correspondence school proposal. What are the facts here? Well, in flight training only 16 percent of the graduates are employed in an aeronautical profession. In 1978, only 4,000 commercial flight jobs were open but there were more than 20,000 veterans in training. Further, a GAO study demonstrates that 57 percent of veterans are in flight training for recreational purposes. And the average cost of this recreational flight training is more than $3,200 per year. For correspondence courses, the completion rate is only 34 percent and only 11 percent of the students enter a training-related profession.

Mr. President, if making a sound judgment is to be based on priorities, what do those facts suggest to anybody? And there is $79 million to be saved in this program alone.

The Senator talks about cuts in health care that we are mandating. But they are not involved in this reconciliation proposal. That is an appropriations matter for the Appropriations Committee to consider. The Senate's vote on this Cranston amendment will provide for an increase in appropriations. It has nothing to do with entitlements.

So Senator CRANSTON puts it in here in order to get the political clout or the emotional clout of veterans' health care benefits added to his amendment. It should not be here at all. If Senators vote for his amendment, Senator MAGNUSON's Appropriations Committee then will be pressured to acknowledge the $200 million increase in health care for veterans in the appropriations instruction.

Mr. President, I have listened to the bulk of the debate on this by the other side. I have given up my own time in order to give them all the time they might require, and all I have succeeded in doing is giving them an opportunity to obfuscate the real issue that is involved here. The real issue is whether this committee, the Veterans' Committee, beyond all others, should be exempted from any and all responsibility to find some savings to hold down the cost of Government. That is what they are asking for. They are asking for preferential treatment, not only to eliminate the savings responsibility, but also to add $300 million overall to the spending which they previously had been authorized by the first concurrent budget resolution to support.

Mr. President, I am going to move to table the Cranston amendment——

Mr. CRANSTON. Mr. President, may I have 1 minute before the Senator does that?

Mr. MUSKIE. I yield the Senator 1 minute.

Mr. CRANSTON. Mr. President, with regard to veterans health care, there is a cut proposed by the Budget Committee in function 700, mission 3, from $6.3 billion to $6.1 billion. The $6.3 billion figure was already approved by the Senate and the conference committee on the appropriations bill. So there is a cut there, and our amendment to the function 700 totals clearly had to deal with it from the point of view of what I believe and what others on the legislative committee believe is necessary to assure adequate health care for service-connected disabled and other veterans who need medical help.

The Senator suggests that the committee is not trying to save on flight training. Just before this debate began, I was in the Veterans' Committee meeting with some people who are involved in correspondence training, listening to their complaints about my efforts and the committee's efforts to make some cuts in the correspondence training program.

Regarding flight training, I stress that S. 870, which was reported by the committee, would save $27.7 million on flight training in fiscal 1980 and $140 million over 5 years. So the Committee on Veterans' Affairs is trying to make responsible cuts, and is seeking no exemptions from the process.

Indeed, we have recommended cuts in the exact program cited by the Senator from Maine.

I am seeking—the committee is seeking—to be fiscally responsible, but we cannot stand by idly and see cuts made to balance the budget on the backs of veterans.

Mr. MUSKIE. This reconciliation instruction will not balance this year's budget, next year's budget, or the following one.

I say to the Senator it is a phony argument. What he is saying is that he will make no effort in combination with other committees here to reduce spending to a level previously approved by the Senate. The whole argument here is that the Senate and Congress have approved spending in excess of the first concurrent resolution. What we are trying to do is return to that level and he does not want to. That is his argument pure and simple.

Mr. President, I move to table the amendment.

Mr. CRANSTON. Mr. President, may I have 15 seconds?

Mr. MUSKIE. Mr. President, I have been yielding the bulk of the time all afternoon. Every time I do I get another argument that requires an answer. But the arguments do not hold up any better the second time they are offered than the first time.

So, Mr. President, I move to lay the amendment on the table and ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from California. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Iowa (Mr. CULVER), the Senator from Louisiana (Mr. LONG), the Senator from Arkansas (Mr. PRYOR), the Senator from Indiana (Mr. BAYH), and the Senator from Delaware (Mr. BIDEN) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Pennsylvania (Mr. HEINZ), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD), is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) would vote "nay."

The PRESIDING OFFICER (Mr. LEAHY). Have all Senators in the Chamber who wish to vote voted? Are there any Senators who have not voted who wish to vote?

The result was announced—yeas 49, nays 39, as follows:

[Rollcall Vote No. 288 Leg.]

YEAS—49

Armstrong
Baker
Baucus
Bellmon
Boren
Boschwitz
Bradley
Byrd,
  Harry F., Jr.
Cannon
Chafee
Chiles
Cohen
Danforth
Domenici
Eagleton
Exon
Garn
Glenn
Goldwater
Hart
Hatch
Hatfield
Hayakawa
Heflin
Javits
Jepsen
Johnston
Kassebaum
Lugar
Magnuson
Metzenbaum
Morgan
Moynihan
Muskie
Nunn
Packwood
Pell
Percy
Proxmire
Ribicoff
Roth
Schmitt
Schweiker
Stennis
Stevens
Stevenson
Wallop
Warner
Zorinsky

NAYS—39

Burdick
Byrd, Robert C.
Church
Cochran
Cranston
DeConcini
Dole
Durenberger
Durkin
Ford
Gravel
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Kennedy
Leahy
Levin
Mathias
Matsunaga
McGovern
Melcher
Nelson
Pressler
Randolph
Riegle
Sarbanes
Sasser
Simpson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Williams
Young

NOT VOTING—12

Bayh
Bentsen
Biden
Bumpers
Culver
Heinz
Laxalt
Long
McClure
Pryor
Stafford
Weicker

So the motion to lay on the table Mr. CRANSTON's amendment (UP No. 556) was agreed to.

UP AMENDMENT NO. 557

(Purpose: To adjust levels of revenues, new budget authority, and outlays so as to provide no real growth in Federal spending)

Mr. SCHWEIKER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. SCHWEIKER) proposes an unprinted amendment numbered 557.

On page 5, strike all following the first sentence and insert the following—

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 5, strike all following the first sentence and insert the following:

(a) the recommended level of Federal revenues is as follows:

Fiscal year 1980: $510,200,000,000;
Fiscal year 1981: $592,100,000,000;
Fiscal year 1982: $637,000,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1980: +$2,000,000,000;
Fiscal year 1981: +$9,700,000,000;
Fiscal year 1982: —$38,700,000,000;

(b) the appropriate level of total new budget authority is as follows:

Fiscal year 1980: $630,000,000,000;
Fiscal year 1981: $641,700,000,000;
Fiscal year 1982: $707,700,000,000;

(c) the appropriate level of total budget outlays is as follows:

Fiscal year 1980: $540,900,000,000;
Fiscal year 1981: $582,000,000,000;
Fiscal year 1982: $619,800,000,000;

(d) the amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

Fiscal year 1980: —$30,700,000,000;
Fiscal year 1981: +$10,100,000,000;
Fiscal year 1982: +$17,200,000,000;

The PRESIDING OFFICER. The Senate will be in order. The Chair cannot hear Senators.

The Chair will remind the Senator from Pennsylvania that until the time on the Muskie amendment has expired, no further amendments are in order except by unanimous consent.

Mr. MUSKIE. Mr. President, we set the pattern, I think, on the two earlier amendments; so I ask unanimous consent that the Schweiker amendment be considered in order at this time, even though all time has not expired on the Muskie amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SCHWEIKER. Mr. President, I offer an amendment to reject the Budget Committee's acceptance of 48-percent inflation, to reduce proposed Federal spending by $81 billion, and to reduce Government revenues by $144.6 billion over the next 5 years. I am startled and deeply disappointed by the Budget Committee's resignation and sense of defeatism in the fight against inflation. On page 25 of its report, the committee spells out its forecast for consumer prices for fiscal years 1980 to 1984. The forecast: Little progress can be made to stop rising consumer prices during the next 5 years. This Senator believes that is nonsense.

Under the fiscal policy plan recommended by the Budget Committee, consumer prices will rise by a shameful 48 percent in the next 5 years. By way of historical comparison, you have to go all the way back to the 5-year period of 1916 to 1921 to find a more inflationary period. Not even the inflation-racked decade of the 1970's surpasses what the Budget Committee says is in store for the American people who are already pressed to the breaking point by inflation.

The Senate should feel embarrassed to budget in this 48-percent inflation. At a time when public opinion polls show that inflation is the No. 1 issue in America, the Senate cannot in good conscience endorse a policy which budgets in devastating inflation for years to come. I believe any budget resolution which acquiesces to devastating inflation is an unacceptable starting point for determining the budget.

Consider what 48-percent inflation will mean to those on fixed incomes and to the poor. Bread could cost $1.20 a loaf. Milk could be $3 a gallon. Without any new OPEC-induced price increases, gasoline could sell for $1.50 a gallon. If we agree to this, who will answer to the poor, the elderly, and others living on fixed incomes who cannot possibly stay even with a price spiral out of control?

Consider what this unparalleled inflation will do to young couples just starting out. The price of today's $70,000 home would be $104,000 by 1984, with a down payment of $21,000. The monthly mortgage, not including taxes and insurance, at 11 percent for 25 years will be $813, about 51 percent of the average family monthly income today. This means that millions of young couples would lose the right to buy a home at a price they can afford. Besides being frozen out of the housing market, the decision of when to start a family will also be seriously affected. Millions of dual wage families will be forced to conclude they cannot forgo a potential mother's income because manufactured inflation from Washington makes child rearing a losing proposition.

Tragedies for other vulnerable groups are certain unless we act now to prevent them. Is there anyone in the Senate who doubts this? This country simply cannot withstand 48 percent inflation squeezed into only 5 short years. Our cities will be in upheaval, our rural areas bankrupt. Caving in to inflation now will define new limits of irresponsibility. We would be surrendering the war before the first shot is fired. Well, I feel we should fight to the last man—not wave a white flag.

The committee believes a 45 percent increase in Federal outlays over 5 years is an austere policy since prices are expected by them to rise by 48 percent. I concur that even a 45 percent spending increase over 5 years might earn the title of austerity if it takes place during a time when prices rise by 48 percent. Federal spending growth, after adjustment for inflation, would be negative. But a 45 percent spending increase is not austerity budgeting if Congress will act to bring inflation down to its historic rate—or at least closer to it.

During the guns and butter decade of the 1960's, inflation averaged 2.7 percent annually, or 14.5 percent over a 5-year period. And during the fifties, inflation averaged 2.1 percent a year, or 11 percent over a 5-year period, not 48 percent. If inflation is brought under control and the country matches the experiences of the fifties and sixties, then a 45 percent spending increase in half a decade is unjustifiable. People do not want Government to get bigger, any more than they want more inflation.

For these reasons, I believe the Senate should construct an austere budget based on inflation rates which are tough, but realistic if the Senate has the will to achieve them.

Just what are realistic inflation goals for the Senate to strive for over the next 5 years? In an attempt to answer this question, I contacted seven economists of national stature. Their political beliefs span the spectrum from liberal to conservative. Senators will see their projections on table A of the summary sheet of my amendment before them.

The Budget Committee accepts an inflation rate for the next 5 years which amounts to 148.3 on a compounded cumulative inflation index which uses fiscal year 1979 as 100.

Each of the seven leading economists contacted during the week of August 27—that was just a few weeks ago—was asked to provide his projection of consumer price increases for each of the next 5 fiscal years assuming that the economic policies he favored were adopted. All but one thinks we can do far better than the Budget Committee.

Only one, Otto Eckstein, at 149.2, comes out anywhere near the inflation index of 148.3 which the Budget Committee would have us accept. Listen to the others:

Arthur Okun at 140.2; Walter Heller at 141.4; Michael Evans at 137.3; Milton Friedman at 142.2; Martin Feldstein at 133.8 and Arthur Laffer at 125.1. Taken together as a consensus, their projections give us a cumulative 5-year inflation index of 138.2, a full 10 points lower than the inflation increases the Budget Committee asks us to accept, in their report and their resolutions.

The average consensus inflation rate which can be achieved if you combine the projections of these distinguished economists over the next 5 years is 6.7 percent, compared to the 8.2 percent accepted by the Budget Committee.

That is a difference of a full 1.5 percentage points, one-and-a-half percentage points for each of those fiscal years.

When the consensus forecast is used, we see that no real growth budgeting—and that means, by my definition, letting the Federal Government spend just enough more to keep even with inflation—we see that no real growth budgeting requires budget authority and outlay cuts from the committee resolution of $2.2 billion in fiscal year 1980, $7.5 billion in fiscal year 1981, and $14.9 billion in fiscal year 1982.

The question of which policies should be selected to lower inflation will be chosen through debate in the Congress, but I believe the Congress can and will develop a sound strategy. We must do so in the interests of the country.

Senators may freely compare the budget recommended by the committee and by me on their summary sheets which I ask unanimous consent to have printed at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE A

[In percent except index]

Consumer price increase projections	Fiscal year— 1980	1981	1982	1983	1984	Annual average	Fiscal year 1980–8, compounded cumulative inflation index (fiscal year 1979=100)
Arthur Okun (former chairman, Council of Economic Advisers)	9.0	8.0	7.0	6.0	5.0	7.0	140.2
Otto Eckstein (president. Data Resources. Inc.)	10.3	8.4	8.3	7.4	7.3	8.3	149.2
Walter Heller (former chairman, Council of Economic Advisers)	8.5	7.8	7.1	6.5	6.0	7.2	141.4
Michael Evans (former president, Chase Econometrics)	9.7	7.5	6.2	5.2	4.2	6.6	137.3
Milton Friedman (Nobel laureate)	9.7	8.2	7.2	6.2	5.2	7.2	142.2
Martin Feldstein (president, National Bureau of Economic Research)	8.0	7.0	6.0	5.0	4.0	6.0	133.8
Arthur Laffer (former OMB Chief Economist)	8.0	6.0	4.0	3.0	2.0	4.6	125.1
Leading economists consensus inflation factor (Schweiker amendment)	9.0	7.6	6.5	5.6	4.8	6.7	138.2
Budget Committee projections	9.8	8.6	7.7	7.5	7.4	8.2	148.3

Note: Economists' inflation rate projections are based on interviews during the week of August 27. Each was asked to provide his projection of consumer price increases for each of the next 5 fiscal years assuming that the economic policies he favored were adopted.

TABLE B.—REVISED TO REFLECT MUSKIE AMENDMENT TO BUDGET RESOLUTION

Inflation factor (Consumer Price Index)	Fiscal year— 1980	1981	1982	1983	1984	Annual average increase	Fiscal years 1980–84, compounded cumulative price increase (percent)
Schweiker amendment (percent)	9.0	7.6	6.5	5.6	4.8	6.7	
Cumulative inflation index—(Fiscal year 1979=100)	109.0	117.3	124.9	131.9	138.2		38.2
Committee resolution (percent)	9.8	8.6	7.7	7.5	7.4	8.2	
Cumulative inflation index—(Fiscal year 1979=100)	109.8	119.2	128.4	138.1	148.3		48.3
						Cumulative reduction fiscal years 1980–84	
Budget authority (billions):							
Schweiker amendment	$630.0	$641.7	$707.7	$739.8	$799.1		
Muskie amendment	632.2	649.2	722.6	762.2	833.1		
Schweiker budget authority reduction	2.2	7.5	14.9	22.4	34.0	$81.0	
Outlays (billions):							
Schweiker amendment	540.9	582.0	619.8	654.5	685.9		
Muskie amendment	543.1	589.5	634.7	676.9	719.9		
Outlay reduction with Schweiker amendment	2.2	7.5	14.9	22.4	34.0	81.0	
						Cumulative fiscal years 1980–84	
Revenues (billions):							
Schweiker amendment	510.2	592.1	637.0	704.7	769.7		
Committee resolution	514.7	603.6	658.4	744.4	837.2		
Taxpayer savings with Schweiker amendment	4.5	11.5	21.4	39.7	67.5	144.6	
Annual surplus (billions):							
Schweiker amendment	−30.7	+10.1	+17.2	+50.2	+83.8	+130.6	
Committee resolution	−28.4	+14.1	+23.7	+67.5	+117.3	+194.2	

Mr. SCHWEIKER. Mr. President, the biggest difference between them is that I believe the committee recommendation is based on unacceptable inflation that will plague the country.

In a literal sense, a vote for the committee budget is a vote which proclaims to the public that the Congress and the administration cannot work together to slow the price spiral. It is a vote of "no confidence" in the American system of Government. It says the people's representatives cannot act responsibly to solve the No. 1 domestic issue today—inflation. Alternatively, if the Budget Committee inflation assumptions prove wrong, then the people will rightly conclude that all of the talk about austerity is a sham—a cloak to mask rapid spending growth. Congress will have talked conservatively, but have budgeted liberally. The hypocrisy will be impossible to conceal.

I believe we must make it possible for people to buy food, gas, and housing at prices they can afford. I urge my colleagues to vote for my budget changes which assume the Congress will act to make this possible and to allow the American people to maintain their standard of living.

Mr. President, I believe it is essential that when the Senate considers its budget document, that we do not assume, as a matter of fundamental economic, budgeting, and appropriation policy, that we are going to have a 48-percent growth in inflation in the next 5 years. I think that is much too high. The seven leading economists I polled, who cover the spectrum from liberal to conservative, averaged some full 10 percentage points below that. I believe that at least is a target that this country ought to be shooting for.

The **PRESIDING OFFICER.** Who yields time?

Mr. MUSKIE. Mr. President, I must say that I find this amendment as difficult to deal with as any which has been offered or is likely to be offered. That is not because there is any particular pressure group or constituency involved on the other side, but because what it asks of me is that, instead of the economic crystal ball which the Budget Committee and the Congress have used over the last 5 years, we should use another one, of Senator SCHWEIKER's contriving, to project future economic events.

The Senator has properly said that the 5-year projections of the Senate Committee on the Budget assume a cumulative 48-percent inflation over the next 5 years. It is of interest, I think, to note that over the past 5 years that figure was 46 percent, only 2 percentage points off from the projection for the next 5 years. I offer that not as being any more accurate an indicator of what will happen than the Senate Budget Committee projects or than Senator SCHWEIKER projects, but merely to point out that, given the inflation experience we have had in recent years, that we are still experiencing, and the upward trend in inflation that we have experienced this year, the Senate Budget Committee is not that much out of line with what is reasonable as we look to the future. Not that it is reasonable to experience 48-percent cumulative inflation over 5 years. I would like to see that zero. But neither Senator SCHWEIKER nor I have come up with any way of limiting inflation so that there is no increase in the budget attributable to inflation between now and 5 years from now. We both assume there is going to be inflation.

So what do we come down to? We come down to this: Is either Senator SCHWEIKER or the Senate Budget Committee more accurate in its vision of the inflationary future? Which? Maybe it ought to be 50 percent; maybe it ought to be 40 percent; maybe it ought to be 60 percent; maybe it ought to be 20 percent.

What do we do, just arbitrarily pick a figure? Or suppose, as is suggested by the Senator's argument, we ought to take a handful or two handsful of economists and ask them each, individually, to make a projection, add up the figures, divide by the number of economists, and choose that. Is that more rational, more likely to be correct, more likely to be sound than a Schweiker projection or a Senate Budget Committee projection or a CBO projection or an OMB projection? I confess I do not know which is the best.

All I know is that if you have created an institution, as we have, in the congressional budget process and within that institution, if you have created an agency whose business it is to make economic projections, the best way to avoid reshaping and shaping those projections to suit your political inclinations is to rely on that agency as consistently as you can, unless outside events, not our arbitrary judgment, suggest otherwise.

We have used CBO's economic projections as the basis for the entire budget. Changing those economic projections, we change every number, just about every number in the congressional budget resolution.

Now, is that something to do on the Senate floor?

Changing inflation projections changes projections of revenues, not for just 1 year, but for the next 5 years.

Changing inflation projections changes projections of the cost of programs, not for just this year, but for all 5 years.

Changing inflation does not change estimates of the cost of programs uniformly, some will be impacted more seriously than others.

So that if it is the Senate's desire, if we change economic assumptions on the floor and then, proceeding on the basis of those projections, rewrite every number in the congressional budget resolution, that, of course, is the Senate's prerogative. I do not recommend it.

The Senator described his own projections, but let me say this about them. His estimates of the reduction in revenues resulting from his lower inflation projection are somewhat higher than those currently in use by the Senate Budget Committee. Our estimates, using his inflation—and he is proposing to use a 9 percent inflation rate for 1980—using a 9 percent inflation rate rather than the 9.8 percent assumed by the Senate Budget Committee, would, according to him, result in a reduction of $4.5 billion in revenues in fiscal year 1980.

We would say that ought to be $2.4 billion using his 9 percent. That is a big difference. That is $2.1 billion difference in the fiscal year just ahead of us, changing those inflation numbers.

Should we do that, it would mean raising the deficit, of course, unless we reduce outlays accordingly, and Senator SCHWEIKER would do that. He would propose reducing outlays in fiscal year 1980 by $1.8 billion.

The Congressional Budget Office would say that instead of $1.8 billion reduction in outlays, the 9 percent inflation rate would give us $600 million, or about one-third the amount of reduction in outlay Senator SCHWEIKER suggests.

Where does that put us if we try to change this whole scenario on the floor? Every Senator is then free to make his own economic assumption. He might say, "Well, I like Senator SCHWEIKER'S revenue reduction," or "I like the Congressional Budget Office revenue reduction of $2.4 billion because that would have less impact on the deficit than Senator SCHWEIKER'S $4.5 billion, but I like CBO's $0.6 billion reduction in outlays better than I like Senator SCHWEIKER'S $1.8 billion because that would leave more room for programs.

So we can make any combination we want to, take this outlay reduction, that revenue reduction, that inflation number, that unemployment number, and each of us individually could reshape this budget resolution and the assumptions upon which it is based to suit himself and his own political problems.

I just do not think that is the way to do it, Mr. President.

I yield to my good friend from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I appreciate Senator MUSKIE'S yielding for a question.

As I understand the Schweiker amendment, it would actually project a deficit of almost $3 billion larger than the Budget Committee's $28 billion projection. Is that correct?

Mr. MUSKIE. Using his own numbers, he comes up with a deficit of $30.7 billion in 1980 compared with the $28.4 billion in the second budget resolution.

Mr. PERCY. I am sympathetic with Senator SCHWEIKER'S goal of trying to reduce inflation. In the Humphrey-Hawkins bill we included a goal as a way to try to bring inflation down from the high rates we have experienced in recent years.

I have, however, a problem with this present amendment, as I understand it. I have tried to be sympathetic with the goal of Senator SCHWEIKER but, on the other hand, also be realistic about the possibility of achieving his lower inflation rates. If we do not meet these lower rates, then what will the effect be on the budget?

I would like to believe we are going to average less than 10 percent inflation this year, but I do not think we will do it. In the first 6 months of 1979, the rate was over 10 percent and it has not shown signs of slackening.

In eight of this, is it really realistic to assume next year it will drop all the way down to 9 percent? That is a horrendous rate and yet we are getting used to these figures, unfortunately.

I hope we will bring that inflation rate down. But we should not kid ourselves into thinking we can do it by this means.

Now, what effect does this have if we actually accept the Schweiker amendment? Would that set for us a goal that would somehow anchor us in a little bit more? Or would the lower rates, if we do not achieve them, then make the job of budgeting all that much harder next year? Next year is the real payoff beginning October 1. That is when we have said that, come hell or high water, we will balance the budget and even show a slight surplus in it. That goal, I hope, we will not give up one bit on.

Mr. MUSKIE. I agree with what the Senator is saying.

With respect to revenues, the effect of adopting the Schweiker amendment would be to reduce the revenue aggregates. That might or might not trigger tax cut legislation by the Finance Committee. On revenues, the budget aggregates are a floor, not a ceiling. It may or may not have any impact, really, on tax legislation because the Finance Committee and the Congress may not honor that floor.

With respect to outlays in budget authority, the effect would vary across the board because we did not assume inflation for every item in the budget to the same extent.

There are index programs, as the Senator knows, which must reflect inflation fully.

With respect to pay, those figures reflect at least comparability, but, in a sense, inflation, that Congress and the President between them are willing to do so, but the President approved 7 percent, which is below the rate of inflation. So that with respect to pay, I am not sure what the effect of Senator SCHWEIKER'S amendment would be.

Seven percent is the effective pay cap because of the President's action. So we could not increase it above that. But Senator SCHWEIKER proposes a 9 percent inflation rate. So that would not be reflected in pay.

With respect to other programs, the effect would really mandate real cuts in many budget functions because we have not allowed fully for inflation.

So with respect to many budget functions, the numbers the Senator proposes, without, I gather, intending to make real cuts in programs, might have that effect in programs I could not now identify quickly.

Mr. PERCY. I thank my distinguished colleague for his explanation.

Could the Senator yield for a unanimous-consent request and also for just a quick general comment?

Mr. MUSKIE. Yes.

Mr. PERCY. Mr. President, I wish former Senator Sam Ervin were on the floor today, because of the years we spent together on the Governmental Affairs Committee. I was serving as ranking Republican at the time and Senator Ervin was chairman of the committee. Senator Muskie, you were the lead Senator on the Budget Reform Act, of which I was proud to be a principal cosponsor. I think Senator Ervin would feel that the budget process has exceeded our fondest aspirations.

We were concerned as to whether or not it really would work, whether it would be able to stand up against all the other committees of the Senate, and whether there would be a pulling together.

I think the genius of the selection process that brought Senator MUSKIE and Senator BELLMON together—as Budget Committee chairman and ranking Republican—was probably the best thing that happened to strengthen the new law. Also, I think the principle is fundamentally sound. Both Senators are working from a principle that is right and I know they feel deeply in their hearts that it is good for this country. It is the only procedure Congress has for restoring fiscal integrity to the Government and this country. Both Senators know they are right, and so does everyone else.

This last vote was tough. I have had a lot of telephone calls from Illinois veterans groups today reminding me of who elected CHUCK PERCY last November, who cast their votes for him. And now they want a vote for veterans programs through the Cranston amendment.

All I can say is that I gave a vote for the veterans. I gave a vote that would help keep the integrity of fiscal responsibility.

I think the veterans should be and are in the forefront of wanting to stamp out inflation, to stamp out irresponsible government spending, and to have a reckless Congress, which we have been many years in the past, reined in and under control. We need a cooperative spirit to do that.

The cooperation among the Appropriations Committee, the Budget Committee, and all other committees is rough at times.

I sat—and still do—on the committee that helped create the Budget Committee, the Government Operations Committee. We, too, are faced in this budget with a $100 million cut.

In facing a cut of $100 million, I know it is the tendency of many committee staffs to say, "Our committee is an exception. We can't possibly do it."

When we discussed our own cut last week, I said, "Under no conditions are we an exception. Everyone is an exception in that case. We can't make any exceptions. If we have no exceptions, then it is even-handed with everyone." We simply had to stand by the integrity of the budget process.

I commend the Democratic leadership that has helped work out this compromise. My colleagues on the Republican side are also supporting it. This is not a partisan issue. We all have gotten the message, and we all have taken the pledge. We are going to have fiscal responsibility in this country, and Congress is going to lead it.

The effort in the Budget Committee of working together with every other committee in the Senate is one of the most miraculous things I have seen in my 30 years in government and my 13 years in the Senate. I commend my distinguished colleagues for their inspired and determined leadership, their patience, and their persistence. The budget process is probably one of the finest things that has ever happened to veterans, to consumers, to businessmen, and to labor people. It is adding to the strength of this country by strengthening our economy.

We cannot always talk just military strength. Economic strength is just as important. A key to our economic strength is in the prudent use of taxpayers' dollars. That is why I feel at this time that I would like to bring to the attention of my colleagues the recent interim report of the Inspector General of GSA, Mr. Muellenberg, on the organization and operations of the GSA Inspector General's office.

This is the first report required under the 1978 Inspector General Act, which combined auditing and investigative resources in each of 12 agencies and departments under a single, high level official in each agency reporting directly to the agency head and Congress.

The deplorable scandals at GSA have shaken the confidence of the American people in the management and honesty of their government. I cannot overemphasize the importance of the Inspectors General in ferreting out fraud, corruption, excessive and wasteful spending and mismanagement in GSA and other Federal agencies. This is a goal to which I have been personally committed as ranking minority member of the Governmental Affairs Committee.

During this session of Congress my esteemed colleague, Senator CHILES, and I have carefully reviewed the qualifications of President Carter's nominees for Inspector General for the Departments of Commerce, HUD, Labor, Transportation, Interior and Agriculture, as well as for NASA, SBA, the Veterans' Administration, and GSA. To date we have confirmed 10 Inspectors General and are currently reviewing the nomination for the Community Services Administration.

Regrettably, the President has yet to submit his nomination for the Environmental Protection Agency. I strongly urge the President to direct his attention toward selecting an eminently qualified individual to fill this extremely important position so that the organization and work of the Office of Inspector General at EPA can begin as soon as possible.

Mr. President, no matter how qualified an individual may be to perform the duties of the Inspector General, the enormous task of preventing and detecting fraud and mismanagement in Federal programs cannot be accomplished without the full support of both Congress and the administration. Unfortunately, in a recent report the General Accounting Office stated that Federal audit organizations lack sufficient staffs to carry out their mission, because OMB and several agencies either drastically reduced or denied requests for additional audit staff. In an effort to alleviate this situation, GAO has asked OMB to develop guidelines to help department and agencies determine the number of auditors needed to adequately review Federal programs.

In the case of GSA's Office of Inspector General, I am happy to note that the Senate recently approved a revised budget request to provide $18.9 million and 593 positions for that Office. There can be little doubt that this is money well spent.

During his confirmation hearing I thoroughly questioned GSA Administrator Freeman on his plans for working with Mr. Muellenberg and the Justice Department task force. Mr. Freeman assured me that he would do everything possible to support Mr. Muellenberg in his efforts to investigate and prosecute fraud committed both by GSA employees and private contractors. Based on the present level of investigational activity, Mr. Freeman also made a commitment to the Governmental Affairs Committee to keep Congress well informed of GSA's progress in restoring the integrity of its operations through quarterly meetings with the chairmen and ranking members of the appropriate congressional committees.

I am encouraged by the progress made to date. In his interim report Mr. Muellenberg states that the organizational structure of GSA's Office of Inspector General is in place. The Office of Special Projects is currently assessing the areas most vulnerable to fraud in order to develop a comprehensive plan for auditing and investigating activities.

The Office of Audits will be upgraded to a staff of 450, providing an extensive audit program designed to detect and establish deterrents to fraud and to improve internal control of GSA programs. One important responsibility of the Audit Office is review of GSA self-service store operations to evaluate the effectiveness of strengthened internal controls in the Federal Supply Service. The report also highlights the audit planning of the Office of Audits in various areas such as motor pool operations, public building services, computer sciences, stockpile sales, and disbursements of all types. In addition to reviewing these programs and services, the auditors will provide professional advice to GSA procurement officials on accounting and financial matters to assist in negotiating, award, administration, repricing, and settlement of Government contracts.

The Inspector General's report cites several examples of the cost effectiveness of regular program audits. The General Contract Audit Division since January of this year has issued 43 audit reports recommending savings of $3 million. This translates into a savings of $464 per audit man-hour or a return of $19 on each dollar invested. Mr. President, this is testament to the rewards of giving the Inspectors General our full support. But doing audits and issuing reports is only a first step toward our goal of saving the taxpayers millions of dollars annually. The GSA Inspector General, I am happy to note, also intends to followup aggressively on completed audits.

The Office of Investigations, with a current staff of 78 investigators has since January opened 487 cases and closed 616. Most of these cases were in the area of white-collar crime, while the remainder dealt with debarment of contractors, misconduct and organized crime checks. The white-collar cases involved investigations of alleged fraud as well as conflicts of interest, bribery and falsification of time and attendance records. To date, the GSA-Justice Task Force combined effort has led to the conviction of 86 Federal employees and several private contractors for defrauding the Government.

Finally, Inspector General Muellenberg has taken the innovative step of complementing the Offices of Audits and Investigations with a new Office of Inspections. This office consists of specialists in engineering, leasing, building management, and other relevant areas who conduct highly technical, professional inspections to determine if work was performed in accordance with specifications, or done at all. The report notes that the assistance provided by the inspectors to the auditors and investigators has contributed to the conviction of three GSA employees and six contractors for defrauding the Government of approximately $2.6 million. These inspectors also have taken actions to insure the debarment of corrupt contractors from Government contracting activities.

Mr. President, I congratulate Administrator Freeman and Inspector General Muellenberg on their efforts to date, and I look forward to working with them in the future to rid GSA of corruption and to restore the faith of the taxpayer in the efficient and honest operations of the Federal Government.

Senator CHILES has been the spearhead in the drive for inspectors general. We have confirmed the nominations of 10 inspectors general. We foresee future interim reports and savings of billions and billions of dollars. These savings can be wrung out of excessive, wasteful government spending just by that process.

As Everett Dirksen said:

> A billion there and a billion there, and pretty soon you're talking about real money.

We are talking about real money today, but we also are talking about principles. If we win this battle today on reconciliation, the principle would have been established and we will have done a great service to the country and a great service to the future of the U.S. Senate.

Mr. MUSKIE. I thank the Senator from Illinois. It is appropriate that he should have made reference to an effort under Senator Dirksen a few years ago to accomplish this process.

It is not pleasant to cast the votes we have cast today. To do otherwise I believe would return us to those years, which we remember so well and which we hope are behind us.

Mr. President, I do not want my opposition to the Schweiker amendment to be misunderstood by him or by the Senate. His concern for the forces of inflation is appropriate. His attempt to focus and his attempt to deal with it by this particular means is certainly an appropriate one for us to consider.

I am simply troubled, as I have indicated, by an effort the consequences of which may be to launch us into an extensive and in-depth budget writing process on the floor, which I think would be risky. That is not to say that the Budget Committee is infallible or that CBO is infallible or that anyone else is infallible about projecting the future of inflation.

Let me say a few words about the inflation rate used in our 1980 forecast.

It was estimated by the Congressional Budget Office in July and, right now, inflation in consumer prices is outrunning the CBO forecast in July. Generally, CBO forecasts have tended to underpredict inflation, though they have been more accurate than the administration's.

Our latest comparison of forecasts shows no justification for revising the CBO forecast for 1980.

The average of 40 forecasters for July is three-tenths of 1 percent below CBO. Chase econometrics, in August, is three-tenths of 1 percent below CBO.

Data resources is three-tenths of 1 percent above CBO.

Wharton, in August, is 1.2 percent above CBO.

So that with respect to 1980, we are in the lower end of the range rather than in the higher end.

For fiscal 1981 through 1984, the Senate Budget Committee projection of inflation incorporates the assumption of a reduced rate of growth in productivity and the effects of the fiscal policy of the first concurrent resolution as approved by the Senate, estimated in accordance with a standard large macroeconomic model.

It certainly would be welcome if inflation were to decline as Senator SCHWEIKER projects, but he offers no reason to believe that this would be the case. If it should turn out to be so in future years, the budget resolutions for those years can be adjusted, when more information is available.

At the present time, many economists are now assuming the core or underlying rate of inflation set by the trend of unit labor costs at around 8 percent. In 1978, unit labor costs rose 8.1 percent; and in the most recent quarter of 1979, it was 10.1 percent above a year earlier.

Energy prices can be expected to rise faster than this underlying rate of inflation, resulting in a higher rate of increase in consumer prices.

We can reduce inflation by holding to restraint in our fiscal and monetary policies, and we urge that. We can reduce inflation by policies to increase productivity and reduce business costs, and we welcome that.

We can reduce inflation by fostering conditions under which the wage/price spiral can be wound down. But we cannot reduce inflation by simply assuming it away.

It is rather ironic, Mr. President, to have an amendment arguing for lower inflation and revenues and a higher fiscal year 1980 deficit just after a debate on the floor in which it was suggested that revenues should be higher in order to keep the deficit down. But that is the way of life for the Budget Committee, so we except to be confronted with these conflicts.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. BELLMON. Mr. President, I simply point out that in the material which Senator SCHWEIKER is using to support his amendment there is a footnote at table A which says:

> Economists' inflation rate projections are based on interviews during the week of August 27. Each was asked to provide his projection of consumer price increases for each of the next 5 fiscal years assuming that the economic policies he favored were adopted.

Mr. President, that is a very important caveat. These economists are all having different assumptions, and they are all the ones that each economist personally favors.

I think we have a dangerous trap over here before us. If the Senate gets in the practice of letting economists make their own assumption and then setting an inflation rate accordingly we would be in an impossible situation.

We created the Congressional Budget Office for the purpose of advising the Senate and the House of Representatives, and it seems to me that we have been wise in following their recommendations in most cases in the past. I personally would not want to get away from that practice.

Also, we can continue to work for and strive to get the inflation rate down. Certainly, I intend to do that. The votes we have had here this afternoon in the Chamber indicate the Senate supports that position. But we are not going to make any progress just by wishing inflation to go away or by assuming it is going to go away.

We have to work for that objective. If we do our work properly, then perhaps we can expect that inflation will moderate more rapidly than these assumptions indicate. But I believe in the meantime we have no choice but to go along with the Congressional Budget Office assumption which is what this resolution is based upon.

Mr. DOMENICI. Mr. President, will the Senator yield 3 minutes to the Senator from New Mexico?

The PRESIDING OFFICER. The Senator from Maine controls the time.

Does the Senator from Maine yield to the Senator from New Mexico?

Mr. MUSKIE. I yield.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. I thank the chairman.

Let me say that while I have great respect for the sponsor of this amendment, I, also, think there is great danger in adopting the amendment.

First of all, I really do not know what good there is in taking a Walter Heller and an Arthur Laffer and saying to them, "What do you assume," and then coming up with an average of what they think is going to happen to the American economy. One has developed the Laffer curve, which is a completely new approach to economics. It may be right. Who knows? The other has been advising that we should spend more and thinks that the great British economist who adopted the philosophy upon which we promoted deficit spending is the greatest thing since perhaps alphabet soup. And maybe that is what we would get here if we took Okun, Eckstein, Heller, Evans, Friedman, Feldstein, and Laffer, all of whom would have different assumptions, and then took their best guess of what would happen to inflation and then averaged it out and offered that to the Senate.

I understand that more or less that is where we are here. For the fiscal years that he has chosen he also assumes that the economic policies favored were those of each of the average of these economists for each of the next 5 years.

I submit that if we had them before the Budget Committee, each of them, and we gave them the series of assumptions we had to make in this budget none of them would have agreed with all of the assumptions; therefore, they would have had to have made other than their best assumption. So what do we end up here with if we go with this? I hate to say it, but I think we end up with the lowest common denominator and we are apt to end up with some funny money. I do not think we should do either. We should remain consistent. We have remained consistent and changed only in conference one or two times because the House of Representatives chose to arrive at their own. We used CBO. I think it is apt to be as right as taking these excellent economists, each of whom has his own theory and philosophy of what is wrong with our budgetary process and then taking their best assumption and averaging it.

I think we are better off with ours, and I regret not to be able to support the distinguished senior Senator from Pennsylvania because he has certainly been extremely helpful in terms of fiscal responsibility in the budget process, but on this score I truly believe we should not be second-guessing every time we come to the Chamber in terms of economic assumptions and inflation. I hope the Senate will reject the proposal.

I thank the chairman for yielding.

Mr. SCHWEIKER. Mr. President, first I commend the Budget Committee for the work they have done. As they saw, I voted with them on the first two votes to protect the budget and not to increase it. I know they have a difficult job. I voted with them when the veterans were on the line and when the school lunch program was on the line. So I appreciate what they have done and what they are doing.

I think it is important to say that because we differ over where we hope to get rather than what our goals are. I think Senator MUSKIE is quite right. No one takes a back seat to him on fighting inflation. I want to make that very clear.

Having said that and meaning it, I think there is a fundamental question here that we should ask ourselves concerning what the Senate legislative process is all about. I think that the Budget Committee has every right and responsibility to do just what they have done, which is to come forth with a series of assumptions and projections based on their state of the art and their knowledge. I accept that.

But I do not accept the next point I hear from the Budget Committee which is that we should not challenge their work, that we have no responsibility to question or to say, "Maybe somebody on the committee made a mistake."

I think we would be derelict in our duty if we Senators do not ask questions concerning the work done by our committees. That, of course, is what I am doing.

The figure that particularly concerns me is the assumption that over the next 5 years price will rise by 48 percent. Now my good friend from New Mexico talks about funny money. Well, funny money is money falling in value by 48 percent in 5 short years. There are a lot of people who will feel that 48-percent inflation will produce a lot of money.

Mr. DOMENICI. It will.

Mr. SCHWEIKER. This is what I wish to draw to the attention of the Senate. Do we really want to set as a national goal over the next 5 years a 48 percent inflation rate? Almost none of the leading economists are anywhere near that figure and in fact most are 10 full percentage points under it.

I am not an economist. I do not pretend to be. This is why I went to the people who are experts. I was trying to sample a cross-section of political economists. No one can say that I stacked the deck with only liberal economists or conservative economists. That is why when this Senator read out the names of economists he spoke with he got a spectrum: Arthur Okun, Otto Eckstein, Walter Heller, Michael Evans, Milton Friedman, Martin Feldstein, and Arthur Laffer. These are respectable economists. Yes, they do span the political spectrum, but so does this Senate and so do the citizens in this country.

I do not know why anyone, particularly the economists in the CBO office, should have any monopoly on economic forecasting skill, knowledge, or expertise. I wonder whether anyone has such a monopoly.

So I think I have a right to question the Senate Budget Committee and the Congressional Budget Office when I see seven prize winning economists say that the Senate Budget Committee is 25 percent high in what they are assuming for inflation over the next 5 years, I think as a Senator I have the responsibility to raise some questions.

Just to enunciate these remarkable differences in inflation forecasts in the fiscal year 1980, the Budget Committee assumption is 9.8 percent inflation and the concensus of leading economists is 9 percent. For fiscal year 1981, the Budget Committee projects 8.6 percent, the leading economist 7.6 percent, 1 point below. And in fiscal year 1982 it is 7.7 percent for the Budget Committee and 6.5 percent for the economists, 1.2 percentage points below. For 1983 it is 7.5 percent for the Budget Committee and 5.6 percent for the economists, nearly 2 percentage points below. For 1984, it is 7.4 percent for the Budget Committee and 4.8 percent for the economists, approaching a 2½ percentage points difference.

These seven economists who say a 6½ percent inflation rate average over the next 5 years is achievable only if their policies are followed—and, I put this caveat right on my summary sheet—have the right to do so.

These economists, based on what they would like to see done, feel the Nation must still average an annual inflationary increase of 6.7 percent for 5 years, compared to the Budget Committee's average of 8.2 percent for 5 years. That is a difference of 1½ percentage points.

Now, 1½ percentage points per year may not sound like much, but when you accumulate it for 5 years you are talking about 48 percent inflation instead of 38 percent inflation, a 10-percentage point differences in price people must pay and a 10-percent difference in the size of the Federal budget.

We have the right to question the Budget Committee when the differences in projections are so large.

I think seven leading economists certainly ought to be able to stand up to the Congressional Budget Office. I will put that on the scale any day.

I do not think any committee has the knowledge or superabundance of intelligence to say, "We are right and everybody else is wrong."

I do not pretend to be right, but I sure pretend to have some economists who honestly differ with the assumptions the Budget Committee has made.

Mr. HATCH. Mr. President, will the Senator yield for a couple of comments?

Mr. SCHWEIKER. I yield.

Mr. HATCH. I agree with the distinguished Senator from Pennsylvania. He is making a pretty valid point. First of all, it is a well-known fact that the econometric models used by the Budget Committee do not take into account the supply side. They only take into account the demand side. Therefore, their models have been wrong.

Let me give a couple of illustrations to back up my remarks. My colleagues, in my opinion, should be very skeptical of the economic projections of the Budget Committee and the economic policies recommended by the Budget Committee. I have reviewed the history of the results the Budget Committee has projected would occur from the economic policies it has recommended in the past. I think my colleagues will be very interested in my findings.

Last year at this time, when the Senate was considering the second concurrent resolution for fiscal year 1979, the Budget Committee projected that outlays in fiscal year 1980 would be $536 billion and the revenues would be $500 billion, but indicated that there would need to be an additional stimulus of $8 billion in either tax cuts or additional spending to achieve the economic goals they projected. These goals, on a calendar year basis, were an inflation rate of 6.2 percent in 1980, 5.9 percent in 1981, 5.8 percent in 1982, and 5.9 percent in 1983. The unemployment goals were 6.2 percent in 1980, 5.9 percent in 1981, 5.8 percent in 1982, and 5.9 percent in 1983. Real economic growth was projected to be 3.9 percent in 1980, 4.3 percent in 1981, 4.3 percent in 1982, and 4.3 percent in 1983. The Budget Committee told the Congress at that time that if we would just follow the economic policies that they were recommending we could hope to achieve these economic goals. One year later it is interesting to examine what has happended to these projections.

For the 1979–83 period, outlays have been increased by $42.9 billion and revenues have been increased by $93.2 billion. Whereas last year at this time the Budget Committee was projecting real growth of 22.6 percent over the 5-year period, they are now projecting real growth of only 17.1 percent over the period. On the other hand, while last year they were projecting inflation of 34.5 percent over the 5-year period, they are now projecting inflation of 51.6 percent over the period. In other words, what the Budget Committee is telling us is that they were wrong, that we will have significantly higher expenditures and taxes, that we will have less real economic growth, and more inflation. Obviously the economic policies of the Budget Committee are not working. They are producing a stagnating economy with lower and lower real economic growth and higher and higher rates of inflation. The Congress needs to understand why the Budget Committee has been so far off base in projecting the results of their economic policies.

I have a tendency to support the amendment of my friend from Pennsylvania because I think he is pointing out some very interesting projections.

What I pointed out in the first concurrent budget resolution was that we were balancing the budget on the backs of the taxpayers of America. We do it by playing with the figures. And we play with the figures based upon faulty econometric models which do not even consider the supply side of the equation or at least I do not believe they do, and I believe there is ample evidence to prove that they do not. I have even reached the point where I have asked for special hearings in the Budget Committee so that we might examine why they do not consider the supply side of the equation and the dynamics of the supply side that could occur that would tend to substantiate and back up my friend from Pennsylvania.

This is an important issue. I want to compliment the Senator from Pennsylvania for his leadership in arriving at this problem and putting it in the form of an amendment and bringing it to the attention of all of our colleagues on the floor and throughout the Senate, and in helping us to understand why the projections of a whole number of very top-flight economists, taken on a composite basis, cannot be equal to or outweigh or even be better than the projections of the Budget Committee, which is relying upon CBO, which has been so wrong in the past, and, I submit, will always be wrong, and will be very, very wrong in the future, unless we change this whole procedure and this whole methodology of arriving at these phony numbers we seem to arrive at every year.

Mr. SCHWEIKER. I thank the Senator very much because I know, as a member of the Budget Committee, he has worked extensively in this area and knows intimately the figures which he so articulately presented, and I appreciate having his support. I believe it is very important that during the process, which I supported and of which I was a cosponsor, we have the right to question when we honestly differ on very basic assumptions.

If the economists I contacted and the Committee were only a few percent off on their inflation forecasts, I would understand, and I say, "Oh, well, let us not raise the issue."

But it seems to me that when you compare a 48-percent price increase to a 38-percent price increase, a full 10 percentage points off, then I think I have a responsibility to investigate these differences further and bring this issue to the attention of my colleagues.

Just as the distinguished Senator from Utah mentioned, the supply side of the equation being overlooked, I think we have not consulted with some of the proper authorities who have an input in the country and are the movers and shapers in the economic world. I believe it is essential that we do not create the impression that we will assume there will be inflation for eternity and a day.

I think that many believe Washington causes inflation. That is a debatable presumption. My point is that we need not provide more evidence deliberately. We know there is going to be an inflation for the next 5 years. We must budget for it. But must we budget in inflation that assumes the worst will happen? This is what I object to. Fundamentally we are telling the people back home they are right about Washington, that inflation does start here.

● Mr. STONE. Mr. President, like many of my colleagues in the Senate, one of my main goals during this Congress is to restrain Federal spending in order to curb inflation. As many of you know, I am a joint author of Senate Joint Resolution 56, the Heinz-Stone constitutional amendment which places a limitation on Federal spending as a percentage of national economic growth. I have also joined several of my colleagues in working for across-the-board cuts in various appropriation bills.

However, in this budget-trimming process there are priorities. One of the highest priorities for me is to the men and women who came to the aid of our country in times of need—the veterans. As Senate Concurrent Resolution 36 presently stands I believe it will adversely affect our Nation's commitment to this group of individuals—particularly those who were disabled in the service and those in VA hospitals.

The Senate Veterans' Affairs Committee has made every reasonable effort to restrain spending. There have been few initiatives reported by us this year. One of the measures was the bill to provide readjustment counseling for Vietnam veterans—and I do not consider this a new program but rather an old program that was 10 years late. Our recommendations to the Budget Committee were held to a bare minimum and I cannot now support proposals to cut spending levels even further.

The Cranston amendment to the second concurrent budget resolution seeks to strike the instructions to the Senate Veterans' Affairs Committee to report legislation to save $100 million in budget authority and outlays. The only way for the committee to meet the Budget Committee's proposed instructions is to directly eliminate some veterans' benefits—reducing GI bill education eligibility from 10 to 8 years, or terminating burial benefits, several training programs or the targeted delimiting date extension for educationally disadvantaged veterans. I do not think it is fair to tell our veterans they are entitled to certain benefits and then to turn around and tell them we have changed our minds. In addition, the Veterans' Committee has reported, and is scheduled to consider cost-saving legislation. But to force us to draft proposals within the next month to cut $100 is unreasonable.

The Cranston amendment also adds $300 million in budget authority that is vitally needed to provide an adequate cost-of-living adjustment to service-disabled veterans. Our earlier projections for the adustment were thrown off by the rapid increases in the Consumer Price Index in recent months. These funds are also needed to maintain if not improve the quality of health care at VA medical facilities—care that has already been hindered by budget cuts over the past year.

I have received numerous complaints, as I know many of you have, about the quality of care provided at Veterans Administration medical facilities. I had received sufficient evidence about conditions at the VA hospital in Tampa—including allegations of patient deaths—to warrant an investigation by the Chief Medical Director. While the VA's report gave many reasons for the incidents, some of the problems were attributable to the funding cut-backs and the VA's inability to recruit quality medical personnel.

Mr. President, I believe the Senate Veterans' Affairs Committee has shown itself to be fiscally responsible in the preparations of the fiscal year 1980 budget. Our estimates were based on the commitments Congress has made to our Nation's veterans. I do not think we should now—or ever—back away from these commitments. Senator Cranston's amendment is a reasonable proposal, and I would urge my colleagues to give him their support.●

Mr. SCHWEIKER. Mr. President, I am prepared at this point to wind up my side of this debate.

I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. (Mr. Gravel). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. SCHWEIKER. I yield the floor.

Mr. MUSKIE. I am willing to yield back the remainder of my time.

Mr. SCHWEIKER. I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield me 1 minute?

Mr. MUSKIE. I yield to the majority leader.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I am about to propound a request that I believe has been agreed to among the principals involved in the amendment, Mr. Muskie, Mr. Domenici, and Mr. Bellmon, the minority leadership, and others.

I ask unanimous consent that upon the disposition of the pending amendment, Mr. Domenici lay down his amendment, which would establish a time period for reconciliation and decision, and that at 10 o'clock tomorrow morning the Senate resume consideration of that amendment, with no time being charged against it today; that there be 45 minutes on the amendment to be equally divided between Mr. Domenici and Mr. Muskie; and that at the hour of 10:45 a.m. the Senate vote up or down on the Domenici amendment, and that the vote on the amendment by Mr. Muskie—Mr. Muskie's amendment is the modified reconciliation amendment—the vote on that amendment occur immediately after the disposition of the Domenici amendment.

Mr. BAKER. Mr. President, reserving the right to object—and I will not object—I wish to inquire is it clear that this amendment is the same amendment that Senator Bellmon and Senator Domenici had spoken of earlier? I see they are both on the floor, and I might ask for their remarks.

Mr. DOMENICI. Yes. Reserving the right to object, it should be clear that it is. I will say to our leader that while I am not one who is reluctant to take credit, this should definitely be referred to as the Bellmon-Domenici amendment, in that order, since he is our leader here on the floor.

We had an agreement that that was the case. So I have no objection, excepting that wherever the majority leader refers to the Domenici amendment, that he would also have it as Bellmon-Domenici, and I would not object.

Mr. ROBERT C. BYRD. I noticed Mr. Bellmon perspiring heavily and squirming in the chair, but I did not know it was over the use of his name.

Mr. DOMENICI. Because Mr. Bellmon has worked so hard today, he would like very much to rest for a while, and he has authorized me to speak in his behalf.

Mr. ROBERT C. BYRD. Very well. Mr. Bellmon is usually able to speak for himself.

Mr. BAKER. Mr. President, if the Senator will yield, I cannot decide whether the Senators are sharing the blame or the credit, but apparently it is to be known as the Bellmon-Domenici amendment.

If the Senator will yield further, is this an amendment in the nature of a substitute, do I understand?

Mr. DOMENICI. No, it is not.

Mr. BAKER. Then it would not preclude other amendments in the nature of a substitute.

Mr. ROBERT C. BYRD. The amendment is in the second degree.

Mr. DOMENICI. The amendment is in the second degree, and I believe the unanimous consent agreement provides we will only——

Mr. ROBERT C. BYRD. I am not sure whether it is an amendment in the second degree.

The PRESIDING OFFICER. It is a first-degree amendment.

Mr. BAKER. So it would be amendable in one more degree?

Mr. ROBERT C. BYRD. It would be, except that the vote will occur at that time. But another amendment could come in without being debated.

Mr. BAKER. Mr. President, I have no objection.

The PRESIDING OFFICER. The reason for that is that the amendment offered by the Senator from Maine is a substitute for the whole resolution, and under the precedents does not kill a degree.

Mr. TOWER. Mr. President, reserving the right to object, I just wanted to know if Senator Hollings has been consulted on this, because he has an amendment; I am not sure whether he intends to offer it as an amendment to the amendment of the Senator from Maine, or after the disposition of the amendment of the Senator from Maine.

Mr. MUSKIE. It is my understanding that he intends to offer it after the disposition of my amendment; so it would not affect the reconciliation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank all Senators.

I ask unanimous consent that it be in order at this time to order the yeas and nays on the amendment by Mr. Domenici.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that it be in order at this time to order the yeas and nays on the Muskie amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Is there a motion to table pending?

The PRESIDING OFFICER. The question is on agreeing to the amendment (UP No. 557) of the Senator from Pennsylvania (Mr. Schweiker).

Mr. ROBERT C. BYRD. Mr. President, this will be the last rollcall vote today.

Mr. LEAHY. This is up or down?

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Arkansas (Mr. Bumpers), the Senator from Iowa (Mr. Culver), the Senator from Arkansas (Mr. Pryor), the Senator from Indiana (Mr. Bayh), and the Senator from Delaware (Mr. Biden) are necessarily absent.

I further announce that the Senator from Louisiana (Mr. Johnston) is absent on official business.

Mr. STEVENS. I announce that the Senator from Pennsylvania (Mr. Heinz), the Senator from Nevada (Mr. Laxalt), the Senator from Idaho (Mr. McClure), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I also announce that the Senator from Vermont (Mr. Stafford) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. Stafford) would vote "nay."

The PRESIDING OFFICER. Is there any other Senator wishing to vote?

The result was announced—yeas 28, nays 60, as follows:

[Rollcall Vote No. 289 Leg.]

YEAS—28

Armstrong
Boren
Boschwitz
Byrd,
  Harry F., Jr.
Cochran
DeConcini
Durenberger
Ford
Garn
Goldwater
Hatch
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Lugar
Pressler
Proxmire
Roth
Schmitt
Schweiker
Simpson
Thurmond
Tower
Wallop
Warner
Young

NAYS—60

Baker
Baucus
Bellmon
Bradley
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cohen
Cranston
Danforth
Dole
Domenici
Durkin
Eagleton
Exon
Glenn
Gravel
Hart
Hatfield
Hollings
Huddleston
Inouye
Jackson
Javits
Kassebaum
Kennedy
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Tsongas
Williams
Zorinsky

NOT VOTING—12

Bayh
Bentsen
Biden
Bumpers
Culver
Heinz
Johnston
Laxalt
McClure
Pryor
Stafford
Weicker

So Mr. Schweiker's amendment (UP No. 557) was rejected.

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico is recognized to call up his amendment.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Has the vote been announced?

The PRESIDING OFFICER. The vote has been announced.

UP AMENDMENT NO. 558

(Subsequently numbered amendment No. 437)

Mr. STEVENS. Mr. President, pursuant to previous agreement, I call up the Bellmon-Domenici amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. Stevens), for Messrs. Bellmon, Domenici, Armstrong, Boschwitz, Hatch, and Mrs. Kassebaum, proposes an unprinted amendment numbered 558.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Delete the first paragraph of Section 1(a) of the pending amendment and insert in lieu thereof:

"The allocation pursuant to Section 302 (a) of the Budget Act to the Committee on Appropriations for all legislation within its jurisdiction shall not exceed $383.6 billion in budget authority and $338.4 billion in outlays as assumed in this Budget Resolution. All bills making appropriations for the Fiscal Year beginning Oct. 1, 1979, not enrolled as of the date of enactment of this resolution shall not be enrolled until:

"(a) all regular FY 1980 appropriations bills are ready for enrollment;

"(b) The Committee on the Budget has reported to the Senate an estimate of the budget authority and outlays attributable to each FY 1980 appropriations bill which has been enacted or which is awaiting enrollment;

"(c) The Committee on the Budget has reported to the Senate a detailed estimate of the foreseeable supplemental requirements for appropriations and permanent appropriations for Fiscal Year 1980.

"If the Budget Committee report under this Section indicates that the foreseeable total of all bills within the Appropriations Committee's jurisdiction for FY 1980 will exceed the totals provided by the section for all such bills, then it shall not be in order for the Congress to consider a motion for sine die adjournment for the First Session of the 96th Congress until the Committee on Appropriations of each House has reported a bill or resolution rescinding or reconciling FY 1980 appropriations provided in already enacted bills or in bills awaiting enrollment, and Congress has completed action on such bills or resolutions."

THE SECOND CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1980

● Mr. MORGAN. Mr. President, in its report on the first budget resolution for the fiscal year 1980 budget last spring, the Senate Budget Committee determined that "inflation is the Nation's most serious economic problem and the most imposing challenge confronting its fiscal policymakers."

As the committee now reports, and I agree, that assessment has not changed. Indeed, developments since the first budget resolution have underscored the importance of a national need to squeeze inflation out of our economic system.

The Congressional Budget Office forecast inflation of 6.5 to 8.5 percent in 1980 at the time of the first resolution. CBO now forecasts 1980 inflation ranging from 7.9 to 9.9 percent. This year's inflation rate will be higher still than either of these figures.

At the same time, we can not ignore recent figures for comparison from our allies—and competitors—in Europe. While the American Consumer Price Index has been increasing at over 11 percent in recent months, Germany has experienced only moderate increases, resulting in an increase for the last 12 months of less than 6 percent. In July, the most recent month available for figures, prices did not rise in Holland. Norway's Consumer Price Index actually dropped, and in Luxembourg prices rose only 0.5 percent.

In adopting the first budget resolution, Congress made a commitment to stringent restraint on spending in conjunction with a disciplined revenue policy. Congress determined that the Federal Government should exercise leadership in a broad national battle against inflation and Government growth by lowering spending and reducing the Federal Government's share of GNP.

We must not jump ship at the first sight of a storm. Economists in and out of Government have argued forcefully that fiscal stimulus might come too late to rescue the economy from what many still predict will be a moderate and relatively brief recession. As the Director of the Congressional Budget Office, Dr. Alice Rivlin, told the Budget Committee:

> One response to a rise in the jobless rate would be greater fiscal stimulus. But such a response could aggravate the already high inflation. In this situation, the Congress may want to examine closely the policy option of continuing current policy and making no immediate change.

We all are very sensitive to the condition of the economy, the pressures confronting the American taxpayer, the need for increased investment incentives, and general tax reductions at the appropriate time. I believe, however, that at this time the need for fiscal restraint supersedes the need for a tax cut.

In the first budget resolution report, it was stated that:

> The Members and committees of Congress must be willing to accept discipline if Congress is to meet its obligation to produce a restrained and prudent budget commensurate with the character of our national economic needs.

Unfortunately, the mandate for restraint has not been uniformly met. Many Senate committees have failed to make savings in programs under their respective jurisdictions. The first budget resolution assumed reductions in outlays of $5.6 billion below existing law. No voice was raised against that policy on the Senate floor. Indeed, many a speech has endorsed the policy of frugality. Many a press release has broadcast a firm commitment to the painful politics of austerity.

It is clear at this point that rhetoric has not been reflected in policy. Less than 30 percent of the necessary savings in reductions of outlays have been realized at this stage of legislative action. It also appears that, apart from lost savings, the appropriations process in the Senate has added more than $2 billion in outlays to the first budget resolution totals. We must now draw the line.

This second budget resolution, which I support, draws that line. It includes reconciliation instructions which will direct Senate committees to take a second look at the spending legislation which they have already approved. In the first resolution, the committee asked the Senate to make stringent spending sacrifices. The Senate endorsed that position. Now, Senators and committees are asked to fulfill that pledge.

Any route to a balanced budget—in 1981 or at any time—will be rigorous and painful. Congress, however, must make an assertive response to the clear and pressing need for the elimination of the Federal deficit.

Recession and the acceleration of inflation make this effort rigorous and still more painful. I remain convinced that the price must be paid and that the goal can still be achieved.

The Budget Committee has taken account of reestimates of program costs due to inflation, of the emergence of new energy needs and of a commitment to the achievement of new strategic weapons capabilities. It can still prudently recommend a budget which contains a deficit lower than that projected for the current fiscal year, fiscal year 1979.

Also, in spite of pressures, the committee again recommends a budget path which leads to balance in fiscal 1981. The needs which motivated the committee to press for a near-term balance have not dissipated. Neither has its—nor my—determination to spare no efforts in the ongoing campaign to achieve it.

In confirming its commitment to restraint, the Senate can assure the Nation of its determination to take a firmer hold on inflation and restore our economy to a state of health and balance.

The second budget resolution will be binding. Its proposed deficit reduction for 1980, a balanced budget for 1981 and a balanced budget with major tax cuts in 1982 I want to be as equally binding. Foremost in our objectives must be adhering to the savings of $4 billion in outlays for fiscal year 1980 to which we agreed in the spring. Without these savings, the 1980 deficit will rise from the estimated $28 billion in the resolution to $32 billion, exceeding the 1979 deficit of nearly $30 billion and reversing the steady trend of declining defects we have tried so hard to achieve.

We must undertake the necessary "reconciliation" process at this time, as the Budget Act provides, in order to reduce the excess spending which has crept in since adoption of the first budget resolution if we are to have any credibility whatsoever with our constituents. How many of us have talked about limiting Government growth in order to discourage inflation? Our vote on adoption of the second budget resolution will be a ready test of that credibility.●

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, for not to exceed 20 minutes, and that Senators may speak therein up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

WORLD PRICE OF GOLD HITS $350 AN OUNCE

Mr. MUSKIE. Mr. President, I thought it ought to be noted in the RECORD that the world price of gold hit a new historic high today of more than $350 an ounce.

I can remember when it was set at $35 an ounce when I was a college freshman back in the early 1930's. It held at $35 until 1971 when we went off the gold standard.

It is now, I gather, the percentage of 1,000 percent higher than $35, which is a dramatic piece of evidence that we need the kind of fiscal policy the Senate is writing today, if we ever needed it.

SOVIET BUILDUP IN CUBA

Mr. THURMOND. Mr. President, on Friday, September 14, I made a floor statement reference to the buildup of a military outpost in Cuba by the Soviets.

This situation was further confirmed publicly in an article published on Saturday, September 15, in the Washington Post newspaper entitled "Soviets Sending Cuban Military 7th Guided Missile Patrol Boat."

Mr. President, the Soviet Union is turning Cuba into a military camp. Besides the Soviet combat brigade already located in Cuba there is a continual buildup of the Cuban military.

The Soviets are at this moment towing to Cuba the 7th 205-ton guided missile patrol boat of the Osa II class. This boat will be added to a Cuban force buildup which now includes 2 diesel submarines, 18 patrol boats larger than the Osa, 18 older Komar missile boats and 7 landing craft. A naval base in Cuba for these vessels and visiting Soviet ships is nearly complete.

The Senate might ponder why the Soviets are giving the Cubans landing craft. Landing craft are used for offensive military operations and would enable the Cubans to put forces ashore in many Latin American countries.

I urge that President Carter withdraw the SALT II Treaty from the Senate until the Soviets remove their own forces from Cuba and stop this military buildup of the Cuban forces.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIETS SENDING CUBAN MILITARY 7TH GUIDED MISSILE PATROL BOAT

(By George C. Wilson)

In a bizarre bit of gunboat diplomacy, or perhaps because of a foul-up, the Soviet Union is sending a seventh guided missile patrol boat to Cuba, sources said yesterday.

A Soviet freighter, sources said, was towing the 205-ton gunboat of the Osa II class toward Cuba yesterday as Secretary of State Cyrus R. Vance and Soviet Ambassador Anatoliy F. Dobrynin were conferring in Washington on ways to defuse the issue of Soviet troops in Cuba.

This latest example of Soviet military aid to Fidel Castro is expected to add one more complication to the Vance-Dobrynin talks and to provide fresh ammunition for politicians charging the Soviet Union with "bad faith" for stationing up to 3,000 combat troops in Cuba.

U.S. intelligence observed the Soviet freighter out of the Black Sea at the end of August, learned the declared port of destination was Havana and has been watching ever since.

Although there is always a chance the freighter will be ordered to turn around, given the delicate state of Washington-Moscow relations, there was no evidence of this last night.

The newest delivery of an Osa patrol boat, though far from a bluewater threat to the United States does represent part of what U.S. Navy leaders consider a significant modernization of Cuba's navy.

Retired British Capt. John Moore, editor of Jane's Fighting Ships, said in the latest edition of the book, that Soviet aid has put Cuba in a new naval league, especially in comparison to its Latin American neighbors.

The Osa en route to Cuba would be the seventh the Soviets have sent to the island during the last few years. With a speed of about 36 knots and armed with four SSN2 styx antiship missiles, the Osa boats are ideal for protecting Cuba's coastline or making hit-and-run strikes against navies of comparable size.

The Soviets also have sent Cuba 18 patrol boats larger than the Osa; 18 older Komar missile boats; seven landing craft and two diesel submarines as part of the modernization program.

CITIZENS BY BIRTH OR CHOICE HAVE A COMMON RESPONSIBILITY

Mr. RANDOLPH. Mr. President, earlier this year, on July 23, President Carter issued Proclamation No. 4670, declaring September 17, which is today, as Citizenship Day.

On September 17, 1787, at Independence Hall in Philadelphia, our Founding Fathers adopted the Constitution. On September 17, 1796, our first President, George Washington said, in his Farewell Address—and I ask my colleagues to listen to these words:

> Citizens by birth, or choice, of a common country, that country has a right to concentrate your affections. The name of American, which belongs to you in your national capacity, must always exalt the just pride of patriotism, more than any appellation derived from local discriminations.

Mr. President, I want to say that on Friday during this Constitution Week, September 21, there will be approximately 35 men and women who will be nationalized as American citizens in a ceremony to take place at Montgomery County Court, Rockville, Md., at 2 p.m. My reason for referring to this is simply to say that Milagros Altagracia Carr, a native of the Dominican Republic, the wife of my grandnephew, Randolph Carr, is one of those who will become citizens on that date. I appreciate the opportunity to call attention to the importance of Citizenship Day and Constitution Week.

Mr. President, I ask unanimous consent to have printed in the RECORD the Proclamation by the President of the United States of July 23, 1979.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

CITIZENSHIP DAY AND CONSTITUTION WEEK, 1979

(Proclamation 4670 of July 23, 1979)

By the President of the United States of America:

A Proclamation: On September 17, 1787, in Independence Hall, Philadelphia, our Founding Fathers adopted the Constitution of the United States. With this great document as its cornerstone, our country has become the finest example in all history of the principle of government by law, in which every individual is guaranteed certain inalienable rights. The strong beliefs of its authors in the worth of the individual and the rights to be enjoyed by all citizens have made the Constitution not only an enduring document but one which finds new life with the passing of years and continues to inspire freedom-seeking people all over the world.

On February 29, 1952, by joint resolution (36 U.S.C. 153), the Congress designated September 17 as Citizenship Day, in commemoration of the formation and signing of the Constitution as a reminder of the privileges and responsibilities of citizenship. By a joint resolution of August 2, 1956 (36 U.S.C. 159), Congress authorized the President to designate the period beginning September 17 and ending September 23 of each year as Constitution Week and to issue a proclamation calling for the observance of that week.

Now, therefore, I, Jimmy Carter, President of the United States of America, call upon appropriate Government officials to display the flag of the United States on all Government buildings on Citizenship Day, September 17, 1979. I urge Federal, State and local officials, as well as leaders of civic, educational and religious organizations to conduct meaningful ceremonies and programs on that day.

I also designate as Constitution Week the period beginning September 17 and ending September 23, 1979, and urge all Americans to observe that week with appropriate ceremonies and activities in their schools, churches, and in other suitable places in order to foster a better understanding of the Constitution, and of the rights and duties of United States citizens.

In witness whereof, I have hereunto set my hand this twenty-third day of July, in the year of our Lord nineteen hundred seventy-nine, and of the Independence of the United States of America the two hundred and fourth.

JIMMY CARTER.

STATUS OF GSA ANTIFRAUD EFFORT

Mr. PERCY. Mr. President, Inspector General Muellenberg of the General Services Administration recently submitted to Congress his interim report on the organization and operations of the GSA Inspector General's Office. This is the first report required under the 1978 Inspector General Act, which combined auditing and investigative resources in each of 12 agencies and departments under a single, high level official in each agency reporting directly to the agency head and Congress.

The deplorable scandals at GSA have shaken the confidence of the American people in the management and honesty of their Government. I cannot overemphasize the importance of the Inspectors General in ferreting out fraud, corruption, excessive and wasteful spending, and mismanagement in GSA and other Federal agencies. This is a goal to which I have been personally committed as ranking minority member of the Governmental Affairs Committee.

During this session of Congress my esteemed colleague, Senator CHILES, and I have carefully reviewed the qualifications of President Carter's nominees for Inspector General for the Departments of Commerce, HUD, Labor, Transportation, Interior, and Agriculture, as well as for NASA, SBA, the Veterans' Administration, and GSA. To date we have confirmed 10 Inspectors General and are currently reviewing the nomination for the Community Services Administration.

Regrettable, the President has yet to submit his nomination for the Environmental Protection Agency. I strongly urge the President to direct his attention toward selecting an eminently qualified individual to fill this extremely important position so that the organization and work of the Office of Inspector General at EPA can begin as soon as possible.

Mr. President, no matter how qualified an individual may be to perform the duties of the Inspector General, the enormous task of preventing and detecting fraud and mismanagement in Federal programs cannot be accomplished without the full support of both Congress and the administration. Unfortunately, in a recent report the General Accounting Office stated that Federal audit organizations lack sufficient staffs to carry out their mission because OMB and several agencies either drastically reduced or denied requests for additional audit staff. In an effort to alleviate this situation, GAO has asked OMB to develop guidelines to help departments and agencies determine the number of auditors needed to adequately review Federal programs.

In the case of GSA's Office of Inspector General, I am happy to note that the Senate recently approved a revised budget request to provide $18.9 million and 593 positions for that Office. There can be little doubt that this is money well spent.

During his confirmation hearing I thoroughly questioned GSA Administrator Freeman on his plans for working with Mr. Muellenberg and the Justice Department task force. Mr. Freeman assured me that he would do everything possible to support Mr. Muellenberg in his efforts to investigate and prosecute fraud committed both by GSA employees and private contractors. Based on the present level of investigational activity, Mr. Freeman also made a commitment to the Governmental Affairs Committee to keep Congress well informed of GSA's progress in restoring the integrity of its operations through quarterly meetings with the chairmen and ranking members of the appropriate congressional committees.

I am encouraged by the progress made to date. In his interim report Mr. Muellenberg states that the organizational structure of GSA's Office of Inspector General is in place. The Office of Special Projects is currently assessing the areas most vulnerable to fraud in order to develop a comprehensive plan for auditing and investigating activities.

The Office of Audits will be upgraded to a staff of 450, providing an extensive audit program designed to detect and establish deterrents to fraud and to improve internal control of GSA programs. One important responsibility of the Audit Office is review of GSA self-service store operations to evaluate the effectiveness of strengthened internal controls in the Federal supply service. The part also highlights the audit planning of the Office of Audits in various areas such as motor pool operations, public building services, computer services, stockpile sales, and disbursements of all types. In addition to reviewing these programs and services, the auditors will provide professional advice to GSA procurement officials on accounting and financial matters to assist in negotiating, award, administration, repricing, and settlement of Government contracts.

The Inspector General's report cites several examples of the cost effectiveness of regular program audits. The General Contract Audit division since January of this year has issued 43 audit reports recommending savings of $3 million. This translates into a savings of $464 per audit man-hour or a return of $19 on each dollar invested. Mr. President, this is testament to the rewards of giving the Inspectors General our full support. But doing audits and issuing reports is only a first step toward our goal of saving the taxpayers millions of dollars annually. The GSA Inspector General, I am happy to note, also intends to follow up aggressively on completed audits.

The Office of Investigations, with a current staff of 78 investigators has since January opened 487 cases and closed 616. Most of these cases were in the area of white collar crime, while the remainder dealt with debarment of contractors, misconduct, and organized crime checks. The white collar cases involved investigations of alleged fraud as well as conflicts of interest, bribery, and falsification of time and attendance records. To date, the GSA-Justice task force combined effort has led to the conviction of 86 Federal employees and several private contractors for defrauding the Government.

Finally, Inspector General Muellenberg has taken the innovative step of complementing the Offices of Audits and Investigations with a new Office of Inspections. This office consists of specialists in engineering, leasing, building management, and other relevant areas who conduct highly technical, professional inspections to determine if work was performed in accordance with specifications, or done at all. The report notes that the assistance provided by the inspectors to the auditors and investigators has contributed to the conviction of 3 GSA employees and 6 contractors for defrauding the Government of approximately $2.6 million. These inspectors also have taken actions to insure the debarment of corrupt contractors from Government contracting activities.

Mr. President, I congratulate Administrator Freeman and Inspector General Muellenberg on their efforts to date, and I look forward to working with them in the future to rid GSA of corruption and to restore the faith of the taxpayer in the efficient and honest operations of the Federal Government.

APPEARANCE OF IMPROPRIETY IN THE DEPARTMENT OF JUSTICE

Mr. HATCH. Mr. President, I have been concerned for quite some time now about the professional responsibility section of the Department of Justice. There is no Federal agency with respect to which it is more critical that there not even be the appearance of indiscretion or conflict of interest. That the section has not met the standard of avoiding the appearance of impropriety as well as the actual fact of impropriety is a matter about which I have some concern. I ask unanimous consent to have printed in the RECORD at this point a selection of four recent newspaper items highlighting these problems.

The being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 10, 1979]

COVER-UP SCORECARD

(By William Safire)

WASHINGTON.—Philip Heymann, Chief of the Criminal Division of the Department of Justice—who boasts of his experience as a special prosecutor investigating Republicans—has been leading the Carter Administration fight to prevent the appointment of special prosecutors to investigate Democrats.

The thin-skinned ex-Harvard professor has been derogating the Ethics in Government Act, which mandates court-appointed independent prosecutors to handle charges against high officials. Mr. Heymann wishes us to believe he can do better. His record:

1. The Vesco bribe accusation. A fugitive financier paid $10,000 to a crony of Hamilton Jordan's to get President Carter to intercede in his behalf. When a Carter aide made the approach, President Carter—instead of blowing the whistle on an apparent bribe—wrote his Attorney General a note directing him to see the possible fixer.

Because it could not ignore columnist Jack Anderson's revelations, Justice grudgingly convened a grand jury. After 11 months, the grand jury foreman went public with charges of "cover-up." He was disgusted with Justice's foot-dragging to protect the White House.

In a meeting called to allay suspicion that Justice prosecutors were obstructing the grand jury, Mr. Heymann admitted that he considered the sworn testimony of a key White House aide to have been untruthful.

When this admission was accurately reported by Edward Pound of The New York Times, Mr. Heymann issued an artful statement claiming he had never actually used the word "perjury" in connection with Mr. Carter's aide. With that narrow denial, Mr. Heymann tried to placate the White House and mislead the public, but the truth is that the chief criminal law enforcement officer of the U.S. led several witnesses to believe that a Special Assistant to the President had lied under oath.

2. The Lance case. Exactly two years ago—in September, 1977—Justice was handed the evidence of Lance wrongdoing by the S.E.C. and Treasury's Controller of the Currency. Result: the Treasury Secretary fell from favor, the S.E.C. enforcement chief's career has been blocked, and all the Justice officials forced to work on the case have fled.

The indictment was returned in May of this year, breaking little new ground. The politically embarrassing trial is not scheduled until late January of next year, and is likely to be postponed further, until after the early primaries. The venue will be most favorable to the President's friend.

3. Koreagate. This case hinged on the ability to convict former Congressman Otto Passman of taking over $200,000 in bribes, and then to turn him into a witness against a dozen other Congressmen. But Mr. Heymann's Criminal Division—to the amazement of the District of Columbia judge—permitted the bribery charge to be tied to

an income tax charge, which automatically enabled Mr. Passman to change the venue to his home town in Louisiana.

As predicted here, Mr. Passman was promptly acquitted, and—thanks to the ineptitude of Mr. Heymann's "Public Integrity Division"—twelve bribetakers now sit safely in Congress.

4. The Marston affair. When corrupt Congressman Joshua Eilberg called President Carter to demand that he fire the Republican prosecutor who was closing in on him, the President told Justice to do just that. Mr. Heymann has suppressed the F.B.I. report on this suspected obstruction of justice. Inquiring Congressman Bob Walker (R.-Pa.) is told only that the President has been "exonerated," but the embarrassing report must remain secret because it "contains information that is inextricably intertwined with other current criminal investigations."

5. The Carter warehouse money laundry. Only when prodded in this space to "follow the tangent" did Mr. Heymann permit Lance investigators to follow leads into questionable fund-raising by the Carter family. The Ethics in Government Act was circumvented, because cover-uppers at Justice did not want a panel of judges to pick an aggressive, independent prosecutor; under pressure the Carter men chose amiable Paul Curran, and sought at first to restrict his powers, with his acquiescence. Press agitation stopped that nonsense, and now the probe is ambling along. (The long delay in the related Lance case, however, means that no heat is being applied to Lance to induce him to cooperate in the Carter warehouse case.)

6. The Jordan cocaine charge. Last year, when Presidential Drug Adviser Peter Bourne was caught fraudulently prescribing drugs, he told newsmen that illicit drug use was frequent among Carter staffers. But Philip Heymann decided not to send a single F.B.I. investigator to question Mr. Bourne; his apparent crime was shrugged off.

Were it not for the new Ethics in Government Act, that is exactly how Mr. Heymann would be handling the accusations of cocaine use against the President's Chief of Staff. D.C. drug sleuths conduct well-publicized busts against newsletter writers, but have no inclination to follow the white stuff into the White House.

The record of the Carter Department of Political Justice has been a series of grudging investigations, unconscionable foot-dragging, suspicious ineptitude and self-righteous posing. No wonder Philip Heymann resists the appointment of special prosecutors now required by law: they might even investigate, prosecute and convict a Democratic public official.

[From the Washington Post, Sept. 11, 1979]

The White House and the Vesco Case

(By Jack Anderson)

Some federal grand jurors wanted to summon President Carter to explain his role in the alleged Robert Vesco influence-buying scheme. For the key to the mystery, despite an intensive effort to remove it elsewhere, still lies in the White House.

The grand jurors had to settle for a statement, which Carter gave to the Justice Department. But this merely heightened the mystery. Like so many other statements that have come out of the White House on this case, the president's explanations conflicted with an earlier White House version.

This much has been established: Spencer Lee IV, a close chum of White House honcho Hamilton Jordan, has admitted accepting a $10,000 payment to seek Jordan's intervention in behalf of financial fugitive Robert Vesco.

Lee flew to Vesco's estate in Costa Rica, where a multimillion-dollar payoff was discussed. Next, Lee stopped off at Nassau where he helped form a dummy corporation to launder the payoff money. Then he flew to Washington for the purpose of enlisting Jordan in the scheme.

Both Lee and Jordan deny that they ever discussed the Vesco offer. Instead, Lee confided the details to their mutual friend, White House aide Richard Harden. According to the White House version, Harden persuaded Lee to drop the deal.

Yet Lee never bothered to return the $10,000 advance. Authenticated telephone records also show that he was still in touch with Vesco a year later. Lee also remained in contact with the instigator of the alleged plan, R.L. Herring, who has now been convicted of racketeering and fraud in another case.

Harden, meanwhile, informed the president that Vesco had offered "a large sum of money" to gain entree to the White House. At first, a White House spokesman claimed Carter had "no recollection" of Harden's report.

But a conspiracy by Vesco to buy exoneration through the White House is not the sort of report that a president is likely to forget. In the statement he submitted to the Justice Department, he confessed having a "hazy memory" of the incident.

It was the president's legal duty, of course, to report the alleged bribe offer to the Justice Department. Yet both Carter and Harden neglected to advise the proper authorities of the alleged plan. Instead, the president scribbled a note to then-Attorney General Griffin Bell asking him to see Lee. The note, written on Feb. 15, 1977, urged Bell: "Please see Spencer Lee of Albany when he requests an appointment."

Three months later, the president appointed this same Spencer Lee to the judicial nominating committee. Thus the man who had confessed his involvement in the alleged scheme wound up with a presidential commission to help select federal judges.

There have been other inconsistencies worth noting:

At a White House briefing, Jordan sought to disassociate himself totally from the alleged Vesco plan. He told reporters that he knew absolutely nothing about the plan and that FBI agents had never questioned him about Vesco. This turned out to be untrue; he had been interrogated by the FBI a few weeks earlier.

The president's attorney and adviser, Charles Kirbo, swore that "nobody ever talked to me about Vesco" when he was first asked about the case. He had to back down after his office records showed that he had met with the Georgians on Jan. 13, 1977. But he continued to insist that he had "no recollection" of the meeting. Thus he joined the ranks of the forgetful Carter people who found an alleged conspiracy by Vesco to be too inconsequential to remember.

Copies of two letters, allegedly written by Lee to Jordan and Kirbo, turned up in our investigation. All three men denied any knowledge of the letters. We later exposed the fact that the letters had been concocted by R.L. Herring. But Herring insisted that he had lost the originals and had "reconstructed" them from memory. His former secretary, Gerolyn Hobbs, has now testified under threat of perjury that she typed the original letters and mailed them to Jordan and Kirbo.

Through a series of paper transactions, Vesco transferred a bloc of his prime stock to the Georgia influence peddlers. They wound up with shares in Property Resources Limited, a cash-rich, Bahamas-based company. Sources at the Securities and Exchange Commission estimated that the paper value of the stock deeded over to the Georgians was about $12 million. But the SEC has challenged Vesco's ownership of the stock, which prevented the Georgians from selling it and laundering the money through their Nassau corporation. Each of the Georgians, meanwhile, has given a different version of this complex payoff attempt.

These are just a few of the points that may have influenced the grand jury foreman, Ralph E. Ulmer, to offer his resignation—since rejected by the judge—in a letter charging "duplicity," "manipulation" and "cover-up."

[From the Washington Post, Sept. 13, 1979]

Doubt Reported on Vesco Role of Carter Aide

The Justice Department has begun to doubt the grand jury testimony of a White House aide, Richard M. Harden, in a case involving Robert L. Vesco after federal investigators concluded that a close friend of Harden had repeatedly lied to them, according to sources familiar with the case.

The friend, W. Spencer Lee IV, failed at least two lie detector tests given by the FBI last February and March, the sources said. Harden's testimony before the grand jury was so close to Lee's account, the sources said, that prosecutors began to question Harden's veracity.

Lee, an Albany, Ga., lawyer, was retained by an intermediary for Vesco, the fugitive financier, to talk to the White House about Vesco's legal problems. Both Lee and Harden acknowledged last year that they discussed Vesco's case at a Feb. 8, 1977, meeting in Washington.

According to the sources, Lee volunteered to take a lie detector test after a federal grand jury and the Justice Department began looking into allegations last year that the White House had been approached in a scheme to fix Vesco's legal problems.

Vesco fled the United States nearly a decade ago after he was charged with bilking stockholders out of millions of dollars in an international swindle. According to an allegation made by R. L. Herring, a Georgia businessman, Vesco wanted to bribe Carter administration officials to drop the criminal charges and halt extradition proceedings against him.

The administration decided in June 1977 to abandon attempts to extradite Vesco from Costa Rica. But there is no evidence that anyone in the administration had acted in behalf of Vesco, who is now believed to be living in the Bahamas.

Harden, who testified last Dec. 20, reportedly told the grand jury that he talked Lee out of continuing to represent Vesco's interests when they met Feb. 8, 1977. He was also reported to have testified that he met a few days later with President Carter to brief him on the Vesco situation and to tell him that Lee was pulling out of the deal.

But the polygraph machine indicated Lee was untruthful when he stated that Harden's purpose in seeing the president was to advise him that Lee was getting out of the Vesco deal, the sources said. Further, they said, Lee's responses indicated that he had lied when he told the FBI that he had informed Harden on Feb. 8 that he was pulling out.

Lee previously acknowledged that he was paid $10,000 by a Vesco intermediary to approach the Carter administration for Vesco. And he acknowledged that he had been promised substantially more money from Vesco if he could get a "yes or no" answer from the White House on Vesco's request for a meeting.

The allegation of attempted bribery was made by Herring, the Vesco intermediary who said he contacted Lee because of Lee's close connections with White House aides. Herring was convicted last October on criminal fraud and racketeering charges unrelated to the Vesco inquiry, and has since been indicted on charges of bankruptcy fraud.

According to Harden's previous public statements about the Feb. 8 meeting, he and Lee discussed the Vesco situation over dinner at a restaurant here. He said he dissuaded Lee from continuing to represent Vesco's interests and that Lee asked him to explain to the president that Lee had decided to reject the Vesco deal.

Harden said they returned to Lee's hotel room and that Lee introduced him to Herring who had accompanied Lee on the trip.

On Feb. 15, 1977, according to his account, Harden met with Carter in the White House to brief the president about Lee's involvement with Vesco. Harden said the president told him that Lee should meet with the attorney general if he believed there was anything illegal involved.

In Harden's presence, the president then wrote a note to Griffin B. Bell, then the Attorney General, to "please see Spencer Lee from Albany when he requests an appointment." Bell has said he never received the note.

Justice Department Official Explains Delay in Vesco Case Inquiry

(By Charles R. Babcock)

The head of the Justice Department's criminal division said last night that failure to explain a three-to-four month delay in a grand jury investigation earlier this year probably contributed to a grand jury foreman's charge that the department was covering up to protect aides to the president.

Philip B. Heymann told reporters in his office that it was "discourteous and a mistake" not to tell the grand jurors that the FBI was interviewing witnesses about a scheme by fugitive financier Robert Vesco to approach aides to President Carter in an effort to fix his legal problems.

Ralph E. Ulmer, foreman of the Vesco grand jury, tried to resign last month, claiming the department had withheld information and delayed the grand jury process. His allegation seemed to gain some credence in light of reports that Heymann had told grand jurors he doubted the truthfulness of White House aide Richard Harden.

A Vesco emissary had paid $10,000 to W. Spencer Lee IV, an Albany, Ga., lawyer, to approach top Carter aide Hamilton Jordan, his boyhood friend, in early 1977. Instead, Lee claims, he saw only Harden, who talked him into dropping the plan to help Vesco. The financier had fled the country after being indicted on charges of stealing a fortune from stockholders.

Still unexplained is why Harden told Carter about Lee's approach and why Carter then wrote a cryptic note to then Attorney General Griffin B. Bell, telling him to see Lee.

Heymann was reluctant to answer questions about the Vesco case or the current FBI investigation of Jordan, who was recently accused of using cocaine at New York's Studio 54 disco last year by its indicted owners.

The criminal division chief repeated earlier remarks about his concerns with the special prosecutor law that triggered the Jordan investigation. He said he believed the new Ethics in Government Act should be amended but said it would be "too tough a thing to tackle in an election year, and too tough to tackle within a year of enactment of the bill."

He also said he was convinced that there could be no coverup of any major investigation in the department.

YOUNG PEOPLE AND LAND USE

Mr. HATCH. Mr. President, in August my colleague, Senator Jake Garn, held a land use hearing in Cedar City, Utah. One of his witnesses was a young man by the name of Lyman Hafen. Mr. Hafen accurately and succinctly expressed in his testimony the problems which face young people who hope to enter into an agricultural profession.

I ask unanimous consent that his enlightening testimony be printed in the Record for the edification of this body.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

My name is Lyman Hafen. I'm 23 years old. I was born and raised in St. George, Utah and am a graduate of Dixie College. I will graduate from Brigham Young University in December of this year.

My father and his two brothers are in the cattle business. Their operation is based in Clover Valley, Lincoln County, Nevada. Like the majority of the Western-states cattlemen, they own some private grazing ground but could not exist in the business without utilizing Bureau of Land Management lands.

My great-great grandfather Woods was an original settler in Clover Valley, Nevada as was my great-great grandfather Hafen in Santa Clara, Utah. Both of these pioneers were cattlemen and ran their herds on the then open ranges. Their sons continued in the cattle business and different family members of each generation have utilized the barren ranges of this area to produce livestock and derive a humble livelihood from otherwise unproductive land. My great grandfather, John Hafen was known as one of the best cowboys in Southern Utah in his day. My great grandfather, Lamond Woods was heralded as one of the best horsemen in Lincoln County, Nevada.

In establishing my cowboy heritage I must also mention my great-great grandfather, Jens Neilson who ran cattle first in Iron County, Utah and then settled in and became a prominent cowman in San Juan County, Utah. That heritage extended down to my grandfather, Edward Neilson and my uncle DeReese Neilson who have based their cattle operations in Blanding, Utah. I have been well exposed to the cattle business in this area.

I must say that I realize and understand that, in the past, some of the public ranges have been mistreated and overgrazed. I admit that my ancestors may have been involved, although not knowingly, in past overstocking of ranges. I am the first to agree that regulation is necessary on the ranges as it is in any situation where public resources are being used for private economic purposes. Now with that said, let me explain my reason for testifying today. It can be summed up in one sentence: The cowboy way of life, an institution native to the American west, is slowly fading away and dying.

Let me give an example from my own experience. Out of my high school graduating class I can name at least 20 families of my schoolmates that are involved either in the cattle business or in occupations directly related to agriculture. But out of those 20 families I cannot name one schoolmate who is now, or is planning in the future, to continue operating the family farm or ranch. In fact, out of the entire St. George community I can only name three or four young men from my generation who are pursuing careers in agriculture. I have many friends who have grown up in ranching families but are studying to become, or who have become, businessmen, lawyers, builders, doctors or other nonfood producing professions. I am not ignorant of the fact that many of my generation are not the least interested in farming or ranching, but many of us are. Its just not economically feasible for us to pursue it.

I grew up helping my dad on the ranch. I've learned to rope and handle cattle and to break and ride horses. I have developed the skills and have had the experience that would qualify me to raise cattle and produce beef on the public lands. But because of advice I've received from my own father and from other cattlemen, I am not pursuing a career as a cowboy, at least not until I become financially secure in another profession.

I realize there are many factors contributing to the difficulties of getting into the cattle business. The high cost of real estate, high interest rates and the fluctuating cattle market are all contributing causes to the problem, but I feel the major reason I have been advised against the cattle business is because of the federal land policies that are making public land use next to impossible.

It is sad that so many of my generation are being advised against agriculturally related professions. To me it seems that agriculture is taking a back seat to all the other special interests. This apparent trend appears ironic to me when the basic physiological need of man is food. The special interest groups appear to be forgetting that we must eat before we can use electricity, we must eat before we can burn gasoline in our cars, we must eat before we can go out and earn a living, and we must even eat before we can go backpacking.

Why are issues like the environment, energy and the economy taking a front seat while the problems of ranchers and farmers are treated as insignificant. Maybe as the impending hard times fall upon us we will realize that cattle grazing is more important than turtle preservation and that what a rancher has to say is as important as what an ecologist has to say.

I love and respect America. I have spent time in foreign countries and have come to realize that have more to be thankful for than any other nation in the world. I would never knowingly abuse the land that has provided my family's livelihood for generations nor do I feel that my ancestors have ever knowingly abused the land. I believe that those who work and sweat on the public lands are the true environmentalists.

I realize that administration by a governing power is necessary to maintain a balance on the land, but why can't this administration be closer to home? Why can't it create incentives for young people to enter agriculture instead of turning us away? Why can't we utilize this land to benefit and sustain our country in the most efficient ways possible? And why can't the voice of public land users play as great a part in policy formation as do the voices of people who have never even seen the land?

I wholeheartedly and sincerely support Senator Hatch's bill that provides for the cession and conveyance to the States of federally owned unreserved, unappropriated lands. I am aware of the many economic and political problems that would accompany such a change but the benefits for the American people would far outway the obstacles. The environment must be protected but the resources must also be utilized. The states are in a far better position to administer the protection of the environment and the use of the resources than is Washington.

It is my hope that any young American who has the knowledge, skill and guts to get into the cattle business, will be able to in the future.

I sincerely thank Senator Garn for being here. I praise the representation of our State in Washington by both Senators Garn and Hatch, they are truly voicing the sentiments of most Utahans.

FLIGHT TO FREEDOM

Mr. HATCH. Mr. President, over the weekend I heard news reports of two families escaping from East Germany.

This escape was accomplished through the construction of a homemade hot air balloon. Nothing signifies the difference between the East and the West more than events such as this. Risking their lives these people decided to leave a system that they could no longer live with. The reports stated that Peter Stelzyk, an aircraft mechanic, constructed the balloon with the assistance of Guenter Wetzel. These two men then, along with their wives and four children floated over the minefields guarding the border. When asked why they had done this Mr. Stelzyk replied: "It was no longer possible for us to lie to our children and put up with political conditions in East Germany."

Mr. President, during the August recess I had the opportunity to visit the border between East and West Germany. I can honestly say that the sight has left an impression on my mind that will never fade. As I stood on the border looking into East Germany I was confronted with a large chain-link fence about 10 feet high. Each pole supporting this fence was equipped with three tripmines which would detonate if anyone touched the fence with the force of a person attempting to scale it. Beyond the fence was an antivehicular ditch with concrete walls to prevent a vehicle from ramming the fence. Beyond that was an area of ground about 10 meters wide which was plowed to detect the presence of anyone in the area which otherwise might have gone undetected. At the edge of this area was an improved road which ran, as far as I could determine, the length of the border.

While I was at the border the East German guards sent a motorized patrol to investigate who had come in on the helicopter. As they scanned us with binoculars I felt a sense of rage and sorrowness well up in my bosom. How we could permit the Communist government to erect such a monstrocity is beyond me. I know the politics of such things, but I cannot help but feel a sense of shame that we have failed the people of Eastern Europe by allowing this to happen to them.

It is for these reasons that I offer my congratulations to Mr. Stelzyk and Mr. Wetzel and their families. We have always known freedom, they had only heard of it. They are the true defenders of the principle, for they were willing to take the highest gamble to achieve it.

HOW CONGRESS CAUSES INFLATION

Mr. HATCH. Mr. President, one of the most astute political writers of our time is Mr. Tom Bethell, who is the Washington editor of Harper's magazine. A few months ago he wrote one of the best pieces I have seen on the deregulation of natural gas. The excellence of that article is exceeded only by his recent article in the October issue of Harper's entitled "Fooling With the Budget: How Congress Causes Inflation."

As I read Mr. Bethell's article, although I may disagree with some of his characterizations, I was struck by the similarity of our thinking concerning the problems with the congressional budget process. But Mr. Bethell lays out these problems more succinctly and eloquently than I ever could. He has made a thorough analysis of the budget process and the economic analysis of the Congressional Budget Office, finding significant flaws in both and a bias toward increasing Government spending and against tax cuts which would stimulate the supply side of the economy.

Mr. Bethell's article should not be taken lightly by anyone who is serious about bringing fiscal control to the Federal budget. I commend his article to my colleagues and ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOOLING WITH THE BUDGET

HOW CONGRESS CAUSES INFLATION

(By Tom Bethell)

(The state is that great engine by which everyone seeks to live at the expense of everyone else.—Frédéric Bastiat.)

On April 23, in the course of a debate in the United States Senate, Sen. William Proxmire of Wisconsin introduced an amendment to balance the federal budget. His plan was simple—to cut federal spending by the amount of the anticipated deficit, namely $29 billion. He made an interesting speech in favor of his proposal asking at one point:

> Who comes to Washington to ask us to cut a particular program? You will wait a long time for an answer. Who comes? No one. Not ever. But hundreds come purporting to represent millions, asking us to increase spending for programs. Businessmen who come here from our states are never asking us to cut a particular program but asking for spending for defense contracts or homebuilding or public-works programs. Farmers never ride their tractors pleading for cutting anything. They come here asking for more price supports. Labor unions represent workers who suffer severely from inflation and government waste. But like business they come here to ask us to increase government spending. Governors and mayors often make great fiscal responsibility speeches and blame the squandermania of the federal government, but when they come here it is always, and I mean always, for more spending for them.

For years, in other words, all sectors of society have been petitioning Congress for relief from their pressing financial needs. And Congress, which saw itself at first in the role of servant—the elected servant of the people—duly paid out as much money as it was able to scrounge from the taxpayers. At first this worked well, and it seemed as though it would work forever. Farmers demanded subsidies to protect them from the rigors of free-market price movements. Businessmen persuaded Congress that it was better to bail out a large corporation than to allow any increase in unemployment, however temporary that increase might prove to be.

As long as the economy was growing sufficiently, this passing around of money from taxpayers to tax recipients seemed to be a satisfactory way for Congress to do business. Everyone seemed to be living at everyone else's expense, and hardly anyone worried or even noticed that an increasing percentage of this money was coming straight off the printing press—money with no commensurate wealth to back it up.

Slowly it became apparent to more and more people that there was a problem with this method, an increasing sluggishness. The economy was becoming alarmingly politicized. The government's share of the nation's income grew slowly but steadily. The federal budget—in deficit for nineteen of the past twenty years—reached a half-trillion dollars. Inflation proved intractable. And, so it seemed, one day we woke up (with a hangover) and our duly elected representative in Washington was no longer our servant. He was behaving as if he owned the manse.

It was in response to this transformation that the balance-the-budget movement slowly began to develop momentum. People saw that it no longer did any good to go to Washington with hands outstretched. That was how the problem began, after all. They gave you money, most of the time, but it was more and more frankly paper money, of declining value, and usually it had strings attached, too (environmental-impact statements, affirmative-action plans, forms to fill out).

By early 1979, then, it was Washington's turn to awaken with a start. Thirty states petitioned Congress for a constitutional convention that would mandate a balanced budget. This was impudence, it was generally agreed in the Capital, but it was nevertheless preferable to the earlier, related attack on Washington, the tax-cut movement of 1978. The proposals to cut the federal income tax offered by Sen. William V. Roth, Jr. (R-Del.), Rep. Jack Kemp (R.-N.Y.), Sen. Sam Nunn (D.-Ga.), and others had been beaten back, but they had made for some uncomfortable moments.

The Washington policy makers and Congressional leaders could at least see in the balanced-budget drive some relief from pressure. Not that they liked it. But the nice thing about a balanced budget (as the citizenry did not seem to realize) was that there were two very different ways of balancing it. You could cut spending (as Proxmire would try to do) or . . . when you thought about it . . . you could raise taxes.

THE PRINCIPAL VILLAIN

You might reply, They would not dare do a thing like that, would they? Increase taxes, so soon after Proposition 13? But if you think that, you haven't grasped Washington's cunningly devised fiscal machinery. The point is that the legislators in Washington don't have to perform the most unpopular task facing legislators elsewhere: namely, vote for tax increases. Taxes are steadily increasing all the time, thanks to the combination of inflation and the "progressive" tax code. This is a valued mechanism, because it is very nearly invisible. (On the other side, the taxpayers are becoming more and more restless because they can't quite see what is actually happening to them.)

When you get a cost-of-living pay increase (as a result of which your financial position remains the same) you are simultaneously shifted into a higher tax bracket—one in which you must send a higher *percentage* of your earnings to Washington. In this way, the amount of money that Washington has exacted of taxpayers in the past decade has grown astronomically (see Table 1). Bear in mind when looking at these figures that they have grown without Congress' having voted a single income-tax increase. The last year federal income-tax rates were increased was 1952. (Table 2 shows how low and high marginal tax rates have fluctuated because of legislated changes since World War II.)

In the late 1960s there was a Vietnam war surtax of 10 percent, but that was phased out after two years; and there have been occasional increases in Social Security taxes—particularly last year's increase, the major impact of which won't be felt until January, 1981. Otherwise, there have been no increases in the tax rates. In fact, there have been tax cuts, most recently in 1978, when the Congress voted at the last minute a "package" of decreases including the Steiger Amendment to lower the capital-gains tax.

Therefore, although the schedule of tax rates is actually lower than it was is 1962, the average person has been pushed up higher in the schedule by inflation and consequently is taxed at higher rates. Inflation, then, is the great anonymous tax collector. That is the beauty of the system.

TABLE 1.—U.S. BUDGET: 1970–80 ESTIMATE

[In billions of dollars]

	Revenues	Outlays	Deficit	Federal Debt
1970	194	197	3	383
1971	188	211	23	410
1972	209	232	23	437
1973	232	247	15	468
1974	265	270	5	486
1975	281	326	45	544
1976	300	366	66	632
1977	358	403	45	709
1978	402	451	49	780
1979	461	494	33	830
1980	509	532	23	887

Resource: Office of Management and Budget.

TABLE 2.—U.S. INCOME TAX STRUCTURE: LEGISLATED CHANGES IN LOW AND HIGH MARGINAL TAX RATES SINCE WORLD WAR II

[In percent]

	Low	High
World War II	23	94
1945	19	86
1948	16	82
1950	17	84
1951	20	91
1952	22	92
1954	20	91
1964	16	77
1965	14	70

Source: U.S. Treasury Department.

Consider for a moment the following figures from a Library of Congress study. They show how rapidly we are being moved up into higher tax brackets by inflation. Between 1965 and 1975, the number of people in the 20-percent tax bracket rose from 19 percent of the population to 53 percent. The proportion of the population in the 25-percent bracket increased from 7 to 29 percent of the population. In other words, many more of us are being treated by the Internal Revenue Service as well-to-do, or moderately so, even when all we are doing is keeping abreast of inflated prices.

Many voters are understandably befuddled by this invisible tax-escalator, which seems to operate independently of any legislator. The frustrated taxpayers would like to get even with the elected representative responsible for the design and smooth functioning of this devilish machinery, but they can't find him. All they know is that their man in Washington occasionally votes for a modest tax cut. The resulting frustration of the population at large has been the principal driving force behind the balance-the-budget movement.

A good many Congressmen and Senators have long since calculated that they are not threatened by any of these taxpayer revolts, however, because the recipients of federal money in their districts are grateful to them in particular, while taxpayers in their districts merely experience a generalized frustration at "the system."

So the principal villain is inflation. Without it, legislators would have to vote for tax increases. It is clear, then, that inflation is the quiet ally of big-spending legislators. Do they cause it? What is the connection between budget deficits and inflation?

When a deficit is incurred, the U.S. Treasury doesn't simply default on its debts. It borrows money from the private sector, from individual savers, in effect selling them pieces of paper called "bonds" in return for dollars. In the past four years the government has borrowed more than $200 billion, which, according to Harvard economist Martin Feldstein. is about 40 percent of total private savings.

The government thus swills from the pond of private capital, and the immediate effect is to make it more expensive for people who want to borrow money to do useful things such as build factories and houses. In short, the heavy government borrowing drives up interest rates. (One of the reasons the federal budget is so large these days is that almost 11 percent of it, $56 billion, or ten times the amount spent on science, space, and technology, is required to make the interest payments to private-sector lenders.)

The increased interest rate promptly make life difficult for others in the economy who also want to borrow money, whether to start businesses or buy homes. At this point the Federal Reserve Bank comes under "pressure" (although its appointees are supposedly immune from direct political influence, inasmuch as they are not running for office and cannot be fired by the President before their terms expire) to reduce the interest rate. And here is where the truly inflationary act takes place: the Federal Reserve responds to pressure by buying back the pieces of paper called "bonds"—repurchasing them with freshly minted dollar bills. This new money enlarges the available quantity of capital, back to something like its former level, and down go interest rates again.

One could say, then, that federal budget deficits are not in themselves inflationary, provided the economy is prepared to swallow high interest rates. But if one concedes that high interest rates are intolerable, then deficit spending is by far the most important cause of the expansion of the money supply, which in turn translates into generally higher price levels a year or two later.

One of the great scandals of recent and current government rhetoric is that there has been a concerted attempt by the economic leadership to deny that budget deficits lead to inflation (or play anything more than a minimal role in inflation). The government consistently tries to maintain that price increases are the cause of inflation. This is like saying that meals cause hunger.

A little demagoguery here goes a long way, of course. The public can easily see and get annoyed at the price increases at the grocery store; however, the chicanery in Washington aimed at giving politicians large amounts of money to hand out to their constituents, and the complex way of paying off the debt thus incurred, cannot readily be observed. Similarly, the "wage and price controls" approach to inflation is mischief analogous to trying to prevent the expansion of a balloon into which air is being pumped by putting the balloon into a box and shutting the lid.

The only way to stop inflating the balloon is to stop pumping it up. But that is a course the politicians and those other functionaries who make up Official Washington do not want to take. They could do that by abolishing deficits. But they won't. The reason they won't, when all is said and done, is that they enjoy spending other people's money. It gives them a sense of power—it gives them power.

A TRANSFER OF POWER

Before joining the Senators in their deliberations, we must first go back a few years, to 1974, when the new Budget and Impoundment Control Act was passed by huge margins in both House and Senate. The vote in the Senate was 88–0. When votes are unanimous, something devilishly tricky has almost certainly escaped notice. Such was true of the Budget Act.

The idea behind the legislation was to reorganize and (as was said) to "rationalize" the "budget process." Whatever that might mean, it seemed like a good idea at the time. The budget then was increasingly going into the red, although by far smaller amounts than would later be the case; and it was argued that the problem was as follows: hitherto, legislators had appropriated money in the different spending categories (defense, health, transportation, et cetera) separately There was no one controlling hand, no preliminary overview, whereby the Congressmen and Senators could determine exactly how much money they had at their disposal to spend; and so, in their individual enthusiasms for different spending programs, they would be found collectively to have spent more than they had taken in. The result was always attributed to inadvertence, an excess of enthusiasm, or compassion.

With the "budget process" reorganized in 1974, this would not happen again, it was said. The word *reform* appeared in a *New York Times* headline. Hosannas filled the air, *Fortune* magazine saw a "Noble Experiment" in budgeting. The new Budget Act involved the creation of two new committees on Capitol Hill, a Senate Budget Committee and a House Budget Committee, and a brand new organization called the Congressional Budget Office, which would provide "analyses of alternative fiscal, budgetary, and programmatic policies." In other words, the CBO would advise the Budget Committees that spending so much on defense would decrease unemployment by X percent, increase inflation by Y percent. The CBO, once it was launched in 1975, would provide employment for 219 people, mostly economists, a good many of them fresh out of college and eager to put the world right.

In light of the CBO's analyses, the budget committees would then set the overall totals in the various budget categories, fully aware of how much these totals would add up to, and, on the other side of the equation, of how much tax revenues were expected to amount to.

For example, the Senate Budget Committee might decide that $10 billion would be spent next year on natural resources and environment. Then, later on, the Appropriations Committee would meet and agree that, say, $30 million of this would be spent on a dam in Montana. (Incidentally, that explains why it is politically desirable to be on the Appropriations Committee; the Budget Committee by contrast has very little political appeal. One cannot "deliver" an aerospace contract or reclamation project to one's district; one merely delivers to the nation as a whole.)

One of the main reasons the CBO and the two Budget Committees were established was to transfer power away from the Executive branch, just one element in the great shift of power away from the White House that has gone on all through the 1970s. Congress could now do its own budgets without relying on the figures furnished by the Executive. President Nixon provided the main impetus for this when he appointed a man to head the Office of Economic Opportunity and told him explicitly not to spend the moneys appropriated by Congress for its poverty programs. This attempt at "impoundment," a direct challenge to Congress, provoked many a howl and assured the new Budget Act easy passage through Congress.

Both conservatives and liberals were eager to vote for the act because, in the first place, conservatives believed that the liberals were going to feel uncomfortable voting for explicit budget deficits, as they now would have to do for the first time, with the Budget Committees and the CBO in situ. They thought this would embarrass the liberals.

But the liberals thought differently. They knew that they indeed would go on voting for budget deficits, and that hardly any of their constituents would object. As they foresaw it, correctly, the CBO would come to their rescue by developing "scientific" rationales for spending just as much money as they wanted to spend; and this in turn would be more money than last year, no matter what phase the economy might be in. In a recent issue of Policy Report, Paul Craig Roberts explained the kind of thinking that could be expected from the CBO as follows:

"Recessions justify deficits to get the economy moving again; recoveries justify deficits to keep the recoveries going; good times justify deficits to ward off the downturn that is predicted to be around the corner. Signs can be found upon which to predict a recession."

And that is the way it has turned out, five years later. Almost the only one who saw it coming was Rep. Joe Waggonner (D-La), who said during the debate on the bill on December 5, 1973:

"I am constrained to say that this is not going to do anything to make this body responsible, in my personal opinion, because we are not controlling expenditures. We will be using all the devices we use now to keep spending. I hope I am wrong, and that there will be some restraint in the Congress . . . but I cannot help believing . . . that we are going to do anything but go ahead and just keep increasing spending and the debt ceiling. . . . This Congress does not have the courage to balance expenditures with revenues. That is our problem now."

Waggoner was dismissed as one of those country bumpkins, but he was correct.

THE KEYNESIAN MODEL

The director of the Congressional Budget Office is Alice Rivlin—who was appointed to the post in February, 1975, with the backing of such members of Congress as Sen. Edmund Muskie (D.-Maine). By this time Muskie was the chairman of the newly created Senate Budget Committee. He had lobbied hard and given up his seat on the Foreign Relations Committee to get the job.

The New York Times, at the time of her appointment, noted that Alice Rivlin's "intellectual credentials are outstanding." Be that as it may, income redistribution was her political and economic philosophy in a nutshell, picked up somewhere along the line between Bryn Mawr, Radcliffe (Ph.D. in economics), the Department of Health, Education, and Welfare (where she was an Assistant Secretary in the Johnson years), and the Brookings Institution, where she became a senior fellow.

As the new Congressional budget procedure came closer to enactment in 1974 and it became apparent that Congress would soon be looking for someone to direct the CBO, Rivlin was fortunately able to promote her cause in that expedient Washington way, by writing several quite lengthy articles for the Washington Post op-ed page. In this forum she could keep her name before Congressional leaders and, at the same time, establish her credentials as a reliable proponent of spending.

In October, 1974, for example, following a speech by President Ford on economic policy, Rivlin sadly noted that:

"All strong measures were rejected. The President called for neither gasoline rationing nor a stiffer gasoline tax. . . . He condemned wage and price controls, even asserting, contrary to evidence, that controls were ineffective in World War II."

She recommended that the tax burden be further shifted "from lower to higher income groups."

In short, she made no bones about her political philosophy. But when she was appointed to head the CBO not long after this (she consulted with John W. Gardner, the founder of Common Cause, before taking the job), she was asked by a New York Times reporter what she thought of President Ford's budget.

"I can't think of a worse question to start off with," she replied. The CBO, she added, was meant to be "nonpartisan. . . . My personal reactions to the President's budget are therefore irrelevant."

Then she went underground, in a manner of speaking, in her new and important job, even though her office was on the fourth floor of the House Office Building Annex No. 2. On the sixth floor they had the computers where the figures could be "massaged" (that's what the man on the sixth floor said they did to the figures). It wouldn't take her long to work out how to dress up her personal reactions as differential equations, feed them into the computers, and triumphantly display them to any doubting Senators or Congressmen on Capitol Hill. ("You are against full employment, Senator? See what the latest technology has to show us.") That's what econometric modeling is for, after all.

The economic "model" (favorite word of up-to-date economists) within which the CBO, and Congress itself, operates is essentially Keynesian in character. This may sound complicated, but it is really simple. John Maynard Keynes, Cambridge economist and Bloomsbury figure, published *The General Theory of Employment, Interest and Money* in 1936, and his basic idea was that it is perfectly all right to stimulate the economy by government spending on public-works programs. This might result in a budget deficit, but it would put people back to work, put money in their pockets, and thus create a demand for goods that would then be met by supply. In short, demand creates supply.

Keynes's theory was well attuned to an economy recently plunged into depression. His theory worked, and did not lead to inflation, because the money supply had previously been held down tight. Second, there was considerable "excess capacity" in the economy. That is, there were unemployed resources that could be put to work without having to pay higher prices to bid them away from other uses. In addition, taxes were low (because nominal incomes were low) and Washington's regulatory police force barely existed. All the conditions for a renewed burst of productivity existed.

Under these circumstances, the prescription "Stimulate demand!" was a sensible one. Moreover, Keynes, who was himself a fiscal conservative by today's standards, recommended that the budget deficits incurred by public-works spending should be balanced by budget surpluses once the economy was on the move again.

In retrospect, however, we can see that this theory led directly to today's problem. A government that finds it can spend its way out of economic depression has tasted a potent drug indeed, and one that suits only too well the tastes of politicians. As a result the remedy has proven impossible to discard, even though we now live in a very different time.

Now the factories are at full capacity (which means that in order to build new ones money must be invested, and, before that, saved), unemployment is relatively low, regulators are marching about the land in search of people who might be making things without their permission, taxes are getting higher and higher, and the prestige of businessmen is dismal.

In short, the supply side of the economy, and of economic theory, has fallen into terrible disrepair. If you think about inflation for a moment ("too much money chasing too few goods"), you see that there are two obvious ways of fighting it: reduce the amount of money, or increase the number of goods. The obvious remedy for the current "stagflation" is for a government policy that will stimulate supply. Economic conditions are not merely different from those of Keynes's day: the two are practically the reciprocals of each other. Therefore a new theory is needed, as bold as Keynes's seemed at the time.

Such a theory is at hand, and it assumes that tax cuts, by encouraging people to work harder, would stimulate the economy, create new jobs, and paradoxically, broaden rather than shrink the tax base. Therefore, inflationary budget deficits would not result any more than they did when government spending was increased in the 1930s.

Keynes wanted to stimulate demand by allowing the government to spend money it didn't yet have; Roth, Kemp, and others now recommend that we stimulate supply by giving people the incentive to make more things. Although this initially entails keeping money out of the reach of politicians, the politicians would end up with more money at their disposal.

Despite the likely outcome, the idea of tax cuts tends to be very unpopular in Official Washington, which pouts at the very mention of the words. Did someone say "tax cuts"? There are several hundred people in Washington whose job it is to rush forth with explanations why this is not a good idea. Inflation will balloon, employment drop, deficits soar, the economy stagnate, and so on.

When tax cuts were enacted in 1964 and 1965 (see Table 2), the Treasury Department estimated that they would result in a revenue loss of $89 billion over six years. In fact, there was a $54-billion revenue increase.

The main reason tax cuts are not considered to be particularly stimulative, in the reigning economic dogma of Washington, is that the incentive effects of allowing people to keep more of the money they earn are deemed not to exist. They are therefore not "factored in" to the models; that is, they are not included among the assumptions that are computed by the government's computers. Alice Rivlin has even suggested that people are likely to work less hard after a tax cut, because they will be able to earn the same amount of money in a shorter time. The contrary assumptions ought to be tested.

However, even if an incentive effect were conceded, heresy though that would be, no one would quite know what the exact "coefficients" for the variables would be, and so they would remain beyond reach of mathematics and therefore not allowed for in the CBO's economic forecasting. None of the econometric models used by the CBO takes into account the incentive effect of tax cuts. This again reflects Keynesian thinking, which considers only the demand side of the economy; supply factors are neglected as a matter of course.

Tax cuts are, in any event, less appealing politically than spending increases, because government spending promises quick symptomatic relief to economic problems, comparable to a junkie's fix. By contrast, giving people the incentive to work harder and thus ultimately stimulating supply is the equivalent of withdrawal from addiction. It takes time and is painful. The new factories don't get built for a while. Also, politicians lose influence.

In the all-encompassing environment of government, with high taxes, controls, regulations, and so on, the politician becomes an important figure. A politicized economy, such as we increasingly have, does much for the politician. He is empowered—and needed—to allocate, ration, administrate, to hand out coupons to this group, permits to that, federal dollars to the other.

In a politically controlled economy, Paul Craig Roberts has written, "a person's relations with government become more important to his success than his market performance. . . . As people find it more difficult to save, they become more dependent on transfer payments, and they lose their financial independence.

"In short," Roberts concluded, in a somber note that at first sounds vaguely paranoid but plausible, "government hasn't much to gain from a stable, growing economy. In such an economy, there is no need for all the government programs and controls that inflation and unemployment justify. When people are enjoying widespread individual success they don't need the government."

ECONOMIC ASSUMPTIONS

In a politicized economy, the Congressional Budget Office under Alice Rivlin's command has played its intended role, reliably providing the House and Senate Budget Committees with good excuses for spending.

The CBO issues reports and analyses, which "usually take the form of published studies comparing present policies and programs with alternative approaches," according to a CBO brochure. Everywhere you turn in the CBO literature, you will see it affirmed that "the office does not make recommendations in matters of policy." Its job is to "present the Congress with options for consideration." A White House aide does not make recommendations when he presents, as three options to the President: 1) Bomb Moscow; 2) Surrender; 3) Spend $98.5 billion on defense.

In a less extreme form, that is how the CBO presents options to Congress. In addition, the dollar amounts they present for consideration are skewed in the direction of greater spending. "They might present four options," says an aide who has worked on the staff of the Senate Budget Committee. "One will analyze the effects of a $10-billion cut, one considers 'current policy,' the remaining two a $10-billion and a $20-billion increase in spending respectively. The two extremes—the tax cut and the $20-billion increase—are presented as highly inflationary, 'current policy' as bad for the employment picture. That leaves the $10-billion increase as the path to heaven."

Let us look at these CBO projections in a little more detail, because they are really at the heart of the matter. In comparing, for example, the effects of a $10-billion tax cut with its alternative, government spending of $10 million, the CBO argues that it is better for government than for citizens to spend the money, on the whole, because when government spends, the money "multiplies" faster in the economy than when private citizens do.

The analysis comes right out of Paul Samuelson's *Economics*, by the way: "Dollars of tax reduction are almost as powerful a weapon against mass unemployment as are increases in dollars of government expenditure." The key word is "almost."

In a CBO publication it is put this way: "Generally speaking, [government] purchases of goods and services have more impact per budget dollar on output and employment than broadly based tax changes or changes in income-support programs."

In another background paper, the CBO explicitly argues (with charts and figures) that $10 billion spent on public-service employment stimulates both employment and the growth of the economy more than a $10-billion tax cut.

This seems implausible, especially when one considers the make-believe nature of many public-service jobs (paying people wages to do things for which there is no apparent need or demand).

What, then, is the precise reasoning behind the bias in favor of government spending? How are the figures arrived at? The answer really does disclose the fundamental bacterium growing at the heart of the culture of Washington. Government spending is more stimlative than private spending, the government analysts say, because the government will spend all of that $10 billion. Private citizens, on the other hand, will save part of it. Savings—such is the state of the economic art in Washington—are thought of as money withdrawn from the economy and stuffed in a paper bag underneath the mattress.

It seems hard to believe. A meritorious impulse of the hard-working man is actually impugned, presented as a disservice to the nation. The man who forgoes consumption, thriftily putting money aside for hard times or retirement, is told that he is really doing more harm than good. (Current tax policy reflects this bias, as in the low ceiling on savings interest rates, the reporting of interest to the IRS, and the Social Security system itself, which in effect tells people that they don't have to save for retirement.)

Government policy today is such as to dissuade all but the most tenacious saver. This is so despite a high correlation between countries with high savings rates and high economic growth. (In ignoring this correlation, does Washington not betray that it really is not—despite its rehetoric—pursuing policies of economic growth?)

The CBO's economic assumptions and philosophy have not escaped unscathed within the economics profession. Mike Evans, while he was president of Chase Econometrics last year, told the Joint Economic Committee on Capitol Hill that "the CBO study is actually a landmark in incompetency."

Rep. John Rousselot (R.-Calif.) replied: "But in our budget process we base a lot of our great decisions on that."

Later on, at a Budget Committee hearing, Sen. S. I. Hayakawa (R.-Calif.) asked Mike Evans: "If the CBO logic is accurate, why is it that countries like Japan, with a savings rate of 25 percent, grow more rapidly than we?"

"That CBO report received a certain amount of notoriety since it came out," Evans replied. "It has been widely discredited."

"It has been discredited?" Senator Hayakawa asked.

"Yes," Evans said. "There is an almost perfect correlation between the rate of growth and productivity and GNP and the proportion of national resources devoted to savings. As you mentioned, Japan has a 25 percent savings rate, and they have a rate of growth of 10 percent a year, compared to our growth of 4 percent. It is not only Japan. If you ranked the eleven major industralized countries in the world, there is a perfect correlation between the amount of savings and the amount of growth. The United States comes in dead last in both of those."

"Why do most other countries have a greater savings rate than we?" Hayakawa asked.

"The tax policies of those countries are different than ours," Evans replied, "and they encourage more savings."

Sen. Henry Bellmon of Oklahoma then asked: "Is the fact that we spend $120 billion in defense and Japan spends only very little—does that have anything to do with this?"

"I don't think it has much to do with it," Evans said. "The defense spending represents only about 6 percent of the total GNP now, and we are talking about a difference in savings rates between the U.S. and Japan which is far greater than 6 percent."

Notice that it was Henry Bellmon, Republican, who tried to come to the defense of the reigning Keynesian orthodoxy.

The single most valued adjective in the CBO's thesaurus is "nonpartisan." The CBO is nonpartisan in its brochures and nonpartisan on the front page of the Washington Post. How can such an ideological institution make this claim and get away with it? The answer has a horrible simplicity. An institution, program, or idea that wins bipartisan support can justly claim to be nonpartisan in nature. Therefore, the most valuable supporters of the CBO's analyses have not been Democrats but Republicans. If they were ever to withdraw their support—even if they still lost all key committee votes—they would be in a good position to accuse the CBO of promulgating partisan economic theories.

Republican Henry Bellmon's support of the "budget process" has therefore been of great value, not just to the CBO but to Edmund Muskie and his majority committee staff, to the Carter Administration, and to proponents of big-government spending everywhere. Bellmon is the "ranking" minority member of the Senate Budget Committee (the senior Republican, in other words), and the minority staff of twelve is his staff, just as Muskie's majority staff of forty is appointed by Muskie. Bellmon's support of the budget deliberations has therefore resulted in a united Washington front. Rather than resist the spend-more philosophy, he assented to it, made it unanimous.

Bellmon's willingness to go along here is an indication of the general collapse of Republican morale in Washington. The Republican leadership these days reminds one of the Vatican in the 1960s. It has shown itself ready to throw out the old traditions and sing along with the New Trend just at the moment when people were beginning to doubt whether Liberation was the true path to happiness. If only they had stayed on course, most of their former congregation would in the end have returned to the fold. But in the GOP leadership position up popped Sen. Howard Baker of Tennessee, and he spotted a trend going over the horizon, Keynesianism, and he ran after it. So did Henry Bellmon.

In return for his "cooperation," Bellmon somehow received glowing press notices. The Tulsa World wrote that Bellmon had made "commonsense compromises" on the Budget Committee. The Daily Oklahoman praised him for performing a "thankless task" as a member of a "largely unappreciated committee," one that "puts a lid on spending."

In addition, Muskie did a great job of sharing the laurels with Bellmon. At every budget deliberation he would congratulate his "friend and partner in this budget process." On one occasion he applauded his "courageous votes for fiscal responsibility." By claiming that the budget process itself was of overriding importance Muskie distracted attention from the budget deficits, which were larger than they had been before the process began.

As far as the Budget Committee staffs are concerned, it is not surprising that Muskie's merry majority likes to devote its day to arguing for more government spending. The course of fiscal appeasement is appealing to the minority staff not because they are big spenders at heart, necessarily, but because it is the path of least effort. If the minority staff accepts the recommendations of the majority staff, the Republican staffers have most of their work done for them. On the other hand, to resist is to visit upon oneself the mighty task of coming up with different forecasts, alternative five-year projections, different "modeling"—a paper blizzard of one's own. It takes a lot of time and effort, involving staying on late at night—and keeping the Senators at their desks for longer hours, too. Only the zealous are prepared to do that, and the Republicans have largely had the zeal knocked out of them.

Besides, the Republican who goes along is more likely to find that the money is spent in his district and to his advantage with grateful constituents. The diehard fighter might find the money drying up. So it is fairly easy to postpone worrying about America, the nation as a whole, until after the next election.

There are, of course, a few zealots on the Republican side, mostly relative newcomers. One such who went onto the Senate Budget Committee this year is Sen. Orrin Hatch of Utah. Another is Sen. William Armstrong of Colorado. Most of the GOP members of the Budget Committee are relatively junior, because the Republicans have a "mutually exclusive" rule, preventing Senators from serving on two of the five most important committees. (The other four are Finance, Appropriations, Armed Services, and Foreign Relations.) The effect of this rule is to prevent Republicans from accumulating much seniority on the Budget Committee. This also makes it difficult for them to resist the expertise, or become familiar with the ways, of the opposition, because the Democrats have no such rule.

At one point this year, Senator Hatch proposed a cut in one of the budget categories, and he was asked if he had "five-year projections" of the effect of such a cut on inflation, employment, and so on. Five-year projections! Congress in its budgetary aspects is gradually being transformed into a Central Planning Bureau by such tactics. The CBO, of course, does five-year projections. How can Hatch, trying to work independently of the huge bureaucratic professoriate at the disposal of Senator Muskie and his majority staff predict the effect of a specified budget cut on inflation in 1984? (How can anyone, for that matter?)

But if he so desires, Hatch can have all the expertise he wants. "Bring your proposals to use and we'll cost them out for you," a friendly majority staffer will say to Hatch before the budget deliberations begin. Come into my parlor. . . . Of course, the costing-out will probably look bad for the employment picture, and for economic growth if it involves anything but a cut in defense spending.

At the beginning of this year's budget deliberations, Sen. William Armstrong proposed that revenues be considered before spending. In other words, he suggested, let us find out how much money we have to spend before we allocate it. This was not a popular idea. Sen. Daniel P. Moynihan (D.-N.Y.) said: "It seems to me that the better argument is to decide society's needs and find out what the costs and then decide whether or not it is feasible to raise that much. . . . You don't decide in advance how much you are going to spend and fit your defense budget into it. You find out how much you need for defense." This, of course was precisely the form of budgeting that the 1974 Budget Act was supposed to prevent. But Senator Armstrong's proposal was defeated, 11–1. Armstrong's fellow freshmen Republicans on the Budget Committee, Sens. Nancy Landon Kassebaum of Kansas, Rudy Boschwitz of Minnesota, and Larry Pressler of South Dakota, in addition to Senator Bellmon, all voted against Armstrong's sensible proposal.

An analogous maneuver took place in the House of Representatives. In 1978, Rep. Marjorie Holt of Maryland very nearly succeeded with an amendment that would have forced across-the-board spending cuts and simultaneous tax cuts. After the 1978 elections, the Democratic leadership became convinced that Holt's amendment, if offered again, would pass. So they changed the rules on her. Now you cannot propose amendments that cut aggregate spending figures without specifying exactly where spending will be cut. This gives an opportunity for those who would be affected by such cuts to come up and lobby on Capitol Hill against the proposal. Such a rule change, of course, blatantly disregards the spirit and letter of the Budget Act.

THE JIGSAW PUZZLE

By the time the budget debate began on the Senate floor this year, the Senate Budget Committee had successfully fought off virtually all budget cuts. On the other hand, many spending categories had been increased (by law, in some cases) to allow for inflation. As a result, the nation is faced with a budget of which an increasing percentage is said to be "uncontrollable." Of course, this percentage (currently about 76 percent) is not really uncontrollable, because Congress could always change the law. The appeal of the concept from the point of view of the spender is that it gives the impression that a shrinking proportion of the budget is at the mercy of the budget cutter and that the only changes that can be made are spending increases, since there is no law against that. In this way, then, the "income security" category went up this year to $183.3 billion (last year it was $159.3 billion). Defense spending was up; international affairs spending was up; so was spending on natural resources and environment; transportation; education, training, employment, and social services; health, justice; and general government. And there was a big increase in the Federal interest payment (up from $48 billion to $56 billion) because of the rapidly mounting national debt.

Overall, when the Senators began their deliberations, the budget outlays under discussion (now fattened up to accommodate inflation, and more) were about $45 billion higher than in the previous fiscal year. Meanwhile—and it is important to bear this in mind—federal revenues were moving ever upward thanks to inflation. Whenever there was a new estimate of revenue, it was higher than the earlier one. At the time of the Second Concurrent Budget Resolution, in October, 1978, federal revenues were estimated at $449 billion. But by the time the books were closed on fiscal 1979, the figure had jumped to $461 billion. By the time of President Carter's budget message in January, 1979, Federal revenues for fiscal 1980 were estimated to be $503 billion. Then, by the time of the First Concurrent Resolution for fiscal 1980, in May of 1979, revenues were estimated to be up again, to $509 billion. (A year later, with no tax cut, they will have soared to $583 billion.)

In any event, at the time of the budget debate in April, the Senators could see that they were facing a deficit of $29 billion. (Spending: $532 billion; revenues then estimated at $503 billion.) And people all across the country were beginning to speak up for a balanced budget. The more canny Senators could see that as long as they didn't vote for any tax cuts, the budget would balance itself before too long. It wouldn't be necessary to cut spending either. (In fact, down the road—as long as inflation didn't let up—there looked to be some nice possibilities for spending increases.)

The Senate then declared its good intentions by voting that the Budget Committee should "report" a balanced budget in fiscal 1981. But "report" did not mean "compel," or even "recommend." Then they voted to increase the debt ceiling, up to now to $830 billion. (They have to vote this increase every year, to prevent the government from being legally "in default" on its debts.)

Senator Muskie read his own speech about the budget, a real tearjerker it was, too, full of such phrases as "fiscal discipline," "take the heat," "tolerate the pain." And he quoted President Carter's phrase to describe the fat, profligate budget: "lean and austere." Muskie sent his annual bouquet to Bellmon ("my good friend and longtime and indispensable associate on the Budget Committee"). And Bellmon praised Muskie ("coolheaded, even-handed. . . . He was able to bring about a consensus").

Enter Senator Proxmire, amendment in hand. It had a beautiful simplicity: "On page 2, line 24, strike out '$532,400,000,000' and insert in lieu thereof '$503,600,000,000'. On page 3, line 5, strike out '$28,800,000,000' [the deficit], and insert '$0'." Well, for some time the Senators had been shedding tears about how terrible it was that the budget wasn't in balance, and here was their chance to balance it with an across-the-board spending cut of about 5 percent. Proxmire had worked out where the cuts could be made, including such items as a $6.8 billion reduction in revenue sharing ("the federal government has no revenue to share," Proxmire said) and a $1.3 billion cut in foreign aid ("mostly an extension of the public works and highway lobby abroad").

"Any Senator who says we cannot cut even 5 percent of the bloated more than half-trillion federal budget . . . is not even trying," Proxmire said. "Five percent. That is all we need to achieve a balanced budget in 1980. Mr. President, this is a democracy. Does anyone seriously doubt that this amendment is what an overwhelming majority of Americans want us to do?"

He went on to say that *now* was the time to balance the budget, when the economy was growing and more people than ever had jobs. "If we cannot move to a balanced budget now we are not ever likely to do so without the kind of constitutionally mandated restraint that most of us deplore."

"I want a balanced budget," said the Senate majority leader, Robert C. Byrd of West Virginia. "Everyone wants a balanced budget." But this was not true, as the vote against the Proxmire amendment, 67–23, showed.

All subsequent attempts to cut the budget on the floor of the Senate were defeated, with the exception of a small cut of $400 million at the end of the debate (after several increases larger than that had been added on). The Senate couldn't even bring itself to vote for an amendment by Senator Hatch, cutting $1.1 billion from federal travel, payroll, and film-making expenses. The vote on this was close, 44–41. Opposing the proposal were not merely the Senators one might expect, such as John Culver of Iowa, Donald Riegle of Michigan, and Edward Kennedy of Massachusetts, but, surprisingly, a small but crucial constellation of members from southern states who give every appearance of having caught Potomac Fever (Donald Stewart of Alabama, Bennett Johnston of Louisiana, and both David Pryor and Dale Bumpers of Arkansas—the latter's voting record somewhat resembling Senator Kennedy's).

Incidentally, Kennedy's role in the budget debate amounted to advocating widespread tax increases at one point. This might not be worth mentioning, except to draw attention to the extraordinarily devious language in which he addressed the Senate. Kennedy said that although the budget resolution contained "reductions in some forms of federal spending, it requries no reductions at all in tax spending. . . . For fiscal year 1980, federal spending through tax laws will reach the record total of $168 billion."

The man is devious! What does "tax spending" mean? It means "tax loopholes" (sometimes called "tax expenditures" in the jargon he prefers). Kennedy is really saying: If we are going to cut spending, let us also consider closing tax loopholes, i.e., raising taxes. Kennedy betrays himself as believing that when the government grants you permission to keep a little bit more of your money, through a specified tax reduction, it is really the government's money you are spending. It is as though he believes that all money belongs to the government in the first place.

That is what sometimes happens to people who have been in government as long as Kennedy. They get so used to spending other people's money that they end up thinking it's their own. And that also is surely the key to the problem when you think about the vote on the Proxmire amendment. Those sixty-seven Senators who voted against it weren't voting against a balanced budget because they thought it would be politically unpopular to do so. Proxmire is a politician, too—very much so. He was quite right when he said that "an overwhelming majority of Americans" would be in favor of his proposal, and it was no doubt perfectly safe, politically, to vote for it.

Why, then, did sixty-seven Senators take the politically unpopular course? Some of the conservatives who opposed it didn't like the fact that the amendment included defense cuts of about $6 billion. A few of the others may even genuinely have believed the fantastic claim by the CBO that government spending is more stimulative than private-sector spending, that savings are a drag on the economy, and so on.

But surely the underlying reason is that it is very hard indeed for a lawmaker to vote for diminishing his own power. And that is what a spending cut ultimately entails: a reduced level of dependence on government for all citizens. Our dependence is their power, and that is what most politicians don't want to reduce.

The press delivered an ovation after it was all over. After the First Concurrent Resolution passed by a vote of 64–20 in the Senate, the Budget Committee put out a press release headlined: Senate Adopts Stringent Budget Resolution.

The truth was that the budget had grown by nearly 10 percent over the year before, and 18 percent over the past two years. Revenues had grown much faster—up by 26 percent in two years. And so the budget was indeed coming into balance—on a swiftly rising tide of taxes.

On June 1, 1979, the Washington Post, which earlier had termed the proposal to balance the budget in 1981 "draconian," commended the "responsible budgeting that Congress is now learning to do." The next day the New York Times published an editorial applauding the "sweeping reform of the Congressional budgetary process."

We may surmise that, reading the papers, the wily old Muskie put his arm around the Budget Committee's press secretary, Jim Conroy, and congratulated him on a job well done.

Meanwhile there was the Second Concurrent Resolution to be thinking about, the one in September with the binding budget totals. The spending totals would no doubt be adjusted upward by then—especially if there was any indication of a recession coming. Any signs of that? Ah, here we are: on the front page of the Washington Post, June 10, 1979:

MAJOR RECESSION NOW FORECAST BY HILL BUDGET OFFICE

(By Art Pine)

The nonpartisan Congressional Budget Office has privately warned Congress to expect a full-fledged recession this year and through most of 1980, with inflation continuing at a double-digit pace and the jobless rate rising to 7.5 percent.

One read on expectantly until one discovered that the final piece of the jigsaw puzzle had fallen into place:

If the CBO forecast proves accurate, it could add at least $6 billion, and potentially a good deal more, to the budget deficit next year and dash plans by Congress and the administration to balance the federal budget in fiscal 1981.

PAY RAISE LEGISLATION

Mr. STONE. Mr. President, sometime during the next 2 weeks, Congress once again will have to decide the controversial question of pay raises for itself. Unless we take action before the September 30 expiration date of the current pay ceiling, we will see our annual salaries mushroom from $57,500 to $64,900—a 12.5 percent increase based upon the 5.5 percent that we gave up last year plus the 7 percent that most Federal employees will receive this year. That is because Congress, in 1975, voted to tie its pay to that of general schedule Federal employees for the simple reason it wanted to receive automatic, annual cost-of-living increases. With taxpayers reeling from the effects of the recession at the time, the timing and method could not have been worse. People back home felt we had pulled a fast one on them.

They are going to think the same thing again if we vote ourselves a pay hike this year. During the past several months, Members on both sides of the aisle have been doing a lot of talking about the need to make sacrifices in the fight against inflation. The voters I talked to back home during August made it quite clear they already are making sacrifices and complained that Members of Congress did not seem to be making any at all. I think it is time we went on record, and I cannot think of a better way to do it than to deny ourselves a pay increase.

Legislation introduced by Senator HATCH on Monday—S. 1735—gives us that opportunity. It would deny pay raises to Members this year, and I urge my colleagues to support it. The time is long past due for us to face the reality that people back home expect us to make the same kind of personal sacrifices that we have asked them to make. And there is no better place to start than right here in this Chamber.

But whatever we decide to do this year, this problem is going to keep recurring. There is no question that our salaries need periodic adjustment, just like everybody else's. But voters are convinced that we forget they are the ones picking up our tab, and for that reason we need to give them an opportunity to express themselves before an approved pay hike takes effect. I have reintroduced in every Congress since the 94th legislation that would accomplish this goal. My bill—S. 725—would amend the Legislative Reorganization Act of 1946 to prevent Members of Congress from receiving salary increases during the Congress in which the increase is enacted. In other words, the bill provides that a general election must fall between the time when a congressional pay increase is voted upon and the time when it takes effect.

I have stuck to this principle for my own Senate raises. I have returned to the U.S. Treasury the amount of our 1975 and 1977 pay raises—a total of $15,000.

As a tie-in to this bill, I also have reintroduced a joint resolution—Senate Joint Resolution 50—to amend the Consitution to include similar language. The accompanying bill will allow us to take immediate action and will carry us over until the States have ratified the amendment. I have written the chairmen of the Judiciary and Governmental Affairs Committees requesting that they hold hearings on my proposals. I also am circulating a "Dear Colleague" letter urging cosponsorship of my legislation.

I cannot take credit for this sound measure. James Madison first introduced the proposal in the form of an amendment to the newly adopted Constitution almost 200 years ago. Unfortunately, the States failed to approve ratification because they did not regard it as a fundamental individual right and, therefore, did not consider it proper for the "bill of rights." In addition, some States thought there should not be any amendments to the Constitution because they feared they would endanger the new Government's stability.

Obviously, these are no longer concerns, and last year, in response to public sentiment about this issue, the Wyoming Legislature ratified Mr. Madison's original amendment. And I understand that at least one other Western State is considering ratification. There naturally is a question as to the validity of ratification at this late date, which is why I am reintroducing the amendment. Should the ratification eventually be found to be valid, then I would urge other States to follow suit.

In the meantime, I urge my colleagues to join in the support of this legislation, which I am convinced will help restore some of the people's confidence in Congress as well as address this problem in a permanent manner, thereby avoiding this recurring confrontation.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE COUNCIL ON WAGE AND PRICE STABILITY—MESSAGE FROM THE PRESIDENT—PM 104

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Banking, Housing, and Urban Affairs:

To the Congress of the United States:

In accordance with Section 5 of the Council on Wage and Price Stability Act, as amended, I hereby transmit to the Congress the eighteenth quarterly report of the Council on Wage and Price Stability. The report contains a description of the Council's activities during the first quarter of 1979 in monitoring both prices and wages in the private sector and various Federal government activities that may lead to higher costs and prices without creating commensurate benefits. It discusses Council reports, analyses, and filings before Federal regulatory agencies. It also describes the Council's activities of monitoring wages and prices as part of the anti-inflation program.

The Council on Wage and Price Stability will continue to play an important role in supplementing fiscal and monetary policies by calling public attention to wage and price developments or actions by the government that could be of concern to American consumers.

Jimmy Carter.

The White House, *September 17, 1979.*

REPORT ON THE STATUS OF HEALTH INFORMATION AND HEALTH PROMOTION—MESSAGE FROM THE PRESIDENT—PM 105

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with Title XVII, Section 1705(a) of the Public Health Service Act (Title I of P.L. 94-317), I am transmitting the Second Annual Report to Congress on the Status of Health Information and Health Promotion.

This Report has been prepared by the Department of Health, Education, and Welfare and submitted to me as required by law. The Report describes HEW's health information and health promotion activities in 1979 through August 2, and those proposed for 1980.

Jimmy Carter.

The White House, *September 17, 1979.*

REPORT OF THE RAILROAD RETIREMENT BOARD—MESSAGE FROM THE PRESIDENT—PM 106

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

I hereby transmit the Annual Report of the Railroad Retirement Board for fiscal year 1978.

The report summarizes the Board's operations to assist the railroad sector during the year. Under the Railroad Retirement Act, 1,100,000 recipients were paid $4 billion in retirement and survivor benefits, and under the Railroad Unemployment Insurance Act 175,000 beneficiaries were paid almost $200 million in unemployment and sickness benefits.

I note with concern that the Board has advised me that the balance in the Railroad Retirement Account continues to decline as benefit payments exceed income for the eighth consecutive year.

The Board's most recent actuarial valuation indicates a serious and growing actuarial deficit which requires short term remedial action, a judgment also concurred in by the General Accounting Office. This Administration's budget for fiscal year 1980 includes even-handed legislative proposals to restore to solvency the railroad industry pension fund which will assure the interests of current and future railroad retirement beneficiaries. We also invite the view of railroad labor and management on our proposal to provide sound financing of the industry pension component by the railroad industry without added Federal subsidies.

The Board is currently preparing its 14th Triennial Actuarial Valuation of the industry pension, which should provide a more accurate, up-to-date analysis of the financial condition of the fund. The forthcoming actuarial valuation will project the condition of the fund based on strict current law basis as well as under the normal requirements of the Employee Retirement Income Security Act (ERISA). Both estimates will use the economic assumptions in the most recent Social Security Trustee's Report. These additional perspectives will help assure that changes to restore the solvency of the industry pension are based on information under a variety of economic and legislative assumptions.

Jimmy Carter.

The White House, *September 17, 1979.*

PRESIDENTIAL APPROVAL

A message from the President of the United States reported that on September 14, 1979, he had approved and signed the following act:

S. 1646. An Act to amend the International Banking Act of 1978 (Public Law 95-369) to extend the time for foreign banks to obtain required deposit insurance with respect to existing branches in the United States.

MESSAGES FROM THE HOUSE

At 11:36 a.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to H.R. 4393, an act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1980, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Steed, Mr. Addabbo, Mr. Roybal, Mr. Patten, Mr. Giaimo, Mr. Whitten, Mr. Miller of Ohio, Mr. McEwen, and Mr. Conte, were appointed managers of the conference on the part of the House.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 5010. An act to amend the Federal Election Campaign Act of 1971 to make certain changes in the reporting and disclosure requirements of such Act, and for other purposes.

At 3:17 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 428) to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for civil defense, and for other purposes, with amendments; that the House insists upon its amendments to the bill and requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Price, Mr. Bennett, Mr. Stratton, Mr. Ichord, Mr. Nedzi, Mr. Charles H. Wilson of California, Mr. White, Mr. Nichols, Mr. Bob Wilson, Mr. Dickinson, Mr. Whitehurst, Mr. Spence, and Mr. Beard were appointed as managers of the conference on the part of the House; and as additional conferees from the Permanent Select Committee on Intelligence, only when differences regarding intelligence-related activities are under consideration, Mr. Burlison, Mr. Zablocki, Mr. Mineta, Mr. Boland, Mr. Robinson, and Mr. Whitehurst.

HOUSE BILL PLACED ON THE CALENDAR

The following bill was read twice by its title and placed on the calendar:

H.R. 5010. An act to amend the Federal Election Campaign Act of 1971 to make certain changes in the reporting and disclosure requirements of such act, and for other purposes.

COMMUNICATIONS

The PRESIDING OFFICER laid before the Senate the following communications, together with accompanying reports, documents, and papers, which were referred as indicated:

EC-2158. A communication from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report on proposed construction projects of the Army Reserve; to the Committee on Armed Services.

EC-2159. A communication from the Administrator of the General Services Administration, transmitting, pursuant to law, the Stockpile Report to the Congress for October 1978 through March 1979; referred to the Committee on Armed Services.

EC-2160. A communication from the First Vice President and Vice Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report on activities taken by the Bank under the Export Expansion Facility Program from April 1 through June 30, 1979; to the Committee on Banking, Housing, and Urban Affairs.

EC-2161. A communication from the President of the United States, transmitting, pursuant to law, his determination that the extension for 1-year of the authorities currently exercised under section 5(b) of the Trading With the Enemy Act with respect to the countries indicated is in the national interest; to the Committee on Banking, Housing, and Urban Affairs.

EC-2162. A communication from the Vice President for Government Affairs of the National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers per day and the on-time performance at the final destination of each train operated by the Corporation for the month of May 1979; to the Committee on Commerce, Science, and Transportation.

EC-2163. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Enforcement Problems Hinder Effective Implementation of New Fishery Management Activities"; to the Committee on Commerce, Science, and Transportation.

EC-2164. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on outsized vehicles for operation on the highways constructed in a manner which exceeds the standardized industry configuration; to the Committee on Commerce, Science, and Transportation.

EC-2165. A communication from the Under Secretary of the Interior, transmitting, pursuant to law, a report on the fiscal condition of the Trust Territory of the Pacific Islands for the fiscal year ending September 30, 1978; to the Committee on Energy and Natural Resources.

EC-2166. A communication from the Secretary of the Interior, transmitting, pursuant to law, the initial report on cost estimates and time schedules for the components of a continuing investigation of the availability of oil and natural gas from the Outer Continental Shelf; to the Committee on Energy and Natural Resources.

EC-2167. A communication from the General Counsel of the Department of Energy, transmitting, pursuant to law, notice of meetings related to the International Energy Program; to the Committee on Energy and Natural Resources.

EC-2168. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Iranian Oil Cutoff: Reduced Petroleum Supplies and Inadequate U.S. Government Response"; to the Committee on Energy and Natural Resources.

EC-2169. A communication from the Assistant Legal Adviser for Treaty Affairs of the Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the 60-day period prior to September 12, 1979; to the Committee on Foreign Relations.

EC-2170. A communication from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, reporting, pursuant to law, justification of an increase in the funding level of the proposed fiscal year 1979 program in Lesotho; to the Committee on Foreign Relations.

EC-2171. A communication from the Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, reporting, pursuant to law, justification of an increase in the funding level of the proposed fiscal year 1979 program in Swaziland; to the Committee on Foreign Relations.

EC-2172. A communication from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, reporting, pursuant to law, on an increase in the funding level of the proposed fiscal year 1979 program in the Dominican Republic; to the Committee on Foreign Relations.

EC-2173. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "UNESCO Programing and Budgeting Need Greater U.S. Attention," September 14, 1979; to the Committee on Foreign Relations.

EC-2174. A communication from the Executive Secretary of the Administrative Conference of the United States, submitting a proposal for the adoption of a new system of records in accordance with the Privacy Act of 1974; to the Committee on Government Affairs.

EC-2175. A communication from the Administrator of the General Services Administration, transmitting, pursuant to law, a followup report on recommendations of the National Advisory Council on the Education of Disadvantaged Children to the President in 1977; to the Committee on Governmental Affairs.

EC-2176. A communication from the Administrator of the General Services Administration, transmitting, pursuant to law, a followup report on recommendations of the National Advisory Council on Vocational Education to the President, 1976 and 1977; to the Committee on Governmental Affairs.

EC-2177. A communication from the Assistant Attorney General, transmitting a draft of proposed legislation to provide Drug Enforcement Administration executive personnel the same compensation and benefit entitlements now extended to like positions covered by the Senior Executive Service; to the Committee on Governmental Affairs.

EC-2178. A communication from the Attorney General of the United States, transmitting, pursuant to law, the Annual Report of the Attorney General for fiscal year 1978; to the Committee on the Judiciary.

EC-2179. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Urban Mass Transportation Act of 1964; title 23, United States Code; and the Motor Vehicle Information and Cost Savings Act; to provide for authorizations, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs, the Committee on Commerce, Science and Transportation, and the Committee on Environment and Public Works jointly, by unanimous consent.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a communication from the Secretary of Transportation, submitting a draft of proposed legislation relative to transportation energy efficiency, be referred jointly to the Committee on Banking, Housing, and Urban Affairs, the Committee on Commerce, Science, and Transportation, and the Committee on Environment and Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PELL, from the Committee on Rules and Administration, without amendment:

S. 1757. An original bill to amend the Federal Election Campaign Act of 1971, and for other purposes (Rept. No. 96-319).

AUTHORIZATION FOR CHANGE IN CONFEREES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senator PROXMIRE be included as a conferee and Senator EAGLETON be excluded as a conferee on the House-Senate conference on the Treasury, Postal Service, and general Government appropriations bill, H.R. 4393.

This meets with the approval of the two aforementioned Senators and is unanimous.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. RIBICOFF (by request):

S. 1755. A bill to amend paragraph 5924(4) (B) of title 5, United States Code; to the Committee on Governmental Affairs.

By Mr. TSONGAS (for himself and Mr. GRAVEL).

S. 1756. A bill to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to receive share draft accounts, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. PELL:

S. 1757. An original bill to amend the Federal Election Campaign Act of 1971, and for other purposes; from the Committee on Rules and Administration.

By Mr. LEVIN (for himself, Mr. STEVENS and Mr. BURDICK):

S. 1758. A bill to amend title 39, United States Code, to restore to Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes; to the Committee on Governmental Affairs.

By Mr. RIEGLE:

S. 1759. A bill for the relief of Eduardo Velesco Barlan, M.D.; to the Committee on the Judiciary.

By Mr. PACKWOOD (for himself, Mr. MATSUNAGA, Mr. RIBICOFF, Mr. BAUCUS, Mr. BOREN, Mr. BRADLEY, Mr. CHAFEE, Mr. DANFORTH, Mr. DOLE, Mr. DURENBERGER, Mr. GRAVEL, Mr. HEINZ, Mr. MOYNIHAN, Mr. NELSON, Mr. WALLOP, Mr. PELL, Mr. ROTH, and Mr. TSONGAS):

S. 1760. A bill to amend the Internal Revenue Code of 1954 and the energy Tax Act of 1978 to provide increased incentives for the utilization of energy sources other than oil and gas; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. RIBICOFF (by request):

S. 1755. A bill to amend paragraph 5924(4)(B) of title 5, United States Code; to the Committee on Governmental Affairs.

● Mr. RIBICOFF. Mr. President, at the request of the Director of the Central Intelligence Agency, I am introducing legislation which would extend to dependents of CIA employees serving overseas the same educational travel benefits which are now provided by law for dependents of the Department of State and the International Communication Agency.

The Director of the Central Intelligence Agency advises that existing law authorizes payments for one annual round trip for each child of employees of the Department of State and the International Communication Agency to enable their children to continue their education at secondary and college levels in the United States, and to have annual reunions with their families. Current law limits most student dependents of CIA employees to only one such visit.

I ask unanimous consent that the text of the bill and the accompanying letter and explanatory material be printed in the Record.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Sec. 01. The first sentence of paragraph 5924(4)(B) of Title 5, United States Code, is amended by striking out "or the United States Information Agency," and inserting in lieu thereof the following: ", the International Communication Agency, or the Central Intelligence Agency,".

Hon. Walter F. Mondale,
President of the United States Senate,
Washington, D.C.

Dear Mr. President: This letter transmits for the consideration of the Congress a draft bill regarding educational travel benefits for dependents of Central Intelligence Agency employees serving overseas. The bill would amend section 5924(4)(B) of Title 5, United States Code, to extend to dependents of CIA employees serving overseas the same educational travel benefits which current 5924(4)(B) provides for dependents of Department of State and USIA (now ICA) employees serving overseas.

Higher educational facilities in many of the countries in which CIA employees serve are often unavailable or inadequate, forcing families to separate so that children can continue their education at the secondary and college level in the United States. A 1974 Amendment to section 5924(4)(B) of title 5, United States Code, recognized the importance of regular family reunifications to morale, and provided for Government funding of an annual round trip for student dependents of Department of State or United States Information Agency (now International Communication Agency) employees stationed overseas. Under current law, however, most student dependents of CIA employees can make only one such visit to their parents stationed overseas while in high school or college. The draft bill seeks to remedy this inequitable situation by amending section 5924 so as to make CIA families stationed overseas eligible for the same benefit already enjoyed by their State Department and ICA colleagues. The cost of this proposal would be approximately $202,500 per year.

Early and favorable consideration of the draft bill would be greatly appreciated. The Office of Management and Budget has advised that there is no objection to presentation of this proposed legislation to the Congress from the standpoint of the Administration's program.

Yours sincerely,

Stansfield Turner.

Educational Travel Benefits for Dependents of Central Intelligence Agency Employees Serving Overseas

SECTIONAL ANALYSIS AND EXPLANATION

The draft bill amends section 5924(4)(B) of Title 5, United States Code, to extend to dependents of CIA employees serving overseas the same educational travel benefits which current 5924(4)(B) provides for dependents of Department of State and U.S.I.A. (now I.C.A.) employees serving overseas. The title would authorize one annual trip each way for dependents from a school in the United States to the employees' place of assignment.

Higher educational facilities in many of the countries in which CIA employees serve are often unavailable or inadequate, forcing families to separate so that children can continue their education at the secondary and college level in the United States. This proposal seeks to remedy an inequitable situation by amending section 5924 so as to make CIA families stationed overseas eligible for the same benefit already enjoyed by their State Department and I.C.A. colleagues.●

By Mr. TSONGAS (for himself and Mr. Gravel):

S. 1756. A bill to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to receive share draft accounts, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

CONSUMER CHECKING ACCOUNT EQUITY ACT OF 1979

● Mr. TSONGAS. Mr. President, on Tuesday the House of Representatives gave overwhelming approval to legislation which authorizes interest producing checking accounts nationwide. The bill also legalizes share drafts for credit unions, automatic transfers from savings to checking for commercial banks, and remote service units for savings and loan institutions. The House vote, 369 to 37, is a response to widespread consumer support for these accounts where they have been implemented.

Massachusetts and New Hampshire pioneered the interest-bearing, negotiable order of withdrawal accounts—known as NOW accounts—in 1972 for State chartered institutions. They were authorized by Congress for all financial institutions within those States in 1974. Subsequent congressional action legalized the accounts throughout New England and in New York. Today there are more than 80 NOW accounts per 100 households in my State, Massachusetts. The President's Inter-Agency Task Force on Regulation Q just issued a report showing New England has nearly 2.3 million NOW accounts with deposits of $3.8 billion. New York—which was given NOW account authority less than a year ago—had over 290,000 accounts with deposits of $1.3 billion in the first 6 months.

NOW accounts offer financial manageability coupled with a profitable return on consumers' deposits. In the current era of uncontrolled inflation, we in Congress must allow Americans to protect their dollars through this mechanism. That is why I am introducing, together with Senator Gravel, legislation identical to the House-passed bill, the Consumer Checking Account Equity Act of 1979.

This legislation is particularly timely because a court decision last April declared that transaction accounts outside of New York and New England were not legal and gave Congress until the end of the year to enact authority for them. There now are nearly 2 million people using share draft and automatic transfer accounts, who will have to give them up if we do not counteract the court ruling.

It is vital that we give permanent authority to these financial instruments. To give a temporary extension would continue the chaos created by the court of appeals. It would mean uncertainty to financial institutions that want to establish such accounts, and a standstill period for those that have begun them. Start-up costs normally diminish as account numbers grow. Without permanent authority, these costs would make existing accounts economically inefficient for the institutions that began them in good faith.

Mr. President, the experience in New England and New York shows overwhelming consumer support for NOW accounts. Credit union and commerical and savings bank customers have also endorsed share drafts and automatic transfers enthusiastically. The Senate Banking Committee will begin marking up this and related legislation later this week. I hope the committee members will authorize permanently this variety of transaction accounts which have already won widespread public acceptance.●

By Mr. LEVIN (for himself, Mr. Stevens, and Mr. Burdick):

S. 1758. A bill to amend title 39, United States Code, to restore to Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes; to the Committee on Governmental Affairs.

POSTAL SERVICE EMPLOYEES' POLITICAL ACTIVITIES ACT OF 1979

● Mr. LEVIN. Mr. President, today, I am introducing a bill, together with Senators Stevens and Burdick, to reform the Hatch Act as it applies to postal employees. This bill protects the merit system which has governed postal employment for numerous years but it also frees postal employees to engage in voluntary political activities. This reform is long overdue and particularly vital considering the growing apathy which exists in today's electorate.

The Hatch Act was originally passed in 1939 in response to widely recognized abuses during the 1938 elections. Most of the abuses involved employees of the various work relief programs, particularly the Works Progress Administration. Those employees were in a real sense political appointees who owed their jobs—in an era when jobs were very scarce—to the influence of some political figure. There were many who argued during the debate on the Hatch Act that the sweeping prohibitions were not necessary to cure the abuses that had occurred in the 1938 election. Many raised the point that we may well be effectively stripping Federal employees of some basic political rights. While those voices were not heeded in 1939, we do well to listen to their wisdom today.

Instead of the army of civil servants welded together to serve the political interests of the party in power, we have an even more frightening army of apathetic voters who have lost interest in the political process and no longer choose even to vote. Some are predicting that less than 50 percent of the eligible voters will cast their ballots in the 1980 election. Our claim to be a "representative democracy" fades with the fading of the interest of the electorate. We must take reasonable steps to reverse this most alarming trend.

This legislation is one such step. While there is little justification for restricting the full voluntary participation of Federal employees in the political process, there is no basis for continuing the Hatch Act prohibition on voluntary political activity for postal employees.

The Postal Service is a quasi-independent Government corporation and its employees are treated differently than Federal civilian employees who work directly for the Government. The postal employees are governed by different labor-management arrangement which more closely resembles the private sector than the rest of Federal Civil Service. Further, there is a significant difference in the type of work done by the postal service and that done by other Government agencies. The Postal Service delivers the mail. The Postal Service does not, except in rare instances, make what others would consider to be national policy nor does it seek to influence national policy decisions. The employees of the Postal Service are likewise divorced from policy decisions.

Further, because of the nature of the quasi-independent corporation created by the 1970 Reorganization Act, the Postal Service is far more removed from the political arena now than it was in 1939 when Jim Farley, the Postmaster General, was also the patronage chief for then President Roosevelt. Postal employees should be freed from the restrictions of the Hatch Act which no longer have meaning in 1979.

It is reasonable to continue some prohibitions on political activities. This bill retains those sensible restrictions by: First, prohibiting political activity while on the job or while wearing the official uniform or insignia of office; second, by forbidding the solicitation of political contributions by supervisory officials or in Government owned facilities, third, prohibits the use of official authority or influence to coerce another postal employee to vote, not to vote or to otherwise engage in or refrain from any voluntary political activity, and fourth, by requiring that an employee who seeks elective office to do so on their on time and requires that they be granted a leave of absence to pursue such elective office upon written request.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1758

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Postal Service Employees' Political Activities Act of 1979".

SEC. 2. (a) Part II of title 39, United States Code, is amended by adding at the end thereof the following new chapter:

"Chapter 14.—POLITICAL ACTIVITIES

"Sec.
"1401. Political participation.
"1402. Definitions.
"1403. Use of official influence or official information; prohibition.
"1404. Solicitation; prohibition.
"1405. Political activities on duty, etc.; prohibition.
"1406. Candidates for elective office; leave, notification by employees.
"1407. Penalties.
"1408. Regulations.

"§ 1401. Political participation

"It is the policy of the Congress that employees should be encouraged to fully exercise, freely and without fear of penalty or reprisal, and to the extent not expressly prohibited by law—

"(1) their rights to participate or to refrain from participating in the political processes of our Nation, and

"(2) their rights to form, join, or assist, or to refrain from forming, joining, or assisting, any organization, political party, committee, association, or other group which advocates or encourages political activities,

and that employees should be protected in the exercise of these rights.

"§ 1402. Definitions

"For the purpose of this chapter—

"(1) 'employee' means any officer or employee of the United States Postal Service or the Postal Rate Commission;

"(2) 'candidate' means any individual who seeks nomination for election or election, to any elective office, whether or not the individual is elected, and, for the purpose of this paragraph, an individual shall be considered to seek nomination for election, or election, to an elective office, if the individual has—

"(A) taken the action required to qualify for nomination for election, or election; or

"(B) received any political contribution or made any expenditure, or has given consent for any other person to receive any political contribution or make any expenditure, with a view to bringing about the individual's nomination for election, or election, to that office;

"(3) 'political contribution'—

"(A) means any gift, subscription, loan, advance, or deposit of money or anything of value, made for any political purpose;

"(B) includes any contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a political contribution for any political purpose;

"(C) includes the payment by any person, other than a candidate or a political party or affiliated organization, of compensation for the personal services of another person which are rendered to any candidate or political party or affiliated organization without charge for any political purpose; and

"(D) includes the provision of personal services for any political purpose;

"(4) 'superior' means an employee who exercises supervision of, or control or administrative direction over, another employee;

"(5) 'elective office' means any elective public office and any elective office of any political party or affiliated organization;

"(6) 'State' means each of the several States and the District of Columbia;

"(7) 'person' means any individual, corporation, trust, association, any State, local, or foreign government, any territory or possession of the United States, or any agency or instrumentality of any of the foregoing.

§ 1403. Use of official influence or official information; prohibition

"(a) An employee may not directly or indirectly use or attempt to use the official authority or influence of the employee for the purpose of—

"(1) interfering with or affecting the result of any election; or

"(2) intimidating, threatening, coercing, commanding, influencing, or attempting to intimidate, threaten, coerce, command, or influence—

"(A) any individual for the purpose of interfering with the right of any individual to vote as the individual may choose, or of causing any individual to vote, or not to vote, for any candidate or measure in any election;

"(B) any person to give or withhold any political contribution; or

"(C) any person to engage, or not to engage, in any form of political activity whether or not the activity is prohibited by law.

"(b) An employee may not directly or indirectly use or attempt to use, or permit the use of, any official information obtained through or in connection with his employment for any political purpose, unless the official information is available to the general public.

"(c) For the purpose of subsection (a) of this section, 'use of official authority or influence' includes—

"(1) promising to confer or conferring any benefit (such as any compensation, grant, contract, license, or ruling) or effecting or threatening to effect any reprisal (such as deprivation of any compensation, grant, contract, license, or ruling); or

"(2) taking, directing others to take, recommending, processing, or approving any personnel action (such as any appointment, promotion, transfer, assignment, reassignment, reinstatement, restoration, reemployment, performance evaluation or any removal, suspension, or other disciplinary action).

"§ 1404. Solicitation; prohibition

"(a) An employee may not—

"(1) give or offer to give a political contribution to any individual either to vote or refrain from voting, or to vote for or against any candidate or measure, in any election;

"(2) solicit, accept, or receive a political contribution to vote or refrain from voting, or to vote for or against any candidate or measure, in any election;

"(3) knowingly give or hand over a political contribution to a superior of the employee; or

"(4) knowingly solicit, accept, or receive, or be in any manner concerned with soliciting, accepting, or receiving, a political contribution—

"(A) from another employee (or a member of another employee's immediate family) with respect to whom the employee is a superior; or

"(B) in any room or building occupied in the discharge of official duties by—

"(i) an individual employed or holding office in the Government of the United States, in the government of the District of Columbia, or in any agency or instrumentality of the foregoing; or

"(ii) an individual receiving any salary or compensation for services from money derived from the Treasury of the United States.

"(b)(1) In addition to the prohibitions of subsection (a) of this section, an employee may not solicit, accept, or receive a political contribution from, or give a political contribution to, any person who—

"(A) has, or is seeking to obtain, contractual or other business or financial relations with the agency in which the employee is employed;

"(B) conducts operations or activities which are regulated by that agency; or

"(C) has interests which may be substantially affected by the performance or nonperformance of the employee's official duties.

"(2) The Postal Service and the Postal Rate Commission, in the case of their respective employees, shall prescribe—

"(A) regulations which exempt an employee from the application of paragraph (1) of this subsection with respect to any political contribution to or from an individual who has a family or personal relationship with the employee if the employee complies with such requirements as shall be so prescribed which relate to the disqualification of the employee from engaging in any official activity involving the individual; and

"(B) regulations which exempt the application of paragraph (1) of this subsection with respect to any political contribution from a person in situations in which the facts and circumstances indicate there would not be any adverse effect on the integrity of the Government or the public's confidence in the integrity of the Government.

"§ 1405. Political activites on duty, etc.; prohibition

"An employee may not engage in political activity—

"(1) while the employee is on duty;

"(2) in any room or building occupied in the discharge of official duties by an individual employed or holding office in the Government of the United States, in the government of the District of Columbia, or in any agency or instrumentality of the foregoing; or

"(3) while wearing a uniform or official insignia identifying the office or position of the employee.

"§ 1406. Candidates for elective office; leave, notification by employees

"(a) An employee shall promptly notify the Postal Service (or the Postal Rate Commission in the case of any employee of the Commission) upon becoming a candidate for elective office and upon the termination of that candidacy.

"(b) An employee who is a candidate for elective office shall, upon the request of the employee, be granted leave without pay for the purpose of allowing the employee to engage in activities relating to that candidacy.

"(c) Any employee who is a candidate for elective office shall, upon the request of the employee, be granted accrued annual leave for the purpose of allowing the employee to engage in activites relating to that candidacy. Leave under this subsection shall be in addition to leave without pay to which the employee may be entitled under subsection (b) of this section.

"§ 1407. Penalties

"(a) An employee who is found by the Merit Systems Protection Board under section 1207 of title 5 to have violated any provision of—

"(1) section 1403 of this title shall, upon a final order of the Board, be suspended without pay from the employee's position for a period of not less than 30 days, or shall be removed in which event that employee may not thereafter hold any position in the Postal Service or the Postal Rate Commission;

"(2) section 1404 or 1405 of this title shall, upon a final order of the Board, be—

"(A) removed from the employee's position, in which event that employee may not thereafter hold any position in the Postal Service or the Postal Rate Commission for such period as the Board may prescribe;

"(B) suspended without pay from the employee's position for such period as the Board may prescribe; or

"(C) disciplined in such other manner as the Board shall deem appropriate.

"(b) The Merit Systems Protection Board shall notify the Special Counsel of the Merit Systems Protection Board, the employee, and the Postal Service (or the Postal Rate Commission, in the case of any employee of the Commission) of any penalty imposed under this section. The Postal Service or the Postal Rate Commission, as the case may be, shall certify to the Board the measures undertaken to implement the penalty.

"§ 1408. Regulations

"The Postal Service, the Postal Rate Commission, and the Merit Systems Protection Board shall prescribe rules and regulations to carry out their respective responsibilities under this chapter.".

(b)(1) Section 410(b)(1) of title 39, United States Code, is amended by striking out "chapters 71 (employee policies) and 73 (suitability, security, and conduct of employees)," and inserting in lieu thereof "chapter 71 (employee policies) and subchapters I, II, IV, and V of chapter 73 (regulation of conduct, employment limitations, foreign gifts and decorations, and misconduct),".

(2) The chapter analysis for part II of title 39, United States Code, is amended by adding at the end thereof the following:

"14. Political Activities.............. 1401".

(3) Sections 602 and 607 of title 18, United States Code, relating to solicitations and making of political contributions, are each amended by adding at the end thereof the following new sentence: "This section does not apply to any activity of an employee, as defined in section 1402(1) of title 39, United States Code, unless that activity is prohibited by section 1404 of that title.".

(c) Sections 8332(k)(1), 8706(e), and 8906(e)(2) of title 5, United States Code, are each amended by inserting immediately after "who enters on" the following: "leave without pay granted under section 1406(b) of title 39, or who enters on".

(d) Section 1206 of title 5, United States Code, is amended—

(1) in subsection (e)(1)(A), by striking out "title" and inserting in lieu thereof "title or chapter 14 of title 39"; and

(2) in subsection (l), by striking out "title" and inserting in lieu thereof "title, or chapter 14 of title 39".

EFFECTIVE DATE

SEC. 3. (a) The amendments made by this Act shall take effect 120 days after the date of the enactment of this Act, except that the authority to prescribe regulations granted under section 1408 of title 39, United States Code (as added by section 2 of this Act), shall take effect on the date of the enactment of this Act.

(b) Any repeal or amendment made by this Act of any provision of law shall not release or extinguish any penalty or liability incurred under that provision, and that provision shall be treated as remaining in force for the purpose of sustaining any proper proceeding or action for the enforcement of that penalty or liability.

(c) No provision of this Act shall affect any proceedings with respect to which the charges were filed on or before the effective date of the amendments made by this Act. Orders shall be issued in such proceedings and appeals shall be taken therefrom as if this Act had not been enacted.

STUDY CONCERNING POLITICAL PARTICIPATION BY POSTAL SERVICE EMPLOYEES

SEC. 4. The United States Postal Service shall study and review the effects of the amendments made by this Act on—

(1) the level of participation by Postal Service employees in activities relating to Federal, State, and local elections;

(2) the merit system, particularly the hiring, termination, or advancement of Postal Service employees; and

(3) matters generally affecting and contributing to the improper use of official influence or official information by Postal Service employees as prohibited under chapter 14 of title 39, United States Code (as added by this Act).

The Postal Service shall report to the Congress not later than March 31, 1981, and March 31, 1983, the results of that study under this section and review any findings therefrom together with such legislative or administrative recommendations as the Postal Service considers appropriate.●

By Mr. PACKWOOD (for himself, Mr. MATSUNAGA, Mr. RIBICOFF, Mr. BAUCUS, Mr. BOREN, Mr. BRADLEY, Mr. CHAFEE, Mr. DANFORTH, Mr. DOLE, Mr. DURENBERGER, Mr. GRAVEL, Mr. HEINZ, Mr. MOYNIHAN, Mr. NELSON, Mr. ROTH, Mr. WALLOP, Mr. PELL, and Mr. TSONGAS):

S. 1760. A bill to amend the Internal Revenue Code of 1954 and the Energy Tax Act of 1978 to provide increased incentives for the utilization of energy sources other than oil and gas; to the Committee on Finance.

ALTERNATIVE ENERGY SOURCE AND CONSERVATION TAX INCENTIVE ACT OF 1979

● Mr. PACKWOOD. Mr. President, today 15 of the members of the Senate Finance Committee are joining together in reintroducing a liberalized and strengthened version of legislation first introduced July 25 (S. 1571) by Senators RIBICOFF, MATSUNAGA, and myself. The bill provides tax incentives to encourage increased utilization of solar, wind, geothermal, hydroelectric, and biomass energy; industrial cogeneration; residential conservation; alcohol fuel; and van pooling.

These technologies can have an important impact on our efforts to reduce our unacceptably high use of imported oil. The technologies affected are generally currently available for wide scale use. However, tax incentives can importantly increase the rate at which our society makes these energy investments. Although loan and grant programs can also enhance use of new energy technology, we believe that meaningful tax incentives are an important way to encourage families and businesses all over the country to invest in America's energy future.

In summary, the bill provides:

Fifty percent tax credits available more promptly than currently, for expenditures by individuals for solar, wind, geothermal and conservation expenses;

Fifty percent tax credits for expenditures by business for solar, wind, geothermal, hydroelectric, biomass and ocean thermal energy conversion energy equipment. This consists of the 10-percent investment tax credit and a 40-percent refundable energy tax credit;

Revision and improvement of the provisions of the Energy Tax Act of 1978 relating to individual and business conservation, solar, wind and geothermal energy; tax credits for cogeneration, and for individual and business use of heat pumps;

More flexible Federal tax exemptions and credits for use of alcohol fuels; and

Extension of termination of related provisions of the Energy Tax Act of 1978 from the early- and mid-1980's to the year 2000.

I will now describe the provisions of the bill in more detail.

INCREASED USE OF SOLAR, WIND AND GEOTHERMAL ENERGY BY INDIVIDUALS

First. Level of credit. Present law provides a tax credit of 30 percent for the first $2,000 of expenditures on solar, wind and geothermal equipment, and 20 percent for the next $8,000. This produces maximum tax savings of $2,200 per household. This bill would simplify and increase this credit. The bill provides a tax credit of 50 percent for costs up to $10,000. This produces a maximum tax savings of $5,000.

S. 1571 had raised the tax credit to 30 percent. This bill raises it further to 50 percent because of estimates by Prof. Robert Stobaugh of the Harvard Business School (Energy Future) and others that greater incentives are needed to hasten increased utilization of these new technologies.

Studies of solar heating commercialization by GAO and HUD found that tax credits below a threshold of 30 to 40 percent would have little effect on the number of new installations. The Harvard Business School energy project recommends a credit of 50 to 60 percent. After studying the potential impacts of tax credits, California raised their credit from 10 to 55 percent.

The wind energy mission analysis prepared by General Electric in 1977 for ERDA projects the potential energy contribution of small residential windmills. These are units with about a 10-kilowatt capacity. Under a scenario where a 50-percent tax credit induced rapid implementation of these small wind systems, the study predicts installation of 4.6 million residential windmills by the year 2000. The annual energy output would be 103 kilowatt hours which would displace 192 million barrels a year.

Second. Principal residence. Current law limits the tax for solar, wind, geothermal, and conservation property to property used in connection with the taxpayer's principal residence. This limits the effectiveness of the credit by denying it in several situations. For example, the tax credit would not normally be available for short-term residences (if this home is not the "principal residence"), for vacation or second homes; or for dwellings which the taxpayer rents to someone else. Substantial energy savings could result if taxpayers were given an incentive to use solar, wind, or geothermal property in these situations. In the case of rental property this could also lead to lower fuel bills for tenants. Therefore, the bill eliminates the "principal residence" rule.

This is simpler than the approach used in S. 1571, which retained the need to make "principal residence" determinations in a number of different situations.

Current law also denies the residential solar and conservation credits for residential uses other than the dwelling itself. This discourages use of new energy technologies and conservation property for residential, related uses, such as garages, greenhouses, and swimming pools. This differs from the California solar tax credit, and can impede solar investment. For example, a California Department of Revenue study of 1977 California tax returns, released August 1979, shows that 47 percent of the individual solar tax credits claimed in California in 1977 involved use of active solar systems for heating swimming pools. To help encourage use of solar and conservation property in these areas, this bill extends the solar and conservation tax credits to garages, greenhouses, and swimming pools.

Third. Photovoltaics. Photovoltaic systems use sunlight to generate electricity. The U.S. Department of Energy projects that photovoltaics could displace up to 2.5 million barrels of oil per day by the year 2000.

Under the Finance Committee version of the Energy Tax Act of 1978, photovoltaic equipment would have been eligible for the solar energy credit for individuals. However, this provision was deleted in conference. In contrast, photovoltaic equipment used by businesses is eligible for the solar tax credit for businesses. This bill (like S. 1571), would extend the solar tax credit for individuals for photovoltaic equipment.

Fourth. Lease payments. Under current law, the solar, wind, and geothermal credits are available for outright purchase of qualifying equipment, but not for lease payments for use of the equipment.

Many individuals are hesitant to commit relatively large sums of money to new energy technologies. This bill, like S. 1571, would encourage those individuals to lease energy-saving equipment by applying the energy tax credit to lease payments. This will also discourage installation of equipment which would not perform as promised, because the lessee could refuse to extend the lease if deficiencies occurred. To avoid a "double dip," the lessor must certify to the lessee that he has not taken the energy tax credit on the equipment.

Fifth. Credit for the builder. Under current law, the first purchaser of a house is allowed to take the energy tax credit for equipment installed by the builder. This bill would also permit the builder to claim the tax credit himself. He would retain the option of passing the credit through to the first purchaser. Last year, California enacted a similar law. It has been partially responsible for the dramatic increase in sales of solar equipment in California. With this provision, we hope to extend that growth throughout the country. S. 1571 contained an identical provision.

In Energy Future, Robert Stobaugh points out at page 168 that:

> Traditionally, the purchase price of a house, rather than that price plus operating cost, has been the chief concern of builder, buyer, and financing institution. Two-thirds of all the new single-family homes in 1971, for instance, were built for speculative sale. The builder was therefore interested in keeping the selling price down, and worried much less about longer term energy costs.

California's boom in new residential solar installations is due in part to the enthusiastic response of builders to the 55-percent credit, according to a recent California Energy Commission analysis. It has helped lead to the fact that 5,000 new solar subdivision homes were begun or completed by builders between January and mid-1979. Some builders take the credit themselves, and others chose to pass it through to the customer as a selling point.

For these reasons, I believe that extension of the solar, wind, and geothermal credits to builders will help increase its use.

Sixth. Joint purchasers. Several types of alternative energy equipment are well suited for use by several adjoining households. This could apply to duplexes, townhouse communities, or other small communities. A proposed Internal Revenue Service regulation permits owners of various residences to take the energy tax credit for a prorated share of the cost of jointly acquired equipment. This bill would put this rule into the statute. S. 1571 contained an identical provision.

Seventh. Prompt refund. Another provision of this bill (as well as S. 1571) would help low- and middle-income persons finance alternative energy equipment and improvements. Currently, the taxpayer receives this energy tax credit when he files his annual return. Thus, he may have to finance the full purchase and installation cost for as long as 16 months. We want to reduce this burden by allowing the homeowner to receive the credit as soon as possible. This bill would make the energy credit available against taxes paid the previous year. The taxpayer would file an amended return for the prior year, with the addition of his energy-saving expenditures. A similar procedure is available for disaster victims under section 167(k) of the Internal Revenue Code. The same concept was reported favorably by the Senate Finance Committee in 1978 as a part of H.R. 3340, legislation to allow taxpayers to receive a prompt tax credit for political contributions (S. Rept. 95–342).

Eighth. Allocations. Current law is silent on the question of availability of the tax credit for geothermal, wind, and solar property which is also a structural component of a dwelling. Proposed IRS Regulation 1.44C–2 would deny the tax credit entirely for such equipment. This bill would provide the credit for the cost of solar, wind, and geothermal property which is also a structural component to the extent it exceeds the cost of the structural component without the solar, wind, or geothermal source feature.

INCREASED USE OF CONSERVATION PROPERTY BY INDIVIDUALS

First. Level of credit. Current law provides a tax credit of 15 percent up to $2,000 for investment by individuals and conservation property such as insulation, storm windows, and clock thermostats. This provides a maximum tax savings of $300 per household. This bill would increase the tax credit to 50 percent of costs up to $2,000. This would produce maximum tax savings of $1,000 per residence. This provision was not contained in S. 1571. It is added here because of the enormous energy savings potential in residential conservation, and estimates by Prof. Robert Stobaugh and others that higher incentives are needed to encourage fuller realization of potential energy savings in this area.

After presenting evidence from various energy conservation studies showing that a properly insulated house could cut its energy consumption from 25 to 67 percent, the authors of Energy Future state:

> The 1978 National Energy Act provides for a 15 percent tax credit on investments in residential conservation, but not to exceed $300. Although better than what has happened so far, the proposals are still rather modest, and still do not do enough to give conservation the chance it needs and deserves. . . . It is nothing short of ridiculous that now, almost six years after the embargo, the United States does not yet have a broad-ranging national program of incentives to encourage retrofit. The speed with which retrofit can deliver substantial savings argues for a much more stimulative public policy, with tax credits up to 50 percent. Such a policy would signal the importance of retrofit and would encourage homeowners, entrepreneurs, and manufacturers. It would make retrofit economically attractive for some homeowners, and not only attractive but possible for others." Stobaugh, et al., p. 173

Second. Heat pumps. The Senate version of the Energy Tax Act of 1978 provided tax credits for purchase of heat pumps by individuals, provided that the heat pump replaces an electric resistance heating system. That bill also provided tax credits for purchase of industrial heat pumps by business. Both of those provisions were deleted by the Conference Committee. This bill (as well as S. 1571) adds heat pumps to the energy conservation property category for individuals, entitled to a 50 percent tax credit under the provisions of this bill. The bill (and S. 1571) also creates a 10-percent energy tax credit for purchases of industrial heat pumps. This bill also clarifies that water well heat pumps, in addition to air heat pumps, would qualify for the tax credit.

Two recent studies have established that water-well heat pumps are far more energy efficient than conventional electric space heating systems. In March of this year, the University of Alabama, under contract to the DOE, concluded that a water-well heat pump system saves two-thirds of the energy required for electrical resistance heating. The Tennessee Valley Authority has also confirmed the energy efficiency of water-well heat pumps. According to the TVA, each residential water-well heat pump saves 11,610 kWh each year it replaces a central electric furnace home.

INCREASE USE OF NEW ENERGY TECHNOLOGIES BY BUSINESS

First. Energy equipment which is treated as a part of the structure for purposes of the investment tax credit. It is widely believed that last year's Energy Tax Act made solar and wind equipment (as well as several other categories of energy property) eligible for a 20 percent tax credit. This consisted of the 10-percent investment tax credit plus a new 10-percent energy tax credit. However, in many situations, the 10-percent investment tax credit is not available for solar and wind property. This is because the investment tax credit is not available for structural modifications or components, such as buildingwide heating and cooling systems or generators. That is particularly unfortunate since these are a primary use of solar and wind energy at this time.

This bill eliminates this problem by amending the investment tax credit to provide that the "structures" rule will be disregarded for solar, wind, geothermal, hydroelectric, biomass, and cogeneration equipment.

Second. Solar and wind energy. Current law provides a refundable 10-percent energy tax credit for qualifying solar and wind property. S. 1571 would have raised the credit to 20 percent. This additional increase is proposed because most experts believe that 20 percent is inadequate to fully encourage increased use of solar and wind energy property, as well as many other types of new energy technology. This bill would raise the refundable credit to 40 percent.

This bill (like S. 1571) also extends the tax credit to process applications of solar (as well as geothermal, wind, hydroelectric, and biomass) energy.

Wind-powered mechanical energy is not available for either the business or individual energy tax credits. This bill (as well as S. 1571) would make mechanical energy derived from wind (or solar, geothermal, biomass or hydroelectric energy) eligible for the 40-percent energy tax credit.

Wind-powered mechanical energy can be used to pump water for irrigation. New Mexico has included this excellent wind utilization among those applications eligible for its State energy tax credit. This bill will encourage farmers and others in all States to take advantage of wind-powered mechanical energy.

Third. Geothermal energy. Current law provides a 10-percent energy tax credit for geothermal property. This bill raises this to 40 percent. S. 1571 had proposed raising it only to 20 percent.

Under current law, the credit for geothermal equipment (unlike wind and solar) is not refundable. This proposal (like S. 1571, and the Senate version of the Energy Tax Act of 1978) would also make the credit refundable for geothermal equipment.

It is unclear under current law whether the tax credit for business and individual use of geothermal equipment covers the cost of drilling the well necessary to utilize the geothermal resources. This bill (like S. 1571) would expressly include such costs as eligible for the energy credit. However, to avoid a "double dip," a taxpayer would not be permitted to take the intangible drilling cost deduction if he elected the tax credit for drilling costs. The bill includes a similar provision for both business and individual use of geothermal energy. The President's Interagency Geothermal Coordinating Council has projected the potential contribution of geothermal to be the equivalent of 2.5 to 4 million barrels of oil per day by the year 2000.

Fourth. Hydroelectric energy. Both the House and Senate versions of the Energy Tax Act of 1978 provided tax incentives to increase hydroelectric generating capability on existing dams. The need to encourage this abundant, clean inexhaustible energy source was well recognized. However, partly to reduce the revenue loss of the bill, these provisions were deleted by the conference committee.

This bill would add hydroelectric to the list of "alternative energy property" categories for the proposed 40 percent refundable energy tax credit. Eligibility for this new credit would be based on language adopted by the Senate 2 years ago. However, the bill would not extend the credit to the dam structure. The credit would be available to encourage retrofitting of existing structures, for low-head hydroelectric power, and for hydroelectric equipment which does not rely on a structure to impound water.

While most dams during the past 40 years have incorporated electrical production, this was not true for older dams built primarily for flood control or to power small mills. In a study released July 1979, the Army Corps of Engineers has estimated total unused hydroelectric potential at existing dams to be up to 94,000 megawatts annually, equivalent to the electrical output of 94 modern nuclear reactors. This includes the upgrading of generating capacity at existing hydropowered dams. New England is most often mentioned as benefiting from such conversion. But examples of wasted hydropower exist throughout the country, such as in the Pacific Northwest.

Fifth. Biomass. The energy tax credit of 1978 provided a nonrefundable 10 percent "alternative energy property" credit for a wide range of equipment included in making or utilizing biomass fuels. This bill treats this important energy source like wind, solar, geothermal, and hydroelectric equipment by raising the credit from 10 percent to 40 percent, and by making it refundable.

Senator TALMADGE has proposed (S. 848) a $3 per barrel of oil equivalent production subsidy for biomass energy. The Senate adopted this in 1977, and President Carter has offered a similar proposal as a part of his 1979 energy package. If this proposal is enacted, we expect that, for a particular biomass production facility, the taxpayer would be required to choose between the 40 percent energy tax credit or the $3 per barrel oil production subsidy.

Sixth. Ocean thermal energy conversion ("OTEC"). The Senate version of the Energy Tax Act of 1978 provided a refundable energy tax credit for ocean thermal energy conversion property. This provision was deleted by the Conference Committee. This bill would reinstate this provision by making OTEC property eligible for the 40 percent refundable tax credits available for solar, wind, geothermal, hydroelectric, and biomass equipment.

Seventh. Cogeneration. "Cogeneration" is an old and proven practice. Cogeneration denotes any form of simultaneous production of electrical or mechanical energy and useful thermal energy such as heat, steam, or gas. A conventional industrial system produces either electricity or thermal energy; a cogeneration system produces both. For example, at a factory cogeneration might involve running high temperature gases through an electrical turbine before they are used for process heating.

In his national energy plan of 1977, President Carter cited cogeneration as an important technique for conserving domestic energy resources. Robert Stobaugh, in his recent book, Energy Future, called cogeneration "industry's North Slope." A 1975 study, done for National Science Foundation by Dow Chemical Co., concludes that by 1985 U.S. industry could meet approximately half of its own electricity needs through cogeneration. The study says this would amount to a savings of 2 to 3 million barrels of oil per day.

Cogeneration equipment is currently available. However, it is expensive and is not being purchased and used sufficiently. Our bill would make utilities and industry eligible for a 10 percent energy tax credit for purchase and installation of cogeneration equipment. This would be in addition to the existing 10 percent investment credit.

Last year both the Senate and House passed legislation calling for cogeneration tax incentives. These were deleted in conference in an effort to reduce the overall cost of the Energy Tax Act of 1978. We believe that incentives to encourage investment in cogeneration equipment are now more necessary than ever before.

Eighth. Utilities. The Energy Tax Act of 1978 makes utilities ineligible for tax credits for equipment utilizing wind, solar, geothermal, hydroelectric, biomass, or cogeneration equipment. This bill (as well as S. 1571) would make utilities eligible for the 40-percent refundable tax credit applicable to these types of energy property. This will encourage use of these new energy technologies in the important utilities sector.

A recent study prepared in 1977 by General Electric under contract to the Energy Research and Development Administration (ERDA), now part of DOE, projected a major wind contribution to the electric utility sector. Wind systems would significantly reduce the dependence on nuclear, coal, and oil for electrical generation, if given the proper incentives for rapid implementation. In the utility sector alone, G.E. projects wind systems would save the equivalent of 852 million barrels of oil in 2000, or 2.3 million barrels a day. The study concludes that "the utility market offers the greatest chance of significant oil, coal, and nuclear offset and is the lowest cost approach."

In addition, the National Energy Strategies Project of Resources for the Future has said, in "Energy in America's Future, the Choices Before Us" (1979), that some barriers to cogeneration would be less formidable if ownership and management of cogeneration facilities were vested in the utility rather than the industrial firm involved.

For these reasons, we believe that it is important for utilities to be encouraged to use solar, wind, geothermal, hydroelectric, biomass, and cogeneration property.

VAN POOLS

The Congressional Budget Office has concluded that of all types of urban transportation "van pooling can probably make the greatest contribution to energy savings on a per-passenger-mile basis." According to the Department of Transportation, each van pool saves 4,000 gallons of gasoline per year, in addition to reducing pollution and traffic congestion.

Last year, with the support of Senators RIBICOFF, BENTSEN, and others, Congress adopted my proposal for a tax incentive to encourage employer-provided van pools. As a result, an employer is now allowed to take the full 10-percent investment tax credit for the purchase of a van for use by his employees, instead of only a 3⅓-percent investment tax credit under prior law. However, there is a large potential for van pools owned and operated by employees and third parties. This bill would encourage their use of van pools by allowing them to take the same 10-percent investment tax credit available to employers.

REFORMING EXISTING ALCOHOL FUELS INCENTIVES

Gasohol is a mixture of 10 percent alcohol and 90 percent gasoline. It is currently exempt from the 4-cent-per-gallon Federal gasoline tax. As a result, the retailer is encouraged to sell gasohol, but there is no incentive to increase the proportion of alcohol above 10 percent. We propose that the amount of tax incentives be matched to the amount of alcohol in the alcohol-gasoline mixture. An increased proportion of alcohol should earn increased tax benefits.

Our bill would do this by repealing the present 4-cent-per-gallon exemption. In its place, it provides a 40-cent exemption for each gallon of alcohol sold in the alcohol-gasoline mixture.

Under the present 4 cents/gallon formula, 10 gallons of gasohol—containing 1 gallon alcohol, 9 gallons gasoline—earn a 40-cent tax exemption. Under our proposal, the 10 gallons gasohol—containing 1 gallon alcohol—would receive a 40-cent credit. However, if the alcohol content increases to 2 gallons alcohol and 8 gallons gasoline, the present formula still allows only a 40-cent exemption, while our proposed formula would provide an 80-cent credit. In sum, this bill would create an incentive to increase the alcohol content in gasohol, while present law does not.

The 40-cent credit would apply against either the dealer's Federal gasoline or diesel tax payments, or against his income tax payments. This would guarantee that the alcohol incentive will be fully available to small, independent retailers who sell relatively little gasoline.

ASSURING A LONG TERM MARKET

Under the 1978 Energy Tax Act, the gasoline tax exemption expires October 1, 1984. We believe that to induce this type of investment, we must assure marketing incentives throughout the useful life of the alcohol production facility. This bill would extend the termination date of the tax exemption to the year 2000.

PHASEOUT OF THE INCENTIVE

Gasohol incentives are necessary because the price of alcohol-gasohol mixtures is higher than that of pure gasoline. However, with the increasing price of petroleum, alcohol-gasoline mixtures may eventually not need the tax exemption to be price competitive.

We propose that Treasury's annual gasohol report to Congress be expanded to include a calculation of the need for continued alcohol fuels incentives, and their appropriate level. The bill would also require that the report compare the cost of alcohols produced from corn, wheat, wood and other substances.

The Joint Committee on Taxation has preliminarily estimated that the revenue loss of this bill is as follows:

[In millions of dollars]

Provision	1980	1985	1990
Residential:			
Residential solar, wind, and geothermal	100	300	490
Residential conservation	1,345	1,780	(1)
Residential heat pumps	155	485	755
Delete primary residence test	240	380	(1)
Residential total	1,850	2,945	
Business:			
Cogeneration (excluding utilities)	60	190	300
Increment attributable to mechanical power	70	230	360
Hydroelectric property (excluding utilities)	180	450	570
Ocean thermal energy conservation property		60	190
Solar and wind property	60	600	970
Geothermal property	50	80	110
Biomass property	640	830	1,110
Industrial heat pumps	50	100	200
Revision of structures rate for investment tax credit			
Provision affecting utilities	210	540	880
Business total	1,320	3,080	
Alcohol fuels: Revision of current tax exemption	10	230	550
Total	3,180	6,255	

[1] Not available.

Source: Joint Committee on Taxation, preliminary estimates, Sept. 17, 1979.

TERMINATION DATES

Most of the provisions of the Energy Tax Act of 1978 expire in the early or middle 1980's. This is true of tax credits for business and residential use of solar, wind, and geothermal equipment; residential conservation equipment; and the gasohol tax exemption.

This bill (like S. 1571) extends these termination dates until the year 2000. This helps insure that manufacturers will make investments required to increase production in needed energy-related equipment and property. The energy problem will not be solved by a 2- or 4-year "quick fix." Therefore, long term incentives such as these are required.

EFFECTIVE DATE

Experience has shown that when Congress is considering alterations to existing energy tax credits, sales of energy-saving equipment drop. Businesses and homeowners are reluctant to purchase now, when they anticipate a larger tax credit for purchasing the same equipment later. In anticipation of this dilemma, this bill retains the effective date used in S. 1571, July 24, 1979.

Mr. President, I believe that through judicious use of tax incentives we can promote alternatives to continued dependence on oil imports. Enactment of the Energy Tax Act of 1978 was a positive step forward. This bill will continue and expand upon that initiative.

I am hopeful that our colleagues on the Finance Committee will give support and favorable consideration to this legislation. We welcome suggestions for strengthening this bill.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1760

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. Short Title; Etc.

(a) Short Title.—This Act may be cited as the "Alternative Energy Source and Conservation Tax Incentive Act of 1979".

(b) Amendment of 1954 Code.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

Sec. 2. Residential Energy Credit.

(a) Increase in Amount of Credit.—

(1) Energy conservation.—Paragraph (1) of section 44C(b) (relating to qualified expenditures) is amended by striking out "15 percent" and inserting in lieu thereof "50 percent".

(2) Renewable energy source expenditures.—Paragraph (2) of section 44C(b) (relating to qualified renewable energy source expenditures) is amended to read as follows:

"(2) Renewable energy source.—In the case of any dwelling unit, the qualified renewable energy source expenditures are 50 percent of so much of the renewable energy source expenditures made by the taxpayer during the taxable year with respect to such unit as does not exceed $10,000.".

(b) Energy Conservation Expenditures Not Limited to Principal Residence.—

(1) In general.—

(A) Subsection (c)(1) of section 44C (relating to definitions and special rules) is amended—

(i) by striking out subparagraph (B) and redesignating subparagraph (C) as (B), and

(ii) by inserting "and" at the end of subparagraph (A).

(B) Subparagraph (A) of section 44G(c)(2) is amended by striking out all after "dwelling unit" and inserting "which is located in the United States.".

(2)) Definition of dwelling unit.—Paragraph (8) of subsection (c) of such section is amended to read as follows:

"(8) Dwelling unit.—The term 'dwelling unit' includes any appurtenant structures or facilities.".

(3) Conforming changes.—

(A) Paragraph (2) of subsection (c) of such section is amended by striking out subparagraph (C).

(B) Subparagraph (D) of paragraph (7) of subsection (c) of such section is amended by striking out the last sentence.

(C)(i) So much of paragraph (1) of section 44C (d) (relating to dollar amounts in case of joint occupany) as precedes subparagraph (A) is amended to read as follows:

"(1) Joint expenditures.—In the case of any dwelling unit or units with respect to which during any calendar year 2 or more individuals have made energy conservation or renewable energy source expenditures—".

(ii) Paragraph (1) (A) of such section 44C (d) is amended by inserting "(or dwelling units)" after "dwelling unit".

(c) Costs of Drilling Geothermal Well.—Subparagraph (B) of section 44C(2) is amended to read as follows:

"(B) Certain labor and other costs included.—The term 'renewable energy source expenditure' includes—

"(i) expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of renewable energy source property, and

"(ii) expenditures for the drilling of an onsite well drilled for any geothermal deposit (as defined in section 613(e)(3)), but only if the taxpayer has not elected under section 263(c) to deduct any portion of such expenditures.".

(d) Differential Cost of Structural Components Treated as Renewable Energy Source Expenditure.—Paragraph (2) of section 44C (c) (relating to renewable energy source expenditure) is amended by adding at the end thereof the following new subparagraph:

"(D) Structural components.—In the case of an expenditure for renewable energy source property which is a structural component of a building, the amount by which the expenditure for that property exceeds the amount of the expenditure necessary for similar property which would not be renewable energy source property shall be treated as a renewable energy source expenditure.".

(e) Mechanical and Electrical Energy.—Subparagraph (A) of section 44C(c)(5) (relating to definition of renewable energy source property) is amended—

(1) by inserting "mechanical energy, or electricity (through photovoltaics or otherwise)" after "hot water" in subclause (i), and

(2) by inserting "including, but not limited to wind energy for the purpose of heating and cooling, providing hot water, mechanical energy or electricity" after "purposes," in subclause (ii).

(f) Credit Allowable to Lessor and Builder and for Leased Property.—Subsection (d) of section 44C (relating to special rules) is amended by redesignating paragraph (4) as paragraph (6) and by inserting after paragraph (3) the following new paragraphs:

"(4) Renewable energy source expenditures by lessors and builders.—

"(A) Lessors and builders.—Notwithstanding any provision of this section requiring the taxpayer to use a dwelling unit as a residence or to be the original user of any item—

"(i) Lessor.—If an individual who is the lessor of a dwelling unit which constitutes the residence of the lessee makes expenditures which, but for such provisions, constitute energy conservation or renewable energy source expenditures, then, for purposes of this section, the lessor shall be treated as having made energy conservation or renewable energy source expenditures in connection with such dwelling unit.

"(ii) Builders.—If, in connection with the construction or reconstruction of a dwelling unit which is to be originally used as a residence by an individual, a person (other than such individual) makes expenditures which, but for such provisions, constitute renewable energy source expenditures, then, for purposes of this section, such person shall be treated as having made renewable energy source expenditures in connection with such dwelling unit.

"(B) When expenditure made.—An expenditure with respect to an item shall be treated as made when the original installation of such item is completed.

"(C) Original user and lessee.—For purposes of subsection (b)(3), the lessee or the individual with respect to whom the original use of the constructed or reconstructed dwelling unit begins shall be treated as having been allowed a credit under this section with respect to such dwelling unit for a prior taxable year in an amount equal to the amount of the credit allowed to the lessor or the person described in subparagraph (A)(ii) for any taxable year with respect to such dwelling unit.

"(D) Notice to original user.—A person allowed a credit under subparagraph (A) shall provide a written notice to the lessee or individual described in subparagraph (C) containing information with respect to—

"(i) the nature and amount of the expenditures for which a credit was allowed, and

"(ii) the amount of the credit allowed such person by reason of subparagraph (A).

"(5) Leased renewable energy source property.—

"(A) In general.—If a taxpayer leases renewable energy source property in connection with a dwelling unit which he uses as a residence, expenditures in connection with such leasing shall be treated as renewable energy source expenditures.

"(B) Application with energy investment credit.—Subparagraph (A) shall not apply unless the lessor certifies to the taxpayer, in such form and manner as the Secretary may prescribe, that the lessor has not applied the energy percentage to such property in determining the amount of the credit under section 46(a)(2).".

(g) Immediate Credit.—

(1) In general.—Section 44C (relating to residential energy credit) is amended by redesignating subsection (f) as (g) and by inserting after subsection (e) the following new subsection:

"(f) Immediate Credit.—

"(1) In general.—Notwithstanding the provisions of subsection (a), the credit allowed by subsection (a) shall, upon application by the taxpayer, be allowed against the tax imposed by this chapter for the taxable year immediately preceding the taxable year in which the qualified energy conservation or renewable energy source expenditures were made.

"(2) Amount of credit and determination of qualified expenditures.—

"(A) Amount of credit.—Except as provided in subparagraph (B), the determination of the amount of any credit allowed under paragraph (1) for the immediately preceding taxable year shall be made as if such expenditures were made in such preceding taxable year.

"(B) Determination of qualified expenditure.—Any determination as to whether any expenditure with respect to which a taxpayer is claiming the credit allowed under paragraph (1) is a qualified energy conservation or renewable energy source expenditure shall be made on the basis of the taxable year in which the expenditure was made.

"(3) Time for making application.—

"(A) Earliest date.—A taxpayer may not file an application under paragraph (1) before the day on which the taxpayer filed his return of tax for the immediately preceding taxable year.

"(B) Latest date.—A taxpayer may not file an application under paragraph (1) on or after the earlier of—

"(i) the due date for the filling of the return of tax for the taxable year in which the expenditure was made (determined without regard to any extension of time for filing the return), or

"(ii) the day on which the taxpayer filed his return of tax for such taxable year.

"(4) Inclusion in earlier return.—In lieu of making an application under paragraph (1), a taxpayer may elect to claim the credit allowed under paragraph (1) for the immediately preceding taxable year on his return of tax for that year if the expenditure for which the credit is claimed was made before the filing of that return.

"(5) IN LIEU OF ANY OTHER CREDIT.—Except as provided in subsection (b)(6), no credit shall be allowed for any other taxable year for any expenditure for which any credit is allowed under this subsection.

"(6) TREATMENT AS CLAIM FOR REFUND.—For purposes of this title, any application filed under paragraph (1) shall be treated as a claim for refund except to the extent that such treatment is inconsistent with the provisions of this subsection.".

(2) FORMS.—The Secretary of the Treasury shall publish and make generally available a form specifically designed to enable a taxpayer to apply under section 44C(f) of the Internal Revenue Code of 1954 to have the credit allowed by section 44C of such Code applied to a preceding taxable year.

(3) INTEREST ON IMMEDIATE CREDIT.—Section 6611(b) (relating to interest on overpayments) is amended by adding at the end thereof the following new paragraph:

"(3) SECTION 44C(F) CREDIT.—In the case of a credit allowed under section 44C(f) for which an application has been filed under section 44C(f)(1), from the 61st day after the receipt of such application by the Secretary to the date of the refund check, whether or not such refund check is accepted by the taxpayer after the tender of the check to him. The acceptance of the check shall be without prejudice to any right of the taxpayer to claim any additional overpayment and interest thereon.".

(h) HEAT PUMPS.—

(1) IN GENERAL.—Subsection (c)(4)(A) of section 44C (relating to definition of other energy conserving component) is amended—

(A) by striking out "or" at the end of clause (vii),

(B) by redesignating clause (viii) as clause (ix), and

(C) by inserting after clause (vii) the following new clause:

"(viii) a heat pump (including a water well heat pump) which replaces an electric resistance heating system, or".

(2) TECHNICAL AMENDMENT.—Section 44C(c)(6)(A)(i) (relating to regulations) is amended by striking out "(4)(A)(viii)" and inserting "(4)(A)(ix)".

(i) EXTENSION OF CREDIT.—

(1) IN GENERAL.—Section 44C(g) (relating to termination), as redesignated by subsection (g), is amended by striking out "1985" and inserting "2000".

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 44C(b)(6) is amended by striking out "1987" in the heading and text thereof and inserting "2001".

(k) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures made after July 25, 1979.

SEC. 3. ENERGY INVESTMENT CREDIT.

(a) REGULAR INVESTMENT CREDIT FOR CERTAIN ENERGY PROPERTY.—Subsection (a) of section 48 (relating to definition of section 38 property) is amended by adding at the end thereof the following new paragraph:

"(11) CERTAIN ENERGY PROPERTY.—Notwithstanding the words '(other than a building and its structural components)' in paragraph (1)(B), solar or wind energy property (within the meaning of subsection (1)(4)) and alternative energy property described in subsection (1)(3)(A) (viii), (ix), or (x) which constitutes a structural component of a building shall, for purposes of applying the regular percentage to the qualified investment in determining the amount of the credit under section 46(a)(2), be treated as section 38 property.".

(b) HYDROELECTRIC AND COGENERATION ENERGY PROPERTY.—Paragraph (3)(A) of section 48(1) (relating to definition of alternative energy property) is amended—

(1) by striking out "and" at the end of clause (vii),

(2) by striking out the period at the end of clause (viii) and inserting a comma, and

(3) by adding at the end thereof the following:

"(ix) equipment (other than the dam structure) used in the production of energy by hydroelectric power, including (I) the turbine and equipment up to (but not including) the electrical transmission stage, and (II) subject to the limitations of subclause (I) equipment which does not use a dam structure or impoundment to produce such energy,

"(x) cogeneration equipment, but only to the extent that the cogeneration energy capacity of such facility is expanded, which—

"(I) produces steam, heat, or other forms of useful energy (other than electric energy) to be used for industrial (including water purification or desalinization), agricultural, commercial, or space heating purposes, and

"(II) also produces electrical or mechanical energy,

"(xi) equipment which converts ocean thermal energy to usable energy, and

"(xii) equipment which converts biomass (including, but not limited to, animal and timber waste, municipal and industrial waste, sewage, sludge, and oceanic and terrestrial crops) into a fuel or into useful energy such as steam, electricity, or hot water.

If property described in clause (xii) is also described in any other clause, it shall be treated as property described in clause (xii) and not such other clause.".

(c) REFUNDABILITY OF CREDIT FOR GEOTHERMAL, AND HYDROELECTRIC PROPERTY.—

(1) IN GENERAL.—Paragraph (10) of section 46(a) (relating to special rules in the case of energy property) is amended—

(A) in subparagraphs (a)(ii) and (iii), by inserting "or alternative energy property described in section 48(1)(3)(viii), (ix), (xi), or (xii)" after "solar or wind energy property" each place it appears, and

(B) in the headings of subparagraphs (B) and (C), by striking out "solar or wind" and inserting "certain".

(2) CONFORMING AMENDMENT.—Subsection (d) of section 6401 (relating to amounts treated as overpayments) is amended by striking out "solar or wind" and inserting "certain".

(d) CREDIT TO PUBLIC UTILITIES.—Section 48(1)(3)(B) (relating to exclusion for public utility property) is amended by striking out "alternative energy property', 'solar or wind energy property'," and inserting "alternative energy property' (other than alternative energy property described in clause (viii), (ix), (x), or (xii)),".

(e) INDUSTRIAL HEAT PUMPS.—Section 48(1)(5) (relating to specially defined energy property) is amended—

(1) by striking out "or" at the end of subparagraph (K),

(2) by redesignating subparagraph (L) as (M), and

(3) by inserting after clause (K) the following:

"(L) an industrial heat pump, or".

(f) INCREASE IN AMOUNT AND EXTENSION OF CREDIT.—

(1) IN GENERAL.—Section 46(a)(2)(C) (relating to amount of energy percentage) is amended to read as follows:

"(C) ENERGY PERCENTAGE.—For purposes of this paragraph, the energy percentage is—

"(i) 10 percent with respect to the period beginning on October 1, 1978, and ending on July 24, 1979,

"(ii) with respect to the period beginning on July 24, 1979, and ending on December 31, 1982—

"(I) 40 percent in the case of solar or wind energy property (within the meaning of section 48(1)(4)) or alternative energy property described in clause (viii), (ix), (xi), or (xii) of section 48(1)(3)(A), and

"(II) 10 percent in the case of any energy property not described in subclause (I),

"(iii) with respect to the period beginning January 1, 1983, and ending on December 31, 2000—

"(I) 40 percent in the case of property described in clause (ii)(I), and

"(II) 10 percent in the case of property described in section 48(1)(3)(A)(x) or (5)(L), and

"(iv) zero with respect to any other period.".

(2) TECHNICAL AMENDMENT.—Section 48(1)(1) is amended by striking out "1982" and inserting "2000".

(g) EFFECTIVE DATES.—The amendments made by this section shall apply with respect to—

(1) property to which section 46(d) of the Internal Revenue Code of 1954 does not apply, the construction, reconstruction, or erection of which is begun or completed by the taxpayer after July 24, 1979, but only to the extent of the basis thereof attributable to construction, reconstruction, or erection during such period,

(2) property to which section 46(d) of such Code does not apply, acquired by the taxpayer after such date, and

(3) property to which section 46(d) of such Code applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d) of section 46 of such Code) attributable to qualified progress expenditures made after such date.

SEC. 4. VAN POOLING VEHICLES.

(a) NOT LIMITED TO EMPLOYERS.—Section 46(c)(6)(ii) (relating to special rule for commuter highway vehicles) is amended by striking out "the taxpayer's" in subclause (I).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to vehicles purchased after July 24, 1979.

SEC. 5. GASOHOL.

(a) CREDIT FOR ALCOHOL FUELS.—

(1) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application for abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6429. ALCOHOL USED IN FUELS.

"(a) GENERAL RULE.—In the case of a taxpayer with respect to whom a tax is imposed under section 4041 or 4081(a), there shall be allowed as a credit against such tax for the taxable period for which the tax is imposed an amount equal to the product of—

"(1) 40 cents, multiplied by

"(2) the number of gallons of alcohol mixed with the special fuel or gasoline with respect to which the tax was imposed under such sections.

"(b) CREDIT FOR PERSON MIXING ALCOHOL FUELS.—If the taxpayer elects not to claim the credit under subsection (a) and a person other than the taxpayer has mixed the alcohol with the special fuel or gasoline and such mixture is held for sale in the trade or business of such person, there shall be allowed as a credit against the tax imposed under section 4041 or 4081(a), an amount equal to the product of—

"(1) 40 cents, multiplied by

"(2) the number of gallons of alcohol mixed with such fuels by such person.

"(c) LIMITATION.—The amount of the credit under this section shall not exceed the amount of the tax imposed under section 4041 or 4081(a) for such taxable period.

"(d) DEFINITION OF ALCOHOL.—For purposes of this section, the term 'alcohol' includes methanol and ethanol but does not include alcohol produced from petroleum, natural gas, or coal.

"(e) CROSS REFERENCE.—

"For credit against income tax for alcohol fuels, see section 39.".

(2) CREDIT AGAINST INCOME TAX.—

(A) IN GENERAL.—Section 39 (relating to credit for certain uses of gasoline, special fuels, and lubricating oil) is amended by adding at the end thereof the following new subsection:

"(c) ALCOHOL FUELS CREDIT.—For purposes of subsection (a), the amount determined under this subsection is equal to the amount of the credit allowable under section 6429 for any taxable period ending in such taxable year which is in excess of the limitation provided under section 6429(c) for such taxable period.".

(B) CONFORMING AMENDMENT.—Subsection (a) of section 39 is amended by inserting "the amount determined under subsection (c) and" after "the sum of".

(3) CREDIT TO BE INCLUDED IN INCOME.—

(A) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end thereof the following new section:

"SEC. 86. ALCOHOL FUELS CREDIT.

"Gross income includes an amount equal to amount of the credit allowable to the taxpayer under section 39 for the taxable year to the extent such amount is determined under subsection (c) of section 39.".

(B) CONFORMING AMENDMENT.—The table of sections for such part II is amended by inserting at the end thereof the following new item:

"SEC. 86. ALCOHOL FUELS CREDIT.".

(4) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) Subsection (k) of section 4041 and subsection (c) of section 4081 are repealed.

(B) The table of sections for subchapter B of chapter 65 is amended by inserting at the end thereof the following new item:

"6429. Alcohol used in fuels.".

(5) IMPLEMENTATION.—Within 30 days after the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate such technical and conforming amendments as may be necessary to carry out the provisions of this subsection.

(b) REPORTING REQUIREMENTS.—Paragraph (1) of section 221(c) of the Energy Tax Act of 1978 is amended—

(1) by amending subparagraph (C) to read as follows:

"(C) amount of revenue loss under section 6429,",

(2) by striking out the period at the end of subparagraph (D) and inserting a comma, and

(3) by adding at the end thereof the following:

"(E) a comparison of the costs of alcohol produced from different sources and added to fuels,

"(F) an analysis of the effect on the alcohol fuels industry of a termination or reduction of such credit, and

"(G) recommendations as to the appropriate level of subsidy to the alcohol fuels industry.".

(C) TERMINATION DATE.—

(1) Sections 221(c) (1) and (2) of the Energy Tax Act of 1978 are each amended by striking out "1984" and inserting "2000".

(2) Section 221(c)(2) of such Act is amended by striking all after "termination" and inserting "of the credit under section 6429 and 39 for alcohol fuels.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 25, 1979, and shall apply to alcohol fuels sold on or after such date.

SEC. 6. NO INFERENCE AS TO PRIOR ELIGIBILITY FOR CREDITS.

Nothing in this Act shall be construed to infer that any property with respect to which sections 2 and 3 of this Act apply was not eligible for the credit allowable under section 44C or 38, respectively, before the effective date of sections 2 and 3 of this Act.●

● Mr. MATSUNAGA. Mr. President, I am pleased to join Senator PACKWOOD and Senator RIBICOFF in the introduction of a strengthened bill intended to help resolve the national energy dilemma. This measure has the cosponsorship of 12 other Finance Committee members as well as Senators PELL and TSONGAS. Senator PACKWOOD is to be commended for assuming the leadership in preparing this amended bill.

The bill's chief provisions are drawn from S. 1571, the measure Senator PACKWOOD, Senator RIBICOFF, and I introduced on July 25, 1979. These provisions had their genesis in the Finance Committee's version of the Energy Tax Act of 1978.

During the Finance Committee's work on the tax portion of the National Energy Act in 1977, certain principles became evident. Those principles shaped the provisions included in the initial bill S. 1571 and bear repeating in view of present developments.

Our long festering energy problem erupted to public consciousness with the political situation in Iran and the dramatic increase in OPEC oil prices in the last 8 months. But these events only underscored our serious, unhealthy dependence on foreign supplies of oil. We as a nation cannot continue to enjoy the freedom we boast about if the health of our economy is subject to the decisions of foreign powers. We must, as President Carter has suggested, cut our imports of foreign produced oil.

It is a very sad fact that today, as during the Arab oil embargo of 1973, the American public does not believe that the oil shortage is real. According to opinion surveys, most Americans believe that the oil companies and the Government conspired to hold back supplies. The effective gasoline rationing systems recently instituted by a number of States have only increased public suspicion that, since gasoline prices have gone up, gasoline lines are now much shorter, and, in fact there was no real gasoline shortage.

This public distrust makes it difficult for the Congress to convince the American people that there is a need to conserve petroleum products and to turn to alternative sources of energy. The increases in the price of gasoline did not result in any substantial decrease in demand. In the past 30 years, Americans have become happy to the point of consuming 30 percent of the world's energy supply, with never a thought that the supply would run short. But oil supplies have in fact run short, and it is the task of Congress, as much as it is that of the President, to convince the American public of this fact and to face it resolutely.

To win the energy war, major action must be taken to promote conservation and American energy self-sufficiency. This bill provides for a congressional commitment to achieving those goals.

The least expensive and most immediate means of cutting imports is through domestic conservation. The inadequate supply of oil is our major energy problem today, but the lack of cheap, efficient alternatives presently contributes much to the problem. Encouraging the development and use of these alternatives will without a doubt lessen our dependence on oil and reduce our need to import foreign oil. One of the most effective and proven ways to do this is to provide taxpayers with major incentives to seek out and use these alternatives.

Alternative, inexhaustible sources of energy, such as solar, wind, oceanthermal, and geothermal energy, and easily produced fuel such as ethanol and methane, are possible answers to our energy crisis. As it is inevitable, we must face the problem of changing American habits and ways of living, in order to convert to these other sources.

A sure and tested way of meeting this problem is to offer tax incentives for alternative energy production and concurrent petroleum conservation. Significant tax credits as we propose today will effectively stimulate the development and use of solar, wind, biomass and geothermal energy. Such tax incentives also have the added important benefit of fighting another major problem, the recession, by stimulating the economy. No other program which I can think of can as effectively address two of the major problems facing the country at this time.

President Carter on July 15, 1979, committed the United States to cutting our foreign oil dependence through conserving the oil resources we have, and developing alternative energy sources. By acting on this legislation quickly, Congress will show that it is willing to meet our Nation's gravest problem.

Mr. President, the passage of this bill will establish Congress serious commitment to meeting and solving our country's energy problems. I urge its early consideration and enactment.●

● Mr. CHAFEE. Mr. President, one of the most important tasks facing our Nation today is to reduce our energy consumption, especially our consumption of imported oil. The bill we are introducing today, the Alternative Energy Tax Act of 1979, will help lessen our dependence on oil and other nonrenewable resources by providing tax credits to individuals and corporations for development and production of alternative energy sources.

The Energy Tax Act of 1978 recognized the need for using the tax system to encourage alternative energy development. It provided, for the first time, tax credits to individuals for installation of conservation measures, such as insulation and weather stripping as well as solar and wind power equipment. Changes were made in the investment tax credit to encourage businesses to conserve energy or convert from oil and gas to alternative sources. In addition, the bill addressed the growing potential for conservation in transportation by exempting gasohol—with 10 percent alcohol—from the Federal gasoline excise tax and imposing a graduated excise tax on cars that fall substantially below federally mandated mileage standards for each year.

Statistics released in August by the Internal Revenue Service indicated that the residential credits are being used, but not as much as possible. Seven percent of taxpayers, or 6 million of the 88 million who filed 1978 returns, claimed their residential or alternative energy credits. A total of $600 million was claimed—an average of $100 per return. Taxpayers spent $2.2 billion on conservation measures, but only $131 million as alternative energy source equipment. This is a good beginning but more can and should be done to encourage taxpayers to make their homes energy efficient and make full use of our renewable energy sources.

The Alternative Energy Act of 1979 is designed to make conservation and alternative energy development so attractive that taxpayers will have every incentive to conserve and convert. The bill we are introducing today picks up where the Energy Act of 1978 left off. It provides the maximum incentive for development of alternative energy resources. Enactment of this bill will tell our Nation and the rest of the world that the time to change our energy consumption habits is now—and that we are terribly serious about reducing our dependence on imported oil.

Briefly, the bill increases and expands the energy tax credits as follows:

First. Increases the residential conservation credit from 15 percent to 50 percent, thereby raising the maximum available credit from $300 to $1,000.

Second. Increases the residential tax credit for solar, wind, and other renewable energy equipment to 50 percent, thus raising the maximum credit from $2,200 to $5,000. Taxpayers would be allowed to take the credit for rental properties or properties being built for sale. For the first time, photovoltaics and the costs of drilling a geothermal well would be eligible for the credit. All residential conservation credits would be available until the year 2000.

Third. Increases the total available tax credit for all solar, wind, biomass, and geothermal expenditures by businesses to 50 percent—by making all expenditures eligible for the basic 10-percent investment tax credit and increasing the energy tax credit from 10 percent to 40 percent. Hydroelectric equipment added to existing dams along with solar and wind utility property would be eligible for the energy tax credit;

Fourth. Makes cogeneration eligible for the 10-percent energy tax credit in addition to the 10-percent investment tax credit. Heat pumps would be eligible for residential and industrial credits.

Fifth. Increases the tax benefits for increased proportion of alcohol in gasohol. As alcohol content increases, so will the tax credit. The alcohol fuels incentive would phase out when gasohol becomes cost effective with gasoline; and

Sixth. Allows the full 10 percent investment tax credit for all operators of vanpools—not only those vanpools operated by employers.

Mr. President, the provisions of this bill follow the recommendations found in "Energy Future," the report of the energy project at the Harvard Business School. It has the backing of the Solar Lobby, American Wind Energy Association, and National Society of Professional Engineers.

Most importantly of all, enactment of our proposal will indicate that as a nation, we are committed to kicking our petroleum habit by making the necessary investment in conservation and renewable energy sources. There is no better time than now to reaffirm our commitment to energy security for the future. I urge my colleagues to join as cosponsors of our bill designed to do just that.●

ADDITIONAL COSPONSORS

S. 43

At the request of Mr. Hatch, the Senator from Indiana (Mr. Bayh) was added as a cosponsor of S. 43, the National Ski Patrol Recognition Act.

S. 91

At the request of Mr. Thurmond, the Senator from Iowa (Mr. Jepsen) was added as a cosponsor of S. 91, a bill to amend title 10, United States Code, to remove certain inequities in the survivor benefit plan provided for under chapter 73 of such title, and for other purposes.

S. 115

At the request of Mr. Mathias, the Senator from Florida (Mr. Stone) was added as a cosponsor of S. 115, a bill to establish procedures for the issuance and enforcement of search warrants and other legal processes, to provide a remedy for persons injured by a failure to comply with such procedures, and for other purposes.

S. 825

At the request of Mr. Javits, the Senator from Connecticut (Mr. Weicker) was added as a cosponsor of S. 825, a bill to provide for equalizing the costs of unemployment compensation, revising the extended benefits program, and for other purposes.

S. 1193

At the request of Mr. Huddleston, the Senators from Michigan (Mr. Riegle and Mr. Levin) were added as cosponsors of S. 1193, a bill to assure fair practices in agricultural bargaining.

S. 1287

At the request of Mr. Goldwater, the Senator from New Hampshire (Mr. Durkin) and the Senator from Indiana (Mr. Lugar) were added as cosponsors of S. 1287, a bill to repeal the earnings ceiling of the Social Security Act for all beneficiaries age 65 or older.

S. 1332

At the request of Mr. Gravel, the Senator from South Dakota (Mr. McGovern) was added as a cosponsor of S. 1332, a bill to authorize federally chartered credit unions to utilize share draft accounts.

S. 1465

At the request of Mr. Talmadge, the Senator from Alabama (Mr. Stewart) was added as a cosponsor of S. 1465, a bill to amend the Farm Credit Act of 1971 to permit farm credit system institutions to improve their services to borrowers, and for other purposes.

S. 1735

At the request of Mr. Hatch, the Senator from Vermont (Mr. Leahy) was added as a cosponsor of S. 1735, the Congressional Pay Cap Act of 1979.

SENATE JOINT RESOLUTION 34

At the request of Mr. Johnston, the Senator from Nebraska (Mr. Zorinsky) was added as a cosponsor of Senate Joint Resolution 34, a joint resolution proposing an amendment to the Constitution of the United States providing that the term of office of Members of the U.S. House of Representatives shall be 4 years.

SENATE JOINT RESOLUTION 66

At the request of Mr. Ribicoff, the Senator from Pennsylvania (Mr. Heinz) was added as a cosponsor of Senate Joint Resolution 66, a joint resolution to declare the week of January 21–27, 1979, as "National Junior Achievement Week."

AMENDMENT NO. 420

At the request of Mr. Javits, the Senator from Rhode Island (Mr. Pell), the Senator from New Jersey (Mr. Williams), and the Senator from Minnesota (Mr. Durenberger) were added as cosponsors of amendment No. 420 intended to be proposed to Senate Concurrent Resolution 36, the second congressional budget resolution.

SENATE RESOLUTION 235—SUBMISSION OF A RESOLUTION RELATING TO THE VOTE ON THE SALT II TREATY

Mr. BELLMON submitted the following resolution, which was referred to the Committee on Foreign Relations:

SENATE RESOLUTION 235

Whereas, the stability of the strategic and conventional military balance between the United States of America and the Union of Soviet Socialist Republics is essential to the preservation of peace and the long-term viability of the arms control process;

Whereas, the strategic interests of the United States throughout the world are being challenged by an increasingly capable and adventuristic Soviet military posture;

Whereas, the United States is required to upgrade and maintain a competent military posture, strategic and conventional, in order to guard its national and global interests adequately;

Whereas, the effective deployment and maintenance of such military capability requires a clear understanding and enunciation of the present and long-term defense policy objectives of the United States;

Whereas, the question of the correct level of defense spending by the United States likewise requires such an understanding and enunciation of defense policy objectives;

Whereas, the United States Senate cannot adequately determine whether the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Strategic Offensive Arms, done at Vienna on June 18, 1979, best serves the national security interests of the United States, and consequently advise and consent to its ratification, until such an enunciation of the present and long-term defense policy objectives of the United States exists. Now, therefore, be it

Resolved, that it shall not be in order in the Senate to consider the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Strategic Offensive Arms, or the resolution of ratification with respect thereto, until

(1) The Majority and Minority leadership of the Senate appoint a Select Committee on Foreign and Defense Policy, consisting of members of appropriate committees of the Senate, empowered and provided with necessary funds and staff to assess the United States foreign and defense policy and objectives and develop recommendations regarding the level of conventional and strategic military capability the United States will require to guard its global and national security interests to the year 2000, and

(2) This Committee reports its findings and recommendations to the Senate on or before March 1, 1980.

The Secretary of the Senate shall transmit a copy of this resolution to the President.

Mr. BELLMON. Mr. President, peace, when defined as the absence of world war, may be close at hand or very, very far away.

For the first time in world history, the ability to conduct sustained, extended, aggressive military operations is limited to only two countries: the United States and the Soviet Union. These countries alone have the resources, combined with manufacturing technology, and the capability to build and support a major war machine.

Therefore, the decision which determines whether or not the world slides into another world war or continues on the course toward peace, however uncertain, depends greatly on the decisions made over time by the leaders of these two countries.

Never have the leaders of any nations had greater cause to find an intelligent, peaceful, humanitarian, and workable means of resolving differences which divide them. Some of these differences cannot be resolved in the short term by negotiation; only changes wrought by time will decide some political and economic issues.

In some areas considerable progress has already been made. A mutually beneficial trade and commercial relationship between the United States and U.S.S.R. is rapidly developing. Some human rights issues are less explosive than at earlier times. More frequent cultural and scientific exchanges are occurring. There seems to be less paranoia in each country's attitude toward the other, and a small but growing feeling exists that armed conflict and nuclear exchanges can be avoided to the inestimable advantage of both nations and to humankind.

Consideration of the SALT II treaty is a part, but only a part, of that ongoing decisionmaking process.

On three previous occasions this year I have expressed to the Senate my strong convictions that we need to address ourselves to the broad range of issues which have an important bearing on the future security of our country and of the nations of the free world. Last April I reminded the Senate that its interparliamentary delegation to the Soviet Union, of which I was cochairman, was well aware that SALT was interrelated to other arms control, foreign policy, and international issues. Subsequently I joined 11 of my colleagues in a letter setting forth some specific concerns and stressing that SALT must be assessed within the total strategic and international framework. Following submittal of the SALT treaty to the Senate in June, I advocated broadening our vision to determine what the role of the United States is now and what it should become in the world, and what our responsibilities are in a changing world.

In the light of more recent developments, I am even more strongly convinced that in conjunction with the decision on SALT, there are other questions to be answered and other decisions to be made.

Of vital importance is the question of what is to be done as a result of the revelation of the presence of Russian combat troops in Cuba. Much of the support of the SALT II treaty has come from those who feel that failure to ratify would provide an excuse for the Soviets to accuse the United States of warmongering. The stationing of Russian combat troops in Cuba has virtually eliminated that argument.

As a Member of the Senate, I am curious to know what purpose can the U.S.S.R. have for stationing a combat brigade in Cuba. Purportedly they are there for training purposes. The forces of Fidel Castro have shown little need for training. For what reason are they there on a training mission—an attack of Florida, Mexico, or Panama? Are they in Cuba to train guerrilla forces to destabilize and topple other governments in both the Eastern and Western Hemispheres? If the Soviets remove their troops now to improve the climate for SALT, how soon will they be returned?

Another major factor is the level of defense spending which is necessary. I share the opinion that our security position in the world has eroded. However, I am not sure that the solution is simply to spend more money on our current military posture. It would be a mistake to allocate more defense spending until we are ready for it, until we have a clear understanding of what our defense requirements are. To increase the defense budget before we know how additional funds can best be used is to put the cart before the horse.

President Carter's current request for additional billions of defense spending raises a question in my mind as to how well thought out is this request. Is it simply a "quick fix" attempt to counter the setback that Soviet troop presence in Cuba has caused SALT II? How effectively can the funds be used in fiscal year 1980, which begins in 2 weeks? If this is the first lap in a new arms race, what is the ultimate cost? What will be the effect upon the U.S. economy and how effective a military force will the country have when the race has been run?

The military balance in the world has shifted to the point where we cannot afford a knee-jerk approach to defense. We need to know with some certainty what we require in the way of new capabilities and we need to know in time to take appropriate action. As a member of the Senate Budget Committee, I would like to impress upon my colleagues the fact that we no longer possess the economic resources to fund national security in an undirected fashion, and still adequately meet domestic spending priorities and keep inflation under control. We cannot afford unlimited guns and plentiful butter. This does not mean defense should not receive what it needs. It does mean we need to know what defense does responsibly require.

Also of great concern to many Members of the Senate is whether the United States and other free nations will stand by meekly as Soviet-armed surrogates capture the governments of one country after another in this post-Vietnam world.

There are some who say that any proposal to link SALT II with the global security environment is undesirable. I disagree. So far as I am concerned right now, SALT II, considered only on its technical merits as an arms control agreement is unacceptable. It is only supportable if its broader political benefits offset technical imbalances. In this sense, SALT is very much caught up in the so-called code of détente, which I define as a lessening of political-military tension.

Mr. President, I do not consider Soviet actions in Africa, around the Persian Gulf, its conventional land and maritime buildup, and its intrusions into the Western Hemisphere as contributing to such a lessening of tension.

How can we determine whether SALT II contributes to our security when Soviet actions seem to force us to constantly reassess the stability and adequacy of the strategic balance? How can we consider SALT when our own security objectives are so unstable and ill defined?

There are many other aspects to be considered in the evolution of a foreign policy for the 1980's and beyond:

How can the United States best keep the sea lanes open to assure uninhibited movement of essential goods between nations?

Has the time come for a more active role in world military affairs by Japan?

How can China's legitimate needs and aspirations be met without unduly destabilizing the international scene?

Mr. President, I am deeply concerned, as many other Members of the Senate are, by the issues that have come to be more clear in the process of SALT II deliberations. Again, it seems to be that we are dealing with the broader issue of the U.S. security role in the world under vastly changing circumstances.

The situation, as I view it, is that the Senate is faced with several options:

First. We can ratify SALT II after a respectable period of rhetoric and handwringing.

Second. We can reject the SALT treaty using the presence of Soviet troops in Cuba or the numerous imperfections in the treaty as our rationale;

Third. We can use the SALT treaty as a lever to pry defense spending willy-nilly up or down, depending upon the preconceived positions of Senators. "Hawks" can vote for more, "doves" can vote for less; and

Fourth. We can artfully engage ourselves in extended debate, hoping that further international developments or the Presidential elections of 1980 will make a Senate decision on SALT II unnecessary.

Mr. President, I submit that there is another, and I feel wiser, course of action open to the Senate.

How long has it been since the Senate, the executive branch, or any other decisionmaking body in the country thoroughly, methodically, and intelligently reviewed the directions and the objectives of the Nation's foreign and defense policies?

Certainly this has not occurred in the past 11 years during which I have served in the Senate; certainly not in the light of the experiences and lessons of Vietnam; clearly not since United States-China relations have been normalized; plainly not since the United States has become heavily dependent upon costly, insecure foreign oil; obviously not since the U.S.S.R. has reached nuclear parity with the United States; not since the ratification of SALT I. The pronouncement of the Nixon doctrine may be as close as we have come and neither the Congress nor the country participated in nor consciously agreed to that conclusion.

The Senate currently has many "must" legislative matters before it—the budget resolution, the President's energy program, and the defense appropriations bill, to name a few.

Both opponents and proponents of SALT II seem eager to have the treaty disposed of, although I have found very few Members of the Senate who are enthusiastitc about SALT, even those who profess to support it. In my opinion, under present conditions, the environment in which the Senate must consider SALT is intolerable and it would be foolhardy to rush toward a vote.

The treaty was 7 years in the negotiation stage. A change in the leadership of the U.S.S.R. appears imminent. United States-Soviet relations have been strained, if not at least temporarily poisoned, by the disclosure of Russian troops in Cuba. Administration credibility has been wounded by the clumsy cover up efforts made to blame others or to hide this significant development from the Congress and the country. U.S. intelligence is again on the defensive for its failure to discover and disclose in a timely way a military development 90 miles off the Florida coast.

Mr. President, now is not the time for haste. Now is a time for a temperate, well reasoned, factual, thoughtful review of where we are and where we are going in the U.S. foreign and defense policy.

The Senate requires a clear identification of U.S. security goals. The Senate must insist that basic questions regarding the status and requirements of national security be answered before it examines SALT and establishes defense spending priorities.

Members of the Senate should admit that we do not possess a clear picture of our global security situation or our future requirements; certainly not good enough to decide whether a treaty with the military and political implications of SALT II are in the best interests of the United States, and certainly not good enough to judge the correct level of defense spending required to maintain our security.

SALT II should not only be considered in the context of Soviet global activity, but also in the context of U.S. ability to respond to a whole range of challenges. U.S. security requirements are clearly changing. The posture of the last 20 years will clearly not be sufficient for the next 20 years. Our basic force posture will need revision. This cannot occur until we have objectives in view which will serve as a mandate for military planners to secure the necessary capabilities.

We have an opportunity to use our consideration of SALT II and its broader geopolitical implications as the forcing mechanism for such a reexamination of U.S. capabilities. I do not believe that the Senate committees who are examining SALT II have had an opportunity to focus on this broader issue.

Consequently, I am today submitting a resolution expressing the sense of the Senate that it shall not be in order to vote on SALT II until the Senate has been provided with the results of a thorough examination and evaluation of U.S. foreign policy and defense and security needs. This appraisal should include our global military and economic interests, the nature of the Soviet threat as it may evolve, and the level of U.S. military capability required to maintain U.S. interests.

To accomplish this goal, the resolution proposes that the Senate majority and minority leaders appoint a Select Committee on Foreign and Defense Policy, empowered to conduct such an examination and report to the Senate no later than March 1, 1980.

Mr. President, I ask unanimous consent that the text of the resolution be printed at this point in the Record.

Mr. President, I believe this proposal goes to the heart of the present quandary the Senate finds itself in regarding SALT II. With a comprehensive explanation of U.S. defense capabilities and requirements in a changing world before it, the Senate will be able to address the question of further arms limitation and the acceptability of SALT II more confidently. Without such a definition, the Senate will flounder in uncertainty and doubt, to the detriment of both the arms control process and U.S. national security. Such a report would also be an invaluable tool when the Senate considers the fiscal year 1981 defense budget.

As things now stand, I see no chance for approval of the SALT II treaty. Through the SALT deliberations, the attention of the Congress, the administration, the American people, and the world has been focused on the United States and its role in foreign affairs, particularly with respect to the Soviet Union. It is an ideal time to initiate a much-needed reappraisal of our defense policy in a foreign policy context.

Through this process, out of all the controversy that has been generated by SALT II can come something constructive, a mechanism by which we can provide ourselves the information we need to set a course for the next 20 years.

Mr. President, I urge the Senate to give favorable consideration to this proposal.

AMENDMENTS SUBMITTED FOR PRINTING

BIRTHDAY OF MARTIN LUTHER KING, JR.—S. 25

AMENDMENT NO. 433

(Ordered to be printed and to lie on the table.)

Mr. GOLDWATER submitted an amendment intended to be proposed by him to S. 25, a bill to designate the birthday of Martin Luther King, a legal public holiday.

SECOND CONGRESSIONAL BUDGET RESOLUTION (S. CON. RES. 36)

AMENDMENT NO. 434

(Ordered to be printed.)

Mr. MUSKIE (for himself, Mr. Bellmon, Mr. Hollings, Mr. Chiles, Mr. Biden, Mr. Johnston, Mr. Sasser, Mr. Hart, and Mr. Exon) proposed an amendment to Senate Concurrent Resolution 36, a concurrent resolution revising the congressional budget for the U.S. Government for the fiscal years 1980, 1981, and 1982.

AMENDMENT NO. 435

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS (for himself, Mr. Packwood, Mr. Nunn, Mr. Tower, Mr. Jackson, Mr. Hatch, Mr. Warner, Mr. Thurmond, Mr. Armstrong, Mr. Heflin, and Mr. Hayakawa) submitted an amendment intended to be proposed by them, jointly, to Senate Concurrent Resolution 36, supra.

AMENDMENT NO. 436

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS (for himself, Mr. Packwood, Mr. Nunn, Mr. Tower, Mr. Jackson, Mr. Hatch, Mr. Warner, Mr. Thurmond, and Mr. Armstrong) submitted an amendment intended to be proposed by them, jointly, to Senate Concurrent Resolution 36, supra.

AMENDMENT NO. 437

(Ordered to be printed.)

Mr. BELLMON (for himself, Mr. Domenici, Mr. Armstrong, Mr. Boschwitz, Mr. Hatch, and Mrs. Kassebaum) proposed an amendment to Senate Concurrent Resolution 36, supra.

FEDERAL OIL AND GAS LEASING ACT OF 1979—S. 1637

AMENDMENT NO. 438

(Ordered to be printed and referred to the Committee on Energy and Natural Resources.)

Mr. JACKSON, by request, submitted an amendment intended to be proposed by him to S. 1637, a bill to establish competitive oil and gas leasing in favorable areas within producing geologic provinces.

• Mr. JACKSON. Mr. President, I am submitting an amendment to the Federal Oil and Gas Leasing Act of 1979, S. 1637.

On August 2, 1979, I introduced, at the request of the administration, S. 1637. The text of the bill as received from the Department of the Interior contained certain errors. I have received a letter from Assistant Secretary Martin listing those errors. The amendment would correct those errors.

I ask unanimous consent that the text of the amendment and the letter from Assistant Secretary Martin be printed in the Record.

There being no objection, the amendment and letter were ordered to be printed in the Record, as follows:

Amendment No. 438

On page 2, line 6: Strike the word "of" the first time it appears and insert "or".

On page 2, line 14, after the period, insert the following sentence:

"Such leases shall be issued with a royalty of not less than 12½ per centum fixed by the Secretary in amount or value of the production saved, removed, or sold from the lease."

U.S. Department of the Interior,
Office of the Secretary,
Washington, D.C., September 7, 1979.

Hon. Henry M. Jackson,
Chairman, Committee on Energy, and Natural Resources, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: On August 1, 1979, this Department transmitted to the President of the Senate a bill "To Establish Competitive Oil and Gas Leasing in Favorable Areas within Producing Geologic Provinces." The bill was introduced by you as S. 1637 and was referred to the Committee on Energy and Natural Resources. The purpose of this letter is to correct two errors in the bill and one in the transmittal letter.

In the second sentence of section 17(a)(1) of the Act of February 25, 1920 (30 U.S.C. 226(a)(1)), as amended by section 2 of our bill, the phrase "amount or value of the production saved" reads incorrectly as "amount of value of the production saved."

A second sentence was inadvertently omitted from section 17(a)(2) of the Act of February 25, 1920 (30 U.S.C. 226(a)(2)), as amended by section 2 of our bill. The second sentence of section 17(a)(2) should read as follows:

"Such leases shall be issued with a royalty of not less than 12½ per centum fixed by the Secretary in amount or value of the production saved, removed or sold from the lease."

On page 3 of the transmittal letter, the word "noncompetitive" was omitted from the third sentence of the second full paragraph. This sentence should read as follows:

"The bill also encourages prompt exploration by reducing the primary term of noncompetitive leases to five years, instead of ten years, as is now the case."

We would appreciate your having the bill amended and the transmittal letter corrected to incorporate these changes.

Sincerely,

Guy R. Martin,
Assistant Secretary.•

NOTICES OF HEARINGS

COMMITTEE ON GOVERNMENTAL AFFAIRS

• Mr. RIBICOFF. Mr. President, I wish to announce that the Committee on Governmental Affairs will hold a hearing on the nomination of Frankie M. Freeman, of Missouri, to be Inspector General, Community Services Administration (new position) on Thursday, September 20, 1979 at 10 a.m. in room 6226 of the Dirksen Senate Office Building.•

COMMITTEE ON GOVERNMENTAL AFFAIRS

• Mr. GLENN. Mr. President, I wish to announce that the Committee on Governmental Affairs will hold a hearing on the nominations of Richard R. Allen, of the State of North Carolina; George W. Camp of the State of Georgia; and William J. Sullivan, of the State of Maine to the Board of Governors of the U.S. Postal Service.

The hearing will take place at 10 a.m., in room 6202 of the Dirksen Senate Office Building on Thursday, September 20, 1979. If you have any questions regarding the hearing please contact Mr. Eli E. Nobleman of the committee staff at 4-4751.•

SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES AND OPEN GOVERNMENT

• Mr. CHILES. Mr. President, I would like to announce that the Subcommittee on Federal Spending Practices and Open Government, Committee on Governmental Affairs, will join with the Small Business Committee in holding a hearing on the continued oversight of the Small Business Administration's 8A program. The hearing will take place on Thursday, September 27, 1979, at 10 a.m. in room 1318, Dirksen Senate Office Building.

Anyone having questions regarding this hearing should contact the subcommittee office in room 44, 128 C Street, NE., telephone 224-0211.•

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT

• Mr. LEVIN. Mr. President, I would like to announce that the Governmental Affairs Committee's Subcommittee on Oversight of Government Management, of which I am chairman, will hold hearings on S. 1112, a bill to eliminate the exemption for Congress or for the United States from the application of certain provisions of Federal law relating to employment, privacy, and social security, and for other purposes, on S. 1112, a bill to eliminate the exemption for Congress or for the United States from the application of certain provisions of Federal law relating to employment, privacy, and social security, and for other purposes, on Thursday, September 20, 1979, at 9:30 a.m. in room 357 of the Russell Senate Office Building.•

AUTHORITY FOR COMMITTEES TO MEET

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, September 20, 1979, to hold a hearing on pending judicial nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

PRODUCTIVITY: THE ISSUE UNDER NATIONAL ECONOMIC WELL-BEING

• Mr. HEINZ. Mr. President, I would like to bring to the attention of my colleagues an excellent article published in the May-June issue of the Harvard Business Review—"Productivity—the Problem Behind the Headlines" and ask that it be printed in the Record. The article, written by Mr. Burton Malkiel, addresses an issue which is vitally related to this country's economic well-being.

Our economy is marked by declining fixed investment and reduced research and development efforts in the private sector as well as by escalating Government regulatory requirements. As a result, productivity growth is stagnating. Continuing low productivity growth is a direct determinant of our high inflation rate and is contributing to poor national economic performance.

Mr. Malkiel asserts that in order to effectively combat these ills, intelligent monetary and fiscal policies, combined with regulatory reforms to stimulate the supply side of the economy, must be pursued. I am in total agreement with this statement and commend Mr. Malkiel's article to all those interested in enhancing the strength, stability, and vitality of the American economy. The article follows:

Productivity—The Problem Behind the Headlines

(By Burton G. Malkiel)

(Note.—Although most people fear inflation, at least they understand how it affects them: prices rise and the value of the dollar sinks. But what is behind inflation, why is the economic pie not sufficient anymore to solve our national problems? The author of this article asserts that low productivity growth may be the single most important factor in determining the national economic well-being. Without growth in productivity, struggles over income shares lead directly to inflation. Economists disagree about the causes of the slowdown in productivity; and in any event some of them, such as shifting patterns in the labor force and in occupations, cannot be altered. Some of them, however, we can affect: the level of business investment, the state of research and development efforts in the United States, and the degree to which government regulations help or hinder our economy. The author discusses how these affect productivity growth and then reviews some policy proposals in the light of the productivity problem.

(Mr. Malkiel, chairman of Princeton University's Department of Economics, served on President Ford's Council of Economic Advisers from 1975 to early 1977. He is director of the Vanguard Group of Investment Companies and the Prudential Insurance Company, and is a governor of the American Stock Exchange. This is his second article in HBR, the first one being "Moral Issues in Investment Policy" with Richard E. Quandt (March-April 1971).)

(Author's Note.—This work was supported by the Weinberg Foundation and the Charles E. Merrill Trust.)

Despite a recovery that has celebrated its fourth birthday, the U.S. economy is not well. Symptoms of the disease are publicized in newspaper headlines. In 1978 inflation fever intensified, with the consumer price index advancing 9 percent and, throughout much of that year, the floating dollar sank in international currency markets, further heightening the fever. Inflation has continued at extremely high rates in early 1979, and many people now express fears that the economy will also soon suffer from anemic growth and recession.

Yet the news media may be focusing an surface symptoms only and ignoring a more fundamental economic problem behind the headlines. The recent decline in U.S. basic productivity may ultimately have the greatest impact on the nation's well-being. Indeed, the present inflation problem may be intimately related to the clash between declining productivity growth and escalating claims on our national product for environmental, safety, and social needs. And our lagging productivity has, in turn, been affected adversely by low levels of long-term business investment and by the apparent decline in Yankee ingenuity, otherwise known as innovation.

What is this measure called productivity, and how can we be sure it is declining? It is an estimate of output per labor hour worked. Let us grant that it is a notoriously poor measure and that short-term swings in productivity estimates may signify little more than the random numbers generated by a lottery.

Over the longer pull, however, the productivity estimates do indicate real trends. As Exhibit I (not printed in Record) shows, there can be little doubt that the creative pulse of the country is slowing down. In the exhibit, productivity is measured by dividing the total output of the economy (real gross national product) by total civilian employment. The productivity locomotive of economic growth, which had been pushing ahead at a rate between 2.5 percent and 3.00 per cent per year, has clearly stalled.

The parallel performance of the U.S. economy with that of Great Britain in the early 1970s is chilling. While productivity has slowed in other developed countries as well, our rate of growth is far below that of our major trading partners. The United States, which always prided itself on being the undisputed leader in technological innovation, has seen its lead erode alarmingly. From the boardroom to the research laboratory, the consensus seems to be that U.S. enterprise may have lost its innovative touch.

Why do we care about productivity growth? Because the major problems we want to solve as a nation depend on it. Without increases in output per hour, real standards of living cannot increase, poverty cannot be reduced, and environmental quality cannot be improved. Without improved productivity performance in certain key industries, we may continue to see the value of the dollar erode with attendant inflationary pressures.

Indeed, the slowdown of productivity growth may well have contributed to our current stagflation condition. If labor groups have become accustomed to, and thus insist on, increases in real wages larger than the *present* growth in productivity, their living standards will increase only at the expense of others. Only productivity growth can provide the increases in real output per person that make possible overall gains in real living standards. Without such growth, the resulting struggle over income shares leads directly to inflation.

Any wage settlements larger than productivity gains tend to increase unit labor costs. (Think of a log splitter who gets paid $4.00 per hour and splits 10 logs an hour. The unit labor cost of splitting a log is 40 cents. Now if the log splitter's wage increases 10 percent to $4.40 but her output per hour—productivity—is unchanged, then the unit labor cost of splitting a log increases by 10 percent.) As a general rule, unit labor costs go up by the amount by which compensation per hour exceeds productivity growth. Since labor costs are an important component of total costs, business tends to increase its prices so that profit shares do not shrink.

This struggle over larger income shares in a pie that can only serve so many can also lead to unemployment. The real wage (wages expressed in real purchasing power) may be pushed up to a level inconsistent with full employment.

WHAT IS CAUSING THE SLOWDOWN

Although the fact of stagnating productivity growth is clear, the relative importance of various responsible factors remains something of a mystery. A full quantitative explanation of our productivity slowdown is not yet available, but one can make a partial list of causes—some that we can affect and some that we cannot.

Little can be done about those causes of slower productivity growths arising from broad social trends. For example, the composition of the labor force has changed significantly; it now includes many more young and untried workers with less experience and training. Moreover, changes in the composition of output have probably lowered productivity somewhat. We no longer benefit from an exodus from the farms, and we find ourselves being transformed from a nation of industrial workers to one of lawyers and travel agents, occupations where productivity growth is harder to come by. The quintupling of energy prices since 1973 must also have lowered output per worker as companies have tended to shift from a more energy-intensive to a more labor-intensive method of production.

But we do have a say over some important causes of the productivity slowdown. Three of them deserve special mention: (1) the recent low level of business fixed investment; (2) the apparent malnutrition of our research and development effort; and (3) the effects of escalating government regulation. While they are not unrelated, it will be useful to treat each of them in turn.

According to the 1979 report of the Council of Economic Advisers, one important reason for our poor productivity performance is the weakness of business fixed investment over the past several years. From 1948 to 1973, the amount of capital stock per unit of labor grew at an annual rate of almost 3%. Since 1973, however, lower rates of private investment have led to a decline in that growth rate to 1.75 percent. Moreover, the recent composition of investment, at least until 1978, has been skewed toward equipment and relatively short-term projects and away from sturctures and relatively long-lived investments. Thus our industrial plant has tended to age, and labor has had to work with increases in capital goods that are well below those of past years. The result has been a decline in measured productivity growth.

The slowdown in research and development expenditures also appears to have affected productivity growth. Although it is hard to put a precise quantitative estimate on the relationship between a dollar of R&D expenditures and innovation, all available evidence indicates that R&D makes a positive and significant contribution to technological progress. Total spending for R&D by industry, government, and universities dropped from 3 percent of GNP in the post-Sputnik days of 1964 to an estimated 2.2 percent of GNP in 1978.

This decline is largely explained by a reduction in space-related government research. Research by private industry has remained stable as a percent of GNP. Nevertheless, evidence from individual companies suggests that the R&D that is done by industry has tended to turn from longer-term research studies to short-term development projects, especially ones devoted to regulatory compliance. Indeed, many scientists have suggested that a similar compositional change characterizes much of government R&D as well.

In our search for instant remedies to satisfy regulatory problems in the areas of pollution control and occupational safety, our basic long-term research effort appears to have atrophied. As in the case of investment, one can also see a shortening of horizon periods. The investment and R&D problems are thus two ends of the same mustache. Our willingness to take risks, to commit resources to the future, is declining. We seem now to be motivated by the promise of a quick return rather than long-term growth.

While new investment and R&D expenditures can be called the engines of productivity growth, government regulatory policy serves as the reins. While regulatory activities can stimulate certain categories of technological innovation, the net effect of the Environmental Protection Agency (EPA), the Food and Drug Administration (FDA), and the Occupational Safety and Health Administration (OSHA) appears to throttle the productive energy of the country.

While such a decline is almost impossible to measure precisely, Edward Denison of the Brookings Institute, a man who has spent his life sorting out the various influences on productivity, has suggested that such regulation may have recently lowered productivity growth by one third of 1 percent per year.[1] Since Denison does not count the abandonment of investment and R&D projects that would have been undertaken except for government regulations, his estimates probably understate the full effect. However, since our GNP does not include the benefits of cleaner air and water, the aggregate effect on our well-being may not be quite so devastating.

Nevertheless, Denison and, implicitly, the Council of Economic Advisers in its 1979 report, have wondered if the trade-off between productivity and quality-of-life goals may have tilted too far—so that the costs may far exceed the benefits. Moreover, to the extent that these regulations are administered in a somewhat capricious manner, they create risks and uncertainties that may, in the economist's jargon, create a "dead weight loss" for the economy.

Why have capital investment and R&D fallen?

Now that I have reviewed the important role of new investment and R&D, let us go on to discuss why such investments are so low. Again, the lack of clear consensus among economists reminds us of George Bernard Shaw's crack that if you laid all the economists in the world end to end, they still would not reach a conclusion.

Some analysts have suggested that the poor behavior of business fixed investment during the present expansion in the business cycle to the next peak can be explained fully by the existing unused capacity in manufacturing industries. To be sure, capacity utilization is an important factor in explaining the sluggishness of investment in recent years. The 1974–1975 recession carried utilization rates far lower than in other previous cycles, and the upturn in investment has clearly been associated with increases in capacity utilization.

Nevertheless, my own analysis suggests that, over the whole rise in the business cycle, business investment has been somewhat lower than would be expected on the basis of utilization rates alone.[2] In its 1978

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report, the Council of Economic Advisers reached a similar conclusion: "It appears, however, that total investment outlays during the expansion have fallen somewhat short of those implied by historical relationships of investment to its determinants." And in 1978, capacity utilization rates have climbed to within 1% of what is considered (reasonably) full utilization.

Other analysts have suggested that lagging investment can more satisfactorily be explained by falling profit rates. Arthur F. Burns and others have argued that an inflation-induced drop in profitability is the major consideration in explaining our poor recent investment (and R&D behavior;[3] It is well known that, other things being equal, inflation does tend to increase effective tax rates on true economic income: tax deductible depreciation charges are based on historical rather than replacement cost, and fictitious realized inventory profits are subject to corporate taxes.

Nevertheless, another important accounting adjustment must be made before one can determine the true effect of inflation on corporate profitability. Inflation—either anticipated or unanticipated—also reduces the real value of corporate indebtedness, and one must consider this gain to the corporation and its shareholders in any assessment of economic profit levels.

Using a method developed with George von Furstenberg, I have related inflation-adjusted profits to the replacement value of equity capital invested in the business.[4] The data are presented in Exhibit II. While profits are undoubtedly lower than they were in the Vietnam War, super-boom years of the mid-1960s, the data for 1977 and the estimates for 1978 stand up quite well compared with historical figures. There is no evidence of a persistent deterioration in the profit picture.

Of course, as an economist I must hedge and say that one must interpret these data with some care. They measure average profit rates on past investments, not the anticipated future rates of profit that are relevant for optimal decision making. Nevertheless, it is comforting to know that properly adjusted profit rates reveal a picture that is far more favorable than has been commonly supposed. Although investment and R&D expenditures may well be hindered by poor expectations of future profitability, evidence that profits have been damaged thus far in the United States does not exist.

UNCERTAIN CLIMATE FOR RISK TAKING

If the sluggishness of investment cannot fully be explained by either low capacity utilization or inadequate current profitability and cash flow, are other promising explanations available? I believe one can make a strong case for a number of economic developments of the early 1970s having raised the risk premium attached to investment decisions. Such increased risk premiums have increased the hurdle rates of return that must be surpassed by new corporate investment projects (or, alternatively they have increased the discount rates used to evaluate net present values). As a result, many investment and R&D projects that otherwise would have been undertaken have been cut off by the increased risk premiums.

In the economic area, we Americans are no longer as confident as we once were. A decade ago, we believed that deep recessions were curious anachronisms and that even mild recessions could be fine-tuned away. Few would have believed that the United States could experience double-digit inflation or that the unemployment rate could climb to 9 percent—let alone that these events could happen simultaneously. While the economy was recovering from the sharp 1974–1975 recession, inflation remained at a high rate despite considerable slack, and later, as we approached fuller capacity utilization in 1978, inflation accelerated.

Inflation, like love, is a fickle thing. High levels of inflation are associated with considerable variability in its rate and with large relative price changes, which make long-run corporate prospects and future planning especially hazardous. Thus, even if total profits increase along with inflation, the dispersion of profits among businesses increases with its rate. And once inflation becomes rampant, mandatory price controls always threaten, creating further instability, especially with respect to corporate profits.

Uncertainty has also increased because of escalating business regulation. Changing environmental regulations have considerably added to the cost, increased the delays, and added to the risks of many major corporate investment projects. One of the "good-news bad-news" jokes very popular among business people responsible for major capital expenditure decisions has God saying to Moses, "I have some good news and some bad news: the good news is that I am going to part the Red Sea so that you can lead the children of Israel to safety on the other side, after which I will cause the sea to close, annihilating your pursuers. The bad news is that first I will have to do an environmental impact study." Many large-scale investment projects have required such studies, albeit less apocalyptic, with the result not only of increased costs but also of significant delays and uncertainties regarding the future rules of the game.

Changing health and safety regulations and uncertainties regarding future energy policies arouse similar concerns. It is not so much the direct cost of regulation that has inhibited investment and R&D but rather the unpredictability of regulatory changes. We have switched environmental and safety standards around like figures on a chessboard, with the result that long-term commitments have become increasingly uncertain.[5]

EVIDENCE OF HIGHER RISK PREMIUMS

I have suggested that an important explanation of the sluggishness of business fixed investment and R&D in the United States is that risk premiums have increased in financial markets during recent years. This has raised the cost of capital for companies and increased the hurdle rate that investment projects must surpass if they are to be undertaken. While the argument may seem reasonable enough, what evidence can be adduced to support this hypothesis and how do we know that these effects have had a substantial impact?

Although it is difficult to measure the precise extent to which risk premiums have increased in financial markets in recent years, one may employ two indirect methods. Both methods use the yields of long-term government bonds as a measure of the rate of interest on the highest quality securities.

The first method calculates the spread between these bonds and the yields of medium quality (BAA) corporate bonds. As the bottom line in Exhibit III shows, this spread narrowed through the mid-1960s and then expanded sharply, reaching a peak in 1974. Although the spread has receded since 1974, it is still considerably higher than its average in the 1960s. While such a yield-spread calculation may not be a pure measure of risk premiums, it is surely suggestive of a movement toward much higher risk premiums during the decade of the 1970s.

The second method for estimating risk premiums in financial markets uses anticipated equity returns rather than bond market returns. It is possible to measure risk premiums in equity markets by calculating the difference between the anticipated rate of return on stocks and the rate of return on riskless long-term treasury securities. One way to find the expected total return from any common stock is to add the expected growth rate—estimated by value and investment survey—of the company to its dividend yield. An illustration will help clarify the procedure:

The dividend yield on AT&T common stock is now about 8 percent. This dividend has been growing over time, however, and, according to many Wall Street estimates, it should be increased in the future at an annual rate of (at least) 5 percent. Under these circumstances, it turns out that a buyer of AT&T common stock today will get a long-term total return made up of the dividend yield plus the growth rate; that is, 8 percent + 5 percent or 13 percent.

The reason for the addition of the dividend growth rate to the dividend yield to obtain the total return may not be immediately clear. Perhaps two examples will provide some clarification:

Suppose that an investor buys AT&T this year on an 8 percent yield basis. Since, by assumption, the dividend grows at 5 percent each year, the price of AT&T must be 5 percent higher next year if the stock's yield is to remain at 8 percent. Thus the investor receives a total return of 13 percent (8 percent from the dividend and 5 percent from capital appreciation).

Now assume the investor buys the stock with the expectation of holding it "for keeps." The investor then buys a stream of dividends that keep growing at 5 percent. The long-term total return that the investor earns will be the discount rate that makes the current value of the stream of dividends equal to the purchase price.[6]

A similar calculation was done each year for the Dow Jones Industrial Average in order to obtain the implied long-term rates of return for stocks in general. The yields on government bonds were then subtracted to obtain the equity risk premiums in the market, which are plotted along the top line of Exhibit III. Other ways of estimating the risk premium yield similar results.

It will be noted that movements in the estimated equity-market risk premiums follow the bond-market risk premiums remarkably closely. Estimated risk premiums fell until the middle of the 1960s and then rose into the early years of the 1970s. Unlike the risk premiums measured in the bond market, however, the risk premium derived from the equity market did not peak in 1974 but rose again in recent years.

Another way to review risk premiums is to look at the "valuation ratio," the relationship between the market value of a company's stocks and bonds and the replacement cost of its assets including plant, equipment, land, and inventories. In the mid-1960s, the [average] valuation ratio in the economy was approximately one and one-quarter—that is, corporate plant and equipment was being valued in the market at one and one-quarter times its replacement cost. As might be expected, the inducement to invest was great since investment in new plant and equipment would tend to create capital gains for a company's security owners. Thus the share of business fixed investment in GNP was high.

By 1978, however, the ratio of corporate market values to asset replacement values had fallen to about three-quarters—that is, corporate investments were on average being valued in the marketplace at less than three-quarters of the cost of replacement. The financial markets reflect the large risk premiums currently existing, and the recent behavior of the valuation ratio is entirely consistent with the risk-premium explanation for low investment and R&D which I have been advancing here (see Exhibit IV). In today's markets, the average corporation that sells new securities to buy new capital goods will be creating capital losses for its security holders. "Why invest in real assets?" the cor-

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porate treasurer may ask, if he or she can buy claims on those assets in the marketplace at, say, 75 cents on the dollar.

I should note also that the risk-premium explanation is consistent with the structure of investment and R&D in recent periods—that is, the tendency for short-term projects to be favored over long-term investment and for quick-return development projects to be favored over long-term research. The addition of a risk premium to the discount factor, which is typically used by business to appraise any projects whose benefits will be realized some time in the future, will tend to have a much greater effect in reducing the present value of returns expected many years in the future than it does in reducing nearer-term payoffs.

A small final scrap of evidence is a recent McGraw-Hill survey in which about 25 percent of manufacturing companies said they required that all capital expenditures for modernization and replacement pay for themselves within three years. In a similar survey taken in 1969, only 20 percent of the companies surveyed had such a policy. The short pay-back criterion is a crude method used by business people to account for risk and gives us more direct evidence for the influence of risk factors on corporate investment decisions. While the increase is small, the movement is consistent with my argument.

If my analysis is correct, the apparent unwillingness of our country to commit resources to the future is not the result of "diminished animal spirits," to use Lord Keynes's term. Nor is there necessarily some basic failing in Yankee ingenuity. Rather the problem seems to involve sharply increased risk premiums demanded by investors and attendant low equity prices. This increases the cost of capital funds to companies and reduces the amounts committed to long-term projects.

Basic research projects, which provide the foundation of technological progress, have the most uncertain and longest-term payoffs of all and thus can be expected to be particularly hurt. Moreover, these effects are likely to be especially acute for small companies, whose stock prices have performed very poorly. Venture capitalists, except for some brief flurries of activity, have tended to become as inactive as Maytag repairmen, and the new Xeroxes and Digital Equipments of the future are not being formed and capitalized on the stock exchange. The problem is in large part that the climate for risk taking has deteriorated.

HOW TO IMPROVE PRODUCTIVITY

If I have been correct in my diagnosis, the most basic sickness of the U.S. economy is the alarming recent drop in productivity, which in turn puts a ceiling on improvements in living standards and greatly intensifies our inflation problem. While some of the reasons for the productivity slowdown, such as those associated with the age and experience mix of the work force, are unavoidable, the important impediments to productivity growth identified in this article are amenable to change.

Recent low levels of investment and research and development have adversely affected productivity. Moreover, escalating government regulations have affected output both directly, as through required changes in production techniques, and indirectly as through their effect in creating uncertainties and discouraging risk taking.

This analysis suggests the general form of the remedy. We must reorient our economic policies to give high priority to the encouragement of corporate investment and to nurturing of research and development. We must improve the climate for risk taking. While some of the specific prescripitons I offer may seem familiar, they take on even greater urgency in light of our present productivity problem:

1. Policies to spur investment and R&D. Corporate tax relief may be usefully employed to offset the increased risk premiums that appear to have hindered business fixed investment and long-term R&D during recent years. A good start was made in the tax bill of 1978, which reduced corporate tax rates and liberalized and extended the investment tax credit. Fortunately, government policy regarding investment incentives has shifted from ennui to enthusiasm. But more needs to be done.

The interaction of inflation and our current tax system makes effective tax rates rise with high inflation. It is well known, for example, that as inflation increases nominal incomes and pushes us into higher tax brackets, effective personal tax rates tend to increase over time. To help offset these effects, personal tax rate have periodically been lowered.

What is perhaps not as obvious is that effective tax rates on properly measured corporate income and on returns from financial investments are also subject to similar pressures. For example, real corporate tax burdens will tend to rise since tax-deductible depreciation changes are figured on the basis of lower original costs rather than replacement costs. Similarly, effective tax rates on capital gains tend to rise (quite sharply) with inflation.

The problem is that investors may have to pay heavy taxes on the sale of capital assets even when they actually receive less in real value for their assets than they had originally paid. Thus some form of more accelerated amortization and some inflation adjustment in the method of taxing capital gains can be justified as a means of preventing inflation from systematically damaging the climate for risk taking.

Such changes in tax laws need not be the camel's nose under the tent of full indexation. Discrete tax changes are necessary to prevent inflation from diminishing the incentive of Americans from undertaking long-term risks and to shift the investment incentives that do exist away from real estate shelters and municipal bonds and toward capital formation. Nor should we interpret such policies as an attempt to "soak the poor." On the contrary, we should rather appreciate the beneficial effects of tax policy on the supply side of the economy—effects that are intimately connected with the level and growth of real living standards. Capital is a seven-not a four-letter word.

Because the benefits of research and development expenditures often "spill over" onto all participants in the economy and cannot be limited to the company that has done the original work, there is good reason to believe that the market, left to its own devices, will allocate too few resources to R&D. Such underinvestment in R&D is likely to be greatest at the basic end of the R&D spectrum. This consideration (as well as the increased risk premiums I have discussed earlier) suggests that tax incentives, such as an R&D tax credit, may well be appropriate. It also suggests that the government itself should increase its funding of basic research, which has been sorely neglected over the past decade. Technical progress cannot be forced by simply throwing money at the problem, but innovation can easily be strangled without sufficient funding.

2. General thrust of monetary and fiscal policies. I have suggested that a major reason for increased risk premiums at the present time is the increased instability of the economy. We have recently experienced sharp swings in output and sustained high rates of inflation. While some of the blame for our present predicament can be placed on shocks outside our control—such as the quintupling of international oil prices—there is no doubt in retrospect that excessive variability in macroeconomic policies shares a good part of the blame. More stability in monetary and fiscal policies would seem clearly desirable. In giving specific advice for 1979, it seems wise that these policies are now moving toward restraint.

Currently, capacity utilization is not far from the level the Council of Economic Advisers uses as an estimate of "full" capacity utilization; the unemployment rate is close to the range now believed to represent full employment given the present composition of the labor force; and inflation has been accelerating alarmingly. While there is no doubt that the current restraint in our demand management policies run the risk of a mild recession later in 1979, a slowdown in real growth is clearly appropriate and should help cool the inflationary fever.

Conversely, policies geared toward a continuation of rapid rates of real growth would almost certainly lead to an acceleration of inflation and an even sharper recession in 1980. The latter boom-bust course of events is precisely what must be avoided.

3. Mix of monetary and fiscal policies. The preceding recommendation about the durability of restraint in our overall demand management policies is a familiar one—most recently embraced by the Carter administration in the 1979 Economic Report of the President. What has received too little attention, however, is the issue of how macroeconomic policies should be mixed. While I am comfortable with movements in the general thrust of economic policies, I believe the present mix of policies is far from optimal.

Recently, we have relied heavily on fiscal policy to stimulate the economy. A projected budget deficit of even $29 million is much too large considering how close we are to full capacity and how rapidly the state and local surpluses have already shrunk. Given the nature of our long-run productivity problem, we must not assign to monetary policy the major burden of restraint. A policy mix that relies less on consumption-oriented fiscal stimulus and more on monetary stimulus would be more conducive to high rates of private investment.

For 1979, a considerably larger reduction in the budget deficit would permit a more expansionary monetary policy to be carried out with less risk of inflationary pressures. Such a policy mix, given the same overall degree of restraint, would tend to lower interest rates and to shift the composition of output toward investment and R&D.

4. Government policies affecting the inflation rate. Some of the causes of the recent increase in the inflation rate are the direct result of government policy actions. These include the sharp increases in payroll taxes that have raised unit labor costs, large increases in the minimum wage that have promoted both inflation and unemployment, and forms of import restrictions imposed on such products as steel, television sets, and meat that have raised prices directly.

Agricultural policy has also contributed to inflation by turning away from a free market system to one of acreage controls and price supports. Dairy price supports may have cost U.S. consumers a billion dollars annually; sugar price supports another billion. Paraphrasing the late Everett Dirksen, "A billion dollars here, a billion there, sooner or later it adds up to real money."

The Brookings Institute, hardly an organ of the Republican Party, has estimated that these "self-inflicted wounds" have probably added one to two points to the inflation rate. There is insufficient realization of the extent to which the acceleration of inflation was "made in Washington." Reversing these kinds of measures is obviously politically difficult. Indeed, the root causes of our current inflation lie in the attempts of different groups to obtain increases in real income out of a pot that is not filling at the same rate.

Nevertheless, it is clear that the government does have the power to take decisive direct actions on inflation that could be quantitatively quite important. As I have suggested earlier, a decline in the rate of inflation would do much to remove the penumbra of uncertainty responsible for the substantial increase in risk premiums that are now discouraging long-term investments and R&D.

This article is not the place for a full discussion of the new program of price and wage guidelines. In my view, their greatest danger lies in the widespread fear the guidelines create that they are a prelude to mandatory controls. Price and wage controls can lead to shortages and severe misallocations of resources. Controls have tended to squeeze profit margins, and undoubtedly their effect in the early 1970s was to discourage many long-term investments that would otherwise have been undertaken by industries that were then operating flat out at full capacity. This lack of investment added to our longer-run inflationary problems by holding back aggregate supply. Moreover, such controls make long-run planning even more uncertain and clearly are the wrong medicine for our current disease.

5. Government regulatory policy. Without doubt, government regulatory policy has had the undesirable side effect of discouraging innovation. While I applaud the objectives that have led to the establishment of such agencies as that for environmental protection, these agencies have not been sufficiently careful in analyzing the impact of their regulations on investment and R&D. I am pleased that the Carter administration has initiated a massive interagency review of government's own impact on faltering U.S. innovation under the direction of Commerce Secretary Juanita Kreps. Public regulatory and antitrust policies must be made much more consistent and must be redirected toward improving the economic climate for private risk taking and for investment in the future.

THE OUTLOOK

The future for business fixed investment and R&D in the 1980s could be exceedingly bright. Our low investment and R&D expenditures for the last several years suggest that many potentially profitable projects exist. Our industrial plant is aging. Sharp swings in relative prices, such as the enormous increase in international oil prices, have created a favorable environment for investment and innovation. The fall in the price of the dollar has created potentially favorable movement in our international competitiveness.

If we can create more consistency in macroeconomic and regulatory policies, if we can tilt the thrust and mix of these policies toward the encouragement of long-term investments, if through tax policies we create an environment more conducive to risk taking, then the next decade could well be one of more real growth in living standards, increased employment, and less inflation.

INDIVIDUAL INITIATIVE

In a way it is again the problem of individual initiative with which we are confronted. Individual initiative was one of the great stimuli both of the economic system and also of personal development under liberal capitalism. But there are two qualifications: it developed only selected qualities of man, his will and rationality, while leaving him otherwise subordinate to economic goals. It was a principle that functioned best in a highly individualized and competitive phase of capitalism which had room for countless independent economic units. Today this space has narrowed down. Only a small number can exercise individual initiative. If we want to realize this principle today and enlarge it so that the whole personality becomes free, it will be possible only on the basis of the rational and concerted effort of a society as a whole, and by an amount of decentralization which can guarantee real, genuine, active cooperation and control by the smallest units of the system.

EXHIBIT II—INFLATION-ADJUSTED PROFITS RELATED TO REPLACEMENT VALUE OF EQUITY CAPITAL

After-tax returns on equity capital

[Percent]

1957	4.8
1958	3.8
1959	5.1
1960	4.7
1961	4.4
1962	6.0
1963	6.3
1964	7.5
1965	8.1
1966	8.7
1967	7.8
1968	7.5
1969	6.2
1970	4.7
1971	5.2
1972	5.9
1973	5.7
1974	3.8
1975	5.5
1976	5.7
1977	5.9
1978	6.4

Note: The after-tax profits of nonfinancial corporations are also adjusted to exclude inventory profits and to put depreciation on a replacement-cost basis. As inflation reduces the real value of corporate debt, this reduction is added back to profits. These adjusted profits are then divided by the nonfinancial corporate capital owned by equity holders (and valued at replacement cost). The latter figure is determined by subtracting from the replacement value of nonfinancial corporate assets the total amount of all debt.

EXHIBIT III—ESTIMATED RISK PREMIUMS IN FINANCING MARKETS

1960	1.22	8.19
1961	1.04	7.38
1962	1.05	5.98
1963	.71	4.11
1964	.67	4.23
1965	.59	3.71
1966	1.53	5.73
1967	1.57	5.01
1968	1.58	5.32
1969	1.84	5.41
1970	3.15	6.42
1971	2.76	6.39
1972	2.30	4.29
1973	2.13	3.04
1974	3.77	5.70
1975	3.18	5.39
1976	2.73	7.52
1977	1.76	7.62
1978	1.67	6.66

EXHIBIT IV—VALUATION RATIO AND BUSINESS FIXED INVESTMENT

1956	9.7	$.932
1957	9.7	.921
1958	8.7	.853
1959	8.7	.874
1960	9.0	1.044
1961	8.7	1.019
1962	8.9	1.147
1963	8.8	1.092
1964	9.3	1.204
1965	10.3	1.295
1966	10.8	1.360
1967	10.3	1.205
1968	10.3	1.217
1969	10.6	1.257
1970	10.2	1.124
1971	9.8	.911
1972	10.0	$1.000
1973	10.6	1.076
1974	10.7	1.016
1975	9.4	.756
1976	9.4	.725
1977	9.7	.825
1978	10.1	.768

FOOTNOTES

[1] Edward F. Denison, *Effects of Selected Changes in the Institutional and Human Environment Upon Output Per Unit of Input* [Washington, D.C.: Brookings Institute, 1978].

[2] See my article, "The Capital Formation Probem in the United States," *Journal of Finance*, to be published.

[3] Arthur F. Burns, "The Need for Better Profits," speech delivered at Gonzaga University, Spokane, Wash., October 26, 1977.

[4] See my article, "Reports of the Death of Common Stocks are Greatly Exaggerated," *Fortune*, November 1977, for an explanation of the procedure.

[5] A recent study concluded that the impact of environmental controls of five pollution-intensive industries was to reduce investment in these industries by 5% to 17%; see M. Cary Leahey, "The Impact of Environmental Controls on Capital Formation," in George M. von Furstenberg, *The Government and Capital Formation*, a study for the American Council of Life Insurance, to be published.

[6] The effects of growth rates on security returns and prices are more fully explained in chapter 4 of my book *A Random Walk Down Wall Street*, rev. ed [New York: W. W. Norton, 1975].●

TRIBUTE TO AMERICAN AGRICULTURE

● Mr. **HUDDLESTON**. Mr. President, I would like to pay tribute to American agriculture, especially at a time when the country is entering a recession and many sectors of the economy will be hurting badly.

I am glad to say that agriculture is expected to remain relatively strong despite the recession. That is primarily due to the continuing strong export demand. The U.S. agricultural exports are expected to total between $35 and $40 billion for fiscal year 1980, which begins October 1. That is a substantial increase over the estimated $32 billion for this fiscal year.

The weakening economy, however, is expected to result in some slowing of demand for farm and food products, with the major impact on meats and livestock.

But overall, most experts expect American agriculture to remain strong during the current and future economic slump, which is a tribute to agriculture and especially to the role agriculture plays in our foreign exports.

Net farm income is continuing to increase, although not as greatly as once expected, but the American agricultural community continues to shoulder well a major economic load in this country.●

DOES IT PAY TO STAY AHEAD?

● Mr. **DOLE**. Mr. President, on Saturday the Commerce Department's Bureau of Economic Analysis reported that personal income rose faster than consumer prices in the decade of the 1970's. The BEA figures, covering the period from 1969 to 1978, show per capita income—total personal income divided by total population—rising 113.7 percent over that period. BEA reports that consumer prices rose 70 percent over the same period, and concludes that real income grew by about 4 percent a year over the decade.

These personal income statistics should not lead us to conclude that the public is getting a free ride with respect to inflation. Average personal income figures do not tell us which people succeed in staying ahead of inflation and which people do not. Nor do average figures tell us what happens to people on fixed incomes, who must often depend on Government to increase entitlement payments so that they can maintain a modest standard of living. The cost to Government of adjusting welfare, social security, and other payments for inflation leads to further deficit spending which adds fuel to inflation. And we should not forget that many of the people who are staying ahead of inflation do so because they have escalated their wage demands in expectation of continued high rates of inflation. It will be interesting to see how personal income holds up through 1979, the year prices took off for the stratosphere, and the third year of escalating inflation rates under the Carter administration.

There is another factor not taken into account by BEA. We all know that, as real income grows, the taxpayer moves into a higher tax bracket. Now American taxpayers are becoming increasingly aware that they are shunted into higher tax brackets even when their real income does not grow at all. This is so because the tax brackets, as well as the zero bracket amount and the personal exemption, are set in fixed dollar terms. When matched against inflated incomes, these fixed dollar figures cause taxpayers to pay a higher rate of tax than before, even though the taxpayer has just kept pace with inflation. The result is a distortion of real income and a revenue windfall for the Government.

The great domestic achievement of postwar America has been steady, stable growth in personal income and a rising standard of living, which encourages a self-confident and industrious attitude on the part of our citizens—an attitude which also helps improve the lot of our least fortunate citizens by increasing job opportunities and generating revenues which pay for Government entitlements. Now inflation is eroding this attitude, and the "taxflation" penalty for trying to get ahead is part of the reason.

Mr. President, it would be a tragic mistake for Government to continue to penalize taxpayers for trying to cope with Government-induced inflation. That is why the Tax Equalization Act, S. 112, should be a matter of urgent concern to this Congress. I have introduced this legislation to eliminate the inflation tax penalty by adjusting the fixed dollar amounts in the Tax Code according to the rise in the Consumer Price Index. The result will be a fair, progressive income tax and an inducement to stable economic growth. The Senator from Kansas believes that now is the time for Congress to undertake truly meaningful tax reform by passing the Tax Equalization Act.●

A BOLD NEW CITIZENSHIP EDUCATION PROGRAM

● Mr. PELL. Mr. President, I am delighted at the launching today of a bold new citizenship education program. The program is designed to utilize the broadcasting resources of C–SPAN in conjunction with the innovative educational activities of the Close Up Foundation. As a result, students, teachers and, the interested public will be able to take part, through television, in seminars where Government representatives and other officials engage in discussions on current issues confronting the American people.

The reason I am especially proud is that I have participated very actively in the development of the Close Up program, and I have seen what a great difference it has made in Government instruction in my home State of Rhode Island. For the last 6 years students and teachers from every high school in my State have taken part in the Washington seminars under the auspices of Close Up. This experience has enriched their lives, and because of the development of many local followup programs, it has enriched their communities as well.

The spiraling costs of educational services have been of great concern to me, especially in the last several years. One of the exciting aspects of this new program is that it has built upon already existing resources and will magnify their impact enormously. Over the last 9 years, Close Up has brought more than 65,000 students and teachers to Washington to participate in a living, learning experience about government. It is now quite likely that an even greater number may be reached in a single telecast. Those who may never get the opportunity to visit their Nation's Capital will now have a chance to observe their Representatives engaging in the kind of candid discussion that young people are particularly adept at fostering.

I know that a great many of my colleagues in the Senate share my enthusiasm for this new concept. I would like to congratulate all those who have worked to make it possible.●

HISPANIC HERITAGE WEEK

● Mr. TOWER. Mr. President, Hispanic Heritage Week affords us an excellent opportunity to salute the incalculable contributions which our Hispanic Americans have provided, not only to the State of Texas, but to our entire Nation as well.

The rich and unique Hispanic culture has been nurtured and preserved over centuries. At present, the American Hispanic community constitutes the fastest growing segment of our populace, representing the fourth largest Spanish-speaking population in the Western Hemisphere. Consequently, its social and cultural influences become increasingly significant.

Internationally, our traditional friendly ties with the Republic of Mexico remain strong. Currently, matters of mutual interest between our two nations are being evaluated and discussed in a manner that seeks to promote the well-being and common good of both our countries.

Overall, the entire Hispanic community of nations has provided insights which have enriched our knowledge of, and appreciation for, Hispanic traditions. Having had the privilege over the years to work with various Hispanic organizations, I am particularly pleased to join in the celebration of Hispanic Heritage Week.●

SALT AND THE SOVIETS

● Mr. JACKSON. Mr. President, I wish to highlight for the attention of my colleagues a wise and aptly written article by Senator WILLIAM S. COHEN which appeared on the editorial page of the Washington Star of September 14, 1979.

Senator COHEN is taking a leading part in the consideration of SALT II by the Senate Armed Services Committee. Speaking in his article of the sobering revelation of Soviet combat troops in Cuba, Senator COHEN makes this basic point:

> The SALT II debate should not turn solely upon this latest Soviet test. The combat brigade should be but one important factor among many that we consider in judging whether the Soviet Union is interested in peace or bent upon provocation and expansion.
>
> There are, in my judgment, inherent deficiencies, dangerous precedents and legal ambiguities that require that the SALT II treaty be amended before it can be ratified. Moreover, there are serious questions whether the SALT process and policies of detente have served to moderate or simply embolden Soviet strategic and global aspirations.

I ask that Senator COHEN's important article be printed in the RECORD.

The article follows:

[From the Washington Star, Sept. 14, 1979]

THE DANGERS WE FACE

(By Senator WILLIAM S. COHEN)

The revelation of Soviet combat troops in Cuba has had a sobering and, it is to be hoped, salutary impact upon many Americans. It has concentrated wonderfully minds that have been wandering around the rarefied halls of quiet diplomacy, blinking benignly at various acts of Soviet adventurism.

Inaction, or mild protest in the face of aggression, however minor, can only encourage more aggression. This verity should not be more of a mystery to diplomats and presidents than it is to parents.

When the Soviet-made MIG–23's first graced Cuban airfields, we were patted on the napes of our necks with the comforting assurance that they were for defensive purposes only. When curious periscopes bearing Soviet decal appeared in Cuban waters, we were told that the submarines were merely being refueled or repaired in the port of an ally. Not to worry. Cuban troops in Africa were of grave concern to us, but then again, some rationalized, the troops did lend a "stabilizing influence" to that troubled continent.

And recall that when our kidnapped ambassador to Afghanistan, Adolph Dubs, was murdered during a clumsy rescue attempt, we lodged a protest to the Soviet Union for its role in the brutal affair. A deafening silence greeted our protest. The precedent of

Soviet action that is inconsistent with our notions of international good behavior was set and suffered long ago.

We need not be so bleak in spirit, to borrow a phrase from Mencken, that we search for coffins whenever we smell flowers. But Soviet troops in Cuba should come as no great surprise to those who have been brushed, even lightly by the wing of experience.

What is surprising, however, is the rush by the United States Senate to the exit door on the SALT II debate. Someone has yelled fire in a crowded theater and prudence seems to be falling under thundering feet.

The most recent "Cuban crisis" should not serve to scuttle the SALT II debate but rather to shape it. We have been conducting our lives and national affairs under the light-headed illusion that our security and national interests are measured by the proximity of our enemies to our coastline. Phrased another way, we need not shout until we see (by satellite) the barrels of their guns.

To be sure, the presence of 2,500 troops 90 miles off the coast of Florida is no mere trifle. Our security, however, is not measured in miles but in minutes. Our potential destruction lies buried in Soviet silos that sheathe missiles carrying as many warheads as Medusa's head had snakes—and they can turn us to stone in less than 30 minutes.

The SALT II debate should not turn solely upon this latest Soviet test. The combat brigade should be but one important factor among many that we consider in judging whether the Soviet Union is interested in peace or bent upon provocation and expansion.

There are, in my judgment, inherent deficiencies, dangerous precedents and legal ambiguities that require that the SALT II treaty be amended before it can be ratified. Moreover, there are serious questions whether the SALT process and policies of detente have served to moderate or simply embolden Soviet strategic and global aspirations. These matters should be addressed vigorously before the full Senate as soon as the Foreign Relations and Armed Services Committees can complete their reports.

The danger in shelving the SALT II treaty until the Soviets eliminate their combat brigade, or more probably reduce it in some superficially concessionary way, is that we predicate the ratification process upon the removal of only the tip of a very large threat. The ratification or rejection of SALT II should be based upon a more profound appreciation of the dangers we face and the safety we seek.●

SUPPORT FOR CLOSE-UP FOUNDATION

● Mr. DOLE. Mr. President, I have learned today that the cable satellite public affairs network (C–SPAN) will begin in December, transmitting seminars on Government conducted by the Close Up Foundation. I believe this experiment linking students around the country to what is actually happening in Washington and being seen through the eyes of their fellow students is exciting and can have a profound impact on their understanding of government.

Mr. President, I have long been a supporter of the close-up program because I believe that the students return home with a much greater appreciation of our political process and an even greater desire to become involved. The opportunity to be exposed to a variety of political philosophies is especially significant in better preparing these students to take an active role in their civic repsonsibilities. One recent participant in close up told me, "the seminar speakers opened up whole new fields of thought for me. so many different points of view."

I believe that this one statement by a young participant is reflective of the overall impact the close-up program makes on all involved. I must add that it is not only the students who gain from these seminars but also those of us in public service. We in government must continue to encourage such active participation in government by America's youth.

I know that sharing these experiences with other students around the country will multiply the impact for our young people—it's a concept with a great deal of potential and one which I welcome with great personal enthusiasm.

Mr. President, I urge all my colleagues to join with me in reaffirming our active support of the close-up program.●

HEALTH CARE

● Mr. HATFIELD. Mr. President, the ongoing debate surrounding ways to control effectively the rising costs of health care is beginning to generate much needed and creative nongovernmental alternatives. One such approach is an effort on the part of the University of Oregon Health Sciences Center to alert medical students to the costs of treatment and services they prescribe. The program, sponsored by a grant from the Oregon Physicians Service/Blue Shield represents an unprecedented initiative on the part of a private insurer to assist medical students in becoming more cost conscious.

Mr. President, the current issue of the American Medical Association News describes the way this program is working in an encouraging and succinct article.

I ask that the full text of this article be printed at this point in the RECORD.

The article follows:

OREGON EDUCATOR EMPHASIZES ETHICS AS BASIS FOR COST-RELATED MEDICAL DECISIONS

Once a week interns at the Veterans' Administration Hospital in Portland, Oreg., receive a "bill" for tests they ordered from the clinical pathology department.

The computer print-out of averaged hospital charges doesn't have to be paid by either the patient or the young physician. It's just a way to let interns know how much their medical decisions can cost.

In another part of the city, seven third- and fourth-year medical students who provide nighttime and weekend emergency care for senior citizens attend seminars on the costs of social ethics involved in health care for the aged. The students receive nine hours of elective credit for participating in the seminars, which are conducted by gerontologists in the state public health department.

The man with the knack for turning medical school programs into object lessons in cost containment is medical ethicist Michael J. Garland, Ph. D., the director of a unique effort at the U. of Oregon Health Sciences Center to curb the rising cost of medical treatment.

"Cost containment cannot be resolved as a dollar problem alone," Garland said in an interview. "It is essentially a question of values."

Oregon Physicians Service/Blue Shield sponsored the program with a $100,000 grant to the medical school. The grant is believed to be the first in the country to provide private funds to educate medical students about costs.

The Medical College of Ohio at Toledo. Jefferson Medical College, and the U. of Wisconsin Medical School in Madison—among other institutions—have similar programs under way, but none of these is privately sponsored by a health insurer.

William C. Scott, M.D., chairman of the OPS/Blue Shield board of trustees, said, "We envision this grant as a full-fledged effort by OPS/Blue Shield and our colleagues at the medical school to make medical students aware of their responsibilities in controlling medical costs."

The grant enables the school of medicine to respond to a resolution passed in December, 1977, at the interim meeting of the House of Delegates of the American Medical Association, as well as to a statement signed by deans of 114 medical schools, both of which urged medical schools to increase the cost-consciousness of future physicans.

The dean's statement called for corporations, which pay the lion's share of the nation's medical expenditures, to underwrite new methods of teaching medical economics to physicians-in-training.

Dr. Garland, director of the U. of Oregon program, described OPS/Blue Shield's involvement as good business sense on the part of the insurer.

"Third-party payers are under constraints to stay within their budgets as competition between plans is heating up. The business and industrial world, as represented by the Business Roundtable and the National Chamber of Commerce in Washington, is finding that the cost to an employer of providing health insurance is going up, but the increase doesn't contribute to productivity.

"Companies that buy big packages, like group benefit programs, are putting pressure on third-party payers to make sure that premiums aren't creeping up unnecessarily. Some companies are insisting that the insurer must engage in its own quality control system as a condition of getting the group contract," Dr. Garland told *American Medical News*.

Shortly after OPS made the initial grant in January, 1978, Dr. Garland began work on a casebook on health care costs. The casebook is being constructed along the lines suggested by the Harvard School of Business' "case method," which analyzes specific business situations to teach "business wisdom."

The Book, scheduled for publication this year, will present 15–20 clinical cases illustrating how physicians' decisions can significantly cut costs.

In his current position as director, Dr. Garland's emphasis on ethics as the basis of cost-related medical decisions won for the program a $45,000 grant last month from the W. K. Kellogg Foundation of Battle Creek, Mich., and the National Foundation for Medical Education NFME) to provide additional support for the OPS/Blue Shield curriculum.

Apart from working on the casebook, Dr. Garland's job is to get medical educators to teach students about the current cost of common medical procedures, overall costs of medical care in the U.S., comparative figures for other countries, systems for financing medical care in the U.S. and elsewhere, and current concepts for assessing the quality of care.

His strategy is to find places in the required curriculum where cost-related instruction might naturally fit. "I've tried to identify some key courses that are required now, and get involved in those—rather than try to set up a separate course. There is no required course time available for a new course," Dr. Garland said in an interview.

Sixteen lecture hours in a required first-year course, Public Health and Epidemiology, are devoted to the health care delivery system and its socioeconomic context. One of the sessions is devoted to problems of cost containment, which is also a theme running through the entire course.

Dr. Garland himself lectures on "Cost Containment, Clinical Problem-Solving, and Ethics," in another required course for first-year medical students called Patient Evaluation. The relation of patient evaluation and treatment plans to costs and ethics is discussed in the second year of Patient Evaluation.

For teaching purposes, Dr. Garland has abandoned his training in the Aristotelian tradition for a more Socratic approach—the "case method"—that works better with medical students, who tend to shun the dogmatic language of formal philosophy.

According to Dr. Garland, who received his doctorate in religious studies in the field of ethics from the U. of Strasbourg in France, the case discussion method "seems to be a natural for economics and ethics in the medical school setting."

The case method avoids dogmatism and "creates an occasion in which you can bring to an explicit level of reflection and discussion things that are often not spoken of," he added.

"What we are trying to do is offer something that touches everybody and creates the occasion for reflection. Those who do it, need it, and want it can come to some of the elective courses and workshops, and do it more extensively," he said.

The philosophical approach to cost containment greatly appeals to some students, and leaves others cold. "The ones who like it, like it very much. Some students really enjoy thinking in these terms.

"The biggest indication of this is the existence of a student organization called the Council on Humanism in Medical Education (CHME," he said. Dr. Garland collaborates with student leaders of CHIME to include cost-related presentations in their twice-a-month lecture series.

Other medical students dismiss nonquantifiable value questions as subjective and essentially private. They assume that "as soon as you mention the word 'ethics,' the question enters a world of interiority.

"I have to try to overcome the assumption that ethics occurs only in private world by pointing out that my use of freedom to determine my life has an impact on someone else's dignity and rights. That's public, not private, because there are two of us," he said.

"Some of the students see that right away, and some of them don't."

Among the brown-bag seminars scheduled by CHIME are a report by second-year student Helen Fosmire, who received an OPS fellowship for a research project on hospital cost containment, and a report by third-year student Jeff Wolfe, on his research projects on the comparative cost of dialysis treatments.

Because of OPS grant activities, the Health Sciences Center is field-testing a textbook, Primer on Costs and Quality of Medical Care, being developed under the aegis of the Assn. of American Medical Colleges.

Grant money is also used to send faculty members to meetings and training sessions that will stimulate their interests in the problems of mounting costs, such as a program for chiefs of clinical services at the Harvard School of Public Health.

Like ethics itself, cost containment is less than an exact science. At present, there is no way of predicting which medical graduates will be cost-conscious, and which will be profligate, Dr. Garland said.

While hoping that his intergration of economic and ethical considerations will show students that practicing medicine is a cost-generating behavior as well as a life-saving and disease-preventing behavior, Dr. Garland concedes that educating medical students with the aim of reducing physician-controlled medical expenditures is "a pure gamble."

At the bottom line, however, he is trying to show that cost containment is as "collective value choice."

Said Dr. Garland, "At the end of the economic analysis, ethical problems start to arise because patients have rights and physicians have obligations, such as a societal obligation to contain costs, not just for the patient but also for his insurance pool or his fellow taxpayer." ●

BROAD SUPPORT FOR TRUCKING DEREGULATION

● Mr. KENNEDY. Mr. President, I submit for the RECORD another group of significant editorials which have appeared in recent weeks, in newspapers throughout the country, on the issue of trucking deregulation.

As I noted yesterday in inserting a similar group of editorials, the current volume makes it impossible to include all which have appeared. I think it important, however, for Members of Congress to recognize the importance that most newspapers now attach to enactment of trucking deregulation legislation as a part of our overall effort to fight inflation and to conserve energy.

The editorials I ask to have printed in the RECORD today are from the States of Idaho, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, Missouri, New York, Ohio, Pennsylvania, and Rhode Island.

The editorials follow:

[From the (Pocatello) Idaho State Journal, July 3, 1979]

DEREGULATING TRUCKING

"A mindless scheme of unnecessary government interference and control," was how President Carter described the present regulatory system of the nation's trucking industry. The description came as the president unveiled his proposal for deregulation of the industry—a timely move, especially in light of the independent truckers' strike.

The Council on Wage and Price Stability estimates that deregulation will save American consumers some $5 billion a year by removing legalized price-fixing and restrictions on competition, routes and cargo. The president's proposals would phase out by 1984 all federal restrictions on the commodities truckers may carry and the routes they must follow. It also will allow rate cuts of up to 20 percent per year, make it easier for truckers to offer new services and increase the kinds of agricultural products that may be hauled without federal regulation.

Most importantly, the proposal will make the trucking market—currently a limited, nearly closed shop—a more vigorous, competitive industry. Which is why Carter's proposal was immediately lambasted by an official with the American Trucking Association—that group of truckers which currently enjoys federal regulations limiting entry of new truckers and fixing prices for its members.

Other regulations which would be removed are those which ban some truckers from hauling freight on return trips (20 percent of all trucks on the roads travel empty because of these regulations, according to the Interstate Commerce Commission); and those which require truckers to follow out-of-the-way routes (Carter cited a case in which an ICC license made one trucker travel from Denver to Albuquerque via Salt Lake City—a 300-mile detour). This move could save an estimated 51 million gallons of fuel a year.

Some opponents of the proposal claim it will drive truckers out of small communities which current regulations force them to serve. But the history of American free enterprise indicates this will not be the case. If there's a buck to be made hauling products from Pocatello to Malad, somebody will step in and make that buck. As Carter pointed out, eggs and fresh fruit are exempt from ICC regulation, yet small towns are still supplied with these goods.

"The legislation I am proposing will restore the competitive spirit to the trucking industry, reduce inflation, minimize government regulation and save energy," Carter said.

And he's right. If there is a demand for the hauling of goods between two points, the job will go to the firm with the best price and schedule, instead of to some pre-designated company at a fixed, high rate.

[From the Chicago Sun Times, July 2, 1979]

FREE THE TRUCKERS

One way to help ease inflation and save fuel is to untie the trucking industry from the bonds of federal regulations. But this particular victim objects to being rescued. The problem is, a lot of the industry prefers protection from competition to freedom.

Yet it's clear after 44 years that most Interstate Commerce Commission trucking rules protect consumers poorly, if at all. Many waste fuel. Congress should heed President Carter's plan for deregulation.

Who is helped (other than the haulers) by ICC "backhaul" restrictions that prevent trucks from carrying loads on return trips? Those empty trips back send prices up and needlessly consume fuel.

Who benefits (other than the industry) from antitrust exemptions that let truckers fix prices in secret rate-setting sessions? And guess who gains from rules that discourage new carriers—especially minorities—from competing with existing companies?

How is the public interest helped by regulations that permit, for instance, one trucker to carry pineapples only if they are mixed with bananas? Or by ICC requirements that some trucks take only fuel-wasting, circuitious routes in making deliveries?

Federal regulation to prevent abuse is responsible; over-regulation is not. It becomes a form of protectionism that Carter administration officials estimate adds $5 billion a year to consumer prices.

With inflation rising and fuel shortages increasing, arguments by truckers and the teamsters union against changing the present setup are as jarring as an engine knock.

But their legitimate concerns are covered in the Carter package. For example, Teamster president Frank E. Fitzsimmons cited a study that said drivers who are exempt from federal rules are the most unsafe on the road. He needn't worry. The deregulation bill would give government even stronger safety-enforcement powers than it has now.

Also, since the legislation would require the transportation secretary to report to Congress on the bill's effects by Jan. 1, 1983, any flaws that turn up in the deregulation process could be remedied.

Today's rules too often symbolize "government regulation gone wild," Carter said, and the evidence supports his charge. Deregulation could restore competition—and sanity—to a multibillion-dollar industry. The right response for Congress is to help achieve that worthy goal.

[From the Indianapolis News, July 11, 1979]

Freeing Trucking, Too

Washington has, in a modest way, begun to self-destruct.

The process is known as deregulation and its latest successful example has been the airline industry.

Now Congress is being asked to consider deregulation for the trucking industry. Its approval could lead to energy savings and lower shipping rates. The issue is important for the 1,438 Indiana towns that depend entirely on trucks for their surface shipping.

Trucking has been under regulatory control of the Interstate Commerce Commission (ICC) since when it was a new industry in 1935. Today there are 17,000 regulated carriers doing more than $30 billion a year in freight business.

The only major exceptions to ICC regulation are trucks serving single, private firms and trucks carrying unprocessed agricultural goods. Through regulation, the ICC controls most other truckers' entry into the industry, routes to be served, commodities to be transported, rates to be charged and mergers. An antitrust exemption allows truck rates to be jointly set.

What hath regulation wrought?

Because of regulations that often restrict cargo hauling on return trips (backhauls), trucking capacity is estimated to be about 20 percent underutilized, not to mention the energy waste. Rates are estimated to be about 20 percent or more above normal market levels, with 1 percent of the companies doing about 50 percent of the business.

Congress has been holding hearings on truck deregulation since 1977. This year it was told by Transportation Secretary Brock Adams, for example, that it took the ICC 51 weeks to decide whether metal lawn sprinklers with plastic housings should be treated as plastic or metal when they are shipped to California.

Inflation fighter Alfred Kahn told Congress that shipping goods by unregulated trucks within the state of Maryland costs 27 to 87 percent less than does interstate (regulated) commerce. He says American consumers would save $5 billion a year in shipping costs with deregulation.

The ICC has undertaken some deregulation on its own. Notably, it has given manufacturers and retailers the right to use their trucks to haul goods for other companies—eliminating some backhauls in which trucks are empty. But the ICC cannot do it all; it cannot, for example, lift the truckers' antitrust exemption. Action by Congress is necessary to achieve true deregulation.

To this end, President Carter and Sen. Edward Kennedy are sponsoring a bill to deregulate the industry.

Their bill would remove all backhaul restrictions, phase out requirements to follow indirect routes, remove bans against hauling certain commodities, allow easier entry into the trucking business and greater freedom in setting prices, while prohibiting the now-legal price fixing.

The trucking industry opposes deregulation but, as a study by the Hoover Institution points out, this at least partly because the present arrangement has been so profitable.

The industry argues, however, that small towns would be the losers in deregulation since the ICC would not regulate routes. But a study done for the Senate concluded that it is the lucrative rates and not the ICC, that attracts truckers to small towns. It predicted no loss of service to such towns with deregulation. Experience shows that although eggs and fresh fruit are shipped to small towns by unregulated truckers, everyone seems to be amply supplied.

Truck deregulation legislation promises consumer and energy savings. Our congressmen should rush to support it.

[From the Paducah, (Ky.) Sun., June 28, 1979]

Ridiculous Rules Costly to Everyone

Suppose you own a truck, and you make a deal with a meat processor to haul meat products from Virginia to points in Florida.

On the way back, you figure, you'll pick up some extra revenue by hauling something from Florida to Virginia.

No way. The government won't let you.

You have to apply for "backhaul authority" from the Interstate Commerce Commission—and that could take months.

The White House, in a background report on its proposal to deregulate trucking, says that only half the new operating certificates awarded as recently as 1975 contained any backhaul authority.

If you figure that half the trucks on the road at any given moment are on return trips, and that half of that half are not hauling anything, that means that one-fourth of the trucks on the road are empty.

That is, they are not performing any useful work either for their owners or the public. They're just burning fuel, depreciating in value and wasting time.

This is one reason why President Carter wants to deregulate the industry. He would end the restrictions on backhauls immediately.

Do you think the complaints about over-regulation are exaggerated? Look at some other examples of how ridiculous it has become.

There's a trucking firm which the ICC has authorized to serve Denver and Salt Lake City, which are 512 miles apart by the most direct route.

But it can't take that route. It must go by way of Phoenix and Flagstaff, a distance of 1,142 miles.

Another company has authority to haul between Denver and Omaha, a distance of 540 miles by Interstate 80. But it must go by way of Rapid City, Cheyenne and Mule Creek, a distance of 894 miles.

Not that those trucks necessarily can make stops on those side trips. Many certificates, says the White House, don't permit carriers to make intermediate stops along their routes.

The carriers, therefore, "are . . . prevented from maximizing their loads, and this increases costs and keeps many towns—especially smaller towns—from receiving the best possible service," says the White House.

Other ICC regulations permit a carrier to haul crated, but not uncrated, machinery.

He may carry paint in two-gallon cans but not in five-gallon cans.

A recent certificate permitted a carrier to haul bananas. He could also haul pineapples, but only if they were mixed with bananas.

Unprocessed agricultural commodities are exempt from ICC restrictions, but even that exemption can take some weird forms. For example:

An exempt hauler can take milled rice fortified with vitamins but not rice that has been precooked.

Fresh meat is not exempt, but fresh chickens are.

An exempt hauler can take raisins if they are coated with honey, cinnamon or sugar, but not if they are coated with chocolate. He can haul food for parrots but not for hamsters and gerbils.

In view of such ridiculous restrictions—and we haven't even touched on the obstacle course the separate states throw up for every trucker—why is the trucking industry such a bitter foe of deregulation?

The answer is that under regulation it enjoys a privilege allowed to almost no other industry, the privilege of "collective rate-making"—that is, price-fixing.

The regulated trucking industry was granted special immunity from the antitrust laws in 1948. Congress overrode a veto by President Harry Truman to bestow this boon on the trucking industry.

It allows them to get together to decide what rates shall be charged, an action that in any other industry could send the price-fixers to the penitentiary.

Yes, the rates so fixed are subject to ICC review, but in practice the ICC usually rubber-stamps them.

"The combination of immunity to fix prices and the lack of rate flexibility has cost consumers billions of dollars in higher prices."

With Sen. Kennedy now on Mr. Carter's side in calling for deregulation, surely the Congress can end at last this wasteful and costly practice this year.

[From the Shreveport (La.) Journal, June 30, 1979]

Trucking Deregulation: A Beneficial Challenge

Already shaken by the high price and scarcity of diesel fuel, the trucking industry faces another challenge from Washington. As expected, President Carter has asked Congress to deregulate trucking—a move that could end a long and cozy relationship between the kings of the road and the Interstate Commerce Commission.

Lest anyone fear the administration is picking on truckers, however, deregulation has been in the cards for some time. The conditions that spurred the federal government to regulate the industry in 1935 are largely irrelevent today. A policy originally designed to curb chaotic competition has evolved over the years into one that protects inefficiency. The administration and others simply recognize that time has long since come for the nation's most important movers of freight to be disciplined more by the rules of the free market.

If passed by Congress, Carter's proposals would be:

Remove existing backhaul restrictions, which prevent a truck from carrying cargo on return trips.

Eliminate rules requiring trucks to take a circuitous route.

Lift restrictions on the types of commodities a carrier may haul.

Make it easier for new carriers to enter the market by requiring opponents of a new competition to prove that the proposed service would not serve "public convenience and necessity."

Repeal truckers' exemption from federal antitrust laws that prohibit price-fixing.

Deregulation of the trucking industry is in the best interest of the nation and the truckers.

Back when a burgeoning and ruthlessly competitive trucking industry threatened to undermine its own financial stability and that of the railroads, stiff regulation might have made sense. But in the present era of fuel shortages and inflation, many of these rules merely make matters worse.

Take current restrictions on the types of commodities a carrier may haul. In one case, a carrier may haul bananas. But he may only haul pineapples if mixed with bananas. Other regulations are equally ridiculous and glaringly contrary to efficient operation.

This does not mean the trucking industry should be freed completely from the ICC's guiding hand. Licensing requirements and safety regulations are needed as protection against irresponsible operators and dangerous practices.

But continuation of the present over-regulated status of the industry would benefit neither the nation nor the truckers.

Fewer rules would mean more opportunities for carriers to take advantage of good business practices. If a trucker can deliver freight cheaper and faster on a route other than that prescribed by the ICC, he should be allowed to do so.

It all comes down to common sense. A carrier who is free to operate efficiently will ultimately deliver better service to the public. Deregulation may be a challenge to truckers, but it is a challenge that is clearly worth accepting.

[From the Lawrence (Mass.) Eagle-Tribune, July 1, 1979]

Get the Red Tape Out of Trucking

With the experience of the airlines blooming before us, we think it's time for the Federal government to get out of the trucking business.

The regulation of this $108 billion industry began nearly 45 years ago. Since then we have become awash in rules that waste time and precious fuel, cost shippers more money than necessary, legalize price fixing, hold rates firm while expenses rise and fall, and totally negate the competition that makes for a healthy economy.

It is estimated that about 51 million gallons of fuel would be saved each year by getting rid of silly license rules that often force truckers to take roundabout routes between destinations instead of direct ones.

Millions of gallons of fuel would be put to intelligent use by throwing out insane regulations that forbid many trucks to carry loads on return trips. It is estimated that 20 percent of the trucks on the road at any one time are empty because of these rules.

Deregulating the trucking industry would mean that haulers could adjust their rates as their expenses fluctuate. This has been a sore point with Independent Truckers in their recent strike, because the price of diesel fuel is soaring and they are allowed to pass on only a tiny fraction of that cost.

Most important, deregulation would inject an element missing from the trucking business right now: competition. Anyone who doesn't think business competition is the best economic medicine there is hasn't flown on an airplane recently or read an airline ad. When the airlines were deregulated, competition flourished and the price of tickets dropped drastically. Airline executives, who feared deregulation and competition when it was proposed, now admit that it's been great for their industry.

Their counterparts in the trucking industry should take a lesson and stop their feverish opposition to President Carter's bill that would allow them to operate their businesses in a manner suitable to a free enterprise economy.

[From the Grand Rapids Press, June 27, 1979]

Trucking Deregulation

"Therefore, be it resolved that the following standards and objectives be adopted:

A maximum reliance on competition.

Reduction of barriers for those individuals and firms wishing to enter the industry,

Expedited regulatory decisions,

Maintenance of fair wages and working conditions,

Improvement of transportation safety,

Improvement of opportunities for service to small towns."

Is it possible that either of this country's major political parties would reject such a manifesto? Indeed, wouldn't this statement correspond neatly with the goals espoused in the most recent partly platforms of both Democrats and Republicans?

In theory the answer to both questions is yes. Yet, these proposed changes for the nation's trucking industry are expected to be fought bitterly in Congress for perhaps two years—and even then one can only guess as to the form in which they finally will be adopted.

President Carter is pressing hard for the regulation overhaul. In an unusual meeting of the minds, so is Sen. Edward Kennedy, D-Mass. Other proponents of change are Sen. Charles Percy, R-Ill., and the American Farm Bureau Federation. From differing perspectives, each has arrived at a common conclusion: rather than protecting the public, excess government regulations over the years have raised trucking costs and created unnecessary inefficiencies.

Bringing competition to the motor freight industry is their goal. But after more than 40 years of exemption from the Sherman Antitrust Act and a way of doing business based on price fixing (collective ratemaking), altering the rules won't be easy. The carriers and their Teamster associates like things as they are. For them it's a profitable, comfortable arrangement.

The case for introducing competition is strong, however. As the White House points out, unnecessary restrictions in the industry result in inefficient uses of equipment, fuel and labor. Thus, Messers. Carter and Kennedy are proposing the following legislation:

Immediate removal of all backhaul restrictions. Whatever commodity can be carried on the fronthaul can also be carried on the backhaul. (No longer would trucks which had been fully loaded return empty from some distant point simply because it lacked an Interstate Commerce Commission certificate providing for backhaul authority.)

Immediate removal of all prohibitions on making stops between authorized points. (Intermediate stops could be made along authorized routes—thus maximizing loads and fuel use while serving smaller towns which otherwise would be bypassed.)

Removal, no later than Dec. 31, 1982, of all restrictions limiting the types of commodities a carrier may haul. (A carrier would be able to haul uncrated as well as crated machinery, paint in five-gallon containers as well as two-gallon containers, bananas as well as pineapples.)

Other proposals are aimed at making it easier for small and minority carriers to enter the industry; repealing a special antitrust immunity that the trucking industry presently enjoys; allowing carriers to decrease rates within an established range free from ICC interference, the broadening the 1935 exemption for unprocessed agricultural commodities to include all edible items as well as farm implements, fertilizers and chemicals while substantially enlarging the authority of agricultural co-ops to fill empty backhauls with regulated goods.

Deregulation in the trucking industry—a $108 billion a year business—could save consumers more than $5 billion annually in higher prices, according to Barry Bosworth of the Council on Wage and Price Stability. With trucks operating empty more than 20 percent of the time because of regulatory restrictions, there would also be savings in gasoline and diesel fuel.

Doubters about these measures should take a look at the impact of deregulation on the airlines in this country. In the year since Congress did away with many of the rules governing that industry, more routes were opened up, more passengers began to fly, more jobs were created and airline fares decreased. Moreover, industry profits went up 54 percent to a new high even as the Civil Aeronautics Board estimated that savings to the public will total $2.5 billion.

For those members of Congress of both parties who have been horror-struck by the deep involvement of government in the life of America, it is time to put their votes where their mouths are by giving free enterprise a chance to operate in the trucking industry.

[From the Detroit Free Press, June 17, 1979]

Trucking: The President and Kennedy Join Forces to Get Deregulation in Gear

In at least one important area where President Carter and Sen. Edward Kennedy, D-Mass., had been engaged in a bit of competition, they have decided, following a meeting last weekend, to join forces. It is not recorded whether President Carter threatened Sen. Kennedy with harm to some of his body parts if the senator didn't co-operate.

The two, in any case, are now trying to join forces to pass a trucking deregulation bill. This development undoubtedly enhances the chances that some genuine deregulation of trucking will take place. The competition between Sen. Kennedy and the president in this area, as in health care, mainly served to reduce the chances of any sort of real progress on the problem.

The issue of the deregulation of the trucking industry is more difficult than airline deregulation. Demand for seats on aircraft may be more elastic than the demand for cargo space for shipping freight. The trucking industry argues, with some forces, that the danger of discrimination against many smaller cities would be greater under deregulation. And indeed, there were many abuses in the early days of rail and highway shipping that gradually led to the kind of regulation we have today.

Nonetheless, we are persuaded that the country ought to move carefully toward greater reliance on market forces to govern the trucking business, and less reliance on regulation. Even now, many of the independent truckers protesting high diesel fuel prices say that excessive regulation works to make their business unprofitable. We have no doubt they are at least partially right.

The essential point—and the cause served by the agreement by the president and Sen. Kennedy to work together—is that, over time, regulation has come to penalize the public as much as to protect it. Carefully planned and executed deregulation can let market forces begin to work for the public and, if done right, still assure that the trucking business will be profitable for skillful entrepreneurs.

[From the Detroit Free Press, June 25, 1979]

Truckers: Freer Competition Could Be Good for Them and the Country

With an end to the rivalry between President Carter and Sen. Edward Kennedy over whose plan should be the vehicle for deregulating the trucking industry, there is now a realistic chance for action on that most sensible initiative. Sen. Kennedy, in particular, deserves a lot of credit for accepting the concept of a review, rather than automatic total deregulation, at the end of the period of partial deregulation.

Mary M. Schuman, assistant director for regulatory reform of the president's domestic policy staff, puts the case for elimination of much of the regulation colloquially: A close look at the Interstate Commerce Commission's regulations, she says, "would knock your socks off." The regulations cover what cities and towns a trucker can service, what highways, he can travel, what stops, what cargo, what rates he can charge. In some instances, she says, the regulations are so picayune that they permit cariers to haul paint in two-gallon cans, but not in five-gallon cans.

The joint proposal calls for greater latitude for carriers in setting rates, routes, cargoes and entry into markets. In 1983, the secretary of transportation would decide whether to move ahead with total deregulation.

The issue ought to be a politically attractive one. As Ms. Schuman points out, excessive regulation of the trucking industry contributes to three of the nation's most pressing problems:

Inflation. Where there are instances of unregulated trucking in areas also served by regulated trucking companies, the rates of the unregulated truckers are often significantly lower than those covered by the ICC.

Bureaucracy. The 2,000 employes of the ICC often serve not the public, but the trucking industry. The ICC receives 5,000 pages a day of proposed rate tariffs and is incapable of reviewing them.

Waste of fuel resources. There are numerous instances when restrictions do not permit haulers to carry goods on a return trip, forcing them to travel empty when in fact there are goods needing to be hauled.

The trucking industry's argument that the change would lead to abandonment of service to many small towns and cities does not seem to wash. The ICC has not been besieged by applications for permission to drop unprofitable routes, essentially because (1) a truck, although expensive, is a small piece of equipment, a small economic unit, compared to an airplane, and it can reasonably serve small communities and (2) the less profitable lines often serve as feeders to the more profitable long-haul lines and are maintained for that reason.

The only reason to doubt that Congress will embrace the trucking deregulation is that the trucking industry is so adamant against it. Just as in the days before airline deregulation, those who are regulated are among the people most vehemently objecting to even partial deregulation. Maybe some of them will at least listen to Frank Borman, the president of Eastern Airlines. During the days before deregulation, Mr. Borman thought it would be bad for his industry.

The other day, Mr. Borman wrote to the White House. He had been wrong, he said, about what deregulation would mean to airlines. And the truckers, he thought, were probably wrong too.

He invited them to try to learn to live with freedom, just as he had.

The parallels are not precise, we know. We have listened to the truckers saying competition would be bad for them and the country. We think they're wrong. And we're struck by a single statistic: Deregulation of the airline industry has meant $2.5 billion savings for consumers.

[From the St. Louis Globe-Democrat, July 9, 1979]

DEREGULATE TRUCKING INDUSTRY

The dramatic success of deregulation of the airline industry should encourage Congress to move quickly to deregulate the trucking industry.

Some of the anti-competitive practices in the regulated trucking business are as unrealistic as they are costly.

Take, for example, the common practice of not permitting many haulers to carry cargo on their return trips. What could be more wasteful in an energy-short economy than to have thousands of trucks going long distances absolutely empty?

In addition to ending this backhaul restriction, the trucking deregulation bill proposed by President Carter and Sen. Edward M. "Teddy" Kennedy would:

End by Dec. 31, 1981, rules requiring a carrier to take a circuitous route.

End by Dec. 31, 1981, all restrictions limiting the types of commodities a carrier may haul.

Make it easier for new carriers to enter the market.

Repeal carriers' exemption from federal antitrust laws that prohibit pricefixing.

Allow carriers the option for two years to lower their rates 20 percent or raise them 5 percent without ICC approval. After that time, they could hike their rates 7 percent annually without ICC approval and lower their charges as they saw fit unless the ICC found them to be "predatory."

Exempt agricultural and horticultural commodities, as well as farm implements, fertilizers and chemicals, from ICC regulation.

Over the years, obtaining a permit to operate from the ICC has grown progressively more difficult, costly and timeconsuming. Rather than go through the long costly procedure of trying to get a new permit from the ICC, trucking companies have elected to buy existing operating rights from other firms at fantastic prices. In 1973 one of these licenses to operate sold for $860,000!

This inability of new firms to gain operating rights from the ICC at a reasonable cost in an acceptable amount of time has had the effect of creating a restricted list of federally-approved trucking firms, which raises the question of why should the government put itself in the position of protecting large trucking firms from competition?

The answer, of course, is that it shouldn't run an exclusive trucking club as it now does.

The official policy of the federal government always has been that it seeks to encourage competition in business and oppose anti-competitive arrangements. But, in regulating the trucking industry, it has created many practices that discourage competition and play into the hands of those who favor anti-competitive practices for their own benefit.

To end this gross wasting of energy and fostering anti-competitive practices that cost consumers a great deal of money, Congress should get Washington out of business of misregulating the trucking industry.

[From the St. Louis Post-Dispatch, July 9, 1979]

TRUCKERS AGAINST FREE ENTERPRISE

It is understandable that the trucking industry should so strongly oppose deregulation, for under the care of the Interstate Commerce Commission rate-cutting is almost impossible, routes are carefully parceled out among the carriers, and new haulers are strenously discouraged. For truckers, then, the ICC functions not so much as an umpire who makes sure everyone plays fair but as a mother who shields them from the bumps and bruises of competition.

Whatever this approach may do for the financial security of the industry, it does little to promote lower rates and better service for shippers and less to uphold one of America's fundamental economic principles—free enterprise. This is not to say that regulation should be abandoned altogether and replaced by unfettered competition; that offers its own kind of undesirable consequences. Instead, what is needed is a regulatory attitude that starts with a presumption on behalf of free enterprise, with the government intervening only to the extent it must in order to safeguard against abuse—predatory pricing, say, or exploitation of captive shippers. But that sensibly cautious reform—contained in a bill sponsored by the Carter administration and supported by Sen. Kennedy—is what the trucking industry and the Teamsters Union so ferociously oppose.

In the wake of the withdrawal of airline service from some small, out-of-the-way communities following deregulation of that industry, senators and representatives are being warned that hundreds, perhaps thousands, of small towns will be similarly affected by trucking degregulation. But in fact the administration proposal does more to assure that small communities are served by trucks than the existing law does.

First of all, it specifically makes the assurance of service to small towns a matter of ICC policy and it makes service to small towns a criterion for allowing new carriers to operate. Moreover, by eliminating restrictions against intermediate stops and the highways truckers may use, the administration bill makes it easier for truckers to serve small towns.

In any case, one is inclined to suspect that concern for shippers in small communities is not so much a reason for the opposition as are such provisions as the one liberalizing entry requirements and another repealing the exemption from antitrust laws that truckers enjoy in setting rates. It is amusing that a bill to assure a wholesome measure of competition should be regarded by the industry as radical and dangerous, but there is nothing funny about the support for keeping the industry on welfare that has developed on Capitol Hill, where trucking interests have contributed to the election campaigns of well over 100 lawmakers.

[From the New York Times, July 14, 1979]

THE TRUCKERS AND THEIR SECURITY BLANKET

Washington is used to the hard sell by lobbyists on behalf of innumerable economic interests. Rarely, though, does it see an effort as big as the trucking industry's current blitz against the deregulation bill that has been offered by the White House and Senator Kennedy.

That should not surprise anyone, since only rarely does proposed legislation mean so much to a major industry. Deregulation would put an end to guaranteed high profits for efficient trucking firms and would mean hard times for the less efficient. It could also, according to the Council on Wage and Price Stability, save the country as much as $5 billion annually on freight costs.

Truck regulation, like the trucking industry, is extremely complicated, but the logic of deregulation is simple. Under the present system, the Interstate Commerce Commission licenses individual firms to serve specific routes and must agree to rates suggested by private associations of trucking companies called "rate bureaus." Over the years that this system has been in force, the industry in effect held its regulators captive—using the commission to keep out unwanted competitors, and keeping rates high enough to protect the inefficient while making the larger, more efficient firms hugely profitable.

The present commissioners have fought back. They have eased restrictions that often force trucks to return home empty, encouraged greater competition for routes, and blocked rate increases. But there is no guarantee that, if the I.C.C.'s powers are left intact, it won't someday be recaptured by the industry. Nor is there any way that even the best-intentioned government can regulate trucking quite as efficiently or as subtly as market forces can. The Carter-Kennedy bill would keep the commission alive, but it would leave to the truckers such question as where trucks go and how much they charge in a competitive industry.

The truckers and their teamster union allies want to keep their security blanket. Last year they contributed $435,000 to Congressional campaigns. The American Trucking Association is now using the services of seven full-time lobbyists to identify its friends and lean on fence-sitters. Prospects for legislation this year are poor, since the truckers managed to maneuver jurisdiction over the bill into the politically sensitive hands of Howard Cannon, chairman of the Senate Commerce Committee.

But if there is one place to take a stand against excessive Government regulation, this is it. The country cannot afford to keep on subsidizing the good life of the people who own and drive America's trucks.

[From the Pittsburgh Post-Gazette, June 22, 1979]

DEREGULATION AND THE TRUCKERS

In their current ill-tempered effort to shut down a large segment of the nation's transport system, independent trucker's may have difficulty recognizing any compatibility between their immediate demands and President Carter's call yesterday for deregulation of the trucking industry. But over the long haul, the deregulation proposal presented by Mr. Carter—like a similar measure sponsored by Sen. Edward Kennedy—would alleviate many of the cramps in interstate commerce now causing so much distress to the independent haulers.

Truckers complain most insistently about the failure of freight rates to keep pace with the esclating price of increasingly scarce fuel. In the deregulated environment sought by the administration, price increases would no longer be restrained by cumbersome regulatory procedures when otherwise justified by skyrocketing costs of operation.

But the fuel problems of truckers would be reduced even more significantly by another feature contained in both the Carter and Kennedy reforms. As soon as deregulation legislation is enacted, truckers will be freed from highly wasteful "backhaul" restrictions which now prevent a truck from carrying cargo while returning to its original destination.

In these energy- and inflation-conscious times, there is no reason for the government to require a truck that has carried goods from Pittsburgh to Los Angeles to make the return trip without cargo. With "backhaul" restrictions removed, the truckers would realize substantial economies. Since empty trucks now account for an estimated 20 percent of the industry's total annual mileage, the elimination of backhaul restrictions should also bring a more abundant supply of gasoline for the truckers.

Those significant benefits alone ought to persuade Congress and the independents of the need for trucking deregulation. But several other portions of the proposed reforms also will introduce a healthier, more competitive atmosphere to an industry which has allowed monopolists to grow fat and lazy while independents twist in the wind and consumers pay an estimated $5 billion each year in surplus costs. With elimination of Interstate Commerce Commission certifications, it would no longer be possible for individual trucking firms to gain lucrative corners on the transport of individual commodities across restricted routes. Under the present system, independent truckers often are forced to pay extortionate secondary fees to lease their services where such certificates hold sway. Under the reforms, all routes and commodities would be open to all truckers.

Because the independent truckers are so ensnarled in regulatory red tape, the reforms may not arrive quickly enough to alleviate their present distress. To deal with those immediate strains, Congress and the administration will have to assure an adequate supply of fuel for the transporters of the nation's commerce. But by acting quickly on the proposed regulatory reforms, Congress can minimize the possibility of such disruptions occuring in the future.

[From the Cleveland Plain Dealer, July 2, 1979]

Truck Deregulation

The current Senate Commerce Committee hearing on deregulation of the trucking industry comes at a most appropriate time.

The nation's need to conserve fuel and combat inflation is more pressing than ever. In large measure, deregulation of the trucking industry could help reach those goals.

It is an absurd situation that, in time of fuel shortage, federal regulation compels fuel waste. It does this in the trucking industry by placing restrictions on truck routes, cargoes and delivery points. The result is that any given time an estimated 20 percent to 40 percent of all trucks on the highways run empty.

This adds to the cost of all goods. So also does the existing right of trucking companies to form rate bureaus to set prices for their services. In this they are exempt from antitrust laws.

There is another factor that tends to push trucking costs higher: restraint on competition within the industry. Existing regulation has barred new trucking companies from the market even if they have been able to show that they can provide better service or service at a lower price.

All of this, according to various studies, adds anywhere from $2 billion to $5 billion annually to shipping costs which, in the end, must be paid by consumers.

Over several decades the trucking industry has prospered and grown comfortable under a protective cover of regulation administered by the federal government's Interstate Commerce Commission (ICC). The industry's growth has been paralleled in the ICC itself. The agency today is a bureaucratic giant with more than 2,100 employes and an annual budget of about $75 million to watch over not only the trucking industry but the railroad, pipeline, barge and bus industries as well.

It is understandable that trucking associations and unions oppose deregulation of their industry. They want no one to rock their comfortable boat. They want no disruptions of what they perceive as orderly, efficient ways of doing business.

This is reminiscent of opposition to deregulation in the airline industry. But since passage of the Airline Deregulation Act in 1978, airline fares are down and profits and passenger traffic are up. The head of one airline that had opposed deregulation recently advertised: "We are now convinced that it works—not only for the consumer, but for the airlines as well."

It is not unreasonable to think that deregulation could work also for the trucking industry as well as the consumer. The legislation proposed jointly by the Carter administration and Sen. Edward M. Kennedy, D-Mass., deserves favorable consideration in a Congress that should be attuned especially to today's threats of inflation and fuel shortages.

[From the Providence, R.I., Bulletin, June 27, 1979]

Deregulating the Truckers: The Sky Will Not Fall

On one front, at least, President Carter's anti-inflation thrust is right on target, and American consumers can serve their own best interests by sending this message to their representatives in Congress: Vote YES for Mr. Carter's trucking deregulation bill.

Although the recent country-wide trucker strikes have nothing to do with Mr. Carter's proposed legislation, they underscore the key role of the $108 billion industry that carries about 25 percent of all freight and collects 72 percent of the national freight bill.

The premise of Mr. Carter's measure is that the Interstate Commerce Commission, which regulates the trucking industry, ought to base its decisions on the following standards: maximum competition; free entry into the industry by newcomers; fair wages and decent working conditions; improved transportation safety; and better service to small communities.

In fact, however, since Congress set up the ICC in 1935 to regulate trucking, it has become the handmaiden of the industry. Instead of maximizing competition, it has restricted it. Instead of using its rate-setting powers to keep prices down, it has rubber-stamped price increases that the truckers set for themselves (because Congress unwisely exempted them from antitrust laws). Instead of helping the industry improve productivity, it has done the opposite with regulations that would make a Soviet commissar blush.

By eliminating many of these nightmarish regulations, Mr. Carter's reforms would save the consumer a conservatively estimated $5 billion a year. This would strike a meaningful blow against inflation. It would save vast quantities of fuel, at a time when not only motorists but truckers themselves are struggling with a gasoline and diesel fuel shortage.

Among the specific recommendations of the Carter deregulation bill:

Immediate removal of backhaul restrictions. Forcing truckers to "deadhead" back to their point of origin with empty vans is an unconscionable waste of fuel, man-hours and money.

Immediate removal of prohibitions on intermediate stops. Truckers should be able to make any stops they want in order to maximize loads. This would increase their productivity, and give smaller towns the best possible service.

Phase out by December, 1981 route restrictions and circuitous routing. There is no justification for the ICC to specify the exact route over which a truck must travel. Requiring a truck to dog-leg through "gateway cities" hundreds of miles out of the way is bureaucracy gone amok.

End all commodity restrictions by December, 1982. No useful public purpose is served by telling a carrier he may haul crated but not uncrated machinery. Or paint in two-gallon but not five-gallon cans. Or bananas but not pineapples.

These are typical of the reforms sought by Mr. Carter. That they are needed can hardly be in question. What is in question is how the ICC ever strayed from its intended mission of protecting the public to its current ambivalent role of pampering and punishing the trucking industry, while abandoning utterly the public interest.

A good guess has to be that powerful segments of the trucking industry are willing to put up with such insanity because the ICC has been all too willing to lend its powers to give these interests an edge in their particular corner of the market. This might explain the trucking industry's frantic drive to shoot down President Carter's deregulation bill, and to draw up a substitute measure of its own.

Those truckers who bleat that deregulation will do more harm than good should take a look at their sister airline industry, which got a bit hysterical when Congress proposed deregulation. To its credit, Congress ignored the warnings of dire consequences and pulled the regulatory plug. Most of the air carriers now love it, and the public benefits from more choices among flight schedules and fares.

It is high time for the truckers to take the same cold shower—and for the ICC to get back to the basics of what government regulation ought and ought not to be.●

ALF LANDON ON RUSSIANS IN CUBA

● Mr. DOLE. Mr. President, a few days ago I submitted a resolution calling for a deferral of the SALT II Treaty until the situation with respect to Russian combat troops deployed in Cuba is resolved. This was done with no intent to circumvent either the proper legislative procedures of this body, nor to avoid a discussion of the merits of the SALT II Treaty itself. But it just seems to me that we are engaged in a pointless and certainly fruitless exercise in international policymaking with a competing superpower if a challenge to our previous understandings with Russia remains in question.

On the recent occasion of his 92d birthday, one of our greatest elder statesmen had a few typically trenchant remarks on this crisis. Alf Landon, Governor of Kansas and Republican Presidential nominee, has earned respect—bipartisan respect—for his able leadership in the past and his continuing political observations, noted for his insight and straight to the heart of the matter directness.

Mr. President, I am proud to offer Alf Landon's comments for the Record and to congratulate him, as I am sure all of my distinguished colleagues honored to know him do also, on his 92d birthday. I request that two articles marking this event be printed in the Record following my remarks.

The article follows:

[From the Independence Reporter, Sept. 9, 1979]

Alf Landon Celebrating 92d

Topeka, Kans.—Alf M. Landon is 92 today. For the first time, Kansas is officially recognizing his birthday, even though he's lived in his adopted state for eight decades and served it as governor in 1933–37.

The 1979 Legislature designated Sept. 9 as "Alf Landon Day" in tribute to the state's most publicized elder statesman and most honored non-native son.

Landon, born in West Middlesex, Pa., in 1887, was described in the legislative resolution as "a source of knowledge to state and national leaders."

Although the declaration seemed overdue to many Kansans, it pleased Landon immensely, especially since it won unanimous support from Republicans and Democrats alike.

The bipartisan endorsement of the resolution proclaiming his day wasn't lost on Landon, who has always proudly called himself a politician.

The fact the resolution passed unanimously persuaded Landon that he should avoid partisan political issues in what has become his annual birthday interview with The Associated Press.

Instead, he preferred to talk about the international situation, a major topic among his wide-ranging interests.

He expressed deep concern about the political and economic state of the world, especially the developing showdown between the U.S. and Russia over the presence of Soviet troops in Cuba. He said he considers the situation as serious as the Berlin blockade and the Cuban missile crisis.

Landon, who ran for president against Franklin D. Roosevelt 43 years ago but never tried for elective office again, will be the first to admit he's slowed down in recent years.

His last major speech was two and a half years ago in Chicago, when he was 89. The trip was so taxing, he conceded, that he can never try that again.

He no longer travels the 60 miles to nearby Manhattan for the addresses in the Landon Lecture Series, named for him when they were initiated 13 years ago at Kansas State University.

He no longer rides Red, his aging horse, up the Kansas River bottom. His frequent rides now are limited to a half hour or an hour around the Landon estate in northwest Topeka.

He also spends less time in the office at his Topeka radio station, WREN, and does more and more of his work—supervising his six radio stations in Kansas and Colorado and his oil business—by telephone.

His doctor has prescribed physical checkups every two months, mainly to keep tabs on an irregular hearbeat which hospitalized him last May. He had his latest checkup last Tuesday. "I'm doing OK," he reported.

In keeping with his reduced schedule, today's birthday observance at the Landon home will be subdued.

Wife Theo is having dinner for a dozen family members, including U.S. Sen. Nancy Landon Kassebaum, who was scheduled to fly in Saturday from Washington.

Son Jack also was due from Fort Collins, Colo., along with a handful of grandchildren and one of Landon's six great-grandchildren.

Other than the family dinner, Landon said his birthday would be routine.

"I'll go down the driveway to get the paper, and I'll go down to the barn to feed Red. I'll pick some apples for him. Then, it'll be just the family dinner and I'll probably listen to the ballgame in the afternoon."

His views on the Cuban situation dominated a recent interview.

Presence of Soviet troops in that island nation and uncertainty over Soviet intentions in the Caribbean pose as serious a crisis for the U.S. as the Berlin blockade and the Cuban missile crisis, he said.

"This is a critical escalation of our problems with Russia. This really supersedes, for the time being at least, ratification of the SALT II treaty and the president's energy program. How it's settled is going to have a profound effect on SALT II, international relations and the policies of all countries," he said.

"Back on the early 1960s, they started to ship their missiles into Cuba and we faced them eyeball to eyeball," he said. "We face a repeat of that situation now.

"It's another example of Russia's expanding its influence, and our apparent reluctance to do anything about it. I consider that very serious."

Asked what the U.S. should do, Landon replied:

"That's a question for the president, who is in possession of all the facts. This is too serious a situation for any partisan political analysis of what should be done.

"For me to venture any position as to what we should do about it is not proper, because the president has all the facts, it is his decision."

Landon said he sees the Russian actions as testing U.S. will power, not as a gambit to win Senate approval of SALT II.

"The president knows all the ramifications involved," Landon said. "I am anxiously awaiting his decision."

[From the Kansas City Times, Sept. 7, 1979]

Old Gambit, New Players—Soviets, as Did Germans, Are Testing United States, Alf Landon Says

Topeka.—Alf M. Landon, the Republican Party's foremost elder statesman, who will mark his 92nd birthday Sunday, has likened the presence of Russian combat troops in Cuba to Germany's occupation of France in World Wars I and II.

Landon, the GOP's presidential candidate in 1936, said he believed that Russia was testing U.S. willpower and that the American public did not yet recognize the seriousness of the situation.

He said the Soviet troops posed the same kind of threat to the United States that German troops did twice this century "not only to Great Britain, but also to all democratic governments in the world."

In an interview Thursday, Landon said the Russian troops in Cuba represent a dramatic deterioration in U.S.-Soviet relations.

He said the Soviet troops' presence was an indication that Leonid Brezhnev was making the same mistake that German leaders made in the early stages of both world wars—"overestimating the so-called isolation sentiment in America."

At the outset of both world wars, Landon said, the Germans did not believe the United States would come to the defense of England and Europe. Now, he added, the Soviet Union apparently believes this nation will tolerate Russian troops 90 miles from its shore.

Landon said he supported Secretary of State Cyrus Vance's statement Wednesday that the United States would not allow the status quo in Cuba.

Landon said Germany's Kaiser Wilhelm "had contempt for England's willingness or military ability to effectively resist his occupation" in World War I.

"He also made the tragic mistake for Germany and the rest of the world of not believing that America would come to the support of England and what was left of the French government," Landon said. "We did, and furnished the resources and the troops to win that war."

Adolph Hitler repeated that mistake, Landon added, "in dismissing America's support of England" in World War II.

"Today, we occupy precisely the position that England did early in the world wars, with Russia's combat troops in Cuba," he said.

"Brezhnev has made the same mistake in thinking that America will tolerate the presence of a sizeable force of combat troops in Cuba.

"I've always advocated a policy of maintaining talks with Russia, on the theory that if you're talking you aren't shooting.

"I've also advocated speaking softly but carrying a big stick. I've also said we can't have guns and butter at the same time. Today, we have neither butter nor guns.

"This is no time to be trying to assess the blame for the confusion in our past and present foreign policy. It is time to rally to the support of our government.

"We do have economic resources Russia does not have. We also have world opinion on our side. The only way Russia can enforce its position is through world war. And it does not have the food, strength or knockout power to win that kind of war.

"This ends the SALT II debate. This is not a test by Russia to get SALT II ratified. This is a test to see how we stand up to an overt military act." ●

THE PROBLEM OF ILLITERACY

● Mr. McGOVERN. Mr. President, as schools across the country are reopening their doors, national attention is once again focused on the classrooms of the Nation. As two recent articles from the New York Times point out, we should not only attend to the quality of education from kindergarten to 12th grade, but also the level of education attained and maintained by our adult population.

On September 8 of last year, I delivered a speech on illiteracy in which I outlined the extent of illiteracy in and out of our schools, and reviewed the scope of current Federal programs to combat the incidence of illiteracy. I reported the results of Federal studies that found 13 percent of white, 42 percent of black, and 56 percent of Hispanic 17-year-olds functionally illiterate. As a result of that initial investigation I urged the establishment of a National Commission on Literacy to investigate the causes, the extent, and the effect of current and past, public and private programs and policies related to improving the quality of education in the United States. In addition, that commission was charged with formulating recommendations for the Congress, the President, and the American people.

At that time, I stated that America was behind the Soviet Union, that we have three times as many illiterates. I am sorry to say that since that speech no major action has been taken to recognize or to remedy this unconscionable situation, and that in fact, the situation has steadily worsened. I just wonder how long it will take before we get this problem in hand. How many more years, how many more drops in SAT scores, how many more percentage points added to our adult illiteracy rate before we finally wake up to the fact that we have a serious problem that is eroding our ability to cope successfully with events that threaten the social, economic, and political security of this Nation.

As the country becomes increasingly absorbed with solving inflation and the energy crisis, we should not continue to neglect the most important weapon we have in fighting to keep America strong—the intelligence and the competence of every American. When our President calls on each and every American to help in a fight, the outcome of which affects every American family, how quick and sure will our victory be when 23 million adult Americans cannot even read the title page of the latest Government handbook on energy conservation? How will 86 millon be able to conserve gasoline when they cannot even compute their car's mileage per gallon, or how will 78 million stretch their dollars when they cannot compute the unit price of an item? When people are not equipped to confront these problems effectively, they certainly will not be part of the solution.

Mr. President, I urge my colleagues to read these two articles which address the declining achievement of our recent high school graduates, and the magnitude of our indifference to their equally miseducated parents. I ask that these two articles be printed in the RECORD.

The articles follow:

Scholastic Aptitude Test Scores Drop as 10-Year Trend Goes On

WASHINGTON, Sept. 8.—The Scholastic Aptitude Test scores of America's high school seniors fell slightly this year, continuing a downward trend that began a decade ago, the College Board said today.

The average S.A.T. verbal score dropped two points to 427, and the mathematics score dropped one point to 467.

The multiple-choice test taken by a million college-bound seniors is scored on a scale of 200 to 800. Ten years ago the average verbal score was 463 and math score, 493. Originally 500 was supposed to be average.

Although the test was designed to rate students, not schools, the national decline in scores has been viewed in many quarters as evidence that something is amiss in American education.

Robert G. Cameron, a College Board official, said that the latest decline was "disappointing in light of what many schools have been doing to improve education."

But he added, "Since there are many causes for the decline, schools cannot expect to reverse the trend quickly or single-handedly."

CONTRIBUTING FACTORS CITED

A 1977 College Board study concluded that a variety of factors, including television, changes in the family, relaxed standards and the tubulence surrounding the Vietnam War and Watergate, were responsible for the drop in test scores since 1970. The increasing numbers of minority students taking the test figured in a drop before 1970, but since the the decline has affected students across the board, the study said.

Members of minorities and low-income youths of all races were generally found to score 100 points below average.

The test has been involved in a controversy recently over whether coaching increases students' scores.

The College Board maintains that drills and cramming are not likely to raise students' scores very much because the test measures skills developed over a long time. But a recent Federal Trade Commission study indicated that coaching schools might help some students.

The College Board also disclosed the following from a questionnaire given to test takers:

Seventeen percent were members of minorities, a record.

Test takers chose business as their most popular field of study in college, dropping health and medicine to second place for the first time. 'This switch is primarily due to women, whose interest in business has more than doubled since 1973," the board said.

The college-bound seniors reported a median family income of $20,800.

Their parents were expected to pay a median of $1,190 toward college costs, according to the board's College Scholarship Service. The amount for black and Puerto Rican families was $410; Mexican-Americans, $470; American Indians, $590; Asians, $720, and whites $1,570.

Fight on Illiteracy Found to Lag Badly—Report Calls for Programs to Train Adults in Poor Areas of U.S.

(By Gene I. Maeroff)

Efforts to eradicate illiteracy in the United States are grossly inadequate, and new and varied approaches are needed to help tens of millions of adults who lack the skills to perform basic tasks, according to a report issued yesterday by the Ford Foundation.

"Publicly proclaimed goals and actual achievements are far apart," the report says in criticizing existing projects aimed at illiteracy. "The public rhetoric of these programs is designed to secure legislation and funding from a Congress that knows little about its educationally and economically marginal constituents."

The report, entitled "Adult Illiteracy in the United States: A Report to the Ford Foundation," calls for the creation of a network of community-based programs in the neighborhoods of the poor as the key to a vast attempt to increase the functional skills of adults.

Participants would help design the programs based on their own needs. The acquisition of reading and writing skills would be directed toward enabling men and women to join more fully in society by linking instruction to such endeavors as job training, community activism and attempts to improve housing and health care.

A problem of existing programs, the document maintains, is that they are not immediately relevant to people's lives and, as a result, fail to reach large numbers of illiterate people. "Only 2 to 4 percent of them ever enter the programs," according to the report, which has been published as a book by McGraw-Hill.

The authors of the two-year study are Carman St. John Hunter, a staff member of World Education, and David Harman, an education professor at Hebrew University in Israel. World Education is an international nonprofit organization concerned with community development and nonformal education.

The extensive growth of adult education around the country has apparently bypassed people with the least schooling. The report cities figures showing that while people with less than a high school education constitute 40 percent of the adult population, they make up only 13 percent of the participants in adult education.

Complicating the battle against illiteracy is the question of determining the amount of reading ability a person needs to cope with an increasingly complex society.

WIDESPREAD ILLITERACY HINTED

The report relies on statistics gathered in earlier studies of illiteracy in the United States. Mrs. Hunter said in an interview that the number of illiterates was uncertain and that researchers must depend on figures that would seem to indicate the likelihood of widespread illiteracy.

For example, two million adult Americans never attended any school, 14 million more never finished the fifth grade, 10 million others dropped out between the fifth grade and the eighth grade and 30 million dropped out of high school, making a total of 56 million adults without diplomas.

An additional indicator of illiteracy was the Adult Performance Level survey sponsored by the Federal Government in 1975. It was found that 23 million adults "lacked important functional competencies" and 34 million more "were functional but not proficient."

Mrs. Hunter said that the total inability to read or write, which is considered evidence of illiteracy in the underdeveloped parts of the world, is not necessarily an accurate measure of literacy in the United States, where a higher level of functioning is needed to get by in society.

THE DEFINITION OF LITERACY

In effect, the report deals with the implications of an evolving definition of literacy.

"Many of the Americans we are talking about would be considered educated in India or Indonesia," Mrs. Hunter said. "But the classic definition of literacy, the reading and writing people learn in the first four grades of school, is not enough in the United States."

Literacy is increasingly assessed by the ability to apply reading and writing skills. Many adults who know the alphabet and can write words are, for instance, nonetheless unable to address a letter so that it will reach its destination or interpret a bus schedule or understand a printed explanation of finance charges.

The report presumes that there is a strong relationship between poverty and illiteracy, pointing out that 41 million American adults earn less than $5,000 a year and that they are usually the people with the least schooling.

There is a hard core of illiterates, disproportionately members of minority groups, who almost never enroll in any of the programs designed to combat illiteracy, according to the report.

"Only by intensive attention will they be reached by any educational program," the document says. "Many will never enroll in programs of any sort for diverse reasons: cultural or linguistic barriers, fear of failing, distrust of the institutions of the mainstream culture, reliance on electronic media as a substitute for the written word, and the ability of some to find satisfaction despite low levels of academic attainment."

POTENTIAL SUPPORT SEEN

The informal, community-based approach to literacy envisioned in the report supposedly has the potential to win the confidence of people who would otherwise be suspicious of solutions that they consider imposed upon them from the outside.

The report contains some praise for the nation's biggest anti-illiteracy project, the Adult Basic Education program, which was established by the Economic Opportunity Act of 1964 and was later transferred to the Elementary and Secondary Education Act. By 1976, this program enrolled 1,700,000 adults and was receiving $67.5 million in Federal assistance and $184 million in local and state funds.

Yet, persistent problems plague the Adult Basic Education program and one-third of the adults drop out of the courses, which last the equivalent of about one semester. Furthermore, the report asserts that many of the teachers tend to have little familiarity with the impoverishment of the adults they are teaching.●

A FINAL LOOK BACK

● Mr. GOLDWATER. Mr. President, on July 28 this Nation lost one of its most dedicated patriots and one of its finest authorities on constitutional law when Dean Clarence Manion passed away from the results of a stroke suffered 2 weeks earlier. The former head of the Notre Dame Law School and chairman of President Eisenhower's Commission on Intergovernmental Relations had long been associated with the cause of sound Government and adequate defense for the United States. He was founder of the highly respected Manion Forum radio program which was inaugurated in 1954 and continued up to the time of his death.

Mr. President, over the years I was associated with Dean Manion in many projects designed to make our Government more responsible to the needs of its citizens. He was of great assistance to me in the pursuit of conservative causes and assisted me in the publication of my book, "The Conscience of a Conservative." I could go on at great length extolling the accomplishments of this dedicated and remarkable man; however, I certainly could not improve upon the memorial written for the Manion Forum of August 19 by his son, Daniel A. Manion, a State Senator from the State of Indiana.

I hereby ask to have State Senator Manion's tribute to his father, entitled "A Final Look Back" printed in the RECORD.

The article follows:

A FINAL LOOK BACK—THE FRUITS OF THE SOIL OF GOD'S CREATIVE PURPOSE

(By Daniel A. Manion)

As we announced over the Manion Forum network last week, Dean Clarence Manion died on July 28, 1979, at the age of 83 of complications resulting from a stroke suffered two weeks earlier. This week's broadcast will be the last to be heard on the Manion Forum. After 25 years on the air, it is difficult to face the reality of having to close.

Yet, after much discussion among the members of the family, we feel satisfied with this decision. God has called Dean Manion, and, after all, Dean Manion was the Manion Forum. From start to finish he was the editor and decision maker of everything that went into the broadcasts and publications. To go forward with any project that would be under the name of the Manion Forum that did not have the careful scrutiny of Dean Manion would be something different, something new. No matter how good or how well meaning that new project might have been, it would not be the Manion Forum. Therefore, our family and close friends of the Manion Forum reluctantly agreed that it is better to end on a positive note and to package and preserve the legacy as it is.

In this, the final analysis, I want to take a brief look at the Manion Forum's history and its purpose. In his first broadcast over the Manion Forum network on October 3, 1954, Dean Manion stated "I am here now, next week and hereafter, to tell you the simple truth as I see it, limited only by the principles of decency, morality and good taste."

In what was to be his final 15-minute broadcast, heard on July 8, 1979, Dean Manion said, "I refused then and still refuse to turn around. I stand now, as I did then, for the historic independence and national sovereignty of the United States. You will hear more of my reasons why, in future Manion Forum broadcasts."

Well, we won't hear any more of those reasons. But really we need only to examine the vast reservoir of information that Dad left behind to know and understand those reasons that he could have given in the future.

In his book, Lessons in Liberty, written years before the Manion Forum came into being, Dean Manion constructed a diagram called the "Tree of Liberty," which diagram clearly illustrated the source and evolution of constitutional government in the United States. As with any tree, the Tree of Liberty started with the soil, in Dad's words "the soil of God's creative purpose." This was the foundation of all of Dean Manion's philosophy. As he stated in *Lessons in Liberty*, "this is the only soil in which the real Tree of Liberty can grow and live. If this tree, strong and broad as it now is, were transplanted to other soil it would soon wither and die."

The roots were the next part of the Tree of Liberty in Dean Manion's diagram. These roots consisted of the principles of the Declaration of Independence. In a guest editorial appearing in the July 4, 1971, issue of the New York Times entitled "A Very Rare Document," Dean Manion analyzed the Declaration and how it was founded on faith in God. He said "to proclaim 'that all men are created equal' and that 'they are endowed by their Creator with certain unalienable rights' goes far beyond any supporting floor of material evidence. Such a proclamation is a profound act of faith which each of the signers of the Declaration performed when he subscribed to it. . . .

"The signers thus truly believed that all men are equal before God but they knew from the evidence that man-to-man, all men are unequal; that here and now, each man is different from every other man. From the unquestionable evidence, they knew that the Creator gives each of us a special personality that is obvious from our looks and actions and is finally certified by the examination of our fingerprint, our God-given individulating trademark which distinguishes each of us from every other person who has ever lived."

The rest of the Tree of Liberty, of course, consisted of our federal system with the individual State and Federal Constitutions forming the trunk of the tree, and all of the branches of the state and federal government logically forming the branches of the tree. But all were founded on God's creative purpose and the unalienable rights that were endowed by our Creator, those of life, liberty and the pursuit of happiness.

This was the underlying philosophy that Dean Manion brought to the Manion Forum. But Dad didn't just espouse these principles—he lived by them. In 1934, when he ran for the U.S. Senate, the state Democratic nominating convention was deadlocked among three people. Deals were offered and made—but Dad wouldn't deal, and he lost.

When Clarence Manion was serving as Indiana Director of the National Emergency Council in the Roosevelt administration, a conflict arose. Dad felt strongly that the United States should not get involved in the war in Europe. When presidential assistants and other power brokers insisted that he promote the party line, Dad resigned instead.

In 1952, after teaching 25 years in the Notre Dame Law School, and after serving the last eleven of those years as the Law school's Dean, Dean Manion resigned. He had recently authorized the best selling book, the Key to Peace. Also at that time he was active in the Taft for President campaign. And, if that was not enough, on behalf of the American Bar Association, he was aggressively pursuing the adoption of the Bricker Amendment which would prevent treaties with foreign nations from interfering with the reserved right of the states. The heavy demand for speaking engagements on those issues made it impossible for him to continue as Dean.

Taft lost and Eisenhower won, and perhaps at Taft's request President Eisenhower appointed Dean Manion to the Chairmanship of the Commission on Inter-governmental Relations. The intent of the Commission was to return the taxing and regulatory power to the states.

Dean Manion's July 8 Manion Forum broadcast covers the details of that appointment and the subsequent controversies surrounding it. But what that broadcast does not relate is that when the Eisenhower administration changed from a neutral to a negative position on the Bricker Amendment, Presidential aides and power brokers again emerged. They insisted that if Dad would back off from his campaign for the Bricker Amendment, he would receive the next appointment to the U.S. Supreme Court. Not only was Dad a brilliant constitutional law expert and former Dean of the Notre Dame Law School, but he was also a Catholic Democrat, the apparent ethnic requirement that the High Court lacked at that time.

For some, that was a tempting prize indeed. But for Dad, he not only disregarded the Supreme Court lure but also resigned from the chairmanship of the prestigious Commission and continued his endeavors for the Bricker Amendment—which incidentally was ultimately one vote short of the two-thirds majority required in the Senate.

At that point in his incredible career Dean Manion founded the Manion Forum, which would continue for nearly a quarter century until this its final day. But the bottom line on that career was not the prestige and influence that sometimes followed his many pursuits, but rather it was Dean Manion's continual subordination of personal gain to what he believed was right. Whether a Senate seat or seat on a Supreme Court for Dean Manion, principle always prevailed over political expediency.

Before we close the book on this final chapter of what will undoubtedly be recognized historically as an American institution, we should recognize also those loyal workers in the Manion Forum who helped make it great. Emmett Mellenthin, who died June 6, 1979, and who was the subject of Dad's own final broadcast on July 8, was the director, engineer and Mr. Everything from the beginning. Trudy Kreider who has been with us for 23 years and Marlene Rumsey who has been with us for 20 years are the loyal and hard working office ladies who handled the large volume of work throughout the years and who remain with us to the end. Eugene Alexander, the accountant and also administrator of many of the many details, has been with the Forum for the past 15 years. And Wilda Polt, from the beginning until just a few years ago, was the office manager and editor. Captain Frank Manson in recent years was the invaluable on-the-spot reporter in Washington who obtained so many magnificent interviews for the Forum. And finally my sister, Marilyn Manion Thies, worked for the Forum for a number of years and for the last 12 years has written the Manion Forum Newsletter, (the last of which appears on the back of this broadcast). For their excellent work and unqualified loyalty, we thank each and all of them and commend their work as Dad so often did.

We are very much aware that many friends of the Manion Forum would love to see it continue, at least under some form. Because of the fact that the Forum has in its treasury every recorded broadcast since the beginning, we plan to preserve the tapes in an accessible place for research and possibly even reproduction. But no matter what new entity, if any, takes over from the point on, it will not be the Manion Forum, because Clarence Manion was the Manion Forum.

To perpetuate the Manion Forum as it has been up till now is an impossibility, and we choose to put it to rest when it is on a high note. Future generations will always be able to draw upon it as the excellent source of information that Dad so carefully insisted that it be.

The Manion Forum always did have and still has money problems. I guess it was a non-profit organization on the first order. But not only did Dean Manion never receive any money for his mammoth effort and sacrifice—he always refused to ask for contributions over the air, and we are not going to start now.

Rather, we are ending all of this by tying a final ribbon on a beautiful package whose contents contains a 25-year legacy that is undoubtedly unsurpassed anywhere. The package includes the prolific writings of Dean Manion, exclusive interviews with leaders of business, religion, government and education. Some of those interviews include the voices of former President Herbert Hoover, Richard Cardinal Cushing, Captain Eddie Rickenbacker, Senator Joseph McCarthy, General Douglas MacArthur and hundreds more. In fact, the first national broadcast that Senator Barry Goldwater ever made was on the Manion Forum in 1957. And incidentally, it was Dean Manion who published The Conscience of a Conservative, the book that launched Barry Goldwater and the Conservative movement into national prominence. At that time no one else would publish it.

These historic broadcasts are not sensational merely for their content at the time—rather, many of the issues discussed by Dean Manion and his guests were presented with amazing foresight. Broadcasts warning of such things as the possible bankruptcy of the Social Security system, the threat of a weakening National Defense, the approach of runaway inflation and mammoth deficits, as well as numerous other subjects were presented long before these unfortunate problems actually occurred.

But regardless of the controversy at the time, the Manion Forum microphone was always available to patriots and advocates of the conservative cause when they were otherwise precluded from the national media. For that reason alone there is no doubt that the preservation of freedom in this country was better served.

In addition to the 15 minute broadcasts and interviews presented during the 25 year history of the Manion Forum, for the past several years Dean Manion also personally wrote daily three minute Footnotes. The last line of the last Footnote he recorded was this: "Regardless of its civil code of laws, a society that is not held together consciously by its teaching and observance of the laws of Almighty God is unfit for human habitation and doomed to destroy itself." That line beautifully sums up those principles he always espoused and lived. Those same principles diagramed in the Tree of Liberty. Those same principles so carefully brought out by his favorite example of that individuating fingerprint that underscores the miracle of God's creation.

Sometimes shoes are hard to fill, and often footsteps are tough to follow. But fingerprints are never duplicated—rather they are God's way of saying we are equal only under the scrutiny of his infinite wisdom and mercy.

The Manion Forum is Dad's fingerprint. It is a vast legacy through which he touched us all. The other members of the family and I choose to leave it that way—never duplicated, never smeared, but unmistakenly Dean Clarence Manion. With that, this is the Manion Forum finally, and prayerfully, signing off.

My Old Kentucky Home, Good Night

Dean Clarence Manion was eighty-three when he died.

He was my Dad.

We buried him on a hot July day in the Year of Our Lord 1979, after a funeral Mass at the parish church our family had attended for more than forty years.

The people who came to pay their last respects joined the family in singing America the Beautiful and God Bless America. Dad loved his independent nation under God, and these songs expressed that love.

Then, before the mourners left the church, my brother Christopher, from the depths of the choir loft, sang My Old Kentucky Home. Dad was born and raised in Kentucky; whatever took place after he left his home state many years ago was moulded by that birthright. Dad loved Kentucky with a nostalgic fondness; he loved the United States of America with a grand passion. He was a patriot.

My cousin, Father Miles Riley, flew to South Bend from San Francisco to be with us for the wake and to say the funeral Mass. Our last goodbye to Dad was a family affair. All five of his children helped plan the service. His sons, Dan and Christopher, read the passages from Scripture. Two of his grandchildren presented the gifts at the Offertory.

We made it a family-oriented service because Dad believed so much in the importance of the family. He felt—no, he *knew*—that the family is the backbone and the basis of society. He maintained that families, not the State, should take care of their members.

Dad, as Father Miles pointed out in his funeral homily, was a traditionalist. He believed in conserving the heritage left to us by our forefathers. He believed in God, in man's obligation to obey God, and in man's duty to organize his life in a way pleasing to God. Dad strove always to live by the precepts of his faith. He was firmly convinced that, if every person on earth were to observe the Ten Commandments, our world would be free of the strife and evils which now threaten us all.

Dad is in Heaven. We in his family know that, and so the tears we shed are not for him. We weep for ourselves, because we miss him very much. We hope that all of you in his radio family—and he did love you dearly—will rejoice in his homecoming to God's heavenly kingdom.●

NATIONAL MEALS ON WHEELS WEEK

● Mr. WILLIAMS. Mr. President, it is with a sense of real pride that I join my colleagues in the Senate and the thousands of people across the Nation who are celebrating National Meals on Wheels Week.

As the former chairman of the Special Committee on Aging, and as chairman of the Labor and Human Resources Committee, I have had the opportunity to thoroughly study the complex problems facing our elderly. Medical bills, skyrocketing housing costs, plus inflation have eaten away at their assets and they have watched as their fixed incomes and retirement nest eggs dwindle away.

Letters from constituents and testimony given during Senate hearings repeatedly bring home the fact that a significant number of senior citizens are confined to their dwellings, and isolated from others in their community because of their inability to get out on their own. Many are also plagued by malnutrition and hunger because they either cannot afford to buy enough food, or they are not physically able to prepare three well-balanced meals for themselves each day.

In 1965, Congress formally acknowledged this problem and decided to build on an existing volunteer network to bring hot, nutritious meals to the elderly. Federal funds were authorized to bring meals to the homebound, and provide food at congregate facilities. I cannot understate how rewarding it has been to see this program grow not only in size but in stature. It is a successful program and one which I am proud to champion in the Senate, and throughout the country. I have worked with meals on wheels groups in New Jersey, and I have seen the joy on the seniors' faces when their volunteers come to deliver a meal. And I have seen the rapport which grows among all the participants in the program. All to often the volunteer who delivers the food is the only contact which homebound elderly have with the outside world.

This friendship which blossoms between program participants is one of the most important aspects of meals on wheels. The nutritious food may avert malnutrition and help keep an elderly person from needless institutionalization, but it is the human interaction between volunteer and the homebound which makes the program invaluable.

Throughout the years, I have received many letters from New Jersey senior citizens, telling me how much the meals on wheels program has meant to them.

One man wrote:

> I am a widower, 78 years old, with no one to cook for me. I never eat properly. Dry cereals and eggs or jelly on toast is very filling but I lost 22 pounds. One day my neighbor took me to lunch at the nutrition center. It has really saved my life. . . . The food is really delicious and served by such wonderful people.

Another person said:

> We need these meals to help us at this serious time of high prices. My social security will not reach to buy the variety of diet we get . . . which is essential to our health.

And yet another wrote:

> My Aunt and I are among the grateful people who receive the Meals on Wheels. This is a wonderful program for those of us who are disabled and have limited incomes. I hope it can continue. The people at the site render a greater service in preparing and delivering the meals . . . I find old age sad and frustrating not as Browning said . . . "Grow old along with me, the best is yet to be, the last of life, for which the first was made."

Volunteers also write about their experiences with the program. Dedicated, concerned people, they understand how much their work means to others.

One worker wrote:

> Bill and I volunteer our services. In many ways we believe in the program and know how many benefits come from it. The educational, health and social aspects are of value and interest to us. As seniors we feel that having lived respectful lives and paying our taxes approximately fifty years, we should be given some consideration especially during a period of high inflation . . . it can lighten the burden where there is a fixed income.

Both the meals delivered to the homebound elderly and those meals served in the congregate eating sites, funded under the Older Americans Act, have been an effective and extremely popular means of helping thousands of senior citizens maintain their dignity, their health, and their independence within their homes and communities.

I would like to thank the many workers who make this program possible, and commend them for the outstanding job they have done since the programs' inception.●

CHRYSLER CORP.

● Mr. WEICKER. Mr. President, on Saturday Chrysler Corp. submitted to the Treasury Department a request for as much as $1.2 billion in loan guarantees as part of its recovery plan. Fortunately, Treasury Secretary G. William Miller rejected the request. Unfortunately, Mr. Miller merely sent Chrysler back home to rewrite the plan instead of simply telling them that the Federal Government would not bail out the company.

The principle of a Federal attempt to rescue a private company which is failing financially due to poor management is repugnant, not only to this Senator, but to the leaders of private enterprise. An article appearing in today's Wall Street Journal makes it clear that many of the top officials of the Nation's major corporations oppose a Federal bailout.

As Jack Meany, president and chief executive officer of Norris Industries, Inc. stated:

> The right solution is to let the natural forces take place. . . . I don't think the government should underwrite private enterprise's failures. If we do that, we are not going to have private enterprise.

Mr. President, I ask that the article entitled "Many Top Executives Oppose Chrysler's Plea For Federal Assistance" which appeared in today's Wall Street Journal be printed in full in the RECORD. I strongly urge my colleagues to heed the admonitions of those in private enterprise who believe that the market place, and not the Government, is the most efficient allocator of resources.

The article follows:

[From the Wall Street Journal, Sept. 17, 1979]

MANY TOP EXECUTIVES OPPOSE CHRYSLER'S PLEA FOR FEDERAL ASSISTANCE

Should the government bail out Chrysler Corp.?

No, say many of the people most knowledgeable about big business—the top officials of major American corporations. And even most executives who support a federal aid package express doubts or qualifications.

Moreover, a nationwide survey by The Wall Street Journal finds that many leading businessmen don't want to comment on possible government help to the ailing No. 3 auto maker. Of 11 companies contacted by this newspaper's Philadelphia bureau, for example, only one would talk. Most businessmen don't see any reason to get involved in somebody else's problems, while others—mainly executives of suppliers or lenders to Chrysler—feel that they are too involved to comment publicly.

None of the businessmen, of course, knew the precise details of Chrysler's rescue plan, which wasn't submitted to the Treasury Department until Saturday, and thus were basing their comments on supposition. The company is asking for up to $1.2 billion in federal loan guarantees. But it isn't seeking the special tax credits that it had previously termed essential to its recovery. Chrysler also has raised the estimate of its after-tax loss for this year to $1.073 billion from its recent estimate of a loss of about $800 million. Treasury Secretary G. William Miller rejected the proposal as excessive and said it will have to be revised. Whatever the administration eventually does propose to Congress probably will face considerable skepticism there.

NATURAL FORCES

With regard to the general principle of a federal attempt to rescue a failing private company, many executives are clear enough, however. They don't like the idea.

"The right solution is to let the natural forces take place," says Jack Meany, president and chief executive officer of Norris Industries Inc., a diversified manufacturer based in Long Beach, Calif. "In general, I don't think the government should underwrite private enterprise's failures. If we do that, we aren't going to have private enterprise."

Mr. Meany also rejects Chrysler's argument that its collapse would severely damage the general economy. "Quite conversely," he says, "Chrysler's failure would channel the business they had to stronger enterprises and strengthen the economy. Having a weak member in the economy doesn't help it, but only helps make it weaker." He adds: "The slack will be picked up by others" and "the facilities will continue to operate—they'll still make cars—but under different ownership, by others more astute in the business."

HELPING THE WINNERS

Phil R. North, president of Tandy Corp., goes further. "The government should be trying to do everything it can to help its winners instead of trying to hurt the winners and help the losers," he says. "If government would pay as much attention to helping General Motors compete world-wide as they do to help Chrysler, which is only the victim of mismanagement, then GM might be selling a lot more cars abroad."

And even an executive at a company to whom Chrysler is an "important" customer opposes government assistance. "There are a lot of us," he explains, "that believe the marketplace is a more-efficient allocator of resources than the government."

The possibility of setting an unfortunate precedent also worries some executives. William W. Weide, president of Fleetwood Enterprises Inc., a producer of recreational vehicles and manufactured housing, declines to comment on the Chrysler situation specifically but says: "If we help in one case, what will we do when a second or third time comes along? It makes it difficult to maintain our independence from government."

Acknowledging the "practical political pressures that weigh in favor of the government providing some form of financial assistance to Chrysler just as it previously did in the case of Lockheed," Theodore F. Brophy, chairman and chief executive officer of General Telephone & Electronics Corp., adds: "I believe Chrysler isn't the same as Lockheed, and we establish a dangerous precedent of interference with the free-market system if we say yes to Chrysler and let a W. T. Grant fail."

CAN IT SURVIVE?

Like many executives, Mr. Brophy also says any federal help should be contingent on "a Chrysler-developed plan which would give reasonable assurance" that the "company will become financially viable and be in a position to repay whatever financial assistance is provided."

Doubts about whether the government is even able to rescue Chrysler are expressed by Joseph B. Collinson, chairman and chief executive officer of Textron Inc., the big conglomerate. He says he hasn't any qualms about the principle of government aid—a Chrysler-like situation "comes so seldom" that he discounts the threat of growing federal control over industry—but he thinks that the auto maker should be helped only if it can show that "it can survive and later be a profit-making corporation.

To help determine whether any rescue plans are workable, Paul Barnes, president of Talley Industries Inc., a diversified consumer-products maker, wants "an independent board" composed of banking people, marketing specialists and production experts to "evaluate Chrysler's going-ahead plans from both a financial and marketing standpoint."

But Chrysler may be a lost cause, says Lawrence Klamon, senior vice president of Fuqua Industries Inc., an Atlanta-based conglomerate. He questions "whether a bunch of loans to Chrysler won't be just forestalling what's really inevitable. I don't think Chrysler will ever be more than a marginal company in the industry. And that's being optimistic."

Of the executives who favor some federal help to the auto maker, most echo the views of Richard A. Lenon, chairman and chief executive officer of International Minerals & Chemical Corp., who says, "My principal concern is with the people—not only employes of Chrysler but also those of suppliers of that company."

Alexander Giacco, president of Hercules Inc., says he favors "protecting those industries that produce high value-added products, like automobiles," because such products provide "higher-paying jobs for American workers—which is something we should be trying to save."

Concern about possible job losses caused Howard L. Clark, a member of the executive committee of American Express Co., that company's former chief executive and once a director of Chrysler, to change his mind. A self-described "political conservative," Mr. Clark initially opposed aid to Chrysler as unsound in practice but now favors it, saying: "Government has become involved in lots of ways in business. Government spends as much as $15,000 per person training people for jobs, and here it has a chance by guaranteeing loans for Chrysler to save 40,000 jobs. That's a pretty efficient way to go about maintaining employment levels."

Yet the save-the-jobs plea isn't convincing to Tandy's Mr. North. "Don't tell me that if Chrysler went under, that many fewer automobiles are going to be sold or that many fewer bumpers are going to be made," he says. "The employes would just get their checks from a different employer, and the cars, instead of saying Chrysler on the front, would say GM or Volkswagen."

DOUBTS ABOUT DANGER

Even some executives favoring aid to Chrysler have doubts its contention that a collapse would severely hurt the economy and the work force. Douglas Jones, chairman and president of Pittsburgh's H. H. Robertson Co., says he supports federal assistance if "it's provided at arm's length—I don't think the government should put any of the public's money into Chrysler"—but he adds: "This nation can get along without Chrysler as an auto maker." He also believes that "in the final analysis, it is only Chrysler that can save Chrysler."

However, Peter Scotese, president of Springs Mills Inc., a large textile company based in Fort Mill, S.C., thinks the auto industry is too important to leave only in the hands of GM and Ford. "Without wheels, this country can't function—and I just don't think it would be wise to leave the job of making cars to just two domestic producers."

The government could do a lot worse than invest in Chrysler, Mr. Scotese adds. "Let's face it—the U.S. already backs investment in underdeveloped countries that are a lot more risky than a loan guarantee for Chrysler would be." But he says he isn't "in favor of some sort of eternal subsidy for Chrysler."

RISK-REWARD RELATIONSHIP

Somewhat similarly, the long-term implications of a federal bailout don't seem to bother Paul Thayer, chairman of LTV Corp. Although declining to comment specifically on Chrysler, Mr. Thayer says: "As a general proposition, government assistance to business, particularly in loan guarantees, is a proper industry-government relationship provided there is a proper risk-reward relationship inherent in the deal."

Top executives of two airlines—both of which were in deep financial trouble some years ago—disagree about government bailouts. At Trans World Corp., whose TWA subsidiary sought but didn't get federal subsidies when it was in difficulty, L. Edwin Smart, chairman, declines to comment specifically on Chrysler but says, "I do think there are circumstances when government assistance to private companies is in order." He adds that the government loan guarantees for Lockheed "worked out well."

But Frank Borman, chairman and chief executive of Eastern Airlines, flatly opposes a government bailout of Chrysler. "I think there's enough leeway in the salary structure and other cost areas whereby they could help themselves. Workers, management and shareholders could all participate." He notes that a few years ago, Eastern's workers accepted a wage freeze and later a variable-wage plan.

Some executives opposed to financial aid to Chrysler do think that the government should consider how much its own regulations have contributed to the auto maker's problems. For example, Walter D. Scott, executive vice president for administration and finance at Pillsbury Co., believes that the government "should undertake a quick review of what its regulations are costing Chrysler and other auto makers—and then change the regulations if the benefits don't justify the costs."

Executives at GM and Ford couldn't agree more. GM "isn't opposed to federal government assistance for Chrysler so long as the aid is in the form of relief from the excess burden of regulation and is applicable to all automotive companies," Thomas A. Murphy, chairman, says. "More can be accomplished if the government releases its regulatory hold on business than by involving itself in ownership" of Chrysler and other companies. And at Ford, William O. Bourke, executive vice president for North American auto operations, says: "We don't look forward to a Chrysler collapse, but we think the rules should be the same for everybody. The customer benefits from free competition."

Most executives at Chrysler's rivals are opposed to exclusive aid to the ailing company. "The thought of my company's taxes being used as an incentive to sell against me doesn't give me a warm and comfortable feeling," Mr. Bourke says.

Some auto men prefer not to comment. Philip Caldwell, Ford's president, says Chrysler, burdened with "regrettable" problems, "doesn't need kibitzing from the sidelines."

For somewhat different reasons, many Chrysler suppliers also are reluctant to talk. At Bethlehem Steel Corp., for example, a spokesman says Lewis W. Foy, chairman and chief executive officer, "doesn't want to touch that one. They're a customer, you know." Similarly, David Roderick, U.S. Steel's chairman, "doesn't want to get involved," a spokesman notes. Many executives of suppliers of auto parts, paint and even paper take the same position. And the chairman of an industrial-equipment manufacturer implies that not only doesn't he want to harm his relations with Chrysler, but also he fears that any statement backing aid to the auto company would be viewed as an exercise in self-interest.

Finally, a Sun Co. spokesman says Theodore A. Burtis, chairman of the big oil company, refuses to comment because "we've got problems of our own. Who needs to jump into somebody else's troubles?" ●

SALT OFFERS FALSE LIMITS, FALSE HOPES

● Mr. GOLDWATER. Mr. President, the time is long overdue for a completely fresh approach to the defense of our country and its role in the world. We have very little time left to try to seize the initiative, restore our military strength and serve renewed notice that our fundamental goal is the defense of freedom. These and other important points were outlined recently in a very thoughtful article by former California Governor Ronald Reagan which was published recently in the Washington Star.

I ask that the Reagan article, which was adopted from a speech at San Diego, be printed in the RECORD.

The article follows:

SALT OFFERS FALSE LIMITS, FALSE HOPES

(By Ronald Reagan)

America's power, its will and its sense of purpose all seem to be in a state of advanced decline. Respect for, and confidence in, the United States are at an all-time low. We have a sense of being adrift on a stormy sea, without rudder or compass, our ship badly listing and taking on water. The time is long overdue for a fresh approach to the defense of our country and its role in the world.

We must seize the initiative, restore our military strength and make it apparent to all that our fundamental goals are the defense of freedom and the promotion of peace through genuine arms limitations.

What has happened to the security of our country and to our vision of the future of the world is a story of wishful thinking and stubborn persistence in policies long proven wrong. While the story, a melancholy tale, goes back to the Kennedy and Johnson administrations, we Republicans have to share a part of the blame.

The great legacy of the Eisenhower years—when the U.S. created the strategic superiority that maintained world peace and served as a counterbalance to the conventional military superiority of the Soviet Union—has vanished. Over the past 15 years we have permitted the Soviet Union to deprive us of our nuclear advantage while at the same time it increased its superiority in conventional forces. Our once unrivaled advantage in naval strength is melting away, our fleet is shrinking almost as fast as theirs is growing.

Of what value can our commitments be if we are inferior both in nuclear and conventional forces? How do we support our friends and defend our vital interests in the Middle East? How do we protect our own freedom? And how in Heaven's name did we get in this perilous situation?

The wrong turn came 15 years ago when our own military resources were sucked into the war in Vietnam and our strategic defense budgets began to shrink year after year. We were entranced with the notion that if we pounded our swords into plowshares the Soviets would do likewise. They did exactly the opposite. While we made actual reductions in our strategic programs, they made massive investments in theirs.

They talked about arms control and seemed to hold out the promise of real progress. But somehow, progress was always just around the corner, just another American concession or two away from realization.

Republican administrations should have reversed these policy assumptions. They should not have overstated what the strategic Arms Limitations Talks could do for us. In 1972 we presented SALT I as a "turning point in the arms race," and began our reliance on what is called the "SALT process," which included the doctrine of "Mutual Assured Destruction." At the same time, the Soviets began their exploitation of our naive desire to believe.

DEFEATISM REPUDIATED

Toward the end of the last Republican administration, the national mood had changed. There was repudiation of the defeatism of the Democrat-controlled Congress. We began a recovery of our military strength. The B–1 bomber was scheduled for production, the new MX missile was to be accelerated, the decline in our Navy was to be reversed and many other urgent programs were set in motion.

All of these were reassuring to the American people. With the promise of long-range defense programs to provide for our security, we went forward with the SALT II negotiations. But then came a new administration. The B–1 bomber was canceled without any quid pro quo, the MX was slowed down, the cruise missile delayed, the Navy's shipbuilding program cut back and under the heat of a Soviet propaganda attack, Mr. Carter halted development of a weapon that could have neutralized Russia's massive conventional superiority on the NATO front.

The Russians are now spending three times as much as we do on strategic arms and are increasing that by four to five per cent a year. We are barely keeping pace with inflation. While Mr. Carter maintains that his defense programs for America are adequate, simple arithmetic tells us that the gap in military strength between us and the Soviets can only grow wider if we continue on our present course. The administration deceives the American people when it tells us the new SALT II agreement will put a brake on the arms race, save money and be adequately verifiable. SALT II is not strategic arms limitation, it is strategic arms buildup with the Soviets adding a minimum of 3,000 nuclear warheads to their inventory and the U.S. embarking on a $35 billion catchup which won't be achieved until 1990, if then.

START ANEW

The SALT treaty now before the Senate should not continue to monopolize our attention nor must it become the cause of a divisive political struggle. This is no time for Americans to quarrel among themselves. Our task is to restore the security of the U.S. and we should make it emphatically known to the Soviets and—more importantly—to the nations of the Free World that we intend to do just that. At the same time, let us assure the Soviet Union we will join in any arms limitation agreement that legitimately reduces nuclear armaments to the point that neither country represents a threat to the other.

To suggest, as the administration has, that any shortcomings in this SALT II agreement can be rectified in continuing talks leading to a SALT III agreement, is an exercise in futility. It makes no sense at all to ratify a Strategic Arms Limitation Treaty that does not limit arms on either side but vastly increases them while at the same we are told we'll enter into negotiations for a third such treaty that will make everything all right.

I believe the Senate should declare that this treaty, fatally flawed as it is, be shelved and the negotiators should go back to the table and come up with a treaty which fairly and genuinely reduces the number of strategic nuclear weapons. And then the Senate should make up its mind on our national security policy: where we are going in the decade ahead? What are our obligations as leader of the free world, and are we capable of meeting those obligations?

I can respect the thinking of those senators and others who have suggested that the treaty, despite its weaknesses, could be approved as part of a "package" that would substantially strengthen our defense programs. But I believe such a package deal would soon unravel and bring about the very dissension and confusion it was supposed to avoid. For one thing, it would send the wrong signal to the American people: it would create the impression that we are moving both up and down at the same time, and it would deceive more people than it would convince.●

KEEPING THE ABORTION ISSUE IN PERSPECTIVE

● Mr. McGOVERN. Mr. President, we have faced many times, the serious question of Federal funding of abortions through various health care programs, and the controversy over this issue has resulted in long hours of debate both here in the Congress and in personal conversations with our families, friends, and constituents. I would like to submit to the Record an article in which I expand upon that subject and related issues. It was published in the Aberdeen American News of August 26, 1979, and points out my personal thought and beliefs concerning this issue and the regrettable way it is being used as the sole means of judging a person or society.

Mr. President, I ask that the article be printed in the Record.

The article follows:

Abortion Is a Serious Issue But It Is Not the Only Issue

(By Senator George McGovern)

I believe that reverence for life is absolutely fundamental. However, I find myself increasingly concerned by the combination of intolerance, political intimidation, and readiness to ignore other issues relating to life that characterize those who call themselves the "right-to-life" lobby. I find it especially distressing that this group insists that there can be no other answer to the abortion issue except their answer—an amendment to the Constitution of the United States outlawing all abortions. There is, I believe a new and frightening fanticism in this single-issue movement which may threaten religious and political freedom in America—including the time-honored separation of church and state. We are being urged into political and religious warfare by a minority who seek to convert their particular view of unwanted pregnancies into a scorn for those who hold a different conviction about how best to protect and nurture life.

Paradoxically, some persons who are demanding less federal control over their lives are insisting on total federal control over the most private matter a women will ever experience.

I am opposed to abortion on moral grounds. But I do not believe that an amendment declaring abortion unconstitutional can ever be passed. If it were passed, it would not end abortions; it would simply mean that large numbers of abortions would be performed illegally.

Every public opinion poll indicates that the American people are sharply divided by conviction and practice on the issue of abortion. Some are in favor of abortion under some circumstances: opposed to it under others. Some would outlaw abortion under any condition. A majority of Americans however, have indicated their belief that the decision is essentially a personal one—a moral and medical matter to be resolved by the individual or family after private consultation with medical authority.

When it comes to the use of public funds to subsidize abortions for poor women, the American people are also divided. Some who do not challenge the right of a woman to terminate an unwanted pregnancy nonetheless argue that this right should be available only to those of sufficient income or wealth to finance it themselves. Still others who are opposed to abortion on moral grounds believe nonetheless that since the Supreme Court has ruled on the legal rights of women to abortion, that right must be insured to the poor as well as to the rich, even if it involves public assistance. In short, the American people hold widely varying views about how best to face the issues of unwanted pregnancies.

To further complicate the issue, major churches and synagogues are divided in their official pronouncements. A few are opposed to abortion under virtually all conditions. Other religious bodies, including my own (Methodist), firmly support the option of legal abortion under some circumstances, declaring that the sanctity of unborn human life must be balanced against "the sacredness of the life and well-being of the mother, for whom devastating damage may result from an unacceptable pregnancy". Still others are silent on the issue of abortion—apparently leaving this matter to the conscience of the individual and the judgment of God.

All of this re-enforces the wisdom of the founding fathers in building the constitutional separation of church and state. The American edifice of freedom rests on the proposition that here in the United States, no one religious sect can be permitted to impose its doctrines on the entire American people. Each American is entitled to hold to his or her own religious or moral beliefs. No one of us is entitled to use the Constitution of the United States to impose our personal convictions on our fellow citizens.

Beyond these constitutional protections of religious freedom and diversity in America, there is the unwritten but vital tradition of civil discourse and rational debate based on respect for the differing views of our fellow citizens.

All of these constitutional and traditional values are under attack in the single-issue syndrome now festering around the abortion issue. Dismissing public opinion polls and calling those who disagree with them "murderers", the "right-to-life" activists have vowed to eliminate from public office every person who holds a different religious or moral perspective.

Led and financed to some extent by religious groups with the cooperation of right-wing political elements, the anti-abortion lobby has targeted many of the most humane and devoted public servants for defeat at the polls. Some church groups enjoying tax-exempt status are now using their power in the pulpit, in the parochial schools, on the political hustings and in the nation's capital to wage political warfare against all who challenge their determination to use the Constitution to impose a minority religious viewpoint on the whole American people.

The anti-abortion lobbyists and their right-wing allies gloat publicly over their role in defeating such senators as Dick Clark of Iowa. They publicly boast that Senators Bayh, Church, Cranston, Culver and me are targeted for defeat in 1980. In attempting to defeat senators last fall, anti-abortion advocates repeatedly picketed and heckled the targated senators during their campaigns. They climaxed their effort by a massive last-minute distribution of political flyers to church communicants urging the defeat of senators who refused to support an amendment to the Constitution.

Apparently, the dedicated, single-issue, anti-abortion crusader is willing to swallow any candidate, no matter how archaic or twisted his priorities and values—so long as he pledges to make all abortions illegal. One need not be devoted to the life and liberty of those who live and walk the earth to win the endorsement of the anti-abortion lobby. All that matters is that the candidate promise to support a constitutional guarantee against the termination of an unwanted pregnancy. Never mind that the senator or congressman targeted for defeat has given his life to nurturing the conditions of decency and dignity for his fellow humans. Never mind that he has tried to halt the ravages of war and hunger and disease. Never mind that he has tried to stop the steady procession toward nuclear annihilation of our planet. Let him be replaced by any candidate, no matter how opportunistic or unprincipled who will give a ten-second campaign promise to be "right" on the only issue that counts—making all abortions illegal. This is the new trend of single-issue politics as practiced by the "right-to-life" lobby.

I would not for one moment decry the right of church leaders and church members to make known their views on the great social, economic and political issues of our time, including abortion. We need the ethical and spiritual insights of religion in confronting the issues of society.

The late Pope John XXIII, who delivered the great encyclicals, "Pacem in Terris" and "Master of Magistra", gripped the social conscience of the world, as did Pope Leo XIII in an earlier age with "Rerum novarum" and Pius XI with "Quadragesimo anno".

Beyond these renowned spiritual voices, one thinks of the vast multitude of devoted clergy and church workers who have labored for centuries to feed the hungry, and heal the sick and comfort the afflicted, even while ministering to the spiritual needs of their parishes. Civil rights for minority Americans, better wages and working conditions for American workers, compassion for the poor, concern for migrant workers and farm families, the terrible folly of the Vietnam war and the arms race madness—all of these are issues that have been sharpened by the ethical insights of religious leaders and rank-and-file church communicants. No one can fully comprehend the vast contribution of the churches to the betterment of humankind.

But this great tradition of ethical insight, social action and public protest should not be jeopardized by so blind a devotion to a single proposed political or constitutional solution to an issue that we lose sight both of other solutions and other issues that bear in the human condition. Nor should a single church or group of churches press their own favored solution to a problem with such excessive zeal as to foreclose other possible solutions or to needlessly disrupt the common ground on which the churches stand.

Already the recent crusade in the nation's capital calling upon Congress to make abortion unconstitutional has set off a counter-demonstration by other religious leaders who favor different methods of dealing with the abortion issue. We will doubtless experience more such divisive political battles between the churches and synagogues if one religious lobby insists that its recommended solution is the only one worthy of consideration. In recent months the world has been exposed to the sorry spectacle of religious "wars" in Northern Ireland, the Middle East and Iran. Such zealotry is conducive to neither sane political discourse nor essential religious tolerance. Let us pray that we can develop a climate of mutual respect in which we can deal with our differences in a responsible way.

As one who is personally opposed to abortion, I see it as frequently the needless consequence of personal irresponsibility. It represents a failure of birth control; it is a reflection of the imperfection of our most modern birth control methods, a careless or ignorant disregard of sexual discipline, a lack of education or instruction, or the absence of counseling before or after pregnancy. Obviously, we need programs in proper sexual education, the use of contraceptives, counseling on the possibility of adoption and the easing of adoption restrictions. All of these are a challenge to family, religious, educational and community leaders to carry out their responsibilities more effectively instead of relying on the federal government or the politicians to do their work for them. In some respects those churches and institutions who regard abortion as a moral travesty are confessing their spiritual impotence in calling on politicians to make illegal a procedure that they cannot persuade their communicants to avoid on moral grounds. The growth of abortion represents a failure of the family, the school, and the community, to inculcate in all Americans a personal sense of responsible sexual behavior.

My wife, the mother of five children, finds the concept of abortion abhorrent. I do not believe there has ever been a moment during the 35 years of our married life when she even considered undergoing an abortion. I doubt that she would accept such a procedure even if rejecting it might jeopardize her own life. But she and I reject the notion that we should seek to impose our views on others who hold different but equally firm convictions by amending the Constitution. Nor do we think such an amendment would halt the practice of abortion.

For years I have been concerned about the ravages of alcoholism in the United States. The excessive use of alcohol may be destroying more human beings than the number of fetuses destroyed by abortion. But I could never support an amendment to the Constitution declaring the use of alcohol unconstitutional. That approach was tried in the 1920s with the 18th Amendment. It was a national disaster. Instead of abandoning the use of alcohol, millions of Americans became lawbreakers by producing and purchasing illegal liquor. Huge criminal syndicates developed overnight to produce and distribute the illegal brew. Every village and neighborhood across the land had its local bootlegger—sometimes dispensing highly toxic "rotgut" whiskey. The 18th Amendment was enacted under the pressure of a single-issue lobby which was as convinced of the murderous results of "demon rum" as the right-to-life advocates are of the murderous results of abortion. But an amendment against alcohol did not make the American people sober; it simply sent them to the bootleggers and the gangsters.

So it was prior to the legalization of abortion in the United States, and so it would be again if an amendment against abortion were enacted. In country after country, including our own, when the abortion laws have become overly restrictive, women have terminated unwanted pregnancies by seeking out the illegal abortionists. This has led to unsterile procedures, coat hangers and all the rest of the practices that have killed or maimed many young women. They have left deep emotional scars on the law-breaking women. They have driven otherwise law-abiding citizens into the back rooms, the alleyways, the basements of illegal abortion quarters, often controlled by organized crime.

European countries that have had experience with both legalized abortion and illegal abortion have noted an alarming increase in the number of deaths and serious complications, including sterility or disease, when they have tried to outlaw abortion.

Given the present state of American society, I believe that an amendment declaring abortion unconstitutional would be as disastrous a failure as the prohibition amendment making liquor unconstitutional.

Those who believe that abortion is the only worthy test of one seeking high office should be reminded that each year millions of our fellow humans are being killed or maimed by the ravages of hunger, poverty, torture, exploitation, brutality, child abuse, wife-beating and war. There is no abortion issue for those who die daily from the pestilence, hunger, brutality and disease that stalk the earth. There is no abortion issue for millions of older Americans who suffer the squeeze of inflation, and who live with dangerous crime-ridden neighborhoods, insecurity, neglect and poverty. There will be no abortion issue or any other issue for any of us if nuclear holocaust terminates us all.

I ask those who are tempted to judge every electoral candidate only on abortion to recall other issues that bear on reverence for human life. It is easy for a political demagogue to give his election year pledge to make abortion illegal. I do not believe any such amendment will ever be ratified in the United States. I doubt that most of the candidates pledging to vote for such an amendment sincerely believe it can ever be ratified. The issue has become a political ploy. Most principled candidates refuse to exploit it.

So, dear citizen, ask us where we stand as politicians on the issue of abortion, but judge us, too, on where we stand and what we have done to feed the hungry, heal the sick, comfort the afflicted and strengthen the worker, the merchant and the senior citizen. What have we done to preserve the values and traditions of the family farm? What have we done to protect God's bountiful earth and its resources that sustain all life? What have we contributed to ending needless war and preventing future conflict? What have we done to reduce racial, religious and political bigotry in our society? What have we done to reduce the abuse of children and the neglect of the old and the handicapped? What have we done for freedom and the integrity of government? Have we become part of "the mess in Washington", or have we maintained our honor and merited your trust?

The abortion issue is serious and it is important. But it is not the only issue and no pledge to a constitutional amendment will either end abortion or resolve the issue.

So let those who feel strongly against abortion seek to influence their fellow citizens—not by recourse to the Constitutional amendments or single-issue ultimatums, but by the slow and patient process of moral and intellectual persuasion.●

THE CONCEPT OF CLOSE UP

● Mr. DURENBERGER. Mr. President, I rise to bring to the attention of my colleagues a series of activities which will take place over the next 9 months which I feel will be of significance to a great number of our constituents. It was announced earlier today that the Close Up Foundation, in which so many of us are involved, is joining with C–SPAN (Cable Satellite Public Affairs Network), the group that provides gavel-to-gavel coverage of the House proceedings, to televise up to 5 hours a week or regular seminars here in Washington between Close Up participants and various Government officials. These sessions could be viewed by any of the regular subscribers to C–SPAN and any of the almost 1,000 high schools that are presently "wired" to receive these transmissions.

I believe this is a tremendously significant achievement. I have long been involved with the Close Up program—first as a member of the Minnesota business community and now as a Member of the Senate. As chairman of the Minnesota Close Up committee, I was able to see the effect of the program on participants. Through the interchange with officials of Government, students became much more conversant with the issues and gained a much better sense of the complexity of Government.

I know that making these sessions available through cable television to all those who will watch will have this same impact. In this time of increasingly complex debates over energy, the economy, and SALT, it is vital that as many people as possible educate themselves on these issues. Televising Close Up sessions will provide this opportunity in a fair and nonpartisan fashion.

I believe these sessions will be yet another contribution that the Close Up Foundation will make to the cause of citizenship education. I salute C–SPAN for its vision and commend all who played a part in making this available.

Mr. President, I ask that an article from Cable Vision on Close Up and C–SPAN be printed in the RECORD.

The article follows:

THE CONCEPT OF CLOSE UP

(By Pat Gushman)

"Senator Glenn, what do you think are the chances for a lasting peace in the Middle East?" The questioner was not from ABC, NBC, CBS or the Washington Post. She was one of almost 11,000 high school students and teachers who participated in CLOSE UP during the past year.

The question and answer session, which took place on the floor of the House of Representatives was only one part of a week-long opportunity for students and teachers to take part in face-to-face discussions with members of the House and Senate, members of the Executive and Judicial branches of government, committee staffers, lobbyists, reporters, various departmental officials, ambassadors and just plain concerned citizens.

Having the opportunity to interact with government in such a direct, personal way is referred to by sponsors of the project as an "experience." And since 1971, more than 50,000 high school students have come to Washington for that experience. This fall, thousands more will be able to share that experience as a result of the joint effort of the CLOSE UP Foundation and the Cable Satellite Public Affairs Network (C-SPAN).

"We appear to be made for each other. It's a very natural thing for us to get together and try this out," said C-SPAN President Brian Lamb, in reference to the plans to distribute many of the CLOSE UP sessions live and on tape to school systems and communities around the country. The experiment linking students all over the United States directly to what is actually happening in Washington, and being seen through the eyes of their fellow students, might be considered the "second phase" of C-SPAN, which began operation last spring with satellite-fed live coverage of the House of Representatives. "It makes sense, that to enhance the value of our service," says Lamb, "that we would associate ourselves with CLOSE UP which has, as its sole mission, the task of involving high school students with their government."

Actually, anyone who has had his own personal experiences with visiting Washington, or his state capital perhaps, as part of a student "field trip," might not readily grasp the impact of the uniqueness the CLOSE UP experience offers. To be sure, there are buses, hotel rooms and cafeteria food, but the rest of the CLOSE UP experience includes an intensive week of 18-hour days during which students find themselves caught up in the pace and purpose of the political community.

"Since its inception in 1970," stresses CLOSE UP President Stephen A. Janger, "CLOSE UP has been committed to the idea that the program would not be one for spectators, but one for participants."

The cosmopolitan Janger, whose roots are in Oklahoma, began to ferment this concept ten years ago by combining his experience with domestic and international tour programs and the desire to appease a gnawing concern he saw in parents, teachers and students themselves about the state of political awareness and sense of civic responsibility of youth. Janger explains he and his associates believed that one way to deal with the increasing doubts about Government was to create a strong feeling of involvement and an identification with their own destiny. One way to reinforce such a concept was to make CLOSE UP a community focused program. The prospects for involving the hundreds of C-SPAN communities are particularly encouraging to Janger and his organization. According to Lamb, "A lot will depend on the cable operators' willingness to work with the community and school systems to make sure it is widely available to students, teachers and parents."

This year CLOSE UP officials expect to involve nearly 12,000 individuals in the program, a far cry from the 25 students who participated in the first "walk through" in 1971. "Academically, it was a success from the very start," Janger recalls, "but getting money in the early going was somewhat difficult. There were times when I thought it should have been started by a philanthropist." Then Congress established the Allen J. Ellender Fellowship program as a tribute to the late Louisiana Senator who had recognized early the value of the concept. By public law the Congress authorizes $1,000,000 to be used by the CLOSE UP Foundation, a nonprofit organization, for fellowships in participating communities.

The Federal funds, together with contributions from other foundations and corporations including R. J. Reynolds, General Mills, EXXON, Hewlett Packard, SOHIO, John Deere Corporation, Getty Oil, Shell, and the money raised by the participants themselves, make CLOSE UP approximately a $7 million operation. Transportation, food and lodging account for most of the expenditures.

NONPARTISAN APPROACH

The Foundation was able to pay off an operating deficit in 1975. It has since been operating on an even keel while continuing to expand its reach and gain the ever increasing support and participation of government officials. It has accomplished this by way of the established success of its nonpartisan (or multi-partisan) approach to political and governmental education. "I have no doubt that the students and teachers who participate return home with a much greater understanding of our political process and an even stronger desire to become involved," writes Senator Robert Dole (R-KS). "I am particularly pleased that the program offers a chance for them to meet with representatives of both political parties and to hear many different points of view."

And from Senator Dennis DeConcini (D-AZ): "I know the students and teachers from Arizona who participated in the program have appreciated the opportunity to participate in the many sessions and that they will return to the state with a better understanding of government. As a member of the CLOSE UP Board of Advisors. I am proud of the work that the foundation is doing. It is particularly important that we keep students interested in government and encourage their involvement in the political process."

Still, more telling of the CLOSE UP experience are the remarks of the participants who have suddenly found themselves thousands of miles from home, many for the first time, in a racially and socially mixed environment. Yet all have a single purpose: learning what their government is all about.

"My views were challenged, my opinions criticized, my sleep time short, and I've never learned so much in so little time," says one participant. "The seminar speakers opened up whole new fields of thought for me. It is not often that one has the chance to hear so many different points of view."

Some students are even quite issue oriented in their responses to the experience. One participant from North Carolina commented that before her week in Washington, she was sure that the defense budget should be cut drastically, if not thrown out altogether. "Over the course of the week," she says, "we argued about this issue in our workshop group and heard contrasting opinions at the Carnegie Endowment for International Peace and at the Pentagon. I still think the defense budget is grossly inflated, but I now realize the issue is not as simple as I had thought. There were many facets to this, and all such problems, which I had not considered. The solutions lie somewhere between my radical rantings and the more conservative ideologies."

Such insights are the result of intensive sessions which begin early in the morning and often do not end until almost midnight. The students are involved in speeches, question and answer sessions, workshops, small groups and even private conversations with government officials. Imagine being invited back into the chambers of Chief Justice Warren Burger to discuss the role of the judicial system.

CLOSE UP is on solid ground financially, as it has grown from a handful of interested organizers to a fulltime staff of some 70 managers, educators and support personnel. The ranks swell to 135 during the school year when contract teachers and project leaders come on while the programs are in session. Academically, it is a success. Students and teachers often return home to set up local programs for participation in community and state government which are based on the CLOSE UP model.

According to the foundation officials, this is where C-SPAN will come in. CLOSE UP expects to be able to bring as many as 15,000-16,000 students through the program next year. "At that point we will just about be reaching our logistical limit," explains Janger. "After that, you cannot bring in, feed and house many more students, let alone keep the sessions intimate and meaningful."

CLOSE UP Vice President Margery Kraus explains that in looking for a way to expand the reach and excitement of the program beyond the logistical limitations, the foundation brought in former broadcast journalist Tom Girard as a consultant. Girard considered the possibility of using video cassettes and other audio-visual techniques to include more schools and students in the process. "Tom had actually been pondering the potential of satellite technology for our project," Kraus says. "When we learned about C-SPAN, we saw it as a way to take CLOSE UP out into more communities."

Girard met with Lamb to explore the possibilities of conducting a joint experiment soon after C-SPAN turned on last March. Then Girard and CLOSE UP representatives attended the National Cable Television Association convention in Las Vegas to learn more about the potential of the satellite and cable television technology. "We were looking for additional programming for the network, and Tom was looking for ways to expand the reach and exposure of CLOSE UP," says Lamb. "It just evolved out of a conversation we had in my office one afternoon."

THE COUNTDOWN BEGINS

Both organizations took the concept to their perspective boards, were given the go ahead, and plans are to begin programming three to five hours a week initially, including live and taped coverage of CLOSE UP sessions: CLOSE UP will incur the costs of producing the telecasts, which will focus on the seminars, question and answer sessions and workshops. C-SPAN will carry them on transponder nine. "We will apply a similar approach to what we do with the House sessions," Lamb says. The cameras will eavesdrop on the sessions rather than incorporate all of the bells and whistles of the network production."

Details of the scheduling remain to be worked out. Wednesday might be the best day to kick this off, according to Lamb, because the House doesn't go into session until 3 p.m. "We can come in live from one of the hearing rooms on Capitol Hill, immediately, or we can use tape at other locations including the White House," says Lamb.

One of the major keys to the success of this experiment, according to Girard, is getting the schools cranked up. So, during the Congressional recess in August, CLOSE UP and C-SPAN staffs worked together, surveying the extent to which the network is reaching the schools and can be used. "The audio visual people, the social studies teachers and the administrators will all have to relate and communicate with the cable operators," Girard emphasizes.

"If what we are doing in Washington can be carried a step further and be replicated in the local communities, there could be a tremendous opportunity for local orignation—it could even be sponsored," explains Girard. "What better way to involve the cable system with every aspect of community life, government, education and business.●

SEVENTY-TWO PERCENT BELIEVE REFUGEE PROGRAM EXCESSIVE

● Mr. HUDDLESTON. Mr. President, during the debate on the Refugee Assistance Act of 1979, S. 643, I stated that the American public is becoming increasingly concerned about the open-ended immigration policy we have in regard to refugees. While most Americans do not object to offering reasonable assistance, they know that our failure to integrate the refugee program into a national immigration policy will have adverse consequences for our country. Our citizens realize that we cannot continue to admit unprecedented numbers of illegal aliens, legal immigrants, and refugees without the United States incurring a substantial population burden.

I have obtained an advance copy of a Roper poll which clearly shows that our open-ended immigration policy for refugees does not have broad public support. This poll shows that 72 percent of the public believes that only 7,000 or fewer Indochinese refugees should be admitted each month. Only 19 percent support the President's decision to admit 14,000 per month. The principal reasons why the public holds these opinions are: First, our own needy should be our first concern, and second, refugees are expensive to resettle; they deny jobs to Americans and they are too great an economic burden for this country at this time. A substantial 82 percent hold these beliefs.

I ask that the poll from the Roper reports be printed in the RECORD.

The poll follows:

QUESTION 10.—GIVEN PROPOSAL TO RAISE NUMBER OF INDOCHINA REFUGEES U.S. ADMITS FROM 7,000 TO 14,000 A MONTH, WHAT SHOULD POLICY ON REFUGEE ADMISSION BE?

[In percent]

		Sex		Age				Income				Race		Geographic area				Market size			
	Total	Male	Fem	18-29	30-44	45-59	60+	Und 7M	7M-und 15M	15M-und 25M	25M+	Whte	Blck	NE	MW	So	Wst	A	B	C	D
Lower number of refugees we admit each month to less than 7,000	46	48	45	45	41	48	53	49	56	43	34	46	51	42	40	57	44	39	47	55	55
Leave at 7,000	26	25	26	26	26	24	26	29	21	28	28	26	27	26	30	23	23	28	25	24	21
Raise to 14,000	12	11	12	13	11	13	9	9	10	11	18	12	8	14	14	8	13	14	12	9	12
Raise number higher than that	7	7	6	7	12	4	3	2	4	9	10	7	5	7	7	4	10	7	8	5	2
Don't know/no answer	10	8	11	9	9	11	10	11	9	9	10	10	9	11	9	9	10	12	8	7	9

		Education			Occupation			Religion		Political affiliation			Political philosophy			Other key analysis groups		Have kids			
	Total	Coll	HS grad	Non-HS grad	Excel prof	Whte coll	Blue coll	Prot	Cath	Dem	Rep	Ind	Cons	Modr	Libl	Pol-soc actv	Union mbrs	Und 13	13-18	1, 2 Pers fams	Empl fems
Lower number of refugees we admit each month to less than 7,000	46	36	50	55	34	46	51	49	45	49	42	45	51	48	34	38	49	44	51	48	45
Leave at 7,000	26	27	26	24	27	26	24	26	27	26	28	24	28	26	24	24	25	27	27	25	26
Raise to 14,000	12	17	10	7	14	15	10	11	11	11	13	13	9	12	20	15	11	12	8	11	13
Raise number higher than that	7	12	5	2	17	6	5	6	6	6	7	6	5	5	12	17	6	8	5	5	8
Don't know/no answer	10	9	9	12	8	7	9	9	9	8	9	12	7	10	11	6	8	8	9	10	8

QUESTION 11.—HOW DO YOU FEEL ABOUT UNITED STATES INDOCHINA REFUGEE ADMISSIONS POLICY?

[In percent]

		Sex		Age				Income				Race		Geographic area				Market size			
	Total	Male	Fem	18-29	30-44	45-59	60+	Und 7M	7M-und 15M	15M-und 25M	25M+	Whte	Blck	NE	MW	So	Wst	A	B	C	D
U.S. should admit more refugees to encourage other countries to admit more	12	14	11	14	14	12	7	8	9	14	19	13	8	14	13	7	19	13	15	9	6
Refugees expensive to resettle, deny jobs to Americans, too great an economic burden for this country	37	36	37	36	37	35	40	38	39	38	31	37	34	32	33	43	36	35	35	42	39
Refugees suffering and dying because have nowhere to go, we should help them	28	26	30	29	31	25	25	22	22	29	40	28	26	30	32	20	33	32	28	33	22
U.S. should not feel obligated to take in people from other countries who will have trouble adjusting to American ways	13	14	12	14	9	13	16	13	16	11	11	13	12	10	14	12	15	11	13	15	14
Refugees are hard-working and family-oriented/can contribute to American society	17	16	18	16	22	18	12	10	12	18	29	17	13	13	22	10	26	20	18	12	10
If U.S. accepts more refugees now, other countries will expel more people they don't want	15	15	16	16	14	15	17	12	13	17	19	16	13	14	16	12	23	16	15	16	11
We have a special obligation to help these refugees because of our Vietnam war involvement	14	13	14	14	17	12	11	11	11	15	17	13	13	13	19	7	18	17	11	9	23
We should help needy in our country first	45	45	46	43	37	46	56	53	51	41	37	44	58	38	45	49	50	38	46	52	57
None	1	2	1	-------	2	2	2	2	1	2	1	2	1	1	1	2	2	1	1	1	2
Don't know/no answer	6	4	7	6	4	5	7	8	6	5	3	6	5	7	5	5	5	7	5	5	2

		Question 10—U.S. policy on admission of Indochina refugees should be to—				
	Total	Lower to less than 7,000	Leave at 7,000	Raise to 14,000	Raise higher than 14,000	Don't know/no answer
U.S. should admit more refugees to encourage other countries to admit more	12	3	9	42	46	7
Refugees expensive to resettle, deny jobs to Americans, too great an economic burden for this country	37	57	33	4	2	12
Refugees suffering and dying because have nowhere to go, we should help them	28	7	36	72	74	21
U.S. should not feel obligated to take in people from other countries who will have trouble adjusting to American ways	13	21	9	3	2	4
Refugees are hard-working and family-oriented/can contribute to American society	17	4	20	47	47	10
If U.S. accepts more refugees now, other countries will expell more people they don't want	15	20	18	4	5	7
We have a special obligation to help these refugees because of our Vietnam war involvement	14	3	17	34	50	5
We should help needy in our country first	45	65	43	10	6	23
None	1	1	1	1	2	3
Don't know/no answer	6	1	2	2	2	45

FINAL DECLARATION OF NONALINED COUNTRIES MEETING IN HAVANA

● Mr. MOYNIHAN. Mr. President, on September 7, the heads of state or governments of the 89 nonalined countries at their meeting in Havana, issued a 130-page final declaration. The document presents a stark Marxist, prototalitarian, antidemocratic view of the world.

Prior to the conference, the Cuban Government circulated a draft declaration. After the conference, it was reported that the draft was changed and moderated by the delegates assembled. It was not. There were, of course, certain textual differences between the Cuban draft and the final document. Most noteworthy, certain vitriolic attacks on Egypt for making peace in the Middle East were dropped. And, at the meeting itself, the pro-Moscow forces did not succeed in obtaining recognition of the new Cambodian regime, installed by the Vietnamese soldiers who invaded that country.

However, the final declaration as published is an unrelenting and at times malevolent attack upon democratic nations and democratic values. That a movement of which Jawaharlal Nehru was a principal founder should have come to this must occasion perplexity and dismay in the West. It was never the purpose of the nonalined movement to be pro-Western. Nor should we in the West wish it to be. But neither was it destined for the movement to become an all but servile apologist for Soviet totalitarianism. It has.

Among the democratic nations, Israel and the United States are the object of sustained attack in the Havana declaration. The attacks on Israel in particular have an hysterical quality about them. Israel's policies are said to be "tantamount to genocide," its activities repeatedly connected with those of South Africa, its outlook equated with apartheid, its very existence judged illegitimate.

For some time now I have been calling attention to the sustained and calculated propaganda campaign, originating with the Soviet Government, designed to depict the Jewish people and the State of Israel as guilty of Nazi practices. That such a charge is unthinkable is precisely its advantage to those who make it. Reasonable men and women reject it out of hand, and do not note its ever wider acceptance.

In 1977 in an article in Commentary entitled "The Politics of Human Rights," I noted some of this progress:

> A long-established propaganda technique of the Soviet government has been to identify those it would destroy with Nazism, especially with the racial doctrines of the Nazis. Following World War II, for example, pan-Turkish, Iranian, and Islamic movements appeared in the southern regions of the Soviet Union. They were promptly accused of Nazi connections and branded as racist. Jews escaped this treatment until the Six-day War of 1967. The event, however, aroused sufficient pro-Israel, pro-Jewish sentiments within the Soviet Union to evoke the by now almost bureaucratic response. Bernard Lewis writes:
>
> "The results were immediately visible in a vehement campaign of abuse, particularly in the attempt to equate the Israelis with the Nazis as aggressors, invaders, occupiers, racists, oppressors, and murderers."
>
> Within the short period of time, and coincidentally with the introduction of 'racist' into currency as a general term of abuse, Soviet propagandists began to equate Zionism per se with racism. In a statement released to the press on March 4, 1970, a 'group of Soviet citizens of Jewish nationality'—making use of the facilities of the Soviet foreign ministry—attacked 'the aggression of the Israeli ruling circles,' and said that 'Zionism has always expressed the chauvinistic views and *racist* [my emphasis] ravings of the Jewish bourgeoisie.' This may well be the first official Soviet reference to Zionism as racism in the fashionable connotation of the term.
>
> Steadily and predictably, these charges moved into international forums. In 1973 Israel was excluded from the regional bodies of UNESCO. In 1974 the International Labor Conference adopted a 'Resolution Concerning the Policy of Discrimination, Racism, and Violation of Trade Union Freedoms and Rights Practiced by the Israeli Authorities in Palestine and Other Occupied Arab Territories.' The charge of racism was now pressed. In June 1975 it appeared at the Mexico City Conference of the International Women's Year.
>
> * * * The Zionism resolution was adopted by the General Assembly in November 1975. The following February, the United Nations Commission on Human Rights found Israel guilty of 'war crimes' in the occupied Arab territories. The counts read as if they could have come from the Nuremberg verdicts:
>
> annexation of parts of the occupied territories
>
> destruction and demolition
>
> confiscation and expropriation
>
> evacuation, deportation, expulsion, displacement and transfer of inhabitants
>
> mass arrests, administrative detention, and ill-treatment
>
> pillaging of archaeological and cultural property
>
> interference with religious freedoms and affront to humanity.
>
> In April 1976, in the Security Council, a representative of the Palestine Liberation Organization spoke of the 'Pretoria-Tel Aviv Axis' making an explicit reference to the 'axis' between Nazi Germany and Fascist Italy in the 1930's. In May, in the same body, the Soviet Union accused Israel of 'racial genocide' in putting down unrest on the occupied West Bank of the Jordan River. The same month, in a General Assembly committee, a PLO document likened Israeli measures to Nazi atrocities during World War II:
>
> "The sealing of a part of the city of Nablus is a violation of the basic human rights . . . reminiscent of the ghettos and concentration camps erected by the Hitlerites". . . .
>
> That the purpose of all this was to delegitimize Israel in the interest of its Arab enemies was of course obvious to everyone. What should have been equally obvious was that the assault on Israel—the most vulnerable of the democracies—served a most generalized effort to deprive the democratic nations of their legitimacy as democracies. Salami tactics, as the Communist used to say—first one small unit of the democratic world, then the next. For in true Orwellian fashion, the free societies in the world were under attack precisely and paradoxically for not being free. They were attacked for violating human rights. The charge could range from genocide to unemployment but it always followed the Orwellian principle: hit the democracies in the one area where they have the strongest case to make against the dictatorships.

Now, in the Havana declaration, the final accusation is made against Jews. Article 237 states:

> The Heads of State or Government reaffirmed that racism, including zionism, racial discrimination, and especially apartheid constituted crimes against humanity and represented violations of the United Nations Charter and of the Universal Declaration of Human Rights.

In August I read the draft final declaration drawn up in Havana and printed on stationery of the Cuban Ministry of Foreign Relations. The paragraph declaring Zionism to be a crime against humanity was numbered 205. I waited to see whether the much advertised "moderate forces" in the nonalined would seek to strike this abomination.

So far as I have been able to learn, no such effort was made. In any event, the passage remained unchanged, word for word.

Since then no government has protested. The passage has not to my knowledge even been reported in the American press. Our own Government has remained silent.

I would ask Americans to try to understand what has happened. A long propaganda campaign emanating from the Soviet Union has now culminated. Zionism has been declared a crime against humanity. This is of course precisely the charge leveled against nazism at the Nuremberg trials. To be a Zionist is to be a criminal under international law according to the declaration of almost two-thirds of the nations of the world, a declaration wholly supported by the Soviet bloc.

These governments have come near to declaring that it is a crime to be a Jew.

Our Government remains silent.

I find it as painful to raise this subject as others, I cannot doubt, will find my doing so. I dare to think that I understand the silence of our Government. The honorable and decent men and women who conduct our foreign policy—and this includes our President who is ultimately responsible for foreign policy—cannot reconcile this action by the nonalined with their need to believe that our relations with these nations are steadily improving. Indeed, the President repeatedly states that these relations have never been better. Even to take notice of the obscene act of these countries in Havana would force the administration to acknowledge that a policy has failed. This, for understandable if regrettable reasons, it will not do.

I respectfully suggest that our Government never will protest unless they are given to understand that at least American opinion expects them to do so. I would remind the Secretary of State that to declare Zionism to be a crime against humanity is a charge directed as much against American citizens as against Israelis. This was a point I tried to make when I was at the United Nations, but evidently without success. I would plead with our Secretary of State, an upright and compassionate man, to try to hear me in this matter, and hear others who might join me.

Decent and upright men did not take the antisemitism of the Nazis seriously. In 1939, the ship *St. Louis*, filled with European Jews, could find no safe port. It was even towed away in Havana. That city becomes, once again, the site of an infamous episode—two events linked by a common theme.

CONFERENCE OF HEADS OF STATE OR GOVERNMENT OF NONALIGNED COUNTRIES

FINAL DECLARATION

237. The Heads of State or Government reaffirmed that racism including Zionism, racial discrimination, and especially apartheid constituted crimes against humanity and represented violations of the United Nations Charter and of the Universal Declaration of Human Rights.

DRAFT FINAL DECLARATION FOR THE SIXTH CONFERENCE OF HEADS OF STATE OR GOVERNMENT OF THE NONALIGNED COUNTRIES

RACIAL DISCRIMINATION AND RACISM

205. The Heads of State or Government reaffirmed that racism including Zionism, racial discrimination and especially apartheid constituted crimes against humanity and represented violations of the UN Charter and of the Universal Declaration of Human Rights.●

MILWAUKEE ROAD UPDATE

● Mr. BAUCUS. Mr. President, many Members of the Senate are interested in the continuing problems associated with the bankruptcy of the Milwaukee Railroad. I would like to describe for the information of my colleagues recent events affecting the Milwaukee.

BANKRUPTCY COURT PROCEEDINGS

On August 10, the Milwaukee trustee, Richard Olgilvie, filed a plan of reorganization for the railroad with the bankruptcy court. Before it goes into effect, the plan must be approved both by the court and the Interstate Commerce Commission. There will be extensive hearings and probably substantial modifications to the plan.

Under this plan, the railroad would be slashed from the present 9,800-mile system to 3,400 miles concentrated in the Midwest and called "Milwaukee II."

According to the trustee, a few portions of the Milwaukee's Western Lines may be purchased by the Burlington Northern or the Union Pacific. However, approximately 4,940 miles of track are scheduled for abandonment.

The reorganization plan proposes a tentative classification for claims against the estate. Under the preliminary plan the highest priority claims would be expenses of administration, such as the salary of the trustee and his legal staff.

The lowest priority under the trustee's proposed reorganization plan would be labor protection claims of employees who lose their jobs in the reorganization.

When he filed his reorganization plan, the trustee asked the court for permission to "embargo" lines west of Miles City on October 1. The trustee argues that his cash position makes continued operation of these lines impossible.

Arguments for and against the embargo have been heard in the bankruptcy court in Chicago. The court's special master has issued a preliminary decision recommending that the embargo be granted.

I would point out for the benefit of the Senate that the cash position of the Milwaukee Railroad is better now than it was last May when the bankruptcy court rejected a similar embargo request on the grounds that the Interstate Commerce Commission must approve such abandonments.

The bankruptcy judge's decision on the embargo request is expected soon.

ICC PROCEEDINGS

Unless the trustee's embargo request is granted by the court, the Interstate Commerce Commission must approve any abandonment of service.

The ICC must also approve any reorganization plan before it can go into effect.

The trustee has filed with the ICC an abandonment application covering all of the Milwaukee's lines west of Miles City. Soon the trustee will file two additional applications: The reorganization plan and an abandonment application for certain lines east of Miles City.

The Interstate Commerce Commission has established a schedule for consideration of the abandonment application for Western Lines. Under the procedure, the Milwaukee presented its case in favor of abandonment in Butte, Mont., beginning September 10. Cross-examination of railroad witnesses will take place in Chicago beginning September 24.

Public hearings, which will give communities, shippers, and employees an opportunity to present their comments on the proposed abandonment will be held in Montana, Idaho, and Washington beginning October 2.

Mr. President, at this point I would like to submit for the RECORD, a schedule of the Interstate Commerce Commission hearings:

DATE, PLACE, AND LOCAL TIME

CHICAGO, ILLINOIS

September 24–28, West Auditorium, 9:30 a.m., 600 West Madison St.

October 15–26, West Auditorium, 9:30 a.m., 600 West Madison St.

BUTTE, MONTANA

October 2, Ramada Inn, 1:00 p.m.

October 3, 2900 Harrison St., 9:30 a.m. and 7:00 p.m.

October 4–5, 2900 Harrison St., 9:30 a.m.

SEATTLE, WASHINGTON

October 2, New Federal Building, 1:00 p.m.

October 3–5, Room 514, 9:30 a.m., 915 Second Avenue.

SPOKANE, WASHINGTON

October 2, U.S. Court House, 1:00 p.m.

October 3, West 920 Riverside, 9:30 a.m. and 7:00 p.m.

October 4–5, West 920 Riverside, 9:30 a.m.

MISSOULA, MONTANA

October 9, 10, 12, City Council Chambers, 9:30 a.m.

October 11, City Hall, 201 W. Spruce St., 9:30 a.m. and 7:00 p.m.

GREAT FALLS, MONTANA

October 9, City Commission Chambers, 9:30 a.m. and 7:00 p.m.

October 10, 11, 12, Civic Center Building, Park Drive, 9:30 a.m.

MOSES LAKE, WASHINGTON

October 9, 11, 12, Grant County Public, 9:30 a.m.

October 10, Utility District, 312 West 3rd Avenue, 9:30 a.m. and 7:00 p.m.

ST. MARIES, IDAHO

October 9, Benewah County, 1:00 p.m.

October 10, 11, 12, Court House, 9:30 a.m.

Persons who wish to testify at the October hearings may call a toll-free number at the ICC: 800-424-9312, between the hours of 2 to 5 p.m., mountain time, to arrange a convenient time to testify. Information about the hearings may be obtained from the Interstate Commerce Commission's section of rail services planning at 202-207-0831.

The Office of Rail Public Counsel has announced that it will help the public be represented in the proceeding. Shippers and all affected parties who need assistance or who would otherwise not be represented are urged to contact the Office of Rail Public Counsel, 1030 15th Street N.W., Washington, D.C. 20005. The phone number for the Office of Rail Public Counsel is 202-254-7803.

EMPLOYEE OWNERSHIP

Mr. President, recently the Department of Transportation released four studies on the Milwaukee Road. Although these studies did not examine employee ownership in any comprehensive way, the DOT concluded that "the concept of an employee stock ownership plan for the Western Lines of the Milwaukee does not appear to be practicable."

I do not think that the Department of Transportation can justify its conclusion. Not only is there strong evidence that the Western Lines must be part of any successful Milwaukee reorganization, but employee-owned organizations tend to be highly efficient and more profitable than conventional business arrangements.

The international rail unions and an organization called New Milwaukee Lines have commissioned a preliminary feasibility study of employee ownership for the Milwaukee. This study will be the first impartial, comprehensive study of viability of an employee-owned Milwaukee.

The preliminary results of the study indicate that the Department of Transportation seriously underestimated revenues and overestimated costs on the Pacific Coast extension. Final results of the study, which are expected before the end of September, will give Congress a much better foundation for intelligent decisionmaking with regard to the Milwaukee.

New Milwaukee Lines is an organization of Milwaukee shippers and employee interests which is developing an employee ownership plan for the Milwaukee.

New Milwaukee Lines points out that the Midwest is an area already characterized by excess capacity in its rail systems. Two other railroads, the Rock Island and the Illinois Central Gulf, which operate in the same area as the proposed Milwaukee II, are already in severe financial straits. Midwestern traffic is characterized by relatively short, unprofitable hauls and few new market opportunities.

New Milwaukee Lines proposes that a new company be formed to acquire the entire Milwaukee system and create a transcontinental system which would connect Louisville, Ky., and the west coast. The group has filed an alternative reorganization plan with the bankruptcy court which emphasizes the economic importance of concentrating resources on relatively profitable long-haul transcontinental traffic.

CONGRESSIONAL ACTION

Both the House and the Senate are considering a number of legislative proposals to deal with the Milwaukee Road.

Representatives from the Midwest have proposed legislation that would result in an immediate abandonment of the Western Lines and expedite the trustee's proposed "Milwaukee II" reorganization plan.

On September 7, the Senate Commerce Subcommittee on Transportation held a hearing to consider Milwaukee legislation.

At the hearing, I pointed out the importance and the viability of the Milwaukee's Western Lines.

As the Nation increasingly relies on its coal resources, and as new market opportunities for our grain develop in Asia, Western Lines will be increasingly important and profitable.

It does not make sense to abandon railroad lines when railroads are the most efficient means of transporting bulk commodities over long distances. As fuel prices increase, the efficiency advantage of railroads will also increase.

Interstate Commerce Commission Chairman Daniel O'Neal testified that the Milwaukee has sufficient cash reserves to operate through 1979.

Mr. President, the Congress should not act precipitously on legislation affecting the Milwaukee. Plans for employee ownership are being developed and offer an opportunity for continued service in many parts of the country the bankruptcy trustee proposes to abandon.

But time is badly needed to fully develop and implement these plans.

So, I urge my colleagues to help provide the time the Milwaukee needs, and not to act precipitously on legislation that would result in wholesale abandonments.

Rail shippers, employees, and other affected citizens throughout the Milwaukee system have shown their strong support and need for continued operation of the railroad. I know that if we in Congress are imaginative enough and far sighted enough the Milwaukee can survive as a viable transcontinental railroad.●

ANNOUNCEMENT OF POSITION ON VOTES

Mr. PELL. Mr. President, having recently returned from Europe where I attended the funeral services for Lord Mountbatten as a member of the official U.S. delegation, I wish to state my position on a number of rollcall votes that occurred during my absence.

On rollcall No. 253 I would have voted "nay."

On rollcall No. 254 I would have voted "yea."

On rollcall No. 255 I would have voted "yea."

On rollcall No. 256 I would have voted "yea."

On rollcall No. 257 I would have voted "nay."

On rollcall No. 258 I would have voted "nay."

On rollcall No. 259 I would have voted "yea."

On rollcall No. 260 I would have voted "yea."

On rollcall No. 261 I woud have voted "nay."

On rollcall No. 264 I would have voted "nay."

On rollcall No. 265 I would have voted "yea."

On rollcall No. 266 I would have voted "yea."

On rollcall No. 267 I would have voted "nay."

On rollcall No. 268 I would have voted "nay."

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL RECREATION AND PARKS WEEK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 330.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A resolution (S.J. Res. 90) to provide for the designation of a week as "National Recreation and Parks Week."

The PRESIDING OFFICER. Is there objection of the present consideration of the bill?

The Senate proceeded to consider the bill.

● Mr. DURENBERGER. Mr. President, Senate Joint Resolution 90 is supported by several national and State organizations who are collectively interested in parks recreation and allied environmental and social programs. Among national supporters are the National Recreation and Park Association, the National Association of State Outdoor Recreation Liaison Officers, and the National Parks and Conservation Association.

Passage of this resolution and subsequent attention and involvement to it by selected executive agencies will lead to improved recreation and park opportunities for most Americans. It will expand the public's understanding of the physical and mental health benefits potentially available through recreation, and it will encourage public use of park and recreation systems.

Citizen and professional groups in all of the 50 States are deeply interested and supportive of the passage of Senate Joint Resolution 90 and today I ask support of the Senate for approval.●

The joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, follows:

Whereas America's public recreation and park systems include outstanding elements of our national cultural and natural heritage;

Whereas recreation and leisure experiences are important to the physical and mental health of the Nation and improve the quality of life for all people;

Whereas the American public seeks such experiences in national forests, parks, wildlife refuges, and other Federal recreation resources;

Whereas State and local governments offer a variety of recreation and park experiences and opportunities for all people, including the ill, handicapped, and the elderly;

Whereas the provision of public recreation and park opportunities encourages various forms of citizen participation and professional excellence; and

Whereas the Congress of the United States, through authorization of Federal recreation resource areas and appropriation of funds to aid other public park and recreation functions has encouraged the development of park and recreation facilities and programs at the National, State, and local levels: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating June 1 through June 7, 1980, as "National Recreation and Parks Week" and to invite the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such week with appropriate ceremonies and activities.

ORDER FOR RECESS UNTIL 9:45 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:45 a.m. tomorrow; that the time following the approval of the Journal and the prayer be divided equally between the distinguished minority leader and the majority leader, and that that time not extend beyond 10 a.m.

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

GOLD PRICE AUGURS DEPRESSION FOR UNITED STATES

Mr. GRAVEL. Mr. President, I wish to comment upon a statement made by Senator MUSKIE, that the price of gold today had hit an historic high of $350 per ounce. I would like to comment on this for the record, as to the relevance of this, because I do not think the full appreciation of this is upon us.

I think it is the first harbinger of our movement as a Nation into a depression, and I use those words fully realizing what I am saying in that regard.

What has happened is the equivalent of a crash as we experienced it in the fall of 1929. That crash was entirely masked by two events that occurred at that point, events that cannot be duplicated.

At that point in our history, we were on a hard currency and at the same time we had no inflation. So when the discounting of America's productive worth took place in the marketplace, it showed precipitately before our eyes. Today, with double-digit inflation on the order of 12 percent to 13 percent, and the fact that we are not on a hard currency, there is no way for anybody to see the precipitate fall that has taken place in the discounting of the productive worth of this country. We only can see it in the only measure that exists in the world today, and that is the measure of the only hard currency we have, and that of course is gold.

Why is this taking place? Very simply, it is because of a decision the market has made over what would be the effect on the marketplace of our society, and that is a political decision. That political decision that the market has assumed is the one to install a windfall profits tax on the United States, which would be the equivalent of causing about $150 billion or more in the next decade to be transferred from one sector of our society, which would be oil and gas, to another sector of our society, which would be the Government, and the Government would then disburse this money as it felt.

The international investment community has recognized that that kind of transfer of wealth is the harbinger of an economy that will be getting more and more into difficulty, and they obviously have made a decision to discount what that productive capability will be. That discounting has not taken place in Japan; that discounting has not taken place in Germany, but it is taking place in this country.

It is very tragic and unfortunate. I venture to say—and I say this most respectfully—that I am the only person in the Senate who probably has an appreciation of the consequences of these events. If these events are prophetic, it will be that we will be visited by unbelievable pain in this country over the forthcoming decade.

We are on the brink of the 50-year economic cycle. How deeply we launch ourselves into that cycle will depend upon the public policies that are effected by the political body. This political body is bent upon eroding the productive capability of this country and doing so for a decade. So the depths we plunge ourselves into are unfathomable.

I make note of this at this time because I have had it on my mind for some days. This is the reason I have indicated that I would do all in my power to try to stop the passage of this legislation.

The $150 billion that will come from this tax, one, is not to be transferred to Government and, two, it is not a tax on windfall profits, because those windfall profits do not exist. I challenge anybody in this country to come forward with any existence of windfall profits in the energy industry. It is a severance tax on oil, and that severance tax will transfer from the energy industry—that part of the energy industry that is the only part that can do something to satisfy our energy needs in the short run—$150 billion-plus over the next decade, from that part of industry to Government.

That is what the global investment community sees today, and that is why the global investment community is launching headlong into gold, in order to protect itself from the economic holocaust that we are bringing upon ourselves.

There is only one parallel to that in history, and that was the passage of the Smoot-Hawley Act. That act was signed into law in June of 1930, but it passed the House in 1929. It passed the Finance Committee, which was the area where this was debated, or essentially the agreement that it would pass was determined in October of 1929, when we had the stock market crash.

What we are seeing now is another stock market crash. The only thing is that it is masked so we do not understand it, but its effects upon us will be every bit as painful and every bit as tragic.

As the Smoot-Hawley Act of Congress caused the great depression of 1930, it will be the windfall profits tax, which probably will pass in this body, regardless of what I say or anybody else says, which will be the harbinger of the great depression of the 1980's; and it will be a political act by this Congress on this occasion.

(Mr. GRAVEL assumed the chair.)

REMINDER OF VOTES TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I remind Senators that the first vote tomorrow is expected to occur about 10:45 a.m. That will be a rollcall vote, and it will be followed immediately by another rollcall vote.

RECESS UNTIL 9:45 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 9:45 tomorrow morning.

The motion was agreed to; and at 6:46 p.m. the Senate recessed until tomorrow, Tuesday, September 18, 1979, at 9:45 a.m.

NOMINATIONS

Executive nominations received by the Senate on September 17, 1979:

DEPARTMENT OF STATE

Donald R. Norland, of New Hampshire, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Chad.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Ronald P. Laurent, of Illinois, to be president, Government National Mortgage Association, vice John Howard Dalton, resigned.

HOUSE OF REPRESENTATIVES—*Monday, September 17, 1979*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Every one then who hears these words of Mine and does them will be like a wise man who built his house upon a rock.—Matthew 7: 24.

O Lord, our God, we thank You that You have showed us the way, the truth, and the life. We confess our faults and our own unfaithfulness by not following in the path that You have showed.

Renew our strength, O Lord, and help us to remember that with the change and uncertainty of life we have the assurance that underneath all Your loving arms and Your promise of hope. Lead and sustain us that our efforts may be built upon the truth and thus endure for the good of all people. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Chirdon, one of his secretaries, who also informed the House that on September 6, 1979, the President approved and signed a joint resolution of the House of the following title:

H.J. Res. 244. Joint resolution to authorize and request the President to issue annually a proclamation designating the first Sunday of September following Labor Day of each year as National Grandparents Day.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 367. Joint resolution to authorize and request the President to proclaim the week of September 16 through 22, 1979, as "National Meals on Wheels Week".

The message also announced that the Senate insists upon its amendments to the bill (H.R. 3996) entitled "An act to amend the Rail Passenger Service Act to extend the authorization of appropriations for Amtrak for 3 additional years,

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☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CANNON, Mr. LONG, Mr. HOLLINGS, Mr. EXON, Mr. PACKWOOD, Mr. SCHMITT, and Mrs. KASSEBAUM to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust."

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON HOUSE JOINT RESOLUTION 399, CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1980

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on House Joint Resolution 399, making continuing appropriations for the fiscal year ending September 30, 1980, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON A JOINT RESOLUTION MAKING APPROPRIATIONS FOR FEDERAL TRADE COMMISSION FOR FISCAL YEAR 1980

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on a joint resolution making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

MARKETING QUOTA PENALTIES EXEMPTION FOR STATE PRISON FARMS

The Clerk called the bill (H.R. 998) to amend the Agricultural Adjustment Act of 1938, as amended, to exempt State prison farms from paying of marketing quota penalties.

There being no objection, the Clerk read the bill, as follows:

H.R. 998

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, section 273(d) of the Agricultural Adjustment Act of 1938, as amended, is further amended to add a new sentence as follows: "Effective with the 1978 crops, no penalty shall be collected under this Act with respect to the marketing of any agricultural commodity grown on State prison farms for consumption within such State prison system.".

With the following committee amendment:

Page 2, line 1, strike out "section 273(d)" and insert in lieu thereof "section 372(d)".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VALIDATING THE EFFECTIVENESS OF CERTAIN PLANS FOR THE USE OR DISTRIBUTION OF FUNDS APPROPRIATED TO PAY JUDGMENTS AWARDED TO INDIAN TRIBES OR GROUPS

The Clerk called the joint resolution (H.J. Res. 383) to validate the effectiveness of certain plans for the use or distribution of funds appropriated to pay judgments awarded to Indian tribes or groups.

There being no objection, the Clerk read the joint resolution as follows:

H.J. RES. 383

Whereas pursuant to Public Law 93-134 (Act of October 19, 1973; 87 Stat. 466; 25 U.S.C. 1401), the Secretary of the Interior or his designee has submitted plans for the use or distribution of funds appropriated to pay judgments awarded to Indian tribes or groups; and

Whereas none of such plans have been disapproved by congressional action; and

Whereas a recent July 9, 1979, decision of the United States District Court for the District of Columbia in the case of Seminole Indian Tribe of Florida versus Andrus has called into question the effectiveness and validity of those plans submitted to Congress under Public Law 93-134; and

Whereas it is the purpose of this resolution to validate the effectiveness of the plans (other than the plan involved in the Seminole decision and a plan involving the tribes of the Warm Springs Reservation which is the subject of pending litigation) which were submitted to the Congress pursuant to Public Law 93-134 and which had been presumed to have become effective prior to the July 9, 1979, United States district court decision: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following plans for the use or distribution of funds submitted to the Congress pursuant to Public Law 93-134 are hereby declared to be valid and effective as of the dates indicated:

Tribe or group	Docket number(s)	Effective date
Washoe	ICC 288	Sept. 25, 1974
Seneca	ICC 342-A and 368-A	Sept. 26, 1974
Fort Berthold (Three Affiliated Tribes.)	ICC 350-A, E, and H	Oct. 2, 1974
Paiute, Northern	ICC 87	Oct. 10, 1974
Nez Perce	ICC 175-B	Oct. 10, 1974
Cherokee, Eastern	ICC 282-A through L	Oct. 10, 1974
Ponca	ICC 322, 323, and 324	Nov. 23, 1974
Tuscarora	ICC 321	Dec. 18, 1974
Chippewa, Red Lake	ICC 189	Feb. 3, 1975
Sioux, Yankton	ICC 332-B	Feb. 7, 1975
Kikiallus	ICC 263	Feb. 18, 1975
Skagit, Lower	ICC 294	Feb. 18, 1975
Lummi	ICC 110	Mar. 3, 1975
Apache, Chiricahua	ICC 30 and 48 and 30-A and 48-A.	Mar. 16, 1975
Sioux, Cheyenne River	ICC 114	Mar. 16, 1975
Iowa	ICC 135	Mar. 24, 1975
Ottawa, Oklahoma	ICC 304 and 305	June 17, 1975
Pueblos de Jemez, Santa Ana, and Zia.	ICC 137	June 17, 1975
Apache, Jicarilla	ICC 22-K	July 8, 1975
Suquamish	ICC 132	Sept. 14, 1975
Winnebago	ICC 243, 244, and 245	Oct. 30, 1975
Cabazon	ICC 148	Oct. 30, 1975
Apache, Western	ICC 22-D	Dec. 3, 1975
Cherokee	ICC 173-A	Nov. 5, 1975
Navajo	Ct. Cl. 49692	Nov. 17, 1975
Creek, Oklahoma	ICC 167-273	Nov. 16, 1975
Angoon	ICC 278-B	Feb. 1, 1976
Samish	ICC 261	Dec. 10, 1975
Swinomish	ICC 233	Dec. 10, 1975
Shawnee	ICC 334-B	Mar. 5, 1976
Mohave	ICC 283 and 295	Apr. 12, 1976
Chippewa, Pillager	ICC 144	Apr. 28, 1976
Yakima	ICC 161, 222, and 224	May 13, 1976
Colville	ICC 161, 222, and 224	May 21, 1976
Kiowa-Comanche-Apache.	ICC 257 and 259-A	June 8, 1976
Fort Berthold (Three Affiliated Tribes).	ICC 350-F	June 20, 1976
Flathead (Confederated Salish and Kootenai).	Ct. Cl. 50233 No. 8 and No. 9.	Aug. 25, 1976
Senecca	ICC 84; 342-B, C, and 368; 342-F and I.	Jan. 29, 1977
Six Nations and Stockbridge-Munsee.	ICC 84 and 300-B ICC 300.	Mar. 4, 1977
Devils Lake Sioux	ICC 363	July 23, 1977
Saginaw Chippewa	ICC 57	Nov. 12, 1977
Fort Berthold Tribes	ICC 350-C and D	Mar. 13, 1978
Fort Mohave	ICC 295-A	Nov. 12, 1977
Potawatomi	ICC 15-K, 29-J, 217, 15-M, 29-K, and 146.	Mar. 6, 1978
Mescalero (Lipan)	ICC 22-C	Apr. 9, 1978
Taos Pueblo	ICC 357-A	Apr. 10, 1978
Colville-Nez Perce	ICC 186	May 1, 1978
Creek	ICC 275	June 15, 1978
Seneca Nation	ICC 342-G	Feb. 1, 1979
Lake Superior and Mississippi Chippewa.	ICC 18-C and 18-T	Feb. 1, 1979
Sisseton-Wahpeton	ICC 363 (1867 and 1872).	Mar. 26, 1979
Pyramid Lake	ICC 87-B	June 12, 1979
Bois Forte	ICC 18-D	June 5, 1979

SEC. 2. The following plans for the use or distribution of funds submitted to the Congress pursuant to Public Law 93-134 are hereby declared to have been validly submitted and are exempted from the submission deadline in section 2 of said Act and shall be effective as provided in section 5 of said Act:

Tribe or group	Docket number(s)
Caddo	ICC 226.
Goshute	ICC 326-B and J.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REORGANIZATION OF FOREIGN CLAIMS SETTLEMENT COMMISSION AND ABOLITION OF MISCELLANEOUS AGENCIES

The Clerk called the bill (H.R. 4337) to provide for the transfer of the Foreign Claims Settlement Commission of the United States to the U.S. Department of Justice as a separate agency in that Department; to provide for the authority and responsibility of the Department of Justice to supply to the Foreign Claims Settlement Commission certain administrative support services without altering the adjudicatory independence of the Commission; to change the terms of office and method of appointment of the members of the Commission and for other purposes

There being no objection, the Clerk read the bill, as follows:

H.R. 4337

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—FOREIGN CLAIMS SETTLEMENT COMMISSION

SEC. 101. The Foreign Claims Settlement Commission of the United States, established under Reorganization Plan Numbered 1 of 1954 (5 U.S.C. App.), is hereby transferred to the Department of Justice as a separate agency within that Department.

SEC. 102. The personnel, assets, liabilities, unexpended balances of appropriations, authorizations, allocations, and other funds held, used, available, or to be made available, in connection with the functions of the Commission shall be transferred to the Department of Justice and made available to the Commission. The Commission shall continue to perform its functions as provided by the War Claims Act of 1948 (50 U.S.C. App. 2001 et seq.), the International Claims Settlement Act of 1949 (22 U.S.C. 1621 et seq.), and Reorganization Plan Numbered 1 of 1954 (5 U.S.C. App.)

SEC. 103. (a) The Commission shall be composed of a Chairman and two members. The Chairman shall be appointed by the President, by and with the advice and consent of the Senate, to serve on a full-time basis. The other members of the Commission shall be appointed by the President, by and with the advice and consent of the Senate, and serve on a part-time basis.

(b) The terms of Office of the Chairman and members of the Commission shall be for three years, except the Chairman and members first appointed after the enactment of this subsection shall be appointed to terms ending respectively September 30, 1982, September 30, 1981, and September 30, 1980. The incumbent of any such office may continue to serve until a successor takes office.

(c) Notwithstanding the provisions of subsections (a) and (b) of this section, members of the Foreign Claims Settlement Commission who are serving on the effective date of this Act, shall continue to serve in the same capacities until the expiration of the terms to which they were appointed.

(d) Members of the Commission (other than the Chairman) shall be compensated on a per diem basis at a rate of compensation equivalent to the daily rate for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day that such member is employed in the actual performance of official business of the Commission as may be directed by the Chairman. Each member shall be reimbursed for travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5 for persons in Government service employed intermittently.

SEC. 104. (a) The Commission is authorized, in accordance with civil service laws and in accordance with title 5 of the United States Code, to appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Commission.

(b) The Commission is authorized to employ experts and consultants in accordance with section 3109 of title 5 of the United States Code, without compensation or at rates of compensation not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of title 5 of the United States Code.

(c) Notwithstanding any other provision of law, the Commission is further authorized to employ nationals of other countries who may possess special knowledge, languages, or other expertise necessary to assist the Commission.

(d) The Commission is authorized to pay expenses of packing, shipping, and storing personal effects of personnel of the Commission assigned abroad, and to pay allowances and benefits similar to those provided by title IX of the Foreign Service Act of 1946 (22 U.S.C. 1131 et seq.).

(e) The Commission is authorized, with the consent of the head of any other department or agency of the Federal Government, to utilize the facilities and services of such department or agency in carrying out the functions of the Commission.

(f) Officers and employees of any department and agency of the Federal Government may, with the consent of the head of such department or agency, be assigned to assist the Commission in carrying out its functions. The Commission shall reimburse such department and agency for the pay of such officers or employees.

SEC. 10. All functions, powers, and duties not directly related to adjudicating claims are hereby vested in the Chairman, including the functions set forth in section 3 of Reorganization Plan Numbered 1 of 1954 and the authority to issue rules and regulations.

SEC. 106. The Attorney General shall provide necessary administrative support and services to the Commission. The Chairman shall prepare the budget requests, authorization documents, and legislative proposals for the Commission within the procedures established by the Department of Justice, and the Attorney General shall submit these items to the Director of the Office of Management and Budget as proposed by the Chairman.

SEC. 107. Nothing in this Act shall be construed to diminish the independence of the Commission in making its determinations on claims in programs that it is authorized to administer pursuant to the powers and responsibilities conferred upon the Commission by the War Claims Act of 1948 (50 U.S.C. App. 2001 et seq.), the International Claims Settlement Act of 1949 (22 U.S.C. 1621 et seq.), and Reorganization Plan Numbered 1 of 1954 (5 U.S.C. App.). The decisions of the Commission with respect to claims shall be final and conclusive on all questions of law and fact, and shall not be subject to review by the Attorney General or any other official of the United States or by any court by mandamus or otherwise.

SEC. 108. Section 2(d) of the War Claims Act of 1948 (50 U.S.C. App. 2001(d)) is hereby repealed.

TITLE II—ANNUAL ASSAY COMMISSION

SEC. 201. The Annual Assay Commission, and the positions of assay commissioners established by section 3547 of the Revised Statutes of the United States (31 U.S.C. 333), are hereby abolished. The functions of that Commission and of the assay commissioners are hereby transferred to and vested in the Secretary of the Treasury.

TITLE III—UNITED STATES MARINE CORPS MEMORIAL COMMISSION

SEC. 301. The United States Marine Corps Memorial Commission, established by the Joint Resolution of August 4, 1947 (61 Stat. 724), entitled "Joint Resolution to establish a commission to formulate plans for the erection, in Grant Park, Chicago, of a Marine Corps Memorial", is hereby abolished.

TITLE IV—THE LOW EMISSION VEHICLE CERTIFICATION BOARD

SEC. 401. The Low Emission Vehicle Certification Board established by section 212 of the Clean Air Act (42 U.S.C. 7546), is hereby abolished.

TITLE V—DETERMINATION ORDER

SEC. 501. The Director of the Office of Management and Budget is authorized and directed to make such determinations as may be necessary with regard to the transfer of functions, powers, and duties pursuant to this Act, and to make such additional incidental dispositions of personnel, assets, liabilities, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available, in connection with the functions transferred by this Act, as the Director may deem necessary to accomplish the purposes of this Act. The Director is further authorized and directed to provide for terminating the affairs of each agency, board, or commission abolished by this Act.

TITLE VI

SEC. 601. This Act shall take effect on October 1, 1979.

With the following committee amendment:

Page 6, after line 15, add the following new section:

SEC. 109. Section 5316 of title 5 of the United States Code is amended—

(1) by striking out paragraph (31) and inserting in lieu thereof:

"(31) Chairman, Foreign Claims Settlement Commission of the United States, Department of Justice."; and

(2) by striking out paragraph (90) of such section.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. That concludes the call of the Consent Calendar.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. BEDELL. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may be permitted to sit tomorrow, Tuesday, September 18, 1979, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

PERSONAL EXPLANATION

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

● Mr. BRADEMAS. Mr. Speaker, I take this time to state my position on two rollcall votes that I missed on Friday, September 14, 1979.

The votes are as follows:

Rollcall No. 471, on an amendment to H.R. 4040, the Defense Department authorization for fiscal year 1980, offered by the gentleman from Missouri (Mr. SKELTON). The amendment was adopted by a vote of 189 to 149. Had I been present, I would have voted against the amendment.

Rollcall No. 472, a vote on final passage of H.R. 4040, the Defense Department authorization, for fiscal year 1980. The bill was passed by a vote of 282 to

46. I was paired for this bill and had I been present, would have voted in favor of it.

PERSONAL EXPLANATION

Mr. DAN DANIEL. Mr. Speaker, on rollcall No. 472, I am recorded as not having voted. I was present. Had I been recorded, I would have voted in the affirmative.

C–SPAN

(Mrs. BOGGS asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BOGGS. Mr. Speaker, I would like to join the gentleman from Kentucky, Mr. PERKINS, in recognizing the educational significance of today's announcement providing for the televising of Close Up sessions through C–SPAN.

Since I have been in Congress, I have been an enthusiastic supporter of the Close Up program. I have witnessed firsthand the impact the program has had on the young people of my State—one which had encouraged them to take an active interest in our political system. I have been particularly impressed that in spite of a growing climate of cynicism and lack of trust in those of us in politics, there exists this opportunity to have a firsthand closeup view of our system in action and to take back home the message that Government in this country welcomes the ideas and involvement of its citizens.

Because I believe it is important for people to be able to see its Government at work, I have followed closely the growth of the idea of televising the House proceedings through C–SPAN. But as we all know, the proceedings on the floor are but a part of our process of Government. That is why I am pleased to learn that the in-depth Close Up sessions with Government officials, which have been so important to my constituents, will now be aired for all who watch the House in session to see.

This opportunity to see Government in action and to hear the active questioning of our political leaders can only help to generate a greater understanding of our democratic processes of Government.

AN IMPORTANT NEW SET IN AMERICAN GOVERNMENT EDUCATION

(Mr. PERKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PERKINS. Mr. Speaker, it is with great personal pride that I share in this opportunity to announce to my colleagues today the inauguration of an exciting new concept in bringing our Government closer to the people.

The Close Up Foundation, whose fellowship program was authorized by an act of Congress in 1972, has become a constructive force in citizenship education. It has energized social studies, government and civics programs in high school classrooms throughout the country through its outstanding Washington-based program for high school students and teachers and through its excellent curriculum materials. Now, as a result of its linking with C–SPAN, which is responsible for televising the House proceedings, Close Up will be sponsoring a series of live discussions with governmental leaders and students that can be seen on television in schools and homes throughout the country.

This is truly an important new step in American Government education. By combining their resources, Close Up and C–SPAN will be creating what amounts to a "living textbook" for high school students and teachers.

What is equally exciting about this concept is that through the employment of the latest technological resources, Congress will be able to extend in a very significant way the educational activities it has previously authorized through the Allen J. Ellender Fellowship program. Students who may never get the opportunity to visit Washington personally will be able to participate in their classrooms and homes in seminars and forums that will allow them to share the latest thinking of their elected representatives and other Federal officials.

Congress has no higher responsibility than to secure the benefits of education for its constituents. I am personally pleased that the Close Up Foundation and C–SPAN will be working together to assist us in meeting this responsibility.

GASOHOL SHOULD BE PERMANENTLY EXEMPTED FROM FEDERAL MOTOR FUELS EXCISE TAX

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, on Friday, September 14, 1979, I introduced a bill which would make permanent the exemption of gasohol from the Federal motor fuels excise tax. As you may be aware, I submitted another bill, H.R. 3030, last March which extended the exemption from 1984 to 1989. At that time, I considered the 5-year extension to be optimistic in light of the Carter administration's less than wholehearted support of alcohol fuel. Since that time, however, the administration has become more receptive to the idea of incentives for alcohol production and marketing, and the President has recommended this excise tax exemption be permanent. I could not agree more. There are many reasons why this exemption is good for our energy program and there are just as many reasons for extending it permanently.

Many farmers and investors in my district are anxious to begin producing and marketing alcohol fuel. They do not want the Federal Government to assume the total burden and risk in their business, but they do want some assurance that this new enterprise designed to reduce our dependence on foreign oil will have the necessary encouragement to be successful. That is where the exemption on the Federal motor fuels excise tax comes in. Businessmen do not plan only for the immediate future; they must know what to expect on the long pull if they are to make sound decisions. This extension will give farmers and investors the assurance they need that the tax advantages of producing alcohol fuel will exist for more than 5 years.

I am sure those Members of Congress who represent agricultural districts have many constituents who have contacted them urging swift passage of incentives for the production of alcohol fuels. I think it is also very likely that those Members from nonagricultural districts have also been contacted by their constituents who are very interested in the use of alcohol to supplement our gasoline supplies. Because of the proven ability of gasohol to provide a net energy gain and thereby reduce our dependence upon foreign oil imports, I urge all of you to join me in support of this measure to extend the excise tax exemption.

□ 1210

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4360

Mr. EVANS of the Virgin Islands. Mr. Speaker, I ask unanimous consent to withdraw my name as a cosponsor of H.R. 4360, as introduced on June 6, 1979, by the gentleman from New York (Mr. ZEFERETTI).

The SPEAKER. Is there objection to the request of the gentleman from the Virgin Islands?

There was no objection.

REVENUE RULING 79–72—NEW LEGISLATION

(Mr. WHITTAKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITTAKER. Mr. Speaker, I rise today to encourage my colleagues to join me in remedying a situation which is both a disincentive to savers and an added burden to our financial institutions. I speak of Revenue Ruling 79–72, issued by the Internal Revenue Service on February 12 of this year.

This ruling would require holders of short-term certificates of deposit to pay taxes on the interest they earn before it is actually received. It would force the millions of taxpayers who hold these certificates to file on an accrual basis with regards to this interest, even though they would be cash basis taxpayers for all other purposes. It would also entail countless additional hours of paperwork for our already overburdened financial institutions.

There are over 6 million short-term certificates in the banking sector alone.

The legislation I am introducing today will bring much-needed relief to our financial institutions, as well as relieving millions of taxpayers from an even more complicated personal tax return than they currently face. Any benefit to the Treasury is insignificant when compared to the adverse effects of this ruling, and thus my bill should be passed to alleviate this regrettable situation.

SOVIET MILITARY IN CUBA

(Mr. WAMPLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WAMPLER. Mr. Speaker, through piecemeal reports it has emerged that the Soviet Union has a combat brigade in Cuba and an underground military command base west of Havana with a capacity for 8,000 men.

From a military and political standpoint, there are clear reasons why such a Soviet presence in Cuba imperils the security of the United States.

First, it constitutes a tripwire situation which gives Cuba far greater latitude in hemispheric operations that are contrary to the interest of the United States.

Second, if it remains, it is a demonstration to the world that the United States lacks the capacity to prevent the expansion of the Soviet empire into Latin America.

Third, a base is a base. Through clandestine development and infiltration, it can provide a facility for the storage and deployment of mobile missiles and torpedoes. It can service Soviet submarines. It can house surveillance instruments for electronic intelligence. It can service and resupply mine layers. It can cost us billions in the reorientation of our defenses to meet a new threat from an exposed flank.

Fourth, it can provide a military assistance group and supply point for the training and equipment of forces devoted to so-called wars of liberation in Latin America.

Fifth, it can represent a cheaply gained but powerful blue chip in the diplomatic poker game of power politics.

Sixth, it inflicts major damage on our OAS Treaty with the Latin American countries and destroys any vestigial value of the Monroe Doctrine.

Mr. Carter exhorts us to calmness while assuring us that this situation is no threat to American security; that it should not be linked to the SALT treaty. It is true that we should be calm while awaiting early and decisive action on the part of the President. Our period of calmness must be short however and our refusal to accept this situation must be strong and positive. Every day that the current situation lasts, the weaker our position becomes. We have a threat on our doorstep. Unless we require its removal, we shall have to accept a major recession in our position before the Soviet Union and the onlooking world.

INTERNATIONAL COMMUNIST TERRORISTS AND MURDERERS

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, according to a Washington Post report today, State Department bureaucrats convinced President Carter to release four Puerto Rican terrorists as a sign of good will to Cuba's Fidel Castro, in the misguided belief that such benevolent action might dissuade Castro from castigating the United States during the Conference of Nonalined Nations in Havana.

The State Department apparently also entertained the hope—thus far equally misplaced—that Castro would reciprocate by releasing four American prisoners.

Surely, there can be no greater error in the conduct of our international affairs than to presume that the Communists are honorable people with humanitarian objectives.

Fidel Castro is merely one in a long line of international Communist terrorists and murderers, who have dedicated themselves to the destruction of the values most cherished by American citizens.

To calculate on favors from such a tyrant is surely a delusion.

Our diplomats must learn the lesson of history that strength in international relations will never be achieved through compromise with ruthless dictators or international communism.

I include the Washington Post report at this point in the Record:

[From the Washington Post, Sept. 17, 1979]

The "Hero" of Puerto Rico

(By Rowland Evans and Robert Novak)

President Carter's release of four Puerto Rican terrorists boosted Fidel Castro's prestige in the Third World just as he emerged as its dominant pro-Soviet voice, with the Cuban dictator spicing his triumph by violating one commitment to Washington and going slow on another.

Castro privately offered early this year to swap four Americans jailed in Cuba in return for the four Puerto Ricans held in U.S. jails, promising not to publicly claim credit. The Americans were still in jail five days after the nationalists were released. Castro immediately broke his promise of discretion, in effect proclaiming himself the hero of Puerto Rico.

So the commander of Soviet surrogate troops in Africa and leader of spreading Marxist revolution in the Caribbean and Central America is lionized in the Third World, thanks to U.S. policies. This turn of events is strange even in the wonderworld of Carter administration foreign policy. How did it happen?

The president's decision stemmed not only from a stimplistic commitment to "human rights" but also from the desire of some State Department officials to head off further diatribes against the United States at the Castro-dominated "non-aligned" conference in Havana (which denounced Yankee imperialism anyway). And there is strong evidence Carter was thinking in terms of his own domestic political interests as well.

Although the administration denies any tit-for-tat deal, the original proposal came from Castro himself early this year when a congressional delegation went to Havana to seek release of the Americans. "There need be no negotiations or publicity," Castro privately informed the congressmen. "You've made an appeal and I have proposed a solution."

Carter quickly bought the deal, supported by the State Department's human-rights specialists, but amid doubts by his principal foreign-policy aides.

The doubts were quickly confirmed. Despite Castro's implicit pledge of silence, this headline appeared in the controlled Havana press only hours after the release of the terrorists: "Carter Forced to Release Puerto Ricans." That raised well-founded suspicions that the wily Castro had always intended to parade his conquest over Washington during the non-aligned conference.

Nor was Castro in any rush to fulfill his end of the bargain. At this writing, Washington still expects the release of the Americans, but there has been no move from Havana.

The certainty that releasing the four terrorists would add further glitter to Castro as revolutionary leader prompted a warning to Carter earlier this year from Puerto Rico's Gov. Carlos Romero-Barcelo "Adversaries of the United States," he said, referring obliquely to Castro, "will interpret the gesture as a tacit admission by the United States that . . . Puerto Rico's role as a part of the United States is both invalid and intolerable." Unless the four terrorists admit their guilt, the governor added, their release will justify charges that they have been held all these years as "political" prisoners.

Castro has been trumpeting exactly that. The terrorists were "political prisoners," and Puerto Rico, like pre-revolutionary Nicaragua, is a captive of the "colonial" power of the United States.

When the four Puerto Ricans walked out of jail, they threatened to repeat the criminal acts that put them there following the assassination attempt on President Truman and the shoot-up of the House of Representatives. Back in San Juan, they were received as heroes, then went on an island-wide tour reviling the United States and praising Castro.

Simultaneously, on Sept. 13 at a Washington dinner for several hundred leaders of the Hispanic community in this country, Carter claimed political credit for the release of the Puerto Ricans. But it is doubtful that that will gain him the support of any Hispanic Americans.

As of now, not even native Puerto Ricans want independence. In repeated votes, the Independence Party has received negligible support. But that might change with Castro able to claim U.S. recognition as unofficial bargaining agent for Puerto Rican independence.

This performance, coming while Washington seems powerless to push Soviet combat troops off Cuba, suggests the perils of playing to the applause of the Third World in shaping U.S. foreign policy. Those perils are deepened when combined with understandable efforts of an unpopular president to save himself politically.

SELECT COMMITTEE ON COMMITTEES UNNECESSARY AND EXPENSIVE

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, when I fought against the creation of the Select Committee on Committees earlier this session, I did so because I was concerned it would be unnecessary and expensive. Unfortunately, my concerns appear to have been justified.

And as one of its first official acts, the select committee has asked—not for jurisdictional reform, not for a limitation on committee assignments, not for a reduction in congressional staff—but to build 42 cubbyholes for Members to telephone their offices from the gallery above historic Statuary Hall.

This proposal, variously estimated to cost from $50,000 to $129,000, is not a good sign that the select committee will get down to the substantive work of reforming in the House.

Instead, it seems bent on giving Members a little present for the coming holiday season.

Since our germaneness rule has eliminated the Christmas-treeing of bills which the Senate now practices—we are going to deck the galleries of Statuary Hall with carrels for Christmas, instead.

CABLE TELEVISION SERVICE FOR THE BOISE AREA OF IDAHO

(Mr. HANSEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANSEN. Mr. Speaker, beginning this past Friday on September 14 the people of Idaho who live in the Boise and Treasure Valley area now have the opportunity to share in the daily, legislative activities of this body via television. It is all being made possible through the facilities of United Cable Television of Boise which inaugurates its cable service later today. Since March 19 of this year, increasing millions of people throughout our country are able to watch congressional proceedings right in their own homes. The Cable Satellite Public Affairs Network (C-SPAN), a nonprofit cooperative of the cable television industry transmits these House sessions via satellite to its 500-plus affiliates in 50 States. It is a pleasure for me to welcome a new communications operation, United Cable Television of Boise, and I am sure their C-SPAN service will prove to be both educational and instructive for the people of western Idaho.

SECOND ANNUAL REPORT TO CONGRESS ON STATUS OF HEALTH INFORMATION AND HEALTH PROMOTION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

In accordance with Title XVII, Section 1705 (a) of the Public Health Service Act (Title I of P.L. 94-317), I am transmitting the Second Annual Report to Congress on the Status of Health Information and Health Promotion.

This Report has been prepared by the Department of Health, Education, and Welfare and submitted to me as required by law. The Report describes HEW's health information and health promotion activities in 1979 through August 2, and those proposed for 1980.

JIMMY CARTER.

THE WHITE HOUSE, *September 17, 1979.*

EIGHTEENTH QUARTERLY REPORT OF COUNCIL ON WAGE AND PRICE STABILITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Banking, Finance and Urban Affairs:

To the Congress of the United States:

In accordance with Section 5 of the Council on Wage and Price Stability Act, as amended, I hereby transmit to the Congress the eighteenth quarterly report of the Council on Wage and Price Stability. The report contains a description of the Council's activities during the first quarter of 1979 in monitoring both prices and wages in the private sector and various Federal government activities that may lead to higher costs and prices without creating commensurate benefits. It discusses Council reports, analyses, and filings before Federal regulatory agencies. It also describes the Council's activities of monitoring wages and prices as part of the anti-inflation program.

The Council on Wage and Price Stability will continue to play an important role in supplementing fiscal and monetary policies by calling public attention to wage and price developments or actions by the government that could be of concern to American consumers.

JIMMY CARTER.

THE WHITE HOUSE, *September 17, 1979.*

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ANNUAL REPORT TO RAILROAD RETIREMENT BOARD FOR FISCAL YEAR 1978—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I hereby transmit the Annual Report to the Railroad Retirement Board for fiscal year 1978.

The report summarizes the Board's operations to assist the railroad sector during the year. Under the Railroad Retirement Act, 1,100,000 recipients were paid $4 billion in retirement and survivor benefits, and under the Railroad Unemployment Insurance Act 175,000 beneficiaries were paid almost $200 million in unemployment and sickness benefits.

I note with concern that the Board has advised me that the balance in the Railroad Retirement Account continues to decline as benefit payments exceed income for the eighth consecutive year.

The Board's most recent actuarial valuation indicates a serious and growing actuarial deficit which requires short term remedial action, a judgment also concurred in by the General Accounting Office. This Administration's budget for fiscal year 1980 includes even-handed legislative proposals to restore to solvency the railroad industry pension fund which will assure the interests of current and future railroad retirement beneficiaries. We also invite the view of railroad labor and management on our proposal to provide sound financing of the industry pension component by the railroad industry without added Federal subsidies.

The Board is currently preparing its 14th Triennial Actuarial Valuation of the industry pension, which should provide a more accurate, up-to-date analysis of the financial condition of the fund. The forthcoming actuarial valuation will project the condition of the fund based on strict current law basis as well as under the normal requirements of the Employee Retirement Income Security Act (ERISA). Both estimates will use the economic assumptions in the most recent Social Security Trustee's Report. These additional perspectives will help assure that changes to restore the solvency of the industry pension are based on information under a variety of economic and legislative assumptions.

JIMMY CARTER.

THE WHITE HOUSE, *September 17, 1979.*

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

Such rollcall votes, if postponed, will be taken on Tuesday, September 18, 1979.

MISCELLANEOUS CHANGES IN TAX LAWS

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4746) to make miscellaneous changes in the tax laws.

The Clerk read as follows:

H.R. 4746

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SIMPLIFICATION OF PRIVATE FOUNDATION RETURN AND REPORTING REQUIREMENTS.

(a) AMENDMENT OF SECTION 6033.—Section 6033 of the Internal Revenue Code of 1954 (relating to returns by exempt organizations) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

"(c) ADDITIONAL PROVISIONS RELATING TO PRIVATE FOUNDATIONS.—In the case of an organization which is a private foundation (within the meaning of section 509(a))—

"(1) the Secretary shall by regulations provide that the private foundation shall include in its annual return under this section such information (not required to be furnished by subsection (b) or the forms or regulations prescribed thereunder) as would have been required to be furnished under section 6056 (relating to annual reports by private foundations) as such section 6056 was in effect on January 1, 1979,

"(2) a copy of the notice required by section 6104(d) (relating to public inspection of private foundations' annual returns), together with proof of publication thereof, shall be filed by the foundation together with the annual return under this section, and

"(3) the foundation managers shall furnish copies of the annual return under this section to such State officials and other persons, at such times, and under such conditions, as the Secretary may by regulations prescribe.

Nothing in paragraph (1) shall require the inclusion of the name and address of any recipient (other than a disqualified person within the meaning of section 4946) of 1 or more charitable gifts or grants made by the foundation to such recipient as an indigent or needy person if the aggregate of such gifts or grants made by the foundation to such recipient during the year does not exceed $1,000.

"(d) SECTION TO APPLY TO NONEXEMPT CHARITABLE TRUSTS AND NONEXEMPT PRIVATE FOUNDATIONS.—The following organizations shall comply with the requirements of this section in the same manner as organizations described in section 501(c)(3) which are exempt from tax under section 501(a):

"(1) NONEXEMPT CHARITABLE TRUSTS.—A trust described in section 4947(a)(1) (relating to nonexempt charitable trusts).

"(2) NONEXEMPT PRIVATE FOUNDATIONS.—A private foundation which is not exempt from tax under section 501(a)."

(b) PUBLIC INSPECTION OF PRIVATE FOUNDATIONS' ANNUAL RETURNS.—

(1) IN GENERAL.—The first sentence of subsection (d) of section 6104 of such Code (relating to public inspection of private foundations' annual reports) is amended to read as follows: "The annual return required to be filed under section 6033 (relating to returns by exempt organizations) by any organization which is a private foundation within the meaning of section 509(a) shall be made available by the foundation managers for inspection at the principal office of the foundation during regular business hours by any citizen on request made within 180 days after the date of the publication of notice of its availability."

(2) CONFORMING AMENDMENTS.—Such subsection (d) is amended—

(A) by striking out "ANNUAL REPORTS" in the heading and inserting in lieu thereof "ANNUAL RETURNS"; and

(B) by striking out "annual report" each place it appears in the second and third sentences and insering in lieu thereof "annual return".

(c) REPEAL OF PRIVATE FOUNDATION ANNUAL REPORTING REQUIREMENTS.—Subpart D of part III of subchapter A of chapter 61 of such Code (relating to information concerning private foundations) is hereby repealed.

(d) TECHNICAL AMENDMENTS.—

(1) Section 6034 of such Code (relating to returns by trust described in section 4947(a) or claiming charitable deductions under section 642(c)) is amended—

(A) by striking out "section 4947(a)" in subsection (a) and inserting in lieu thereof "section 4947(a)(2)";

(B) by adding at the end of subsection (b) the following new sentence: "This section shall not apply in the case of a trust described in section 4947(a)(1).";

(C) by striking out "EXCEPTION" in the heading of subsection (b) and inserting in lieu thereof "EXCEPTIONS"; and

(D) by striking out "SECTION 4947(a)" in the section heading and inserting in lieu thereof "SECTION 4747(a)(2)".

(2)(A) The first sentence of section 6652(d)(3) of such Code (relating to annual reports) is amended to read as follows: "In the case of a failure to comply with the requirements of section 6104(d) (relating to public inspection of private foundations' annual returns), on the date and in the manner prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing to meet such requirement, $10 for each day during which such failure continues, but the total amount imposed hereunder on all such persons for such failure with respect to any one annual return shall not exceed $5,000."

(B) The heading of paragraph (3) of section 6652(d) of such Code is amended by striking out "REPORTS" and inserting in lieu thereof "RETURNS".

(3) Subsection (b) of section 6104 of such Code (relating to inspection of annual information returns) is amended by striking out "6056,".

(4) Section 6685 of such Code (relating to assessable penalties with respect to private foundation annual reports) is amended to read as follows:

"SEC. 6685. ASSESSABLE PENALTIES WITH RESPECT TO PRIVATE FOUNDATION ANNUAL RETURNS.

"In addition to the penalty imposed by section 7207 (relating to fraudulent returns, statements, or other documents), any person who is required to comply with the requirements of section 6104(d) (relating to private foundations' annual returns) and who fails to so comply with respect to any return, if such failure is willful, shall pay a penalty of $1,000 with respect to each such return."

(5) Section 7207 of such Code (relating to fraudulent returns, statements, or other documents) is amended by striking out "sections 6047 (b) or (c), 6056, or 6104(d)" and inserting in lieu thereof "subsection (b) or (c) of section 6047 or pursuant to subsection (d) of section 6104".

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart A of part III of subchapter A of chapter 61 of such Code is amended by striking out "4947(a)" in the item relating to section 6034 and inserting in lieu thereof "4947(a)(2)".

(2) The table of subparts for part III of subchapter A of chapter 61 of such Code is amended by striking out the item relating to subpart D.

(3) The table of sections for subchapter B of chapter 68 of such Code is amended by striking out "reports" in the item relating to section 6685 and inserting in lieu thereof "returns".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1979.

SEC. 2. TREATMENT OF REIMBURSEMENT OF CERTAIN TRAVEL EXPENSES FOR PURPOSES OF SECTION 4941.

(a) GENERAL RULE.—Section 4941(d)(2)(G) of the Internal Revenue Code of 1954 (relating to payment or reimbursement of certain traveling expenses) is amended by striking out "or" at the end of clause (vi), by striking out the period at the end of clause (vii) and inserting in lieu thereof ", and", and by adding at the end thereof the following:

"(viii) any payment or reimbursement of traveling expenses for travel between a point in the United States and a point outside the United States, but only if such payment or reimbursement with respect to any one trip by an official does not exceed the lesser of the actual cost of the transportation involved or $2,500, plus an amount for all other traveling expenses not in excess of 125 percent of the maximum amount payable under section 5702(a) of title 5, United States Code, for like travel by employees of the United States for a maximum of 4 days.

Clause (viii) of subparagraph (G) shall not apply to any payment or reimbursement made by a private foundation if more than one-half of the foundation's support (as defined in section 509(d)) is normally derived from any business enterprises, trade association, or labor organization."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to travel beginning after the date of the enactment of this Act.

SEC. 3. TREATMENT OF CERTAIN CHARITABLE TRUSTS FOR PURPOSES OF THE MINIMUM TAX.

(a) GENERAL RULE.—Subparagraph (C) of section 57(b)(2) of the Internal Revenue Code of 1954 (relating to treatment of certain charitable contributions of trusts for purposes of the minimum tax) is amended by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively, and by inserting after clause (iii) the following new clause:

"(iv) deductions allowable to a trust—

"(I) all the income interests in which are devoted to one or more of the purposes described in section 17(c) (determined without regard to section 17(c)(2)(A)),

"(II) all of the interests (other than income interests) in which are held by a corporation, and

"(III) the grantor of which is a corporation."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1975.

SEC. 4. EXTENSION OF WITHHOLDING TO PAYMENTS OF SICK PAY MADE BY THIRD PARTIES.

(a) GENERAL RULES.—Paragraph (1) of section 3402(o) of the Internal Revenue Code of 1954 (relating to extension of withholding to certain payments other than wages) is amended by striking out "and" at the end of subparagraph (A), by adding "and" at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

"(C) any payment to an individual of sick pay which does not constitute wages (determined without regard to this subsection), if at the time the payment is made a request that such sick pay be subject to withholding under this chapter is in effect,".

(b) Amount To Be Deducted and Withheld.—Subsection (o) of section 3402 of such Code is amended by striking out paragraph (3) and inserting in lieu thereof the following new paragraphs:

"(3) Amount withheld from annuity payments or sick pay.—If a payee makes a request that an annuity or any sick pay be subject to withholding under this chapter, the amount to be deducted and withheld under this chapter from any payment to which such request applies shall be an amount (not less than a minimum amount determined under regulations prescribed by the Secretary) specified by the payee in such request. The amount deducted and withheld with respect to a payment which is greater or less than a full payment shall bear the same relation to the specified amount as such payment bears to a full payment.

"(4) Request for withholding.—A request that an annuity or any sick pay be subject to withholding under this chapter—

"(A) shall be made by the payee in writing to the person making the payments and shall contain the social security number of the payee,

"(B) shall specify the amount to be deducted and withheld from each full payment, and

"(C) shall take effect—

"(i) in the case of sick pay, with respect to payments made more than 7 days after the date on which such request is furnished to the payor, or

"(ii) in the case of an annuity, at such time (after the date on which such request is furnished to the payor) as the Secretary shall by regulations prescribe.

Such a request may be changed or terminated by furnishing to the person making the payments a written statement of change or termination which shall take effect in the same manner as provided in subparagraph (C). At the election of the payor, any such request (or statement of change or revocation) may take effect earlier than as provided in subparagraph (C).

"(5) Special rule for sick pay paid pursuant to certain collective-bargaining agreements.—In the case of any sick pay paid pursuant to a collective-bargaining agreement between employee representatives and one or more employers which contains a provision specifying that this paragraph is to apply to sick pay paid pursuant to such agreement and contains a provision for determining the amount to be deducted and withheld from each payment of such sick pay—

"(A) the requirement of paragraph (1)(C) that a request for withholding be in effect shall not apply, and

"(B) except as provided in subsection (n), the amounts to be deducted and withheld under this chapter shall be determined in accordance with such agreement.

The preceding sentence shall not apply with respect to sick pay paid pursuant to any agreement to any individual unless the social security number of such individual is furnished to the payor and the payor is furnished with such information as is necessary to determine whether the payment is pursuant to the agreement and to determine the amount to be deducted and withheld."

(c) Definition of Sick Pay.—Paragraph (2) of section 3402(o) of such Code (relating to definitions) is amended by adding at the end thereof the following new subparagraph:

"(C) Sick pay.—For purposes of this subsection, the term 'sick pay' means any amount which—

"(i) is paid to an employee pursuant to a plan to which the employer is a party, and

"(ii) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries."

(d) Technical Amendment.—Subparagraph (B) of section 3402(o)(2) of such Code (defining annuity) is amended by striking out ", but only to the extent that the amount is includible in the gross income of such individual".

(e) Reporting Requirements.—Section 6051 of such Code (relating to receipts for employees) is amended by adding at the end thereof the following new subsection:

"(f) Statements Required in Case of Sick Pay Paid by Third Parties.—

"(1) Statements required from payor.—

"(A) In general.—If, during any calendar year, any person makes a payment of third-party sick pay to an employee, such person shall, on or before January 15 of the succeeding year, furnish a written statement to the employer in respect of whom such payment was made showing—

"(i) the name and, if there is withholding under section 3402(o), the social security number of such employee,

"(ii) the total amount of the third-party sick pay paid to such employee during the calendar year, and

"(iii) the total amount (if any) deducted and withheld from such sick pay under section 3402.

For purposes of the preceding sentence, the term 'third-party sick pay' means any sick pay (as defined in section 3402(o)(2)(C)) which does not constitute wages for purposes of chapter 24 (determined without regard to section 3402(o)(1)).

"(B) Special rules.—

"(i) Statements are in lieu of other reporting requirements.—The reporting requirements of subparagraph (A) with respect to any payments shall, with respect to such payments, be in lieu of the requirements of subsection (a) and of section 6041.

"(ii) Penalties made applicable.—For purposes of sections 6674 and 7204, the statements required to be furnished by subparagraph (A) shall be treated as statements required under this section to be furnished to employees.

"(2) Information required to be furnished by employer.—Every employer who receives a statement under paragraph (1)(A) with respect to sick pay paid to any employee during any calendar year shall, on or before January 31 of the succeeding year, furnish a written statement to such employee showing—

"(A) the information shown on the statement furnished under paragraph (1)(A), and

"(B) if any portion of the sick pay is excludable from gross income under section 104(a)(3), the portion which is not so excludable and the portion which is so excludable.

To the extent practicable, the information required under the preceding sentence shall be furnished on or with the statement (if any) required under subsection (a)."

(f) Effective Date.—The amendments made by this section shall apply to payments made on or after the first day of the first calendar month beginning more than 120 days after the date of the enactment of this Act.

Sec. 5. Treatment of Certain Repayments of Supplemental Unemployment Compensation Benefits.

(a) General Rule.—Section 62 of the Internal Revenue Code of 1954 (defining adjusted gross income) is amended by inserting after paragraph (14) the following new paragraph:

"(15) Certain required repayments of supplemental unemployment compensation benefits.—The deduction allowed by section 165 for the repayment to a trust described in paragraph (9) or (17) of section 501(c) of supplemental unemployment compensation benefits received from such trust if such repayment is required because of the receipt of trade readjustment allowances under section 231 or 232 of the Trade Act of 1974 (19 U.S.C. 2291 and 2292)."

(b) Effective Date.—The amendment made by subsection (a) shall apply to repayments made in taxable years beginning after the date of the enactment of this Act.

Sec. 6. Disclosure of Tax Returns to State Audit Agencies.

(a) General Rule.—Subsection (d) of section 6103 of the Internal Revenue Code of 1954 (relating to disclosure of return information to State tax officials) is amended to read as follows:

"(d) Disclosure to State Tax Officials.—

"(1) In General.—Returns and return information with respect to taxes imposed by chapters 1, 2, 6, 11, 12, 21, 23, 24, 31, 32, 44, 51, and 52 and subchapter D of chapter 36, shall be open to inspection by, or disclosure to, any State agency, body, or commission, or its legal representative, which is charged under the laws of such State with responsibility for the administration of State tax laws for the purpose of, and only to the extent necessary in, the administration of such laws, including any procedures with respect to locating any person who may be entitled to a refund. Such inspection shall be permitted, or such disclosure made, only upon written request by the head of such agency, body, or commission, and only to the representatives of such agency, body, or commission designated in such written request as the individuals who are to inspect or to receive the returns or return information on behalf of such agency, body, or commission. Such representatives shall not include any individual who is the chief executive officer of such State or who is neither an employee or legal representative of such agency, body, or commission nor a person described in subsection (n). However, such return information shall not be disclosed to the extent that the Secretary determines that such disclosure would identify a confidential informant or seriously impair any civil or criminal tax investigation.

"(2) Disclosure to state audit agencies.—

"(A) In general.—Any returns or return information obtained under paragraph (1) by any State agency, body, or commission may be open to inspection by, or disclosure to, officers and employees of the State audit agenc' means any State agency, body, or extent necessary in, making an audit of the State agency, body, or commission referred to in paragraph (1).

"(B) State audit agency.—For purposes of subparagraph (A), the term 'State audit agency' means any State agency, body, or commission which is charged under the laws of the State with the responsibility of auditing State revenues and programs."

(b) Effective Date.—The amendment made by this section shall take effect on the date of the enactment of this Act.

Sec. 7. Investment Credit for Certain Property Used in Maritime Satellite Communications.

(a) General Rule.—Paragraph (5) of section 48(a) of the Internal Revenue Code of 1954 (relating to property used by governmental units) is amended to read as follows:

"(5) Property used by governmental units.—Property used by the United States, any State or political subdivision thereof, any international organization, or any agency or instrumentality of any of the foregoing shall not be treated as section 38 property. For purposes of the preceding sentence, the International Telecommunications Satellite Consortium, the International Maritime Satellite Organization, and any successor organization of such Consortium or Organization shall not be treated as an international organization."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1979.

Sec. 8 Increases in Interest Rates Payable on United States Retirement Plan and Individual Retirement Bonds.

(a) In General.—The first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by adding at the end thereof the following new paragraph:

"The Secretary of the Treasury, with the approval of the President, may provide by regulations that the investment yield on any offerings of bonds issued under this Act which are described in section 405(b) or 409(a) of the Internal Revenue Code of 1954 (relating to retirement plan bonds and individual retirement bonds, respectively) be increased for the interest accrual periods specified in such regulations so that the investment yield on such bonds for such periods is consistent with the investment yield on new offerings of such bonds."

(b) Effective Date.—The amendment made by subsection (a) shall apply with respect to the investment yield on bonds issued before, on, or after the date of the enactment of this Act, but only for purposes of increasing the investment yield on such bonds for interest accrual periods beginning after the date of enactment of this Act.

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from Illinois (Mr. Rostenkowski) will be recognized for 20 minutes, and the gentleman from Tennessee (Mr. Duncan) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. Rostenkowski).

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4746 contains miscellaneous changes in the Federal tax laws.

The bill's provisions relate to: First, simplification of private foundation return and reporting requirements; second, treatment of reimbursement by a private foundation of certain travel expenses incurred by Government officials; third, treatment of certain charitable trusts established by corporations for purposes of the minimum tax; fourth, extension of withholding to payments of sick pay made by third parties; fifth, treatment of certain repayments of supplemental unemployment compensation benefits; sixth, disclosure of tax returns to State audit agencies; seventh, investment credit for certain property used in maritime satellite communications; and eighth, increases in interest rates payable on U.S. retirement bonds.

Mr. Speaker, these changes will improve the tax law by simplifying it or by providing treatment for transactions or situations consistent with the present law treatment of substantially similar transactions or situations. In addition, the provision extending the availability of withholding to sick pay paid by third parties will assist taxpayers in meeting their tax obligations in a less burdensome way. Finally, the change in the tax return disclosure rules will assist State audit agencies in performing their responsibilities. Of course, confidential tax return information furnished to State audit agencies would be subject to the same safeguards against unauthorized use which now apply to the States taxing authority.

In reporting H.R. 4746 to the floor, the Committee on Ways and Means recognizes that there needs to be a forum for the orderly consideration of various nonmajor changes in the tax code. The ever-increasing complexity of our tax laws requires that we allot some time to periodically review minor substantive tax proposals. Also, we must be in a position to evaluate proposals to provide relief, where warranted, from the adverse effects—and often unintended effects—of the application of broad rules of existing tax policy.

Although serving as such a forum, the committee has taken the posture, however, that we must approach such narrowly drawn legislative relief only after much scrutiny and where other approaches to resolution of an issue have been exhausted.

This approach to legislating in the minor tax bill area is essential—as I have outlined on several occasions—so as not to further complicate the tax code encumbering it with an excessive number of narrowly drawn rules. In a sense, minor tax bills should meet a higher burden of proof since they often involve issues that are not of particularly broad based interest to the general public.

H.R. 4746 has met this burden of proof. No objection was raised either by the Treasury or any other witnesses before the committee to any of the provisions that have been incorporated in this bill.

In brief, Mr. Speaker, let me summarize the individual sections of H.R. 4746:

Section 1, formerly H.R. 3433, combines information reporting requirements for private foundations so that only one return would have to be filed to furnish information now required on two separate returns. It also makes a few other minor simplifications in tax reporting requirements in this area.

Section 2, formerly H.R. 988, modifies the foundation "self-dealing" rules so as to permit private foundations to reimburse Government officials for certain expenses for foreign travel under limitations similar to those that apply already to the reimbursement of expenses for domestic travel.

Section 3, formerly H.R. 4290, modifies existing law to insure that certain charitable lead trusts established by corporations to promote charitable giving do not become subject to the alternative minimum tax.

Section 4, formerly H.R. 960, would allow, on a voluntary basis, individuals to elect to have withholding from payments of sick pay made by a third party, such as an insurance company.

Section 5, formerly H.R. 3353, would allow a deduction from gross income for the repayment of supplemental unemployment compensation benefits if the repayment is required because the individual has later qualified for the receipt of trade readjustment allowances. This provision simplifies the current law so that individuals not in a position to itemize their deductions or secure a deduction under the claim of right provision of the code can receive a deduction to offset amounts already included in income but which later had been repaid.

Section 6, formerly H.R. 3372, would permit a State taxing authority to disclose State tax information to their State auditing agency as part of the auditing agency's function of reviewing the activities of the State taxing authority.

Section 7, formerly H.R. 4299, would make it clear that the U.S. designated participant in the International Maritime Satellite Organization (Comsat) would continue to qualify for the investment tax credit on property that it has invested in this organization. This is simply a clarification which has already been made in another area where Comsat serves as the U.S. representative to an international organization.

Finally, section 8, formerly H.R. 3688, would authorize the Treasury Department to make upward adjustments in the interest rates on outstanding U.S. retirement bonds so that such bonds would earn interest at a rate consistent with the yield for new issues of such bonds.

The bill would reduce budget receipts by less than $10 million annually for fiscal year 1980 and later years. In addition, the provision for increasing interest rates on U.S. retirement bonds will increase budget outlays by $6 million in fiscal year 1980 and by $2 million annually thereafter.

Mr. Speaker, H.R. 4746 makes small, but important, adjustments in our tax laws which have been the subject of detailed hearings and is a bill on which I know of no controversy. I urge its adoption by the House.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Speaker, I rise in support of H.R. 4746. In particular, I would like to discuss title I of the bill, which I authored.

Title I would simplify the tax reporting requirements for private foundations. Under current law, foundations are required to file two separate reports to the Internal Revenue Service. One report is a yearly informational filing; the other is an annual report. Both of these filings contain similar information, and this duplicaiton is both unnecessary and counterproductive.

Title I would combine both of these reports into one single filing which would be available to the public for inspection. In doing so, it would save an estimated 100,000 pieces of paperwork and 58,000 work-hours per year. It would also allow the 22,500 private foundations to spend more of their time helping people instead of filing out bureaucratic forms.

Mr. Speaker, title I of H.R. 4746 is identical to legislation which passed the House last year. It is back before us today because the Senate ran out of time to consider the bill in the 95th Congress. I urge my colleagues to vote for this legislation.

Mr. ROSTENKOWSKI. Mr. Speaker, I have no further requests for time.

Mr. DUNCAN of Tennessee. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 4746 which makes a number of changes to the Internal Revenue Code of 1954.

The bill contains eight separate and noncontroversial bills that were passed by the Select Revenue Measures Subcommittee of the Ways and Means Committee. Because of their noncontroversial nature it was felt that the bills should be expedited and that consolidation would expedite their consideration by the full committee and the House of Representatives.

H.R. 4746 is supported by the Treasury and contains suggested Treasury amendments.

I urge the bill's immediate passage.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. DUNCAN of Tennessee. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I rise in support of H.R. 4746 and would like to briefly comment on the provisions of the bill which allow a private foundation to reimburse a Government official for certain foreign travel expenses.

The Tax Reform Act of 1969 imposed an excise tax on certain transactions engaged in by private foundations, including the reimbursement of a Government official for travel expenses. An exception was provided where the Government official was reimbursed for domestic travel expenses. However, the reimbursement of a Government official by a private foundation for foreign travel expenses was not excluded.

The current restrictions imposed on the reimbursement of Government officials for foreign travel expenses has resulted in private foundations not being able to carry out their exempt function to the fullest extent possible. Thus, the reimbursement restrictions in practice have gone beyond their intended purpose and require amendment.

H.R. 4746 provides that a private foundation may reimburse a Government official for foreign travel expenses, subject to certain limitations. These limitations are similar to those imposed under current law in the case of reimbursement for domestic travel and are reasonable. Thus, under the bill the foreign travel expenses must be incurred as a result of travel between the United States and a point outside the United States. In addition, the amount of the reimbursement for transportation expenses cannot exceed the actual amount of such expenses or $2,500, whichever is less. Further, in the case of other traveling expenses the amount of the reimbursement cannot exceed 125 percent of the maximum amount payable under section 5702(a) of title 5 of the United States Code—concerning travel by U.S. employees—for a maximum of 4 days.

The bill also requires the private foundation to meet certain support requirements. Thus, the reimbursing private foundation cannot normally receive more than one-half of its support from any business enterprise, trade association, or labor organization. If it does then its reimbursement payments are not eligible for the bill's exception.

The bill is supported by Treasury, and I urge its immediate passage.

☐ 1230

Mr. DUNCAN of Tennessee. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. FRENZEL), a member of the committee.

Mr. FRENZEL. Mr. Speaker, I rise in support of the bill H.R. 4746 which includes therein a section, section 3, which was a bill that I introduced dealing with the treatment of certain charitable trusts established by corporations for purposes of minimum tax. I had asked the chairman of the subcommittee to include that particular bill in the Technical Corrections Act, but I think he quite correctly perceived that my change, while it was an unintended result of our last tax reform bill, had enough substance to it so that it should be handled in this way. I thank him for handling it promptly and urge that the full bill, which is meritorious in all of its sections, be promptly passed.

● Mr. PICKLE. Mr. Speaker, I rise in support of this bill, H.R. 4746, that embodies eight bills approved by the Subcommittee on Select Revenue Measures, section 8 of which includes my bill H.R. 3688 that would authorize the Treasury Department to make upward adjustments in the interest rate on outstanding retirement bonds (IRA's) so that such bonds would earn interest at a rate consistent with the yield for new issues of such bonds. This bill passed the House and the Senate last session, but got caught in the last-minute crunch on October 15, 1979, and since the Senate had attached it to another bill, it needed a conference to resolve and we ran out of time.

Here is the situation that section 8 of the bill addresses:

Under present law, money set aside under individual retirement accounts or Keogh plans may be invested in individual retirement bonds or retirement plan bonds offered by the U.S. Treasury.

These bonds are an extremely good, long-term investment for the U.S. Treasury, and any bonds sold help to relieve the pressure on the short-term market and thereby also help to hold down pressures on interest rates.

But the share of the market affected by these bonds has historically been very small. Currently, they offer serious drawbacks to the investor—drawbacks this legislation seeks to remedy.

The individual retirement and retirement plan bonds bear an interest rate fixed as of the date of purchase. They cannot be sold or exchanged until age 59½ or until death or disability. Thus, in most instances, the purchaser is locked into an investment in these bonds at a fixed rate of interest until retirement. Some retirement bonds still outstanding were issued at a 3¾-percent rate of return.

The legislation before you would provide simple equity to these investors by increasing that rate of return to the current rate of return on the series E savings bond. It would maintain that equity in the future—and also make these bonds a more attractive investment—by insuring that the future rate of return kept pace with the general market conditions, as does the series E bond. At the same time, since the series E rate is already carefully set not to interfere with the needs of the private market, these bonds would have no deleterious effects there.

As of July 31, 1977, approximately $169 million in retirement plan bonds and approximately $25 million in individual retirement bonds have been issued by the Treasury. Most are still outstanding. The revenue effect of improving the investment yield on these bonds is negligible, amounting to less than $6 million by 1981.

But, again, while this is a small bill, it is an important one. An improved yield will allow these bonds to serve as a competitive yardstick with private investment. The citizen will always have the option to go to a nontrustee plan using these bonds, and this will make it harder for someone to be victimized by unscrupulous retirement plan sellers offering programs which have a lower actual yield than is available on the open market.

At the same time we provide a good investment for the U.S. Government with beneficial effects on the overall interest rate picture.

This bill will have a very small effect on revenue. It is estimated that it will have no effect on budget receipts, but **it will increase outlays by $6 million in** fiscal 1980 and by $2 million each year thereafter.

I urge the adoption of this bill.●

Mr. DUNCAN of Tennessee. Mr. Speaker, I have no other requests for time and yield back the remainder of my time.

The SPEAKER pro tempore (Mr. Dicks). The question is on the motion offered by the gentleman from Illinois (Mr. Rostenkowski) that the House suspend the rules and pass the bill, H.R. 4746.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

FEDERAL OPEN MARKET COMMITTEE MINUTES

Mr. MITCHELL of Maryland. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4998) to amend the Federal Reserve Act to require that detailed minutes of Federal Open Market Committee meetings shall be published on a deferred basis.

The Clerk read as follows:

H.R. 4998

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12A of the Federal Reserve Act (12 U.S.C. 263) is amended by adding at the end thereof the following:

"(d)(1) The Board of Governors of the Federal Reserve System shall take and maintain detailed minutes of all meetings of the Committee.

"(2) Subject to paragraph (3), the minutes of each such meeting shall include a transcript of the proceedings of such meeting. Such transcript may be edited, without changing the substance involved, in accordance with regulations prescribed by the Board. Such regulations may authorize the inclusion of staff reports. Views expressed by any member of the Committee shall be attributed to such member in such minutes.

"(3)(A) Before the publication of any minutes in accordance with the provisions of paragraph (4), the Board may delete from such minutes any information regarding any foreign country, central bank of a foreign country, or any international institution which has a majority of members who are foreign countries or central banks of foreign countries. Any such deletion shall be indicated in such minutes.

"(B) Not later than fifteen years after the date of each meeting with respect to which information is deleted under subparagraph (A), the Board shall review such information to determine whether such information should be published.

"(C) Not later than thirty years after the date of each meeting with respect to which information is deleted under subparagraph (A) and withheld from publication under subparagraph (B), the Board shall publish such information.

"(4) The minutes of each meeting of the Committee, prepared pursuant to paragraphs (1) through (3), shall be published by the Board on, but not before, the first business day of February of the fourth calendar year following the calendar year in which the meeting involved occurs.".

Sec. 2. (a) The amendments made by the first section of this Act shall apply only to meetings of the Federal Open Market Committee which are held after the date of the enactment of this Act.

(b) With respect to any meeting of the Federal Open Market Committee which was held before April 1, 1976, not later than six months after the date of the enactment of this Act, the Board of Governors of the Federal Reserve System shall publish any minutes of such meetings which have not previously been published.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Maryland (Mr. Mitchell) will be recognized for 20 minutes, and the gentleman from Idaho (Mr. Hansen), will be recognized for 20 minutes.

The Chair recognizes the gentleman from Maryland (Mr. Mitchell).

Mr. MITCHELL of Maryland. Mr. Speaker, I yield myself as much time as I may consume.

H.R. 4998 would require that detailed minutes of all Federal Open Market Committee meetings be published "on, but not before, the first business day of February of the 4th calendar year following the calendar year in which the meeting involved occurs." For January meetings, the minutes thus will be released with a lag of 4 years and 1 month. For December meetings, the lag before publication and release will be 3 years and 2 months.

The FOMC started keeping detailed minutes of its meetings in 1936. In 1964, the minutes were released for all meetings before 1959, and the policy of publishing them with a 5-year time lag was adopted. Then, in May 1976, the FOMC voted to stop keeping minutes.

In 1977, the Subcommittee on Domestic Monetary Policy held hearings on H.R. 9465, which had been introduced by our former colleague Mark Hannaford. Written opinions on the value of the minutes, which had been solicited when the Honorable Steve Neal chaired the subcommittee and were received from 81 economists, historians, bankers and former top-level Federal Reserve officials, were published as part of the hearing record. Overwhelmingly, from Milton Friedman to John Kenneth Galbraith, these experts opposed the FOMC's decision to discontinue keeping minutes and favored legislation to reinstate them.

Former Federal Reserve Board Vice Chairman J. Louis Robertson pointed out that qualified men prefer not to remain anonymous and that as competent individuals, the members of the FOMC "should be willing and anxious to stand on their records and be held responsible for the way in which they play their respective roles." Former Federal Reserve Board Governor Sherman Maisel provided still another reason for attribution and disclosure of individual views. He stated:

> From my experience, I believe each member of the FOMC prepares more carefully and makes more considered statements based on his recognition that he and the others are on the record and will be judged in the future on their individual contributions to the debate.

The experts also stressed the importance of the minutes for research in monetary policy, both by academicians and Federal Reserve officials and staff. For example, former Federal Reserve Governor Dewey Daane stated that he often had occasion to refer back to the minutes both as a Governor and when he had been director of Research at the Federal Reserve Bank of Richmond.

In summary, there are diverse important reasons for reinstating the minutes of the FOMC. I am pleased that the Federal Reserve Board has given its support to the subcommittee's legislation to do exactly that. The final language of the bill, H.R. 4998, was worked out by subcommittee staff in cooperation with Federal Reserve Board counsel.

The minutes are to include transcripts of the meetings, which may be edited for style, but without changing substance, in accordance with regulations prescribed by the Federal Reserve Board. Staff reports may be included by reference. The views expressed by individuals must be attributed to those individuals.

To prevent premature disclosure of sensitive information, discussions concerning foreign entities can be deleted and withheld for up to 30 years. Further in this regard, assurance was given by the Federal Reserve Board that members of the congressional committees with oversight jurisdiction over the Federal Reserve shall have access to any deleted discussions on a confidential basis 1 year after the meeting during which they occurred.

The minutes for each year are to be released to the public 3 years and 2 months after the December meeting.

Mr. Speaker, I introduced H.R. 2307, a bill to require that detailed minutes of all FOMC meetings be maintained and released to the public on a deferred basis on February 21, 1979. Similar legislation, H.R. 424, had been introduced by the ranking minority member of the Subcommittee on Domestic Monetary Policy, the Honorable George Hansen, on January 15. The subcommittee held a hearing on an amendment to H.R. 2307 in the nature of a substitute with the Federal Reserve Board, we marked up the legislation on July 27. The substitute was adopted by a voice vote and the bill reported as amended by a vote of seven ayes and no nays.

On July 27, I introduced a clean bill as H.R. 4998 for myself, Mr. Neal, Mr. D'Amours, Mr. Barnard, Mr. Mattox, Mr. Cavanaugh, Mr. Hansen, and Dr. Paul. It was marked up and favorably reported by the full Banking Committee by a voice vote, with no nays heard, on July 31.

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the legislation before us is relatively simple and straightforward. It reestablishes what was formerly the longstanding practice of the Federal Reserve Board of Governors to publish the minutes of meetings of the Federal Open Market Committee after a delay of a few years. These minutes were discontinued **when it was feared that a freedom of in-**

formation suit might force their disclosure so early as to enable some market insiders to profit by the knowledge, at the expense of the stability and fairness of the Government securities market generally.

This legislation precludes such a suit, and mandates the keeping of the minutes and their timely release. Safeguards for sensitive information pertaining to foreign official institutions have been included, so that foreign central banks, for example, need not fear that they will suffer from this legislation.

While this legislation is not a major policy issue, and the provision for Open Market Committee minutes will not be greeted as an answer to a gas shortage nor as a method of verifying a SALT treaty nor as a way to pay for a canal, it is nevertheless of fundamental importance to responsible government. In former years, these minutes were used by scholars to examine the ways in which monetary policy was formulated and implemented, and from those studies it is safe to say that the Federal Reserve itself has learned something of the subtle constraints under which it operates, and the dangers of shortsighted focusing on popular, but ultimately misleading targets.

It is in the interest of informed public debate that this legislation be adopted, and it is in that spirit that I urge my colleagues to vote for its passage today.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. I thank the gentleman from Idaho for yielding.

Mr. Speaker, I rise for the purpose of asking the distinguished chairman of the committee, the gentleman from Maryland (Mr. MITCHELL), a question. What is so magic about the 3-year period of time that we selected? I know that it is shorter than the 5-year previous period that was in previous legislation, but I would think in the period of time since the original law went off the books in the middle 1960's that we reached a point in our consideration of disseminating of governmental information to the public that less information ought to remain a secret from the people of the country as opposed to making that information more public, so I would expect with a bill like this that perhaps it would be a year or so as opposed to 3 years, even though I admit that 3 years is better than 5 years.

□ 1240

Mr. MITCHELL of Maryland. Will the gentleman yield?

Mr. GRASSLEY. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. In response to the inquiry of the gentleman, the Fed advanced the argument that very often in their minutes certain practices are adopted which will have an effect on the economic system over a 3-year period or maybe a 5-year period and a premature disclosure of those things might advantage some of the elements in our economic system.

Like the gentleman, I would prefer it to be 1 year. I would like to see us try this on a 3-year basis. If that works fairly well for the first go-round we will try again to shorten the time.

I think the gentleman is right, the argument advanced by the Federal Reserve people did have some cogency to it. For that reason we did agree to the 3-year period.

Mr. GRASSLEY. Mr. Speaker, I will accept the gentleman's statement as to the justification for the 3 years.

In another vein, is this bill any indication there will be a legislative determination that the 30-day period in which the decisions of the Federal Open Market Committee are to be made public will be reduced?

Mr. MITCHELL of Maryland. No; this legislation in no way affects that decision.

Mr. GRASSLEY. I know the legislation does not affect that decision but is there any thinking within your subcommittee or within the Committee on Banking, Finance and Urban Affairs in regard to that point and does the gentleman have any thoughts on that?

Mr. MITCHELL of Maryland. Will the gentleman yield further?

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HANSEN. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. GRASSLEY. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. I thank the gentleman for yielding.

In response to the gentleman's inquiry, that has not been considered by the subcommittee at all and, frankly, the chairman of the committee has not addressed that issue in his own thinking.

It may well be before we got into the second half of this session we may want to give that some consideration.

Mr. Speaker, I would like to indicate to the gentleman that the time period is 30 days, not 45.

Mr. GRASSLEY. I thank the gentleman from Maryland for his comments and I yield back the balance of my time.

Mr. HANSEN. Mr. Speaker, I have no further requests for time.

Mr. MITCHELL of Maryland. Mr. Speaker, I have no further requests for time and I urge the speedy passage of this legislation.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Maryland (Mr. MITCHELL), that the House suspend the rules and pass the bill, H.R. 4998.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MITCHELL of Maryland. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill, H.R. 4998, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

URGING GOVERNMENT OF SYRIA, ON HUMANITARIAN GROUNDS, TO PERMIT SYRIAN JEWS TO EMIGRATE

Mr. HAMILTON. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 91) urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate.

The Clerk read as follows:

H. CON. RES. 91

Whereas the United Nations Universal Declaration on Human Rights states unequivocally the right of every individual to emigrate and live in the land of his choice; and

Whereas the Government of Syria is a signatory of the declaration; and

Whereas the Syrian Government has placed restrictions on the right of Syrian Jews to emigrate from that country; and

Whereas the Syrian Jewish community, which numbers nearly five thousand persons, has expressed its desire, through numerous official and unofficial means, to rejoin families and relatives in other lands; and

Whereas numerous private organizations in the United States and other countries have expressed their willingness to facilitate such emigration and to assist in the absorption process; and

Whereas Syria is the only Arab state that has not permitted its Jewish community to exercise the right of emigration: Now, therefore, be it

Resolved by the House of Representatives (*the Senate concurring*), That the Congress calls upon the Government of Syria, on humanitarian grounds, to permit those members of the Syrian Jewish community desirous of emigrating to do so.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Indiana (Mr. HAMILTON) will be recognized for 20 minutes, and the gentlewoman from New Jersey (Mrs. FENWICK) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of House Concurrent Resolution 91, urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate.

Mr. Speaker, House Concurrent Resolution 91 was introduced by our colleague from New York (Mr. SOLARZ). I know that I speak for my colleagues on the committee in expressing our appreciation for the leadership Mr. SOLARZ has provided on this matter and for the demonstrable efforts he has made both here and in Damascus, Syria, over the last several years to try to improve conditions for the small Jewish community in that country and enable them to emigrate if they so desire.

After some loosening of restrictions on the Syrian-Jewish community in 1976 and 1977 and letting a few women emigrate, the Syrian Government has more recently made it more difficult for Jews to emigrate, even though travel restrictions, despite high bonds which must be posted, have been relaxed and other restrictions have been modified.

I regret that the applications of some 51 Jewish women to leave Syria have been pending for some time, many for more than 1 year. Although some 500 Syrian Jews have escaped during the last several months illegally, we cannot be satisfied with results from our discussions with the Syrians on this issue recently. This resolution puts us on record. We attach importance to this matter and this resolution demonstrates our deep concern for these people.

The Subcommittee on Europe and the Middle East held a hearing April 2 of this year to review the situation in the 4,500 person Jewish community in Syria. Subsequently, on June 25 the subcommittee by voice vote reported House Concurrent Resolution 91 favorably. I might add that the State Department in a letter dated May 11, 1979, said that the administration posed no objection to the resolution.

Mr. Speaker, United States-Syrian relations have improved considerably in recent years, but today these relations face serious problems and challenges. We can rightly be concerned about Syria's lack of cooperation with the Camp David process and about its poor performance on the emigration issue and so state our problems with the way the Syrians behave on these issues, but, at the same time, I would hope that the House realizes we now have important and delicate discussions going on with the Syrian Government and that the Syrian Government today faces severe internal challenges.

We are now involved in concerted discussions with the Syrians to try to get their help to defuse the timebomb in Lebanon by curbing military activities of the Palestinians there. We need Syrian cooperation in Lebanon and elsewhere at a time of increased sectarian, Muslim violence in the country. This violence threatens the stability and the effectiveness of the Government. It is interesting to note that at this very time of sectarian violence throughout Syria, special protections have been given to the Jewish community in Damascus by the Government.

Mr. Speaker, it is obvious that it is in our interest to try to maintain a dialog with the Syrian Government. This resolution is consistent with past statements on this subject and it is consistent with our efforts to work with the Syrians to alleviate a humanitarian problem. I urge passage of House Concurrent Resolution 91.

Mrs. FENWICK. Mr. Speaker, I yield myself such time as I may consume.

I think this is an important resolution. It is a simple one. It is not an angry one. I think it will put this House on record as to our feelings in the matter of those who are not allowed to leave their country when they wish to do so.

Every country in the Middle East is important in its own particular way and certainly this applies to Syria. We know they are having difficulties at this time and we know, too, they are under stress as regards their relations with other countries in the area. It is therefore not the desire of the committee or this House, I am sure, to make difficulties.

However, Mr. Speaker, I think it is the desire of this House to speak up when the Universal Declaration of Human Rights to which Syria subscribed is violated in this way. Our chairman has spoken of the 51 women waiting to be allowed to leave. Surely these are not the great engineers, physicists, and trained people that Syria might need. They are young women anxious to come to a country where they might find a husband, and time passes, and they are not given permission to leave. To escape is difficult. It requires, of course, sacrifice of everything left behind. It endangers the families. It is a very heavy step.

☐ 1250

This resolution, which purely on humanitarian grounds pleads for these people, is one which this House would wish to adopt without dissenting votes.

Mr. Speaker, I have no requests for time.

Mr. Speaker, I urge adoption of the resolution.

Mr. HAMILTON. Mr. Speaker, I yield such time as he may consume to our distinguished chairman of the committee, the gentleman from Wisconsin (Mr. Zablocki).

Mr. ZABLOCKI. Mr. Speaker, I rise in support of House Concurrent Resolution 91, urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate.

The resolution was ordered favorably reported, by a voice vote from the Committee on Foreign Affairs, after having been previously considered by the Subcommittee on Europe and the Middle East, which conducted hearings on the resolution.

I would like to commend two of our colleagues for the leadership and attention they have given to this matter of humanitarian concern—the gentleman from Indiana Lee H. Hamilton, who chairs the Subcommittee on Europe and the Middle East, and the gentleman from New Jersey Stephen J. Solarz, for his efforts both here in the United States and in Syria, on behalf of the Jews residing there who wish to emigrate.

House Concurrent Resolution 91 calls on Syria to uphold its position as a signatory to the United Nations Universal Declaration on Human Rights, and permit the free emigration of any citizens who desire to leave.

It should be recognized that the Syrian Government has eased restrictions on Jews within its boundaries. However, their future within that country is not a hopeful one. The educational and career opportunities for Syrian Jews would be more advantageous elsewhere. If they so choose, those people should be granted the freedom to emigrate.

In 1977, Syria did permit a number of Jewish women to emigrate in order to marry. Many young Jewish women, for whom there are no prospective spouses, still remain in Syria, however. The exit applications of 51 of these women have been held in abeyance for over a year in some cases.

It is hoped that political concerns may be temporarily laid aside for a more fundamental consideration—a humanitarian reason—that is the emigration rights of people who believe they may more easily assimilate into another community.

Mr. Speaker, I urge the adoption of the House Concurrent Resolution 91.

Mr. HAMILTON. Mr. Speaker, I yield such time as he may consume to the gentleman who introduced the resolution, the gentleman from New York (Mr. Solarz).

Mr. SOLARZ. Mr. Speaker, I want to take this opportunity to express my very sincere appreciation to the distinguished chairman of the subcommittee, the gentleman from Indiana (Mr. Hamilton), the distinguished chairman of the full committee, the gentleman from Wisconsin (Mr. Zablocki), and to my very good friend, the gentleman from New Jersey (Mrs. Fenwick), who is managing this resolution for the minority side today. Without their collective commitment, it would not have been possible to have brought this resolution out of the subcommittee, and then the full committee, and ultimately before the full House. And for that I am genuinely and deeply grateful.

I have the privilege of representing back in Brooklyn a community of 25,000 Syrian Jews who are deeply concerned as I am, about the plight and the problem of the 5,000 Jews who remain in Syria today. Over the course of the last few years, if the truth be told, there has been a modest improvement in the status of the Jewish community in Syria. A number of restrictions which had previously been imposed on this community have, fortunately and fortuitously, been removed.

I know that the Jewish community in Syria is deeply grateful for the improvements that have taken place.

The Syrian Jewish community in our own country, which lives in my district back in Brooklyn, is extremely grateful as well. And I certainly am grateful also. But the fact of the matter is that the fundamental problem confronting the Jewish community in Syria remains today what it has been for the last 30 years: As much as they want to leave for other lands, where they can live a life in freedom, they have been denied the right to do so.

I have been to Syria now on three occasions over the course of the last 5 years. I can testify without fear of contradiction that the overwhelming majority of Syrian Jews want nothing more nor less than the opportunity to leave Syria so that they can live in other lands. Unfortunately, in spite of their obligations under the Universal Declaration of Human Rights, to which the Government of Syria is a signatory, the Syrian Government has so far refused to permit these people to go.

I might mention to the Members of the House that Syria is literally the only country in the Arab world which has not given its Jewish citizens the right to go. Egypt has given them the right to go. The Moroccans have given them the right to go. The Algerians have given them the right to go. Even the Iraqi's have given them the right to go. Syria is the only country in the Arab world which refuses to permit these people to leave.

A little over 2 years ago, for the first time in three decades, the Syrian Government gave official permission to a small group of a dozen single Syrian Jewish women, who were the recipients of proxy marriage proposals from some young Jewish men in our own country, the right to leave Syria, to come to the United States, where hopefully they could meet and marry some eligible young men in our own country. So far, six of these young women have already been married. One of them, I am happy to report, has already given birth to a baby boy.

I can tell you that on the day when they were given permission to go, on the day when 12 proxy marriage ceremonies were held in Damascus, it was one of the happiest and most joyful days in the history of that beleaguered community. Not simply because they were happy that these 12 young women would have a chance to meet some young men and marry in this country, but because, for the first time in three decades, the doors which had been closed on this community had been opened, and there was hope that over time some more might be able to get out as well.

Shortly after the women arrived we sent out 51 more marriage proposals to Syria in the hope that another group might be given permission to leave as well. It is almost 2 years since that second group of marriage proposals arrived in Damascus. But I regret to report that not a single one of these women, not one of whom can in any way be considered a threat to Syria, has been given permission to leave.

Not only have these additional women not been given permission to leave, but not a single Syrian Jew, young or old, male or female, has been given an opportunity to go either.

Over the course of the last 2 years, after that first group of women were given permission to leave, we tried in a variety of different ways, privately not publicly, to persuade the Syrian Government to permit more Syrian Jews to go. I personally went to Damascus where I pleaded with officials in the foreign ministry to let them go. I know that President Carter through intermediaries attempted to use his influence to prevail upon the Syrian Government to permit some more of these women, and ultimately the rest of the Jewish community, to go as well. But for 2 years, no matter how persistently we tried, quietly, not publicly, because we had no desire whatsoever to embarrass the Syrian Government, and we were concerned only about making it posssible for more of these women and ultimately other Syrian Jews to leave, we ran up against one stone wall after another.

We finally came to the conclusion that, if we were really concerned about these people, we had to do something else. Unfortunately, there were not too many other people in the world who knew about them because it is a small community. Unlike the three million Jews in the Soviet Union, which is a large and visible group, these people only number 5,000. Most people do not even know they exist, and if we did not care about them, I do not know who else would.

We decided we had no other alternative but to go public once again in an effort to let the Syrian Government know these people have not been forgotten. I do not know whether this resolution will succeed in softening the hearts of those Syrian officials who have the authority to make the decision which would make it possible for them to leave. Hopefully it will.

I want to assure the Syrian Government that there is no intention by this resolution to embarrass them in any way whatsoever. Anyone who would look at the resolution can see that it has been carefully and conservatively drafted. It simply calls upon them, on a humanitarian basis, to recognize their obligations under the universal declaration of human rights and to let those Jews who want to go leave for other lands.

Whether or not this resolution results in the departure of any additional Syrian Jews, I have no doubt that it will do much to provide succor and sustenance to the Jewish community in Syria. It will let them know they have not been forgotten and that we here in the U.S. Congress care about them.

So in conclusion, Mr. Speaker, let me simply urge my colleagues, hopefully without opposition, to agree to this resolution, and I call upon President Asad and the Syrian Government at long last to let these people go.

Mr. HAMILTON. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in support of this legislation and commend the author of the resolution for its purpose. I commend also the subcommittee chairman, the gentleman from Indiana (Mr. HAMILTON), for his sympathetic response and understanding of the problem.

We talk in terms of human rights. At one time it was the Soviet Union, another time it was Iraq, and now it is Syria. There has been a number of other lands in this category. One thing they all have in common is that they are signators to the United Nations Charter, including that portion of it which deals with human rights and with freedom of emigration.

It is unfortunate that we find ourselves compelled to come to this state in the absence of a response. Their failure to discharge their contractual obligation is disheartening.

We have witnessed over a period of years a waxing and waning of sympathy on the part of various countries. Oft times the Jewish population in respective countries has been held hostage so that they can be used as pawns in international intercourse. That is unfortunate, but to the degree in which they have been made objects of commerce at least there have been relaxations of the visa allotments. Witness the Soviet Jewry question where some 10 years ago only 600 a year were permitted to emerge from the Soviet Union; last year I believe the figure was 30,000 or 40,000.

But that is only the result of a constant concern on the part of America as far as human rights is concerned.

Mr. Speaker, I am hoping, as the author has expressed so eloquently, that the Syrians will respond if for no other reason than a concern for human rights—no politics, no international pressure, but simply as a question of a basic concern for human rights.

● Mr. DERWINSKI. Mr. Speaker, I am convinced, as I have said many times before, that one of the major obstacles to the U.S. peace initiative in the Middle East is the antagonism of the Government of Syria. My amendments the last 2 years to the bills appropriating development funds were based on this belief. The high cost of the Israeli/Egyptian peace plan is made necessary by the activity of the so-called rejectionist group of Arab States, among whom Syria is a leader. Earlier this year the Syrian foreign minister, who is also deputy prime minister, expressing the official Syrian position, said that "no Arab ruler has a right to end this conflict."

The administration and its supporters, especially my colleague from New York, have been telling us that Syria has been cooperative behind the scenes. But now Mr. SOLARZ tells us that Syria should be chastised for its treatment of Syrian Jews. I agree. But I also hold that Syria's long-term record in Lebanon and its destructive resistance to our Middle East peace initiative makes it unworthy of U.S. aid.●

● Mr. WAXMAN. Mr. Speaker, today the House goes on record in condemning the continuing persecution by Syria of its pitiful Jewish community of 4,500. The Jews of Syria still must carry identification cards stamped "Mossawi" or "of the Mosaic faith." No one else in Syria is so identified by their religion. Curfews have been imposed in areas where Jews reside. They have been severely limited in their ability to sell property. And there are harsh restrictions on internal travel which apply only to Syrian Jews. Additionally, there are new reports that more and more Syrian Jews are being detained and tortured.

Two years ago, President Assad of Syria pledged to President Carter that it was prepared to ease emigration restrictions where humanitarian concerns warranted it. As a first step, marriages were arranged between 13 Syrian Jewish women and prospective spouses in New York. It was hoped that this first tentative opening of the door would lead to more normal and enlightened policies. But the first group of Syrian women has proven to be the last. The discriminatory policies have not been eased. The plight of Syria's Jews has not ended. Despair has replaced the hope generated earlier.

There are, moreover, especially disturbing reports that increasing numbers of Jews are being detained and tortured in retaliation for the higher number of attempted flights across the border into Israel.

If given the opportunity, the overwhelming majority of Jews would leave Syria. The resolution before the House today affirms the fundamental right of freedom of emigration, and urges Syria to be fully responsive to the desire of its Jewish community to be able to exercise this right.

I urge my colleagues to support this resolution.

On August 27, the California Legislature completed action on a similar resolution regarding Syrian Jewry. I am pleased to share it with my colleagues. In addition, I am inserting into the Record recent articles on the renewed wave of repression and torture in Syria:

Joint Resolution No. 38

Whereas, Both the United States of America and the Syrian Arab Republic are parties and signatories to the Universal Declaration of Human Rights; and

Whereas, The Syrian Arab Republic is a party and signatory to the International Covenant on Civil and Political Rights of 1966, to which it adhered on April 21, 1969; and

Whereas, Article 391 of the Syrian Penal Code proscribes the use of torture and establishes penalties upon conviction for the use thereof; and

Whereas, The Syrian Jewish community has been completely barred from emigration from the Syrian Arab Republic; and

Whereas, Since January 1, 1979, the Syrian Jewish community has been subjected to the reimposition of previous restrictions upon personal and civil rights, including the imprisonment and torture of over 20 Syrian Jews, gross restrictions on internal travel, the requirement of a special designation "Musawi" ("of the Mosaic faith") in colored ink on identity cards and other legal documents, a 7 p.m. curfew, searches of Jewish homes, a prohibition on sales of real property without advance proof of replacement of disposed property, and restrictions on travel abroad which require the posting of 25,000 Syrian pounds and that family members remain in Syria to insure the traveler's return; and

Whereas, The foregoing oppressive and discriminating treatment of the Syrian Jewish community which seeks religious freedom and the right to emigrate, offends the conscience of the American people and violates the provisions of the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights, and is in derogation of the rules of law in the Syrian Arab Republic; now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California hereby condemns and deplores the oppression and imprisonment of Syrian Jews, the lack of religious liberty, and the inability of Jews to freely emigrate, as a direct violation of the provisions of the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights; and be it further

Resolved, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to undertake all possible and appropriate measures, including, but not limited to, the withholding of any foreign aid or economic support funds by the United States government pending compliance by the Syrian Arab Republic with the provisions set forth in the Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights, so as to encourage and compel the government of the Syrian Arab Republic to honor and comply with the provisions of all of the aforesaid agreements to which it is a party and a signatory, and by which it is bound; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, to the Secretary of State, to the Senate Foreign Relations Committee, to the House Foreign Affairs Committee, and to the respective Senate and House Appropriations Committees.

[From the New York Times, Feb. 23, 1979]

Repression of Jews in Syria Is Charged

(By Judith Cummings)

Wearing a black mask that he said was necessary for the safety of relatives unable to leave Damascus, a man who said he was a Jew who recently escaped from Syria asserted yesterday that a new wave of repression had been imposed on the Jewish community there, signaling a retreat from human rights gains of the last two years.

The 37-year-old man, who was identified only as "Mr. Albert," said that the 4,500-member Syrian Jewish community had been subjected to harassment, detention and torture in the wake of several successful escapes by Jews to Israel in recent weeks.

The man appeared at a news conference in New York City sponsored by the Community Relations Council of New York, along with spokesmen for several American Jewish organizations and representatives of Governor Carey, Mayor Koch and other political leaders.

Richard Ravitch, the Community Relations Council president, asserted that the plight of Syrian Jews was deteriorating, in contradiction to a recent State Department report that said human rights in Syria had been improving. He said that in the past month alone, 20 Jewish men had been detained and beaten by the Syrian secret police on suspicion of having helped Jewish families leave. Syria maintains a ban on Jewish emigration.

SITUATION AGGRAVATED BY IRAN

Mr. Ravitch said the situation had been aggravated by the recent upheaval in Iran, where Jewish leaders are reported fearful that the country's 80,000 to 100,000 Jews will be subjected to scattered violence. The "uncertainty" in Iran, he said, "adds urgency to the situation of the Syrian Jew, especially with respect to the right to emigrate."

The Syrian refugee said he escaped to Israel Dec. 10, accompanied by his wife, their three children and his parents. He spoke behind a large mask, citing fear for the welfare of relatives left behind. After the conference ended, however, and reporters moved closer for individual questions, he uncovered his face and spoke without the mask for several minutes before replacing it.

Speaking in Arabic through an interpreter, he said his family was jailed and brutally beaten—both men and women—after the escapes of two of his brothers, one in 1961 and another in 1973. He is now living in Israel and studying Hebrew, he said.

Malcolm Hoenlein, executive director of the Community Relations Council, said the man's appearance at the conference had been sponsored by "the American Jewish community." He declined to be more specific.

STATE DEPARTMENT REPORT CRITICIZED

Mr. Ravitch sharply criticized a State Department report that he said cited steps initiated in 1977 by the Syrian Government to ease restrictions on Jews. He said the report failed to take account of the imposition of worse restrictions a short time later. The restrictions, he said, include limitations on internal travel and transfer of property. He said all Jews had the word "Musawi," which means "followers of Moses," stamped in bright ink on their identification cards.

The council called for increased United States pressure on the Government of President Hafez al-Assad to honor international human rights conventions that it had signed, citing in particular the United Nations' Universal Declaration on Human Rights.

The council, a two-year-old coalition of 26 Jewish organizations in the United States, also took issue with State Department's views on the United States aid policy toward Syria. The department has urged that the aid, amounting to $90 million a year, be continued in the interest of maintaining "leverage" with the Syrian Government.

Mr. Ravitch, however, said that if the Syrian Government did not respond to the latest appeals to ease restrictions, an effort would be made in Washington to have such assistance terminated.

[From the New York Times, Mar. 2, 1979]

Syrian Jews Facing Renewed Oppression

To the Editor:

Syrian U.N. Representative Hammoud el-Choufi's allegation (news story Feb. 24) that there are no special barriers to Jewish emigration and that the sole purpose of Syria's emigration restrictions is "to prevent a brain drain and has nothing to do with religion" does not square with the facts.

The ban on Jewish emigration applies to all 4,500 Syrian Jews—young and old, skilled and unskilled. It was only after President Carter's personal intervention with President Assad in May 1977 that the Syrian authorities allowed 14 young Syrian Jewish women to emigrate to the United States in July 1977. None of the young women was a doctor, engineer or other scientific professional.

The two teen-age Jewish girls who returned to Syria did so because they were homesick for their families, and they returned at a time when there was hope that the easing of restrictions would permit them to leave again at a later date with their families.

Yet despite President Assad's promise to President Carter to consider other similar humanitarian requests, there has been no approval in the past year and a half of a list of some 50 additional young Jewish women to seek husbands within the Syrian Jewish community of 25,000 in America. The refusal of the Syrian Government to allow Jews to leave legally has led to desperate attempts by entire families to flee the country "illegally" in recent months.

To intimidate the Jewish community and prevent further escapes, the Muhabarat (intelligence or secret police) has reimposed internal travel restrictions on the Jewish community and has arrested and brutally beaten scores of Jews, ostensibly for aiding escapees. Eyewitnesses who saw some of the Jews after their release told me that one had his jaw broken and another suffered from serious back injuries and emerged from weeks of interrogation "completely shattered mentally."

We have in the past publicly acknowledged the improvements that President Assad brought about in the life of Syrian Jewry. We are thus particularly distressed at the latest signs of reversion to brutality and repression. Our concern continues to be to secure respect for the fundamental human rights of Syrian Jews, including the right to emigrate. This has nothing to do with scoring propaganda points.

GEORGE E. GRUEN,
Director, Middle East Affairs,
American Jewish Committee.
NEW YORK, *February 26, 1979.*

[From the New York Times, Feb. 24, 1979]

SYRIA DENIES PERSECUTION OF JEWS

Syria's chief delegate to the United Nations denied yesterday that members of the Jewish community in his country were persecuted. He accused Zionist groups of spreading such reports to divert attention from recent charges that Israel had abused Arab political prisoners.

In a telephone interview, Mahoud el-Choufi, the Syrian representative, rejected the accusations, made Thursday at a news conference. The accuser, who wore a mask and was not identified, said that he escaped recently from Syria and that the Jewish community of 4,500 was subjected to harassment.

Describing the testimony as part of an effort by Zionists to influence the Carter Administration's policies on the Middle East, he maintained that it also was intended to distract world public opinion from the charges, made before the current session of the United Nations Human Rights Commission, concerning torture of Arab prisoners held by the Israeli authorities.

RESTRICTIONS ARE ACKNOWLEDGED

Mr. Choufi acknowledged that there were regulations restricting the emigration of doctors, engineers and other professionals because their services were needed at home. These restrictions apply to Jews and non-Jews, he said, and are not directed at any group because of religious faith. "It is a question of trying to prevent a brain drain and has nothing to do with religion," he said, adding that many Jews are affected because a large number are in the restricted professions.

He also recalled that a number of Jewish women wishing to marry outside Syria were permitted to leave in 1977 and that restrictions were waived to help them do so. Some have returned voluntarily, he said, suggesting that they would not have done so had they felt persecuted in Syria.

"There is no new wave of repression, as has been charged," he declared. "The situation of Jews has improved steadily." ●

● Mr. SANTINI. Mr. Speaker, I want to take this opportunity to voice my strong support of House Concurrent Resolution 91, urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate.

The plight of the 5,000 Jews who remain in Syria today is clearly emphasized by this measure; more importantly, the resolution lets both the Syrian Government and the Syrian Jewish community know that they have not been forgotten. The resolution calls upon the Syrian Government, on humanitarian grounds, to recognize its obligations under the Universal Declaration of Human Rights and to give those Syrian Jews who want to emigrate, the right to do so. Syria is literally the only Arab nation which has not given its Jewish citizens the right to emigrate to other lands.

It is my earnest hope that this congressional resolution will contribute to the freedom of Syrian Jewish emigration.●

Mr. HAMILTON. Mr. Speaker, I have no further requests for time.

Mrs. FENWICK. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. (Mr. MITCHELL of Maryland). The question is on the motion offered by the gentleman from Indiana (Mr. HAMILTON) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 91.

The question was taken; and—two-thirds having voted in favor thereof—the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HAMILTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

HAZARDOUS MATERIALS TRANSPORTATION ACT AMENDMENTS

Mr. FLORIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3502) to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1980 and 1981, as amended.

The Clerk read as follows:

H.R. 3502

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 115 of the Hazardous Materials Transportation Act (49 U.S.C. 1812) is amended—

(1) by striking out "and" after "1978,"; and

(2) by inserting immediately before the period at the end thereof the following: ", not to exceed $5,000,000 for the fiscal year ending September 30, 1980, and not to exceed $5,500,000 for the fiscal year ending September 30, 1981".

SEC. 2. (a) The Secretary of Transportation shall prepare and submit to the Congress a comprehensive safety report regarding the transportation of hazardous materials. Such report shall be submitted to the Congress not later than one year after the date of enactment of this Act and shall include, but not be limited to—

(1) a review of the progress that has been made in implementing the provisions of the Hazardous Materials Transportation Act;

(2) a review of the progress that has been made in responding to the recommendations of the National Transportation Safety Board regarding the transportation of hazardous materials;

(3) an analysis and evaluation of the manpower and funding needs of the Department of Transportation, especially the Materials Transportation Bureau, to fully implement the provisions of the Hazardous Materials Transportation Act;

(4) an analysis and evaluation of the relationship between the Federal Government and nongovernmental organizations in performing certain regulatory functions, including an estimate of the costs that would be incurred by the Federal Government if it assumed such functions;

(5) an analysis and evaluation of the adequacy and effectiveness of the inspection and compliance program of the Department of Transportation for hazardous materials;

(6) an analysis and evaluation of the existing system of compensation for incidents involving the shipping, handling, or transportation of hazardous materials, including an evaluation of the merits of establishing a Federal Hazardous Materials Compensation Fund;

(7) an analysis and evaluation of the desirability of establishing a Federal grant program to encourage State and local governments to participate in such inspection and compliance program;

(8) a survey and summary of Federal, State, and local laws and regulations, in such detail as the Secretary deems appropriate, relating to (A) the safety and health of persons engaged in the handling or transportation of hazardous materials and other persons who might be affected by an accident involving hazardous materials, and (B) plans and procedures for handling accidents involving hazardous materials;

(9) an analysis and evaluation of the effects of the hazardous materials transportation regulatory program on farming and ranching operations;

(10) a survey and summary of Federal, State, and local programs, in such detail as the Secretary deems appropriate, that regulate the shipping, handling, or transportation (including routing) of hazardous materials;

(11) an analysis and evaluation of the uniformity of Federal, State, and local laws and regulations regarding the transportation of hazardous materials;

(12) an analysis and evaluation of all training and education programs regarding the shipping, handling, or transportation of hazardous materials, including an evaluation of training programs for responding to hazardous materials incidents;

(13) an analysis and evaluation of all existing regulations that establish criteria and standards with respect to the type of route over which nuclear materials may be transported;

(14) an analysis and evaluation of whether the existing regulations relating to the transportation of hazardous materials are understandable to employees of shippers and carriers who handle such materials; and

(15) recommendations for any changes in existing laws and regulations that the Secretary deems necessary to carry out the policy set forth in section 102 of the Hazardous Materials Transportation Act.

(b) The report required by subsection (a) of this section shall be prepared by the Secretary of Transportation in consultation with the Nuclear Regulatory Commission, the Environmental Protection Agency, the National Transportation Safety Board, the National Academy of Sciences, appropriate officials of State and local governments, and other interested organizations and persons. Such report shall include, in an appendix, a statement of the views of all Federal, State, and local agencies and other interested organizations and persons consulted by the Secretary with respect to the content of such report in its final form.

SEC. 3. (a) The Secretary of Transportation, in consultation with the Nuclear Regulatory Commission, shall conduct a study of the regulation of the transportation of nuclear materials by rail carrier. The matters to be considered and evaluated by the Secretary in conducting such study shall include—

(1) the adequacy of the existing scheme of regulation of the transportation of nuclear materials by rail carrier;

(2) appropriate criteria and standards with respect to the type of route over which nuclear materials may be transported by rail carrier, giving due consideration to factors such as the demographical and geographical characteristics of areas through which such nuclear materials can be safely transported;

(3) the advantages and disadvantages of transporting nuclear materials by carriers of other modes in certain circumstances;

(4) appropriate means for avoiding the transportation of nuclear materials over lines of railroad that have a high level of deferred maintenance;

(5) the possibility of acts of terrorism, sabotage, or vandalism involving rail carriers transporting nuclear materials;

(6) the need to preempt relevant provisions of State and local law, taking into account the need to assure an adequate level of public safety;

(7) the advantages and disadvantages of licensing each movement of nuclear materials by rail carrier on a case-by-case basis;

(8) the advantages and disadvantages of dedicating specific trains solely to the transportation of nuclear materials;

(9)(A) the need to provide advance notice to State and local government officials through whose jurisdiction nuclear materials are to be transported by rail carrier, (B) appropriate methods for providing such notice, (C) the appropriate amount of time in advance of the transportation that such notice should be provided, and (D) the appropriate information (such as the safety measures to be employed and the route to be used) that should be included in such notice;

(10) the adequacy of measures employed by State and local government officials to deal with any incident involving the transportation of nuclear materials by rail carrier which may pose a risk to health and safety or property; and

(11) such other matters relating to the safe and efficient transportation of nuclear materials by rail carrier as the Secretary considers appropriate.

(b) The Secretary of Transportation shall, no later than June 30, 1980, submit a report to the Congress setting forth the results of the study conducted under subsection (a) of this section, together with any recommendations for legislation or other action which the Secretary considers appropriate.

(c) As used in this section, the term "nuclear materials" means materials or combinations of materials which spontaneously emit ionized radiation in a quantity and form which may pose a risk to health and safety or property.

The SPEAKER pro tempore. Is a second demanded?

Mr. MADIGAN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. FLORIO) will be recognized for 20 minutes, and the gentleman from Illinois (Mr. MADIGAN) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Speaker, this bill authorizes $5 million for fiscal year 1980 and $5.5 million for fiscal year 1981. The authorization for the past year was $5 million.

The Hazardous Materials Transportation Act is one of the most important safety acts administered by the Department of Transportation. It requires the Federal Government, through the DOT, to oversee the transportation of hazardous materials by all modes of transport.

The Commerce Committee is not satisfied with the Department of Transportation's efforts under this program, and I believe the same will be said for the Public Works Committee. The Federal response is not what it should be, and progress has been slow.

This authorization provides a small increase over the amount requested by DOT, and it is hoped that the increased authorization will be used by DOT to improve their performance in this program.

The Public Works bill requires DOT to complete a reevaluation of the hazardous materials transportation program. The Commerce Committee bill requires a study of the transportation by railroad of nuclear materials. Both studies are needed and should provide the groundwork for improving the role of the Federal Government in the regulation of the transportation of hazardous materials.

I urge your support for this authorization.

Mr. MADIGAN. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I rise in support of H.R. 3502, as reported by the Committee on Interstate and Foreign Commerce, with the additional material reported by the Committee on Public Works and Transportation.

Mr. Speaker, this is a simple authorization bill which authorizes $5 million for fiscal year 1980, and $5.5 million for fiscal year 1981. The level of authorization is higher than that which was requested by the administration because of the importance in having a strong enforcement program with respect to the transportation of hazardous materials. As you know, the 1970 Rail Safety Act required the Secretary to develop a comprehensive program for making certain that the transportation of hazardous materials was made as safe as possible. The Congress enacted the Secretary's recommendations into law with passage of the Hazardous Materials Transportation Act of 1975. Since that time, the Department of Transportation has made progress in setting standards and enforcing those standards so as to assure the safety of the public.

Both the bill reported by the Committee on Interstate and Foreign Commerce and the Committee on Public Works and Transportation contain additional requirements for studies by the Secretary of Transportation in order to further improve the orderliness and safety of transporting hazardous materials. The economic health of this Nation requires transportation of dangerous chemicals from one industrial site to another. The public health and safety of this Nation requires that such transportation be undertaken in as safe a manner as possible and to achieve that safety, there is a need for both standards and orderly procedures. The study provisions contained in both bills will give us further insight as to the ways and means for achieving safety through uniform standards on a nationwide basis.

Mr. Speaker, I urge the adoption of this bill which provides the necessary money for a very important program in our ongoing efforts to maintain a strong nationwide industry without jeopardizing the public.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. MADIGAN. I am pleased to yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I thank my colleague for yielding.

Mr. Speaker, it is important that we should have greater safety in the transportation of dangerous materials. I wonder whether it would have to be within the province of another committee to study also the storage of these hazardous materials. I am thinking particularly, of course, of nuclear waste.

Would it be possible for this committee also to study that matter?

Mr. MADIGAN. Mr. Speaker, in response to the gentlewoman's question, the Subcommittee on Energy and Power of the Committee on Interstate and Foreign Commerce, has adopted an amendment offered by the gentleman from Illinois (Mr. CORCORAN) which requires that that study be done, require that the sites be identified, and requires that they be identified not only as temporary sites but also as permanent sites, ultimately, I think, with the goal of making sure all those sites are, if not managed by the Federal Government, subject to strict supervision by the Federal Government.

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Mrs. FENWICK. Mr. Speaker, I thank my colleague.

I am a cosponsor of a bill which was introduced by our colleague, the gentleman from Vermont (Mr. JEFFORDS), to look into the transportation and storage of nuclear waste. It is incredible that we have not decided what to do in this regard, when we have been dealing with nuclear materials for 30 years or more. I am happy to see the progress that has been made by this committee in relation to transportation, but I hope storage will be handled as well.

Mr. MADIGAN. I thank the gentlewoman for her contribution.

Mr. Speaker, I have no further requests for time.

Mr. FLORIO. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. Mr. Speaker, I rise to join my colleagues in expressing support of H.R. 3502. As you have heard, that bill authorizes appropriations of $5 million for fiscal year 1980 and $5.5 million for fiscal year 1981 to carry out the Hazardous Materials Transportation Act.

The bill also requires the Secretary to prepare a report evaluating and analyzing aspects of the hazardous materials transportation program and the issues surrounding its present effectiveness.

That report must include, but is not limited to, 15 specific points of interest and concern, including the following:

An analysis and evaluation of the relationship between the Federal Government and nongovernmental organizations in performing certain regulatory functions, including an estimate of the costs that would be incurred by the Federal Government if it assumed such functions; an analysis and evaluation of the desirability of establishing a Federal grant program to encourage State and local governments to participate in such inspection and compliance program; and a survey and summary of Federal, State, and local laws and regulations, in such detail as the Secretary deems appropriate, relating to the safety and health of persons engaged in the handling or transportation of hazardous materials and other persons who might be affected by an accident involving hazardous materials, and plans and procedures for handling accidents involving hazardous materials.

I think this kind of information is essential to how we legislate in the future on this important and serious matter of transporting hazardous material.

I am satisfied that the authorizations in the bill and the report the bill requires are both necessary and in the public interest: I urge the enactment of H.R. 3502.

Mr. FLORIO. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. JOHNSON), the distinguished chairman of the Committee on Public Works and Transportation.

Mr. JOHNSON of California. Mr. Speaker, I rise in support of H.R. 3502, a bill to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1980 and 1981.

The bill was jointly referred to the Committee on Public Works and Transportation and the Committee on Interstate and Foreign Commerce. Both committees have reported H.R. 3502.

The reported bill provides funding levels of $5 million for fiscal year 1980 and $5.5 million for fiscal year 1981. In addition, it calls for a comprehensive report by the Secretary of Transportation on the current effectiveness of existing laws and regulations pertaining to the transportation and handling of hazardous materials, including nuclear materials, in our Nation's commerce, and the need for any change in those laws and regulations. Finally, it requires that the Secretary of Transportation conduct a study on the transportation of nuclear materials by railroad.

Regulation of the safety aspects for the handling and the shipping of hazardous materials is vested in the Secretary of the Department of Transportation. Responsibility for carrying out this function is delegated to the Materials Transportation Bureau and to various modal administrations in the Department, such as the Federal Highway Administration and the Federal Rail Administration.

As reported, the bill maintains funding levels for fiscal year 1980 at the same level authorized for fiscal years 1978 and 1979. A slight increase is provided for fiscal year 1981. The Committee on Public Works and Transportation believes that these are the minimum amounts that are necessary to carry out an effective program, until it has time to review the report and the study called for in the bill.

Recent history shows that the transportation of hazardous materials is increasing, and that incidents involved in this transportation are increasing. Consequently, it is imperative that the Congress take whatever action is required to assure that hazardous materials are handled and transported in as safe a manner as is possible.

The report and study provided for in sections 2 and 3 of the bill should provide the necessary information and data needed by the Congress: First, to determine the effectiveness of existing laws and regulations; and second, to support the need for any change in those laws and regulations that may be found to be necessary.

In my opinion, the money and actions provided for in the bill are indispensable in order to provide for the safety of our citizens. I urge the House to act favorably on this bill.

Mr. FLORIO. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. HAGEDORN).

Mr. HAGEDORN. Mr. Speaker, I rise in support of the bill.

Mr. Speaker, this legislation is necessary if the Materials Transportation Bureau is to deal effectively with the very complex matter of transporting hazardous materials.

Reports published earlier this year by the Library of Congress and the General Accounting Office raise serious questions about the ability of MTB to safeguard the general public against accidents and carry out the provisions of the Hazardous Materials Transportation Act. But cutting off funds is not going to help anybody and will just increase the risk of accidents. We cannot permit this to happen, particularly in light of the dramatic increase in accidents, death, and injuries involving the transportation of hazardous materials in 1978.

This measure continues the same level of funding as the last 3 years for fiscal 1980 and provides for a modest increase in fiscal 1981. It also calls for a report to address some of the criticisms raised in the reports.

I urge its speedy adoption.

Mr. FLORIO. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FLORIO) that the House suspend the rules and pass the bill, H.R. 3502, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FLORIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 3502, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. FLORIO. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate bill (S. 1141) to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal year 1980.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1141

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 115 of the Hazardous Materials Transportation Act (49 U.S.C. 1812) is amended—

(1) by striking "and" immediately after "1978,"; and

(2) by inserting immediately before the period at the end thereof the following: ", and not to exceed $5,500,000 for the fiscal year ending September 30, 1980".

MOTION OFFERED BY MR. FLORIO

Mr. FLORIO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FLORIO moves to strike out all after the enacting clause of S. 1141 and insert in lieu thereof the provisions of H.R. 3502, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1980 and 1981."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 3502) was laid on the table.

VESSEL DOCUMENTATION ACT

Mr. BIAGGI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1196) to revise and improve the laws relating to the documentation of vessels, and for other purposes, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Vessel Documentation Act".

SEC. 2. DEFINITIONS.

As used in this Act—

(1) "documented vessel" means a vessel for which a certificate of documentation has been issued under this Act; and

(2) "Secretary" means the Secretary of the department in which the Coast Guard is operating.

SEC. 3 PORTS OF DOCUMENTATION.

The Secretary shall designate ports of documentation in the United States where vessels may be documented and instruments affecting title to, or interest in, documented vessels may be recorded. The Secretary shall specify the geographic area to be served by each designated port, and he may discontinue, relocate, or designate additional ports of documentation.

SEC. 4. VESSELS ELIGIBLE FOR DOCUMENTATION.

Any vessel of at least five net tons that is not registered under the laws of a foreign country is eligible for documentation if it is owned by—

(1) an individual who is a citizen of the United States;

(2) a partnership or association whose **members are all citizens of the United States.**

(3) a corporation created under the laws of the United States, or any State, territory, or possession thereof, or of the District of Columbia, or the Commonwealth of Puerto Rico; whose president or other chief executive officer and chairman of its board of directors are citizens of the United States and no more of its directors are noncitizens than a minority of the number necessary to constitute a quorum;

(4) the United States Government; or

(5) the government of any State, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

SEC. 5. HOME PORTS.

(a) With the approval of the Secretary and subject to such regulations as he may prescribe, the port of documentation selected by an owner for the documentation of his vessel shall be the vessel's home port.

(b) Once a vessel's home port has been fixed as provided in subsection (a), it may not be changed without the approval of the Secretary, subject to such regulations as he may prescribe.

SEC. 6. NAME OF VESSEL.

(a) At the time of application for initial documentation of a vessel, the owner shall provide a name for the vessel. Subject to the approval of the Secretary and upon the issuance of a certificate of documentation, that name shall become the vessel's name of record.

(b) Once a vessel's name of record has been fixed as provided in subsection (a), it shall not be changed without the approval of the Secretary, subject to such regulations as he may prescribe.

(c) The Secretary may prescribe a reasonable fee for changing a documented vessel's name of record.

SEC. 7. CERTIFICATE OF DOCUMENTATION; APPLICATION; ISSUANCE; FORM; EXHIBITION.

(a) Upon application by the owner of any vessel eligible for documentation, the Secretary shall issue a certificate of documentation of a type specified in section 10, 11, 12, 13, or 14 of this Act.

(b) The Secretary may prescribe the form of, the manner of filing, and the information to be contained in, applications for certificates of documentation.

(c) Each certificate of documentation shall—

(1) contain the name, the home port, and a description of the vessel for which it is issued;

(2) identify its owner; and

(3) be in the form and contain any additional information prescribed by the Secretary.

(d) The Secretary shall, by regulation, prescribe procedures to insure the integrity of, and the accuracy of information contained in, certificates of documentation issued under this Act.

(e) The owner and the master of each documented vessel shall make the vessel's certificate of documentation available for examination as the law may require or as the Secretary may prescribe.

SEC. 8. NUMBERS; SIGNAL LETTERS; IDENTIFICATION MARKINGS.

(a) The Secretary shall maintain a numbering system for the identification of documented vessels and shall assign a number to each documented vessel.

(b) The Secretary may maintain a system of signal letters for documented vessels.

(c) The owner of each documented vessel shall affix to the vessel and maintain in the manner prescribed by the Secretary the number assigned under subsection (a) and any other identification markings the Secretary may prescribe.

SEC. 9. PURPOSE OF DOCUMENTATION.

A certificate of documentation issued under this Act is—

(1) conclusive evidence of nationality for international purposes, but not in any proceeding conducted under the laws of the United States;

(2) except in the case of a pleasure vessel license, conclusive evidence of qualification to be employed in a specified trade; and

(3) not conclusive evidence of ownership in any proceeding in which ownership is in issue.

SEC. 10. CERTIFICATE OF DOCUMENTATION; REGISTRY.

(a) A registry may be issued for any vessel that is eligible for documentation.

(b) A vessel for which a registry is issued may be employed in foreign trade or trade with Guam, American Samoa, Wake, Midway, or Kingman Reef.

(c) Upon application of the owner of any vessel that qualifies for a coastwise license under section 11 of this Act, a Great Lakes license under section 12 of this Act, or a fishery license under section 13 of this Act, the Secretary may issue a registry appropriately endorsed authorizing the vessel to be employed in the coastwise trade, the Great Lakes trade, or the fisheries, as the case may be.

(d) A foreign built vessel registered pursuant to this section may not engage in the coastwise trade.

SEC. 11. CERTIFICATE OF DOCUMENTATION: COASTWISE LICENSE.

(a) A coastwise license or, as provided in section 10(c) of this Act, an appropriately endorsed registry, may be issued for any vessel that—

(1) is eligible for documentation;

(2) was built in the United States; and

(3) qualifies under laws of the United States to be employed in the coastwise trade.

(b) Only a vessel for which a coastwise license or an appropriately endorsed registry is issued may, subject to the laws of the United States regulating those trades, be employed in—

(1) the coastwise trade; and

(2) the fisheries.

SEC. 12. CERTIFICATE OF DOCUMENTATION: GREAT LAKES LICENSE.

(a) A Great Lakes license, or, as provided in section 10(c) of this Act, an appropriately endorsed registry, may be issued for any vessel that—

(1) is eligible for documentation;

(2) was built in the United States: and

(3) qualifies under the laws of the United States to be employed in the coastwise trade.

(b) Only a vessel for which a Great Lakes license or an appropriately endorsed registry is issued may, on the Great Lakes and their tributary and connecting waters and subject to the laws of the United States regulating those trades, be employed in—

(1) the coastwise trade;

(2) trade with Canada; and

(3) the fisheries.

SEC. 13. CERTIFICATE OF DOCUMENTATION. FISHERY LICENSE.

(a) A fishery license, or, as provided in section 10(c) of this Act, an appropriately endorsed registry, may be issued for any vessel that—

(1) is eligible for documentation;

(2) was built in the United States; and

(3) qualifies under the laws of the United States to be employed in the fisheries.

(b) Subject to the laws of the United States regulating the fisheries, only a vessel for which a fishery license or an appropriately endorsed registry is issued may be employed in that trade.

SEC. 14. CERTIFICATE OF DOCUMENTATION: PLEASURE VESSEL LICENSE.

(a) A pleasure vessel license may be issued for any vessel that—

(1) is eligible for documentation, and

(2) is to be used exclusively for pleasure.

(b) A licensed pleasure vessel may proceed from or to any port of the United States and to any foreign port without entering or clearing with the United States Customs Service.

(c) Notwithstanding any other law, the Secretary may prescribe reasonable fees for issuing, renewing, or replacing a pleasure vessel license; or for providing any other service in connection with a pleasure vessel license. The fees shall be based on the costs of the service provided.

SEC. 15. VESSEL LIMITED TO TRADE COVERED BY CERTIFICATE OF DOCUMENTATION; EXEMPTIONS; PENALTY.

(a) A vessel may not be employed in any trade other than a trade covered by the certificate of documentation issued for that vessel. A documented pleasure vessel may not be used for purposes other than pleasure. However, any certificate of documentation may, under regulations prescribed by the Secretary, be exchanged for any other type of certificate of documentation, or appropriately endorsed for any trade, for which the vessel qualifies.

(b) A non-self-propelled vessel which is qualified to be employed in the coastwise trade may, without being documented, be employed in that trade within a harbor or on the rivers or inland lakes of the United States, or on the internal waters or canals of any State.

(c) Whenever a vessel is employed in a trade that is not covered by the certificate of documentation issued for that vessel or a documented pleasure vessel is used other than for pleasure, the vessel, together with its equipment, is liable to seizure by and forfeiture to the United States.

(d) A documented vessel may not be placed under the command of a person other than a citizen of the United States.

SEC. 16. FALSIFICATION IN DOCUMENTATION: FRAUDULENT USE OF DOCUMENT; PENALTY.

(a) Whenever the owner of a vessel knowingly falsifies or conceals a material fact, or makes a false statement or representation in connection with the documentation of his vessel under this Act, in addition to any other penalty provided by law, that vessel, together with its equipment, is liable to seizure by and forfeiture to the United States.

(b) Whenever a certificate of documentation is knowingly and fraudulently used for any vessel, that vessel, together with its equipment, is liable to seizure by and forfeiture to the United States.

SEC. 17. CERTIFICATE OF DOCUMENTATION: TERMINATION OF VALIDITY.

(a) A certificate of documentation is invalid if the vessel for which it is issued—

(1) no longer meets the requirements of this Act and the regulations prescribed thereunder pertaining to that certificate of documentation; or

(2) is placed under the command of a person who is not a citizen of the United States.

(b) Except as provided by subsection (o) of section 30 of the Act of June 5, 1920, as amended (46 U.S.C. 961(a)), an invalid certificate of documentation shall be surrendered in accordance with regulations prescribed by the Secretary.

SEC. 18. VESSELS PROCURED OUTSIDE THE UNITED STATES.

(a) The Secretary and the Secretary of State, acting jointly, may provide for the issuance of an appropriate document for any vessel procured outside the United States that meets the ownership requirements of section 4 of this Act.

(b) Subject to any limitations the Secretary may prescribe, a vessel for which an appropriate document is issued under this section may proceed to the United States and engage en route in the foreign trade or trade with Guam, American Samoa, Wake, Midway, or Kingman Reef. Upon the vessel's arrival in the United States the document shall be surrendered in accordance with regulations prescribed by the Secretary.

(c) A vessel for which a document is issued under this section is subject to the jurisdiction and laws of the United States. However, the Secretary may suspend for a period not to exceed six months the application of any vessel inspection law administered by him, or any regulation issued thereunder, if he considers the suspension to be in the public interest.

SEC. 19. RECORDING OF UNITED STATES BUILT VESSELS.

The Secretary may provide for the recording and certifying of any information pertaining to vessels built in the United States that he considers to be in the public interest.

SEC. 20. REGISTRATION OF FUNNEL MARKS AND HOUSE FLAGS

The Secretary shall provide for the registration of funnel marks and house flags by owners of vessels.

SEC. 21. LIST OF DOCUMENTED VESSELS.

The Secretary shall publish periodically a list of all documented vessels together with any information pertaining to them that he considers pertinent or useful.

SEC. 22. REPORTS.

To insure compliance with this Act and the laws governing the qualifications of vessels to engage in the coastwise trade and the fisheries, the Secretary may require owners and masters of documented vessels to submit reports in any reasonable form and manner he may prescribe.

SEC. 23. VIOLATIONS; PENALTY.

(a) Any person who is found by the Secretary, after notice and an opportunity for a hearing, to have violated this Act or a regulation issued hereunder shall be liable to the United States for a civil penalty, not to exceed $500 for each violation. Each day of a continuing violation shall constitute a separate violation. The amount of the penalty shall be assessed by the Secretary, or his designee, by written notice. In determining the amount of the penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.

(b) The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty under this section.

(c) If any person fails to pay an assessment of a civil penalty after it has become final, the Secretary may refer the matter to the Attorney General for collection in any appropriate district court of the United States.

SEC. 24. DEREGULATIONS AND REGULATIONS.

The Secretary may—

(1) delegate, and authorize successive redelegations of, any of the duties or powers conferred on him by this Act; and

(2) prescribe regulations to carry out this Act.

SEC. 25. RELATED TERMS IN OTHER LAWS.

With respect to the documentation of a vessel whenever used in any law, regulation, document ruling, or other official act—

(1) "certificate of registry", "registry", and "register" means a registry as provided for in section 10 of this Act,

(2) "license", "enrollment and license", "license for the coastwise (or coasting) trade", and "enrollment and license for the coastwise (or coasting) trade" mean a coastwise license as provided for in section 11 of this Act;

(3) "enrollment and license to engage in the foreign and coastwise (or coasting) trade on the northern, northeastern, and northwestern frontiers, otherwise than by sea" means a Great Lakes license as provided for in section 12 of this Act;

(4) "license for the fisheries" and "enrollment and license for the fisheries" mean a fishery license as provided for in section 13 of this Act; and

(5) "yacht" means a pleasure vessel whether or not documented.

SEC. 26. AMENDMENTS TO OTHER LAWS.

(a) Section 4131 of the Revised Statutes of the United States, as amended (46 U.S.C. 221), is further amended to read as follows: "Only a citizen of the United States may serve as master, chief engineer, or officer in charge of a deck watch or engineering watch on any vessel documented under the laws of the United States. However, if a documented vessel is deprived of the services of any officer, other than the master, while on a foreign voyage and a vacancy is thereby created, until the vessel's first return to a United States port where a United States citizen replacement can be obtained, a person who is not a citizen of the United States may serve in—

"(1) the vacancy; or

"(2) any vacancy resulting from the promotion of another to fill the original vacancy.".

(b) Section 4311 of the Revised Statutes of the United States, as amended (46 U.S.C. 251), is further amended by striking the first sentence of subsection (a).

(c) Section 4320 of the Revised Statutes of the United States, as amended (46 U.S.C. 262), is further amended by

(1) striking the word "licensed" in the first sentence and inserting in lieu thereof the word "documented"; and

(2) striking the last sentence.

(d) Section 4377 of the Revised Statutes of the United States, as amended (46 U.S.C. 325), is further amended by striking the second sentence.

(e) Section 7 of the Act of June 19, 1886, as amended (46 U.S.C. 319), is further amended by—

(1) striking the first sentence and inserting in lieu thereof the following:

"Whenever a vessel, entitled to be documented and not so documented, is employed in a trade for which certificates of documentation are issued under the vessel documentation laws, other than a trade covered by a registry, the vessel is liable to civil penalty of $500 for each port at which it arrives without the proper certificate of documentation, and if it has on board any merchandise of foreign growth or manufacture (sea stores excepted), or any taxable domestic spirits, wines, or other alcoholic liquors, on which the duties or taxes have not been paid or secured to be paid, the vessel, together with its equipment and cargo, is liable to seizure and forfeiture."; and

(2) striking the last sentence.

SEC. 27. REPEALS.

The following laws are repealed, except with respect to rights and duties that matured, penalties that were incurred, and proceedings that were begun before the effective date of this Act:

Revised statutes section	Revised statutes section	Revised statutes section
4132	4167	4315
4136	4168	4318
4137	4169	4319
4138	4170	4321
4139	4171	4322
4141	4174	4323
4142	4176	4324
4143	4177	4325
4144	4178	4326
4146	4179	4327
4147	4180	4328
4150	4182	4329
4155	4183	4330
4156	4187	4333
4157	4189	4335
4158	4190	4337
4159	4191	4338
4160	4214	4339
4161	4215	4372
4162	4217	4384
4163	4312	4385
4164	4313	4495
4166	4314	4498

Date	Chapter	Section	Statutes at large	
			Volume	Page
Apr. 17, 1874	106		18	30
Feb. 27, 1877	69	1 (only the part amending R.S. 4315, 4318, and 4319).	19	251
June 30, 1879	54		21	44
June 26, 1884	121	21	23	58
July 5, 1884	221	4	23	119
June 19, 1886	421	6	24	81
Feb. 21, 1891	250	1	26	765
Jan. 16, 1895	24	2, 4, 5	28	624, 625
Jan. 20, 1897	67	1, 2	29	491, 492
June 24, 1902	1155	1, 2	32	398, 399
Mar. 3, 1905	1457	9	33	1032
Apr. 24, 1906	1865	1, 2	34	136
May 28, 1908	212	7	35	426
Feb. 29, 1912	47		37	70
July 9, 1912	220		37	189
Aug. 24, 1912	390	5 (only the part amending R.S. 4132).	37	562
Feb. 24, 1915	57		38	812
Mar. 4, 1915	172	1	38	1193
Do	184	5	38	1218
Feb. 19, 1920	83	1, 2, 3	41	436, 437
Feb. 16, 1925	235	1	43	947
Aug. 5, 1935	438	310	49	528
May 20, 1936	434		49	1367
May 24, 1938	265		52	437
May 31, 1939	159		53	794
Do	160		53	795
June 2, 1939	168		53	798
Aug. 30, 1957	Public Law 85-237	1	71	517
Aug. 17, 1961	Public Law 87-157		75	392
Sept. 29, 1965	Public Law 89-219	10	79	892

SEC. 28. EFFECTIVE DATE.

This Act shall be effective on the first day of the eighteenth month following the month in which enacted.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New York (Mr. BIAGGI) will be recognized for 20 minutes, and the gentleman from New York (Mr. LENT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 1196, now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BIAGGI. Mr. Speaker, H.R. 1196 is a comprehensive bill that restates in a concise and orderly manner the law governing documentation of vessels. It eliminates the restrictive administrative details found in the present law. Enactment of the bill will permit the use of modern business procedures and techniques to more efficiently meet the needs of the maritime industry and the public.

Vessels are documented in order to establish their nationality and their qualification to be employed in a specific trade. A vessel's document identifies the name of the owner of the vessel—contains the name and description of the vessel—and states the vessel's home port.

The documentation laws are among the oldest in the country. Their origin dates back to the 1790's. But they have not grown old gracefully. Instead they have grown into a haphazard conglomeration of outdated and confusing statutes. H.R. 1196 is designed to bring order out of the confusion.

Those Members who have examined H.R. 1196 carefully will have noted that it is some 18 pages in length. If this seems excessive for a bill whose purpose is clarification and simplification, I suggest they look at section 27 of the bill.

That section will repeal almost 70 sections of the revised statutes—and all or part of some 30 other statutes. This bill replaces that maze of over a hundred separate laws with one statute containing 24 operative sections.

Beyond simply reducing the number of existing laws and sections, H.R. 1196 will simplify and clarify the law—making it accessible and understandable to those who are affected by it and those who enforce it. But, more importantly, the bill will remove from the law those detailed provisions that prevent the Coast Guard from modernizing and simplifying the procedures for documenting vessels.

An example of the procedures now required by the law is the requirement that the document of every licensed vessel be presented at a documentation office each year for renewal. This requires that the document be removed from the vessel—where it properly belongs—and be taken by the master or the ship's agent to the documentation office. H.R. 1196 would eliminate the requirement for a visit to the documentation office and allow the annual renewal or validation to be done by mail.

Another example is that existing law, in many instances, requires documents and other forms to contain specific and detailed information that is unnecessary and repetitive. In some cases, the statute specifies at great length the exact language to be printed on the document—language we would call archaic today. By contrast, H.R. 1196 leaves the content and wording of documents and forms to the administering agency. They can thus be simplified, shortened, and made more readable and understandable.

While H.R. 1196 simplifies the law and allows for the elimination of many antiquated procedures, it does not change the fundamental purposes or objectives of the vessel documentation laws. The bill retains the basic requirements for documentation—the delineation of vessels eligible for documentation—and the basic types of documents issued to vessels. It also retains the authority to document pleasure vessels.

Enactment of the bill will not require any vessel to be redocumented—nor will it impose any additional paperwork burdens on the marine industry. It is, in fact, designed to reduce those burdens.

I urge enactment of this much-needed and long-delayed modernization of this area of the law.

□ 1320

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join with the unanimous support of my committee colleagues in urging passage of H.R. 1196 and want to commend the distinguished chairman of the full committee, Mr. MURPHY, and the chairman of the subcommittee, Mr. BIAGGI, for bringing this bill and the two others which follow to the floor of the House.

This bill is the culmination of efforts begun by the Coast Guard in 1967 when it acquired vessel documentation responsibilities from the Customs Service, coincident with the establishment of the Department of Transportation. It recognizes that since a system for the documentation of vessels was established in 1789, many statutory changes have been enacted that have resulted in a compilation of laws which in many cases are archaic and inconsistent. In their complexity they are difficult to understand, unwieldy and time consuming to administer.

Similar bills were introduced in four earlier Congresses.

H.R. 1196 repeals archaic provisions of the documentation laws while clarifying the remainder without substantive change. In large part, it accomplishes this by vesting broader discretionary authority in the Secretary of the Department in which the Coast Guard is operating and thus provides better procedures for the registration or licensing of vessels of the United States for identification, trade, and international purposes. The improvements made possible by this bill are intended to save time and expense to the shipping industry and to the Coast Guard by allowing for the renewal of vessel documents and changes of master to be recorded by mail, allowing changes in trade to be recorded by the endorsement of existing documents, and by standardizing the format for vessel documents.

The bill continues provisions for the documentation of pleasure vessels, an earlier controversy and, in general, provides for a more efficient documentation and recordation system that still preserves a vessel's basic trade and identification privileges.

It is high time to move this proposal for reform of the vessel documentation laws. I commend this action and urge the passage of this bill.

Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. FORSYTHE).

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4360

Mr. FORSYTHE. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 4360.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

• Mr. MURPHY of New York. Mr. Speaker, H.R. 1196 is one of a series of bills that have been developed by the Merchant Marine and Fisheries Committee to clarify, simplify, and improve those laws relating to the merchant marine that are administered by the Coast Guard. It has long been recognized that many of the marine safety statutes now in force are outdated, duplicative, complex, and unclear. In many cases, they contain detailed requirements that make them inflexible and difficult to adapt to changing conditions.

Many of these laws date back to the earliest days of the Nation. Amendments to them over the years, for various purposes, have added to the confusion. The result is a patchwork of laws that hinder rather than promote the safety or efficiency of the merchant marine. Taken as a whole, they are difficult to understand on the part of the public and industry—and equally difficult to enforce.

In its work on these bills, the committee has tried to replace these outmoded laws with statutes that are clear, precise, understandable, and enforceable. In accordance with the more modern practice, many detailed requirements have been left to be issued as regulations by the enforcing agency, thus allowing more rapid adaptation to changing conditions in the affected industries. In many cases, the Coast Guard has identified new and more efficient procedures to carry out some of these laws—but has been unable to make any changes due to the detailed and inflexible constraints of the present statutes. We have tried to remove those constraints.

In one or two cases, the changes made by these bills are to bring the language of the law into conformity with the way it is actually being administered today. The simple fact is that in certain instances the Coast Guard has, in the committee's opinion, not enforced the law as it is written but as it considers to be more practicable and consistent with safety.

In some cases, therefore, these bills give the Coast Guard clear legal authority to do what it has been doing for several years under more questionable authority. The committee believes that we should not leave these laws in such an outdated condition that the Coast Guard feels forced to imaginatively interpret them in order to enforce them effectively and practicably.

Each of the bills we have developed has the support of the administration and of the affected industries. None of them will result in additional Federal expenditures. In fact, they should result in modest savings—both to the Government and to the public.

I believe that enactment of this bill, which is one of three bills we are presenting today will be a refreshing first step on the road to modernizing our maritime laws. The committee, of course, intends to continue its efforts in this area in the future.

The first bill we are presenting, H.R. 1196, attacks one of the oldest and most barnacle-encrusted bureaucratic procedures extant—documentation of vessels. Documentation performs roughly the same function for vessels that registration does for automobiles. It records ownership and establishes a basis for vessel identification and control. Additionally, it facilitates trade and commerce by classifying vessels for various purposes. A vessel must have a document before it can engage in a trade in the United States.

The vessel documentation laws trace their origin back to the 11th act of the First Congress. Since then, they have been amended and added to many times. Additionally, over the years, there have been numerous Government reorgnizations and transfers of functions among Government agencies that have not been incorporated into the documentation laws.

The result is an area of the law that is a delight to those who cherish complexity, obfuscation, and uncertainty, and the despair of those who believe our Merchant Marine deserves laws that make the sailing smoother and the course clearer.

H.R. 1196 will remove the fog that pervades the vessel documentation laws. I urge its enactment.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. Biaggi) that the House suspend the rules and pass the bill, H.R. 1196, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

TONNAGE MEASUREMENT SIMPLIFICATION ACT

Mr. BIAGGI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1197) to simplify the tonnage measurement of certain vessels, as amended.

The Clerk read as follows:

H.R. 1197

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tonnage Measurement Simplification Act".

Sec. 2. Section 4148 of the Revised Statutes of the United States, as amended (46 U.S.C. 71) is further amended to read as follows:

"Sec. 4148. (a) Before a vessel is documented or recorded under the laws of the United States, or where the application of a law of the United States to a vessel is determined by its tonnage, the vessel shall be measured by the Secretary of the department in which the Coast Guard is operating. The Secretary may, by regulation, provide for the temporary documentation of a vessel prior to the measurement required by this section.

"(b) A vessel required to be measured under subsection (a) of this section, other than a vessel used exclusively for pleasure, shall be measured as prescribed in sections 4151 and 4153 of the Revised Statutes of the United States, as amended, and to the extent applicable, as prescribed in Public Law 89-219, September 29, 1965 (79 Stat. 891; 46 U.S.C. 83-83k) if—

"(1) it engages or intends to engage in an international voyage by sea; or

"(2) it is at least twenty-four meters in length and is self-propelled.

"(c) A vessel not required to be measured under subsection (b) of this section may be so measured if requested by its owner. A vessel not measured under subsection (b) shall be assigned gross and net tonnages by the Secretary which are functions of its length, breadth, depth, and other dimensions, including appropriate coefficients. The Secretary shall prescribe the manner in which dimensions are measured and which coefficients are appropriate. The resulting gross tonnages, taken as a group, shall reasonably reflect the relative internal volumes of the vessels measured, and the resulting net tonnages shall be in approximately the same ratios to corresponding gross tonnages as are the net and gross tonnages of comparable vessels measured under subsection (b) of this section. In accordance with regulations issued under this subsection, the Secretary may determine the gross and net tonnages of a vessel which is representative of a designated class, model, or type and may assign those gross and net tonnages to other vessels of the same class, model, or type.

"(d) A vessel shall be remeasured if—

"(1) the vessel is altered or the use of its space is changed so that its gross or net tonnage is affected;

"(2) having been measured under subsection (c) of this section, the vessel becomes, by use or alteration, subject to subsection (b) of this section; or

"(3) having been measured under subsection (b) of this section and not required to be so measured, the owner requests that the vessel be measured under subsection (c) of this section.

Except as provided in this subsection, a vessel that has been measured is not required to be remeasured to obtain another document.

"(e) The Secretary shall make such regulations as may be necessary to carry out the provisions of sections 4148, 4149, 4150, 4151, and 4153 of the Revised Statutes, as amended (46 U.S.C. 71, 72, 74, 75, 77).".

Sec. 3. A vessel measured prior to the effective date of this Act under sections 4151 and 4153 of the Revised Statutes of the United States, as amended, is considered as having been measured under section 4148(b) of the Revised Statutes of the United States, as amended by this Act.

Sec. 4. This Act is effective on the first day of the twelfth month following the month in which enacted.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New York (Mr. Biaggi) will be recognized for 20 minutes, and the gentleman from New York (Mr. Lent) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. Biaggi).

GENERAL LEAVE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 1197, which we are about to consider.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BIAGGI. Mr. Speaker, I will yield myself such time as I may consume.

Mr. Speaker, H.R. 1197 is one of those bills that has a high benefit to cost ratio. It will not impose any costs on either the Federal Government, private industry, or the public. It will not harm anybody; it will not reduce safety. Instead it will save time and money for both industry and the Government.

H.R. 1197 would apply to commercial vessels that are less than 79 feet in length, and that do not engage in international voyages. These vessels would be authorized to use a simplified measurement system for determining their gross and net tonnages. Such a system is presently available only to pleasure vessels.

Under the simplified measurement procedure, the Coast Guard would assign to vessels gross and net tonnages that would be determined by a simple formula—using only the basic dimensions of the vessel such as length, breadth, and depth. The bill would give the Coast Guard authority to prescribe the formula and specify how the dimensions are to be measured.

The bill also would allow the Coast Guard to determine the tonnage of a vessel that is representative of a class or model and assign that tonnage to other vessels of the same class or model. This would eliminate the necessity of taking measurements on each individual vessel in the class.

The simplified measurement system authorized by this bill would be available at the option of the owner. He could, if he desired, have his vessel measured by the more complex system that will continue to apply to the larger commercial vessels—those over 79 feet in length.

The option of using the simplified method would not be available to any vessel that engages or intends to engage in an international voyage. This is necessary in order to insure the continued acceptability of U.S. documents by foreign governments.

One effect of the bill would be to allow all non-self-propelled vessels to use the simplified system. This would include the large and growing fleet of barges.

We estimate that over 3,000 vessels a year would be able to use the measurement procedure in H.R. 1197. When it is remembered that this method takes about one-eighth of the time of the formal system, it is apparent that a large saving in time will result. This saving will benefit both the industry and the government. In the case of the government, some future savings in personnel resources are expected.

H.R. 1197 is an opportunity to decrease the regulatory burden on the owners of barges and other small commercial vessels. I urge its enactment.

☐ 1330

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join with the unanimous support of my committee colleagues in urging passage of H.R. 1197.

This is another of several bills brought to the floor today in a regulatory reform effort and with anticipation of significant cost savings to the taxpayer.

H.R. 1197 authorizes the use of a simplified tonnage measurement system for non-self-propelled commercial vessels and for self-propelled commercial vessels of less than 24 meters (79 feet) which do not engage in international voyages. Vessel tonnages, based on the volume of space in a vessel, are entered on pertinent ships' documents and are essential to the maritime industry in determining tolls, port charges and related operating costs.

This bill would enable the Coast Guard to obtain acceptable commercial vessel tonnage measurements for the purpose of documentation and recordation in about one-eighth of the time required by the more formal measurement process. It adopts similar authority successfully implemented for pleasure vessels and conforms to action pending before the International Maritime Consultative Organization. Use of the simplified measurement process, which will still result in tonnages that are acceptably close to those determined by the more formal process, is at the option of a vessel owner.

The more detailed formal requirements will continue to be required for vessels making international voyages to insure the continued acceptability of U.S.-issued documents by foreign governments.

This bill provides for further simplification by allowing the issuance of temporary documents prior to measurement and by allowing tonnage determinations made for one vessel of a class to apply to all other vessels of that class.

Again, I commend the subcommittee chairman for this reform effort and urge the passage of the bill.

● Mr. MURPHY of New York. Mr. Speaker, H.R. 1197 deals with the measurement of vessels. It is closely related to documentation—with which we have just dealt—in that a vessel must be measured before it can be documented.

Vessels are measured in order to determine their size. The size is expressed in tons, each ton equaling 100 cubic feet. A vessel's tonnage therefore is not a measure of its weight, but rather of the volume of usable space in the vessel. The determination of the tonnage of a vessel is important since that figure is used as a basis for classifying the vessel under the marine safety laws and for the establishment of tolls, taxes, port charges, and similar items.

Under present law, the measurement of a commercial vessel is a complex and lengthy process. It requires the taking of numerous detailed measurements aboard the vessel and the use of complicated mathematical formulas.

For pleasure vessels, however, there is a simplified system that requires only the use of three dimensions of the vessel. The measurement of these dimensions can be made by the owner himself or taken from the vessel's plans or specifications. This simplified system of measurement allows the tonnage of a vessel to be determined in about one-eighth the time required for the more detailed system.

H.R. 1197 will allow certain small commercial vessels to use the simplified measurement system now available for use only by pleasure vessels. By so doing, it will greatly simplify and speed up the measurement process for those vessels. It will also reduce the number of Government employees required to measure these vessels.

This simplied measurement system was applied to pleasure vessels in 1966 and has proved to be highly successful. It is now time to take the next step and apply it to the smaller commercial vessels.

H.R. 1197 involves no additional cost to the Government. It has the support of the administration and was unanimously reported by the Committee on Merchant Marine and Fisheries. I urge its adoption.●

Mr. LENT. Mr. Speaker, we have no further requests for time.

Mr. BIAGGI. Mr. Speaker, we have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. BIAGGI) that the House suspend the rules and pass the bill, H.R. 1197, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

LINES OF DEMARCATION

Mr. BIAGGI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1198) to clarify the authority to establish lines of demarcation dividing the high seas and inland waters, as amended.

The Clerk read as follows:

H.R. 1198

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of February 19, 1895 (28 Stat. 672), as amended (33 U.S.C. 151), is amended to read as follows:

"SEC. 2 (a) The Secretary of the department in which the Coast Guard is operating shall establish appropriate identifiable demarcation lines dividing the high seas from harbors, rivers, and other inland waters of the United States, for the purpose of determining the applicability of special navigational rules in lieu of the International Regulation for Preventing Collisions at Sea.

"(b) The Secretary shall also establish appropriate identifiable lines dividing inland waters of the United States from the high seas for the purpose of determining the applicability of each statute that refers to this section or this section, as amended. These lines may not be located more than twelve nautical miles seaward of the base line from which the territorial sea is measured. These lines may differ in position for the purposes of different statutes.

"(c) For the purposes of this section, the term 'United States' includes the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other Commonwealth, territory, or possession of the United States.".

SEC. 2. Section 10 of the Act of May 28, 1908 (35 Stat. 428), as amended (46 U.S.C. 395), is further amended by adding a new subsection to read as follows:

"(d) A seagoing barge means a barge which in the usual course of its employment proceeds outside the line dividing the inland waters from the high seas, as defined in section 2 of the Act of February 19, 1895 (28 Stat. 672), as amended (33 U.S.C. 151).".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New York (Mr. BIAGGI) will be recognized for 20 minutes, and the gentleman from New York (Mr. LENT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. BIAGGI).

GENERAL LEAVE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BIAGGI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support the enactment of H.R. 1198, a bill to clarify the authority to establish lines of demarcation dividing the high seas and inland waters. This bill will accomplish several purposes. First, it will clarify the law by giving the Coast Guard explicit authority to establish two separate sets of lines of demarcation. One set would be for the purpose of determining the dividing line between those waters where the international rules of the road apply and those where the inland rules apply. The other lines would be for the purpose of determining the applicability of various marine safety statutes including the Bridge to Bridge Communications Act and the Coastwise Load Line Act.

This change will give the Coast Guard a firm legal foundation for establishing separate sets of lines of demarcation for the two separate purposes for which they are used. It will recognize that different considerations are involved in the two different purposes the lines are used for.

Second, the bill will limit the placement of the lines for marine safety purposes to not more than 12 nautical miles offshore. In the past, the Coast Guard had placed some of the lines as far as 25 miles offshore.

H.R. 1198, by limiting the Coast Guard's flexibility in placing these lines, will insure that the intent of Congress in enacting the affected marine safety statutes, will be more closely adhered to, since those statutes were originally enacted, for the most part, at a time when the demarcation lines were close inshore.

While the bill will limit the Coast Guard's flexibility in how far offshore it can place the lines, it will at the same time give the Coast Guard greater flexibility in another area. It will allow the lines to differ in position for the purposes of different statutes. Thus the Coast Guard will be able to tailor the placement of the lines to the requirements of the particular statute. This should allow more precise application and effective enforcement of these statutes.

The final matter addressed by H.R. 1198 is that of seagoing barges. At present there is no definition in law of the term "seagoing barge." The bill would remedy that by defining a seagoing barge as one that passes outside the marine safety line of demarcation.

This would bring the Seagoing Barge Act into conformity with its companion statute, the Seagoing Motor Vessel Act and with other marine safety statutes that use the line of demarcation as a jurisdictional base. It would also insure that shallow-draft drilling barges would not be subject to the requirements for seagoing barges.

H.R. 1198 is supported by the affected industries and by the administration. It will not increase the regulatory burden on the merchant marine or the public. Instead, it should contribute to safety by allowing the Coast Guard to take local conditions and safety factors into consideration in establishing the various lines of demarcation.

The bill received wide bipartisan support during the deliberations of the Committee on Merchant Marine and Fisheries and is worthy of continued support. I, therefore, urge enactment.

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join with the unanimous support of my committee colleagues in urging passage of H.R. 1198.

This is another of three bills brought to the floor today by the Committee on Merchant Marine and Fisheries in a regulatory reform effort. It involves no additional costs and essentially clarifies Coast Guard authority to establish lines of demarcation dividing the high seas and inland waters to determine the applicability of navigational rules and of various marine safety statutes.

Under existing statutes, the Coast Guard has authority to establish such lines of demarcation which, originally, were used only where inland navigation rules began and where international ones ended. Subsequent statutes used this same dividing line to mark where various inspection and manning requirements for seagoing vessels were to apply.

Recently the United States signed an international convention, agreeing that the line of demarcation, for navigational purposes should conform as nearly as possible to a line that marked the territorial sea with the result that the preexisting lines of demarcation were moved landward.

This action left in abeyance action on lines established for the purpose of manning and inspection statutes. The Coast Guard has agreed that clarifying legislative authority is needed, since it was unclear whether a line could be moved for one purpose and not for the other.

The bill makes it clear that the Coast Guard can establish different lines for these purposes but prevents dividing lines for manning and inspection purposes from being located more than 12 miles from the baseline from which the territorial sea is measured.

The bill will, in addition, amend the Seagoing Barge Act, which, unlike other inspection statutes, had not been tied to lines of demarcation, to provide a needed and conforming definition for such vessels. This also relieves the inspection standards plight of certain classes of barges that operate in shallow waters and generally inside the line dividing the inland waters from the high seas.

Again, I commend the subcommittee chairman and urge the passage of this bill.

● Mr. MURPHY of New York. Mr. Speaker, H.R. 1198 concerns the lines of demarcation that divide the high seas from the inland waters of the United States. These lines have two purposes. One purpose is to determine the applicability of the rules of the road that are followed by vessels in order to prevent collisions. Seaward of the lines of demarcation, ships follow the international regulations for preventing collisions at sea. Inside of those lines, they follow the inland rules of the road.

This purpose was the one for which Congress originally authorized the establishment of lines of demarcation. Starting in 1908, however, Congress created a new purpose for the lines. It authorized their use as a basis for determining the applicability of various marine safety statutes. In effect, it used those lines to divide the more protected inland waters, where lesser safety standards could apply, from the open ocean where more rigorous safety standards were prescribed.

Whereas Congress authorized only one set of lines of demarcation, the Coast Guard has in the past few years created two separate sets—one for each purpose. The Coast Guard has also over the years moved the lines out beyond the territorial sea, with the result that high seas were being treated as inland waters for marine safety purposes. The authority of the Coast Guard to take these actions is in considerable doubt. In fact, that Service has itself recognized the weakness in the legal arguments it used as a basis for these actions. It is the purpose of H.R. 1198 to remove the doubt engendered by the Coast Guard's actions and to both clarify and limit its authority as to the placement of lines of demarcation.

Enactment of H.R. 1198 will eliminate troublesome questions of law and give the Coast Guard clear and precise authority regarding the lines of demarcation. It will insure a closer adherence by the Coast Guard to the original intention of the Congress in enacting the various marine safety statutes that are tied to those lines.

The reported bill has the support of the administration and the affected industries. It deserves the support of the House.●

Mr. LENT. Mr. Speaker, we have no further requests for time, and I yield back the balance of my time.

Mr. BIAGGI. Mr. Speaker, we have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. BIAGGI) that the House suspend the rules and pass the bill, H.R. 1198, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill as amended, was passed.

A motion to reconsider was laid on the table.

□ 1340

PERMISSION FOR SUBCOMMITTEE ON COAST GUARD AND NAVIGATION OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the Subcommittee on Coast Guard and Navigation of the Committee on Merchant Marine and Fisheries may be permitted to sit on tomorrow, Tuesday, September 18, 1979, during the 5-minute rule, for the purpose of holding a hearing, and a hearing alone, on H.R. 1645 and H.R. 5164, bills related to the inspection and manning of small commercial vessels.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON COAST GUARD AND NAVIGATION OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO MEET TOMORROW IN MARKUP SESSION

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the Subcommittee on Coast Guard and Navigation of the Committee on Merchant Marine and Fisheries be permitted to sit on tomorrow, Tuesday, September 18, 1979, while the House is in session in order to complete subcommittee markup of H.R. 4310, Federal Boat Safety Act amendments.

This will permit the full Committee on Merchant Marine and Fisheries to consider the bill in markup session on Wednesday.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

FUELS TRANSPORTATION SAFETY AMENDMENTS ACT OF 1979

Mr. MARKEY. Mr. Speaker, I move to suspend the rules and pass the bill

(H.R. 51) to amend the Natural Gas Pipeline Safety Act of 1968 to provide for the safe operation of pipelines transporting natural gas and liquefied petroleum gas, to provide standards with respect to the siting, construction, and operation of liquefied natural gas facilities, and for other purposes, as amended.

The Clerk read as follows:

H.R. 51

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; TABLE OF CONTENTS

Section 1. (a) This Act may be cited as the "Fuels Transportation Safety Amendments Act of 1979".

(b) The table of contents for this Act is as follows:

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.
Sec. 2. References to Natural Gas Pipeline Safety Act of 1968.

TITLE I—FUELS TRANSPORTATION GENERALLY

Sec. 101. Hazardous pipeline facilities.
Sec. 102. Coverage of pipeline transportation of liquefied petroleum gas.
Sec. 103. Pipeline safety program standard.
Sec. 104. Exemption from standards.
Sec. 105. Coverage of gas distributed in connection with rental or lease of real property.
Sec. 106. Pipeline safety inspectors.
Sec. 107. Technical Pipeline Standards Committee.
Sec. 108. Cost-benefit analysis of increased fuels transportation safety regulation.
Sec. 109. Appropriations authorization.
Sec. 110. Effective date; interim standards.

TITLE II—SITING AND SAFETY OF LNG FACILITIES

Sec. 201. Definitions.
Sec. 202. Siting and safety standards.
Sec. 203. Financial responsibility.
Sec. 204. Enforcement of standards and financial responsibility requirements.
Sec. 205. Intervention by the Secretary in safety proceedings.
Sec. 206. Appropriations authorization.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Willful destruction of interstate pipeline transmission or LNG facilities.
Sec. 302. Appointments of Director of Pipeline Safety Operations and Director of Materials Transportation Bureau.
Sec. 303. Simplification of filing requirements.
Sec. 304. Technical, clerical, and conforming amendments.

REFERENCES TO NATURAL GAS PIPELINE SAFETY ACT OF 1968

Sec. 2. Except as otherwise expressly provided, whenever in this Act, any reference, amendment, or repeal is expressed in terms of a reference or amendment to, or repeal of, a section or other provision, it shall be considered to be made to a section or other provision of the Natural Gas Pipeline Safety Act of 1968.

TITLE I—FUELS TRANSPORTATION GENERALLY

HAZARDOUS PIPELINE FACILITIES

Sec. 101. (a) Section 8 is amended by redesigning subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b)(1) if the Secretary finds, after reasonable notice and an opportunity for hearing, that any pipeline facility is hazardous to life or property, he shall, by order, require the person operating the facility to take necessary corrective action. Such corrective action may include physical inspection, testing, repair, replacement, or other action, as appropriate.

"(2) The Secretary may find a pipeline facility to be hazardous under paragraph (1)—

"(A) if under the fact and circumstances he determines the particular facility is hazardous to life or property, or

"(B) if the pipeline facility or a component thereof has been or is proposed to be constructed or operated with any equipment, material, or technique which he determines is hazardous to life or property, unless the operator involved demonstrates to the satisfaction of the Secretary that under the particular facts and circumstances involved such equipment, material, or technique is not hazardous to life or property.

"(3) In making a determination under paragraph (2), the Secretary shall consider—

"(A) the characteristics of the pipe and other equipment used in the pipeline facility involved, including its age, manufacturer, physical properties (including its resistance to corrosion and deterioration), and the method of its manufacture, construction, or assembly;

"(B) the nature of the materials transported by such facilities (including their corrosive and deteriorative qualities), the sequence in which such materials are transported, and the pressure required for such transportation;

"(C) the aspects of the areas in which the pipeline facilities are located, in particular the climatic and geologic conditions (including soil characteristics) associated with such areas, and the population density and population and growth patterns of such areas;

"(D) any relevant recommendations of the National Transportation Safety Board issued in connection with any investigation conducted by the Board under other provisions of law; and

"(E) such other factors as the Secretary may consider appropriate.

"(4) The Secretary may waive any requirements for hearing and a period of reasonable notice and provide for expeditious issuance of an order under this subsection in any case in which he determines that the failure to do so would result in the likelihood of serious harm to life or property.".

(b) Section 3(b) is amended by striking out the fourth sentence.

(c) The first sentence of section 5(a) is amended by striking out "the fourth sentence of section 3(b)," and inserting in lieu thereof "section 10(b),".

COVERAGE OF PIPELINE TRANSPORTATION OF LIQUEFIED PETROLEUM GAS

Sec. 102. (a) Section 2(3) is amended—

(1) by striking out "Transportation of gas" and inserting in lieu thereof "Pipeline transportation"; and

(2) by inserting after "interstate or foreign commerce" the following: ", or the transmission or distribution (but excluding the gathering) of liquefied petroleum gas by pipeline, in interstate or foreign commerce".

(b) Section 2 is amended by redesignating paragraphs (3) through (10) as paragraphs (4) through (11), respectively, and by inserting after paragraph (2) the following new paragraph:

"(3) 'Liquefied petroleum gas' means propane, butane, any related product, or any mixture or combination thereof;".

(c) Section 2(2) is amended by inserting ", but such term does not include liquefied petroleum gas" after "toxic or corrosive".

(d) Section 2(4), as amended and redesignated, is further amended by inserting after "distribution of gas" the following: "(whether in a gaseous or nongaseous state)".

(e) Section 2 is amended by inserting "(a)" after "Sec. 2." and by adding at the end thereof the following new subsection:

"(b) Any storage facility, or category of storage facilities, physically connected to any pipeline facility, or facilities, used for the transmission or distribution of liquefied petroleum gas shall be included by the Secretary, by regulation, within the meaning of subsection (a)(5) if—

"(1) the Secretary finds that such inclusion would further the purposes of this Act; and

"(2) such facility has a storage capacity of 30,000 gallons or more, is used in connection with one or more other storage facilities at the same site which have, in the aggregate, a storage capacity of 30,000 gallons or more.".

(f)(1) The heading for section 4 is amended by striking out "Committee" and inserting in lieu thereof "Committees".

(2) Section 4(a) is amended by—

(A) inserting "(1)" after "(a)";

(B) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively; and

(C) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall establish a Technical LPG Safety Standards Committee. The Committee shall be appointed by the Secretary, after consultation with public and private agencies concerned with the technical aspect of transportation and storage relating to liquefied petroleum gas or the operation of pipeline facilities relating to liquefied petroleum gas, and shall be composed of fifteen members each of whom shall be experienced in the safety regulation of such transportation and facilities or technically qualified by training, experience, or knowledge in one or more fields of engineering applied in such transportation or operation to evaluate safety standards relating to liquefied petroleum gas, as follows:

"(A) Five members shall be selected from governmental agencies, including State and Federal governments, two of whom shall be selected from State governments;

"(B) Four members shall be selected from the liquefied petroleum gas industry after consultation with industry representatives, not less than three of whom shall be currently engaged in the active operation of liquefied petroleum gas pipelines; and

"(C) Six members shall be selected from the general public."

(3) Section 4(b) is amended by—

(A) by striking out "the Committee" where it appears in the second sentence and in each succeeding place it appears and inserting in lieu thereof "either Committee"; and

(B) by striking out "The Committee" the first place it appears and inserting in lieu thereof "With respect to matters under their jurisdiction, each Committee".

(4) Section 4(c) is amended by striking out "the Committee" the first and third places it appears and inserting in lieu thereof "either Committee".

(g) Section 3 is amended by adding at the end thereof the following new subsection:

"(f) Any standard under this section applicable with respect to liquefied petroleum gas shall take account of the distinguishing characteristics and different properties of gas and liquefied petroleum gas and shall be established separately from those applicable with respect to gas unless specific reasons exist for the standard to be common to both, and those reasons are set forth when the standard is prescribed or made applicable to liquefied petroleum gas.".

(h)(1) the following provisions are amended by striking out "the transportation of gas" each place it appears and inserting in lieu thereof "pipeline transportation":

(A) section 2(a) (5) and (9), as redesignated by subsection (a);

(B) section 3(b) and (e);

(C) section 4(b);

(D) section 8(a);

(E) section 11;

(F) section 12(a);

(G) section 13(b); and

(H) section 14(a) (4).

(2) The following provisions are each amended by striking out "transportation of gas" each place it appears and inserting in lieu thereof "pipeline transportation":

(A) section 2(a) (10), as redesignated by subsection (a);

(B) section 5(b) (3), and

(C) section 10(a).

(3) The following provisions are each amended by striking out "gas pipeline" each place it appears and inserting in lieu thereof "pipeline";

(A) section 3(e); and

(B) section 14(b).

(4) Section 2(a) (4), as redesignated and amended, is further amended by striking out "or its storage" and inserting in lieu thereof ", or its storage in connection with such gathering, transmission, or distribution.".

(5) Section 5(c) (1) is amended—

(A) by striking out "gas safety programs" and inserting in lieu thereof "pipeline safety programs", and

(B) by striking out "date of enactment of this section." and inserting in lieu thereof the following: "date of enactment of the Fuels Transportation Safety Amendments Act of 1979.".

(6) The short title set forth in the first section is amended to read as follows: "Fuels Transportation Safety Act".

PIPELINE SAFETY PROGRAM STANDARD

SEC. 103. (a) Section 3(b) is amended by inserting "(1)" after "(b)", by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), and by adding at the end thereof the following new paragraph:

"(2) Not later than 12 months after the date of the enactment of the Fuels Transportation Safety Amendments Act of 1979, the Secretary shall provide that the Federal minimum safety standards established under this section include a requirement that any operator of pipeline facilities—

"(A) participate in any public safety program—

"(i) which provides for notice to pipeline facility operators of proposed demolition excavation, tunneling, or construction near or affecting such facility;

"(ii) which requires such operators to identify specific pipeline facilities which may be affected by the proposed demolition, excavation, tunneling, or construction, for the purpose of preventing damage to such facilities; and

"(iii) which the Secretary determines is being carried out in a manner adequate to assure protection against the hazards to that operator's pipeline facilities created by such demolition, excavation, tunneling, or construction; or

"(B) to the extent that such a program is not available, take such steps as the Secretary shall prescribe to provide services to the public with respect to that operator's pipeline facilities which are comparable to those which would be available to the public under such a program.".

(b) Section 5(a) (4) is amended by striking out "excavation" and inserting in lieu thereof "demolition, excavation, tunneling, or construction".

(c) Certification and information requirements established by regulation under the amendments made by subsection (a) shall not apply with respect to annual certifications under section 5 during the 2-year period which begins on the effective date of such regulation.

EXEMPTION FROM STANDARDS

SEC. 104. (a) Section 3(e) is amended by inserting "(1)" after "(e)" and by adding at the end thereof the following new paragraph:

"(2) Upon application by any person engaged in pipeline transportation or the operation of pipeline facilities or LNG facilities, the Secretary may, after notice and opportunity for hearing and under such terms and conditions and to such extent as he deems appropriate, exempt any person or category of persons from all or part of the requirements from any standard established under this Act if the Secretary determines that—

"(A) the financial and administrative burdens of being covered by such requirements are not justified by the benefits resulting from that coverage; and

"(B) the costs to such person or persons by being covered by such requirements would significantly increase consumer rates or charges and such exemption would not endanger the public health or safety.

The Secretary shall state in writing his reasons for any such exemption.".

(b) Section 7 is amended by inserting "or exemption" after "waiver".

(c) Section 14(a) (3) is amended by striking out "waiver granted under section 3(e)" and inserting in lieu thereof "waiver or exemption granted under section 3(d)".

COVERAGE OF GAS DISTRIBUTED IN CONNECTION WITH RENTAL OR LEASE OF REAL PROPERTY

SEC. 105. Section 2, as amended, is amended by inserting at the end thereof the following new subsection:

"(c) (1) Unless paragraph (2) applies, there shall be included within the meaning of subsection (a) (3) any pipeline distribution of gas by any person in connection with the rental or lease of real property by that person to others, whether or not—

"(A) a separate charge is made for such gas;

"(B) the distribution to each rental or lease unit is separately metered; or

"(C) the person distributing such gas is otherwise treated as being engaged in local distribution of gas.

"(2) The Secretary shall, by regulation, provide that the provisions of paragraph (1) not apply in cases in which the public health and safety are adequately protected by reason of the existence and enforcement of appropriate building or housing codes or similar laws.".

PIPELINE SAFETY INSPECTORS

SEC. 106. (a) (1) Section 3(b), as amended, is amended by adding at the end thereof the following new paragraph:

"(3) Not later than 12 months after the date of the enactment of the Fuels Transportation Amendments Act of 1979, the Secretary shall provide that the Federal minimum safety standards established under this section which relate to inspection and other enforcement shall set forth minimum training and educational requirements for pipeline inspectors.".

(2) Section 5(c) is amended by adding at the end thereof the following new paragraph:

"(5) The Secretary may not make any payment under this subsection to a State agency for any calendar year beginning after December 31, 1982, unless such State agency has demonstrated that from the payments to such agency for such year funds will be applied for the training and education of pipeline safety inspectors of such State agency in order to enable them to better perform their responsibilities. The amounts to be applied for such purposes are to be adequate to assure that the pipeline safety inspectors maintained by such State agency comply with any standards established under section 3(a) for training and education of pipeline inspectors.".

(3) Certification and information requirements established by regulation under the amendments made by paragraph (1) shall not apply with respect to annual certifications under section 5 during the 2-year period which begins on the effective date of such regulation.

(b) Section 5(f) is amended to read as follows:

"(f) (1) The Secretary shall determine, after reasonable notice and opportunity for hearing, the minimum number of pipeline safety inspectors which must be maintained by a State agency in order to assure adequate monitoring of compliance with applicable safety standards within such State.

"(2) No State agency shall be considered to meet the requirements for certification under subsection (a), nor may the Secretary enter into any agreement under subsection (b) or allow a State to act as his agent with respect to interstate transmission facilities, unless the State agency involved has demonstrated that such agency has and will continue to maintain no less than the minimum number of pipeline inspectors determined by the Secretary under paragraph (1) to be required for such State.".

TECHNICAL PIPELINE STANDARDS COMMITTEE

SEC. 107. (a) Section 4(b) is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following: "The Secretary shall submit to the appropriate Committee or Committees any proposed standard under this Act, or any proposed amendment to a standard under this Act, for their consideration. Within 90 days after receipt by a Committee of any proposed standard or amendment, the Committee shall prepare a report on the technical feasibility, reasonableness, and practicability of such standard or amendment. The Secretary may prescribe a final standard or final amendment to a standard at any time after the 90th day after its submission to the appropriate Committee or Committees, whether or not they have reported on such standard or amendment.";

(2) by inserting after "published by the Secretary and" the following ", if timely made,"; and

(3) by inserting before the last sentence thereof the following new sentence: "Each Committee shall meet with the Secretary (or his designee) not less frequently than once every 6 months.".

(b) Section 4(c) is amended by striking out "not to exceed $100 per diem" and inserting in lieu thereof "not to exceed the daily equivalent of the maximum annual rate of basic pay then currently payable under the General Schedule under section 5332 of title 5, United States Code, for each day".

COST-BENEFIT ANALYSIS OF INCREASED FUELS TRANSPORTATION SAFETY REGULATION

SEC. 108. (a) Within 12 months after the date of the enactment of this section, the Secretary of Transportation, after affording an opportunity for consultation and comment by persons operating pipeline facilities, State and local regulatory authorities with jurisdiction over pipeline safety, and consumers shall conduct and complete a cost-benefit analysis to determine whether additional Federal legislation on pipeline safety is beneficial and submit a report of his findings to the Congress.

(b) As part of the cost-benefit analysis required by subsection (a), the Secretary of Transportation shall conduct a study of the adequacy and effectiveness of existing pipeline safety regulations. In addition to existing pipeline safety regulations, the study shall address the following issues:

(1) whether pipeline safety could be significantly enhanced in a cost-effective manner by regulations requiring pipeline facility operators to—

(A) prepare and maintain a general description of their pipeline facilities, including—

(i) the location of the pipeline and the pipeline facilities;

(ii) the type, age, manufacturer, and method of construction of such pipeline and facilities;

(iii) the nature of the materials transported, the sequence in which they are transported, and the pressure at which they are transported; and

(iv) the climatic, geologic, seismic, and conditions (including soil characteristics) associated with the areas in which the pipeline facilities are located, and the existing and projected population and demographic characteristics associated with such areas;

(B) prepare, maintain, and submit to State and local entities authorized to approve demolition, excavation, tunneling, or construction activities in the areas in which the pipeline facilities are located a detailed description of the pipeline's location;

(2) the cost-effectiveness of public safety programs of persons operating pipeline facilities which have been established voluntarily or under State or local law or regulation, under which—

(A) notice is required to be provided to pipeline facility operators of proposed demolition, excavation, tunneling, or construction near or affecting such facility; and

(B) such operators are required to identify specific pipeline facilities which may be affected by the proposed demolition excavation, tunneling, or construction, for the purpose of preventing damage to such facilities;

(3) the cost-effectiveness, feasibility, and potential benefits of establishing in the Department of Transportation a program for use in an electronic data-processing system, which would be used to process and maintain pipeline-safety information obtained under existing and future Federal laws and regulations;

(4) whether it is necessary and cost-effective to amend existing Federal law and regulations on the reporting of pipeline leaks to require the reporting of any such future leak which—

(A) the person owning or operating the pipeline facility knew or reasonably should have known existed;

(B) was not caused by operation, inspection, or adjustment procedures which were properly carried out; and

(C) posed a threat to public health or safety, property, or the environment; and

(5) whether it is necessary and cost-effective to amend the provisions of the Act to include any type or class of facility or equipment used in the transportation on land of gas or liquefied petroleum gas, in interstate or foreign commerce, or storage in connection with such transportation.

APPROPRIATIONS AUTHORIZATION

SEC. 109. Section 15 is amended to read as follows:

"APPROPRIATIONS AUTHORIZED

"SEC. 15. (a) For the purpose of carrying out the provisions of this Act (other than provisions for which funds are authorized to be appropriated under subsection (b)), there are authorized to be appropriated—

"(1) $6,000,000, for the fiscal year ending September 30, 1980;

"(2) $7,000,000, for the fiscal year ending September 30, 1981; and

"(3) $8,000,000, for the fiscal year ending September 30, 1982.

"(b)(1) For the purpose of carrying out the provisions of section 5(c) of this Act, there are authorized to be appropriated—

"(A) $4,500,000, for the fiscal year ending September 30, 1980;

"(B) $5,500,000, for the fiscal year ending September 30, 1981; and

"(C) $6,500,000, for the fiscal year ending September 30, 1982.".

EFFECTIVE DATE; INTERIM STANDARDS

SEC. 110. Section 3 is amended by adding at the end thereof the following new subsection:

"(g)(1) Except as expressly provided otherwise, standards, or amendments to standards, required under this section by reason of the enactment of the Fuels Transportation Safety Amendments Act of 1979 shall be prescribed not later than thirty six months after the date of the enactment of such Act.

"(2) As soon as practicable but not later than 3 months after the enactment of such Act, the Secretary shall, by order, adopt interim minimum Federal safety standards for pipeline facilities and pipeline transportation to the extent not covered by this Act immediately before the date of the enactment of the Fuels Transportation Safety Amendments Act of 1979. Such standards shall, to the extent the Secretary determines appropriate, be—

"(A) the State standards regulating pipeline facilities and pipeline transportation within such State on such date of enactment; or

"(B) the standards in effect under part 195 of title 49, Code of Federal Regulations, on the date of the enactment of such Act, in any case in which no such State standards are in effect on such date or the State standards in effect on such date are less stringent than the standards under such part 195. Interim standards shall remain in effect until amended or revoked pursuant to this section. Any State agency may adopt such additional or more stringent standards for pipeline facilities and pipeline transportation not subject to Federal ratemaking or safety jurisdiction under the Natural Gas Act, the Interstate Commerce Act, or chapter 39 of title 18, United States Code, as are not incompatible with the Federal minimum standards, but may not adopt or continue in force after the interim standards provided for above become effective any such standards applicable to interstate transmission facilities.".

TITLE II—SITING AND SAFETY OF LNG FACILITIES

DEFINITIONS

SEC. 201. Section 2(a), as redesignated, is amended by striking out "and" at the end of paragraph (10), by striking out the period at the end of paragraph (11) and inserting a semicolon in lieu thereof, and by adding at the end thereof the following new items:

"(12) 'LNG' means natural gas in a liquid, semisolid, or solid state;

"(13) 'LNG facility' means any storage tank, pipeline, or other structure or equipment used for the transportation or storage of LNG, or for LNG conversion, in interstate or foreign commerce, but does not include any structure or equipment (or portion thereof) located in navigable waters (as defined in section 3(8) of the Federal Power Act (16 U.S.C. 796(8)));

"(14) 'LNG conversion' means conversions of natural gas into LNG (liquefaction or solidification) or the conversion of LNG into natural gas (vaporization);

"(15) 'Construction' means construction, reconstruction, or erection, and, with respect to any LNG facility, any act which the Secretary, by regulation, determines would result in the creation or substantial increase of capacity of such facility for transporting or storing LNG or for LNG conversion;

"(16) 'Existing LNG facility' means any LNG facility for which an application for the approval of the siting, construction, or operation of such facility was filed before March 1, 1978, with—

"(A) the Department of Energy or any predecessor organization of the Department, or

"(B) the appropriate State or local agency, in the case of any facility not subject to the jurisdiction of the Department of Energy under the Natural Gas Act,

except that such term does not include any facility the construction of which commences on or after the date of the enactment of this paragraph and such construction is not pursuant to such an approval;

"(17) 'New LNG facility' means any LNG facility other than an existing LNG facility;

"(18) 'LNG accident' means any release, burning, or explosion of LNG resulting from—

"(A) a rupture or other failure of a storage tank, pipeline, or other LNG facility;

"(B) natural hazards (including earthquakes, hurricanes, and high winds);

"(C) sabotage; or

"(D) any other cause;

other than any such release, burning, or explosion which, as determined in accordance with regulations prescribed by the Secretary, does not pose a threat to public health or safety, property, or the environment; and

"(19) 'Interstate or foreign commerce' means any trade, traffic, transportation, exchange, or other commerce—

"(A) between any State and any place outside of such State, or

"(B) which affects any trade, transportation, exchange, or other commerce described in subparagraph (A).".

SITING AND SAFETY STANDARDS

SEC. 202. (a) The Act is amended by redesignating sections 6 through 17 as sections 8 through 19, respectively, and by inserting after section 5 the following new section:

"STANDARDS FOR LNG FACILITIES

"SEC. 6. (a)(1) Not later than 180 days after the date of the enactment of this section, the Secretary shall establish, by regulation—

"(A) minimum safety standards for determining the location of any new LNG facility which is to be stationary, and

"(B) minimum standards for the construction of any new LNG facility.

"(2) After the date standards first take effect under this section, no new LNG facility may be constructed unless such construction is in accordance with the applicable standards prescribed under this section. The Secretary shall ensure that the facility will be constructed and operated in compliance with such standards.

"(3) No new LNG facility may be operated unless the person operating such facility has previously submitted a contingency plan which sets forth those steps which are to be taken in the event of an LNG accident and which is determined to be adequate by the Department of Energy or the appropriate State agency, in the case of any facility not subject to the jurisdiction of the Department under the Natural Gas Act.

"(b)(1) The Standards under subsection (a) shall not apply in the case of siting or construction with respect to which an application for approval was filed March 1, 1978, with—

"(A) the Department of Energy or any predecessor organization of the Department; or

"(B) the appropriate State or local agency, in the case of any facility not subject to the jurisdiction of the Department under the Natural Gas Act.

"(2) Nothing in this section shall preclude—

"(A) the application of standards under section 3 to pipeline facilities (other than LNG facilities) associated with LNG facilities;

"(B) the application of standards under section 3 in effect as of the date of the enactment of the Fuels Transportation Safety Act Amendments of 1979 to new LNG facilities until such time as standards are established under this section; or

"(C) the application of section 3(a).

"(c) Not later than 270 days after the date of the enactment of this section, the Secretary shall establish minimum standards to be maintained with respect to the operation of any LNG facility.

"(d) In prescribing general safety standards under subsections (a) and (c), the Secretary shall take into consideration—

"(1) with respect to standards relating to the location of any stationary new LNG facility—

"(A) the nature of the use of the facility;

"(B) criteria to be used in determining the number and characteristics of other sites to be considered as alternative locations for such LNG facility;

"(C) the existing and projected population and demographic characteristics associated with each location considered;

"(D) the existing and proposed land uses near each such location;

"(E) the meteorological, geological, topographical, seismic, and other natural physical aspects of each such location;

"(F) the medical, law enforcement, and fire prevention capabilities existing near each such location to cope with risks created by such a facility;

"(G) the costs of constructing and operating such LNG facility at each such location, including the costs to the United States and to State and local governments which are associated with such construction and operation; and

"(H) the need to encourage remote siting;

"(2) with respect to standards applicable to the construction of any new LNG facility—

"(A) the thermal resistance and other characteristics of materials to be used in the construction of such facility as compared to alternative materials;

"(B) design factors (such as multiple diking, insulated concrete, and vapor containment barriers);

"(C) the characteristics of the LNG to be stored or converted at, or transported by, such facility (for example, whether it is to be in a liquid, semisolid, or solid state); and

"(D) the public safety factors of the design as compared to alternative designs (particularly the ability under such a design to prevent and contain an LNG spill); and

"(3) with respect to standards for the operation of any LNG facility—

"(A) the conditions, features, and type of equipment and structures which comprise, or which are used in connection with, such facility;

"(B) the fire prevention and containment equipment at such facility;

"(C) the security measures to be used with respect to the operation of such facility for the prevention of sabotage or other intentional acts which could cause an LNG accident;

"(D) maintenance procedures and equipment;

"(E) the training of personnel with respect to the equipment, structures, measures, and procedures described in subparagraphs (A), (B), (C), and (D); and

"(F) other factors and conditions relating to the safe handling of LNG.

"(e) At any time after the effective date of standards initially prescribed under subsections (a) and (c), the Secretary shall, on his own motion or on the motion of any person, amend such standards to the extent he considers necessary to reflect changes in technology or to otherwise carry out the purposes of this section.

"(f) Any standards prescribed under this section, and amendments thereto, shall become effective 30 days after the date of issuance of such standards unless the Secretary, for good cause recited, determines an earlier or later effective date is required as a result of the period reasonably necessary for compliance and such date is specified in the order establishing or amending such standard.

"(g) The provisions of subchapter II of chapter 5 of title 5, United States Code, shall apply to all orders establishing, amending, or revoking, any standard established under this section. The Secretary shall afford interested persons an opportunity to participate fully in the establishment of such safety standards through submission of written data, views, or arguments with opportunity to present oral testimony and argument.".

(b)(1) Section 2(a)(4) (definition of pipeline transportation), as redesignated, is amended by striking out "or affecting".

(2) Section 2(a) (9) and (10) (definitions of interstate and intrastate transmission facilities), as redesignated, is amended by inserting ", LNG facilities," after "pipeline facilities" the first place it appears therein.

(3) Section 3(d)(1) (relating to waiver of standards), as redesignated, is amended—

(A) by inserting "or LNG facilities" after "pipeline facilities"; and

(B) by inserting after "in the same manner" the following: "and to the same extent".

(4) Section 4(b) (relating to Technical Safety Committees) is amended by inserting ", LNG facilities," after "pipeline facilities".

(5) Section 9 (relating to cooperation), as redesignated, is amended—

(A) by inserting "or LNG facility" after "affected pipeline facility" and after "gas pipeline"; and

(B) by inserting "or LNG facilities" after "pipeline facilities".

(6) Section 10 (relating to compliance), as redesignated, is amended by inserting "or LNG facilities" after "pipeline facilities".

(7) Section 13 (relating to injunction and jurisdiction), as redesignated, is amended by inserting after "pipeline facility" the following: "or LNG facility".

(8) Section 14 (relating to inspection and maintenance plans), as redesignated, is amended—

(A) by inserting after "facilities" the following: "or LNG facilities" each place it appears;

(B) by striking out "pipeline safety" each place it appears and inserting in lieu thereof "pipeline and LNG facility safety"; and

(C) by inserting in paragraph (2) after "pipeline transportation" the following: "or LNG facility".

(9) Section 15 (relating to records, etc.), as redesignated, is amended by inserting after "pipeline facilities" each place it appears the following: "and LNG facilities".

(10) Section 17(a)(2) (relating to annual report), as redesignated, is amended by inserting after "pipeline" the following: "or LNG facilities".

(11) Section 17(a)(4) (relating to annual report), as redesignated, is amended by striking out "and pipeline facilities" and inserting in lieu thereof ", pipeline facilities, and LNG facilities,".

FINANCIAL RESPONSIBILITY

SEC. 203. The Act, as amended by section 202 of this Act, is further amended by inserting after the new section 6 the following new section:

"FINANCIAL RESPONSIBILITY FOR CERTAIN LNG ACTIVITIES; STUDIES

"SEC. 7. (a) Not later than 270 days after the date of the enactment of this section, the Secretary shall—

"(1) conduct a study of—

"(A) the risks associated with the production, transmission, and storage of LNG;

"(B) the risks associated with the production, transmission, and storage of liquefied petroleum gas;

"(C) the methods of assuring adequate financial responsibility for those engaged in any such activity; and

"(2) prepare and transmit to each House of the Congress a report on the results of such study, together with the recommendation of the Secretary for such legislative or administrative action as he considers appropriate.

"(b)(1) Whenever the Secretary has reason to believe that any operator of an LNG facility is not maintaining adequate insurance or otherwise does not have adequate financial responsibility with respect to such facilities, he shall issue and serve upon such operator notice thereof, together with a statement of the amount of the financial responsibility that the Secretary would consider adequate.

"(2) Any person issued notice under paragraph (1) shall have a right to hearing on the record in accordance with section 554 of title 5, United States Code, to be held not later than 30 days after notice under paragraph (1), at which such person has the right to show cause as to why an order should not be issued by the Secretary requiring such person to demonstrate and maintain financial responsibility at or above the amount indicated in the notice under paragraph (1).

"(3) After an opportunity for hearing under paragraph (2), the Secretary may, if he determines it is justified in the public interest, order the person issued notice of such hearing to demonstrate and maintain financial responsibility at or above an amount determined appropriate by the Secretary, taking into account any information, data, and views presented in such hearing.

"(4)(A) Any person aggrieved by an order issued under paragraph (3) may seek judicial review of such order only by filing a petition for review in the appropriate court of appeals of the United States within 60 days after such order is issued.

"(B) Upon receipt of notice of the filing of such petition, the Secretary shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code. Upon such filing, the court may affirm, modify, remand, or set aside the order of the Secretary, and may enforce the order to the extent that such order is affirmed and issue such writs as are ancillary to its jurisdiction or are necessary in its judgment to prevent injury to the public pendente lite. The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive.

"(C) The judgment and decree of the court shall be final, except that such judgment and decree shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28, United States Code.

"(c) For purposes of subsection (b) of this section, financial responsibility may be maintained by any one of, or a combination of, the following methods acceptable to the Secretary:

"(1) evidence of insurance,

"(2) surety bonds,

"(3) qualification as a self-insurer, or

"(4) other evidence of financial responsibility.".

ENFORCEMENT OF STANDARDS AND FINANCIAL RESPONSIBILITY REQUIREMENTS

SEC. 204. (a) Section 11(a) (relating to civil penalty), as redesignated by section 202 of this Act, is amended by inserting "(1)" before "Any person" and by adding at the end thereof the following new paragraph:

"(2) Any person who violates the provisions of section 6 or any order under section 7(b) shall be subject to a civil penalty of not to exceed $50,000, which penalty shall be in addition to any other penalties to which such person may be subject under this subsection.".

(b) The Act is further amended by redesignating sections 12 through 19 (as redesignated) as sections 13 through 20, respectively, and by inserting after section 11 the following new section:

"CRIMINAL PENALTY

"SEC. 12. Any person who willfully and knowingly violates the provisions of section 6 or any order issued under section 7(b) shall, on conviction thereof, be punished by a fine or not more than $50,000, or by imprisonment for not more than five years, or both.".

INTERVENTION BY THE SECRETARY IN SAFETY PROCEEDINGS

SEC. 205. (a) Section 16, as redesignated, is amended by adding at the end thereof the following new subsection:

"(e) The Secretary may as a matter of right intervene or otherwise participate in any proceeding before the Federal Energy Regulatory Commission, or any State agency, which involves safety requirements relating to LNG facilities. The Secretary shall comply with rules of procedure of general applicability governing the timing of intervention or participation in such proceeding or activity and, upon intervening or participating therein, shall comply with rules of procedure of general applicability governing the conduct thereof.".

(b) Section 16(a), as redesignated, is amended by striking out "section" and inserting in lieu thereof "subsection".

(c) Section 16(b), as redesignated, is amended by inserting ", or any appropriate State agency," after "Commission".

APPROPRIATIONS AUTHORIZATION

SEC. 206. Section 18(b) (relating to appropriations authorization), as redesignated, is amended by adding at the end thereof the following new paragraph:

"(2) For the purposes of carrying out sections 6 and 7 of this Act, there are authorized to be appropriated—

"(A) $2,000,000, for the fiscal year ending September 30, 1980; and

"(B) $2,000,000, for the fiscal year ending September 30, 1981.".

TITLE III—MISCELLANEOUS PROVISIONS

WILLFUL DESTRUCTION OF INTERSTATE PIPELINE TRANSMISSION OR LNG FACILITIES

SEC. 301. Section 12 (as added by section 204 of this Act) is amended by inserting "(a)" after "SEC. 12." and by adding at the end thereof the following new subsection:

"(b) Any person who willfully injures or destroys, or attempts to injure or destroy—

"(1) any pipeline facility for the interstate transmission of gas, liquefied petroleum gas, or petroleum, including any facility or equipment covered under this Act under section 2(b), or

"(2) any liquefied gas facility to which section 6 applies,

shall be fined not more than $15,000 or imprisoned not more than fifteen years, or both.".

APPOINTMENTS OF DIRECTOR OF PIPELINE SAFETY OPERATIONS AND DIRECTOR OF MATERIALS TRANSPORTATION BUREAU

SEC. 302. (a) Notwithstanding any other provision of law—

(1) no individual may serve for more than 180 days (in the aggregate) in an acting capacity in a position the principal duties of which were identified as of March 1, 1978, as assigned to the Director of the Office of Pipeline Safety Operations, Department of Transportation, or may serve as the Acting Director of the Materials Transportation Bureau, Department of Transportation, and

(2) if a person is not appointed to such position within 180 days after a vacancy occurs in that position, the Secretary shall personally carry out the functions of such position until an appointment is made to that position, and all delegations of authority under the Fuels Transportation Safety Act shall be suspended until such appointment is made.

(b) In the case of any vacancy in such positions on the date of the enactment of this Act, periods of service before the date of enactment shall not be taken into account for purposes of subsection (a).

SIMPLIFICATION OF FILING REQUIREMENTS

SEC. 303. (a)(1) The first sentence of section 14, as amended and redesignated, is amended by striking out "shall file with the Secretary or, if a certification or an agreement pursuant to section 5 of this Act is in effect, with the appropriate State agency, a plan for inspection and maintenance" and inserting in lieu thereof "shall establish, and maintain at such office or offices of that person as the Secretary determines appropriate, a plan for inspection and maintenance".

(2) The second sentence of such section 14 is amended by striking out "file such plans" and insert in lieu thereof "similarly establish and maintain such plans".

(b) Section 10(a)(2) as amended and redesignated, is amended by striking out "file and comply with a plan of inspection and maintenance required by section 14" and insert in lieu thereof "establish and maintain a plan of inspection and maintenance required by section 14 and comply with such plan".

TECHNICAL, CLERICAL, AND CONFORMING AMENDMENTS

SEC. 304. (a) Section 2(a)(8) (relating to the national organization of State commissions), as redesignated, is amended by striking out "part II of the Interstate Commerce Act" and inserting in lieu thereof "subchapter III of chapter 103 of title 49, United States Code".

(b) Section 3 (relating to standards), as amended, is amended by striking out subsection (a) and by redesignating subsections (b) through (g) as subsections (a) through (f), respectively.

(c) Section 3(b), as redesignated by subsection (b), is amended by inserting after "period reasonably necessary for compliance" the following: "and such date is specified in the order establishing or amending such standard".

(d) Clause (ii) of section 5(a) (relating to State certifications) is amended by inserting after "property damage exceeding $1,000" the following: "(whether or not sustained by a person subject to the safety jurisdiction of the State)".

(e) Section 5(a) is amended by striking out "; except that a State agency may file a certification under this subsection without regard to the requirement of injunctive and monetary sanctions under State law for a period not to exceed five years after the date of enactment of this Act".

(f) Section 11(a)(1) (relating to civil penalties), as redesignated, is amended by striking out ": *Provided*, That for a reasonable period of time, not to exceed one year after the date of enactment of this Act, such civil penalties shall not be applicable to pipeline facilities existing on such date of enactment".

(g) Section 17(a)(3) (relating to annual reports), as redesignated by sections 202 and 204 of this Act, is amended by striking out "section 3(e)" and inserting in lieu thereof "section 3(d)".

(h) The following provisions are each amended by striking out "Federal Power Commission" and inserting in lieu thereof "Federal Energy Regulatory Commission":

(1) section 2(a) (9) and (10), as redesignated;

(2) section 9 (relating to cooperation), as redesignated, including the section heading; and

(3) section 16(b) (relating to administration), as redesignated.

(i) Paragraphs (9) and (10) of section 2 (a), as redesignated, are each amended by inserting "or the Interstate Commerce Act" after "the Natural Gas Act".

(j)(1) Section 5(a) is amended by striking out "section 12(b)", "section 12", "section 11", and "sections 9 and 10" and inserting in lieu thereof "section 15(b)", "section 15", "section 14", and "sections 11 (other than subsection (a)(2) thereof) and 13", respectively.

(2) Section 5(a) is further amended by inserting "section 20," before "and except as otherwise provided in this section".

(3) Section 5(b)(2) is amended by striking out "section 11" and inserting in lieu thereof "section 14".

(4) Section 5(c)(2) is amended by striking out "section 15(b)" and inserting in lieu thereof "section 18(b)(1)".

(5) Section 10 (relating to compliance), as redesignated, is amended by striking out "section 11" and "section 12" and inserting in lieu thereof "section 14" and "section 15", respectively.

(6) Section 11(a)(1) (relating to civil penalty), as redesignated, is amended by striking out "section 8(a)" and inserting "section 10" in lieu thereof.

(7) Section 13 (relating to injunction and jurisdiction), as redesignated, is amended by striking out "section 9" each place it appears and inserting in lieu thereof "section 11 or 12".

(k) Section 17(a) (relating to annual report), as redesignated, is amended by striking out "March 17" and inserting in lieu thereof "June 1".

(l) Any reference in any other provision of law, rule, regulation, or order to the Natural Gas Pipeline Safety Act of 1968 shall be considered to refer to the Fuels Transportation Safety Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. MOORHEAD of California. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. MARKEY) will be recognized for 20 minutes, and the gentleman from California (Mr. MOORHEAD) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is with great pleasure that I rise in support of H.R. 51, the Fuels Transportation Safety Amendments Act of 1979. At the outset, I want to express my thanks and commendations to my good friend and subcommittee chairman, JOHN DINGELL. It has been an honor and an education for me to work with him on this bill. I also want to thank our distinguished committee chairman, HARLEY STAGGERS, and the committee staff who over the years have worked tirelessly and creatively on this legislation: Michael Barrett, Michael Kitzmiller, Christopher Dunne, and Peter Hunt.

The bill before us today, H.R. 51, is the product of over 2 years of work by the Energy and Power Subcommittee and the Interstate and Foreign Commerce Committee. In May of 1977 I joined with Chairman DINGELL in sponsoring H.R. 6844, the Liquefied Natural Gas Facility Safety Act. Subsequently, that bill was incorporated into H.R. 11622, which we introduced on March 16, 1978, and which was passed by the House last year. The legislation before you today is the version introduced this year which is a combination of the previous bills and has been the subject of over 50 hours of hearings before the Energy and Power Subcommittee.

In both subcommittee and full committee markups of this bill, a great many changes were made. The bill before you today is thus truly the result of careful consideration and compromise.

As a result of that consideration and compromise, I believe that H.R. 51 is a consensus bill with broad support. It was reported by a vote of 40 to 2 by the Interstate and Foreign Commerce Committee. I might also note that several industry spokesmen have continued to visit me to express their support of H.R. 51 and to inquire what they might do to help facilitate its passage.

H.R. 51 is a very significant measure. First, the bill authorizes appropriations for the pipeline safety activities of the Department of Transportation and its Office of Pipeline Safety Operations (OPSO). Second, it seeks to coordinate the safety regulation activities of OPSO into a coherent package and to close existing gaps in these safety regulations. The importance of so doing can easily be seen from the following: In 1976 alone, 63 people were killed, 366 injured, and millions of dollars of property damage occurred as a result of fires and explosions along the more than 1.4 million miles of a natural gas, petroleum, and petroleum product pipelines in this Nation. H.R. 51 establishes mechanisms which seek to prevent such accidents from occurring. I believe its passage will save lives.

In addition, H.R. 51 mandates strict national safety standards with respect to the location, design, construction, operation, and maintenance of liquefied natural gas facilities. LNG is a very useful source of energy, but, as our hearing record clearly shows, it is also a very serious hazard. Several witnesses testified as to the failure of the Federal Government to develop a coordinated LNG policy to protect the public safety. As energy supplies get tighter in this country LNG will become a more important factor in our supply strategy. We currently have three facilities receiving LNG imports in the United States and 121 "peak shaving" facilities that liquefy and store natural gas for use during energy demand peaks. For this and many other reasons, I believe that Congress can and must provide vitally needed national leadership in this area of public health and safety through the enactment of H.R. 51.

I would also like to note that in the hearings this bill was strongly supported by both the Office of Technology Assessment and the General Accounting Office.

I would like to share with my fellow Members some short background information on liquefied natural gas (LNG). In 1944, 130 persons were killed by a series of fires which followed the rupture of an LNG storage tank in Cleveland. Federal studies of that accident led to recommendations that future LNG facilities be located away from populated areas. Thirty-five years later, no such action has been taken. It is time for us to take that action.

LNG is created by supercooling natural gas to a temperature of −260° F. At that temperature, natural gas is compressed in volume over 600 times, thus making possible its storage as well as its marine and truck transportation.

If an LNG truck or storage tank were ruptured, however, a cloud of LNG vapor would be created. This vapor cloud would hug the ground, go down into the sewers, subways, and basements through any available opening. Widespread explosions and fires could easily be ignited, since the vapor is so combustible that it could be set off even by the spark generated by an automobile horn.

Under the provisions of this legislation, the Department of Transportation will be required to establish standards regulating the siting and design of any new LNG facility or any construction at an existing facility. These standards would require remote siting to the maximum extent possible. In addition, all LNG facilities will be required to comply with strict new operating standards covering areas such as antiterrorist security and firefighting capabilities.

Mr. Speaker, the hazards associated with LNG, LPG (liquified petroleum gas) and natural gas pipeline transportation are clear. The public has a right to expect that Congress will require that the Federal Government develop a coordinated policy to assure the greatest possible safety in the transportation and storage of these fuels. The public has a right to expect that Congress will pass H.R. 51, for its enactment will mean a significant enhancement of the public health and safety.

As the Christian Science Monitor once stated in an editorial:

> Congress ought not to wait for a disaster to drive them to enact these needed precautions.

Mr. Speaker, I urge passage of this vital legislation.

Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Subcommittee on Surface Transportation, which shared jurisdiction over this legislation, the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. Mr. Speaker, I rise in support of H.R. 51. The Committee on Public Works and Transportation received a sequential referral of H.R. 51 after the Committee on Interstate and Foreign Commerce reported it on May 15, 1979. The referral was for approximately 5 weeks. During that time hearings were held, and the bill was reported by the committee. The bill as reported is identical to the one reported by the Committee on Interstate and Foreign Commerce.

As reported, the bill affects many changes in the Natural Gas Pipeline Safety Act. It expands coverage of that act to commodities other than gas. For example, the act would now cover liquefied petroleum gas lines and some liquefied petroleum gas storage tanks. In addition, the bill directs the Secretary to establish and enforce standards specifically for liquefied natural gas facilities. In that connection, it provides a mechanism for providing financial liability coverage for accidents which might occur.

The bill imposes new safety programs for pipeline operators and adds requirements which the States must meet in order to qualify for participation in the Federal grant-in-aid program.

The bill imposes additional civil penalties for violations of the act. For the first time, criminal penalties are imposed for violation of the act, and the Secretary is given the authority to order corrective action to protect life and property.

Finally, it provides spending levels for carrying out the provisions of the act.

Mr. Speaker, I believe the bill provides for better safety conditions in the pipeline transportation industry, and urge the passage of H.R. 51.

At this time, I would like to commend Chairmen STAGGERS and DINGELL for their excellent work and for their outstanding presentations in support of this bill.

Mr. MARKEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MOORHEAD of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 51, the Fuels Transportation Amendments Act of 1979. This bill is a result of careful negotiations between various groups interested in the safe transportation and storage of natural gas and LNG. As a result of these careful negotiations, H.R. 51 represents a reasonable compromise between several legitimate, but yet competing, viewpoints on regulation in this area.

As originally introduced, H.R. 51 would have required LNG and natural gas pipeline operators to gather and report massive amounts of useless information at great expense to the consumer. Fortunately, several amendments were adopted during markup of H.R. 51. As a result, the legislation is now greatly improved over the originally introduced version.

This bill, among other things, now requires the Secretary of Transportation, within 1 year after enactment, to complete a cost-benefit analysis to determine whether additional Federal legislation on pipelines should be required. The study must also address whether pipeline safety could be significantly enhanced in a cost-effective manner by requiring pipeline operators to prepare and maintain a general description of a facility, including the location, type, age, manufacturer, and method of construction of the pipeline. The study is also required to address whether it would be beneficial for the DOT to establish electronic data processing systems to process and maintain pipeline safety information obtained under existing and future laws and regulations.

This cost-benefit study eliminated the mandatory information gathering and reporting requirements which were originally contained in H.R. 51. This information would have been very expensive to compile and would have been of little use to the Federal or State Governments involved. In this respect, H.R. 51 has been significantly improved.

Title 2 of the legislation before us would direct the Secretary of the Department of Transportation to establish and enforce standards with respect to the siting, construction, and operation of liquefied natural gas facilities. In addition, the Secretary would be required to conduct a study of the risk associated with the production, transmission, and storage of liquefied natural gas, and of the method of assuring the financial responsibility of those engaged in such activities.

Mr. Speaker, liquefied natural gas which is natural gas which has been reduced in temperature until it becomes a liquid, will play an increasingly important role for the United States in helping meet its natural gas needs. In my home State of California, there is at least one major import terminal planned as well as several existing peak shaving facilities. This bill, by rationalizing the conflicting nature of State and Federal regulations over LNG facilities should help to insure that this facility and other facilities are constructed in a safe manner. In addition, by firmly establishing responsibility in the Department of Transportation for the establishment of LNG safety standards, this bill will help clarify the existing regulatory scheme which consists of a maze of State, local, and Federal regulations.

Mr. Speaker, overall, I feel that this legislation, although far from perfect, is a reasonable compromise. For this reason, I support this legislation and urge my colleagues to vote for it on final passage.

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Mr. Speaker, at this time I yield such time as he may consume to the gentleman from Pennsylvania (Mr. Shuster).

Mr. SHUSTER. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of H.R. 51, the fuels transportation safety amendments act of 1979.

The basic purpose of H.R. 51 is to improve the protections afforded the public against risks associated with the transportation of natural gas, liquefied natural gas, and liquefied petroleum by pipeline. It does not affect the transportation of these materials by any other mode.

The bill does a number of things. First, it makes a number of improvements in the Natural Gas Pipeline Safety Act.

Second. It expands and strengthens the authority of the Secretary to require the correction of hazardous conditions.

Third. It expands the scope of the Natural Gas Pipeline Safety Act to include liquefied petroleum gas.

Fourth. It directs the Secretary of Transportation to establish and enforce standards with respect to siting, construction, and operation of liquefied natural gas (LNG) facilities.

Fifth. It adds criminal penalties for willful and knowing violations of standards for LNG facilities or for orders issued under new section 7, financial responsibility, and for willful destruction or injury of pipeline facilities for the interstate transmission of gas or petroleum or a liquefied gas facility.

Sixth. It authorizes a total of $41.5 million for fiscal years 1980, 1981, and 1982, for the Department of Transportation's pipeline safety activities and for grants in aid to federally certified State pipeline safety programs.

Mr. Speaker, my support for H.R. 51, however, should not be construed to mean that I do not have reservations about it, because I do. For example, testimony before our committee indicated that liquefied petroleum gas and other hazardous liquids would be more effectively regulated in a separate act rather than trying to shoehorn them into the Natural Gas Act. Another reservation I have concerns the provisions relating to State safety programs. I think the bill goes too far in telling the States exactly how to run their programs.

On balance, however, H.R. 51 is a good bill and heads us in the right direction. I, therefore, urge my colleagues to support it.

Mr. MOORHEAD of California. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. Collins).

Mr. COLLINS of Texas. I thank the gentleman from California for yielding.

Mr. Speaker, I rise in opposition to the Fuels Transportation Safety Amendments Act of 1979. We have had this same over regulation type of legislation up year in and year out. It is one of those fields that has a tremendous appeal because we are all interested in safety. But, on the other hand, we realistically know that there are accidents that do occur. When you have 220 million people in this country you are going to have some type of fatalities. I do not have the actual number of fatalities that occurred last year. I might ask the gentlemen over here: Do you know how many fatalities occurred on pipelines last year in 1979? Are those figures compiled yet?

They do not have those. Let me just tell the Members what they were for 1976 and 1977 because they are a matter of record. In 1977 there was a total of 36 fatalities. In 1976 there was a total of 63 fatalities. In other words, in 1977, the last year of record, it had dropped from 63 to 36 fatalities. If there is any industry in America that is safer or has a better record than that, I do not know what it is. There are more kids killed on bicycles than there are on this pipeline safety. There are more people killed on motorcycles.

This is a very, very small number of accidents. That still does not mean we are not concerned with them, but we are doing every thing we can for safety within industry. Let's review how big this business is. It is tremendous—pipeline safety. There are currently in the United States about 1.7 million miles of pipelines that transport these hazardous gases and liquids. They consist of approximately 1,443,000 miles of natural gas gathering, transmission, distribution, and service lines and 225,000 miles used at one time or another to transport liquefied petroleum products. We are talking about a lot of pipeline. We are talking about a lot of accident exposure. These companies are all interested in safety. They are as interested in safety as anyone can be. But when you superimpose these regulations we will add to American industry, it is going to mean the cost of gas is going up. When you take what is a normal, prudent, and absolutely essential safety program and then add on all of these inspectors and all the paperwork that they are going to require, it means that gas bills all over America are going to skyrocket, and it means that little companies, these small companies from coast to coast, are going to have an unusually heavy burden put upon them.

There are so many phases of this bill that require attention.

Mr. Speaker, one of the issues which was not focused upon clearly by the committee during consideration of H.R. 51, was that of DOT regulation of LPG processing and refining storage facilities.

Liquified petroleum gas is produced by extraction from natural gas and by refining from crude oil. There are more than 750 natural gas processing plants and nearly 300 petroleum refineries in the United States involved in this production and which have associated storage facilities necessary for their operation. Most all of these facilities are located in rural areas. Their safety record is excellent and there has been no demonstrated need to extend Federal regulations to them.

However, under the provisions of H.R. 51 regarding storage facilities, their size and the language pertaining to their being connected to broadly defined "pipeline facilities," it is possible that some future Secretary of Transportation could decide that production, processing or refining storage facilities could come under pipeline-type regulation, whether or not they are connected directly to a pipeline. Such extension of Federal transportation regulation to what is an industrial or manufacturing situation should be prevented—especially since there is no demonstrated safety need intended by the committee to be addressed.

The gas processing and refining storage facilities to which I refer are generally above-ground steel tanks of 30,000 gallon or greater capacity. They are generally used to batch raw materials for fractionation or to collect products from continuous operations. They should not be confused with underground storage caverns or other facilities associated with pipelines and which should be treated separately in any legislative or regulatory consideration.

The facilities I sought to bring to the attention of the committee to have excluded from coverage of H.R. 51 are already designed and constructed to meet numerous codes such as the ASME code for "unfired pressure vessels" and ANSI codes for chemical plant and petroleum refinery piping. They must also meet appropriate OSHA LPG standards. As an example of the safety procedures already in place, a typical natural gas processing plant is inspected regularly by company safety experts and technical representatives, by contracted nondestructive testing firms which may use ultrasonic or other devices to inspect piping, and by insurance representatives.

Mr. Speaker, as we review this bill today and as we in turn will meet in conference with the Senate, I hope that this body will turn to the Senate for leadership in deliberations. I have been much more impressed with the other body's conclusions than I have been with our own.

I am always reminded when we are talking about safety that never has this body introduced a bill on safety that would have to do with drunk drivers. If we really want to seriously discuss safety, let us do something about DWI, because out of the 50,000 people killed in automobiles every year—50,000 killed—25,000 of them are drunk and intoxicated. We never seem to worry about 25,000 drunk drivers, but we are sitting here today figuring out how to legislate on less than 50 people who were killed on pipelines. In nearly all of these cases they were killed in the line of work.

This bill is not going to solve human error. All it is going to do is mean additional paperwork, additional regulations, additional costs for the poor taxpayer and higher gas costs for the poor consumer in America.

Mr. MOORHEAD of California. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. JOHNSON) chairman of the Committee on Public Works and Transportation.

Mr. JOHNSON of California. Mr. Speaker, I rise in support of H.R. 51, the Fuels Transportation Safety Amendments Act of 1979.

I want to commend my colleagues on the Commerce Committee for their work on this bill, and in particular the gentleman from Michigan (Mr. DINGELL) the distinguished chairman of the Energy and Power Subcommittee, and the gentleman from Massachusetts (Mr. MARKEY) the primary sponsor of the bill.

I appreciate the considerable time and effort which these gentleman have spent working on this legislation.

Both of them spent many hours in hearings, particularly in the last Congress, developing this legislation, and also during the last Congress brought to successful passage in the House the bill H.R. 11622, legislation very similar to the bill presently under consideration.

Mr. Speaker, I know that the members of the Committee on Public Works and Transportation believe that these gentlemen should be commended for their efforts.

Early in this Congress, the Committee on Public Works and Transportation decided to examine this legislation because of its effect on overall national transportation safety policy.

Before the Committee on Interstate and Foreign Commerce acted on H.R. 51, I became aware of the impact of H.R. 51 on overall hazardous transportation policy and, therefore, sought sequential referral of the bill to the Public Works and Transportation Committee.

After being so referred on May 15, 1979, the committee's Subcommittee on Surface Transportation, which had already held hearings on the overall hazardous materials transportation issue held an additional hearing on June 8, 1979, to receive testimony on H.R. 51 and the LNG facility issue.

On June 21 the committee ordered the bill reported and it was reported the following day, June 22.

Although the Committee on Public Works and Transportation might have proceeded in a different fashion than the Commerce Committee, after careful review of the legislation reported by the Interstate and Foreign Commerce Committee, our committee decided to adopt their approach because of our satisfaction with the substantive policy which they had developed.

Mr. Speaker, H.R. 51 clarifies the authority of the Secretary of Transportation to regulate liquid petroleum gases such as propane, and butane (LPG) and liquid natural gas (LNG) through the Natural Gas Pipeline Safety Act of 1968.

In addition, H.R. 51 strengthens and expands the regulatory mechanisms available to the Secretary under that act to regulate the pipeline transportation and related storage and handling of natural gas and other toxic, explosive, and corrosive gases whether in a gaseous or nongaseous state.

Finally, H.R. 51 establishes specific statutory authority for the Secretary of Transportation to regulate the siting, construction, and operation of LNG facilities, including certain storage tanks, pipelines, and other structures and equipment used in connection with LNG storage and transportation.

The Committee on Public Works and Transportation has along, and I believe a successful history in advancing legislation for both the construction of large transportation and energy facilities and in advancing progressive legislation for the protection of the environment.

It is our experience that large capital projects which improve our energy distribution system can be developed in a manner which is consistent with and actually enhances the quality and safety of our environment.

By working together with all those involved we can and will make progress in alleviating our energy crisis.

In my own State of California, and throughout the Nation, we have had to resolve many problems regarding the environment raised in the course of making such capital improvements.

H.R. 51 provides the framework whereby these projects can be advanced without sacrificing the safety of our citizens.

I commend the bill to the House as a progressive measure which will assure personal safety and environmental integrity while permitting the expeditious development of LNG delivery systems and other liquid gas transportation facilities.

● Mr. DINGELL. Mr. Speaker, thank you for the opportunity to explain the contents and purposes of H.R. 51, the Fuels Transportation Safety Amendments Act of 1979.

Since 1968, the Department of Transportation has been overseeing the safety of natural gas pipelines throughout the United States. This program enlists the assistance of the several States in the conduct of safety inspections of over 1 million miles of natural gas pipelines and the implementation of a number of safety-related programs. This is done through a grant-in-aid program in which the Federal Government may match State expenditures for qualified programs. Every State but Alaska is now actively participating in this joint Federal-State program.

The purposes of H.R. 51 include:

First. Authorizing appropriations for pipeline safety programs;

Second. Expanding and strengthening the authority of the Secretary of Transportation to study and gather information about the safety—or lack thereof—of pipeline operations and related facilities; and

Third. Extending the grant-in-aid program to cover pipelines carrying LPG—that is, propane and butane.

As we know from the terrible tragedies which occurred last year in Waverly, Tenn., and in Spain and Mexico, LPG is extremely dangerous. However, the regulations covering these very hazardous LPG pipelines are worse than inadequate because they give the appearance but not the reality of safety. States cannot have a consistent LPG safety program supported by matching Federal funds without this bill.

The bill, H.R. 51, also represents the first major Federal effort at addressing the problems and hazards associated with liquefied natural gas (LNG). One LNG accident alone caused more than 130 deaths and over $100 million in property damage in Cleveland in 1944.

This one catastrophe slowed the further use of this fuel nearly another 20 years. However, the General Accounting Office and administration officials now have provided the committee with data showing that LNG will become an increasingly important factor in our Nation's future energy needs—estimates range from 8 to 20 percent of our national gas consumption by 1985.

As the Cleveland incident demonstrated and as other evidence before our committee has shown, LNG is an extremely dangerous fuel requiring special care and handling. H.R. 51 would permit the establishment of safety regulations before any more of these hazardous facilities are constructed. It also provides a mechanism for insuring that all LNG facilities will be operated and maintained safely. Incorporating this within the pipeline inspection program of DOT allows the widest range of inspection, either through the existing grant-in-aid program or through direct Federal inspection. But it will be done. We are also requiring that the DOT actually approve—in advance—the safe construction and operation of all new facilities.

The bill, H.R. 51, represents the first major review and legislative revision of the pipeline safety program since it was enacted in 1968. It is based upon extensive hearings by the Subcommittee on Energy and Power in 1976, 1977, 1978, and 1979.

During this 4-year period, subcommittee members and staff investigators spent many hours with the DOT officials responsible for administering the program. They have interviewed numerous pipeline construction and operating personnel. They have met with State officials associated with the program.

Finally, the subcommittee held hearings in all of those years on the pipeline safety program and since February of last year, we conducted extensive hearings on this legislation. We received testimony from nearly 100 witnesses. These included gas company officials, both from interstate pipeline companies and local distribution companies, and gas producers and various industry trade associations.

We heard testimony from the National Fire Prevention Association, and State and local fire chiefs and the National Association of Regulatory Commissioners. Environmental groups, such as the Environmental Policy Center and the Friends of the Earth, participated as well as various State and local officials. The General Accounting Office and the Office of Technology Assessment also appeared as experts during those hearings.

The General Accounting Office recently completed a thorough review of the Department of Transportation's pipeline safety program and made a number of recommendations, including more complete and effective pipeline safety regulations, strengthened State pipeline safety programs, improved compliance efforts, more effective data analyses, and increased attention to staffing requirements. H.R. 51 covers all these points. In addition, the GAO issued a report on liquefied energy gases safety. H.R. 51 provides a regulatory mechanism within the Department of Transportation for implementing the recommendations of that report.

The result is a good bill that will improve the operation of our Nation's natural gas and LPG pipelines and insure the safety of LNG facilities as more and more of them are constructed. The bill is timely. It is not unduly burdensome. Further delay could mean that additional LNG plants will be constructed before we have adequate legislation and regulations to protect the public safety.

My distinguished colleague from New York (Mr. MURPHY) cannot be here at the moment but has asked me to address some questions about certain provisions in H.R. 51.

The gentleman offered an amendment in committee to address a particular problem in his district with respect to the operation of the two largest prestressed concrete LNG tanks in the world. These tanks, which were constructed more than 4 years ago and have never been placed in operation, seriously threaten the lives of the citizens of Staten Island and are an immediate danger to property and to the environment of that area.

He pointed out that it is inconceivable that such facilities could be approved under new and modern standards for siting and operation. However, they were built with the owners full awareness of the risks involved in siting them in an area of high density.

During our committee discussions, I indicated my awareness and sympathy for the problem related to these LNG tanks. I addressed the situation, in part, in the committee report where it is noted that—

> . . . a liquefaction facility which was added to an existing LNG facility which lacked liquefaction capability would be treated as new and must meet . . . standards for new facilities.

The gentleman from New York has asked whether this means that the new standards would apply to any additional facility added to the Staten Island site.

I would note that the gentleman is correct. It is the intent of the bill to apply the new standards to any facility which is constructed, even if it is constructed at a site with existing facilities.

The gentleman from New York has also asked whether, in an area of dense population, rigid and strong standards are necessary to protect the lives of those living in an urban area?

I would agree with the gentleman and would add that the situation in his district is of such magnitude that the Secretary should consider the advisability of adding any new facilities to it. Clearly, the location of volatile LNG facilities in an area of high density must be very carefully analyzed. I would also note that, under the legislation, the Secretary is asked to consider whether "remote siting" is necessary.

Finally, the gentleman asked whether I would agree to add additional language to the conference report to clarify this stated intent with respect to the LNG facilities in Staten Island.

I would note that I will be happy to work with the gentleman and with the Public Works Committee on acceptable language to be inserted in the statement of managers in the conference report to address this most serious situation.●

Mr. MOORHEAD of California. Mr. Speaker, I have no further requests for time and yield back the remainder of my time.

Mr. MARKEY. Mr. Speaker, I have no further requests for time, and yield back the remainder of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. MARKEY) that the House suspend the rules and pass the bill, H.R. 51, as amended.

The question was taken.

□ 1400

Mr. KRAMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of order of no quorum is considered withdrawn.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 111, PANAMA CANAL ACT OF 1979

Mr. DINGELL. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill H.R. 111, to enable the United States to maintain American security and interests in the Panama Canal, for the duration of the Panama Canal Treaty of 1977.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

STATUS OF CONGRESSIONAL BUDGET FOR FISCAL YEAR 1979

(Mr. GIAIMO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GIAIMO. Mr. Speaker, as we begin consideration on the floor today of the second budget resolution, the House Budget Committee today is notifying the Speaker of the House on the status of the 1979 budget. This report compares current levels of congressional action on the budget to the spending ceilings and revenue floors established by the revised second budget resolution for fiscal year 1979. In order to keep Congress advised of the effect of its spending and revenue actions compared to the overall totals set in the most recently adopted budget resolution, periodic reports are required by section 308(b) of the Budget Act. Under the Budget Act a point of order lies against any measure that would cause the spending ceiling or the revenue floor established by a concurrent resolution to be breached.

This report includes changes to the 1979 estimates resulting from analysis of the President's midsession review submitted July 12 and revised July 31, 1979, and actual spending trends.

The aggregates as compared to the revised second budget resolution are:

First. Budget authority: $556,057, $3,143 million below the resolution ceiling;

Second. Outlays: $496,197 million; $1,747 million over the resolution ceiling.

Third. Revenues: $466,400 million, $5,400 million over the revenue floor.

Revenues have been estimated to be higher than assumed in the revised second budget resolution. Outlays have increased at a faster rate than previously anticipated. Poor performance in the economy accounts for substantial increases in activities and programs which are directly responsive to economic conditions. Higher unemployment, inflation, and interest rates have pushed spending up for such programs as unemployment compensation, social security, and interest on the public debt.

In view of such increased spending, any further congressional actions to increase fiscal year 1979 spending would be subject to a point of order under provisions of the Budget Act.

These estimates of current levels included in this report cover all enacted budget authority, the 1979 supplemental appropriations bill, and the energy-water development appropriation bill for fiscal year 1980, which the Congress has recently cleared for the President's signature.

A copy of my letter to the Speaker and of the committee's report are attached.

COMMITTEE ON THE BUDGET,
Washington, D.C. September 17, 1979.
Hon. THOMAS P. O'NEILL, Jr.,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under Sec. 311 of the Congressional Budget Act of 1974 to provide estimates of the current level of revenues and spending. I am herewith transmitting the status report under H. Con. Res. 107, the revised Second Budget Resolution for FY 1979. This report reflects the resolution of May 24, 1979, and estimates budget authority, outlays and revenues based on all completed action on spending and revenue measures as of close of legislative business September 10, 1979.

Sincerely,

ROBERT N. GIAIMO,
Chairman.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1979 CONGRESSIONAL BUDGET ADOPTED IN HOUSE CONCURRENT RESOLUTION 107

(Reflecting completed action as of Sept. 10, 1979)

[In millions of dollars]

	Budget authority	Outlays	Revenue
Appropriate level	559,200	494,450	461,000
Current level	556,057	496,197	466,400
Under resolution	3,143		
Over resolution		1,747	5,400

BUDGET AUTHORITY

Any measure providing budget or entitlement authority that is not included in the current level estimate and that exceeds $3,143 million for fiscal year 1979, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 107 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority that would add to fiscal year 1979 outlays, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in H. Con. Res. 107 to be exceeded.

REVENUES

Any measure that would result in a revenue loss exceeding $5,400 million for fiscal year 1979, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 107.

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., September 14, 1979.
Hon. ROBERT N. GIAIMO,
Chairman, Committee on the Budget,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311(b) of the Congressional Budget Act, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays and estimated revenues in comparison with the appropriate levels for those items contained in the most recently agreed to concurrent resolution on the budget. This report for fiscal year 1979 is tabulated as of close of business September 10, 1979.

This report includes changes to 1979 estimates resulting from analysis of the President's mid-session budget reviews, and actual spending trends. Also since my last report, the President has signed the 1979 Supplemental Appropriations Bill, Public Law 96-38 and H.R. 4388, the 1980 Energy and Water Development Appropriations Act, which includes 1979 supplemental appropriations, has been cleared for the President's signature.

[In millions of dollars]

	Budget authority	Outlays	Revenues
1. Enacted	556,004	496,197	466,400
2. Enactment authority and other mandatory items requiring further appropriation action			
3. Continuing resolution authority			
4. Conference agreements ratified by both Houses	53		
Current level	556,057	496,197	466,400
Second Concurrent Resolution	559,200	494,540	461,000
Under resolution	3,143		
Over resolution		1,747	5,400

Sincerely,

ALICE M. RIVLIN,
Director.

Parliamentarian status report supporting detail, fiscal year 1979 as of close of business September 10, 1979

[In millions of dollars]

	Budget authority	Outlays
I. Enacted:		
Permanent appropriations and trust funds	$271,855	$247,892
Previously enacted (95th Congress, 2d session)	339,576	307,668
Offsetting receipts (including amounts generated by current appropriation action)	−67,435	−67,435
Enacted this session:		
Sale of silver dollars (P.L. 96-2)	−20	−20
Deferral resolution (S. Res. 50)	--	1
First rescission bill, 1979 (P.L. 96-7)	−724	−34
Supplemental appropriations, 1979 (P.L. 96-38)	13,622	8,756
Effect of supplemental appropriations on foreign military sales program	−870	−630
Total enacted	556,004	496,197
II. Entitlement authority and other mandatory items requiring further appropriation action	--	--
III. Continuing resolution authority	--	--
IV. Conference agreements ratified by both Houses: Energy and water development appropriations, 1980 (H.R. 4388)	53	--
Total current level, as of September 10, 1979	556,057	496,197
Concurrent resolution of May 24, 1979	559,200	494,450
Over ceiling	--	1,747
Under ceiling	3,143	--

NOTE.—Detail may not add due to rounding.

CORRECTING TITLE OF HOUSE CONCURRENT RESOLUTION 186

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that the title of the concurrent resolution (H. Con. Res. 186) revising the congressional budget for the U.S. Government for the fiscal year 1979, be corrected to read as follows: "Revising the congressional budget for the United States Government for the fiscal year 1980."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

SECOND CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1980

Mr. GIAIMO. Mr. Speaker, pursuant to section 305(a), title 3, of Public Law 93-344, the Congressional Budget Act of 1974, and the order of the House of September 13, 1979, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 186) revising the congressional budget for the United States Government for the fiscal year 1980.

GENERAL LEAVE

Mr. GIAIMO. Mr. Speaker, pending that motion, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous matter during consideration of House Concurrent Resolution 186.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut (Mr. GIAIMO)?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Connecticut (Mr. GIAIMO).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution, House Concurrent Resolution 186, with Mr. NATCHER in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. Without objection, the first reading of the concurrent resolution will be dispensed with.

There was no objection.

The CHAIRMAN. Pursuant to section 305(a), title 3, Public Law 93-344, as amended, of the Congressional Budget Act of 1974, the gentleman from Connecticut (Mr. GIAIMO) will be recognized for 5 hours, and the gentleman from Ohio (Mr. LATTA) will be recognized for 5 hours.

The Chair now recognizes the gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today we begin consideration of a very serious matter, the budget of the U.S. Government.

As is known, we must adopt a budget in House and Senate which we tentatively adopted in the springtime as a tentative budget. We have now had an opportunity to evaluate the economy of the United States, to evaluate the economic assumptions which will cover the budget in fiscal year 1980 which will start the 1st of October 1979 and which involves tremendous amounts of money.

Mr. Chairman, I rise in strong support of the second budget resolution for fiscal year 1980, House Concurrent Resolution 186.

The resolution was drafted during a period of great economic uncertainty. Inflation remains unacceptably high while the economy slows down and unemployment creeps upward. As members of the Budget Committee, we have had to determine what budget policies are appropriate to these circumstances. Some have advocated tax cuts or huge spending increases to stimulate the economy. Others have urged drastic spending cuts to slow down the economy even further.

However, a majority of the committee has decided, wisely in my opinion, to resist either of the extremes. Now is not the time to signal a retreat from the position of responsible fiscal restraint we advocated in the first budget resolution. On the other hand, even in a period of tight budgetary policies we cannot ignore pressing national need in areas such as energy and defense nor can we close our eyes to the impact of the economic slowdown on employment and our urban areas and on our people.

Thus the second budget resolution for fiscal year 1980 recommends a policy of fiscal restraint tempered by compassion. We recommend spending increases of only 1.8 percent in real terms over 1979, including additions made for energy, defense, and refugee assistance. Compare that with a 5-year average real growth for spending of 3.4 percent which is what we have had up to now. Indeed, aside from national defense, energy, and entitlement programs that are driven by the economy, there is no growth in this budget.

The resolution projects a budget deficit of $29.2 billion—higher than many of us would like, much higher. But it does show a continuing decline in deficits from the binding budget resolutions adopted in previous years. And it should enable us to achieve an early balanced budget provided that the economy does not plunge into a deep and prolonged recession.

The committee has resisted massive spending cuts, not only because of the urgent needs of the Nation, but because they could plunge us into that kind of recession. The committee has also resisted stimulus because this would merely worsen inflation, which remains our biggest problem and a threat to our national well-being.

Why do we have a deficit of $29 billion? The simple answer is, because of the economy.

Together with the Congressional Budget Office, our economists have developed assumptions about the economy and where it is going. They tell us that the economy is doing what we anticipated in the first budget resolution. It is slowing down while inflation remains strong and while unemployment is beginning to rise. Inflation is, however, worse than we had anticipated, worse than anyone had anticipated, largely due to the tremendous increases in the cost of imported oil.

We believe that the business slowdown will end by the beginning of next year and begin a period of recovery. We believe that the current slowdown will bring some relief from the dangerously high rate of inflation.

□ 1410

We believe that unemployment will continue to rise, lagging behind the slowdown by some 3 months, as it usually does. So inflation adds to spending; unemployment adds to spending. Just since the First Budget Resolution was adopted this year, it has been necessary to add $1.7 billion in outlays during 1980 for social security payments alone, since these are tied to increases in the cost of living, no policy change, just an increase because of inflation.

Our estimates for unemployment compensation are $1.2 billion under those of the first resolution; again no policy change because of higher inflation.

Food stamp outlays are up $700 million, again because of inflation and the higher cost of food purchases.

Medicaid and medicare are up $800 million.

Interest on the national debt, another victim of the economy, is up $2.5 billion over what we estimated earlier this year.

Construction and procurement contracts and such programs as highways and national defense are spending out at faster rates than had been anticipated. These kinds of programs add another $3 billion to the deficit through accelerated inflation.

In all, the economy is responsible for $10 billion of the $16.17 billion of increased outlays in the second resolution compared to the first.

Think of it, think of those numbers, $16.7 billion in increased outlays for fiscal year 1980 over what we had assumed in the first resolution. The economy is responsible for $10 billion of that. Increased outlays are responsible for the balance and the remainder comes from a series of limited policy changes that address compelling national needs.

In other words, there are very few, but very significant policy needs that we have added in the Second Budget Resolution because of their absolute essentiality.

What are they? Higher cost of military readiness due primarily to higher fuel costs, currency fluctuations and additional pay increases for the military, new energy initiatives that will enable the Congress to provide a beginning in the comprehensive program of conservation, alternative fuels, mass transit, synthetic fuels, and fuel assistance to the poor.

You all heard the President's program this summer. You all heard of the commitment which we as a Nation and as a Government are making to make a breakthrough in the area of energy and to lessen our dependence upon offshore energy sources. This is it. This is the new initiative which we have to begin to make provisions for in this budget.

Targeted fiscal assistance designed to assist communities that are the hardest hit by unemployment. I told you earlier that unemployment is rising. I told you that inflation is rampant. I told you that we have resisted stimulus programs. We do not want to heat up the economy in order to bring down the unemployment rate, knowing full well that if we have stimulus programs or tax cuts which will heat up the economy that we will further feed the flames of inflation and it is essential that we get inflation down, but not having stimulus programs, not having tax cuts and having at the same time compassion for those who are unemployed, it is essential that we have some specifically targeted programs, some specifically designed programs which will try to reach in a very narrow focus those who are suffering the most from unemployment and from high inflation. We can do this through targeted fiscal assistance programs and we have made provision for that.

Another new initiative is the aid for refugees. That is not a popular subject, but this has always been the land of compassion. America earned the respect of the world not only in this century but in the past century for having a heart, for having compassion and for reaching out to the unfortunates from all over the world and helping them in life, helping them here in this great new land that was and is the promised land. This was true of my parents. It was true of my grandparents. It was true of the parents and grandparents of many of us who came from all over the world to this Nation and made it the great Nation that it is and we are not going to turn our backs on refugees today because it costs money. We are going to be careful and frugal how the money is spent, but we are still the one great Nation of compassion that worries about people in other parts of the world. We have acted in this way because of that saving refugees program increase in the budget for 1980 for which we have had to take account here.

Finally, the funding of a pay raise of 7 percent for all Federal employees and the military, reflecting a higher cost of living adjustment than was provided for in the first budget resolution as recommended by the President. You will recall that just several days ago the President changed the recommendation that he had originally made of a 5.5-percent cost-of-living increase for Federal employees. That 5.5-percent cost-of-living adjustment for Federal employees was made much earlier in time.

It was made when the budget was originally put together and shortly thereafter when the economic assumptions of inflation were more optimistic than perhaps they had a right to be. They did not think inflation was going to be as high as it was and is now projected to be. Because of the realities of inflation being so high, it would be inequitable that the Federal employees and the military be limited to a 5.5 cost-of-living adjustment, and the President wisely recognized this and just several weeks ago recommended a 7-percent increase. The funding of that increase from 5.5 percent as assumed in the first resolution to 7 percent as assumed in the second resolution adds a significant amount of money to our budget; so it just made sense. The first resolution reflected two basic decisions, to face the economic facts of life and to provide for them in the budget and to give priority to the most urgent needs that were not provided for in the first resolution.

The chief new initiative is in the field of energy. The resolution provides $17.6 billion in budget authority and $2.6 billion in outlays for a comprehensive energy program, such as recommended by the President. This should enable the appropriate committees of the Congress to work their will on the proposals and to provide sufficient funding for a strong start toward energy self-sufficiency.

All the functions of Government have been examined carefully in this budget. Where possible, cuts have been made. In the committee markup, $740 million was taken from budget authority and more than $1 billion from outlays.

Revenues also are up from the first resolution. They are $10.5 billion over those projected earlier. This reflects higher inflation also along with higher corporate profits due to increased fuel prices. The new revenue figures also include revised estimates of legislation passed or expected to be passed including fuel windfall profits tax, foreign tax credits and cash management initiatives.

□ 1420

In the report accompanying this resolution, Members will see that the Budget Committee has begun to provide multiyear planning and a multiyear perspective to spending and revenues. This will enable us to better manage fiscal affairs in the Congress and should help us balance the budget.

Attention to the years to come is but one way to move toward balance. Another is to enact legislative savings—changes in existing law that will cut down on unnecessary spending. This year some legislative savings have been enacted, and more are assumed and recommended in this second resolution. If they are not enacted, another $2 billion will have to be added to the budget and to the deficit. That is how important these legislative savings are.

Now, let me pay some tribute to those who have helped the Budget Committee with its assigned tasks.

First, to the Members of the House who have shown spending restraint and who have made the first necessary steps to a real comprehensive energy program by passing oil windfall profits taxes and by passing a synfuels program.

Second, to the members of the Committee on Appropriations who have reported almost every spending bill within the targets of the first budget resolution.

Third, to the members of the Budget Committee who have worked diligently on these matters.

Let me say a special word about the task force chairmen, all of whom have done Herculean work—most especially, the gentleman from Illinois, Mr. PAUL SIMON, and his inflation task force, the gentleman from California, Mr. LEON PANETTA, and his legislative savings task force, the gentleman from California, NORMAN MINETA, and his budget process task force, the gentleman from Texas, JIM MATTOX, and his defense and international affairs task force, and the gentleman from Ohio, Mr. LUD ASHLEY, and those who worked with him to develop our energy recommendations.

Let me also pay tribute to the minority and to the ranking minority member, the gentleman from Ohio, DEL LATTA, who has served together with me, I believe, since the inception of this Budget Committee. DEL LATTA and I do not always agree on our economic assumptions. We do not always agree on the direction which our budget should take, but I think DEL and I both recognize the seriousness of this work. We are both trying to do the best we can for our Nation and for the economy of our Nation.

Without the cooperation of the gentleman from Ohio, DEL LATTA, and his Republican members, I do not think we would have had as good a budget resolution and we would not be able to bring it to the Members in as expeditious a fashion as we would like. Having served with DEL for about 20 years, I do want to pay my respects to him, and let me say to the gentleman, "DEL LATTA, you are a fine person to work with, and even though I do not agree with you from time to time, there are many areas where we do agree, and it is a pleasure working with you. That does not mean you cannot put your gloves on in the next few days, but you can hit away, and we will argue out the issues."

Mr. Chairman, as the members know, the Budget Committee postponed its markup of the second budget resolution in order to have available all possible information on the changing economy. The Members will recall that we were to have marked this bill up before the August recess. We should have brought it up on the floor immediately upon coming back from the August recess, because under the rule in the Budget Act, both we and the Senate should have acted on this resolution and had it in place by September 15.

Today is September 17. We are just beginning to bring it up today. The other body has not started to bring it up as yet, but they undoubtedly will some time this week.

We are late, but we were late for a purpose. Because the economy was in a state of great change during the months of June and July, we thought it would be better to let the dust settle and get a clearer picture of our assumptions of what the economy would be looking like in the fiscal year starting October 1 and throughout 1980. As a result, we delayed, but we think as a result of the delay we have a better picture and a clearer understanding—at least as best as we can ever have—of economic assumptions. We can never be perfect, because if we were perfect, then we could solve all the problems of the economy, and we could bring the unemployment rate down, bring the inflation rate down, and have prosperity in the land for all time.

But as a result of the delays, we are caught in a time bind. Normally we would have completed this action, as I told the Members, and had it in place by September 15.

Today we begin general debate. It is my hope that we can complete general debate today.

As I understand the leadership's position, we will not handle this debate tomorrow, on Tuesday. We will come back to it on Wednesday, when we will begin the consideration of amendments, and we will proceed to complete that consideration.

It is my hope—and I say this with all the fervor that I can generate and with all the pleading that I can put into my voice—that we will complete work on the resolution as expeditiously as possible, and that we will not string out this debate as we did, for example, on the first budget resolution when I think we were 9 days on the floor in actual consideration of amendments.

There are very few significant changes, as I said, from the first resolution. We should be able to proceed expeditiously. It is my hope that we can complete work on the resolution by Wednesday or Thursday in order that we may proceed to conference with the other body as soon as possible and have this budget in place by October 1, the beginning of fiscal year 1980. I ask and I plead for the understanding of the Members and for their cooperation in attaining this goal.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Connecticut (Mr. GIAIMO) has consumed 21 minutes.

The Chair now recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, at the outset of my remarks let me pay tribute to our good committee chairman.

As the gentleman from Connecticut (Mr. GIAIMO) indicated earlier, he and I came to the Congress together and have served many, many years together. We came on the Budget Committee at the same time.

We certainly disagree on several of the issues. We disagree even on what we mean by "restraint" sometimes. Restraint is one thing to the gentleman from Connecticut, and to me it might be something else.

But I do not know of any Member in the House that I would sooner serve with as chairman of this committee than the gentleman from Connecticut (Mr. GIAIMO). He is eminently fair and is doing his level best to reduce this budget. He has a tremendous task when we consider that we are dealing with $549 billion worth of expenditures.

I just want to pay tribute to the committee chairman and to the Members, not only on the majority side but on the minority side, who worked very diligently and put in long hours to formulate this budget.

I also want to pay tribute to the staff on the majority as well as the minority side. They, too, have worked many, many hours, and without their help we would not be considering this budget resolution here today.

Mr. Chairman, I rise once again to say that I will have to oppose this second budget resolution as reported by the House Budget Committee. This resolution does not contain the principle of fiscal austerity nor provide for the investment incentives which most economists recommend for our present faltering economy. Rather, it prescribes for the Nation an enormous 11.1-percent increase in both Government spending and taxes over 1979 and gives no real assurances of achieving a balanced budget in 1981.

I recognize the difficulties the gentleman from Connecticut faces on his side of the aisle in engineering the passage of any budget resolution. Various agencies, and special interest groups clamor for more money for their favorite programs and the chairman must reconcile these requests with the budget aggregates. The budget recommendation before us, unfortunately, reveals too great a capitulation to these demands rather than a reasoned, decisive fiscal policy. Let us look at what is recommended in this resolution:

Government spending would increase from $495 billion in 1979 to 549 billion in 1980, a staggering $54 billion increase;

Budget authority, the driving force behind spending would increase by 13.1 percent;

Taxes would rise by more than $53 billion, from $466 billion in 1979 to $519 billion in 1980;

The deficit would remain at the 1979 level of $29 billion thereby eliminating the possibility of a balanced budget in 1981; and

The debt subject to limit would have to be raised to $886 billion by the end of September, an increase of $56 billion over the level adopted last March.

These recommendations do not strike me as fiscally conservative.

At a time when the need for fiscal responsibility is so widely known and so universally sought, it is alarming that the majority of the Budget Committee would report out another expansionary budget. I am concerned that the congressional budget process is not functioning to set budget aggregates which conform with our Nation's economic needs. In 1977–79, the first 3 years of the congressional budget process Government spending increased by an average of 10.4 percent per year. Defendants of the lack of real restraint in the budget justified the abnormally large spending increases on the grounds that the stimulus was necessary for sparking economic growth. In fiscal year 1980 we have an inflationary situation which more than ever calls out for fiscal restraint. Yet the product of the majority of the Budget Committee's work is another budget containing large spending increases. In my view, if the budget process is to work, the committee must stop merely adding up and accommodating all spending requests and start applying some real restraints to this runaway spending.

The vote on the budget resolution which will come later this week will be a crucial test of the ability of the Congress to adapt the Federal budget to meet our country's macroeconomic needs. If the resolution reported out of the Budget Committee is adopted, the Congress will have shown that it is incapable of trimming its sails even when our economic conditions cry out for it to do so. On the other hand, if we adopt a budget recommending fiscal restraint and needed tax relief we will have shown the courage to overcome our parochial, shortrun desires for the sake of the longrun health of the economy.

The current state of the economy is particularly bleak. Inflation has been running at 13.2 percent in 1979 and another negative growth quarter is expected to follow the second quarter decline of 2.4 percent. Unemployment will be up from 5.7 percent to above 7 percent by the end of 1980 according to recent predictions. Productivity growth continues to be insufficient to dampen inflationary pressures, rising by only 0.4 percent in 1978 and actually declining in the first half of 1979. In my opinion, the fiscal policies pursued by the Congress over the past several years are a major cause of our current economic stagflation. Since the congressional budget process went into operation in 1977 our fiscal policy choices have been particularly misguided. I would like to recall some of the spending trends in our budget that help to explain why we are where we are today.

In 1955, the Federal budget called for spending of only $69 billion. By 1960, Federal spending had risen to $92 billion, or 18.5 percent of GNP. Between 1960 and 1970 the Federal budget more than doubled with 1970 spending of $197 billion or 20.5 percent of GNP. Now we are considering a budget resolution for 1980 that would spend $549 billion, almost triple the amount spent in 1970. Approximately 22 percent of this Nation's GNP would be spent by the Federal Government in 1980. The Federal Government would be spending at a rate of $1,044,000 per minute, up from a $128,000 per minute rate in 1955. I for one feel that the Government has gone too far in attempting to control the lives of all Americans and that its constant meddling in the American economy has retarded economic growth and added to our ravaging inflation.

Spending in the last 3 years has increased at an exorbitant rate. President Carter's budgets and the majority-approved budget resolutions have allowed spending increases of 9.9, 11.9, and 9.7 percent for the years 1977–79. During a time of strong growth in the private sector, these increases were completely unwarranted. It is no wonder that inflation is currently surging at 13 percent.

Taxes have also been steadily increasing. In 1960, taxes absorbed 18.6 of this Nation's GNP. By 1970, 20.2 percent of this Nation's GNP was taxed away by the Federal Government and the budget resolution proposes a further increase in this tax burden to 20.8 percent in 1980. The trend toward a greater withdrawal of funds from the private sector helps explain our declining rate of productivity growth and the shift in our priorities. Excessive taxation is choking off incentives in the private sector to work, save, and invest.

At a more individual level, taxes are absorbing a greater and greater share of the taxable personal incomes of Americans. In 1955, 10.4 cents of every dollar of taxable personal income was taken by the Federal Government. By 1960 this figure increases to 10.9 cents per dollar and by 1970 it had risen further to 12.7 cents per dollar. Under the budget proposal before us this personal tax burden would rise to an unprecedented 13.7 cents per dollar in 1980. If we were to apply the same rate of taxation in 1980 that existed in 1955, each American family would have $980 in taxpayments in 1980.

Despite this rise in the tax burden over the last 25 years, our national debt has surged continuously upward. Whereas the Federal debt was only $274 billion in 1955, the budget resolution before us proposes a 1980 level subject to limit of about $886 billion. From 1975 to 1980 the debt will climb by a staggering $377 billion. The amount of the national debt expected in 1980 translates into about $4,050 of debt for each man, woman, and child in the United States and over $15,000 for each American family. This tremendous debt is being passed on to our children and grandchildren since we are not paying off any of the debt being accumulated—only paying its huge service or interest costs.

Interest is now the third largest function in the Federal budget, behind only income security and national defense. In 1980 it is expected to absorb $58 billion of our Nation's resources, or 10.6 percent of our budget. Interest on the national debt has risen as a percentage of outlays from 9.3 percent in 1955 to 10.3 percent in 1970 to an expected 12.0 percent in 1980. In 1980, this interest payment would translate to $1,124 for each American family.

The reason for the steady upsurge in the national debt is the inability of the Congress to balance the budget. Not once in this decade have we produced a budget with a surplus. And since the congressional budget process has been in operation, our fiscal condition has worsened rather than improved. At this stage of the business cycle, before antirecessionary government spending is triggered off, the deficit is generally at its low point. Such was the case in 1970 and 1974 when we ran deficits of $2.8 and $4.7 billion respectively. In 1979, however, we are expected to run a deficit of $29 billion and as we move further into the recession, pressure to increase the deficit will become increasingly stronger.

The budget resolution reported by the Budget Committee does nothing to reverse the disturbing trends that I have just reviewed. Spending under this proposal would be increased by 11.1 percent, enough to allow for real growth in government spending. Tax relief made necessary by the combined $60 billion burden of increased OPEC oil prices, higher social security taxes and inflation-induced tax increases would not be contained in this recommendation. The deficit would be maintained at the same $29 billion level achieved in 1979, meaning that no progress at all would be made towards balancing the budget and beginning to pay off our astronomical national debt.

In conclusion, the budget resolution before us represents no change from the fiscal policies of the past few years, policies which have drastically weakened our economy and worsened inflation. If this resolution is adopted, the Congress will have demonstrated that it is incapable of carrying out the real purpose of the Budget Act. This act was passed in order to establish control over Federal expenditures and to make congressional spending decisions conform with overall fiscal objectives. The resolution before us clearly does not rein in Federal expenditures; more importantly it recommends a fiscal policy that does not fit present economic conditions. We need a budget for fiscal 1980 which will help in the creation of permanent jobs in our private sector, give relief from inflation driven tax increases, and slow the growth of Federal expenditures. During the amendment period of this debate I will be offering a Republican substitute to this resolution which will fulfill these needs.

□ 1440

The CHAIRMAN. The gentleman from Ohio (Mr. LATTA) has consumed 17 minutes.

The Chair now recognizes the gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The Chair now recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I yield 3 minutes to the gentlewoman from Maryland (Mrs. HOLT).

Mrs. HOLT. Mr. Chairman, the second budget resolution for 1980 offered to us by the Budget Committee majority is a balloon pumped up with high inflation and taxation.

This budget promises more inflation and economic stagnation, more income redistribution instead of more production, more welfarism instead of more jobs.

Here is a spending increase of more than $50 billion with a similar inflation-driven leap in tax revenues. Here is a budget deficit of almost $30 billion, about the same as this year's level, and off-budget agencies will add another $12 billion to the deficit. The true deficit will exceed $40 billion.

There is no hope in this resolution for balancing the Federal budget in 1981, and really no chance for a balanced budget in any future year if the majority fulfills its spending plans.

It has been argued that a deficit is necessary and unavoidable during recession, but the majority spends its way to huge deficits every year. In the economic growth years of 1977 and 1978, the liberal Democrats who control this Congress gave us inflationary budget deficits of $45 and $48 billion.

If there is anything our economy does not need, it is a $50-billion tax increase, but that is the poison prescribed by the majority. It is delighted to take the government windfall profit generated by the higher tax rates imposed on cost-of-living pay raises.

The average American family is in a losing struggle against raging inflation and rising taxes, but the Budget Committee majority is proposing more of the same. Here is a budget that not only reduces people's disposable income, but also cuts their ability to save and invest.

The overwhelming majority of the American people are angry about the outrageous raids by Government on their earnings. Most Members of this Congress campaigned last year on promises of frugality with the public purse. Today I ask the majority Members: "Whatever became of those promises you made?"

We on the minority side are offering an alternative budget that gives you an opportunity to keep faith with the voters who sent you here.

Our substitute budget reduces the deficit by almost $10 billion from the committee recommendation. We have also allowed for a $20-billion tax cut for the 1980 calendar year, although the revenue impact would apply to only three-fourths of the fiscal year.

We offer a budget of hope and opportunity to the American people. We propose to balance the budget in 1981 with lower taxes.

And we propose to provide more funding for our most important responsibility: National defense. It is the one responsibility consistently shortchanged by the majority as it pours funds into rapidly expanding social welfare programs.

Adjusted for inflation, the Defense budget shows no real growth in the 10-year span of 1969 to 1979. Spending on social programs shows real growth of about 250 percent.

Our military strength is in a condition of dangerous decline relative to that of our adversaries; the world perceives American weakness, and our national security is threatened.

Before President Ford left office in January 1977 he presented Congress with a 1978 budget and a 5-year plan with realistic commitments for defense. His projections for the 1980 Defense budget were:

[In billions]

Budget authority	$145.9
Outlays	136.3

In the proposed second budget resolution for 1980, the House Budget Committee recommends the following sums for national defense:

[In billions]

Budget authority	$138.2
Outlays	128.6

This is a cut of $7.7 billion, more than 5 percent, from the realistic projections made less than 3 years ago by the Defense Department and the Office of Management and Budget.

President Ford was not known as a big spender. In fact, the record shows his determination to limit spending, but he carefully weighed defense needs against the hundreds of other programs in the budget.

If we had staved on the track he proposed we would have had some tax reduction every year and a budget surplus in fiscal 1980. Here is a chart comparing the Ford administration budget projections for 1978, 1979, and 1980 with our actual experience in this free-spending Congress.

In 1980, the Budget Committee majority proposes to spend $52 billion more than the sum projected by the Ford administration for that year:

HOW THE MAJORITY WRECKED RESPONSIBLE BUDGETING

[In billions]

	Ford administration budget plan	The reckless Congress	Difference
1980	$496.6	[1] $548.7	+$52.1
1979	466.0	[2] 496.2	+30.2
1378	440.0	450.8	+10.8

[1] House Budget Committee recommendation.

[2] OMB estimate, July 12, 1979.

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. Mr. Chairman, my main concern with this final and legally binding budget resolution is that it shows absolutely no constraint in the nondefense spending areas.

If this resolution is passed by the House at its recommended levels, nondefense spending by the Federal Government will increase a further 10.5 percent over current 1979 expenditures.

This is on top of more than a threefold increase in Federal nondefense spending over the past 10 years between 1969 and 1979.

This proposed budget resolution would increase social welfare programs apart from social security an additional 17.2 percent over 1979 levels.

This is real growth of more than 7 percent for such welfare programs as housing subsidies, nutrition programs, and aid for families with dependent children (AFDC).

It is a gigantic increase in the food stamp program.

No one is opposed to essential welfare assistance to help the poor. But these particular programs have increased almost sixfold in the 10-year period since 1969.

Welfare programs just under the income security function of this budget resolution will comprise about $69 billion, or $10 billion more than the current 1979 level.

Income transfer programs throughout the budget will total almost $275 billion.

The proposed 1980 outlay for food stamps alone under this resolution is $8.2 billion.

This program started out in 1965 at a modest $34 million. Its estimated level for 1980 last year was $6.3 billion.

Now, because of the failure of Congress to take responsible action to curb this subsidy program, so that only truly needy citizens benefitted from it, food stamp outlays have more than quadrupled in cost just since 1972, and almost doubled since 1975.

Mr. Chairman, I was most encouraged by the joint efforts of our distinguished minority whip, the Honorable BOB MICHEL of Illinois, and my colleague on the Budget Committee, RALPH REGULA of Ohio, to require all committees of the Congress to recommend ways to control the growing cost of so-called entitlement programs under the budget—and where necessary to reform their method of funding—in language that was added to this budget resolution in committee.

This is perhaps the most worthwhile action taken on this resolution. I hope that it will result in a meaningful effort to counter and reduce the spending for Federal handout programs.

Social welfare programs of the Federal Government are primary evidence of the excessive and irresponsible Government attitude that led to proposition 13 and the movement to require a balanced Federal budget.

It has become apparent that the political motivation of many welfare program supporters, who refuse to help efforts to cut unnecessary spending in these nondefense areas of the budget, is to build a permanent recipient class of citizens through Government handouts.

The political motivation appears to be an effort to provide these taxpayer-supported benefit programs to the new "recipient class," so that the beneficiaries will in turn show their gratitude by reelecting the big spenders to office.

Working citizens and taxpayers have become aware that welfare programs are being misused to "buy votes" of program recipients, rather than to help the truly needy in our society.

Unless Congress takes resolute action to restrain and cut back Federal spending for extravagant and wasteful programs, public confidence in our Government and democratic processes will be further eroded.

Moreover, lasting damage will be done to our people's productive incentive and commitment. This welfare abuse, unless stopped, will also see a growing cynicism among our citizens, and lasting damage to our humanitarian spirit, which will be a great loss to our national character.

Mr. Chairman, of great concern to many Americans is the essential need to provide adequately for our national defense under this budget resolution.

In constant dollars, we are spending less today for our Nation's defense than we spent in 1961.

Some talk of the need to provide for at least 3 percent real growth in our defense budget over the 1979 level, in order to increase our force modernization efforts in light of provisions of the proposed SALT II treaty.

There are many who believe that 3 percent real growth, in light of past defense budget reductions over the years, is not sufficient.

A good case can be made for a 5-percent real growth in the 1980 defense budget, in order to provide adequately for our national security.

This issue of real growth in the defense budget was addressed in my additional views in the committee report accompanying the second concurrent budget resolution.

Those views are included at this point in the RECORD.

ADDITIONAL MINORITY VIEWS OF HON. ELDON RUDD ON THE SECOND CONCURRENT BUDGET RESOLUTION FOR 1980

The President has made a solemn commitment to our NATO allies that the 1980 U.S. defense budget will be increased at least 3 percent in real terms over the current 1979 levels.

This proposed Second Concurrent Budget Resolution for 1980 does not uphold the President's commitment.

As shown by the following table, a 3 percent real growth in the defense budget would require $141.79 in budget authority and $130.74 billion in outlays for defense. The Committee mark would allow only a 0.3 percent real increase in budget authority, and only a 1.3 percent real increase in outlays for the national defense function (050).

TABLE 1.—REAL GROWTH IN DEFENSE SPENDING

[In millions of dollars]

	Fiscal year 1979	No growth, fiscal year 1980 [1]	House Budget Committee Mark Second resolution, 1980		3 percent real growth, fiscal year 1980	5 percent real growth, fiscal year 1980
			Amount	Percent		
Budget authority	[2] $127,000	$137,660	$136,156	+0.3	$141,790	$144,510
Outlays	[3] 117,100	126,936	128,587	+1.3	130,744	133,220

[1] Based upon 8.4 percent overall inflation rate for defense spending, assuming 9.3 percent inflation for purchases (50 percent of budget) 7 percent increase for payroll (40 percent of budget), and 10 percent increase for retired pay based upon the Consumer Price Index (10 percent of budget).

[2] Third Concurrent Budget Resolution, fiscal year 1979.

[3] Latest Congressional Budget Office estimate.

There are many who believe, in light of the substantial Carter Administration cuts amounting to $45.8 billion from the five-year U.S. defense plan that was in place when the President took office, that our 1980 defense budget should be increased at least 5 percent in real terms in order to start recovering from dangerous constraints imposed by these cuts since FY 1978 on essential force modernization programs.

The following table documents the cuts averaging $9.1 billion each year which resulted from Carter Administration reductions in the previous Ford Administration's existing five-year defense budget.

TABLE 2.—COMPARATIVE 5-YR DEFENSE BUDGETS

[In billions of dollars]

	Fiscal years—						1978–82 difference Carter/Ford
	1977	1978	1979	1980	1981	1982	
Ford administration [1]	$116.9	$123.1	$135.4	$145.8	$156.7	$166.8	
Carter administration		[2] 117.9	[3] 124.5	[4] 138.2	[5] 145.7	[5] 155.7	−$45.8

[1] Department of Defense Report to Congress, fiscal year 1978.

[2] Actual.

[3] Department of Defense estimate, Sept. 13, 1979.

[4] Estimate based upon the President's announcement of Sept. 12, 1979.

[5] Department of Defense Report to Congress, fiscal year 1980.

Approximately 85 percent of the Carter Administration cuts have been from the defense procurement account, which provides for modernization of our existing military forces and equipment. The cuts have been roughly 60 percent/40 percent between general purpose and strategic forces, with the Navy absorbing about 55 percent of the cuts, the Air Force 30 percent, and the Army 15 percent.

FORCE MODERNIZATION

Since the Navy is suffering more than half of the procurement cuts under the current Administration's revised five-year defense plan, it is in the shipbuilding and Naval aircraft area where force levels and modernization are most threatened.

The most recent Library of Congress projection of current Naval shipbuilding under the Carter plan states that "the size of the fleet will begin to decline because retirements for age will exceed new ship deliveries. A continuation of the present shipbuilding policy for ten years or more would result in a Navy of about 350 ships." [1]

Our current ship inventory includes 497 vessels of all types. (This does not include the Naval Reserve force and underway replenishment ships of the Military Sealift Command.) The Library of Congress study shows that we will have to build 339 new ships at an average annual cost of $7.98 billion (FY 1980 dollars) for the next 20 years, just to sustain our fleet at its present size and composition through the year 2005.

Our average annual shipbuilding appropriations for the past 10 years have only been $5.63 billion (FY 1980 dollars). Therefore, just to maintain the current sizes and capability of our fleet for the next 25 years, our annual shipbuilding investment must be increased 41.6 percent, rather than decreased further.

The following three tables from the Library of Congress study summarize the current Naval fleet levels, shipbuilding requirements to sustain those levels through 2005, and the projected costs of $167.6 billion over the 20-year period compared with the FY 1970–79 level of Congressional appropriations.

TABLE 3.—SUMMARY OF SHIPBUILDING REQUIRED TO SATISFY FORCE LEVEL OBJECTIVES, 1980 TO 2005

[Fiscal years]

Type ship	Inventory at end of fiscal year 1979	Force level objective	Deficit	Retirements through fiscal year 2005	Additions through fiscal year 2005	Authorized as of end of fiscal year 1979	New authority required fiscal year 1980–2000
Ballistic submarines	41	27	(14)	41	27	7	20
Attack submarines	[1] 80	90	17	78	95	23	[2] 76
Aircraft carriers	13	12	(1)	6	5/9SLEP	1/1	4/8
Cruisers and destroyers	[3] 128	102	(26)	101	75/10SLEP	11/0	64/10
Frigates	65	126 91	61 26	69	130	34	96 [7] 61
Amphibious warfare ships	[4] 68	65	(3)	54	51/14SLEP	1/0	50/14SLEP
Replenishment ships	[5] 48	52	4	25	29	5	24
Support ships	[6] 97						65
Total	540						339

[1] Includes 7 diesel powered SS.
[2] Includes 4 SSN needed to replace ships retiring after 2005.
[3] Includes 28 Wo ld War II destroyers in Naval Reserve Force.
[4] Includes 1 LKA and 2 LPA Naval Reserve Force.
[5] Includes 12 UNREP ships operated by Military Sealift Command.
[6] For the composition of this group see page 53.
[7] Assumes a reduced frigate force level objective.

TABLE 4.—SUMMARY OF PROJECTED SHIPBUILDING COSTS, 1980–2000 [1]

Type	Number	Unit cost (millions)	Total cost (millions)
Ballistic missile submarines	20	$1,277.4	$25,548.0
		(958.1)	[2] (19,161.0)
Attack submarines	76	473.0	35,948.0
		(354.8)	[2] (26,961.0)
Aircraft carriers	4		
	8 SLEP	1,624.0	6,496.0
		515.7	4,125.6
Cruisers/destroyers:			
DDG–47	11	820.2	9,022.2
Other DD	53 DDX	475.0	25,175.0
	10 DDG–2 SLEP	183.4	1,834.0
Frigates	96	200.7	19,267.2
	(61)		[3] (12,242.7)
Amphibious ships	50	360.0	18,000.0
	14 SLEP	(4)	3,300.0
Replenishment ships	24	245.0	5,880.0
Support ships	65	200.0	13,000.0
Total	399		157,596.0 (145,197.0)

[1] Expressed in fiscal year 1980 dollars.
[2] Assumes the construction of less capable and 25 percent less costly submarines than now in series production.
[3] Assumes force level objective is 91 vice 126.
[4] See analysis.

TABLE 5.—SHIPBUILDING AND CONVERSION, NAVY FISCAL YEARS 1970–79

	Request (millions) (new ships/conversions)	Funding (millions) (new ships/conversions)	Funding (millions) (in fiscal year 1980 dollars [1])
1970	$2,631.4 (16/17)	$2,490.3 (10/5)	$5,161.7
1971	2,728.9 (14/15)	2,465.4 (15/10)	4,928.7
1972	3,327.9 (17/9)	3,005.2 (16/9)	5,885.5
1973	3,564.3 (20/9)	2,970.6 (8/3)	5,636.1
1974	3,778.9 (14/8)	3,492.9 (14/5)	5,785.6
1975	3,562.6 (30/4)	3,059.0 (22/4)	4,376.2
1976 [2]	5,980.2 (23/0)	4,324.2 (15/0)	5,838.9
1977	7,263.5 (21/0)	6,195.0 (17/6)	7,872.5
1978	5,751.2 (22/0)	5,760.5 (18/0)	6,786.2
1979	4,712.4 (15/0)	[3] 3,759.6 (15/0)	[3] 4,071.7
1980	6,173.8 (15/1)		

[1] Based on Department of Commerce (Bureau of Labor Statistics) "Machinery and Related Equipment" deflators.
[2] Includes 3-mo transition quarter (making it a 15-mo fiscal year).
[3] Estimated dollar figure.

Neither the American people nor a majority of the Congress would likely settle for only maintaining the size and capability of our current Naval fleet for the next 25 years. Even the Department of the Navy's contracted study, *Sea Plan 2000*, indicated that the U.S. must have a force level of 535 to 585 vessels in order to maintain minimum Naval capability across the spectrum of possible strategic circumstances, or to have a high degree of versatility throughout the world, in light of the obvious and growing Soviet threat.

THE SOVIET THREAT

Several facts should be clear about the Soviet threat: Since 1963, the Soviets have increased the resources devoted to its military establishment by 4 to 5 percent every year, thus doubling its military budget in real terms over the past 15 years.

Our U.S. defense budget, in constant dollars, is less than it was in 1961.

Soviet military spending now exceeds ours by 20 to 40 percent in real terms. The Soviets are outspending us by about 75 percent in military procurement and weapons research and development.

The Soviets have spent about 250 percent more than the U.S. on strategic forces for the duration of the 1969–1979 SALT decade.

This spending has included development and production of an entire new force of intercontinental strategic Backfire bombers, now numbering around 150 already in operation with additional production running at around 30 a year.

The Backfire's unrefueled range enables it to attack large population centers in the

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[1] "Naval Shipbuilding Costs: A Projection," by Edmund J. Gannon and Alva M. Bowen (Library of Congress, Foreign Affairs and National Defense Division, June 28, 1979).

United States, as well as our military bases along the East and West coasts. Owing to the President's decision not to proceed with the counterpart U.S. B–1 bomber, the United States has no strategic counterweight to this additional Soviet threat.

U.S. NAVAL AIRCRAFT PROCUREMENT

A letter to members of the United States Senate from a distinguished bipartisan group of Senators on Sept. 10th succinctly summarized the serious deficiency of the Administration's FY 1980 defense budget, particularly in the Naval aircraft procurement area.

The letter was signed by Sens. Ernest Hollings, Henry M. Jackson, Sam Nunn, John Tower, Robert Packwood, and Orrin Hatch. It stated:

"One fact is clear: We are not enriching, we are playing catch-up ball. In the FY 1980 budget, the President asked for only 39 Navy combat aircraft, barely more than one-third of the replacements needed for the approximately 100 aircraft we lose annually."

In recent hearings of the Subcommittee on Defense Appropriations, our distinguished colleague Jack Edwards of Alabama noted that the Administration's current procurement of Navy combat aircraft is going to leave us with a 200 shortfall by 1984. The Navy officially responded that it agreed with this assessment, and blamed the serious shortfall on budgetary constraints.

The data inserted in the 1980 Defense appropriations hearing record by Congressman Edwards, and the Navy response, are as follows:

NAVAL AIRCRAFT REQUIREMENTS[1]

The Department of the Navy needs to procure at least 160 to 200 new fighter/attack aircraft each year merely to offset normal peacetime attrition so as to maintain the 12 active and 2 reserve carrier airwings and 3 active and 1 reserve Marine airwings at their authorized strength and with an average aircraft age of 7–8 years.

Procurement of fighter/attack aircraft, fiscal year 1970–79, Navy and Marine Corps

Fiscal year:	
1970	134
1971	110
1972	114
1973	147
1974	149
1975	92
1976	92
1977	93
1978	68
1979	69

In recent years, the Navy has procured far fewer than the required 180 new fighter-attack aircraft per year. In the last five budgets, as noted above, the Navy has procured an average of only 83 fighter/attack aircraft per year.

DELIVERIES COMPARED TO ATTRITION, FIGHTER/ATTACK AIRCRAFT, FISCAL YEAR 1970–78

NAVY AND MARINE CORPS

	1970	1971	1972	1973	1974	1975	1976	1977	1978
Deliveries[1]	354	211	131	112	140	166	186	99	83
Attrition[2]	259	226	203	193	158	258	199	198	241
Difference	+95	−15	−72	−81	−18	−92	−13	−99	−158

[1] Deliveries of new aircraft.

[2] Includes attrition due to damage and retirements of older aircraft.

During the 1970–1978 period, attrition exceeded deliveries by a total of 453 aircraft. With attrition exceeding deliveries by such a wide margin, the Navy has gradually absorbed excess aircraft that became available as the force was reduced from 17 to 12 carrier airwings. Those excess assets are now gone, and the latest estimates project that the Navy and Marine Corps will experience shortfalls of fighter/attack aircraft ——— over the next five years.

Funding for aircraft procurement, Navy and Marine Corps, fiscal years 1970–79

	Fighter/ attack (millions)	Total (billions)
Fiscal year:		
1970	$444	$2.0
1971	882	2.5
1972	851	3.3
1973	811	3.0
1974	958	2.9
1975	847	2.8
1976	928	3.6
1977	902	2.9
1978	963	3.6
1979	1,400	4.4

While there is an increase of 25 percent between 1978–79, there was little or no growth in funding for naval aircraft procurement between 1973 and 1977.

Projected procurement of fighter/attack aircraft, fiscal years 1980–84, Navy and Marine Corps, excluding AV–8B

Fiscal year 1980: 39 aircraft—24 F–14s and 15 F/A–18s.

Fiscal year 1981: 72 aircraft—24 F–14s and 48 F/A–18s.

Fiscal year 1982: 120 aircraft—24 F–14s and 96 F/A–18s.

Fiscal year 1983: 132 aircraft—24 F–14s and 108 F/A–18s.

Fiscal year 1984: 210 aircraft—24 F–14s and 186 F/A–18s.

Totals: 573 aircraft—120 F–14s and 453 F/A–18s.

Projected funding for aircraft procurement, fiscal year 1980–84, Navy and Marine Corps, excluding AV–8B

Fighter/attack Fiscal year:	(*Total billions*)
1980: $1.4 billion	$4.0
1981: $2.1 billion	4.7
1982: $2.6 billion	5.2
1983: $2.7 billion	5.9
1984: $3.5 billion	6.9

Between 1980 and 1984, the five-year defense plan projects a 75 percent increase in funding for naval aircraft procurement, including about a 150 percent increase for fighter/attack aircraft. During the same period, funding for shipbuilding and conversion programs is projected to increase by 40 percent from $6.2 billion to $8.7 billion.

Projected procurement of fighter/attack aircraft, fiscal years 1980–84, Navy and Marine Corps, including AV–8B

Fiscal year 1980: 39 aircraft—24 F–14s and 15 F–18s.

Fiscal year 1981: 72 aircraft—24 F–14s and 48 F/A–18s.

Fiscal year 1982: 132 aircraft—25 F–14s, 96 F/A–18s, 12 AV–8Bs.

Fiscal year 1983: 156 aircraft—24 F–14s, 108 F/A–18s, 24 AV–8Bs.

Fiscal year 1984: 210 aircraft—24 F–14s, 132 F/A–18s, 54 AV–8Bs.

Totals: 609 aircraft—120 F–14s, 399 F/A–18s, 90 AV–8Bs.

Projected funding for procurement of fighter/attack aircraft, fiscal years 1980–84, Navy and Marine Corps

[Fiscal years]

	Billions
Excluding AV–8B	
1980	$1.4
1981	2.1
1982	2.6
1983	2.7
1984	3.5
Total	12.3
Including AV–8B[1]	
1980	1.4
1981	2.1
1982	3.0
1983	3.1
1984	3.6
Total	13.2

[1] Excludes AV–8B R. & D. costs of $606 million for fiscal years 1980–84.

Under the current five-year defense plan (1980–84), the Navy would procure 573 fighter/attack aircraft—120 F–14s and 453 F/A–18s, at a total estimated cost of $12.3 billion. Under a modified five-year plan, including the AV–8B, the Navy would procure 609 fighter/attack aircraft, 120 F–14s—399 F/A–18s—90 AV–8Bs, at a total estimated cost of $13.2 billion. The modified plan would cost an additional $900 million but would yield 36 additional fighter/attack aircraft. Under either plan, the procurement of fighter/attack aircraft would peak at 210 units in the FY 1984 budget and remain at that level indefinitely.

EXECUTION OF THE 5-YEAR PLAN

The current five-year plan calls for a very substantial increase in funding for naval aircraft procurement. If this plan were fully executed, Navy and Marine Corps aviations programs would be well on the way to recovery. However, for this to occur, there must be 3–4% real growth annually in overall funding for the Navy over the next five years.

EFFECTS OF NOT EXECUTING 5-YEAR PLAN

Assuming that the procurement of fighter/attack aircraft peaks at 60 instead of 210 units per year planned, and it should be noted that procurement of the F–14—the only Navy fighter in production today—peaked at 50 units per year in the 1974–75 budgets, Navy and Marine Corps force levels would decline rapidly.

According to Navy estimates, a cutback in planned fighter/attack procurement of this magnitude would yield a shortage of 5 fighter/attack squadrons in 1985—the number assigned to each carrier airwing—and a shortage of 11 fighter/attack squadrons by 1986—the equivalent of two carrier airwings.

[The Navy response follows:]

Admiral **Speer**. We agree with the data provided for the record by Mr. Edwards; and cannot dispute the conclusions that may be drawn from these data. Mr. Edwards' tables show graphically the requirements versus funding dichotomy facing the Navy today. We have had to make some very difficult decisions regarding not only what we must do, but also what we can afford to do. We are trying to maintain a balanced, ready force; and we believe that we are doing as good a job as can be done in today's fiscal climate.

It is readily apparent from the foregoing data that neither the President's FY 1980 defense request of $138.2 billion, as amended on Sept. 12th by his additional request of $2.7 billion, nor this proposed Second Concurrent Budget Resolution for 1980, adequately provide for our defense needs.

The House must increase the defense function in real terms so that our Nation's military forces will not continue to be denied vital modernization efforts now required in order to meet the worldwide Soviet threat and prevent reduced force levels through obsolescence of our surface ships, submarines, and combat aircraft.

Failure by Congress to provide for at least a 3 percent, and preferably a 5 percent real growth in the national defense function to help redress these deficiencies in modernization programs will certainly further reduce the worldwide capabilities of our military forces in the immediate future.

The bipartisan Senate group quoted earlier put the issue into realistic perspective:

"While the Soviets build toward superiority, we allow our own strength and credibility to ebb. The need of the hour is to rebuild."

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[1] Hearings, Department of Defense Appropriations for 1980, Part 7, pages 482–484.

I share their view that our minimum duty is to provide a real increase of 3 percent over 1979 defense spending. To do otherwise will be a repudiation of our Nation's pledge to NATO and a dereliction of our duty.

The realities of our overall defense requirements—the need to improve military readiness, to increase the survivability of our ICBM and B-52 strategic forces, as well as to catch up with operational maintenance and force modernization—cry out for a 5 percent real growth in the defense budget in 1980.

Such an increase in defense expenditures is essential to protect our Nation, whether or not a SALT II treaty is approved.

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. REGULA).

□ 1450

Mr. REGULA. Mr. Speaker, I will only take a few minutes. Obviously there is not a great level of interest in this Chamber, as evidenced by the number of Members here. Nevertheless, it is a very vital action that we are debating today.

The second budget resolution locks us in and sets the pattern for the Federal Government's fiscal activities for the next fiscal year. The ramifications of this budget are extensive, because it will affect the rate of inflation, it will affect the growth in productivity of this Nation and it will affect a lot of other matters that are very vital to our people.

We talk about programs to help the poor, to help the elderly, and yet the high rate of inflation, which this budget does not address, hurts these groups the most. They suffer the most from inflation. They have no way to shelter themselves and, therefore, we should be addressing the inflation issue, and we do not do it in this budget.

Many times I have met with senior citizens groups and they say to me "Will social security remain solvent?" "Will we get our social security checks?" I say to them "absolutely you will get your social security checks, absolutely the money will be there, because the full faith and credit of the United States Government stands behind the social security obligations."

The real issue is not whether people will get a check but whether that check will buy anything. I think, therefore, we need in budgeting to address ourselves to the problems of inflation, and obviously this budget does not do that. We cannot possibly be concerned about inflation and increase outlays over the first resolution by $17 billion. We cannot possibly be concerned about inflation and increase the budget authority by $28.5 billion.

Budget authority is the driving force that will increase the deficits down the road, that will continue to fuel inflation.

The chairman today is wearing a button that says "Hold the line." I salute the chairman because he made an effort in the committee to hold the line. I think in wearing that button in his lapel he is saying that he agrees that we need to hold the line. Nevertheless, the policies of the majority party made that very difficult, not only for the chairman but for the majority members of the Budget Committee. They did try to hold the line, but certainly with great difficulty and obviously not enough, as will be recognized when the Republicans offer the second resolution with outlays, with deficits and with budget authority substantially below that offered by the majority party.

We do have to hold the line. The people of this Nation are telling us that, they are telling us that they are expecting inflation down the road. Today we have an inflated real estate market, we have an inflated market for gold. Just this morning it was announced that the price is $350 an ounce for gold and it is continuing to go up. Some are predicting that it will go up to as high as $500 to $600 an ounce.

Why? People are saying at the gold window that we do not have confidence in the U.S. dollar. I was interested in watching a TV news show this morning where they were talking to some people that were in line to purchase gold, not sophisticated investors, but people that had drawn their savings out of the bank, or the savings and loan, or the credit union to go out and buy gold. The interviewer asked why. They said in effect "We do not believe that the dollar is going to continue to be good—we want something that is more secure, so we are buying gold."

I think the inflated value of gold today, or at least the increasing price, the tremendous leap in real estate values both reflect that the people of the United States have come to expect inflation as a way of life. Unless the Federal Government provides leadership and discipline in its own spending habits, we are not going to eliminate that feeling of insecurity, we are not going to eliminate that expectation that inflation will continue.

I think, therefore, we are exacerbating the problem in this budget by not addressing the problem of inflation.

Second, the Joint Economic Committee, the economists of this Nation and particularly the younger economists are saying that the action has to be in the private sector if we are to cope with the problems of productivity, with the problem of increasing the savings rate, one of the lowest in the United States of the major industrial nations, if we are going to solve the problem of capital investment. We must stimulate the private sector if we are to solve these problems. This budget does nothing to reverse the trend toward a government-controlled economy, and yet the economists are telling us this is the wrong way to go.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. LATTA. Mr. Speaker, I yield 6 minutes additional to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Speaker, lastly I want to briefly address the problem of the uncontrollables. It is not enough to lay this problem at the doorstep of the Budget Committees in the House and the Senate. The problem arises with the authorizing committees and it arises with the Appropriations Committees. It arises with the American people that have come to expect too much from the Government. Seventy-five percent of the budget today is uncontrollable, and these are programs that continually generate increased spending. Fifty percent of the budget results from entitlement programs authorized in the legislation adopted by the standing committees.

What I am simply trying to say is that it is going to take a total effort, an effort on the part of the American people to not demand so much from Government, a greater effort by the authorizing committees and the Appropriations Committees to control the spending. Only then will we diminish the inflationary trend in this country, only then will we enhance our productivity as a nation.

We are challenged.

Last week I heard the Labor Minister of the State of Bavaria in West Germany say whether we want to be or not the United States is the leader of the free world and we look to you for leadership. One of the ways we can be a leader is to demonstrate that we have a hold on our economy, that we are going to make budget decisions that will build a stable currency and that will reflect the stability of the United States Government.

My colleagues may say, well, we cannot do anything about it, and yet I would point out here that the minority staff has produced a report with a compilation of 71 different reports compiled by CBO and GAO outlining ways in which we can save money. It can be done and we have provided in this budget resolution language that says the authorizing committee "shall" make recommendations on ways in which we can reduce the entitlements, and thereby get a handle on the budget. The language is section 5 of the budget resolution and provides as follows:

SEC. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980, the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

If we fail to act carefully, we are leaving a legacy of despair for our children and grandchildren, despair because of the diminished confidence in the U.S. economy, despair because of a diminished confidence in the stability of the American dollar, despair because we will not act to check inflation, and perhaps most importantly, despair because of a diminished confidence in the ability of this Nation to produce that vast flow of goods that has given us the quality of life we enjoy today.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. REGULA. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank my colleague for yielding.

I would like to draw something to the attention of the people of this Nation and of this House. On the floor of the House at this minute, debating this budget, there are two Democrats and six Republican Members. What a lonely position for the chairman of the Budget Committee. He explains what is happening here this minute, today. Nobody is interested.

Are we really going to try to control inflation? Are we really going to do it? Do we mean it or is all of this a wordy exercise while the spending goes on, and on, and on, because nobody has the courage politically to do anything about it?

This is serious and nobody is taking it seriously. That is the problem. We have well seen how the ranking member and the chairman and the rest of the members of the Budget Committee struggle. What happens? The other Members come to the floor with supplementals. Fraud is shown in the programs proposed in the bill and the committee does not even make an effort to correct the fraud before bringing it, like blackmail, to the floor.

Vote for this or else.

☐ 1500

It was well said the other day while we were faced with voting an extra $662 million for a certain program on top of $6,100 million, "Vote the supplemental or else—or else the poor and the sick and the hungry will be suffering."

Yes, I voted for it; I voted for it, too. But what kind of alternative is this? Why do not the committees of the Congress make some of the reforms that the GAO and Inspector General have shown are needed in these very programs? Because nobody cares or not enough. The chairman, yes; the ranking minority member on the Budget Committee, and the others yes—but the rest of the Members of the House, do they care? Not enough.

We are not getting the kind of reform in the programs that would save some of the money that is wasted in fraud and mismanagement. Nobody wants the poor to go hungry. Nobody wants people without housing to go homeless. We are not talking about that kind of thing here. We are trying to get some kind of prudence and honesty into the handling of other peoples' money.

Mr. Chairman and Members of this House, I got a letter from a constituent. it started off, "Mrs. Fenwick * * *"

The writer did not bother to say, "Dear Mrs. Fenwick."

It continued, "What the blank do you think you are doing down there?"

That is the way the public feels about this spending. What are we doing down here? Spending their money. This man was promised a $20 raise on Monday. What did he get on Friday? $8.67 extra. The raise was eaten into by the taxes and Social Security and everything else we have piled on the working people of this country, to say nothing of the industries also.

I do not know when it is going to be taken seriously. Why is this House not full when a budget resolution comes before the House? Why is it empty? What do the schoolchildren or the people in the galleries think when they see their business handled like this? I do not know when we are going to get some reality into the operations of this House, but I tell the Members that I think now is the moment.

I thank my colleague for yielding to me.

Mr. REGULA. I thank the gentlewoman for her contribution.

Mr. GIAIMO. Mr. Chairman, I yield myself 5 minutes. I take this time to respond to one of the ablest Members of the House of Representatives, the gentlewoman from New Jersey (Mrs. FENWICK). I think you made some very serious points, Mrs. FENWICK, which are worth considering and worth reflecting upon, but I do not think you should draw the wrong conclusion from the fact that there are not too many people on the floor here today. As you know, traditionally when we are on general debate in the House, the Members are busy in committees, or are busy in their offices. Fortunately, or unfortunately, with the advent of television now, I am sure that almost all of the Members who are not here, who are either in committee or back in their offices working, are looking at this debate on television.

You know full well that there is great interest in the budget resolution on the part of the membership. Witness the fact that we were on the floor of this House for 9 full working days last May, and I would hazard the guess that when we get on to the amendment process, which will undoubtedly start some time Wednesday, we will have a very large number of Members here. Certainly, when we debate some of the key issues—for example, the issue of whether or not there is enough money in defense in this budget, whether or not there should be a tax cut, whether or not there should be some stimulus programs—those issues will bring the membership out.

So, I would not draw the wrong conclusion from the fact that there are not many Members here. We can see this day after day in this House whenever we are on general debate on any bill, and we more than make up for it in the amendment process when we are here in large, loud, raucous numbers, and meet at times into the late evening hours. But, the gentlewoman does make a good point that I cannot help stressing, that we in Congress must take seriously this question of spending the peoples' money. I think we have gotten into a habit here of talking fiscal responsibility and then going out and voting for things, because they sound good.

I can tell the gentlewoman that I just came back from 3 days in Connecticut, and you know, I do not think I have done my political career or my elective career any good going up to Connecticut this weekend, and telling people I am opposed to the fuel assistance program, because we have not got the $400 million in the Federal budget or in the Federal till to give to them. While I have great compassion for people who will have difficulty paying their fuel bills this winter, I think it is a responsibility that should stay at the State and local level, because we literally have not got the money. Now, unfortunately, some of our colleagues have not learned this lesson as yet. It is hard to say no, and as the gentleman from Ohio (Mr. REGULA) mentioned we have very little control over 75 percent of the budget.

I mentioned some of the issues, some of the uncontrollable increases, such as $7 billion more from the spring estimates, through no policy change of yours or mine, in interest—automatic, more money for interest. There are $2.5 billion more for unemployment compensation—automatic. There are $1.2 billion more for social security—automatic. Federal aid to highways, up $250 million. It goes on and on and on.

The point is, in Congress we try but I do not think we have tried hard enough, and we cannot worry about the budget only when we bring the budget up on the floor. We have got to worry about it when we adopt entitlement legislation. We have got to worry about it when we pass an appropriations bill, and we have got to do something else we have not been willing to do. We have got to go back and look at those hundreds of programs we have passed throughout the years which are vested, and of which we say, "We cannot touch them, because they are entitlements."

We can touch them if we have the courage to do it. We can touch them if we will analyze these programs, have some sunset legislation attached to some of them so that we can get rid of some of the bad ones and perhaps then be in a better position to spend our money—or the taxpayers' money, if you will—wisely. But, I think Congress is concerned about it.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. GIAIMO. Mr. Chairman, I yield myself 1 additional minute.

I would not be offended by the fact that there are not many Members here on the floor during general debate. They will be here, and I am sure they are listening to what you and I are saying.

Mrs. FENWICK. They need to hear this, Mr. Chairman; they need to hear this, and so does the country. I think everybody honors you for the role and the responsibility that you have taken in this matter, and the ranking minority member also. It is a very serious matter, and we do not take it seriously enough. I thank the Chairman.

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, what I say first of all is not what I took the floor to say. I will ask some questions of the chairman later on, but because of the exchange between the gentlewoman from New Jersey and the chairman of the committee, Mr. GIAIMO, it gives me an opportunity to say that perhaps the chairman and the committee do not recognize the degree of authority that the committee actually has, as that authority of the committee is recognized outside of the Congress of the United States.

What I want to emphasize to the gentleman from Connecticut is that his committee is recognized as a very powerful committee, with probably growing authority, to accomplish a legislative mandate given it in 1974. Maybe you do not recognize that it can be used to solve the very problems that the gentlewoman from New Jersey brought up. Whether we visit with people that we know may be considered on the liberal end of the spectrum and want to spend more money for the human resource programs, or with people from the conservative end of the spectrum that maybe want to spend more money for military programs, it always comes up as to how scared those groups are of the Budget Committee, because they feel that the Budget Committee is actually making policy in the Congress of the United States.

I believe that is the reason the Budget Committee was set up, to determine those overall expenditures, but I think intimated in those comments is the point that the Budget Committee is the committee that can do something about the very problems that the gentlewoman from New Jersey brings up; to answer the problem of overspending in this country, bring this budget under control, and not be spending money for everything that comes along. So, I would only make the point and ask the gentleman from Connecticut to recognize this power and use it for those ends.

Now, for the purpose I came to the Chamber this afternoon: I wanted to ask the chairman of the committee what the status of an amendment is that was adopted in this first budget resolution back in May. It started out as the Panetta amendment, an amendment to reduce expenditures for personnel, for film production, for overtime pay and travel. Later on I offered as a substitute to the Panetta amendment what was the contents of the amendment offered by the Senator from Utah (Mr. HATCH), that he offered in the other body—that was defeated by a one-vote margin—which amendment would reduce the budget for a 1 percent reduction in Federal employment, a quarter of a billion dollars for reduction in film production; a quarter billion dollars in overtime pay, and I think $200,000 for travel by Federal employees.

☐ 1510

That amendment was adopted by a very overwhelming margin in the House. It was sustained in the conference committee, so it was a part of the first budget resolution. What is the status of those policy decisions in this second budget resolution?

Mr. GIAIMO. If the gentleman will yield, if the gentleman will recall, that amendment provided for the reduction of a billion dollars and enumerated several areas where it was thought the saving could take place. We still have that billion dollar reduction included in the budget. I am very confident that when the Committee on Appropriations completes its work, it will have more than that billion dollars in reductions. They may not be in the specific areas that the amendment proposed or that the gentleman and I would like to see, but that flexibility remains with the Committee on Appropriations.

Remember that the budget in the spring was a target proposal, a target resolution. In effect what the Panetta amendment said was, "Committee on Appropriations, try and find a billion dollars in savings in these areas enumerated, or in other areas." I am confident that the committee will come up with the billion dollars or more in savings.

Mr. GRASSLEY. All right, then may I be a bit more specific regarding that amendment and speak about just that one part that was to call for a 1 percent reduction of Federal employment. The only reason I bring this point up—and I made the point back in May—is back on October 24, 1978, when the President suggested a lot of things that could be done to solve the inflation problem, including voluntary wage and price constraints, he suggested at that point that he was going to institute a 1½-percent reduction by attrition in Federal employment in the 1980 fiscal year. All right. He did not in January include that reduction in his budget as it was submitted to us.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LATTA. Mr. Chairman, I yield 5 additional minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. In other words, I think at that point there was a conscientious effort for the President not to go along with the policy decision he made back on October 24 of last year. So I felt as though the gentleman from California (Mr. PANETTA) and I, as we were offering an amendment and the substitute therefor, were making a decision on the floor of this House that Congress ought to force the President's hand and go along with that reduction in Federal employment. Is there going to be a 1-percent reduction in Federal employment?

Mr. GIAIMO. If the gentleman will yield, I am not in a position to tell the gentleman that there will be.

Mr. GRASSLEY. The gentleman is not in a position?

Mr. GIAIMO. I am not in a position to tell the gentleman that that will happen.

Mr. GRASSLEY. In very general terms the gentleman ought to be able to tell us whether that is part of the target or not.

Mr. GIAIMO. Part of the target was the dollar amount, as I mentioned to the gentleman earlier, and I am confident that the Committee on Appropriations is going to reach that dollar amount of savings. But I cannot be specific as to whether it will come out of the 1 percent reduction in Federal employees or somewhere else.

Mr. GRASSLEY. All right, I will accept the gentleman's response.

Mr. GIAIMO. That is beyond our jurisdiction, too, I might say.

Mr. GRASSLEY. All right. Then would the gentleman answer one more question, and this is in regard to the first 2 or 3 minutes of the gentleman's comments from the podium here.

Mr. GIAIMO. May I just say one other thing?

Mr. GRASSLEY. Yes.

Mr. GIAIMO. I can tell the gentleman that regarding the pay increases that have come along for the Federal employees and those in the military that the Committee on Appropriations has been making great effort to absorb a lot of that pay, and so is the administration, and so is OMB, to try and absorb a great deal of that increased pay, the cost-of-living increase. One of the ways in which we do absorb is through the means that the gentleman suggested, by shrinking the number of employees working and not filling the vacancies as quickly as we otherwise would.

Mr. GRASSLEY. All right. Then if the gentleman will permit me on my last point, in the remarks of the gentleman from Connecticut (Mr. GIAIMO) very early in this debate, he spoke in terms of and I quote "an early balanced budget," like in some future year. What is the Budget Committee's goal of a balanced budget in relationship to the President's projection for a balanced budget, which I do not know whether is still part of his projection for the next fiscal year or not?

Mr. GIAIMO. The question of a balanced budget, of course, as the gentleman knows, is going to depend upon what happens in the economy. If the economy comes out of its recession, if we are restored to recovery in 1980, if the economic projections that we have included, and the CBO has included, in this regard hold true and we come out of the recession—if it is a mild one as they are now saying and we have recovery in 1980—if we do not have a tax cut, we can reach it by 1981.

Mr. GRASSLEY. All right. In other words, the gentleman is saying that if this budget resolution is adopted the way the committee submitted it, with the corollary matters the gentleman just stated to the effect of a good economy and coming out of the recession in a reasonably early manner, the President can submit a balanced budget to this Congress next January?

Mr. GIAIMO. I think it would be possible. However, that would presuppose no tax cut. It would presuppose very few, if any, new initiatives.

Mr. GRASSLEY. All right. A balanced budget for fiscal year 1981 is still a possibility, as far as the gentleman is concerned?

Mr. GIAIMO. It is a possibility, but it depends, No. 1 and first and foremost, on the state of the economy. The economy would have to grow at a healthy rate. It also would have to depend upon what the inflation rate would be because that affects our revenues and our outlays also. It also would have to depend upon what the tax situation would be.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GIAIMO. Mr. Chairman, I have no further requests for time, and I reserve the remainder of my time.

Mr. LATTA. Mr. Chairman, I yield 7 minutes to the gentleman from New York (Mr. KEMP).

Mr. KEMP. I thank my distinguished leader for yielding.

Mr. Chairman, I rise to ask some questions of the distinguished Chairman of the Committee on the Budget, the gentleman from Connecticut (Mr. GIAIMO). In August of this year the distinguished chairman, the gentleman from Connecticut, was quoted in the National Journal as saying:

> It wasn't shouted from the roof tops, but when the fiscal 1980 budget was put together, it was deliberately fashioned to slow the economy down.

Can the gentleman share with me his perspective as to how slowing down the economy is going to help whip inflation? Or is that not an accurate quotation, I ask my friend?

Mr. GIAIMO. If the gentleman will yield, that is an accurate quote. I know the gentleman is very much interested in economics and inflation. I know he has been putting a great deal of his attention in it. Far be it from me to try to persuade the gentleman, but I think it is a pretty clear rule of thumb in Government that one of the ways in which you slow down inflation is to slow down Government spending. As a matter of fact, that used to be quite a cardinal principle of the gentleman's party until quite recently. But most economists would advise us that if you slow down Government spending, it does have an effect in constricting the economic growth and in holding down inflation. Alternatively, if you increase Government spending and print more money, you are going to add to the inflationary growth and to the signs of inflation.

☐ 1520

I think that is what the designers of the budget, the advisers to the President, the people in the Fed, the people in the Treasury, the people in the Council of Economic Advisers, economists throughout the land, I think that is what they were suggesting.

That is what I meant earlier in my statement when I said that this budget came up with a rate of real growth of 1.8 percent, contrary to other budgets, as the gentleman well knows, which, for the last 5, 6, or 7 years have come up with about 5 percent real growth in them at least.

If one looked at this year's budget when it was sent up with about 1.8 percent real growth, and if you realize that built into that—as the gentleman and I well know from having served on the Subcommittee on Defense of the Committee on Appropriations, there was about 3 percent real growth in the military. It meant that you had less than any real positive growth in the nonmilitary function of the budget.

It is an austere budget. Traditionally austerity, which means holding the line on Government programs, Government initiatives, and Government spending, traditionally that is the way in which you hold down inflationary expansion.

Mr. KEMP. I appreciate the spirit with which the gentleman answered my question.

Let me say parenthetically it might have been in the past a cardinal principle of the minority party and it might be today of the majority party but it is certainly not a cardinal principle of mine that slowing the economy is an effective way of fighting inflation. We have tried this strategy twice in the last decade and it has not worked. I would suggest the state of the economy is evidence today that slowing down the economy has done nothing to slow down inflation. I am a little bit disappointed, I would say to my friend.

I have a special interest in this question because newspapers in my Buffalo, N.Y., area and in New York City and I am sure in Connecticut and in other parts of the Northeast are warning us that any recession is going to hit the Northeast the hardest.

There was a lot of attention paid earlier in this session of Congress, especially in debating the first concurrent budget resolution back in May, about what was going to happen in New York City and New York State and other parts of the Northeast if we let unemployment rise.

Several recent articles show that unemployment in the Northeast is already going up much faster and much higher than in other parts of the country, because of the aging technology, the aging plant equipment in factories, and so forth.

My point is, if we are going to slow down the economy and permit unemployment to go up as an answer to inflation, can the gentleman tell me how much does the economy have to slow down before we will get some moderation in prices?

Mr. GIAIMO. Mr. Chairman, I cannot give the gentleman that figure. I can only say to the gentleman that now is not the time to get over to that supply side, as I know the gentleman is anxious to do and reduce the taxes on the theory that that will add a great incentive production on the supply side which will cure our ills.

I just disagree with the gentleman.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman's disagreement.

Mr. GIAIMO. I respect the gentleman's position.

Mr. KEMP. Mr. Chairman, the gentleman is very sincere and the gentleman has made it very clear that he disagrees that cutting taxes would help.

Mr. GIAIMO. Mr. Chairman, I do not think now is the time to do that.

Mr. Chairman, let me say this. While the gentleman says that used to be the position, had you listened to our witnesses day in and day out—not just now but in the spring—if the gentleman had listened to the advisers of business who came in to testify before our committee, constantly if there is one message that comes across from them and from the American Chamber of Commerce and others, constantly, it is heavy pressure to hold the line of Government spending.

Mr. KEMP. Mr. Chairman, I will back my time just long enough to suggest that I do not quarrel at all with people who want to hold the line on Government spending.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GIAIMO. Mr. Chairman, I yield the gentleman 5 minutes.

Mr. KEMP. Mr. Chairman, I have no quarrel with the gentleman in holding the line on spending. The gentleman and I need not wear our credentials on this issue on our sleeves to impress people. Frankly, I would match mine with those of the gentleman but I will give him credit; he has done an admirable job in holding the line on runaway Government spending. I would like to see that continued, as I think the gentleman from Ohio has suggested. What puzzles me is the notion that Federal spending is what prompts individual Americans to work, save, invest, and be enterprising—that is, what causes economic growth.

As for the chamber of commerce and the average businessman and the average economist, they have some illustrious company in endorsing the theory that has gotten us into this problem in the first place: High inflation, low rates of economic growth and increasing unemployment. This Congress must separate itself from that Phillips-curve theory that inflation is the answer to unemployment, and that unemployment or slow growth is the answer to inflation.

Let me read to my friend a quote from Prof. Kenneth Arrow of Harvard University, one of the most distinguished Keynesian economists in the country, a 1972 Nobel Prize winner.

Upon leaving Harvard several weeks ago, Professor Arrow confessed to a reporter that—

> The role of the liberal activist economists has been greatly injured by the fact that we are unable to reconcile full employment with price stability.

Here is the world's leading Keynesian economist, who spent a lifetime working on demand and consumption and borrowing and debt and stimulating the economy by deficits, suggesting at the end of his tenure at Harvard that he and his colleagues are unable to duplicate conditions which used to be commonplace in America—to reconcile a high-growth economy and price stability.

I cannot say that he speaks for the rest of the Keynesian economists but he seems to be saying something about the Keynesian model of the world, the model that the House Budget Committee is using. It simply cannot reconcile a healthy, growing, expanding, fully employed economy with price stability. In other words, they do not have an answer. Yet the predicate upon which this whole budget is being based, is that we must slow down the economy as an answer to inflation. I do not doubt that the National Association of Manufacturers and the Chamber of Commerce probably support the gentleman; the chief economist of the National Association of Manufacturers, George Hagedorn, was quoted in the Washington Post last March as saying there is no other way to stop inflation.

He said what the economy needs today is a good recession. Tell that to the unemployed people of Buffalo, N.Y., or Connecticut or any other part of this country. How can we tell them our plan to whip inflation is to sacrifice jobs of the American people by slowing down the economy? How are you going to suggest to people who want homes for themselves and their families that we are going to slow down housing construction in order to fight inflation in housing?

As we know, Mr. Chairman, the White House made a conscious attempt to reduce the supply of credit and capital going into housing under the assumption that if we reduced the number of new housing starts in 1979 from the all-time high of 2.2 million in 1978, somehow that was going to reduce inflation in housing. Well, they changed the interest rate on money market certificates, they pulled capital and credit out of the housing market, and housing starts in 1979 have been reduced on an annualized basis from 2.2 million starts in 1978 to 1.6 million. Terrific. Unfortunately, housing prices accelerated at the fastest pace since the last housing recession.

□ 1530

Do you want to go tell someone in your district that reducing the supply of housing lowers the price of housing? It is lousy politics and besides, it is barbaric economics.

We are doing the same with energy. How can you suggest that reducing the supply of energy is going to reduce the price of energy?

Excuse my passion on the subject, but business economists helped get us into this mess as far as I am concerned. They are not alone, however.

Mr. Miller, former Chairman of the Federal Reserve and now Secretary of the Treasury says we have to expect several years of "austerity" to cure inflation.

I am mentioning people, not to beat up on them personally or politically, but just to vent a little bit of my frustration at the economic policy of a budget that accepts 7.2 percent average unemployment in 1980 as an answer to inflation. Not only that, but the Budget Committee predicts that even 5 years from now, 400,000 more Americans will be out of work than today, under the policies they recommend.

The CHAIRMAN. The time of the gentleman from New York (Mr. Kemp) has expired.

Mr. LATTA. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York

Mr. KEMP. Mr. Chairman, Margaret Bush Wilson of the NAACP has something to say about this issue. She has said that inflation is not caused by too many people working. How can it be said that people working is a cause of inflation? Suggesting that workers cause inflation or businesses cause inflation or consumers cause inflation is like saying that wet streets cause rain.

And yet our official anti-inflation strategy is that if we can get workers working less and producers less, consumers consuming less and American drivers driving their automobiles less, if we can just get every American to stop doing whatever it is he or she is doing, somehow inflation will drop. But let me tell you, it does not work. In May the Budget Committee estimated growth in nominal GNP in 1980 of 9.7 percent, divided between 2.1 percent real growth and 7.6-percent inflation.

Today, the Budget Committee estimates nominal GNP for 1980 at roughly the same rate, 10.1 percent; only now it is divided between less than 1 percent real growth, but more than 9 percent inflation.

In other words, the main result of a budget to slow down real growth and employment is higher inflation, given the same monetary growth. Everybody admits that the economy has slowed down. Unemployment has gone up 300,000, from 5.7 to 6 percent in a single year. That is going to cost the budget $6 billion over 1 year. Are we suggesting that another 1.2 million unemployed and its budgetary cost of $24 billion is going to do anything to lower the cost of living?

Last May I stood on the floor of the House with the gentleman from Ohio and the leader from Ohio (Mr. Latta) rose; the gentlewoman from Maryland (Mrs. Holt), the gentleman from Ohio (Mr. Regula), and I am not, I hope, trespassing on anybody's sensitivities in mentioning any names, but at that point I tried to suggest that we could not afford to let unemployment rise from 5.7 percent, that maybe if we tried to reduce the tax burden on the American private sector through personal income tax rate reduction to encourage savings and more investment, if we would index the code to keep people from being pushed into higher and higher tax brackets, which you and I both know is costing individuals more than an $11 billion loss in real income a year, that we could fight both inflation and unemployment by encouraging economic growth. How can it be said that slowing down production is going to fight inflation? I made the point, I guess, but when I offered an amendment, it lost. I have been told that we ought to stop this effort because it is in the interest of balancing the budget.

Well, let me say with all due respect to those who want to balance the budget, I would like to balance the budget, too, but how are you going to balance it if the economy grinds to a halt?

Herbert Hoover tried to balance the budget in 1932. He stopped the economy dead in its tracks, at the cost of 25 percent unemployment, and a decline in the standard of living. Some people I guess in the Keynesian framework might debate what happened; but I do not think it takes a war to bring us out of recessions or depressions; but very frankly, there are a lot of people around who yearn to repeat that experiment in the 1940's when we had a controlled economy. Capital was allocated. Credit was allocated. There were wage and price controls, credit controls, capital controls, everything was controlled and, of course, we are told that the war was a cure to unemployment. It put everybody to work, but there were millions of Americans in the war and besides that the standard of living of the American people dropped in real terms. We began to make economic progress only after the war, the advent of Mr. Truman and a Republican Congress who started to reduce taxes after the war, cut spending, as the gentleman from Connecticut has mentioned, and I think wisely so. Having been critical of some of the economic policies of the last 10 years, it is only fair to say that I might do it a little bit differently. Anything is worth a try, but there is some empirical evidence to suggest that something different will work.

The CHAIRMAN. The time of the gentleman from New York (Mr. Kemp) has again expired.

Mr. LATTA. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York.

Mr. KEMP. Mr. Chairman, this gentleman is deeply grateful.

Of course, we need fiscal restraint. Of course, we need, as Mr. Volkmer is suggesting, monetary restraint; but both fiscal restraint and monetary restraint are really only operating on one side of the problem of inflation. Inflation is an imbalance between the supply of money and the supply of goods. The relative surplus of money causes a decline in the value of the currency.

Excessive growth of money fueled in part by excessive deficits contributes to inflation, but it is also caused by a decline in the supply side or the production of goods and services. To fight inflation you need tight fiscal policy as is being demonstrated today in the Senate and in the House. I give credit where credit is due, to the gentleman from Connecticut and the gentleman from Maine (Mr. Muskie), both of whom on the other side of the aisle have exercised, I think, some restraint and I applaud it.

I certainly have no disagreement with my friend, the gentleman from Ohio (Mr. Latta) for his effort to reduce runaway spending and the runaway money supply.

I also recognize that we on the minority side are going to try to offer an amendment to cut taxes a bit, $20 billion. I applaud that.

The gentleman from New York, my Congressman contiguous to my district (Mr. Conable) has offered a bill to encourage investment in plant and equipment and in a higher level of economic activity and new technology and I support that. I think it is very healthy. I think many people on both sides of the aisle do. It is another thing to cut taxes $15 billion or $20 billion, but that will not even make up for the $22.5 billion in higher taxes that are going to take place in 1980.

I want to say that I am a little bit disappointed that we are going to accept a rate of unemployment at 7.2 percent in 1980 when in fact it did not work in 1969–71, and it did not work in 1974 and 1975. The recessions in both those periods did little to stop inflation. The way to stop inflation is to follow sound fiscal and monetary policies, but also to encourage investment and savings and thrift and initiative and higher levels of technology and more growth and more jobs, not less.

I am deeply worried about what is going to happen to the unemployment statistics and rates.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has again expired.

Mr. LATTA. Mr. Chairman, I yield 1 additional minute to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I thank the gentleman.

I am deeply concerned that the rate of employment in New York City has already risen to 10 percent with worse yet to come. New York State's rate is well over 7 percent. This is not the time to contemplate an economic policy designed by the House Budget Committee that really believes slowing down the economy is an answer to inflation.

I hope that the Members of the Republican party and those on the Democratic side who still believe in a modicum of free enterprise in this country recognize that there is a better way to fight inflation than letting unemployment go up and slowing down the economy.

We need a healthy growing economy. We need a healthier investment climate. We need a healthier supply side of the economy. If we want to balance the budget, reduce the deficit, and stop inflation, cultivating this recession is not the way to do it. President Kennedy was correct when he said.

> Our present choice is not between a tax cut and a balanced budget. The choice, rather, is between chronic deficits arising out of a slow rate of economic growth, and temporary deficits stemming from a tax program designed to promote fuller use of our resources and more rapid economic growth . . . the purpose of cutting taxes, I repeat, is not to create a deficit but to increase investment, employment, and the prospects for a balanced budget.

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Mr. GIAIMO. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. ROBERTS).

Mr. ROBERTS. Mr. Chairman, during consideration of the first budget resolution there was extended debate on the targets established for function 700, veterans benefits and services. Therefore, I shall not take the time to discuss details of the ceilings established in the second budget resolution since the chairman of the Budget Committee has provided an analysis of all functional categories. I think it is important to note the changes contained in the proposed second budget resolution from that adopted in the first budget resolution.

First, the resolution contains about $100 million more in new budget authority to provide an additional 3,800 FTEE—$76 million—to offset some of the personnel losses imposed by the Office of Management and Budget in veterans' health care programs during fiscal year 1979. In addition, the increase will enable the Veterans' Administration to proceed to implement the psychological readjustment counseling and outpatient treatment program—$12.5 million—for Vietnam veterans and the expanded drug and alcohol treatment program passed by Congress earlier this year. The increases reflect the House-passed HUD-independent agencies appropriations for fiscal year 1980.

Second, the administration's budget projected a 7.8 percent increase in the Consumer Price Index for compensation and DIC benefit purposes. The Committee on Veterans' Affairs estimated, and the Committee on the Budget agreed, that an 8.3 percent increase was more likely and $577 million in new budget authority was included in the first budget resolution for such purpose. As we all know, the inflation rate has increased even higher than the projected 8.3 percent and the second budget resolution contains $745 million in budget authority to accommodate a higher inflation rate should the authorizing committees of the House and Senate agree to the higher cost figure.

Third, the proposed resolution reflects lower readjustment benefits costs of some $100 million.

Fourth, the first budget resolution included $262 million in "cost-savings" assuming that our committee would proceed to terminate or limit certain medical benefits and services now provided our Nation's veterans. These would include: First, charging non-service-connected veterans for care and treatment in VA health-care facilities to the extent of their insurance coverage with private insurance carriers; second, eliminating presumptive service-connection for dental treatment sought by veterans within 1 year following their discharge from service; third, eliminating the travel allowances for certain needy veterans who travel to VA facilities for treatment of their health problems; and fourth, terminating nonprescription medicine, drugs and medical supplies currently authorized for the treatment of certain needy non-service-connected disabled veterans.

The Committee on Veterans' Affairs, in its March 15 report to the Committee on the Budget, indicated it had considered several of these recommendations in prior years and specifically informed the Committee on the Budget of its intention not to proceed with the proposals proposed by the administration. That notwithstanding, the first budget resolution included these so-called "cost-savings" knowing full well that the authorizing committee would not favorably consider the legislation.

Members of the House should be aware that these "savings" are again included in the second budget resolution, although the "savings" are at a much lower level. The resolution includes $92 million in "savings" as compared with the $262 million in the first resolution—a difference of $170 million. The reduction is based on later effective dates. This action by the Committee on the Budget is contrary to the view of the Committee on Veterans' Affairs.

In a letter to the chairman of the Budget Committee dated July 12, 1979, the leadership of our committee let it be known that the committee had rejected the administration proposals and that the committee would not be reporting any of the measures, although we did suggest that possible alternative proposals may be considered during the next session of the Congress.

Mr. Chairman, I shall not offer an amendment to the second budget resolution to restore the $92 million proposed to be saved by the enactment of the ill-conceived medical proposals submitted by the administration. Medical care for veterans should not be based on the economic condition of the country. We must always fulfill the firm commitment we have made to veterans who serve in defense of our country. Although we strongly oppose the legislative proposals submitted by the administration and agreed to by the Committee on the Budget, we shall seek ways to come up with the $92 million in "savings" through other means. It will be difficult to do but we feel we can live with the amounts contained in the resolution by offsetting the "savings" in other areas. I want to assure my colleagues that our members will be very concerned should further reductions be made by the other body.

In closing, Mr. Chairman, I want to offer my congratulations to the chairman of the Committee on the Budget, the gentleman from Connecticut (Mr. GIAIMO) to the ranking minority member of the committee, the gentleman from Ohio (Mr. LATTA) and to all members of the committee, whose tough job it is to bring to the floor a measure that will be acceptable to the House. As I have stated on many other occasions, it is a very difficult task and all of us appreciate their dedicated service. Although I disagree with the policy on occasion, and very strongly at times, I have never questioned the good intentions of the committee. I am most grateful to each of them for past considerations granted to all members of the Committee on Veterans' Affairs.

Mr. GIAIMO. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I just take this time to thank the gentleman from Texas (Mr. ROBERTS) for his cooperation with the committee, not just this year but in all the years past. The gentleman fights hard for the veterans, as well he should, and I commend him for it.

We do not want to hurt the veterans, and we try not to. But we do, as the Members know, differ over the amount of dollars from time to time. It is a pleasure to work with the gentleman from Texas (Mr. ROBERTS) because he is able to protect the interests of the veterans and at the same time help the Congress in formulating a good budget.

Mr. Chairman, I thank the gentleman for his cooperation, and I yield back the balance of my time.

Mr. Chairman, I yield 5 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Chairman, I want to thank the chairman of the Committee on the Budget, and I want to say that I appreciate all his dedicated and good work on this budget resolution.

The issue that the budget resolution intends to deal with is, of course, the most overriding issue in this Nation today. Rampant, dangerous inflation is the issue this Congress must face head on.

We are deceiving ourselves and the American people with the sleight-of-hand budget tactics when we are addressing the issue of inflation. The truth is that imported oil and other high-cost energy is the real problem. Inflation has been caused by our Government printing money to cover the cost of our excessive use of sharply increased, high-priced energy. The American consumer has been allowed to continue to act as though oil were still $2 a barrel, not the $22 that is being paid today. Our Government allows the American consumer to do this; indeed it encourages inflationary excesses by lending out the money to pay for it, by printing money through deficit spending and in effect lending the consumer the money to continue to use oil as if energy prices had not gone up fourfold, sixfold, and eightfold.

That is what is causing the inflation we face today, and inflation is the single-most dangerous thing that can happen to any society or any economy.

Indeed our inflation rate is over 13 percent. Steps to revive a slipping economy such as a tax cut or increased Goverment spending will not only fuel this inflation further but also weaken the dollar further. Everything is at cross-purposes, for the simple reason that we are not dealing with the real problem.

I want to say to my very responsible and good friends on the minority side of the aisle that to throw Keynesian economics at this issue and argue that a tax cut would increase revenues is at this time an absurdity. I want to say that I have in the past supported their budget reductions because I thought we could not go on spending the money and printing the money as we have been doing. In the 5 years I have been in the Congress I have supported them, but what I cannot support is the reduced taxation that is in their substitute.

Unless that substitute were amended to increase revenues, it is to my mind just as inflationary as the recommended budget; it is actually more inflationary than the budget that the committee has worked so hard to bring out. Even though I believe the spending levels of the committee's budget are still too high, a tax cut at this time, putting more dangerous inflationary dollars into the economy, would be the height of feeding again exactly what we must stop, and that is the excessive use of high-priced energy and foreign oil.

If this Congress wishes to address the real problem and would tax energy today in a like amount, then I could certainly support a reduced tax on social security or on income, but we cannot continue to print the money through deficit spending or tax reductions to allow us to continue fostering what is the real root cause of inflation, and that is our excessive use of energy that has increased in price fourfold and sixfold.

Mr. Chairman, I thank the committee chairman and I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. GIAIMO. Mr. Chairman, I have no further requests for time, and I yield back the remainder of my time.

The CHAIRMAN. All time has been yielded back.

The Chair now recognizes the gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ROBERTS) having assumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 186) revising the congressional budget for the U.S. Government for the fiscal year 1980, had come to no resolution thereon.

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SPONSOR DEVELOPMENT OF SYNTHETIC FUELS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 5 minutes.

• Mr. TAUKE. Mr. Speaker, it has recently been brought to my attention that my name was inadvertently omitted from the cosponsor's list of H.R. 4514. This legislation is designed to amend the Comprehensive Employment and Training Act to make grants available to States and local agencies for the purpose of training individuals for employment in the synthetic fuel industry.

As an enthusiastic supporter of synfuel and other alternative energy research and development, I would ask that I now be added as a cosponsor of the bill.

Thank you.•

STATE DEPARTMENT HAS MISLED CONGRESS ON COST IMPLICATIONS OF SINAI AIR BASE REDEPLOYMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

• Mr. KEMP. Mr. Speaker, a critical component of the effort to secure a lasting peace in the Middle East has been the Israeli-Egyptian peace treaty. The negotiation of this treaty has been a major watershed in the tumultuous history of the region. However, the treaty will be only so much rhetoric if its terms are not successfully implemented. To this end, a crucial feature of the settlement has been the ability of Israel to assume several important risks for peace, particularly from the perspective of Israel's military security. Following the 1967 conflict, Israel established two-major air bases west of her 1967 borders in the Sinai. These air bases have been described by American officials who visited them as the "finest" air bases in the West. Under the terms of the treaty, Israel is obliged to return all of the Sinai to Egypt including the two major airbases now under Israeli control. These bases were built at considerable cost over a period of a decade by Israel to provide for the air defense of the country.

In order to make the risks of peace acceptable, new air bases have to be built within Israel to replace those she is abandoning in the Sinai. This is an objective the Congress has firmly supported for the redeployment of the Israeli air bases from the Sinai is the "cement" which makes the treaty itself hold together. During the administration's testimony before the Foreign Operations Appropriations Subcommittee of which I am a member, the witnesses assured the Congress that the funds requested, $800 million, would fully fund the air base redeployment. Evidence subsequently available makes it clear that the costs of the redeployment was very substantially underestimated; the redeployment could never have been executed at the level recommended by the State Department. The actual figure will be closer to $1.5 billion—the amount originally estimated by technical experts in Israel. Thus, Congressional intent to fully support the redeployment has been thwarted by the less than frank testimony of State Department officials. One can only speculate about the motives for the underestimate, but a plausible hypothesis is that it is being used as a "lever" to induce the Israeli's to come to terms on other issues. I hope the administration will reverse this policy and submit a revised—and accurate—budget estimate to the Congress on the Sinai redeployment.•

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. NELSON) is recognized for 5 minutes.

• Mr. NELSON. Mr. Speaker, I was in my district on official business on Friday, September 14, and was unable to vote on rollcalls Nos. 470, 471, and 472. If I had been present, I would have voted "no" on the amendment to strike the authorization for logistical assistance for the 1980 Olympic winter games; "yes" on the amendment to authorize an enhanced civil defense program; and "yes" on the final passage of H.R. 4040, the Department of Defense Authorization Act for fiscal year 1980.•

CONGRESSMAN WEAVER TO OFFER AMENDMENT TO EXPORT ADMINISTRATION ACT TO SET MINIMUM PRICES ON WHEAT, CORN, AND SOYBEANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. WEAVER) is recognized for 10 minutes.

Mr. WEAVER. Mr. Speaker, I would like to inform the House that tomorrow, if the Export Administration Act is taken up for House business, I intend to offer an amendment which would set a minimum price on export of wheat, corn, and soybeans.

Mr. Speaker, the farmers today and this Nation today face a huge and abundant crop, a bumper bin-busting crop, and this may be to their very detriment, because this huge crop is so large and the task of storing it and shipping it is so large that it may mean depressed prices. Yet we know that the Soviet Union had a tremendous shortfall this year and will be buying our grain. So at a time when this huge crop is depressing prices to the American farmer and depressing our balance of payments, the Soviet Union will again be scooping up cheap grain, buying it up at less than it cost the farmers of this country to produce it. In other words, we will continue to subsidize the Soviet Union.

I meant to ask, in the debate on the defense bill last week, how long that I, as a Member, must be asked to vote billions and billions of dollars for defense against the Soviet Union when, at the same time, I continue to see our agricultural abundance subsidizing that very nation, allowing them, because of the reduced cost of food, to put more money into their weapons program.

I say that this is the height of absurdity, Mr. Speaker. Therefore, I have a national grain board bill—and I would hope that this House would act on it sometime in this session—which would set up a grain board which would set minimum prices for our grains on overseas markets.

But today action is called for immediately. That crop of ours in the Middle West and in the South is about to be harvested. The prices are about to fall, and the Soviet Union stands in the position to benefit.

So the amendment that I will offer to the Export Administration Act will say that no wheat, no corn, and no soybeans may be exported at less than 80 percent of parity. In other words, we export as much as we always have, we want to export our grain, we want to sell it overseas, but we must do it at a decent price. I do not think that 80 percent of parity is a decent price myself. And, by the way, Mr. Speaker, I do not represent a large number of farmers. I am not speaking for my home constituency. I am speaking for the American people who have been really the great losers in this in terms of our balance of payments, the weak dollar, because we have been willing to sell our grain at bargain-basement prices overseas, and buying oil at extremely high prices.

Ten years ago oil and wheat were the same price, $1.50 a barrel for oil and $1.50 a bushel for wheat. Today we buy the oil for $23 and $25 a barrel and sell our wheat for $4 a bushel. This certainly is not sound business, and this is supposed to be the greatest business country in the world.

So my amendment asks simply that we say to the nations overseas that are buying our grain, "Look, you at least must pay our farmers 80 percent of parity." That would be $4.72 for wheat, not very much, $3.33 for corn, again a rather low price, and $8.08 for soybeans, far too low, really, than what we should be getting, but probably higher than we would because of the possibility that this huge crop will depress prices.

So I say, Mr. Speaker: How much longer can we allow the Soviet Union to sell gold at $350 an ounce to buy our wheat at $4 a bushel?

Ten years ago, gold was only $40 an ounce.

And so, in effect, today the Soviet Union is buying our wheat and our corn for about 50 cents a bushel.

How much longer can we tolerate this? How much longer can our balance of payments tolerate this? How much longer can our farmers and our taxpayers tolerate this?

I ask the Members of the House to vote for my amendment as a first step in putting some sanity into our grain export field.

STATEMENT OF CHAIRMAN ULLMAN, COMMITTEE ON WAYS AND MEANS, WITH RESPECT TO THE RULE TO BE REQUESTED ON H.R. 4904, THE SOCIAL WELFARE AMENDMENTS OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. ULLMAN) is recognized for 5 minutes.

● Mr. ULLMAN. Mr. Speaker, on September 13, 1979, the Committee on Ways and Means ordered favorably reported to the House H.R. 4904, the Social Welfare Amendments of 1979. This bill would make a number of important changes in the aid to families with dependent children (AFDC) and supplemental security income (SSI) programs. Changes in AFDC, such as the standardization of the work expense disregard, establishment of retrospective accounting and monthly reporting, and the coordination of AFDC and food stamp asset and income definitions, will improve and simplify program administration.

In addition, the bill establishes a nationwide AFDC minimum benefit standard; requires States to provide assistance to needy two-parent families with children; cashes out food stamps for most aged, blind, and disabled SSI recipients; assists the working poor by increasing the earned income tax credit (EITC); and assures some reduction in State and local government public assistance expenditures.

Pursuant to the rules of the Democratic Caucus, I take this occasion to advise my colleagues as to the nature of the rule that I will request for the consideration of H.R. 4904 on the floor of the House. The Committee on Ways and Means has specifically instructed me to request the Committee on Rules to grant a closed rule which would only provide for:

First, committee amendments which would not be subject to amendment;

Second, waiving all necessary points of order;

Third, two hours of general debate, to be equally divided; and

Fourth, one motion to recommit.

We intend to file the committee report on Thursday, September 20, 1979, and will request to be heard before the Committee on Rules as expeditiously as possible.●

HEARINGS ON H.R. 3685, RELATING TO TRADEMARK LAW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

● Mr. KASTENMEIER. Mr. Speaker, the Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice will hold hearings on October 17 and 18 on H.R. 3685, to amend the Lanham Trademark Act to deny the Federal Trade Commission authority to apply for the cancellation of registered trademarks solely on the ground that such trademarks have become the common descriptive names of articles or substances.

It is especially appropriate that the Judiciary Committee and its trademark subcommittee examine carefully at this time the issues raised in H.R. 3685, since they have found their way into other legislation not specifically directed at trademark policy, being processed by other committees which have not had experience with this rather technical area of the law.

The statute in question is part of the Lanham Trademark Act, which was enacted in 1946. The trademark law has historically fallen within the jurisdiction of the Committee on the Judiciary, as have the patent and copyright laws which also grant limited monopoly rights to creators of intellectual property.

Unlike the patent and copyright laws, the trademark law does not limit the number of times a particular mark can be renewed. Thus, trademarks may remain under monopoly control for extended periods. For this reason special provisions have been written into the trademark statute which permit cancellation of marks under certain circumstances. The right to petition for the cancellation of a mark is vested under 15 U.S.C. 1064 in "any person who believes that he is or will be damaged by the registration of a mark * * *". In writing the Lanham Act in 1946, the Congress understood that there may be cases in which specific individuals or corporate persons will not perceive sufficient damage to cause them to expend the time and money to seek to cancel a registration which no longer meets the requirements of the act. However, the general public interest may be adversely affected in these cases. For this reason, the Federal Trade Commission was empowered to act as a public counsel for the purpose of initiating review of a trademark registration under certain circumstances.

It is important to keep in mind that the Federal Trade Commission may not itself cancel a trademark registration; it may merely initiate review of an existing trademark by the Patent and Trademark Office. In reviewing the validity of a mark, the Patent and Trademark Office must apply specific criteria set forth in the law.

Any limitation on the authority of the Federal Trade Commission to initiate review by the Patent and Trademark Office raises serious policy issues with respect to the structure of trademark law itself. For example, if the Federal Trade Commission is not properly performing its public counsel role, perhaps another Government agency should be assigned this task. It may be possible that the solution would be to place a definite limited term on trademarks, similar to the terms now a part of patent and copyright law.

These are all questions which fall within the unique jurisdictional expertise of the Committee on the Judiciary, which has historically exercised responsibility for patent, copyright, and trademark law. It is my hope that a serious examination of the issues raised in H.R. 3685 by the committee and its trademark subcommittee will assist Members of the House when trademark policy is raised in connection with legislation emanating from other committees. Inquiries with respect to the upcoming hearings should be directed to the Subcommittee on Courts, Civil Liberties, and the Administration of Justice, 2137 Rayburn House Office Building, Washington, D.C. 20515, 202/225-3926.●

H.R. 4970 AMENDMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. OBEY) is recognized for 5 minutes.

● Mr. OBEY. Mr. Speaker, following are three amendments to H.R. 4970, the Campaign Contribution Reform Act of 1979, which I will ask to be made in order when that measure is considered by the House:

AMENDMENT NO. 1 TO H.R. 4970

On page 2, line 12, strike out "in any calendar year".

On page 2, line 14, strike out "$5,000" and insert in lieu thereof "$6,000 (but not more than $5,000 for one election)".

On page 3, line 1, strike out "$7,500" and insert in lieu thereof "$9,000".

On page 3, strike out lines 7 through 15.

On page 2, line 8, redesignate subsection (i)(1) as subsection (i), and redesignate subparagraphs (A) and (B) of such subsection as paragraphs (1) and (2), respectively.

On page 3, strike out line 20 and all that follows through line 22 on page 4, and insert in lieu thereof the following:

SEC. 3. Section 320(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by—

(1) inserting after paragraph (2) the following new paragraph:

"(3) A candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress and his authorized committees shall not accept contributions from political committees, other than committees of a political party, aggregating more than—

"(A) $70,000 with respect to a general election and a primary election relating to such general election, and $70,000 with respect to a special election and a primary election relating to such special election, and $70,000 with respect to a runoff election and a primary or other prior election relating to such runoff election; or

"(B) $85,000 in the case of a candidate who is a candidate in a general election and both a primary election and a primary runoff election relating to such general election, and $85,000 in the case of a candidate who is a candidate in a special election and both a primary election and a primary runoff election relating to such special election.

For purposes of this paragraph, any contributions made after December 31 of a general election year or after 30 days following a special election shall be considered a contribution to such election only if the candidate at the time of receipt does not have sufficient funds to pay obligations incurred with respect to that election and the contribution is used to pay such an obligation."; and

(2) redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively.

SEC. 4. Section 320(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441(a)) is amended by—

(1) inserting after paragraph (9) as so redesignated by section 3 of this Act the following new paragraph:

"(10) Any contribution to a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress and his authorized committees that is made in the name of an individual and in a manner which creates the appearance that the contribution was made by or on behalf of a political committee shall be reported by such political committee as a contribution to such candidate and shall be treated as a contribution by such political committee for purposes of the limitations imposed by this section."

And redesignate the following sections accordingly.

AMENDMENT NO. 2 TO H.R. 4970

On page 5, line 2, strike out "paragraph" and insert in lieu thereof "paragraphs".

On page 5 strike out "for goods" on line 7 and all that follows through line 20, and insert in lieu thereof the following:

by a person (other than a broadcasting station, newspaper or magazine, and who is not otherwise prohibited from extending credit under this Act) providing goods or services in connection with preparing or purchasing advertising on broadcasting stations, in newspapers or magazines or other similar types of general public political advertising, if such extension of credit is beyond the normal period of credit extended by such person in the ordinary course of business or 60 days from the date on which such goods or services are provided, whichever is less;

"(6) means, with respect to a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress and his authorized committees, any extension of credit or advance of funds in connection with the preparation for mailing, or mailing, of any materials which solicit funds for the purpose of influencing the election of such candidate; but";

On page 5, line 24, strike out "(6)" and insert in lieu thereof "(7)".

AMENDMENT NO. 3 TO H.R. 4970

On page 6 before line 1, insert the following new section, to be designated appropriately:

SEC. . Section 320(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by—

(1) inserting after the last paragraph the following new paragraph, to be designated appropriately:

( ) No candidate for the office of Representative in, or Delegate or Resident Commissioner to the Congress shall use contributions to such candidate and his authorized committees aggregating more than $35,000 to reimburse himself for expenditures from his personal funds (including funds derived from loans or from the personal funds of his immediate family) made by such candidate and his authorized committees in connection with (i) a general election and any primary or runoff election relating to such general election and (ii) a special election and any primary election or runoff election relating to such special election. For purposes of this paragraph, the term "immediate family" means a candidate's spouse and any child, parent, grandparent, brother, half-brother, sister, or half-sister of the candidate, and the spouse of such persons.

And redesignate the following sections accordingly.●

A TRIBUTE TO DAVID LLOYD KREEGER

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. BRADEMAS. Mr. Speaker, I had the privilege this weekend of attending a dinner and concert in honor of David Lloyd Kreeger of Washington, D.C., on his 70th birthday.

The event was arranged by seven organizations: The Kennedy Center, the Arena Stage, the Corcoran Gallery of Art, the National Symphony Orchestra, American University, the Washington Opera Society, and the Jewish Community Center.

Mr. Kreeger has served as a former chairman, present board member or continuing contributor to the work of all seven of these organizations.

As part of the evening, several outstanding musicians led by Mstislav Rostropovich, music director of the National Symphony Orchestra and the outstanding cellist, gave a performance in honor of Mr. Kreeger.

Mr. Speaker, few citizens of our country have given so much of their time, energy and resources in support of the arts in American life as has David Lloyd Kreeger and I take this opportunity to join in paying tribute to him and wishing him happy birthday.●

A TRIBUTE TO LARRY STERN

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. BRADEMAS. Mr. Speaker, last month, during the August district work period, an outstanding journalist died and I take this opportunity to pay tribute to him.

I refer, Mr. Speaker, to Laurence M. Stern, of the Washington Post.

Although, Mr. Speaker, I did not have much opportunity to see and talk to Larry Stern in the last 2 or 3 years, I regarded him as a friend and one of the ablest journalists and most delightful human beings I have met since coming to Washington.

A splendid writer, a witty conversationalist, and a man with great zest for and pride in his profession, Larry Stern earned the confidence of journalists all over the world as well as of those of us in public life who came to know him.

One of his enduring contributions is a book, "The Wrong Horse," concerning U.S. policy toward Greece and Cyprus.

Mr. Speaker, I believe that the words of his colleagues on the Washington Post, Richard Harwood and Richard Cohen, speak far more eloquently than can I about the life of Larry Stern, and I insert an article by each about him at this point in the RECORD:

[From the Washington Post, Aug. 12, 1979]

LAURENCE STERN, PRIZE-WINNING POST EDITOR, DIES AT 50

(By Richard Harwood)

Laurence Marcus Stern, reporter, editor and author, died of a probable heart attack yesterday while jogging at Martha's Vineyard, Mass.

He was 50 years old.

Stern, an assistant managing editor of The Washington Post, was vacationing with old friends—Ward Just, John Newhouse, Jonathan Randal and Jim Hoagland. They played tennis yesterday and then Stern and Newhouse went jogging.

As they were running, Stern bent over, grabbed his ankle and said he had been stung by a bee. He collapsed. Newhouse gave mouth-to-mouth resuscitation. It didn't work. Stern was taken to Martha's Vineyard Hospital, but he was dead when he arrived.

Stern had been a writer and editor for The Post since 1952, winning awards and cutting a wide swath in both American and international journalism.

Benjamin Bradlee, executive editor of The Post, issued this statement:

"His paper and his friends will be a long time getting over the loss of Larry Stern. He was a world class journalist. He wrote like a dream, with grace and precision. His commitment to excellence, to his staff, to his friends and to The Washington Post will be an example for all of us."

Stern was a newspaper child. His father, Augustus (Gus) Stern worked in Washington for many years as a copy editor for various local newspapers, the last being The Post.

Larry Stern followed his father. He served in the Army after World War II and got a taste of journalism working for the military newspaper, The Stars and Stripes.

Thereafter, he was educated at the University of Missouri and the New School for Social Research in New York. He worked briefly for the former United States Information Agency and joined The Post in 1952 as a reporter on the metropolitan staff.

He took off in that business like a great running back—national reporter, national editor, foreign correspondent, editor of Style, and, finally, assistant managing editor for national news.

He wrote a much-admired book, "The Wrong Horse," which dealt with the tragedy of Cyprus, and he contributed to several other books. He wrote magazine articles and, even as an editor responsible for a large staff, constantly looked for opportunities to write. He found them frequently.

Stern had another informal function at The Post. He was a bridge between this country and journalists from around the world. They sought him out always—Vietnamese, Englishmen, Frenchmen, Turks, Greeks. That was a tribute to his international understanding and to his personality.

His career had an interesting progression. He won many awards writing about politics and corruption in the Washington metropolitan area. He moved then into the national arena and was singularly successful in dealing with the social and political issues of American life. But in the last years of his life, it was really international questions that absorbed his interest and energies.

He became, early in the '70s, The Post's first "Dulles Airport correspondent," available day or night to fly anywhere in the world for the big story. The job took him to Vietnam, Cambodia and Laos for almost two years, where he observed in combat the collapse of the American effort. He covered the war in Cyprus, reported from the Middle East, from Italy, from London, from Paris, from Greece.

British journalists intrigued him most of all. Among them, his friends were legion. He admired, especially the Insight team of the Sunday Times of London and set up his own Insight unit at The Post in the late 1960s. There was an "Insight" project at the top of his list when he died yesterday.

Stern, one of his subordinate editors said yesterday, was "something of an enigma. It became something of a newsroom conceit, after Larry had had a dialogue with a colleague, to say, 'I don't know what he said. I don't speak Zen.' This never detracted from the fact that Larry knew exactly what a news article should say and how it should be said."

One reporter on the national staff of The Post who had worked for Stern for several years volunteered this observation:

"When Larry Stern was working on the national staff as a reporter, you could feel the whole atmosphere change. He was a reporter who made a difference—not only because of what he contributed to the paper under his own byline but because of the standard he set for everyone around him. Other reporters found themselves writing with more life and crispness because he was there doing it—pushing the rest of us."

There was a certain disorganization about his life. He made too many luncheon dates on the same day. He loved many women. Budgets never enthralled him. His checkbook was not often tidy. It was a legend at The Post that Stern mumbled ambiguous instructions, might or might not show up for this meeting or that and probably would forget where he had parked his car.

But when it came to the job, to getting things done, he had no superior. He could produce instant and rather profound workbooks, newspaper series, essays.

The honors his own profession gave him were impressive—the George Polk Memorial Award, the American Political Science Association Award, the Headliners Club Award, the Newspaper Guild Award, the fellowship of the Carnegie Endowment for International Peace. He was proud, for reasons his friends never knew, of having been one of the inventors of a game called "Influence," a political version of Monopoly.

His children, Catherine O'Brien, Marcus, Gunther and Christopher, shared that pride.

One of Stern's friends responded to his death with a fragment from a poem.

Oh, I have slipped the surly bonds of earth.
And danced the skies on laughter's silvered wings.
Sunward I've climbed and joined the tumbling mirth
Of sunsplit clouds, and done a hundred things you've not dreamed of . . . .
And while with silent, lifting mind I've trod,
The high untrespassed sanctity of space,
Put out my hand and touched the face of God.

[From the Washington Post, Aug. 13, 1979]

I WILL TELL YOU ABOUT LARRY STERN

(By Richard Cohen)

Did you know him? Of course not. He was one of us. Our little secret. A gem. We did not share him with the world. He wrote, it is true. He wrote newspaper stories and magazine articles and a book, but the bigger part of him was still our secret. The smile for instance. You could not read that smile. I will tell you about him. I will tell you about Larry Stern.

He was 50 years old. He was short and walked very fast and had bad teeth and you had to see him as women did to realize that he was attractive. This was something women knew right off and men learned after a while and it was one of the reasons for the smile. He was a lover and he was loved in return.

He had been abroad a lot. He had been to the Wars—Vietnam, for instance—and to islands in the Caribbean where English bobbies fought to maintain order with police whistles. Wherever he had gone, he made friends and when these friends came to America, they stayed with Larry Stern. They made his house a roost for semi-crazy, semi-nomadic writers. They ate his food and slept in his beds and there never were enough ashtrays. They came often with lovers and always with files and Larry just passed among them, smiling, understanding that they might be silly and that he, of course, was skeptical but they were also committed. He respected them for that.

Women came to live with him. They came with cats and plants and their own friends and sometimes they just sat on the stoop and cried. Larry would pass among them, too, smiling—always smiling—trying to let you know that he, too, thought that by his age he would have had all this under control. He was not oblivious to himself at all. He knew that by rights he had escaped the house in the suburbs for too long. He would be punished for all this.

He talked funny. He was hard to understand. There was an electric buzz about him because he thought so fast. He mugged his own sentences, jumping all over them with contradictions and addendums and thoughts that came in from the side streets of his mind. It was one big, mad intersection inside his head and he himself knew it. He laughed even before he said the joke and then thought he had said it and waited for a laugh. He read a lot, too, and he would ask you what you were reading—what besides the newspaper—and before you could answer he would say what he was reading.

There are funny stories and sad stories and stories about how he took a Mercedes to the front during the Vietnam war. He wrote that one and the war came home—a crazy, meaningless war in which a journalist could take a car to the front and record on the way the death and the dying and the stupidity of it all. There are stories, too, about his forgetfulness and about how he talked. But there are no stories—none—about cheating or selling out or being lousy to people. Go wherever journalists gather and ask about Larry Stern and they will tell you the stories and about his smile, but not one will have anything bad to say about him.

He was 50 in June. It was hard to tell. He looked 50 some 15 years ago. He jogged and played tennis to keep himself in shape. But he also smoked—he could not quit that. He went to SmokEnders but it was like a drunk at the Salvation Army—just someone in from the rain. He stopped for a day or so and then smoked other people's cigarettes and then, finally, he went back to outright smoking.

There was a party for him when he turned 50. Lots of people came and they were from all over the world. His friends were there and the British journalists he liked so much and the State Department-types who knew the differences between doctrine and reality. He walked among us all, this little man, and wherever he went, he had this smile and this warmth. People liked to be near him, to touch him and if there was ever a man to envy, it was Larry Stern that night.

For him, there were no regrets. More than most men, he lived his life—lived it full and hard, and always he had that smile. I know that smile. It is the smile of the ghetto fool, the smile of a wise man forced to deal with the pompous, a man amused all the time because in his head is a wonderful theater. Stern had that sort of smile and he had that theater, too, and now, in a phone call that comes in the night, he is dead.

Now it is time to cry.

CONFERENCE REPORT ON H.R. 111, PANAMA CANAL ACT OF 1979

Mr. MURPHY of New York submitted the following conference report and statement on the bill (H.R. 111) to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977.

CONFERENCE REPORT (H. REPT. No. 96–438)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 111) to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Panama Canal Act of 1979".

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STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to provide legislation necessary or desirable for the implementation of the Panama Canal Treaty of 1977 between the United States of America and the Republic of Panama and of the related agreements accompanying that Treaty.

DEFINITIONS AND RECOMMENDATION FOR LEGISLATION

SEC. 3. (a) For purposes of this Act—

(1) references to the Panama Canal Treaty of 1977 refer to the Panamal Canal Treaty between the United States of America and the Republic of Panama, signed September 7, 1977; and

(2) references to the Panama Canal Treaty of 1977 and related agreements refer to the Panama Canal Treaty of 1977, the agreements relating to and implementing that Treaty, signed September 7, 1977, and the Agreement Between the United States of America

and the Republic of Panama Concerning Air Traffic Control and Related Services, concluded January 8, 1979.

(b) Subject to the provisions of subsection (c) of this section, for purposes of applying the Canal Zone Code or other laws of the United States and regulations issued pursuant to such Code or other laws with respect to transactions, occurrences, or status on or after the effective date of this Act—

(1) "Canal Zone" shall be deemed to refer to the areas and installations in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements;

(2) "Canal Zone waters" and "waters of the Canal Zone" shall be deemed to refer to "Panama waters" and "waters of the Panama Canal", respectively;

(3) "Government of the Canal Zone" or "Canal Zone Government" shall be deemed to refer to the United States of America;

(4) "Governor of the Canal Zone" or "Governor", wherever the reference is to the Governor of the Canal Zone, shall be deemed to refer to the Panama Canal Commission;

(5) "Panama Canal Company" or "Company", wherever the reference is to the Panama Canal Company, shall be deemed to refer to the Panama Canal Commission;

(6) in chapter 57 of title 5 of the Canal Zone Code, "hospitals" and "Health Bureau" shall be deemed to refer, respectively, to the hospitals operated by the United States in the Republic of Panama after the effective date of this Act, and to the organizational unit operating such hospitals; and

(7) in chapter 57 of title 5 of the Canal Zone Code, in section 4784 of title 6 of such Code, and in section 2 of title 7 of such Code, "health director" shall be deemed to refer to the senior official in charge of the hospitals operated by the United States in the Republic of Panama after the effective date of this Act.

(c) Any reference set forth in subsection (b) of this section shall apply except as otherwise provided in this Act or unless (1) such reference is inconsistent with the provisions of this Act, (2) in the context in which a term is used such reference is clearly not intended, or (3) a term refers to a time before the effective date of this Act.

(d) The President shall, within two years after the Panama Canal Treaty of 1977 enters into force, submit to the Congress a request for legislation which would—

(1) amend or repeal provisions of law which in their present form are applicable only during the transition period prescribed in Article XI of that Treaty,

(2) repeal the Canal Zone Code, and

(3) contain provisions considered necessary and appropriate in light of the experience as of that time under that Treaty.

TITLE I—ADMINISTRATION AND REGULATIONS

CHAPTER 1—PANAMA CANAL COMMISSION

ESTABLISHMENT OF COMMISSION

SEC. 1101. There is established in the executive branch of the United States Government an agency to be known as the Panama Canal Commission (hereinafter in this Act referred to as the "Commission"). The Commission shall, under the general supervision of the Board established by section 1102 of this Act, be responsible for the maintenance and operation of the Panama Canal and the facilities and appurtenances related thereto. The authority of the President with respect to the Commission shall be exercised through the Secretary of Defense.

SUPERVISORY BOARD

SEC. 1102. (a) The Commission shall be supervised by a Board composed of nine members, one of whom shall be the Secretary of Defense or an officer of the Department of Defense designated by the Secretary. Not less than five members of the Board shall be nationals of the United States and the remaining members shall be nationals of the Republic of Panama. No member of the Board who is a national of the United States other than the Secretary of Defense or his designee and one other member shall hold any other office in or be employed by the Government of the United States. Members of the Board who are nationals of the United States shall cast their votes as directed by the Secretary of Defense or his designee.

(b) The President shall appoint the members of the Board. The members of the Board who are United States nationals shall be appointed by and with the advice and consent of the Senate. Each member of the Board shall hold office at the pleasure of the President and, before assuming the duties of his office. Members of the Board shall serve without compensation but shall be allowed travel or transportation expenses, including per diem in lieu of subsistence, in accordance with section 1107 of this Act.

(c) The Board shall hold meetings as provided in regulations adopted by the Commission and approved by the Secretary of Defense. A quorum for the transaction of business shall consist of a majority of the Board members of which a majority of those present are nationals of the United States.

ADMINISTRATOR

SEC. 1103. There shall be an Administrator of the Commission, who shall be appointed by the President, by and with the advice and consent of the Senate, and shall hold office at the pleasure of the President.

DEPUTY ADMINISTRATOR AND CHIEF ENGINEER

SEC. 1104. (a) There shall be a Deputy Administrator and a Chief Engineer of the Commission, both of whom shall be appointed by the President. The Deputy Administrator and the Chief Engineer shall perform such duties as may be prescribed by the President.

(b) The Deputy Administrator and the Chief Engineer shall each be paid compensation at a rate of pay established by the President which does not exceed the rate of basic pay in effect for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code.

CONSULTATIVE COMMITTEE

SEC. 1105. (a) The President shall designate, and the Secretary of State shall coordinate the participation of, representatives of the United States to the Consultative Committee to be established under paragraph 7 of Article III of the Panama Canal Treaty of 1977.

(b) The Consultative Committee shall function as a diplomatic forum for the exchange of views between the United States and the Republic of Panama. The Committee shall advise the United States Government and the Government of the Republic of Panama on matters of policy affecting the operation of the Panama Canal. The Committee shall have no authority to direct the Commission or any other department agency of the United States to initiate or withhold action.

JOINT COMMISSION ON THE ENVIRONMENT

SEC. 1106. (a) The United States and the Republic of Panama, in accordance with the Panama Canal Treaty of 1977, shall establish a Joint Commission on the Environment (hereinafter in this section referred to as the "Joint Commission") to be composed of not more than three representatives of the United States and three representatives of the Republic of Panama, or such other equivalent numbers of representatives as may be agreed upon by the Governments of the two countries. The United States members of the Joint Commission shall periodically review the implementation of the Panama Canal Treaty of 1977 with respect to its impact on the environment and shall, jointly with the representatives of the Government of Panama, make recommendations to the United States Government and the Government of the Republic of Panama with respect to ways to avoid or mitigate adverse environmental impacts resulting from actions taken pursuant to such Treaty.

(b) Representatives of the United States on the Joint Commission shall be appointed by the President and shall serve at the pleasure of the President. Such representation shall serve without compensation but shall be allowed travel or transportation expenses, including per diem in lieu of subsistence, in accordance with section 1107 of this Act.

(c) Any Federal employee subject to the civil service laws and regulations who is detailed to serve with, or appointed by, the United States representatives on the Joint Commission shall not lose any pay, seniority, or other rights or benefits by reason of such detail or appointment.

(d) The United States representatives on the Joint Commission may, to such extent or in such amounts as are provided in advance in appropriation Acts, appoint and fix the compensation of such personnel as the representatives of the United States on the Joint Commission may consider necessary for the participation of the United States on the Joint Commission.

(e) The United States representatives on the Joint Commission may, in cooperation with the representatives of the Republic of Panama on the Joint Commission, establish rules of procedure to be used by the Joint Commission in conducting its affairs, subject to the approval of such rules by the Governments of the United States and the Republic of Panama.

TRAVEL EXPENSES

SEC. 1107. While away from their homes, regular places of business, or official stations in performance of services under this chapter, members of the Board of the Commission and the representatives of the United States on the Consultative Committee referred to in section 1105 of this Act and on the Joint Commission on the Environment referred to in section 1106 of this Act shall be allowed travel or transportation expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed expenses under section 5703 of title 5, United States Code.

DEFENSE OF THE PANAMA CANAL

SEC. 1108. In the event of an armed attack against the Panama Canal, or when, in the opinion of the President, conditions exist which threaten the security of the Canal, the Administrator of the Commission shall, upon the order of the President, comply with such directives as the United States military officer charged with the protection and defense of the Panama Canal may consider necessary in the exercise of his duties.

JOINT SEA LEVEL CANAL STUDY COMMITTEE

SEC. 1109. (a) The President shall appoint the representatives of the United States to any joint committee or body with the Republic of Panama to study the possibility of a sea level canal in the Republic of Panama pursuant to Article XII of the Panama Canal Treaty of 1977.

(b) Upon the completion of any joint study between the United States and the Republic of Panama concerning the feasibility of a sea level canal in the Republic of Panama pursuant to paragraph 1 of Article XII of the Panama Canal Treaty of 1977, the text of the study shall be transmitted by the President to the President of the Senate and to the Speaker of the House of Representatives.

(c) No construction of a sea level canal by the United States in the Republic of Panama shall be undertaken except with express congressional authorization after submission of the study by the President as provided in subsection (b) of this section.

AUTHORITY OF THE AMBASSADOR

SEC. 1110. (a) The United States Ambassador to the Republic of Panama shall have full responsibility for the coordination of the transfer to the Republic of Panama of those functions that are to be assumed by the Republic of Panama pursuant to the Panama Canal Treaty of 1977 and related agreements.

(b) (1) The Commission shall not be subject to the direction or supervision of the United States Chief of Mission to the Republic of Panama with respect to the responsibilities of the Commission for the operation, management, or maintenance of the Panama Canal, as established in this or any other Act or in the Panama Canal Treaty of 1977 and related agreements, except that the Commission shall keep the Ambassador fully and currently informed with respect to all activities and operations of the Commission.

(2) Except as provided in paragraph (1) of this subsection, section 16 of the Act of August 1, 1956 (22 U.S.C. 2680a), shall apply with respect to the activities of the Commission.

SECURITY LEGISLATION

SEC. 1111. It is the sense of the Congress that the best interests of the United States require that the President enter into negotiations with the Republic of Panama for the purpose of arranging for the stationing of United States military forces, after the termination of the Panama Canal Treaty of 1977, in the area comprising the Canal Zone before the effective date of this Act, and for the maintenance of installations and facilities, after the termination of such Treaty, for the use of United States military forces stationed in such area. The President shall report to the Congress in a timely manner the status of negotiations conducted pursuant to this section.

CODE OF CONDUCT FOR COMMISSION PERSONNEL

SEC. 1112. (a) Before assuming the duties of his office or employment, each member of the Board of the Commission and each officer and employee of the Commission shall take an oath to discharge faithfully the duties of his office or employment. All employees of the Commission shall be subject to the laws of the United States regarding duties and responsibilities of Federal employees.

(b) Not later than 60 days after all the members of the Board of the Commission have been appointed, the Board shall adopt a code of conduct applicable to the persons referred to in subsection (a) of this section. The code of conduct shall contain provisions substantially equivalent to those contained in part 735 of title 5 of the Code of Federal Regulations on the effective date of this Act. The code of conduct shall, at a minimum, contain provisions substantially equivalent to the following provisions of laws:

(1) the provisions of chapter 11 of title 18, United States Code, as amended, relating to bribery, graft, or conflicts of interest, as appropriate to the employees concerned;

(2) section 7352 of title 5, United States Code, as amended;

(3) sections 207, 208, 285, 508, 641, 645, 1001, 1917, and 2071 of title 18, United States Code, as amended;

(4) section 5 of the Act of July 16, 1914 (31 U.S.C. 638a), as amended;

(5) the Ethics in Government Act of 1978 (92 Stat. 1824), as amended; and

(6) those provisions of the laws and regulations of the Republic of Panama which are substantially equivalent to those of the United States set forth in this subsection.

(c) The Commission shall investigate any allegations regarding the violation of the code of conduct adopted pursuant to subsection (b) of this section. The Commission may recommend that the President suspend from the performance of his duties any member of the Board of the Commission or any officer or employee of the Commission, pending judicial proceedings by appropriate authorities concerning such allegations.

(d) The President shall negotiate suitable arrangements with the Republic of Panama whereby each nation shall agree to take all measures within its legal authority to assure that members of the Board of the Commission comply with the code of conduct established pursuant to subsection (b) of this section. Without prejudice to such jurisdiction as the United States may have with respect to members of the Board, the provisions of law enumerated in subsection (b) of this section shall be enforced with respect to members of the Board only in accordance with such arrangements.

OFFICE OF OMBUDSMAN

SEC. 1113. (a) There is established within the Commission an Office of Ombudsman, to be directed by an Ombudsman, who shall be appointed by the Commission. It shall be the function of the Office of Ombudsman to receive individual complaints, grievances, requests, and suggestions of employees (and their dependents) of the Commission and other departments and agencies of the United States, including the Smithsonian Institution, conducting operations before the effective date of this Act in the area then comprising the Canal Zone concerning administrative problems, inefficiencies, and conflicts caused within departments and agencies of the United States, including the Smithsonian Institution, as a result of the implementation of the Panama Canal Treaty of 1977 and related agreements.

(b) The Ombudsman shall make findings and render assistance with respect to the complaints, grievances, requests, and suggestions submitted to the Office of Ombudsman, and shall make appropriate recommendations to the Commission or any other department or agency of the United States, including the Smithsonian Institution.

(c) The establishment of the Office of Ombudsman shall not affect any procedures for grievances, appeals, or administrative matters in any other provision of this Act, any other provision of law, or any Federal regulation.

(d) The Ombudsman shall be a citizen of the United States.

(e) The Office of Ombudsman shall terminate upon the termination of the Panama Canal Treaty of 1977.

CHAPTER 2—EMPLOYEES

Subchapter I—Panama Canal Commission Personnel

DEFINITIONS

SEC. 1201. As used in this chapter—

(1) "Executive agency has the meaning given that term in section 105 of title 5, United States Code;

(2) "uniformed services has the meaning given that term in section 2101(3) of title 5, United States Code;

(3) "competitive service has the meaning given that term in section 2102 of title 5, United States Code; and

(4) "United States, when used in a geographic sense, means each of the several States and the District of Columbia.

APPOINTMENT AND COMPENSATION; DUTIES

SEC. 1202. (a) In accordance with this chapter, the Panama Canal Commission may appoint without regard to the provisions of title 5, United States Code, relating to appointments in the competitive services, fix the compensation of, and define the authority and duties of, officers, agents, attorneys, and employees (other than the Administrator, Deputy Administrator, and Chief Engineer) necessary for the management, operation, and maintenance of the Panama Canal and its complementary works, installations, and equipment.

(b) Individuals serving in any Executive agency (other than the Commission) or the Smithsonian Institution, including individuals serving in the uniformed services, may, if appointed under this section or section 1103 or 1104 of this Act, serve as officers or employees of the Commission.

TRANSFER OF FEDERAL EMPLOYEES

SEC. 1203. (a) The head of any agency may enter into agreements for the transfer or detail to the Commission of any employee of that agency serving under a permanent appointment. Any employee who so transfers or is so detailed shall, upon completion of the employee's tour of duty with the Commission, be entitled to reemployment with the agency from which the employee was transferred or detailed without loss of pay, seniority, or other rights or benefits to which the employee would have been entitled had the employee not been so transferred or been so detailed.

(b) For purposes of this section, the term "agency" means an Executive agency, the United States Postal Service, and the Smithsonian Institution.

(c) The Office of Personnel Management shall prescribe regulations to carry out the purposes of this section.

COMPENSATION OF INDIVIDUALS IN THE UNIFORMED SERVICES

SEC. 1204. (a) Except as provided in subsection (b) of this section, any individual who is serving in a position in the Commission and who is a member of a uniformed service shall continue to be paid basic pay by such uniformed service and shall not be paid by the Commission for the period of the service in the uniformed service involved.

(b) If the individual appointed as Administrator, Deputy Administrator, or Chief Engineer of the Commission is a member of a uniformed service, the amount of basic pay otherwise payable to the individual for service in that position shall be reduced, up to the amount of that basic pay, by the amount of the basic pay payable to the individual as a member of a uniformed service.

(c) The Commission shall annually pay to each uniformed service amounts sufficient to reimburse that uniformed service for any basic pay paid by that uniformed service to any member of that service during any period of service in the Commission by the member.

DEDUCTION FROM BASIC PAY OF AMOUNTS DUE FOR SUPPLIES OR SERVICES

SEC. 1205. The Commission may deduct from the basic pay otherwise payable by the Commission to any officer or employee of the Commission any amount due from the officer or employee to the Commission or to any contractor of the Commission for transportation, board, supplies, or any other service. Any amount so deducted may be paid by the Commission to any contractor to whom it is due or may be credited by the Commission to any appropriation from which the Commission has expended such amount.

COST OF LIVING ALLOWANCE

SEC. 1206. Effective beginning October 1, 1984, each officer and employee of the Commission who is a citizen of the United States and was employed by the Panama Canal Company or the Canal Zone Government on September 30, 1979, or who is an individual of any nationality recruited outside the Republic of Panama after September 30, 1979, may be paid an allowance to offset any increased cost of living which may result from the termination of the eligibility of the officer or employee and his dependents to use military postal services, sales stores, and exchanges. The amount of the allowance may be determined by the Commission.

EDUCATIONAL TRAVEL BENEFITS

SEC. 1207. (a) The Commission shall provide by regulation for round-trip transportation between the Republic of Panama and the United States or, in the case of an employee described in paragraph (2) of this subsection, between the Republic of Panama and the country in which such employee is recruited, for undergraduate college education for dependents of employees of the Commission who—

(1) are United States citizens who were employed by the Panama Canal Company or the Canal Zone Government on September 30, 1979, or

(2) are recruited outside the Republic of Panama after that date.

(b) The regulations prescribed by the Commission under this section shall—

(1) provide eligibility requirements which must be met by such dependents to qualify for transportation under this section, including a requirement that all eligible dependents must be under 23 years of age; and

(2) limit the transportation provided to one round trip during any one-year period.

PRIVILEGES AND IMMUNITIES OF CERTAIN EMPLOYEES

SEC. 1208. The Secretary of Defense shall designate those officers and employees of the Commission and other individuals entitled to the privileges and immunities accorded under paragraph 3 of Article VIII of the Panama Canal Treaty of 1977. The Department of State shall furnish to the Republic of Panama a list of the names of such officers, employees, and other individuals and shall notify the Republic of Panama of any subsequent additions to or deletions from the list.

INAPPLICABILITY OF CERTAIN BENEFITS TO CERTAIN NONCITIZENS

SEC. 1209. (a) Chapter 81 of title 5, United States Code, relating to compensation for work injuries, chapter 83 of such title 5, relating to civil service retirement, chapter 87 of such title 5, relating to life insurance, and chapter 89 of such title 5, relating to health insurance, are inapplicable to any individual—

(1) who is not a citizen of the United States;

(2) whose initial appointment by the Commission occurs after October 1, 1979; and

(3) who is covered by the Social Security System of the Republic of Panama pursuant to any provision of the Panama Canal Treaty of 1977 and related agreements.

(b) Subparagraph (B) of section 8701(a) of title 5, United States Code, defining the term employee for purposes of life insurance, is amended to read as follows:

"(B) an individual who is not a citizen or national of the United States and whose permanent duty station is outside the United States, unless the individual was an employee for the purpose of this chapter on September 30, 1979, by reason of service in an Executive agency, the United States Postal Service, or the Smithsonian Institution in the area which was then known as the Canal Zone; or".

(c) Clause (ii) of section 8901(1) of title 5, United States Code, defining the term employee for purposes of health insurance, is amended to read as follows:

"(ii) an individual who is not a citizen or national of the United States and whose permanent duty station is outside the United States, unless the individual was an employee for the purpose of this chapter on September 30, 1979, by reason of service in an Executive agency, the United States Postal Service, or the Smithsonian Institution in the area which was then known as the Canal Zone;".

Subchapter II—Wage and Employment Practices

DEFINITIONS

SEC. 1211. As used in this subchapter—

(1) "agency" means—

(A) the Commission, and

(B) an Executive agency or the Smithsonian Institution, to the extent of any election in effect under section 1212(b)(2) of this Act;

(2) "position" means a civilian position in the Commission, or in any other agency if a substantial portion of the duties and responsibilities are performed in the Republic of Panama; and

(3) "employee" means an individual serving in a position.

PANAMA CANAL EMPLOYMENT SYSTEM; MERIT AND OTHER EMPLOYMENT REQUIREMENTS

SEC. 1212. (a) After considering any recommendations of the Commission, the President shall establish a Panama Canal Employment System. The Panama Canal Employment System shall—

(1) be established in accordance with and be subject to the provisions of the Panama Canal Treaty of 1977 and related agreements, the provisions of this chapter, and any other applicable provision of law;

(2) be based on the consideration of the merit of each employee or candidate for employment and the qualifications and fitness of the employee to hold the position concerned;

(3) conforms, to the extent practicable and consistent with the provisions of this Act, to the policies, principles, and standards applicable to the competitive service; and

(4) in the case of employees who are citizens of the United States, provide for the appropriate interchange of those employees between positions under the Panama Canal Employment System and positions in the competitive service.

(b)(1) The Commission, and any Executive agency and the Smithsonian Institution to the extent of any election under paragraph (2) of this subsection, shall conduct their employment and pay practices relating to employees in accordance with the Panama Canal Employment System and regulations prescribed by, or under the authority of, the President in accordance with this subchapter.

(2) The head of any Executive agency and the Smithsonian Institution may elect to have the Panama Canal Employment System made applicable in whole or in part to personnel of that agency in the Republic of Panama.

(c) Subject to the provisions of this chapter, the President may, from time to time and after considering any recommendation of the Commission, amend or modify any provision of the Panama Canal Employment System, including any provision relating to selection for appointment, reappointment, reinstatement, reemployment, and retention, with respect to positions, employees, and candidates for employment.

(d) The President may, to the extent the President determines appropriate—

(1) exclude any employee or position from coverage under any provision of this subchapter; and

(2) notwithstanding section 1202 of this Act, extend to any employee, whether or not the employee is a citizen of the United States, the rights and privileges which are provided by applicable laws and regulations for citizens of the United States employed in the competitive service.

EMPLOYMENT STANDARDS

SEC. 1213. The head of each agency shall establish written standards for—

(1) determining the qualifications and fitness of employees and of candidates for employment in positions; and

(2) selecting individuals for appointment, promotion, or transfer to positions.

The standards shall conform to the provisions of this subchapter, any regulations prescribed thereunder, and the Panama Canal Employment System.

INTERIM APPLICATION OF CANAL ZONE MERIT SYSTEM

SEC. 1214. Notwithstanding any repeal made by this Act or any provision of this chapter, the provisions of subchapter III of chapter 7 of title 2 of the Canal Zone Code establishing the Canal Zone Merit System, together with the regulations prescribed thereunder, as in effect on September 30, 1979, shall continue in effect and shall apply with respect to employees until the Panama Canal Employment System is established and in effect pursuant to section 1212 of this Act.

BASIC ACT

SEC. 1215. (a) The head of each agency, in accordance with the provisions of this subchapter, shall establish, and from time to time may revise, the rates of basic pay for positions and employees in the agency.

(b) The rates of basic pay may be established and revised in relation to the rates of basic pay for the same or similar work performed in the United States or in such areas outside the United States as may be designated in the regulations prescribed under section 1223 of this Act.

(c) The head of each agency may make adjustments in rates of basic pay established under subsection (b) of this section in amounts not to exceed the amounts of the adjustments made from time to time by or under statute in the corresponding rates of basic pay for the same or similar work referred to in such subsection (b). The head of the agency may designate the effective date of any such adjustment, except that that date may not be earlier than the effective date of the adjustment in the corresponding rate of basic pay.

UNIFORM APPLICATION OF STANDARDS AND RATES

SEC. 1216. The standards established pursuant to section 1213 of this Act and the rates of basic pay established pursuant to section 1215 of this Act shall be applied without regard to whether the employee or individual concerned is a citizen of the United States or a citizen of the Republic of Panama.

RECRUITMENT AND RETENTION REMUNERATION

SEC. 1217. (a) In addittion to basic pay, additional compensation may be paid, in such amounts as the head of the agency concerned determines, as an overseas recruitment or retention differential to any individual who—

(1) before October 1, 1979, was employed by the Panama Canal Company, by the Canal Zone Government, or by any other agency in the area then known as the Canal Zone;

(2) is an employee who was recruited on or after October 1, 1979, outside of the Republic of Panama for placement in the Republic of Panama; or

(3) is a medical doctor employed by the Department of Defense in the Republic of Panama or by the Commission:

if, in the judgment of the head of the agency concerned, the recruitment or retention of the individual is essential.

(b) Any employee described in more than one paragraph of subsection (a) of this section may qualify for a recruitment or retention differential under only one of those paragraphs.

(c) Additional compensation provided under this section may not exceed 25 percent of the rate of basic pay for the same or similar work performed in the United States by individuals employed by the Government of the United States.

(d) Subchapter III of chapter 59 of title 5, United States Code, relating to overseas differentials and allowances, shall not apply with respect to any employee whose permanent duty station is in the Republic of Panama and who is employed by an agency.

BENEFITS BASED ON BASIC PAY

SEC. 1218. For the purpose of determining—

(1) amounts of compensation for disability or death under chapter 81 of title 5, United States Code, relating to compensation for work injuries;

(2) benefits under subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement;

(3) amounts of insurance under chapter 87 of title 5, United States Code, relating to life insurance;

(4) amounts of overtime pay or other premium pay;

(5) annual leave benefits; and

(6) any other benefits related to basic pay;

the basic pay of each employee shall include the rate of basic pay established for his position under section 1215 of this Act plus the amount of any additional compensation provided under section 1217 of this Act.

SALARY PROTECTION UPON CONVERSION OF PAY BASE

SEC. 1219. (a) In the case of any employee whose rate of basic pay is determined in relation to rates of basic pay for the same or similar work in the United States and which is converted to a rate of basic pay pursuant to section 1215(b) of this Act which is determined in relation to rates in areas other than the United States pursuant to such section 1215(b), the employee shall continue to receive a rate of basic pay not less than that to which the employee was entitled immediately before the conversion.

(b) This section shall cease to apply with respect to any employee if the employee is placed in a position—

(1) for which the rate of basic pay is determined in relation to rates of basic pay in the United States pursuant to section 1215(b) of this Act; or

(2) which is of a lower grade.

REVIEW AND ADJUSTMENT OF CLASSIFICATIONS, GRADES, AND PAY LEVEL

SEC. 1220. An employee may request at any time that the employee's agency—

(1) review the classification of the employee's position or the grade or pay level for the employee's position, or both; and

(2) revise or adjust that classification, grade or pay level, or both, as the case may be.

The request for review and revision or adjustment shall be submitted and adjudicated in accordance with the regularly established appeals procedures of the agency.

PANAMA CANAL BOARD OF APPEALS; DUTIES

SEC. 1221. (a) Subject to the provisions of this chapter, the President shall prescribe regulations establishing a Panama Canal Board of Appeals. The regulations shall provide for the number of members of the Board and their appointment, compensation, and terms of office, the selection of a Chairman of the Board, the appointment and compensation of the Board's employees, and other appropriate matters relating to the Board.

(b) The Board shall review and determine the appeals of employees in accordance with section 1222 of this Act. The decisions of the Board shall conform to the provisions of this subchapter.

APPEALS TO BOARD; PROCEDURE; FINALITY OF DECISIONS

SEC. 1222. (a) An employee may appeal to the Panama Canal Board of Appeals from an adverse determination made by an agency under section 1220 of this Act. The appeal shall be made in writing within a reasonable time (as specified in regulations prescribed by, or under the authority of, the President) after the date of the transmittal by the agency to the employee of written notice of the adverse determination.

(b) The Board may authorize, in connection with an appeal pursuant to subsection (a) of this section, a personal appearance before the Board by the employee, or by a representative of the employee designated for that purpose.

(c) After investigation and consideration of the evidence submitted, the Board shall—

(1) prepare a written decision on the appeal;

(2) transmit its decision to the agency concerned; and

(3) transmit copies of the decision to the employee concerned or to the designated representative.

(d) The decision of the Board on any question or other matter relating to an appeal is final and conclusive. The agency concerned shall take action in accordance with the decision of the Board.

ADMINISTRATION BY THE PRESIDENT

SEC. 1223. (a) The President shall prescribe regulations necessary and appropriate to carry out the provisions of this subchapter and coordinate the policies and activities of agencies under this subchapter.

(b) The President may establish an office within the Commission as the successor to the Canal Zone Central Examining Office. The purpose of the office shall be to assist the President in—

(1) carrying out the President's coordination responsibility under subsection (a) of this section; and

(2) implementing the provisions of the Panama Canal Treaty of 1977 and related agreements with respect to recruitment, examination, determination of qualification standards, and similar matters.

(c) The President may delegate any authority vested in the President by this subchapter and may provide for the redelegation of that authority.

APPLICABILITY OF CERTAIN LAWS

SEC. 1224. This chapter does not affect the applicability of—

(1) the provisions of title 5, United States Code, which relate to preference eligibles;

(2) the provisions of title 5, United States Code, which relate to removal or suspension from the competitive service; and

(3) the provisions of section 5544(a) of title 5, United States Code, which relate to wage-board overtime and Sunday rates, with respect to classes of employees who were covered by those provisions on the date of the enactment of this Act.

MINIMUM LEVELS OF PAY; MINIMUM ANNUAL INCREASES

SEC. 1225. (a) Subsection (f) of section 13 of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(f)), relating to applicability to employees in foreign countries and certain United States possessions, is amended by striking out "Johnston Island; and the Canal Zone." and inserting in lieu thereof "and Johnston Island.".

(b)(1) Effective October 1, 1979, each individual employed by an Executive agency or the Smithsonian Institution, whose permanent duty station is located within an area or installation in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements, shall be paid basic pay at a rate of not less than $2.90 an hour.

(2) Effective on October 1 of each succeeding calendar year, the rate of basic pay for each individual referred to in paragraph (1) of this subsection whose basic pay is not fixed in relation to rates of basic pay for the same or similar work performed in the United States shall be increased by an amount equal to not less than 2 percent of the rate of basic pay for that individual in effect immediately before that date.

Subchapter III—Conditions of Employment and Placement

TRANSFERRED OR REEMPLOYED EMPLOYEES

SEC. 1231. (a)(1) With respect to any individual employed in the Panama Canal Company or the Canal Zone Government—

(A) who is transferred—

(i) to a position in the Commission; or

(ii) to a position in an Executive agency or in the Smithsonian Institution the permanent duty station of which is in the Republic of Panama (including the area known before October 1, 1979, as the Canal Zone); or

(B) who is separated by reason of a reduction in force on September 30, 1979, and is appointed to a position in the Commission before April 1, 1980;

the terms and conditions of employment set forth in paragraph (2) of this subsection shall be generally no less favorable, on or after the date of the transfer referred to in subparagraph (A) of this paragraph or the date of the appointment referred to in subparagraph (B) of this paragraph, as the case may be, than the terms and conditions of employment with the Panama Canal Company and Canal Zone Government on September 30, 1979, or, in the case of a transfer described in subparagraph (A)(ii) of this paragraph which takes place before that date, on the date of the transfer.

(2) The terms and conditions of employment referred to in paragraph (1) of this subsection are the following:

(A) rates of basic pay;

(B) tropical differential;

(C) premium pay and night differential;

(D) reinstatement and restoration rights;

(E) injury and death compensation benefits;

(F) leave and travel;

(G) transportation and repatriation benefits;

(H) group health and life insurance;

(I) reduction-in-force rights;

(J) an employee grievance system, and the right to appeal adverse and disciplinary actions and position classification actions;

(K) veterans' preference eligibility;

(L) holidays;

(M) saved pay provisions; and

(N) severance pay benefits.

(3)(A) The provisions of this subsection shall take effect on the date of the enactment of this Act.

(B) No spending authority (as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974) provided for under this subsection shall take effect before October 1, 1979.

(C) Effective October 1, 1979, any individual who, but for subparagraph (B) of this paragraph, would have been entitled to one or more payments pursuant to this subsection for periods before October 1, 1979, shall be entitled, to the extent or in such amounts as are provided in advance in appropriation Acts, to a lump sum payment equal to the total amount of all such payments.

(b) Any individual described in subsection (a)(1)(B) of this section who would have met the service requirement for early retirement benefits under section 8336 (1) or 8339(d)(2) of title 5, United States Code (as amended by sections 1241(a) and 1242 of this Act, respectively), but for a break in service of more than 3 days immediately after September 30, 1979, shall be considered to meet that requirement. Any break in service by any such individual for purposes of sections 8232 of such title 5 during the period beginning September 30, 1979, and ending on the date of the appointment referred to in such subsection (a)(1)(B) shall be considered a period of creditable service under such section 8332 for such individual, except that such period shall not be taken into account for purposes of determining average pay (as defined in section 8331(4) of such title 5 and no deduction, contribution, or deposit shall be required for that period under section 8334 of such title 5.

(c)(1) Section 5(c) of the Defense Department Overseas Teachers Pay and Personnel Practices Act (20 U.S.C. 903 (c)) shall not apply with respect to any teacher who was employed by the Canal Zone Government school system on September 30, 1979, and who was transferred from such position to a teaching position which is under the Department of Defense Overseas Dependent School System and the permanent duty station of which is in the Republic of Panama, until the rates of basic compensation established under section 5(c) of such Act equal or exceed the rates of basic compensation then in effect for teachers who were so transferred.

(2) Section 6(a)(2) of the Defense Department Overseas Teachers Pay and Personnel Practices Act (20 U.S. 904(a)(2)) shall not apply with respect to any teacher who was employed by the Canal Zone Government school system on September 30, 1979, and who was transferred from such position to a teaching position which is under the Department of Defense Overseas Dependent School System and the permanent duty station of which is in the Republic of Panama.

(3)(A) The head of a department or agency of the United States may grant a sabbatical to any teacher to whom paragraph (1) of this subsection applies for not to exceed 11 months in order to permit the teacher to engage in study or uncompensated work experience which is in the United States and which will contribute to the teacher's development and effectiveness. Basic compensation shall be paid to teachers on sabbatical under this section in the same manner and to the same extent as basic compensation would have been paid to teachers on sabbatical while employed in the Canal Zone Government school system on the day before the effective date of this Act. A sabbatical shall not result in a loss of, or reduction in, leave to which the teacher is otherwise entitled, credit for time or service, or performance or efficiency rating. The head of the department or agency may authorize in accordance with chapter 57 of title 5, United States Code, such travel expenses (including per diem allowance) as the head of the department or agency may determine to be essential for the study or experience.

(B) A sabbatical under this paragraph may not be granted to any teacher—

(i) more than once in any 10-year period;

(ii) unless the teacher has completed 7 years of service as a teacher; and

(iii) if the teacher is eligible for voluntary retirement with a right to an immediate annuity.

(C)(i) Any teacher in a department or agency of the United States may be granted a sabbatical under this paragraph only if the teacher agrees, as a condition of accepting the sabbatical, to serve in the civil service upon the completion of the sabbatical for a period of two consecutive years.

(ii) Each agreement required under clause (i) of this subparagraph shall provide that in the event the teacher fails to carry out the agreement (except for good and sufficient reason as determined by the head of the department or agency that granted the sabbatical) the teacher shall be liable to the United States for payment of all expenses (including salary) of the sabbatical. The amount shall be treated as a debt due the United States.

(d) Sections 5595(a)(2)(iii), 5724a(a)(3) and (4), and 8102(b) of title 5, United States Code, are each amended by striking out "Canal Zone" each place it appears and inserting in lieu thereof "areas and installations in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements (as described in section 3(a) of the Panama Canal Act of 1979)."

PLACEMENT

SEC. 1232. (a) Any citizen of the United States—

(1) who, on March 31, 1979, was an employee of the Panama Canal Company or the Canal Zone Government;

(2) who separates or is scheduled to separate on or after such date for any reason other than misconduct or delinquency; and

(3) who is not placed in another appropriate position in the Government of the United States in the Republic of Panama;

shall, upon the employee's request, be accorded appropriate assistance for placement in vacant positions in the Government of the United States in the United States.

(b) Any citizen of the United States—

(1) who, on March 31, 1979, was employed in the Canal Zone as an employee of an Executive agency (other than the Panama Canal Company or the Canal Zone Government) or the Smithsonian Institution;

(2) whose position is eliminated as the result of the implementation of any provision of the Panama Canal Treaty of 1977 and related agreements; and

(3) who is not appointed to another appropriate position in the Government of the United States in the Republic of Panama;

shall, upon the employee's request, be accorded appropriate assistance for placement in vacant positions in the Government of the United States in the United States.

(c) The Office of Personnel Management shall establish and administer a Government-wide placement program for all eligible employees who request appointment to positions under this section.

(d) The provisions of this section shall take effect on the date of the enactment of this Act.

Subchapter IV—Retirement

EARLY RETIREMENT ELIGIBILITY

SEC. 1241. (a) Section 8336 of title 5, United States Code, is amended—

(1) in subsection (c), by inserting "(1)" after "(c)" and by adding at the end thereof the following new paragraph:

"(2) An employee is entitled to an annuity if the employee—

"(A) was a law enforcement or firefighter employed by the Panama Canal Company or the Canal Zone Government at any time during the period beginning March 31, 1979, and ending September 30, 1979; and

"(B) is separated from the service before January 1, 2000, after becoming 48 years of age and completing 18 years of service as a law enforcement officer or firefighter, or any combination of such service totaling at least 18 years."; and

(2) by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i)(1) An employee of the Panama Canal Commission or of an Executive agency conducting operations in the Canal Zone or Republic of Panama who is separated from the service before January 1, 2000, who was employed by the Canal Zone Government or the Panama Canal Company at any time during the period beginning March 31, 1979, and ending September 30, 1979, and who has had continuous Panama Canal service, without a break in service of more than 3 days, from that time until separation, is entitled to an annuity if the employee is separated—

"(A) involuntarily, after completing 20 years of service or after becoming 48 years of age and completing 18 years of service, if the separation is a result of the implementation of any provision of the Panama Canal Treaty of 1977 and related agreements; or

"(B) voluntarily, after completing 23 years of service or after becoming 48 years of age and completing 18 years of service.

"(2) An employee of the Panama Canal Commission or of an Executive agency conducting operations in the Canal Zone or Republic of Panama who is separated from the service before January 1, 2000, who was employed at a permanent duty station in the Canal Zone, by any Executive agency other than the Canal Zone Government or the Panama Canal Company at any time during the period beginning March 31, 1979, and ending September 30, 1979, and who has had continuous Panama Canal service, without a break in service of more than 3 days, from that time until separation, is entitled to an annuity if—

"(A) the employee is separated involuntarily, after completing 20 years of service or after becoming 48 years of age and completing 18 years of service; and

"(B) the separation is the result of the implementation of any provision of the Panama Canal Treaty of 1977 and related agreements.

"(3) For the purpose of this subsection—

"(A) 'Panama Canal service' means—

"(i) service as an employee of the Canal Zone Government, the Panama Canal Company, or the Panama Canal Commission; or

"(ii) service at a permanent duty station in the Canal Zone or Republic of Panama as an employee of an Executive agency conducting operations in the Canal Zone or the Republic of Panama; and

"(B) 'Executive agency' includes the United States District Court for the District of the Canal Zone and the Smithsonian Institution.".

(b)(1) The amendments made by this section shall take effect on the date of the enactment of this Act, but no amount of annuity under chapter 83 of title 5, United States Code, accruing by reason of those amendments shall be payable for any period before October 1, 1979.

(2) Effective October 1, 1979, any individual who, but for paragraph (1) of this subsection, would have been entitled to one or more annnuity payments pursuant to the amendments made by this section for periods before October 1, 1979, shall be entitled, to such extent or in such amounts as are provided in advance in appropriation Acts, to a lump sum payment equal to the total amount of all such annuity payments.

EARLY RETIREMENT COMPUTATION

SEC. 1242. Section 8339(d) of title 5, United States Code, is amended by inserting "(1)" after "(d)" and by adding at the end thereof the following new paragraphs:

"(2) The annuity of an employee retiring under this subchapter who was employed by the Panama Canal Company or Canal Zone Government on September 30, 1979, is computed with respect to the period of continuous Panama Canal service from that date, disregarding any break in service of not more than 3 days, by adding—

"(A) 2½ percent of the employee's average pay multiplied by so much of that service as does not exceed 20 years; plus

"(B) 2 percent of the employee's average pay multiplied by so much of that service as exceeds 20 years.

"(3)(A) In the case of an employee who has service as a law enforcement officer or firefighter to which paragraph (2) of this subsection applies, the annuity of that employee is increased by $8 for each full month of that service which is performed in the Republic of Panama.

"(B) In the case of an employee retiring under this subchapter who—

"(i) was employed as a law enforcement officer or firefighter by the Panama Canal Company or Canal Zone Government at any time during the period beginning March 31, 1979, and ending September 30, 1979; and

"(ii) does not meet the age and service requirements of section 8336(c) of this title; the annuity of that employee is increased by $12 for each full month of that service which occurred before October 1, 1979.

"(C) An annuity increase under this paragraph does not apply with respect to service performed after completion of 20 years of service (or any combination of service) as a law enforcement officer or firefighter.

"(4) For the purpose of this subsection—

"(A) 'Panama Canal service' means—

"(i) service as an employee of the Panama Canal Commission; or

"(ii) service at a permanent duty station in the Canal Zone or Republic of Panama as an employee of an Executive agency conducting operations in the Canal Zone or Republic of Panama; and

"(B) 'Executive agency' includes the Smithsonian Institution.".

(b)(1) The amendments made by this section shall take effect on the date of the enactment of this Act, but no amount of annuity under chapter 83 of title 5, United States Code, accruing by reason of those amendments shall be payable for any period before October 1, 1979.

(2) Effective October 1, 1979, any individual who, but for paragraph (1) of this subsection, would have been entitled to one or more annuity payments pursuant to the amendments made by this section for periods before October 1, 1979, shall be entitled, to such extent or in such amounts as are provided in advance in appropriation Acts, to a lump sum payment equal to the total amount of all such annuity payments.

RETIRED UNDER SPECIAL TREATY PROVISIONS

SEC. 1243. (a)(1) Subject to subsection (b) of this section, and under such regulations as the President may prescribe, the Secretary of the Treasury shall pay to the Social Security System of the Republic of Panama, out of funds deposited in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund under section 8334(a)(2) of title 5, United States Code, such sums of money as may be necessary to aid in the purchase of a retirement equity in such System for each individual who—

(A) meets the requirements of paragraph (2) of this subsection;

(B) is separated from employment in the Panama Canal Company, the Canal Zone Government, or the Commission by reason of the implementation of any provision of the Panama Canal Treaty of 1977 and related agreements; and

(C) becomes employed in a position covered by the Social Security System of the Republic of Panama through the transfer of a function or activity to the Republic of Panama from the United States or through a job placement assistance program.

(2) This subsection applies with respect to any individual only if the individual—

(A) has been credited with at least 5 years of civilian service under section 8332 of title 5, United States Code, relating to creditable service for purposes of civil service retirement;

(B) is not eligible for an immediate retirement annuity under chapter 83 of title 5, United States Code, relating to civil service retirement, and elects not to receive a deferred annuity under that chapter based on any portion of that service; and

(C) elects to withdraw from the Civil Service Retirement and Disability Fund the individual's entire lump-sum credit (as defined in section 8331(8) of title 5, United States Code) and to transfer that amount to the Social Security System of the Republic of Panama pursuant to the special regime referred to in paragraph 3 of Article VIII of the Agreement in Implementation of Article III of the Panama Canal Treaty of 1977.

(b) The amount paid to the Social Security System of the Republic of Panama with respect to any individual under subsection (a) of this section shall not exceed the individual's entire lump-sum credit (as so defined).

(c)(1) Pursuant to paragraph 2(b) of Annex C to the Agreement in Implementation of Article IV of the Panama Canal Treaty of 1977, the President, or the President's designee, shall purchase from a source determined by the President to be appropriate, in accordance with such regulations as the President or the President's designee may prescribe, and to such extent or in such amounts as may be provided in advance in appropriations Acts, a nontransferable deferred annuity for the benefit of each employee of an agency or instrumentality of the Government of the United States in the Republic of Panama—

(A) who is not a citizen of the United States;

(B) who was employed on October 1, 1979, and during any period before that date by an agency or instrumentality of the Government of the United States at any permanent duty station in the Republic of Panama (including, with respect to employment before that date, the area then known as the Canal Zone);

(C) who, for any period of service with such agency or instrumentality before October 1, 1979, at any such permanent duty station was not covered, by reason of that service, by the United States Civil Service Retirement System or any other Federal retirement system providing benefits similar to those retirement benefits provided by the Social Security System of the Republic of Panama; and

(D) who, on October 1, 1979, is under a Federal retirement system and, on or before that date, has accrued in one or more agencies or instrumentalities of the United States a total of 5 years or more of service which—

(i) is creditable toward any Federal retirement system as in effect on October 1, 1979;

(ii) would have been creditable toward any such retirement system if the retirement system were in effect at the time of the service accrued by the employee; or

(iii) consists of any combination of service described in clauses (i) and (ii) of this subparagraph.

(2) The retirement annuity referred to in paragraph (1) of this subsection with respect to any employee will cover retroactively, from October 1, 1979, all periods of service, described in subparagraph (D) of that paragraph, by that employee at any permanent duty station in the Republic of Panama (including the area known before that date as the Canal Zone) in agencies and instrumentalities of the Government of the United States during which that employee was not covered by the United States Civil Service Retirement System or any other Federal retirement system providing benefits similar to those retirement benefits provided by the Social Security System of the Republic of Panama.

OBLIGATION OF COMMISSION FOR UNFUNDED LIABILITY

SEC. 1244. Section 8348 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(1)(1) Notwithstanding any other provision of law, the Panama Canal Commission shall be liable for that portion of any estimated increase in the unfunded liability of the Fund which is attributable to any benefits payable from the Fund to or on behalf of employees and their survivors to the extent attributable to the amendments made by sections 1241 and 1242, and the provisions of sections 1231(b) and 1243(a)(1), of the Panama Canal Act of 1979.

"(2) The estimated increase in the unfunded liability referred to in paragraph (1) of this subsection shall be determined by the Office of Personnel Management. The Secretary of the Treasury shall pay to the Fund from appropriations for that purpose the amount so determined in annual installments with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System.".

CASH RELIEF TO CERTAIN FORMER EMPLOYEES

SEC. 1245 (a) The Commission, under the regulations prescribed by the President pursuant to the Act entitled "An Act authorizing cash relief for certain employees of the Panama Canal not coming within the provisions of the Canal Zone Retirement Act", approved July 8, 1937, as amended (50 Stat. 478; 68 Stat. 17), may continue the payments of cash relief to those individual former employees of the Canal Zone Government or Panama Canal Company or their predecessor agencies not coming within the scope of the former Canal Zone Retirement Act whose services were terminated prior to October 5, 1958, because of unfitness for further useful service by reason of mental or physical disability resulting from age or disease. Subject to subsection (b) of this section, that cash relief may not exceed $1.50 per month for each year of service of the employees so furnished relief, with a maximum of $45 per month, plus the amount of any cost-of-living increases in such cash relief granted before October 1, 1979, pursuant to section 181 of title 2 of the Canal Zone Code (as in effect on September 30, 1979), nor be paid to any employee who, at the time of termination for disability prior to October 5, 1958, had less than 10 years' service with the Canal Zone Government, the Panama Canal Company, or their predecessor agencies on the Isthmus of Panama.

(b) An additional amount of $20 per month shall be paid to each person who receives payment of cash relief under subsection (a) of this section and shall be allowed without regard to the limitations contained therein.

(c) Each cash relief payment made pursuant to this section shall be increased on the same effective date and by the same percent, adjusted to the nearest dollar, as civil service retirement annuities are increased under the cost-of-living adjustment provisions of section 8340(b) of title 5, United States Code. Such increase shall apply only to cash relief payments made after October 1, 1979, as increased by annuity increases made after that date under such section 8340(b).

(d) The Commission may pay cash relief to the widow of any former employee of the Canal Zone Government or the Panama Canal Company who, until the time of his death, receives or has received cash relief under subsection (a) of this section, under section 181 of title 2 of the Canal Zone Code (as in effect on September 30, 1979), or under the Act of July 8, 1937, referred to in such subsection (a). The term "widow" as used in this subsection includes only the following:

(1) a woman legally married to such employee at the time of his termination for disability and at his death;

(2) a woman who, although not legally married to such former employee at the time of his termination, had resided continuously with him for at least five years immediately preceding the employee's termination under such circumstances as would at common law make the relationship a valid marriage and who continued to reside with him until his death; and

(3) a woman who has not remarried or assumed a common-law relationship with any other person.

Cash relief granted to such a widow shall not at any time exceed 50 percent of the rate at which cash relief, inclusive of any additional payment under subsection (b) of this section, would be payable to the former employee were he then alive.

(e) Subchapter III of chapter 83 of title 5, United States Code, applies with respect to those individuals who were in the service of the Canal Zone Government or the Panama Canal Company on October 5, 1958, and who, except for the operation of section 13(a)(1) of the Act entitled "An Act to implement item 1 of a Memorandum of Understanding attached to the treaty of January 25, 1955, entered into by the Government of the United States of America and the Government of the Republic of Panama with respect to wage and employment practices of the Government of the United States of America in the Canal Zone", approved July 25, 1958 (72 Stat. 405), would have been within the classes of individuals subject to the Act of July 8, 1937, referred to in subsection (a) of this section.

APPLIANCES FOR EMPLOYEES INJURED BEFORE SEPTEMBER 7, 1916

SEC. 1246. Artificial limbs or other appliances may be purchased by the Commission, out of any funds appropriated to the Commission, for persons who were injured in the service of the Isthmian Canal Commission or of the Panama Canal before September 7 1916.

Subchapter V—Leave

LEAVE FOR JURY OR WITNESS SERVICE

SEC. 1251. Section 6322(a) of title 5, United States Code, is amended—

(1) by striking out "the Canal Zone, or"; and

(2) by striking out "Islands." and inserting in lieu thereof "Islands, or the Republic of Panama.".

Subchapter VI—Application to Related Personnel

LAW ENFORCEMENT; CANAL ZONE CIVILIAN PERSONNEL POLICY COORDINATING BOARD; RELATED EMPLOYEES

SEC. 1261. (a) For the purposes of sections 1206, 1231, 1232, 1241, and 1242 of this Act, including any amendment made by those sections, the United States Attorney for the District of the Canal Zone and the Assistant United States Attorneys and their clerical assistants, and the United States Marshal for the District of the Canal Zone and his deputies and clerical assistants shall be considered employees of the Commission.

(b) For the purposes of this Act, including any amendment made by this Act, the Executive Director of the Canal Zone Civilian Personnel Policy Coordinating Board, the Manager, Central Examining Office, and their staffs shall be considered to have been employees of the Panama Canal Company with respect to service in those positions before October 1, 1979, and as employees of the Commission with respect to service in those positions on or after that date.

(c) The provisions of this section shall take effect on the date of the enactment of this Act.

Subchapter VII—Labor-Management Relations

LABOR-MANAGEMENT RELATIONS

SEC. 1271. (a) Nothing in this Act shall be construed to affect the applicability of chapter 71 of title 5, United States Code, relating to labor-management and employee relations, with respect to the Commission or the operations of any other Executive agency conducted in that area of the Republic of Panama which, on September 30, 1979, was the Canal Zone, except that in applying those provisions—

(1) the definition of "employee" shall be applied without regard to clause (i) of section 7103(a)(2) of such title 5 which relates to nationality and citizenship; and

(2) a unit shall be considered to be appropriate notwithstanding the fact that it includes any supervisor if that supervisor's position (or type of position) was, before October 1, 1979, represented before the Panama Canal Company by a labor organization that included employees who were not supervisors.

(b) Labor-management and employee relations of the Commission, other Executive agencies, and the Smithsonian Institution, their employees, and organizations of those employees, in connection with operations conducted in that area of the Republic of Panama which, on September 30, 1979, was the Canal Zone, shall be governed and regulated solely by the applicable laws, rules, and regulations of the United States.

CHAPTER 3—FUNDS AND ACCOUNTS

Subchapter I—Funds

CANAL ZONE GOVERNMENT FUNDS

SEC. 1301. On the effective date of this Act, any unexpended balances of the appropriation accounts appearing on the books of the United States Government as "Operating Expenses, Canal Zone Government (38–0116–0–1–806)" and "Capital Outlay, Canal Zone Government (38–0118–0–1–806)" shall be covered into the general fund of the Treasury, and any appropriations to which expenditures under such accounts have been chargeable before such effective date are repealed. The Commission may, to such extent or in such amounts as are provided in appropriation Acts to the Commission for such purpose, pay claims or make payments chargeable to such accounts, upon proper audit of such claims or payments. There are authorized to be appropriated to the Commission such funds as may be necessary to pay claims and make payments pursuant to this section.

PANAMA CANAL COMPANY FUNDS; COMMISSION FUNDS

SEC. 1302. (a) On the effective date of this Act, the account appearing on the books of the United States Government as the "Panama Canal Company Fund (38–4060–0–3–403)" shall be terminated, and any unexpended balances under such account as of that date shall be covered into the Treasury in an account to be known as the "Panama Canal Commission Fund".

(b) On or after the effective date of this Act, tolls for the use of the Panama Canal and all other receipts of the Commission that, before such effective date, would have been credited to the account appearing on the books of the Government as the "Panama Canal Company Fund (38–4060–0–3–403)" shall be deposited in the Treasury in the Panama Canal Commission Fund.

(c)(1) No funds may be appropriated to or for the use of the Commission, nor may any funds be obligated or expended by the Commission for any fiscal year, unless such appropriation, obligation, or expenditure has been specifically authorized by law.

(2) No funds may be appropriated to or for the use of the Commission for any fiscal year in excess of (A) the amount of revenues deposited in the Panama Canal Commission Fund during such fiscal year, as such amount is estimated by the Secretary of Defense and certified by the Comptroller General of the United States at the time the budget request for the Commission for such fiscal year is submitted to the Congress, plus (B) the amount of revenues deposited in such Fund prior to such fiscal year and remaining unexpended at the beginning of such fiscal year. Not later than thirty days after the end of such fiscal year, the Secretary of the Treasury shall report to the Congress the actual amount of revenues deposited in the Panama Canal Commission Fund during such fiscal year.

(d) The Commission may, to such extent or in such amounts as are provided in advance in appropriation Acts, enter into contracts in order to carry out its functions.

(e)(1) It is the sense of the Congress that the additional costs resulting from implementation of the Panama Canal Treaty of 1977 and related agreements should be kept to the absolute minimum level. To this end, the Congress declares that the direct appropriated costs of implementation to be borne by the taxpayers over the life of such Treaty should be kept to a level no greater than the March 1979 estimate of those costs ($870,700,000) presented to the Congress by the executive branch during consideration of this Act by the Congress, less personnel retirement costs of $205,000,000, which were subtracted and charged to tolls, therefore resulting in the net taxpayer cost of approximately $665,700,000, plus appropriate adjustment for inflation.

(2) It is further the sense of the Congress that the actual costs of implementation be consistent with the obligations of the United States to operate the Panama Canal safely and efficiently and keep it secure.

EMERGENCY FUND

SEC. 1303. (a) On the effective date of this Act, the Secretary of the Treasury shall establish and thereafter shall maintain in the Treasury a fund to be known as the "Panama Canal Emergency Fund". There are authorized to be appropriated for deposit in such Fund (1) for the fiscal year beginning on October 1, 1979, $40,000,000, and (2) for any fiscal year beginning on or after October 1, 1980, such additional sums as may be specifically authorized by law for such fiscal year.

(b) The Commission may make withdrawals from the Panama Canal Emergency Fund by check in order to defray emergency expenses and to insure the continuous, efficient, and safe operation of the Panama Canal, if funds appropriated for the operation and maintenance of the Canal are insufficient for such purposes. Any withdrawal from such Fund to cover increased costs attributable to unprogrammed increases in traffic may not be made in amounts greater than the revenues from such increased traffic. Such Fund shall not be available for payments to Panama under Article XIII of the Panama Canal Treaty of 1977. Any withdrawal from such Fund or expenditure made under this subsection shall be reported forthwith by the Commission to the Congress and to the Office of Management and Budget.

Subchapter II—Accounting Policies and Audits

ACCOUNTING POLICIES

SEC. 1311. (a) The Commission shall establish and maintain its accounts pursuant to the Accounting and Auditing Act of 1950 (31 U.S.C. 65 et seq.) and the provisions of this chapter. Such accounts shall specify all revenues received by the Commission, including tolls for the use of the Panama Canal, expenditures for capital replacement, expansion, and improvement, and all costs of maintenance and operation of the Panama Canal and of its complementary works, installations, and equipment, including depreciation, payments to the Republic of Panama under the Panama Canal Treaty of 1977, and interest on the investment of the United States calculated in accordance with section 1603 of this Act.

(b) The Commission may issue regulations establishing the basis of accounting for the assets which are made available for the use of the Commission. Such regulations may provide for depreciation of the net replacement value of the assets which will ultimately require replacement to maintain the service capacity of the Panama Canal. Such regulations may also provide that depreciation of such assets be recorded ratably over their service lives.

REPORTS

SEC. 1312. The Commission shall, not later than January 31 of each year, submit to the President and the Congress a financial statement and a complete report with respect to the maintenance and operation of the Panama Canal during the preceding fiscal year.

AUDIT BY THE COMPTROLLER GENERAL OF THE UNITED STATES

SEC. 1313. (a) Financial transactions of the Commission shall be audited by the Comptroller General of the United States (hereinafter in this Act referred to as the "Comptroller General") pursuant to the Accounting and Auditing Act of 1950 (31 U.S.C. 65 et seq.). In conducting any audit pursuant to such Act, the appropriate representatives of the Comptroller General shall have access to all books, accounts, financial records, reports, files, and other papers, items, or property in use by the Commission and necessary to facilitate such audit, and such representatives shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. An audit pursuant to such Act shall first be conducted with respect to the fiscal year in which this Act becomes effective.

(b) The Comptroller General shall, not later than six months after the end of each fiscal year, submit to the Congress a report of the audit conducted pursuant to subsection (a) of this section with respect to such fiscal year. Such report shall set forth the scope of the audit and shall include—

(1) a statement of assets and liabilities, capital, and surplus or deficit, based on the accounts of the Panama Canal Commission established pursuant to this chapter,

(2) a statement of income and expenses,

(3) a statement of sources and application of funds,

(4) a statement listing all direct and indirect costs incurred by the United States in implementing the Panama Canal Treaty of 1977, including the cost of property transferred to the Republic of Panama during each fiscal year, and

(5) such comments and information as the Comptroller General considers necessary to keep the Congress informed of the operations and financial transactions of the Commission, together with such recommendations with respect to such operations and transactions as the Comptroller General considers advisable.

The report shall identify specifically any program expenditure, or other financial transaction or undertaking observed in the course of the audit which, in the opinion of the Comptroller General, has been carried out or made and has not been authorized by law. The Comptroller General shall submit a copy of each such report to the President, the Secretary of the Treasury, and the Commission.

(c) In conducting the audits and preparing the reports provided for in this section and in carrying out his other responsibilities pursuant to law, the Comptroller General shall, with respect to fiscal year 1980, take into account the problems inherent in converting the existing accounting system of the Panama Canal Company to conform to the requirements established in section 1311 of this Act. Accordingly, the Comptroller General shall take no adverse action with respect to the Commission, nor shall any violation of section 3679 of the Revised Statutes (31 U.S.C. 665) be considered to have taken place, so long as the Commission is in substantial compliance with the requirements of this Act. The Comptroller General shall make such recommendations to the Commission and to the Congress as he may consider appropriate to insure that full compliance with the financial controls provided for in the Accounting and Auditing Act of 1950 (31 U.S.C. 65 et seq.) is achieved promptly.

Subchapter III—Interagency Accounts

INTERAGENCY SERVICES; REIMBURSEMENTS

SEC. 1321. (a) The Commission shall reimburse the Employees' Compensation Fund, Bureau of Employee's Compensation, Department of Labor, for the benefit payments to the Commission's employees, and shall also reimburse other Government departments and agencies for payments of a similar nature made on its behalf.

(b) The Department of Defense shall reimburse the Commission for amounts expended by the Commission in maintaining defense facilities in standby condition for the Department of Defense.

(c) Notwithstanding any other provision of law, funds appropriated (for any fiscal year beginning after September 30, 1979) to or for the use of the Department of Defense, or to any other department or agency of the United States as may be designated by the President to carry out the purposes of this subsection, shall be available for—

(1) conducting the educational and health care activities, including kindergartens and college, carried out by the Canal Zone Government and the Panama Canal Company before the effective date of this Act, and

(2) providing the services related thereto to the categories of persons to which such services were provided before such effective date.

Notwithstanding any other provision of law, the Department of Defense, or any department or agency designated by the President to provide health care services to those categories of persons referred to in this subsection, shall provide such services to such categories of person on a basis no less favorable than that applied to its own employees and their dependents.

(d) Amounts expended for furnishing services referred to in subsection (c) of this section to persons eligible to receive them, less amounts payable by such persons, shall be fully reimbursable to the department or agency furnishing the services, except to the extent that such expenditures are the responsibility of that department or agency. The appropriations or funds of the Commission shall be available for such reimbursements on behalf of—

(1) employees of the Commission, and

(2) other persons authorized to receive such services who are eligible to receive them pursuant to the Panama Canal Treaty of 1977 and related agreements.

The appropriations or funds of any other department or agency of the United States conducting operations in the Republic of Panama, including the Smithsonian Institution, shall be available for reimbursements on behalf of employees of such department or agency and their dependents.

(e) The appropriations or funds of the Commission, or of any other department or agency of the United States conducting operations in the Republic of Panama, shall be available, in accordance with subsection (d) of this section, to defray the cost of—

(1) health care services to elderly or disabled persons who were eligible to receive such services before the effective date of this Act, less amounts payable by such persons, and

(2) educational services provided by schools in the Republic of Panama, which are not operated by the United States, to persons who were receiving such services at the expense of the Canal Zone Government before the effective date of this Act.

(f) For purposes of the reimbursement of the United States by the Republic of Panama for the salaries and other employment costs of employees of the Commission who are assigned to assist the Republic of Panama in the operation of activities which are transferred to that Government as a result of any provision of the Panama Canal Treaty of 1977 and related agreements, which reimbursement is provided for in paragraph 8 of Article 10 of that Treaty, the Commission shall be deemed to be the United States of America.

(g) Notwithstanding any other provision of law, the President, through the appropriate department or agency of the United States, shall, until January 1, 2000, operate the educational institution known as the "Canal Zone College". Such institution shall continue to provide, insofar as practicable, the level of services which it offered immediately before the effective date of this Act.

Subchapter IV—Postal Matters

POSTAL SERVICE

SEC. 1331. (a) The postal service established and governed by chapter 73 of title 2 of the Canal Zone Code shall be discontinued on October 1, 1979.

(b) The provisions of chapter 73 of such title 2 relating to postal-savings deposits, postal-savings certificates, postal money orders, and the accounting for funds shall continue to apply for the purpose of meeting the obligations of the United States concerning outstanding postal savings and money orders and disposition of funds.

(c) The Commission shall take possession of and administer the funds of the postal service referred to in subsection (a) of this section and shall assume its obligations. The Commission and the United States Postal Service may enter into agreements for the transfer of funds or property and the assumption of administrative rights or responsibilities with respect to the outstanding obligations of the postal service referred to in subsection (a) of this section. Any transfer or assumption (including any agreement for such transfer or assumption) pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in advance in appropriation Acts.

(d) Mail addressed to the Canal Zone from or through the continental United States may be routed by the United States Postal Service to the military post offices of the United States Forces in the Republic of Panama. Such military post offices shall provide the required directory services and shall accept such mail to the extent permitted under the Panama Canal Treaty of 1977 and related agreements. The Commission shall furnish personnel, records, and other services to such military post offices to assure wherever appropriate the distribution, rerouting, or return of such mail.

(e)(1) The second sentence of section 403(a) of title 39, United States Code, is amended by striking out "Except as provided in the Canal Zone Code, the" and inserting in lieu therefore "The".

(2) Section 3401(b) of such title is amended—

(A) by inserting "or" before "the Virgin Islands"; and

(B) by striking out "or the Canal Zone,".

(3)(A) Section 3402 of such title is repealed.

(B) The table of sections for chapter 34 of title 39, United States Code, is amended by repealing the item relating to section 3402.

(4) Section 3682(b)(5) of such title is amended by striking out "the Canal Zone and".

Subchapter V—Accounts With the Republic of Panama

PAYMENTS TO THE REPUBLIC OF PANAMA

SEC. 1341. (a) The Commission shall pay to the Republic of Panama those payments required under paragraph 5 of Article III and paragraph 4 of Article XIII of the Panama Canal Treaty of 1977. Payments made under paragraph 5 of Article III of such Treaty shall be audited annually by the Comptroller General and any overpayment, as determined in accordance with Understanding (1) incorporated in the Resolution of Ratification of the Panama Canal Treaty (adopted by the United States Senate on April 18, 1978), for the services described in that paragraph which are provided shall be refunded by the Republic of Panama or set off against amounts payable by the United States to the Republic of Panama under paragraph 5 of Article III of the Panama Canal Treaty of 1977.

(b) In determining whether operating revenues exceed expenditures for the purpose of payments to the Republic of Panama under paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977, such operating revenues in a fiscal period shall be reduced by (1) all costs of such period as shown by the accounts established pursuant to section 1311 of this Act, and (2) the cumulative sum from prior years (beginning with the year in which the Panama Canal Treaty of 1977 enters into force) of any excess of costs of the Panama Canal Commission over operating revenues.

(c) In accordance with paragraph 1 of Article IX of the Panama Canal Treaty of 1977, it is the sense of the Congress that organizations and businesses operating and individuals living in the Canal Zone before the effective date of this Act should not be taxed retroactively by the Government of the Republic of Panama.

(d) Any accumulated unpaid balance under paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977 at the termination of such Treaty shall be payable only to the extent of any operating surplus in the last year of the Treaty's duration, and nothing in such paragraph may be construed as obligating the United States to pay after the date of the termination of the Treaty any such unpaid balance which has accrued before such date.

(e) No payments may be made to the Republic of Panama under paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977 unless unexpended funds are used to pay all costs associated with the maintenance and operation of the Panama Canal, including, but not limited to, (1) operating expenses determined in accordance with generally accepted accounting principles, (2) payments to the Republic of Panama under paragraphs 4(a) and 4(b) of such Article XIII and under paragraph 5 of Article III of such Treaty, (3) amounts in excess of depreciation and amortization which are programed for plant replacement, expansion, and improvements, and (4) interest.

(f) The prohibitions contained in this section and in sections 1302(c) and 1503 of this Act shall apply notwithstanding any other provision of law authorizing transfers of funds between accounts, reprograming of funds, use of funds for contingency purposes, or waivers of prohibitions.

TRANSACTIONS WITH THE REPUBLIC OF PANAMA

SEC. 1342. The Commission may, on a reimbursable basis, provide to the Republic of Panama materials, supplies, equipment, work, or services, including water and electric power, requested by the Republic of Panama, at such rates as may be agreed upon by the Commission and the Republic of Panama. Payment for such materials, supplies, equipment, work, or services may be made by direct payment by the Republic of Panama to the Commission or by offset against amounts due the Republic of Panama by the United States.

DISASTER RELIEF

SEC. 1343. If an emergency arises because of disaster or calamity by flood, hurricane, earthquake, fire, pestilence, or like cause, not foreseen or otherwise provided for, and occurring in the Republic of Panama in such circumstances as to constitute an actual or potential hazard to health, safety, security, or property in the areas and installations made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements, the Commission may expend available funds appropriated to the Commission for such purpose, and utilize or furnish materials, supplies, equipment, and services for relief, assistance, and protection.

CONGRESSIONAL RESTRAINTS ON PROPERTY TRANSFERS AND TAX EXPENDITURES

SEC. 1344. (a) The Congress enacts this section in the exercise of its authority under Article IV, section 3, clause 2 of the Constitution of the United States to dispose of and make necessary rules and regulations with respect to property of the United States.

(b) Prior to the transfer of property of the United States located in the Republic of Panama to the Republic of Panama pursuant to section 1504 of this Act the President shall formally advise the Government of Panama that—

(1) in fulfilling its obligations under the Panama Canal Treaty of 1977, the United States shall make no payments to the Republic of Panama derived from tax revenues of the United States;

(2) the United States retains full discretion and authority to determine whether and the extent to which tax revenues of the United States may be expended in exercising United States rights and carrying out United States responsibilities under the Panama Canal Treaty of 1977 and related agreements;

(3) no tax revenues of the United States shall be made available for obligations and expenditure after the effective date of this Act for purposes of implementing the Panama Canal Treaty of 1977 and related agreements, unless hereafter specifically approved by the Congress through the authorization and appropriation process;

(4) the total amount expended by the Commission from funds appropriated to or for the use of the Commission shall not exceed the total amount deposited in the Panama Canal Commission Fund; and

(5) the foregoing paragraphs of this subsection do not apply to expenditures made by the United States in fulfilling United States obligations to transfer the remains of our honored dead from Mount Hope Cemetery in the former Canal Zone to an appropriate and dignified resting place in accordance with Reservation 3 to the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal.

CHAPTER 4—CLAIMS FOR INJURIES TO PERSONS OR PROPERTY

Subchapter I—General Provisions

SETTLEMENT OF CLAIMS GENERALLY

SEC. 1401. (a) Subject to the provisions of this chapter, the Commission may adjust and pay claims for injury to, or loss of, property or for personal injury or death, arising from the operation of the Panama Canal or related facilities and appurtenances.

(b) No claim for an amount exceeding $50,000 shall be adjusted and paid by the Commission under the provisions of this subchapter.

(c) An award made to a claimant under this section shall be payable out of any moneys appropriated for or made available to the Commission. The acceptance by the claimant f the award shall be final and conclusive on the claimant, and shall constitute a complete release by the claimant of his claim against the United States and against any employee of the United States acting in the course of his employment who is involved in the matter giving rise to the claim.

(d) Except as provided in section 1416 of this Act, no action for damages on claims cognizable under this chapter shall lie against the United States or the Commission, and no such action shall lie against any officer or employee of the United States. Neither this section nor section 1416 of this Act shall preclude actions against officers or employees of the United States for injuries resulting from their acts outside the scope of their employment or not in the line of their duties, or from their acts committed with the intent to injure the person or property of another.

(e) The provisions of section 1346(b) of title 28, United States Code, and the provisions of chapter 171 of such title shall not apply to claims cognizable under this chapter.

Subchapter II—Vessel Damage

INJURIES IN LOCKS OF CANAL

SEC. 1411. The Commission shall promptly adjust and pay damages for injuries to vessels, or to the cargo, crew, or passengers of vessels, which may arise by reason of their passage through the locks of the Panama Canal under the control of officers or employees of the United States. Damages may not be paid where the injury was proximately caused by the negligence or fault of the vessel, master, crew, or passengers. If the negligence or fault of the vessel, master, crew, or passengers proximately contributed to the injury, the award of damages shall be diminished in proportion to the negligence or fault attributable to the vessel, master, crew, or passengers. Damages may not be allowed and paid for injuries to any protrusion beyond any portion of the hull of a vessel whether it is permanent or temporary in character. A vessel is considered to be passing through the locks of the Canal, under the control of officers or employees of the United States, from the time the first towing line is made fast on board before entrance into the locks and until the towing lines are cast off upon, or immeditely prior to, departure from the lock chamber.

INJURIES OUTSIDE LOCKS

SEC. 1412. The Commission shall promptly adjust and pay damages for injuries to vessels, or to the cargo, crew, or passengers of vessels which may arise by reason of their presence in the Panama Canal, or waters adjacent thereto, other than the locks, when the injury was proximately caused by negligence or fault on the part of an officer or employee of the United States acting within the scope of his employment and in the line of his duties in connection with the operation of the Canal, and when the amount of the claim does not exceed $120,000. If the negligence or fault of the vessel, master, crew, or passengers proximately contributed to the injury, the award of damages shall be diminished in proportion to the negligence or fault attributable to the vessel, master, crew, or passengers. In the case of a vessel which is required by or pursuant to regulations prescribed pursuant to section 1801 of this Act to have a Panama Canal pilot on duty aboard, damages may not be adjusted and paid for injuries to the vessel, or its cargo, crew, or passengers, incurred while the vessel was underway and in motion, unless at the time the injuries were incurred the navigation or movement of the vessel was under the control of a Panama Canal pilot.

MEASURE OF DAMAGES GENERALLY

SEC. 1413. In determining the amount of the award of damages for injuries to a vessel for which the Commission is determined to be liable, there may be included—

(1) the actual or estimated cost of repairs;

(2) charter hire actually lost by the owners, or charter hire actually paid, depending upon the terms of the charter party, for the time the vessel is undergoing repairs;

(3) maintenance of the vessel and wages of the crew, if they are found to be actual additional expenses or losses incurred outside of the charter hire; and

(4) other expenses which are definitely and accurately shown to have been incurred necessarily and by reason of the accident or injuries.

Agent's fees, or commissions, or other incidental expenses of similar character, or any items which are indefinite, indeterminable, speculative, or conjectural may not be allowed. The Commission shall be furnished such vouchers, receipts, or other evidence as may be necessary in support of any item of a claim. If a vessel is not operated under charter but by the owner directly, evidence shall be secured if available as to the sum for which vessels of the same size and class can be chartered in the market. If the charter value cannot be determined, the value of the vessel to its owners in the business in which it was engaged at the time of the injuries shall be used as a basis for estimating the damages for the vessel's detention; and the books of the owners showing the vessel's earnings about the time of the accident or injuries shall be considered as evidence of probable earnings during the time of detention. If the books are unavailable, such other evidence shall be furnished as may be necessary.

DELAYS FOR WHICH NO RESPONSIBILITY IS ASSUMED

SEC. 1414. The Commission is not responsible, and may not consider any claim, for demurrage or delays caused by—

(1) landslides or other natural causes;

(2) necessary construction or maintenance work on Canal locks, terminals, or equipment;

(3) obstruction arising from accidents;

(4) time necessary for admeasurement;

(5) congestion of traffic;

(6) time necessary for investigation of marine accidents; or

(7) except as specially set forth in this subchapter, any other cause.

SETTLEMENT OF CLAIMS

SEC. 1415. (a) Subject to subsection (b) of this section, the Commission, by mutual agreement, compromise, or otherwise, may adjust and determine the amounts of the respective awards of damages pursuant to this subchapter. Such amounts shall be payable promptly out of any moneys appropriated or allotted for the maintenance and operation of the Panama Canal. Acceptance by a claimant of the amount awarded to him shall be deemed to be in full settlement of such claim against the Government of the United States.

(b) The Commission shall not adjust and pay any claim for damages for injuries arising by reason of the presence of the vessel in the Panama Canal or adjacent waters outside the locks where the amount of the claim exceeds $120,000 but shall submit the claim to the Congress in a special report containing the material facts and the recommendation of the Commission thereon.

ACTIONS ON CLAIMS

SEC. 1416. A claimant for damages pursuant to section 1411 of this Act who considers himself aggrieved by the findings, determination, or award of the Commission in reference to his claim may bring an action on the claim against the Commission in the United States District Court for the Eastern District of Louisiana. Subject to the provisions of this chapter and of applicable regulations issued pursuant to section 1801 of this Act relative to navigation of the Panama Canal and adjacent waters, such actions shall proceed and be heard by the court without a jury according to the principles of law and rules of practice obtaining generally in like cases between a private party and a department or agency of the United States. Any judgment obtained against the Commission in an action under this subchapter shall be paid out of any moneys appropriated or allotted for the maintenance and operation of the Panama Canal. An action for damages cognizable under this section shall not otherwise lie against the United States or the Commission, nor in any other court, than as provided in this section; nor may it lie against any officer or employee of the United States or of the Commission.

INVESTIGATION OF ACCIDENT OR INJURY GIVEN RISE TO CLAIM

SEC. 1417. Notwithstanding any other provision of law, a claim may not be considered under this subchapter, or an action for damages lie thereon, unless, prior to the departure from the Panama Canal of the vessel involved—

(1) an investigation by the competent authorities of the accident or injury giving rise to the claim has been completed; and

(2) the basis for the claim has been laid before the Commission.

BOARD OF LOCAL INSPECTORS

SEC. 1418. (a) The President shall provide for the establishment of a Board of Local Inspectors of the Panama Canal Commission which shall perform, in accordance with regulations prescribed by the President—

(1) the investigations required by section 1417 of this Act; and

(2) such other duties with respect to marine matters as may be assigned by the President.

(b) In conducting any investigation pursuant to subsection (a) of this section, the Board of Local Inspectors established pursuant to such subsection may summon witnesses, administer oaths, and require the production of books and papers necessary for such investigation.

CHAPTER 5—PUBLIC PROPERTY

ASSETS AND LIABILITIES OF PANAMA CANAL COMPANY

SEC. 1501. All property and other assets of the Panama Canal Company shall revert to the United States on the effective date of this Act, and, except as otherwise provided by law, the United States shall assume the liabilities, including contractual then out-of the Panama Canal Company then outstanding. The Commission may use such property, facilities, and records of the Panama Canal Company as are necessary to carry out its functions.

TRANSFERS AND CROSS-SERVICING BETWEEN AGENCIES

SEC. 1502. (a) In the interest of economy and maximum efficiency in the utilization of property and facilities of the United States, there are authorized to be transferred between departments and agencies of the United States, with or without reimbursement, such facilities, buildings, structures, improvements, stock, and equipment located in the Republic of Panama, and used for their activities therein, as may be mutually agreed upon by the departments and agencies involved and approved by the President of the United States or his designee.

(b) The Commission may enter into cross-servicing agreements with any other department or agency of the United States for the use of facilities, furnishing of services, or performance of functions.

(c) The Commission, any department or agency of the United States, or any United States court in the Republic of Panama is authorized to transfer to the Government of the Republic of Panama any record of such Commission, department, agency, or court, or copy thereof, including any record acquired from the Canal Zone Government or Panama Canal Company (including any vital statistics record) to any other department, agency, or court if such action is determined by the Commission, the head of the department or agency concerned, or the judge of the court concerned to be in the interest of the United States. Transfer of any record or copy thereof under this section to the Government of the Republic of Panama shall be made under the coordination of and with the approval of the United States Ambassador to the Republic of Panama.

(d) The provisions of this section shall apply to the Smithsonian Institution.

DISPOSITION OF PROPERTY OF THE UNITED STATES

SEC. 1503. No property of the United States located in the Republic of Panama may be disposed of except pursuant to law enacted by the Congress.

TRANSFER OF PROPERTY TO PANAMA

SEC. 1504. (a) (1) On the date on which the Panama Canal Treaty of 1977 enters into force, the Secretary of State may convey to the Republic of Panama the Panama Railroad and such property located in the area which, immediately before such date, comprised the Canal Zone and which is not within the land and water areas the use of which is made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements.

(2) Property transferred pursuant to paragraph (1) of this subsection may not include buildings and other facilities, except housing, located outside such areas, the use of which is retained by the United States pursuant to the Panama Canal Treaty of 1977 and related agreements.

(b) With respect to the transfer of all other property (not described in subsection (a) (1) of this section) to be transferred in accordance with the terms of the Panama Canal Treaty of 1977 and related agreements, the Secretary of State may convey such property from time to time in accordance with the terms of such Treaty and related agreements. At least 180 days before the transfer of any such property, the President must submit a written report to the Congress—

(1) precisely identifying and describing the particular property to be transferred;

(2) certifying the state of compliance by the Republic of Panama with such Treaty and related agreements; and

(3) setting forth the reasons for the conveyance being made at the particular time.

CHAPTER 6—TOLLS FOR USE OF THE PANAMA CANAL

PRESCRIPTION OF MEASUREMENT RULES AND RATES OF TOLLS

SEC. 1601. (a) The President is authorized, subject to the provisions of this chapter, to prescribe and from time to time change—

(1) the rules for the measurement of vessels for the Panama Canal; and

(2) the tolls that shall be levied for the use of the Canal.

(b) Such rules of measurement and tolls prevailing on the effective date of this Act shall continue in effect until changed as provided in this chapter.

BASES OF TOLLS

SEC. 1602. (a) Tolls on merchant vessels, army and navy transports, colliers, tankers, hospital ships, supply ships, and yachts shall be based on net vessel tons of one hundred cubic feet each of actual earning capacity determined in accordance with the rules for the measurement of vessels for the Panama Canal, and tolls on other floating craft shall be based on displacement tonnage. The tolls on vessels in ballast without passengers or cargo may be less than the tolls for vessels with passengers or cargo.

(b) Tolls shall be prescribed at rates calculated to produce revenues to cover as nearly as practicable all costs of maintaining and operating the Panama Canal, together with the facilities and appurtenances related thereto, including unrecovered costs incurred on or after the effective date of this Act, interest, depreciation, payments to the Republic of Panama pursuant to paragraph 5 of Article III and paragraph 4 (a) and (b) of Article XIII of the Panama Canal Treaty of 1977, and capital for plant replacement, expansion, and improvements. Tolls shall not be prescribed at rates calculated to produce revenues sufficient to cover payments to the Republic of Panama pursuant to paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977.

(c) Vessels operated by the United States, including vessels of war and auxiliary vessels, and ocean-going training ships owned by the United States and operated by State nautical schools, shall pay tolls.

(d) The levy of tolls is subject to the provisions of section 1 of Article III of the treaty between the United States of America and Great Britain signed November 18, 1901, of Article I of the treaty between the United States of America and the Republic of Colombia signed April 6, 1914, and of Articles II, III, and VI of the Treaty Concerning Permanent Neutrality and Operation of the Panama Canal, between the United States of America and the Republic of Panama, signed September 7, 1977.

CALCULATION OF INTEREST

SEC. 1603. (a) For purposes of sections 1311 and 1602 of this Act, interest shall be computed, at a rate determined by the Secretary of the Treasury, on the investment of the United States in the Panama Canal as shown in the accounts of the Panama Canal Company at the close of business on the day preceding the effective date of this Act, and as adjusted in accordance with subsections (b) and (c) of this section. Capital investment for interest purposes shall not include any interest during construction.

(b) The investment of the United States described in subsection (a) of this section—

(1) shall be increased by—

(A) the amount of expenditures from appropriations to the Commission made on or after the effective date of this Act, and

(B) the value of property transferred to the Commission by any other department or agency of the United States, as determined in accordance with subsection (c) of this section; and

(2) shall be decreased by—

(A) the amount of the funds covered into the Treasury pursuant to section 1302 of this Act,

(B) the value of property transferred to the Republic of Panama pursuant to this or any other Act on or after the date on which the Panama Canal Treaty of 1977 enters into force, and

(C) the value of property transferred by the Commission to any other department or agency of the United States.

(c) The value of property transferred to the Commission by any other department or agency of the United States shall be determined by the Director of the Office of Management and Budget. In computing such value, such Director, shall give due consideration to the cost and probable earning power of the transferred property, or the usable value to the Commission if clearly less than cost, and shall make adequate provisions for depreciation, obsolescence, and other determinable decreases in value. Insofar as practicable, the value of such transferred property shall exclude any portion of such value properly allocable to national defense.

PROCEDURES

SEC. 1604. (a) The Commission shall publish in the Federal Register notice of any proposed change in the rules of measurement or rates of tolls referred to in section 1601 (a) of this Act. The Commission shall give interested parties an opportunity to participate in the proceedings through submission of written data, views, or arguments, and participation in a public hearing to be held not less than 30 days after the date of publication of the notice. The notice shall include the substance of the proposed change and a statement of the time, place, and nature of the proceedings. At the time of publication of such notice, the Commission shall make available to the public an analysis showing the basis and justification for the proposed change, which, in the case of a change in rates of tolls, shall indicate the conformity of the existing and proposed rates of tolls with the requirements of section 1602 of this Act, and the Commission's adherence to the requirement for full consideration of the following factors set forth in Understanding (1) incorporated in the Resolution of Ratification of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal (adopted by the United States Senate on March 16, 1978):

(1) the costs of operating and maintaining the Panama Canal:

(2) the competitive position of the use of the Canal in relation to other means of transportation;

(3) the interests of the United States and the Republic of Panama in maintaining their domestic fleets;

(4) the impact of such a change in rates of tolls on the various geographical areas of each of the two countries; and

(5) the interests of both countries in maximizing their international commerce.

(b) After consideration of the relevant matter presented, the Commission may revise the proposed rules of measurement or rates of tolls, as the case may be, except that, in the case of rates of tolls, if such revision proposes rates greater than those originally proposed, a new analysis of the proposed rates shall be made available to the public, and a new notice of the revised proposal shall be published in the Federal Register apprising interested persons of the opportunity to participate further in the proceedings through submission of written data, views, or arguments, and participation in a public hearing to be held not less than 30 days after the date of publication of the new notice. The procedure set forth in this subsection shall be followed for any subsequent revision of the proposed rates of tolls by the Commission which proposes rates higher than those in the preceding proposal.

(c) After the proceedings have been conducted pursuant to subsections (a) and (b) of this section, the Commission shall publish in the Federal Register a notice of the changes in the rules of measurement or rates of tolls, as the case may be, to be recommended to the President.

(d) Upon publication of the notice pursuant to subsection (c) of this section, the Commission shall forward a complete record of the proceedings, with the recommendation of the Commission, to the President for his consideration. The President may approve, disapprove, or modify any or all of the changes in the rules of measurement or rates of tolls recommended by the Commission.

(e) Rules of measurement or rates of tolls prescribed by the President pursuant to this chapter shall take effect on a date prescribed by the President which is not less than 30 days after the President publishes such rules or rates in the Federal Register.

(f) Action to change the rules of measurement for the Panama Canal or the rates of tolls for the use of the Canal pursuant to this chapter shall be subject to judicial review in accordance with chapter 7 of ittle 5, United States Code.

INTERN TOLL ADJUSTMENT

SEC. 1605. (a) After the effective date of this section, the Panama Canal Company or the Commission may, without regard to the procedures set forth in section 1604 of this Act for making changes in tolls by the Commission and the President, change the rates of tolls calculated to cover the cost of maintaining and operating the Panama Canal during the fiscal year beginning on October 1, 1979. Such rates shall be calculated in accordance with the provisions of section 1602(b) of this Act. Any such change in rates of tolls shall be subject to the approval of the President whose action in the matter shall be final. Any change in rates of tolls approved by the President shall become effective on a date prescribed by the President.

(b) This section shall take effect on the date of the enactment of this Act.

CHAPTER 7—GENERAL REGULATIONS

AUTHORITY OF PRESIDENT

SEC. 1701. The President may prescribe, and from time to time amend, regulations applicable within the areas and installations made available to the United States for the operation and protection of the Panama Canal pursuant to the Panama Canal Treaty of 1977 and related agreements concerning—

(1) the use of aircraft;

(2) the possession and use of alcoholic beverages;

(3) exclusion and removal of persons; and

(4) health and sanitation.

AUTHORITY OF COMMISSION

SEC. 1702. The Commission may prescribe, and from time to time amend, regulations applicable within the areas and installations made available to the United States for the operation and protection of the Panama Canal pursuant to the Panama Canal Treaty of 1977 and related agreements concerning—

(1) the keeping and impounding of domestic animals;

(2) fire prevention;

(3) the sale or use of fireworks;

(4) the use of roads and highways;

(5) photographing of areas, objects, installations, or structures;

(6) swimming in the Panama Canal and adjacent waters; and

(7) the protection of wildlife, hunting, and fishing.

CHAPTER 8—SHIPPING AND NAVIGATION

Subchapter I—Operation of Canal

OPERATING REGULATIONS

SEC. 1801. The President may prescribe, and from time to time amend regulations governing—

(1) the operation of the Panama Canal;

(2) the navigation of the harbors and other waters of the Panama Canal and areas adjacent thereto, including the ports of Balboa and Cristobal;

(3) the passage and control of vessels through the Panama Canal or any part thereof, including the locks and approaches thereto;

(4) pilotage in the Panama Canal or the approaches thereto through the adjacent waters; and

(5) the licensing of officers or other operators of vessels navigating the waters of the Panama Canal and areas adjacent thereto, including the ports of Balboa and Cristobal.

Subchapter II—Inspection of Vessels

VESSELS SUBJECT TO INSPECTION

SEC. 1811. With the exception of private vessels merely transiting the Panama Canal, and of public vessels of all nations, vessels navigating the waters of the Panama Canal shall be subject to an annual inspection of hulls, boilers, machinery, equipment, and passenger accommodations.

FOREIGN VESSELS

SEC. 1812. With respect to a foreign vessel of a country which has inspection laws approximating those of the United States, any such vessel having an unexpired certificate of inspection duly issued by the authorities of such country shall not be subject to an inspection other than that necessary to determine whether the vessel, its boilers, and its lifesaving equipment are as stated in the certificate of inspection. A certificate of inspection may not be accepted as evidence of lawful inspection under this section unless similar privileges are granted to vessels of the United States under the laws of the country to which the vessel belongs.

REGULATIONS GOVERNING INSPECTION

SEC. 1813. The Commission shall prescribe, and from time to time may amend, regulations concerning the inspection of vessels conforming as nearly as practicable to the laws and regulations governing marine inpection by the United States Coast Guard.

TITLE II—TREATY TRANSITION PERIOD

CHAPTER 1—LAWS CONTINUED IN FORCE

LAWS, REGULATIONS, AND ADMINISTRATIVE AUTHORITY

SEC. 2101. To the extent not inconsistent with the Panama Canal Treaty of 1977 and related agreements and the provisions of this Act, the Canal Zone Code and other laws, regulations, and administrative authority of the United States applicable in the Canal Zone immediately before the date on which the Panama Canal Treaty of 1977 enters into force shall continue in force for the purpose of the exercise by the United States of law enforcement and judicial jurisdiction during the transition period provided for in Article XI of the Panama Canal Treaty of 1977 (hereinafter in this Act referred to as the "transition period").

CHAPTER 2—COURTS

JURISDICTION

SEC. 2201. (a) During the transition period, the jurisdiction of the United States District Court for the District of the Canal Zone and the magistrates' courts under title 3 of the Canal Zone Code shall be continued, subject to the limitations set forth in Article XI of the Panama Canal Treaty of 1977.

(b) For purposes of the exercise of the jurisdiction provided in Article XI of the Panama Canal Treaty of 1977, the United States District Court and magistrates' courts referred to in subsection (a) of this section shall construe the terms "United States citizen employees", "members of the United States Forces", "civilian component", and "dependents" as such terms are defined in the Panama Canal Treaty of 1977 and related agreements, and shall construe the term "areas and installations made available for the use of the United States" to mean (1) the Panama Canal operating areas and housing areas described in Annex A to the Agreement in Implementation of Article III of the Panama Canal Treaty, (2) the Ports of Balboa and Cristobal described in Annex B to that Agreement, and (3) the defense sites and Military Areas of Coordination described in Annex A to the Agreements in Implementation of Article IV of the Panama Canal Treaty.

DIVISION AND TERMS OF DISTRICT COURT

SEC. 2202. The United States District Court for the District of the Canal Zone may conduct its affairs at such places within the areas made available for the use of the United States pursuant to the Panama Canal Treaty of 1977 and related agreements, and at such times, as the district judge may designate by rule or order.

TERMS OF CERTAIN OFFICES

SEC. 2203. (a) Notwithstanding the provisions of sections 5, 41, 45, and 82 of title 3 of the Canal Zone Code, the term of office of a district judge, magistrate, United States attorney, or United States marshall shall extend for a period of 30 months beginning on the date on which the Panama Canal Treaty of 1977 enters into force, and any such term shall be subject to such extension of time as may be provided for the disposition of pending cases by agreement between the United States and the Republic of Panama, pursuant to the last sentence of paragraph 7 of Article XI of the Panama Canal Treaty of 1977.

(b) The provisions of this section shall take effect on the date of the enactment of this Act.

RESIDENCE REQUIREMENTS

SEC. 2204. Sections 5(d), 7(d), 41(d), and 45(d) of title 3 of the Canal Zone Code, the second sentence of section 42 of such title, and the second sentence of section 82(c) of such title, which provisions require that certain court officials reside in the Canal Zone, are repealed.

SPECIAL DISTRICT JUDGE

SEC. 2205. (a) Section 6 of title 2 of the Canal Zone Code is amended to read as follows:

§ 6. Special district judge

"The chief judge of the judicial circuit of the United States in which the district court lies may designate and assign a special district judge to act when necessary—

"(1) during the absence of the district judge:

"(2) during the disability or disqualification of the district judge because of sickness or otherwise to discharge his duties; or

"(3) when there is a vacancy in the office of district judge.".

(b) Each designation and assignment by the chief judge under section 6 of title 3 of the Canal Zone Code, as amended by subsection (a) of this section, shall be made in accordance with chapter 13 of title 28, United States Code, which shall be deemed to apply for such purposes.

MAGISTRATES' COURTS

SEC. 2206. (a) The two magistrates' courts established pursuant to section 81 of title 3 of the Canal Zone Code and existing immediately before the date on which the Panama Canal Treaty of 1977 enters into force shall continue in operation during the transition period unless terminated during such period under subsection (b) of this section.

(b) During the transition period, the President may terminate one magistrate's court, together with the positions of magistrate and constable corresponding thereto, if the President determines that the workload is insufficient to warrant continuance of that court. If one of the magistrates' courts is so terminated, the remaining magistrate's court shall exercise the jurisdiction that otherwise would have been exercised by the terminated court and shall take custody of and administer all records of the terminated court.

CHAPTER 3—ATTORNEYS

OATH OF ATTORNEYS

SEC. 2301. (a) Section 543 of title 3 of the Canal Zone Code is amended to read as follows:

"§ 543. Oath of attorneys admitted to bar

"Before receiving a certificate the applicant shall take and subscribe in court an appropriate oath prescribed by the district judge.".

(b) The table of sections for chapter 17 of title 3 of the Canal Zone Code is amended by amending the item relating to section 543 to read as follows:

"543. Oath of attorneys admitted to bar.".

CHAPTER 4—TRANSITION AUTHORITY

TRANSITION AUTHORITY OF PRESIDENT

SEC. 2401. Except as expressly provided to the contrary in this or any other Act, or in the Panama Canal Treaty of 1977 and related agreements, any authority necessary for the exercise during the transition period of the rights and responsibilities of the United States specified in Article XI of the Panama Canal Treaty of 1977 shall be vested in the President.

PRISONS; PAROLE; PARDONS

SEC. 2402. (a) Subsection (c) of section 6503 of title 6 of the Canal Zone Code is amended to read as follows:

"(c) Pursuant to the provisions of section 5003 of title 18, United States Code, the Governor may contract with the Attorney General of the United States for the transfer to the custody of the Attorney General of prisoners sentenced by the United States District Court for the District of the Canal Zone to terms of imprisonment in excess of one year.".

(b) After entry into force of the Panama Canal Treaty of 1977—

(1) all prisoners imprisoned in United States prisons pursuant to contracts entered into pursuant to subsection (c) of section 6503 of title 6 of the Canal Zone Code, as amended by subsection (a) of this section, shall be committed to the custody of the Attorney General as if committed in accordance with part III of title 18, United States Code;

(2) all persons convicted of offenses in the United States District Court for the District of the Canal Zone, and sentenced to terms of imprisonment of one year or less, shall be committed to the custody of the Commission; and

(3) the Panama Canal Commission shall prescribe, and from time to time may amend, regulations providing for the management of prisoners in the jails located in the areas and installations made available for the use of the United States pursuant to the Panama Canal Treaty of 1977 and related agreements, including provisions for treatment, care, assignment for work, discipline, and welfare.

(c) After the entry into force of the Panama Canal Treaty of 1977, all persons convicted of offenses in the United States District Court for the District of the Canal Zone, and sentenced to terms of imprisonment in excess of one year, shall be committed to the custody of the Attorney General pursuant to parts III and IV of title 18, United States Code.

(d) (1) Sections 6501 through 6505 of title 6 of the Canal Zone Code are repealed.

(2) The table of sections for chapter 351 of title 6 of the Canal Zone Code is amended by repealing the items relating to sections 6501 through 6505.

(e) Subsections (c) and (d) of this section shall take effect 90 days after entry into force of the prisoner transfer agreement referred to in paragraph 11 of Article IX of the Panama Canal Treaty of 1977 but in no event later than 90 days prior to the end of the transition period.

(f) (1) Chapter 355 of title 6 of the Canal Zone Code is repealed.

(2) The table of chapters for part 3 of title 6 of the Canal Zone Code is amended by repealing the item to chapter 355.

TITLE III—GENERAL PROVISIONS

CHAPTER 1—CEMETERIES

DISINTERMENT, TRANSPORTATION, AND REINTERMENT OF REMAINS

SEC. 3101. (a) There are authorized to be appropriated for the fiscal year beginning October 1, 1979, and subsequent fiscal years, such sums as may be necessary to carry out the purposes and provisions of reservation (3) to the Resolution of Ratification of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, adopted by the United States Senate on March 16, 1978, such sums to be made available to those agencies that are directed and empowered by the President to carry out such purposes and provisions.

(b) With regard to remains that are to be reinterred in the United States, the United States shall not bear the cost of funeral home services, vaults, plots, or crypts unless otherwise provided for by law.

CHAPTER 2—IMMIGRATION

SPECIAL IMMIGRANTS

SEC. 3201. (a) Section 101 (a)(27) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)), relating to the definition of special immigrants, is amended—

(1) by striking out "or" at the end of subparagraph (C);

(2) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof a semicolon; and

(3) by adding after subparagraph (D) the following new subparagraphs:

"(E) an immigrant, and his accompanying spouse and children, who is or has been an employee of the Panama Canal Company or Canal Zone Government before the date on which the Panama Canal Treaty of 1977 (as described in section 3(a)(1) of the Panama Canal Act of 1979) enters into force, who was resident in the Canal Zone on the effective date of the exchange of instruments of ratification of such Treaty, and who has performed faithful service as such an employee for one year or more;

"(F) an immigrant, and his accompanying spouse and children, who is a Panamanian national and (i) who, before the date on which such Panama Canal Treaty of 1977 enters into force, has been honorably retired from United States Government employment in the Canal Zone with a total of 15 years or more of faithful service, or (ii) who, on the date on which such Treaty enters into force, has been employed by the United States Government in the Canal Zone with a total of 15 years or more of faithful service and who subsequently is honorably retired from such employment; or

"(G) an immigrant, and his accompanying spouse and children, who was an employee of the Panama Canal Company or Canal Zone Government on the effective date of the exchange of instruments of ratification of such Panama Canal Treaty of 1977, who has performed faithful service for five years or more as such an employee, and whose personal safety, or the personal safety of whose spouse or children, as a direct result of such Treaty, is reasonably placed in danger because of the special nature of any of that employment.".

(b) Section 212(d) of such Act (8 U.S.C. 1182(d)), relating to waivers of conditions of inadmissibility to the United States, is amended by adding after paragraph (S) the following new pargraphs;

"(9) The provisions of paragraph (7) of subsection (a) shall not be applicable to any alien who is seeking to enter the United States as a special immigrant under subpargraph (E), (F), or (G) of section 101(a) (27).

"(10) The provisions of paragraph (15) of subsection (a) shall not be applicable to any alien who is seeking to enter the United States as a specil immigrant under subparagraph (E), (F), or (G) of section 101(a) (27) and who applies for admission as such a special immigrant not later than March 31, 1982.".

(c) Notwithstanding any other provision of law, not more than 15,000 individuals may be admitted to the United States as special immigrants under subparagraphs (E), (F), and (G) of section 101(a)(27) of the Immigration and Nationality Act, as added by subsection (a) of this section, of which not more than 5,000 may be admitted in any fiscal year.

(d)(1) The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) Paragraph (9) of section 212(d) of the Immigration and Nationality Act, as added by subsection (b) of this section, shall cease to be effective at the end of the transition period.

Chapter 3—Reports; Amendments; Repeals and Redesignation; Effective Date

REPORT

Sec. 3301. Until the termination of the Panama Canal Treaty of 1977, the President shall report annually on the status of the exercise of the rights and responsibilities of the United States under that Treaty. Such report shall include a discussion of the following:

(1) The actions taken by the Government of the Republic of Panama with respect to the living conditions of persons who resided in the Canal Zone before the effective date of this Act and who continue to reside in those areas made available to the United States under the Agreement in Implementation of Article III of the Panama Canal Treaty.

(2) The terms, conditions, and charges for land-use licenses within the canal operating areas specified in the Agreement in Impletation of Article III of the Panama Canal Treaty.

(3) The condition of former employees (and their dependents) of the Panama Canal Company and the Canal Zone Government who reside in the Republic of Panama on or after the effective date of this Act.

AMENDMENTS

Sec. 3302.

(a) Section 1 of title II of the Act of June 15, 1917 (50 U.S.C. 191), is amended—

(1) by striking out the second paragraph; and

(2) in subsection (b) of the last paragraph, by striking out ", the Canal Zone,".

(b) Section 1 of title XIII of the Act of June 15, 1917 (50 U.S.C. 195), is amended by striking out "the Canal Zone and".

(c) The first section of the Act of August 9, 1954 (50 U.S.C. 196), is amended by striking out ", including the Canal Zone,".

(d) The Department of State Appropriation Act, 1974 (87 Stat. 636 et seq.) is amended by striking out the heading "PAYMENT TO THE REPUBLIC OF PANAMA" and all that follows that relates to the heading.

(e) Title 5, United States Code, is amended—

(1) in sections 305(a)(7), 5102(a)(1)(xii), 5342(a)(1)(G), 5348(b), and 5541(2)(xii), by striking out "Panama Canal Company" and inserting in lieu thereof "Panama Canal Commission";

(2) in sections 5504(a)(A) and 6301(2)(iv), by striking out "Canal Zone Government or the Panama Canal Company" and inserting in lieu thereof "Panama Canal Commission";

(3) in section 8335(c), by striking out "Panama Canal Company or the Canal Zone Government" and inserting in lieu thereof "Panama Canal Commission";

(4) in section 5373(1), by striking out "section 121 of title 2, Canal Zone Code (76A Stat. 15)" and inserting in lieu thereof "section 1202 of the Panama Canal Act of 1979";

(5) in section 6323(c)(2)(B), by striking out "the Canal Zone,";

(6) in section 5102(c), by amending paragraph (12) to read as follows:

"(12) any Executive agency to the extent of any election under section 1212(b)(2) (relating to the Panama Canal Employment System) of the Panama Canal Act of 1979;";

(7) in section 5583(b), by—

(A) adding "and" at the end of paragraph (1);

(B) striking out paragraph (2); and

(C) redesignating paragraph (3) as paragraph (2);

(8) in section 5533(d)(7), by—

(A) striking out the semicolon at the end of subparagraph (E) and inserting in lieu thereof ": or";

(B) striking out ": or" at the end of subparagraph (F) and inserting in lieu thereof a period; and

(C) striking out subparagraph (G);

(9) in section 8146—

(A) by striking out "Canal Zone" in the catchline and inserting in lieu thereof "Panama Canal Commission";

(B) in subsection (a)(1), by striking out "Canal Zone Government and of the Panama Canal Company are concerned to the Governor of the Canal Zone" and inserting in lieu thereof "Panama Canal Commission are concerned to the Commission";

(C) in the first sentence of subsection (b), by striking out "Canal Zone Government" and inserting "Panama Canal Commission" in lieu thereof;

(D) in the first sentence of subsection (b), by striking out "or from funds of the Panama Canal Company";

(E) in the second sentence of subsection (b), by striking out "Governor of the Canal Zone" and inserting "Panama Canal Commission" in lieu thereof and by striking out "Canal Zone Government" and inserting "Panama Canal Commission" in lieu thereof;

(F) by amending subsection (c) to read as follows:

"(c) The President may authorize the Panama Canal Commission to waive, at its discretion, the making of the claim required by section 8121 of this title in the case of compensation to an employee of the Panama Canal Commission for temporary disability, either total or partial."; and

(G) in subsection (e), by striking out "Canal Zone Government and of the Panama Canal Company" and inserting in lieu thereof "Panama Canal Commission";

(10) in section 5343(a)(5), by striking out "Canal Zone" and inserting in lieu thereof "areas and installations in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements (as described in section 3(a) of the Panama Canal Act of 1979";

(11) in section 5316(87), by striking out "Governor of the Canal Zone" and inserting in lieu thereof "Administrator of the Panama Canal Commission"; and

(12) in the table of sections for chapter 81, by striking out "Canal Zone" in the item relating to section 8146 and inserting in lieu thereof "Panama Canal Commission".

REPEALS AND REDESIGNATION

Sec. 3303. (a) The following provisions of law are repealed:

(1) title 2 of the Canal Zone Code;

(2) sections 2 and 3 of title 3 of the Canal Zone Code, and the items relating to such sections in the table of sections for chapter 1 of title 3 of the Canal Zone Code;

(3) subchapter III of chapter 237 of title 6 of the Canal Zone Code and the items relating to such subchapter in the table of sections for chapter 237 of such title;

(4) subsection (d) of section 38 of the Arms Export Control Act (22 U.S.C. 2778 (d)); and

(5) section 4 of the Act of November 15, 1941 (50 U.S.C. 191b).

(b) Those provisions of the Canal Zone Code not repealed by this Act are redesignated as the "Panama Canal Code". Any reference to the Canal Zone Code in those laws and regulations referred to in section 3(b) of this Act shall, subject to the provisions of such section, be deemed to refer to the Panama Canal Code.

EFFECTIVE DATE

Sec. 3304. Except as provided in sections 1231, 1232, 1241, 1242, 1261, 1605, 2203, 2402, and 3201 of this Act, the preceding provisions of this Act shall take effect on the date on which the Panama Canal Treaty of 1977 enters into force.

And the Senate agree to the same.

That the House recede from its disagreement to the Senate amendment to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate to the title of the bill insert the following: "An Act to provide for the operation and maintenance of the Panama Canal under the Panama Canal Treaty of 1977, and for other purposes.".

And the Senate agree to the same.

John M. Murphy,
John D. Dingell,
David R. Bowen,
David E. Bonior,
Clement J. Zablocki,
Dante B. Fascell,
Jim Hanley,
Pat Schroeder,
Herbert E. Harris, II,
Paul N. McCloskey, Jr.,
Managers on the Part of the House.
John C. Stennis,
J. J. Exon,
Carl Levin,
Strom Thurmond,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 111) to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977, submit the following statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

OVERALL ORGANIZATION OF THE BILL

The major differences in structure and organization of the House bill and the Senate amendment were in the portions of the two bills dealing with the organization and financial operation of the Panama Canal Commission. The sections of the bills dealing with employment matters, courts, postal matters and related administrative provisions were similar and in some cases identical.

In light of the Senate's decision to recede from its amendments on the form of the Panama Canal Commission, the conferees agreed to adopt the basic organization structure of the House bill.

DISPOSITION OF CONFERENCE ISSUES

There follows a description of the action taken by the conferees on the principal differences between the House bill and the Senate amendment.

Form of the Panama Canal Commission—(Sec. 1101)

The House bill provided that the Panama Canal Commission would be operated as an appropriated funds agency, with all revenues deposited in the Treasury and all expenditures made pursuant to appropriation acts approved by Congress. The Senate amendment provided that the Commission would continue to operate as a government corporation.

The Senate reluctantly recedes.

Direction of the Secretary of Defense—(Sec. 1101 and 1102)

Sections 101 and 102 of the House bill provided that the Commission and its Board would act under the direction of the Secretary of Defense. The Senate amendment contained no comparable language.

The conferees adopted compromise language making it clear that the powers of the President would be exercised through the Secretary of Defense in order to clarify the administrative placement of the Panama Canal Commission as an agency within the executive branch. This language does not effect a delegation of the President's powers to the Secretary of Defense, nor does it preclude the President from exercising his powers directly.

Board membership—(Sec. 1102)

The House provision (Sec. 102) provided supervision of the Commission by a Board under the direction of the Secretary of Defense, appointed by the President and, in the case of the American members, subject to Senate confirmation. Five of the new members were to be nationals of the United States and four nationals of Panama. The House provision also required that of the five U.S. members one should be the Secretary of Defense, one should be experienced in operation of ships using the Canal, one should be experienced in U.S. port operations, and one should be experienced in U.S. labor matters. The Senate amendment (Sec. 205) eliminated the requirements in reference to the three members other than the Secretary of Defense, and the specific provision for direction by the Secretary of Defense.

The conferees adopted a compromise provision eliminating the requirement for selection of three U.S. members with specialized backgrounds in steamship and port operations and in labor matters, but inserting a provision in lieu thereof that three of the U.S. members be from the private sector. The reference to direction of the Board by the Secretary of Defense was omitted as unnecessary in view of the revised provision of Section 1101 for exercise of the President's authority in reference to the Commission as an Executive Branch agency. In adopting this provision the conferees recommend that in making appointments to the Board the President take into consideration the qualifications originally included in the House provision. The conferees further recommend that the President consider appointing two members of the Board from the Department of Defense.

Chief engineer—(Sec. 1104)

The House bill contained a provision for a Chief Engineer to be appointed by the President (Sec. 104). The Senate amendment did not provide for this position.

The Senate recedes.

Wartime control—(Sec. 1108)

The House bill contained a provision (Sec. 108) which allows the President, in time of war in which the United States or the Republic of Panama is engaged, to put the operation of the Panama Canal under the direct control of a military officer. The Senate amendment contained no comparable provision.

The conferees agreed to adopt compromise language similar to that recommended by the House Committee on Foreign Affairs in its report on H.R. 111. However, the description of conditions under which the President may order the Administrator of the Panama Canal Commission to comply with the orders of a military officer with regard to protection and defense of the Canal is adapted directly from Article IV of the Panama Canal Treaty, which defines U.S. defense rights. This section is intended to define for domestic legal purposes the manner through which the President will carry out the responsibilities of the United States in accordance with the Treaties.

Code of Conduct—(Sec. 1112)

The House bill required the Panama Canal Commission to adopt a Code of Conduct applicable to each member of the supervisory Board and all employees of the Commission (Sec. 110). The Senate amendment did not include this provision.

The Senate recedes.

Cost of living allowance—(Sec. 1206)

The House bill provided that effective October 1, 1984, each U.S.-citizen officer or employee of the Panama Canal Commission could be paid an allowance to offset any increased cost-of-living due to termination of his right to use military postal services, sales stores and exchanges (Sec. 125). The Senate amendment provided the allowance for U.S. citizens employed prior to the entry into force of the Panama Canal Treaty or persons recruited outside of Panama by the Commission.

The House recedes, with a technical amendment specifying that persons employed before the effective date of the Panama Canal Treaty must have been employed by the Panama Canal Company or Canal Zone Government on September 30, 1979.

Educational travel benefits—(Sec. 1207)

The House bill stated that the Panama Canal Commission shall provide educational travel benefits for dependents of individuals who are U.S.-citizen officers or employees of the Panama Canal Commission (Sec. 126). The Senate amendment stated that the Commission shall provide such educational benefits to dependents of U.S. citizens employed prior to the entry into force of the Panama Canal Treaty and also to dependents of individuals recruited outside of Panama for employment with the Panama Canal Commission (Sec. 307).

The House recedes, with a technical amendment indicating that in the case of U.S. citizens who must have been employed prior to the entry into force of the new treaty, such employment must have been by the Panama Canal Company or Canal Zone Government on September 30, 1979.

Privileges and immunities—(Sec. 1208)

The House bill provided that the Secretary of Defense shall designate those officers and employees of the Panama Canal Commission who are to receive privileges and immunities accorded under Article VIII of the Panama Canal Treaty, and that the Department of State shall furnish the list to Panama and notify that country of any changes in it (Sec. 127). The Senate amendment provided that the Secretary of State shall designate persons, from a list supplied by the Panama Canal Commission, who will receive privileges and immunities (Sec. 107).

The Senate recedes.

Minimum levels of pay—(Sec. 1225)

The House bill contained a provision (Sec. 154(b)) which applies certain provisions of the Fair Labor Standards Act to United States agencies operating in Panama. The Senate amendment contained no comparable provision.

As to the applicability of Fair Labor Standards Act, the House recedes. The conferees agreed to add language outlining the wage policy to be followed by U.S. agencies operating in Panama. This section provides for a $2.90 per hour minimum wage for employees of Federal government agencies operating in the areas made available to the United States pursuant to the Panama Canal Treaty and related agreements. It further provides that employees, other than employees whose pay is established in relation to rates of pay paid in the continental United States, will receive each year, at a minimum, a two percent pay adjustment in the form of a step increase. This provision would not preclude payment of a starting wage that is higher than $2.90 per hour, if required, to assure that wages paid by Federal agencies remain competitive.

The managers note that the Department of Defense has announced its intention to grandfather current employees of the Panama Canal Company, and current employees of the Department of Defense in Panama, at their current wage system, so that those employees who have been receiving U.S. Civil Service wage increases would continue to do so.

Terms and conditions of employment—(Sec. 1231)

The House bill and Senate amendment differed in three respects in their specification of those benefits which must remain generally no less favorable for employees who were employed by the Panama Canal Company and Canal Zone Government and who will continue to work for U.S. agencies in Panama.

The House bill (Sec. 201(a)(2)) provided that not only the rates of basic pay but also the bases for establishing such rates would remain generally no less favorable. The Senate amendment (Sec. 341(a)(2)) includes only rates of basic pay.

The House recedes.

The House bill (Sec. 201(a)(2)) included leave and travel benefits in the list of those terms of employment which would remain generally no less favorable, while the Senate amendment (Sec. 341(a)(2)) provided that leave and travel benefits could be modified to provide equity with other employees in the agency to which the employee is transferred.

The Senate recedes.

The House bill provided in Section 201(c)(3) for the continuation of the sabbatical leave program provided to teachers by the Canal Zone Government, but increasing the level of sabbatical pay from one-half to full pay. The Senate amendment contained no sabbatical program, in conformity with the Department of Defense worldwide educational system, which will operate the former Canal Zone schools.

The Senate recedes, with an amendment restricting sabbatical pay to one-half of basic pay.

Balance of revenues and appropriations—(Sec. 1302(c)(2))

The House bill contained a provision (Sec. 232(c)(2)) which mandated that no funds could be appropriated for the Panama Canal Commission in excess of estimated revenues for that fiscal year, and providing that amounts appropriated in excess of actual revenues would be deducted from appropriations in the following year. The Senate amendment contained no comparable provision, though the corporate form on which the Senate bill is based contemplated the balancing of revenues and expenses.

The conferees agreed to a compromise provision which retained the substance of the House provision limiting appropriations to estimated revenues, while recognizing that there may be occasions when excess revenues deposited in the Panama Canal Commission Fund in a prior fiscal year justify appropriations greater than estimated revenues to the extent of such prior year excess revenues. Both Senate and House conferees reiterate their strong intention that the Panama Canal Commission be operated over the life of the Panama Canal Treaty of 1977 without the need for support by the American taxpayer.

Method of depreciation—(Sec. 1311(b))

The Senate amendment contained a provision in Section 211 which described the basis of accounting to be used by the Panama Canal Commission, based on the net replacement value of those transferred assets which will ultimately require replacement to maintain the service capacity of the canal. The House bill contained no similar provision.

The House recedes, with an amendment to make it clear that the method of depreciation described in the provision is recommended but not mandatory.

GAO audit—(Sec. 1313)

The House bill (Sec. 236) contains a provision for audit of the financial transactions of the Commission by the General Accounting Office pursuant to the Accounting and Auditing Act of 1950, with reports of the audits similar to those required by the Government Corporation Control Act for corporate agencies. The Senate amendment contained no comparable provision inasmuch as the Government Corporation Control Act would have been generally applicable to the agency.

The Senate recedes and concurs in the House provision as consistent with the agreement to establish the Commission as a Government agency in non-corporate form. The conferees added language in this section which recognizes the special problems inherent in revision of the Panama Canal Company's accounting systems created by enactment of H.R. 111 only a short time before the beginning of fiscal year 1980.

Interagency services and reimbursements—(Sec. 1321)

Sections 240 of the House bill and 213 of the Senate amendment contained similar provisions regarding reimbursements by agencies operating in Panama to the agency designated to furnish educational, health and other services, and related matters.

The conferees agreed on a compromise provision which contains the substance of the House and Senate versions. The new provision makes it clear that agencies operating in Panama may make available health care and educational services to the same categories of persons as had received such services prior to the effective date of this Act, and that services must be provided on an equitable basis.

The conferees intend that physicians transferred from the Canal Zone Government to the agency designated by the President to conduct health care activities shall, to the extent agreed upon between the U.S. and the Republic of Panama, continue to be eligible for health, educational, commissary, post exchange, and postal services for which they were eligible prior to entry into force of the Treaty.

Canal Zone College—(Sec. 1321(g))

Both bills contained provisions (Sec. 240 (d) of the House bill and 603 of the Senate amendment) mandating the continuation of the Canal Zone College at generally the same level of services provided on the effective date of the Act. The Senate provision specified that the requirement applied not just to the Department of Defense but to any executive agency which may be charged with operating the College.

The House recedes. Section 603 of the Senate amendment is section 1321(g) of the conference report.

The conferees intend that the requirement to continue the same level of services of the College includes a continuation of present tuition policies.

Transfer of leave funds

Section 308 of the Senate amendment required the Panama Canal Commission to reimburse the U.S. Treasury for the leave and repatriation liabilities of employees transferred from the Company and Government to the Department of Defense. The House bill contained no such provision, since all funds of the Panama Canal Commission would be covered into the Treasury in any event under the appropriated funds agency concept.

The Senate recedes.

Timing of payments

The House bill provided that all treaty payments to Panama, except the contingency payment described in Article XIII 4(c) of the treaty, would be made monthly from appropriations for that purpose. Any contingency payment to Panama was to be paid at the end of the second fiscal quarter following the end of the fiscal year for which payment would be due (Sec. 250(a)). The Senate amendment contained no camparable provision and left the timing of payments open.

The House recedes.

Payment to Panama—(Sec. 1341)

The House bill contained three sections (Secs. 250(c), (f) and (g)) which imposed conditions on the payments to Panama. The Senate amendment contained no comparable provisions.

As to Section 250(c), relating to the levying of retroactive taxes by Panama, the conferees agreed to delete the House language but to retain language from both the bill and the amendment expressing the sense of the Congress that retroactive taxes are prohibited by the Panama Canal Treaty of 1977.

As to Section 250(e), which conditioned Panama's receipt of the contingency payment under Article XIII(4)(c) of the Panama Canal Treaty of 1977 on prior payment of all U.S. costs of implementing the Treaty, the conferees agreed to compromise language which makes it clear that such payment may be made only after payment of all costs associated with the maintenance and operation of the Panama Canal.

As to section 250(g), conditioning the contingency payment to the Republic of Panama on the determination of that country's noninterference in the internal affairs of other nations, the House recedes.

Claims—(Sec. 1401–18)

Chapter 7 of Title 1 of the House bill withdrew consent to suit against the United States or the Commission on claims other than claims for damage to vessels in the locks and placed a limitation of $120,000 on the amount of each claim that could be administratively settled by the Commission. The Senate amendment deleted this chapter and continued in effect the present claims provisions applicable to the corporate agency with some specific amendments on measure of damages and procedural matters. (Sec. 231).

The Senate recedes, with an amendment to Section 271 of the House version (new Sec. 1401) reducing to $50,000 the amount of claims other than vessel accident claims within the authority of the Commission to effect administrative settlement.

Disposition of property—(Secs. 1341(f), 1503 and 1504)

The House bill contained provisions (Secs. 373 and 374) requiring that all transfers of property to Panama be authorized by the Congress and leaving certain of those transfers to be decided by subsequent legislation. The Senate amendment contained no provision on property transfers.

The conferees agreed on language which retains Section 373 of the House bill (new Sec. 1503) and amends Section 374 (new Sec. 1504) to authorize all transfers required by the Treaties, with provision for a report by the President on each transfer after those occurring on October 1, 1979. The agreed language is not intended to permit the President to accelerate the ultimate transfer of the Panama Canal in 1999, as provided by the Panama Canal Treaty of 1977.

It is the intention of the managers that the conference proposal relative to disposition of property not prejudice the positions that have been taken by the House and Senate with respect to the necessary procedure for the disposition of property of the United States. The managers on the part of the House believe that legislation is the exclusive vehicle for effecting the disposition of U.S. property, and hence that the authorizations in this bill are necessary to transfer property to Panama. The managers on the part of the Senate maintain that the treaty power is concurrent with the legislative power for the purpose of disposing of property, and thus believe that the authorizations for transferring property in this bill are redundant to and reaffirm the transfer provisions in the treaty.

The House bill contained a related provision, Section 250(f), which restricted the powers of the Commission to transfer property to Panama through reprogramming of funds or pursuant to other statutes. The Senate bill contained no comparable provision.

The conferees agreed to amended language which is intended to negate any inference that the Foreign Excess Property Act would be inapplicable to the Executive agencies operating in Panama.

The language of Section 1344 was changed to conform to the substantive agreement of the conferees on this issue.

Transfer of fire stations

The House bill provided that, except for the Balboa and Coco Solito fire stations in the Panama Canal operating area, other fire stations operated by the United States in such area would not be transferred to Panama until the Administrator determined that voluntary attrition of firefighting personnel had made it impossible to staff such station and also that the station was excess to needs of the United States (Sec. 374). The Senate amendment contained no comparable provision.

The House recedes. With no language in the conference report on transfer of fire stations, such stations would be transferred under the general provisions for property transfer in H.R. 111 and in connection with the provisions of paragraph 14 of the Agreed Minute to the Agreement in Implementation of Article III of the Panama Canal Treaty. Paragraph 14 states that the United States will periodically review fire protection resources and if appropriate will transfer fire stations to Panama that are excess to U.S. needs.

Toll surcharge

The House bill contained a provision (Sec. 412(c)) which permitted the Commission to impose a toll surcharge on traffic not originating from or destined for United States or Panamanian ports in order to fund future capital costs of the Panama Canal Commission. The Senate amendment contained no comparable provision.

The House recedes.

Interest rate—(Sec. 1603)

Section 202 of the Senate amendment provided that the rate of interest to be paid by the Panama Canal Commission to the Treasury on the net direct interest-bearing investment of the United States in the canal enterprise should be determined by the Secretary of the Treasury. Section 413(d) of the House bill repeated the requirement that interest be paid, but stipulated that it should be calculated at the "average market yield" rate.

The conferees adopted the House provision on interest but with the Senate language allowing the Secretary of the Treasury to determine the rate. It is the intention of the conferees that the Commission should continue to pay interest at the "coupon" rate, the rate paid by the Panama Canal Company before October 1, 1979.

The conferees also modified the language of this section (new Sec. 1603(b) (2) (B) and (C)) to make it clear that those subsections cover non-capital as well as capital assets.

Interim toll adjustment—(Sec. 1605)

Both sections 415 of the House bill and 222 of the Senate amendment provided expedited procedures for the initial toll increase under the Treaty.

The conferees agreed on a compromise provision, which provides the needed authority to raise tolls effective October 1, 1979, provided that such toll adjustment may cover only the first year of operation of the Panama Canal Commission.

Navigation regulation—(Sec. 1801)

The House bill provided that the President may prescribe and amend regulations on Panama Canal operation, navigation, control of vessels, pilotage, and licensing of vessels operations (Sec. 1331). Under the Senate amendment the Commission was vested with that authority (Sec. 212).

The Senate recedes.

Prisons and parole—(Sec. 2404)

Both the House bill (Sec. 1532) and the Senate amendment (Sec. 412) contained provisions for the transfer to the custody of the U.S. Attorney General of prisoners sentenced by the U.S. District Court for the Canal Zone, and for issuance of regulations by the Commission for management of prisoners in jails located in the areas made available for the use of the United States under the Panama Canal Treaty. Because paragraph 11 of Article IX of the Panama Canal Treaty contemplates a future prisoner transfer agreement between the United States and the Republic of Panama, which could obviate the need for transfer to the United States of prisoners who are Panamanian citizens, the Senate amendment included a provision making the transfer requirement effective no earlier than 90 days after the entry into force of any such prisoner transfer agreement, but in no case later than 90 days before the end of the transition period established by paragraph 1 of Article XI of the Treaty.

The House recedes.

Special immigrants—(Sec. 3201)

The House provision (Sec. 1611) conferred special immigrant status on three categories of persons who have resided in the Canal Zone or have been employed by the Canal Zone agencies for specified periods of time. This included a category of persons whose personal safety may be endangered as a result of changes brought about by the Panama Canal Treaty. A limit of 7,500 was placed on the total number of immigrants admitted under the provision. The Senate amendment (Sec. 501) eliminated the class of immigrants whose safety might be endangered and increased the total number of possible immigrants to 25,000, with a limit of no more than 7,500 in any one year.

The conferees adopted a compromise provision restoring the class of immigrants whose safety would be endangered, and with clarifying language, allowing up to 5,000 immigrants a year up to a total of 15,000.

The conferees agree that regulations issued for the administration of this section should establish appropriate priorities for allocation of the number of annual admissions to assure to the maximum possible extent that the immigrants selected are those whose need for resort to the benefits of the section are most pressing and meritorious.

Title of the bill

The conferees agreed on a compromise amendment to the title of the bill.

John M. Murphy,
John D. Dingell,
David R. Bowen,
David E. Bonior,
Clement J. Zablocki,
Dante B. Fascell,
Jim Hanley,
Pat Schroeder,
Herbert E. Harris II,
Paul N. McCloskey, Jr.,
Managers on the Part of the House.
John C. Stennis,
J. J. Exon,
Carl Levin,
Strom Thurmond,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Leach of Iowa) to revise and extend their remarks and include extraneous material:)

Mr. Tauke, for 5 minutes, today.
Mr. Kemp, for 10 minutes, today.

(The following Members (at the request of Mr. Weaver) to revise and extend their remarks and include extraneous material:)

Mr. Nelson, for 5 minutes, today.
Mr. Gonzalez, for 15 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Weaver, for 10 minutes, today.
Mr. Vanik, for 5 minutes, today.
Mr. Ullman, for 5 minutes, today.
Mr. Kastenmeier, for 5 minutes, today.
Mr. Obey, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Leach of Iowa) and to include extraneous matter:)

Mr. Young of Alaska.
Mr. Beard of Tennessee.
Mrs. Heckler.
Mr. Hinson.
Mr. Gilman in three instances.
Mr. Abdnor.
Mrs. Holt.
Mr. Conte.
Mr. Michel.
Mr. Moorhead of California.
Mr. Hyde.

(The following Members (at the request of Mr. Weaver) and to include extraneous matter:)

Mr. Kastenmeier.
Mr. Murphy of New York.
Mr. Anderson of California in 10 instances.
Mr. Gonzalez in 10 instances.
Mr. Brown of California in 10 instances.
Mr. Annunzio in six instances.
Ms. Holtzman in 10 instances.
Mr. Jones of Tennessee in 10 instances.
Mr. Boner of Tennessee in five instances.
Mr. Gudger.
Mr. Pickle in 10 instances.
Mr. Waxman.
Mr. Santini.
Mr. McDonald.
Mr. Oberstar.
Mr. Ottinger in two instances.
Mr. Roe.
Mr. Guarini.
Mr. Pepper in two instances.
Mr. Markey.
Mr. Eckhardt.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 97. Joint resolution designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. WEAVER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 58 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, September 18, 1979, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2463. A letter from the Administrator of General Services, transmitting the stockpile report for the first half of fiscal year 1979, pursuant to section 4 of the Strategic and Critical Materials Stock Piling Act; to the Committee on Armed Services.

2464. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize the funding of fuel economy technology assessment programs; to to Committee on Interstate and Foreign Commerce.

2465. A letter from the General Counsel of the Department of Energy, transmitting notice of meeting relating to the international energy program to be held September 19 and September 26 and 27, in Paris, France; to the Committee on Interstate and Foreign Commerce.

2466. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the previously reported case involving the suspension of deportation of Alexander Helizer Kent under section 244(a) (1) of the Immigration and Nationality Act; to the Committee on the Judiciary.

2467. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the previously reported case involving the suspension of deportation of Ashton Alfred Richardson under section 244(a) (1) of the Immigration and Nationality Act; to the Committee on the Judiciary.

2468. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Urban Mass Transportation Act of 1964; and title 23, United States Code; to provide for authorizations, and for other purposes; to the Committee on Public Works and Transportation.

2469. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to establish a cooperative basic automotive research program within the executive branch; to provide for authorizations and for other purposes; to the Committee on Science and Technology.

2470. A letter from the Comptroller General of the United States, transmitting a report on U.S. participation in the programing and budgeting processes of the United Nations Educational, Scientific and Cultural Organization (ID–79–12, September 14, 1979); jointly, to the Committees on Government Operations and Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHITTEN: Committee on Appropriations. House Joint Resolution 399. Joint resolution making continuing appropriations for the fiscal year 1980, and for other purposes; with amendment (Rept. No. 96–436). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTEN: Committee on Appropriations. House Joint Resolution 402. Joint resolution making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes (Rept. No. 96–437). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURPHY of New York: Committee of Conference. Conference report on H.R. 111 (Rept. No. 96–438). And ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ABDNOR:

H.R. 5301. A bill to designate certain lands in the Black Hills National Forest, S. Dak., as the Harney Peak Wilderness; to the Committee on Interior and Insular Affairs.

By Mr. BEARD of Tennessee:

H.R. 5302. A bill to amend the Internal Revenue Code of 1954 to provide that interest on certain nonnegotiable time deposit certificates shall not be treated as received or accrued until the earlier of the maturity or redemption of the certificate; to the Committee on Ways and Means.

By Mr. CONABLE:

H.R. 5303. A bill to amend the Internal Revenue Code of 1954 to provide that employers may not be required to make deposits of certain employment taxes more rapidly than currently required; to the Committee on Ways and Means.

By Mr. ECKHARDT (for himself, Mr. REUSS, Mr. MARKEY, Mr. CONTE, Mr. FISH, and Mr. MCCLOSKEY):

H.R. 5304. A bill to provide incentives for industrial, commercial, and residential energy conservation; jointly, to the Committees on Banking, Finance and Urban Affairs, Interstate and Foreign Commerce, and Science and Technology.

By Mr. OTTINGER:

H.R. 5305. A bill to promote the full use of human resources in science and technology through a comprehensive program to maximize the potential contribution and advancement of women in scientific, professional, and technical careers; jointly, to the Committees on Education and Labor, and Science and Technology.

By Mr. PRICE (for himself and Mr. BOB WILSON) (by request):

H.R. 5306. A bill to amend title 10, United States Code, to eliminate the requirement that an individual be a member of the National Rifle Association in order to be eligible to purchase arms, ammunition, targets, and other supplies and appliances necessary for target practice which are sold by the Department of the Army; to the Committee on Armed Services.

By Mr. PRICE (for himself and Mr. BOB WILSON):

H.R. 5307. A bill to modify the boundary of the Cibola National Forest in the State of New Mexico, and for other purposes; jointly, to the Committees on Agriculture, Armed Services, and Interior and Insular Affairs.

By Mr. WHITTAKER:

H.R. 5308. A bill to amend the Internal Revenue Code of 1954 to provide for the tax treatment of interest on certain time deposit certificates having a maturity of 1 year or less; to the Committee on Ways and Means.

By Mr. WHITTEN:

H.J. Res. 402. Joint resolution making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally refered as follows:

Mr. SHARP presented a bill (H.R. 5309) for the relief of Maria Gloria (Joy) C. Villa, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2020: Mr. VANDER JAGT, Mr. BROWN of Ohio, and Mr. BOB WILSON.

H.R. 2589: Mr. SABO.

H.R. 3304: Mr. CAVANAUGH, Mr. STARK, Mr. OBERSTAR, Mr. STOKES, Mr. GILMAN, and Mr. FRENZEL.

H.R. 3697: Mr. BAILEY.

H.R. 3905: Mr. NELSON.

H.R. 4971: Mr. DICKS.

H.R. 5169: Mr. LAGOMARSINO, Mr. ROYER, Mr. LAFALCE, Ms. MIKULSKI, Mr. BONER of Tennessee, Mr. CARNEY, Mr. ROSE, Mr. VENTO, Mr. WIRTH, and Mr. BEDELL.

H.R. 5206: Mr. COLLINS of Texas, and Mrs. SMITH of Nebraska.

H.R. 5218: Mr. OBERSTAR, Mr. PEPPER, Mr. FAUNTROY, Mr. DODD, Mr. DIXON, Mr. BEILENSON, Mr. HUGHES, Mr. SEIBERLING, Mr. LAFALCE, Mr. LAGOMARSINO, Mrs. CHISHOLM, Mr. OTTINGER, Mr. DOWNEY, Mrs. FENWICK, Mr. BONIOR of Michigan, Mr. MCHUGH, and Mr. STARK.

H.J. Res. 393: Mr. MONTGOMERY, Mr. STOCKMAN, Mr. WINN, Mr. PEPPER, Mr. COLLINS of Texas, Mr. HUTTO, Mr. HALL of Texas, Mr. WHITTAKER, Mr. KEMP, Mr. LAGOMARSINO, Mrs. HOLT, Mr. KINDNESS, Mr. JONES of Tennessee, Mr. HANCE, Mr. GOLDWATER, Mr. PATTEN, Mr. BURGENER, Mr. GUARINI, Mr. SAWYER, Mrs. FENWICK, Mr. LIVINGSTON, Mr. MCDONALD, Mr. PASHAYAN, Mr. BROWN of Ohio, Mr. CHENEY, Mr. MARRIOTT, and Mr. HINSON.

H. Con. Res. 62: Mr. BEARD of Rhode Island.

H. Con. Res. 111: Mr. BEARD of Rhode Island.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4360: Mr. EVANS of the Virgin Islands, and Mr. FORSYTHE.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2061

By Mr. CHENEY:

—At section 404 of the Committee print, add a new subsection (e) as follows:

"(e) The prohibitions on the expenditure of part D formula grant funds enumerated in paragraphs (1), (2), and (3) of subsection (c) shall not apply where, in the judgment of the council and the Administrator, such expenditures are necessary to develop criminal and juvenile justice programs in energy impact areas and such programs offer high probability of improving the functions of the criminal justice system."

At section 405(d) of the committee print, on page 172, line 16, delete the period and insert the following ": *Provided*, That all States shall be considered equally for reallocated funds.".

by Mr. EVANS of the Virgin Islands:

—Page 146, beginning in line 15, strike out, "the Virgin Islands," and in line 16, strike out, "Guam,".

Page 172, beginning in line 23, strike out, "$1,000,000." and insert in lieu thereof, "$300,000."

Page 172, beginning in line 23, strike out, "Guam, the".

Page 172, beginning in line 24, strike out, "Virgin Islands,".

By Mr. VOLKMER:

—Page 166, beginning in line 5, strike out "one of the following" and all that follows through the end of line 4 on page 168, and insert in lieu thereof the following: "to relative population.".

Page 168, line 5, strike out "(3)" and insert "(2)" in lieu thereof.

Page 168, line 6, strike out "and (2)".

Page 170, line 1, strike out "(4)" and insert "(3)" in lieu thereof.

Page 170, line 16, strike out "(5)" and insert "(4)" in lieu thereof.

Page 148, line 8, strike out "405(a)(5)" and insert "405(a)(4)" in lieu thereof.

H.R. 4034

By Mr. WEAVER:

—At page 28, line 15, insert a new subsection (c) as follows, redesignating succeeding subsections accordingly:

(c)(1) In order to carry out the policy set forth in paragraph 2(c) of this act, and paragraph 4 of section 3 of the Export Administration Act of 1969; and notwithstanding the provisions of section (f) of section 7 of said Act, as such section is redesignated by section 104(a) of this Act: For a period of one year after the enactment of this Act, the Secretary shall require a validated license for the export of wheat, corn, and soybeans. In considering any application for such validated export license issuing under the terms of this paragraph, the Secretary shall establish a minimum export price for the said commodities of 80 per centum of the parity price as established and periodicialy revised by the Secretary of Agriculture under provisions of 7 U.S.C. 1301. No export license shall issue for the commodities listed in this paragraph at a price for export which is less than 80 per centum of the established parity price for said commodity.

(2) The provisions of paragraph (c)(1) may be waived in the case of exports to developing countries.

(3) The provisions of paragraph (c)(1) shall not apply to applications for export to any country if and when the President demines that it is in the national interest to remove the requirement of a validated license for export of said commodities to said country.

EXTENSIONS OF REMARKS

THE WISDOM OF CAUTION ON SYNFUEL

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. OTTINGER. Mr. Speaker, I want to call to the attention of my colleagues the lead editorial from today's Washington Post.

The editorial, entitled "Oil From Coal, Cautiously" states: "Exploring the possibilities of synthetic fuels is worthwhile, but the costs and risks will be high. It is necessary not to get overcommitted." To this I say, "Amen."

I urge my colleagues to read this editorial which applauds the efforts underway in Congress to put the brakes on the administration's foolish proposal to establish an $88-billion corporation to strive after an unrealistic goal of 2.5 million barrels of synfuels per day by 1990.

I also urge my colleagues to note the editorial's sound advice that "In the very short time available, the only resource that offers any substantial hope is intelligent and persevering conservation."

I hope my colleagues will heed this important editorial, the text of which follows:

OIL FROM COAL, CAUTIOUSLY

Congress is reshaping President Carter's synthetic fuels plan wisely and well—which is to say cautiously. The president's July proposal would have started construction of dozens of plants simultaneously, at breakneck speed, to make oil and gas from coal and shale. The goal was the equivalent of 2.5 million barrels of oil a day by 1990, with a federal commitment of $88 billion in loan and price guarantees.

Hardly anyone considers that timetable to be realistic. It takes nearly a decade to build a synthetic fuels plant on the huge scale that the administration envisions, and that target would require over 50 of them. The feat shouldn't even be attempted. The sound course is to make haste slowly, putting up one plant in each of the processes to be used, and gaining experience with it before attempting to build them in multiples.

That is what Congress is now telling the president. For Mr. Carter, who wanted to see a great burst of activity in response to his speech, it is doubtless, very frustrating. The Carter proposal is now making its way through the various committees and, although he isn't likely to thank them for it, they are rescuing him from an unnecessarily risky venture.

The Senate Energy Committee immediately divided the president's plan in two. Phase One would include one test of each of the major technologies, at full industrial scale. Phase Two would be the replication of the successes. The committee intends to provide financial support—up to $20 billion, not $88 billion—only for the first phase. The Senate Budget Committee immediately agreed. It also set up a task force under Sen. Gary Hart (D-Colo.) to consider the environmental and economic implications of these huge plants, the task force is to report this week.

Meanwhile, the House Budget Committee has accepted the idea of a limited first phase, but has voted to lower the limit to a maximum of $12 billion in loan and price guarantees. Now the Senate Banking Committee has set a further restriction of no more than six coal plants and six shale plants. It's not hard to see where the consensus is going. Exploring the possibilities of synthetic fuels is worthwhile, but the costs and risks will be high. It's necessary not to get overcommitted.

The next big test of American energy policy will arrive in the early 1980s, as the recovery from the current recession gets fully under way. If that recovery once again lifts American oil imports to unprecedented levels, it will once again throw the world into an oil crisis and the United States into a recession—for the third time since 1973. Synthetics cannot possibly be developed fast enough to help the country avoid that trap. In the very short time available, the only resource that offers any substantial hope is intelligent and persevering conservation.●

HEAVEN ON EARTH ON EARTH

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. MOORHEAD of California. Mr. Speaker, for 36 years John Carpenter has devoted his time, his efforts, and his money to the handicapped youngsters of my district and all of Los Angeles.

A former movie cowboy and stuntman, John is solely responsible for Heaven on Earth Ranch—free for the handicapped forever. It was his vision that conceived a rustic western town as a unique therapy center for children.

It was his determination and tenacity that brought the ranch from dream to reality. It was John's muscle that built the town plank by plank, building by building, and it is John's commitment and labor that keeps Heaven on Earth on Earth.

And this one man's creation has been uncommonly successful in providing treatment and joy for thousands of disabled children. This is easily understood when one reads the many letters from grateful parents and teachers and therapists that John has received over the years.

There are many reasons for the success of the small western village. For one, the atmosphere of the ranch is authentic. It is full of the scents of horses and hay. It is an eyeful of cowboy trappings and western wagons. The textures are of oak and earth and sage.

Heaven and Earth Ranch is just the opposite of what one would normally envision as the typical center for handicapped children. It has no long corridors, no concrete, no polished railings. It is not plastic.

The ranch also has John Carpenter, who has been wearing cowboy gear so long and so comfortably that it is difficult to see where the man begins and the leather ends. He undoubtedly is the principal reason for the success of Heaven on Earth. He has and constantly displays a natural affection for handicapped youngsters that most of us could not begin to emulate. He can pick up a crippled, drooling child and hoist him into the saddle, filled only with affection and compassion, not repugnance.

John and his ranch are much alike. They are unique, rugged, effective, beneficial and not easily swayed. This is a short but sincere tribute to John Carpenter for 36 years of special service to those who need special care.●

SOROPTIMIST INTERNATIONAL OF FALLON, NEV., AND SENIOR CITIZENS

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. SANTINI. Mr. Speaker, fellow colleagues. As a member of the House Select Committee on Aging, I am frequently reminded of the plight of our senior citizens and of our obligations as a nation to care for our elderly.

Not long ago, at an Aging Committee field hearing in Nevada, I received a copy of a letter from a constituent, Ethel L. Clayton, of Fallon, Nev., which related an encouraging story of how one organization, Soroptimist International of Fallon, is working to help needy senior citizens.

I want to share the letter with you today as it is a striking example of the importance of senior citizen programs and of what they can accomplish given proper funding and manpower.

The text of the letter follows:

FALLON, NEV., *August 15, 1979.*

U.S. HOUSE OF REPRESENTATIVES,
Select Committee on Aging, Subcommittee on Housing and Consumer Interest.

MR. CHAIRMAN AND HONORABLE MEMBERS: I am indeed honored to be here. I am Ethel L. Clayton from Fallon and am representing the Soroptimist International of Fallon, grantees of several senior citizen projects.

In early 1973, our Soroptimist Club voted to direct all of our Community Service efforts toward obtaining a building which would serve to house all Senior Citizens programs. On October 1973, the Churchill County Senior Center was formally opened. From then on progress has been made in all directions for seniors.

In April of 1977 the entire community was involved in a telethon to raise funds to purchase the property for the Senior Center projects. The telethon was the most successful fund raising event ever held in our area. The property was purchased with excess money left over to put into a building fund for future expansion. This expansion is now

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

becoming a reality, showing that the community as a whole is in full support of their seniors to the limit of their abilities.

Soroptimist strongly believe in the programs for the elderly and the nutrition program which feeds from 125 to 175 hot meals per day. Many of our elderly would not get a hot nutritious meal every day if it were not for this program. We believe this is one way our tax money is spent sensibly and locally.

The smaller communities of Nevada are rapidly becoming retirement centers. We see the needs for the nutrition program grow, see the need for larger centers and know the needs of our senior citizens over a period of time.

There is no way the many sorely needed senior programs can be totally funded with local tax monies. Our desire and need is for Federal funding to continue and not be cut back, if anything it should be increased to assure our elderly citizens a happy and wholesome life which they have earned and deserve.

Thank you.●

TRAGEDY REVISITED—NEED FOR STRENGTHENED NATIONAL DRIVER REGISTER UNDERSCORED BY SEQUEL TO NATHANSON CASE

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. OBERSTAR. Mr. Speaker, the tragic death of 14-year-old Kamy Nathanson in December 1975, riveted my attention to the need for legislation to streamline, modernize, and strengthen the National Driver Register. In 1977, following careful, thorough study of the issue, I introduced such legislation. Although the House included my bill as an amendment to the Surface Transportation Assistance Act of 1978, the House-Senate conference gutted the provision, reducing it to a study of the existing National Driver Register by the Department of Transportation. This study is due to be submitted to the President of the Senate and the Speaker of the House in November along with legislative recommendations by the Department.

An editorial from the Providence Journal Bulletin of August 11, 1979, reports on the reverberations of the Nathanson incident. It underscores the urgent need to reorganize the National Driver Register to make it more effective and efficient and thereby prevent deaths and maimings of other Kamy Nathansons across the country. I commend this article to the attention of my colleagues.

A HIGHWAY MENACE 14 MILLION TIMES OVER

Normally, one thinks of killers being removed from society, sentenced to long prison terms, and in some states even executed. But there is one kind of killer, of which there are many in this country, who virtually escapes penalty and continues to go about his business until he kills again.

Kamy Nathanson, 14, was one of the victims. She and her parents were traveling north on route 95 near West Greenwich the day after Christmas in 1975, when their car stalled. A 32,000-pound truck, driven by John H. Arnold whose New Jersey license to drive had been suspended three months earlier for a series of motor vehicle violations, smashed against the rear of the Nathansons' small car and Kamy was fatally injured.

Last week, the Rhode Island Supreme Court reversed Arnold's 1977 Superior Court conviction for driving to endanger, death resulting, nullified his three-year prison sentence, and set him free. Arnold may have been negligent, the court said, but he wasn't "heedless and indifferent" which constitute recklessness.

In eight years this man had a record of 25 violations. After the Nathanson accident he had several more, which any reasonable person could construe as adequate grounds for keeping him permanently off the road as an unacceptable risk.

Incredible as it seems, the system does not work that way. When Arnold lost his license in New Jersey, he simply went to Arizona, acquired another license and went on driving. And the U.S. Department of Transportation estimates there are some 14 million drivers on the road today who likewise have "beaten the rap" to imperil other motorists, like the Nathansons.

Surely some way could be found to remove this kind of menace from our highways. In this computer age when large amounts of data on just about every citizen are stored in government data banks, is it too much to expect some means of establishing an interstate cross-check on license applicants? A license suspension in one state ought to disqualify that individual from permission to drive in all states. Reciprocal arrangements are now in effect as a matter of convenience under which out-of-state licenses are recognized. Why not the other way around in the interest of highway safety?

At least if a state is to license drivers with records of serious or multiple violations, it ought to be in possession of the information, even if for some strange reason it may choose to ignore it.

"We've seen this happen in so many cases," said Kamy's mother, Frances Nathanson, in an interview with *Journal-Bulletin* columnist Mark Patinkin. "I can't tell you the frustration when people see nothing has been done to drivers that have killed their children. These guys just say, 'I have a right to drive,' and no one says, 'You don't have a right to kill.' So it happens again and again and again."

Obviously, the system is badly flawed. The criminal justice system would not shrug if an individual found guilty of homicide in one state were granted haven in another state. The means to cross check an individual's criminal record are available and the same ought to be true of the habitual highway offender. In both instances, lives are at stake, and one can argue that the 50,000 lost on the nation's highways every year are not enough to warrant taking some extraordinary measures to reduce the toll.

If Arizona had known about Arnold's record in New Jersey, Kamy Nathanson might be alive today and the man responsible for her death assuredly would not be behind the wheel of a truck.●

SHORT-TERM CERTIFICATES OF DEPOSIT

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. BEARD of Tennessee. Mr. Speaker, today I am introducing a bill designed to overrule a new proposed Internal Revenue Service regulation which is certain to have tremendous adverse effects on taxpayers holding short-term certificates of deposit.

This new regulation would require cash-basis taxpayers to include in their gross income the ratable portion of interest on CD's that mature in 1 year or less, and are issued after June 30, 1979. For instance, if a 6-month certificate of deposit with a term extending into 1980 was purchased after June 30, 1979, the ratable portion of original issue discount on the certificate for 1979 would have to be reported on the purchaser's 1979 income tax return. This is nothing more than an esoteric exercise in matching "income" with "expenses"—an exercise that imposes needless disruption and hardship on millions of taxpayers.

Not only will taxpayers be forced to come up with money to pay taxes on income before it is received, they will also receive a lower effective yield on their CD's. This will make other investments, such as Treasury notes more attractive to the wise investor, thereby drawing down an important source of lending capital for commercial banks.

Mr. Speaker, this proposed regulation is opposed not only by the complete range of financial institutions, but also by various associations of retired persons. The attractive rate of return on investments in CD's provides retirees with an important means for keeping pace with today's high rate of inflation. Unless this regulation is rescinded, many senior citizens will be financially disadvantaged for the sake of a misapplied intellectual exercise.●

THE HOME HEATING FUEL CRISIS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. GILMAN. Mr. Speaker, I rise to draw attention to an issue that will most certainly have an impact on virtually every citizen of our Nation in the near future, namely, the home heating fuel crisis.

Mr. Speaker, relative home heating oil price stability and supplies existed in the United States until the early 1970's. Historically, the cost of energy for Americans has been comparatively low by world standards, and supplies have heretofore been considered inexhaustible. However, the situation changed dramatically within this decade. Beginning in 1972, changes in our foreign and domestic policies caused energy prices to skyrocket, with crude oil prices more than quadrupling by 1978.

In the past 10 years our crude oil imports have increased from 1.4 million barrels a day to over 8 million barrels a day, with deliveries from the Middle East climbing from 170,000 barrels a day in 1969, to 3.2 million barrels a day. The cost of these imports climbed from $1.3 billion 10 years ago, to approximately $60 billion this year * * resulting in a transfer of susbtantial wealth among nations, affecting the entire world. A few nations became rich, and a multitude of others are suffering severe economic burdens.

In 1960, only 18 percent of our oil was imported from abroad. Today, we import more than 50 percent with spiralling increases still in sight. With this rate of consumption expected to increase to the end of the century by at least 2 percent per year, world oil reserves, standing at the end of 1978 at 650 billion barrels, would be unable to meet world demand by the mid-1980's. The United States makes up 6 percent of the world's population, yet consumes 30 percent of the world's energy in all forms, and about 30 percent of the world's oil production. Despite the increasingly dangerous tensions developing between many of the 150 interdependent and oil hungry countries of the world, the United States has not been making progress toward energy self-sufficiency.

Domestic production of crude oil in the United States averaged 8.45 million barrels per day (bbl/d) during the first quarter of 1979, a decline of 0.8 percent compared with the same period in 1978. Production in the lower 48 States declined from 7.6 million bbl/d in 1979, while output from the Alaska North Slope increased some 40 percent in the 1978–79 first quarter comparison, from 0.9 million bbl/d in 1978, to 1.2 million bbl/d in 1979. Production of natural gas liquids fell 1 percent to 1.55 million bbl/d in the first quarter of 1979.

What do all these statistics mean for our Nation as well as for the average taxpaying American citizen? Quite simply this:

First. World supplies of crude oil are becoming more expensive and harder to obtain.

Second. Our own domestic supplies are not being used to our full advantage because of the lack of incentives to explore and refine them. Most of the oil produced in the North Alaska slope does not reach American homes on the eastern seaboard because of the lack of cheap, effective transportation.

The bottom line to all this is that we may not have enough oil for our citizens this winter, and the oil that we do have will be outrageously expensive. Since the energy situation in the United States has been variously depicted from adequate to grave to the point of catastrophe, let us take a closer look at the level of supplies and related prices.

The President, earlier this year at a town hall meeting in New England, assured the American public that there would be sufficient home heating oil for the winter and that he was directing the oil companies to produce 240 million barrels of home heating oil by October of this year.

However, what the President did not comment on was the impact of the escalating prices of unregulated home heating oil. Recent reports indicate that the cost of home heating oil has doubled over the last year and is averaging from 80 cents to 90 cents a gallon.

In a recent study done for the House Subcommittee on Energy and Power, the Library of Congress Research Service noted that the estimated wholesale and retail markups of heating oil—profits plus legitimate overhead increases—are between $400 million and $2 billion more as of August, compared to last September. The author of the study, Susan Bodilly, claimed:

> It was found that between September 1978 and May 1979 the increase in margin at the refiner and wholesaler not accounted for by inflation or crude oil price increases amounted to 6.4 cents/gallon or $2.71/barrel. By August 1979, the margin increase was 5.6 cents/gallon or $2.36/barrel over September 1978. At the retail level, the margin increased by $0.23/barrel by May over September 1978 base. That is for every barrel of residential fuel oil sold in May 1979, there had been a markup of $0.23/barrel since September 1978 that could not be accounted for by inflation or the rise in crude oil prices. By August, this had increased to $3.96 per barrel.

In addition to price gouging that has been inexcusably harsh on the poor and fixed-income group, the American public is now faced with the possibility of not even being able to obtain enough of this expensive oil for the coming winter.

Having been concerned with our home heating oil problem throughout the past year and having met on numerous occasions with our New York State energy officials, with spokesmen for the U.S. Department of Energy, and, most recently with Vice President Mondale, I am not at all satisfied with the responses given to Congress by our energy officials and the administration. Among the bureaucratic administrations there is a difference of opinion as to whether or not we will be able to adequately heat our country's homes this winter.

In a meeting with several independent oil dealers in my district in New York State, I was informed that they (the oil dealers) still were not receiving any of the home heating oil supplies for their own storage tanks. They stated that unless the major oil companies started pumping the oil from the primary storage tanks into the distribution pipelines, the Northeast could face a serious emergency by November. Reports questioning the integrity of the oil companies, lend credence to the contention that the oil companies are trying to meet the October 240-million-barrel storage target date by keeping that supply in their own storage tanks (primary storage) and, by doing so, can manipulate the market prices of home heating fuel (which has already gone up 50 percent since January).

In response to my inquiries, David Bardin (Administrator of the Economic Regulatory Administration) at DOE claims that the target of stockpiling 240 million barrels of home heating fuel by the end of October can be achieved and will be sufficient to deal with a severe or even early winter. Stocks of heating fuel in primary storage are reported to have increased by 7.5 million barrels during the week of September 7, 1979, to 202.7 million barrels. At this rate, the 240-million-barrel target level could possibly be surpassed by the end of October. However, the stocks are now 2.07 percent lower than they were at a comparable point in 1978.

I have this week joined with some of my colleagues in the House in calling upon the Department of Energy to rectify the delayed delivery of home heating oil from the refinery to the distributor.

Given the present rate of rising prices, coupled with the instability of world market supplies and domestic production, I am not too optimistic about a happy ending to this oil crisis. Although we cannot directly control the world events that are contributing to the energy crisis, we can, and must, closely scrutinize those factors that are making the problem particularly frustrating in our country. We must see to it that the oil companies are playing fair and not placing self-interests above our economy's well-being and security.

Furthermore, the DOE has a poor track record, with one of its major claims to fame being the champion creator of the longest gas lines in the world. I am speaking of the malfunctioning gas allocation system which has been responsible for the past crisis and may soon be a contributing factor to the home heating fuel shortage. This system has not provided expeditious shipment of fuel to the hard-pressed areas of our country, nor has it provided any incentives for conservation. Rather, it rewards those areas that waste energy by increasing or maintaining their allotments, and cuts back allotments to those areas that conserve energy.

Energy is the most critical problem confronting our Nation. It has crippled parts of our economy; it has placed itself before all other political considerations, be it the Panama Canal, SALT II, or the Middle East; it has alienated the mainstream of the American public, who have started linking their distrust of the hedonistic oil companies to the inaction of Congress; and finally, it has altered our way of living.

The challenge confronting America is a major one. We must reverse the deteriorating energy situation if we are to survive. There are some short-term and long-term actions that can and should be taken which will add immensely to the restoring of our energy security and cost effectiveness:

First. Expanding our refining capacity to the point where it will not be overburdened by the mid-season switch from gas to home heating fuel production.

Second. Insuring that the surplus of crude located in Alaska and the west coast is, in part, transferred to those parts of the country that are experiencing a higher need.

Third. Assuming that this coming winter will be the first hurdle to leap, Government efforts should be directed toward providing emergency grants or low-interest loans to those in need to purchase home heating fuel.

Fourth. Providing tax credits as incentives for further conservation measures such as home insulation and wood burning stoves.

Fifth. Congress must acknowledge the fact that State and local government can and must play an expanding role in alleviating the energy problem. Congress should support a variety of incentives that will assist State and local governments in their efforts to conserve energy and to promote the utilization of alternative energy sources.

Sixth. In a broader sense, we should seek to develop a long-term hemispheric energy policy through improved relations with Canada, Mexico, and Latin America.

Seventh. We should use our membership in international lending institutions such as the World Bank and the International Development Association to actively pursue the development of energy supplies in non-OPEC countries, thereby diversifying world oil monopolies and leaving our potential allies less dependent on our own resources in a time of military crisis.

The critical consideration behind all these proposals is that we seek solutions that are politically acceptable, while at the same time making expeditious and fundamental contributions to resolving the energy crisis.

At this point in the Record I would like to share with my colleagues, two articles; one from the Journal of Commerce (September 4, 1979) and from the Washington Post (August 30, 1979). Both touch on the two most immediate problems facing our citizens; the availability of home heating fuel, and the cost.

[From the Journal of Commerce, Sept. 4, 1979]

Heating Oil Crisis Ahead?

We should be assured, we suppose, by the promise of the new secretary of energy, Charles W. Duncan, to make certain that the Northeast gets an adequate supply of home heating oil next winter. His pledge to set up a special reserve of 10 million barrels in the region is the kind of thing that creates favorable headlines. And the Carter Administration is well aware that it needs not only headlines but solid performance on the energy front if it is not to be shot down in those crucial New England primaries early next year.

But, with the governors of the nine states in the region, we have to wonder if we are not already seeing the beginning of a home heating oil crisis not unlike the gasoline crisis which led to those long lines at the pumps only a month or two ago. The gasoline crisis was caused, the department finally was forced to admit, by mistakes in the way it applied its rules for the allocation of scarce product supplies.

Under the same rules, the oil companies have been ordered to amass, by Oct. 31, 240 million barrels of home heating oil in their refinery and storage tanks. And, dutiful citizens that they are, the companies are obeying orders. But what no one in Washington apparently realized until now is that there are two ways to build up inventories, by adding to production of home heating oil and by withholding oil from delivery. The companies apparently are doing a bit of both. What worries the governors is that next January and February, when snow and ice can be expected to make deliveries difficult, the oil will still be in company tanks and not in homes.

To be fair, Mr. Duncan has just taken over. His meeting with the northeast governors in Boston was held on only his second day on the job. Already, however, his performance—resembling that of the president—seems more designed to produce votes than additional supplies of gasoline and home heating oil. His visit crammed in, in addition to the meeting with the governors, a tour of energy conservation and solar energy projects in low-income areas of Boston, an afternoon session with black community leaders, and a surprise sidewalk meeting with demonstrators who had picketed his meeting with the governors. They wanted him to restore price controls on home heating oil, removed in 1976.

Reporters covering the meeting said that not once in his two years in office had Mr. Duncan's predecessor, James Schlesinger, made any similar political effort.

The new secretary did promise over the next few weeks to study the heating oil stockpile goal to see whether it possibly should be dropped to encourage the movement of oil from the companies to dealers and customers. He also told the governors that President Carter intended to ask Congress to increase to $400 million federal aid to families with incomes below the poverty level to help them pay fuel bills. Congress is considering a $250 million aid package for that purpose.

The northeast governors also elicited from Mr. Duncan an endorsement of a plan, proposed by Gov. Hugh Carey of New York, for a government-backed corporation to finance energy conservation and development in the region and to provide credit for middle-income families to pay fuel oil bills over a period of months. Many oil companies already provide such credit, but presumably the corporation would provide it to fuel buyers whose circumstances make them unacceptable risks.

Two bills to create such a corporation have been introduced in Congress. If established, the corporation would issue bonds guaranteed by the federal government, lending the proceeds for "winterizing" homes and developing new energy sources, as well as for installment loans to fuel buyers.

Gov. Carey estimated that in his state alone 450,000 homes needed additional insulation, storm windows and doors, and other forms of winterizing which could cost as much as $3 billion. In addition to conserving energy, he said, making such improvements could provide thousands of jobs.

A study just published by Resources for the Future supports the view of a big payoff in the area of home heating. By the year 2000, it says, such use could be trimmed 10 percent, from 8.8 quads (quadrillion British thermal units) to 8 quads, despite an increase from 70 million to 115 million in the number of homes in the nation and an increase in average home size. This would reduce its share of overall U.S. energy consumption from 12 percent to 7 percent.

The research organization warns, however, that major improvement isn't likely if barriers standing in the way of improving the heating efficiency of both new and old homes aren't removed, such things as building costs, low capitalization, a craft-based work force and other impediments which make innovation difficult in the building industry. Such things also as the problem homeowners and renters encounter trying to relate the costs of heating improvements to fuel savings because of the way meters are read and bills presented.

Money alone won't solve these problems. Nor will talk—with the poor, with blacks, with protest groups. In the months ahead, Mr. Duncan may demonstrate that he realizes this too, that on the home heating front as in every other area of his responsibility there is no substitute for performance and that tampering with market forces is the surest guarantee of failure.

[From the Washington Post, Aug. 30, 1979]

Where the Heating Bill Goes

Home heating oil cost, a year ago about 49 cents a gallon in the Washington area. Today the average price is up to 83 cents.

Who got the 34-cent increase?

OPEC comes first to mind. But the figures suggest that the foreign producers got only about 10 cents of it. The domestic producers, still under price controls, got less than 2 cents. The remaining 22 cents went to the companies that transport, refine, store and distribute the oil. There has been a gigantic widening of operating margins all along the complex system that gets oil to your furnace.

The figures come from our own rough and preliminary survey. They are averages, and do not fairly represent the widely varying circumstances of individual companies. But to return to the missing 22 cents per gallon, it seems that about 12 cents of it goes to that part of the system that refines the oil and sells it, at wholesale prices, from terminals in the Washington-Baltimore area. The gross margin on this operation, a year ago, averaged less than 10 cents. At present it is over 20 cents.

The remaining 10 cents a gallon of the total increase has gone to the smaller local companies that pick up the refined heating oil at the terminals and deliver it to the tanks in peoples' basements. Their gross margins, about 10 cents a gallon a year ago, now seem to be running about twice that much.

You will note that these figures are not net profits.

A company has to pay all its own operating costs out of the gross margin, and oil companies like everyone else are struggling with inflation. Local distributors point out that some of the refiners have also imposed a further increase on them by tightening the terms of credit. A few of these companies, caught in unusual situations, may well be suffering reduced net profits. But it is hard to believe that, for the industry as a whole, a 13-percent inflation rate justifies doubling the gross operating margins.

While inflation is part of the explanation of this drastic price rise, the other part is diminished competition. Everybody who uses fuel oil remembers the gasoline lines last spring. Nobody wants to shop around and risk losing his place on his supplier's list of regular customers. The Carter administration keeps saying that there will be plenty of oil for the winter. But most other people suspect that more depends on the Iranian revolution and the weather than on the White House.

Even at 83 cents a gallon, heating oil prices are still rising. Margins are still spreading. The oil industry is inviting precisely the public response it most fears and detests. It is inviting the reimposition of controls on heating oil, and the regulation of refineries as public utilities. That would probably work very badly, but merely to say as much doesn't mean it won't happen. While the weather is still warm, the oil companies, large and small, might want to reflect briefly on the fate of other industries, like the railroads, that tried to push their customers too hard.

Mr. Speaker, we must be concerned with our Nation's need for home heating oil that have to be met this winter as well as next winter, and the winters thereafter. In that regard, we should start paying closer attention to our refinery capacities, and to improving our allocation system so that the fuel gets to those areas that need it by the fall. We must also look toward the reasonable regulation of prices on a market that is gutting the American consumer of his hard earned money.

We must make the energy issue a top priority and take to heart the pulsations of our country which is suffering from this malady.●

MILITARY RECRUITMENT AND MORALE

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mrs. HOLT. Mr. Speaker, as ranking minority member of the Personnel Subcommittee of the House Armed Services Committee, I am vitally interested in manpower recruitment and retention levels in the Armed Forces. These levels are highly dependent on the morale of enlistees and their families.

Military life has always been difficult and has always imposed hardships not borne by the civilian sector. Unfortunately, there is a widespread perception today that military life is a soft, benefit-laden existence.

Recently, I received a letter which poignantly recounts the problems faced by an enlisted man and his family. I would like to share this letter with my colleagues:

DEAR CONGRESSWOMAN HOLT: This letter is sent to request that Congress take a better look at the way the United States military and their families are "taken care of". My husband is currently serving his soon to be 12th year in the U.S. Coast Guard. His present rate is an E-6 or 1st Class Boatswains Mate. He is presently stationed aboard the U.S. Coast Guard Cutter Capstan in Alexandria, Virginia. The purpose of this vessel, from what I understand, is to break ice in the winter months, search and rescue in the summer and winter, take care of the aids to navigation in the area and when needed, to escort dignitaries in the Washington area. Since the Capstan is the only Coast Guard vessel in the Washington metropolitan area they are relied upon to do a variety of jobs.

I understand the duty that goes along with the job, but what I do not understand is the lack of compensation for the inconveniences when they are forced to leave home port and go into the "yards" for repair work, or to break ice in the winter.

At present, the Capstan is in Baltimore in the "yards" for repairs. The crew on the Capstan has been given a motel room in the Suburbs of Baltimore for sleeping quarters but they are really having a hard time trying to eat a "decent meal". As a 1st Class my husband receives approximately $113.00 per month to compensate for the lack of a proper galley on board the ship. But, if you figure a minimum of $5.00 a day for one decent meal that comes to $150.00 per month, leaving him short $37.00. That does not even take into consideration that he may not eat anything for breakfast or lunch, just one evening meal. Think about it for a moment and I think you must consider this an outrage. Being in the military shouldn't make you rich but it certainly should not put people in the "poor house".

Being stationed in the Washington area itself is a hardship for any enlisted personnel. Even though government leased housing is available, it is usually an apartment complex that cares absolutely nothing about the way the complexes are taken care of and has no respect for the military families living in the apartments. As I am quite sure you are well aware of, the D.C. area is one of the highest cost of living areas in the country. If you are serving in the military and are transferred to Hawaii or Alaska or some other place overseas you are compensated for the cost of living, monetarily, that is. Not so in the D.C. area.

In the complex that my family and I live there are, on the average, about 60 percent military families living there. After being here for almost three years, I have come to know quite a few of them and the thing that is talked about the most is the fact that everyone is having such a hard time "making ends meet" or "living from payday to payday". Why is it so hard for the Congress and everyone else in this country to understand that in order to have a competent and trustworthy military there must be some kind of proper enducement to get and keep them in as active members of the armed forces. I hear so many times from civilians "well doesn't your husband get overtime pay for all those odd and long hours?" There are a lot of people that think if you're in the military you have it made.

There are really so many things that I would like to say in this letter but I realize that you are a very busy person. I have heard so many good things about you and the help you have given many people in Prince George's County.

We are being transferred in the next few months but I still would like it to be known how unfair it is for so many people to assume that the military is in such fine shape. Perhaps you saw the show on television several months ago about the Army personnel in Germany. Doesn't anyone ever wonder why the situation is so bad. Try and picture you or your family trying to scrape together enough money to live together as a family or trying to save enough money to be able to go out to the movies or take your children to an amusement park once or twice a year.

I realize that there are many, many people in the United States that have problems similar to these but not because the United States government has made it so.

If you would be so kind as to address you fellow congress members on this subject, perhaps even give them an opportunity to read this letter, something could be done to ease the burden of being a military family. It's the same thing for military personnel and their families as it is for civilians—we would like to feel like we can live a little.

I have never been so disappointed with the U.S. government as I have since coming to the Washington area. It's really a shame to live right in the center of the U.S. Federal Government political community and to be treated as though we have no needs and/or that we are privileged and have so many benefits that you have nothing to complain about.

Try getting an appointment in a military clinic or hospital. Most likely, unless you are on your death bed or have some connection, you will be told "we are booked up until the end of next month, you'll have to call again" and then when you do call again it's the same answer as before.

If Congress keeps trying to take away the "benefits" we have now you will most definitely have to go back to the draft. No one with the least amount of intelligence would want a job or career that offers so little.

Civilian federal government employees and big business workers all receive some kind of compensation when forced to travel or leave their normal place of business and/or residence and go elsewhere in business related ventures. Why not so for the military?

If you are sent to sea, instead of compensating for that fact, your subsistence pay is taken away, because you are now eating on board and as I see it the thoughts there are that, well now that we've taken care of feeding the active member, we don't need to worry about the dependents eating.

The average income in the Washington area for a family of four (4) is $20,000.00 a year. An E-6 only makes $11,000.00 along with $113.00 per month for subsistence and approximately $338.00 per month for government leased housing giving a total of $1,356.00 per year for food, and $4,056.00 per year for housing, for a grand total of $16,412.00. That is $3,588.00 below the standard for a family of four (4) to live.

I think it only fair for the people of America to know just what is happening to the military that protects them in war and peace and helps them in times of need. Don't you and the other members of Congress think it's about time for a change?

Please we need your help!!!

Awaiting a speedy reply and, hoping for a better military and a better future.●

COAST TO COAST SUPPORT FOR HECKLER HEALTH BILL

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mrs. HECKLER. Mr. Speaker, today I continue the occasional publication of correspondence I have received from around the country in support of enactment and funding of H.R. 4015, the Veteran Senior Citizen Health Care Act of 1979.

This major legislative initiative which I have introduced won House passage last June by the unanimous vote of 406 to none. The letters I have received are most laudatory of this distinguished body for its action.

The distinguished senior Senator from California, the Honorable ALAN CRANSTON, chairman of the Veterans' Committee in that body, is in the process of rescheduling a hearing on this bill which originally had been set for September 19.

Today's sampling includes supporting correspondence from the manager of the Division of Veterans' Services for the State of California; the associate dean for medical services at the Harvard Medical School, who also has been senior health consultant to the Disabled American Veterans who enthusiastically support H.R. 4015; the national president of the American Medical Student Association, where there is great interest in the development of the long-neglected field of geriatric medicine; the director of the Center for the Study of Aging at the Duke University Medical Center; and the administrator of the Division of Veterans' Affairs for the State of Idaho.

Mr. Speaker, today's letters are as follows:

AUGUST 16, 1979.

Congresswoman MARGARET M. HECKLER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSWOMAN HECKLER: Thank you for your letter of July 30 with a summary of HR 4015.

I am vitally interested in the objective of your legislation and will certainly do everything within the jurisdiction of my office to generate support for this bill.

Sincerely,

MANUAL VAL,
Manager.

JULY 27, 1979.

Hon. MARGARET M. HECKLER,
U.S. Representative,
Wellesley, Mass.

DEAR MARGARET: Thank you for the copies of H.R. 4015 and report No. 96-148, concerning your bill entitled the Veteran Senior Citizen Health Care Act of 1979. I hope to testify on behalf of this bill before Senator Cranston's Committee.

For the past year I have served as the Senior Health Consultant to the Disabled American Veterans and have assisted them by forming a national research advisory committee comprised of internationally renowned leaders in health policy, health economics and veterans health care. We are defining strategies for veteran consumers in confronting the complex issues of veterans health care.

I am currently studying the resources

available to the V.A. in providing care for the aging veteran and feel that your bill will do much to meet their needs. The attached table was generated by me and depicts the nursing home care beds needed by veterans aged 65 and over to the year 2000. The V.A. intends to meet no more than 20 percent of this need leaving the remainder to the private sector. I need not tell you how deplorable the private sector's performance has been in nursing home care. Should the V.A. decide it will meet only 20 percent of the demand?

The existing GRECC's in the V.A. have not had strong clinical bases. This is due in part to the absence of gerontologists and high quality clinical/academic personnel. Harvard Medical School has assisted Dr. Jerry Silbert of the Boston V.A. Outpatient Clinic in applying for a V.A. gerontology training program. We have also established a University-wide Committee on Gerontology and Geriatrics to define research and training programs in this important area. Needless to say, your bill is of great interest to us.

If we examine the total number of V.A. nursing home care beds, extended hospital care beds, domiciliary beds and the support services, e.g., V.A. hospital based health care, centers for the aged, meals on wheels, etc., the resources to care for the aged veteran are negligible. What does the V.A. intend to do about this?

The October 1977 Report on the Aging Veteran, Present and Future Medical Needs, a response to P.L. 94–581, *does not contain an explicit strategy for resolving the problems confronting the geriatric veteran.* I am hopeful that the task force your bill requires will demand that such a strategy be defined by the V.A. itself. If the V.A. will not meet the needs of the aging veteran for care, the veteran would be better served to negotiate for that care outside the V.A.

The disabled veteran who is aged has very special needs. Oftentimes, his/her spouse is also infirm and having cared for the veteran over many years is excluded from the same quality of care his/her spouse is entitled to. This is a serious and tragic condition. The aged, married, disabled veteran is separated from his/her spouse and placed apart in a nursing home. No accommodation exists for veterans and spouses who are aged and infirm. I would hope that we might begin to address such needs. Is the V.A. only to provide care for the single, isolate, aged veteran? What are the needs of all aged disabled and infirm veterans?

Margaret, your bill does specify that S.M.A.G. members will comprise the task force. I feel very strongly that many prominent veterans are eminent citizen leaders capable of performing such a task quite well. I would encourage the formation of a National Veterans Task Force on Present and Future Needs of the Aging Veteran, similar to the Hoover Commission. These needs are psycho-social, political, economic and only partially medical. They are part of the fabric of our society's incapacity to meet the needs of all aged.

In old age it is difficult and hazardous to isolate the needs or the care of the veteran from his/her spouse. To do so is to destroy all that the veteran fought for. Let's define what needs to be done. Let's enlist people who can help do that.

I hope that we can discuss these matters further. The DAV will be meeting with the V.A. and others to discuss these matters in the coming months. I hope that we too will have a chance to discuss the GRECC's and their *special needs for imaginative management, something they have not had to date. I, like you, have the greatest hopes and expectations for the GRECC's but to date they have been pitifully inadequate.* They must relate to patient care programs.

Sincerely yours,
Richard M. Ryan, Jr., D.S.c.,
Associate Dean for Medical Services.

August 13, 1979.

Hon. Margaret M. Heckler,
U.S. House of Representatives,
Washington, D.C.

Dear Mrs. Heckler: Thank you for your letter about legislative initiative H.R. 4015, the Veteran Senior Citizen Health Care Act of 1979. I was pleased to get your correspondence because geriatric health care remains a major concern of this organization. I have forwarded your letter to the chairpersons of the Task Force on Aging. If you can let us know who are some of the key Senate leaders who may have less than an enthusiastic response to this initiative, then we can have some medical students speak with them as well as have a member from the task force write to them from their home states. We thank you for your interest and support in this valuable legislation and we will make known your support to our members from the State of Massachusetts.

Sincerely,
Charlie Clements,
National President.

November 8, 1978.

Margaret M. Heckler,
Member of Congress,
House of Representatives,
Washington, D.C.

Dear Mrs. Heckler: The issue which your legislation addresses is profoundly important. The demographics which you cite are impressive, now widely known. But the fact is that the VA initiatives can only be described as modest. The existing GRECC program has moved slowly and the VA has moved even more slowly in evaluating what appears to be a very modest performance of these centers to date. The VA initiatives to increase geriatric training are just under way and their impact remains to be seen. However, both these initiatives are in the right direction, should be encouraged, and must be evaluated at the earliest appropriate moment. If the VA is to be a leader in geriatrics, it must substantiate the effectiveness of its initiatives. Consequently, I would prefer to see an evaluation component up front in any supportive legislation.

With regard to VA initiatives regarding demonstrations in care, I have argued as forcefully as possible that the VA is in an unparalleled position to demonstrate innovations in the coordination of a comprehensive geriatric care system. My impression is that the VA tends to be a very conservative system in such matters as indicated by the very defensive response to the NAS review of VA performance and to the recommendations of just the kinds of innovative demonstrations your legislation would encourage. More than enabling, encouraging legislation would be required to move the VA into consequential demonstrations. Therefore, hearings with regard to your legislation, which focus on the real, practical and political impediments in moving the VA system into innovative geriatric care, are particularly important.

With best wishes, I am,
Sincerely yours,
George L. Maddox, Ph.D.,
Director.

August 30, 1979.

Hon. Margaret M. Heckler,
U.S. Representative.
House of Representatives,
Washington, D.C.

Dear Congresswoman Heckler: Please accept my delayed compliments on your dedicated work on H.R. 4015, the Veteran Senior Citizen Health Care Act of 1979, and an unusual recorded vote of 406 to none in favor.

Certainly many aged Veterans will be grateful to farsighted members of Congress in leading the fight for their benefits. I am writing to our two Senators, asking for their support.

We are indeed grateful to you and wish you the greatest success in your endeavors.

Sincerely,
Larry Laughridge,
Administrator.●

PROPOSED HARNEY PEAK WILDERNESS AREA

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. ABDNOR. Mr. Speaker, legislation I am introducing today proposes the Harney Peak Wilderness be designated on 10,700 acres of beautiful Black Hills National Forest land in the Second Congressional District of South Dakota.

The Beaver Creek unit south of Sturgis, S. Dak., was the Forest Service's original recommendation as a representation of the Black Hills ponderosa pine in the wilderness system. Due to the degree of local opposition expressed, however, I suggested and the President agreed in his recommendations to Congress to substitute the Harney Peak Area for Beaver Park.

There are a number of unique features within this unit that justify its inclusion in the roadless area review and evaluation (RARE II) program, which proposes to add 15.4 million acres of National Forest land to the National Wilderness Preserve System:

Harney Peak includes some of the highest elevations east of the Rocky Mountains, ranging from 4,050 to 7,242 feet above sea level.

The unit includes rolling hills, two beautiful mountain lakes, granite walls, and stands of ponderosa pine.

Primary habitat for Rocky Mountain goats and secondary range for elk are included in the proposed area, as well as deer, grouse, turkey, and nongame birds and mammals.

Although the original "Norbeck core" area considered for inclusion in the wilderness system comprised 9,400 acres, the 10,700-acre area authorized in my bill reflects the logical, natural boundaries, and includes no major additions.

The name, "Harney Peak Wilderness," has been suggested by the Department of Agriculture and describes the area geographically, since its most distinctive feature is Harney Peak. Senator McGovern is introducing legislation today to designate the area the "Black Elk Wilderness," however, and I shall look to my constituents for further guidance on this issue.

The Harney Peak Wilderness would be established on one-third of the present Norbeck Wildlife Preserve land, which was created by the Congress in 1920. As such, the legislation I am introducing recognizes the intent of the Congress' original designation of the Norbeck Area as a geographically complete unit of nature. The subdivision of Norbeck by the creation of the Harney Peak Wilderness Area will not conflict with those management policies necessary for the unit as a whole.

I urge my colleagues to join me in supporting this proposal to preserve a portion of America's natural wilderness for future generations.●

NEVER TOO OLD

HON. LAMAR GUDGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. GUDGER. Mr. Speaker, I would like to take this opportunity to commend to you and to our colleagues of both Houses of Congress a superlative column written by Bob Terrell of the Asheville Citizens during the August district work period.

Mr. Terrell's article concerns the success of the Elderhostel program, a unique opportunity for our senior citizens to learn and travel at a cost within reason in these inflationary times. Colleges and universities which participated in the program operated Elderhostels on a nonprofit basis, and the program carried its own weight. No grant or subsidies were received; Elderhostel registration fees sustained the program totally.

For a nominal fee, senior citizens gained the opportunity to learn in college-level course, and to explore new environments and experiences. I think you and our colleagues will find this column to be interesting.

The column follows:

Never Too Old

We never get too old to learn. Nor does advancing age rob us of a desire to learn.

In that vein, this was the summer of Elderhostel at colleges and universities around the U.S.A. and judging from the response, the program was a whopping success.

At least, it was successful if the Elderhostel program at the University of North Carolina at Asheville can be used as a yardstick.

Elderhostel is a program for persons over 60, combining the traditions of education and hosteling. It ran for only two weeks at UNC–A, the shortest time of any of the nine participating colleges and universities in North Carolina, but those who attended the UNC–A classes came away wanting more.

They may get more next year. The state organization which sponsors Elderhostel has asked for two additional weeks at UNC–A next summer.

The program began four years ago on five campuses in New Hampshire, and it expanded to the point that more than 250 institutions in 38 states were involved this summer. The nine North Carolina schools included the University of North Carolina campuses in Asheville, Greensboro, Chapel Hill, Charlotte, and Wilmington, plus Mars Hill, Winston-Salem State, Western Carolina, and Appalachian State.

ECONOMICAL VACATION

Its great attraction is that it gives persons over 60 an opportunity to take a couple of courses of interest and at the same time spend an economical vacation in an area they like.

Dorothy Ormsby, secretary of the Elderhostel staff at UNC-A, said 80 persons participated in the UNC-A Elderhostel program, 40 each week.

They had a choice of taking two of three courses offered: "The Life and Literature of Thomas Wolfe" (what better place to study that?), "Western Religions," and "Energy—Solar, Oil, Gas, Etc."

The courses ran an hour and a half each day, beginning at 8:30 a.m. and ending at 2:30 p.m., and the students had the remainder of the day free to see the sights and visit places that interested them.

"We had people here from Ohio, New Jersey, New York, Florida, Massachusetts, Texas, Connecticut, Georgia, and both Carolinas," Dorothy said. "They included cost analysts, doctors, lawyers, insurance executives, retailers, and persons from many other trades and professions."

IMPRESSED

The same was true on the other participating campuses.

About two-thirds of those attending the UNC-A courses were couples.

"Those who came here from the northern states," Dorothy Ormsby said, "seemed to be very impressed with Asheville. Some were in the South for the first time. They had no idea Asheville had a mineral museum, a new library, and some didn't know the Wolfe Memorial was here. They really enjoyed themselves."

Sixty-two local merchants contributed to the program, helping it succeed.

The participating people stayed in the UNC-A dorms and paid $115 a person for room, board, and the classes.

Alice Wutschel, associate director of continuing education at UNC-A, coordinated the program and did an excellent job.

MUCH TO DO

The students took advantage of the scheduled extra-curricular activities, visiting Biltmore Homespun Shops and Grove Park Inn, St. Lawrence Catholic Church, the Asheville Art Museum, Pack Memorial Library, a solar home, the Thomas Wolfe Home, and Riverside Cemetery. They swam in Justice Center on campus, attended local movies at a discount, strolled in the botanical gardens, and got a taste of square dancing.

The UNS-A Elderhostel program is bound to grow in future years. With so many local attractions that appeal to folks all over the country, it's possible that the UNC-A part of Elderhostel will become one of the most desired in the nation.

Local people have taken part in Elderhostel in other parts of the country. Mr. and Mrs. Arnold Hyde spent a week in the Amish country of Pennsylvania in an Elderhostel program. Others from here went to various parts of the country, studying and enjoying themselves. All with whom I talked were pleased with the program.

The national Elderhostel office, from which information can be obtained, is at 55 Chapel Street in Newton, Mass. 02160. Fast action is suggested. The program is already filling up for next year.●

ROGER WILLIAMS MEMORIALIZED BY ZETA BETA TAU IN RELIGIOUS FREEDOM CEREMONY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. GILMAN. Mr. Speaker, it was an honor yesterday, September 12, to participate in a wreathlaying ceremony at the foot of the statue of Roger Williams in the Hall of Columns here in the Capitol.

The ceremony, organized by Congressman William Lehman (Florida) on behalf of the Zeta Beta Tau Fraternity to which I belonged at the University of Pennsylvania, was the first commemoration at the statue of Roger Williams since World War II. It is hoped that this tradition of honoring one of our Nation's earliest and most devout champions of religious freedom will continue annually.

Congressman Lehman, who was President of his Zeta Beta Tau Chapter at the University of Alabama, notes that this tradition was established by ZBT in 1920, to pay tribute to the first American to preach the doctrine of absolute freedom of religious worship.

I can think of no better way to remember those who sought and helped to give America freedom to worship, than to continue this admirable practice annually of remembering the good works of Roger Williams, who over 300 years ago helped to found Rhode Island.

The Congress currently includes six ZBT members (besides Congressman Lehman and myself): Senator Rudy Boschwitz of Minnesota, (Johns Hopkins University); Senator Abraham Ribicoff of Connecticut (an honorary member); Representative Marc Marks (University of Pennsylvania); Richard Ottinger of New York (Cornell University); Abner Mikva of Illinois, (University of Wisconsin-Madison), and Martin Frost of Texas, (University of Missouri).

Mr. Speaker, in order to share his views with my colleagues, I would like at the time, to insert Congressman Lehman's remarks in full into the Record:

Remarks by Congressman William Lehman

In the light of the tensions and oppression that exist throughout the world, it is fitting this day to begin anew the tradition of commemorating the life of an early champion of religious and political freedom in this nation—Roger Williams. Arriving on the American continent from England when he was 27, this vocal and active clergyman was the first to preach absolute freedom of religion. He advocated separation of church and state, and respect for the rights of others—including the American Indians.

On these basic concepts he and his followers founded the State of Rhode Island, which because an important influence in the democratic tradition as expressed in the U.S. Constitution.

Roger Williams knew what it meant to be persecuted for his beliefs. Known as being troublesome because of his views, he was refused employment as a teacher in 1631, and later in 1635 was tried in Massachusetts Bay Colony on charges of spreading "dangerous opinions". Judged guilty, he was banished from the area. When forced to flee from Massachusetts, he and his followers founded a settlement in Providence. The area, which became Rhode Island, became known for its democratic institutions, including separation of church and state, town government and religious toleration. Williams is an example for us today in the tenaciousness and courage with which he held his often unpopular views; his life in action is an expression of the best in free thinking, which insists on the rights of others while upholding its own strong opinions.

Upholding these views of absolute religious and political freedom was not easy for him, even in this country where many of those who came were here because of religious persecution which they had met in Europe. Thus, we are reminded that today—as then—all who value religious and political freedom, even in a democratic nation, must watchfully strive to insure that these values are upheld, for they are precious and all too easily lost: tyranny and injustice await around the corner if those in a free country do not fully exercise and protect their freedom to speak in integrity and truth—and allow others to do the same. Many of us here have learned this lesson all too well.

Religious and political freedom are ideals which must be lived if they are to be preserved, as Williams well knew and exemplified by his own life. Today we are grateful for Roger Williams' courageous example which influenced our nation so strongly and inspires us yet in our own goals of interfaith brotherhood and individual freedom.●

EXTEND THE FUR SEAL CONVENTION

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. YOUNG of Alaska. Mr. Speaker, very shortly, the administration must make a decision that will be of great importance to wildlife management, commercial fishing, and the welfare of the residents of the Pribilof Islands in Alaska. The North Pacific Fur Seal Convention, to which the United States is a party, must either be modified, terminated, or extended by October 1980.

For those Members unfamiliar with the convention, let me point out that this is the latest in a series of international environmental agreements that have successfully prevented the destruction of the North Pacific fur seal, which inhabits the waters of the North Pacific Ocean and the Bering Sea. The convention and its predecessors have been responsible for increasing the fur seal population from 300,000, when the first agreement was signed in 1912, to the current level of nearly 2 million seals. The convention prevents pelagic sealing, or the taking of seals on the high seas, which is a cruel and wasteful practice. The convention allows scientific management of the seal populations and is a model for other international agreements.

Through an annual harvest, conducted under strict regulation and with humane methods, the convention provides the sole livelihood for most residents of the Pribilof Islands. Organizations such as the National Wildlife Federation, the Wildlife Society, and the North Pacific Fishery Management Council have all recommended that the convention be extended.

In spite of all the testimony and support for an extension of the convention, one group, the Friends for Animals, has urged that legislation be passed terminating the convention. One bill, H.R. 5033, has been introduced to accomplish this objective. I think it unfortunate that this legislation has even been introduced when the overwhelming testimony against its concepts have been presented.

On August 29, 1979, the Tundra Times, Alaska's oldest statewide newspaper, published an editorial discussing the convention. I would like to share that editorial with you, as I think it will convince you that the convention should be extended:

EXTEND FUR SEAL CONVENTION

Public hearings on international treaties must be different than other public hearings. Or at least the public hearing on the International Fur Seal Convention held here Monday was.

Most public hearings are somewhat balanced, with about as many persons for whatever is at issue as against it. And, usually, each side comes up with points or questions that have merit, things that should be considered before any final decision is made.

That's what public hearings are all about, and they are an essential part of the democratic process. Sometimes, even, the people holding the hearings, usually a government, pay attention to what is said and take the good points made by each side into consideration before making a decision.

At issue in Monday's hearing was whether the International Fur Seal Convention, under which the annual Pribilof Island seal harvest is permitted, should be terminated, renegotiated, or extended. The treaty expires next year, but any action to do anything other than allowing it to lapse must be initiated this year.

Monday's hearing was not a balanced one. The overwhelming point of almost all of the numerous persons who testified was that the treaty should be extended without modification at this time. To do otherwise, the panel was told, would result in economic devastation for the Pribilof Islanders, forcing all of them onto welfare, and probably, biological devastation for the seal herds that also make their home on the islands, herds that under the coverage of the treaty and others like it have rebuilt themselves from a paltry hundred thousand or so animals in 1911 to nearly a million and a half now.

All of those making these arguments had facts, figures, reason, and real human concern backing them up. The other side, unfortunately, did not. There seemed to be no merit to their arguments at all; they were crafted of pie-in-the-sky thinking, if it can be called that, and of a strange combination of misplaced emotion for the fur seal and heartless disregard of people. Vague mumblings, unsubstantiated by fact or any empirical data, and all of it made worse because it was all well meaning and sincere.

It was characterized by the suggestion that the Pribilof Aleuts, whose only economic base of any substance at all is the fur seal harvest, would not really suffer all that much should the harvest be stopped. Instead, they could build green houses and raise their own produce, or build a museum so they would not lose touch with and could show tourists what their once proud heritage was, or develop wind powered generator plants, and so on. These suggestions have no merit to them at all, and are in fact nonsensical.

Decisions made in the public interest should not merely be made on some sort of score-card basis, merely by adding up all the pro's and con's and then deciding accordingly. Decisions of that sort should be made on the basis of the merit of each side's argument.

But, in this case both the numbers and the merit of the arguments are overwhelmingly that the convention should be extended, both for the benefit of the fur seal and for the benefit of human beings. To do otherwise at this time would be to make less sense than those arguing against the treaty.●

DAVE "BUTCH" GOLDSTEIN

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. SANTINI. Mr. Speaker, it gives me a great pleasure to congratulate another of my constituents who has been recognized by the community. The Westwood Shrine Club unanimously voted Dave "Butch" Goldstein, an active member of the club, to receive the "Noble of the Year" award for 1979. I wish to share with my colleagues a few words about the achievements of Mr. Goldstein.

Dave was born in Louisville and was raised in Indiana where he attended the University of Indiana. He became interested in the world of entertainment and managed some of the finer night clubs in Indianapolis. As a resident of Las Vegas since 1957, he is now the executive vice president of the Dunes Hotel and Country Club.

Dave is highly recognized as a man of great leadership and a man of deep concern for others. He has given support to such organizations as the Shriner's Hospital for Crippled Children. Among his other achievements he has served as cochairman of the Dawn Hancock Animal Farm for Handicapped Children Fund, a board member of Temple Beth Shalom, a founder of the Boys Club of Clark County and a member of the Nevada Resort Association. He has also been dedicated to the United Combined Jewish Appeal, Red Cross, the Variety Clubs International, and the Zelzah Temple.

Dave's achievements have also been recognized in southern California. He was named "Man of the Year" in 1976 by the City of Hope, served as former Mayor Sam Yorty's goodwill ambassador, and an honorary chairman of the Retarded Children's Association.

He has been married to his wife Celia for 41 years. He has three married daughters and six grandchildren.

He will be honored on Wednesday, October 10, by more than 1,000 friends and associates from the Middle West, Las Vegas and west coast areas. Again, I wish to congratulate this dedicated man. During these days it is good to know that there are still those who concern themselves with others and not just their own personal gains.●

CONSERVATION OF HELIUM

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. SWIFT. Mr. Speaker, during the past several months the Subcommittee on Energy and Power of the Committee on Interstate and Foreign Commerce has held three hearings on the question of conservation of the Nation's supply of helium. I urge my colleagues to examine the hearing record and the report of the subcommittee staff, which will soon be available as a committee print. In the meantime, I recommend to my colleagues two recent articles, one of which appeared in the Christian Science Monitor and the other which appeared in the recent special energy issue of Science News. Both articles clearly explain the importance of preserving this often

neglected element if we are to insure a stable energy future for our children and grandchildren, and I ask that they be inserted in the RECORD.

[From the Christian Science Monitor,
Apr. 23, 1979]

World Wasting Limited Helium

(By Paul Van Slambrouck)

HOUSTON.—There is plenty of helium in the United States to keep blimps aloft. But will there be enough of the light gas several decades hence when more "down to earth" energy-related technologies, like "fusion" nuclear power and more efficient electricity transmission, might need it most?

Two recent federal government reports are skeptical:

"Valuable future energy technologies are . . . likely to become available at a time when the US can no longer produce the helium the technologies require," concluded a study by the House subcommittee on energy and power last month.

"Neither the government nor private industry has assumed the responsibility for meeting the long-range private-sector helium demand," agreed the US General Accounting Office (GAO) in another appraisal.

Experts say helium, which is contained in natural gas, is being squandered at an alarming rate—even as researchers chart a growing need for the gas. The GAO says 13 billion cubic feet of the inert gas escapes into the atmosphere each year, most of it routinely vented in the production of natural gas.

Yet helium applications in the energy field are promising. Because it can tolerate very low temperatures without freezing, helium can be liquefied and used to cool other materials, helping them become "superconductors" of electricity.

Helium also is seen as becoming more important in nuclear power generation—particularly fusion plants not yet in commercial use—because of its exceptional ability to transfer heat. (Fusion generates power by joining molecules, as opposed to fission plants which split atoms.)

Helium is now used in welding, leak detection, lighter-than-air vehicles (like the Goodyear blimps), and as a pressurizing agent in rocket fuel tanks.

Research into future applications is brisk. The Department of Energy will spend $300 million to $400 million on helium research in fiscal year 1979. "The money being spent shows that there is nothing esoteric about helium. It will give us great efficiency in conserving energy and transmitting energy," says Michael Barrett, counsel to the House subcommittee on energy and power.

The bulk of the nation's helium reserves are found in Texas, Oklahoma, Kansas, and Wyoming. Domestic consumption of the gas was just under 900 million cubic feet in 1978, but most experts see demand almost doubling by the year 2000 and then rising even more dramatically.

While six helium extracting plants now are in operation, the natural gas fields that feed them are expected to be depleted by the year 2000. Should the demand for helium accelerate as expected, there could be a serious shortage of the gas at a reasonable cost, warn the GAO and House subcommittee reports.

The subcommittee urges Congress to adopt legislation that would grant private industry cheap government financing for helium extraction and permit inexpensive storage of helium at federal facilities.

The government started a program of buying and storing helium from private contractors in 1960, but the effort was terminated in 1971. Both the GAO and House subcommittee recommended reappraisal of Federal policy toward buying and conserving helium.

The Bureau of Mines offers inexpensive storage of helium for private purchasers at a federal facility in Cliffside, Texas. But most firms have not been willing to invest in their own extraction facilities. Phillips Petroleum Company is an exception. The company produces about 1 million cubic feet a day of helium from a plant in the Texas Panhandle. It also stores some of its helium with the government, convinced that the market "will steadily increase in the future," according to project development director C. C. Chapman.

The only alternative to producing helium from natural gas is to extract it from the atmosphere. But Dr. Milton C. Krupka, helium specialist at the Los Alamos Scientific Laboratory in New Mexico, calls the cost of such extraction "exorbitant." He says it would be cheaper to store the helium produced from natural gas today for later use. "We have the facilities to produce and store helium. In the long haul, it will be well worth the investment," he says.

[From Science News, July 21, 1979]

Helium: Up, Up & Away

(By Robert Ebisch)

"Who is buying helium and for what purpose, and why do we have long-term contracts on helium when there has not been extensive use of it for many, many years? We used to use it in the old dirigibles, but as I understand it, it is not used very much now . . ."—Congressman Chet Holifield (D-Cal.) in House floor discussions leading up to the 1973 cancellation of the U.S. helium conservation program.

"Helium," former astronaut Scott Carpenter once commented, "is an invisible passkey to the future." Unfortunately, the passkey is dissolving into thin air.

Just as the world begins moving into a new age of helium-based supertechnologies, the helium reserves of the United States—an estimated 718 billion cubic feet (Bcf) contained in natural gas deposits—are being rapidly lost to the atmosphere as the gas is pumped from the ground and used to heat homes and generate power for industry.

Fields now being exploited for natural gas, representing almost 85 percent of the U.S. helium reserve, as measured at the beginning of 1977, could be essentially exhausted within 20 to 30 years, according to the National Research Council.

The waste would excite little protest if World War I observation dirigibles had been the zenith of helium's utility, but the federal government has spent and will continue to spend billions on the development of fusion reactors, breeder and high-temperature gas reactors, high-temperature gas turbines, high-powered lasers, magnetically levitated transport systems, advanced energy conversion cycles and superconducting devices for energy generation, transmission and storage—all of them dependent on helium.

"DOE is currently investing $300 million a year in research and development of technologies that will be useless in less than 40 years if we fail to conserve helium today," warns Congressman John Dingell (D-Mich.). "As things stand now, by the year 1985, the U.S. will not be able to meet its demand from current production, and by the year 2017 we will have exhausted our reserves as well."

A national reserve of 718 Bcf—as estimated by the Potential Gas Committee of the Colorado School of Mines—appears sizable in comparison with the present consumption of about one Bcf per year. But only 198 Bcf are actually proven resources. Another 153 Bcf are "probable," expected to appear in extensions of existing gas fields. The remaining 367 Bcf fall in the categories of "hypothetical" and "speculative," which means they may be contained in natural gas deposits that have not yet been discovered.

Further, so extensive are the technologies that helium may make possible that even if all 718 Bcf were "proven resources," it would serve only as the basis of a 60- to 90-year interim during which substitutes, or cheaper ways of extracting helium from the atmosphere (about 1,000 times the cost of extraction from natural gas), might be identified. "There are so many developments that one needs to look at," says Bascom Birmingham, director of the National Bureau of Standards, Boulder, Colo., laboratories. "If even two or three of them go forward, all the helium we have in reserve may be needed."

Three technologies alone—fusion, superconducting transmission and storage of electricity—could require more than 600 Bcf of helium between now and the year 2050, according to an Argonne-NSF Advisory Committee study (ANL/EE-75-2).

The cause of this helium gluttony is superconductivity, the phenomenon in which the free electrons of metals at a sufficiently low temperature (about −255° C and −267° C respectively for the preferred superconducting alloys niobium-tin and niobium-titanium) form what are called "Cooper pairs" and cease to be scattered by the metal atoms. In macroscopic terms this means that the metal becomes superconducting, losing all resistance to the flow of electrical current. In technological and economic terms it means a bonanza, because tremendous currents can be put through superconducting wires with no energy loss to resistance and no need for energy expenditures in cooling.

Helium, with a melting point of −272° C, is the only element that remains fluid at superconducting temperatures and thus the only means of cooling conductors (hydrogen might be used were it not dangerously explosive).

Helium is, in other words, an absolute necessity for cooling the superconducting magnets that must be used for power-generating tokamak fusion reactors (SN:8/19/78, p. 116), for superconducting energy transmission and for storage.

About 13 percent of electrical energy currently produced is lost in transmission and distribution. Such loss can be significantly reduced by superconducting transmission lines such as the 100-meter experimental line at Brookhaven National Laboratory. Currently the focus of U.S. research, the line consists of three flexible niobium-tin cables capable of carrying 1,400 megawatts, the output of a good-sized nuclear power plant, through a pipe scarcely more than a foot in diameter.

A research group headed by engineering professor Roger Boom at the University of Wisconsin has developed a scheme to store excess power in a ring of superconducting metal the size of a football stadium, buried several hundred feet underground to reinforce it against internal magnetic stresses. Electrical consumption switched into the ring during hours of low consumption—at night, for example—would travel in a circle until the hours of high demand, when it could be drained off as needed.

"There might be about 50 of them located around the country," according to Boom. "They would store between 10,000 and 50,000 megawatt-hours of electricity from a statewide area (for comparison, the peak demand of Chicago is about 1,400 megawatts) and each would require as much as 3.85 Bcf of helium."

Not all superconducting technologies will consume helium on such a grand scale. A 1,000-megawatt magnetohydrodynamics (MHD) unit might require no more than about 50 thousand cubic feet (Mcf) of helium. MHD is a process in which white-hot and electrically conducting gases—exhaust from a coal furnace, for example—are directed at near-sonic speeds through a magnetic field, producing a voltage that can be used to drive an external circuit. The exhaust gases, reduced only a few hundred degrees in temperature, can then be passed through a heat exchanger, producing steam to drive a conventional electrical generator.

According to NASA's 1976 Energy Conversion Alternatives Study, MHD appears to offer an overall power plant efficiency of more than 50 percent, compared with 34 percent for conventional coal-fired plants and 25 to 30 percent for nuclear plants. But MHD becomes economically feasible only with superconducting magnets.

MHD research is underway at a number of locations, with the greatest U.S. effort focusing on a 50-megawatt test unit at DOE's Component Development and Integration Facility in Butte, Mont. Researchers are expecting to build a complete 250-megawatt MHD pilot plant by the mid-1980s. Eventually, MHD may be a part of between 40 and 100 percent of all new power plants, according to the Electric Power Research Institute (EPRI).

They won't be the only part to be superconducting. In January of this year, Westinghouse Electric Corp. was awarded an EPRI contract to design and manufacture a 300-megawatt turbogenerator with superconducting windings for installation in an operating power plant by 1983. Superconducting generators of 250 to 1,250 megawatts could begin replacing conventional power plant generators by the early 1990s, according to Westinghouse, at a cost savings of up to 20 percent.

Superconducting magnets have also opened a new era of high-energy physics by enabling particle accelerators to control more powerful beams. Japanese and German groups are developing high-speed trains that will be levitated and propelled by superconducting magnets. Compact, superconducting magnetic memory systems may be in use in high-capacity computers by 1985. Superconducting magnets for the magnetic separation of lower grade ores or tailings have been under development for years. They may be necessary as the richer iron reserves are depleted. And one scientist has predicted that water purification may be one of the first large-scale applications of superconductivity.

Helium will find increasing use in high-powered lasers for defense, medicine and laser fusion, and in lighter-than-air cargo ships. Helium's high thermal conductivity and the fact that it is relatively invisible to radiation will make it a valuable medium of heat exchange in nuclear reactors.

And then there are the more familiar, "dissipative" uses that release helium to the atmosphere as a matter of course, including welding, chromatography, synthetic breathing mixtures for deep diving and space activities, leak detection, and pressurizing and purging of vessels. These account for most of today's helium demand. A single gas chromatograph, for example, requires only a small volume of helium, but the cumulative effect nationwide is attested to by the 35 million cubic feet used for this purpose in 1975.

"It is conceivable," says the NRC, "that dissipative uses alone could, if permitted, exhaust the present helium stockpile before the inventory demand of the new technologies develops."

Meanwhile, the United States is recovering just over one Bcf of helium each year and losing about 15 Bcf. The House Subcommittee on Energy and Power has estimated that during the next 16 years the United States will lose 54 Bcf of recoverable helium, the equivalent of 150 percent of the existing national stockpile of 39 Bcf now stored underground in the Cliffside facility, a partially drained natural gas deposit in Texas.

"The only way to stop such waste," asserts Dingell, "is to enact a Federal program that deals with the economic and legal barriers to helium conservation and requires that this invaluable element be preserved for future generations. The total cost of this program to the Federal government over the next six years would be about $500 million, half of which will be recovered by 1990 and half of which will be recovered when the helium is sold."

Dingell's remarks opened the second of three public hearings on H.R. 2620, "The Helium-Energy Act of 1979," on June 11. The House bill, introduced last March, is intended to forestall a helium shortage to at least 2040 and possibly until 2070.

Helium—formed deep within the earth by radioactive decay of the elements uranium and thorium over billions of years and trapped as it rises toward the surface beneath the same dome-like geological formations that trap natural gas—is today being extracted from only two of the nation's hundreds of natural gas streams, and those two streams are helium-rich (concentrations of more than .3 percent helium). H.R. 2620 would mandate helium extraction not only from all helium-rich natural gas but also from the helium-lean deposits (as low as .1 percent and possibly lower), which actually hold the bulk of the world's helium supply.

The federal government would bear only the costs of storage and transportation from the wellhead to storage. Companies transporting or selling the natural gas would be required to extract the helium, and would be allowed to pass the cost on to the natural gas consumer.

There are those, however, who think the price will be too high. Ray Munnerlyn, chief of the Bureau of Mines' Division of Helium, explains, "Under H.R. 2620 practically every helium gas stream in this country would have to be processed. If the Secretary of Energy took H.R. 2620 to the letter, it would require the construction of hundreds of helium extraction plants." One of H.R. 2620's provisions would transfer control of the helium program from the BOM to the Secretary of Energy.

Private industry is also reluctant; they have been burned in the past. The 39 Bcf now in storage is mostly a holdover from the last federal helium conservation program begun in 1960. In the early 1960s four companies entered into 22-year helium-purchase contacts with the federal government, built extraction plants and began producing helium for storage at Cliffside.

At that time, the Bureau of Mines was the sole supplier of helium to both the government and public markets at the legislated price of $35/Mcf. Between 1961 and 1968, however, 12 additional private helium extraction plants were built and the market price of helium fell to $25/Mcf. Federal sales fell off and the BOM program went deep into debt.

In 1973, the Nixon administration canceled the helium purchase contacts as an austerity measure. Since helium production was then about seven times the demand, this left the four government contractors with no market. They began releasing the helium to the atmosphere and filed suits against the government.

Private companies have their reservations about HR 2620. Long-term government contracts have been canceled in the past, and the 25-year contracts suggested under HR 2620 may not be long-term enough for a helium market to have developed from the new technologies. The government's large helium store represents a potential threat to future markets. Recent court decisions have raised the possibility that helium extractors may have to pay natural gas producers and landowners for part of its value.

Sometime before fall, HR 2620 will be reported in the House and may pass there, according to Michael Kitzmiller, counsel to the Subcommittee on Energy and Power. Kitzmiller refuses to speculate on the bill's changes, adding, "Every year somebody introduces a bill that would rehabilitate the helium program and every year it doesn't happen. But there is a lot of enthusiasm for the bill in the Senate."

BOM Helium Division chief Ray Munnerlyn disagrees: "It's our impression from hearing the testimony that HR 2620 has very little support outside the subcommittee."

The situation of helium reserves today has been compared to that of natural gas between 1930 and 1960. During that period the United States flared or vented about 119 trillion cubic feet (Tcf) of natural gas, regarding it merely as a byproduct of petroleum production. 119 Tcf equals 58 percent of proven U.S. reserves as of 1977. Had this waste been prevented, the United States would be in a better energy situation today. Will future generations view helium in the same manner?

"You've spent a billion dollars so far on fusion," says Charles Laverick, a consultant formerly with Argonne National Laboratory and an insistent presence at helium policy gatherings. "You'll have spent $20 billion on fusion by the time you get it and, if things continue as they've been going, you'll have no helium." ●

5740, THE JEWISH NEW YEAR

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

○ Mr. GILMAN. Mr. Speaker, September 22 marks the start of the Jewish high holy days. Throughout the world, Jews will join in common bond to celebrate this joyous period. Beginning with Rosh Hashana, the first day of the Jewish New Year, and climaxing the 10-day period with the holiest of all Jewish holidays, the Day of Atonement, Yom Kippur.

The start of this New Year, 5740 is the most solemn time of the year for Jews. It is a time to reflect on the events of the past year, repent for transgressions, to pray for forgiveness and for a year of peace and happiness for the world. More than ever, there is reflection on the universal establishment of principles of compassion and tolerence for which Judaism has so long and painfully fought.

The true meaning and significance of this most holy period is important to all, Jews and non-Jews alike. By recalling the suffering endured throughout history by the Jewish people, as well as the many obstacles which have been placed in the path of their pursuit of religious freedom and their exercise of basic human rights, we can better appreciate our Nation's independence and freedom.

Unfortunately, the compassion and tolerance that symbolizes the principles of Judaism have not always been shared with the Jews. Throughout history, prejudice and persecution have been their unfortunate companions. Whatever accomplishments that world Jewry achieved in the year 5739, remain overshadowed by their continuous plight of persecution and violence. Far too many nations have demonstrated their callous disregard for the rights of the Jewish population in their country.

In the Soviet Union today, there remains some 200,000 Jewish citizens who await the opportunity to leave. In addition, some 2,000 others known as refuseniks, have for spurious reasons experienced 5 to 10 years wait for the right to leave Russia.

During a recent trip to the Soviet Union, along with my congressional colleagues, I met with many Soviet Jews in Moscow and Leningrad who had been denied exit because of the so-called sensitive nature of their jobs. Included in this group was a meatcutter and a laser scientist who had not worked in his field for over 10 years.

The blatant disregard in the Soviet Union for the rights of the individual was clearly demonstrated to me by the Chief of Justice of Soviet Supreme Court, the Honorable Len N. Smirnov, who, in response to my appeals for the human rights of the political prisoners in the Soviet Union, responded by handing me his recent White Paper on Human Rights in which he concluded that the "human rights issue is a propaganda device by the West."

Most disturbing to me was the decay of religious freedom throughout Russia. During my visit, I prayed at the synagogues in Moscow and Leningrad. Sadly, there was not one young person in sight. Only a handful of elderly citizens were there to carry on the traditions of their faith.

Due to a Soviet prohibition on teaching religion to the youth, generations of Soviet Jews are being denied their religious freedom. I met with one man whose son was accused of teaching Judaism. His 70-year-old father, who had been a war hero for his country during World War II, had been arrested to pressure his son to stop his religious teaching activities.

It is evident that the Soviet Government seeks to curtail religious freedom by noting the limited number of places of worship. In all of Moscow, a city with an estimated Jewish population of some 400,000, there is but one temple.

In Moscow as well as throughout Russia, the life of the Soviet Jew continues to be one of both persecution and violence, of limitations on educational opportunities as well as the inability to emigrate freely. On all official papers, including his passport, the nationality of a Russian Jew is listed as "Jew." Political prisoners, such as Anatoly Shcharansky and Yuri Orlov, who have dared to speak out in opposition to the violation of human rights, still linger in Soviet cells. Yet Russia is not the only nation where Jewish people continue to suffer the pains of persecution.

Revolution in Iran may have ended the persecution of some of its citizens, but it has brought terror to the non-Moslem minorities. That nation's embrace of the PLO, support of the destruction of Israel and establishment of an Islamic State have ominous implications for the already suppressed Jewish population of that Arab nation.

In Syria, a once thriving Jewish community of 45,000 in 1948 has now dwindled to some 4,500. Strict emigration laws prevent Jews from being reunited with their families abroad. Syrian Jews must carry special I.D. cards identifying them as Jews. There continues to be frequent reports of harassment, arrests, torture and interrogations.

In an obvious attempt to improve its image in the West, last year Syria permitted 12 Jewish girls to be married to Syrian Jewish men from the Brooklyn community. As hopeful as this action was, it has not led to further steps to aid the remaining 500 unmarried Jewish girls still trapped in Syria.

As Syria moves deeper into the radical Arab camp in its war with Israel, the fate of its Jewish citizens becomes more precarious. Encouragement from Lybia and Iraq can only increase persecution of the Syrian Jews.

Even in the Western Hemisphere there is reason for increased concern. The growing influence of the PLO among terrorists organizations and their ties to several leftist governments such as Cuba, Panama and the new government in Nicaragua, has brought fear to the normally peaceful and prosperous Jewish communities throughout the area.

As history has sadly shown, anti-Semetic attitudes have no political ideology. The largest Jewish community in South America, in Argentina, numbering some 400,000 strong, has become a major target of elements of the police and armed forces. Death threats, kidnapping, torture, beatings and disappearance have been directed at leading Argentine Jews. Nazi literature and facist organizations flourish.

One of the more noted Argentine human rights cases is that of Jacobo Timerman, a leading journalist and respected defender of human rights. Arrested in 1977, he still remains under house arrest, having been tortured, beaten, and held for months in isolation. When the government was unable to prove illegal dealings or guerrilla activities which he had been charged with, he became the target of anti-Semitism that has become entrenched in the extreme right wing sectors of Argentine society.

Even in Israel, where life has never been easy, new tension and uncertainty has developed. Soon after the celebrations following the Camp David agreements, it became clear that this action would not lead to more tranquility for Jews, but instead increase the threat of terrorism. As Israel seeks to implement those agreements and to seek support for further peace settlements, the PLO and radical Arab States have increased their subversive activities.

As Jews in this country and in other nations of the world turn themselves to their devotions during the High Holy Days, our thoughts will be with our brothers and sisters in other repressive lands, most of whom have no place to worship, no synagogue, no Ark containing the Holy Torah and no rabbis to lead their congregations in prayer. We call on all peoples to identify with the prayers for universal brotherhood, world peace, individual freedom, and spiritual and moral growth which mark the observance of this holy period.

The world might well benefit from the true meaning of this celebration to take the time at least once a year, for sincere soul searching and self-criticism, for repentance and forgiveness, and for prayers of genuine peace and better understanding.

In this spirit of reflection on the past and hope for the future of all people, I urge my colleagues to join in greetings to all of our constituents of the Jewish faith and to join with them in prayer for a year of peace, hope, and prosperity, wishing one and all a "L'shana tova"—a happy, healthy and peaceful New Year.●

CONGRESSIONAL SALUTE TO THE HONORABLE RICHARD J. HUGHES OF NEW JERSEY, STATE'S DISTINGUISHED CHIEF JUSTICE, GOVERNOR, JURIST, ADMINISTRATOR, STATESMAN, AND GREAT AMERICAN

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. ROE. Mr. Speaker, on Wednesday evening, September 19, the people of our State of New Jersey will gather together with other national and international leaders in testimony to our State's most distinguished chief justice, beloved Governor, prominent statesman, and good friend, the Honorable Richard J. Hughes, whose untiring and herculean efforts throughout his lifetime of outstanding public service in ever seeking the highest standards of excellence on behalf of our people have truly enriched our communities, State, and Nation. I know you and our colleagues will want to join with me in extending our warmest greetings and felicitations to him and share the pride of his good wife Betty and their children in his unprecedented record of exemplary achievements and good works.

Mr. Speaker, as a member of Governor Hughes cabinet during his tenure at the helm of our State government, I can attest to the richness of his wisdom, the quality of his leadership, sincerity of purpose, dedication to the public good, and personal commitment that has enabled him to attain not only the highest office of public trust in the executive branch but the judicial branch of our State government.

The Honorable Richard J. Hughes was appointed chief justice of the New Jersey Supreme Court in 1973 and served two consecutive 4-year terms as Governor of the State of New Jersey commencing January 16, 1962. He was born August 10, 1909, and his alma maters in education included Cathedral High School, Trenton; St. Joseph's College, Philadelphia, Pa.; and Rutgers University Law School. He served with distinction as assistant U.S. attorney 1939–45; judge, Mercer County Court, 1948–52; judge, Superior Court of New Jersey, 1952–57, appellate division 1957. His published biography during the last year of his tenure as Governor reads, as follows:

GOVERNOR OF NEW JERSEY: RICHARD J. HUGHES, TRUSTEE

Richard J. Hughes was born in Florence, Bartington County, on August 10, 1909.

After graduation from high school in Trenton, he attended St. Joseph's College in Philadelphia and received his Law degree from the New Jersey Law School, now a part of Rutgers University.

He established a law office in Trenton in 1932. At the age of 30, he was named Assistant United States Attorney for New Jersey and embarked on a six year term of prosecuting federal cases and administering such war-time measures as the Enemy Alice Art.

Republican Governor Alfred R. Driscoll named him Mercer County judge in 1948. While serving on the county bench, he deepened his interest in juvenile problems and won recognition as an outstanding authority on probation systems.

Judge Hughes was elected to the Superior Court of New Jersey in 1952 by Governor Driscoll. Chief Justice Arthur Vanderbilt named him chairman of the Supreme Court's Committee on Juvenile and Domestic Relations Courts. This committee, in a historic two-year study, produced a report that served as the foundation for New Jersey's forward-looking handling of youthful offenders.

In 1957, Judge Hughes was named to the Appellate Division by Chief Justice Joseph Weistraub. He later returned to private practice and continued a record of distinguished public service which led to his unanimous selection as the Democratic candidate for Governor.

On November 7, 1961, he was elected by a 25,000 plurality.

On November 2, 1965, he was re-elected by a 868,000 plurality, the greatest ever achieved by a Governor of New Jersey.

Richard Hughes also was the Democratic candidate for Congress from the Fourth District in 1968. A Past Exalted Ruler in the Elks and a Past Grand Knight of the Knights of Columbus, he has been a leader in many civic affairs. In 1958, he was chairman of the Delaware Valley United Fund. In 1960, he was chairman of the fund-raising campaign for St. Francis Hospital, Trenton. He also served as chairman of the Citizens' Advisory Committee to investigate welfare practices in Treaton.

His first wife, the former Mrs. Miriam McGrory Hughes, died in 1950. She left four children. In 1954, he married Mrs. Betty Murphy, who had been widowed in 1951 when her husband, Air Force Captain William M. Murphy, died in an airplane crash in the Azores. She was left with two boys. Her third son was born three months after his father's death. The Governor and Mrs. Hughes have three children.

Mr. Speaker, there is so much that could be said of the many, many accomplishments that Dick Hughes has attained during his lifetime and public career of four decades. With your permission I would like to insert at this point in our historic journal of Congress excerpts of a most eloquent article that recently appeared in the New York Times authored by one of our most prestigious news correspondents, Ronald Sullivan, who is well known in New Jersey for his fine expertise as an accomplished journalist of long standing. Ron Sullivan has intertwined his intimate knowledge of New Jersey politics and government with an exceptional profile of Dick Hughes, the chief justice, the jurist, the Governor, the administrator, the humanitarian, the family man, and good friend. Highlights of this news article are, as follows:

HUGHES IN RETROSPECT: A PUBLIC LIFE

(By Ronald Sullivan)

TRENTON.—When Richard J. Hughes left, the New Jersey Governor' office in 1970, he was widely regarded as one of the best chief executives in the state's history. He also was rated as an outstanding politician, having been among those considered for the Democratic Vice Presidential nomination two years earlier.

Mr. Hughes' wife, Betty, and many friends urged him then to be content with his past public achievements. There were still children to education, bank loans to be paid and a great deal of money to be made as a lawyer.

But M. Hughes didn't stay out of the limelight long. In 1973, he accepted an offer by his outgoing Republican successor, Gov. William T. Cahill, to become Chief Justice of the State Supreme Court and thus the first person to serve as the state's Governor and in the top judiciary post.

Mr. Hughes will leave the court on Friday, when he reaches the mandatory retirement age of 70, and Robert N. Wilentz, who was sworn in last Thursday, will take over as Chief Justice.

Many officials had warned Mr. Hughes that he would be risking his gubernatorial reputation on a court that had been molded by two outstanding jurists, the late Arthur Vanderbilt and Joseph Weintraub.

While under Justice Hughes' reign, the Supreme Court did not often speak as one, as it had many times under previous leaders; however, its record, in the opinion of legislative and judicial leaders, will never embarrass the former Governor. In fact, a number of officials regard the six years of the Hughes court as a reflection of his ability to move opposing forces toward compromise and resolution.

Under Mr. Hughes's leadership, the court grappled with the politically and emotionally charged issues of public-school financing and exclusionary zoning: It also handed down a landmark ruling that allowed the parents of Karen Anne Quinlan to disconnect their comatose daughter from a respirator.

Perhaps more than anything else, however, Justice Hughes sought to open the courts to closer public scrutiny, making what almost sounded like old campaign speeches in favor of judicial reform.

The court established new rules that allowed for pretrial court intervention, a move designed to prevent young offenders from being tried, or contained unnecessarily. It also instituted extensive administrative and consumer-oriented reforms aimed at making the courts more accessible and making it easier for those involved with the judicial process to understand their rights.

According to Justice Morris Pashman, one of the court's seven members, the Hughes tribunal will be remembered "as one of the most productive chapter's in New Jersey's judicial history."

"The Chief Justice was not only a great jurist, but also a great administrator and a great humanitarian," Justice Pashman said.

Although he has held the state's two highest offices, Justice Hughes remains an informal man. By his own admission, he also is uncomplicated and not given to introspection, intellectual daring or clever remarks, despite his reputation as perhaps the wittiest stand-up comedian ever to regate the annual dinners of the Legislative Correspondents Association. Thus, any personal recapitulation of Mr. Hughes's years as Governor and as Chief Justice tends to be a little self-conscious, even self-effacing.

While his gubernatorial record on such issues as higher education, tax reform, pollution control, urban aid and gun control is well known, Justice Hughes said that the recollections that gave him the "warmest feelings" were smaller events. * * *

There were other events involving Mr. Hughes that made the 1960's one of the most exciting and scaring decades in history. These included the racial riots in Newark, the summit meeting between Premier Alexei N. Kosygin of the Soviet Union and President Lyndon B. Johnson at Glassboro State College and the expulsion of the all-white Mississippi delegation by the Hughes headed Credentials Committee at the 1968 Democratic National Convention in Chicago. * * * his friends offer this explanation:

"To understand Dick Hughes, you have to remember one thing. He raised 10 children and he values peace above anything else."

Mr. Speaker, it is indeed my honor and privilege to present this testimonial to Chief Justice-Governor Dick Hughes and seek this national recognition of his distinguished service to our people. As we convene to commemorate his retirement as chief justice of New Jersey, we do indeed salute a splendid jurist, an outstanding administrator, a distinguished citizen and great American—the Honorable Richard J. Hughes of New Jersey.●

WELCOMING A TORTURER

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. HYDE. Mr. Speaker, in Washington and in Congress we are blessed with some of the most vigorous defenders of "human rights" on this globe. The transgressions of every South American right-wing government are never overlooked, but rather are relentlessly exposed and castigated.

It comes as somewhat of a disappointment then to learn that the Mayor of Washington, D.C., would present the key to this Nation's Capital to what columnist Michael Novak has termed "the world's most accomplished extinguisher of human rights," President Sekou Toure of Guinea.

It comes as an even greater disappointment (although certainly no surprise) that all of our congressional guardians of global human rights have kept silent on this affront.

I herewith commend Mr. Novak's column to my colleagues:

[From the Washington Star, Aug. 22, 1979]

WELCOMING A TORTURER

(By Michael Novak)

Mayor Marion Barry presented a key of Washington, D.C., the city of Jefferson and Lincoln and Franklin Delano Roosevelt, to Guinea's President Sekou Toure, the world's most accomplished extinguisher of human rights. This was Barry's first venture into international politics. It does not speak well for his judgment or his moral values.

Barry has met Toure before, and should

know his record well. At the beginning of his Marxist days, back in 1964, Toure invited Barry and other leaders of the Student Nonviolent Coordinating Committee to Guinea. Stokely Carmichael, the leader of SNCC, now lives in Guinea. In July of this year, Toure and Barry met again in Africa. So Barry is in a strong position to know Toure drove at least one million of his little nation's 5.5 million people from the country in the 1960s.

In 1972, *Newsweek* described one massive purge: "Getting confessions has proved easy. As one Guinean recently told a reporter for *The New York Times*, 'They put you in a little kennel where there's no room to stand, and nobody pays any attention to you for five or six days. No water, no food, nothing. Then, they take you to the interrogation room, where there's a glass of water you can have if you say what they want to hear. It's not too long before you start saying, yes, I was spying for the French, and for the Germans and for the Americans, and here's a list of the others who were doing it, too.' "

A book by Jean Paul Alata, African Prisons, reports on systematic torture and death among Toure's political prisoners. In 1977, the International League for Human Rights in a 300-page report based on eyewitness accounts, accused Toure of conducting a reign of terror. Freedom House gave Guinea a "seven" rating on political rights and liberties in 1978, as low as it is possible to score. Only 14 other nations are thoroughly repressive enough to hit "seven," but Toure did it.

Toure is only 56 years old. He was 40 when he turned his nation in Moscow's direction, and made war on the most talented individuals among his people. Although Guinea has almost one-third of the world's bauxite (necessary for aluminum), uranium deposits, potential oil fields, and rich agricultural lands, Toure's socialism has kept his population one of the poorest in the world, with an average income of $140 a year.

This great exponent of human rights was put up for the night in Blair House in early August, had a meeting with President Carter "that went beyond the usual courtesies accorded a foreign leader on a private visit" according to news reports, and also met with Secretary of State Vance. The meaning of the Carter campaign for human rights was thereby, no doubt, clarified for all the world.

One hopes Carter assured Toure, just as he assured the Shah of Iran in 1978, that all his people love him. One hopes Carter also promised to support Toure just as loyally as he supported President Somoza of Nicaragua, even though his human rights ratings fall below those of Nicaragua under Somoza. One hopes Carter practiced "evenhanded diplomacy."

To be sure, Toure has thrown out the Soviets, and desperately wants U.S. businessmen to come mine his bauxite and his uranium, find oil for him, and help his agriculture. The U.S., he believes, needs new anti-Soviet friends in Africa. Toure expressed the hope South Africa would accept "majority black rule" just as peacefully as the city of Washington has, where "we see black leaders who welcome us and a city council that reflects the will of the majority."

Perhaps out of embarrassment, the city's major papers ignored the news of Toure's visit, except in Section B of The Post and the Portfolio section of The Star. Thus, the style of the visit was covered, but not its political significance: A rhythm and blues band played on one side of the door, and the U.S. honor guard and the 3rd U.S. Infantry's Old Guard Fife and Drum Corps, in red and white Colonial army uniforms, played on the other.

A key to the city of Washington flashed gold in his blood-stained hand, and the President of Guinea smiled as he received it.●

FURTHER OPEC PRICE RISE?

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. ROSENTHAL. Mr. Speaker, to evade official OPEC prices Nigeria, Iraq, and other OPEC nations have broken contracts with the multinational oil companies and forced them to go to the spot markets and pay spot market prices for the same oil. In turn, the companies, in accordance with Department of Energy regulations, merely pass through the increased price to the U.S. consumer.

Now Nigeria and others including Saudi Arabia are talking further OPEC price increases for 1979 despite administration statements to the contrary. In this connection I bring to my colleagues' attention the following news items: an excerpt from a Wall Street Journal article of September 13, 1979, entitled "Carter Sees No New Price Boosts by OPEC for Rest of '79 Causing Inflation To Slow" and an excerpt from a Saudi Arabian State radio newscast dated September 11, 1979, entitled "Shaykh Yamani Expects 'Small' Increase in Oil Price." The Yamani interview is also interesting in his reference to oil companies which make unlawful profits. I believe it is time that the administration and the Congress face up to this ever-increasing inflationary trend and its impact on our economy and citizens especially the old, handicapped, and poor by creating a Federal nonprofit corporation to purchase through bid or other means the crude oil imported into the United States and to abolish the foreign oil tax credit which creates the incentive for U.S. companies to develop and import foreign crude oil.

The material follows:

CARTER SEES NO NEW PRICE BOOSTS BY OPEC FOR REST OF 1979, CAUSING INFLATION TO SLOW

HARTFORD, CONN.—President Carter said that he doesn't expect foreign oil producers to boost their prices further this year, and that as a result the nation's inflation rate should slow in the months ahead.

"Although I cannot control this, we do not anticipate any further increases" in prices by the Organization of Petroleum Exporting Countries in 1979, Mr. Carter told two major groups of retired persons here.

He blamed OPEC for contributing heavily to the country's torrid inflation rate, currently running at a 13 percent annual pace, by increasing prices 60 percent this year. He said the leveling of oil prices that he anticipates should slow inflation. "I expect the rate of inflation to go down the rest of this year," he asserted.

A presidential aide said he doesn't believe the Carter administration has received assurances from the OPEC members that they won't boost prices again this year. But he said indications are that another price increase is unlikely.

SHAYKH YAMANI EXPECTS "SMALL" INCREASE IN OIL PRICE

In an interview with the Danish POLITIKEN, carried today by AL-BILAD, Shaykh Yamani explained that the dollar is heading toward stability and its progress in this manner does not require consideration about replacing it. * * *

He welcomed the idea of imposing supervision on oil companies which make unlawful profits. He declared that the kingdom tries to keep track of the shipments of Saudi oil which leave Saudi Arabia until they are delivered at the refineries to make sure that they are delivered at Saudi prices. He stated that if the efforts of other countries were united toward this aim we would be certain that there would be no mishandling of prices.

Shaykh Yamani expressed his hope that the decisions adopted by the Tokyo industrial summit meetings would be implemented. He explained that if the consuming countries were able to reduce their consumption by a good amount, the oil market would become steadier to the same extent. However, what is happening is contrary to this, since some states reduce their consumption for a certain time, then production is increased rapidly, and then we notice shortage countries can avoid this by reducing their consumption in a manner which would prevent this from happening.

In reply to a question about the existence of factors which would lead to a decision on a new increase in oil prices, Shaykh Yamani stated that in fact the role these factors play is no more than 50 percent; in any event, between now and the end of this year matters will become clearer. He expressed his belief that the price will rise but that the increase will be small.●

TERRORISM IN WEST GERMANY, PART II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 17, 1979

● Mr. McDONALD. Mr. Speaker, this is the second section of my report on the West German terrorist movement and its role in the international terrorist network.

THE ROTE ARMEE FRAKTION (RAF)

Except for a simultaneous armed robbery operation against three banks in West Berlin, involving 12 terrorists and six vehicles fully equipped with false registrations and license plates on September 29, 1970, that netted some $55,000 and was for "self-funding" purposes, the RAF nucleus was quiet until the completion of their logistical network in 1971.

One most significant operation in November 1970 was the burglary of the West Berlin motor vehicle registry and theft of blank license forms. One of these forged licenses made out in the name of Klaus Müller was used early in 1975 in France by Johannes Weinrich, a 28-year-old lawyer who ran the Red Star publishing house in Frankfurt. At that time he rented cars for the terrorist assassin Ilich Ramirez Sanchez, "Carlos," a KGB trained killer then working in London and Paris with a Cuban DGI case officer of Ecuadorean origin, Antonio Dages Bouvier, for the leader of the Palestine Liberation Organization's Rejectionist Front faction, the Popular Front for the Liberation of Palestine (PFLP). These vehicles were abandoned by the members of the "Carlos group" who attempted to shoot down an El Al passenger flight on January 13 and 19, 1975.

In any event, 1971 saw the emergence of the RAF which made a specialty of bank robberies. The first RAF ideological statement called "Urban Guerrilla Concepts" by Horst Mahler appeared. Mahler clearly saw the RAF as a part of the "world revolutionary movement" and intended that the RAF should move into assassinations of FRG civilians and officials. He wrote that persons declared by the RAF to be personally responsible for "crimes against the people" including social workers, judges, teachers, and lawyers, would be RAF targets.

Terrorist actions included a shootout near Hamburg in which RAF member Petra Schelm, girlfriend of a jailed J2M member, Bommi Baumann, crashed through a police roadblock, leaped out of her car firing at police and was shot to death in return. Later in the year, Baumann was released from custody and promptly went underground into the ranks of the terrorists. Baumann and his friend George von Rauch, soon of a Kiel University professor, were surrounded in a roundup by officials of the Office for the Protection of the Constitution (BfV), they opened fire. Von Rauch was shot dead, but Baumann ran into an apartment block occupied mainly by students, burst into an apartment, cut his hair and changed his clothes slightly, then forced one of the women there to walk out with him through police lines and escaped.

The founding nucleus of the RAF were subjected to intense investigation by West German police and internal security authorities. New laws prohibiting membership in criminal organizations facilitated arrests of a number of those in the overt support apparatuses of the RAF, the J2M, and related terrorist groupings.

The RAF began a major terrorist drive in 1972 that started on May 11 with the bombing of U.S. Fifth Army Headquarters in Frankfurt. Thirteen people were wounded and Col. Paul Bloomquist was killed. Within a few days, bomb attacks had been carried out against the FRG criminal investigative office and police headquarters in Augsburg and Munich and on the home of a judge that injured the judge's wife. The May 24, 1972, car bomb explosion in Heidelburg at the U.S. Army European Headquarters killed three American servicemen and wounded eight.

If the RAF had hoped to gain any sympathy from its attack on banks and NATO and U.S. military installations, such plans were ended by the revulsion over the May multiple bombing of the offices of the Springer publishing house in Hamburg. Explosions of bombs hidden in women's restrooms collapsed interior walls, burying victims. Some 38 people were seriously injured, some maimed for life.

Major setbacks for the RAF followed with the arrests after a shootout of Baader and former socialist/pacifist conscientious objector Holger Meins, son of a business executive. Meins was a student at West Berlin's film and television academy, and worked on television film production. On June 7, 1972, Gudrun Ensslin was captured in a Hamburg boutique when a clerk noticed a gun in her purse; and finally on June 15, 1972, Ulricke Mainhof was turned in by Hanover leftist schoolteacher Fritz Rodewald, in whose apartment she was hiding.

Among Meinhof's papers were many messages from RAF comrades already imprisoned, thus indicating even at this early stage the key role played by the revolutionary lawyers in keeping the terrorist networks together. One of those lawyers, Otto Schilly, visited Gudrun Ensslin 5 days after her arrest and is believed to have taken out her outline on how jailed RAF members were supposed to conduct themselves, on actions of RAF members at large, and on the overall defense strategy including organizing international committees to defend them as "political prisoners."

By the end of 1972, virtually all the remaining RAF founding nucleus were in jail, including Horst Mahler; Karl Ruhland, a mechanic who later gave evidence; Astrid Proll; Rolf Pohle; Manfred Grashof, wounded in a March shootout; Verena Backer, bomber of a British boating club in West Berlin; and nearly a dozen other RAF cadre.

RAF IDEOLOGY

Meinhof, Baader and Horst Mahler relied to a considerable extent on rhetoric in the style of the U.S. Black Panther Party (BPP) and the Castroite and Maoist groups that arose in the late 1960s in the U.S. For example, Ulricke Meinhof said in an interview with Der Spiegel, June 15, 1970:

> We say the person in uniform is a "pig," that is not a human being; and thus we have to settle the matter with him. It is wrong to talk to these people at all, and shooting is taken for granted * * *.

She used the English "pig" as her insult, not the German "schwein" which does not carry the same sort of emotional impact. For the RAF, their acts of "armed struggle" were intended to provoke other radicals to emulation. In a tape recorded speech by Ulricke Meinhof played to a "teach-in" by the Frankfurt chapter of their support group, Red Help Roten Hilfen, on March 31, 1972, she said:

> Our actions against the exterminating strategists of Vietnam are certainly understood by everybody today. Our actions for the protection of the life and health of those arrested and for RAF followers also can be understood clearly by all.

In a television interview in March 1978, Horst Mahler, who refused to be "liberated" to the People's Democratic Republic of Yemen (PDRY) in 1975 despite the demands for his freedom by the kidnappers of West Berlin Christian Democratic leader Peter Lorenz, stated that terrorism was necessary because "fascism" had to be "tickled to the surface, so that the brutality of suppression may raise resistance which then achieves a new historical level."

Mahler appears to have been a careful student of the late Herbert Marcuse's essay on "repressive tolerance" in which he argued that tolerance of dissent in representative governments was merely a facade hiding totalitarian fascism.

West German newspapers and magazines have always insisted in characterizing the terror cadres of the RAF, J2M, the Revolutionary Cells (RZ) and the former Socialist Patients Collective (SPK) as "anarchists," when in fact these terrorist have repeatedly defined themselves as revolutionary Marxist-Leninists acting as the armed branch of an as-yet-to-be-formed revolutionary party.

In his 1971 essay, "An Armed Struggle in Western Europe," Horst Mahler had extensively quoted Lenin's outlines for revolutionary terrorism in his directives such as the "Letter to the Combat Committee of the St. Petersburg Committee [of the Party] (1905)" and the essay on the conduct of guerilla warfare that appeared in Proletary in September 1906.

Tactically, the RAF and its successors have relied extensively on the "Minimanual of the Urban Guerilla" by Brazillian Communist Party Central Committee member Carlos Marighella, first published in January 1970 Tricontinental magazine of Castro's Organization of Solidarity with the People's of Asia, Africa, and Latin America (OSPAAL). A German translation was serialized in the West Berlin radical paper "Agit–833" in June 1970, followed by two other German New Left editions. At the end of 1971, a FRG paperback publishing house produced an edition of Marighella's essays including the "Minimanual" under the title, "Destroy the Islands of Wealth in the Third World."

Marighella was not the only RAF source of terrorist tactics and organizations. In an article, "Urban Guerrila and Class Conflict," that appeared in April 1972, Meinhof noted:

> We think that the guerrilla is going to spread and gain a footing, that the development of the class struggle will carry through the idea * * * that the idea of the guerrilla developed by Mao, Fidel, Che, Giap, Marighella is a good idea, that no one will every be able to do away with it * * *.

With the capture and eventual suicides in prison of Ulrike Meinhof in May 1976, and of Baader, Ensslin and Jan-Carl Raspe immediately after the failure of the Lufthansa hijacking to Mogadiscio, Somalia, on October 18, 1977—followed three weeks later by the suicide of Ingrid Schubert—ideological statements and arguments from the RAF have dwindled.

New recruits from a number of "armed struggle" groups that developed in emulation of the RAF and from the RAF support groups work intimately with the international network of terrorists of Arab, Japanese, German, and Swiss nationalities that is controlled by the PFLP of George Habash and was headed until his reported death from cancer in an East Berlin hospital early in 1978, by the PFLP's "chief of external operations," Wadi Haddad.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, September 18, 1979, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

SEPTEMBER 19

8:00 a.m.

Select on Small Business

To continue oversight hearings on the implementation of the Small Business Administration's regular business loan program.

5302 Dirksen Building

9:00 a.m.

*Judiciary

Constitution Subcommittee

Business meeting, to consider S. 506, to provide the Department of Housing and Urban Development with new enforcement powers to insure compliance with statutes guaranteeing equal access to housing in the United States.

457 Russell Building

Veterans' Affairs

To hold hearings on S. 759, to provide for the right of the United States to recover the costs of hospital nursing home or outpatient medical care furnished by the Veterans' Administration to veterans for non-service-connected disabilities to the extent that they have health insurance or similar contracts.

5110 Dirksen Building

9:30 a.m.

Armed Services

Business meeting, closed to resume consideration of S. 1186, to provide for the improvement in the appointment, promotion, separation, and retirement policies provided members of the armed forces.

212 Russell Building

Commerce, Science, and Transportation

Consumer Subcommittee

To continue oversight hearings to examine the enforcement and administrative authority of the Federal Trade Commission.

6226 Dirksen Building

10:00 a.m.

Agriculture, Nutrition, and Forestry

Business meeting on pending calendar business.

322 Russell Building

Commerce, Science, and Transportation

Merchant Marine and Tourism Subcommittee

To continue hearings on S. 1460, 1462, and 1463, bill to facilitate and streamline the implementation of the regulatory part of U.S. maritime policy.

235 Russell Building

Energy and Natural Resources

Business meeting on pending calendar business.

3110 Dirksen Building

Environment and Public Works

To continue oversight hearings to examine current financing procedures for construction of new Federal buildings.

4200 Dirksen Building

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

Foreign Relations

To continue hearings on the SALT II Treaty (Exec. Y, 96th Cong., 1st sess.).

318 Russell Building

Judiciary

Criminal Justice Subcommittee

To resume oversight hearings on the scope of narcotics use and abuse in the U.S. and abroad, and on the adequacy of programs of the Drug Enforcement Administration to cope with the illegal drug traffic.

2228 Dirksen Building

Rules and Administration

Business meeting, to consider proposed regulations pursuant to S. Res. 170, to require that documentation be submitted with vouchers for reimbursement out of a Senator's official expense account; and other legislative and administrative committee business.

301 Russell Building

2:00 p.m.

Finance

Health Subcommittee

To continue hearings to review the administration and operation of the professional standards review program.

2221 Dirksen Building

Office of Technology Assessment

Board to hold a business meeting.

EF-100, Capitol

SEPTEMBER 20

9:30 a.m.

Governmental Affairs

Intergovernmental Relations Subcommittee

To resume oversight hearings on the scope of general revenue sharing programs.

3302 Dirksen Building

Governmental Affairs

Oversight of Government Management Subcommittee

To hold hearings on S. 1112, to bring congressional employees under the coverage of certain Federal laws pertaining to employment, privacy, and social security.

357 Russell Building

10:00 a.m.

Commerce, Science, and Transportation

Merchant Marine and Tourism Subcommittee

To continue hearings on S. 1460, 1462, and 1463, bills to facilitate and streamline the implementation of the regulatory part of U.S. maritime policy.

235 Russell Building

Energy and Natural Resources

Parks, Recreation, and Renewable Resources Subcommittee

To hold hearings on S. 599, to expand the historic Indiana Dunes National Lakeshore Park in northwest Indiana.

3110 Dirksen Building

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

Governmental Affairs

To hold hearings on the nomination of Frankie M. Freeman, of Missouri, to be Inspector General, Community Services Administration.

6226 Dirksen Building

Judiciary

To resume hearings on S. 1722 and 1723, bills to reform the Federal criminal laws and streamline the administration of criminal justice.

2228 Dirksen Building

2:00 p.m.

Appropriations

Business meeting, to mark up proposed legislation making continuing appropriations for fiscal year 1979.

S-128, Capitol

Energy and Natural Resources

Business meeting on pending calendar business.

3110 Dirksen Building

Foreign Relations

To resume hearings on the nomination of Robert Krueger, of Texas, to be Ambassador at Large and Coordinator for Mexican Affairs.

4221 Dirksen Building

3:00 p.m.

Conferees

On H.R. 3875, to amend and extend through fiscal year 1980 certain Federal laws relating to housing, community and neighborhood development and preservation programs.

S-126, Capitol

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

SEPTEMBER 21

9:30 a.m.

Energy and Natural Resources

Energy Research and Development Subcommittee

To hold hearings on S. 1420 and 475, bills authorizing the Secretary of the Interior to construct and maintain hydroelectric powerplants at various existing water projects.

3110 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

Economic Stabilization Subcommittee

To resume oversight hearings to examine the proposed revisions to the Administration's anti-inflation program.

5302 Dirksen Building

Commerce, Science, and Transportation

Business meeting on pending calendar business.

235 Russell Building

Finance

Business meetings to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

Governmental Affairs

Federal Spending Practices and Open Government Subcommittee

To hold hearings on S. 691, to prohibit the use of Federal funds to lobby State and local legislatures.

3302 Dirksen Building

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

SEPTEMBER 24

9:30 a.m.

Commerce, Science, and Transportation

Surface Transportation Subcommittee

To hold oversight hearings on current energy impacts on the railroad industry, focusing on the recent coal rate increase for the Louisville-Nashville railroad.

235 Russell Building

10:00 a.m.

Energy and Natural Resources

Business meeting on pending calendar business.

3110 Dirksen Building

Foreign Relations

To resume hearings on the SALT II Treaty (Exec. Y, 96th Congress, 1st session).

318 Russell Building

Judiciary

To resume hearings on S. 1722 and 1723, bills to reform the Federal criminal laws, and streamline the administration of criminal justice.

2228 Dirksen Building

2:00 p.m.

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

SEPTEMBER 25

9:30 a.m.

Governmental Affairs

Civil Service and General Services Subcommittee

To hold oversight hearings on the activities of the General Services Administration, with emphasis on the art in architecture program.

324 Russell Building

Judiciary

Business meeting, to consider pending nominations and legislation.

2228 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Business meeting on pending calendar business.

3110 Dirksen Building

Finance

Business meeting, to resume consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

Foreign Relations

To continue hearings, in closed session, on the SALT II Treaty (Exec. Y, 96th Cong., 1st sess.).

S-116, Capitol

Governmental Affairs

To hold hearings on S. 1564, to require public disclosure of certain lobbying activities to influence issues before the Congress.

3302 Dirksen Building

*Labor and Human Resources

To hold hearings on S. 1724, 771, 1270, 1331, and 1603, bills to provide financial assistance to low and lower middle income, and fixed-income households to meet the increased cost of home energy.

4232 Dirksen Building

11:00 a.m.

Judiciary

To hold hearings on S. 43, to grant a Federal charter to the National Ski Patrol System.

2228 Dirksen Building

Veterans' Affairs

To resume hearings on fiscal year 1980 legislative recommendations for veterans' programs.

5110 Dirksen Building

2:00 p.m.

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

SEPTEMBER 26

9:30 a.m.

Select on Small Business

To resume hearings to explore the potential of small businesses to contribute in solving the energy crisis.

424 Russell Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To resume hearings on S. 85, 353, and H.R. 7, bills to strengthen the ability of the Federal Reserve Board to conduct monetary policy, promote greater competitive equality, enhance the safety and soundness of the banking system, and improve the efficiency of the Federal Reserve payments system.

5302 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Business meeting on pending calendar business.

3110 Dirksen Building

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

Governmental Affairs

To continue hearings on S. 1564, to require public disclosure of certain lobbying activities to influence issues before the Congress.

3302 Dirksen Building

*Labor and Human Resources

To continue hearings on S. 1724, 771, 1270, 1331, and 1603, bills to provide financial assistance to low and lower middle income, and fixed-income households to meet the increased cost of home energy.

4232 Dirksen Building

SEPTEMBER 27

9:00 a.m.

Commerce, Science, and Transportation

Consumer Subcommittee

To resume oversight hearings to examine the enforcement and administrative authority of the Federal Trade Commission.

235 Russell Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 85, 353, and H.R. 7, bills to strengthen the ability of the Federal Reserve Board to conduct monetary policy, promote greater competitive equality, enhance the safety and soundness of the banking system, and improve the efficiency of the Federal Reserve payments system.

5302 Dirksen Building

Energy and Natural Resources

Parks, Recreation, and Renewable Resources Subcommittee

To hold hearings on S. 812 and 1369, bills to designate certain areas as wilderness areas, focusing on the Secretary of Agriculture's Roadless Area Review and Evaluation program (RARE II) as it applies to certain lands in the State of Oregon for inclusion in the National Wilderness Preservation System.

3110 Dirksen Building

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

*Labor and Human Resources

To continue hearings on S. 1724, 771, 1270, 1331, and 1603, bills to provide financial assistance to low and lower middle income, and fixed-income households to meet the increased cost of home energy.

4232 Dirksen Building

2:00 p.m.

Foreign Relations

To resume hearings, in closed session, on the SALT II Treaty (Exec. Y, 96th Cong., 1st sess.).

S-116, Capitol

SEPTEMBER 28

9:00 a.m.

Commerce, Science, and Transportation

Consumer Subcommittee

To continue oversight hearings to examine the enforcement and administrative authority of the Federal Trade Commission.

235 Russell Building

10:00 a.m.

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

11:00 a.m.

Commerce, Science, and Transportation

Merchant Marine and Tourism Subcommittee

To resume hearings on S. 1460, 1462, and 1463, bills to facilitate and streamline the implementation of the regulatory part of U.S. maritime policy.

6226 Dirksen Building

OCTOBER 1

9:30 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To resume oversight hearings on S. 1684, to provide for the development, improvement, and operation of domestic refinery capabilities.

3110 Dirksen Building

Labor and Human Resources

Handicapped Subcommittee

To resume oversight hearings on the implementation of the Education for All Handicapped Children Act of 1975 (P.L. 94-142).

4232 Dirksen Building

OCTOBER 2

9:30 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To continue hearings on S. 1684, to provide for the development, improvement, and operation of domestic refinery capabilities.

3110 Dirksen Building

10:00 a.m.

Governmental Affairs

Federal Spending Practices and Open Government Subcommittee

To hold hearings on S. 1681, to require that a contractor on a Federal public construction project submit a notarized statement at the beginning and the end of each contract with respect to the wages and fringes to be paid or which have been paid on the project.

1318 Dirksen Building

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 3

9:30 a.m.

Commerce, Science, and Transportation

To hold hearings on S. 1656, to promote the development of a strong domestic fishing industry, by strengthening the provisions of the Saltonstall-Kennedy Act which established a reserve fund to support fisheries development projects.

235 Russell Building

Labor and Human Resources

Handicapped Subcommittee

To resume oversight hearings on the implementation of the Education for All Handicapped Children Act of 1975 (P.L. 94-142).

4232 Dirksen Building

9:45 a.m.

Governmental Affairs

Intergovernmental Relations Subcommittee

To resume hearings on S. 878 and 904, bills to simplify the administration of national policy requirements applicable to Federal assistance programs to State and local governments.

1114 Dirksen Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

6226 Dirksen Building

Labor and Human Resources

Health and Scientific Research Subcommittee

To mark up S. 1177, to establish a partnership between the Federal government and the States in the planning and provisions of mental health services.

Room to be announced

OCTOBER 4

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To hold hearings on S. 1465, proposed Farm Credit Act Amendments.

322 Russell Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 5

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To continue hearings on S. 1465, proposed Farm Credit Act Amendments.

322 Russell Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 9

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To resume hearings on S. 1465, proposed Farm Credit Act Amendments.

322 Russell Building

OCTOBER 10

9:30 a.m.

Labor and Human Resources

Handicapped Subcommittee

To resume oversight hearings on the implementation of the Education for All Handicapped Children Act of 1975 (P.L. 94–142).

4232 Dirksen Building

Veterans' Affairs

To hold hearings on S. 1523 and H.R. 4015, bills to provide the capability of maintaining health care and medical services for the elderly under the Veterans' Administration.

457 Russell Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To resume hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

1318 Dirksen Building

OCTOBER 11

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 12

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 17

8:00 a.m.

Labor and Human Resources

Child and Human Development Subcommittee

To hold oversight hearings on the implementation of older American volunteer programs by ACTION agencies.

4232 Dirksen Building

CANCELLATIONS

SEPTEMBER 19

9:30 a.m.

Labor and Human Resources

To continue hearings on S. 1486, to exempt family farms and nonhazardous small businesses from the Occupational Safety and Health Act of 1970.

4232 Dirksen Building

SENATE—*Tuesday, September 18, 1979*

(*Legislative day of Thursday, June 21, 1979*)

The Senate met at 9:45 a.m., on the expiration of the recess, and was called to order by Hon. J. JAMES EXON, a Senator from the State of Nebraska, the Acting President pro tempore.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Open our lives, O Lord, to the wonders of the world of the spirit. Open our hearts to beauty and goodness and truth. Make us apostles of hope transformed from apathy, cynicism, and despair; ready to work for that higher kingdom yet to come, whose builder and maker is God. Move us to a deeper, profounder understanding of man and the world and Thy coming kingdom. Take from us all that obstructs doing Thy will. To all who serve this Government impart Thy grace and wisdom. Bind us together in Thy love that with purity of purpose we may walk in the steps of the Master, in whose name we pray. Amen.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the majority leader.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, it is my understanding that Mr. PELL desires to have me yield to him and I do so.

Mr. PELL. Mr. President, I thank the majority leader.

I am glad at this time to make a comment on the resolution of disallowance of the debate regulations submitted by the Federal Election Commission which I submit.

RESOLUTION RELATING TO FUNDING AND SPONSORSHIP OF CANDIDATE DEBATES

Mr. PELL. Mr. President, I wish to make a brief comment on the resolution of disapproval of the debate regulations submitted by the Federal Election Commission which I submitted. This resolution is submitted pursuant to the FECA which reserves to the Congress the power to disapprove regulations.

The Senate's action today should not be construed to prohibit, in any way, organizations such as the League of Women Voters, or broadcasters from sponsoring candidate debates. Debates have been a beneficial means of presenting the views of the candidates on issues of concern and should continue.

Rather, it is my hope, in introducing this resolution with Senator HATFIELD, not to discourage such debates, but to encourage them. Consistent with my support of debates, I feel that any regulation which could be interpreted as being burdensome to organizations which are likely to sponsor candidate debates, or which could in any way impede the heretofore successful debate procedure that has evolved through direct arrangements made between sponsors and candidates should not be allowed to take effect.

I feel that this resolution is necessary to keep the candidate debate process which has evolved workable, open, and accessible to candidates. I would strongly support the passage of legislation or the promulgation of any regulation which would encourage candidate debates. However, I am of the opinion that we must disapprove these regulations for the reasons previously set forth.

Mr. HATFIELD. Mr. President, I am concerned that the Federal Election Commission's proposed regulations on the funding and sponsorship of candidate debates represent an unwarranted

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

intrusion of new Federal regulation into the political process, and are not in keeping with Congress intent in enacting Federal election campaign laws.

Letters to both the Rules Committee and the FEC from the Federal Communications Commission, CBS, NBC, and the National Association of Broadcasters have voiced the criticism that the regulations as they are written would prohibit the broadcast media's sponsorship of candidate debates. Broadcast stations are already subject to regulation by the FCC, and to provisions of the Communications Act. The FCC has urged that the proposed regulations be rejected, saying that local broadcasters would devote less time to the discussion of public issues, when faced with the problem of complying with the new regulations. Pointing to the broadcast industry's role in informing the electorate during Federal elections campaigns, the FCC stressed that such a result would be contrary to the public interest.

Another serious question raised by the regulations is their restriction of newspapers' sponsorship of candidate debates.

A representative of the Gannett newspaper chain, in a letter to the FEC's General Counsel, described the experience of a selected handful of local papers which had sponsored candidate debates—and stated strongly that such debates enriched citizen knowledge of elections issues and candidates, and were conducted in as fair and impartial a manner as the sponsors could devise. I express my own concern on this point that the record is bare of evidence of abuse by the thousands of newspapers in the States and communities across the country which have in the past sponsored candidate debates.

It was Congress intent in enacting Federal election laws to safeguard the integrity of the electoral process largely by means of campaign finance disclosure. The laws were not intended to impede the free flow of information to the voters, or disrupt the dialog among candidates for political office.

Principles of restraint should guide us when considering the reach of the laws that Congress enacted into a new area in the form of regulation. I question whether Congress ever intended to involve the Federal Election Commission in determining the format for candidate debates, or in deciding who may sponsor them.

The Senate has received no statement from the Commission offering to amend the regulations in response to the serious criticisms which have been leveled at them. It is my understanding that in light of the controversy surrounding the proposed regulations, that this matter has been discussed at several Commission meetings without resolution. Given all the facts and circumstances, I feel it is appropriate for the Senate to act to disapprove the proposed regulations.

In my view they would, if enacted, place yet another burden on participants in the political process, on the pretext of remedying abuses which have not been shown.

For this reason, I support the resolution disapproving the proposed regulations, and urge my colleagues to do the same.

Mr. PELL. Mr. President, I call for the motion on the resolution.

Mr. BAKER. Mr. President, will the Senator yield to me a moment?

Mr. PELL. I yield.

Mr. BAKER. Mr. President, I am on the Rules Committee, as the Senator knows, and I, of course, respect the decision of the ranking member, but I must say I was not aware of this nor that it was going to come up this morning.

I wish just a few minutes to look into this matter, if the Senator does not mind.

Mr. PELL. Certainly.

Mr. BAKER. If the Senator will withhold, then, his request, I assure the Senator that with the concurrence of the majority leader I will be glad to consider it at some point soon, meaning this morning, but I wish just a few minutes to check into this.

Mr. ROBERT C. BYRD. I thought it was cleared on the minority side.

Mr. BAKER. It may have been. It was not cleared with me.

Mr. PELL. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PELL. I yield to the Senator from Tennessee.

Mr. BAKER. I appreciate the Senator from Rhode Island's accommodation to me in permitting me to try to check with Members on this side to see what kind of condition we were in on this matter.

Let me say for the record that the fault does not lie with the distinguished Senator from Rhode Island nor the distinguished majority leader. Word was given to my staff in my office; it was simply that there was another commitment outstanding in this respect that they were not aware of. That caused this complication; but I am ready to proceed now, although in view of the situation I would hope that the distinguished majority leader and the Senator from Rhode Island would not proceed through the step of reconsideration.

Mr. PELL. Yes, of course.

Mr. ROBERT C. BYRD. I am agreeable to that.

Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 236.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

The resolution will be stated.

The legislative clerk read as follows:

The Senator from Rhode Island (Mr. PELL) for himself, Mr. HATFIELD, and Mr. CANNON submits a resolution (S. Res. 236) to disapprove of the regulations proposed by the Federal Election Commission relating to the funding and sponsorship of candidate debates.

Mr. PELL. I move the adoption of the resolution.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 236) was agreed to, as follows:

RESOLUTION

To disapprove of the regulations proposed by the Federal Election Commission relating to funding and sponsorship of candidates debates

Resolved, That the Senate disapproves of the regulations proposed by the Federal Election Commission relating to the funding and sponsorship of candidate debates, submitted to the Senate pursuant to section 315(c) of the Federal Election Campaign Act of 1971, and received by the Senate on July 2, 1979.

SECOND CONCURRRENT RESOLUTION ON THE BUDGET

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now resume consideration of the pending business, Senate Concurrent Resolution 36, which the clerk will state.

The legislative clerk read as follows:

Senate Concurrent Resolution 36 revising the congressoinal budget for the U.S. Government for fiscal years 1980, 1981, and 1982.

The Senate resumed consideration of the concurrent resolution.

AMENDMENT NO. 437

The ACTING PRESIDENT pro tempore. The pending question is on amendment No. 437 by the Senator from New Mexico (Mr. DOMENICI) and the Senator from Oklahoma (Mr. BELLMON), on which there shall be 45 minutes' debate, to be equally divided and controlled by the Senator from New Mexico (Mr. DOMENICI) and the Senator from Maine (Mr. MUSKIE).

The amendment is as follows:

Delete the first paragraph of Section 1(a) of the pending amendment and insert in lieu thereof:

"The allocation pursuant to Section 302 (a) of the Budget Act to the Committee on Appropriations for all legislation within its jurisdiction shall not exceed $383.6 billion in budget authority and $338.4 billion in outlays as assumed in this Budget Resolution. All bills making appropriations for the Fiscal Year beginning Oct. 1, 1979, not enrolled as of the date of enactment of this resolution shall not be enrolled until:

"(a) all regular FY 1980 appropriations bills are ready for enrollment;

"(b) The Committee on the Budget has reported to the Senate an estimate of the budget authority and outlays attributable to each FY 1980 appropriations bill which has been enacted or which is awaiting enrollment;

"(c) The Committee on the Budget has reported to the Senate a detailed estimate of the foreseeable supplemental requirements for appropriations and permanent appropriations for Fiscal Year 1980.

"If the Budget Committee report under this Section indicates that the foreseeable total of all bills within the Appropriations Committee's jurisdiction for FY 1980 will exceed the totals provided by the section for all such bills, then it shall not be in order for the Congress to consider a motion for sine die adjournment for the First Session of the 96th Congress until the Committee on Appropriations of each House has reported a bill or resolution rescinding or reconciling FY 1980 appropriations provided in already enacted bills or in bills awaiting enrollment, and Congress has completed action on such bills or resolutions."

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum. I ask that the time be charged to the proponents of the amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BELLMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, I am pleased to join the distinguished Senator from New Mexico (Mr. Domenici) in sponsoring the amendment now before the Senate. Before I talk about the amendment, I want to commend my good friend (Mr. Muskie) for the stand he has taken on the reconciliation provisions included in this budget resolution. I am sure that without his leadership, reconciliation would have been dead, if not forgotten, by now. So I hope our fine chairman will understand the concerns which lead me and a number of my colleagues to propose an amendment to the compromise Senator Muskie has developed.

The concern which prompts my amendment relates to only one part of Senator Muskie's compromise. The difficulty some of us have is with the fact that there would be no final determination until sometime next year of whether enacted appropriations would have to be rescinded to avoid breaching the appropriations committee's allocation. It appears that it will be the spring supplemental bill, rather than any of the regular bills, which would cause the appropriations committee to exceed its allocation. By that time, many of the possibilities for rescinding appropriations will be gone. Many contracts will have been awarded, many grants will have been processed, and lots of benefits will have been paid out, so that there will be a much smaller range of opportunities for achieving savings.

This amendment would remedy this problem by moving the time of reckoning to the remaining weeks of this session. Let me explain briefly how action on appropriations bills would proceed if my amendment is adopted:

First, the amendment would specify the same budget authority and outlay allocations for the Appropriations Committee as are specified in Senator Muskie's amendment;

Second, my amendment proposes that all appropriations bills not enacted or enrolled by the date the second budget resolution is adopted shall not be enrolled, but rather held until all of the regular appropriations bills are ready for enrollment. This will preserve maximum flexibility for Congress to reduce spending under appropriations bills that have not yet become law.

Let me comment at this point that I think it would be much better if we held up enrollment of all appropriations bills as of today, instead of after Congress takes final action on the budget resolution. To this end, if this amendment is approved, I shall offer a separate resolution, after we complete action on the budget resolution, directing that Senate enrollment of appropriations bills be suspended immediately, thus preserving maximum flexibility to take money out of the full array of appropriations bills, and not next spring, when we shall have this supplemental before us.

Third, under my amendment the Budget Committee will be required to submit a special report to the Senate as soon as all 13 regular appropriations bills are ready for enrollment. This report will inform the Senate of the latest Congressional Budget Office estimates of budget authority and outlays under each fiscal year 1980 appropriations bill, whether enacted or ready for enrollment. This special report to the Senate will also provide CBO's estimates of the costs of all foreseeable supplemental appropriations requirements;

Fourth, if the information reported to the Senate indicates that the spending under all foreseeable appropriations bills will exceed the total sums allocated to the Appropriations Committee, the Appropriations Committee will then be required to report a bill or resolution, as appropriate, rescinding or reconciling appropriations provided for in enacted bills or bills ready for enrollment.

Finally, this amendment will make out of order a motion to adjourn, until the Congress has acted on the bill or resolution reported by the Appropriations Committee to bring spending into conformity with the second budget resolution.

Mr. President, I believe the procedure I have outlined, and which this amendment would establish, is superior to the procedure that we shall have otherwise. I urge the Senate's approval of my amendment.

UP AMENDMENT NO. 559

(Purpose: Technical amendment to clarify reconciliation instruction to Governmental Affairs Committee)

Mr. MUSKIE. Mr. President, I ask unanimous consent that consideration of the pending amendment be set aside for 2 minutes so that we may take up a technical amendment which has been cleared on both sides.

The PRESIDING OFFICER (Mr. Pryor). Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. Will the Senator charge that to his time on the amendment?

Mr. MUSKIE. Yes, I am glad to charge it to my time.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. Muskie) proposes an unprinted amendment numbered 559.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, line 7, insert the following: after the word "Operations": "and the House Committee on Post Office and Civil Service"

On page 4, line 15, between the words "the" and "jurisdictions" insert the word "legislative"

On page 4, line 15, between the words "committees" and "sufficient" insert the words: "which would require reductions in spending or appropriations and which are"

Mr. MUSKIE. Mr. President, this is a technical amendment to the instruction to the Governmental Affairs Committee. This amendment is necessary to clarify the jurisdiction of that committee and the corresponding House committees, of which there are two, over the savings intended by the resolution.

It has been cleared with Senators Ribicoff and Percy of Governmental Affairs, and Senator Bellmon and I see objection to it.

It is a clarification. It does not change the substantive objective of the reconciliation instruction.

I support it and ask for its enactment.

Mr. STEVENS. Mr. President, I want to voice my appreciation to the Budget Committee for being understanding to our plight in the Governmental Affairs Committee. Despite the wide latitude of legislative jurisdiction held by the Governmental Affairs Committee, remarkably, we only hold direct budgetary control over the sizable program—that is, civil service retirement. Hence, reconciliation instructions to the Governmental Affairs Committee that require cuts in outlays automatically force changes in the civil service retirement program. Now, while I support the Budget Committee's use of the reconciliation process to restrain Government spending, I oppose any intrusions by the budget process into specific policy areas. Therefore, I appreciate their willingness to make a technical amendment to the Governmental Affairs Committee reconciliation instruction which authorizes us to find comparable cuts in other legislative areas under our jurisdiction.

I do, however, continue to oppose their assumption of savings with regard to the civil service retirement program. In both the first and now the second budget resolutions, $100 million was cut from the income security function of the budget. The Budget Committee specifically recommended that the savings be realized by changing the twice a year cost-of-living adjustments for Federal annuities to a once a year adjustment. I strongly oppose any such effort.

In 1976, the so-called 1 percent kicker was eliminated from Federal annuities over my objections and a few other Members' objections. To compensate for that significant loss of income, the twice a year cost-of-living adjustment arrangement was to be a substitute. The Budget Committee's recommendations, if adopted, would breach the good faith compromise made in 1976.

In addition, following the first budget resolution this year, we held oversight hearings on the retirement system to: First, calculate the effect of changing from twice a year to once a year adjustments; and, second, determine areas where cost savings could be achieved to the overall benefit of the retirement system. We learned a number of things. For example: First, the average Federal annuity is $654 per month. Second, 123,000 of the retirees only receive an average of

$223 per month or approximately $2,500 per year. Third, changing the semiannual cost-of-living adjustment to an annual adjustment would cost individual retirees approximately $250 per year in the first year. Fourth, the period of lag between price increases and annuity adjustments would increase from 3 to 9 months to as much as 15 months.

Retirees, as well as those tied to fixed incomes, are the ones least able to cope with inflation. In many cases, reducing the cost of living adjustment to once a year would harm retired Federal employees, who, though they worked for the Government for many years, retired long ago on low wages. They simply could not take such a pay cut.

Mr. President, I again thank the Budget Committee for its willingness to compromise with us. However, I urge that committee to make sure that its specific recommendations do not transpose into binding policy changes.

Mr. BELLMON. Mr. President, there is no objection on this side. We are happy to support it.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. MUSKIE. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 559) was agreed to.

AMENDMENT NO. 437

Mr. MUSKIE. Mr. President, I reserve the remainder of my time on the Domenici amendment.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes at this point.

Mr. President, I commend the distinguished chairman (Mr. MUSKIE) not only for his leadership in bringing out a true reconciliation proposal under the resolution reported by the Senate Budget Committee, but also for his valiant efforts to preserve most of that in his amendment, which he offered as a Senator here on the floor of the Senate, because, indeed, it is fair to say that most of the reconciliation is preserved.

As my good friend from Oklahoma indicated in his remarks, we in no way want to change the numbers or the substantive impact of the Muskie amendment. We think that is a tremendous precedent for the U.S. Senate to establish.

But, rather, the amendment that we offer, that the distinguished Senator from Oklahoma and I, and others, offer, is our effort to see to it that, to the maximum extent possible, this institution and the Congress end up living by the marks set in the Muskie amendment.

We have now developed a history of not passing the appropriation bills by the time the second concurrent resolution comes to the floor. That is No. 1.

Second, we have developed a history of taking up supplemental appropriations well into the fiscal year.

I, personally, think it would be an excellent approach for the U.S. Senate to help our Appropriations Committee rid themselves of that approach to budgeting. Most of that is not their fault. They are tied up, almost tied in knots, with authorizing legislation being introduced on appropriation bills and then taking weeks in conference. For instance, the HEW appropriation is tied up because of an abortion issue, not because of dollar figures.

We never seem to be able to end up knowing all the money we want to spend, so they are forced to bring up supplementals well into the year.

What we say is that the chance of the Muskie amendment ending up with the cuts proposed as prescribed to the Appropriations Committee are minimal because of the very late time that the appropriation bills will get in, and even next year on supplementals, which means two things.

First, the chance of rescission is minimal because it will be late in the year. There will not be the unified opportunity to vote on a whole, but rather, we will cut and chop the Senate into pieces on appropriations issues, rather than a budget issue.

So we say three things in this amendment. We accept the Muskie amendment to the Budget Committee reconciliation, but we say that all appropriation bills will be held at the desk and not finalized until they are all here. That is No. 1.

Second, the U.S. Senate will not adjourn until that has happened and until an estimate of the supplementals is presented to the Senate, and if at that point the reconciliation is breached, a proposal must be submitted to the Senate, before it adjourns, to reconcile.

In simple language, that is what this four- or five-paragraph amendment does.

I would say that this is not unique. This is not unheard of. In fact, the Budget Act itself prescribes it. Because those drawing the Budget Act knew that the Senate and the House had a history of stretching out appropriation bills into the following year and well beyond the deadline set in the act, there is a provision that in the first concurrent resolution the Budget Committee could recommend that no appropriation bills leave the Senate until they are all there and that they all will be there before the second concurrent resolution is considered.

That is actually found in the Budget Act. We have never done that. I am not suggesting that we can do that now, because, obviously, we are well into the second concurrent resolution.

But the point I am making is that those who spent so many months, in fact I think it spanned years bringing a Budget Reform Act together, clearly understood that we could make the second concurrent resolution meaningless by bringing up supplementals and appropriations well after it is passed and then say, "What are we going to do about it? We breached it. Now, do you want to cut these wonderful bills?"

The last ones we pass are generally military.

What those framers of the Reform Act were saying is, "If you don't shape up and do it differently, then the Budget Committee perhaps ought to recommend in the first concurrent resolution that no appropriation bills become law until they are all out, all held at the desk, added up, to see where they fit in terms of the budget."

We did not do this because historically that has never been done.

I submit, if we keep on with supplementals well into the year, appropriations well beyond the time of the second concurrent, we will give the Senate a chance next year in the first concurrent resolution to vote on whether they want to hold all the appropriations until we have them all there and added, and measured against the resolution and its targets.

We did not do it, but we are doing the best we can.

So I want to repeat, we are giving the U.S. Senate here today a couple of rare opportunities, as I see it. One, stay with Senator MUSKIE's proposal for forcing cuts of about $3.6 billion in those areas where the Appropriations Committee has jurisdiction. It amounts to $2.5 billion. Force that. That is No. 1. Stay with that.

Second, send a message, not only to the Appropriations Committee, because it is not their fault, but to the institution, that we are going to have the appropriations finished and make some sense and order out of the budget process by holding all appropriations measures at the desk until they are added up and reconciled before we adjourn and go home at the end of this calendar year and this Congress.

That is the amendment.

Let me say this. Senator BELLMON made a very good point that everyone ought to understand. He made it very quickly. He understood what he was saying. I want to repeat it.

This amendment is part of the second concurrent resolution and thus it may be 2 or 3 weeks before we get through conference with the House.

In the meantime, we have only two appropriations bills that are out and not yet signed by the President, but five or six more could be out.

He said we are going to offer a Senate resolution—not a budget resolution but merely a Senate resolution—immediately after this, if this passes, saying that it is the sense of the Senate that the appropriations bills will be held at the desk until they are all there for purposes of reconciling as provided in this amendment. Otherwise, this will be part of the budget resolution and will not be operative until it comes back out of conference. But the resolution would bind the Senate to hold them at the desk until they are all there, thus measuring them against the targets or marks that we will agree upon under the Muskie amendment, which I am sure the Senate is going to adopt.

I urge that we adopt this amendment to it. It really will make it meaningful and add a significant timetable to the Senate, so that we can have some budgetary discipline as prescribed by reconciliation.

Mr. President, how much time do we have remaining on the amendment?

The PRESIDING OFFICER. The Senator has 9 minutes remaining, and the proponents have 9 minutes.

Mr. DOMENICI. How could that be? We had 45 minutes, equally divided, and we have used only a total of 20.

The PRESIDING OFFICER. The opponents have 25½ minutes remaining.

Mr. DOMENICI. And how much do we have?

The PRESIDING OFFICER. Nine minutes.

Mr. DOMENICI. I yield at this point, and I reserve the remainder of my time.

Mr. MUSKIE. Mr. President, I yield 3 minutes to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, I commend the Budget Committee for being instrumental in holding down appropriations. The amount would be several billion dollars higher than it is now, if it had not been for their efforts. However, I do not agree with all their conclusions or their methods of procedure.

Mr. President, the Bellmon-Domenici amendment would modify the Muskie compromise amendment that pertains to the Appropriations Committee.

This amendment would prohibit enrollment of fiscal year 1980 appropriations bills that have not been enacted until certain conditions are met. The conditions required under this amendment are as follows:

First. All remaining appropriations bills would be reported by the committee and ready for enrollment. This, in effect, would cause the committee to complete action on the remaining six appropriations bills and then hold them pending action by the Budget Committee;

Second. The Budget Committee would then estimate the budget authority and outlays attributable to each of the appropriations bills which has been previously enacted or which is awaiting enrollment; and

Third. The Committee on the Budget would also provide the Senate with a detailed estimate of the foreseeable supplemental requirements including permanent appropriations.

After the above conditions have been met, if the total of all of the appropriations bills exceeds the total ceilings allocated in the second concurrent resolution, the Congress would be restricted from sine die adjournment until the Committee on Appropriations of each House has rescinded or reconciled appropriations provided in the already enacted bills or the bills awaiting enrollment. Further, the Congress would have to complete action on such bills before it adjourns.

If a difference exists when all the bills are ready to be passed between the estimates of the Appropriations Committee and the Budget Committee as to the money which should be spent, we would be in a pretty mixed-up mess between the two Budget Committees of the House and Senate and two Appropriations Committees of the House and Senate trying to reconcile differences that might exist at that late date.

No one can foresee or even guess at this time what inflation will do to appropriations 3 months from now or 6 months from now.

One thing that bothers me is a great deficiency in the defense appropriation bill due to inflation. I understand that the Department of Defense has set over a request for $2.7 billion. All this has to do with inflation.

I will read a few of the items included in the request.

Fuel prices, operations, and maintenance, $888.5 million.

Currency exchange rates, operations, and maintenance, $470 million.

Supply costs, operations, and maintenance, $68 million.

Purchased utilities, operations, and maintenance, $113.3 million.

The value of our dollar is dropping every day and the price of gold is going up, so that the deficit figure is bound to increase.

Mr. President, I ask unanimous consent that the total list of items requested by Defense be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

The following list is a breakout of the Department of Defense FY 1980 budget amendment. The items below affect the operating accounts, as indicated and therefore no authorization is required. These amounts fund price increases which are designed to restore the 3% growth in outlays described in the January budget submission.

ITEM, FUNCTION, AND AMOUNT

[Dollars in millions]

Fuel prices, operations and maintenance, $888.5.

Currency exchange rates, operations and maintenance, $470.

Supply costs, operations and maintenance, $68.

Purchased utilities, operations and maintenance, $113.3.

Movement of household goods, military personnel, $175.

Recruiting costs, military personnel, operations and maintenance, $51.9.

Purchased services, operations and maintenance, $488.6.

Overseas station allowances, military personnel, $20.3.

Industrial fund purchases, operations and maintenance, $227.2.

Depot maintenance (contractual), operations and maintenance, $197.5.

Total increase over January fiscal year 1980 budget, $2,700.3.

Mr. YOUNG. Mr. President, if I knew that the Budget Committee would accept the pending budget amendment to include this $2.7 billion for the deficit in the defense budget, it would be easier to vote for this amendment. But I see no way in which the $2.7 billion could be absorbed within the existing totals without seriously injuring our national security. I understand the defense amendment will be coming up shortly.

I am concerned about the future of the Budget Committee and the future of the Appropriations Committee. If we continue our present trend, there will not be much need for the Appropriations Committee. We might have a few clerks here to divide the money previously allotted by the Budget Committee.

There must be a closer working relationship between the two. I think additional rules and procedures may be necessary.

For example, the Senate raised appropriations on the floor by about $860 million all together. We have no control over that. That is the will of the Senate. The Appropriations Committee can present these issues for another vote. The committee may be voted down again. So we are placed in the position of having to balance the budget without having the votes.

Half of our expenditures are by entitlements enacted by the legislative committees, over which the Appropriations Committee has no jurisdiction whatever.

Mr. President, I regret having to oppose this amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD a list of the money items increased by the Senate over the appropriations money and the reductions, a total increase of about $860 million.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SENATE FLOOR AMENDMENTS TO APPROPRIATIONS BILLS

AMENDMENTS ADDING FUNDS

[Dollars in millions]

Title, bill, and amount

Health planning, Labor-HEW, $200.

National Health Service Corps, Labor-HEW, $12.

Primary health care, Labor-HEW, $7.5.

Adult education for immigrants, Labor-HEW, $10.

Alcohol and drug abuse education, Labor-HEW, $3.

Title VI—Older American Indians, Labor-HEW, $12.

Community Services Administration local initiative, Labor-HEW, $12.

Population education, Labor-HEW, $2.

Community Services Administration, Inspector General, Labor-HEW, $0.4.

Revenue sharing, State share, HUD, $684.

Elderly and handicapped housing, HUD, $30.

Veterans medical care, HUD, $30.

Soil Conservation Service, Agriculture, $17.9.

Human nutrition research (Letterman Army Institute of Research), Agriculture, $1.8.

Hart Building, Energy and Water, $57.

Federal Communications Commission, State-Justice, $0.4.

Census promotion plan, State-Justice, $1.

AMENDMENTS REDUCING FUNDS

[Dollars in millions]

Title, bill, and amount

Special home ownership assistance program, Agriculture, $200.

Yatesville Lake, Kentucky (water project), Energy and Water, $4.

Bayou Bodcau, Louisiana (water project), Energy and Water, $2.

Department of Energy operating expenses, Energy and Water, $6.

Mr. MUSKIE. Mr. President, I yield to the distinguished Senator from Washington (Mr. MAGNUSON), the chairman of the Appropriations Committee.

Mr. MAGNUSON. Mr. President, I, of course, am opposed to this particular amendment.

In the first place, it was an unprinted amendment and we did not even see a copy until this morning.

In the second place, it never has been discussed by the Budget Committee.

In the third place, it seems to be an end run to diminish the authority of the Appropriations Committee to make the cuts within the ceiling.

It would force an appropriations rescission based on the Budget Committee's assumptions and would force immediate rescission of discretionary programs in order to pay for the estimated mandatory supplementals that might come up next spring. It would hold the Appropriations Committee responsible, even if the authorizing committees failed to make the cuts required of them.

I wish the Senator from New Mexico had brought this up in the Budget Committee for discussion. It is an unwritten amendment. I just received it this morning and took a look at it. It is hard to understand exactly what the Senator is driving at and how it could work.

The Senator from Oklahoma and I—and all of us in the Appropriations Committee—are holding down Federal expenditures. We have a ceiling and we are well below it. The compromise suggested by the Senator from Maine allows the Appropriations Committee to come within that ceiling, and we are going to try to do just that. I believe we will do it, on the 13 regular appropriation bills.

As the Senator from North Dakota said, only about 30 percent of the total budget—25 percent would be a better figure—are actually controllable in the normal way by the Congress. The remainder are uncontrollables. How do we know what the uncontrollables are going to be, the entitlements?

Let us take unemployment insurance, for example. If unemployment goes up, that is not putting a nickle into the Treasury. It will cut revenues and take out additional funds to cover those benefits.

Entitlement programs, like unemployment, pensions, disability, and others make up about 55 percent of the total budget outlays in fiscal 1980.

Apparently entitlement programs are going to go up, and the Budget Committee has to realize that and probably have another meeting on the uncontrollables to determine whether or not you should increase the ceiling a certain amount, not a large amount, but just to take care of the uncontrollables.

And how do we know? Let me get the attention of the Senator from New Mexico. How do we know what the assumptions are going to be in 3 months or 6 months? We have a rough idea and we consider them in both appropriations and the Budget Committee, but to nail us down on this is very unfair to the Appropriations Committee when we are trying to do the best we can.

I must oppose the amendment because it requires the Budget Committee and the entire Congress to engage in far too much guesswork. The amendment requires the Budget Committee to give the Senate, "A detailed estimate of the foreseeable supplemental requirements" for the entire fiscal year.

How does the Senator from New Mexico know what those requirements are going to be? Has he any idea?

I am asking the Senator from New Mexico. Has he any idea what they are going to be?

Mr. DOMENICI. Mr. President, let me respond in this manner.

Mr. MAGNUSON. Let me ask. Why did he not bring this amendment up in the Budget Committee?

Mr. DOMENICI. Mr. President, let me put it this way.

Mr. MAGNUSON. Why does he bring it up as an unprinted amendment which, as the Senator from North Dakota said, fouls up a decent relationship that we have now tried to achieve between the Appropriations Committee and the Budget Committee? Why does he do this? Does he do it for publicity sake or for what?

Mr. DOMENICI. Wait. Let me say this is not my amendment. This is an amendment of a number of Senators.

Mr. MAGNUSON. If it is a number, why did they not bring it up in the Budget Committee?

Mr. HATCH. Mr. President, will the Senator yield?

Mr. DOMENICI. Wait a minute. I will respond.

Senator BELLMON is part of the amendment.

The Senator from Washington might say I offer things for publicity, but I do not think I do. I do not think Senator BELLMON does. Let me tell the Senator that Senator MUSKIE's amendment was not presented to the Budget Committee either. It was an effort to change so that certain Senators could support the Budget Committee's approach, and I laud him for it. But I believe since he offered an amendment that drastically changed the mandatory aspects of the reconciliation, not the dollar figures, then we say, Good, Senator MUSKIE; that is what we want you to do, but we just want to make sure that your amendment is carried out."

We could not have offered it in the Budget Committee because we had a tougher amendment in the Budget Committee. The budget reconciliation was tougher than the Bellmon-Domenici amendment.

Mr. MAGNUSON. There are cosponsors to the Muskie compromise and Senator BELLMON is one.

Mr. DOMENICI. It is not inconsistent with it. It is just making sure that it will be carried out.

Mr. MAGNUSON. Why spoil this relationship that we are now getting with the Appropriations Committee and the Budget Committee? Why? Why nail us down on supplementals and future assumptions that none of us can predict with accuracy?

Mr. DOMENICI. Mr. President, I just want to——

Mr. MAGNUSON. Another thing. The amendment says that all appropriations bills shall lie at the desk. Is that correct?

Mr. DOMENICI. That is correct.

Mr. MAGNUSON. Yes. All right. Why are some of the appropriations bills now being held up? It is because of legislation on appropriations bills which the Senator from New Mexico has voted for.

Mr. DOMENICI. All Senators have voted for it. They have to vote. We bring them to the floor.

Mr. MAGNUSON. I say all Senators. I have deplored that idea.

Mr. DOMENICI. I do not want to be absent if I am here.

Mr. MAGNUSON. For instance, we have Labor-HEW. We are all finished with the money items, and we are going to be well under the President's budget except for the abortion issue—everything else, and the House of Representatives is lagging. The Defense appropriations they have not even authorized yet. We are about to finish Interior, I think, this week, and we have Foreign Operations and Transportation. Those are the big ones remaining.

Mrs. KASSEBAUM. Mr. President, will the Senator yield?

Mr. DOMENICI. The Senator wishes time on our side?

Mrs. KASSEBAUM. Yes.

Mr. DOMENICI. I am pleased to yield.

The PRESIDING OFFICER. The Senator from Washington has the floor.

Mr. DOMENICI. The Senator has the floor.

Mr. MAGNUSON. I expect we will complete all 13 bills in the next 30 to 60 days. It may be that the abortion issue might hold up HEW. And the House of Representatives is voting on the continuing resolution tomorrow which we are going to meet on Thursday and try to approve it. On all the appropriations bills the amendment will require the Budget Committee to predict future events over a 10- to 11-month period. How are you going to do that? Unemployment is one thing. And we only have about 25 percent as controllable and much of that is in the field of human needs, which involves the most sensitive arguments about priorities that go on around here.

I do not understand why the Senator from New Mexico brings up this last-minute amendment, and at the proper time I am going to move to table it.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, might I ask the distinguished Senator from Maine if he could assist me with some time problems that I have? Time got away from us, and I have some Senators who wish a couple minutes. I wonder if we might agree to vote at 10 instead of a quarter of?

Mr. MUSKIE. The Senator means 11?

Mr. DOMENICI. Eleven. Excuse me. And split the 15 minutes equally.

Mr. MUSKIE. I have no objection to that. I know there are other Senators who wish to speak. I do not need much time myself, but I want to be sure Senator MAGNUSON and Senator YOUNG have adequate time, and I wish about a minute to explain my reaction.

Mr. President, I ask unanimous consent that the time for voting be advanced by 15 minutes so that the vote on the Domenici amendment will occur at 11 o'clock and the vote on the Muskie amendment at 11:15 a.m., with the time from now until 11 a.m., equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. BELLMON. Mr. President, reserving the right to object, I am told that we have a Member on this side who cannot agree to this extension of time.

Mr. MUSKIE. Then, Mr. President, lest we use up what time remains in arguing about an extension of time, I am willing to yield whatever time remains to me except 1 minute, if Senator MAGNUSON has no objection, to the other side.

Mr. MAGNUSON. I merely wish to say I understand a motion to table is not in order because we have to vote it up or down.

Mr. DOMENICI. Mr. President, I thank the chairman for accommodating the time.

Mr. MUSKIE. Mr. President, I yield all but 1 minute of my time to the proponents, and I reserve that minute for the close of the debate.

Mr. DOMENICI. Mr. President, I shall take 1 minute and yield the remaining time to three Senators who need part of the time.

I say to my good friend, Senator MAGNUSON, I truly regret that he has indicated that perhaps I am doing this for publicity's sake. I wish to say to him that this is about as tough an amendment as I have offered and it is about as tough for anyone to understand as any that I have offered, and I truly did not intend it to do anything but permit the Appropriations Committee to do what it has been saying it wants to do, and that is live within the budget.

I am trying to come up with an approach that will make it easier for them to do it rather than more difficult.

The Senator has told the Senator from Maine he wants to live within this reconciliation, and my amendment and the intention of the Senator from Oklahoma in offering it was merely to say, "If you are going to, then let us make it certain that you can, not that we doubt you, but that you can and that you will not be led off into delays that make it difficult for you." That is why we offer it.

Mr. MAGNUSON. The Senator from New Mexico should leave that up to the discretion of the Appropriations Committee rather than to come in and tell us what to do.

Mr. DOMENICI. I respect the Senator's judgment but I have to disagree.

I yield 1 minute to the Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, as a member of the Budget Committee I wish to address the fact that we did in the Budget Committee vote for reconciliation, and the attempt to put some meaning and teeth into that process is not designed as an end run because I certainly believe we are all concerned with the desire of the distinguished chairman of the Appropriations Committee and the great obligation he has to come up at a certain time with the necessary appropriations. It is not an easy task and we all agree with that.

But the mood of the country at this point is one of asking us and urging us to address fiscal responsibility, and it is through this attempt, I think, that we feel putting some heat on the reconciliation process is important to us as showing a sense of responsibility, and showing that the budget process here works.

The distinguished chairman of the Budget Committee, who has been the father of the budget process, has certainly tried very hard not only to lead us responsibly on the committee, but to come up with a compromise, and I respect him for that; but I thoroughly endorse this as an attempt to put some heat into the reconciliation process.

Recognizing the responsibility of the Appropriations Committee, I think all of us should show some responsibility here on the floor in doing what we can to sustain both the budget and the appropriations process.

Mr. DOMENICI. Mr. President, I yield 2 minutes to the Senator from Colorado.

Mr. ARMSTRONG. I appreciate the Senator's yielding me time.

Mr. President, I would urge that the Senate consider the pending amendment in the context of the original Budget Control Act of 1974. During the years preceding the enactment of the Budget Act, it was the custom to simply appropriate with no overall plan. Increasingly, as the subcommittees of the Senate and House Appropriations Committees brought larger and larger bills to the floor, spending got farther and farther out of control. Eventually, about 15 or 20 years ago, an unwritten provision of our national constitution somehow got repealed, and we began to enact deficits year after year after year.

As a reaction to that, about 5 years ago, Congress decided we had to have some way of drawing together, with accountability, the issue of how much we should spend, what level of revenues we should appropriate, should we have a deficit, and if so, how big should it be. The Budget Act sought to accomplish that.

The amendment offered by Senator MUSKIE seriously undermines that process, because it permits the members to vote for the budget itself, and then slip off the tough decision of the rescission, which is postponed for at least several weeks and possibly for several months.

The efforts by Senators DOMENICI and BELLMON in the amendment which is pending is, again, simply to draw all the decisions together, so that at one time and one place there will be a single vote on the questions of how much we should spend, how does it compare with revenues, should there be a deficit, and how much.

The PRESIDING OFFICER. The Senator's time has expired. The Senator from New Mexico has 1 minute remaining.

Mr. DOMENICI. I yield that 1 minute to the Senator from Utah.

I wonder if we might try to strike a balance here to get a little additional time. I know of one Senator who wants to catch both votes. Could we start the vote at 10 of?

Mr. MUSKIE. I have no objection.

Mr. DOMENICI. I ask unanimous consent that the rollcall begin at 10:50.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. I yield 1 minute to the Senator from Utah.

Mr. HATCH. Mr. President, I support the Domenici amendment to the Muskie "compromise" to the reconciliation language in the budget resolution. I believe that the Muskie language is no compromise at all concerning the Appropriations Committee. If the Senate does not require reconciliation of the overspending by the Appropriations Committee this fall, the Appropriations Committee will effectively be "off the hook" of controlling its spending levels. The Domenici amendment corrects that flaw by prohibiting enrollment of the remaining 11 appropriations bills this fall until the second concurrent resolution has been passed, requires reconciliation or rescission of these appropriations bills to fit within the ceilings of the budget resolution, with sufficient room left for the supplemental, before the beginning of November, and prevents the Congress from adjourning sine die until this reconciliation or rescission is finalized.

This provision is very similar to one I offered to the first concurrent resolution in the spring. At that time, I proposed that all appropriations bills be held at the desk and not enrolled until passage of the second concurrent resolution and any necessary reconciliation. I argued that this provision would give the Congress the flexibility to reduce spending in the second resolution if economic circumstance so warranted. As it turned out, the Budget Committee needs this flexibility to merely hold down the size of the spending increase over the first resolution to $10.7 billion.

When I offered this amendment to the first resolution, I was vehemently opposed by the distinguished chairman of the Appropriations and Budget Committees. The distinguished Chairman of the Budget Committee made the following argument:

> There is no justification in our experience since the Budget Act was created to trigger this procedure. . . . This provision was put in the Budget Act as a fail-safe device in the event the system envisioned by the Budget Act did not work. In other words in the event Congress ran wild with appropriations bills and spending bills between the first and second budget resolutions, the Budget Committee could recommend that this procedure be followed in order to have a handle on the budget process before it was finished.
>
> But we have had the reverse experience with the appropriations bills. . . . The Appropriations Committee could not have been more responsible.

Mr. President, that is the reason we asked for this then, and that is the reason we ask for it now, because what we predicted then has occurred now.

All I can say to my good friend from Maine is that there is a first time for everything. This year the Appropriations Committee has not acted so responsibly and has exceeded its targets in the first resolution. I can envision only two outcomes from letting the Appropriations Committee off the hook until the spring supplemental in controlling its spending.

The first possibility is that, next spring, when the supplemental appropriations bill might send spending above its ceiling, the Congress would merely "revise" the fiscal year 1980 spending levels to accommodate the increased spending. At this time, as with the revisions of the fiscal year 1979 spending levels earlier this year, everyone will be focusing on the next fiscal year's budget and will not pay much attention to the increase in spending in the revisions.

The second possibility may be the more likely. Because of the nature of other types of spending, the rescissions would most likely be directed at defense spending. Since we would be 6 to 8 months into the fiscal year at the time of the supplemental when the rescissions would have to be reported, I believe the Congress would hesitate to cut categorical grants to the States, or revenue sharing, or other types of programs where the spending levels would have already been figured into State and local government budgets. And since a very large portion of spending, which is considered to be "controllable" is found in the defense budget, it would become a prime target for rescissions, even if it had remained within the functional total allowed it in the budget resolution.

Mr. President, I think either of these possible outcomes of allowing the Appropriations Committee to delay until spring in dealing with its overspending is undesirable, and I believe that any of my colleagues who truly believe in fiscal control or in the need to increase our commitment to the defense budget will agree with me. The Domenici amendment is the solution to this problem because it makes the Appropriations Committee deal with the issue of its overspending before the end of this session of Congress. I urge my colleagues to vote for it.

Mr. DOMENICI. Mr. President, how much time do we have remaining? The Senator from Maine has the last minute.

The PRESIDING OFFICER. The Senator from New Mexico has 1 minute and 34 seconds remaining. The Senator from Maine has 3 more minutes.

Mr. MUSKIE. I am happy to yield all but 1 minute. I hope I am not squeezed out of that minute; I would like to say something on this matter.

Mr. DOMENICI. I yield 1 minute to the Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I will only take a minute, and not squeeze the time too much.

I support the Bellmon-Domenici amendment, and I am a cosponsor of it. I really believe in the budget process, and have become even more a believer as a member of the Budget Committee. I agreed with the first concurrent budget resolution; I voted for it in the committee and on the floor. I disagreed with the second budget resolution, because the spending increases were not 7.6 percent over last year as provided in the first concurrent budget resolution, but instead are now 10 percent. I think that is too rapid growth.

I also believe in the reconciliation process. If the Budget Committee is to be in any way effective, we have to have a reconciliation process. I simply do not believe one can rescind funds after the money is appropriated and spent, and certainly not 6 or 7 months down the line.

I am sorry to disagree with the chairman of the Appropriations Committee. Rescinding funds after they are appropriated is somewhat like going through a divorce. Breaking off an engagement at this earlier stage, before the money is obligated, is much easier to do now rather than 6 months down the line.

I support the position of my fellow Republicans, and yield back the remainder of my time.

Mr. DOMENICI. Mr. President, I yield a minute to the Senator from North Dakota.

Mr. YOUNG. Mr. President, I am troubled with how you reach a final figure of a balanced budget the last day of the session. I pointed out a little while ago that Senators themselves on the floor of the Senate raised the Appropriations Committee figures by an amount of $860 million. Many of the same Senators who voted for this balanced budget in 1980 yesterday may vote again to increase the figure by that amount. Will they change their votes and vote for a balanced budget then? The Appropriations Committee may well seek to bring back that $860 million that was increased, and see how they vote then.

I think it is much better to try to reach a reconciliation this way, rather than at the end of the session.

Mr. DOMENICI. Mr. President, drastic measures are needed. We have a situation in our country which demands more fiscal control. I regret that the only way to do it is to change some traditions and habits, even if people feel uncomfortable with the changes.

It is in that context that I offer my amendment, to make sure that the Muskie reconciliation becomes the level of expenditures. I believe that otherwise it is apt not to. I regret if it causes some anguish. If it makes it necessary for some people to change the way they do things, I am sorry for that.

Mr. MUSKIE. Mr. President, I rise to oppose the amendment. I would like to take a moment or two to say why.

First, I would like to express appreciation to our Republican colleagues for their support of the Muskie amendment. I explained to them its contents and the reasons for the compromise. They understood my explanation, but they wanted to press this amendment, which is, of course, their prerogative.

The procedures they seek to use are recognized in the Budget Act, though we have never had occasion to use them before. I am reluctant to use them now, because the budget process is not just the Budget Committee. The budget process is the Budget Committee, the Appropriations Committee, every authorizing committee, the Senate as a whole, and the Congress as a whole.

Mr. President, it is a very sensitive relationship which we face between the Budget Committee, the Appropriations Committee, other Senate committees, and the Congress as a whole. There is a strong tendency to look upon the Budget Committee as a new intruder that seeks power for its own sake, that is insensitive to the powers and responsibilities of other committees. That tendency is very strong, and we have seen that over the years. So we must be involved in a constant effort to accommodate the responsibilities of the Budget Committee and the responsibilities of the other committees. That will require great sensitivity on all sides.

With respect to the Muskie amendment, this was worked out after 2 or 3 days of very difficult negotiations and talks. It imposes a heavy responsibility on the Appropriations Committee as well as the authorizing committees.

Senator MAGNUSON, as chairman of the Committee on Appropriations, has given us his commitment that he will do his best, that the Appropriations Committee will do its best, to live within the constraints of this second budget resolution. I am willing to accept that commitment and to rest on it.

In saying that, I do not question the motivations of the sponsors of the Bellmon-Domenici amendment whatsoever. I appreciate the basic support that they have given to the Muskie amendment. But, Mr. President, I shall vote against the pending amendment.

● Mr. WILLIAMS. Mr. President, I object vigorously to the amendment before us today which makes several radical changes in the budget process. The amendment will delay enrollment of any appropriations bill until all of the 13 regular appropriations bills have been passed and are ready for enrollment. This slowing of the appropriations action would unnecessarily delay Federal funding, resulting in needless hardships and untold inefficiencies should any bill be delayed beyond the beginning of the new fiscal year. While this provision of the amendment would seriously retard the pace of Senate action, the remaining provisions of the amendment would totally alter the sharing of fiscal responsibility between the Budget and Appropriations Committees, essentially setting the Budget Committee as the decision or policy-making body directing appropriations action. To direct the Appropriations Committee to rescind action which has been approved by the Congress in order to make room for "assumptions" made by the Budget Committee concerning possible later requirements would raise the "assumptions" of the Budget Committee to a level of priority which takes precedence over action duly approved by the House and Senate. This amendment destroys the balance between the Budget and Appropriations Committees, and I urge my colleagues to reject it.●

The PRESIDING OFFICER. The question is now on agreeing to the amendment offered by the Senator from New Mexico and others. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Iowa (Mr. CULVER), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) would vote "yea."

The PRESIDING OFFICER. Are there other Senators in the Chamber desiring to vote?

The result was announced—yeas 37, nays 59, as follows:

[Rollcall Vote No. 290 Leg.]

YEAS—37

Armstrong
Baker
Bellmon
Boren
Boschwitz
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
Danforth
Dole
Domenici
Durenberger
Garn
Goldwater
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
McClure
Packwood
Percy
Pressler
Roth
Simpson
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—59

Baucus
Bayh
Bentsen
Biden
Bradley
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Cranston
DeConcini

Durkin
Eagleton
Exon
Ford
Glenn
Gravel
Hart
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Levin

Long
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Pell
Proxmire
Pryor
Randolph

Riegle
Sarbanes
Sasser
Schmitt
Schweiker
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Tsongas
Weicker
Williams
Young

NOT VOTING—4

Bumpers
Culver
Ribicoff
Stafford

So the amendment (No. 437) was rejected.

Mr. MAGNUSON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 434

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote on the amendment by the Senator from Maine (Mr. MUSKIE) and others. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Iowa (Mr. CULVER), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "yea."

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) would vote "yea."

The PRESIDING OFFICER (Mr. TSONGAS). Are there any Senators in the Chamber who have not voted and who wish to do so?

The result was announced—yeas 90, nays 6, as follows:

[Rollcall Vote No. 291 Leg.]

YEAS—90

Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cochran
Cohen
Cranston
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Goldwater
Gravel

Hart
Hatfield
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Inouye
Jackson
Javits
Jepsen
Johnston
Kassebaum
Kennedy
Laxalt
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn

Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

NAYS—6

Armstrong
Bradley
Garn
Hatch
Humphrey
McClure

NOT VOTING—4

Bumpers
Culver
Ribicoff
Stafford

So Mr. MUSKIE's amendment (No. 434) was agreed to.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BELLMON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. TSONGAS). The Senator from South Carolina.

Mr. BIDEN. Mr. President, will the Senator from South Carolina yield?

Mr. HOLLINGS. Since I have only a small amount of time, I yield to the Senator from Delaware without it counting against my time, and without losing my right to the floor.

Mr. BIDEN. Mr. President, it is a distinct honor——

The PRESIDING OFFICER. The Senate will be in order. The Senator will suspend until order is restored.

The Senator from Delaware.

VISIT TO THE SENATE BY BRITISH MEMBERS OF THE BRITISH-AMERICAN PARLIAMENTARY GROUP

Mr. BIDEN. Mr. President, it is my distinct honor, in my capacity as chairman of the European Affairs Subcommittee, to introduce this morning a group of eminent parliamentarians from Great Britain, all of whom are here present in the Chamber this morning. I would like to take this opportunity to introduce them individually, and after that, I will ask unanimous consent for the Senate to stand in recess for 2 or 3 minutes in order for my colleagues to have an opportunity to say hello to our friends from Great Britain.

Mr. Edward DuCann, vice chairman of the British-American Parliamentary Group.

Mr. Winston Churchill, who was on the floor, but I believe is off with Senator HELMS at the moment.

Mr. Michael Jopling.

Mr. Geoffrey Smith.

Mr. Michael Mates.

Mr. Roger Moate.

All of these gentlemen are members of the Conservative Party in Great Britain, though we have them standing on the Democratic side of the Chamber. Hopefully some of its influence will rub off before they go home.

Representing the Labour Party, the vice chairman of the group, Mr. John Silkin.

Mr. Eric Deakins.

Mr. Walter Harrison.

Mr. David Lambie.

Mr. Alfred Morris.

All these gentlemen are members of the Labour Government.

I would like my colleagues to welcome our friends from Great Britain. [Applause, Senators rising.]

RECESS

Mr. BIDEN. Mr. President, I ask unanimous consent that the Senate stand in recess for 2 minutes.

There being no objection, the Senate at 11:40 a.m., recessed until 11:42 a.m., whereupon the Senate reassembled when called to order by the Presiding Officer.

ONE-MINUTE EXTENSION OF RECESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the recess be extended for 1 additional minute.

There being no objection, the Senate recessed for 1 additional minute; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. TSONGAS).

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Mick Miller and Mike Copps be granted the privilege of the floor during debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Will the Senator yield to me?

Mr. HOLLINGS. I yield to the distinguished Senator from Mississippi.

SECOND CONCURRENT RESOLUTION ON THE BUDGET

The Senate continued with the consideration of the concurrent resolution.

Mr. STENNIS. Mr. President, as to the Hollings amendment, I ask for a division of that pending Hollings amendment to permit the Senate to work on the change——

The PRESIDING OFFICER. The Chair informs the Senator that the amendment has not been called up.

Mr. STENNIS. I beg the Chair's pardon.

Mr. HOLLINGS. Mr. President, I call up my amendment.

Mr. NUNN. Will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. Yes, I yield.

Mr. NUNN. Mr. President, during the course of the debate on the defense amendments, I ask unanimous consent that Jeff Record and Arnold Punaro of my staff and George Travers of the Armed Services Committee staff be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 435 (AS MODIFIED)

(Purpose: To increase defense spending to provide for 3 per centum real growth in outlays in fiscal year 1980 and 5 per centum real growth in budget authority in fiscal year 1981 and fiscal year 1983)

Mr. HOLLINGS. Mr. President, I call up my amendment No. 435 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated. The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS), for himself, Mr. PACKWOOD, Mr. NUNN, Mr. TOWER, Mr. JACKSON, Mr. HATCH, Mr. WARNER, Mr. THURMOND, Mr. ARMSTRONG, Mr. HEFLIN, Mr. HAYAKAWA, Mr. CANNON, and Mr. BOSCHWITZ, proposes an amendment numbered 436, as modified.

Mr. HOLLINGS. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 1, line 8, strike "$383,600,000,000" and insert "$388,000,000,000".

Page 1, line 9, strike "$338,400,000,000" and insert "$341,600,000,000".

Page 5, line 25, strike "$632,200,000,000" and insert "$636,600,000,000".

Page 6, line 1, strike "$649,200,000,000" and insert "$661,700,000,000".

Page 6, line 2, strike "$722,600,000,000" and insert "744,000,000,000".

Page 6, line 5, strike "$543,100,000,000" and insert "$546,300,000,000".

Page 6, line 6, strike "$589,500,000,000" and insert "$596,800,000,000".

Page 6, line 7, strike "$634,700,000,000" and insert "$649,100,000,000".

Page 6, line 11, strike "—$28,400,000,000" and insert "—$31,600,000,000".

Page 6, line 12, strike "+$14,100,000,000" and insert "+$6,800,000,000".

Page 6, line 13, strike "+$23,700,000,000" and insert "+$9,300,000,000".

Page 6, line 16, strike "$887,500,000,000" and "$890,700,000,000".

Page 6, line 17, strike "$906,300,000,000" and insert "$916,800,000,000".

Page 6, line 18, strike "921,800,000,000" and insert "$946,700,000,000".

Page 6, line 21, strike "$57,500,000,000" and insert "$60,700,000,000".

Page 6, line 22, strike "$76,300,000,000" and insert "$86,800,000,000".

Page 6, line 23, strike "$91,800,000,000" and insert "$116,700,000,000".

Page 7, line 11, strike "$136,800,000,000" and insert "$141,200,000,000".

Page 7, line 12, strike "$127,400,000,000" and insert "$130,600,000,000".

Page 7, line 14, strike "$147,300,000,000" and insert "$159,800,000,000".

Page 7, line 15, strike "$138,300,000,000" and insert "$145,600,000,000".

Page 7, line 17, strike "$159,000,000,000" and insert "$180,400,000,000".

Page 7, line 18, strike "$148,900,000,000" and insert "$163,300,000,000".

Mr. STENNIS. Mr. President, will the Senator yield for the same purpose as previously?

Mr. HOLLINGS. Yes, I yield.

Mr. STENNIS. Mr. President, if it is in order, I ask for a division of the pending Hollings amendment to permit the Senate to vote first on the changes for fiscal year 1980, then on fiscal years 1981 and 1982.

The PRESIDING OFFICER. The amendment is so divided.

Mr. HOLLINGS. Mr. President, I am sorry our distinguished colleagues from the United Kingdom left. Had they stayed, they would have heard how we stand, against alliance and against the commitment made to NATO and against our own leadership which, incidentally, the United Kingdom now leads. I say the United Kingdom leads because, at this present minute, neither the President nor Congress has responded to our present Budget Committee figures. They only propose a .7 percent, not the 3 percent commitment made to NATO, but only a .7 percent commitment, with even greater fiscal and economic difficulties.

The PRESIDING OFFICER. If the Senator will suspend, the Senator deserves to be heard. If Senators wish to converse, they should retire to the cloakroom.

Mr. HOLLINGS. Mr. President, the United Kingdom, with all of its difficulties, envisions, this present fiscal year, a 3.3 percent increase in constant real growth, with an increase in productivity of at least 3 percent and, for next year, 3.2 percent real growth. Canada projects for next fiscal year 4.8 percent, rather than just the mere 3; France, 6.1 percent.

We had Germany at 3 percent, but only last week, Germany announced that that would be very difficult and presently projects 1.8 percent. So our leadership, barring the amendment and appropriate action by the Senate on this particular resolution, the Congress and the President itself, our leadership has been in the wrong direction and they are beginning to weaken. So it could not come in a more timely fashion.

Mr. President, I rise today not to play a numbers game with a budget, but to address a need. It is the need which goes to the first responsibility of a public servant—to provide for the safety of the people. I speak, of course, of national defense, and I do so at a time when those who wish us ill are moving ahead with their military buildup at full speed, while we languish in complacency and seemingly endless debate.

The amendment I offer today is simple. It is the product of several Senators' efforts to implement the stated policy of the administration—a policy whose enunciation has not been backed up by administration efforts to turn promise into practice. The policy to which our President committed, and to which we are attempting to give force, is the clear and unquestionable support for our NATO allies against the threat of Soviet aggression. Our amendment provides the 3 percent real growth in the fiscal year 1980 military budget mutually pledged by us and by our allies.

Some background on the 3-percent pledge is in order. The pledge itself was made in the NATO Defense Planning Committee's ministerial meeting on May 18, 1977. The NATO communique stipulated that the defense ministers agreed to a specific guidance "for the development of force proposals for the period 1979-84." This guidance, leading to the NATO long-term defense plan, stipulates that—

> An annual increase in real terms in defense budgets should be aimed at by all member countries. This annual increase should be in the region of 3 percent. . . .

The same paragraph of the guidance makes it clear that the growth is to be measured by "expenditures," by which is meant what we call "outlays." This measure was chosen, because other nations do not use the same budget authority approach which we use, so that outlays provide the only common basis for comparison. There is a NATO definition of defense expenditures, used to establish comparability between nations which have different rules for what counts as defense spending. By the NATO definition, our defense spending includes the military functions of the Department of Defense (subfunction 051) defense-related atomic energy activities, the Coast Guard, some VA indemnity and insurance programs, the selective service system, military assistance, and the net activity in the foreign military sales trust fund. Thus it is not identical, and is larger than, function 050. Spending for these activities is reported to NATO every year in a document known as the defense planning questionnaire, which is sent out by NATO. Reported spending from all countries is then summed up and compared during the annual NATO Defense Planning Review. It is on the basis of these numbers that NATO will judge whether the United States—or any other member—is achieving real growth in defense spending, and the rate. So it is not true that there is ambiguity about the base, or the purpose of measuring growth in outlays.

Having defined the commitment, let me turn to the urgency of the need which motivated the commitment initially. In 1971, the United States and Soviet defense budgets were about equal, according to the Central Intelligence Agency, when measured in constant dollars. Nineteen seventy-one was, you will recall, the beginning of the "era of détente." Then in 1972, we and the Soviets agreed to the SALT I accord limiting offensive strategic forces, and to the ABM Treaty. The President visited Moscow. The Conference on Security and Cooperation in Europe was launched. The talks on Mutual and Balanced Force Reductions in Europe got underway in Vienna. Henry Kissinger announced that peace was at hand in Vietnam. Many people believed that détente with the Soviets and peace in Vietnam would and should permit a reduction in defense spending. The Democratic Party candidate for the Presidency, my good friend from South Dakota, recommended a large cut.

Since then, United States defense outlays—measured in constant dollars—have decreased by about 20 percent. But Soviet defense spending has increased by about 25 percent. The United States has been seeking to reduce its commitments around the world. But the Soviets have moved aggressively to further their interests, demonstrating for all to see that they do not flinch from any means, including military, to extend their sway.

A brief summary of general trends on Soviet military spending indicates that since 1972, the Soviet Union has:

Deployed MIRV's on a new generation of strategic missiles, posing a direct threat to the survival of our own ICBM's, and forcing us to choose between spending tens of billions to restore the balance—or to accept a greatly increased risk of nuclear attack.

Deployed SS-20 missiles, increasing the nuclear threat to Western Europe.

Deployed the Backfire bomber, which not only threatens Western Europe, but also the United States and the major sea lanes. The Backfire makes it possible for the Soviets to overfly sea lanes in the Pacific as far East as Hawaii, and in the Atlantic as far West as New York, and as far South as the Azores.

Increased the firepower, mobility, protection and size of their land forces in Europe.

Increased the range and payload of their tactical aviation units deployed against Europe, and given these new aircraft to client states including Syria and Cuba.

Deployed aircraft carriers.

Furthermore, they have done all this while also building up their forces in the Far East. These Far Eastern forces are positioned so that they threaten not only China, but also Japan.

What type of international behavior by the Soviets has accompanied this sustained military buildup in the years since 1972?

In Southeast Asia, they assisted the North Vietnamese in breaking the peace treaty and in overrunning South Vietnam. Since then they have also assisted Vietnam during the invasion of Cambodia. When China—Cambodia's ally—responded by attacking Vietnam, the Soviets deployed strong naval forces in the South China Sea, and they began to make use of former American naval bases in Vietnam. (Although they have not yet established a permanent presence in the region, they appear to be able to do so at will, provided the Vietnamese agree.)

In Northeast Asia, the Soviets have increased their military presence around Japan, with larger numbers of flights into and around the Japanese air defense perimeter, more naval exercises near Japan, and a large-scale military exercise, including amphibious landings on islands in the Kuriles, which are claimed by Japan. All this has been undertaken at a time when Japan was contemplating the terms of a peace treaty with China, and it was clearly intended to intimidate the people and Government of Japan.

In Africa and the Arabian peninsula, the Soviets have introduced Cuban troops, intervened to determine the outcome of the civil war in Angola (which has since been used as a base for guerrilla attacks on neighboring countries), and to assist Ethiopia against Somalia, thereby gaining potential bases for operations in and around the Horn. They have aided South Yemen's invasion of North Yemen, and thus have brought serious pressure to bear on Saudi Arabia, with all the problems that will mean to America and our allies.

In Afghanistan, they have taken the lead in establishing a pro-Soviet regime, and you will recall this is where our U.S. Ambassador was recently murdered. They have stirred anti-American feeling in Iran during the last year of the shah's rule. They have opposed U.S. efforts to persuade Israel and Egypt to sign a peace treaty, and they continue to give encouragement and backing to radical Arab regimes and factions hostile to the peace process. It was these forces, incidentally, that led the most recent effort to persuade OPEC to increase oil prices.

None of these actions, however, represents the potential threat or the abso- looks upon SALT or upon détente in clearly as the secret stationing of 3,000 Soviet combat troops in Cuba.

None of this behavior—not the military buildup, not the overseas political activity—suggests that the Soviet Union looks upon SALT or upon detenté in Europe as an occasion for shifting their resources from military spending to their domestic concerns, or for benignly neglecting long-term Soviet objectives hostile to Western interests.

We, however, are not unmindful of the question of priority. Last year, in our debate on defense spending, I noted that it is indeed difficult to argue for a higher rate of spending on defense while inflation is high, unemployment is climbing, our cities are decaying and on the verge of bankruptcy, our elderly cannot make ends meet. We could do something to alleviate these problems by transferring funds or by using these funds to curb the Federal deficit and balance the budget. The list of present evils in our society is long, while defense spending is directed at preparing for some future crisis which is difficult to foresee with clarity. But I went on to say that while inflation and unemployment and poverty concern me greatly, I also worry that the future crisis—which we hope to deter with a strong national defense—may be coming closer just because we have been ignoring the growing Soviet challenge. In the past year, the Soviets have put themselves in a position to do immediate harm to the West's oil supply, and to put increasing long-term pressure on the dwindling number of oil suppliers who remain sympathetic to the West. We must face the fact that we have suffered a major strategic setback. Whatever the shah's faults, he was generally friendly. Whatever the Ayatollah's political orientation will be, he is hostile to the United States and Israel. Whereas Iran was recently the strongest power in that region where most of the West's oil is produced, now the military balance has shifted decisively in favor of Iraq, which has been a Soviet client for many years.

It is time to wake up to the fact that we are engaged—whether we like it or not—in a serious competition with the Soviet Union, in which military strength inevitably plays a vital role. It is time to take our defense needs seriously. I hope it is not too late. While the Soviets build toward superiority, we allow our own strength, and consequently our world credibility, to ebb. While the Soviets push ahead on all fronts, we cancel the B–1 bomber, push aside the neutron bomb, stretch out the cruise missile, scrap the nuclear aircraft carrier, stretch deployment of Trident far into the future, and shut down the production line for the Minuteman II missile. And then we sit and wonder why things seem to be going against our interest around the world.

If we are not going to meet even our minimal commitments, then we might as well find out right now. Here, with this amendment, we have the opportunity to back up commitment with action, promise with performance.

I know defense is expensive business. Would that it were otherwise. But as my State's own John C. Calhoun said many years ago, and it is just as apt today:

> Those who would enjoy the blessings of liberty must undergo the hardships of sustaining it.

Mr. HART. Will the Senator from South Carolina yield for 1 minute?

Mr. HOLLINGS. I yield to the Senator from Colorado.

Mr. HART. Mr. President, I support the first part of the Hollings amendment, with a 3-percent increase for fiscal 1980, but oppose a 5-percent increase in the out years. I am prepared to offer an amendment if the second part of the Hollings amendment fails, which would substitute 3 percent real growth in 1981 and 1982. I wanted my colleagues to know that before the vote on the second part of the Hollings amendment occurs.

I have discussed it with the Senator from South Carolina. I understand that he has a similar provision which he is prepared to offer. I want him to know that it is not my intention to offer my amendment or any part of it if the vote on the 5 percent fails and the Senator does go forward with an alternative of the 3 percent; I would support him and want to endorse that effort. I wanted him and his colleagues to know.

Mr. HOLLINGS. I appreciate the cooperativeness and the views of my distinguished colleague from Colorado.

Mr. President, on the amendment, as I understand it now, with the division of time, we have only a half hour to a side on the first part, so I am going to talk real fast. We will talk more generally, I take it, because there are now several votes.

The PRESIDING OFFICER. The Chair informs the Senator that each side has 1 hour.

Mr. HOLLINGS. Each side has an hour on the first division, then?

The PRESIDING OFFICER. On both divisions.

Mr. HOLLINGS. An hour on both?

The PRESIDING OFFICER. All the time allocated will be consumed before the votes, which will come back to back.

Mr. HOLLINGS. Very well. We shall just proceed as fast as we possibly can. I hope you start measuring time up there right now.

The fact of the matter, Mr. President, is that the intent of the amendment is not to impair committee jurisdiction. I notice the distinguished chairman of the Committee on Armed Services is present, and I have conferred with him.

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield, I ask unanimous consent that the time start now, because the Senator has been interrupted several times by Senators who want to get aides on the floor, and so on. I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. I thank the majority leader. This is very helpful.

Mr. President, committee jurisdiction is not interfered with, interrupted, or otherwise impaired. That is the affirmative, expressed intent of myself and the other authors. As a matter of fact, the authors of this particular amendment, in general, come from the Armed Services Committee on both sides of the aisle, the Appropriations Subcommittee on Defense, and the Budget Committee on both sides of the aisle.

We have put in budget authority figures in the out years, not categorically saying an outlay figure, that this must be expended, or it must be expended for readiness and not strategic, or for strategic and not for tanks. On the contrary, it is budget authority. There is no rule, if they do not spend any of it, under the budget authority figures. So we could pass 10 percent or 20 percent, but the volition and discretion, the leadership in Armed Services, would be, of course, reserved unto our Armed Services Committee.

Second, Mr. President, this amendment is not a SALT vote gesture of any kind. This is not an effort on the part of the authors to throw *x* dollars to the Pentagon to pick up so many SALT II votes. You could give the Pentagon $20 billion or $100 billion. In my judgment, it would not change the provisions of the SALT II Treaty to be submitted to us later on, in October or November. So this is not a treaty, really, between the administration and the Congress; rather, I hope it is a conjunctive effort to reawaken the American people, and particularly the administration, to at least a 5-percent defense increase need in the out years 1981 and 1982.

Now, the President, to his credit, has become more positive and more affirmative.

I wrote him in August when we went on our break that I had been opposed in the Budget Committee on a similar move. We had been opposed on this side when we tried to keep the 3 percent, and there did not seem to be any movement, support, or leadership.

We think the country's defenses are so weakened and imperiled that, in my judgment, really, only a President can reawaken it and give the proper leadership. It is very difficult through Senators and amendments.

But I hasten to emphasize, Mr. President, we have had some very salutary, enlightening, educational, and reawakening SALT II hearings before our Foreign Relations Committee and our Senate Armed Service Committee.

It is not just a 3,000-man brigade in Cuba. We are mature individuals. We are not saying, "Pull out the brigade and we'll vote for SALT II, all our defenses are secure." But rather, SALT II hearing gave us, as the Congress and Government and people, the only forum collectively to make a judgment as to whether or not we shall defend, whether we can defend, how much to defend, and in what direction and how.

Of course, more than anything else, Mr. President, it is not a proposition of just putting on 5 percent, a magical percentage figure, or because Henry Kissinger came up and said that we need 5 percent.

I am stating from my experience, 20 years ago, 25 years ago, on the Hoover Commission, studying this particular subject, coming to Congress, 13 years ago, working in the Appropriation Budget Committee, sitting there with Dick Russell and the little yellow pad. We used to pass, and we did one day, on a Friday afternoon, without an amendment, the defense appropriations bill. He used to write it up, and that was it.

Times have changed, Vietnam and everything else, right quickly.

From our experience, we know that the Pentagon has been pleading, has been begging, has been insisting, the best they know how, for at least $80 billion in the outyears, and the 5 percent only gives us half of what the Pentagon has asked for.

Mr. President, I will make up time. I ask unanimous consent that the particular document by the Defense Department on how they would spend the 3 percent in the ensuing year 1980, all on material, literally, fuel, currency, purchased utilities, right down the line, to be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1980 BUDGET AMENDMENT PRIORITY LIST

[Dollar amounts in millions]

		Fiscal year 1980		
Priority	Item	Costs	Cumulative costs	Description
1	Fuel	$888.5	$888.5	The President's budget reflects consumption of approximately 170 million barrels of fuel at a cost $19.30 per barrel. The 888.5 million increment reflects an increase of $0.12 cents a gallon or a total cost of $24.50 per barrel, a 27-percent increase over the budgeted costs. This estimate takes into account the recent OPEC price increases and the phased decontrol policy now in effect. The major share of DOD fuel consumption is related to the operation of aircraft ships and Army combat vehicles. Total consumption of slightly over 170 million barrels per year is significantly less than was used prior to the 1974 embargo. For example in 1974, DOD consumed 193 million barrels of fuel. The reduction in consumption is primarily a reflection of conservation efforts in DOD since 1974. Because of this history it is unlikely that further significant reductions in consumption can be achieved without heavy impact on the activity levels and thus the readiness of the operating forces, both active and reserve.
2	Currency	470.0	1,358.5	The Department's fiscal year 1980 budget request assumed that foreign currency exchange rates in effect in November of 1978 would improve (U.S. dollar versus foreign currencies) by 10 percent. Based on the estimate it was assumed that the $500 million provided by the Congress in fiscal year 1979 would be sufficient to cover currency requirement through fiscal year 1980 at the currency rates used in the fiscal year 1979 budget (November 1977). The anticipated improvement has not taken place nor does it appear likely to occur at any time in the near future. As a result it now appears that most of the $500 million will be required in fiscal year 1979. Based on exchange rates in effect on Aug. 1, 1979 an additional $470 million will be required to finance that part of the department's operating program which must be paid for in foreign currencies.
3	Supply costs (2 percent)	68.0	1,426.5	Under our price stabilization policy, the stock fund managers adjust prices each Oct. 1 to reflect the latest contract experience plus the surcharge prescribed in the budget. Review of contract experience to date indicates that the actual fiscal year 1979 prices paid by the stock fund to commercial vendors are at least 2 percent higher than anticipated and will result in increased stock fund prices to O.M. customers when the stock fund catalog prices are increased this fall.
4	Purchased utilities	113.3	1,539.8	In addition to the POL purchased directly by the departments, an additional $1.3 billion of O.M. costs are related to the purchase of utilities. Purchased utility costs will also be significantly affected by fuel costs which appear to be up about 30 percent. Since these funds are spent at many different locations complete data are not yet available as to how much utilities costs are increasing nor have we experienced all of the increase. However, as a minimum it would be prudent to provide funds for a 15-percent increase over the fiscal year 1980 budget or $113.3 million. There have already been some examples of increases of that magnitude. Except for energy conservation measures already reflected in the estimates, utilities are essentially fixed costs and must be financed at the expense of reducing costs in controllable areas such as real property maintenance, transportation, logistical support and force levels. Such actions erode readiness and increase backlogs frequently pushing funding problems forward for later resolution.
5	Household goods	175.0	1,714.8	Rates charged by commercial carriers for transportation of household goods are regulated by the interstate Commerce Commission (ICC). Rate change requests are considered on a semiannual basis. Since the fiscal year 1980 budget for the military personnel appropriations is based on fall 1978 prices, rate increases effective in May 1979, November 1979, and May 1980 are not provided for in the budget. In addition the ICC in July 1979 approved an automatic passthrough by carriers of increased fuel costs. These rate increases are expected to total $195 million in fiscal year 1980. Absorption of increases of this magnitude would require extreme measures which would hamper our ability to effectively manage the force and have significant negative impact on morale. Needed relocation of personnel to match skill requirements would be curtailed, reducing force effectiveness and combat readiness. Involuntary extensions of overseas tours would create personal hardships and could be expected to create serious retention problems affecting our ability to meet all-volunteer force strength objectives.
6	Recruiting	51.9	1,766.7	Active Army military strength for fiscal year 1979 will be 10,000 to 13,000 lower than the 774,000 authorized by the Congress due to recruiting shortfall. The Army will have to recruit 25 percent more active component soldiers in fiscal year 1980 to recover the fiscal year 1979 shortfall and man the force. 1st quarter fiscal year 1980 accession requirements are double 1st quarter fiscal year 1979 while the mental category and educational levels of accessions are declining. The number of eligible enlistees and the propensity to enlist are declining. Competition from colleges, industry, HEW, etc. is keen. If active Army recruiting fails in fiscal year 1980. AVF will not recover for 2 or more years. The fiscal year 1980 recruiting budget is lower than fiscal year 1979 in constant dollars ($254.3 million in fiscal year 1979 versus $238.4 million in fiscal year 1980). The budget amendment would provide resources at a level more nearly comparable but still less than the successful recruiting years of 1974 and 1975 (in constant dollars). Additional resources would provide for intensified recruiting through expansion of the recruiter and recruiter aide workforce and directly involve Active Force units in the recruiting effort. Additional resources would provide essential support for the expansion of existing programs and initiatives such as advertising product improvements and material to support recruiting and the AFEES. Updated strength projections and revisions in the 1st term versus career force ratios require additional bonus funds. Current projections indicate that 7 military occupational specialities (MOS) will fall short in their reenlistments. An additional $11.6 million should produce about 3,800 reenlistments and prevent recruiting requirements from increasing by approximately 5,100.

FISCAL YEAR 1980 AMENDMENT PRIORITY LIST—Continued

[Dollar amounts in millions]

Priority	Item	Fiscal year 1980 Costs	Fiscal year 1980 Cumulative costs	Description
7	Other purchases	$488.6	$2,255.3	All the services are experiencing higher than budgeted inflation rates in the category of purchased services. The impact is across-the-board but particularly severe in such areas as custodial services (10–20 percent), KP contracts (12 percent), air defense contracts (9–12 percent), ADP support (15 percent), real property maintenance (10–15 percent), and overseas contractual operations where inflation rates are running 16 percent in Spain, 10 percent in the United Kingdom, and 12 percent in Italy. This adjustment represents a 5 percent increase over the amounts included in the fiscal year 1980 budget which is slightly higher than recent OMB guidelines that project a further increase of 3 percent for fiscal year 1980 over the rates budgeted. The differential is due to the particular experience of the Department as partially indicated above. Without augmentation of resources, program deferral will be effected by reducing mission support programs, real property and depot maintenance, transportation movements including ammunition, equipment repair and unit training. The effect will be reduced readiness and shortened periods of sustainability for all of the forces.
8	Overseas station allowances	20.3	2,275.6	The fiscal year 1980 President's budget for housing (HA) and cost-of-living (COLA) allowances were based on November 1977 exchange rate. A major share of the difference between the November 1977 rates and the actual rates paid is funded from the foreign currency fluctuation, defense appropriation. The balance of the change between budgeted rates and paid rates not attributed to currency fluctuation is unfunded. In addition, certain areas are experiencing an increase in the number of people drawing allowances and the average rate paid over that contained in the budget. As a result, an unfunded requirement of $20.3 million exists for HA/COLA payments.
9	Industrial fund purchases (excluding POL)	227.2	2,502.8	Price growth experienced by industrial fund managers has exceeded indices incorporated in customer billing rates reflected in the President's budget. It is estimated that the cumulative effect of both fiscal year 1979 experience and current increases projected for fiscal year 1980 will be to increase the cost of industrial fund purchases by 3 percent of $227.2 million over funds requested in customer programs. Minor pricing changes would be accommodated by drawing down cash in the industrial funds under our policy of rate stabilization. However, such action would draw down the cash position of the industrial fund to a level which would inhibit operations and not allow the industrial fund manager to meet operating costs.
10	Depot maintenance (contract)	197.5	2,700.3	Recent bid openings indicate that an additional $100 million will be required to cover ship overhaul contractual costs in fiscal year 1980, if current experience continues. Significantly higher prices began to appear in the ship maintenance program in February 1979. West coast contracts have been running about 7 percent higher than anticipated, while East coast work has ranged from 3 to 13 percent higher than reflected in the fiscal year 1980 budget. Without additional funding ship overhauls will have to be deferred from the fiscal year 1980 overhaul program. Similar inflationary price increases are impacting the services aircraft depot maintenance programs. This request includes $68.0 million for Air Force depot level aircraft maintenance, $11.8 million for Navy aircraft reworks, $7.2 million for Army increased aircraft maintenance costs and a total of $10.5 million for Reserve and Air Guard aircraft maintenance. The impact of these increasing costs and the necessity to reprogram fiscal year 1979 funds to cover other cost increases will increase the already too large backlog of aircraft maintenance and result in a degradation of readiness.

Mr. HOLLINGS. Mr. President, none of that is strategic. All that is readiness.

When we see the announcement, and discussion of this, by the Washington Post, and the media, that there is visions of sugar plums, and unjust enrichment. "They're just grabbing figures. The Pentagon would not know where to spend it."

Let us look, Mr. President, at the 5-year defense plan of the Secretary of Defense. The Secretary of Defense in that 5-year plan laid out three alternative figures, the minimal figure of 2 percent, the 5 percent middle figure of what he really needed, and what he would like to have of 7 percent. Those are the figures I wanted to bring before the U.S. Senate this morning. I made my request. Hopefully I am still looking. I do not have them because, under the rules, in the executive branch they go to the OMB and are not released to the Congress.

We were moving for less than 1 percent, until we spread the alert, the alarm, and put them on notice about this payment.

Now we have them back up to 3 percent, but only for 1 year.

But in that, the Pentagon says they need that 5 percent. If we play with that figure, we will find out immediately, our add-on of $40 billion is for real.

The distinguished Senator from Georgia, the Senator from Washington, they will have charts and many things to illustrate. But we can add up immediately several billions.

A man-penetrating bomber for $1 billion. We have to start with the cheaper version, at $47 million, or $57 million for the real need, the B–1, beginning now.

The C^3 modernization for improvements to command and control, and that is to give the early warning system the distinguished Senator from Oregon, who opposes SALT II, now wants in the morning Post to go to a submarine.

We do not have communications. We do not have the extremely low frequency communications system. The aircraft, and all those. We talk like we have them. That would add another $1.5 billion.

Armor and air defense, $1 billion. They need fighting vehicles in NATO, XMI tanks, ammunition carriers, POL carriers. Tactical aircraft and Navy vessels.

Mr. President, we have as a need just to stay even of 180 aircraft a year. They crash 100 of them. Just to stay even. We are only providing 39 now. Now, to stay even we need 180. And they ask us about our defenses. We need 50 in the Air Force, F–15's, F–16's. And if we went ahead with the Grumman fighters, the F–14's, we are producing now three a month, they tell me if that were increased we would save $1.5 million per copy, on each one of those planes.

So we can see we have a saving there of $15 million just by moving it up. What we need and need now.

Airlift and sealift, 20 KC 10's, and four transport ships. We need attack subs. The Soviets have 277. We only have 78. The Soviet is building four nuclear and four electric diesels for a total of eight a year. We are building one.

Now, we have two places of production. The Electric Boat in Connecticut and we have Newport News. We have to reduce, one or the other, and the unemployment comes back, because we will only build one. The Secretary of the Navy says he needs three to five a year.

These are, mind, not strategic, not SALT II items.

I particularly emphasize that one on surface ships, 12 combat and support. On Aegis destroyers. ST–7's, frigates, we need four. The Pentagon asked for 3 LSD–41's. We are trying to get a strike force out in the Middle East now and develop it. We need more oilers. We are behind in preparing our submarines and surface ships to carry the long-range cruise missiles after 1982. And if we adopt the protocol, it should be extended. We have to prepare for that. That is $1 billion, now.

I am going to yield to the distinguished Senator from Georgia to elaborate on that.

I ask unanimous consent that the entire list be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

I. Man-penetrating Bomber—$1 Billion: B–1 or cheaper derivative with fixed wing, Cheaper=$47 million, B–1=$57 million a copy—need 200.

II. C^3 Modernization—improvements to command and control:

A. Give early warning systems—a series of fixes so that our communications can't be jammed;

B. TACOMO aircraft—communicate with a submarine; and

C. ELF—Extra low frequency communications system—$1.5 billion.

III. Armor and Air Defense (1000 additional vehicles)—$1 billion:

A. IFV—Infantry Fighting Vehicles;

B. XMI Tanks;

C. Ammunition carriers; and

D. POL (Petroleum) carriers.

IV. Tactical Aircraft—$2 billion:

A. 50 Air Force—F–15s, F–16s and A–10s;

B. Navy—lose 100 a year—F–14s, F–18s and A–7s. Present Defense budget—39 planes. F–14s, 3 a month; if increased to 4 a month, save $1.5 million per aircraft; and

C. Need 180 normal replacement.

V. Airlift and Sealift—20 KC 10s and 4 Transport ships—$1.2 billion:

Need four more container ships;

Attack subs—2 SSNs—$1 billion, could spend $2 billion—USSR has 277; US has 78. For 199 advantage, the USSR is building 4 diesel-electric a year and 4 nuclear, or 8. The US is building one. Secretary Claytor says 3–5 a year to protect sea lanes and protect nuclear deterrents. Instead, we are laying off workers at Newport News and Electric Boat.

VI. Surface Ships—need 12 combat and support—$4.8 billion:

A. Need 22 Aegis destroyers. Now have none. Can build four a year. Can build at Quincy and Pascagoula—closing Quincy down;

B. ST7s Frigates—we need 4;

C. LSD 41s—Landing amphibious assault ships—need 3—cost $1 billion;

D. More AOs—oilers. All knocked out of Navy submission; and

E. Preparing submarines and surface ships to carry long-range Cruise missiles as soon as it be legal under SALT II (1/82)—cost $1 billion between now and then.

VII. War Reserves—General Purpose Forces—$5 billion: Ammunition Stocks—can't fight 1½ wars=60 to 90 days. In some cases, only a week's ammunition.

Mr. HOLLINGS. Mr. President, simply stated, it does not mention strategic.

Mr. President, I ask unanimous consent to have printed in the RECORD the Economist's list and the one from Defense Assistant Secretary Pierre.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

What 5 Percent Extra Could Buy

The first round of the American senate's debate on the Salt-2 treaty with Russia has linked its ratification, probably inextricably, to a substantial increase in American defence spending. Mr. Kissinger, the star witness testifying to the senate committees, and Senator Sam Nunn, one of the key senators, have both said they cannot support Salt-2 without more money for defence.

Public discussion shifted almost immediately from the substance of the Salt treaty to the defence budget; indeed, much of the press comment over-emphasized the idea of a money-for-Salt deal. But in spite of this deflection from the central issue—which, with any luck, will get a better airing during the second round of senate hearings, which opened on Thursday, than it did during the first one—the call for a bigger defence budget as part of a Salt package has a lot going for it. The senate hearings have shown conclusively that American nuclear superiority is disappearing fast, and have convinced all but the ostriches that Russian power, both nuclear and conventional, will make the early 1980s a dangerous time for the west, Salt or no Salt, unless something is done about it soon. This is a problem that money can solve.

Several figures have been talked about. Mr. Kissinger wants defence to get about 5 percent a year more in real terms (after allowing for inflation) than it has been getting in the current 1978–79 fiscal year; he is apparently willing to support a move to bury Salt-2 back in committee until he gets it. Senator Nunn wants 4–5 percent a year. President Carter will offer 3 percent.

A 3 percent increase was what Mr. Carter originally proposed for the whole of Nato, and the American part of it was supposed to have been implemented by his 1979–80 budget, which he submitted in January. But the allowance for inflation built into the administration's calculations was unreasonably low—the critics say purposely—so that the real increase in 1979–80 will fall well below 3 percent. The president is now proposing a supplemental request to put this right. (But it will almost certainly not be put right: Mr. Carter's new defence budget for 1979–80, around $125 billion, is based on an assumed inflation of approximately 8.3 percent: lower than is likely).

IT WILL WORK, FAST

Two arguments have been heard against a bigger-than-3 percent increase in the budget: that the extra money will not work through the pipeline in time to prevent a serious gap opening up in the west's defences in the early 1980s; and that a sudden increase cannot be spent efficiently. Both are wrong.

A genuine 3 percent increase would bring the defence budget up to something like $126 billion; a 5 percent rise to about $128.5 billion. Spending that extra $2.5 billion in 1980, and keeping the 5 percent increase going for several years afterwards, would be child's play, could have an early effect, and should actually increase efficiency (by cutting the unit cost of some items of equipment). Here is a selection of ways in which extra money could improve the west's defences:

1. Speeding up the new MX mobile ballistic missile by one year. Cost: $2.2 billion; $800m of it in 1980. The MX missile would then be available in 1985 instead of 1986, giving the United States an extra year of security against a Soviet surprise attack.

2. Reopening the Minuteman–3 production line in order to replace 370 Minuteman–2s with the new model (all that is permitted by Salt–2). This would cost around $500m to start production again, plus about $10m per missile. The result would be greater accuracy and hence more counter-silo striking power for America's land-based missile force. The first new missiles would be available in early 1981.

3. Providing a "multiple aim point" system—several holes per missile—for half of the Minuteman force, so that the Russians would not know which hole the missile was in. Cost: about $10 billion. Missiles could be dropped into the first of the new holes in early 1982; as soon as they were, the possibility of Russia being able to launch an obliterating first strike would begin to dissolve.

4. Resurrecting the B–1 bomber, either as it was or in a cheaper version without swing-wings. The new aircraft could be available in the early 1980s. Since much of the huge development cost has already been paid, the price could work out to only around $50m a bomber at today's prices. President Carter originally cancelled the B–1 in the hope that Russia would make a matching gesture, which it did not. Bringing the B–1 back would not only strengthen the American forces: it would also be a signal that the United States had stopped being naive.

5. Getting some submarines and surface ships ready to carry long-range cruise missiles as soon as it will be legal under Salt–2 to do so, in January, 1982. Cost: about $1 billion between now and then.

6. Letting the American navy have more aircraft. The navy needs 180 combat aircraft a year for normal replacement and modernisation (the present defense budget asks for only 39 for 1979–80). The cost would be roughly $10m per aircraft. This is one place where higher production saves money. Grumman, for example, now makes three F–14 Tomcats a month; increasing this to four would save about $1.5m per aircraft.

7. Increasing stocks of things that would be needed in war, particularly ammunition. The United States needs 90 days' worth of stocks to meet Nato requirements; it has less than 30 days' worth, and is down to a fraction of that in some vital things. It will take some $20 billion to put this right; the money could all be spent within three years.

[From the Aerospace Daily, Sept. 12, 1979]

Army's Pierre Sees Stretchouts as Solution to Procurement Crunch

Percy A. Pierre, Army assistant secretary for research, development and acquisition, warned last night that the service will have to consider stretching some major systems and killing others as a way out of its procurement crunch in the new budget.

Pierre did not name the systems that were in jeopardy, but he made it clear in a speech prepared for an Army-organized briefing for industry at the Redstone Arsenal, Ala., that the prime fiscal year 1981 targets will be the ten major systems scheduled for production decisions within the next year.

"Within the next calendar year," Pierre told the industry audience, "production decisions are scheduled for ten more of the 14 Army Congressional Selected Acquisition Report (SAR) systems" and by the mid-1980s all 14 will have met their initial operational capability requirement.

The 14 systems in the March 31 SAR (Daily, Aug. 16) include 12 in development—Patriot air defense missile, Pershing II battlefield missile, Hellfire anti-tank missile, modernized CH–47 helicopter, AH–64 Advanced Attack Helicopter, SOTAS radar, FVS fighting vehicle, XM–1 tank, Roland air defense missile, Copperhead guided projectile, DIVAD air defense gun, and GSRS rocket. Two other systems in the most recent SAR were listed as in the procurement category—UH–60A Blackhawk helicopter and M–198 howitzer.

BOW-WAVE MONEY: "AN EVER-INTENSIFYING REALITY"

Pierre said that while the Army and industry "have every reason to be tremendously proud" of having so many systems up for production decisions, ". . . I would be less than honest if I did not say at the same time that the transition of such a large number of systems into procurement presents major challenges.

"From now through the mid-1980s the 'bow wave' of required funds we have heard so much about throughout the 1970s becomes an ever-intensifying reality with which the Army must cope."

Whereas the Army was compressing development schedules two years ago to get systems such as Patriot, the Division Air Defense Gun and the General Support Rocket System into the field earlier, Pierre said, the reverse trend may become necessary.

"In an era where major systems, some requiring as much as a half billion dollars a year, are competing for procurement dollars, it may be necessary to stretch procurement programs," Pierre said.

Some stretchouts, he said, will occur naturally because systems may not be ready for production while others "will be dictated by money."

He acknowledged that this would frustrate the Army's objectives in recent years to get equipment in the hands of troops more rapidly as well as raising program costs.

"Nevertheless," he continued, deliberations over the FY 1981 budget, now going on, indicate clearly that program stretchouts must be considered as we fight to procure new capabilities within scarce resource dollars. We need to carefully trade off such alternatives. Certainly, some programs should be killed. In doing so, we must weigh operational need plus sound business judgments."

Pierre appealed to industry to minimize the need for stretchouts through "aggressive cost control programs while providing alternative economic buy rates."

He said it was no longer true that a U.S. technological advantage in ground weaponry made up for a quantitative edge enjoyed by the Warsaw Pact. The new systems coming into the U.S. inventory in the mid 1980s, he continued, will do little more than bring the nation into a position of "technological equivalence" but won't redress the quantitative disparity.

Pierre said that the late 1980s and early 1990s will of necessity be years of product improvement. With the Army having introduced at great expense tanks, aircraft, air defense weapons, fighting vehicles, field artillery, communications and intelligence systems "it is inconceivable that we could immediately embark on new R&D programs for replacement systems," he added.

Exceptions to this approach, he continued, may be situations where an entirely new combat capability is required, such as Assault Breaker, a number of systems working together to attack second echelon targets.

Another exception may be the availability of a new technology, such as the air launched cruise missile, he said.

A third exception, he added, may be one in which a system has been improved to its practical limit, dictating a need for a newer version. He suggested this may be true of the TOW anti-tank missile system, which the Army is now improving.

Pierre delivered his address at an Advanced Planning Briefing for Industry, organized at Redstone Arsenal by the Army Missile Command. The classified, two-session briefing (Sept. 11 and 12, and Sept. 13 and 14—the last session a repeat), includes a run-down of long-range Army missile requirements and funding plans for the next several fiscal years, according to the American Defense Preparedness Assn.

F100 ENGINE DERIVATIVE EFFORT GETS TENTATIVE REPROGRAMMING APPROVAL

The House Armed Services Committee yesterday tentatively approved an Air Force request for authority to reprogram $1.9 million for initiation of its Pratt & Whitney F100 engine model derivative program (EMDP), for F–15 and F–16 aircraft, in FY 1979.

The request has already been approved by two of the other three congressional panels which must give a go-ahead to reprogrammings—Senate Armed Services and Senate Appropriations defense subcommittee. The other unit, the House Appropriations defense subcommittee, is expected to approve it soon.

Testifying for the request, Brig. Gen. Tommy Bell, director of development and programming in the Office of the Deputy Chief of Staff for Research and Development, stressed that while the F100 "has serious durability, reliability and operating problems," it is essentially "a good performing engine," the Air Force has "a tremendous investment" in it, and in any case "it is going to be in many F–15s and F–16s—regardless."

Bell also emphasized that the Pentagon, following direction by Congress last year, is pursuing a competitive engine study program including the General Electric F101X, employing the core of the F101 powerplant for the B–1 bomber. Also, he noted, it is proceeding with a Component Improvement Program (CIP) devoted to making the fixes required on the existing F100s.

The F100 derivative, he testified, "offers great improvement in cost-effectiveness." Development of a derivative would require a successful F100 CIP.

Committee member Samuel S. Stratton (D-N.Y.) said heatedly that he believed "we ought to stop kidding around about the unreliable engine we have" and replace it with the GE engine "rather than try to come up with a second cousin to the bad one."

(Mr. SARBANES assumed the chair.)

Mr. HOLLINGS. Mr. President, the Army Assistant Secretary, Pierre, last week, Wednesday, said:

> For research, development and acquisition, the service will have to consider stretching some major systems and killing others as a way out of its procurement crunch in the new budget.

Last week, when the news media was wondering about how to spend money, the Assistant Secretary of the Army was talking about cuts:

> Within the next calendar year, production decisions are scheduled for 10 more of the 14 Army Congressional Selected Acquisition Report systems.

He said they are going to have to be pared back.

> From now through the mid-1980's the "bow wave" of required funds we have heard so much about throughout the 1970's becomes an ever-intensifying reality with which the Army must cope.

The Army has been compensating development schedules. We started 2 years ago to get systems such as Patriot and others he lists.

Now we will have to cut back. Now we will have to reverse the trend. Now we will have to stretch out.

So there they are, canceling not the percentage the Senator from South Carolina would dream up, or anyone else's, but talking about very tangible cuts.

Mr. President, rather than going into the discussion of the threat that confronts us, in the slumber we enjoy, I will yield at this point, so that I can reserve some time for our distinguished colleagues who have worked hard on this measure.

I yield to the Senator from Washington.

CLOSING THE GAP

Mr. JACKSON. Mr. President, it is with enthusiasm that I support the amendment of the Senator from South Carolina in which I am joined as a cosponsor. No decision that this Senate can make is more fateful than the decision to provide for an adequate national defense; and the amendment of my good friend the Senator from South Carolina is a first step in the direction of mere adequacy.

Mr. President, even as I speak, I know full well that we face an uphill battle in persuading our colleagues to support this amendment. Without the full and vigorous support of the President, it is almost impossible for the legislature, by itself, to bring about any significant increase in the resources devoted to national defense. I regret the failure of the President to exert strong leadership in this area. We will do the best we can as Senators. But we are under no illusions about the difficulty of adopting an amendment such as this without support from the Commander in Chief.

The unhappy fact is that for more than a decade the Soviet Union has been investing substantially more than the United States in arming, equipping, training and maintaining its military forces, strategic, tactical-nuclear, and conventional. In some areas—strategic forces, for example—the Soviets are now spending more than twice the amount invested by the United States in the development and acquisition of new weapons. On the military overall, the Soviets are spending half-again as much as the United States, a ratio that is increasingly dangerous and that has its roots in the years following the first effort to achieve a stabilization through arms control—the SALT agreements of 1972.

For several years now, it has been common for officials of the Government to argue that while the current state of our defenses is adequate, the future, based on clear trends, is a cause for serious concern. One hears that said today just as it was said nearly a decade ago by the men who then occupied the senior national security posts—the President, the Secretary of Defense and the Secretary of State. One can only note that the future spoken of a decade ago must surely be now. The trends that caused concern a decade ago are now reflected in the current situation; and it is a situation that can only be described as a great and growing security gap.

We are here today in support of this amendment because it is the absolute rock bottom minimum needed to make a start—and only a start—on a program to respond to the challenge of a decade of Soviet military enhancement. The modest increment to the fiscal year 1980 defense budget proposed would restore the President's submitted budget in the face of corrosive inflation, especially with respect to fuel costs. The result of adoption of the amendment will be, for fiscal year 1980, merely to honor the solemn pledge made to ourselves and to our allies to provide for 3-percent growth in the defense budget.

In subsequent years we will have to do much more—unless we are prepared to see the gap widen, to see our situation worsen, to see our capacity for national defense fall further below the standard of mere adequacy. The simple but alarming fact is that without a minimum of 5 percent real growth over the next several years we will fall woefully short of meeting the minimal policy objectives of, first, preventing further erosion of our strategic position and second, maintaining a capacity to resist an attack upon NATO. It is far from clear that we can accomplish either of these modest goals even with 5 percent real growth. But it is clear that we will fail utterly without it.

There is nothing magic about the number five. There is nothing arbitrary about it. It is a beginning, not an end. Five percent real growth is the lowest level of defense budgeting in the out years that is consistent with an effort to close the gap that years of underinvestment have allowed to develop.

This is not the place to discuss the detailed disposition of funds for national defense. There will be ample opportunity during the process of authorization and appropriation to do that. But it is useful to comment in general about the nature of the gap that has developed so that

Senators might judge the magnitude of the problem we face. In conventional weapons, for example, the situation is very serious: The Soviets lead us in tanks by 5 to 1, in artillery pieces by 2.3 to 1, in attack submarines by 3.5 to 1, in ground forces divisions by 10 to 1, in medium bombers by 11 to 1, and in air defense missile systems by 278 to 1.

Mr. President, we now know that sometime in the next year or two our land-based strategic missile force will be vulnerable to a preemptive attack from the significantly larger and more capable ICBM force now deployed by the Soviet Union. Our bomber force will continue to consist of B-52's, many of which are older than the men who pilot them. Our submarine strategic forces lack the combination of yield and accuracy necessary to strike hardened military targets; they are thus available only for a wildly improbable suicidal strike against the civilian population of the Soviet Union.

The picture is equally grim with respect to theater forces. We have always relied on our theater nuclear forces, along with our strategic deterrent, to offset the conventional disadvantage we have faced in vital regions of the world, particularly Europe and the Middle East. But the advantages on which we have long depended are gone—swallowed up in the gap we have permitted to develop.

With respect to the theater nuclear and conventional balances, there are serious deficiencies everywhere one looks—from ammunition to the vehicles that carry it, from artillery tubes to precision guided munitions, from tactical aircraft with all-weather capability to command, control and communications, from naval combatants to sealift and airlift.

In the time it would take the United States to deploy a single armored division in the Persian Gulf, the Soviet Union could deploy 10 such divisions and the Iraqis 4. Yet the Gulf is the source of the vital energy supplies on which our economic survival depends. While the Soviet Navy has been growing, ours has been shrinking. Next year's budget could contain funding for as few as six ships and a contract tug—while the closure of shipyards for lack of work is imminent.

Mr. President, the state of our defenses, and especially the projections of our preparedness in the immediate future, has reached crisis proportions. Years of hyperbole about waste and overspending on defense have obscured the real trends—trends that are now culminating in a dangerous American military inferiority. However much we may dislike the idea that the force of arms could become the final arbiter of the fate of our allies in the near term and our country itself in the end, it is a reality we must face. This amendment is one small but essential step in facing it.

For too long we have hoped that an effort to cultivate relationship of détente with the Soviet Union would lead to a moderation of the Soviet effort to acquire military superiority. We have relied far too heavily on negotiations for arms control that have failed to contain the Soviet military buildup. The evidence is overwhelming that the Soviets are pursuing a strategy of negotiations to allay our apprehensions coupled with military investment to widen the margin of their advantage.

Mr. President, a growing Soviet military advantage will mean an increasingly aggressive Soviet international policy. As their strength increases, their willingness to challenge Western interests will increase as well—and they will be able to pursue an aggressive policy without taking undue risks. It is often said of the Soviet leadership that it is conservative, that it has shown great reluctance to take risks. It is precisely for this reason that Western strength is required—to assure that the Soviets cannot mount adventures against us without facing serious hazards. If we have areas of weakness, we will pose no hazard to Soviet adventure in those areas. If we are weak globally, we will pose no risk to the Soviets.

The principal thrust of an increasingly powerful Soviet Union is not directly, but only indirectly, military. It is essentially political, backed up by military power. For, in the face of overwhelming military strength, few nations will resist Soviet demands that they base their national foreign policies on the desires of the Kremlin.

Without the minimal expression of resolve entailed in this amendment, without the minimal step toward narrowing—for it will not close—the gap between us, we will have no choice but to continue to acquiesce in agreements that consolidate the Soviet Union's growing military advantage while we see our capacity for self-defense decline beyond repair.

Mr. President, I hope the Senate this afternoon will send the correct signal, that we intend to meet our national security requirements by providing for an adequate defense, both for our conventional and for our strategic forces.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. PACKWOOD. Mr. President, will the Senator from Oklahoma yield me time on the bill?

Mr. BELLMON. Mr. President, it is my understanding that I have 5 hours on the bill, and I yield the Senator from Oregon such time as he desires.

Mr. PACKWOOD. I thank the Senator. Mr. President, I have not come to my support of this amendment from experience on the Armed Services Committee. I never have served on it. Nor do I come to it because I represent a State that happens to have overwhelming defense spending. Oregon is last in terms of the amount of money spent in that State on defense. In some respects, that is a blessing, because we are not subject to the cyclical ups and downs of defense spending.

I have come at this from a budgetary standpoint, having joined the Budget Committee this year and having had the advantage of a very extraordinary budget staff who prepared information for me. Based upon some of the information they gave me, I was able to ask questions of the Library of Congress to flush out that information.

I start with a chart—which the pages are passing out now—which reveals the budget outlays in constant dollars for the last quarter of a century. I asked that this be prepared in constant 1955 dollars.

In that year, our total Federal budget was approximately $68 billion. The military was approximately $40 billion of that, human resources about $14.5 billion, and the remainder was interest and others, such as highways, public works projects, about $9.3 billion. But in terms of percentages in 1955, our military budget was roughly 58 percent of our budget, and human resources was 21 percent.

Twenty-five years later, 1980, in terms of constant 1955 dollars, the Federal budget is $183.5 billion, military spending is $43 billion, and human resources is $98 billion.

To capsulize those 25 years, in 1955 the military budget was $40 billion, in 1955 dollars. Today, in 1955 dollars, it is $43 billion. The human resources budget in 1955 was $14.5 billion. Today, in 1955 dollars, it is $98 billion.

So let us lay to rest the shibboleth that we have been chipping away at human resource spending on behalf of defense spending for the last quarter of a century. We have not. The tremendous increase we have seen in the Federal budget has been in the field of human resources.

Next, I move to the portion of the budget that we spend for defense, versus that the Soviet Union spends, and what portion of our gross national product it is. Here I will cite a variety of sources; but, principally, most of my sources are Secretary of Defense Harold Brown's Department of Defense annual report for fiscal year 1980.

The Soviet Union spends between 10 and 11 percent of its gross national product on defense and has rather consistently over the years. Ours has declined until it is now less than 5 percent and it is at its lowest mark since 1940.

However, percentages of gross national product can be deceiving because if a country has an insignificant gross national product, it does not really matter that it spends 20 or 30 or 40 or 50 percent of its budget on military affairs. The more important part is how much absolutely does it spend and in what direction does it go?

Let me quote first the direction of the trends of the United States versus U.S.S.R. defense expenditures:

> In the early part of the decade (1968–1978) the wind-down of Vietnam activities caused U.S. expenditures to begin from a high base and decline into the early 70's, after which they are fairly stable. Soviet activities, in dollar terms, rise throughout the decade, from a level well below U.S. activities in 1968, through a crossing in 1971, to a steady divergence from the U.S. figures through the latter part of the decade.

That is from the Rand Corp. report.

The CIA estimates exactly the same thing, and the Secretary of Defense estimates the same thing only he phrases it slightly differently. He says:

> The Soviets expanded their effort as ours grew in the 1960's. But theirs continued to expand as ours began to decline.

That is a very telling statement for those who say if we will scale down our military expenditures voluntarily the Soviets will scale down their military expenditures voluntarily. The facts belie that conclusion because from 1962 onward, from the Cuban missile showdown onward, Soviet military expenditures have increased roughly 3 to 5 percent in terms of real terms every year. Ours have declined until now, as I have said, they are precipitously low and at the lowest point in terms of relation to our gross national product of any time since 1940.

Most importantly, however, is not just the trend, it is the actual expenditures. I am quoting now again from Secretary of Defense Brown's annual Defense Department report 1980:

> Its (Soviet Union) annual rate of increase has averaged more than three (3) percent measured by what it would cost the U.S. to duplicate that effort in our economy, and between four and five measured in rubles. By how much the present effort now exceeds our own is less certain. It could be by as much as 45 percent, or as little as 25 percent.

My fellow Senators, that is how much more they spend in absolute dollars or rubles, translate the currencies either way you want.

The CIA in its report "A Dollar Cost Comparison of Soviet and U.S. Defense Activities," comes to the same conclusion:

> A ruble cost comparison shows Soviet defense activities in 1978 to be 25 percent larger than comparable U.S. activities, whereas a dollar cost comparison shows them to be about 45 percent higher.

What conclusion does Secretary of Defense Brown come to?

> Relative defense spending, annual or cumulative, is the best single crude measure of relative military capabilities, if efficiencies are not too different. And in military matters, Soviet and U.S. efficiencies are not as far apart as in the civilian sector.

Let me recapitulate. In terms of the gross national product they spend almost twice as much as we do on defense. In terms of the trends, while we have been cutting our defense spending, they have been increasing theirs. In terms of absolute amounts, they spend some place between 25 and 45 percent more than we do, and the trend is growing.

All of that, Mr. President, would not have been enough to bring me to the conclusion that I support had it not been for the opportunity to listen to a speech of the Senator from Georgia (Mr. NUNN) given on this floor on September 7, and I will quote his conclusions:

> 1. The military trends across the board are adverse to the United States.
>
> 2. The 5-year budget projections proposed by the Carter administration will not provide sufficient funding to enable our military forces to meet the obligations of the President's own national security policies.
>
> 3. The President's defense budgets for FY 1980 through FY 1984 would underfund the President's own 5-year defense plan by over $60 billion.
>
> 4. The President's current national security policies will not be met by 1985 under the current 5-year defense program—even if it is fully funded with a 3 percent additional real growth each year for the next five years.

Again I am quoting from Senator NUNN:

> These conclusions are not solely mine, nor those in Congress and the Nation who support a strong national defense. They are also the conclusions of the Department of Defense.

Mr. President, that is a damning statement. What Senator NUNN is saying is that the President's own policies for 1985, the defense needs that he projects for this country, that he projects are not going to be met by the budget he is asking for. I found that hard to believe as I listened to it. But I had the truth of it brought home forcibly to me last Thursday when the six of us who had signed the letter asking for the 3 percent and then the 5 percent and 5-percent increase were invited in the White House in the morning for a meeting with the President, Secretary Brown, National Security Adviser Brzezinski, Frank Moore, Vice President MONDALE. It was a blue ribbon, although not a large meeting. There was some gentle sparring back and forth at the start of the meeting. There was the effort by the President to say that no one had a greater concern for national defense than did he, and then Senator NUNN turned to Secretary Brown and said, "Mr. Secretary, isn't it true that by your own figures, your own figures, the military policy that you think necessary for the United States for the year 1985 will not be met by the funds that you are asking through the year 1985?"

And there was some hemming and hawing by Secretary Brown, but he finally acknowledged that that was a true statement.

Then Senator NUNN turned to the President and said:

> Mr. President, under those circumstances, you have one of two obligations. Either you should join us in asking for this 5 percent increase or you should go before the public and indicate that the United States is not prepared to meet even the defense commitments that you said need to be met and that we are going to withdraw and retrench from the obligations we say we are going to undertake.

There was a 3- or 4-second stillness, and the President responded by saying:

> Sam, look at our record. The cruise missile was not even on the drawing boards when the administration came in. We are deploying the MX,

And he cited some other figures, and then he said:

> The real downturn in military spending occurred in this country under the Nixon and Ford administrations.

And I am unhappy to say that is true.

But when the President said the real downturn occurred under the Republican administrations, Senator NUNN looked at the President and he said:

> Mr. President, if we go to war it is not going to be with the Republicans.

I realize now that this President is misleading this Nation on the issue of national defense. He does not intend to meet the commitments that he says we must make by 1985. We will not be able to meet them if we have a consistent 3-percent increase in real expenditures. We will not be able to meet them if we have a 5-percent increase after fiscal year 1980.

The President is not going to help. He is not going to come out in favor of either the 5-percent increase or say to this Nation we will not meet the commitments that I say we should meet.

So it falls to this Senate today on this budget issue to make this decision.

Are we prepared to fund the minimal defense requirements that the President of the United States says we must meet by the year 1985? I emphasize "minimal," because there are many who say that the President's goals are not adequate.

But that is not the issue here today. The question is, are we even going to meet his goals that he says we must meet and proposes the funding for? Because by this vote, which will occur very soon, we are going to say one of two things: "Yes, we think those goals should be met and we are prepared to make the increases in defense expenditures necessary to meet them," or, "No, those goals are not going to be met; we are not going to fund them"; and by saying that, we send a signal to Russia that no matter what we may say orally, we are withdrawing and retrenching on certain commitments that we pretend we are going to keep.

What we are really saying is a prayer—a prayer that hopefully a powerful Germany, a resurgent China, and perhaps a courageous and plucky Israel will defend our interests in Europe and Asia and the Middle East.

But mark my words, if we make that decision, what we are hoping for is that on every occasion those nations' interests and ours will be identical, because it is too much to expect that any nation is going to act adverse to its own interests for the sake of ours.

Mr. President, it is with some reluctance that I have come to the conclusion I have come to. I started out only budgetarily. I looked at the history of the spending, the projections of the spending, but most of all I realized that we can no longer depend upon this President to keep even the commitments that he says are necessary.

Mr. TOWER. Mr. President——

The PRESIDING OFFICER. Who yields time?

Mr. BELLMON. Mr. President, I yield the Senator from Texas 10 minutes on the bill.

The PRESIDING OFFICER. The Senator from Texas is recognized for 10 minutes.

Mr. MUSKIE. Mr. President, first may I inquire—I have no objection to using time on the bill if we run out of time on the amendment, but it seems to me it might be well to use the time on the amendment first, so that we may have some notion of when we are going to come to a conclusion. As I say, I have no objection to devoting to this issue as much time as possible, but I think we should use the time on the amendment, and then the time on the bill.

Mr. BELLMON. I would appreciate it if that could be done after we finish the opening statements.

Mr. MUSKIE. I am going to listen the rest of the afternoon before I speak.

Mr. TOWER. I am perfectly willing to let the Senator from Maine go ahead now.

Mr. MUSKIE. It is important to get the business done, and I certainly will not be reluctant to yield time on the bill when we have used up the time on the amendment. I would like to use up the time on the amendment first, and then use whatever time we need on the bill.

Mr. TOWER. Then will the Senator from South Carolina yield me 10 minutes on the amendment?

Mr. HOLLINGS. Yes.

Mr. BELLMON. Mr. President, it seems to me, very briefly, that this issue is going to require the time of the Senate. That is why I have been yielding time on the bill.

Mr. MUSKIE. What troubles me, Senator BELLMON, is that we have two other defense amendments pending. They cannot be offered until time on this amendment has expired, and it may well be in the interests of the Senate to get to those issues; but if we delay the expiration of time on the amendments, it could be 6 or 7 o'clock tonight before we get any vote on this bill.

So I think it is better to use the time on the amendment first, and then, if we need further time, to take it out of the time on the bill.

Mr. TOWER. Mr. President, I have 10 minutes on the amendment, and I am prepared to use it.

Mr. MUSKIE. All right. Fine.

Mr. TOWER. Mr. President, the SALT II debate has, I think, focused the Nation's awareness on the fact that our national defense budget is simply not adequate, not just in the area of strategic forces but in theater nuclear capacity and conventional capacity as well. The simple fact is that we have not been spending enough for defense. However, the President is not totally responsible, and I want to emphasize that. It seems to be popular these days to take potshots at Jimmy Carter, but let me say he pointed out to a group of us, quite properly, that over the last decade Congress had cut some $50 billion off defense.

I do not know of any defense budget recommendation that we have not cut over the past decade. So in fact it is the responsibility of Congress to make up for its own lack of vision, and what we propose here in the way of projections over the next 5 years will not make up for what has been cut from the Presidential recommendations of the last decade. It still falls short, and still will not cover all of the deficiencies in our defense capability.

Witness after witness has indicated that in order to redress the imbalance in our military posture and to reverse adverse trends vis-a-vis the Soviet Union, we simply must have a "real growth" in defense spending. The Joint Chiefs of Staff have testified that a real growth of 5 percent is required. Based on what we have heard in the SALT hearings and in the Senate Armed Services Committee hearings on the fiscal year 1980 defense budget request, it is clear that a minimum of 5-percent real growth in defense spending is imperative to begin to redress our force deficiencies and restore balance.

A recent assessment by the Joint Chiefs of Staff concluded that the programs contained in the President's own 5-year defense plan will require an additional $18 billion in real growth more than provided by his 3-percent commitment. The Joint Chiefs of Staff went on to conclude that, moreover, the programed forces contained in the President's plan were not sufficient to carry out national military objectives and strategy.

Our military experts have expressed a growing concern, in fact, an alarm, with the continuing adverse trends in the United States/Soviet military balance.

In short, Mr. President, by 1982 we will be No. 2. I do not believe there is one survey that has been taken in this country that indicates that Americans are comfortable with the idea of being second to the Soviet Union in military capability. As I have stated earlier, we are already second in theater nuclear and conventional terms. We have a rough equivalency in strategic terms. The Joint Chiefs of Staff have testified that we will lose that essential equivalency by the year 1982.

First, the United States and its NATO allies suffer an across-the-board imbalance relative to the Soviet Union and the Warsaw Pact in conventional forces. We are significantly outnumbered in personnel, tanks, artillery pieces, and tactical aircraft by ratios of 3 or 4 to 1—or more.

For the second year in a row, our Chief of Naval Operations testified before the Senate Armed Services Committee that the trend in United States/Soviet maritime force levels is not acceptable. While the Soviets are building larger, more and more sophisticated ships in greater numbers, the U.S. shipbuilding trend is toward fewer ships—with only 11 or 12 ships a year planned for fiscal years 1982–84. The trends based on the current 5-year shipbuilding program forecast an inevitable decline in the U.S. force levels in the mid-1980's, and according to Admiral Hayward, we will be in danger of losing "maritime superiority." It cannot be overemphasized that since the United States is an island nation with extended lines of communication to both our allies and our vital resources, U.S. maritime superiority is absolutely essential. "Maritime parity," or worse, "maritime inferiority," is without question totally unacceptable.

In the area of theater nuclear forces, the trend again is ominous. Our European allies are seriously concerned over the shift in balance in favor of the Soviets with their deployment of the SS–20 medium-range ballistic missile and the Backfire bomber. General Haig, former U.S. Commander in Chief, U.S. European Command and NATO Supreme Commander, testified before the Senate Armed Services Committee this year that the Soviets have now transformed Western superiority in theater nuclear forces into an almost 3-to-1 Soviet advantage. General Haig went on to indicate that it is increasingly urgent to remedy imbalances in our theater nuclear capabilities vis-a-vis the Soviets. In the recent SALT hearings, General Haig repeated his concerns.

Finally, we are all now familiar with the reality that the former U.S. position of strategic superiority has slowly eroded to what is now referred to as "essential equivalence," and that in the view of the Joint Chiefs, we will lose essential equivalence in the early 1980's as our ICBM's become vulnerable to a Soviet first strike.

The United States is inferior to the Soviet Union in conventional forces, the balance has recently swung in favor of the Soviet Union and the Warsaw Pact in theater nuclear forces, the United States will be inferior to the Soviet Union in strategic nuclear forces in the early 1980's, and the United States is in danger of losing maritime superiority to the Soviet Union in the mid-1980's.

This is a situation that we cannot tolerate, if we are to sustain our geographic and strategic goals over the next 20 years, indeed, if we are going to continue to be a real leadership force in the free world.

These imbalances and adverse trends in military posture are especially sobering in light of the fact that the Soviet Union is continuing to outspend the United States in defense spending by $50 billion a year in constant fiscal year 1980 dollars.

Senator PACKWOOD has given us some very enlightening information on this whole matter of relative spending for military purposes and nonmilitary purposes in this country, and for military purposes as far as the Soviet Union is concerned.

Now, the amendment proposed by the Senator from South Carolina, which is joined in by myself and many others, adds a total of $38.3 billion in budget authority for fiscal year 1980 through fiscal year 1982 above the second concurrent resolution. Of this increase, $20.8 billion is required simply to restore the President's 3-percent plan due to the impact of inflation and another $2.8 billion is required to restore Senate Budget Committee cuts. So, of the total $38.3 billion increase, only a net of $14.7 billion is "increased" real growth above the President's 3-percent plan.

This proposed amendment still allows the Senate's goal of "balancing the budget" by fiscal year 1981 to be achieved. With our amendment, there will be a surplus of $7.7 billion in fiscal year 1981. We will achieve our goal.

While this recommended defense budget would add approximately $120 billion to the President's 5-year defense plan for fiscal years 1980–84, only $50 billion (which equates to $40 billion in constant fiscal year 1980 dollars) is for "increased" real growth above the President's 3-percent plan. Around $70 billion of our increase is required simply to restore the President's commitment due to the impact of inflation—a consequence of the administration's unrealistic estimates of inflation in their January budget submission.

It is important to recognize that the recommended budget provides about $20 billion less for fiscal years 1980–84 than a budget which calls for 5-percent real growth beginning with fiscal year 1980.

The $40 billion in constant fiscal year 1980 dollars in increased real growth would only begin to address deficiencies in the area previously mentioned.

Let me be specific.

As previously mentioned, a recent assessment by the Joint Chiefs of Staff of the President's current 5-year defense plan (fiscal years 1980–84) concluded that—exclusive of inflation—the actual cost for the programs contained in the President's own 5-year plan will be $18 billion in constant fiscal year 1980 dollars more than currently budgeted. There is a $12 billion shortfall in readiness and support and a $6 billion shortfall in procurement. The point is that the President's own defense plan requires $18 billion more in real growth than provided by his 3-percent commitment.

This shortfall, if not alleviated by increasing real growth, will severely impact efforts to increase our state of readiness and address our deficiencies in the conventional forces area. Procurement programs for conventional forces which will experience a shortfall include the Army's XM–1 main battle tank, infantry fighting vehicle, and air defense systems for ground troops for the NATO theater.

TABLE 1.—*Procurement programs for conventional forces with shortfall in funding*

General Support Rocket System.
XM–1 Main Battle Tank.
Infantry Fighting Vehicle.
Advanced Attack Helicopter.
Division Air Defense Gun.
ROLAND Short-Range Air Defense Missile System.

Also, the shortfall includes some procurement funding for the Pershing II medium-range ballistic missile intended to help restore balance in theater nuclear forces.

Moreover, the Joint Chiefs of Staff assessment concluded that the programed forces in the 5-year defense plan will be incapable of carrying out approved national military objectives and strategy as set forth by the President. That is, additional funding is required above the President's 3-percent plan just to provide the forces necessary to support approved strategy—strategy which is now marginally adequate at best.

What is required, then, to begin to redress this imbalance between military strategy and forces?

In the area of naval forces, the Chief of Naval Operations has testified that a 5-year shipbuilding plan adequate simply to maintain a thin margin of maritime superiority would require 22 more new ships than contained in the President's 5-year shipbuilding plan—at a cost of an additional $8 billion in constant fiscal year 1980 dollars. Again, the requirement to maintain maritime superiority is beyond dispute—especially during a time period when we will have lost "essential equivalence" to the Soviet Union in strategic forces. This projected deficiency in the President's shipbuilding plan simply must be remedied.

Furthermore, there is a growing recognition of the need for increased conventional forces—Army, Navy, and Air Forces—above those provided in current Department of Defense consolidated guidance to protect our interests in the Persian Gulf area.

We are all now painfully aware of our dependence on this region for a significant part of our energy resources. It has become all too apparent that in a crisis, we simply must have the forces to protect our interests. It is especially crucial that we have the naval forces to protect the vital sea lines of communication for the flow of these energy resources to ourselves and to our allies.

Recent DOD planning estimates indicate that a Middle East/Indian Ocean/Persian Gulf presence would conservatively require a minimum of an additional $17 billion in constant fiscal year 1980 dollars for fiscal years 1981–84. I most regrettably conclude that, in all likelihood, the increase in defense we are proposing will not provide these forces.

Other conventional force deficiencies include unfunded tactical aircraft procurement consistent with previously presented service plans for maintaining force levels and modernizing forces, requiring an additional $7 billion in constant fiscal year 1980 dollars for fiscal years 1981–84 above that contained in the President's budget.

Some of the tactical aircraft affected are Blackhawk helicopters for the Army, the advanced F/A–18 fighter for the Navy, and the entire AV–8B V/STOL program for the Marines.

In the strategic area, the Secretary of Defense has testified in the SALT II hearings that a minimum of an additional $8 billion in constant fiscal year 1980 dollars will be required for fiscal years 1981–84 for strategic programs. This increase would simply allow fiscal year 1980 programs to be funded adequately in the out-years and would not accommodate major new initiatives, such as a new manned penetrating bomber or even an interim manned penetrating bomber such as the FB–111B.

The conservative requirements indicated—which are in no way exhaustive—would necessitate an increased real growth totaling about $60 billion in constant fiscal year 1980 dollars for fiscal years 1981–84. The budget recommended provides for only $40 billion. It is a minimal first step to begin to address these deficiencies, and it still is not enough.

These facts overwhelmingly convince me that we must increase our defense budget levels to guarantee our national security. The national security of our Nation cannot be compromised.

Moreover, it is critical that we improve our defense posture vis-a-vis the Soviets—and I think this is enormously important—in order to strengthen our negotiating position for any future SALT agreement. We simply cannot afford to negotiate from a position of vulnerability—which will inevitably be the case if we continue to exercise unilateral restraint. With or without a SALT treaty, we must improve our defense posture.

One of the great dangers of the present SALT treaty is that it may give the false impression that it restrains the Soviets and, hence, may dilute our national resolve to do what is necessary to improve our defense posture. We must never lose sight of the fundamental truth that the Soviets are striving for superiority and there is no evidence that, if SALT II is ratified, they will not continue that drive for superiority. That is their goal. To the extent they can use arms control to achieve it, they will do so.

I conclude with the words of the noted columnist, Collin S. Gray, which I think is a very succinct comment on the necessity to negotiate from a position of strength, when he says:

> Arms control negotiations with the Soviet Union are not protracted seminars in the meaning of stability; rather they are trading sessions critically dependent upon evidence of real programs.

Mr. President, it is essential for the future of meaningful arms control that we provide those real systems.

The American people have expressed a growing concern over the adverse trends in U.S. military posture relative to the Soviets. While the taxpayers want relief from their heavy tax burden, they have made it clear that they do not want to be No. 2.

For my colleagues who may have been told or who may still have the opinion that the administration's 3-percent defense plan is adequate, let me share with them this telling fact—two out of three of the alternative defense plans only recently approved by the Secretary of Defense on August 29 as program objectives for fiscal year 1981 and beyond call for defense budgets equal to or greater than the amounts in our amendment for fiscal year 1981 and fiscal year 1982.

The increase proposed in this budget amendment will not restore the force imbalances mentioned; it simply will begin to address the imbalances. It is a minimal first step which is absolutely essential and must be supported.

Mr. NUNN. Mr. President, will the Senator from South Carolina yield me 15 or 20 minutes?

Mr. HOLLINGS. Mr. President, I yield to the Senator from Georgia.

DEFENSE SPENDING AND DEFENSE CAPABILITIES—PAST, PRESENT, FUTURE

Mr. NUNN. Mr. President, I support the amendment by my good friend, the Senator from South Carolina, to increase the congressional budget ceilings for the national defense function.

Our Nation and this Congress must carefully examine the overall trends in national security. Our challenge cannot be properly understood without a recognition of the growing gap between what our strategy says we must be able to do and what in reality our military forces can do with current and projected defense budgets.

I suppose there is one thing more dangerous than not having an adequate defense force to meet your strategic goals. That is to add to that that your country, your congressional branch and your executive branch, do not realize it. That is the worst of all combinations. I am hoping that, if nothing else, in SALT II, we will realize that we cannot meet our defense goals today, that we are going to be less able to meet those goals by 1985 unless we reverse the trend. If nothing else, whether SALT II fails or is ratified, the forum provided for that debate will be the single most important debate for America's national security that has occurred in the post-Vietnam era.

U.S.-U.S.S.R. DEFENSE SPENDING

First, we must recognize what has happened over the last decade in the military balance between the United States and the Soviet Union.

I have a series of charts that I am going to ask the staff to put up as I talk about them. They will be behind me, in the rear of the room. There are smaller copies on each Senator's desk. These charts are based on a detailed and comprehensive analysis by Rand Corp. During the public hearings on SALT II, I questioned Secretary of Defense Harold Brown about these charts during the SALT II hearings on July 23, 1979, and he stated that, as far as he could tell, they accurately portray what has transpired between the Soviet Union and the United States.

The first chart, a bargraph, depicts the net assessment in billions of dollars of total United States and Soviet defense activities from 1968 through 1978.

I might add that the Rand Corp. compiled these charts based on intelligence information that has been made public from the Central Intelligence Agency. The red bars on the chart represent Soviet defense spending; the blue bars represent U.S. defense spending. It is readily apparent that the lines on the chart crossed in approximately the 1971 time frame.

As you can see, Soviet defense programs show a steady increase during the period and are larger than those of the United States. The Kremlin has sustained steady real increases in military outlays for 10 to 15 years, while the United States has maintained a steady pace in decreasing real military expenditures. In the early 1970's, our paths crossed. The Soviets continued to climb and we continued to descend, as you see in the last figure, where the red bar is substantially beyond the blue bar.

The Soviet military buildup raises the question of changes in comparative capabilities since the late 1960's. The next chart will address that point.

In 1978 dollars, this chart shows that in the most important category of military investment, the Soviets have spent $104 billion more than we have. This area of military investment encompasses new weapons systems, major spares, and military construction. It is really a measurement of gross additions to existing military capability.

If we look at those charts, the yellow line represents the Soviet Union. The blue line represents the United States. It shows the gap on a cumulative basis from about 1971 to 1978. The total gap is slightly over $100 billion.

Although that total may seem astonishing to some people at first glance, it really does not come as a surprise to those monitoring and following the massive introduction of new Soviet weapon systems. We are not just measuring input. We are also measuring output. When we mention the output, we can see what the $100 billion has done.

The Soviet Union has developed four new intercontinental ballistic missile systems, the Backfire, the SS-20, missile submarines and SLBM's, new tanks, new armored combat fighting vehicles, the wholesale modernization of tactical air forces, new air defense systems, and whole new classes of ships.

If our own Department of Defense had at its disposal the funds represented by this disparity between U.S. military investment and Soviet Union military investment, it could have produced the following weapon systems.

I am not suggesting these funds should all be procured now, but I think it is illustrative of the purpose of the chart. That is what it could have produced in terms of U.S. defense systems if we had had that gap in money.

First, with that money, the $104 billion, we could have bought the entire fleet of B-1 bombers.

First. All 244 B-1 bombers.

Second. All MX missiles and 5,000 shelters.

Third. The 13 Trident submarines programed to date, as well as all the Trident 1 missiles.

Fourth. All 7,000 XM-1 tanks, 500 advanced attack helicopters, 7,000 new infantry fighting vehicles, and a fleet of new tactical airlifters, which are shown in the picture where it says AMST aircraft.

In addition to that prodigious list of weapons systems, this same amount of money that is represented by the gap between what we have done and what the Soviet Union has done in this time frame could have bought for the United States.

Fifth. It could also have bought about 400 F-14's and 800 F-18's to fully modernize naval air for the carrier forces and finally, it could have—

Sixth. Modernized all U.S. Air Force tactical air by adding 400 F-15's, 1,250 F-16's, and 400 A-10's.

When we talk about the spending gap, people might say the estimates could not be accurate, or it does not include Soviet inefficiencies. They might say it about the buildup on the border by the Soviet Union and China.

There is no explanation for this series of charts, there is no explanation other than that we in this country have gone to sleep on the theory that we can end the arms race by slumbering away, and the Soviet Union has diligently, consistently, steadily set about a task of building the most awesome military machine mankind has ever seen.

The question as to why, we can debate that a long time. I do not have the answers as to why they have built this machine. I do not have the answers as to what they wanted to do with it. But I do know that intentions, whatever they are, can change overnight. We cannot change capabilities overnight.

If we start out right now, today, if we adopt the Hollings motion for the outyears in defense, it would take us approximately until 1990 to be able to substantially alter the trends occurring. It is not something we are going to cure in 1 or 2 years. It has been happening for 10 or 12 years. It will take 10 or 12 years to turn around the trends. But the time to start is now.

U.S. military requirements are based on the force levels, our capabilities to wage a major war in Europe and a lesser contingency elsewhere.

This is the so-called 1½ war strategy, which is the foundation of the Presidential National Security Directive.

When I came to the Senate in 1972, we had a 2½ war objective. We are now down to 1½ and we really cannot fulfill that objective.

This objective requires levels that could sustain simultaneously a NATO requirement and also, for instance, a possible contingency in the Persian Gulf.

Unfortunately, our military forces today are incapable of fulfilling that strategy.

I could find dozens of major examples of the yawning gap between the requirements of that strategy and the ability of our forces to rise to task. I will, however, cite only a few which form the building block.

I want to add in advance that these are only examples of the critical shortages. I am not saying these particular systems and expenditures should be our priorities. This is not the purpose of the budget resolution today.

We are setting a total dollar ceiling for fiscal year 1980. We are setting targets for fiscal 1981 and 1982. But the following examples do show the need for increased defense spending in the outyears.

The outyear program needs for fiscal 1981 and 1982, in terms of setting the final priority, cannot be set in this budget debate. They have to be set in the ordinary course of the budget review in the House and the Senate by the appropriate committees and also by the executive branch recommendations.

But, for example, those, as the Senator from South Carolina said, anonymous sources who never appear from the shadows, but who say in the Washington Post and the New York Times, "They can't spend the money, they can't spend the money."

I do not know who they are because, obviously, if they had facts and figures, they would be willing to be identified and become part of the debate. In the absence of those figures that appeal to the emotions of those who, like all of us, would like to see less money go into defense, because we would like to see the arms race subside, but it is not subsiding, what is happening, we have only one country running in the race, and that country happens to be the Soviet Union.

Just take a couple of examples. Let us take, for instance, the Army shortages in ammunition and equipment.

Today, the U.S. Army has on hand only one-third of the ammunition and equipment it needs to fulfill the national strategy requirement of being able to sustain simultaneously a war in Europe and a contingency in the Middle East, or some other area outside Europe.

This chart depicts the equivalent in ammunition shortages that now exist.

On this left side, in fiscal 1980, as we go to 1984, this chart depicts the shortages that will exist if we fully fund the President's 3-percent increase.

The chart in 1984 shows where we will be.

Included in the shortage is some $31

billion in equipment and ammunition that is required, that we could produce, but which is not funded in the President's 5-year defense program. Even when it is fully funded, even when we add in place there 3 percent a year.

At the end of this period of time, as we see on the chart, we will have about 60 percent of the objective in equipment.

We will have a little more than 35 percent in ammunition. Another way of saying this is that we will be about 40 percent short of the Defense Department's objectives in equipment. We will be about 65 percent short in terms of ammunition.

If we fund fully under the Hollings amendment, the 5-percent growth, we will begin to close this gap more. But let no one misunderstand the chart. Even the Hollings amendment, which I support fully, will not close this gap.

We are not talking about meeting 100-percent objectives with a 5-percent growth. We cannot meet a 100-percent objective. Perhaps we never will be able to do so. However, we are talking about giving this to our troops in the field and trying to take a period of time in which we are going to lose essential equivalence, and at least have general-purpose forces that will be able to deter a conflict at the field level and, it is hoped, deter a conflict at every level.

These shortages call into question the ability of the Army to carry out its share of America's single most important defense commitment. If called upon to participate in a NATO-Pact war and a Middle East contingency simultaneously—which would represent the 1½ war requirement that forms the basis for all U.S. force planning—the situation would be even more dangerous. Every bullet and shell fired by the Army in a Middle East contingency would come at the expense of drawing down already dangerously inadequate stocks earmarked for Europe. We would find ourselves in an even worse position than the Israelis faced in the second week of the 1973 war, when they began running out of ammunition. Not having, as the Israelis had, another power to turn to for resupply, we would be compelled either to give up the fight entirely or be content with shooting at every third enemy soldier and tank while praying that the ones that got through would somehow get lost.

Mr. ROBERT C. BYRD. Mr. President, before the Senator goes to that, could he give the Senate some idea with respect to the stocks of ammunition, as to the number of days our NATO troops could be supplied with ammunition, also with respect to a war in the Persian Gulf? How many days?

Mr. NUNN. The planning function calls for 180 days. That is the 100-percent line.

The thing we have to be careful about on this is that the actual number of days we have now is classified. So I have to be careful in how I express this.

On a chart for 180 days, which is the 100-percent line, you would normally think the 50-percent line would be 90 days. It does not work that way.

The first part of any contingency expends a much more rapid rate of ammunition.

For example, if you look at 60 days and if you took the chart of 180 days, you might say that we will never meet the 180-day objective and let us pull 60 days out of the hat.

I say to the Senator that the 60 days of ammunition would be somewhere between the 70-percent and 80-percent line, meaning that we still would be less than half, if the 60-day supply were taken as the objective. I hope that explains it.

The reason is that in the first 60 days, you expend a lot more ammunition than you do in the following 120 days. The conflict, by any kind of planning scenario, would slow down.

Mr. HOLLINGS. In some instances, it is classified, but generally we have less than a week's ammunition in many cases.

Mr. NUNN. We have situations in which air defense missiles, for example, in Europe, in certain areas—I had better not go into further detail on that subject.

However, let us say this: We have critical shortages in air defense missiles in Europe. We have critical shortages, as I will point out, in our air-to-air missiles.

We have the most sophisticated fighter planes in the world. We are getting better and better with our quality of weapons. We do not have enough air-to-air missiles to sustain combat for the length of time that would be required, in my opinion, to achieve air superiority in Europe. If we do not have air superiority, our disadvantages on the ground are catastrophic.

EXAMPLE NO. 2—TACTICAL WHEELED VEHICLES

Even if the Army had the ammunition required, there are not enough tactical vehicles to move it and other essential supplies to and on the battlefield. As the chart shows, within the next several years, the Army will be short almost 60,000 tactical wheeled vehicles that are required to move ammunition, fuel, wounded soldiers, food, weapons, and to support just about every other Army mission. Without an adequate tactical vehicle fleet, the Army can neither shoot, move, nor communicate. It would require over $4 billion to make up this 60,000 shortage, and even this assumes that not a single vehicle in the current fleet breaks down, crashes, falls apart, or is transferred to another country. Many of the existing vehicles are older than the drivers. The needed funding is not provided under the current 5-year plan.

Today's modern Army requires wheels and our Army is running on foot.

EXAMPLE NO. 3: SHORTAGES IN AMPHIBIOUS SHIPPING

This particularly affects the Marine Corps. I will show the next chart on that. This chart basically shows what is happening to our amphibious shipping capability.

If the U.S. Marines were called upon to undertake a major landing in the Persian Gulf or elsewhere in the Middle East, they would probably have to walk on water to get ashore. Any sizable U.S. military intervention on the ground in the Middle East would almost certainly require a substantial amphibious assault against a potentially hostile beachhead. To be successful, however, an amphibious assault requires, among other things, substantial amounts of specialized vessels known as amphibious ships. This has been true of every major amphibious assault from Gallipoli in 1915 to Inchon in 1950. Yet although the U.S. Marine Corps today contains three division-sized Marine Amphibious Forces (MAF's) specifically tailored for this mission, the United States currently possesses only 63 amphibious ships capable of landing only slightly more than one Marine Amphibious Force requires. Indeed, as shown on the chart, the present level of amphibious shipping represents less than one-half that deemed the minimum necessary by the Joint Chiefs of Staff just last year. Moreover, if past and present trends in our inventory of amphibious vessels are permitted to continue, as is the case under the administration's 5-year defense plan, we will end up by the year 2002 with a total of six ships. In the late 1980's, there will be approximately 50 ships.

If you look at the 1980 fiscal line, you will see that we are capable of really providing the amphibious support for about one-third of our Marine Corps.

If you look at the 1985 line—and this is based on the President's budget, based on the 3-percent growth in the President's budget and inflation—we will be able to provide one Marine division the necessary amphibious lift. It gets worse after that.

What all this means is that the Marine Corps cannot now—nor in the foreseeable future—mount more than one division-sized amphibious landing at a time, and to do even that would take at least 30 to 40 days, since virtually every serviceable amphibious vessel would have to be assembled in one place at the same time. In short, like the Army, the Marine Corps has been stripped of its capacity to carry out the demands of the very national strategy which justifies its existence.

EXAMPLE NO. 4: NAVY

Mr. President, I could talk for hours about the U.S. Navy, but it is clear the United States is rapidly becoming more maritime dependent with less ships, while the Soviets, a land power, have the largest fleet in the world.

Our fleet size has decreased by 53 percent in the past 10 years, which is about half the number of ships we had available prior to Pearl Harbor. Just to keep our current fleet of 462 active ships from continuing to decline would take the authorization of 17 new vessels per year. Yet the request for 1980 was for 15 vessels and the administration apparently intends to request a total of 12 or 13 vessels for 1981, including 5 noncombatants.

Because of this decline, our Navy is spread so thin that it could only meet its NATO commitment by large scale diversion of ships from other areas which would create a very risky military situation.

The problems do not stop with numbers of ships. There are not enough torpedoes in the Navy inventory for each attack submarine to make two wartime patrols. There are insufficient mine sweepers to keep all U.S. harbors clear and the Soviets are investing heavily in this area.

Naval aircraft forces have decreased by 21 percent in the past decade and the Navy is losing their current planes through attrition and old age faster than the administration's requests are replacing them. Aircraft without engines have more than doubled during the same period, and aircraft maintenance backlogs have tripled in the last several years.

The Navy requires 21 fleet oilers. They have only 16, and 10 of these are over 36 years old.

What is the bottomline of all these adverse trends in the Navy? The bottomline is that the United States is rapidly losing our naval advantage to the point that the Soviets will achieve naval superiority in the 1986 to 1988 timeframe if the trends are not reversed. One of the few areas where we still maintain an advantage over the Soviet Union is in the Navy. We have better quality ships today. We are building the 1985 to 1995 Navy and we are continuously giving up that advantage.

We will not determine the U.S. Navy's posture in fiscal year 1985. We will determine it now for fiscal year 1985 and years thereafter.

The 5-year defense program does not provide funding to even begin to reverse these trends.

We have a public record full of that kind of testimony. We have no rebuttal from anyone. If there is rebuttal to this, let us hear it. Where is it? We do not have a rebuttal.

EXAMPLE NO. 5: AIR FORCE

The U.S. Air Force is procuring millions of dollars of sophisticated fighter aircraft but, unfortunately, budgetary constraints do not allow the purchase of enough munitions, especially air-to-air missiles, to defend our fighters and achieve air superiority. Without air superiority, the whole thread of NATO's operational doctrine unravels. Our fighters have millions in high technology electronics to locate the enemy but will be reduced to shooting blanks in all likelihood before air superiority is achieved. To our hard pressed and under equipped Ground Forces, air superiority is the only hope.

U.S. airlift forces are another example. We also have a critical shortage here.

Our airlift forces are inadequate to meet U.S. strategic deployment needs, and sufficient improvement programs are not included in current military budgets.

For example, we talked a lot about the "fast deployment force" earmarked for the Persian Gulf. There was something in the paper about it today. And I do not really think we can appropriately give that the overall title of a fast deployment force. I think it can be called the last deployment force. It would take 17 days today for military airlift to deploy the lightly armed 82d Airborne Division to the Persian Gulf assuming that all military airlift assets were completely dedicated to this mission.

If a mechanized division with the capabilities really necessary to fight in this region were to be deployed, 26 days would be required. These long delays before effective military ground forces could be introduced into the Persian Gulf are unacceptable in light of the vital importance of the region.

These are just a few vivid examples that current and projected defense expenditures will not support those forces necessary to defend this Nation. This is a painful recognition in light of the long-term increases in Soviet capabilities.

What do we do?

I guess the easy way out would be to pretend this situation does not exist, or to ask for some new study to tell us what our defense needs are. That is the way to avoid difficult decisions. Unfortunately, this is the way we have stumbled into past confrontations and conflicts. There were too many who preferred to see no threat to freedom, because to admit such a threat implies a willingness to undertake the sacrifices to combat it. There is more agreement by defense experts today on our defense needs than at any time since I have been in the Senate. And I really believe there is more agreement than at any time in recent years. The information is available in abundance. What is missing thus far is a willingness on the part of our political leadership in the executive and legislative branches to face these facts.

The last chart that I think we should turn our attention to shows graphs for defense and nondefense spending. In addition, there is a green line indicating inflation rates over the period of time.

The 6.5 percent inflation projected for 1980, where you see the chart the line goes down in 1980, is based on the rosy projections submitted in January. We know that is now incorrect. Other than that, the chart is correct, and I think it illustrates a key point.

The charge is often made—and I am sure we will hear it in this debate today and I know the Senator from Maine is going to be addressing this point—that the defense spending feeds inflation. Anyone looking at this chart, unless he can rebut the facts and figures in the chart, and I am open to any counter rebuttal, would have to conclude that defense spending has not caused our inflation in the last 10 years.

If you look at the chart, you will see the actual inflation rate fits a similar pattern to the real increase in nondefense spending. Beginning in the year about 1950, the yellow line shows the real expenditures for social programs in the measurement of constant fiscal year 1980 dollars. So inflation is not included in either the yellow line or the blue line. The yellow line shows exactly what we have done in terms of social programs. You look at that. It went gradually up to about 1966 or 1967 and since 1966 or 1967 that yellow line of social programs goes straight up. The blue line, on the other hand, and it starts on the same side over there, it starts at a higher point than the yellow line and then it starts going back and forth, zigzagging through the fifties and sixties, and it shows a clear downward trend from about 1965 to 1966 and 1967 to the present time. It is now leveled out in the last 3 or 4 years. It has leveled out. So we are spending at about the same constant rate now that we were.

The green line is the inflation line and if you look at what happened to inflation in this country you will see that about 1967 as the yellow line started going straight up on the social side of the programs the green line also started going up. Perhaps there are explanations for this. I am not equating social spending with inflation. But what I am saying is that those who say that defense spending has caused inflation are ignoring the facts. They are ignoring the facts.

It is also important to take an overall look at how our Federal spending programs have changed, especially with the advent of a tremendous increase in social programs in the 1960's, and I must add here there are many good programs, many of them I support. But I think we have to look at the overall picture. There is no question that Federal spending has increased in all areas including national defense. However, as social and domestic programs have proliferated the percentage increases in spending in these areas offer some rather shocking statistics. For example, in fiscal year 1965, Federal budget outlays for health were $1.7 billion; however, by 1978 expenditures for health had risen to $43 billion, a percentage increase in health of 2,463 percent.

Likewise, our Federal expenditures for housing programs during the same period rose from $288 million to $8 billion, an increase of 2,813.19 percent. Similarly, our expenditures for social service programs increased by 1,918.88 percent; welfare by 750.30 percent, and jobs programs by 1,655.62 percent. Defense spending, however, in the same 1965–78 period rose from $49,578,000,000 to $105,186,000,000, a percentage increase of 112.16 percent.

In other words, if you compare defense spending to the social spending you will see that the housing budget has outgrown defense in this time frame by about 28 times, the health budget about 24 times, and so on, including the welfare budget about 7 times.

Since that time the overall decline in our national security has not been a coincidence. It has been a direct outgrowth.

It is clear that our military requirements are not matched by our military capabilities. Without real increases in defense spending over the long term, this situation will only worsen.

In the area of strategic nuclear forces, we are losing essential equivalence and will not hold on to what I call clinging parity without increased effort in the strategic area. Fortunately, the administration is beginning to undertake those efforts.

In theater nuclear systems, we have already lost our advantage and theater nuclear modernization is essential.

The PRESIDING OFFICER (Mr. LEVIN). The time of the Senator from Georgia has expired.

Mr. NUNN. If I may have 3 more minutes——

Mr. HOLLINGS. I yield the Senator 3 minutes.

The PRESIDING OFFICER. There is no further time left, except on the bill.

Mr. MUSKIE. Mr. President, I yield

the Senator such time as he requires on the bill.

Mr. NUNN. I thank the Senator from Maine.

In our general purpose forces, our Army's disadvantage is growing. The Soviets will have maritime superiority by the 1986–88 period if current plans for naval shipbuilding are not increased. Our Air Force does still have advantages but these are declining. The Marine Corps is faced with critical problems in the area of mobility—amphibious shipping—and sustainability in combat, especially munitions and naval firepower.

On top of all this, the allocations within our own defense dollars have 56 percent going to personnel costs, leaving too little for real investment.

There can be no disagreement that the trends are adverse. Our own Department of Defense clearly believes that the 5-year plan with 3-percent growth will not permit us to meet President Carter's national security directives. Even a 5-percent growth will not be sufficient, but if we make this commitment and fulfill it, we will begin making great strides. Unless we make an increased effort in defense, not only will meaningful arms control measures become virtually impossible to negotiate, but the already dangerous 1980's will become more dangerous.

Mr. President, I thank the Senator from South Carolina and the Senator from Maine for yielding me time.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, if the Senator from Maine will yield me 30 seconds on the bill, I want to thank the distinguished Senator from Georgia.

Mr. MUSKIE. I yield.

Mr. HOLLINGS. There is no better informed Member in the entire Congress on our defense affairs. I only wish we had more time and attention given to him, because there would be no doubt in my mind about the outcome.

I also commend our distinguished colleague from Oregon, who has had to leave the floor momentarily (Mr. PACKWOOD). He gave one of the best defense talks I have heard in my time in the Senate.

I think it is very significant that Senator PACKWOOD, who has had a slightly different record, let us say, than that of the Senator from South Carolina on defense, gave as categorical, cogent, and persuasive a talk as he did.

I thank the distinguished manager of the bill. I believe the Senator from Mississippi and the senior Senator from South Carolina want to be heard, and the Senator from Virginia (Mr. WARNER).

Mr. MUSKIE. Yes. I assure my friend from South Carolina that we have, I think, adequate time for debate, and I will be perfectly willing to make it available.

I think at some point before long the other side of this issue ought to be heard. At the moment, the Senator from South Carolina is in the position of tilting with windmills; unless I become the windmill, the Senator will not have opposition.

At this time, I yield 12 minutes to my good friend the distinguished Senator from Mississippi, from the Armed Services Committee. Following that, I will yield Senator THURMOND 2 minutes, and then 3 minutes to the Senator from Virginia (Mr. WARNER); and then, at that point, I think I should make my position clear, so that the issue can begin to be drawn.

I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the Senator for yielding.

Mr. MUSKIE. I am yielding this time out of my time on the amendment.

Mr. STENNIS. It may be that I will not take all of that time at this point, Mr. President.

Mr. President, I am supporting that part of the amendment that relates to fiscal year 1980. That is the part upon which we will have an opportunity to vote, according to the rule of division. There are great many points here that I could refer to, that relate to other parts of the Hollings amendment, but I will not go into that question just now.

I do want to say one word, Mr. President, lest the wrong impression get out: In all the years of NATO, I do not know of any single promise that we made that we have failed in any way to carry out. I do not know of anything that we promised and then failed to live up to that promise.

You can figure as many possibilities as to what might be the needs in Western Europe as you have people that have pencils. For example, the estimated time of the battle or the war vary in estimates from 1 or 2 days to a year or more. You make your calculation, then, on what may be needed.

I also speak as one who has been through many of these debates, in a position of responsibility on the floor with reference to NATO. I always supported the idea and defended the recommendations for the money. We had many of those requests, to bring home within a year's time 40 to 50 percent of the troops. As I recall, one time the resolution had 44 Senators as cosponsors.

But now, according to the best figures available, we are presently spending a total sum of $48 billion a year on NATO. That is not chicken change; $48 billion a year, and that has steadily risen since 1974, which is the figure that I have here; it was then $44 billion a year. It has steadily risen at that rate.

I hear criticism, because we do not have nuclear missiles, or that we have not enough. Well, it is a pretty good reason, when you do not have the permission of a country to put those missiles there.

So all the things of that kind are joined in here in the overall picture of NATO. I will continue to support NATO, but I know how easy it is to get off into those problems. I know how difficult it is to even carry out a contract for making weapons over there, or making part here and the motors over there, or the motors here and the rest over there. It does not work well.

We have here, and I like the fact, a Budget Committee. They have made headway. They are helping arrest this trend toward overspending and unbalanced budgets. Any overspending is bound to have its place in the inflation picture, as I see things. But they have made headway, and I do not want to tear down their work. I want to support them when I can.

But here, on this part of the amendment, this is a budget that has already been gone over. Hearings have been held, members have worked on these items and passed on them, and reports have been filed. This bill, in effect, has already been before the Senate and passed by a highly favorable vote.

This part of the amendment today that relates to fiscal year 1980 is merely a refiguring of the application of the 3-percent increase that the President promised. He promised the military and he promised NATO. When it was figured almost a year ago, or at the beginning of this calendar year, it was less than now. I have an itemized list of these items here that shows that the fuel alone has gone up so much in price that it constitutes a great part of this increase. Fuel prices have increased $888 million. Dollar devaluation, $470 million. It all adds up to $2.7 billion.

Almost every item in that amount of money will have to be paid for, anyway. We are not saving any money by failing to put it in the bill this year. You just defer the time that it will be paid.

I should like to insist on exercising a management effort all year to try to hold these figures down and make some improvements here, there, and everywhere. But we are face to face with time here, and now. I hope that this part of the Hollings amendment can be put in here so it will not be out of order when we come back with an appropriations bill.

These are times that do not have to be expressly authorized by the Senate Armed Services Committee, because they are what we call O. & M. items. But there will have to be an accounting for all of this. I am one of the ones who goes to the other committees and deals with the Appropriations Committee in the House on these very matters.

I hope that we can develop this and pass it this way, because time has run out.

I am not saying that about these other items, these future years, where none of these figures have been weighed by anyone and hearings have not been held, committees have not passed on them. But I do see the picture here, clearly, with reference to this refiguring of these inflated figures that go to make up this amount.

Mr. GOLDWATER. Will the Senator yield?

Mr. STENNIS. Yes, I yield.

Mr. GOLDWATER. I have wanted to get the floor for 5 minutes.

Mr. STENNIS. Let me yield back the time that I had to the chairman of the committee.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I had already agreed to yield 2 minutes to Senator THURMOND and 3 minutes to Senator

WARNER. I shall be happy then to yield 5 minutes to Senator GOLDWATER.

I simply want to repeat that at some point, the other side of the case ought to be made so the issue will be drawn. I am happy to yield in accordance with that sequence.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I rise in support of the pending amendment, of which I am a cosponsor, to restore fiscal year 1980 defense spending to a level of 3 percent real growth as originally recommended by President Carter in his initial budget message.

I believe this amendment is the bare minimum level of defense funding needed for fiscal year 1980 if we are to undertake any worthwhile effort to meet our defense shortages.

While this amendment supports only a 3-percent real growth in fiscal year 1980 defense spending, I believe we must increase this level to as high as 8 percent in future years if we are to reduce the period of danger we now face.

Because various defense programs have been delayed, and others canceled, such as the B-1 bomber, the United States will lose "strategic essential equivalence" with the Soviets in the early 1980's.

This is substantiated by the Joint Chiefs of Staff. Only through an aggressive defense program can we regain that equivalence or shorten the period this danger will be hanging over our heads.

This can be done by accelerating production of the MX and cruise missiles, building a modern manned bomber such as the B-1, increasing the size of our Navy, and modernizing our Army. If we fail to take these actions we will be placing the safety of our people and the future of our free system in jeopardy.

Mr. President, I just call the attention of the Senate to the fact that, in 1955, the defense budget was 58.1 percent of the entire budget. For 1980, it will be about 23.4 percent. In other words, it has gone down from 58.1 to 23.4 percent.

On human resources in 1955, that was 21.2 percent of the entire budget; in 1980, it will be 52.6 percent.

Mr. President, really, we are placing this country in danger if we do not increase our defense expenditures, because that is the only way, in my judgment, that we can retain freedom for the people of this Nation.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a speech on this subject which I delivered at Fort Campbell, Ky., during the Senate recess.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR STROM THURMOND

CHALLENGE OF THE 1980'S

General Brandenburg, Judge Wilson, Members of the Tennessee-Kentucky Chapter of the AUSA, Distinguished Guests, Ladies and Gentlemen:

It is a distinct privilege to visit with the military men and women who make up the 101st Airborne Division and other units at this outstanding installation and to also meet with leaders in the civilian community who have supported Fort Campbell and the Army over the years.

The high state of readiness of this unit with its air assault capabilities provides this nation with an important capability to deter would be troublemakers and to deal with them if necessary. After visiting some of the training of the 101st this morning I can say their spirit and capabilities are equal to any challenge.

I wish I could report to you today that our nation is equally prepared for the threats that face us.

ESSENTIAL EQUIVALENCE LOST

Only last week, for the first time in our history, the Joint Chiefs of Staff admitted before the Senate that the United States will lose essential equivalence in a strategic sense with the Soviet Union in the 1980's. This is a shocking, but truthful, statement of the situation we face when improved accuracy of Soviet missiles will make our landbased Minuteman ICBM force hostage to a first strike beginning around 1982.

This sad and dangerous development has resulted from two easily visible movements in history: First, an unprecedented buildup of Soviet strategic military power; and, second, the failure by our nation to accelerate our own strategic force modernization to meet this threat.

Today, in bringing this situation into focus, I would like to touch briefly on first, the shifting balance of power; second the SALT II Treaty, and third, meeting the Soviet threat.

1. Shifting power balance

In 1969, by any measurable standard, our military strength vis-a-vis the Soviets was clearly superior. Our technology had enabled us to counter the massive Soviet buildup which began following the Cuban crisis in 1962.

However, the first four years of the Nixon Administration were spent on supplying our forces in Vietnam and attempting to extract us from that war in an honorable manner. Next came Watergate, which mesmerized the country and saw us embrace SALT I which I supported.

When President Ford assumed office, his efforts went towards healing the wounds of Vietnam and Watergate. Then President Carter was elected, and he initiated policies which not only failed to reverse the shifting balance of military power, but in many respects moved us towards an even weaker position.

U.S. LEAD ENDING

These trends can be illustrated quite dramatically in the area of strategic military strength. In 1969, the U.S. led the Soviet Union in nearly every measure of strategic defense systems: the numbers of land and sea-based missiles, the accuracy of these weapons, the number of warheads, and the megatonnage of our missile forces. Now, with the SALT II Treaty at hand, we find the Soviet Union leads the U.S. in all categories except the number of warheads. Unfortunately, they will lead in this area by the time the SALT II Treaty ends in 1985.

DEFENSE ISSUES

This trend is also prevalent in our overall military force structure. Think for a moment what has happened concerning our defense preparedness in just the past two years. Here are some of my concerns:

1. Cancellation of MINUTEMAN III missiles production;
2. Cancellation of the B-1 Bomber Program;
3. Cancellation of Neutron warhead deployment;
4. Veto of a new nuclear aircraft carrier;
5. Constant delays in the badly needed MX mobile missile program;
6. Constant delays in development of the cruise missile programs;
7. Reduction by ½ of the Navy's 5-year ship program.
8. Reductions by 10's of billions in overall defense spending during which time not one single new program has been initiated.

OTHER POLICY ACTIONS

In addition to these unilateral reductions in our military strength such reductions have been accompanied by other policy actions with which I disagree, such as:

1. The giveaway of the Panama Canal;
2. Troop withdrawals from Korea;
3. Acceptance of nuclear capable aircraft in Cuba.
4. The appointment of Paul Warnke to negotiate SALT II;
5. Transfer of technology to Communist nations; and
6. Amnesty for draft dodgers.

These are some of the major actions on weapons programs and policy actions which concern me and others in Congress who favor a strong national defense.

SOVIET BUILDUP

Against this background we find that the Soviets have been outspending the U.S. on overall defense by at least 40 percent and by three times as much on strategic forces.

It is clear the Soviets are not interested in a position of parity, but seek a clear military superiority.

This Soviet buildup is far in excess of any defensive needs. They view military power as the key to political influence, and rightly so. It is not so much a question of whether or not they will launch a military attack, but rather the leverage this power gives them throughout the world. They intend to use this power to bring other nations into their orbit and to deprive the free nations of access to oil resources, raw materials, and the like.

SOVIETS PROJECT POWER

Examples of their power projections abound even with the current power balance. Through their Cuban proxy troops in Africa and direct military aid, they have brought to power pro-Soviet regimes in Angola, Ethiopia, South Yemen, Afghanistan and other places; supported the insurgents in Rhodesia and Nicaragua; encouraged the fall of the Shah of Iran; introduced MIG-23 nuclear capable aircraft in Cuba; backed Vietnam in its takeover of Cambodia; and used the Vietnam-China War to gain access to South Vietnamese ports.

These events, along with the Soviet military buildup, have contributed to a deep running apprehension in the Senate as to the worth of any arms agreement with the Soviets.

2. SALT II agreement

As for the SALT II agreement, we have just completed two weeks of hearings before the Senate Armed Services Committee. There hearings have shown the Treaty to be seriously flawed. In my judgment, it is a poorly negotiated document in many respects.

As an example, why should we allow the Soviets 308 heavy missiles, each with 10 warheads, while the U.S. is not allowed any? Even our light missiles are permitted to carry only one-half the number of warheads allowed the Soviets. Is this equality?

Further the Soviet Backfire bomber does not count in the Treaty, although it clearly has strategic capabilities. On the other hand, the U.S. is forced to count all of our old B-52's, even some which have been cannibalized for spare parts. Is this equality?

Another example is the fact that the Soviet SS-20 mobile missile, already deployed against NATO can easily be converted to a strategic missile which could reach the United States by adding a booster or by downloading some of the warheads. The SS-20 is not counted in SALT II but the U.S. nuclear and non-nuclear ground and sea based cruise missiles are limited in the protocol to 372 miles in range.

OTHER TREATY CONSIDERATIONS

Besides the obvious inequality of the Treaty, the Senate must also consider SALT in the context of how it will impact on the critical need we face to redress our strategic weaknesses.

Will it create a euphoria such as occurred in SALT I which will diminish our will to meet the Soviet threat?

Can its ambiguities be corrected by unilateral reservations and understandings?

Is it possible to effectively link SALT II to Soviet expansion around the world?

Can this treaty be adequately verified?

These are all questions of the greatest importance. My chief hope is that SALT II will ignite a great national debate which will spur the country to respond as we did in the space race. We need to initiate a crash program to regain the essential equivalence we will lose in just a few years.

3. Meeting the Soviet threat

This brings me to my third and final point, meeting the Soviet threat. I believe our people are ready and able to meet this challenge. The only element now lacking is positive and aggressive leadership in Washington. This leadership needs to come from both the President and the Congress. In my judgment there is no question as to what we should and must do. Congress has already made a beginning. We have moved to accelerate the MX program and the President has recommended the larger MX missile for advanced development. We have added four ships to our Navy in the military bill this year by ordering conversion of the Iranian destroyers to U.S. type ships. Money is included in this year's bill for concept work on a new strategic bomber and for design of a cruise missile carrier.

However, many other steps need to be taken. The President himself must speak to the nation on this approaching crisis. We have had many talks on energy, but not one on national defense. Our leaders must realize that we cannot defend ourselves in the 1980's and 1990's with the weapons of the 1950's and 1960's. We need an 8 to 10 percent increase in real growth in the defense budget over the next 10 years. Even this large effort would represent only about a 2 percent real growth in our overall national budget of around $600 billion.

We should announce immediately the deployment of the new MX missile in the most survivable basing mode;

We should accelerate deployment of the cruise missile without SALT restrictions;

We should build the B-1 or some other new strategic bomber;

We should modernize our conventional forces without delay;

We should accelerate development of the Trident II missile for our strategic submarines;

We should build a Navy that can protect the sea lanes which are vital to our national survival.

These efforts will require a national consensus in which I urge that you participate as individuals and collectively. If you act Washington will react.

In closing, I would like to quote first from the Book of Proverbs where we find this admonition: "Where there is no vision, the people perish"; and, second, in Luke: "When a strong man armed keepeth his place, his goods are in peace."

Thank you.

The PRESIDING OFFICER. The Senator from Virginia was to be recognized for 3 minutes.

Mr. MUSKIE. Mr. President, I yield to the Senator from Arizona at this moment.

Mr. GOLDWATER. Mr. President, I do not know if the Senator from Maine would want to yield to me. I probably come someplace in between.

Mr. MUSKIE. I understand.

Mr. GOLDWATER. I only need a few minutes because, to be honest, I have not completely made up my mind on this matter. Commonsense tells me which way to go, but I have such high respect for what the two chairmen of the Budget Committee have been able to do with this that I kind of hate to upset the apple cart.

But I cannot let an almost lifetime experience with the military just go by. I think I can safely say that this country has never, in its history, been in such a dangerous condition militarily as we find it today. Our Navy is in worse shape than it was before Pearl Harbor. Our Army is in good shape, but not good enough. The flying forces of the Army, the Navy, the Marines and the Air Force are the only areas in which we are superior to the possible enemy, the Soviet. It is not because of equipment, because they outnumber us 2 to 1 in tactical aircraft. If the truth were told by the Defense Department, which they do not do very often, they would admit that in numbers of aircraft that can deliver bombs to the mainland of America, they have as many as we have that can deliver bombs to the mainland of Soviets. The difference is that ours can get back; most of theirs cannot.

We are no longer the No. 1 military country in this world and I want the American people to start understanding that.

I am tired of the President telling them that we are ahead; I am tired of the Secretary of Defense saying that we are No. 1, when we are not. We are No. 2 and not a very good No. 2. They outnumber us almost 4 to 1 in uniformed people, nearly 9 to 1 in tanks, and we still have not a new tank since World War II nor a new artillery piece. They outnumber us 20 to 1 in artillery pieces, by the way.

We are not looking at a world that we are dominant in any more. What I am afraid of is not a confrontation with the Soviets. I do not believe that we shall ever go to war with that country. But what we are seeing in Cuba today is just one of many instances that we are going to start seeing all over this world. The battlefields that we have talked of in the past being on the soil of Europe probably will not come through.

We see possible battlefields in Yemen and Ethiopia, around the perimeter of the Indian Ocean, in areas of this world that we never dreamed of, and not from big countries. Because a small country like Cuba can thumb its nose at the United States, every small country in the world is going to be tempted to do it.

As I say, Mr. President, my mind is not made up on this.

I want to mention one more fact that I could not mention before yesterday but, thanks to the ever-leaking New York Times, an article was published yesterday that is still highly classified, which I tried to get the Defense Department to release so that the American people will understand that our forces are in very depleted condition. Our Reserve and National Guard are about 50 percent of the strength that we would like them to be. Our doctor strength is 25 percent, nurse strength 12 percent, short. It would take about 200 days to get a draftee prepared for war in view of the fact that we have no draft at this time. As the man who spoke out first publicly in politics against the draft, I now have to support a draft for this country, as distasteful as it would be to see it happen.

But it either happens or we do not have troops to back up the freedom of this country, if it is needed.

If I have sounded dismal in my talk, I feel dismal. I do not like my country being second to any country in this world in anything, but we are. We are second militarily. We are certainly not the strong moral country we once were, not the strong economic country we once were.

If I said these words, I am not sorry for them. I do not have to live this life forever. But I have grandchildren and I do not want them to have to go through what most of us in this room went through, all because of a shortsighted, foolish Government that could not believe that the United States could be in such bad shape.

I congratulate both the Senators who brought this subject to the floor. I hope it gets a very thorough discussion and, in all probability, I will support it, but I am not sure yet.

I thank both sides for letting me speak.

Mr. DOMENICI. Mr. President, will the Senator from Maine yield me 5 minutes?

Mr. MUSKIE. I agreed to yield 3 minutes to the Senator from Virginia. There has not been a word of debate on the side of the opposition to the Hollings amendment and I think the time has come when I have a responsibilty to raise those questions and those issues.

So I yield to Senator WARNER at this point for the 3 minutes I agreed to, and then I will take some time on the amendment in order to present my rationale.

These speakers, all of whom I respect highly, have put my position in doubt by their arguments, unless their arguments are answered. So I think I must do so after I have yielded to the Senator from Virginia.

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia.

Mr. WARNER. I thank the Chair and I thank Senator MUSKIE for this time.

Mr. President, I am pleased that the Senate is debating our defense requirements. It is a subject that needs to be given the highest priority by every Senator.

As a new member of the Armed Services Committee, I have had the privilege this year of reviewing our defense posture and our defense needs in depth. And from that review, I must tell my colleagues, I am greatly concerned.

We as a nation are no longer in a position to feel comfortable and secure. We face unprecedented threats—and we are ill-prepared and ill-equipped to meet them. I will not here attempt to catalog all the threats we face, but I hope every

Senator will take the time to consider them in detail.

The trends are clearly adverse—across the board.

Over the past 10 to 15 years, the Soviet Union has been engaged in a peacetime military buildup of unprecedented proportions. With a GNP less than half that of the United States, that country in the last 8 years has succeeded in investing an estimated $100 billion more for defense than has the United States.

This very substantial investment is beginning to pay off in the form of formidable military forces capable of challenging the United States and its allies around the world—on land, at sea, and in the air.

What has the United States done in the face of this military buildup? Have we recognized the threat? Have we responded adequately to protect our Nation's interests?

Not yet. Our defense effort today continues at a level below what this Nation spent on defense in fiscal 1964. The threat has grown tremendously since then, but our defense effort has actually declined.

I know that each year the headlines shout "Record Defense Budget This Year"—but that is largely because of inflation and increased manpower costs, not because we have a greater defense effort.

In fact, when you discount for inflation, we now spend less for defense in uninflated dollars than in fiscal 1964—and that money buys less and less defense equipment because of higher manpower and operating costs.

This year's defense budget request, for example, is about the same size in uninflated dollars as our defense budget in fiscal 1970. Yet, this year's budget request will support a million fewer men and women in uniform, approximately 300 fewer ships, and approximately 4,000 fewer aircraft than did the 1970 budget.

Thus, the threat has grown tremendously—while our defense effort has actually declined. The key question now is how long this trend can go on before the Soviet Union realizes meaningful military and political advantages that will further alter the worldwide balance of power.

Recent events give us some hint of what is likely to come if we allow the military balance to shift further in favor of the Soviet Union.

It is a sad fact of life, but as much as we would like to, we have no control over the threats we face. The Soviet arms buildup and other threats to our security are beyond our control. As long as the threats are there, we must respond.

Mr. President, over the August recess, there were several articles and editorials in the press to the effect that the Pentagon had so much money it did not know what to do with it all. The implication was that adding any more money to the defense budget would only throw good money after bad.

Nothing could be further from the truth. There are literally hundreds of—needed—effective—worthwhile defense programs that have gone unfunded for years.

Let me give but a few examples. The Navy currently has so few tactical aircraft that it cannot even muster enough airplanes to put a full complement of aircraft on each of our 13 aircraft carriers. Just to stay at this already low level of aircraft, we would have to buy at least 180 tactical aircraft per year.

The administration budget request asks for only 39.

When the members of the Armed Services Committee try to increase the number of aircraft in the bill, we are told that the budget constraints will not allow it.

Another example is Navy shipbuilding. The Carter shipbuilding plan for fiscal 1980 calls for construction of only 10 combatant ships—a building rate that will lead to an even further decline in our fleet at a time when our dependence on the sea lanes is increasing.

The other services are just as badly off.

The Army has tremendous shortfalls in ammunition and combat equipment. The details of these shortfalls are classified, but I would like every Senator to know that I do not feel at all comfortable letting American soldiers be deployed along the East German border with the ammunition stockages we have today.

We simply must build up these stocks, but it takes money.

In all the services, funding constraints are such that flying hours are being restricted to the point where readiness is suffering. Our pilots are flying just barely enough hours to maintain proficiency.

These are not isolated examples. I could go on. They run through our entire defense structure from top to bottom.

Take Mark 48 torpedoes. The administration wants to end production. They say we have enough. What we have is enough torpedoes for each of our attack submarines to have one full load plus a few.

It seems unwise to buy a $400 million submarine and give it only enough torpedoes for one patrol. When the torpedoes are gone, we may as well tie the submarine up at the pier.

These are just some of the decisions being made because of funding constraints.

Military construction is another whole area which has suffered greatly from funding limitations. There is currently a $35 billion backlog in needed military construction and modernization. There are hundreds of high-priority projects that go unfunded year after year.

We have medical facilities that are not only inadequate and outdated, but in outright violation of health and safety standards.

We have ammunition handling facilities that are antiquated and unsafe.

Mr. President, the list goes on and on and on.

It is becoming increasingly difficult to ignore the strains on our defense posture.

Mr. President, in closing, I urge that Senators take a look at some of the printed hearings of testimony before the Armed Services Committee.

Take a look at volume II, page 538 of this year's hearings, for instance. You will see Admiral Hayward quoted as saying:

> With fewer ships facing an increasing threat, we are no longer able to achieve the concentration of forces necessary to secure at the outset of the war all of the historically vital sea lanes.

Mr. President, the shortages are real, the threat is real, the time is now. We simply must increase our defense spending to assure the continued security and freedom of our Nation.

Mr. President, it appears to me that this morning we have had a very fine dissertation from knowledgeable Members of this Chamber about the adverse trends in our national defense. I have referred to those trends in my statement. But I ask my colleagues to think of something else besides the charts and the statistics and the weapons systems, and that is, the individual soldier, the individual citizen. He is counting on his Government to provide for an adequate defense.

When we send a soldier to some overseas outpost, he has a right to expect that he will have good equipment—and plenty of it.

If you look at the facts, we are not meeting that expectation. The Army is critically short of ammunition and equipment. The Navy has barely enough ships to meet its peacetime commitments. Across the board, our Armed Forces have significant weaknesses caused by budgetary constraints.

I ask my colleagues that when they come to the floor to cast their vote on this amendment they think in terms of their responsibility to those young people to give them the arms that they expect, that they are entitled to, not only to defend freedom, but to defend themselves.

In good conscience, we cannot order these people throughout the world and fail to give them the weapons to which they are entitled.

We have a broader obligation, however, to all Americans. We should not—as Senator NUNN has said—allow the American people to be lulled into a false sense of security.

The facts are there for all those who want to see them. The shortages are real. The growing Soviet threat is real.

It is time for the Congress to respond. It is time to start strengthening our defenses.

I thank the Chair.

Mr. MUSKIE addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I yield myself 15 minutes on the amendment.

Mr. President, I have listened now for some 2 hours or more to colleagues for whom I have the highest respect on both sides of the aisle. I share their concern for the state of the national security.

So what divides us is not our perception of the importance of a sufficient defense, but rather, what in addition do we need now, what in addition do we need in the years ahead, with respect to our defense posture.

I am concerned about our national security, Mr. President, but I view our national security as involving something more than our arms capability. To me, the greatest threat to our national security today is not the condition of our defense establishment and it is not those threats which we can perceive from abroad. The greatest threat to our national security is inflation.

Yesterday, gold breached the $350 ceiling. Now, that is not as dramatic, I suppose, as some of the statements we have heard today with respect to the alleged shortage of arms in the defense establishment. But the significance of what happened yesterday ought to strike thoughtful people in this body and should shock them and disturb them more than any threat to our national security interests.

When I was a freshman in college, the Congress of the United States, under the pressures of the depression, set the price of gold at $35 an ounce. It stayed there until 1971 when it was allowed to float free of that shackle and to respond to the real economic conditions of this country, and the industrial countries of the world.

As the price of gold rises, the value of the dollar drops.

The price of gold yesterday was 10 times more than it was in 1971, or in the early 1930's.

What does this reflect? It reflects the fact of inflation. What does it reflect? It reflects the fact of our dependence upon imported oil. What does it reflect? It reflects our inability to come to grips with energy. What does it reflect? It reflects our inability to exercise restraint in the management of our fiscal affairs.

Do you think for one moment that defense is going to be benefitted if the rest of the Government's budget must absorb inflation and not the defense budget? Do you think defense will be benefitted if the rest of the American economy and all American citizens must somehow swallow inflation but not the defense budget? Do you think there is some way to so insulate the defense budget from inflation so that there will be no threat to it?

I have listened with a great deal of interest to my good friend, the Senator from Georgia (Mr. NUNN), and I have as high respect for him as I have for any other Member of this body or any man in public life I have ever met. He is a young man of substance, intelligence, and judgment, but he occasionally makes arguments that do not rest on fact.

First of all, he created a strawman. He said somebody was arguing that defense spending was responsible for our inflation. I have never made that argument. I have never heard anybody else make that argument.

But then Senator NUNN went one step further, and he said inflation correlates with the growth in nondefense programs and the budget. I have never heard that argument made before, and I must say that it is nonsense.

The Federal budget or any part of it is sometimes a contributor to inflation and often it is not. With respect to the 1960's, it was defense spending in connection with the Vietnam war that triggered the inflationary forces that have never subsided since, because we were not willing to pay for that war as it occurred. We did not increase taxes, but we did increase defense spending, and that defense spending was inflationary.

Whether or not defense spending or any other Government spending is inflationary generally depends upon the state of the economy. With the recovery from the 1974–75 depression, Mr. President, and with the reduction in unused industrial capacity, we have reached the point in many segments of our economy where Government spending can trigger inflationary forces—and that is true of any Government spending, whether it is defense or domestic programs. That is where I come down.

Senator NUNN is arguing, in effect, that whatever the effect of Government spending on inflation—assuming Government spending is generally inflationary, then somehow the defense component of Government spending does not contribute to inflation. Mr. President, that argument simply does not hold.

Mr. NUNN. Mr. President, if the Senator will yield, I will stipulate, if he would like, that the total Government spending affects inflation.

I am not arguing that you can say that defense does not have an effect. I am saying that this chart clearly shows that the inflation rate has gone sky high in a period of time that defense spending was going down.

But I will agree with the Senator from Maine that it is the total spending of the Government, including defense and social spending, that affects inflation. We have no argument on that point.

Mr. MUSKIE. But the Senator did not make that clarification when he presented that chart.

Mr. NUNN. I said that those who are arguing that defense spending is causing inflation are wrong.

Mr. MUSKIE. But I have heard nobody make that argument.

Mr. NUNN. I have read it in the paper over and over.

Mr. MUSKIE. I read all kinds of things in the paper, but I have not heard that argument made.

Mr. NUNN. Did I say that the Senator from Maine had?

Mr. MUSKIE. No, but the debate is on the Senate floor.

Mr. NUNN. I did not say, either, to the Senator from Maine that social spending caused inflation. I specifically said I was not making that allegation.

This chart is accurate. If the Senator wants to argue about it, I will stipulate that both added together have an effect on inflation. I am not isolating either. The straw man is being created by the Senator from Maine.

Mr. MUSKIE. I say to the Senator from Georgia that I accept his qualification of his earlier statement. I do not quarrel with what he has just said. I quarreled with what he said earlier.

Mr. NUNN. The Senator did not listen to what I said earlier, or he misinterpreted what I said earlier. If we have a stipulation or an agreement, I guess there is no further argument.

Mr. MUSKIE. Whether I listened closely is a subjective thing I cannot prove or disprove.

Mr. NUNN. The record will show what I said. We can read it.

Mr. MUSKIE. The record can be read. I think the point is now clarified, and it is not irrelevant.

Mr. NUNN. Both added together will have an overall fiscal impact. I agree with that.

Mr. MUSKIE. Exactly, and now the point is clear.

Mr. President, I hope I do not stir tempers every time I make points that in any way disagree with the arguments of the supporters of the amendment that I have been listening to for 2 hours. There has been no challenge to those arguments; and while there was no challenge, the environment was quiet. Now, when a clarification is sought, I have somehow asked for something that stirs tempers.

The point I am making is that the enemy in fiscal year 1979 and in fiscal year 1980, the enemy who has the capacity in those years to devastate this economy—the defense budget, the Government's overall budget—is not the Soivet Union nor any other enemy I can foresee. It is the enemy called inflation.

You can take one of two positions with respect to it: either that there is not much we can do about inflation by any of our actions with respect to the Government's budget, or that we can exercise some control over inflation by our actions on Government spending. If there is something we can do by our control over the Government's budget, then I say we should do it.

I must say that many of those who have been speaking for the Hollings amendment are the same Members who have been saying this same thing when we are talking about the nondefense portion of the budget. You cannot have it two ways. All aspects of the budget, defense and nondefense, have to be controlled by this body if we are to control inflation.

If someone can give me some demonstration, such as an imminent Soviet attack of some kind next year, then I will say, "Let's go to it. Let's raise taxes. Let's raise defense spending the way we do in wartime." But that is not a rational process. We throw money at wars. Perhaps some would have us do it now, if there is that kind of physical threat to us from the Soviet Union in 1980.

What has triggered all of this debate? Until the SALT hearings came along, there was none of this surge, this interest and determination to add such large increments to defense spending. Oh, there were those, including Senator HOLLINGS, who complained about the inadequacy of defense appropriations for years, and I do not mean to suggest otherwise about my friend and other longtime advocates of large defense spending totals. My question deals with the general attitude about defense spending.

It is only a short time ago that the Navy Department, for example, was talking about a high-low mix of ships: a high mix, the expensive, sophisticated ships that had to do with the projection of American power, and the low mix, the inexpensive ships we could use for escort in order to guard our sea lanes.

The defense establishment senses now

that there is momentum in congressional opinion and in public opinion for enormously increased defense spending levels. No longer do I hear as much about the high-low mix. I do not hear as much about the need to exercise restraint in spending.

I am beginning to hear more and more about wish lists originating in the Defense Department and elsewhere: The theme is, "We can get more money now. What can we do to justify it? What is your wish list, Mr. Navy Department? What is yours, Mr. Air Force?"

I have seen this reaction over a lifetime, long before I was in public life; and it is true not only of the Defense Department but also of other Government agencies. Senator Nunn's example of domestic programs during the last 15 years is another illustration.

Once the public makes an issue or a cause popular, Government agencies and the Congress of the United States rush into the breach and throw money at it. The Defense budget is one of the most attractive recipients.

Who dares to stand and challenge an argument that tells the people of this country that their freedom and their security are in jeopardy because their national defense capability is inadequate? That is the essence of this argument today—that the freedom and security of the people of this country are in jeopardy because our national defense is no longer adequate.

Mr. President, if I believed that, would I be standing here, arguing for the Senate budget resolution numbers? Am I really conceived as being insensitive to the real needs of national security? Are the members of the Budget Committee who, in committee, voted down this amendment, or its equivalent—and look over the list of their names—are the Members insensitive to our national security interest? Of course not.

I have heard a lot of horror stories in the Chamber today. I am really not a sufficient expert in defense to answer all of them, to reply to all of them or to put all of them in perspective.

But here is one analysis, and I am going to use two or three, and there are more than this, to put another perspective on the adequacy of our defense expenditures. For example, I have seen a chart circulated by the proponents of this amendment that compares Soviet defense spending to American defense spending.

Mr. President, why do they not add NATO defense spending levels to American defense spending and Warsaw spending to Soviet spending? It may be because the Warsaw Pact nations contribute very little to Soviet military spending but the NATO allies contribute a great deal in conjunction with U.S. military spending. The best figures I have seen and nobody has challenged them, is that combined NATO-U.S. military spending in the year 1979 is about $218 billion. The Soviet-Warsaw Pact spending is $188 billion.

Is it illogical to add NATO spending to U.S. spending and Warsaw Pact spending to the Soviets in order to get a real comparison of the levels of defense spending? Of course it is not illogical. We are being urged today by this amendment to increase our commitment to NATO. If NATO spending is irrelevant, why should we be adding our commitment to it? So I assume that NATO spending is a real and substantial element of the military buildup that confronts the Soviet Union when they look at us and our NATO allies, and on that basis the spending is $218 billion for NATO/United States as against $188 billion for Warsaw Pact/U.S.S.R. That is a $30 billion difference on an annual basis.

I have another table that was produced by the Department of Defense, the International Institute of Strategic Studies, and the Center for Defense Information. This table compares the military resources of NATO, the Warsaw Pact, and the People's Republic of China. I ask unanimous consent that the table be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

AT A GLANCE: MILITARY RESOURCES OF NATO, WARSAW PACT, AND PEOPLE'S REPUBLIC OF CHINA

	NATO	Warsaw Pact	People's Republic of China
Population	554, 800, 000	365, 700, 000	900, 000, 000
GNP (billions)	$3, 367	$1, 240	$309
Military spending (billions)	$175	$139	$23–28
Military manpower	4, 900, 000	[1] 4, 580, 000	4, 300, 000
Strategic nuclear weapons	9, 400	4, 500	2007
Tactical nuclear weapons	22, 000?	15, 000?	NA
Tanks	25, 250+	59, 000	9, 000
Anti-tank missiles	200, 000+	NA	NA
Other armor vehicles	48, 000+	62, 000+	3, 500
Heavy artillery	11, 400+	22, 600+	200, 00
Combat aircraft	8, 900+	10, 400	5, 900
Helicopters	12, 300	4, 550	350
Major surface warships	522	247	22
Attack submarines (all types)	211	239	66

[1] The U.S. Defense Department estimates of Warsaw Pact manpower includes 750,000 uniformed civilian personnel making the total Warsaw Pact manpower 5,600,000.

Data: Department of Defense, International Institute for Strategic Studies, Center for Defense Information.

Mr. MUSKIE Mr. President, we have been hearing about the inadequacy of the defense numbers in the second budget resolution. Between now and the mid-1980's according to our analysis, our capacity to hit Soviet strategic targets will be double because of the defense posture written into the fiscal year 1980 second budget resolution and preceding congressional budget resolutions.

I offer those perspectives not as the ultimate in what our defense capability should be, but to counter this impression that has been argued repeatedly by our experts today that our freedom and our security are in jeopardy because our arms capability is inadequate. I just do not believe that.

Mr. President, I have not even touched my prepared speech. Perhaps I should save it and I will for later, but I wish to make one observation at this point very briefly:

Through this budget resolution and the reconciliation instruction that the Senate adopted 90 to 6 this morning—we are imposing on millions of Americans the impact of budgetary restraint. I am not one to pretend that the programs which are impacted will do everything that should be done to deal with the problems generated by a deteriorating economy—to deal with the problems of the disadvantaged, to deal with the problems that we face with severe health costs increases, and to deal with the problems of the aged and young. I am the first to conclude that with the reconciliation instruction we are imposing restraints.

There are those who will say that through the 1960's social programs grew so fast that no one should have a problem anymore. That does not happen to be the fact. It certainly is not in my State.

And I cannot believe that there is a Member of the Senate who does not have disadvantaged groups in his State whose ability to grapple with inflation in their daily lives, whose ability to meet their food requirements, their housing requirements, their health requirements, their educational requirements, will not be impacted by the restraint this Senate adopted 90 to 6 this morning. How much restraint did that impose on the Defense Department? One hundred million dollars. That is the only restraint of the reconciliation instruction on the Defense Department. All the rest of the reconciliation comes out of programs impacting on the people I have described. That is why, may I say to my colleagues, sensitive as I am to the pressures for more spending for defense triggered altogether by the SALT hearings, I believe I have a responsibility—as does every Senator—not only to exercise restraint on the levels of Government spending, but to insure that the resources available are fairly distributed. I do not think it would be fair in the morning to impose a restraint of $3.6 billion on domestic programs and in the afternoon vote to spend $3.2 billion more for defense without a clear showing of the need now for the increase. Inflation is our enemy—we are on the front lines—now. And God help us if we do not realize it.

Mr. President, I am for enhancing defense capability, and this budget resolution provides—in response to an amendment by Senator Domenici—$13.5 billion more in the strategic warfare mission aimed at the early 1980's missile vulnerability problem disclosed in the SALT hearings.

Therefore, Mr. President, I oppose the Hollings amendment. I oppose any increase in defense spending in the fiscal year 1980 budget. What we do in subsequent years should be done rationally and I suspect we may have to do more. But let us not do it by a formula approach, 3 percent, 5 percent, which simply attracts wish lists from the Defense Department and other overly enthusiastic defense supporters. Let us insure that a solid case is made for increased spending.

Senator HARRY F. BYRD, JR., submitted a letter recently to the Secretary of the Army—and it is a good letter asking about cost overruns with respect to six weapons systems, the Black Hawk utility helicopter, the Roland air defense missile system, the infantry fighting vehicle, the AAH attack helicopter, the Patriot air defense missile system, and the XM-1 tank. The letter concerns cost overruns involving billions of dollars for these Army programs.

And what is our answer to the evidence, that the military cannot control the costs of the systems they are buying. We are going to throw more money at them.

Then there is the question of $23.5 billion in unobligated balances which may be necessary to advance the funding of weapons systems. The amount of $23.5 billion. I understand that it is a deliberate policy decision made by the Congress, to fully fund the costs of many weapons as we approve their acquisition. But what if the level of such unobligated funds reaches $50 billion, or $70 billion, as it could?

The Hollings amendment would add $110 billion over the next 5 years—$110 billion—to the Senate budget resolution assumptions about defense.

Have we been that far off, Mr. President? A total of $110 billion off in our estimates of defense needs? Those estimates are based on 5 years' experience with the budget process—5 years of inputs by the Armed Services Committee—5 years of inputs by the Appropriations Committee—5 years of inputs by interested Senators. Have we really been $110 billion off in terms of what our real national security needs require?

That is an appropriate question. It ought to be answered, but not by a formula approach such as 3 percent or 5 percent, as though somehow those suggestions have been completely justified in detail by thoughtful, rational, thoroughly examined bases of specific weapons systems and defense requirements. The lists I have seen for defense increases have all been generated since the SALT hearings.

The PRESIDING OFFICER (Mr. HEFLIN). The Senator's time has expired.

Mr. MUSKIE. I reserve the remainder of my time.

Mr. NUNN. Mr. President, will the Senator from South Carolina yield me 1 minute?

Mr. HOLLINGS. The Senator from Maine will have to do it. I do not have any time.

The PRESIDING OFFICER. The Senator from South Carolina has no time remaining on his amendment.

Mr. HOLLINGS. Will the Senator from Oklahoma yield me 1 minute? Or will the Senator from Maine yield me 1 minute, just to clarify one point? Because I was a party to the reconciliation. I have a transcript showing there is no question but that when we considered the reconciliation, and we negotiated several days, that we had my amendment in mind, and that we knew we would have to reconcile whatever it would take. Instead of that, we have just voted the Army another $110 million cut.

Mr. MUSKIE. I yield 1 minute to the Senator, to clarify the point.

Mr. HOLLINGS. We understood it would have to be reconciled, one way or the other. To come out of the excess profits tax or reconciled one way or another.

Mr. NUNN. Mr. President, will the Senator yield me 1 minute?

Mr. MUSKIE. I yield 1 minute to the Senator from Georgia.

Mr. NUNN. First, the Senator from Maine has my great admiration for the marvelous job he is doing overall. But on the question of unobligated balances, this is referred to all the time, and I think it needs clarification.

An unobligated balance means we fund all the money before it is spent. I think it is interesting just to look at the unexpended and unobligated balances totals in 1978—this is as of September 30, 1978. The Defense Department at that time had an unobligated balance of $21 billion, and an unexpended balance of $54 billion, total $73 billion.

At the same time, HUD, the Department of Housing and Urban Development, had an unobligated balance of $34 billion, and an unexpended balance of $195 billion, or a total of over $200 billion in HUD, approximately three times the total unobligated balance and unexpended balance in the Department of Defense.

HEW had an unobligated balance of $45 billion, and an unexpended balance of $28 billion, approximately the same as the Department of Defense.

The Office of Personnel Management—I assume this relates to retirement systems—had an unobligated balance of $56 billion and an unexpended balance of $34 billion, making a total of $100 billion.

So, Mr. President, this has to be put in perspective. That is the way this Government operates, and I do not believe anyone would want to change that.

But all I remember, particularly from the House side, is that we have these unobligated balances, therefore they do not need any more money. If that is the case, we could cut out the HUD and HEW appropriations. I do not believe anyone would favor that. And I do not believe anyone would change the system. I think it is a fiscally responsible method of accounting.

Mr. MUSKIE. Mr. President, the Senator from Georgia makes some good points, but there are differences between the programs that he refers to as unobligated balances.

For instance, the HUD figure represents simply the 30- or 40-year payoffs of mortgages on homes. That is something different from the unobligated balance in defense. That is not to say it ought not to be compared with that. It is a bigger percentage, and perhaps I should not have pointed it out, but I think it is appropriate to point out not only with respect to defense but with respect to other programs, that we are stockpiling unexpended dollars, which tends to obscure the resources available in one way or another. I think we have to come to some reckoning.

Mr. NUNN. I do not dispute that.

Mr. MUSKIE. The Senator has made an appropriate point.

Mr. President, I yield 6 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator has 4½ minutes remaining.

Mr. MUSKIE. I yield it on the bill.

Mr. METZENBAUM. Mr. President, I rise to commend the Senator from Maine for his leadership in effectively resisting this amendment, and his ability to capsulize the issue and point out how, this morning, we agreed to limit the social service spending programs that have to do with human concerns by $3.6 billion, and this afternoon we are talking about increasing the military spending by $3.2 billion in the first year.

I note that many of the Senators who are supporting and will support this amendment have been among this body's most vocal advocates of a balanced Federal budget.

I have heard time and again from many of these Senators that we cannot solve problems simply by throwing dollars at them.

And I have heard many of these same Senators denounce the so-called "big spenders" in the Congress who, they say, bring the attitudes of "a drunken sailor" to the Federal Treasury.

Mr. President, I have rarely seen a proposal that exceeds the one before us today in its total disregard for budgetary restraint.

Here we have an amendment that would increase budget authority by over $47 billion through fiscal year 1982; $110 billion by 1984; that means raising the projected fiscal year 1980 deficit to nearly $30 billion and reducing by a third the surpluses projected for fiscal years 1981 and 1982.

And for what?

The supporters of this amendment tell us that we need to spend more on our national defense. Yet the administration has stated that any additional funds appropriated in fiscal year 1980 would go for fuel, utilities, moving costs, janitorial and kitchen services. Not a penny, the administration says, will go for new weapons.

We have heard that the fate of the SALT II treaty may ride on whether or not these vast, inflationary spending increases are enacted. The price of arms limitation, in other words, is arms escalation. To me, that price is unacceptable.

We have heard from the amendment's backers that this money is needed to meet a clear and present danger.

Yet it is a fact that the DOD already has over $20 billion backed up in its spending pipeline.

It is a fact that our shipyards are working at full capacity to upgrade the Navy.

It is a fact that we have a full range of missiles and that we are about to spend billions on the MX.

And it is a fact that DOD officials and the sponsors of this amendment are at a loss to say precisely where the military could usefully spend this proposed embarrassment of riches.

Mr. President, I am skeptical about the need to spend this money at all.

I am disturbed by the fact our NATO allies do not now and will not in the future come close to matching the more than 5 percent of GNP that the taxpayers of America spend on defense. And I am not aware of any widespread European commitment to follow this country's lead in further escalating military expenditures.

But, Mr. President, in spite of the fact that I am not convinced that we must spend more, I am willing and anxious to listen to those who believe otherwise.

I am willing to listen to arguments on why we need this or that weapons system. Let those who wish to make that case go before the appropriate committees with specific proposals.

But I believe that it is ludicrous to authorize tens of billions of dollars without knowing what we are buying or why we are buying it.

I believe that it is wrong to write a blank check for military spending at a time when we are cutting back on programs for the people of this country.

Mr. President, this amendment is bad policy, it is bad economics, and it is bad precedent. I join the Senator from Maine in urging the Senate in the strongest terms to reject it.

Mr. MUSKIE. Mr. President, I promised to yield to the Senator from Virginia. I yield 15 minutes on the bill to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, the stated purpose of the amendment offered by the Senator from South Carolina is to enhance national security. While Senators may differ as to whether it will accomplish the objective, no one will quarrel with the objective itself.

But we must keep in mind, I feel, that national security is not simply a matter of funds for operation of the national defense establishment.

If the United States is to be truly secure, it must have a strong economy. Even overwhelming military superiority would not insure our national security if America's economic strength were to continue to be undermined by runaway inflation. As I see it, it is the economic threat to our security which is the most immediate and the most dangerous.

High inflation is robbing our working men and women, destroying the incentive to save and invest, saddling our people with hidden tax increases, demoralizing both producers and consumers, and undermining the dollar in international money markets. I feel that inflation is the No. 1 problem facing our Nation today.

This vote which the Senate will soon take on the amendment offered by the Senator from South Carolina is a most difficult one, a most difficult decision, insofar as the Senator from Virginia is concerned. Through the years, the Senator from South Carolina and the Senator from Virginia have fought many battles in behalf of national defense. Through the years, the Senator from South Carolina and the Senator from Virginia have been on the same side of the issue when it came to voting appropriations and authorizations for our national defense.

Powerful arguments have been made on the floor of the Senate today as to our national defense needs. At the same time, powerful arguments have been made on the floor today in regard to the importance and the need and, indeed, the essentiality, in my judgment, of containing and curbing the high rate of inflation that is eating so heavily into every housewife's grocery dollar and into every worker's paycheck.

The threat to the security of the American people through runaway inflation is real. We all know that a nation can be destroyed from within more easily perhaps than from without.

The difficulty I have with the amendment offered by the Senator from South Carolina is that it would increase the total budget authority for fiscal year 1980 by $4.4 billion. It also would increase outlays for the fiscal year 1980 by $3.2 billion. Those outlays are on top of the $543 billion total in the budget resolution. The deficit under the pending amendment would be increased by $3.2 billion to more than $31 billion. The national debt will be increased, also,

I find it difficult to increase total spending when total spending is already too high.

Mr. President, the exchange which was held a moment ago between the Senator from Georgia (Mr. Nunn) and the Senator from Maine (Mr. Muskie), point out that it is the total spending by the Federal Government that is the major factor in the inflation. It is the total spending and the accumulated and accelerated deficits of the Federal Government that are contributing so heavily to the inflationary process in our country.

So, while I am totally in sympathy with the objective of the Senator from South Carolina, I find it very difficult, very difficult, to vote to increase the deficit, which already is too high, or to vote to increase the overall spending by the Federal Government, which already is too high.

Frankly, in my view, the second concurrent budget resolution does an inadequate job on that score: spending is too high at $543 billion, and the deficit is too high at $28 billion. Nor do I agree with the Budget Committee as to its priorities.

The amendment of the Senator from South Carolina is commendable as to its objectives. But I feel that the proposed increases of $4.4 billion in budget authority and $3.2 billion in outlays should be offset by reductions in other areas.

Frankly, I should like to see a reduction elsewhere in the budget which would permit the Senator from Virginia, then, to support the amendment offered by the Senator from South Carolina. I have talked with many of my colleagues about an amendment to the Hollings amendment to bring this about, but I find little support for cutting elsewhere.

The Senator from Delaware (Mr. Roth) plans, at some time during the day, to introduce an amendment. As I understand his amendment, it would, among other things, provide for a 3-percent increase in defense spending, the same as Senator Hollings' proposal. His amendment also would reduce spending in other areas of the budget to more than compensate for that increase in defense spending. That is the approach I favor. While I am not prepared to make a categorical statement in regard to the Roth amendment, if I understand it accurately, I feel that I could support it because it provides for a 3-percent increase in defense spending but compensates for that by eliminating spending in other areas. That is what needs to be done.

Mr. President, I realize the deep convictions on both sides of this issue. I do not know whether any of us can say with certainty whether we are right or wrong in trying to choose as to which is the more important: To vote additional funds for the military and thus create a higher deficit and a higher total, overall Federal spending, or, contrarywise, to vote against the Hollings amendment and thus hold down the overall total spending and, hopefully and presumably, play a part in containing inflation.

I shall not make a firm decision at the moment, but I have about reached the conclusion that if I have to assign priority, I must assign the first priority to containing inflation, to attempting to get inflation under control by not further increasing Government spending and thus increasing the Federal deficit. I probably shall vote for defense—defense against inflation.

Mr. President, I yield the floor.

Mr. MOYNIHAN and Mr. DOMENICI addressed the Chair.

Mr. MUSKIE. I had agreed to yield to the Senator.

How much time does the Senator from New York need?

Mr. DOMENICI. Will the Senator yield to me after that?

Mr. MUSKIE. To the Senator from New Mexico and the Senator from Nebraska, and——

How much time would the Senator like?

Mr. MOYNIHAN. Will the Senator kindly yield 10 minutes, I may not need all that.

Mr. MUSKIE. Yes; on the bill.

Mr. MOYNIHAN. I thank my friend and chairman, the Senator from Maine.

Mr. President, I rise to support the President's proposal, which has been introduced by the distinguished Senator from South Carolina, calling for a 3-percent increase in the first year. I support too the President's proposal for the second and third years which we must also consider today.

I would like, however, to make a number of points, many of which I will address to those who support the proposal, more than to those who do not.

I would like to begin by observing that the President's proposal represents a very large departure by the President from the positions he espoused during the 1976 election campaign. As we may recall, he campaigned for the Presidency proposing to reduce the defense budget—not by as large an amount as some others had done, but still he proposed reductions.

On November 30, 1976, Stuart Eizenstat

wrote President-elect Carter a memo which was in fact, a compilation of campaign promises. That memo states that on June 10, 1976, candidate Carter called for "reducing present defense expenditures by about $5-$7 billion annually."

What are we to conclude?

I think it important to note that not so many years into his Presidency, he reversed himself considerably.

Let us be clear that he has done so.

The increase in outlays proposed for 1980 under the President's proposal would be $13.5 billion. At that annual rate, if we had no defense budget 10 years ago, we would have a higher defense budget than we have today, to give some sense of what is going on here.

I should also like to call attention to the quite extraordinary avoidance by the American public and by the Congress of the facts which are illustrated in the chart here in the back of the Senate.

It is exactly the case that during the 1970's social spending rose very dramatically, and defense spending, in real terms, dropped. I think it is also true, however, that this was not perceived.

I raise the thought that there is a law of opposites in politics, and that the historic mission of the Republican administrations of the 1970's was to increase social spending and decrease defense spending. It is turning out that the historic mission of the Democratic administration is to be just the opposite—to cut social spending and increase defense spending.

How that comes about is for wiser men than I to say. I simply note it. I shall return to this point, because I would like to say that the Senator from Maine, my distinguished chairman and friend of so many years, is absolutely right in his observation that the proposals to increase spending from the administration came in the context of the SALT treaties.

I heard my friend from Ohio say that if arms escalation is the price of arms limitation, then it is unacceptable to him. I am afraid that is the choice he has. We have entered into the bizarre situation that, one day we hear from the administration that we must have the MX missile in order to have the SALT treaty, and the next day we hear that we must have the SALT treaty in order to have the MX missile. Neither seems to be a wholly intuitive connection between arms limitations.

But the fact is that those in charge of policy today seem to be changing their minds. A great shift is taking place.

The people who were responsible mainly for the defense policy of the 1970's are beginning to admit that, yes, indeed, they did reduce arms, they did indeed reduce the military strength of the country, and probably they ought not to have done it.

At a recent meeting of NATO in Brussels this was granted by no less a person than the former Secretary of State who allowed that the American nuclear umbrella no longer existed, and that what General de Gaulle had been saying to the Europeans for all those years was, in fact, the case, not because we would not defend Europe, but because we no longer can.

It seems to me, however, that no new consensus has emerged.

We have heard the Senator from Oregon speak, we have heard the Senator from South Carolina, the Senator from Georgia. We now hear a Senator from New York. We do not frequently hear a Senator from New York speaking in these terms. Yet, I do, because it seems to me the erosion of our circumstance is epochal and at the point of no return.

Yet I think that the change of circumstance will not come about by concessions cast in numbers, which are so hard to make real, to make solid, to explicate in specific terms.

If the President said to us, "I want an Indian Ocean fleet," that would be one thing. To say, "I want 3 percent on top of an inflationary deflator of 14.5 percent, minus an implicit acceleration lag of 7 percent, that comes out to 3 percent," is not the same as to say he has changed his mind since he campaigned for the Presidency saying he would cut the defense budget.

What has he learned to change his mind? Is it nothing more than that he has learned there are seven votes in the U.S. Senate that need to hear this in order to vote for SALT, or whatever?

I hope it is not just that. If it is more than that, we need to hear from him because there is a problem of balance. This has been alluded to, this problem of balance in the budget as a whole.

The chairman of the Budget Committee is absolutely right. We cannot, on the one hand, have a group of men, for whom we have the utmost respect and affection, say that the overall budget must be reduced to the lowest percentage of GNP we have seen since the 1950's, and have those same friends say, "And we must increase the defense budget by the largest increase since the 1960's." That will not work.

I would now like to speak to the question of regional balance. The Federal budget for defense is severely imbalanced between one region and another.

Mr. President, I ask unanimous consent to have printed in the RECORD a list showing those States which receive more in the way of defense expenditure than the representative population, and those that receive less.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

The following States received per capita defense spending *less* than the national per capita average.

State	(1)	(2)
West Virginia	21	700
Wisconsin	25	1,600
Oregon	30	800
Iowa	34	1,000
Illinois	34	3,500
Michigan	45	2,400
Montana	47	200
Arkansas	48	500
Minnesota	49	1,000
Tennessee	49	1,000
South Dakota	50	200
Ohio	52	2,400
Nebraska	55	300
Indiana	55	1,000
Wyoming	60	70
Vermont	63	90
Pennsylvania	64	2,000
New York	65	3,000
Kentucky	68	500
New Jersey	70	1,000
Louisiana	71	500
North Carolina	75	700
Delaware	76	70
Idaho	84	70
Rhode Island	85	70
North Dakota	87	40
Alabama	87	200
Kansas	95	50
Florida	95	200
Nevada	95	20
South Carolina	100	0

[1] Per capita defense spending as percent of national average.

[2] Extra spending required to bring the State to the national per capita average (dollars in millions).

The following States received per capita defense spending greater than the national average.

State	(1)	(2)
Alaska	306	400
Hawaii	289	800
Connecticut	249	2,200
Virginia	219	3,000
Washington	189	1,500
Mississippi	180	900
Missouri	168	1,600
California	164	6,700
Maryland	156	1,000
Texas	148	3,000
Utah	129	200
Arizona	128	300
New Mexico	126	100
New Hampshire	125	100
Massachusetts	122	600
Colorado	119	200
Georgia	107	200
Maine	106	30
Oklahoma	104	60

[1] Per capita defense spending as percent of national average.

[2] Spending reduction required to bring the State to the national per capita average (dollars in millions).

Mr. MOYNIHAN. Mr. President, I would like to say that I have called this to the attention of the Secretary of Defense. My own State, as it happens, is hemorrhaged by the imbalance of defense expenditure. The contrast of my State, New Jersey, and States like that, with States such as California and Texas, is extraordinary.

I took this up with the Secretary of Defense. I am afraid the reply from the Secretary was not reassuring. He told me, first, there was no imbalance; second, if there was, it did not matter; and third, if it mattered, it was unpatriotic to talk about it.

Well, he is going to find out in the House of Representatives that it does matter because the chairman of the Subcommittee on Appropriations for Defense is from Queens.

I was in the Navy—ingloriously, but such as was asked of me—and one of the first principles we had in convoy duty was to see that the freighters had a complete mix of the materiel we were trying to get across the Atlantic in each ship. This was so that if one ship went down, we did not lose every axle bearing in the entire armored division.

Well, the Secretary of Defense should have the sense to know that if increasing the defense budget is to cause a strain on the economies of some States that can barely afford it, he is jeopardizing the capacity to do what the Nation needs;

and it is not enough to dismiss the argument as unpatriotic.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BELLMON. I yield the Senator 2 additional minutes from the bill.

Mr. MOYNIHAN. Mr. President, while I support this measure, I would like to speak to the administration and say that even the success of this measure will not be sufficient because we must hear from the administration. They must speak to the question as to whether they have changed their views of the condition of the American Armed Forces and why. They must speak to the question of how we can increase our support for the Armed Forces and not do so at the expense of legitimate domestic purposes.

They must speak to the question of the regional imbalance which has been allowed to grow and which threatens the base of support in this country for the single most important issue that can ever face a nation.

As someone who has spent his life mainly in domestic matters, particularly in social services, I say there is no social service a government can provide its people more important than that they should be kept alive and free. The capacity to do that will test our political will and creativity in the months ahead.

I congratulate the Senator from Georgia and the Senator from South Carolina for having commenced a debate which will not conclude this afternoon and may not even conclude with this Congress, but it is time this Nation embarked upon it.

Mr. DOMENICI. Mr. President, will the Senator yield me 5 minutes?

Mr. BELLMON. I yield the Senator 5 minutes from the bill.

Mr. DOMENICI. I thank the Senator from Oklahoma.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOMENICI. Mr. President, it is difficult for me to depart from my position, which generally has been to support our Budget Committee, and I do so reluctantly; but I do want to say a few words in its defense—that is, the Senate Budget Committee's activities heretofore.

As a matter of fact, when we brought the first resolution to the floor, we had the entire 3-percent real growth requested by the President—and I might add parenthetically, requested and then not lobbied for very diligently thereafter. But we had it in.

It was when we went to the House, in conference, I say to Senator HOLLINGS, that they continually insisted on perpetrating the trend line that Senator NUNN has shown; that is, they want to swap add-ons on the other side of this budget if we are going to have anything added to their markup for defense. Conversely, if we are going to cut anything on the social side, we have to cut defense.

So we came back in the first concurrent resolution with a significant cut over that which the Senate had recommended at the first go-round.

Therefore, I am delighted at this point to support the first part of the amendment offered by Senator HOLLINGS, because it merely does what we had recommended the first time through in the Senate.

Now we have the President's support, and he has itemized what he needs, and Senator HOLLINGS and Senator NUNN have shown us unequivocally that that is needed.

Having said that, I also point out that the Senate Budget Committee was aware of the shortcomings in the outyears in terms of strategic deficiencies, and we did add $13.5 billion for specific weapons systems in the outyears, in both outlays and budget authority. We know those are not binding, but we did vote therein for that. That is the MX, R. & D., deployment, the Trident, and so forth. They are all in there.

We have to add more, but we do understand that there is a shortchanging of America's security in those outyears in terms of strategic preparedness.

Mr. President, maybe I have not heard the arguments heretofore, but it appears to me that the Budget Committee again and the budget process again deserve the full support and, in a very real sense, the appreciation of the American people and this institution; because, for the first time, as I understand it, the entire picture of the military preparedness of the United States versus the Soviet Union has come here to the floor for full debate. It is not within a committee, where we are restricted to the systems and the authorizations and the appropriations, but an overall view of America's preparedness and the preparedness of our logical opponents, the Soviet Union.

I think those who have participated deserve the full commendation of the Senate and the American people. They have heard some things put in perspective here in a way we have not heard before. I hope it does bring some understanding that we might cut here and cut there and add and kind of play games with the authorization and the appropriation in programs for years here; but if we do it in defense and do it long enough, it finally shows up, especially when we have an adversary that has determination and a singlemindedness and is not bound by our kind of open discussion of social needs, economic needs, inflation, and military needs, but rather, sets its goal and moves.

The debate by the Senator from Oregon this morning and by the Senator from Georgia (Mr. NUNN), the overview of where we have been and where we probably will be, should scare anyone. If we are going to err, we should err on the side of too much, not too little. That appears to me to be certain today, and I say that in all deference to the good chairman, who is arguing that America's major enemy is inflation. There is no question about that. But we cannot take the risk of underpreparedness, considering the kind of world we live in today.

I do not want to close by a confrontation with our President nor by blaming him for anything. But he sees fit to say that Congress has caused this military deficiency by cutting, as he told us, $50 billion in 10 years. He and his Secretary of Defense have sent less than clear signals in the past 3 years on where they stand in terms of military preparedness.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BELLMON. I yield the Senator 1 additional minute.

Mr. DOMENICI. In fact, it might be said that their signals have been mixed. It is only recently that this President is forthright, persistent; and only very recently did he send up a letter saying we should give him the full 3 percent he requested.

I have said before, and I say again, that only the Commander in Chief is going to turn around issues of the type we are discussing here today. I suggest to President Carter that if he were as persistent on this issue as he was in cutting water projects, we would not even be here today. We already would have had the 3 percent built into this budget in real growth for 1980, and we would not have the side issues now of whether it is SALT, the desire to get votes, or other things. We would have had the 3 percent.

If he would have said, "I will veto a bill if it is not in there," we would have got it for him. That is what he said on water projects, and in my opinion he was right on the water projects; but they are not as important, it seems to me, as 3 percent real growth in defense, if our Commander in Chief feels it is necessary.

I think it is time he understands that, and we will try to follow. If not, it seems to me that, in a very strange way, we will have to take the lead in an area where it is very difficult to lead.

Mr. BELLMON. Mr. President, how much time does the Senator from Oklahoma have remaining on the bill?

The PRESIDING OFFICER. The Senator has 251 minutes on the bill.

Mr. BELLMON. I thank the Chair. I yield myself 5 minutes.

Mr. President, I realize that increasing defense spending is a very popular issue at this particular moment.

I sat here all afternoon and I do not see how anyone could escape that conclusion. The idea of a 3-percent real growth in defense has become so ingrained that it obscures any real assessment of our needed defense capabilities. The ongoing SALT debate is making us all more aware of the global military balance and the situation that we face with Russian combat troops in Cuba has focused all of our attention on this issue.

As the supplemental submitted by the administration with, I might say, something like remarkable timing, tends to demonstrate, the President seems to be running scared on defense and the price of SALT seems to be getting higher day by day. In any event, I want to briefly state my reasons for not supporting the Hollings amendment.

My reasons revolve around two major concerns:

First. I believe higher defense spending will be required to increase our security, but I do not believe we have adequately identified how we can best use increased defense spending. Money is only half the problem, and I hope my friends from the Armed Services Committee will listen to this point.

If, after we have spent a trillion dollars on defense over the last 10 years, we find ourselves in a weakened position that has been described here today, part of the problem must be that we are not using the resources that have been made available in an effective way. We are funding obsolete strategies and not responding correctly to the new security challenges that we face.

Our problem must stem from the absence of a long-term perspective on our defense needs and our requirements and not simply on a lack of adequate resources. We should have such a perspective in hand before we act to increase defense spending. Otherwise, we will act blindly and squander the chance to use increased resources to improve our defense posture. If we blindly scatter 3 or 5 percent per year in the defense function, we lose a valuable opportunity to focus carefully and target accurately on our essential defense needs. If we support real growth in defense spending, we should get a real improvement in defense capability. I am convinced we should wait until we identify desired real improvement in terms of capability and force structure before we support more defense spending. We can afford to wait until the details of this improvement are presented by the administration or by the appropriate committees. Nothing is desperately needed this year in terms of defense capability that is not adequately covered by the $136.8 billion already contained in this budget resolution.

What is needed is a recognition that we are in an adverse trend in terms of our national security and that this trend must be reversed over time. I want to know the best way to reverse this trend before I agree to any large increase in defense spending.

I realize my concerns may fall on deaf ears for people who see adopting a formula-type real growth approach to defense spending as the way to reverse this trend. They are evidently satisfied by symbolism. I fear we are seeing symbolism gone wild. Unless we also know what our force requirements are, I am afraid we will simply pour money into defense and get little improvement in our national security for our troubles and for the billions of dollars we spend.

My second concern deals with the overall budgetary implications of this defense increase. I do not subscribe to the philosophy that straight percentage increases in any function—Defense, HEW, or whatever—are useful.

The 3- or 5-percent approach to defense spending will merely result in a number into which the DOD will proceed to cram a lot of housekeeping items.

Mr. President, I call attention of the Members to a story in the Washington Post this morning on page A–7 in which it lists the items for which the Pentagon would spend the additional money and I read those items. Here is what it says:

> Here is how the Pentagon would use extra billions in fiscal year 1980:
>
> Fuel, $888.5 million. Carter, the Pentagon said figured oil would cost $19.30 a barrel rather than the actual price of $24.50. With ships, tanks and planes burning about 170 million barrels of fuel in fiscal 1980, almost $1 billion more is needed.

The same thing could be said about virtually any agency that is covered in our budget. They all have higher fuel costs than anticipated earlier. If we follow this line of reasoning, there would be an increase in virtually every function.

The second point:

> Dollar plunge, $470 million. "The anticipated improvement" in foreign exchange rates for the U.S. dollar "has not taken place, nor does it appear likely to occur at any time in the near future." More money is needed to cover wages and other activities paid in foreign currency.

The next item:

> Utilities $113.3 million. This covers higher-than-expected heat and light bills at military installations.

The same thing is true in every Government agency.

The next item:

> Higher moving expenses for household goods, $175 million.

The next item:

> Stepped-up recruiting of volunteers for the armed services, $51.9 million.

The next item:

> Supplies and services, including janitors and kitchen help, $558.6 million.

There is not one single one of these items that really relates directly to the problem we are having with the Soviet Union and nothing here that will help us to increase the defense of the country in the short term.

Mr. President, I oppose this approach of percentage increases because it ignores the programmatic realities. It eliminates any DOD responsibility to realize savings and reduce waste and inefficiency. And I think anyone will have to admit that waste and inefficiency exist in the Defense Department just as they do in other governmental agencies. Dropping 3 or 5 percent on top of their business-as-usual approach will only encourage waste.

Mr. President, I appreciate the need to do more in defense to preserve our national interests. But, being on the Budget Committee and having responsibility for our entire economic picture, I also know the need for budgetary discipline if we are to bring inflation under control. The supports of this amendment seem to believe the two goals are incompatible. And I do not accept that.

This amendment will risk pushing the overall fiscal year 1980 deficit over the $30 billion level that we fought to stay below and will jeopardize our goal of a balanced budget in fiscal year 1981, a goal which is high in priority, in a different sense, for the long-term viability of the United States, as a strong security posture.

I feel the reestablishment of U.S. defense credibility requires more than just money. Rather than specify a plan of action to reverse a disturbing erosion of U.S. capability, this is a tendency to stampede in the direction of higher spending. Frankly, it is the apparent haste in raising defense that bothers me most. The problem is more than just resources. The Senate should not delude itself into believing that the United States can buy its way out of this problem and then sit back and forget about it. This problem, like our energy problem, requires careful analysis.

And I do not see much thought reflected in the proposal that we raise the budget 3 or 5 percent as the proposition now before us would do.

Mr. President, the impending vote on SALT seems to be the whip driving the Senate to approve defense spending increases in order to approve a treaty hardly anyone seems totally happy with. Well, I see no reason for such artificial deadlines to inhibit a rational approach to our defense needs. If SALT threatens to rush us, we should make up our minds now to delay voting for 6 months until we are sure of our defense and foreign policy course and have had a chance to implement it. I have no problem with such a decision. It should be vastly preferable to hurriedly approving a multibillion-dollar undirected defense increase with such drastic budgetary implications.

Mr. JAVITS and Mr. PACKWOOD addressed the Chair.

Mr. BELLMON. Mr. President, I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I appreciate the Senator yielding. I agreed to yield to Senator PACKWOOD, if the Senator will yield 5 minutes to me immediately thereafter.

Mr. PACKWOOD. Mr. President, could I have 7 additional minutes?

Mr. BELLMON. Mr. President, I yield 7 minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, it was not my intention to speak again today, but after I heard the Senator from Maine speak and now the Senator from Oklahoma, I cannot resist responding to two or three points in concluding.

One, symbolism is very important. Symbolism is very important in this world. What we are facing right now is an admitted failure of this President to ask for enough money to fund his defense objectives in 1985, admitted, and if this Senate goes along with that conclusion, that is a very, very significant symbolic conclusion.

What we are saying to the Soviet Union is, "We are not going to meet you on your battleground or any other. We are not even going to attempt to vote the programs that our President says we need."

The Senator from Maine says this is a wish list. Mr. President, this is not a wish list. This is not a great rush of enthusiasm for military spending. I have gone along before, voting against the B–1 and other military spending. I do not find any great rush in the country that says "Spend," but I think it is unfair to say that those of us who are supporting this proposal are giving in to the military, when the Secretary of Defense and the President will not support it when we are simply trying to achieve their ends, not ours.

The Senator from Maine says, "Let us count the NATO forces." Oh, those NATO forces; they were a great help in Vietnam. Those NATO countries, who would not even let us overfly their countries or land in their bases when we wanted to supply Israel in 1973. That is the kind of support we can count on from the NATO countries. They will fight on their ground, when they think it is their interest, period.

Mr. MUSKIE. Will the Senator yield?

Mr. PACKWOOD. No, I do not wish to yield. I am not going to ask any Senator in this body to rest the security of the military policy of this country on the good intentions of NATO. I do not expect those countries to fight in places where they think it is only in our interest. I just do not want us to reduce our commitment below the level where it is impossible for us to make the decision as to whether we might choose to fight in those places where we think it is in our interest.

Let us take this Hollings amendment; $3.2 billion in outlays. We are not going to balance the budget in fiscal 1980 with or without the amendment. Alice Rivlin, the Director of the Congressional Budget Office, testified before the Finance Committee last week that we will have about a $15 billion surplus in fiscal 1981, so we can balance the budget in fiscal 1981 with or without the Hollings amendment.

At some stage, your level of military spendnig vis-a-vis that of your principal opponent goes below a threshold where not only your opponent, but others, do not regard you as credible; and I am afraid we have approached and gone below that point. All during the 1960's, we increased our military spending and Russia increased her military spending. All during the 1970's, we cut our military spending and Russia increased her military spending. Now, in relative terms, absolute terms, by every conceivable standard of comparison, they are spending more money than we are, and they will continue to do so absent some enormous change of policy, whether or not the SALT II treaty is ratified.

The Hollings amendment—if adopted—will not, for 3 percent in 1980, 5 percent in 1981, and 5 percent in 1982, and if we get it, 5 percent in 1983 and 1984—enable us to meet the goals the President has set for this country.

This debate is not over, and does not finish this year, but if we vote his down this year, we have given a symbol that we will pay dearly for. If we pass the Hollings amendment this year, we will only have started back, hopefully, above that level that is the threshold. If I might paraphrase Winston Churchill, if we pass this Hollings amendment, it is not the end. It is not even the beginning of the end. But it may be the end of the beginning.

Several Senators addressed the Chair.

Mr. BELLMON. Mr. President, I had agreed to yield the Senator from New York 5 minutes.

Mr. JAVITS. Mr. President, I have listened with great interest to the speakers, including my own colleague from New York. As I am the ranking Republican member of the Foreign Relations Committee, I think we can be of most use to the Senate by bringing in information as well as expressing conclusions based on that information. As I am a lawyer, I will state my conclusions first.

I do not agree with Senator PACKWOOD about NATO. NATO is defending on its own terms, it is true, and not helping us particularly in the Middle East or in the East, the most important piece of real estate in the world to the security of the United States of America. If we did not defend it now, we would have to defend it later, and then, talk about the Hollings amendment, you could just quadruple that.

NATO is critical. We promised NATO a 3-percent weapons increase over inflation. One thing we have certainly learned, if we have learned nothing else, and that is that we have to club in with other nations; we cannot do it alone. So keeping that promise is, to me, one of those terrible facts of life which you cannot get away from. No matter how poor you are, you want credit, and you want it most when you are very poor. You have to pay your bills.

So to my mind the realization comes in the following years, and that is where the SALT II experience is important. With all respect to the opponents of the amendment, I think the arguments made by Senator BELLMON and Senator MUSKIE that we still do not know what to spend the money on, and that we would simply be giving the military services a great big kitty on which they could draw, represents in my judgment, a mistake.

In the SALT debate we will articulate, and we will have articulated for us, exactly what Senator PACKWOOD calls for—not only what the President and the Secretary of Defense want for the country, but we will test whether it is right. The Senator who will probably succeed me on the floor today, Mr. HART, himself is very capable on that subject and will be very helpful to us in that regard. Because the Kissinger thesis, the Nunn thesis, and every other thesis is that we gave the Russians a signal in SALT I. We said, "We think there is so much overkill in terms of strategic nuclear weapons that we are going to give you a signal that we will sit still for a while."

Well, the Russians did not take that signal. So now we are compelled to give them another signal, to wit, that we will not sit still, either, and that "If you do not like it, if it hurts, you will have a chance, in SALT III, to correct it."

That, in my judgment, will be the outcome of our debate on SALT II: We will undoubtedly resolve that if we do bring in a SALT III, it has to have real reductions; otherwise we will tell the negotiators in advance, "Do not bring it in."

In that connection, we will have to total up what we need; and I agree with Senator MOYNIHAN in his, I think, historic statement that there is no social service that can be more important than to keep our people alive and free.

I would add one further dimension: There is no greater service we can render than to keep them alive and free from physical damage, but also to retain their financial integrity, because right now an appalling phenomenon is occurring in this country. That is that for the first time in my, thank God, long life, Americans are not confident of the future. Gentlemen, let us face it: Americans are not confident of the future. To give them that confidence, we have to restore both elements, their financial and economic future and their physical future.

So, in my opinion, Senator STENNIS has done us all a good turn by causing this vote to be divided. I believe that we have to not disappoint NATO. That is a critical situation. They are concerned and uncertain enough as it is. But we do not have to commit ourselves beyond that until we see what the bill is, and whether this is the particular bill for the particular purpose we want to pass.

It will therefore be my intention to vote "yea" on the first part and "nay" on the second.

Mr. HART. Mr. President, I wonder if the distinguished Senator from Maine will yield me 5 minutes.

Mr. MUSKIE. Yes, I yield the Senator 5 minutes on the bill.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, I think it is indeed unfortunate that once again the Senate has chosen to cast a defense debate in quantitative dollar terms. I think it is unfortunate we have assumed here that spending money will make us stronger, on the one hand, and on the other hand that our national security should, or could be defined alone by what the Soviets are doing.

With all due respect to my friend and colleague from Georgia, who has done so much on this issue in the past, I think it does not further the quality of the debate to put up charts like this. I think we all understand Soviet defense needs are different from ours, and that in specific weapons systems and overall expenditures, we ought to pursue what is in fact, in the interest of making this country stronger.

Mr. President, I intend to support the Senator from South Carolina on the first part of his amendment. I shall explain why. I do not intend to support him on the second half.

We have procured very complex weapons systems for a number of years. We look at the F–15 and F–16 aircraft and they are incredibly more sophisticated and complex than the F–4. We look at the infantry fighthing vehicle compared to the M–113 and we see the same situation. We look at SSN–688 class submarines, compared to the conventional submarines that are being phased out, and we find they take more maintenance, more training, more expensive spare parts.

The fact of the matter is, Mr. President, that the DOD has budgeted, and continues to budget decreased readiness. By keeping operation and maintenance funds at the same level and, at the same time, by procuring more expensive and more elaborate weapons systems that require more maintenance, we have in fact planned to reduce our readiness, and our readiness is declining. I think the 3 percent proposed by the Senator from South Carolina is needed to reverse that decline.

The problem, Mr. President, is to look

at those very complex weapons systems and ask, are we in fact preparing to defend ourselves in the best possible way? I think the Senate of the United States does not do the people of this country or ourselves any good by continuing this debate about whether, on the one hand, more spending is better or, on the other hand, less spending is better. We have to look at what we are buying. If we continue to buy weapons systems that are more complex and more difficult to keep in readiness than their earlier counterparts, we are going to continue to have serious problems.

We have our combat aircraft down about 50 percent of the time, again, because of their sophistication. The same is true of many other weapons systems.

If this body does not, through its committees, begin to take a hard look at the types of weapons we are buying, at the quality of our national defenses and not just the quantity, I am afraid we are going to spend ourselves into oblivion and be weaker instead of stronger.

Given the situation in which we now find ourselves, I think we have no choice but to try to keep our weapons systems in better readiness.

I hope in the future we do not continue to fall into the trap we have fallen into today of 3-percent increases and 5-percent increases. They do not and will not alone make this country stronger. We have to get out of the habit of thinking that, by just spending more and buying more weapons systems, we are going to be stronger.

Like the Senator from Oklahoma, I do not think we do ourselves or our constituents any favor by arbitrary, across-the-board increases in this area of the budget any more than we do ourselves a favor by arbitrary decreases in other parts of the budget as others have proposed.

We are hired here to make judgments about the components of these budgets, about specific weapons systems, about the long-range planning for the future of our military and our defense. By simply adding on, year after year, arbitrary amounts of money I think we shall not increase this defense at all. I hope the debate, next time around, will focus on what we are buying, on the quality of our defenses and not just on raw comparisons with the Soviets and the desire for arbitrary increases.

I thank the Senator from Maine.

The PRESIDING OFFICER (Mr. STEWART). Who yields time?

Mr. MUSKIE. Mr. President, how much time did the Senator ask for?

Mr. JEPSEN. This Senator has asked for 5 minutes of the Senator from Oklahoma.

Mr. MUSKIE. I yield 5 minutes. Then I yield to the Senator from Nebraska on the bill.

The PRESIDING OFFICER. Is the Senator yielding time off the bill?

Mr. MUSKIE. Yes, off the bill.

Let me say, at this time, that we are beginning to run out of time on the bill. We have, I think, about 7 hours left and there are at least four or five amendments, each of which is entitled to an hour. So we ought not to be consuming that time on the defense issue. We have been spending the whole afternoon on it. I have no objection to continuing, but I just wanted to warn the Senate that we are beginning to come to the end of time on the bill that we should give to this particular issue.

I yield to the Senator from Iowa.

Mr. JEPSEN. Mr. President, I rise this afternoon to address the question of increased ceilings for defense spending. I might say that, in my brief 8½ months in the Senate, I have never, until this time, heard such a distinguished debate, by such distinguished people, on subjects where I find myself in agreement, for the most part, with everyone who has talked here today.

I agree with the distinguished Senator from Maine that inflation—I call it the silent embezzler in our society—is the most dangerous thing we have facing us. It must have top priority. I also agree with Somerset Maugham, who once said that if a nation values anything more than its freedom, it will lose it. The irony of it is if it is money that it values more, it will lose that, too. So both must have top priority and we can do both in this great Nation; we must do both to defend our country, and get the budget and our spending under control.

The people need to be told the facts about our defense problems. Many Senators heard me, in the last several weeks, discuss this with them individually. I should like to see, instead of this 3 percent or blanket 5 percent, a discussion which pinpoints and talks about our defense requirements and the things that we are going to spend this money for.

With consideration of the SALT II agreements now in progress, and with the unambiguous recommendation of the Joint Chiefs of Staff that approval of these agreements would not be in the best interests of the country in the absence of significant increases in defense spending, the American people are being admonished by many distinguished and experienced Members of this body that we must devote more of our national treasure to defense.

Mr. President, to those with expertise in the budget area—those familiar with inflation rates, budget authority, 5-year defense plans, and the like—the financial problems facing the Department of Defense may be obvious. But the average American hears only that we must "spend more for defense." I believe that this is an oversimplified and unsatisfactory approach to our problems. The experience of increased Government spending at all levels in the last two decades has demonstrated conclusively that spending for spending's sake solves nothing.

I am convinced of the fact that the American people are entirely willing to support the level of defense necessary to meet our national security requirements and keep the peace. The American people will support whatever it takes to defend this country if they are told the facts. Two general objectives we have historically sought are:

To prevent any single power or sphere of influence from gaining effective control over the Eurasian land-mass; and

To prevent any power from denying us freedom of access, or freedom of movement, on the high seas.

It is here in the congressional budget process that we attempt to reconcile ends and means. It is mandatory that we bring our defense capabilities in line with our national security and foreign policy objectives. It is a dangerous illusion to believe that the United States can continue to meet its fundamental objectives with progressively fewer material assets. We all know deep down that this conscious approach, if allowed to persist, provides the makings for potential disaster in American foreign policy.

The American people need to be told that the Navy, for example, cannot undertake sustained combat operations in the Atlantic without taking ships from the Pacific—the public understands that.

The American people need only to be told that United States and NATO forces are incapable of meeting essential naval missions simultaneously, and as a result will have to meet these missions one-at-a-time with a higher loss of ships, equipment, and personnel—the public understands that.

Tell the people that our amphibious lift capability for the Marines is such that we cannot undertake two Marine landings at the same time.

Tell the American people that the Marines have seen fit to cut their own strength by 10,000 men in order to save enough money to purchase needed equipment for the rest of the men.

Tell the Nation, as the learned Senator from Georgia (Mr. NUNN) has done, that we are not buying enough aircraft for the Navy to replace the ones we lose in training each year. The people understand these things.

Tell the public, as the Joint Chiefs of Staff told the Armed Services Committee, that in the early to middle 1980s military equivalence with the Soviet Union—in conventional, theater nuclear, and strategic nuclear power—will be lost.

As my colleagues on the Armed Services Committee know, Mr. President, the few examples that I have just listed only scratch the surface. The brief message I wish to leave here today is that the Senate needs to demonstrate to the American people that, should we vote to increase the budgetary ceilings for defense spending, there are recognized and legitimate requirements for these funds. We are not playing politics. We are not blowing political smoke.

I believe that prominent members of the relevant committees—Armed Services and Appropriations—have accurately assessed our defense budgetary problems and the proper level of necessary increases.

I stand in support of the distinguished Senator from South Carolina and his amendment to that effect. I thank the Senator from Oklahoma for his time.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I yield 5 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I have been here since I opened the session in the chair this morning. Like my colleague from Iowa, I have learned a great deal from the debate.

I will be very brief now because in a very few moments I will be offering a substitute amendment which I hope will be considered by the Members of the Senate.

I find myself somewhere in between the two extremes, or the two positions that have been advanced here very eloquently on the floor.

While I know there has been some excitement from time to time in our voices, I say that this is a very legitimate and important issue, one I think needs a full airing.

Basically, I find myself somewhere in the middle. I know it is not popular these days to stand on the floor of the U.S. Senate and say that the President, for once, is right. But I think in this particular case the President is right.

I am not here to bury the President of the United States or to praise him. However, I noticed from the arguments made, and by some of those who have stood on this floor time and time again and offered amendments time and time again to reduce spending and control deficit financing, that in many instances the same people are up today and say, "Don't pay any attention to that because the country is going down the drain."

Well, the country, in my opinion, is not going down the drain militarily, and I wonder what in the world we are doing with the $127 billion plus that we are spending on our national defense.

However, I am one, and I said it yesterday when I was up in support of the Budget Committee on which I serve, that thinks it is time we hold fast in many cases, but I said at that time that I am for some increase in military expenditures.

Let me see if I can, in a minute or two, try to develop a scenario as to what I think is going to be before the U.S. Senate when we address this issue.

First, we have the amendment before us by Senator HOLLINGS that says we should have a 3-percent overall increase for 1980 and, if that is successful, I know he is going to go on and say that we should go to 5 percent for years 1981 and year 1982.

I do not agree with the 5 percent in 1981 and 1982. But I do feel that, generally speaking, the President's recommendations down the line for 3 percent for 1980, 3 percent for 1981, and 3 percent for 1982, are on the right track.

If, for example, we eventually accept the Hollings amendment all the way, not dividing the question, we will see for the next 3 years a total increase in defense spending of some $24.9 billion. If we accept the President's recommendation, we would be spending $19.3 billion for the same period. If the Senate accepts the Exon amendment, we would also be spending $19.3 billion, in addition.

The difference in the point I am going to make in my amendment is that, while I think we need some increase in defense, I also think we need to keep our eye on that ball that we have been talking about here for 7 or 8 months now and the commitment most of us made to the people back home that we want to hold down the deficit in 1980 to at or below the deficit in 1979, and also that we want to balance the Federal budget in 1981.

Therefore, in keeping wih those objectives, I am suggesting that in the amendment I will offer that we go for a 3-percent real increase in NATO spending for 1980, which would be the equivalent of $1.5 billion as opposed to $3.2 billion that is in the Hollings amendment now before us, and if I am successful in that, then I will follow up by offering an amendment to continue for the years 1981 and 1982, so that by the end of the 3-year period I would be recommending the expenditure of moneys, the same total as the President, but if we take the Exon approach we would be able to do that and maintain the integrity of coming in with a Federal budget that is below—below, I say—the deficits for 1980 compared with 1979.

Therefore, Mr. President, I hope that we recognize that there are several things that will come before us.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. EXON. With that, I yield back any further time and will be offering my substitute amendment as soon as time has expired and as soon as debate is finished here.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Will the Senator allow me just a few minutes?

Mr. MUSKIE. I yield 3 minutes to the Senator from South Carolina.

Mr. HOLLINGS. More than that?

Mr. MUSKIE. Could I yield 1 minute to Senator MCGOVERN first, and then 5 minutes to the Senator?

Mr. HOLLINGS. Yes.

Mr. MCGOVERN. Mr. President, I am not going to take the time of the Senate.

I would like to identify myself with the statement the Senator from Nebraska (Mr. EXON) just made. It seems to me it is a practical proposal that he is about to make to the Senate. I intend to support it as the best of the alternatives that are before us.

I am very much impressed with what Senator HART had to say in the caution he gave the Senate that we do not necessarily increase the defense of the country simply by spending more money, any more than we improve our social strengths here at home simply by spending more money.

We have had warnings on this many times about the folly of simply throwing money at a problem.

It seems to me that we stand in danger of doing that on the defense budget, rather than making the hard choices about what we will have to do to improve the quality and performance of our military assistance.

Mr. President, the central choice in this debate is whether Congress is willing to help this Nation put its economic house in order by reducing inflation or instead intends to pursue costly illusions of military grandeur which do not improve America's ability to meet the challenges which really threaten us in the world.

What this debate is not about is whether the United States should maintain a strong defense posture.

The budget resolution reported by the Budget Committee provides sufficient funds for a strong national defense. Our military capabilities will grow significantly assuring the United States will retain the capacity to deter aggression and defend its interests. The resolution provides for an average annual real growth of over 3 percent in budget authority for the research and development and the procurement accounts which constitute the most significant measurements of new military initiative. Compared to other budget functions, this real growth is enormous.

The basic explanation for the high levels of real growth in the national defense function is the significant expansion of the force structure since the end of the Vietnam war in 1975. Since that time, the number of active Army divisions has increased from 13 to 16, with a corresponding increase in the number of heavy divisions. The number of active air wings has increased from 22 to 26. The cost of equipping these new additions to the force is the engine pulling the whole procurement train forward. This expansion contradicts the myth that isolationism or arms control or détente have somehow tranquilized the American people or lulled the Nation to sleep. We have not been "goofing off" in our military programs. The resolution as reported would carry forward all of these expansion programs. The Budget Committee is not shortchanging national defense.

There are only limited lessons to be gained by comparing our military budget on a 1-to-1 scale with the Soviet Union's. Our military, political, and economic systems are too different. A great deal of Soviet spending is devoted to the Chinese threat. The Soviet economy is vastly more inefficient. Soviet military spending may consume more GNP, but our GNP is twice as large. NATO's GNP is roughly 2½ times as large as the Warsaw Pact nations'. In addition, GNP measures only the drain of the military sector on a nation's resources. GNP does not measure the effectiveness of military output. The fact is that in the past several years, NATO has either outspent or spent as much as the Warsaw Pact on defense.

The proponents of this amendment seem to have forgotten the basic proposition that dollars do not necessarily buy defense. An inefficient military force can be as helpless as an underequipped force. In addition, legislating by a percentage is not sound budgetary policy either for domestic or for military spending programs. The truth is that our defense can be enhanced within the budgetary limits imposed by this resolution if basic defense priorities are reexamined. We should concentrate on expanding the existing military potential of the current budget rather than adding more to the budget in a time of scarce resources.

We cannot responsibly add to a budget without knowing in advance which specific programs should be funded. This is not the case today. For example, attempting to use tactical air forces as antitank weapons is a very expensive and dangerous proposition—especially in an era of precision-guided munitions which favor the defense over the offense.

Similarly, wasting funds on another gold-plated aircraft carrier which is both extremely vulnerable to antiship missiles and very uncertain in terms of any NATO-related military mission will not improve our defense. The missions of the Navy and the Marines need to be reexamined.

The weaknesses in our defense relate to questions of strategy, organization, and design of forces in Europe—not to a shortage of funds. How we spend the real increases already funded in this resolution rather than adding even more is the real challenge facing our military leaders. There is little point in debating how much to spend unless we also debate how our defense dollars can generate more military effectiveness.

The fact that the Budget Committee has indeed funded a large real increase and the fact that our forces can be made more efficient and productive within these budgetary limits lead me to conclude that this debate is really not about whether to have a strong military defense. We all support whatever forces are necessary to guarantee our security. Instead, this debate turns on the issue of whether we should expect 5 percent real growth in military spending to reverse our country's fortunes in the world. The proponents of this amendment seem to be promising that with 5 percent real growth the future Shah's or Somoza's of the world will not be driven from power. The temptation in response to the presence of Soviet combat troops in Cuba is to believe that 5 percent or 6 percent or some other real growth military increase will prevent these events from recurring in the future.

The basic fallacy of this amendment is its suggestion that our problems in the world are due to military weakness or that increasing our military forces beyond the levels required for true military deterrence will dramatically improve our image abroad.

The real issue we have to face is the relation between military force and political power. Our political power in the world is changing, but it is not basically due to military weakness at all.

The outcomes which frustrate Americans are the result of questionable policy choices, not insufficient military forces. We could not have protected the Shah of Iran with a new carrier or an MX missile because he was opposed by the vast majority of the Iranian people—not just students, but large segments of the professional and business classes. Access to oil was jeopardized not by an external Soviet threat to Iran, but rather by an 80-year-old religious leader living in exile in Paris. Events in Iran were a setback to the United States, but it is one we could have avoided earlier by moving away from the Nixon doctrine. It was a policy failure, not an intelligence failure or a military failure. Iran was not an indicator of America's decline but rather an indicator of a flawed world outlook which put internal developments in Iran in a secondary policy position while focusing on dubious external threats.

The same holds true in Nicaragua. Nicaragua confirms the basic lesson that we cannot rely on dictatorial regimes to represent American interests in the Third World. Instead of focusing on the fear of Cuba, we should have evolved a policy which alined the United States with the majority interests of the Nicaraguans for an end to corruption and repression.

Another frustration is the tight grip of OPEC on the international oil supply market. We should develop new ways to counterbalance OPEC by developing alternative sources of supply, by a domestic energy program stressing conservation and renewable energies. We cannot rely on the goodwill of OPEC in the future.

But OPEC was not the outcome of any lack of American military strength. OPEC was formed by a series of the world's second- and third-level size countries most of whom were either alined with or friendly to the West. It was not a Soviet creation. It is not a Soviet cartel today.

What all of these examples suggest is not the omnipotence of military power to solve our foreign policy problems, but rather the limitations of military power in a diverse and interdependent world. If we turn in desperation or frustration to this 5-percent increase, we will find not a solution but only an exacerbation of the problems. The fact is that the size of our military budget is an inappropriate instrument for sending diplomatic signals around the world. By expecting military force to deter political or economic decisions of other countries, we will find ourselves consistently disappointed.

That is why I feel this amendment is not only wasteful and unnecessary. Above all, it is unrealistic because the real growth it creates will not affect a change in America's status around the world. It offers false hope and a bogus strategy. The need is not for more muscle power but for more brainpower.

The United States need not fear a world in which military power no longer commands the preeminence it once did. In an era of military parity, the economic and cultural strengths of the United States can flourish in the world.

The world is no longer divided up into two hostile camps. The world's smaller nations reject the concept of a rigid and hierarchial world system in which they must choose between East and West or between security and détente. Our European allies want security as well as détente and trade with Eastern Europe and the Soviet Union.

The new Third World states want diplomatic relations and economic trade with the United States even if they have relations with the Soviet Union because they want to avoid being pushed into a dependent relationship with the Soviet Union. They know our technology is superior, our grain more productive and our development advisers are more skilled. This is a world of great possibilities for American diplomacy if we realize how to take advantage of these opportunities. A new era of gunboat diplomacy will close this door as surely as anything.

But there are two factors which could make our allies doubt us and potential friends keep their distance. The first is an excessive affliction of self-doubt. It is time to stop bad-mouthing our military posture. Deterrence is weakened by the perception that we regard ourselves as a helpless giant. Unrealistic first-strike scenarios or unwarranted criticisms of our defense capabilities do us a great disservice.

The second factor leading other nations to doubt our will and our system is the failure to better manage our domestic economy and implement a rational and equitable energy program. That is the real meaning of national priorities. It is not just a guns versus butter argument. It is not merely a question of transferring a billion dollars from one budget function to another. Instead, it is a question of developing a rational distribution of resources to solve the problems which truly handicap American society. It is political and diplomatic problems abroad, not military weakness, which we must solve, and that calls for a rational defense budget. And it is the economy and energy here at home which require the highest priority in terms of national effort. Inflation makes the family paycheck vulnerable. A shortage of heating oil makes family health and comfort vulnerable.

I am opposed to this amendment because this risk cannot be justified. Under this resolution, we can keep our national defense strong while we can begin to tackle the tough issue of fiscal responsibility.

Finally, it is no secret that this debate over the national defense spending level today is an important scene in the SALT drama. Increased military spending has become one of the prizes in the SALT competition. One-third of this body can use its power to block ratification of the SALT treaty to coerce the administration into supporting either a level of military spending or individual weapon systems which normally at least one-half of this body is constitutionally required to approve.

I have spoken out in the past against the escalatory impact of the ratification process. The apparent political need to increase arms spending to ratify an arms limitation treaty is one of the most maddening paradoxes of our time. SALT is too important to allow the debate to degenerate into a parliamentary version of "Let's Make a Deal." Blackmail is no substitute for a reasoned inquiry and dialog about SALT and American security. All I can do today is to reaffirm, along with Senator HATFIELD and Senator PROXMIRE, that the administration is taking the risk of losing my vote if it goes too far down the road toward side-deals with the opponents of arms control.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I thank my distinguished colleague from Maine.

Right to the point of the Senator from Nebraska, who said he did not know what they were doing with $127 billion, I can tell you, Mr. President, what they are doing. They are retreating. They are going backward.

The Volunteer Army is not working, ammunition stocks, in many instances, are less than 1 week.

As to what the Senator from Ohio (Mr. METZENBAUM) said on all the shipyards working: Of nine shipyards, five of them will be working this time. We will pull four, in the face of the need for new naval construction. And so it goes on down the line.

We can only listen to the Assistant Secretary of the Army, Mr. Pierre, who last week said they are canceling programs and dragging them out, and they are down.

If the Senator listened to the eloquent presentation by the Senator from Georgia that we are going backward, that is what we are doing with the $127 billion.

Oh, they will throw around the figures.

But in all candor, when my distinguished chairman said $100 billion in the next 5 years, that was a sort of tricky analysis, Mr. President. That is with an amendment we hope to get in order to change the trend.

Now, without any amendment, under the Muskie reconciliation and his own figures of 90 to 5, HEW in budget authority will go up $133 billion—with no amendment.

The distinguished Senator takes us back to his college days and the price of gold—and the bow and arrow, I might say. We are not going back that far. [Laughter.] Are we really responsible in saying that we did agree on the matter of inflation?

I sat in the same chair for the State-Justice-Commerce-Judiciary and other related agencies—EDA, LEAA, SBA, and all the others, 123 units. While we agreed to that conference report the week before last, a reconciliation may be in order, where we would have to cut down on that single budget, which is not one of the biggest but one of the smaller budgets, $300 million.

The Senator from Virginia talks about balancing budgets and priorities. In all candor, we have worked for that balanced budget. Twenty years ago, I got the first AAA credit rating in South Carolina, before the State of Virginia or any other State, so I know about balancing budgets.

The deficit is now $28.4 billion, and without any reconciliation it is a $3.2 billion add-on, or $31.6 billion.

What is the magic between the $28.4 billion and the $31.6 billion? It is relative to inflation, and we have a real need.

Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of the amendment: the Senator from Pennsylvania (Mr. HEINZ), the Senator from Illinois (Mr. PERCY), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Nevada (Mr. LAXALT).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, the particularly nettling point is the accusation that somehow we are coming up all of a sudden with wish lists. That is not accurate. That is not the fact. We are not running around with wish lists as the Senator is talking about. The contrary is true. As chairman of the Budget Committee, the chairman should know budgets better than that.

What did the President of the United States, President Carter, do in 1977 when he took office? He took the projected budget, in which we were projecting some 5 years on different programs: the B-1 bomber, the neutron bomb, the Cruise missile, the Trident, the aircraft carrier—some canceled, some delayed, some slowed. It was $11 billion that Congress and the Budget Committee decided we needed. The Senator from Maine supported that conference report, and I supported that conference report, when we adjourned in 1976. We were projecting these defense programs.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MUSKIE. I yield the Senator as much time as he needs to disagree with me.

Mr. HOLLINGS. What I want to do is get this thing in perspective, because all of a sudden we are blamed for inflation. All of a sudden, when we know budgets better, we are making up wish lists; and we do not go to the fact that we really had to bring the President of the United States, kicking and screaming, to this particular point.

He opposed the motion I made. I was called by the White House and their minions to go to the Budget Committee and help him. I did. I went up and helped him on the CETA vote and some of the other countercyclical votes. The White House called me.

However, when I made my motion, they were fighting 3 percent, Mr. Majority Leader, and I wrote that to the President of the United States the day afterward. I put him on notice. I cited the fact that he opposed it in the House.

So when the distinguished chairman of the Armed Services Committee says what commitment we did not keep, had we not raised this point, we would not have kept this commitment. We forced them to do it, and I hope we can force it on the House side.

Rather than wish lists, I will just go to two items.

The SALT hearings did have a shocking effect on this Congress and on the people of the United States, because we had arrayed before us all the witnesses. Rather than a disarmament arms limitation, we had, in contrast, a rearmament hearing and a rearmament conference and a rearmament treaty between the American people and our leadership.

There was the Secretary of State, saying, "Oh, no, we need more." There was the Director of the Disarmament and Arms Control Agency: "Oh, no, Senators; we need more money." We had professors on Soviet history: "We need more in defense." We had think tanks: Rand, Brookings, and others. The unanimous opinion in the SALT II hearings was to the effect that our defenses were down. I will cite two of them, if I can get my hands on them. I will do one from memory and I think I have a quotation here as to the other.

There were two significant witnesses. One was the architect of SALT I, the architect of Vladivostok, and the architect of SALT II, and that was our dear friend Henry Kissinger.

We had to debate SALT I. Incidentally, we are not anti-Soviet. We do not trust them, but we are not anti-Soviet I voted for the ABM Treaty—that was in August 1972. But I am the only living Senator who voted against SALT I—the interim agreement—and I had to debate it with the same distinguished Henry Kissinger.

So it necessarily made an impression on me when the architect of SALT II came in and said: I was wrong on SALT I. I must have been fatigued in my conversation or I was just shooting from the hip. I do not understand the comments I made. I do know this—that before you do anything about this thing, you have to increase defenses at least 5 percent.

He is a studied gentleman. He did not pick it out of the wind. He hated to talk about it. He hated to mention it. He mentioned some other conditions, that we would come back and make sure it was kept up, and everything like that. This was the architect himself, so I am not talking wish lists on where we are going and what we are doing.

You cannot get a better presentation than that of the Senator from Georgia.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield, and then I am going to the Secretary.

Mr. TOWER. Is it not true that the 5-percent figure that was arrived at was driven by need, not something that was pulled out of the air? In fact, a higher expenditure than that can be justified, and this is coming in somewhat on the low side of what is required.

Mr. HOLLINGS. I think what Senator PACKWOOD pointed out and the distinguished Senator from Texas emphasized in his opening remarks, and again now, is the fact that the Pentagon's own study, which is classified—the fact is that these facts are not classified—that they are not taking care of what they find as the bare-bones minimum for the national security of the United States of America. In the projected figures—and the Senator from Oregon used the figures of the Senator from Georgia—they are $60 billion under their own projected need, and the 5 percent is only going to get about $38.8 billion, or call it $40 billion. So we are not up to the President's own figures.

Mr. NUNN. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. NUNN. The Senator from Georgia deals with manpower issues for many hours each year. It is my opinion that whether we talk about 1 percent, 2 percent, 3 percent, 4 percent, or 5 percent, we are not going to get any real military investment increase of a significant nature over the next 5 to 10 years unless this Congress and this administration and this country are willing to come to grips with the manpower problem.

We just had this administration oppose registration, having people sign their names and addresses—oppose it on the floor of the House—and it was beaten by 2 to 1.

Nobody knows what we are going to do. They are going to appoint somebody to study it, have testimony. Every bit of this money will be eaten up unless we come to grips with manpower.

I do not want anyone thinking today that the problems are going to be solved if we go to 3 percent, 4 percent, or 5 percent. The manpower problems are still to come and we will be talking about that in closed session later this week.

Mr. HOLLINGS. Mr. President, when the architect of détente says we need it, that is the sort of ultimate in my mind about our needs. Maybe I am a little over sensitive, maybe too liberal on the defense side. But when the architect of détente says that is the barebones, you should even consider what he has architected—namely, SALT II—he did not finalize it, but he was the architect.

Let me go now to the Joint Chiefs, because the Senator from Maine is right when he says we are short of time. Here is what the Chairman of the Joint Chiefs, General Jones, says. I do not think he is picking it out of the air. Here is his answer. Listen to it, word for word:

> Yes, sir; over time we have strongly supported working with our allies, for at least 3 percent in real growth. We have also stated that in our judgment to reduce the risk to this country—and the risk will be great under any circumstances—we need to do more and that 5 percent real growth was our best judgment. Taking into account all factors—our ability to absorb the increase, the needs, all factors—5 percent real growth would be our recommendation.
>
> Now we didn't pick 5 percent arbitrarily.

The Senator from Colorado is the one who used "arbitrary" across-the-board increases from year to year, picking up items. He wanted to put this off. I think this is a delightful occasion when we can get a comprehensive overview and hear, on the word "arbitrary," the best authority, the chairman of the Joint Chiefs:

> Now we didn't pick 5 percent arbitrarily. We went through the critical programs and tried to determine which ones would reduce the risk the most and the increase in funding came out to about 5 percent. Not 5 percent every year; it varies somewhat. But over a longer period of time about a 5 percent growth.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. MUSKIE. The Chair did not understand. When I last yielded additional time to my good friend from South Carolina I yielded 2 minutes, and 8 minutes has since expired. I simply wish to inquire how much time at this point the Senator desires.

Mr. HOLLINGS. One more thought. It will take 2 minutes. I will just talk.

Mr. MUSKIE. I yield 2 additional minutes.

Mr. HOLLINGS. We have additional time, I take it, on the Senator from Nebraska's amendment.

But much has been said and I have been most impressed obviously by all the presentations by the Senator from New York (Mr. MOYNIHAN), the Senator from Oregon, and the Senator from Georgia. Those just stick in my memory. Throughout it all is that theme of trying not to get a percentage here this afternoon but to get a direction.

Adlai Stevenson was asked one time whether he was conservative or liberal. He said: "That is not the important point. The question is, Am I headed in the right direction?"

The sponsors of this particular amendment know facts, figures, amounts, and everything else of that kind, and we are trying to turn it around and head us in the right direction and reawaken America.

Incidentally, the parallel is so strikingly similar. Earlier this year I reread an autographed copy, from our distinguished great friend of all time John F. Kennedy, of "While England Slept." As a senior at Harvard he wrote a treatise "Why England Slept." He spent the year with his father at the Court of St. James. He studied the beginning days of the genesis of World War II and then wrote this article and then his senior thesis. He then developed it as a book which became a Pulitzer Prize winner. The parallel is now and 40 years before. I should have had this better expressed by the Senator from New York who is the greatest historian, in my judgment, in this body. In the 1930's there was the very same atmosphere for disarmament.

After all, the President and everybody that runs for President is for peace. We are for peace loving and disarmament. And arms cause war rather than really defend us against the war.

Let me complete this thought a minute.

Mr. MUSKIE. One additional minute.

Mr. HOLLINGS. Mr. President, the atmosphere similarly was the futility that you could not protect yourself from a bomber attack.

The President in his address in January of this year to the joint Congress said one submarine can take care of all the large- and medium-size cities; as long as you got one you do not need any defense; you should not defend and it is wasted money. It was the same appeal, the same futility we had there 40 years ago.

And then we had the plea that we hear this afternoon by the distinguished leader of the Budget Committee, the other Senators, and our great friend on the other side, DAVE OBEY, of Wisconsin. And that is that we are taking away from social services when you increase defense. And now we come to the proposition of the inferiority complex. Even when they analyze the Soviets as they did Germany at that time. Germany was only embarrassed by the Versailles Treaty. They do not listen at State Department. After all it is the economic——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLINGS. May the author have a few minutes?

Mr. MUSKIE. What does the Senator wish?

Mr. HOLLINGS. Five minutes and I will take 1.

Mr. MUSKIE. I ask the Senator, does he wish the remainder of my time on the bill?

Mr. HOLLINGS. No; just 5 minutes.

Mr. MUSKIE. I say to the Senator there are four or five nondefense amendments that must be accommodated within the 15 hours. I think that I have demonstrated a willingness to let the Senator have the bulk of the time on defense. But I have to protect those Senators whose amendments have not even been called up yet. We have some tax cut amendments. Senator EXON has an amendment to which he is entitled to an hour. Senator HART has a possible defense amendment to which he is entitled to an hour. I am simply trying to be fair to other Senators as well as the Senator from South Carolina.

I am happy to yield another 2 minutes now.

Mr. HOLLINGS. If you just try to follow the coherence, I really think it is that important because I worry about it. When I see that State Department bring me in and tell me about the inferiority complex, Senator from Arkansas, of the Soviets "Don't really worry about defense." General LeMay said if the Soviet attack was imminent next year we are going along we are being attacked; not in the sense of troops landing, but being fired; we are losing our shirts around the globe. It is not 3,000 troops. It is the sub base, the tracking station, the Mig-23's, the Mig-27 that carry nuclear. I only wish we had time. It is not just Cuba. It is in Libya where they are pouring it in. Ask the Admiral of the 6th Fleet to brief you on that if you want it.

Now, they bring up a 30,000-man strike force in Yemen. We had to get that of German news. We did not get it out of Defense Department intelligence. We are being attacked and losing our shirts. Within it all they say "Really, the Soviets want to disarm Cuba. But it is the only way they can show their macho. They cannot equal us economically and industrially" and all that bunk.

So it was that Neville Chamberlain went with the twofold proposition to Munich. And he wanted to arm and disarm at the same time and that is exactly what we got here today.

And in this entire debate on SALT all you are going to hear is that with SALT II we are going to disarm but we have to arm.

It was Paul in his second letter to the Corinthians because, because I know the Biblical background of the distinguished President: "If the sound of trumpets be uncertain; who should prepare for the battle?"

The purpose of this amendment is to get us prepared for that battle I only ask of you that if you could only listen and learn we can avoid that battle in only one way. We learned this 40 years ago. We are having a difficult time learning it today without the executive leadership. I plead with you this is the only time that we can begin to change those directions. We have not bound anybody, but it is absolutely necessary, in my judgment.

I thank my distinguished colleague from Maine.

Mr. DOLE. Mr. President, I ask unanimous consent that I be added as a cosponsor to amendment No. 435, as modified.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. HATFIELD. Mr. President, I rise today to reject the latest attempts to increase defense expenditures that are unneeded, and in fact, dangerous. The proposals by the Senate Budget Committee for increased arms far above what the President originally called for and the proposed amendments now before the Senate to raise the defense budget are excessive and insane.

It is my fervent hope that Senators not be fooled into supporting these attempts to spur the spiral of unlimited defense weaponry that we are currently riding.

In recognition of concerns which have been expressed about the long-term viability of an effective SALT II agreement, the Senate Budget Committee has recommended a total increase of $13.5 billion in budget authority and $6.1 billion in outlays for the strategic force mission of our national defense over the 5-year planning period.

Printed and unprinted amendments to the resolution go even further than the committee recommendations. They call for billions of dollars in increased defense budget authority and total outlays.

In fact, if the 5 percent real increase being discussed is extended over the next 5 years, this Nation will spend $1 trillion on defense alone in that period of time. This will be a $120 billion increase over present expenditures—an amount that will pay for the President's entire energy program—nearly twice over.

If these increases are what it takes to secure ratification of a SALT II agreement, I do not believe it is worth the price. Pretending to controls arms while promising more of them is the height of cynicism.

It seems to me that as trustees of the tax dollars of the American people, we have the responsibility to respond to the following question: What level of defense spending will insure our country's survival? The fact is, after attempting to give a satisfactory answer to this question, we will undoubtedly come to the conclusion that there is no dollar figure which could guarantee our security. Even if we were to spend $200 or $300 billion per year on defense, we could not insure that the Soviets would forgo any contemplated attack upon this country. The sad fact is that in the nuclear age, we cannot "buy" security no matter how hard we try.

We must realize that military spending is almost pure inflation. Dollars spent in this part of the economy generate demand through the salaries of military personnel and defense workers and the profits of arms suppliers. But they contribute no offsetting supply of goods and services that can be bought and sold on the market. Hence, there is an inevitable upward pressure on prices. The consequences of our deficit spending policies to finance the approximately $150 billion Vietnam war effort alone continue to be felt by Americans today.

The arms race has too often overshadowed the problems of the human race. There are a half billion hungry people in this world, growing increasingly restless under governments that blame the rich nations for the plight of their citizens. By 1985, 40 nations will have sufficient plutonium from their nuclear reactors to build atomic weapons. In that volatile environment, the "balance of bread" will be at least as important as the "balance of terror" imposed by the superpowers' terrible weapons.

Ironically, the same voices that have been asking this body to hold the line on important social and domestic programs and the same voices that are urging a balanced budget with no deficit spending are now calling for an inflated defense budget. They are willing to sacrifice the economy of this country for a false sense of security they find in more weapons. And they are apparently willing to eliminate vital human services all at the expense of the American taxpayer

Certainly, arms control and reduction should be a goal for all countries, not the United States alone. But the challenges facing Americans have always been particularly great, and are more so now as we stand as one of the few free nations left on Earth. We lead the world in the military power, yet we lag behind other nations in literacy, per capita income, infant mortality, doctor-patient ratios, and other important indicators of a society's strength. We cannot allow ourselves to be caught up in a new phase of the arms race that will endanger us all and sap our ability to provide for other needs. If we cannot rid ourselves of our passion for being No. 1 in the world in providing for the common defense, should not we have an equal passion for being No. 1 in promoting the general welfare of our people?

The goal is disarmament, not arms sophistication and escalation. An arms agreement ratified on promises of new weapons lends support to the mentality that our security can only be obtained by reliance on the terror of nuclear destruction.

Mr. President, if we are to truly defend our country, we must be armed from within and without. Further escalation of military spending and hardware robs our Nation of a basic tool of survival—a strong economy and by diverting our resources, we weaken our ability to meet the needs of our people.●

IN SUPPORT OF HOLLINGS AMENDMENT

● Mr. DOLE. Mr. President, this amendment proposes to restore 3-percent real growth in the fiscal year 1980, and projects a 5-percent real growth in fiscal year 1981 and fiscal year 1982 in the defense function of the budget.

Mr. President, I am well aware of the efforts by the Budget Committee to balance the Federal budget and bring inflation under control and they are to be commended for such efforts. However, I want to point out that this amendment attempts to restore funds necessary to offset the adverse impact inflation has had on this year's defense budget.

During recent months, there has been much said concerning a need for greater defense spending. It may very well be that we need additional resources to maintain an effective national defense. But today we are not talking about additional resources: We are talking about filling the existing gap in our defense budget caused by the excessive rate of inflation during this past fiscal year.

DEFENSE SPENDING TRENDS

Mr. President, one only needs to review the trend established by the budget process in reducing the percentage of GNP that is spent on national security. In fiscal year 1975, the fiscal year before the congressional budget process took effect, defense expenditures were 5.9 percent of the GNP. That ratio has steadily declined to 5 percent in fiscal year 1979.

The figures in the second budget resolution, however, allow a slight increase to 5.1 percent in fiscal year 1980, but then decline to 4.9 percent in fiscal year 1981, 4.7 percent in 1982, 4.5 percent in 1983, and 4.3 percent in fiscal year 1984.

Mr. President, adjusting the figures for 5-percent real growth would allow defense outlays to be sustained at approximately 5.3 percent of the GNP throughout this entire period. This is still a low level of commitment, particularly when compared to the 12 percent of the GNP commitment the Soviet Union is making to its defense effort.

This amendment, which restores a 3 percent real growth in fiscal year 1980 and projects a 5-percent real growth in fiscal year 1981 and fiscal year 1982 is an equitable and reasonable approach to meeting and maintaining our defense capabilities.

Mr. President, the Senator from Kansas has long been concerned over the astronomical growth of the Federal budget and the resulting deficits. It is therefore with some reluctance that I must take the floor and urge my colleagues to vote to increase the budget for 1980. At a time when the mood of the public is turning more toward fiscal conservatism, this is an unpopular position to take. However, recent events dictate that our overall defense capabilities may not be as adequate as we need to maintain our national security, and recent surveys indicate the American public supports a continued commitment to a strong defense.

NATIONAL NET DEFENSE ASSESSMENT

Today, there has been much debate as to whether the United States should allocate greater resources to defense spending. Some have called for a substantial percentage increase and there are those who feel we need no increase at all.

Mr. President, for that reason I, on August 15, 1979, sent a letter to the President calling on him to order a national net assessment of strategic and overall defense needs. I urged him to establish a special commission to assess our priorities and spending trends in the defense areas.

Mr. President, the division evident in

this highly complex and crucial matter concerns me a great deal. The Senate must not act precipitously on this question, but, rather, we must take a factual, well-reasoned approach.

National defense is not merely a matter of spending more, and more money. What should concern us is not the total amount spent, but, rather, that whatever money is directed in the defense area be utilized in an efficient, cost-effective manner. Defense spending cannot be considered within a vacuum. There are many variables which interplay when talking of national security; the least of which should be concern over holding the line on some theoretical figure brought before us in a budget resolution. Overall military preparedness of the United States and world powers must be paramount in any debate centered on defense spending.

There are those in this Chamber who have joined with the Senator from Kansas in deferring judgment on the SALT II Treaty until these questions of defense capabilities are adequately addressed. We need to stop the past practice of throwing dollars at problems in the hope that more money will solve them. In today's economic environment that is plain foolishness. It is time the United States takes inventory and reassesses its defense and strategic capabilities.

A special committee as suggested by the ranking Republican on the Budget Committee, or a special commission as recommended by the Senator from Kansas, would provide the Senate with the pertinent facts needed to make a rational decision on new and additional resources to be allocated to defense spending. If such an assessment were to result in needed defense spending to insure American security, then no one will fight harder than the Senator from Kansas to enact the proper defense limits. And then, if the assessment were to reveal waste, fraud and abuse of taxpayer dollars, no one will move quicker to have the spending lowered and the priorities reordered.

INFLATIONARY WEAKENING OF U.S. DEFENSE

But, Mr. President, the amendment before us today does not concern itself with additional resources for defense, but merely takes into account the adverse impact inflation has had on the defense budget. It is a sound approach, both in fiscal and defense terms. It does not, as some suggest, merely throw money into the defense function with abandon. The amendment simply, once again, accounts for the ravages of inflation.

The distinguished Senator from South Carolina and those of us who support his amendment want to insure that the United States retains our deterrent capability in the future. We are also greatly concerned over the weakening structure of NATO. We must not be cajoled into accepting second-place in the world power structure, in the name of fiscal responsibility. It would be irresponsible at best to permit our defense structure to become so weakened that it is incapable of protecting our total well-being as a nation.

We need to remain free, both politically and economically, and these principles dictate that we continue to support a strong conventional as well as, strategic military capability.

What is before the Senate today is the absolute minimum we should have allocated to defense needs if we are to maintain our national defense capabilities. The recent assessment by the Joint Chiefs on the President's own 5-year defense plan states that we do not possess the resources needed to meet such a plan. Mr. President, what is most disturbing to the Senator from Kansas is not necessarily the programmatic problems which bother some of my colleagues, but, rather the current trends within our defense structure. The Department of Defense, in a statement to Congress by Under Secretary Dr. William Perry, the Joint Chiefs, and the Defense Intelligence Agency all agree: The trends are disturbing.

Maybe, as I stated earlier, a reordering of defense priorities is needed and maybe when the question of new, additional resources being allocated for defense is before the Senate, I will vote against them. But I am compelled to state one more time that what is being asked today is not to add funds for new programs, but only those funds needed to meet increased costs due to inflation.

Now is not the time to debate new programs, new weapon systems, and additional resources. The opportunity for that debate will arrive soon.

Mr. President, the amendment provides what is necessary for our national security now and accounts for future inflationary problems: That is all. This is a minimum amendment. I support the efforts of its sponsors and urge my colleagues to join in supporting this approach.

The text of my letter to the President follows:

U.S. SENATE,
Washington, D.C., August 9, 1979.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: In a previous letter to you I addressed several concerns I have with the SALT II treaty and its impact on the strategic balance. Over the past days and weeks of testimony before the Foreign Relations and Armed Services Committees the Senate has heard much expert opinion on the issues of national security and nuclear arms—but, unfortunately, much of this testimony has been conflicting. This testimony, from Administration sources as well as other experts in the field, has only added to the confusion over strategic balance and our future defense needs, rather than helped answer the many existing questions and concerns.

Recently, several Senators have called for an increase in strategic defense spending over the next few years to redress a perceived imbalance between the power of the Soviet Union and that of the United States. It has been requested that before SALT II is ratified, a new five-year plan for defense spending be submitted for the evaluation and commitment, not only of the Administration, but of the Congress.

This approach, while well-intentioned, makes too much of an attempt to solve hastily, by throwing federal money at them, problems which require reflection and direction. This country needs to know what its strategic and military needs are now. We need to know how we stand against our potential enemies. We need to know what needs will be five years, ten years and twenty years from now. It is not in our interests to simply spend more money, if we spend more we have to do so according to an overall defense plan. We ought to set the SALT debate into the more global setting of military force structure and total defense posture of the United States and our allies. It may well be that we do need to spend more in the defense area. But what concerns me most is not the total spent, but a careful analysis of the areas that need to be strengthened in order to halt the erosion of our position from number one to number two during the treaty years. Only when we have this knowledge can we achieve a plan of action.

For these reasons I urge that you call for a special, national net assessment of our current and future defense needs by the Joint Chiefs of Staff, perhaps in concert with a blue ribbon nonpartisan panel of experts, to bring the facts openly to Congress and the American people. Such a commission should include experts with a wide range of views, from present and former administrations, from academia, from the executive and legislative branches as well as the military and intelligence communities.

I suggest you direct the Joint Chiefs of Staff to independently report their assessment of the trends in the strategic balance on both sides through the end of this century. This assessment should be comprehensive in nature, and fully portray the impact of the provisions of SALT II. The assessment should show how currently planned and programmed U.S. force improvements will affect the balance and how known or probable Soviet force improvements will affect U.S. security. It should reveal our ability to predict the rate of improvement in Soviet forces. The overall uncertainties in our ability to predict and analyze Soviet actions—not simply to verify the limited aspect of Soviet force improvements covered in the treaty after they occur, must also be assessed.

I believe this would remove the SALT debate from a politicized arena and provide Congress adequate information upon which to base informed votes for or against the SALT II. I strongly urge you to consider such an approach, and provide my wholehearted support and backing to such an undertaking.

Sincerely yours,

BOB DOLE,
U.S. Senate.●

● Mr. LEAHY. Mr. President, I wish to commend the dishinguished chairman of the Budget Committee and the members of that committee for their outstanding work on both the first and second budget resolutions.

This second resolution, if passed without deficit increasing amendments, represents a giant step toward the achievement of fiscal responsibility and discipline in the Senate.

Critics of the 5-year-old congressional budget process claim that Congress cannot and will not accept budget discipline in the absence of a mandatory balanced budget requirement. This resolution, and the budget discipline and retroactive spending cuts it prescribes, proves those critics wrong.

The reduction of the deficit from its high point of $66.4 billion in fiscal year 1976, to this year's projected deficit of $28 billion represents no small accomplishment, Mr. President, we are firmly on track toward a balanced budget in fiscal year 1981. As we have approached the point of balance, spending reductions have been accomplished with greater and greater difficulty. We have had to reject some very worthy spending requests. But we have not swerved from our commitment to move rapidly toward a balanced budget.

Mr. President, I have accepted the need to limit spending to the levels prescribed in this second budget resolution.

I have attempted to reorder spending priorities within the overall spending ceiling established by the second budget resolution. But failing that, I will not support spending for any cause which exceeds the ceiling established by this resolution.

Mr. President, during consideration of this budget resolution I supported amendments sponsored by Senators CRANSTON and McGOVERN to limit spending cuts for veterans programs and for child nutrition programs.

I regret that those amendments were defeated. I would have preferred that the Senate make equal spending reductions in other areas.

But while I cannot fully endorse the spending priorities established by this resolution, I recognize that painful spending cuts are a necessary consequence of achieving fiscal responsibility.

I recognize that no spending requests, whether they be for domestic programs or for national defense, can escape the scrutiny of the budget process.

Mr. President, as a member of the Appropriations Committee, I am prepared to shoulder the responsibility for carrying out the difficult spending cuts the Senate has prescribed in this resolution. I will attempt to influence the committee to make cuts which are consistent with my spending priorities, and which are equitable. But in the last analysis, I will support only those spending levels which are consistent with this second budget resolution.●

Mr. BELLMON. Mr. President, This proposal to increase defense spending is the SALT II buy-off in its starkest form, obscured somewhat by the fact that it is offered by some Senators who have already announced their opposition to SALT.

I fear that agreeing to these spending levels in advance of a clear understanding of future defense and foreign policy objectives will permit the administration to point to such levels as evidence of U.S. resolve and will soothe the consciences of Senators who have real doubts about SALT II.

Yesterday, I introduced a resolution calling for a delay of the SALT vote pending a special Senate examination of foreign policy and defense objectives. I intend to call that resolution up in the near future. I think many of my Senate colleagues share my concern that we are being asked to vote on a very important issue without any clear idea of how it fits into the total picture of long-term U.S. policy. This is an intolerable situation.

I am quite willing to support any level of funding, whether it is 3 percent real growth or even 10 percent real growth, for defense so long as I have a clear and comprehensive explanation of what these levels will provide for in terms of securing the United States into the future.

There can be no doubt that the Pentagon would find dozens of ways to spend the money. Many would undoubtedly be valid, even essential as is claimed. Indeed, I am sure that they would still tell us more would be desirable. But, this all misses the key point. The money would be spent on the same old force postures and the same old strategies. It becomes clearer each year that these previous approaches to national security will not suffice in the future. We might as well begin now to identify the new directions in which we must move and embark on the development of postures to support such new strategies. This, I know, would inevitably cost a lot more money. But I believe the American people would support such levels so long as they know that we, as their representatives, are not squandering their money on old and unreliable approaches to national defense.

I urge my colleagues to resist the urge to blindly increase spending on defense until we have an opportunity to set a firm course in national defense. Our country will not fall apart in the relatively short time it will take to coalesce a clear statement of defense requirements. At that time, with objectives more clearly in view, we can supply defense with the level of spending resources which will truly enhance our long-term security. With that task completed, we will also feel more confident and competent to deal with the SALT treaty and our relationship with the Soviet Union.

● Mr. CHILES. Mr. President, the second budget resolution for fiscal year 1980, which the Senate is considering today, marks a critical point in congressional history. The new congressional budget process was created by many of us who thought Federal spending had gotten out of control. Over the last 5 years we have developed and refined that process, so that we can give the Senate a pretty accurate picture of what spending will look like if it follows one or another policy.

During those same years the public perception that Federal spending needs to be cut back has grown to a major crisis of confidence. I note that in the most recent University of Michigan consumer survey, 42 percent give Government economic policy a rating of "poor", up from 36 percent a year ago. Only 8 percent think the Government is doing a good job. That sounds to me like a failing grade, and a message that Congress ought to listen to. The Senate Budget Committee, on which I am privileged to serve, has tried to restore public confidence by setting reasonable and achievable spending targets, and by responding to changing economic conditions. The committee responded to inflation by fiscal restraint. We developed 5-year budgeting to reduce public uncertainty about spending policy, and let people know when to count on tax cuts and when to expect a balanced budget.

Last spring, in the face of rapid inflation, Congress took a pledge to balance the budget by 1981, and put itself on a path toward balance by reducing the deficit. To respond to the public demand of reduced spending and a smaller Government, we voted in the first budget resolution to cut spending a net of $5 billion below current law levels, with cutbacks in old programs more than making up for increases in high priority areas. No area of the budget was to be exempt from cuts.

RECONCILIATION AND RESTRAINT

To date, most of the savings contemplated in the first resolution have not been achieved. The choice now faced by the Senate is whether to reaffirm that pledge of fiscal restraint and direct the various committees of Congress to report legislation that will achieve those savings.

The role of the Budget Committee is not to tell the entire Congress how to run every program. Our role is to point out that if Congress keeps on at its present rate of spending it will find itself with a 1980 deficit that is $4 or $5 billion higher than it was in 1979 instead of lower. It will say to the people of the country that it cannot even find 1 percent of current spending to cut in order to keep on track to a balanced budget.

Mr. President, the term "reconciliation" in the Budget Act refers to the entire Congress instructing its committees to report legislation to bring spending into the bounds of the budget resolution. Some opponents are treating "reconciliation" as a dictum from the Budget Committee to the other committees to carry out certain policies. That is not so. The Legislative and Appropriations Committees retain full jurisdiction to choose what programs are to be cut, and the full Senate will have to vote on their suggestions and accept or amend them. What the Budget Committee is trying to do is reconcile the actions of Congress with the words of Congress about cutting spending and balancing the budget.

I personally disagree with many of the particular savings items assumed by the Budget Committee. In other areas I would like to see deeper cuts. However, the overall level of restraint has to be the deciding factor for a budget resolution. When we made our first round of spending decisions for the resolution, we added back money for items we thought unrealistic or undesirable to cut. When we added it up, we found it would produce a 1980 deficit of $32.5 billion. That compares to $30 billion in 1979 and a $29 billion deficit in the President's budget. We therefore adopted a second-round motion to cut back to the levels of savings assumed in the first resolution. The only way Congress can keep the pledge of the first resolution to move as rapidly as possible to a balanced budget is to enact the amount of spending cuts it promised the country it would achieve.

ECONOMIC POLICY

Mr. President, there is great concern about how the budget resolution responds to the recession that appears to be starting. I share that concern. But I believe restraint is still appropriate at this time.

When the first resolution was adopted last spring, the Congressional Budget Office was projecting a slowdown in the economy for this year. However, CBO also projected an acceleration of inflation. When the Budget Committee examined what was likely to cause a recession, we found that Government spending and inflation were part of the problem, not the cure.

Inflation drives up interest rates, since lenders want to be compensated for the decline in the value of the money they lend. High interest rates slow down housing construction and business investment, which puts people out of work. Investment is also hurt by a low rate of savings. American consumers were so eager to improve their lifestyle after the energy crisis and recession that they spent down their savings to historically low levels. Accelerating inflation made the situation worse, since people stepped up their buying on the expectation that prices would be worse if they waited. Of course, the OPEC oil price increases made everything worse and drained off about $20 billion of real purchasing power from the American public. The Federal Government cannot restore that purchasing power through deficit spending; that would only make inflation worse. The economy will have to slow down for a while while people retrench. The Congressional Budget Office, the President's Council of Economic Advisers, and most private economists expect that the recession will be mild and short-lived, and that recovery will occur without any Federal stimulation. By the time Federal spending could create jobs, the recession would be over on its own. If the recession gets much deeper and lasts longer than we expect, then I believe we should return to a posture of fiscal stimulus in the form of a tax cut. What we have found is that, while unemployment is increasing slightly as projected, inflation is building up faster and faster. We therefore need a period of restraint to cool off inflation. That means cutting spending and reducing the deficit.

SPENDING PRIORITIES

Mr. President, a budget can be tight and still meet the needs of the poor and disadvantaged in our society. While cutting back on low priority programs, we have provided room for funding increases in such areas as food stamp benefits for the elderly, emergency cash assistance to pay energy bills, improvements in the medicaid program for low-income children and pregnant women, and youth employment programs.

My staff has prepared three tables showing the spending priorities reflected in the second budget resolution as reported, and I ask that these tables appear in the RECORD at this point.

The tables follow:

TABLE I.—GROWTH IN OUTLAYS, 1980–84 (PER SCR)

	Function	Billion increase	Percent change	Super-functions
050	National defense	$46.0	36.0	Defense and international: 34.7 percent; $47 billion.
150	International affairs	1.0	14.5	
250	General science, space and technology.	−.1	86.0	
270	Energy	4.0	61.9	Physical resources: 22.3 percent; $11 billion.
300	Natural resources and environment.	2.0	17.6	
350	Agriculture	2.0	63.4	
370	Commerce and housing credit	−.1	96.4	
400	Transportation	3.0	13.4	
450	Community and regional development.	1.0	14.3	
500	Education, training, employment, and social services.	.1	.3	Human resources: 42.1 percent; $124 billion.
550	Health	30.0	55.4	
600	Income security	89.0	47.4	
700	Veterans benefits and services	4.0	20.5	
750	Administration of justice	1.0	11.4	
800	General government	1.0	23.8	
850	General purpose fiscal assistance.	−2.0	81.7	
900	Interest	6.0	10.7	

Super-functions: Defense and international (50, 150) Physical resources (270, 300, 350, 370, 400, 450). Human resources (500, 550, 600, 700).

TABLE II.—PERCENT OF BUDGET INCREASE GOING TO VARIOUS FUNCTIONS, 1980–84

	Function	Billion increase	Percent of 177.2 billion	Super-functions
050	National defense	$45.7	25.9	Defense and international: 26.6 percent; $47 billion.
150	International affairs	1.2	.7	
250	General science, space, and technology.	−.8	−.5	
270	Energy	4.3	2.4	Physical resources: 6.5 percent; $11 billion.
300	Natural resources and environment.	2.1	1.2	
350	Agriculture	1.5	.8	
370	Commerce and housing credit	−.1	−.1	
400	Transportation	2.5	1.4	
450	Community and regional development.	1.2	.7	
500	Education, training, employment and social services.	.1	.1	Human resources: 69.7 percent; $124 billion.
550	Health	30.0	16.9	
600	Income security	89.3	50.4	
700	Veterans benefits and services	4.2	2.4	
750	Administration of justice	.5	.3	
800	General government	1.0	.6	
850	General purpose fiscal assistance.	−1.7	−1.0	
900	Interest	6.2	3.5	

Super-functions: Defense and international (50, 150). Physical resources (270, 300, 350, 370, 400, 450). Human resources (500, 550, 600, 700).

TABLE III.—PERCENT OF TOTAL OUTLAYS TO EACH FUNCTION FOR YRS. 1976, 1979, 1980, 1984; EACH SUPER-FUNCTION

[In percent]

	Function	1976	Super-functions	1979	Super-functions	1980	Super-functions	1984	Super-functions
050	National defense	24.4	Defense and international: 25.9 percent; $95 billion.	23.1	Defense and international: 24.7 percent; $121 billion.	23.5	Defense and international: 25 percent; $136 billion.	24.1	Defense and international: 25.4 percent; $183 billion.
150	International affairs	1.5		1.5		1.5		1.3	
250	General science, space and technology.	1.2		1.1		1.0		.7	
270	Energy	.8	Physical resources: 9.7 percent; $36 billion.	1.5	Physical resources: 11 percent; $55 billion.	1.3	Physical resources: 7.6 percent; $47 billion.	1.6	Physical resources: 6 percent; $43 billion.
300	Natural resources and environment.	2.2		2.3		2.2		1.9	
350	Agriculture	.7		1.3		.5		.6	
370	Commerce and housing credit.	1.0		.6		.6		.4	
400	Transportation	3.7		3.4		3.4		2.9	
450	Community and regional development.	1.3		2.0		1.5		1.3	
500	Education, training, employment, and social services.	5.1	Human resources: 54 percent; $198 billion.	6.0	Human resources: 52.7 percent; $259 billion.	5.6	Human resources: 54.1 percent; $294 billion.	4.3	Human resources: 58 percent; $417 billion.
550	Health	9.1		10.1		10.0		11.7	
600	Income security	34.8		32.6		34.7		38.6	
700	Veterans benefits and services.	5.0		4.1		3.8		3.4	
750	Administration of justice	.9		.8		.8		.7	
800	General government	.8		.8		.8		.7	
850	General purpose fiscal assistance.	2.0		1.8		1.7		1.1	
900	Interest	9.4		10.6		10.7		8.9	
920				.1		------		------	
	Total	366.4		494.45		542.7		719.9	

Super-functions: Defense and international (50, 150). Physical resources (270, 300, 350, 370, 400, 450). Human resources (500, 550, 600, 700).

Mr. CHILES. These tables demonstrate that human resource programs received top priority in the committee's spending decisions. Table I shows that while defense will increase by 35 percent in the next 5 years, human resources spending will increase by 42 percent. Another way of looking at priorities is to take the $177 billion of projected spending increase, and see how much goes to each function. Defense and international affairs gets $47 billion (27 percent), the human resources functions get $124 billion (70 percent). While $71 billion is for social security, an additional $53 billion is projected for other human resource programs.

Table III compares the percent of Federal outlays going to each function in:

1976, the first year of the congressional budget process;

1979, the current fiscal year;

1980, the year whose budget we are considering; and

1984, the final year of our 5-year projections.

While we have undertaken a turnaround defense budget by giving it real growth, we have not at all increased the share of outlays going to defense. In fact, defense has declined from 24.4 percent of the budget in 1976 to 23.1 percent in 1979, and only goes up to 24.1 percent by 1984. Since inflation is projected to be 31 percent from 1980 to 1984, the 36 percent increase in defense spending is only 5 percent over 4 years, or 1.2 percent a year. I therefore expect to support amendments to restore the share of the budget going to defense, and meet the President's commitment of 3 percent real growth. When I look at these trend figures, I feel fully justified in allowing substantial increases in defense while holding down growth in the rest of the budget.

The international situation is simply too unstable, and Soviet defense spending too great, for us to relax our defenses at this time. We have to spend our defense dollars carefully and cut back on waste, but overall, we need a renewed commitment to a strong military capability in both strategic and conventional forces. We have found in recent years that while the nuclear deterrent works among major powers, the serious threats in Asia and the Middle East requires strong conventional forces. Failure to keep up with the cost of inflation tends to run down conventional forces through deferred maintenance and obsolete equipment. The President has proposed to spend an extra $5 billion to pay those costs, and I intend to support his request.●

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, the Senator from Nebraska wants to call up his amendment at this time.

Mr. EXON. If all time expired, I would like to call up the amendment that I placed at the desk sometime ago.

The PRESIDING OFFICER. The Senator from Maine has 1 minute and 45 seconds remaining on the amendment.

Mr. MUSKIE. I will yield back the time on the amendment, or put it in the pool that is left on the bill, and I can yield from that as well as I can, the bill when the time expires.

UP AMENDMENT NO. 560

(Purpose: To increase defense spending to provide for 3 percent in real growth in outlays in fiscal year 1980, fiscal year 1981, and fiscal year 1982)

Mr. EXON. Mr. President, I call up my substitute amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska (Mr. EXON) proposes an unprinted amendment numbered 560.

Mr. EXON. Mr. President, I ask unanimous consent, without objection, that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 1, line 8, strike "$383,600,000,000" and insert "$386,600,000,000".

Page 1, line 9, strike "$338,400,000,000" and insert "$339,900,000,000".

Page 5, line 25, strike "$632,200,000,000" and insert "$635,200,000,000".

Page 6, line 5, strike "$543,100,000,000" and insert "$544,600,000,000".

Page 6, line 11, strike "—$28,400,000,000" and insert "—$29,900,000,000".

Page 6, line 16, strike "$887,500,000,000" and insert "$889,000,000,000".

Page 6, line 21, strike "$57,500,000,000" and insert "$59,000,000,000".

Page 7, line 11, strike "$136,800,000,000" and insert "$139,800,000,000".

Page 7, line 12, strike "$127,400,000,000" and insert "$128,900,000,000".

Mr. EXON. Mr. President, I believe that an acceptable compromise can be struck—a compromise which will show that the Senate is serious about its stated objectives of balancing the budget and maintaining adequate defense strength.

Having just returned from a month at home, I am sure that very few of us doubt that inflation is, and is perceived to be, the No. 1 problem in this country. An important step in combating inflation is to reduce Government spending in general and deficit spending in particular. Last spring, the Senate acted on a first concurrent budget resolution which continued us down the road of the important and necessary steps of reducing the 1980 deficit and balancing the Federal budget in fiscal year 1981. We must not abandon these twin goals if we are to maintain credibility with those whom we represent.

The Senate's No. 1, immediate priority, it seems to me, with respect to the budget, is to insure that the fiscal year 1980 deficit does not exceed that of fiscal year 1979. For too many years now, the Congress has promised fiscal responsibility "next year." Mr. President, "next year" is here. There will always be "truly pressing needs" or "extraordinary circumstances" to keep us from attaining our goal. However, we must not waiver from our goals now—now while we are so close. The Senate must continue along the course of declining deficits lest our objective of a balanced budget in 1981 be abandoned. Should we fail in these twin goals, we would unfortunately be sending the signal from Washington that we do not have the wherewithal or the courage to reasonably curtail expenditures and concurrently make the tough decisions on balancing priorities. We should consider "busting the budget" which was carefully and with considerable pain crafted by the Budget Committee, only if there is some unforeseen national emergency. In my opinion, such a situation does not exist today.

For these reasons, I have supported very tough spending restraints all year and especially those involved in this second concurrent resolution. During this process, many compromises have been made—across the board. Compromise must remain the name of the game as we conclude action on our overall budgetary ceilings.

As a member of the Senate Armed Services Committee, I have studied our defense needs in depth and feel that the Soviet Union has forced us into the position of having to increase our emphasis in this area to avoid slipping from our current posture of general military equivalence. I need not dwell on this point because I believe that a majority of my colleagues share this opinion. The United States has pledged, along with the other NATO nations, to increase our defense budget in real terms in the region of 3 percent, recognizing that for some individual countries economic factors will affect what can be achieved.

We should not engage in endless debate in evaluating this pledge or in using other indicators of NATO defense spending such as percentage of gross national product, which would show the United States doing more than our NATO partners. However, at this point, the more important consideration, it seems to me, is to realize that we all have a responsibility in this area. The United States should not carry more than its share of the burden, yet it would be difficult to convince others to do more, as they must, if we ourselves do not exert leadership in the alliance.

The United States, besides being the military leader of the free world, is perceived also as the economic leader, although few would disagree with the fact that in the latter category, at least, we are at best falling on hard times by any acceptable measuring stick. The other major industrialized nations agree that inflation in this country must be brought under control, exemplifying the importance of bringing the Federal budget under control. These apparently competing goals of increasing our collective defense capabilities and reducing inflation can be reconciled using the following approach:

The Senate has already supported the Budget Committee in its effort to hold the 1980 deficit to under the 1979 level by voting for the spending levels advocated by the committee. We have room remaining for a real increase of 3 percent for that portion of our defense budget which is NATO related, while still not raising the 1980 deficit above that of 1979. That figure would require an additional outlay of $1.5 billion in fiscal year 1980. For 1981 and 1982, I am proposing a full 3-percent real growth in the entire defense budget, similar to other proposals which have been discussed. My 1981 and 1982 additional outlays will be $6.6 billion and $11.2 billion respectively, representing a full 3-percent real growth in the defense budget over the 3 years as if the full 3 percent had been approved for 1980, also. In short, over this 3-year period, this amendment would provide for a full 3-percent real growth total—the same as the President's—while not increasing the 1980 deficit.

I will be the first to acknowledge the difficulty in determining the percentage of our overall defense budget which is related to our alliance commitments. However, estimates have been made and their conclusions do not differ significantly. The Budget Committee staff has provided me with an estimate that approximately one-half of our defense budget is related to this function, including rapid-deployment forces based outside the theater which would be dispatched to Europe in the event of a contingency there. Again, a long and interesting debate could ensue over the exact percentage involved; however, I do not believe this would be productive in this context.

The Senate Budget Committee figure currently before the Senate makes up for anticipated inflation, but does not include funds for real growth in defense expenditures. The President and others have advocated a figure which would provide for 3 percent in real growth in the entire defense budget in 1980. My compromise will accommodate the need to fulfill our pledge to increase our defense expenditures and allow us to hold down the 1980 deficit, thereby keeping on track the twin goals of reducing the 1980 deficit, or certainly not exceeding it, compared with fiscal 1979, and a balanced budget in 1981.

I am certain that some of my colleagues hold the view that our defense posture has slipped to the point where we need to increase our expenditures by 3 percent across-the-board in 1980 with even greater increases in later years. Others feel that no increases are necessary. The course I have proposed allows the Senate to take a middle course and afford us more time—time to evaluate our real defense needs and time to balance the budget. If it turns out that further increases above 3 percent are needed, then our plans for a budget surplus in 1981 and beyond can be adjusted to meet that need.

But let us insure that we meet these fiscal goals now. From this point forward, the first deviation from our balanced budget course will not be the last.

The time to hold the line is now, while not abandoning our twin goals of reducing the deficit in 1980 and balancing the budget in fiscal 1981.

How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. The Senator has 40 minutes.

Mr. EXON. How much?

The PRESIDING OFFICER. The Senator has 40 minutes, out of his original 53.

Mr. EXON. I reserve the remainder of my time.

Mr. MUSKIE. Mr. President, who controls the time in opposition to the amendment?

The PRESIDING OFFICER. The Senator from Maine.

Mr. PERCY. Mr. President, will the Senator yield me a minute?

Mr. MUSKIE. Mr. President, at this moment, I find this a much more acceptable amendment than the Hollings amendment or any alternative that has been proposed.

In terms of controlling the time, I yield to the distinguished Senator from Illinois 3 minutes.

Mr. PERCY. Three minutes is fine.

The PRESIDING OFFICER. The Senator from Illinois is recognized to proceed for 3 minutes.

Mr. PERCY. Mr. President, I intend to support the Hollings amending to the budget resolution. As my distinguished colleagues (Mr. MUSKIE and Mr. BELLMON) know, I have opposed every amendment that has increased the budget ceiling in every other category, because I believe that we must get this Federal budget under control if we are to get inflation under control.

We must not, however, sacrifice the need to provide for an adequate defense to the need for fiscal austerity. Our ability to deal effectively with both our allies and adversaries depends on an America resolute in its determination to remain strong.

I support a 3 percent increase in the ceiling for 1980 because it represents the amount necessary to offset inflation which is much higher than was expected when the defense budget was submitted in January. The defense budget last January fulfilled a promise that the United States had made to our European allies. We persuaded our allies to join with us in endorsing a goal of a 3-percent annual increase in defense outlays, and our budget last January reflected that pledge. Inflation has since eroded its value. Without the 3-percent increase in the budget ceiling, our pledge will go unfulfilled.

Consequently, I find myself in the position of supporting the Hollings amendment. I simply feel we cannot walk away from our pledge to NATO. The original budget submission did not take into account an inflation level as high as it is today.

I also support the guidelines contained in the Hollings amendment for defense spending in 1981 and 1982. I understand that these guidelines are not binding. We will determine the amount of those budgets during the regular authorization and appropriations process and budget process next year. It, in my view, is premature to determine exactly what that amount will have to be. But I favor the guidelines allowing for a 5-percent increase for 1981 and 1982 because I see it as a symbol of this country's determination to do what is necessary to maintain our defense. We may not need such an increase in our defense spending; I would much prefer that we not have it. But, if it is necessary, we have the will and the economic power to sustain our military defenses at a higher level. That is the meaning behind this very important vote we are taking today.

Mr. President, I feel that, in the months of hearings we have had on SALT, one thing has become eminently clear; namely, that we must make it absolutely clear to the Soviet Union that if they want to engage in an arms race, we have the economic power and the will to counter their challenge. We should make sure we have absolute parity and that we are second to no other nation on Earth in this area. Our military capabilty, I think, must be taken into account in putting together this budget. That means sacrifices at other ends. That is why I shall fully support the Roth amendment, but will support reductions in expenditures to go right along with it.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, before I yield time, may I alert the Senators that the Exon amendment is to the Hollings amendment and all time on the Hollings amendment has expired. The time on the bill is so tight, considering other amendments, that I do not feel I should yield anything but very minimal time on the bill.

On the Exon amendment, we have how much time, may I ask?

The PRESIDING OFFICER. One hour equally divided. The Senator now has 26 minutes and Senator EXON has 20 minutes and 20 seconds.

Mr. MUSKIE. I do not expect to use more than a minute or two of the 22 available to me on the Exon amendment, so I am willing to yield on that to the extent that it covers the ground.

Senator HATCH asked for 5 minutes and I shall yield to him. Senator HOLLINGS wants 5 minutes. I shall yield to him. And 2 minutes to Senator STENNIS. That will leave me 10 minutes on the Exon amendment.

Mr. HOLLINGS. Could we get the yeas and nays on all these amendments? I take it Mr. EXON wants the yeas and nays. I would like to have the yeas and nays.

Mr. MUSKIE. I ask for the yeas and nays on the Exon amendment, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays on the Hollings amendment.

The PRESIDING OFFICER. Without objection, it is in order to order the yeas and nays.

Mr. MUSKIE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. That is on both Hollings amendments?

Mr. MUSKIE. It has now been ordered on both.

I yield now to the distinguished Senator from Utah.

Mr. HATCH. Mr. President, I would like to add my support to the efforts of

Senator HOLLINGS to increase the defense to reflect a 3 percent real increase in fiscal year 1980 and a 5 percent real increase in the future fiscal years; and thus lend my support to the amendment of my good friend (Mr. EXON). The levels included in the Budget Committee's recommendation are unrealistically low and should be rejected.

The Budget Committee will argue that it increased its commitment to the defense budget by adding $200 million in budget authority and $3.2 billion in outlays to the defense numbers in the first budget resolution, and also added funds for future fiscal years. It should be understood, however, that this represents no increase in the real level of commitment to the defense budget over the first resolution. Increases of a significant amount resulted from CBO reestimates of three major items—raising the pay cap to 5.5 percent for the entire period, higher retirement pay because of increased inflation projections, and higher levels of outlays resulting from more rapid than anticipated spending of budget authority from prior years. This more rapid spend out of prior years' budget authority is probably the result of inflation running higher than anticipated and DOD spending budget authority planned for other purposes to keep programs running at planned levels. This can only be a shortrun fix which will have to be compensated for at a later date.

The only other increase in the total defense figures in the resolution resulted from changes in the figures for the strategic mission. This also cannot be considered as a real change in commitment to the defense budget when the circumstances surrounding the increase are understood.

In the first resolution, the Congress essentially decided to accept the President's 5-year defense program with some minor cuts for personnel reforms and lower outlay estimates. However, unlike any other function of the budget, OMB does not present a detailed breakdown of the cost of different programs in the defense budget for fiscal years beyond the one under consideration. They merely submit an overall defense total for fiscal years 1981 through 1984. The Budget Committee must accept OMB's word that they can fit the defense program they claim they want within those numbers. In the first resolution, the committee assumed that they were buying the President's 5-year defense plan, with room to procure all the strategic weapons systems within the President's figures.

Since the first resolution was passed, the committee was able to acquire more information that indicated that the President could not buy his whole 5-year defense plan within his budget submission. First, the administration's inflation estimates were unrealistically low. More realistic CBO inflation assumptions were applied to the strategic mission. But even with this inflation correction, it was determined that there was still not enough money to fund the 5-year defense plan. The committee had to determine this from whatever independent cost information it could acquire. Therefore, the increase in the strategic mission was merely to compensate for these miscalculations at the time of the first resolution. Although it is at best a rough guess, it is the best estimate that the Budget Committee can make with the information available to it.

I would also like to comment on some other aspects of the Budget Committee's recommendation in the defense budget. First, if the defense commitment is measured in terms of percentage of GNP devoted to it, the Budget Committee's numbers reflect an alarming trend. Assuming the levels of GNP projected by the committee, if the Congress accepts the defense figures in the resolution, the percentage of GNP going for national security purposes will decline from 5.1 percent in fiscal year 1980 to 4.3 percent in fiscal year 1984. If one looks back a few years, one sees that the percentage of GNP going to defense has already fallen significantly over the past few years. In fiscal year 1976, it was 5.6 percent of GNP. If the Budget Committee's recommendation is adjusted to reflect a 3-percent level of real growth over the period, the percentage of GNP will still decline to 4.9 percent. However, with the 5-percent real growth adjustment, the proportion of GNP going to defense will be maintained at 5.3 percent over the period, its fiscal year 1977 level.

Also, applying the CBO inflation assumptions to the committee's defense figures, one finds that between fiscal year 1980 and fiscal year 1984, outlays will only grow by 2.6 percent in real terms over the entire period. Budget authority will actually fall by 2.3 percent in real terms over the period. This falls far short of living up to even our 3-percent pledge to NATO, where many of our allies are exceeding that pledge in their fiscal year 1980 budgets.

Let me add a personal note about the defense budget, Mr. President. Last month I visited many American military facilities in West Germany and met with Gen. Bernard Rogers, and senior NATO commanders. I carried with me a copy of the report issued in January 1977, by Senator NUNN and the late Senator Dewey Bartlett of Oklahoma in order to see for myself just how many of the proposals they put forward have actually been put into effect. The Nunn/Bartlett report, as it has come to be known, has received extensive attention in the last 3 years because it is probably the most thorough and, I might add, innovative approach to the problems of NATO ever attempted.

Without going into details, I would like to bring to the attention of the Senate the simple fact that many American and European officials with whom I met now believe that the basic tasks outlined in the Nunn/Bartlett report are currently in jeopardy for lack of adequate funds from the United States. This finding, which was repeated to me in London, Paris, Bonn, and in the field with American units, stands in sharp contrast to the phantom voices quoted in the Washington Post just before I left in early August, which alleged that the Pentagon would not know what to do with any extra funds this year or even next year. Let me offer just a few examples, and at the same time, let me encourage all of you to consider making a brief visit to our NATO forces to hear for yourselves these problems rather than becoming dependent upon the congressional relations staff at the Pentagon which has been serving as a strong filter between those who know the needs of our forces and those who want to know about these budgetary questions here in the Senate.

First, let me address the Air Force in Europe, then turn to the Army and the Navy.

Because of the sharp limitations in this year's proposed budget, severe cutbacks are already planned by the commander of our Air Force in Europe, Gen. John Pauly. Flying training will have to be cut back; the programs we have to defend our forces against chemical attack will be severely slowed; the programs that would have brought U.S. pilots to Europe to become familiar with their wartime missions will be canceled; and a number of other initiatives in accordance with the Nunn/Bartlett report will be reduced or postponed. That report called for "NATO's" air defenses to be transformed into a capability to inflict unacceptable losses upon intruding Soviet tactical air forces through better integration of air defense systems and by remedying the critical shortage of surface-to-air missiles.

Mr. President, this has not been done. In fact, our pilots have a historic lack of training in live firing of air-to-air missiles because of the shortage of funds. The Soviet forces train more and longer and with actual live missile firings. Worse still, and I am authorized to quote a senior American Air Force general in Europe about this, "our supply of air-to-air missiles is not only not up to requirements, but grossly insufficient." The exact number is highly classified. One officer even called the situation criminally insufficient.

Raising the readiness level of our Air Force was a critical part of the Nunn/Bartlett report, yet we see that this has not been accomplished, that the Soviets are moving further ahead of us, and that the congressional relations staff at the Pentagon, which was I suspect the source of the phantom quotation in the Washington Post, still tells us that "the Pentagon does not need any more funds."

Let me turn to the Army, where we were able to visit with the 11th Armored Cavalry Regiment stationed right on the border. Again, we found severe deficiencies freely admitted by ranking officers in response to our questions who openly complained of budgetary shortages. The supplies of ammunition are inadequate, and perhaps worse, these ammunition supplies are, in too many cases, not located in the proper place and cannot be moved for lack of funds.

We spent a half day at our largest conventional weapons depot at Miesau in Germany where we learned after a series of questions to the operational staff at the depot that there will be major obstacles in unloading and moving vital supplies and ammunition to the front in the event of a surprise attack on our forces. More surprising to me was that with a few improvements in the logistical side of our forces—along the lines that were described briefly in the Nunn/Bartlett report—we would greatly improve the credibility of our defense of Western Europe. I should note that the Nunn/Bartlett report specifically called for "the co-location of combat units with their initial supplies of ammunition." This has not yet been accomplished, again for lack of funds, nor have the basic stocks of artillery ammunition been brought up to authorized levels.

Finally let me add that with respect to the role our naval forces in NATO that the situation may be worse than with the Air Force or the Army. Both Army and Air Force senior generals pointed out during the trip that we either have too many operational units for our readiness funds or too little readiness funds for our operational units. But in the case of the Navy, both readiness and unit strength are insufficient. There is reason for doubt about even the most vital requirements that our naval forces would have to perform in the event of an attack against Western Europe. The Navy will have to secure our convoys to bring reinforcements by sea from the United States in the face of an ever-growing number of Soviet submarines and mine laying ships augmented by the Backfire bomber's role in Soviet naval planning, and it will have to defend the key ports of our NATO allies in order to have anywhere to unload these reinforcements. These European ports have been placed in jeopardy because of the growing strength of the Soviet naval infantry available for use against the northern coastal ports of continental Europe. Even if our ground forces can hold the line, together with the land forces of our allies, and even if our naval forces can safeguard our convoys from our east coast to Europe, these Soviet naval infantry units have the capability to sabotage or even to capture these critical European ports if they can move through the Baltic Sea and the Straits of Denmark where we maintain no American naval units at all.

At risk of overstatement, I feel compelled to point out that, as near as I can tell at this point, the Navy has just been left out of NATO, or at least left out of the major plans for the improvement of NATO now under discussion. As has been made clear in congressional testimony by the Secretary of Defense and his adviser on NATO affairs on several occasions, we have participated for 2 years now in a new system of long range defense planning with our NATO allies in a series of 10 committees of civilian and military officials. These committees have drawn up impressive plans and made recommendations about what should be in a long term defense plan for NATO. Naturally, it came as a shock to many that NATO had never had a long-term plan since its establishment 30 years ago. It also came as a shock that the report of two Senators from the Armed Services Committee in 1977 could have such an impact on the overall direction of NATO military planning. But a third shock may be still be in store. The committee that is supposed to deal with the navies of NATO for the next 10 years has simply failed to recommend any major improvements or even any major changes in spite of many challenges to our naval strategy and many efforts in the past few years to expose its insufficient capabilities to insure wartime reinforcements across the Atlantic especially in the event of the kind of surprise attack or "short warning" attack that Senator Nunn and Senator Bartlett demonstrated should be addressed by our NATO planners.

Mr. President, I am not here today to discuss the details of NATO strategy and NATO long range planning. That is another debate that will come when we examine the SALT agreements, and I must say that my colleague from Oklahoma, Senator Bellmon, has hit upon an excellent idea when he recently proposed a select committee to look into these issues rather than dealing with them in haste. My visit to our forces in NATO confirms the need for a reexamination of our defense policy and our military strategy. This could be accomplished in the way that Senator Bellmon has proposed, or perhaps in another way. But I agree with him that we must not be rushed into a hasty rubber stamping of a treaty which will define for 5 years or more this Nation's defense strategy.

I am here to support the amendment of Senator Hollings and to report to the Senate that there are severe budgetary problems with respect to our forces in NATO that any Member of this body can confirm by going directly to the commanders of our key Army, Air Force, and Navy units in Europe, rather than relying upon the Defense Department's so-called congressional relations assistance.

These problems in NATO are obvious to the Soviet Union, I might add. Before I left, I studied an article in the Soviet Journal called International Affairs of May 1979 addressed to the "ringleaders of NATO" which warned that "in the conditions of détente, contradictions are sharply increased in the ranks of the imperialist blocks, above all NATO, which is going through a permanent crisis".

The Soviets know that our NATO allies are concerned about the American defense budget. The Soviets know that there may be major opportunities for them ahead. Even the dissolution of NATO as major European nations drop out one by one is not impossible, in the Soviet view. I thought all this was ridiculous propaganda until I met with the New York Times correspondent in Paris Ms. Flora Lewis whose recent dispatches I would like to submit for the Record.

Flora Lewis points out that a few French political figures are now calling for a joint nuclear force with Britain and West Germany because of the drastic changes in circumstances that now face NATO. She writes that the President of France, "is aware of their new position and views it with some sympathy". According to this plan for a European defense force without the United States, West Germany could join only after quitting NATO. I might add that France plans to increase its defense budget by 15 percent this year, yielding about 6-percent real growth, and Paris plans to continue this level of real growth for the next few years. Mr. President, the trends are not going to be in favor of our Nation unless we reverse the neglect of our military forces so evident in earlier years and prepare ourselves for a long term strategic competition with the Soviet Union.

Mr. President, I ask unanimous consent to have printed in the Record two articles from the International Herald Tribune.

There being no objection, the articles were ordered to be printed in the Record, as follows:

FRENCH DEBATING MILITARY-NUCLEAR POLICY

(By Flora Lewis)

Paris.—A quiet but increasingly profound debate is developing in France on basic military policy, which has been essentially unchanged and virtually unquestioned since it was set by President Charles de Gaulle a generation ago.

The latest challenge has come in the form of a book called "Euroshima," an earnest argument to revive the concept of an independent European military force and extend it to a joint nuclear arm.

The idea is not new. What has attracted attention and provoked questions is that two of the book's three authors are officers on active duty, Lt. Col. Guy Doly and Capt. Rene Cagnat. The third is Pascal Fontaine, a professor and onetime aide to Jean Monnet, the late founder of the European unity movement. French officers are not normally encouraged to publish their views about issues under debate, but there has been no reprimand and they presumably had high-level approval to publish their thesis.

While there is no sign that the strategy they advance has received authoritative backing, French military experts say their publication is the tip of a broad behind-the-scenes review of security choices.

CRUCIAL FACTORS

Two developments have broken up the long-frozen assumptions of French military policy, a policy based on an insistence on total independence of decision and a supposition of U.S. global strategic superiority. One development is in technology, the changing capacity, vulnerability and cost of French weapons. The other is in the American military posture, both in terms of the balance of forces in areas near the Soviet bloc and of the intentions and political will of Washington.

The one clear decision made by the French government, officials said, is to maintain and modernize the nuclear arsenal. But all other questions seem to be more or less open. These include finance; the kinds of atomic weapons to develop; the balance between nuclear and conventional forces; the missions of the conventional force, whether for defense in Europe only or with ability to intervene on a limited basis elsewhere; the organization of the future nuclear force, whether alone or in cooperation with other European states, and the attitude toward efforts for nuclear arms control in Europe.

The idea of some form of cooperation with Britain has come up repeatedly over the years and had always been rejected because of the inherent political difficulties in the French stand of independence. It is not known whether any new approach has been made since Margaret Thatcher came to power in Britain with a more vigorous military policy and a more active pro-European stand than previous British governments took.

Even West Germany participation in a European nuclear force is being mentioned now, although it is still recognized as a political taboo that could not be envisioned in present circumstances.

New doubts about U.S. policy have reinforced the need here to reexamine French strategy. It is not that the United States has taken any specific actions that weaken confidence in its commitment to the defense of Europe, but the continuity and firmness of American policy in the coming decade no longer seems so well guaranteed to European experts.

The French are aware of long-term policy debates in West Germany. Whether or not there are changes in U.S. policy, it would be of crucial importance to French planners if West Germany felt such changes were developing and made its own studies based on reduced confidence in the United States.

It is in this atmosphere that "Euroshima" is significant. The authors argue that growing Soviet strength and parity with the United States, if not superiority, in strategic arms can cancel out the U.S. nuclear umbrella as a deterrent for Europe, since the United States might feel obliged to reserve all its strength for its own protection. Therefore, the authors see a risk of West European rushing for political accommodation with the Russians, unless they quickly develop their own credible deterrent.

This can only be done, the authors say, by cooperating with Britain in the first stage and later with West Germany and other members of the European Economic Community. They draw the consequences of their logic, arguing for a European political executive with the authority to make military decisions—in effect, a real president of a real United States of Europe.

Few others, and no one now in power, follow the implications of the problem of European security as far as do the authors of "Euroshima." But it is recognized now, as it has not been for many years, that a problem exists beyond the effectiveness of current North Atlantic Treaty Organization doctrines.

The new questions are being seen as more and more urgent, and could, the experts here conclude, lead to drastic shifts in French military policy.

Two Gaullists Advocate French-German A-Force

Paris, August 19.—A rumbling behind-the-scenes debate on basic French military policy has exploded into the open with proposals from two veteran Gaullists for a French-West German nuclear force.

Gen. Georges Buis, one of the earliest and strongest advocates of an independent French nuclear force, and Alexandre Sanguinetti, a longtime political leader, put forward their plan in a joint interview in last week's issue of Le Nouvel Observateur.

The choice of the pro-Socialist magazine to announce their ideas was almost as surprising as the complete about-face of the two men. The most important pillar of President Charles de Gaulle's policy for France was a totally independent armed force based on nuclear weapons.

But the two men said that circumstances had drastically changed, that France could not afford to stay in the nuclear race with the superpowers on its own and that the U.S. nuclear umbrella over Western Europe had, in the words of Gen. Buis, "become less credible than ever." The original Gaullist argument for a French nuclear force was that Washington's pledge to unleash its strategic arsenal on the Soviet Union to save Western Europe was no longer believable once the Russians were able to retaliate against American territory.

Neither of the two men is in a decision-making position, but both are influential in military and Gaullist circles. Their joint interview hints that President Valery Giscard d'Estaing is aware of their new position and views it with some sympathy.

Mr. Sanguinetti clung to the anti-American aspect of the old Gaullist position, however, saying that there would be no merger of the French and West German nations and that West Germany would "have to quit NATO."

"That is the choice," he said. "It could be avoided. But then Europe will be definitively divided between an Atlantic world on one side and a Soviet world on the other. There will be no more Europe."

The suggestion is not likely to provoke any significant official reaction at the moment. But it reflects the intensity of the high-level debate on the difficult choices facing France at a time when fears about the reliability of U.S. support for Western Europe are being expressed more and more openly.

With the subject now in the public arena, the debate can be expected to spread widely. Analysts say it will probably end the tacit understanding that has kept Communists and Gaullists on the same side against the government for several years.—Flora Lewis.

The PRESIDING OFFICER (Mr. Bradley). The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, with respect to the Exon amendment, the impression is that perhaps if we adopt his amendment we would adopt what, really, NATO felt they needed.

Going directly to that point, I was a delegate at the NATO conference last year in November, at the end of November, and what had the distinguished ambassador, Robert Komer, who is adviser to the Secretary of Defense on defense matters.

Incidentally, his nomination is before Congress, if not already confirmed, as Deputy Assistant Secretary of Defense in charge of policy and planning.

Ambassador Komer at the time testified before the Military Affairs Committee, and I think also, I am sure, before the military, because I heard him that Sunday afternoon I was there and they had this top-level conference, similar to what we will try to do today in a very short time, with members of the Armed Services Committee, members of the Budget Committee, talking about inflation and the overall needs, the threat they hoped to defend, and so forth.

He said that as a group they felt 10 to 15 percent in real growth in defense spending was necessary. The figure he used was 10 to 15 percent, not 5 percent, not 6 percent, or 7 percent some other countries have. But he said they compromised downward to the bare bones of what was absolutely agreed upon, not only 3 percent in real growth, not just for NATO, but the entire defense budget, with a caveat of 3 percent increase in productivity.

So, obviously, the amendment of the Senator from Nebraska does not satisfy the requirement of our commitment there. And it points up the significance of timing and assistance, with the President, presently having greater success with the 3 percent real growth.

The distinguished Senator and I served together as colleagues. We could not even get that. So his amendment is sort of well taken in that context. But I think we should point out that it does not keep up the real need that has been pointed out.

I will make one comment that I did not complete the thought on, as to my colleague's comment to the effect that when I was talking about "while England slept," I should have said while America slept. But what John F. Kennedy was talking about was not Neville Chamberlain as an appeaser. He was talking about the tide of the times, the people themselves, and Chamberlain himself reflected the feel and the wishes of the people as they knew it, pointing up and emphasizing, of course, once war breaks out, we find ourselves with our defenses down.

They do not blame themselves, but their leadership. They depend on the people's representatives to be briefed, to be concerned, to be interested, to study and tell them back home what is needed.

What I am saying, in essence, is not that years later we have a very similar situation. We can take a political policy and say that we do not need more defense, that it is too much with inflation, and let us balance the budget. And it obviously comes, these needed increases, at a very inconvenient time, it always does.

We need today, this afternoon, to be direct. We cannot do it with the Exon amendment. We cannot do it, in my judgment, I say most respectfully, with just 3 percent. It is just taking half what the Defense Department found it needs in the out years, which is the 5 percent real growth.

We will do it. I hope the Senate will speak loudly and clearly this afternoon so that we can then get the leadership of the executive branch to help us over on the other side.

Mr. President, I ask unanimous consent to have the distinguished Senator from Alabama (Mr. Stewart) added as a cosponsor on the Hollings amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator's 5 minutes have expired.

Mr. EXON. Mr. President, I yield myself 2 minutes.

Mr. President, from some discussion we have had here on the floor of the Senate so far on my amendment, I am very fearful that the Senators might not understand what the Exon amendment is all about.

I have explained it twice. I do not know whether they were listening. Certainly, the statements I have heard from some, with the exception of the Senator from South Carolina, thus far would seem to think I was talking against increasing defense expenditures. I am for increasing defense expenditures.

I see a strange coalition developing here. People that are not for the three, five, and five increase, as suggested by the Senator from South Carolina, and those that are for the President's position, but not taking a look, realistically, at what I am offering.

Once again I say, Mr. President, that what I am offering is exactly what the President of the United States says is necessary over a 3-year period.

I am merely reducing the outlays from $6.2 billion in fiscal 1980 to $1.5 billion for the first year, so that we might hold down and not increase the deficit over 1979, and make that up in the out years.

So that at the end of 3 years, the Exon proposal expends the same amount of additional dollars, $19.3 billion.

I suppose that what we are really doing here, perhaps unintentionally, is confusing the issue. Once again I say that I am for increased defense spending. Some of the statements that were made in argument against the Exon proposal would have indicated that I felt to the contrary.

I yield the floor, and I reserve the remainder of my time.

Mr. NUNN. Mr. President, will the Senator yield me 1 minute?

Mr. MUSKIE. I yield.

Mr. NUNN. I say to the Senator from Nebraska that the President's letter that came over yesterday, as I understood it, leaves his position on 1981 and 1982 spending open. Although it is clear that he is not supporting the 5 percent now, he does not preclude going up from 3 percent in the future.

When the Senator says he is on the President's figure, the Senator's position is a little more vague than the President's figures.

Also, it is clear that the President's pledge to NATO, although there was some confusion at first, has been and is consistently now applied by the administration to the overall defense budget.

On January 25, 1979, in the Armed Services Committee, Senator Levin asked that very question of Secretary Brown. Senator Levin asked the question:

> Is that overall defense expenditures or NATO related?

Secretary Brown:

> It is overall, as they all made the same pledge, referring to their defense expenditures.

I wanted to clarify that.

Mr. EXON. I thank the Senator from Georgia.

I yield 3 minutes for a dialog on that point with the Senator from Georgia.

The Senator from Georgia would agree, then, that my proposal is stronger than the recommendation of the President of the United States with regard to future defense expenditures?

Mr. NUNN. As I understand it, the proposal of the Senator from Nebraska is 3 percent in the out years.

Mr. EXON. Yes.

Mr. NUNN. Slightly above, to make up for the lack of 3 percent this year. Is that correct?

Mr. EXON. Yes.

Mr. NUNN. I am not precisely sure what the President's position is now, but it was my understanding that he said yesterday that his proposal was for 3 percent in 1980, and he saw no need to go above the 3 percent in the out years, but he was going to preserve his options on that. So I would say the Senator from Nebraska is approximately where the President is but may not be soon.

Mr. EXON. Those who are talking on this subject certainly have the right to express their opinions in any way they see fit. But I do not want the remarks to be taken as meaning that I am soft on defense. I might not be as hard on defense as the Senator from South Carolina, but I am somewhere in line with the President's, if not a little stronger.

Mr. NUNN. I think the Senator from Nebraska is a very strong supporter of national security, and I would never allude to that. I do not agree with him on this amendment, but he has been a strong suporter in the Armed Services Committee.

Mr. HOLLINGS. In fairness to the President, the President calls for 3 percent across the board, in constant dollars, so his is 3.2. In my amendment, we are using the President's figures.

The Senator from Nebraska said that his add-on just for NATO was less than the 3.2. So he is not as strong in that regard as is the President, and that is why I oppose the amendment.

Am I correct, or do I misread the figures?

Mr. EXON. I yield myself 2 minutes.

I say to the Senator from South Carolina that it depends on whether you are talking about 1 year or 3 years. Once again, I say that the amendment before us now, which was divided at the request of the chairman of the Armed Services Committee—the amendment of the Senator from South Carolina had 3 percent for 1980 and then 5 and 5, as I understood it.

Mr. HOLLINGS. That is correct.

Mr. EXON. Had it not been divided, I was prepared to offer a substitute of 3, 3, and 3; and my 3 percent at the end of the 3-year period would have totaled 19.3, which is what I understand from talking to Senator Hart was the position of the administration. So I would be reducing those outlays on the 3 percent, 3 percent, 3 percent basis in the first year, and making it up in the out years, 1981 and 1982. So that at the end of the 3-year period, under the Exon amendment, we would be spending 19.3 total, which is what I understood the President's proposal was.

Mr. HOLLINGS. So the amendment at the desk does reduce the President's 3 percent for 1980.

Mr. EXON. The amendment at the desk reduces the President's expenditure for 1980 from 3.2 down to 1.5.

Mr. HOLLINGS. So for 1980, the Senator from Nebraska is as strong as the President, but he says that in 1981 and 1982 he is stronger.

Mr. EXON. We make it up.

Mr. HOLLINGS. I understand that difference. I thank the Senator.

Mr. MUSKIE. Mr. President, as I compute the budget authority under the Senator's amendment, the real growth increase in fiscal year 1981 is 4 percent; in fiscal year 1982, 3.2 percent. The real growth in outlays in 1981 is 4.8 percent; in 1982, 3.2 percent.

I would agree with the Senator's characterization of his amendment, that in terms of effective military spending—that is, based on the perceived threat of the early 1980's—in strategic matters, in support of NATO, the 3-year budgeting period is more significant than the fiscal year 1980 increase—at least, from my point of view. I simply want to say that.

Mr. EXON. It is a significant increase, and I tried to make that point.

I thank the chairman of the Budget Committee for the clarification. If he desires to join as a cosponsor of the amendment, I will be glad to accept his support.

Mr. MUSKIE. Mr. President, I continue to defend the numbers in the second budget resolution for the reasons I have covered at sufficient length this afternoon, and I do not think I need to repeat that argument.

It is apparent that the sentiment for increasing the defense function is very strong. For those who feel that way, I would commend the amendment of the Senator from Nebraska very vigorously, because his amendment is more nearly consistent with the need for budgetary discipline at this point than is the Hollings amendment. I have no doubt about that. It also moves in the direction of increased defense expenditures, which many Senators seem to think is in the national interest.

I believe that we will probably have to move in the direction of increased defense expenditures in those years ahead of us, but I think that movement should not be in response to what should happen to the SALT treaty. It should be in response to a positive, constructive, comprehensive evaluation of mission needs and program tradeoffs, leading to the real military capabilities that we need to have. I do not think we have had that kind of discussion and I have listened to the debate all afternoon. No Senator has satisfied me regarding the need for increased defense spending and I am told that I have been listening to Senators who are experts in this field. If they are, they have not revealed it, in the sense that I think we need to structure the defense priorities of the future.

We come to the floor being urged to increase spending 3 percent. What does that mean? Increase spending 5 percent. What does that mean? Can any Member relate that to improved military capability and effective management of resources? If so, I have not heard them.

Mr. NUNN. What does 1 percent mean? That is what the Budget Committee has in there. How are we to deal with out year projections?

Mr. MUSKIE. I have an answer to that. We structure our numbers in the budget resolution, as the Senator knows, on a mission basis that we initiated as a result of the leadership of the distinguished Senator from Florida (Mr. Chiles) and the distinguished Senator from Georgia (Mr. Nunn).

We do not go into line items, but we try to go into capabilities. We have not refined our ability to conduct that kind of analysis and judgment but each year our capability improves.

The remark I made a moment ago was addressed to the point that I understood there were Senators who were capable of offering us leadership in that respect. I have heard a lot about specific weapons systems and specific defense hardware. I have looked at those charts, and, in terms of capabilities, they have relevance to certain points of view. But in terms of the issues raised by the SALT hearings and the other major defense issues that have followed—as we began a closer and more careful and intensive examination of our defense budget—we need something more than that, and I am all for that something more.

I will move in future budgets considerations to that kind of analysis and examination of policy that is indicated to be in the national interest. But I am not going to come to the Senate floor when confusion is present. Dealing with it effectively gives us sufficient time to also deal effectively with the national security aspects. I think we can do both, one step at a time, and I think both are important to do.

Mr. NUNN. I say to the Senator from Maine that I think it is perfectly understandable that he would not agree with those of us who have advocated increases. But to say that we have not addressed our capabilities, it is hard for me to have been here all day and believe that the Senator really does not understand that we have been addressing exactly that. We have talked about not being able to gain air superiority in NATO, No. 1. We have talked about not having enough ammunition for a 1½ war theory by 2½ percent.

We have talked about losing the tactical nuclear advantage we have had all the years since NATO was formed.

We have talked about losing essential equivalence in strategic weapons. I just ask the Senator from Maine what capability is it he wants to hear described? We talked about the loss of maritime superiority in the late 1980's. I cannot for the life of me understand what it is he wants us to describe for him.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. NUNN. I yield.

Mr. MUSKIE. I respect the Senator as an intelligent, thoughtful, effective, committed Senator in the field of defense requirements. I am especially interested in listening to him. What I have heard are conclusions on the questions. By that I mean conclusions by the Senator from South Carolina and conclusions by the Senator from Georgia about defense issues. I have not heard the analyses. I heard the conclusions again just now. I have not heard the analyses. Nor have I heard anything that persuades me that such analyses, if made, dictate that we could overcome these shortages in the year 1980 and further that we must overcome them in 1980 to the exclusion of the national priority on inflation in 1980.

That I have not been persuaded of, and I am still not persuaded of it, and that seems to make the Senator uncomfortable.

Mr. NUNN. No.

Mr. MUSKIE. I am as stubborn in my pursuit of the national interest in economic security as the Senator is in his insistence upon pursuing defense security.

Mr. NUNN. I commend the Senator for that. No one has a higher regard for the Senator from Maine than I do. I think he has made probably the most singular contribution to this Senate and overall congressional debate of anyone I know in Congress. We have debated the security issue for 6 years. It has not just started. I debated in the Budget Committee every year. For 3 years I talked about details.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. NUNN. Will the Senator yield me 2 additional minutes?

Mr. MUSKIE. I yield 2 additional minutes.

Mr. NUNN. I have come to the conclusion that the Senator from Maine cannot be persuaded on this issue.

Mr. MUSKIE. I have come to the conclusion that the Senator from Georgia cannot be persuaded on the inflation issue.

Mr. NUNN. I do not agree with that one iota. I voted with the Senator.

Mr. MUSKIE. Neither do I agree with the Senator.

Mr. NUNN. All I can do is explain the need for planes, explain the need for ships, explain the need for ammunition, explain the shortages we have, relate them to the defense missions, relate that to the President's own national security objectives, and then I have to yield the floor. I cannot comprehend it for anyone else. I can only explain.

Mr. MUSKIE. In the same fashion, and I know he understands, the following is just as appropriate to me. I have to listen in the Budget Committee, as Senator MAGNUSON does in the Appropriations Committee, to all of these urgencies in every function of the budget, all of them. The Senator knows as well as I do that defense is not the only function in which people urge the importance of doing more about this, that, or the other.

The Senate said today we cannot do more in the domestic programs so we voted reconciliation. We said you have to cut $3.6 billion, notwithstanding the fact that a case can be made for doing more. But we have said you cannot afford to do more now because of inflation. When I make the same argument in defense then the Senator says to me, "Look I have been making these arguments for 6 years."

Mr. NUNN. That is exactly right.

Mr. MUSKIE. Those people interested in domestic programs have been making the same argument for 6 years to the Budget Committee.

Mr. NUNN. I agree with that.

Mr. MUSKIE. I have to ask for restraint across the board. I have not heard an argument that the imperatives associated with this proposed increase in defense budget argue for lifting restraint on defense by $3.2 billion while imposing restraint of $3.6 billion on other programs. I have not heard that argument this afternoon, and I am sorry if I do not have the comprehensive ability that the Senator from Georgia wishes I have. I do not, if that is what is required as a test.

Mr. STENNIS. Mr. President, will the Senator yield me 2 minutes?

Mr. MUSKIE. I yield 2 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I greatly appreciate the splendid services of the Senator from Nebraska on our Armed Services Committee. He is always active, constructive, and helpful. He has been here today on this amendment.

But I have to submit the proposition that at the same time his amendment, cutting in half this 3 percent, would make the mission of the 3-percent add-on fall short. It also complicates the future years, and would leave us short. If you get the application of the 3 percent to this $44 billion in support of NATO and readiness, it would not give us the 3-percent level.

I understand, talking about them being left out and our being short in supporting them, this 3 percent will be real and above inflation. I understand the German Government, with all deference to them, reported their budget the other day and it did not have any increase.

What we are trying to do now is to cover them as well as ourself. Therefore, the Exon amendment I respectfully say should not be adopted. I thank the Senator.

Mr. MUSKIE. Mr. President, I yield myself 1 minute on the bill to call to my colleagues' attention a headline on the front page of the afternoon Star, "Furious Buying Pushes Gold Price to $375."

I realize Senator HOLLINGS thinks I am preoccupied with that because I think back to my college days in the early thirties. But I say to the Senator that when we set a record yesterday at over $350 an ounce and we now have broken that record in less than 24 hours and set a record as high as $379, I find that frightening. It has nothing to do with the fact that I was a freshman in college at the bottom of the Great Depression. It has something to do with the fact that I think this counry is on the threshold of the greatest danger to the economy in the form of inflation that I have ever experienced in my lifetime. When the daily newspapers each day carry headlines like that regarding gold prices, I would think Members of this body would be alarmed.

Mr. EXON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes and 15 seconds.

Mr. EXON. And the opposition?

The PRESIDING OFFICER. The opposition has used all their time on the amendment.

Mr. EXON. Mr. President, I think we have debated this long and thoroughly this afternoon, and I am prepared now in just a few moments to ask for the vote and yield back the remainder of my time.

Just a very short closing statement: I hope once again that all will recognize, before they vote on the Exon amendment, and will clearly understand that this is the only chance they are going to have to vote for substantial increase expenditures on defense without busting the 1980 budget deficit. I suspect if they do that they may well be hearing from the people back home.

I was home in August, as I said in my opening remarks. I think the chairman of the Budget Committee has just emphasized it with what he just said. I appreciate very much the fact that while the chairman of the Budget Committee said he could not support my amendment it is the most reasonable approach that has been offered. I think it is a very reasonable approach, and I really believe that if all of the Members of the Senate understood what I was proposing and did not have their minds changed in one direction or another they would probably support it.

With those closing remarks, I wish to yield back the remainder of my time.

Mr. HOLLINGS. Mr. President, could I make a unanimous-consent request for cosponsorship?

Mr. EXON. On the Senator's time.

Mr. HOLLINGS. I do not have any time. I want to ask unanimous consent.

Mr. EXON. Certainly there are more cosponsors of the Hollings amendment and I want those on record.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the name of the Senator from Louisiana (Mr. JOHNSTON) be added as a cosponsor of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Let the record show that there are no cosponsors on the Exon amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. With that, I yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I oppose the amendment calling for substantial increases in defense spending for many reasons. And I must say that I have ceased being amazed by actions continually brought before the Congress that seek to overturn our carefully considered objective of budget discipline.

This spring the Congress charted a steady course of treatment aimed at balancing the budget and reducing the percentage of our gross national product which we devote to Government. But in the past 4 months, spending pressures have escalated. Inflation has worsened. And the economy has weakened. We have already agreed to reconsider a number of spending decisions made over the past several months in order to keep the deficit from climbing in the next year. The amendment to increase defense spending would destroy that incentive without a sound basis for altering our goals.

We set a course toward balance for two fundamental reasons:

First. We must control inflation. Inflation is our worst enemy, because it attacks the hopes and aspirations of our people. It drains our economy of vitality, and it can cripple our effectiveness as the leader of the free world.

Second. We must also limit the portion of the individual's income which we use for the common goals of Government, so the individual has a greater portion to use for his own priorities. That was the message of proposition 13, and the Congress must be committed to taking the minimum necessary for a compassionate and effective Government.

Those imperatives are still overwhelmingly clear to me. The budget resolution before us maintains our course. But we are encountering new complications every day.

The defense spending proposals contained in the amendment significantly alter the priorities we set in the first budget resolution. National security does not merely mean that we arm ourselves for every possible conflict—large or small—for a short time period or an extended conflict.

National security embodies the whole of the Nation. Our total economy, all our citizens, open and vital competition here and in the world marketplace. Our military needs compete with our domestic requirements and with the course to secure economic well-being. These are all legitimate priorities. They must be balanced. This amendment would bring them out of balance.

Mr. President, let me address why the proposal for increasing defense spending is being given such serious consideration at this time. In the first place, it is being advanced by some of our colleagues whose judgment we have relied on in the past.

Second, there is a legitimate need periodically to review our defense policies in light of Soviet activities and our perception of Soviet intentions and capabilities. Third, the SALT debate has focused the attention of the country on something none of us enjoys thinking about—nuclear war.

So these proposals to increase defense spending ought to be taken seriously. This country can and must have a strong military force which meets our defense needs. We must maintain the resources and the will to spend the extra $100 billion, and more, if need be, to remain the bulwark of the free world.

The question before the Senate is whether it is necesasry to spend the additional billions in the amendment to maintain our national security.

We are committed to maintaining a nuclear arsenal so strong that it can survive a massive surprise attack and deliver a lethal blow to the attacker. We are committed to maintaining a secure Europe by keeping the NATO alliance politically healthy and technologically superior. We are committed to maintaining a strike force so strong that we could, if necessary, exert our influence anywhere in the world to protect our interests and those of our allies. I believe there are sufficient funds provided for defense to accomplish these goals.

But what have we heard in the debate over defense spending levels? Some supporters of large increases in defense spending say we have done virtually nothing in the way of developing an improved military posture. Others say we have not done enough. Still others say our efforts have been unsuccessful, that we have fallen behind or soon might.

Mr. President, I do not agree with these pessimistic assessments. We have not been standing still.

There have been significant levels of real growth in the major investment activities of the Department of Defense from fiscal year 1975 to 1979 and the second budget resolution would continue that real growth trend from fiscal year 1980 to 1984.

The Budget Committee believes it is necessary to focus attention on investment, because that relates to improved capability. Total defense spending which includes active payroll and retired pay funds does not provide a measure of defense strength. That is one of the pitfalls contained in the amendment before us.

The research and development and procurement accounts of the DOD are estimated to have approximately 5 percent annual real growth from fiscal year 1975 to 1984. The Budget Committee carefully considered and agreed with the requirement that force-capability improvements be maintained and the budget resolution before the Senate provides for over 2 percent real growth in investment in fiscal year 1980 and an average annual rate of 2.75 percent from fiscal year 1980 to 1984. These are the types of real spending increases that will relate to actual force improvements.

During the Budget Committees deliberations on the second budget resolution, we decided to add $13.5 billion to the defense budget levels to cover requirements for the MX missile, the Trident submarine and missile, cruise missiles, and other major strategic program initiatives. We did not do this at the urging of the administration but because the committee analyzed future strategic needs in order that a balance in strategic capability be maintained with the Soviet Union. Mr. President, I ask unanimous consent that a table identifying major U.S. strategic program requirements over the fiscal year 1980–84 period be placed in the RECORD at this time.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

STRATEGIC NUCLEAR PROGRAMS EXPLICITLY INCLUDED IN THE SECOND BUDGET RESOLUTION

[In millions of dollars; fiscal years]

	1980		1981		1982		1983		1984	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Air launched cruise missile	475	290	501	419	482	394	441	441	449	45
Cruise missile carrier	30	25	60	46	88	75	295	204	1, 033	368
B-52 Mods	563	149	488	344	497	430	493	471	409	480
MX	675	441	1, 256	954	1, 817	1, 427	3, 734	1, 769	5, 107	2, 588
Trident submarine	1, 520	1, 289	1, 476	1, 341	2, 174	1, 339	2, 218	1, 569	4, 100	1, 818
Trident I	861	1, 154	723	957	635	840	602	719	599	562
Trident II	41	31	129	91	379	261	830	606	1, 614	1, 211
Total	4, 165	3, 379	4, 633	4, 152	6, 072	4, 766	8, 613	5, 779	13, 311	7, 567

Note: The budget authority totals was derived from the fiscal year 1980 5-yr defense program of the DOD. Outlays represent CBO outlay rates based on historical spending patterns for various appropriation accounts.

Mr. MUSKIE. Mr. President, there are many areas of defense capability that the Congress has moved to strengthen. Army missile, aircraft, and tank capability are all in the process of being modernized and we have virtually completed a major Air Force modernization.

By 1983 we will have so increased our NATO capabilities that five U.S.-based Army divisions and most of the Air Force will be able to deploy to Europe within 10 days to augment the forces already there.

Today when many dangers are cited about the Soviet naval threat, we and our NATO allies have 30 percent more major combatant ships and submarines than the Soviet Union and the rest of the Warsaw Pact. In addition, these ships have over twice as much aggregate tonnage as do Warsaw Pact ships. Despite concerns about Soviet naval developments, we maintain the capability to protect our interests around the world.

Finally, as far as strategic nuclear forces are concerned, we will increase our strategic nuclear arsenal to 12,000 warheads during the life of the SALT II treaty.

Mr. President, the supporters of this amendment are telling us now that these programs are not enough. Of course, many of them are the same people who urged them on us in the first place. I ask them what new threat has arisen that necessitates spending over $100 billion above the budget resolution levels over the next 5 years? What other parts of the budget are to provide such a dividend? The second budget resolution provides for over $800 billion for defense spending during the fiscal year 1980–84 period. Where is the proof that an average annual expenditure of $160 billion cannot meet our priorities concerning defense spending?

Now we have before us, another formula increase to do the job of credible budgeting. I will continue to state that any formula increase, be it 7, 5, or 3 percent, ought to be viewed with suspicion. This sort of policymaking by arithmetic is not acceptable in any other area of the budget. It is unacceptable in defense. It is no substitute for careful analysis of programs, objectives, and needs. The choice in budgeting is almost always a choice among good programs. It is seldom easy. But it is always preferable to not choosing at all. The formula approach provides no guarantee whatsoever that American forces will be more able to engage effectively in military activities in future years. It is not levels of spending but how the funds are spent that relate to capability improvements.

There will always be ways to spend additional money for defense and we can be sure the military will find them. But we who are responsible for the entire budget must understand, that the military does not have the countervailing responsibility for providing for the domestic needs of the country and for maintaining the Nation's economic health.

Since the military has this single responsibility rather than the larger responsibility of the Congress, it will always find programs that are "essential" to U.S. security. Furthermore, there will always be defense contractors with new ideas on ways to spend money. If the Congress is to fulfill its responsibilities to the Nation, however, it must reject the impulse to throw more money at the Defense Department without a thorough understanding of how and why that money is to be spent and what will be sacrificed in the process. It is the responsibility of the Congress to insure that the citizen's tax dollars are effectively spent.

Mr. President, I would like to briefly address the major reasons why this amendment should be defeated.

The amendment adds $3.2 billion in outlays for fiscal year 1980 and $21.7 billion in fiscal years 1981 and 1982. This will cause the projected fiscal year 1980 deficit to increase to over $30 billion—an amount greater than the fiscal year 1979 deficit. Further, the increases for fiscal years 1981 and 1982 will significantly reduce—by up to one-half—the projected budget surplus levels for fiscal years 1981 and 1982.

The amendment provides for increases of $38.3 billion in budget authority for fiscal years 1980–82 without specification of how the money can be spent and what reductions are required in other budget functions to maintain budget credibility.

The amendment maintains defense outlays as a percent of GNP at a constant 5.1 percent level from fiscal year 1980 to fiscal year 1982 while nondefense outlays as a percent of GNP are being reduced from 16.6 to 15.2 percent. The amendment also keeps Federal outlays as a percent of GNP above the 20 percent level. So much for our lofty ideals of controlling outlays—and I might add that many supporters of the amendment are also the most vocal supporters of restraining Federal spending.

The NATO 3 percent commitment is not cast in stone forevermore. It has a built-in flexibility that addresses real growth in the region of 3 percent subject to economic circumstances affecting what can be achieved. Further, it stresses expenditures devoted to major equipment. The budget resolution reflects these flexibilities and the realities of our present economic situation. I ask unanimous consent that the NATO communique on the 3-percent commitment be placed in the Record at this time.

There being no objection, the communique was ordered to be printed in the Record, as follows:

EXCERPT FROM NATO 3-PERCENT COMMITMENT AGREEMENT, MAY 18, 1977

RESOURCES FOR DEFENSE

16. Against the background of adverse trends in the NATO-Warsaw Pact military balance and in order to avoid a continued deterioration in the relative force capabilities; an annual increase in real terms in defense budgets should be aimed at by all member countries. This annual increase should be in the region of 3 percent, recognizing that for some individual countries:

Economic circumstances will affect what can be achieved;

Present force contributions may justify a higher level of increase.

Specific target figures for each country will need to be determined in the normal course of the Defense Planning Review. Nations should provide full compensation for the inflationary impact of rising pay and price levels to ensure that planned real increases are achieved. It is, moreover, imperative that nations increase the cost-effectiveness of their defense expenditures, in particular the percentage of such expenditure devoted to major equipment, but without detriment to combat readiness. The effective use of resources will depend to a large extent on progress in Alliance co-operation.

Mr. MUSKIE. Mr. President, the budget resolution provides for 2.1 percent real growth in budget authority in fiscal year 1980 for defense investments and an average annual real growth of 2.75 percent for investments over fiscal year 1980–84. These levels insure that defense investment activities will average real growth of approximately 5 percent annum from fiscal year 1975 to 1984.

Unobligated balances of the DOD—funds authorized by Congress but not obligated and available for spending—have increased from $12.6 billion in fiscal year 1975 to a projected $23.2 billion at the end of fiscal year 1980—an 84-percent increase. While the full funding concept that causes a buildup of funds may be a reasonable one, a determination on the availability of funds from such a large amount to other defense programs should be made prior to a wholesale commitment of new excessive funding levels.

Current DOD data on 54 major defense programs indicates that they will have cost growth of $96 billion over the lifetime of the programs; $72 billion of this growth is due to program changes that can be categorized as under the management control of the DOD. A 20-percent improvement in management efficiency could provide $15 billion in savings from the anticipated cost growth for use on other defense programs. I ask unanimous consent that a table of these programs and their levels of cost growth be included in the Record at this time.

There being no objection, the table was ordered to be printed in the Record, as follows:

[In millions of dollars]

Weapon system	Base year	Program changes in program then year dollars														Economic escalation		Total cost changes	
		Quantity changes		Engineering		Support		Schedule		Estimating		Other		Total					
		This qtr.	To date	This qtr.	To date	This qtr.	To date	This qtr.	To date	This qtr.	To date	This qtr.	To date	This qtr.	To date	This qtr.	To date	This qtr.	T dat
Army:																			
Patriot (fire sections)	1972		−1,842.5		−855.2		268.8		459.2		884.8		27.6		−1,057.3		1,448.7		391.4
Pershing II	1979																		
Hellfire	1975	−2.7	−4.3		7.0	14.7	12.2	17.6	30.4	55.5	59.7			85.1	105.0	1.5	62.1	86.6	167.1
CH-47 modernization	1975					49.7	49.7	32.8	36.4		2.3			82.5	88.4		211.1	82.5	299.5
UH-60A (Black Hawk)	1971		−22.0		−25.1		−128.4		−162.4		188.7	12.6	32.5	12.6	−116.7		1,472.7	12.6	1,356.0
YAH-64 (AAH)	1972			−17.5	0	19.1	−94.4		103.5	0	9.4			1.6	18.5	2.2	410.1	3.8	428.6
SOTAS (division sets)	1979				5.6						0				5.6		11.3		16.9
FVS (MICV)	1972		4,479.5	1.7	790.7		56.1	2.0	104.3		38.2	2.4	18.1	6.1	5,486.9		278.0	6.1	5,764.9
XM-1	1972		4,784.0		80.2		−23.0		326.1		398.4				5,565.7		580.5		6,146.2
Roland (fire units)	1975		30.2		31.0	78.4	143.3		161.2		694.2	5.1	90.0	83.5	1,149.9		123.8	83.5	1,273.7
Copperhead (CLGP)	1975		−128.3		16.6		10.0	4.9	104.1		50.4		6.3	4.9	59.1		80.5	4.9	139.6
DIVAD gun	1978		64.1				−4.0		19.8		9.4				89.3		54.2		143.5
GSRS	1978																		
M-198	1972		−51.7		1.8		3.5		10.8		38.3		0		2.7		55.7		58.4
Navy:																			
E-2C	1968		1,552.6		126.0	.5	502.7		51.4	.1	115.7		0	.6	2,348.4		83.1	.6	2,431.5
F-14A	1969		2,433.2		104.3	−5.0	1,485.8		1,015.5	−11.6	566.0		79.1	−16.6	5,683.9		342.3	−16.6	6,026.2
F-18	1975		6,870.4		142.6		1,888.0		311.3		724.8				9,937.1		1,210.9		11,148.0
P-3C	1968		2,143.0	−11.0	417.2	−.1	203.2		937.1		198.8		5.9	−11.1	3,905.2		283.3	−11.1	4,188.5
LAMPS MK III	1976		13.8		−125.7		−146.6		−95.3		−23.4				−377.2		48.5		−32 .7
Aegis	1970				107.0		19.2		52.9						179.1		23.9		203.0
Captor	1971		−1.0		216.3		169.2		206.9		367.3		.1		958.8		233.2		1,192.0
Harm	1978		−17.0		14.0				10.8			2.6	2.6	2.6	10.4		21.0	2.6	31.4
Harpoon	1970		139.8		189.4		73.7		122.0		134.4				659.3		256.6		915.9
Phoenix	1963		349.2		89.9	−.4	93.6		473.6		23.7		75.8	−.4	1,105.8		219.8	−.4	1,325.6
Sidewinder AIM-9L	1971		49.9		26.9		57.3		35.4	−1.7	50.2		−.1	−1.7	219.6		25.7	−1.7	245.3
Sparrow AIM-7F	1968	379.6	236.1		45.6	21.2	53.3		272.0		51.5		35.9	400.8	703.4		323.9	400.8	1,027.3
Tomahawk	1977		−1,016.3		122.2		−146.6		70.6		96.9				−873.2		1.6		−871.6
Trident	1974		4,314.2		139.5		58.6		2,509.2		2,159.0		527.0		9,707.5		3,406.8		13,114.3
MK-48 mod 1	1972		−431.8		9.4		−76.9		219.2	−2.5	142.1			−2.5	−138.0		89.7	−2.5	−48.3
5 in. guided proj.	1977		−3.0		6.4				14.3						17.7		7.5		25.2
SURTASS	1975				54.9		9.3	5.7	60.6		84.6	.5	9.3	6.2	218.7		43.7	6.2	262.4
TACTAS	1976	57.6	−8.8		115.0		98.9		37.4	44.2	41.8		2.9	101.8	287.2		96.2	101.8	383.4
SSN-688	1971		2,005.6		122.0		193.3		41.5	−15.4	414.6		412.8	−15.4	3,189.8		1,860.4	−15.4	5,050.2
DD-963	1970		315.2		35.0		34.2		−2.0		105.2		661.3		1,148.9		622.5		1,771.4
DDG-47	1978			−12.8	255.9		20.6				164.9			−12.8	441.4		337.0	−12.8	778.4
CGN-38	1970		308.0		14.7		−1.5				84.7		31.6		437.5		50.6		488.1
LHA	1969		−436.9		117.8		60.6		39.4		10.5		431.3		222.7		70.0		292.7
FFG-7	1973		2,316.6	−39.5	885.5		126.2		1,585.2		1,682.3			−39.5	6,595.8		2,231.9	−39.5	8,827.7
PHM	1973		−533.1		.4		.6		137.5	5.1	24.1		29.4	5.1	−341.1		12.0	5.1	−329.1
CVN-68 class	1974 1967 1972				116.7		27.0		84.0		−4.4		159.4		382.7		356.4		739.1
Air Force:																			
A-10	1970		0		336.8	−.3	55.2		913.1	−4.7	95.8		28.8	−5.0	1,429.7		898.0	−5.0	2,327.7
F-15	1970				429.8		19.9		1,457.9		74.9		767.		2,750.2		3,197.6		5,947.8
F-16	1975		5,364.7		431.6		1,729.6			−17.7	−88.9		32.2	−17.7	7,469.2		1,543.1	−17.7	9,012.3
E-3A (AWACS)	1970		50.4		44.0	.2	1.3	−18.0	1,160.2	−.2	−101.9		−9.8	−18.0	1,144.2		341.5	−18.0	1,485.7
E-4 (AABNCP)	1974		−315.2		22.2		−31.7		150.5	−.3	113.8			−.3	−60.4		57.8	−.3	−2.6
EF-111A	1973				−19.2		117.9		266.3		136.6		12.3		153.9		16.8		530.7
PLSS	1977		−598.2		−2.6		−129.7		28.9		9.6				−692.0		5.9		−686.1
Harm (AGM-88)	1978		128.7							−.1	55.2			−.1	183.9		32.8	−.1	216.7
Maverick (IIR)	1975		59.2				−1.7		177.7		−56.1				179.1		86.1		265.2
Sidewinder AIM-9L	1971		111.1		15.0	−1.4	27.3		16.6	.6	141.0		1.9	−.8	312.9		58.0	−.8	370.9
Sparrow AIM-7F	1968		277.4		15.3		11.4		186.7	−4.3	−7.2		1.7	−4.3	485.3		149.0	−4.3	634.3
DSCS III (space seg)	1977				19.6						−78.7				−59.1		14.7		−44.4
ALCM	1977		−19.1	1.9	98.5		−22.8		132.1	3.4	5.2		−.2	5.3	193.7		81.1	5.3	274.8
GLCM	1977		−1.7		4.6	.9	22.8		91.9		43.0			.9	160.6		15.8	.9	176.4
Summary:																			
Army		−2.7	7,309.0	−15.8	52.6	161.9	293.8	57.3	1,193.4	55.5	2,373.8	20.1	174.5	276.3	11,397.1	3.7	4,788.7	28.0	16,185.8
Navy		437.2	20,599.7	−63.3	3,357.9	16.2	4,803.7	5.7	8,190.5	18.2	7,215.3	3.1	2,464.3	417.1	46,631.4	0	12,258.5	417.1	58,889.9
Air Force		0	5,057.3	1.9	1,395.6	−.6	(1)	−18.0	4,581.9	−23.3	342.3	0	834.6	−40.0	(1)	0	6,498.2	−40.0	(1)
Grand total		434.5	32,966.0	−77.2	4,806.1	177.7	(1)	45.0	13,965.8	50.4	9,931.4	23.2	3,473.4	653.4	(1)	3.7	23,545.4	657.1	(1)

[1] Figures missing in copy.

Mr. MUSKIE. Mr. President, the United States currently provides 5 percent of its GNP to defense spending—no other NATO ally achieves this level of spending. Mr. President, I ask that a table identifying the percent of GNP devoted to defense by NATO members and other U.S. allies be included in the RECORD at this time.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

NATO EXPENSES (1978)[1]

	Defense expenditures	
	Per head	As a percent of gross domestic product
Belgium	$231	3.3
Denmark	198	2.5
France	274	4.0
Germany	265	3.3
Italy	80	2.6
Netherlands	229	3.4
Norway	257	3.2
United Kingdom	195	4.7
NATO Europe (without Greece and Turkey)	201	3.6

NATO EXPENSES (1978)[1]—Continued

	Defense expenditures	
	Per head	As a percent of gross domestic product
Canada	166	2.0
United States	425	5.0
Japan	74	.9
South Korea	72	6.5
Israel	887	30.0
Egypt	112	NA

[1] NATO data provided by NATO Press Service Release M-DPC-2(78)20, Dec. 5, 1978. Data on Greece and Turkey is not available. Japan and Israel data provided by the IISS.

Mr. MUSKIE. Mr. President, by rejecting this amendment, we are asking the Senate to live up to its commitment to move toward a balanced budget. If this amendment is not defeated our deficit next year will be larger than our deficit this year.

That result is unacceptable to me. We must make painful cuts in valuable social and economic programs, ask people to do without some of the government services they seek, and ask the individual Members of Congress to set aside some of their favorite programs for the common good. We must do it if we are ever to control the budget.

Those who argue for a 3- or 5-percent increase for defense would set aside important social goals in the name of economy, but add over $100 billion new dollars for undefined defense programs of no proved value and no demonstrated need.

If we adopt these increases in the face of this evidence, the deficit will increase. We will build new spending momentum into the budget. We will saddle the future Congresses with even more painful choices. We will throw oil on the fires of inflation in an important industrial sector. And we can say goodbye to all the brave talk about bringing the budget under control.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment (UP No. 560) of the Senator from Nebraska (Mr. EXON). The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Kansas (Mr. DOLE) and the Senator from Pennsylvania (Mr. SCHWEIKER) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Kansas (Mr. DOLE) would vote "nay."

The PRESIDING OFFICER. Are there any Senators in the Chamber who have not voted, who desire to do so?

The result was announced—yeas 12, nays 85, as follows:

[Rollcall Vote No. 292 Leg.]

YEAS—12

Bayh
Bumpers
Chiles
Eagleton
Exon
Kassebaum
Levin
McGovern
Metzenbaum
Nelson
Randolph
Weicker

NAYS—85

Armstrong
Baker
Baucus
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Church
Cochran
Cohen
Cranston
Culver
Danforth
DeConcini
Domenici
Durenberger
Durkin
Ford
Garn
Glenn
Goldwater
Gravel
Hart
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Jepsen
Johnston
Kennedy
Laxalt
Leahy
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
Melcher
Morgan
Moynihan
Muskie
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Ribicoff
Riegle
Roth
Sarbanes
Sasser
Schmitt
Simpson
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Williams
Young
Zorinsky

NOT VOTING—3

Dole
Schweiker
Stafford

So Mr. EXON's amendment (UP No. 560) was rejected.

Mr. MUSKIE addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, if I might have the attention of my colleagues, the debate on the defense issue has gone on all afternoon. There are two votes now pending. The first vote is on the Hollings 1980 numbers, and the second vote is on the Hollings 1981 and 1982 numbers.

Senator HOLLINGS and Senator STENNIS and I agreed that between the last vote and the next vote, we ought to have 11 minutes of discussion, simply to wrap up the debate for those who were not able to attend most of the afternoon.

I have agreed to divide that time, 5 minutes to Senator HOLLINGS, 5 minutes to Senator STENNIS, and 1 minute to myself, typically brief.

Now, to the 1980 number.

Mr. HOLLINGS. Three percent?

Mr. MUSKIE. That is right.

Mr. HOLLINGS. The yeas and nays have been ordered.

Mr. STENNIS. Mr. President, may we have quiet so the membership can hear?

The PRESIDING OFFICER. There will be order in the Senate.

Mr. MUSKIE. Will the Chair state the pending business?

The PRESIDING OFFICER. The question is on division 1 of the amendment of the Senator from South Carolina, which deals with 1980. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Kansas (Mr. DOLE) and the Senator from Pennsylvania (Mr. SCHWEIKER) are necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting the Senator from Kansas (Mr. DOLE) would vote "yea".

The PRESIDING OFFICER. Are there Senators in the Chamber who have not voted and who desire to do so?

The result was announced—yeas 78, nays 19, as follows:

[Rollcall Vote No. 293 Leg.]

YEAS—78

Armstrong
Baker
Baucus
Bayh
Bentsen
Biden
Boren
Boschwitz
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cochran
Cohen
Culver
Danforth
DeConcini
Domenici
Durenberger
Durkin
Ford
Garn
Glenn
Goldwater
Gravel
Hart
Hatch
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Jepsen
Johnston
Kennedy
Laxalt
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
Melcher
Morgan
Moynihan
Nunn
Packwood
Pell
Percy
Pressler
Pryor
Randolph
Ribicoff
Roth
Sarbanes
Sasser
Schmitt
Simpson
Stennis
Stevens
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Young
Zorinsky

NAYS—19

Bellmon
Bradley
Byrd, Harry F., Jr.
Cranston
Eagleton
Exon
Hatfield
Kassebaum
Leahy
Levin
McGovern
Metzenbaum
Muskie
Nelson
Proxmire
Riegle
Stevenson
Weicker
Williams

NOT VOTING—3

Dole
Schweiker
Stafford

So division No. I of the amendment of the Senator from South Carolina (Amendment No. 435, as modified), was agreed to.

Mr. HOLLINGS. I move to reconsider the vote by which division 1 of the amendment was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUSKIE. Mr. President, at this time I yield 5 minutes respectfully to my good friend from South Carolina.

Mr. HOLLINGS. I wish to yield to the distinguished chairman. He asked for it. I want to answer what he has to say and will yield back the time.

Mr. MUSKIE. Mr. President, I yield myself the 1 minute I indicated earlier. I am willing to speak first. I will just make these points briefly.

First, I call to the attention of colleagues on the floor at the time, the evening paper indicates on the front page that after setting a record yesterday of $350 an ounce on the price of gold the markets have now broken that record, a new benchmark of $375 an ounce, with a high price of $379.

That is a figure that should strike terror in the heart of any Member of this body who is concerned about what is happening to the dollar and to inflation and with the implications of the budget that we are voting on for those problems.

The second point I make is that this is the vote on the Hollings 1981, 1982 figures which projects a 5-percent, 5-percent, increase in the defense budget, raising the second budget resolution. There is another proposition that will be offered if this one fails, 3 percent and 3 percent. I think that that is excessive at this point but preferable to the 5 percent, 5 percent

So I urge my colleagues to vote against the Hollings proposal. I am now prepared to yield to either of my colleagues who wishes to speak at this point.

Mr. HOLLINGS. Go ahead.

Mr. STENNIS. Go ahead.

Mr. HOLLINGS. No; go right ahead

Mr. MUSKIE. I yield 5 minutes to the distinguished Senator from Mississippi

Mr. STENNIS. Mr. President, this presents a very serious matter to all of us It is certainly so to me as I see it and

I think a very grave matter for the Senate as an institution.

I just do not believe that we can afford now to launch out into a new system of setting the amount for the military budget when we are as far removed as we are in time, but more particularly, as far removed in fact when we do not know what it will be or what hardware it will be—planes, ships, manpower, missiles, and all the host of other things that go with it.

I believe we have by far the better system now to have indepth hearings and change of views and arguments by a committee staff trained in that field, and this applies to other departments, incidentally. And then the men around the table get those facts the best they can and make a judgment the best they can and reach a conclusion as firm as they can. Then based on a recommendation that they make, sworn officers under the Constitution, with a special obligation to the people and to their colleagues, bring in a recommendation here with written report of explanation as to why and then open debate.

I believe if we try to set that far in advance we set up a target for lobbying, and everything else, that will start as a minimum, but, more particularly, if we and this applies to other Departments, of Defense we just as well look out here comes HEW and all the rest in time.

Where will they bring this matter? To the Budget Committee. To the Budget Committee, inevitably, as was seen happen this year. And they have done a monumental job over the years, I think, and I have supported them at nearly every turn.

I know, too, there are others to be dealt with besides the Senate. There is the House of Representatives. I thought about this a lot. I think that to try to move in one direction and they are not joining in or not going to adopt a pattern somewhere in that neighborhood at least would be a great mistake. So I object to it as a matter of principle as it relates to the processes of legislation, for the reasons I have given, and I just think we cannot make a sound judgment now on the priority to give to the money in dollars and the priority of kinds of weapons.

So for those reasons that are so clear to me in practice and over the years that I think certainly we should stick by the system we have. When you destroy the committee system in this great institution you almost destroy it, as I see it. We all know the volume of matters we have to pass on here in the course of every year and the committee must carry a lot of the load.

I hope that we can retain the system, leave plenty to do by this Budget Committee and that they will continue to follow the high road that they have followed. So I yield back the remainder of my time.

Mr. NUNN. Mr. President, will the Senator yield for one brief question?

Mr. STENNIS. I am glad to yield.

Mr. NUNN. As I understand the Senator's position, he is opposed to the concept of the outyear estimates?

The PRESIDING OFFICER (Mr. BOREN). The 5 minutes have expired.

Mr. NUNN. Will the Senator from South Carolina yield?

Mr. HOLLINGS. I yield that time.

Mr. NUNN. The Senator from Mississippi is opposed to the concept of setting any kind of limit whether 5 percent, 4 percent, 2 percent, 1 percent on the outyear budget, that is 1981 and 1982 budget. Is that the Senator's position?

Mr. STENNIS. Primarily speaking, I am against that, as I was saying, not when it is an iota of little money difference, but any appreciable amount cannot be better set now than it can months later, and we would finally destroy the system.

Mr. HOLLINGS. Mr. President, with respect to the distinguished chairman of the Armed Services Committee, No. 1, he objects to the principle and procedure and, mind you me, the principle and that procedure has changed, particularly with respect while we work, as the Budget Committee, to give the 5 year outyears and have been doing that for several years. The Senate itself voted at the time of the First Concurrent Resolution that we shall include those outyears and therefore the outyears, for HEW, for HUD, for Commerce, for Interior, all the other endeavors of Government are already included.

Mr. STENNIS. Will the Senator yield to me on that just briefly?

Mr. HOLLINGS. I yield.

Mr. STENNIS. There was a colloquy here with the Senator from Louisiana that was made clear by him and me, too, that was not a binding matter or anything like that, and it would be more or less pro forma and I did not challenge it for a vote but I was in favor of it then.

Mr. HOLLINGS. Yes, that was my second point. There is really no difference between Senator STENNIS and myself on a binding nature because one Congress cannot bind another and the only guidelines—this is only budget, the third—we tailored it with the leadership and bipartisan support on both sides of the aisle, with Senators NUNN and JACKSON, Senator TOWER, and the others on the Armed Services Committee.

They say, "Now, what should it be? We put that much budget authority in there for the Senator from Mississippi and the other Members to determine what was really necessary."

That is the real point. Where we are weak in our position is in selecting a particular percentage. It was done so interestingly by the Senator from New York: you get a certain percentile, and a 7.8-percent CBO deflator rate, and multiply it by that, and everything else, and we can work out a program.

We talk about submarines, we talk about planes, we talk about every particular item we use, it has been cleared from prior years on both sides, and on any particular weaponry, I have talked solely on conventional readiness, not strategic.

Item 1, attack submarines; the Soviet Union has 277, and we have 78. They produce 80 a year, and we are producing 1. Secretary Graham Claytor says, "I need five."

It took us a long time down in Newport News to teach them how to manufacture them, but now they finally know how to do it, and come January we are going to close down Newport News, in the face of real need, and produce one.

In order to stay even, they need 180; in accordance with the President's budget, the figure he had, the amendment provides 38, when we need 180.

The Chairman of the Joint Chiefs of Staff, General Jones, said at the hearings just this past month:

> Yes, sir; over time we have strongly supported working with our allies, for at least 3 percent in real growth. We have also stated that in our judgment to reduce the risk to this country—and the risk will be great under any circumstances—we need to do more and that 5 percent real growth was our best judgment. Taking into account all factors—our ability to absorb the increase, the needs, all factors—5 percent real growth would be our recommendation.

That is the Chairman of the Joint Chiefs of Staff. So what we are trying to say is, "Yes, Senator MUSKIE, I agree with you on inflation, but there are many other things." The little Arabs can get in a tent and they can come up with 8 percent, 15 percent, or anything else. Our deficit under the present resolution is $28.4 billion and this addition will carry it up to $31.6 billion in the out years. That is the deficit figure we have voted on for 1980. We have a deficit for 1981 and 1982, but I do not want to mislead; the real inflation is in energy costs, and the real need at this particular hour is not what came before the SALT hearings. We have a real deficit in arms, in every category, and they came up and said, "Please approve the treaty, but we must do something about every weapon, about our strategic missiles, about our ICBM's," and down the whole litany, as stated by Senator NUNN.

I yield my remaining minute to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PACKWOOD. Is there a unanimous-consent agreement?

The PRESIDING OFFICER. No, there was not a unanimous-consent agreement.

Mr. PACKWOOD. The 11 minutes was not by a unanimous-consent agreement?

The PRESIDING OFFICER. It was not.

Mr. PACKWOOD. Then I was going to ask the Senator from Oklahoma if I might have 5 more minutes on the bill.

Mr. STENNIS. Then may I have 2 minutes?

Mr. MUSKIE. Mr. President, I ask unanimous consent—and I am trying to save time for other Senators who have amendments to offer—that there be another 15 minutes before the next vote, to be divided 5 minutes to the Senator from Oregon, 2 minutes to the Senator from Mississippi, I would like to have a couple of minutes, and 5 minutes to other Senators.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

Mr. **PACKWOOD**. Mr. President, I spoke earlier in the day, and stated that I did not pretend competence in the areas of the Armed Services Committee. I have gone on the Budget Committee this year, and could not escape noticing the trends, that while for the most part our expenditures have been down, those of the Russians have been up.

Let me quote from Secretary Brown:

> It's (Soviet Union) annual rate of increase has averaged more than 3 percent measured by what it would cost the U.S. to duplicate that effort in our economy, and between four and five measured in rubles. By how much the present effort now exceeds our own is less certain. It could be by as much as 45 percent, or as little as 25 percent.

Then he concluded by saying, relative to defense spending:

> Relative defense spending, annual or cumulative, is the best single crude measure of relative military capabilities, if efficiencies are not too different. And in military matters, Soviet and U.S. efficiencies are not as far apart as in the civilian sector.

Mr. President, the one critical signal we are going to give here, I have said it twice today and I will say it again, is that we are not going to meet the President's own standards, his own policies for fulfillment by 1985 without the whole 5 percent.

What the President stated, indirectly through Secretary Brown, last Thursday during the hearings, upon being asked, "Mr. Secretary and Mr. President, is it not true that the goals that you have set for 1985 will not be met by the budget you have asked for between now and 1985?" Secretary Brown, after hemming and hawing around a bit said, "Yes."

We will not meet them at a 5-percent increase, and if we vote that down today, the signal we are giving is that the minimal requests the President has asked for will not be met; that the Senate is not attempting to meet those minimal requests that we have said we were going to meet.

That is the signal we send to the Soviet Union. I do not know how far we can go down in military spending and preparedness before we not only have no credibility with the Soviet Union, but before we begin to have very little credibility with countries around the world whose support we are interested in.

One last fundamental fact: a vote for the Hollings amendment today will not give us enough money to meet the standards that the President and his own Secretary of Defense say are necessary for us to meet, by 1985, the President's goals. A vote for anything less than what Senator Hollings is suggesting today is a vote to even widen the disparity in meeting those standards.

Mr. **MUSKIE**. Mr. President, I yield myself 1 minute.

I have heard the distinguished Senator from Oregon argue that we will not meet the President's budget by adopting the Hollings amendment.

Mr. President, we are not acting on the President's budget. We are acting on the second budget resolution for fiscal year 1980. I have already spelled out in detail, in my own comments and statements that I have put in the Record, what that establishes for national defense.

The second budget resolution will achieve what I have said it will achieve. Whether or not it will achieve the President's goals, in a year when I think the fight against inflation is imperative, is another question.

But we are not acting on the President's budget; we are acting on the Senate's budget resolution, as modified from the first budget resolution adopted in May.

That is the issue, and that issue poses the inflation question for us. I have already told you about the price of gold today. Within the last hour, the Federal Reserve Board has raised the discount rate from 10.5 percent to a historic 11 percent.

The Bank felt that was necessary because of the strong inflationary pressures evidenced in the economy and because of what is happening to the price of gold. Just 1 year ago, gentlemen, the discount rate was only 7 percent. At the peak of inflation during 1973–74, the rate never got above 8 percent. Now it is 11 percent.

Here, indeed, is a way for us to send a signal to the world's central bankers, to other countries watching our economy, to our own citizens who are watching the behavior of the spenders in the Federal Government. There is a signal. We have already sent two today. Send another one.

Your vote indicates that you are going to send the one that I oppose. But do not be unaware of the economic signal you will be sending at the same time that you respond to Senator Packwood's challenge.

Are there other Senators who wish to speak?

Mr. **STENNIS**. Mr. President, I do not want to detain the Senate; I think the Senate is ready to vote. But I do want to point out a little hardware here.

I ask the question, first, what are we voting for now, in this so-called 5 percent? What are we voting for? Do we know how many submarines or ships or planes or missiles or what have you? No one knows. There has been no listing, no report, no examination, no priorities. We are just setting that high figure there through this committee. I say we had better stay out of it.

Let me say just a word here about our Navy. It is agreed that the new antisubmarine destroyers are the finest in the world and over half of 30 new ones have been delivered and the rest will be within a few more months. The nuclear attack submarine force has increased from 19 in 1965 to 70 in 1978, and 25 more are under construction now. The money has already been appropriated for them.

There were years there when we could not get a contractor to build them, for reasons I shall not go into, old claims and so forth. There is the quality Navy. There are the best weapons in the world in that field. We know what they are. We are pulling them out, putting them in, all the time.

Planes—I have a list here. Fighter aircraft have gone up and up and up. We have more in the bill this year, and about 75 percent now, 521 of our F–14's have already been delivered. Half of the 733 A–10 attack aircraft have been funded or delivered. Production of the F–16 aircraft and F–18 for the Navy and Marine Corps is now starting.

There are a number of other things here. The modernization of our tactical air force is further along than that of our relay ground force. Much has been done in that field.

I have others here. Strategic Forces. We have an amazing supply and resupply and redo and we keep them clean and fresh all the time and replaced.

There is no doubt about those things. What are we trying to vote on here? I warn again: Beware; beware of this process. It breeds trouble. It does not have the technical basis, it does not have the analysis, it does not have the recommendations, except just the dollar amount. It cannot be made to fit the need as well as our present system that we have.

I hope we will stick to it. These days will pass and this little matter that we are excited about now will pass. The big thing is to keep on the track and keep this program going.

Mr. **HART**. Will the Senator yield 30 seconds to me?

Mr. **STENNIS**. If I have it, yes, I yield.

Mr. **HART**. I want to remind our colleagues of what the floor manager of the bill has indicated. That is to say that if they do feel that there ought to be some at least symbolic support of the President's commitment for the 3-percent increase, that will be offered, if this vote fails, by either the Senator from South Carolina or myself. So there will be an alternative of the 3 percent in the outyear to vote on if this measure does not pass.

Mr. **NUNN**. Will the Senator from Colorado yield for just a brief question?

Mr. **HART**. Yes.

Mr. **NUNN**. Would not all the objections which the Senator from Mississippi posed to the 5 percent—without having hearings, the budget—would they not as well apply to the 3 percent or to 1 percent? If we defeat the Hollings amendment, we still have all the problems the Senator from Mississippi was referring to, because we still have the outyear budget.

Mr. **HART**. The Senator from Mississippi would still have the problem; the rest of us would not.

Mr. **NUNN**. I agree with the Senator.

The **PRESIDING OFFICER**. The question is on agreeing to division 2 of the amendment of the Senator from South Carolina. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Kansas (Mr. Dole) and the Senator from Pennsylvania (Mr. Schweiker) are necessarily absent.

I also announce that the Senator from Vermont (Mr. Stafford) is absent on official business.

I further announce that, if present and voting, the Senator from Kansas (Mr. Dole) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators desiring to vote?

The result was announced—yeas 55, nays 42, as follows:

[Rollcall Vote No. 294 Leg.]

YEAS—55

Armstrong
Baker
Bentsen
Boren
Boschwitz
Byrd, Robert C.
Cannon
Chiles
Cochran
Cohen
Danforth
DeConcini
Domenici
Durenberger
Durkin
Ford
Garn
Goldwater
Hatch
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Jensen
Johnston
Laxalt
Long
Lugar
Magnuson
McClure
Morgan
Moynihan
Nunn
Packwood
Percy
Pressler
Pryor
Roth
Schmitt
Simpson
Stevens
Stewart
Stone
Talmadge
Thurmond
Tower
Wallop
Warner
Young
Zorinsky

NAYS—42

Baucus
Bayh
Bellmon
Biden
Bradley
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Chafee
Church
Cranston
Culver
Eagleton
Exon
Glenn
Gravel
Hart
Hatfield
Javits
Kassebaum
Kennedy
Leahy
Levin
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Muskie
Nelson
Pell
Proxmire
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Stennis
Stevenson
Tsongas
Weicker
Williams

NOT VOTING—3

Dole
Schweiker
Stafford

So division II of the amendment of the Senator from South Carolina (No. 435, as modified) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which division two of the amendment was agreed to.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield me 2 minutes?

Mr. MUSKIE. I yield.

Mr. ROBERT C. BYRD. Mr. President, as I understand it, about 6 hours remain on the resolution. I understand that Mr. Roth and Mr. Danforth have an amendment in which they will join, and there will be 2 hours on that amendment. Mr. Armstrong, I am told, has an amendment on which there would be 2 hours. Mrs. Kassebaum has an amendment. I suppose that would be an amendment to an amendment, because there would be a 1-hour limitation to that.

Do any other Senators have amendments?

Mr. Melcher has an amendment, and there will be 2 hours on that amendment.

Mr. JAVITS. Mr. President, I expect to be able to dispose of my matter by colloquy.

Mr. ROBERT C. BYRD. There are four amendments we know about, which would consume the 6 hours.

Will Mr. Roth be willing to call up his amendment at this time and have the Senate resume the consideration of it tomorrow morning?

Mr. ROTH. I will be willing to do that, with the understanding that we get the full 2 hours.

Mr. ROBERT C. BYRD. The full 2 hours and then go over until tomorrow. Is this agreeable with the manager?

Mr. MUSKIE. Mr. President, reserving the right to object—and I will not object—I point out to Senators who have not added up these times that the remaining time on the bill will not accommodate all the amendments which have been disclosed at this point. They add up to 7 hours, and we have 6 hours.

So, to the extent that we could get a reduction in time on any amendment, we could accommodate every amendment. If we cannot, the last amendment will be squeezed into whatever time remains, and we will have to reconcile that.

I will be happy to try to reduce the time I take on an amendment, and I hope that the proponents of amendments also will try to reduce the time they need, in order to accommodate every Senator.

Mr. BAKER. Mr. President, reserving the right to object—and I will not object—I say, in response to the Senator from Maine, that I am fairly sure we can work out some reductions tomorrow. I think this is a good arrangement. If the Senator from Delaware is willing to call up his amendment tonight and take it up at a reasonably early hour tomorrow, I assure the Senator that I will try on this side to see if we can reconcile the time requests.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume consideration of the pending measure, with the pending question at that time to be on the amendment by Mr. Roth, at 9:30 tomorrow morning.

Mr. BUMPERS. Mr. President, reserving the right to object, is the majority leader cutting the total time remaining down for consideration of amendments?

Mr. ROBERT C. BYRD. No.

Mr. BUMPERS. Any amendment will still be in order with the agreed time available?

Mr. ROBERT C. BYRD. As of now, I am not making an effort to reduce the time as yet. I am simply trying to get an order to go over until 9:30 tomorrow morning and to begin at that time on the amendment by Mr. Roth.

There are 6 hours remaining. We know of four amendments. Mr. Muskie has just indicated, quite correctly, that if the full time were to be taken on just three of those amendments, the fourth amendment would not have the time allotted. He expressed the hope that we might be able to get a general pro rata reduction tomorrow.

Mr. BUMPERS. That puts me in a little awkward position, because I have an amendment that I am not certain I am going to offer, but I do not want to waive my rights to offer it if I decide overnight to offer it.

Under the unanimous-consent request by the majority leader, if the other four were offered before mine and the time were used up on the first three, that would preempt mine.

Mr. ROBERT C. BYRD. My request has nothing to do with the time on amendments. If we do not go over until tomorrow and go ahead this evening with Mr. Roth's amendment, the overall time would not be changed and the time on amendments would have the same problems as if we go over. All I am trying to do at this time is to have the Senate go over and take up Mr. Roth's amendment the first thing tomorrow.

Mr. BUMPERS. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no time be charged against the Roth amendment at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I yield, hoping that the Senator will call up his amendment.

UP AMENDMENT NO. 561

(Subsequently numbered Amendment No. 445)

Mr. ROTH. Mr. President, I send my amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Delaware (Mr. Roth) for himself, Mr. Danforth, Mr. Hatch, Mr. Boschwitz, and Mr. Armstrong, proposes an unprinted amendment numbered 561.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 5 strike out all the figures in section 2 of the Muskie Substitute and insert in lieu thereof the following:

(a) the recommended level of Federal revenues is as follows:

Fiscal year 1980: $500,000,000,000;
Fiscal year 1981: $572,500,000,000;
Fiscal year 1982: $649,000,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1980:—$12,700,000,000;
Fiscal year 1981:—$21,400,000,000;
Fiscal year 1982:—$48,100,000,000;

(b) the appropriate level of total new budget authority is as follows:

Fiscal year 1980: $614,500,000,000;
Fiscal year 1981: $638,400,000,000;
Fiscal year 1982: $734,300,000,000;

(c) the appropriate level of total budget outlays is as follows:

Fiscal year 1980: $527,000,000,000;
Fiscal year 1981: $572,500,000,000;
Fiscal year 1982: $642,200,000,000;

(d) the amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

Fiscal year 1980: −$27,000,000,000;
Fiscal year 1981: —0;

Fiscal year 1982: +$6,800,000,000.

(e) the appropriate level of the public debt is as follows:

Fiscal year 1980: $887,500,000,000;

Fiscal year 1981: $906,300,000,000;

Fiscal year 1982: $921,800,000,000;

the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1980: $57,500,000,000;

Fiscal year 1981: $76,300,000,000;

Fiscal year 1982: $91,800,000,000.

Viz: On page 7, beginning with line 9, strike out all through line 4, page 15 and insert the following:

(a) National Defense (050):

Fiscal year 1980:

(A) New budget authority, $141,200,000,000;

(B) Outlays, $130,600,000,000.

Fiscal year 1981:

(A) New budget authority, $159,800,000,000;

(B) Outlays, $145,600,000,000.

Fiscal year 1982:

(A) New budget authority, $180,400,000,000;

(B) Outlays, $163,300,000,000.

(b) International Affairs (150):

Fiscal year 1980:

(A) New budget authority, $12,000,000,000;

(B) Outlays, $7,500,000,000.

Fiscal year 1981:

(A) New budget authority, $13,000,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1982:

(A) New budget authority, $14,900,000,000;

(B) Outlays, $8,700,000,000.

(c) General Science, Space, and Technology (250):

Fiscal year 1980:

(A) New budget authority, $5,500,000,000;

(B) Outlays, $5,400,000.

Fiscal year 1981:

(A) New budget authority, $5,000,000,000;

(B) Outlays, $5,500,000,000.

Fiscal year 1982:

(A) New budget authority, $5,400,000,000;

(B) Outlays, $5,400,000,000.

(d) Energy (270):

Fiscal year 1980:

(A) New budget authority, $41,000,000,000;

(B) Outlays, $7,000,000,000.

Fiscal year 1981:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1982:

(A) New budget authority, $24,200,000,000;

(B) Outlays, $9,500,000,000.

(e) Natural Resources and Environment (300):

Fiscal year 1980:

(A) New budget authority, $12,200,000,000;

(B) Outlays, $11,600,000,000.

Fiscal year 1981:

(A) New budget authority, $13,200,000,000;

(B) Outlays $12,500,000,000.

Fiscal year 1982:

(A) New budget authority, $14,100,000,000;

(B) Outlays, $13,500,000,000.

(f) Agriculture (350):

Fiscal year 1980:

(A) New budget authority, $4,900,000,000;

(B) Outlays, $2,500,000,000.

Fiscal year 1981:

(A) New budget authority, $5,300,000,000;

(B) Outlays, $2,700,000,000.

Fiscal year 1982:

(A) New budget authority, $3,900,000,000;

(B) Outlays, $3,100,000,000.

(g) Commerce and Housing Credit (370):

Fiscal year 1980:

(A) New budget authority, $6,800,000,000;

(B) Outlays, $3,000,000,000.

Fiscal year 1981:

(A) New budget authority, $5,900,000,000;

(B) Outlays, $3,200,000,000.

Fiscal year 1982:

(A) New budget authority, $6,800,000,000;

(B) Outlays, $2,800,000,000.

(h) Transportation (400):

Fiscal year 1980:

(A) New budget authority, $19,500,000,000;

(B) Outlays, $18,600,000,000.

Fiscal year 1981:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $19,600,000,000.

Fiscal year 1982:

(A) New budget authority $20,400,000,000;

(B) Outlays, $20,100,000,000.

(i) Community and Regional Development (450):

Fiscal year 1980:

(A) New budget authority, $8,700,000,000;

(B) Outlays, $7,500,000,000.

Fiscal year 1981:

(A) New budget authority, $9,300,000,000;

(B) Outlays, $8,300,000,000.

Fiscal year 1982:

(A) New budget authority, $8,900,000,000;

(B) Outlays, $8,400,000,000.

(j) Education, Training, Employment, and Social Services (500):

Fiscal year 1980:

(A) New budget authority, $26,700,000,000;

(B) Outlays, $28,100,000,000.

Fiscal year 1981:

(A) New budget authority, $28,800,000,000;

(B) Outlays, $27,700,000,000.

Fiscal year 1982:

(A) New budget authority, $30,300,000,000;

(B) Outlays, $30,000,000,000.

(k) Health (550):

Fiscal year 1980:

(A) New budget authority, $55,200,000,000.

(B) Outlays, $52,800,000,000.

Fiscal year 1981:

(A) New budget authority, $67,700,000,000;

(B) Outlays, $58,800,000,000.

Fiscal year 1982:

(A) New budget authority, $79,400,000,000;

(B) Outlays, $65,800,000,000.

(l) Income Security (600):

Fiscal year 1980:

(A) New budget authority, $210,300,000,000.

(B) Outlays, $181,800,000,000.

Fiscal year 1981:

(A) New budget authority, $232,400,000,000.

(B) Outlays, $201,500,000,000.

Fiscal year 1982:

(A) New budget authority, $267,900,000,000.

(B) Outlays, $228,700,000,000.

(m) Veterans Benefits and Services (700):

Fiscal year 1980:

(A) New budget authority, $21,200,000,000;

(B) Outlays, $20,500,000,000.

Fiscal year 1981:

(A) New budget authority, $21,700,000,000;

(B) Outlays, $21,400,000,000.

Fiscal year 1982:

(A) New budget authority, $22,800,000,000;

(B) Outlays, $22,700,000,000.

(n) Administration of Justice (750):

Fiscal year 1980:

(A) New budget authority, $3,900,000,000;

(B) Outlays, $4,400,000,000.

Fiscal year 1981:

(A) New budget authority, $4,300,000,000;

(B) Outlays, $4,400,000,000.

Fiscal year 1982:

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,500,000,000.

(o) General Government (800):

Fiscal year 1980:

(A) New budget authority, $4,300,000,000;

(B) Outlays, $4,100,000,000.

Fiscal year 1981:

(A) New budget authority, $4,400,000,000;

(B) Outlays, $4,200,000,000.

Fiscal year 1982:

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,200,000,000.

(p) General Purpose Fiscal Assistance (850):

Fiscal year 1980:

(A) New budget authority, $8,500,000,000;

(B) Outlays, $8,500,000,000.

Fiscal year 1981:

(A) New budget authority, $8,200,000,000;

(B) Outlays, $8,600,000,000.

Fiscal year 1982:

(A) New budget authority $8,200,000,000;

(B) Outlays, $8,200,000,000.

(q) Interest (900):

Fiscal year 1980:

(A) New budget authority, $57,000,000,000;

(B) Outlays, $57,000,000,000.

Fiscal year 1981:

(A) New budget authority, $59,000,000,000;

(B) Outlays, $59,000,000,000.

Fiscal year 1982:

(A) New budget authority, $61,000,000,000;

(B) Outlays, $61,000,000,000.

(r) Allowances (920):

Fiscal year 1980:

(A) New budget authority—$4,800,000,000;

(B) Outlays—$4,300,000,000.

Fiscal year 1981:

(A) New budget authority—$4,800,000,000;

(B) Outlays—$4,300,000,000.

Fiscal year 1982:

(A) New budget authority—$0.

(B) Outlays, $0.

(s) Undistributed Offsetting Receipts (950):

Fiscal year 1980:

(A) New budget authority—$19,700,000,000;

(B) Outlays—$19,700,000,000.

Fiscal year 1981:

(A) New budget authority—$21,500,000,000;

(B) Outlays—$21,500,000,000.

Fiscal year 1982:

(A) New budget authority—$23,900,000,000;

(B) Outlays, $23,900,000,000.

Mr. ROTH. Mr. President, I yield the floor.

Mr. HART. Mr. President, the Senate today accepted overwhelmingly action by the Budget Committee on its resolution of reconciliation and at the same time we voted to increase for 1980 the possibility of defense spending.

I think some cuts are going to have to be made in the budget if we reach our goal of balancing the budget by 1981.

The Senate faces an important test this week as it considers the second concurrent budget resolution. It is a test of our commitment to the congressional budgeting process, and more importantly, it is a test of our will to balance the Federal budget.

So far the Senate has taken two major actions: it approved the reconciliation instructions as modified by Senator MUSKIE, and it then increased defense spending by $3.2 billion in 1980. In essence, the Senate passed reconciliation to move toward a balanced budget. Then, it moved away from a balanced budget to accomplish national defense objectives.

The budget resolution now stands at a 1980 deficit of $31.6 billion, compared to a projected deficit of $28.4 billion before the vote on defense. The 1979 budget deficit is $30 billion. The Senate is no longer on the road to a balanced budget in 1981.

I voted with the majority to increase the defense budget in 1980 by $3.2 billion because I was convinced that this additional amount is absolutely necessary to establish needed improvements in our national security. But I also believe we should not increase the deficit in 1980 above 1979, and I am, therefore, committed to take actions which will provide for $2.4 in further cuts that will reduce the budget deficit in 1980 to $29.2 billion.

There are many, many ways to cut

Federal spending. It is very hard for the Senate to agree on a mix of spending cuts, even though most individual Senators are more firmly committed to balancing the budget than they are to the mix of cuts in their very first choice.

I have looked at the budget in great detail and believe spending cuts can be made in several programs to achieve the desired savings. However, because the budget resolution does not address particular programs, an amendment addressed to programs which can be cut, would not be in order.

The mix of cuts I am supporting totals $2.4 billion and would reduce the budget to $29.2 billion in 1980. This mix of cuts is distributed as follows:

	1980 outlay cuts
Function No. 250 (General Science)	$ .2b
Function No. 550 (Health)	.4b
Function No. 600 (Income Security)	.1b
Function No. 850 (General Fiscal Assistance)	1.7b
Total	2.4b

WHY IS THE $2.4 BILLION IMPORTANT?

The rate at which Federal spending is increasing must be reduced so the Federal deficit can be eliminated and taxes can be reduced. The Federal budget can be balanced in 1981 only if we lower Federal spending sufficiently in 1980.

Without the savings which will be achieved by these cuts, the deficit will rise from $30 billion in 1979 to $31.6 billion in 1980. Certainly, by increasing the deficit this year, it will be nearly impossible to balance the budget in 1981.

My arguments are plain and simple:

First. The Senate decided last May it intends to balance the budget in 1981.

Second. It voted to reduce spending in 1980 to move toward that goal.

Third. So far, the Senate has added more spending, after it cut spending in the reconciliation instructions.

Fourth. Unless we achieve additional savings, we cannot avoid increasing the deficit in 1980 above the level in 1979.

Mr. President, the Senate has voted—wisely, I believe—to provide for possible increased defense spending. Now, the Senate must also vote to reduce spending elsewhere by a comparable amount. That is the only way to achieve a reduction in the Federal deficit, and to stay on the road to a balanced budget in 1981.

Mr. President, I urge my colleagues to support those cuts, or similar cuts, to bring the budget deficit back on the road to balance in 1981.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond 30 minutes, and that Senators may speak therein up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

NEW FBI CHARTER

Mr. THURMOND. Mr. President, the Federal Bureau of Investigation has compiled the most impressive record of law enforcement in the history of our country. The Bureau's years of service to America has been invaluable and its effectiveness unparalleled.

In order to protect the Bureau from political pressure and preserve its efficiency, a charter has been proposed that defines its duties and responsibilities. A recent editorial in the Augusta Chronicle newspaper of Augusta, Ga., sheds light on the need for this charter.

Mr. President, in order to share this editorial with my colleagues, I ask unanimous consent that it be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

NEW FBI CHARTER

Renewed attention is being focused on the Federal Bureau of Investigation in light of the tragic slayings of three of its agents last week. Just as much, if not more, attention ought to be focused on the proposed FBI Charter Act of 1979.

Few want an American police agency to become a kind of Soviet KGB, but on the other hand, a vast majority of Americans do not want to see the nation's top law enforcement agency hamstrung by political liberals.

For these reasons, it is useful to analyze the charter offered by President Carter.

Unfortunately, Carter took the opportunity to unveil the charter by taking cheap and petty shots at the late J. Edgar Hoover, the bureau's first director who died in 1972. He blamed Mr. Hoover for trying to harass black activist Martin Luther King, among other things.

The charter should be divorced from such political statements by the President. Focus instead, ought to be on charter guidelines spelling out in general terms the kind of investigations in which the bureau could engage and what type techniques may be used.

By the time this bill gets out of Congress (possibly not before next spring), it is our hope that the charter can be carefully amended and molded into a document that provides safeguards for all Americans without hampering the bureau's ability to apprehend criminals or agents of foreign powers bent on espionage or subversion. The charter should especially make the point that unauthorized activity by an individual agent or agents without higher approval could result in a jail term. Although the Augusta newspapers have long supported the role of the FBI in safeguarding America, it concerns us that such illegalities went on during the 1960s like the opening of mail of private citizens who were not involved in any criminal activity.

The task before Congress, therefore, is to produce a charter that can be used as a tool by which the bureau can have the clout to rebuff political pressure and thereby cement and preserve the bureau's 70-year reputation as the most professional law enforcement agency of our time.

We are reminded of one other thought, too. In the end, it will be the character, integrity and patriotism of the man who serves as FBI director which will offer America more security than any written rules as to what an FBI agent may or may not do.

THE 250TH ANNIVERSARY OF WESTFORD, MASS.

Mr. TSONGAS. Mr. President, the citizens of Westford, Mass. celebrate their town's 250th anniversary on September 23. It is fitting that we commemorate this occasion in the U.S. Senate.

Westford is a town that is representative of the beauty of New England. Anyone walking through its streets, as I have done, is impressed by the fine old houses and attractive neighborhoods. But perhaps the most beautiful aspect of Westford is its strong sense of community. The town's human resources are even greater than the physical resources there.

The town of Westford is a classic example of the strengths of Massachusetts. It is not the quantity of marketable things. The strength of my State is its quality of life—priceless qualities such as clean air, open space, natural beauty, and historical tradition. Quality of life involves the physical environment, but it also depends on the social environment. The close-knit community of Westford is a fine example of the human values that make Massachusetts special.

Mr. President, Westford is a neighbor of the historic city of Lowell, where I grew up and continue to live. As a neighbor with many friends in Westford, I am pleased that my colleagues have this opportunity to learn about Westford's history. I am indebted to the Westford 250th Anniversary Committee's commemorative book for many of the historical details that follow.

Westford's past is not dramatically different from that of the region's other rural towns. Nor is its past vastly different from its present.

The first inhabitants of Westford were the Pawtucket, Wamesit, and Nashoba Indians. In 1653, the plantation of Chelmsford was granted to 39 petitioners. Each man chose land to clear and farm. What was known as the "west precinct" of Chelmsford became a separate township on September 23, 1729.

Westford was a growing agricultural community. In the first years, issues decided at the yearly town meetings ran from establishing a bounty to be paid for killing squirrels, blackbirds, and wolves to the purchase of a meeting house bell. Budget matters included a 1 pound yearly salary to the bell-ringer, discussion of whether to pay for town officers to have supper at the town meeting—voted down—and many items relating to caring for Westford's poor. The town was responsible for providing food and clothing for any resident in need.

Forming committees was a major activity. There was a "comity" to study the formation of a new county, a "comity" to meet with another committee to decide if Westford should joint the country road, a "comity" to find the boundary of the first burying grounds, a "comity" to build a fence for the burying ground when the boundary was finally found—after 2 years—a fish committee to help fish pass the dams between the Merrimack River and Forge Pond, and others.

A system of schooling was established. At first, school was held in private houses for a short time during the year. Eventually, school houses were built. At times one teacher would rotate—a month at one neighborhood school, the next month at another.

The first immigrants to settle in Westford probably were from Nova Scotia. After the English took possession of Nova Scotia, they required all the French Catholic inhabitants to take an oath of allegience. When these Arcadians refused to comply they were expelled. Many were sent to France and the British colonies, including Massachusetts. A group of them became inhabitants of Westford.

Residents of Westford strongly supported the struggle for American independence. In 1756 Westford citizens put their protest of the Stamp Act on record at the annual town meeting. In 1770 the town voted unanimously to boycott British goods. In 1773, a "committee of correspondence" was established to provide communication among the independence movements. The next year the town voted to boycott tea until the tax on it was repealed.

Three companies of Minutemen from Westford fought the Redcoats at Concord on April 19, 1775. As the Revolution progressed, the people of Westford participated not only in military actions, but also in governmental deliberations. In 1778 Westford instructed its representative to Congress vote for the Articles of Confederation.

After the war was won, hard times continued. Many families were broken; many faced poverty. But life in Westford went on, and slowly conditions improved. By 1792 citizens were ready to take on a new project. They raised money to build Westford Academy. The academy building, which still stands, is being remodeled to serve as the future home of the Westford Museum. The basic curriculum included English, Latin, Greek, writing, and arithmetic. Then they built a library.

The town work farm was established in the early 1800's. Citizens decided that one way to care for the sick and the needy was to establish a farm where residents could live and work. The farm was purchased along with tools, provisions, and furniture. The work farm operated until Government programs such as welfare and social security came into effect.

One of Westford's most important and best known businesses—granite quarrying—started in the early 1800's. Large, loose boulders were sold. In the 1820's, Isaac Carkin opened the first quarry and was soon followed by many others. The granite was hauled by teams of horses or oxen and loaded on trains at special sites to be transported to other areas of Massachusetts and to places as far away as New York, Chicago, and New Orleans. Faneuil Hall, Concord's Minuteman statue, buildings in Washington, D.C.—including a wing of the Smithsonian Institute and the Washington Monument—and other places of interest include Westford granite in the construction.

In the 1860's, Westford again was faced with war—the Civil War. Some enlisted; others were drafted. The women of Westford were making contributions to the war, too. One way of doing this was to join the Soldiers' Aid Society. They provided such items as flannel shirts, drawers and socks, towels, pin cushions, needles, buttons, mittens, bandages, poultices, feather pillows, handkerchiefs 454, cushions for limbs, 440 pounds of dried apples, 62 gallons of pickles, and currant wine.

When the Civil War ended, soldiers returned to a prosperous Westford. Industry and agriculture had done well during the war years. New buildings and building improvements soon were keeping the town busy. The major building constructed during this period was the town hall that stands today.

Over the years, Westford developed many small businesses and industries. From the early days, there were sawmills, blacksmiths, tanneries, and other services. Brickmaking, pottery making, a horse nail company, curtain making, and mink farming have been businesses there at various times.

In 1854 Charles G. Sargeant came to Westford from Lowell. He and Frances Calvert bought a farm and grist mill in Graniteville and converted them to manufacture woolen machinery. Within a year they had been razed, but new buildings were constructed.

In 1855, John W. Abbot, John W. P. Abbot, and Charles Sargeant formed a partnership to become the Abbot Worsted Mills for the production of worsted yarns for upholstery goods. Fire destroyed the mills. The business continued in half of a large stone mill which now produced yarns used in the manufacture of carpets. They continued to expand, soon occupying all the mill and then the building that once housed the Forge Village Horse Nail Co. The firm continued to grow through the years. In the early 1900's the owners planned major expansion but were unable to find sufficient help to meet their growing needs.

They sent representatives to Europe and made agreements with large numbers of people to emigrate. They advanced the price of a train ticket across Europe and a boat ticket to New York's Ellis Island. There they were gathered together and given special tags that identified them as destined for the mills of Westford, Mass. Many French Canadians also traveled to the area in search of work in the mills. The workers were supervised by men from England, Ireland, and Scotland who were brought here for their knowledge of soccer. In the town marriage records for the early 1900's, the place of birth, in most cases, was listed as Russia, Poland, Italy, Ireland, Scotland, Sweden, or Quebec. The company built houses near the mill and rented small apartments at low rents to the immigrants.

At one time about half of Westford's residents were millworkers, but the immigrants were not readily accepted into the community. They were looked down upon for their place of birth. A division was established between the agricultural part of town and the mills. For some years official records of marriages and births had special notes dividing the numbers into "Americans" and "foreigners.

Women and children worked long hours beside the men in the mills. Even after child labor laws were passed, children as young as 11 were found at work there.

The 1890's brought improvements to Westford—new schools, electric street lights, and an electric fire alarm system. At one time in the 1900's, there were eight train stations for three separate railroad lines and two trolleys in Westford.

Westford's economy always was based on agriculture. Peaches, berries, and other small fruit were grown, but apples were the principal crop. Agriculture began to decline in the mid-forties.

The Depression was one of the most difficult periods of Westford history. It left many without work or enough money. The Board of Public Welfare was established to help support families in need and to oversee Government programs established to supply jobs. Jobs were provided in the form of building and repairing roads in the town. Others worked for the project that canned and distributed food. Young men between 18 and 25 were able to find employment with the Conservation Corps.

The Depression dealt the final blow to the general stores in town. Beginning in the 1800's, the general stores had furnished the needs of the community. They sold everything from farming tools to household goods, food, shoes and boots, and nonprescription drugs. These stores were also the social centers of town. A crowd would always be gathered around the potbellied stove for a lively discussion or small talk. After World War I, chainstores came into the area. Although they did not allow credit as did the general stores, they had lower prices. During the hard times of the Depression, people needed the bargains of the chainstores and the general stores never recovered.

The years after World War II brought new life to the town in the form of new housing and new people. Lots were sold in 5,000 square foot parcels around the Nabnasset Pond. What was once farmland became housing developments throughout the town. Since that time the population of Westford has grown steadily to the approximately 14,000 residents of today.

One of the most interesting newcomers to town is the Haystack Observatory. This odd-looking structure is a radio-astronomy observatory—using radio waves to gather information about the universe. It was dedicated in 1964 by Northeast Radio Observatory Corp., an association of 13 educational institutions in the Northeast.

Mr. President, the town of Westford has changed in its two and one-half centuries, but it has taken what we call progress with a grain of salt. Life in Westford is seasoned with a 250-year-old tradition of community—caring about other residents and other Americans.

It is a time for the people of Westford

to celebrate the quality of life as it has continued in their beautiful town.

Mr. JAVITS. Mr. President, is the pending business still Senate Concurrent Resolution 36?

The PRESIDING OFFICER. The Senate is in morning business.

Mr. PROXMIRE. Mr. President, I realize the Senator from New York wants to speak on the bill. I shall be as brief as I can.

WORLD GROWTH DEMANDS THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, as time progresses, it becomes more apparent that ratification of the Genocide Convention would benefit our country. Once considered a threat to American sovereignty, the Convention is now being praised by an increasing number of organizations. Both the Defense Department and the American Bar Association have agreed that ratification of the treaty would be in our national interest.

One reason for the increasing compatability of the Convention with American interests is the overcrowded condition of our world. As population increases, our environment deteriorates. As the supply of land and scarce resources diminishes, the fight for survival becomes more fierce. Never before have there existed so many possible areas for conflict. Never before has it been so important for nations to have a clear understanding of common moral principles.

Yet without ratification of the Genocide Convention, we lack worldwide consensus on a fundamental moral issue—the right to live. The Senate has failed to reassure other nations of the U.S. commitment to human rights. Only in an atmosphere of trust and mutual obligation can we be most effective in containing the increasing areas of conflict.

For our national interest—for our own survival, as well as for the survival of those elsewhere in this shrinking world—we must pledge ourselves to the highest moral principles.

Ratification of the Genocide Convention would be such a pledge. It would help promote the atmosphere of cooperation necessary to solve present and future conflicts.

What I have been saying today was well summarized by the Committee on Foreign Relations in their 1976 report on the Genocide Convention. That report stated—

> . . . (a)s our planet becomes more crowded, man's behavior toward his fellows must be governed by standards even higher and more humane.

I urge my colleagues to ratify the Genocide Convention and demonstrate to the world America's commitment to human rights.

Mr. President, I yield the floor and thank my friend from New York.

RESTORING PERSPECTIVE TO THE RELATIONSHIP OF SOVIET TROOPS IN CUBA TO THE SALT II TREATY

Mr. TOWER. Mr. President, the recent confirmation of the presence of a Soviet combat brigade in Cuba is a source of grave concern to the American people and many of my colleagues in the Senate. The announcement has resulted in calls for a number of measures, some related to the withdrawal of these forces, others related to the linkage of this issue to other dimensions of United States-Soviet affairs, most notably the SALT II treaty. Amid the cacophony of disparate viewpoints, I was struck by the thoughtfulness and precision reflected in an article appearing in the September 14, 1979, Washington Star by my colleague from Maine, Senator Cohen.

Responding to calls that the Senate set aside further consideration of the SALT treaty, Senator Cohen avoids simplistic reaction and with great clarity places the Soviet presence in proper context within the overall rubric of United States-Soviet relations. In this regard, Senator Cohen points out that this—

> . . . most recent "Cuban crisis" should not serve to scuttle the SALT II debate but rather to shape it.

And further, that—

> The SALT II debate should not turn solely upon this latest Soviet test. The combat brigade should be but one important factor among many that we consider in judging whether the Soviet Union is interested in peace or bent upon provocation and expansion.

I am sure that Senator Cohen finds this latest Soviet provocation as intolerable as do I. His article, however, reflects the vision to dismiss knee-jerk responses in favor of recognizing the broader issue before us. This approach is most welcome and timely. As we continue our SALT deliberations in the weeks ahead, I believe we would all do well to recognize that this single issue—even if adequately resolved—will remain with us as only the latest example of Soviet adventurism. The trend it reflects should color our thinking but not divert it from the urgent business before us.

Mr. President, I commend Senator Cohen's article to my colleagues and ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Dangers We Face

(By Senator William S. Cohen)

The revelation of Soviet combat troops in Cuba has had a sobering and, it is to be hoped, salutary impact upon many Americans. It has concentrated wonderfully minds that have been wandering around the rarefied halls of quiet diplomacy, blinking benignly at various acts of Soviet adventurism.

Inaction, or mild protest in the face of aggression, however minor, can only encourage more aggression. This verity should not be more of a mystery to diplomats and presidents than it is to parents.

When the Soviet-made MiG–23s first graced Cuban airfields, we were patted on the napes of our necks with the comforting assurance that they were for defensive purposes only. When curious periscopes bearing Soviet decals appeared in Cuban waters, we were told that the submarines were merely being refueled or repaired in the port of an ally. Not to worry. Cuban troops in Africa were of grave concern to us, but then again, some rationalized, the troops did lend a "stabilizing influence" to that troubled continent.

And recall that when our kidnapped ambassador to Afghanistan, Adolph Dubs, was murdered during a clumsy rescue attempt, we lodged a protest to the Soviet Union for its role in the brutal affair. A deafening silence greeted our protest. The precedent of Soviet action that is inconsistent with our notions of international good behavior was set and suffered long ago.

We need not be so bleak in spirit, to borrow a phrase from Mencken, that we search for coffins whenever we smell flowers. But Soviet troops in Cuba should come as no great surprise to those who have been brushed, even lightly, by the wing of experience.

What is surprising, however, is the rush by the United States Senate to the exit door on the SALT II debate. Someone has yelled fire in a crowded theater and prudence seems to be falling under thundering feet.

The most recent "Cuban crisis" should not serve to scuttle the SALT II debate but rather to shape it. We have been conducting our lives and national affairs under the light-headed illusion that our security and national interests are measured by the proximity of our enemies to our coastline. Phrased another way, we need not shout until we see (by satellite) the barrels of their guns.

To be sure, the presence of 2,500 troops 90 miles off the coast of Florida is no mere trifle. Our security, however, is not measured in miles but in minutes. Our potential destruction lies buried in Soviet silos that sheathe missiles carrying as many warheads as Medusa's head had snakes—and they can turn us to stone in less than 30 minutes.

The SALT II debate should not turn solely upon this latest Soviet test. The combat brigade should be but one important factor among many that we consider in judging whether the Soviet Union is interested in peace or bent upon provocation and expansion.

There are, in my judgment, inherent deficiencies, dangerous precedents and legal ambiguities that require that the SALT II treaty be amended before it can be ratified. Moreover, there are serious questions whether the SALT process and policies of detente have served to moderate or simply embolden Soviet strategic and global aspirations. These matters should be addressed vigorously before the full Senate as soon as the Foreign Relations and Armed Services Committees can complete their reports.

The danger in shelving the SALT II treaty until the Soviets eliminate their combat brigade, or more probably reduce it in some superficially concessionary way, is that we predicate the ratification process upon the removal of only the tip of a very large threat. The ratification or rejection of SALT II should be based upon a more profound appreciation of the dangers we face and the safety we seek.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Labor and Human Resources.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED JOINT RESOLUTION SIGNED

At 10:51 a.m., a message from the House of Representatives delivered by

Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 367. A joint resolution to authorize and request the President to proclaim the week of September 16 through 22, 1979, as "National Meals on Wheels Week."

The enrolled joint resolution was subsequently signed by the President pro tempore (Mr. MAGNUSON).

At 1:24 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 998. An act to amend the Agricultural Adjustment Act of 1938, as amended, to exempt State prison farms from paying of marketing quota penalties;

H.R. 1197. An act to simplify the tonnage measurement of certain vessels;

H.R. 1198. An act to clarify the authority to establish lines of demarcation dividing the high seas and inland waters;

H.R. 4337. An act to provide for the transfer of the Foreign Claims Settlement Commission of the United States to the U.S. Department of Justice as a separate Agency in that Department; to provide for the authority and responsibility of the Department of Justice to supply to the Foreign Claims Settlement Commission certain administrative support services without altering the adjudicatory independence of the Commission; to change the terms of office and method of appointment of the members of the Commission; and for other purposes;

H.R. 4998. An act to amend the Federal Reserve Act to require that detailed minutes of Federal Open Market Committee meetings shall be published on a deferred basis.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 91. A concurrent resolution urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate.

HOUSE BILLS AND CONCURRENT RESOLUTION REFERRED

The following bills were read by their titles and referred as indicated:

H.R. 1197. An act to simplify the tonnage measurement of certain vessels; to the Committee on Commerce, Science, and Transportation.

H.R. 1198. An act to clarify the authority to establish lines of demarcation dividing the high seas and inland waters; to the Committee on Commerce, Science, and Transportation.

H.R. 4337. An act to provide for the transfer of the Foreign Claims Settlement Commission of the United States to the U.S. Department of Justice as a separate Agency in that Department; to provide for the authority and responsibility of the Department of Justice to supply to the Foreign Claims Settlement Commission certain administrative support services without altering the ajudicatory independence of the Commission; to change the terms of office and method of appointment of the members of the Commission; and for other purposes; to the Committee on Governmental Affairs.

H.R. 4998. An act to amend the Federal Reserve Act to require that detailed minutes of Federal Open Market Committee meetings shall be published on a deferred basis; to the Committee on Banking, Housing, and Urban Affairs.

The following concurrent resolution was read by title and referred as indicated:

H. Con. Res. 91. A concurrent resolution urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate; to the Committee on Foreign Relations.

BILL ORDERED HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that H.R. 998, an act to amend the Agricultural Adjustment Act of 1938, as amended, to exempt State prison farms from paying of marketing quota penalties, be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following results of committees were submitted:

PANAMA CANAL ACT OF 1979—CONFERENCE REPORT

Mr. STENNIS, from the committee of conference, submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 111) to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977 (Rept. No. 96–320).

By Mr. KENNEDY, from the Committee on Labor and Human Resources, with an amendment:

S. 1075. A bill to revise and reform Federal law applicable to drugs for human use, and for other purposes (together with additional views) (Rept. No. 96–321).

FEDERAL MAGISTRATE ACT OF 1979—CONFERENCE REPORT

Mr. DECONCINI, from the committee of conference, submitted a report of the committee of conference on the disagreeing vote of the two Houses on the amendment of the House to the bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of U.S. magistrates, and for other purposes (Rept. No. 96–322).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. JACKSON, from the Committee on Energy and Natural Resources:

Louis F. Moret, of California, to be Director of the Office of Minority Economic Impact.

(The above nomination from the Committee on Energy and Natural Resources was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. JACKSON. Mr. President, today the Committee on Energy and Natural Resources ordered favorably reported the nomination of Louis F. Moret, of California, to be Director of the Office of Minority Economic Impact, Department of Energy.

I ask unanimous consent that Mr. Moret's résumé and statement of qualifications be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RÉSUMÉ

Louis F. Moret, 3701 South George Mason Drive, Apt. 2407 North, Falls Church, Virginia 22042. Home: 703/931–1155; Work: 202/377–2677. Birthdate: October 18, 1944.

EDUCATION

University of Southern California, Masters in Public Administration, 1976.

Whittier College, B.A. in Sociology, 1972.

East Los Angeles College, A.A. in Sociology, 1970.

OTHER PROFESSIONAL TRAINING

Harvard University, Senior Managers in Government, 1978.

Automation Institute, Certificate in Computer Programming and Systems Analysis, 1969.

PROFESSIONAL EXPERIENCE

Deputy Director, Office of Minority Business Enterprise, U.S. Department of Commerce, Washington, D.C., April 1977 to present.

Serves as Deputy Director for Program Resources and Field Operations of an independent agency with a $50 million plus budget for the conduct of a nationwide program to promote minority business development.

Has overall responsibility for developing and implementing all of OMBE's program efforts, including those in marketing, capital development, government and private sector resource development, and management and technical assistance.

Duties include significant amount of speechmaking and official liaison with corporate and government executives to increase their support of minority enterprise.

Administrative Assistant, Assemblyman Richard Alatorre, California State Assembly, May 1976–April 1977, and Jan. 1976–Jan. 1977.

Chief of Staff for California Assemblyman representing some 250,000 persons in East Los Angeles.

Duties included development of political and legislative strategies; overseeing staff in the Assemblyman's district and Sacramento Capitol offices; handling constituent problems; and representing the Assemblyman at public interest groups and public forums. Also conducted legislative research, public information tasks and managed fund-raising and reelection campaigns.

Served as Chairman of several civic and business groups working with the Assemblyman to develop and implement business assistance or other public service programs for constituents.

Affirmative Action Officer, Montebello Unified School District, Montebello, California, Dec. 1975–May 1976.

Developed and implemented the Affirmative Action Plan for the Montebello Unified School District. This involved considerable interaction with school, city and community officials and representatives.

Conducted in-service training for school officials and mediated any grievances emanating from implementation of the plan.

Vice President, Public Affairs, National Economic Development Association, Los Angeles, April 1975–Dec. 1975.

Developed and supervised the implementation of all public information and public relations efforts of this corporation which was headquartered in Los Angeles with district offices located throughout the country.

Directed the corporation's legislative advocacy program and maintained liaison with its funding sources, including the U.S. Small Business Administration and the U.S. Department of Commerce.

Campaign Manager, Committee to Elect Edward Avila Councilman, Los Angeles, Jan. 1975–April 1975.

Organized and supervised the operation of the campaign headquarters and precinct operation. Hired staff and recruited volunteers.

Participated in the development of campaign political strategy and issues. Wrote speeches and developed campaign literature. Coordinated all fundraising activities.

Campaign Manager, Committee to Elect Richard Alatorre Assemblyman, Los Angeles, June 1972–Nov. 1972.

Developed campaign strategy and priorities.

Organized and supervised all aspects of the campaign, including fundraising, press, precinct work and mailers.

Southern California Chicano Coordinator, Committee to Elect Hubert H. Humphrey President, Los Angeles, Feb. 1972–June 1972.

Developed and implemented the Southern California campaign strategy to be used in the Chicano community for the June primary election.

Developed the issues and stands that Senator Humphrey used in the Spanish-speaking communities. Supervised the operation of the campaign headquarters.

Field Deputy, State Assemblyman Walter Karabian, Monterey Park, California, Sept. 1970–Feb. 1972 (Summer excepted; see below).

Advised and developed strategy and legislation for the Assemblyman as it pertained to the Chicano community.

Represented the Assemblyman at civic and community affairs and handled all Chicano constituent problems within the district.

Director of Community Relations, East Los Angeles Doctors Hospital, June 1971–Sept. 1971.

Operated as liaison between the hospital and the East Los Angeles community, advising hospital officials on the needs of and services required by the community.

Developed the Bus Bench Art Contest in conjunction with the Mechicano Art Center, and was responsible for extensive research on the kidney dialysis machine the hospital hoped to acquire with state aid.

Executive Director, East Los Angeles Voter, Registration Drive, June 1970–Sept. 1970.

Managed a nonpartisan drive aimed at registering and educating the Chicano community of East Los Angeles to take a more active role in the local and national political process.

Recruited registrars, trained bird-dogs and canvassed every precinct in East Los Angeles.

Executive Board Member, Los Angeles Economic, Development Corporation, June 1970–April 1977.

Managed the staffing, budget preparation and overall operational efficiency of this corporation which is a quasi-governmental agency with an annual budget of over $1.5 million. Was responsible for the allocation of over $4 million in loans and services during tenure.

HONORS/ACHIEVEMENTS

Guest Lecturer, John F. Kennedy School of Politics, Harvard University, 1975.

Instructor of Political Science and Minority Politics, East Los Angeles College, 1976 to 1977.

Recipient, Wendell Milo Hunt Memorial and Ford Motor Company Scholarship, Whittier College.

Recipient, National Defense and Educational Grant.

Recipient, Jaycee of the Year, 1970.

Recipient, Jaycees International Senator Number 17812, 1974.

Past District Governor, District 7, California Jaycees.

Past President, East Los Angeles Jaycees.

Recipient, Distinguished Service Award, East Los Angeles Jaycees, 1977.

Member, National Democratic Platform Committee, 1976.

Member of and recipient of awards from numberous other civic and business organizations.

QUALIFICATIONS FOR THE POSITION

My broad experience and strong capabilities as a program manager, public administrator and public policy strategist should more than adequately qualify me for the position as Director of the Office of Minority Economic Impact, U.S. Department of Energy.

For the past two years, I have served as Deputy Director of the Department of Commerce's Office of Minority Business Enterprise (OMBE). As such, I have had the responsibility for developing and implementing all of OMBE's program efforts and field operations, including those in marketing, capital development and management and technical assistance. I have also provided overall direction for OMBE's demonstration and technology commercialization efforts which have included several energy-related projects involving gasohol, solar energy and lowhead hydroelectric power.

My earlier business development experiences, prior to coming to Washington, should also enhance my capabilities to successfully undertake this new position. As founder, Executive Board member and manager of the Los Angeles Economic Development Association, I directed the operations of a local development organization which provided loans and services for economic development projects and businesses in disadvantaged communities of Los Angeles. I also served as Vice President of Public Affairs for a nationwide minority business development organization, the National Economic Development Association. This position gave me an excellent opportunity to expand my knowledge of Federal and local funding sources and agencies which should serve in a public-private partnership to promote the total economic and social development of minority communities across the country. This knowledge will be vital to my proposed role at the Energy Department, along with the corporate sector contacts and advocacy role which I developed at OMBE.

My capabilities as a public administrator, policy strategist and community liaison go back even further. Trained as a professional public administrator at the graduate university level, I have long been active as a public issues advisor to California elected officials and in state and local government. My leadership capabilities and willingness to work long hours to accomplish the task at hand were long ago established in these earlier public service positions. My knowledge of the workings of government, my strong community ties and leadership and my demonstrated capacity to make government move should serve me well in this new position where success will depend greatly on advocacy within the Department of Energy and interchange with minority communities and persons across this country. My experience as a Mexican-American leader in Los Angeles, and my extensive outreach to minority communities in California—and elsewhere in the U.S. since coming to OMBE—should provide me, the new office and the Department of Energy with the vital access it needs to carry out its mandate as prescribed by Congress in H.R. 11686. Combined with my proven public administrative skills, I believe that I am well qualified for this new position. I look forward to the challenge.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. TSONGAS:

S. 1761. A bill for the relief of Erica Ann-Marie Humber; to the Committee on the Judiciary.

By Mr. NELSON (for himself and Mr. DURENBERGER):

S. 1762. A bill to amend the Internal Revenue Code of 1954 to provide tax incentives for the refurbishing and refitting of existing small hydroelectric generating facilities; to the Committee on Finance.

By Mr. KENNEDY:

S. 1763. A bill to amend the Immigration and Nationality Act to improve the efficiency of the Immigration and Naturalization Service, and to establish a different numerical limitation for immigrants born in foreign contiguous territories, and for other purposes; to the Committee on the Judiciary.

By Mr. CHURCH (for himself and Mr. McCLURE):

S. 1764. A bill to authorize the Secretary of the Interior to construct, operate, and maintain an enlargement of the Palisades powerplant of the Palisades Project, Idaho-Wyoming, with financing by public, non-Federal entities, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BENTSEN:

S. 1765. A bill for the relief of Danusa, Eduardo, George and Iva Sestak; to the Committee on the Judiciary.

By Mr. MOYNIHAN:

S. 1766. A bill to amend the Internal Revenue Code of 1954 to provide a refundable tax credit to individuals for the amount by which the cost of heating their home increases more rapidly than the Consumer Price Index, and to provide an energy cost allowance to SSI recipients and AFDC recipients; to the Committee on Finance.

By Mr. BENTSEN:

S. 1767. A bill to amend title III of the Outer Continental Shelf Lands Act Amendments of 1978; to the Committee on Environment and Public Works.

By Mr. THURMOND:

S. 1768. A bill to permit the lease and transfer of allotments and quotas for 1979 crop flue-cured tobacco destroyed because of contamination by the herbicide picloram; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. McGOVERN (for himself and Mr. PRESSLER):

S. 1769. A bill to designate certain lands in the Black Hills National Forest, South Dakota, as the Black Elk Wilderness; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. NELSON (for himself and Mr. DURENBERGER):

S. 1762. A bill to amend the Internal Revenue Code of 1954 to provide tax incentives for the refurbishing and refitting of existing small hydroelectric generating facilities; to the Committee on Finance.

● Mr. NELSON. Mr. President, I am today introducing for myself and Mr. DURENBERGER the Small-Scale Hydropower Tax Incentive Act of 1979. This bill provides a comprehensive solution to several financial obstacles currently blocking the development of this Nation's hydropower potential. By removing these obstacles, we will be clearing the way for the utilization of this significant power resource.

The Army Corps of Engineers has estimated that full development of the Nation's hydropower potential at existing dams could generate almost 160 billion kilowatt-hours of electricity each year and save us 727,000 barrels of oil per day. This figure represents a 9-percent savings when measured against our foreign oil imports. Moreover, it would reduce our balance-of-payments problem by $15 million a day.

We cannot afford to overlook any significant answer to our pressing energy shortages. The technology to produce electricity from running water has been available since the 1800's. In fact, the world's first hydroelectric central generating station was put into operation on the Fox River in my own State of Wisconsin in 1882.

Besides being a ready source of power for the immediate future, hydropower from existing small dams has several additional advantages. It is inflation proof and nonpolluting. It is a decentralized source of energy and can be controlled by small communities and small businesses. The useful life of hydropower facilities is two to three times longer than thermal plans, and operation and maintenance costs are lower because equipment is simpler.

Hydropower from smaller sites, which has been declining in recent years, is again becoming important due to several factors. As the cost of fossil fuels continues to rise exponentially, the economics of a source of power without additional fuel costs becomes very attractive. Rising fossil fuel costs are not the only factor. The costs of constructing huge, centralized plants and distributing their power have increased as well. The economics of scale and low fuel costs which led to the development of large central generating plants and the abandonment of small hydroplants are fast disappearing and are being replaced by small-scale decentralized efficiencies.

For example, according to a recent report by the Edison Electric Institute, the cost per kilowatt for installing a coal-fired plant has risen from $144 in 1970 to $1,100 for plants under construction today. During the same period, nuclear plant construction costs went from $165 per kilowatt to almost $1,900 per kilowatt.

In Wisconsin, a recent survey by the Army Corps of Engineers found 129 existing small dams which could be refurbished to provide 400 additional megawatts of power, or a doubling of the hydropower now available to the State. If this potential could be realized, hydropower would provide half as much power as is currently provided by all of the nuclear plants now operating in Wisconsin without the associated safety hazards, without the need for vast networks of power transmission lines, and without the 50 tons of nuclear waste produced each year by these plants.

If small-scale hydropower makes so much sense, why is it not being developed? Many of the answers can be found in our bureaucratic, financial, and legal institutions. Unfortunately, beacuse we have been oriented toward large-scale, centralized-power generation, the energy bureaucracy is unresponsive to the needs of the small power producer, lending institutions are extremely wary of investing in small hydro, and tax policies have ignored or, in some cases, even penalized the developer of small hydropower facilities.

In the past, it has been said that if one is not part of the solution, then one is part of the problem. More recently, the focus of the common wisdom has switched to our national malaise and the crisis of confidence. Anyone reading the letters, which are arriving in ever-increasing numbers, bitterly complaining about the inaction of the Federal Government toward solving our energy problem would very likely agree that the American public seems more willing to complain about the problem than to be a part of the solution. I admit I had nearly reached that conclusion. Nearly, but not quite.

In July, I wrote to the owners of more than 200 small dams in Wisconsin. Individual citizens, business concerns, large and small utilities, rural electric cooperatives, towns, counties, and villages responded enthusiastically and energetically. They demonstrated, far beyond my hopes, that they are ready to go to work on our Nation's energy problems. The people are ready and willing to be a part of the solution.

The bill which I am pleased to introduce today will provide the assistance needed by those who have come forward to help solve our energy problem. It will put small-scale hydro on an equal footing with other forms of alternative energy in receiving tax incentives to development. It will also remove the obstacles which have been put in the way, whether by chance or design, via the Federal Tax Code.

The problems which are addressed by this bill were identified with the assistance of the Energy Law Institute of the Franklin Pierce Law Center in New Hampshire. The Institute has a 2-year contract for the U.S. Department of Energy which calls for research into the legal and institutional obstacles and incentives to small-scale hydroelectric power in 19 Northeastern States.

The bill encourages the development of hydroelectric power at existing small dams by proposing six amendments to the Internal Revenue Code. These amendments will stimulate small scale hydroelectric development at existing dams and provide the same types of tax treatment for small scale hydroelectric development as are afforded other energy resources and capital investments.

INVESTMENT TAX CREDITS

Under present law, taxpayers receive a tax credit equal to 10 percent of their investment in certain depreciable business assets. As an extra incentive to the development of small-scale hydropower facilities, this bill provides an additional 20-percent tax credit for investments in property used to produce hydroelectric power at existing small dams, for a total credit of 30 percent.

The energy tax credit would directly reduce the capital costs associated with a project and thus encourage the development of hydroelectricity at existing small dams.

In addition, the basic tax credit does not currently apply to investments in fish passageways at hydroelectric facilities.

State or Federal law often requires the installation of a fish ladder before a dam will be licensed. Fish ladders typically will result in a one-third increase in the capital costs of a project, and often the increase is higher. These extra costs are paid from the developer's private funds, although they are made for the public benefit and sometimes are directed toward benefiting the commercial fishing industry.

This bill would extend the general 10-percent tax credit to such investments as well as the additional 20 percent to provide a total credit of 30 percent for investments in fish passageways.

CAPITAL COST RECOVERY

Because the costs associated with hydroelectric facilities are primarily in the initial capital investment rather than operation, developers frequently have cash flow problems. This is especially true for small-scale sites which are more likely to be developed by individuals, small businesses, and small communities with limited financing capabilities.

At present, the long asset life of hydroelectric investments, 40 to 60 years, means that a small dam developer is prevented from depreciating a significant percentage of his capital investment in his earlier years of operation.

Many potential hydroelectric sites remain undeveloped because projected cash flows in the early years are too small to make the projects feasible. A shorter permissible useful life represents a major step to correct this problem. By reducing the asset life, the capital investment will be returned more rapidly to the developer thus alleviating cash flow problems.

This bill allows developers of small hydroelectric facilities to depreciate their investments in buildings and structural components of the dam over 10 years and in equipment over 5 years.

TAX EXEMPT FINANCING

Under existing law, interest on obligations of a State or political subdivision is generally exempt from Federal taxation. However, interest on State and municipal government bonds used for industrial purposes (industrial development bonds) is taxable, with certain exceptions.

Currently, State and municipal bonds issued to finance hydroelectric facilities are considered to be industrial development bonds when 25 percent or more of power goes to a nontax exempt person, such as an investor-owned utility. The bonds are, therefore, taxable, an extreme disincentive for attracting investors.

This proposal provides a special exemption for State and municipal bonds used to finance hydroelectric facilities so that they are exempt from Federal taxation.

In addition, this bill corrects a technicality in the Internal Revenue Code that may prohibit many small hydropower developers from using otherwise permissible accelerated depreciation for their property. The Public Utility Regulatory Policies Act of 1978 requires electric utilities to purchase power from, among others, small hydropower sites under rates established pursuant to FERC guidelines. The problem is that I.R.C. § 167(l), strictly construed, defines property used by a small dam developer selling under PURPA as "public utility property." This is so because the selling price of this power will be determined by rates established under governmental guidelines and approval, which is the criterion of the definition of "public utility." According to IRC § 167(l), public utilities may use accelerated depreciation only when they use a normalization or, in certain instances, a flow-through method of accounting. Sellers under PURPA will be using neither method, as their rates will not be determined on a rate of return basis. Rates established under PURPA will be based on the cost to the buyer of producing the energy that the purchases will replace. Therefore, this bill includes a technical amendment to § 167(l) which specifically excludes small power production facilities that sell their power at rates determined pursuant to PURPA from the definition of "public utility."

INCREASED REPAIR ALLOWANCE

The class life asset depreciation range (ADR) system allows taxpayers to take as a reasonable allowance for depreciation an amount based on a period of years selected by them within a range of guidelines specified under the tax code for designated classes of assets.

The ADR system allows taxpayers a 20-percent shortening or lengthening of the useful life of equipment or machinery.

A taxpayer may also elect a simplified procedure to determine if an outlay with respect to property eligible for ADR treatment is a currently deductible repair or a capital improvement which must be depreciated over the asset's useful life.

In general, the repair allowance for a tax year is determined by multiplying the appropriate repair allowance percentage by the cost basis of the particular property. Repair allowance percentages for various classes of assets are determined under the tax code.

The majority of existing small dams were built in the 19th and early 20th century. As a result, they may require considerable maintenance and repair. It therefore seems that small hydropower facilities should be given a higher repair allowance than other types of utility property. The opposite result under present tax law is in fact the case.

Hydroelectric equipment is currently permitted a repair allowance percentage of 1.5 percent. This compares to a 3-percent allowance for nuclear power equipment and a 5-percent allowance for electric steam production equipment. In fact, the repair allowance percentage for hydroelectric equipment is the lowest of all electric utility equipment.

This proposal will correct this patent inequity by increasing the repair allowance percentage for hydroelectric equipment to 4 percent.

The technology necessary for hydroelectric development already exists. No expensive research and development is necessary. What is needed are legislative changes that will guarantee that small-scale hydroelectricity will be given the same opportunities that are currently afforded other energy resources.

This bill proposes six changes in the tax code: First, that small-scale hydropower facilities be eligible for an additional 20-percent investment tax credit, for a total credit of 30 percent; second, that fish passageways receive the basic 10-percent tax credit, plus the additional 20 percent, for a total credit of 30 percent; third that the asset depreciation life be reduced from 40 to 60 years to 10 years for buildings and 5 years for equipment; fourth, that the facilities, when developed by individuals or businesses other than electric utility businesses, are not classified as "public utility property" so as to be eligible for accelerated depreciation; fifth, that municipal and similar governmental bonds used to finance small hydropower projects maintain their tax exempt status; and sixth, that the repair allowance percentage be increased from 1.5 to 4. Taken together, these several provisions will provide incentives and remove obstacles for both private and public investors in small-scale hydroelectric facilities.

I ask unanimous consent that the bill be printed at this point in the RECORD.

There being on objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1762

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TREATMENT OF SMALL HYDROELECTRIC PROPERTY FOR PURPOSES OF THE INVESTMENT TAX CREDIT.

(a) TREATMENT AS SECTION 38 PROPERTY.—Paragraph (1) of section 48(a) of the Internal Revenue Code of 1954 (relating to section 38 property) is amended by striking out "or" at the end of subparagraphs (A), (B), (C), and (D), by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a comma and the word "or", and by inserting immediately after subparagraph (E) the following new subparagraph:

"(F) small hydroelectric property (as defined in subsection (l)(13).".

(b) TREATMENT AS ENERGY PROPERTY.—Subparagraph (A) of section 48(l)(2) of the Internal Revenue Code of 1954 (relating to definition of energy property) is amended by striking out "or" at the end of clause (v), by striking out the period at the end of clause (vi) and inserting in lieu thereof a comma and the word "or", and by adding at the end thereof the following new clause:

"(vii) small hydroelectric property.".

(c) DEFINITION OF SMALL HYDROELECTRIC PROPERTY.—

(1) IN GENERAL.—Subsection (l) of section 48 of the Internal Revenue Code of 1954 (relating to energy property) is amended by adding at the end thereof the following new paragraph:

"(13) SMALL HYDROELECTRIC PROPERTY.—

"(A) IN GENERAL.—The term 'small hydroelectric property' means section 38 property acquired, constructed, or reconstructed in connection with a small hydroelectric power generation project, including fish passageways installed in connection with, or as a part of, such property.

"(B) SMALL HYDROELECTRIC POWER GENERATION PROJECT.—For purposes of subparagraph (A), the term 'small hydroelectric power generation project' means a project located at the site of any existing dam which—

"(i) uses the water potential of such dam, and

"(ii) does not have more than 25,000 kilowatts of installed capacity.

"(C) SPECIAL RULES FOR ENERGY PERCENTAGE AND EFFECTIVE PERIOD.—For the purpose of applying this subpart to small hydroelectric property—

"(i) 'December 31, 1985' shall be substituted for 'December 31, 1982' in paragraph (1) of this subsection, and

"(ii) '20 percent' shall be substituted for '10 percent' in section 46(a)(2)(C)(i).".

SEC. 2. TREATMENT OF SMALL HYDROELECTRIC PROPERTY FOR DEPRECIATION AND OTHER CAPITAL COST RECOVERY PURPOSES.

(a) EXEMPTION FROM PUBLIC UTILITY PROPERTY DEPRECIATION RULES.—Paragraph (3) of section 167(l) of the Internal Revenue Code of 1954 (relating to reasonable allowance in case of property of certain utilities) is amended by inserting immediately after subparagraph (H) the following new subparagraph:

"(I) SMALL HYDROELECTRIC PROPERTY ELECTION.—At the election of the taxpayer, made at such time and in such manner as the Secretary may prescribe, this subsection shall not apply with respect to small hydroelectric property (as defined in section 48(l)(13)).".

(b) TREATMENT UNDER ADR.—

(1) IN GENERAL.—Notwithstanding any rule or regulation to the contrary, for the purpose of applying the class life asset depreciation range system under section 167(m) of the Internal Revenue Code of 1954 (relating to class lives) to assets which are small hydroelectric property (as defined in section 48(l)(13) of such code), the following asset depreciation range and annual asset guideline repair allowance percentage shall apply:

Description of asset	Asset depreciation range (in years)			Annual asset guideline repair allowance percentage
	Lower limit	Asset guideline period	Upper limit	
Buildings and their structural components	8	10	12	4
Other	4	5	6	4

(2) FULL INVESTMENT CREDIT ALLOWED.—Subsection (c) of section 46 of such Code (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(7) SPECIAL RULE FOR SMALL HYDROELECTRIC PROPERTY.—Notwithstanding paragraph (2), in the case of small hydroelectric property (as defined in section 48(l)(13)) the useful life of which is 5 years or more, the applicable percentage for purposes of paragraph (1) shall be 100 percent.".

(3) AMENDMENT OF THE RECAPTURE RULES.—Subsection (a) of section 47 of such code (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (5) as (6), and by inserting after paragraph (4) the following new paragraph:

"(5) SPECIAL RULE FOR SMALL HYDROELECTRIC PROPERTY.—For purposes of this subsection the useful life of small hydroelectric property (as defined in section 48(l)(13)) taken into account for purposes of applying the class life asset depreciation range system under section 167(m) shall be treated as the useful life which was taken into account in computing the credit under section 3.".

SEC. 3. TREATMENT OF STATE AND LOCAL OBLIGATIONS FUNDING SMALL HYDROELECTRIC POWER GENERATING PROJECTS.

Paragraph (4) of section 103(b) of the Internal Revenue Code of 1954 (relating to certain exempt activities) is amended by striking out "or" at the end of subparagraph (F), by striking out the period at the end of subparagraph (G) and inserting in lieu thereof a comma and the word "or", and by inserting immediately after subparagraph (G) the following new subparagraph:

"(H) funding for a small hydroelectric power generation project (as defined in section 48(l) (13) (B))."

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply with respect to taxable years ending after the date of enactment of this Act and to property placed in service after that date.●

By Mr. KENNEDY:

S. 1763. A bill to amend the Immigration and Nationality Act to improve the efficiency of the Immigration and Naturalization Service, and to establish a different numerical limitation for immigrants born in foreign contiguous territories, and for other purposes; to the Committee on the Judiciary.

IMMIGRATION AND NATIONALITY EFFICIENCY ACT OF 1979

● Mr. KENNEDY. Mr. President, I am introducing today a bill to bring urgently needed remedial reform to our immigration laws, and to improve the efficiency of the Immigration and Naturalization Service. It also provides an increase in the number of annual visas available to our contiguous neighbors, Canada and Mexico.

The responsibility of the Immigration and Naturalization Service to administer and enforce our immigration laws has become extremely difficult in recent times. The complexity of our laws, and the sensitivity of the issue, make it imperative that we remove all unnecessary barriers which presently hamper the Service from providing the American people and our prospective immigrants with an efficient Service, with humane, flexible immigration procedures.

Mr. President, the proposed bill is strictly remedial in nature. It does not seek drastic changes in our immigration laws or policies. That important task has been assigned to the Select Commission on Immigration and Refugee Policy, which has now begun its work. Their mandate is to undertake a comprehensive analysis of the Immigration and Nationality Act, and to propose substantive long term reforms.

The bill I am offering today will facilitate the administration of the immigration process by repealing or updating antiquated and unnecessary reporting requirements, saving the American taxpayer over a million dollars every year. There is universal agreement that these changes are needed.

Second, the bill will remove some needless barriers to naturalization for a group of immigrants who have long been denied this privilege due to no fault of their own. This provision will restore eligibility to U.S. citizenship to those legal resident aliens who at the time of application for exemption from U.S. military service were nationals of foreign states which had a treaty or international agreement with the United States exempting such nationals from U.S. military service.

Finally, Mr. President, the bill addresses the question of increasing the number of annual visas made available to our contiguous neighbors—Canada and Mexico. This is a provision I have introduced in previous years and closely follows recommendations made by many experts in the immigration field. I have not, in this working bill, specified the number of visas to be increased—that will be explored in hearings by the Judiciary Committee—but I do believe it is important that we provide additional numbers and begin to address this issue now.

Presently Canada and Mexico each have the same 20,000 annual visa allotment as all other countries, which fails to reflect our special ties to both of our neighbors. Under my proposal the annual visa allotment would be increased—to at least, I would agree, 35,000. This modest increase would alleviate several serious backlogs which are causing severe and unnecessary hardships to prospective immigrants. Presently, spouses and children of U.S. legal resident aliens, who have been declared eligible to immigrate, must wait up to 9 years because there are inadequate numbers of visas available. Without an alternative many choose to join their families, in any case, thus adding to the problem of illegal migration. The principal goal of this provision is to strengthen our traditional immigration objective of family unity.

The increase that I propose is modest. The benefit to our country would be enormous. This gesture will convey goodwill and understanding at a time when our relationship with our contiguous neighbors is being redefined.

Mr. President, this bill represents a reasonable consensus on remedial reform. The voluntary agencies, church groups and the Immigration and Naturalization Service all favor this legislation. It marks the beginning of more enlightened and humane immigration legislation.

I ask unanimous consent to have printed at this point in the RECORD the text and summary analysis of the bill.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 1763

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Immigration and Nationality Efficiency Act of 1979".

That section 101(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1101(a) (15) is amended—

(1) by amending subparagraph (f) to read as follows:

"(f)(i) an alien having a residence in a foreign country which he has no intention of abandoning, who is a bona fide student qualified to pursue a full course of study and who seeks to enter the United States temporarily and solely for the purpose of pursuing such a course of study at an established college, university, seminary, conservatory, academic high school, elementary school, or other academic institution in the United States, particularly designated by him and approved by the Attorney General after consultation with the Secretary of Health, Education, and Welfare, which institution or place of study shall have agreed to report to the Attorney General the termination of attendance of each nonimmigrant student, and if any such institution of learning or place of study fails to make reports promptly, the Attorney General shall have the authority, for this or any other cause satisfactory to him to withdraw the approval of any school previously approved by him, and (ii) the alien spouse and minor children of any such alien if accompanying him or following to join him."; and

(2) by striking out the period at the end of subparagraph (L) and inserting in lieu thereof a semicolon and the following:

"(M)(i) an alien having a residence in a foreign country which he has no intention of abandoning and who seeks to enter the United States temporarily and solely for the purpose of pursuing a full course of study at an established vocational, language, or other recognized nonacademic institution in the United States, particularly designated by him and approved by the Attorney General after consultation with the Secretary of Health, Education, and Welfare, which institution shall have agreed to report to the Attorney General the termination of attendance of each nonimmigrant nonacademic student, and if any such institution fails to make reports promptly the Attorney General shall have the authority, for this or any other cause satisfactory to him, to withdraw the approval of any school previously approved by him, and (ii) the alien spouse and minor children of any such alien if accompanying or following to join him".

SEC. 2. Section 101(a)(19) of that Act (8 U.S.C. 1101(a)(19)) is amended—

(1) by striking out ", notwithstanding the provisions of any treaty relating to military service," after "means"; and

(2) by striking out ", or was at any time," after "an individual who is".

SEC. 3. Section 201(a) of that Act (8 U.S.C. 1151) is amended by striking out "two hundred and ninety thousand" and inserting in lieu thereof (number to be inserted at a later date).

SEC. 4. Section 202 of that Act (8 U.S.C. 1152) is amended—

(1) by inserting "(other than a foreign state which is a foreign contiguous territory)" immediately after "foreign state" in the proviso to subsection (a);

(2) by adding at the end of subsection (a) the following: "Provided further, that the total number of immigrant visas and the number of conditional entries made available to the natives of all foreign contiguous territories under paragraphs (1) through (8) of section 203(a) shall not exceed (number to be inserted at a later date) in any fiscal year, except that any of the (number to be inserted at a later date) visas unused by one contiguous foreign state in a prior fiscal year shall be made available to the other contiguous foreign state in the subsequent fiscal year in addition to its annual allotment of (number to be inserted at a later date) visas)"; and

(3) by striking out all through the colon in subsection (e) and inserting in lieu thereof the following:

"(e) Whenever the maximum number of visas or conditional entries has been made available under section 202 to natives of any single foreign state as defined in subsection (b) of this section, any dependent area as defined in subsection (c) of this section, or all foreign contiguous territories as defined in subsection (a) of this section in any fiscal year, in the next following fiscal year a number of visas and conditional entries, not to exceed 20,000 in the case of a foreign state (other than foreign state which is a foreign contiguous territory), 600 in the case of a dependent area, or (number to be inserted at a later date) in the case of all foreign contiguous territories, shall be made available and allocated as follows:".

SEC. 5. Section 212 of that Act (8 U.S.C. 1182) is amended—

(1) by amending paragraph (17) of subsection (a) to read as follows:

"(17) Aliens who have been arrested and deported, or who have fallen into distress and have been removed pursuant to this or any prior Act, or who have been removed as alien enemies, or who have been removed at Government expense in lieu of deportation pursuant to section 242(b), and who seek admission within five years of such deportation or removal, unless prior to their embarkation or reembarkation at a place outside the United States or their attempt to be admitted from foreign contiguous territory, the Attorney General has consented to their applying for admission:"; and

(2) by adding at the end thereof the following:

"(k) The Attorney General may admit to the United States any otherwise admissible alien in possession of an immigrant visa who is inadmissible under paragraphs (14), (20), or (21) of section 212(a), if satisfied that such inadmissibility was not known to and could not have been ascertained by the exercise of reasonable diligence by such immigrant prior to the departure of the vessel or aircraft from the last port outside the United States and outside foreign contiguous territory, or, in the case of an immigrant coming from foreign contiguous territory, prior to the application of the immigrant for admission.".

SEC. 6. Section 223(b) of that Act (8 U.S.C. 1203(b)) is amended to read as follows:

"(b) If the Attorney General finds (1) that the applicant under subsection (a)(1) has been lawfully admitted to the United States for permanent residence, or that the applicant under subsection (a)(2) has since admission maintained the status required of him at the time of his admission and such applicant desires to visit abroad and to return to the United States to resume the status existing at the time of his departure for such visit, (2) that the application is made in good faith, and (3) that the alien's proposed departure from the United States would not be contrary to the interests of the United States, the Attorney General may, in his discretion, issue the permit, which shall be valid for not more than two years from the date of issuance and shall not be renewable. The permit shall be in such form as prescribed by regulation for the complete identification of the alien.".

SEC. 7. Section 237 of that Act (8 U.S.C. 1227) is amended—

(1) by amending subsection (a) to read as follows:

"(a)(1) Any alien (other than an alien crewman) arriving in the United States who is excluded under this Act, shall be immediately deported in accommodations of the same class in which he arrived, unless the Attorney General, in an individual case in his discretion, concludes that immediate deportation is not practicable or proper.

"(2) Deportation shall be to the country in which the alien boarded the vessel or aircraft on which he arrived in the United States, unless the alien boarded such vessel or aircraft in foreign territory contiguous to the United States or in any island adjacent thereto or adjacent to the United States and the alien is not a native, citizen, subject, or national of, or does not have a residence in, such foreign contiguous territory or adjacent island, in which case the deportation shall instead be to the country in which is located the port at which the alien embarked for such foreign contiguous territory or adjacent island.

"(3) The cost of the maintenance, including detention expenses and expenses incident to detention of any such alien while he is being detailed, shall be borne by the owner of the vessel or aircraft on which he arrived, except that the cost of maintenance (including detention expenses and expenses incident to detention while the alien is being detained prior to the time he is offered for deportation to the transportation line which brought him to the United States) shall not be assessed against the owner of such vessel or aircraft if—

"(A) the alien was in possession of a valid, unexpired immigrant visa,

"(B) the alien (other than an alien crewman) was in possession of a valid, unexpired nonimmigrant visa or other document authorizing such alien to apply for temporary admission to the United States or an unexpired reentry permit issued to him, and (i) such application was made within one hundred and twenty days of the date of issuance of the visa or other document, or in the case of an alien in possession of a reentry permit, within one hundred and twenty days of the date on which the alien was last examined and admitted by the Service, or (ii) in the event the application was made later than one hundred and twenty days of the date of issuance of the visa or other document or such examination and admission, if the owner of such vessel or aircraft established to the satisfaction of the Attorney General that the ground of exclusion could not have been ascertained by the exercise of due diligence prior to the alien's embarkation, or

"(C) the person claimed United States nationality or citizenship and was in possession of an unexpired United States passport issued to him by competent authority.";

(2) by inserting immediately after subsection (a) the following:

"(b) If the government of the country designated in subsection (a) will not accept the alien into its territory, the alien's deportation shall be directed by the Attorney General, in his discretion and without necessarily giving any priority or preference because of the order as herein set forth to—

"(1) the country of which the alien is a subject, citizen, or national;

"(2) the country in which he was born;

"(3) the country in which he has a residence; or

"(4) any country which is willing to accept the alien into its territory, if deportation to any of the countries under paragraphs (1), (2), and (3) is impracticable, inadvisable, or impossible.";

(3) by redesignating subsection (b) as subsection (c) and amending it to read as follows:

"(c)(1) It shall be unlawful for any master, commanding officer, purser, person in charge, agent, owner, or consignee of any vessel or aircraft to—

"(A) refuse to receive any alien (other than an alien crewman), ordered deported under this section back on board such vessel or aircraft or another vessel or aircraft owned or operated by the same interest;

"(B) fail to detain any alien (other than an alien crewman) on board any such vessel or at the airport of arrival of the aircraft when required by this Act or if so ordered by an immigration officer, or to fail or refuse to deliver him for medical or other inspection, or for further medical or other inspection, as so ordered by such officer;

"(C) refuse or fail to remove him from the United States in the country to which his deportation has been directed;

"(D) fail to pay the cost of his maintenance while being detained as required by this section or section 233 of this Act;

"(E) take any fee, deposit, or consideration on a contingent basis to be kept or returned in case the alien is landed or excluded; or

"(F) knowingly bring to the United States any alien (other than an alien crewman) excluded or arrested and deported under any provision of law until such alien may be lawfully entitled to reapply for admission to the United States.

"(2) If it appears to the satisfaction of the Attorney General that any such master, commanding officer, purser, person in charge, agent, owner, or consignee of any vessel or aircraft has violated any of the provisions of this section or of section 233 of this Act, such master, commanding officer, purser, person in charge, agent, owner, or consignee shall pay to the district director of customs of the district in which the port of arrival is situated or in which any vessel or aircraft of the line may be found, the sum of $300 for each violation. No such vessel or aircraft shall have clearance from any port of the United States while any such fine is unpaid or while the question of liability to pay such fine is being determined, nor shall any such fine be remitted or refunded, except that clearance may be granted prior to the determination of such question upon the deposit with the district director of customs of a bond or undertaking approved by the Attorney General or a sum sufficient to cover such fine.";

(4) by redesignating subsection (c) as subsection (d) and amending it to read as follows:

"(d) An alien shall be deported on a vessel or aircraft owned by the same person who owns the vessel or aircraft on which such alien arrived in the United States, unless it is impracticable to so deport the alien within a reasonable time. The transportation expense of the alien's deportation shall be borne by the owner of the vessel or aircraft on which the alien arrived. If the deportation is effected on a vessel or aircraft not owned by such owner or owners, the transportation expense of the alien's deportation may be paid from the appropriation for the enforcement of this Act and recovered by civil suit from any owner, agent, or consignee of the vessel or aircraft."; and

(5) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively.

SEC. 8. Section 241(f) of that Act (8 U.S.C. 1251(f)) is amended to read as follows:

"(f)(1) The provisions of this section relating to the deportation of aliens within the United States on the ground that they were excludable at the time of entry as aliens who have sought to procure or have procured visas or other documentation, or entry into the United States, by fraud or misrepresentation, whether willful or innocent, may, in the discretion of the Attorney General, be waived for any alien who—

"(A) is the spouse, parent, or child of a United States citizen or of an alien lawfully admitted to the United States for permanent residence, and

"(B) was in possession of an immigrant visa or equivalent document and was otherwise admissible to the United States at the time of such entry except for those grounds of inadmissibility specified under paragraphs (14), (20), and (21) of section 212(a) which were a direct result of that fraud or misrepresentation.

"(2) A waiver of deportation for fraud or misrepresentation granted under paragraph (1) shall also operate to waive deportation based on the grounds of inadmissibility at entry described under subparagraph (B) directly resulting from such fraud or misrepresentation.".

SEC. 9. Section 244(c) of that Act (8 U.S.C. 1254(c)) is amended to read as follows:

"(c) Upon application by any alien who is found by the Attorney General to meet the requirements of subsection (a) of this section the Attorney General may, in his discretion, suspend deportation of such alien, cancel the deportation proceedings, and adjust the status to that of an alien lawfully admitted for permanent residence.".

SEC. 10. Section 244(d) of that Act (8 U.S.C. 1254(d)) is amended to read as follows:

"(d) Upon the cancellation of deportation in the case of any alien under this section, the Attorney General shall record the alien's lawful admission for permanent residence as of the date the cancellation of deportation of such alien is made, and unless the alien is an immediate relative within the meaning of section 201(b), the Secretary of

State shall reduce by one the number of preference immigrant visas authorized to be issued under section 203(a) or 202(e) for the fiscal year then current.".

Sec. 11. Section 244(f) of that Act (8 U.S.C. 1245(f)) is amended to read as follows:

"(f) The provisions of subsection (a) of this section shall not apply to an alien who—

"(1) entered the United States as a crewman subsequent to June 30, 1964.

"(2) was admitted to the United States as a nonimmigrant exchange alien as defined in section 101(a)(15)(J), or

"(3) has acquired the status of a nonimmigrant exchange alien as defined in section 101(a)(15)(J) after admission, is subject to the two-year foreign residence requirement of section 212(e), and has not fulfilled that requirement or received a waiver thereof.".

Sec. 12. Section 248 of that Act (8 U.S.C. 1258) is amended to read as follows:

"Sec. 248. The Attorney General may, under such conditions as he may prescribe, authorize a change from any nonimmigrant classification to any other nonimmigrant classification in the case of any alien lawfully admitted to the United States as a nonimmigrant who is continuing to maintain that status, except an alien classified as a nonimmigrant under paragraph (15)(C), (D), or (K) of section 101(a), or an alien classified as a nonimmigrant under paragraph (15)(J) of section 101(a) who is subject to the two year foreign residence requirement of section 212(e) and has not received a waiver thereof, unless the alien applies to have his classification changed from a classification under paragraph (15)(C) or (J) to a classification under paragraph (15)(A) or (G) of section 101(a).".

Sec. 13. Section 286 of that Act (8 U.S.C. 1356) is amended—

(1) by inserting after subsection (a) the following:

"(b) Moneys expended from appropriations of the Immigration and Naturalization Service for purchase of evidence and subsequently recovered shall be reimbursed to the appropriations for the Immigration and Naturalization Service."; and

(2) by redesignating subsection (b) as subsection (c) and by inserting "and subsection (b)" immediately after "Except as otherwise provided in subsection (a)".

Sec. 14. Section 315 of that Act (8 U.S.C. 1426) is amended—

(1) by striking out the period at the end of subsection (a) and inserting in lieu thereof the following: ", except as provided in subsection (c)."; and

(2) by adding at the end thereof the following new subsection:

"(c) The provisions of subsection (a) shall not apply to an alien who at the time of applying for exemption for discharge, whether before or after the effective date of this section, was a national of a foreign state with which the United States then had a treaty or international agreement exempting such nationals from military service in the Armed Forces of the United States. This subsection shall have retroactive application to an alien who is or has been debarred from citizenship in accordance with the provisions of subsection (a), whether the petition for naturalization filed by such alien was denied by administrative action of the Immigration and Naturalization Service or by judicial decree.".

Sec. 15. Section 316(b) of that Act (8 U.S.C. 1427(b)) is amended by adding the following paragraph at the end:

"The spouse and dependent unmarried sons and daughters who are members of the household of a person who qualifies for the benefits of this subsection shall also be entitled to such benefits during the period for which they were residing abroad as dependent members of the household of the principal.".

Sec. 16. Section 329(b) of that Act (8 U.S.C. 1440(b)) is amended by striking out paragraph (5).

Sec. 17. Section 334(a) of that Act (8 U.S.C. 1445(a)) is amended by striking "and duly verified by two witnesses,".

Sec. 18. Section 335 of that Act (8 U.S.C. 1446) is amended—

(1) in subsection (b) by striking out "and the oaths of petitioner's witnesses to the petition for naturalization";

(2) by striking out subsections (f), (g), and (h); and

(3) by redesignating subsection (i) as subsection (f).

Sec. 19. Section 336 of that Act (8 U.S.C. 1447) is amended—

(1) by striking out "and the witnesses" each time it appears in subsections (a) and (b);

(2) by striking out subsection (c);

(3) by redesignating subsection (d) as subsection (c);

(4) by redesignating subsection (e) as subsection (d) and by striking the last sentence of that subsection; and

(5) by redesignating subsection (f) as subsection (e).

Sec. 20. Section 344(c) of that Act (8 U.S.C. 1455(c)) is amended by striking out "$6,000" each time it appears and inserting in lieu thereof "$40,000".

Sec. 21. Section 1 of this Act shall become effective 180 days after the date of enactment of this Act, and sections 2 through 20 of this Act shall become effective upon the dato of enactment of this Act.

Section-by-Section Analysis

Section 1 amends section 101(a)(15) of the Immigration and Nationality Act. Section 1(a) amends subparagraph (F), relating to nonimmigrant students, to specifically limit it to academic students, and to expand the authority of the Attorney General to allow him to withdraw his approval of a participating school for any cause. Section 1(b) creates a new nonimmigrant category, subparagraph (M), for nonacademic or vocational students, and provides for their entry according to the same terms and conditions as those set forth for (F) academic students.

Section 2 deletes from the term "ineligible to citizenship" any reference to provisions relating to individuals who are exempted from United States military service because of a treaty between the United States and a Foreign State.

Section 3 amends section 201(a) of the Immigration and Nationality Act to increase the annual ceiling on numerically limited worldwide immigration. Presently, the worldwide ceiling is 290,000. Under the proposed bill, the worldwide ceiling would increase to accommodate whatever increment is allocated to our contiguous neighbors (Canada and Mexico).

Section 4 amends section 202(a) of the Immigration and Nationality Act to increase from the present 20,000 limit to (an unspecified number) the number of immigrant visas and conditional entries which may be made available annually under the preference system to the natives of the contiguous countries (Canada and Mexico). No specific number or limit has been set under the bill to provide the public, the Administration, The Select Commission on Immigration and Refugee Policy and other concerned citizens an opportunity to speak on the issue and to make appropriate recommendations. Under prior bills introduced by Senator Kennedy, our contiguous neighbors (Canada and Mexico) would be allocated 35,000 immigrant visas annually. The present bill recommends that the annual immigrant visa allotment be increased at least to 35,000. It further provides that, in addition to its annual allotment any visas unused by a contiguous country in a given fiscal year will be made available to the other contiguous country in the subsequent fiscal year. Section 202(e) is amended to extend the preference percentage allocations to the unspecified number of visas and conditional entries allotted to a contiguous country, in the event that the maximum number of visas or conditional entries was made available to that contiguous country in the previous fiscal year.

Section 5 amends section 212 of the Immigration and Nationality Act. Section 4(a) amends section 212(17), one of the categories of excludable aliens, by placing a five year time limit on the requirement that aliens who have been deported, or who have been removed from the United States as an alien enemy, because of indigence, or at government expense, must obtain the consent of the Attorney General to reapply for admission. Under current law, such aliens are perpetually barred without such permission, in contrast to aliens who have been deported following exclusion from admission, who are required under section 212(a)(16) to seek the Attorney General's permission for readmission for only a one year period.

Section 4(b) adds a new subsection (k) to section 212, restoring to the Attorney General discretionary authority to waive certain technical defects in immigrant visas, if he is satisfied that the aliens involved are innocent of wrongdoing. Similar authority was contained in the Immigration Act of 1924 and was carried forward in the 1952 Act as section 211(c), which was deleted, apparently inadvertently, by the 1965 amendments.

Section 6 amends section 223(b) of the Immigration and Nationality Act to provide that a reentry permit, issued to an alien lawfully admitted for permanent residence who wishes to temporarily leave the country, will be valid for two years and not renewable. Under present law, reentry permits are valid for one year, with provision for renewal up to an additional year. The reentry permit is generally needed only for anticipated absences of over a year.

Section 7 amends section 237 of the Immigration and Nationality Act primarily to clarify the appropriate destination of an alien who is being deported following exclusion from admission or entry in violation of the law. Section 237(a) is amended by the deletion of the provision that such an alien be immediately deported "to the country whence he came." A new paragraph 237(a)(2) provides that such an alien will be deported to the country in which he boarded the vessel or aircraft which brought him to the United States, unless he boarded it in a foreign contiguous territory or adjacent island of which he is not a native, citizen, subject, national, or resident. In that case, he will be deported to the country from which he departed to the foreign contiguous country or adjacent island. A new subsection 237(b) provides that in the event that the country to which the alien is to be deported will not accept him, the Attorney General will, at his discretion, direct that the alien be deported to the country of which the alien is a subject, citizen, or national; the country of his birth; the country in which he has a residence; or if deportation to the above is "impracticable, inadvisable, or impossible," to any country willing to accept him. The above provisions are closely related to those in section 243(a) of current law, designating the destination of an alien who is being deported following an expulsion hearing.

Section 8 amends section 241(f) of the Immigration and Nationality Act. Under current law, section 241(f) provides a mandatory waiver of deportation based upon visa fraud at the time of entry for aliens who are "otherwise admissible" and are the spouses, parents, or children of U.S. citizens or permanent resident aliens. This provision has been a major source of litigation and controversy for years. According to the Justice Department, differing administrative and judicial interpretations of the most recent Supreme Court decision relating to the provision, *Reid* v. *INS*, 420 U.S. 619 (1975), "have left the law in a state of confusion which makes it virtually impossible for the Service to uniformly administer section 241(f)."

Section 8 amends section 241(f) to make the waiver discretionary rather than mandatory; to indicate the specific grounds of inadmissibility to which the waiver relating to visa fraud or misrepresentation may apply; to specifically include innocent, as well as willful, misrepresentation within the purview of the law; and to specifically limit eligibility to aliens who entered as immigrants.

Section 9 amends section 244(c) of the Immigration and Nationality Act. Current law requires the Attorney General to report to the Congress on suspension of deportation cases, and requires Congressional approval in certain case and allows for Congressional disapproval in all cases. Section 8 eliminates the role of the Congress in this discretionary function of the Attorney General, by deleting the reporting requirement contained in section 24(c)(1), and deleting paragraphs 244(c)(2) and (3), relating to Congressional action on suspension of deportation cases.

Section 10 amends section 244(d) of the Immigration and Nationality Act. Current law requires that upon cancellation of deportation the Attorney General record the aliens admission for permanent residence as of the date of cancellation of deportation of such alien is made and to deduct the number of visas granted from allocations authorized under the former provisions of the law. The amendment updates section (d) to conform to current annual visa distribution under section 202(e) or 203(a) of the act and instructs the Attorney General to deduct the number of visas granted under this provision from the current authorized allocations.

Section 11 amends section 244(f) of the Immigration and Nationality Act, relating to ineligibility for suspension of deportation and voluntary departure. It amends the existing language to limit ineligibility of (j) nonimmigrant exchange visitors to those who are subject to the two-year for residence requirement of section 212(e), and have not fulfilled it or obtained a waiver. It also deletes section 244(f)(3), which bars from eligibility natives of contiguous countries or adjacent islands who are eligible for "special immigrant" visas, a classification which was eliminated by P.L. 94–571. Both of these changes codify Board of Immigration Appeals interpretations of the law.

Section 12 amends section 248 of the Immigration and Nationality Act, relating to change of nonimmigrant classification. Under the amended Section 248, (J) nonimmigrant exchange visitors who are not subject to the two year foreign residence requirement of section 212(e), or who have obtained a waiver, are eligible to change to any other nonimmigrant classification. Nonimmigrants with (K) nonimmigrant finance status are ineligible to change to any other nonimmigrant status.

Section 13 amends section 286 of the Immigration and Nationality Act. It allows INS to retain funds spent out of INS appropriations for the purchase of evidence when such funds are subsequently recovered. Presently such recovered funds must be deposited into the Treasury as miscellaneous receipts, in accordance with a ruling by the Comptroller General.

Section 14 adds a new subsection (c) which provides that aliens who at the time of applying for exemption from U.S. military service were nationals of a Foreign State with which the United States had a treaty or international agreement exempting such aliens from military service in the Armed forces of the United States will not be held ineligible for United States citizenship merely because they applied and received military exemption.

Section 15 amends section 316(b) of the Immigration and Nationality Act. Current law provides that an absence of a year or more from the United States will break continuity of residence for purposes of the five year residency requirement for naturalization, but exempts certain aliens whose employment requires them to be abroad for extended periods of time. The amendment extends this benefit to the spouses and dependent unmarried sons and daughters who are members of the alien's households.

Section 16 amends section 329(b) of the Immigration and Nationality Act by eliminating paragraph (5). This is a conforming amendment in keeping with the elimination of the witness requirements from the naturalization provisions.

Section 17 amends section 334(a) by deleting the requirement that a petition for naturalization be "duty verified by two witnesses" when a petitioner for naturalization files his petition in court prior to a final court hearing. This amendment is requested by the Department of Justice, on the grounds that "examination of witnesses is time-consuming, unnecessary, and unproductive," and that INS can and does obtain relevant information about a petitioner's fitness for citizenship in other ways.

Section 18 amends section 335 of the Immigration and Nationality Act by deleting all references to the two witnesses required under present law to participate in naturalization proceedings.

Section 19 amends section 336 of the Immigration and Nationality Act. Section 16(2) strikes section 336(c), thereby deleting the requirement for a 30 day waiting period between the filing of a petition for naturalization and the final court hearing. According to the Department of Justice, the current mandatory 30 day waiting period and the return trip by the petitioner and examiner to the court which it necessitates are usually unnecessary, and additional time can be requested when it is needed. The remaining subsections of section 16 make conforming amendments necessitated by either the elimination of the 30 day waiting period or of the witness requirements.

Section 20, section 344(c) of the Immigration and Nationality Act to authorize certain courts which have naturalization jurisdiction to retain up to $20,000 of the fees collected in naturalization proceedings each fiscal year. Current law authorizes the retention of a maximum of $3,000 of the fees collected annually. This provision is strongly endorsed by INS, which is concerned that State courts may withdraw from the naturalization process unless the amount which they may retain is adequate to cover their costs.

Section 21 provides that all provisions will become effective on the date of enactment with the exception of section 1, relating to nonimmigrant foreign academic and vocational students, which will become effective 180 days after enactment.●

By Mr. CHURCH (for himself and Mr. McCLURE):

S. 1764. A bill to authorize the Secretary of the Interior to construct, operate and maintain an enlargement of the Palisades powerplant of the Palisades project, Idaho-Wyoming, with financing by public, non-Federal entities, and for other purposes; to the Committee on Energy and Natural Resources.

PALISADES POWERPLANT CONSTRUCTION ACT OF 1979

● Mr. CHURCH. Mr. President, today I am introducing legislation designed to speed the expansion of the Palisades hydroelectric powerplant.

The Palisades dam is a Bureau of Reclamation multipurpose project with a presently installed generation capacity of 114 megawatts. This facility has served my State well and has been a source of vitally needed electricity in eastern Idaho. Over the past 6 years, the ever-increasing cost of petroleum, both foreign and domestic, has turned the attention of Federal agencies and utility companies to finding environmentally acceptable ways to generate new power without relying on foreign sources for fuel.

The need to create additional power is especially acute in Idaho. My State is expanding its industrial and agricultural base and needs an increasing amount of electrical energy. Beginning in 1975, a series of studies have favorably reported that the existing generation capacity of the Palisades project could be expanded.

These studies have concluded that the existing Palisades powerplant is one of the most promising hydropower sites in the western United States. This dam could produce an additional 90 megawatts of hydroelectric power. The full use of flowing water to yield electricity is of a high priority for our Nation. There is no foreign cartel to escalate the "price" of flowing water.

Mr. President, the Senate Committee on Energy and Natural Resources has before it a bill, S. 1420, which would authorize one-half billion dollars for 13 hydroelectric projects at existing dams in six western States. Consideration was given earlier this year to including the Palisades expansion project in that bill as a Bureau of Reclamation project. However, I reached the conclusion that there is a faster way to bring this additional power on line. It is this alternative method of constructing the Palisades expansion that this bill addresses.

The bill I am introducing today would authorize the State of Idaho to finance this expansion. This joint Federal-State venture bears the prospect of getting the job done faster. Under this proposal, the Secretary of the Interior would design, construct and operate and maintain the powerplant expansion. Agreement between the Secretary of Interior and the State of Idaho is to be reached which would allow for the marketing of the new power within the State. The State bonds used to finance this expansion would be retired by the sale of this power.

This proposal has been endorsed by the Governor, the Idaho legislature and the Idaho Water Resource Board. I will chair hearings later this week to examine further this proposal and the other 13 hydroelectric projects proposed in other legislation. I urge my colleagues to support this unique concept of a Federal-State partnership to expand the Palisades project. I ask unanimous consent that the text of this bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1764

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Palisades Powerplant Construction Act of 1979".

SEC. 2. The Secretary of the Interior (hereinafter called the Secretary) is authorized to design, construct, operate, and maintain a powerplant enlargement with a capacity of approximately 90 megawatts at Palisades Dam in Idaho, including necessary apppurtenant works, as an addition to and a part of the dam and reservoir of the Palisades project, Idaho-Wyoming. The appurtenant works shall include but not be limited to modifications to the existing powerplant, switchyard, public use facilities, and fish and wildlife mitigation measures necessitated by the powerplant enlargement. The appurtenant works shall not include transmission facilities for power and energy. The Secretary is authorized to modify the capacity of the powerplant enlargement as determined to be necessary and desirable during post authorization study and design.

SEC. 3. Construction of the Palisades powerplant enlargement shall not proceed until the Secretary has entered into contracts providing for the advancement and payment of all necessary construction, financing, and other costs related to the Palisades powerplant enlargement by the State of Idaho or other appropriate public, non-Federal entity (hereinafter called the State).

SEC. 4. Notwithstanding any other provisions of the law, such contracts with the State may provide for the marketing by the State of the hydroelectric power produced by the powerplant enlargement under such terms and conditions as the State shall determine to be necessary or desirable in order to return to the State no less than its operating, construction, financing, and other costs advanced, incurred or to be incurred by the State in connection with the construction, financing, operation and maintenance of the enlargement. Such contracts shall also provide for State participation in supervision in management of construction and for reimbursement of State costs, including debt service, in the event of a failure to deliver power.

SEC. 5. The State shall also contract with the Bureau of Reclamation to provide for allocation of generation and of operation and maintenance costs associated with joint operations and any other matters deemed necessary by the State. These contracts shall be for a period of not less than the payout period for bonds issued by the State to cover its costs and not more than 50 years with a right of renewal by the State under terms agreed to by the Secretary.

SEC. 6. The Palisades powerplant enlargement shall be designed, constructed, and operated so that it does not limit, restrict, or alter the release of water or the operation of Palisades Reservoir adverse to the satisfaction of existing water rights under State law, to the delivery of water to the holder of any valid water service contract, or to the accomplishment of the other authorized functions of the Palisades project as recognized by State law.

SEC. 7. The Secretary is authorized to construct, operate, and maintain or otherwise provide basic outdoor recreation facilities in the vicinity of Palisades Dam and powerplant for the protection and convenience of the visiting public. The costs of those measures shall be nonreimbursable. The Secretary is authorized to provide lands, facilities, and appropriate project modifications to provide fish and wildlife enhancement in connection with the enlargement of the powerplant, in accordance with the Federal Water Project Recreation Act (79 Stat. 213), as amended.

SEC. 8. There is hereby authorized to be appropriated for necessary post authorization study and design of the powerplant enlargement and appurtenant works, and for construction of basic outdoor recreation facilities and fish and wildlife enhancement measures, the sum of $7 million. The costs of necessary post authorization study, design, and related work performed by the Secretary on the potential power enlargement and appurtenant works shall be reimbursed by the State. Such sums as may be required for the operation and maintenance of outdoor recreation facilities and fish and wildlife enhancement features are additionally authorized to be appropriated.●

By Mr. MOYNIHAN:

S. 1766. A bill to amend the Internal Revenue Code of 1954 to provide a refundable tax credit to individuals for the amount by which the cost of heating their home increases more rapidly than the Consumer Price Index, and to provide an energy cost allowance to SSI recipients and AFDC recipients; to the Committee on Finance.

ENERGY COST ASSISTANCE ACT

● Mr. MOYNIHAN. Mr. President, the bill I am introducing today would lighten the burden that soaring fuel bills have placed on the American people.

The decision to lift price controls from domestic petroleum and oil products, combined with the rapacity of the OPEC cartel, has gravely imperiled the ability of our citizens to heat their homes, transport themselves and their families, and obtain a wide range of other necessities. Nowhere is this more pronounced than in New York State and the rest of the Northeast, where our historic reliance on oil for heat and our painful dependency on imports to supply much of that oil have produced an acute and alarming situation. It is entirely thinkable, indeed it appears all too likely, that tens of thousands of our families will not have sufficient money this winter to keep their homes warm enough to live in—even if the supply problem is solved and sufficient fuel is made available.

We are witnessing an extraordinary set of income transfers, in exactly the opposite direction from that which has dominated liberal social policy in the United States for nearly half a century.

Once the OPEC nations realized the extent of the West's vulnerability to economic extortion, they have steadily increased their demands and hiked the political ransom payments that we have all too willingly paid.

As one response, the President—rightly, in my opinion—has proposed to decontrol domestic oil prices. He has recognized—again rightly, in my judgment—that this would result in massive revenue increases for the oil companies and has proposed to hold back some of those profits by means of an excise tax on future oil production. Part of the proceeds of that tax is to be used to underwrite vital research, development and conservation programs. Our prior task is to fashion a tax that will not deter additional investment in the rather risky business of energy production.

But it is not sufficient to design a reasonable tax and to earmark some of the resulting revenues for research and conservation. We must also restore a portion of this money to the American people who ultimately pay the bill for all these activities, people who are already sorely afflicted by inflation and whose energy costs are rising even faster.

My proposal would restore some of the money generated by the "windfall profits tax" to the people who provided it. It would assist more than 80 percent of American households—all but the upper middle class and the wealthy—to heat their homes, purchase gasoline for their cars and pay for the myriad other essential goods and services whose costs have escalated along with oil prices.

Under this proposal, families earning up to $30 thousand per year could claim a credit on their Federal income tax against the ever-rising costs of residential heating. This credit—effective on January 1, 1980—would be as much as $250 per year.

In addition, households already receiving cash assistance would obtain additional benefits, averaging $200 per family per year, through the aid to families with dependent children (AFDC) and supplemental security income (SSI) programs. Such assistance would also start this winter.

The aid can begin to flow rapidly because my proposal would not require the creation of any new programs or governmental bureaucracies. The tax system is in place. So are the cash assistance programs. All that is needed is to make simple changes in the laws defining their operation—and to devote a portion of the windfall profits tax revenues to paying for these changes.

This plan is fiscally responsible. It provides relief where relief is needed. It can go into effect without delay or redtape. Its benefits are made available in a dignified and comprehensive way. I urge its support by my colleagues.

I ask unanimous consent that the text of my bill and the accompanying fact sheet be printed in full in the RECORD at the conclusion of these remarks.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 1766

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.—This Act may be cited as the "Energy Cost Assistance Act".

SEC. 2. CREDIT ALLOWED.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowed) is amended by inserting immediately before section 45 the following new section:

"SEC. 44D. CREDIT FOR EXCESSIVE HOME HEATING COSTS

"(a) GENERAL RULE.—In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the product of that individual's home heating costs for the taxable year multiplied by the number of percentage points (rounded off to the nearest one-tenth of a percent) by which the appropriate heating price index for the taxable year exceeds the consumer price index for the taxable year.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The amount of the credit allowed by subsection (a) for any taxable year shall not exceed $250 ($125 in the case of a married individual filing a separate return of tax based upon the cost of heating a principal residence which was also the principal residence of his spouse for more than 6 months of the calendar year).

"(2) Phase-out for adjusted gross income in excess of $25,000.—The amount of the credit allowable under subsection (a) for any taxable year, after the application of paragraph (2), shall be reduced by 10 percent of the amount by which the adjusted gross income of the taxpayer exceeds $25,000 ($12,500 in the case of a taxpayer for whom the maximum credit under paragraph (2) is $125).

"(3) No credit allowed to individuals receiving comparable benefits under AFDC or SSI.—The credit allowed by subsection (a) shall not be allowed in the case of an individual who receives any amount during the taxable year which constitutes an energy cost assistance allowance provided for by section 403 or section 1611 of the Social Security Act for the taxable year.

"(d) Definitions; Special Rules.—For purposes of this section—

"(1) Home heating costs.—The term 'home heating costs' means the sum of the amounts paid by an individual to heat that individual's principal residence for the calendar year which ends with or within the taxable year.

"(2) Principal residence.—The determination of whether or not a dwelling unit is a taxpayer's principal residence shall be made in the same manner in which that determination is made under section 44C (c) (8).

"(3) Amounts paid for heating.—

"(A) Heating costs not separable from cooling costs.—In the case of a dwelling unit the heating costs of which are not separable from the cost of using gas or electricity for all purposes for such unit, the Secretary shall determine the portion of the cost which is properly allocable to heating.

"(B) Rental property.—In the case of rental property for which there is no separate charge for heating costs, a portion of the rent paid shall be treated as paid for heating. The portion shall be determined by the Secretary and shall be the average percentage of rent paid for dwellings in the United States which is attributable to the payment of the cost of heating such dwellings.

"(C) Condominiums and cooperatives.—The Secretary shall provide by regulation for the application of this section to condominium management associations (as defined in section 528 (c) (1)) and members of such associations, and tenant-stockholders in cooperative housing corporations (as defined in section 216), in such a fashion as to allow the credit allowed by subsection (a) by allocation, apportionment, or otherwise, to the individuals paying, directly or indirectly, for heating their principal residences.

"(D) Time and application of determinations.—The determinations made by the Secretary under this paragraph shall be made after consultation with the Secretary of Housing and Urban Development and the Secretary of Energy, shall be made on a calendar year basis, shall be published not more than 30 days after the close of the calendar year to which they relate, and shall take account of regional differences in climate and heating costs.

"(4) Price Indexes.—

"(A) In general.—At the beginning of each calendar year (commencing in 1980), as necessary data becomes available, the Secretary of Energy and the Secretary of Labor shall certify to the Secretary and publish in the Federal Register the percent difference between the heating price index and the consumer price index, respectively, for the preceding calendar year and the heating price index and the consumer price index for the base period. Each such percent difference, stated in terms of a percent of the heating price index and the consumer price index for the base period, shall be used to compute the amount of the credit allowed under subsection (a) for the taxable year with or within which the preceding calendar year ended.

"(B) Base period.—The term 'base period' means—

"(i) for the heating price index, prices in effect on November 1, 1978, and

"(ii) for the consumer price index, the calendar year 1978.

"(C) Heating price index.—The term 'heating price index' means means the average, over a calendar year, of the price of a gallon of number 2 home heating oil as determined by the Secretary of Energy. A separate index for comparable amounts of natural gas, electricity, and coal shall also be determined by the Secretary of Energy for each calendar year.

"(D) Consumer price index.—The term 'consumer price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published by the Bureau of Labor Statistics.

"(5) Joint occupancy.—In the case of any dwelling unit which is jointly occupied and used during the calendar year as a principal residence by 2 or more individuals who are not married to each other—

"(A) the amount of the credit allowable under subsection (a) by reason of expenditures for heating that dwelling during the calendar year by any of such individuals shall be determined by treating all of such individuals as one taxpayer whose taxable year is such calendar year, and

"(B) there shall be allowable with respect to such expenditures to each of such individuals a credit under subsection (a), for the taxable year with or within which such calendar year ends, in an amount which bears the same ratio to the amount determined under paragraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.".

(b) Refund of Excess Credit.—

(1) Section 6401 (b) of such Code (relating to amounts treated as overpayments) is amended—

(A) by striking out "and 43 (relating to earned income credit)," and inserting in lieu thereof "43 (relating to earned income credit), and 44D (relating to credit for excessive home heating costs),", and

(B) by striking out "and 43" and inserting in lieu thereof "43, and 44D".

(2) Section 6201 (a) (4) of such Code (relating to assessment authority) is amended—

(A) by striking out "or 43" in the caption thereof and inserting in lieu thereof ", 43 or 44D",

(B) by striking out "or section 43" and inserting in lieu thereof ", section 43", and

(C) by inserting "or section 44D (relating to credit for excessive home heating costs)," before "the amount so overstated".

(c) Clerical and Conforming Amendments.—

(1) Clerical amendment.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting immediately after the item relating to section 44B the following new item:

"Sec. 44D. Credit for excessive home heating costs.".

(2) Conforming amendments.—Sections 44C(b)(5), 55(b)(2), and 56(c) of such Code are each amended by striking out "31, 39 and 43" and inserting in lieu thereof "31, 39, 43, and 44D".

Sec. 2. Payments to AFDC Recipients.

(a) The last sentence of section 403(a) of the Social Security Act is amended by striking out "In the case of calendar quarters beginning after September 30, 1977, and prior to April 1, 1978" and inserting in lieu thereof "In the case of calendar quarters beginning after December 31, 1979".

(b) Section 403(i) of such Act is amended to read as follows:

"(i)(1) In addition to the amount payable under subsection (a) or section 1118 (as the case may be) to each State having a plan approved under this part, there shall be paid to each such State for each quarter an energy cost assistance grant (determined under paragraph (2)) and an administrative allowance (determined under paragraph (3)).

"(2)(A) The amount of the energy cost assistance grant for any State for each quarter shall be equal to 25 percent of the adjusted dollar amount (determined under subparagraphs (B) and (C)) for the calendar year in which such quarter falls, multiplied by the number of households in such State which contain an individual receiving aid under the plan for such quarter.

"(B) The adjusted dollar amount for all States for the calendar year 1980 shall be $200.

"(C) The adjusted dollar amount for each State shall be increased for each succeeding calendar year by an amount equal to the product of—

"(i) the adjusted dollar amount in such State as determined for the preceding calendar year, and

"(ii) the excess (if any) of the Residential Heating Price Index increase in such State for such year over the Consumer Price Index increase for such year.

"(D) The Residential Heating Price Index increase for any year shall be a percentage equal to the percentage increase (if any) in such State in the Residential Heating Price Index prepared by the Department of Energy for the third quarter of the preceding calendar year as compared to such index for such State for the third quarter of the second preceding calendar year (rounded to the nearest one-tenth of one percent).

"(E) The Consumer Price Index increase for any year shall be a percentage equal to the percentage increase (if any) in the Consumer Price Index prepared by the Department of Labor, and used in determining cost-of-living increases under section 215(i) of this Act, for the third quarter of the preceding calendar year as compared to such index for the third quarter of the second preceding calendar year (rounded to the nearest one-tenth of one percent).

"(F) For purposes of this subsection the Consumer Price Index and the Residential Heating Price Index for any quarter shall be the arithmetical mean of that index for the three months in such quarter.

"(3) The amount of the administrative allowance for any State for any quarter shall be equal to 5 percent of the energy cost assistance grant payable to such State for such quarter.

"(4) No payment shall be made under this subsection to any State unless such State provides in its State plan that the full amount of the energy cost assistance grant paid to such State is distributed in the form of energy cost assistance allowances to households in such State which contain recipients of aid under the plan in an equitable manner which takes into account the needs of such recipients for additional funds to pay for energy required for residential heating.".

Sec. 3. Payments To SSI Recipients.

(a) Section 1611(b) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) (A) In addition to the benefit amount as determined under paragraph (1) or (2), and adjusted under section 1617(a), an energy allowance shall be payable under this title to each household which contains an eligible individual. The energy allowance shall be payable at a rate of $200 per year for calandar year 1980, and shall be adjusted under section 1617(b) for calendar years thereafter.

"(B) In any case where two or more eligible individuals live in the same household, the energy cost allowance shall be payable in equal parts to each such individual.".

(b) Section 1617 of such Act is amended—

(1) by striking out "COST-OF-LIVING" in the section heading;

(2) by inserting "(a)" after "1617."; and

(3) by adding at the end thereof the following:

"(b)(1) The energy allowance payable under section 1611(b)(3) for each calendar year after 1980 shall be an amount equal to the product of—

"(A) the energy allowance as determined for the preceding calendar year, and

"(B) the excess (if any) of the national Residential Heating Price Index increase for such year over the Consumer Price Index increase for such year.

"(2) The Residential Heating Price Index increase for any year shall be a percentage equal to the percentage increase (if any) in the national Residential Heating Price Index prepared by the Department of Energy for the third quarter of the preceding calendar year as compared to such index for the third quarter of the second preceding calendar year (rounded to the nearest one-tenth of one percent).

"(3) The Consumer Price Index increase for any year shall be a percentage equal to the percentage increase (if any) in the Consumer Price Index prepared by the Department of Labor, and used in determining cost-of-living increases under section 215(i) of this Act, for the third quarter of the preceding calendar year as compared to such index for the third quarter of the second preceding calendar year (rounded to the nearest one-tenth of one percent).

"(4) For purposes of this subsection the Consumer Price Index and the Residential Heating Price Index for any quarter shall be the arithmetical mean of that index for the three months in that quarter.".

(c) Sections 1611(a)(1)(A), 1611(a)(2)(A), 1611(b)(1), 1611(b)(2), and 1618(b) of such Act are each amended by striking out "1617" and inserting in lieu thereof "1617(a)".

SEC. 4. RESIDENTIAL HEATING PRICE INDEX.

(a) The Secretary of the Treasury shall use a Residential Heating Price Index for each State and for the Nation prepared by the Secretary of Energy on a monthly basis.

(b) Such indexes shall measure the percentage change for each month in residential heating costs, and shall be adjusted for each State and for the Nation to accurately reflect the average change in overall residential heating costs within that State and within the Nation, based upon the amount and types of heating fuels used in such State and in the Nation.

(c) The Secretary of Energy shall publish such indexes for each month in the Federal Register as soon as sufficient data is available to compute such indexes.

SEC. 5. EFFECTIVE DATES.

The amendments made by the section 1 of this Act shall apply with respect to taxable years beginning after December 31, 1979. The amendments made by sections 2 and 3 shall take effect on January 1, 1980.

SUMMARY OF MOYNIHAN ENERGY COST ASSISTANCE PROPOSAL

1. Provides relief against increasing costs of energy for home heating to over 80 percent of American families.

2. Assistance will be provided both through the tax system for income tax filers and through the existing cash assistance system (AFDC and SSI) for needy nonfilers.

3. Taxpayers will get a refundable tax credit of up to $250, based on a percentage (50 percent) of the excess of an index of residential heating costs over the consumer price index. This allows for gradual increases in the average tax credit if energy costs continue to rise faster than the overall inflation rate.

4. The full amount of the credit will be available to all taxpayers with incomes of up to $25,000 to be completely phased out at $30,000.

5. Low-income non-filers will receive aid through increased SSI payments or through fully federally financed increased AFDC payments averaging $200 per recipient household per year at the outset.

6. SSI and AFDC payments would also increase to the extent that energy costs rise faster than the rate of inflation.

7. Plan would take effect on January 1, 1980.

8. AFDC and SSI recipients would begin to receive payments in 1980.

9. Taxpayers would get the credit when they file their returns for 1980 in 1981.

10. Estimated revenue loss under the plan—$1.5 billion for fiscal 1980 and $3.5 billion in 1981. (Joint Tax Committee).●

By Mr. THURMOND:

S. 1768. A bill to permit the lease and transfer of allotments and quotas for 1979 crop Flue-cured tobacco destroyed because of contamination by the herbicide picloram; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. THURMOND. Mr. President, I am today introducing emergency legislation to permit cross-county leasing of Flue-cured tobacco poundage allotments by farmers in North Carolina and South Carolina who have experienced a crop disaster due to contamination of their crop by the herbicide picloram. Only those farmers in these two States who, in accordance with a program established earlier this year by the Secretary of Agriculture, have destroyed the contaminated portion of their crop and properly certified such fact to the Secretary, would be eligible lessors under this bill. These farmers would be permitted to lease all or a portion of the destroyed poundage to other farmers in the same State who have Flue-cured tobacco allotments and who have a need for this poundage quota.

BACKGROUND AND NEED FOR THIS LEGISLATION

Mr. President, the need for this emergency legislation was precipitated by an unfortunate accident that befell a number of tobacco farmers in South Carolina and North Carolina earlier this year. During the tobacco planting season, these farmers purchased and applied fertilizer manufactured by the Smith-Douglass Fertilizer Co. of Norfolk, Va. This fertilizer was apparently shipped in railroad cars that had previously been used to transport the herbicide picloram, also known by the trade name, Tordon. As a result, this fertilizer was contaminated, and when applied to fields in which tobacco was planted, caused substantial damage to the crop.

After an investigation of this unfortunate situation, the U.S. Department of Agriculture determined that the wisest course of action would be to keep this damaged, herbicide-contaminated tobacco from entering the marketing channels. In conjunction with the Flue-Cured Tobacco Cooperative Stabilization Corp., a program was devised whereby farmers with damaged acreage destroyed the unharvested portion of their contaminated crop in the field and certified this fact to USDA in order to market any uncontaminated portion of their crop; those farmers who had already harvested picloram-tainted tobacco were given the option of destroying it or delivering it to specially designated warehouses of the stabilization cooperative, where it will be stored until a final determination can be made regarding whether or not this contaminated tobacco can be sold.

At the same time, the Smith-Douglass Co., which supplied the contaminated fertilizer, admitted its fault and responsibility to fairly compensate farmers whose crop was rendered unmarketable. In cooperation with USDA, the State Departments of Agriculture in South Carolina and North Carolina, and the State Departments of Insurance, Smith-Douglass employed insurance adjusters who visited each affected farm and attempted to negotiate a fair settlement with the producer.

As of this date, approximately 90 percent of the 405 farmers in South Carolina whose crop was contaminated have agreed to settlements with the fertilizer manufacturer and its insurer. I understand that the percentage of farmers in North Carolina who have made satisfactory settlements is somewhat fewer. However, these settlements, as a general rule, have not included any compensation for the value of the poundage-quota which the affected producers leased from other farmowners with tobacco allotments. That fact, as I will further explain, is the crux of the problem, and, due to the nature of the legal framework in which the Flue-cured tobacco program operates, has created the need for this emergency legislation.

Mr. President, as I understand the situation, the fertilizer manufacturer and its insurer have not been willing to compensate producers for the cost of leased poundage (which may, in some cases, be as much as 50 cents per pound) because, under current tobacco law and regulations, poundage-quota is an asset that can be carried over to the following crop year. If the farmer so desires, in the next crop year he can use the carried-over quota to increase the amount of tobacco grown, or he can lease that quota to another farmer within the same county.

The problem that has arisen, however, is that a number of farmers who have destroyed this contaminated poundage feel that, for one reason or another, they cannot sufficiently increase the scale of their farming operation next year in order to grow their usual amount of tobacco plus the carried-over poundage. Some farmers caught in this quandary may not have sufficient land, labor, equipment, curing barns or capital to double their output next year. Furthermore, if some additional crop disaster were to strike these farmers next year, it is likely that some of the poundage-quota would be permanently lost, since carryover is limited under current law and regulations.

Perhaps an even more important reason why this legislation is needed is because many of these farmers with unmarketed poundage have already expended hundreds and, in some cases, thousands of dollars in leasing poundage, only to have no possibility of recouping this expenditure in the current crop year. For example, one farmer in Georgetown County, S.C., who leases most of the poundage that he grows, has informed me that he will lose $20,000 in the 1979 crop year unless he can sell this poundage to a willing buyer in an adjacent county who needs it. This farmer happens to be in a county where a substantial amount of the tobacco grown within the county borders was contaminated. Yet, he has already looked for possible buyers of this poundage within Georgetown County and has found none.

If this legislation were promptly enacted, this farmer, and others similarly affected, could find a market for their poundage and thereby recoup most of their losses. Many of these farmers face bills for seed, fertilizer, fuel and other items that they will not be able to pay unless some means of promptly recouping the rental cost of tobacco poundage is devised.

EXPLANATION OF THE BILL

Mr. President, while the background of the tobacco program and the picloram problem may be somewhat complicated, this emergency legislation is very simple and straightforward. Under current law, flue-cured tobacco farmers can lease poundage-quota only within the boundaries of the county where the farm is located. This restriction, while serving a useful purpose in some instances, obviously has the affect of limiting the market demand for excess, unmarketed poundage-quota.

The legislation I am introducing today would permit the owner or operator of a flue-cured tobacco-producing farm in South Carolina and North Carolina who has destroyed tobacco produced on that farm due to picloram contamination to lease and transfer any unmarketed quota to any other flue-cured tobacco-producing farm in any county within the same State. Furthermore, under this bill, producers of picloram-tainted tobacco who are unable to lease all or a part of their unmarketed poundage during the 1979 crop year will be permitted to carry over to the 1980 crop year such quota free of current restrictions. Thus, the bill gives eligible farmers the flexibility of cross-county leasing in both the 1979 and 1980 crop years.

Mr. President, I would like to emphasize that this emergency legislation is designed to alleviate a specific problem involving several hundred flue-cured tobacco farmers. It does not make any change in the tobacco price support program, and it would not require any additional Federal expenditures. I realize that there are those who, for one reason or another, object to the tobacco price support program, despite the fact that it has an excellent track record and has been operated at minimal expense to the taxpayers. Foes of the tobacco program have nothing about which to be concerned in this bill. It does not involve any cost to the taxpayers, and it will not lead to greater production of tobacco. What it will do, if enacted, is temporarily suspend a restriction in the tobacco program, thereby offering the relatively small percentage of tobacco farmers who are affected a chance to recoup some of their losses. I sincerely hope, for the sake of helping the farmers who have experienced the misfortune of picloram contamination, that this bill will be promptly enacted.

I would also point out that there is a precedent for this type of emergency legislation. Special legislation was enacted by Congress in 1973, 1974, and 1976 to provide relief to flue-cured tobacco farmers whose crop was destroyed by natural disaster. While this picloram-contamination problem was not an act of God, the circumstances are similar in that the crop damage was completely beyond the control of the affected farmers. Accordingly, I believe this emergency legislation is clearly justified in this instance.

Mr. President, I ask unanimous consent that the following be printed in the RECORD following my remarks: First, the bill; and second, a letter from a typical farmer in Georgetown County, S.C., to me regarding the need for this emergency legislation.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1768

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 316 of the Agricultural Adjustment Act of 1938, as amended, (7 U.S.C. 1314b) is further amended by adding a new subsection (j) as follows:

"(j)(1) Notwithstanding any other provision of law, whenever the Secretary determines that all or any part of the 1979 crop flue-cured tobacco produced on a farm located in any county in North Carolina or South Carolina has been destroyed because of the application to such tobacco of fertilizer contaminated with the herbicide picloram and that a lease and transfer of all or any part of the 1979 crop allotment and quota for such farm attributable to tobacco which has been so destroyed will not impair the effective operation of the tobacco allotment and marketing quota or price support programs, the Secretary may permit the owned and operator of any such farm—

(i) to lease and transfer all or any part of such 1979 crop allotment and quota attributable to tobacco so destroyed to any other owners or operators in any county within the same state for use in such county for the 1979 crop year on a farm or farms having a current tobacco allotment and quota of the same kind, and

(ii) to carry over to the 1980 crop year that part of such 1979 crop allotment and quota attributable to tobacco so destroyed, which the owner and operator is unable to lease and transfer during the 1979 crop year, without regard to the limitation of Section 317 (a)(8) of this Act and to lease and transfer that part of such allotment and quota to any other owners or operators in any county within the same state for use in such county for the 1980 crop year on a farm or farms having a current tobacco allotment and quota of the same kind.

(2) The lease and transfer to an owner or operator in another county pursuant to this subsection shall not be effective until a copy of the lease is filed with the county committee of the county to which such transfer is made and such committee determines that the lease and transfer is in compliance with the provisions of this subsection."

SEPTEMBER 7, 1979.

DEAR SENATOR THURMOND:

This year I used the contaminated fertilizer manufactured by the Smith-Douglass Company. I had to destroy my entire tobacco crop.

In trying to make a settlement as to the value of my contaminated crop of tobacco, the insurance adjuster has refused to reinburse to me the money I have invested in renting tobacco quotas (poundage).

I personally feel that I should be paid this rent money in my settlement because this money was an expense incurred in the tobacco crop that was contaminated.

Due to the fact that the insurance company absolutely refuses to reimburse this rent money, I am asked to make a settlement that will put me in a position where I won't be able to pay off my operating expenses this year.

The only hope for me to be able to make a settlement and to pay bills with the money received from this tobacco crop, is that I can somehow rent these tobacco pounds (quotas) to someone who grew an excessive crop this year.

Georgetown County had approximately 20 percent of its tobacco crop contaminated by this fertilizer. The remainder of the county has a fairly short crop this year. With these two facts in mind, it would be almost impossible for myself and my affected neighbors to rent these tobacco pounds (quotas) within our own county. Therefore, the need for cross-county leasing of these tobacco pounds this fall, is very vital to the welfare of the families involved, including my own.

As you know, it takes a bill through legislation to authorize the USDA to allow us this cross-county leasing and transferring of tobacco poundage through our ASCS offices.

Congressman John Jenrette has stated that he has introduced a bill concerning this matter. To my knowledge, there hasn't been much said or done about it as of this time. As my Senator, I am asking you to check into this bill and please support it and push it through as soon as possible. If there is no bill, then would you please introduce some legislation to allow us farmers, who were affected by this fertilizer, cross-county leasing and transferring of tobacco quotas. It has been done in the past during a time of disaster, this is certainly a disaster to us now.

Your cooperation in this matter would be deeply appreciated. If there is any question concerning this matter, I would be more than happy to answer them for you if I can. Please advise me as to what you can do to help. Thank you.

Sincerely,

LARRY J. BAXLEY.

By Mr. McGOVERN (for himself and Mr. PRESSLER):

S. 1769. A bill to designate certain lands in the Black Hills National Forest, South Dakota, as the Black Elk Wilderness; to the Committee on Energy and Natural Resources.

BLACK ELK WILDERNESS

Mr. McGOVERN. Mr. President, I am today introducing legislation to establish a wilderness area in the Black Hills of South Dakota. This bill would also designate the area the "Black Elk Wilderness" in memory of one of the Oglala Sioux's greatest holy men. His "Great Vision" is familiar to millions of readers of John G. Neihardt's book "Black Elk Speaks", and to thousands who have seen its adaptation to the stage. Indeed, the story of Black Elk and his vision has the potential of becoming a popular one as the book adapted for the stage by Christopher Sergle and performed during the Longest Walk last year at the Kennedy Center will soon be opening on Broadway.

This proposed wilderness area embraces 10,700 acres surrounding and including Harney Peak—the highest point west of the Alps and east of the Rocky Mountains. This area is both literally and figuratively "the heart of the hills." It has been recommended for a wilderness designation by both the President and his Secretary of Agriculture as a result of the U.S. Forest Service's "roadless area review and evaluation," more commonly known as RARE II. A similar piece of legislation is being introduced in the House of Representatives by Congressmen JIM ABDNOR and TOM DASCHLE.

In a letter from the former Chief of the Forest Service John R. McGuire, the area was described in this way:

> There are a number of unique features within the proposed . . . wilderness including some of the highest elevation east of the Rocky Mountains. It contains rugged granite formations like the Needles and Cathedral spires. Elevations range from 4,050 to 7,242 feet with the southern portions being around a mile high. Terrain varies from rolling hills along the southern boundary to precipitous granite walls of Harney Peak. Horse Thief and Sylvan Lakes, although small, provide contrast to the semi-arid conditions of nearby plains.
>
> There are small areas of quaking aspen and open grass types scattered throughout the unit. But dense stands of ponderosa pine cover about a third of the area. There are open rocky or barren areas at some locations.
>
> The area provides some primary habitat for Rocky Mountain goats and primary and secondary range for elk. Grouse, turkey, deer, and numerous nongame birds and mammals are also present.

According to the Forest Service's RARE II analysis of the site's suitability, the area has high potential for hardrock minerals and moderate potential for uranium. However, because the area is so special not only to native South Dakotans but to Native Americans and millions of visitors to my State, it should be the "last" area where these potentials are ever exploited. It currently contains no production sites.

Already the area attracts a thousand visitor days per year for picnicking and camping and 6,000 days of dispersed, nonmotorized use. It has appeal for 600 visitor days of hunting and 1,000 visitor days of nonhunting recreational use.

The "Black Elk Wilderness" contains 6,429 acres of commercial forest land out of the 10,700 acres there. Most of this is softwood sawtimber (39 MMBF) and sawtimber and products (11 MMCF). It is not prime commercial timbering for numerous reasons, primarily the rugged terrain, dispersed harvestable resources and lack of roads. Although the annual sell volume in the short term is 0.2 MMBF and 0.2 MMBF in the long-term—the Forest Service's 5-year action plan for the area would provide for no sales because whether or not the area is designated wilderness, the Forest Service intends to close-off motorized access under its master plan for the area surrounding the proposed wilderness—the Norbeck Wildlife Preserve.

As my colleagues will note, my proposed legislation makes reference to earlier legislation (the act of June 5, 1920 and the act of October 6, 1949). These two acts (41 Stat. 986 and 63 Stat. 708, 709, respectively) concern Congress' earlier action in creating the Norbeck Wildlife Preserve, an area encompassing a portion of the Black Hills National Forest and Custer State Park.

The Norbeck Wildlife Preserve was created for "the protection and propagation of wild game animals" due to the efforts of Peter Norbeck. Norbeck is a legend in his own right. As a former Governor of South Dakota and one of my predecessors here in the U.S. Senate, Norbeck made quite a reputation for himself as a conservationist. It is said he walked the area which became Custer State Park during his time as Governor. Later, a portion of that park and the Black Hills National Forest was set aside, under the leadership of the late South Dakota Senator Karl Mundt, as the Norbeck Wildlife Preserve.

The Black Elk Wilderness can be best envisioned as the "bull's eye" at the center of the Norbeck Wildlife Preserve. In this way, the memories of these two great South Dakotans—Norbeck and Black Elk—can be remembered by generations to come. As those generations ask "Who are this Norbeck and Black Elk" their quest for an answer to that question will help them uncover a rich heritage of their State. This is one of the reasons I would personally like to see this area receive this designation.

From an administrative standpoint, the alinement of my proposed bill with the earlier Norbeck Wildlife Preserve legislation will have the effect of allowing activities in the wilderness area for the protection and propagation of wild game animals residing there—primarily the Rocky Mountain goats and elk. The Forest Service has found about 1,000 acres scattered in three tracts which need some "biologic manipulation" to make it more satisfactory for habitat for these species. They would propose to use controlled or prescribed burning to achieve this objective. Such a technique would be allowed within the context of this legislation.

Mr. President, I would like to give over the rest of my introductory remarks to an explanation of why I would like to see this area designated the Black Elk Wilderness.

The playwright who has adapted John G. Neihardt's "Black Elk Speaks" gives this overall view of the importance of the area. Chris Sergle wrote me:

> The Black Hills, Paha Sapa, are holy to the ten nations of the Sioux, the Cheyenne, the Arapaho and to many other Indian people. It was to those sacred hills that such leaders as Red Cloud, Sitting Bull, and Crazy Horse went many times to seek visions and to purify themselves. The Black Hills were also the sanctuary where warring tribes would meet in peace. And to Black Elk, the Ogalala holy man whose words and vision speak for all Native Americans, Harney Peak, the highest peak in the Black Hills, was the center of the world. Standing on Harney Peak in 1931 Black Elk's words, recorded by John G. Neihardt, were spoken to the sky:
>
> "O six Powers of the World, hear me in my sorrow for I may never call again . . . O make my people live."
>
> By designating the area around and including Harney Peak as "The Black Elk Wilderness" this holy man could, in a sense, continue to call again with his vision as to the meaning of life as it once was for the Indians and as it could be for all people.

These are Black Elk's words about the area, as recorded by John G. Neihardt—one of the Midwest's greatest historians, authors, and storytellers.

> It seemed I reached the highest mountain in the Black Hills. Below I could see the whole wide circle of the day and it was green and beautiful. As I stood there, I saw more than I can tell and I understood more than I saw, for I was seeing in a sacred manner.
>
> I saw that the second hoop of my people was one of many hoops that made one circle, and being endless, it was holy—with all powers becoming one power in the people without end.
>
> It was a vision of all life that is holy and good to tell and of us two leggeds and the wings of the air and all green things, for these are the children of one mother which is the earth and one father which is the sky.
>
> I was given a mission in the form of a bright red stick that by my power I must bring to life. I was to place it at the living center of the nation's hoop—and with it I should save my people. I was to make it grow into a shielding tree that would bloom, a mighty flowering tree to shelter the children, a tree to protect the people, to save us from the winds.

This "living center of the Nation's hoop" described by Black Elk, is Harney Peak in the Black Hills of South Dakota, and is in this context something much more than an interesting geologic formation at the heart of the Hills and the wilderness area my proposed bill would designate.

Chris Sergle went on to write to me:

> The importance of this area to Native America was evidenced over a hundred years ago in the Treaty of 1868 which contained a clause relating to the Black Hills of overwhelming concern to Indians. It stated:
>
> "No white person or persons shall be permitted to settle or occupy any portion of the territory without the consent of the Indians to pass through the same."
>
> Another example of the reverence felt by Native Americans for this special area occurred after gold was discovered there and the government offered to buy back the Black Hills. The young military genius of the Ogalala, Crazy Horse, a relative of Black Elk, replied:
>
> "One does not sell the earth upon which the People walk."
>
> It would seem appropriate and sensitive to the people who lived here first if we could preserve this unique area as an ". . . earth upon which the People walk." Naming this wilderness for Black Elk would also seem appropriate and sensitive for Black Elk lived the experience of Native American people from a time before there were white people in his part of the world through the end of separate Indian independence in 1890 at the battle of Wounded Knee. His participation was immediate and personal. As a child he remembered his father being wounded in the "Fetterman Massacre" and the fear that followed as they fled.
>
> He was present at the Battle of the Little Big Horn where Custer was killed. He is one of the few sources on the great Indian warrior, Crazy Horse, who he knew intimately and who was his second cousin. He was also present at Fort Robinson and saw the killing of Crazy Horse. He was involved in the Ghost Dance religion with its hope for an Indian messiah, and finally he was present and badly hurt at Wounded Knee, about which he spoke with such poignance . . .

"When I look back now from this high hill of my old age, I can still see the butchered women and children heaped and scattered all along the crooked gulch as plain as when I saw them with eyes still young. And I can see that something else died there in the bloody snow and was buried in the blizzard. It was my people's dream."

I will also add to this recounting of the life of Black Elk that he participated in the Wild West shows of Buffalo Bill Cody, traveling to England and meeting Queen Victoria. There is much, much more which I could say about Black Elk. However, his story is best told in his own words, as recorded by John G. Neihardt in Black Elk Speaks. Mr. Neihardt's daughter, Hilda Neihardt Petry, has written me about this designation, and I want to close my remarks with a story she tells about her encounter with this man:

> You see, I was with my father, John Neihardt, when he spent that first summer with Black Elk at his Manderson, South Dakota, home. We lived and ate with the great holy man and his family and many of his friends, and they have remained like relatives to us. I recall that when Black Elk had been recounting his great vision, during which he was taken in spirit to the top of Harney Peak, he said: "I wish I could go to the top of Harney Peak again before I die."
>
> "We'll go," my father replied, "as soon as we are finished with your story."
>
> And go we did. Black Elk, his son Ben, my father, my sister and I drove in August 1931 from Manderson to Sylvan Lake, where we stayed overnight in a small cabin in that still most beautiful spot.

A spot, I might add, at which I chose to rejuvenate myself after the exertion of the primaries and Democratic Convention by which I was nominated as a candidate for the Presidency.

> Early the next morning we set off for the Peak—a great adventure and something of a pilgrimage for us all, and particularly a meaningful event for Black Elk. On the way to the top, we stopped a few times so that Black Elk could rest. On one of these occasions, the old Sioux Holy Man remarked to my father, "If I have any power left, something should happen up there today." When questioned what he meant, he added: "There should be a little thunder and a little rain." You see, his power was the power of the West.
>
> We finally reached the craggy top of Harney Peak and looked in wonder out over the panorama of unspoiled beauty below us.
>
> Black Elk dressed himself as he was in his Vision, took his sacred pipe and, standing at one of the highest points on the rocky peak, faced the West and delivered his now world famous "Black Elk's Prayer." He spoke of the vision which had been given to him, of his people, the Sioux, and of all people.
>
> "The Vision is true and beautiful, and is for all people," he said.
>
> And as he spoke, what had been a clear and cloudless sky changed. Thin clouds came over the peak, and low, rumbling thunder was heard. . . . And a scant rain fell. Then the clouds left, and the day was once more bright and clear.

Mr. President, Black Elk's vision showed him the needs of his people and he was told by the "Grandfathers" what he should do for them. This great vision, as recounted in Neihardt's Black Elk Speaks, has captured the minds and hearts of people throughout this country and around the world. The beautiful prayer given by Black Elk on Harney Peak is an inspiration to many.

In short, it is not only important to preserve the area surrounding Harney Peak for generations to come so that they might enjoy a taste of wilderness, but it is historically, morally, and spiritually so very right that we do so. I hope my colleagues will concur.

ADDITIONAL COSPONSORS

S. 91

At the request of Mr. THURMOND, the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 91, a bill to amend title 10, United States Code, to remove certain inequities in the survivor benefit plan provided for under chapter 73 of such title, and for other purposes.

S. 1435

At the request of Mr. NELSON, the Senator from New York (Mr. MOYNIHAN), the Senator from Maryland (Mr. MATHIAS), the Senator from Connecticut (Mr. WEICKER), and the Senator from Hawaii (Mr. MATSUNAGA) were added as cosponsors of S. 1435, the Capital Cost Recovery Act of 1979.

S. 1576

At the request of Mr. JEPSEN, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 1576, a bill to amend the National Labor Relations Act to provide for a freedom of choice in labor relations for full-time and part-time secondary and college students by exempting them from compulsory union membership, and for other purposes.

S. 1577

At the request of Mr. JEPSEN, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 1577, a bill to preserve and protect the free choice of individual employees to form, join, or assist labor organizations, or to refrain from such activities.

S. 1598

At the request of Mr. NELSON, the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Alaska (Mr. STEVENS), and the Senator from Wyoming (Mr. SIMPSON) were added as cosponsors of S. 1598, the State Social Security Deposit Act of 1979.

S. 1657

At the request of Mr. LEVIN, the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 1657, a bill to amend title XVI of the Social Security Act to remove certain work disincentives, and for other purposes.

S. 1724

At the request of Mr. WILLIAMS, the Senator from West Virginia (Mr. RANDOLPH), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. WEICKER) were added as cosponsors of S. 1724, the Home Energy Assistance Act.

SENATE JOINT RESOLUTION 39

At the request of Mr. RANDOLPH, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of Senate Joint Resolution 39, a joint resolution to establish the "National Employ the Older Worker Week."

SENATE JOINT RESOLUTION 103

At the request of Mr. THURMOND, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of Senate Joint Resolution 103, a joint resolution proposing an amendment to the Constitution of the United States with respect to the length of the term of Office of the President and Vice President and the number of terms a President may serve.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL TRADE COMMISSION AUTHORIZATIONS—S. 1020

AMENDMENT NO. 439

(Ordered to be printed and to lie on the table.)

Mr. JEPSEN submitted an amendment intended to be proposed by him to S. 1020, a bill to authorize appropriations for the Federal Trade Commission.

WINDFALL PROFITS TAX—H.R. 3919

AMENDMENTS NOS. 440 THROUGH 442

(Ordered to be printed and referred to the Committee on Finance.)

Mr. BAYH (for himself and Mr. MCGOVERN) submitted three amendments intended to be proposed by them, jointly, to H.R. 3919, an act to impose a windfall profits tax on domestic crude oil.

● Mr. BAYH. Mr. President, I am today submitting along with my distinguished colleague from South Dakota, Mr. MCGOVERN, three printed amendments to H.R. 3191, the Windfall Profits Tax bill to promote the production and use of alcohol as a fuel.

S. 1200, ALCOHOL FUELS REGULATORY SIMPLIFICATION ACT

The first amendment embodies the text of S. 1200, the Alcohol Fuels Regulatory Simplification Act of 1979, which I introduced along with 20 of my colleagues earlier this year. This amendment would grant the Secretary of the Treasury the authority to waive unnecessary regulations and simplify others which presently govern the procedures one must follow to operate a still to produce gasohol.

This legislation was drafted by the Treasury Department in order to comply with instructions in the 1978 energy tax bill to reform procedures necessary to regulate alcohol production and to eliminate unnecessary paperwork and other requirements when alcohol is produced for use as a fuel. The Department's draft regulations divide alcohol manufacturers into three categories, based on size, with smaller manufacturers bearing a lighter regulatory burden than larger producers. Under the regulations, small producers would no longer face prohibitive barriers as, for example, the need to post a bond. Such requirements cause a hardship for small producers without the benefit of any advantages to the Government.

Passage of this provision will be especially helpful to those farmers who wish to produce alcohol on their own farms to meet their own energy needs. The Treasury Department is currently issuing permits, under temporary and experimental authority, for such purposes. Just in the last few months, 32 of these permits have been issued in my State of Indiana, and another 29 are pending, attesting to interest in the rural community in this energy option.

Mr. President, the administration supports this legislation. I know of no reason why any question should arise over the amendment's merits. I hope the Finance Committee will see fit to adopt it as part of H.R. 3919.

S. 1736 EXCISE TAX REFUND

The second amendment I am proposing to H.R. 3919 embodies the text of S. 1746, which establishes a procedure to grant a refund or tax credit on excise taxes paid by gasohol marketers and retailers on gasoline.

The 1978 Energy Tax Act mandated that gasoline used to produce alcohol would be exempt from the 4 cents excise tax on gasoline. However, regulations pertaining to this exemption were not promulgated for several months and hence many people paid the tax needlessly, expecting to get a refund. The Treasury Department then realized that no authority or mechanism existed through which they could grant the refund. My amendment would allow those who paid the tax before the regulations were in effect, as well as those who will qualify for it in the future, to obtain a refund or a tax credit.

Again, Mr. President, I do not believe this legislation is controversial. It merely rebates tax payments to those deserving them under the 1978 Energy Tax Act.

PERMANENT EXEMPTION OF GASOHOL FROM FEDERAL EXCISE TAX

The third amendment I am proposing to H.R. 3919 would permanently exempt gasoline used to produce gasohol from the 4 cents Federal excise tax on gasoline.

Mr. President, the gasohol industry is an infant industry, just gaining its sea legs. Even though alcohol fuels gained national recognition and acceptance during World War II, the use of alcohol as a fuel entered a dormant stage until the last few years of periodic shortages and soaring prices. Currently, there is growing interest in investment in alcohol production facilities, but financing is difficult to obtain because of uncertainty about long-term Federal policy. Decisions made here in Washington intimately affect investors' willingness to risk capital and bankers' willingness to make loans.

This amendment would permanently extend the current 4 cents exemption from the Federal excise tax for gasohol in order to provide the certainty to the industry that Federal policy currently lacks. In order to finance alcohol facilities, investors must be able to obtain long-term loans from financial institutions. The competitive pricing incentive which gasohol currently enjoys through the excise tax exemption must be guaranteed to last for the duration of conventional loans. The current exemption extends to 1984. This amendment would extend the exemption indefinitely, with the caveat that the Treasury Department will report periodically to the Congress about the appropriate level for this subsidy. As alcohol production costs decrease, and crude oil prices increase, it should be possible to phase out the exemption with no detriment to those interested in initiating alcohol production. This extension was recommended by both the President, and the Department of Energy in its alcohol fuels policy review.

Another facet of this amendment, Mr. President, is to extend the excise tax exemption proportionately to various alcohol concentrations. Even though a 10-percent blend of alcohol and gasoline has been the norm, lower concentrations can be quite effective as high-octane blending components, while blends of up to 20 percent can easily be used without engine modifications. Thus, this amendment grants the incentive in proportion to the percentage of alcohol blended with gasoline.

For example, the exemption would be 4 cents if 10 percent alcohol is blended, 2 cents if 5 percent alcohol is present, or 8 cents if 20 percent alcohol is blended.

Mr. President, I recommend these amendments as a result of numerous conversations with individuals either engaged in alcohol production or marketing, or actively interested in becoming so engaged. These are not theoretical suggestions. They are practical solutions to real barriers being encountered by Americans determined to increase domestic energy production by harnessing our Nation's vast renewable resources. I urge their incorporation into H.R. 3919 by the Finance Committee.●

CHILD HEALTH ASSURANCE ACT—S. 1204

AMENDMENT NO. 443

(Ordered to be printed and to lie on the table).

Mr. JAVITS (for himself, Mr. MORGAN, Mr. BURDICK, Mr. COHEN, Mr. CRANSTON, Mr. DECONCINI, Mr. HEINZ, Mr. LEAHY, Mr. LEVIN, Mr. METZENBAUM, Mr. PELL, Mr. RANDOLPH, Mr. SARBANES, Mr. STAFFORD, and Mr. WILLIAMS) submitted an amendment intended to be proposed by them, jointly, to S. 1204, a bill to strengthen and improve medicaid services to low-income children and pregnant women, and for other purposes.

● Mr. JAVITS. Mr. President, I am submitting an amendment to S. 1204, the Child Health Assessment Act (CHAP), for myself and Senators MORGAN, BURDICK, COHEN, CRANSTON, DECONCINI, HEINZ, LEAHY, LEVIN, METZENBAUM, PELL, RANDOLPH, SARBANES, STAFFORD, and WILLIAMS.

This amendment will provide for the equitable treatment of low-income children screened and diagnosed as mentally ill by enabling them to seek and receive the necessary treatment. Without such amendment, we would have the unconscionable situation in CHAP where a child could be screened and diagnosed as mentally ill, but would not necessarily receive treatment for that diagnosed illness.

The early and periodic screening, diagnosis, and treatment program, part of medicaid since 1967, was intended to provide low-income children with quality diagnostic and treatment services for identified health and mental health problems. The program today, by the administration's own estimates, reaches only 30 percent of those currently eligible children. Moreover, 22 percent of those screened and found to be in need of treatment do not receive the kind of services required to ameliorate the physical or mental problems identified.

It has been widely recognized that the EPSDT program has not been working, that data are not available about the scope, quality, and extent of the treatment provided, that programs vary in quality from State to State based upon what is in the State plan. Indeed, even mandatory services are not necessarily being provided at the State level without the impetus of litigation.

The CHAP provisions before us today are a step toward improved services for physical health care, but do not take this step insofar as mental health services are concerned. The bill, as written, steps back from the limited effectiveness of EPSDT which, although not mandating Federal financial participation in the treatment of mental illness, did mandate referral for treatment services. As S. 1204 now reads, only treatment services presently available in the individual State's medicaid plan would be covered by CHAP. Although all other medical services are mandatory, mental health care is an option. As such, this exclusion would cast in medicaid law the first and only mandated exclusion by diagnostic category—explicit exclusion for the child diagnosed as mentally ill from receiving treatment mandated for all other medical conditions.

In fact, these children are being discriminated against twice—once by poverty, and again by the mental illness for which the child cannot receive treatment. To consider mental illness as a separate and distinct entity from the entire subject of health is to ignore the demonstrated relationship between mental and physical health. Children in need of mental health care often complain, or manifest physical symptoms. Where mental health services are unavailable, inappropriate and costly treatment of the physical symptoms is more likely. Moreover, evidence presented at a Senate Finance Committee hearing last year suggests that treatment for mental illness can actually reduce general health care costs, in one instance, by 30 percent.

The intent of the CHAP screening program is that early detection of health problems and early intervention of treatment regardless of initial cost outlays will yield future savings. It is reasonable to believe that this is as true for mental health care as it is for other services. In our future, healthier children will justify the expenditures that we make now.

The report of the President's Commission on Mental Health has identified mentally ill children as one of the four major groups which are unserved, underserved, or inappropriately served within the mental health care system. It stated:

> What we need is a more comprehensive and coordinated public and private strategy for financing mental health care services where payment is based upon the need for care, not diagnosis. . . .

S. 1204 as reported would perpetuate the current inequitable system which the PCMH urged be changed.

This amendment would remedy the discrimination against children diagnosed as mentally ill by mandating coverage of certain mental health treatment services on the same basis as other medical services are already mandatory in the bill. It would require the provision under CHAP of first, mental health treatment services in outpatient settings including ambulatory mental health centers meeting standards established by the Secretary; second, treatment for the child in general hospital settings; and third, emergency crisis intervention in psychiatric institutions. Further, the amendment would enable each eligible child and each State child health program to share for these mental health services the unique advantages of the child health assessment program, including the benefits in the Federal matching rate, performance standards for State programs, followup, and the mandatory provision of services without regard to limitations in amount, duration, and scope.

The Congressional Budget Office and the Department of Health, Education, and Welfare estimate that for 1981, the first full year of the program, the cost of the additional mental health services to be between $5.5 and $8 million and less than $1 million for the 3 months of program operation in 1980.

Such an amendment is prudent both in terms of meeting the treatment needs of the low-income mentally ill child and in terms of cost. Under the amendment, the overwhelming majority of children needing mental care can be treated on an outpatient, less costly basis. The small portion of children who require emergency inpatient attention could seek care in psychiatric hospitals—many of them offering specialized services for the child as well as the illness at a cost considerably lower than charges for general hospital care.

Finally, I believe that the amendment addresses the concerns of those who oppose expansion of mandatory mental health benefits—the concern that Federal dollars will be used to finance unaccepted fringe therapies, mind expanding treatment, or therapy which is accepted and appropriate for adults but not for children. The amendment protects against such practices by requiring the Secretary of the Department of Health, Education, and Welfare to exclude such mental health treatments.

As the Joint Commission on the Mental Health of Children pointed out:

> If expenditures, both human and monetary, are not made, it will in the long run be more costly in terms of mental illness, human malfunctioning, and therefore under-productivity. In this aspect of our economy, we are far behind many countries which give highest priority to the proper shepherding of their most important resource, their children.

I urge my colleagues to support this amendment.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 443

On page 25, line 18, strike out through the comma on line 24 and insert in lieu thereof the following: "(other than (a) mental health services which the Secretary determines are not generally accepted by the mental health professions as appropriate modes of treatments for specific diagnosed nervous or mental disorders, (b) ambulatory mental health services provided in centers which are not funded under Community Mental Health Centers Act or centers which do not meet standards established by the Secretary by regulation, (c) inpatient mental health services provided by an accredited psychiatric institution or an institution for mental diseases, other than emergency crisis intervention provided in such an institution, (d) inpatient care in an intermediate care facility for the mentally retarded, and (e) dental care which is not routine dental care as defined in section 1905(o)),".●

● Mr. COHEN. Mr. President, I am pleased to join many of my colleagues in cosponsoring Senator JAVITS' amendment to the child health assessment program (CHAP). This amendment will assure that low-income medicaid-eligible children who are diagnosed as mentally ill are not denied treatment for such conditions under CHAP. Otherwise, I am afraid that the language in the bill, as reported from committee, will actually encourage those States which already require mental health services for children to cut back for lack of money in the face of other newly mandated services under the program.

A low-income child diagnosed as mentally ill stands little, if any, likelihood of receiving services without treatment costs being borne by medicaid. Poverty makes mental health care, and indeed physical health care, inaccessible. Even those costs, such as physicians' costs, which are covered under State plans for poor mentally ill children, contain restrictions in many States regarding scope, duration, and amount of services.

It has been demonstrated in a number of studies that treatment for mental illness reduces subsequent general health care costs by as much as 50 percent. In a Blue Cross of Western Pennsylvania study, it was shown that overall medical costs were reduced by 31 percent when mental health benefits were included in a health care plan. Such reduction was inclusive of the additional costs associated with mental health care. Further, a national study noted that over 90 percent of all children receiving mental health care were treated on a low-cost outpatient basis, and over 40 percent of such children were terminated from treatment within 12 visits. The costs associated with this amendment are small—$3.5 to $5.5 million—not only in actual terms of this bill, but when weighed against the savings to society throughout the lives of mentally ill children.

The President's Commission on Mental Health noted last year that children represent one of the four key categories of individuals who are unserved, underserved or inappropriately served by mental health services. The age discrimination report of the U.S. Commission on Civil Rights pointed out further that children are seriously ignored insofar as Federal health and mental health care programs are concerned. The CHAP legislation, without the benefit of the Javits amendment, would continue such a policy.

Mr. President, I have cosponsored important legislation to delete a provision in medicare law which discriminates against the mentally ill elderly. Frankly, I find it unconscionable that CHAP should be adopted with language which would put into medicaid law, for the first time, an explicit exclusion from treatment for the child diagnosed as mentally ill. Just as I cannot forget the plight of the mentally ill elderly, so too must I register concern about a provision which would worsen the condition of mentally ill, low-income children by denying them the right to treatment for that condition.

The Javits amendment would assure that all eligible children diagnosed as mentally ill would receive the necessary ambulatory and general hospital-based treatment to permit them to grow, learn and mature without the stigma of mental illness. I urge my colleagues to give heed and to support this amendment.●

● Mr. DECONCINI. Mr. President, I am pleased to consponsor Senator JAVITS' amendment to S. 1204, the child health assessment program. This amendment will assure that low-income medicaid-eligible children who are diagnosed as mentally ill are not denied treatment for such conditions under the child health assessment program which, if passed, will supplant the EPSDT medicaid program.

Without the Javits amendment, the legislation will single out mental illness for discriminatory, second-class coverage under medicaid. Mental health care for a low-income child diagnosed as mentally ill would remain an option for those States which have not included such under their State medicaid plan. The Javits amendment would assure that all eligible children diagnosed as mentally ill receive the necessary ambulatory and hospital-based treatment to permit them to grow, learn, and mature without the stigma of mental illness.

The House Commerce Health Subcommittee adopted CHAP program will expand services to 13.5 million low-income children now eligible for EPSDT and bring an additional 2 million children into that program. The Javits amendment, costing $3.5 to $8 million will assure that among those 15.5 million children, those in need of treatment for nervous, mental, or emotional disorders, receive the same range of treatment opportunities as provided to those children with physical ailments. The $3.5 million, which HEW has estimated that the amendment will cost, will eliminate arbitrary limits now imposed on the amount, duration, and scope of services provided by physicians in the care of mental illness. Further, the amendment will permit full reimbursement to clinics which provide mental health treatment services to CHAP-eligible children diagnosed as mentally ill and also assure provision of emergency crisis intervention in accredited psychiatric hospitals.

To diagnose and treat mental and emotional illness among children, thus, are the first lines of prevention. Experience indicates that the failure to do so has already had severe consequences and will continue to have a profound effect in future years. On the other hand, if mental and emotional illnesses are attended to as closely as possible to the time of their inception, the result will be more normal development throughout childhood, and later entry into society as productive adults.

As pointed out by the Joint Commission on Mental Health of Children the effect of untreated mental illness is felt by many others beyond the child so diagnosed. They stated:

> It should be borne in mind that for every child who has a severe mental health problem, many more are affected—those who are in association with him in his neighborhood, in his school, and especially within his family. If only families are considered, one could estimate that at least three or four other people—parents and brothers and sisters—are intimately and deeply affected by a child's mental illness or serious emotional disorder.

Thus, the amendment which I am proud to cosponsor today, will benefit not only the child diagnosed as mentally ill, but will assure that his or her family, too, is safeguarded from the effects of mental illness—the pressures of which can divide families, irreparably scar its members, and destroy perhaps the most vital institution in our society.

I urge my colleagues to support this amendment.●

● Mr. RANDOLPH. Mr. President, I join my colleagues in cosponsoring an amendment to the child health assessment program, S. 104, to provide treatment for low-income children diagnosed as mentally ill under the CHAP program. This program will replace the early and periodic screening, diagnosis, and treatment program which has been part of medicaid since 1967. The EPSDT program has been fraught with problems almost since its implementation. CHAP generally spells a progressive step toward quality preventive health care and early intervention in identified health problems among our low-income child and youth populations. The amendment I am cosponsoring will assure that the mentally ill child can receive the full benefit of the advantages offered by CHAP.

As the chairman of the Subcommittee on the handicapped, I am particularly sensitive to the plight of the mentally ill. Indeed, in the Vocational Rehabilitation Act amendments, I have specifically included the mentally ill as a population in need of services—both social and medical. That bill was signed into law last year. Section 504 of that act provides for assurances that the mentally ill and other handicapped persons are not the subject of discrimination in Federal programs—and CHAP is one of those Federal programs.

My efforts and those of my colleagues, and the President's Commission on Mental Health, have been to bring these individuals into the mainstream of American life and productivity. If this amendment is not adopted, those low-income children diagnosed under CHAP as mentally ill, and then left untreated, will not be able to share in that effort. Moreover, adoption of this amendment will assure that CHAP does not violate section 504. The amendment will assure against per se discrimination against the mentally ill child, diagnosed but unable to receive treatment for his or her illness.

Our work with the handicapped has convinced me that the quality of life and productivity are paramount to assure that a person is a growing, contributing member of society. A low-income child is handicapped initially by income. A mentally ill, low-income child is handicapped yet again by the stigma of mental illness. That child can only be handicapped further by denying him or her the treatment for that illness because it is an illness of the mind and not the body.

CHAP, without the Javits amendment, will handicap that child in that third way. This proposal, however, takes the progressive step recommended by the President's Commission on Mental Health, and assures treatment for all eligible children diagnosed as mentally ill under CHAP. It ends the discrimination which now exists under EPSDT and assures that a similar discrimination is not cast into law under CHAP.

I have long fought against the second-class citizenship to which the handicapped have often been relegated. This amendment seeks to continue that fight for the mentally ill. I hope there will be support for this amendment.●

SECOND CONCURRENT BUDGET RESOLUTION—SENATE CONCURRENT RESOLUTION 36

AMENDMENT NO. 444

(Ordered to be printed and to lie on the table.)

Mr. PRESSLER submitted an amendment intended to be proposed by him to Senate Concurrent Resolution 36, a concurrent resolution revising the congressional budget for the U.S. Government for the fiscal years 1980, 1981, and 1982.

● Mr. PRESSLER. Mr. President, I am submitting today an amendment to the second concurrent budget resolution for fiscal year 1980. The purpose of this amendment would be to increase the funds available in the area of energy expenditures—function 270—for research, development, and production incentives programs for the production of fuel, ethanol, or gasohol. This amendment would raise outlays for 1980, 1981, and 1982, as they relate to energy, by 2 percent in order to achieve this objective, with appropriate adjustments in the budget authority figures. This would permit the availability of $140 million for this purpose in 1980.

Mr. President, the current energy shortage should make us all realize that our energy supplies, at current consumption levels, will be short lived. It is time to shift the emphasis from the importation of oil to the research and development of alternate sources of energy.

One of the most promising of these new sources is gasohol. Unfortunately, aside from a lot of talk, not much has been done to further the prospective use of gasohol.

The Department of Energy, in its Alcohol Fuels Policy Review report, recently endorsed the long-term use of gasohol. The Department determined that 9 percent of U.S. gasoline consumption could be replaced by gasohol, that gasohol could help alleviate shortages of unleaded gasoline, and that increased gasohol consumption could reduce our dependency on foreign oil.

There are several bills presently before Congress which propose to spend billions of tax dollars in subsidies for the development and application of exotic synfuels technology, including technology for the exploitation of shale oil, coal gasification, and coal liquefaction.

I support these other efforts to achieve less dependence on foreign petroleum sources.

However, we should avoid being penny-wise and pound-foolish. We must recognize that gasohol technology is tangible. It has been available for decades and, with today's high petroleum prices, it is the most nearly economically feasible synfuels technology being discussed today.

My amendment does not increase the fiscal year 1980 deficit as proposed in the original Budget Committee second budget resolution.

This small (2 percent) increase in expenditures would be funded, as appropriately it should be, out of revenues generated by proposed additional taxes on the escalating profits which will result from phased decontrol of petroleum prices.

Frankly, I do not like to see the Federal Government immerse itself any more deeply than it must in the affairs of private enterprise. But, I believe that our extensive dependence on foreign oil supplies creates a situation in which the national interest requires a greater intervention in the Nation's energy market.

This intervention must be carefully constrained to avoid destroying the incentives of producers of oil. It must be designed to be phased out as soon as the users of new and renewable energy technologies, such as gasohol, are able to stand on their own two feet—free of any subsidy whatsoever.

Thus, my amendment would assume a small, 0.0272 percent increase in the revenues to be anticipated from the so-called windfall energy profits tax in 1980.

I would prefer a better mechanism than the budget resolution to make my stand for a strengthening of Federal gasohol incentives. I would prefer not to use this vehicle to increase energy taxes. However, it seems to me that the assumption of higher, rather than lower revenues from that new tax initiative is fiscally sound thinking. We all know that the current relative hiatus in energy prices at the gas pump will not last much longer—not with rampaging 13 percent inflation.

At best the revenue projections in the budget resolution are assumptions—sophisticated guesses, and I respect those advisors whose assumptions are in the committee bill. My amendment assumes a 0.0272-percent change in the total revenue assumption for fiscal year 1980 in section 1 of the budget resolution. That is an infinitesimal variation in the total revenue projection.

My approach is fiscally responsible. Surely, with rampaging inflation the assumption of a 0.0272 percent (two hundred and seventy-two hundredths of 1 percent) larger revenue total is extremely reasonable.

It is particularly frustrating, Mr. President, that although alcohol fuel production technology has been available for decades, alcohol production from renewable sources—grain, wood, sugar—to name a few, has hardly been utilized.

The use of alcohol as a fuel additive is not some new technology we have just recently discovered, but was quite common practice in many parts of the world in the 1930's where petroleum was in short supply. During World War II, this practice continued and even expanded, as the disruption caused by the war led to gasoline shortages around the world. Not only alcohol, but other substances such as wood, charcoal, and cow manure were used in many areas. Germany, which was in particular need of fuel for its war machine, developed a means for large scale production of gasoline in this manner. In the late 1940's these practices were stopped in favor of gasoline produced from crude oil. Neither alcohol, nor any other alternative fuels could economically compete with the cheap readily available flood of crude oil that entered the world market at that time.

As we all know, crude oil is no longer cheap and availability is even becoming questionable. With every meeting of the OPEC nations the price of crude oil rises and our economy sinks. It is time we end this strangle hold the OPEC nations have on the American economy. With the economics of alcohol-blended fuel coming of age, it is our chance to become less dependent on imported oil and in the process create a new industry at home.

The Department of Energy recently published a report entitled "Alcohol Fuels Policy Review." It stated that alcohol fuels, both ethanol and methanol, can contribute to U.S. energy resources by using domestic, renewable resources, and coal to extend supplies of high-quality liquid fuels. Most importantly, Mr. President, the report stated that—

> Ethanol is the only alternative fuel commercially available now, and the only one likely to be available in quantity before 1985.

The report also indicates that our national energy needs must be met by actively conserving and aggressively developing contributions from a large number of energy supplies. Alcohol fuels represent important supplies based on the American agricultural system (in which my State plays an important role) and on the potential of U.S. coal. More widespread development and use of alcohol fuels, derived from renewable resources, could help moderate current pressures on U.S. oil supplies.

It is, Mr. President, because of my concern that little is being done by the Government to further the use of fuel ethanol and gasohol, that I offer this amendment.

Mr. President, I urge my colleagues to accept this challenge to commit themselves to this gasohol initiative. My challenge is made in the most constructive way possible, without prejudice to either other synfuels alternatives or to the Budget Committee's efforts to keep the fiscal year 1980 deficit below $28.5 billion.

Mr. President, I ask unanimous consent that this amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On p. 2 line 5, strike $514,700,000,000 and insert in lieu thereof $514,840,000,000.

On p. 2 line 6, strike $603,600,000,000 and insert in lieu thereof $603,752,000,000.

On p. 2 line 7, strike $658,400,000,000 and insert in lieu thereof $658,590,000,000.

On p. 2 line 11, strike $2,000,000,000 and insert in lieu thereof $2,140,000,000.

On p. 2 line 12, strike $9,700,000,000 and insert in lieu thereof $9,852,000,000.

On p. 2 line 13, strike $38,700,000,000 and insert in lieu thereof $38,510,000,000.

On p. 2 line 16, strike $632,200,000,000 and insert in lieu thereof $632,340,000,000.

On p. 2 line 17, strike $649,200,000,000 and insert in lieu thereof $649,352,000,000.

On p. 2 line 18, strike $722,500,000,000 and insert in lieu thereof $722,690,000,000.

On p. 2 line 21, strike $542,700,000,000 and insert in lieu thereof $542,840,000,000.

On p. 2 line 22, strike $588,600,000,000 and insert in lieu thereof $588,752,000,000.

On p. 2 line 23 strike $632,800,000,000 and insert in lieu thereof $632,990,000,000.

On p. 5 line 10, strike $41,000,000,000 and insert in lieu thereof $41,140,000,000.

On p. 5 line 11, strike $7,000,000,000 and insert in lieu thereof $7,140,000,000.

On p. 5 line 13, strike $4,700,000,000 and insert in lieu thereof $4,852,000,000.

On p. 5 line 14, strike $7,600,000,000 and insert in lieu thereof $7,752,000,000.

On p. 5 line 16, strike $24,200,000,000 and insert in lieu thereof $24,390,000,000.

On p. 5 line 17, strike $9,500,000,000 and insert in lieu thereof $9,690,000,000.●

AMENDMENT NO. 445

(Ordered to be printed.)

Mr. ROTH (for himself, Mr. DANFORTH, Mr. HATCH, Mr. BOSCHWITZ, and Mr. ARMSTRONG) proposed an amendment to Senate Concurrent Resolution 36, supra.

NOTICES OF HEARINGS

SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, I wish to announce that the Select Committee on Small Business has scheduled hearings to evaluate the impact of commercial credit reporting on small businesses.

The hearings will commence at 9:30 a.m. on each of the mornings of October 31, 1979, and November 1, 1979. Further information can be obtained from the committee's offices, room 424D, Russell Senate Office Building, Washington, D.C. 20510, Telephone 202–224–8497.●

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

● Mr. JACKSON. Mr. President, I would like to announce for the Senate and the public that the hearing scheduled before the Subcommittee on Energy Research and Development of the Committee on Energy and Natural Resources on S. 1420 and S. 475, legislation authorizing construction of hydroelectric powerplants at various existing water projects has changed its time. The subcommittee hearing will begin at 10 a.m. instead of 9:30 a.m. as presently scheduled.

The hearing is scheduled for Friday, September 21, in room 3110 of the Dirksen Senate Office Building.●

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Energy and Natural Resources Committee be authorized to meet during the session of the Senate today to consider the Energy Mobilization Board legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE CONSTITUTION AND THE POPE'S VISIT

● Mr. BAYH. Mr. President, as we all know Pope John Paul II is scheduled to visit the United States in several weeks. He intends to stop in several cities and will, over the course of his tour, celebrate Mass in Boston, Philadelphia, Chicago, and Washington.

I have been somewhat disturbed, Mr. President, over reports I have seen in the press recently concerning the growing controversy in several of these cities over the use of public money to pay for the costs of handling the huge crowds expected to attend these services and otherwise facilitating the Pope's visit. There are those who are contending that the use of such moneys would be a violation of the first amendment. As chairman of the Subcommittee on the Constitution I have had the occasion many times over the past few years to study the first amendment and its principle of separation of church and state. I heartily endorse this constitutional precept and I believe the troubled history of these countries which have attempted to place a governmental sanction on a particular religious belief have borne out the wisdom of the founders in incorporating this prohibition in our basic law.

Mr. President, my study of the first amendment has also led me to another conclusion that the separation of church and state is designed as a shield against undue interference, not as a sword to harass and unnecessarily complicate events such as the Pope's journey in this country. It would certainly be ironic, as well as tragic, if the man who drew millions to religious services in Communist dominated Poland would face less cooperation from the U.S. Government in his travels in America. Every day in this country demonstrations and huge gatherings are held by a variety of persons expressing their feelings on a wide range of issues from nuclear energy to farm prices. Each one of these functions is a properly protected activity under the Constitution and each one necessitates the expenditure of public funds for the health and safety of those participating. Certainly, we should be able to support and assist the journey of the Pope if we are able to do the same for these other activities.

Mr. President, I recently visited Pope John Paul II in the Vatican. Anyone who has done so cannot help but be impressed with the fact that this man is truly an international figure of enormous influence. He is a potential force for good and reason in a world which sorely needs those qualities. It would be a sad day if the Pope's visit to this country was marred by a needless and divisive controversy.

Mr. President, the Constitution has no quarrel with the Pope and I would hope that we will welcome this man in the spirit of friendship and peace with which he comes to this country. At this point I would like to have printed in the RECORD an editorial which appeared in Sunday's Washington Post on this subject.

The editorial follows:

PAYING FOR THE PAPAL VISIT

No one knows how much Pope John Paul II's week-long U.S. visit will end up costing—or even how to calculate the cost. But already who picks up the tab has become a subject of considerable unnecessary controversy in three cities. Some religious and civil-liberties groups in Philadelphia and Boston are challenging—or nit-picking—proposals by governments in these cities to spend public money on facilities connected with outdoor papal masses; and in New York, local and Roman Catholic officials have been locked in negotiations over who will pay for what.

But by and large, here in Washington and in Chicago and Des Moines, these details are being handled as they should be: without making a separation-of-church-and-state issue out of the logistics. Spending by a city for the smoothest and safest handling of a major event is a legitimate secular municipal function. Even a spokesman for Americans United for Separation of Church and State has agreed that there is nothing wrong with using public money for cleanup, police overtime, police protection and traffic control.

Playing host to world figures and huge turnouts is indeed expensive, as District officials regularly remind us when they are haggling with Congress for more federal help with the bills. Still, here in the capital, whether it is the pope, angry American farmers, anti-war demonstrators or civil-rights marchers, public spending for special services is considered normal and essential. Much of the hair-spliting in other cities over the papal-visit expenses has to do with whether public money should pay for platforms from which the pope will celebrate outdoor masses. That's a long reach for a constitutional controversy, and not worth it.

Far better is the kind of cooperation that separate church and state groups here are demonstrating in their planning. For example, there will be a chainlink fence surrounding the stage and altar from which the pope will say the mass on the Mall and extending to other nearby areas. The police recommended the fence, estimated to cost about $25,000; the church has agreed to pay for the portion around the stage and altar. To help clean up, the church plans to produce hundreds of Scouts on the Monday holiday for volunteer duty. This approach to the visit is a lot more sensible—and helpful to all taxpayers—than a drawn-out argument and threats of legal action.

TIMES FOR ENDING "TAXFLATION"

● Mr. DOLE. Mr. President, over the past few weeks, I have been calling to the attention of my colleagues the need for legislation which would eliminate automatic tax increases caused by inflation. The legislation which would accomplish this goal is the Tax Equalization Act, S. 112. I have introduced S. 112 to eliminate "taxflation," which results when inflated incomes push people into higher tax brackets even though their real income has not grown. Our citizens automatically pay higher tax rates if they just keep up with inflation.

The Senator from Kansas believes that the Tax Equalization Act is urgently needed. The public is becoming very much aware of the fact that, when Government passes a tax cut, it is just agreeing to forgo an automatic tax increase from inflation. Most tax cuts do no more than permit taxpayers to pay a stable tax rate. But over the years periodic tax cuts do not protect most taxpayers from inflation, and their effective tax rates rise.

The evidence of growing public concern over taxflation continues to mount. Last Friday the New York Times published an editorial endorsing indexing as the most equitable kind of tax relief that Congress could provide. Acknowledging that periodic tax cuts cannot compensate for pushing taxpayers into higher brackets, the Times concluded that indexing the income tax for inflation is essential to help taxpayers to cope with doube-digit inflation. Fair tax treatment by the Government will also reduce the incentive for tax cheating.

The New York Times endorsement of indexing is most welcome, and it should help convince the remaining skeptics that taxflation is an extremely serious issue which will not go away. However, there are some grounds for disappointment in the approach taken by the Times editorial. The Times characterized indexing the income tax as a way to effect a tax cut. If tax cuts are to be made as an economic stimulus, says the Times, then those cuts should be made in the most equitable manner possible—through indexing. I agree with that. But it is important that we call things by their proper names, and it is wrong to term indexing a form of tax cut. It is a tax reform.

The Government has an obligation to set stable and equitable tax rates geared to real income. If Congress indexes taxes, it simply agrees to forgo an automatic, unlegislated tax increase which would otherwise occur because of inflation. This is not a tax cut; it is a return to tax equity and fundamental fairness for our citizens.

Mr. President, it is heartening to see that the New York Times has made public its support for putting a halt to taxflation. The Senator from Kansas recommends that the editors of the Times look at the Tax Equalization Act, which will achieve the goal they have endorsed. The role of the Times in setting the terms of public discourse and highlighting issues of public concern is extremely important. For this reason, I trust that the editors of the Times, as they continue to bring this issue to the public's attention, will acknowledge that eliminating taxflation is an essential tax reform and not just another tax cut. The way we say things can make a difference.●

COMPREHENSIVE ENERGY CONSERVATION SERVICES ACT OF 1979

● Mr. RIEGLE. Mr. President, on September 7, 1979, Senator NELSON, Senator KENNEDY, and I introduced the Comprehensive Energy Conservation Services Act of 1979. As an original cosponsor of this legislation, I would like to take this opportunity to urge my colleagues to join in support of this vitally important measure.

The Comprehensive Energy Conservation Services Act, S. 1725, is designed to assist low-income Americans in meeting the rising costs of fuel during the coming months and years and in increasing the energy-efficiency of their homes. The spectacular rise in energy costs over the last several years is taking an ever more serious toll on low-income citizens. In 1978, the average median income American family spent 10.4 percent of its budget on direct household expenditures for energy. That same year, low-income families spent 24.3 percent of their income for energy—almost one quarter of their total available income. If energy prices rise by 50 percent this year—as has been projected—the percentage of a low-income family's budget spent for energy could climb as high as 50 percent.

These figures give graphic evidence of the mounting crisis faced by poor and near-poor Americans across the Nation as a result of rising energy costs. As sobering as these figures are, however, they mask regional differences in the northern tier of the country, where energy costs during the coldest months of this winter could consume 80 percent or more of a poor household's monthly income.

Low-income households generally use less energy per capita than the rest of the nation and have reduced their energy consumption to the extent that the conditions of their homes and resources permit. But low-income families, because their homes are generally older, not energy-efficient and frequently in need of repair, have little further ability to conserve without outside assistance.

Skyrocketing fuel costs have hit aging Americans with particularly cruel force. Fourteen percent of America's senior citizens live below the poverty line. These older Americans have no room in their already inadequate budgets to pay for higher fuel costs. For many, the choice this winter will be a particularly harsh one—a choice between food and fuel, between health care and heat. I realize that these words paint a stark picture, but they do not exaggerate the circumstances in which many older persons will find themselves this winter.

The plight of low income senior citizens is further exacerbated by the fact that older persons are more likely than the rest of the population to live in older homes, in single-family dwellings and in homes which are not energy-efficient. In addition, aging persons—and particularly the very old—are at far greater risk than younger people for hypothermia, a condition in which excessive cold leads to a progressive fall in body temperature and the collapse of the cardiovascular system. In testimony before the Special Committee on Aging on April 5, 1977, Dr. Robert Butler, director of the National Institute on Aging, noted that "the special susceptibility of older people to the cold may cause them to die of hypothermia in mild weather. Some older people cannot maintain their body heat at temperatures commonplace in many homes." For such individuals, even a home heated to the temperature of 70 degrees may pose a threat to health and even life.

The legislation we have introduced offers a comprehensive approach to these problems. S. 1725 would establish a state-administered program of energy assistance and crisis intervention for low income households, whose purpose is to offset the increasing costs of energy for poor and near-poor Americans and to provide emergency aid whenever there is a shortage of energy supply or severe weather conditions. Individuals and families with incomes not greater than 85 percent of the Bureau of Labor Statistics lower living level (presently $9,814 for a family of four) would be eligible for assistance under this program.

To aid in energy conservation, the bill makes Federal financial assistance available to States to operate weatherization programs. Funds provided under the weatherization program could be used for both material costs and labor costs. To the extent feasible, weatherization workers would be employed under the Comprehensive Employment and Training Act (CETA), with an emphasis on unemployed and in-school youth from families with incomes below 100 percent of the Bureau of Labor Statistics lower living level (presently an average of $11,546 for a family of four).

The bill would also establish an energy conservation and outreach program designed to assist low-income households in learning of available assistance and an energy conservation research, demonstration, and pilot project authority to promote innovative approaches to energy savings.

The Comprehensive Energy Conservation Services Act of 1979 provides a far-reaching and comprehensive approach which can form the cornerstone of a more adequate national policy on energy assistance and conservation for low-income citizens. It is one of several measures which have been introduced in the Senate this year to alleviate the crushing burden of rising energy costs on poor and near-poor Americans. I commend Senator Nelson for his leadership in this area, as well as Senators Williams, Javits, and others who have taken the initiative in developing energy assistance legislation. I look forward to working with them and the rest of my colleagues in the Senate in seeing that this vitally needed legislation is enacted into law as rapidly as possible.●

SANTA CLARA UNIFIED HIGH SCHOOL DISTRICT AND POLICE OFFICERS ASSOCIATION FOOTBALL GAME

● Mr. HAYAKAWA. Mr. President, I would like to commend the Santa Clara Unified High School District and the Santa Clara Police Officers Association, both of California, for their efforts in organizing a benefit football game to be held September 22, 1979.

This benefit game is an important event designed for the purpose of aiding the athletic department's budget within the Santa Clara Unified School District. This benefit is also for the purpose of promoting athletics and youth involvement, as well as developing good community relationships with the police department and the citizens of the city of Santa Clara.

The team members are police officers from the city of Santa Clara, with opposing team members comprised of graduates from four high schools who represent the All Stars. The high schools involved are Buchser, Peterson, Santa Clara, and Wilcox.

I applaud my Santa Clara constituents for devoting their time and attention to promoting good community relationships through youth involvement.●

AMERICAN VETERANS COMMITTEE'S VETERANS AFFAIRS PLATFORM

● Mr. CRANSTON. Mr. President, as chairman of the Committee on Veterans' Affairs, I have recently received the American Veterans Committee's veterans affairs platform which was adopted by that organization at its convention in June of this year. The AVC's veterans affairs platform sets forth views and recommendations on a wide variety of issues related to veterans and veterans' benefits.

Mr. President, so that all Senators and the public may be made aware of AVC's views, I ask that there be printed in the Record the text of that organization's platform as it concerns veterans issues.

The text follows:

American Veterans Committee Platform 1979–80

The American Veterans Committee has constantly reiterated, since its founding, its fundamental belief that rehabilitation and integration of veterans into the community is the proper scope and purpose of a veterans program. The achievement of economic security for veterans through sound economic planning for all citizens rather than through special grants or favors to veterans is basic AVC policy.

(1) Compensation

For many years, AVC has pointed out the need for a thorough review and reappraisal of this Nation's policies on veterans as follows:

1. We oppose bonuses and general pensions as being class legislation and unrelated to the real needs of individual veterans and tending to set veterans apart from their fellow citizens.

In the matter of benefits, two basic standards should be applied:

(a) For death or disability incurred in military service: Are the benefits sufficient to provide a decent standard of living for the veteran, his family or survivors?

(b) For all veterans: Are the benefits so designated as to enable a readjustment from military service to civilian life with a minimum of economic loss?

Since benefits are a Federal responsibility, uniform standards of administration and compensation should be applied nationally without regard to race, creed, color, sex, national origin, handicap, age or religion.

(2) Benefit Dollar

AVC believes that provision should be made to maintain automatically the purchasing power of the benefit dollar and upward adjustments be made annually in accordance with the Bureau of Labor Statistics Consumer Price Index.

(3) Civil Service

AVC believes that veterans point preference in the civil service for non-disabled veterans should be limited to the initial appointment only, and that no person should receive a position unless fully qualified to perform the duties involved.

(4) G.I. Bill

AVC applauds the passage of a permanent G.I. Bill of Rights as a responsible means of enabling servicemen and women to return to civilian life with facility and ease at the end of their service and become useful and productive members of their communities. We also applaud the recent passage of legislation improving the benefits provided through the G.I. Bill of Rights.

However, we feel that benefits are not yet in line with the World War II and Korean War G.I. Bills and the current cost of living. Unfortunately, many existing programs remain unavailable to veterans because of the financial stress they now entail, or are available only at great sacrifice. This is particularly true in the area of educational programs.

AVC urges the Congress to further adjust benefits to match current costs of living and education.

The G.I. Bill of Rights should be administered in such manner as to guarantee the absence of discrimination.

AVC believes that experience has shown that the federal funds used to pay educational benefits for veterans have been repaid to the Treasury many times over in the form or higher income taxes collected from those whose education, financed by the GI Bill, has resulted in higher earnings. In addition, AVC believes that, as an incentive to enlistment in a volunteer army, educational benefits are, in the long run, better both for the individual and for society than the same sum used directly to increase military pay. For the foregoing reasons, among others, AVC urges the continuation or reinstatement of in-service and post-service educational benefits.

(5) VA Hospital

AVC believes that recent commitments within the Veterans Administration suggest a trend to upgrade and improve the VA hospital system, with particular emphasis on the following matters:

Quality and efficiency of in-patient care and services. AVC will continue to monitor these trends for specific accomplishments.

AVC urges that treatment of non-service-connected disabilities in VA hospitals be continued on a space-available basis, but that such treatment be charged at the full cost, if a patient has the means to pay for such service; certificates that a veteran is unable to pay should be investigated thoroughly to determine the true ability to meet the cost of hospitalization. Further that terms of coverage of all prepaid medical associations, plans and companies should be amended by action of the legislatures, supervisory bodies or membership, so as to provide payment to VA hospitals for non-service-connected treatment on the same basis as payment to private voluntary and public hospitals.

RESOLUTION: ADMINISTRATIVE DISCHARGES

(a) AVC is gravely concerned for the thousands of ex-servicemen who have been and who continue to be returned to civilian life, stigmatized by less than honorable discharges.

(b) AVC believes that a study should be conducted to determine whether the present discharge categories (Honorable, General, Other-Than-Honorable, Bad Conduct and Dishonorable) should be retained.

(c) AVC strongly believes that enlistees who turn out, because of poor selection by recruiters or because they have qualities and attributes which the recruiters did not observe, or who, during the first three months of active service, are deemed by the military service concerned not to have the qualities which will enable them to pursue a successful military career, should be separated from the service in a manner which will not cause the individuals concerned any future difficulties. To that end, the services should develop procedures which will enable them to void enlistments retroactively; the individuals concerned should be given Honorable Discharges unless such individuals are tried by Courts-Martial.

(d) So long as the current system continues, AVC strongly urges that before an individual is given a Discharge under Other Than Honorable conditions, he be given full legal assistance, including, if the individual desires it, civilian counsel, and complete constitutional protection.

(e) AVC believes that the General Discharge Under Honorable Conditions should be classified as the mildest form of punitive discharge, not to be awarded except after hearing, rather than as an alternative form of Honorable Discharge, within the discretion of the authority responsible for discharging the individual concerned. The Department of Defense's contention that the possession of a General Discharge does not handicap an individual has not been borne out by the facts.

(f) A veteran who had been awarded a General Discharge under Honorable Conditions without a hearing should be granted an Honorable Discharge upon application unless the government can show good cause for the General Discharge.

(g) AVC urges DOD to adopt regulations and policies and, if necessary to seek legislation, to strengthen and improve the Discharge Review Boards and the Boards for Correction of Military Records, which changes should be directed toward simplifying and expediting the review process. Among the changes suggested are: Members of the Discharge Review Board and Boards for Correction of Military Records should be knowledgeable of the military system and independent of higher authority. Also, Discharge Review Board hearings should be held, even in Washington, D.C., outside military installations.

(h) Under current law, ex-servicemen who have obtained Honorable or General Discharges are eligible for all VA benefits, and those who have obtained Dishonorable Discharges are not so eligible. Those who have obtained Undesirable or Bad Conduct Discharges, or Discharges under Other Than Honorable Conditions may or may not obtain such benefits, depending upon an administrative decision by the VA. AVC has found that the Veterans Administration has exercised its discretion through regulations which widen the grounds on which to deny benefits in an exceedingly restrictive manner, thus depriving many ex-servicemen of benefits for which they would otherwise be eligible. AVC calls for VA to change its regulations and apply greater understanding and compassion by those charged with exercising the Administrator's discretion, and for interpretations which will exclude only the most heinous cases from veterans benefits. If the VA persists in its present practices, then AVC calls for corrective Congressional acts to redefine the VA's discretionary powers.

RESOLUTION: NAMING OF VA HOSPITAL

AVC supports legislation to rename the VA Hospital in Jackson, Mississippi as the Medgar Evers Hospital.

RESOLUTION: BETTER COORDINATION BETWEEN THE VA AND OTHER GOVERNMENT HOSPITAL SYSTEMS

The United States Government currently operates six separate hospital systems: Army, Navy and Air Force (operated by Department of Defense), Public Health Service and Indian (operated by DHEW) and the Veterans Administration.

AVC has a long history of favoring rationalization of government processes. AVC believes that federal decisions to build hospitals, to open and close its hospitals, and to set up specialized medical, surgical and psychiatric programs should not be made system-by-system. While we do not, at present, insist on unifying all hospital systems, there should be comprehensive planning and, much more cross-utilization and rationalization.

In addition we ask that the secretaries responsible for these systems undertake studies on the feasibility of contracting with civilian hospitals for services to selected beneficiaries.

RESOLUTION: VIETNAM ERA VETERANS

AVC urges the Federal government to provide the Vietnam era veteran a significant role in the planning and implementation of all programs, policies and agency actions affecting the Vietnam era veteran.

While AVC is encouraged that a Vietnam era veteran has been appointed VA Administrator, we urge that meeting the problems of the Vietnam era should be made a top priority of this Administration so that those individuals who served their country in an unpopular war can take their rightful places in society.

RESOLUTION: VETERANS GROUP LIFE INSURANCE

Whereas, Veterans Group Life Insurance created by Public Law 93–289 is a 5-year, non-refundable term insurance program which is non-renewable and has no cash value and,

Whereas, VGLI is available only to veterans who were separated or released from service on or after April 3, 1970 and before August 1, 1974 and is not applicable to Vietnam Era Veterans released during the period 1963–1970 which includes years in which some of the heaviest conflicts occurred, and,

Whereas, the insurance programs provided to veterans of earlier conflicts provided conversion to permanent plan insurance,

Be it Resolved that AVC seek to institute legislation for an insurance program equal to that provided to veterans who were separated or released from active service for the period beginning January 1, 1957, and ending August 1, 1974.

RESOLUTION: VETERANS BENEFITS AMENDMENTS

AVC favors the following amendments to Veterans Benefits legislation:

1) An increase in education benefits to parity, in terms of current cost-of-living and cost of education dollars, with the benefits given to World War II veterans. One way to reach parity is return to the World War II GI Bill System which provided direct payments to institutions of higher education for the costs of tuition, books and fees to supplement the subsistence allowance for veterans.

2) Permanent legislation providing automatic cost of living and cost of education adjustments, which with a formula similar to that which adjust military and civil service retirement pay.

3) Allow institutions of higher learning, with consent of State approval agencies, to retain educational autonomy by establishing what are satisfactory standards of progress for all students, veterans and nonveterans alike. This authority shall not relieve the institutions of their obligation under the civil rights laws.

4) Making NSLI Trust Funds available as a revolving fund to finance veterans educational loans.

5) AVC endorses the recently expanded VA-wide outreach efforts designed to identify Veterans, especially Vietnam-era and those Veterans from disadvantaged groups, and their dependents and beneficiaries for the full provision of VA benefits and services to incarcerated veterans. AVC will monitor these efforts to determine the effectiveness of VA's implementation and accomplishments.

6) An indepth review of current policies and procedures affecting both educational institutions and student veterans. Input should be invited from educational institutions and accrediting agencies, and the student veterans themselves. AVC recommends the setting up of a National Educational Task Force, composed of representatives of educational institutions, and relevant agencies, and veterans, should be convened as soon as possible by the VA Administrator to develop suggestions to remedy the present inadequacies and criticisms of PL 94–502. In addition, regional Advisory Committees should be formed to serve as consulting agencies to Regional VA Offices. By having these Regional Advisory Committees representing the views and needs of the local institutions and the student veterans, the Regional VA Offices would be in a better position to make adjudications.

7) VA should expand its counseling services and provide more contract services for Vietnam veterans, both in school and outside the school.

RESOLUTION: CONFERENCE ON EDUCATION AND EMPLOYMENT PROBLEMS OF VIETNAM ERA VETS

Resolved that AVC, if it finds appropriate funding, convene a national conference to explore the current situation and seek the remedies for the educational and employment problems of Vietnam Veterans. This would provide an audit of what has been accomplished on their behalf in these areas since 1972 when AVC ran the first National Conference on Educational Problems of Vietnam Veterans.

RESOLUTION: VETERANS AND RETIREES RESIDING ABROAD

AVC calls for a study to examine the extent to which U.S. citizens who are veterans or military retirees and who reside abroad in countries in which there are U.S. military bases should be entitled to use base facilities, and to receive service from U.S. sources, as compared to those to which they would be entitled if residing in the United States.

RESOLUTION: AMNESTY

AVC notes with regret that President Carter's Special Discharge Program did not lead to any substantial relief for hundreds of thousands of veterans with less-than-honorable discharges because of congressional action denying benefits to veterans upgraded under the Special Discharge Program, and because of many limitations and inadequacies of the Program itself. In view of the continuing problems of veterans with less-than-honorable discharges and AVC's historic concern for these veterans, AVC calls upon the President to initiate and Congress to enact programs that could provide relief and a means of reentering civilian society for these veterans without the stigma of their discharges.

RESOLUTION: THE VA OFFICE OF HUMAN GOALS

AVC commends the Administrator of Veterans Affairs for setting up an Office of Human Goals with the VA, headed by an able executive of the rank of Assistant Administrator. However, AVC regrets that the Office of Human Goals is still limited to an advisory, a coordinating and policy role and that it has not been given line authority over civil rights and equal opportunity programs. AVC also regrets that the VA has not allocated adequate resources for the enforcement of Title VI of the Civil Rights Act of 1964 and other civil rights statutes. AVC hopes that the Office of Human Goals will speedily succeed in its objectives and to that end requests the Administrator to give to that Office the support, authority and resources it will need.

RESOLUTION: JUDICIAL REVIEW AND ATTORNEY FEES IN VA MATTERS

AVC supports the principle of Court Review of decisions of the Board of Appeals, and abolition of the present $10 limit for attorney's fees in VA matters which now inhibits representation of veterans by attorneys.

AVC generally supports S. 330 as reported by the Senate Veterans Affairs Committee.

RESOLUTION: VETERANS HEALTH CARE AMENDMENTS OF 1979

AVC has reviewed the Conference Report on S. 7 as amended (Senate Report 96-195) and generally supports the provisions contained therein except proposed 38 USC 611 (c) which would authorize VA medical care for delegates attending the conventions of certain veterans organizations, but not to delegates attending the conventions of other veterans organizations.

RESOLUTION: AFTEREFFECTS OF TOXIC HERBICIDES

AVC continues its concern regarding the health aftereffects of toxic herbicides. AVC urges the VA as well as other government and non-government agencies which may have the necessary expertise to continue their studies on a high priority basis. If a reasonable connection is shown between exposure to toxic herbicides and consequent disability, the VA is urged to pay proper compensation, including compensation retroactive to the onset of the disability.

RESOLUTION: CONTINUING PROBLEMS OF READJUSTMENT OF VIETNAM ERA VETERANS

AVC is aware that the problems of readjustment to postwar civilian generations of veterans far exceed those faced by earlier generations of veterans and that these problems continue. AVC applauds President Carter for his acknowledgement of the unique needs of the Vietnam era veterans. We call upon Congress and the administration to take specific actions to address and resolve these problems.●

NEW JERSEY'S TWO SKATING CHAMPIONS

● Mr. WILLIAMS. Mr. President, not long ago, I shared with my colleagues some good news about two young New Jersey ice skaters, Elaine Zayak of Paramus and Elisa Spitz of Short Hills.

Both girls have worked their way up through the ranks of hundreds of other young figure skaters to achieve distinction in the junior levels of skating. Elaine captured the title of Junior World Champion and Elisa won the Gold medal in the 1979 National Junior Dance Championships.

Now, I am happy to report, both girls have reached the senior level of skating and have set their sights of the 1984 Olympics. Representing New Jersey and the United States in numerous State, national, and international competitions, Elaine and Elisa have dazzled audiences with their exceptional grace and ability on the ice. Exciting, poised and professional are words used quite often to describe their performances. They are, in the words of experienced observers, "the ones to watch" in the coming months as they prepare for major competitions at the senior level.

I am proud to have these two young ladies represent our country in skating competitions around the globe, and most proud that they call New Jersey their home. I am sure they are destined for great careers and wish them continued success in the years ahead.●

ABORTION: TO SET THE RECORD STRAIGHT

● Mr. HUMPHREY. Mr. President, last Sunday evening, CBS television gave the public a double dose of abortion.

First came a "Sixty Minute" segment recounting the case of William Waddill—legally, he is entitled to call himself "Doctor" Waddill—who makes his living as a gynecologist and abortionist.

In 1977, however, one of Waddill's abortions went haywire. A little girl was born alive in a saline abortion.

For those unfamiliar with the arcane terminology of this grim business, a saline abortion is performed by injecting a strong saline solution into the uterus of the mother. The fluid then scalds her baby to death.

To death, usually. In Waddill's case, the baby girl was born alive. Thereafter began a series of events which led to his trial for murder. Not for performing a legal abortion but, in the accusation of one of his colleagues at the hospital, for strangling the baby girl who failed to be born dead.

Dr. Ronald Cornelson testified in court that Waddill reached into the little girl's crib and strangled the baby, saying "this baby just won't quit breathing." His patient has contracted with him to dispose of her child. If he presents her with a live baby, who will be liable for that child's support? Who will retain possession of the baby? Does it have any "parents," in the eyes of the law?

I hope that the proabortion majority on the Supreme Court, who inflicted abortion-on-demand upon our country, will carefully consider these intriguing consequences of their earlier decisions. For such matters, in one case or another, are surely headed their way. It will be a classic case of the Court's pigeons—or, more appropriately, its vultures—coming home to roost.

Immediately following "Sixty Minutes" on the CBS Sunday schedule was a special presentation, "The Tenth Month." This adaptation of a novel concerned the heartwarming experience of a 40-year-old, unmarried woman who becomes pregnant and, despite social pressure and personal hardships, refuses an abortion and keeps her child.

It was a good story with some great performances, but it was marred by one sleazy piece of slander directed against the prolife movement. Its portrayal of a destructive antiabortion raid on an abortion clinic gave the impression that prolifers are a vicious mob of hooligans, endangering the safety of pregnant women and their unborn children by violent behavior.

That is a vicious smear. All over the country, prolife organizations and individuals are giving counsel, friendship, homes, clothing, money, training, baby sitting services, transportation, medical care, education, and emotional support to mothers wed and unwed. In the best American tradition, they raise funds at the grassroots, through bake sales and raffles and block parties and socials, to help pregnant women and their unborn children.

There have been more and more demonstrations at abortion clinics. Demonstrators, almost all of them women, have sat in, chained themselves to equipment and blocked corridors. Sometimes there has been damage. There have even been a few instances of arson at abortion facilities, but none of them has ever been linked to any prolife activist.

In that light, the CBS portrayal of prolifers was terribly, irresponsibly distorted.

The bitter irony of the CBS double-feature on abortion is that it came at the end of the week in which NBC reran "Holocaust," which showed what happened in another country when a small group of officials—the Nazi rulers rather than six men on the Supreme Court—decided that not all lives deserved the protection of the law, not all lives were fully human.

The only difference between the Nazi crematoria portrayed in "Holocaust" and the abortion clinic in "The 10th Month" is that the latter is still in the death business.

It will not always be so. The dedicated efforts of the prolife movement, caring for women and children in trouble and translating that concern into political action, will one day guarantee that one baby lives to see its own 10th month.●

THE FUTURE OF THE RANCHING INDUSTRY

● Mr. GARN. Mr. President, during the August recess, the Senate Appropriations Committee, of which I am a member, held a series of hearings on public lands problems in several Western States. One was held in my own State of Utah, in Cedar City. We took testimony from organized groups, individuals, and government officials on the state of the public lands, their management, the conflicts between development and preservation, and a host of related issues.

One of the troubling issues was the future of the ranching industry, and I was particularly struck by the testimony of a young man, the son and grandson of cattle ranchers, who is seriously troubled about his future as a livestock operator. Too often when we consider these issues we do so abstractly, forgetting their impact on real, live people. Mr. Lyman Hafen's testimony to the committee is a useful corrective to that attitude, and I ask all my colleagues to look at it. That they may do so, I ask that it be printed in the RECORD.

The statement follows:

ST. GEORGE, UTAH,
August 18, 1979.

My name is Lyman Hafen. I'm 23 years old. I was born and raised in St. George, Utah and am a graduate of Dixie College. I will graduate from Brigham Young University in December of this year.

My father and his two brothers are in the cattle business. Their operation is based in Clover Valley, Lincoln County, Nevada. Like the majority of the Western-states cattlemen, they own some private grazing ground but could not exist in the business without utilizing Bureau of Land Management lands.

My great-great grandfather Woods was an original settler in Clover Valley, Nevada as was my great-great grandfather Hafen in Santa Clara, Utah. Both of these pioneers were cattlemen and ran their herds on the then open ranges. Their sons continued in the cattle business and different family members of each generation have utilized the barren ranges of this area to produce livestock and derive a humble livelihood from otherwise unproductive land. My great grandfather, John Hafen was known as one of the best cowboys in Southern Utah in his day. My great grandfather, Lamond Woods was heralded as one of the best horsemen in Lincoln County, Nevada.

In establishing my cowboy heritage I must also mention my great-great grandfather, Jens Neilson who ran cattle first in Iron County, Utah and then settle and became a prominent cowman in San Juan County, Utah. That heritage extended down to my grandfather, Edward Neilson and my uncle DeReese Neilsen who have based their cattle operations in Blanding, Utah. I have been well exposed to the cattle business in this area.

I must say that I realize and understand that in the past, some of the public ranges have been mistreated and overgrazed. I admit that my ancestors may have been involved, although not knowingly, in past overstocking of ranges. I am the first to agree that regulation is necessary on the ranges as it is in any situation where public resources are being used for private economic purposes. Now with that said, let me explain my reason for testifying today. It can be summed up in one sentence: The cowboy way of life, an institution native to the American west, is slowly fading away and dying.

Let me give an example from my own experience. Out of my high school graduating class I can name at least 20 families of my schoolmates that are involved either in the cattle business or in occupations directly related to agriculture. But out of those 20 families I cannot name one schoolmate who is now, or is planning in the future, to continue operating the family farm or ranch. In fact, out of the entire St. George community I can only name three or four young men from my generation who are pursuing careers in agriculture.

I have many friends who have grown up in ranching families but are studying to become, or who have become, businessmen, lawyers, builders, doctors or other nonfood producing professions. I am not ignorant of the fact that many of my generation are not the least interested in farming or ranching, but many of us are. It's just not economically feasible for us to pursue it.

I grew up helping my dad on the ranch. I've learned to rope and handle cattle and to break and ride horses. I have developed the skills and have had the experience that would qualify me to raise cattle and produce beef on the public lands. But because of advice I've received from my own father and from other cattlemen, I am not pursuing a career as a cowboy, at least not until I become financially secure in another profession.

I realize there are many factors contributing to the difficulties of getting into the cattle business. The high cost of real estate, high interest rates and the fluctuating cattle market are all contributing causes to the problem but I feel the major reason I have been advised against the cattle business is because of the federal land policies that are making public land use next to impossible.

It is sad that so many of my generation are being advised against agriculturally related professions. To me it seems that agriculture is taking a back seat to all the other special interests. This apparent trend appears ironic to me when the basic physiological need of man is food. The special interest groups appear to be forgetting that we must eat before we can use electricity, we must eat before we can burn gasoline in our cars, we must eat before we can go out and earn a living, and we must even eat before we can go backpacking.

Why are issues like the environment, energy and the economy taking a front seat while the problems of ranchers and farmers are treated as insignificant? Maybe as the impending hard times fall upon us we will realize that cattle grazing is more important than turtle preservation and that what a rancher has to say is as important as what an ecologist has to say.

I love and respect America. I have spent time in foreign countries and have come to realize that we have more to be thankful for than any other nation in the world. I would never knowingly abuse the land that has provided my family's livelihood for generations nor do I feel that my ancestors have ever knowingly abused the land. I believe that those who work and sweat on the public lands are the true environmentalists.

I realize that administration by a governing power is necessary to maintain a balance on the land, but why can't this administration be closer to home? Why can't it create incentives for young people to enter agriculture instead of turning us away? Why can't we utilize this land to benefit and sustain our country in the most efficient ways possible? And why can't the voice of public land users play as great a part in policy formation as do the voices of people who have never even seen the land?

I wholeheartedly and sincerely support Senator Hatch's bill that provides for the cession and conveyance to the States of federally owned unreserved, unappropriated lands. I am aware of the many economic and political problems that would accompany such a change but the benefits for the American people would far outweigh the obstacles. The environment must be protected but the resources must also be utilized. The states are in a far better position to administer the protection of the environment and the use of the resources than is Washington.

It is my hope that any young American who has the knowledge, skill and guts to get into the cattle business, will be able to in the future.

I sincerely thank Senator Garn for being here. I praise the representation of our State in Washington by both Senators Garn and Hatch, they are truly voicing the sentiments of most Utahans.●

AMERICANS SUPPORT THE ADMISSION OF REFUGEES

● Mr. KENNEDY. Mr. President, I was interested to learn yesterday of the results of a recent Roper poll which indicates that 90 percent of the American people believe we should generously admit homeless refugees to our country. This poll reflects one of the oldest themes in our Nation's history, and the compassionate and concerned response of the American people to the plight of Indochinese, as well as Soviet Jewish and other refugees.

Specifically, the poll indicates that 45 percent of the American people believe we should admit 7,000 or more Indochinese refugees per month, while an equal number believe it should be 7,000 or less. In response to the President's proposal to admit 14,000 Indochinese refugees, 12 percent agree, while 7 percent believe we should do even more.

Although some Americans are troubled, and are properly concerned that we admit refugees in reasonable numbers, most agree we should admit numbers that reflect our ability to resettle and absorb them. Nonetheless, the overwhelming majority agree we should fulfill our longstanding humanitarian traditions to homeless people.

Many Americans responding to the Roper poll were clearly unaware, however, of recent statistical data outlining how much Indo-Chinese refugees are contributing to our society—some $60 million in Federal income taxes alone—and how their unemployment rate is far below the national average.

If this larger picture of refugee resettlement in the United States were better understood—the enrichment, both culturally and economically, that refugees and other migrants bring to our shores—then I believe many respondents to the Roper poll would have reflected a different view.

Yet, Mr. President, polls do reflect the current mood and concern of the American people, and it is gratifying to see that the overwhelming majority of the American people—90 percent—believe we should respond to the needs of refugees, and nearly half believe we should accept 7,000 or more every month.

In our turn, we in Congress have a deep responsibility to assure that the admission of refugees does not impact adversely upon State or local communities—to provide the Federal support necessary to assist refugees in becoming productive and contributing members of their adoptive homes throughout our land. I believe S. 643—the Refugee Act of 1979—which the Senate adopted on September 6 by a vote of 85 to 0, guarantees that Federal support. It also reflects the American people's concern for refugees—as reflected in the Roper poll.

Mr. President, I ask that the relevant excerpts from the Roper poll be printed in the RECORD.

The excerpts follow:

QUESTION 10.—GIVEN PROPOSAL TO RAISE NUMBER OF INDOCHINA REFUGEES U.S. ADMITS FROM 7,000 TO 14,000 A MONTH, WHAT SHOULD POLICY ON REFUGEE ADMISSIONS BE?

[In percent]

		Sex		Age				Income				Race		Geographic area				Market size			
	Total	Male	Fem	18–29	30–44	45–59	60+	Und 7M	7M–und 15M	15M–und 25M	25M+	Whte	Blck	NE	MW	So	Wst	A	B	C	D
Lower number of refugees we admit each month to less than 7,000	46	48	45	45	41	48	53	49	56	43	34	46	51	42	40	57	44	39	47	55	55
Leave at 7,000	26	25	26	26	26	24	26	29	21	28	28	26	27	26	30	23	23	28	25	24	21
Raise to 14,000	12	11	12	13	11	13	9	9	10	11	18	12	8	14	14	8	13	14	12	9	12
Raise number higher than that	7	7	6	7	12	4	3	2	4	9	10	7	5	7	7	4	10	7	8	5	2
Don't know/no answer	10	8	11	9	9	11	10	11	9	9	10	10	9	11	9	9	10	12	8	7	9

		Education			Occupation			Religion		Political affiliation			Political philosophy			Other key analysis groups					
																		Have kids			
	Total	Coll	HS grad	Non-HS grad	Excel prof	Whte coll	Blue coll	Prot	Cath	Dem	Rep	Ind	Cons	Modr	Libl	Pol-soc actv	Union mbrs	Und 13	13–18	1, 2 Pers fams	Empl fems
Lower number of refugees we admit each month to less than 7,000	46	36	50	55	34	46	51	49	45	49	42	45	51	48	34	38	49	44	51	48	45
Leave at 7,000	26	27	26	24	27	26	24	26	27	26	28	24	28	26	24	24	25	27	27	25	26
Raise to 14,000	12	17	10	7	14	15	10	11	11	11	13	13	9	12	20	15	11	12	8	11	13
Raise number higher than that	7	12	5	2	17	6	5	6	6	6	7	6	5	5	12	17	6	8	5	5	8
Don't know/no answer	10	9	9	12	8	7	9	9	9	8	9	12	7	10	11	6	8	8	9	10	8

QUESTION 11.—WHY FEEL WAY DO ABOUT UNITED STATES INDOCHINA REFUGEE ADMISSIONS POLICY?

[In percent]

		Sex		Age				Income				Race		Geographic area				Market size			
	Total	Male	Fem	18–29	30–44	45–59	60+	Und 7M	7M–und 15M	15M–und 25M	25M+	Whte	Blck	NE	MW	So	Wst	A	B	C	D
U.S. should admit more refugees to encourage other countries to admit more	12	14	11	14	14	12	7	8	9	14	19	13	8	14	13	7	19	13	15	9	6
Refugees expensive to resettle, deny jobs to Americans, too great an economic burden for this country	37	36	37	36	37	35	40	38	39	38	31	37	34	32	33	43	36	35	35	42	39
Refugees suffering and dying because have nowhere to go, we should help them	28	26	30	29	31	25	25	22	22	29	40	28	26	30	32	20	33	32	28	33	22
U.S. should not feel obligated to take in people from other countries who will have trouble adjusting to American ways	13	14	12	14	9	13	16	13	16	11	11	13	12	10	14	12	15	11	13	15	41
Refugees are hard-working and family- oriented/can contribute to American society	17	16	18	16	22	18	12	10	12	18	29	17	13	13	22	10	26	20	18	12	10
If U.S. accepts more refugees now, other countries will expel more people they don't want	15	15	16	16	14	15	17	12	13	17	19	16	13	14	16	12	23	16	15	16	11
We have a special obligation to help these refugees because of our Vietnam war involvement	14	13	14	14	17	12	11	11	11	15	17	13	13	13	19	7	18	17	11	9	23
We should help needy in our country first	45	45	46	43	37	46	56	53	51	41	37	44	58	38	45	49	50	38	46	52	57
None	1	2	1	------	2	2	2	2	1	2	1	2	1	1	1	2	2	1	1	1	2
Don't know/no answer	6	4	7	6	4	5	7	8	6	5	3	6	5	7	5	5	5	7	5	5	2

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REGULATORY IMPACT STATEMENT ON SENATE JOINT RESOLUTION 43

● Mr. DECONCINI. Mr. President, on July 31, 1979, the Committee on the Judiciary reported Senate Joint Resolution 43, a resolution to designate March 21, 1980, as "National Energy Education Day."

Through an oversight, the report filed on Senate Joint Resolution 43 did not include a regulatory impact statement, as required by rule 29.5 of the Standing Rules of the Senate.

Mr. President, in accordance with rule 29.5 of the Standing Rules of the Senate, the committee does not consider that enactment of Senate Joint Resolution 43 would have any regulatory impact.●

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask that morning business be closed.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

TIME LIMITATION AGREEMENT—S. 480

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that with respect to S. 480, Calendar Order No. 172, water resources planning, at such time as that measure is made the pending business before the Senate there be a time agreement thereon of 1 hour on the bill, to be equally divided between Mr. GRAVEL and Mr. DOMENICI; 30 minutes on any amendment; 20 minutes on any debatable motion or appeal or point of order such as submitted to the Senate and that the agreement be in the usual form.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object, this request has been cleared on our side with the ranking Member and other interested parties. We have no objection to the request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

Ordered, That when the Senate proceeds to the consideration of S. 480 (Order No. 172), a bill amending the Water Resources Planning Act to authorize appropriations for fiscal years 1980 and 1981.

debate on any amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill; and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from Alaska (Mr. GRAVEL) and the Senator from New Mexico (Mr. DOMENICI): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

AUTHORIZATION FOR THE SECRETARY OF THE SENATE TO MAKE TECHNICAL AND CLERICAL CORRECTIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that for the balance of this Congress the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossments of all Senate-passed bills and resolutions, Senate amendments to House bills and resolutions, Senate amendments to House amendments to Senate bills and resolutions, and Senate amendments to House amendments to Senate amendments to House bills and resolutions.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object again, and I shall not object, I simply wish to say that we are in full accord with this request. The majority leader and I have discussed it at some length and for the remainder of this session we have no objection to this arrangement as we previously agreed to it and from time to time during the session.

The PRESIDING OFFICER. Without objection, it is so ordered.

SECOND CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. The Senate will now resume consideration of the pending business, Senate Concurrent Resolution 36, which the clerk will state by title.

The second assistant legislative clerk read as follows:

> Second Concurrent Resolution 36 revising the Congressional Budget for the U.S. Government for the fiscal years 1980, 1981, and 1982.

The Senate resumed consideration of the concurrent resolution.

Mr. JAVITS. Mr. President, may I be recognized?

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, if I may have the attention of the two managers of the bill, I have introduced an amendment to the second budget resolution, Senate Concurrent Resolution 36, to add $1.1 billion in budget authority and $0.9 billion in outlays to income assistance (function 600) for the purpose of providing fuel assistance to needy families this winter. This action will not increase the deficit, because the funds are to be transferred from the energy supply mission (function 270).

I am keenly aware that this will constrain the already stretched energy outlays budgeted by the committee and that amendment poses some extremely difficult choices. While there is ample room within the budget authority figure of $41 billion to accommodate this and other portions of the President's energy initiatives, the $7 billion in outlays budgeted by the committee is extremely tight. It is our intention that the transfers come from energy supply outlays and be allotted in such a manner that parts of new projects be marginally delayed and that some contracts be put off till next fiscal year. Indeed, the committee may wish to arrange for other transfers among outlays.

However, the urgent needs of the poor for heat and light in the wake of the recent devastating OPEC price increases must be our first priority. It is, indeed, a life and death matter before which other priorities, even important ones like some of our energy construction projects, must give way. The $500 million ceiling on fuel assistance recommended by the committee is simply inadequate to meet the heating needs of the elderly and the poor this winter.

The recent escalation in residential fuel bills means we would have to double the level of last year's crisis assistance program which was $200 million, merely to meet the needs of the same 900,000 households served by that inadequate program. Yet the administration and the groups representing the poor and the elderly agree that there are many times that number of households in need. The White House has estimated the $1.6 billion in funds requested would provide $200 each to 6 million families in need. Our estimates and those prepared for the Department of Energy show 12.5 to 16 million poor and near-poor families needing help to avoid the dreadful choice between heating and eating.

My amendment accommodates this more realistic estimate of the minimum need for emergency assistance. At present the committee has allotted $22 billion in additional budget authority in function 270 to reflect commitments from new oil tax revenues to new energy supply programs; and our amendment transfers $1.1 billion from this $22 billion to function 600. The Budget Committee has allotted $4.7 billion in outlays for new energy supply program; and our amendment transfers $0.9 billion of that to function 600.

Mr. President, we face difficult choices given these tight budget conditions. If we accept the responsibility for protecting the poor from cold weather, we must either cut back important substantive programs like energy, or we must cut back administrative costs, perhaps by cutting back the new funds for Federal pay increases and allowing agencies to reprogram other funds for that purpose. The final option is to increase the size of the budget deficit.

My amendment adopts the first course, but it is my hope that together with the distinguished chairman and members of the Budget Committee we can arrive at a consensus on how to provide the sorely needed basic energy assistance.

Therefore, the question that I would like to put to the Senator from Maine and to the Senator from Oklahoma is this: I realize, as I say, the budget problem. I also have been given to understand that it is felt on the part of the committee that there is the money available for this emergency fuel assistance program. If we could have some understanding of the situation as the two managers of the bill for the Budget Committee see it, it may be that it may not be necessary for me to call up this amendment.

This is also, of course, as both Senators know, a program which has been put forward by the President of the United States, so the $1.6 billion level is almost generally agreed upon; the only question is how do we do it, and where do we get the money?

Mr. MUSKIE. Mr. President, I think the Senator, in his closing comment, did state the question.

I consider this program of energy assistance for low income families to be of the highest priority. With respect to the provisions in the second resolution for energy, what we wished to do is to put both budget authority and outlay figures realistically large enough to accommodate all the options which the Senate and Congress might wish to consider. We did not try to pinpoint specific assumptions when it came to energy, even to the degree that we usually do with the functional numbers. One practical reason for this was that much of the legislation is still in the evolutionary stage in the appropriate committees—Finance, the Energy Committee, and otherwise—so that we could not very well anticipate what the specific outcomes would be.

But speaking for myself, I think this priority, which the Senator has so appropriately advanced, is one that ought to be given the most serious consideration. It seems to me that it ought to be possible to accommodate this program within the confines of the second budget resolution as it stands, and it ought not to take too much skill to do so.

I assure the Senator that I sympathize with him completely. I would not presume to be speaking for all the members of the Budget Committee. Senator BELLMON is here and can speak for himself. But in my part of the country, what the

Senator proposes would be a very important thing indeed.

Mr. JAVITS. Does the Senator feel it can be accommodated?

Mr. MUSKIE. I think it can. We might step on some toes of others who want to take advantage of those numbers. We have seen today what that can involve. But so far as I am concerned, we have included $550 million in the budget for this purpose. We did so in the context of what we had previously provided in the first resolution. We are now talking about higher numbers, and I do not see any reason why the higher numbers ought not to be considered for inclusion within the confines of this resolution.

Mr. JAVITS. I thank the Senator. I yield to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I would like to join our chairman in the comments he has made. While the fuel problem is not as serious in the area that I know, I fully recognize the enormous impact that higher energy costs will have on low-income families in the regions of the country where winters are more severe.

I think I can speak for those from the areas where I come from that we fully appreciate the fact that some relief will be absolutely necessary, and I feel that we have made room in the budget to do the things that the Senator from New York is concerned about.

It may be more difficult in the outlay area than the budget authority, but I feel there is room to write a reasonable program to alleviate the problem in the areas of the country that will be most highly impacted. I certainly will vote with the Senator to that end.

Mr. JAVITS. And the amount it can accommodate is a higher figure than the amount provided, $350 million, in your view?

Mr. BENTSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. JAVITS. Mr. President, I still have the floor.

Mr. BELLMON. We believe that both in the energy program and the low-income assistance, there is ample room for the higher figure.

Mr. JAVITS. Mr. President, I thank both my colleagues. Under those circumstances, I shall not call up the amendment. I would like the record to show that the amendment is cosponsored with me by Senators Williams, Pell, and Durenberger.

Mr. WILLIAMS. Mr. President, I am pleased to learn there is room in the budget for a fuel assistance program.

The dramatic increases in the price of household energy will create an unbearable burden this winter for many fixed and low-income households.

We are all aware of the bad news on fuel prices. Energy officials have already warned that many people will face a choice of "heat or eat" this winter. At a time when the tragic economics of energy might conceivably produce wintertime deaths, Congress has no real choice but to provide the right kind of financial assistance to men, women, and children who are in danger of either freezing, starving, or both.

The Senate Committee on Labor and Human Resources has pending before it six bills which provide assistance to offset rising household energy costs. The committee has scheduled hearings for September 25, 26, and 27, and we plan to markup legislation October.

Senator Javits and I both have bills, and we have now agreed to move jointly in order to expedite passage of this much needed legislation. I am pleased to hear from Senator Muskie that the amendment proposed by Senator Javits and myself is not needed as there is sufficient money in the budget for the purpose of providing relief for skyrocketing household energy costs. I am pleased that the distinguished chairman of the Budget Committee, recognizing the tremendous need, supports our efforts to alleviate the hardship which will be caused by rising energy costs.

The energy cost increases are sudden and largely unexpected. The June OPEC price increase was quite large and the need for this legislation did not become apparent until late summer. The Labor and Human Resources Committee did not act to mark up a bill prior to the May 15 deadline since the need for the legislation had not arisen at that time. Therefore, the bill which we will mark up in October will need a waiver from the Budget Committee.

The pressing need for the legislation has led the Budget Committee to make room for the program; it has led the Labor and Human Resources Committee to expedite the legislative process. I am very hopeful that fuel assistance legislation will pass the Senate this session and that an emergency appropriation will be made. This winter's needs must be met.

Mr. BENTSEN. Mr. President, I ask the distinguished majority leader, the minority leader, the managers of this bill, and the assembled Members, for unanimous consent that I be permitted to present an amendment at this time, with the understanding that I will be withdrawing it. I would like to speak upon it for a minute.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 562

(Purpose: To cut Federal paperwork)

Mr. BENTSEN. I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Texas (Mr. Bentsen) proposes an unprinted amendment numbered 562.

The amendment is as follows:

On page 11, line 1, strike "—$100,000,000" and insert in lieu thereof "—$200,000,000".

On page 11, line 2, strike "—$100,000,000" and insert in lieu thereof "—$200,000,000".

On page 11, line 4, strike "—$100,000,000" and insert in lieu thereof "—$200,000,000".

On page 11, line 5, strike "—$100,000,000". and insert in lieu thereof "—$200,000,000".

On page 11, line 7, strike "$0" and insert in lieu thereof "—$100,000,000".

On page 11, line 8, strike "$0" and insert in lieu thereof "—$100,000,000".

On page 2, line 16, strike "$632,200,000,000" and insert in lieu thereof "$632,100,000,000".

On page 2, line 17, strike "$649,200,000,000" and insert in lieu thereof "$649,100,000,000".

On page 2, line 18, strike "$722,500,000,000" and insert in lieu thereof "$722,400,000,000".

On page 2, line 21, strike "$542,700,000,000" and insert in lieu thereof "$542,600,000,000".

On page 2, line 22, strike "$588,600,000,000" and insert in lieu thereof "$588,500,000,000".

On page 2, line 23, strike "$632,800,000,000" and insert in lieu thereof "$632,700,000,000".

On page 3, line 4, strike "—$28,000,000,000" and insert in lieu thereof "—$27,900,000,000".

On page 3, line 5, strike "$15,000,000,000" and insert in lieu thereof "$15,100,000,000".

On page 3, line 6, strike "$25,600,000,000" and insert in lieu thereof "$25,700,000,000".

On page 3, line 9, strike "$887,400,000,000" and insert in lieu thereof "$887,300,000,000".

On page 3, line 10, strike "$906,200,000,000" and insert in lieu thereof "$906,100,000,000".

On page 3, line 11, strike "$921,400,000,000" and insert in lieu thereof "$921,300,000,000".

On page 3, line 14, strike "$57,400,000,000" and insert in lieu thereof "$57,300,000,000".

On page 3, line 15, strike "$76,200,000,000" and insert in lieu thereof "$76,100,000,000".

On page 3, line 16, strike "$91,400,000,000" and insert in lieu thereof "$91,300,000,000".

Mr. BENTSEN. Mr. President, during House and Senate consideration of the first concurrent resolution for fiscal year 1980, $900 million in management savings were included in function 920 of the budget. These management savings were to occur in such areas as spending for travel by agency personnel, reduced spending for filmmaking, and less use of paid consultants. There is a fourth area where Government agencies can achieve significant cost savings, and that is by cutting back on activities that do nothing but generate unnecessary and excessive paperwork and reporting requirements on the American public.

I would like to urge that the authorizing and Appropriations Committees that are charged with implementing this $900 million in management savings accomplish a large part of the savings by cutting Federal paperwork.

This administration has worked diligently to cut unnecessary Government paperwork and its burden on the private sector, but the battle has not gone as well as it should. According to a recent GAO report to the Joint Economic Committee, American businesses each year spend more than 69 million hours at an estimated cost of more than $1 billion in responding to more than 2,100 U.S. reporting requirements that have been approved by either OMB or GAO under the requirements of the Federal Reports Act. When you add on forms that affect individuals, farms, nonprofit organizations, and State and local governments, as well as forms that are not cleared by OMB or GAO, such as tax forms, the total burden of Federal paperwork comes to a staggering 786 million hours annually. This is equivalent to 393,000 full-time workers doing nothing but responding to Federal paperwork requirements—a work force exceeded by only five American corporations. This is a terrible waste of America's most valuable resource.

In 1977, the Commission on Federal Paperwork issued 36 reports with more than 500 specific recommendations for reducing the paperwork burden on American citizens. Two years later, according to OMB, only half those recommendations had been implemented. In fact, according to OMB's Associate Director for Management and Regulatory Policy, Wayne Granquist, OMB each year is bombarded by 2,200 to 2,700 requests from agencies to collect even more data and issue even more forms.

The Federal agencies continue to generate new paperwork largely because we have never pulled the one lever that will actually force a cutback—a cut in the funds available for creating new forms and paperwork requirements. It is time we do so.

By including paperwork activities as a source of management savings in function 920, Congress will be giving notice to the Federal agencies that we are serious about cutting the paperwork burden on the American public. When we consider specific appropriations bills, I intend to introduce amendments to cut the budgets of agencies that are particularly insensitive to the need for reducing unnecessary and excessive paperwork.

Mr. MUSKIE. Mr. President, I applaud the initiative which this amendment demonstrates. Last year, in the consideration of management savings, we were rather hesitant to step forward into that area, because we did not have the facts. As we have acquired the facts since, we are convinced that more savings can be achieved in this area than were programed in the 1979 budget and the 1980 budget. So I welcome this additional territory which the Senator from Texas has suggested for exploration. It seems to me that it is well to specify that an effort be made in this area, and that we bird dog it until we get results.

Mr. BENTSEN. Mr. President, I would like to say to my distinguished friend the manager of this bill that they are not going to do it unless we, as you say, bird dog it and keep after it. I can recall the FHA and the VA fighting for 11 years over trying to use a common appraisal, instead of two appraisals, to use common forms for mortgages and deeds of trust. Do you know how we did it? I sponsored a piece of legislation which the Senate adopted, and finally the House adopted, and we had to bump their heads together.

During the last Congress, I introduced two amendments that contributed to the easing of the paperwork burden. As I say, one amendment to the HUD authorization bill required FHA and VA to use the same forms for their single-family housing loan programs. These two agencies have been dancing around on that issue for over 15 years with no progress, but now they are finally cooperating to cut the housing paperwork maze. Another measure reduced the redtape on State and local governments in the CETA program. There are almost 200 recommendations of the Federal Paperwork Commission that have not yet been implemented but which could yield similar paperwork savings.

We can effect it if we pursue it, and I am glad to hear the manager of the bill lend his support.

Mr. MUSKIE. With the assistance of the Senator from Texas, we shall do our best to implement that.

Mr. BENTSEN. I thank the Senator.

Mr. President, I ask unanimous consent that the amendment be withdrawn, Mr. President.

The amendment was withdrawn.

Mr. MUSKIE. Mr. President, are there others who wish to offer any comments or amendments to the budget resolution?

If not, I suggest the absence of a quorum and I ask unanimous consent that the time not be charged to the budget resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no time be charged against the pending resolution for the remainder of the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the following nominations: Calendar Orders numbered 311 on page 1 of the Calendar; 314, 315, and 317 on page 2; Calendar Orders numbered 345 through 351 on page 5; and all of the nominations on page 6 and on page 7.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, the items identified by the majority leader are cleared on our Executive Calendar. We have no objection to proceeding to their consideration and their confirmation.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the aforementioned nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Emily Rauh Pulitzer, of Missouri, to be a member of the National Museum Services Board.

SECURITIES AND EXCHANGE COMMISSION

John R. Evans, of Utah, to be a member of the Securities and Exchange Commission.

Philip A. Loomis, Jr., of Maryland, to be a member of the Securities and Exchange Commission.

COUNCIL ON WAGE AND PRICE STABILITY

R. Robert Russell, of California, to be Director of the Council on Wage and Price Stability.

DEPARTMENT OF STATE

Thomas M. Tracy, of Florida, to be an Assistant Secretary of State.

Herbert F. York, of California, for the rank indicated during the tenure of his assignment as the U.S. Representative to the comprehensive test ban negotiations, to be Ambassador.

Lyle Franklin Lane, of Washington, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uruguay.

Jack Richard Perry, of Georgia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bulgaria.

Stephen Low, of Ohio, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Nigeria.

John P. Condon, of Oklahoma, now Ambassador Extraordinary and Plenipotentiary of the United States of America to the Dominion of Fiji, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Tonga and as Ambassador Extraordinary and Plenipotentiary of the United States of America to Tuvalu.

Richard David Vine, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

U.S. AIR FORCE

Major General Richard Edwin Merkling, to be Lieutenant General.

INTERNATIONAL MONETARY FUND; INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT; INTER-AMERICAN DEVELOPMENT BANK; ASIAN DEVELOPMENT BANK; AFRICAN DEVELOPMENT FUND

G. William Miller, of California to be United States Governor of the International Monetary Fund for a term of 5 years and United States Governor of the International Bank for Reconstruction and Development for a term of 5 years; a Governor of the Inter-American Development Bank for a term of 5 years; and United States Governor of the Asian Development Bank and United States Governor of the African Development Fund.

INTERNATIONAL MONETARY FUND

Paul A. Volcker of New Jersey to be United States Alternate Governor of the International Monetary Fund for a term of 5 years, vice G. William Miller.

Nominations Placed on the Secretary's Desk in the Air Force, Army, Navy and Marine Corps

Air Force nominations beginning Bernard Abramson, to be colonel, and ending James D. Mullins, to be major, which nominations were received by the Senate on August 16, 1979, and appeared in the Congressional Record on September 5, 1979.

Air Force nominations beginning James A. Abels, to be captain, and ending Marlin L. Sweigart, to be captain, which nominations were received by the Senate on August 16, 1979, and appeared in the Congressional Record of September 5, 1979.

Air Force nominations beginning Donald M. Toenjes, to be captain, and ending Merle W. Nash, to be colonel, which nominations were received by the Senate on August 27, 1979, and appeared in the Congressional Record of September 5, 1979.

Army nominations beginning Bruce L. Cain, to be second lieutenant, and ending Philip M. Yee, to be first lieutenant, which nominations were received by the Senate on August 16, 1979, and appeared in the Congressional Record of September 5, 1979.

Army nominations beginning Paul R. Hilty, Jr., to be colonel, and ending Robert R. Renaut, to be first lieutenant, which nominations were received by the Senate on August 16, 1979, and appeared in the Congressional Record of September 5, 1979.

Navy nominations beginning Mark O. Abbott, to be captain, and ending Lawrence K. Duke, to be ensign, which nominations were received by the Senate on August 27, 1979, and appeared in the Congressional Record of September 5, 1979.

Marine Corps nominations beginning Ronald E. Ablowich, to be lieutenant colonel, and ending Thomas M. Zarner, to be chief warrant officer, W–2, which nominations were received by the Senate on August 16, 1979, and appeared in the Congressional Record of September 5, 1979.

Mr. ROBERT C. BYRD. Mr. President, I move en bloc to reconsider the vote by which the various nominations were considered and confirmed en bloc.

Mr. BAKER. Mr. President, I move to lay that motion to reconsider on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominees.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Are there any orders, Mr. President, for the recognition of Senators on tomorrow?

The PRESIDING OFFICER. There are none.

Mr. ROBERT C. BYRD. I thank the Chair.

ORDER FOR RECESS UNTIL 9:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:15 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR DIVISION OF TIME BETWEEN THE TWO LEADERS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the approval of the Journal and the prayer, the remaining time, up to 9:30 a.m., be equally divided between the two leaders or their designees.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will come in at 9:15 a.m. tomorrow. The Senate will resume consideration of the second concurrent budget resolution at 9:30 a.m. At that time, the pending question will be on the amendment by Mr. ROTH. There will be rollcall votes throughout the morning and afternoon. About 6 hours remain on the resolution itself. Several amendments remain to be called up yet, so it will be a busy day tomorrow.

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 9:15 a.m. tomorrow.

The motion was agreed to and, at 6:26 p.m., the Senate recessed until tomorrow, Wednesday, September 19, 1979, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate September 18, 1979:

FEDERAL COUNCIL ON THE AGING

The following-named persons to be Members of the Federal Council on the Aging for the terms indicated:

For terms expiring June 5, 1981:

Cyril Hilary Carpenter, of Minnesota, vice Mrs. John William Devereux, term expired.

John B. Martin, of Maryland (reappointment).

Mary Crowley Mulvey, of Rhode Island, vice Harry Holland, term expired.

Jean Jones Perdue, of Florida, vice Nat T. Winston, Jr., term expired.

For a term expiring June 5, 1982:

Aaron E. Henry, of Mississippi, vice Frell M. Owl, term expired.

CONFIRMATIONS

Executive nominations confirmed by Senate September 18, 1979:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Emily Rauh Pulitzer, of Missouri, to be a Member of the National Museum Services Board for a term expiring December 6, 1983.

SECURITIES AND EXCHANGE COMMISSION

John R. Evans, of Utah, to be a Member of the Securities and Exchange Commission for the term expiring June 5, 1983.

Philip A. Loomis, Jr., of Maryland, to be a Member of the Securities and Exchange Commission for the term expiring June 5, 1984.

COUNCIL ON WAGE AND PRICE STABILITY

R. Robert Russell, of California, to be Director of the Council on Wage and Price Stability.

DEPARTMENT OF STATE

Thomas M. Tracy, of Florida, a Foreign Service Officer of class 1, to be an Assistant Secretary of State.

Herbert F. York, of California, for the rank of Ambassador during the tenure of his assignment as the U.S. representative to the Comprehensive Test Ban negotiations.

Lyle Franklin Lane, of Washington, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uruguay.

Jack Richard Perry, of Georgia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bulgaria.

Stephen Low, of Ohio, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Nigeria.

John P. Condon, of Oklahoma, a Foreign Service officer of class 1, now Ambassador Extraordinary and Plenipotentiary of the United States of America to the Dominion of Fiji, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Tonga and as Ambassador Extraordinary and Plenipotentiary of the United States of America to Tuvalu.

Richard David Vine, of California, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

INTERNATIONAL MONETARY FUND; INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT; INTER-AMERICAN DEVELOPMENT BANK; ASIAN DEVELOPMENT BANK; AFRICAN DEVELOPMENT FUND

G. William Miller, of California, to be U.S. Governor of the International Monetary Fund for a term of 5 years and U.S. Governor of the International Bank for Reconstruction and Development for a term of 5 years; a Governor of the Inter-American Development Banwk for a term of 5 years; and U.S. Governor of the Asian Development Bank and U.S. Governor of the African Development Fund.

INTERNATIONAL MONETARY FUND

Paul A. Volcker, of New Jersey, to be U.S. Alternate Governor of the International Monetary Fund for a term of 5 years.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Richard Edwin Merkling, [redacted] U.S. Air Force.

Air Force nominations beginning Bernard Abramson, to be colonel, and ending James D. Mullins, to be major. (See Executive Journal proceedings of September 5, 1979, for complete list.)

Air Force nominations beginning James A. Abels, to be captain, and ending Marlin L. Sweigart, to be captain. (See Executive Journal proceedings of September 5, 1979, for complete list.)

Air Force nominations beginning Donald M. Toenjes, to be captain, and ending Merle W. Nash, to be colonel. (See Executive Journal proceedings of September 5, 1979, for complete list.)

IN THE ARMY

Army nominations beginning Bruce L. Cain, to be second lieutenant, and ending Philip M. Yee, to be first lieutenant. (See Executive Journal proceedings of September 5, 1979, for complete list.)

Army nominations beginning Paul R. Hilty, Jr., to be colonel, and ending Robert R. Renaut, to be first lieutenant. (See Executive Journal proceedings of September 5, 1979, for complete list.)

IN THE NAVY

Navy nominations beginning Mark O. Abbott, to be captain, and ending Lawrence K. Duke, to be ensign. (See Executive Journal proceedings of September 5, 1979, for complete list.)

IN THE MARINE CORPS

Marine Corps nominations beginning Ronald E. Ablowich, to be lieutenant colonel, and ending Thomas M. Zarner, to be chief warrant officer, W–2. (See Exectuive Journal proceedings of September 5, 1979, for complete list.)

HOUSE OF REPRESENTATIVES—*Tuesday, September 18, 1979*

The House met at 10 a.m.

Rev. Ralph Arbaugh, Madison Presbyterian Church, Madison, Tenn., offered the following prayer:

Heavenly Father, we acknowledge Thee, our glorious God and Creator. The Scriptures instruct us we are made in Your image, ranked higher than angels, and declared to be only a little less than God.

Armed with this concept, accordingly, Lord: "Save us from weak resignation to the present, personal evils we deplore."

Strengthen this body, the basic lawmakers of this land, in the search for ways and means to stabilize our erratic economy.

Shield us from prurient self-interests so badly searing our spirit and fragmenting our oneness as a people.

Secure our devotion to the Constitution of the United States. We thank Thee, for the brilliant minds that mastered it, and for those who would judiciously amend it.

Stop, Lord, the unpardonable sin of child abuse.

Sharing Your love and compassion, bearing Your likeness, "Forgive us our debts as we forgive our debtors."

So let Thy kingdom come. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 14. An act to amend and supplement the acreage limitation and residency provisions of the Federal Reclamation Law, as amended and supplemented, and for other purposes.

The message also announced that Mr. PROXMIRE be a conferee, on the part of the Senate, on the bill (H.R. 4393) entitled "An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1980, and for other purposes," vice Mr. EAGLETON, excused.

PERMISSION FOR SUBCOMMITTEE ON SURFACE TRANSPORTATION OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO SIT TODAY DURING 5-MINUTE RULE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the Subcommittee on Surface Transportation of the Committee on Public Works and Transportation be permitted to sit today while the House is in session under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

MARIA CORAZON SAMTOY

The Clerk called the bill (H.R. 948) for the relief of Maria Corazon Samtoy.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CONVEYING ALL INTERESTS OF THE UNITED STATES IN CERTAIN REAL PROPERTY IN SANDOVAL COUNTY, N. MEX., TO WALTER HERNANDEZ

The Clerk called the bill (H.R. 1762) to convey all interests of the United States in certain real property in Sandoval County, N. Mex., to Walter Hernandez.

There being no objection, the Clerk read the bill, as follows:

H.R. 1762

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all right, title, and interest of the United States in the following lands are hereby released and conveyed to Mr. Walter Hernandez of Cuba, New Mexico: the northwest quarter of the northwest quarter of section 27, township 21 north, range 1 west, New Mexico principal meridian, Sandoval County, New Mexico, containing approximately forty acres: *Provided,* That such conveyance shall be made subject to Federal Oil and Gas lease NM-A 18520 issued June 1, 1973, and shall reserve to the United States all rentals and royalties payable to the lessor under the terms and conditions of such lease for so long as such lease remains in full force and effect.

SEC. 2. Upon application by the grantee, the Secretary of the Interior is authorized and directed to issue such patents or other documents of conveyance as he deems necessary to evidence the conveyance effected by section 1 of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE SECRETARY OF THE INTERIOR TO CONVEY CERTAIN LANDS IN PLACER COUNTY, CALIF., TO MRS. EDNA C. MARSHALL, AND FOR OTHER PURPOSES

The Clerk called the bill (H.R. 920) to authorize the Secretary of the Interior to convey certain lands in Placer County, Calif., to Mrs. Edna C. Marshall, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

H.R. 920

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is hereby authorized and directed to convey to Edna C. Marshall, Auburn, California, all right, title, and interest of the United States in and to a tract of land in Tahoe National Forest, Placer County, California, more particularly described as the northeast quarter northwest quarter of section 28, township 14 north, range 11 east, Mount Diablo base and meridian, California, consisting of forty acres, more or less. Such conveyance shall only be made if Edna C. Marshall makes application therefor, and within one year after the date of this Act, makes payment of the fair market value of the land as of the date of this Act, less any enhancement in value brought to the land by Edna C. Marshall or her predecessors on the land, as determined by the Secretary of the Interior. Edna C. Marshall shall bear any administrative expenses, including appraisal, filing, and recording fees, arising from the conveyance.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRIVATE MEDICINE

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. COLLINS of Texas. Mr. Speaker, the medical leaders in our country are keenly concerned that the United States maintain the highest quality health care for our people. With our great medical research, we have seen the life expectancy extended more than 10 years. We have seen our sick receive the best medical care in the world.

I received a most informative letter from Dr. Denton A. Cooley, who heads up the Texas Heart Institute in Houston, Tex. Dr. Cooley was writing to give us a factual update on the importance of our medical leadership to not only our country but the entire world. It is interesting to see how people around the world turn to the United States. This is because we have the best and because under private medicine we have facilities available.

I would like to quote two paragraphs from his letter to me. We all share the

☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.
● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

pride that Dr. Denton Cooley has in the Texas Heart Institute. We are proud of the leadership which America merits through its intensive dedication to private medicine. Here are Dr. Cooley's comments on one experience:

> I support the conclusion from first hand experience. Annually, over 30 percent of our patients at the Texas Heart Institute come from foreign countries; most come from countries with federally controlled health care systems. They seek treatment at our facility not only because of our expertise, but also because they do not have access to care in their own countries within a reasonable time period, if at all. Also, in the majority of cases they find the cost of the required procedure less in this country than in their own.
>
> Let me cite a specific example. For almost three years we have been serving cardiovascular patients from the Netherlands. To date we have treated over 763 patients with this "Dutch Air Bridge" program. We treat them because under their federalized system they would wait up to 3 years for the same procedure in their country. Many could not survive that delay. Through our program, these patients receive more prompt and efficient treatment for less money (including air fares and spouses expenses) and their government pays all costs.

PURSE-CARRYING CONGRESSMEN

(Mr. EVANS of Delaware asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Delaware. Mr. Speaker, I have a warning for you this morning. Soon, if the Carter administration has its way, each of us will be sauntering down to the well with purse in hand.

That is right, purses. The administration has quietly announced that they are going to try and systematically remove the 3 billion $1 bills from circulation and replace them with the new $1 coin, sometimes known as the coin that nobody wants.

Mr. Speaker, I am concerned that Congress image, already low, will be further eroded by the sight of 435 purse-carrying lawmakers. But the Carter administration is adamant. They say that if the American people will not choose the dollar coin over the old fashioned greenback, then, by golly, we will take their dollar bills away from them. George Washington must be turning over in his grave.

This is the height of bureaucratic arrogance, and I urge my colleagues to join me in fighting against removal of the dollar bill from our economy.

THE PRICE OF GOLD MAKES HEADLINES AGAIN

(Mr. PAUL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PAUL. Mr. Speaker, the price of gold is making headlines again. Where will it stop? Four hundred dollars an ounce? Five hundred dollars? More? The price of gold, in dollar terms, will continue to go up over the long term, as long as this Congress and the Federal Reserve continue their policies of inflating the money supply. Gold is not getting more valuable—the dollar is getting less valuable.

Since the days when Nixon devalued the dollar, we have seen the dollar depreciated almost 90 percent in terms of gold. And the worst is yet to come, so long as profligacy and irresponsibility continue to be the watchwords of monetary policy.

Our inflationary policies will not be changed overnight, but at least the Treasury can stop its sales of gold. We must stop dumping our one real monetary asset to the Arabs and the European bankers. Or at least, if we are going to sell it, let us sell it to Americans in affordable-sized coins.

Gold is a report card on our economic and monetary policies. So far, our grade is F.

ANNOUNCEMENT BY THE SPEAKER—OFFICIAL PHOTOGRAPH OF HOUSE OF REPRESENTATIVES TO BE TAKEN WEDNESDAY, SEPTEMBER 19, 1979

The SPEAKER. The Chair desires to make an announcement.

Pursuant to the provisions of House Resolution 401. The Chair desires to inform Members that the official picture of the House while in session will be taken immediately after the approval of the Journal when the House convenes on Wednesday, September 19, 1979.

Without objection the Chair will be authorized to declare a brief recess while the photograph is taken.

There was no objection.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to clause 3, rule XXVII, the Chair will now put the question de novo on the motion on which further proceedings were postponed on Monday, September 17, 1979.

FUELS TRANSPORTATION SAFETY AMENDMENTS ACT OF 1979

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill, H.R. 51, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Massachusetts (Mr. MARKEY) that the House suspend the rules and pass the bill, H.R. 51, as amended.

The question was taken.

Mr. KRAMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 357, nays 20, not voting 57, as follows:

[Roll No. 473]

YEAS—357

Abdnor
Addabbo
Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Aspin
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Cotter
Coughlin
Courter
D'Amours
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Derrick
Derwinski
Dickinson
Dicks
Diggs
Dingell
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holt
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffords
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
Kostmayer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leath, Tex.
Lederer
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Luken
Lungren
McClory
McCloskey
McCormack
McDade
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rostenkowski
Royer
Rudd
Runnels
Russo
Sabo
Santini
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa

Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
Stack
Staggers
Stangeland
Stanton
Stark
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Wilson, Bob
Wilson, C. H.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wylie
Yates
Yatron
Young, Fla.
Zablocki
Zeferetti

NAYS—20

Archer
Broomfield
Collins, Tex.
Crane, Philip
Daniel, Dan
Dannemeyer
Devine
Jeffries
Kelly
Kindness
Kramer
McDonald
McEwen
Murphy, Pa.
Paul
Roth
Satterfield
Sawyer
Sensenbrenner
Symms

NOT VOTING—57

Alexander
Anderson, Ill.
Anthony
Applegate
Ashbrook
Ashley
Atkinson
Boner
Brown, Ohio
Burton, John
Burton, Phillip
Carter
Corman
Crane, Daniel
Dellums
Dixon
Dodd
Erdahl
Evans, Ga.
Evans, Ind.
Flood
Ford, Mich.
Fountain
Giaimo
Gilman
Hagedorn
Hansen
Holland
Hollenbeck
Ireland
Jenrette
Leach, La.
Leland
Lott
Lundine
Mathis
Moffett
Neal
Nolan
Pursell
Rahall
Richmond
Rose
Rosenthal
Rousselot
Roybal
St Germain
Steed
Stockman
Treen
Udall
Williams, Ohio
Wilson, Tex.
Winn
Wydler
Young, Alaska
Young, Mo.

☐ 1020

The Clerk announced the following pairs:

Mr. Corman with Mr. Anderson of Illinois.
Mr. Giaimo with Mr. Carter.
Mr. Rosenthal with Mr. Young of Alaska.
Mr. St Germain with Mr. Wydler.
Mr. Young of Missouri with Mr. Pursell.
Mr. Alexander with Mr. Rousselot.
Mr. Anthony with Mr. Winn.
Mr. John L. Burton with Mr. Gilman.
Mr. Ford of Michigan with Mr. Boner of Tennessee.
Mr. Jenrette with Mr. Hagedorn.
Mr. Charles Wilson of Texas with Mr. Erdahl.
Mr. Phillip Burton with Mr. Hansen.
Mr. Leach of Louisiana with Mr. Brown of Ohio.
Mr. Richmond with Mr. Ashbrook.
Mr. Atkinson with Mr. Daniel B. Crane.
Mr. Ashley with Mr. Williams of Ohio.
Mr. Udall with Mr. Roybal.
Mr. Steed with Mr. Rose.
Mr. Rahall with Mr. Nolan.
Mr. Flood with Mr. Evans of Indiana.
Mr. Fountain with Mr. Holland.
Mr. Ireland with Mr. Hollenbeck.
Mr. Leland with Mr. Lundine.
Mr. Mathis with Mr. Dodd.
Mr. Evans of Georgia with Mr. Moffett.
Mr. Applegate with Mr. Neal.
Mr. Dellums with Mr. Dixon.

Mr. LENT and Mr. PETRI changed their votes from "nay" to "yea."

Mr. DAN DANIEL changed his vote from "yea" to "nay."

So (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. MARKEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table a similar Senate bill (S. 411) to improve the protection afforded the public against risks associated with the transportation of hazardous commodities by pipeline, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 411

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Pipeline Safety Act of 1979".

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Sec. 217. Savings provisions.

TITLE I—NATURAL GAS

SHORT TITLE

SEC. 101. This title may be cited as the "Natural Gas Pipeline Safety Act Amendments of 1979".

DECLARATION OF POLICY

SEC. 102. The Congress finds that more effective realization of the purposes of the Natural Gas Pipeline Safety Act of 1968, especially as it relates to the transportation of liquefied natural gas, requires that Act to be amended to clarify the authority of the Secretary of Transportation, to improve the investigation and enforcement powers of the Secretary, and to clarify and update existing provisions of the Act.

REFERENCES TO NATURAL GAS PIPELINE SAFETY ACT OF 1968

SEC. 103. Except as otherwise expressly provided, whenever in this title any reference, amendment, or repeal is expressed in terms of a reference or amendment to, or repeal of, a section or other provision, it shall be considered to be made to a section or other provision of the Natural Gas Pipeline Safety Act of 1968, as amended (49 U.S.C. 1671 et seq.).

DEFINITIONS

SEC. 104. (a) Section 2(2) is amended by inserting "(including liquefied natural gas)" immediately after "natural gas".

(b) Section 2(4) is amended to read as follows:

"(4) 'Pipeline facilities' includes, without limitation, new and existing pipe, rights-of-way, and any equipment, facility, or building used in the transportation of gas or the treatment of gas during the course of transportation, but rights-of-way as used in this Act does not authorize the Secretary to prescribe the location or routing of any pipeline facility;".

(c) Sections 2(8) and 2(9) are amended by striking out "Federal Power Commission" and inserting in lieu thereof "Federal Energy Regulatory Commission".

STANDARDS

SEC. 105. (a) Section 3 is amended to read as follows:

"REGULATIONS GOVERNING TRANSPORTATION OF GAS AND PIPELINE FACILITIES

"SEC. 3. (a) The Secretary shall issue, in accordance with the provisions of section 553 of title 5, United States Code, including an opportunity for informal oral presentation, Federal safety standards for the transportation of gas and pipeline facilities. The standards shall apply to each person who engages in the transportation of gas or who owns or operates pipeline facilities. The standards shall be practicable and designed to meet the need for safe transportation of gas and may govern any safety aspect of that transportation and of pipeline facilities which the Secretary considers necessary or appropriate.

"(b) In prescribing standards under this section, the Secretary shall consider—

"(1) relevant available pipeline data;

"(2) whether the standards are appropriate for the particular type of pipeline transportation or facility;

"(3) the reasonableness of any proposed standards; and

"(4) the extent to which the standards will contribute to public safety.

"(c) Except as provided under section 10(b) of this Act, any standard issued under this section affecting the design, installation, construction, initial inspection, and initial testing shall not be applicable to pipeline facilities in existence on the date it is adopted, or to any pipeline facility used in the transportation or storage of liquefied natural gas for which an application for the approval of the siting, construction, or operation of such facility was filed before March 1, 1978, with—

"(1) the Department of Energy or any predecessor organization pursuant to section 3 or section 7 of the Natural Gas Act; or

"(2) the appropriate State agency, in the case of any facility not subject to the jurisdiction of the Department of Energy under the Natural Gas Act.

"(d) Any State agency may adopt additional or more stringent safety standards for intrastate pipeline transportation if those standards are compatible with the Federal standards issued under this Act. No State agency may adopt or continue in force any safety standards applicable to interstate transmission facilities.

"(e) Upon application by any person engaged in the transportation of gas or the operation of pipeline facilities, the Secretary may, by order, after notice and opportunity for hearing and under such terms and conditions and to such extent as he deems appropriate, waive in whole or in part compliance with any standard established under this Act, if he determines that waiver of compliance with such standard is not inconsistent with gas pipeline safety. The Secretary shall state his reasons for any such waiver. A State agency, with respect to which there is in effect a certification pursuant to section 5(a) or an agreement pursuant to section 5(b) may waive compliance with a safety standard in the same manner and under the same conditions as the Secretary, provided such State agency gives the Secretary written notice at least 60 days prior to the effective date of the waiver. If, before the effective date of a waiver to be granted by a State agency, the Secretary objects in writing to the granting of the waiver, any State agency action granting the waiver will be stayed. After notifying such State agency of his objection, the Secretary shall afford such agency a prompt opportunity to present its request for waiver, with opportunity for hearing, and the Secretary shall determine finally whether the requested waiver may be granted.

"(f)(1) Whenever the establishment of a standard or action upon application for waiver under the provisions of this Act would affect continuity of any gas services, the Secretary shall consult with and advise the Federal Energy Regulatory Commission or State commission having jurisdiction over the affected pipeline facility before establishing the standard or acting on the waiver application and shall defer the effective date until the Federal Energy Regulatory Commission or any such commission has had reasonable opportunity to grant the authorizations it deems necessary.

"(2) In any proceedings under section 7 of the Natural Gas Act (15 U.S.C. 717f) for authority to establish, construct, operate, or extend a gas pipeline which is or will be subject to Federal or other applicable safety standards, any applicant shall certify that it will design, install, inspect, test, construct, operate, replace, and maintain the pipeline facilities in accordance with Federal and other applicable safety standards and plans for maintenance and inspection. Such certification shall be binding and conclusive upon the Federal Energy Regulatory Commission unless the relevant enforcement agency has timely advised the Commission in writing that the applicant has violated safety standards established pursuant to this Act.

"(3) Upon request, the Secretary shall furnish to the Federal Energy Regulatory Commission any information he has concerning the safety of any materials, operations, devices, or processes relating to the transportation of gas or the operation of pipeline facilities.

"(4) The Secretary is authorized to advise, assist, and cooperate with other Federal departments and agencies and State and other interested public and private agencies and persons, in the planning and developing of (1) Federal safety standards, and (2) methods for inspecting and testing to determine compliance with Federal safety standards.

"(5) The Secretary is authorized to consult with, and make recommendations to, other Federal departments and agencies, State and local governments, and other public and private agencies or persons, for the purpose of developing and encouraging activities, including the enactment of legislation, to assist in the implementation of this Act and to improve State and local pipeline safety programs.".

(b) The Act is amended by striking out sections 7 and 13.

STATE SAFETY PROGRAMS

SEC. 106. (a) Section 5(a) is amended—

(1) by striking out "Except for the fourth sentence of section 3(b), section 12(b), and except as otherwise provided in this section, the provisions of this Act" and inserting in lieu thereof "Except for section 10(b) and except as otherwise provided in this section, the authority of the Secretary under this Act to prescribe safety standards and enforce compliance with such standards".

(2) by striking out "excavation" in clause (4) and inserting in lieu thereof "demolition, excavation, tunneling, or construction".

(3) by striking out, in clause (5), "sections 9 and 10" and inserting in lieu thereof "sections 8(a) and 10(a)".

(4) by striking out, in clause (5), "; except that a State agency may file a certification under this subsection without regard to the requirement of injunctive and monetary sanctions under State law for a period not to exceed five years after the date of enactment of this Act".

(5) by amending clause 5(ii) to read as follows: "all accidents or incidents reported during the preceding 12 months by each such person involving personal injury requiring hospitalization, fatality, property damage exceeding $5,000 (whether or not sustained by a person subject to the safety jurisdiction of the State agency) and any other accident which the State agency considers significant;".

(b) Section 5(b) is amended by striking out paragraphs (3) and (4), and inserting "and" immediately after paragraph (1) thereof.

(c) Section 5 is further amended by striking out subsection (f); redesignating subsections (c), (d), and (e) as (d), (e) and (f), respectively; and adding a new subsection (c) to read as follows: "(c) The Secretary is authorized to conduct whatever monitoring may be necessary of any State program established by certificaion or agreement under this section to assure that such programs are being carried out in compliance with such certification or agreement. State agencies shall cooperate fully in a system of Federal monitoring of their programs.".

ENFORCEMENT POWERS

SEC. 107. (a) The Act is amended by redesignating section 8 as section 7; by striking out sections 9 and 10; and by adding new sections 8, 9, and 10 to read as follows:

"PENALTIES

"SEC. 8. (a) Any person who is determined by the Secretary of Transportation to have violated any provisions of this Act or any regulation or order issued thereunder including any order issued under sections 9 or 10(b) of this Act, shall be liable to the United States for a civil penalty of not more than $1,000 for each violation for each day that violation persists, except that the maximum civil penalty shall not exceed $200,000 for any related series of violations. The amount of the penalty shall be assessed by the Secretary by written notice. In determining the amount of the penalty, the Secretary shall consider the nature, circumstances, and gravity of the violation and, with respect to the person found to have committed the violation, the degree of culpability, any history of prior violations, the effect on ability to continue to do business, any good faith in attempting to achieve compliance, and such other matters as the Secretary believes justice may require.

"(b) Except as provided by subsection (c), a civil penalty assessed under subsection (a) may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate district court of the United States or, prior to referral to the Attorney General, it may be compromised by the Secretary. The amount of the penalty, when finally determined (or agreed upon in compromise), may be deducted from all sums owed by the United States to the person charged. All penalties collected under this subsection shall be deposited in the Treasury of the United States as miscellaneous receipts.

"(c) When a civil penalty of not more than $1,500 has been assessed under subsection (a), the matter may be referred for collection of the penalty directly to the Federal magistrate of the jurisdiction wherein the person liable may be found, for institution of collection procedures under supervision of the district court, if the court has issued an order delegating such authority under section 636(b) of title 28, United States Code.

"(d) Any person who willfully and knowingly—

"(1) Violates a provision of this Act or a regulation or order issued thereunder including any order issued under sections 9 or 10(b) of this Act shall, upon conviction, be subject, for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 5 years, or both.

"(2) Injures or destroys, or attempts to injure or destroy, any interstate transmission facility shall, upon conviction, be subject, for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 15 years, or both.

"COMPLIANCE ORDERS

"SEC. 9. The Secretary may issue orders directing compliance with this Act or any regulation issued thereunder. The district courts of the United States shall have jurisdiction, upon petition by the Attorney General, to enforce such orders by appropriate means.

"SPECIFIC RELIEF

"SEC. 10. (a)(1) The Attorney General, at the request of the Secretary, may bring an action in an appropriate district court of the United States for equitable relief to redress or restrain a violation by any person of a provision of this Act or a regulation issued thereunder. Such district courts shall have jurisdiction to determine such actions and may grant such relief as is necessary or appropriate, including mandatory or prohibitive injunctive relief, interim equitable relief, and punitive damages.

"(2) In any proceeding for criminal contempt for violation of a mandatory or prohibitive injunction issued under this subsection, which violation also constitutes a violation of this Act, trial shall be by the court or, upon demand of the accused, by a jury. Such trial shall be conducted in accordance with the practice and procedure applicable in the case of proceedings subject to the provisions of rule 42(b) of the Federal Rules of Criminal Procedure.

"(b)(1) If the Secretary finds, after reasonable notice and an opportunity for hearing, that any pipeline facility is hazardous to life or property, he shall, by order, require the person operating the facility to take necessary corrective action. Such corrective action may include suspended or restricted use of the facility, physical inspection, testing, repair, replacement, or other action, as appropriate. The district courts of the United States shall have jurisdiction, upon petition by the Attorney General, to enforce orders issued under this subsection by appropriate means.

"(2) The Secretary may waive the requirements for notice and hearing under this subsection and provide for expeditious issuance of an order under this subsection in any case in which he determines that the failure to do so would result in the likelihood of serious harm to life or property.

However, the Secretary shall include in such an order an opportunity for hearing as soon as practicable after issuance of an order.".

(b) Section 6 is amended by striking out the existing heading and inserting in lieu thereof "JUDICIAL REVIEW OF STANDARDS AND ORDERS" and by inserting the words "standard or" immediately before the word "order" wherever it appears in subsections (a), (b), and (c).

ADMINISTRATION

SEC. 108. Section 12 is amended to read as follows:

"POWERS AND DUTIES OF THE SECRETARY

"SEC. 12. (a) The Secretary is authorized, to the extent necessary to carry out his responsibilities under this Act, to conduct investigations, make reports, issue subpenas, conduct hearings, require the production of relevant documents and records, take depositions, and conduct, directly or indirectly, research, testing, development, demonstration, and training activities.

"(b) Each person who engages in the transportation of gas or who owns or operates pipeline facilities shall establish and maintain such records, make such reports, and provide such information as the Secretary may reasonably require, and shall submit such reports and shall make such records and information available as the Secretary may request, to enable him to determine whether such person had acted or is acting in compliance with this Act and the standards or orders issued under this Act.

"(c) Officers, employees, or agents authorized by the Secretary, upon presenting appropriate credentials to the person in charge, are authorized to enter upon, inspect, and examine, at reasonable times and in a reasonable manner, the records and properties of persons to the extent such records and properties are relevant to determining whether such persons have acted or are acting in compliance with this Act and the standards or orders issued under this Act.

"(d) Accident reports made by any officer, employee, or agent of the Department of Transportation shall be available for use in any civil, criminal, or other judicial proceeding arising out of such accident. Any such officer, employee, or agent may be required to testify in such proceedings as to the facts developed in such investigations. Any such report shall be made available to the public in a manner which need not identify individuals. All reports on research projects, demonstration projects, and other related activities shall be public information.

"(e) All information reported to or otherwise obtained by the Secretary or his representative pursuant to subsection (a), (b), or (c) which information contains or relates to a trade secret referred to in section 1905 of title 18 of the United States Code shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this Act or when relevant in any proceeding under this Act. Nothing in this section shall authorize the withholding of information by the Secretary or any officer, employee, or agent under his control, from the duly authorized committees of the Congress.".

APPROPRIATIONS AUTHORIZATION

SEC. 109. Section 15 is amended by redesignating it as section 14 to read as follows:

"APPROPRIATIONS AUTHORIZED

"SEC. 14. (a) There are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1980, and $5,350,000 for the fiscal year ending September 30, 1981, for the purpose of carrying out the provisions of this Act and the Hazardous Liquid Pipeline Safety Act of 1979, except that the funds appropriated pursuant to this subsection shall not be used for Federal grant-in-aid.

"(b) There are authorized to be appropriated $3,017,000 for the fiscal year ending September 30, 1980, and $3,228,190 for the fiscal year ending September 30, 1981, for the purpose of carrying out the Federal grants-in-aid provisions of section 5(d) of this Act.

"(c) There are authorized to be appropriated $500,000 for the fiscal year ending September 30, 1980, and $535,000 for the fiscal year ending September 30, 1981, for the purpose of carrying out the Federal grants-in-aid provisions of section 205(c) of this Act.".

CLERICAL AND CONFORMING AMENDMENTS

SEC. 110. (a) Section 14 is amended by redesignating it as section 13; by striking out "March 17" and inserting in lieu thereof "June 15": and by striking out "3(e)" in paragraph 3 of subsection (a) and inserting in lieu thereof "3(f)".

(b) Sections 16 and 17 are amended by redesignating them as sections 15 and 16, respectively.

(c) Section 16(f), as redesignated, is amended by striking out "minimum".

EFFECTIVE DATE

SEC. 111. The provisions of this title shall take effect on the date of their enactment.

SAVINGS PROVISIONS

SEC. 112. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges which have been issued, made, granted, or allowed to become effective under the provisions of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1671 et seq.), as amended, and which are in effect at the time this title takes effect, shall continue in effect as though issued, made, granted, or allowed to become effective under the authority of this title, according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary, by any court of competent jurisdiction, or by operation of law.

(b) Suits, actions, or other proceedings pending upon the date of enactment of this title shall not be affected by the provisions of this title and shall be completed as if this title had not been enacted, unless the Secretary makes a determination that the public safety otherwise require.

TITLE II—LIQUID PIPELINE SAFETY

SHORT TITLE

SEC. 201. This title may be cited as the "Hazardous Liquid Pipeline Safety Act of 1979".

DECLARATION OF POLICY

SEC. 202. It is declared to be the policy of Congress in this title to improve the ability of the Secretary of Transportation to protect the Nation adequately against the risks to life and property which are inherent in the transportation of hazardous liquids by pipeline in or affecting interstate or foreign commerce.

DEFINITIONS

SEC. 203. As used in this title—

"(1) "person" means any individual, firm, joint venture, partnership, corporation, association, State, municipality, cooperative association, or joint stock association, and includes any trustee, receiver, assignee, or personal representative thereof;

(2) "hazardous liquid" means a substance or material which is in liquid form (excluding liquefied natural gas) when transported by pipeline facilities and which, as determined by the Secretary, may pose an unreasonable risk to life or property when transported by pipeline facilities. For the purpose of this title "hazardous liquid" includes but is not limited to, petroleum and petroleum products;

(3) "transportation of hazardous liquids" means the movement of hazardous liquids by pipeline, or their storage incidental to such movement, in or affecting interstate or foreign commerce; except that it shall not include any such movement through gathering lines in rural locations or onshore production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of these facilities.

(4) "pipeline facilities" includes, without limitation, new and existing pipe, rights-of-way, and any equipment, facility, or building used or intended for use in the transportation of hazardous liquids but rights-of-way as used in this title does not authorize the Secretary to prescribe the location or the routing of any pipeline facility;

(5) "interstate pipeline facilities" means those pipeline facilities used in the transportation of hazardous liquids in interstate or foreign commerce;

(6) "intrastate pipeline facilities" means pipeline facilities which are not interstate pipeline facilities;

(7) "interstate or foreign commerce" means commerce between any point in a State and any point outside thereof, or between points within the same State but through any place outside thereof;

(8) "State" includes each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico; and

(9) "Secretary" means the Secretary of Transportation.

REGULATIONS GOVERNING TRANSPORTATION OF HAZARDOUS LIQUIDS AND PIPELINE FACILITIES

SEC. 204. (a) The Secretary shall issue, in accordance with the provisions of section 553 of title 5, United States Code, including an opportunity for informal oral presentation, Federal safety standards for the transportation of hazardous liquids and pipeline facilities. The standards shall apply to each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities. The standards shall be practicable and designed to meet the need for safe transportation of hazardous liquids and may govern any safety aspect of that transportation which the Secretary considers necessary or appropriate.

(b) In prescribing standards under this section, the Secretary shall consider—

(1) relevant available pipeline data;

(2) whether the standards are appropriate for the particular type of pipeline transportation or facility;

(3) the reasonableness of any proposed standards; and

(4) the extent to which the standards will contribute to public safety.

(c) Except as provided under section 210 (b) of this title, any standard issued under this section affecting the design, installation, construction, initial inspection, and initial testing shall not be applicable to pipeline facilities in existence on the date it is adopted.

(d) Any State agency may adopt additional or more stringent safety standards for intrastate pipeline facilities and the transportation of hazardous liquids associated with those facilities, if those standards are compatible with the Federal standards issued under this title. No State agency may adopt or continue in force any safety standards applicable to interstate pipeline facilities or the transportation of hazardous liquids associated with those facilities.

(e) Upon application by any person engaged in the transportation of hazardous liquids or the operation of pipeline facilities, the Secretary may, by order, after notice and opportunity for hearing and under such terms and conditions and to such extent as he deems appropriate, waive in whole or in part compliance with any standard established under this title, if he determines that a waiver of compliance with such standard is not inconsistent with pipeline safety. The Secretary shall state his reasons for any such waiver. A State agency, with respect to which there is in effect a certification pursuant to section 205(a) or an agreement pursuant to section 205(b), may waive compliance with a safety standard in the same manner and under the same conditions as the Secretary, provided such State agency gives the Secretary written notice at least sixty days prior to the effective date of the waiver. If, before the effective date of a waiver to be granted by a State agency, the Secretary objects in writing to the granting of the waiver, any State agency action granting the waiver will be stayed. After notifying such State agency of his objection, the Secretary shall afford such agency a prompt opportunity to present its request for waiver, with opportunity for hearing, and the Secretary shall determine finally whether the requested waiver may be granted.

(f)(1) The Secretary is authorized to advise, assist, and cooperate with other Federal agencies and State and other interested public and private agencies and persons, in the planning and developing of (1) Federal safety standards, and (2) methods for inspecting and testing to determine compliance with Federal safety standards.

(2) The Secretary is authorized to consult with, and make recommendations to, other Federal agencies, State and local governments, and other public and private agencies or persons, for the purpose of developing and encouraging activities, including the enactment of legislation, to assist in the implementation of this title and to improve State and local pipeline safety programs.

STATE CERTIFICATIONS AND AGREEMENTS

SEC. 205. (a) Except for section 210(b) and except as otherwise provided in this section, the authority of the Secretary under this title to prescribe safety standards and enforce compliance with those standards shall not apply to intrastate pipeline facilities or the transportation of hazardous liquids associated with those facilities, when the safety standards and practices applicable to same are regulated by a State agency which submits to the Secretary an annual certification that such State agency—

(1) has regulatory jurisdiction over the safety standards and practices of intrastate pipeline facilities and the transportation of hazardous liquids associated with those facilities;

(2) has adopted, as of the date of the certification, each Federal safety standard established under this title which is applicable to intrastate pipeline facilities and the transportation of hazardous liquids associated with those facilities or, with respect to each such Federal safety standard established within one hundred and twenty days before the date of certification, is taking steps pursuant to State law to adopt such standard;

(3) is enforcing each such standard;

(4) is encouraging and promoting programs designed to prevent damage to pipeline facilities as a consequence of demolition, excavation, tunneling, or construction activity;

(5) has the authority to require record maintenance, reporting, and inspection substantially the same as are provided under section 212 and the filing for approval of plans of inspection and maintenance described in section 211 and that the law of the State makes provision for the enforcement of the safety standards of such State agency by way of injunctive and monetary sanctions substantially the same as are provided under sections 208(a) and 210(b). Each annual certification shall include a report, in such form as the Secretary may by regulation provide, showing (i) name and address of each person subject to the safety jurisdiction of the State agency; (ii) all accidents or incidents reported during the preceding twelve months by each such person involving personal injury requiring hospitalization, fatality, or property damage exceeding $5,000 (whether or not sustained by a person subject to the safety jurisdiction of the State agency), together with a summary of the State agency's investigation as to the cause and circumstances surrounding such accident or incident; (iii) the record maintenance, reporting, and inspection practiced by the State agency to enforce compliance with such Federal safety standards, including a detail of the number of inspections made of pipeline facilities by the State agency during the preceding twelve months; and (iv) such other information as the Secretary may require. The report included with the first annual certification need not show information unavailable at that time.

(b) With respect to any intrastate pipeline facilities or transportation of hazardous liquids associated with those facilities for which the Secretary does not receive an annual certification under subsection (a), the Secretary may, by agreement with a State agency authorize such agency to assume responsibility for, and carry out on behalf of the Secretary as it relates to those facilities or associated transportation, the necessary actions to—

(1) establish an adequate program for record maintenance, reporting, and inspection designed to assist compliance with Federal safety standards; and

(2) establish procedures for approval of plans and inspection and maintenance substantially the same as are required under section 211.

Any agreement executed pursuant to this subsection shall require the State agency promptly to notify the Secretary of any violation or probable violation of a Federal safety standard which it discovers as a result of its program.

(c)(1) Except as otherwise provided in this section, if an application submitted not later than September 30 in any calendar year, the Secretary shall pay out of funds appropriated or otherwise made available up to 50 percent of the cost of the personnel, equipment, and activities of a State agency reasonably required during the following calendar year to carry out a safety program under a certification under subsection (a) or an agreement under subsection (b) of this section; or to act as agent of the Secretary with respect to interstate pipeline facilities. The Secretary may, after notice and consultation with a State agency, withhold all or any part of the funds for a particular State agency if he determines that such State agency (A) is not satisfactorily carrying out a safety program under a certification under subsection (a) or an agreement under subsection (b) of this section, or (B) is not satisfactorily acting as agent of the Secretary with respect to interstate transmission facilities. No such payment may be made unless the State agency making application under this subsection gives assurances satisfactory to the Secretary that the State agency will provide the remaining cost of such a safety program and that the aggregate expenditures of funds of the State, exclusive of Federal grants, for hazardous liquid pipeline safety programs will be maintained at a level which does not fall below the average level of such expenditures for the last 2 fiscal years preceding the date of enactment of this section.

(2) Funds authorized to be appropriated by section 109 of this Act shall be allocated among the several States for payments to aid in the conduct of pipeline safety programs in accordance with paragraph (1) of this subsection.

(3) Payments under this section may be made in installments, in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments.

(4) The Secretary may, by regulation, provide for the form and manner of filing of applications under this section, and for such reporting and fiscal procedures as he deems necessary to assure the proper accounting for Federal funds.

(d) A certification which is in effect under subsection (a) shall not apply with respect to any new or amended Federal safety standard established for intrastate pipeline facilities or transportation of hazardous liquids associated with those facilities pursuant to this title after the date of such certification. The provisions of this title shall apply to any such new or amended Federal safety standard until the State agency has adopted such standard and has submitted an appropriate certification in accordance with provisions of subsection (a).

(e) If after receipt of annual certification under subsection (a), the Secretary determines that the State agency is not satisfactorily enforcing compliance with Federal safety standards, he may, on reasonable notice and after opportunity for hearing, reject the certification or take such other action as he deems appropriate to achieve adequate enforcement including the assertion of Federal jurisdiction. When such notice is given by the Secretary, the burden of proof shall be upon the State agency to show that it is satisfactorily enforcing compliance with Federal safety standards.

(f) Any agreement under subsection (b) may be terminated by the Secretary if, after notice and opportunity for a hearing, he finds that the State agency has failed to comply with any provision of such agreement. Such finding and termination shall be published in the Federal Register and shall become effective no sooner than fifteen days after the date of publication.

(g) The Secretary is authorized to conduct whatever monitoring may be necessary of any State program established by certification or agreement under this section to assure that such programs are being carried out in compliance with such certification or agreement. State agencies shall cooperate fully in a system of Federal monitoring of their programs.

JUDICIAL REVIEW OF STANDARDS AND ORDERS

SEC. 206. (a) Any person who is or will be adversely affected or aggrieved by any standard or order issued under this title may at any time prior to the sixtieth day after such standard or order is issued file a petition for a judicial review with the United States Court of Appeals for the District of Columbia or for the circuit wherein such petitioner is located or has his principal place of business. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary or other officer designated by him for that purpose.

(b) Upon the filing of the petition referred to in subsection (a), the court shall have jurisdiction to review the standard or order in accordance with chapter 7 of title 5 of the United States Code and to grant appropriate relief as provided in such chapter.

(c) The judgment of the court affirming or setting aside, in whole or in part, any such standard or order of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28 of the United States Code.

(d) Any action instituted under this section shall survive, notwithstanding any change inthe person occupying the office of the Secretary or any vacancy in such office.

(e) The remedies provided for in this section shall be in addition to and not in substitution for any other remedies provided by law.

COMPLIANCE

SEC. 207. (a) Each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities shall—

(1) at all times after the date an applicable safety standard established under this

title takes effect comply with the requirements of such standard;

(2) comply with the requirements of section 211 regarding the preparation, maintenance, and carrying out of a plan of inspection and maintenance; and

(3) permit access to or copying of records, and make reports or provide information and permit entry or inspection, as required under section 212.

(b) Nothing in this title shall affect the common law or statutory liability of any person.

PENALTIES

SEC. 208. (a) Any person who is determined by the Secretary to have violated any provisions of this title or any regulation or order issued thereunder including any order issued under section 209 or 210(b) of this title, shall be liable to the United States for a civil penalty of not more than $1,000 for each violation for each day the violation continues, except that the maximum civil penalty shall not exceed $200,000 for any related series of violations The amount of the penalty shall be assessed by the Secretary by written notice. In determining the amount of the penalty, the Secretary shall consider the nature, circumstances, and gravity of the violation and with respect to the person found to have committed the violation, the degree of culpability, any history of prior violations, the effect on ability to continue to do business, any good faith in attempting to achieve compliance, and such other matters as the Secretary believes justice may require.

(b) Except as provided by subsection (c), a civil penalty assessed under subsection (a) may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate district court of the United States or, prior to referral to the Attorney General, it may be compromised by the Secretary. The amount of the penalty, when finally determined (or agreed upon in compromise), may be deducted from all sums owed by the United States to the person charged. All penalties collected under this subsection shall be deposited in the Treasury of the United States as miscellaneous receipts.

(c) When a civil penalty of not more than $1,500 has been assessed under subsection (a), the matter may be referred for collection of the penalty directly to the Federal magistrate of the jurisdiction wherein the person liable may be found, for institution of collection procedures under supervision of the district court, if the court has issued an order delegating such authority under section 636(b) of title 28, United States Code.

(d) Any person who willfully and knowingly—

(1) Violates a provision of this title or a regulation or order issued thereunder including any order issued under section 209 or 210 (b) of this title, shall, upon conviction be subject, for each offense, to a fine of not more than $25,000, imprisonment for a term not to exceed 5 years, or both.

(2) Injures or destroys, or attempts to injure or destroy any interstate pipeline facility, shall, upon conviction, be subject for each offense, to a fine of not more than $25,000 or imprisonment for a term not to exceed 15 years, or both.

COMPLIANCE ORDERS

SEC. 209. The Secretary may issue orders directing compliance with this title or any regulation issued thereunder. The district courts of the United States shall have jurisdiction, upon petition by the Attorney General, to enforce such orders by appropriate means.

SPECIFIC RELIEF

SEC. 210. (a) (1) The Attorney General, at the request of the Secretary, may bring an action in an appropriate district court of the United States for equitable relief to redress or restrain a violation by any person of a provision of this title or a regulation issued thereunder. Such district courts shall have jurisdiction to determine such actions and may grant such relief as is necessary or appropriate, including mandatory or prohibitive injunctive relief, interim equitable relief, and punitive damages.

(2) In any proceeding for criminal contempt for violation of a mandatory or prohibitive injunction issued under this subsection, which violation also constitutes a violation of this Act, trial shall be by the court or, upon demand of the accused, by a jury. Such trial shall be conducted in accordance with the practice and procedure applicable in the case of proceedings subject to the provisions of rule 42(b) of the Federal Rules of Criminal Procedure.

(b) (1) If the Secretary finds after reasonable notice and an opportunity for hearing, that any pipeline facility is hazardous to life or property, he shall, by order, require the person operating the facility to take necessary corrective action. Such corrective action may include suspended or restricted use of the facility, physical inspection, testing, repair, replacement, or other action, as appropriate. The district courts of the United States shall have jurisdiction, upon petition by the Attorney General, to enforce orders issued under this subsection by appropriate means.

(2) The Secretary may waive the requirements for notice and hearing under this subsection and provide for expeditious issuance of an order under this subsection in any case in which he determines that the failure to do so would result in the likelihood of serious harm to life or property. However, the Secretary shall include in such an order an opportunity for hearing as soon as practicable after issuance of the order.

INSPECTION AND MAINTENANCE

SEC. 211. (a) Each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities shall prepare, maintain and carry out a current written plan of inspection and maintenance of each facility used in that transportation and owned or operated by that person in accordance with regulations prescribed by the Secretary or, where a certification or agreement pursuant to section 205 of this title is in effect, by the appropriate State agency. A plan required by this subsection shall be practicable and designed to meet the need for pipeline safety and shall be made available to the Secretary or appropriate State agency upon request.

(b) If the Secretary or appropriate State agency finds that a plan required under this section is inadequate to achieve safe operation of pipeline facilities, the Secretary or appropriate State agency shall, after notice and opportunity for a hearing, require the plan to be revised. In determining the adequacy of a plan filed under this section, the Secretary or appropriate State agency shall consider—

(1) relevant available pipeline safety data;

(2) whether the plan is appropriate for the particular type of pipeline transportation;

(3) the reasonableness of the plan; and

(4) the extent to which such plan will contribute to public safety.

POWERS AND DUTIES OF THE SECRETARY

SEC. 212. (a) The Secretary is authorized, to the extent necessary to carry out his responsibilities under this title, to conduct investigations, make reports, issue subpenas, conduct hearings, require the production of relevant documents and records, take depositions, and conduct, directly or indirectly, research, testing, development, demonstration, and training activities.

(b) Each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities shall establish and maintain such records, make such reports, and provide such information as the Secretary may reasonably require, and shall submit such reports and shall make such records and information available as the Secretary may request, to enable him to determine whether such person has acted or is acting in compliance with this title and the standards or orders issued under this title.

(c) Officers, employees, or agents authorized by the Secretary, upon presenting appropriate credentials to the person in charge, are authorized to enter upon, inspect, and examine, at reasonable times and in a reasonable manner, the records and properties of persons to the extent such records and properties are relevant to determining whether such persons have acted or are acting in compliance with this title and the standards or orders issued under this title.

(d) Hazardous liquid pipeline accident reports made by any officer, employee, or agent of the Department of Transportation shall be available for use in any civil, criminal, or other judicial proceeding arising out of such accident. Any such officer, employee, or agent may be required to testify in such proceedings as to the facts developed in accident investigations. Any hazardous liquid pipeline accident report shall be made available to the public in a manner which need not identify individuals. All reports on research projects, demonstration projects, and other related activities shall be public information.

(e) All information reported to or otherwise obtained by the Secretary or his representative pursuant to subsections (a), (b), or (c), which information contains or relates to a trade secret referred to in section 1905 of title 18 of the United States Code shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this section shall authorize the withholding of information by the Secretary or any officer, employee, or agent under his control, from the duly authorized committees of the Congress.

ANNUAL REPORT

SEC. 213. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on June 15 of each year a comprehensive report on the administration of this title for the preceding calendar year. Such report shall include—

(1) a thorough compilation of the leak repairs, accidents, and casualties occurring in such year with a statement of cause whenever investigated and determined by the National Transportation Safety Board;

(2) a list of Federal hazardous liquid pipeline safety standards established or in effect in such year with identification of standards newly established during such year;

(3) a summary of the reasons for each waiver granted under section 204(f) during such year;

(4) an evaluation of the degree of observance of applicable safety standards for the transportation of hazardous liquids and pipeline facilities including a list of enforcement actions, and compromises of alleged violations by location and company name;

(5) a summary of outstanding problems confronting the administration of this title in order of priority;

(6) an analysis and evaluation of research activities, including the policy implications thereof, completed as a result of Government and private sponsorship and technological progress for safety achieved during such year;

(7) a list, with a brief statement of the

issues, of completed or pending judicial actions under the title;

(8) the extent to which technical information was disseminated to the scientific community and consumer-oriented information was made available to the public;

(9) a compilation of—

(A) certifications filed by State agencies under section 205(a) which were in effect during the preceding calendar year, and

(B) certifications filed under section 205(a) which were rejected by the Secretary during the preceding calendar year, together with a summary of the reasons for such rejection; and

(10) a compilation of—

(A) agreements entered into with State agencies under section 205(b) which were in effect during the preceding calendar year, and

(B) agreements entered into under section 205(b) which were terminated by the Secretary during the preceding calendar year, and

(b) The report required by subsection (a) shall contain such recommendations for additional legislation as the Secretary deems necessary to promote cooperation among the several States in the improvement of hazardous liquid pipeline safety programs.

(c) The Secretary is authorized to submit one annual report in satisfaction of the report requirements of this section and of section 13 under the Natural Gas Pipeline Safety Act of 1968, as amended.

CITIZENS CIVIL ACTION

SEC. 214. (a) Except as provided in subsection (b), any person may commence a civil action for mandatory or prohibitive injunctive relief, including interim equitable relief, against any other person (including any State, municipality, or other governmental entity to the extent permitted by the eleventh amendment to the Constitution, and the United States) who is alleged to be in violation of this title or of any order or regulation issued under this title. The district courts of the United States shall have jurisdiction over actions brought under this section, without regard to the amount in controversy or the citizenship of the parties.

(b) No civil action may be commenced under subsection (a) with respect to any alleged violation of this title or any order or regulation issued under this title—

(1) prior to the expiration of sixty days after the plaintiff has given notice of such alleged violation to the Secretary (or to the applicable State agency in the case of a State which has been certified under section 205(a) and in which the violation is alleged to have occurred), and to any person who is alleged to have committed such violation; or

(2) if the Secretary (or such State agency) has commenced and is diligently pursuing administrative proceedings or the Attorney General of the United States (or the chief law enforcement officer of such State) has commenced and is diligently pursuing judicial proceedings with respect to such alleged violation.

Notice under this subsection shall be given in such manner as the Secretary shall prescribe by regulation.

(c) In any action under subsection (a), the Secretary (with the concurrence of the Attorney General) or the Attorney General may intervene as a matter of right.

(d) Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or at common law to seek enforcement of this title or any order or regulation under this title or to seek any other relief.

(e) In any action under this section the court may, in the interest of justice, award the costs of suit, including reasonable attorney's fees and reasonable expert witnesses, to a prevailing plaintiff. Such court may, in the interest of justice, award such costs to a prevailing defendant whenever such action is unreasonable, frivolous, or meritless. For purposes of this subsection, a reasonable attorney's fee is a fee (1) which is based upon (A) the actual time expended by an attorney in providing advice and other legal services in connection with representing a person in an action brought under this section, and (B) such reasonable expenses as may be incurred by the attorney in the provision of such services, and (2) which is computed at the rate prevailing for the provision of similar services with respect to actions brought in the court which is awarding such fee.

(f) For purposes of this section, a violation of any safety standard or practice of any State shall be deemed to be a violation of this title or of any order or regulation under this title only to the extent that such standard or practice is not more stringent than the comparable Federal safety standard.

CONFORMING AMENDMENTS

SEC. 215. (a) Section 112(c) of the Hazardous Materials Transportation Act (49 U.S.C. 1811(c)) is amended by striking out "chapter 39 of title 18, United States Code" and inserting in lieu thereof "the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. et seq.)".

(b) Sections 831 through 835 of chapter 39 of title 18, United States Code are repealed.

EFFECTIVE DATE

SEC. 216. The provisions of this title shall take effect on the date of enactment.

SAVINGS PROVISIONS

SEC. 217. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges which have been issued, made, granted, or allowed to become effective under the provisions of chapter 39 of title 18, United States Code repealed by this title and which are in effect at the time this title takes effect, shall continue in effect as though issued, made, granted, or allowed to become effective under the authority of this title, according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary, by any court of competent jurisdiction, or by operation of law.

(b) Suits, actions, or other proceedings pending upon the date of enactment of this title shall not be affected by the provisions of this title and shall be completed as if this title had not been enacted, unless the Secretary makes a determination that the public safety otherwise require.

MOTION OFFERED BY MR. MARKEY

Mr. MARKEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MARKEY moves to strike out all after the enacting clause of the Senate bill, S. 411, and to insert in lieu thereof the provisions of H.R. 51, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time and passed.

The title was amended so as to read: "A Bill to amend the Natural Gas Pipeline Safety Act of 1968 to provide for the safe operation of pipelines transporting natural gas and liquefied petroleum gas, to provide standards with respect to the siting, construction, and operation of liquefied natural gas facilities, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 51) was laid on the table.

GENERAL LEAVE

Mr. MARKEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

□ 1030

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4580, DISTRICT OF COLUMBIA APPROPRIATIONS, 1980

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 4580) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1980, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

MOTION TO CLOSE CONFERENCE COMMITTEE MEETINGS ON DEPARTMENT OF DEFENSE APPROPRIATION AUTHORIZATION BILL WHEN CLASSIFIED NATIONAL SECURITY INFORMATION IS UNDER CONSIDERATION

Mr. PRICE. Mr. Speaker, I offer a motion.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. PRICE moves that, pursuant to rule XXVIII 6(a) of the House rules, the conference committee meetings between the House and the Senate on S. 428, the fiscal year 1980 Department of Defense appropriation authorization bill, be closed to the public at such times as classified national security information is under consideration: *Provided however*, That any sitting Member of Congress shall have the right to attend any closed or open meeting.

The SPEAKER. The gentleman from Illinois (Mr. PRICE) is recognized for 1 hour.

Mr. PRICE. Mr. Speaker, in offering this motion it is not our intent to do other than protect the sensitivity of classified security information when certain national defense programs are under discussion in the conference. This motion is identical to the authorization provided last year and the year before to allow the conference to be closed.

As my colleagues are well aware, there are some matters included in the fiscal year 1980 Department of Defense authorization bill which are classified and, therefore, cannot be discussed in public. At such times, we would propose that the conference be closed.

Let me assure my colleagues that at other times the House conferees have no intention of asking that the conference be held in executive session.

You will note that we have included

a provision in the motion that any sitting Member of Congress shall have the right to attend any closed or open meeting of the conference.

Accordingly, Mr. Speaker, I again urge my colleagues to support the motion in order that we may get along with the business of meeting in conference and arriving at an agreement in a professional and expeditious fashion.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

On this motion, the vote must be taken by the yeas and nays.

The vote was taken by electronic device, and there were—yeas 389, nays 0, answered "present" 1, not voting 44, as follows:

[Roll No. 474]

YEAS—389

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Applegate
Archer
Aspin
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Cotter
Coughlin
Courter
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Danemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dixon
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
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Ford, Tenn.
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Garcia
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Gephardt
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Gibbons
Gingrich
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Guyer
Hall, Ohio
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Hamilton
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Howard
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Jacobs
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Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
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Kelly
Kemp
Kildee
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Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leath, Tex.
Lederer
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Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
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McClory
McCloskey
McCormack
McDade
McDonald
McEwen
McHugh
McKay
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Marlenee
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Michel
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Miller, Calif.
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Mitchell, N.Y.
Moakley
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Peyser
Pickle
Preyer
Price
Pritchard
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Simon
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Smith, Iowa
Smith, Nebr.
Snowe
Snyder
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Taylor
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Watkins
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White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
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Wolff
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Wylie
Yates
Yatron
Young, Fla.
Zablocki
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NAYS—0

ANSWERED "PRESENT"—1

Van Deerlin

NOT VOTING—44

Anderson, Ill.
Anthony
Ashbrook
Ashley
Atkinson
Boner
Bonker
Brown, Ohio
Burton, Phillip
Carter
Corman
Crane, Daniel
Dellums
Dodd
Evans, Ga.
Flood
Ford, Mich.
Fountain
Gilman
Hagedorn
Hefner
Holland
Hollenbeck
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Jenrette
Leach, La.
Leland
Livingston
Lott
Mathis
Mitchell, Md.
Neal
Nolan
Richmond
Rose
Rosenthal
Rousselot
Roybal
Treen
Udall
Winn
Wydler
Young, Alaska
Young, Mo.

□ 1050

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON THE JUDICIARY AND ITS SUBCOMMITTEES TO MEET ON TUESDAY, WEDNESDAY, AND THURSDAY OF THIS WEEK DURING 5-MINUTE RULE

Mr. GUDGER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary and any of its subcommittees may have permission to sit on today, Tuesday, September 18, tomorrow, Wednesday, September 19, and Thursday, September 20, 1979, while the House is reading for amendment under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PROMISES ISRAEL "WILL TALK" BEFORE PREEMPTIVE STRIKES

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, Israeli Defense Minister Ezer Weizman last night promised that Israel will talk with the United States before using U.S.-supplied military equipment in any future preemptive strikes against Lebanon.

Minister Weizman's promise is a significant and gratifying change in Israel's military policy. This will give the United States a chance to attempt to dissuade Israel from unwise attacks before they are carried out.

Minister Weizman first made the promise in an off-the-record meeting yesterday with House Foreign Affairs Committee members. In a phone conversation last night he authorized me to make his promise public. He said that if Israel in the future should find it necessary to use U.S.-supplied military equipment in any preemptive strikes it would first talk with the United States.

This policy change has special significance because virtually all Israeli warplanes and much of its artillery are U.S.-supplied. Large-scale preemptive strikes like those of recent months would be almost impossible without using such equipment.

TRANSPORTATION APPROPRIATIONS, 1980

Mr. DUNCAN of Oregon. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4440) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. DUNCAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Acordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4440, with Mr. STUDDS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Monday, July 23, 1979, the Clerk had read through line 7 on page 1.

For what purpose does the gentleman from Oregon (Mr. DUNCAN) rise?

Mr. DUNCAN of Oregon. Mr. Chairman, I ask unanimous consent that title

I be considered as having been read in full and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The CHAIRMAN. The Chair will inquire whether or not there are any points of order to title I.

If not, are there any amendments to title I?

AMENDMENT OFFERED BY MR. DUNCAN OF OREGON

Mr. DUNCAN of Oregon. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DUNCAN of Oregon: On page 9, after line 18, insert the following:

SURFACE TRANSPORTATION

ENERGY AND SAFETY

For necessary expenses in carrying out section 126(d) of the Federal-Aid Highway Act of 1978 (Public Law 95–599), $1,000,000 to be derived from the Highway Trust Fund and for necessary expenses in carrying out section 126(e) of such Act, $3,000,000 to be derived from the Highway Trust Fund; for necessary expenses in carrying out section 131(j) of title 23, U.S.C., $8,500,000; for necessary expenses to carry out the provisions of 23 U.S.C. 219, $40,000,000, to remain available until September 30, 1983; for necessary expenses in carrying out section 154 of title 23, U.S.C. (other than subsection (i)), $20,000,000 to be derived from the Highway Trust Fund: *Provided,* That none of these funds shall be subject to the obligational limitation set forth in section 304 of this Act; for necessary expenses for urban discretionary grants as authorized by the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.), to remain available until September 30, 1983, $130,000,000: *Provided,* That none of these funds shall be available to retrofit any existing fixed rail transit system to comply with regulations issued pursuant to section 504 of the Rehabilitation Act of 1973; for necessary expenses for public transportation projects in areas other than urbanized areas as defined for the purposes of the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.), $10,000,000, to remain available until expended; for necessary expenses for urban formula grants authorized by the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.), $30,000,000, to remain available until expended.

Mr. DUNCAN of Oregon (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. DUNCAN of Oregon. Mr. Chairman, the subcommittee marked up this bill in the middle of May—4 months ago. Much has happened since then. A compromise resolution on Amtrak, that requires the $40 million amendment which Congressman CONTE will offer; the energy crisis of 1979; inflation raging at about 13 percent.

The subcommittee felt that the demand for more Amtrak funds could not be justified without balancing that addition with larger appropriations for the energy-efficient urban mass transit, and some further consideration of certain highway programs—especially when the shortage of gas was driving people off the highways and on to mass transit at a rate that taxed capacity to respond, and threatened to overwhelm them.

Accordingly, we met and agreed to this amendment, which would add $242.5 million for seven different highway and transit programs authorized by the Surface Transportation Assistance Act which I will itemize.

I believe the chairman of the Public Works Committee, Mr. JOHNSON, and the chairman of the Surface Transportation Subcommittee of the Public Works Committee, Mr. HOWARD, both support this amendment. Mr. GIAIMO, chairman of the Budget Committee, does not object.

The amendment would provide $4 million for carpools and vanpools, as authorized by section 126 of the Surface Transportation Act. The committee believes in car and van pools, but believes that local units can and should finance these out of the regular Federal aid program. The $4 million will give them some encouragement.

It would add $40 million to the $35 million which was originally proposed for the safer off-system roads program. As most of you know, the large majority of our Nation's roads are not on the Federal-aid system, and are falling into a state of disrepair. We believe that these local roads are primarily a local responsibility. We also believe that there are many safety improvements needed on these roads, but we know there are constraints on the counties' ability to finance. We believe that the $75 million recommended will enable the States to proceed with the most urgently needed high priority improvements of our Nation's off-system roads, and point out that between 15 and 35 percent of $1.1 billion—between $135 and $315 million—is available for bridge repair and replacement on off-system roads in addition to the $75 million provided in this bill as amended.

The amendment also includes $8.5 million for highway beautification bonus payments to the States. These payments are owed to the States in exchange for their agreement to cooperate in zoning against signs in certain areas. They can be deferred, but the committee decided that since it is owed we should pay and hope the authorizing committee will look again at this bonus provision.

The committee reluctantly adds $20 million for grants for 55-mile-per-hour enforcement. We have difficulty in understanding why it costs more to enforce 55 miles per hour than 70 miles per hour—and why a categorical appropriation should be made in face of the States' demands for a balanced budget when States can use their trust funds—section 402, State and community highway safety—for this purpose if they wish. Nevertheless, the demand is great—again a State demand for Federal dollars—and we acceded to this extent.

In the area of urban mass transportation, the amendment would add $130 million for urban discretionary grants, and $30 million for urban formula grants.

In our large urban areas, improved public transportation can save energy. The President has recognized this fact and has indicated that he will propose a $1 billion a year increase in transit funding starting next year. Most of this increase, we expect, will be in the capital grant area which is the proper area for Federal aid in the committees opinion. If the authorizing committees and the Congress set up an energy conservation fund, we would expect the additional funding for mass transit to come from that source, but in its absence this is a general fund appropriation item. But we believe that some additional funding should be provided in this area. We can only save money with each needed capital addition in a time of 13-percent inflation. This amendment will increase the section 3 capital grant program up to the full $1.41 billion authorization.

The amendment also provides an additional $15 million to tier II operating assistance, $15 million for commuter rail or tier III operating assistance, and $10 million for rural and small urban grants.

I believe this is a responsive and responsible approach to the present and projected energy and transportation situation, and I urge the adoption of the amendment.

☐ 1100

Mr. CONTE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise in support of the subcommittee amendment which increases the funding for various highway and mass transit programs by $242 million. The highway portion of the amendment includes $40 million increase for safer off-system roads, $4 million for carpools and vanpools, $20 million for 55 miles-per-hour enforcement, and $8.5 million for highway beautification. The mass transit portion includes an increase of $130 million and $30 million for the Urban Mass Transit Administration's section 3 and section 5, respectively, and an increase of $10 million for rural and small urban grants.

There are several reasons why I feel this is a good amendment, and I urge you to adopt it. The American people are facing a mobility crisis. Gas shortages persist. Public transportation does not have the capacity to meet the ever increasing transit demand. We have been warned that the energy crisis is here to stay and that we must restrict consumption. Only by offering the American public the transit alternative will we give them an opportunity to restrict gas consumption. Congress has a moral mandate to provide increased transit funding.

Not only do we need increased new equipment and facilities. We also need to restore and rehabilitate the existing transportation systems. Many of the roads which are not within the interstate system are in a serious state of disrepair. With the majority of the funding responsibility for these roads left to the states, it is doubtful that these roads will receive attention they so desperately need. This will leave the unwary traveler at the peril of losing life or limb.

We cannot stand idly by and let the problems mount until we have a full-scale mobility crisis. If we act now there is still enough time to provide transportation alternatives. If we wait we will be at the mercy of an unstable government, or a rival political power, or the powerful oil cartels.

We stand in jeopardy of paralyzing our economy if we fail to act now.

I urge the adoption of this amendment.

Mr. OTTINGER. Mr. Chairman, I rise to express my wholehearted support for the amendment proposed by Mr. Duncan of Oregon, which will add badly needed funds to the fiscal year 1980 budget for mass transit.

Over the course of the last few months, I have worked very hard with my colleagues Congressmen Hamilton Fish and Peter Peyser in order to increase funding for mass transit. In April, we testified before Congressman Duncan's Subcommittee on Appropriations on behalf of mass transit funding. In May, Congressman Fish submitted an amendment, in which I joined, to H.R. 107, the 1980 budget resolution, to increase the transportation budget function for mass transit. In early June, we submitted an amendment to the fiscal year 1979 supplemental appropriations bill which would have increased funding for mass transportation by $125 million.

But until the shortage of gasoline in most parts of the country forced us to face this issue, such attempts to increase the budget for mass transportation were unsuccessful. The administration showed little support for funding our mass transit system—the administration sent Congress a budget request for UMTA which, because of inflation, was an effective decrease of 6 or 7 percent from the fiscal year 1979 appropriation.

The President's more recent commitment to funding mass transit in the face of today's energy crisis is certainly heartening. However, the mass transit system desperately needs an increase in capital right now, and cannot await passage of the windfall profits tax.

Congress also must have the foresight to target Federal funds to those programs where the resulting reduction of gasoline usage will be the greatest. This year, and next, and for years after that, Congress must commit itself to helping to build and maintain a mass transit system which is a viable alternative to private vehicle use.

This is exactly what this amendment does. The largest addition of funds is to section 3, UMTA's discretionary grant program, which the committee report termed "essential if public transportation is going to survive in our Nation's cities." (Page 48.) These funds are used for extensions of transit lines, for modernization and improvement of equipment, and for subsidizing mass transit operations.

Keeping together the old equipment in our public transportation system has become a major problem. Rail commuter lines established in the early part of the century each day carry thousands of commuters back and forth from work and school. It is inevitable that this antiquated equipment, its maintenance deferred for many years, will need frequent repair and modernization.

On one line in Westchester County, N.Y., which carries 6,000 passengers each day, a New York Times reporter made an impromptu inspection of the condition of the track recently, and found that in a half-mile stretch with a speed limit of 60 miles per hour, 17 bolts were missing or loose to the touch. A derailment in June tore up a half mile of track on this line. A study sponsored by the New York State Department of Transportation and released in draft form very recently found that on-time performance has deteriorated steadily since 1977 and has reached such a sorry state that one commuter who was interviewed stated that he no longer makes morning appointments, for fear that unanticipated train delays may prevent him from keeping them. This kind of utter unreliability, coupled with inhuman health conditions—temperatures of over 100 degrees in the cars, no water or toilet facilities, doors swinging open—convince the public that mass transit cannot be a viable alternative to their private autos.

A modest program to modernize and upgrade this line will cost $45 million. $15.3 million are needed for new locomotives and cars alone.

If this line may be considered as an indication of the need to upgrade our rail transit facilities, the funds offered in this amendment for capital improvements must be seen as a first step toward alleviating that need.

This amendment will provide much-needed funding for other projects as well. Additional funding for the safer off-systems road program would help many communities with no other source of aid to do critical road projects. Sections 5 and 18 of the Urban Mass Transportation Act authorize programs to provide operating subsidies for bus and for small urban and rural public transit systems, respectively, and are critical to the continued operation of this highly energy-efficient transit system. The carpool and vanpool aid programs can result in some extremely successful projects—both energy- and cost-effective. Vanpooling is one of the most promising means of conserving oil which we now have at our disposal.

I urge my colleagues to support this amendment. Increasing the funding for mass transit is one of the simplest, least traumatic ways for the Nation to approach energy conservation. It offers an opportunity to reduce consumption with minimal disruption of lifestyle. It gives us one of the most effective ways to cut back the gas lines. I urge you to vote for the Duncan amendment.

Mr. BOLAND. Mr. Chairman, the amendment offered by Mr. Duncan will make an important contribution to improving our national mass transit network. I am pleased to be a sponsor of the amendment.

An important element in our national energy program must be a commitment to a massive conservation effort. The private automobile is one of the greatest consumers of fuel in our society. Encouraging people to depend less on their automobiles and more on other forms of transportation is essential to the success of any conservation plan. Without a dependable system of mass transit in our urban areas, automobile use in those areas will never decrease. President Carter recognized this fact by calling for a multibillion-dollar mass transit improvement program in his July 15 energy message.

We have an opportunity, by adopting this amendment, to allow more communities to begin to make expenditures on improvements to elements of their mass transit systems. This is money that will have to be spent eventually. It makes sense to begin to spend it now. A portion of the additional funds will bring the urban discretionary grants program up to its authorized level. This program provides the funds necessary to assist State and local agencies in the construction of fixed guideway systems and the expansion of their bus fleets.

Another portion of the funds provided by the amendment will increase the amount of money available to cities or transit authorities for operating assistance for bus operations. These activities are particularly crucial to the effort to reduce automobile use.

Mr. Chairman, every time that the presence of an effective mass transit system can encourage a passenger to leave his car and take a bus, subway, or trolley a fuel savings is a potential result. In our battle to deal with our energy problems, all fuel savings have significance. The amendment now being considered can assist in achieving fuel savings by assisting in the development of transit systems. I urge that the amendment be adopted.

Mr. FISH. Mr. Chairman, I support the amendment offered by the Appropriations Committee to increase mass transit funding for fiscal year 1980.

The people of this country are frustrated and angry. We ask them to drive less, conserve gasoline, and use mass transit when possible. And, as I will illustrate shortly, the American people have responded. However, as we are now discovering, this Nation's mass transit systems are unable to meet the greater burdens from increased use. No one should be surprised with the result—poorer service and overcrowding.

One need just pick up a paper to read the horror stories of how major transportation systems are grossly inadequate to handle the current upsurge in passengers. In Los Angeles, buses often carried a passenger load that was 150 percent beyond seating capacity. Commuters in almost every major city are being left standing on street corners, while full buses pass them by. Trains into New York City carry an average 4,000 standees every day. The Chicago bus system is straining at the seams. While here in the Nation's Capital, which has the most modern subway system in the Nation, officials are urging the public to refrain from using the system during rush hours because the 15-percent increase in daily ridership is resulting in overloaded cars, balky farecard machines, and crowded buses.

The current problems were caused by what is considered a mild shift in the commuting patterns of the public. Yet, I would like to relate to you what many transportation experts are saying about the consequences should there be a more dramatic switch to mass transit. Former

Secretary of Transportation Brock Adams recently said that any "big swing from private cars to mass transit would overwhelm any public transportation system that we have." He continued by saying "we don't have the buses, we don't have the rail systems, we don't have anything out there to meet a real energy crisis effectively." This appraisal has been verified by many transit managers across the country.

Today, every piece of available equipment is being pressed into service. The current strategy is to keep old buses and railcars in service instead of retiring them on schedule. If the need arises, the Denver, Cleveland, Washington, and other systems expect to bring old buses out of mothballs. But these preparations take time—perhaps 6 months or more, to beef up maintenance shops, recondition old buses, and train more drivers.

It is important to point out that even before the gasoline worries of recent months, mass transit ridership had been slowly building. Following the 1973–74 Arab oil embargo, total patronage rose by 6 percent in 1975. It held the gain thereafter, showing additional rises in the next 2 years.

In 1978, according to the American Public Transit Association, ridership climbed by 4.5 percent and in the first 4 months of this year, the passenger load grew by another 4.8 percent, and all signs indicate that it will increase sharply in the months ahead. With tight gasoline supplies, and high prices, we can and must assume demand for public transportation will continue to rise. We must begin now to respond to the needs of this essential element in our energy policy.

Mr. Chairman, the amendment before us this afternoon, increasing the appropriations level for section 3 discretionary grants by $130 million, would bring the appropriations bill in line with the level of funding approved by the Congress last October as part of the Surface Transportation Assistance Act of 1978. The intent of this amendment is to provide key Federal transportation assistance where it is needed most. The section 3 program aids States and localities in the purchase of buses, construction of bus capital facilities, construction of new fixed guideway systems, and the extension and rehabilitation of existing subway and commuter rail systems. It will, in short, carry out the President's call to "expand transit capacity in the short term at a faster rate than currently planned."

In offering a similar amendment to increase section 3 funding to the first concurrent budget resolution, I was informed by the Congressional Budget Office that a $130 million increase in 1980 would result in actual budget outlays for the fiscal year of only $8 million. The reason for the disparity is largely attributable to the normal time lag between equipment orders and actual delivery. In my judgment, this is all the more reason to act now and not delay the capital programs which have such a long leadtime.

I think it is undeniable that expenditure in this area today—facilitating ridership and reducing automobile use—means helping curb our imports of oil tomorrow. We owe it to our people to act now to help them adjust to higher costs and less supply. Increased use of mass transit will be an essential part of any program to lessen our dependence on foreign oil, while maintaining a strong economy at home. We can no longer afford to delay our investment in America's future, and I urge my colleagues to support this amendment.

● Mr. CLINGER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Oregon (Mr. DUNCAN).

I share Mr. ALEXANDER's and Mr. DUNCAN's anxiety that the transportation needs of rural, as well as urban, America be more adequately addressed.

Public transportation in our small towns and rural areas has been suffering a severe decline in recent years. About 24,000 miles of passenger railway lines were abandoned between 1970 and 1975, and the Amtrak cuts recently authorized by Congress will probably bring about further loss of passenger service in many rural areas.

The airlines have dropped service to 200 communities in the past 20 years. Only 12 percent of towns with 2,500 to 5,000 inhabitants now have scheduled air service, and the recent deregulation of airlines has caused new shifts in service from unprofitable small-town routes to urban centers.

Moreover, in the past decade, 1,800 small communities lost intercity bus service, leaving only half the Nation's towns of 50,000 or less with bus service. Bus operators are now threatening to drop dozens of unprofitable routes, and the ICC is considering deregulation procedures that would make it easier for them to do so.

On top of this, the roads and bridges used by these disappearing buses and the private automobiles upon which rural residents must increasingly depend, are often in a state of dangerous disrepair because States and localities, particularly those with low rural tax bases, lack adequate funds for needed maintenance and repair.

Many of us representing rural areas recognize the truth of the June White House report describing how many rural residents are isolated and immobile and face extreme difficulties in gaining access to jobs, health care, social services, shopping, recreation, and friends. The rural mobility problem is compounded by the fact of long travel distances and, consequently, of high travel costs. As many of our constituents have told us, it works a special handicap on the rural poor, the elderly, the handicapped, and the young, and discourages the economic development of rural areas and small and midsized cities.

H.R. 4440 address some of these needs, particularly in the commuter air and freight rail transportation modes, but it does not go far enough in helping our rural residents toward fuller participation in our Nation's economic life. Therefore I urge support of this amendment with its badly needed funding for the safer off-system roads program and the Urban Mass Transit Administration's rural and small urban grants program.●

● Mr. KOSTMAYER. Mr. Chairman, I rise to clarify an issue which came up during subcommittee consideration of the Transportation appropriations bill last spring, that being the possible relocation of the Bristol, Pa., maintenance of way facility on the northeast corridor improvement project. Testimony received by the subcommittee left considerable doubt as to whether the Federal Railroad Administration has adequately justified the relocation of this facility.

In fact, a consulting report prepared by the Arthur Anderson accounting firm in November 1977 came out strongly for the Bristol site. The report concluded that "overall construction costs could be reduced if the existing facility at Bristol was extended, rather than building a new shop."

I appreciate very much the efforts of the chairman of the subcommittee, Mr. DUNCAN of Oregon, in recommending that in light of the lack of justification presented by the FRA no action be taken with regard to relocation of the facility. The subcommittee has directed the FRA and Amtrak to evaluate the benefit of expanding the Bristol shop, as originally proposed in 1977.

I note that Mortimer Downey, the Assistant Secretary for Budget and Programs at the Department of Transportation has acceded to the subcommittee's request and has promised no action on the issue of relocation until the matter has been reviewed and a report submitted to the subcommittee next year.●

Mr. DUNCAN of Oregon. Mr. Chairman, the gentleman from Pennsylvania has called our attention to a problem in or near his district. The committee is aware of it and is generally supportive of his position.

Mr. ERTEL. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Pennsylvania.

Mr. ERTEL. I thank the gentleman for yielding.

Mr. Chairman, I would like to indulge in a colloquy with the gentleman from Oregon if possible.

In reading of this legislation and the amendment offered on Amtrak, I find that no funds have been earmarked for rail banking, even though we earlier authorized $3 million for that purpose.

I was wondering if the gentleman from Oregon, the chairman of the subcommittee, could answer a question for me.

Mr. DUNCAN of Oregon. I will try.

□ 1220

Mr. ERTEL. The fact that no funds are designated for rail banking is of concern to me, particularly in light of the adoption of an amendment I offered to the Amtrak authorization requiring Amtrak to evaluate the possibility of providing short-distance service over portions of those long-distance routes scheduled to be discontinued on October 1 of this year. There have been cases in the past in which tracks have been downgraded within 2 months after passenger rail service was discontinued. The cost of upgrading these tracks later could be the difference in providing short-distance service or not.

Could the gentleman tell me if it would be possible for Amtrak to utilize any of the funds in this bill for rail banking?

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. I thank the gentleman for yielding.

It is true there are no funds earmarked in this bill for rail banking, however, the bill does not specifically prohibit the use of funds for that program.

Mr. ERTEL. Am I correct in assuming, then, that if Amtrak felt that some of these funds should be used in a particular instance for rail banking, the subcommittee would not necessarily feel that this was an improper utilization of those funds?

Mr. DUNCAN of Oregon. If the gentleman will continue to yield, yes, the committee would give consideration to a reprograming request from Amtrak and the DOT for the use of some capital funds for rail banking lines which merited such protection.

Mr. ERTEL. I thank the gentleman for his comments.

● Mr. BEDELL. Mr. Chairman, I am glad to have this opportunity today to rise in support of the amendment offered by my distinguished colleague from Oregon (Mr. DUNCAN) to increase the appropriation for the ICC, earmarking an additional amount of $36 million to provide directed rail service to alleviate the transportation disruption threatening Iowa and the Midwest region of our country.

I would like to briefly describe why this additional funding is so badly needed. As I am sure my colleagues are aware, the country is now in the third week of a potentially disastrous work stoppage of the Rock Island Railroad. The Rock Island Railroad is a vital link in the transportation of Midwestern grain. A record grain harvest is predicted this year nationwide; we expect a crop of more than 300 million bushels more than we have storage for in my State of Iowa alone When you consider that in the best of circumstances in Iowa we can only move 100 million bushels of grain in 1 month, and with the harvest season near, the magnitude of this transportation stoppage becomes painfully clear. Figures gathered by the Iowa Department of Transportation estimate that each day this transportation disruption continues, Iowa farmers are losing a staggering $500,000.

In addition, because a significant part of the grain harvested in Iowa and the Midwest is exported, the continued disruption of grain transportation is adversely affecting our Nation's economy through the loss of overseas sales with a resulting negative impact on the balance of payments. Department of Agriculture figures show grain exports for the period August 1 to September 1 off 25 to 30 percent, even though demand for exported grain is at an all time high. This would be a serious loss as grain exports are predicted to account for $32 billion of foreign trade earnings in 1979, and are badly needed to offset our spiraling oil import bill.

The Rock Island line also provides transportation for manufacturing facilities in Iowa and the other affected States which suffer the effects of the transportation disruption due to interference with the flow of raw materials and finished products. Finally, the Rock Island normally transports a significant amount of low sulfur coal from the Western coal region to Midwestern power installations. Continued curtailment of these coal supplies could have an adverse effect on energy production as the winter heating season approaches.

Truly, this disruption in transportation is seriously depriving Iowa and other States of essential transportation service, and if allowed to continue will have a negative impact on the entire Nation's economy.

Because of the already serious impact of the Rock Island shutdown, I have had numerous conversations with officials at the National Mediation Board, the Interstate Commerce Commission, the Department of Transportation, the Department of Agriculture, the Iowa DOT, and the White House seeking solutions to this problem. I also arranged a meeting last Thursday, September 13, between representative grain shippers, State government transportation officials, and other interested parties from Iowa, with top White House officials. After this meeting, these same officials met with President Carter to discuss what action should be taken to resolve the Rock Island work stoppage.

Since tne meeting on Thursday, I have been in close contact with these officials in the White House who have indicated to me that a decision on a course of action will be made very soon. Because there is a very great possibility that the recommended course of action will include directed service by the ICC, I feel very strongly that it is in the best interests of all that Chairman DUNCAN's amendment to increase the funding for directed service activities be accepted. I commend my good friend from Oregon for his foresight in this regard and urge my colleagues to support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. DUNCAN).

The amendment was agreed to.

Mr. HARSHA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am pleased to inform my colleagues that the gentleman from Kentucky (Mr. SNYDER) and I have finally been successful in our efforts to convince the FAA that its "controlled visual flight" proposals embodied in notice of proposed rulemaking No. 78-19 were not the answer to the potential midair collision problem and should therefore be withdrawn.

After reviewing the Agency's proposals when they were issued at the end of last year, we became convinced that they would not be in the best interests of either the aviation community or the general public. Therefore, I established a dialog with the Administrator of the FAA, Langhorne Bond, in an attempt to convince him to withdraw these proposals. I am certain that this contributed significantly to the Agency's decision, issued on September 7, 1979, to withdraw the NPRM.

As many of my colleagues are aware, I had intended to offer an amendment to H.R. 4440 which would have precluded the Administrator of the FAA from using any of the Agency's fiscal year 1980 appropriations for implementing these proposals. However, as a result of the FAA's action, there is no longer any need to offer my amendment.

These proposals would have greatly increased the amount of positive controlled airspace in this country and would have drastically altered the makeup of the national airspace system by imposing unreasonable restrictions on general aviation users—users who operate 98.7 percent of all aircraft registered in the United States and transport almost one-third of the total number of passengers. They would have overburdened an air traffic control system already unable to cope with the increase in the number of aircraft operations, and would have resulted in increased fuel consumption and longer delays for all users of the Nation's airspace. In addition, I believe that adoption of these proposals would have actually increased the potential for midair collision.

For these reasons, Mr. SNYDER and I have opposed these proposals since they were issued and believe the Agency should be commended for listening to the views of the vast majority of the aviation community which had urged that the proposals be withdrawn.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Kentucky.

Mr. SNYDER. I thank the gentleman for yielding.

Mr. Chairman, I notice on page 17 of the committee report that there is money in this bill for the 44 new terminal control areas, and I wonder if the gentleman from Ohio could tell us the status of the FAA's program to add 44 new terminal control areas around the country, which was part of the gentleman's amendment and the amendment I proposed.

Mr. HARSHA. Yes, it would have been a part of the amendment we proposed.

The agency has eliminated 6 locations from the original list of 44 which were specified in the notice of proposed rulemaking. As required by the Administrative Procedure Act, FAA must undertake separate rulemaking projects for each of the 38 TCA's it intends to propose.

Mr. SNYDER. If the gentleman will yield further, I am concerned that the FAA will use the one-fourth of 1 percent enplanement criteria as evidence that a particular location automatically warrants a TCA—thereby dispensing with case-by-case determinations. Have you heard from the FAA as to their intentions in this regard?

Mr. HARSHA. Yes. By letter dated August 1, 1979, Langhorne Bond, Administrator of the FAA promised me that FAA's final decision on a particular TCA "will be based upon the characteristics of individual sites such as traffic patterns, airport locations, and the like, rather than arbitrary numerical criteria."

Mr. Chairman, the letter to which I refer is as follows:

DEPARTMENT OF TRANSPORTATION,
Washington, D.C., August 1, 1979.

Hon. WILLIAM H. HARSHA,
House of Representatives
Washington, D.C.

DEAR MR. HARSHA: In light of your continued concern about the FAA's Notice of Proposed Rulemaking No. 78–19, I want to reaffirm to you that it is my express intent to carefully consider the extensive public comment received pursuant to this rulemaking. I can assure you that the FAA's final rules will reflect the comment we have received, and that the controlled visual flight rules we promulgate will not be those we have proposed. In fact, it is probable that a supplemental notice of proposed rulemaking will be necessary before any further action on the CVF proposal, thereby allowing additional public input.

I have also assured you and other Members of the Congress that each proposed terminal control area site will be considered on its own merits, and that where our proposal for a TCA is found to be unjustified after public comment, we will not establish a TCA. We have already assessed some of the potential TCA sites and will issue shortly a list of locations where TCAs will *not* be established. While a numerical criterion may have been a good vehicle for identifying potential TCA sites, I can assure you that the FAA's final decision will be based upon the characteristics of individual sites such as traffic patterns, airport locations, and the like, rather than arbitrary numerical criteria.

I hope that this letter will demonstrate to you, and the aviation community, that I am sincere in my conviction that air traffic control be expanded only where supported by a demonstrated need.

Should you wish to discuss this issue further, I will be pleased to meet with you.

Sincerely,

LANGHORNE BOND,
Administrator.

Mr. **SNYDER**. If the gentleman will yield further, I want to join with him in applauding the FAA's actions in withdrawing its enroute controlled visual flight proposals. I had an amendment printed in the RECORD which I had intended to offer and which I will not offer because of their action and because of the colloquy which the gentleman has precipitated, and I hope that the agency has not already made up its mind about the 38 TCA's by merely paying lip service to the rulemaking procedure.

I think it is very important that we closely monitor the FAA's performance in this regard to make sure it is providing the public with a meaningful opportunity to participate in each rulemaking action it undertakes. It is important that, where a thorough evaluation does not support the creation of a TCA, one will not be created merely for the purpose or the sake of increasing positive control. As we have seen before, increased positive control is hardly a guarantee against a midair collision.

The **CHAIRMAN**. The time of the gentleman from Ohio (Mr. HARSHA) has expired.

(By unanimous consent, Mr. HARSHA was allowed to proceed for 4 additional minutes.)

Mr. **HARSHA**. Mr. Chairman, I certainly could not agree more with the gentleman from Kentucky. I also fully intend to monitor the actions of FAA. It is my sincere hope that, consistent with this latest agency action, the FAA will continue to be more responsive to the views of the constituency it serves. But if the agency, as it has in the past, acts arbitrarily and contrary to the best interests of aviation, I will not hesitate to push for legislation precluding it from acting in this manner. As a matter of fact, H.R. 3942, the Aviation Safety and Noise Reduction Act, has already been reported out of the Committee on Public Works and Transportation, and the Committee on Interstate and Foreign Commerce. Section 501 of this bill would preclude the establishment of any new TCA or the modification of any existing TCA unless accomplished in accordance with existing criteria. Therefore, the FAA is on notice that a legislative remedy can be used if it does not act in good faith when considering the airspace issue.

At this point, I would like to have the attention of the distinguished chairman of the subcommittee, the gentleman from Oregon (Mr. DUNCAN).

It is my understanding that the gentleman does have money in this bill for 44 new TCA's, but in view of the fact that the FAA has made its withdrawal on the celebrated notice that we have discussed in the colloquy between the gentleman from Kentucky and me, and, as indicated, that there will only be 38 TCA's and that they will each be based on a separate, individual criteria as it applies to that particular airport or area being serviced, could the gentleman advise me if there is any need for that money in the bill?

Mr. **DUNCAN** of Oregon. If the gentleman will yield, most of the money that the committee put in here is for equipment for TRSA's, which is the voluntary terminal radar service areas. We think it is desirable that that equipment be provided. There would be funds then available for terminal control areas on an individual, case-by-case basis, as the gentleman has discussed in his colloquy.

Mr. **HARSHA**. Is it the gentleman's understanding also that the FAA intends to judge each new TCA on the individual merits of that particular site and that a new proposed rulemaking authority will have to be issued for each TCA and then the FAA would have to make a judgment based on the characteristics of that particular site, rather than a numerical criteria?

Mr. **DUNCAN** of Oregon. That is my understanding.

Mr. **HARSHA**. I thank the gentleman.

I would like to have the gentleman's attention on one more item.

☐ 1110

Mr. Chairman, on pages 21 and 22 of the report, there is money in here for beacon and aircraft separation research. One of the items that the gentleman called attention to in the report is the fact that he is requiring the FAA to enter into an agreement or a contract with the National Aeronautics and Space Administration for an evaluation of the trimodal beacon collision avoidance system.

As one Member, and I am sure all of us are, highly interested in air safety, it is my judgment that this is long overdue. I know we have spent lots of money on beacon collision avoidance systems, but we do not have a uniform system as of yet.

I would hope that the gentleman could assure the committee that it is the intention of the committee to see that FAA does, in fact, enter into such a contract so that we can get an evaluation of that system. I fully support an evaluation of this system by NASA. This system could be a giant step forward toward the effort to keep aircraft from flying into one another. This system, had it been in use at the time, would probably have prevented the San Diego midair collision and many others. The FAA should act quickly to carry out the committee's directive and I hope the legislative history we are making here today will help insure that FAA in fact does as the committee has directed.

Mr. **JOHN L. BURTON**. Mr. Chairman, will the gentleman yield?

Mr. **HARSHA**. I yield to the gentleman from California.

Mr. **JOHN L. BURTON**. I thank the gentleman for yielding.

I would like to concur with the remarks of the gentleman.

The **CHAIRMAN**. The time of the gentleman from Ohio (Mr. HARSHA) has expired.

(At the request of Mr. JOHN L. BURTON and by unanimous consent, Mr. HARSHA was allowed to proceed for 3 additional minutes.)

Mr. **JOHN L. BURTON**. Mr. Chairman, will the gentleman yield?

Mr. **HARSHA**. I yield to the gentleman from California.

Mr. **JOHN L. BURTON**. In the report, the committee says it is essential that FAA develop a national standard for collision avoidance systems which can be easily and quickly manufactured and will operate effectively in all traffic densities and beacon environments.

As the gentleman from Ohio said, the committee directed the FAA to contract with NASA for an evaluation and test of the trimodal beacon collision avoidance system, known as BCAS.

The committee is to be commended for its awareness of this, and I am pleased to join in this statement of legislative history to determine the intent of the committee to see that such a contract is entered into and such a process is followed up on so that we can make the contributions to aviation safety without the delays that we have been talking about for so many years.

Mr. **DUNCAN** of Oregon. Mr. Chairman, will the gentleman yield?

Mr. **HARSHA**. I yield to the gentleman from Oregon.

Mr. **DUNCAN** of Oregon. Mr. Chairman, I thank the gentleman for yielding.

Collision avoidance is a complex and highly technical problem. I am not at all certain that I understand even the basics of it, although I have tried and striven valiantly to try to comprehend it. It is a problem involved closely with air traffic control. The committee is convinced of the need for collision avoidance systems, and we did direct the test to the trimodal BCAS.

It is not completely clear at this point the extent to which such a test would be productive, but the committee wants such a test as a part of the research and development in this area. We will continue to pursue the matter with at least a part of the diligence of the gentleman from Ohio and part of the enthusiasm of the gentleman from California.

Mr. HARSHA. I thank the gentleman.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding.

I thank the gentleman from Oregon (Mr. DUNCAN).

Mr. LLOYD. Mr. Chairman, I want to congratulate all of the people who have worked so hard on this. We on the Science Committee have also been examining the precision control of aircraft and were concerned about the direction the FAA seemed to be heading.

I was personally delighted when the Administrator of the FAA decided to change his course and alter the proposed new visual flight rules. While it is true that this was done under pressure from our committees and other Members of Congress, I believe that there has been a basic change in philosophy at the FAA.

Just this week, I met with Mr. Bond, and in discussing this issue I perceived a change of heart. I think all of the people who participated, not just here in Congress but the thousands of constituents who wrote us, are to be congratulated for helping to motivate these changes.

However, we cannot rest on our laurels. There are still some fundamental decisions to be made as to the distribution of responsibilities between pilot and ground in the air traffic control system.

For several years now, the Science Committee has stressed the importance of getting the pilot back into the "loop" in air traffic control. In hearings before the committee, we found that nearly every witness—except the FAA—pleaded for greater pilot participation in ATC. The reasons were quite clear. Advances in technology now make it possible for the pilots to have traffic and navigation information comparable to that available to a ground controller. This technology could give the pilots, and his passengers, a backup to the ground control system. Even more, it could allow pilots to take their own spacing in the airport environment, have more direct control over their aircraft, and have a safer and more efficient flight.

The FAA is bringing some of this technology into being in the form of the beacon collision avoidance system (BCAS) and the so-called DABS/ATARS (discrete address beacon system/aircraft traffic advisory and resolution system). While I support the development of this technology by the FAA, I still have serious concerns about the willingness of the agency to delegate more responsibility to the pilots.

Without this willingness, all the technology in the world will not help the FAA solve its problems in the future—which include fewer airports, more aircraft, more congestion, greater aircraft separation problems, and attendant greater safety problems. The way to alleviate these difficulties is to provide the pilot, as well as the ground controller, with the best ATC technology possible, and to allow the pilot the opportunity to use this technology in conjunction with ground control in a manner which achieves the safest and most efficient ATC system.

Currently, this is not being done. The FAA is still locked into a ground-controlled ATC system.

However, I am hopeful that our committees may be able to work together in the near future to convince the FAA of the need for greater pilot participation in the air traffic control system.

I believe that the mail our committees and other Members of Congress received concerning the proposed new rulemaking was indicative of how aviators feel nationwide concerning this issue. The changing of the proposed new rule was one step in the right direction, but even this effort will be incomplete unless further pilot participation is achieved.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

To enable the Secretary of Transportation to make grants to the National Railroad Passenger Corporation, $772,300,000, to remain available until expended, of which not more than $574,300,000 shall be available for operating losses incurred by the Corporation, including payment of additional operating expenses of the Corporation, resulting from the operation, maintenance, and ownership or control of the Northeast Corridor pursuant to title VII of the Railroad Revitalization and Regulatory Reform Act of 1976, not more than $161,000,000 shall be available for capital improvements, and for labor protection costs pursuant to 45 U.S.C. 565, not more than $12,000,000 shall be available only for the fiscal year 1980 purchase payments for the Northeast Corridor, and not more than $25,000,000 shall be available for the retirement of loan guarantees made pursuant to 45 U.S.C. 602: *Provided*, That none of the funds herein appropriated shall be used for lease or purchase of passenger motor vehicles or for hire of vehicle operators for any officer or employee, other than the President of the National Railroad Passenger Corporation, excluding the lease of passenger motor vehicles for those officers or employees while in official travel status.

The Clerk read as follows:

Amendment offered by Mr. CONTE: On page 15, strike out line 24 and all that follows down through and including line 20 on page 16 and insert the following: "To enable the Secretary of Transportation to make grants to the National Railroad Passenger Corporation, $812,300,000, to remain available until expended, of which not more than $574,300,000 shall be available for operating losses incurred by the Corporation, including payment of additional operating expenses of the Corporation, resulting from the operation, maintenance, and ownership or control of the Northeast Corridor pursuant to title VII of the Railroad Revitalization and Regulatory Reform Act of 1976, not more than $20,000,000 shall be available for the payment of capital and operating expenses resulting from services provided pursuant to section 403(b) of the Rail Passenger Service Act, as amended, not more than $176,000,000 shall be available for capital improvements, not more than $30,000,000 shall be available for labor protection costs pursuant to 45 U.S.C. 565, and not more than $12,000,000 shall be available only for the fiscal year 1980 purchase payments for the Northeast Corridor: *Provided*, That none of the funds herein appropriated shall be used for lease or purchase of passenger motor vehicles or for the hire of vehicle operators for any officer or employee, other than the President of the National Railroad Passenger Corporation, excluding the lease of passenger motor vehicles for those officers or employees while in official travel status.".

(By unanimous consent, Mr. CONTE was allowed to proceed for an additional 5 minutes.)

The CHAIRMAN. The gentleman from Massachusetts (Mr. CONTE) is recognized for 10 minutes in support of his amendment.

Mr. CONTE. Mr. Chairman, I rise to offer an amendment which will add $40 million to the fiscal year 1980 transportation appropriations bill. I do so in behalf of my chairman BOB DUNCAN, Mr. BOLAND, Mr. FLORIO, Mr. MADIGAN and all the members of our subcommittee.

At the outset I must say that I as well as the majority of this body supported the Amtrak Improvement Act of 1978. As you will recall, that act mandated the Department of Transportation to make a final report to Congress which would eventually result in the elimination of Amtrak's highly unprofitable routes.

When the DOT final report was issued, many of us took issue with the factual findings of the report but agreed with the underlying premise that unprofitable trains should be cut. I personally testified before the Interstate and Foreign Commerce Committee that DOT's use of outdated statistics for evaluating trains resulted in the elimination of many trains worthy of retention.

While this bill has been under consideration forces have mounted which caused us to substantially increase the funding for Amtrak. Let me review them:

First, the energy crisis has intensified;

Second, ridership on all modes of public transportation has increased dramatically;

Third, the administration has done an about face with respect to the recommended 43 percent route reduction;

Fourth, the House Interstate and Foreign Commerce Committee has acted with respect to the fiscal year 1979 Amtrak authorization and we passed H.R. 3996 which sets forth "objective criteria" for adding additional trains to the system; and

Fifth, the Duncan amendment to H.R. 3996 which restores the Nation's regional balance while at the same time recognizing the need for additional short distance trains which were slated for discontinuance has passed.

It is now time to fund Amtrak at a level which will provide enough money to operate its revised route system. As amended the Appropriation bill would provide $20 million for 403B train services, the Federal-State rail passenger service cost sharing program.

The amendment provides $30 million for labor protection payments that will result from the termination of the worst Amtrak routes.

The bill provides $176 million for Amtrak's capital acquisitions. This amount is $74 million more than was provided in the bill as reported by the committee. This increase is very substantial. However, it is justified because of the expanded route system that the House approved in the Amtrak authorization bill and because Amtrak's current fleet is extremely old and in very poor condition. One of the major reasons for the poor quality of Amtrak service is the unreliability of its present fleet. As my chart indicates, 68 percent of Amtrak's equipment is 20 years or older. Amtrak estimates that 28 percent of the complaints received from passengers related to equipment failure in the year ending April 1, 1979.

Finally, the bill includes $574.3 million for operating expenses. This amount operates the basic system as recommended by the Department of Transportation, substitute service routes which we have prevented from being restructured, criteria trains which meet the objective criteria as written in the authorizing bill, and the regional balance trains which are added to a geographical region which did not receive a criteria train.

This amendment adds 40 million in new budget authority to the reported committee appropriations bill. The impact of this amendment of Amtrak's funding is actually much greater than 40 million, however.

This result occurs because we have converted Amtrak's debt obligation to shares of nonvoting preferred stock. When Amtrak was organized Congress assumed that it was going to be a profit-making organization. The Federal Government loaned Amtrak $900 million for the improvement of rail passenger service. This loan was to be paid off by interest plus principal payments over a 20-year period.

We have subsequently found that Amtrak will not turn a profit and that is preferable to finance Amtrak through direct grants rather than issuing loans. Notwithstanding this change of procedure, Amtrak is still paying off its original loan at the annual rate of $25 million for principal plus the interest on the outstanding balance of the loan. In fiscal year 1980 the interest on the loan is calculated to be $37.7 million.

Converting Amtrak's debt to shares of nonvoting preferred stock will have the advantage of freeing up an additional $25 million in principal and $37.7 million in interest payments in fiscal year 1980 for the operation and improvement of rail passenger service. It will leave the Federal Government in a better position with regards to a secured interest in Amtrak's assets and it eliminates the ridiculous practice of the Federal Government issuing money to pay off a debt owed to the Federal Government.

The Interstate and Foreign Commerce Committee report to the Amtrak's authorizing legislation strongly recommends that we adopt the use of preferred shares rather than maintaining the current practice of debt retirement.

The report states:

> This action is consistent with the policy change by Congress in 1976 which resulted in financing Amtrak's capital expenditures through the use of grants rather than debt. At that time the Congress recognized that Amtrak's debt was creating a large annual interest expense. To alleviate some of that interest expense Congress directed the Secretary to advance capital grants to Amtrak quarterly so that temporary debt reduction could be achieved by the corporation. That practice has resulted in needless bureaucratic shifting of funds from one government agency budget (Department of Transportation) to another government agency (Department of the Treasury). This practice is not only a sham but also creates unnecessary budget outlays and needlessly inflates Amtrak's operating expenses.

This amendment has the support of Amtrak's President, Alan Boyd, and chairman and ranking member of the Transportation and Commerce Subcommittee, and the chairman of the Appropriations Transportation Subcommittee.

□ 1120

I would like to read the letter from Mr. Boyd, dated September 11, 1979:

SEPTEMBER 11, 1979.

DEAR REPRESENTATIVE: The House is scheduled for floor debate on H. R. 4440, the Department of Transportation and Related Agencies appropriations bill for FY 1980, on September 13 or 14. An amendment providing an additional $40 million in grants to the National Railroad Passenger Corporation will be offered by Congressman Silvio Conte and Amtrak urges your support of this amendment.

The Conte amendment will bring the appropriations level for Amtrak closer to the funding authorized by H. R. 3996, including the Duncan amendment, which was approved by the House on July 25. The Amtrak route system for FY 1980 as developed in H. R. 3996 was approved by the Board of Directors on August 29, and requires the funding level of the Conte amendment.

We believe that in approving H. R. 3996, the House achieved a careful balance between our nation's rail passenger needs and our government's resources. The Conte amendment will, in effect, maintain this system and we urge your support.

Sincerely,

ALAN S. BOYD, *President.*

This is a very desirable amendment. It provides Amtrak with the funds necessary to operate a national rail network at an adequate funding level so that it can provide efficient, attractive service. I urge passage of this amendment.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, I want to compliment the distinguished ranking minority member for the amendment introduced, and for his very, very good statement. I certainly support this amendment. The efforts of the distinguished gentleman in the well, the ranking minority member of the Transportation Subcommittee, on behalf of public transportation are well known and well noted. I think this amendment is definitely a very important amendment.

I also do want to compliment the chairman of the subcommittee, who has also been very understanding of the need of public transportation in the course of the deliberations on this very important bill. I think we are bringing, with the committee amendments and the amendment offered by the gentleman in the well, a very good bill before the House.

Mr. CONTE. Mr. Chairman, I might say for the record that the gentleman from Pennsylvania (Mr. COUGHLIN) joined the Transportation Appropriations Subcommittee this year. He has been of invaluable assistance to all of us, and he is highly dedicated in the field of transportation. We certainly welcome him as part of the team.

Mr. COUGHLIN. I thank the gentleman.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman for yielding. I likewise want to join with our colleague from Pennsylvania in supporting the amendment offered by Mr. CONTE. We have worked very hard in the Transportation Subcommittee of the Commerce Committee to develop what we think is a workable and desirable future for Amtrak. That question as to what kind of system we will have has been resolved here on the floor of the House and in the Senate.

It is now necessary to fund the compromise that was worked out. This is what the Conte amendment does. I think it does it well, and I urge support for it.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(By unanimous consent Mr. CONTE was allowed to proceed for 3 additional minutes.)

Mr. CONTE. Mr. Chairman, I want to say for the record that it has been my pleasure to work with Mr. FLORIO of New Jersey and Mr. MADIGAN of Illinois in reaching the conclusion that we have reached in bringing about this amendment; not only the amendment to the authorization committee bill, but the amendment here to the appropriation bill. Both these gentlemen showed great leadership.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I would like to support the amendment of the gentleman from Massachusetts. This amendment provides the funds to run the basic Amtrak system passed by both the House and Senate.

We have worked hard to develop an Amtrak system which provides service on routes which have demonstrated ridership. Now we must provide the funds to operate those routes, and this amendment does that.

The new Amtrak system is a smaller one, but it is one tailored to the demands of those riding Amtrak trains. We have an obligation to see that the trains which remain are operated properly, and that requires adequate funding.

I have argued from the start that a smaller Amtrak system, one which corresponds with Amtrak's equipment fleet and limited capital resources, is essential if we are ever to see a future increase in Amtrak's route structure and ridership. Amtrak needs to improve its service with new equipment and better performance. The improvement will produce more and more riders and ultimately an expansion of the Amtrak system. With such a system, one that people are willing to ride, we will see the energy savings that we have heard so much about.

An important feature of this amendment is that it increases substantially the capital funding available to Amtrak. As many of you will remember the authorization increased the capital funding available to Amtrak by almost $100 million beyond that requested by the administration. This amendment brings the appropriation for capital closer to the authorized level.

Adequate capital funding is essential if Amtrak is ever to live up to its promise. Amtrak has insufficient equipment to operate the present system. Even the equipment which will be used to operate the reduced system is decades old.

Amtrak needs the ability to order new equipment now, and to begin building a rail system which will provide modern, efficient, and reliable service. We have for too long provided Amtrak inadequate capital financing to operate a modern system and then criticized them for the condition of their equipment. We must make capital dollars available to build a better system in years to come.

I want to commend the gentleman from Massachusetts for offering this amendment, and the subcommittee chairman for his handling of the Amtrak appropriation.

This is an important amendment to the future of rail transportation and I urge your support.

Mr. CONTE. I thank the gentleman.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr CONTE. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, I rise in support of the Conte amendment. The gentleman from Massachusetts (Mr. Conte) has been an outstanding leader in trying to guarantee that the people of America will have adequate rail passenger service. He has done a good job and this amendment, I think, will see the culmination of his efforts in making sure that the Amtrak system does roll and does serve effectively those areas where passengers would use Amtrak. As I say, he has been a leader. His team includes, of course, the gentleman from Oregon (Mr. Duncan), the gentleman from New Jersey (Mr. Florio), and the gentleman from Illinois (Mr. Madigan). The four of them have worked together very effectively for the people of America, who really believe in rail transportation.

I support the amendment to add the funds, and I appreciate the leadership the gentleman from Massachusetts and the others I mentioned have shown in this regard.

Mr. CONTE. I thank the gentleman from Florida. I might say that the gentleman from Florida certainly has worked with us very closely on this issue. I thought he was going to get up and urge that we only finance this through the World Bank and therefore we would not need this amendment.

Mr. YOUNG of Florida. I thought I would save that argument for later on if the amendment gets in trouble.

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Oregon, our subcommittee chairman, who has done an outstanding job as chairman. He is truly a dedicated public servant and an able leader.

Mr. DUNCAN of Oregon. Mr. Chairman, I just want to thank the gentleman from Massachusetts for his cooperation and for the work he has done on this committee. I am a comparative newcomer, but he has been here for many years. I am grateful for his help not only with respect to railroads, but throughout the whole area of transportation.

In addition to the Members already mentioned, Mr. Florio, Mr. Madigan, both of whose labors were supreme and magnificent, I want to thank all the members of the committee on both sides. I also want to acknowledge the support of Mr. Ullman, Mr. AuCoin, and of Mr. Weaver from my own State.

Finally, I want to call this body's attention to the untiring efforts of Mr. Staggers, the chairman of the Interstate and Foreign Commerce Committee, whose long and noteworthy support of rail transportation deserves the thanks of the American people.

I believe that the funding level recommended in the amendment sponsored by Mr. Conte will provide Amtrak with the funds necessary for its operating and capital needs in fiscal year 1980, and I urge your support for the amendment.

At the time the Appropriations Committee reported the transportation bill, the Department of Transportation's recommended route structure for Amtrak, since it was not disapproved by the Congress, was in effect the legally mandated route system. The bill as reported provides funds for that DOT recommended route structure.

The House has just completed action on the Amtrak authorization bill. That authorization bill expands the system recommended by the Department of Transportation.

I fully support Mr. Conte's amendment to add funds to the appropriations bill to adequately fund the operating costs and capital needs of the Amtrak system which has now been approved by the House.

Before I discuss Mr. Conte's amendment, I would like to briefly describe my personal views on the future of Amtrak.

During the course of our hearings on Amtrak I became impressed by the fact that passenger trains are most effective when they operate over relatively short distances (150–300 miles) between major population centers.

Since the completion of those hearings, I have consistently stated that the future for Amtrak will lie in the service it can provide in these short distance corridors.

I have not changed my mind and am still committed to the idea that Amtrak best serves the country from an energy standpoint, from an economic standpoint and from an environmental standpoint when it is limited to this type of corridor service.

A recent study done by the Congressional Budget Office, at my request, clearly demonstrates that it is in these relatively short distance corridor operations that Amtrak can make the greatest contribution to the saving of energy. Short distance trains do not have to pull sleepers, baggage and club cars, which add weight but few seats.

Also, heavily patronized short distance corridor trains have the best potential for breaking even financially. Short distance trains are competitive in total travel time with airplanes.

Finally, it is in these short distance corridors that passenger train service has the most potential for reducing air and noise pollution and decreasing highway traffic and airport congestion.

However, as I stated in the debate on the Amtrak authorization bill, I recognize that people perceive the train as important in an energy crisis and that politically it is not practical to cut back to corridors today.

Consequently, I am supporting Mr. Conte's proposal to add $40 million to the appropriations bill for Amtrak's capital and operating needs. This amount, together with the following adjustments, will provide sufficient funds for Amtrak's needs in fiscal year 1980:

Credit from the debt retirement and interest savings associated with the provision in the Amtrak authorization bill which provides for issuance of preferred stock and the cancellation of Amtrak's outstanding $850 million debt the utilization of funds no longer needed for labor protection because of the expanded system; and the increased revenues Amtrak anticipates from the increased ridership it has been experiencing.

The funds provided will permit Amtrak to operate all the trains authorized by the House bill.

The appropriations bill, as amended, would provide $20 million for the Federal-State rail passenger service cost sharing (403b) program.

The bill will also provide $30 million for labor protection payments resulting from the termination of the worst Amtrak routes.

Finally, the bill will provide $176 million for Amtrak's capital acquisitions.

The amount provided for capital is $74 million more than was provided in the bill as reported by the committee. This is a very substantial increase.

This increase is justified because of the expanded route system that the House approved in the Amtrak authorization bill and because Amtrak's current car fleet is extremely old and in very poor condition.

Amtrak is presently running a rag-tag fleet of 1,200 cars over a 27,000-mile system. Most other developed countries with good rail systems have a minimum of one car per route mile.

The unreliability of Amtrak's present fleet has been one of the major reasons for the poor quality of Amtrak service. In the year ending April 1, 1979, Amtrak estimates that 28 percent of the complaints received from passengers related to equipment failure.

Of Amtrak's fleet, 56 percent is more than 25 years old. In 1978 maintenance of equipment costs was equal to the cost of train operations ($240 million for maintenance versus $236 million for train operations). In comparison, U.S. trunk airlines maintenance cost is less than 40 percent of their operating costs. Amtrak's current rate of attrition is about 3 cars per week or 150 cars per year in the coming years.

I believe that Amtrak should maximize its capital spending in fiscal year 1980 on locomotives and passenger cars. The rolling stock that is purchased should be capable of being operated on all parts of the Amtrak system. The passenger cars should be low-level cars that are capable of being hauled by either diesel or electric locomotives.

I believe that Amtrak's equipment needs are so great that spending on rolling stock should take priority over other capital expenditures like station improvements which are not absolutely essential. This policy will increase Amtrak's equipment flexibility and should result in substantial improvements in the quality of service provided by Amtrak.

☐ 1130

Mr. CONTE. Mr. Chairman, I yield back the remainder of my time.

Mr. BOLAND. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I have the privilege of serving on this subcommittee, and I want to commend the distinguished gentleman from the State of Oregon (Mr. DUNCAN) for his leadership on this important subcommittee, and also my friend and colleague, the ranking Republican member of this subcommittee, the gentleman from Massachusetts (Mr. CONTE).

Mr. Chairman, I was pleased to join in sponsoring the amendment to increase funding for Amtrak.

Last month, the House took the first step in modifying Amtrak's route system to improve service in those areas where ridership figures indicate that railroad travel is a desired alternative to other forms of transportation. The new route criteria established in the Amtrak Reorganization Act of 1979 will provide a stronger passenger rail system by concentrating service in those areas where people have demonstrated a willingness to use it.

This amendment will allow the House to take the necessary second step in improving the Amtrak system. By increasing the appropriations for Amtrak's operating subsidies to the authorized level of fiscal year 1980 we can insure that all trains which can now be projected as meeting the new ridership criteria will be funded. The threat of termination of service, which has hung over many of those trains since the DOT route restructure was announced in January, will be ended. The passengers on those trains, like the Montrealer which runs through my district, have shown by their patronage that intercity rail passenger service can be successful in some sections of this country. Ridership on the Montrealer and other trains which may be saved as a result of the new criteria has increased dramatically over the same period last year. At a time when energy conservation should be our paramount concern, we need to encourage efforts to reduce fuel consumption. Keeping these trains running will assist in that effort.

I urge that the amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ANDERSON OF CALIFORNIA

Mr. ANDERSON of California. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

BICYCLE PROGRAM

For necessary expenses in carrying out the provisions of section 141 of Public Law 95–599, $4,000,000, of which $2,000,000 shall be derived from the Highway Trust Fund.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON of California. Page 13, line 16, strike out "$4,000,000" and insert in lieu thereof, "$10,000,000".

Page 13, line 17, strike out "$2,000,000" and insert in lieu thereof, "$5,000,000".

Mr. ANDERSON of California. Mr. Chairman, at this time, I would like to offer a rather modest amendment to this legislation, increasing the funding level for a program which encourages one particular mode of transportation; the bicycle.

In anticipation of our energy crisis, I have been advocating Federal funding of bicycle programs for several years; since before the gas lines and price hikes of 1974. And last year, for the first time, we had a section added to the Surface Transportation Assistance Act establishing a program of grants to the States and localities for bicycle-related assistance. Twenty million dollars was authorized for the construction of bikeways, and for nonconstruction projects to enhance and encourage the use of bicycles.

Mr. Chairman, over the years I have tried to bring the point home here, that the bicycle is not simply a recreational toy; but should also be seen as a viable alternate mode of transportation. And every year, each day, more and more Americans are seeing bicycles in this light. Since 1970, more new bicycles have been sold in the United States than new automobiles.

By authorizing, $20 million last year, Congress indicated that it, too, is coming to realize the potential value of the bicycle to American society.

The Appropriations Committee has seen fit, in the legislation that is before us today, to approve the funding of $4 million for this bicycle program. This action deserves the appreciation of those of us who are bicycle advocates. But, we feel the time is right for the Federal Government to encourage bicycling in a more meaningful way. That is what our bicycle program is really all about: to encourage the further development of bicycling as a transportation mode in this country. States can already use part of their Federal highway aid for bikeways and related facilities. But pressures are intense on them to use these funds for more highways, that encourage the use of more automobiles, which need to guzzle more energy to pollute our Nation.

That is why we created a separate fund in the Surface Transportation Assistance Act for bicycles: to make sure that money would be available to encourage and allow their use. The mere fact that $4 million has been recommended for appropriation is recognition of the fact that this need exists. But $4 million, spread over the 50 States, the District of Columbia, and Puerto Rico, comes to less than $80,000 per State. With the 3-to-1 match that the authorizing legislation provides for, the committee recommendation could help create only 2 miles of bikeways in each of our States. This is a pittance. My amendment increases this amount by $6 million. Surely, it will not permit us overnight to see bikeways spanning the Nation, but it will be enough to get States thinking more about bicycles, and including bikes in their transportation plans. In short, it will stimulate the States into taking a serious look at the utility inherent in bicycles as a means of transportation. And it will demonstrate to the country that Congress is serious about bicycles.

Because we had better be serious about bicycles. First, they are nonpolluting. This is something we must never forget. With the obvious energy-saving features that should endear bicycles to us, it is perhaps too easy for us to overlook the fact that bicycles provide us with a perfectly clean form of transportation.

Bicycles promote good health, and require less space than automobiles or mass transit.

And, of course, bicycles use no energy not directly provided by the person riding them. As a matter of fact, 62 percent of all auto trips in the United States are of 5 miles or less. If only 1 percent of these trips were made by bicycles, we would accrue a savings of 131 million gallons of gasoline per year.

So, finally Mr. Chairman, what I am asking for in this amendment is an additional $6 million to help stimulate our State and local governments into giving more thought to integrating the bicycle into their transportation systems. For the preservation of the air we breathe, the land that we walk upon, and the energy needed to power our country, I urge our colleagues to support this amendment.

We must make the bicycle a full partner in the Nation's transportation picture.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding. I congratulate the gentleman on his amendment. Of course, all over Europe and Asia the bicycle is used widely, and particularly in urban transportation where we have short trips. Not to make that feasible in this country I think would be a great mistake. This is something that can contribute to resolution of our energy problem, as the gentlemen points out, very substantially. I commend the gentleman for his amendment.

Mr. ANDERSON of California. I thank the gentleman from New York (Mr. OTTINGER) for his contribution.

Mr. DUNCAN of Oregon. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to say that this amendment does not involve the question of whether or not it is desirable to use bicycles in metropolitan areas or whether they are energy-saving devices. The committee agrees with the gentleman on both of those issues.

I would like to say that back in the 1960's when the first Urban Mass Transit bill was passed, I supported it over the opposition of almost all of my Oregon constituents. I did so because it was my belief that the big urban centers were literally being strangled to death by the automobile and that the problem was beyond local capacity to solve, in short, that it had become a national problem. But that does not mean that it is not still a local problem to assist in solving some of our transportation problems. It does not mean that the Federal Government must throw dollars after every facet of the problem, or after every potential solution, no matter how peripheral.

It seems to us that bicycle paths fall into that category. The committee shares the gentleman's views that, especially in urban areas, bicycles are popular and can make an energy-efficient contribution, although small, to urban transportation. But it seems to us that this is a solution that local governments can fund, especially when bike projects can be built utilizing regular Federal aid to highway funds.

I would like to say that to date 25 States have obligated Federal aid funds for more than 150 independent bikeway and walkway projects.

In an effort to encourage the local units we provided back in 1976, $6 million for demonstrations under which 46 projects have been started, only one-half of which have been completed. During 1980 the Highway Administration is to analyze and report on the results.

In a further effort to encourage local government in this area, our committee added $4 million to the President's budget.

□ 1140

I cannot say that $4 million is the proper figure and $10 million is too much. The gentleman may be wrong, we may be wrong in our judgment as to how much should be appropriated. However, I do want this Committee to know that we have added $282.5 million for urban transit, highways and railroads where Federal help is absolutely critical if the local units of Government are going to be able to meet their transportation needs. It is not critical to have further Federal aid for bicycles, and in these times when local units of Government are asking for us to balance the budget, I think this is one place to draw the line.

I ask that we vote down the amendment.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is with great reluctance that I rise in opposition to the amendment offered by the gentleman from California. When the Appropriation's Transportation Subcommittee first considered their annual appropriations, an appropriation for bicycle programs was omitted. I sponsored the amendment which added an appropriation of $4 million to this bill.

The benefits of bicycle travel are legion. Bicycles are the most clean, energy efficient vehicles on the road today. If just 5 percent of the Nation's urban commuters switched from cars to bikes for trips less than 5 miles, the savings in gasoline alone would add up to more than $780 million a year. Furthermore, bicycling offers the added feature of physical exercise while at the same time is relatively inexpensive. I am confident that many more people would opt for the bicycle alternative over other forms of transportation for short distance travel if adequate facilities were provided.

Notwithstanding all these benefits, I must abide by the level of the amendment which I originally offered to this bill. It is a balanced amendment which recognizes a need for the funding of bicycling programs, while at the same time is offset by the legitimate needs of other modes of transportation.

In addition to the $4 million included in this bill, the Congress in our fiscal year 1976 Transportation Appropriations Act provided a $6 million appropriation for a bikeway demonstration program. According to testimony received during our hearings, not all of these funds have been obligated yet. Approximately one-half of the 41 projects funded under this demonstration program are still either under construction or in final design. For those projects which have been completed, the Federal Highway Administration indicated that during fiscal year 1980, they intend to analyze the results of these bikeway projects.

In addition to the previously funded bikeway demonstration program and the additional $4 million in this year's bill, bikeway projects may also be built along with highway improvements or as an independent highway project utilizing regular Federal-aid highway funds. To date 25 States have obligated Federal-aid funds for more than 150 independent bikeway and walkway projects.

In light of the fact that the committee bill already includes $4 million over the President's budget for this program, and that the results of the previously funded demonstration have not been finalized and that substantial Federal-aid funds are available, I urge that the amendment be rejected.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. Could the gentleman tell us how much he really thinks can be done nationally with the $4 million? We have been talking about bicycles now for years and having more trails and encouraging their use. The energy crisis clearly underlines the importance of that. As the gentleman's arguments at the outset of his statement also emphasize. Twenty million dollars seems to me to be a much more realistic figure for doing something significant. I wonder if the gentleman would comment on that.

Mr. CONTE. Well, as I said, in subcommittee there was zero and I put $4 million in there because I felt that $4 million was all we could digest in fiscal year 1980 and that is why, with this problem that we have with all the additional money we put in today for transportation systems, for Amtrak and other mass transit programs, I think that this is a pretty good figure, a fairly well balanced figure. If we eat up that $4 million, then next year we can put in an additional amount.

However, why put in an additional amount when we have not yet used the funds we presently have?

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. The gentleman has already pointed out that there are funds left from 1976 that have not been utilized. I would ask the gentleman also, is it not true, as I pointed out, that the States are free to use the regular highway funds for bike paths and that 25 States have already obligated those funds?

We are not talking about a $4 million limitation on funds that States could expend for bike paths. If they believe that in their State bike paths are more important than highways, they are perfectly at liberty to use a part of those funds for that purpose.

Mr. CONTE. The gentleman is absolutely right. I mentioned that in my statement, that 25 States have utilized the highway trust fund.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr CONTE. I yield to the gentleman from California.

Mr. ANDERSON of California. I want to thank the gentleman and the committee for the $4 million they have included in this bill, but I think the amount should be increased.

I know the gentleman suggests local governments should handle this. Local governments are trying. I know in my State we are going to be spending as much as the Federal Government is nationwide.

Mr. Chairman, one of our problems is when a State or local government tries to do something and tries to build a bikeway across town, they run into a Federal freeway that has been built without giving consideration to bicycles, or a bridge over which a bicycle cannot pass. We have been unable to get it across to the Federal Government that bikes are important.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ANDERSON of California, and by unanimous consent, Mr. CONTE was allowed to proceed for 3 additional minutes.)

Mr. CONTE. I yield to the gentleman from California.

Mr. ANDERSON of California. When we build a freeway or when we build a bridge there should be some thought given to a bicycle being able to go over it or under it. We have been unable to do that.

In my area in southern California where we try to encourage people to go across town by bicycle and not just use bike paths in a park, we find one of our biggest problems is getting across a freeway that goes for miles without any way of getting across on a bicycle.

It is very, very difficult. I think the $10 million we are asking for, the $6 million increase, is a very small amount to help do the job. The Federal Government should provide more money to match State and local governments efforts at building a more meaningful bicycle transportation system. I would appreciate it if the gentleman would comment on that.

Mr. CONTE. I think the gentleman from California is definitely on target. I sympathize with the gentleman and agree with the gentleman that we should have these bike paths and we were really shortsighted back when we were building the freeways that we did not provide for bike paths, and also facilities on the bridges of which the gentleman speaks. It is going to take a lot of money and a lot of work.

Mr. Chairman, I am trying to be very responsible here. I am saying that we started out in committee with nothing, I put in $4 million. The money has not yet all been spent. Some projects are still under final design. I say to the gentleman let us hold back this year, let us spend the money we have in here and the money we have appropriated in the past, and next year if they have spent that money I will join with the gentleman and put in additional money.

We are under extreme pressure here in this bill to improve transportation: First because of the energy crisis; and second, we have a lot of States who want us to balance our budget and we have California, one of the States in the black. Their Governor and everyone else out there says we should have a constitutional amendment for a balanced budget and here we are with an unbalanced budget in the Department of Transportation bill. I say, let us hold back for a year and I will be with the gentleman next year if they use all the money.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ANDERSON).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANDERSON of California. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 111, noes 296, not voting 27, as follows:

[Roll No. 475]

AYES—111

Akaka
Alexander
Ambro
Anderson, Calif.
AuCoin
Baldus
Barnes
Beilenson
Bereuter
Biaggi
Bingham
Bolling
Bonior
Brinkley
Broomfield
Brown, Calif.
Burton, Phillip
Clausen
Clay
Collins, Ill.
Conyers
Coughlin
Courter
Deckard
Dellums
Derrick
Dixon
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Erdahl
Fary
Fazio
Findley
Fisher
Foley
Forsythe
Gephardt
Gilman
Glickman
Green
Guarini
Guyer
Hall, Ohio
Harkin
Harris
Hawkins
Holtzman
Horton
Howard
Hutto
Jeffords
Johnson, Calif.
Kastenmeier
Kildee
Lagomarsino
Leach, Iowa
Lederer
Leland
Lloyd
Lowry
McClory
McCloskey
Maguire
Marlenee
Matsui
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moffett
Nolan
Oberstar
Ottinger
Patterson
Pease
Petri
Price
Pritchard
Pursell
Rahall
Rangel
Regula
Reuss
Richmond
Rinaldo
Ritter
Rodino
Rostenkowski
Scheuer
Schroeder
Schulze
Seiberling
Simon
Solarz
Spellman
St Germain
Studds
Udall
Van Deerlin
Vento
Waxman
Weaver
Weiss
Whittaker
Wirth
Wolff
Wolpe
Zeferetti

NOES—296

Abdnor
Addabbo
Albosta
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Applegate
Archer
Ashbrook
Ashley
Aspin
Atkinson
Badham
Bafalis
Bailey
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bethune
Bevill
Blanchard
Boggs
Boland
Bonker
Bouquard
Brademas
Breaux
Brodhead
Brooks
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Butler
Byron
Campbell
Carney
Cavanaugh
Chappell
Cheney
Chisholm
Cleveland
Clinger
Coelho
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Cotter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fascell
Fenwick
Ferraro
Fish
Fithian
Flippo
Florio
Ford, Tenn.
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Giaimo
Gibbons
Gingrich
Ginn
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Grisham
Gudger
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harsha
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holt
Hopkins
Hubbard
Huckaby
Hughes
Hyde
Ichord
Jacobs
Jeffries
Jenkins
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Latta
Leath, Tex.
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lujan
Luken
Lundine
Lungren
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Markey
Marks
Marriott
Martin
Mathis
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Ohio
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Obey
Panetta
Pashayan
Patten
Paul
Pepper
Perkins
Peyser
Pickle
Preyer
Quayle
Quillen
Railsback
Ratchford
Rhodes
Roberts
Robinson
Roe
Roth
Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Sebelius
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Ullman
Vander Jagt
Vanik
Volkmer
Walgren
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki

NOT VOTING—27

Anderson, Ill.
Anthony
Boner
Bowen
Carr
Carter
Corman
Dodd
Evans, Ga.
Flood
Ford, Mich.
Fountain
Hagedorn
Holland
Hollenbeck
Ireland
Leach, La.
Lott
Madigan
Neal
Rose
Rosenthal
Rousselot
Roybal
Treen
Wilson, C. H.
Winn

☐ 1200

Messrs. LATTA, TAYLOR, and ABDNOR changed their votes from "aye" to "no."

Mr. PHILLIP BURTON, Mr. MOFFETT, Mrs. SPELLMAN, and Mr. McCLORY changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. ALEXANDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I congratulate the chairman of the Subcommittee on Transportation Appropriations for his understanding of the inequity that exists in transportation policy. Heretofore, there was little concern for the transportation needs of the 41 percent of the population that live in midsized cities, small towns, and rural communities in the countryside. The committee amendment comes after many hours of discussion and debate with the gentleman from Oregon.

Mr. Chairman, the amendment would increase the funding in this bill for the safer off-system roads program from $35 to $75 million and the funding for the section 18 public transit program for midsized cities, small towns, and rural communities in countryside areas would rise from $75 million to $85 million.

□ 1210

I recognize and am in agreement with the need for keeping the reins on Federal spending. Nevertheless, I believe that it is necessary to point out that neither this bill nor existing Federal policy is making a fair or an adequate response to the needs of the 88 million of our people who live outside the most densely populated areas of our Nation.

Most of these millions of people have no public transit available to them other than the service provided by the intercity bus industry. Even so, during times of energy shortage they are expected to take steps to conserve fuel in the same manner as the people of our biggest cities who do have available to them a variety of public transit alternatives to private auto use.

When the amendment for midsized cities, small towns and rural communities is adopted the bill would still provide only $160 million, 43.2 percent of full funding. At the same time, the amendment would increase the funding for the big city mass transit programs from $2,703,000,000 provided in the bill to $2,865,000,000, providing 95.8 percent of full funding.

The result is that the money which would be provided for use in midsized cities, small towns and rural communities in countryside areas equals only 5.6 percent of the total provided for big city mass transit programs. Forty-one percent of our people live outside our highest density areas.

This is the second step in recognizing the inequity that exists in transportation policy between the big cities and the countryside. The first official recognition of the need for fairness in treatment of transportation problems was recognized by the Department of Transportation in its 1978 publication "Transportation Policy for Changing America" with the following statement:

> Equity has become an important principle of transportation policy.

People concerned with the needs of the midsized cities, small towns and rural communities want that "principle" to be put into practice in the conduct of transportation policy.

That same 1978 publication said:

> A recognition of transportation's ability to affect, for good or bad, the quality of life of both the individual and the community in the most basic and fundamental ways must be made a more explicit and overt consideration in our transportation decisions.

Those of us concerned about transportation needs in countryside areas are trying to see that that "recognition" is made a guiding principle in present and future policy.

The need for and lack of public transportation in midsized cities, small towns and rural communities of the countryside is not a new hardship recently brought to the attention of Federal policymakers. This is evident from the content of the "1972 National Transportation Report—Present Status, Future Alternatives," issued by DOT.

DOT stated in that report:

> A number of special problem areas not specifically addressed in the Department's guidelines for the field study were identified. The most frequently mentioned was the problem of declining or nonexistent rural public transportation service and the need for a publicly sponsored program in this area.

DOT went on to say that 18 States took the initiative, at that time, of raising this transportation problem with DOT during the survey.

Unfortunately too little progress has been made and too little transportation policy emphasis has been placed on the need for responding to this need identified so long ago.

For instance, during the years 1974 through 1977, when the Urban Mass Transportation Administration was spending $7.5 billion for capital investments in public transit only $35.3 million of that was going to places with populations of less than 50,000. There are 18,635 such midsized cities, small towns, and rural communities in the Nation. Only 69 of them got any of the $7.5 billion.

While we are pouring billions into big city transit systems, thousands of countryside places have been losing the only public transit they had, intercity bus service. Another 1,000 are on the list of places threatened with abandonment by intercity bus service in the short-term future.

Though we propose to provide more than three-quarters of a billion next year for Amtrak passenger rail service, a major competitor with the intercity bus industry, we find Congress and the executive branch slow to respond to the needs of the intercity bus industry though it is the most energy-efficient of all public transit modes. Intercity bus service is the only public transit available to 14,000 places across the Nation. Amtrak only serves 500 places. Intercity buses carried 335 million passengers last year. Amtrak only carried 19 million.

The intercity bus industry provides a needed service we should strive to maintain.

It becomes less and less fashionable to urge funding for meeting highway needs. Yet we hear more and more calls for people to commute to work in carpools, vanpools or buses, all of which need good, safe roadways on which to operate. And, in the case of midsized cities, small towns and rural communities carpools, vanpools or bus systems are the most practical of public transit modes because they are not only energy-efficient, but they have the flexibility, by not being tied to fixed rails or guideways, to meet the changing needs of a community.

Many Americans are taken in by politicians who talk a good game rather than do a good job. Often we see political sloganeers use "Vote for Candidate John Doe—He Cares." I have heard from the lips of many politicians the expressing of compassionate concern for the needs and problems of all the people of the Nation. But, the practical reality of American politics is that expression of concern has been focused like a precisely arched laser beam on high density populated areas like New York, Chicago, Los Angeles, Memphis, St. Louis, and Little Rock. The midsized cities, small towns, and rural communities of the countryside area are victimized by the urban bias that permeates Federal Government actions.

Billions are authorized, appropriated and spent for community development and for transportation. But, in example after example we find 75, 80, and 90 percent or more of this funding goes to the highest density areas although 41 percent of our people live outside them. For specific examples of this we only have to look to the community development block grant and the urban development action grant programs of the Department of Housing and Urban Development or the public transit programs funded under this bill.

The truest measure of responsible, informed, compassionate concern for the well-being of our people is found in the commitment to an equitable distribution of Federal funding.

Mr. Chairman, I would like to yield to the gentleman from Oregon (Mr. DUNCAN) for a colloquy.

As the gentleman knows, I have advised our colleagues that I intended to offer two amendments to this bill. The first would increase the funding for the safer off-system roads program. The second would amend the Urban Mass Transportation Administration section of this bill to provide funding for the Urban Mass Transportation Administration section of this bill to provide funding for the Urban Mass Transportation Act section 21, the terminal development program, and section 22, the intercity bus service program, to help insure that the only public transit now available to 14,000 midsized cities, small towns, and rural communities would be continued through the continued operation of the intercity bus routes that serve those areas. You and I have discussed these matters indepth, together and with our colleagues on the authorizing committee and with people at the Department of Transportation. It is now my understanding that your amendment increases the SOS program by $40 million and would increase the section 18 program by $10 million to provide, among other things, funding for leasing buildings or space in buildings for use as intercity bus terminals and for use in providing up to 50 percent of the net operating cost for intercity bus routes, servicing midsized cities, small towns, and rural communities in the countryside. Is that correct?

Mr. DUNCAN of Oregon. Does midsized cities, small towns, and rural communities mean places with populations of less than 50,000?

Mr. ALEXANDER. Yes; less than 50,000.

The CHAIRMAN. The time of the gentleman from Arkansas (Mr. ALEXANDER) has expired.

(By unanimous consent, Mr. ALEXANDER was allowed to proceed for an additional 4 minutes.)

Mr. DUNCAN of Oregon. Mr. Chairman, if the gentleman will yield further, the gentleman is substantially correct. He has worked very hard and well in bringing to our attention and to the attention of our colleagues the need to increase the SOS program and to keep in operation the public transit service provided by the intercity bus industry to midsized cities, small towns, and rural communities in countryside areas. His arguments have been persuasive. We have included the additional $40 million for the SOS program and the $10 million section 18 increase which will provide funding in accordance with the law for public transportation programs appropriate for midsized cities, small towns, and rural communities in the countryside which might include intercity bus terminal leasing and subsidizing intercity bus service routes, serving midsized cities, small towns, and rural communities, that are operating at a deficit. The development of terminals is also eligible for funding under section 3.

Mr. ALEXANDER. Is it your understanding that in order for the operator of an intercity bus route to be eligible for assistance under section 18, that the route would be required to make at least one stop in a midsized city, small town, rural community, or county? More than one stop could be scheduled. Further, is it your understanding that for a route to be eligible to receive this assistance it could be one operated by a private bus operator authorized to transport passengers in intrastate commerce by a State regulatory commission or comparable State agency or to transport passengers in interstate commerce by the Interstate Commerce Commission and that the route would: First, connect one or more midsized cities, small towns, and/or rural communities outside urbanized areas; or second, connect one or more midsized cities, small towns, and/or rural communities outside urbanized areas and one or more urbanized areas. In this instance, midsized cities, small towns, and rural communities means places with populations of less than 50,000 located outside urbanized areas.

Mr. DUNCAN of Oregon. I would tell the gentleman that that is my understanding provided we are talking about midsized cities, small towns, and rural communities in the countryside and not daisy-chaining urbanized areas and with the exception of the gentleman's statement about stops. I can visualize situations where one stop in each of the units would be enough and other situations where more would be needed.

I do not believe we ought to try to legislate or dictate the number of stops that must be made in midsized cities, small towns, and rural communities. It ought to be left to midsized cities, small towns, and rural communities to develop a plan appropriate to each area. I would add that I share the gentleman's concern about the need for public transportation in and between midsized cities, small towns, and rural communities in countryside areas. I would assure the gentleman that I intend to keep a close check on the performance of the Department of Transportation in connection with these matters.

Mr. ALEXANDER. Is it correct that you do not wish to dictate to the midsized cities, small towns, and rural communities in the countryside how these funds are distributed between intercity bus service and terminals, but that this increase in section 18 funds may be used for either?

Mr. DUNCAN of Oregon. Within the terms of section 18 that is correct. I believe the local areas should make as many of these decisions as possible. I do not believe we should be subsidizing intercity bus service generally but understand the needs of midsized cities, small towns, and rural communities. If a public body feels a station to lease at market rates amortizing the investment is the most appropriate rural transportation project for them then that is their decision.

Mr. ALEXANDER. It has been my experience that DOT has been biased against midsized cities, small towns, and rural communities. There is no evidence that the chairman is so disposed. In fact, I would say that he is fair in his concern about midsized cities, small towns, and rural communities in the countryside areas and their transportation problems. However, if the record shows an unwillingness by the DOT to follow the policy of the committee and the chairman and shows, in fact, that the money appropriated by this bill has not been used in accordance with congressional intent would the chairman then be willing to consider funding sections 21 and 22 as an alternative?

Mr. DUNCAN of Oregon. I would tell the gentleman that the committee will consider it. The answer to his question is yes. We are always prepared to reconsider if we have new evidence or are convinced that we have erred.

Mr. ALEXANDER. In view of your assurances that midsized cities, small towns, and rural communities in countryside areas will have an opportunity through section 18 to retain the public transit now available to them through the intercity bus industry, I will support the amendment offered by the gentleman from Oregon.

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. Mr. Chairman, I thank my friend and colleague from Arkansas for yielding and for his diligent pursuit of the matter in the Appropriations Committee.

As a member of the Executive Committee of the Congressional Rural Caucus, I rise in strong support of the amendment offered by the distinguished chairman of the Subcommittee on Transportation Appropriations, Mr. ROBERT DUNCAN.

Let me say to my colleagues here this afternoon that during my years in Congress, I have witnessed Federal policies that undermine the needs of people in our rural areas. While some progress has been made recently, toward correcting this misunderstanding, many policymakers continue to classify the 88 million people living outside high density, urbanized areas as interested only in agriculture, despite the fact that there are only 3 million farmers in the Nation. Emphasis has been on the mass transit needs of large cities while little has been done to assist nonurban areas as promised in the 1978 Transportation Act. The Duncan amendment would help insure fairer treatment for the 40 percent of our Nation's population living outside high density, urbanized areas and at the same time conserve energy.

Mr. Chairman, I am dismayed that H.R. 4440 proposes only $110 million for the four programs of special assistance to midsized cities, small towns, and rural communities in countryside areas, which is only 29.7 percent of full funding, while the two big city mass transit programs will receive $2.7 billion, 90.4 percent of full funding. What a disparity!

The Duncan amendment would increase the funding for the safer off-system road program from $35 million to $75 million and the section 18, small urban and rural transportation programs from $75 million to $85 million. It is important to note that section 18 funds may be used by local and State officials for bus terminals development and intercity bus subsidies.

The quality of public transportation outside of urban areas is dismal. Intercity bus systems supply public transit services to 15,000 U.S. communities, towns, and cities—14,000 of which have no other public transit options available. It is frightening that between 1968 and 1977 intercity systems discontinued service to 1,765 places because of economic problems including those receiving federally subsidized competition. Right now service to 1,000 more points is in jeopardy and threatening to leave citizens stranded.

Mr. Chairman, in the wake of OPEC price hikes, renewed national attention must be given to one of our most energy efficient modes of transportation: Bus service. The Appropriations Committee, in failing to fund the public transit bus program, has argued that we should not subsidize private enterprise. Yet H.R. 4440 carries $76.1 million for subsidizing uneconomic route service by privately owned airlines and proposes giving Amtrak $772 million. Both of these modes of transportation are far less energy efficient than the intercity bus industry. To refute the arguments hurled that the private bus industry is rich, it should be noted that the intercity bus industry operated on a 4-percent profit margin and last year's profit of $20 million was spread over 403 buslines.

In the case of the terminal development program the money goes to local and State governmental agencies. If intercity buslines use the terminal, they would do so under lease. It is important to note, this would not be a handout to private enterprise, as is the airline subsidy.

The Duncan amendment does not seek superior treatment for midsized cities, small towns, and rural communities in countryside areas. If passed, this amendment would not even give them equal treatment, since the percentage of funding for the programs would still be far below full funding and below the percentage of funding the bill provides for mass transit programs for urbanized areas.

As you know, I have long waged a battle for restraint in Federal spending. However, I am convinced that the burden of budget restraint must be shared equally and should not be shouldered entirely by the 88 million people who reside within these respective areas. We must not take away the mobility of our rural citizens simply because Congress is not willing to help preserve the most energy efficient modes of public transit.

In addition, the Duncan amendment would increase the funding for the safer off-system roads program from $35 million to $75 million. This program was created by Congress in 1974 as the off-system roads program in recognition of the unsafe bridge problem that has a stranglehold on many countryside areas of the Nation. It was renamed the safer off-system roads program in 1976 and expanded to include aid to all parts of the Nation. Even so, State and local governments have generally concentrated funds in countryside areas as well as invested their own dollars in it because this is a matching program. This forward-looking measure, for the first time, allocated Federal aid funds to correct hazardous conditions off the Federal system. For the first time, road safety moneys were channeled through to local jurisdictions.

The safer off-system roads program is designed to make existing mileage safer, not to expand the system. Although Federal funding has been erratic, going from $200 million in the Economic Stimulus Appropriations Act of 1976 to $15 million in fiscal year 1979, State and local governments have been so glad to have it they have used up all available funding by March of this year.

Under this program States are required to spend 50 percent or more of each year's expenditures only for safety improvement projects. This has been done to assure that projects which rank high in safety benefits no longer take a backseat to other highway construction projects. The safer off-system roads program authorizes funds to be used essentially to improve the safety and capacity of existing roads. The types of safety improvements envisioned include, but are not limited to, those designed to correct or improve high hazard locations, eliminate roadside obstacles, eliminate hazards at railway crossings, improve highway signing and pavement markings, and install traffic control or warning devices at high accident potential locations. They are typical of those projects under the safer roads demonstration program which the Department of Transportation rated in 1976 among its highest cost-effective-study countermeasures. Accident and fatality studies reflect that greater effort is required to reduce the fatality rates on local roads and streets and it is this need that the Duncan amendment seeks to address.

Mr. Chairman, off-system roads represent more than three-fourths of our Nation's highway network and it should be recognized that many safety improvements are needed on these roads. The money provided in the Duncan amendment will enable the States to proceed with the most urgently needed high priority safety improvements on our Nation's off-system roads.

According to statistics collected by the American Association of Highway Transportation Officials there are 65,500 unsafe bridges on non-Federal aid (off system) roads. Statistics gathered on the basis of U.S. Department of Transportation guidelines show that at least 54 percent of these off-system roads in the Nation are unsafe for the use to which they are put.

Statistics show that of all traffic accidents bridge accidents are among the most severe. This is mainly due to their unyielding physical structure. And it is especially true of narrow bridges where approaches may actually lead a motorist into an accident. Tens of thousands of bridge structures all over the country are structurally deficient. Substandard bridges kill over a thousand Americans each year.

Driver error contributes to many accidents as does the highway environment. In fact, the environment may lead the driver into error or prevent him from making the right decision. If driver error is the major basic cause of accidents, why is the accident rate on the Interstate Highway System less than half that on the rest of the Nation's roadways?

We cannot shrug off our safety responsibility. The environment has a highly significant impact on safety. There are literally hundreds of documented studies which clearly indicate the value of environmental improvements in reducing accidents. Environmental safety improvements have shown more substantial results than the results of both vehicle and driver programs combined. The additional moneys for the safer off-system roads program can save lives, and reduce injuries in both severity and frequency at costs that are amazingly low.

Mr. Chairman, it is hard to believe that as of 1973 few States had comprehensive inventories of roadway and roadside hazards. Most rural roads on which the majority of fatal accidents occurred were unmarked. Most were pockmarked and filled with "killer boobytraps" with no prospect for improvement.

Had it not been for Congress decision to create a new national policy and direction with money as an inducement who can doubt that this situation would still prevail. I believe that this matching program is critical to encourage States and other entities to do what they have never been willing to do before.

Pavement markings are another key aspect of the program. Experts call them the "common denominator of all road safety improvements." When roads are properly marked motorists know where they are on the roadway, where opposing lanes of traffic are coming from, and when they can safely pass. Evaluation to date has shown that proper markings contribute substantially to road safety. Can you imagine what it would be like without pavement markings on the highway on which you drive? Do you really believe that the attention given to pavement markings would be sustained absent Federal interest and support? Certainly, individual companies, railroads, and the construction industry, benefit from hazard removal projects, but the biggest beneficiaries of all are the motoring public whose lives are being saved as a result of the systematic upgrading of our highways.

Absent clear directives, backed up by forceful administration, available Federal moneys and a favorable Federal matching ratio as an incentive to the States to carry out road safety improvements programs, we will not be able to look forward to achieving the kinds of high-yield cost results demonstrated in the early years of the safety off-system roads program.

The safer off-system roads program has worked. It has saved lives. Yet despite this proven record of progress and accomplishment, which few Federal programs can boast, there are serious dangers that we will witness a dissipation of emphasis, effort, and funding for this vital program.

Additionally, I feel that if a study were done of those cities which are prosperous and those which are decaying the common denominator of success or failure would be the amount of funds committed to the transportation infrastructure particularly the roads network. Where streets are clogged, where traffic is virtually impassable, where buses and trucks cannot move, both people and business flee.

Transportation improvements in our rural areas is one of the principal keys to maximizing their potential. Industrial development has lagged in all but the larger urban centers because of poor accessibility. The movement of industry into the small cities, already a significant trend in southern cities, can begin for many depressed areas of the country.

The development or preservation of our rural areas is vital to the welfare of the Nation. Indeed, we can never accomplish a truly balanced growth policy unless we adequately plan for and support the maintenance of our rural areas as good places to live and prosper for our rural citizens. And one of the vital components to maintaining and revitalizing these areas is an adequate transportation system network. Therefore, I urge my collegues in the House to approve the Duncan amendment without hesitation.

● Mr. ANTHONY. Mr. Chairman, I would like to speak today in support of the amendment to H.R. 4440. This amendment seeks to increase the transportation program for mid-sized cities, small towns, and rural communities.

We all know that energy difficulties will consume in the months and years to come a great amount of effort and concern of both Congress and this Nation. We are caught up in seeking ways to lessen and hopefully eliminate the adverse effect on our lives caused by energy shortages. There is a multitude of programs and ideas at various stages of development. Synthetic fuel should be created. Mass transit systems should be strengthened. Foreign oil import are to be reduced. Thermostats will be lowered in winter and raised in summer. The list goes on and on. The gluttonous appetite this country has for energy is now coming home to haunt us.

In this time of emergency it will be tempting to address our efforts toward those problems which are most visible. For example, the long gas lines in Washington, D.C., Los Angeles, New York, and Dallas and the publicity given these occurences make it obvious that relief should be granted. H.R. 4440 addresses this problem—huge amounts are recommended to strengthen big city mass transit system. This is good, needed and I favor this funding.

But, Mr. Chairman, 66 percent of the people in this country do not live in the big cities. Eighty-eight million people or more have no mass transit system available to them because they live in cities, towns, and communities of 50,000 or less.

As all of my colleagues, I represent approximately 500,000 people but my district has only one city with a population of 50,000. If the fuel crises becomes so severe that use of privately owned vehicles must be curtailed these citizens will not be able to turn to an alternate mode of travel. They simply must be able to utilize their automobiles and trucks to continue to survive.

This amendment is not a massive program. It is primarily an attempt to maintain the existing transportation system that the less densely populated areas of our country presently use. For example, the safer off-systems roads program will be increased an additional $40 million from $35 million to $75 million. This program is extensively used to repair and replace costly bridges on lesser roads of our highway system.

Mr. Chairman, those 88 million Americans who live outside our urban areas are being asked to pay their share of this appropriation. It is only fair that they receive some consideration and I urge passage of this amendment.●

AMENDMENT OFFERED BY MR. TAUKE

Mr. TAUKE. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

URBAN DISCRETIONARY GRANTS
(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for urban discretionary grants as authorized by the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.) to remain available until September 30, 1983; $1,280,000,000, of which $9,925,000 shall be derived by transfer from the Urban Mass Transportation Fund: *Provided*, That none of these funds shall be available to retrofit any existing fixed rail transit system to comply with regulations issued pursuant to section 504 of the Rehabilitation Act of 1973.

The Clerk read as follows:

Amendment offered by Mr. TAUKE: Page 19, line 19, insert "of which $200,000,000 shall be available for the urban initiatives program, and" after "$1,280,000,000,".

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. If I have any time left, I would be happy to yield to the gentleman from New York.

(At the request of Mr. MURPHY of New York and by unanimous consent, Mr. TAUKE was allowed to proceed for 5 additional minutes.)

Mr. MURPHY of New York. Mr. Chairman, I would like to direct a colloquy to the distinguished chairman of the subcommittee. I commend the distinguished gentleman from Oregon for his perception and persistence in bringing to the floor this essential appropriation for operation of the canal after October 1 of this year. I am sure that it is unnecessary to recount the chain of circumstances that have culminated in the absolute, stark, unavoidable necessity for taking this step to preserve the interests of the United States and to protect the U.S. taxpayer under the 1977 treaty with Panama that enters into force on that date.

The conference committee to resolve the differences between the House and Senate provisions of H.R. 111 completed its work yesterday. We are attempting to bring its report to the two bodies for final action by the end of this week. You will recall that one of the major objectives of that bill is the assurance of complete control of expenditures through the appropriation process and the requirement that such expenditures be offset by revenues from the canal paid into the Treasury. The House conferees have successfully maintained that position in the conference and the enactment of appropriations to continue the operation of the canal is absolutely essential as a step in the process of maintaining the control we have written in H.R. 111 in the face of continued efforts to set the canal operation up as an independent entity with virtually uncontrolled authority to create obligations and make expenditures.

I realize that after enactment of H.R. 111 a further legislative step of providing legislative authority for the appropriations is required. Hearings have been held on the authorization bill by the Panama Canal Subcommittee of the Committee on Merchant Marine and Fisheries, and the full committee expects to report the bill to the House tomorrow.

I have enumerated these steps in funding the canal operation under the provisions of H.R. 111 to underline the necessity and importance of enactment of the appropriations for canal operation in the bill now before the House and to demonstrate that it is possible for the Congress, acting under its established procedures, to meet the legislative challenge that the 1977 treaty has created. I stress this point because the assertion has been made that there is insufficient time to take this necessary legislative step to fund the operations under the House bill. The action of the House today in adopting the canal appropriations in this bill will speak louder than words to assert the intent and determination of the Congress to meet this extraordinary challenge.

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I would be happy to yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. I thank the gentleman for yielding.

The gentleman's work in this area is recognized by, I think, all Members of the House, and the entire Nation should be grateful to him for his persistence in insisting upon the House position with respect to the financing of future canal operations.

Our committee did take steps in advance of any passage of the bill to include funding for the continued operation of the Panama Canal. We have nearly $280 million for a 6-month operation of the canal. That will give us the funding so that hopefully we will not have any interruption in the service of the canal, which is vital to the economic well-being of this country.

Mr. STRATTON. Mr. Chairman, since the gentleman from Iowa has been so kind in yielding to other Members for the purpose of these unrehearsed and entirely extemporaneous colloquies with the chairman of the subcommittee, Mr. DUNCAN of Oregon, would the gentleman in the well also be willing to yield to me for that same purpose?

Mr. TAUKE. After those kind remarks, I am sure I have no choice but to yield to the gentleman from New York.

(At the request of Mr. STRATTON and by unanimous consent, Mr. TAUKE was allowed to proceed for 3 additional minutes.)

Mr. STRATTON. Mr. Chairman, I take this time to ask a question of the distinguished chairman of the subcommittee.

I would like to make just a little legislative history on this bill with regard to a proposed location of the regional office of the Federal Highway Administration in the capital city of New York, Albany, in my congressional district.

The committee's report on the second supplemental appropriations bill for fiscal year 1978, which was approved in July of 1978, included language as follows:

FEDERAL HIGHWAY ADMINISTRATION

The Committee is advised that the Federal Highway Administration is considering the relocation of a regional office. Since no funds have been appropriated in fiscal year 1978 and no funds have been included in the fiscal year 1979 bill, H.R. 12933, for this purpose, the Committee expects that a reprogramming request will be submitted prior to the relocation of any regional office.

I understand that this language was included because no money was appropriated in fiscal year 1978 to fund any relocation of any office of the Federal Highway Administration. No funds were included in the fiscal 1979 DOT appropriations bill for such purposes either. I would like to ask the chairman if it is true that no funds likewise are included in this bill to finance the relocation of any office or offices of the Federal Highway Administration in fiscal year 1980?

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. I thank the gentleman for yielding.

There are no funds included in this bill to finance the relocation of any office of the Federal Highway Administration.

Mr. STRATTON. If I may, I would like

to ask a further question of the distinguished chairman.

The previous Secretary of Transportation, our good friend and former colleague, Mr. Adams, announced more than a year ago the closing of the Albany office of the FHA and the relocating of its employees elsewhere. The move, Mr. Adams said, was based on a planned-for merging of various bureaus within the Department of Transportation. This move was to be carried out, we were told, in the summer of 1980.

However, this relocation would seriously disrupt the lives of a substantial number of employees and would impair services to the people of the capital of the State of New York. However, the New York Times of this morning contains an article on page 17 that says that the new Secretary of Transportation, Mr. Goldschmidt, has decided that the merger which Secretary Adams had proposed is inappropriate and he is not going to proceed with it.

So I would like to ask the chairman if it is still the position of the committee that the relocation of any regional office of the Federal Highway Administration during fiscal 1980 would be dealt with in the same way, as was done in the 1978 supplemental; namely, that the subcommittee will insist that the Department come before it to request appropriate funding or reprograming before any such transfer could be carried out?

Mr. DUNCAN of Oregon. If the gentleman will continue to yield, the gentleman is correct again. It is the intention of the subcommittee, as reflected by prior language, that no Federal Highway regional office transfer be effected until the subcommittee has been provided with the reasons and the costs for such a move. Once we have an opportunity to review this information, we will then be able to provide better guidance to the Department.

Mr. STRATTON. I want to thank the chairman of the subcommittee for his statement. I am reassured that the Department will be required to provide the subcommittee with a full study and report on the impact of any such move and that those of us from the Albany area will have a full opportunity to be heard at the time by the subcommittee, although I would assume that since the new Secretary has now dropped the merger plan, perhaps the whole relocation scheme will be dropped as well.

Mr. DUNCAN of Oregon. The question may very well be moot in view of the Secretary's position, but it may not be in the interest of economy. There still may be some reason to consolidate offices. It seems to me that the gentleman's request is in order and in line with what the subcommittee has done on a previous case. We will have to ask the Department to provide us with a study on this particular situation, if it is not moot, so we can make a decision on this.

Mr. STRATTON. I thank the gentleman from Iowa for yielding.

☐ 1230

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. There is a lesson in all this for the Federal Government—once you start giving away, it is hard to stop.

I will be happy to yield to the gentleman from Nebraska.

Mr. BEREUTER. I thank my friend and colleague from Iowa for yielding and for taxing his patience.

Mr. Chairman, I would like to ask a series of questions regarding the appropriations for the Urban Mass Transportation Administration, specifically the funds for implementation of section 504 regulations for the benefit of the handicapped. On page 48 of your report, in section titled, "section 504 regulations," second paragraph, the report reads:

> The committee believes the Department of Transportation should also evaluate the costs and benefits associated with equipping all regular route buses with lifts.

Mr. Chairman, as you know, there are several cities in the country who provide outstanding service to the handicapped, by the use of door-to-door public transportation. In Lincoln, Nebr., for example, such a program was begun in 1972. The program currently operates nine specialized vans, which provide door-to-door service. However, Mr. Chairman, if the city of Lincoln and cities and transit systems across the country are required to equip all of their regular route buses with equipment for the handicapped, this excellent service will have to be severely curtailed or eliminated completely. It seems to me, Mr. Chairman, that the views of responsible and responsive local communities are being ignored by Federal officials in the name of a uniform national policy—a policy which ignores the unique character and needs of each urban area.

Mr. Chairman, is it your view that this costs-benefits evaluation should include an evaluation of the relative costs and benefits of the door-to-door services?

Mr. DUNCAN of Oregon. If the gentleman will yield, yes, the gentleman is addressing a matter which is of great concern, and has been and will continue to be. Our committee believes in providing adequate transportation for the handicapped. This is an important issue. We are not convinced, however, that the most cost effective way to accomplish this is by making every transit vehicle and station accessible to the handicapped. It would, according to the testimony which we have had, benefit only a very small percentage of the handicapped persons throughout the country. As a matter of fact, the bill before us prohibits funds for retrofitting existing rail systems.

I believe it would be less expensive per trip to provide this transportation on a door-to-door basis. I agree that we need to look at these regulations from the standpoint of whether they actually provide help to the handicapped for whom we are trying to provide some mobility. I believe my committee does.

Mr. BEREUTER. In addition, if it can be shown that the door-to-door services can adequately serve the needs of the handicapped in a more cost-effective manner, would the gentleman support a policy change which would provide for the necessary flexibility in the section 504 regulations.

Mr. DUNCAN of Oregon. It is my judgment that there are two factors which have to be taken into consideration. One is the effectiveness of the service to the handicapped; and second is the cost. In our judgment, the 504 regulations have been really becoming more of a symbol, and we hope we can bring a concept to them that will provide better and more cost-effective service.

Mr. BEREUTER. Now, I have two very brief questions. Is it likely that the committee will request to receive a copy of the cost-benefit study requested in the report?

Mr. DUNCAN of Oregon. Yes.

Mr. BEREUTER. And further, would it also be the gentleman's view that the authorizing committee should take a look at the results of this study, for purposes of oversight?

Mr. DUNCAN of Oregon. If the gentleman will yield, we certainly hope that the authorizing committee would, and we do not intend to be derelict in our oversight of the provisions in this area.

Mr. BEREUTER. I thank the chairman, and I appreciate his comments very much. I think they are quite important. I also wish to associate myself with the colloquy in which the chairman and the two gentlemen from Arkansas were previously engaged concerning medium-sized cities and rural areas.

Again, I thank the gentleman from Iowa for yielding to me.

The CHAIRMAN. Does the gentleman from Iowa wish to be heard?

Mr. TAUKE. First, Mr. Chairman, I would like to commend the gentleman from Nebraska for raising this very important issue. It is an issue which has great repercussions in my district as well.

(By unanimous consent, Mr. TAUKE was allowed to proceed for 5 additional minutes.)

Mr. TAUKE. Mr. Chairman, on March 27, 1978, President Carter announced a new urban policy that established guidelines for Federal support of the revitalization of our Nation's urban areas. In accordance with this new policy, Secretary Brock Adams launched the urban initiatives program. Congress fully supported this new program through the passage of the Surface Transportation Assistance Act of 1978. This act explicitly authorized $200 million of UMTA section 3 discretionary grants annually for "transportation projects which enhance the effectiveness of any mass transportation project or which create new or enhanced coordination between public transportation and other forms of transportation, either of which enhance urban economic development or incorporate private investment including commercial and residential development."

The beauty of this program is that it continues to strongly emphasize the need to improve traditional modes of transit service. At the same time, it broadens the scope of these efforts by including and coordinating efforts to improve the economic and social conditions of our cities. Equally important, the program unites all levels of government and the community in the time, money, and work invested toward the accomplishment of these goals. As Jack Watson, Special Assistant to the President for Intergovernmental Affairs, indicated on February 15, 1979—

> The program is building a new partnership involving all levels of government, the private sector, neighborhoods, and volunteer organizations in a major effort to make America's cities better places in which to live and work.

The immense value of the urban initiatives program cannot be overstated. The economic and social conditions of our cities will be improved. Employment opportunities for the economically disadvantaged will be enhanced not only during the construction of these projects, but also following completion. The revitalization of the urban core will result in the start of new businesses. People will be needed to support these new private retail and office investments.

Our urban economic bases will be strengthened through the additional revenues generated from the resulting increases in property valuations and property and payroll taxes. Furthermore, the decayed physical environment of our cities will be revitalized through the primary and secondary development initiated by these projects.

A key element of this program is that it encourages the investment of private capital in the coordination of both transit and urban development. The proposals already submitted to UMTA for joint development projects have attracted private investment on the average ratio of 5 to 6 to 1. Consequently, an investment from the Government of $100 million for joint development would leverage private investment to the tune of over a half a billion dollars.

And finally, projects under this program will have a very significant and positive impact on transit patronage and the quality of service. Let me cite an example given by Charles H. Graves, Director of Planning Assistance to the Urban Mass Transportation Administration, in his recent address to the APTA Rail Conference in Montreal.

> The City of Oakland is requesting about $5 million from UMTA to induce a development adjacent to the downtown BART station consisting of about a million square feet of retail space. The retail space will generate about 20,000 more transit daily trips if located at the BART station than if located outside the central business district away from BART stations. This patronage will be primarily off-peak when the transit system has unused capacity so the fares collected will be mostly "gravy"—that is very little additional costs would be required to serve the additional patronage. The value of the fares collected from these trips probably equals the combined local and Federal capital contribution to the project. The Oakland example is not isolated. We are considering similar retail proposals from Los Angeles, Detroit, Atlanta, Burlington and Charleston, West Virginia to name a few.

In short, this is the type of positive impact that we can expect from the urban initiatives program. Public accessibility to employment, education, social, health, recreational and residential opportunities will be increased. This is particularly essential in light of our energy crisis.

Nevertheless surprisingly, the energy crisis was the main impetus of the Appropriations Committee to reduce the requested allocation of $200 million for the urban initiatives program. During the appropriations hearing process, testimony presented by representatives of the transit industry, while in accord with the program's aim, question whether the money designated under the urban iniatives program would not be better spent to complete ongoing projects financed by conventional section 3 funds. Consequently, only $50 million were allocated for this program for fiscal year 1979, and only $80 million is recommended in this bill for 1980. In short, this program faces the strong possibility of receiving only $130 million of the $400 million requested for these 2 years.

While I can fully sympathize with the rationale of the transit industry and the Appropriations Committee in the need to address the urgencies of the energy crisis through improved transit service, I do not agree with the apparent conclusion that the urban initiatives program is in conflict with these goals. In fact, careful analysis reveals that this program presents an even better approach toward meeting our goal of energy efficient transportation.

To meet the challenge of our energy crisis, it is evident that more money should be invested in our transit systems. This need was recognized by the President in his new energy policy that calls for the expenditure of $10 billion over the period of 1980 to 1990 to buy new buses and to upgrade existing subway facilities of our mass transit system.

But increased bus purchases, and other similar strategies, is only a partial solution. Alone, it could even prove counterproductive by contributing to an overcapacity problem. Transit has frequently had serious problems regarding vehicle utilization. UMTA, in several instances, has noted a need for improved vehicle utilization through elimination of certain light density routes, more trips by the same vehicle, and less deadheading of empty vehicles.

Granted, transit utilization will eventually move in time. But we should not depend solely upon the energy crisis as the main incentive for expected increases in ridership. The Oakland example to which I earlier referred speaks for itself. Substantial increases in transit patronage will result if we at the Federal level care enough to actively provide positive incentives for increased ridership by strongly supporting farsighted programs such as the urban initiatives program that ties urban development to the improvement of transit systems that serve these developments.

As I have pointed in my "Dear Colleague letter", cities across the Nation have shown overwhelming support for this program. The U.S. Conference of Mayors has strongly endorsed this program. A considerable amount of money and time have already been invested by cities and States in the development and planning of projects with the expectation that urban initiatives funding would be available upon application. Over 50 cities have submitted applications and proposals that would require over $370 million in Federal support. Without an adequate level of funding, many of these projects may not materialize, and much of the expense and planning will be for naught.

In summary, it is imperative that funding for the urban initiatives program is restored. In our times of spiraling inflation, we not only must eliminate unnecessary spending, but we must also make absolutely certain that maximum benefits are derived from each dollar that we do appropriate. We cannot let this opportunity escape us. We have the opportunity to prove our commitment to attack not only of our transportation related energy problems, but also our problems of urban decay and unemployment.

I strongly urge your support of this amendment.

☐ 1240

Mr. DUNCAN of Oregon. Mr. Chairman, I rise in opposition to the amendment.

I would like to say in the first place that the committee agrees with the gentleman that the issue here is to try to spend the money that we have in the most effective ways possible. We also agree that urban decay is a problem. We do not think that the transportation bill is the best vehicle in which to attack the problems of urban decay. We have programs in the housing and urban development field and in the economic development areas that are addressed to that particular problem.

I would like to say that when the gentleman says that we have to put our money in the most effective place, that that really poses the problem that is before the House with regard to this amendment, because he does not add any extra money to the budget. Any money that goes into these urban initiatives is going to come directly out of the money that we have put into section 3 to take care of the basic transportation problems of buying buses, of rehabilitating old rail lines and of building new rail systems. All of these programs actually contribute to the mobility of people. We have just passed an amendment that added $130 million to section 3. We have left $80 million in the urban initiative program. What this amendment would do is take $120 million away from the $130 million which this House just approved for basic transportation services, and leaves us with an addition of only $10 million. I do not think that is what this House wants. I do not think it is what our constituents want.

We agree that the amenities of public transportation are desirable, but they are not essential. Under our recommendations $50 million would be provided in fiscal year 1979 and $80 million in fiscal year 1980 for urban initiatives. This is a total of $130 million, out of which only a relatively small amount has been obligated. To date most of these funds are available for use for urban initiatives in 1980.

We have had considerable testimony on this subject. The National Association of Counties testified, for example, by this rhetorical question:

> Which has priority, development of major transit systems or transit related joint development projects? The answer should be clear, that transit systems are a first priority. Joint development doesn't reduce our energy needs, traffic congestion, or air pollution. Transit does.

The committee believes that the answer is clear. Our transit funds should be expended in the area in which they do the most good, which is moving people.

We urge that this amendment to divert an additional $120 million from the basic section 3 programs into joint development projects be defeated.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa (Mr. Tauke). I might say that I do so very reluctantly. I have nothing but the highest admiration for the gentleman, and I can understand his intent and what he is trying to do here. But the fact is that the amendment would have the effect of diverting an additional $120 million from the basic section 3 capital grant and technical planning assistance activities, into joint development projects.

I oppose the amendment for several reasons. The bill includes the full budget request for urban discretionary grants. The committee in making this recommendation gave considerable recognition to the role mass transit can and must play in reducing energy consumption. However, public transportation has little chance of surviving in our Nation's cities if funds are continually diverted from the basic rail and bus programs into joint development projects and transit malls. In these times of a severe energy shortage and increased ridership for all modes of public transportation it makes more sense to make these funds available for the actual transportation of people.

Under the committee's recommendation $50 million would be provided in fiscal year 1979 and $80 million would be provided in fiscal year 1980, for a total of $130 million for the urban initiatives program. To date only about $26 million of this amount has been obligated. So you can see, most of these funds will be available for obligation during fiscal year 1980.

I urge that this amendment which would have the effect of diverting an additional $120 million from the basic section 3 programs and into joint development programs be opposed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. Tauke).

The amendment was rejected.

AMENDMENT OFFERED BY MR. AKAKA

Mr. AKAKA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Akaka: On page 5, after line 7, insert:
>
> FEDERAL BOAT SAFETY
>
> For necessary expenses to carry out the provisions of the Federal Boat Safety Act of 1971, $5,000,000, to remain available until expended.

Mr. TAUKE. Mr. Chairman, will the gentleman yield?

Mr. AKAKA. I yield to the gentleman from Iowa.

Mr. TAUKE. I thank the gentleman for yielding. I learned something from my colleagues. I have taken this time for the purpose of entering into a colloquy with the distinguished chairman of the subcommittee, the gentleman from Oregon (Mr. Duncan).

As part of the report on H.R. 4440, the Appropriations Subcommittee on Transportation directed that 10 airports in the Nation be given priority consideration in the distribution of increased Airport and Airway Development Act discretionary funds. These discretionary funds are designed to be used to develop and expand airports with rapidly increasing air traffic.

The Cedar Rapids airport in my congressional district is planning a 2-year project to construct a new terminal building and terminal apron area to accommodate an expected doubling of the air traffic at the airport by 1990. An independent consultant has stated that the airport terminal and apron need to be quadrupled in size in order to service the projected 1990 air traffic.

The city council of Cedar Rapids has recognized the importance of a new airport terminal and is prepared to issue $15 million in general obligation bonds to finance the construction of the new terminal building. In addition, the Cedar Rapids Airport Commission is prepared to finance the construction of 20 percent of the terminal apron projected cost of $6.1 million. The Commission has filed a preapplication with the Federal Aviation Administration to obtain ADAP discretionary funding for $4.9 million of the terminal apron construction costs over the next 2 years.

Mr. Chairman, considering the great need for the new terminal building and apron at the Cedar Rapids Airport, and the fact that $2.5 million in Federal funding is needed to finance the 1980 terminal apron construction, I would like to ask the distinguished subcommittee chairman if the subcommittee is inclined to include the Cedar Rapids Airport as one of those to receive priority consideration in the distribution of increased ADAP discretionary funds?

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. AKAKA. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. I thank the gentleman from Hawaii for yielding.

Mr. Chairman, I have reviewed the Cedar Rapids terminal apron project application and believe it to be important to the Cedar Rapids area. The pledge of substantial local financing for the project and the increase in air traffic at the airport make Federal funding for the project imperative. The committee has tried to be helpful to Members on particularly worthwhile projects prior to markup and has earmarked some funds in its report. The gentleman's problem was only recently brought to my attention and it is to late to amend our report.

It should be understood that we do not allocate all of the discretionary funds. We prefer not to make judgments on comparative need. The FAA will allocate the balance of the discretionary funds. Although it is too late to help the Member in this bill, I will be glad to do what I can to help him in presenting his case to the FAA; to consider it in conference if the Senate should act; or, failing that, to consider it next year.

Mr. TAUKE. If the gentleman from Hawaii would yield further, I thank the distinguished subcommittee chairman for recognizing the importance of Federal discretionary funding for the Cedar Rapids terminal apron project. I am confident that the consideration to be given to the Cedar Rapids project will be welcomed by the 350,000 people in the Cedar Rapids/Iowa City area who will benefit from this project.

I thank the gentleman from Hawaii (Mr. Akaka) for yielding.

□ 1250

Mr. AKAKA. Mr. Chairman, I am offering an amendment today to increase and restore appropriations by $5 million to provide the Federal share of boat safety programs.

Since its inception in 1972, this program has resulted in a reduction of more than 50 percent of boating-related fatalities. In 1972, there were 20.2 fatalities per 100,000 boats. In 1978, there were 9.4 fatalities per 100,000 boats. This dramatic decrease took place while boating enjoyed increased popularity as a recreational sport, the number of boats increased and the need for safety and enforcement efforts grew.

The grant program was established to improve boating safety and to foster greater development, use and enjoyment of all the waters of the United States through grants designed to increase enforcement and education.

The argument has been offered that the States are now ready to take over the program entirely. Although the original law was intended to last only 5 years, it was reauthorized in the last Congress to maintain the favorable momentum created during the first 5 years of the program. The Coast Guard has recognized the vital need for this program and acknowledged in their "Narrative Fiscal Year 1979 Spring Review/Recreational Boating Safety Program" that any decrease in funds "could only have a deleterious effect upon the overall national boating safety program."

Mr. Chairman, I would submit that these circumstances have not changed as we look toward fiscal year 1980.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Akaka was allowed to proceed for 2 additional minutes.)

Mr. AKAKA. Many States now face the prospect of eliminating this program entirely if Federal matching funds are not forthcoming. Others will be forced to operate in a limited manner.

The president, George Stewart, of the National Association of State Boating Law Administrators, has stated that the loss of grant-in-aid will seriously curtail the services and educational programs of States and it will severely cut back or cancel these programs entirely.

The question was asked of him, "Do you believe the States will pick up the slack?" His reply was "no."

We are not presently talking now so much about a decrease in funding as we are about a decrease in protection and enforcement for a nation of many boating enthusiasts. It will impinge upon every citizen in the 50 States who participates in boating. It will impinge upon the lives of 60 million Americans in our country. This is a program that has saved lives and will save lives. We need to restore this $5 million in this program. Let us not put it in jeopardy. I urge support of my amendment.

Mr. DUNCAN of Oregon. Mr. Chairman, I move to strike the last word and rise in opposition to the amendment.

Mr. Chairman, I would like to commend the gentleman from Hawaii. He is eloquent in his cause. It just seems to me his arguments are misdirected. Certainly $5 million divided between 50 States, $100,000 per State, is not going to make the significant difference in the implementation of boating safety suggested by the gentleman.

We would agree on the desirability of boating safety, but we just have tried in this committee to put resources into the major problem areas beyond the capacity of local governments to do the job and leave important but minor matters to the States. Surely, with the States' surpluses, and their anguished cries for a balanced budget, $100,000 per State is will within their capabilities.

Mr. Chairman, testimony of the Commandant of the Coast Guard clearly indicates that this program when it was initiated was intended to be a temporary one to encourage State participation in boating safety activities. Once this objective had been fulfilled the Federal support was to have been terminted. Testimony indicates we have reached that point.

Mr. Chairman, although the Federal grants to the States' portion of the boating safety program would be terminated, testimony is clear that the Coast Guard is not going to reduce its efforts in the boating safety area. State governments are much closer to recreational boatmen than the Coast Guard can ever be. States, therefore, utilizing State funds should determine the level of activity in this area.

This program is the lowest priority in the Coast Guard's zero-based budget ranking of its program. If funding for the lowest priority programs cannot be reduced, it will be impossible for the Congress to control the growing deficit and impossible to stem the tide within the States for a constitutional convention to balance the budget.

Mr. EVANS of Delaware. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment to appropriate $5 million for fiscal year 1980 to continue Federal matching funds for State boater safety programs. As my colleagues know, this is money which has been authorized for fiscal year 1980, but the administration chose not to request the authorized funds.

As a member of the Coast Guard and Navigation Subcommittee of the Merchant Marine and Fisheries Committee, and as a Representative of a water-oriented State, I have, indeed, followed this legislation closely since the 95th Congress.

Mr. Chairman, rarely has there been a program so successful—so worthy of continued funding—as the modest venture initiated with passage of the Boating Safety Act of 1971.

Since 1971, most States have implemented boater safety programs, and, while the number of boats and boaters has increased dramatically, the number of boating-related fatalities has actually declined. The money authorized for the Federal contribution to this model of Federal-State cooperation has never exceeded $10 million in any one year. Today we are asking for an appropriation of $5 million. Ratio of benefits to cost is substantial.

How many Federal programs can claim such direct and tremendous benefits at such a modest price? The heart of the matter is this: Without continued Federal matching funds, this highly successful Federal-State cooperative venture would deteriorate badly. The National Association of State Boating Law Administrators has warned the Coast Guard Subcommittee repeatedly that without continued Federal support, the States simply would not be able to continue their safety and enforcement programs at their present badly needed levels. Boating-related fatalities would almost surely rise again.

Withdrawal of Federal funds for this program is especially unfair when one considers that many of the waters for which programs have been established are waters of joint Federal-State responsibility. This fact, combined with the fact that over the last few years there have been cutbacks in some Coast Guard operations, places a very heavy burden on the individual States.

For example, one witness in a 1978 hearing before the Coast Guard Subcommittee told us how seven Coast Guard stations in Michigan alone were closed at a savings of nearly $7 million. Yet, the State of Michigan was expected to step in and fill the void. In most States, this simply cannot be done. Many States have already reached the limit of what they can charge their boaters in the way of registration fees and taxes.

Mr. Chairman, we are not talking here about a program providing frills for a special interest group. No, we are talking about a very basic program of safety and law enforcement performed cooperatively by Federal and State agencies—for the benefit of more than 50 million Americans.

An ounce of prevention is worth a pound of cure. If we do not spend this money on safety and enforcement, somebody will have to pick up the tab for search and rescue missions. Thus, in the interests of safety for the boating public, and out of fairness to the States, I urge my colleagues to support this amendment. In the long run, it will save us all money.

Mr. AKAKA. Mr. Chairman, will my colleague yield to me?

Mr. EVANS of Delaware. I yield to the gentleman from Hawaii.

Mr. AKAKA. I thank the gentleman very much for his comments in support of this amendment. We know this amendment is important to our Nation and the millions of people who participate in boat recreation.

Mr. Chairman, as the gentleman pointed out, a program which reduces hazards and fatalities should receive continued funding in our country.

Mr. Chairman, I would like to briefly speak to the point whether the States would be able to pick up these programs; even States with strong interests in boating.

☐ 1300

The present economic squeeze on the State treasurers will make it very difficult for States to come up with money to equal the original Federal share. We can only expect an amputated form of the program if this is not passed.

Mr. EVANS of Delaware. Mr. Chairman, I thank the gentleman for his contribution and for his amendment.

I think the benefit cost ratio here is outstanding. It is a wise investment. This is not just rhetoric we are talking about, because the number of boaters have increased dramatically, yet the number of fatalities have gone down. I think in large measure this was accomplished through the joint Federal-State cooperative effort in boating safety and education.

Mr. CONTE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Hawaii (Mr. AKAKA). This amendment would have the effect of providing $5 million for a program which at its inception was intended only to provide financial assistance for the development and implementation of comprehensive boating safety programs. It was intended only as a temporary program. There is nothing worse in this House of Representatives than a temporary program. You just cannot kill them. They are like a rattlesnake. You can keep hitting them over the head and they keep coming up.

As a result of the success of this program in stimulating State boating safety functions, the committee terminated the funding for this program in the fiscal year 1980.

During our hearings, Mr. Chairman, we received testimony from the Coast Guard which strongly indicated that we now have a very active State boating safety program around the country.

Comparative statistics for 1972 and 1978 demonstrate the progress that has been made. According to Coast Guard statistics, there were 20.2 fatalities every year in 1972 per 100,000 boats. By 1978, that had been reduced to 9.4 fatalities for every 100,000 boats. The statistics speak for themselves, the States have come a long way in developing their programs. At this point in time the Federal role should be only to try to insure consistency, try to coordinate, and also assure that standards for boats and associated equipment are uniformly applied.

The primary responsibility of carrying out these programs once they are in place properly rests with the States. I think in this context, it is important that the gentleman from Hawaii understands that there will still be a Federal involvement at the State and the local level with respect to safe boating activities.

The Coast Guard has taken considerable steps to establish a liaison function with the States. In fact, three liaison officer billets were assigned to three Coast Guard districts in the fiscal year 1978.

Only one district had a dedicated liaison billet previous to that. Three additional billets are being assigned during the current fiscal year. These billets, and other appropriate district personnel, coordinate with the States regarding such matters as law enforcement, education, and accident investigation. Additionally, the Coast Guard has positive initiatives under way with the States in the initial training of enforcement officers and sponsorship of regional seminars for information exchange and procedures coordination. Also, the Coast Guard supports and participates in the National Association of State Boating Law Administrator's Substantive Committees. Therefore, I urge defeat of the amendment.

When the gentleman says that so many States are pinching economically, all I can say is there are a lot more States that are in the black than the Federal Government. It is high time that we cut the cord right here and let them take care of it. I have been to Hawaii many times. Hawaii can take care of itself.

Mr. AKAKA. Mr. Chairman, will the gentleman yield?

Mr. CONTE. Surely, I yield to my good friend, the gentleman from Hawaii.

Mr. AKAKA. Mr. Chairman, I thank the gentleman very much for yielding and I want to comment on the characterization of "a rattlesnake continues on."

This, I know, was a temporary program in 1972. It was reauthorized with the blessings of the Coast Guard in the last session. The Coast Guard sees the merit of this and looks forward to the States assuming the complete responsibility and the State enforcement programs. They have jurisdiction over both the State and Federal waters. I look upon the Federal Government as being responsible for part of it.

The States are now funding this program around 80 percent to 20 percent from the Federal Government. I look upon this as a continued temporary program. Many of the States know that these programs are temporary.

Finally, it will be assumed by the States.

My reason for offering this amendment is to be certain that States who need the help will have the help in the next year.

○ Mr. MURPHY of New York. Mr. Chairman, in 1971, the Federal Boat Safety Act established the principle of Federal assistance for State boating safety programs. For 1972, and for each ensuing fiscal year, through 1979, the Congress provided funds for this purpose, funds administered by the Coast Guard through its boating safety grant program. Last year, in enacting the Coast Guard authorization bill, we authorized appropriations of up to $10 million to continue this program for fiscal year 1980. Yet, for reasons still obscure, the administration, in submitting its 1980 budget, failed to request funds for this purpose.

The States are virtually unanimous in acclaiming the value of this Federal assistance program, and are fearful that withdrawal of Federal support at this time will signal the decline of State boating safety programs now nearing maturity and full effectiveness. I entirely share this view. The comparatively small Federal investment nourishes the growth and health of established State programs and sustains the progress made to date by State agencies just hitting their stride. The return on the investment accrues not only to the benefit of each State—the Federal Government benefits as well. For example, through close cooperation and mutual efforts, State authorities substantially augment Coast Guard activities in boating safety, search and rescue, and, not least, marine environmental protection.

Accordingly I support Mr. AKAKA's amendment which would appropriate $5 million for the boating safety program for fiscal year 1980.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from Hawaii (Mr. AKAKA).

The question was taken; and on a division (demanded by Mr. AKAKA) there were—ayes 5, noes 5.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments to title I?

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the appropriations bill for fiscal year 1979 included language directing UMTA to make capital grants to intermodel facilities such as Union Station, Indianapolis, and South Station, Boston. These projects are to serve as models to other communities demonstrating that the development of transportation centers can offer citizens maximum mobility while at the same time can contribute to urban development and renovation.

I am pleased that the Appropriations Committee has continued to fund South Station. I offered the amendment during subcommittee markup which allowed this worthy project to be continued. I would like to take this opportunity to submit for the RECORD a description of the South Station project. This project is certainly worth every penny which is being spent for it.

SOUTH STATION TRANSPORTATION CENTER

The concept of an intermodal transportation terminal at South Station is an attractive one for a variety of efficiency and joint development reasons. The Boston Redevelopment Authority (BRA), Executive Office of Transportation and Construction (EOTC), and the Massachusetts Bay Transportation Authority (MBTA) have for many years focused their attention on the concept of consolidating all the various types of transportation services into a single building complex which would combine intercity and commuter rail service & intercity, commuter and local bus service connections with rapid transit. South Station is the location for such a transportation center since rail service to the south and west now exists there; highway access is convenient; rapid transit is adjacent to the station; and the station is centrally located. The development of a bus terminal at South Station will fulfill the needs of all the intercity and commuter bus carriers by providing one centrally located bus terminal with easy access to major highways.

South Station offers unique opportunities of joining rehabilitation of a historic landmark with a modern intermodal terminal which will provide the atmosphere for joint development.

South Station was dedicated on December 30, 1898 and was at that time the largest railroad station in the nation. In 1913, South Station was the nation's busiest rail terminal handling a total of 38 million passengers.

Due to the decline in railroad use over the last thirty years, South Station is only a fraction of the size of the grand rail terminal that once stood at Dewey Square. The years have left the upper floors of the headhouse in disrepair, the 28 tracks have been reduced to 10 tracks, the platform canopy and concourse roof are in need of repair, and the station is in a general blightened condition.

The Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act, 45 USC Sec. 851 et seq) authorized the Northeast Corridor Improvement Project (NECIP). The NECIP is the upgrading of the existing railroad corridor between Washington, D.C., New York, and Boston and will provide high speed intercity passenger service in the heavily populated northeast corridor.

An important element of the Federal Railroad Administration's ambitious program will be the renovation and general improvement of stations in the corridor. South Station is the northern terminus of the NECIP. Today, the South Station headhouse is on the National Register for Historic Places. In keeping with the NECIP's program, South Station will be renovated in a manner that is in keeping with its character.

Because of the many interrelated elements of the project, the NECIP, bus terminal, and headhouse rehabilitation work will be constructed under Phase I. The station will contain 11 tracks for Amtrak and MBTA Commuter Rail use, and high level platforms for each passenger flow. A new trainroom and concourse will be constructed. The concourse will have provisions for traveling services and will lead the incoming passengers to the renovated lobby which will have its own entrance to the Red Line Rapid Transit and escalators to the second floor and the passenger walkway that will lead to the parking facility and bus terminal. A level of parking providing 500 spaces will be constructed on air rights over the track and platform area. The parking deck will be capped with a bus terminal that will accommodate intercity and commuter buses. The footings and columns for the air rights will have provisions to allow future development. The headhouse will be renovated to accent the activities and needs of the Project. To take advantage of the architectural amenities of the old waiting room, a first class restaurant will be constructed over the passenger service area. The second floor will have retail space and the upper floors will be converted into office space. An engine maintenance facility to serve MBTA Commuter Rail operations will be constructed on the South Station.

Phase II will be the construction of three levels of additional parking that will bring the total of parking spaces to 2,000 plus cars. The future development will consist of an addition to the west wing of the headhouse along Atlantic Avenue which will bring the building facade back to its original symmetry. When completed the South Station Transportation Center will have retained the architectural value of one of Boston's landmarks and for the first time place all the major modes of transportation in one location. The transportation Center will house Amtrak and MBTA Commuter Rail, every major intercity and commuter bus carrier, and have a direct connection to the Red Line Rapid Transit Line.

The South Station Transportation Center's location provides easy accessibility to Boston's major highway access routes such as the Massachusetts Turnpike to the west and the Central Artery to the north and south. Because of this accessibility commuter bus carriers from the north will now be able to provide service to and from the central part of the city. Commuter buses from the south are presently located at South Station while the two major bus terminals servicing intercity and commuter buses are presently located at Park Square which provides a poor location and inadequate facilities due to lacking intermodal transit coordination.

The South Station headhouse is a five-story structure whose front facade is constructed mostly of tan granite with large columns running from the third to fifth floor. A new concourse will be built adjacent to the headhouse between the trainroom and headhouse. The first and second floors of the headhouse will be rehabilitated to provide passenger services and a variety of retail space. A service tunnel has been proposed between the service and the basement. The addition of the service tunnel will avoid any conflict between passengers and service carts. One alternative for development and management of the headhouse would be to turn the management over to an investor/developer under a long-term lease. In exchange for the lease agreement, the developer would make a capital contribution toward the project development. This contribution would be based on the future benefits of the net income generated by the office and retail rentals. A management plan will be devised that will maximize the return to the MBTA and the City of Boston.

It is anticipated that the development of the bus terminal and headhouse will lead to the private investment of a west wing addition to the headhouse.

Major modernization, including platform lengthening toward both the north and south is scheduled for the South Station Red Line Rapid Transit Station. The station will receive new circulation elements such as entrances, elevators and escalators, new graphics, new interior finishes, and facilities such as collection, A.C. service, lighting, acoustic treatment, ventilation facilities, and other user amenities. A major element in the program will be a connector between the rapid transit station and the South Station headhouse.

The bus terminal will be constructed on the second level of air-right above the first level of parking and will have its own bus ramps completely independent from the auto access. A passenger walkway will be provided between the South Station headhouse and the bus terminal, thus avoiding any rail-bus commuter conflicts and easy access from the street and rapid transit. The passenger walkway will lead to an escalator which will take the passengers directly to the bus passenger service area. The bus terminal will have 54 saw-tooth bus-docks with ready bus lanes, drive-by lanes, and a 50 foot wide concourse. A pick-up/drop-off and package express area will be provided on the first parking level.

The Commonwealth of Massachusetts has appropriated $11.9 million as the MBTA's share of the Project. Of the total allocation, $9.9 million will be used in the 50/50 shared costs and $2 million for the construction of footing and bus terminal and construction of a temporary bus terminal.

An in-lieu-of-tax payment will be made to the City of Boston by the private bus carriers using the facilities and the tenants of the headhouse. The actual tax payment will be negotiated with the city as part of their rental agreements.

It is projected that 35,000 persons a day will pass through South Station. This impressive figure will stimulate the investment of private funds into the Project. The Boston Redevelopment Authority will develop three additional parking levels of parking and 250,000 square feet of multi-use hotel/office space on air-rights. This proposed private development will cost $59,000,000.

Because of South Station's proximity to downtown Boston, South Station provides the opportunity to fulfill the city's desire for a bus terminal near Dewey Square, the BRA's requirement for additional parking at South Station, the MBTA's need for passenger improvements for its Red Line and Commuter Rail patrons, the Commonwealth's desire for an intercity inter-modal transportation facility at South, and the rehabilitation of a national historic landmark into one of the most desirable commercial, retail and office locations in the City of Boston.

The Transportation Center is a unique development that is to be constructed with a combination of Federal, state, and private funding sources. The Project is designed to encourage private investment and thus maximize rental income in the headhouse and concourse. Retail and concession space will be located on the first and second floor levels as well as the pedestrian passageways and Red Line transit connection. The upper three floors of the headhouse will be rehabilitated into office space by either a private developer or public agency.

The bus facilities are also expected to be a major source of revenue to the Project. Each of the carriers will negotiate rental arrangements with the MBTA for their proportionate use of the terminal. The MBTA, acting as a private landlord, will provide all the support services needed to operate these facilities. The cost of these services will be taken from the revenue received.

An intermodal transit facility at South Station has been in the planning stages for 13 years. When completed South Station will be transformed into a modern transportation center that will rival modern airline terminals and serve as a model of an intermodal facility to the nation.

It is important that we continue to fund this worthy project. Of course it is assumed that funds allocated to South Station will not be diverted from funds which would otherwise be granted to the State of Massachusetts. To divert funds from other essential projects in Massachusetts to finance the federal share of the South Station development would be a contravention of the intent of this years appropriations bill as well as prior legislation.

I urge that this body continue their support of this intermodal facility.

The CHAIRMAN. Are there further amendments to title I? If not, the Clerk will read.

The Clerk proceeded to read title II.

Mr. DUNCAN of Oregon (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The CHAIRMAN. Are there points of order to title II?

If not, are there amendments?

AMENDMENT OFFERED BY MR. DUNCAN OF OREGON

Mr. DUNCAN of Oregon. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DUNCAN of Oregon: On page 24, after line 15, insert the following:

PAYMENTS FOR DIRECTED RAIL SERVICE

For payments for rail service to railroads directed to provide emergency rail service over the properties of other carriers in accordance with 49 U.S.C. 11125, $36,000,000 to remain available until expended: *Provided*, That not to exceed $900,000 of this appropriation shall be available for necessary independent auditing expenses incurred in the administration of the directed rail service program: *Provided further*, That none of the funds provided under this Act shall be available for the execution of programs the obligations for which are in excess of $50,000,000 for directed rail service under 49 U.S.C. 11125.

Mr. DUNCAN of Oregon (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. DUNCAN of Oregon. Mr. Chairman, all the Members, I am sure, have been reading about the financial problems of some of the railroads, particularly our attention has been focused on two railroads in the Midwest, the Milwaukee and the Rock Island.

My amendment would provide $36 million in new budget authority for payments for rail service to railroads directed to provide emergency rail service over the lines of other carriers.

We have had no hearings on this subject but it clearly appears to be an emergency of serious proportions as the ICC has told us.

The Interstate Commerce Commission, under the Interstate Commerce Act, may, if a railroad ceases operations due to a cash shortage or a court order, direct other railroads to operate the services of the railroad which ceases its operations. The directed carriers are then reimbursed for their expenses plus a profit of 6 percent.

Two major midwestern railroads, the Milwaukee and the Rock Island, are presently facing serious financial difficulties. Either or both of these railroads may be forced to cease operations in the near future.

The Commission now has a little over $14 million available for directed rail service payments. The Commission has requested an additional $50 million. It is my understanding that the administration will soon approve a budget request for directed rail service but we have received none.

If both the Milwaukee and the Rock Island require directed service, the Commission and the Secretary of Transportation have informed me that the $50 million request would not be sufficient to cover all the costs involved—but I am told that it is more than enough for one railroad.

The money provided in my amendment will provide funds to cover start-up costs and some interim payments until additional funds can be appropriated if needed.

The amendment I am offering prohibits the Commission from obligating any funds in excess of $50,000,000—which is the total of the unobligated funds plus the new budget authority in the amendment—until further appropriations are approved by the Congress.

Directed rail service, if carefully used, can provide essential service to rail users during a period when necessary rationalizations are being made to our Nation's overgrown and undermaintained rail network.

Directed service will be especially important to grain shippers in the Midwest if one or both railroads are forced to cease operations during the upcoming harvest season. Of course continued service in these midwestern areas is important to shippers all over the country.

Consequently, I offer this amendment which will permit the Commission to issue directed service orders to provide essential service, if necessary, to affected rail shippers. I urge your support of the amendment.

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Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN of Oregon. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I want to commend the gentleman from Oregon (Mr. DUNCAN) for his amendment. It appears at this point that within 48 hours perhaps developments will proceed to the point where directed rail service can be ordered on part of the Rock Island. I understand, as the gentleman said, that the ICC has only $14 million in the till, and it will take $28 million, if not $30 million, just for this one order alone for the period involved.

It is extremely crucial and extremely important that they have the money so they can order directed service and pay for it during this period of time while they are trying to sort out some kind of a better rail system.

So, Mr. Chairman, I certainly urge adoption of the gentleman's amendment.

Mr. DUNCAN of Oregon. Mr. Chairman, I thank the gentleman from Iowa (Mr. SMITH) for his comments.

Mr. CONTE. Mr. Chairman, I rise in support of the amendment offered by the chairman (Mr. DUNCAN). This amendment if adopted would have the effect of increasing ICC's directed service account to $50 million for fiscal year 1980.

The Interstate Commerce Commission is authorized, if a railroad ceases operations due to a cash shortage or a court order, to direct other railroads to operate the services of the railroad which ceased its operations. The directed carriers are reimbursed for the losses incurred and are paid a 6-percent profit on the operations performed. This authority is limited to a 240-day period, consisting of a 60-day authority and the ability to extend the order for an additional 180 days.

Due to the severe crisis that the Milwaukee Road and the Rock Island Railroads are experiencing there is a strong likelihood that the directed service plan will have to be used at some point in time.

In the case of the likely stoppage of rail service by the Milwaukee Road, it is estimated a minimum of 11 experienced rail auditors will be required to perform the essential audit function. This assumes that possibly as many as six railroads might be directed to provide service over parts of the Milwaukee for a total of 240 days. Should the Commission attempt to audit the service directed over the lines of the Milwaukee with existing staff, the consequences could be disastrous. The impact on the Commission's responsibilities in this area makes this alternative impractical. Therefore, the only practical option available to the Commission would be to make optimum use of certified public accounting firms on a contractual basis to audit the costs to be billed to the Government.

Because of the Rock Island's deteriorating financial condition, the ICC initiated a contingency planning effort for the Rock Island several months ago. This contingency planning effort, which is similar to the planning effort performed on the Milwaukee Road is designed to assure that the Commission is in a position to issue a directed service order if the Rock Island ceases operations due to a cash crisis or a court order. Although the financial situation is unrelated to the current strike against the Rock Island, the strike could affect the Rock Island's cash position.

The Commission estimates that if it is put in a position of having to direct service over the entire Rock Island in response to a cash crisis or a court order ceasing operations, the costs, based on the Rock Island's current losses, would be approximately $55 to $66 million for the 8-month directed service period.

What this all boils down to is that our Nation's major freight railroads are facing an enormous dilemma. Farmers and grain shippers in the Midwest are facing an economic crisis due to the inability to get their products to market. The Interstate Commerce Commission is the Federal agency charged with the responsibility to direct other rail carriers to provide this service if the situation gets that critical. We must be ready.

I urge you to adopt this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. DUNCAN).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title II?

Mr. ECKHARDT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to engage in a bit of colloquy with the subcommittee chairman concerning the present situation of the Office of Rail Counsel.

I note that this bill does not include any appropriation for that office, and I believe I understand the situation. I would like to go over it and discuss it a bit with the chairman of the subcommittee.

There was in the authorization bill that passed through the House the President's recommendation of $1.85 million. That was included in the bill passed by the House, but on the Senate side there was a somewhat different attitude concerning the office; that is that it should again be enveloped within the ICC itself.

As I understand, at the present time the appropriation or the authorization, I believe, on the Senate side is for half a million. We have conferees appointed from both bodies but they have not yet met.

I understand that tomorrow there is to be a continuing appropriation bill which would in effect extend, as I understand it, the present appropriations covered in this area in the manner in which they now exist. Is that not correct?

Mr. DUNCAN of Oregon. Mr. Chairman, if the gentleman will yield, that is correct during the life of the continuing resolution.

Mr. ECKHARDT. Yes.

Mr. DUNCAN of Oregon. Or until this bill is passed.

Mr. ECKHARDT. Until this bill is passed.

Mr. DUNCAN of Oregon. Mr. Chairman, if the gentleman will yield, there was no authorization in 1979, and there is none so far in 1980.

Mr. ECKHARDT. There is presently discussion going on, as I understand it.

Mr. DUNCAN of Oregon. Yes, I understand. The gentleman has gone over that.

Mr. ECKHARDT. There is likely to be discussion in the conference concerning the Senate's position as opposed to the House position. The House is in favor of funding the office, which is essentially an independent office, and the Senate seems to be moving in the direction of solving the problem by providing funds after such office may be folded in, more or less, with the ICC.

Is that the general posture of the other body, as the gentleman understands it?

Mr. DUNCAN of Oregon. Mr. Chairman, if the gentleman will yield, I cannot speak for the Senate, but we did approve language in the continuing resolution which would provide that there would be no change and there would be a continuation of that office under last year's funding level until this bill passes or until there is expiration by its own terms of the continuing resolution.

Mr. ECKHARDT. Mr. Chairman, I think that answers what I am concerned about. Let me discuss it further to see if the gentleman and I are in agreement on this proposition. I understand, of course, we may not be ultimately in agreement as to what should happen.

Mr. DUNCAN of Oregon. No, I am sure we are in disagreement on that.

Mr. ECKHARDT. But I think we may be in agreement that, pending action on the proposition, there ought to be funding of the office so that it can operate as it now operates under statute.

What I am getting at is this: Assuming the office should properly be enveloped within the ICC, there would have to be a transition time in which it is operating in order to accomplish that objective. I would assume that would be the gentleman's view as to what ought to be done?

Mr. DUNCAN of Oregon. Mr. Chairman, if the gentleman will yield, the gentleman knows how I feel about the Rail Public Counsel's Office, but nevertheless we approved the language in the continuing resolution.

The gentleman and I have already discussed what its import is.

Mr. ECKHARDT. Yes. In other words, the question then would be left to a later decision with respect to the basic questions of policy, because if we continue, as the gentleman is suggesting, under the continuing appropriations resolution, that would leave some time to resolve this more basic question?

Mr. DUNCAN of Oregon. The gentleman is correct.

Mr. ECKHARDT. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. Are there further amendments to title II?

If not, the Clerk will read.

The Clerk proceeded to read title III.

Mr. DUNCAN of Oregon (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The CHAIRMAN. The Chair will first inquire, are there points of order against title III?

If not, for what purpose does the gentleman from Oregon (Mr. DUNCAN) raise?

AMENDMENT OFFERED BY MR. DUNCAN OF OREGON

Mr. DUNCAN of Oregon. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

SEC. 304. None of the funds provided under this Act shall be available for the planning or execution of programs the total obligations for which are in excess of $175,000,000 in fiscal year 1980 for "State and Community Highway Safety": *Provided*, That no funds shall be made available for School Bus Driver Training execpt as part of such total obligations: *Provided further*, That within such total obligations not to exceed $40,000,000 shall be reserved for use at the discretion of the Secretary for high priority highway safety projects.

The Clerk read as follows:

Amendment offered by Mr. DUNCAN of Oregon: On page 28, line 17, strike out colon and all that follows down through and including the period on line 22 and insert in lieu thereof a period.

Mr. DUNCAN of Oregon. Mr. Chairman, this is a technical amendment to make the bill consistent with the committee amendment regarding highway and transit funding which was adopted earlier. That amendment included a direct appropriation for 55-mile-per-hour enforcement. This amendment would delete language which would earmark contract authority funds for that purpose. Since we are now providing a direct appropriation for 55-mile-per-hour enforcement, it is no longer necessary to have this earmarking language in the bill. Mr. Chairman, I urge that the amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. DUNCAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DUNCAN OF OREGON

Mr. DUNCAN of Oregon. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

SEC. 311. None of the funds provided under or included in this Act shall be available for the planning or execution of programs, the obligations for which are in excess of $8,500,000,000 for "Federal-Aid Highways" in fiscal year 1980: *Provided*, That this limitation shall not apply to obligations for emergency relief authorized by 23 U.S.C. 125: *Provided further*, for replacement of the West Seattle bridge in the State of Washington, $50,000,000 to be made available from obligations authorized by 23 U.S.C. 125 on August 4, 1978: *Provided further*, That this limitation shall not become effective if subsequent legislation containing an obligation limitation on "Federal-Aid Highways" for fiscal year 1980 is enacted into law by September 30, 1979.

The Clerk read as follows:

Amendment offered by Mr. DUNCAN of Oregon: On page 31, line 21, strike out "$8,500,000,000 and insert in lieu thereof "$9,000,000,000".

Mr. DUNCAN of Oregon. Mr. Chairman, this amendment would increase the limitation on obligations for Federal-aid highways from $8.5 billion to $9.0 billion. This will not result in any increase in new budget authority. It is estimated that this will result in a slight increase in outlays, but this increase will be less than $100 million.

As the Members know, in fiscal year 1979 the obligation ceiling on the Federal-aid highways program was $8.5 billion. This ceiling was reached by the first week of September. This is a much faster rate of obligation than was originally estimated by the Department of Transportation during the current fiscal year.

In view of the fact that the States have shown that they, in fact, can obligate up to $8.5 billion, we believe this increase for fiscal year 1980 is necessary to cover cost increases in the highway construction program. It is very unlikely that a $9.0 billion obligation level will result in any actual program growth during the upcoming fiscal year.

I have discussed this amendment with the chairman of the Budget Committee (Mr. GIAIMO) and the chairman of the Surface Transportation Subcommittee of the Public Works and Transportation Committee (Mr. HOWARD). It is my understanding that they support this amendment.

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Mr. CONTE. Mr. Chairman, I rise in support of the amendment offered by Mr. DUNCAN of Oregon. This amendment, if adopted, would provide for a $9 billion obligational ceiling for the Federal-aid highway program, an increase of $500 million over the committee's original mark.

According to information received by the committee approximately $8.4 billion of the $8.5 billion limitation for fiscal year 1979 was obligated as of September 7, 1979. This rapid expenditure of funds was originally unexpected by the Department.

During our hearings we received testimony which indicated that it was unlikely that the States could achieve the $8.5 billion obligational level by the end of the fiscal year. Many things have happened since that time which have adversely affected that projected. I will mention a few.

First. There was an increase in matching ratios, as well as obligations of approximately $1.3 billion from the Interstate Discretionary Fund; and

Second. During the first 10 months of fiscal year 1979, sizable increases in obligations were recorded for the regular interstate account, apportioned bridge replacement, and the discretionary bridge programs.

All of these factors have materially affected the rate of obligations, and have resulted in numerous shortfalls. These shortages when coupled with an inflationary factor make it necessary that we act to raise the obligational ceiling so as to allow the States the flexibility to proceed with the vital programs which are financed out of the Highway Trust Fund.

I urge the adopton of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. DUNCAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: Page 33, after line 21, insert the following new section:

SEC. 317. (a) None of the funds provided in this act may be used to implement or enforce any standard or regulation which requires any motor vehicle to be equipped with an occupant restraint system (other than a belt system).

(b) Nothing in this section shall be construed to prohibit the use of funds provided in this act for any research and development activity relating to occupant restraint systems.

Mr. DINGELL. Mr. Chairman, on behalf of my dear friend and colleague, the gentleman from North Carolina (Mr. BROYHILL), and a list of over 20 of my colleagues, I offer at this time the same identical amendment which was adopted last year by the House, including the Conte research and testing amendment.

The amendment is a very simple one and its purpose is to provide consumer protection. What it says is, reduced to its most simple terms, that the Department of Transportation may go forward pursuing its attempts to have passive restraints made a part of the American automobile in terms of research and in terms of implementation as regards systems which involve belts, but that it may not go forward on rules which would implement those findings and judgments which it has made in the past as they pertain to air bags.

For purposes of clarity, I would like to insert the amendment into the debate at this time:

> Page 33, after line 21, insert the following new section:
>
> SEC. 317. (a) None of the funds provided in this Act for any research and development enforce any standard or regulation which requires any motor vehicle to be equipped with an occupant restraint system (other than a belt system).
>
> (b) Nothing in this section shall be construed to prohibit the use of funds provided in this Act for any research and development activity relating to occupant restraint systems.

The Dingell/Broyhill amendment is designed to send a strong message to the DOT that a serious testing and development effort must be made during fiscal year 1980 on occupant safety systems and that no funds can be used to enforce the air bag system that year. The amendment does not interfere with the progression toward the effective date, model year 1982, of the passive restraint standard.

The amendment carries out essentially the major recommendations of the General Accounting Office, a copy of which I have here in my hand, and copies of which have been made available to my colleagues in the House during the consideration of this matter.

I would point out that the recommendations of the General Accounting Office, which is the independent auditing and accounting agency of the Federal Government, says as follows:

> The systems offer life savings and injury prevention potential. However, the Department of Transportation quantification of the benefits lends a degree of certainty not fully supported by the test data. Industry testing indicates that a deploying airbag may be a danger to out-of-position occupants. The Department should perform additional testing to determine if modifications are needed to the Federal standards to address the problem.

Mr. Chairman, the Department of Transportation has suppressed information on this matter. They have tried to conceal the fact that in some tests under contract by DOT and the National Highway Traffic Safety Administration that airbag systems emit flames and emit flaming particles of sodium azide in a significant and alarming proportion (12 percent) of airbag tests run by one of DOT's contractors. They have tried to conceal the fact that testing now going on indicates that airbags are a very substantial peril to out-of-position children and that piglets, acting as surrogates for children in testing, have suffered about a 30-percent mortality due to serious injuries suffered in such out-of-position and standing child tests.

Other impartial governmental agencies which have reviewed the efforts of the Department of Transportation in this matter, such as the National Transportation Safety Board, an independent agency inside the Department of Transportation, have pointed out as follows:

> 1. It is essential that NHTSA evaluate the real world effectiveness of the passive restraint standard.

And NTSB additionally commented and criticized:

> 2. The NHTSA is committed to evaluating the passive restraint standard, but the current evaluation program is unorganized.
>
> 3. An evaluation program plan is required to effectively coordinate the evaluation activities and to address the complexities of this task.
>
> 4. The NHTSA has a contract study underway to develop an evaluation plan for the period up to the effective date of the standard, September 1, 1981. However, the study appears limited in scope to gross measures of effectiveness.
>
> 5. The NHTSA has no evaluation plan documented or under development to cover the period after September 1, 1981.
>
> The effectiveness of the evaluation program will be improved by providing for public comment on the proposed evaluation plan.

What has happened during the DOT testing program? First of all, the NHTSA testing and evaluation program has been uncoordinated. Second of all, it has not achieved the kind of levels of proof of effectiveness that are really required for consumer, automobile occupant protection.

In addition to this, the Department of Transportation's testing and analysis has been carried on by persons who found it necessary to conceal some of the results, results which were pointed out by Ralph Nader's own organization's publication for consumers in Congress probes in its September 17, 1979 edition, when he said:

> A viewing of the film—referring to a film of the test conducted by the Department of Transportation—shows that this is at best an understatement. The airbag exploded and chemicals burned the dummy and parts of the test car's interior. This information was not released to the public by NHTSA.

What we need to do is find out the best way of establishing passive restraints in automobiles and the way which will afford the greatest protection, security, and safety to all passengers. We need to do this at a cost which will not be excessive in terms of the injury and in terms of the additional cost to the consuming public. That cannot be achieved with certainty on the basis of the studies which have been made to date by the Department of Transportation and NHTSA, nor may it be ascertained on the basis of the contract work which has been carried forward.

The Department of Transportation's efforts in this regard have been criticized by the General Accounting Office, and more testing is urged by that Agency of several components that may be used in the airbag system.

The National Transportation Safety Board has in the same fashion, in the statement which I put in the RECORD on September 14, urged additional research and planning by NHTSA to establish the safety of airbags and planning for the evaluation of the effectiveness of the motor vehicle safety standard 208 which mandates passive restraints like airbags and automatic safety belts in large size passenger cars beginning in model year 1982, all intermediate size cars in model year 1983, and in all small subcompact cars, or all passenger automobiles, by model year 1984.

Mr. DUNCAN of Oregon. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto end at 1:55 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous consent request was granted will be recognized for approximately 2 minutes.

The Chair recognizes the gentleman from Oregon (Mr. DUNCAN).

Mr. DUNCAN of Oregon. Mr. Chairman, the subcommittee did not put this provision in its bill. I therefore cannot accept it, although I voted for a similar amendment last year.

In view of my anomalous position, I ask unanimous consent to yield the balance of my time to the gentleman from Massachusetts (Mr. CONTE).

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

(By unanimous consent, Mr. DINGELL and Mr. PATTEN yielded their time to Mr. SHUSTER).

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. SHUSTER) for 6 minutes.

Mr. SHUSTER. Mr. Chairman, last year an identical amendment was offered and passed this House overwhelmingly by a margin of 95 votes. Last year there was not the wealth of evidence against airbags that is here today. Yet the concern for safety and skepticism about airbags was great enough at that time to produce a margin of 95 votes.

I understand there are those who are lobbying the halls these days saying that this is not really an airbag amendment, it is aimed at passive restraints, that the mandate is a passive restraint mandate.

Mr. Chairman, I would respectfully submit that that is a fraudulent presentation because clearly, while the words in the mandate are "passive restraints," this means either the airbag or the automatic belt, and the automatic belt simply does not work in cars but for the small, bucket-seat type cars. So we are talking about a mandate to force the American people to have airbags in their cars as we move into the 1980's.

If we thought airbags really could save lives, if the evidence was there, we would be for them. I would be for them. But the evidence did not exist a year ago and the evidence does not exist today. There were those of us a year ago who said that the airbag was going to cost between $200 and $300.

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We were told that we did not know what we were talking about. I guess I have to confess maybe we did not know what we were talking about, because we now learn that the airbag is not going to cost $200 or $300. It is going to cost between $500 and $800.

Further, there are those who said, those fanatics in this community, that anybody against mandatory airbags, in fact, to quote one article, was the kind of a person who would sell thalidomide to a pregnant lady.

Those kinds of charges simply demean the whole legislative process. We find ourselves instead fighting a battle where we have tried to use the best evidence available to show that there is not hard, real evidence justifying the airbag. There was not last year, and in spite of the evidence we presented last year, in spite of the scurrilous personal attacks on the Members who, in good health, opposed the mandatory airbag, now we have something else before us today. It is not the evidence of a year ago, not the evidence of partisans for or against a particular mandate.

We now have before us a report from the Comptroller General of the United States, a report to the Congress, on passive restraint for automobile occupants, on airbags, a closer look.

And what does that report say? That report confirms the very points which those of us were saying a year ago were relevant in this debate.

The report says, an independent report, that testing continued subsequent to the mandate indicates a potential danger from a deploying airbag may exist for out-of-position children.

The report says that because of the importance of the Department's mandate, both in terms of cost and safety to the American public, real-world experience with passive restraint must be evaluated.

Now, this is not the gentleman from Pennsylvania, BUD SHUSTER, or this is not a Republican or Democrat. This is not a partisan for or against mandatory airbags. This is an independent report by the Comptroller General of the United States.

It goes on to say that the estimate of airbag costs in insurance savings are optimistic. I will say they are optimistic. The latest estimate is between $500 to $800.

The report goes on to say, the estimate of airbag costs and insurance savings are optimistic.

In a nutshell, Mr. Chairman, the evidence did not exist a year ago to mandate airbags; mandate, that is, shall not suggest that people voluntarily buy them, but mandate passive restraints; it did not exist a year ago. It does not exist today.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Virginia.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, I thank the gentleman for yielding.

The gentleman from Pennsylvania is making his usual totally persuasive argument in this issue.

Mr. Chairman, I stand in support of the amendment offered by the gentleman from Michigan because I feel it addresses critical questions regarding the implementation of airbags. There is no one in the House Chamber, I daresay, who would admit to being antisafety. But being for safety and rushing through the forced implementation of airbags are not one and the same. In tests conducted by GM and Volvo where pigs were used to simulate children nine of the pigs were killed in airbarg-equipped cars, hardly the sort of "protection" I wish for my children.

There remain too many unanswered questions, too many unproven suppositions regarding the effectiveness of airbags. It has already been mentioned that airbags would be of no value in the event of side and rear collisions. And should an airbag be set off by a relatively minor collision, it would entail a considerable expense to the carowner for replacement of the airbag.

In addition, there is the matter of the chemical, sodium azide, used as the propellant and detonator. Serious concerns have been raised as to whether this chemical might prove to be a cancer-causing agent.

In conjunction with Mr. DINGELL I believe that funds for implementation should be withheld pending further investigation.

In the meantime, other safety measures should be carefully considered—for example, the innovative passive seatbelts, which offer both increased protection and at a drastically reduced rate for consumers. The present expense for implementation of airbags is given at $825, a substantial increase from early estimates. In some cases, $825 amounts to almost one-fifth of the price of some cars.

My personal concern for automobile safety goes back to the first car I owned, in 1955, in which I had seatbelts installed. Since that time, I have always installed—and used—seatbelts in my cars, and have encouraged friends and insisted that members of my family use them also.

The issue of safety should not become a double-edged sword for our constituents. While enjoining them to live better and live longer, let us not penalize car buyers with unreasonable expenses or cripple our automotive industry with endless regulations and redtape.

Would it not be ironic if under the guise of paternally protecting Americans from themselves, we inflicted upon them an expensive and potentially hazardous "safety" system.

Mr. SHUSTER. Mr. Chairman, if the distinguished chairman of the Subcommittee on Energy and Power would like the balance of the time, I would be happy to yield to him.

Mr. DINGELL. Mr. Chairman, I thank the gentleman for yielding.

I simply observed that here we have two independent agencies, one charged with auditing the Federal Government expenditures and its performance; the General Accounting Office saying, more testing is required, and the National Transportation Safety Board, the body which is charged by law as serving as an independent agency to advise the Government and the Congress on safety, urging more preparation of passive restraint research and evaluation of the MVSS 208 after its effective date—model year 1982. NTSB said NHTSA is "unorganized."

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. SOLOMON) for 2 minutes.

Mr. SOLOMON. Mr. Chairman, I would want to strongly commend the gentleman from Michigan (Mr. DINGELL) for offering this amendment, and I would like to offer whatever expertise I might have on this subject.

I have been an insurance broker for many, many years, and I served in the New York State Legislature as a veteran member of the transportation committee and have headed a task force looking into both mandatory seatbelts and airbags.

Ladies and gentlemen, in the very brief time of 2 minutes that has been allotted to me, I would like to tell my colleagues that our actuarial studies in talking to insurance companies throughout America have proven that, yes, mandatory seatbelts can save a life, and yes, mandatory airbags can save a life. But it has also been proven the use of mandatory seatbelts and airbags can take lives.

Ladies and gentlemen, this is the whole argument as far as mandatory seatbelts or airbags are concerned.

I just would, without taking any further time, tell my colleagues that I do not believe that we ought to be mandating this on the American public. I do not think we ought to be saying to senior citizens, "Yes, you are going to have to pay $500, $600, $800, for an airbag in your car when you are only going to be driving it around your neighborhood."

I do not think we should be saying to the American people, "You must take on this additional expense," when a car backs into another car and accidentally sets off the airbag; and then they have to spend up to $400 to replace that airbag. I do not think we need to mandate this. I think we ought to leave it up to the American public whether they want to buy it or not.

I would strongly urge support of the Dingell amendment.

Mr. COLLINS of Texas. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Chairman, I rise in support of the amendment introduced by the gentleman from Michigan, (Mr. Dingell) and cosponsored by Mr. Broyhill, to halt the enforcement of airbags in automobiles. The figures I have seen estimate that auto consumers will pay an extra $41 billion the first 20 years for airbags. To spend $41 billion I believe the average citizen deserves freedom of choice. Must he have airbags or can he save the money.

The test results to date reveal critical shortcomings in the actual protection afforded by airbags. Specifically, in every crash angle, except head-on or near-frontal collisions, the airbags give no protection at all. They do not inflate when a car is hit from the rear or side impact, no matter how hard it is hit. And, air bags do not protect in rollover crashes. This means that out of the four sides of the car, that an airbag gives protection only on one of the four sides.

On the other hand, automatic seatbelts provide superior protection in a full range of crash situations. Traffic Safety Administration had a survey which showed safety belts 5.5 times better at saving lives than airbags. Years of proven experience has shown safety belts to be effective for children and "out-of-position" passengers.

The "out-of-position" question is very real. For instance, if a driver sharply swerves to avoid an accident, the passengers will be thrown across the car in an awkward position. If the car then collides with another, the airbag will inflate catching the person "out-of-position" and throw them awkardly against the door handle, shift lever, or other dangerous projection. They will be either injured or perhaps killed.

But the question that comes to my mind is what happens with the 30-000 inadvertent airbag expansions. The airbags are triggered with an electric device and we all know that as electric wiring has time and friction that it will gradually begin to short out. It is estimated that there will be 30,000 shorts which will not only cause the airbag to fly up in the front and in the face of the driver, but it also presents the tremendous hazard of oncoming cars if you have an inflated airbag that is triggered from a big bump in the road or some kind of a rock that comes off a highway and hits the bumper of the car and triggers the airbag. And if this car is coming head into another car, suddenly the airbag will blast in their face.

Until air bags are tested in a full range of crash situations and modified, they have no place in American automobiles with the congressional seal of approval.

The General Accounting Office, our investigative agency upon which we rely so heavily for their independent, objective, and detailed studies, has just issued a report on this subject.

The GAO reported that the Secretary of Transportation's mandate for passive restraint systems was based on certain premises and asumptions, and was issued amid consideration controversy over the safety of the airbag system. GAO concluded that specific benefits assumed by DOT are not supported by the tests data.

GAO found that tests, conducted after the mandate, indicates a potential danger to children and out-of-position occupants. GAO recommends additional testing by the National Highway Traffic Safety Administration on the problem.

The Dingell amendment calls for additional testing and prohibits implementation of airbags during fiscal year 1980. This provides much needed time for testing to determine the safety and dependability of these systems.

There are too many questions, critical life threatening questions, that airbags remain untested, unproven, and questions are unanswered. I agree for the need for some real field tests, before we test the theory with our lives and the lives of our children.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. Taylor).

Mr. TAYLOR. Mr. Chairman, I would like to take this opportunity of commending the gentleman from Michigan (Mr. Dingell) for offering this amendment.

Mr. Chairman, it just seems to me like that the day in which we live when the American consumers are being tortured with inflation, when the beleaguered automobile industry is going through a very traumatic period, and one of our major manufacturers is in serious trouble and the problems evolving around that will be considered by this very body, that it is ill-advised for this Congress at this time to force upon the American people and the American consumer such a ridiculous proposition as mandatory airbags or mandatory passive restraints.

One other point, Mr. Chairman: I talked today to one of the high officials of one of the automobile manufacturers. His estimate is that this will cost the consumers about $825 a copy.

I say to my colleagues, it is time to let the American consumers make that choice, have the freedom of choice to say whether they want to buy the passive restraint or whether we want to force this upon them, forcing a six-passenger automobile down to a five-passenger automobile; realizing this will do harm to the carpooling that we are encouraging in this Nation in the interest of energy conservation.

Mr. Chairman, I strongly support the amendment of my distinguished colleague from Michigan (Mr. Dingell).

I hope the House in its wisdom will adopt this amendment of the gentleman from Michigan.

Thank you.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. Volkmer).

Mr. VOLKMER. Mr. Chairman, I rise more in searching for knowledge, additional knowledge, than to tell the Members how I am going to vote.

I first would like to address the problem of the gentleman from Michigan on the sodium azide problem. I would like to know if the Department of Transportation in their regulations have proposed how the sodium azide in the airbags is going to be disposed of.

Let us say you have a car that is finally a junk car, not a wreck car, but it is just run out. Have they proposed what is going to happen with that, as far as disposal?

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman for yielding.

The answer to the question is no. They do not know how the azide is going to be disposed of.

Mr. VOLKMER. Sodium azide is a very——

Mr. DINGELL. It is a known mutagen, and it is a suspected carcinogen and it is explosive.

It presents both an acute and chronic public health hazard attributable to its explosive and mutagenic ability, respectively. Given the profligate increase in the use of sodium azide should the current course of NHTSA action come to fruition, I would hope that that agency recognizes as I do that this is precisely the type of "significant new use" that mandates further testing and evaluation under the Toxic Substance Control Act (TSCA), an act which I unhesitatingly supported. It is curious to note, however, that many of those who clamored for passage of TSCA are now raising their voices in chorus against my amendment, without even once acknowledging the public health and safety hazards associated with this substance.

Mr. VOLKMER. Then we could possibly have this spread out all over the country then?

Mr. DINGELL. This is going to cause 1 pound to be added to each of the 10 million cars potentially that are sold in this country today.

Mr. VOLKMER. When are the mandates going into effect as far as the use of airbags?

Mr. DINGELL. For large cars, 1982; middle-sized cars, 1983; and small-sized cars, or all passenger cars by 1984.

Mr. VOLKMER. Right now, could I purchase a car manufactured in the United States with an airbag? I would like to know that.

Mr. DINGELL. The answer is no, because of testing problems that have risen with regard to out-of-position occupants, especially regarding the safety of children, and the fact that General Motors fund substantial peril involved and the safety of the airbag has not been established. Ford Motor Co., has notified DOT and NHTSA of that company's serious concerns on this problem and has asked for a full review including testing, research, analysis, and notice to the public

Mr. VOLKMER. Can I order a car today for a 1981 model from any car manufacturer with an airbag installed?

Mr. DINGELL. As of this moment, the answer to that question is no.

Mr. VOLKMER. That is because of the problems with the airbag then?

Mr. DINGELL. It is because of the fact that the safety of the airbag on auto occupants and airbag effectiveness in various car crashes has not yet been established.

Also, the mandate requiring, passive occupant restraint device, such as airbags and passive shoulder belts does not take effect until model year 1982, or the fall of 1981 when those new autos would be introduced. Then it will depend on whether and how many automobiles are to be equipped with airbags that first model year of the standard.

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The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL. Mr. Chairman, I support the amendment Congressman JOHN DINGELL has offered to H.R. 4440 for several reasons:

First. While the amendment prohibits funds to be used by the Department of Transportation for implementation or enforcement of the airbag portion of Motor Vehicle Safety Standard 208, from October 1979 to September 1980 it does not prohibit the use of funds for more research, testing, and development of occupant restraint devices including airbags and passive safety belts during such time;

Second. More research, testing, and development is urgently needed before this standard goes into effect, so as to address and answer the numerous questions which are still outstanding. In light of the fact that all new cars between the 1982 and 1984 model years must be equipped with front seat passive restraints, the use of airbags will affect millions of Americans. These questions cover a range of issues with respect to the airbags:

Are the National Highway Traffic Safety Administration's estimates of the airbag's lifesaving potential well-founded?

The NHTSA has estimated that passive restraints, when installed in all cars, will prevent about 9,000 traffic fatalities and 65,000 serious injuries each year. These figures are uncertain according to the GAO in their draft report on passive restraints. They are uncertain because they are based primarily on laboratory test data; that is, crash tests and sled simulations performed in various crash modes, and NHTSA engineering judgment. Laboratory crash conditions are, at best, a limited and simplified simulation of real world crash conditions. While these tests do confirm that passive restraints offer some potential for benefits in frontal collisions, they cannot confirm the NHTSA estimates with the degree of certainty which the agency attributes to them. Furthermore, the greatest concentration of laboratory testing was conducted in the 90-degree full frontal crash mode. Frontal oblique or offset crash modes, as well as side, rollover, and rear crash modes were not conducted as extensively, thus failing to make the testing representative of the full spectrum of real-world crashes. These factors, along with the extensive reliance on engineering judgment in the absence of real-world data, seriously concerned the GAO and formed the basis in part for their recommendation calling for more real-world experience with passive restraints.

Are out-of-position occupants, particularly small children, safe when the airbag deploys?

If an auto occupant is sitting in such a position that he or she does not strike the center of their airbag, some test results indicate not only reduced performance of the airbag but also some dangers to such occupants. NHTSA asserts that newer airbag technology has eliminated these dangers. No tests have been run to confirm this. In January of this year, GM reported to the NHTSA that their tests on out-of-position occupants indicated a potential danger to out-of-position children from its passenger side airbag system. Because of these test results, GM may not be able to continue to plan production of the present passenger side system. GM had planned to introduce airbags into its 1981 model year production, 1 year before the mandate becomes effective. Volvo has had similar adverse results on their tests for out-of-position children. There do not appear to be any agency plans to conduct out-of-position occupant testing at this time. Such testing is obviously needed and should be undertaken as soon as possible to define this problem and amend the standard if necessary.

Do we have enough field experience to prove the airbag's effectiveness and reliability?

Actual field experience with airbags is limited to a little over 12,000 cars, more than 200 of which have actually been involved in deployment crashes. It is the GAO's position that the "field data * * * is still too limited to either support or refute the Safety Administration's estimates." Everyone, including the NHTSA, has agreed that the injury data from these crashes, particularly the number of fatalities, has been too limited to provide statistically significant results with respect to the airbag's effectiveness and reliability. Field experience with passive belts is far more extensive; over 75,000 Volkswagen Rabbits equipped with passive belts have been sold. The GAO recommends that more field experience is necessary to measure the effectiveness of airbags in the real world; and that it must be done in cooperation with all affected parties. The National Transportation Safety Board has made similar recommendations in its "Safety Effectiveness Evaluation on the National Highway Traffic Safety Administration's Passive Restraint Evaluation Program" dated March 16, 1979. The Board found that, while the agency is committed to evaluating the real-world effectiveness of the passive restraint standard, their "current evaluation program is unorganized."

The Board found that "[c]onflicting information was provided by different elements within the NHTSA" with respect to its evaluation planning efforts, and that "[t]here is no apparent sense of urgency within the NHTSA to develop more detailed plans." While the NHTSA has indicated that they place a high priority on this activity and that their plan should meet the criteria spelled out by the NTSB's report, time moves on and critical questions remain unanswered, all of which should be addressed before millions of airbags appear on our Nation's highways.

Is sodium azide safe for: First, auto occupants; second, airbag production workers; third, auto scrap industry workers; and fourth, the environment? Numerous questions remain as to whether or not the use of sodium azide as a solid propellant in millions of airbag systems poses health and safety risks. Sodium azide is very toxic. Sodium azide is a known mutagen in plant life and some animal cells. It may also be a carcinogen since most mutagens are also carcinogens. There has not as yet been sufficient testing to determine whether or not it is a mutagen and/or a carcinogen in humans.

While admittedly the use of sodium azide is the choice made by the auto manufacturers and their suppliers (a design choice), it seems risky to proceed with a standard that calls for the use of 2 to 3 million pounds of sodium azide each year by the agency's calculation and not know the answers to these questions. With respect to auto occupants and their exposure to sodium azide, the NHTSA argues that the amounts are so minute that there is no risk to auto occupants.

I do not believe this is a satisfactory answer because we do not even know if sodium azide is a mutagen and/or carcinogen to humans. If it is, should humans be exposed to any amount as the airbag deploys? With respect to airbag production workers, the one company with extensive sodium azide production experience has reported about 50 cases of acute intoxication of production workers from sodium azide.

No study on the long-term effects of sodium azide on production workers has ever been done, although one such study is underway now but will not be completed for some time. With respect to auto scrap industry workers and the environment, the whole question of the disposal of cars with unfired airbags arises. While the agency indicates that they are "looking in great depth with the industry at the best means of insuring the safe disposal of cars equipped with airbags," they do not believe immediate action is necessary because the number of cars with unfired airbags would not become significant until the mid to late 1990's.

It would seem prudent, in light of the extensive use of sodium azide which the standard will necessitate and the various hazards related to its use, that the agencies; that is, NHTSA, OSHA, and EPA, who have a statutory responsibility to protect us against these hazards, should conduct additional research and develop a coordinated and responsible Federal policy on the use of sodium azide in airbags before it becomes a serious problem to the motoring public and the environment.

What is the airbag going to cost consumers?

Early estimates of the cost of airbags ranged from the agency's estimate of $112, GM's estimate of $193, Ford's estimate of $235, and Chrysler's estimate of

$250. Because passive belts—early estimate of $25—may be installed in a larger number of cars than was initially expected, airbag costs are going to be considerably higher than these early estimates. General Motors now estimates $581 for their 1982 model year cars and $509 for their 1983 model year cars. Ford estimates about $400. These increases reflect the fact that increased costs come with lower production volumes as well as the fact that the NHTSA's estimate had excluded certain design features and manufacturing cost elements.

As a member of the Health Subcommittee of the Commerce Committee, I have had the opportunity and privilege over the past few years to help formulate a governmental framework to protect the health of our American citizens. Shortly, for example, we will consider the conference reports on the health planning and nurse training bills, two very importat pieces of legislation.

But let us not now cloak the issue of airbags under the protective mantle of health. Let us not pretend that what we are debating now is a health issue. That is a misnomer.

We are debating an issue of commonsense.

The situation is simply this.

An agency, the National Highway Traffic Safety Administration to be specific, has promulgated a standard which has the practical effect of requiring that an expensive piece of equipment be installed in future model year cars with the hope that this will protect the health and safety of the American public.

I use the word "hope" because that is all it is.

I have outlined above the arguments that my distinguished colleague, JOHN DINGELL, and I have made questioning the present state of the airbag art. Let me summarize these arguments and questions that should be asked:

First, there is the overall question, "Is the airbag the most effective strategy available to reduce highway traffic fatalities?" And then, we must ask, "Weighing the benefits versus the costs, is the airbag an effective means of reducing highway deaths?"

Indeed, cost and effectiveness are the two major criticisms of the airbag standard.

You have an agency telling us that the cost to install the airbag is $112. That was back in 1977 when the controversy started.

The figure rose to $200, and rose and rose—now we have seen estimates as high as $800. And then, someone noted that the cost to replace an airbag which had been deployed could run almost $1,000.

The much publicized General Accounting Office report points out the criticisms of tests which purport to measure the effectiveness of airbags. Can laboratory tests truly simulate actual road conditions? Can scientists crash Volvos full of test dummies and then predict what will happen to actual human beings? Do the performance criteria used in the tests adequately consider the out-of-position occupant, adult or child?

Then there are questions about sodium azide. About the flammability of the airbag itself. The list goes on and on.

In the final analysis, I am troubled by all the questions that have been raised on airbags. I am troubled by the vision of Congress looking back in a couple of years and realizing that it allowed NHTSA's unwise decision to stand unaltered.

Mr. Chairman, there comes a point when a cost becomes so prohibitive that we turn to other means of solving a problem. You see this in the marketplace every day. That is why we need more research into passive restraints in general, and airbags in specific.

Ultimately, I suppose, the Congress could pass a bill requiring all Americans to drive tanks if you really want to see crashproof vehicles. I say this in jest, but my point is clear. There are other considerations to be made.

Let us contemplate all the alternatives before imposing burdensome requirements upon the public.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, members of the committee, Dorothy R. Schuler of Jesup, Iowa, had a 1974 Oldsmobile which was equipped with an airbag. She wrote me this letter:

> I am certainly one of those who says "thumbs down" on those darned airbags.

On August 18, 1976, Mrs. Schuler's car was traveling 40 to 50 miles per hour and ran off an Iowa highway into the ditch, bounced twice, and slid to a stop. The airbag did not deploy. She said:

> I hit dead center, my license plate is proof enough . . . I felt that I was the one who deployed

She broke three ribs and her clavicle, chipped her teeth and numbed her face. A year later, she is still under doctor's care.

She said:

> I have a permanent injury, just because I had faith in the airbags.

An investigation of the crash by the Department of Transportation revealed that the airbag failed to inflate either because "the longitudinal forces in the accident were not large enough to cause deployment," or "there may have been a malfunction in the system."

Mrs. Schuler said her car dealer had been unable to figure out why the bag's warning light was on continuously.

In any event, Mrs. Schuler concluded her letter by writing, "I was fooled once but not again. My deceased husband and I paid $250 extra for what we thought was protection. Baloney."

Additionally, remember that we have an opportunity to cut Government regulation by defeating airbags.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of the Dingell-Broyhill amendment. There are just too many questions about the effectiveness of airbags and too many questions about safety, for us to mandate its use. On the other hand, I certainly think that further research on the subject of passive restraint is necessary and desirable.

If people want an airbag, I am sure the car companies would be very happy to sell them one.

During the course of discussions on this amendment there have been certain allegations made about one of my constituents, Minicars of Goleta, Calif., concerning the airbag issue. Minicars, a reputable small business in my district has been engaged in the testing of airbags. I am going to insert in the RECORD their statement in answer to some of the allegations that have been made.

Mr. Chairman, the statement follows:

RESPONSE OF MINICARS, INC. CONCERNING CONGRESSMAN DINGELL'S PRESS STATEMENT OF JULY 30, 1979

The Office of Congressman John Dingell (D-Michigan) issued a press statement on July 30, 1979, that contains serious accusations about the honesty and integrity of Minicars, Inc., and its employees. These charges are based on distortions of the truth about the results of air bag research and development carried out by Minicars, and about the relationship between Minicars, Inc. and the National Highway Traffic Safety Administration (NHTSA).

Mr. Dingell has accused Minicars of being engaged in a conspiracy with the NHTSA to hide and distort research findings on air bags tests that, he claims, show that air bags could seriously malfunction. Both the charges against Minicars, and the claim that the tests indicate potential problems with air bags are totally false. He is using these accusations in his campaign to pass an amendment to the DOT appropriations bill that would restrict the Department's activities to ensure the proper implementation and enforcement of the automatic crash protection standard.

The test program in question was carried out by Minicars, Inc. under contract with the NHTSA. Minicars kept the agency fully appraised of the results of all tests including the problems found with several test inflators. However, these problems which occurred with hand assembled test inflators did not indicate anything more than experimental difficulties with the test program, and certainly did not call into questions the safe performance and reliability of production air bag systems that would be used in cars sold to the public.

Over the past seven years, Minicars, Inc. has successfully demonstrated the feasibility and practicality of automatic restraints protecting dummies of varying sizes. These dummies represented drivers and passengers of subcompact, compact, and standard-size cars in various impact modes at velocities up to 55 mph into a barrier, well in excess of governmental requirements (30 mph). In conducting such research, Minicars uses an iterative development process. This is an experimental technique in which the hardware and performance characteristics of the air bag system are continuously modified, and then tested to assess the changes, until the optimum performance results.

The automobile industry has never questioned Minicars' expertise, objectivity and dedication to thorough experimental procedure. Indeed, several of Minicars' own employees are former General Motor and Chrysler executives. There are no grounds for such a challenge. Congressman Dingell chose to base his insinuating charges on the testimony of an engineer, who, he implies, was fired by Minicars because he refused to help cover up information deleterious to air bags. In fact, this engineer was terminated some nine months after the tests in question were completed because he repeatedly proved unable or unwilling to perform the engineering and managerial duties he had been hired to perform.

The following categorically responds to the misstatements in Congressman Dingell's release which impugn the integrity and honesty of Minicars.

DINGELL'S CHARGES	FACTS
1. "NHTSA's favored air bag contractor—Minicars, Inc."	Minicars' contracts with NHTSA result from competitive procurements awarded on the basis of technical merit and cost. More than half of the contracts for which we compete go to other bidders.
2. "In the aftermath of this failure, Minicars sent a misleading progress report to NHTSA."	The progress report was written to comply with technical and scientific standards used by Minicars. It reported data relevant to the experiment's stated objectives. Additionally, a letter was written to Thiokol, a Utah company which manufactured the defective inflators, including pictures of a ruptured bag and a soot covered dummy. A copy of this letter was sent to NHTSA in addition to the official report. The contract manager also telephoned the NHTSA official in charge of the contract to discuss the problem.
3. "Contrary to normal procedures, the contractor did not send the films to NHTSA."	Films are submitted to NHTSA to report on progress and in answer to specific requests. For these particular tests, the films were forwarded to Thiokol with the full knowledge of NHTSA to help them diagnose and correct the inflator malfunction. It should be pointed out that the normal procedure is to send only film that is relevant to the contract objectives to the agency because of the large volume of film generated in a test program of this type.
4. "No final report was written on this test series by the contractor." "Mysteriously, the testing ended and the contract was terminated."	All tests were reported in monthly progress reports. The Phase I final report included all test results in the original series. The contract was discontinued before the Phase II final report was written. There was nothing mysterious about the termination of the contract. The purpose of the contract was to develop an air bag restraint for the Calspan Research Safety Vehicle. The work was stopped when Calspan selected an automatic, inflatable belt as its passenger restraint, and the NHTSA therefore decided not to expend any more funds on this development program.
5. "A former Minicars' engineer . . . claims both Minicars and NHTSA failed to inform the public of the risks of explosions and fire in the deployment of air bags."	We did not inform the public because no such risk exists. The incident was strictly a consequence of the repetitive use and repair of a developmental test inflator and in no way reflects upon the safety or reliability of single-use production inflators.
6. "The report contains only one post crash photo."	Generally, the only one post test photo, illustrating the final dummy position is included in the progress report for each test. However, the letters to Thiokol and NHTSA included other photos.
7. "The former program manager claimed he was told by top management to 'modify' the progress report and not send the films to Washington."	This is essentially true since the original version of that portion of the progress report dealing with the test in question did not comply with Minicars' standards of objective technical reporting. That is, it included material not germane to the contract objectives and did not adequately analyze the test results. A detailed letter on inflator malfunction containing all the photographs in question together with the film of the test was sent to Thiokol (not Washington) as an aid in correcting inflator deficiencies. This letter to Thiokol was subsequently forwarded to NHTSA for information. Thus all details concerning this test were disclosed.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Chairman, we have heard many arguments about airbags in the last few days. We have heard the claim that they could cost as much as $800. We have even heard that they might cause cancer. And the word is that our own GAO says that airbags need more testing.

But what is the real story?

Let's start with the cost of airbags, although who among us is willing to put a limit on the cost of any device that could save a human life? The Department of Transportation estimates it will cost $150 to $200 to mass produce airbags. Exceptionally high estimates that reach $800 for a single unit are based on low volumes, hand assembly, high dealer markups and are not typical of the prices people can expect to pay once airbags are in regular production.

Here is a letter from John A. Volpe, former Secretary of Transportation. He said:

Hon. SILVIO O. CONTE,
U.S. House of Representatives,
Washington, D.C.

DEAR SIL: Almost a decade ago, as Secretary of Transportation, I and many others, became concerned that thousands of Americans were dying on the highway because they refused to buckle their safety belts. I was convinced that something had to be done.

After exhaustive hearings, study, consultation with Congressional leaders and prolonged conversations with officials at the highest level in the automobile industry, I concluded in 1970 that air bags provided a technologically sound and economically feasible way to substantially reduce highway deaths and injuries. At that time I proposed a standard to make these devices available to the public.

Ed Cole, then Chairman of the Board of General Motors Corporation and himself an engineer, convinced me that they would be safe and reliable. He felt that they would enjoy wide public acceptance. He also told me that air bags could be mass produced for about $60 per car. I must confess surprise at some of the prices being quoted by the automobile manufacturers today, even considering inflation.

However, my surprise is even greater at the fact that nine years later these devices are not even available to those Americans who would want them as options. Nonetheless, some people still call for further procrastination. The Department of Transportation's current standard would at least offer Americans a choice between air bags and automatic safety belts. Currently, everyone must buy cars equipped with standard safety belts. Studies show that 86 percent of us steadfastly reject that protection, sadly rendering the current requirement for belts a supremely ineffective regulation.

Recently I saw figures which show that more than 38,000 lives could have been saved since 1975 if air bags had been in cars. These are our sons who didn't think to fasten their safety belts and our daughters who could not avoid the drunk who came across the center line. Procrastination has its price. The price of continuing to withhold this technology is far greater than that currently quoted by any automobile manufacturer.

Further more, claims that it might be burdensome for some automobile manufacturers are hollow. All of them have already had eight or nine years to prepare.

I am not an advocate of excessive federal regulation. However, I believe that the government has a clear and compelling need to intervene when the deaths of so many of its citizens are clearly avoidable. It is alarming that there are those who would grasp at the slenderest of straws as an excuse to escape this responsibility.

I strongly urge you to oppose the amendment offered by Congressman Dingell and

Congressman Broyhill to the U.S. Department of Transportation's appropriations bill.

Sincerely,

JOHN A. VOLPE.

Now let us examine the claim that sodium azide, one kind of chemical used to trigger inflation of the airbag, is dangerous and could cause cancer. First of all, the chemical is sealed in canisters that are placed inside the heavy steel inflators which are bolted within the instrument panel and steering wheel hub. When the airbags deploy, the sodium azide turns into harmless nitrogen that inflates the air bags. Substantial research on the subject by private laboratories found no environmental or human health problems connected with the chemical which, among other uses, is mixed with soil as a sterilizer.

Now, what about the GAO findings? GAO did not recommend any delay or change in the standard. True, the GAO recommended additional testing of automatic restraints to ensure that even people who are not seated in the normal position will have a high level of protection. But, the GAO did not recommend a new full-scale research program, and the auto manufacturers are currently carrying out the type of tests GAO suggested.

In fact, the GAO report states that "passive restraints have the potential to reduce fatalities and prevent injuries." It makes no recommendation to revoke or delay the crash protection standard, but does suggest several ways to improve the implementation of the standard.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

PREFERENTIAL MOTION OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

> Mr. CONTE moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman from Massachusetts is recognized for five minutes in support of his motion.

Mr. CONTE. Mr. Chairman, in February of 1979, the Office of Technology Assessment, published a report entitled "Technology Assessment of Changes in the Future Use and Characteristics of the Automobile Transportation System." One of the conclusions that OTA makes is that the air cushion restraint system or airbag is that "technically, the system is extremely reliable. Operationally, it provides good protection in front end collisions, which account for more than 50 percent of vehicle occupant fatalities. The probability of inadvertent inflation of the ACRS is virtually nil; it is possible to utilize airbag technology for protection of other than front seat vehicle occupants, although that is clearly the most effective use of the system."

Mrs. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentlewoman from Louisiana.

Mrs. BOGGS. I thank the gentleman for yielding.

Mrs. BOGGS. Mr. Chairman, as a grandmother of eight most concerned with the safety of children, I rise in opposition to this amendment because of my concern for the children of this country whose lives are disproportionately threatened as a result of serious automobile accidents.

Last year, more than 1,800 children, aged 15 and younger were killed in auto accidents. It has been estimated that 9 out of 10 children riding in cars do not use proper restraining devices. I am sure this contributes to the high fatality rate among kids involved in car accidents.

I believe we must protect our children from harm by providing them with the superior lifesaving capabilities of airbag passive restraint devices. One of the strongest supporters of airbag restraint systems is the American Academy of Pediatrics because its members know that, of all the health problems confronting children, death and injury resulting from automobile accidents is the most severe. Yet, adoption of this amendment would ignore some of the safety needs of our children.

Mr. Chairman, the fact is that belt systems, including passive belt systems, are not designed for small children. Yet, under this amendment belt systems are the only restraints that could be used, and the needs of children thus would go unanswered.

We have heard much during the course of discussions on this issue about the fact that individuals should be free to choose whether or not to protect themselves from injury or death resulting from automobile accidents. But what choice can our children make when riding in their own parents' cars or in the cars of neighbors and friends?

Recent Government studies demonstrate that today fewer than 1 out of 10 children are appropriately restrained in cars traveling on our Nation's highways. Thus, when an accident occurs, the child is absolutely free to hurtle about the car's interior and to crash against the life-depriving and injury-producing instrumentalities of the car's interior. When death does not result, permanent crippling injuries frequently do.

Automatic protection in the form of passive restraints, however, solves this problem in frontal and quasi-frontal crashes—the most common types of crashes that kill and maim our children. Real-world crash experience has taught us that children, even when not properly seated, can be protected from serious injury by airbag passive restraint systems.

I believe we must not delay the implementation of the Transportation Department's directives on passive restraints. Airbags are a proven, life-saving method of passive restraint. I urge the defeat of the gentleman's amendment.

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Florida.

Mr. NELSON. I thank the gentleman for yielding.

The 8-year-old lobbyist that the Washington Post featured in an article about 6 weeks ago had a life-saving experience with airbags. She is alive today because of auto airbags. Her grandmother did not even know that they had the experimental airbags in the Toronado, and the grandchildren, a little boy and a little girl, and the grandmother all walked away. After a 45 mph front-end collision on highway A1A in my congressional district. This is about the most persuasive testimony I have heard on behalf of passive restraint systems.

Mr. Chairman, I urge that we vote against the Dingell amendment.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield briefly to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding. I just want to associate myself with the gentleman's remarks. I think he made a case very strongly.

Mr. PREYER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from North Carolina briefly.

Mr. PREYER. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment.

Automobile accidents and the deaths and injuries that result from them constitute a public health crisis of major proportions. Although seldom perceived as such, we are confronted with an epidemic. The epidemic is killing 50,000 Americans each year and leaving hundreds of thousands scarred and crippled.

Automobile crashes kill more young people than any other disease.

Automobile crashes cause more paraplegia and quadraplegia than any other source.

Automobile crashes produce more cases of epilepsy than any other cause.

More than 50 percent of all emergency medical services are devoted to mending the victims of automobile crashes. The drain on our social services is tremendous. The burden on our health care system is astronomical. The cost in terms of human suffering is incalculable.

As we strive to reduce the cost of health care in this country, we must also look for ways to reduce the burden that is placed on the health delivery system. An important part of that is to reduce the number of people who are killed and crippled in automobile accidents. I am a staunch believer in preventive medicine. We have seen time and time again that the cost of preventive measures are substantially lower than the cost of treatment that must follow an illness. This is no exception.

The Department of Transportation estimates that the cost of providing automatic crash protection in automobiles will be $1.3 billion (that is based on automakers' estimates). The deaths and injuries that will be avoided now cost us $4.7 billion every year in health and welfare. Thus, the preventive nature of automatic crash protection in automobiles will save us $3.3 billion every year.

We know there are no cure-alls. We should not expect aircushions and automatic safety belts to stop the deaths or prevent all the injuries. This is a complex problem for which there are no simple answers.

However, I view the Department of Transportation's automatic crash protection standard as though we were being offered a cure for one of the major diseases. We know that it will not cure all disease, but it is a significant beginning.

As a member of the Subcommittee on Health and Environment, I am concerned by increasing highway deaths as I am by spiraling hospital costs. The Department of Transportation's automatic crash protection standard will have a favorable impact on both.

I must oppose Mr. Dingell's amendment because it is a thinly veiled attempt to chip away at the confidence that has been built in these lifesaving devices over more than 10 years of intensive and extremely thorough research.

Mr. BONIOR of Michigan. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Michigan.

Mr. BONIOR of Michigan. I thank the gentleman for yielding.

As a Reprsentative of the Detroit area, I would like to associate myself with the remarks of the gentleman from Massachusetts (Mr. Conte) and support his position.

Mr. CONTE. A very courageous position.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding. I wish to associate myself with the gentleman's remarks and oppose the Dingell amendment. Indeed, there are three children in the balcony there who are among the 15 in automobiles in which airbags were deployed. Fourteen of those were saved, with only slight injury. Probably all of them would have been thrown into the windshield and suffered serious injury or death had it not been for the airbags.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. I thank the gentleman for yielding.

Mr. Chairman, as a member of the subcommittee who has historically opposed airbags, I want to say I support the gentleman's position and will vote against the amendment at this time.

Although I have opposed the use of Federal funds to implement the passive restrain mandate in the past, I rise today to oppose the Dingell amendment.

This mandate requires only that passive restraints be offered in automobiles manufactured after 1983. It does not state the type of passive restraint system that can or should be offered, only that such protection be afforded the American public. Passive belts, one system currently being utilized, have been proven very effective when offered on automobiles. Both the belt and the airbag systems, in cars in which they were used in the last few years, have one-half the death rate of similar cars with conventional belts in accidents.

Active restraint systems, currently employed in most American automobiles, offer little protection—saving only about 1 in 20 individuals—because they are rarely used. Both the passive belts and the airbags have undergone extensive testing and review, including congressional hearings, court decisions, road experience, laboratory testing and public consultation, and have been effective in saving lives.

A further point in favor of allowing this mandate to be fully implemented is raised by my colleagues who feel the public should have a choice in this matter. This is fair. I think the public should have a choice in which life-protecting system they will elect to have on their automobile. Recent surveys of American consumers indicate that the public believes the Government should require automatic crash protection in new cars.

The standard issued by Secretary Adams permits manufacturers and the public to choose any technology that automatically prevents serious injury or death to front seat occupants in accidents. So far, the two which have been offered commercially are the airbag and the passive belts. We should not limit the public further by eliminating one of the two choices now available by passing this amendment.

In future years, drivers in this country will no doubt be going to small cars which are more energy efficient. The trend has already begun as a result of this summer's gas crunch. Until all drivers make this transition, however, there is an added danger to those who own and drive smaller cars—we must offer them increased safety through proven crash protection systems.

Mr. Chairman, in closing, I would like to briefly touch on the issue of the dangers of airbags to out-of-position individuals in cars. This refers mainly to children, of course, and Mr. Dingell is right to be disturbed over the possibility of children being injured in automobile travel. I would question, however, the numbers of injuries suffered by children who travel out-of-position in cars and who do not have the protection offered by passive restraints. I am sure we will be voting to save many more lives than we will endanger by opposing the Dingell amendment today.

Thank you, Mr. Chairman.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to my good friend, the gentleman from New York, briefly.

Mr. SCHEUER. I think the gentleman for yielding.

Mr. Chairman, as the chairman of the legislative committee having jurisdiction over this matter, let me say that there is not one single Government agency that opposes airbags and that supports this amendment. There is not one single private nonprofit consumer group or safety group that opposes airbags or that supports this amendment. There is no industry company, there is no insurance company that opposes airbags and supports this amendment. The All-State Life Insurance Co. has written me:

> Never in the history of All-State's fleet experience with 600 cars and 50 million miles of history over a 7-year period has there been an instance where an airbag inflated inadvertently. Airbags, which are totally acceptable to the public as they are hidden out of view until needed, work as designed and work to save lives and prevent serious injuries.

Mr. CONTE. I want to thank the gentleman. He is absolutely right.

Well over $100 million has been spent on research, development, and testing by the automobile industry, its suppliers, and the Federal Government. The record clearly shows that airbags have received more testing and field experience than any other major public health measure ever put into effect in this country. And, 10,000 cars with airbags were sold to the public by GM in the mid-1970's which have worked exceptionally well.

One of the misleading statements that has been made about the Department of Transportation's safety standard is that it requires airbags. This is simply untrue. It is a performance standard, and it never even mentions airbags.

It says that if a car is crashed at 30 miles per hour into a solid wall, the front seat occupants must be automatically protected against serious injury or death, and it permits the manufacturers to select the systems which fit their respective vehicles and which they believe they can market to the public.

The voluminous record on which the Secretary of Transportation based this standard clearly supports it. On appeal to the Circuit Court of Appeals of the District of Columbia, every conceivable objection to airbags was raised and the Court unanimously supported the Secretary. In the previous session of Congress when the veto resolutions were considered, the House Commerce Subcommittee conducted extensive hearings and prepared a detailed report recommending against the veto. The full Commerce Committee supported this view.

On the Senate side, extensive hearings were held and the veto resolution was sent to the floor recommending that it be rejected. In the floor vote, the Senate rejected the veto 65 to 31. It seems to me that these actions were conducted in the proper forums for in-depth review of a technological public health and safety matter of this importance. Any amendment to the appropriations bill injected on the floor is not the responsible approach.

The need for automatic crash protection—like that offered by airbags or automatic belts—becomes even more critical when we face the hard reality of current events. We know, for example, that the move to smaller and lighter automobiles in the 1980's to conserve our depleted fuel resources will increase deaths and injuries on our highways by as much as 35 percent. Even today, the carnage tops 50,000 deaths each year.

We know the Department of Transportation standard can save more than

9,000 lives a year and prevent hundreds of thousands of injuries. The standard has been delayed long enough and too many people have died unnecessarily. How many more lives must we sacrifice on the altar of indecision? In the name of progress, I urge you to oppose this amendment.

Mr. DINGELL. Mr. Chairman, I rise in oposition to the preferential motion.

Mr. Chairman, I want to say that I rejoice that the child referred to by my good friend, the gentleman in the well, survived the accident. One of the real problems as regards airbags is to assure that out-of-place children are not hurt by airbags, or because they have relied on airbags. As a matter of fact, airbags are only designed to be effective in head-on and offset frontal collisions. Then, they would only be potentially effective where seat lap belts are used in addition to the airbags, and airbags alone are not effective and offer no protection in side, rear, rollover, or secondary impact. As a matter of fact, I have here in my hand a report on the accident referred to with regard to the 8-year-old child who was not seriously injured in the collision and was supposedly saved because of the airbag. Interestingly enough, the report on it indicates that the 4-year-old brother of that child was injured in that accident because he was out-of-position.

The point that I make is that that child is still suffering from the injuries which occurred in the course of that accident and from the deployment of the airbag system itself.

The further point which must be made is that in order to deal properly with the kind of problem that we are addressing here, additional testing is required. Case studies are indeed important, but they are not and should not be the cornerstones of this urgent public policy decision. Let me read from some of the comments that have just come across the public record in the last few days. General Motors warns that at this minute it is canceling its plans to voluntarily introduce airbags in its early 1981 models, a year early, ahead of the standard, MVSS208, because in tests using live animals as surrogates for children, a 30-percent fatality has resulted in GM tests because of the out-of-position problem.

GM reports, September 13, 1979, as the result of further testing, that while it is making progress with this test problem, GM is still experiencing a number of serious injuries to test subjects.

Volvo previously experienced exactly the same set of circumstances and reported September 14 that it is still testing for potential serious injuries to test subjects due to the out-of-position occupant, the standing child problem.

Ford just advised NHTSA August 31 that not only do they find that this problem has not been made available to them by the NHTSA, but that they have been kept in the dark by NHTSA with regard to these tests.

They also point out that the product liability from these airbag disfunctions before they are properly tested is enormous, and that Ford has asked that NHTSA convene a national meeting to discuss and to resolve the question of out-of-position children and the question of product liability which stems from it. I point out:

The Ford Motor Co. wrote in an August 31, 1979, letter to the DOT Administrator of the National Highway Traffic Safety Administration:

> This matter is of such concern to us that we believe unless a broad-based consensus can be developed as to appropriate criteria for a vehicle manufacturer to follow in developing passenger side airbags, the potential to exposure to liability may force us to abandon our present plans to offer them for sale to the general public in our vehicles.

Our colleagues should be advised that the DOT has published only selected information concerning the effectiveness of airbags and deliberately kept from public knowledge the faults discovered by the industry regarding the out-of-position and flaming problems. Neither DOT nor NHTSA have information on file regarding the GM or Volvo out-of-position occupant test problems.

The DOT has misled the public and the Congress as to the relative safety afforded by airbags when compared to safety belts, air belts, and other passive restraints. Little or no comparative testing has been sponsored by the DOT (GAO Report) and serious questions have emerged as to the effectiveness of airbags in a full range of crashes, including side crashes, multiple impacts, and rear crashes. CALSPAN Corp., Buffalo, N.Y., crash tests in 1977, under contract to NHTSA, first suppressed by NHTSA, then released to the public, showed that safety belts protected test subjects—cadavers and dummies—as well as and in some cases, better than, airbags.

Within the DOT, the National Transportation Safety Board has severely criticized the NHTSA for its lack of an effective research program to build on prior knowledge. The NTSB has called NHTSA's program a series of 10 1-year programs rather than one 10-year continuous research and development effort. The result is that insufficient data is available to form valid judgments as to the safety and effectiveness of airbags.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from North Carolina.

Mr. BROYHILL. I thank the gentleman for yielding.

I just wanted to remind the gentleman to remind the Members that we found that 12 percent of the tests that were conducted by the Department of Transportation failed, and they resulted in flames and hot gases exploding into the base compartment, which would have endangered the lives and the safety of the occupants of the automobile if those had been real life situations.

Mr. DINGELL. As a matter of fact, that test which NHTSA tried to suppress was commented on by Nader's Watch publication, "Congress Probe," as an act of suppression and indication of failure on the part of NHTSA.

That information has been made available by me in a communication to my colleagues so that all of my colleagues will know. The gentleman from North Carolina is quite right, in 12 percent of a series of 97 tests conducted by a DOT/NHTSA contractor, the inflator system failed resulting in flames and hot gases exploding into the passenger compartment rendering the airbag useless in a crash. This raises serious concern as to the possibility of a similar occurrence in real world crash situations.

I want to elaborate:

"Congress Probe," the Ralph Nader weekly newsletter, in its Monday, September 17, 1979 edition, pinpointed the several problems with airbags which have been uncovered in connection with recent tests by both automobile manufacturers and auto research contractors to the National Highway Traffic Safety Administration (DOT) of the passive restraint airbag systems. The question centers on whether or not airbags are safe for occupants of automobiles, especially children.

This Nader report also clearly underscores, as other news reports have, the need for the adoption of the research and testing amendment Congressman BROYHILL and I and others offer to the Department of Transportation appropriations bill for fiscal year 1980, H.R. 4440.

The "Congress Probe" article even points out the General Motors Corporation response to Joan Claybrook, NHTSA Administrator, where GM corrects the Administrator in her earlier letter to me by reminding her of GM airbag test information brought to her attention by the company earlier this year, and several times since, that "significant" injuries were resulting in GM's out-of-position occupant tests using piglets as surrogates for children. Thirty percent of the pigs died of fatal injuries in these GM tests. They died as the result of injuries suffered in the test of the airbag system's impact on the test subject, not of the crash itself.

The Administrator in her July letter to me stated that "airbags * * * will provide a high level of protection for children whether they are seated properly or not." GM, however, has had to cancel its planned voluntary introduction of airbags in its early 1981 model year cars due to the out-of-position problem and reported September 13 that as a result of continued testing the company is still experiencing a number of serious injuries to test subjects. Additionally, Volvo informed my office September 14 that it is still planning further testing for the out-of-position occupant and child problem.

And, the Members should further be advised that for further information and documentation, note the Friday, September 14, 1979, CONGRESSIONAL RECORD, Extension of Remarks, for several reports issued supporting more research and development of passive restraints and for a complete listing of such documents, note the RECORD, p. 24744 of that date.

Let me interject and talk to the Members about an additional document. This is an Encyclopedia of Explosives and Related Items. It is published by Picatinny Arsenal, Dover, N.J. It says sodium azide is a "very unstable explosive."

This is what the scrap industry in Automotive Industries Reports says with regard to this:

> Airbag hazards worry auto junkers. The U.S. scrap metal industry continues to voice concern that untriggered air bags in junked automobiles could pose serious environmental and health threats because of the buildup of sodium azide, the toxic propellant used to inflate the bags in crashes. Sodium azide is a metabolic poison similar to cyanide, fluoride, and malonitrile and in sufficient doses can cause serious illness and even death.

What I am saying is let us require testing. Let us see to it that the agencies which do give us a fair and unbiased analysis and which say more testing is required are heard, and then that more testing is given. Let us do what the Congress did last year. I would point out that we adopted an amendment just like this research, testing and development amendment which was offered last year by the gentleman from Massachusetts (Mr. CONTE).

In summary, we are asking the House today to support our amendment to prohibit during only fiscal year 1980 the expenditure of funds by DOT and the National Highway Traffic Safety Administration to implement or enforce the Motor Vehicle Safety Standard 208 mandate that fiscal year—a mandate that will require large size passenger automobiles to be equipped beginning in model year 1982 with airbag systems.

The 1-year prohibition under our amendment does not effect any safety belt systems for implementation or enforcement, whether those belt systems are "active" or "automatic" passive occupant systems.

The major key to the amendment is that it permits the DOT and NHTSA to continue, in fact, in our discussions today, strongly call for, DOT and NHTSA to further test, research and develop safe airbag and safety belt systems. That is the message that DOT and NHTSA need to have from the Congress: That passive systems need more testing.

We have a high regard for the need to continue to improve motorist and automobile safety in the United States. The Government safety standard, however, that continues to be of great concern to us regards the question of the efficacy of airbags, or occupant restraint cushions, to be installed in motor vehicles beginning in model year 1982.

This is the same amendment the House, June 12, 1978, and later the House/Senate Conference, adopted on the fiscal year 1979 DOT appropriation bill. Our colleagues will recall that House vote, 237 to 143, which removed NHTSA's authority at DOT on the airbag standard regarding implementation and enforcement of Motor Vehicle Safety Standard 208. A subsequent action on that same amendment last year involved our support with the majority of the House Members for permitting the use of funds for research and development. That was my friend, Mr. CONTE's amendment adopted by voice vote.

Our amendment is a consumer protection amendment designed to ascertain whether these occupant protection systems, especially airbags, are in themselves safe for occupants and whether their potential effectiveness for reducing accident fatalities and injuries is proven.

The extra fiscal year of 1980 testing under our amendment could be completed before the Federal Motor Vehicle Safety Standard 208 takes effect in model year 1982 for large size cars which mandates passive equipment such as airbags or the automatic belts.

The General Accounting Office report to Congress, "Passive Restraints for Automobile Occupants—A Closer Look," as released by GAO July 27, 1979, clearly underscores and strongly supports the need for adoption of a program which our amendment provides, more research, testing and development by the Department and its National Highway Traffic Safety Administration.

● Mr. BARNES. Mr. Chairman, I strongly oppose the Dingell amendment. This House should not place itself in the position of weakening the Department of Transportation's mandate for an automatic crash protection system, and I would hope the amendment is defeated.

Mr. Chairman, the staggering number of highway accidents is one of the Nation's most critical public health problems. In 1978, more than 50,000 men, women, and children were killed on our streets and roads, and this year's death toll is likely to climb even higher.

In a democracy, as one might expect, we have the freedom to go out and buy whatever car we want, or at least whatever we can afford. We also have the choice of an endless list of options, such as a stereo tape player, a vinyl roof, or automatic locks, power windows, brakes and steering. It would appear that we have the choice to buy anything and everything automatic in a car—everything, that is except a protective restraint system. Here, there really is no choice at all. Everybody gets manual belts.

Now, I have no quarrel with belts, since they deliver lifesaving benefits—when used. But just as it is very difficult to reduce accidents by reforming drivers, it is almost impossible to get people to wear their belts. More than 85 percent of the motorists in this country do not take the simple step of buckling up to protect themselves.

The technology is available to solve this problem—and now. The Department of Transportation has mandated automatic crash protection in the form of automatic restraints—either automatic belts that come into place as the door closes or airbags that inflate instantly to cushion front seat passenger in collisions. We know these systems work, but try asking your auto dealer for an air bag. You cannot buy one at any price.

Unfortunately the car buyer has no freedom of choice here. The automobile companies have shown that without a Federal requirement, they will only install minimum restraint system for crash protection—the manual safety belts. And while they would be happy to sell you a $150 vinyl roof, or a $250 stereo tape player, or a $500 moon roof, they will not make you an airbag at any price.

This amendment seeks to eliminate the freedom of choice we so vitally cherish in an area where it matters most—our safety and security and the safety of our families. It seems to me it would be a serious injustice to deny the public fundamental protection while riding in the family car—particularly when a technological alternative already exists.

Freedom of choice has another dimension. A recent study by Prof. Susan Baker of the Johns Hopkins University School of Public Health showed that a large majority of people who are hurt or killed in automobile crashes were not the original purchasers, and did not have any choice as to the restraint systems that were installed in the car. This of course includes children, most of whom do not understand the dangers of riding in a car, and must depend on adults to insure that they are safe when they ride in cars.

Under these circumstances, Mr. Chairman, does it not make sense to insure that a minimum of safety is built into all vehicles to protect occupants automatically? The requirement for automatic crash protection is the same as requiring safety glass, side door beams or fuel tanks that are properly designed. All of these features—like proper restraint systems—need to be built into the vehicle as it is mass produced. Under the Government standard, purchasers of new cars will have the freedom to choose either to purchase automatic belts or air bags—devices that have proven they can save your life.

Two years ago, George Will, the award winning columnist, expressed his view of the individual rights and consumer choice issues very eloquently. He said:

> There is pitiless abstractness, and disrespect for life, in such dogmatic respect for the right of consenting adults to behave in ways disastrous to themselves. Besides, too many children passengers are sacrificed on that altar. And a large part of the bill for the irrationality of individual drivers is paid by society.
>
> Most important, society desensitizes itself by passively accepting so much carnage.

It is up to us to help reduce such carnage. The Federal standard to protect vehicle occupants gives the American motorist the freedom of choice to select the automatic protection he or she wants—and needs, in the event of a crash.

I would hope the House—in the name of the tens of thousands of human lives that we can save—sees fit to reject this amendment.●

Mr. COELHO. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment which has been offered to strike moneys to implement the automobile crash protection standards.

Head injury is the greatest preventable cause of epilepsy. Each year 20,000 Americans develop epilepsy as a result of automobile accidents. And epilepsy which results from head injury presents a particularly complicated medical problem, often more difficult to control than other kinds.

That means that each year 20,000 more Americans develop—because of automobile accidents—a disability which requires lifelong drug therapy and medical care. It subjects them to job and educational discrimination and social ostracism. Not only does it place a continuing drain on their own and society's financial resources, but also the loss to our country of potential creativity and productivity cannot be measured.

I have epilepsy. I am one of the more fortunate people with epilepsy—mine is controlled. But I, too, have experienced the discrimination and lack of understanding and the disruption of every aspect of life that awaits another 20,000 Americans each year.

Prevention of those 20,000 unnecessary new cases through the use of effective automobile crash protection would save substantial amounts of money and uncountable personal suffering. Unfortunately, only 14 percent of the people who drive use their seat belts voluntarily.

There is only one way to prevent the continuation of that rate of 20,000 new cases of epilepsy each year. That is the requirement that all automobiles meet the DOT automobile crash protection standard. It has my wholehearted support. I urge you to give it yours.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. COELHO. I yield to the gentleman from California.

Mr. WAXMAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to this amendment.

There are three critical reasons why the House should reject the amendment offered by Mr. DINGELL and Mr. BROYHILL.

First, it is especially unfortunate for this body to continually attempt to write legislative provisions into appropriations bills. Policy and guidance to the executive should be reserved for authorization measures. The National Highway Traffic Safety Administration authorization, H.R. 2585, will be before the House in the near future. Nothing will prevent the orderly consideration of this issue. Appropriations bills are simply not the proper vehicle to resolve these questions, as such action summarily forecloses the authorizing committees from working their will.

But if we must confront this amendment today, there are two additional compelling reasons for rejecting it.

The Congress should not tell the automobile manufacturers how to build their cars. The Dingell-Broyhill amendment does not prevent regulations requiring the implementation of a passive restraint system. It bars all systems other than a belt system. We are therefore ordering an industry to meet certain standards in a certain way—instructing the auto makers precisely how and what to build, regardless of whether it is the cheapest or most effective.

This is a most dangerous precedent.

The National Highway Traffic Safety Administration, which has the most expertise in these matters, deliberately avoided telling Detroit what to build to protect the lives of everyone who travels by car.

NHTSA simply said: a passive restraint system—which is a performance standard—must be built into all cars by 1984. The Dingell-Broyhill amendment, by barring all but a belt system, is a design standard, and as such, goes far beyond the scope of mandates by Congress to industry to meet health and safety requirements.

But if we must address the merits of the airbag itself, then there really is no question of whether or not we should have them. A review of the need, industry action, performance, costs, and benefits demonstrates conclusively that airbags are effective, reliable and, most importantly, absolutely essential to saving lives.

NEED

In January through April 1979, there were 14,250 fatalities—an increase of 1,500, or nearly 11 percent, over last year. And last year, over 50,000 people died in traffic accidents—or 135 every day. And these statistics do not include injuries to survivors.

A substantial number of these fatalities are preventable—if people would use their seat belts. But, only 14 percent of all drivers wear them, and only 10 percent of those involved in serious crashes have them on.

INDUSTRY ACTION

Over $100 million has been invested by the motor vehicle industry in developing airbags over the last 10 years—the most for any safety standard ever. Development is continuing to perfect a system to protect occupants of all sizes seated in all positions.

PERFORMANCE

Over 100,000 Volkswagen Rabbits and 10,000 General Motors cars equipped with passive restraints have been sold since 1973. They have travelled over 700 million miles. They have reduced serious injuries and fatalities by 50 percent.

In frontal collisions—the most fatal accident—airbags are the most reliable safety system, reducing death and injuries better than any other device.

The Insurance Institute for Highway Safety recently documented for me their statistics reflecting the experience of 235 on-the-road crashes of airbag-equipped cars. The real-world data shows:

First, airbags reduced life-threatening injuries by 65 percent compared with unrestrained occupants in similar cars.

Second, the largest group of accidents with airbag equipped cars has occurred in Michigan—home of the auto manufacturers. Further, almost a quarter of the airbag accidents in Michigan involved employees or families of employees of the automobile manufacturers, dealers, and other auto-related businesses. The commitment of the people of Michigan to the airbag would seem to document the effectiveness of this safety device.

Third, airbag performance is not affected by temperature. And airbags operate just as effectively in older as well as newer cars.

Overall, airbags have proved especially reliable. None have failed to inflate in front-end collisons. There have only been 3 instances when an airbag went off by itself, and there was never any loss of control over the car.

BENEFITS

Automatic passive restraints will save 9,000 lives, and prevent 65,000 injuries, each year.

Last year, in my State of California, 2,289 people lost their lives in automobile crashes. If our cars had been equipped with airbags, 876 of these deaths could have been prevented. Over the past 4 years, just in California, nearly 2,900 lives, of the 7,850 which were lost, could have been saved.

The dollar savings are also impressive. The cost of auto accidents is a staggering $48 billion each year. Automatic crash protection will reduce this economic loss by $4.65 billion per year. As these systems will cost $1.3 billion, the net benefit will be approximately $3.3 billion per year in accident and death costs.

As a result of these savings, insurance premiums will be reduced substantially—at least $40 per insured vehicle per year.

DIRECT COSTS

The cost per car of manufacture will be between $170 and $210—as estimated by GAO and NHTSA. Last year, on the House floor, the gentleman from Michigan, (Mr. DINGELL) placed the cost at between $197 and $250—which I still believe is a very modest expenditure considering the lives at stake.

The point is that these figures reflect initial per-car construction costs. As all cars are equipped, and as production of airbags is automated, the price per car can be expected to decrease significantly.

Indeed, the figures I have been quoting may be high. The president of General Motors, Mr. E. M. Estes, has stated that the cost to the public of meeting all Federal safety standards—not just passive restraints—through 1985 will be $115 per car.

I have carefully reviewed the arguments made by the supporters of this amendment—and they are wanting.

Airbags will save 9,000 lives per year, and prevent 65,000 injuries.

The cost is not excessive.

Insurance premiums will come down as more and more cars are equipped with airbags.

Billions of dollars will be saved.

Supporters of this amendment rely heavily on a controversial report from the General Accounting Office. And what that report calls for in no way undermines the basic necessity or efficacy of this safety standard.

The GAO did not conclude that the standard should be changed in any way.

GAO endorsed a better evaluation plan for this standard. I believe DOT will implement one.

GAO believes there should be more testing, especially for those not seated normally. The auto makers are presently conducting such tests.

GAO recommends further testing of the gas, sodium azide, which is used to inflate the airbags. It is enclosed in a cannister. No one breathes it. It is not a carcinogen. All concerned are working on the safest possible method of disposing it.

Mr. Chairman, what we are talking about here is saving lives.

We can halve the number of serious injuries, and fatalities on our highways.

Airbags can, each year, save the numbers which would be killed should 30 jumbo jets crash. After one terrible accident, last May, we grounded an entire fleet. To prevent a tragedy 30 times greater, should we not require the installation of a proven, effective, and reliable safety device?

I urge my colleagues to reject this amendment.

● Mr. MARKS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan. The critical issue we are addressing here today if freedom of choice. Mr. DINGELL would effectively stop the auto manufacturers from choosing which kind of automatic crash protection to put in cars, and thus ultimately the car buyer would have no choice either. The 1977 automatic crash protection standard is a performance standard: It gives the automakers the choice of any means, including passive belts or airbags, to meet the crash protection requirements. It is not an airbag mandate. Mr. DINGELL's amendment is a backdoor attempt to turn this performance into a design standard. We should let the automakers decide which technology is best for different kinds of cars.

DOT should stay out of the business of designing cars and so should the Congress. Some auto buyers will like the passive belts; others will prefer airbags. If the DOT standard goes into effect in 1982, consumers will be able to choose cars with the type of safety equipment they want.

The case has been made for passive restraints. By the most conservative estimates, automatic crash protection will save 9,000 lives a year and 65,000 serious injuries once the standard is in effect. With a record 58,000 people dying in auto accidents last year, the time has come to give a vote of confidence to lifesaving devices like passive belts and airbags.

These stark accident figures make the case for passive restraints. But in addition, this safety equipment is cost-efficient. The insurance industry estimates that premiums will be $30 to $50 less once the DOT standard is in effect, which, over a few years, will more than cover the additional cost passive restraints will add to the car. In fact, right now most large insurance companies offer a 30 percent discount on the medical portion of their policies for cars with automatic crash protection. They are not offering this discount for any altruistic reason. They are doing it because they have had much better claims-experience on cars with air bags and passive belts. Fewer people are filing claims due to death and serious injury on the several thousand cars which presently have passive restraints—this is real world experience that cannot be refuted.

Even though this insurance savings is available, not one company presently offers airbags as an option. An auto buyer cannot buy an airbag today unless he can find one of the used GM cars with one. But airbags and passive belts are essential safety equipment just like headlights, rear view mirrors and safety glass.

According to the Gallup poll, the public is in favor of airbags. Although the public is understandably upset about the cost of ineffective regulation, in survey after survey it supports auto safety rules. Just last March, a Harris poll found that Americans think that auto safety is the most important transportation problem facing the Nation and that the Government should spend more money on it.

There have been many last minute charges and counter charges made in this debate. The article in the Post last month describes some of them. One is whether airbags can protect children who are out of position at the time of the crash. The strongest evidence on this point is what has happened to children who have actually been in crashes in cars with airbags. For example, 8-year-old Yvonne Frazier was in a serious crash with her grandmother and her brother. Neither of the children were seated properly, but both were saved from death or crippling injury by the airbag. When asked how it felt when the airbag inflated, Yvonne answered, "Like a pillow fight." This little girl would probably not have been on Capitol Hill to tell her story were it not for automatic crash protection.

We should reject an amendment which may force the American public to only use belt systems. The consumer should be given the choice of choosing a car with passive belts, airbags, or any other technology that the automakers develop. We should have some diversity in the technologies available—belts for some, airbags for others—and not straitjacket Detroit and the public by ruling out safety options. On this important auto safety vote we ought to think of the lives of our constituents. By supporting the automatic crash protection, we can stop avoidable death on the highways.●

● Mr. WOLFF. Mr. Chairman, I rise in opposition to the proposed amendment offered by my distinguished colleague from Michigan. I believe it would be a grave mistake to halt the funding for the implementation and enforcement of the motor vehicle standard which mandates airbags in automobiles.

During the 1960's and 1970's, the United States made tremendous strides in automobile safety. Unfortunately, however, thousands of Americans continue to die tragically on the highways. In fact, more Americans die each year in auto accidents than were killed during the entire war in Vietnam. We stopped the war. It is time that we put an end to these needless traffic deaths.

The airbag is not cheap—it is estimated that each bag will cost the consumer $200. But, the money will be well spent, because the airbag is an option that will save lives. It will cost less than an AM/FM radio or a vinyl roof.

In addition, the airbag should pay for itself over a 4-year period. According to insurance companies, the airbag will reduce insurance premiums by approximately 30 percent—close to $50 a year for the average policyholder.

The airbag is supported by both industry and consumer organizations. I have received many letters and telegrams from my constituents in support of the airbag. Insurance companies are in favor of the airbag, and engineers at the auto companies who work with the airbag are for the airbag. Only the auto executives, and their representatives in Congress, are in favor of blocking this technological advance from the American public.

The United States is switching to small, fuel-efficient cars. We are no longer surrounded by 3 tons of steel when we drive. Consequently, we must be more careful to guard our own lives. Over the past year, death tolls from automobile fatalities have risen to over 50,000 for the first time in 5 years. We must support the airbag as one way to stop this tragic climb.●

● Mr. McKAY. Mr. Chairman, I would like to rise in opposition to the amendment from the gentleman from Michigan to the DOT appropriations bill. We have been told by supporters of that amendment that the DOT's standard requiring automatic crash protection is an "airbag mandate." They have further claimed that the technology for air bags is unproven and needs additional research.

Neither claim is accurate. The General Accounting Office report on passive restraints says that General Motors, the largest car maker in the country intends to put airbags in only 10 percent of its production in the early 1980's.

It should be clear that most cars sold in the United States under this standard will have automatic belts at least in the early years until consumers express their preference for one or the other type of restraint system in the marketplace. It appears that the automobile companies want to introduce airbags in the same manner they introduced automatic transmissions, power steering and brakes, and air conditioning; slowly at first, with major production coming later as they build their market.

But this does not mean that airbags are not a proven technology. They have been produced for sale to the public and those that have been operated for more than 700 million miles have performed very well in service.

If airbags become widely accepted, our citizens will be able to enjoy yet another of the fruits of the Nation's aerospace programs in that the technologies used for the inflators and the electronics, came from the companies that have been leaders in aerospace technology. The result may someday save your life.

I have looked at the record of the companies that will produce automatic crash protection systems for the American public. I have concluded that the Department of Transportation was correct in its determination that this technology is ready to be used to save lives on our highways. We should let the marketplace be its ultimate judge. I recommend that the House defeat the Dingell amendment.●

● Mr. ECKHARDT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The Dingell amendment is intended to be a prohibition on the use of any funds by the DOT for the enforcement of the airbag portion of the passive restraint standard.

As a preliminary matter but a very important one, an appropriations bill is not the place to offer an amendment such as this. The amendment that Mr. DINGELL offers does not have any effect on the amount of money appropriated to the agency, since there is no line item for airbags. It merely serves as a statement of the philosophical stand of some Members of Congress on a single technical issue. Nor does the amendment have any effect on the passive restraint rule, since it merely prohibits enforcement of a portion of a rule that is not even in effect until 1982.

In my opinion, putting ineffective amendments such as this on appropriations bills only serves to place serious burdens on the House process. At an opportune time, I plan to offer an amendment to the rules of the House to prohibit this type of burdensome activity, and to leave such amendments only to the authorizing process where it is more correct.

As to the substance of this amendment being offered by Mr. DINGELL, you might ask why a Member as astute as my colleague from Michigan would try to get an amendment accepted which has no legislative effect.

He has not been known to offer amendments that have no purpose, and this one has the purpose, I am afraid, to set a precedent so that the rule itself, or at least the airbag portion of it, can eventually be overturned when the "right" legislative vehicle comes along. Examination of last year's debate will prove that point.

As I pointed out in the "Dear Colleague" that the distinguished minority leader, JOHN RHODES and I sent out recently, the result of an overturn of the airbag portion of the standard would do away with any need of the car makers to compete on the basis of whatever turns out to be the superior technology. It also deprives the consumer of a choice of the system that suits him best. The Congress told the agency in the Safety Act that we did not want them in the business of designing cars, but the gentleman from Michigan would have the Congress itself designing cars if he would have us prohibit use of an effective and available technology. As a matter of fact, the amendment goes further than that and prohibits all technical development other than seatbelts.

The other reason I oppose the Dingell amendment is that I personally think that airbags work, are a very good system for saving lives and preventing injuries, and should be available to people who want to buy them. In 1977, when this rule was first promulgated, it came to the House and Senate for congressional review as provided in the Safety Act. I was then chairman of the Consumer Protection and Finance Subcommittee, the subcommittee that reviewed the passive restraint standard, and I was very much impressed with both the automatic belts and the airbags which are permitted under this standard. They serve different functions and different types of people. Some people, for instance, like to wear belts because they feel held in place for quick maneuvering. Others may want the freedom of not being restrained but having the protection available to them when it is needed. The airbag can fit that need.

As I said, my subcommittee reviewed the standard in great detail and, although not required to do so by the Rules of the House, reported the matter to the full committee with an extensive report and with a recommendation that the standard be upheld. The committee did so after extensive debate, and I recommend that the policy be continued.

In 1977, we found that airbags are the most thoroughly tested safety device ever, with over 10 years of laboratory testing and on-the-road experience. This year's report from the Congress' Office of Technology Assessment states, "technically, the system is extremely reliable."

We also found that the insurance savings will outweigh the costs of the system, even if you take into account the dollar rise in collision insurance to pay for the replacement of the airbag after a crash. And the monetary savings do not take into account the tremendous human benefits to individuals and their families from lessening pain, death, permanent disfigurement, and long hospital stays of crash victims; 9,000 additional lives saved per year and tens of thousands of serious injuries prevented is something to be reckoned with very seriously.

Now this year, attempts are made to raise new arguments against this proven and cost saving technological option. The gentleman from Michigan argues most strenuously the alleged danger of airbags to children. In essence, the argument is that because some experiments with pigs at one point resulted in 7 pig deaths, airbags are dangerous to children and the whole project should be abandoned—or, as the gentleman says, "further studied."

This argument stands the child safety issue on its head. The children the gentleman is talking about are those in most danger in a crash—those not sitting in normal positions. They are standing on or climbing over seats, leaping against the dashboard, sitting on armrests, and so forth. But an out-of-position child is by definition a totally unrestrained child—unprotected in any way from being thrown through the windshield, out a window or into the dashboard. More than 1,000 such children die every year right now, and many times that number are maimed every year.

By contrast, there have been 15 children involved in accidents in airbag cars. The bags have caused no deaths or maimings. Only one child was killed in these accidents, and that was not the fault of the airbag.

The testing that the gentleman from Michigan refers to was laboratory testing of the optimum way to fold an airbag so as to most gently push an out-of-position child back into his seat before the bag completes its inflation. The rule (at the companies' specific request in the rulemaking) allows an unprecedented 4 years before it even begins to take effect, precisely so that this kind of perfecting work can be done.

As GM was doing some testing of the various possibilities for airbag folding techniques earlier this year, they got a few dead pigs. Because of their program, there are no longer any dead pigs in their tests, and there are steadily fewer injuries. Furthermore, GM wrote to Mr. DINGELL on the subject of this testing, and indicated that it was proceeding normally. They did not ask him for any change or delay in the standard. And by the way, neither did the much-touted GAO report. It merely recommended more testing, which is exactly what is being done in the 4 years before the rule takes effect.

To make the argument the gentleman from Michigan advances is like suggesting we should refrain from developing the Salk vaccine because we are bound to get a few dead mice along the way.

Finally, Mr. Chairman, I must reemphasize that this rule is not a mandate for airbags—despite all the furor over the airbag technology, which may make it sound that way. The rule allows either bags or automatic belts, and keeping this option open allows consumers their choice of the system that suits them best.

To take an example, according to my latest information, standard 5-passenger cars will be offered generally with automatic seatbelts as the restraint system, with airbags as an option in some. Thus, if a consumer wanted the automatic belts, which cost only $25 or so more than present virtually unused belt systems, he could buy that and get good protection. On the other hand, if he wanted an airbag (and polls show that large numbers of consumers do) then he would have the choice to buy that system also. It does not seem to me that Congress has any business telling consumers what specific form of technology they should be prohibited from buying. The Congress should not be in the business of favoring one technology over another, but should let the market decide which one is better once it is shown (as it most certainly has been) that both are effective in reducing the high death tolls on our highways. Let the consumer decide which system is better for his needs. The Congress does not want to face groups of consumers a few years from now saying "I do not like being strapped into my car. I wanted an airbag and you told me I could not have one." If they want the airbag's effective protection, let them have it.

In sum, Mr. Chairman, I think the Congress should vote against the Dingell amendment. The proper role of Congress is to stay out of making technical judgments and out of limiting competition. Even if some of my colleagues have some doubts about whether the airbag will be quite as effective as the tests and road experience say it should be, should we not at least give the technology a try? Should we not let consumers give it a try if they want to? I would urge a no vote on the Dingell amendment.●

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Massachusetts (Mr. CONTE).

The preferential motion was rejected.

The CHAIRMAN. All debate on the amendment offered by the gentleman from Michigan (Mr. DINGELL) and all amendments thereto has expired.

PARLIAMENTARY INQUIRY

Mr. JOHN L. BURTON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JOHN L. BURTON. Mr. Chairman, I believe my name was on the list and I was not recognized.

The CHAIRMAN. All time has expired.

Mr. JOHN L. BURTON. How did my time get eaten up, if I may ask?

The CHAIRMAN. I will inform the gentleman that his time and that of several other Members on the list was consumed by the offering of the preferential motion by the gentleman from Massachusetts (Mr. CONTE).

The question is on the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. DINGELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 228, noes 185, answered "present" 1, not voting 20, as follows:

[Roll No. 476]

AYES—228

Abdnor
Albosta
Andrews, N.C.
Annunzio
Applegate
Archer
Ashbrook
Ashley
Aspin
Atkinson
Badham
Bafalis
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bereuter
Bethune
Bevill
Blanchard
Boner
Bonker
Bouquard
Bowen
Brinkley
Brodhead
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Corcoran
Cotter
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Davis, Mich.
de la Garza
Deckard
Derwinski
Devine
Dickinson
Diggs
Dingell
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fary
Fenwick
Findley
Flippo
Forsythe
Fountain
Frenzel
Frost
Fuqua
Gaydos
Gingrich
Ginn
Glickman
Goldwater
Goodling
Gradison
Gramm
Grassley
Grisham
Guarini
Gudger
Guyer
Hall, Tex.
Hammerschmidt
Hance
Hansen
Hefner
Heftel
Hightower
Hillis
Holland
Holt
Hopkins
Horton
Hubbard
Hughes
Hutto
Ichord
Ireland
Jacobs
Jeffries
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leath, Tex.
Lee
Levitas
Lewis
Livingston
Lloyd
Loeffler
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McDonald
McEwen
Marlenee
Martin
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Mollohan
Moore
Moorhead, Calif.
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Nedzi
Nichols
Pashayan
Patten
Paul
Petri
Price
Pursell
Quayle
Quillen
Railsback
Regula
Rinaldo
Ritter
Roberts
Robinson
Roe
Rostenkowski
Roth
Royer
Rudd
Runnels
Russo
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Nebr.
Snyder
Solomon
Spence
Stangeland
Stanton
Steed
Stenholm
Stockman
Stump
Symms
Synar
Taylor
Thomas
Thompson
Traxler
Vander Jagt
Vento
Volkmer
Walker
Wampler
Watkins
Weaver
White
Whitehurst
Whitley
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wright
Wyatt
Young, Alaska
Young, Fla.
Zablocki

NOES—185

Addabbo
Akaka
Alexander
Ambro
Anderson, Calif.
Andrews, N. Dak.
AuCoin
Bailey
Baldus
Barnes
Bedell
Beilenson
Benjamin
Biaggi
Bingham
Boggs
Boland
Bolling
Bonior
Brademas
Breaux
Brown, Calif.
Burton, John
Burton, Phillip
Chisholm
Clay
Coelho
Conte
Conyers
Coughlin
Danielson
Daschle
Dellums
Derrick
Dicks
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Erdahl
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Florio
Foley
Ford, Tenn.
Fowler
Garcia
Gephardt
Giaimo
Gibbons
Gilman
Gonzalez
Gore
Gray
Green
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Harsha
Heckler
Hinson
Holtzman
Howard
Huckaby
Hyde
Jeffords
Jenkins
Jenrette
Johnson, Calif.
Kastenmeier
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Leland
Lent
Long, La.
Long, Md.
Lowry
McCormack
McDade
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marriott
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Montgomery
Mottl
Natcher
Neal
Nelson
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Perkins
Peyser
Pickle
Preyer
Pritchard
Rahall
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rodino
Roybal
Sabo
Santini
Scheuer
Schroeder
Seiberling
Shannon
Simon
Smith, Iowa
Snowe
Solarz
Spellman
St Germain
Stack
Staggers
Stark
Stewart
Stokes
Stratton
Studds
Swift
Tauke
Trible
Udall
Ullman
Van Deerlin
Vanik
Walgren
Waxman
Weiss
Whitten
Williams, Mont.
Wirth
Wolff
Wolpe
Wydler
Wylie
Yates
Yatron
Young, Mo.
Zeferetti

ANSWERED "PRESENT"—1

Lehman

NOT VOTING—20

Anderson, Ill.
Anthony
Carter
Corman
Davis, S.C.
Evans, Ga.
Flood
Ford, Mich.
Hagedorn
Hawkins
Hollenbeck
Leach, La.
Lott
Murphy, Ill.
Pepper
Rose
Rosenthal
Rousselot
Treen
Winn

☐ 1410

The Clerk announced the following pairs:

On this vote:

Mr. Ford of Michigan for, with Mr. Murphy of Illinois against.

Mr. Anthony for, with Mr. Hawkins against.

Mr. Leach of Louisiana for, with Mr. Corman against.

Mr. Carter for, with Mr. Pepper against.

Messrs. MYERS of Pennsylvania, RITTER, ICHORD, and HANSEN changed their votes from "no" to "aye."

Mr. AKAKA and Mr. DORNAN changed their votes from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. BAUMAN

Mr. BAUMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BAUMAN: On page 33, after line 21, add the following new section:

"SEC. 318. None of the funds appropriated in this Act for the Panama Canal Commission may be expended unless in conformance with the Panaua Canal Treaties of 1977 and any law implementing those treaties."

☐ 1420

Mr. BAUMAN. Mr. Chairman, this amendment has been submitted to both the chairman of the Subcommittee on Transportation of the Committee on Appropriations and the minority leader of that subcommittee. It grows out of an abundance of caution that the funds for the operation of the Panama Canal be tied together with the implementing legislation which will be considered later this week in both Houses of the Congress.

That legislation contains a number of restrictions on the manner in which the funds will be expended, and since this pending appropriation bill was reported in May and the implementing legislation has now taken final form, this ties the two pieces of legislation together.

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. Mr. Chairman, the appropriation we have in this bill for the Panama Canal was drafted in accordance with the provisions of the bill which the gentleman from New York and the gentleman from Maryland have debated on this floor for many hours, and we are prepared to accept the amendment on the majority side.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, the gentleman from Maryland (Mr. BAUMAN) spoke to me before he offered this amendment, and I see no objection at all to the amendment.

Mr. BAUMAN. Mr. Chairman, I thank the gentleman, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. BAUMAN).

The amendment was agreed to.

● Mr. CORRADA. Mr. Chairman, I rise in support of the amendments offered by my colleague JAMES J. HOWARD, chairman of the House Subcommittee on Surface Transportation, House Committee on Public Works and Transportation, to H.R. 4440.

I want to commend the Committee on Appropriations for the efforts placed in appropriating adequate sums to finance the most urgently needed, highest priority requirements of the Department of Transportation and related agencies during fiscal year 1980. In fact the committee has responded in a responsible manner to our transportation needs in a period of inflation. However, there are still some programs that are considered important and that need adequate appropriations of funds. Among them is the one known as the carpool/vanpool program. The modest amount of $4 million proposed by the gentleman from New Jersey for this program is necessary to save energy by reducing excess capacity in normal automobile travel. I support it.

Another important program is the 55-mile-per-hour enforcement effort.

The amendment proposed by the gentleman is also intended to address both energy conservation and safety. The amount of $20 million may sound high but in fact it is not. The impact that this program intends to have is not measurable immediately but with proper enforcement this is a simple and effective energy conservation tool and we will be able to realize that this amount was worth its investment. The enforcement of the 55-mile-per-hour limit so far has proved to be a necessary and important program and I support it.

In relation to the amendments proposed by my colleague for the safer off-system roads, I am inclined to support it but I will prefer that the amount of money appropriated for it be at the level recommended by our colleague BILL ALEXANDER. That is, instead of appropriating $40 million, we should appropriate $120 million. This is a more realistic figure having in mind the importance of this program. I also believe that the intercity bus subsidy as well as the bus terminal programs should be funded at the levels that Mr. ALEXANDER has in mind. That is, $15 million and $20 million accordingly, not the $10 million and $15 million that Mr. HOWARD believes should be appropriated.

I also support and endorse the amendments of Mr. HOWARD regarding the highway beautification program, the safety and information program, the innovative safety grants program and the transportation research centers.

These are all important programs and I do not believe that by appropriating the modest amounts recommended by Mr. HOWARD we will be helping to increase the rate of inflation.

To conclude, I also support and endorse the mass transit capital and the mass transit operating assistance programs. The funding of these programs will be helpful in supplying the capital necessary for increased mass transit ridership and to offset the new demand for public transit ridership respectively.

All of the programs intended to be benefited by Mr. HOWARD's amendments could be classified by some as desirable rather than essential. I am of the opinion that they are essential since they are all an integral part of our national effort to improve our transportation system.

I urge you to vote for it.

Mr. Chairman, I also rise in support of the amendments offered to H.R. 4440 by the gentleman from Arkansas to wit:

First, an increase to the intercity bus subsidy from the zero the committee recommends to $15 million;

Second, an increase to the bus terminal development program from the zero the committee recommends to $20 million; and

Third, to increase the funding for the safer off-system road program—better known as SOS—from the $35 million, the committee recommends to $120 million.

These amendments, as our colleague states, undoubtedly attempt at least a redress of injustices proposed for those living in midsized cities, small towns and rural communities in countryside areas. These amendments, if adopted, would maintain the bill still below the President's budget request and the first concurrent resolution level for transportation.

In particular, I have a great concern and interest in the SOS program, which was designed to make existing mileage safer, not to expand the road system.

This program should be preserved and properly funded. Austerity, which is the prevailing mood in Congress and one of the concerns of the administration, has led us to believe that a reduction of expenditures and the elimination of some Federal programs is the best approach to solve the economic problems faced by this Nation. I do not have any objection to reductions or elimination of Federal programs where it becomes necessary. However, during the hearings held by the committee, considerable testimony was received on the importance of this particular program. There is a clear indication that the need for Federal assistance is present and necessary and that the SOS program should be preserved. When the committee says that $35 million will enable the States to proceed with the most urgently needed high priority safety improvements of system roads in our Nation, it is saying that a drop in the bucket will fill it to the rim. We are talking of a program that provides assistance to three quarters of our Nation's highway network at a time when many safety improvements are urgently needed.

The amendments offered by Mr. ALEXANDER are realistic and meaningful. Local road safety is essentially a local responsibility. I am not quarreling with the fact nor saying that the Federal Government should assume the total responsibility for the safety of those roads. What I am saying is that we have a responsibility in giving meaningful assistance to the States in order to supplement their efforts in keeping their local roads safe which in last resort are the backbone of our main road system.

I urge you to support and vote for these amendments.

Thank you.●

● Ms. HOLTZMAN. Mr. Chairman, I have long urged full funding for our mass transit programs, yet this transportation appropriation is $125 million below the authorized amount. At a time when oil imports are extracting a heavy toll on our economy and are threatening our very political independence it is dismaying to find that we are unwilling to provide full funding for mass transit programs. I intended to offer an amendment to add an additional $125 million for mass transit, to this bill, but did not do so because of its slim chance of passage.

Improving mass transit can have a dramatic impact on our oil shortage. Approximately half of the oil used in America is imported. The automobile uses 25 percent of all the oil we consume, which is 50 percent of all the oil we import. There is no other sector of our economy in which we can have a more immediate and dramatic impact on oil imports than reducing our dependence on the automobile.

Despite the obvious need for effective and efficient mass transit our mass transit systems are not only inadequate but are struggling to survive under skyrocketing inflation. The Consumer Price Index has increased 56 percent in 6 years, the cost of new buses has increased by 156 percent and the cost of diesel fuel has increased 231 percent. At the same time the revenue earned from transit fares increased by only 25 percent. Operating expenses for mass transit have more than doubled, from $2.2 billion in 1972 to $4.8 billion in 1978. Increased operating and capital funds are crucial just to offset inflation. But more is required. New systems must be built; older systems require rehabilitation. As buses become obsolete we will be forced to increase the number of buses purchasesd from 3,000 a year to 10,000 to keep up with increasing demands.

Mass transit is much more efficient than private cars. For example, approximately 410,000 Btu are required to move 200 people 10 miles in two subway cars, while 13 million Btu, or 311 times as much energy, are needed to move the same 200 people 10 miles by car. (This was calculated using the national average of 1.3 commuters per car). That there also is a direct correlation between availability of mass transit and the amount of gasoline consumed. People living in Manhattan, with its efficient mass transit system, purchase 4.4 gallons a week, while the average driver in Houston, a city with limited public transportation, purchases 16 gallons each week.

We need to continue to expand our mass transit. But at the moment we still face the threat that mass transit will be priced out of the reach of many of the people it should serve. Operating subsidies are absolutely vital to attract and keep the ridership needed to make a dent in our dependence on foreign oil.

Even though the House adopted an amendment adding $30 million for mass transit much more remains to be done. The amendment would not even cover increased operating costs resulting from inflation. It is imperative that we drop our antimass transit attitudes and act to protect all Americans from dependence on OPEC.●

Mr. DUNCAN of Oregon. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee, rose; and the Speaker pro tempore (Mr. ROSTENKOWSKI) having assumed the chair, Mr. STUDDS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4440) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HANSEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 335, nays 71, not voting 28, as follows:

[Roll No. 477]

YEAS—335

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Applegate
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Conable
Conte
Corcoran
Cotter
Coughlin
D'Amours
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Derrick
Dickinson
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Erlenborn
Ertel
Evans, Del.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fowler
Frost
Fuqua
Garcia
Gaydos
Giaimo
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Gore
Gradison
Gramm
Grassley
Gray
Green
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
Kostmayer
LaFalce
Latta
Leach, Iowa
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Luken
Lundine
McClory
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Markey
Marks
Marlenee
Marriott
Mathis
Matsui
Mavroules
Mazzoli
Mica
Michel
Mikulski
Mikva
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Perkins
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rostenkowski
Roybal
Royer
Russo
Sabo
Santini
Sawyer
Scheuer
Schulze
Sebelius
Seiberling
Shannon
Sharp
Shelby
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Spellman
St Germain
Stack
Staggers
Stanton
Stark
Steed
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Walgren
Wampler
Watkins
Waxman
Weiss
White
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolff
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti
Stump
Symms
Tauke
Volkmer
Walker
Weaver
Whitehurst
Wirth
Wylie

NAYS—71

Archer
Ashbrook
Badham
Bauman
Broyhill
Cheney
Collins, Tex.
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Deckard
Derwinski
Devine
Dicks
Downey
Edwards, Okla.
Erdahl
Evans, Ind.
Fenwick
Fountain
Gephardt
Gooding
Grisham
Hansen
Holt
Hughes
Ichord
Jeffries
Jones, Okla.
Kelly
Kindness
Kramer
Lagomarsino
Lungren
McDonald
Maguire
Martin
Mattox
Miller, Ohio
Moffett
Moore
Moorhead, Calif.
Mottl
Pashayan
Paul
Pease
Petri
Quillen
Roth
Rudd
Runnels
Satterfield
Schroeder
Sensenbrenner
Shumway
Solomon
Spence
Stangeland
Stockman

NOT VOTING—28

Anderson, Ill.
Anthony
Carter
Collins, Ill.
Conyers
Corman
Dellums
Evans, Ga.
Flood
Ford, Mich.
Frenzel
Gibbons
Goldwater
Hagedorn
Holland
Hollenbeck
Leach, La.
Lott
Miller, Calif.
Mitchell, Md.
Murphy, Ill.
Pepper
Rose
Rosenthal
Rousselot
Stewart
Treen
Winn

☐ 1430

The Clerk announced the following pairs:

Mr. Anthony with Mr. Rousselot.

Mr. Ford of Michigan with Mr. Winn.

Mr. Leach of Louisiana with Mr. Hollenbeck.

Mr. Mitchell of Maryland with Mr. Lott.

Mr. Murphy of Illinois with Mr. Goldwater.

Mr. Pepper with Mr. Hagedorn.

Mr. Rosenthal with Mr. Frenzel.

Mr. Rose with Mr. Carter.

Mr. Gibbons with Mr. Holland.

Mrs. Collins of Illinois with Mr. Miller of California.

Mr. Conyers with Mr. Stewart.

Mr. Corman with Mr. Anderson of Illinois.

Mr. Evans of Georgia with Mr. Dellums.

Messrs. PEASE, GOODLING, ASHBROOK, FOUNTAIN, and KRAMER changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

☐ 1440

GENERAL LEAVE

Mr. DUNCAN of Oregon. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4440, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1979

Mr. BINGHAM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4034) to provide for continuation of authority to regulate exports, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. BINGHAM).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4034, with Mr. DANIELSON (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Tuesday, September 11, 1979, the Clerk had read through line 6, on page 40.

Are there any further amendments to section 104?

Mr. BINGHAM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we have a little over 4 hours to complete consideration of this important legislation.

It really is imperative that we finish consideration of this bill today. The law that we are extending by this legislation expires the end of this month. If we do not extend this, there will be no export controls. I think we can do the job in the next 4¼ hours if the Members will exercise some degree of restraint. There may be some amendments that they may be willing to forego offering and simply offer them in a pro forma way. I will seek time limitations on certain amendments I have discussed with the proponents and the principal objectors. It should be possible to allow reasonable discussion of the major amendments.

So, I do plead with the Members to cooperate. I think it is in the interest of all of us that we finish this legislation by 7 o'clock. We have been on it now for a number of days at different times. We have been shunted aside for what appeared to be more urgent legislation.

Now, I think we do have the opportunity to finish up in a businesslike and restrained way.

I would also appeal to the Members not to call for record votes unless it seems really essential to do so.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman from California, the ranking minority member on the subcommittee.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

I want to join him in his plea to the committee. I think that we have done good work on the bill so far, and although there obviously should be time for a reasonable debate of the remaining amendments, some of which are very important, I think that we can finish by 7 o'clock if some restraint is used.

I commend the gentleman for his comments.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I would be glad to yield to the gentleman from Connecticut.

Mr. McKINNEY. I thank the gentleman for yielding.

I would just like to applaud the chairman for his remarks and state that I do not think in my entire history in this House of 9 years have I ever voted to restrain debate or time, but the chairman makes a very good argument.

This is an authorization about to expire.

Most of the issues we are going to discuss have been discussed at length many times and voted on many times. I would hope that the House would respect the chairman's hard work and effort and that we would try and get on with the business of the House and get this bill passed.

The CHAIRMAN pro tempore. Are there further amendments to section 104? If not, the Clerk will read section 105.

The Clerk read as follows:

SHORT SUPPLY LICENSE ALLOCATION

SEC. 105. Section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended in subsection (b) by adding the following at the end of paragraph (1): "Such factors shall include the extent to which a country engages in equitable trade practices with respect to United States goods and treats the United States equitably in times of short supply.".

The CHAIRMAN. Are there any amendments to section 105?

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

At this point I was going to offer two amendments, one providing for the Department of Commerce to establish its own time limits on consideration of license applications rather than retaining those suspense dates in the bill and the other to give Cocom the same flexibility in its consideration of license applications that Commerce has.

In the interest of time, I will not offer my two amendments, but I do wish to call to the attention of my colleagues my concern that in an effort to expedite the process we do not end up raising the hopes of business only to have them further frustrated when dealing with the actual implementation of this legislation. I believe the record should at least show that in such a complex and important issue as national security controls, allowance should be made for flexibility in dealing with both the concerns of those who wish to insure our national security and at the same time provide American business the opportunity to have more certainty brought to the export licensing process.

Perhaps some of my concerns can be taken care of in the conference committee.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the gentleman for yielding.

I want to thank the gentleman for his restraint, which I hope others will emulate in not offering their amendments.

I would like to say that as I have discussed with the gentleman, I do intend that at the appropriate time to propose an amendment to the effective date section of the statute to give the administration 9 months in which to get organized to put in effect the set of deadlines that we propose in the legislation. It is something that may take them some time. They are doing it administratively, but it does seem wise that they should not have the impact of the law for a few months until they can get organized to do it.

I will be proposing that amendment as we get to the end of the bill where we deal with the effective date of the law.

Mr. LAGOMARSINO. I certainly will support the gentleman's amendment when he offers it.

The CHAIRMAN pro tempore. Are there further amendments to section 105? If not, the Clerk will read section 106.

The Clerk read as follows:

MONITORING OF EXPORTS

SEC. 106. Section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended by amending paragraph (1) of subsection (c) to read as follows:

"(c)(1) To effectuate the policy set forth in section 3(2)(C) of this Act, the Secretary shall monitor exports, and contracts for exports, of any good (other than a commodity which is subject to the reporting requirements of section 812 of the Agricultural Act of 1970) when the volume of such exports in relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage, and such price increase, or shortage has, or may have, a serious adverse impact on the economy or any sector thereof. Any such monitoring shall commence at a time adequate to assure that the monitoring will result in a data base sufficient to enable policies to be developed, in accordance with section 3(2)(C) of this Act, to mitigate a short supply situation or serious inflationary price rise or, if export controls are needed, to permit imposition of such controls in a timely manner. Information which the Secretary requires to be furnished in effecting such monitoring shall be confidential, except as provided in paragraph (2) of this subsection.".

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 106 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there any amendments to section 106? If not, the Clerk will read section 107.

The Clerk read as follows:

DOMESTIC CRUDE OIL

SEC. 107. Subsection (1) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104(a) of this Act, is amended—

(1) in paragraph (1)—

(A) by striking out clause (A) and inserting in lieu thereof the following: "(A) is exported to the territory of an adjacent foreign state to be refined and consumed therein in exchange for the same quantity of crude oil being exported from that country to the United States, such exchange achieving, through convenience or increased efficiency of transportation, lower oil prices described in paragraph (2)(A)(ii) of this subsection for consumers in the United States, or", and

(B) by striking out "during the 2-year period beginning on the date of enactment of this subsection"; and

(2) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) Crude oil subject to the prohibition contained in paragraph (1) may be exported only if—

"(A) the President makes and publishes express findings that exports of such crude oil, including exchanges—

"(i) will not diminish the total quantity or quality of petroleum refined within, stored within, or legally committed to be transported to and sold within the United States;

"(ii) will, within three months following the initiation of such exports or exchanges, result in (I) acquisition costs to the refineries which purchase the imported crude oil being lower than the acquisition costs such refiners would have to pay for the domestically produced oil which is exported, and (II) commensurately reduced wholesale and retail prices of products refined from such imported crude oil;

"(iii) will be made only pursuant to contracts which may be terminated if the crude oil supplies of the United States are interrupted, threatened, or diminished;

"(iv) are clearly necessary to protect the national interest; and

"(v) are in accordance with the provisions of this Act; and

"(B) the President reports such findings to the Congress and the Congress, within sixty days thereafter, passes a concurrent resolution approving such exports on the basis of the findings.

Findings of lower costs and prices described in subparagraph (A)(ii) should be audited and verified by the General Accounting Office at least semiannually.

"(3) Notwithstanding any other provision of this section and notwithstanding subsection (u) of section 28 of the Mineral Leasing Act of 1920, the President may export oil otherwise subject to this subsection to any nation pursuant to a bilateral international oil supply agreement entered into by the United States with such nation before May 1, 1979.".

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 107 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

□ 1450

The CHAIRMAN. Are there amendments to section 107?

There being none, the Clerk will read section 108.

The Clerk read as follows:

UGANDA

SEC. 108. Section 7 of the Export Administration Act of 1969, as redesignated by section 104 of this Act, is amended by repealing subsection (m), as added by section 5(d) of the Act of October 10, 1978 (Public Law 95–435).

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to engage in a colloquy with the chairman of the subcommittee.

Mr. Chairman, the President in his energy speech, stated that when "this Nation critically needs a refinery * * * we will build it." On the west coast we critically need new refineries to process the heavy Alaskan crude oil now being shipped at high cost past California to the gulf coast for refining.

Because of the shortage of west coast refining capacity, I am particularly interested in assuring the prompt completion of a new 150,000-barrel-a-day refinery planned by the Alaska Petrochemical Co. (ALPETCO). This facility, to be located in Valdez, Alaska, at a cost of $1.8 billion, will use the latest technology to produce a maximum amount of light petroleum products. This refinery will market 75,000 barrels of unleaded gasoline in California, along with jet and diesel fuels.

Like all priority energy products, this refinery is faced with burdensome Federal regulations, permits, licenses and other time-consuming requirements. One area of Federal control directly affecting this project is established by the legislation before us today. To maximize the production of gasoline and fuels, the ALPETCO refinery will produce a low-octane naphtha, which has no readily available or economically feasible domestic market. Under the provisions of this legislation, ALPETCO will require an export license to sell the naphtha abroad.

I worked with my colleagues to establish the intent that his legislation should not be interpreted by the Department of Commerce in a manner that could hinder prompt development of refineries. Specifically, pursuant to section 3(3)(c) of the Export Administration Act Amendments of 1979, the Department should draft regulations to permit the export of petrochemical feedstocks when necessary to new refinery development, and when there is no available domestic market. Additionally, in the interest of providing greater certainty to project planners, the committee intends that the Department should take into account the need for prior commitments regarding export licenses.

I believe the action by the committee is clearly consistent with the thrust of the President's new energy initiatives, and will act to expedite the construction of new refineries.

I understand that the chairman, Mr. BINGHAM, agrees with this interpretation of section 3(3)(c), which is also set forth in the committee report.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I will yield to the gentleman.

Mr. BINGHAM. The gentleman is correct. The gentleman from California has accurately stated the committee's intent with regard to the export of petrochemical feedstocks.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman.

Mr. YOUNG of Alaska. I want to compliment the gentleman for his fine statement and the chairman for agreeing with the statement. It is of very vital importance to the State of Alaska that the ALPETCO project take place in Valdez.

There has been the possibility of an impediment because of the inability of getting an export license with naphtha when there is no market locally. I would hope that the committee is not being misled by the Department in any way, shape or form and further down the road we find that there is still a delaying factor present. But I would say if the intent of the gentleman and the report are followed, I am sure that the project will get on its way. I again want to compliment the gentleman.

Mr. LAGOMARSINO. And I want to compliment the gentleman from Alaska. His leadership in this matter has been very helpful; if we can build this refinery it will produce needed gasoline particularly unleaded gasoline, for the west coast, it will also, of course, reduce the necessity of shipping Alaskan oil to other countries to the extent that it can be refined in our own country in the State of Alaska.

The CHAIRMAN. Are there further amendments to section 108?

There being none, the Clerk will read section 109.

The Clerk read as follows:

BARTER AGREEMENTS

SEC. 109. Section 7 of the Export Administration Act of 1969, as redesignated by section 104 of this Act, is amended by adding at the end thereof the following new subsection:

"(n)(1) The exportation pursuant to a barter agreement of any goods which may lawfully be exported from the United States, for any goods which may lawfully be imported into the United States, may be exempted, in accordance with paragraph (2) of this subsection, from any quantitative limitation on exports (other than any reporting requirement) imposed to carry out the policy set forth in section (3)(2)(C) of this Act, or imposed by the President under the International Emergency Economic Powers Act (50 U.S.C. App. 1701 et seq.) on account of a threat to the economy of the United States.

"(2) The Secretary shall grant an exemption under paragraph (1) if the Secretary finds, after consultation with the head of any appropriate agency of the United States, that—

"(A) for the period during which the barter agreement is to be performed—

"(i) the average annual quantity of the goods to be exported pursuant to the barter agreement will not be required to satisfy the average amount of such goods estimated to be required annually by the domestic economy and will be surplus thereto; and

"(ii) the average annual quantity of the goods to be imported will be less than the average amount of such goods estimated to be required annually to supplement domestic production; and

"(B) the parties to such barter agreement have demonstrated adequately that they intend, and have the capacity, to perform such barter agreement.

"(3) For purposes of this subsection, the term 'barter agreement' means any agreement which is made for the exchange, without monetary consideration, of any goods produced in the United States for any goods produced outside of the United States.

"(4) This subsection shall apply only with respect to barter agreements entered into after the effective date of the Export Administration Act Amendments of 1979.".

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that the section be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 44, insert the following section after line 2 and redesignate subsequent sections accordingly:

PETITIONS FOR MONITORING OR CONTROLS

SEC. 109. Section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d)(1)(A) Any entity, including a trade association, firm, or certified or recognized union or group of workers, which is representative of an industry or a substantial segment of an industry which processes metallic materials capable of being recycled with respect to which a serious inflationary impact resulting from an increase in domestic prices or a domestic shortage, either of which results from increased exports, has or may have a significant adverse effect on the national economy or any sector thereof, may transmit a written petition to the Secretary requesting the monitoring of exports, or the imposition of export controls, or both, with respect to such material, in order to carry out the policy set forth in section 3(2)(C) of this Act.

"(B) Each petition shall be in such form as the Secretary shall prescribe and shall contain information in support of the action requested. The petition shall include any information reasonably available to the petitioner indicating (1) that there has been a significant increase, in relation to a specific period of time, in exports of such material in relation to domestic supply and (2) that there has been a serious inflationary impact resulting from a significant increase in the price of such material which may be related to exports.

"(2) Within fifteen days after receipt of any petition described in paragraph (1), the Secretary shall publish a notice in the Federal Register. The notice shall (A) include the name of the material which is the subject of the petition, (B) include the Schedule B number of the material as set forth in the Statistical Classification of Domestic and Foreign Commodities Exported from the United States, (C) indicate whether the petitioner is requesting that controls or monitoring, or both, be imposed with respect to the exportation of such material, and (D) provide that interested persons shall have a period of thirty days commencing with the date of publication of such notice to submit to the Secretary written data, views, or arguments, with or without opportunity for oral presentation, with respect to the matter involved. At the request of the petitioner or any other described in paragraph (1)(A) with respect to the material which is the subject of the petition, or at the request of any entity representative of producers or exporters of such material, the Secretary shall conduct public hearings with respect to the subject of the petition, in which event the thirty-day period may be extended to forty-five days.

"(3) Within forty-five days after the end of the thirty of forty-five-day period described in paragraph (2), as the case may be, or within seventy-five days after the publication in the Federal Register, pursuant to paragraph (2), whichever occurs later, the Secretary shall—

"(A) determine whether to impose monitoring or controls, or both, on the exportation of such material, in order to carry out the policy set forth in section 3(2)(C) of this Act; and

"(B) publish in the Federal Register a detailed statement of the reasons for such determination.

"(4) Within fifteen days after making a determination under paragraph (3) to impose monitoring or controls on the exportation of a material, the Secretary shall publish in the Federal Register proposed regulations with respect to such monitoring or controls. Within thirty days following the publication of such proposed regulations, and after considering any public comments, the Secretary shall publish and implement final regulations.

"(5) For purposes of publishing notices in the Federal Register and scheduling public hearings, the Secretary may consolidate petitions, and responses thereto, which involve the same or related materials.

"(6) If a petition has been fully considered within the past six months under this section and a notice has been published with respect to a particular material or group of materials and in the absence of significantly changed circumstances, the Secretary shall have authority to determine that the petition for monitoring or control of such material does not merit the full consideration mandated under this section.

"(7) The procedures and time limits set forth in this subsection with respect to a petition filed under this subsection shall take precedence over any review undertaken at the initiative of the Secretary with respect to the same subject as that of the petition.

"(8) The Secretary may impose monitoring or controls on a temporary basis after a petition is filed under paragraph (1)(A) but before the Secretary makes a determination under paragraph (3) if the Secretary considers such action to be necessary to carry out the policy set forth in section 3(2)(C) of this Act.

"(9) The authority under this section shall not be construed to affect the authority of the Secretary under the other provision of this Act."

"(10) Nothing contained in this section shall be construed to preclude submission on a confidential basis to the Secretary of Commerce of information relevant to a decision to impose or remove monitoring or controls under the authority of this Act, nor consideration of such information by the Secretary in reaching decisions required under this section. The provisions of this subsection are not intended to change the applicability of section 552(b) of title 5, United States Code."

Page 58, line 23, strike out "(d),".

Page 58, line 24, strike out "(d)," after "(c)".

Page 59, line 3, strike out "and (h)" and insert in lieu thereof "(h), and (i)".

Mr. FINDLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Chairman, the amendment Mr. ZABLOCKI and I are offering to the Export Administration Act is nothing more than a "sunshine amendment." It sets up a procedure to allow users of recyclable metals to petition the Commerce Department for a hearing at which the users could present evidence of the need for relief under the law. This is not a protectionist amendment. It does not impose or call for export controls. It simply gives those who are hurting assurance that they can make their case in a formal hearing—something they are currently denied.

My amendment is much more limited than the "Buchanan amendment." The procedures in my amendment are more tightly drawn, and I have limited its scope to metallic materials capable of being recycled. The reason I have limited the scope of my amendment is that a number of groups, including producers of agricultural products, have expressed concern about the impact of the Buchanan amendment on their ability to export their products.

Here is how my amendment works: It adds a new section to the Export Administration Act permitting persons, companies, trade associations, or unions, representing a substantial segment of an industry, to file a written petition with the Secretary of Commerce requesting monitoring of exports or controls. The petition must show that, as a result of increased exports of recyclable metals, their industry is confronted with either a shortage or a serious inflationary impact resulting from an increase in the prices they must pay for the metal they use.

Within 15 days of receiving a petition, the Secretary of Commerce must publish a notice in the Federal Register. Within the next 45 days, hearings must be held if requested, and written submissions may be provided.

With the next 30 days, the Secretary of Commerce must decide whether to grant the relief requested and publish the decision in the Federal Register along with the reasons for the decision. That is all the amendment does. It brings the decisionmaking process out into the open from behind the closed doors of the Secretary of Commerce. These provisions are purely procedural in nature. They do not make any substantive changes in the Export Administration Act. They do, however, permit persons representing an industry seeking monitoring or export controls to be assured their request will be dealt with in an open, timely manner, rather than behind closed doors.

As the Export Administration Act now stands, the Commerce Department is not required to make a decision within any particular period of time, nor is it required to give its reasons for a favorable or unfavorable decision. It is not required to permit either proponents or opponents of a petition to argue their case in a public proceeding.

This amendment does not prejudge the outcome of petitions for monitoring of export controls. It simply brings the decisionmaking process into the sunshine, and assures that decisions will be made in a timely fashion. It does not add a significant new administrative burden to the Department of Commerce.

In summary:

First. This amendment is a "sunshine" provision—it brings the Government decisionmaking process into the open.

Second. It is procedural in nature—it does not prejudge or influence the ultimate decision.

Those who were concerned about the broad scope of the Buchanan amendment should support this very limited amendment, because it applies only to metallic materials capable of being recycled.

□ 1500

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the amendment.

This is basically a procedural amendment, aimed at insuring that petitions for monitoring or for export controls receive full consideration.

This amendment is a sunshine-in-Government amendment. It provides that both the proponents and opponents of monitoring or export controls receive a full and fair hearing in the time of high prices/short supply of a particular metallic mineral that can be used as scrap.

The current version of the amendment is an improvement on earlier versions in that it would permit the Secretary of Commerce to consolidate petitions and to determine that, once full consideration had been given to a case and market circumstances had not changed, subsequent petitions would not go through the hearing process—this should avoid any abuse of the process. It also clearly specifies that the increase in prices or the shortage must result from exports, not from increased domestic buying.

Another improvement in the amendment is that it clearly permits the submission of information regarding a petition on a confidential basis. This is intended to avoid forcing companies to provide information publicly which could place them at a competitive disadvantage with respect to their competition, particularly foreign competition.

Mr. Chairman, I am opposed in principal to the use of export controls, and I would hope that the procedures provided for in this amendment would not have to be used. However, there may be a few instances in which export controls or monitoring have to be resorted to in order to protect the economy from disruptive foreign buying. Therefore, we must insure that there is an open and fair process to permit the full consideration of any such actions.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I am delighted to yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of the amendment of the gentleman from Illinois (Mr. Findley). This amendment has been narrowed in scope from the original amendment of the gentleman from Alabama (Mr. Buchanan) so that the procedural provisions apply only to metallic materials capable of being recycled.

I support this amendment for the following reasons:

First. These procedural changes are good Government, sunshine act type provisions.

Second. The amendment has been narrowed in scope to cover only those types of products which have most frequently been the subject of Commerce Department consideration under the short supply provisions of the Export Administration Act.

Third. This amendment will assure that both sides of the issue will have an equal opportunity to present their cases to the Commerce Department, and to get a competent decision from the Commerce Department.

I urge my colleagues to join me in supporting the Findley amendment.

Mr. PEASE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, there are no two members of the Foreign Affairs Committee for whom I have greater respect and affection than my chairman, Mr. Zablocki, and my good friend, Paul Findley, from Illinois. However, I do oppose this amendment.

This amendment is generated by the steel industry. It was generated because of a surge in prices, in recent months, of scrap metal; and because a lot of scrap metal was being exported overseas. Quite naturally, the companies in the United States which have use for scrap metal did not like the fact that they were going to have to pay more for scrap metal, and they came in seeking relief.

An amendment similar to this was offered in subcommittee. It was defeated. Essentially, the purpose of this, although it is not strictly spelled out, is to restrict the exportation of scrap metal. The philosophy of this bill is to encourage exports, not to limit exports. I think we would be ill advised to adopt this amendment.

This amendment seeks to ameliorate inflation, high prices, of scrap metal. In fact, it might have exactly the opposite effect. It would set in place a procedure which would require hearings and a determination by the Secretary of Commerce which could have quite the opposite effect from that which is sought by the authors of the amendment. It has the potential for creating chaos in the commodities market because of the intense speculative activity which would likely accompany the filing of petitions for monitoring or controlling particular commodities. Also, because those who anticipate the advent of controls as a result of a petition under this amendment may step up exports, thus exacerbating a tight supply situation; because those who gamble that there will be no controls will likely withhold supplies from the market in anticipation of rising prices, thus making such price increases even more likely.

In sum, the proposed petitioning procedure will likely lead to the very situation we are trying to avoid, a surge in prices, exports, or both. In the meantime, we will have adopted an amendment for one industry which goes counter to the philosophy of this bill.

We do not need this amendment. While the petitioning procedure seems innocuous enough in this particular case, what is to set this industry aside from any one of a hundred other industries which may also be concerned about short supply situations and about high prices, and where the members of that industry prefer not to pay the higher prices?

We had no testimony in our committee that U.S. users could not get scrap metal. What they objected to was paying the going market price in the world. I think that that is not an adequate excuse for us to add restrictive language to the export administration bill, whose purpose is to encourage exportation.

I urge the defeat of the amendment.

☐ 1510

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. PEASE. I will be happy to yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman very much for yielding. I am sure he is aware that the Senate version of this legislation has language in it much more encompassing than the amendment that I have offered, and it is my hope that when we go to conference the final product on this question will be very tightly written. One reason that I welcome the opportunity to offer this amendment is to set a guide which I hope the conferees on both sides of the Capitol will take note of, because I would not wish this to be expanded to include agricultural commodities. I am sure the gentleman would agree with me on this. It is tightly restricted to metalic metals that can be recycled.

I thank the gentleman for yielding.

Mr. PEASE. I thank the gentleman for his contribution. If I might just for a moment comment on that.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Pease was allowed to proceed for 2 additional minutes.)

Mr. PEASE. I was saying it would be preferable, I think, and more desirable to have no amendment at all on this side so that the conference committee has a choice between no amendment and a modification along the lines of what the gentleman has offered. I think we would be still well advised not to adopt this amendment.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. PEASE. I am glad to yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding. I am somewhat concerned about this amendment because I share the concern of the gentleman in the well about the precedent for this. On the other hand, I am at least happy, if I can emphasize the minimal pleasure, that the amendment has been very narrowly drafted, and while I would hope, along with the gentleman from Ohio (Mr. Pease), that the amendment is not agreed to, if it is agreed to I would certainly encourage the conferees to follow the suggestion of the gentleman from Illinois that this amendment with its more restrictive focus be substituted for the much less desirable amendment that was added in the legislation in the other body. So as a principle and as a precedent, I join in opposing this legislation, but should it pass, I would hope that it could at least do the service of substituting for the restrictive amendment that the other body has.

Mr. PEASE. I appreciate the gentleman's contribution. However, it is a weak argument to say let us vote for an amendment because it is a less restrictive amendment than some other amendment. The best solution for an amendment that is a less restrictive amendment is to vote it down.

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment. I do so with a great deal of reluctance because of my great respect and admiration for the sponsors of the amendment, the gentleman from Illinois (Mr. Findley) the gentleman from Alabama (Mr. Buchanan) and, of course, the chairman of the full committee, my good friend, the gentleman from Wisconsin (Mr. Zablocki). But I think that this amendment, if adopted, would allow narrow-interest groups to require repeated public hearings on export controls on virtually every recycled metallic product where demand is strong, and publicity from such hearings would create short-supply situations where none exist presently. It would create an uncertainty regarding U.S. commitment to continue exports of a commodity subject to such hearings and, thus, limit our ability to enlarge and enhance foreign markets.

The language in the bill reflects my amendment accepted in subcommittee providing that monitoring of exports shall commence early enough to assure that there is adequate information to determine whether export controls are needed for short-supply purposes.

I think we should at least try that approach before we go to this dangerous proposal.

The amendment is really aimed at advancing the interests of the iron and steel producers who want to see export controls placed on ferrous scrap. Ferrous scrap prices fell after the announcement that controls would not be placed on scrap exports and have remained stable since that decision made last March.

As a matter of fact, the price has gone down from $129 per ton in March to $92 per ton.

The ferrous scrap market is governed solely by supply and demand. Scrap is bought on a 30-day basis at prices set by consumers. When demand increases, price increases are necessary to induce scrap collectors, not processors, to seek out the necessary obsolete scrap to meet demand.

Wide fluctuations in scrap prices could be significantly reduced through long-term buying practices by the steel industry.

The scrap export market developed because U.S. consumers did not purchase the scrap processed by U.S. processors. Export sales are more expensive and pose greater risks for scrap processors than do domestic sales but are the only alternative when domestic markets do not absorb supplies. Export controls pose a danger of destroying foreign markets.

Since the price of scrap fluctuates up and down, but finished steel prices show only an upward movement, scrap iron prices have little or no inflationary impact on the price of steel. Iron and steel scrap are not in short supply. Present estimates fix the existing supply at levels of meeting foreign and domestic demand for 15 years without even considering the huge volume of new scrap that will be generated during this period.

The United States is not the only country exporting scrap. Others include West Germany, France, Great Britain, Holland, Sweden, Australia, Yugoslavia, East Germany, and Canada, among others. The EEC countries abolished controls in 1977.

The 1977 conference report on the Export Administration Act stated, and I quote:

> The conference committee recognized that formal monitoring can have a disruptive effect on the market because it can lead to excess ordering abroad in anticipation of controls, resulting in export restrictions which would not have been imposed but for monitoring.

The dispute is not a matter of Commerce not having sufficient information; it is a difference of opinion between Commerce and the steel industry as to what that information means.

I have a chart at the desk that shows ferrous scrap sales and domestic prices reached their peak earlier in the 1970's during the precise period in which export controls were placed on ferrous scrap.

The decline in ferrous scrap prices at the end of 1974, at the end of the period of export controls on ferrous scrap, represents the decline in the U.S. economy in 1974 and 1975.

There was a weakening demand for steel and, thus, there was reduced demand for scrap.

Mr. Chairman, I think that we should vote down this amendment. I would agree with the gentleman from Illinois (Mr. FINDLEY) that the amendment is better than the amendment adopted in the Senate, but I think we would be in a stronger position to come up with a reasonable solution to this problem if we defeated this amendment rather than if we go part way and the Senate has gone the rest of the way. I ask my colleagues to defeat the amendment.

Mr. BINGHAM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think the members of the committee are entitled to know a few things in the way of history of this amendment, and also the administration's position. This amendment was originally offered in the broad form in subcommittee by the gentleman from Illinois (Mr. FINDLEY) that is to say, without restriction as to commodity. It is restricted to metals in its present form. The amendment at that time received my support and that of one or two other members of the subcommittee, but it was defeated in the subcommittee and it was not reoffered in the full committee. So the bill that emerged from the full committee did not contain that provision.

As far as this more limited form of the amendment is concerned, I think it is fair to say that the committee did not have it presented to it and, therefore, the committee has no position on it as such. The administration, however, has communicated its opposition to the proposal. It is very brief. The administration opposes the proposal, saying it has the potential for creating chaos in the scrap market and exacerbating the very problem that the amendment seeks to correct.

□ 1520

Mr. BUCHANAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise reluctantly to oppose the position of my distinguished friends from California and Ohio who very eloquently spoke on the wrong side of this issue and to enthusiastically speak for the Findley-Zablocki amendment.

Let me first underline this is not the same amendment, as the chairman of the subcommittee had said, which was offered in subcommittee by the gentleman from Illinois. It is not the same amendment which I had been prepared to offer and which is printed in the RECORD under my name to be offered to this legislation.

Mr. Chairman, I had worked rather carefully to make sure those groups who expressed great concern, but who were not intended to be covered, were excluded under my more general language. That amendment did not include any agricultural group, it did not include manufactured materials, and that amendment was not nearly as broad as it was purported to be by some of the information that circulated throughout this Chamber.

Regrettably, the Buchanan sunshine amendment has been widely misunderstood. A number of organizations and groups representing producers of agricultural commodities, coal, finished lumber, manufactured goods, and other materials have perceived the amendment as directly threatening their ability to export. In all candor, I believe that such fears are unfounded and are based, in large part, on misinformation which has been circulated regarding the amendment. Nevertheless, such apprehensions do exist—however groundless—and opposition to the Buchanan amendment is substantial. Therefore, although I continue to believe that the institution of a formal procedure within the Department of Commerce for consideration of such cases is warranted, I will not offer the amendment.

The Findley amendment goes from the general language of the Senate bill, the general language of the other amendment the gentleman offered in subcommittee and my general language, to single out, recyclable metallic materials, and therefore cannot include any agricultural product or any of the other products for export, so important to our country.

Mr. Chairman, it was never my intention to discourage exports. We rely upon them. Certainly not agricultural exports. Yet, I will say to my friend from Ohio, we do have a problem in the steel industry. Ferrous scrap is of vital importance to many foundries, to many steel producers that are themselves of vital importance to our economy, to our security. Having a certain supply of ferrous scrap at some rational price is important to many steelworkers, to many steel companies and to many communities whose lives and economies rely upon those industries.

Recyclable metallic materials are frequently the object of concern regarding export controls. For example, extremely high export levels of ferrous—iron and steel—scrap and resulting rapid price increases in this commodity have raised a great deal of controversy over whether the Department of Commerce should institute export controls under the short supply provisions of the Export Administration Act.

Ferrous scrap is one of the basic ingredients used in steelmaking. Over 75 percent of the country's steel producers operate solely with electric furnaces which rely almost exclusively on scrap as a raw material. Major integrated steel producers also consume large tonnages of ferrous scrap.

The portion of the steel industry which has grown up around the conversion of scrap iron to finished steel products offers our country a number of attractive opportunities. The use of scrap iron in the making of steel offers significant energy savings and results in virtually no pollution at the manufacturing site—through the elimination of coking facilities. In addition, small electric steel furnaces for the manufacture of steel can be constructed fairly rapidly and at modest costs. Therefore, such facilities can significantly increase our Nation's planning flexibility in periods where future demand for steel is uncertain.

Unfortunately, during peak periods of steel production, the United States cannot fully meet both domestic and foreign needs for ferrous scrap without shortages or drastic, inflationary price increases in the scrap market. For these reasons, ferrous scrap exports will continue to be a matter of controversy.

Mr. Chairman, this amendment does not assure any end result in the case of ferrous scrap or any other material covered. It only guarantees orderly procedures. It only makes mandatory that the Department of Commerce at least look at the problems when problems are presented, that the Department of Commerce act in the sunshine, not behind closed doors, and that those who feel that a substantial portion of the economy of this country is substantially injured by an export activity of this limited category of exports are guaranteed a day in court so that, in the sunshine, a decision can be made that may go for them or may go against them.

Mr. Chairman, this amendment precisely does not curtail exports, even in that limited category of materials that are covered, but it may be something that helps steelworkers to save their jobs.

Mr. Chairman, I want to say something: When the farmers in this country need help, people like my steelworker constituents have been among those in the forefront saying, "Yes, we should help, even though this is not in our particular interest."

Mr. Chairman, this amendment can protect the livelihood of steelworkers, and when they need help they ought not to be opposed for extraneous reasons by a group not covered by this narrow amendment.

Mr. Chairman, this is something that guarantees better government, better administration, and government in the sunshine. It can help protect the livelihood of some Americans and at least make sure that government looks at problems that can be of vital importance to our economy, to our security and, yes, to at least one industry that is of vital importance to our Nation.

Mr. Chairman, I urge the passage of this limited, good government, government in the sunshine amendment and yield back the balance of my time.

Mr. BONER of Tennessee. Mr. Chairman, the U.S. Department of Commerce, following a complete analysis of the steel industry request, announced on March 2, 1979 that no action to restrict or control exports of ferrous scrap was warranted.

Frank A. Weil, the then Assistant Secretary of Commerce for Industry and Trade, said that—

> Recent increases in scrap prices are not unusual in view of current market and seasonal factors and are not expected to continue.

He pointed out that—

> The Council on Wage and Price Stability has advised the Department that recent ferrous scrap prices should not have an undue adverse impact on the President's anti-inflation program.

In his statement, Mr. Weil went on to say that—

> The ferrous scrap market is a typically volatile industry, showing rapid fluctuations both up and down as a result of short term market factors, and that experience has shown that price swings tend to work themselves out and return to normal within relatively brief periods.

He was right. Scrap prices are down significantly and many mills are either not buying or buying at greatly reduced levels.

Although rebuffed by the Commerce Department, the steel and foundry industries moved their cause up Pennsylvania Avenue to the Congress, where, in hearings being conducted by the House and Senate on the extension of the Export Administration Act, they sharply criticized the administration's failure to take action on their behalf.

Now using the congressional process as their forum, some scrap consumers are urging the Nation's lawmakers to bypass the Government department which administers the law and to pass a new law that would restrict scrap exports.

They urge modification of the act to make it easier for them to have export monitoring and controls initiated through the Commerce Department. Monitoring is a first step toward controls. Monitoring can create a self-fulfilling prophecy.

In testimony before the House Subcommittee on International Economic Policy and Trade, a charge was made that U.S. steel mills and foundries are attempting to use Federal export control laws to set the domestic price of iron and steel scrap. They were alleged to be seeking amendments to the Export Administration Act designed to subsidize those industries. That subsidization would take place at the expense of exports of ferrous scrap and would harm the U.S. balance-of-payments position. Since the steel and foundry industries are precluded by law from fixing the price of scrap, they were charged with asking the Government to do this for them. These industries are asking for the same type of special consideration that they accuse foreign governments of giving to foreign steel mills. Some of these same American steel mills have been recently involved in a price-fixing scheme on reinforcing bars and steel sheets.

The Department of Commerce had previously said that they have the data a formal proceeding would yield. The steel and foundry industries' real objection is not that the Department has insufficient data, but rather that these industries disagree with the Department's interpretation of that data. They are not worried about supply. They are trying to use monitoring and subsequently controls as a price-fixing scheme.

Was or is the price of ferrous scrap too high? Do high prices for ferrous scrap indicate that a shortage exists? Are scrap exports hurting the domestic economy? Would a restriction on scrap exports help reduce inflation?

The first question may be best answered by Mr. R. W. Deckmann, a United States Steel Corp. research consultant. In a presentation to the Electric Furnace Congress in December 1978 describing a ferrous scrap model developed for United States Steel, he pointed out that when adjusted for inflation, 1974 scrap prices were not unusually high but merely a return to the price levels of the 1955–56 period. The price of scrap in 1979 has not reached the level of 5 years ago, and the United States has certainly experienced a high degree of inflation in that 5-year period. In constant dollars, the price of scrap in 1979 is less than the $440 to $50 price levels of 23 years ago.

There is no question that the mainstream of thinking is that the expansion of export trade is critical to the United States. With an extremely parochial view, wanting to increase their profits at the expense of the scrap industry and the Nation, steel mills and foundries are urging this change in the proposed Export Administration Act.

With the recognized need to increase exports as one important method to improve the U.S. economy, and given the huge surplus of scrap which is going unused in this country, there are significant economic and environmental benefits to maintaining free trade in iron and steel scrap.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The question was taken and on a division (demanded by Mr. FINDLEY) there were—ayes 18, noes 11.

RECORDED VOTE

Mr. LAGOMARSINO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 238, noes 165, answered "present" 1, not voting 30, as follows:

[Roll No. 478]

AYES—238

Albosta
Alexander
Annunzio
Applegate
Archer
Ashbrook
Atkinson
Badham
Bafalis
Bailey
Bauman
Beard, R.I.
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Bonior
Bonker
Bouquard
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Buchanan
Butler
Byron
Campbell
Carney
Chappell
Cleveland
Clinger
Conyers
Corcoran
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis, Mich.
Davis, S.C.
Deckard
Derrick
Derwinski
Devine
Dickinson
Dodd
Donnelly
Dougherty
Drinan
Duncan, Tenn.
Early
Edwards, Ala.
Emery
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fenwick
Findley
Fish
Fithian
Flippo
Fowler
Fuqua
Gaydos
Gephardt
Giaimo
Gilman
Gingrich
Gonzalez
Goodling
Gradison
Grisham
Guarini
Guyer
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harris
Hawkins
Heckler
Heftel
Hillis
Holland
Holt
Holtzman
Hopkins
Horton
Hubbard
Hutto
Hyde
Jacobs
Jeffries
Jenkins
Jenrette
Johnson, Colo.
Kastenmeier
Kildee
Kindness
Kogovsek
Kostmayer
LaFalce
Latta
Lederer
Lee
Lent
Livingston
Lloyd
Loeffler
Luken
Lundine
McKay
McKinney
Madigan
Marks
Marriott
Martin
Mathis
McCloskey
McDade
McEwen
Mavroules
Mazzoli
Mica
Michel
Mikulski
Mikva
Miller, Calif.
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
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Nowak
O'Brien
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Oberstar
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Pashayan
Perkins
Price
Pritchard
Pursell
Quayle
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Railsback
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Robinson
Rodino
Rostenkowski
Roth
Runnels
Russo
Santini
Satterfield
Schroeder
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Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shuster
Simon
Slack
Snowe
Snyder
Solomon
Spence
St Germain
Stack
Staggers
Stanton
Stewart
Stratton
Studds
Taylor
Thompson
Traxler
Trible
Udall
Vanik
Walgren
Walker
Wampler
Weaver
Weiss
White
Whitehurst
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wolff
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NOES—165

Abdnor
Akaka
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Ashley
Aspin
AuCoin
Baldus
Barnard
Barnes
Beard, Tenn.
Bedell
Beilenson
Boggs
Boner
Bowen
Brademas
Breaux
Brinkley
Burgener
Burlison
Burton, John
Burton, Phillip
Carr
Cavanaugh
Cheney
Chisholm
Clausen
Clay
Coelho
Collins, Ill.
Collins, Tex.
Conable
Conte
Crane, Daniel
Crane, Philip
Dannemeyer
Daschle
de la Garza
Dellums
Dicks
Dixon
Dornan
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Calif.
Edwards, Okla.
English
Fascell
Fazio
Ferraro
Fisher
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Frost
Garcia
Gibbons
Ginn
Goldwater
Gore
Gramm
Grassley
Gray
Green
Gudger
Hall, Ohio
Hance
Harkin
Harsha
Hefner
Hightower
Hinson
Howard
Huckaby
Hughes
Ireland
Jeffords
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kramer
Lagomarsino
Leach, Iowa
Leath, Tex.
Lehman
Leland
Levitas
Lewis
Long, La.
Long, Md.
Lowry
Lungren
McClory
McCormack
McDonald
McHugh
Maguire
Markey
Marlenee
Matsui
Mattox
Mineta
Mitchell, Md.
Montgomery
Moore
Moorhead, Calif.
Murtha
Neal
Panetta
Patten
Patterson
Paul
Pease
Petri
Peyser
Pickle
Preyer
Roberts
Roe
Roybal
Royer
Rudd
Sabo
Sawyer
Scheuer
Shumway
Skelton
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Stangeland
Stark
Steed
Stenholm
Stockman
Stokes
Stump
Swift
Symms
Synar
Tauke
Thomas
Van Deerlin
Vander Jagt
Vento
Volkmer
Watkins
Whitley
Williams, Mont.
Wilson, Tex.
Wirth
Wolpe
Wyatt
Yates

ANSWERED "PRESENT"—1

Glickman

NOT VOTING—30

Addabbo
Anderson, Ill.
Anthony
Broyhill
Carter
Coleman
Corman
Courter
Diggs
Dingell
Downey
Flood
Ford, Mich.
Frenzel
Hagedorn
Hollenbeck
Ichord
Leach, La.
Lott
Lujan
Murphy, Ill.
Pepper
Rose
Rosenthal
Rousselot
Treen
Ullman
Waxman
Wilson, C. H.
Winn

☐ 1540

Messrs. ABDNOR, SHUMWAY, McCORMACK, McCLORY, CLAUSEN, COLLINS of Texas, and LONG of Maryland, and Mrs. SPELLMAN changed their votes from "aye" to "no."

Mr. BONIOR of Michigan, Mrs. HOLT, and Messrs. LEE, GILMAN, MOORHEAD, of Pennsylvania, MICA, HANLEY, and HORTON changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. ALEXANDER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of H.R. 4034, the Export Administration Act Amendments of 1979. This bill is a necessary first step in allowing Congress a role in developing a national export strategy.

The number of export license applications is growing out of control. The Department of Commerce expects to receive some 80,000 applications this year. Of that number more than 99 percent will be approved. The bill eliminates the massive amount of paperwork needed for most of the applications. The bill creates a new kind of license, called a qualified general license, under which multiple exports could be made of items which precedent shown are routinely approved anyway.

This feature of the bill should significantly cut down on the amount of paperwork. Second, under the term of the act, applications must be approved and disapproved within 90 days of submission. Last year some 2,000 applications required over 90 days to process and some took over a year. These administrative delays are costing American exporters money, reliability and dependability. It is also driving up inflation, costing U.S. jobs, and creating a trade deficit that is growing worse by the quarter.

Third, the United States continues to control exports that other countries do not control. The Soviet Union, PRC, and other countries simply turn to the West Germans or Japanese when they cannot secure a product from the United States. H.R. 4043 strongly suggests that the United States remove export controls when foreign availability is established.

The use of export controls for foreign policy purposes is accelerating at an alarming rate. The use of such controls has not proven to be an effective deterrent on the whole and merely serves to weaken the U.S. trade position.

This is pointed out in an excellent article published in Government Executive (May 1979) entitled "Needed: A New Export Law," by Sherman R. Abrahamson, special assistant to chief executive officers Control Data Corp. Mr. Abrahamson asserts:

> Exercise in Illusion.—Supporters of U.S. export controls believe first and foremost that they have retarded the expansion of the military industrial potential of the U.S.S.R. and other communist countries. This contention is grounded upon faith in the efficacy of the bottleneck theory of military-industrial development, which theory has been discredited thoroughly in many analytical studies. The elemental truth of the matter is simply that the export control policy of the United States has had no discernible effect on the growth of military power of any of the communist countries.
>
> Another benefit claimed for U.S. export controls has been its utility in furthering U.S. foreign policy. Over the years hundreds of export transactions requiring export licenses from the Commerce Department prior to shipment of commercial goods have been explicitly disallowed on foreign policy grounds. Presumably the policy makers intervened in these sales to indicate U.S. dissatisfaction with the behavior of the buyers, the theory being that such intervention will be so disruptive to the buying countries that they will change their behavior to a style more consonant with the wishes of the United States. U.S. business firms have experienced intervention by our government in normal commercial transactions with most of the countries in the world, including a number of our NATO allies.
>
> In not one instance can these interventions be shown to have produced the desired behavioral change in the buying country.

The U.S. trade deficit continues to grow and worsen. We can no longer afford excessive licensing requirements, delays, and obsolete and ineffective export controls which merely serve to benefit the balance of trade of our competitors. Passage of H.R. 4034 will lead to moderate yet significant changes while protecting the purposes the controls were designed to achieve.

The chairman of the Foreign Affairs Subcommittee on International Economic Policy and Trade, Mr. BINGHAM, has done an excellent job in developing and preparing the bill for our consideration. The House Export Task Force, of which I am chairman, and Mr. BINGHAM, a distinguished member, recognizes the need for a modification in the licensing procedure. The National Governors Association had much input into the final version of the bill and now fully supports it.

H.R. 4034 is necessary as we in Congress begin to take a serious look at our export policy. I recommend passage of this bill and ask that my colleagues support it.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentlewoman from New Jersey.

● Mrs. FENWICK. Mr. Chairman, during the House's consideration of H.R. 4034 last Tuesday, September 11, the House approved my amendment regarding major sales to countries which have repeatedly provided support for international terrorism. The amendment requires the administration to notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate before any license is approved for goods and technology valued at more than $7 million to any country concerning which the Secretary of State has determined: First, such country has repeatedly provided support for acts of international terrorism; and second, such exports would make a significant contribution to the military potential of such country, including its military logistics capability, or would enhance the ability of such country to support acts of international terrorism. The formal text of the amendment and the brief discussion can be found on page 24040 of the CONGRESSIONAL RECORD for September 11, 1979.

The gentleman from New York (Mr. BINGHAM), the floor manager of the bill, and the gentleman from California (Mr. LAGOMARSINO) the floor manager for the minority side, were kind enough to accept the amendment and thus we did not take up the time of the Members to elaborate upon my intention as to how it would work.

I thought it might be useful guidance for those who might be involved in, or affected by the process, if I took this opportunity to explain it more fully.

The amendment is a simple one. It would require that the House Foreign Affairs Committee and the Senate Foreign Relations Committee be informed before formal approval of a license for the export of such items as large planes, or large numbers of heavy duty vehicles to a country which has repeatedly supported acts of international terrorism.

The amendment would formalize what the State Department has started to do with the other body, discuss potentially controversial sales in advance with interested members. This has happened as a result of some disputes in the past, which developed after some members had learned of sales of large cargo-carrying planes to such countries as Libya, which has given support to a number of terrorist groups.

The intention of my amendment is to assure that the relevant committees of both houses of Congress are kept abreast of the State and Commerce Department's plans and to make sure that this informal process is continued.

The amendment was deliberately drafted to allow flexibility in the way the committees are informed. I did not want to put the executive branch or those seeking export licenses in a straight jacket. Thus I did not propose a 30-day formal notification procedure such as the one used in Foreign Military Sales. I think we should first try an informal way of informing the committees, whether through letters, or briefings, or telephone calls. By this I do not mean a call a few minutes before an export license is approved, perhaps only to the very busy chairman or ranking member of the committee. In view of some past problems in advising Members informally of potential arms sales, the administration would be well advised to also inform all the interested members of the committee, especially those on the relevant regional subcommittee. I think we can count on the commonsense of the State Department to tell us sufficiently in advance, so we can give thought to the matter. I think we can try this relatively informal approach before considering a more formal procedure.

In any event, there probably will be few of these cases in any given year. The kind of thing we are worried about involves primarily equipment which is designed for civilian purposes and is ostensibly sold for civilian use, but which could be used to support military operations, by transporting troops, equipment or munitions, or assisting terrorist operations.

One example is large aircraft. Libya used American-built airliners to try to keep Idi Amin in power by airlifting troops and equipment to Uganda. At the moment, proposed sales of jumbo jets are being held up to Libya. Another example of the type of thing Congress is concerned about took place last year when the administration approved selling Syria four L–100's, the civilian version of the C–130 military transport plane.

The sale was approved, without telling Congress, at the very time there was a debate underway over whether the administration's foreign aid appropriation for Syria should be approved for foreign policy reasons despite Syria's shelling of Christian areas of Lebanon.

The $7 million figure was chosen in order to be consistent with the Arms Control Export Act, section 36(b) which governs formal notifications to Congress of sales of equipment designed for military purposes.

Administration officials have said their records indicate that only five export licenses in 1978 and two so far this year would have fallen under the scope of my amendment. Thus, the amendment would not put a major burden on the executive branch.

It would be up to the Secretary of State to make the determination on whether the country has repeatedly provided support for acts of terrorism. There are guidelines, such as training and sanctuary, which have been worked out by various legal experts and are contained in the omnibus antiterrorism acts which were the subject of hearings last year and are in the committee stage again now. These guidelines will be useful in making a determination. In addition, of course, there is intelligence and other information which might be useful in making a determination. It is my expectation that the State Department will not be too legalistic about this in terms of making sure every "t" is crossed before declaring a country has repeatedly supported acts of terrorism. Hard evidence is not always immediately available. But there seems to be a general agreement among many experts that certain countries have been supporting terrorists, such as Libya, Iraq, South Yemen, and perhaps Syria which supports the wing of the PLO, Saiqa, which reportedly was involved in the recent attack on the Egyptian Embassy in Ankara.

Mr. Speaker, this amendment does not provide any magic levers or solutions. But there are situations in which countries are anxious to buy our equipment and such sales are clearly more desirable than foreign-made alternatives. There are other situations in which the sale might have symbolic value and, indeed, approving it, might help the efforts to wean countries away from supporting terrorists. This amendment is a responsible and measured approach to enable both the executive and legislative branches to consider more fully the proposed sales. The amendment also makes it clear that Congress—in line with its foreign policy responsibilities—should be kept informed about major developments in relations with countries which have supported terrorists.

It is a sensible amendment and I was pleased to see its adoption by the House.●

Mr. BROYHILL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, may I have the attention of the chairman of the subcommittee? I would like to ask the gentleman from New York (Mr. BINGHAM) a question.

As the gentleman knows, lithium metal is manufactured in my congressional district, and as he also knows, lithium metal requires a validated license for export under this act. As I understand it, this is for certain national security reasons; is that correct?

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Mr. BINGHAM. If the gentleman will yield, it is my understanding that lithium metal, as well as lithium hydride and lithium aluminum hydride, are on the control list and do require validated licenses for exports. It is my understanding, also, that the basis for this requirement is that certain forms of lithium are used in the manufacture of silicone chips for advanced computers, which is a critical technology, and that an isotope of lithium can be used in nuclear weapons production.

Mr. BROYHILL. I thank the gentleman. I make this inquiry because I am informed by the Lithium Corporation of America that the time required for processing license applications for export of lithium has greatly increased in the past year and that, furthermore, the company is losing sales to European competitors who are freely exporting lithium. Finally, the forms of lithium that the Lithium Corporation of America seeks licenses to export are not suitable for the uses the gentleman mentions which might be detrimental to the national security. I therefore inquire further of the gentleman whether this would not seem to be a basis for removing lithium from the control list.

Mr. BINGHAM. I would say to the gentleman from North Carolina that a very careful review of the uses, destinations, and actual foreign availability for lithium would have to be made before it would be prudent to determine to remove it from controls. Procedures are provided in this legislation for such reviews. If the Secretaries of Commerce and Defense would concur, on the basis of such a review, that the item should be removed from controls, and if this were agreeable to our allies in Cocom, then it could be done. From what the gentleman says about lithium, I would certainly say that there is reason to review that item, with great care in view of its nuclear and computer uses, to see whether controls are needed and effective. I can say to the gentleman that the Subcommittee on International Economic Policy and Trade, which I have the honor to chair, will itself investigate this matter further and see that a thorough review is made by the appropriate executive agencies of the basis and form of controls on lithium.

Mr. BROYHILL. I thank the gentleman for his statement.

The thing we are concerned about, of course, is getting some timely action on these applications. Under the present law it is taking actually months in order to get action on these applications and, of course, the lithium metal that is being exported has no use for the products or uses that I mentioned just a few moments ago. I would appreciate the cooperation of the gentleman and the committee in this regard.

Mr. BONKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to invite my colleague on the subcommittee, the gentleman from Michigan (Mr. WOLPE), to respond to several inquiries concerning section 107.

The subcommittee has information that refineries in the Netherlands Antilles (Aruba-Curacao) will have about a 500,000-barrel-per-day excess refinery capacity by 1982. They are able to handle Alaskan-type (sour) oil. Their excess capacity is about 250,000 barrels per day now.

My question concerns the language in the bill that the gentleman from Michigan (Mr. WOLPE) has authored.

If Alaskan production rises from 1.2 million barrels per day to 1.8 million barrels per day as projected and if there is a saving to the American consumer, then there is nothing in the amendment which would prevent Alaskan crude oil in excess of 1.2 million barrels per day from being refined "in bond" by Antilles refineries strictly for U.S. consumption?

Is that the gentleman's interpretation?

Mr. WOLPE. If the gentleman will yield, the gentleman is correct. There is nothing in the language of this provision that would prohibit any such arrangement if the consumer benefit criteria developed in the legislation are met.

Mr. BONKER. I have a second question.

The United States and Canada have in recent years periodically agreed to limited exchanges of certain types of crude oil destined for specific refineries. These exchanges have been mutually beneficial. They have provided crude oil in some instances where no alternative sources of supply existed. Exchanges for these purposes are continuing today, and opportunities for further exchanges will undoubtedly develop in the future. Am I correctly interpreting your language when I say that there is no intent to restrict or to prevent continuation of exchanges of this type?

Mr. WOLPE. If the gentleman will yield, that is correct. There is no intent whatever to limit or restrict in any way any exchange arrangements of the type the gentleman has just described.

Mr. BONKER. I thank the gentleman.

Mr. LAGOMARSINO. I move to strike the last word.

Mr. Chairman, I have studied the issue of exports of Alaska oil for some time. I sat through all of the hearings we held, and I talked to a lot of people and heard a lot of testimony, and I think the tougher provision that we can enact the better. I support the language in the bill concerning this subject.

Let me give you just a couple of reasons: First, any pipeline that is being proposed from the west coast to the middle of this country with or without a northern tier pipeline, I think, will never be built unless it is very clearly understood that it is going to be extremely difficult, if not impossible, to export oil. I am well aware that Sohio has announced abandonment of its plans. But that does not mean they—or some new applicant cannot decide to go ahead with it or some other pipeline.

Second, probably the best argument that was used by the administration, if you believed it, was that if we did not export oil it would preclude an increase in production in Alaska.

Very interestingly, in early May, Atlantic Richfield Oil Co., which is one of the Alaskan producers, announced it is going to increase its production by 25 percent, 300,000 barrels a day, in 1980. Company officials also said they anticipated no serious problems in transporting and distributing the oil to refineries in the continental United States, although transportation under current conditions would be relatively expensive. The present surplus of Alaskan crude oil that cannot be refined on the west coast is shipped through the Panama Canal to refineries in the southeast.

With regard to the Panama Canal, I am surprised that some of the people who support the administration generally and who support the Panama Canal treaty are lining up on the wrong side of this issue. Because, if we should export Alaskan oil, it would cut down on the tolls for the Panama Canal, which is not one of the things that has been forecast. And then, American taxpayers are going to have to either dig that money up, tolls are going to have to be increased or we are going to have a serious problem with Panama. If tolls are increased as a result of export of oil, it will have a very serious adverse effect on the countries of South America, especially western South America. It could easily do more harm than any good from the canal treaty.

Let me mention one other thing. Everyone was assured when the Alaskan pipeline was built that the oil would not be exported; it would be used in this country. Substantial investments were made by the American maritime industry to build ships to carry that extra volume of oil from Alaska. The only savings that there really are in shipping oil to Japan is by using foreign ships. If you use foreign ships, that certainly does not contribute to the favorable balance of trade because the money would then go outside the country, and the considerable investment of the American maritime industry would be lost, or at least impaired.

I would cite another point as well. Many of us met with Prime Minister Ohira of Japan, when he was in the United States. We are putting considerable pressure on the Japanese to increase their imports of our goods, agricultural products as well as manufactured goods. If we sell them hundreds of millions of dollars worth of oil it certainly is going to cut down on their interest in buying more from us. They will be able to say, "We have improved the balance of trade," and, of course the United States will be left having to buy that oil from someone else—with no change then in overall balance of trade.

Many environmentalists are opposed to exporting Alaskan crude oil. They have also given further consideration to the question of building new refineries. Their conclusion is that compared to older, polluting refineries, new large refineries using the latest technology are preferable for meeting our domestic oil needs.

This is especially true to meet the requirements of refining our heavy crude resources. Without a prohibition on the export of Alaskan oil, there will be little incentive to proceed with changing existing refineries to be able to process Alaskan oil or heavy crude which is so abundant in California. It is noteworthy that although we were advised several years ago that total west coast refinery capacity was 500,000 barrels per day, such refining capability is now some 830,000 barrels per day.

It will be interesting to see if the environmental groups will continue to endorse such programs once they get under way.

It is important to remember, also, that the language in this bill does not automatically prohibit export of Alaskan oil. The conditions to be met are very stringent, to be sure, but they do provide that if benefits can be passed on to the consumer and the refiner, then exports are possible. If those provisions can be met, then a trade could be a good thing. However, until those conditions are met, we should not export Alaskan oil.

Probably the best reason for not exporting Alaskan oil is that if we do not prevent it—or at least preserve that option—if we do not take strong action, I think that the credibility of the American people and the Government of the United States in relation to oil—and how we handle oil—is going to be even more seriously eroded than it already is, if such a thing is possible. I do not know how you go from zero to minus. But that will happen, I can guarantee you, especially when you consider public reaction to the export of oil products to Iran.

The bottom line is that if the Congress of the United States is going to have anything to say about oil policy in this country, I think we had better preserve the strong provisions concerning export of Alaskan crude oil that do give the Congress the final say.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Connecticut.

Mr. McKINNEY. Mr. Chairman, I totally agree with the gentleman.

Mr. Chairman, I rise to speak against the amendment. Just a few weeks ago the administration issued six departmental and agency reports on the selection of a pipeline route to carry Alaskan North Slope crude oil from the west coast to points east, the selection of any one of those routes represents the final decision in a project that began a decade ago—the delivery of billions of barrels of Alaskan oil to domestic markets, that oil has the potential to regain for us a portion of the political and economic independence forfeited by allowing ourselves to become dangerously reliant on foreign oil. I see but one potential obstacle threatening the completion of this 10-year project. That is the possible export of Alaskan oil. Today, Mr. Chairman, we have the opportunity to remove that final threat.

Section 107 of the bill before us now (H.R. 4034) contains a provision which would restrict the export or exchange of oil from Alaska's North Slope. As many of my colleagues are aware, it is a measure which I have sponsored and advocated for nearly 4 years. It is a measure which I believe to be an essential component of any future U.S. energy policy. Unfortunately, not everyone shares that view.

The export restriction in this bill is an extension and strengthening of an amendment I offered in 1977 and was contained in the Export Administration Act of that year. Opponents of the measure, 2 years ago, argued in favor of exporting Alaskan crude to Japan in exchange for that country's share of Mexican or OPEC imports. Export proponents argued that such an arrangement would ease the "glut" of oil on the west coast, result in a $2 per barrel savings in transportation costs and thereby increase the incentive to produce oil on the North Slope. If those arguments had any validity at the time, what little credence they enjoyed has been totally destroyed by recent developments in world oil markets.

Mr. Chairman, there is no glut of oil on the west coast. As the price of Alaskan oil rises, so does the amount of Alaskan oil refined on the west coast. In fact, west coast refiners have increased their "take" of North Slope crude by 325,000 barrels a day (from 600,000 to 925,000) in the last few months. As a result, every one of the 1.3 million barrels of Alaskan crude produced each day is being refined and consumed in the United States. Furthermore, U.S. refiners in Puerto Rico and the Virgin Islands are eager to secure any additional production from the North Slope. Even decontrolled domestic oil is a desirable alternative to spot market crude.

The potential for slightly lower transportation costs, in the event of an exchange agreement, remains. However, the $2 per barrel savings represents no relief for U.S. consumers. Any transportation cost benefits would be entirely captured by the North Slope producers. And, even those industry sources have indicated that there is no further need for financial incentive to market Alaskan North Slope Crude. After-tax profits for Alaskan oil landed on the west coast have risen 85 percent (to $4.11 per barrel) since December. The North Slope's largest producer, Sohio with 51 percent of the oil, has posted record-breaking earnings increases of 302 percent and an additional 70 percent in the first two quarters of this year respectively. Other producers have enjoyed similar good fortune. In short, Alaskan oil production is an extremely lucrative venture without the option of exports. However, the same does not hold true for the question of our supply security. In the event of an exchange agreement, the protection and security forfeited would be irretrievably lost.

Mexican and OPEC crudes are higher priced than Alaskan oil. As a result an exchange agreement would result in a loss to our balance of payments of about $1 for each barrel exported. But perhaps more important is the fact that neither source, OPEC or Mexican, can offer the guarantee of fuel for our factories and heat for our homes supplied by Alaskan oil. In May and June of this year, Mexico could fulfill only 60 percent of its contract obligations due to oil production difficulty. Perhaps the largest U.S. delivery of Mexican crude was that which washed up on the gulf coast shores just weeks ago. Furthermore, political instability in the entire Mideastern region argues irrefutably against engaging in an exchange which results in additional reliance on OPEC crude. The fact is, the only secure supply of oil is that which is produced from domestic wells.

Still, Mr. Chairman, the measure which my colleague, Mr. WOLPE, and I have sponsored does not preclude the possibility of exchanging Alaskan oil at some future date. The legislation clearly allows for unforeseen discoveries and new configurations in world oil markets. Under the provisions of section 107 of this bill, the President may submit a plan to export or exchange North Slope crude oil, accompanied by the requisite findings, to the Congress for approval by both Houses within 60 days. Indeed, the Presidential findings are stringent as well they should be. The findings require the United States to realize documented, economic benefits from an exchange, and, no such exchange proposal could in any way reduce the amount of oil available to this country. Nor could any exchange agreement proceed if any danger to U.S. supplies developed. Admittedly, a small consolation in the absence of an east to west pipeline system.

On the other hand, the legislation allows for the use of Alaskan oil to honor our commitment to Israel, should the politics of the Middle East deny that country sufficient supply. In addition, the measure provides exemptions for the exchange of Alaskan oil with Canada and Mexico as an added protection for our northern tier refiners and those on the gulf coast. In short, Mr. Speaker, section 107 is a well reasoned, fairly balanced approach to the use of Alaskan oil. It holds the North Slope producers to their promise of delivering that oil to the Lower 48, while at the same time acknowledging the reality of changing oil markets.

As I have said, we are closer than ever before to reaping the benefits of Alaskan oil development. To let those benefits slip through our fingers at this time would be a mistake of unmatched proportions. I urge all of my colleagues to support section 107 as contained in the bill, and defeat the amendment.

Mr. CLAUSEN. Mr. Chairman, I want to again restate my opposition to amendments which would have the effect of lifting restrictions contained within H.R. 4034 prohibiting an export or exchange of Alaska North Slope oil.

Over the past 2 years, I served as the ranking minority member of the Special Investigations Subcommittee of the Interior and Insular Affairs Committee. This subcommittee was given, in the 95th Congress, the responsibility of overseeing the disposition of crude oil transported to Valdez, Alaska, through the trans-Alaska pipeline. The subcommittee was interested in seeing to it that section 410 of the trans-Alaska Pipeline Authorization Act—Public Law 93-153—is implemented. This section provides in part that—

> [T]he President shall use any authority he may have to insure an equitable allocation of available North Slope and crude oil resources and petroleum products among all regions and all of the several states.

We must remind ourselves that when Congress, in 1973, passed the Trans-Alaska Pipeline System Act, we gave full assurance to all of the American people that Alaska oil would be available throughout the Nation to address our domestic energy requirements.

Mr. Chairman, I have always been an ardent supporter of energy independence. Today we clearly see an urgent national need for more control over our use and supply of energy. The only solution to our present dependence on the foreign oil cartels is American energy independence.

I recently supported and cosponsored H.R. 4985. This bill provides a balanced approach in establishing an Energy Mobilization Board to cut through bureaucratic redtape when addressing domestic energy projects.

Last Friday morning, I met with the new Energy Secretary Charles W. Duncan, Jr., to get acquainted and exchange views on a number of energy related matters. One area we discussed was the creation of a national energy distribution network. An effective domestic energy distribution network, including pipelines, seaports, terminal facilities and refineries, is the vital part of an overall program which fulfills the congressional promise of equitably distributing Alaskan and other crudes to all regions of our country. Hopefully, an Energy Mobilization Board will assist in the development of a domestic energy transportation system. A domestic oil distribution network is sadly lacking and our mobilization systems leave much to be desired.

Alaskan oil is vitally needed within the United States. Recently many of us learned our strategic petroleum reserve, SPR, program contains only 91 million barrels of oil. This amount is painfully short of the 250-million barrel target originally set for this time by the administration. Recent actions by Iraq and Nigeria lend support toward the notion of a more restrictive export policy. These actions, coupled with our lacking SPR program, delineates a bottom line of keeping Alaskan oil within our domestic borders.

West coast refineries in the past months have increased Alaskan oil refining capacity from approximately 500,000 barrels daily to 834,000 barrels. I am hopeful we can see a steady increase in refining capacity.

Mr. Chairman, I have learned the throughput capacity of the trans-Alaska pipeline will reach 1.5 million barrels per day by the end of this year. An export or exchange of Alaska North Slope crude oil would be against our best national, economic, and security interests.

The CHAIRMAN. Are there other amendments to section 109?

AMENDMENT OFFERED BY MR. SHANNON

Mr. SHANNON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHANNON: Page 45, insert the following section after line 21 and redesignate subsequent sections accordingly:

EXPORTS OF HIDES AND SKINS

SEC. 110. Subsection (f)(1) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104 (a) of this Act, is amended—

(1) by inserting "(A)" after "(f)(1)"; and

(2) by adding at the end thereof the following:

"(B) Notwithstanding the provisions of subparagraph (A), in order to carry out the policy set forth in section 3(7) of this Act with respect to cattle hides and skins, cattle hides and skins may not be exported in any year in an amount which is a greater percentage of the total supply of cattle hides and skins produced in the United States than the percentage of the total supply of cattle hides and skins produced in the United States which were exported during the years 1974 through 1978. The limitation set forth in the preceding sentence shall not apply if the President, after receiving the recommendations of the Secretary and the Secretary of Agriculture, determines that—

"(i) countries which are major producers of cattle hides and skins and which, on the effective date of this subparagraph, have in effect restrictions on the export from those countries of cattle hides and skins resume reasonable levels of exports of cattle hides and skins; or

"(ii) during the last calendar year ending before such determination is made, the supply of cattle hides and skins produced in the United States, after deducting the amount of such hides and skins exported during that calendar year, was sufficient to meet the demands of the domestic economy.

The Secretary and the Secretary of Agriculture shall submit to the President recommendations so that the President has sufficient information to make the determination described in this subparagraph. Before making such recommendations, the two Secretaries shall hold public hearings, after providing reasonable notice thereof, and shall afford interested parties an opportunity to submit written comments, with or without oral presentation, at such hearings. Any determination of the President made under this subparagraph shall be valid for a period of one year.".

Mr. SHANNON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SHANNON. Mr. Chairman, I offer an amendment to limit U.S. exports of cattlehides to reasonable historic levels until major suppliers of hides moderate their export controls, or until adequate supplies become available to domestic users of hides. This amendment is a moderate and carefully worded response to the critical shortage of hides in this country.

According to the Department of Commerce, in 1977, out of a total of 41 million hides produced in this country, 58 percent were exported. That left a little over 17 million for domestic use, approximately the amount needed. The price was under 37 cents a pound.

This year, 34 million hides will be produced. Of that number, over 70 percent will be exported, leaving only 10 million hides for an industry that requires two-thirds again as many. And at a price double that of 1977.

The effect of this acute shortage on the more than 400,000 workers in the domestic leather industry is predictable. Thousands will lose their jobs. The effect on the consumer, according the President's Council on Wage and Price Stability, will be onerous. Industry estimates put shoe price rises at at least $10 a pair this year.

The cause of this shortage is rooted in the unfair trade practices of a number of other nations. Many foreign countries which manufacture leather goods do not produce cattle. These nations purchase their raw materials on the world market. But the United States is the only major exporter of hides. Brazil, Uraguay, India, and Argentina all produce large quantities of hides, but each severely restricts exports. Only Argentina has agreed to moderate its export controls—other producers have flatly turned down our requests for ending their hide export embargoes. Today, the United States, while producing only 15 percent of the world hide supply, provides close to two-thirds of the world market. When a shortage develops, the United States is forced to bear the full brunt. The American footwear and leather using industry has become a hostage to the restrictive trade practices of other nations.

I am a strong supporter of freer trade. If the leather industry had come to me and asked me to offer an amendment to limit imports of leather goods, I would have refused. But free trade in leather does not exist. The Japanese buy their hides behind protected markets. Other producing nations have export controls on hides. Romania, a Communist country and a major purchaser of U.S. hides, buys regardless of the price as a matter of state employment policy. This is not a question of America's industrial competitiveness in international trade. It is an inequity which leaves American workers and industry with no chance to compete and no chance to survive. Last year Brazil, which has embargoed its hide exports, increased its exports of finished leather goods to the United States by 40 percent. This does not work to our advantage in regards to America's balance-of-payments difficulties.

I have been asked, why cannot our manufacturers purchase the hides at a higher price? The answer is simple—foreign demand for hides is insatiable. The Japanese import close to one-third of our hides. But Japanese markets are protected by a highly restrictive import licensing system for finished leather goods. The Japanese leather using industry is in a position to bid up the price of hides without fear of foreign imports.

I have been asked if short-supply export controls are against the spirit of the MTN? Absolutely not. Provisions exist in the GATT for nondiscriminatory short-supply controls. It is the actions of our foreign hide importers which are against the spirit of the MTN.

I have been asked if this amendment would adversely affect the beef cycle or the price of beef. The answer is "No" to both questions. Both the Department of Commerce and the Department of Agriculture have stated repeatedly that the price of hides has no effect upon the supply—hides, which account for less than 10 percent of the value of a steer, are only a byproduct of the steer. Cattle are raised in accordance with the price of meat, not hides. And the price of meat is determined by supply and demand for meat.

I have been asked if this amendment would hurt the rancher. Once again, the answer is "No." According to the special trade representative, estimates imply that these moderate export controls would raise the price of hides on the international market by approximately the same amount that prices would drop in the domestic market. The net effect would be small.

Beef matters are dealt with in other legislation now pending before this House. This amendment will have little effect on the rancher. But it will have a life-or-death effect on the leather industry. According to industry figures and the Department of Commerce, close to one-third of the price of a pair of men's shoes is due to the cost of leather. But this shortage does not affect only eastern shoemakers. It affects the southern textile workers. It affects the Texan who produces industrial gaskets and valves. It affects the midwestern bootmaker. And it affects every American who buys leather goods.

Under my amendment, an export control mechanism would be established for bovine hides and skins. Controls would not be triggered if one of two situations existed: One, if, in the opinion of the President, with the advice of the Secretaries of Commerce and Agriculture, other major hide producers agreed to moderate their export controls, or if there were no domestic short-supply situation. If both a short-supply situation did exist and in the opinion of the President other hide nations were still restricting exports to an unacceptable degree, then export controls would be placed on cattle hides. These controls would equal the historical percentage of hides exported over the past 5 years.

Even if controls were in effect, more than half, approximately 56 percent, of U.S. hide production could be exported. The amendment would also strengthen the negotiating hand of the Special Trade Representative.

I am not asking for a law which protects industry from foreign competition. I am not asking for an amendment which will hurt the American cattle industry. I am asking for an amendment which will give the 400,000 leatherworkers in America a fighting chance to keep their jobs, and the American consumer badly needed relief from rising prices.

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Mr. SMITH of Iowa. Mr. Chairman, I rise in opposition to the amendment.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, the proposed amendment seeks to restrict U.S. exports of cattle hides to "reasonable historical levels" until foreign governments remove their controls on hides or domestic supply exceeds domestic demand.

The Shannon-Carter amendment, in my opinion, is ill advised on several counts. It clearly contradicts the underlying tenet of both the Export Administration Act and the ongoing multilateral trade negotiations: that global economic stability and development, and free intercourse between nations depend critically on the least restrictive trade controls possible.

Unilateral U.S. imposition of export controls on hides may set a dangerous precedent, triggering retaliatory action by other nations rather than leading to the reduction of barriers against hide exports envisioned by the authors of the amendment. Moreover, restrictive action by the United States may well mark this country as an unreliable trade partner; supply uncertainty, the result of continually changing political currents, could make others more reluctant to trade with the United States.

In the shorter run, too, limitation of hide exports would be counterproductive. First, if the Shannon-Carter amendment passes, our already bleak balance-of-payments situation would worsen: hides account for $600 million of the $30 billion in annual U.S. agricultural exports. Further, the underlying supply shortfall might be aggravated. Much of the current supply problem can be traced to the so-called cattle cycle. We are in a period in which there are simply fewer cattle to be slaughtered. If hide exports are restricted and domestic prices drop as domestic supply increases, cattlemen will receive less for their livestock. Cattle producers will have little incentive to rebuild their herds.

In addition, it must be emphasized that any advantage to the U.S. leather goods industry which flows from the Shannon-Carter proposal will come at the expense of other groups. Since mid-May, U.S. cattle producers have seen a 15-percent decline in cattle prices; a drop in hide prices following export restrictions would further depress the market value of cattle. Meatpackers meanwhile would be faced with the prospect of either absorbing the loss from falling hide prices or passing those costs along in the form of higher beef prices. Nor is there any assurance that cheaper leather goods would offset these increases to the consumer.

In any case, artificial restrictions on trade are stopgap measures at best. Ongoing multilateral negotiations may eventually provide some relief for U.S. leather manufacturers. But, more importantly, we must address the causes for the competitive disadvantage of our domestic leather industry, seeking to increase productivity, foster innovation, and encourage renovation of deteriorating plants and machinery.

The Shannon-Carter amendment is laudable in its objective of aiding a troubled industry. Yet we would be shortsighted to help one ailing industry while threatening the already precarious health of others. Moreover, hide export restrictions not only worsen the U.S. position in the world trade arena, they also fail to address the fundamental issues of a global hide supply problem and a less productive U.S. leather industry.

Mr. SMITH of Iowa. Mr. Chairman, make no mistake about it, we are not talking about something that is in short supply.

Supply is not the issue. There has always been a surplus of cattle hides in the United States ever since the *Mayflower* landed in Virginia or this country. Never, one day, since that time has there been a shortage of hides in this country.

Now, what we have here is an attempt to ration a product that is in surplus supply.

If the Members do not believe that, just look at what I have in my hand. It says "10" on it. It looks like something one would use to play monopoly. I guarantee my colleagues it is not. That is a rationing stamp.

In 1972, before someone with 10 cattle hides could sell them, they had to get one of these stamps. They had to go to a bureaucracy and get a stamp before they could sell something they had a right to have, that they had a right to merchandise. That is the kind of a situation we are talking about. It is rationing of a product that is in surplus supply.

The promoters of the amendment are not satisfied to have a price advantage. They want price controls.

They now have a price advantage. They can buy for the world market price less the cost of transportation, and the cost of transportation can be substantial. But they want more than that. They want to shift part of the cost to the cost of meat. That is what it has got to do. A slaughterer must secure a given amount out of the carcass. If they get less out of the hide, or out of the offal, he is going to shift part of it to the meat.

What has happened here? Since June, the price of hides is down 34 percent. I challenge anybody supporting this amendment to show me one manufacturer who has reduced the price 34 cents, let alone 34 percent of the price of his shoes or his leather products. Not one dime has been reduced even though the price has been down 34 percent in that period of time.

Let me tell my colleagues what happened before.

In 1966, there was a proposal that had been around for a couple of years. Nobody thought they would do anything about it, but lo and behold, one day the Secretary of Commerce approved an export control on hides.

The subcommittee funding the Commerce Department happened to be meeting, marking up the bill on funding for the Department of Commerce. So it happened to be the right time. We put an amendment in the bill.

I happened to have drawn the amendment. It prohibited them from using any money in the bill to administer the order. Well, that killed the order, but it was in effect for about 2 months before the bill was signed.

Let me tell the Members what happened in that 2 months. We had been selling a vast number of inferior hides overseas. The foreign purchasers had not developed an artificial leather market, but they saw then that they could not depend on us for these inferior hides, so they developed an artificial leather industry.

Within a couple of years, with their new capacity, they flooded the shoe market in this country with artificial leather shoes. It reverberated to the damage of the U.S. shoe manufacturer. They are so dumb they cannot see that. Or I should say they still do not seem to understand that a short time gain is a long term loss. They are going to get more of that same kind of thing every time export controls are threatened or ordered.

In 1972, there was another one of these kinds of export control orders. It depressed the leather market and increased the imports of cheaper shoes and products. It hurt our manufacturers even further. The more you show the foreigners that they cannot depend on us for hides, the more they develop their alternative sources of material; and they can flood the markets with those kinds of materials, because they have superior methods of manufacturing. During one of these periods, foreign manufacturers went to welding the upper into the sole. They forced the American manufacturer to get away from some of their archaic piecemeal methods and start doing the same thing. That is what happens when one tries to rig the world market with something like an export order.

What I am saying is, this amendment is not in the long-term interest of the shoe manufacturer. It is not in the interest of the beef consumer. It is not in the interest of the farmer. That is for sure. It is not in the interest of our deficit of payments. That is for sure. It is unfair. Anybody must see it is unfair.

What this amendment would also do would give to foreigners the right to decide when export controls are removed. When foreigners do certain things, then export controls go off.

Do we want an export control law that gives foreigners the right to decide when we trigger these kinds of actions? I think not.

I say that nobody has a constitutional right to have a leather seat in his Rolls Royce. We could not have a shortage of leather products in this country if every woman had more shoes and more pocketbooks than Twiggy. There is less than $2 worth of raw hide in a pair of shoes. If the price has increased greatly, it had to be because the tanners increased their take.

We could not have a shortage of leather products in this country if every horse owner had more saddles than Roy Rogers. What we are talking about is rationing a surplus product. It is not in our national interest and is unfair. I urge a no vote on the amendment.

The CHAIRMAN pro tempore. The time of the gentleman from Iowa (Mr. SMITH) has expired.

(At the request of Mr. Phillip Burton and by unanimous consent, Mr. Smith of Iowa was allowed to proceed for 1 additional minute.)

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. PHILLIP BURTON. I thank the gentleman for yielding.

One of the very few parts of our economy that appears to be working, and one need only look at our balance of trade to firm up this conclusion, is the agricultural sector. It just plain does not make sense to support this amendment. I share the views expressed so ably by my colleague in the well.

Mr. SMITH of Iowa. I thank the gentleman.

Mr. ANDREWS of North Dakota. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let us get a little commonsense in this argument in the House. I just went out to the Speaker's lobby and picked up a copy of today's Wall Street Journal. They post the price of hides there. Hides in Chicago right now are selling for 73 cents a pound.

Last year, they sold for 61 cents a pound. Now that is an increase of 12 cents a pound.

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My colleague a few moments ago said that does not make any difference to the farmer, to the cattleman, to the producer. The heck it does not. There is a 65-pound covering on a fat steer and that 65-pound hide brings 73 cents a pound, which means more than $50, $50 that does not have to be paid for by consumers in the price of hamburger.

All that happens when you sell a steer is you sell a steer to a plant and that plant takes it apart and sells the beef, it sells the bone meal, it sells the hide, and what we get for the one affects what consumers have to pay for the other.

Let us get back to shoes for a minute. I wear shoes just like everybody else.

Most of us have not been barefoot for quite some time. I have got big feet, fairly big, anyway. But 5 will get you 10. I do not have 3 pounds of leather in my two shoes. I doubt that anybody, even my colleague from California in the front row with those quarter-length boots—the gentleman ought to get full length ones from out West—but even a full size set of Texas boots does not carry more than $2.50 or $3 worth of rawhides in it. I think we have got to get down to a little bit of commonsense and recognize that if we begin to blame somebody else for the problems in the leather industry—and there are problems in the leather industry, part of which was brought out by what my colleague from Iowa said, they moved to artificial leathers and they told the producers of leather here in the United States, "We do not need your leather, we are going to go with Corfam and all of these other things." They told the cattle industry to forget it, so the cattlemen had to develop a market overseas or we would have had a whole host of problems. But right now we have a product that is selling at a reasonable price, 73 cents a pound. I do not think, as has been mentioned a moment ago, that half of the cost of shoes is attributable to the cost of the hides on the farm.

Mr. Chairman, once again the agricultural community is being blamed for the effects of inflation. Just a few weeks ago we heard a huge outcry about the high price of beef and those grumblings continue today. Once again the attack is aimed at the beef industry. This time the faultfinders want to blame inflation on the hides of cattle.

I think we should take time to look at a few facts. You will hear many talk about hides costing $1 a pound. The figures they are using are not current, but rather the highs reached in May. The market is taking care of itself and the prices of hides in the last few months have reduced dramatically. As of last week hide prices had reduced as follows—heavy native steer down 36 percent, light native steer down 32 percent, Colorado branded down 52 percent and Butt branded down 47 percent.

The higher prices for hides have been the result of low slaughters, but I warn you, if export controls are imposed, today's beef prices will seem cheap. If the producer loses up to $23 in reduced hide prices, that loss will be reflected in higher beef prices and further reduction in the size of herds, which would only serve to compound the problems facing the leather industry. It is in the leather industry's best interest to assure that our cattlemen continue to rebuild their herds.

The choice is a simple one, let the competitive market take care of itself, or face a shortage of beef and hides at escalated prices.

Even though the number of cattle being slaughtered is down, the United States will still slaughter about twice the number of hides our domestic industry can use. There is nothing to prevent the domestic industry from bidding on the competitive market for as much of this supply as they need.

I can understand my colleagues' concern over the plight our domestic leather industry finds itself in and their efforts to help it. But, this should not be done at the expense of another industry. In my State of North Dakota alone, export controls on cattle hides would cost our cattlemen over $9 million a year. Nationwide this could mean a loss of $680 million. It is simply not fair that American agriculture should continue to be asked to bear the brunt of the battle against inflation.

History has shown us that export controls are not an effective method of helping the domestic leather industry. When export controls were imposed on cattle hides in 1966, the price of shoes went up and the price of cattle went down. By the end of the summer of 1966 the price of men's shoes had risen 8.4 percent while women's shoes rose 7 percent. Throughout 1966 cattle hide prices plunged. As a result, the cattlemen paid for the shoeman's profit and the consumer was ignored.

An analysis just published by the Department of Agriculture indicated that the export controls probably would provide no long-term benefits to either the industry or consumers. It is true that the world supply of hides and skins probably will remain relatively low during the next 2 years as herds are rebuilt in many of the major cattle producing countries. But, as cattle herds are rebuilt and cattle slaughter begins to increase, hides and skins production will pick up rather rapidly in the early 1980's. To interrupt this normal cycle could prove disastrous to our cattlemen, the leather industry and our consumers.

Cattlemen are just now beginning to increase their herds. As I said before the lower prices they would receive as a result of export controls would undoubtedly slow this rebuilding. Such a reaction on the part of cattlemen would result in lower supplies in the future which would translate into even higher prices for meat and hides. Consumers would pay more for both meat and leather products in the long run—and that is no way to fight inflation.

Price flexibilities indicate that if export controls resulted in domestic hide prices that were 40- to 50-percent lower, it would result in only about a 2-percent lower price for footwear at the wholesale level. That is a high price for our cattlemen to pay, especially when we realize that retail prices for leather goods have not declined when hide prices fell.

Whenever the prices our farmers receive for their commodities increase, consumers and middlemen jump on the bandwagon declaring that these increases will result in higher and higher prices to our consumers. Yet we all know that when the price of wheat fell from the high $5 level to $2, the price of bread did not go down. Remember 65 cents a pound raw sugar? How many of you have paid less for a Coca Cola now that the price of raw sugar is 8 cents.

According to the Department of Agriculture's report, "U.S. consumers will probably fare about as well, if not better, under existing policies than under any policy examined. One offsetting benefit that consumers are getting from higher hide prices is that they are helping keep meat prices from rising even more rapidly than they have."

In looking at the total picture, I think it is important that we remember why our cattle industry got into the hide export business in the first place. About 10 years ago the shoe manufacturers told our livestock producers that they were not going to buy hides any more, but were shifting to synthetics. The cattle industry reacted to this proclamation by launching an energetic campaign to find overseas markets. And now many would have us turn our backs on the cattle industry by granting a preferred market to the leather industry.

Low labor productivity in our leather industry has been the cause of many of the current problems. Productivity in this industry has not kept pace with most other U.S. industries. I do not want to lessen the seriousness of the problems facing tanners and shoe manufacturers. I know there is a strong foreign demand for hides. However, attempting to limit exports of domestic hides will not solve their complicated problems. I do not think we should stand by and see the beef cattle industry made the whipping boy because we continue to apply simple solutions to comple problems.

Mr. Chairman, the administration opposes this amendment, our cattlemen oppose it, and our consumers should oppose it. I strongly urge on the basis of logic and reason, that this amendment be defeated.

Mr. SHANNON. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I will yield to the gentleman.

Mr. SHANNON. Mr. Chairman, I would just like to point out to the gentleman that by the Department of Agriculture's own statistics, and they are not supportive of this amendment, the value of a steer that can be attributed to the hide historically has been 4 percent of the value of the steer, 4 percent comes from the hide historically. I would just like to point out that by the Department of Commerce's statistics, and they are not supportive of this amendment, 30 to 50 percent of the cost of a man's shoe is attributable to the leather in that shoe.

Mr. ANDREWS of North Dakota. That is what the gentleman said, but my point is that it is hard to realize, with the elementary mathematics that I have had, how 73-cents-a-pound hides now selling in Chicago will make half of the cost of a pair of shoes that you cannot get for less than $30, $35, or $40.

Mr. SHANNON. If the gentleman will yield further, it is equally hard for me to see how 4 percent of the value of a cow is going to affect the beef cycle.

Mr. ANDREWS of North Dakota. The gentleman is getting his statistics a little too far away from the cattleman. I happen to feed some cattle and I have a lot of constituents who feed cattle, and when they take that steer in to market, whether it is priced by the yellow sheet that my colleague from Iowa has a number of questions about, and a number of us have questions about it, or whatever else, the price they can pay down in that stockyard for that steer on that given day is directly related to what they can sell the component parts for, and the price of a steer hide today is a lot more than 4 percent, and has been. There are 65 pounds of hide on a normal steer and 65 pounds at 73 cents is worth close to $50.

Mr. SHANNON. If the gentleman will yield further, is it not a fact that historically 4 percent of the value of a steer comes from the hide and it has never risen above 10 percent, even at the highest hide prices?

Mr. ANDREWS of North Dakota. I think it has gone from 5 to 10 percent, but we have to equate that then with the stockman's profit and the gentleman will find that USDA statistics also say that the average net return for the farmer-feeder to feed a steer is 10 bucks, and that is less than what he has gotten for the hide today, a year ago, or 5 years ago. So the price of that hide is an extremely important component of what the farmer gets.

The CHAIRMAN pro tempore. The time of the gentleman from North Dakota has expired.

(At the request of Mr. GRAMM, and by unanimous consent, Mr. ANDREWS of North Dakota was allowed to proceed for 2 additional minutes.)

Mr. GRAMM. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to my colleague.

Mr. GRAMM. Mr. Chairman, I was just going to make the point that my colleague made, and that is that I think it is fine to talk about a margin of 4 percent to 10 percent as if that margin does not matter. But that margin today is greater than the profit margin on cattle. We are faced with a cycle that has been produced, in part started under President Nixon with price controls on beef. We are in the process of seeing some movements toward a buildup in herds, and I think to pull down this margin by artificially underpricing leather, or hides, in this case, would break that cycle, would make cattle production unprofitable and would reduce production and would add to our hide-shortage problem. I think that is a point that should not be lost in talking about 4-percent to 10-percent margins. That margin, as the gentleman in the well pointed out, is bigger than the profit margin on the cattle to begin with.

Mr. ANDREWS of North Dakota. I could not agree with my colleague more.

I would like to conclude by making just one more point, and that is that it is extremely important that we find an adequate market for the products of our farms and our feedlots. I think it is extremely important to note that in finding that adequate market the tanners and the shoe industry and the domestic leather industry get first shot at every cattle hide that is grown in the United States, first shot at it, so they are not cut off from supply. The biggest danger to the leather industry in this country is if we force down the profit margin on the farm to a nonexistent level and then we will not have the supply of leather that we need. More than anything else that would wreck the domestic leather industry.

I hope that this amendment will be defeated and fair play can stay in this field.

Mr. FITHIAN. Mr. Chairman, I move to strike the last word and I rise to oppose the amendment.

Mr. Chairman, I wish to take this opportunity to express my opposition to the Shannon amendment to the Export Administration Act. While I am deeply concerned with the rising price of shoes and leather goods in this country, I am not convinced that placing an embargo on hide exports will provide the relief sought by the shoe and leather industry.

If the United States were to embargo hides, it would have the effect of raising their price on the world market which would in turn increase the cost to consumers of imported leather goods. Since leather imports tend to keep the price of domestic leather lower for competitive purposes, it appears to me that consumers would continue to suffer even with a trade embargo.

Further, hides represent only 5 to 15 percent of the cost of finished shoes. Thus, any decrease in the domestic price of hides which might result from an embargo would not appreciably affect the price of shoes. Instead, I fear that such an embargo might force an increase in meat prices by meatpackers in order to make up for the loss of revenue from the hides.

Most importantly, I regard amendments like Mr. SHANNON's as running directly counter to the purpose of the Export Administration Act. This act represents an important effort to facilitate American exports at a time when our excessive reliance on foreign oil has created a serious negative balance of trade. Attempting to attach to the bill protectionist provisions favoring one particular product can dilute the impact of the law and open the door to all kinds of special interest amendments.

The bill already contains adequate procedures to restrict exports where necessary to protect our economy from the inflationary impact of an excessive drain of scarce materials caused by foreign demand. These provisions can be invoked, if necessary, to protect the shoe and leather industry.

In addition, international negotiations are currently being conducted by the Office of the Special Trade Representative with countries such as Japan and Argentina to insure a cutback in the purchase of U.S. hides and an increase in the exports of foreign hides. These negotiations, coupled with the procedures already in the act, should suffice to provide relief to our domestic leather industry without eroding an important effort to stimulate our export economy.

Mr. Chairman, I strongly oppose this amendment, not only because it is a blatant protectionist measure, but because of some of the arithmetic that my friend from Massachusetts has engaged in, and I would like to have his attention for just a moment, if I could. I believe the gentleman said on the price of shoes that one-third of them was wrapped up in the cost of leather. The figures I have are from 5 to 15 percent, but let us say for the moment the gentleman is correct.

Mr. SHANNON. Mr. Chairman, will the gentleman yield?

Mr. FITHIAN. I yield to the gentleman.

Mr. SHANNON. Mr. Chairman, I will say that I am using the statistics provided me by Department of Commerce which says 30 to 50 percent.

Mr. FITHIAN. Let me use the gentleman's one-third if I may. How then do we account for the gentleman's next statement, which was if this amendment does not carry we could see an additional $10 per pair added to the cost of shoes this year, if the gentleman from North Dakota is even remotely close to the amount in his analysis of the amount of leather that actually goes into a shoe?

Mr. SHANNON. If the gentleman will yield further, I do not accept the gentleman's figure as remotely close.

Mr. FITHIAN. Taking the gentleman's own figure, what is the average cost of shoes?

Mr. SHANNON. I would say to the gentleman, if he will yield further, if we take the 30 percent to 50 percent figure as the amount of the cost of a pair of men's shoes that can be attributed to the leather in those shoes, I do not think a $10 increase is out of the question at all.

I have an unusual situation, I wear a size 13 shoe, but I end up paying $65 or $75 for a pair of shoes frequently.

Mr. FITHIAN. Mr. Chairman, I must oppose this amendment for many of the reasons that the people who are close and knowledgeable about the cattle industry have already stated.

Mr. ANDREWS of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. FITHIAN. I will yield to the gentleman.

Mr. ANDREWS of North Dakota. If we can go back to this $10 figure, all I said was how many pounds of leather do we have in a pair of shoes. Leather today sells for 73 cents a pound in Chicago. The gentleman can buy all of the leather hides he wants today for 73 cents a pound. I do not think most of us have more than 2 or 3 pounds, even that much in that $65 pair of shoes that the gentleman has. I just do not, cannot, just cannot come up with the mathematics that says that half of the cost of my pair of shoes is attributable to the leather. I appreciate my colleague yielding.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. FITHIAN. I yield to my friend.

Mr. GLICKMAN. Mr. Chairman, I echo the remarks of the gentleman from Indiana. I would say the issue today is not the cattlemen or the hide people, the issue is exports, free, unrestricted exports from this Nation. If we open the door here, and it is one of the first times the door has ever been opened, if we open the door here we will have every protectionist device available to protect one industry in this part of the country and another industry in another part of the country. That just flies right in the face of the MTN talks and it is bad for America. I urge the rejection of the amendment.

Mr. SHANNON. Mr. Chairman, will the gentleman yield for an inquiry to the gentleman from Kansas?

Mr. FITHIAN. I yield to the gentleman.

Mr. SHANNON. I would say to the gentleman from Kansas, is it the gentleman's intention to vote against the beef bill when it is on the floor of the House of Representatives?

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield to me?

Mr. FITHIAN. I yield to the gentleman.

Mr. GLICKMAN. I would say to the gentleman that I have not decided.

Mr. SHANNON. If the gentleman will yield further, would the gentleman characterize that as a protectionist measure?

Mr. GLICKMAN. Perhaps.

Mr. FITHIAN. Mr. Chairman, if I can retrieve my time, I think the gentleman from Kansas' argument is that the purpose, as I understand Chairman BINGHAM's analysis, the purpose of this bill is to promote exports. The whole thrust of the bill is to facilitate international trade.

Mr. GLICKMAN. If the gentleman will yield for 1 second further, as I understand it, this is, except for the restrictions on exports of Alaskan oil, and a provision for red cedar which is in the bill, and the one that was just passed on scrap metals, and we keep going forward, before we got to this bill we had not formalized in statutory form restrictions on exports of commodities. I just think while nobody is a purist, and I will agree with the gentleman from Massachusetts on that point, I just think it is bad policy to begin opening the door to every protectionist item we have.

Mr. FITHIAN. I thank the gentleman. If I may, Mr. Chairman, I regard amendments such as this as running directly counter to the purpose of the Export Administration Act in the first place.

□ 1620

Second, I regard amendments such as this as absolutely harmful to an industry which has lost money in 4 of the last 6 years, and lost money heavily. I cannot conceive of this House of Representatives turning on the beef industry in this country at the first opportunity it has had to arrive at a break-even point. It is inconceivable that we would do this, not only because of all the arguments my friend from Iowa, Mr. SMITH, made earlier, but for the very basis of equity itself.

I strongly urge defeat of this amendment.

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

First of all, Mr. Chairman, I am very sorry that my shoe manufacturers were referred to as being "dumb" by my very respected colleague from Iowa, since I have been very impressed with the manner in which they carry on their activities under almost impossible conditions. I would also hope that my colleague from North Dakota was not trying to make a point that since hides sell for 73 cents a pound, and there are only 3 pounds possibly to a shoe, that it only costs $2.19 then in order to get that hide for the shoe. That is an unfinished product, of course, when it is $2.19.

Mr. Chairman, it has been argued that the imposition of export controls on American-produced cattlehides would constitute an unwarranted impediment to free trade. Certainly, free trade is a desirable goal and as a general policy I heartily endorse it. But when other nations seek to exploit our commitment to that policy to the detriment of the American people, it is time to reconsider that policy in light of particular circumstances which might make for an exception.

In recent years the demand for unfinished cattlehides has grown dramatically, while the production of hides has increased very little. As a result, shortages and major price increases have occurred. In response to this situation, many traditional suppliers of hides have imposed export controls on their production, thereby protecting their own leather goods industry from spiraling costs but further exacerbating the already severe international shortage. As a result, foreign buyers have turned to the United States, which has not imposed controls, to make up the difference.

If the United States were able to make up for this shortfall without depleting the supply needed for domestic consumption, this would not constitute a serious problem. Unfortunately, we are unable to do so as just illustrated by my colleague from Massachusetts. Of the approximately 34 million hides that the United States will produce this year, about 19 million will be needed for domestic consumption. However, foreign buyers are expected to purchase some 24 million, leaving a domestic deficit of 9 million. The results of this deficit are already apparent: The cost of unfinished cattlehides has increased over 150 percent in the past 17 months alone; and the price of finished leather goods is sure to follow. As the price of domestically produced leather goods increases, the American consumer, hard pressed by inflation, can be expected to increasingly turn to less expensive foreign-made goods. Those $90 pair of Johnston & Murphy shoes some of you are sporting today will cost $160 within 6 months or a year. I may buy some merely as an investment. So, American industry will suffer and tens of thousands of American jobs will be lost. All this, because we have failed to act to insure that our own domestic industry receives the raw materials they need at reasonable prices, to compete with foreign producers.

For this reason, I intend to support Mr. SHANNON's amendment. And in the interests of American industry, American labor, and the American consumer, I urge my colleagues to do so, as well.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Virginia.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, the gentleman from Iowa (Mr. SMITH) alluded to a condition of abundance of hides that, in his terms, has existed since the Mayflower landed in Virginia. I have got to point out that Massachusetts was where the Mayflower landed, and the landing in Virginia occurred 13 years earlier with different ships that sailed up a river bounding my congressional district.

Mr. BINGHAM. Mr. Chairman, in view of the pressure of time under which we are operating, I wonder if we can arrive at an agreement on limitation of time.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto cease in 30 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

Mr. MAVROULES. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. BINGHAM. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto cease in 45 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time of the unanimous-consent request was agreed to, will be recognized for 1 minute each.

□ 1630

(By unanimous consent, Mr. JOHN L. BURTON yielded his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from South Dakota (Mr. DASCHLE).

● Mr. DASCHLE. Mr. Chairman, I rise in opposition to the amendment being offered by my colleague from Massachusetts, an amendment which would seek to limit the exportation of U.S. cattle hides, until adequate supplies are available to domestic users of hides.

Those who argue in favor of this amendment say that unless hide exports are limited, the leather goods industry will not have to manufacture necessary raw materials to provide finished leather products.

Unfortunately, for what some have referred to as a simple solution to the troubled shoe and leather industry is a dangerous precedent the result would be literal chaos in the livestock industry.

As has been pointed out here today, the livestock is plagued with the very same problems of inflation and high production costs that every other industry is faced with. This is sometimes overlooked by our friends in the urban areas.

The effect of this amendment on the livestock industry would be to cause a substantial reduction in 1979 hide exports in addition to further reducing hide prices from a 1979 high of 96.33 cents per pound to a June 1979 level of 85.90 cents per pound.

A reduction in hide prices could cause a reduction in cattle prices through a lower return on a valuable part of the animal.

After 4 years of depressed prices, cattlemen are finally realizing a profit. The Shannon amendment would significantly reduce these returns by an estimated $10 or $20 per head.

Hide exports are on the decline, July down more than 5.7 percent. The projection is that they will be lower for the rest of the year.

In addition, the United States is currently negotiating with countries which currently have embargoed its hide exports. Argentina is one country which will reenter the world trade hide market.

Mr. Chairman, I want to conclude by reaffirming my strong opposition to the Shannon amendment. The United States is estimated to be producing more than 34 billion cattle hides this year, with the domestic industry requiring only 18 million.

We should not establish this dangerous precedent.

Our Nation's cattlemen should not have to carry the brunt of the load of the hide industry's reluctance to pay the supply and demand established market price for hides. The hides are there without the necessity of export restrictions, and for that reason I rise in opposition to this amendment.

(By unanimous consent, Mr. DASCHLE yielded the remainder of his time to Mr. FOLEY.)

(By unanimous consent, Messrs. GLICKMAN, SMITH of Iowa, and CAVANAUGH yielded their time to Mr. FOLEY.)

(By unanimous consent Mr. GRAMM yielded his time to Mr. STENHOLM.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Minnesota (Mr. NOLAN).

● Mr. NOLAN. Mr. Chairman, I support the amendment by Representative SHANNON to regulate the export of cattle hides.

The issue has caused a great deal of controversy between the leather goods industry and the cattle industry. According to some critics, the Shannon amendment constitutes an impediment to free trade and therefore should be defeated. Congress should recognize, however, that free trade does not exist for most products because State trading and oligopoly reign in the marketplace. From the viewpoint of both farmers and labor, history reveals that putting wise restrictions on trade is the only way to maintain a continuous flow of goods by assuring a balanced competitive market free from unfair market practices and price gouging.

I believe the Shannon amendment is a wise trade restriction which will help stabilize the domestic leather goods industry and, at the same time, will maintain domestic beef consumption because jobs and income in the leather goods industry will not be jeopardized. Assuring domestic demand is the cattle producers' best bet to maintain cattle prices at fair levels.

By the same token, those who support the Shannon amendment must realize that the economic well-being of U.S. cattle producers is threatened by beef imports. The beef import bill reported out of the Ways and Means Committee also places a wise restriction on trade—assuring price and supply stability for cattle producers and consumers.

I urge my colleagues to support the Shannon amendment and to support the bill to improve the existing beef import legislation. Farmers and labor both stand to gain from cooperation in support of the Shannon amendment and the beef import bill.●

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Florida (Mr. KELLY).

Mr. KELLY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, Government subsidies to help grain farmers constitute a massive Government program which last year totaled $2.3 billion and raised cattle feed out of sight. From 1974 to 1978, the cattlemen of the United States suffered under depressed prices, high feed costs, and high everything else, with the result that hundreds of America's cattlemen went out of business or bankrupt or both.

The Shannon amendment is an effort by one industry to gain an advantage at the expense of the American cattleman. In light of the damage Government programs and interference in agriculture has already done to the cattle industry, the unfairness of the Shannon amendment should not be permitted.

The Shannon amendment, pure and simple, would reduce the price of hides by cutting off American cattlemen from the world markets and of necessity reduce their profits and run up the cost of beef to the consumer. By limiting exports of cattle hides, this amendment will worsen this country's already serious balance of traded deficit. Last year the United States had a net agricultural trade surplus of $15 billion, and cattle hides are the major contribution to this surplus by the cattle industry.

Mr. Chairman, American cattlemen have suffered enough in the past few years. Now that they have a chance to break even, certainly fairness and equity demand the Government not hurt the cattlemen more to benefit someone else.

I earnestly urge my colleagues to vote "no" on the Shannon amendment and to vote "yes" for the American cattlemen and fair treatment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. LEDERER).

● Mr. LEDERER. Mr. Chairman, I rise today to support the Shannon amendment to the Export Administration Act of 1979. I think it an important amendment, which will have a most beneficial effect on our leather goods industry.

This sector of our industrial economy includes tanneries, shoe production, handbags, belts, apparel, and other leather products. A great many people are involved in these industries. However, these jobs may be in danger by the increasing exportation of our Nation's cattle hides. It is time that we realize that our country's many industries cannot operate independently of each other. Many of them are dependent on one another and their business operations should be coordinated. Without a steady supply of hides, the leather goods industry finds itself in a terrible bind. If they cannot attain an adequate supply of cattle hides from America's cattle producers, the leather goods industry is forced to look to the foreign producers. However, they are stymied here by the fact that many foreign governments have imposed export restrictions on their cattle hides. Consequently, our leather goods industries are unable to secure a stable supply of hides for their production facilities. Without a coordinated leather goods policy, the leather goods industry is caught between the proverbial rock and a hard place.

The cattle industry, of course, opposes any export restrictions. This is understandable, since it is sometimes possible for them to get a higher price for their hides abroad than they can get in this country. But I find it interesting to note that the cattle producers are such free traders on this issue, and, yet, they can turn around and be highly protectionist on the meat import issue.

We heard the term, "fair trade," used quite extensively during the debate on MTN. Well, I think this issue again brings the concept of fair trade into play. I do not think it advantageous for our country to watch the decline of a domestic industry because they are not able to avail themselves of a necessary, domestically produced resource. I find this unacceptable. I would urge my colleagues to support the amendment of Mr. SHANNON. I think it in the best interest of our country's industrial welfare to do so.●

(By unanimous consent, Mr. LEDERER yielded the remainder of his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Massachusetts (Mr. MOAKLEY).

● Mr. MOAKLEY. Mr. Chairman, I rise on behalf of an amendment offered by my colleagues, Mr. SHANNON of Massachusetts and Mr. CARTER of Kentucky to the Export Administration Act (H.R. 4034).

In recent months, the American public has witnessed a significant increase in the price of almost all consumer goods. The price of domestically manufactured shoes, however, has increased at a rate far greater than that of inflation. The domestic leather using industry, of which the shoe industry is a major component, is in jeopardy. Because of the vagaries of this Nation's export policies, it seems that the industry is simply not capable of obtaining a sufficient supply of the industry's prime ingredient: cattle hides.

Massachusetts has over 23,000 individuals who presently earn their living from the shoe and leather-using industry in the State. In the Ninth Congressional District alone, there are some 23 shoe manufacturing companies, employing many thousands of people in the Boston area, whose product output is totally dependent on the availability of cattle and leather hides.

The reason for the seeming inability of American cattle producers to supply sufficient hides for the leather-using industry is self-evident. Since the early 1970's, every single major hide-producing nation with the exception of the United States has imposed stringent controls on the exporting of hides. Consequently, the United States, while producing only 15 percent of the world's supply of hides, now finds itself in the strange position of providing over 75 percent of the world market. The laws of international trade clearly state that this is simply not an equitable situation. The ebbing of U.S. cattle hide inventories has produced a scenario in which the per pound price of leather hides have been allowed to rise from around 40 cents per pound less than a year ago to almost $1 per pound last week. Despite the fact that our local leather-using firms are not able to meet their hide needs. This Nation continues to allow over 80 percent of our domestic hides to be exported, when less than a year before only approximately 50 percent of our hides were exported.

The amendment offered today by my colleagues from Massachusetts and Kentucky would bring order to a completely chaotic situation. The amendment to the administration's Export Administration Act would limit exports to the average percentage exported over the period 1974–77. Controls would be lifted if a reasonable number of other hide producing nations relaxed their restrictions or if the domestic supply began to exceed the domestic demand.

I emphasize that these export controls would apply to hides only. As you are also no doubt aware, before 1973, the Commerce Department had the authority to impose export controls on hides.

This amendment would reduce the price of domestically sold hides and would increase the price of foreign sold hides. Currently, there is little incentive for major importers of hides to relax their restrictions on exports. If the current situation is allowed to continue, nations such as Japan, which are able to produce high-priced leather products due to the devalued dollar, will drive American leather producers out of business.

I urge you to vote in support of this amendment. Certainly the 500,000 American workers whose jobs are directly impacted by our action on this matter deserve no less.

Thank you.●

(By unanimous consent, Mr. MOAKLEY yielded the remainder of his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Massachusetts (Mr. DONNELLY).

● Mr. DONNELLY. Mr. Chairman, I rise in support of the Shannon-Carter amendment.

In my support for this amendment, Mr. Chairman, I am calling for the end to a critical situation that has placed the American footwear industry in immediate danger of extinction. The situation I am referring to is the acute shortage of cattle hides, the basic raw material of leather manufacture, facing the domestic shoe industry. If current trends are not reversed without delay, domestic leather manufacturers will have only 10 million hides available for their use, approximately one-half that needed to maintain the industry at current levels of production and employment.

What has caused this shortage of hides, Mr. Chairman? It is the result of more than the cyclical rebuilding of cattle herds. It is caused by the voracious, unprecedented foreign purchase of our American hides. While the United States produces only 15 percent of the world cattle-skin supply, in excess of 75 percent of those hides go to foreign manufacturers of leather goods. Those figures do not represent an insufficient domestic demand for hides, Mr. Chairman. Due to the devaluation of the dollar, countries such as Japan and Korea are able to consistently and dramatically attract a major portion of our domestic hides supply. Our already beleaguered shoe industries are engaged in a pricing battle in which cattle hide for shoe leather that cost 37 cents a pound in 1977, and that cost 58 cents a pound 6 months ago, today is priced at almost $1 a pound.

Mr. Chairman, how can we expect our American footwear and leather goods manufacturers to survive under these conditions? Many will argue that the present hide shortage is short term and domestic supply will increase over a 3- or 4-year period. Well, the leather goods industry that directly employs some 500,000 Americans cannot survive even in the short term without immediate relief from this crisis situation. Are we prepared to ignore the plight of shoe manufacturers? Are we prepared to certainly jeopardize the livelihood of hundreds of thousands of American leather goods workers?

The Shannon-Carter amendment is a reasonable, carefully worded, and targeted remedy to the cattle hide situation. Most importantly, this amendment recognizes the overriding objective of our trade laws, that is, commitment to free trade and free market policies. The restrictions on hide exports to reasonable historical levels would only apply as long as other major producers of cattle skins follow export policies contrary to the principal of free trade. Argentina, Brazil, Pakistan, and India, to name only a few, follow policies of stringently controlling their export of hides.

Mr. Chairman, the concept of free trade has been founded on the principal of insuring equitable access to world markets on the basis of mutuality. This amendment recognizes that our trading partners are currently disregarding this principle. Our top priority, therefore, must be to assure that our American shoe industry and workers are able to compete in the international market on a basis of equity and fair trade. To this end, we must assure American leather goods industries legitimate, adequate access to American raw materials, and the 400,000 American workers, jobs.

I urge my colleagues to join me in supporting this amendment.●

(By unanimous consent, Mr. DONNELLY yielded the remainder of his time to Mr. MAVROULES.)

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from Maryland (Mrs. BYRON).

Mrs. BYRON. Mr. Chairman, my support for the Shannon-Carter amendment to the Export Administration Act is twofold. First is my concern with the ever increasing price of shoes and other leather goods in this country. And, second, but more importantly, my concern with the number of jobs that may be affected if the U.S. leather industry does not get sufficient hides.

In my home district of western Maryland there are at least a half dozen leather related industries—a tannery, shoe manufacturers, not to mention numerous shoe retailers. I am concerned about the future of these industries. Several of these plants have already experienced layoffs due to the competition from imports.

The Shannon-Carter amendment to the Export Administration Act does not prohibit hide exports. It limits exports to the average percentages exported during the years 1974–77 which amounted to 56 percent.

And, more interestingly, this limit would only exist until such time other hide producing nations relax their restrictions on exports, or domestic supply exceeds domestic demand.

The United States cannot continue to export the high number of hides without dramatically affecting the U.S. leather industry.

Tens of thousands of American citizens may lose their jobs—including several thousand Marylanders—if the plants they are working in shut down or reduce production due to an insufficient supply of hides.

I urge my colleagues to consider the livelihoods of thousands of Americans and vote yes today for the Shannon amendment.

(By unanimous consent Mrs. Byron yielded the remainder of her time to Mr. Mavroules.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Tennessee (Mr. Boner).

● Mr. BONER of Tennessee. Mr. Chairman, hundreds of citizens in the Fifth District of Tennessee have taken the time to let me know how they feel on a matter that reaches to the heart of the economic situation in this Nation. I refer to the export of U.S. cattle hides and skins which drives up the price of domestic leather goods and causes shortages and unemployment in the U.S. labor force.

I wish to state my support for congressional efforts to amend H.R. 4034, the Export Administration Act, to protect our domestic hides and skin industry, and I hope that the House reverses the Senate's July 21, 1979 defeat, by a vote of 46 to 38, of a similar amendment to limit these exports until the President determines there are adequate domestic supplies.

The American leather goods industry, which employs over 400,000 citizens across the Nation, is facing a monumental crisis. It is a crisis already sending shock waves of inflation through the economy. It promises even more serious consequences unless there is simple, direct action taken now.

This is not just a national problem. In the State of Tennessee 12,870 people are employed in the production of leather products. This is down from 19,264 in 1976. Tennessee has the distinction of being the fifth largest producer of footwear in the United States with 30 million shoes having been produced in 1977. The citizens of Tennessee along with the citizens of every other State must be protected from possible loss of their jobs.

Our Government has been standing idly by while foreign nations have been raiding America's supply of domestically produced cattle hides. Meanwhile, American tanners, manufacturers, and retailers are being deprived of the one raw material they must have to provide shoes, clothing, furniture, and other essentials consumers want and need.

It is a travesty and a humiliation that, soon, American consumers may not be able to afford or even to obtain leather products themselves, despite the fact that the United States is the world's major producer of cattle hides.

The squeeze is caused by the unprecedented buying of U.S. hides by foreign countries who do not play by the same fair trade rule book that we do. At the same time, other hide-producing nations, who could help satisfy world demand for hides, hold back their supplies from the world market place. The United States is left virtually the only nation which gives free-buying access to its unfinished hides. Argentina, Mexico, and India—all major producers—close their borders in order to protect their own leather goods industries, workers, and consumers.

Japan, along with most other nations, has clear policies of buying as many American hides as possible to provide jobs for their citizens. These countries are willing to pay just about any price for hides for social reasons, but they do not often feel the high price. Japan, for instance, can outbid American buyers easily with the 15- to 20-percent exchange rate advantage of their yen versus the U.S. dollar. As a result, declining U.S. hide production has not fazed Japan at all. Instead, it increased its share of purchases in 1978, thus aggravating further the critical scarcity of hides.

The United States was the source of 75 percent of the cattle hides exported by all countries in 1978, but was able to export just $234 million in finished leather and leather goods for the year. Foreigners, however, took full advantage of our open-arms import policies and the United States imported $2.4 billion worth of leather goods. The result was an estimated 100,000 jobs lost in the United States for every $1 billion in trade deficit.

The consequences of aggressive and ruthless foreign buying in the United States, particularly by Japan, and denial of access to hide supplies of other producing countries already have been acute.

Prices of cattle hides, by May 1979, reached an average of almost $1 per pound, a cost that causes reverberations throughout the chain of production and marketing. Wholesale prices for cattle hides surged by 91 percent in April of 1979 compared to April of 1978. Retailers will not long be able to keep from passing price increases on to consumers. Manufacturers and retailers of leather shoes and all other leather products face an intolerable dilemma—curtail production or fuel inflation and face a radical downturn in consumer buying.

I do not believe that this amendment will hurt the cattlemen of this Nation as much as the current situation is affecting the leather goods industry. Many American jobs are in jeopardy if the current level of cattle hide exportation is permitted to exist. I cannot stand idly by and watch the jobs of many of the citizens of the Fifth District of Tennessee lost because of governmental inaction in the area of cattle hide exportation restrictions.

It is time to bring economic equity back to the people of the United States. The United States can no longer be expected to bear the burden of reduced supplies alone. We must make a commitment now to allow ourselves a fair share of our own materials, our own hides. If the Government means what it says about cutting the rate of inflation, it must take the necessary actions to insure a long-term adequate domestic supply of hides.●

(By unanimous consent, Mr. Boner of Tennessee yielded the remainder of his time to Mr. Mavroules.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Massachusetts (Mr. Conte).

Mr. CONTE. Mr. Chairman, I rise in support of the Shannon amendment. This amendment seeks to limit exports to the average percentage exported over the period from 1974 to 1977, approximately 56 percent of domestic supply. Yet, such controls would be lifted if either a reasonable number of other major hide producing nations relaxed their restrictions on exports or the domestic supply exceeded domestic demand.

Some may question the need for controls when we are so desperately trying to increase our share of export trade. They will be quick to point out that the balance-of-payments deficit is only now beginning to decrease. They will claim that increasing U.S. exports translates into greater opportunities for employment. They will praise the merits of a free trading system which we have been working so hard to achieve. I admit that each of these is a legitimate and timely concern. Yet, I have come to realize that the situation with regard to hides is, in fact, hurting the U.S. balance of trade, it is creating unemployment, and further that there is neither free, nor fair trade in this commodity.

Currently the United States is exporting over 70 percent of its cattle hides. Of this year's projected supply of 34.2 million hides, 24 million were destined for foreign markets. This is primarily due to the fact that other nations have restricted their export of hides. As demand on the international market exceeds supply, the price has skyrocketed. A small minority are overjoyed with the higher prices. But a far larger group has become victims of both unemployment and higher costs. By April of this year, 10,800 jobs had been lost due to the increased cost of hides to the leather industries. But the even more far-reaching consequence has been the additional $2 billion for leather products which the American consumer has been and will be forced to pay due to higher prices. Without a doubt, the biggest losers will be each and every one of our constituents who will be paying an additional $10 for each pair of shoes and $12 for each handbag.

Some may claim that these controls will hurt the balance of trade. Such claims are unfounded. We will still be exporting over 50 percent of U.S. hides, and at today's prices, this will mean an additional $200 million in revenues. The real balance-of-trade problem results from the fact that the United States cannot compete internationally in the leather products area. U.S. hides frequently return to the United States as a higher valued finished product, yet a product less costly than our domestic goods.

Mr. Chairman, with the rumors of recession occurring with greater frequency, we can afford neither the loss of jobs or the increased inflationary pressures which the lack of controls is now creating. I, therefore, strongly urge that this amendment be adopted.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. Mitchell).

Mr. MITCHELL of New York. Mr. Chairman, I would like to address the problem of the cattle dealers. I really do not think they have a beef in this issue. They may have a lot at stake, but they are giving us a bum steer when they talk about how much they are losing.

The United States produces 15 percent of the cattle hides in the world today. It is projected that in 1979, the U.S. cattle industry will supply 34.2 million hides. Only 50 percent of these would adequately meet the needs of our domestic leather industry.

Yet, the firms manufacturing leather goods in my district in central New York tell me they are facing a major crisis because they cannot buy enough animal hides to keep up their production levels. I received 161 letters, many of which stated the leather business will close unless relief is available soon.

And the American consumer is paying, on the average, $10 to $15 more for a pair of shoes than he paid 2 years ago.

What is the reason for this apparent paradox? Where are all the American cattle hides going?

They are being sold overseas to the highest bidder.

The United States, while producing 15 percent of the world's cattle hides, is supplying 75 percent of the world market, at the expense of our domestic leather industry. The most recent statistics available show that in March and April of this year, 83 percent of the cattle hides produced in the United States were sold for export, leaving American leather industries with only half the number of hides the industry needs to keep going.

The bulk of the exported hides are going to countries like Japan and Korea. Because of their huge consumer demand and a favorable exchange rate, they can afford to outbid our leather goods manufacturers.

In the meantime, other major hide-producing countries maintain strict export controls on their hides, to protect their own domestic leather industries.

These countries can send finished leather products to the United States, assured of a good competitive edge over American manufacturers who are scrambling for an adequate supply of cattle hides.

To add insult to injury, many of our foreign competitors refuse to import American leather finished products. Again, they are seeking to protect their own.

I believe in free trade but I feel it must also be fair trade. By filling the worldwide gap in supply and demand created by countries who have embargoed their cattle hides, the United States is the only free-market trader in an imprisoned market.

It is bad enough that rising exports have meant a 154-percent increase in the price of cattle hides in less than a year and a half. It should be a major concern of this body that the trade deficit in the finished leather goods sector was $2.5 billion in 1978, almost 9 percent of the entire U.S. trade deficit.

We must also recognize that the leather goods industry represents 400,000 jobs in this country. The manufacture of leather products is a labor-intensive enterprise that often employs the less skilled worker—individuals who might have a difficult time finding another job even in a healthy economic climate.

In the first quarter of this year, unemployment in the shoe industry was nearly double the national average at 10.7 percent. Employment is steadily dropping, and manufacturers are giving their employees unwanted, extended vacations, because they have no leather for them to work with.

The amendment introduced by Representative SHANNON is not a regressive, protectionist measure that will hurt us in the long run. It is a necessary action produced by the unfair competitive practices of other countries who erect trade barriers at the expense of our domestic leather industry.

I feel Representative SHANNON'S amendment represents a fair and balanced solution. I strongly urge my colleagues to support it.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Mississippi (Mr. HINSON).

Mr. HINSON. Mr. Chairman, I rise in opposition to the Shannon amendment. I am very sympathetic to the problems of our shoe industry, but I suggest that these problems are more complex than this amendment would indicate, and are not the subject of a catch-all solution such as that posed in this amendment. The manufacture of shoes is only a part of a chain which begins with a cattleman raising cattle for the meat they produce and, importantly, for the international hide market, a large portion of which has traditionally come from the United States to the benefit of the American leather industry.

The distinguished chairman of the Small Business Committee (Mr. SMITH), is right. Restricting the export of American hides will only harm the shoe manufacturers of this country because it will force foreign producers to go even further into the artificial leather market. It will also result in the increased importing of foreign shoes, shoes which will not be made from American hides. Adoption of this amendment will also have the effect of glutting the U.S. hide market, dramatically forcing downward the price American cattlemen are presently receiving for their hides. For the first time in many years, American cattlemen are receiving a fair price for their beef and for their hides. Forcing an instant depression in the hide/cattle market in order to benefit another market is destructive and will not solve the long term problems of the shoe industry. I urge the rejection of the amendment.

(By unanimous consent Mr. HINSON yielded his time to Mrs. HECKLER.)

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Massachusetts (Mr. SHANNON). In recent weeks, I, like all of you, have been bombarded by conflicting reports concerning the importance of cattle hides to the leather industry.

Regardless of whether the cost of a hide contributes 5 percent to the cost of making a shoe as some reports say, or 40 percent, as others claim, the fact still remains that shoe prices have not shown a decline since 1965, according to the Bureau of Labor Statistics, while cattle numbers and prices, on the other hand, have undergone great fluctuation throughout the years.

In fact, the price of hides has actually decreased 45 percent from their highs earlier this year. But have we seen a decrease in the price of leather products? Obviously not; only increases. This indicates to me that there must be other more costly production inputs than leather.

I sympathize with the leather industry in light of the difficulties it has in obtaining access to markets in other countries. However, let's not solve its problems at the expense of other Americans, including cattlemen and all consumers.

I am actually amazed that we are even considering this type of legislation. It seems we would have learned by now what effect Government tampering has on agricultural commodities. Cattlemen are just now recovering from severe economic losses in which the beef price freeze of 1973 played a large part.

Beef producers need all the encouragement we can give them in order that they will continue to take the risk of rebuilding their herds. If this amendment is passed, it will most surely mean reduced prices for domestic hides. The decreased prices will not be absorbed by meatpackers as they are already operating on a very thin profit margin. These losses in revenue can only be passed on. They would be and are being passed on in the form of reduced feedlot prices to cattle producers, which will discourage meat output and result in subsequent increases in meat prices to consumers.

Most of my colleagues will agree that meat prices are determined by supply and demand. I ask you, assuming demand stays the same as predicted, what about supply? Do you think that cattlemen will raise more calves when they see the price of their finished product going down? No, of course not. American cattlemen are sick and tired of Government regulation and meddling in the meat industry.

According to the USDA task force report of July 1979, the proposed export controls would result in a $30 to $40 decline in the average wholesale price per hide. This in turn would mean a $17 to $23 reduction in prices offered to the producer of a live animal. This would be disastrous because of the deterioration of the current hide price situation.

Hides bring only about $30 each to farmers now, down from $54 each earlier in 1979. Moreover, Japan and South Korea are reporting unduly large inventories of hides. Choice slaughter steer prices have already declined from their April high of near $78 per 100 pounds to $68.45 per 100 pounds today, September 18, 1979. The additional $17 to $23 reduction per animal from export controls would translate into a $2 per 100 pounds additional drop. An embargo at this time would be completely unjustified.

The important point is that the break-even costs for cattle to be marketed this fall, which are in the feedlots now, has risen to about $75 per 100 pounds on the hoof—well above present live cattle prices—without even taking into account the additional $2 per 100 pounds drop from proposed export controls. Thus, producers already face another loss position.

As most of you know, agricultural products are one of the few commodities that help our deplorable balance of trade. Cattle hides play a surprisingly large role in trying to improve that balance of trade. In 1979, an estimated 19 to 20 million hides worth $600 to $800 million will be exported. This is down from 1978 when 24.8 million hides were exported worth $687 million and up almost 50 percent from 13.6 million hides 10 years earlier worth only $100 million. Let us not jeopardize this valuable export product.

In closing, I suggest that we let the leather industry compete on the open market like the cattle industry does, and try to solve the leather industry's problems through other means, such as reducing inflation, Government imposed costs, and trade barriers abroad. I urge your support in the defeat of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, the thing that bothers me most about amending the Export Administration Act to limit hide exports is that it shifts a problem from one economic segment, the leather goods manufacturing industry, to another economic segment, the cattle industry and the consuming public.

This amendment does not solve the problem. The problem is not the availability of hides, it is the price. The only fair way to reduce the price of hides is to increase production.

Earlier, Mr. GLICKMAN and I sent a copy of the USDA task force report on the hide problem to every Member of the House of Representatives. On pages 27 and 28 of that report you will find an explanation of why I oppose this amendment. Proponents of the amendment argued that controlling exports would not hurt cattle producers.

USDA disagreed:

A $30 to $40 decline in average U.S. hide prices would reduce the byproduct credit for a 1,000-pound steer by $17 to $23. Assuming that packers currently are operating on very tight margins (many packers recently reduced their operations by temporarily closing or laying off some of their workers because of low or negative operating margins), then they would be unable to absorb this cut. This would mean that the packer would then offer $17 to $23 per head less to the producers for the live animal.

One reason why current slaughter is off so much is that cattlemen are now taking steps to rebuild herds. If they perceive lower prices in a negative sense, then rebuilding could be slowed. Near-term slaughter volume would remain a little above the level currently expected without their negative perception of this action.

Longer term supplies, however, would be lower, resulting in both reduced hide and meat supplies and higher prices. Consumers would pay more for both meat and leather products in the long run, given this reaction by cattlemen.

The USDA report also concluded that export controls would not solve the long term problems confronting the leather products manufacturers. The problems of low productivity and competition from imported leather goods would still remain.

What could consumers expect from a hide export embargo? According to USDA, a 40- to 50-percent decline in hide prices could result in only about a 2-percent reduction in wholesale footwear prices. USDA did not think this would happen:

However, prices for leather goods are not likely to decline, even if average U.S. hide prices were to drop substantially. In years past, when hide prices rose sharply, prices for leather goods did not increase as rapidly as hide prices. On the other hand, prices for leather goods have not declined when hide prices fell. For example, since 1965 there has not been a decline in the quarterly index of wholesale footwear prices as reported by the Bureau of Labor Statistics.

In the longer run, prices of domestic leather goods would continue to rise. Domestic manufacturers have found it increasingly difficult to compete with foreign manufacturers. U.S. export controls on hides would cause prices of foreign produced leather goods to rise and this would help domestic manufacturers better compete with the foreign manufacturers by allowing them to raise prices on domestic products.

Mr. Chairman, this does not sound too much like helping consumers to me. Instead, we could be helping the leather manufacturing industry raise prices. At the same time, we would be discouraging domestic cattle production, leading to declining supplies of and higher prices for beef and leather.

In recent weeks, domestic hide prices declined almost 50 percent, from 90 cents per pound on June 1, to 51 cents now. For that reason alone I question whether this amendment is necessary.

There are other reasons, too. We need to look at what already has been done to help this industry. The United States and Argentina have negotiated an agreement which will put 14 million to 16 million additional raw cattle hides on the world market. U.S. tanners will be able to buy these hides. Passage of this amendment would nullify this agreement, I am told.

The special representative for trade negotiations also has asked Brazil and Uruguay to increase their hide exports. I understand negotiations are continuing. Passage of this amendment certainly would destroy this initiative.

The United States has negotiated orderly marketing agreements with Korea and Taiwan under which these two countries agreed to limit exports of nonrubber footwear to the United States. The restraining period runs through June 30, 1981.

In addition to these agreements, the President directed the Economic Development Administration to fund a program to revitalize the nonrubber footwear industry. Under the Trade Act of 1974, firms from any industry injured by imports can receive financial and technical assistance if they meet the statutory criteria of the act—declining employment coupled with declining sales or output. To date, more than two-thirds of the 130–150 firms estimated to qualify for benefits have been certified eligible.

Foreign purchasers acknowledge they overbought this spring and will be eliminating or reducing further purchases for the remainder of this year.

In short, Mr. Chairman, this amendment is not needed, will not help the leather products industry over the long term, and will hurt the national economy and balance of trade now and in the future. I urge the defeat of this amendment.

Thank you.

AMENDMENT OFFERED BY MR. ERTEL TO THE AMENDMENT OFFERED BY MR. SHANNON

Mr. ERTEL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. ERTEL to the amendment offered by Mr. SHANNON: Add the following sentence before the closed quotation marks at the end of the amendment: "The Secretary of Agriculture shall, by exercising the authorities which the Secretary of Agriculture has under other applicable provisions of law, collect data with respect to export sales of animal hides and skins.".

Mr. ERTEL. Mr. Chairman, the amendment offered by the gentleman from Massachusetts (Mr. SHANNON) and the gentleman from Kentucky (Mr. CARTER) is an extremely important one for our domestic leather products industries. As the other hide-exporting nations have closed their doors on the international demand to satisfy their own needs, the United States has become virtually the only exporter of hides. This has meant that at a time when we have experienced a short-kill in cattle—which is the source of hides—the international demand for these fewer hides has increased dramatically. This has resulted in spiraling prices for hides. It has not only reduced the availability of hides, but it has also placed hides out of the reach of many of our leather products industries—not to mention their customers. Immediate action is neded to prevent the loss of many of our jobs and businesses—action of the type offered in the Shannon/Carter amendment.

The amendment is a fair one. We are not dealing with an open and free international market. Instead, it is one of forced and contrived shortages through the actions of other nations. By the adoption of the amendment we are simply acknowledging the fact that at a time of distorted market pressures, we must insure that our own industries are not destroyed because of the selfish actions of other countries. We are not the cause of the international shortage, but we must live with it and deal with its consequences.

We are not closing our doors as other nations have by adopting the Shannon/Carter amendment. We will continue to supply the world market with the same percentage of our domestic hide supply that we have in the past. Any international scarcity is not of our doing, but our actions may motivate nations which import hides to vigorously encourage the former hide exporting nations to again open their doors for free and fair trade. We have attempted to do this through the Office of the Special Trade Representative. Unfortunately, we have met with no success. We must not allow our own industries to be destroyed because others have chosen to close their markets.

Mr. Chairman, my amendment to the Shannon/Carter amendment is meant to insure that timely and accurate information on the supply and demand of our hides is available to both the administration and our domestic industries. This is important so that the provisions of the Shannon/Carter amendment can be effectively carried out.

I would point out that the Secretary of Agriculture currently monitors the market and supply of various grains. This amendment would not require the creation of any new process. It simply places hides among those items which are routinely monitored by the Department.

Without the monitoring of hides which would be required by my amendment, the provisions of the Shannon/Carter amendment would have to be implemented on past data modified by historical trends. Given our past experiences of major fluctuations in this market, it is important that we have timely and accurate information upon which to implement the provisions of the Shannon/Carter amendment. Therefore, I urge my colleagues to adopt this perfecting amendment to the amendment, and I urge the adoption of the Shannon/Carter amendment.

Mr. SHANNON. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I yield to the gentleman from Massachusetts.

Mr. SHANNON. Mr. Chairman, I have no problem with the gentleman's amendment. I think it perfects my amendment, and I intend to support it.

Mr. ERTEL. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma (Mr. ENGLISH).

Mr. ENGLISH. Mr. Chairman, I think one thing must be kept in mind with regard to this particular amendment—namely the situation facing the cattlemen.

There is no question, as a result of the Nixon price freeze on beef in 1973 that drove cattle prices to disastrously low levels.

I think we should look at exactly what took place with regard to the leather industry after 1973. Between 1973 and 1978, with extremely low cattle prices and cheap hides, shoe production declined 3 percent in the United States. Clearly cheap hides did little to assist the shoe industry. Early in 1979 the price of hides rose along with cattle prices bringing about this amendment, but since May hide prices have dropped 45 percent.

We should also keep in mind, as pointed out by the gentleman from Iowa, that leather makes up less than 10 percent of the price for shoes produced in this country, therefore cheap hides do not mean cheap shoes. In fact, the best way of reducing the price of hides is to encourage cattlemen to produce more which also assists the consumer of meat. Good cattle prices today are encouraging cattlemen to expand their herds but we should also keep in mind it takes nearly 3 years to produce those hides and that beef for tomorrow's market. An error in adopting the Shannon amendment and therefore encouraging cattlemen to possibly reduce the size of their herds will take years to correct.

I strongly urge the defeat of the Shannon amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, looking very short term, this amendment might fit the bill as something we want. Because of those short term policies we have the problem we have now in agriculture. It is the same short term policies like the Nixon price freeze and the increase in beef imports that has gotten us into our present condition where there are not enough cattle to provide the sort of prices the shoe industry wants to pay for the hides they need.

Mr. Chairman, let us not be shortsighted in looking at the problems with which we deal here today. Let us look at the long term, let us look at those policies that will encourage the investment of the cattlemen in the industry so there will not be the shortage of the raw materials we need.

For that reason, Mr. Chairman, I urge voting against the Shannon amendment.

The CHAIRMAN. The Chair recognizes the gentlewoman from Maine (Mrs. SNOWE).

Mrs. SNOWE. Mr. Chairman, it seems we have heard a number of different problems here today regarding the cattle industry and the shoe industry. I believe there are certain issues which have been overlooked. Insofar as the export of hides to other countries and trading with other countries is concerned, other countries in fact restrict their own export of hides in order to protect their own domestic industry.

Mr. Chairman, should we clearly sacrifice our interests, the consumers' interests, the workers' interests, the industry's interests to the anticompetitive nature of other trading partners? Where is the trading equitability in this whole formula? We are not only talking about 20,000 employees in Maine working in the shoe leather industry. We are also talking about 400,000 workers across the country. Where is the trading equitability, where is the reciprocity? I think that is what we are talking about here today.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, I would like to restate what we pointed out earlier in this debate. The farmer is getting a bum rap in this with some phony statistics. The price of cattle hide has gone up 12 cents in the last year, from 61 cents in Chicago to 73 cents. As I said earlier, I do not have more than 2 pounds of leather in my pair of shoes. That is 24 cents additional. If we want to put a lid on hide prices, we increase what the farmer has to get for the other parts of the steer. I do not think too many Members of this body want to increase the price of hamburger and a host of other things.

Mr. Chairman, I think also it is a bum rap because every steer hide produced in this country is there for the bidding of the local leather industry before it can go overseas. Finally, I think someone should very earnestly point out that the return on the hide is three times the average profit the farmer-feeder makes on the entire steer and to jeopardize that is not playing fair with the feeding industry in this country.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota (Mr. ABDNOR).

Mr. ABDNOR. Mr. Chairman, I, too, want to merely point out that if anyone with an open mind has been following this debate they certainly will have to recognize the fact that the price of hides is a very, very small part of the shoes you are wearing. It is quite easy to try to make a fall guy out of someone on the rising prices.

Prices are going high and I think there is plenty of blame for everyone to share. I think we should stop and think of this very carefully before we start to destroy another major industry of this country that has just started to make something of a small recovery.

Mr. Chairman, I rise in strong opposition to the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming (Mr. CHENEY).

Mr. CHENEY. Mr. Chairman, I rise in opposition to the amendment. I think the basic fundamental principal here has been well stated by the gentleman from North Dakota. The fact of the matter is that the shoe industry in America today has difficulties. It has a lot to do with things other than cattle hides. The fact of the matter is this is a blatant attempt to use the power of the Federal Government to advantage one sector of the economy by disadvantaging the other, by placing restrictions on our capacity to sell our agricultural exports overseas. I hope the amendment will be defeated. I think it deserves to be defeated overwhelmingly.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. HANCE).

Mr. HANCE. Mr. Chairman, I rise in opposition to the Shannon amendment. I think the main thing we need to consider is last year we had a trade deficit in this country of approximately $30 billion. Had it not been for agricultural products we would have had a trade deficit of over $60 billion. The end result of this amendment if it is passed will label us an unreliable supplier of agricultural exports, even though cattle hides make up but $600 million of our exports. It will label us in all agricultural products and I think that is the main thing that should be taken into consideration.

I urge a no vote on the Shannon amendment.

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The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. KRAMER).

Mr. KRAMER. Mr. Chairman, I rise in opposition to the amendment.

We cannot afford to undermine our ranchers and farmers any further. Each year more of our family farms and ranches go under because they cannot keep up with inflation and Government-imposed costs.

Yet, the Congress now contemplates restricting the market for cattle products.

The fact of the matter is that U.S. tanners are free to buy as many hides as they can use. But, instead of rising to the challenge of competing with Italian shoe manufacturers for this material, they seek to bludgeon their own hard working fellow Americans who work long hours, often rising before dawn, protecting and sheltering their breeders in the harsh winters that grip the rangelands.

Cattle ranchers work hard to produce the beef and hides that pay their mortgages, medical bills, and equipment payments, and taxes. Their margin of profit is very tight.

It is worth noting that only 15 to 20 percent of the price of a pair of shoes in the United States is materials. Most of the cost is labor, transportation, manufacturers' profits, and others.

U.S. hides can be an important source of offset for our balance of payments. Our unequal balance of payments continues to drain away the strength of the American dollar. Hide exports represent a part of that battle to become a net exporter. According to the National Cattlemen's Association we exported $685.7 million worth of hides in 1978. That makes up for a lot of Fiats and Toyotas.

Let me emphasize the point that if our shoe industry is successful in imposing these restrictions on the cattle raisers markets then as the family farms and ranches disappear with increased frequency, there will be even fewer hides to purchase.

Since when has restricting the market for anything ever increased its supply?

Under the proposed restrictions the American rancher will either have to increase his on-the-hoof price to make up for his lost market for hides, or else go out of business. Either way the American consumer will lose if the heavy hand of big Government is placed on this already hard-pressed segment of our economy.

The Congress should not undertake to pit one segment of our economy against another. We certainly should not undertake to increase the price of beef for American families by artificially forcing down the price of hides. I urge my colleagues not to contribute to the inflation rate of yet another commodity—meat on the table.

The CHAIRMAN. The Chair recognizes the gentleman from Montana (Mr. MARLENEE).

Mr. MARLENEE. Mr. Chairman, I rise in opposition to this sham, this self-interest amendment brought to this floor by an industry interested in buying cheap hides at the expense of the producer. There is no shortage of hides but a shortage of willingness to compete.

The price of a hide has little bearing on the price of a pair of shoes. The livestock industry could give these hides away and the price of shoes would remain the same.

To support this self-interest bill is to support a raid on the economy of an industry, a war on the West.

(By unanimous consent, Mr. MARLENEE yielded the balance of his time to Mr. JOHNSON of Colorado.)

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the gentleman's amendment.

Mr. Chairman, I represent what is probably the largest cattle slaughter district in the United States. My constituents have seen hide prices drop over 19 percent from their high earlier this spring and they continue to go lower. June 1 price was 90 cents per pound compared to a price of 73 cents today. To restrict exports of hides would most certainly have a negative reaction on the cattle industry. If cattlemen perceive lower prices, then rebuilding herds most certainly will be slowed. This could only result in a cost increase for consumers in meat products, as well as other beef byproducts.

Mr. Chairman, with regard to helping the ailing shoe industry, I like to quote from a USDA task force report on this matter:

> In the longer run, prices of domestic leather goods would continue to rise. Domestic manufacturers have found it increasingly difficult to compete with foreign manufacturers. U.S. export controls on hides would cause prices of foreign produced leather goods to rise and this would help domestic manufacturers better compete with the foreign manufacturers by allowing them to raise prices on domestic products.

Mr. Chairman, if we are to believe the Department of Agriculture, it appears to me that by accepting this amendment, we will be increasing prices, rather than trying to keep them down, and Mr. Chairman, that can only mean bad news for the cattlemen, as well as the consumer. I wholeheartedly urge all my colleagues to reject this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Chairman, one point that has not been raised yet is why the period of 1974 to 1978 is regarded as the historical period. That is a diabolically chosen period of time. Why not 1965 to 1969 or any other similar time? Why 1974–78?

Well, the reason is that because at that time we had the highest level of cattle herds that we have had in the United States and we had the liquidation of the herds going on at that particular time. What final effect this 1974 to 1978 period of time will have on our future exports of hides is really unknown now but it will be damaging to the cattle industry.

During that period, 1974 to 1978, the cattlemen went broke across the West in huge numbers. They are just now beginning to recoup and this kind of special interest legislation is the most unfair kind of legislation that is imaginable.

We are trying to subsidize one industry by removing their foreign market and creating a buyer's market locally. It is unfair, it seems to me, to penalize one segment of the economy to try to benefit another segment of the economy. If you want to subsidize the shoe industry, subsidize it, take care of it, but do not subsidize it at the expense of the cattle industry.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. Mr. Chairman, I yield to the gentleman from Oklahoma (Mr. WATKINS).

Mr. WATKINS. Mr. Chairman, I thank the gentleman from North Carolina.

I rise in opposition to the Shannon amendment.

I would like to say, any person who is in favor of this amendment will actually be endorsing the rising prices in the cost of meat over the meat counter. As most of us know, the cattlemen in this country have been losing money for 4 years. As a result, today they are finally moving into an area where they might be able to see a break even point and be able to pay back some loans and some notes at the banks. If they see a decrease in the price of hides occur in this country, they are going to find that they cannot meet those feed bills and find themselves in an even more desperate position. As a result, they are going to cut their herds and that will increase the price at the meat counter and every consumer in this country is going to have to pay it. I think that point needs to be considered when making your decision. I urge you to vote no.

The CHAIRMAN. The Chair recognizes the gentleman from New Hampshire (Mr. D'AMOURS).

Mr. D'AMOURS. Mr. Chairman, I have sat here and listened to this debate. It occurs to me that there are some misrepresentations being made; but more importantly, the entire point of what we ought to be debating is being missed. I hope this issue does not resolve itself into a determination of whether we have more cowboys than cobblers in this country, or wealthier cobblers than cowboys, or vice versa.

The question is fair trade. That is what everybody is purporting today to defend.

I will acknowledge that I have some of those, almost half a million leather workers, including shoe workers, living in my district. I will acknowledge that recently a seal tannery in my hometown was closed partially because of this problem and some 200 people were put out of work; but let us keep our eye on the important point. That is whether or not we are fairly or unfairly acting in this respect.

We produce 15 percent of the hides in world commerce. We export approximately 70 percent of all the hides in international commerce.

This amendment does not ask for anything untowardly. This amendment says let us cut that back to about 56 percent. It is pretty generous when you consider that the other major producers of hides, Brazil, exports none, Uruguay none; Argentina none, except until recently.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Chairman, the industries in this country that use cattle hides are currently facing a supply crisis. In the last 3 months, more than 80 percent of the cattle hides produced in this country have been exported. This mass exportation of hides has left the leather-using industries of this country without their basic raw material to insure a supply of hides to the U.S. shoe and leather industries. Failure to provide relief for these industries will mean the end of thousands of jobs, bring economic disaster upon many communities with large shoe and leather operations, and cost the American consumer millions by forcing them to purchase expensive imported footwear.

I believe we must act to control the number of hides available for exportation. The amendment offered by Mr. SHANNON of Massachusetts would bring hide exports back to the more reasonable levels of 1973–77. As other nations have closed off hide exports, the United States has become virtually the only major supplier of hides to the world. This country produces 15 percent of the world hide supply, but provides more than 75 percent of the hides traded on the international market. This is an unfair game and U.S. industry and U.S. consumers are getting clobbered. The Shannon amendment would bring stability to the hide supply available for use in this country.

More than 1 million Americans are employed in leather-using industries. We must act here and now to protect these jobs. No one likes to use export controls to correct a difficult market situation. However, in this case we have no choice. These controls would be lifted when either of two basic events occur in the cattle hide market: First, other hide-producing nations renew their exports, or two, domestic supply exceeds domestic demand. These provisions will insure that these controls will be lifted when the current, unfair hide situation is corrected. I urge my colleagues to support this important amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. FOLEY) for 5 minutes.

Mr. FOLEY. Mr. Chairman, I think we ought to deal a little bit in statistics which I realize Members are tired of hearing cited. But to be fair about it, in the debate today confusion has arisen as to the difference between the cost of hides and the cost of leather. The price of shoes is not controlled only by the cost of the raw price of hides to manufacture the shoes. I do not deny that the $8.80 cost for leather for a shoe that sells for about $53 at retail has increased approximately $4.40 in the last 5 years which is not insignificant. But this increase in the raw price of hides is not responsible for $130, $140, or $160 shoes, as the gentleman from Pennsylvania suggested a few moments ago.

Also, it is unfair to suggest that by creating a forced and unnatural depression in the price of hides, somehow 400,000 leather and shoe manufacturers are going to have their jobs saved and the shoe industry is going to suddenly have a prosperous and bright future.

The shoe and leather industries have other problems, grave endemic problems that are not occasioned by the rise in the price of hides.

Indeed, the Department of Agriculture statistics, which the gentleman from Massachusetts quotes, indicate that the cost of leather has only been a little bit higher than the general cost of manufacturing the shoes.

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For indeed, this amendment creates a special price control on hides. It singles out this one product in this one industry and, for the first time in an amendment to the Export Control Act specifically restricts a nonstrategic product from export.

The suggestion has been made that we are being exploited by other countries, because they have cut off the supply of hides for export. Argentina has recently announced that it will permit exports. Canada permits exports, New Zealand permits exports, and Australia permits exports. All of those countries are major producers of hides.

It is said that while we produce only 15 percent of the world's hides, we export 70 percent. Time and time again I could quote similar figures with respect to our agricultural products. We only produce a fraction of the world's wheat. We produce half as much as the Soviet Union. We are not the biggest wheat producer, but we are the world's biggest wheat exporters, just as we are of many agricultural products. And thank God we are, because these and others are making it possible to keep the dollar afloat—barely afloat.

If we start a process of protecting every industry with restrictions on exports, we are being just as protectionist as if we limit imports. For while it may be protectionism in a less familiar form, it is protectionism all the same; the cost will be an ever increasing weakness of the dollar abroad and more inflation at home. Sam Rayburn used to say, "When you are in doubt, vote your district."

Most members are not in much doubt about that amendment if their districts include many shoe manufacturers or cattlemen. I make no appeal to them, because they know how they will vote on this issue. I respect their judgment and sense of responsibility to their constituents. That is part of what it is to be a Representative in this House.

I do want to talk for a moment, however, to those Members who neither represent great cattlemen's associations nor have great numbers of shoe or leather manufacturers. To Members in that group who may be in doubt, I would suggest that they consider this issue in a wider framework than as an issue particular to shoe or the leather industries on one side and the cattle industry on the other. Instead, I would suggest they think about our future as a trading nation; the consequence to the strength of the dollar; and the course of inflation if we continue to decline as a major trading nation.

I suggest the Members think about the danger that this innocent-sounding amendment may well become just the first of a long long line of amendments, presumably to protect a particular company or industry, then a group of workers, and so on. It will be difficult to say no to any company, any union appealing for special help.

And what of the dollar, of inflation, of the role of this country as a trading nation? I can see a very bleak export future for our Nation, if we approve this amendment today.

Mr. Chairman, I admire the gentleman from Massachusetts (Mr. SHANNON). I know he is representing his district with sincerity and great effectiveness and yet know that many stand with him. I would hope that every Member who does not feel compelled by constituency or commitment to vote for this amendment would stand with those of us who plead for a broad or national and world economy; for the free and expanding trade that has made this country great in the past and offers us the only hope for economic development and prosperity in the future.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank the distinguished chairman of the Committee on Agriculture for yielding.

I think the gentleman has made a splendid statement. It is one which I wholeheartedly endorse, and I hope, too, that the House will listen to the gentleman's suggestions.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Chairman, I want to add my comments to those of the gentleman in the well. He has made one of the most impressive comments I have ever heard on this question.

Mr. Chairman, the restrictions and protection which would be imposed on U.S. hide exports by this amendment are not what is needed at this time. The U.S. leather-goods-producing industries are having a difficult struggle at the present, but it is not clear that this amendment would be the answer to their prayers and solve their problems. There are other courses of action which would relieve their situation.

The U.S. leather-goods industry is suffering from a severe shortage situation caused by rapidly rising prices for raw cattle hides and a simultaneous short supply of those hides. This situation is the result of the United States shipping abroad a large percentage of its raw cattle hides. But it is also largely a result of the crisis which hit the U.S. cattle industry recently which caused severe cutbacks in herds.

It is very likely that this high price/short supply situation is one which will soon evolve its own solution without any legislative action from this body.

The U.S. cattle industry is now in a state of rebuilding. Within a year, or a year and a half, or 2 years, this cycle of rebuilding should be well on its way and hides should be more plentiful. In addition to this, already we have seen a drop in hide prices from the heights they reached this spring. Why do we need the restrictions on exports this amendment would impose if these restrictions might harm us in the international marketplace, and if this situation will very likely resolve itself without our action?

This summer we dealt with the multilateral trade bill. The point of that bill and the international negotiations behind it, was to make international trade take place in a freer market. However, no sooner have we voted "aye" on that "free trade" bill than we have turned around and tried to place all sorts of special-interest restrictions on our exports and imports. This is hardly in the same spirit of that trade bill.

The cattle people have asked less from their Government than any industry in America. Even when prices have been the lowest, and the cattlemen are being hurt the worst, still the cattlemen have "hunkered down" and rode out the crisis. We ought to help the cattlemen now. Passing this amendment further hurts the cattle industry. It should not be passed. There are better ways to help the leather industry, and we should pursue those courses. We do not help our country by restricting exports. Thank goodness.

Mr. FOLEY. Mr. Chairman, I thank the gentleman from Texas (Mr. PICKLE) for his remarks.

(By unanimous consent, Mr. ERTEL yielded his time to Mr. D'AMOURS).

Mr. D'AMOURS. Mr. Chairman, I would like to caution my brothers in the House and my sisters in the House and state that the remarks just made about the new attitude of Argentina would not bear very close scrutiny, because we will find that agreement is in fact not an agreement. It is something they cancel at any time they desire to do so.

The question is, as the chairman of the Committee on Agriculture said, broader than provincial interests and broader than parochial interests.

Let me ask this of the Members: How can we be for fair trade if we are for unfair trade? We cannot have it both ways.

The basic figures have not been disputed. The fact is that this is not a free market, but that we are competing with absolute embargoes.

Mr. Chairman, I rise in support of this amendment to H.R. 4034, the Export Administration Act amendments of 1979, which will serve to relieve our domestic leather producing and consuming industries from discriminatory trade practices of other nations.

While this country produces only 15 percent of the world supply of cattlehides, we provide 75 percent of the hides traded on the open market. Other major cattlehide producing nations—particularly Argentina, Brazil, Uruguay, and South Africa—severely restrict the exportation of their cattlehides so as to protect their domestic industries. We are not dealing here with an open marketplace which provides each participant the normal protection afforded by a competitive trade environment. In the instance at hand we are dealing with a marketplace which is by design injurious to that nation which allows its commodity to be traded freely throughout the world.

The discriminatory hide trading environment is hurting our domestic industries. With the closing of Seal Tannery in Manchester, N.H., 200 people have lost their jobs. Shoe shops are closing and consolidating operations. Retailers of domestic leather goods are finding their customers going elsewhere as a result of the higher prices. None of these industries are looking for protection from competition—they are looking for the establishment of a fair trading environment in which they can compete on an equal footing with other nations' manufacturers. The amendment before us will allow for the creation of such an environment.

The result of this amendment will not be to cut off completely the export of U.S. hides as other nations are doing. The amendment simply calls for limiting the number of U.S. hides to be exported so that enough are retained domestically for use by our industries. Our domestic industries require annually approximately 18 to 20 million hides, but if trade is allowed to continue as is, our industries will only have half this amount available to them. Further, these limited restrictions will only remain in place until the other hide producing countries allow their hides to be traded on the open market or until the U.S. supply of hides increases sufficiently to allow all hide consuming nations to be satisfied. This measure is moderate and fair.

During the multilateral trade negotiations the problem of other countries embargoing their hides was raised by the U.S. negotiators—the concern of the United States fell on deaf ears. Since the fall of 1978 the special representative for trade negotiations has held talks with the governments of Argentina and Brazil in an attempt to persuade these countries to allow their hides on the world market. Again, little has been gained.

Earlier this session this body overwhelmingly passed the implementing legislation for the multilateral trade negotiations. It is viewed that one of the primary benefits to accrue as a result of this legislation will be the fostering of fair and reciprocal trade practices and thus the development of a truly competitive trade environment. The question before us is whether we are going to allow unfair, discriminatory, and noncompetitive world trade practices with respect to hides or whether we are going to follow through with the spirit of the MTN's and through the enactment of this amendment provide ourselves with fair competition in the hide market. To choose the former is to allow for the continued indirect subsidization of foreign industries and jobs at the direct expense of 245,000 Americans employed in the leather manufacturing industry and the 180,000 Americans employed in the retailing of domestic leather products. In the spirit of fair trade I urge my colleagues to choose the latter and adopt this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, amplifying a little further on the remarks of the distinguished chairman of the Committee on Agriculture, let me say first that I associate myself with his remarks, and I want to make one additional point.

First, there is no shortage of hides. The domestic industry needs 18 million every year, but last year we shipped 39½ million and next year we will be shipping 37 million. There is no shortage of hides.

To those who contend there is an insatiable appetite for hides in many places such as Japan, let me state that that just is not so. That statement just cannot be defended when we see the prices of hides decrease from my district, because at this very moment the decrease is about 31 percent.

Anyone can contend that we have unfair trade and that there is something being perpetrated upon our domestic industry. But I happen to represent both cattlemen and manufacturers, those in the manufacturing business, in the boot and leather industry. The facts do not bear the contentions out.

Are we willing to reduce cattle income down to $17 a head in order to reduce the price of shoes by 60 cents? We know these savings will never be passed on to the consumer. That is the basic issue. That is the issue that we have to contend with.

We can all look at the facts, and we may see cattle prices go down, but other prices do not go down. Once the prices go up, they do not come down because those people do not play under the same rules on that side as we do on the cattle end. We look at the facts and see that this has been the case time and time again.

Mr. Chairman, it is interesting to note that we can ship a hide from Houston, Tex. to Japan cheaper than we can ship that hide from Houston to Maine.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. Mr. Chairman, what this country really needs is preferably an agricultural product that is in great demand worldwide, one that nobody in this country wants to have anything to do with. We need a product that we can raise and perhaps sell principally to the OPEC nations. That would really help our balance of payments.

But nobody in this country wants that. The problem is that if we grow it, if we raise it, or if we manufacture it here, it is going to have a domestic market, and those who are interested in protecting the domestic market are going to do it. The question is a matter of trade.

I wish to state my disagreement with my friend, the gentleman from Massachusetts (Mr. SHANNON), who says that the cattlemen are not concerned about this. They are very much concerned because they know to the penny how much that cow is going to bring on the hoof. That is going to be reflected in the price of the hide.

Mr. Chairman, I cannot resist saying that it is a question of asking whose ox is being gored.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER. Mr. Chairman, obviously this afternoon we have heard a great deal about the cattle interests and about the shoe industry. I would like to say that the issue is one that goes beyond both of those issues.

I present for exhibit before this House a holster made in my district which sold last year at $3.67; this year it sold for $5.40. This is an increase of 47 percent.

Shoelaces sold by the dozen at $6.81 last year and sold at $11.70 this year. That is a 71.8 percent increase. A night watchman's clock case, which I did not bring with me but which we have for exhibit, increased in price from $3.50 to $10.50—a 200-percent increase.

These increases are directly related to the proportionate level of the export of hides, which has risen precipitously in the last few years—despite the declining size of the beef cattle herd. In 1975, cattle production peaked at 42.6 million head; dropped to 41.9 million in 1977; last year was only 39.5 million head; and in 1979 is expected to reach an 11-year low of less than 35 million cattle.

The United States exports a steady 24.5 million hides annually, leaving a decreasing supply for American needs. Domestic requirements for the United States are 18 to 20 million hides per year. In 1979 that means we will be between 8 and 10 million hides short—somewhere in the range of 40 to 50 percent of our needs.

The corollary to this shortage is an increase in price for the available hides. In December 1977, hides cost 38.2 cents per pound. In May 1979, the price was $1 per pound. Companies that make leather products have been forced to pay top dollar in order to fulfill their long-term contracts and the price increase, as usual, has been passed on to the consumer.

Experts tell us that we cannot expect any relief from natural growth in the beef cattle herds until 1983 at the earliest. That is too long to wait. Potential jobs will be lost because contracts cannot be filled, because foreign imports underprice American products, and because consumers simply cannot afford to pay higher and higher prices for belts, handbags, shoes, luggage, and other leather products—not all of which are luxuries by any means.

Mr. Chairman, it is totally unfair to place the burden of shortages and the accompanying high prices on the consumer and I urge my colleagues to vote for the Shannon amendment.

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The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. MAVROULES).

Mr. RODINO. Mr. Chairman, will the gentleman yield?

Mr. MAVROULES. I yield to the gentleman from New Jersey.

Mr. RODINO. Mr. Chairman, I want to express my strong support for the amendment offered by my colleague from Massachusetts (Mr. SHANNON) to prevent the mass exportation of U.S. cattle hides. I am deeply concerned about the critical situation facing America's leather industry and its ultimate effects on American workers and consumers.

The dramatic increase in the exporting of American cattle hides has resulted in a severe shortage of hides for American leather industries. This situation is jeopardizing tens of thousands of jobs nationwide. In my home State of New Jersey over 8,000 workers—most of them from minority groups—are faced with losing their jobs in the leather industry because of the hide shortage.

Apart from my immediate and deep concern about the loss of businesses and employment in New Jersey and other States, I find it unconscionable that we continue a policy that contributes to our escalating inflation rate.

The price of cattle hides in this country has nearly tripled in the last year and a half, and the cost is ultimately paid by consumers.

Also, the trade deficit in our leather industry was over $2.5 billion in 1978, nearly 10 percent of the entire U.S. trade deficit. All hide-producing countries except the United States have imposed strict controls on exporting hides.

Mr. Chairman, the Congress has the responsibility to do the same in order to protect American industries, workers, and consumers. I urge my colleagues to support this amendment.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. MAVROULES. I yield to the gentleman from New Jersey.

Mr. MINISH. I thank the gentleman for yielding.

Mr. Chairman, I would like to say to my good friend, the chairman of the Committee on Agriculture, that he referred to the districts that sell the hides and he referred to the districts that have the shoe manufacturers. But what he forgot to say was that all of the districts wear shoes.

Mr. MAVROULES. Mr. Chairman, the tanners and leather manufacturers in this country are facing a crisis of alarming proportions. But much more is at stake here than the industry and the million plus people it employs, either directly or indirectly.

And much more is at stake here than a parochial, regional bone to fight over.

Simply put, the fortunes of the leather industry impact on all of us, as consumers and as a nation as a whole.

As consumers, we may very quickly arrive at the day when we cannot afford finished leather goods: Shoes, coats, handbags.

And as a nation, we need only look at our trade deficit to see what happens when our raw hides return from overseas as finished leather products.

The leather industry has arrived at its moment of truth.

But it is also our moment of truth in Congress to act now to limit the wholesale exportation of our cattle hides.

I am speaking today in support of an amendment that would do just that: Guarantee the Nation's tanners and leather manufacturers an ample supply of raw material.

And, more important, a fair market for these hides and the chance to compete with foreign buyers on equal footing.

But if we do not act favorably on this amendment—I am afraid—we will be responsible for perpetrating a disastrous price explosion in the leather goods market.

An explosion reminiscent of the early days of the OPEC price escalation in 1973.

Mr. Chairman, let me take a moment to reflect upon what looms for the tanning and leather industries—and our Nation—if we do not pass the Shannon amendment.

It is estimated that this year we will export 24 million hides out of a total domestic hides supply of 34 million. About 70 percent of our total domestic supply will leave our shores. This leaves about 10 million hides for domestic use, where 19 million are needed to keep the industry afloat, the plant gates open, and tanning and leather people employed.

If this point is not enough, consider the point that makes the leather situation a national issue.

I mentioned earlier the impact of imported leather products on our national trade deficit.

When our hides return as finished leather products, the Nation is $2.5 billion poorer, equal to 10 percent of our total trade deficit.

I am certain that I do not have to remind my colleagues of the effect our trade deficit has on inflation and of all the words each of us has directed at this severe national problem.

I am also certain that now many of you can see the hides export issue as having national importance.

For passage of this amendment is a blow against skyrocketing inflation.

This year it is estimated that the average price of a pair of men's shoes will increase $6 to $10 at the retail level.

And the average price of women's and children's shoes $4 to $8 at retail.

Failure to pass the amendment means that women's boots will increase somewhere between $12 to $18 a pair.

Failure to pass the Shannon amendment, Mr. Chairman, means that a man's short leather jacket, which was $30 higher last year than the year before, will be an additional $30 to $35 higher this year.

This litany of painful prices increases goes on and on.

If something is not done immediately to curb the mass exportation of raw hides, the resulting, higher leather costs could increase the amount spent by a husband, wife, and three children by $100 a year per person.

Bringing their total expenditures for footwear needs to $500 a year.

I ask any member of this body to tell me and the American public how any American can afford such costs.

Particularly when we consider that these will be placed on top of the highest energy costs in our Nation's history.

Mr. Chairman, we are the only country in the free world that allows such exploitation of a native raw material.

While we abide by the doctrine of a free market, other hides producing countries embargo their products and increase, at the same time, their finished leather exports to us.

This is the present situation, and little has been done to improve it, although we can count the Argentine accords as a success, it's a small one.

And a lot more needs to be done.

This amendment, which I am speaking in support of, can further improve the domestic tanning and leather industries' otherwise sagging future.

And produce not only a free world market for hides but, more important, a fair one.

This amendment does not embargo hide exports, as other countries do. It simply limits them to previously acceptable levels for sale on the world market.

And the amendment is not asking for a Government handout, for direct subsidies to this beleaguered industry.

It simply allows us to prevent the current shortage from ever recurring.

Shortages that forced the price for a pound of leather to go from 37 cents in 1977 to 58 cents in December of 1978 to 73 cents a pound on the current market.

If we in Congress are serious about protecting American jobs, keeping the price of leather goods acceptable, and about turning our trade deficit around, here is our opportunity.

If the 96th Congress is serious about its campaign pledges to do something about inflation, let us pass this amendment and strike at a chief culprit. Our trade deficit, 10 percent of which is attributable to finished leather imports.

Let us help this industry back on its feet, for sure, but let us also help ourselves and the American public as consumers, giving ourselves the opportunity to continue buying leather goods—American leather goods—at reasonable prices.

Mr. Chairman, let us do all these things with the passage of the Shannon amendment limiting hide exports.

Thank you.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. LAGOMARSINO).

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I rise in opposition to the Shannon amendment; it certainly is an amendment against one industry, the cattle industry.

The cattlemen of this country have not asked for Government help when cattle prices and hide prices were down.

What they are asking is to leave the cattle industry alone and not punish one industry by this impaired amendment.

Supply and demand has always worked in this country and it will work again if the Government will not interfere and pass amendments such as this one being debated.

I urge my colleagues to vote against this amendment.

Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to the Shannon amendment. Adoption of the amendment would run counter to the efforts made by the United States to achieve broad agreement in the multilateral trade negotiations.

Our former trade Ambassador Strauss opposes export controls on hides. Japan, as the No. 1 customer, has already agreed to limit imports, and, as Strauss argues, imposing controls now would only reinforce Japanese fears of the United States as an unreliable supplier.

The United States and Argentina have negotiated an agreement which will put 14 to 16 million additional raw cattle hides on the world market, and some of those, of course, will be available to U.S. tanners. It is obvious, as indicated in the past, that American hide production is far in excess of American demand for raw hides. Export controls are against our policy of free trade and they would hurt our balance of payments and raise the price to American consumers.

Following are two mailgrams from the trade associations in opposition to the Shannon amendment:

HOUSTON, TEX.,
July 16, 1979.

Hon. ROBERT J. LAGOMARSINO,
House Office Building,
Washington, D.C.:

We understand a new bill or an amendment to the Export Administration Act of 1979 will be introduced to remove cattle hides from the category of agricultural products and therefore remove them from the jurisdiction of the Secretary of Agriculture and forcing cattle hides under mandatory export controls. This is being done because the Secretary of Agriculture has so far refused to certify a shortage of cattle hides because there is none. In fact, this country produces almost double the amount consumed by our leather industry. If this amendment passes, it will cost the consumer drastically in higher meat prices and increase our balance of payment deficits which we definitely do not need.

We ask your support in defeating this amendment or any new bill introduced which would allow this to happen. The following are some of the prestigious groups which are against this amendment:

National Farm Association, National Cattlemen's Association, National Grange, American Meat Institute, National Independent Meat Packers Association, Western States Meat Packer Association, National Renders Association, National Hide Association.

We ask you to join in with these groups to defeat this attempt.

SOUTHWESTERN TRADING CO.

BOSTON, MASS., *September 17, 1979.*

Hon. ROBERT J. LAGOMARSINO,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN: Defeat the Shannon amendment or any other effort to impose export controls on cattle hides—standby or otherwise.

We wish to update you on developments since our Mailgram of July 27, 1979. Since then the following has happened:

1. The United States and Argentina have negotiated an agreement which will put 14 to 16 million additional raw cattle hides on the world market. U.S. tanners will be able to buy these hides. Passage of the Shannon amendment would jeopardize this agreement.

2. Japan has now permitted greater imports of U.S. processed and semi-processed leathers. Passage of the Shannon amendment would jeopardize this.

3. Hide prices have declined 40 to 50 percent in the last 5 months—without the Shannon amendment.

4. It is obvious, as indicated in the past, that American hide production is far in excess of American demand for raw hides. Export controls are against our policy of free trade, and they would hurt our balance of payments, raise costs to American consumers and hurt American agriculture.

Vote "No" on export controls for hides.

Sincerely,

THE AMERICAN ASSOCIATION OF HIDES,
SKINS, AND LEATHER MERCHANTS.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. BINGHAM) to close debate.

Mr. BINGHAM. Mr. Chairman, I would just like to inform the Committee that this amendment was not offered in the Committee on Foreign Affairs and, therefore, the committee has taken no position on it.

I would further like to inform the Members, however, that the administration position is strongly in opposition to this amendment, and that includes the Department of Commerce, as well as the Department of Agriculture.

● Mr. HANLEY. Mr. Chairman, I rise in support of the amendment offered by my colleague Mr. SHANNON, designed to alleviate the desperate situation in the domestic leather industry by restricting cattle hide exports to reasonable historical levels. The current problem is clear, and failure to act will only produce results in the leather industry which are equally clear. Simply stated, we are exporting an excessive amount of cattle hides, and as a result prices of domestic hides have skyrocketed in recent months. The net result will be disastrous inflationary increases in the price of shoes and other leather goods, and the potential closing of plants with the resulting loss in jobs. With inflation already running at double-digit levels, and this Nation in the early stages of recession, we have no choice but to take actions necessary to increase domestic availability and reduce prices. We simply cannot continue to supply the world with hides and in the process suffer increased inflation and economic dislocation at home. I strongly support our efforts toward freer world trade, but free trade is a two-way street. Either we must receive the assistance of other potential exporters, or we must act to restrict our own exports. Efforts to convince others to increase their exports have failed to date. We are, therefore, left with only one logical course of action.

By reducing our current exports to more reasonable historic levels we can hopefully assure adequate supply at home, while attempting to convince other potential exporting nations to shoulder their share of the burden. I urge the adoption of the amendment.●

● Mr. CLAUSEN. Mr. Chairman, the Shannon amendment to restrict the export of U.S.-produced cattle hides to a fixed percentage of our production attempts to deal with a delicate problem facing our domestic leather industry in an inflexible way that could foster inflation by driving up the costs of food, could have a negative impact on our balance of payments and could invite trade retaliation from many of our foreign trading partners.

The potential impact of the Shannon amendment is not known at this time. There is strong disagreement on whether it would be beneficial in the long run to the U.S. leather industry and its adverse international consequences could be far reaching. This is not the time for the Congress to be legislating without a full understanding of what might result from our action.

I believe the gentleman from Massachusetts (Mr. Shannon) has done a service by dramatizing the plight of America's leather industry and it seems to me the Congress must now carefully evaluate the various possibilities for strengthening and enhancing its competitive situation.

Today we are limited to either voting for or against export controls on hides. It is my intention to vote against my amendment because I believe a more thorough consideration of the issue by the appropriate congressional committees could achieve some effective solutions for the leather industry without adversely affecting beef production and costs. I am certain a positive, flexible program could be adopted and implemented.●

● Mr. WAMPLER. Mr. Chairman, I am opposed to the amendment offered by the gentlemen from Massachusetts, Mr. Shannon. This amendment would limit yearly U.S. hide exports to a percentage of total U.S. supplies that does not exceed a percentage of hide exports in relation to U.S. hide production during the base period of 1973–77. There is an exception to that provision which I also find objectionable.

The Secretary of Agriculture in a letter dated July 31, 1979, expressed his strong objection to the amendment offered by the gentlemen from Massachusetts. A pertinent portion of that letter I insert in the Record at this point:

> HIDES
>
> This amendment could result in arbitrarily restricting hide exports to a percentage of domestic production which is at or below the percentage exported during the base period.
>
> The level of exports permitted would be based on past market conditions rather than the current supply/demand situation.
>
> The foreign country most affected by export limitations on hides is Japan our largest single market for agricultural exports. These restrictions would further damage our credibility as a reliable supplier.
>
> Reduced hide prices could have a negative effect upon the cattle producers and meat packing industry. It could discourage the rebuilding of domestic cattle herds.

I have also been contacted by Secretary of Commerce Juanita Kreps, who indicated that she was strongly opposed to any further trade restrictions such as that embodied in the Shannon amendment.

I oppose this amendment for the reasons expressed in the Dear Colleague letter which I sent to all Members of the House on July 26, 1979. The substance of that letter is as follows:

> The tanners and footwear manufacturers allege that there is a shortage of cattle hides in the U.S. and seek hide export restrictions claiming that is the only way to hold down the price of shoes and keep jobs. How can there be a hide shortage when the footwear people maintain they need 18 million hides annually, and slaughter approximates 34 million cattle (hides) this year in the U.S.?
>
> The footwear and tanning industry charges are nothing new. In 1966 and 1972, both years following the liquidation side of the cattle cycle, similar restrictions were urged by tanners and footwear manufacturers. In both years their actions caused hide prices to drop; cattle prices also fell since the hide is the largest single byproduct, but the price of shoes increased anyway.
>
> In 1972, the Export Administration Act was modified so as to require concurrence of the Department of Agriculture should the Commerce Department recommend restricted exports of U.S. agricultural products including hides. This was a result of the problems caused by the restricted soybean exports to Japan and a licensing system of hide exports, also principally involving Japan.
>
> There is a possibility that an effort will be made to amend H.R. 3043 that would take the form of removing the required concurrence of the Department of Agriculture should the Commerce Department decide to move to restrict hide exports or, for that matter, any agricultural commodity.
>
> We feel that the integrity of the U.S. is at stake in being a reliable supplier in agricultural commodities in world trade. The question of agriculture's vital role in holding down our trade deficit is also "on the line."
>
> The U.S. must retain those export markets that have been developed over the years. Therefore, we strongly urge you to join with us in defeating any attempts to amend H.R. 4034 in a way that would weaken the role of the U.S. Department of Agriculture in providing concurrence on the question of any agricultural commodity exports, including hides.●

● Mr. GUARINI. Mr. Chairman, I rise in support of Mr. Shannon's amendment to H.R. 4034.

Although I personally look with disfavor upon controls in a free economy, I feel that the facts require action in the nature of Mr. Shannon's amendment. His amendment is a reasonable approach to a problem which if allowed to persist threatens the viability of the American leather industry.

A number of firms located in my district are faced with a crisis due to the unprecedented increase in exports of cattle hides and the resulting escalation of prices. From December of 1977 to last May, the price of hides rose 154 percent. During the first 5 months of 1979, approximately 75 percent of our hides were exported with the result that our domestic leather industries were able to obtain only 50 percent of their needs from domestic sources.

Most other cattle-producing countries limit the exports of cattle hides. Brazil has refused to sell its hides while at the same time, has increased its sale of finished shoes to the United States by 50 percent. Although I have been heartened to learn of the agreement recently concluded by the Special Trade Representative with Argentina, which would gradually loosen its export controls, it is the only bright spot in what has been a difficult and frustrating climate for our domestic leather industry.

American manufacturers and workers deserve some assurance that there will be a continuity of supply. If it is not forthcoming, American manufacturers will be driven out of business because of their inability to compete both at home—against cheaper imports—and abroad in tightly regulated markets.

In particular, I would call to my colleagues' attention the fact that in 1978, the deficit in the leather products industry was nearly $2.5 billion, equal to 8 percent of the entire trade deficit.

Mr. Chairman, in closing, I would like to offer my strong endorsement for Mr. Shannon's amendment. It will go a long way toward improving a very serious problem affecting 400,000 American workers, 8,000 of whom reside in my home State.

I urge my colleagues to adopt this amendment.●

● Mr. DIXON. Mr. Chairman, we are today faced with a problem derived from unfair and excessive purchases of American cattle hides by foreign nations. Statistics show that while U.S. cattle slaughter has been declining, foreign purchases of hides have been reaching an all-time high and domestic tanners can expect to get just one hide out of every four in the United States this year.

At a time when other hide-producing nations are holding back their supplies, while frantically scooping up all the U.S. produced hides, the United States is left as virtually the only Nation which gives free-buying access to its unfinished hides. Other major hide producing countries such as Argentina, Brazil, Mexico, and India and Pakistan, all close their borders in order to protect their own leather good industries, their workers and consumers. We are further informed that the United States was the source of 75 percent of the cattle hides exported by all countries in 1978 while exporting just $234 million in finished leather and leather goods for the same year.

I believe that we must adopt this amendment to insure that the more than 500,000 men and women who work in all facets of the leather goods industry keep their jobs and that the American consumer does not have to pay an arm and a leg for leather goods. I urge my fellow colleagues to vote for this amendment.●

● Mr. EDWARDS of California. Mr. Chairman, with regard to the Shannon amendment to H.R. 4034 limiting U.S. exports of cattle hides, I voted "present" because a company in which I own common stock has a small herd of cattle.●

● Mr. CAVANAUGH. Mr. Chairman, I rise in strong opposition to the amendment offered by the Congressman from Massachusetts.

The amendment would lead us down the same disastrous path as the ill-conceived attempts to impose controls on soybeans during the Nixon administration. We cannot play games with our major agricultural customers abroad and expect to hold onto our markets.

I do not have to lecture my colleagues on the importance of improving our trade balance or on the role which agricultural commodities, including hides, play in supporting our export growth. In fiscal year 1979, for instance, U.S. agricultural exports accounted for about $32 billion. Hides represent a significant element in those exports. In 1978, for instance, our trade balance was improved by the export of $686 million in hides.

While I sympathize with the plight of those industries which have had to adjust to the increasing cost of hides, it makes no sense to pursue a remedy which causes serious injury to another important segment of the American economy. Hide exports represent an important source of income to the cattle industry, which, given its minimal profit margin, cannot afford to lose this foreign market. Should cattlemen be forced to accept substantially lower hide prices because of controls, the consumer would suffer in the form of higher beef prices as the cattle industry sought to recoup those lost profits.

My colleagues should also bear in mind that it is not the price of hides which directly affects the supply, but rather the cyclical pattern of cattle herd size. Hide availability will improve and prices will moderate as the current upswing of the cattle cycle continues.

In short, the amendment is bad economics, bad politics, and bad precedent. It should be defeated.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Ertel) to the amendment offered by the gentleman from Massachusetts (Mr. Shannon).

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. Shannon), as amended.

The question was taken; and on a division (demanded by Mr. Foley) there were—ayes 29, noes 45.

RECORDED VOTE

Mr. ERTEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 186, noes 218, answered "present" 2, not voting 28, as follows:

[Roll No. 479]

AYES—186

Addabbo
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Applegate
Ashbrook
Aspin
Atkinson
Bailey
Bauman
Beard, R.I.
Beard, Tenn.
Benjamin
Biaggi
Blanchard
Boland
Boner
Bonior
Bonker
Bouquard
Brodhead
Broomfield
Broyhill
Buchanan
Burton, John
Butler
Byron
Chisholm
Clay
Cleveland
Clinger
Collins, Ill.
Conte
Conyers
Cotter
Coughlin
D'Amours
Daniel, Dan
Davis, Mich.
Dellums
Derwinski
Devine
Diggs
Dingell
Dixon
Dodd
Donnelly
Dougherty
Drinan
Duncan, Tenn.
Early
Emery
Ertel
Evans, Del.
Evans, Ind.
Fary
Fenwick
Fish
Florio
Ford, Tenn.
Fowler
Garcia
Gaydos
Gephardt
Gilman
Goodling
Gray
Grisham
Guarini
Gudger
Hall, Ohio
Hall, Tex.
Hamilton
Hanley
Hawkins
Heckler
Holt
Holtzman
Hopkins
Horton
Hughes
Hyde
Jacobs
Jenkins
Jones, Tenn.
Kastenmeier
Kildee
Kostmayer
Latta
Lederer
Lee
Lehman
Leland
Lent
Luken
Lundine
McDade
McEwen
McHugh
McKinney
Maguire
Markey
Marks
Mavroules
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Pa.
Nolan
Nowak
Oakar
Oberstar
Obey
Patten
Patterson
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Quillen
Rahall
Railsback
Rangel
Ratchford
Reuss
Richmond
Rinaldo
Ritter
Rodino
Roe
Rostenkowski
Roth
Royer
Russo
Satterfield
Sawyer
Scheuer
Schulze
Seiberling
Sensenbrenner
Shannon
Shuster
Slack
Snowe
Solomon
Spellman
St Germain
Stack
Staggers
Stewart
Stokes
Stratton
Studds
Swift
Vander Jagt
Vento
Walgren
Walker
Waxman
Weiss
Whitten
Williams, Ohio
Wirth
Wolff
Wylie
Yatron
Young, Mo.
Zablocki
Zeferetti

NOES—218

Abdnor
Akaka
Alexander
Andrews, N. Dak.
Archer
Ashley
AuCoin
Badham
Bafalis
Baldus
Barnard
Barnes
Bedell
Beilenson
Bennett
Bereuter
Bethune
Bevill
Bingham
Bolling
Bowen
Brademas
Breaux
Brinkley
Brooks
Brown, Calif.
Burgener
Burlison
Burton, Phillip
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Clausen
Coelho
Coleman
Collins, Tex.
Conable
Corcoran
Crane, Daniel
Crane, Philip
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, S.C.
de la Garza
Deckard
Derrick
Dickinson
Dicks
Dornan
Duncan, Oreg.
Eckhardt
Edwards, Ala.
Edwards, Okla.
English
Erdahl
Erlenborn
Evans, Ga.
Fascell
Fazio
Findley
Fisher
Fithian
Flippo
Foley
Forsythe
Fountain
Frenzel
Frost
Fuqua
Gibbons
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Green
Guyer
Hammerschmidt
Hance
Hansen
Harkin
Harris
Harsha
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hubbard
Huckaby
Hutto
Ichord
Ireland
Jeffords
Jeffries
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kazen
Kelly
Kemp
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Leach, Iowa
Leath, Tex.
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Lungren
McClory
McCloskey
McCormack
McDonald
McKay
Madigan
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mazzoli
Mica
Michel
Mikva
Montgomery
Moore
Myers, Ind.
Natcher
Neal
Nedzi
Nelson
Nichols
O'Brien
Ottinger
Panetta
Pashayan
Paul
Pease
Pickle
Pursell
Quayle
Regula
Rhodes
Roberts
Robinson
Rudd
Runnels
Sabo
Santini
Schroeder
Sebelius
Sharp
Shelby
Shumway
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spence
Stangeland
Stanton
Stark
Steed
Stenholm
Stockman
Stump
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vanik
Volkmer
Wampler
Watkins
Weaver
White
Whitehurst
Whitley
Whittaker
Williams, Mont.
Wilson, Bob
Wilson, Tex.
Wolpe
Wyatt
Wydler
Yates
Young, Alaska
Young, Fla.

ANSWERED "PRESENT"—2

Brown, Ohio
Edwards, Calif.

NOT VOTING—28

Anderson, Ill.
Anthony
Boggs
Carter
Corman
Courter
Downey
Edgar
Ferraro
Flood
Ford, Mich.
Giaimo
Hagedorn
Hollenbeck
Howard
Jenrette
Leach, La.
Lott
Murphy, Ill.
Pepper
Rose
Rosenthal
Rousselot
Roybal
Treen
Wilson, C. H.
Winn
Wright

☐ 1730

The Clerk announced the following pairs:

On this vote:

Mr. Murphy of Illinois for, with Mr. Anthony against.

Mr. Flood for, with Mr. Jenrette against.

Mr. Pepper for, with Mr. Leach of Louisiana against.

Mr. Hollenbeck for, with Mr. Winn against

Mr. CAMPBELL changed his vote from "aye" to "no."

Mr. WILLIAMS of Ohio changed his vote from "no" to "aye."

So the amendment, as amended, was rejected.

The result of the vote was announced as above recorded.

Mr. GILMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the passage of export legislation designed to streamline export procedure with the proper safeguards for our national security will contribute greatly to easing our economic ills. At this same time, bumper crops across this country promise improved opportunities for foreign grain sales which make up such an important part of export earnings.

There is, however, one major concern that I must raise at this point. While American farms have hopefully been blessed with good harvests, world grain production is dramatically down, with bad crops in the Soviet Union and Brazil. Past supply crises and embargoes during the 1973–76 period have left clear imprints on the minds of the consumer through higher prices and farmers who shared little of the benefits from those vast grain exports.

At this point I would like to address a question to the distinguished chairman of the Subcommittee on International Economic Policy and Trade, the gentleman from New York, Mr. Bingham, with regard to this vital aspect of our export market.

Would the gentleman care to comment on the importance of grain exports as a part of our export earnings and share with us his thoughts on what is being done by our Government now and for the future to insure that adequate supplies of food grains, feed, and seed crops are available domestically without accelerating food price inflation as we seek to capitalize on the demand for food exports?

☐ 1740

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I will be happy to yield to my colleague, the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, I would say to the gentleman that, of course, grain exports contribute greatly to our export earnings. I believe wheat is our single most important export commodity. Without the surplus of wheat beyond our domestic needs that our farmers have produced in recent years, our balance of trade and balance of payments deficits would certainly be much worse.

As to what we are doing to assure an adequate U.S. supply at all times and at moderate prices, I would say to the gentleman that the U.S. Government officially and formally monitors wheat supplies and wheat exports. That is done under the authority of this act and section 812 of the Agricultural Act of 1970. It is done on a weekly basis, and the reports are made public. Those reports apply to wheat flour, which is so important to our bakery industry, as well as to grain.

In addition, the Secretary of Agriculture is authorized to require exports to submit special reports on particularly large transactions. In recent years, for example, any transaction involving over 100,000 metric tons to a single destination in a day must be reported to the Secretary of Agriculture that same day, and over 200,000 metric tons in a single week must be reported that week.

In addition, as the gentleman knows, we have had for several years a formal and detailed agreement with our largest customer, the Soviet Union, which limits the amount they may purchase in any given year. If they wish to purchase in excess of that amount, they must have U.S. Government concurrence.

So, in short, I would say to the gentleman that we have a very thorough monitoring system for wheat and wheat flour that enables us to protect our domestic supply and assure that it is not suddenly purchased away from us by foreign buyers. Prices of wheat and wheat flour, of course, are influenced by many factors in addition to supply—the transportation, storage, processing, and so forth. And many of those costs are rising rapidly, particularly as the cost of energy rises. That is undoubtedly responsible for some of the price increases we have seen recently in the cost of wheat. But insofar as adequate supply is concerned, I do believe we have in place both the productive capacity and the monitoring mechanism to protect our supplies.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for his response and continued concern in this area. I would also like to take this opportunity to commend both Mr. BINGHAM and Mr. LAGOMARSINO, chairman and ranking minority member of the subcommittees respectively for their work in bringing this important legislation to the floor for our consideration.

AMENDMENT OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEAVER: Page 45, insert the following section after line 21, and redesignate succeeding sections accordingly:

EXPORT OF WHEAT, CORN, AND SOYBEANS

SEC. 110. (1) In order to carry out the policy set forth in paragraph 2(c) of this act, and paragraph 4 of Section 3 of the Export Administration Act of 1969; and notwithstanding the provisions of section (f) of said act, as such section is redesignated by section 104(a) of this act: For a period of one year after the enactment of this act, the Secretary shall require a validated license for the export of wheat, corn, and soybeans. In considering any application for such validated export license issuing under the terms of this paragraph, the Secretary shall establish a minimum export price for said commodities of 80 percent of the parity price as established and periodically revised for same by the Secretary of Agriculture under provisions of 7 USC Sec. 1301. No export license shall issue for the commodities listed in this paragraph at a price for export which is less than 80 percent of the established parity price for said commodity.

(2) The provisions of paragraph (1) may be waived in the case of exports to developing countries.

(3) The provisions of paragraph (1) shall not apply to applications for export to any country if and when the President determines that it is in the national interest to remove the requirement of a validated license for export of said commodities to said country.

Mr. WEAVER (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. WEAVER. Mr. Chairman, in 1972 the Soviet Union came in and scooped up our entire wheat reserve at extraordinarily low prices, $1.50 a bushel. They got it cheap, and left the American people to pay the price of rising prices of grain. In other words, our people paid twice for our own grain.

Today, we must reverse that. We must make the Soviet Union pay the high price, and our own people pay the lower price. My amendment simply says that we will not sell our grain overseas, our corn, wheat, and soybeans, except for 80 percent of parity. Now, 80 percent of parity is not enough, but because this is in the law for 1 year I had to set it low. But, our huge bumper crop produced by our magnificent farmers, our magnificent agriculture—this huge bumper crop of 7.3 billion bushels of corn, 2.2 billion bushels of soy beans, 2.2 billion bushels of wheat—this magnificent crop will depress prices. The Soviet Union has had an enormous shortfall this year and needs to buy 32 million tons. They will come in once again and scoop up our grain at cheap prices.

What is the Soviet Union paying for our grain? Let me tell the Members. The Soviet Union sells gold to buy our grain. Ten years ago, 1 ounce of gold that the Soviet Union sold bought 20 bushels of grain. Today, 1 ounce of gold buys 95 bushels of grain. How long can we stay in business when our customers, the Soviet Union, Japan, the OPEC nations, and others are selling their products higher, gold and other things high, and we sell our grain lower?

I want to export as much grain as we possibly can, but I simply think that the American farmer and the American taxpayer must get a decent price for it. It is essential. Our grain exports held our balance of payments, of course, but consider that a number of years ago we paid for our oil with our grain exports. Now, the oil has gone up, up, up; our grain prices have stayed low. No longer does our grain pay for our oil we purchase.

That is why we have a balance-of-payments deficit, because we do not get the price for our grain that they get for oil, that they get for gold, that they get for the products that they export.

So, my amendment simply says, "Let us take this bumper crop and put a minimum floor price on it." Eighty percent of parity, frankly, is not very much. It is not enough. It is higher than it is today at $4.72 for wheat, $3.33 for corn, $8.08 for soybeans. Now, the prices are almost that high now, so it is not going to do any damage, be any problem. It is just simply going to say that when our farmers start storing their grain, dumping their wheat on the sidings, with no place to ship it or store it, the buyers of the Soviet Union cannot come in and scoop it up at distress, depressed prices.

Once again, the Soviet Union gets cheap grain and our people later on pay dearly for their food. How much longer can we tolerate this? How much longer can we go on buying high and selling low?

So, I offer a simple amendment as a National Grain Board bill. I call it my barrel for bushel bill. That is really the way to go, but right now we face an emergency. We must keep this grain, this huge bumper crop, from selling at depressed prices to the Soviet Union.

I ask my colleagues who voted for the budget for defense, we need a strong defense, but I ask them why must we vote billions of dollars for weapons to defend ourselves from the Soviet Union when we subsidize them with cheap grain; when we give their economy cheap food and help their economy to put more of their resources into military weapons? Is that sensible? No.

So, I ask my colleagues here, let us put a simple floor on it, export all we can, but put a simple floor of 80 percent of parity on our prices and tell the others, tell Japan, tell the Soviet Union, tell the OPEC nations, that they must pay at least that.

☐ 1750

Mr. BINGHAM. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment. I do so reluctantly, because I have the greatest admiration and affection for the gentleman from Oregon (Mr. WEAVER), but I must say that I do not think this amendment belongs in this bill. It was not presented to our committee. It is a proposition that should be considered in the Committee on Agriculture. The administration is strong opposition, based on the proposition that this amendment would not increase exports and would not increase what our farmers get for their exports of grain, but might seriously impair those exports.

The question arises, naturally, What if it is not possible to sell and to export the grain at prices the gentleman would impose as a minimum? What happens then? There is also the question in my mind as to what effect this might have on consumer prices if the sales for export purposes are at a higher price than those for which grains can be sold locally? It seems to me that this might have a serious impact on consumers.

I am not an expert in this field, and I would yield to those from the Committee on Agriculture who I feel are much better qualified than I to speak to it.

Mr. Chairman, I yield back the remainder of my time.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in strenuous opposition to the amendment offered by my good friend, the gentleman from Oregon (Mr. WEAVER). Before anyone in the Chamber should have the slightest doubt about where the exporting concerns of American agriculture lie, his amendment is strongly opposed by the American Farm Bureau Federation, by the National Council of Farmer Cooperatives, the National Wheat Growers Association, the National American Soybean Association, the National Corn Growers Association, and by almost every other group that represents those in whose behalf the gentleman from Oregon (Mr. WEAVER) claims to be acting.

With this amendment, we would be establishing for the first time political control over the exports of our agricultural products—agricultural products that are expected this year to earn the United States $32 billion this year. Our wheat exports alone last year earned us approximately $4.5 billion. That is four thousand five hundred million dollars of earnings for our country to help pay the cost of our energy imports.

If the Soviet Union has to sell gold—and by the way, not at the rigged price but at an international price we can sell it for, too—if they have to sell gold to buy American wheat, that does not bother me. If the Soviet Union has to divert funds from heavy industry and perhaps from strategic weapons to buy wheat to feed Russian citizens, that does not bother me. I think that is good for us and the economy.

As Hubert Humphrey said, he was in favor of selling to the Russians anything they could not shoot back, and they are not going to shoot back the wheat and the feed grains that they consume by their populations is improving their diets.

The Weaver amendment does something much more serious than play around with the possibility of somehow euchring a slightly higher price out of countries like the Soviet Union It says that the export license cannot be issued unless the Secretary approves which means it cannot be less than 80 percent of parity. It really does not promise that price, by the way, to farmers. As I read it, it is the grain exporter, Cargill or Continental and so forth that would have to get 80 percent of parity, not the farmer. It does not appear how the farmer would benefit from this amendment, or how farmers who do not export crops but produce for the domestic market are going to get equal treatment as the farmers produce for the export market. Additionally it is not clear how developing countries are suddenly going to be exempt from the higher prices that we extract in the export market.

The amendment is bad both in its practical effects and in its precedent. It is a dangerous precedent for all American exporters to submit to political control over its exports in nonstrategic weapons and materials. We all are in favor of some political control over strategic weapons and materials that may add to the material inventory of potential adversaries, but political controls and fees on exports of nonstrategic items are not only unnecessary; they are totally undesirable in any sound economic policy for this country.

I want to see higher prices for wheat. I am delighted that wheat prices have risen in the market and that they are now at export levels equal to 74 percent of the 80 percent the gentleman desires. I think that is healthy because it is happening in the free market, not because of some kind of political control. The farmers realize that the same political control that the gentleman from Oregon (Mr. WEAVER) promises to raise prices which can be used to suppress prices, because there will be times when our exports, I hope, will bring more than 80 percent of parity. I was happy when they brought 100 percent of parity in 1974 and 1975, and I hope they do so again.

This is a dangerous amendment, dangerous in its principle dangerous in its precedent, and far-reaching in its consequences. The gentleman has attempted to offer a bill to create a state trading corporation in grain. This is what really is the basis of this offer. He has tried to offer that amendment in the Committee on Agriculture for several years, and the committee in a bipartisan way has rejected that proposal. So now he is attempting to make the Secretary of Commerce a one-person state grain-trading agency, rather than the American Wheat Board which he wants to establish. For the American Grain Board he substituted the Secretary of Commerce.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(By unanimous consent Mr. FOLEY was allowed to proceed for 1 additional minute.)

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Washington.

Mr. McCORMACK. I thank the gentleman for yielding.

I rise in enthusiastic suoport for the gentleman's position as he has expressed it and in strong opposition to the amendment. I think it is well for us to remember that if the amendment were in effect in the law, American wheat farmers would be sitting around while Russians, for instance, were buying their grain from other wheat-exporting countries such as Australia and Canada perhaps at 79 percent, and we would be selling absolutely nothing at all.

Mr. FOLEY. The gentleman is absolutely right. This amendment, if adopted, would guarantee that we would be only residual suppliers of those agricultural products that it covered.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentleman for yielding.

I support the gentleman from Washington (Mr. FOLEY) in his position in opposition to this amendment.

About 2 weeks ago I met with a group of farmers, some of whom subscribe to the position that is articulated by the gentleman from Oregon (Mr. WEAVER) who supports this amendment, and I asked them why it was that they supported this position, that everyone knew that this would not work, that in practice it would depress prices on the world market, and that it would be against the best interests of the farmers. So I asked them, given the fact that they understood the way that grain trading worked, why it was that they supported this position. The response was interesting. It was that to promote this position would promote higher prices for the farmer. Now I ask the gentleman, is this a tenable position? Does supporting this amendment which is offered by the gentleman from Oregon (Mr. WEAVER) in any way increase the prices of grain on the world market for farmers?

Mr. FOLEY. In my opinion, the amendment only requires 80 percent of parity as a minimum to the applicant for the export license, which is a grain trading company, and all that it would guarantee if they had a market at that rate, assuming that the price were at that or higher, would be that the grain trading company would get the guarantee, rather than the farmer.

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Kansas.

Mr. SEBELIUS. I thank the gentleman for yielding.

Mr. Chairman, few actions would give me greater pleasure than to adopt a program that would guarantee my farmers a better return on their investments over the long term. That, I am certain, is what the gentleman from Oregon (Mr. WEAVER) intends and I am sure he has the best interest of the Nation's farmers at heart.

Unfortunately, it will not work. If anything, it will foul up our exports now and result in fewer grain and soybean exports over the long term.

I have served on the House Agriculture Committee more than 10 years. During that time I have carefully studied farm policy to try to find better avenues toward farm prosperity. Lord knows it would be to my advantage to come up with a cure for the economic ills that plague the farm sector periodically.

This idea is not new. It has been tested and rejected many times in the past, as I'm sure it will be in the future. Why has it been rejected?

There is no doubt that the United States dominates world trade in grains and oilseeds today. There is on some occasions, some truth to the notion that the United States sets the prices for grain and oilseeds in world trade. There is no doubt that we are an important factor.

Unfortunately, there is a substantial difference between affecting the market and controlling it. Certainly, we can affect it. In the short run, under the right conditions, we can control it. Over the long run, I believe that efforts to control that market will lead to erosion of our position in it.

There are two ways we can affect the market. We can affect it positively by encouraging competition and innovation. And, we can affect it negatively by reducing our competitive edge and giving large parts of our markets to our competitors. I think it is very likely that this bill would do just that.

The distinguished gentleman from Oregon is fond of quoting Dan Morgan's new book, "Merchants of Grain," to support his contention of the need for more Government control over our grain markets. The following quotation is enlightening:

> Throughout the Depression years Europe continued to be the main market for the world's grain. But the drive for self-sufficiency did not let up, and protectionist sentiment was stronger than ever. European governments, already embittered over America's efforts to collect its war debts, were infuriated when Congress passed the Smoot-Hawley Tariff Act in July 1930, setting duties on foreign imports at all-time highs. They retaliated with stiffer duties on American farm imports. Meanwhile, Nazi propagandists, undoubtedly concerned about Germany's reliance on imported foreign wheat, began extolling rye bread's alleged ability to give Germans "the strength and endurance of the Nibelungen," and maligning wheat bread for "weakening the fighting will" of the Kaiser's losing armies in World War I.
>
> Some campaigns for self-sufficiency were surprisingly effective. In 1932, experts at Stanford's Food Research Institute thought there was no likelihood that Japan would reduce its importation of wheat for making noodles, a popular food in Japan. Three years later, to the astonishment of the experts, Japan had increased its home wheat production by 60 percent and achieved self-sufficiency. (These phenomenally successful food production campaigns tend to be forgotten amid today's talk that the world is running out of food.)

This alarms me when I think of all the people who think the United States has a monopoly on food production and technology. In my trip to China last year, I got a firsthand look at the kind of food production developing countries are capable of given the proper incentives. I would, as a result, urge my colleagues to be very careful about their assumptions of world food production capabilities.

Mr. Chairman, we generally grow more wheat each year in my congressional district than is grown in any State. We are extremely interested in improving farm income and I have worked diligently for years to improve our domestic farm programs to take the bust out of the farm economic cycle. If I believed this amendment was in the long-term interests of the farmers in my district, I would have enthusiastically embraced the concept years ago. Unfortunately, I must oppose this amendment and I urge my colleagues to do likewise.

Mr. LAGOMARSINO. Mr. Chairman, this amendment would severely inhibit our continuing efforts to induce other countries to remove their tariff and nontariff barriers to free trade. We have made a lot of progress on that issue, and I think this would be a step backward.

It would encourage retaliation by other countries who might restrict their export to us of basic materials on which we are so heavily dependent. Before such a program could become effective, there would have to be cooperation among the major wheat and grain producers around the world. I have offered a resolution which would call for an international conference of wheat producers to determine the possibility of such coordinated action, but it has a long way to go and it is not there yet. Such controls—I think this is important—as are proposed by the Weaver amendment would apply to all countries and not just to the Soviet Union and not just to OPEC. It would be very disruptive of export trade. It would reduce U.S. exports at a time when there is a balance of trade deficit. As the gentleman from Washington (Mr. FOLEY) has pointed out, it would impose for the first time political controls on the export of grain.

□ 1800

The whole purpose of this bill is to get rid of nonstrategic controls. This amendment would put us in exactly the opposite direction.

I urge its defeat and yield back the balance of my time.

Mr. WOLPE. Mr. Chairman, I move to strike the requisite number of words, I rise in opposition to the amendment and yield to the gentleman from Oregon (Mr. WEAVER) to allow him to respond to the previous comments.

Mr. WEAVER. I thank the gentleman from Michigan for his courtesy.

My goodness.

My goodness. What things we have heard. "It won't work."

You know, the Arabs said that 10 years ago. Somebody had the idea, you know, "Hey, let us all get together and put a price on oil."

Oil was $1.50 a barrel then. They said, "It won't work. It won't work."

We know what happened. OPEC did get together. OPEC does price oil. Oil is now $23 a barrel.

OPEC has a surplus of oil. One hundred fifty billion barrels in the ground in Saudi Arabia alone. A big surplus. They do not sell it unless they get their price. Nosiree. They say, "If you want to pay $20 or $23 a barrel you can have it but not less."

"It won't work."

You know something? We are, the United States, the OPEC of grain. The Soviet Union wants to buy 32 million tons of grain today. They have to come to us.

We export 77 percent of the corn that moves in world markets. We export 83 percent of the soybeans that move in world markets. We export 50 percent of the wheat that moves in world markets. In grain, we are Saudi Arabia, Kuwait, Abu Dhabi, Iran, Algeria and Libya combined. "It won't work."

When, when, O Lord, are we going to wake up and stop being rooked?

Did you know that Japan buys our wheat for $4 and sells it to their bakers for $9 and pockets the difference? Yes. Yes, they do. They buy our wheat from our farmers for $4 and sell it to their bakers for $9 and pocket the difference. Is that not smart? And they hold 26 billion of our dollars; 26 billion of our dollars right now Japan holds because they have sold us so many Toyotas and Sonys and record players.

"It won't work." My goodness.

We cannot sell it? There would be riots in the Soviet Union and every other nation if they could not have our corn and feed grains and meat their people have gotten used to, if we did not sell them this grain.

Another thing: What would happen to world prices if we kept our grain up and the world price would go down. We make the world price. American grain establishes the world price.

Today, if it is 2 percent in surplus, 2 percent on the free market, you can have a 50-percent drop in price. You know, all these other products they are talking about, automobiles and computers, are made by a couple of corporations and when their demand falls they keep the price right up there. But not the farmer, not the American grain that we rely on to build our balance of payments. No. It is 2 million producers and when they are 2 percent in surplus the price is cut in half.

Mr. Chairman, it is time we woke up. It is time these farmer organizations who are very close to the six big grain companies that want to continue to deal in secret, continue to make their deals in secret, and rook the American consumer and rook the American farmer, it is time we did something about this.

O Lord, let us wake up, O Lord, let us see what is happening to us before it is too late.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word.

I yield to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I do not want to prolong this debate but I must reply to some of the statements made by the gentleman from Oregon (Mr. WEAVER) which imply that virtually every major American farm organization that represents farmers who sell the products the gentleman is talking about are not representing the interests of their members. Just think about that for a minute. If we could easily double, quadruple, quintruple the price of grain and isolate it from raising the price domestically, to extracting a higher export price without damaging our markets, does the gentleman think these farmers would not have an interest in doing it?

This sophisticated nonsense—and that is what I believe it is, although the gentleman does not intend it to be—this sophisticated nonsense that we can do the same thing with wheat, feed grains or soybeans that has been done with oil has led to the so-called bushel-for-barrel theory.

Mr. Chairman, the gentleman says he is not interested in just OPEC, he is talking about Japan and he is talking about the Soviet Union. However, many people in this country have the mistaken idea that somehow this great exporting capacity of food and grain, which we have, can lead us to command the world price.

Mr. Chairman, Australia, Canada, France, and Argentina are some of our competitors in this area and they will have nothing to do, and have said so, with the cartelization of wheat exports. Accordingly the gentleman's amendment is a prescription to give away major portions of our primary markets and to accept the role of a residual supplier and an unreliable one at that. When we imposed some controls on soybean exports in 1973 for just about a week's time in order to protect our domestic livestock market, the Japanese were deeply shaken and began to question our reliability as a supplier of this and other food and feed supplies. They began to encourage the soybean production in Brazil that has made that country our major soybean competitor. This can happen to other crops.

Wheat can be grown in 80 countries. It is not quite like oil.

Mr. Chairman, it is not true that we could exchange a bushel for a barrel, even with OPEC. If that were possible—and let me just concede the purpose of that argument we could raise the price of wheat 400 percent or 500 percent and engage in a bushel-for-a-barrel exchange. With OPEC, that would give them all the feed grains and wheat they need in less than 30 days. In less than 30 days of exchange with us, they would have a full year's supply and we would have 11 months to buy from them without the trading capacity of our food.

Beyond that, Mr. Chairman, we risk an OPEC that might tell us, "All right, we will give you a barrel for a bushel, but we will sell you 20 percent less oil and we will buy 20 percent less wheat and feed grains from you." How would we like that? Not very well.

If anybody suggested by using this kind of power we can bring countries like Kuwait and Saudi Arabia to some kind of terms, they do not understand the foreign exchange levels of those countries or their wheat and feed grain requirements.

Mr. Chairman, I have said, and I will repeat here, that Saudi Arabia can afford to import its wheat and wheat flour in the form of French pastries baked in Paris and sent by Air France and distributed free in the country and have a lot of money left over.

The gentleman from Oregon knows this. The gentleman is an intelligent, able, and informed Member. But many Americans—fortunately not too many American farmers—have become beguiled by the bushel-for-barrel slogan and believe that this kind of manipulation can somehow produce miracles overnight and make an OPEC out of the American agricultural community. These false expectations weaken the good efforts of our export organizations and the good efforts of our farm organizations to improve the very important trade in wheat and other grains that is to the benefit of our farmers, our consumers, our Treasury, and the millions and millions of people around the world to buy from us to our and their advantage.

I hope the amendment will be defeated.

□ 1810

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I want to commend the gentleman on his statement.

About 2 weeks ago I had the privilege of meeting the new Saudi Arabia Ambassador to the United States and I brought this subject up in our discussion.

He said, "It is very simple. We will merely finance the growing of grain in Sudan, in Turkey, in Afghanistan, and in Pakistan, and it would have no effect on us whatsoever."

Mr. SMITH of Iowa. Mr. Chairman, I would like to reclaim my time just to say that I agree with the gentleman from Washington. I would like to think the gentleman's amendment would do what the gentleman proposes to do, but I do not believe it does.

I want to call attention to the fact that this bill includes something that encourages and makes possible straight-out barter. That is a good provision. We need that kind of a provision. I think with the right encouragement we can develop barter agreements that will be effective rather than rely on something like this amendment that just will not work.

The CHAIRMAN. The time of the gentleman from Iowa (Mr. Smith) has again expired.

(At the request of Mr. Weaver, and by unanimous consent, Mr. Smith of Iowa was allowed to proceed for 2 additional minutes.)

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I thank the gentleman for yielding. I just want to say briefly that the statement made by the chairman of the Committee on Agriculture is accurate insofar as I know and have studied to the last detail of what the gentleman said. I endorse what the gentleman said and join the gentleman in opposing the amendment.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman.

Mr. WEAVER. Mr. Chairman, I would like to say to the person who says they will simply finance the growing of grain elsewhere, that they are trying to do that in Sudan and they are running into enormous problems. Egypt is doing a study on how to grow more grain and came up with $22,000 an acre to put it into growing condition, an impossible situation.

As to the embargo, I do not want an embargo. That is the last thing in the world I want. I want to sell all the grain we can but get a fair price for it.

Let us talk about Kuwait buying French pastries. Fine, let us make them pay that price.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. Weaver).

The amendment was rejected.

AMENDMENT OFFERED BY MR. ERTEL

Mr. ERTEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Ertel: Page 45, insert the following section after line 21 and redesignate subsequent sections accordingly:

EXPORTS OF HIDES AND SKINS

Sec. 110. Paragraph (1) of subsection (f) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104(a) of this Act, is amended by adding at the end thereof the following: "The Secretary of Agriculture shall, by exercising the authorities which the Secretary of Agriculture has under other applicable provisions of law, collect data with respect to export sales of animal hides and skins.".

Mr. ERTEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ERTEL. Mr. Chairman, the amendment I am now offering will allow the Members of this body to demonstrate that they are sensitive to the problems in this industry and that they do recognize the problems that do exist.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I yield to the distinguished gentleman from New York.

Mr. BINGHAM. Mr. Chairman, we have had occasion to look at the gentleman's amendment. I do not think it is necessary, but we have no objection to it. If the gentleman would like to have it included in the bill, we certainly have no objection.

Mr. ERTEL. I thank the gentleman.

I yield to the gentleman from California (Mr. Lagomarsino).

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding. I have examined the amendment. I have no problem with it. I do think in all fairness to the gentleman that it will be discussed in conference, but I have no objection to it at this time.

Mr. ERTEL. Mr. Chairman, I thank the gentleman.

The amendment merely requires the Secretary of Agriculture to collect data on the export sales of hides and have that data available so that it cuts down on the speculation. There is an allegation that there is tremendous speculation by a few trading companies because they have the exclusive knowledge and the exclusive data. This will prevent that, or at least help stop the speculation in hides and at least give us some information so that if the Committee on Agriculture comes back to this in the future they will have the data to make a policy statement on it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Ertel).

The amendment was agreed to.

Mr. SWIFT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to commend the gentleman from Washington, my good friend Don Bonker, for his work to include in this bill a provision relating to the export of red cedar. His provision which was adopted by the committee would stop that export, and for good reason. Red cedar is disappearing from the forests of our Nation at an alarming rate. We have, at present use, as little as 8 to 10 years of red cedar left in this Nation—most of it in my congressional district and that of my colleague (Mr. BONKER).

Will not these magnificent trees grow again. Yes they will, but not in our lifetime, nor in the lifetime of our children and our grandchildren. Red cedar grows to commercially useful size in something like 300 to 500 years.

This ban on the export of this great natural resource extends only to public lands—that is Federal and State holding—not to trees that are privately owned. It only seems reasonable and enlighted self-interest to preserve these trees to our own uses.

I support this bill and especially this provision and urge my colleagues to vote in favor of it.

The CHAIRMAN. Are there further amendments to section 109? If not, the Clerk will read.

The Clerk read as follows:

UNPROCESSED RED CEDAR

SEC. 110. (a) The Secretary of Commerce shall require a validated license, under section 7 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, for the export of unprocessed western red cedar (Thuja plicata) logs, harvested from State or Federal lands. The Secretary shall impose quantitative restrictions upon the export of unprocessed western red cedar logs during the three-year period beginning on the effective date of this Act as follows:

(1) Not more than thirty million board feet scribner of such logs may be exported during the first year of such three-year period.

(2) Not more than fifteen million board feet scribner of such logs may be exported during the second year of such period.

(3) Not more than five million board feet scribner of such logs may be exported during the third year of such period.

After the end of such three-year period, no unprocessed western red cedar logs may be exported from the United States.

(b) The Secretary of Commerce shall allocate export licenses to exporters pursuant to this section on the basis of a prior history of exportation by such exporters and such other factors as the Secretary considers necessary and appropriate to minimize any hardship to the producers of western red cedar and to further the foreign policy of the United States.

(c) Unprocessed western red cedar logs shall not be considered to be an agricultural commodity for purposes of subsection (f) of section 7 of the Export Administration Act of 1969, as such section is redesignated by section 104(a) of this Act.

(d) As used in this subsection, the term "unprocessed western red cedar" means red cedar timber which has not been processed into—

(1) lumber without wane;

(2) chips, pulp, and pulp products;

(3) veneer and plywood;

(4) poles, posts, or pilings cut or treated with preservative for use as such and not intended to be further processed; or

(5) shakes and shingles.

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 110 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there amendments to section 110? If not, the Clerk will read.

The Clerk read as follows:

CIVIL AIRCRAFT EQUIPMENT

SEC. 111. Notwithstanding any other provision of law, any product (1) which is standard equipment, certified by the Federal Aviation Administration, in civil aircraft and is an integral part of such aircraft, and (2) which is to be exported to a country other than a controlled country, shall be subject to export controls exclusively under the Export Administration Act of 1969. Any such product shall not be subject to controls under section 38(b)(2) of the Arms Export Control Act. For purposes of this section, the term "controlled country" means any country described in section 620(f) of the Foreign Assistance Act of 1961.

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 111 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BONKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise for the purpose of asking the floor manager of the bill a question about the intent of section 111.

Section 111 provides that standard, FAA-certified equipment in civil aircraft, which is an integral part of such aircraft shall be subject to export controls under the Export Administration Act.

I assume that applies to spares as well. That is, if a piece of equipment proposed for export as part of an airplane is subject to controls under the Export Administration, then identical equipment proposed for export as spares to replace the original equipment would also be subject to control under the Export Administration Act. Am I correct in that interpretation?

Mr. BINGHAM. Mr. Chairman, if the gentleman will yield, the gentleman is correct. The intent of section 111 of H.R. 4034 is to provide for approval or denial under the Export Administration Act rather than under the Arms Export Control Act of exports to a country, other than a controlled country, of standard equipment, certified by the Federal Aviation Administration, which is an integral part of civil aircraft or spare parts for FAA certified equipment which is an integral part of civil aircraft. Such proposed exports may be reviewed by the Department of Defense, the Arms Control and Disarmament Agency, or the Department of State in cases where they might have important national security or foreign policy implications. Standard equipment certified by the FAA now subject to controls under the Arms Export Control Act could continue to be under that act if the proposed export were to a controlled country or if it were to another country where it would not be exported as an integral part of civil aircraft or as spares therefor.

The CHAIRMAN. Are there amendments to section 111? If not, the Clerk will read.

The Clerk read as follows:

NONPROLIFERATION CONTROLS

SEC. 112. (a) Nothing in section 5 or 6 of the Export Administration Act of 1969, as added by section 104(b) of this Act, shall be construed to supersede the procedures published by the President pursuant to section 309(c) of the Nuclear Non-Proliferation Act of 1978.

(b) With respect to any export license application which, under the procedures published by the President pursuant to section 309(c) of the Nuclear Non-Proliferation Act of 1978, is referred to the Subgroup on Nuclear Export Coordination or other interagency group, the provisions of section 10 of the Export Administration Act of 1969, as added by section 104(c) of this Act, shall apply with respect to such license application only to the extent that they are consistent with such published procedures, except that if the processing of any such application under such procedures is not completed within one hundred and eighty days after the receipt of the application by the Secretary of Commerce, the applicant shall have the rights of appeal and court action provided in subsection (k) of such section 10.

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that section 112 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. DODD

Mr. DODD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DODD: Page 48, add the following section after line 22 and redesignate subsequent sections accordingly:

EXPORTS TO OPEC COUNTRIES

SEC. 113. The President shall review all United States exports to each country that is a member of the Organization of Petroleum Exporting Countries (OPEC) in order to determine whether such exports are consistent with the national security, foreign policy, and economic interests of the United States. In conducting such review the President shall take specifically into account the pricing of petroleum exports from each such country to the United States and any action taken by that country either to accomplish, or to impede, a comprehensive peace in the Middle East. The President shall also determine—

(1) which OPEC member countries, if any, rely upon United States goods and technologies, the particular goods and technologies involved, and the availability, from sources outside the United States, of such goods and technologies;

(2) the economic impact on each OPEC member country of prohibiting or restricting the export of any United States goods or technology to such country; and

(3) the impact on the United States economy of prohibiting or restricting the export of any United States goods or technology to such country.

The President shall submit to the Congress, not later than six months after the date of the enactment of this Act, a report containing the determinations made, and the findings of the review conducted, pursuant to this section.

Mr. DODD (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. DODD. Mr. Chairman, this amendment is designed to address the very problem that we raised in the previous amendment that was raised by my colleague, the gentleman from Oregon, that was answered so eloquently by the gentleman from Washington (Mr. FOLEY).

The purpose of this amendment is not intended whatsoever in any way to prohibit or deny the export of any goods whatsoever to OPEC countries. What it does do is require the administration to review those exports and to report back to the Congress in 6 months to answer the very questions that we are having raised in editorials, proposed legislation, speeches, and Lord knows what else, over the issue of whether or not we have any economic leverage over OPEC. I seriously question whether we do, but I think it is important to answer the questions all of us receive from our constituents as to whether or not, in fact, we do have any economic leverage. We export some $18 billion a year in goods to OPEC countries. The majority of those goods are in manufactured goods, manufactured products, computers, drilling equipment, and so forth.

□ 1820

I think it is a legitimate question to raise as to whether or not we have any economic leverage. We are only going to know that if we make a proper review of those exports and a determination as to whether or not those exports are going to in any way harm, if they are curtailed, OPEC countries and what the economic effect would be in this country if we were to curtail exports.

I would point out to my colleagues that this particular amendment that we are considering today, the amendment that I have offered, asks the President to take into account the oil-pricing policies of OPEC nations in an effort to ascertain whether or not we have peace in the Middle East.

Furthermore, this amendment asks the President to determine which OPEC nations rely on what U.S. products. Their availability elsewhere determines that. What is the economic impact on each nation of restricting our exports, and what is the economic impact on this country with such restrictions?

The very act we are dealing with lays out the basic points that are to be considered when we deal with other nations. The Export Administration Act authorizes the President to regulate exports, to protect the domestic economy, to further U.S. foreign policy, and to protect our national security interests. That is what the legislation says.

I am suggesting with this amendment that we ought to review those exports to the OPEC countries and determine once and for all, if we can, what effect each of those exports would have on our national security, on domestic production, and, of course, on the economies of the countries affected.

I have been told by some that this would be considered a threat. I would say to my colleagues who raise that argument that it is in effect that in some way.

We all know what has happened to oil prices in our own country. There has been a 50-percent increase in prices last year and a 600-percent increase in the last 6 years.

I think it is only fair to the American public and in the interest of consumers in this country that we determine whether or not we have some economic leverage with OPEC and determine whether or not we could exercise that leverage before we go off and start issuing demagogic statements about how we are going to bring OPEC to its knees.

I think the purpose of the amendment, as far as the administration is concerned, is this: I think it would answer many of the questions I have and many of my colleagues have about our ability to bring OPEC to its knees.

Mr. Chairman, I urge the adoption of my amendment, and I yield back the balance of my time.

Mr. BINGHAM. Mr. Chairman, I rise in opposition to amendment.

Mr. Chairman, I oppose the amendment reluctantly because I have the highest regard for the gentleman from Connecticut (Mr. DODD), and I know that his intentions are good. His intentions are excellent, but I think this is an untimely and inappropriate way to approach the problem.

The Subcommittee on Europe and the Middle East chaired by the gentleman from Indiana (Mr. HAMILTON) and the subcommittee that I have the honor to share, the Subcommittee on International Economic Policy and Trade, are committed to embarking soon on a thorough study of all the various ways in which we can deal with the OPEC problem.

Certainly the material covered by this amendment is one type of approach. But in its present form, by asking the President to make this review and make a report to the Congress, it does have a kind of threatening tone to it, which I think is unfortunate at this time.

Mr. Chairman, I would like to read for the benefit of the Members a statement that I have from the administration on this amendment. It is as follows:

> The Administration opposes this amendment because it is dangerous and counterproductive to threaten or appear to threaten a termination or reduction of U.S. exports to nations who may engage in trade practices or adhere to foreign policy goals with which the United States disagrees.
>
> A public report by the President on the information called for could easily be interpreted as a threat to impose export controls at a later date.
>
> The amendment would have no discernible beneficial effect on U.S. economic or diplomatic goals, but would, on the contrary, be likely to irritate certain nations with whom the U.S. must maintain harmonious relations both to help protect American and Western economic interests and to promote a stable Middle East peace.
>
> It is not necessary to conduct a study to know that certain leading OPEC members are indeed major importers of U.S. goods and technologies.

Mr. DODD. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman from Connecticut.

Mr. DODD. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I appreciate the gentleman's reading the administration's comments on this proposed amendment into the RECORD, but I would want to make two points.

One is that on the last point raised by the administration, I think we all know obviously that we export $18 billion worth of goods to OPEC countries. I am not contesting that fact, but I would think the administration would find it worthwhile to examine to what extent we are able to exercise leverage as to this country's efforts to secure peace in the Middle East and also possibly exercise some leverage in trying to stabilize OPEC oil prices.

As I pointed out earlier, we have seen a 50-percent increase in prices this year and a 600-percent increase in the last 6 years.

Certainly our good friends in Saudi Arabia have been rather reluctant to join us at the peace table.

I am not going to suggest that by curtailing some exports we are going to accomplish that goal overnight, but I would think it would be in the administration's interests and in our interests here in the House and in the Congress to try to determine to what extent we might be able to impress upon the OPEC nations that we are serious in our peace efforts and we are serious when we say we want them to stabilize OPEC oil prices, not just for our own selfish interests but also in the interests of other industrialized nations that are also being hard pressed by these increased costs.

Mr. BINGHAM. Mr. Chairman, if I may reclaim my time, let me just say that there is a difference between the Congress agreeing to this kind of amendment and calling for this kind of study and some sort of study being made quietly and in a businesslike way by the administration.

I am sure that if our two subcommittees proceed with our general review of what we can do about the OPEC countries, this material will be studied and will be reviewed, and it is not necessary to offer such an amendment as this in this piece of legislation to accomplish that objective.

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to this amendment, although certainly the motive of the gentleman from Connecticut (Mr. DODD) is proper and appropriate. However, I think the proposal would be viewed as apparently the first step toward controlling exports to OPEC countries. But with the magnitude of our trade deficit with OPEC, I think we should be looking for a way to increase our exports to OPEC, not decrease our exports to OPEC.

If exports to OPEC countries would be restricted, we would only be opening up markets further to our foreign competitors. I submit that at the present time our own exporters have a real difficult time in competing with the Germans, the Japanese, and others, who wish to enter into that market even more than they already are.

Mr. DODD. Mr. Chairman, will my good friend, the gentleman from California, yield on that point?

Mr. LAGOMARSINO. I yield to the gentleman from Connecticut.

Mr. DODD. Mr. Chairman, the gentleman from California (Mr. LAGOMARSINO) may be very correct in that statement, but I do not know that, and with all due respect, let me say that I do not know that my good friend knows the answer to that question.

The gentleman may very well be correct. We may open up new markets for our competitors. But we do not know that, and I think the only way we will ever know it is if we have a review of what our exports are and what it would do to our economy in this country if we curtailed them.

I hope the gentleman understands that I am not advocating that we should curtail exports. I am only suggesting that a study be made so we might review that situation and inform the people in this country honestly as to what the situation is.

We hear speculation from some quarters that this would be devastating to the economy, and we hear the gentleman from Oregon suggest that it would be devastating if we do not do something.

Mr. Chairman, I only suggest that it might be worthwhile to have the administration conduct a review and report to the Congress so we may have the answers to these questions.

Mr. Chairman, I thank the gentleman for yielding.

Mr. LAGOMARSINO. Mr. Chairman, if I intimated that I thought the gentleman from Connecticut (Mr. DODD) was for restricting imports, I apologize. It certainly was not my thought to do that.

I can say that although I do not know for sure what would happen, I know what a lot of American companies think would be the case if that happened. I know a lot of American companies feel right now that the competition is very severe, and that they have no lock at all on that business, as they did at one time.

I think that this would be viewed as threatening to withhold commodities from OPEC. I believe that is the way this would be perceived, and perception is as much reality as reality itself. That might more likely invite retaliation from them rather than the seeking of a resolution of our differences.

I am in favor of dealing forcefully with OPEC, but I suggest that a way to do that is with respect to grain sales. Let us get the other countries together. Maybe we can do that here, but I think it would be very, very difficult in the case of grain, with four or five major exporters at this time. And in the case of industrial goods, I do not know how many we could get—probably not more than 20.

Mr. Chairman, I hope the amendment is defeated and I yield back the balance of my time.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I am sorry that my amendment did not pass, and, therefore, I think a very solid and a very good case can be made—and I think the gentleman from Connecticut (Mr. DODD) has made it—that we should determine through a study exactly where we stand on exports to the OPEC nations. I would like to broaden it to all other nations, as a matter of fact.

□ 1830

I like the words of the distinguished gentleman from California who just spoke. He said he wanted to deal with OPEC forcefully. I ask the Members to think about that. They are the ones who are threatening us. They just raised the price of their oil another $7. That is a terrible threat to our economy and our well-being. They are the ones who are irritating us. That is far too soft a word. We should try to figure out exactly where we stand in this trade relationship we have. I think a study directed by this amendment would accomplish a great deal.

I say to the gentleman from California that I would like to call his attention to the fact that we do not need to form a cartel. We do not need to form a cartel. We export 77 percent of the corn. We are the cartel now. We export 83 percent of the soybeans. We are the cartel now. We do not need other nations to join us. It is our grain that is a drug on the world market. If we want to get a better price for grain to the OPEC nations, we must raise it, of course, to everyone, and that is in our best interest.

As to being a demagog, I would like to tell the members of the committee that the last thing in the world that I want to do is demagog this issue. It was the administration who went out, after my hearings on my bill in the Committee on Agriculture, and said that I wanted to charge $20 a bushel for our wheat. I certainly never said that, never implied it. I said, "Let us see how much we can get for our wheat. Let us do just what the Arabs did, what the OPEC nations did, and that is to continue to raise the price to see what the market will bear. Raise it up 50 cents, raise it up a dollar, just like the OPEC nations did, until we see."

I think we would be surprised, just like the OPEC nations were utterly amazed to find out that people would pay $3, at first, for oil, and then $12 and then $20, and now they are in the driver's seat. I think we should try to find that out. I in no way associate myself with the demagoguery, frankly, of the administration, who went out and said things about my bill, about $20 a barrel. I did coin the phrase "A barrel for a bushel," to dramatize the issue that at one time oil and grain were the same price. Once again we should strive, head toward the objective, if we want to survive in trade in this world.

Mr. VANIK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose the amendment of the gentleman from Connecticut, the Honorable CHRISTOPHER J. DODD.

Our efforts should be to stimulate exports. The technology drain about which the gentleman complains has already occurred. If America decides to withhold exports of technology to the OPEC countries, they can procure it from European sources who acquired it from America at an earlier time. It could also be acquired from European enterprises in which American business has an equity. The amendment would insure the fuller utilization of other markets by the OPEC nations. This would increase our trade deficit and create further inflationary pressures.

Our efforts should be directed to more carefully monitor imports. Today, Nigeria increased its oil prices by $3 per barrel from $23.47 to $26.50. Nigeria does not have a record of purchasing very much from the United States.

In 1977 we bought $6 billion in oil and sold Nigeria $1 billion in goods. In 1978 we purchased $4.7 billion in oil and had sales of about $1 billion. Between January and July of 1979, the trade balance was even worse. We bought $4,027,000,000 in oil and sold Nigeria only $317 million in goods under circumstances when other foreign countries were finding bargains in America because of our depressed currency.

As circumstances permit, we should try to direct our oil purchases to those nations who buy from us.

At this point of time, it is far more important for America to develop an import policy which strives toward trade balance.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. DODD).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to section 112? If not, the Clerk will read.

The Clerk read as follows:

VIOLATIONS

SEC. 113. Section 11 of the Export Administration Act of 1969, as redesignated by section 104(a) of this Act, is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a) Except as provided in subsection (b) of this section, whoever knowingly violates any provision of this Act or any regulation, order, or license issued thereunder shall be fined not more than five times the value of the exports involved or $50,000, whichever is greater, or imprisoned not more than five years, or both.".

(2) Subsection (b) is amended to read as follows:

"(b) Whoever willfully exports anything contrary to any provision of this Act or any regulation, order, or license issued thereunder, with knowledge that such exports will be used for the benefit of any country to which exports are restricted for national security or foreign policy purposes, shall be fined not more than five times the value of the exports involved or $100,000, whichever is greater, or imprisoned not more than ten years, or both.".

(3) Subsection (c)(2)(A) is amended by striking out "articles, materials, supplies, or technical data or other information" and inserting in lieu thereof, "goods, technology, or other information".

Mr. BINGHAM (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. BINGHAM. Mr. Chairman, I ask unanimous consent that section 113 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there amendments to section 113?

AMENDMENT OFFERED BY MR. DORNAN

Mr. DORNAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DORNAN: Page 49, line 13, insert "(1)" after "(b)".

Page 49, insert the following after line 20:

"(2) Any person who is issued a validated license under this Act for the export of any good or technology to a controlled country and who, with knowledge that such good or technology is being used by such controlled country for military or intelligence gathering purposes, fails to report such use to the Secretary of Defense, shall be fined not more than five times the value of the good or technology involved or $100,000, whichever is greater, or imprisoned for not more than ten years, or both. For purposes of this paragraph, 'controlled country' means any communist country as defined in section 620 (f) of the Foreign Assistance Act of 1961.".

Page 49, line 20, strike out the closed quotation marks and final period.

Mr. DORNAN. Mr. Chairman, in his magnificent speech before the AFL–CIO on June 30, 1975, writer Alexander Solzhenitsyn recalled the penetrating insight of the father of Soviet communism, Lenin, into the sad behavior of a myopic capitalist class which has lost the will to defend its own interests. I quote Solzhenitsyn from that brilliant speech:

> I must say that Lenin foretold the whole process. Lenin, who spent most of his life in the west and not in Russia, who knew the West much better than Russia, always wrote and said that the western capitalists would do anything to strengthen the economy of the USSR. They will compete with each other to sell us goods cheaper and sell them quicker, so that the Soviets will buy from one rather than from another, he said: "comrades, don't panic, when things go very hard for us, we will give a rope to the bourgeoisie, and the bourgeoisie will hang itself."
>
> Then, Karl Radek, who was a very resourceful wit, said: "Vladimir Illyich, but where are we going to get enough rope to hang the whole bourgeoisie?" Lenin effortlessly replied, "they will supply us with it."

I do not like to think of people in terms of class. No one in this body does. I do not think that anything more than a small fraction of the business community is as decadent or as myopic as the Communists of the East suggest. But we must face up to a truth that can no longer be ignored.

There are indeed crass business interests, whose whole world is defined solely in terms of profit margins and balanced books, and who would indeed sell the Soviet Union that technological rope whereby they could hang all of us, that is, incinerate us in a nuclear inferno. If this were not true, if this were only pure fantasy, what I am not saying, we would not need this act at all. We would not even be debating this measure and its amendments. There would be little need for definitions, controls, rules, regulations or records pertaining to the export of high-level technology. But, of course, we live in a radically different world than that ideal utopia where all businessmen are honest, upright, broadminded and patriotic. It is not my intention this evening to get involved in personalities or discuss in detail the attitudes and actions of a very few, select companies, which I, and most of the American people, find reprehensible and directly contrary to the security of the Nation. However, we know the problem exists. It cannot be dismissed. It cannot be ignored.

Some weeks ago, Jack Anderson carried a story on the secret testimony of Larry Brady, formerly Acting Director of the Commerce Department's Export Office.

☐ 1840

It was the talk of our cloakroom on the minority side, and I assume the same on the majority side. Jack Anderson made public what most of us in this House have known all along, the export control systems are in a shambles and that the safeguards written into the regulations are not worth the paper they are written on. That is an Anderson quote.

The Soviets now sign "end-use" statements promising they will not divert hardware for military purposes.

Anderson continued in that column:

> There is no effective way to make sure that the Soviets live up to their promise. Instead the Commerce Department relies on the fox to guard the henhouse. On-site inspections are made by representatives of the U.S. companies that sold the products. Not only are these employees often non-Americans, but they have a very strong motive for ignoring Soviet violations, explained Brady.

The company wants to sell more, and he knows very well that if he reports a diversion to military use, he is not going to be able to sell more.

"For the same selfish reasons American company executives are unlikely to squeal on their customers, another Commerce Department official told us"—and "us" being Jack Anderson—end of his column.

Mr. Chairman, enough is enough. The patience of the American people has been tried. We have to put teeth into our laws and to prevent the leakage of our hardware to Soviet military use through violations of Soviet-American trade agreements and diversion.

The CHAIRMAN. The time of the gentleman from California (Mr. DORNAN) has expired.

(By unanimous consent, Mr. DORNAN was allowed to proceed for 1 additional minute.)

Mr. DORNAN. The total volume of trade with the Soviet Union has jumped from $191 million in 1970 to $2.8 billion last year. During that same period, total trade with all of the Communist bloc nations has increased from $579 million to more than $6 billion.

There has, in other words, been a tremendous growth in the volume of trade. There is solid evidence that a substantial part of that traffic—computers, ball-bearings, and chemical processes have direct military application.

For those reasons, I simply ask my colleagues to put teeth into this bill, and that is the substance of my amendment.

I urge its adoption.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. DORNAN. I yield to the gentleman from California, who has just attended with me an interesting visit to the Soviet Union to see how their people are denied common consumer goods, to the direct technology and scientific community.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

I was going to refer to our trip also.

Everything I saw leads me to the conclusion that the people, especially the people, the members of the Supreme Soviets in the Presidium, whom we met with, are every bit as dedicated to the ideals of Lenin as they ever were. I think the gentleman's amendment is an improvement to the bill. I accept it.

Mr. BINGHAM. Mr. Chairman, I rise in opposition to the amendment.

We have in this bill doubled the penalties for violations of this entire bill.

The gentleman's amendment would provide a special penalty of $100,000 or 10 years in prison for one particular kind of violation, a violation of something which is already prohibited under the law.

It would provide a more severe penalty, for example, than somebody exporting an item of military significance without a license, or a deliberate violation of the law.

Now, the fact of the matter is that not only does the amendment offend in this respect, but the amendment is entirely unnecessary, because the Commerce Department already has the authority to apply penalties to persons failing to report diversions under paragraph 387.5(c) of the Export Administration regulations issued under the existing law. Those regulations read in pertinent part:

> Every person who has made any representation, statement, or certification must notify, in writing, the Office of Export Administration of any change of any material fact or intention from that previously represented, stated, or certified. Such notification shall be made immediately upon receipt of any information which would lead a reasonably prudent person to believe that a change of material fact or intention has occurred or may occur in the future.

Now, that would apply to the situation the gentleman is referring to. That is the case where there have been assurances of and use that were then violated and it came to the attention or should have come to the attention of the shipper.

Under this, under our bill, violation of this provision would bring a penalty of up to $50,000 and/or 5 years of imprisonment for violation of that provision.

So that this is the type of amendment which I do not think we should try to deal with on the floor at this late hour. It is something that was not brought up before the committee. The problem is taken care of in the existing legislation. I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. DORNAN).

The question was taken; and on a division (demanded by Mr. Dornan) there were—ayes 7, noes 11.

Mr. DORNAN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1900

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from California (Mr. Dornan) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Mr. BINGHAM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. AuCoin), having assumed the chair, Mr. Seiberling, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4034) to provide for continuation of authority to regulate exports, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the amendments considered on the bill, H.R. 4034.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 399, MAKING CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1980

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 96–441) on the resolution (H. Res. 408) providing for the consideration of the House joint resolution (H.J. Res. 399) making continuing appropriations for the fiscal year 1980, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 402, MAKING CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1980

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 96–442) on the resolution (H. Res. 409) providing for the consideration of the House joint resolution (H.J. Res. 402) making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes, which was referred to the House Calendar and ordered to be printed.

APPOINTMENT OF CONFEREES ON S. 640, MARITIME APPROPRIATION AUTHORIZATION ACT, 1980

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 640) to authorize appropriations for fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York? The Chair hears none and, without objection, appoints the following conferees: Mr. Murphy of New York, Mr. Biaggi, Ms. Mikulski, Messrs. Donnelly, McCloskey, and Snyder.

There was no objection.

PERSONAL EXPLANATION

Mr. MITCHELL of Maryland. Mr. Speaker, I ask that the Record reflect that I and four of my colleagues were downstairs in room H–139 on the final passage of the transportation appropriations bill. We missed the vote.

Had I been present, I would have voted "aye" on final passage on that piece of legislation.

REGULATION COSTS EVERYONE

(Mr. ROTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROTH. Mr. Speaker, too often we lose sight of the impact that our ever-increasing bureaucracy and the cost of rules and regulations have on individuals in our country.

Business and industry come up against these regulations and their costs every day, and we are all aware of the burden that government intervention has had on the small businessman. It is important that we not forget that this burden is passed on to the American people in the form of increased costs for products and services, as well as through inflation and unemployment.

I urge my colleagues to take the time to read the following editorial that appeared in the DePere Journal, DePere, Wis. The editors of that paper have reminded us that we are all affected in many ways by overregulation and we must continue to fight the battle of the growing bureaucracy.

The following editorial appeared on September 6, 1979:

> THE PRICE OF REGULATION
>
> (Every government official or board that handles public money should publish at regular intervals an accounting of it showing where and how each dollar is spent. We hold this to be a fundamental principle of democratic government.)
>
> What does government regulation have to do with me?
>
> Many of us ask that. While red tape and filling out forms may be rough for the merchant and manufacturer, that, after all, is one of the headaches of doing business. It doesn't cost us anything.
>
> Or does it?
>
> The hard fact is that excessive regulation, which has multiplied in recent years, doesn't stop with the person or firm being regulated. The impact takes a variety of forms, but two stand out—inflation and unemployment.
>
> When government piles on new rules and regulations, businesses have to spend money to comply. This boosts their costs and, if they don't want to go broke, they have to pass those extra costs along in the form of higher prices to customers—to us. This isn't theory. It's reality. We've seen it happen, for instance, when we buy a new car meeting all the latest anti-pollution, safety, energy-saving and you-name-it regulations. This occurs in industry after industry, adding fuel to the general inflation.
>
> Regulatory burdens also affect jobs. First, there are direct effects, such as an even-higher minimum wage that prices youngsters and unskilled workers out of job markets and laws that mandate higher-than-average wages in construction. Second, and perhaps more significant, is the long-range effect: draining off dollars and know-how and effort that would have gone into expansion of businesses and creation of new jobs needed for a growing work force.
>
> These are the things we should remember every time the bureaucrats and politicians call for another dose of government regulation, and we should ask ourselves, and them, "Who is really going to get hurt?"

□ 1910

FAST TRACK—FAST SHUFFLE OR QUICK TAKE?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Corcoran) is recognized for 15 minutes.

● Mr. CORCORAN. Mr. Speaker, a significant part of President Carter's latest energy program is the Energy Mobilization Board, and H.R. 4985 responds to the President's request for an EMB. The problem, which under this bill gives birth to the EMB, is excessive Government regulation that stymies energy development and production. The preferred solution is that Congress create another agency to shepherd key energy projects through the bureaucratic maze, eliminating redtape, and knocking down Federal, State, and local laws which impede their progress.

My opposition to the EMB is based both on the issue of whether another Federal agency is the best way to solve energy regulatory roadblocks, and the unprecedented grant of Federal authority to waive Federal, State, and local substantive laws in the name of more energy.

EMB WOULD BE ANOTHER BUREAUCRACY

Back in 1976, while a candidate for the White House, our current President, Jimmy Carter, said:

> I am strongly opposed to the proliferation of new agencies, departments, bureaus, boards and commissions, because it adds on to an already-confused Federal bureaucratic structure.

It is interesting to recall that not 7 months had lapsed in President Carter's term before he signed into law a new Energy Department. Over 300 House Members—and I was among them—supported the President on this reorganization measure to consolidate all existing energy-related agencies into one new department. The declaration of findings and purposes of that bill made the case for reorganization:

> FINDINGS
>
> SEC. 101. The Congress of the United States finds that:
>
> (5) formulation and implementation of a national energy program require the integration of major Federal energy functions into a single department in the executive branch.
>
> PURPOSES
>
> SEC. 102. The Congress therefore declares that the establishment of a Department of Energy is in the public interest and will promote the general welfare by assuring coordinated and effective administration of Federal energy policy and programs. It is the purpose of this Act—
>
> (2) to achieve, through the Department, effective management of energy functions of the Federal government, including consultation with the heads of other Federal departments and agencies in order to encourage them to establish and observe policies consistent with a coordinated energy policy * * *

However, here we are, just 2 years later, and the President is now asking for two more energy agencies, the EMB and the Energy Security Corporation to finance $88 billion of Government-sponsored synthetic fuel projects. Apparently, he now wants three energy spokesmen—DOE, EMB, and ESC. I think one is plenty.

This proposal reminds me of the ill-starred Consumer Protection Agency of the 95th Congress. The parallel is that the proponents of each argue that because certain interests—consumer and energy—are not being adequately represented, we need to create a new agency to go into the regulatory process to represent these special interests. Fortunately, the House of Representatives wisely rejected the CPA on February 7, 1978 by a vote of 227 to 189.

More Government is not the answer to our energy problems. The EMB is a good example of that old congressional practice of never terminating Government programs or agencies, but rather laying new programs and agencies over existing ones. And what has this brought us? Writing in a recent issue of the Washington Monthly, Robert M. Kaus supplies the answer: "a government that is inefficient, incompetent, and unpopular."

Continuing in his excellent analysis, "How the People Lost Control," he comments:

> It was a jerry-built system back in 1937, and each succeeding attempt to patch it up has only made things worse. For four decades, it has polluted our concept of democracy, shackled our political imagination, and distracted our potential leaders.

I can think of no better description of what Congress has done to fix our energy problems since the Arab oil embargo of 1973–74. Coupling the sound and the fury of Government rhetoric, Government pricing policies, Government allocation programs, indirect Government subsidies to OPEC and the like, to an EMB and the ESC—into which the President wants to pump $88 billion of taxpayer money—may give Mr. Kaus good copy for future years, but I do not see how this will reduce our self-inflicted dependence on foreign oil.

"Can we truly cut through the regulatory requirements without examining the underlying body of environmental law?" asked former Deputy Administrator of the Environmental Protection Agency John Quarles, in an August article in the Wall Street Journal. He drew upon his experience and answered, "Until the dilemma is faced honestly, the chief danger awaiting the Energy Mobilization Board is one of false expectations." He offered other insights:

> This branch-by-branch review will be no easy task. But it is the only way. Done with skill, that pruning could strengthen, not weaken, environmental protection.
>
> The procedural waiver in reality is a legislative device for ducking the issue—it provides a mechanism to support supposedly faster approval of energy projects but does not support exemptions from environmental requirements. It thus provides a handy set of mirrors—so useful in Washington—by which a politician can appear to kiss both sides of the apple.

This blunt assessment is too rarely heard. In the Minority Views elsewhere in this report, my colleagues note that—

> This bill does not assure that there will be a major reevaluation of the laws and regulations which are strangling economic development in this country. We will be working to ensure that laws and regulations which detrimentally affected energy and economic development are reevaluated in the years ahead.

I agree with the diagnosis; filling the prescription, however, cannot be delayed.

EMB WOULD HAVE TOO MUCH AUTHORITY

Regarding my second concern, that of granting the EMB authority to trample on existing laws at every level of American government, let me first point out that, to my knowledge, everybody is against redtape. I do not know of any candidate ever running for public office on a platform of more redtape. But redtape is not the issue.

The real issue is: How do we resolve conflicts between the economy, energy, and the environment? How do we balance off the need for more energy with cleaner air? What about the contrary goals of more energy and adequate supplies of clean water in a growing economy? And so the hard choices go, but the EMB does not give us a workable framework for resolving these issues which abound all over America today.

The public interest in these cases is a good deal more complex. Alfred E. Kahn, adviser to the President on inflation, and Chairman of the White House Council on Wage and Price Stability, spoke to the American Bar Association recently; the President's congressional liaison assistant, Frank Moore, sent each Member of Congress a copy to highlight "the role of regulatory reform in an anti-inflation program." In that speech, Dr. Kahn aptly noted—

> The benefits of environmental protection and clean-up . . . are real; so are the costs they impose on the economy . . . These regulations must be subjected to economic tests—to a weighing of the costs against the benefits—if they are to be rational.

Obviously, the President's men are aware of the problem, and as the Washington Post editorialized February 7, 1978, in its opposition to the Consumer Protection Agency:

> It may involve balancing a given degree of safety against a certain increment of cost, or keeping down tomorrow's price increases without jeopardizing next year's supplies, or making a much more complicated type of accommodation among a hundred forces and factors bearing on the marketplace.

Our current laws and agencies are not doing a very good job of resolving these conflicts, in my judgment. That is one reason why domestic production is down in conventional energy fields, and hardly off the ground with unconventional, renewable energy sources. Thus, the question for Congress should be whether to review and make changes in those Federal laws, agencies, and programs which are not responsive to the common good of every American, or should we create another agency with power to override the existing governmental decision-making process?

Unfortunately, the Energy and Power Subcommittee, on which I serve, and the full Commerce Committee, addressed only the latter approach, despite our jurisdictional responsibility for some of the most unresponsive Federal statutes which are at the root of many energy projects that have been stopped dead in their tracks.●

TOMORROW IS CONGRESSIONAL PAY RAISE DAY

The SPEAKER pro tempore (Mr. AuCoin). Under a previous order of the House, the gentleman from Iowa (Mr. Grassley) is recognized for 15 minutes.

Mr. GRASSLEY. Mr. Speaker, tomorrow is the day that we are going to be considering the continuing resolution which has as part of it the general subject of whether or not pay raises ought to be granted for Members of Congress, upper level civil servants, Cabinet members, and judges. If you remember the drama that unfolded back in June when the legislative appropriation bill was up, you will remember that during that month there was an attempt at that point to very carefully maneuver through this House a pay raise of either 5.5 or 7 percent, and that drama unfolded in a manner in which there was already laid out ahead of time the number of people it would take to come from the cloak rooms to the floor of the House to make up a quorum, so those of us who wanted a recorded vote would not have the ability to get that in the absence of a quorum. At the same time there were not enough people on the floor of the House to ask for the recorded vote in and of itself. That all took place in the Committee of the Whole. That drama was laid out very carefully and well maneuvered. It was a fine piece of parliamentary tactics that I think the people who did it need to be commended for.

But I think that my point this evening is to alert you to the fact that tomorrow the parliamentary maneuvering that will be going on will be much more sophisticated than that which took place back in the month of June. For instance, we are going to take time tomorrow to have our picture taken in the Whole House, and then immediately upon the adjournment of that picture-taking we will go into taking up the continuing resolution. We will be doing that in the House as in the Committee of the Whole, which basically means that 218 Members will make a quorum instead of 100, and if there is an attempt and a need to get a rollcall, it will take 44 instead of the 25 that it normally would in the Committee of the Whole. I am sure that this is planned right after the picture-taking so that there will be enough people on the floor of the House so that if there is not a quorum, it will at least look like a qourum, and it will be difficult the way sometimes the counting goes to determine whether or not that last person making 218 has in fact really been counted.

It might be a little reminiscent of the counting of the people in the chamber when we had the vote on finishing the Senate Office Building.

As the Members know, there was great effort made to avoid a rollcall on that issue. Thanks to the work of the gentleman from Maryland (Mr. BAUMAN) that effort was not successful on the part of those who wanted the Senate Office Building completed. But it will be possible for those of us who oppose the raise not only for Congressmen but for judges, for the 15,000 upper level civil servants—those of us who want to save that $50 or $60 million if we are on the floor of the House and 44 of us stand—and the Members will have to be here or that opportunity is going to be lost. I think that we do not want that opportunity to be lost, and I am taking the floor this evening with this special order to call to the attention of the people who historically have fought this battle to stick with us so that that battle can be fought and won, because it is going to be very difficult not only in the saving of the $50 or $60 million, but it is going to be very difficult in a time of 13-percent inflation to go home and justify to the taxpayers that we are serious about this war against inflation if we vote ourselves either a 5.5-percent or a 7-percent increase, or what have you. Particularly it is not going to look very good to the workingman in this country, the union and nonunion worker, who is limited to a 7-percent pay increase by the President's voluntary wage and price guidelines, if we vote ourselves that sort of an increase. Additionally, it is not going to look very good to the senior citizens of this country, most of whom live on an annual income of less than what we would be voting ourselves in an annual pay increase if we are to go forth and go ahead with that.

I think we can legitimately take the posture that we ought to be setting an example, but this drama is going to unfold. The parliamentary maneuver is already laid out. There will perhaps very likely be a quorum of 218, which means those of us who want a vote on this issue—at least 44 of us—are going to have to be on the floor at that particular time, and I would ask that the Members be here for that purpose.

Mr. DORNAN. Mr. Speaker, will the gentleman yield?

Mr. GRASSLEY. I yield to the gentleman from California, who has been very forceful in his opposition to the congressional pay raise and who, I know, will be working hard to help us be successful in this effort to get a vote tomorrow, so that even if the pay raise goes through, at least everybody will be on record.

Mr. DORNAN. I appreciate the gentleman's remarks, and I wholeheartedly back up his call for 44 honorable Members who I am sure will be here for the photograph, to stand, and we shall again see exactly how many little men who were there will suddenly disappear after the lights for the yearly still picture go off.

During the debate on the Senate Office Building before we left for the August summer break, the Members will recall that I said I was having the Library of Congress research some figures, comparative figures of some of the great works, architectural works of mankind, to compare them to that Senate Office Building. I have just received that information today from the Library of Congress. I will give it in its totality when that vote comes up. Hopefully, it will not be structured in the operetta that we have the pay raise vote structured tomorrow, but I will just give the Members a couple of examples and make the point that this is exactly why the citizens of America are outraged at runaway Government spending and why they would expect us to reject a 7-percent or even a 5.5-percent so-called cost-of-living increase for our own salaries.

The Erie Canal, if it were to be built today in 1979 dollars would cost less than that Senate Office Building. Just in the 2 months since we last discussed that building on this floor one evening, the cost of the Senate Hart Building has now gone up over $174 million. To start the Erie Canal from scratch with the first shovelful would only cost $170,800,000 today. The Eiffel Tower built by today's dollar standards, would cost less than $10 million. In other words, you could build 17½ Eiffel Towers all over the world for the price of the Senate Office Building.

The Golden Gate Bridge is within a few million dollars, to be rebuilt, of the cost of the current expense of the Hart Building, and that will probably continue to go up.

The Empire State Building is in the same cost range of figures.

The entire Diet or complex of government buildings in Tokyo would only cost $28 million to reconstruct today, and since our Congress is in some measure an outgrowth of the mother of parliaments, the entire Parliament construction of buildings in London would cost 38,600 pounds sterling, and that translates into $77 million or less, far less than half of this one extension of the Dirksen Building, called the Hart Building.

It is outrageous that with these costs escalating out of control we would engineer, as I call it, this operetta tomorrow where we are not even going to be given an opportunity to vote against the pay raise. And I would call to this gentleman's attention particularly that there is an irony involved here, because I received a severe trouncing by some voters in my district for not supporting his June of 1977 rollback amendment.

☐ 1920

I still think we have an honest constitutional agreement because I was terrified at the thought of separating the Senate from the House in our pay structure and I still believe if we ever foolishly do that the House of Lords would race off and they would have their salaries trebled beyond ours within the period of the next three elections.

I should have supported you in your rollback because the very people who denied me a vote against the pay raise in February of 1977 when I was a new freshman, no matter how hard the gentleman from Maryland (Mr. BAUMAN) fought to get us that vote, it was engineered so that the vote automatically went into effect on February 20. Because I did not support your bill, the same people who engineered that, including the Speaker of the House, paid a visit to my district and backed up a deceitful opportunist who was attacking me, a fiscal conservative, as being a spendthrift, and he almost made his lying case stick.

So it is ironic that the entire hierarchy of the majority party, the Vice President, the President's mother twice, his son, Speaker O'NEILL, Senator MOYNIHAN, they all came to my district to weave this clever web because I had not supported your vote in June of 1977.

Believe you me, Mr. GRASSLEY, I will be here with bells on tomorrow looking for 44 honest men and women to stand up in a double-digit inflationary period, and I am glad you mentioned the Select Committee on Aging that I serve on with the gentleman. The gentleman is the most capable ranking minority member I have seen on a committee of this importance.

We know why we are here tomorrow, for the old people alone. I thank the gentleman for taking this special order tonight so we can search with our lanterns tonight for 44 decent men and women to at least get us a vote and then let them vote their conscience.

Mr. GRASSLEY. In closing, I would just ask that 44 Members, whether you are for the pay raise or against it, will stand up so everybody can be on record on this point tomorrow.

I yield back the balance of my time

HIGH HOLY DAYS 5740

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, the festival of the New Year in the Jewish religious calender takes place on September 21 and 22, and marks the opening of the year 5740, as well as the commencement of the 10-day period called the high holy days. This period concludes with Yom Kippur, the Day of Atonement, which this year falls on September 24.

On this occasion I extend my greeting and best wishes for the holiday season to my many friends of the Jewish faith and express my appreciation for the great contributions the Jewish people have made and are making to Western culture and to mankind's aspirations for moral courage and intellectual freedom.

Freedom has not always been allowed for the Jews, and it was in this connection that Congress passed legislation earlier this year with my support to make the Capitol Rotunda available for a ceremony as part of the Days of Remembrance of Victims of the Holocaust. Public Law 95–371 designated April 28 and 29, 1979, as "Days of Remembrance of Victims of the Holocaust."

The terrible sufferings and the tremendous number of deaths of the Jews under Nazi persecution should be well remembered by us all as a warning of the terrible lengths to which anti-Semitism and other racial and religious prejudice can go.

Earlier this week, the House of Representatives approved with my strong support a resolution urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate, and a copy of that resolution follows:

H. CON RES. 91

Concurrent resolution urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate

Whereas the United Nations Universal Declaration on Human Rights states unequivocally the right of every individual to emigrate and live in the land of his choice; and

Whereas the Government of Syria is a signatory of the declaration; and

Whereas the Syrian Government has placed restrictions on the right of Syrian Jews to emigrate from that country; and

Whereas the Syrian Jewish community, which numbers nearly five thousand persons, has expressed its desire, through numerous official and unofficial means, to rejoin families and relatives in other lands; and

Whereas numerous private organizations in the United States and other countries have expressed their willingness to facilitate such emigration and to assist in the absorption process; and

Whereas Syria is the only Arab state that has not permitted its Jewish community to exercise the right of emigration: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress calls upon the Government of Syria, on humanitarian grounds, to permit those members of the Syrian Jewish community desirous of emigrating to do so.

Mr. Speaker, I hope and pray that the coming year of the Jewish calendar may bring favorable developments in this and other difficulties confronting the Jewish people, and that the blessings of health, happiness, and prosperity may come to the Jews of America and of all the world.●

THE SOLAR ENERGY RESEARCH INSTITUTE UNDER DR. PAUL RAPPAPORT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, the Solar Energy Research Institute in Golden, Colo., has advanced remarkably in the 2 years since its birth. This progress has been shepherded by Dr. Paul Rappaport, who recently moved from director to senior researcher. Dr. Rappaport has worked tirelessly to make SERI the national center of excellence for the development of solar energy, and to disseminate SERI's impact through the Regional Solar Energy Centers. We would do well to note the advances fostered by Dr. Rappaport, and mark that progress as a redoubled challenge to SERI's future:

SERI ACCOMPLISHMENTS—THE FIRST 2 YEARS, JULY 5, 1979

I. INSTITUTIONAL DEVELOPMENT

The Solar Energy Research Institute was formally initiated on July 5, 1977. In just 24 months, SRI:

Acquired a staff of more than 600 people, including 394 professionals. Many are known internationally as leading authorities in solar energy. In spite of rapid growth (at a rate of nearly 30 new hires per month), the team is balanced, integrated, stable. SERI's Affirmative Action Program has brought to the staff 67 female and 41 minority professionals, several in management positions.

Has been assigned the leadership role in developing the Solar Energy Information Data Bank (SEIDB) as a national network with the participation of the Regional Solar Energy Centers and the National Solar Heating and Cooling Information Center. (The SEIDB has been mandated by the Congress in PL–93–473).

II. TECHNOLOGY DEVELOPMENT

SERI's primary mission is research and development in the solar technologies. In these two years, SERI's Research and Analysis staff has:

Developed a flash evaporation concept for sea water which makes open cycle OTEC very attractive; a patent has been applied for, and experimental verification is underway.

Prepared five-year solar materials R&D plan, covering reflector and transmitter materials, absorber surfaces, glass mirrors, and structural materials.

Designed a family of new instruments for measuring solar radiation; this included a high spectral resolution spectroradiometer, an automatic solar tracker for direct beam measurements, and an economical multiple surface radiometer for simultaneously measuring insolation on various tilts and azimuths.

Created a new and improved terrestrial solarspectrum and model (SOLTRAN); the spectrum is expected to be adopted as an ASTM standard for use by all of industry, while the model provides a tool for more accurately calculating the efficiency of solar conversion devices.

Designed and implemented qualitative accelerated corrosion tests to screen silver/glass mirror durability, particularly in moist HCl, H_2S and SO environments; such tests are essential to the establishment of hardware reliability in aggressive climates, e.g., Barstow, California.

Completed an examination of State Solar Energy Incentives providing the first direct feedback to state governments on the relative success and problems of various approaches to implementing incentives at the state level; the results have aided in the design and amendment of incentives in several states.

Prepared, at the request of DOE, a Photovoltaic Venture Analysis providing a critical study of a proposed government program of subsidies for photovoltaics market development; the study, showing the proposed program not to be cost-effective, led to decisions which saved potential ineffective expenditures of over $360 million.

Assumed Technical Management responsibility for 52 DOE photovoltaics contacts and initiated 40 SERI subcontracts in PV R&D.

Initiated major examinations of the prospects for significant cost reductions in solar hardware through volume production processes; initial emphasis is being placed on mass production concepts for heliostats, in support of the repowering program plans.

III. TECHNOLOGY DISSEMINATION

The maintenance of a major solar information resource (Solar Energy Information and Data Bank—SEIDB), and a leading role in the commercialization of solar applications are important SERI responsibilities. SERI's Information and Commercialization Divisions have:

Planned and conducted more than 85 conferences and workshops, with a total attendance of about 6,000 representatives of U.S. industry and government, and foreign communities; the variety of conferences included program workshops and progress reports for DOE, SERI project working seminars, public information presentations, and joint sponsorship of major professional society meetings (e.g., ISES '78 and '79).

Built an outstanding solar energy information collection of more than 30,000 books, reports and reference publications, and 1,400 journal subscriptions; this Solar Energy Information Center is primarily for the use of SERI and DOE staff, but is being made available to the interested general public as well.

Established remote access to SEIDB files by the four Regional Solar Energy Centers and the National Solar Heating and Cooling Information Center.

Prepared a Solar Educational Data Base covering 3,200 institutions in fifty states; published the National Solar Education Directory and a series of Regional Education Directories.

Initiated the Design Tools Data Bank, providing on-line analysis methods for architects and engineers; supporting publications include summaries of available analysis methods, F-Chart, Heating and Cooling, Wind and Photovoltaics design/sizing systems.

Developed a program for the accelerated commercialization of advanced solar materials; the initial project is providing development quantities of thin, low iron borosilicate glasses to collector manufacturers through the Solar Energy Industries Association.

Begun publication of the Solar Law Reporter, a bi-monthly journal providing the legal and legislative communities—and the interested public—with current information on legal and regulatory events in the commercialization of solar energy.

Co-sponsored, with the Regional Solar Energy Centers, a series of pilot workshops and workbooks for industrial organization contemplating the conversion to biomass energy sources.

Taken principal responsibility for the preparation and implementation of the National Program Plan for Passive and Hybrid Solar Heating and Cooling.

Sponsored a series of workshops with major private foundations, encouraging the support by such foundations of local initiatives in solar development; DOE has agreed to establish foundation advisory groups for each of the DOE Regional Centers as a result of this project.

Prepared and issued 90 second TV spots on the federal solar tax incentives (the only DOE activity publicizing those tax incentives) and the Atlanta Solar Energy Congress; a third news spot on gasohol is about to be released; these spots already have been widely seen in 23 major market areas.

Initiated a national and regional dialogue with the building and construction trades unions to promote the organized labor involvement in solar energy; sponsored a workshop of national labor leaders in Washington in June, 1978, and co-sponsored four regional labor workshops in the northeast and midwest.

Assumed a lead role in the development of standards, test methods and certification procedures for solar equipment and systems, working through the existing consensus standards organizations; initial attention is directed to performance criteria and test methods for photovoltaics, resulting in four draft ASTM standards, plus aggressive PV standards activities in ANSI and IEEE.

Established a University Research Program, completing the solicitation of proposals, selection of most deserving, from 250 applications, and award of thirty grants.

IV. INTERNATIONAL PROGRAMS

SERI's international activities have three aspects: management of, or participation in, cooperative programs with foreign governments; support to the introduction of solar energy applications in lesser developed and developing countries; assistance to U.S. industry in the identification of foreign markets. In these programs, SERI has—

Taken a leading role in the U.S./Saudi Joint Solar Program (SOLERAS), including the development of a management plan, a five-year technical program plan, and related contractural resources.

Initiated a photovoltaic power system project for a remote Saudi village, calling for a 350KW power system (which will be the largest in the world); the award of the subcontract is anticipated in August.

Provided assistance to South Korea and Mali in the design and development of solar energy institutions.

V. PUBLIC INFORMATION AND INTERGOVERNMENTAL PROGRAMS

The development of strong channels of communication with both government—federal and local—and the public has been a matter of high priority during SERI's first two years. In this field, SERI has

Provided technical, financial and individual support to the Sun Day 1978 program.

Encouraged and arranged the visit of President Carter to SERI on Sun Day, and contributed to his policy speech boosting the national solar program.

Sponsored the Solar Technology Seminar for Public Constituents in January, 1979 as a part of a continuing program of working with the public interest organizations.

Initiated a series of Solar Technology Seminars for Congressional Members and staff, providing current information on the individual technologies and related economic, environmental and social considerations.

Developed a close and continuing working relationship with the Regional Solar Energy Centers; examples include the regional Labor Workshops, Biomass Seminars for Industry, cooperative Conferences with National Association of Home Builders, and support to the planning efforts of the RSECs.

Managed a Speaker's Bureau, which supported over 100 talks and presentations to audiences totalling more than 25,000.

Designed, produced, scheduled and manned a large traveling SERI exhibit and several smaller traveling exhibits shown at approximately 40 expositions, fairs and conferences, both national and international

VI. PHYSICAL FACILITIES

Starting with a staff of eight occupying a few hundred square feet of office space, SERI has

Expanded to a total of 241,000 square feet of leased space in four major buildings.

Designed, monitored construction, furnished and now occupy a uniquely designed 77,000 square foot laboratory building, providing modern resources for research.

Designed, acquire, constructed and now utilize an eleven acre field test site with resources for testing high temperature collectors and systems, storage systems, heat and mass transfer process, desiccant cooling technique, and process heat equipment.

Received authorization and completed planning for acquisition and installation of a CDC–7600 (Cyber 70/Model 76) computer system and peripheral equipment; this major scientific computer facility will satisfy concurrently the SEIDB network and SERI's needs for scientific computation.

Selected (from 72 bidders) a top-notch architecture-engineering team for the conceptual design and master planning for the SERI permanent facilities; completed Title I design and master planning, environmental assessment, energy requirements analysis, management plan, subcontractor and program requirements, budget estimates and selection of Construction Manager; the unique facility, designed to house a staff of 1.000 with growth potential to 2,400, will satisfy with major portion of its energy requirements with on-site conservation and solar systems.

VII. SERVICES

Supporting administrative and technical services are essential to the life of a research laboratory. Starting almost from zero resources, SERI has

Established viable and productive Personnel, Accounting, Publications, Facilities Contracts, Conferences and Purchasing teams.

Successfully passed the formal contractor Procurement System Review (CPSR) in June.

Established efficient, modern Property Management, Safety and Medical Services.

Established and published comprehensive Personnel Policies and Procedures.

Suffered and responded to two in-depth examinations by the DOE Inspector General's Office, and reduced questionable costs from an initial estimate of $51,455 to $1,080.●

SMALL BUSINESS RESEARCH AND DEVELOPMENT INCENTIVE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 20 minutes.

● Mr. LAFALCE. Mr. Speaker, I am pleased today to introduce the Small Business Research and Development Incentive Act, which is designed to stimulate investment in small businesses which are research and development intensive.

Small businesses deserve assistance in this area due to their record of being vastly more productive than large firms in terms of innovations resulting from R. & D. activity and because small firms are proven to create more jobs in the economy than do large firms.

In recent months, the Federal Government has been increasingly alert to the role that small business plays in the innovative process. Earlier this year, the Department of Commerce released a study, prepared by Prof. David L. Birch of the Massachusetts Institute of Technology, which investigated the job creation process. Among the questions considered was "Who generates jobs, and who destroys them?" The result of the study—based upon a data file on each of 5.6 million businesses—representing about 82 percent of all private sector employment—were rather startling. Small firms—those with 20 or fewer employees—generated 66 percent of all new jobs in the United States; and medium and large firms provided relatively few new jobs. These findings prompted Professor Birch to observe that—

> It appears that it is the small corporations . . . that are aggressively seeking out most new opportunities, while the large ones are primarily redistributing their operations.

The National Science Foundation commissioned a study into the innovative record of American businesses which found that while only 31 large firms—many of them multinational in character—spend "an astounding 60 percent of all U.S. research expenditures," smaller firms are producing 24 times more major innovations per R. & D. dollar expended than do large firms.

It must be kept in mind that innovation plays a fundamental role in productivity gains.

A report to the Assistant Secretary of Commerce for Science and Technology recently noted that, "the effect of innovation is most direct with process innovations—improved methods of producing existing products which raise output per man-hour. New products affect productivity more indirectly. A new product with one industry—such as a computer, a machine tool, or a new material—often raises productivity in the firm that purchases the new product."

The findings of an advisory committee to the Department of Commerce echo these findings and provide a strong foundation for the bill I am introducing today. The committee concluded that "small businesses make a disproportionately large contribution to innovation."

The significance of these conclusions is magnified when our Nation's recent productivity experience is considered. With our most recent annual rate of productivity growth at a meager 0.8 percent (down from 3.3 percent in the period 1946–67), and our most recent quarterly growth rate indicating an actual decline of 4.6 percent, it is little wonder that the Council on Wage and Price Stability has declared American productivity performance to be a national "disaster."

Stimulation of the small business sector offers the opportunity to increase both the generation of jobs and the innovative processes. Today, in light of our dismal productivity growth rate, this opportunity is not one to be taken lightly. We must encourage small businesses to maintain and increase their job creation and innovation skills.

My bill combines suggestions to improve the investment climate for small research-intensive firms which were put forward by the U.S. Small Business Administration and the Department of Commerce. Those recommendations, which were remarkably similar, were to revise the Nation's tax code to rectify the inability of many small firms to attract much needed equity and venture capital. Both advisory bodies concluded that such changes were necesary if the small business sector is to grow.

Specifically, the bill provides certain benefits for any small business which maintains an average investment over 3 years of 3 percent or, in a single year spends 6 percent, of gross revenue in research and development.

Investors in such firms may defer paying the tax on gains in equity investments provided they are reinvested in another small business (which maintains the same 3 or 6 percent R. & D. investment rate); gains from capital investment in such firms, if held for a minimum of 5 years, shall be taxed at half of whatever rate would be otherwise applied; losses from investment in such firms may be carried forward for 10 years instead of 5 years due to the length of time often required for research and development to result in profitable new products, processes or services; the treatment of losses—both to such firms and their investors—is liberalized; and to enable these businesses to attract key employees the qualified stock option plan provision is restored for these firms.

Further, small business concerns may establish and maintain a "Reserve for Research and Experimental Expenditures" for tax purposes in profitable years to use in periods of business stress up to the level of 10 percent of gross revenues. This would be available only to the extent that contributions to the reserve are equaled by at least that amount of expenditure during that year for research and experimental expenditures. Contributions to the reserve shall be considered as income when removed from the reserve unless used for research and development purposes. When a firm ceases to be a small business, it may utilize any existing reserve for the same purposes, but may not replenish it; if a small business is acquired by a large firm, any existing reserve shall be considered taxable income.

Finally, subchapter S companies—which are corporations taxed similar to partnerships—would be allowed to include up to 100 investors, and corporations would be allowed as stockholders of subchapter S companies.

Mr. Speaker, there is nothing more important to our economy than the small entrepreneur, who has consistently been the most innovative and most productive participant in our free enterprise system. My bill is intended to provide the kind of incentives needed to secure and maintain an adequate flow of equity and venture capital for this crucial sector of the economy.

This bill offers our Nation the opportunity to invest in small businesses that have a proven track record for job creation and innovation, elements which our economy finds precious. The goals of this bill are many: Greater innovation, higher productivity and the creation of jobs for American workers.

I urge my colleagues to consider and support this important measure.●

CONSUMERS AND SMALL BUSINESS SHOULD BEWARE OF PROPOSED CHANGES IN MEAT AND POULTRY INSPECTIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. SMITH) is recognized for 5 minutes.

● Mr. SMITH of Iowa. Mr. Speaker, I am seriously concerned that the Food Safety and Quality Service's proposed regulation on quality control, published last week, could increase the burden and cost for smaller processors and also weaken the quality of meat inspection services and in turn erode public confidence in meat and poultry products.

The FSQS would permit manufacturers themselves who keep sufficient records and make tests to process meat without the Government inspector present. Opponents of the 1967 Federal Meat Inspection Act made such a suggestion when the bill was originally passed and have continued to raise this same proposal ever since, but the Congress decided such an important health and safety matter should be performed by an impartial inspector who is not beholden to those who would benefit from higher percentages of fat in sausage or from use of unwholesome contents.

The idea of merely spot checking processors was further promoted by the General Accounting Office whose December 1977 report recommended an industry-run inspection system. Unfortunately, GAO did not temper its fervor for cutting costs with an equal concern for the public health and was out of step with the determinations already made by Congress.

Meat and poultry products are unique and require a special standard of quality. Meat is not just perishable, it can also pose a special and deadly danger to human beings through a range of diseases that can be transmitted from flesh of animals and poultry and those who consume meat want to be sure it was handled properly at all times prior to purchase at the retail store. The superficial appeal of deregulation and cost-cutting to the Government ignores the fact that this would shift work from impartial umpires to an umpire paid by and under obligation to one side.

As someone who has been taking a particularly close look at declining competition within the meat industry, I am also alarmed that this proposal, if carried forward on an industrywide basis, could have a disproportionately large impact on small businesses. These companies do not have the expertise on hand to perform many of the sophisticated tests and the recordkeeping that can be required. A system having the effect of requiring them to pay for such employees out of their own pocket and perform all the extra paperwork, tests, and recordkeeping adds another problem to an already beleaguered sector. Shifting a burden in a way that causes more paperwork and expense to the processor is sure to result in a higher additional cost per pound for smaller processors than for larger ones.

The tone of the proposal and accompanying press releases indicates an intent to make the procedure mandatory after a trial period. Unless it is made mandatory, there is really little need for the regulation because the processors who want to can and have had "quality control" anyway. Unless it is made mandatory, the cost saving to the Government cannot be as great as claimed, because most meat is processed by smaller firms and they are least likely to adopt the changes and incur the additional expense voluntarily. This proposal should be considered a concrete step toward a mandatory program. I urge my colleagues and others to avoid the temptation to hail the proposal as deregulation without considering the matters I have raised.●

H.R. 4970 AMENDMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. OBEY) is recognized for 5 minutes.

● Mr. OBEY. Mr. Speaker, following are three amendments to H.R 4970, the Campaign Contribution Reform Act of 1979, which I am asking be made in order when that measure is considered by the House. These amendments are the same as those printed in yesterday's RECORD, except for technical revisions that have been made in amendment No. 1:

AMENDMENT NO. 1 TO H.R. 4970

On page 2, strike out line 5 and all that follows through line 22, on page 4, and insert in lieu thereof the following:

SEC. 2. (a) Section 320 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end thereof the following new subsection:

"(i) No multicandidate political committee (other than a multicandidate committee of a political party) shall make contributions to a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress and his authorized committees aggregating more than—

(1) $6,000 (but not more than $5,000 for one election) with respect to a general election and a primary election relating to such general election, or a primary election and a runoff election in the case of a candidate who is not a candidate in the general election relating to such primary and runoff elections; and $6,000 (but not more than $5,000 for one election) with respect to a special election and a primary election relating to such special election, or a primary election and a runoff election in the case of a candidate who is not a candidate in the special election relating to such primary and runoff elections; or

(2) $9,000 (but not more than $5,000 for one election) with respect to a general election and both a primary and a runoff election relating to such general election; and $9,000 (but not more than $5,000 for one election) with respect to a special election and both a primary election and a runoff election relating to such special election.

(b) Section 320(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(2)) is amended by striking out "No multicandidate" and inserting in lieu thereof "Subject to subsection (i), no multicandidate".

Sec. 3. Section 320(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by—

(1) inserting after paragraph (2) the following new paragraph:

"(3) A candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress and his authorized committees shall not accept contributions from political committees, other than committees of a political party, aggregating more than—

"(A) $70,000 with respect to a general election and a primary election relating to such general election, or a primary election and a runoff election in the case of a candidate who is not a candidate in the general election relating to such primary and runoff elections; and $70,000 with respect to a special election and a primary election relating to such special election, or a primary election and a runoff election in the case of a candidate who is not a candidate in the special election relating to such primary and runoff elections; or

"(B) $85,000 in the case of a candidate who is a candidate in a general election and both a primary election and a runoff election relating to such general election, and $85,000 in the case of a candidate who is a candidate in a special election and both a primary election and a runoff election relating to such special election.

For purposes of this paragraph, any contributions made after the date of a general or a special election shall be considered a contribution to such election only if the candidate at the time of receipt does not have sufficient funds to pay obligations incurred with respect to that election."; and

(2) redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively

Sec. 4. Section 320(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441(a)) is amended by—

(1) inserting after paragraph (9) as so redesignated by section 3 of this Act the following new paragraph:

"(10) Any contribution to a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress and his authorized committees that is made in the name of an individual and in a manner which creates the appearance that the contribution was made by or on behalf of a political committee shall be reported by such political committee as a contribution to such candidate and shall be treated as a contribution by such political committee for purposes of the limitations imposed by this section."

And redesignate the following sections accordingly.

Amendment No. 2 to H.R. 4970

On page 5, line 2, strike out "paragraph" and insert in lieu thereof "paragraphs".

On page 5 strike out "for goods" on line 7 and all that follows through line 20, and insert in lieu thereof the following:

by a person (other than a broadcasting station, newspaper or magazine, and who is not otherwise prohibited from extending credit under this Act) providing goods or services in connection with preparing or purchasing advertising on broadcasting stations, in newspapers or magazines or other similar types of general public political advertising, if such extension of credit is beyond the normal period of credit extended by such person in the ordinary course of business or 60 days from the date on which such goods or services are provided, whichever is less;

"(6) means, with respect to a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress and his authorized committees, any extension of credit or advance of funds in connection with the preparation for mailing, or mailing, of any materials which solicit funds for the purpose of influencing the election of such candidate; but";

On page 5, line 24, strike out "(6)" and insert in lieu thereof "(7)".

Amendment No. 3 to H.R. 4970

On page 6 before line 1, insert the following new section, to be designated appropriately:

Sec. . Section 320(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by—

(1) inserting after the last paragraph the following new paragraph, to be designated appropriately;

( ) No candidate for the office of Representative in, or Delegate or Resident Commissioner to the Congress shall use contributions to such candidate and his authorized committees aggregating more than $35,000 to reimburse himself for expenditures from his personal funds (including funds derived from loans or from the personal funds of his immediate family) made by such candidate and his authorized committees in connection with (i) a general election and any primary or runoff election relating to such general election and (ii) a special election and any primary election or runoff election relating to such special election. For purposes of this pargraph, the term "immediate family" means a candidate's spouse and any child, parent, grandparent, brother, half-brother, sister, or half-sister of the candidate, and the spouse of such persons.

And redesignate the following sections accordingly.●

PERSONAL STATEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. Fountain) is recognized for 5 minutes.

● Mr. FOUNTAIN. Mr. Speaker, I was absent with official leave for a portion of today's session and consequently missed three rollcall votes. Had I been present, I would have voted as follows:

Motion to suspend the rules and pass H.R. 51, Fuels Transportation Safety Amendments of 1979, "yea" (rollcall No. 473):

Price motion to permit closing meetings of the conference committee on H.R. 4040, Department of Defense Authorizations Act, under certain circumstances, "yea" (rollcall No. 474); and

Anderson of California amendment to H.R. 4440, transportation appropriation for bicycle transportation, "nay" (rollcall No. 475).●

EXPLANATION OF MISSED VOTE ON H.R. 4440

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. Conyers) is recognized for 5 minutes.

● Mr. CONYERS. Mr. Speaker, I was unable to be on the House floor earlier this afternoon to cast my vote on H.R. 4440, the Department of Transportation appropriations bill. Had I been present, I would have voted "aye." ●

THE ENERGY PRODUCTIVITY ACT OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Eckhardt) is recognized for 10 minutes.

● Mr. ECKHARDT. Mr. Speaker, yesterday, with Chairman Henry Reuss of the Banking, Finance and Urban Affairs Committee and my colleagues, Ed Markey, Silvio Conte, Hamilton Fish, and Paul McCloskey, I introduced H.R. 5304, the Energy Productivity Act of 1979, which would provide Federal incentives for residential, commercial, and industrial energy conservation. This is a companion measure to legislation introduced by Senator Edward Kennedy on August 2.

As chairman of the Interstate and Foreign Commerce Subcommittee on Oversight and Investigations, I have presided over a number of hearings this year which have examined alternative means of reducing our Nation's energy demand in order to alleviate inflationary pressures on crude oil prices and our dependence on foreign oil sources. We have found that massive crash programs to develop and produce wholly new synthetic sources would be uneconomical and could not in any event have much impact until well into the 1990's. Yet as Daniel Yergin, coauthor of the Harvard Business School report "Energy Future" has pointed out:

> If the United States were to make a serious commitment to conservation, it might well consume 30 to 40 percent less energy than it now does, and still enjoy the same or an even higher standard of living.

We have the proven technology and the means to increase the productivity of the energy we use, and a growing consensus is emerging that the best, most cost-effective way of meeting our short term needs until new, renewable sources of energy are available is simply to stretch the supplies that we now have.

The incentives that we are proposing would save an estimated 4 million barrels of oil equivalent per day by 1990. While the programs envisaged would cost $58 billion over 10 years, they would result in a net savings of over $230 billion and would create over 730,000 new jobs. Compared to the cost per barrel of oil saved in a massive synthetic fuels subsidy program, the cost of this program is a bargain and will have definite immediate results spread throughout all levels of the economy.

Using estimates developed by Senators Kennedy and Durkin, here is a summary of our three-part program:

SUMMARY OF ENERGY SAVINGS AND COSTS

Sector and program	Annual savings in 1990 (MMBOE/D)	Total savings, 1980–95 (MMBOE)	Federal outlays (millions)	Jobs created (1990)	Federal cost outlays less loan repayments (millions)	Direct investment generated (millions)	Federal outlays per barrel saved	Total cost per barrel saved
Residential: Weatherization grants	1.6	6, 327	$25, 000	116, 259	$25, 000	$25, 000	$3.95	$3.95
Commercial: Energy productivity loans	.7	2, 520	25, 000	258, 000	1, 000	54, 000	9.92	21.43
Industrial:								
Engineering loans	.4	1, 286	230	26, 553	41	6, 640	.18	5.16
Productivity grants	1.5	5, 400	8, 000	319, 712	8, 000	80, 000	1.48	14.81
Accelerated R. & D.	.25	720	200	11, 100	200	2, 784	.28	3.87
Total	4.4	[1] 16, 253	58, 430	731, 624	34, 241	168, 424	3.60	10.89

[1] 90.3 quads.

Employment Projections Associated With Energy Productivity Program

ASSUMPTIONS

Expenditures increasing up to 1985, where they remain constant through 1990. Two-thirds money spent over the last five years in equal amounts each year.

Savings for each end-use sector were projected for 1990, with cost per barrel savings estimated, also by sector.

Employment estimates for 1990 based upon investment per job created. Total jobs limited to direct and indirect only.

Bureau of Labor Statistics sectors covered include, but are not limited to: Maintenance and Repair Construction (Sector 21), Truck Transportation (119), Wholesale Trade (129), Retail Trade (130), Engines, Turbines and Generators (83), Special Industry Machines (88), General Industrial Machinery (89), Service Industry Machines (93).

JOB CREATION, 1990

End-use sector	Private, public 1990 expenditure	Investment /job [1]	Jobs
Residential	$3, 330, 000	$28, 643	116, 259
Commercial	7, 200, 000	27, 907	258, 000
Industrial:			
Loans	885, 000	33, 333	26, 553
Grants	10, 656, 000	33, 333	319, 712
R. & D.	370, 000	33, 333	11, 100
Total	22, 441, 000		731, 624

[1] Source: Leonard Rodberg, "Employment Impact of the Solar Transition." Joint Economic Subcommittee on Energy. Apr. 6, 1979.

Residential Sector

BACKGROUND

In 1978, the United States used the equivalent of 4.0 mmb/d for space and water heating of residences. This could grow to 6-8 mmb/d by 1990 unless the historic growth levels decline sharply. Significant reductions in residential energy use can be achieved by increasing the efficiency of energy use in our homes. Measures which have been demonstrated to result in savings of 50% or more include insulation, storm windows, caulking, weatherstripping, and furnace retrofits. Current U.S. policy relies on a 15% tax credit as an incentive to increase residential efficiency, as specified in the National Energy Act. However, participation in this program is only half as high as anticipated. Some of the reasons suggested for this disappointing result are that:

(1) Benefits do not accrue to the consumer until he receives the credit on his income tax form. This may not occur until months after the initial investment;

(2) The credit is available only to those who use IRS form 1040, not the simpler 1040A; and

(3) The homeowner must provide up to 85% of the capital.

PROPOSAL

This amendment is modeled after the Canadian Home Insulation Program (CHIP). CHIP is a 7-year, $1.4 billion grant program designed to reduce Canadian residential energy consumption by 30% in 70% of their homes. Currently, Canadian citizens are applying for this program at the rate of 1500-2000 applications per day, which is approximately the participation rate necessary to reach their 7-year goals.

Like CHIP, this program relies on grants as an incentive to U.S. citizens to make their homes more efficient. The grants are taxable. This program is estimated to cost $25 billion over 7 years. The principal features are outlined below.

A maximum grant to homeowners, renters, and landlords of:

$750 for single residences, of which not more than $200 may be for labor;

$500 for each unit in apartment buildings of 3 stories or less with less than 6 units, of which not more than $150 per unit may be for labor;

$300 for each unit in apartment buildings of 3 stories or less with more than 6 units, of which not more than $100 per unit may be for labor;

$200 per unit in government-owned or non-profit hotels of 3 stories or less, of which not more than $50 may be for labor.

All grants are taxable as income for the year in which the grant is received.

Grant applications shall be vigorously solicited and rapidly processed by a Residential Energy Conservation Office within DOE.

Grant checks are mailed out within 30 days of DOE's receipt of the application.

The Act provides for monitoring for fraud and abuse.

IMPACT

Vigorous promotion of this program can reduce the use of oil and gas in our homes by 1.6 million barrels by 1990 over projected use in that year based on historical growth rates.

Commercial Sector

BACKGROUND

There are more than 20 billion square feet of commercial property in the United States not already eligible for grants under the schools, hospitals, and government buildings program of the National Energy Act. In 1978, the commercial sector used the equivalent of 5 million barrels of oil per day. Implementation of known conservation techniques in this sector can often reduce energy use by 40 percent or more. The current efforts, however, are not adequately tapping the potential which exists in this area. The commercial building tax credit, for example, does little to increase cash flows. Owners of commercial property generally require high rates of return before they are willing to make energy productivity investments because their energy costs are usually passed through to their tenants. In light of our national security problems with respect to oil imports, it is in the national interest to vigorously promote programs in this sector to reduce oil import dependence. Low interest loans to owners of commercial property can do this by making the energy productivity investment more attractive than competing investments.

PROPOSAL

This proposed amendment would establish a low-interest commercial loan program within the Department of Energy. Schools and hospitals, which can apply for funds under Title III of the National Energy Conservation Policy Act, would not qualify for loans under this program. The principal features of the legislation are outlined below:

The Secretary of Energy would establish a Commercial Property Energy Conservation Loan Program within DOE.

The Administrator of the program would be advised by a 4-member Advisory Board with the members appointed by the President.

The loans would be given at 3 percent interest.

The repayment period of the loans would be one and one-half times the payback period of the energy productivity investment, thus improving the borrower's cash flow. For example, if the investment is estimated to pay for itself in 4 years, through energy savings, the repayment period of the loan would be at least 6 years.

Costs of the loan may be passed through to tenants where the energy savings also are passed through.

The initial outlays for the loans ($5 billion per year for 5 years) would be rolled over. The value of the loan commitments by 1990 is estimated to total $54 billion.

IMPACT

It is estimated that within 10 years this legislation can save the equivalent of 700,000 barrels of oil per day. Experts in conservation technology suggest that this 20% saving of energy is readily possible in the commercial sector using present technology.

Industrial Sector

BACKGROUND

The industrial energy productivity program has three elements:

1. Accelerated energy productivity Research and Development program.

2. Loans for design and planning of industrial energy productivity projects. The loans are forgiven if the project proves to be uneconomic.

3. Grants of $15 per barrel of oil or natural gas equivalent saved by industrial energy productivity investments.

The industrial sector has made major strides in increasing the productivity of energy use in recent years. Thus, a program designed to accelerate this trend has great promise. Although the industrial sector uses 35 percent of the energy consumed in the

United States, for many industrial users energy costs are a small element of their total and the risks of introducing energy saving processes into their existing product lines are very great.

Further, although many processes may be socially beneficial in that they reduce oil imports, private firms legitimately pursue their own interests in their decision-making. From the firm's perspective, these investments may be submarginal. Thus, it is in the national interest to provide incentives for industry to pursue certain energy-saving measures which otherwise would not be undertaken.

PROPOSALS

Accelerated Research and Development.—The proposed amendment would add $200 million over 5 years for research and development in DOE's Office of Industrial Programs. The projects to be pursued all have the potential of returning $10 in energy savings per year for each dollar of Federal investment. In addition, the technologies should penetrate the marketplace rapidly since they offer a maximum payback period of 3 years.

Some of the technologies which would be studied with the additional funds are:

Improved Aluminum Reduction;
Steel Scrap Preheating;
Hot Inspection of Steel Billets;
Blast Furnace Gasification;
Bottoming Cycle Cogeneration;
Fuel Cell System Development;
Gas Turbine Topping Systems;
Coal Fired Cogeneration;
Industrial Heat Pumps;
Air/Fuel Ratio Controls;
Acetylene From Coal;
Preheating Glass Feedstock;
High Temperature Burners;
Low Temperature Heat Exchangers;
Utility Operated Cogeneration;
Remanufacturing Systems;
Waste Tires As Fuel;
Low Energy Cement;
Improved Metal Machinery;
Chlorine Production;
Dry Quenching of Coke;
Advanced Copper Reduction; and
Continuous Casting.

Industrial Energy Loan Program.—This amendment would establish a loan program within the Department of Energy. Loans would be given to industrial firms to conduct engineering studies of proposed energy-saving process changes. If it is determined that the project studied would be cost-effective, the loan would be repaid. If the project is not cost-effective, the loan would be forgiven.

Cost—$230 million over 10 years.

Provisions to insure good-faith.

Industrial Energy Grant Program.—Under this proposed amendment, the Federal government would pay industrial firms $15 for each barrel of oil or its natural gas equivalent which is saved through the implementation of an energy-saving industrial process change.

The rebate is paid based on the savings achieved in the first full year after the implementation of the process change. The base period is the year preceding the change. Figures are adjusted for output changes to assure a true improvement in energy use per unit output.

The rebate is paid only one time. The payee would certify the intention to use the new process for five years. Thus, the savings to the economy continue to accrue.

Cost—$8 billion over 10 years.

Impact.—Savings in 1990 (mmb/d)

Program:	
Accelerated R. & D.	0.25
Engineering loans	0.4
Productivity grants	1.5
Total	2.15

By acting now to direct workable incentives where they can be most effective, we can achieve the savings proposed with technology which is already well-developed and which is available now. By eliminating waste and promoting cost-efficient energy-saving measures, we can make real progress toward slowing the growth in energy demand not only to allow us more time for orderly development of new energy sources but also to increase long-term productivity in all sectors of the American economy.

● Mr. MARKEY. Mr. Speaker, energy conservation has a bad name. It conjures up images of sacrifice—turning off the lights, turning down the thermostat, giving up a vacation trip, doing with less.

But the exact opposite can in fact be true. Conservation can produce more for less—by being more "productive" with every unit of energy that we use, which means cutting down on how much we inadvertently waste.

In the words of the Energy Future report of the Harvard Business School: "The United States can use 30 percent to 40 percent less energy than it does with virtually no penalty for the way Americans live."

Improvements in the efficiency of energy use that have been already made by industry—since 1973—have now contributed twice as much as oil from the Alaskan pipeline to meeting the energy needs of the United States last year.

I have cosponsored H.R. 5304, the "Energy Productivity Act," because it offers a valuable new way of looking at energy. It provides a clear alternative to the President's energy plan. It will produce results in time to help get us through the next few winters and get our economy back on its feet. It will swiftly begin to make available more gasoline and home heating oil.

For Massachusetts, this program offers new hope to slow our dependence on costly oil imports and decontrolled domestic crude oil. Based upon an average per-home consumption of 1,200 gallons of fuel oil per year, Massachusetts consumers will pay an average cost each month of $110 for fuel oil. They have a hard-nosed, dollars-and-cents enlightened self-interest in seeing this program adopted.

Researchers at Princeton have found that a 67 percent reduction in annual residential energy consumption is possible with a relatively simple package of plastic panels on windows coupled with basement and attic insulation, weather-stripping and caulking.

This legislation can help make this happen. It can speed a real energy mobilization all across America. This kind of energy mobilization is already happening today in many communities and millions of homes. It doesn't need the waiver of environmental laws to promote it. Instead, it simply needs government to lend a hand and let private citizens make their own decisions.

Our proposal addresses all three sectors of the economy—residential, commercial, and industrial—with energy efficiency incentives.

It has three main thrusts. First, direct grants of up to $750 to individual homeowners and apartment dwellers who improve the energy efficiency of their residences. Second, low-interest loans to owners of commercial property and to developers and contractors who increase the energy efficiency of buildings like shopping centers and offices. Third, a series of special incentives to accelerate industrial investment in increased research and development into how to make energy usage more productive.

Taken together, these programs will require approximately $58 billion over 10 years. But it will be money well spent, because it will be money wisely invested, and with a payback not only to consumers but also to our entire national security.

Instead of President Carter's crash program committing us to an uncertain reliance on synthetic fuels—which will be costly, environmentally risky, and at least a decade away from providing significant new sources of energy—our legislation will harness a vast range of already proven energy sources—which are relatively cheap, safe, and quick to adopt.

This legislation also provides a clear alternative to most of the energy proposals pending in Congress today. They give massive Federal subsidies to the big oil companies, not to the people who must pay today's high energy prices as hard-pressed consumers. Instead of sending billions of added taxpayer dollars to Exxon and Mobil, and Shell, this measure will invest in people's homes, in their transportation systems, in their places of work.

The costs of this proposal are small in contrast to the costs of the alternatives. Greater energy efficiency will save us billions of dollars—as much as $230 billion in expenditures for energy that would otherwise be required. It will reduce our dangerous dependence on foreign oil, by saving us the equivalent of four million barrels of oil a day by 1990. It will not pollute our air or foul our environment. And it will set us clearly on the road to a more secure and independent energy future.●

● Mr. CONTE. Mr. Speaker, this comprehensive piece of legislation, as introduced yesterday, is designed to bring our country infinitely closer to a position of energy independence. For too long now this most wealthy and powerful Nation in the world has felt the stranglehold of the OPEC oil ministers tighten to such a point where it must develop a responsible alternative.

Since 1973 our dependence on foreign oil has increased dramatically from one-third to one-half of our total oil needs. No longer is the cost of crude $1.50 a barrel, but rather $23.50. Even today, there is speculation that one of the OPEC countries intends to exceed the maximum price as agreed to in June by the other oil ministers by $5 a barrel. The indiscriminate price hikes of the future could be devastating to the health of the industrialized world.

As each and every one of this country's 220 million citizens is painfully aware, inflation is running at an annual rate of over 13 percent. The largest factor in our double digit rate is the much higher costs of energy. Those OPEC price hikes no longer just ripple through our economy, but rather are substantial waves which are capable of knocking most consumers off their feet.

This bipartisan effort today is to be construed as a practical and workable giant step toward our goal of energy-independence. Its purpose is to reduce oil imports by over 4 million barrels a day by 1990. Presently, this Nation imports nearly 8 million barrels a day.

It will be accomplished by an increased efficiency in our national energy consumption through incentives to the private sector. In addition, this major conservation program will maximize employment, ease inflation and involve an effort which includes all Americans.

The National Energy Act, as passed last year, was expected to encourage twice as many people to participate in the tax credit program which included numerous energy conservation provisions. This lack of participation was due to the fact that the tax credits do not accrue to the consumer until months after he has spent the money on the improvements.

Our legislation is designed to alleviate that particular stumbling block to the residential sector of the economy as well as others. Instead of receiving the money sometime after April 15th of the following year, the homeowner or apartment dweller would receive a maximum of $750 within 30 days of the expenditure. This would be for the purpose of making the necessary energy efficient investments, such as insulation, storm windows or caulking.

This proposal also includes incentives for the commercial sector and the industrial sector. It is expected to cost $30 billion less than the President's synthetic fuels program, yet yield twice as much in terms of imports reduction.

I am convinced that this program involves minimal economic or technological risk. In addition, it offers practical hope for drastically reducing our overdependence on a few politically volatile oil producing nations in the Middle East.●

GENERAL LEAVE

Mr. LOWRY. Mr. Speaker, I ask unanimous consent that all Members be permitted to extend their remarks and to include therein extraneous material on the subject of the special order speech today by the gentleman from Texas (Mr. ECKHARDT).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

CONFERENCE REPORT ON H.R. 4580, DISTRICT OF COLUMBIA APPROPRIATIONS, 1980

Mr. CHARLES WILSON of Texas submitted the following conference report and statement on the bill (H.R. 4580) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1980, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 96–443)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4580) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1980, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 22, 23, and 24.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 5, 6, 13, 15, 19, and 26, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$238,200,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$295,472,300"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$312,493,500"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$232,100,200"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$47,611,600"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$9,725,200"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$347,359,500"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$92,084,100"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$78,297,800"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$157,531,300"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered **4, 7, 16, 21, 25, and 27.**

CHARLES WILSON,
WILLIAM H. NATCHER,
LOUIS STOKES,
(except as to amendments 26 and 27),
GUNN MCKAY,
BILL CHAPPELL,
JAMIE L. WHITTEN,
CARL D. PURSELL,
SILVIO O. CONTE,
Managers on the Part of the House.

PATRICK J. LEAHY,
DALE BUMPERS,
JOHN A. DURKIN,
WARREN MAGNUSON,
CHARLES MCC. MATHIAS,
HARRISON SCHMITT,
MILTON R. YOUNG,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4580) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1980, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE II—DISTRICT OF COLUMBIA

Federal payment to the District of Columbia

Amendment No. 1: Appropriates $238,200,000 instead of $191,500,000 as proposed by the House and $249,121,500 as proposed by the Senate.

Amendment No. 2: Appropriates $10,500,000 as proposed by the Senate instead of $10,300,000 as proposed by the House.

Amendment No. 3: Appropriates $125,000,000 as proposed by the Senate instead of $125,725,700 as proposed by the House.

Governmental direction and support

Amendment No. 4: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $63,456,900 instead of $67,399,700 as proposed by the House and $64,879,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Council of the District of Columbia.—The conference action provides $3,455,100 instead of $3,024,600 as proposed by the House and $3,484,800 as proposed by the Senate, reflecting denial of a representation allowance of $300 for each of the twelve Council members as proposed by the House and stricken by the Senate and an increase of $2,500 above the House allowance for supplies and equipment associated with the Council's efforts to revise the District's criminal code. The conference action also provides a total of 130 positions for the Council as proposed by the Senate instead of 100 positions as proposed by the House.

The conferees are agreed that the positions above the fiscal year 1979 appropriated level for the Council include one legislative assistant for each of the twelve Council members, two positions for revision of the criminal titles of the District of Columbia Code, two positions for publishing of the District of Columbia Code, and 31 positions for the committees and support offices of the Council. The conferees are further agreed that the 31 support positions shall be available only for the committees and support offices of the Council, and not for the Council Chairman or individual Council members. Within the above guidelines, allocation of these 31 support positions shall be at the discretion of the Council Chairman. The conferees request that a report on the allocation of these positions be submitted to the House and Senate Committees on Appropriations by October 10, 1979.

Office of the District of Columbia Auditor.—The conference action provides $320,900 as proposed by the House instead of $337,100 as proposed by the Senate. The amount agreed to by the conferees includes $2,600 for an automated accounting system for the Advisory Neighborhood Commissions as proposed by the Senate.

Office of the Mayor.—The conference action provides $890,200 instead of $884,400 as proposed by the House and $1,078,100 as proposed by the Senate. The conference agreement includes (1) an increase of $200 above the House allowance for training; (2) a total of $15,000 for ceremonial expenses as proposed by the Senate; and (3) an additional $12,500 above the House allowance for telephone services, postage, and equipment rental.

Office of the Inspector General.—The conference action provides $559,800 instead of $519,800 as proposed by the House and $599,800 as proposed by the Senate, and includes an increase of $40,000 above the House allowance to reduce the employee lapse rate.

Office of the Secretariat.—The conference action provides $1,251,900 instead of $1,113,500 as proposed by the House and $1,499,100 as proposed by the Senate. The amount approved by the conferees includes (1) an additional $30,000 above the House allowance for printing the compiled rules and regulations of the District of Columbia; (2) an increase of four positions and $64,000 above the House allowance for the Office of Documents; (3) an increase of one position and $14,400 above the House allowance for administrative support and (4) a total of $30,000 for bilingual publication costs.

Office of the Corporation Counsel.—The conference action provides $4,421,600 instead of $4,401,100 as proposed by the House and $4,508,900 as proposed by the Senate, and includes an increase of one attorney and $20,500 above the House allowance to assist neglected children and to reduce the current backlog in the Juvenile Section of the Criminal Division.

Office of the City Administrator.—The conference action provides $249,800 as proposed by the House instead of $323,000 as proposed by the Senate.

Office of Planning and Development.—The conference action transfers this office to the appropriation "Economic Development and Regulation" as proposed by the Senate.

Office of Intergovernmental Relations.—The conference action provides $234,300 instead of $187,500 as proposed by the House and $293,300 as proposed by the Senate, and reflects an increase of three positions and $46,800 above the House allowance to convert CETA positions to appropriated positions.

Office of Budget and Resource Development.—The conference action provides $1,537,400 as proposed by the House instead of $1,578,500 as proposed by the Senate.

Office of Financial Management.—The conference action provides $11,035,800 instead of $7,031,100 as proposed by the House and $11,081,300 as proposed by the Senate, and reflects the transfer in of the new account "Temporary Commission on Financial Oversight of the District of Columbia Implementation" as proposed by the Senate. The conferees have denied the two positions and $45,500 proposed by the Senate for the financial operations unit and the Share Computer Center. The amount agreed to by the conferees includes an increase of 39 positions and $1,173,600 above the House allowance to annualize central staff support initially approved in the Supplemental Appropriations Act, 1979 (Public Law 96–38) and 50 temporary positions and $2,831,100 for implementation of the new financial management system.

The $2,831,100 provided for temporary positions and related costs is provided as a pool of funds to be controlled by the Mayor and used where needed in the District government for implementation of the system. These funds are to be used only for implementation of the financial management system and for no other purpose. The Mayor is urged to consult with the Commission on Financial Oversight before committing this funding. Any balance remaining at the end of the fiscal year which is not required specifically for implementation shall lapse.

The conferees understand that the new financial management system will centralize a number of accounting operations that are currently scattered in various departments and offices of the District government. For a period of time, it will be necessary to increase the District's total complement of personnel for financial management while the new system is phased in and the old operations are being phased out. Hiring authority and funds for that purpose have been provided in this bill. However, the conferees expect that by the end of fiscal year 1980, the need for the overlap will have diminished. Therefore, the District government is expected to insure that city-wide employment in financial management operations is brought back to current levels by the end of fiscal year 1980.

Office of Communications.—The conference action provides $190,700 as proposed by the House instead of $209,500 as proposed by the Senate, reflecting deletion of the $18,800 proposed by the Senate for publication of the booklet "For Your Information".

Department of Finance and Revenue.—The conference action provides $12,884,000 instead of $12,608,900 as proposed by the House and $13,074,500 as proposed by the Senate. The amount agreed to by the conferees includes (1) an increase of $91,900 above the House allowance for the Office of Data Systems; (2) an increase of $155,000 for five permanent and six temporary positions under the Assessment Administration Office as proposed by the Senate to administer new legislation and (3) an increase of two positions and $28,200 above the House allowance to implement the District Depository Act, D.C. Law 2–232.

Department of General Services.—The conference action provides $21,981,600 instead of $20,714,800 as proposed by the House and $22,242,300 as proposed by the Senate. The amount agreed to by the conferees includes (1) a total of $800,000 to initiate a public property health hazard elimination program to correct asbestos and lead paint conditions in school buildings and public housing facilities as proposed by the Senate; (2) an increase of one position and $31,800 to begin implementation of a comprehensive supply management program for all agencies as proposed by the Senate and (3) an increase of $200,000 above the House allowance for space rental funds.

Board of Elections and Ethics.—The conference action provides $1,549,100 as proposed by the Senate instead of $1,476,000 as proposed by the House, and includes $73,100 to implement an on-line voter registration system as proposed by the Senate.

Advisory Neighborhood Commissions.—The conference action provides $625,000 instead of $600,000 as proposed by the House and $750,000 as proposed by the Senate.

Temporary Commission on Financial Oversight of the District of Columbia Implementation.—The conference action transfers this account to the Office of Financial Management as proposed by the Senate instead of providing $1,500,000 and 45 temporary positions as proposed by the House.

Contingency Reserve.—The conference action deletes this account as proposed by the Senate instead of providing $7,000,000 as proposed by the House.

Amendments Nos. 5 and 6: Delete language proposed by the House and stricken by the Senate authorizing a representation allowance of $300 for each of the twelve members of the Council of the District of Columbia.

Economic development and regulation

Amendment No. 7: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $16,127,000 instead of $13,810,900 as proposed by the House and $16,009,700 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Office of Planning and Development.—The conference action provides $2,100,000 as proposed by the Senate instead of $1,769,500 as proposed by the House. The amount approved by the conferees includes eight positions and $370,200 to establish a Civic Center Board to oversee the construction of the Center and to begin attracting conventions and meetings.

The conferees agree that a board for managing the new Civic Center is necessary to insure success. Funding provided in this bill for compensation of the general manager and for compensation of board members, including travel, is currently not authorized by District law. Prior to obligating any of these funds, the Mayor shall submit the proposed compensation schedule and the proposed salary of the general manager to the House and Senate Committees on Appropriations for approval.

Department of Housing and Community Development.—The conference action provides $6,168,900 instead of $6,197,400 as proposed by the House and $5,814,000 as proposed by the Senate and reflects a base reduction of $28,500.

Minority Business Opportunity Commission.—The conference action provides three positions and $76,700 instead of six positions and $175,000 as proposed by the Senate. The House proposal earmarked six positions and $175,000 for this purpose in the Office of Human Rights.

Office of Consumer Protection.—The conference action provides 14 positions and $416,800 as proposed by the House instead of 18 positions and $512,500 as proposed by the Senate. This allowance reflects denial of four positions and $90,200 restored to the base by the Senate and deletion of $5,500 proposed by the Senate to upgrade the position of General Counsel.

Rental Accommodations Office.—The conference action provides $885,900 instead of $778,200 as proposed by the House and $929,500 as proposed by the Senate. The amount agreed to by the conferees includes (1) the full request of $48,000 to computerize office files; (2) an increase of two positions and $39,700 above the House allowance to provide relocation assistance to displaced tenants and (3) an increase of $20,000 above the House allowance to reduce the lapse rate of hearing examiner positions.

Department of Licenses, Inspections, and Investigations.—The conference action provides five positions and $207,500 for the Commission on Healing Arts Licensure as proposed by the Senate instead of one position and $163,600 as proposed by the House. The conferees are agreed that the Commission is to be established as an independent unit of the District government as authorized by D.C. Law 1–106, approved April 6, 1977.

Department of Insurance.—The conference action provides $679,200 as proposed by the Senate instead of $669,900 as proposed by the House, and includes an increase of one position and $9,300 to permit the collection of insurance premium taxes on a quarterly basis instead of annually.

Public Service Commission.—The conference action provides $771,700 as proposed by the Senate instead of $764,700 as proposed by the House, and reflects an increase of $7,000 proposed by the Senate to cover operating costs of the Office of the People's Counsel.

The conferees are aware of the recently enacted law raising the limitation of appropriated funding for the Office of the People's Counsel, as well as the fact that the Office has a minimal base budget. Should additional funding for this Office become necessary during the next fiscal year, the conferees suggest that the Mayor approach the problem by exercising the flexibility provided through the revised reprogramming guidelines.

Public safety and justice

Amendment No. 8: Appropriates $295,472,300 instead of $293,247,700 as proposed by the House and $296,177,800 as proposed by the Senate.

National Guard.—The conference agreement provides $358,500 as proposed by the Senate instead of $318,200 as proposed by the House, and includes an increase of $40,300 in personal services.

Fire Department.—The conference action provides $54,311,700 as proposed by the Senate instead of $53,518,300 as proposed by the House. The amount agreed to by the conferees includes an increase of 33 positions and $793,400 to improve the District's emergency ambulance service.

Court of Appeals.—The conference action provides $2,174,500 instead of $2,155,500 as proposed by the House and $2,217,500 as proposed by the Senate, and reflects an increase of $19,000 above the House allowance for law books.

Superior Court.—The conference action provides $22,348.900 instead of $21,639,800 as proposed by the House and $22,890,300 as proposed by the Senate. The amount agreed to by the conferees includes $15,000 for training, $25,000 for law books, $300,000 for juror fees, $125,000 for witness fees, $50,000 for the computer processing unit and a base restoration of $106,800. The conference agreement also includes five positions and $112,300 to enable the Court to comply with the requirements of the Mentally Retarded Citizens Constitutional Rights and Dignity Act of 1978 (D.C. Law 2–297).

District of Columbia Court System.—The conference action provides $4,782,500 instead of $4,728,500 as proposed by the House and $4,849,700 as proposed by the Senate, and includes an increase of $54,000 above the House allowance to fund the Court Executive Officer position.

Public Defender Service.—The conference action provides $2,667,500 as proposed by the Senate instead of $2,672,000 as proposed by the House, and reflects a reduction of $4,500 below the House allowance for equipment and other services.

Pretrial Services Agency.—The conference action provides $1,027,500 as proposed by the House instead of $1,081,400 as proposed by the Senate, and reflects denial of one computer programmer position and $53,900 added by the Senate.

Department of Corrections.—The conference action provides $53,491.300 as proposed by the Senate instead of $52,878,000 as proposed by the House. The amount agreed to by the conferees includes increases proposed by the Senate of (1) $54,100 for the Prison College Program; (2) $200,000 for operating costs resulting from a decrease in Federal reimbursement and (3) $359,200 to cover the costs of promotions required as a result of the reclassification of 207 correctional officers.

Public education system

Amendment No. 9: Appropriates $312,493,500 instead of $310,596,700 as proposed by the House and $317,379,500 as proposed by the Senate.

Amendment No. 10: Allocates $232,100,200 for the District of Columbia Public Schools instead of $230,975,300 as proposed by the House and $236,540,700 as proposed by the Senate. The amount agreed to by the conferees reflects a base reduction of one percent which totals $2,315,200 as proposed by the House to be applied solely to administrative and overhead costs and not to direct services, an increase of three positions and $366,900 to implement a program for disadvantaged students as proposed by the Senate and an increase of $1,100,000 above the House allowance to cover increased costs resulting from the reclassification of food service workers. The increase of 39 positions and $1,000,000 for special education proposed by the Senate has not been approved. The conferees concur in the proposal of the Senate directing that the pay raise for substitute teachers for which $342,000 was requested be accomplished within existing resources. The increase of $25,300 proposed by the Senate for annualization costs at the Burrville Elementary School has not been allowed due to delays in the opening of the facility.

The conferees are agreed that the Board of Education shall have the flexibility to determine where to apply the base reduction.

Amendment No. 11: Allocates $47,611,600 for the University of the District of Columbia instead of $47,115,200 as proposed by the House and $48,011,600 as proposed by the Senate. The conference action reflects a base reduction of $686,800 as proposed by the Senate as well as an increase of $723,900 to develop a remedial program at the University College for incoming freshmen who have deficiencies in mathematics, reading, and English. The conferees have denied the increase of $400,000 for within grades proposed by the Senate and direct that these costs be absorbed from existing resources.

Amendment No. 12: Allocates $9,725,200 for the Public Library instead of $9,639,700 as proposed by the Senate instead of $161,500 proposed by the Senate. The conference agreement reflects a base reduction of $45,500 instead of $91,000 as proposed by the House and an increase of $40,000 for the purchase of steam to heat the Martin Luther King Memorial Library.

Amendment No. 13: Allocates $351,500 for the Commission on the Arts and Humanities as proposed by the Senate instead of $161,500 as proposed by the House.

Human support services

Amendment No. 14: Appropriates $347,359,500 instead of $329,110,500 as proposed by the House and $350,432,400 as proposed by the Senate.

Office on Aging.—The conference action provides $1,322,100 as proposed by the Senate instead of $1,237,100 as proposed by the House, and includes $85,000 for the District's 20 percent matching share toward improvements in transportation services for the elderly.

Office on Latino Affairs.—The conference action provides four positions and $95,600 as proposed by the House instead of five positions and $117,200 as proposed by the Senate.

Department of Labor.—The conference action provides $10,385,100 as proposed by the Senate instead of $1,156,000 as proposed by the House. The amount agreed to by the conferees includes six positions and $5,074,600 as proposed by the Senate for operation of a summer jobs program for District youth, ages 14–21, in 1980, and three positions and $4,154,500 as proposed by the Senate for operation of a jobs program for adults with dependents.

Department of Recreation.—The conference action provides $19,929,400 instead of $19,599,600 as proposed by the House and $20,163,300 as proposed by the Senate. The amount agreed to by the conferees reflects restoration of the one percent base reduction of $193,800 proposed by the House, an increase of $34,700 for staffing and maintenance of the Shaw Pool as proposed by the Senate, and an increase of eight positions and $295,100 for the operation of eight recreation centers throughout the city as proposed by the Senate. The conference allowance will provide a total of three positions and $104,400 for staffing and maintenance of the Wilson Pool and $6,000 for operation of the Shapiro Tract.

Department of Human Resources.—The conference agreement provides $271,829,600 instead of $264,698,000 as proposed by the House and $274,427,300 as proposed by the Senate.

Included in this amount is an increase of $1,215,500 as proposed by the Senate for compliance with the Federal Physician's Comparability Allowance Act of 1978 (Public Law 95–603).

Under "executive direction and support" the conference action provides a total of $22,658,700 instead of $22,374,600 as proposed by the House and $23,128,100 as proposed by the Senate. The amount agreed to by the conferees includes an increase of four positions and $51,600 to recover funds from liable third party sources as proposed by the Senate, as well as an increase of $100,000 above the House allowance to meet the increased demands for birth and death records.

For "payments assistance administration" the conference agreement provides a total of $111,111,300 instead of $106,417,800 as proposed by the House and $111,636,900 as proposed by the Senate, and includes (1) an increase of $1,500,000 above the House allowance for medical vendor services; (2) $2,250,000 to equip and operate the J. B. Johnson Nursing Home as a community based facility for former St. Elizabeths patients as proposed by the Senate and (3) an increase of $943,500 as proposed by the Senate reflecting restoration of the one percent base reduction proposed by the House.

The conference action provides a total of $47,803,200 for the "social rehabilitation administration" instead of $46,024,200 as proposed by the House and $48,630,200 as proposed by the Senate. The amount agreed to by the conferees includes (1) a total of $90,000 for counseling, temporary housing and supportive services to assist women and their children who are victims of domestic violence; (2) $372,000 to supplement existing funding available to provide shelter for the homeless as proposed by the Senate; (3) $300,000 for homemaker and chore services for St. Elizabeths patients who are placed in community-based facilities as proposed by the Senate and (4) $350,000 to provide case services to 500 severely disabled vocational rehabilitation clients as proposed by the Senate. The conferees have approved a total of $10,162,400 for the city's day care program, an increase of $725,000 above the House allowance. The conferees direct that payment rates under the Day Care Policy Act be adjusted in accordance with funds approved by the conferees for the day care program.

Under the "mental health administration", the conference agreement provides a total of $53,728,900 instead of $54,034,400 as proposed by the House and $54,363,100 as proposed by the Senate. This allowance reflects (1) a total of $201,000 for relocation of the development services center for District children who are severely retarded or have developmental disabilities as proposed by the

Senate; (2) a base reduction of $2,227,700 in funding for St. Elizabeths Hospital resulting from the transfer of patients to community-based facilities as proposed by the Senate; (3) an increase of 27 positions and $731,100 for the Rehabilitation Center for Alcoholics as well as the Alcoholic Rehabilitation Fund as proposed by the Senate; (4) an increase of $350,000 to strengthen the various community mental health programs and (5) a total of $17,365,200 for the care and treatment of the mentally retarded at Forest Haven. The conference allowance also provides $30,609,000 for the operation of D. C. General Hospital instead of $29,135,500 as proposed by the House and $30,828,700 as proposed by the Senate. The amount agreed to by the conferees for D.C. General Hospital includes $773,500 as proposed by the Senate for compliance with the Federal Physician's Comparability Allowance Act of 1978 (Public Law 95-603) as well as $516,000 for payment to Georgetown University Medical Center for the assistance and benefits provided local residents through the University's affiliation with D. C. General Hospital.

Amendment No. 15: Provides that total reimbursements to St. Elizabeths Hospital shall not exceed $18,691,800 as proposed by the Senate instead of $20,919,500 as proposed by the House, reflecting a base reduction of $2,227,700 resulting from the transfer of patients to community-based facilities.

Amendment No. 16: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate relating to the summer youth jobs programs.

Transportation services and assistance

Amendment No. 17: Appropriates $92,084,100 instead of $91,280,100 as proposed by the House and $92,858,600 as proposed by the Senate.

Department of Transportation.—The conference agreement provides $32,727,100 instead of $31,923,100 as proposed by the House and $33,501,600 as proposed by the Senate. The amount agreed to by the conferees reflects a base reduction of $156,500 which is to be applied solely to administrative and overhead costs and not to direct services, an increase of one position and $106,600 to establish a traffic appeals board as proposed by the Senate, an increase of two positions and $31,000 above the House allowance for computerized control of parking tickets, an increase of $300,000 above the House allowance for street lighting energy, an increase of $200,000 for contractual towing as proposed by the Senate and a total of $28,000 for postage instead of $18,000 as proposed by the House and $38,800 as proposed by the Senate.

Environmental services and supply

Amendment No. 18: Appropriates $78,297,800 instead of $77,137,800 as proposed by the House and $79,206,100 as proposed by the Senate.

Department of Environmental Services.—The conference action provides $68,080,400 instead of $66,920,400 as proposed by the House and $68,988,700 as proposed by the Senate. The amount agreed to by the conferees includes (1) two positions and $100,000 for the water and sewer billing system as proposed by the Senate; (2) an increase of $1,571,500 for sludge hauling and disposal operations as proposed by the Senate instead of $800,000 as proposed by the House; (3) seven positions and $163,800 for improved maintenance of Federal and private water meters as proposed by the Senate; (4) $91,500 for the rental of landfill equipment as proposed by the Senate and (5) two positions and $33,200 for the inspection of community residential facilities.

Personal services

Amendment No. 19: Appropriates $58,354,500 as proposed by the Senate instead of $47,354,500 as proposed by the House.

The conferees direct the Mayor to capture attrition savings from the District of Columbia Council, the District of Columbia courts, and all city agencies, including independent and statutory agencies. The conferees direct that none of the funds appropriated in this act may be used for commercial contracts to avoid personnel ceilings, to avoid salary limitations, or to perform work which during fiscal year 1979 was performed by in-house employees paid with District of Columbia funds, unless the Mayor secures the written approval of the Committees on Appropriations of the Senate and the House of Representatives at least 60 days in advance of such action or contract.

Capital outlay

Amendment No. 20: Appropriates $157,531,300 instead of $132,830,200 as proposed by the House and $165,355,300 as proposed by the Senate. The conference action provides $5,000,000 for permanent improvements to various District buildings, $3,405,700 for installation of smoke detectors in various District buildings, $11,000,000 for modernization of the Coolidge Senior High School, and $4,449,000 to improve the furnace temperature control and air quality control equipment at the Solid Waste Reduction Center No. 1. The conferees have also approved the District's request of $17,846,400 for the capital contribution to the Washington Metropolitan Area Transit Authority instead of $26,640,400 as proposed by the Senate. The revised amount includes $754,000 for the metrobus capital and equipment program and $17,092,400 for the metrorail capital contribution.

Amendment No. 21: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $5,378,100 for construction services instead of $4,906,700 as proposed by the House and $5,288,100 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The amount agreed to by the conferees includes a net increase of $90,000 reflecting adjustments made in the construction program under amendment number 20.

General provisions—District of Columbia

Amendments Nos. 22, 23 and 24: Provide an employment ceiling of 37,886 including 33,659 appropriated positions of which 9,652 are for Public Schools as proposed by the House instead of an employment ceiling of 38,230 including 34,003 appropriated positions of which 9,694 are for Public Schools as proposed by the Senate.

Amendment No. 25: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

"None of the funds appropriated in this Act shall be made available to pay the salary of any employee of the government of the District of Columbia whose name, title, grade, salary, past work experience, and salary history are not available for inspection by the House and Senate Committees on Appropriations or their duly authorized representatives."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

In the spring of 1979, the House Committee's Investigative Staff made a review of the authorized positions and staffing of the staff organizations making up the Executive Office of the Mayor. In the course of the review, it became evident that not all of the information needed by the Investigative Staff would be provided because the Mayor was of the opinion that some of the data requested did not come within the purview of the Committee's investigative authority. Such an opinion is clearly not compatible with the objectives of section 202(b) of the Legislative Reorganization Act of 1946 (Public Law 601, 79th Congress), and if the policy of restricting accessibility of information were pursued, the Committee's ability to do its job effectively would be seriously compromised. Accordingly, the conferees want to stress the importance of cooperation in the future and to leave no doubt about the obligation of the Mayor to provide such information requested by the Committees or their authorized representatives, including employee names, titles, and grades, as well as complete and accurate information on employees' work experience and salary history both within and outside the District government.

Amendment No. 26: Deletes language proposed by the House relating to medical expenses necessary to save the life of a pregnant woman.

Amendment No. 27: Reported in disagreement.

Reprogramming policy

The conferees agree that a modification of the current reprogramming policy is necessary in order to provide the Mayor with a reasonable level of flexibility. The confusion and flurry of activity since the guidelines in the Senate report were made available to the city indicates that a clear understanding of definitions and procedures is imperative to the success of any policy revisions. The new financial management system, which will be implemented on October 1, contains an entirely new system of nomenclature for a standard budgetary terms. It is apparent that these new terms are not fully understood by all parties, and have not yet been clearly defined for certain agencies. Attempts to base revised reprogramming guidelines on this new system of terminology would inevitably lead to questions of applicability and interpretation. Accordingly, the conferees agree that the following reprogramming guidelines will become effective with the beginning of fiscal year 1980. Essentially, the guidelines are the same as those printed in the Senate report, with only slight modifications. If necessary, changes will be made in the future to integrate these guidelines with the terminology of the new financial management system.

1. Definitions.—A reprograming is defined as the reallocation of funding from one budget activity to another within an appropriation account. The controlling factor for reprograming shall be the budget justification or the mark-up sheets provided by the Committees to the Mayor, whichever document provides the finer level of detail.

For capital improvements, a reprograming is defined as the reallocation of funding from one project to another.

Any significant departure from the programs described in the budget justification, including changes in object classifications and so-called realignments, shall be considered a reprograming.

2. Criteria.—A reprograming shall be used only when an unforeseen situation develops, and then only if postponement until the next appropriation cycle would result in serious consequences. Reprograming requests should not be based on convenience or desire.

Reprogramings shall not be used to establish new programs or to change allocations specifically denied, limited, or increased by Congress in the act, report, or mark-up sheets. Should unusual circumstances require such changes, proposals shall be submitted to the Committees for approval regardless of the dollar amount involved.

Any program or project deferred through reprograming shall not be later accomplished by means of further reprograming. Funding for such action should await the next regular budget request.

All reprograming proposals shall be approved by the Mayor and the City Council prior to being implemented or forwarded to Congress for approval.

3. Reporting procedures.—All reprograming requests must be submitted to the Committees in writing for approval if the dollar amount exceeds $50,000 annually, or if the result of the proposal would entail an increase or decrease of 10 percent annually in the affected programs or projects.

The Mayor, with the approval of the City Council, shall have the authority to approve reprograming requests if the dollar amount is less than $50,000 annually or if the result of the proposal would alter the annual allocation of funding in the affected programs by less than 10 percent. The conferees suggest that procedures for approval of reprogramings below the threshold requiring Congressional approval be defined by City Council act.

All reprogramings, whether requiring congressional approval or not, shall be reported to the Committees on a quarterly basis. Such reports shall include a cumulative total and shall be delivered to the Committees not later than 15 days after the end of each quarter.

Any significant shifts of funding among object classifications shall also be reported to the Committees in a timely manner.

4. Approval.—Reprogramming requests submitted to the Committees for approval shall be given prompt consideration. No reprogramming action shall be initiated until written approval is secured by the Mayor from both Committees. If either Committee objects to a proposal the request shall be considered denied by Congress.

5. Procedures for the court system and the public school system.—The annual budget submissions for the District court system and the District of Columbia public school system are not subject to change by either the Mayor or the City Council. Accordingly, reprogramming requests involving the public schools or the courts shall not be altered. Such requests shall be submitted concurrently to the Mayor and the City Council for comment only. Within a period of 10 calendar days, the Mayor shall forward the request, as well as his comments and those of the City Council, to the Committees.

The authority to approve reprogramming proposals in amounts of less than $50,000 annually, or proposals which would alter the annual allocation of funding in the affected programs by less than 10 percent for the court system, shall be vested in the executive officer of the court system, with the approval of the Joint Committee on Judicial Administration. For the public school system this authority shall be vested in the Superintendent of Schools, with the approval of the Board of Education.

All other guidelines, criteria, and reporting requirements contained in these reprogramming procedures shall apply as written to the court system and the public school system.

Although the conferees believe these guidelines to be extremely clear, any questions regarding reprogramming should be directed to the staffs of the Appropriation Subcommittees on the District of Columbia.

Budget justifications

The conferees agree that the budget justifications prepared for the House and Senate Committees on Appropriations are not adequate for a thorough review of the city budget. Section 442(2) of the District charter requires that the annual budget submission include "supporting financial and statistical information on the budget for the forthcoming fiscal year and information on the approved budgets and expenditures for the immediately preceding three fiscal years." The fiscal year 1980 budget justifications do not contain this information, nor have earlier justifications. The revised budget schedules designed for the fiscal year 1981 do not provide for this information and eliminate certain details, such as object class breakdowns at the control center level. Although the schedules may be adequate for the control center or responsibility center level, without knowing exactly what will constitute these centers the conferees cannot determine the adequacy of the proposed fiscal year 1981 budget justifications. The conferees will not allow budget justifications to remain inadequate for yet another year simply because of the inconvenience it may cause the city. Since this material is prepared for the use of the Appropriations Committees, the city is directed to consult with the staff of the District of Columbia Subcommittees prior to finalizing the contents of all future budget justifications, including fiscal year 1981.

Base reductions

The conferees are concerned with the approach of the city with regard to base reductions directed by the House and Senate Committees on Appropriations. It is apparent that the various offices and bureaus are unsure as to how these reductions should be applied. In some cases, reductions have been applied to programs which would result in loss of matching Federal funding, thereby exaggerating the impact of the directive. In other offices, the reduction has been interpreted to apply strictly to personnel costs. The conferees direct that all base reductions be applied to overhead and administrative costs, not to accounts, earmarked as matching funds for Federal grants. It is the intent of the conferees that base reductions should in no way limit direct services provided to District residents.

Conference total—With comparisons

The total new budget (obligational) authority for the fiscal year 1980 recommended by the Committee of Conference, with comparisons to the fiscal year 1979 amount, the 1980 budget estimates, and the House and Senate bills for 1980 follow:

Federal funds:	
New budget (obligational) authority, fiscal year 1979	$282,165,000
Budget estimates of new (obligational) authority fiscal year 1980	[1] 487,391,700
House bill, fiscal year 1980	328,025,700
Senate bill, fiscal year 1980	385,121,500
Conference agreement	374,200,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1979	+92,035,000
Budget estimates of new (obligational) authority, fiscal year 1980	−113,191,700
fiscal year 1980	−113,191,700
House bill, fiscal year 1980	1,483,225,400
Senate bill, fiscal year 1980	1,561,110,200
District of Columbia funds:	
New budget (obligational) authority, fiscal year 1979	1,412,961,400
Budget estimates of new (obligational) authority, fiscal year 1980	[2] 1,657,046,000
House bill, fiscal year 1980	+46,174,300
Senate bill, fiscal year 1980	−10,921,500
Conference agreement	1,541,634,200
Conference agreement compared with:	
New budget (obligational) authority, fiscal yaer 1979	+128,672,800
Budget estimates of new (obligational) authority, fiscal year 1980	−115,411,800
House bill, fiscal year 1980	+$58,408,800
Senate bill, fiscal year 1980	−19,476,000

[1] Includes $200,000 of budget estimates not considered by the House.

[2] Includes $86,558,700 of budget estimates not considered by the House.

CHARLES WILSON,
WILLIAM H. NATCHER,
LOUIS STOKES,
(except as to amendments 26 and 27),
GUNN MCKAY,
BILL CHAPPELL,
JAMIE L. WHITTEN,
CARL D. PURSELL,
SILVIO O. CONTE,
Managers on the Part of the House.

PATRICK J. LEAHY,
DALE BUMPERS,
JOHN A. DURKIN,
WARREN MAGNUSON,
CHARLES MCC. MATHIAS,
HARRISON SCHMITT,
MILTON R. YOUNG,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PEPPER (at the request of Mr. WRIGHT), for today on account of official business.

Mr. ANTHONY (at the request of Mr. WRIGHT), for today on account of official business.

Mr. CORMAN (at the request of Mr. WRIGHT), for today on account of paternity reasons.

Mr. FOUNTAIN (at the request of Mr. WRIGHT), until 1 p.m. today on account of official business.

Mr. HOLLENBECK (at the request of Mr. RHODES), for today on account of attending a Conference on Advanced Technologies.

Mr. LOTT (at the request of Mr. RHODES), for today on account of a death in the family.

Mr. WINN (at the request of Mr. RHODES), for an indefinite period of time on account of attending the 34th United Nations General Assembly as a congressional delegate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. JEFFRIES) to revise and extend their remarks and include extraneous material:)

Mr. CORCORAN, for 15 minutes, today.

Mr. GRASSLEY, for 15 minutes, today.

(The following Members (at the request of Mr. LOWRY) to revise and extend their remarks and include extraneous material:)

Ms. HOLTZMAN, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WEAVER, for 10 minutes, today.

Mr. WIRTH, for 5 minutes, today.

Mr. LAFALCE, for 20 minutes, today.

Mr. SMITH of Iowa, for 5 minutes, today.

Mr. Obey, for 5 minutes, today.

Mr. Fountain, for 5 minutes, today.

Mr. Conyers, for 5 minutes, today.

Mr. Eckhardt, for 10 minutes, today.

Mr. Dan Daniel, for 30 minutes, on September 20, 1979.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Ottinger, to revise and extend his remarks prior to the vote on the Duncan of Oregon amendment.

Mr. Ertel, to insert the colloquy with Mr. Duncan of Oregon on Mr. Tauke's amendment prior to the vote on the Duncan of Oregon amendment.

Mr. Clinger, immediately prior to the vote on the Duncan of Oregon amendment to H.R. 4440 in the Committee of the Whole today.

Mr. Kostmayer, immediately prior to the vote on the Duncan of Oregon amendment to H.R. 4440 in the Committee of the Whole today.

Mr. Fish, to insert his remarks prior to the vote on the committee amendment.

Mr. Harsha, and to include extraneous matter during the debate on H.R. 4440, in the Committee of the Whole today.

Mr. Boner of Tennessee, preceding the vote on the Findley amendment to H.R. 4034 in the Committee of the Whole today.

Mr. Clausen, to revise and extend his remarks following those of Mr. Lagomarsino.

Mr. Guarini, to revise and extend his remarks on the debate today in the Committee of the Whole.

Mr. Murphy of New York, to revise and extend his remarks directly after remarks of Mr. Akaka.

Mr. Barnes, to extend his remarks at the conclusion of debate on the Dingell amendment to H.R. 4440.

(The following Members (at the request of Mr. Jeffries) and to include extraneous material:)

Mr. McCloskey.
Mr. Abdnor.
Mr. Myers of Indiana.
Mrs. Holt.
Mr. Shuster.
Mr. Young of Alaska.
Mr. Conte in two instances.
Mr. Evans of Delaware.
Mr. Hinson.
Mr. Young of Florida.
Mr. Kemp.
Mr. Dannemeyer.
Mr. Collins of Texas.
Mr. Wydler.
Mr. Solomon.
Mr. Clausen in two instances.
Mr. Goodling.
Mr. Paul.
Mr. Madigan.
Mr. McClory.
Mr. Rousselot.

(The following Members (at the request of Mr. Lowry) and to include extraneous material:)

Mr. Pepper in four instances.
Mr. Ertel.
Mr. Mazzoli in three instances.
Mr. Guarini in two instances.
Mr. Walgren in two instances.
Mr. Gudger in two instances.
Mr. Hamilton.
Mr. Hutto.
Mr. Lehman.
Mr. Wolff in two instances.
Mr. Wirth.
Mr. McDonald in five instances.
Mr. Mitchell of Maryland.
Mr. Barnes in two instances.
Mr. Waxman in two instances.
Mr. Gephardt.
Mr. Dingell in five instances.
Mr. Patterson.
Mr. Jenrette.
Mr. Miller of California.
Mr. Udall.
Mr. McKay.
Mr. Markey.
Mr. Eckhardt.
Mr. Skelton.
Ms. Ferraro.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 14. An act to amend and supplement the acreage limitation and residency provisions of the Federal Reclamation Law as amended and supplemented, and for other purposes; to the Committee on Interior and Insular Affairs.

ENROLLED JOINT RESOLUTION SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 367. Joint resolution to authorize and request the President to proclaim the week of September 16 through 22, 1979, as "National Meals on Wheels Week."

ADJOURNMENT

Mr. LOWRY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 23 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, September 19, 1979, at 11 a.m.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various House committees concerning the foreign currencies and U.S. dollars utilized by them during the second quarter of calendar year 1979 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICAL FOREIGN TRAVEL, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1, AND JUNE 30, 1979

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Barber B. Conable	3/23	3/24	Japan	21,187	$103.0		$4.91		$9.77		$117.68
Refund					(27.66)						(2.66)
	3/24	3/31	Peop'e's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Refund					(95.40)						(95.40)
Transportation by Department of Defense.							6,027.30				6,207.30
Hon. Thomas J. Downey	6/15	6/16	France		90.00						90.00
	6/16	6/18	Austria	4,291.50	300.00						300.00
Refund					(75.00)						(75.00)
Transportation on return trip by Department of Defense.							895.50				895.50
Hon. Joseph L. Fisher	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense							6,027.30				6,027.30
Hon. Bill Frenzel	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Repbulic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense							6.027.30				6,027.30
Hon. Bill Frenzel	4/13	4/23	France	4,067.80	946.00		56.83				1,002.83
Transportation by Department of Defense							834.72				834.72
Hon. Sam M. Gibbons	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Hon. Sam M. Gibbons	4/13	4/23	France	4,067.80	946.00		56.83				1,002.83
Transportation by Department of Defense.							834.72				834.72

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1, AND JUNE 30, 1979—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Frank J. Guarini	3/23	3/24	Japan	21,187	$103.00		$4.91		$9.77		$117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Hon. James R. Jones	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.38
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Hon. Raymond F. Lederer	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Hon. Abner J. Mikva	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Hon. Richard T. Schulze	6/7	6/12	France	1,957.50	450.00						450.00
Transportation by Department of Defense.							1,567.91				1,567.91
Hon. Al Ullman	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	Peoples' Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Hon. Guy Vander Jagt	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Hon. Charles A. Vanik	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Michael J. Calhoun	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Harold T. Lamar	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
John M. Martin, Jr.	3/23	3/24	Japan	21,187	103.00		4.91		9.77		117.68
	3/24	3/31	People's Republic of China.	560	356.68.	156.60	99.68				456.36
	3/31	4/1	Hong Kong	739.50	150.00		31.87		83.86		265.73
Transportation by Department of Defense.							6,027.30				6,027.30
Committee total											102,919.43

Note: There should be added to this report a total amount of $948.94 for a return protocol banquet for those Members and staff traveling to China: namely, Congressmen Al Ullman, Barber B. Conable Charles A. Vanik, Sam M. Gibbons, James R. Jones, Abner J. Mikva, Joseph L. Fisher, Raymond F. Lederer, Frank J. Guarini, Guy Vander Jagt, Bill Frenzel, and staff members John M. Martin, Jr. Harold T. Lamar, and Michael J. Calhoun.

[1] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

[2] Per diem constitutes lodging and meals.

July 19, 1979.

AL ULLMAN, Chairman.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1, AND JUNE 30, 1979

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Edward R. Madigan	4/13	4/23	France	4,067.80	$946.00						$946.00
							$834.72				834.72
Total											1,780.72
John McLaughlin	6/4	6/9	France	1,980.00	450.00						450.00
							856.00				856.00
Total											1,306.00
Frank M. Potter, Jr.	6/6	6/10	Germany	821.30	430.00						430.00
							1,537.00				1,537.00
Total											1,967.00
Hon. Bob Eckhardt	6/10	6/12	France	783.00	180.00						180.00
							692.94				692.94
Total											872.94
Committee total					2,006.00		3,920.66				5,926.22

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

July 31, 1979.

HARLEY D. STAGGERS, Chairman.

REPORT OF EXPENDITURES FOR OFFICAL FOREIGN TRAVEL, COMMITTEE ON NARCOTICS ABUSE AND CONTROL, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1, AND JUNE 30, 1979

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Hon. Tennyson Guyer	4/15	4/19	Columbia	12,582.00	$300.00					12,582.00	$300.00
Hon. Lester L. Wolff	4/15	4/19	do	12,582.00	300.00					12,582.00	300.00
William G. Lawrence	4/15	4/19	do	12,582.00	300.00					12,582.00	300.00
Patrick L. Carpentier	4/15	4/19	do	12,582.00	300.00					12,582.00	300.00
John W. Peploe	4/15	4/19	do	12,582.00	300.00					12,582.00	300.00
Alma E. Bachrach	4/15	4/19	do	12,582.00	300.00					12,582.00	300.00
Hon. Morgan F. Murphy	5/26	5/28	Netherlands	472.05	225.00	3,556.11	$1,695.00			4,028.16	1,920.00
	5/28	6/1	Germany	653.22	342.00	115.80	75.00			769.02	417.00
Committee total					2,367.00		1,770.00				4,137.00

Note: Transportation costs incurred by the Department of Defense totaled $3,566.20 on the Columbia study mission and $591.09 on the Germany study mission.

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[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

July 30, 1979.

LESTER L. WOLFF, Chairman.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2471. Communication from the President of the United States, transmitting requests for appropriations for fiscal year 1980 (H. Doc. No. 96–188); to the Committee on Appropriations and ordered to be printed.

2472. Communication from the President of the United States, transmitting amendments to the requests for appropriations for fiscal year 1980 for the Department of Defense—Military (H. Doc. No. 96–189); to the Committee on Appropriations and ordered to be printed.

2473. A letter from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting a list of contract award dates for the period September 15, 1979, to December 15, 1979, pursuant to 10 U.S.C. 139; to the Committee on Armed Services.

2474. A letter from the Secretary of the Treasury, transmitting a report on foreign government treatment of U.S. commercial banking organizations, pursuant to section 9 of Public Law 95–369; to the Committee on Banking, Finance and Urban Affairs.

2475. A letter from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to authorize the setoff of annuity payments or refunds payable from the Civil Service Retirement Fund to former employees of the government of the District of Columbia in order to liquidate debts owed to the government of the District of Columbia; to the Committee on the District of Columbia.

2476. A letter from the Secretary of Agriculture, transmitting a report on the implementation of new procedures for the purchase of foods for the commodity distribution program, pursuant to section 14(d) of the National School Lunch Act, as amended (91 Stat. 1335); to the Committee on Education and Labor.

2477. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a draft of proposed legislation to require the use of the Consumer Price Index for all urban consumers in certain Federal programs, and for other purposes; to the Committee on Government Operations.

2478. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend provisions of Federal reclamation law restricting delivery of project water to newly irrigated lands for crops the supply of which is likely to be excessive; to the Committee on Interior and Insular Affairs.

2479. A letter from the Under Secretary of Energy, transmitting notice that the preliminary report on the export potential for photovoltaic systems, previously transmitted pursuant to section 208(a)(3) of Public Law 95–238 (Executive Communication No. 1462), constitutes the Department's final report on the subject; to the Committee on Science and Technology.

2480. Communication from the President of the United States, transmitting his recommendation that Congress increase Federal executive, legislative, and judicial salary schedules by 7 percent (H. Doc. No. 96–190); jointly, to the Committees on Appropriations and Post Office and Civil Service, and ordered to be printed.

2481. A letter from the Comptroller General of the United States, transmitting a report on the Defense Contract Audit Agency. (FGMSD–79–25, May 10, 1979); jointly, to the Committees on Government Operations and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Omitted from the Record of September 11, 1979*]

Mr. YATES: Committee on Appropriations. H.R. 1885. A bill to amend civil service retirement provisions as they apply to certain employees of the Bureau of Indian Affairs and of the Indian Health Service who are not entitled to Indian employment preference and to modify the application of the Indian employment preference laws as it applies to those agencies (Rept. No. 96–370, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

[*Submitted September 18, 1979*]

Mr. BENNETT: Committee on Armed Services. H.R. 3384. A bill to authorize the disposal of industrial diamond stones from the national stockpile and the supplemental stockpile; with amendment (Rept. No. 96–439). Referred to the Committee of the Whole House on the State of the Union.

Mr. NICHOLS: Committee on Armed Services. H.R. 5168. A bill to extend certain expiring provisions of law relating to personnel management of the Armed Forces. (Rept. No. 96–440). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 408. Resolution providing for the consideration of H.J. Res. 399. Joint resolution making continuing appropriations for the fiscal year 1980, and for other purposes. (Rept. No. 96–441). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 409. Resolution providing for the consideration of H.J. Res. 402. Joint resolution making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes (Rept. No. 96–442). Referred to the House Calendar.

Mr. CHARLES H. WILSON of Texas. Committee of Conference. Conference report on H.R. 4580 (Rept. No. 96–443). And ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GEPHARDT:

H.R. 5310. A bill to provide for a temporary increase in the public debt limit, and to amend the Rules of the House of Representatives to make possible the establishment of the public debt limit in the future as a part of the congressional budget process; jointly, to the Committees on Ways and Means and Rules.

By Mr. BEARD of Rhode Island (for himself, Mr. St Germain, Mr. Murphy of Pennsylvania, Mr. Roe, Mr. Benjamin, Mr. Kogovsek, and Mr. Livingston):

H.R. 5311. A bill to amend the Buy American Act (41 U.S.C. 10 a. et seq) by requiring the use of domestic labor and materials for projects wholly or partially funded by Federal funds provided additional costs do not exceed 10 percent; to the Committee on Government Operations.

By Mr. PHILIP M. CRANE:

H.R. 5312. A bill to amend title 18 of the United States Code to increase the penalties for persons convicted of committing a felony with, or while unlawfully carrying a firearm; to the Committee on the Judiciary.

By Mr. LaFALCE:

H.R. 5313. A bill to provide tax incentives to small businesses engaged in research and development activities and for other purposes; to the Committee on Ways and Means.

By Mr. Wright:

H.R. 5314. A bill to amend the Internal Revenue Code of 1954 to permit a church plan to continue after 1982 to provide benefits for employees of organizations controlled by or associated with the church, and to make certain clarifying amendments to the definition of church plan; to the Committee on Ways and Means.

H.R. 5315. A bill to amend section 403(b) of the Internal Revenue Code of 1954 with respect to computation of the exclusion allowance for ministers and lay employees of the church, and to amend sections 403(b)(2)(B), 415(c)(4), 415(d)(1), and 415(d)(2) and to add a new section 415(c)(8) to extend the special elections for section 403(b) annuity contracts to employees of churches, conventions, or associations of churches, and their agencies and to permit a de minimis contribution amount in lieu of such elections; to the Committee on Ways and Means.

H.R. 5316. A bill to amend the Employee Retirement Income Security Act of 1974 to permit a church plan to continue after 1982 to provide benefits for employees of organizations controlled by or associated with the church and to make certain clarifying amendments to the definition of church plan; jointly, to the Committee on Education and Labor and Ways and Means.

By Mr. BEDELL (for himself, Mr. Edwards of California, Mr. Leach of Iowa, Mr. Flood, Mr. Albosta, Ms. Oakar, Mrs. Spellman, Mr. Yatron, Mr. Won Pat, Mr. Corrada, Mr. Murphy of New York, and Mr. Leland):

H.R. 5317. A bill to amend section 402 of the Social Security Amendments of 1967 to provide for demonstration projects for provision of preventive health services to the elderly; to the Committee on Ways and Means.

By Mr. COUGHLIN:

H.R. 5318. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for home heating oil expenses; to the Committee on Ways and Means.

By Mr. FROST:

H.R. 5319. A bill to amend the Internal Revenue Code of 1954 to encourage greater individual savings; to the Committee on Ways and Means.

By Mr. GRADISON:

H.R. 5320. A bill to provide for a National Commission on Hospital Cost Containment, for the funding of State voluntary or mandatory hospital cost containment programs, and to amend the Social Security Act to encourage philanthropic support for nonprofit hospitals; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. HANLEY:

H.R. 5321. A bill for making certain changes in the Regional Rail Reorganization Act of 1973; to the Committee on Interstate and Foreign Commerce.

H.R. 5322. A bill to require distribution of certain refinery stocks of home heating oil to local distributors; to the Committee on Interstate and Foreign Commerce.

By Mr. JACOBS:

H.R. 5323. A bill entitled "The Government Executive Reduction Act"; to the Committee on Post Office and Civil Service.

By Mr. JENRETTE:

H.R. 5324. A bill to amend the Public Works and Economic Development Act of 1965 to provide for the making of low-interest loans to businesses making commitments to employ substantial numbers of individuals from areas of high unemployment; jointly, to the Committees on Banking, Finance and Urban Affairs, and Public Works and Transportation.

By Mr. LENT:

H.R. 5325. A bill to amend the Internal Revenue Code of 1954 to provide relief to residential and certain institutional users of refined petroleum products in the event of the deregulation of oil prices; to the Committee on Ways and Means.

By Mr. MOORE:

H.R. 5326. A bill to authorize the Secretary of Agriculture to convey certain Government-owned property in the Louisiana National Forest to the State of Louisiana in exchange for certain property at Camp Livingston, La.; to the Committee on Agriculture.

By Mr. O'BRIEN:

H.R. 5327. A bill to provide that any increase in the rate of pay for Members of Congress proposed during any Congress shall not take effect earlier than the beginning of the next Congress; to the Committee on Post Office and Civil Service.

By Mr. ROUSSELOT:

H. Con. Res. 187. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal year 1979; to the Committee on the Budget.

MEMORIALS

Under clause 4 of rule XXII,

301. The SPEAKER presented a memorial of the Senate of the State of Oregon, relative to Congressional redistricting; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. PATTERSON introduced a bill (H.R. 5328) for the relief of Manouchehr Fardi, Fardi, Afsar M. Fardi, and Hedieh Fardi; to to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 65: Mr. Lungren.

H.R. 1772: Mrs. Fenwick.

H.R. 2171: Mr. Quayle, Mr. Hamilton, Mr. Sharp, Mr. Brademas, Mr. Jacobs, and Mr. Evans of Indiana.

H.R. 2535: Mr. Shannon.

H.R. 2553: Mr. Corcoran.

H.R. 2567: Mr. Atkinson.

H.R. 2770: Mr. Solarz.

H.R. 3046: Mr. Gibbons, Mr. Hagedorn, Mr. LaFalce, Mr. Cavanaugh, and Mr. Hamilton.

H.R. 3567: Mr. Stokes, Mr. Courter, Mr. Davis of Michigan, Mr. Evans of Indiana, and Mr. Leach of Iowa.

H.R. 3574: Mr. Collins of Texas, Mr. Gingrich, Mr. Rousselot, Mr. Shumway, Mr. Stangeland, and Mr. Symms.

H.R. 3685: Mr. Campbell and Mr. Edgar.

H.R. 3766: Mr. Seiberling, Mr. Bedell, and Mr. Patterson.

H.R. 3854: Mr. Stokes and Mr. Weaver.

H.R. 3855: Mr. Stokes and Mr. Weaver.

H.R. 3958: Mr. Cleveland, Mr. Frenzel, and Mrs. Spellman.

H.R. 4238: Mr. Bevill, Mr. Coelho, Mr. Clinger, Mr. Lloyd, Mr. Lagomarsino, Mr. Roe, Mr. Stokes, Mr. Whitehurst, Mr. Winn, and Mrs. Spellman.

H.R. 4239: Mr. Bevill, Mr. Coelho, Mr. Lloyd, Mr. Lagomarsino, Mr. Robinson, Mr. Roe, Mr. Stokes, Mr. Whitehurst, Mr. Winn, and Mrs. Spellman.

H.R. 4306: Mr. Treen.

H.R. 4329: Mr. Guyer, Mr. Jacobs, and Mr. Shumway.

H.R. 4563: Mr. Philip M. Crane.

H.R. 4774: Mr. Weaver, Mr. Bereuter, Mr. Lungren, and Mr. Shumway.

H.R. 5039: Mr. Bonior of Michigan, Mr. Clay, Mr. Mottl, Mr. Reuss, Mr. Stokes, Mr. Thompson, Mr. Vento, Mr. Stewart, Mr. Oberstar, Mr. Fauntroy, and Mrs. Spellman.

H.R. 5165: Mr. Symms, Mr. Devine, Mr. Hall of Texas, Mr. Forsythe, Mr. Burgener, Mr. Lagomarsino, Mr. Spence, Mr. Winn, Mr. Goldwater, Mr. Kramer, Mr. Frenzel, Mr. Hughes, Mr. Leach of Louisiana, Mr. Lent, Mr. Whittaker, Mr. Stangeland, Mr. McDonald, Mr. Badham, Mr. Guyer, Mr. Lott, Mr. Jeffries, Mr. Sawyer, and Mr. Tauke.

H.R. 5235: Mr. Dougherty.

H.J. Res. 3: Mr. Scheuer, Mr. Derrick, Mr. Zeferetti, Mr. Hightower, Mr. Stark, Mr. Nowak, Mr. Walgren, Mr. Bingham, Mr. Flippo, Mr. Anthony, Mr. Hammerschmidt, Mr. Anderson of California, Mr. Rangel, Mr. Wright, Mr. Gramm, Mr. Frost, Mr. Ford of Michigan, Mr. Neal, Mr. Fowler, Mr. Jones of North Carolina, Mr. Donnelly, Mr. Yatron, Mr. Dan Daniel, Mr. Gudger, Mr. Skelton, Mr. Leach of Iowa, Mr. Cleveland, Mr. Livingston, Mr. St Germain, Mr. Fascell, Mr. Bereuter, Mr. Bafalis, Mr. Bailey, Mr. Thomas, Mr. Volkmer, Mr. Satterfield, Mr. Phillip Burton, Mr. Clausen, Mr. Symms, Mr. Blanchard, Mr. Hinson, Mr. de la Garza, Mr. Gonzalez, Mr. Railsback, Mr. Robinson, Ms. Ferraro, Mr. Hefner, Mr. Carr, Mr. Abdnor, Mr. Evans of Delaware, Mr. Brademas, Mr. Wolpe, Mr. Matsui, Mr. Russo, Mrs. Smith of Nebraska, Mr. Edwards of California, Mr. Leath of Texas, Mr. Boner of Tennessee, Mr. Mavroules, Mr. Robert W. Daniel, Jr., Mr. Ratchford, Mrs. Chisholm, Mr. Dannemeyer, and Mr. Dixon.

H.J. Res. 163: Mr. Benjamin, Mr. Gingrich, Mr. Buchanan, Mr. Leach of Louisiana, and Mr. Fazio.

H.J. Res. 306: Mr. Anderson of California, Mr. Campbell, Mrs. Holt, and Mr. Murphy of New York.

H.J. Res. 346: Mr. Bevill, Mr. Coelho, Mr. Lloyd, Mr. Lagomarsino, Mr. Robinson, Mr. Roe, Mr. Stokes, Mr. Whitehurst, Mr. Winn, and Mrs. Spellman.

H.J. Res. 384: Mr. Blanchard, Mr. Solomon, and Mr. Carney.

H. Res. 75: Mrs. Fenwick.

H. Res. 382: Mr. Lent, Mr. McDade, Mr. Kemp, and Mr. Derwinski.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

196. By the SPEAKER: Petition of the Interim Joint Committee on Banking and Insurance of the Kentucky General Assembly, Frankfort, Ky., relative to incremental bonding under the Surface Mining Control and Reclamation Act of 1977; to the Committee on Interior and Insular Affairs.

197. Also, petition of the City Council, Woonsocket, R.I., relative to energy; to the Committee on Interstate and Foreign Commerce.

198. Also, petition of the twelfth General Synod of the United Church of Christ, New York, N.Y., relative to human rights; jointly, to the Committees on Foreign Affairs and the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2061

By Mr. EDWARDS of California:

—Page 220, after line 3, insert the following:

"(c) All criminal intelligence systems operating through support under this title shall collect, maintain, and disseminate criminal intelligence information in conformance with policy standards which are prescribed by the Office of Justice Assistance, Research and Statistics and which are written to assure that the funding and operation of these systems furthers the purpose of this title and to assure that such systems are not utilized in violation of the privacy and constitutional rights of individuals.

Page 220, line 4, strike out "(c)" and insert "(d)" in lieu thereof.

—Page 133, line 12, after "government," insert "representatives of professional organizations,".

Page 141, line 6, after "government," insert "representatives of professional organizations,".

Page 150, line 19, after "business" insert "and professional".

Page 155, line 17, after "community-based" insert "and professional".

Page 181, line 7, strike out "and".

Page 181, line 9, strike out the period and insert "; and" in lieu thereof.

Page 181, after line 9, insert the following:

"(4) to improve the administration of justice by encouraging and supporting the development, dissemination, implementation, evaluation, and revision of criminal justice standards and guidelines."

Page 193, line 2, after "business" insert "and professional".

By Mr. SENSENBRENNER:

—Page 120, beginning in line 22, strike out "(3) support" and all that follows through "justice system;" in line 24.

Page 120, line 24, strike out "(4)" and insert "(3)" in lieu thereof.

Page 120, line 25, strike out "(5)" and insert "(4)" in lieu thereof.

Page 120, line 25, strike out "(6)" and insert "(5)" in lieu thereof.

Page 121, line 1, strike out "(7)" and insert "(6)" in lieu thereof.

Page 121, line 3, strike out "(8)" and insert "(7)" in lieu thereof.

Page 121, line 7, strike out "(9)" and insert "(8)" in lieu thereof.

Page 121, line 10, strike out "(10)" and insert "(9)" in lieu thereof.

Page 122, beginning in line 14, strike out "parts E and" and insert "part" in lieu thereof.

Page 125, line 8, strike out "national priority grants under part E and".

Page 126, line 23, strike out "E,".

Page 131, beginning in line 18, strike out "national priority grants under part E and".

Page 165, line 23, strike out "E,".

Page 165, line 23, strike out "70" and insert "80" in lieu thereof.

Page 167, line 16, strike out "E or".

Page 173, strike out line 16 and all that follows through line 23 on page 178.

Page 195, line 9, strike out "E,".

Page 196, beginning in line 4, strike out "parts E and F" and insert "part F" in lieu thereof.

Page 215, strike out line 1 and all that follows through line 3.

Page 215, line 4, strike out "(3)" and insert "(2)" in lieu thereof.

Page 215, line 4, strike out "E,".

Page 215, strike out line 7 and all that follows through line 12.

Page 215, line 13, strike out "(5)" and insert "(3)" in lieu thereof.

Page 215, line 19, strike out "(6)" and insert "(4)" in lieu thereof.

Page 216, line 1, strike out "(7)" and insert "(5)" in lieu thereof.

Page 216, line 4, strike out "(8)" and insert "(6)" in lieu thereof.

Page 216, line 8, strike out "(9)" and insert "(7)" in lieu thereof.

Page 216, line 13, strike out "(10)" and insert "(8)" in lieu thereof.

Page 216, line 17, strike out "(11)" and insert "(9)" in lieu thereof.

Page 228, line 17, strike out "E,".

Page 228, line 21, strike out "$750,000,000" and insert "$685,700,000" in lieu thereof.

Page 228, line 22, strike out "$750,000,000" and insert "$685,700,000" in lieu thereof.

Page 228, line 23, strike out "$750,000,000" and insert "$685,700,000" in lieu thereof.

Page 228, line 23, strike out "$750,000,000" and insert "$685,700,000" in lieu thereof.

Page 230, line 22, strike out "E,".

—On page 131 delete "civil,".

On page 135 line 24 delete "civil disputes".

On page 136 line 5 delete "and civil disputes".

On page 140 delete "civil,".

—Page 146, line 18, after the semicolon insert "and".

Page 146, strike out line 19 and all that follows through line 13 on page 147.

Page 147, line 14, strike out "(6)" and insert "(2)" in lieu thereof.

Page 148, line 7, strike out "402(a) (6)" and insert "402(a) (2)" in lieu thereof.

Page 150, strike out line 4 and all that follows through line 9.

Page 150, line 10, strike out "(B)" and insert "(A)" in lieu thereof.

Page 150, line 10, strike out "the smaller".

Page 150, line 11, strike out "defined in section 402(a) (6)".

Page 150, line 12, strike out "(C)" and insert "(B)" in lieu thereof.

Page 150, line 17, strike out "(D)" and insert "(C)" in lieu thereof.

Page 150, line 21, strike out "(E)" and insert "(D)" in lieu thereof.

Page 151, strike out line 17 and all that follows line 19 on page 153.

Page 153, line 20, strike out "(4)" and insert "(3)" in lieu thereof.

Page 153, in each of lines 21 and 25, strike out "402(a) (6)" and insert "402(a) (2)" in lieu thereof.

Page 154, strike out line 15 and all that follows through line 7 on page 156.

Page 156, line 8, strike out "(d)" and insert "(c)" in lieu thereof.

Page 157, line 15, strike out "(e)" and insert "(d)" in lieu thereof.

Page 158, line 3, strike out "council," and insert "council and" in lieu thereof.

Page 158, line 4, strike out "and local offices, established pursuant to section 402(c),".

Page 158, beginning in line 10, strike out "council," and all that follows through 402(c)," in line 12 and insert "council and the judicial coordinating committee" in lieu thereof.

Page 158, beginning in line 23, strike out "or section 402(b) (4) as appropriate". ending on line 24.

Page 168, beginning in line 9, strike out "402(a) (2)" and all that follows through "section" in line 10.

Page 170, beginning in line 4, strike out "Eligible jurisdictions" and all that follows through line 15.

Page 170, beginning in line 18, strike out "402(a) (6)" and all that follows through "402(c)," in line 22 and insert "402(a) (2)," in lieu thereof.

Page 171, beginning in line 8, strike out "If in a particular State" and all that follows through line 14.

Page 172, line 19, strike out "through (6)".

Page 230, beginning in line 5, strike out "An amount" and all that follows through "$25,000." in line 13.

Page 230, line 25, strike out "402(a) (4)" and insert "402(a) (2)" in lieu thereof.

Page 231, beginning in line 4, strike out "which are not" and all that follows through "and (4)" in line 6.

H.R. 2172

By Mr. PEYSER:

—Page 36, line 12, strike out "16.3" and insert in lieu thereof "15.5".

—Page 38, line 6, strike out "15.8" and insert in lieu thereof "15".

—Page 38, line 12, strike out "107" and insert in lieu thereof "105".

—Page 39, strike out line 4 and all that follows down through line 12 on page 40.

Page 36, strike out lines 11 through 17, inclusive.

Renumber the succeeding paragraphs of section 201 of the bill accordingly.

Page 38, lines 1 and 2, strike out "AND PAYMENTS TO ACHIEVE ASSURED RETURN".

Page 40, line 13, strike out "(c)" and insert in lieu thereof "(b)".

Page 40, lines 15 and 16, strike out ", and the assured return,".

Page 40, line 23, strike out "(d)" and insert in lieu thereof "(c)".

—Page 47, strike out line 18 and all that follows down through line 4 on page 49.

Page 50, strike out line 15 and all that follows down through line 4 on page 51.

Redesignate sections 206 and 207 of the bill as sections 205 and 206, respectively, and redesignate sections 209 through 212 of the bill as sections 207 through 210, respectively.

—Page 65, between lines 8 and 9 insert the following:

SEC. 302. ADJUSTMENT ASSISTANCE.

(a) PRODUCERS.—Notwithstanding section 251 of the Trade Act of 1974, petitions for certification of eligibility of producers of sugar to apply for adjustment assistance under chapter 3 of title II of such Act shall be filed with the Secretary, and the Secretary shall perform all the functions and duties of the Secretary of Commerce under such section with respect to such petitions.

(b) REFINERS.—(1) For purposes of determining eligibility to apply for adjustment assistance under section 222, 251(c), or 271 (c) of the Trade Act of 1974, increases of imports of articles like or directly competitive with sugar shall be deemed to have contributed importantly to—

(A) any total or partial separation, or threat thereof, of a significant number or proportion of the workers from one or more firms or subdivisions of firms which are in the business of refining sugar; and

(B) any absolute decrease in sales or production of such firms or subdivisions.

(2) Terms used in this subsection shall have the same meanings such terms have in title II of the Trade Act of 1974.

H.J. RES. 399

By Mr. LUNGREN:

—Immediately after section 101(d), add the following new language: "No funds contained in this section shall be used to remodel the gallery in statuary hall in the Capitol into carrels or into any other structures constituting additional office or work space for Members of Congress."

H. CON. RES. 186

By Mr. COUGHLIN:

—In the matter relating to the recommended level of Federal revenues decrease the amount by $1,000,000,000;

In the matter relating to the amount of the deficit increase the amount by $1,000,000,000;

In the matter relating to the appropriate level of the public debt increase the amount by $1,000,000,000;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by $1,000,000,000.

—In the matter relating to the recommended level for Education, Training, Employment, and Social Services (function 500) decrease the amount by $250,000,000;

In the matter relating to the recommended level of Federal revenues decrease the amount by $250,000,000.

By Mr. MATTOX:

(Amendment to H. Con. Res. 186, or to any amendment in the nature of a substitute to H. Con. Res. 186.)

—In the matter relating to the appropriate level of total new budget authority reduce the amount by $550,000,000;

In the matter relating to the appropriate level of total budget outlays reduce the amount by $550,000,000;

In the matter relating to the amount of the deficit reduce the amount by $550,000,000;

In the matter relating to the appropriate level of the public debt reduce the amount by $550,000,000;

In the matter to the amount by which the statutory limit on the public debt should accordingly be increased, reduce the amount by $550,000,000.

(16) In the matter relating to function 850: General Purpose Fiscal Assistance reduce the amount for budget authority by $550,000,000; and reduce the amount for outlays by $550,000,000.

By Mr. ROUSSELOT:

(Amendment in the nature of a substitute.)

—Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is $518,000,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $14,000,000,000;

(2) the appropriate level of total new budget authority is $600,000,000,000;

(3) the appropriate level of total budget outlays is $518,000,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $0; and

(5) the appropriate level of the public debt is $856,900,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $22,700,000,000.

SEC. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that by law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be $16 billion.

SEC 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $138,156,000,000;
(B) Outlays, $128,587,000,000.
(2) International Affairs (150):
(A) New budget authority, $12,647,000,000;
(B) Outlays, $6,000,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,498,000,000;
(B) Outlays, $5,151,000,000.
(4) Energy (270):
(A) New budget authority, $19,695,000,000;
(B) Outlays, $6,500,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $12,500,000,000;
(B) Outlays, $11,245,000,000.
(6) Agriculture (350):
(A) New budget authority, $4,983,000,000;
(B) Outlays, $2,542,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $6,778,000,000;
(B) Outlays, $2,828,000,000.
(8) Transportation (400):
(A) New budget authority, $19,274,000,000;
(B) Outlays, $17,600,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,120,000,000;
(B) Outlays, $7,689,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $31,491,000,000;
(B) Outlays, $28,600,000,000.
(11) Health (550):
(A) New budget authority, $56,801,000,000;
(B) Outlays, $52,734,000,000.
(12) Income Security (600):
(A) New budget authority, $212,551,000,000;
(B) Outlays, $178,050,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $21,607,000,000;
(B) Outlays, $20,851,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,269,000,000;
(B) Outlays, $4,300,000,000.
(15) General Government (800):
(A) New budget authority, $4,327,000,000;
(B) Outlays, $4,100,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,500,000,000;
(B) Outlays, $6,489,000,000.
(17) Interest (900):
(A) New budget authority, $53,880,000,000;
(B) Outlays, $53,880,000,000.
(18) Allowances (920):
(A) New budget authority, $482,000,000;
(B) Outlays, $453,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, —$19,600,000,000;

(B) Outlays, —$19,600,000,000.

SEC. 4. The Congress projects the following budget aggregates for fiscal years 1981–82, based on the policies assumed in sections one and three—

(1) the level of Federal revenues is as follows:
Fiscal year 1981: $567,000,000,000.
Fiscal year 1982: $624,000,000,000.

(2) the level of total new budget authority is as follows:
Fiscal year 1981: $645,000,000,000.
Fiscal year 1982: $693,000,000,000.

(3) the level of total budget outlays is as follows:
Fiscal year 1981: $564,000,000,000.
Fiscal year 1982: $592,000,000,000.

(4) the amount of surplus in the budget is as follows:
Fiscal year 1981: $3,000,000,000.
Fiscal year 1982: $32,000,000,000.

(5) the level of the public debt is as follows:
Fiscal year 1981: $884,900,000,000.
Fiscal year 1982: $893,300,000,000.

SEC. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980, the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

By Mr. RUDD:

—Page 3, line 8, strike out "$138,156 000,000" and insert in lieu thereof "$144,540,000,000".

Page 3, line 9, strike out "$128,587,000,000" and insert in lieu thereof "$133,280,000,000".

Increase the aggregate amounts in the first section (other than the amount of the recommended level of Federal revenues and the amount by which the aggregate amount of Federal revenues should be increased) accordingly.

Page 4, line 7, strike out "$8,991,000,000" and insert in lieu thereof "$8,807,000,000".

Page 4, line 8, strike out "$8,289,000,000" and insert in lieu thereof "$8,167,000,000".

Increase the aggregate amounts in the first section (other than the amount of the recommended level of Federal revenues and the amount by which the aggregate amount of Federal revenues should be increased) accordingly.

Page 4, line 11, strike out "$31,491,000,000" and insert in lieu thereof "$30,258,000,000".

Page 4, line 12, strike out "$31,471,000,000" and insert in lieu thereof "$30,356,000,000".

Increase the aggregate amounts in the first section (other than the amount of the recommended level of Federal revenues and the amount by which the aggregate amount of Federal revenues should be increased) accordingly.

Page 4, line 17, strike out "$217,658,000,000" and insert in lieu thereof "$211,046,000,000".

Page 4, line 18, strike out "$188,795,000,000" and insert in lieu thereof "$184,548,000,000".

Increase the aggregate amounts in the first section (other than the amount of the recommended level of Federal revenues and the amount by which the aggregate amount of Federal revenues should be increased) accordingly.

H. J. RES. 399

By Mr. SOLOMON:

—On pages 4 and 5, strike out the clause "(except as to executive salaries which are covered in the next paragraph)," on lines 25 and 1.

On page 5, line 6, strike out the period and all down through the word "Such" on line 23, and insert ": *Provided*, That any".

On page 6, line 2, after the word "Constitution" strike the period and insert the following: "the provisions of section 304 of the Legislative Appropriation Act, 1979, which limit the pay for certain Federal offices and positions, shall apply to funds appropriated by this Act or any other Act for the fiscal year 1980."

S. 832

By Mr. EMERY:

—At the end of the bill add the following new section:

"Section 320(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441(a)(a)(1)) is amended by striking the period after "$5 000" and inserting the following: "; or (D) to any political committee, with respect to any election for Federal office which was established on behalf of an individual who is not a candidate within the meaning of the Act which, in the aggregate, exceed $1,000."

EXTENSIONS OF REMARKS

SHOOTING OURSELVES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. McDONALD. Mr. Speaker, today we are debating the Export Control Act amendments. Under the Carter administration the emphasis as regards Communist nations has been on exports and not controls. Time after time in recent years, the Soviets have achieved a technological breakthrough ahead of the predictions by our intelligence people. Does this mean that Soviet scientists are becoming smarter? Not a bit of it. The United States is simply exporting more sophisticated technology to the Soviet Union, which is applied to their weaponry. It was recently revealed that the Kama River truck plant is now producing trucks upon which missiles are mounted. Thus, an arrangement on East-West trade made years ago under the Nixon administration has come to haunt us. What was the reaction of the Carter administration? Certainly no attempt to correct the problem, but a determined effort to sweep the disclosure under the rug. It is time to call a halt to arming our enemy and no time would be more appropriate than now while we puzzle what to do over the Soviet combat brigade in Cuba. A fine editorial on this subject from the Savannah Morning News of August 6, 1979, follows:

SHOOTING OURSELVES

Former Secretary of State Henry Kissinger says that one of his conditions for supporting the SALT II treaty is increased military spending. This, he maintains, is necessary in light of the Soviet Union's military buildup.

We stand second to none in advocating a strong defense, and we do believe that increases are necessary. But having said this, we must affirm that ever higher military spending can bankrupt a nation just as surely as any other kind of spending.

Thus, is there any way aside from more spending to achieve military security? The answer most certainly is yes.

It consists of cutting off the sale of sophisticated U.S. technology to the Soviet Union, which Moscow is using to build up its war machine. This incredible commerce has been brought upon us by greedy corporations that evidently place profits above patriotism.

Rep. Lester Wolff, D-N.Y., was one of 77 congressmen who called last fall for an end to our hemorrhage of technology. He noted that "There have been countless examples of technology transfer which have blatant military, police or intelligence gathering potential." Adds Retired Army Gen. Daniel O. Graham, former head of the Defense Intelligence Agency: "We've been shooting ourselves in the foot with these technology sales."

The Carter administration, unfortunately, doesn't seem too interested in stopping them. Last May a Commerce Department official testified before Congress that controls on the sale of technology to the Soviet Union were adequate. But Lawrence Brady, former acting director of the department's watchdog agency on sales, disagreed. He maintained that the controls were a shambles.

For his refusal to toe the party line, Mr. Brady was demoted.

Lest we be accused of picking on the Carter administration we should note that sales have gone on under previous administrations. Take, for example, the Nixon years. According to former Georgia Rep. Ben Blackburn, the same Henry Kissinger who now worries about our defenses once boasted of having expedited the sale of ball bearing equipment to the Soviets.

One reason the former secretary calls for more defense spending is the need to counter the increased accuracy of Soviet missiles. Precision ball bearings were essential to that improvement.

For the sake of security and the saving of defense dollars, we must end the sale of shovels to a nation calculating how to bury us.●

SOCIAL SECURITY TAX CREDIT "INGENIOUS"

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. GEPHARDT. Mr. Speaker, on Monday, July 23, I joined with my distinguished colleagues Congressmen Dodd, Dowey, Glickman, Heftel, Holland, Jenkins, Mattox, Mineta, Obey, and Wirth in introducing H.R. 4990, a bill to amend the Internal Revenue Code of 1954 to provide an income tax credit for social security taxes paid in 1980 and 1981. We did this when the current recession first became a reality. A stimulative tax cut may ultimately be necessary despite this period of high inflation and given our commitment to balance the Federal budget, but if we do anything in this regard, we think it should be a payroll tax cut.

A payroll tax cut in the form presented in H.R. 4990 is advantageous for several reasons, among them being the anti-inflationary impact. The adviser to the President on inflation, Alfred E. Kahn, agrees. By letter dated August 3, 1979, Mr. Kahn also termed H.R. 4990 "ingenious" in that it accomplishes a payroll tax cut without offending the people who want to preserve the integrity of the social security trust funds. The full text of his letter reads as follows:

AUGUST 3, 1979.

Hon. RICHARD A. GEPHARDT,
House of Representatives,
Washington, D.C.

DEAR DICK: Yes, I was indeed interested in your statement of July 19 on giving taxpayers a credit for their social security payments.

You will recognize that the Administration has for the time being decided to continue along its present fiscal path, but carefully monitoring the economy to see when and if some adjustment is necessary. At that time, reduction in the burden of payroll taxes seems to me to deserve the strongest possible emphasis (I'm tired of the word "priority").

And your suggestion seems to me an ingenious way to accomplishing it, without offending the people who want to preserve the integrity of the trust fund, and for good reasons.

I promise you to keep it in mind and give it most careful consideration. (See what a complete bureaucrat I've become?)

Very best regards,
Sincerely,

ALFRED E. KAHN,
Adviser to the President on Inflation.●

SOUTHWESTERN UNIVERSITY—A PROUD AND GOOD INSTITUTION

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. PICKLE. Mr. Speaker, recently an esteemed American, former Ambassador to Australia, Edward A. Clark of Austin, Tex., took time out of his busy schedule to speak in Beaumont, Tex., about Southwestern University in Georgetown, Tex.

Southwestern University was chartered by the Republic of Texas in 1840, and has been providing top quality private education to students from across the State, and the world, since then.

Ambassador Clark's remarks puts forth clearly the reason why Southwestern is a quality school, and why all of us associated with it have the right to be very proud.

His remarks follow:

REMARKS OF HON. EDWARD A. CLARK AT BEAUMONT, TEX. RECEPTION FOR SOUTHWESTERN UNIVERSITY

You can place the credit—or the blame—for my being here visiting with you today, on Bishop A. Frank Smith, who was the greatest Methodist bishop ever to serve in Texas. He bears the responsibility for two reasons.

The first reason is that Bishop Smith led an exemplary life. He provided a wonderful example of leadership to all of us through his life, and I am inspired by that example. The second reason the great Bishop Smith is responsible for me being in Beaumont this afternoon is that he had a son—A. Frank Smith, Jr. And, when A. Frank Smith, Jr. said to me, "Ed, you just must help us with Southwestern University," I could not say "No". The words just would not form. Despite my protests of being over-age and very tired, Frank Smith convinced me that I must take a part in telling the story of Southwestern University and helping it along.

So I agreed and that is why I am here. And I am so grateful that each of you would join us here today on behalf of Southwestern because I want to tell you a little about this school and the people who have an interest in it.

You probably are fully informed on the fact that Southwestern is the oldest char-

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● This "bullet" symbol identifies statements or inserti ons which are not spoken by the Member on the floor.

tered university in the State of Texas. It was in 1840—just four years after Texas declared independence from Mexico—that a charter was granted to one of our small colleges that would, a few years later, become Southwestern University.

We had a wonderful name in those days—The Texas University. But the Legislature later talked us out of that name when they wanted to establish what has become The University of Texas. Now, the institution established by the Legislature has grown somewhat larger than Southwestern. We remain small to this day—about one thousand students are enrolled this year. But I certainly do not know that the quality of education is any higher at the larger school than at its namesake.

Our students are certainly receiving something that is just not available at a large state university: A quality education that emphasizes personal teaching. A school that cares about each student individually. We can care because we have one faculty member for every thirteen or fourteen students.

And, our professors do a good job of teaching their students:

In the last two years, virtually 100% of the Southwestern graduates who applied to law school were accepted to the schools of their choice.

In the last 9 years, every science graduate of Southwestern who applied for admission to graduate school was accepted to graduate school.

During the past 8 or 9 years, 60% of the Southwestern graduates wanting to go on to medical school have been accepted, while the national average is much, much lower (39%), During one year recently, Southwestern alumni graduated with highest honors at six different medical schools in the country. And, in one year alone, Southwestern graduates were the first in their graduating class at each of three medical schools.

Students from all areas of Southwestern do just as well, and I could cite similar examples for students of drama or accounting or teaching. In the School of Fine Arts, for example, there is a tradition of success dating back to J. Frank Dobie, who was himself graduated from Southwestern and did early writing there.

And, the faculty is just as good as the students. Seventy-percent of the entire faculty have earned doctorates in their specialty. And, I might mention that there are no teaching assistants at Southwestern. Our assistant professors and associate professors and full professors teach those students themselves.

So, why do I tell you all of this? I do so for this reason: Southwestern is a private school. Not a public school supported by the Federal or state governments. And, we are proud to be a private school because we want to remain independent of Federal and state money that would carry with it restrictions on our freedom of action. We want to be able to instill sound moral and educational values without looking over our shoulder to see if we are displeasing someone in Washington.

But that means we have got to have help to stay in business. And, fortunately, many outstanding and solid citizens of Texas have helped. Not just A. Frank Smith, Jr., but men like Roy Cullen, Charles Prothro, Joe C. Walter, Jr. of Houston—and such other distinguished members of our board of directors as Chief Federal District Judge Joe Fisher and Dr. J H. E. Dishman here in Beaumont, Congressman J. J. "Jake" Pickle of Austin, and, of course, United States Senator John Tower.

But the efforts of everyone of us are like a molehill when set down beside the mountainous example of one other person I must mention: Mr. George R. Brown of Houston. George and his family—including Herman Brown when he was alive—have certainly been the most faithful, most productive, most generous supporters that any institution of higher learning ever had to help it.

George Brown has established a program that provides for the matching of every dollar we raise for Southwestern University in unrestricted giving. And, in many cases, he will give us not just one dollar for every dollar we raise. No, sir! The Brown Foundation will match gifts two-for-one, three-for-one, or even four-for-one.

So, with that kind of magnificent example, what could I do when A. Frank Smith, Jr. called to ask if I would help? I could work for Southwestern for 50-years and not match the generosity of the Browns. So, I said, "Yes, sir, Frank. I will try—if my friends will be kind to me."

Someone once called me an exhorter, and I certainly do not mind being an exhorter about Southwestern. The cause of private education is just too important, and the values instilled by a school like Southwestern are just too important—to be ignored.●

HOW MUCH TO SAVE LIVES?

HON. DOUGLAS WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. WALGREN. Mr. Speaker 50,000 Americans will lose their lives on our Nation's highway this year as they did last year. The cost of these highway fatalities to our society in 1978 was a staggering $48 billion, a cost borne by all taxpayers for emergency medical/rescue treatment for crash victims, higher car and medical insurance premiums, social security survivors benefits, and welfare payments to survivors of crash victims.

In 1 year we lose more lives on our roads than we did in the entire Vietnam war, yet we proceed at an agonizingly and deathly pace to provide our citizens with cars that are truly safe to drive. Airbags have been proved to be a safe, life-saving tool, yet we are now engaged in a debate in which misinformation has been characteristic.

No one is trying to force others to purchase cars with airbags, but some Members want to deny me the right to purchase a car with this protection. That is just plain wrong.

As we begin debate on this issue here in the House, I want to draw the attention of my colleagues to an excellent editorial in the Philadelphia Inquirer. How much are American lives really worth?

Is $500 Too Much to Save Lives in Auto Smash-Ups?

Rep. John Dingell, a 12-term Democrat from Michigan, is pushing legislation to prevent the U.S. Department of Transportation from spending funds "to implement or enforce any standard or regulation which requires any motor vehicle to be equipped with an occupant restraint system (other than a belt system.)"

What's that supposed to mean? The automatic crash protection ordered by DOT after years of procrastination won't go into effect until the 1982 model year for large automobiles, 1983 for medium-sized and 1984 for small. Why forbid DOT now to do what it won't be doing for at least two years?

Well, Mr. Dingell knows what he's up to. The Michigan congressman, whose efforts are supported by several of his colleagues from Michigan as well as other states, wants first to deflate and finally to destroy the air bag and other forms of automatic safety restraints. Two amendments with that aim are scheduled to come to the House floor this week. They must be defeated.

Mr. Dingell and Detroit's other congressional fellow-travelers (including GOP Rep. Bud Shuster of Pennsylvania) offer several phony arguments against the air bag. One is that the air bag doesn't work; that it actually endangers the lives of children riding in automobiles. Yvonne Grabis, eight-year-old daughter of a Maryland couple, came to Washington a couple of months ago and testified to the contrary. Her life had been saved when, in a crash that demolished the car she was riding in, the air bag immediately inflated. It was like "a pillow fight," she said.

Loussanda Harris, also of Maryland, had this to say about a crash at 45 miles per hour with her three children in the car: "Before I could say 'Oh no!' the air bags came out." She and her children suffered only minor injuries. "After the accident, I said to myself, my God, if these air bags hadn't been here, we would have gone through the windshield."

According to DOT, some 9,000 lives would be saved every year and 65,000 injuries averted by requiring automobiles to be equipped with such automatic restraints as the air bag or Volkswagen's automatic seat belt.

This is, of course; an estimate, but it ought to be sufficient rebuttal of the argument that the air bag is too costly. According to DOT, the air bag would add around $200 to the price of an automobile. Even if you accept the outside estimate of Detroit, $500, how many people would seriously assert that their lives or the lives of their children aren't worth $500?

Air bag foes assert that Americans don't want a passive restraint system in their automobiles and that the air bag is just another example of excessive government regulation.

According to a recent survey by the firm of Peter D. Hart Research Associates, however, the overwhelming majority of Americans do, in fact, support federal efforts to require Detroit to install the passive restraints. As for government regulation, had it not been for the pressure of the government and of public opinion Detroit probably would never have installed seat belts and shatterproof windshields and all the other safety devices it resisted for so many bloody decades.

For all those years Detroit insisted on selling speed and power and sex. But not safety. (Not fuel economy, either.) What Detroit claims is good for Detroit is not necessarily good for everybody. On the issue at hand, a successful bid to block automatic crash protection would be massively lethal.●

PERSONAL EXPLANATION

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. MAZZOLI. Mr. Speaker, I was unavoidably absent from the floor of the House of Representatives for a vote on Thursday, September 13, and for several votes on Friday, September 14. Had I been present, I would have voted:

"Aye" on roll No. 463, a motion to resolve the House into the Committee of the Whole on the State of the Union for further consideration of H.R. 4040, the Department of Defense Authorization Act of fiscal year 1980;

"No" on roll No. 470, an amendment to strike $100 million in authorization for providing logistical assistance for the 1980 Olympic winter games;

"No" on roll No. 471, an amendment providing for a multiyear authorization for a civil defense program;

"Aye" on roll No. 472, a motion on final passage of the bill.●

MARCELLA'S PASTA SUCCESS

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. LEHMAN. Mr. Speaker, I would like to draw my colleagues' attention to an article which appeared in the August 27, 1979, issue of Fortune magazine showing our free enterprise system at work in Florida.

With talent, imagination, and hard work, Marcella Aitken built not only a successful business, but a genuine south Florida institution. Part of the story of Marcella is told in the following article:

MAMMA MARCELLA TAKES TO THE AIR WITH PASTA POWER

(By Susie Gharib Nazem)

Thanks to an exuberant entrepreneur named Marcella Aitken, passengers on major U.S. airlines are saying arrivederci to meat and potatoes and benvenuto to some tasty lasagne, cannelloni, and fettuccine. Vivacious, talkative, and as Italian as pasta itself, Mrs. Aitken is best known for her North Miami, Florida, restaurants, Marcella's and Cucina Mia ("My Kitchen"). Two years ago Marcella—as everyone calls her—sold Eastern Air Lines on the idea of serving pasta prepared according to her own recipes. Since March she has signed on National, Western, and Ozark. She is negotiating with nine other airlines, including Continental and Allegheny. Soon she will be feeding airline passengers as many as 25,000 meals a day.

Her company, Marcella's Pasta Fresca Inc., had fiscal 1978 revenues of $1.8 million. With all those new customers aboard, she expects a dramatic increase, to $6 million for fiscal 1979, ending next month. "It's pasta time," she declares jubilantly. "And I have pasta power." From the airlines' point of view, the power of pasta is that it costs them only about half as much as steak.

THE MEN GOT THE MONEY

Not too surprisingly, Marcella looks a lot more like an Italian mamma (she has two grown children) than a big-time businesswoman. Tall and robust, she is often seen dashing around her offices wearing a tomato sauce-splotched apron over the flowing dresses she favors. She has lived for thirty-two years in the U.S. but still speaks English with a heavy accent, punctuating her comments with a whole repertoire of hand gestures.

Born in Rome fifty-eight years ago, the daughter of a restaurant owner, Marcella traces her family tree back to 1477. The Vitalini clan were wealthy landowners with extensive holdings in Italy's white wine country. It was a family tradition that the Vitalini men inherited the wealth, and the women went off to become nuns. But not Marcella. "I was very modern," she remembers. "I wanted to set the world on fire. I wanted to be a pilot. I wanted to join the Red Cross. I wanted to go to America."

Marcella's ambition and love of adventure were, she says, "a constant disappointment" to her mother. At fifteen, Marcella won the backstroke championship in a swimming competition among all the high schools in Rome, Milan, Naples, and Genoa. Her mother lamented that her daughter's shoulders had grown muscular. At eighteen, Marcella won a trophy in an equestrian competition; her mother felt riding was unladylike. That summer, while the family vacationed at its country home in Le Spianate, near Montecatini, Marcella stunned the neighbors—and distressed her mother—by wearing a bathing suit as she sped along the country roads in the family automobile. "It was not proper for a young lady," recalls Marcella, referring to both the swimming suit and the driving. "I was a tomboy. I felt a woman should know how to do everything."

Selling pasta was far from Marcella's mind when she arrived in the U.S. in 1947. She had come to live with a rich aunt in Boston and to study business administration at Boston College. But she found the weather too cold and got her aunt to move to Miami. Soon, Marcella says, "I fell in love." She married Ralph Aitken, a real estate investor twenty years her senior, and moved into his twenty-room mansion—once the home of Carl G. Fisher, who developed Miami Beach. Marcella lived a life of luxury while bearing two children. Her good fortune drew other members of her large family to Miami. In all, thirty-three relatives turned up.

WHAT ITALIAN GIRLS KNOW

After a few years, Aitken's real-estate business fell on hard times, and Marcella was forced to find work. "Italian girls know how to cook and sew," says Marcella. "I didn't have the patience to sew. But I knew pasta." In 1952, she opened a pizzeria with $600 and two small ovens. She stacked pizzas on her Vespa motor scooter and sold them to sunbathers along the beach. Soon she started Marcella's, an unpretentious restaurant patronized mostly by families, and branched out into catering at private parties. Finally, she opened Cucina Mia, a fancier restaurant right next door.

Marcella's extraordinary success owes much to her superstar sales techniques. Bring her together with a customer and she instantly turns on the charm. Her belief in her pasta transcends language barriers. When she met with Eastern's food-service planners for the first time in 1977, she told them: "I have a beautiful product for you. Out of this world. Old people love it. Vegetarians love it. Children love it. And I'll sell it to you for only 80 cents." She didn't mention dieters.

It costs Marcella a mere 33 cents to prepare a meal of, say, crepes Florentine, but a steak dinner costs Eastern about $1.50. After listening to Marcella and tasting her pasta, the airline's food-service planners ordered 15,000 trial servings. "I'm good," says Marcella. "I'm very damn good."

She had to enlist the help of her entire family—including her ninety-three-year old mother—to produce pasta. When Eastern increased its order to 45,000 servings a month, she decided to automate. Putting up $400,000 herself and borrowing the rest from four Miami banks, she invested $1 million in new equipment, including five pasta-making machines. Today, Eastern buys 150,000 pasta dinners a month.

Last spring, Robert A. Barsily, chairman of New York's Barsily International, who acts as Marcella's investment banker, pointed out to her that it was unwise to rely so heavily on the business of a single customer. Marcella set off at once on a cross-country jaunt, calling on twelve airlines in just fifteen days. She lined up orders from three of them. The nine others are still considering her proposal.

Her four-room factory, which is housed in a one-story building that connects with both her restaurants, turns out 25,000 dishes every day—crêpes. Florentine, lasagne, Swiss crêpes, ravoli, cannelloni, and fettuccine Alfredo. In one room, dough is turned into various kinds of pasta. In another, sauces bubble in huge vats. In a third room it all comes together, as sauces and pasta move along a production line. Each serving—six or eight ounces in a plastic tray—is then flash-frozen with liquid nitrogen in the fourth room, boxed, and sent off in refrigerated trucks.

Marcella will take delivery this month on a $55,000, flamboyantly versatile Italian pasta maker from Milan. The only one of its kind in the U.S., it mixes the ingredients, kneads the dough, and turns out anything from fettuccine to macaroni. The machine then cooks the pasta, dries it, stuffs it with meat, cheese, or vegetables, and cuts it into portions. The new pasta maker will double capacity and reduce labor costs by two-thirds. Already Marcella has 140 employees. Two of them are her daughter, Linda, twenty-nine, a Boston College graduate, who heads up the private-party catering business, and her son, William, twenty-five, who studied cooking in Rome and now is an apprentice to Marcella's chef.

Marcella no longer owns all of the business. Six months ago, Barsily International arranged a $300,000 private placement of newly issued stock with twelve investors, reducing her holdings to 75 percent of the total. A pending offering will further dilute her share, to 51 percent.

The business in which Marcella has made her mark is no soft touch. Green Giant, Ralston Purina, Armour Foods, and Buitoni, to name just a few, turn out commercial pasta products. Marcella is eager to compete on a broader front and is negotiating an agreement with Grand Union for a supermarket line of pasta. That could add about $500,000 a month to revenues.

ALL GOOD INGREDIENTS

Marcella has never taken an accounting course, and she does not approach business the way it is taught at B-school. "Tenacity. Patience. Never give up," is her recipe for success. "You got to have a good factory, a good product, good people, and good customers. Then you've got all the good ingredients." Notes Barsily: "When she wants something, she goes after it. She's a real workhorse."

A workhorse indeed. She arrives at her office at five o'clock every morning and puts in a strenuous thirteen-hour-day. Then she goes home for a brief rest, returning to her restaurant at 8:00 P.M. She entertains guests and checks up on the kitchen until one o'clock the next morning. For all that work, she draws just $52,000 a year in salary and takes only a three-week vacation in Italy every year. She and Ralph Aitken were divorced in 1958; it turned out he was allergic to flour. For now, she says, "I'm married to the business. I'm in love with my pasta. It's the perfect product.●

HOWARD H. MURPHY

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. MITCHELL of Maryland. Mr. Speaker, on Saturday, August 18, 1979, the city of Baltimore lost one of its most respected citizens, Howard H. Murphy. Mr. Murphy was an executive of the family-owned Afro-American newspaper chain and statewide volunteer welfare leader. At the time of his death, he was completing, on a part-time basis, 55 years of service with the Afro as comptroller and business manager. He was 78 years old.

A graduate of Brown University and Burdett School of Business Administration, Mr. Murphy took part in numerous activities during his career. In addition to working for the family business, he held such volunteer community service posts as a member of the State Board of Welfare. Murphy was the first black ever appointed to this position in the State of Maryland, and in subsequent years served as the board's chairman. Howard Murphy has served as local president of the Americans for Democratic Action, a board member of Planned Parenthood, and with the World Population Association. He also served as treasurer of the 170-member National Newspaper Publishers Association for over 25 years and, at the time of his death, was still serving as treasurer of the association's scholarship fund, and a member of the Board of Amalgamated Publishers, Inc. (API).

Mr. Murphy and his beloved wife Louise have given the Baltimore community many years of dedication and service. Howard H. Murphy was admired and respected nationally among the prominent circle of major publishers. Most of all, however, he was loved by his friends and community. The spirit of his unselfish commitment to journalism and to people will remain with us.●

FOREIGN OIL TAX CREDITS

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. SOLOMON. Mr. Speaker, I wish to comment specifically on one portion of House Concurrent Resolution 186 the second concurrent budget resolution. The legislation sets a revenue target of $500 million through the elimination of the so-called foreign oil tax credit. As the sponsor of an amendment to the first concurrent budget resolution to recoup $1.2 billion from the elimination of the credit, I believe that the figure contained in the second budget resolution is the very least we can do.

I do not believe that the U.S. Government should be allowing credits against U.S. taxes for what are in reality royalty payments to foreign governments. By allowing foreign tax credits—the bulk of which are claimed by oil companies—we rob the U.S. Treasury of up to $2 billion a year and actually promote foreign oil operations.

At this point it is not clear whether any amendments will be offered later on to change the revenue target, but I hope my colleagues will keep this issue in mind when, in the near future, we consider the energy tax credits issue. By eliminating the credit as well as provisions relating to deferral of foreign income, we will be reducing the attractiveness of foreign operations by multinational oil companies, increasing Government revenues, and making more attractive domestic oil exploration and production.●

YOUNG ADULT CONSERVATION CORPS

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. YOUNG of Florida. Mr. Speaker, recently I had the pleasure of taking part in a recognition ceremony for a group of young men and women who have completed a year-long training program in the Young Adult Conservation Corps at St. Petersburg.

This is a nationwide program designed to provide employment and training for young adults, ages 16 to 23. Its goal is to teach responsibility, productivity, and marketable job skills. The city of St. Petersburg is using this program to provide on-the-job training in carpentry, masonry, and construction.

The recognition ceremony for 18 enrollees in the program was held at Wildwood Park in St. Petersburg, Saturday, September 15, 1979. Participants in the program had constructed picnic shelters, a speaking platform and a brick and concrete patio at the park as part of their training.

In my remarks during the recognition ceremony I stressed the importance of teaching skills to young people so that they will be self-sufficient, productive members of society. The young men and women who took part in the program have the opportunity to become future builders, engineers, and architects of tomorrow.

Honored at the recognition ceremony were the following persons: Wendell Allen, John Anderson, David Beilfuss, Clauda Brunson, Greg Burgner, Mahalia Cooper, Debrah Frazier, David Hale, Shawn Harvey, David Jackson, Robert Johnson, Brenda Lossa, Robin Miller, Mark Mollett, Rosa Richardson, Valerie Smalling.

I congratulate them and wish them success in the future.

The St. Petersburg Young Adult Conservation Corps program has been recognized as a model program by Federal, regional, State, and local officials. To date, six parks, a playground, and two public golf courses show evidence of work accomplished by this training program.

Mr. Speaker, there is one aspect of this program that may interest the House. During the recognition ceremony, Mr. Max Williamson, staff director of the U.S. Department of Agriculture Forest Service in the southeastern region, said the program provides a $1.50 return for every $1 spent. As a member of the House Appropriations Committee I found this an interesting assertion.

The program is funded through appropriations to the U.S. Department of Labor and administered through the U.S. Department of Agriculture and the State of Florida Division of Employment and Training.

As you know, Mr. Speaker, one of the most important problems facing our Nation today is to increase productivity of workers and managers. Training and motivation are two essential ingredients of this effort. The Young Adult Conservation Corps is one method of providing both training and motivation to young people who generally would not have this opportunity.●

BIG BROTHER, CAN YOU SPARE A DIME?

HON. JON HINSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. HINSON. Mr. Speaker, very soon the House Banking Committee will begin deliberating the complicated question of the Federal Government's role in the future of the Chrysler Corp.

Chrysler, the financially ailing Detroit automobile manufacturer, has made a request to the U.S. Government for $1.2 billion in Federal aid.

Some experts say that if Chrysler goes under, the result will be 500,000 people out of a job, including both workers directly employed by the huge company, and those whose livelihoods indirectly depend upon Chrysler, such as parts suppliers and Chrysler dealers. It has also been predicted that as a consequence of Chrysler's going bankrupt, the city of Detroit would become a town filled with angry, out-of-work citizens, and subsequently lose a major portion of its tax base to the welfare roles.

However, according to Milton Friedman, the Nobel Prize-winning economist, the best way for the Chrysler Corp. to deal with its serious problems is to allow the private enterprise system to operate without Government intervention—win or lose. This may sound harsh, but Friedman explains that the private enterprise system which fails to use its resources wisely is in a very different position from a government-controlled system. A private enterprise system must find the cause of its failure and remove it. A government-controlled system, Amtrak, for instance, is very likely to get even more money from Congress, rather than change its ways.

Friedman points out, too, that bankruptcy does not mean total shutdown. Rather, he says, it would mean placing Chrysler in the hands of a court-appointed receiver while new management takes over.

Whatever the outcome, the decision as to whether or not Chrysler can or should be rescued by Uncle Sam must be based upon consideration of several questions: What are the reasons for Chrysler's failure? Did Government regulations play a part in this failure? What are the consequences of bankruptcy? What will be the ultimate costs to the taxpayers of this country of either Chrysler's bailout or collapse? And, historically speaking, has Government intervention into private enterprise been successful? I suggest that it has not.

In the weeks ahead, I will join with other members of the House Banking Committee in studying these important questions, as the future of one of America's largest corporations is considered in the U.S. Congress.●

CHAMBER OF COMMERCE AND TECHNOLOGY TRANSFER IN DEVELOPING COUNTRIES

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. WYDLER. Mr. Speaker, this summer in Vienna there was a United Nation's Conference on Science and Technology. This major discussion at the conference was the question of technology transfer to the developing countries from the most technologically advanced nations.

The U.S. Chamber of Commerce submitted a report to the U S. delegation from their major task force on technology transfer. I believe that this report is particularlv valuable in that it does not indulge in rhetoric but looks at the major issue of technology transfer from a frank business perspective.

The following are important excerpts from the Chamber of Commerce report:

EXCERPTS FROM THE CHAMBER OF COMMERCE REPORT

FOREWORD

The transfer of technology is essential to the drive of developing countries to close the gap that stands between their people and the standard of living in the industrialized countries. The developing countries have recently come to realize this truth; in their eagerness to acquire technology, however, they have taken some steps, and are contemplating others that misconceive the character of technology and reduce the chances for its effective transfer. These steps include at the national level restriction on royalties, restraints on the scope of licensing arrangements, and cancellations by fiat of agreements entered into in good faith; at the international level, they center around proposals for a mandatory "code of conduct" that would greatly weaken the protection for patents and other intellectual and industrial property, negate the value of many kinds of know-how, and would urge upon states the creation of a legal environment hostile to many of the traditional and mutually beneficial arrangements for technology transfer. If the trend continues, the developing countries will see the "technology gap" widen, and firms in developed countries will see a useful and profitable avenue of business activity denied to them.

Until recently, neither the United States nor other developed countries have had a national policy on the transfer of technology. The attention to the issue by the developing countries, and the massive worldwide economic activity associated with the transfer of technology now require the United States to formulate such a policy. This paper offers the outlines of a policy on technology transfer to the developing countries. The policy we urge is based on the overriding principle that the transfer of technology is a continuing and voluntary process; transfer can be forbidden or discouraged, but it cannot be compelled. We urge the United States to take the lead in helping to create a favorable environment for technology transfer, and in discouraging before it is too late the measures that cannot help but impair the process. At the same time we call on the business communities in other developed and developing countries to join with us in the climate, processes, and effectiveness of technology transfer.

INTRODUCTION

1. The United States—or more precisely enterprise based in the United States—has long been a leader in the interchange of resources, inventiveness, and management that together produce economic strength and improvement in the quality of life. In recent years, the growing search for national identity on the part of developing countries has in many instances made direct investment by multinational enterprises controversial and problematical. Both sides have on occasion tended to see the risks of international direct investment as unacceptable, and have searched for alternative techniques for maintaining the interchange between developed and developing countries. An important aspect—perhaps the most important aspect—of this search concerns the transfer of modern technology.

2. Developing countries, discouraged by the continuing lag in achievement of their economic goals, have searched for new ways to catch up with the developed countries, and have increasingly focused on industrial technology and know-how. But the desire to obtain modern technology has often become mixed up with the belief that those who possess the technology have used it as an instrument of control and oppression. In the process, proposals to control certain abuses (typically derived from United States internal law) have become confused with proposals that would eliminate many of the rational and successful methods of technology transfer.

3. The vast majority of valuable technology, whether in the form of patents, industrial know-how, or trademarks, has been developed with private funds, and is therefore held by corporations, predominantly by large corporations based in the United States, Western Europe, and Japan. Criticism in the United Nations and elsewhere of multinational corporations—and indeed of foreign investment and private enterprise generally—has increasingly focused on the subject of industrial property. Even countries that in general maintain respect for private property—such as most of the nations of Latin America—have sought to undercut the intangible property interests derived from technology and know-how. Elsewhere, a parallel is often drawn between access to technology and access to raw materials, with the suggestion—sometimes subtle and sometimes not—that one must be traded off against the other.

4. The major industrialized nations of the West, while realizing the importance of technology to economic stability and growth, have not yet developed an integrated policy on the subject of industrial property in the context of North-South relations. We believe a policy on industrial property and the developing nations is urgently needed, and we here present the elements of such a policy. In the first instance we address the Government of the United States; if our proposals make sense, we would hope that the other industrialized countries, and ultimately the developing countries, could support them as well. We aim to be neither aggressive nor defensive, but to bring our real interests and experience to bear on a problem that is critical to the well-being of the entire world.

TECHNOLOGY TRANSFER—SOME BASIC TRUTHS

What is technology?

No definition satisfactorily describes the combination of skills and rights embraced within the concept of technology. Technology involves patents, designs, and technical data; it also includes the ability to put things together, to make things work to develop and satisfy customers, and to maintain efficient operations and uniform quality. Technology is also the desire—institutional and personal—that does not rest at any given level of achievement, but continually searches for improvement. It is for this reason that attempts to misappropriate technology, or attempts to reproduce a product from a prototype, rarely work: at best they yield results that are obsolescent by the time they are operational.

Technology is property, in that it costs money to create, produces revenues for its owners, and in some forms can be bought and sold. Technology is also process, however, and attitude, and in the long run neither the creation nor the transfer of technology can be compelled. Whatever form it takes in particular instances, technology transfer is learning; it requires voluntary participation by both transferor and transferee, it requires time, and it requires a receptive environment.

Patents

The most familiar embodiment of technology is, of course, the patent. Nearly every country in the world has some sort of patent system; even communist countries, which once considered patents an unnecessary by-product of capitalism, have found that patents help promote a climate conducive to development and transfer of technology not otherwise obtainable.

As patents are the most familiar embodiment of technology, patent licenses are one of the most familiar devices for transfer of technology. Patent licenses can take many forms—alone or in combination with other arrangements, exclusive or non-exclusive, long or short term, calling for a single payment or periodic royalties, limited or unlimited as to use, territory, or further improvements, and so on. To some extent, tensions between the rights conferred by a patent and the aims of antitrust and similar legislation are inevitable, and in some countries (notably the United States), certain restrictions on the use of patent rights have been developed. While reasonable persons can differ over any particular regulations (see Part V below), the fundamental elements of a patent cannot be ignored. A patent is the fruit of investment in research and development, and a patent system must be designed to confer the opportunity to obtain economic benefits for the owner or authorized user of the patent. A legal system that deprives the patent owner of too much of the advantages of the patent, such as by requiring the owner to share its use or limiting the income to be derived from the patent, undercuts the basic purpose of a patent system—to encourage and reward creation of technology.

Trademarks

What was said in the preceding paragraph about patents applies as well to other incidents of creation and transfer of technology. Trademarks, in particular, are sometimes viewed merely as publicity or marketing devices, and therefore not essential to technology transfer. But trademarks, like patents, are the fruits of investment and development, and a successful mark is a signal to a customer of maintenance of known standards of quality. When the owner of a mark grants someone else the right to use it, he insists—and indeed is generally required by law to insist—on arrangements assuring maintenance of the standards associated with the product. In preserving these standards, the owner inevitably imparts manufacturing skills, often in conjunction with sales of machinery, parts, and instruction and sales manuals. A trademark also typically enables the licensee to take immediate advantage of the availability of a new or improved product, without the need to develop a market and customer acceptance from the ground up. A country that protects and encourages trademarks thus encourages the transfer of technology. Conversely, a country that seeks to separate the sale or manufacture of goods from their internationally known marks discourages transfers of technology and deemphasizes the quality of the products it produces.

Know-how

Perhaps the most important element of technology is industrial (and also agricultural) know-how. One may possess the scientific knowledge to produce or reproduce a product in prototype; this knowledge is not, however, the same as the capacity for mass-producing the product with uniform quality at economical cost. The latter capacity may also be transferred, but typically in ways different from a patent or trademark license. Direct transnational investment, for instance, nearly always involves transfer of this kind of technology, as the foreign firm reproduces or adapts its technology to the conditions of the host country. Joint ventures between foreign and local investors are likely to involve transfer of technology of this type, sometimes as contribution of capital, at other times in the form of management contracts, sales of designs, machinery, parts, and the like. All of these forms of technology transfer are adaptable also when the owner of the technology has no ownership interest in the transferee's enterprise. The transfer may be effected in connection with a franchise arrangement, associated with a sale of machinery or raw materials, or it may be separately contracted for through technical assistance contracts.

How to place a value on technology of this kind, as distinguished from the price of machinery or the salary of a consultant, is obviously difficult. But legislative or other proposals to deny the value of this type of technology transfer by placing arbitrary limits on royalty payments, or requiring sales of machinery to conform to a scale of prices that does not include technology transfer, reflect a misunderstanding of the process of technology transfer, and ultimately are self-defeating.

Research and development

It is generally understood that technology in the modern industrial sense is the result of well planned and well financed research and development. But if R & D is financed out of domestic earnings, it is argued, overseas business should not again be paying for it. The argument has a certain surface appeal; on reflection, however, it is clear that this argument is just like that of the last passenger on an airplane, who says the flight would be going anyway, and so all he need pay is the price of his lunch. In a modern, transnational enterprise, the cost of research and development is as much a cost of doing business as are wages, salaries, interest payments, or cost of materials, and all of these costs must be distributed among all of the enterprise's activities which benefit therefrom. The desire of some developing countries to increase the local R & D expenditures of foreign based enterprises may well be legitimate, if the personnel and the facilities are available; refusing to permit payment for R & D carried out elsewhere is neither good accounting nor sensible planning for technology transfer.

"Appropriate technology"

It has become fashionable recently to question the transfer of the latest technology to developing countries, on the ground that improvements designed in and for developed countries tend to be capital-intensive and labor-saving, whereas the chief problem in many developing countries is unemployment. There is some truth in the argument that labor-saving devices may not be the optimum investment in countries where skilled labor is available and relatively inexpensive. On the other hand, the assumption that yesterday's technology is adequate for a country seeking to enter tomorrow's markets is contrary both to economic reality and to the aspirations of the developing countries. Of course, technology must be appropriate—to the skills, natural resources, and market conditions present where it is to be applied. Technology intended to be used for import substitution may not require the sophistication needed if the intended addition includes manufacture for exports in the world market. A two-tier approach to technology on the part of transferors, however, would be likely over time to increase and not decrease the gap between developed and developing countries, and to breed further resentments and misunderstandings.

TECHNOLOGY TRANSFER—SOME FACTS AND FIGURES

The importance of technology transfer to those who lack the technology can hardly be overestimated. Indeed the process of economic development can almost be equated with the process of technology transfer, together with the creation of the ability to absorb, utilize, and pay for the transfer.

The economic importance to developed countries, and specifically to the United States, of the transfer of technology is not, in contrast, always estimated as highly as it should be. For the reasons suggested in Part II, precise measurement is not possible, since much of the payment for technology is reflected not in separate fees or royalties, but is accounted for in other ways. Even focusing just on the traditional royalty and fees, Table I shows the dimensions of gain to the United States from technology transfer. In 1975, receipts by United States firms from royalties and fees totalled nearly $4 billion, more than nine times the amount paid out in royalties and fees by United States firms. An estimate of the total value of production associated with these receipts would be close to $85 billion, including both investment related and non-investment related goods made abroad employing United States technology.

Taking only receipts and payments from technology transfers not associated with direct investment (Box 2, Table I and Table II), the disparity between United States receipts and payments from technology is not as great, but the ratio is still approximately 4:1. For developing countries two points should be noted. First, the total of payments for technology transfer in both directions between unaffiliated firms is only about 13 percent of the worldwide total, reflecting the lack of participation by developing countries in technology transfer; and second, the balance of receipts to payments is nearly 15:1 in favor of the United States.

However one interprets the figures—especially with respect to alternative use of resources if the technology transfer had not taken place—there can be no doubt that technology transfer to and from the United States is a major factor in the international economy. Continuance or curtailment of technology transfer to the developing countries is an even more critical factor in the process of economic development. The legal and political conditions for technology transfer need to be recognized—if belatedly—as major factors in the international economy and the development process, along with the conditions for export/import and investment transactions. It has fallen to the developing countries to call the world's attention to the subject of technology transfer. In this emphasis on the subject—if not in many of their statements—the developing countries are right.

U.S. RECEIPTS AND PAYMENTS FOR TRANSFER OF TECHNOLOGY

[Royalties and fees in millions of dollars]

	1965	1970	1971	1972	1973	1974	1975[1]
1. Investment related receipts:							
Canada	185	311	333	356	394	517	540
Western Europe	381	675	776	876	1,084	1,327	1,587
Japan	20	66	83	102	153	190	200
Australia, New Zealand plus South Africa	59	90	107	115	152	167	177
All other	279	419	458	462	526	632	730
Total	924	1,561	1,757	1,911	2,309	2,833	3,234
2. Noninvestment related receipts:							
Canada	26	33	32	38	32	38	37
Western Europe	189	247	268	270	297	321	343
Japan	66	202	223	240	273	249	227
Australia, New Zealand plus South Africa	17	23	24	27	31	39	37
All other	37	68	71	80	79	104	115
Total	335	573	618	655	712	751	759
3. Total receipts (1 plus 2):							
Canada	211	344	365	394	426	555	577
Western Europe	570	922	1,044	1,146	1,381	1,648	1,930
Japan	86	268	306	342	426	439	427
Australia, New Zealand plus South Africa	76	113	131	142	183	206	214
All other	316	487	529	542	605	736	845
Total	1,259	2,134	2,375	2,566	3,021	3,584	3,993
4. Payments for technology:							
Investment related	68	111	118	155	209	212	241
Noninvestment related	67	114	123	139	176	186	192
Total	135	225	241	294	385	398	433
Net surplus (receipts) in U.S. balance of payments	1,124	1,909	2,134	2,272	2,635	3,186	3,560

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[1] Preliminary, as of June, 1976

TERRORISM IN WEST GERMANY, PART III

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. McDONALD. Mr. Speaker, in continuing our examination of the terrorist movement in West Germany, attention must now be turned on the groups which first emulated, and eventually merged into the old RAF group to form a third generation of terrorists.

JUNE 2 MOVEMENT (J2M)

The June 2 Movement (J2M) was formed in 1967 following the shooting death of a demonstrator, Benno Ohnesorg, in a riot by Iranian students and West Berlin radicals against the Shah of Iran. Initially, the J2M quarreled ideologically with RAF leader Andreas Baader and the Leninist, militaristic organization he had imposed on the RAF. The J2M supported "spontaneous action" by members of semi-overt revolutionary groups. However, investigations and arrests of J2M members for violent actions by the FRG authorities soon convinced the J2M adherents that a stricter clandestine structure was necessary for a successful terrorist movement.

The change was unquestionably aided by the J2M's close ties to the terrorist groups of the Palestine Liberation Organization. By 1971, cadre were shifting between the RAF and J2M.

The first major service of the West German terrorist organization to the PLO came in October 1972, when members of the RAF and J2M provided the logistical support for Al Fatah's Black September terror commando in Munich. Working with such terrorist veterans as Abu Daoud, the German terrorists blended invisibly into the Olympic crowds while they scouted security arrangements, mapped the grounds, and obtained apartment "safehouses" for the Black September group.

Wilfried Böse, the J2M's chief of liaison with other terrorist groups in Paris, including the Popular Front for the Liberation of Palestine (PFLP) and their top KGB-trained assassin, Ilich Ramirez, "Carlos the Jackel," is believed to have been responsible for overseeing the Munich logistical support effort for the Black September attack in Munich. Later, in January 1975, Böse was instrumental in setting up the logistics for the attempt by a PFLP group led by Ramirez which made two attempts to shoot down El Al flights at Orly airport outside Paris with rockets.

The J2M continues to work intimately with the Revolutionary Cells, the direct successor to the RAF, apparently through the coordinating efforts of the Palestinian terrorists and the radical, pro-Soviet Arab countries that back them.

The identity of the J2M with the old RAF was demonstrated in February 1975, when the group kidnapped West Berlin Christian Democratic Party leader Peter Lorenz. The J2M was successful in pressuring the West German Government into releasing five leading terrorists who were members of both J2M and the RAF from prison, and flying them at government expense to the PDRY—with a pocket allowance of over $4,000 each.

In 1977, the J2M took responsibility for the murder of the chief federal prosecutor of the RAF leaders, Siegfried Buback; the killing of Dresdner Bank head Jurgen Ponto by an all-female terrorist cadre; and the kidnapping and murder of industrialist Hans-Martin Schleyer in October.

The Schleyer kidnapping convincingly demonstrated the ability of international terrorist groups to work together although separated by thousands of miles. Following the capture of Schleyer on September 5, 1977, the kidnappers demanded the release of 13 RAF terrorists jailed, convicted or being tried in West Germany including RAF founders Baader, Ensslin, and Raspe. For more than a month, negotiations went on between the West German Government and the terrorists through Swiss lawyer Denis Payot. Despite emotional appeals by the Schleyer family for the release of the jailed terrorists and their readiness to pay a $15 million ransom, there was no release of any terrorists.

Then on October 13, four terrorists from the Popular Front for the Liberation of Palestine-Special Operations—that is, outside Israel—group hijacked a Lufthansa airbus from Malta to Germany that carried 86 tourists plus crew. The demand was for the release of those same RAF terrorist leaders plus two Palestinian terrorists jailed in Turkey. After 3 days on the ground at Dubai airport in the United Arab Emirates, the hijackers moved the plane to Aden, PDRY, where they casually murdered the pilot, Capt. Jurgen Schumann. After refueling, the hijacked jet went to Mogadishu, Somalia, where a special antiterrorist unit of West German border police killed three of the four hijackers and rescued the passengers in a replay of the Israeli rescue in July 1976 at Entebbe, Uganda.

Michael Baumann, nicknamed "Bommi" for his skill with explosives, still a fugitive, gave an interview to the Hamburg Stern—June 1, 1978—to promote his book "Wie Alles Anfing" [How It All Began], published by the Munich Trikont Publishing House.

In this self-serving interview, Baumann attempted to place the blame for the J2M having obtained guns on an alleged agent provocateur of the Federal Office for the Protection of the Constitution (BfV). However, Baumann described the group's ideology:

> We considered ourselves a Fifth Column of the Third World; and we didn't care that much about the German working masses. To us they were part of the capitalist system and had long ago gotten their share of the spoils.

Baumann did discuss the overwhelming importance of gaining media attention for terrorist actions so as to maximize the effect via television and newspapers. After the J2M received no publicity for bombing the house of a Berlin Supreme Court justice, the group sat down and discussed what would make the most impact. They decided to bomb the West Berlin Jewish Community Center.

The J2M chose a Jewish target out of consideration for their Palestinian friends; and also to revive international memories of the Third Reich and thus discredit the FRG. And so the bombing took place on the night of November 9, the anniversary of the 1938 Kristallnacht of the Nazis.

Baumann described how Andreas Baader repeatedly sought to persuade the J2M to merge into his group; and in a number of cases he was successful. In the May 1972 bombing spree by the RAF, one of their units called itself the June 2 Commando.

SOCIALIST PATIENTS COLLECTIVE

The Socialist Patients Collective (SPK) was organized in 1969 by Dr. Wolfgang Huber, a practicing psychologist associated with Heidelburg University, from his group therapy patients. Dr. Huber and his wife indoctrinated his disturbed students with the concept that they were not crazy, society was crazy and needed to be changed by any means necessary—such as terrorism and armed revolution.

In July 1971, Dr. Huber and a dozen other members of the SPK in Heidelburg were arrested. Huber and his wife were convicted of supporting a criminal association, bomb conspiracy, forgery of official documents—charges related to the assassination of a police officer. The other members of the SPK leadership nucleus, or "inner circle" as they called it, were held in "investigative custody" for 7 months and then were released for lack of evidence. Most promptly disappeared underground. Among those who had been held was Kristtine Berster, arrested July 16, 1978, illegally entering the United States from Canada with a stolen Iranian passport.

The SPK "inner circle" had an ambitious plan for setting up a logistical network in West German cities to support their terrorist campaign. They accumulated funds, weapons, and false documents. Forgery of drivers licenses, passports, and the like was made a speciality.

The remaining SPK veterans and other Heidelburg radical groups and collectives then formed a new organization called the Information Center for a Red People's University (IZRU). On April 24, 1975, six West German terrorists, all but one veterans of the SPK and IZRU, seized the FRG's embassy in Stockholm. The Ambassador and all 12 Embassy staff members were captured by the terrorists.

The Stockholm terrorists demanded the release of all 26 jailed RAF terrorists in West German jails. When their extortion demand was rejected, they murdered the economic and military attachés and detonated explosives inside the embassy. One terrorist accidentally destroyed himself in the explosions. Another, Sigfried Hausener, died of wounds a few days later.

The surviving terrorists—Karl-Heinz Dellwo, Hanna Elise Krabbe, Lutz Manfred Saufer, and Bernard Rossner—were extradited to West Germany, tried, convicted, and sentenced in July 1977, to life imprisonment.

The SPK/IZRU terrorists were completely integrated into the logistical support apparatus of the RAF and J2M. The agents of this recruitment of the SPK and IZRU terrorists into the terrorist apparatus most likely were the defense lawyers who had access to the SPK core leadership during their confinement and served as their liaison with support and defense committee members. An indication of this is the fact that Siegfried Haag, a former RAF defense counsel, was charged with having smuggled the guns and explosives used by the Stockholm terrorists. Haag was underground for 18 months before his arrest in December 1976. Another former RAF defense lawyer, Volker Speitel, who provided some limited information on the role of revolutionary lawyers as the mainstays of the terrorist cadres in 1978, said publicly that Haag had got him to carry out a surveillance of the FRG consular offices in Basel, Switzerland, which have been subject to several bombings.

REVOLUTIONARE ZELLE (RZ)

The most direct offshoot of the original RAF is the network now called the Revolutionary Cells (RZ). A fortunate accident in June 1978 when Hermann Josef Feiling, 26, a Heidelburg student of German literature, philosophy, and education, was maimed by the bomb he was constructing.

In the hospital where he was treated for the loss of both legs and his sight, Feiling divulged many details of the elaborate network of arms caches—estimated at about 150—maintained by the RZ/RAF and J2M. Some weapons are provided by Libya, Iraq and the PDRY; other explosives and weapons have been systematically stolen from NATO and the U.S. Army in West Germany, and from Swiss Army depots by German terrorists and their Swiss allies with whom the RAF first became allied in the Al Fatah camp in Jordan in 1970.

Feiling and his girlfriend, Sybille Straub, were members of a small "committee of solidarity with the Argentine people" charging human rights abuses by the present anti-Marxist Argentine Government. In fact, the group was a support cadre for the Argentinian revolutionary terrorists of the Montoneros and Castroite ERP, a member of the Revolutionary Coordinating Committee (JCR), the Latin American "terrorist international" of Castroite and Trotskyite revolutionaries. Feiling's bombmaking had a specific purpose: The target was the Argentinian consulate in Munich.

The arrests of Feiling and Straub motivated 14 of their comrades to go underground. According to press reports, none of the fugitives had previously been under close surveillance by security agencies as potential terrorist cadre.

However, documents in Feiling's apartment and other finds showed clear connections with an RZ group in the North Rhineland whose members were arrested following the January 1977 bombing of a movie house showing the film about the Entebbe rescue in which RZ and J2M terrorists Wilfried Böse and Brigitte Kuhlman—misidentified at the time as Gabriele Kröcher-Tiedemann—were killed along with PFLP members by Israeli counter-terrorist commandos.

RZ documents called for the targeting of military depots, courthouses, industrial facilities and sabotage of nuclear power plants as acts of violence "most likely to break through the vicious circle of hopelessness and passivity" it sees in the German New Left. The RZ continued to have harsh words for the "spontis"—the advocates of "spontaneous action," and for the "grain eating of macrobiotically inclined leftists."

West German sources report an increasing involvement of members of the New Left suspected of involvement in the terrorist support networks in the anti-nuclear demonstrations that have taken place during the past 3 years in the FRG, the Netherlands, France, Denmark, and Scandanavia.

The RZ is broken down into urban-based "autonomous groups" or cells of from 6 to 10 members. Each cell has several apartments and safehouses or "conspiratorial apartments" in three cities spaced widely apart. Each cell also maintains at least two and as many as five additional alternative living places in the houses or apartments of supporters and sympathizers, and a house in the country. Beyond this, small caches of arms, identity papers, and sometimes clothing in suitcases or briefcases stored for them by friends in their basements or attics.

This highly professional clandestine organization shows many similarities with the Paris and London operation of "Carlos" Ramirez.

Using maps and documents from the Feiling apartment, West German Federal Criminal Police (BKA) searched a number of locations in the Heidelburg forests and found an RZ "war depot" containing considerable quantities of explosives, thousands of rounds of pistol and submachine gun ammunition, fuses and hand grenades.

The members of the original RAF, J2M, and SPK appear to have been integrated into the present RZ network.●

SOCIAL SECURITY IN A CHANGING SOCIETY: ADDRESSING THE NEEDS OF AMERICA'S WOMEN

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. PEPPER. Mr. Speaker, social security is a vast program that affects practically every family in the United States. The Social Security Administration now pays monthly benefits to about 35 million people—23 million retired workers and their dependents, 7 million survivors of deceased workers, and 5 million disabled workers and their dependents.

Many important changes have occurred in our society since social security was enacted into law, particularly in family and living patterns. The family pattern at that time—with men as wage earners and women as homemakers in lifelong marriages—was certainly much more prevalent then than today.

In 1940, for example, only about 14 percent of all married women worked for pay, compared to 47.5 percent in 1977. The ratio of divorces to marriages has also changed dramatically—from 1 to 6 in 1940 to 1 to 2 in 1975.

As these changes become more pronounced and visible, increasing concern is expressed about the adequacy and equity of social security benefits for women.

The House Committee on Aging's Task Force on Women and Social Security, under the able leadership of Representative MARY ROSE OAKAR, has held several hearings to consider these issues. The committee is concerned because there are more than twice as many women as men 65 years or older with incomes below the poverty line.

Social security benefits—now the economic mainstay for the vast majortiy of older Americans—are substantially lower for females than males. Average monthly benefits awarded to women 65 years or older in January 1979 amounted to $225, in comparison to $331 for elderly men.

The hearings by the Task Force on Women and Social Security have also raised other important concerns:

A divorced wife's benefit of 50 percent of her former husband's social security entitlement is simply not adequate in many cases to support a person living alone.

Married women may find that their social security protection as workers may duplicate, rather than add to, their protection as spouses because of the dual entitlement provision.

Benefits are often higher for couples with one spouse earning all or most of the income than for working couples, even though the total family earnings are identical.

The Task Force on Women and Social Security is performing a valuable service in attempting to make social security more responsive to changing lifestyles in our society.

I also wish to commend Social Security Commissioner Stanford Ross for his leadership in updating public understanding about the social security system, particularly as it relates to the changing role of women. This is an important and necessary step for social security to adapt to changing family patterns.

Commissioner Ross recently presided at a daylong "Symposium on Social Security in a Changing Society." In his opening remarks, he said:

> Confidence can only be assured if all Americans—men and women alike—feel the system gives them the equitable treatment that is their due. For this reason, the treatment of women under social security is vital to this reshaping of social security for the future. It is an issue that goes to the fundamental fairness of the system, and unless it is appropriately resolved, the social security system cannot earn the public support and respect that it needs.

Commissioner Ross made many noteworthy points in his address to the "Symposium on Social Security in a Changing Society."

Mr. Speaker, I insert a New York Times article describing that conference be printed in the RECORD, together with an article in Changing Times, the Kiplinger magazine entitled "Social Security Still Cheats Women."

[From the New York Times, June 23, 1979]

Social Security Chief Starting Drive to Give Women Equal Treatment

WASHINGTON.—The Social Security system is at a critical juncture and must win public confidence anew by tackling such problems as discrimination against women, Commissioner Stanford G. Ross said today.

He said that the system was on a sound financial footing for the next half century and, "because its benefits are indexed to inflation," the system "provides good protection for Americans and deserves their support and respect."

But the system must be reshaped to reflect the changing times, particularly the vast changes in the role of women in the work force since Social Security was created in the 1930's, he said.

Putting into practice a policy of what Mr. Ross called "candor first," the agency held an unusual seminar today for civic groups, union leaders, women's organizations and others to examine the features that discriminate against women.

WIDER DISCUSSIONS SOUGHT

The commissioner said he planned to proceed with a stepped-up program to involve the public in wider discussions of Social Security, although he said he has not yet decided on a format.

Earlier this year the Department of Health, Education and Welfare, in a study ordered by Congress, concluded that women got less for their payroll tax dollar from Social Security than men.

The H.E.W. report, which was designed to stir a national debate, suggested two possible ways of rearranging the benefit structure to improve the treatment of women.

One option would split a couple's earnings evenly, regardless of who earned what. The other option would give everyone a flat dollar benefit on retirement plus whatever they earned on their own work records.

The treatment of women under Social Security is vital to this reshaping of Social Security for the future," said Mr. Ross, adding that it was an issue that goes to the fundamental fairness of the system."

Women are penalized for the years they drop out of the work force to raise a family, and if a marriage ends in divorce before 10 years, the woman gets no share of her former husband's benefits.

Mr. Ross said afterward that the agency had to do more to help the public understand both the benefits and shortcomings of the current structure, particularly in reaching the young.

SOCIAL SECURITY STILL CHEATS WOMEN

When her husband was discharged from the Corps of Engineers after World War II, Irene Buday of Maple Heights, Ohio, quit work to have children. Nearly seven years later she returned to work but soon developed multiple sclerosis and applied for a social security disability pension. Sorry, she was told—even though she had collected nine years' worth of social security credits, she wasn't eligible because she hadn't contributed for five of the ten years preceding her disability; her work as a homemaker didn't count.

This is one example of how, in the view of critics, social security shortchanges women. Joseph Califano, former Secretary of Health, Education and Welfare, which runs the program, calls it discriminatory. Women's organizations have complained of unfair treatment for years. The social security commissioner, Stanford G. Ross, is holding town meetings and forums around the country in an effort to stimulate further debate on the question. A congressional inquiry has begun.

Reformers cite these principal inequities:

Married women workers get substantially less in benefits than their male counterparts because they spend less time in paid employment and, on the average, receive less compensation than men.

A divorced person cannot receive social security marital benefits if the marriage lasted less than ten years. That can be especially rough on women who never worked or didn't work long enough to earn enough social security credits. Divorced women who do qualify for benefits based on their ex-husband's work record often don't get enough to live on.

To receive benefits, a widowed homemaker must be age 60 or over, or 50 through 59 and disabled, or have children under her care. Many widows get no benefits whatever at an age when they may have trouble getting a job.

Women often lose disability protection entirely or in part because to qualify, a person must have worked at least five of the ten years that preceded the disability. A widow under 50 who becomes incapacitated gets no dependent's disability payments.

Two-income couples receive proportionally less from social security than one-income couples. Say a husband and a nonworking wife will reach 62 in 1980 and his lifetime earnings average $12,000 a year. Their monthly check will be $648—his worker's benefit of $432 plus her spouse benefit of half that amount, or $216. On the other hand, had both husband and wife worked and earned an average of $6,000 each, they would receive a total of $544, or $272 each.

Not until age 65 can a widow receive full benefits from her husband's earnings. Benefits are not provided for disabled widows (or widowers) under 50 or for children of deceased homemakers.

Commissioner Ross summarizes the situation this way: "Unless a woman works full-time for a substantial portion of her adult life or works as a lifelong homemaker in a marriage that does not end in divorce, the social security program does not provide her with equitable treatment in retirement."

Why are women treated differently? When social security was established in 1935, relatively few women worked. The system that was set up, notes an HEW report issued this year, "reflected a pattern of family relationships in American society—lifelong marriages in which women were solely homemakers and men provided economic support—that was much more common then than today."

About 47 percent of married women are in the labor force, compared with 17 percent in 1940, and the number appears certain to increase. Of all women workers, 45 percent are single, separated, divorced or widowed. Yet social security still regards women largely as dependents of men. "Changing demographics, changing life-styles, double-digit inflation, sharp curves in the recession and antirecession cycle, and decreases in productivity have all combined to force us into taking a very critical look at this social insurance program," says Representative Mary Rose Oakar (D.-Ohio).

HEW has offered two proposals for making the system more equitable. One would set up a two-tier system providing a minimum benefit for all old or disabled Americans, regardless of earnings, plus a payment based on earnings.

The other proposal would do away with the practice of paying benefits to spouses of workers and substitute an arrangement under which everyone's benefits would be calculated by how much he or she earned when single plus half of the couple's earnings when married, regardless of who earned the money.

Other "earnings-sharing" approaches have been suggested by various organizations, study groups and legislators. Under a bill sponsored by Representatives Martha Keys (D.-Kan.) and Donald M. Fraser (D.-Minn.), a husband and wife could have their total income credited equally to a shared social security account. It has been suggested that the job of homemaker be made eligible for social security credits, just as paid employment outside the home is.

As yet there is no consensus on any one idea and little immediate prospect of any significant new benefits. Despite the sharp payroll-tax boosts authorized in 1977, some say the system is facing severe financial strains. After decades of expanding coverage and benefits, it has reached what Oakar and others term a "mid-life crisis." The Carter administration and others have recommended cutbacks in some benefits. There is grumbling among some workers about social security taxes.

A full and careful debate should precede any major changes in the rules affecting women, says Commissioner Ross. To that end, the House Select Committee on Aging has formed a special panel, the Task Force on Social Security and Women, headed by Representative Oakar. Its mission is to take testimony, collect information, evaluate proposed reforms and make recommendations. "The ultimate goal," says Oakar, "is to balance the indisputable injustices with appropriate legislative action."

The task force is holding a series of public hearings and welcomes letters from anyone with ideas or complaints. They should be sent to Rm. 712, House Office Bldg., Annex 1, 300 New Jersey Ave., S.E., Washington, D.C. 20515. It would be a good idea to send a copy to the House Ways and Means Committee, which will have to approve any legislation. Its address is 1102 Longworth Bldg., Washington, D.C. 20515.●

NATIONAL YOUTH SERVICE

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. McCLOSKEY. Mr. Speaker, the passage of the Schroeder amendment to the Defense procurement bill (H.R. 4040) last week will hopefully expedite full national debate on National Youth Service as an alternative to the draft.

The attached speech to San Francisco's Commonwealth Club was an effort to contribute to that debate:

The Case for a National Youth Service

(Presented to the Commonwealth Club of San Francisco, August 12, 1979)

Pardon me if I view this reception with mixed blessings. The last time I was invited to address the Commonwealth Club was in 1971, eight years ago, when I was espousing a cause equally unpopular to that you have asked me to address today. I was then suggesting to Republicans that Richard Nixon was not telling the truth and to the nation that we were not winning and could not win the Vietnam War.

Today you have asked me to address you on an equally controversial cause. I would not call it a case for the draft, but a case for a National Youth Service, with the underlying linch pin for national service, that if we are unable to attract sufficient volunteers for a qualified military combat ready force, then the draft is in the background.

I have a basic fondness and respect for the Commonwealth Club for several reasons. First, because you supply something politicians do not, you search out controversial arguments and you welcome debate. Secondly, because in so doing, you do an invaluable service to this nation by perpetuating a society recognizing that apathy and public noninvolvement are perhaps the greatest enemies of a working democracy. And finally, you preserve an institution.

The institution that is the Commonwealth Club has earned the respect and support of the Bay area community. As a prelude to making the case for a National Youth Service, I would like to state a case for the role that institutions play in our lives. As individuals in a free society, I suspect that institutions are essential to our lives, our liberty and our pursuit of happiness. We need institutions. You may ask: Is the Commonwealth Club, is an institution necessary? I think it is. The presidency is an institution. We have seen what Watergate has done to public respect for the presidency. Congress is an institution; you have seen perhaps 25 of our most powerful (mostly Democrats) leaders in the House of Representatives indicted or convicted in the past several years. This has shaken public faith as well.

The Supreme Court is an institution, one that we have come to rely on, as well as to love and respect. Yet, with respect to the Supreme Court of California today, you have seen what has happened because of the suggestion of undue political influence or activities on the part of the Court. Our free enterprise system, capitalism based on the corporate forum as the instrument of that capitalism . . . you've seen what has happened to that institution in the light of the revelations of bribes by major corporations such as Lockheed, coupled with widespread illegal campaign contributions by many major corporations. Name an institution in America and most of them have been subject to decay, corruption, and declining public faith in the past few years.

What we face in the United States today is a crisis of loss of confidence in our system of institutions. I deem the most important challenge to community leaders and national leaders to be that of restoring the faith of our people in our institutions. I might say that thirteen years ago, when I first ran for the Congress, 69 percent of the people of San Mateo cared and turned out to vote as to whom their Congressman should be. Four months ago we had a similar special election under almost identical circumstances. Only 41 percent of the voters cared enough as to who would represent them in the great law making institution of this nation. Marriage, the family . . . there isn't an institution today that has not suffered a loss of faith.

The institution that I want to speak to you about today is an institution which I deem equally valuable to the nation . . . that for the privilege of being an American there is an obligation, and it should be considered as a sense of duty, to give the nation a year or two of service in one's younger years before entering upon a career. That concept of duty to serve the nation is an institution which has been a casualty of the Vietnam War. Our young people today, of the Vietnam generation, feel in large numbers that if they serve the U.S. government in a military capacity, they will invite the leaders of the Pentagon or the Congress or the nation to engage in acts of military adventurism such as was the case in Vietnam. We have to concede that Vietnam was a tragic mistake in our history.

The institution that I want to propose to you today has been with us since the founding of the republic. I want to quote from George Washington in 1783, when as successful Commander-in-Chief, after an eight year revolution against Great Britain, he was asked by the Congress with the coming of peace: "What should be a peace establishment for this nation?" George Washington replied to Congress as follows:

"It may be laid down as a primary position, and the basis of our system, that every citizen who enjoys the protection of a free government, owes not only a proportion of his property, but even of his personal services to the defense of it, and consequently, that the citizens of America (with a few legal and official exceptions), from eighteen to fifty years of age should be borne on the militia rolls, provided with uniform arms, and so far accustomed to the use of them, that the total strength of the country might be called forth at a short notice on any emergency . . ."

You might recall Jack Kennedy's words in his inaugural address of 1961. He said, "We will help any friend, we will fight any foe . . ." He further said, "We dare not tempt them with weakness; for only when our arms are sufficient beyond doubt, can we be certain beyond doubt that they will never be employed."

It is a difficult thing to tell the young people of America today that we need a competent armed force because we never want to go to war again, when they look back at the aftermath of Vietnam and feel that the existence of a military force was what led us into that tragedy.

Now, in proposing a consideration of uniform military service or national service, the first question, of course, must be why do we need it? Why is the volunteer army not satisfactory?

First of all, to have a volunteer army as a luxury today, we are now paying approximately 58 percent of our defense budget for manpower, as against only 23 percent by the Soviets. This leaves them with 77 percent for the strategic confrontation, as against only 42 percent on our part. Over the next twenty years, with each of us spending roughly the same amounts for total defense, to maintain a parity of strategic strength with the Soviets, we clearly cannot afford to spend more than the present 58 percent for manpower costs.

Let us start then with the assumption: If the volunteers are not of adequate quality or quantity, we do not have the option of paying more to get good quality people and adequate numbers of them.

Now, what has been the recent history of the all volunteer army since its creation in 1973? Until recently it looked fairly good. In the last quarter of 1978, however, and subsequently, none of the four armed services has been able to attract a sufficient number of qualified young men and women as volunteers. The Army, and the Marine Corps, in particular, the most arduous combat arms, have been in real difficulty.

The quality of the young recruit willing to volunteer has perceptively gone down. Today, most reasonable young men and women in America, if not all reasonable young men and women in America who can either qualify for a job or for education, are declining to volunteer. The training manuals for the Army have been downgraded from the 12th grade reading level to the 8th grade and now to the 5th grade level. Because the quality of those who can be pursuaded by recruiting officers to enlist is no longer typical of a cross section of America, it is no longer typical of what we expect of high school graduates. This is an armed force which is dealing with weapons and which is facing situations around the world requiring coolness, intelligence, and judgment. I am not arguing here for a larger Army. I suspect that we will be able to have a much smaller Army as the years go by. But whatever that armed force is, it must be a competent armed force. If we are going to send young men and women to guard an embassy in any one of the 156 nations of the world where we maintain embassies, those young men and women must be people with judgment, intelligence, and coolness under fire. We have had 5 U.S. ambassadors assassinated in the past 15 years. We have seen wars start because of trigger happy individuals and because of a lack of competence and judgment on the part of soldiers. Our own revolution and the Boston Massacre are classic cases. If one person at the Tehran Embassy in Iran had lost his cool a few months ago, it could have provoked a massacre of military and civilian representatives of the United States. It is important to all of us that our military services represent the best in America and not the worst.

Let me read to you a letter from a wife of a career Army Sergeant who wrote to me after this debate commenced.

"Dear Representative McCloskey:

"The Akron Beacon Journal published your feelings on the future of the draft and I felt compelled to write to you because although I am against the draft, I know that it is probably the only solution for the Armed Services. My husband is a staff sergeant in the U.S. Army with 14 years of service. I have seen the Army up close in the 11 years that we have been married. Everything that you have mentioned as being wrong with the all volunteer Army is in fact true. Today's Army is made up of minority groups. They are people who don't want to work, but want to draw a paycheck; of unemployables; of misfits and social outcasts. Nobody who can get a job as a civilian goes into the low paid Army. We returned from a tour of duty in Germany a year ago and what I saw there scared me a lot. On any given day of any given week, we could not have put 50 percent of our troops into combat. My husband is an old Army and a Vietnam Veteran. He likes the Army the way it used to be, and he doesn't understand today's Army. We have seen a lot of 10 or 12 year men get out because they wouldn't have their families around the situations that existed on bases today. I can confirm your belief that the military is greatly out of shape and would be slaughtered just like the divisions sent against North Korea at the beginning of that war. It scares the life out of me that my husband would have to lead and depend on the men in his company. They would be worthless."

The heart of any military service today is in the officer and noncommissioned officer corps. It is the middle level noncommissioned officer corps, the people of 8 to 15 years service, who make up the expertise to operate the weapons systems and to lead. The lower level is made of the enlisted people who volunteer for two years, three years, or four years. And the fact today is that forty-three percent of that lower-level enlistment is in minorities. We have 6 percent Mexican-Americans and 11 percent Black people in this country, and yet under the draft with the college deferment 43 percent of the young people killed in combat in Vietnam were minority, Black or Chicano, because they were the ones who couldn't get into the educational channel. They didn't have the money or the basic education because of past segregation in American and economic circumstances; so that the greatest and most powerful nation in the world saw those that were killed on its behalf, serving in that most arduous duty of citizenship, the armed forces, were primarily its poor and its minorities. That's a great disadvantage to this country. There's an even greater disadvantage because we have civilian control of the military as a basic principle of our democracy. If we are to have one class of individuals serve in the military and the rest of America cheerfully stay out of the military, rising to positions of leadership with no experience with the military, we have a dangerous division between the government of the country and the people who were asked to be the striking arm in the implementation of governmental policy.

When I ran for President in 1972, I knew that I was not qualified to be the President of the United States, but I felt that our Vietnam War policy was so bad that it justified forcing a vote in the Republican primary in 1972 rather than waiting eight months until that war policy could be tested in a general election.

There was one aspect of my experience, however, that gave me some confidence that perhaps my voice should be heard. In the decisions which I considered mistakes in military judgment, those decisions which led us into the tragedy of Vietnam, they had been made by American Presidents who had had no military combat experience. Lyndon Johnson with his attitude "bring the coonskin home," accepted what the generals were telling him, that one more regiment or one more division or so many more artillery shells would win the war. Richard Nixon, who had been stationed on an island during World War II in a rear echelon capacity, accepted what the generals told him could be done with heavy B-52 bombing. And they were both wrong. In my judgment we cannot afford a President who does not have a basic skepticism of what generals and admirals may say. That skepticism can only be learned from military experience. If you look at the experience of Jack Kennedy who served as an Ensign on a torpedo boat which was sunk near Guadalcanal in World War II . . . and you consider what happened in 1961 when he was faced with the Cuban missile confrontation . . . you note the Joint Chiefs of Staff unanimously recommending to the President of the United States the missile sites by the pattern bombing of Cuba . . . you find a President of the United States resisting what might have been a tragic military error in judgment. If we do not have a situation where a few Stanford students and a few MIT students and a few Harvard students and the people who will make up the future leadership of America are not given the privilege, as I would call it, of sharing in military service and gaining that skepticism which only a PFC or second lieutenant can gain of generals and admirals, we lose a priceless ingredient in seeking balance in leadership judgments in the years of confrontation that we face in the future.

There is another argument. It is made by Kingman Brewster, our current Ambassador to Great Britain, former President of Yale, a leader in the anti-war movement. Ambassador Brewster has urged a National Youth Service and let me quote his words:

"In almost every previous generation, some national emergency, usually national survival in face of an enemy, called all to the experience of a common service. Advantages of birth and training might sort people out by rank and uniform; but a person was tested by loyalty, devotion, and sacrifice to the common cause, without regard to status.

"Now there is a widespread feeling that the entitlements of both privilege and underprivilege are at the expense of the whole. They are not perceived to be in return for any contribution to the commonwealth."

I am appalled when I go to Stanford, Cal Tech or Harvard, and find the leaders among our young people in a common perception of fear that if they are drafted, if they provide a manpower pool for the Army, that the Army will be misused. This causes them to accept the other side of the coin that we should have an Army of mercenaries, made up of our poorest, of our least educated and most ignorant. I don't think that we can afford to let the military service as an institution deteriorate; and I don't believe that we can let the concept of duty to the country as a condition of freedom deteriorate as a national concept. That is why I urge reinstitution of the principle that all young people at age 18 be asked to volunteer for the service of their country in a capacity of their choice, granting special benefits to those who choose to volunteer for the most arduous type of service.

There are now about 4.3 million young people turning 18 each year. Over the next 20 years, that figure will drop to 3.1 million. Under no circumstance will the armed services require more than three or four hundred thousand of those young people each year to serve in the arduous combat arms. As a matter of fact, even in today's Army, there probably aren't more than 300,000 jobs out of 2.1 million on active service which you could call the grubby combat infantry, the misery jobs. The job where you run 20 miles a day; you train in Panama jungles in the summer and in the Arctic in the winter; you are combat ready to go into action on 24 hours' notice.

The job of a combat commander today of necessity requires that he have his people ready to go into action on 24 hours' notice. There will be no future insulation of great oceans as there has been in past wars. There will be no period of training of an expeditionary force for two years before they are committed. We face the situation we were in in Korea in 1950, when suddenly North Koreans crossed the 38th Parallel. Three divisions stationed in Japan were ordered into combat and literally butchered because they were not in combat readiness, they were not physically trained, they were not prepared to undergo the arduous duties of combat. To be combat ready, military training must be more arduous than combat. What reasonable young person today given any alternative for the enjoyment of job or education or friendly associations, is going to volunteer to be combat ready? Can we afford an Army made up of unreasonable young people or people who are led to enlist by false promises of a life of travel or a life of valuable vocational training? The day-to-day life of a two-year combat infantryman provides little time for either travel or vocational training.

I can tell you from experience there is no way to have a combat infantry unit combat ready and give its members opportunity for much that is fun. We get more people appointed to the Naval Academy, the Air Force Academy and West Point from my affluent congressional district than perhaps any other district in the country. We had 1 applicants accepted this year rather than just the 4 nominees I was entitled to appoint. The academies themselves picked up ten of my qualified alternate appointments. We have no lack of young people willing to get the superb education and give five years of their lives as career military officers. I have asked in half of the 24 high schools of my district, however: "How many of you will enlist in the Army tomorrow to be a combat ready infantry soldier, if we double the pay from $418 to $836 per month?" I have yet to have a hand raised in my congressional district in response to that question.

It is this situation which forces us to consider the concept of restoring the quality of our military services by some form of conscription. The program I have proposed to solve this problem is not the draft, altho the draft possibility is in the background if there are insufficient numbers of volunteers. The proposal is not original with me, it first considered and developed by a man named Don Eberly and the National Yo Service Secretariat back in the late 1960's. The proposal is as follows:

At the age of 18 every individual, men and women, would be granted four choices. He or she could enlist for two years of active duty at a minimal subsistence wage; in return that individual would be entitled to four years of college benefits. The second option would be to enlist in the Reserves for six months and to receive six months of military training, but to be ready for 5½ years to be called on 24 hours notice; this would require maintenance of good physical condition. In return, that individual would receive one year of college benefits. The third option would be to volunteer for a year of civilian service, not necessarily for work with a governmental agency. It could be for the Peace Corps, fire fighting, restoration of trails in the high Sierras or the Coast Range, working in a local hospital. It could be service administered like the old GI bill requiring only that a church or social service leader certify that the individual had spent the previous 30 days doing work in that community in order to get his subsistence check. This option would provide a mechanism in America where the idealism of youth and the concept of duty could be preserved and joined in an institutional framework. If one chose not to volunteer for one of the three forms of national service, there would be no criminal penalty, there would be no punishment, except that he or she would then go into a draft pool and for the next six years, until the age of 24, there would be the possibility of being called, either into active duty or into the reserves if the number of volunteers was not sufficient. If called involuntarily, the educational benefits would be only half that given to the volunteer.

I know of no fairer way to get across the concept that the burden of service and the duty of service should be shared by all. It is possible that there would be sufficient volunteers for both the active forces and the reserves, 700,000 per year, so that no one need fear being drafted. It is possible that we might get 600,000 volunteers for the military service, leaving 100,000 vacancies to be filled involuntarily. Most of our wise young children looking at those odds might well say the hell with it, why not take the odds of 19 out of 20 chances that I'm not going to be drafted. But it would provide a mechanism and a rationale for the concept of a shared duty of service to the country from which no one is immune. What are the arguments against this concept? Basically, the primary argument is as I have previously stated: the considerable worry on the part of young people today that they will be misused by the institution of government, that our national leaders will be tempted to repeat the Vietnam adventurism. Under critical examination, however, I don't think this argument can be upheld.

The last time the President of the United States asked the Congress to authorize military or paramilitary action was in Angola. The Congress, made up mostly of people who had observed the disaster of Vietnam, voted to *deny* the President the use of military force. We didn't go to war in Vietnam because we had adequate military manpower. We went to war in Vietnam because we had come out of World War II and Korea with the sense that we fought only good wars and only in good causes. We had an overly military aggressive attitude that most of the people of the United States supported for at least the first three years of the Vietnam War.

That's the case for a National Youth Service as an alternative to a deteriorating sense of respect for the concept of service to the nation and a deteriorating military combat force, not as an instrument to make war but as an instrument to prevent war. I would welcome your questions.●

A SO-CALLED TAX ON PARKING

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. YOUNG of Alaska. Mr. Speaker, recently the Senate Governmental Affairs Committee held hearings on Senate bill 930 which would impose parking fees on all individuals employed by the Federal Government. During those hearings, my good friend, the senior Senator from Alaska, expressed his views regarding this bill and the Executive order implementing the President's wish to require Federal employees to pay for parking at Government installations. I wholeheartedly concur with those remarks and feel that they express the views of many of us who are trying to end the continuing erosion of Federal employee pay and benefits.

Mr. Speaker, I wish to insert the words of my good friend, Senator Ted Stevens of Alaska, at the end of my comments.

REMARKS OF SENATOR STEVENS

Mr. Chairman, I think I would be remiss if I did not voice my strong objections to this bill right from the beginning. In the name of budget cutting, we are again seeing the Federal employees take it on the chin. In the last 3 years our Government employees have been subjected to pay caps, pay ceilings, massive reorganizations, increases in contracting out for services, rumors about universal coverage of social security with a concomitant reduction in retirement benefits, a pay reform package which is translated into pay reductions, serious proposals to reduce annuities, and now, a so-called "tax" on parking.

The Office of Personnel Management, in a now publicized memo to the President, cited serious employee morale problems existed throughout the Federal workforce. And no wonder. Everywhere the Federal employee turns he is faced with benefit slashes, decreased job security, and an eroding ability to keep up with inflation.

Mr. Chairman, as I understand it, S. 930 is intended to discourage Federal employees' reliance on driving and, hence, save energy by increasing the cost to drive. Yet, we ought to be careful that the disadvantages caused by such legislation do not outweigh the expected benefits. The General Accounting Office recently revealed some startling news to many cynics when they published their report on Federal employee work habits.

They found that, contrary to widespread public perception, the vast majority of Federal employees worked at least the required 40 hours a week, and many worked extra without compensation. GAO concluded that Federal employees benefited the taxpayers by providing approximately $600 million of "free" labor per year. While attempting to save taxpayers nominal sums by charging for parking, we ought to be careful not to dissuade Federal employees to depart from these admirable work patterns.

To continue working overtime, employees must have adequate and flexible transportation. If we expect employees to stop driving, we must ensure public transportation that is at least reasonably conducive to maintaining present work habits. A study by my staff has shown a number of areas in the Washington, D.C. suburbs where before 6:15 a.m. and after 7:30 p.m. there is no public transportation. Rather than encouraging employees to come into work early or leave late, programs that discourage driving and fail to provide reasonable alternatives will be detrimental to these desirable work characteristics. Paying for parking certainly does not encourage "free" labor.

Now, Mr. Chairman, I support public transportation and I certainly support energy conservation. I believe there are some positive steps that would induce employees to take public transportation.

For example, I have offered in recent weeks specific recommendations to the Metro Board that could cut administrative costs and increase Federal employee ridership. Just yesterday, I was informed that my recommendations were applauded. They involved the use of 30-day Metro flash passes distributed through the Senate Credit Union and paid for by authorizing payroll deductions. It has been consistently shown throughout the country that payroll deductions are an effective marketing technique to enhance ridership on public transportation. So why must we take punitive measures, such as those in S. 930, that cost time, morale and productivity when there are better and more suitable alternatives? And, insofar as energy conservation, expending sums exploiting new sources of energy will, in the long run, provide better returns for our money.

I have a lot of questions about the wisdom of this legislation. For instance, whether large private employers pay for free parking for their employees? What about night shift personnel? What about the questions of whether these parking charges will be incorporated as another factor of the comparability formula as far as the President's pay reform package?

I have some substantial problems with this proposal as it gets out into the area of high Federal employee concentration. In my home city of Anchorage, the city requires the Federal Government to provide off-street parking for its employees. We have that off-street parking—it was built at public expense—in order to remove those cars from the streets so we can clean the snow off the streets at night. Will this "tax" on parking mean a return of Federal employee parking on the less expansive city streets?

In addition to that, right here in the city in terms of Senate employees, how many of our own people stay, when we stay in session until 11, 12, 2, 3 o'clock in the morning, how many stay here and must have parking spaces if their cars also are going to be off the streets where they should be at night? How safe are our employees going to be when they work so late at night if they do not have adequate public transportation and don't have their own vehicle?

I think that the proposal is ill-conceived, ill-timed and, as a matter of fact, it is not really going to do anything to save energy. It is just using the energy problem as an excuse to further burden the public employees when they are not so burdened in the public sector.

I personally think it is high time to stop this and we start thinking about what we are doing to employee morale. I may be a voice of one up here, but I spent eight years as a Federal employee and I know how employees feel when time after time after time the Congress makes them scapegoats for national public policy things that should originate, if they should be originated, in the private sector. I don't know of any private employer that considers parking a fringe benefit that must be paid for by his many employees in these vast plants.

I was recently out in Houston and California. To think those people pay for parking is just ludicrous. They do not. And the reason that those lots are provided is to get their cars off the streets.

Look at Denver. Denver has a policy they must take their cars off the street during the daytime. Are we going to legislate contrary to local laws? What about the employee in Bethel, Alaska? Is he going to pay for a parking place when no one else does? If he doesn't, is he to be somehow or other considered to get extra benefits because he doesn't pay for them?

I really believe that this is the wrong kind of legislation to be presented. I intend to fight it as hard as I can. Personally, I intend to draw the line as to any further reduction in employee benefits. We know they are limited now in comparability. We know they are not going to get their pay raise they were supposed to get. I think we are either going to come to the end of this or we are not going to keep the kind of morale we need to keep our government staffed with the staff needed to carry out public policy.●

COUNSILMAN CONQUERS CHANNEL

HON. JOHN T. MYERS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. MYERS of Indiana. Mr. Speaker, it is with pride that I announce the feat of a friend of mine and a constituent.

[From the Bloomington (Ind.) Herald-Telephone, Sept. 14, 1979]

COUNSILMAN CONQUERS CHANNEL

James "Doc" Counsilman stepped out of the water and into the record book today as he became the oldest swimmer ever to cross the English Channel.

Counsilman, 58, overcame strong tides near shore as he completed his historic crossing.

He walked onto a French beach near Cape Gris Nez about 1 p.m. today, some 13 hours after he entered the water at Dover, England. In 1951, Dr. Ned Barrie mastered the 20.6-mile distance at age 55, and that stood as age record until Counsilman's crossing.

Counsilman, Indiana University swimming coach, is the 209th swimmer to make the crossing out of some 3,000 challengers. He entered the water at Shakespeare Bay, just south of Dover. "'Doc" has been our Olympic swimming coach, having coached both in college and the Olympics, such greats as Mark Spitz. His teams in Indiana have won the NCAA national swimming championship a number of times.

Counsilman apparently was aided by calm seas and minimum interference from ocean vessels and creatures in his historic attempt. He was accompanied by a boat that carried his physician, his coach, his wife Marge and media representatives.

Counsilman set a hectic early pace in his swim. Counsilman had covered about two-thirds of the distance and was churning along at 72 strokes a minute after 6 hours in the water.

Later, as he drew within sight of the French coast, Counsilman began to tire and his pace fell to 62 strokes a minute. But he got a psychological boost when his coach for the swim, Tom Hetzel, donned his Olympic hat signifying the French coast was within five miles.

"Doc seemed to swim with greater determination when he saw that," Barnes said.

Apparently there were no crises along the way before Counsilman ran into the coastal tides near Cape Gris Nez. From time to time Hetzel asked Counsilman simple questions "just to make sure he was okay. If the body temperature gets too low you become incoherent," Barnes reported.

Throughout the 12-hour swim Counsilman received "feedings" of glucose to keep his carbohydrate level up, as well as canned peaches, coffee and an instant breakfast-type drink.

Counsilman downed a breakfast of scrambled eggs and toast before entering the channel with a cheerful wave shortly after 6 a.m. Dover time. He wore a pair of U.S. Olympic team swimming shorts and was covered with grease to protect him from the chilly channel waters.

"See you later," Doc said as he plunged in. "I'm going to do it." And he did. We are proud of him.●

TAWES AWARD FOR A CLEAN ENVIRONMENT

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mrs. HOLT. Mr. Speaker, I applaud and congratulate my constituents, William S. Burgess of Annapolis and Aaron J. Fulton of Glen Burnie, on the recognition recently given them by the Maryland Petroleum Association and the Petroleum Council of Maryland.

Bill Burgess received the Tawes Award for a clean environment this year, and Aaron Fulton, a runner-up, received a Certificate of Commendation. Both men are especially deserving of this recognition. They frequently respond to marine oil spills on or near the Chesapeake Bay at all hours of the night and are highly dedicated professionals. The following press release expands on their contributions to the Bay's protection:

TAWES AWARD FOR A CLEAN ENVIRONMENT: MARYLAND'S ANNUAL RECOGNITION PROGRAM

CRISFIELD.—The second annual "Tawes Award for a Clean Environment" was presented today to William S. Burgess, assistant chief of the Operations Section of the Maryland Water Resources Administration, Oil Spill Control Division.

Burgess, a resident of Anne Arundel County, received the environmental recognition award in ceremonies held in conjuction with the annual crab and clam bake, named in honor of the late governor, held by the Crisfield Chamber of Commerce. He was recognized for his leadership in helping to develop a State oil response team that is on call for spill emergencies, and a rapid transport and deployment system for open water spills.

Three runners-up received Certificates of Commendation and they include: Aaron J. Fulton, U.S. Coast Guard, Group Baltimore; Robert J. Ragan, Gulf Oil Terminal in Salisbury; and Jan Walker, Baltimore Environmental Center.

The award is sponsored by the State's petroleum industry—represented by the Maryland Petroleum Association and the Petroleum Council of Maryland.

Selection for the award was made by the Maryland Ad Hoc Committee for Containment and Clean-up of Oil Spills whose membership includes the Maryland Port Administration, Maryland Petroleum Association, Baltimore Fire Department, the Water Resources Administration, U.S. Fish and Wildlife Service, and other maritime interests.●

COMMITMENTS TO OUR FRIENDS

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. DANNEMEYER. Mr. Speaker, many Members of this body expressed grave reservations at the abrogation of our treaty commitments to our friends and allies in the Republic of Taiwan. At the time the President elected to turn his back on these loyal friends many of us indicated that this would have significant effects on our other friends elsewhere in the world. Unfortunately, this seems to be happening.

The grave effects of President Carter's decision to unilaterally terminate our mutual defense treaty with the Republic of Taiwan are just now being fully realized. Coupled with our failure to support our long-time allies in Iran and Nicaragua, the desertion of Taiwan has created an air of uncertainty about the reliability of American foreign policy. In allied and other friendly capitals, the question has been urgently raised: "How much, if any support, can we expect in times of trouble?"

Apparently, the significance of our rejection of Taiwan has not been lost on the leaders of Saudi Arabia. According to the Christian Science Monitor, this friend who has acted to help promote peace and stability in a troubled corner of the world is beginning to question our commitment to our friends. In that context, it should be noted that the Saudi oil minister, Sheik Yamani has been a strong influence in OPEC keeping oil prices from rising faster than they already have. For that, and for their help in cooling passions in the Mideast, the Saudi's deserve our thanks. The last thing we need is for them to wonder if their help will be appropriately reciprocated. With these thoughts in mind, I now insert the following article from the July 5, 1979, issue of the Christian Science Monitor reprinted in the RECORD for the consideration of my colleagues:

SAUDI'S TRUST IN U.S. SHAKEN

Behind Saudi Arabia's decision to raise oil production lies a sharp debate within the Saudi royal family over how much to trust—and to help—the United States.

"Three shocks" from the U.S., as one source put it, shook Saudi confidence in the ability—and willingness—of Washington to protect the ruling class of the oil-rich kingdom from potential external threats:

Least familiar to Americans is deep Saudi concern over Washington's unilateral abrogation of its mutual defense treaty with Taiwan, when the U.S. exchanged diplomatic recognition with mainland China.

Saudi Arabia, one of the few important nations maintaining diplomatic ties with Taiwan, pressed officials there to learn whether the U.S. had consulted with the Taiwan Government before ending the treaty.

This was told to this reporter recently in Taipei, the Taiwanese capital, by Vice-Minister of Foreign Affairs Chien Fu, who said the Saudis had expressed strong disapproval of the American treatment of his country.

A senior American expert with close ties to the Saudis also told this reporter that on a just-completed trip to Riyadh, the Saudi capital, "7 out of 10" officials there had criticized US treatment of Taiwan.

Linked to the Taiwanese question, in the Saudi view, was the inability of the US Government to shore up the beleaguered Shah of Iran before his downfall at the hands of revolutionaries.

Saudi leaders, in the wake of what happened in Taiwan and Iran, tell visitors they consider American pledges of support less reliable than before.

Deeply troubling to the Saudis was an effort by the Carter administration—which many US officials now admit was clumsy—to enlist Saudi backing for the separate Egyptian-Israeli peace treaty.

With a large resident population of Palestinians, and with oil fields vulnerable to sabotage, the Saudis instantly distanced themselves from a pact that had angered radical elements in the Arab world.

All this, says Joseph J. Malone, head of Middle East Research Associates, Inc., "gave rise to [Saudi] internal contradictions where the US is concerned. Some princes say that ultimately the Saudis must depend on the US militarily; others argue that Iran and Taiwan show the riskiness of such dependence."

Enmeshed in this situation was another internal Saudi debate—whether or not to boost oil production beyond 8.5 million barrels a day, a debate now resolved in favor of an at least temporary increase.

This argument, according to responsible sources, was as much economic as political: The Saudis, with enormous holdings of US dollars, want to avoid undue weakening of the dollar through world recession.

One way to keep recession within limits, some Saudi officials argue, is to pump enough extra oil to take the edge off the spot market and to alleviate a world shortage of crude.

This also should temper at least slightly U.S. and world inflation, which adds to the price tags of military hardware, machinery, and food imported by the Saudis from industrial lands.

This line of reasoning appears to have triumphed over Saudi opponents of increased production, whose arguments are said to be various:

Some princes, with an eye on the turbulence that rapid development brought to Iran, want to slacken the pace of their own country's industrialization.

Others favor low oil production, until a Saudi petrochemical industry can utilize the natural gas released involuntarily along with oil. It now is flared and wasted.

On the political side, some Saudis urged a link between higher oil production, badly needed by the United States, to efforts by the Carter administration to enhance Palestinian rights on the West Bank and Gaza.●

J. KENNETH MARR

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. SKELTON. Mr. Speaker, recently, a prominent Missourian passed away, and I would like to bring to the attention of this body the many contributions made by J. Kenneth Marr of Warrensburg, Mo.

For many years, Mr. Marr was active in Democratic politics, serving on the Missouri State Democratic Committee. He was influential in the reactivation of Whiteman Air Force Base in Johnson

County and was most active in real estate and development work throughout the years.

He was a man of outstanding contribution not only to his community of Warrensburg, but to this State. He was truly a remarkable man.●

SUPPORT OF H.R. 3227

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. MAZZOLI. Mr. Speaker, I would like to call to the attention of my colleagues my recent testimony before the Subcommittee on Elementary, Secondary, and Vocational Education, in support of H.R. 3227, the National Educational Opportunities Act, as follows:

Testimony Before Subcommittee on Elementary, Secondary, and Vocational Education

Mr. Chairman, thank you for this opportunity to testify before you and your distinguished colleagues on the Subcommittee on Elementary, Secondary, and Vocational Education.

In the fall of 1975, a court ordered busing plan went into effect in my hometown of Louisville, Ky. In my 12 years of public life, I have not encountered an issue that so deeply affected so many people in the community.

The court's decision in the Louisville busing case had the laudable goal of furthering the desegregation of our school system in line with the 1954 Supreme Court decision, *Brown* v. *Board of Education*. At the same time, the plan had the unfortunate effect of:

First, undermining public confidence in the courts, and the institutions of Government;

Second, reducing public support for the public school system, and;

Third, generating discord and disharmony among the citizens of the community.

These factors compounded other problems faced by our school system—and all systems across the country—falling scholastic achievement scores; and, declining school enrollments.

The conflict over busing divided and distracted public attention from the real issue—the quality of public education.

I must hasten to add that Louisville was not unique in this regard. Other communities have experienced similar, and in some cases more severe, problems in implementing busing plans. Most citizens and public officials in Louisville made—and continue to make—every effort to comply with the court order to desegregate the schools.

However, the problems of busing are immense. They strain everyone's efforts to cope.

Busing has added about $3 million per year to an already tight school budget whose total growth has ben $7 million per year. Nearly 72,000 children are bused each day, adding to the burden of administrative planning and scheduling. Further, public school enrollment has decreased by 35,000 during the 4 years that the busing plan has been in effect.

No desegregation effort can take place without a certain amount of stress, strain and expense to the community and its people. But, this can be reduced where there is a strong local presence in the development of desegregation plans, especially those which do not require extensive, disruptive amounts of busing.

It was, in view of this, that I began back in 1975 to work with my colleagues, the gentleman from North Carolina, Representative Rich Preyer, the gentleman from Indiana Representative Lee Hamilton, and the gentleman from Arizona, Representative Morris Udall, to develop legislation that would allow local school districts to achieve desegregation without the disruptive effects of busing. Mr. Preyer's leadership especially has been crucial in developing and promoting this legislation. The bill before us today, H.R. 3227—The National Educational Opportunities Act—NEO—is largely a tribute to Rich Preyer's intellect and personal qualities of leadership.

My intention in supporting this bill, is to advance the cause of school desegregation. I support fully the landmark decision in the Brown case. But, I cannot ignore the distress and frustration that busing to achieve desegregation has caused in my community and around the Nation.

The NEO Act is an important first step toward solving the problem I have tried to outline today.

The act would allow local communities and their school boards to work toward desegregation by providing them with Federal assistance and by encouraging voluntary, locally defined programs of school desegregation which can minimize busing.

Rather than having the school desegregation plan originate in the courtroom—or in a HEW cubicle in Washington—where all too often Federal plans fail to take into account local traditions and local sensibilities, this bill would encourage the development of desegregation plans by local school boards and parents.

This is not just semantics. This is a fundamental departure from what usually takes place today.

This act supports, encourages, and funds local people or local institutions in creating a solution to a local problem. This is the strongest feature of the act.

Specifically the act encourages the following plans to desegregate the schools with minimal utilization of busing:

First. Voluntary transfer plans under which students are able to elect to switch schools rather than be ordered to leave one school to attend another school.

Second. The redrawing of school attendance zones in order to maximize desegregation without busing.

Third. Pairing and clustering of schools so that students in adjacent attendance zones can go through their entire school career with the same group of students rather than switching from group to group as is the case with busing.

Fourth. "Magnet Schools" which offer specific programs, for example, vocational education, college prep, the arts and other such programs for all interested students from all areas of an attendance area.

School districts, under the bill, are allowed to try these techniques before resorting to busing.

And, the act provides Federal funds to cover a considerable portion of the cost of instituting and operating these desegregation techniques.

Obviously this bill would provide the greatest benefits to communities that have not yet begun a court ordered busing plan.

However, even in communities such as mine in Louisville, where there is a busing order in place, this bill would be helpful.

Each school year as the school system develops its plans for complying with the desegregation decree, it would be able to incorporate certain new techniques under funding programs granted by the NEO Act. And these techniques could supplant or substitute for previously ordered busing.

Obviously, once a busing order is in place, much local flexibility is lost. But, since local desegregation plans are updated each year to meet changing populations and enrollments, techniques, developed through the NEO Act could reduce the amount of busing without impeding the progress toward desegregation.

Certainly, this measure will not stop all busing. Busing will remain as a last resort to achieve desegregation in the public schools.

However, I am convinced that this act will reduce frequency of busing and the extent of busing without sacrificing any of the progress toward equal educational opportunities.

Mr. Chairman, many citizens advocate that Congress should take steps to forbid the Federal courts from using busing in school desegregation cases. That is not likely to occur in view of the recent vote on the proposed constitutional amendment.

A far better approach—and one which does seem to have an honest chance to succeed—is the bill before us: H.R. 3227.

So, Mr. Chairman, I intend to continue to work for this bill. It holds out a genuine hope for desegregation without resorting to divisive court ordered busing.

I hope that this distinguished subcommittee will see fit to approve the bill.

Thank you.●

SCHOLZ' GARTEN: TOO GOOD FOR ANYONE TO CALL THEIR OWN

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. PICKLE. Mr. Speaker, out of the thousands of restaurants and bars across this country, only a few are the really special places that play a memorable role in many people's lives and hearts. Throughout their years, they bring out the best in human attitudes and friendships are formed forever.

Some bars though are so exceptionally fine that they appeal to everyone; they belong to no one group.

In Austin, Tex., we have such a bar—the Scholz Beer Garten.

Recently Scholz'—as it is fondly known in those parts—was placed on the National Register of Historic Places.

The New York Times which includes all the news that is fit to print and which is recognized as one of the world's best papers, found the designation unique and newsworthy.

Many political types think that Scholz' is theirs. They think that Scholz' revolves around their arguments and plots. Among these political types, the liberals, or what is called liberal at any particular time, may lay claim to Scholz' as their territory. Some Texas legislators act, too, as though Scholz' is their turf.

However, I want to tell the world that a few years ago, a group of us who used to live in what is called Little Campus of the University of Texas, during the darkest days of the depression, had a reunion in Scholz' Saengerunde Hall. On that day, Scholz' belonged to some of the most colorful characters ever to walk the university campus. It was ours again, as it had been many years before in our university days.

And for those of us who have had the great good fortune to remain in Austin over the years, we have always found an open door, a warm reception and a special something to fill our needs of the moment at Scholz'.

The present proprietor is Larry Bales, and he is in the colorful tradition of what has made Scholz' a national historical place. A man of politics himself, he is also a humanist who enjoys the good times of friends and foes meeting on mutual grounds, in mutual respect.

And, of course, Scholz also belongs to those who just like to have a good brew every now and then.

Never let it be said by anyone that Scholz' is their own exclusive, special place. It is too good to belong to anyone, or any group. It belongs to all who visit.

Mr. Speaker, I would like the Record to show at this point an article that appeared in the New York Times reporting the news that Scholz now is a place belonging to the whole United States:

Beer, Discussion Flow at Historic Scholz Bar

Austin, Tex.—Well, they have gone and put the Scholz Beer Garten on the National Register of Historic Places. That's probably the first government action that has met with Texas' unanimous approval since the United States declared war on Mexico.

Declaring a Texas bar historic might seem a bit much to people in other states. And, it is unusual for a bar to be named to the National Register, though many country inns and taverns have been so honored, according to Jim Charleton of the Register's publications staff.

But, as bars go, this one is anything but usual, this bar has given long service as a watering hole, debating forum, community center and political staging point.

It is a grand old dump, Scholz Garten, and has been serving stupefying quantities of beer since 1866. Generations of University of Texas football players, German-American farmers, state legislators of all stripes and chicken-fried intellectuals have adopted Scholz's as a second home.

Scholars have held forth in the Garten under the arching elm trees. Political plots galore have been hatched at the old cement-and-tile tables. While many a sorrow has been drowned in its copious pitchers—now $2.70 for light or dark—it is not a sorrowful establishment. Children frequently accompany their elders for an evening at the Garten.

Although Texas is widely supposed to be whiskey country, it is actually a state with a beer culture. Nowhere is this more true than in German, Texas. From Pflugerville to Flatonia, from Dime Box to Industry, the German heritage is still so strong that many older people speak only German and the younger ones speak English with both a German and a Texas accent.

A few of the learned folk of Austin still refer to Scholz's as the Dearly Beloved, after Billy Lee Brammer's book about Texas politics, The Gay Place, in which the characters meet continually at the Dearly Beloved Beer and Garden Party to pursue politics and sex to the accompaniment of beer, country music and the sound of old farmers bowling in the alley behind the beer garden.

Scholz's is famous for, among other things, the quality of its graffiti. The Texas Observer, a liberal political journal, once suggested that the walls of Scholz's restrooms be cut out and mounted periodically, like Roman frescoes, at the Lyndon B. Johnson Library.

In the days when the university's board of regents was headed by Frank Erwin, appointed by Gov. John Connally and considered an arch-villain by Texas liberals, Scholz's was the scene of numerous and passionate debates on academic freedom, "Lyndon's war" in Vietnam and other issues of the day.

Of the regulars, many are characters but only two have been honored with placement of their portraits on the Garten's walls. One is the late Ma Krueger, the granddaughter of the Garten's founder, August Scholz. The other is Henry Holman, now in his late 60s, a carpenter and wise man who has never, in all the decades he has been refereeing arguments at the Garten, made anyone mad.

An unscientific poll found opinion divided on which was the greatest argument ever held at Scholz's. But the bulk of the votes went to a 5-hour, 16-rounds-of-beer classic a decade ago between Martin Wigginton and Fletcher Boone on the nature of man. It started one evening before sundown and continued past midnight, attracting an audience of 40 or more who followed it as though it were a classic match at Wimbledon.

The heads turned as though on one neck from Wigginton, for bread, to Boone, for roses; from Boone, for spirit, to Wigginton, for body. Boone, who then managed an art gallery, and Wigginton, who was then an all-purpose leftist political activist (both now manage bars of their own), were trying to sort out whether man is merely an economic animal or a creature whose worth lies in his occasional forays toward truth and beauty. Wigginton cited Marx, Boone cited Plato, and both had recourse to the works of Willie Nelson, the Texas singer and songwriter.

Sam Whitten, an associate professor of library science at the university who was the Wigginton-Boone referee, says that Boone was the victor. Boone's abdomen had been swelled to heroic proportions by beer. It is recalled that when he rose at the close of a crushing clincher, his belly knocked over all 15 empties on his side of the table for the most smashing exit ever heard at the Garten.

In 1860, August Scholz founded the Garten on San Jacinto Boulevard, four blocks from the Capitol and five blocks from the university, as a boarding house. It became a tavern six years later and persisted as one even through prohibition, when it served "bone-dry beer." One early fan called it "a shimmering shrine to Bacchus and the Muses." It once advertised itself, in a time of less sensitivity to sexism, as "the oasis of Texas' most exciting intellectuals—and their women."

In the early years, Ben Thompson, the famous city marshal and gunslinger, was given a party at the Garten after he was acquitted of a murder charge. A few months later, he died of terminal slowness on the draw at the hands of Billy Cory.

Scholz died in 1891. His stepson sold the Garten a few years later to the Lemp Brewery. In 1908 the Saenggerunde Club, a singing society whose members must be able to sing in German and on key, began meeting in the Garten. The group bought the place in 1914 and has kept it since then. Since 1964, the lease to operate the tavern has been held by the family of Larry Bales, the current proprietor.

Scholz's has always been a musical place. The program for an 1871 concert there featured "a duet for two." At the turn of the century, a full-scale orchestra held forth in the Garten three times a week. The country-western version of *Fraulein* is still the jukebox favorite. To this day, if a significant minority of customers decide to sing, there is no middle way: One can either join in or leave. It is best to avoid the Garten on the day in alternate years when the University of Texas-Texas A&M football game is played in Austin, unless one is terribly fond of the Aggie fight song.

It has been said, and it may be true, that more laws have been passed at Scholz Garten than at the state Capitol. Buck Woods, then head of state chapter of Common Cause, the public affairs lobby, and Bales, who was then in the legislature, wrote the state's ethics law in 1973 under the Scholz elms.

Successful liberal political endeavors hatched at the Garten have been known as "beer hall putsches."

Though Scholz's is somewhat "out" with the liberal crowd now, there are signs that it is creeping back "in." The Garten has been adopted by various groups in various times. Bales observed mournfully that when Texas legislators voted themselves a pay increase large enough to afford mixed drinks, their patronage of the Garten fell off sharply. However, the Garten's current patrons are as thirsty, and contentious, as ever.●

REMARKS BY THE HONORABLE JOHN PAUL HAMMERSCHMIDT

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. ABDNOR. Mr. Speaker, the distinguished gentleman from Arkansas, John Paul Hammerschmidt, recently addressed the national convention of the Veterans of Foreign Wars. In his remarks, he presented some observations and conclusions drawn from his tour of Southeastern Asia as vice-chairman of the congressional fact-finding mission on refugees.

The second part of his address concerned the Veterans Administration medical program. As ranking member of the House Committee on Veterans' Affairs, his recommendations for refocusing VA medical care to accommodate the influx of aged veterans are both significant and timely.

I ask that the address be inserted in the Record:

Remarks by the Honorable John Paul Hammerschmidt

Thank you for that introduction.

It's good to see my old friend Cooper T. Holt here. He and his excellent staff at the V.F.W. Washington Office are essential to the committee on veterans' affairs as a source of guidance and counsel.

Commander-in-Chief Sandstrom, I appreciate your invitation to address the V.F.W. convention during a year that has been marked by both hazards and accomplishments. This is a crucial time in the long history of veterans' affairs.

I know you are vitally interested in legislation affecting veterans' benefits. Before discussing that, however, since this is also a crucial time in our relations with other nations, I want to share with you some of my observations made during an eight-day trip earlier this month to southeast Asia.

This is a part of the world where many V.F.W. members left their sweat and blood. It is a part of the world that has cost other Americans their tears. For many more of our fellow citizens, it was a graveyard for our fondest hopes and dreams.

For that reason, when the speaker of the house selected nine members of congress as a fact-finding team to look into the refugee problem, I was pleased to accept appointment as vice-chairman of the delegation.

The problem, my friends, is as bad and worse than the terrible sights you have seen on television news programs. The suffering of reach out to us by the hundreds of these people can hardly be conveyed. They thousands.

Many of these people fought at our side in Vietnam. They were our allies and now they suffer for it. But yet this is a problem of great complexity. Among the refugees are great numbers of ethnic Chinese who are the special targets of the Vietnam government. Vietnam officials fear—in case of further armed conflict with China—the Chinese would constittue a fifth column, sabotaging Vietnam from within.

To further complicate the matter, Russia lurks in the background—a massive and ominous presence, obsessed with hatred of China, unmoved at the plight of the refugees, rejoicing at the political unrest along China's borders.

Many of these refugees are being accepted into other southeast Asian Nations. The small British colony of Hong Kong has taken 65 thousand. Chinese refugees are threatening the delicate balance of political power in Malaysia. Pathetic, wracked by incredible suffering though they may be, these refugees represent a political tinder box in the eyes of the established southeast Asia governments.

The situation is additionally complicated by the land refugee problem, especially in Thailand where the Hmongs, the ethnic Laos, the Khmers, as well as Cambodians are crossing the border from that unfortunate war. Many of the Hmongs served in behalf of U.S. efforts, as special guerilla units in Laos.

What is to become of them?

The greatest need, other than adequate funds to maintain and process the refugees, is worldwide understanding of the humanitarian aspects of a very complex socio-economic problem.

Of course, money is essential, and of the 65 nations involved in trying to find a solution at Geneva, the United States has pledged, through a commitment by the President, to do our share—maybe even more.

It is my belief that the necessary processing of refugees can be handled most promptly and economically through centers located where the refugees already are—throughout the South China Sea area.

In Thailand, for example, it costs 26 cents per day to maintain a refugee; in Hong Kong the cost is $2 daily; here in the United States the cost is $12 per day for maintenance of one refugee. Thus, many more individuals can be helped when American dollars are put to their service in overseas reprocessing centers.

In addition to money, the primary problem in resettling refugees in this country is locating sponsors—individuals and organizations that will accept them during a period of transition. Coming from a society where customs and laws are much different from our own, speaking little or no English, the difficulties for them and for their American neighbors are enormous.

In our conversations with Vietnamese officials, I was particularly insistent on finding out the extent of the information they have withheld about our servicemen still listed as missing in action.

The Vietnamese want very much to establish normal relations with the United States. They realize information about the MIAs is the strongest card they hold and they will not play it until they have to. Personally I believe they are bluffing. By this time I doubt they know much more than we know about the fate of the MIAs.

We were dealing with officials of an outlaw nation. Their conduct toward their own citizens is such that to many, the dangers of the open seas in leaky boats are preferable to continuing life in communist Vietnam.

I can see no justification for taking such a regime into the community of nations. Until policies are moderated, both toward its own people and its neighbors, normal relations with communist Vietnam should not be established.

Now from this serious problem in our foreign affairs I would like to turn to a serious problem in veterans' affairs.

Those of us working in behalf of the best interests of veterans grew accustomed at one time to the general approval of our programs. There was little disagreement in official circles that veterans deserved special consideration. But now, my fellow V.F.W. members, we are hearing administration officials in Washington ask, "What's so special about veterans?"

So, it has become necessary to periodically remind sections of the executive branch that veterans are special and we have no intention of permitting any further erosion in the superb system of medical facilities and entitlements built up over the years.

Before I offer concrete suggestions on how this can be done, let me outline some of our accomplishments this year:

The "Veterans Health Care Amendments of 1979" (S. 7 and H.R. 1608) have been enacted into law, authorizing the VA to establish a counseling program for Vietnam-era veterans who have developed readjustment problems after discharge from service.

Another section of this new law establishes a five-year pilot program of drug and alcohol abuse treatment and research.

Another health care bill has passed the House and Senate, (H.R. 3892). One provision authorizes $15 million per year for grants to states for the construction of state veterans homes. The House-passed version authorizes out-patient and other medical care for World War I veterans on the same basis as Spanish-American War veterans.

The House also passed an increase of 8.3 percent in compensation payments for the service-disabled and a similar increase in dependency and indemnity compensation rates for survivors. At the beginning of this session of Congress, House legislation which I introduced called for a 10 percent increase. The Senate-passed version includes an 11.1 percent increase, so the compromise figure may be close to the 10 percent.

You have read in your national magazine and state newspapers about the running battle between our congressional VA committee and the Carter administration over the VA budget for medical care.

The administration sent Congress a budget for fiscal year 1979 that proposed eliminating 3,130 VA hospital beds across the country.

When the fiscal year 1980 budget arrived in Congress early this year, it again called for further bed reductions—a total of 2,100. The deputy chief medical director of the VA said publicly an additional 13,000 beds will be taken out of operation during the next few years.

I will not bore you with all the numbers involved in the congressional budgeting process; however, with your help we have been able to add enough money in the VA budget to restore some of the bed cuts made this year throughout the system.

Yesterday, you heard the chairman of the House Veterans Affairs Committee, the Honorable Ray Roberts of Texas, mention the hospital cost containment bill (H.R. 2626) that was passed by the House Ways and Means Committee. It seeks to put VA hospital management and planning under the Secretary of HEW. Everything possible will be done to block this move.

This development is particularly alarming because for years, HEW, OMB (the Office of Management and Budget), and other elements of the administration have tried to break up Veterans Administration jurisdiction and transfer some programs to other agencies. But, Congress has fought them off.

This is the first time, though, that a congressional committee has taken an action that would compromise the VA's jurisdiction over veterans affairs.

As the chairman told you, it is essential that you let your Congressman know you still believe in the VA as a one-stop agency responsible for the administration of all veterans benefits.

World War II veterans make up by far the largest segment of veterans. They are reaching the average age of 60. Their needs for medical care are increasing dramatically, yet the administration is steadily reducing available facilities.

Perhaps it is time for veterans to change tactics. By battling the administration from a defensive stance, all that can be hoped for is to hold our own.

Instead of wringing our hands over bed cuts, reductions in research, staff reductions and cutbacks in medical service, perhaps it's time to turn around and face the problem squarely. In short, quit trying to cut losses and start advancing, looking to future goals instead of to the past.

Following are a few suggestions which this fine organization, and all others who take seriously the nation's responsibility to care for its military veterans, might want to consider.

To start with—how about seeking a VA policy to put into operation one nursing care bed for every acute care bed taken out of service. This would put an end to unused space in VA hospitals—space that could invite a takeover by HEW in the event national health insurance is enacted.

The needs of aging veterans aren't limited to extended care facilities. Many old soldiers need only a comfortable place to fade away. Hospices, where families can gather so the passing can take place in dignity, are one possibility.

Day care centers could be considered, where veterans and their families can receive such treatment as they may need, then return home at night.

VA hospital research has shown that much so-called senility and other infirmities of old age can be corrected by proper nourishment. Aging veterans isolated in rooming houses could benefit from a meal-a-day facilities.

Within the entire spectrum of care for aging veterans, personal care homes, where qualified families can take in veterans without families of their own, may have a place.

Senior centers can be designed to help older veterans remain independent for as long as possible, functioning at the highest level they are capable of. Such centers could provide rehabilitation therapy, out-patient health and dental care, counseling, recreation and transportation.

Pilot experiments with group homes show promise for providing a higher quality of life for homeless veterans. Five or six veterans share a house and the family of each participates in their care, each giving, perhaps, one day a week to cleaning, shopping and socializing.

One VA medical center has begun sending a mobile, chronicare clinic housed in a van through remote rural areas. A physician's assistant provides examinations and medical counseling to veterans, referring acute problems to the closest hospital. This so-called "medi-van" was a gift of the American Red Cross but it could serve as a model for a nationwide program.

All these ideas incorporate modes of care that are far less expensive than hospitalization. The taxpayer saves money, and the veteran enjoys a more fulfilling existence.

A beginning has been made by the Committee on Veterans' Affairs. Just two months ago the House passed the Veteran Senior Citizen Health Care Act of 1979 (H.R. 4015), in spite of opposition from the Veterans' Administration.

The bill establishes within the VA Department of Medicine and Surgery the position of Assistant Chief Medical Director for Geriatrics and Extended Care. It authorizes the VA to set up demonstration centers of geriatric research, education and clinical operations for the aging.

There are many interesting medical research developments into the problem of senility which have also come to congressional attention through a related assignment on the Select Committee on Aging.

Researchers no longer believe senility to be an inevitable result of aging. Chemical research has led one investigator to believe the symptoms of senility are brought about by loss of an enzyme that can be replaced. Another researcher is working on the hypothesis that brain degeneration is caused by a slow-acting virus—a virus that can be blocked.

When you return home from this convention, I hope these ideas will be discussed in your post, district and department meetings. Out of your discussions can come a new direction that will strengthen and refocus the VA for veterans. It is time to remind the Administration that the *VA is for veterans,* not the other way around.

In closing these remarks, I would like to exercise a point of personal privilege, if I may, and compliment my good friend Herman Phillips, Co-Captain of the All-American Team of Department Commanders. Under his leadership this year, Arkansas has shown every other state the way in membership.

And of course he has had good help. Wendell Gills of Arkadelphia made All-American District Commander. Pat Ramey of Mountain Home made All-American Post Commander. A clean sweep for Arkansas.

I congratulate these men from my home State and I congratulate all of you who are part of this great organization and its fine tradition of leadership across the Nation.

Thank you for the opportunity to be with you today, and for your kind attention.●

TREASURY'S $59 MILLION BOONDOGGLE

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. EVANS of Delaware. Mr. Speaker, the U.S. Secret Service, in a report issued a few days ago, has brought to light one of the most shocking displays of bureaucratic incompetence that I have ever seen.

Secret Service has found that the Department of the Treasury's Check Claims Division has through issuing duplicate checks overpaid claims by $58.9 million. The report also points out the Division has allowed over 300,000 claims to become backlogged, dating back as far as 1972.

Certainly each of us wants to see the rapid replacement of a legitimately lost social security check. But this kind of bureaucratic bumbling is an open invitation for every crook and rip-off artist in the country to file a fraudulent claim for another check.

I call upon Secretary of the Treasury Miller to give the Congress a full report on what is going to be done to stop this waste of Federal dollars.●

GETTING THE PEACE PROCESS IN THE MIDDLE EAST MOVING AGAIN

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues an excellent editorial from the Washington Post of September 17, 1979, written by William Quandt, who used to be in the National Security Council staff office for the Middle East and is currently with the Brookings Institution.

In his article, Dr. Quandt states cogently what is needed and not needed to move the peace talks. He argues against seeking new U.N. resolutions and against chasing after the PLO and states that what we need is not rhetoric, but results—results in the negotiations between Israel and Egypt over what autonomy on the West Bank and in Gaza will look like, what land rights, water, administrative, and legislative rights the Palestinian inhabitants will have. These negotiations, he says, are where we can hope to gain Palestinian support for the peace process if we are able to offer them an agreement which holds the promise of a future better than their present. Dr. Quandt also suggests that the current negotiations can be advanced by our reinforcing the long-established principles of U.N. Resolution 242 regarding withdrawals and by seeking a moratorium on new Israeli settlements in the occupied territories.

Dr. Quandt's editorial follows:

ONE YEAR LATER—THE UNFULFILLED PROMISE

(By William B. Quandt)

One year ago today, President Carter presided over his most impressive foreign-policy accomplishment—the signing by President Anwar Sadat and Prime Minister Menachem Begin of the Camp David Agreements. Egyptian-Israeli relations are presently flourishing, and yet the promise of Camp David remains unfulfilled. Rhetoric about a comprehensive peace and Palestinian rights cannot disguise the lack of progress in broadening the scope of Arab-Israeli reconciliation. Failure, which now seems likely, would be a sharp blow to U.S. influence in much of the Arab world.

Peace between Egypt and Israel is a net plus for U.S. interests, even though it will not bring stability to the rest of the Middle East. It has virtually eliminated the risk of a major war on the scale of those of 1967 and 1973, with all the attendant dangers of superpower confrontation and oil embargoes. In addition, it ensures that Egypt will not be forced back into heavy dependence on the Soviet Union. For the first time, U.S.-Egyptian relations can develop on an unprecedented scale, without strains in U.S.-Israeli ties.

As important as this is, the issues of the West Bank, Gaza, the Palestinians—and of Jerusalem—remain unresolved and the current negotiations are foundering. In Lebanon, Syria, Jordan, and among the Palestinians, tensions are mounting. Instability in these areas deeply worries the conservative leaders of the Arabian Peninsula, especially the Saudis. To offset these trends, the credibility of the peace process needs to be restored.

At Camp David, Egypt, Israel and the United States agreed to try to resolve the Palestinian question in stages. There would be a transitional period of five years to provide the million Palestinians in the West Bank and Gaza with institutions of self-government, with further negotiations to determine the "final status" of these territories.

While this concept was sufficiently open-ended to have considerable potential, it also had obvious weaknesses. It was vague about the final goal of the negotiations. Nor had the Palestinians or Jordanians been consulted about a process that envisaged their eventual cooperation and participation.

These flaws could have been overcome with time. But one key element of the Camp David understandings immediately collapsed. Carter thought he had extracted a commitment from Begin to freeze settlement activity in the West Bank and Gaza during the negotiations over those territories. Begin quickly asserted that the freeze would last only three months. He won. In the eyes of many Arabs, the credibility of the Camp David process—and of the United States—lost.

In addition, the open-ended potential of the negotiations was narrowed by Begin's statements that the only solutions for the final status of the West Bank and Gaza were indefinite "autonomy," with Israel retaining ultimate control, or Israeli annexation. The administration did not challenge Begin's assertions, although they were sharply at variance with U.S. views on Israel's commitments under U.N. Resolution 242—withdrawal in exchange for peace and security.

Since then, Arab suspicions that the United States is satisfied with a separate Egyptian-Israeli peace have grown. Few Palestinians place confidence in the present talks. And many Americans seem to feel that Sadat and Begin, their romance in full bloom, should be left alone to deal with the Palestinian question.

But if we turn our backs on the current negotiations, or if we act as less than a full partner, merely blessing whatever Sadat and Begin choose to do, our already sagging prestige will plummet. This is what justifies an active American role, not the fear of Saudi oil pressure or concern that the Egyptian-Israeli treaty will collapse without progress in the Palestinian talks.

President Carter has committed himself to implementing the Camp David accords. He has appointed one of his shrewdest political advisers to represent the United States in the current talks. Failure will damage the reputation of the United States and its two closest allies in the region.

How then to proceed? Not by seeking new U.N. resolutions. Not by chasing after the PLO. And not by looking for artful formulations on self-determination and national rights for the Palestinians. We have had enough rhetoric. We need results.

We should accept the reality that Palestinians and Jordanians, despite Sadat's persistent optimism, will remain on the sidelines throughout the negotiations. The standard for success is not whether they participate, but whether Palestinians in the West Bank and Gaza accept the results of the negotiations by voting in the elections to establish self-government.

The issues of immediate concern to Palestinians living under Israeli military occupation are control over land and water resources, the size and functions of the Israeli military presence, and continued land expropriation and construction of new Israeli settlements. On these points, agreements that hold promise that the future will be significantly better than the present will have a chance of gaining Palestinian support.

In addition, we can advance the negotiations by focusing on two points. First, the

United States should try again to get Begin to live up to the commitment that Carter thought he had at Camp David to stop Israeli settlement activity during the talks. These settlements are hurting the negotiations, and most make no contribution to Israel's security. Nor are they pointing the way to coexistence as settlers live behind barbed wire on the expropriated land of their Arab neighbors. Security and coexistence are legitimate goals for Israel, but new settlements work at cross-purposes with those aims and should not be subsidized by the United States.

Second, the United States has long maintained that the principles of U.N. Resolution 242 remain the basis for a peace settlement in the Middle East. One of those principles is that Israel should withdraw from occupied territories once peace is achieved. There is ample scope for negotiating how much withdrawal, the conditions and timetable for withdrawal, and the security arrangements that must accompany withdrawal. But the Israeli government can expect no support for its current interpretation that Resolution 242 does not require Israeli withdrawal from the West Bank and Gaza under any conditions. At Camp David, this issue was sidestepped. It cannot be ignored indefinitely.

More than tangible national interests are at stake in the negotiations over the West Bank and Gaza. Also at issue is whether the United States and its partners, Egypt and Israel, have the skill, the power and the qualities of leadership to find peaceful solutions to dangerous conflicts. The promise of Camp David in September 1978 was that we could. The fear in September 1979 is that we cannot.●

TERRI BLAKE WINS CAMPAIGN FOR NATIONAL GRANDPARENTS DAY

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. WAXMAN. Mr. Speaker, in early August, Congress approved House Joint Resolution 244, permanently proclaiming the Monday after Labor Day as National Grandparents Day. The credit for our recognition of the need to honor our grandparents should be extended to Terri Blake of Hollywood, who first thought of this resolution, and who worked for over 20 years for its adoption.

Her campaign first began at Hollywood and Vine, in 1955, when she set up a table to get signatures on a petition for National Grandparents Day. She criss-crossed the country with her petitions, and made several television appearances. She enlisted the support of mayors and legislators, and national organizations and citizen groups everywhere. Last year, Congress proclaimed National Grandparents Day for 1978. That was the breakthrough which led to passage of the resolution establishing a permanent celebration.

Terri Blake is not only a grandmother, but is blessed with four great-grandchildren. Because of her dedication, America's grandparents will now have 1 day that is theirs—and ours as well. We all owe Terri Blake our deepest thanks for her tireless efforts to win recognition of this most special day, National Grandparents Day.●

NUCLEAR POWER AND ARIZONA

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. UDALL. Mr. Speaker, the issue of nuclear energy to generate electricity is not a single question. It is a dozen. They overlap and all are being hotly debated these days.

None of these questions can be resolved by shouting slogans or by demanding categorical positions on each piece of the puzzle.

As chairman of the House Committee on Interior and the Subcommittee on Energy and Environment, I am deeply involved and have a heavy responsibility in trying to wisely answer questions about safety, nuclear waste, State vetoes, moratoriums, and all the rest. But final decisions should not be made solely by me or by the so-called experts. They involve all of us and the kind of society and country we want to pass along to future generations. I am often asked my position on these complex questions. Here is a summary of my present thinking:

PROMISE OF THE 1950'S

In the 1950's, we decided that nuclear electricity was good, feasible, safe, and inexpensive and that it ought to be encouraged.

Our political leaders, the best scientists, all saw it as "power for the people," as energy for the underdeveloped world and for nations not blessed with coal or oil.

In hindsight, it is clear that we were too optimistic and that we now owe it to ourselves to reassess the whole nuclear picture.

But we are not in a position to make a fresh decision about producing some nuclear energy. We crossed that point a long time ago. As you read this, 12 percent of the electricity in the United States is being generated by nuclear powerplants. And in some regions, such as New England and northern Illinois, nuclear power is producing 30 to 50 percent of the electricity. We can't undo the past, go back to the 1950's, and start over.

LET'S INSIST ON SAFETY

Today we have some 70 nuclear powerplants in operation, producing that 12 percent I mentioned. Realistically, we must accept these plants and acknowledge that they will play some part in our electrical systems through the 1980's and 1990's. But we must heed the lessons of Three Mile Island and other troubling reactor incidents of recent years. We must insist that these plants be made safe, and when they are found to be unsafe they ought to be closed.

MAJOR INVESTMENTS

In addition to the 70 operating plants, there are about 96 nuclear plants under construction. Some will be completed this year; others are in early stages. I believe that plants which have major investments of money and material should be treated the same as those which now have operating licenses.

In each case, plant designs should be modified to enhance safety and to prevent close calls like that at Three Mile Island.

THE PALO VERDE PROJECT

Some thoughts about the Palo Verde project: Three of the 96 reactors in the construction phase in this country are at the Palo Verde site owned by the Arizona Public Service Co. and located west of Phoenix. More than $1 billion has been spent on these three identical reactors. The proposed units 4 and 5 have been cancelled. I favor completing plants 1 and 2. Unit 3 is a closer call. Because it is part of a single complex on which large and interrelated expenses and liabilities have been incurred, I would favor leaving it out of any moratorium.

NUCLEAR EXPANSION AND THE PUBLIC

But, the most serious question we face is whether additional new plants beyond the 168 I have already discussed should be allowed, encouraged or forbidden. In the Nixon years, our Government was projecting and supporting construction of more than 800 plants by the year 2000. As recently as last year, the Carter administration was talking in terms of 300 or 400 plants by the end of the century.

I do not favor constructing any additional nuclear plants beyond the 168 already under construction or in operation. We should hold off encouraging or permitting new plants until our country has made a thorough evaluation of where the future will take us. The fact is that nuclear power is unlikely to expand unless the American people will accept: First, living close to nuclear powerplants; second, a system of transporting nuclear materials; and third, a nuclear waste system they can live with. And the truth is that all three are in trouble.

If we wisely use the operating nuclear plants, plus the 96 under construction, they can serve as a bridge for the next 20 years or so to give us the lead time we need to change to a new energy mix based on coal, solar, wind, biomass, hydrogen and all kinds of renewable, simple technologies.

If we go heavy on conservation efforts in every aspect of our lives and in industry and transportation systems, I think we can get through those 20 years and be in a position to begin a phaseout of existing nuclear plants, as they wear out. There will be no single, quick technological fix for our energy problems. Nuclear energy can serve as a "bridge" to an era of new power sources. That era, I suspect, will hold the answer of not one, but several dozen answers—each contributing a small percentage to the solution.

THE BREEDER REACTOR

In light of the trouble we have had with this first generation of nuclear reactors and the unanswered questions about nuclear power, I believe we should call off the Clinch River breeder reactor plant. Its design is outmoded. I do support continued research on a variety of breeder models and cycles. Some of them may prove out, but we have a couple of decades before we need to decide whether we wish to run the additional risks involved in this more complex and possibly more dangerous application of nuclear technology.

THE STATE VETO

With regard to States' rights and nuclear power, I favor amending the Atomic Energy Act to grant specific authority to States, allowing each to establish conditions under which nuclear powerplants might be constructed. This would allow States to establish site conditions and certain characteristics of plant design, but I would insist that State regulations be at least as stringent as those of the Nuclear Regulatory Commission, and the States would also be allowed to prohibit new nuclear plant construction if they so decided.●

COLLEGES OF PHARMACY

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. LELAND. Mr. Speaker, the time is approaching for the Congress to consider, in a new health manpower bill, the issue of Federal support to schools of the health professions. I would like to address briefly the area I know best—colleges of pharmacy.

Pharmacy colleges have received modest Federal support in the past; they have received the lowest per capita institutional awards of any of the colleges of the health professions. However, I believe they have provided the taxpayer with an excellent return on this modest investment.

The most significant change which the Federal dollar has brought about in pharmacy education has been the addition of clinical pharmacy into the curriculum. Clinical pharmacy includes training in patient-oriented skills such as monitoring patients' drug usage and detecting potential adverse drug reactions. From near nonexistence several years ago, this costly clinical component has grown to nearly a quarter of the training time and accounts for over half the instruction provided in the senior year. Much of the training goes on in the traditional teaching hospital setting, but a substantial portion is taking place in the field—in community hospitals and pharmacies, in clinics, and in nursing homes.

This clinical training has resulted in a marked increase in quality of patient care with an accompanying decrease in health care costs. What all this means to the Nation is vividly illustrated in the following statement which I would like to share with my colleagues. Entitled "Priorities of Pharmaceutical Education in Response to National Health Needs," this statement was adopted this summer by the American Association of Colleges of Pharmacy. I urge my colleagues to give it their close attention and to recall it the next time they hear someone take the shortsighted view that money can be saved by eliminating Federal support to institutions such as colleges of pharmacy:

PRIORITIES OF PHARMACEUTICAL EDUCATION IN RESPONSE TO NATIONAL HEALTH NEEDS*

INTRODUCTION

Our country's most recent "Forward Plan for Health" has identified cost containment, primary care and access to services as public policy priorities in the financing and delivery of health care. The American Association of Colleges of Pharmacy, a non-profit educational society representing the 72 accredited colleges of pharmacy in the United States, concurs that these priorities require immediate attention and believes they should be addressed through the cooperative efforts of health care providers, voluntary associations, educational institutions and government. At the same time, we urge a sustained effort and commitment to assure that these national health priorities are transformed into permanent characteristics of an ongoing public health policy and health-care delivery system. The economic viability of our nation and our citizens' rights to health care demand no less.

Pharmacy, as an integral and vital component of health care, has made steady progress in containing health-care costs, improving primary care and assuring better access to services by improving the ways drugs are prescribed, dispensed, administered and used. Over the long term, the extent to which these contributions can be maintained and enhanced to their full potential depends almost exclusively on the content and quality of pharmaceutical education.

The dramatic transition in professional academic programs in pharmacy toward direct patient care in a clinical environment has significantly increased the cost of pharmaceutical education. In recent years, this increased cost has been offset by federal capitation funding requiring clinical orientation in the pharmacy curriculum. It is the strong conviction of the American Association of Colleges of Pharmacy that federal financing of pharmaceutical education must be continued in some form to assure that future pharmacy practitioners accelerate the profession's contributions in addressing national health priorities. Recognizing that continued federal financing must be justified through evaluative research on the impact of pharmacy practice as it relates to national health priorities, the Association has encouraged its individual members and member institutions to design and implement controlled field studies, including cost-benefit and cost-effectiveness studies, in an attempt to document pertinent pharmacy practice achievements.

The selected research reports and financing priorities in the following sections are cited with the additional recognition that continued federal financing of pharmaceutical education must be based on objective data relating to national health needs rather than on the individual needs of academic institutions or geographic areas.

PHARMACY PRACTICE ACHIEVEMENTS

Pharmacy practice achievements, as they relate specifically to cost containment, primary care, and access to health-care services, involve pharmacists' expanded roles in ambulatory, acute, and extended care.

One of the best examples of the cost effectiveness of the pharmacist in these roles is a pharmacist-conducted training program that teaches patients to self-administer certain parenteral medications at home. Selected patients of the Ohio State University Hospitals are trained to self-administer calcitonin, injectable analgesics, antihemophilic factor, cytarabine and parenteral hyperalimentation solutions, thus minimizing the cost of outpatient clinic, physician, or home nurse visits. (1) Financial data based on one year's experience with this program indicate that savings far outweigh costs. For one patient alone, a hemophiliac receiving Factor VIII, savings were more than $20,000 in the first year. (2) The pharmacists' professional services under this program are reimbursed by Blue Cross of Central Ohio; approval of such payment by a third party is viewed as a major step in recognizing the cost effectiveness of the pharmacist's clinical role. Other pharmacy programs to train patients in the home administration of total parenteral nutrition have been reported. (3)

Another example of reimbursement for clinical pharmacy services is a program in a medium-size community general hospital whereby third parties reimburse, on the basis of documented costs, for growth hormone home instruction, patient consultations and visits, and pharmacokinetic consultations by pharmacists. (4)

Several published reports indicate that pharmacists' therapy management or monitoring of patients with chronic diseases such as hypertension or diabetes may result in cost savings through improved treatment outcomes of diabetic patients who were randomly assigned to study and control groups. (5) Patients whose therapy was monitored and who were counseled by a pharmacist showed improved symptomatology, required significantly fewer changes in therapeutic regimen, and had a lower incidence of hospital admissions and physician contacts as compared to patients in a control group.

In another study, patients with essential hypertension revealed significant improvement in knowledge of the disease, compliance with prescribed therapy, maintenance of blood pressure within the normal range, and the requirement of physician follow-up when clinical services were provided by a pharmacist. (6) A study funded by the National Center for Health Services Research and conducted at a Public Health Service Indian hospital determined the effectiveness of a pharmacist in the management of patients on long-term drug therapy. Working under detailed chronic care protocols and defined health parameters for specific chronic diseases, more efficient utilization of both pharmacists and physicians was achieved without sacrificing quality of care. (7) Although the three studies mentioned above did not specifically address cost savings, they suggest substantial savings through a reduction in hospitalization or physician visits.

In a cost-benefit study conducted in an outpatient clinic of a large medical center, the average prescription cost for patients who received only traditional pharmacy dispensing services was more than 2.5 times that for patients whose therapy was monitored by a pharmacist. (8) The difference in cost was attributed, in part, to the use of patient medication profiles, the selection of less expensive drugs when possible, and the elimination of drug duplications through coordination of therapy prescribed by more than one physician.

A report of a study in nineteen hospitals indicated that clinical pharmacy services combined with a unit-dose medication system could reduce overall costs by $.79 to $1.25 per patient day. (9) This finding assumes added significance when considering that the American public is hospitalized in short-term general hospitals for approximately 275 million inpatient days per year.

Participation by pharmacists in medical rounds in a 250-bed pediatric hospital resulted in cost savings of $.54 per patient day solely through elimination of medication waste due to late drug order changes. (10) Assuming 90 percent occupancy in this hospital, the total yearly savings would be nearly $45,000. In an unpublished study conducted at the University of California Medical Center in San Francisco, a clinically trained pharmacist who monitored total parenteral nutrition therapy in the surgical service of the hospital was able to effect a 24 percent cost savings, representing a net savings of $14,000 in one year. (11) Another report indicated that clinical pharmacy services were responsible for reducing the hospital stay, by one day, of 20 percent of 130 internal medicine patients. (12) By extrapolating the net cost of the pharmacists' services to a yearly basis, the savings for just the two internal medicine wards would be more than $20,000. A pharmacy program of discharge medication interviews in another university hospital resulted in substantial dollar savings for patients and was deemed to be cost beneficial. (13)

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*Endorsed by the AACP House of Delegates, July 1979.

A study carried out in four skilled nursing facilities, one of which served as a control, demonstrated that clinical pharmacy services resulted in estimated savings of $80,000 per year for 300 patients ($.73 per patient day) through reduction in the use of inappropriate or unnecessary drugs and prevention of adverse drug reactions. (14) Clinical pharmacy services provided to 25 medicaid patients in a skilled nursing facility in Washington state resulted in savings of about $6 per patient month through reduction of unnecessary drug use. Projected to all such facilities in the state, the net savings to the Medicaid program would be $747,000 per year. (15) Drug regimen reviews performed by pharmacists in six skilled nursing facilities and one institution for the mentally retarded resulted in a reduction of 0.9 to 2.44 prescription orders per patient per month. Extrapolation of the dollar savings to all Medicare and Medicaid skilled nursing facilities in the country would yield net savings of $3.2 million to $37.2 million per year. (16) Several reports of drug-related problems in nursing home patients, and of the positive effects of pharmacist intervention to alleviate these problems, have resulted in a call for expanded pharmacist involved in drug therapy review in extended care facilities. (17)

These selected reports are cited to demonstrate that direct patient care activities of the pharmacist—activities which are emphasized in contemporary pharmaceutical education—have had and can continue to have a decided impact on national health priorities. We have not attempted to demonstrate how more traditional, yet still important, activities of the pharmacist in drug procurement and distribution (e.g., the hospital formulary system and unit-dose medication systems) can effect cost savings in health care. Cost savings and other benefits of drug product selection by the pharmacist, as well as of unit-dose drug distribution systems, have been well documented elsewhere.

THE FEDERAL/COLLEGE OF PHARMACY PARTNERSHIP

The American Association of Colleges of Pharmacy believes that the high costs of clinically oriented academic programs in pharmacy, coupled with evidence of the cost effectiveness of clinically oriented services provided by pharmacy practitioners, call for a continued, broad-range federal partnership in the financing of pharmaceutical education in the public interest. The Association further believes that continued federal support of pharmaceutical education should be directed toward holding costs to students at a reasonable level, and toward programs that most effectively develop pharmacy graduates as contributors to public policy priorities in health care.

Accordingly, the Association urges continuation of institutional (i.e., capitation or some alternative program mechanism) funding of colleges of pharmacy to maintain clinical pharmacy efforts developed under the incentive of prior and current health manpower legislation. However, incentives to increase enrollment are no longer considered necessary.

The Association also recommends direct federal support of individual institutions on a competitive project basis. Specifically, it is suggested that institutional financing be enhanced by a dedicated pool of funds to be used for development, support, and evaluation of the following institutional projects on a competitive basis:

Prototype model pharmacy practice systems for training pharmacy students in such specialized practice areas as primary, geriatric, pediatric, and mental health care in both inpatient and ambulatory practice sites.

Training programs to prepare clinical scientists who can serve on faculties of colleges of pharmacy to " . . . relate their specialized scientific knowledge to the development of practice skills required to provide effective, efficient, and needed patient services." (18)

Research projects to further evaluate the clinical role of the pharmacist in terms of patient health outcomes and cost effectiveness.

Interdisciplinary programs designed to prepare health professionals in the delivery of services via a patient-care team approach, and to identify and assess the functions of the pharmacist under such an approach.

Programs providing special assistance for students who are members of minority groups.

Since most schools and colleges of pharmacy have adequate physical facilities, and since substantial portions of their academic programs are now offered in patient-care environments, the Association is not requesting consideration of federal financing of construction, except as it may relate to (1) construction or renovation of patient-care facilities in health sciences centers when such practice facilities are integrated with educational programs in clinical pharmacy, and (2) clinical pharmacy outreach programs in other institutional and community settings.

SUMMARY

The American Association of Colleges of Pharmacy recognizes that federal financing of pharmaceutical education must be based on documental pharmacy practice achievements as they relate to national health priorities, including cost containment. Evaluative research to date indicates that direct patient-care activities of pharmacists—activities which reflect the direction of contemporary pharmaceutical education—have had a positive impact on patient-care and health-care costs. The substantially increased costs of clinically oriented academic programs in pharmacy enforce the need for continuing the federal/college of pharmacy partnership in financing of pharmaceutical education. Continued federal institutional support possibly based on current enrollment, and broadened support through competitive project grants to individual institutions, are urged.

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FORD INVENTED CAR AS ALCOHOL BURNER

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. DASCHLE. Mr. Speaker, I am a strong advocate of the production of alcohol fuels and believe they have a significant role to play in our economy.

Many people look upon alcohol fuels as a contemporary issue, and forget their colorful past. Hal Bernton wrote an article which appeared in the August 5, 1979, issue of the Washington Post and also in the August 22, 1979, issue of the Omaha World Herald. I recommend this interesting article to all my colleagues, and that excerpts of the article be inserted in the RECORD:

FORD INVENTED CAR AS ALCOHOL BURNER

Henry Ford was a farm boy from Dearborn, Mich., and he hated the endless chores that were such a large part of farm life in those days.

He hoped that someday machines would lighten the farmer's burden and help to bring a new era of prosperity to rural America.

One of the things he proposed was a decentralization of American industry.

If that would happen, he said, "small plants (factories) would be put on every stream," and then the nation would see "as great a development of farming as we have had in the past 20 years in manufacturing."

Ford also believed that alcohol, not petroleum, should fuel the rural renaissance.

Early in his career as an inventor, Ford saw the energy potential in alcohol that could be derived from farm products.

In the 1880s, while he was a chief engineer for the Edison Illuminating Co. in Detroit, he built one of his earliest automobiles, the quadricycle, and used alcohol as its fuel.

The first Model A Fords were equipped with adjustable carburetors that would accept alcohol fuel. The idea was that a farmer could use "homegrown" fuel to make his automobile go.

A COLLISION

But Henry Ford's dreams collided with those of John D. Rockefeller.

Rockefeller, another product of hard times in 19th century rural America, was born in Richford, N.Y., the son of a peddler.

The Rockefeller family moved to Cleveland, Ohio, when John was 14. There he went to high school and entered the business world.

At age 16, John was a clerk for a small produce company. A few years later, he formed a partnership in the grain commission business. When he was 23, he took his profits from that business and went into petroleum.

While Ford was busy trying to build a practical horseless carriage Rockefeller was in the final stages of consolidating his oil empire.

By 1875, Rockefeller had absorbed or eliminated most of his rivals in the kerosene industry. The Standard Oil Trust had come into being.

ALCOHOL TAX

Ford would have difficulties a-plenty in any attempt to create an alcohol-fuel industry capable of competing with Standard Oil.

In 1900, the alcohol industry in the United States consisted of nothing more than a few small family-owned distilleries scattered throughout the South.

The product of these distilleries was far too costly to be used for fuel. Even when the alcohol was denatured and used for industrial purposes, it was subject to a liquor tax of 40 cents a gallon. Gasoline was much cheaper.

But there was powerful political support in Washington for Henry Ford's efforts to make the farmer an energy producer.

Among many persons there was worry that changes accompanying the industrial revolution would destroy the agricultural base upon which the United States had been built.

One of these worrying persons was Teddy Roosevelt, a bitter foe of big business, which he believed had too great an influence over the U.S. economy.

A HEAD START

Roosevelt was elected to the White House in 1904 after attacking Standard Oil, and gained the title of "trust buster."

In 1906, attempting to aid the farmer and weaken the petroleum industry's grip on automotive fuel supplies, he backed congressional attempts to lift the tax on industrial alcohol.

The Standard Oil Trust was broken in 1911, but it already had a long head start on the alcohol industry, having succeeded in monopolizing the automotive fuel market. Therefore, the fledgling alcohol industry was unable to make a serious challenge.

A few attempts were made to sell alcohol fuel, all of them unsuccessful, and the automotive magazine Horseless Age reported that "there is no sign of any extended application of denatured alcohol as an automobile fuel."

QUICK RICHES

In the meantime, gasoline sales were soaring. By 1911, gasoline had topped kerosene as Standard Oil's leading moneymaker.

Automobiles had captured the fancy of Americans. There was a rapidly growing demand for horseless carriages—and for fuel to power them.

Also capturing the fancy of Americans was the oil boom in the West. Sink a hole, make a million—maybe.

The automobile, combined with dreams of quick riches, gave the oil industry a tremendous boost.

More than 400 oil companies sprang up. Their wealth financed the construction of new cities such as Tulsa and Houston.

In such circumstances, few Americans paid much attention to Henry Ford's attempts to promote alcohol as fuel.

With more cars and better roads being built, the American people were pouring more and more gasoline into their Model T Fords, never imagining that one day the supply of petroleum might run out.

A BAD PRESS

One of Henry Ford's problems was his inability to master public relations. His efforts to speak out on the great issues of the day were ridiculed, in large part, by the eastern press.

He was a man who seemed to be out of step with his times.

For example, he financed a book that was directed against cigarette smoking. The book was a failure. Cigarettes were in.

Other social reforms attempted by Ford fell almost as flat.

But the worst blow to Ford's reputation came when he launched a campaign to keep the United States out of World War I.

Thus, a consensus grew: Henry Ford was just another eccentric multimillionaire, whose company made fine cars, but whose idea that they should be fueled by alcohol was nonsense.

OIL FIRMS STRONGLY COUNTERATTACKED

The splitting of the Standard Oil Trust in 1911 was rather like the division that occurs within a family as the children grow up, leave the homeplace and form families of their own.

So it was natural that the clan would rally in the 1930s to meet what was seen as a common threat.

All descendants of the Standard Oil Trust agreed: Power alcohol was not good.

The oil companies denounced power alcohol in sarcastic and derogatory articles in trade publications, and they provided ammunition for business magazines to do the same.

They also armed their service station attendants with anti-alcohol propaganda.

ATTACK IN IOWA

An example of the propaganda is contained in a leaflet that was distributed by the Iowa Petroleum Public Relations Committee, which said:

"The alcohol gasoline scheme outrages common sense.

"The compulsory or subsidized dilution of gasoline with 10 percent alcohol made from corn would result in a devastating raid on the pocketbooks of Iowa motorists.

"Scarcely less obnoxious would be the countless inconveniences that an already tax-burdened group would suffer from being forced to use a motor fuel that is inferior to gasoline."

At first, the attacks on power alcohol were of the sniping variety, but they soon became coordinated when the American Petroleum Institute (API) jumped into the fray, spurred by the rash of pro-alcohol bills that broke out in Congress and several state legislatures.

In March 1933, the API reprinted and distributed nationwide a Business Week article headlined "Farmers Would Make Motorists Pay for Farm Relief."

The article said: "Corn state farmers, bankers and merchants take it (power alcohol) very seriously indeed. Spontaneous support is considerable. Legislators, congressmen and editors are being bombarded with letters extolling the virtues of the mixture."

BATTLE PLAN

In April, the API sent to the members of its Industries Committee a high-priority memo detailing plans to intensify the attacks.

The memo said: "The situation is so critical that action must be taken at once.

"Make contact immediately with automobile clubs, motor transport interests, and similar organizations in your territory. Acquaint them with the real nature of this scheme and enlist their support in opposing this legislation.

"Inform oil companies in your territory of the possible disastrous effects and urge them to do whatever they can to make all the facts known to their contacts, particularly customers.

"Urge individuals and organizations to write to their representatives in Congress, and in state legislatures where such legislation has been introduced, to oppose such legislation.

"Prompt action is necessary to counteract the aggressive and misleading propaganda of the proponents of the (alcohol) blending schemes."

The API was aided by the American Automobile Association (AAA), which agreed to conduct a test to determine whether power alcohol made a good fuel when blended with gasoline.

At noon on a sweltering day in June 1933, the interested parties gathered at a 10-mile circuit course laid out just south of Alexandria, Va., to watch five conventional stock cars make test runs.

Included among persons on the pro-alcohol side were Agriculture Secretary Henry Wallace, Rep. Everett Dirksen of Illinois, and Leo Christenson who was the director of the Agrol plant at Atchison, Kans.

On the other side, of course, were representatives of the oil companies.

After it was all over, the AAA reported that, according to its technical findings, alcohol blends gave poorer mileage, less power and "separated from the gasoline after coming into contact with moisture from the atmosphere."

Newspapers across the nation printed the test results, and, editorially, many appeared to agree that power alcohol was not a good idea.

For example, the Grand Rapids (Mich.) Press said: "Road and laboratory tests of alcohol-gasoline blends recently completed by the American Automobile Association in cooperation with the government have produced results that should definitely set at rest all agitation for compulsory blending of the two fuels for motor use."

TEST IGNORED

Three years later, another test was conducted independently by Oscar C. Bridgeman of the National Bureau of Standards.

Bridgeman had helped to supervise the AAA test, but he believed that the AAA test had not been thorough.

In April 1936, Bridgeman reported the results of his test to the American Chemical Society, saying:

"If the need or desire for such (alcohol) fuels should arise in this country, sufficient technical information is available to insure that blends containing ethyl alcohol could be utilized satisfactorily as motor fuels, provided full advantage could be taken of the available technical information.

"For the most part, therefore, the problem is whether or not it is economically feasible."

But Bridgeman's report got virtually no publicity.

Meanwhile, out on the farms, a whispering campaign was taking effect.

There were rumors of "unAmerican" practices by the Agrol plant at Atchison.

Plant director Christenson told a Senate subcommittee in 1939 that "disaster struck the Agrol plant in the form of false and I think malicious rumor" that its alcohol was made from imported blackstrap molasses.

Such rumors in farming communities were disastrous because most of the Agrol distributors were farmer cooperatives, and Agrol was supposed to help American farmers by providing another market for American farm products.

"Sales dropped very, very rapidly," Christenson said.●

EDUCATION COMMISSION OF STATES URGES STUDY OF IMPLICATIONS OF TESTING LEGISLATION

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. GOODLING. Mr. Speaker, the Elementary, Secondary, and Vocational Education Subcommittee is speeding ahead with consideration of two bills, H.R. 4949 and H.R. 3564, which would put the Federal Government in the business of regulating standardized tests affecting education and/or occupational admissions. As I have tried to point out in past RECORD insert remarks and during subcommittee hearings, the proposals we are considering have enormous potential consequences. Therefore, I have been urging that the subcommittee not rush through 4 days of hearings and declare itself honestly prepared to mark up this legislation. I am afraid that these bills will be pushed out of the committee and brought to the House floor even though there is no crisis in testing. There is no need to circumvent honest deliberation and careful analysis of the full ramifications of these proposals.

New York State has recently enacted legislation on testing; California also has recently passed similar legislation; the National Academy of Sciences is currently studying the testing process. Therefore, I find it not only unwise but irresponsible to push for hasty Federal action without first carefully exploring the existing facts and answering some of the more pressing questions. The proponents of this legislation have so far failed to demonstrate how this legislation would improve the quality of education in our Nation and how it would benefit the already disadvantaged individuals it purports to help. Rhetoric alone is not enough.

The Members of this Congress might be interested in knowing that the Education Commission of the States recently reinforced my position on this issue. As you know, ECS is a respected organization which has a reputation for prudent, well-researched recommendations. I have never known the ECS to plunge headlong into an issue on the basis of rhetoric, but rather to take a position based on careful data acquisition and policy analysis. On August 22, 1979, the ECS passed a resolution on the so-called truth-in-testing legislation which I would like to share with my colleagues:

> Resolved: That the Education Commission of the States undertake a study of the intent and implications of recent state actions and legislation pending in Congress to open the testing process to public scrutiny.

I applaud the sober and responsible position of the ECS on this issue. I concur with the position of the Education Commission of the States that more time and study is needed to determine the intent and implications of these proposals. If we force the publication of the corrected exam after each administration of the test, the major benefit would accrue not to those who perform poorly on the tests, but to those who sell test-taking assistance. Who would actually benefit, the affluent academically aggressive students or the poor relatively unmotivated students? ●

PALMYRA: PUSHED INTO THE NUCLEAR AGE

HON. CECIL (CEC) HEFTEL

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. HEFTEL. Mr. Speaker, as a Representative of several hundred thousand American citizens who live in the middle of the Pacific Ocean, I find it extremely regrettable that the only sources of information I have yet encountered about our Government's plan to store nuclear wastes on a Pacific island are the newspapers. I refer to the apparent selection of Palmyra Island, less than 1,000 miles south of Hawaii, as the location for a U.S.-sponsored international nuclear dumping site.

One would have hoped that the administration would have willingly discussed the plan with the Hawaii and Guam delegations, Congress' only Members who represent Pacific island people. Such is not the case, however, and a month has elapsed since I suggested a dialog with the administration on the Palmyra plan. Unfortunately, that suggestion has gone unanswered.

Mr. Speaker, proposals to store nuclear wastes anywhere should be subject to the widest possible discussion. Mr. Bob Krauss, distinguished author and columnist for the Honolulu Advertiser, recently flew to Palmyra to see what this proposed nuclear dump looks like. His word picture should leave no doubt that the plan to store nuclear waste on the atoll is totally without merit. The point is emphasized by an accompanying Honolulu Advertiser editorial:

PALMYRA: PUSHED INTO THE NUCLEAR AGE

(By Bob Krauss)

PALMYRA ATOLL.—There is no island in the Pacific more beautiful than this tiny atoll which has been named a possible storage dump for international nuclear wastes.

Palmyra is a Hollywood movie set of the South Seas.

From the sea, the island is a shaggy coconut grove floating on the ocean. From the air, Palmyra is a limpid lagoon with a dainty necklace of green.

The atoll teems with life; on the land, in the air, under the water.

One reason is the unusual amount of rain which falls on the island—160 inches a year. All this fresh water encourages lush, tropical vegetation that smothers the land.

Coconut palms here sprout like weeds.

The naupaka (scaevola) along the beach towers 15 feet into the air. Beach heliotrope grows much higher. There are ironwood, kamani, a few hala (pandanus) trees but no banana or flowering trees.

John Bryden, manager of Palmyra's copra plantation, explained that this growth was killed in 1957 when giant waves washed over much of the atoll.

The waves uprooted cement machine gun nests and concrete bunkers and tossed them about like tinker toys. Since then, waves have eaten away portions of the island and are filling in others.

Today, cement gun emplacements which were built high and dry on the land are out in the ocean. The same thing could probably happen to stored nuclear wastes.

"I would say the atoll is constantly in motion," said Bryden.

This is because the island is as much in the ocean as on it. No part of it rises naturally more than a few feet above sea level, although bunkers have been built up to about 20 feet. Dig down three of four feet and you strike water.

A major problem here has always been corrosion. During World War II, equipment rusted so rapidly that mechanics sprayed the underside of engines with a film of oil every day to keep them operating.

A map of ocean currents shows that Palmyra is in the northern equatorial current and on the fringe of the counter-equatorial current.

This means that any leakage of radioactive nuclear waste would be swept by the equatorial current toward the west, then north past Japan, east again along the Alaskan coastline, then down past Canada and California before swinging west across the Pacific once more.

The counter-equatorial current goes the other way, and could spew radioactive waste from Palmyra into the South Pacific ocean current system, which flows north along South America in the east and south along Australia and the fringe of Southeast Asia in the west.

This is the paradox of Palmyra. Nine hundred miles south of Hawaii, the atoll is remote from population centers but very much part of our space-age world.

It took us five hours to fly here from Honolulu in a vintage World War II Lockheed Lodestar, which has the range to fly this far and the capability of landing on a 3,500-feet-long landing air strip. We brought a tractor tire, some baby chicks, cigarettes and the first mail which has been delivered on Palmyra in two months.

No airlines fly to Palmyra. The island is on no shipping line.

Yet, we found graffiti on the walls of old buildings which provide a picturesque record of frequent visits by pleasure yachts on their way up from or sailing down to Tahiti from Honolulu.

One crew left a reminder of the July 4, 1977 hermit crab races. The *Camille* from New Zealand arrived on July 29, 1979. The *Ishmael* was here from August to October 1978.

I was walking down the airstrip on my way to the beach when an airplane motor sounded in the lonely, boundless sky.

A little twin-engined Cessna, up from Fiji to scout a sunken ship at nearby Washington Atoll for salvage, banked and landed as casually as if the pilot were going to the bathroom.

All this means that Palmyra would be about as secure a storage depot for nuclear wastes as a barge anchored in the ocean.

Ainsley Fullard-Leo, one of three brothers from Hawaii who own the atoll, showed us where, he was told by a government official, a shallow lagoon would be filled in and built up to house a concrete-lined dump where the waste would be stored in steel containers encased in concrete.

Fullard-Leo said he understood the dump would be open at the top.

Canadian oil man N. P. Urichuk, who arrived on the twin-engine Cessna, said he's afraid the dump would be an open invitation to any revolutionary, with a small ship or plane, to lob a conventional bomb and turn the whole Pacific into a nuclear sewer.

So Palmyra is where the centuries-old lifestyle of the Pacific islander is in direct confrontation with the nuclear age.

There is no telephone on the atoll. Yet, the manager of the plantation is in daily radio contact with the University of Hawaii in Honolulu.

The Gilbertese plantation workers here have never heard of nuclear waste.

And they had never watched television until they saw themselves night before last via videotape shot by developer Mike Shay who took movies to the island to show potential investors the potential of a fishing resort on Palmyra.

He brought along a portable, battery-powered TV set to entertain the inhabitants.

The plan was to show them "Jaws" as their introduction to the wonderful world of television. But something went wrong and the fearsome footage of a man-eating shark ended up as a meaningless blips and a sound track that sounded like Donald Duck.

"This is about the last Pacific paradise that's left," said Bob Nielson, one of the lessees for the copra and fishing rights on the island. "It would be terrible to use it as a nuclear dump."

His partner, Bryden, said he feels there must be a safer way to store nuclear waste than on a vulnerable Pacific atoll.

Fullard-Leo said he and his brothers have received letters and phone calls from concerned people around the world who have read that the U.S. government may attempt to store nuclear wastes on Palmyra.

"We have no intention for selling the island for that purpose," he said. He said that since World War II they have received offers from people who wanted to use the island for a nudist colony, a religious retreat, a Swiss watch assembly plant and a gambling center.

PALMYRA IS NO N-DUMP

The proposal to store nuclear wastes material on Palmyra atoll was such a bad idea that it's shocking the U.S. government has given it even preliminary consideration.

Now Advertiser columnist Bob Krauss, who visited the cluster of tiny islands 1,000 miles south of here late last week, has returned with even more evidence against the storage idea.

Palmyra is an attractive and in some ways idyllic atoll of islands and a lagoon. But it is essentially an unstable place to store nuclear wastes, even "temporarily" of up to 30 years as Washington has proposed.

Krauss notes that concrete gun emplacements built during World War II well up on dry land have been carried into the ocean by waves from storms which have since washed over the islands.

Corrosion is also bad due to high humidity and salt spray on these tiny islets only a few feet above sea level at their highest.

Finally, Palmyra is located in or near several currents that would carry accidentally or deliberately spilled nuclear wastes far around the Pacific Islands, including through some rich fishing grounds that are the main source of income for small, new island nations.

No wonder the independent island nations (plus Australia and New Zealand) in the South Pacific Forum have already protested the possible use of any island as a nuclear disposal site. No wonder similar protests from Hawaii's congressional delegation and others here.

Informed Washington sources in recent weeks have again stressed that there is nothing new on the Palmyra proposal. They say that no final decisions have been made, and any possible move is at least three to five years away, if one is decided upon.

The nuclear waste to be stored would be from America's Asian allies. So word this week that South Korea has decided not to accept a U.S. offer to store its waste on a Pacific Island may remove some of the pressure.

But as long as even the idea is alive it will continue to arouse concern here and needlessly damage U.S. relations in a Pacific Island area where our proper new policy is to show more concern and interest in the people and their welfare.

If the U.S. feels it has to store nuclear waste from other nations to prevent it from being made into weapons—and that is not the only alternative—then let it be stored in some same and stable Mainland area, not in an ocean full of other people's islands.

The prospect that nuclear waste will be stored on Palmyra or any other Pacific Island is one that should be officially killed by the Carter Administration and Congress as soon as possible.●

SAVING LIVES WITH AIRBAGS

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. WALGREN. Mr. Speaker, the Department of Transportation's standard to improve automobile occupant crash protection by the use of either passive seat belts or airbags makes good sense. The American public should have the right to choose a crash protection technology that has undergone years of research and development, has been thoroughly and successfully tested and, most important, has actually saved numerous lives in everyday auto accidents.

All of us agree these is nothing more precious on this Earth than life. If we take a cavalier attitude toward the 50,00 men, women, and children who died in traffic accidents last year alone and treat those deaths as nothing more than an unfortunate statistic, then these people have died in vain. Also wasted would be the efforts of the hundreds of engineers and scientists who have worked for two decades to provide us with better and more effective automobile safety.

Automatic restraint systems will save thousands of lives and prevent hundreds of thousands of injuries annually once they are installed in all cars on the highway. I believe airbags should be supported because of the suffering alone they would prevent. But, if that were not enough, there is the strongest of all arguments for automatic occupant protection—the economic benefits we will realize.

The insurance industry, much to its credit, has been at the forefront of this cause, because automatic restraints can save the Nation between $3.5 and $5 billion a year in auto and health insurance costs alone.

The National Highway Traffic Safety Administration, the agency responsible for assuring that the standard is implemented by the automotive industry, estimates that the $5 billion savings could translate into a reduction of upward to $50 per year for every insured vehicle in the Nation.

Most of us here realize that the costs of highway fatalities to society in 1978 was a staggering $48 billion. Those costs are borne by all taxpayers for emergency rescue and medical treatment for crash victims, higher automobile and medical insurance premiums and social security survivors benefits and welfare payments to the survivors of crash victims.

Automatic restraints have won the endorsement and near unanimous support of auto insurers and the State insurance regulators, because the safety systems will help keep rising premiums within affordable limits. Last summer, the National Association of Insurance Commissioners reaffirmed the group's support for the DOT standard.

Many insurance companies already offer sizable discounts on premiums for automatic restraint-equipped cars. Unfortunately, there are only a limited number of these cars on the road today. Still, discounts are available for these cars on the personal injury or medical payment coverages—as much as 30 percent in many cases.

While it is often argued by those who oppose air bags that the cost of replacing automatic restraints after a crash is likely to be 2½ times the original price, it is important to point out that this cost would be covered by ordinary collision insurance and would add only about $1 per year to the cost of collision insurance.

There is really no reason to deny the American consumer the right to choose all forms of crash protection—including airbags.●

IN HONOR OF FATHER GEORGE C. PANTELIS

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. KEMP. Mr. Speaker, all Western New Yorkers, particularly those of Greek heritage, are mourning the senseless and tragic death of a great community and spiritual leader, Rev. George C. Pantelis, pastor of the Hellenic Orthodox Church of the Annunciation in Buffalo. Father Pantelis was shot to death as he worked late in his study on Sunday evening. He was only 40 years old and a dear friend of mine and all freedom loving people.

With the passing of Father George, we lose a man of tremendous vitality and influence, one whose presence will be sadly missed. Since his arrival in Buffalo in 1974, the Greek community in our area has enjoyed tremendous leadership and the revitalization of Greek cultural activities, all attributable to the enthusiasm and vigor with which Father George carried out his duties. As a fellow member of AHEPA, a Greek fraternal organization, I had the extreme pleasure to be a friend of Father George, and as all who were acquainted with him know, he was a genuinely warm and endearing person, one who was liked by everyone and one who commanded great respect for his dedication to God and country.

This great loss to our community will not soon be forgotten, for I am confident that Father George's memory will live on, embodied in the strength of the Greek community in our area and in the flourishing of their cultural activities. This is what Father George worked so hard to accomplish, and he will be honored by this legacy. I ask my colleagues to join me in a silent prayer for Father George, and in sending our deepest sympathy to his wife, Victoria, and three children, Constantine, Aristotle, and Theofania, whose burden we share in mourning the death of this servant of God and servant of his fellow man.●

TRANSMITTAL OF PROPOSED CONSTITUTION

HON. DON H. CLAUSEN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. CLAUSEN. Mr. Speaker, I wonder how many Americans are aware of the significance of an anniversary that we observed yesterday? An anniversary that ranks in importance with the Declaration of Independence.

On September 17, 1787, George Washington, as President of the Constitutional Convention, transmitted the proposed constitution to the President of the Congress—Mr. Arthur St. Clair of Pennsylvania.

George Washington's letter of transmittal stated in part:

> The friends of our country have long seen and desired, that the power of making war, peace, and treaties, that of levying money and regulating commerce, and the correspondent executive and judicial authorities should be fully and effectually vested in the general government of the Union: But the impropriety of delegating such extensive trust to one body of men is evident—hence results the necessity of a different organization.

And what a different organization our Founding Fathers created. Factually, it had been unheard of before. As Clarence K. Streit has written:

> Whereas the Confederation was a league of sovereign states, the new Constitution formed a federal union of sovereign citizens . . .

I believe that all Members of Congress and, indeed, all Americans need to remind ourselves that we owe our present reality to the faith and foresight of our founders. We must all pause and pay tribute to those historic efforts that make our being here today a reality. And as Mr. Streit has written:

> Congress should lead in doing this. Before the President was, before the Constitution was, before the Declaration of Independence was, there was Congress. It is peculiarly fitting that Congress should be the one to recall now that before there was Congress there was the People.

For the historic 192nd anniversary of the transmittal of our Constitution to Congress—let us all pledge to remember in our current and future deliberations that we here today represent one of the greatest sovereign powers in the world—the people of the United States.●

ROUGH TONGUE GETS RESULTS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. MILLER of California. Mr. Speaker, there comes a time when graciousness and manners are almost inappropriate. Such would certainly be the case when thousands of human lives are endangered by a failure to demand answers from recalcitrant public officials charged with protecting the lives and safety of the public.

Congressman JOHN L. BURTON, my colleague from California, and the chairman of the Subcommittee on Government Activities and Transportation, is almost legendary in Washington for his refusal to confuse courtesy with evasion. When he initiated an investigation of the Federal Aviation Administration concerning the tragic crash of the DC–10 in Chicago earlier this year, he was criticized by some for his bluntness. But Congressman BURTON got answers, and the flying public is going to be safer because of his tenacity and his perseverance.

Some chose to criticize JOHN BURTON for his forthright style. The Times-Herald, published in Solano County, correctly saw that in a matter of this seriousness, courage counts for a great deal more than civility. We all owe JOHN BURTON a great debt of gratitude for pursuing this investigation, and we would all do well, as the Times-Herald has shown us, to focus our attention on the results of the hearings and not on the politeness with which it was conducted.

The editorial follows:

> ROUGH TONGUE GETS RESULTS
>
> California Rep. John Burton apparently has had it with side-stepping bureaucrats, and his "ungentlemanly behavior" is shocking members of the Federal Aviation Administration who are not used to getting the rough side of the tongue from congressional members.
>
> Burton is fighting a battle for air safety and for confidence in federal agencies. He is in no mood to coddle anyone at this point. In fact, he is reacting rather like John Q. Citizen who finds himself up against that immoveable force known as the federal bureaucracy.
>
> "There is a time for civility and good manners," said Burton, "but it is not now—we've tried that." Speaking of the recent tragic airlines crashes, Burton added, "When the lives of hundreds of people may have been needlessly lost and still others could be threatened, even a gentlemanly public servant should get angry and hostile with a federal agency that refuses to fulfill its life-and-death responsibilities."
>
> The officials are hired to insure air safety; they should be doing their job before and not after the fact. If the FAA is full to the brim with safety experts, why didn't somebody foresee the possibility of tragedy in allowing the mingling of huge carriers and small private planes at busy national and international airports?
>
> Where were they before the DC–10 fiasco?
>
> Neither Burton nor others demand perfection and on-target foresight, but shuffling paper is not the primary job of the FAA.
>
> Another California representative, Robert Matsui, has gone so far as to call the FAA chief Langhorne Bond negligent and demand that President Carter fire him.
>
> "Maybe John Burton has not always acted in a gentlemanly way, but if he hasn't so be it," says Matsui. "If Mr. Bond finds it too hot, he can get out of the kitchen. We're not playing tiddly-winks—we're dealing with human lives."
>
> A great number of human lives have been lost recently and the allegation is that the FAA is largely responsible for the carnage. Burton is not willing to smile benignly at the bureaucrats and be so decent and so civil that they leave with the idea he approves of their past inaction.
>
> The congressman points out that while his subcommittee's three FAA hearings may have been lacking in civility, they produced results.
>
> That is the bottom line.●

SENATOR ABE MURDOCK

HON. GUNN McKAY

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. MCKAY. Mr. Speaker, Utah and the Nation today mourn the passing of Senator Abe Murdock, a forceful and respected Utahan who led an exemplary life of public service, always outspoken in his battles in behalf of the common American wage earner.

Senator Murdock, who served four consecutive terms in this body and a distinguished term in the Senate, was active in a wide range of issues of importance to his constituents. During a crucial period of interregional conflict over water in the West, where water means nothing less than life itself, Senator Murdock helped lay the groundwork for the multi-State Colorado River compact, which guaranteed water rights to Upper and Lower Colorado River Basin States, and became the blueprint for reclamation of thousands of acres of arid land in Colorado, Utah, Wyoming, and Arizona. In addition, he was a tireless champion of hydroelectric energy.

Utahans also remember Senator Murdock for the key role he played in winning a Government commitment to build a needed wartime facility, the Geneva Works steel foundry in central Utah, which allowed Utah and the Nation for the first time to take advantage of our State's abundant reserves of coal and iron ore. The plant remains a bulwark of industry and commerce in our State.

After leaving the Congress he served with distinction in two consecutive terms as a member of the National Labor Relations Board, and later as a Presidential appointee to the Atomic Energy Labor-Management Relations Board.

For all his accomplishments, he remained proudest of one: The successful legislation he managed on the Senate floor giving American GI's, for the first time, the right to cast their votes from whatever station or theater of war, by absentee ballot.

I know my colleagues join with me today in honoring the career of public service registered by a noted Utahan, Abe Murdock. We extend our condolences to his family and loved ones.●

FOURTH ANNUAL SLOVAK HERITAGE FESTIVAL

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. GUARINI. Mr. Speaker, I am pleased to announce that an historic event is to be conducted at the New Jersey Garden State Arts Center at Holmdel, N.J., on Saturday, September 22, 1979. The fourth annual Slovak Heritage Festival will be an occasion of great cultural enrichment, saluting the contributions of the hundreds of thousands of Slovaks who have helped to make America great.

With traditional Slovak hospitality, this festival will be a day dedicated to Slovak heritage, culture, folklore, cuisine, and dance. It will be a particularly joyous occasion this year, for Pope John Paul II recently elevated the Slovak Archbishop Joseph Tomko to the prestigious position of secretary to the Vatican's senate of bishops.

Slovakia, a geographic entity in its own right, has been an integral part of the nation of Czechoslovakia since the end of World War I. Throughout the decades, many Americans have lent their assistance to the cause of Slovak nationhood. In fact, one of the most prominent "friends of the Slovaks," was our great humanitarian President, Woodrow Wilson, a former Governor of New Jersey. President Wilson was a champion of the right of self-determination for all nations, and is often referred to as the godfather of the Republic of Czechoslovakia.

Our history tells us much about the immigrants from Slovakia in the United States, and the many contributions that they have made to our country through their hard work, patriotism, and faith in God.

The first generation of Slovaks who migrated to America sacrificed their traditional way of life to undergo many hardships, leaving behind their families, and loved ones to travel an uncertain voyage to reach America. And, America, the promised land, held out its blessings to these people, who, despite the difficulties of language and custom, persevered to earn the respect of our Nation and the benefits of our land.

Today, Americans of Slovak descent serve as outstanding examples of citizens who truly embody the spirit of our country.

While Czechoslovakia has been a Communist state for the past 31 years, Americans still vividly recall the month of August in 1968, when Soviet troops invaded Czechoslovakia while the Slovak and Czech peoples were experiencing the democratic climate of the Prague Spring.

Today, 11 years later, Slovaks continue to preserve their ancestry. And I am pleased that this year, my good friend, the Honorable Joseph J. Talafous, former judge of the city of Jersey City, is serving as the general chairman of the Slovak Heritage Festival in New Jersey. Judge Talafous will be assisted by Major Eugene Gasparic, O.F.M., a U.S. Air Force chaplain who will serve as homilist at the event's ecumenical service. A native of Slovakia, major Gasparic was raised in Clifton and has seen overseas duty in Thailand and Germany. He has also served as an associate professor with the Air University at Maxwell Air Force Base in Montgomery, Ala.

This year the festival is honoring a number of Americans of Slovak descent, including State Senator Joseph Hirkala of Passaic; Trenton Mayor Arthur Holland; Dean Talafous, a hockey player for the New York Rangers, and Author Paul Wilkes. They will be cited for their contributions and leadership in the fields of Government, literature, and professional sports.

In the past, other Americans of Slovak ancestry have been honored, including Dr. D. C. Gaydusek, a Nobel prize winner in medicine; Capt. Eugene A. Cernan, NASA astronaut who landed on the moon as part of Apollo XVII, and Joe Pisarcik, the current quarterback of the New York-New Jersey Giants.

To show their gratitude and as an indication of their generosity, the Slovak Festival Committee is donating the proceeds from this festival to the arts center cultural fund, which provides free entertainment to older Americans, disabled veterans, the blind, and school children from all parts of New Jersey.

Mr. Speaker, I salute this brave and generous group of Americans. Their fight for the freedom of their Nation is a continuing one which must be shared by all freedom loving Americans.

I am pleased that my colleagues in the House join me in congratulating Judge Talafous and his committee for their work and determination in making this festival a success. His leadership of the Slovak community of New Jersey has earned the admiration of all concerned.●

REV. VINCENT J. BALDWIN

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. WOLFF. Mr. Speaker, it is with deep sadness that I call to your attention, and to the attention of my colleagues in the House of Representatives, the passing of one of the most distinguished and revered citizens of Long Island, the Most Reverend Vincent J. Baldwin. Reverend Baldwin was the auxiliary bishop and vicar general of the Rockville Center Roman Catholic Diocese of Long Island.

A native of Brooklyn, Reverend Baldwin served as the vice chancellor of the Brooklyn Diocese from 1949 until 1953. He became pastor of several Long Island churches during the late 1950's and early 1960's, and in fact, from 1956 to 1960, he was the pastor of St. Aloysius Church, located a few blocks from my home. Reverend Baldwin became vicar general of the Rockville Center Diocese in 1957, when the diocese was created, and was ordained auxiliary to Bishop Walter P. Kellenberg, the founding bishop of the Rockville Center Diocese, in July of 1962. Also in 1962, Reverend Baldwin took part in the deliberations of the Second Vatican Council.

I was privileged to be a friend of this great and sensitive man, who gave religious guidance and example to thousands over the past decades. He served his people and his church with devotion, compassion, and outstanding ability. Reverend Baldwin was beloved by people of all faiths, and we all share the great sense of grief and loss in his passing.●

DR. MICHAEL J. GARLAND'S VIEWS ON COST-RELATED MEDICAL DECISIONS

HON. ROBERT DUNCAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. DUNCAN of Oregon. Mr. Speaker, no issue facing the American people is of greater importance than the quality and cost of our health care systems. As a Nation we must face the challenge of assuring access to the highest quality and most technologically advanced health care available, while simultaneously keeping the costs as low as possible for each individual. A good many plans have been proposed, ranging from a full-scale cradle-to-grave national health plan, to catastrophic insurance, to piecemeal expansion of medicare/medicaid, to hospital cost containment. None of these plans are perfect; all are either too expensive, or too difficult to administer, or both, and require massive administrative adjustments.

However, the University of Oregon Health Sciences Center has developed a program that offers an answer; education. Dr. Michael Garland has developed a series of lectures, seminars, and demonstrations and discussion papers designed to educate medical students to the social and personal costs of medical treatment. Based entirely on a grant of private funds, Dr. Garland has developed a course integrated into the required medical curriculum, to stimulate reflection on the value choices, ethics, and policy considerations that physicians and patients must consider. Dr. Garland summarizes his outlook on this issue by saying that "cost containment cannot be resolved as a dollar problem alone. It is essentially a question of values." I commend the following article, taken from the September 14 issue of American Medical News to your attention:

OREGON EDUCATOR EMPHASIZES ETHICS AS BASIS FOR COST-RELATED MEDICAL DECISIONS

> Once a week interns at the Veterans' Administration Hospital in Portland, Ore., receive a " bill" for tests they ordered from the clinical pathology department.
>
> The computer print-out of averaged hospital charges doesn't have to be paid by either the patient or the young physician. It's just a way to let interns know how much their medical decisions can cost.
>
> In another part of the city, seven third- and fourth-year medical students who pro-

vide nighttime and weekend emergency care for senior citizens attend seminars on the costs of social ethics involved in health care for the aged. The students receive nine hours of elective credit for participating in the seminars, which are conducted by gerontologists in the state public health department.

The man with the knack for turning medical school programs into object lessons in cost containment is medical ethicist Michael J. Garland, PhD, the director of a unique effort at the U. of Oregon Health Sciences Center to curb the rising cost of medical treatment.

"Cost containment cannot be resolved as a dollar problem alone," Garland said in an interview. "It is essentially a question of values."

Oregon Physicians Service/Blue Shield sponsored the program with a $100,000 grant to the medical school. The grant is believed to be the first in the country to provide private funds to educate medical students about costs.

The Medical College of Ohio at Toledo, Jefferson Medical College, and the U. of Wisconsin Medical School in Madison—among other institutions—have similar programs under way, but none of these is privately sponsored by a health insurer.

William S. Scott, MD, chairman of the OPS/Blue Shield board of trustees, said, "We envision this grant as a full-fledged effort by OPS/Blue Shield and our colleagues at the medical school to make medical students aware of their responsibilities in controlling medical costs."

The grant enables the school of medicine to respond to a resolution passed in December, 1977, at the interim meeting of the House of Delegates of the American Medical Association, as well as to a statement signed by deans of 114 medical schools, both of which urged medical schools to increase the cost-consciousness of future physicians.

The Deans' statement called for corporations, which pay the lion's share of the nation's medical expenditures, to underwrite new methods of teaching medical economics to physicians-in-training.

Dr. Garland, director of the U. of Oregon program, described OPS/Blue Shield's involvement as good business sense on the part of the insurer.

"Third-party payers are under constraints to stay within their budgets as competition between plans is heating up. The business and industrial world, as represented by the Business Roundtable and the National Chamber of Commerce in Washington, is finding that the cost to an employer of providing health insurance is going up, but the increase doesn't contribute to productivity.

"Companies that buy big packages, like group benefit programs, are putting pressure on third-party payers to make sure that premiums aren't creeping up unnecessarily. Some companies are insisting that the insurer must engage in its own quality control system as a condition of getting the group contract," Dr. Garland told American Medical News.

Shortly after OPS made the initial grant in January, 1978, Dr. Garland began work on a casebook on health care costs. The casebook is being constructed along the lines suggested by the Harvard School of Business' "case method," which analyzes specific business situations to teach "business wisdom."

The Book, scheduled for publication this year, will present 15-20 clinical cases illustrating how physicians' decisions can significantly cut costs.

In his current position as director, Dr. Garland's emphasis on ethics as the basis of cost-related medical decisions won for the program a $45.000 grant last month from the W. K. Kellogg Foundation of Battle Creek, Mich., and the National Foundation for Medical Education (NFME) to provide additional support for the OPS/Blue Shield curriculum.

Apart from working on the casebook, Dr. Garland's job is to get medical educators to teach students about the current cost of common medical procedures, overall costs of medical care in the U.S., comparative figures for other countries, systems for financing medical care in the U.S. and elsewhere, and current concepts for assessing the quality of care.

His strategy is to find places in the required curriculum where cost-related instruction might naturally fit. "I've tried to identify some key courses that are required now, and get involved in those—rather than try to set up a separate course. There is no required course time available for a new course," Dr. Garland said in an interview.

Sixteen lecture hours in a required first-year course, Public Health and Epidemiology, are devoted to the health care delivery system and its socioeconomic context. One of the sessions is devoted to problems of cost containment, which is also a theme running through the entire course.

Dr. Garland himself lectures on "Cost Containment, Clinical Problem-Solving, and Ethics," in another required course for first-year medical students called Patient Evaluation. The relation of patient evaluation and treatment plans to costs and ethics is discussed in the second year of Patient Evaluation.

For teaching purposes, Dr. Garland has abandoned his training in the Aristotelian tradition for a more Socratic approach—the "case method"—that works better with medical students, who tend to shun the dogmatic language of formal philosophy.

According to Dr. Garland, who received his doctorate in religious studies in the field of ethics from the U. of Strasbourg in France, the case discussion method "seems to be a natural for economics and ethics in the medical school setting."

The case method avoids dogmatism and "creates an occasion in which you can bring to an explicit level of reflection and discussion things that are often not spoken of," he added.

"What we are trying to do is offer something that touches everybody and creates the occasion for reflection. Those who do it, need it, and want it can come to some of the elective courses and workshops, and do it more extensively," he said.

The philosophical approach to cost containment greatly appeals to some students, and leaves others cold. "The ones who like it, like it very much. Some students really enjoy thinking in these terms.

"The biggest indication of this is the existence of a student organization called the Council on Humanism in Medical Education (CHIME)," he said Dr. Garland collaborates with student leaders of CHIME to include cost-related presentations in their twice-a-month lecture series.

Other medical students dismiss non-quantifiable value questions as subjective and essentially private. They assume that "as soon as you mention the words 'ethics,' the question enters a world of interiority."

"I have to try to overcome the assumption that ethics occurs only in private world by pointing out that my use of freedom to determine my life has an impact on someone else's dignity and rights. That's public, not private, because there are two of us," he said.

"Some of the students see that right away, and some of them don't."

Among the brown-bag seminars scheduled by CHIME are a report by second-year student Helen Fosmire, who received an OPS fellowship for a research project on hospital cost containment, and a report by third-year student Jeff Wolfe, on his research project on the comparative cost of dialysis treatments.

Because of OPS grant activities, the Health Sciences Center is field-testing a textbook, Primer on Costs and Quality of Medical Care, being developed under the aegis of the Assn. of American Medical Colleges.

Grant money is also used to send faculty members to meetings and training sessions that will stimulate their interests in the problems of mounting costs, such as a program for chiefs of clinical services at the Harvard School of Public Health.

Like ethics itself, cost containment is less than an exact science. At present, there is no way of predicting which medical graduates will be cost-conscious, and which will be profligate, Dr. Garland said.

While hoping that his integration of economic and ethical considerations will show students that practicing medicine is a cost-generating behavior as well as a life-saving and disease-preventing behavior, Dr. Garland concedes that educating medical students with the aim of reducing physician-controlled medical expenditures is "a pure gamble."

At the bottom line, however, he is trying to show that cost containment is as "collective value choice."

Said Dr. Garland, "At the end of the economic analysis, ethical problems start to arise because patients have rights and physicians have obligations, such as a societal obligation to contain costs, not just for the patient but also for his insurance pool or his fellow taxpayer."—RICHARD LEWIS.●

THE REVEREND RALPH ARBAUGH

HON. WILLIAM HILL BONER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. BONER of Tennessee. Mr. Speaker, it gives me great pleasure to welcome the Rev. Ralph Arbaugh of the Madison Presbyterian Church in Nashville, Tenn., and to thank him for his inspiring opening prayer this morning.

Reverend Arbaugh was born in Baltimore, Md., and was descended from a long line of frontier circuit rider preachers. He was licensed to preach at the young age of 20 years and is currently celebrating his 40th year in the ministry. His academic record is equally impressive. It includes undergraduate work at Bridgewater College and Tennessee Polytechnic University with theological degrees from Lancaster School of Theology and Columbia Theological Seminary. In addition, Reverend Arbaugh continued postgraduate studies at George Peabody College and along with his wife, Mrs. Emma Sutphin Arbaugh, traveled throughout the Holy Land to complete various theological seminary projects.

The Reverend Arbaugh presently serves at the Madison Presbyterian Church in Nashville, Tenn., since 1974. He and Mrs. Arbaugh have served as educational missionaries on the island of Haiti pursuing church and Christian projects. In addition, at the Donelson church he became a founder and president of the Donelson Child Development Center for Handicapped Children serving in that capacity since the 1950's.

It is also my privilege today to recognize some 50 souls accompanying Reverend Arbaugh. These include his 92-year old mother from Baltimore, Mrs. Iva Arnold Arbaugh, and his immediate family from Florida. It gives me great pleasure, Mr. Speaker, to recognize the Reverend Arbaugh and congratulate him on this honor of sharing with us his prayer for the opening session of Tuesday, September 18, 1979.●

PROGRESS BEING MADE IN PROTECTING ELDERLY AGAINST VIOLENT CRIME

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. PEPPER. Mr. Speaker, as chairman of the House Select Committee on Aging, I have taken the floor of the House many times to inform my colleagues of the crime victimization of the elderly that has so radically altered and restricted the lifestyles of elderly people. As I have said before, the so-called golden years have become years of terror for millions of elderly who are virtual prisoners in their own homes and feel doomed to live out the remainder of their lives afraid to go to the grocery store, afraid to go to church on Sunday. For too many the grisly alternative is a brutal death at the hands of someone who sees the aged as an easy mark.

Last year, there was a tragic example of this kind of violent crime. An 81-year-old blind poet, Mr. Juan Amechazurra was killed in his very own apartment in a Miami public housing project, Claude Pepper Towers. The circumstances surrounding this murder and how to avoid future senseless deaths were the subject of an emergency hearing on June 3, 1978, by the House Select Committee on Aging, which I have the honor to serve as chairman. Even on our first examination of the apartment complex, it was evident that security measures to protect residents were woefully inadequate. Culprits could easily climb trees onto a ledge around the side of the building and from that ledge enter the apartments. Residents of the Towers testified that they lived in constant fear of an intruder entering their apartment just this way.

The attack on Mr. Amechazurra triggered not just the outrage of the people of Miami and members of the aging committee. It triggered action.

Today, thanks to bold and decisive action taken by the Congress, the Department of Housing and Urban Development, and local Miami housing officials, Claude Pepper Towers is a safer place to live.

Recently I had lunch at the Towers with Miz' Lillian, President Carter's mother. I found that there is now a fence surrounding the grounds. Security screens that keep intruders out have been installed in all the first floor windows as well as all the balcony windows on the upper floors. A covered walkway is being built to protect residents going from the Towers to the community building. Similarly, a covered bus bench is being constructed. A telephone entry system will soon be installed that will allow tenants to speak to visitors outside the main door and buzz the door open from their apartments to admit them. Finally, a security roof will prevent people from jumping onto the second floor balcony. In addition, the Labor Department provided $255,500 to hire guards to patrol Claude Pepper Towers and nine other Dade County housing projects from 4 p.m. to midnight weekdays and from 8 p.m. to midnight on Saturdays and Sundays. The funds for all the other improvements—some $240,000—came from HUD to insure the safety of the 200 elderly people who live at the Towers.

The successful Miami effort to protect elderly persons in public housing has become a model for similar efforts across the country. Last July, I offered an amendment to authorize $12 million for anticrime programs in public housing. Last May I held a joint press conference with then Secretary of Housing and Urban Development Pat Harris to announce that a total of $30 million will be available to Miami and other cities attempting to fight crime in public housing.

This program seems to be an outstanding example of Government responding to the problems of the disadvantaged. I remember after the brutal murder in Miami, I got a message from some of the residents that they needed help. Now they can sleep better at night knowing that they are protected and that many other older persons will no longer be the victims of neglect and inaction due to the inadequacy of crime prevention measures at the national, State, and local levels to protect the elderly.

We have all seen too many examples of the tragedy which strikes, the rhetoric which follows and the inaction and inertia which is the only final and true result. It is reassuring to me and, I know, to the people of Miami, that something actually got done in this case. I am convinced that lives will be saved as a result.●

I WOULD HAVE VOTED AYE

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Ms. FERRARO. Mr. Speaker, due to meeting at the White House, I was unable to cast my vote on the Shannon amendment to H.R. 4063, the Export Administration Act Amendments. This amendment was designed to help improve the economic vitality of our Nation's domestic shoe industry, a goal which I believe is very important. Had I been present for the vote, I would have vote "aye."●

FREEDOM OF EDUCATION ACT OF 1979

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. PAUL. Mr. Speaker, today I am introducing the "Freedom of Education Act of 1979." It, like several other bills, would offer relief to the tormented taxpayers of this country who are paying to educate their own children at Christian and private schools while being taxed to support Government schools from which they receive no benefit.

These parents have chosen private education for their children for many reasons, contrary to what the IRS seems to think. Many are concerned at the rapidly declining academic performance of graduates of Government schools. Others find the immorality of the Government schools, whether it manifests itself in drug abuse, sexual promiscuity, or crimes against persons and property, an undesirable atmosphere for their children. Still others reject the curriculum offered in Government schools, choosing to have their children study geography rather than "social studies." and American history rather than leftist movements since 1960.

Whatever their reasons, there is no reason why these parents should be burdened twice as much as other parents. My bill would eliminate that double taxation by allowing a tax credit for 100 percent of the tuition paid to an educational institution for a full-time student. In this, as in other significant aspects, my bill differs from the other tuition tax credit bills that have been introduced.

At best, they offer only a 50-percent credit and also impose an absolute ceiling. There is no ceiling in my bill, and the credit is 100 percent. The credit is, of course, nonrefundable, for the purpose of this bill is to allow parents to retain money they have earned, not to subsidize them with Government grants.

In addition to this major difference between the Freedom of Education Act and other bills that have been introduced, there are several more that deserve mentioning.

First, the tuition—which includes fees, books, supplies, and equipment needed for courses—may be paid to any educational institution, not just those institutions accredited or otherwise approved by the State or Federal Government. All that is needed is the approval of the parents, not the governments. Such institutions may be colleges or universities, vocational schools, secondary schools, or elementary schools.

Second, my bill includes a specific provision stating that nothing in it shall be construed to grant authority to examine the books of accounts or the activities of any school which is operated, supervised, or controlled by or in connection with a church or convention or association of churches. At some point during our Nation's history we picked up the totalitarian idea that everyone and everyone must be subject to the prying eyes of the Government, but my bill would deny that idea by respecting at lease one area of self-responsibility.

Third, the Freedom of Education Act expressly states that any educational institution that enrolls a student for whom a tax credit is claimed cannot be considered to be a recipient of Federal aid.

The Department of Health, Education, and Welfare has had a heyday harassing private schools that have never accepted Federal funds on the perverse ground that some of their students have Federal scholarships. This provision would prevent any harassment of that sort by totalitarian bureaucrats.

Fourth, while some other tuition tax credit bills contain a provision for expedited judicial consideration of the constitutionality of tuition tax credits, the Freedom of Education Act contains a provision that bars any Federal court from hearing a case regarding the constitutionality of the bill. The bill is manifestly constitutional; there is no Federal aid given to anyone by the bill. It would simply allow parents to retain money they have earned. It takes a peculiarly irrational mind to transmute a tax credit into a subsidy, yet the Government and the judiciary abounds in such irrationalism. This provision will prevent that irrationalism from achieving the force of law. It is an entirely legitimate and constitutional exercise of congressional authority, and it will protect those parents who have chosen to educate their children in private schools from the arbitrary whims of a Federal judge.

In summary, Mr. Speaker, I believe the Freedom of Education Act is the best tuition tax credit bill yet introduced. It will restore a great deal of freedom to education, and I urge its speedy adoption.

The bill follows:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to provide a Federal income tax credit for tuition.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. Short Title.

This Act may be cited as the "Freedom of Education Act of 1979".

Sec. 2. Credit for Certain Tuition.

(a) In General.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting before section 45 the following new section:

"Sec. 44C. Certain Tuition.

"(a) General Rule.—In the case of an individual there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 100 percent of the tuition paid by him for the calendar year in which such taxable year begins to one or more educational institutions for himself, his spouse, or any of his dependents (as defined in section 152).

"(b) Application With Other Credits.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation of this section, other than the credits allowable by sections 31 and 53.

"(c) Payments Taken Into Account.—

"(1) When payments must be made and education furnished.—Payments shall be treated as paid for any calendar year only if such payments—

"(a) are made during such calendar year or during the 1-month period before or the 1-month period after such year, and

"(b) are for education furnished during such calendar year.

"(2) Individual must be full-time student.—

"(A) In general.—Amount paid for the education of an individual shall be taken into account under subsection (a) only if such individual is a full-time student for such calendar year.

"(B) Full-time student defined.—For purposes of this section.—

"(i) The term 'full-time student' means any individual who, during any 4 calendar months during the calendar year, is a full-time student at an educational institution.

"(C) Individual who attends both secondary and postsecondary institution during same calendar year.—In the case of an individual who is a full-time student at an educational institution for any calendar year, for purposes of this section—

"(i) if such individual is a full-time student for such year determined by taking into account only his status as a student at a postsecondary institution, he shall be treated as a full-time student at such an institution, or

"(ii) if clause (i) does not apply, he shall be treated as a full-time student at a secondary school for such calendar year.

"(d) Tuition Defined.—

"(1) In general.—For purposes of this section, the term 'tuition' means tuition and fees required for the enrollment or attendance of a student at an educational institution, including required fees for courses, books, supplies, or equipment for courses of instruction.

"(e) Educational Institution.—For purposes of this section—

"(1) Educational institution.—The term 'educational institution' means—

"(A) an institution of higher education

"(B) a postsecondary vocational school,

"(C) a secondary school, or

"(D) an elementary school.

"(2) Institution of higher education.—The term 'institution of higher education' means an institution described in section 1201(a) or 491(b) of the Higher Education Act of 1965 (as in effect on January 1, 1979).

"(3) Postsecondary vocational school.—The term 'postsecondary vocational school' means—

"(A) an area vocational education school as defined in subparagraph (C) or (D) of section 195(2) of the Vocational Education Act of 1963 (as in effect on January 1, 1979), which

"(B) is located in any State.

"(4) Elementary and secondary schools.—The terms 'elementary school' and 'secondary school' mean any elementary or secondary school (as defined in subsection (c) and (h) of section 801 of the Elementary and Secondary Education Act of 1965 as in effect on January 1, 1979), which is privately operated. The terms 'elementary school' and 'secondary school' include facilities which offer education for individuals who are physically or mentally handicapped as a substitute for government elementary or secondary education.

"(5) Postsecondary institution.—The terms 'postsecondary institution' means an institution of higher education or a postsecondary vocational school.

"(f) Special rules.—

"(1) Treatment of certain scholarships and veteran's benefits.—

"(A) Offset against tuition dollar for dollar.—For purposes of this section, any amount received as a nontaxable scholarship or educational assistance allowance for any period shall be treated—

"(i) as used for tuition attributable to such period, and (ii) as tuition not paid by the taxpayer.

"(B) Nontaxable scholarship or educational assistance allowance defined.—For purposes of subparagraph (A), the term 'non-taxable scholarship or educational assistance allowance' means—

"(i) a scholarship or fellowship grant (within the meaning of section 117(a)(1)), or similar award which is not includible in gross income, and

"(ii) educational assistance allowance under chapter 32, 34, or 35 of title 38, United States Code.

"(2) Spouse.—No credit shall be allowed under subsection (a) for amounts paid for calendar year for tuition for the spouse of the taxpayer unless—

"(A) the taxpayer is entitled to an exemption for his spouse under section 151(b) for the taxable year beginning in such calendar year, or

"(B) the taxpayer files a joint return with his spouse under section 6013 for such taxable year.

"(h) Disallowance of Credited Expenses as Credit or Deduction.—No deduction or credit shall be allowed under any other section of this chapter for any amount paid for tuition for any individual except to the extent that such amount exceeds the amount necessary for the allowance of the maximum amount which may be allowed under this section for tuition for such individual for the taxable year. The preceding sentence shall not apply to any amount paid for tuition by any taxpayer who, under regulations prescribed by the Secretary, elects not to apply the provisions of this section with respect to such tuition for the taxable year.

(b) Limitation on Examination of Books and Records.—Section 7605 of such Code (relating to time and place of examination) is amended by adding at the end thereof the following new subsection:

"(d) Examination of Books and Records of Church-Controlled Schools.—Nothing in section 44C (relating to credit for tuition) shall be construed to grant authority to examine the books of account, or the activities, of any school which is operated, supervised, or controlled by or in connection with a church or convention or association of churches (or the examination of the books of account or religious activities of such church or convention or association of churches).

(c) Tax Credit Not To Be Considered as Federal Assistance to Institution.—Any educational institution which enrolls a student for whom a tax credit is claimed under this Act shall not be considered to be a recipient of federal assistance under this Act.

(d) No Court established by the Constitution or by the Congress under the Constitution shall have authority to hear cases regarding the constitutionability of section 44C of the Internal Revenue Code of 1954.

(e) Conforming Amendments.—

(1) The table of sections for subpart A of part I of subchapter A of chapter 1 of such Code is amended by inserting immediately before the item relating to section 45 of the following:

"Sec. 44C. Certain tuition."

(2) Subsection (c) of section 56 of such Code (defining regular tax deduction) is amended by striking out "credits allowable under—" and all that follows and inserting in lieu thereof "credits allowable under

subpart A of part IV other than under sections 31 and 35."

(3) Subsection (b) of section 6096 of such Code (relating to designation of income tax payment to Presidential Election Campaign Fund) is amended by striking out "and 44B" and inserting in lieu thereof "44B, and 44C".

SEC. 3. EFFECTIVE DATE.

The amendments made by section 2 of this Act shall apply to taxable years ending on or after August 1, 1979, with respect to amounts paid on or after such date for education furnished on or after such date.●

BALANCE THE BUDGET AND CUT TAX RATES IN FISCAL YEAR 1980

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. ROUSSELOT. Mr. Speaker, 1980 will be another year in which the American people suffer from rising inflation, oppressive tax burdens, and an administration fiscal policy that promises worsening economic trends.

My objective in once again offering a balanced budget substitute amendment to the House concurrent resolution on the budget, an amendment that is coupled with a significant tax rate reduction, is to promote a fiscal policy that I believe is most likely to lead to economic growth, and therefore, economic hope. This policy means restraining excessive increases in Federal spending while restoring much needed incentives to our Nation's savers, investors, and entrepreneurs. We can balance the budget in fiscal year 1980 by reining in wasteful spending and by expanding the tax base through tax rate reductions that spark economic growth.

The balanced budget amendment I will offer will include a "budget of hope" tax cut of $36 billion. This amount barely offsets the tax increase that will arise this coming year due to inflation, now over 13 percent, and social security increases. The cut will also provide for much needed depreciation relief such as the relief embodied in the Jones-Conable Capital Cost Recovery Act. With these tax-rate reductions and some restraint on the spending side, the Federal budget can be balanced at $518 billion in the next fiscal year. Without these tax reductions and spending restraints, the economy is likely to fall into deep and prolonged recession. Tax revenues will plummet and the deficit will widen substantially.

In his 1976 platform and his last budget report for fiscal year 1978, President Ford projected a balanced Federal budget in this coming fiscal year. We have the opportunity to make good on his projection by uniting the efforts of those advocating significant tax rate reductions, with the efforts of those who are strong supporters of the balanced budget concept, behind a proposal that achieves both objectives in a sensible and practical way. I encourage all of my colleagues to support my substitute amendment when it is considered on the floor this Thursday because it is a realistic, achievable budget.

The amendment follows:

Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is $518,000,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $14,000,000,000;

(2) the appropriate level of total new budget authority is $600,000,000,000;

(3) the appropriate level of total budget outlays is $518,000,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $———; and

(5) the appropriate level of the public debt is $856,900,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $22,700,000,000.

SEC. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that by law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be $16 billion.

SEC. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $138,156,000,000
(B) Outlays, $128,587,000,000
(2) International Affairs (150):
(A) New budget authority, $12,647,000,000
(B) Outlays, $6,000,000,000
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,498,000,000
(B) Outlays, $5,151,000,000
(4) Energy (270):
(A) New budget authority, $19,695,000,000
(B) Outlays, $6,500,000,000
(5) Natural Resources and Environment (300):
(A) New budget authority, $12,500,000,000
(B) Outlays, $11,245,000,000
(6) Agriculture (350):
(A) New budget authority, $4,983,000,000
(B) Outlays, $2,542,000,000
(7) Commerce and Housing Credit (370):
(A) New budget authority, $6,778,000,000
(B) Outlays, $2,828,000,000
(8) Transportation (400):
(A) New budget authority $19,274,000,000
(B) Outlays, $17,600,000,000
(9) Community and Regional Development (450):
(A) New budget authority, $8,120,000,000
(B) Outlays, $7,689,000,000
(10) Education Training, Employment and Social Services (500):
(A) New budget authority, $31,491,000,000
(B) Outlays, $28,600,000,000
(11) Health (550):
(A) New budget authority $56,801,000,000
(B) Outlays, $52,734,000,000
(12) Income Security (600):
(A) New budget authority, $212,551,000,000
(B) Outlays, $178,050,000,000
(13) Veterans Benefits and Services (700):
(A) New budget authority $21,607,000,000
(B) Outlays, $20,851,000,000
(14) Administration of Justice (750):
(A) New budget authority, $4,269,000,000
(B) Outlays, $4,300,000,000
(15) General Government (800):
(A) New budget authority, $4,327,000,000
(B) Outlays, $1,100,000,000
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,500,000,000
(B) Outlays, $6,489,000,000
(17) Interest (900):
(A) New budget authority $53,880,000,000
(B) Outlays, $53,880,000,000
(18) Allowances (920):
(A) New budget authority, $482,000,000
(B) Outlays, $453,000,000
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$19,600,000,000
(B) Outlays, −$19,600,000,000

SEC. 4. The Congress projects the following budget aggregates for fiscal years 1981–82, based on the policies assumed in sections one and three—

(1) the level of Federal revenues is as follows:
Fiscal year 1981: $567,000,000,000.
Fiscal year 1982: $624,000,000,000.

(2) the level of total new budget authority is as follows:
Fiscal year 1981: $645,000,000,000.
Fiscal year 1982: $693,000,000,000.

(3) the level of total budget outlays is as follows:
Fiscal year 1981: $564,000,000.
Fiscal year 1982: $592,000,000,000.

(4) the amount of surplus in the budget is as follows:
Fiscal year 1981: $3,000,000,000.
Fiscal year 1982: $32,000,000.

(5) the level of the public debt is as follows:
Fiscal year 1981: $884,900,000,000.
Fiscal year 1982: $893,300,000,000.

SEC. 5. In 1930, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980 the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.●

THE PRESIDENT CALLS

HON. LAMAR GUDGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. GUDGER. Mr. Speaker, a columnist for my hometown newspaper, Bob Terrell, recently wrote an article in the Asheville Citizen which I believe will have interest outside the confines of the Eleventh District of North Carolina. Mr. Terrel's column provides a fascinating anecdote on the connection between one of gospel music's leading groups, the Kingsmen Quartet of Asheville, and two other famous Southerners.

The article illustrates the consequences that may result from quick and capricious assumptions about our fellow man and is written in a manner which we can all appreciate. I, therefore, offer the column for the enjoyment of you and our colleagues.

The column follows:

THE PRESIDENT CALLS

(By Bob Terrell)

Our words come back to haunt us—sometimes in a nice sort of way. . . .

Four years ago, Eldridge Fox and the Kingsmen Quartet of Asheville sang at the huge gospel singing in Bonifay, Fla., an outdoor event that annually attracts 15,000 people or more.

Jimmy Carter, who was then running for president of the United States, came to the singing stumping for votes and to enjoy music that he loves.

He went on stage and spoke to the people, then came backstage to shake a few hands. He and Eldridge Fox got in a conversation about gospel music and Carter sat down in a folding chair and sat there 40 minutes relaxing and talking with Eldridge about singing on the circuit.

When Carter took his leave, Eldridge turned to Jim Hamill, his lead singer, and said, "He's a fine Christian man, apparently—but he's got about as much chance of being president as I have."

THE RIGHT MAN

Hamill was the right man for Eldridge to make the comment to. In the early '50s Hamill, singing with a quartet in Memphis, turned down a young truck driver who applied for a job singing with his quartet, telling him, "Son, you better stick to driving that truck—you can't sing a lick." The youngster's name was Elvis Presley.

"That's two great things the Kingsmen have done," Eldridge said Tuesday. "Hamill fired Elvis, and I sold Jimmy Carter short."

Eldridge's words came back to him Monday. He and his wife, Juanita, received a large envelope from the White House, and inside was an engraved invitation: "The President and Mrs. Carter request the pleasure of your company for an old-fashioned gospel sing at the White House on Sunday afternoon, Sept. 9, 1979, 2 p.m."

The Kingsmen and the Blackwood Brothers will sing for the president on the South Lawn of the White House.

"We're not whipping up anything special to sing," Eldridge said. "Nothing patriotic, or anything like that. Apparently the president wants to hear some gospel, and that's what we're going to sing for him. I don't know what the Blackwood Brothers are going to do."

After the singing, which will run for three hours, Eldridge and Juanita will be guests of the president at a reception from 6 to 8 p.m.

"It's an honor," Eldridge said. "It was a special feeling when Juanita and I got that envelope and opened it and there was an invitation to join the president in an old-fashioned gospel sing.

"It used to be," he said, "that a lot of folks laughed at gospel singers like we were strictly from nowhere—and here we're going to sing for the president."

Times do change, don't they? ●

TO AMEND THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

HON. JOHN W. JENRETTE, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. JENRETTE. Mr. Speaker, today I have introduced legislation, amending the Public Works and Economic Development Act of 1965, to provide for the making of low-interest loans to businesses making commitments to employ substantial numbers of individuals from areas of high unemployment.

The Employment Development Loan Act of 1979 would amend title II of the Public Works and Economic Development Act by adding at the end thereof the following new section:

SEC. 205. (a) The Secretary is authorized to establish, in each area of substantial unemployment (as determined by the Secretary of Labor under section 3(2)(A) of the Comprehensive Employment and Training Act) an employment development loan program in accordance with the requirements of this section.

This program would provide for the availability of loans to businesses which provide to the Secretary an application in such form and containing or accompanied by such information and assurances as he may require, and shall include adequate assurances by such businesses that—

(1) it will locate a substantial portion of its operations, or expand its operations to a substantial extent, in such area;

(2) it will, as a consequence, be capable of employing significant numbers of unemployed individuals from such area who are referred in accordance with subsection (d); and

(3) it will establish and maintain for such individuals a program of unemployment and training of not less than 3 years duration, in accordance with regulations prescribed by the Secretary.

(b) Loans under this section—(1) shall be made for a period of three years, subject to partial cancellation as provided in subsection (c); (2) shall, except as provided in paragraph (3) bear interest at a rate which shall be four percent less than a rate determined by the Secretary of the Treasury as the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to such loans, adjusted to the nearest one-eighth of one percent, or three percent, whichever is higher; (3) shall provide that no payment of such interest need be paid during the first year after receipt of the loan, but thereafter interest shall accrue and be paid during the first year after receipt of the loan, but thereafter interest shall accrue and be paid on a monthly or quarterly basis as may be agreed to in the note or other written evidence of the loan; (4) shall not, with respect to any such business, exceed in the aggregate an amount which is equal to the product of the number of individuals which such business has made a commitment to employ pursuant to subsection (a)(2) multiplied by $3,000.

(c) Loans made pursuant to subsection (b) shall be subject to repayment at the conclusion of the period described in subsection (b)(1), except that—

(1) to the extent that such business can demonstrate that the individuals enrolled in the employment and training program described in subsection (a)(3) have continued in such program for at least two but less than three years, a portion of such loan shall be cancelled in an amount equal to 25 percent of the product of the number of such individuals multiplied by $3,000; and

(2) to the extent that such business can demonstrate that such individuals have continued in such program for three years, a portion of such loan shall be cancelled in an amount equal to 50 percent of such product.

(d) Businesses shall enroll in the program established under subsection (a)(3) individuals selected from individuals referred by the local agency which is designated under section 51(d)(12) of the Internal Revenue Code of 1954 and is within or serving the area of substantial unemployment for which such business has established that program. Such individuals shall be identified and designated by such agency in accordance with regulations prescribed by the Secretary in consultation with the Secretary of Labor.

(e) There are authorized to be appropriated to carry out the provisions of this section such sums as may be necessary for the fiscal year ending September 30, 1980, and for each of the four succeeding fiscal years. Sums appropriated under this subsection are authorized to remain available until expended.

I harbor no illusions that this legislation is the panacea for the country's unemployment problems. It is, however, in keeping with my sentiments and thinking that the best way to go about addressing unemployment is by stimulating the private sector, while keeping Federal involvement peripheral and minimal.

Further, I harbor no illusions that this legislation cannot be improved upon. Therefore, I welcome any helpful comments or constructive criticisms.

The one thing of which I am sure, however, is that millions of essentially good and decent people desirous of gainful employment are not working. These people are a reservoir of untapped talent and represent potential gone begging. In these troubling inflationary times we must not lessen the resolve to help those who are hurt the most by spiraling costs.●

A NEW YORK POLICEMAN'S ASSESSMENT OF HIS JOB

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. BIAGGI. Mr. Speaker, as many of my colleagues know, I came to Congress after serving 23 years on the New York City Police Department. I retired with the rank of detective lieutenant. My departure from the police department has not diminished my support of the profession and the men and women who have chosen the vocation.

In recent weeks, New York City has been rocked by a rash of police killings and maimings. Last week, it was Edwin Fogel. In the weeks and months preceding, the numbers of slain law enforcement officers counts in the thousands. In 1976, in response to the escalating numbers of policemen being killed in the line of duty I and others worked for the passage of the Public Safety Officers Death Benefits Act which provided up to $50,000 for the widows and surviving dependents of law enforcement officers killed in the line of duty. That legislation was a sober response to a growing national problem.

Yet—the question that police officers on the beat today ask—What is being done to protect us from death? In the case of the murder of Edwin Fogel, the killing was done by an ex-convict who had spent a large portion of his life behind bars and who was released onto the streets through the ever revolving door of justice which seems to swing in the direction of keeping criminals on the street instead of behind bars,

I have long advocated the enactment of a death penalty statute to deal with law enforcement killers. I feel as strong about it today as in the past—yet there remains a sense of timidity on the parts of the Congress to enact such a statute. The consequences—the absence of a real deterrent to the killing of a law enforcement officer—places the fate of the "cop on the beat" in jeopardy.

Donald Meurlin is a police officer in New York City. In this past Sunday's New York Daily News he wrote a most compelling article about the status of today's policeman in New York. He makes reference to Fogel's funeral. I have attended countless numbers of police officer funerals as a police officer and as a public official. I have seen the crocodile tears shed on many occasions and wonder when reality will set in. Law enforcement personnel deserve respect as well as protection for the jobs that they do. We have an obligation to pursue this in this Congress and in the legislatures of the 50 States.

At this point in the RECORD I wish to insert Officer Meurlin's article, "Cop on the Beat Feels Beaten to Start With":

COP ON THE BEAT FEELS BEATEN TO START WITH

(By Donald Meurlin)

They buried another police officer last week—Edwin Fogel—allegedly killed by an ex-con who had spent more than half his life in jail for murder, rape and robbery. Then yesterday morning another cop was killed.

Fogel's funeral was the kind of ceremony you would expect, complete with honors and eulogies by officials who talked about how much the city owes its Edwin Fogels, how much the city appreciates. But I wonder . . .

Not that a cop deserves some special appreciation. Every police officer who puts on a shield knows that the possibility of death or serious injury "comes with the territory." The wives don't talk about it much, but you can tell they're thinking about it. When an Edwin Fogel dies and you leave your house and your wife says, "Be careful, honey," you can tell there is some special concern in the way she says it. You don't have to mention the word death.

Most police officers I know don't need special appreciation. What they do need is a city that will let them do their jobs, let them be law enforcement officers. But these days there is a growing feeling in the rank and file that the sacrifices aren't worth it any more. When I came on the force 11 years ago, there was true motivation. Today, it's unusual to find a cop who has been around for a while who doesn't think about leaving. There are several reasons:

One is the general attitude on the streets these days about cops. There is absolutely no respect for the person in uniform. A guy won't think twice about stabbing or shooting a cop; gun-toting kids pull the triggers on their Saturday night specials with the same frequency that I used my Gene Autry cap pistol as a child. And why should a punk care, if he knows he's going to be out on the street again? I've handled cases where people out on weekend passes held up stores with sawed-off shotguns. Officer Fogel's alleged murderer was on parole. Was his job worth it?

Today the pendulum has swung too far to the left in the attempt to bring some balance in the game of cops and robbers. It used to be that a police officer could use a reasonable amount of force to protect himself and the public. But society today is so concerned about the "rights" of the suspect that a cop just trying to protect the public often ends up feeling like the criminal. The criminal can have a submachine gun; the cop has a .38-caliber pistol. And he has to stand there and be shot at before he can shoot back.

In my 11 years on the job I have been shot at, hit with chairs and tables and once had someone try to run me down with a car. Fine. But I would like to know there is a public out there that really wants me to do my job. When a cop takes a risk, he has got to have the feeling that the risk is justified.

A few months ago there was a drunk lying on the stairs of the IRT at 77th St. during the rush hour, blocking the passage. I asked him to move and he said, "Go ——— yourself." So I picked him up to move him, and he grabbed on to the bannister and started kicking. I grabbed him by the nape of the neck and tried to physically move him. The next thing I knew I was facing a complaint for using excessive force. The complaint was later dropped. My feelings about the episode will remain.

Yes, there are police officers who engage in brutality. But there is so much emphasis placed on the few who do that the great majority of the 18,000 who don't now have to think twice before taking any action to protect themselves and the public.

Talk about a cop's morale! Not when a man you arrest on a serious charge walks out of court before you finish the paperwork; not when there are men making twice your salary whose sole function in life is to catch you with your hat off; not when two policemen in Brooklyn can be successfully sued by a convicted child molester who incurred a fractured skull while resisting arrest.

The simple fact of the matter is that the public hired us to protect it and now it is not letting us do it. It is forgetting that the police force is a semimilitary organization, and that it is sometimes necessary for a cop to use a reasonable amount of force.

No one who hasn't tried it knows what it feels like to enter a store at 3 a.m. when a door swings open on a routine check. Is that kind of life worth $18,000 these days? Was that kind of life worth it to Edwin Fogel? ●

PERSONAL EXPLANATION

HON. EARL HUTTO

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. HUTTO. Mr. Speaker, due to the devastating effects of Hurricane Frederic on the First Congressional District of Florida, I was unavoidably absent from the House on Thursday afternoon and Friday. During this time the House considered H.R. 4040, the Department of Defense fiscal year 1980 authorization bill and many of the amendments offered to it.

Had I been able to be on the floor at that time, I would have vigorously supported the bill and made my feelings known to the House. Furthermore, two of the amendments which were offered were of particular concern to me. The first was the amendment which sought to provide authorization for a large deck conventionally powered carrier rather than a nuclear carrier. Mr. Speaker, that amendment runs counter to my philosophy to provide the Armed Forces with the necessary equipment to protect our great Nation and the free world. The amendment was defeated by a resounding majority and had I been able to cast my vote against this amendment, the majority would have been greater.

The second amendment of particular concern to me was the prohibition of the use of authorized funds for the development of the MX missile program. This amendment was also overwhelmingly defeated.

I was likewise pleased, Mr. Speaker, to see the widespread support on final passage of the bill. The wisdom of the House was very visible in last week's action.●

SUPPORT THE PASSIVE RESTRAINT STANDARD

HON. EDWARD R. MADIGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. MADIGAN. Mr. Speaker, the passive restraint standard is vitally important for the safety of our Nation's motorists and their passengers.

The safety of citizens is an essential function of government. To this end, there is a pressing need for safety devices to avoid injury or death after an accident occurs. As less than 20 percent of the population uses seat belts, the only way to avoid injury after an accident is through passive restraints.

The proposed standard does not mandate the installation of airbags. Rather, it sets forth a standard of performance for the automobile industry. Under this standard, other effective methods of restraint may be used * * * the choice lies with the manufacturers and ultimately the consumer.

Economic disincentive arguments crop up often in the debate over airbags. Claims regarding a $500 to $800 cost per car are not based on a production standard where automation, mass production, and other economic factors will operate to significantly reduce the unit cost.

Passive restraint systems will save human lives, especially those of the very young. They will also significantly reduce the extent and nature of serious injuries suffered in front-end collisions. Children are nearly always unprotected in auto crashes—at least 9 out of 10 are unrestrained in everyday travel. Children will be much safer in cars equipped with airbags or other passive devices. We owe our children that essential margin of safety.

To this end, passive airbags have attracted a legion of supporters. The insurance industry, the medical sciences, consumer groups, and auto safety organizations: All have called for the passive restraint system set forth by the Department of Transportation. Again, I urge the Members of this body to add their official voice to the call for enhanced auto safety through application of the passive restraint standard.●

JIM ROCKENBACH HONORED AS PRESIDENT OF THE INTERNATIONAL FIRE CHIEFS ASSOCIATION

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. McCLORY. Mr. Speaker, I rise today in the U.S. House of Representatives to pay honor to my friend and distinguished constituent, Rodney (Jim) Rockenbach, the fire chief of Grayslake, Ill. (in my congressional district). Chief Rockenbach has been signally honored this year by his election as president of the International Association of Fire Chiefs.

A longtime member of the volunteer fire department of Grayslake, Jim Rockenbach became fire chief in 1954, a position he has held ever since. After his election as second vice president of the International Association of Fire Chiefs, he later became first vice president and now occupies the office of the president—the second person in the association's history to attain that office while serving as chief of a "volunteer" fire department.

Mr. Speaker, Jim Rockenbach's accomplishments include many other important civic responsibilities in the Grayslake community. He has promoted an active public education program in behalf of safety, first aid, and other emergency services to his fellow citizens.

Mr. Speaker, the community of Grayslake has organized a "Jim Rockenbach Recognition Day" which is on Sunday, September 23, 1979, with a parade of some 200 units to be followed by a formal ceremony and a dinner dance in which citizens from far and wide will participate.

Mr. Speaker, I plan to be present, along with Lake County supervisor and board member Norman Geary and the Lake County Sheriff Tom Brown to help honor Fire Chief Jim Rockenbach, and to communicate to him the greetings and good wishes which I am expressing here and to tell him that we are proud of his accomplishments. I wish Jim Rockenbach and his wife Lillian good health and happiness in the days and years ahead.●

WINDS OF CRITICISM

HON. LAMAR GUDGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. GUDGER. Mr. Speaker, not all of our constituents communicate to us by means of direct mail. Many prefer the "letters to the Editor" columns of newspapers and it was by that method that I learned of the feelings of a resident of Haywood County, N.C., in my 11th Congressional District. While I do not completely concur with all of the writer's feelings, his insights are, I feel, shared by many other citizens, not all of whom live in my district.

Accordingly, I would like to share with you in this letter from Howard G. Lytle of 410 Daisey Avenue, Waynesville, N.C., published recently in the Backtalk column of the Asheville Citizen in Asheville, N.C.:

BACKTALK

The winds of criticism directed at President Carter for a supposed lack of leadership disturb me because they are largely generated by the hot air spewed forth by those who seek to blow him away to make room for the gratification of their own lust for power. I have yet to find one of his critics who has put forth any rational program for dealing with the problems of energy or inflation.

Mr. Carter must get legislation from Congress authorizing him to implement his proposals, but his congressional critics have shot down most of his energy programs, have offered no alternatives of their own, and have gone on vacation while the country suffers.

Typical of our situation was the executive of a food marketing company on the NBC news on Aug. 8. He was asked to explain why food prices at the supermarket were rising while on the farm they were falling. He said it was caused by inflation, without realizing he was the inflator and a major part of the problem.

Many people dislike Mr. Carter's leadership because it demands sacrifices and we are not willing to sacrifice, even if compensated by long-term gains later. Pogo was right. "We have met the enemy and he is us." ●

NOTICE OF INTENTION TO REQUEST A MODIFIED CLOSED RULE

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 18, 1979

● Mr. UDALL. Mr. Speaker, I take this time to notify the Members of the House, in compliance with the rules of the Democratic Caucus, that it is my intention to request a modified closed rule on the bill (H.R. 5297) to authorize appropriations for the Nuclear Regulatory Commission.●

SENATE—*Wednesday, September 19, 1979*

(Legislative day of Thursday, June 21, 1979)

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by Hon. HOWELL T. HEFLIN, a Senator from the State of Alabama.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

O Lord our God, author and giver of all good things, we thank Thee for Thy constant care over us. We thank Thee for the gift of life, for Thy protection round about us, for work in this place, for the strength with which to do it, and for all the tokens of Thy love. We thank Thee for friendship and duty; for good hopes and precious memories; for the joys that cheer us; and the trials that teach us to trust Thee. Most of all we thank Thee for the gift of Thy Son and His loving presence among us. May His mind be in us, and in all who serve this Government, to guide us in ways of righteousness for Thy name's sake. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 19, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable HOWELL T. HEFLIN, a Senator from the State of Alabama, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. HEFLIN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—S. 109

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as S. 109, Calendar Order No. 240, a bill to require the reinstitution of procedures for the registration of certain persons under the Military Selective

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Service Act, and for other purposes, is called up and made the pending business before the Senate, there be a time limitation thereon of 6 hours, equally divided between Mr. NUNN and Mr. HATFIELD, and at the expiration of that time, or upon its being yielded back, S. 109 be returned to the calendar without any action thereon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The text of the agreement follows:

Ordered, That when the Senate proceeds to the consideration of S. 109 (Order No. 240), a bill to require the reinstitution of procedures for the registration of certain persons under the Military Selective Service Act, and for other purposes, time for debate on the bill shall be limited to 6 hours, to be equally divided and controlled by the Senator from Georgia (Mr. NUNN) and the Senator from Oregon (Mr. HATFIELD).

Ordered further, That at the expiration of the 6 hours on the bill, or after the time thereon has been yielded back, the bill return to the Senate Calendar without any action thereon.

ORDER FOR CONSIDERATION OF CONFERENCE REPORT ON PANAMA CANAL LEGISLATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the second concurrent budget resolution, the Senate proceed to the conference report on the Panama Canal legislation.

Mr. STEVENS. Reserving the right to object, is there a time agreement on that?

Mr. ROBERT C. BYRD. No.

Mr. STEVENS. There is none.

I do not object.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE RESOLUTION 237—DIRECTING SENATE LEGAL COUNSEL TO REPRESENT A SENATE EMPLOYEE

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated by title.

The assistant legislative clerk read as follows:

Whereas, in the case of *A. Ernest Fitzgerald* v. *Alexander P. Butterfield et al.*, (C.A. No. 74–178), pending in the United States District Court for the District of Columbia, subpoenas have been issued and served upon David Julyan, Richard Kaufman, and Ron Tammen, employees of the Senate, directing them to appear and give testimony and produce documents, papers, or records;

Whereas, Title VII of the Ethics in Government Act of 1978, Pub. L. 95–521 ("the Act"), establishes the Office of Senate Legal Counsel and provides that the Senate may direct its Counsel to represent the Senate, its committees, members, officers, or employees:

Resolved, That pursuant to Section 704(a) (2) of the Act the Senate Legal Counsel is directed to represent David Julyan, Richard Kaufman, and Ron Tammen, Senate emloyees, in respect to discovery in this case.

Mr. ROBERT C. BYRD. Mr. President, three employees of the Senate—David Julyan, Richard Kaufman, and Ron Tammen—have been subpenaed by Counsel for Richard Nixon in *Fitzgerald* v. *Butterfield, et al.*, C.A. 74–178, pending in the U.S. District Court for the District of Columbia. The subpena asks for numerous documents in the possession of these Senate employees.

Today the Senate need only resolve, pursuant to section 704(a)(2) of the Ethics in Government Act of 1978, Public Law 95–521, that the Office of Senate Legal Counsel be directed to represent these employees in the discovery stage of Fitzgerald against Butterfield. At a future date, it may be necessary to address the propriety of producing the documents in question.

The resolution (S. Res. 237) was agreed to.

The preamble was agreed to.

RECONSIDERATION OF VOTE ON SENATE RESOLUTION 236

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which Senate Resolution 236 was agreed to yesterday.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I am prepared to yield back the remainder of my time.

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, not to extend beyond 9:30 a.m. today, and that Senators may speak therein up to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

SECOND CONCURRENT RESOLUTION ON THE BUDGET

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 9:30 a.m. having arrived, the Senate will now resume consideration of the pending business, Senate Concurrent Resolution 36, which the clerk will state by title.

The assistant legislative clerk read as follows:

Senate Concurrent Resolution 36 revising the Congressional Budget for the U.S. Government for fiscal years 1980, 1981, and 1982.

The Senate resumed consideration of the concurrent resolution.

AMENDMENT NO. 445

The ACTING PRESIDENT pro tempore. The pending question is on amendment No. 445 by the Senator from Delaware.

AMENDMENT NO. 445, AS MODIFIED

Mr. ROTH. Mr. President, I send a modification of my amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Delaware (Mr. ROTH) proposes a modification version of his amendment No. 445.

Mr. ROTH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 5, beginning with line 12, strike all through line 23 on page 6 and insert in lieu thereof the following:

"(a) the recommended level of Federal revenues is as follows:

"Fiscal year 1980: $500,500,000,000;
"Fiscal year 1981: $571,300,000,000;
"Fiscal year 1982: $644,800,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

"Fiscal year 1980: —$15,000,000,000;
"Fiscal year 1981: —$32,200,000,000;
"Fiscal year 1982: —$69,100,000,000;

"(b) the appropriate level of total new budget authority is as follows:

"Fiscal year 1980: $614,500,000,000;
"Fiscal year 1981: $630,400,000,000;
"Fiscal year 1982: $734,300,000,000;

"(c) the appropriate level of total budget outlays is as follows:

"Fiscal year 1980: $527,000,000,000;
"Fiscal year 1981: $571,300,000,000;
"Fiscal year 1982: $635,500,000,000;

"(d) the amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

"Fiscal year 1980: —$26,500,000,000;
"Fiscal year 1981: 0;
"Fiscal year 1982: +$9,300,000,000;

"(e) the appropriate level of the public debt is as follows:

"Fiscal year 1980: $887.500.000.000;
"Fiscal year 1981: $906.300.000.000;
"Fiscal year 1982: $921,800,000,000;

the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

"Fiscal year 1980: $57,500,000,000;
"Fiscal year 1981: $76.300.000.000;
"Fiscal year 1982: $91,800,000,000."

On page 7, beginning with line 9, strike out all through line 4, page 15 and insert the following:

"(a) National Defense (050):

"Fiscal year 1980:

"(A) New budget authority, $141,200,000,000;

"(B) Outlays, $130,600,000,000.

"Fiscal year 1981:

"(A) New budget authority, $159,800,000,000;

"(B) Outlays, $145,600,000,000.

"Fiscal year 1982:

"(A) New budget authority, $180,400,000,000;

"(B) Outlays, $163,300,000,000.

"(b) International Affairs (150):

Fiscal year 1980:

"(A New budget authority, $12,000,000,000;

"(B) Outlays, $7,500,000,000.

"Fiscal year 1981:

"(A) New budget authority, $13,000,000,000;

"(B) Outlays, $7,600,000,000.

"Fiscal year 1982:

"(A) New budget authority, $14,900,000,000;

"(B) Outlays, $8,700,000,000.

"(c) General Science, Space, and Technology (250):

"Fiscal year 1980:

"(A) New budget authority, $5,500,000,000;

"(B) Outlays, $5,400,000,000.

"Fiscal year 1981:

"(A) New budget authority, $5,000,000,000;

"(B) Outlays, $5,500,000,000.

"Fiscal year 1982:

"(A) New budget authority, $5,400,000,000;

"(B) Outlays, $5,400,000,000.

"(d) Energy (270):

"Fiscal year 1980:

"(A) New budget authority, $41,000,000,000;

"(B) Outlays, $7,000,000,000.

"Fiscal year 1981:

"(A) New budget authority, $4,700,000,000;

"(B) Outlays, $7,600,000,000.

"Fiscal year 1982:

"(A) New budget authority, $24,200,000,000;

"(B) Outlays, $9,500,000,000.

"(e) Natural Resources and Environment (300):

"Fiscal year 1980:

"(A) New budget authority, $12,200,000,000;

"(B) Outlays, $11,600,000,000.

"Fiscal year 1981:

"(A) New budget authority, $13,200,000,000;

"(B) Outlays $12,500,000,000.

"Fiscal year 1982:

"(A) New budget authority, $14,100,000,000;

"(B) Outlays, $13,500,000,000.

"(f) Agriculture (350):

"Fiscal year 1980:

"(A) New budget authority, $4,900,000,000;

"(B) Outlays, $2,500,000,000.

"Fiscal year 1981:

"(A) New budget authority, $5,300,000,000;

"(B) Outlays, $2,700,000,000.

"Fiscal year 1982:

"(A) New budget authority, $3,900,000,000;

"(B) Outlays, $3,100,000,000.

"(g) Commerce and Housing Credit (370):

"Fiscal year 1980:

"(A) New budget authority, $6,800,000,000;

"(B) Outlays, $3,000,000,000.

"Fiscal year 1981:

"(A) New budget authority, $5,900,000,000;

"(B) Outlays, $3,200,000,000.

"Fiscal year 1982:

"(A) New budget authority, $6,800,000,000;

"(B) Outlays, $2,800,000,000.

"(h) Transportation (400);

"Fiscal year 1980:

"(A) New budget authority, $19,500,000,000;

"(B) Outlays, $18,600,000,000.

"Fiscal year 1981:

"(A) New budget authority, $21,200,000,000;

"(B) Outlays, $19,600,000,000.

"Fiscal year 1982:

"(A) New budget authority, $20,400,000,000:

"(B) Outlays, $20,100,000,000.

"(i) Community and Regional Development (450):

"Fiscal year 1980:

"(A) New budget authority, $8,700,000,000;

"(B) Outlays, $7,500,000,000.

"Fiscal year 1981:

"(A) New budget authority, $9,300,000,000;

"(B) Outlays, $8,300,000,000.

"Fiscal year 1982:

"(A) New budget authority, $8,900,000,000;

"(B) Outlays, $8,400,000,000.

"(j) Education, Training, Employment, and Social Services (500):

"Fiscal year 1980:

"(A) New budget authority, $26,700,000,000;

"(B) Outlays, $28,100,000,000.

"Fiscal year 1981:

"(A) New budget authority, $28,800,000,000;

"(B) Outlays, $27,700,000,000.

"Fiscal year 1982:

"(A) New budget authority, $30,300,000,000;

"(B) Outlays, $30,000,000,000.

"(k) Health (550):

"Fiscal year 1980:

"(A) New budget authority, $55,200,000,000;

"(B) Outlays, $52,800,000,000.

"Fiscal year 1981:

"(A) New budget authority, $67,700,000,000;

"(B) Outlays, $58,800,000,000.

"Fiscal year 1982:

"(A) New budget authority, $79,400,000,000;

"(B) Outlays, $65,800,000,000.

"(l) Income Security (600):

"Fiscal year 1980:

"(A) New budget authority, $210,300,000,000;

"(B) Outlays, $181,800,000,000.

"Fiscal year 1981:

"(A) New budget authority, $232,400,000,000;

"(B) Outlays, $201,500,000,000.

"Fiscal year 1982:

"(A) New budget authority, $267,900,000,000.

"(B) Outlays, $228,700,000,000.

"(m) Veterans Benefits and Services (700):

"Fiscal year 1980:

"(A) New budget authority, $21,200,000,000;

"(B) Outlays, $20,600,000,000.

"Fiscal year 1981:

"(A) New budget authority, $21,900,000,000;

"(B) Outlays, $21,400,000,000.

"Fiscal year 1982:

"(A) New budget authority, $22,800,000,000;

"(B) Outlays, $22,700,000,000.

"(n) Administration of Justice (750):

"Fiscal year 1980:

"(A) New budget authority, $3,900,000,000;

"(B) Outlays, $4,400,000,000.

"Fiscal year 1981:

"(A) New budget authority, $4,300,000,000;

"(B) Outlays, $4,400,000,000.

"Fiscal year 1982:

"(A) New budget authority, $4,500,000,000;

"(B) Outlays, $4,500,000,000.

"(o) General Government (800):

"Fiscal year 1980:

"(A) New budget authority, $4,300,000,000;

"(B) Outlays, $4,100,000,000.

"Fiscal year 1981:

"(A) New budget authority, $4,300,000,000;

"(B) Outlays, $4,200,000,000.

"Fiscal year 1982:

"(A) New budget authority, $4,500,000,000;

"(B) Outlays, $4,200,000,000.

"(p) General Purpose Fiscal Assistance (850):

"Fiscal year 1980:

"(A) New budget authority, $8,500,000,000;

"(B) Outlays, $8,500,000,000.

"Fiscal year 1981:

"(A) New budget authority, $8,200,000,000;

"(B) Outlays, $8,600,000,000.

"Fiscal year 1982:

"(A) New budget authority, $8,200,000,000;

"(B) Outlays, $8,200,000,000.

"(q) Interest (900):

"Fiscal year 1980:

"(A) New budget authority, $57,000,000,000;

"(B) Outlays, $57,000,000,000.

"(A) New budget authority, $59,000,000,000;

"(B) Outlays, $59,000,000,000.

"Fiscal year 1982:

"(A) New budget authority, $61,000,000,000;

"(B) Outlays, $61,000,000,000.

"(r) Allowances (920):

"Fiscal year 1980:

"(A) New budget authority, —$4,800,000,000;

"(B) Outlays, —$4,300,000,000.

"Fiscal year 1981:

"(A) New budget authority, —$4,800,000,000;

"(B) Outlays, —$4,300,000,000.

"Fiscal year 1982:

"(A) New budget authority, $0

"(B) Outlays, $0

"(s) Undistributed Offsetting Receipts (950):

"Fiscal year 1980:

"(A) New budget authority, —$19,700,000,000;

"(B) Outlays, —$19,700,000,000.

"Fiscal year 1981:

"(A) New budget authority, —$21,500,000,000:

"(B) Outlays, —$21,500,000,000.

"Fiscal year 1982:

"(A) New budget authority, —$23.900,000,000;

"(B) Outlays, —$23,900,000,000.".

The ACTING PRESIDENT pro tempore. Is there objection to the modification of the amendment?

Mr. ROTH. I do not think there is.

Mr. President, this is merely a correction of some of the figures based upon the defense amendment that was worked out together with the Budget Committee.

Mr. ROBERT C. BYRD. Mr. President, I do not think the Senator needs unanimous consent to modify his amendment, does he?

Mr. ROTH. No. That is correct.

Mr. President, we have not requested the yeas and nays, so I have the right to modify my amendment.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield, I might put in a quorum call with the understanding I not lose my right to the floor.

Mr. President, I ask unanimous consent that in this one instance the time on the quorum call—by the way, is time on the quorum call charged under the statute to the overall time on the resolution?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. ROBERT C. BYRD. The time is charged. Why is time charged on quorum calls when it is not charged on rollcalls?

The ACTING PRESIDENT pro tempore. Time for quorum calls comes out of the general time.

Mr. ROBERT C. BYRD. Why is that?

The ACTING PRESIDENT pro tempore. Whereas time used in a rollcall vote is not considered debate.

Mr. ROBERT C. BYRD. Is time for a quorum call considered debate?

The ACTING PRESIDENT pro tempore. Under the Senate precedents when the Senate is debating a measure under controlled time, the time used for a quorum call must be charged against that time.

Mr. ROBERT C. BYRD. I have to agree with the Chair.

Mr. President, I ask unanimous consent that I be permitted to enter a quorum call in this instance and that the time not be charged against anyone.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROTH. I thank the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator for yielding for a quorum call.

Mr. ROTH. Mr. President, it is my understanding that the time taken on the quorum call and the time taken in the earlier discussion will not come out of my time.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time begin being charged now.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROTH. I thank the majority leader.

Mr. President, my amendment would restrain the growth of Federal spending enough to provide for a $24 billion tax cut in calendar year 1980. Further spending restraints are provided in calendar 1981 and 1982 to provide further tax cuts of $35 billion and $75 billion.

In fiscal year 1980 the impact of our amendment would be to provide for a tax cut of $15 billion.

By combining these tax cuts with spending restraints the fiscal 1980 deficit is reduced to roughly $26.5 billion, and I emphasize, the budget would be balanced in 1981.

Mr. President, this amendment would make this a budget of hope and of opportunity, not one of despair and disincentives. I believe that today we have the opportunity of moving this Nation in a new direction. We are at a crossroad. The question is, Does the Senate dare to lead a new direction that promises growth and opportunity, or shall we follow the same path of yesterday, one that is based upon years of big spending, high taxes and inflation?

I think it is only fair to say that the years of Keynesian theory of pumping up demand through spending have shown that it is not working. There is a growing consensus among both liberals and conservatives that more attention needs to be paid to the supply side of the economy. I know of no one who says we can afford to wait or can say that he or she is satisfied with the state of our economy.

I believe the time for action is now, not tomorrow. Make no mistake, there is going to be a tax cut of some type for 1980. The real question is whether this Congress and this Senate will have the courage to foresee that need, and to lead the way, or whether we are going to wait and merely react to what the American people are going to demand.

The economy is, sad to say, weakening, deteriorating. Unemployment is at 6 percent, and it is predicted by the White House as well as the Federal Reserve Board that by the end of 1981, the 6-percent unemployment will grow to 8.3 percent. That means that roughly 2.7 million American men and women are going to be unemployed. I regret to say that what the Carter administration seems to be saying, and what this budget seems to be saying, is that we should fight inflation with unemployment.

Mr. President, I ask Senators to look at the chart behind me. It shows that by the end of 1980 there will be a new unemployment line that will reach all the way from this Capitol here in Washington, D.C., to Plains, Ga. I do not believe that we should adopt a bankrupt policy of trying to reduce inflation through unemployment. I wonder what my liberal colleagues would have said if a Republican President or the Republican leadership had proposed that we reduce inflation through unemployment and recession.

Mr. President, I would point out the inflation rate is at 13 percent. Interest rates are at 13 percent. We just cannot afford to just continue the policies of the past. While I have the greatest respect for the leadership of the Budget Committee, I know they are saying, "Let's be steadfast; let's continue past practices." But they say the same thing every year. For example, in 1978, when we began consideration of the second concurrent resolution on the budget for 1979, the distinguished chairman of the Budget Committee said:

> This is an anti-inflationary budget. We intend it as a signal to our citizens and to the private economy that the Federal Government will lead the way towards reducing inflation without sacrificing jobs.

I submit, Mr. President, that the continuation of those policies has not had that benign effect, but that today we suffer increased unemployment, increased inflation, and high rates of interest. In addition, productivity is going down, so there is little hope for the future, under these policies.

Mr. President, the second concurrent budget resolution calls for substantially higher tax and spending levels. Compared to the first budget resolution approved by the Senate, the proposed resolution increases Federal spending by $98 billion, and increases Federal taxes by $193 billion between 1980 and 1984. I know that the Senate Budget Committee contends that the size of the Federal sector relative to the private sector has been reduced. The fact is that the spending and tax levels proposed under the second budget resolution are substantially higher than the historical spending and tax levels over the last 25 years.

Under the proposed budget resolution, Federal spending in 1980 is projected to be 21.7 percent of GNP, the same level as in 1979. The average for the last 25 years has only been 19.9 percent. So, excluding the last 4 years, the proposed fiscal spending level is higher than any other spending level over the last 25 years. And, Mr. President, the same is true with respect to the level of taxes. Over the last 25 years, taxes as a percentage of GNP have averaged 18.8 percent. The tax burden has exceeded 20 percent of the gross national product only twice in the last 25 years, during the 1969 and 1970 tax surcharge, and it has never exceeded 21 percent. Yet the budget resolution proposes to allow taxes to increase to 23.6 percent in 1980, and to 21.5 percent of GNP by 1981.

Clearly this second resolution is attempting to balance the budget by allowing the tax burden to increase to the highest level in this country's history. Federal spending programs have increased to protect Government spending programs from inflation. But I point out that the taxpayers are not protected from inflation. To the contrary, they are being penalized. Government spending is projected to increase by nearly 10 percent next year, by $47 billion.

The Carter administration is asking the wrong people to tighten their belts. Instead of imposing austerity on the American people, we should have a period of Government austerity. Unless taxes are cut, millions of Americans are going to lose their jobs. By refusing to endorse a tax cut, the administration is trying to fight inflation by adding to the unemployment lines.

Mr. President, we have two paths to follow. We can try to fight inflation by putting people out of work through an austerity program of high taxes, or we can reduce inflation by increasing productivity and real economic growth through lower taxes and less Government spending.

I would point out that if this budget resolution does not provide for a tax cut, then, in effect, the Senate is voting for increased taxes for the American people. The Budget Committee's recommendation to delay tax cuts until 1982 will cost the average family of four $926 in higher taxes. That is $393 in 1982 and $533 in 1981. The higher tax burden will reduce take-home pay, production, savings, and investment, resulting in more inflation, a deeper recession, and high unemployment.

We believe the way to reduce inflation and offset the recession is to increase productivity and real economic growth through lower taxes and less Government spending. We cannot afford to wait until millions more Americans have lost their jobs.

In closing, just let me point out, Mr. President, that there is a growing consensus in this country that we do need some new economic policies, that we need a tax cut now. This has been advocated not only by conservatives and Republicans, but by Democrats and liberals as well.

In closing, I would like to read the remarks of the chairman of the Joint Economic Committee on August 2, 1979, when he said:

> This disturbing new internal forecast clearly shows that our economic problems are far worse than expected and prompts me today to stand in the Senate to urge Congress to take action to turn our economy around. Sooner or later, the coming recession will force this Congress to enact a tax cut. Our economy will be far better served if it is done sooner.

Senator BENTSEN goes on to say:

> We cannot rely on the traditional response of more Government spending.

He points out that since June, he had been calling for a tax cut, and he makes that call again.

Mr. President, I think the time has come for Democrats and Republicans alike, conservatives and liberals, to work together to move this country in a new direction, to provide the incentives that will enable us to do something about savings, investment, and productivity so that we do have a budget of hope and promise, rather than one of despair and disillusionment.

I now yield to the distinguished Senator from Missouri.

Mr. DANFORTH. Mr. President, at a time of consistent and very large Federal deficits and an extraordinarily high rate of inflation—an annualized rate of inflation, according to the latest statistics, would be 14.9 percent—at first blush, it would seem that any suggested tax cut would be, by definition, inflationary. One of the problems that this amendment suffers in gaining the kind of support which I believe it deserves is the initial comment that is made, for example, in some newspaper articles and editorials, to the effect that at a time of high rate of inflation, we cannot have any tax cut. However, it is important to note that the amendment to the second budget resolution, which has been offered by the Senator from Delaware, proposes not only a $15 billion tax cut for the next fiscal year, but, in addition to that, would provide for a $19 billion reduction in Federal spending. So that, instead of increasing the deficit, this amendment would reduce the deficit by some $4 billion; therefore, quite the contrary of what was reported, for example, in the Washington Post this morning, to the effect that a lot of people are steering away from a tax cut at this time. It is possible to fashion an approach to the Federal budget which would provide both for a reduction in the deficit and a reduction in Federal taxes as compared with what the budget resolution would otherwise provide.

The basic issue, therefore, Mr. President, is not whether or not we are increasing the deficit, because we are not, by this amendment. The basic question is a very fundamental one. That is, how much money do we want in the hands of the Government and how much money do we want in the hands of the rest of the country? The theory of this amendment is that, in comparison with the second budget resolution as it now stands, Senator ROTH would propose relatively less money in the hands of the Federal Government and relatively more in the hands of the American people.

As pointed out by the Senator from Delaware, this amendment is contrary to the trends that we have been following in this country over quite some period of time. During the last 6 months, our total economy in America has been shrinking. During the last 6 months, the gross national product in the United States has declined by 1.6 percent. In recent years, the gross national product has not been on the decline, but it has, to say the least, been stunted in its development and now it has gone from a very flat level into an actual decline. At the same time that the gross national product has been flat or declining, the Federal portion of the economy—Federal taxes as a percentage of gross national product—has been on a steady increase. So, beginning in 1976, each year, Federal income taxes, as a percentage of gross national product, have been on the increase, from 18.5 percent of GNP in 1976 up to 19.7 in 1978, 20.4 in 1979, heading to 20.6 percent in 1980, and 21.5 percent estimated in fiscal year 1981. So we have had a steady increase in the portion of our economy which has been consumed by Government.

The basic position that Senator ROTH takes and that his amendment would implement is that that course for the economy is exactly wrong and that, instead of increasing Federal taxes as a percentage of gross national product and stunting the growth of the economy, we should be encouraging the growth of the economy and restraining the constant growth of the Federal Government and of Federal taxation.

Now, Mr. President, it is important to note that, regardless of whether or not this amendment is adopted, Federal taxes are going to go up next year and the year after over what they are now, no matter what we do with this amendment, because of the fact that inflation produces an extra dividend in Federal tax revenues.

It is a well-known economic fact that for every percentage point that inflation goes up, Federal tax revenues go up by a point-and-a-half. The reason for that is that inflation puts people into higher and higher tax brackets; businesses are not receiving the replacement value of equipment that they depreciate, and they are being taxed on the sale of inflated inventory. Federal tax rates go up with inflation.

In addition, next year and the year after, we have programed increases in social security taxes. In addition to that, we are going to pass some sort of windfall tax. We do not yet know exactly how much it is going to be, but according to the House bill, it would be somewhere in the nature of $100 billion over 10 years in windfall taxes. And what is often overlooked is that, as a result of decontrol of oil. Federal revenues from increased income taxes and royalties, regardless of the windfall tax, are going to go up very substantially. So, in 1980, we are going to see a total increase of Federal tax revenues from all of these sources of an estimated $23.6 billion and by 1981, an estimated increase of $64.4 billion.

Then the question that is presented by the Roth amendment is, can we reduce that increase?

Even under the Roth amendment, when we consider increased Federal revenues from all sources, less the reduction in Federal income taxes called for by the Roth amendment, even under these circumstances with the Roth amendment, total Federal taxes will go up by $8.6 billion in 1980 and by $29.4 billion in 1981.

So even if a Senator were to favor the notion, and I cannot believe anybody would say so publicly, but even if somebody were to favor the notion for some reason of increasing Federal taxation, do not worry, Federal taxation is going up with or without the Roth amendment.

But if we are going to put some brake on it, if we are to at least slow down the rapid acceleration of Federal tax revenues in real dollars and as a percentage of gross national product, we need to do something to roll back taxes.

Mr. President, clearly, it is difficult for the Budget Committee, the Congress, the executive branch, to try to reduce Federal spending by about 3½ percent, I think, which would be the result of this amendment. But I have to believe that if we gave it our attention, really put our shoulder to the wheel, we could reduce Federal spending by 3½ percent.

Yes, it is going to be difficult. Some of the programs that I have fought for in committee and on the floor of the Senate, revenue sharing, welfare reform, yes, those would suffer as a result of this amendment.

But the question, as the Senator from Delaware pointed out, is who is supposed to make the sacrifices? Why does the Federal Government continually get the free ride of the increased revenues from taxes?

If the belt is going to be tightened, why should we not do it in Government, as opposed to always asking the American people to do it?

That, basically, is the issue.

Again, Mr. President, the question is, how much money we are going to put in the hands of Government, how much money we are going to take out of the hands of the American people.

The PRESIDING OFFICER (Mr. PRYOR). Who yields time?

Mr. HATCH. Will the Senator yield?

Mr. ROTH. I yield 10 minutes to the Senator from Utah.

Mr. HATCH. I thank my friend and colleague from Delaware.

Mr. President, I would like to speak in favor of the Roth amendment and congratulate my colleague for again taking the initiative to attempt to bring some fiscal control to our Federal budget and to achieve the goal of obtaining a productivity stimulating tax cut for the American people.

The proposal that Senator ROTH places before us is a modest proposal, only reducing Federal outlays by $16.7 billion in fiscal year 1980 and revenues by $14.7 billion in fiscal year 1980. Senator ROTH's proposal would allow for a $24 billion tax cut for the American people in calendar year 1980. Figures calculated by the Joint Committee on Taxation tell us that the American people face tax increases from increased social security taxes and from inflation pushing them into higher tax brackets of $16.2 billion in fiscal year 1980. Therefore Senator ROTH's proposal merely offsets the automatic tax increases the American people face this year and makes a little headway into offsetting the $17 billion worth of bracket creep they suffered in fiscal year 1979.

My colleagues should be very skeptical of the economic projections of the Budget Committee and the economic policies recommended by the Budget Committee. I have reviewed the history of the results the Budget Committee has projected would occur from the economic policies it has recommended in the past. I think my colleagues will be very interested in my findings.

Last year at this time, when the Senate was considering the second concurrent resolution for fiscal year 1979, the Budget Committee projected that outlays in fiscal year 1980 would be $536 billion and the revenues would be $500 billion, but indicated that there would need to be an additional stimulus of $8 billion in either tax cuts or spending to achieve the economic goals they projected. These goals, on a calendar year basis, were an inflation rate of 6.2 percent in 1980, 5.9 percent in 1981, 5.8 percent in 1982, and 5.9 percent in 1983. Real economic growth was projected to be 3.9 percent in 1980, 4.3 percent in 1981, 4.3 percent in 1982, and 4.3 percent in 1983. The Budget Committee told the Congress at that time that if we would just follow the economic policies that they were recommending we could hope to achieve these economic goals. One year later it is interesting to examine what has happened to these projections.

For the 1979–83 period, outlays have been increased by $42.9 billion and revenues have been increased by $93.2 billion. Whereas last year at this time the Budget Committee was projecting real growth of 22.6 percent over the 5-year period, they are now projecting real growth of only 17.1 percent over the period. On the other hand, while last year they were projecting inflation of 34.5 percent over the 5-year period, they are now projecting inflation of 51.6 percent over the period. In other words, what the Budget Committee is telling us is that they were wrong, that we will have significantly higher expenditures and taxes, that we will have less real economic growth, and more inflation. Obviously the economic policies of the Budget Committee are not working. They are producing a stagnating economy with lower and lower real economic growth and higher and higher rates of inflation. The Congress needs to understand why we on the Budget Committee have been so far off base in projecting the results of our economic policies.

The reason is very clear to anyone who has discussed the problem with any of the leading new voices in the economics profession. The Budget Committee bases its economic projections and its economic policy decisionmaking on the recommendations and advice of the Congressional Budget Office. The CBO's economic analysis and econometric model is based on outmoded and faulty economic assumptions.

These shortcomings are clearly discussed in a published paper entitled "The Political Economy of the Congressional Budget Office" written by two prominent economists, Dr. David Meiselman and Dr. Paul Craig Roberts. I ask that this paper be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HATCH. Mr. President, because of its narrow focus on the very short run, that is, 1 to 2 years, the CBO ignores the inflationary impact of many of the policies it recommends and overstates the impact of many of the policies it recommends and overstates the impact on real economic growth of its policies. Most economists agree that, while expansionary Government economic policies in the form of increased spending will stimulate output and have little effect on inflation for the first 2 years, in the longer run, the effect on real output will vanish and the impact on increasing prices will increase.

In other words, by focusing on the short run, the CBO model incorrectly advises us to follow policies that will bring about a short boost in output with little effect on inflation, but will in the longer run, after the second year, only substantially increase inflation. However, CBO never tells us about the impact these policies will have in the long-run future.

Because they are only concerned with the very short-term consequences of these economic policies, the CBO ignores the effects that the policies of letting marginal tax rates continue to rise to unprecedented high levels and letting Government spending take over a larger and larger proportion of our GNP have on individual incentives to produce, save, invest, and work. The CBO has no idea of how the economic policies it recommends, impact on the economic decisionmaking processes of individuals. This is because the CBO does not have in its model any equations which take account of the effects of Government-demand stimulus policies on the supply side of the economy.

For instance, implicit in the CBO economic analysis is the assumption that no matter how high an individual's marginal tax rate rises he will continue to put out the same work effort. Or, no matter how low the rate of return on investment and savings falls, the CBO assumes that individuals' and businesses' decisions to save and invest will not be affected. What is lacking from the CBO model is what economists call a rate of return analysis. It is changes in rates of return that affect people's incentives which influences their economic behavior. All of the new innovative work in the economics field recognizes the importance of including rate of return analyses. The CBO, however, has not kept itself up to date in the new work being done in economics.

As a matter of fact, when I talked to some of these leading innovators in the economics world, they tell me that they cannot believe that anybody takes the analysis of the Congressional Budget Office seriously. I am told that the CBO economic analysis and model are a joke throughout the economics profession. Yet we in the Congress have not faced up to this fact. The Budget Committee, despite its abysmal record of projections, has continued to rely blindly and with total faith on the CBO economic recommendations.

The CBO model is also unable to deal with changes in international trade shifts or changes in the international flow of capital, and the impacts these have on our economy, because they deal with the United States as a closed economy. Thus, any change in the international picture is considered as an outside shock which is beyond the control of the U.S. Government's economic policies.

In fact, the economic policies of our Government have a major impact on our international trade position and on international capital flows. If the Government's economic policies produce more inflation, foreign investors may lose confidence in the dollar and withdraw their investments, as they did last fall. Government tax policies may place our businesses at a disadvantage to foreign competitors who have more realistic depreciation writeoffs or lower rates of corporate tax.

The CBO cannot account for these effects and can only act surprised when there is a major shift in the international picture. But these changes do not occur in a vacuum, independent of U.S. Government policy actions, and the CBO should account for this in their model.

The CBO analysis also ignores the effects that Government economic policies have on potential GNP. Potential GNP is treated as some kind of constant, which grows in real terms by a fixed rate each year. The CBO model then analyzes the impact that different policies will have on the difference between actual and potential GNP. But potential GNP is not some unchanging constant which only grows at the same rate every year. If investment in productive new plant and equipment drops off substantially, as it has in recent years, our potential for real economic growth is permanently reduced until this investment is stimulated again.

Since Government economic policies, through their impact on expectations and rates-of-return, produce disincentives or incentives to work, produce, save, and invest, they therefore affect individuals' decisions to work, produce, save, and invest, and therefore impact on potential GNP. The CBO analysis cannot explain why countries with tax structures biased less against saving and investment can continue, year after year, to grow at rates far in excess of the real rate of economic growth experienced in the United States. One would presume that if potential GNP grows by the same percentage rate every year in the United States, it would do the same in other countries. Not so.

I am afraid that the policymakers in Government know little about econometric models and the uncertainty surrounding their forecasts. Although the CBO does not bring this to our attention, the predictability of any variable in an econometric model is only accurate to a certain degree, and sometimes the standard deviation of the prediction is quite large.

Also, there may be wide deviations from the norm among the actual data used to estimate the equations in the model. However, since CBO does not adequately advise us of the uncertainty of its predictions, it biases its analysis in favor of a more expansionary and interventionist policy that the degree of uncertainty of their projections would warrant.

What the CBO and the Budget Committee also fail to tell us is that we are never presented with the pure computer analysis of an econometric model. After the data is run through the model, there are always problems and inconsistencies with results that must be corrected by subjective human adjustments. For instance, at the time of the first resolution this spring, I asked my staff to obtain the implications for real growth derived from the CBO model for the two alternative budget resolutions we were considering at that time.

Although the only difference for fiscal year 1980 in the two alternatives was a difference of $1.1 billion in outlays, the difference in real economic growth produced by the model, before human tinkering, was 0.3 percentage points. Once the red pencils were applied, the difference was determined to be only 0.1 percentage points. But this adjustment was made solely on the human judgment that it was ludicrous to believe that you could have that much of a difference in real growth from only a billion dollars difference in spending.

This human tinkering with the results of the model, plus the fact that subjective human assumptions must be made in constructing the equations in an econometric model, destroy any notion of objectivity or scientific systematicness concerning these models. The Congress should recognize that, because of the extent of this human discretion, these models are little more scientific than holding one's finger to the wind.

Perhaps one of the most significant problems in the CBO model is that it cannot distinguish between different types of tax reductions. It assumes that, for instance, a tax rebate and a reduction in income tax rates will have the same impact on the economy. However, while a tax rebate merely puts more cash back into peoples pockets and stimulates consumer spending, a tax rate reduction, while it has the same affect on demand, also increases incentives on the supply side of the economy to work more, produce more, invest more, and save more. Because reduction in the tax rates increases the after-tax rate of return on these activities, people have the incentive to do more of these activities. And these are the activities that produce real economic growth in our economy and lead to higher standards of living.

But the CBO, in its econometric model, just averages together the effects of these different types of tax cuts. However, if one examines these different types of tax cuts individually, one can see that the tax rate reduction, because it affects both the demand and supply sides of the economy, has a much greater stimulative effect than does the tax rebate approach. Thus when CBO analyzes a tax rate reduction proposal, their analysis is biased downward in regard to the stimulative effect that that tax rate reduction would have on the economy. They therefore project higher rates of inflation, lower rates of real economic growth, and greater increases in the deficit than would occur from a tax rate reduction.

And because the Congressional Budget Office believes that it is only consumer demand that drives real economic growth, their analysis is biased against savings. Again, this is a problem of their analysis being too shortsighted. In the long run, what drives economic growth is savings and investment. Without savings, we cannot buy the plant and equipment we need to expand our capital base so that we can employ more people and increase their productivity in order to increase their real standard of living. If we consume all of our resources today, there will be nothing left to build the plants and equipment of tomorrow. We may benefit ourselves modestly in the short term, but we will end up destroying ourselves in the long run.

The CBO bias against savings is another reason why they underestimate the impact the tax rate reductions would have on the economy. Because people will save some portion of any amount of money that is used for tax rate reductions, whereas if the Government used the resources it would spend the entire amount, the CBO therefore believes that tax cuts are less stimulative than spending increases. They therefore say that Government spending has a greater stimulative effect on the economy than tax cuts. This implies that the Government can more productively spend our money than individuals can spend it. I don't think too many of my constituents would accept this contention.

Because of CBO's bias against savings and tax cuts, every time the budget committee is faced with a choice between increasing Government spending or cutting taxes, the CBO economic analysis advises them that the spending increase will have greater stimulative effect on the economy than the tax cut. Therefore, we always find ourselves locked into the situation where we cannot afford to have a tax cut but we are promised that we will eventually get one 2 or 3 years down the road.

However, when we get down the road 2 or 3 years, again there is an excuse why spending has to be increased and the tax cut has to be postponed. Meanwhile, individuals keep being pushed into higher and higher marginal tax brackets by inflation, even though their real incomes are not increasing. In 1965, only 22 percent of the taxpayers found themselves in the 20 or above tax brackets, and only 2.2 percent found themselves in the 30 percent or above tax brackets. By 1975, well over half, 53 percent of the taxpayers, found themselves in the 20 percent or above tax bracket and 8.8 percent found themselves in the 30 percent or above bracket.

In just 1 year, by 1976, fully 57.5 percent of the taxpayers found themselves in the 20-percent bracket and 11 percent found themselves in the 30-percent or above tax bracket. At the same time, real disposable weekly earnings have declined for the past several years to a level lower than they were in 1965. In other words, workers have had no real increase in their disposal income since 1965, because they have moved steadily into higher and higher tax brackets.

If one looks at the average tax burden, which does not affect economic activity to the extent that marginal rates do, but which however is an important indication of the Federal Government's impact on the economy, one sees that the average tax burden has increased drastically over the past few years.

In fiscal year 1975 taxes consumed 19.3 percent of GNP. In the post-World War II period, taxes have averaged 18.6 percent of GNP. So even in fiscal year 1975 the tax burden was higher than its historical average. With this budget resolution, the Budget Committee projects that taxes will reach a 20.6 percent level GNP and will consume 21.5 percent of GNP by fiscal year 1981. This fiscal year 1981 level will be a high for the postwar period. Indeed, even during World War II, when we had to finance a massive military effort, the tax burden never exceeded 21.3 percent of GNP. And except for the 2 years of the Vietnam surtax, the postwar tax burden has never exceeded 19.5 percent of GNP before the congressional budget process began.

I think the Budget Committee proves that they are not interested in reducing taxes. I think that this is unfortunately because of the faulty economic advice and analysis they receive from the CBO. My colleagues should examine the record of economic projections the Budget Committee has associated with its economic policies, realize how far off base they have been, and do something new and innovative to reverse the trends in our economy that the Budget Committee is responsible for. They can do this by adopting the Roth amendment which will allow us to begin in fiscal year 1980 to enact permanent reductions in income tax rates which will stimulate the supply side of the economy and lead to higher economic growth in the future.

Mr. President, I support the amendment of the distinguished Senator from Delaware, and I hope my colleagues will support it. He has fought a courageous battle these last years since I have been in the Senate. I believe he deserves our support. Until we start coming around to the point where we support his particular approach, I think we will have all kinds of economic dislocations and difficulties in the country.

EXHIBIT 1

THE POLITICAL ECONOMY OF THE CONGRESSIONAL BUDGET OFFICE

(By David I. Meiselman, Virginia Polytechnic Institute and State University, and Paul Craig Roberts, the Wall Street Journal, and Hoover Institution, Stanford University)

INTRODUCTION AND SUMMARY

This study describes and analyzes the operation of the Congressional Budget Office's activities under the Congressional Budget and Impoundment Control Act of 1974. It focuses on C.B.O.'s macrceconomic analysis, which provides the basis for the fiscal policy options that are presented to the Congress. The study finds that C.B.O.'s analysis and empirical studies are seriously flawed.

In the C.B.O. analysis there is demand without supply, inflation without money, interest rates without capital, output without inputs, employment without wage rates or a labor market, and investment without saving or any change in the capital stock. Expectations are assumed to be static, and consumption is assumed to depend only on current disposable income.

Fiscal policy is seen as affecting aggregate demand with no incentive or disincentive effects on supply. The study notes an anomaly in the C.B.O.'s treatment of money. After presenting evidence that only money matters, C.B.O. proceeds to rely on a Keynesian fiscal model with no money at all. There is no attempt to reconcile the two views.

The study concludes that the new budget process has institutionalized Keynesian fiscal policy rather than budget balance as the concept of budget control. Now, deficits are rationalized in terms of scientific economic policy prior to the appropriations process. This tends to loosen rather than tighten constraints on government expenditures. But the new concept of budget control has not changed incentives, and we doubt that the C.B.O. has the power to change the incentives faced by politicians and bureaucrats in a democracy.

The analytical error that may be more critical than those inherent in the C.B.O.'s macromodel is the economist's assumption that public policy serves the public interest rather than the private interests of the policymakers.

I. THE CONGRESSIONAL BUDGET ACT

The Congressional Budget and Impoundment Control Act of 1974 established: (*a*) a new congressional budget process; (*b*) Senate and House Committees on the Budget; (*c*) a Congressional Budget Office; and (*d*) a procedure providing congressional control over the impoundment of funds by the executive branch.

The Act was deemed necessary for several reasons. At a time when the federal "budget had become the nation's principal tool for determining governmental goals and economic policy, affecting nearly every facet of American society . . . the Congress lacked a comprehensive mechanism for establishing priorities among its goals and for determining economic policy through the budget process. . . . Budget actions never explicitly decided the size of the budget, whether it should be in surplus or deficit, and precisely by what amount."[1]

Past budget reforms had enhanced and centralized budget authority in the Executive Branch, while permitting increased fragmentation of spending authority within the Congress. The concentration of financial and policymaking authority in the Office of Management and Budget had no counterpart in the Congress. The increasing use of impoundments by the Executive Branch was seen by the Congress as a direct challenge to its constitutional power to establish spending priorities.

The Congress was disturbed by its lack of control over spending. "Uncontrollables," the fastest rising part of the budget, had reached 75 percent of the total. Backdoor spending, spending outside the regular appropriation process, was more than half of all spending. With its budget actions restricted to the authority to obligate funds, the Congress had no control over actual expenditures or outlays, "resulting in little direct relationship between congressional budget actions and actual expenditures in any given year."[2]

Thus, the Act resulted from Congress desire (*a*) to explicitly relate its budget actions to its economic policy, (*b*) to restore its power to establish spending priorities, and (*c*) to gain control over spending. This is the official rationale for the Act, and, like many official rationales, it conceals the fact that different groups supported the Act in the expectation of achieving different and mutually exclusive results.[3]

A. Outline and timetable of the congressional budget process

The timetable with respect to the various stages of the new budget process is as follows:[4]

On or before: Action to be completed:

November 10, President submits current services budget.

15th day after Congress meets, President submits his budget.

March 15, Committees and joint committees submit reports to Budget Committees.

April 1, Congressional Budget Office submits report to Budget Committees.

April 15, Budget Committees report first concurrent resolution on the budget to their Houses.

May 15, Committees report bills and resolutions authorizing new budget authority.

May 15, Congress completes action on first concurrent resolution on the budget.

7th day after Labor Day, Congress completes action on bills and resolutions providing new budget authority and new spending authority.

September 15, Congress completes action on second required concurrent resolution on the budget.

September 25, Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution.

October 1, Fiscal year begins.

The first budget resolution in any fiscal year sets targets. The second budget resolution establishes a floor for revenues and a ceiling on spending, both in the aggregate and for each major functional spending category.[5]

B. The budget committees

The House and Senate Budget Committees "are created to guide the Congress in the new tasks of setting national fiscal policy aggregates; that is, total spending, revenue, and debt levels."[6]

II. THE CONGRESSIONAL BUDGET OFFICE

The mission of the C.B.O. "is to provide the Congress with detailed budget information and studies of the budget impact of alternative policies"[7] so that Congress can carry out the budget process and consider the budget "in the context of the current and projected state of the national economy."[8] "The law makes clear that the C.B.O. is to have a nonpartisan, highly professional staff and that it is to provide a wide range of fiscal and budget information and analyses. C.B.O. does not make recommendations on policy matters but provides Congress with options and alternatives for its consideration."[9]

C.B.O. (*a*) provides periodic forecasts and analyses of economic trends and alternative fiscal policies; (*b*) keeps score of congressional action on individual authorization, appropriation, and revenue bills against the targets and ceilings in the concurrent budget resolutions; (*c*) develops five-year cost estimates for implementing any public bill or resolution reported by congressional committees; (*d*) provides at the beginning of each fiscal year five-year projections on the costs of continuing current federal spending and taxation policies; (*e*) provides by April 1 of each year "a fiscal policy report which includes a discussion of alternative spending and revenue levels, levels of tax expenditures under existing law, and alternative allocations among major programs and functional categories, all in the light of major national needs and their effects on balanced growth and development of the United States";[10] and (*f*) provides additional studies. (See Appendix for statutory tasks and organizational chart, Figure 3, of C.B.O.)

A primary motive behind the formation of the C.B.O. was the Congress's desire to have its own source of budget information. The Congress's ability to work its own purposes was constrained by its dependence on information supplied by the Executive Branch.

III. MACROECONOMICS AT THE C.B.O.

This study focuses on C.B.O.'s analysis of macroeconomic conditions and forecasts and related public policy issues regarding economic stability and growth, unemployment and interest rates which attract major attention of the Congress and the public.

Although it is less than three years since C.B.O. published its first report, its publication list is already lengthy. As of May, 1978, the C.B.O. bibliography contained 166 titles, 144 separate studies, and 22 Congressional Budget Scorekeeping Reports.[11] On the basis of an unsystematic sample, we estimate that these average 70 pages, or roughly a total of 12,000 pages.

There are several main categories of published studies and reports in addition to those dealing with macroeconomic conditions and policies. Much of the C.B.O.'s work and the majority of their published studies are devoted to other budetary and public policy analyses and problems which abstract from stabilization issues. Forty-eight of the published studies are "Background Papers," which are detailed analyses of a wide range of topics, e.g., "New York City's Fiscal Problems: Its Origins, Potential Repercussions and Some Alternative Policy Responses," "Highway Assistance Programs: A Historical Perspective," and "Force Planning and Budgetary Implications of U.S. Withdrawal from Korea."

Thirty-seven of the published studies are "Budget Issue Papers" that cover topics such as "Catastrophic Health Insurance," "The Costs of Defense Manpower: Issues from 1977," and "Federal Prison Construction: Alternative Approaches." There are also 30 published Staff Working Papers and 11 Technical Analysis Papers that tend to be more technically and methodologically oriented than the other studies.

In addition to these published reports, there is extensive testimony by the C.B.O.'s Director before Congressional committees as well as various unpublished reports and communications, and unpublished studies such as the C.B.O. wage-price model.

Given the volume and the scope of the C.B.O. studies, we have limited this paper to an evaluation of the main elements in the C.B.O.'s analysis of budget aggregates and of stabilization problems and policies, in many respects the main and mandated business of the C.B.O. In the concluding section we offer some judgments concerning the impact of the C.B.O. and its outpouring of studies, reports, papers, analyses, and computer runs.

In the main, the C.B.O. analyses of stabilization prospects, problems, and policies are disappointing. The analyses ignore both the important and fundamental advances in economic science of recent years and the openness of the U.S. economy. Given the current state of economics, they can surely do much better. Instead, the C.B.O. analyses are largely derived from the relatively unsophisticated Keynesian models of the 1950s.

The C.B.O.'s treatment of money and monetary analysis are deficient. The C.B.O. has also simply ignored the questions raised by rational expectations theorists and others about the efficacy of discretionary fiscal policy and discretionary stabilization policy.

Footnotes at end of article.

In keeping with the focus on short-run stabilization, there is no long-run analysis worthy of the name. Even in the one study that claims to be an analysis of long-run issues, saving impairs economic performance and growth. Further, C.B.O. analyses generally ignore international trade and capital movements by assuming a closed economy.

The empirical and econometric work reported by C.B.O. consists mainly of estimates obtained from large-scale econometric models by adding additional numerical constraints to the many constraints found in the large-scale analyses. The results of these numerical exercises are used as the basis for C.B.O. analyses. Most of the C.B.O.'s empirical work is little more than curve fitting and casual empiricism. However, despite the emphasis on curve fitting, there is not a single statistic showing goodness of fit for the C.B.O. estimates or for those of the large-scale econometric models employed in the keystone multipliers study we survey below. C.B.O. does not report how well parameter estimates have fit past data. The presumption seems to be that the set of fitted values correctly project the future *without error*. But this presumption is never tested, because there are no comparisons of post-sample forecasts and actual events.

To be sure, much of C.B.O.'s output, especially their forecasts and their evaluations of the impact of fiscal policy on economic aggregates, is a response to Congressional mandates and inquiries. But we believe that these tasks, as well as the questions themselves, largely derive from presumptions and (*a*) compensatory fiscal and stabilization policy work; (*b*) valid, precise, and dependable answers are readily available; (*c*) economists can tell Senators and Congressmen about the implications of fiscal policy changes for prices, employment, gross national product, and the like, quarter by quarter, at least up to, and sometimes even beyond, the next election. The presumption that a valid and relatively precise analysis already exists and that only relatively minor additional efforts are required to yield a host of dependable answers biases the kinds of questions asked. The same presumptions also bias what are perceived to be policy problems workable policy instruments, and attainable solutions. For example, if tax cuts are seen as affecting only aggregate demand, there is no point in considering any connections between taxes and aggregate supply, labor force participation, and the like.

We have had thirty years of experience with the Employment Act of 1946 and its presumption that the type of model used by C.B.O. is valid and that short-run stabilization goals for employment can be achieved by the use of fiscal instruments. These presumptions follow, in part, from belief in the analytical power of adding up GNP components, the ease of forecasting and fooling markets, the efficacy of fiscal policy, essentially static anticipations, and the general absence of supply and relative price considerations. The results have been inflation, big government and more intervention without much evidence that economic stability has been increased, or unemployment reduced, by policy action.

IV. THE C.B.O.'S STABILIZATION POLICY MODEL

The most explicit statement of C.B.O.'s macroeconomic model is found in a C.B.O. study, The C.B.O. Multipliers Project: A Methodology for Analyzing the Effects of Alternative Economic Policies (1977). As this study, itself states, "the basic model presented there is in fact the one C.B.O. has used for nearly all its policy simulation work" (p. 15).[12]

Our reading of the various C.B.O. reports, especially those prepared by the C.B.O. Fiscal Policy Division and dealing with forecasts, the analysis of current economic conditions, and the implications of alternative stabilization policies, indicates that the C.B.O.'s own statement of the widespread use to which this basic model is put is substantially correct. This is why it is especially instructive to focus special attention on this one study.

However, we should point out that, for all the shortcomings of this "basic model," some of which are described below, it is an improvement over the first models used by the C.B.O., which must have raised the doubts and suspicions of both monetarists and fiscalists. These earlier models generated rather novel and somewhat bizarre results, and parts of them appear to have been abandoned since. For example, in the first C.B.O. study, *Inflation and Unemployment: A Report on the Economy* (1975), faster growth of the money supply is seen as leading to somewhat lower, not higher, prices. In addition, although effectively *raising tax rates*, by not extending the temporary tax provisions of the Tax Reduction Act of 1975 scheduled to expire at the end of 1975, was analyzed as having *no* effect on prices, an additional *tax cut* of $15 billion was analyzed as causing prices to be somewhat *lower* than they would otherwise be. (See pp. xv, xvi).

The novelty and complexity of large econometric models and their estimating techniques mean that most of the analysis used to generate the computer output is unfamiliar to the typical Senator and Congressman, and to most members of their staffs. Thus, the results must be taken on faith by policymakers, if they are taken at all. This faith is frequently shaken because, although there are many common elements in these large-scale models, they frequently yield vastly different answers, much to the embarrassment of analysts who have access to more than one model, or who have to defend one set of results against another. Because of the complexity of the models, it is frequently difficult to know why these differences exist. Moreover, these differences tend to create a lack of confidence in models as well as in the analytical orientation that they reflect.

In the C.B.O.'s own words, "The Multipliers project is an attempt to understand and deal with the diversity of results that various models may produce" (1977b, p. ix). The various models C.B.O. examines are restricted to the five large-scale econometric models of Data Resources Incorporated (D.R.I.), Wharton, Chase econometrics, MIT-Penn (MPS), and Fair. The presumption seems to be that large-scale econmetric models are essentially the only kind of analysis useful for estimating the impacts of federal tax and expenditure policies. To avoid the problem of the diversity of answers, the C.B.O. makes its own estimates of a set of "key ratios," to be discussed below. These ratios appear to be the middle-of-the-range consensus of the five models. The C.B.O.'s study includes the calculation of at least 60 different "key ratio" values for each of these five models and the C.B.O.'s Basic Multipliers Model. In all cases the C.B.O. parameter values are bracketed by the other five. Neither the original models nor the C.B.O. "key ratios" are tested.

The C.B.O. exercises clearly intend to estimate parameter values; they are not intended to test any of the large-scale models or the C.B.O. "key ratios." Not every useful empirical exercise must include a rigorous test, but unless "key ratios" or other parameters are tested (or testable), there is no way to know whether there is any validity to the exercise, and whether the Congress is being supplied with good analysis.

Differences in "key ratios" are resolved by the C.B.O. "on a basis of reasonableness, other empirical studies, and when necessary, simply averaging across models (1977b, p. x). The selected "key ratios" are called "a uniform set of procedures for calculating policy impacts" (p. ix). "Key ratios" and multipliers are presented on a quarterly seasonally adjusted basis for 10 quarters. Real variables, such as output and unemployment, are also derived from a two-equation wage-price model, which we discuss below.

In addition, the C.B.O. analysis asserts that "key ratios" and multipliers depend on initial conditions, which are likely to change from year to year. Therefore, "the analysis needs to be redone whenever there is a substantial change in initial conditions. C.B.O.'s tentative plan is to redo it once a year" (p. 2).

This raises the question of how to identify a substantial change, or how to systematically alter the "key ratios" on the basis of new information. There does not appear to be any tested basis for doing so, especially since the various interest, price, and substitution elasticities as well as the supply and labor market responses to changes in initial conditions are omitted from the analysis. Expectational considerations are omitted also.

The elasticities are a set of empirical presumptions about a limited range of nominal expenditure responses. C.B.O. claims, however, that the elasticities summarize a wide range of price and wealth responses as well as income-expenditure relationships and they are reduced-form coefficients. C.B.O. never explains or makes explicit what price and wealth responses are being summarized or what structure generates the reduced-form. Whatever the partial responses may be, they, too, are omitted, so it is difficult to derive testable implications or to test the unspecified set of structural relations that constitute the overall model.

To derive the nine *a*, *b*, and *c* coefficients for the model, simulations of the fiscal policy in five full-scale models were used. According to the C.B.O., "Each econometric model simulation yields a specific set of values for the key components that together capture the total change in G.N.P. implied by that model. The G.N.P. multiplier is an algebraic function of the coefficients of the basic model, called 'key components' of the multiplier."[13] Then, C.B.O. derived quarterly values for each of the coefficients for the first through tenth quarters. Comparisons of some of these estimated coefficients are shown below.

The Basic Multipliers Model (1977b, p. 4) is:

$$\triangle GNP\$(t)=\triangle C\$(t)+\triangle FI\$(t)+\triangle GG\$(t)+\triangle GE\$(t) +\triangle X\$(t), \qquad (1)$$

$$\triangle C\$(t)=a_{1\,t}\,(\triangle INC\$(t) +\triangle TR\$(t)-\triangle TP\$(t)),' \qquad (2)$$

$$\triangle INC\$(t)=b_{1\,t}\triangle GNP\$(t)+c^{1}{}_{t}\triangle GE\$(t), \qquad (3)$$

$$\triangle TR\$(t)=-b_{2\,t}\triangle GNP\$(t)-c_{2\,t}\triangle GE\$(t) +\triangle TRO\$(t), \qquad (4)$$

$$\triangle TP\$(t)=b_{3\,t}\triangle INC\$(t)-c_{3\,t}\triangle GE\$(t) +\triangle TPO\$(t), \qquad (5)$$

$$\triangle FI\$(t)=a_{2\,t}\triangle GNP\$(t)-\triangle GE\$(t)],' \qquad (6)$$

$$\triangle X\$(t)=a_{3\,t}\triangle GNP\$(t)+\triangle XO\$(t), \qquad (7)$$

where

$GNP\$$=Gross national product,
$C\$$=Consumption,
$FI\$$=Fixed investment (business and residential),
$GG\$$=Federal Government purchases except public employment,
$GE\$$=Public employment spending net of displacement, Federal and State and local (displaced funds used for tax reduction or general State and local spending enter as TP$ or GG$),
$X\$$=Rest of GNP$: inventory investment, net exports, State and local spending other than public service employment,
$INC\$$=Wages and salaries and other labor income and nonwage income,
$TR\$$=Federal transfer payments,
$TP\$$=Federal personal tax revenues (including employee payroll taxes),
$TRO\$$=Intercept, transfer payments.
$TPO\$$=Intercept, personal tax revenues,
$XO\$$=Intercept, other spending,
t=Time, in quarters.

All variables are in current dollars.

Note that the model has two main equations. There is a simple consumption function; current personal consumption expenditures per quarter is a linear function of disposable personal income. Fixed investment is a function of GNP less net public employment spending. The investment function is

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little more than a simple accelerator modified to exclude public employment expenditures from GNP. This equation implies that public employment expenditures reduce investment. The other equations are either identities, or equations that deal with the residuals, or predetermined variables, as in the case of federal government expenditures.

The model has a limited range of implications. It will not provide answers (implications) for many important questions. The model is mute about the effects of changes in relative prices or in the tax structure. (The same is generally true to the large-scale models.) For example, when the Multipliers Project tried to analyze the GNP implications of a change in the corporate profits tax, it correctly noted (p. 20), "The basic multipliers model does not include dividends, corporate cash flow, or the corporate tax rate as separate determinants of consumption and investment spending and, therefore, cannot account for the effect of change in corporate taxes on spending." (The same general problems also hold for the analysis of money.) To deal with these deficiencies, the study adds several other variables. But, it simply ignores the impact of a change in corporate profits taxes on the cost of capital or the effect of a differential tax cut on expenditure patterns or on relative rates of return.

The quarterly values of the marginal propensity to consume, a_1, in the Basic Multipliers Model are close to the average marginal propensity to consume out of current disposable income for the five large-scale econometric models. These are shown in Table 1, taken directly from the C.B.O. study (p. 6). Model 1 is from D.R.I.; Model 2, Wharton; Model 3, Chase; Model 4, MIT-Penn (MPS); and Model 5, Fair. The parameter values for the five models were derived by simulating a change in federal government expenditures, holding the path of unborrowed reserves constant. As the C.B.O. notes, "Selecting unborrowed reserve implies that both interest rates and the money supply rise moderately in response to an expansionary fiscal move" (p. 6). The C.B.O.'s study does not attempt to distinguish between the monetary effects of fiscal policy and the corresponding changes in prices, interest rates, and the like stemming from the change in the stock of money and, on the other hand, the purely fiscal policy effects of changes in government expenditures or taxes when the money stock is held constant.

TABLE 1

[Quarterly values of a_1]

Quarter	Models 1	2	3	4	5	Basic multipliers model
1	0.41	0.26	0.55	0.25	0.68	0.35
2	.63	.26	.47	.37	.80	.45
3	.68	.28	.56	.44	.95	.51
4	.71	.30	.65	.51	.97	.55
5	.73	.39	.68	.58	1.02	.60
6	.73	.49	.67	.62	.96	.62
7	.73	.69	.69	.65	.97	.67
8	.71	.83	.70	.70	.98	.70
9	.71	.75	.70	.72	.95	.71
10	.71	.67	.70	.76	.90	.71

The quarterly values of a_2 in Table 2 are copied from the C.B.O. paper's Table 4 (p. 10). These values are for a sustained shift in one of the disturbances, not a once-for-all increase in the level of, say, government expenditures in a given quarter followed by a decrease the subsequent quarter. Again, the C.B.O. "basic multipliers" are near the middle of the range of estimates.

TABLE 2

[Quarterly values of a_2]

Quarter	Models 1	2	3	4	5	Basic multipliers model
1	0.02	0.07	0.03	0.04	0.08	0.06
2	.03	.12	.05	.10	.14	.11
3	.04	.18	.07	.14	.17	.17
4	.05	.21	.09	.16	.21	.19
5	.06	.22	.08	.18	.22	.20
6	.06	.23	.06	.18	.25	.20
7	.05	.23	.04	.18	.24	.19
8	.05	.22	.03	.17	.24	.18
9	.03	.16	.01	.16	.24	.16
10	.03	.06	.01	.16	.24	.14

The seven equations are combined to yield the following multiplier expression for analyzing fiscal policy disturbances. C.B.O. (p. 12) summarizes the fiscal multiplier as follows:

The Fiscal Multiplier Formula

The seven equations listed in the basic multipliers model can be combined through simple algebra to yield the following multiplier expression for standard changes in fiscal policy:

$$\Delta GNP\$(t) = \left[\frac{1}{[1-(a_{1t}(b_{1t}(1-b_{3t})-b_{2t})+a_{2t}+{}_{3t})]}\right]\times [\Delta GG\$(t)+\Delta XO\$(t)+a_{1t}[\Delta TRO\$(t) -\Delta TPO\$(t)]+[1+a_{1t}(c_{1t}(1-b_{3t})- c_{2t}+c_{3t}) -a_{2t}]\Delta GE\$(t)]. \qquad (8)$$

The first expression on the right-hand side of the equation is the mutilplier for changes in government purchases other than public employment programs. It depends on six of the parameters of the model, namely:

a_1, the ratio of a change in consumption to a change in disposable income

a_2, the ratio of a change in investment to a change in GNP

a_3, the ratio of a change in "other GNP" to a change in GNP

b_1, the fraction of a change in GNP going into wages and salaries and other labor income and nonwage income

b_2, the fraction of a change in GNP serving to reduce transfer payments

b_3, the fraction of a change in wages and salaries and other labor income and nonwage income going into personal tax payments

The GNP multiplier derived from the Basic Multipliers Model, which is shown in C.B.O. Table 6 (p. 14), is reproduced here as Table 3. Note that the implied balanced budget multipliers, the difference between the federal government expenditure multiplier and the federal tax multiplier, are always below unity. They range from 0.70 in quarter 1 up to 0.98 in quarter 6, and decline to 0.87 in quarter 12.

TABLE 3.—CHANGE IN GNP RESULTING FROM A PERMANENT INCREMENT IN POLICY INSTRUMENT

[In billions of current dollars for each billion dollar permanent increment]

Quarter	Federal Government purchases of goods	Public service employment	Federal taxes or transfers (with opposite sign)
1	1.10	1.15	−0.40
2	1.42	1.34	−.63
3	1.79	1.57	−1.09
4			
5	2.00	1.66	−1.07
6	2.22	1.78	−1.27
7	2.41	1.90	−1.43
8	2.62	2.04	−1.64
9	2.71	2.12	−1.77
10	2.66	2.01	−1.74
11	2.53	1.96	−1.64
12	2.44	1.89	−1.57
	2.44	1.89	−1.57

1. THE C.B.O. MULTIPLIERS MODEL AND MONETARY POLICY

Fiscal policy simulations discussed above assume constant paths of unborrowed reserves. The C.B.O. multipliers model does not ignore monetary policy. Monetary policy is identified as the path of "unborrowed" reserves. Because borrowed reserves have generally been small in recent years, the C.B.O.'s indicator of monetary policy is close to total reserves for recent observations. In other years, however, changes in borrowed reserves were important sources of change in the base and in the money supply, so parameters estimated using data for earlier periods may be inappropriate to the current period. In addition, unborrowed reserves may also be a poor proxy for the money stock because of changes in currency and the variablity of the currency-deposit and of the currency-base ratios, thus making for additional instability in the relationship of unborrowed reserves to the monetary base and money. Also, changes in the money multiplier and money, result from reserve requirement changes. These factors are an additional source of discrepancies between unborrowed reserves and money.

Because Concurrent Resolution 133 requiring the Federal Reserve to present money supply targets was adopted by the Congress over two years ago, it is surprising that the C.B.O. still uses the unborrowed reserve concept. (The Open Market Committee directives do not.) Although the Federal Reserve may have problems because its targets are inconsistent, the set of inconsistent targets is essentially made up of the money supply and interest rates; it excluded unborrowed reserves.

The five large-scale models have even more diverse responses to monetary policy than to fiscal policy. Table 4 shows the simulation results of a $1 billion step increase in unborrowed reserves on the Treasury Bill rate (in percentage points) and nominal GNP (in billions of dollars). Note the standard Keynesian results. Expansionary monetary policy lowers interest rates; the initial decline in rates is later moderated by the effect of rising income on the transactions demand for money. Four of the five models also show long lagged effects of changes in unborrowed reserves on GNP. Note also the very wide range of simulation results for both interest rates and nominal GNP. Chase, Model 3, shows almost no GNP impact of the change in unborrowed reserves; Wharton, Model 2, shows only a small change; the others appear to have substantially larger GNP changes. The C.B.O. makes no attempt to reconcile the differences.

TABLE 4.—CHANGES IN 3-MO TREASURY BILL RATE AND GNP DOLLARS IN T-1 RESULTING FROM A STEP INCREASE OF $1 BILLION RESERVES

Quarter	Model 1 Rate	Model 1 GNP	Model 2 Rate	Model 2 GNP	Model 3 Rate	Model 3 GNP	Model 4 Rate	Model 4 GNP	Model 5 Rate	Model 5 GNP
1	−0.98	3.4	−0.60	0.3	−0.13	0	−0.6	0.5	−1.26	0.1
2	−1.06	5.4	−.42	.9	−.13	2.5	−.8	1.8	−1.24	3.7
3	−1.08	13.3	−.45	1.9	−.12	4.8	−.8	4.2	−.97	6.8
4	−1.05	19.8	−.45	3.3	−.12	4.9	−.8	7.4	−.97	10.0
5	−.96	25.5	−.44	5.0	−.11	5.5	−.7	11.4	−.83	14.2
6	−.83	30.0	−.42	6.9	−.09	4.2	−.7	15.8	−.65	16.4
7	−.73	33.2	−.39	9.4	−.08	4.2	−.6	20.9	−.54	20.8
8	−.61	34.8	−.35	12.5	−.08	4.3	−.5	26.9	−.33	24.9
9	−.51	35.2	−.33	13.7	−.09	4.1	−.5	33.6	−.29	28.2
10	−.45	34.2	−.32	13.0	−.10	3.7	−.4	40.9	−.17	31.3

In the C.B.O. treatment of monetary policy, unborrowed reserves is added as an additional variable in three of the seven equations of the C.B.O. basic multipliers. This model is modified to include unborrowed reserves in three of the equations by simply adding unborrowed reserves as an additional variable. The three equations are the consumption function (equation 2), the fixed investment function (equation 6), and the residual "rest of GNP" (equation 7). The equations become

$$\triangle C\$(t)=a_{1\,t}(\triangle INC\$(t)+\triangle TR\$(t)-\triangle TP\$(t)) + d_{1\,t}\triangle RU\$(t), \qquad (2)'$$

$$\triangle FI\$(t)=a_{2\,t}\triangle GNP\$(t)+d_{2\,t}\triangle RU\$(t), \qquad (6)'$$

$$\triangle X\$(t)=a_{3\,t}\triangle GNP\$(t)+\triangle XO\$(t)+d_{3\,t}\triangle RU\$(t), \qquad (7)'$$

where $RU\$$=unborrowed reserves.

The parameters d_1, d_2, and d_3 evaluate the impact of the change in unborrowed reserves on personal consumption expenditures, fixed investment expenditures, and "rest of GNP," respectively. The coefficients portray what is expected to happen to each of three GNP components as a direct result of changes in unborrowed reserves. Analogous to the usual Keynesian formulation of specific income effects on particular classes of expenditures, there are assumed to be separate dependable relations between changes in unborrowed reserves and consumption, fixed investment, etc.

To derive the formal unborrowed reserves GNP multipliers, equations (2)', (6)', and (7)' are substituted into the basic multipliers model, yielding

$$\triangle GNP\$(t)=\frac{[(d_1+d_2+d_3)\triangle RU\$(t)]}{[1-(a_{1t}(b_{1t}(1-b_{3t})-b_{2t})+a_{2t}+a_{3t})]} + [\text{fiscal multiplier}] \times [\text{fiscal policy variable}].$$

The denominator is the same as the denominator of a simple government purchases multiplier, and the numerator shows the total *direct* GNP increment stemming from a change in unborrowed reserves.

This approach permits the C.B.O. Basic Multipliers Model to include monetary policy without changing the format of the basic set of equations. Again, the model presumes that only the simple Keynesian framework and transmission mechanism are valid. It rules out the possibility that the dependable link is between the nominal stock of money, or even unborrowed reserves, and aggregate nominal GNP, and that relative prices largely determine resource allocation and the components of GNP. It rules out the alternative, and widely-held view that, for a given stock of money, changes in supplies of and demands for particular components of GNP change relative prices and resource allocation but leave aggregate nominal income fixed, so that changes in the demand for any class of expenditures tend to alter or crowd out some others. The link between nominal money and nominal GNP may be a dependable one even if the connections between money and any one specific component of GNP are weak. Indeed, the evidence would seem to be consistent with this alternative view.

The weak relationship between changes in the stock of money and any given class of expenditures can explain the unusual range of estimated values of d_1, d_2, and d_3, in the five large-scale models summarized in C.B.O.'s Table 8, reproduced as Table 5 here. C.B.O. simply takes the means of the five large-scale models as the appropriate estimate for its model.

The structure that generates these results is a standard Keynesian or Hicksian IS–LM model (p. 17). The supply and demand for money depend on income and the rate of interest. The rate of interest is determined when the quantity of money demanded equals the stock of money. Thus, the chain of causation goes from an increase in unborrowed reserves, the proxy for money, leading to lower interest rates, and thereby to more investment, and, by the multiplier process, to higher GNP. In turn, higher GNP increases the transactions demand for money, moderating the initial decline in interest rates. In this model more money, or more unborrowed reserves, cannot cause interest rates to rise above their initial level. There are no effects of inflation expectations on interest rates, no distinction between real and nominal interest rates, and no changes in real interest rates resulting from changes in the productivity of capital stemming from changes in capital-labor ratios.[14] It is distressing that, despite the overwhelming evidence supporting at least the general outline of the Fisherian distinction between real and nominal interest rates and the widespread acceptance of the general Fisherian analysis of the effects of inflation on interest rates, the C.B.O. continues to ignore the distinction.

TABLE 5

[Quarterly values of d_1, d_2, d_3, and b_1]

Quarter/parameter	d_1 Multipliers model	d_1 Range provided by econometric models: Low	d_1 Range provided by econometric models: High	d_2 Multipliers model	d_2 Range provided by econometric models: Low	d_2 Range provided by econometric models: High	d_3 Multipliers model	d_3 Range provided by econometric models: Low	d_3 Range provided by econometric models: High	b_1 Multipliers model	b_1 Range provided by econometric models: Low	b_1 Range provided by econometric models: High
1	0.17	0.03	0.74	0.33	0	1.18	0	−0.33	1.41	0.36	−0.96	0.68
2	.82	1.06	2.81	1.11	.87	2.84	.15	−.84	.80	.51	0	.70
3	.54	.28	3.38	1.95	1.49	4.40	.55	−.43	1.31	.53	.05	.70
4	1.05	.55	4.48	2.73	1.43	6.00	.87	−.26	2.85	.60	.15	.72
5	1.30	.76	5.97	3.42	1.15	7.50	1.20	−.24	4.02	.62	.24	.74
6	1.70	1.01	6.76	4.18	1.15	9.23	1.26	−.33	4.90	.68	.26	.74
7	2.05	1.05	7.74	4.83	.86	10.54	1.53	−.12	5.47	.70	.26	.76
8	2.38	1.04	8.98	5.56	.62	12.11	1.79	.03	5.83	.70	.26	.77
9	2.64	1.20	9.67	6.01	.37	12.95	2.17	.07	6.46	.71	.28	.78
10	2.85	1.25	10.48	6.43	.32	13.42	2.26	.04	6.26	.73	.29	.78
11	3.00			6.60			2.45			.73		
12	3.00			6.60			2.45			.73		

Despite the C.B.O.'s flawed monetary analysis, the economy is very responsive to monetary policy in the C.B.O. model. According to their Table 9 (p. 20), shown below as Table 6, a $1-billion increase in unborrowed reserves leads to an increase in nominal GNP of close to $9 billion after 4 quarters, an increase in nominal GNP of close to $24 billion after 8 quarters, and $26 billion after 12 quarters. These multipliers are 9 to 10 times greater than the federal government expenditure multipliers and from 13 to 16 times greater than the federal tax or transfer multipliers shown in Table 6. Given the far greater ease, neutrality, and reversibility of altering unborrowed reserves compared to varying federal government expenditures or taxes, it would seem that the C.B.O. estimates are, themselves, compelling arguments for the importance of monetary policy and for placing greater reliance on monetary management in stabilization policy, even given the discretionary stabilization policy the C.B.O. appears to favor. It also suggests that giving monetary policy a minor role in the C.B.O.'s forecasts, analyses, and policy evaluations has the effect of removing a central actor from the stabilization and inflation dramas.

TABLE 6.—*Changes in GNP resulting from a permanent increment in unborrowed reserves: in billions of current dollars for each billion dollar permanent increment*

Quarter:	*Multiplier*
1	1.00
2	2.86
3	5.12
4	8.77
5	12.10
6	16.17
7	20.29
8	23.80
9	24.83
10	24.88
11	26.15
12	26.15

Despite the sensitivity of GNP to changes in unborrowed reserves in the C.B.O. model, the model appears to understate the responsiveness of GNP to changes in unborrowed reserves. The reason for the understatement is that, as the C.B.O. itself states (p. 18), "A step increase in unborrowed reserves above a baseline path lowers the velocity of money relative to its baseline path." This holds true even three years after the expansion of unborrowed reserves.

In contrast, the evidence on the connections between money and GNP over many business cycles indicates that more money causes velocity to rise, not fall.[15] Thus, GNP is far more sensitive to monetary change than even the C.B.O. results indicate.

For a rough evaluation of the unborrowed reserves-GNP multiplier, consider that in December 1977, M1, was $335 billion, 8.4 times as large as the $39.9 billion reserves of all commercial banks. Income velocity of M1 was approximately 5.8. Thus, the ratio of reserves to GNP was 1:48.7. Because borrowed reserves were close to zero, close to the same figure also holds for the ratio of unborrowed reserves to GNP. This is somewhat more than double the C.B.O.'s unborrowed reserves-GNP multiplier of 23.80 after 8 quarters and almost twice the unborrowed reserves–GNP multiplier of 26.15 after 12 quarters.

The C.B.O. results reflect the decline of income velocity in the C.B.O. model. GNP is sensitive to unborrowed reserves. However, given the currency-deposit ratio, variations in which would be relatively minor over the short span considered in this exercise, the marginal income velocity of new unborrowed

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reserves would seem to be only half of the average. This is the strange and startling result noted by the C.B.O. in their study.

The inconsistency with the evidence does not seem to trouble the C.B.O., perhaps because of the absence of hypothesis testing already noted. Despite the evidence that, during the short spans of time characteristic of major business cycle phases, M and V generally tend to move together, the C.B.O. analyzes the economy using a model that denies this established result. If the C.B.O. had tested the interest rate and velocity implications of its model, the model would have been contradicted by the evidence and rejected. But no tests were run, and, as elsewhere, there was curve fitting by simulation with no analysis of goodness of fit.

VI. REAL OUTPUT AND UNEMPLOYMENT

The C.B.O. Multipliers Model is specified in nominal values. To separate output and price level effects of a change in nominal GNP, C.B.O. depends on a two-equation wage-price model that incorporates a number of constrained or assumed empirical relations. The model is presented in A Simplified Wage-Price Model, an unpublished but readily available paper.[16] The procedure consists of simultaneously estimating wages and prices, largely on the basis of a set of highly constrained and mechanical autoregressive relations. The study claims that the procedure yields a set of consistent and valid solutions for nominal GNP (from the Multipliers Project), wages, prices, real GNP, and unemployment.

The wage equation is

$$\dot{W}_t = a_0 - a_1 \log U_t + \sum_{i=0}^{4} b_i \dot{P}_{t-i},$$

where $\dot{W}_t$ is the percent change in an average wage rate in year t, U_t is the overall civilian unemployment rate. in year t, and P_{t-i} is the percent change in the consumer price index in year $t-i$.

As the study notes,

> A lot of controversy has centered on the strength of the influence of past price changes on wage changes, measured in equation (1) by the sum of the b_i's. Rather than attempting to resolve this controversy, C.B.O. has made two alternative assumptions about the sum of the b_i's and used the results as two alternative forms of the model. One assumption—an 'accelerationist' variant—is that the sum is 1.0. The other assumption—a 'long-run Phillips curve' variant—is that the sum is 0.7. In neither variant are past price changes ignored, as was the case in much economic analysis of twenty years ago. The difference between the two is the difference between a 70 percent and a 100 percent reflection of past inflation in current wage settlements. (p. 2)

Since the only alternative values for the sum of the b_i's are assumed ones of 0.7 and 1.0, the solution is constrained by these assumptions. Apparently no attempt was made to generate an unconstrained estimate of the lagged relationship between wages and prices. Note also that these values are relevant only to long-run equilibrium solutions, not the short periods typically covered in C.B.O. analyses and in the Multipliers Project. Moreover, despite widespread evidence of major changes in the association between the inflation rate and unemployment rate since the 1950s (including the evidence that the traditional Phillips curve has a positive slope in recent years),[17] the C.B.O. procedure precludes these outcomes.

There is also no recognition in the C.B.O. wage-price study of the large and growing problems in the measurement and interpretation of unemployment statistics and potential GNP. More than usual measurement error may result from taking these data at face value[18] The same considerations also raise serious questions about the immutability and dependability of Okun's law.

The price equation of the model relates annual price changes to this year's and last year's wage changes as well as to changes in the prices of foods and fuel. The price equation is:

$$\dot{P}_t = c_0 + c_1\dot{W}_t + c_2\dot{W}_{t-1} + c_3F\dot{m}_t + c_4F\dot{u}_t,$$

where P_t is the percent change in the consumer price index in year t, $\dot{W}_t$ and $\dot{W}_{t-1}$ are percent changes in an average wage rate in years t and t-1, and Fm_t and Fu_t are percent changes in wholesale farm prices (Fm) and wholesale fuel prices (Fu) in year t.

The price equation was also estimated subject to another constraint, i.e., that the two wage changes coefficients, c_1 and c_2, sum to 0.9. Further, as the C.B.O. (1975c, p. 3) notes, the price equation "does not include any representation of cyclical changes in productivity, of order backlogs and capacity constraints, or of price controls. Detailed representation of these influences would greatly complicate the model."

Experiments are performed using dummy variables to capture the effect of imposing and removing price controls. The dummy variables for price controls are 1 for 1971 and 1972, 0 for 1973, and −1 for 1974. The solution is constrained by the C.B.O. assumption that imposing and removing price controls have equal and opposite effects. There is no evidence presented or cited for this presumption of fact. Productivity changes or capacity bottlenecks are seen as captured by the change in the logarithm of the unemployment rate. Productivity changes have no direct link to wages. There is also no justification given for singling out food and fuel prices for special treatment.

More constraints were added on the price coefficients of the wage equation and on the wage coefficients of the price equation. Still more constraints were added when the effect of lagged prices was estimated by "the Almon distributed-lag method with coefficients assumed to lie along a third-degree polynomial crossing the origin at the distant end" (p. 5). Another constraint takes the form of a correction of autocorrelated residuals in the price equation. The mechanical adjustment used to make the correction is no substitute for a missing variable or an incorrectly specified functional form that may be the cause of the autocorrelated residuals. The claims of the C.B.O. study that these constraints make the danger of simultaneous equations bias quite small (p. 5) are therefore questionable, especially since it is not at all clear that these constraints and mechanical corrections are correct or appropriate.

Because of these and other constraints and omissions, we have little confidence in the results. Further, other evidence[19] contradicts some of the constraints the C.B.O. imposes on the data. It may have been better, at least it would have been more candid, if numerical values had simply been explicitly assigned to the parameters. Moreover, because many of the results are highly sensitive to small changes in coefficients, for example, equations 3 and 4 (p. 7) which attempt to estimate the long-run relationship between inflation and unemployment, it is important that estimates be properly done.

Finally, we do not see any economics behind these numerical exercises. Surely, there is more to unemployment and inflation than inertia.

VII. THE C.B.O.'S ECONOMIC FORECASTS

Economic forecasts are a mandated task of the Congressional Budget Office. Not only are C.B.O. forecasts presented as part of the general concern about future events, but the forecasts are an important and integral part of C.B.O.'s analysis of the consequences of alternative public policies.

C.B.O. forecasts are presented in their semiannual reports devoted to analyses of current economic conditions. The reports appear early in the calendar year and at midyear. The first C.B.O. forecast is found in Inflation and Unemployment: A Report on the Economy, C.B.O.'s initial publication.[20] Since then, forecasts of periods up to two years ahead have been presented at intervals of approximately six months.

How good are the C.B.O. forecasts? To evaluate the C.B.O. forecasts, we have compared their accuracy with that of other widely cited forecasts analyzed in various studies by Stephen K. McNees of the Federal Reserve Bank of Boston. Because the C.B.O. has been in operation only a few years, it is not possible to do extensive comparative tests. However, several comparisons can be made. They indicate that C.B.O. forecasts are less accurate than other available forecasts.

First, consider the relative accuracy of C.B.O.'s first three forecasts made from mid-1975 to early 1976, covering 1976. The first forecast was published June 30, 1975,[21] the second on September 17, 1975.[22] The third forecast was published March 15, 1976,[23] two and a half months into 1976, a factor which did not improve the accuracy of the forecast relative to the earlier two. The C.B.O. forecasts and the range of forecasts assembled by McNees are presented in Table 6, which also includes the figures for the actual results. The specific high, median, and low forecasters are not identified, but the C.B.O. forecasts are drawn from forecasts made by five widely known forecasters, The Bureau of Economic Analysis of the U.S. Department of Commerce; Chase Econometrics Associates, Inc.; Data Resources, Inc.; Wharton Econometrics Forecasting Associates, Inc.; and the median forecast from the Economic Research survey by the American Statistical Association and the National Bureau of Economic Research. Three of the five, Chase, D.R.I., and Wharton, also provide three of the five large-scale models the C.B.O. used in their Multipliers Project. Because C.B.O. forecasts are presented as ranges without any statement about probabilities within the forecast range, we merely took the midpoint of the range as the point forecast for purposes of comparability.

Footnotes at end of article.

TABLE 6.—FORECAST AND ACTUAL CHANGES, 1975_{IV}–1976_{IV}

Growth rate (percentage points)	Five forecasts[1]			CBO (midpoint of range)			Actual
	High	Median	Low	June 30, 1975	Sept. 17, 1975	Mar. 15, 1976	
Real GNP	5.7	5.4	5.2	5.5	6.0	6.25	5.0
GNP deflator	6.2	5.9	5.0	7.5	6.75	5.75	4.6
GNP	11.9	11.7	10.7	13.3	13.0	12.15	9.8
Unemployment rate[2]	7.8	7.3	7.2	8.0	7.25	7.25	7.9

TABLE 6.—FORECAST AND ACTUAL CHANGES, 1975IV–1976IV—Continued

Growth rate (percentage points)	Five forecasts[1] High	Five forecasts[1] Median	Five forecasts[1] Low	CBO (midpoint of range) June 30, 1975	CBO (midpoint of range) Sept. 17, 1975	CBO (midpoint of range) Mar. 15, 1976	Actual
				Range			
Real GNP				5.0–6.0	5.0–7.0	5.5–7.0	5.0
GNP deflator				6.5–8.5	6.0–7.5	5.0–6.5	4.6
GNP				12.6–14.0	11.5–14.5	11.5–12.8	9.8
Unemployment rate[2]				7.8–8.2	6.9–7.6	7.0–7.5	7.9

[1] McNees (July/August 1976, table IX, p. 11).
[2] Level in final quarter.

Consider the C.B.O. September 17, 1975 forecast for changes in real GNP, the GNP deflator, and nominal GNP from fourth quarter, 1975, to fourth quarter, 1976, and for the fourth quarter, 1976 level of the unemployment rate. The March 15, 1976 forecast was almost a quarter into the forecast period, and the June 30, 1975 forecast was made earlier in the year than the other forecasts.

The C.B.O. forecasts do very poorly in these comparisons. For real GNP, the GNP deflator, and nominal GNP, the C.B.O. forecast has the largest error. For the unemployment rate, the C.B.O.'s first forecast is best. The later forecasts are close to the median.

The forecast range is also shown in Table 6. The actual GNP deflator, nominal GNP, and the unemployment rate fall outside the range, and real GNP is at the end-point of the range. Simply taking the median of the otherwise available forecasts would be an improvement over the C.B.O.'s own forecasting effort.

The earlier June 30, 1975 forecast for real GNP was closer to the actual figure than the later two forecasts, but the other three forecast values involved greater forecast errors. The March 15, 1976 forecast values are somewhat closer to the actual figures for the GNP deflator and for nominal GNP, but even here they are worse than the poorest of the other forecasts. For real GNP, the forecasting error actually increased.

We also compared the same three C.B.O. forecasts for 1976 with eight forecasts surveyed in another McNees study.[24] The eight forecasts include those of the Council of Economic Advisers and seven private forecasters. These are the median forecasts of the survey by the American Statistical Association and the National Bureau of Economic Research and those issued by Chase Econometric Associates, Inc.; Data Resources, Inc.; the MAPCAST group at the General Electric Company; Irwin L. Kellner, of Manufacturers Hanover Trust; RSQE forecasting service at the University of Michigan; and Wharton Econometric Forecasting Associates, Inc.

The mean of the absolute errors made by the eight forecasters is shown in Table 7 for the growth rates of real GNP, nominal GNP, and the implicit GNP deflator, and for the change in the unemployment rate. Forecasting errors of each of the C.B.O. forecasts are also shown in Table 7. In Table 8, the errors of the three C.B.O. forecasts and the C.B.O.'s mean error for each variable are compared with the mean errors of the eight other forecasts. Again, it turns out that the C.B.O. forecasts are generally less accurate than other available forecasts.

In each of the three C.B.O. forecasts, there is at least one variable with a smaller forecast error. However, the specific variable differs each time. For example, the June 30, 1975 forecast for nominal GNP was more accurate than the mean forecast, but the September 17, 1975 forecast was more accurate for real GNP. The same is true for the accuracy of the March 15, 1975 forecasts for the GNP deflator and for the unemployment rate. Thus, there is no variable that C.B.O. consistently forecasts better than the eight forecasters. Overall, the C.B.O. forecasts for 1976 were poorer than the eight in the McNees tabulation, so there was nothing gained by using C.B.O. forecasts rather than those otherwise available.

TABLE 7.—1976 FORECAST ERRORS, ABSOLUTE PERCENT ERROR FOR 8 FORECASTERS AND THE CBO

	Eight forecasters (mean absolute error)	CBO forecasts June 30, 1975	CBO forecasts September 17, 1975	CBO forecasts March 15, 1976	CBO forecasts Mean
Rate of growth of:					
Real GNP	0.4	1.3	0.2	0.6	0.70
GNP deflator	.9	2.0	1.2	.5	1.23
Nominal GNP	.7	.1	1.8	1.3	1.07
Unemployment rate[1]	.2	.3	.25	.175	.24

[1] First difference.

TABLE 8.—CBO FORECAST ERRORS AS A PERCENTAGE OF THE MEAN ABSOLUTE ERROR OF PROMINENT FORECASTERS

	CBO Forecasts June 30, 1975	CBO Forecasts September 17, 1975	CBO Forecasts March 15, 1976	CBO Forecasts Mean
Rate of growth of:				
Real GNP	325	50	150	175
GNP deflator	222	133	56	137
Nominal GNP	14	257	186	153
Unemployment rate[1]	150	125	88	120

[1] First difference.

VIII. THE SHORT-RUN IN PERPETUITY

The C.B.O. Multipliers Project emphasizes the short-run. The C.B.O.'s view of the long-run is found in *Closing the Fiscal Policy Loop: A Long-Run Analysis* (1977a). This study combines the viewpoint of a 1930 stagnationist with the computer technology of the 1970s. There are neither resource allocation nor efficiency problems, nor market solutions. There is no supply and no production. Even economic growth is determined by aggregate demand and aggregate demand management. Saving is a threat to growth. The model is summarized in Figure 1, a model flow chart copied from the study (p. 8).

The report's analysis and statistical projections are generally similar to those found in the Multipliers Study, and they share its general deficiencies when applied to short-period analyses. These deficiencies and biases are augmented when the Keynesian framework and the C.B.O.'s statistical procedures are applied to long-run analysis. Despite the title, however, there is no long-run in the C.B.O. study. The rigidities and information deficiencies that characterize the short-run and impair full and informed adjustments remain. The C.B.O. assumes that there is no lessening of rigidities and ignorance in the long-run.

The C.B.O.'s long-run analysis has demand without supply, inflation without money, interest rates without capital, output without inputs, employment without wage rates and a labor market, and investment without saving or any change in the capital stock. There are static expectations throughout; either nobody ever learns anything, or people just don't care enough to change their behavior. More than twenty years after the consumption analyses of Friedman and of Modigliani and Brumberg, analyses which have been validated by extensive tests and have been accepted by virtually all economists, consumption spending is taken to depend on current disposable income rather than on income received over a wider span of time. In addition, households only spend current income; they cannot or do not borrow. There is no consumer credit. Households have essentially no assets and no capital management decisions.

IX. UNDERSTANDING FISCAL POLICY

When this paper was presented at the Conference, representatives of the C.B.O. said that there had been changes in the C.B.O.'s fiscal policy views since the studies we examined were prepared. Specifically, they called attention to a new study *Understanding Fiscal Policy*, which was brought to our attention in unpublished form on March 23, 1978, when our own paper was in the final stages of preparation. It was alleged that we had ignored this study because it did not support the criticisms that we made of C.B.O.'s fiscal policy model.[25]

(Chart not reproducible in the RECORD.)

We had not ignored the study. We found it contained the main points we had criticized in the C.B.O.'s fiscal policy model. Since the study was unpublished and appeared late, we focused instead on published studies which C.B.O. acknowledged to be central. Now that C.B.O. representatives have said that Understanding Fiscal Policy is their current view, we discuss it more thoroughly.

As before, C.B.O. "compares effects of several different policies based on C.B.O.'s system of multipliers" (p. 16). Once again, C.B.O. concludes that increases in government purchases and public service employment programs are move effective in stimulating GNP and employment than are equivalent reductions in personal income tax rates. In C.B.O.'s words, "a permanent income tax cut is a relatively expensive way of reducing unemployment in terms of budget dollars (net or gross costs) per additional job" (p. 38). Dollar for dollar, C.B.O. finds that

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Footnotes at end of article.

government purchases have the greatest impact on GNP (nominal and real), while "despite the displacement assumptions (50 percent), employment effects are largest for public employment; and these programs are estimated to be more effective in stimulating jobs per dollar than federal purchases or tax cuts.[26]" Since tax rate reductions are considered to have the weakest impact on GNP and employment, they are considered to have the weakest impact on the price level (p. 17). Notice that these results imply no shift in the aggregate supply function. There is only movement along a given schedule, so, the less production and employment, the less inflation. This is true to the standard Keynesian model in which fiscal policy affects demand, and there are no incentive or disincentive effects that shift the supply schedule.

In response to critics who have pointed out that C.B.O. ignores the supply-side incentive and disincentive effects of fiscal policy, C.B.O. argues that among the least understood effects of fiscal policy are any influences on personal incentives to work or to save. Even at the theoretical level, there is no clear presumption that these effects run in one direction or another. (p. 7)

C.B.O. says that it is entirely an empirical question, and that the evidence is skimpy.[27] As an example, they cite a worker who may retire earlier (and thus work less) because a tax reduction lets him achieve his targeted level of income and wealth sooner. "Higher tax rates," says C.B.O., "could make one perfectly rational person work less and another perfectly rational person work more" (p. 7). Although the idea of a targeted level of income and wealth irrespective of the cost of acquiring it is foreign to the price-theoretical perspective of economic science, for the sake of argument, suppose that one person works less and another more in response to a tax rate reduction. It does not follow from this assumption that "even at the theoretical level there is no clear presumption that these effects run in one direction or another."

C.B.O. is arguing that the income effect of a tax rate reduction works counter to, and offsets, the substitution effect so that the net effect is ambiguous. C.B.O. has confused the income effect of a productivity change, which produces more real income in the aggregate, with the income effect of a relative price change that does not in itself produce more aggregate real income.[28] In aggregating the individual responses to a change in relative prices, C.B.O. appears to ignore the general equilibrium effects. In the absence of bizarre distributional effects, the income effects of the relative price change wash out, leaving only the substitution effects, which unambiguously increase work effort and savings. There can be no aggregate income effect from a relative price change unless the incentive effect raises real aggregate income.[29]

C.B.O.'s argument that people respond to tax rate reductions by working less (or reducing their savings rate) is directed against the effectiveness of incentives in shifting the aggregate supply function. But if people were to respond to tax cuts by working less, real GNP would fall, and it would mean that Keynesian fiscal policy could not be expansionary.

C.B.O's argument against the incentive effects of fiscal policy is contradicted by their exposition of the effects of expansionary fiscal moves, such as a tax cut:

> In most expansionary fiscal moves, a relatively small proportion of the increase in national income goes directly to the newly employed. A significant proportion goes into increasing profits, another significant proportion into *increasing average hours of those already employed*. (p. 45, italics added).

If workers respond by working less, these propositions are no longer correct.

Whatever the reason for the C.B.O.'s considerable confusion about this issue, the result is to misinform policymakers about the relative strength of personal income tax rate reduction as a tool of unemployment and economic growth policy.

C.B.O. apparently thinks that criticisms of the models for neglecting supply-side effects have been answered by making the models "sensitive to disturbances from the supply side," such as higher fuel and food prices. C.B.O. thinks of supply-side effects, not in terms of incentives, but in terms of episodic events having to do with the weather and the OPEC oil cartel.

The analysis of corporate and payroll tax changes and public service employment, like the analysis of personal income tax changes, neglects incentives. Payroll taxes affect costs and spending—not incentives to work and to hire. C.B.O. does not analyze the effect of a payroll tax by noting that it raises the price to the demander and lowers it to the supplier and thus affects the number employed. Instead, in the C.B.O. view, if the tax falls on employees, their spending is reduced, and this sets "in motion a chain of contractions in respending" (p. 5). On the other hand, if the tax falls on the employer it could be used to offset short-run changes in private spending:

> A temporary cut in an element of business costs can lead to temporary price discounts, which should stimulate buying while the temporary cut is in effect without any long-run impact on prices. A temporary increase should have the reverse effect. (p. 41)

The way payroll taxes affect employment is by causing higher interest rates:

> The higher prices that are set in response to an increase in employer payroll taxes, reduce the real value of wealth and cause higher interest rates, and thereby depress real output and employment. (p. 41).

That a payroll tax affects employment only through the interest rate, and not through take-home pay and the gross cost to the employer, is testimony to C.B.O.'s neglect of supply-side effects. This neglect is underlined by the fact that C.B.O. views a value-added tax as a cost and compares it dollar-for-dollar with a payroll tax (p. 41). C.B.O. overlooks the fact that a value-added tax, unlike a payroll tax, is neutral with respect to resource allocation and income distribution.

On C.B.O.'s fiscal analysis of March, 1978, corporate income tax rate changes continue to be a weak tool of fiscal policy. C.B.O. does not mention that a reduction in the corporate tax rate raises the after-tax rate of return to capital and increases the profitability of investment. Rather, the effect is modeled in terms of increased cash flow and higher stock prices, "with significant effects on personal wealth and hence on consumer spending." (p. 39).

On the other hand, investment tax credits and accelerated depreciation have powerful impacts, because they affect "the after-tax return on investment" (p. 39). C.B.O. does not explain why an income tax rate reduction (corporate and personal) does not affect the after-tax return on investment. That a reduction in corporate income tax rates has to affect the economy by affecting consumer spending through a wealth effect is another indication that supply-side effects on incentives are neglected.

C.B.O. believes that tax rate reductions have indirect effects that discourage investment. Since tax cuts increase spending (but not saving—See p. 7), the results are tight credit markets and higher interest rates which "make borrowing for new investment more expensive." The financing effects work contrary to the spending effects. On the other hand, a tax increase, which reduces the after-tax return to savings and investment, "has opposite effects, easing credit markets and encouraging spending" (p. 5). In other sections of the March, 1978 study, C.B.O. allows savings to increase in order to dampen the expansionary effects of tax rate reductions, but the savings remain idle and do not ease credit markets, lower interest rates, or encourage spending (p. 43).

As a final example of C.B.O.'s neglect of supply-side effects, consider C.B.O.'s inability to differentiate a tax rate reduction from a rebate of taxes on past incomes, which leave current and future relative prices unchanged. C.B.O. compares the 1964 tax rate reduction with the 1975–76 rebates in terms of the impact on disposable income and demand. C.B.O. ignores the fact that a rebate has no incentive effects, since, unlike a rate reduction, a rebate does not change the relative prices that govern the choices between additional current income and leisure and between additional future income and current consumption.

The same study states that "any discussion of the impact of fiscal policy is incomplete without an indication of what is assumed about the response of monetary authorities" (p. 23). The study reports results from a simulation showing that an increase in federal purchases that is accommodated by monetary policy is practically self-financing (i.e., no net deficit after reflows). The C.B.O. study then attacks the contention that permanent tax rate reduction under the Kemp-Roth bill would be self-financing, *but does not indicate C.B.O.'s assumption about the response of monetary authorities*. In Keynesian models, why is an accommodated spending increase self-financing, while an accommodated tax cut is not?

In its analysis of the budget "cost" (net deficit) of the Kemp-Roth bill, the C.B.O. calculates only the higher revenue resulting from the projected increase in spending. There are no calculations of increased revenue arising from an increase in aggregate supply or the tax revenues that result when lower marginal tax rates draw people from tax shelters and from the underground economy into the tax base. Neither is there any calculation of the increase in private savings as an offset to any net budget deficit.

There are other examples of deficiencies in the C.B.O.'s analysis that bias the C.B.O. conclusions. In the discussion of the expansionary spending effect of a personal income tax reduction, attention is also called to the restrictive effect of the higher federal deficit and higher interest rate (p. 1). In comparison, public service employment programs apparently do not have any restrictive deficit and interest rate effects. Even a program with a 100 percent displacement rate is favorably viewed:

> Even if displacement under a particular program is 100 percent, it would not be correct to conclude that the program has no economic effects. Federal grants used to support local programs increase the total financial resources of local governments (or other sponsors), and this increase will generally lead to some change in economic behavior. Even if local governments "displace" public service employment money, the federal funds provide resources that can be used to cut taxes or avoid tax increases or to undertake (or avoid cutting back) other spending programs. Moreover, if state and local governments were to let their budget surpluses merely increase, such increases would still serve to cancel any restrictive credit market effects that are caused by the expended federal deficit. (p. 4).

When C.B.O.'s simulations show that public service employment causes higher prices than alternative employment policies (p. 17), the claim is advanced that "public service employment programs also can potentially cause less price pressure per job created than other fiscal instruments" (p. 46). Another example is that distributional issues are apparently only raised by personal income tax reductions (p. 39), and not by increases in government spending programs.

Footnotes at end of article.

In view of Alice Rivlin's statement that "the study is written for the informed citizen, not for the trained economist" (p. iii), more care should have been taken not to mislead an untrained layman.

Perhaps the most striking feature of *Understanding Fiscal Policy* is its brief discussion of monetary policy. (See pp. 21–23). The paper correctly notes that "the effects of a fiscal policy change depend a great deal on whether monetary authorities use their control over bank reserves to neutralize the impact of the fiscal policy on interest rates, to neutralize the impact of the policy on the money supply, or to follow some other strategy, such as supplying the same level of bank reserves they would have supplied in the absence of the policy." The paper then goes on to estimate "what difference the response of monetary authorities makes in the estimated effects of the $10 billion one-step increase in federal purchases."

Using only the MPS model, C.B.O. obtains the results shown in their Figure 4 (p. 22), which we have reproduced as Figure 2. The exercise shows the estimated impact of an increase in federal government purchases with three different monetary policy targets: (1) money supply unchanged; (2) bank reserves path unchanged, and (3) bill rate unchanged. (The paper has no corresponding estimates for tax cuts.) Our previous discussion shows that the results of simulating monetary change in the other large-scale models would not differ substantially from the results of the MPS model. The C.B.O. apparently thinks well enough of the MPS model to run these simulations and publish the results.

Taken at face value, the results indicate that there is complete long-run crowding out after 8 quarters Thus, there is no such thing as pure fiscal action.[30] Only money matters! If increases (decreases) in government expenditures have any expansionary (contractionary) impact on output and employment, it is only when these are accompanied by money supply changes. As Figure 2 shows, a $10-billion sustained increase in federal purchases with money supply unchanged causes nominal GNP, which includes federal purchases, to increase a total of approximately $14 billion after 4 quarters, but this increase in GNP falls below $10 billion within 8 quarters and approaches a steady state increase of $7 billion after 11 and 12 quarters. This means that nonfederal expenditures, mainly private sector spending, *declines* by $3 billion. The price level rises, however, so the $3-billion decline understates the real effect. As shown in Figure 2, real GNP *falls* after 8 quarters.

The results are startling. After 12 quarters, for given money, the price level increases by 0.7 percent; *employment is unchanged*,[31] and real GNP is $2.0 billion lower. Private real GNP declines more than $2 billion because GNP also includes the federal purchases. If the real value of the $10 billion of spending falls by 0.7 percent after 12 quarters because of higher prices, the increase in real federal purchases after 12 quarters is $9.3 billion, and private real GNP declines by $11.3 billion, or $2.0 billion *more* than the increase in real government purchases. More government expenditure reduces the total size of the pie. This is crowding out with a vengeance! Is this a government expenditure multiplier or a divider? As expected, the results differ sharply when pegged bill rates are assumed and differ moderately when the monetary target is taken to be an unchanged bank reserves path.

(Chart not reproducible in the Record.)

If these results are accepted, it means that the only point to fiscal policy is to affect the money stock. Since the money stock can be and typically is altered independently of fiscal action, it would seem that there is no basis for using fiscal policy for stabilization purposes. What remains is the pre-Keynesian use of tax and expenditure powers primarily to affect resource allocation and to finance government expenditures.

Taken at face value, these results imply that the C.B.O. fiscal policy multipliers have only temporary impact effects. Yet, after presenting these startling results, the paper continues as if it hadn't happened. There is little or no attempt to reconcile these results with the remainder of the paper or with other C.B.O. analyses and pronouncements.

X. CONSEQUENCES OF THE CONGRESSIONAL BUDGET ACT

Is the new budget process a success or failure? It would be convenient if we had some nice clean measures of success or failure and good empirical data, but as Ellwood and Thurber point out, "One cannot create measures to judge the success or failure of the new process until these terms are defined. The critical fact is that different groups supported the new process expecting it to achieve different results."[32] On the basis of personal experience while working on the staff of the House Budget Committee, one of the authors concludes that Ellwood and Thurber are correct to point out divergent expectations from different supporters of the Budget Act. Many Congressmen who were dissatisfied with the budget expressed concern that the budget was out of control, but control did not mean the same thing to all of them. Some were concerned by the growth of federal spending and the number and size of deficits. Others were concerned with the extent of back-door spending and the fact that less than half of the budget was subject to the appropriations process. For still others, the budget being out of control meant that it was an ex post result of an appropriations process that did not take into account its "fiscal" impact on the economy. For yet others, it meant that the appropriations process did not provide a mechanism for achieving their spending priorities. For economists outside, looking in through the window of their public choice theory, the Budget Act meant better tools with which to pursue the social welfare.

How, then, does one measure the success of a system that was supported by some in order to eliminate budget deficit and by others in order to set fiscal policy, particularly in a period when measures of unemployment and capacity utilization suggested the need for economic stimulus, i.e., deficits?

Even if we picked a success indicator—say holding down the growth in federal spending and the deficit—in order to have a basis for looking at the empirical data and generating some numbers, we still face difficulties. First, the budget process may still be evolving as a result of unresolved differences among the participants over what it is.

Second, the deficit and spending figures may give conflicting indications. For example, the first budget to come out of the new process, the budget for FY 1976, had the largest deficit on record. But if the expenditure figure is adjusted to a full employment basis and put in constant dollars, there is a decline in the rate of increase in spending. Before concluding that the process was holding down spending below what it would otherwise have been and that the record deficit as the result of recession, one would have to consider whether the recession also resulted in a lack of new spending initatives. The control problems are substantial.

Third, the budget may be determined by a process unrelated to the new procedures. For example, since no group wants another's power to dispense expenditure favors to grow relative to its own, if one group attempts to increase its relative position, the spending process can be deadlocked, and the growth of spending reduced, by another group's defense of its relative position.[33] We would have to have data over a longer period to separate the effects of the budget process.

The combined deficits for the three years since the new budget procedure has been in operation are three times the size of the deficit for the three years prior to the new process. While this suggests that the Budget Act has contributed to deficits, it is not conclusive evidence. Economists who can only interpret evidence found in statistical tables may have to wait some years before they can tender a tentative judgment whether the budget process affects spending, and even these data may not allow us to say whether the process is a success or failure.

There is a more interesting question than whether the budget process is a success or failure, and that question is: Do the new budget process and the C.B.O. really matter? To answer this question, economists can look to see if the new process caused any changes in incentives, constraints, or information.[34] Some who supported the new process clearly thought that it would. Some members of Congress thought that colleagues whom they regarded as "big spenders" had it too easy, because they could indirectly legislate big deficits by voting in favor of many separate bills. Fiscal conservatives believed that if "big spenders" had to vote on an aggregate outlay figure and the size of the deficit itself, there would be lower and firmer limits to spending. Fiscal conservatives thought of the budget process, not as a way to set fiscal policy, but as a way of putting the "big spenders" on the spot.[35]

Fiscal liberals, on the other hand, were attracted by the prospect of having deficits shed their political onus by being sanctioned prior to the appropriations process.[36] If the criteria for control were defined in terms of Keynesian demand management fiscal policy, deficits would then originate in the economic policy proposals of the experts in the C.B.O. and Budget Committees and would no longer be evidence that spending was "out of control" but, instead, "under control." They thereby redefined control.

Fiscal conservatives may have suffered from constituency "ethnocentricism" in thinking that "big spenders" would be voted out of office if they voted in favor of large deficits. They overlooked the fact that being "liberal" was not entirely a matter of a state of mind; in many instances it is a matter of rational self-interest among politicians whose districts or states provide opportunities to build spending constituencies.

It is difficult to conclude that the new budget process has changed the incentives that produced the "overspending" (deficits) and the perceived lack of expenditure control that led conservatives to support the new process. Rather than tightening the constraints and increasing the costs on the "big spenders," it would seem to have loosened spending constraints and reduced costs to Congress by institutionalizing the Keynesian rationale for deficits. The fiscal policy information supplied by the C.B.O. and the Budget Committee staffs does not conflict with the spending incentives that already exist.[37] Proposed deficits now emanate from a professional staff as scientific economic policy recommendations upon which the nation's level of employment and rate of economic growth depend. Fiscal conservatives would seem to be in a weakened position, because their resistance to deficits can now be portrayed as an attack on the budget process and on scientifically derived stabilization policy.

Some academics also supported the new budget process as a result of their view that Congress could not achieve budgetary control on a year-by-year basis. They saw the budgetary process in terms of advanced budgeting, or forward planning, through which Congress would decide now what the budget should be for future years. But, given the short-run stabilization criteria of Keynesian fiscal policy, it is impossible to know today what deficits will be needed in

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Footnotes at end of article.

future periods. The idea of achieving budgetary control through advanced budgeting means that fiscal policy would have to operate through tax policy. To try to operate fiscal policy through the outlay side would mean constantly undoing the forward outlays.

This may prove to be a problem for advanced budgeting. Assume a policy prescription for more stimulus. For given forward planned expenditures, more stimulus would require tax reductions, which is not the favored policy tool.

The C.B.O.'s analysis finds tax reduction to be a less effective policy tool for providing economic stimulus than increases in government expenditures. First, the C.B.O. believes that the GNP response to more government expenditures is greater, and the lags shorter, than it is to a corresponding dollar change in taxes. Government expenditure multipliers are systematically higher than tax multipliers. Second, the effects of government spending are taken to be more dependable for government expenditures because consumers may decide to save still more of the given tax cut. Third, the general presumption of underemployed resources and a persistent problem of insufficient aggregate demand implies little or no resource cost of more government.

In its analysis of the fiscal policy effects of changes in personal income tax rates, the C.B.O. ignores the incentive and disincentive effects of tax rate changes on aggregate supply, efficiency and resource allocation.[38] In the C.B.O.'s analysis, tax rate changes affect only current disposable income and spending. Thus, the C.B.O. cannot differentiate between a temporary tax rebate and a permanent reduction in personal income tax rates. One of the authors, while on the staff of the House Budget Committee, brought this to the attention of the C.B.O., and Members of the House Budget Committee officially raised the issue with Alice Rivlin, Director of the C.B.O. In her response, Dr. Rivlin acknowledged that the econometric models used to stimulate policy alternatives do not include the relative price effects of changes in personal income tax rates. However, since C.B.O. believes that the performance of the economy is a function of spending levels,[39] not of production incentives, she expressed little concern over the neglect of the supply-side effects of fiscal policy. As she said in her March 11, 1977 letter to Representative Rousselot,

> In the range of policy options that we have been dealing with, I think the assumption that changes in marginal tax rates have no quantitatively significant effect on labor supply is quite plausible. . . . the models do tend to neglect the influence of tax rates and other incentives on aggregate supply and capital formation. But it is far from clear that these effects are quantitatively important, especially over one or two years.[40]

Some members of Congress claim to be interested in "tax reform" and in closing "loopholes" without compensating rate reductions. This would raise effective tax rates, and would redistribute the tax burden. To have fiscal stimulus provided by tax reductions is inconsistent with goals of income redistribution—unless the budget committees can gain sufficient power over the tax committees to specify the form of the tax reductions as well as the amount.

C.B.O.'s analysis and conclusions are not at odds with the activities of the majority of members of Congress, who continue to support new spending programs and growth in existing programs. There do not, then, seem to be any pressure points from which the participants in the process can change the fiscal policy content of the budget options.

Advocates of public service employment (PSE) now cite the C.B.O. estimates to document their case that tax reduction is a weak tool of employment policy. For example, Killingsworth and King state.

There is some doubt that business tax cuts result in reductions in unemployment; the Congressional Budget Office estimating procedure assumes that they do not.[41]

They refer to the September, 1975, C.B.O. study, *Temporary Measures to Stimulate Employment*, done at the request of Senator Muskie, Chairman of the Senate Budget Committee, which "implies that the gross cost per job created by a tax cut is about $25,000, and the gross cost for a PSE job is about $8,000" (p. 23). (As Meiselman indicates, the "cost" here is the assumed expense to the Treasury, not the cost to the public or the taxpayers.)[42]

C.B.O. assumes all corporate income tax rate reductions are an even weaker tool of employment. When asked by Representative Rousselot, a member of the Budget Committee, about C.B.O.'s use of an econometric model which reported declines in GNP in the event of a reduction in corporate income tax rates, Dr. Rivlin replied, "While we do not believe that corporate tax rate cuts reduce investment, it would not be surprising to find the tax cuts had only a minor expansionary effect.[43]

If, as Milton Friedman and some other economists believe, tax reductions deter spending increases, the C.B.O. analysis which asserts that the tax reductions are relatively ineffective, weakens one possible constraint on spending increases.

Two other goals of the new budget process are to gain control over "backdoor" spending and to limit presidential impoundment power. It seems to us that since the existing incentives for Congress are not changed by the Act, whether the Congress uses the budget process to exercise control over "backdoor" spending will depend upon the extent to which the budget can accommodate everyone's spending priorities. If not, "backdoor" spending will continue to relieve the pressure.

The purpose of the impoundment control section of the Budget Act, of course, was to reduce presidential constraints on congressional spending. We predict that this section of the Act will be the most successful. Future Presidents will not have the opportunity, as did Nixon, of attempting to limit the growth of federal spending and the size of the deficit by supplementing the use of the veto with the refusal to spend funds appropriated by Congress. Thus, the effect of this section of the Budget Act will be toward more rather than less expenditures.

After writing all of this, we must admit that the analytical deficiencies, the biases, and information content of the C.B.O.'s model may be the wrong focus. C.B.O. does not have the power to change the incentives faced by politicians and bureaucrats in a democracy. To understand better how C.B.O. is constrained by the process, consider this question: What would happen if C.B.O. abandoned their Keynesian model? Would C.B.O. be ignored or would the new Congressional budget process be abandoned? Where does the more critical analytical error lie—in the C.B.O.'s marco model or in the economist's public policy model?

Is it correct to assume that public policymakers maximize their own interest by maximizing the public's welfare or that, alternatively, people who happen to have jobs in which they effectively make public policy maximize their own interests independently of the public's welfare or possibly even at the expense of the public's welfare? Is this an unexamined assumption—that people in the private sector maximize their own profits or utility, whereas people in government do not—reflecting a normative commitment to democracy and a dichotomy in the economist's assumption about behavior?

There is a growing literature that explains politicians as private entrepreneurs who are not wholly constrained by the interests of their constituents.[44] In such a farmework, the privateness of public policy becomes an issue.

APPENDIX

Statutory tasks assigned to C.B.O.

Listed in the order in which they appear in the Congressional Budget Act of 1974 (P.L. 93-344). Citations are to the U.S. Code and, in parenthesis, to section numbers of P.L. 93-344.

(1) In general, provide information to the two Budget Committees on all matters within their jurisdiction, 2 USC 602(a), (202(a)).

(2) On request, provide information to the appropriating and taxing committees, 2 USC 602(b), (202(b)).

(3) On request of any other committee, provide information compiled under (1) and (2) plus "to the extent practicable," additional information which may be requested, 2 USC 602(c)(1), (202(c)(1)).

(4) On request of a Member, provide information compiled under (1) and (2) plus "to the extent available," additional information which may be requested, 2 USC 602(c)(2), (202(c)(2)).

(5) Perform the duties and functions formerly performed by the Joint Committee on Reduction of Federal Expenditures, 2 USC 602(e), (202(e)), see also 31 USC 571.

(6) Annually on or before April 1, furnish to the Budget Committees a report on fiscal policy for the next fiscal year, to include a discussion of alternative levels of revenues, budget authority, outlays and tax expenditures, plus alternative allocations among major programs and functional categories, all in the light of major national needs and the effect on "balanced growth and development of the United States," 2 USC 602(f)(1), (202(f)(1)).

(7) From time to time, furnish the Budget Committees such further reports as "may be necessary or appropriate," 2 USC 602(f)(2), (202(f)(2)).

(8) Develop and maintain filing, coding and indexing systems for all information obtained by C.B.O. from the Executive Branch or from other agencies of the Congress, 2 USC 603(b), (203(b)).

(9) With respect to each committee bill providing new budget authority, furnish to the reporting committee for its consideration: (a) a comparison of the bill to the most recent concurrent resolution on the budget, (b) a 5-year projection of outlays associated with the bill, and (c) the amount of new budget authority and resulting outlays provided by the bill for State and local governments, 31 USC 1329(a)(1), (308(a)(1)).

(10) With respect to each committee bill providing new or increased tax expenditures, furnish to the reporting committee for its consideration: (a) a report on how the bill will affect the levels of tax expenditures most recently detailed in a concurrent resolution on the budget, and (b) a 5-year projection of the tax expenditures resulting from the bill, 31 USC 1329(a)(2), (308(a)(2)).

(11) Periodically, issue a scorekeeping report on the results of Congressional actions compared to the most recently adopted concurrent resolution on the budget, plus status reports on all bills providing new budget authority or changing revenues or the public debt limit, plus up-to-date estimates of revenues and the public debt, 31 USC 1329(b), (308(b)).

(12) Annually, "as soon as practicable after the beginning of each fiscal year," issue a 5-year projection of budget authority and outlays, revenues and tax expenditures, plus the projected surplus or deficit, year by year, 31 USC 1329(c), (308(c)).

(13) Prepare "to the extent practicable," a 5-year cost estimate for carrying out any public bill or resolution reported by any committee (except the two appropriating committees), 31 USC 1353, (403).

(14) Jointly study with OMB, but separately report, on the feasibility and advisability of year-ahead budgeting and appropriating, the report to be made by February 24, 1977, 31 USC 1020 note, (502(c)).

(15) Cooperate with the Comptroller General in the development of standard fiscal terminology, 31 USC 1152(a)(1), (801(a)), (Sec. 202(a)(1) of the Legislative Reorganization Act of 1970).

(16) Cooperate with the Comptroller General in developing an inventory of fiscal information sources, providing assistance to Congress in obtaining information from those sources and furnishing, on request, assistance in appraising and analyzing information so obtained, 31 USC 1153(b), (801(a)), (Sec. 203(b) of the Legislative Reorganization Act of 1970).

(17) With the Comptroller General, establish a central file or files "of the data and information required to carry out the purposes of this title," 3 USC 1153(c), (801(a)), (Sec. 203(c) of the Legislative Reorganization Act of 1970).

(18) Cooperate with OMB in providing useful federal fiscal information to State and local governments, 31 USC 1153(d), (801(a)), (Sec. 203(d) of the Legislative Reorganization Act of 1970).

(Chart not reproducible in the RECORD.)

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FOOTNOTES

[1] U.S. Congress, House, Committee on the Budget, (1976, p. 1).

[2] Ibid., p. 2.

[3] Ellwood and Thurber (1977).

[4] Public Law 93–344, Title III, Sec. 300.

[5] There are 19 major functional categories; national defense; international affairs; general science, space and technology; energy; natural resources and environment; commerce and housing credit; transportation; educational training, employment and social services; administration of justice; general purpose fiscal assistance; allowances; agriculture; community and regional development; health; income security; veterans benefits and services; general government; interest; undistributed offsetting receipts.

[6] U.S. Congress, House, Committee on the Budget (1976, p. 4).

[7] U.S. Congress (1976, p. 1).

[8] Ibid.

[9] Ibid.

[10] Ibid., p. 2.

[11] The count was made from C.B.O. documents listing their publications, which the C.B.O. kindly made available. In a somewhat earlier bibliography covering publications through Feb., 1978, the C.B.O. made a subject area listing of the 136 studies which had been published up to that date. The following is a tabulation of the numbers of studies by subject area:

Agriculture	4
The Budget and Budget Projections	20
Budget Procedures	5
Defense	26
The Economy and Fiscal Policy	23
Education	7
Employment and Training	15
Energy	12
Federal Work Force and Government Administration	8
Foreign Affairs	9
Health	9
Housing	4
Income Assistance	14
International Economic Relations	9
Law Enforcement and Justice	2
State and Local Government	2
Tax Expenditures	6
Tax Receipts and Distribution	12
Transportation	6
Urban and Regional Development	3
Total	196

The total of the 196 studies exceeds the number of studies (136) because some studies are indicated in more than one subject area.

[12] The same model was still in use at the time our paper was prepared and at the time of the Carnegie-Rochester Conference at which an earlier draft of this paper was presented. For example, as late as April, 1978, the C.B.O. (1978) Background Paper, *Understanding Fiscal Policy*, used these multipliers and the model of the multipliers project as central features in the analysis of fiscal policy. Citing the C.B.O. Multipliers Project study, the paper states:

> In the course of using a number of econometric models, the Congressional Budget Office has had occasion to develop its own sets of GNP multipliers for several different kinds of fiscal policy change. These multipliers are based on a careful analysis and comparison of five econometric models; they discount some of the more questionable elements of each model while still maintaining consistency in the treatment of different kinds of fiscal action. (pp. 15–16)

The paper then goes on to compare the effects of different policies based on "C.B.O.'s system of multipliers" (p. 16).

[13] U.S. Congress, Congressional Budget Office (1977b, p. 5).

[14] Meiselman (1976a).

[15] Friedman and Schwartz (1963, pp. 676–86).

[16] U.S. Congress, Congressional Budget Office (1975c).

[17] Meiselman (1976b), Meiselman and Davis (1978), and Friedman (1977).

[18] Clarkson and Meiners (1979) and Perloff and Wachter (1979).

[19] Meiselman and Davis (1978) and Friedman (1977).

[20] U.S. Congress, Congressional Budget Office (1975a).

[21] Ibid., p. 28.

[22] U.S. Congress, Congressional Budget Office (1975b, p. 34).

[23] U.S. Congress, Congressional Budget Office (1976, p. 20).

[24] McNees (1977, Table 4, p. 7).

[25] A footnote to the discussion of the effectiveness of fiscal instruments states, "A somewhat similar discussion of fiscal instruments appears in an earlier C.B.O. report, *Temporary Measures to Stimulate Employment*, Sept., 1975" (p. 38).

[26] The C.B.O. study makes strong claims for public service employment without defining what a job is. Some economists wonder if we attain full employment by redefining unemployment compensation as public service employment. Is a tax-supported job that does not produce marketable goods and services the same as a tax-generating job that does?

[27] They make no reference to Michael Boskin's work on the responsiveness of savings. (See Boskin, 1978).

[28] See Roberts (1978a).

[29] An income tax rate change is a relative price change. It changes the relative price of leisure in terms of foregone current income and the relative price of current consumption in terms of foregone future income. Therefore, it affects at the margin the choices between leisure and current income and between current consumption and future income.

[30] Roberts and Van Cott (1978) arrive at the same conclusion on the basis of theoretical considerations.

[31] Figure 2 shows employment changes at zero after 11 quarters; there is no reading for quarter 12.

[32] Ellwood and Thurber (1977, p. 90).

[33] During a time period that overlaps with the new budget process, Senator Edward M. Kennedy has been using the concept of "tax expenditures" to launch an attack on the powers of the tax-writing committees. "Tax breaks," he says, are equivalent to government grants and should be handled through the authorization and appropriation process and dispersed through the appropriate federal agency. The Senate Finance Committee's response was to block the energy taxes that could have financed Kennedy's national health program and welfare reform. See *Congressional Record* (Nov. 15, 1977, pp. 37664–37665) and Senator Kennedy's press release of April 16, 1978.

[34] A discussion of incentives should not be confused with a discussion of motives.

[35] Ellwood and Thurber (1977, p. 84) came to the same conclusion. They write, "Some members, mostly conservatives, felt if Congressmen and Senators were forced to vote on the deficit or surplus, the tendency for even larger deficits would be reversed. To this extent they saw the vote not as a way to exercise fiscal policy but as a means to limit spending."

[36] As Ellwood and Thurber (1977, p. 94) point out, "Both committees, but particularly the Senate Budget Committee, were willing and eager to use the new process to set fiscal policy."

[37] The argument may be made that other information supplied by the C.B.O., such as studies of specific spending proposals and the scorekeeping reports, work counter to the fiscal policy justification of deficits and serve to hold down spending. The problem with this argument is that neither the analysis of specific programs nor the scorekeeping process has anything to do with the determination of the overall level of outlays and the size of the deficit. The fact that some programs lose out in the competition for budget shares does not mean that total spending is reduced. The processes are unrelated. The scorekeeping process takes as givens the outlay and revenue figures set in the budget resolution. It does not hold down spending, but merely keeps the Congress informed of its progress toward the mark it set.

[38] This is discussed in more detail by Roberts (1978a).

[39] See, for example, *Closing the Fiscal Policy Loop: A Long-Run Analysis*.

[40] For the correspondence, see *Congressional Record* (July 11, 1978, pp. 20134–20135). C.B.O. has been under mounting pressure for their disregard of the supply side effects of fiscal policy, and there is some hope that the C.B.O.'s future analyses will start to take supply factors into account. In a letter of June 2, 1978 to Representative Barber Conable, Ranking Minority Member of the Committee on Ways and Means, Dr. Rivlin said that C.B.O. is "unable to provide estimates of the long-run impact of tax cuts" and cannot "provide estimates of the impact of rate cuts in corporate income taxes." She went on to say that "C.B.O. is currently planning to undertake an in-depth study of the issue of the incentive effects of large tax cuts and the impact of reductions in business taxes. This will enable us to address these issues in greater detail in the future." (See *Congressional Record*, July 27, 1978, pp. 23121–23122.)

[41] Killingsworth and King (1977, p. 21).

[42] Meiselman (1978).

[43] See *Congressional Record* (July 11, 1978, pp. 20134–20135).

[44] See, for example, Roberts and Rabushka (1973), Roberts (1976, 1978b), Meckling (1976a, 1976b), Jensen and Meckling (1976), Wagner (1977). See also LePage (1977), who writes in *Realities*: Most economists act as if they have two different weights or measures by which they analyze the private economy and the public economy. It is assumed that individuals in the private economy are egocentric, guided by narrow self-interests, whose motives must be subject to a collective control embodying the general interests of society. On the other hand, in the public economy the state, a divine supermachine, reflects the interest of the collectivity. It is operated by officials who are motived by affirmation and respect for the public interest. It is this fiction from which we must escape.

Mr. ROTH. I thank the distinguished Senator from Utah for his support.

Mr. President, I yield 3 minutes to the distinguished Senator from Illinois.

Mr. PERCY. Mr. President, I have indicated my full support for the Budget Committee, with two exceptions. One is the provision guaranteeing us an adequate defense through a 3-percent increase in next year's defense budget. The 3-percent increase is only a guideline which I hope we will never have to meet. But we need a guideline flexible enough that we can make adequate provision for defense in the next year. The other area where I digress from the Budget Committee is over a potential tax cut. I have indicated that I would not be able to support a tax cut that did not have an accompanying reduction in expenditures. For that reason, I support the principles of the Roth-Danforth tax cut amendment. It is as essential to the restoration of our economic health as is a balanced budget. The amendment acknowledges that these two goals are uppermost in our priorities, for the proposed tax cut will in no way jeopardize the balanced budget we have set for October 1980.

According to the committee's own estimates, failure to pass a tax cut in fiscal year 1980 will result in a tremendous increase in taxes for the American economy. Measured in terms of gross national product, the rate of taxation would increase in 1980 and 1981 and then slowly decline. It would not, however, decline to the 1979 level of taxation for many years, as the following table shows, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Revenues as a percent of GNP

Fiscal year:	*Revenues as percent of GNP*
1978 (actual)	19.7
1979	20.4
1980	20.6
1981	21.5
1982	20.7
1983	20.8
1984	20.9

Source: Senate Budget Committee Report on the 2nd Concurrent Budget Resolution, FY 1980.

Mr. PERCY. Mr. President, I simply cannot support a tax increase of this magnitude. In real terms, it means that taxes will increase by $88.9 billion between fiscal year 1980 and fiscal year 1981. That will be followed by another tax increase of nearly $55 billion in the next fiscal year. All of this is on top of taxes that are already too high.

I support a tax cut that will stimulate business investment and increase our rate of productivity. Several bills have been introduced this year that I support that will lead us in that direction.

In July, all 41 Republicans endorsed a package of tax cuts that would help reinvigorate the American economy. The Republican package incorporates my own Small Savers Incentives Act which increases the current divident exclusion and provides a similar exclusion for interest income earned from saving accounts. It has been estimated that this part of the tax package would cost $3 to $4 billion in the first year.

This bill is desperately needed to spur investment and give our small savers in this country a reason to increase saving. It will help bring down high interest costs being borne by millions of American consumers, farmers, and businesses.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PERCY. Mr. President, will the Senator yield me 2 additional minutes?

Mr. ROTH. I yield.

Mr. PERCY. I ask this question of Senator DANFORTH: Is it not true that the savings rate in this country is one of the lowest among the industrialized countries and that this definitely has an adverse impact on our ability to generate funds for investment?

Mr. DANFORTH. There is absolutely no doubt about it. Compared to all our trading competitors around the world, we rank far lower than any of them.

I think the percentage of disposable income which is saved in Japan is 25 percent. Fifteen percent of personal disposable income is saved in Germany, 10 percent in Great Britain, and only 5.5 percent in the United States.

So savings, according to the economists, means investment; and to the extent that we spend now and even borrow to spend now and do not save, we are narrowing our economic base for the future.

Also, I say to the Senator from Illinois that he really has been the leader in the whole area of personal savings and the importance of that for the economy. He has introduced the bill to provide an exclusion from income taxes of a hundred dollars for an individual, for interest received, which is a step in the right direction.

Mr. PERCY. I thank my distinguished colleague.

Mr. MUSKIE. Mr. President, will the Senator yield? I think we have enough Senators present to obtain the yeas and nays on this amendment.

Mr. PERCY. I yield.

Mr. MUSKIE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PERCY. I say to my distinguished colleague that another crucial part of the tax, in my judgment, is depreciation.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PERCY. Mr. President, will the Senator yield 1 additional minute?

Mr. ROTH. I yield.

Mr. PERCY. We have to find a way to provide amortization depreciation. This is a principle I began fighting for at the Treasury 12 years ago when organized labor was opposed to it. Today, labor is really not battling this any more and has come around to realize that American workers need a tremendous amount of capital if they are to remain competitive.

They realize that a $40,000 to $50,000 investment is needed behind every single job that is created.

So another crucial part of a tax cut must address itself to the depreciation system. The Republican tax package meets this test by including the Capital Cost Recovery Act. This provision will replace our current tax depreciation system with a 10–5–3 plan, covering structures, equipment and rolling stock, respectively. The estimated cost of this provision is $5 billion in the first year.

Certainly I know Senator DANFORTH and Senator ROTH are familiar with the strong correlation, as noted by the Joint Economic Committee, between our low rates of capital investment and productivity and the deficiencies of our capital recovery system. We have to find a way to plug this great loophole.

This tax reduction before us today will make a significant contribution to our effort to increase productivity, reduce inflation and strengthen our balance of payments position. I think, therefore, that it is a highly cost-effective tax reduction from which we will benefit immensely and very quickly. We are already, for example, seeing the benefits of the capital gains tax cut we made last year.

A third area that should be included in the tax cut would curb the phenomenon of "bracket creep" that bucks individual taxpayers into higher and higher tax brackets. Some have called this "taxflation" and it is certainly one of the highest items in a family's budget.

I have supported indexing of individual tax rates for several years, to eliminate the hidden inflation tax. For every 10 percent increase in the cost of living, tax revenue going to the Treasury increases by 16 percent. We need to take a hard look at the tax system and give the American taxpayer a break.

In the report accompanying the second resolution, the Budget Committee explains the state of the economy at this time and points out, in all candor, that "this resolution has been drafted at a moment of extraordinary uncertainty." It is to the further credit of the committee that they have not swerved from their analysis in the first budget resolution last spring that inflation "is the Nation's most serious economic problem."

All evidence continues to point to the intractability of inflation and the ineffectiveness of the tools we have used so far against it. Let me just highlight a few of the key indicators, which only bolster my view that we need a targeted tax cut.

First, consumer prices. Consumer prices have risen steadily throughout the winter and spring and well into the summer. The recently-released July figures for the Consumer Price Index show an annual rate of increase of 12 percent. The average increase for the first half of this year is a staggering 13.4 percent. This is a far cry from the 7.5 percent the President foresaw in January and it is most unlikely that we will even be able to average less than a double digit rate for all of 1979. The effect of escalating prices is seen everywhere around us. Housing costs are one of the most inflationary items in the economy, as a Commerce Department report made clear just recently. The agency announced that the average sales price of new one-family houses sold during the second quarter of this year topped $72,000. What is more, this was an increase of 5.7 percent over the average price of similar houses in the first quarter.

Inflationary consumer prices have become so much a part of the economic landscape that the head of the Labor Department's Statistical Bureau, Janet Norwood, said last month that the rise in the Consumer Price Index had become "almost monotonous."

Let me say there is no monotony in it for senior citizens on fixed incomes, or for families struggling to balance a family budget. For them it breeds uncertainty and even fear of the future.

Second, producer prices. For a few months this spring, it appeared that wholesale prices—as reflected in the producer price index—would be a moderating influence on inflation. There was even brief and cautious hope that this moderation in wholesale prices would be reflected in moderating consumer prices in the later summer and fall.

Now, after 2 months of rapidly escalating producer prices, it appears these hopes will not materialize. In fact, in August, the producer price index rose at an annual rate of 14.9 percent, the highest since January and even outstripping the consumer price rise for the month.

Third, interest rates. The prime interest rate, which banks give their best corporate customers, has jumped more than a full percentage since the onset of summer. On September 7, it was jacked up twice in 1 day, to 12¾ percent and just 5 days later, on September 12, it hit a record high of 13 percent.

Business demand for loans remains high and the Federal Reserve, under its new chairman, Paul Volcker, is signaling that he will actively work to combat inflation with high interest rates. Just yesterday the Federal Reserve raised the discount rate again, to a record 11 percent. Despite the apparent necessity of this course, higher interest rates are a bitter pill to small businesses and potential homeowners, for they may be shut out of the market altogether.

Fourth, gross national product. After 3 years of buoyant economic growth, we now appear to be in the midst of a slowdown that may mean the loss of hundreds of thousands of jobs in the year ahead. GNP grew at nearly 6 percent in 1976, at well over 5 percent in 1977, and at a 4.4 percent rate last year. So far this year, though, we have seen GNP grow at an annual rate of only 1.1 percent in the first quarter and it actually declined by 2.4 percent in the second quarter. If the quarter ending September 30 proves to also be in deficit, we will have achieved a true recession in the economists' definition of two quarters of negative economic growth.

Fifth, productivity. Next to GNP, perhaps one of the poorest performers has been productivity, which has also shown no growth this year. We have not had the hard-driving productivity gains in this decade that we experienced in the 1950's and 1960's—the gains which enabled our standard of living to increase steadily and wages to rise to all-time highs. Yet as recently as 1976 we did chalk up a 3.5 percent increase in productivity. It has declined each year since then and in each of the first two quarters of this year, there has been a very serious decline of well over 2 percent.

Mr. President, as much as these five indicators point to continuing inflation, the signals we are receiving from other parts of the economy are mixed. For example, the Commerce Department's index of leading indicators declined in July. But a closer look shows that 6 of the 10 indicators actually rose while 4 fell. The Commerce Department's chief economist, Courtney Slater, commented that this mixed bag of indicators were "very consistent with the proposition that we are experiencing a mild downturn or recession."

In short, there does not seem to be the threat of a serious recession looming ahead. Inflation, however, is still snapping at our heels. A tight budget and a tax cut that stimulates investment and productivity are the most effective ways we can deal with it.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. Mr. President, I am wondering if the distinguished chairman will yield me time on the bill, and I make that request with the understanding that that time—and I ask for 10 minutes—will be deducted from time that might be available to me later on on my amendment.

Mr. MUSKIE. I have no objection to that.

May I say whatever time the Senator takes on his amendment to debate this I will be glad to take off on my side of the amendment so we will achieve a double reduction in time on his amendment.

So I yield him 10 minutes on the bill with that understanding.

Mr. ARMSTRONG. Mr. President, I appreciate the chairman's courtesy.

I am not one of those who thinks the weight of argument depends on its length. I can sum up my support for the amendment now pending very simply.

I begin by congratulating the distinguished Senator, BILL ROTH, for bringing this before the Senate and for the support and cosponsorship of our colleague from Missouri, Mr. DANFORTH. I think they are doing a great service in addressing themselves to what I believe to be the most serious economic problem facing our country. I refer, of course, to the problem of inflation and bracket creep.

If you spent most of the month of August as I did out talking to the people at home I do not think there could be any doubt in anyone's mind that the working men and women of this country, the families of this country, and the business firms of this Nation are really hurting. Every economic indicator, every conversation, every bit of testimony from the Nation's economists underscores the fact that we are really in trouble.

It seems to me that the amendment which is proposed by the Senator from Delware and the Senator from Missouri addresses itself in the most responsible manner, and I cannot help recalling, I say to my friend, Senator ROTH, a few years ago when he and the gentleman from New York, JACK KEMP, and a handful of others began to beat the drum for tax cuts, that it was greeted with apathy and ridicule. Gradually, as they have taken their case not only to the floor of the Senate but around the country, to the halls of the great universities and the centers of learning, to the editorial pages of the Nation's newspapers, to businessmen and consulting economists, that gradually an understanding of how right they have been has begun to dawn on people in every walk of life, and I just congratulate them not only for being right but being right early and being persistent enough to make this seemingly impossible dream come true, and I think it is going to come true. I think there is going to be a tax cut and very soon.

I hope the day we set the stage for it will in fact be today.

I stress that the concern for what is happening to our economy and the recognition that a tax cut is the right medicine for what ails our economy is not partisan and it is not ideological. In fact, I have been very buch impressed by the fact that an advocacy of large substantial permanent tax rate reductions are now advocated by a very diverse group of the Nation's leading economists, representing I think a consensus which is almost without parallel in modern economic history.

Among those representing various segments of the philosophical and economic spectrum who are now calling for tax cuts are Dr. Walter Heller, regents' professor of economics at the University of Minnesota and former chairman of the Council of Economic Advisers under Presidents Kennedy and Johnson, who recently noted:

> . . . with the country, the Congress and Mr. Carter firmly determined to hold Federal spending in check, it becomes ever clearer that tax cuts are the way to go.

And he continued in a Wall Street Journal article from which I will quote a bit more:

> While it is too early to push the panic button on a tax cut, it is none too early to push the planning button.

Alan H. Meltzer, Maurice Falk professor of economics and social science at Carnegie-Mellon University, in recent testimony before a Senate committee stated:

> There are some desirable changes in policy that should be taken to reduce the burden of the recent oil shock and to speed the adjustment of employment and real income to the shock. The principal policy change that I recommend in response is a reduction in the real value of Government spending and a reduction in tax rates for households and business.

Other market analysts and economists have echoed the same theme. For example, Lawrence Kudlow, writing in a recent investment company newsletter pointed out:

> Inflation is caused by spending and monetary policies that create too much money. A stagnant economy is caused by excessive tax rates that produce too few goods. When too little supply is matched against too much demand, prices rise and the currency depreciates. . . . To reduce inflation requires tight spending and monetary policy. To expand production requires easier tax policy. Monetary restraint and fiscal ease is a program for the 1980's.

Lacy Hunt, vice president of Philadelphia's Fidelity Bank, recently made a similar observation in testimony before the Senate.

Included within a policy statement by the Shadow Open Market Committee, a group of economists, was the following observation:

> To encourage investment and output, Congress should further reduce the growth of Government spending (including off-budget items) below the recommendations of the President, and reduce real tax rates.

Prof. Arthur B. Laffer is, of course, a well-known advocate of tax rate reduction. He sums it up this way:

> The recession that we're headed into could be much less serious if Congress adopted a tax cut of the type proposed by President Kennedy and passed in 1964. To argue that a tax cut is inflationary because it would create a deeper budget deficit by curtailing revenues is inappropriate. If you encourage more production you will lose much less in tax revenues and may even increase them.

Irving Kristol, a distinguished observer of modern thought and a leading thinker about problems not only of the economy but of the broader scope than just economic matters, pointed out:

> I believe a cut in tax rates will generate more jobs, greater economic activity and an expanded tax base, which, in time, will yield the same or more revenues, even with lower tax rates.

From all across our country, from every occupation, from every walk of life, from every philosophical background there comes the hue and cry for a tax cut, and I think that the kind of proposal which Senator ROTH and Senator DANFORTH have brought before us today is not only commendable, it is something that we urgently need.

If we are going to cope with the economic malaise that is spreading across the country, it is time to cut taxes, and I urge my colleagues in the Senate to adopt the pending amendment.

Mr. MUSKIE. Mr. President, I discussed the matter of time with the distinguished principal cosponsor of the pending amendment, Senator ROTH, and I have agreed to cut my time on his amendment in half if he will reduce his remaining time of 17 minutes to 10 minutes. He has agreed to do so.

I ask unanimous consent that time on the amendment be adjusted to that effect.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. I thank him for his courtesy because there are other amendments that have not yet been identified that may be called up, and I want to be sure that our colleagues have the opportunity to present them.

Mr. President, I yield myself 10 minutes, and I hope I do not need to use it all, but I can never predict.

Mr. President, I have listened with interest to the rationale for this amendment and the cosponsors have been quite candid and quite blunt and indeed quite critical of the budget resolution and the economic philosophy underlying it.

I shall try to be equally candid and blunt without being disagreeable if I can.

I listened with interest to Senator HATCH's speech, and I am sorry that he had to leave the Chamber before I could make this comment, but he told the Senate that the Budget Committee has never explained to the Senate the uncertainties and the gaps in the information that we can expect from the econometric models.

Mr. President, I have spent more breath than I care to spend in the Chamber explaining the shortcomings of the econometric models, of economists, of would-be economists in the Senate, including the Budget Committee. I do not know anyone who has a certain view of the future economically, much as we like to speak as though we did. I certainly do not have a certain view of the future. I mean our judgments are all calculated judgments, using our best judgment-making capabilities on the facts that are available to us and the uncertainties of human behavior, and economics is a science or an art form based upon someone's calculation of human behavior in response to uncertain and unpredictable stimuli.

At least that is my understanding of economics, after listening to economists, the most eminent in this country, conservative, liberal, monetarist, and otherwise, across the board, for the last 5 years.

I have not heard any economist boast about the accuracy of his last year's assumptions about this year's economy, but they speak with considerable certainty about next year's economy, just as I have been listening to that kind of certainty expressed in this debate up to this point.

Mr. President, I would like to talk, not about the behavior of the citizenry of our country, but about senatorial behavior. That is of more concern to me with respect to the economy of our country and the problems of inflation than what the economists say about human behavior and our economy as we go into next year.

Mr. President, the sponsors of this amendment propose what? They propose a tax cut, and they emphasize the importance of a tax cut, because they say it is the kind of medicine the economy needs. Well, that is certainly one question. But in order to avoid being accused of adding to the deficit or unbalancing the budget further, they couple that with a proposal to cut outlays.

Well, now, what do they propose? They propose cutting outlays in fiscal 1980 by $16.1 billion beyond what has already been mandated by the Senate, and they propose that this be done in nondefense spending.

Mr. President, yesterday the Senate directed the Appropriations Committee and six authorizing committees to cut nondefense spending by $3.6 billion. Having saved that much money, the Senate then proposed, in the afternoon, to spend $3.2 billion of what had been saved out of domestic programs for defense, for a net savings of $400 million.

Now the proponents of this amendment undertake to tell us what they would do in addition to the $3.6 billion directed to be saved out of domestic programs yesterday. They would propose to cut an additional $16.1 billion, and they dismiss this as simply an act of will. They say if the Senate wants to balance the budget badly enough, we can cut the $16.1 billion, totally ignoring, in an exercise of either naivete or cynicism, the enormous efforts that had to be made last week before the resolution came to the floor to get the Senate to adopt the cuts reflected in the reconciliation instruction; and they put this forward as a realistic political proposition.

Well, I wish they could have been in my shoes last week, in the Democratic caucus, in meetings with committee chairmen, and in meetings with my Republican colleagues on the Budget Committee, to test the realism of the proposition they are advancing this morning.

I am not talking about national economic effects or economic philosophy, or econometric models; I am talking about senatorial behavior. The Senators who have spoken this morning all voted yesterday for the increases in defense. That is their prerogative, and I am sure they are motivated by their concerns about our national security. I do not challenge their motives.

I am challenging the realism of what they are proposing. I mean they are following a tried and true path. They describe their proposal as a new economic policy, but there is nothing new about this kind of senatorial behavior. For all the 20 years I have been here, Senators have indulged themselves in voting for tax cuts, in voting for increases in their programs, and undertaking at the same time to assure their constituents that what they were proposing was sound economic policy, even a new economic policy for whatever period they were speaking to at the time.

I repeat, there is nothing new about that kind of senatorial behavior. And given the votes yesterday, if we should in addition vote now for a tax cut, and vote also for a cut in outlays that we have got to know will not be achieved—it just will not be achieved by this Congress. Indeed, Mr. President—and I have had to go through House-Senate conferences on the budget resolution for 5 years—Senators who do not appreciate it ought to understand the strong impulse for protecting domestic programs that we confront in the House-Senate conference each and every year. To suggest to me, as the one who would have to lead the charge—not Senator ROTH, Senator DANFORTH, or Senator HATCH—but to suggest to me that I could persuade the House conferees to accept the reconciliation instruction, which does not exist in the House resolution, and in addition persuade them to cut $16.1 billion from domestic programs this year, is to indulge in the sort of fanciful daydreaming that one would find only in fairy-tale books.

Indeed, if I am mandated by the Senate to accomplish any such Herculean feat, I think I would yield the responsibility to someone else who had more optimism, such as the sponsors of this amendment.

Mr. President, the whole idea that one can indulge in one's own priorities and except the other fellow's priorities to accept the full burden of fiscal responsibility in order to make a tax cut of our liking possible is simply the old senatorial behavior in new clothing. There is nothing new about it.

What the cosponsors are saying is, "Look, if I could have my way completely, I would cut your taxes and I would make it possible by cutting out funds for all those deadbeats and all those drones"——

The PRESIDING OFFICER (Mr. HUDDLESTON). The Senator has used 10 minutes.

Mr. MUSKIE. I yield myself another 5 minutes; I knew I would have to.

"All those drones on the welfare rolls, all those deadbeats who are eating up the substance of the taxpayers of this country—I would give you a tax cut, and I would cut their programs, if I had my way; and at the same time I would make sure that national defense had everything that the Pentagon requests, so that your national security, your freedom, and your security will not be jeopardized."

That is the old senatorial behavior, Mr. President. I say to my colleagues who are so pleased to criticize the budget resolution—let me tell them what the budget resolution is.

The budget resolution is no Senator's idea of what his priorities would be, no Senator's. The only Senators I know of who have voted without change to support the budget resolution as it came out of the committee are Senator BELLMON and myself. My apologies if I left out someone. But I know he and I have—not because our personal priorities are accurately reflected in the resolution, but because we understand what the whole Senate has to understand if the budget process is to work. That is that we must trade off with each other our notions of what our priorities require if we are to get a responsible resolution of the differences in priorities that are represented in this body.

There is no way for Senator ROTH to have his way 100 percent with respect to the budget. There is no way for me to do so.

I have voted on the floor against positions I have taken in the Budget Committee, over and over again, because I recognize the budget process has to represent a trade-off. That is what this budget resolution represents.

So, when you try to shove down my throat the argument that I am trying to force on the Senate some economic policy which is personal to me or some budget policy which is personal to me, I say to you that you do me an injustice. More importantly, you do the budget process an injustice, because you like to pretend that somehow I mandate the final result. Well, the votes yesterday clearly reflect what is the fact. The 20 members of the Budget Committee are not the Budget Committee. The Senate is this house's Budget Committee.

You challenged the Budget Committee last spring to balance the budget. It is clear after yesterday's vote that the Budget Committee cannot balance the budget. Only the Senate can balance the budget. The Senate can choose now to indulge in fancy bursts of rhetoric designed to put the appearance of rationality on irrationality. It is not going to work.

So I do not answer the arguments I have heard this morning by my own macroeconomic analysis, although I ask unanimous consent, Mr. President, that a brief two-page analysis, which has my approval, of the macroeconomic claimed for the Roth-Danforth amendment, be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

MACROECONOMIC EFFECTS

Senators Danforth and Roth have argued that the outlay cuts are anti-inflationary while the tax reduction is anti-recessionary, stimulating economic activity and employment; in addition, they argue that the tax cut will increase work incentives and the incentives for saving and investment, thus adding to the supply capabilities of the economy. In fact, in the short-run, cuts in transfer programs such as AFDC food stamps and medicare/medicaid and the CETA jobs program combined with general personal tax reduction will simply transfer income from the beneficiaries of the programs to those receiving a tax cut. There is no reason to believe that the short-run effects of such a redistribution of income would be anti-recessionary. Indeed, to the extent that they reduced consumption spending and increase personal saving, they would tend to deepen the recession; there would be little, if any, increased incentive to use the saving for business investment in the face of declining rates of capacity utilization. Similarly, even if the tax reduction induced more people to look for work, this would not expand employment in an environment of slack demand for labor. It would only increase measured unemployment.

There is also little reason to believe that the combined reductions in outlays and taxes would be anti-inflationary in the short-run, by comparison to the fiscal policy in the Resolution. The balance of supply and demand for output would be virtually unaffected. The only possible anti-inflationary effect would be if reduced personal taxes resulted in the acceptance of lower before-tax wages. The U.S. statistical evidence on this point is not conclusive and there is no direct evidence from highly inflationary periods such as the present. Britain achieved a period of wage restraint in the mid-'70's as a result of a "social contract" in which a wage guideline was accepted by labor unions in return for tax reduction. But this bears only indirectly on likely U.S. developments since it was a fairly explicit social contract between the government (Prime Minister Callaghan's Labor Government) and the labor sector which is much more extensively unionized than in the U.S.

Over the longer-run, the tax reduction would enhance work and saving incentives slightly. The exact amount is very difficult to determine and the subject of contemporary controversy. Assuming some positive effect—which appears reasonable—the longer-term supply capabilities of the economy would be slowly increased. This would permit an expansion of private sector demands with less inflationary pressure than would otherwise be the case.

Most evidence indicates, however, that these effects will occur very slowly. Sizeable effects on work and saving behavior require numerous individual citizens to change established habits. Furthermore, sizeable increases in the supply of productive capital take time to occur and require the use of existing capital as new machines must be built and the new structural steel must be produced and put into place.

What might be the magnitude of the supply responses once they do begin to occur? A survey and evaluation of the relevant literature was commissioned by this Committee last year. This concluded that the positive response of the labor supply to tax reduction is limited to married women, who account for only approximately 23 percent of the labor force. The amount by which saving might respond is very controversial. The most generous estimate (due to Professor Michael Boskin) indicates that the proposed tax reduction would increase personal saving by 12 or 13 percent or about $15 to $17 billion. But shifting this amount from consumption to investment would raise the capital stock by less than 0.4 percent in a given year. More rapid real growth with less inflation may be achievable in the long-run but it cannot be achieved overnight.

These long-term benefits of enhanced private sector production capabilities and less inflation must be weighted against the costs of government activities foregone. The merits or costs of the proposed cuts vary from case to case but it does appear that many of these cuts could be socially costly. These social costs range from delays in achieving some environmental protection objectives, to potentially serious reductions in medical care for the poor, to substantial disruption of employment and training programs with a resulting loss in our ability to make progress in countering structural unemployment. There may also be economic costs if the cuts result, as they are likely to do, in a less healthy, less educated, and less trained work force. These are serious costs which could be avoided by a more gradual and balanced approach to curtailing the role of government.

Mr. MUSKIE. I see no point in further analysis, because I think the real issue raised is the one I stated at the outset of my remarks: senatorial behavior. We face a great enemy inflation. We face the great senatorial inclinations of the past to just go each Senator's way and the threat to budgetary discipline that represents.

That is the issue.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself 4 minutes.

First, let me say to the distinguished chairman and ranking member of the Committee on the Budget that no one appreciates better than I the difficult role that they have played. I congratulate them for the leadership that they have provided in the budget process.

I can only speak for one Senator, but I point out that I have continually attempted to hold down Federal spending by my vote. I think I am one of only two Senators to have gone to the Budget Committee and spell out in detail, early in the year, where I think spending restraints can be made. I have offered, on the Senate floor, proposal after proposal to do so. The mere fact that we have not succeeded in doing so does not mean that those of us who believe that this country should move in a different direction do not have a responsibility to provide an alternative budget.

Our spending restraint proposals merely restrain the growth of spending, rather than actually cutting spending. Total spending would still grow nearly $30 billion. A large portion of our spending savings can be achieved by reducing the need for welfare and unemployment spending. A tax cut will expand the economy, save jobs, and reduce the need to spend billions on these welfare programs. Let me state clearly our amendment would not reduce any social security programs or benefits for senior citizens. Our amendment seeks to reduce waste in the budget, not vital programs.

Mr. President, I feel very strongly that this country does have to change its direction. I feel very strongly that we need to develop a new, cohesive economic policy for the 1980's. Today, we are facing a disintegrating economy, with higher inflation, interest rates moving up, and with the economy moving down. I think it is about time that Congress and the Senate provided some leadership in getting this economy growing once again.

I know and appreciate the problems of getting spending restraints. But this Congress or some Congress in the future is going to have to set some new priorities. I am saying that the way to balance the budget is not on the back of the American taxpayers. I am saying that the way to break inflation is not by throwing millions of people out of work. If Republicans had proposed that a few years ago, we would have been laughed off the scene.

Now, whether a supplyside economy is new or not, I shall not argue with my distinguished chairman. I am saying that there is a growing consensus among liberals and conservatives, both in and out of Government, that it is essential that we take the steps now that will lead to real growth in productivity in the future.

I am not saying that what we are proposing today is going to correct all the problems overnight. I am saying that if we just continue in the way of the past, we shall be on the same rollercoaster next year and we shall hear the same arguments that we have heard this year and we heard last year and we heard the year before: We cannot cut spending programs because it is somebody's sacred cow.

What I am saying is, let us show some restraint on the part of Government, just as we are asking from the private side, so that we can improve savings, so we can improve production, so that we can have an economy that is moving upward, so that there is more money available to attack these serious problems in the public sector.

Mr. President, we have a chance to show that the Senate can lead. It can do so by showing some restraint on spending, so that we can make a significant contribution in tax cuts. I want to point out very clearly to the Senators that we are not saying what the tax cut mix should be. We leave that for future determination by the appropriate committees and the Congress itself. What we are asking is that we seize this opportunity and show that the Senate can lead rather than follow.

Mr. HARRY F. BYRD, JR. Will the Senator from Delaware yield for a question?

Mr. ROTH. I am happy to yield for a question.

Mr. HARRY F. BYRD, JR. The Senator from Virginia is not inclined to support a general tax reduction unless that tax reduction is accompanied by a corresponding reduction in Federal spending. Does the amendment offered by the Senator from Delaware provide for a reduction in spending which equals or exceeds the reduction in taxes?

Mr. ROTH. It does indeed, I say to the distinguished Senator from Virginia. In fact, our amendment will result in a smaller deficit than we now have as a result of yesterday's action. We would reduce the deficit by $4 billion.

What we are saying is that we should use spending restraints, dollar by dollar, if you want to call it that, so that we can enact the tax cuts. Next year, under our proposal, I say to the distinguished Senator from Virginia, who has been such a leader in trying to hold down Federal spending, we would have a balanced budget, plus we provide for a $15 billion tax cut in fiscal 1980, $35 billion in 1981, and $75 billion in 1982, with a balanced budget in 1981 and a $10 billion surplus the following year.

Mr. HARRY F. BYRD, JR. The Senator from Virginia feels that total Federal spending is too great. The Senator from Virginia feels that the total amount of Federal spending should be reduced. As I understand the amendment offered by the Senator from Delaware, there would be a reduction in total Federal spending?

Mr. ROTH. The Senator is perfectly correct.

Mr. HARRY F. BYRD, JR. Simultaneously with that, there would be a reduction in taxes, but the reduction in taxes would not exceed and, in fact, would fall below the reduction in spending.

Mr. ROTH. That is correct.

Mr. HARRY F. BYRD, JR. As a result of that, if I read the figures correctly, and the Senator from Delaware I believe just stated, that there would be a smaller deficit in fiscal 1980. To state it another way Federal spending would be reduced by $19 billion, taxes would be reduced $15 billion—and the deficit would be $27 billion instead of $31 billion.

Mr. ROTH. That is correct.

Mr. HARRY F. BYRD, JR. I thank the Senator from Delaware.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. I yield myself 2 minutes. I would like to respond to the colloquy which has just been held.

May I say to my good friend, it is one thing to stand here on the floor and call for a cut in spending in order to make the record look good and another to propose a cut that is realistic.

The cut proposed here, as I indicated earlier, is just not achievable politically. On a piece of paper, yes.

What is being requested here is cuts of $16.1 billion, all in domestic programs, in addition to the $3.6 billion the Senate ordered yesterday. That is $20 billion.

Mr. President, I ask unanimous consent to have printed in the Record a table of the functions of the budget which would be impacted and the amounts, insofar as we can identify them under the Roth amendment, which is not altogether clear, which would be impacted under the Roth amendment.

There being no objection, the table was ordered to be printed in the Record, as follows:

ROTH-DANFORTH AMENDMENT OUTLAY CHANGES BY FUNCTION

[In billions of dollars, from second budget resolution]

	Function	Fiscal year—		
		1980	1981	1982
050	Defense	3.2	7.3	14.4
150	International affairs	−.8	−1.1	0
250	Science and space	−.3	−.3	−.3
270	Energy	0	0	0
300	Natural resources	−.3	−.2	0
350	Agriculture	−.1	−.5	−.5
370	Commerce and housing credit	0	−.3	−.4
400	Transportation	0	−.2	−.7
450	Community development	−.9	−.9	−1.2
500	Education and training	−2.4	−2.3	0
550	Health	−1.4	−2.3	−2.8
600	Income security	−6.9	−9.8	−6.0
700	Veterans	0	0	0
750	Justice	0	−.1	0
800	General government	−.1	−.2	−.4
850	General fiscal assistance	−.8	0	0
900	Interest	−1.1	−1.9	−1.3
920	Allowances	(−4.2)	(−4.2)	(*)
950	Offsetting receipts	0	0	0
	Total cut	−16.4	−17.0	+.8

Mr. MUSKIE. Mr. President, it would require, among other things, a reduction of $2.4 billion above that already in the reconciliation instruction in education, requiring changes in law.

It would require a reduction of $1.4 billion in health, requiring a change in law.

A reduction of $6.9 billion in income security, including social security, requiring a change in law.

The reconciliation instruction that the Senate directed yesterday modified the instruction to the Finance Committee by $300 million, because the chairman of the Finance Committee said $300 million in savings in social security was not achievable in the Finance Committee, of which the Senator from Virginia is a member.

Now to order an additional cut of $6.9 billion and seriously tell the country, with serious faces, that that is achievable?

We will vote for a tax cut because the amendment provides for a cut in spending?

Mr. President, I mean, how much cynicism can we bring to the legislative process and maintain the integrity of this political institution?

The American people are sick and tired of being fooled by politicians who tell them one thing and act another way—and I do not direct that comment to the sponsors of this amendment, I am directing it to this institution—and if we are going to try to go to the people as a result of today's activities, promising a reduction in the deficit of $4 billion on the backs of cuts like these, we are not playing straight with them.

We are not playing straight with them, and I will be willing to wager $100 to $1 that if the Senate adopts this amendment, the outlay cuts promised will not be achieved in this Congress—$100 to $1—because I know the formidable opposition such a proposal would face in the House-Senate conference and on the House floor, let alone the resistance it would run into around the country, once the full implications of what is proposed are made known to senior citizens, to people dependent on Government health programs, to schoolchildren, and the like.

All they are proposing is to transfer these resources from the beneficiaries—and I mean the real beneficiaries, not the deadbeats, the real beneficiaries of these programs—to taxpayers in the form of tax relief, and they are not the same people.

To tell me that is a realistic proposal in response to the question of the Senator from Virginia to justify a tax cut, to me, that is the height of political cynicism.

Mr. President, I reserve the remainder of my time.

Mr. DANFORTH. Will the Senator from Delaware yield me 1 minute?

Mr. ROTH. Yes.

Mr. DANFORTH. Mr. President, the question is not whether or not we will have a tax cut.

The question is how fast our Federal tax is going to be increased on the American people.

Are we going to increase taxes as proposed by the present form of the budget resolution——

Mr. MUSKIE. Will the Senator yield on my time?

Mr. DANFORTH. Of course.

Mr. MUSKIE. This resolution proposes a $55 billion tax cut in fiscal 1982.

Now, one can raise any questions he wants to about the feasibility of that, as I have about an outlay cut this year, but at least the resolution includes that, and I have not heard that mentioned in debate on this amendment up to this point.

Mr. DANFORTH. Mr. President, taxes go up under the present state of the law without any act of Congress.

Mr. MUSKIE. I understand.

Mr. DANFORTH. Taxes go up at a rate faster than inflation, social security taxes go up, the windfall profits tax is a tax which is going up, Federal tax revenues are going up, Federal tax revenues are going up every year.

Federal tax revenue is a percentage of gross national product and is going up every year.

Federal taxes will go up in 1980 and will go up again in 1981, even under the terms of the Roth amendment. There is no question that Federal taxes are going up. The only question——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DANFORTH. One minute more?

Mr. ROTH. Yes.

Mr. DANFORTH. The only question is how fast are they going up, how far are they going up?

I would just say in conclusion that one point that has really been missed, I think, in the press and the country as a whole, is that over and above any windfall profits tax, there is going to be a substantial increase in Federal tax revenue as a result of the decontrol of oil, depending on economic assumptions, the estimates are all over the place, but a minimum of $145 billion, which is a little bit over the President's total energy package, up to a maximum cf $480 billion over a 10-year period of time as a result of decontrol.

So we are looking at, probably, in the ballpark of about $100 billion over this 10-year period of time of extra tax revenue over and above the normal increases we have had in the past.

The PRESIDING OFFICER. The Senator's additional minute has expired.

Mr. MUSKIE. I yield myself 1 minute. Of course, taxes are going up under the pressure of inflation. The Senator from Missouri tells me nothing new, does not tell the country anything new, does not tell the Senate anything new.

But he does not recognize, in the statement he has made, that the cost of living for social security recipients goes up, too. He would like the country to believe that we can cut taxes and still meet the rising cost of living of the senior citizen, because he proposes cutting $6.9 billion as though inflation has no impact on the costs of these programs.

I mean, let us give both sides of the story.

The only answer to this is to control inflation. That is the fight I have been waging for 2 days on this floor without much visible effect.

So, if we want to eliminate the force that is sending taxes up and also the force that is sending up costs to those on Government programs like social security and others, as well as costs to the Government itself, get at inflation, and do not come here promising a tax cut in the name of inflation, while cutting benefits programs like social security as though inflation did not exist.

This is what I call the height of political cynicism.

Mr. DANFORTH. Mr. President, if I might have 15 seconds, I am all for fighting inflation by reducing the deficit. The Roth amendment would reduce the deficit below what it would be under the present version of this resolution.

Mr. BELLMON. Mr. President, will the Senator yield me 2 minutes?

Mr. MUSKIE. I yield.

Mr. BELLMON. Mr. President, I believe that Senator Roth and Senator Danforth provide a service to the Senate by offering this option. I would like to believe that it is politically possible to do what they suggest, but my experience is that this is not the case.

What is certain to happen is what the chairman of the Budget Committee, Senator Muskie, has pointed out: If we undertake to adopt this amendment, which in effect is another massive reconciliation instruction, we simply are kidding ourselves, because it never will happen.

What is most likely to happen is that we will get a tax cut and we will get an enormous increase in our deficit of somewhere around $40 billion or $50 billion, and the cuts in spending will never take place. The result of this amendment would be enormously increased inflationary pressures.

Therefore, I am convinced that the only responsible course that Congress can take to get our budget in balance and to get that inflationary pressure reduced is to stay on the course that is set in this resolution, which puts us in balance in 1981, with a small surplus, and provides room in 1982 for a large surplus, which makes a tax cut of significant proportions possible, without adding to inflationary pressures.

Attractive as the idea is which is brought to us by Senator Roth and Senator Danforth, the fact is that it is politically impractical, and I believe the Senate has no choice but to reject it.

I say to my two friends on this side of the aisle that the budget resolution we have before us represents responsible fiscal policy and that we would make a serious mistake if we departed from it. Therefore, I must oppose the amendment.

● Mr. HART. Mr. President, at this time I would like to offer my views on the proposal by Senator Roth to the second budget resolution. Senator Roth proposed to cut outlays by $17 billion in 1980, $19 billion in 1981, and $3.8 billion in 1982. Coupled with these spending reductions would be an immediate tax reduction of at least $30 billion. As I understand it, this proposal would result in a budget deficit in 1980 of about $26 to $28 billion and no deficit in 1981.

I basically agree with the direction Senator Roth wants the budget to go. As my colleagues will remember, last fall and again this spring I proposed an amendment to reduce the rate of Federal spending, coupled with tax cuts designed to achieve budget balance in 1981. This proposal has now been integrated into the Senate budget resolution which plans for budgetary balance in 1981 and significant tax cuts thereafter. These tax cuts are achievable because of the planned reductions in the rate of Federal spending. I oppose Senator Roth's plan, because of the severity of the cuts that would be required to allow tax cuts and budgetary balance in 1981. In particular, Senator Roth would propose severe cuts in health of $3.3 billion, severe cuts in income security of $7 billion, and severe cuts in employment and training of $3.1 billion. I do not believe cuts of this magnitude can be made without significantly hurting people who are in need of Federal assistance. While I am committed to a balanced budget in 1981, I am also committed to the maintenance of Federal programs that are necessary for the health, welfare, and security of our citizens.●

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I am willing to yield back the remainder of my time.

Mr. ROTH. I yield back the remainder of my time.

The PRESIDING OFFICER. All time have been yielded back——

Mr. MUSKIE. Mr. President, I withhold that.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Maine has 6 minutes and 10 seconds.

Mr. ROTH. Mr. President, if the Senator from Maine is not yielding back his time, I will retain my time. How much time do I have?

The PRESIDING OFFICER. The Senator from Delaware has 17 seconds.

Mr. MUSKIE. Mr. President, I yield the majority leader such time as he may need.

Mr. ROBERT C. BYRD. Mr. President, I support the responsible position of fiscal moderation which has been recommended by the Committee on the Budget. The committee, after extensive analysis of this question, decided that the most important problem facing this country is inflation. It adopted a budget which is aimed at fighting this problem—a budget of restraint and fiscal integrity.

At this time, it is my belief that tax cuts without offsetting spending cuts run the dangerous risk of fanning the flames of inflation. We have a moral obligation to squeeze this inflation from the economy before its rampant growth throws us into true economic turmoil.

I respect the argument made by some that we need to "stimulate" our way out of a recession. But it is not clear to me, nor is there a consensus among economists, that the economy will not correct itself without budget-busting tactics.

Unless we receive a clearer signal that a stimulative budget is appropriate and necessary, we must continue our present course of fiscal restraint. If we are not careful, we can talk our way into a recession.

Those who urge tax cuts accompanied by offsetting spending cuts have a responsibility to explain to the American people specifically which programs they expect to cut. Mr. President, the proponents of the pending amendment have failed to provide the specifics as to where savings can reasonably be achieved.

I want to cut spending. The Senate Budget Committee wants to cut spending, but like the committee, I want to know specifically which programs are going to be pared. Realistically, where do we get the money to fund a tax cut without adding to the deficit?

I do not feel we have a satisfactory answer to this question.

I therefore urge my colleagues to reject the pending amendment and to support the responsible position advocated by the Budget Committee.

Mr. MUSKIE. I thank the majority leader.

Mr. President, I yield back the remainder of my time.

Mr. ROTH. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. McGovern) is necessarily absent.

Mr. STEVENS. I announce that the Senator from Texas (Mr. Tower) is necessarily absent.

I also announce that the Senator from Vermont (Mr. Stafford) is absent on official business.

On this vote, the Senator from Texas (Mr. Tower) is paired with the Senator from Vermont (Mr. Stafford).

If present and voting, the Senator from Texas would vote "yea" and the Senator from Vermont would vote "nay."

The PRESIDING OFFICER (Mr. DeConcini). Are there any other Senators in the Chamber wishing to vote who have not done so?

The result was announced—yeas 36, nays 61, as follows:

[Rollcall Vote No. 295 Leg.]

YEAS—36

Armstrong
Baker
Bentsen
Boren
Boschwitz
Byrd, Harry F., Jr.
Cochran
Cohen
Danforth
Dole
Domenici
Durenberger
Garn
Hatch
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
McClure
Nunn
Packwood
Percy
Pressler
Proxmire
Roth
Schmitt
Schweiker
Simpson
Stevens
Thurmond
Wallop
Warner
Zorinsky

NAYS—61

Baucus
Bayh
Bellmon
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cranston
Culver
DeConcini
Durkin
Eagleton
Exon
Ford
Glenn
Goldwater
Gravel
Hart
Hatfield
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Pell
Pryor
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Stennis
Stevenson
Stewart
Stone
Talmadge
Tsongas
Weicker
Williams
Young

NOT VOTING—3

McGovern
Stafford
Tower

So the Roth-Danforth amendment (No. 445), as modified, was rejected.

The PRESIDING OFFICER (Mr. DeConcini). The Senate will be in order. The bill is open to further amendment. Are there further amendments?

UP AMENDMENT NO. 563

(Purpose: To reduce spending and taxes)

Mr. ARMSTRONG. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats, so that the Senator from Colorado may be heard.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. ARMSTRONG), for himself, Mr. DOMENICI, Mr. BOSCHWITZ, Mr. COCHRAN, Mr. DANFORTH, Mr. GARN, Mr. GOLDWATER, Mr. HATCH, Mr. HAYAKAWA, Mr. HUMPHREY, Mr. MCCLURE, Mr. ROTH, and Mr. SIMPSON, proposes an unprinted amendment numbered 563.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 5, strike out all the figures in section 2 of the Muskie substitute and insert in lieu thereof the following:

(a) the recommended level of Federal revenues is as follows:

Fiscal year 1980: $500,900,000,000;

Fiscal year 1981: $582,200,000,000;

Fiscal year 1982: $658,400,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1980: $11,500,000,000;

Fiscal year 1981: $14,500,000,000;

Fiscal year 1982: $38,700,000,000;

(b) the appropriate level of total new budget authority is as follows:

Fiscal year 1980: $614,060,000,000;

Fiscal year 1981: $633,600,000,000;

Fiscal year 1982: $721,500,000,000;

(c) the appropriate level of total budget outlays is as follows:

Fiscal year 1980: $529,300,000,000;

Fiscal year 1981: $578,000,000,000;

Fiscal year 1982: $631,800,000,000;

(d) the amount of the deficit or surplus in the budget which is appropriate in the light of economic conditions and all other relevant factors is as follows:

Fiscal year 1980: —$28,000,000,000;

Fiscal year 1981: $0; +$3,600,000,000.

Fiscal year 1982: +$24,600,000,000;

(e) the appropriate level of the public debt is as follows:

Fiscal year 1980: $887,400,000,000;

Fiscal year 1981: $906,200,000,000;

Fiscal year 1982: $921,400,000,000;

the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1980: $57,400,000,000;

Fiscal year 1981: $76,200,000,000;

Fiscal year 1982: $91,400,000,000.

On page 6, strike all the figures in section 3 of the Muskie substitute and insert the following:

(a) National Defense (050):

Fiscal year 1980:

(A) New budget authority, $141,200,000,000;

(B) Outlays, $130,600,000,000.

Fiscal year 1981:

(A) New budget authority, $159,800,000,000;

(B) Outlays, $145,600,000,000.

Fiscal year 1982:

(A) New budget authority, $180,400,000,000;

(B) Outlays, $163,300,000,000.

(b) International Affairs (150):

Fiscal year 1980:

(A) New budget authority, $129,000,000,000;

(B) Outlays, $8,100,000,000.

Fiscal year 1981:

(A) New budget authority, $13,800,000,000;

(B) Outlays, $8,500,000,000.

Fiscal year 1982:

(A) New budget authority, $14,900,000,000;

(B) Outlays, $8,700,000,000.

(c) General Science, Space, and Technology (250):

Fiscal year 1980:

(A) New budget authority, $5,700,000,000;

(B) Outlays, $5,600,000,000.

Fiscal year 1981:

(A) New budget authority, $5,800,000,000;

(B) Outlays, $5,700,000,000.

Fiscal year 1982:

(A) New budget authority, $5,600,000,000;

(B) Outlays, $5,700,000,000.

(d) Energy (270):

Fiscal year 1980:

(A) New budget authority, $41,000,000,000;

(B) Outlays, $7,000,000,000.

Fiscal year 1981:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $7,600,000,000.

Fiscal year 1982:

(A) New budget authority, $24,200,000,000;

(B) Outlays, $9,500,000,000.

(e) Natural Resources and Environment (300):

Fiscal year 1980:

(A) New budget authority, $12,160,000,000;

(B) Outlays, $11,800,000,000.

Fiscal year 1981:

(A) New budget authority, $13,400,000,000;

(B) Outlays, $12,700,000,000.

Fiscal year 1982:

(A) New budget authority, $14,100,000,000;

(B) Outlays, $13,500,000,000.

(f) Agriculture (350):

Fiscal year 1980:

(A) New budget authority, $5,000,000,000;

(B) Outlays, $2,600,000,000.

Fiscal year 1981:

(A) New budget authority, $4,800,000,000;

(B) Outlays, $3,200,000,000.

Fiscal year 1982:

(A) New budget authority, $3,900,000,000;

(B) Outlays, $3,600,000,000.

(g) Commerce and Housing Credit (370):

Fiscal year 1980:

(A) New budget authority, $6,800,000,000;

(B) Outlays, $3,000,000,000.

Fiscal year 1981:

(A) New budget authority, $5,900,000,000;

(B) Outlays, $3,500,000,000.

Fiscal year 1982:

(A) New budget authority, $6,200,000,000;

(B) Outlays, $3,200,000,000.

(h) Transportation (400):

Fiscal year 1980:

(A) New budget authority, $18,600,000,000;

(B) Outlays, $17,600,000,000.

Fiscal year 1981:

(A) New budget authority, $20,800,000,000;

(B) Outlays, $18,800,000,000.

Fiscal year 1982:

(A) New budget authority, $20,400,000,000;

(B) Outlays, $20,800,000,000.

(i) Community and Regional Development (450):

Fiscal year 1980:

(A) New budget authority, $8,500,000,000;

(B) Outlays, $8,200,000,000.

Fiscal year 1981:

(A) New budget authority, $9,300,000,000;

(B) Outlays, $9,100,000,000.

Fiscal year 1982:

(A) New budget authority, $9,500,000,000;

(B) Outlays, $9,600,000,000.

(j) Education, Training, Employment, and Social Services (500):

Fiscal year 1980:

(A) New budget authority, $26,600,000,000;

(B) Outlays, $28,000,000,000.

Fiscal year 1981:

(A) New budget authority, $29,200,000,000;

(B) Outlays, $28,200,000,000.

Fiscal year 1982:

(A) New budget authority, $30,300,000,000;

(B) Outlays, $30,000,000,000.

(k) Health (550):

Fiscal year 1980:

(A) New budget authority, $57,200,000,000;

(B) Outlays, $52,700,000,000.

Fiscal year 1981:

(A) New budget authority, $68,300,000,000;

(B) Outlays, $59,200,000,000.

Fiscal year 1982:

(A) New budget authority, $82,100,000,000;

(B) Outlays, $68,100,000,000.

(l) Income Security (600):

Fiscal year 1980:

(A) New budget authority, $210,600,000,000.

(B) Outlays, $182,900,000,000.

Fiscal year 1981:

(A) New budget authority, $235,400,000,000;

(B) Outlays, $204,500,000,000.

Fiscal year 1982:

(A) New budget authority, $272,400,000,000;

(B) Outlays, $233,700,000,000.

(m) Veterans Benefits and Services (700):

Fiscal year 1980:

(A) New budget authority, $21,100,000,000;

(B) Outlays, $20,500,000,000.

Fiscal year 1981:

(A) New budget authority, $21,800,000,000;

(B) Outlays, $21,300,000,000.

Fiscal year 1982:

(A) New budget authority, $22,400,000,000;

(B) Outlays, $22,300,000,000.

(n) Administration of Justice (750):

Fiscal year 1980:

(A) New budget authority, $3,800,000,000;

(B) Outlays, $4,300,000,000.

Fiscal year 1981:

(A) New budget authority, $4,000,000,000;

(B) Outlays, $4,200,000,000.

Fiscal year 1982:

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,500,000,000.

(o) General Government (800):

Fiscal year 1980:

(A) New budget authority, $4,200,000,000;

(B) Outlays, $4,000,000,000.

Fiscal year 1981:

(A) New budget authority, $4,600,000,000;

(B) Outlays, $4,500,000,000.

Fiscal year 1982:

(A) New budget authority, $4,900,000,000;

(B) Outlays, $4,600,000,000.

(p) General Purpose Fiscal Assistance (850):

Fiscal year 1980:

(A) New budget authority, $9,400,000,000;

(B) Outlays, $9,400,000,000.

Fiscal year 1981:

(A) New budget authority, $8,400,000,000;

(B) Outlays, $8,800,000,000.

Fiscal year 1982:

(A) New budget authority, $8,200,000,000;

(B) Outlays, $8,200,000,000.

(q) Interest (900):

Fiscal year 1980:

(A) New budget authority, $58,100,000,000;

(B) Outlays, $58,100,000,000.

Fiscal year 1981:

(A) New budget authority, $60,900,000,000;

(B) Outlays, $60,900,000,000.

Fiscal year 1982:

(A) New budget authority, $62,300,000,000;

(B) Outlays, $62,300,000,000.

(r) Allowances (920):

Fiscal year 1980:

(A) New budget authority, —$6,500,000,000;

(B) Outlays, —$5,000,000,000.

Fiscal year 1981:

(A) New budget authority, —$5,500,000,000;

(B) Outlays, —$5,000,000,000.

Fiscal year 1982:

(A) New budget authority, $0;

(B) Outlays, $0.

(s) Undistributed Offsetting Receipts (950):

Fiscal year 1980:

(A) New budget authority, —$19,700,000,000;

(B) Outlays, —$19,700,000,000.

Fiscal year 1981:

(A) New budget authority, —$21,500,000,000;

(B) Outlays, —$21,500,000,000.

Fiscal year 1982:

(A) New budget authority, —$23,900,000,000;

(B) Outlays, —$23,900,000,000.

Mr. ARMSTRONG. Mr. President, may we have order in the Senate, please?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, one of the most interesting and meaningful legislative experiences that I have had has been the opportunity to serve the last 8 months as a member of the Senate Budget Committee.

Mr. DOMENICI. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Colorado may proceed.

Mr. ARMSTRONG. On many occasions, I have had reason to complain of various aspects of the legislative process and about the political process, but I must say that the Budget Committee has approached its work in preparing the first and second concurrent resolutions on the budget with a degree of seriousness and with an attitude which I think is commendable, and I really wish that some of our constituents at home could see how this has been handled. I think they would find it a source of reassurance.

I particularly, before discussing the amendment I am about to present, would take a moment to express my respect and admiration for the chairman of the committee, the distinguished Senator from Maine (Mr. MUSKIE), and to thank him not only for the standard of excellence which he has set for the committee, but also especially to thank him for the courtesy with which he has dealt with all of the minority members, and his fairness and evenhandedness in handling the work of the committee.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Colorado will please suspend until order is restored. If Senators wish to carry on conversations, they will please go out into the hall or the cloakroom. The Senator is entitled to be heard.

The Senator from Colorado.

Mr. ARMSTRONG. To continue, Mr. President, it is a very easy thing to be courteous to those with whom you are in full agreement, but I especially compliment the chairman of the Budget Committee for, on a number of occasions when it has been my duty as I saw it to offer amendments which were in disagreement with the positions he was taking in committee and on the floor, the fairness with which he has heard my position, and his good humor on those occasions.

I also compliment the ranking Republican member of the committee (Mr. BELLMON), who has given those of us of the minority party the strongest and best possible leadership for which not only all the members of the minority are indebted to him, but I think everyone in this Chamber owes the Senator from Oklahoma a debt of gratitude.

Having said that, if the issue were merely one of admiration for the chairman and for the ranking minority member of the committee, I would not be here to offer this amendment to the resolution which they are bringing us, or if this were merely a desire to show solidarity with other members of the committee, I would be the first to close ranks, because I have the utmost respect and admiration for the members of the committee.

But in my estimation, the budget resolution now pending before the Senate is seriously flawed, to the disadvantage not just of the committee and of the Senate, but to the serious disadvantage of the Nation, so much so that I think that I would be doing less than my duty if I did not express my concern in the most vigorous possible terms.

During the last several months, the Senate has been receiving urgent warning signals from the national economy. Inflation is exceeding earlier estimates, prices are rising faster than at any time in the last 30 years, unemployment is rising, productivity is declining, and a recession is well underway.

Unfortunately, however, the Budget Committee does not seem to be paying attention, or at least let me say that those concerns are not addressed in the budget resolution which is now before us. The recommendations of the committee reflect little or no change from the earlier budget recommendation, despite a drastic change in the underlying economic conditions in the Nation.

The consumer price index rose at a seasonally adjusted annual rate of 12.7 percent during June, according to the Bureau of Labor Statistics. The June figures are the last in a long and tragic climb of inflation and tendency. The compounded rate for the second quarter of this year is 13.4 percent, compared with a rate of 10.9 percent for the prior 12 months. Obviously the rate of inflation is increasing.

The GNP price deflator, another measure of inflation, shows a similar upward trend. On August 2, the very day that the Senate Budget Committee ordered the second budget resolution reported with a deficit that is $5 billion larger than that contained in the first budget resolution, the Washington Post reported that a new economic forecast by the administration shows that inflation and recession are likely to be significantly worse than had been predicted just 30 days before. The forecast said the economy's output will decline this year by a sharper 1.4 percent, rather than a milder 0.5 percent earlier forecast. According to the report, inflation will average 11 percent during the fourth quarter of the year, and then ease down to 9 percent in 1980, rather than the 9.8 percent for 1979 and the 8.1 percent for next year which the White House had earlier predicted.

Unemployment is also, according to this report, predicted to rise. And now, just 6 weeks later, even those pessimistic predictions seem to be growing worse.

Unfortunately, the Senate Budget Committee's response has been surprisingly nonchalant under the circumstances. It seems to me it would have been logical if the committee had brought to the floor a package of recommendations aimed at restraining spending in order to control inflation, and to accommodate a supply side tax cut, which many economists feel is essential to spur capital investment and other business activities leading to the creation of new jobs, and thereby at least to moderate the recession before additional millions of working men and women are thrown out of work.

Regrettably, however, the committee has followed more a business-as-usual approach, and instead of finding means to restrain spending, the committee has recommended additional spending above the level approved earlier this year, with still higher deficits, as we talked about previously; and instead of providing for a tax cut, which I believe to be economically sound and which, in the opinion of a growing consensus, is politically inevitable in 1980, the committee has continued to provide for more spending and thereby made it even more difficult to cut taxes.

In my opinion, a wiser course would have been for the committee to carefully examine the budget, function by function, and find ways where programs could be curtailed, where programs already scheduled to be phased out can be phased out more rapidly, and to see where reasonable reductions could be made. In other words, if the committee had gone through the budget, it could have, I believe, made the savings necessary to preserve a balanced budget for 1981, to hold the line in 1980, and to accommodate a tax cut.

The amendment which my colleagues and I, particularly the Senator from New Mexico and I and several other members of the committee and of the Senate, have offered does precisely that. In summary, the pending amendment first accommodates the defense increases adopted yesterday by the Senate; second, it cuts total outlays in the resolution for fiscal year 1980 by $16.8 billion; third, it cuts total outlays for fiscal year 1981 by $17.1 billion; fourth, it permits tax cuts in both calendar years 1980 and 1981, for a total of $51.7 billion in tax cuts during the biennium; and fifth, it balances the budget.

The need for this, it seems to me, is very clear. Inflation has pushed the taxpayers into higher and higher brackets. Americans have seen their total tax bill triple in the last decade, and a typical family today pays more in taxes than it pays for food, clothing, shelter, or the combination of all of those components of the cost of living.

During the consideration of the previous amendment offered by Senator ROTH and Senator DANFORTH, we had a full discussion of the implications of a tax cut; and I believe the need for a tax cut on macroeconomic grounds is well proven.

But with the economy turning down, the jobless rate rising, and increased pressure from every direction, it seems to me a tax cut is almost inevitable, and after reading the published statements of many Senators, I am increasingly convinced what whether or not you feel, as I do, that a tax cut is desirable, a tax cut is becoming increasingly likely in 1980.

The question then comes down to how we are going to finance it. Unless spending is reduced, as recommended in the pending amendment, the only way to cut taxes in 1980 will be to increase the deficit. With inflation running at an annual rate of over 12 percent, when you think of the inflationary consequences of allowing the deficit to go up, I think that is an acceptable choice.

The responsible course is to slow the rate of spending increases now to accommodate the needed, probably inevitable, tax cuts of 1980 and still permit a balanced budget in 1981.

Mr. President, in just a moment, I should like to yield to others who wish to speak on this subject, but I want to respond quickly to four questions that arise when you present a tax and spending cut amendment of this kind. First of all, where will we cut? My colleague (Mr. DOMENICI) and I have distributed, and I think there is available on every desk, a detailed summary of where we want to cut. These are not boxcar cuts or meat-ax cuts. These are a function-by-function, carefully worked out analysis of where responsible cuts can be made.

Second, are these drastic cuts? The answer to that is that they are not drastic cuts. In fact, in all but four of the functions addressed in our amendment, while we are cutting below the recommended figures of the Senate Budget Committee, we are actually permitting spending that is higher than in the current fiscal year.

In a few cases, we are cutting below the current year's figures. In those instances which are detailed in the minority views of the report of the committee, the cuts are well justified. The cuts, in my judgment, are long overdue for policy reasons, not just as a matter of budgetary approach.

Let me also respond to a question which someone might well ask: Where do these cuts come from? Are these just ideas that ARMSTRONG and DOMENICI and some others came up with? Are they off the wall?

I will admit that the temptation to include in this proposal some pet theories of my own was very strong, but I have restrained myself from doing that. What are included in this list of proposed reductions are primarily, almost exclusively, recommendations of the Senate Finance Committee, of the Office of Management and Budget, the Department of HEW, and the General Accounting Office. In other words, these are well-recognized, well-documented proposals to cut, many of which are cuts that have actually been adopted by the Senate on one occasion or another, but which unfortunately have not yet been adopted by the House.

Finally, a question which arises whenever we talk about cutting taxes and spending: Is it politically feasible? I have heard it said on this amendment and prior amendments, well, it sounds good but it is never going to happen. I am a lot more optimistic than that. I think it is going to happen. I do not know whether it is going to happen this morning. I hope so. I think it has a chance. I think an amendment like this deserves support, deserves to be brought to the floor, whether it is going to happen or not. I think it deserves to happen. To take an attitude, "Well, it is just too tough to restrain spending, it cannot be done, it is not practical," overlooks our duty.

I think this amendment is right. It is right on economical grounds and in terms of the kind of leadership signal it sends to the country.

I think it can happen. I have noticed, in the last 2 months, the Senate adopting amendments which would have been thought an impossible dream 2 years ago or 5 years ago. Times are changing in this country and this amendment is part of what I consider to be a very hopeful and constructive change.

Mr. DOMENICI. Mr. President, will the Senator from Colorado yield 10 minutes to me?

Mr. ARMSTRONG. May I ask, Mr. President, how much time I have remaining?

The PRESIDING OFFICER. The Senator from Colorado has 39 minutes.

Mr. ARMSTRONG. Let me yield 20 minutes to the Senator from New Mexico.

Mr. DOMENICI. I thank my good friend.

Mr. President, I shall yield myself 5 minutes so I can be advised when I have reached that point.

Obviously, Mr. President, I join in the opening comments that my good friend from Colorado made with reference to our distinguished chairman and ranking member and the diligence with which the Budget Committee is attempting to carry out its purposes. But I think I would be remiss if I did not add to that that the Budget Committee of the U.S. Senate is certainly a much stronger place, the committee is a much stronger committee, and the institution called the Senate a stronger institution because my good friend from Colorado has joined us.

I say to him that his work on the Budget Committee, whether or not the majority agreed, indeed was worthwhile. I know that he feels that he contributed to it. If he does not, he should.

Having said that, Mr. President, let me say that the good Senator from Colorado (Mr. ARMSTRONG) and I, in the spring of this year, when this resolution came to the floor, said much the same things we are saying today. We asked the Senate to do much of what we are asking them to do here today. We had to do a little bit more predicting than we do today, because now the facts have evolved and I think anyone who wants to read the record of the dollar-for-dollar approach that we offered in the spring—that is, $1 of budget cuts for $1 of tax cuts—will find that what we said was going to happen is happening, and now the only thing left is the following: Will the U.S. Congress effect a major tax cut before the budget of 1980 has totally reached fruition and carried itself out? If they are going to, then we have deceived the American people, because we are, indeed, going to cut taxes and increase the deficit, but we do not want to do it now. We want to wait a while and take it up all by itself, when the economy has reached a point where we cannot avoid it and the extent of the tax cut will be directly reflected in 1980 as an increase in the deficit.

We predicted that and said we should not let that happen.

Today I am most pleased to support Senator ARMSTRONG in an approach which is basically recognizing the fact we are going to have significant tax cuts in 1980 and 1981—I will say why in a moment—and that if we are going to do that, we ought to provide for it in this budget, and if we are going to do that we ought to keep faith with what the American people have been telling us, and that is to cut the budget if we are going to cut taxes.

For those who say it cannot be done, should not be done, I submit that the detailed remarks and explanation of this proposal deserve a careful scrutiny, and we will find it could, indeed, be done and it would not hurt any American program.

Quite to the contrary, it might help the one institution in this country that is in desperate need of assistance. That is the productive genius of America, all the way from its individuals, to its business, to its entrepreneurs.

What is happening to this country is this, and I will use an analogy, that the American economic system is a huge, prolific, beautiful, golden goose that lays golden eggs that its people participate in, and it has been doing that for years.

What is happening is that we tied the hands, and the feet, and the neck of this beautiful bird and we wonder why it is not producing.

The reason it is not producing is that its productivity is made up of small businessmen, large businesses, average Americans, middle-income people, hard working men and women.

Mr. President, they are all beginning to give up because they do not believe their Federal Government is capable of controlling the Federal Government's vociferous appetite to take taxes and take resources from them and to invent new programs and places to throw this money in total disregard for the constant depletion of the energy of the American people, their genius, their willingness to get ahead and work.

What we are saying loud and clear here today is that unless that enterprise of our people and the energy of the enterprise of our people is rekindled, there is no hope for social programs that will solve our problems.

The basic system is a system of work and get ahead, of invest and make a profit. When we wilt those to the point they are almost neutral in this society, we better turn it around or we can talk about social programs forever and nothing will come of it.

Having said that, let me talk for a moment about taxation, and if we do not cut the taxes of the American people. I will read from table 1, page 145, of the report that accompanies the second concurrent resolution. Tax increases facing the American people.

Mr. President, they already feel they are overtaxed. I believe I have given an ordinary citizen's explanation of what our Government's budget policies and tax policies are doing to them. If they think that is the end, then let me just read quickly—1981, if we do not make some changes, social security tax increases $14.7 billion in the calendar year.

Total tax increases caused by inflation. If we do not do anything to cut taxes, calendar year 1981, $47.6 billion increase.

We add those two together and get well over $60 billion in increases to be imposed on the shoulders of the American people by way of taxes.

We are still here on the floor today saying the state of the economy, the things we know about what is happening in our country, do not permit us to cut the budget and cut taxes at the same time and give back to the American people some assurance that it is, indeed, worthwhile for them to try to get ahead.

That is the issue. Is it worthwhile, and do we, as a Nation, want hardworking people, innovative, ingenious people who want to work and invest, do we want them to?

One way to show support is to cut their taxes and change our tax policies so we promote what makes America grow and what will make that prolific economic machine I have just described begin once again to produce for all Americans.

Mr. President, I know there are a number of Senators who support the Armstrong-Domenici approach here today, and I know there are many who support it in principle, but are concerned that they really cannot vote for it because it is significantly different from the budget.

Let me say this to them. This is an opportunity for them to tell the Budget Committee they want a change in American policy. I do not think they ought to expect that every major change is perceived by committees of this Senate. I think Senators perceive the need for change from their people and from their country, and the vibrations that are out there among the average men and women.

I submit that if the question were asked, "Yes or no, is there a need to change the policy of this country with reference to taxes and with reference to the growth of Federal spending?" we would all vote "yes."

Well, we are offering an opportunity in a fairly tangible way to vote "yes" on the change in direction now.

Senator ARMSTRONG has stated the economic facts. He has not exaggerated them. They call for drastic action. That is what this will permit us to vote on because it will change our policy drastically.

But, Mr. President, it will not hurt anyone. Programs will not be seriously damaged, and the average American man and woman that we want to undertake to move this country ahead will, indeed, be affected.

We will not affect the beneficiaries of the Federal programs, but we will, indeed, positively affect those who make the benefits available both to themselves and to those in need.

Having said that, I do not need any more time, and if there is any remaining I want to yield it back after commending my good friend from Colorado for his effort in bringing this very significant opportunity to the U.S. Senate, to vote for a dollar of budget cuts and a dollar of tax cuts.

In this case, we are saying this dollar-for-dollar approach can reasonably yield about $16 billion in cuts and $16 billion in tax relief, and then in 1981 a more significant tax cut.

I urge that those concerned about the economy of our country support this proposal.

Mr. President, I thank my good friend from Colorado.

Mr. ARMSTRONG. Mr. President, I very much appreciate the statement of the Senator from New Mexico. I compliment him for his insight.

I must admit to the group that the effort which we are undertaking today is really largely his initiative because he has been fighting that battle in the Senate Budget Committee for a long time, and it has been an uphill fight. But I say to the Senator that it is a fight we are going to win, perhaps today. I think we are getting closer every day. If we do not win it today, it will be soon.

I yield to the Senator from Iowa.

Mr. JEPSEN. Mr. President, I would like to address the question of whether a tax cut next year is compatible with the goal of a balanced budget in 1981. The Senator from Maine (Mr. MUSKIE) has been an eloquent spokesman for the view that we cannot cut taxes without jeopardizing the prospects of a balanced budget in fiscal 1981, as envisioned by this budget resolution, and that a balanced budget is critical to fight inflation.

Mr. President, as a member of the Joint Economic Committee I have participated in numerous hearings over the past several months on the state of the U.S. economy. Unfortunately, the news is not good.

Unemployment is expected to rise.

The growth in gross national product and personal income is already slowing down.

And every indication is that the economy is in the early stages of a recession which will hit hardest next year.

Moreover, inflation is expected to continue at present high rates.

In the past, Congress has responded to the prospects of a recession by establishing massive public works and jobs programs and stimulating the economy by increasing the budget deficit. I am gratified that the Congress is not responding to the current recession in the same manner. However, I still believe that a tax cut is justified and, if it is the right kind of tax cut, will aid, rather than hinder, the prospects for a balanced budget as soon as possible.

The main reason why I feel that a tax cut is justified is because of the massive tax increase taking place daily, as people are pushed up into higher and higher tax brackets, and because of the legislated social security tax increase. Recently, the Joint Committee on Taxation estimated the magnitude of these tax increases, and the numbers are staggering. Assuming an inflation rate of 10.6 percent in 1980 and 9.3 percent in 1981, income taxes will increase $15.6 billion in 1980 and $32.9 billion in 1981. Social security taxes will increase $600 million next year and $14.7 billion in 1981. Thus, the total tax increase amounts to $16.2 billion next year and $47.6 billion in 1981.

I should point out that this inflation tax increase of which I speak is not just a current phenomenon. It has been going on for years and the Congress has not adequately adjusted for it. Although taxes have been cut frequently they were illusory, because they barely compensated for tax increases in dollar terms, and because these tax cuts have been shaped in such a way that people in the lower end of the income scale benefited at the expense of upper income taxpayers. Unfortunately, because of inflation, last year's high income has become today's median income, and thus many people now find themselves affected by high marginal tax rates thought to be reserved only for the "rich."

I am including in the RECORD at this point two tables which illustrate my point. The first shows the effective Federal tax rate for a family of four earning the median income from 1965 through 1981. In 1965 the median family earned approximately $8,272 per year and paid $789 in social security and Federal income taxes. This came to 9.5 percent of income. By 1981, on the other hand, the median income will be $22,456. Keep in mind that the buying power of $22,456 in 1981 is no greater than $8,272 was in 1965. Nevertheless, the median family will pay $3,924 in Federal taxes in 1981 and this will constitute 17.5 percent of its income.

Along with this massive increase in effective tax rates there has been a massive erosion of incentive. Not only are individuals paying more total taxes they are paying far more out of each additional dollar they earn today than they were in 1965. The second table shows that the number of taxpayers affected by high marginal tax rates is increasing dramatically. In 1965 a mere 1.3 percent of taxpayers were affected by tax rates above 30 percent. In the most recent year available, 1976, more than eight times as many taxpayers were affected by such rates. In 1965 only 4.9 percent of taxpayers were affected by tax rates above 25 percent. By 1976 this number had increased to more than a third of all taxpayers. In 1965 only 12.7 percent of taxpayers were affected by tax rates above 20 percent. In 1976 over half of all taxpayers were affected.

I ask unanimous consent that the tables be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE I.—FEDERAL INCOME AND SOCIAL SECURITY TAXES FOR A FAMILY OF 4 WITH $17,105 IN 1975[1]

Year	Income	Federal income tax	Effective income tax rate	Social security tax	Federal income and social security taxes	Effective Federal tax rate
1965	$8,272	$615	7.4	$174	$789	9.5
1966	8,509	649	7.6	277	926	10.9
1967	8,754	685	7.8	290	975	11.1
1968	9,122	[2]794	8.7	343	1,137	12.5
1969	9,612	[3]891	9.3	374	1,265	13.2
1970	10,181	[4]896	8.8	374	1,270	12.5
1971	10,618	919	8.7	406	1,325	12.5
1972	10,969	933	8.5	468	1,401	12.8
1973	11,651	995	8.5	632	1,627	14.0
1974	$12,929	[5]$1,063	8.2	$756	$1,819	14.1
1975	14,111	1,234	8.7	825	2,059	14.6
1976	14,925	1,308	8.8	873	2,181	14.6
1977	15,888	1,471	9.3	929	2,400	15.1
1978	17,105	1,678	9.8	1,035	2,713	15.9
1979	18,918	1,838	9.7	1,160	2,998	15.8
1980	20,678	2,123	10.3	1,268	3,391	16.4
1981	22,456	2,431	10.8	1,493	3,924	17.5

[1] Assuming that income changes as does the consumer price index and that deductible expenses are 23 percent of income, The CPI is assumed to rise by 10.6 percent in 1979, by 9.3 percent in 1980, and by 8.6 percent in 1981.

[2] Including a $55 surcharge.

[3] Including a $81 surcharge.

[4] Including a $22 surcharge.

[5] Including a $118 tax rebate paid in May 1975.

Source: Joint Committee on Taxation.

TABLE II.—PERCENT OF TAXABLE RETURNS CLASSIFIED BY HIGHEST MARGINAL RATE AT WHICH TAX WAS COMPUTED

Marginal tax bracket	1965		1975		1976	
	Percent of taxable returns	Cumulative percent	Percent of taxable returns	Cumulative percent	Percent of taxable returns	Cumulative percent
60 to 70	0.1	0.1	0.2	0.2	0.3	0.3
50 to 59	.3	.4	.9	1.1	1.0	1.3
40 to 49	.4	.7	1.3	2.4	1.6	2.9
30 to 39	1.3	2.0	6.3	8.7	8.1	11.0
25 to 29	4.9	7.0	20.3	29.0	22.6	33.6
20 to 24	12.7	19.6	24.2	53.3	23.9	57.6
14 to 19	80.4	100.0	46.7	100.0	42.4	100.0

Source: Internal Revenue Service, "Statistics of Income, Individual Income Tax Returns."

Mr. JEPSEN. Mr. President, I believe that these massive tax increases are responsible for many of our Nation's economic problems. For example, high tax rates reduce the trade-off between savings and consumption. As a result, we have less savings and more consumption than we should. The reduced rate of savings, in turn, affects the growth of our Nation's capital stock, the tools and equipment of production. When our workers do not have the most modern and efficient tools to work with their productivity falls. Thus it is not surprising that the productivity rate today is far below that of the 1950's and 1960's and is, in fact, falling. The following tables show the effect of inflation and taxation on the incentive to save and the decline in productivity growth, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

AFTER-TAX "REAL" RETURNS TO SAVING

[In percent]

	Savings account		Corporate bond	
	1960–62	1977–79	1960–62	1977–79
Interest rate	3½	5¼	4.0	8.9
After 30 percent tax rate	2.5	3.7	2.8	6.2
Inflation rate	1.2	9.0	1.2	9.0
Real after-tax return	1.3	−5.3	1.6	−2.8

Source: Morgan Guaranty Trust Co.

PRODUCTIVITY AND REAL HOURLY COMPENSATION GROWTH

	Annual rates of growth		
	1948–65	1965–73	1973–78
Hourly compensation	4.6	5.5	9.0
Productivity	2.6	2.0	.8
Unit labor costs	1.9	4.6	8.1
Consumer Price Index	1.6	4.4	8.0
Productivity	2.6	2.0	.8
Real hourly compensation	2.9	2.1	.9

Source: U.S. Department of Labor, Bureau of Labor Statistics-Hourly compensation and productivity series are for the nonfarm business sector. Real hourly compensation is hourly compensation deflated by the Consumer Price Index.

Mr. JEPSEN. Mr. President, the point I am making is that if we do not reduce taxes in order to balance the budget and fight inflation, we may end up with an unbalanced budget and higher inflation anyway with higher taxes to boot.

The way I see it, we can fight inflation one of two ways. The first way is the traditional way, through fiscal and monetary restraint. Unfortunately, the effect of withdrawing stimulus to the economy is much the same as the effect of withdrawing liquor from an alcoholic; namely, severe pain. Treasury Secretary Miller tells us that this pain is necessary and that our country must suffer through a prolonged period of austerity in order to end inflation.

Another way to fight inflation, a new way, is to approach the problem from the supply side of the economy. If inflation means too many dollars chasing too few goods then obviously you can fight inflation either by reducing the number of dollars in circulation, as the administration is attempting to do, or by increasing the quantity of goods through tax reduction. I think the latter course is the better one to take. As Dr. Michael Evans recently testified before the Joint Economic Committee:

> While another old-style tax cut, designed primarily if not exclusively to stimulate consumption, would raise the growth rate by about ½% next year, it would do nothing to attack the fundamental underlying problem of decreased productivity. What is needed is a new-style tax cut which will increase productivity, which is the key to reducing the long-term inflation rate.

This kind of thinking, which I call supply-side thinking, is gaining greater support every day, in contrast to old-fashioned Keynesian economics. In fact, in what was one of his last appearances before a congressional committee, Treasury Secretary Blumenthal strongly endorsed supply-side economics. As he told the Joint Economic Committee:

> For decades we have operated on a consensus—that the major economic policy concern of governments should be to manage aggregate demand to smooth out swings in the business cycle and assure steady increases in income and employment. The supply side of the equation was largely neglected, assumed to take care of itself and respond to changing demands.
>
> This assumption no longer holds. The supply side is not responding. Productivity is lagging badly—in the U.S. productivity growth in the past five years has only been about half what it was in the 1950s and 1960s. Government spending has taken a growing share of income, and shifted away from capital construction and defense toward income transfers. Effective tax rates have escalated sharply. Tax structures and levels are such as to stultify innovation and risk taking. Industry is bound in a shifting web of regulations. Indexation, formal and informal, tends to fix relative prices and weaken incentives for movement of resources between industries and sectors.
>
> We need, in short, to reorient economic policy to concentrate more heavily on the supply side, to reduce rigidities and inefficiencies that create supply constraints throughout the economy. This task involves rebuilding our capital stock, reinvigorating productivity growth, reducing structural unemployment—all on top of creating a new base for the energy needs of the economy.

For these reasons I feel that a tax cut, if it is strongly oriented toward increasing supply rather than demand, would be very good for the economy right now and would aid, rather than hinder, the fight for a balanced budget and reduced inflation.

Mr. President, I thank the Senator from Colorado (Mr. ARMSTRONG) for giving me some of his time.

Mr. ARMSTRONG. I thank the Senator from Iowa for his contribution to this discussion and his contribution to the development of the ideas which are contained in this amendment.

I alluded earlier to the fact that times are changing in the country, and there is a new spirit, a new realism toward the economic facts of life. The presence in this Chamber of the Senator from Iowa (Mr. JEPSEN) is representative of the kind of constructive, wholesome, healthy change that is taking place. I thank him and compliment him for his participation.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Twenty-three minutes.

Mr. ARMSTRONG. I reserve the remainder of my time.

Mr. BELLMON. I yield myself 5 minutes.

Mr. President, the amendment of the Senator from Colorado is very much like the amendment just offered by the Senators from Delaware and Missouri. That amendment was defeated by a vote of 61 to 36.

As I said earlier, I am very sympathetic to the need to reduce Federal spending in order to provide substantial tax reductions and to maintain budget discipline. But I have become a political realist during the years I have been in the Senate, and I have become convinced that the only way we are actually going to get the budget in balance is to hold the line against any new Federal spending programs and against the temptation to cut taxes prematurely, to get the budget in balance in 1981, and in 1982 have room for a substantial tax reduction, even more than has been proposed here this morning.

The fact is that if we undertake now to reduce taxes on the strength of a proposed reduction in spending, we are going to get half a loaf. We will get the tax cut, but we will not get the reduction in spending. It was very difficult to get the Senate to agree to go along with the relatively small reconciliation vote we had yesterday, and the idea of a larger cut in spending programs simply is not politically acceptable, as I read the mood of the Senate.

If we were to adopt this amendment, I am afraid that we would get the tax cut, but the offsetting spending reductions would not be achieved, and we would wind up with a deficit that would go up to $37 billion for fiscal 1980; that in 1981, unless some other changes are made, the deficit would be close to $50 billion.

Mr. President, deficits that large, in times when we already have inflation running at more than 13 percent, would make our inflationary problems more serious and would quickly rob the American taxpayer of the purchasing power of his earnings, and it would quickly eliminate any benefits this tax reduction would have accomplished.

We have to be careful not to assume that policies to improve the supply side of the economy will have immediate effects, and this is an assumption that the sponsors of the amendment make in their reflow calculations. Changes in the structure of the economy take time, so that additions to demand will tend to be inflationary. Conversely, if we do not add to demand, the policies will not be stimulative in the very near future.

As is the case with the Roth amendment, the Armstrong amendment is something like a huge reconciliation instruction. Much of the fiscal year 1980 reduction would affect spending already reported or enacted, and it would be extremely difficult politically to get that job accomplished.

So, in my opinion, the reductions in spending which this amendment calls for, while they might be desirable, simply are not going to happen.

It is subject to the same problems we discussed in connection with the Roth amendment.

It is for that reason that I am concerned that all we are talking about here is a tax cut and not really a cut in spending. If this amendment should be adopted, the net result would be an enormous increase in our deficit and a similar increase in inflation.

I believe Senator ARMSTRONG does us a service to bring this amendment to us, because I think we need to keep pressure on the spending side, and I join him in that objective.

As a political realist, I think it is best to stay with the resolution and stay on track until 1980 and give us room for a tax cut in 1982.

I was home during the recess, as was the Senator from Colorado, and I did a great deal of talking and listening to my constituents. I am convinced that, at least in Oklahoma, our constituents are willing to go along with the present tax burden, in the anticipation that we will balance the budget in 1981, and that then we can have the tax reduction in 1982 that they all deserve and feel entitled to; and at that time, we can have it without increasing the inflationary pressures.

So, Mr. President, I must oppose the Armstrong amendment.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. I yield myself not to exceed 5 minutes.

Mr. President, I should like to respond briefly to the Senator from Oklahoma. I think he has stated correctly the way we can get this budget in balance, and that is by controlling new spending.

I think that, with rare exceptions, it is not realistic and not politically feasible to talk about making large reductions in existing programs that have important constituencies.

I do not mind saying that there are programs I could cheerfully abolish, and I have advocated that, and I have been completely candid with my constituents.

I have said to them, "I want to abolish CETA. I want to abolish Conrail. I want to get rid of some of these programs." But that is not what this amendment would do.

I ask if the Senator from Oklahoma would reconsider his thoughts on this amendment, particularly with respect to the relationship between what we are proposing and present spending levels; because I stress that we are not talking, with a handful of exceptions, about reducing present spending levels.

Under this amendment, if it is adopted, we are talking about an increase in spending for function 050, national defense, an increase in function 150, international affairs; increasing, not cutting, function 250, general science, space and technology. We are talking about an increase in function 270, energy, and in natural resources and environment, function 300.

We are talking about a decrease in function 350, which is the agriculture function.

The number recommended in the Armstrong-Domenici amendment is actually a substantial reduction over the present spending level, but it is the same number which is recommended in the resolution sent to the floor by the committee.

The reduction arises simply as the result of improved crop prices and a projection of what will be necessary to fulfill the needs. So there is a cut there, but it is a cut about which there is no controversy so far as I am informed.

We are talking about an increase, a fairly substantial one, in function 370, commerce and housing credit, under my amendment. We are talking about increasing function 400, transportation. We are talking about an increase in function 450, community and regional development. I beg your pardon. I misspoke myself. That is one of the four which we are not increasing. We are talking about an increase in the health function. We are taking about increasing income security. We are talking about an increase in veterans. We are talking about an increase in function 750, administration of justice. We are talking about an increase, and a substantial one, in function 850, which is general purpose fiscal assistance for the States; that is revenue sharing.

We are talking about a cut, and I must say a cut that I am proud of, in function 800. We are talking about a cut of 0.2—that is, $200 million in that function, and $100 million of that is for the construction of the Philip Hart Office Building over here on the corner which must be one of the most prominent examples of Government waste and extravagance ever to come down the pike. I think that should be cut. My own belief is we should leave that office building standing there unfinished perhaps forever but at least for a number of years and that the greatest thing we can do would be to leave it there as a monument to the fact there is at least a stomach-turning point at which we are going to stop spending money.

The other cut of interest 0.1, of $100 million, in this function, is a cut in the $1 billion operation of Congress itself, and it is largely symbolic. It is a cut we can easily accommodate. I thought if we are going to preach to the country a gospel of restraint perhaps the place to start would be with Congress itself.

Let me again say to my friend from Oklahoma and others this is not a tight budget proposal. This is not a series of drastic cuts. In fact, with a handful of exceptions, it is not a cut at all. It is actually an increase over last year and the only distinction between what the Budget Committee brought and Senator DOMENICI and I brought to the Chamber is we are not letting spending rise as rapidly as the Budget Committee. We are following exactly the prescription which the Senator from Oklahoma himself recommended, that is to say, you cannot cut out existing programs for the most part but just slow the rate of increase in spending, so I think this is a moderate and commonsense approach.

Mr. BELLMON. Mr. President, will the Senator yield for a question?

Mr. ARMSTRONG. I yield.

Mr. BELLMON. As I understand the information we have relating to the Armstrong amendment, function 600 would be cut by some $6 billion. That is the income security function.

Mr. ARMSTRONG. No. If I may refer the Senator to the functional summary, there will be a reduction from what is recommended by the Budget Committee but actually an increase of some $21 billion over the current year.

Mr. BELLMON. The Budget Committee resolution does not anticipate any new spending programs. It simply makes room for the lawfully mandated cost-of-living adjustments in the income security function.

The PRESIDING OFFICER. The Senator's 5 minutes have expired. Does the Senator yield himself more time?

Mr. ARMSTRONG. Yes, I am happy to.

Mr. BELLMON. We have plenty of time. I am glad to yield 2 minutes.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me for a request at this moment?

Mr. ARMSTRONG. I yield.

Mr. ROBERT C. BYRD. I thank the Senator.

This request is very pertinent at this time.

Mr. President, I ask unanimous consent that any rollcall vote ordered on this amendment and other amendments to follow in relation to the motions, et cetera, begin at the hour of 2:15 p.m.; the first rollcall vote is ordered to begin at the hour of 2:15 p.m., and any subsequent rollcall votes be ordered back to back thereto.

Mr. MUSKIE. Could we provide that the second and third votes be 10-minute votes?

Mr. ROBERT C. BYRD. Yes. I add that to my request.

The PRESIDING OFFICER (Mr. EXON). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank all Senators.

Mr. BELLMON. Mr. President, the point of my question is that the Senator from Colorado has been saying his amendment does not contemplate actual cuts and that really it is a substantial add-on from the 1979 budget level, and that simply is not the case. If we were to accomplish the $6-billion reduction from the budget resolution that the amendment of the Senator from Colorado recommends, we would have to amend the law and reduce the spending for all the income security programs below the cost-of-living levels presently mandated. I think that point should be made.

Mr. ARMSTRONG. I think we can agree that the amendment which Senator DOMENICI and I have recommended is in fact a $21-billion increase over last year. I think the Senator's point is correct, that it would require program changes to hold the rate of increase in spending to a $21-billion increase. The justification for the program changes, that is, the changes in existing programs that are required, are detailed beginning at page 163 of the committee report.

In my opening remarks I pointed out that these were not off-the-wall suggestions that someone had thought up on the spur of the moment. The proposed changes which are incorporated in the Armstrong-Domenici amendment are, with very few exceptions and none I think in function 600, changes that have been recommended by such agencies as HEW, the Senate Finance Committee, and the General Accounting Office, so the assumption underlying our figures is simply we are going to enact the needed reforms which have been agreed to by these groups and even then, even with the reforms, permits spending to go up in this function by $21 billion.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, how much time do I have?

The PRESIDING OFFICER. Forty-eight minutes.

Mr. MUSKIE. How much time does the distinguished Senator from Colorado have remaining?

The PRESIDING OFFICER. Fifteen and one-half minutes.

Mr. MUSKIE. I am willing to reduce my time to, say, 12 minutes if the Senator is, and I ask if the Senator will be inclined to reduce his in any degree? I am simply trying to save time for other amendments, as the Senator knows.

Mr. ARMSTRONG. Mr. President, my understanding is that we are going to now lay this amendment aside and take up the amendment of the Senator from Kansas. I have nothing more to add at this point and I am happy to reduce the time remaining to me. I have 15 minutes. Let me say I will reduce it to 10 minutes and will expect to yield back most of that unless for some reason it is needed at the time.

Mr. MUSKIE. Then let me make my argument which will not be long and if the Senator from Colorado at that point desires to use some of his time to respond, then at that point we might be able to agree on yielding back time.

I make the suggestion, may I say to the Senator from Colorado, not because I underestimate the significance of his amendment, either from his point of view, or the point of view of his cosponsor, or the country, but I think we have covered a lot of ground, that should be covered in the debate, in the debate on the Roth amendment before, at least from my side of the debate.

Mr. President, there is one observation I shall make about these two tax reduction proposals that I neglected to make in the debate on the Roth amendment; that is, unlike the tax cut proposal, or many of them, of last year, which rested wholly upon the merits of a tax cut or no tax cut policy, these have been tied to cuts in outlays. As I understood the debate last year, the debate was that a tax cut would serve the public interest, one, by reducing the share of the Government in the income of the country; second, that it would have a beneficial effect upon the economy which in the long run would not have the effect of reducing the Government's revenues, and would have the effect of stimulating economic activity. That may be an oversimplification of the arguments for last year's tax cuts but this was the perception of them that I had.

I opposed them last year in part because I felt the short-run effect would be to increase the deficit, the reflows to be expected would not be so quickly realized that they would offset the risk of a larger deficit resulting from the tax cut and, second, that the reflow effect hoped for by the proponents would not be realized, that the effect they hoped for was really exaggerated in terms of our actual experience.

But this year what we have before us, and I think that we have it in this form this year because of the preoccupation with the size of the deficit by the public as well as Members of this body, is tax cuts tied to reductions in outlays.

I do not want to get into a detailed debate on the specifics of the outlay reductions proposed by the Senator from Colorado. In the first place, I am not sure I have 100-percent accurate information on that, and I do not want to be in the position of distorting his amendment. I am even hesitant to put in the RECORD the table I have which represents the staff's best effort of getting the details as to where the cuts would fall if the Senator's preferences were followed. I think they are reasonably accurate. There may be a sufficient discussion of them in the RECORD so that I need not put this in the RECORD lest it be inaccurate in any degree.

What concerns me is the total of the proposed cuts. As I understand what the proponents of the amendment are saying, as in the case of the Roth amendment, it is about $17 billion.

Again repeating, as I have nothing new to say, the prospect of getting this Congress to reduce outlays, wherever they fall—and $6 billion of them would fall in the income security sector—the prospect for outlay cuts of an additional $17 billion, in addition to the $3.6 billion the Senate mandated yesterday, is totally unrealistic. It is not going to be done. And, as my good friend Senator BELLMON said in the debate on the Roth amendment, what we would probably get if this amendment passed is the tax cut, with its impact in raising the deficit, without the outlay reductions which would offset that potential increase in the deficit, so that the net result would be an increase in the deficit, whatever was achieved by way of outlay cuts. That, I think, the national economy cannot stand; that, I think, the national budget ought not to reflect; that ought not to be the signal we send out to the country, at a time when the country is preoccupied with inflation to the almost total exclusion of other national issues.

Inflation is the enemy. Inflation is the fight we ought to be fighting. The people are saying that. They are saying it to me whenever I go back home. They are saying it in the polls. They are saying it whenever they can get one of our ears to speak to.

So our policy must be one of restraint; and on the issue of tax cuts, what I get from my people is this: Tax cuts can wait until we balance the budget. They are willing to make that contribution to balancing the budget. I am willing to make that contribution to balancing the budget. After all, tax cuts would benefit me; I am a taxpayer as well as the constituents I represent. But we can wait on tax cuts, and that is what the budget resolution says.

The budget resolution says that if we practice the restraint that is reflected in this resolution in fiscal 1980 and fiscal 1981, we can have a $55 billion tax cut in 1982.

That is not an absolute certainty, because we cannot be sure what the fiscal policy represented in the second concurrent budget resolution, or in that resolution as modified by the Armstrong amendment, would achieve in terms of the national economy in 1982. There are uncertainties about the future impact of whatever policy we adopt.

But I say to the Senate—and it is backed up, I think, by the net effect of the testimony we received in the Budget Committee—that if we follow a policy of restraint such as is represented in this budget, that is our best hope of reducing inflation, slowing it down, avoiding a deep recession, and coming up, in 1981 or 1982, with an economic environment which would make a balanced budget possible, with a tax cut to follow.

That is what we are advocating to the country. We cannot guarantee it, any more than Senator Armstrong can guarantee the beneficent economic effects he predicts if his policy were adopted.

I must say, Mr. President, I often wish these days, as I listen to the debate in the Senate, that someone else's policy would prevail, so that I could then be on the outside, criticizing the results of that policy. The chances are that I would have opportunities to criticize if Senator Armstrong's policies were adopted, just as he will probably have an opportunity to criticize the results of mine, if mine is adopted. That is the nature of the economic science, if you can call it a science.

But at any rate, I think asking for an additional $17 billion in outlay cuts in 1980 is not realistic. In fact, I think, given the increases mandated yesterday in defense, the chance of achieving the cuts provided in the reconciliation instruction is less likely. The fact that we voted reconciliation yesterday to the point of $3.6 billion does not mean we have yet realized $3.6 billion in savings. After all, those savings were assumed in the first concurrent resolution and have not been realized, because the committees have not made it possible to realize them.

Now we are asking the committees to take another look at them, and to make it possible to realize this $3.6 billion in savings. But they have not yet been realized, and they may not be; and if there is the reaction in the House-Senate conference on the budget to the increases in defense that the Senate ordered yesterday that we have had in previous conferences, the House may be very reluctant to agree to the reconciliation instruction and the savings embodied in the reconciliation instruction.

So, Mr. President, I say to my good friend from Colorado—and he has been, despite our disagreements on policy, on theory, and on objectives, a constructive, positive, and very congenial, I may say, member of the Budget Committee; and it is a pleasure to have opposition of that caliber and that quality on the committee, because these issues must be raised, they must be debated, and they must be resolved. It is always more of a pleasure to be engaged in that kind of a debate with a gentleman like the Senator from Colorado than it is with more abrasive opposition. So I welcome his membership on the committee, and I think he is performing a useful public service in the committee by raising those questions there, as he has on the floor.

My disagreement with him is wholly on the merits. We have different perspectives and convictions about what can be done, as well as what ought to be done.

It is in that spirit, Mr. President, that I oppose his amendment, for largely the same reasons that I opposed the previous amendment.

I reserve the remainder of my time.

Mr. ARMSTRONG. Mr. President, I rise only briefly, first, to express my appreciation to the chairman for his kind words, and to say to him, as I have on other occasions, that I admire his leadership and very much appreciate his friendship.

I have only two or three brief points. First, by way of clarification, I ask unanimous consent to have printed in the Record at this point a functional comparison of the pending amendment with the pending budget resolution, and also a comparison with last year's figures, for whatever help it may be to those who are interested.

There being no objection, the table was ordered to be printed in the Record, as follows:

OUTLAY LEVELS

[Dollar amount in billions; fiscal years]

Function	1979[1]	1980 FCR[2]	1980 SBC 2BR Rept.[3]	1980 Armstrong-Domenici amendment
050 National defense	$117.1	$124.2	$130.6	$130.6
150 International affairs	6.9	7.9	8.3	8.1
250 General science, space, and technology	5.0	5.5	5.7	5.6
270 Energy	6.8	6.8	7.0	7.0
300 Natural resources and environment	11.7	11.7	11.9	11.8
350 Agriculture	5.9	5.4	2.6	2.6
370 Commerce and housing credit	2.5	3.2	3.0	3.0
400 Transportation	17.4	18.2	18.6	17.6
450 Community and regional development	9.0	8.1	8.4	8.2
500 Education, training, employment, and social services	30.4	30.5	30.5	28.0
550 Health	49.8	53.6	54.2	52.7
600 Income security	161.6	183.3	188.7	182.7
700 Veterans benefits and services	20.3	20.6	20.6	20.5
750 Administration of justice	4.2	4.4	4.4	4.3
800 General government	4.2	4.3	4.2	4.0
850 General purpose fiscal assistance	8.6	8.1	9.3	9.4
900 Interest	52.7	56.0	58.1	58.1
920 Allowances	.1	−.1	−.1	−5.0
950 Undistributed offsetting receipts	−18.4	−19.7	−19.7	−19.7
Total[4]	496.2	532.0	546.3	529.5

[1] Congressional Budget Office estimate, Aug. 6, 1979.

[2] First Concurrent Resolution.

[3] Second Concurrent Resolution on the Budget, fiscal year 1980, as of 10 a.m., Sept. 19, 1979.

[4] May not add due to rounding.

Note: Assumes CBO multipliers for tax cuts and transfer payment reductions, and reductions of Federal outlays relating to transfers and grants; assumes a marginal tax rate of 0.27 percent of GNP; all calculations by Senate Budget Committee. 1980 calendar year tax cut equals $23,700,000,000, assuming an across-the-board rate cut in the personal income tax. If corporate reductions included, calendar year equivalent would be slightly larger. 1981 calendar year tax cut equals $28,000,000,000, assuming an across-the-board rate cut in the personal income tax. If corporate reductions included, calendar year equivalent would be approximately the same.

Mr. ARMSTRONG. Second, the distinguished chairman pointed out quite correctly that I cannot guarantee the specific beneficent economic results which I would hope for as a result of the tax cut. Professor Laffer has one set of calculations, someone else has another set, I have my own ideas about the nature and extent of the reflows flowing back into the Federal Treasury as a result of tax cuts with increased productivity, and so on and on.

The specific formulation which would be the most favorable to my amendment is the concept advanced by Professor Laffer. I have not used that as the assumption in my amendment. In fact, for the very reasons which Senator Muskie pointed out yesterday, the dangers of using four or five different sets of economic assumptions, I have, instead, relied upon the data furnished to us by the staff. We have assumed in our amendment the CBO multiplier for tax cuts and transfer payment reductions and also for the reductions in Federal outlays relating to transfers and grants.

In other words, we are using a set of figures which, frankly, handicaps the appreciation of our amendment. At the appropriate time, I should like to join with others who have some real questions about the economic assumptions that are built into the CBO model. In the meantime, it seems wise to me for us all to use the same basic economic assumptions. That is what we have done.

Finally, I appreciated the chairman's discussion that, perhaps, at some time, my point of view will prevail. Mr. Chairman, I would bet you the biggest lunch in town that my point of view will prevail in 1980, that there will be a tax cut. I do not know whether I am going to win on this amendment, but I think there is going to be a tax cut in 1980. I think this body will enact a tax cut in 1980. The very essence of my argument is that we ought to leave room for it. Time will tell whether I am right, but I am pretty sure that with the recession in full bloom, with unemployment rising, with productivity declining and with a big election looming in November of next year, there is going to be a tax cut.

Senator DOMENICI and I are just saying, let us leave room for the tax cut in our budget projection.

I reserve the remainder of my time, Mr. President.

Mr. MUSKIE. Mr. President, I yield myself just 2 minutes.

I am glad the distinguished Senator from Colorado has raised the question of whether or not, sometime in the next 6 to 12 months, there will be or ought to be a tax cut. It is quite conceivable that, if the economy continues to deteriorate, and especially if it deteriorates to a greater degree than appears now to be the consensus of the Congress, the Budget Committee will reconsider its own view of the need for a tax cut, for the purpose of fighting a deep recession. That is a different question, at least from my perspective, than the decision that we must make today.

We should not always try to anticipate, just in order to be the first, the need for a change in economic policy, whether it is a tax cut or an increase in spending for some emerging problem that had not been anticipated. Of course, we need to be flexible enough to respond, but we should not necessarily be premature in making such judgments. So timing is a very important question.

The Budget Committee, in the last 5 years, has advocated and supported tax cuts. I think we have had two major ones since the beginning of the budget process. The first one was for the purpose of countering the recession. The second one was for the purpose of stimulating the economy. And we may need a third. We should never foreclose that possibility and the Budget Committee does not foreclose it at this time. For the time being, we think that the changes in the economic indicators that we have experienced since the spring do not suggest that this is the time to move from a policy of restraint to a policy of stimulus.

The big change that has taken place since the spring has been in the rate of inflation. I think it was the Senator from Colorado or one of his associates who used 14.9 percent instead of 13-plus percent as the current rate, on an annual basis, of inflation. So inflation has been the dramatic change since the spring, above the forecasts of CBO and above the forecasts upon which the first concurrent resolution was based.

Unemployment has not changed as much as even the July forecast of CBO has projected. So when you have economic indicators that emphasize the changes in inflation rather than the dangers of recession, what do you do at that point? I think that if you want to maximize the clout, whatever clout fiscal policy has against inflation, this is the time to hold steady on that policy. If it changes, if it worsens, and we cannot control that with fiscal policy altogether, then we consider what we do at that time. And the budget process is flexible enough. We do have available to us the possibility of a third concurrent resolution if that becomes important. We have used the third concurrent resolution before for a similar purpose; we can use it again.

At the moment, I think the restraints in the second concurrent resolution are the appropriate and the relevant and the wise course for us to follow at the present time.

Mr. STEVENS. Mr. President, I applaud both Senators ROTH and ARMSTRONG for their proposals which reduce the 1980 spending levels to provide for a tax cut. The Budget Committee recommendation to postpone any tax relief until 1982 will result in unprecedented and dangerously high tax levels. Between fiscal years 1980 and 1984, for instance, Federal taxes will increase by $193 billion, bringing revenues, as a percentage of GNP, to their highest levels in history.

I believe that a strong case can be made for immediate initiation of tax cuts. The Budget Committee argues that this would exacerbate inflation and postpone our goal for a balanced budget. The very structure of the pending amendments, however, discount this argument. Tying any tax cuts to spending limits will leave the total deficit figures unaffected and thus will not contribute to a higher rate of inflation. In addition, to the extent that our progressive tax system allows inflation to automatically increase the tax burden, a portion of any substantial tax cut would not greatly increase personal spending, but would simply allow taxpayers to maintain their present standard of living. We owe our constituents at least that much.

Besides the benefits afforded to individual taxpayers, properly structured reductions in income and payroll taxes will be needed to counter the effects of the current recession. Increasingly disturbing economic data demonstrates the need for incentives to improve capital investment, personal savings, and job producing business growth. A recent GAO report revealed that taxpayers are very responsive to changes in their after-tax incomes and many have found their work incentive dwindling with the size of their take-home pay. By cutting taxes and allowing workers to retain a larger portion of their earnings, we would stave off a further deterioration of the work incentive; a vital component for recovery from this recession.

Mr. President, although I do not agree with the conclusions endorsed by the Budget Committee, I understand their reluctance to support a tax cut in 1980. But if history is any indication, political pressures in the upcoming election year will be such that a tax cut will pass Congress. We would be naive to think otherwise. Given political reality then, it would seem prudent for us to provide for the inevitable in the budget resolution. By identifying now, those areas where spending can be cut, we will mitigate any possible inflationary effects an unplanned tax cut could bring to the economy.

Mr. President, inflation has been targeted as this Nation's No. 1 problem. There are many causes and aspects of inflation, some of which, such as OPEC price increases or the weather's effects on food costs, are beyond our control. Where control can be exercised, however, we have a responsibility to act. I doubt if anyone would contest the Federal Government's complicity in the exacerbation of inflation. We have a responsibility, therefore, to exercise fiscal restraint by reducing both taxes and spending and demonstrating to the people we serve that Congress is serious about its commitments.

● Mr. HART. Mr. President, at this time I wish to state my views regarding Senator ARMSTRONG's proposed amendment to the second budget resolution. Senator ARMSTRONG has proposed that Federal outlays be cut $15 billion or so in 1980 and about $15 billion in 1981. He has also proposed that taxes be cut $13 billion in 1980 and $24 billion in 1981. This proposal would produce a budget deficit of approximately $28 billion in 1980 and a balanced budget in 1981.

I cannot support this proposal because it decreases—by a severe amount—Federal spending on health, income security, employment and training, and natural resources. It also proposes that categorial grants to State and local governments be cut 5 percent across the board without specifying which grants would be cut. Furthermore, it would increase revenue sharing at a time when the States are asking the Federal Government to reduce its spending.

Mr. President, we should balance the Federal budget in 1981. We must reduce Federal spending as much as possible, and we should grant tax cuts wherever possible. But, I don't believe Federal spending can be reduced by this large amount without severely hurting recipients in great need of these programs.

As my colleagues know, last fall and again this spring, I offered a proposal to trim the rate of growth of Federal spending, coupled with tax cuts as large as possible in 1982, consistent with balancing the Federal budget in 1981. That proposal is now part of the Senate budget resolution.

The question is whether we should trim Federal spending by very severe amounts in order to cut taxes before 1982. Many people claim we should not balance the budget on the backs of the taxpayers. By the same token, we should not balance the budget by increasing the hardships of low-income and unemployed people. Adequate medical care, adequate food, adequate education are very important Federal objectives, and outlay cuts as proposed by the other Senator from Colorado are inconsistent with these objectives.●

Mr. MUSKIE. Mr. President, I am prepared to yield the remainder of my time on this one so we can turn to another amendment, but I do not want to put pressure on the Senator to do so.

Mr. ARMSTRONG. Mr. President, I think the case has been well stated on both sides and I yield back the remainder of my time.

Mr. MUSKIE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have not been ordered.

Mr. ARMSTRONG. Mr. President, it was my understanding that, under the unanimous-consent agreement requested by the majority leader, the yeas and nays had been ordered and set for 2:15 this afternoon.

The PRESIDING OFFICER. The instructions by the majority leader, agreed to unanimously, were on questions on which the yeas and nays had been requested.

Mr. ARMSTRONG. I beg the Chair's pardon. In that case, I believe the correct procedure is for me to ask for the yeas and nays at this time, and also to suggest the absence of a quorum if the number is not present to achieve a second.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum. I hope not too much time will elapse until another amendment is brought to the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 564

(Purpose: To increase Federal revenues for fiscal 1980, 1981, and 1982)

Mr. MELCHER. Mr. President, I have an amendment that I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER) proposes an unprinted amendment to amendment No. 434, as amended, numbered 564.

On page 5, line 14, strike "$514,700,000,000" and insert in lieu thereof "$516,300,000,000".

On page 5, line 15, strike "$603,600,000,000" and insert in lieu thereof "$607,200,000,000".

On page 5, line 16, strike "$658,400,000,000" and insert in lieu thereof "$662,000,000,000".

On page 5, line 20, strike "+$2,000,000,000" and insert in lieu thereof "+$3,600,000,000".

On page 5, line 21, strike "+$9,700,000,000" and insert in lieu thereof "+$13,300,000,000".

On page 5, line 22, strike "−$38,700,000,000" and insert in lieu thereof "−$35,100,000,000".

On page 6, line 11, strike "−$31,600,000,000" and insert in lieu thereof "−$30,000,000,000".

On page 6, line 12, strike "+$6,800,000,000" and insert in lieu thereof "+$18,400,000,000".

On page 6, line 13, strike "+$9,300,000,000" and insert in lieu thereof "+$12,900,000,000".

On page 6, line 16, strike "$890,700,000,000" and insert in lieu thereof "$889,100,000,000".

On page 6, line 17, strike $916,800,000,000" and insert in lieu thereof "$911,600,000,000".

On page 6, line 18, strike "$946,700,000,000" and insert in lieu thereof "$937,900,000,000".

On page 6, line 21, strike "$60,700,000,000" and insert in lieu thereof "$59,100,000,000".

On page 6, line 22, strike "$86,800,000,000" and insert in lieu thereof "$81,400,000,000".

On page 6, line 23, strike "$116,300,000,000" and insert in lieu thereof "$107,900,000,000".

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. MELCHER. Mr. President, I am offering this amendment to the concurrent budget resolution to provide additional revenues in the amount of $1.6 billion for fiscal 1980 and $3.6 billion for fiscal years 1981 and 1982. This additional revenue would result from modifying the amount of U.S. taxes that multinational corporations pay on their income earned abroad. It is based on Congress changing the U.S. tax law to eliminate tax deferrals on U.S. multinational foreign income and to require the reporting of profits by regular methods.

Second, a minimum tax of 15 percent would be imposed on the foreign source-book income of U.S. companies; that is, net foreign profits, after deducting foreign taxes paid.

Mr. President, I point out that, as J. P. Morgan said years ago, it is the right, almost the duty, of an American citizen to take advantage of tax laws and to avoid paying taxes when that citizen can. So I am not levying any criticism at multinationals who take advantage of U.S. tax laws to suit their own purposes.

But I am offering these modest steps that if made effective by January 1 would increase revenues of something less than the $2 billion for the 9 months remaining in fiscal year 1980 and about $3.6 billion for a full year.

Mr. President, I am offering the chance to close down some of the tax advantages that multinationals now have. I offer it on the basis of not just getting more money into the Treasury, but on the basis of helping the U.S. economy; to make it a little less attractive for multinationals to be investing their money abroad and manufacturing abroad. Hopefully, if it is a little less attractive to invest abroad that investment will occur in the United States.

Let me give a couple of examples.

It is advantageous, for instance, for Ford to make cars in Europe to escape, first of all, the Common Market duty on Fords if they were made in the United States and exported to the Common Market countries. It makes sense for them to do that.

But I do believe there is a responsibility on the part of Ford to help out the United States.

I would like to make it just a little less attractive for U.S. companies to make heavy investments in the European community and in a straightforward, legitimate, businesslike way to manufacture Fords over here: in fact to make it a little more competitive for Fords made here in the United States.

Let me give another example of a friend of mine. He is about my age, which is 55, and having made a substantial amount of money in this country, my friend finds that at this particular time in his life it would be advantageous for him to make some investment in Taiwan for, of all things, another plant manufacturing and assembling television sets, most of which are to be sold in the United States.

I asked my friend, "Is it such an advantage in labor costs that makes you choose Taiwan, to pull your money out of the United States, and put it in Taiwan?"

My friend very candidly said, "Yes, there is some labor advantage, but my accountant tells me that the tax advantages are something I cannot afford to pass up."

I said, "What are they?"

He said, "I don't know, talk to my accountant. He understands these things."

One of those advantages, apparently, is tax deferral. Tax deferral, at his age, which is about the same as mine, is a good idea. Why not defer some income during these years to bring back from Taiwan to the United States when he is retired? Following Morgan's admonition, he should. Not only for himself should he take advantage of the U.S. tax code, but also for his family.

Obviously, he can bring it back later and save quite a bit on U.S. taxes. Sometime in the future he will then pay some U.S. taxes that will be less than if he would bring them home today, and it will be advantageous for himself, for his wife, and for his entire family, the next generation of his family.

Also, because Taiwan has low taxes, it is also advantageous for the company, too, to have the plant there.

Now, he has a privilege, as we all do, not only to take advantage of those loopholes, but to also recognize that when the United States is in trouble, he has, I think, a privilege, but also an obligation to review what our economic trouble is here in the United States and to admit that a minimum U.S. tax is entirely justified.

We have in our Tax Code foreign tax credits, tax credits that are based on the fact that whatever we pay to a foreign government in taxes will become a tax credit against the U.S. taxes on the income made abroad. I personally feel that we have been overzealous in promoting multinational operations abroad and probably these foreign tax credits have gone too far.

But I do want to point out that we have some 30 different tax treaties with approximately 40 industrial nations, and to upset our tax laws at this time involving foreign tax credits would mean that those treaties, probably all of the 30-odd treaties, would have to be amended and renegotiated.

I do not seek to do that. Hence, I seek the easier path. In light of those 30-odd tax treaties with different countries, a minimum tax on foreign net profits is more reasonable, probably more equitable.

So that is the reason for including a direction or a discussion, at least, in this amendment on a minimum tax.

Now, getting back to the reasons for this proposal, why this proposal should be accepted.

First. Under present law, the profits of foreign subsidiaries of U.S. corporations generally are taxed only when profits are returned to the United States. The tax incentives provided by the present deferral and foreign tax credit rules encourage U.S. companies to establish their manufacturing operations in foreign countries rather than in the United

States. This incentive results in a great drain on the U.S. economy, U.S. jobs and the U.S. balance of payments.

Second. Even after the deferral, a minimum tax is necessary because many U.S. companies would still largely be able to avoid paying U.S. taxes on their foreign earnings by using the foreign tax credits. Since U.S.-based companies benefit from the fact that they operate from a base in the United States, it is only fair that they pay at least some minimum amount of tax on their foreign source income.

Third. Moreover, a minimum U.S. tax will permit U.S. companies operating in the United States and producing goods for export to compete on a more nearly equal basis with their U.S.-based competitors who set up their manufacturing operations in the European Economic Community (EEC) countries to avoid the Common Market duties.

Fourth. Another reason for the imposition of the minimum tax is to eliminate the competitive advantage which U.S. companies operating overseas have, compared to those operating in the United States, which results from the fact that income taxes paid to provincial, state and local governments in foreign countries qualify for the foreign tax credit while those paid to States and localities in the United States can only be deducted.

Mr. President, the bottom line on this issue is tax equity. In 1974, the last year for which we have complete figures, the effective tax rate on all U.S. corporations' income was 41 percent ($52.4 billion in U.S. taxes on $126.9 billion income), but the effective tax rate on foreign corporations' income was only 2 percent ($942 million U.S. taxes on $46.7 billion income). I cannot explain to our domestic businessmen why they should have to pay more than 20 times the tax rate of their fellow businessmen overseas.

Mr. President, offering this amendment at this point is entirely reasonable, entirely rational, and entirely justifiable; because, by our previous actions yesterday, the Senate has agreed to increased expenditures of some $4 billion extra in defense, something that we found overwhelmingly necessary to do. But it does create a larger deficit.

We are not justified in creating these larger deficits and then not reviewing what would be advantageous in our overall economic situation for securing enough taxes to minimize the amount of Federal deficit for the coming fiscal year.

This amendment I offer is a very modest step. Senators should not think that I offer this amendment simply to emphasize the need for narrowing the deficit. I offer it, also, as a requirement for the Finance Committee of the Senate and the Ways and Means Committee of the House to reexamine the U.S. code of taxation of multinationals.

I take this very modest step as one means of economic help for the United States.

All the reasons I have cited are documented and cannot be contested. I think this modest step would serve notice on the two taxation committees of Congress, and it will make sure that they pay attention to it.

I should like to make a couple of important points. First of all, let me ask who gets the benefit of these tax breaks on foreign income? Twenty percent of the companies with foreign income get 98 percent of the benefit from our tax policy on foreign income. These are companies with assets of $50 million or more. The remaining 80 percent of the companies with foreign earnings receive only 2 percent of the benefits. That is a point worth remembering.

Second, for 1974, the effective tax rate on the income of all U.S. corporations was 41 percent, but the effective tax rate on the income of foreign corporations was only 2 percent.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. I yield myself 5 minutes.

Mr. President, first of all, when one considers the amendment offered by Senator Melcher, one must bear in mind the nature of the budget resolution. The budget resolution cannot write law in any sense. It is not an appropriation bill. It certainly is not an amendment of the Internal Revenue Code, nor can it have either of those effects. It cannot force the Appropriations Committee to adopt any particular shape of an appropriation bill, whether that appropriation bill applies to defense or to social programs.

All this resolution does is to set overall aggregates with respect to total revenues, total budget authority, total outlays, the resultant deficit, and the resultant national debt. We cannot write tax law in this resolution.

So, however meritorious the proposition advanced by Senator Melcher, we cannot make it come true in this resolution.

For example, this resolution assumes an increase of $2 billion in revenues. The Budget Committee could not mandate, nor can the Senate mandate, how that $2 billion should be raised. So that without adding to the aggregates of revenues assumed, Senator Melcher could argue that the $2 billion already assumed in the resolution is to be raised by the means he suggests, but there is no way for the Senate to mandate even that.

There were preferences within the Budget Committee as to how that $2 billion should be raised. Some thought it should be raised as part of the windfall profits taxation. Others resisted that and felt that it should be raised by other means.

However, the Budget Committee properly did what the Senate must do, also—leave the first decision on that point to the Finance Committee. In other words, it is for the Finance Committtee to determine, one, whether present tax laws would raise the total of revenues assumed in the Budget Committee; or, two, if they do not, how the additional revenues should be raised or provided.

The Budget Committee cannot mandate the answer to that question, and the Senate cannot do that in this resolution.

That is not to say that it is not appropriate for a Senator to offer an amendment such as Senator Melcher has offered, in order to raise the issue and to bring it to the attention of the Senate and of the Finance Committee. But there is no way of writing the specific change in the Internal Revenue Code that he proposes in this resolution so that it has the effect of law.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. MUSKIE. I will yield in a moment.

The most he can do is to add to the Budget Committee's assumptions of additional revenue another $1.6 billion.

In other words, what he is asking us to assume is $3.6 billion in additional revenues instead of $2 billion, in the hope that the additional $1.6 billion might be raised by the means he suggests; but he can give that wish no binding effect in this resolution.

The other consequences of what he proposes if his amendment were to be adopted would be to force the tax-writing committees—the Finance Committee in the Senate—to raise $3.6 billion of additional revenues by whatever means they chose, instead of the $2 billion that the budget resolution contains. The reaction we have had to the $2 billion assumption of additional revenue has been about 90 percent resistance.

We were told by those who favor the windfall profits tax that we cannot hope to realize $2 billion the first year out of a windfall profits tax, given the other claims on the proceeds of a windfall profits tax that will be made—production incentives, conservation incentives, and so forth.

So that if we enact a windfall profits tax, we are being told that our $2 billion assumption of additional revenues is unrealistic; and the options for other sources of raising that revenue, we are told, are minimal.

The place to persuade the Finance Committee as to where additional revenue assumptions could be realized, whether it is $2 billion or $3.6 billion, is the Finance Committee. I think the $3.6 billion is an unrealistic proposition to impose on the Finance Committee, given my reading of the alternatives, whether it is this one or some other.

Since we cannot really write tax law in this resolution, I have to confine myself to the realism of the revenue assumption.

Senator Armstrong, when he debated his amendment, suggested that if faster deregulation of oil takes place, revenues will increase without any additional tax legislation.

If that happens that may be the way in which the additional revenue assumptions of the budget resolution are met. But we are indulging in guesswork when we do that.

The other alternative that confronts us is this: that if the economy worsens to a greater degree than we anticipate at the present time, if unemployment begins to climb at a faster rate than we anticipate, the effect of that development will be to further shrink Federal revenues so that the gap in revenues may be more than the $2 billion, more than the $3.6 billion, and if the economy worsens to the degree that it did in 1974–75, it could be substantially greater than any of those numbers.

So I do not think that it is wise to add to the assumptions of new revenues at this point because it could go either way. I think the $2 billion is a moderate, modest even though resisted, assumption of additional revenue, and I think we should call it at that point.

Now I am happy to yield to the Senator from Montana.

Mr. BELLMON. Mr. President, will the Senator yield to me for 2 minutes?

Mr. MUSKIE. He had asked me earlier.

Mr. MELCHER. Mr. President, I thank the chairman for yielding, and he has precisely described my motivation and rationale for offering this amendment. It is not, of course, that we can tell the two taxation committees what to do and how they come about raising the additional revenue. We cannot tell them how. We can ask them, as the concurrent budget resolution allows us to do, to pay attention to these areas and to modify the law to raise the additional revenue.

As to the $2 billion, the windfall profits tax, which is part of the resolution as before us, whether or not the Senate Finance Committee and the House Ways and Means Committee actually brings this legislation to the floor is a question having that direction. The chairman has pointed out there may be offsetting features that will not allow the particular tax provision to generate an additional $2 billion.

But that is precisely the reason that I offer this amendment at this time. It is to ask those committees, and to tell them, that it is the will of Congress that they attempt to bring back to the House floor and the Senate floor such tax modification in the form of legislation.

I remind the chairman, and hope I am correct, that I am advised that the first concurrent budget resolution in the House of Representatives for last year contained room in it, as presented by my friend Congressman VANIK, for readjustment of the tax credit. That later was dropped in conference. But is was a procedure that was used by the House of Representatives in approving the first concurrent resolution. Is that correct?

Mr. MUSKIE. I think that is correct. Let me say at this point there is room in the resolution now for tax action by the Finance Committee. I am arguing against making more room, not because I am opposed necessarily to this particular approach. But I am not getting involved in that. I just think that the $2 billion of room that we have left for action by the Finance Committee is about all we can expect to be done in the present environment. I do not quarrel with the Senator's right to urge this tax course. But the problem I have is trying to find the prospects for $3.6 billion in additional revenues in fiscal year 1980 out of any prospects that have been spelled out to me. There is room in the resolution as it is, and I urge the Senator, having made his argument and continuing to make it as long as he wishes, that he urge that the room that is now in the resolution be used for his proposition, because I do not think that the result with respect to his proposition will be any different than it would be if you raised that room to $3.6 billion.

You would simply, I think, reduce the prospect that we could indeed implement that requirement of the budget resolution and, if we failed to realize that prospect, the net effect would be that we would be holding out to the public that we were holding the deficit down by a $1.6 billion figure that we cannot realize. I do not think we should hold out false prospects to the people of this country in that connection. That is my point of view.

Senator PACKWOOD is here as a member of the Finance Committee and he can address the specific proposition, I think, and even the prospects for additional revenue.

Mr. PACKWOOD. Mr. President, I appreciate the chairman's indulgence. I did just come from the Finance Committee meeting. We started out talking about energy funds. We started adding up the cost of even the credits that we wanted to have for energy conservation, for solar. My guess would be that 90 percent of the credits we would like to adopt we would like to vote for but it turns out we were going to use up more money with the credits than there is money.

So we had to think to ourselves where do we find this money? We are not quarreling with the $2 billion, and we are going to raise it and we will find it, maybe in the windfall profits tax. It may be in some other variety of devices. We will find it. I can assure the Senator from Montana that we are already hard pressed enough to cut off the $1.4 billion in savings we are going to make. We are going to be hard pressed to find the $2 billion.

So on the procedure of directing the committee to go in this direction and on the difficulty of finding it I can assure you the chairman is right.

Second, on the particular subject, deferral of foreign source income, we have marched up and down this floor twice in the last 3 years, in 1976 and last year on this subject of deferral of foreign source income. We have had long debates and we have had votes on the floor. Last year it was decisively defeated. I only learned about this a few minutes ago. As I recall the vote was around 70 to 30 if there were 100 votes. I may be off five votes on that. But it was very decisively defeated.

Third, on the merits, and if the Senator from Montana will forgive me because I am trying to pull out of my memory from the debates 3½ years ago, deferral of foreign source income, if we eliminate it, it would be one of the biggest tragedies from the standpoint of our exports of anything we could do. What we have discovered in past hearings is that only about 6 percent of the goods that are manufactured overseas come back to this country and about half of those are under the Canadian auto agreement. I questioned the merits of that, but we agreed to that years ago. Very little comes back to this country.

Fourth, if we were to eliminate deferral of foreign source income and effectively force all of those companies back to the continental United States, that is what we would do because all of the other countries in the world, the industrial countries not only allow deferral but at least as of 2 years ago only two countries even taxed the income when it was brought back, only two. The rest of them let you keep it overseas, or bring it back, because they regard the overseas markets as critical and the deferral of foreign source income serves those markets. What we discovered was that if we brought back all of the companies that now operate overseas and say, "You are going to serve those markets by export from the United States," we would be lucky to hold 20 percent of what we now serve by having those companies located in those countries.

We also discovered, and again I am digging in memory, but as I recall, over half the exporting overseas goes to countries involved in operating overseas. There are parts that are manufactured here. There will be a piece of an engine. We used to not have any of those businesses at all.

On a net jobs figure, I cannot recall whether on net jobs it exceeded a million or slightley below it, but on net jobs, deferral of foreign source income provides jobs.

If the Senator from Montana wants to go into an extensive debate on another occasion on this I will be prepared and happy to go through it at length. But recalling from mind, just from my memory what I recall, there are almost no arguments in my mind that would justify elimination of foreign source income. Also, to put it on this bill and direct the Finance Committee to do something that this Senate twice in 3 years has turned down after extensive debate and turned down the last time by an overwhelming margin, I think would be an act of foolishness considering the Senate's position.

Mr. MELCHER. I thank the Senator from Oregon for his comments. I am well aware of his position on the issues, based on previous votes. But there are two points that need to be offered in rebuttal.

First of all, the argument that we should continue to support deferrals and tax credits because other nations do it is one that I do not think holds much water. If we were talking about defense policy instead of economic policy, which we are discussing today, I wonder whether the proponents of the argument for deferral and for nontaxation by the United States of foreign profits would be arguing that we should follow France, Japan, or any other country in formulating defense policy.

I think it is apparent from the action the Senate took yesterday that we make our own decisions on defense policy. We are very apprehensive about our defense stature, and want plenty of room in this concurrent budget resolution for defense needs.

The second point, I would say to my

friend from Oregon, is that the investment income from abroad for 1976 was $29.3 billion. Meanwhile, reinvestment of foreign income overseas and capital outflows from the United States for 1976 was $12.4 billion. Imports to the United States from foreign affiliates amounted to $35.9 billion. The result is a net dollar outflow.

I think that what we ought to really be weighing here is the economic condition of the United States. What about jobs? If overseas investment creates U.S. employment and foreign tax deferral enhances U.S. employment by shipping U.S. parts overseas, I would agree with my friend from Oregon. But those parts are not adjusted on the basis of what they are worth at the time they are manufactured here and taken over for assembly into some final product.

If there is not a loss of jobs from foreign investment, why is it that the AFL–CIO and the United Auto Workers are opposed to both foreign income tax deferral and foreign tax credits even more than I am? I am not violently opposed; I am simply interested in some balance in this thing.

Mr. PACKWOOD. Can we separate the question of deferral from the question of tax credits?

Mr. MELCHER. Yes.

Mr. PACKWOOD. On the credits, what the Senator is saying is that if you have taxes overseas, you would have to pay taxes here on the same income. If we are going to compete for a market in Brazil, for example, and we set up a plant and Germany sets up a plant, so that each has to pay Brazil taxes of, say, $150, you can offset that $150, so that you do not pay an additional tax on it in the United States.

That is a matter of comity, and in many cases treaty, in all of the industrialized nations of the world. It also works in reverse. Volkswagen, in Pennsylvania, pays taxes in the United States, and they are allowed to credit their United States taxes against their German taxes. That is a matter of comity which works well for all industrialized nations in terms of comity in commerce.

Mr. MELCHER. For which we have a treaty, with which I am not tampering.

Mr. PACKWOOD. You mentioned the word "credits."

Mr. MELCHER. That is right. I am not tampering with it; I only bring tax credits in to assure you that there is a cause for concern. But I am not tampering with treaties. I am only asking for a minimum tax, a minimum responsibility and the tax treaties remain in place.

Mr. PACKWOOD. Are you talking about the deferral of foreign source income?

Mr. MELCHER. Two things: The deferral of foreign source income, and a minimum tax of 15 percent on net foreign profits.

Mr. PACKWOOD. Let the record be clear, then, about how the deferral works. If an American company like General Motors goes into a 50 to 50 partnership with, let us say, Philips, and they decide to open up a plant in China on a 50 to 50 basis, and General Motors thinks to itself, we will get this market early and get the jump on the Japanese, and they decide, for 4, 5, 6, or 7 years, to leave their earnings there, expand their plant and their sales forces, and never bring that money home, they have two problems. They cannot do it forever. Let me assure you, according to figures of 2 or 3 years ago, at least 50 percent of that money is brought home every year now. They have to do that, to satisfy their shareholders. No one is going to invest in a company that never brings its income back. As a rational shareholder, you have to ask yourself, "At some stage am I going to get something back?" So they bring about half of it back.

The biggest exporters from the United States are those companies that are overseas, because that is where the markets are, and ironically that is the reason that many foreign companies are coming here to open up. We go where we think there are good markets. In some cases we go additionally because of local component laws requiring that something be assembled in that country, under their law. We do not go to escape taxes.

According to the Treasury Department last year, if we eliminate foreign source income, it ends up being a net revenue loss to the Treasury, and we do not get any jobs and will have to find some more money.

I would inform the Senator from Montana that if he wants to go deeper into this, defer it on this bill and I will be happy to go into further hearings with the Finance Committee, and bring up to date all the data that we assembled substantially between 3 years ago and a year ago, showing that certain companies operating overseas are net job producers, net income earners, and net balance of trade surplus producers.

Mr. MUSKIE. Mr. President, how much time remains on this amendment?

The PRESIDING OFFICER (Mr. BOREN). Eighty and one-half minutes altogether.

Mr. MUSKIE. I would like very much, without unnecessarily or unfairly limiting debate, to reduce the time. How much time do we have left overall?

The PRESIDING OFFICER. There are 169 minutes left, totally.

Mr. MUSKIE. We have 169 minutes left to complete the debate on this amendment and to consider at least two other amendments. The two other amendments would require 140 minutes, and if we used up the entire 80 minutes available here, we would need 220 minutes, and what we have left is——

The PRESIDING OFFICER. One hundred and sixty-nine.

Mr. MUSKIE. So I would like very much to accommodate—I think there are three other amendments. At any rate, if it would not deprive Senators of time they think they desperately need, I wonder if we could reach an agreement at this time on a time limitation.

How much time does the Senator from Montana have remaining?

The PRESIDING OFFICER. Thirty-seven and one-half minutes.

Mr. MUSKIE. And how much time do I have?

The PRESIDING OFFICER. The Senator has 42 minutes.

Mr. MUSKIE. Do you suppose we could agree to 10 minutes on a side for the remainder of the discussion?

The PRESIDING OFFICER. Is there objection?

Mr. DANFORTH. Mr. President, reserving the right to object, I would like to proceed, if I could, against Senator MELCHER's amendment for perhaps 5 minutes or less.

Mr. PERCY. Mr. President, I would like about 2 or 3 minutes.

Mr. MUSKIE. Well, I think the 10 minutes would accommodate that.

Mr. PRESSLER. Mr. President, I would like about 3 minutes, if I could, in support of the amendment.

The PRESIDING OFFICER. Is there objection to a limitation of 10 minutes to the side on the amendment? The Chair hears none, and it is so ordered.

Mr. MUSKIE. I yield to the Senator from Missouri.

Mr. DANFORTH. I thank the chairman of the committee.

Mr. President, deferral appears to be one of the few tools we have in our law for improving our total trade picture.

I am sure it is a debatable tool, but it is there. It is one of the few things that we have right now in our Internal Revenue Code which has some effect on exports.

As opposed to that, other countries, which use the value-added tax, in effect, subsidize exports through their tax policy. We do not have a value-added tax in the United States. Some people have proposed having one. It is going to be very controversial. There are pluses and minuses. But certainly, it is a long time coming, if we are going to have one at all.

What we do have is DISC and we have deferral. That is about it. There is no doubt, I have never heard it questioned, that it has at least some positive effect on our balance of payments.

What we are dealing with here is a very serious matter; that is, that we have a very substantial trade deficit in America and it is a novelty for us. Until 1971, we never had a single year when we had a deficit in trade. Then, in 1971, we started incurring deficits and last year, we had about a $30 billion deficit, and the year before, we had about a $30 billion deficit.

Some people say, well, that is just all oil, it is all the fact that about half of the oil that we use is imported oil. Mr. President, I point out that Japan, which imports 100 percent of its petroleum, in 1977 maintained a $17.3 billion trade surplus. So the fact of the matter is that it is not all energy. It is the fact that, in the United States, trade policy has taken a back seat. Trade has been one of the underemphasized aspects of our economic situation. Trade has been a matter which has received bottom-of-the-pile treatment from the Treasury Department, not just in this administration but for a long, long history.

American business, during the time when we were expanding our own frontier westward, was content to avail itself of ever-expanding domestic markets for what we made. Now we are beginning to realize that we are going to have to deal in the world and that our economic future is going to depend very largely on our ability to do business, not only at home but throughout the world.

DISC, I am sure is not a panacea for all of our problems, but it is one aspect, one part of the picture. I would really hate to see us, in the U.S. Senate, take the position, when we are on the ropes in international trade, that we are going to weaken our stance even more than it already has been weakened.

Mr. PERCY. Will the distinguished Senator yield for 3 minutes?

Mr. PACKWOOD. Yes, I yield.

Mr. PERCY. I concur fully with my distinguished colleague from Missouri. We both have, in our States, Missouri and Illinois, a great many companies that do business abroad. Caterpillar Tractor, the largest single employer in the State of Illinois, with 50,000 jobs, creates, itself, $1 billion in balance-of-trade surplus for this country. I could not imagine any blow that would be harsher to their objective of maintaining their employment in this country by being able to expand abroad and compete effectively with other manufacturers than the amendment by our distinguished colleague from Montana. It would be just one more impediment that American business has.

We have so many impediments in contrast with manufacturers in Japan, Germany, and other countries that to add one more could break the back of industry.

I thought we had long since debated this issue. I remember going back and debating it with the former Senator from Indiana, Mr. Hartke. I think the proof is absolutely there that giving us the flexibility to manufacture abroad creates jobs here at home and creates exports.

We have official studies and private estimates showing that from one-fourth to one-half of total U.S. exports go to foreign affiliates of U.S. firms. Secretary Vance has said that nearly 10 million American jobs depend on U.S. exports. This means that between 2.5 million and 5 million American workers are producing exports to foreign affiliates of American companies.

By requiring every American plant to pay taxes before it repatriates those earnings, we put them at a disadvantage with other countries that are stimulating and encouraging their manufacturers.

We are simply putting barnacles on them and discouraging them.

The Governmental Affairs Committee right now—with the help of our distinguished colleague (Mr. COHEN), is working diligently to reorganize the whole approach the United States is taking, because we realize that we have fallen so far behind Germany, Japan, and other countries that are big in exports, creating balance of payments, creating surpluses, overcoming their deficits, paying for their oil imports that way. We are doing a magnificent job in one area, agriculture; we are lagging in the field of manufacture. To add then another load on the manufacturers, to whom we are looking now to create increased markets, I think, would be very, very counterproductive.

Last year, Arthur Andersen & Co. did a study using actual tax records of 88 companies for the year 1976. This was a rich sample. The participating companies are estimated to account for 37 percent of U.S. foreign manufacturing profits.

It is true that business sponsored this study, but the reputation of Arthur Andersen & Co. for objectivity needs no defense.

The results show that the U.S. Treasury would only obtain increased revenues if everything stayed the same. The companies would then have paid $206 million more in taxes. But, if they acted in their best bottom-line interests, the results would be far different. The U.S. Treasury would collect $153 million less while foreign governments would have a windfall in withholding taxes of $377 million.

I have manufactured in a dozen countries abroad and distributed in over 100 countries. From my own personal experience, I can say that there are just so many loads that American industry can carry and still remain competitive. We are already trying to work on some where we are so far behind other countries—amortization, depreciation. That is where our advantage is today. We need the experience of brushing up against other manufacturers abroad just to see that we do stay competitive in worldwide markets. I think the rejection of this amendment would be in the interest of all those objectives and goals that we have long sought.

Mr. PACKWOOD. I thank both the Senator from Illinois and the Senator from Missouri.

Mr. President, I want to correct the RECORD. I indicated that we had voted on this last year and the vote was roughly 70 to 30. It was on October 9. The vote to defeat an identical motion was 61 to 17.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I assume the Senator from Montana might like to use some time at this point.

Mr. MELCHER. Mr. President, first of all, let me explain to my learned colleagues, in case they have not had the opportunity really to examine this, that the question of deferral is treated with a minimum tax. It is important to keep that in mind.

What about the deferral? As the Senator from Oregon has said, over 50 percent of foreign income comes back to the United States. One-half is brought home. Why not bring one-half home? Why not? That is the part that is sheltered by the foreign tax credit part of U.S. tax codes. It comes home, but no tax is collected. It is sheltered.

Why not leave one-half abroad? That is only good business. Perhaps the Senator from Oregon was not here when, in my opening remarks, I reminded the Senate of what J. P. Morgan said, about a century ago. It is not only the right of every U.S. citizen to avoid paying taxes, it should be considered a duty. So why not bring half home under foreign tax credits? It is sheltered. They are not going to pay tax on it.

Why not leave the other half over there in a foreign country? Why bring it home? It would have to be taxed.

So the question of deferral goes right with a minimum tax. Sure, if you want to collect any taxes, you will not have deferral and you will also have the minimum tax. They do go together.

Now, what about deficits? Whom are we trying to kid as to why we have had trade deficits in the United States now for the last few years? We have trade deficits because of the price of oil, and those deficits are going to increase. Sure, I want to make us more competitive abroad. That is really what I want to do.

The Senators mentioned agriculture, and where does agriculture come in on the basis of a deferral or a tax credit? We have agriculture going forward on exports from the United States and they do not need deferral, nor could they use it, nor could they use tax credits. They are not available to them and yet we are the most competitive nation in the world in agricultural exports.

The question now of getting more of our manufactured goods abroad is being met in two ways and one is by the devaluation of the dollar.

We will sell much more abroad because it is much more attractive as long as economics continue to force devaluation of the dollar.

But that is a nonsensical way of increasing our exports of manufactured goods. That is self-defeating.

What I am trying to do here is make our economy just a little bit stronger, to make it a little less attractive to invest abroad, and increase our productivity here.

How did Japan get so much of their market abroad? Some of it was through our benevolence in our trade policies, but also it is because they increased their productivity. They did not do it by building plants abroad, they did it by building plants in Japan and becoming more productive and making their existing plants in their country more productive.

That is exactly what this proposal would help to do, increase our productivity here. It would make it more attractive for investment here in the United States as compared to investment of profits abroad.

Mr. President, I reserve the remainder of my time.

Mr. MUSKIE. Mr. President, I have no more than 30 seconds or so.

I have listened with interest to the debate on the merits of the proposal. I found it an educational exercise and appreciate the opportunity to listen.

But what I am concerned with here as chairman of the Budget Committee in this budget resolution is that what is involved is not the merits of this or any other amendment to the tax code. We cannot write an amendment to the tax code in this resolution.

What is involved is whether or not $2 billion of assumed additional revenue is all we can realistically expect as a contribution to a reduction in the deficit.

I think it is all we can expect, and to add the $1.6 billion of this amendment to that expectation is, in my judgment, unreal.

Whether or not the Senator from Montana's proposition should be the means of raising the $2 billion assumed in the budget resolution is a legitimate process for consideration, but not by this Senate at this time, not on this resolution.

I think the $2 billion figure is the realistic figure on revenue expectations. For that reason, I would oppose the amendment, which would raise those expectations.

The PRESIDING OFFICER. Who yields time?

Mr. MELCHER. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MELCHER. In closing, Mr. President, the point has been made that the Senate has discussed this before.

Sure, it has been discussed before. But it should be discussed again. It is time it is reevaluated now, particularly in light of the fact that Germany and Japan are moving to end deferral, because conditions have changed.

We need to help our economy now.

The measure before us is a concurrent budget resolution. We need to have some direction of where we are going in the coming fiscal year and the year beyond that.

Consideration of this issue, of course, must be by the Finance Committee and by the House Ways and Means Committee. But it is entirely proper to address the subject in our final concurrent budget resolution and to recognize that by our vote we indicate to those two committees to reevaluate the situation at this time as it affects the U.S. economy.

I think it is time we do that. I believe it is time we helped the U.S. economy. I say that this is one way we can do it.

I hope the Senate can agree to the amendment.

Mr. JAVITS. Mr. President, I oppose any removal from the tax laws of the so-called deferral of U.S. taxes on foreign source income until it is actually received by the U.S. taxpayer.

No other country in the world taxes such income until it is repatriated, and some countries, such as France and the Netherlands, do not tax foreign-source corporate income at all because they realize the importance of strong overseas affiliates in maintaining a high level of exports and jobs back home.

This issue was thoroughly aired during last year's debate on the tax bill, and during that debate it was demonstrated clearly that any removal of deferral would be very harmful to American exports, provide at least 8 million jobs in the United States. Elaborate studies have shown that foreign affiliates of U.S. companies account for about 25 percent to 30 percent of U.S. exports by buying components for their U.S. factories, and by having their distribution systems pull through other complementary products from U.S. factories.

Senator MELCHER has indicated that he seeks to raise additional revenues by eliminating deferral. The exact opposite result would, in fact, occur. In April, 1978 Arthur Anderson & Co. undertook a study, entitled "The Elimination of Deferral: The Effect of Additional Foreign Tax Payments on U.S. Treasury Revenues and Company Tax Costs," which concluded that:

> If deferral is eliminated . . . there would be a substantial additional tax cost to the companies, a substantial revenue loss to the Treasury and all of the revenues would go to foreign governments. In short, if deferral is eliminated, the U.S. companies and the U.S. Government would both be losers and foreign governments would be the beneficiaries.

In conclusion, Mr. President, we cannot afford to lose both our export markets and U.S. revenue at this critical time of danger for the United States and international economy.

● Mr. DOLE. Mr. President, the amendment introduced by the Senator from Montana is misguided. It would place American-based firms at a serious competitive disadavantage. There is not a single country in the world that I am aware of that taxes income until it is repatriated. Many countries do not even tax the earnings of foreign subsidiaries at all.

Mr. President, it has been a well settled principle and American tax law that a domestic company should not have to pay taxes on their profits earned by foreign subsidiaries until those profits are received as a dividend. The unrepatriated income which is subjected to tax by the foreign governments is needed for the expansion of the business abroad. It is not good policy to subject those earnings to U.S. tax when they are not brought back to this country.

Mr. President, the Senate has discussed this issue before. Last year during the consideration of the Revenue Act of 1978, an amendment introduced by Senators CHURCH and KENNEDY was resoundly defeated.

The defeat was by the margin of 61 yeas to 17 nays. The Senate is on record of continuing this sound principle.

Over the past years, Congress has addressed deferral on many occasions. I am satisfied that actions taken in recent years have eliminated some of the potential abuses in deferral. For example, in the 1976 Tax Revenue Act, Congress tightened the law. Foreign personal holding companies, foreign base companies, and other foreign operations are strictly regulated. The current law and regulations are very detailed and specific and leave little room, if any, for tax avoidance.

Last year, released to the President was a Treasury recommendation that deferral not be eliminated. The Treasury Department indicated that the elimination of deferral, which in the long run results in a loss of revenue to the Government since it will encourage foreign countries to impose higher taxes on income withdrawn from their countries than they would if deferral were retained.

The memorandum also supported my argument that to deny tax deferral means that income from U.S. investments abroad would be discriminated against other investments in the same foreign country.

Mr. President, the Senate Finance Committee will not approve what the Senator from Montana suggests. Tax deferral is a sound principle and a necessity in international commerce.●

Mr. MUSKIE. Mr. President, if we can yield back the remainder of our time——

Mr. MELCHER. I yield back the remainder of my time.

Mr. MUSKIE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. MUSKIE. Mr. President, I think there are at least two other amendments in the wings.

AMENDMENT NO. 444

(Purpose: To promote gasohol development)

Mr. PRESSLER. Mr. President, I call up my printed amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from South Dakota (Mr. PRESSLER) proposes an amendment numbered 444.

Mr. PRESSLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 2, line 5, strike "$514,700,000,000" and insert in lieu thereof "$514,840,000,000".
>
> On page 2 line 6, strike "$603,600,000,000" and insert in lieu thereof "$603,752,000,000".
>
> On page 2, line 7, strike "$658,400,000,000" and insert in lieu thereof "$658,590,000,000".
>
> On page 2, line 11, strike "$2,000,000,000" and insert in lieu thereof "$2,140,000,000".
>
> On page 2, line 12, strike "$9,700,000,000" and insert in lieu thereof "$9,852,000,000".
>
> On page 2, line 13, strike "$38,700,000,000" and insert in lieu thereof "$38,510,000,000".
>
> On page 2, line 16, strike "$632,200,000,000" and insert in lieu thereof "$632,340,000,000".
>
> On page 2, line 17, strike "$649,200,000,000" and insert in lieu thereof "$649,352,000,000".
>
> On page 2, line 18, strike "$722,500,000,000" and insert in lieu thereof "$722,690,000,000".
>
> On page 2, line 21, strike "$542,700,000,000" and insert in lieu thereof "$542,840,000,000".
>
> On page 2, line 22, strike "$588,600,000,000" and insert in lieu thereof "$588,752,000,000".
>
> On page 2, line 23, strike "$632,800,000,000" and insert in lieu thereof "$632,990,000,000".
>
> On page 5, line 10, strike "$41,000,000,000" and insert in lieu thereof "$41,140,000,000".
>
> On page 5, line 11, strike "$7,000,000,000" and insert in lieu thereof "$7,140,000,000".
>
> On page 5, line 13, strike "$4,700,000,000" and insert in lieu thereof "$4,852,000,000".
>
> On page 5, line 14, strike "$7,600,000,000" and insert in lieu thereof "$7,752,000,000".
>
> On page 5, line 16, strike "$24,200,000,000" and insert in lieu thereof "$24,390,000,000".
>
> On page 5, line 17, strike "$9,500,000,000" and insert in lieu thereof "$9,690,000,000".

Mr. PRESSLER. Mr. President, my intention is to withdraw my printed amendment No. 444, which proposes to adjust upward the outlays for the energy function in the second budget resolution. I do so with reluctance but with assurances that fuel alcohol will be given every consideration within energy function 270.

As my remarks in yesterday's CONGRESSIONAL RECORD clearly indicate, I am completely convinced that the Congress would be making a big mistake if it did not, this year, provide for a substantial inducement for further gasohol research, development, and, most importantly, actual production of this valuable fuel.

As a recent Department of Energy report stated "ethanol is the only alternative fuel commercially available now, and the only one likely to be available in quantity before 1985." An article in yesterday's Washington Post well points out the current feasibility of fuel alcohol use. I ask unanimous consent, Mr. President, that this article, which reports the large scale use of alcohol and gasohol in automobiles in Brazil, be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PRESSLER. Mr. President, I am aware that the Senate Budget Committee in its markup of the second resolution adopted a motion by Senator METZENBAUM to add to the originally proposed outlays for the energy supply mission. As the official record for the markup indicates, the committee adopted the distinguished Ohio Senator's motion to add $300 million to 1981 outlays and $600 million to 1982 outlays for the energy supply mission within the energy function in order to permit additional energy conservation and gasohol efforts. I voted for the motion which incorporated the higher Metzenbaum motion figures.

So, Mr. President, the purpose of my offering this amendment is to further bolster the Senate's commitment to the gasohol energy alternative. With substantial additional funds soon to be made available for more expensive and exotic synfuels technologies we must insure that incentives for gasohol production are not lost in the shuffle.

My amendment would go a step beyond the Budget Committee's endorsement of gasohol in the committee's adoption of higher energy supply outlay numbers by providing specific outlays increase for that function so that more gasohol research and production could go forward.

It would help the gasohol effort immensely if today on the Senate floor we could get some indication that the Senate-House conference on the budget resolution would include express recognition of the gasohol synfuel alternative.

I am afraid much of the money in the intended various energy programs for synthetic fuels and elsewhere will not sufficiently be turned toward research and development of fuel alcohol and gasohol.

That was the purpose of my amendment. That is the intention.

EXHIBIT 1

[From the Washington Post, Sept. 18, 1979]

BRAZIL PROMOTES PURE ALCOHOL ALTERNATIVE FUEL

RIO DE JANEIRO.—Brazilian President Figueiredo now rides to all official functions in a Ford LTD limousine that runs on pure alcohol. The other day he was photographed driving an alcohol-powered Beetle on the streets of Brasilia.

Within months, the first chief of state to use an official car running on pure alcohol will be joined by thousands of his fellow-citizens. Gen. Figueiredo and the head of the Brazilian Association of Automobile Manufacturers are scheduled to sign an agreement Wednesday aimed at putting 1.7 million alcohol-powered cars on the highways over the next five years.

The accord is the latest step in the governments' ambitious, long-term plan to end dependence on costly imported oil. Brazilian cars already run on gasohol, a mixture of 20 percent alcohol with gasoline and the ultimate aim is for pure ethyl alcohol to be the basic auto fuel.

Under the agreement, auto manufacturers in Brazil are to produce at least 230,000 alcohol-powered vehicles a year for the domestic market, beginning in 1980. (Another 500,000 existing cars are to be converted.) Signatories to the accord include the local subsidiaries of General Motors, Ford, Volkswagen and Fiat.

"What Brazil has come up with here is a way of saving the automobile," says Prof. Jose Goldenberg of the University of San Paulo, former president of the Brazilian Society of Physicists. "When the world's oil supplies run out, the car will be obsolete unless an alternative fuel supply is ready."

The Brazilian government is to guarantee that production of sugar cane, which when refined yields the alcohol, will be sufficient to supply the cars. It is to replace its entire official fleet of conventional cars with alcohol-powered autos.

The alcohol program has been a top energy priority here since the 1973 oil crisis. Rising prices and the oil supply crunch triggered by the Iranian crisis have accelerated the Brazilian drive for energy independence.

Brazil currently has six million cars and a growing industry that produces more than a million vehicles annually. Government statistics have predicted that the 1979 oil-import bill will reach $7.5 billion.

As a result of the government drive, ethyl alcohol output here already has jumped from 169 million gallons in 1975 to an estimated 910 million gallons this year—more than total alcohol consumption in the rest of the world.

The Brazilian goal is to produce at least 2.75 billion gallons a year by 1985. To achieve that target, the government program calls for investments of $11 billion in distilleries and other alcohol-related projects through 1984.

"Brazil is the only country in the world that has already made official an alternative energy program based on alcohol," said General Motors to Brazil President Joseph Sanchez. "The government has reacted in a realistic and rational manner," to the energy crisis.

At General Motors' plant in Sao Paulo state, the first 252 alcohol-powered vehicles rolled off the assembly line last week destined for a government agency. Early next year, GM will begin mass producing its alcohol-powered vehicles for the public.

GM says its new motor, developed in Brazil by an international technical team and capable of running on gas, alcohol or a combination of the two, is the first "multifuel" engine. To restructure its Brazilian operation and expand production, GM plans to invest $500 million here during the next four years.

By 1982, GM expects to be manufacturing 330,000 of its multifuel engines at the revamped Brazilian plant. Of that total, all but 80,000 will be earmarked for export to Britain, Japan, West Germany and Australia.

A General Motors spokesman here said, however, that the company has "no plans at present" to export the four-cylinder multifuel engine to the United States or to manufacture it at the company's parent plant in Michigan.

"Theoretically, there are no barriers that would prevent us from selling or making our line of alcohol fueled vehicles and engines in the U.S.," said Jairo Lottle of GM. "It's just not in our plans at the moment."

Ford in Brazil, which later this month will begin mass-producing an alcohol-powered version of the LTD and two other models in its 1980 line, also says that it does not envision exports to the United States in the near future. Production is aimed at meeting local demand first.

"At this point, it doesn't depend as much on us as the Brazilian government," said engineering and technical chief Mauro Borghetti. "If they provide the infrastructure that assures there will be enough alcohol to go around, we'll make the cars."

To encourage consumers to switch to alcohol-powered autos, the government has already instituted a series of incentives. Credit restrictions and taxes have been eased for purchasers of alcohol-fueled vehicles and as of Jan. 1 drivers of cars running on pure alcohol will be exempted from the current prohibition on weekend fuel sales.

The biggest boom to users of alcohol comes in filling the car's tank. Government decrees have established a pump price of 87 cents a gallon for alcohol—as opposed to $1.86 a gallon for regular gasoline and $2.98 for high-test. The government says the cost of producing the alcohol is 70 cents per gallon.

Inventive public relations exercises also have been undertaken in an effort to win public confidence. On Sept. 7, Brazil's independence day, 170 race drivers participated in an alcohol only auto race, held at the same Rio autodrome where the annual international Grand Prix takes place.

"I see nothing but advantages to be gained from using alcohol as a fuel," said the winning driver, Arthur Bragantini, after the race. "The engines perform better, and since the motor temperature is lower, last longer."

Similar conclusions were reached by participants in a road test sponsored earlier this month by the automotive magazine Quatro Rodas. Results of the four-day trial indicated that "the performance of alcohol-powered cars is as good as, if not better, than that of conventional automobiles."

Involved in the 62,000 mile road test were the Volkswagen "Passat" (Dasher) and Fiat's 147 model. Average mileage for the participating cars was 27.3 miles per gallon.

Such figures lead some Brazilians to think they have found, if not an answer to the energy crisis, at least a partial solution. Already, delegations from the Philippines, Africa and Central and South America have sent delegations to investigate possibilities of adapting their auto fleets to run on alcohol with Brazilian-designed technology.

Mr. PRESSLER. I ask to withdraw that amendment at this time.

The PRESIDING OFFICER. The Senator has the right to withdraw the amendment, and the amendment is hereby withdrawn.

Mr. MUSKIE. Mr. President, I yield myself time to respond to Senator PRESSLER.

I would like to thank the Senator for withdrawing his amendment and for his assistance and continued support as a member of the Senate Budget Committee.

As he has indicated, the role of gasohol as a commercially viable synthetic fuel has been recognized and greatly expanded during the most recent energy crisis. Also, as stated in his remarks, the Senate Budget Committee during markup of its second budget resolution recognized the role of gasohol, along with other programs, in the supply and conservation of energy. I would like to indicate that I am in agreement with his statement and to also add that the addition of $22.5 billion in budget authority and $0.4 billion in outlays to Mission I in fiscal year 1980 was intended to accommodate whatever mix of programs the House and Senate agree upon be that synfuels, conservation, solar, and/or gasohol.

Mr. PRESSLER. Mr. President, I greatly appreciate the courtesy of both our distinguished chairman of the Budget Committee, the Senator from Maine, the ranking Republican member, the Senator from Oklahoma, and Senator PACKWOOD, for their outstanding leadership in this area.

They are to be commended for the masterful job of guiding this enormous and important piece of legislation through the committee and for his stewardship on the floor. His remarks on this subject go far in advancing the development of an alcohol fuels program.

Mr. President, so long as the record is clear that the Budget Committee has made provisions for gasohol in the 1981 and 1982 budget outlays, I have withdrawn my printed amendment. I appreciate these assurances that fiscal year 1980 synthetic fuels and energy conservation funds will also be available for gasohol purposes. Gasohol must be given its fair share of funds in fiscal 1980.

Mr. MUSKIE. I thank the Senator.

UP AMENDMENT NO. 565

(Purpose: Delete from revenue estimate the assumption for windfall profits tax and delete from energy function new energy initiatives to be funded from such revenues)

Mrs. KASSEBAUM. Mr. President, I send up an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mrs. KASSEBAUM), for herself, Mr. ARMSTRONG, Mr. COCHRAN and Mr. HATCH, proposes an unprinted amendment numbered 565.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 5, line 14, delete the following: $514,700,000,000 and insert in lieu thereof: $512,700,000,000.

On page 5, line 15, delete the following: $603,600,000,000 and insert in lieu thereof: $596,700,000,000.

On page 5, line 16, delete the following: $658,400,000,000 and insert in lieu thereof: $648,000,000,000.

On page 5, line 20, delete the following: +$2,000,000,000 and insert in lieu thereof: $0.

On page 5, line 21, delete the following: +$9,700,000,000 and insert in lieu thereof: +$2,800,000,000.

On page 5, line 22, delete the following: −$38,700,000,000 and insert in lieu thereof: −$49,100,000,000.

On page 5, line 25, delete the following: $636,600,000,000 and insert in lieu thereof: $614,100,000,000.

On page 6, line 2, delete the following: $744,000,000,000 and insert in lieu thereof: $727,000,000,000.

On page 6, line 5, delete the following: $546,300,000,000 and insert in lieu thereof: $545,900,000,000.

On page 6, line 6, delete the following: $596,800,000,000 and insert in lieu thereof: $595,900,000,000.

On page 6, line 7, delete the following: $649,100,000,000 and insert in lieu thereof: $647,600,000,000.

On page 6, line 11, delete the following: −$31,600,000,000 and insert in lieu thereof: −$33,200,000,000.

On page 6, line 12, delete the following: +$6,300,000,000 and insert in lieu thereof: +$300,000,000.

On page 6, line 13, delete the following: +$9,300,000,000 and insert in lieu thereof: +$400,000,000.

On page 6, line 16, delete the following: $890,700,000,000 and insert in lieu thereof: $892,300,000,000.

On page 6, line 17, delete the following: $916,800,000,000 and insert in lieu thereof: $924,400,000,000.

On page 6, line 18, delete the following: $946,700,000,000 and insert in lieu thereof: $963,200,000,000.

On page 6, line 21, delete the following: $60,700,000,000 and insert in lieu thereof: $62,300,000,000.

On page 6, line 22, delete the following: $86,800,000,000 and insert in lieu thereof: $94,400,000,000.

On page 6, line 23, delete the following: $116,700,000,000 and insert in lieu thereof: $133,200,000,000.

On page 8, line 16, delete the following: $41,000,000,000 and insert in lieu thereof: $18,500,000,000.

On page 8, line 17, delete the following: $7,000,000,000 and insert in lieu thereof: $6,600,000,000.

On page 8, line 20, delete the following: $7,600,000,000 and insert in lieu thereof: $6,700,000,000.

On page 8, line 22, delete the following: $24,200,000,000 and insert in lieu thereof: $7,200,000,000.

On page 8, line 23, delete the following: $9,500,000,000 and insert in lieu thereof: $8,000,000,000.

Mrs. KASSEBAUM. Mr. President, first, I would like to express, as has been expressed before, my respect and appreciation for the work of the chairman and the ranking minority member of the Budget Committee in really steering, I think, a most delicate and successful course for a very trying procedure, in striking a balance that will enable us to come up with a budget resolution that is not only fiscally responsible, but meets the various demands of the times.

Mr. President, as a member of this committee, I have strongly supported efforts to hold down Federal spending, and would, in fact, go further than this resolution in cutting Federal spending. I am also committed to balancing the budget by 1981, a goal adopted by this Congress last May.

It is not pleasant to offer an amendment which plainly states that this resolution provides a deficit that is artificially low—an amendment that seems to increase the deficit by $1.6 billion. However, to do less would be to send false signals to the American people and to do violence to sound budgetary and accounting procedures.

The second budget resolution includes an assumption that a windfall profits tax bill will increase revenues for fiscal year 1980 by $2 billion, while it provides for only $0.4 billion in outlays for new energy initiatives associated with these new revenues.

If we pass the resolution as it now stands, we will lessen the pressure to hold down Federal spending, which I believe is the wrong signal for the Budget Committee to send to its colleagues, particularly in light of the advice of the Committee on Finance. During consideration of the second budget resolution the Committee on Finance informed the Budget Committee to expect no change in the fiscal year 1980 revenue level. I happen to believe that even if the Finance Committee drafts a windfall profits tax bill that produces the $2 billion in revenues for fiscal year 1980 that other provisions in the bill along with other proposals now under consideration by other congressional committees will provide for the expenditure of all, or perhaps more, revenues than those we have anticipated.

Deletion of these sums does not affect the amount allocated in the fiscal year 1980 budget needed for assistance to low-income households to meet increased fuel costs resulting from decontrol. Deletion of these sums will not unbalance the budget in 1981. Instead, the effect of this amendment in fiscal years 1981 and 1982 will be to allow for a balanced budget in 1981 and a continued balance accompanied by a tax cut in 1982.

Deletion of these revenues and expenditures now included in the second budget resolution, I believe, is a more responsible budget and accounting position and a more realistic assessment of anticipated legislative action.

Mr. President, the amendment I offer is intended to provide a more accurate acounting of what the Congress honestly believes will be the deficit impact of energy taxes and expenditures. Although we should be interested in accuracy for its own sake, there is a more pragmatic consideration involved. As the resolution is now constructed, the deficit is artificially low by $1.6 billion, the net difference between expected revenues and expenditures derived from a new tax on oil. The practical result of this budget deception is that it tends to deflate pressures for restricted spending. Members will look at this budget as providing somewhat more comfort than truly exists.

Those are the reasons for my amendment. The rationale is simply accuracy and sound accounting policy. Some will see another motive for the amendment—to seek an up-and-down vote on a windfall profits tax. That is not my intention.

As for the windfall profits tax, that is a matter which will be debated and voted upon as soon as the Finance Committee reports a bill. We should have no fears or hopes that what we do on this amendment will shape the fate of that legislation. As for the administration's energy program proposals, this amendment will have very little impact. The expenditures affected by this amendment are $0.4 billion.

There will be adequate revenues to accommodate the administration's proposed new energy expenditures in fiscal year 1980 and 1981. The Joint Taxation

Committee staff has examined the public revenues that will flow from price decontrol. Their projections, assuming no change in oil prices and an increase in GNP, indicate that the treasury will grow by $3.633 billion in fiscal year 1980 and $9.156 billion in 1981. Enough certainly to accommodate energy programs if Congress and the President so desire. Mr. President, I ask that the tables prepared by the Joint Tax Committee staff be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—FEDERAL REVENUE INCREASES RESULTING FROM OIL PRICE DECONTROL (ASSUMING GROWTH IN OIL PRICES OF 1-PERCENT PLUS INFLATION) *

[In millions of dollars; calendar years]

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1979-90
Assumption 1 (no change in prices, increase in real GNP):												
Income tax on oil producers	3, 412	8, 658	12, 040	13, 414	14, 889	16, 421	17, 853	19, 402	21, 200	22, 964	24, 626	174, 962
Federal royalties	221	498	672	740	817	900	978	1, 065	1, 168	1, 273	1, 376	9, 736
Net windfall profit tax [1]	3, 990	8, 095	10, 065	10, 055	10, 007	10, 176	10, 184	10, 131	10, 040	10, 089	10, 159	103, 056
Total	7, 622	17, 252	22, 776	24, 210	25, 712	27, 496	29, 016	30, 599	32, 408	34, 325	36, 161	287, 754
Assumption 2 (no change in real GNP, increase in prices):												
Income tax on oil producers	3, 412	8, 658	12, 040	13, 414	14, 889	16, 421	17, 853	19, 402	21, 200	22, 964	24, 626	174, 962
Increase in spending to maintain real value of Government expenditures [2]	−1, 810	−4, 279	−5, 654	−5, 887	−6, 120	−6, 352	−6, 596	−6, 885	−7, 380	−7, 907	−8, 448	−67, 318
Federal royalties	221	498	672	740	817	900	978	1, 065	1, 168	1, 273	1, 376	9, 736
Net windfall profit tax [1]	3, 990	8, 095	10, 065	10, 055	10, 007	10, 176	10, 184	10, 131	10, 040	10, 089	10, 159	103, 056
Total	5, 812	12, 973	17, 122	18, 323	19, 592	21, 144	22, 420	23, 714	25, 028	26, 418	27, 713	220, 436
Assumption 3 (no change in real GNP or prices):												
Income tax on oil producers	3, 412	8, 658	12, 040	13, 414	14, 889	16, 421	17, 853	19, 402	21, 200	22, 964	24, 626	174, 962
Reduced income and payroll tax in nonoil sector [3]	−2, 897	−6, 847	−9, 046	−9, 419	−9, 792	−10, 163	−10, 553	−11, 017	−11, 808	−12, 652	−13, 517	−107, 711
Federal royalties	221	498	672	740	817	900	978	1, 065	1, 168	1, 273	1, 376	9, 736
Net windfall profit tax [1]	3, 990	8, 095	10, 065	10, 055	10, 007	10, 176	10, 184	10, 131	10, 040	10, 089	10, 159	103, 056
Total	4, 725	10, 405	13, 730	14, 791	15, 920	17, 333	18, 463	19, 580	20, 600	21, 673	22, 644	180, 043

[1] Assumes House-passed bill.
[2] Assumes Federal spending equal to 20 percent of GNP.
[3] Assumes a marginal income and social security tax rate of 32 percent.
* Totals include small amounts of revenue from 1979.

TABLE 2.—FEDERAL REVENUE INCREASES RESULTING FROM OIL PRICE DECONTROL (ASSUMING GROWTH IN OIL PRICES AT RATE OF INFLATION) *

[In millions of dollars; calendar years]

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1979-90
Assumption 1 (no change in prices, increase in real GNP):												
Income tax on oil producers	3, 339	8, 282	11, 271	12, 258	13, 276	14, 285	15, 144	16, 046	17, 097	18, 066	18, 896	148, 047
Federal royalties	217	480	635	686	741	799	850	906	972	1, 036	1, 097	8, 448
Net windfall profit tax [1]	3, 871	7, 670	9, 271	8, 904	8, 445	8, 134	7, 656	7, 085	6, 424	5, 817	5, 180	78, 523
Total	7, 428	16, 433	21, 177	21, 848	22, 462	23, 218	23, 651	24, 037	24, 492	24, 919	25, 173	235, 017
Assumption 2 (no change in real GNP, increase in prices);												
Income tax on oil producers	3, 339	8, 282	11, 271	12, 258	13, 276	14, 285	15, 144	16, 046	17, 097	18, 066	18, 896	148, 047
Increase in spending to maintain real value of government expenditures [2]	−1, 764	−4, 077	−5, 268	−5, 343	−5, 406	−5, 459	−5, 481	−5, 596	−5, 836	−6, 088	−6, 334	−56, 652
Federal royalties	217	480	635	686	741	799	850	906	972	1, 036	1, 097	8, 448
Net windfall profit tax [1]	3, 871	7, 670	9, 271	8, 904	8, 445	8, 134	7, 656	7, 085	6, 424	5, 817	5, 180	78, 523
Total	5, 664	12, 356	15, 909	16, 505	17, 056	17, 759	18, 170	18, 441	18, 656	18, 831	18, 839	178, 365
Assumption 3 (no change in real GNP or prices):												
Income tax on oil producers	3, 339	8, 282	11, 271	12, 258	13, 276	14, 285	15, 144	16, 046	17, 097	18, 066	18, 896	148, 047
Reduced income and payroll tax in nonoil sector [3]	−2, 823	−6, 524	−8, 429	−8, 548	−8, 650	−8, 734	−8, 770	−8, 953	−9, 338	−9, 741	−10, 134	−90, 644
Federal royalties	217	480	635	686	741	799	850	906	972	1, 036	1, 097	8, 448
Net windfall profit tax [1]	3, 871	7, 670	9, 271	8, 904	8, 445	8, 134	7, 656	7, 085	6, 424	5, 817	5, 180	78, 523
Total	4, 605	9, 909	12, 748	13, 300	13, 812	14, 484	14, 881	15, 084	15, 154	15, 178	15, 039	144, 373

[1] Assumes House-passed bill.
[2] Assumes Federal spending equal to 20 percent of GNP.
[3] Assumes a marginal income and social security tax rate of 32 percent.
* Totals include small amounts of revenue from 1979.

TABLE 3.—FEDERAL REVENUE INCREASES RESULTING FROM OIL PRICE DECONTROL (ASSUMING GROWTH IN OIL PRICES OF 4 PERCENT PLUS INFLATION) *

[In millions of dollars; calendar years]

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1979-90
Assumption 1 (no change in prices, increase in real GNP):												
Income tax on oil producers	3, 639	9, 816	14, 456	17, 150	20, 251	23, 752	27, 462	31, 707	36, 737	42, 126	47, 791	274, 961
Federal royalties	231	553	786	916	1, 069	1, 244	1, 429	1, 643	1, 902	2, 184	2, 483	14, 468
Net windfall profit tax [1]	4, 345	9, 397	12, 548	13, 733	15, 121	17, 030	18, 892	20, 914	23, 263	26, 227	29, 577	191, 113
Total	8, 215	19, 765	27, 790	31, 799	36, 441	42, 026	47, 783	54, 264	61, 902	70, 536	79, 850	480, 541
Assumption 2 (no change in real GNP, increase in prices):												
Income tax on oil producers	3, 639	9, 816	14, 456	17, 150	20, 251	23, 752	27, 462	31, 707	36, 737	42, 126	47, 791	274, 961
Increase in spending to maintain real value of government expenditures [2]	−1, 955	−4, 897	−6, 854	−7, 614	−8, 432	−9, 304	−10, 196	−11, 323	−12, 798	−14, 424	−16, 177	−103, 974
Federal royalties	231	553	786	916	1, 069	1, 244	1, 429	1, 643	1, 902	2, 184	2, 483	14, 468
Net windfall profit tax [1]	4, 345	9, 397	12, 548	13, 733	15, 121	17, 030	18, 892	20, 914	23, 263	26, 227	29, 577	191, 113
Total	6, 260	14, 868	20, 936	24, 185	28, 009	32, 722	37, 587	42, 941	49, 104	56, 112	63, 673	376, 567
Assumption 3 (no change in real GNP or prices):												
Income tax on oil producers	3, 639	9, 816	14, 456	17, 150	20, 251	23, 752	27, 462	31, 707	36, 737	42, 126	47, 791	274, 961
Reduced income and payroll tax in nonoil sector [3]	−3, 128	−7, 835	−10, 967	−12, 183	−13, 491	−14, 886	−16, 313	−18, 116	−20, 476	−23, 079	−25, 883	−166, 357
Federal royalties	231	553	786	916	1, 069	1, 244	1, 429	1, 643	1, 902	2, 184	2, 483	14, 468
Net windfall profit tax [1]	4, 345	9, 397	12, 548	13, 733	15, 121	17, 030	18, 892	20, 914	23, 263	26, 227	29, 577	191, 113
Total	5, 087	11, 930	16, 823	19, 616	22, 950	27, 140	31, 470	36, 148	41, 426	47, 457	53, 967	314, 184

[1] Assumes House-passed bill.
[2] Assumes Federal spending equal to 20 percent of GNP.
[3] Assumes a marginal income and social security tax rate of 32 percent.
* Totals include small amounts of revenue from 1979.

Mrs. KASSEBAUM. Mr. President, it is clear from this, I believe, that the Senate can vote on this amendment at its face value. It seeks to portray the budget and the deficit in an accurate fashion. It seeks to instruct the Senate as to the real state of spending so that Congress does not delude itself about our economic posture. I think we can vote on this amendment with those things in mind and without regard to the politics of a windfall profits tax.

Mr. PACKWOOD. Mr. President, I assure the Senator from Kansas, having just come from the Finance Committee meetings this morning, that pretty reasonably and consistently, for the last 2 weeks, we have no intention of enacting a tax for the fun of enacting a tax and then deciding what to do with the revenues, be that a windfall profits tax or any other tax.

Second, as the Senator is aware, there is nothing in the $2 billion that the concurrent resolution asks the Finance Committee to raise saying that it has to come from a windfall profits tax. As a matter of fact, it cannot compel that; and if we choose to raise the amount in some other fashion, a point of order would not lie against it because it did not come from a windfall profits tax.

We will raise the extra $2 billion, but I assure the Senator from Kansas that what we are doing in the Finance Committee is looking at every conceivable form of tax credit that might produce energy or save energy.

We are looking at all the possible forms of taxation on oil—new oil, new new oil, old oil, tertiary oil, small producers, stripper exemptions, and thinking to ourselves how much money each of those would produce if we chose to enact them.

We are going at this on the basis of how much money we need for rational policy, not how much money we can get and then what the rational policy should be.

So that there is no guarantee that this $2 billion is going to come from any particular kind of tax. All I can assure the Senator from Kansas of is that we will do the best we can to bring to this floor a reasonable energy bill and tax package out of the Finance Committee; and if necessary for the revenues, we will enact some form of a windfall profits tax. We are not compelled to do so. The concurrent resolution does not compel that conclusion. We have not eliminated the possibility of using it, but I would not want the Senator from Kansas to think that we have to use it.

Mr. JAVITS. Mr. President, will the Senator yield me 3 minutes?

Mr. PACKWOOD. I yield.

Mr. JAVITS. Mr. President, I wish at this time to commend the members of the Budget Committee, in particular the chairman, the Senator from Maine (Mr. MUSKIE) and the ranking minority member, the Senator from Oklahoma (Mr. BELLMON) for the diligence and intelligence with which they have discharged their responsibilities in bringing this budget resolution before the Senate.

These are critical times for our country, Mr. President, and for the U.S. Congress, because we are faced with galloping inflation, including energy prices, and, most recently, a deepening recession, the scope of which we may not yet fully appreciate for some months to come.

The Budget Committee projects that in fiscal year 1980 unemployment will rise to 7.2 percent and the inflation rate will be about 9.8 percent. Of course, no one can tell how accurate these projections will prove to be. Inflation could run much higher than the projection, particularly if the dollar continues to slide; and unemployment could run much higher if the drop in production proves to be far deeper than economists now expect.

In addition, Mr. President, this year we have a new situation to accommodate, to wit: The effect of SALT on the defense needs of our country, both as to conventional and strategic weapons. We do not know at this time whether the Senate will ratify SALT, nor what additional real defense outlays that will require.

These economic and national security uncertainties have immensely complicated the work of the Senate Budget Committee in formulating Senate Concurrent Resolution 36. We must have a budget that keeps open our options; our flexibility to deal as appropriate with whatever circumstances our Nation may encounter next year.

We need to continue our efforts to reduce inflationary pressures by restraining the growth of the Federal budget and we need to keep our sights set squarely on the expectation of a balanced Federal budget we plan for fiscal year 1981, and the tax reductions contemplated in the resolution for fiscal year 1982 and beyond. We must try to keep the Federal budget deficit, if at all possible, below $30 billion in fiscal year 1980, even while we acknowledge that the deteriorating economic situation has been responsible for the deficit moving upward from $23 billion, adopted in the first budget resolution in May, to $28 billion today.

At the same time, we need to be prepared to act appropriately to mitigate the untoward effects of the current recession—which may turn out to be very serious—however they may manifest themselves, particularly in the older cities of our country and among the economically disadvantaged and minorities.

The adoption of a proper course for Federal fiscal policy during times like these—the balancing of the myriad conflicting priorities and claims on our financial resources—is an exceedingly difficult task; a very heavy burden to place on our Budget Committee. But I believe the committee has done a Herculean job under very perilous circumstances for our country.

Mr. President, I cannot state today that I am pleased with the budget resolution, as reported by the committee. It is not a budget I would have personally preferred to have before the U.S. Senate. But I understand what we must do to have a budget adopted by the Senate. We must all accept an equal share of the sacrifices. The day before yesterday I voted in favor of the Muskie motion to table the McGovern amendment to the committee substitute. The amendment would have restored $100 million to the budget for Federal subsidies for school lunches for nonpoor children. For me this was an extremely difficult vote. It is probably one of the only times I have had to vote against an amendment to provide additional funds for a Federal nutrition program—and I deeply regret having to do so. But I realize that given the incredibly uncertain economic circumstances our country has entered upon we must take some measured stand in support of a tight budget.

And, of course, yesterday we had the amendments to increase defense spending by 3 percent in real terms in fiscal year 1980 and by 5 percent in real terms in each of the 2 succeeding fiscal years. I voted in favor of the former, because of our Nation's commitment to NATO, which I believe must be honored. Our NATO allies need to be reassured as to the commitment the President made.

And today we have had the amendments to reduce revenues and Federal spending in contemplation of major income tax reduction in fiscal year 1980. I believe such a step at this time would be premature and potentially highly inflationary due to the very uncertainties I have just described. The current recession may be very shallow and of short duration; yet inflation may worsen. In my judgment it would be unwise now to prejudge our policies for next year's economic situation by committing the Senate today on the basis of what is crystal ball gazing. We have shown the country in three days of debate on this second budget resolution that we do have a flexible policymaking process for the Federal budget. If the need for additional economic stimulus manifests itself I believe we should be able to respond seasonably and correctly to tailor the Federal budget appropriately.

Senate action on Senate Concurrent Resolution 36 is indicative of the ability of Congress to respond appropriately and expeditiously to national and international circumstances. Before fiscal year 1980 is over we may very well need to have a third budget resolution to modify our spending and revenue ceilings, depending on the condition of our economy.

For right now, however, to the extent we can foretell the immediate future, I am satisfied that we have charted about the right course for the Federal budget. Accordingly, I intend to support Senate Concurrent Resolution 36, the second concurrent resolution on the budget for fiscal year 1980, Mr. President, unless there are some untoward amendments; so I expect to be able to support the resolution as it now stands.

Though I am not too satisfied with the way we handled the defense proposition, it is a fact that I think the budget now considers contingencies, if we continue to reject the tax cutting propositions which probably will be offered this afternoon.

I yield to no one in my affection and regard for Mrs. KASSEBAUM and for other Senators who are making these requests. However, it seems to me that, with a recession hanging over our heads; with

SALT II to be ratified, and the tremendously demanding defense revelations which are coming out in terms of the national security of the United States; with the dollar in great jeopardy because of the rush on gold, which means a dumping of dollars and a vote of no confidence in the dollar, it would be most unwise to make these commitments now.

Therefore, I respect the fortitude, the judgment, and the political courage of the Senators who are handling this bill, and I consider it an honor to be able to support them.

Might I say, too, because I am a politician like everyone else, that I consider it in the highest interest of the 18 million in New York, including the poor, that unless this economy is going to withstand this attack and then be able to recover and move uphill again—because of our determination to improve productivity and improve labor-management relations; and improve our exports; and improve our technology and our research and development; and improve our harmonious interrelation with the other industrial countries of the world; and improve our markets for export and the developing countries' markets for imports; and have the money to pay whatever it is going to take to make synfuels and everything else—I am not going to do any service to the poor of my State. That is why I am taking the position I am, and I thank my colleague for yielding me the time.

Mr. MUSKIE. I express my appreciation to the distinguished Senator from New York for what he has just said for his consistent support of the budget process, its development in the Governmental Affairs Committee, of which he was a constructive contributing member at the time, and for his consistent support since that time. I appreciate particularly what he has said.

Does the Senator from Kansas wish to take the floor?

Mrs. KASSEBAUM. I thank the Senator.

Mr. President, I wish to answer the Senator from Oregon in that I am pleased to hear that the Finance Committee has come up with the proposal in which they anticipate raising the revenue to cover the expenditures to meet our energy program.

I am very supportive of this. It was not that I was quarreling with what we needed to do in this area. It was that I felt it had not been done yet. It had not been structured yet. Therefore, it was misleading to include it in our budget as revenue.

There will undoubtedly be revenue there. But it will also probably be a wash. I am speaking only in terms of what I felt was a sound accounting procedure.

I am hopeful that the Finance Committee will be able to present a plan that is going to structure a tax that will meet our energy production needs. It is not any intention on my part to predict a tax cut, or, as I said, to have a vote on the merits of the windfall profits tax. It is simply what I felt was a sound accounting procedure at this point.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes.

I think the thrust of what I am about to say or what I tried to say is not much different from that of Senator PACKWOOD. And I appreciate what he has had to say.

I think it might be helpful to the distinguished Senator from Kansas if I were to put into the RECORD at this point my concept of what was behind the numbers in the budget resolution, which her amendment would modify. I say at the outset she is a most valued new member of the Budget Committee. She is a regular and conscientious attendant on our meetings. She participates in them. She listens. Obviously, she listens intelligently because she asks intelligent questions. It is a joy to have her, and particularly since she is the only Member of her sex in the Senate to have her on the Budget Committee is a a mark of distinction for our committee. I say that not to try to soften her with respect to her amendment. It is simply to say something that I personally desire to say and this happens to be an opportune time to say it.

With respect to her concerns, may I say that in establishing the second resolution recommendation the Senate Budget Committee was confronted with a dramatic series of events, once again evidencing this Nation's vulnerability to and dependence on imported oil and our need for enhanced energy supplies.

This summer's gas lines and the OPEC price increase from $14.54 per barrel in April to $23.50 per barrel in August led to a whole host of new energy initiatives now pending before Congress. Included among the new initiatives was the President's $142.2 billion oil import reduction program.

As I say, these new initiatives emerged in the late spring and early summer. The Budget Committee was asked to consider them and what if anything we should do about them in the budget resolution in July.

In response to that new situation, which had not yet crystalized or been resolved in any significant way, the Senate Budget Committee by a vote of 11 to 5 increased the energy supply mission of function 270 by $22.5 billion in budget authority and $400 million in outlays in fiscal year 1980 to accommodate any of the various synfuels and conservation proposals pending before the Senate.

As I put it in my characterization of what the committee did, we simply voted to make room for the debate that obviously and inevitably was going to preoccupy this Senate at some point this year. Now clearly that debate is pending, and we may be on the threshold of it. I would not be one to try to predict with any precision what its outcome might be. So we really voted to make room for the debate.

I have reservations about doing it that way, because, if we make too much room in a budget resolution, we make room for too much spending of it. But with respect to the energy challenge that we faced in July, and the impossibility of trying to anticipate what the final resolution of that challenge or those challenges might be, we undertook—at least that was my motivation—to make sufficient room in the budget resolution to accommodate whatever that final resolution might be.

In fiscal year 1981 outlays in this mission were increased by $900 million and in fiscal 1982 budget authority was increased by $17 billion and outlays by $1.5 billion.

The Senate Budget Committee recommendation recognizes the need for increased domestic energy supply, energy conservation, and for reduction of oil imports. It does not prejudge the outcome of the debate on these issues. So on the spending side of the budget, we certainly did not resolve these subjects by any votes in the committee—all we intended to do was to make room for the Senate to resolve those issues in its own good time.

On the revenue side of the debate, I particularly clearly endorse what Senator PACKWOOD has said so that Senator KASSEBAUM's fears in that respect might be eased. I do not regard the revenue side as mandating a windfall profits tax. I think it mandates an increase in revenues which might conceivably come, depending on what happens to deregulation, from existing tax sources without new revenue legislation, and that possibility has been suggested in the course of the debate on the tax cut amendments that we have debated already this morning.

I do not discount that possibility. I take it into account as a possibility and there are others, including actions by the executive branch, without any new legislative action taken.

So the revenue side of it was not designed to be taken as a signal that we were mandating—we do not have the authority to mandate it anyway—or even seeking to mandate the enactment of a windfall profits tax.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MUSKIE. I yield myself another 15 minutes.

We take it into account as a possibility for adding revenues, but there are other possibilities.

I would hope that anyone reading the record of what I say on this subject, as well as the record of what Senator KASSEBAUM and Senator PACKWOOD say, would clearly understand that this budget resolution does not mandate the passage of a windfall profits tax. It simply opens up the possibility that additional revenue might come from that source, as it could come from other sources, depending on what the Finance Committee may do, according to the need for revenues presented to it.

Mr. President, I think that covers Senator KASSEBAUM's principal concern. I doubt that what I have to say will persuade her to withdraw her amendment. I have no desire to pressure her one way or the other on that. But I hope that perhaps what I have had to say will somewhat ease her concern.

Mrs. KASSEBAUM. I thank the chairman very much. I appreciate his thoughtful remarks. I must say that such emphatic reassurance is always something one listens to with a bit of suspicion.

I would only like to come back with a quotation from a statement the Senator made yesterday. In commenting on some objections that were being made on the floor, the Senator said we should not assume a penny in extra revenues. This, I think, goes back to something we are assuming at this point which might not be there.

I appreciate the fact that you are trying to alay those suspicions, and would hope that you will be successful, because I do wish to ask for the yeas and nays on this amendment. We took seven votes in the Budget Committee before we finally were able to come up with the figure of the assumption that we did, but it was of concern to many of us that we were somewhat shooting in the dark.

Mr. MUSKIE. Let me make one other observation to the Senator. I felt that we needed to assume additional revenues, and that it was important that we get them in order to hold the deficit down under the deficit for 1979. It was not a casual kind of suggestion or a cosmetic kind of impulse or urge for additional revenue.

I think if we are to deal with inflation, as I stated in my argument here yesterday, that we must make a maximum effort to hold that deficit down, and that not all the burden should fall on the spending side of the budget, but some of it should fall on the revenue side. That was my motivation. I certainly agree with my own statement that the Senator has quoted. As a general statement, I think it is an eminently sound observation, that we ought not to make assumptions on the budget on either the revenue or the spending side we are not prepared to live with. That is really what I was trying to say.

I will be glad to ask for the yeas and nays.

Mrs. KASSEBAUM. I would like to yield time to the Senator from Colorado.

Mr. MUSKIE. Could we ask for the yeas and nays at this point?

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mrs. KASSEBAUM. I yield to the Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I appreciate the Senator from Kansas yielding me a moment of time. I congratulate and compliment her on taking the lead on this issue, and for bringing into perspective one of the most important considerations that is contained in this second concurrent budget resolution, and a consideration which, but for her initiative, would not have surfaced in this debate, and which would not be upon the record of this proceeding.

In listening to the discussion of the distinguished chairman of the Budget Committee, you would assume that what we are talking about here was really a very passive sort of thing, with a possibility that perhaps there might be some increase in revenues, as if this were but a natural process, sort of falling on the country like the gentle dew from heaven. In fact, nothing would be farther from the truth.

I invite the attention of Members of the Senate to the report of the Committee on the Budget on the second concurrent resolution on the budget, on page 25. I ask unanimous consent that the table which appears on that page be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

BUDGET AND ECONOMIC FORECAST AND PROJECTIONS

[Dollar amounts in billions]

	Fiscal year—					
	1979	1980	1981	1982	1983	1984
Budget authority	$556.1	$632.2	$649.2	$722.5	$762.2	$833.1
Outlays	496.2	542.7	588.6	632.8	676.9	719.9
Revenues	466.3	514.7	603.6	658.4	744.4	837.2
Deficit (−) or surplus (+)	−29.9	−28.0	+15.0	+25.6	+67.5	+117.3
Tax change from current law (gross)[1]	−.1	+2.0	+9.7	−38.7	−58.3	−80.3

	Fiscal year—					
	1979	1980	1981	1982	1983	1984
Inflation rate, percent, consumer prices, fiscal year average	10.0	9.8	8.6	7.7	7.5	7.4
Unemployment rate, percent, fiscal year average	5.9	7.2	7.1	6.5	5.8	5.4
Real GNP growth, percent	3.2	0.0	3.5	5.0	4.6	3.9
Nominal GNP	$2,291	$2,500	$2,806	$3,177	$3,581	$4,009

[1] Includes general tax reduction of $55 billion, $75 billion and $100 billion in fiscal year 1982, fiscal year 1983 and fiscal year 1984 respectively, revenue raising cash management initiatives and other minor revenue changes.

Mr. ARMSTRONG. It can clearly be seen that what we are talking about here is not something automatic or something that might happen, or something that in some way is passive. We are talking about the positive recommendation of the Budget Committee that there be a tax increase.

I want to make it clear that I am not referring, when I say a tax increase, to the $58 billion increase in taxes which will be imposed on the people of this country as a result of bracket creep. We have aired that subject on many occasions, and I think it is clear to every Senator that as inflation imposes on the taxpayers higher tax brackets, a greater portion of their income finds its way into the coffers of the Government. That is why Senator ROTH, Senator DOMENICI, and many other Members of this body, including myself, have offered amendments to reduce the rate at which income is taxed.

But an even more ominous tax increase is assumed and recommended by the second concurrent budget resolution. That is the tax increase which is addressed by Senator KASSEBAUM's amendment. Again referring to page 25 of the committee report, let me just read a portion of the footnote which appears at the bottom of this table. Incidentally, I trust, Mr. President, that my request for inclusion of the table includes the footnote, because what it says, very simply, is that revenues shall be raised through "cash management initiatives and other minor revenue changes."

One of the so-called minor revenue changes which was discussed at some length in the committee report and was discussed at great length in the Budget Committee proceedings is a windfall profits tax. In fact, the amendment just submitted under the name of the chairman of the committee (Mr. MUSKIE) under the heading of argument against the Kassebaum amendment, would suggest that in some way this resolution leaves room in the budget for a tax increase only if, as, and when the Finance Committee presents it to us.

That suggestion is very wide of the mark indeed. A vote against the Kassebaum amendment is a vote for tax increases of at least $9 billion over the next 2 years. That is the $2 billion she seeks to strike in 1980 and the $6.9 billion she seeks to strike in 1981.

Some will say we will have a windfall profits tax. Perhaps we will. We will also perhaps have those golden gimmicks referred to in the committee report as "cash management initiatives."

Let me point out to the committee, if the chairman will look at this——

Mr. BELLMON. Mr. President, will the Senator yield for a question?

Mr. ARMSTRONG. I am happy to yield.

Mr. BELLMON. If the Senator will look at page 37 of the committee report, at the bottom of the last paragraph, he will find this language:

> The Committee assumes that new legislation will be enacted effective in FY 1980 to raise revenues by $2.0 billion in FY 1980, $9.7 billion in FY 1981, and $16.3 billion in FY 1982. These legislative assumptions could be fulfilled by a windfall tax on oil profits, proposals to restrict tax-exempt housing bonds, the Administration's proposed cash management initiatives, and other miscellaneous minor bills. No specific form of windfall profits tax was endorsed by the Committee.

I might say that one of the so-called gimmickry proposals is one that was introduced for a withholding tax on interest and dividends, which tax is now not being paid by a large number of American taxpayers, and the Treasury thinks it results in a revenue loss of at least a billion dollars a year.

I do not think the Budget Committee intended to endorse any specific sources that would generate this extra income.

Mr. ARMSTRONG. Mr. President, the Senator's point is exactly correct, and in fact it was precisely the next point I intended to make, that while the windfall profits tax has been alluded to as one of the possible sources of this tax increase, the real issue is that the Budget Committee is not a line item committee. What we are talking about is money, and this simply says we will extract x dollars, about $9 billion over the next 2 years, from the public in the form of increased taxes, either through increasing existing taxes, through a windfall profits tax, through cash management proposals, or in some form or other.

I would like to take a minute or two to talk about these cash management proposals, which I think could be one of the most important golden gimmicks intended to raise revenues.

The deficit computation assumes that the Finance Committee will report and the Senate will pass and Congress will enact those tax increases. Part of the estimated revenue increase, part of the assumption on which the committee proceeded, is the enactment of these golden gimmicks, an acceleration of employer deposits of withheld income, and payroll taxes for large companies. These companies presently are required to make payment of at least 90 percent of their tax liability, broken down into four payments each month. The proposal which has been endorsed and is contained in this resolution proposes to double the frequency of payment by these companies to eight times a month. In other words, these companies will have to submit payroll tax returns and make remittances not less than every 4 days every month of the year.

I think that that is carrying it a bit far. I think that the amount of revenue raised is trivial compared to the amount of effort involved and the sense of perpetual harassment that will thereby be engendered.

Another proposal which, in my judgment, is unwise and which will not be enacted, is the idea of withholding on certain kinds of bank deposits and investment income.

But the real issue is not whether we are for the windfall profits tax. The real issue is not whether we are for these cash management gimmicks. The real issue is whether or not we think taxes ought to go up another $9 billion as a result of new taxes over and above the $58 billion in bracket creep that is built into this bill. I will suggest to you that it is going up a great plenty. I think we owe a debt of gratitude to the Senator from Kansas for bringing this amendment to the floor. I, for one, am going to support it and I hope it will pass unanimously.

Mr. DOLE. Will my colleague from Kansas yield to her colleague from Kansas?

Mrs. KASSEBAUM. I yield.

Mr. DOLE. Mr. President, let me first suggest that I appreciate the fact that Senator KASSEBAUM has offered the amendment. I agree with the comments she has made and also the comments of the distinguished Senator from Colorado.

I am not certain what would happen if we brought a "windfall profits tax" that is not really a windfall profits tax in any event; it is an excise tax or a severance tax. But if it were less than $2 billion, I am not certain what the Budget Committee would say then.

I think, in fact, what we are doing is the Budget Committee has already passed a windfall profits tax.

Mr. BELLMON. If the Senator will yield, that is simply not the case. The language which the Senator from Kansas evidently missed on page 37 says we are not endorsing or assuming any particular tax.

Mr. DOLE. What if we brought a windfall profits tax to the floor of less than $2 billion? Would it be subject to a point of order?

Mr. BELLMON. It would not.

Mr. DOLE. I remember that last year, the distinguished Senator from North Carolina (Mr. HELMS), with reference to the gas taxes—we were debating whether or not we should be able to deduct gas taxes. The Budget Committee said we should not. Then the Senator from North Carolina offered an amendment and it was subject to a point of order, because it reduced the revenue. I can see ourselves getting into the same position with reference to passing on a so-called windfall profits tax.

I do not want to quarrel with the distinguished Senator from Oklahoma, because I know his feeling on the so-called windfall profits tax.

Mr. BELLMON. Let me say to the Senator from Kansas that a measure that will reduce revenues below the revenue floor in the resolution would be subject to a point of order, but the point of order does not lie against a revenue-raising issue.

Mr. DOLE. This would be less than the amount suggested by the Budget Committee.

Mr. BELLMON. That is true. As long as the measure does not lower the revenues, there is no point of order that would lie.

Mr. DOLE. I appreciate that. I know the strong feeling of the Senator from Oklahoma with reference to the so-called windfall profits tax.

I suggest that, this morning in the Finance Committee and yesterday morning in the Finance Committee, we worked on production credits and today we worked on residential credits, incentives, conservation. We are talking about billions of dollars over the next 10 years. There will be a tax. I am not certain how much the tax will produce in the first year, but it may be offset by an equal amount of tax credits. That is the point the Senator from Kansas would make. If, in fact, that happens, is it subject to a point of order or not?

Mr. BELLMON. If the Finance Committee brings to the Senate a revenue measure that is a wash—that neither raises nor lowers revenues—a point of order would not lie.

What the Senator from Oklahoma is saying, if you go ahead and offset any increases in revenues due to a windfall profits tax by tax credits, it would not be subject to a point of order.

Mr. DOLE. Would we have to find the $2 billion some other place in the Finance Committee?

Mr. BELLMON. That is the assumption in the resolution, but under the law under which we operate, no point of order would lie if, in fact, the Finance Committee generated less than $2 billion in windfall profits tax.

Mr. DOLE. I appreciate that, because we are in the process now of trying to determine how we are going to produce energy in this country rather than produce taxes in this country. It has been suggested that the Committee on Finance should pass a so-called windfall profits tax, which would raise estimates ranging from $105 to $125 billion—in fact, $145 billion—with the so-called windfall profits tax. Then we add to that the increased Federal income tax, plus Federal royalty payments of another $175 billion. That is taking away from industry in excess of $300 billion.

Now, there will be a tax, but how much should the tax be and how much can you take away from any industry and still leave some incentive for production? If we are going to produce energy, we have to have some profit. It is not illegal to make a profit in America. Even if you are in the oil business, it is not illegal to make a profit.

I suggest that because of what could be a problem down the line. Even though I appreciate the assurances from the distinguished Senator from Oklahoma, being on the Committee on Finance and, at this very moment, trying to figure out how we structure the tax so we can produce more energy in this country, I would certainly not want to be locked into any dollar figure.

I appreciate Senator KASSEBAUM'S raising the question. It seems to me that what this could be is maybe not an intentional deception, but a deception to reduce the deficit, putting the onus on the Finance Committee to, somehow, come up with a couple of billion dollars.

Of course, the couple of billion dollars will probably be the so-called windfall profits tax. It will raise a good deal more than $2 billion over the next 10-year period. It will raise billions and billions of dollars through a tax, but much of that will be offset through billions and billions of dollars of tax credits.

I thank my colleague for yielding.

Mrs. KASSEBAUM. I thank the Senator very much.

Mr. President, I yield time to the Senator from Oklahoma.

Mr. BOREN. I thank the junior Senator from Kansas. I want to echo what has just been said by the distinguished senior Senator from Kansas. I think what we are dealing with here is not-too-subtle pressure on the Finance Committee implied in this resolution to raise taxes on the American people.

One of two things will likely result if the amendment now under discussion is not adopted. First, we shall pass a windfall profits tax with terms that might well distort what would be in the best interests of the American people. I feel very strongly that the responsibility facing the Committee on Finance at this moment in consideration of the windfall profits tax is not a responsibility to raise a certain amount of revenue to put into the Government Treasury. The responsibility facing that committee should, first and foremost, be a responsibility to make sure that the dollars from American consumers are best used to produce the greatest amount of energy possible or to save, through conservation, the greatest amount of energy possible. The test should be that we should adopt a program which would be cost effective, which will give the American people the greatest possible amount of energy per dollar spent, or the greatest possible amount of energy saved per dollar spent. That is our mission. That is our responsibility. If, through this resolution as it is now worded, we impose pressure on the Committee on Finance to make its No. 1 priority the raising of $2 billion in additional revenue instead of the drafting of a program to help solve the energy crisis in this country, it will certainly be a grave mistake.

Let us suppose, on the other hand, that the committee should refuse to be influenced by this kind of subtle pressure and, perhaps, turn to other revenue-raising measures instead of trying to gain $2 billion through the windfall profits tax. Then we are exerting another kind of pressure on the committee. That pressure is to raise the taxes on the American people, who are already, as the Senator from Colorado has said, facing an additional automatic $58 billion increase in income taxes because of the bracketing effect as impacted by inflation, as taxpayers are forced into higher and higher income tax brackets, even though their purchasing power has not gone up.

I think the people are saying every day: Enough is enough; we are paying too many taxes already; we are already overburdened by a Government that is too large. I suggest that we have an opportunity, by voting for this amendment, to carry the message here in an effective way, which our constituents have given to us.

That is, let us not balance the budget by imposing more tax burdens on the backs of the American taxpayer. Let us face up to our responsibility and work to balance the budget through reducing the cost of Government.

Beyond that, let us not be stampeded into passing an energy package, a so-called energy package, for the purpose of raising tax revenue for the Treasury instead of for the purpose of meeting the energy needs of this country.

I commend the Senator from Kansas. I am proud to join with her in urging the passage of this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BELLMON. Mr. President, I yield myself 5 minutes.

Mr. President, as the Senator from Kansas will know, I am basically sympathetic to her concern about the inclusion of a sizable windfall profits tax, or any other revenue-generating measure, in this resolution.

I first opposed the effort to include this tax in the committee, as Members know, and I voted against such motions several times and offered a motion of my mine to lower the assumption and was defeated in this effort.

In my opinion, the windfall profits tax assumption in the resolution was approved for what were considered good reasons, some of those have been explained by the chairman already.

The vote on that proposition carried very narrowly, only 7 to 5.

Because of the delicate balance reflected in the budget resolution, I feel that I must vote against the Kassebaum amendment for other reasons.

First of all, I intend to oppose any windfall tax bill that comes to this floor. I do not believe windfall taxes are in the national interest at a time when we are trying to figure a way to solve the energy crisis and when we can best do that by leaving in the hands of the private sector the resources that industry must have to get about the job of producing more energy from our abundant domestic resources.

So I do not intend, under any circumstances, to support a windfall tax proposition on the floor.

The assumed increase in revenue in the resolution can come, and I think this is a main point, from a variety of other sources. We have already quoted from the committee report, page 37, that shows what some of these sources are.

I, personally, have introduced a bill to withhold tax on interest and dividends which would raise revenues $2.3 billion in the first year. We are losing $7 to $14 billion in unreported incomes, according to the Treasury estimates.

This is not a tax increase. It is revenues presently owed under existing law and which, because of the way the law is being administered, are simply not being collected. It amounts not to a new tax, but to the closing of a tax loophole and, in fairness and equity, I feel this change in our law ought to be made, regardless of the revenue impact.

It is fortunate that it would generate more than called for in this second resolution.

The budget resolution cannot require that changes in the budget aggregates come from specific legislative changes. For this reason, while I support this pending resolution, I will continue to try to cause the increased revenues to come from other sources than a windfall profits tax, such as the bill I have introduced, which I just mentioned.

Turning now to the spending side of Senator KASSEBAUM's amendment, I understand she reduces function 270 (energy) budget authority by $22.5 billion and $0.4 billion in outlays. She is thus taking out all of the allowance for new energy initiatives assumed in the budget resolution.

Here again, I have a lot of sympathy for Senator KASSEBAUM's position. I voted against the motion which added this money to the resolution. I thought a considerably smaller allowance for new energy initiatives, such as synthetic fuels.

Nevertheless, I support the position the budget resolution reflects of allowing enough room for Congress to consider all reasonable alternatives for promoting our Nation's energy independence.

My own view—reflected in a bill Senator WALLOP and I have introduced—is that a fairly low cost program of price guarantees is the best approach for promoting the development of synthetic fuels.

If that approach is chosen by Congress, we will not need anything like the amount of budget authority this resolution provides.

But again, I reluctantly must oppose Senator KASSEBAUM's efforts because it is important that we preserve a broad range of options in the critical area of energy development.

The PRESIDING OFFICER. Under the previous order, the hour of 2:15 having arrived, the vote will now occur in relation to unprinted amendment numbered 563 offered by the Senator from Colorado (Mr. ARMSTRONG).

The yeas and nays have been ordered on the amendment and the clerk will call the roll.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Following the votes on the two amendments, we will then return to the Kassebaum amendment?

The PRESIDING OFFICER. The Senator is correct—I think there are three amendments.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote who have not done so?

The result was announced—yeas 38, nays 61, as follows:

[Rollcall Vote No. 296 Leg.]

YEAS—38

Armstrong
Baker
Bentsen
Boren
Boschwitz
Byrd,
  Harry F., Jr.
Cochran
Cohen
Danforth
Dole
Domenici
Garn
Gravel
Hatch
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
McClure
Nunn
Packwood
Percy
Pressler
Proxmire
Roth
Schmitt
Schweiker
Simpson
Stevens
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—61

Baucus
Bayh
Bellmon
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cranston
Culver
DeConcini
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Goldwater
Hart
Hatfield
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Pell
Pryor
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Stennis
Stevenson
Stewart
Stone
Talmadge
Tsongas
Weicker
Williams
Young

NOT VOTING—1

Stafford

So Mr. ARMSTRONG's amendment (UP No. 563) was rejected.

UP AMENDMENT NO. 564

The PRESIDING OFFICER. Under the previous order a vote will now occur in relation to unprinted amendment No. 564 offered by the Senator from Montana (Mr. MELCHER).

The question is on agreeing to the amendment of the Senator from Montana. On this question, the yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present, and voting, the Senator from Vermont (Mr. STAFFORD) would vote "nay."

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not voted and desires to do so?

The result was announced—yeas 9, nays 90, as follows:

[Rollcall Vote No. 297 Leg.]

YEAS—9

Baucus
Bayh
Burdick
Byrd, Robert C.
Jackson
Magnuson
McGovern
Melcher
Metzenbaum

NAYS—90

Armstrong
Baker
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Byrd, Harry F., Jr.
Cannon
Chafee
Chiles
Church
Cochran
Cohen
Cranston
Culver
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Garn
Glenn
Goldwater
Gravel
Hart
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Javits
Jepsen
Johnston
Kassebaum
Kennedy
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
McClure
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

NOT VOTING—1

Stafford

So Mr. MELCHER's amendment (UP No. 564) was rejected.

(Later the following occurred:)

Mr. BAYH. Mr. President, I noted with some surprise the vote I cast on the amendment of the distinguished Senator from Montana was listed in the negative where I thought I had cast it in the affirmative. That will not change the outcome of the rollcall.

I ask unanimous consent that the vote I cast on rollcall No. 297 be changed from the negative to the affirmative.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

(The foregoing vote has been corrected to reflect the above order.)

AMENDMENT NO. 565

The PRESIDING OFFICER. The question now recurs on unprinted amendment No. 565 offered by the Senator from Kansas (Mrs. KASSEBAUM). The remaining time on the amendment is 31 minutes for the proponents and 45 minutes for the opponents.

Who yields time?

Mrs. KASSEBAUM. Mr. President, there is how much time left, 30 minutes?

The PRESIDING OFFICER. Thirty-one minutes for the proponents and 45 minutes for the opponents of the measure.

Mrs. KASSEBAUM. While we are in the process of negotiations on this, Mr. President, I should like to speak to some of the background on this amendment that I am introducing, because it did produce a lot of controversy in the Budget Committee when we were discussing it.

At the time that this came up under revenue consideration in the Budget Committee, we had a letter from the Committee on Finance asking that we not make that assumption in the second concurrent budget resolution, because they wanted the flexibility to structure energy legislation which they felt was important.

I think this is a question that we are all addressing one way or another, those who voted for including $2 billion in revenue at that point from a windfall profits tax. It was stated at the time in a motion that was made by Senator EXON that was approved in the Budget Committee and how we are going to meet these energy needs.

I think it certainly is false, one of the reasons that was given to oppose this measure, that we are not seeking to curtail energy programs. We are just interested, all of us, in conservation.

The PRESIDING OFFICER. Let us have order in the Chamber.

Mrs. KASSEBAUM. In the list of reasons to oppose, there may be many reasons why this should be opposed. As I said earlier, it is not my intention to make this an up or down vote on the windfall profits tax. That is not the issue.

Nor is it, as No. 8 in reasons to oppose, oil import reductions resulting from enhanced conservation and production, considered by some as vital to our national security. They are considered vital by all of us. It certainly would not be one of the reasons that I think would be relevant to oppose my amendment. What we are trying to address in this particular moment is just how this should be properly structured to give an adequate reflection to our accounting procedures in the budget process.

Mr. HATCH. Will the Senator yield?

Mrs. KASSEBAUM. I yield to the Senator from Utah.

Mr. HATCH. Mr. President, I should like to ask the distinguished chairman of the Committee on the Budget, the Senator from Maine, a couple of questions relating to parliamentary status. I am concerned about this windfall profits tax problem and I want to establish a record. I think my friend and colleague can help me do that, because he understands the Budget Act and the Budget Committee process as well as if not better than anybody on the floor of the Senate.

If the second concurrent budget resolution passes in its present form, when the windfall profits tax comes up for consideration after the second concurrent budget resolution passes, am I correct in assuming that if somebody tried to increase the windfall profits tax or decrease it, a point of order could be raised? Is that the viewpoint of the chairman of the Committee on the Budget?

Mr. MUSKIE. If the Senator is asking me a question about a hypothetical revenue bill, I really hesitate to give a parliamentary ruling or to buy one without seeing the bill.

Obviously, the budget resolution sets a ceiling on spending and a floor on revenues. The point of order is the way that both are protected on the Senate floor. To try to envision every kind of spending bill and to ask hypothetical questions about hypothetical amendments that might be offered to it and how the point of order would be applied is not a very good way to make parliamentary rulings. Obviously, there is a revenue floor in the budget resolution, which the Budget Act says is to be protected. Exactly how the protection would be advanced with respect to a particular situation, I find it a little difficult to try to rule on in advance.

(Mr. MAGNUSON assumed the chair.)

Mr. HATCH. If I could ask it this way, just so everybody on the floor understands: As I understand it, the windfall profits tax in the resolution is $2 billion.

Mr. MUSKIE. No, no. The record is clear on that. I have made it very clear that the $2 billion in the resolution does not assume or mandate passage of the windfall profits tax. It assumes that in order to hold the deficit down, part of the burden of doing so should rest on the revenue side of the budget as well as on the spending side of the budget, and how the revenue is raised is the responsibility of the Finance Committee of the Senate and the Ways and Means Committee of the House. And there are other options.

I do not interpret the $2 billion as a mandate to pass the windfall profits tax. Obviously, because the House has passed one and because the President has requested one, that is one of the options that the Finance Committee is going to be considering. Whether or not it approves one or what kind it will approve or what recommendations it might make to use its proceeds are questions not yet answered. So I am not prepared to answer them.

I just want to make clear on the record here, as I thought I did earlier today in extensive discussion, that the $2 billion does not mandate the passage of any particular kind of tax. As a matter of fact, as Senator ARMSTRONG suggested in his debate on his amendment, it could well be that as a result of faster deregulation of oil, revenues from existing law might very well cover the additional revenues anticipated in the budget resolution, so we may not even need revenue-raising legislation, depending upon what that is.

Mr. HATCH. I understand what my colleague is saying. Let us assume $2 billion is raised by whatever means. At this point, would a point of order lie against an amendment reducing the $2 billion?

Mr. MUSKIE. This is not a parliamentary ruling or even a recommended ruling.

Mr. HATCH. I understand. What is the viewpoint of my colleague?

Mr. MUSKIE. Let me give my caveats. This is not a parliamentary ruling or even a recommended ruling, because I do not think it is particularly useful or helpful to give hypothetical rulings to hypothetical propositions in the course of a debate on any piece of legislation. I would not do it as a lawyer.

I remember when I was in law school and the professor advised us all on how to deal with the first client to come into the office. The client comes in and lays out a fact situation. You are so fresh from your law school course that you remember exactly what the law is as to that situation. But if you are wise, you say to the client, "Come back tomorrow."

Then, in the next 24 hours, you study that question anew and make sure your recollection is right. Then, if your recollection is right, you give him that advice.

Then, after you have given him the advice, the second day, on his heels, another client comes in and puts to you a fact situation that is almost identical, what seems identical to the first client. Do you give him advice on the spot? No, you do not. You delay him 24 hours to study those facts and make sure they are identical and the same law applies. Then when he comes back, you give him your advice.

Mr. HATCH. What is the Senator's tentative feeling on this matter?

Mr. MUSKIE. What I am saying here is as an ad hoc, casual opinion in response to your question, and probably not very useful. But with that caveat, I am not reluctant to say it.

If the bill that comes to the floor is a revenue raiser, but it does not raise the full $2 billion that is implied in the resolution, in my judgment, it would not be subject to a point of order. So if the first bill does not provide the total $2 billion, I do not believe that is subject to a point of order and I would not raise it unless the parliamentary situation were different than that.

If an amendment is offered to that bill which reduces the revenue potential of that bill but does not reduce it by a billion dollars, should that be subject to a point of order? I really do not know. I do not know what my final judgment on that would be.

The second hypothetical, suppose the first amendment would reduce the revenue potential of that bill by $1.5 billion.

There, I am more disturbed. There, I am more disturbed because it is conceivable that no other amendments would be offered and, if that amendment is adopted without being challenged by a point of order, that the net effect of the bill might be to reduce revenues by $0.5 billion and there might not be a subsequent chance to change the effect of the bill.

So that creates problems.

Or suppose a third hypothetical situation which has been discussed on the floor: Several amendments reducing revenue are offered and the net effect of all of them is to preserve some of the revenue potential of the bill, but the effect of any one of them standing alone might be to destroy the revenue-raising potential of the bill.

Well, I do not know how it would come out with the Parliamentarian.

I do not know what my final judgment would be with respect to that.

I think some flexibility in this process is desirable. But those are the hypothetical situations that occurred to me, or that have been suggested to me.

I do not know what the final ruling would be.

The objective, of course, of the point of order is to preserve the revenue floor of the resolution. How these different situations would be protected by that point of order is a legitimate question. I think it needs to be studied. I would dislike very much to see us try to resolve it finally today before we have had an opportunity, really, to study the implications of each of these possibilities, and there may be others.

Mr. HATCH. To answer my particular hypothetical, if there was $2 billion raised, by whatever means, and somebody came in with an amendment to reduce that amount, would not a point of order lie against that amendment to reduce?

Mr. MUSKIE. It may very well. I think the answer is similar to what it would be for an amendment to a bill which is within the spending limits of the budget resolution, but which, by itself, would breach them. Would that amendment be subject to a point of order?

I do not have a sharp, complete recollection of the precedents here to even answer that question.

Mr. HATCH. If I recall correctly, the points of order have been raised in precisely that situation.

Mr. MUSKIE. If they are, that is one of the weapons of the Budget Act. But how it would necessarily apply to the whole range of possible parliamentary situations in which we might find ourselves is a little hard to say here on the floor of the Senate.

The Senator's imagination is pretty fertile. So is mine. But I doubt very much we could lay down all the permutations upon which the Parliamentarian might be asked to rule.

Mr. HATCH. I yield to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. DOLE. Mr. President, assuming that the amendment by the distinguished Senator from Kansas (Mrs. KASSEBAUM) is defeated, and the Finance Committee reports a bill to the floor with $1 billion in revenue—not $2 billion, but $1 billion of revenue—and some Senators stand up to offer a tax credit, of any amount, that would reduce that $1 billion, would that be subject to a point of order in accordance with section 311 of the Budget Act?

The PRESIDENT pro tempore. Yes, it would.

Mr. DOLE. It would be subject to a point of order.

I suggest that is the key. I do not know of any Senator on this floor, those on the floor will understand they should bring all their amendments to the Finance Committee, that someone will not get the message, there is always somebody who does not.

Mr. MUSKIE. Could I put another parliamentary point.

Mr. DOLE. Could I finish this point?

Mr. MUSKIE. I think the Senator ought to discuss both points.

Mr. HATCH. Then I would like to make a point.

Mr. MUSKIE. I do not think the Kassebaum amendment changes the situation.

Mr. President, assume it prevails, that the $2 billion additional revenue assumption in the budget is dropped, thus raising the deficit by $2 billion.

Let us assume the windfall profits tax comes to the floor with all its proceeds earmarked for production incentives, conservation incentives, and others, so no revenue is raised in it beyond what is earmarked for purposes.

Now, at that point, if a Senator offered an amendment, a tax cutting amendment of the kind discussed by the Senator from Kansas, would it be subject to a point of order?

The PRESIDENT pro tempore. If it has the effect of eroding the reconciliation process, it would.

Mr. MUSKIE. Of what?

The PRESIDENT pro tempore. If it has the effect of eroding the reconciliation process, then it would be subject to a point of order.

Mr. MUSKIE. So that the Kassebaum amendment, if it fails, has nothing to do with the parliamentary problems of anybody offering a revenue reduction amendment to the Internal Revenue Code.

I mean, the fact we assume $2 billion of additional revenue does not change the nature of the ruling that has to be made if a tax reduction amendment which would reduce revenues below the floor in the budget resolution were offered.

I am perfectly willing to engage in these parliamentary exercises, but may I say to my good friends, time is running on this bill. There is one more amendment to come. We have tried to accommodate every amendment and every Senator with an amendment within the time limitation of the law.

I would sincerely hope that we get to the amendment, take as much time on the Kassebaum amendment as we need, but hopefully exercise some restraint in the consumption of time so other Senators can be accommodated.

The PRESIDENT pro tempore. Who yields time?

Mr. HATCH. Mr. President, I think I have the floor.

The PRESIDENT pro tempore. The Senator from Kansas.

Mr. HATCH. Will the Senator yield me some time?

Mrs. KASSEBAUM. I yield some time to the Senator from Utah.

Mr. HATCH. Mr. President, I am concerned because I support the Kassebaum amendment. I think it is a good amendment.

What I am concerned about is the argument being used against Mrs. KASSEBAUM's amendment here that if it is passed it will foreclose increasing the revenues in the future, or if it is not passed it may be subject to a point of order if it is raised in the future, except in the Finance Committee itself.

I think it is an important issue. I just want to bring that up.

Might I propound one more parliamentary inquiry, and then I will quit the floor?

The PRESIDENT pro tempore. The Senator will state it.

Mr. HATCH. Is it not true, if we want to avoid these parliamentary problems in the future, perhaps the method to do so would be to move under section 904(b) to suspend the Budget Act for the windfall profits tax legislation.

Would that be the parliamentary way of solving the problem and can we do it in advance during this debate so that we can protect the rights of Senators in the future?

The PRESIDENT pro tempore. Did the Senator propound a parliamentary inquiry?

Mr. HATCH. I did.

The PRESIDENT pro tempore. It is possible to waive the requirements of 311 of the Budget Act by motion.

Mr. HATCH. Am I correct in assuming it is a motion pursuant to 904(b) to suspend the Budget Act?

The PRESIDENT pro tempore. Yes. That is correct.

Mr. HATCH. Can that motion be made in advance of a future debate, during this present debate?

The PRESIDENT pro tempore. It could be done in advance.

Mr. HATCH. I thank the Chair.

I call the attention of my colleagues to this issue, which I think is important.

I do not want arguments being raised against the Kassebaum amendment at this time that points of order may be raised in the future as a result of her amendment at this time. I want my colleagues to realize that points of order could lie in the future, should the Kassebaum amendment not be agreed to and $2 billion worth of revenues raised. Then any reduction in the windfall profits tax, assuming that is the area where the revenue is raised, may be subject to a point of order. I just want to make the record on that particular issue.

Mr. MUSKIE. I yield myself 2 minutes.

Mr. President, if I ever saw or heard or smelled a red herring, this is it.

Of course, the Budget Act can be suspended, just as the rules of the Senate can be suspended. We suspend the rules of the Senate every day.

Section 904 of the Budget Act says nothing that would not be the fact if section 904 did not exist.

The Senate, by unanimous consent, can suspend the Budget Act, just as it can suspend any rule or all the rules, which we do every day.

However, what the Senator from Utah seems to be encouraging is that we do it on a routine basis, on a wholesale scale, and even in advance of specific issues, because he does not like the Budget Act. At least, he does not like that part of it that he finds uncomfortable.

Of course, the revenue side of the budget resolution is subject to a point of order. What other discipline is available for that purpose? Just as the spending side is, and I do not see him quarreling with a point of order on the spending side. I never heard him quarrel about that, only about the point of order with respect to the Kassebaum amendment, and that is a red herring.

The ruling he is talking about would apply to this resolution if the Kassebaum amendment prevails, in the same way it would apply if the Kassebaum amendment is defeated.

So that is what this argument is all about, except perhaps as a devious way to frighten people into voting for the Kassebaum amendment on irrelevant grounds.

This is a straightforward issue. I have not made any argument against the Kassebaum amendment that should have provoked this parliamentary can of worms. I have answered her concerns on a straightforward basis. Because the Senator from Kansas felt that including this $2 billion was, in effect, an endorsement of the windfall profits tax, I made it clear 2 hours ago that that was not the implication we have drawn from that $2 billion revenue assumption.

As to a concern that such large amounts encourage budgetary slackness, there is that danger. But what we tried to do is to put in numbers, on both the spending side and the revenue side, that would accommodate the debate on all these energy issues which have not yet been resolved. We may have put in too much room, as events may prove, one way or another; but the Senate and the House have that potential within their control. So I do not see why we should be that alarmed.

Mr. President, I reserve the remainder of my time.

Mrs. KASSEBAUM. I yield 2 minutes to the Senator from Kansas (Mr. DOLE).

Mr. DOLE. I thank the Senator.

Mr. President, on page 126 of the hearings of the Budget Committee it says:

> Exon motion to increase revenues by assuming windfall profits tax of $2 billion.

That is rather specific so far as the Senator from Kansas is concerned.

However, the point I make—and it is not a red herring—is this: What my distinguished friend from the Budget Committee is saying is that we cannot reduce the $2 billion. If we come out of the Finance Committee with a net so-called windfall profits tax of $2.5 billion, we can take it down to $2 billion. Nobody quarrels with that. The point is that if we come out with $1.4 billion, after all the credits we are assuming in our committee today and the next day and the next day, then anyone who offers an amendment to reduce that by $10 million will be subject to a point of order.

I yield to the distinguished Senator from Oklahoma, who made even a better point a minute ago in discussing this with me.

Mr. BOREN. I thank the Senator for yielding.

Mr. President, what we are dealing with here is not a red herring at all. It is a very real issue.

I submit, with all due respect, that the red herring has been brought in by the distinguished chairman of the committee in stating the case as follows: If we had a bill which raised no revenue, then even without the Kassebaum limit, a motion to reduce it would be subject to a point of order. That is the red herring, because that is a case that never will occur.

The case that is very likely to occur is that the Finance Committee would vote out a bill which raised some revenue, let us say $2 billion of revenue, and then an amendment is offered to reduce that amount of revenue, let us say to provide some exemption with the Kassebaum amendment. That motion would not be subject to a point of order.

However, without the Kassebaum amendment, assuming that we would be raising some $2 billion and then there was an amendment to reduce that amount, it would be subject to a point of order, and of course it could be changed by unanimous consent.

What we are really saying here is that, given the more likely case of what is likely to come out of the Finance Committee, Members would not be able, on the floor of the Senate, on one of the most important matters to come before the Senate in this year, a matter of grave concern to the future of this Nation in assuring an adequate energy supply for our people—that Members of the Senate would not be able to offer amendments which reduce the revenue figure below $2 billion, even if those amendments were cost effective in getting the people of this country more energy.

I submit that that is a very serious matter. It is not a red herring. It is something aimed at encouraging the process of debate and the deliberative process in terms of cost effectiveness on one of the most important issues this body faces.

So there is a distinct difference in whether or not we have the Kassebaum amendment, in terms of flexibility and the freedom of individual Members to offer amendments.

I say again, with all due respect, that I am afraid the only red herring is the fictional possibility raised by the chairman of the Budget Committee of the circumstance in which we never are likely to be operating.

The PRESIDENT pro tempore. The time of the Senator from Kansas has expired.

Mr. MUSKIE. Mr. President, I again urge Senators, if they can find it within their plans, to find a way in the remaining time to accommodate the conclusion of the debate on this amendment and the amendment to follow.

I do not need any more time on this amendment. I doubt that anything further I might say would be persuasive to anybody in the ranks of my opposition.

I am ready to yield back the remainder of my time.

Mr. MELCHER. Mr. President, will the chairman yield?

Mrs. KASSEBAUM. Mr. President, how much time do I have remaining?

The PRESIDENT pro tempore. The Senator from Kansas has 7 minutes.

Mr. MELCHER. Mr. President, will the chairman yield to me?

The PRESIDENT pro tempore. The Senator from Maine has 41 minutes.

Mr. MUSKIE. Mr. President, I yield back 36 minutes of my 41 minutes.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. MELCHER. Mr. President, just for amplification and for the edification of the Senate, if any tax cuts were offered that would be below the amount in the budget resolution, to raise less revenue, it would be subject to the same restrictions or constraints as those talked about here in the windfall profits tax.

Mr. MUSKIE. That is exactly the point I was making, which was described as a red herring. It depends upon whether the ruling is one you like or one you do not like.

I have been brought up pretty close to herring on the coast of Maine, and I think I recognize a red one when I see one. [Laughter.]

The Senator is correct.

Mrs. KASSEBAUM. Mr. President, I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, the way I understand the situation, the Senator from Kansas (Mrs. KASSEBAUM) definitely has a cause for concern. The way I understand this situation, when the Committee on Finance reports out the windfall profits bill it will not be subject to a point of order if it raises as much as 1 cent net to the Treasury.

Now, if it lost money, of course it would be subject to a point of order.

I have discussed this matter with the Parliamentarian and I would like to be corrected if I am in error here. Let us assume the Finance Committee reports out a bill that raises a net of $1 billion, perhaps including some amendments that raise taxes and some that provide tax credits and deductions. Then other Members of the Senate would be foreclosed from offering any amendment that would reduce the revenue gain in that bill. In other words, the committee could recommend a reduction, but anything that could not muster majority vote in the committee could not be offered on the floor by a Senator, to take care of a matter about which he is concerned.

Mr. President, I am not happy about that state of affairs. I have no doubt that as far as any amendment the Senator from Louisiana is interested in, he can persuade the committee to vote on it one way or the other. The probabilities are that if he could not prevail in his own committee, he is not going to be able to prevail in the Senate. That does not bother this Senator. But I am concerned about other Senators saying they have not been treated fairly, that people on the Finance Committee took care of the matter they were concerned about while other Senators would be foreclosed out here by a point of order from even being able to offer their amendments.

Mr. President, I hope very much that such a situation could be avoided. I hope that we could vote on the bill, let everyone, particularly if he has an amendment germane to the bill, have the opportunity to offer his amendment so long as it does not turn the bill into a revenue loser, and then go to the House and resolve our differences the way we always have in the past.

I am concerned about the amendment not because of anything the Senator from Louisiana wants to offer. He can offer his amendment in committee. But I am concerned about the right of every Senator who might want to offer an amendment that might be of concern to his constituents—either for the low-income people who might be adversely affected, or for his producers, or perhaps he wants to offer a tax credit to help certain consumers. I understand that they would be foreclosed. I would hope that it could be agreed that they not be foreclosed, that so long as the bill with the amendment would still be a positive addition to the revenues of the country, that the amendment would be in order. My understanding is that it would not be in order under the Budget Act.

Mr. DOLE. Mr. President, if the Senator will yield, that violates section 311 of the Budget Act.

Mr. LONG. That is my understanding.

I am reluctant to make a motion to make all amendments in order. But I feel compelled to vote for the Kassebaum amendment to allow Senators a chance to offer their amendments. I personally do not like the idea of setting a stage for Senators to be denied the opportunity to offer their amendments as long as the bill would remain a revenue-raising bill.

Mr. DOLE. Will the Senator yield?

Mr. LONG. I yield.

Mr. DOLE. There might be some terrific amendment thought of between now and the time the bill comes to the floor that would not only be cost effective but it might produce some energy and a Senator would offer the amendment and another Senator would say no, it is subject to a point of order and section 311; the Parliamentarian would rule it is subject to a point of order, and the first Senator would be out of business.

Mr. LONG. That is right.

The PRESIDENT pro tempore. Who yields time?

Mr. MUSKIE. I yield myself 2 minutes.

Mr. President, I find it incredible that the chairman of the Finance Committee has announced to us he is going to vote for Kassebaum so that he can change the parliamentary situation with respect to rulings on amendments to revenue bills which have not even come to the floor. Surely he must know better than that. He can vote for Kassebaum for any reason he wishes, rational or irrational, but to suggest that by his vote for Kassebaum he is, in effect, making a parliamentary ruling on amendments to future revenue bills that favor his interpretation of the Budget Act, I find incredible.

Last spring we had the 1979 Supplemental Appropriations bill with exactly the same situation. Senators wishing to add spending to that bill had, at the same time, to propose cuts in other portions of the bill or be subject to a point of order.

I did not hear any screams from the chairman of the Finance Committee at that time. Surely the same situation should apply with respect to the revenue side.

If these Senators do not like the budget discipline—and the chairman of the Finance Committee has indicated that over and over again, let us repeal the Budget Act and you will not have this awkward inconvenience and encumbrance standing in your way.

What I understand is being said here is that it might just be possible in future revenue bills that come to the floor that we can no longer build Christmas trees on the floor of the Senate as we have in the past. Perhaps we may never again be able to write Christmas trees on the floor that the chairman of the Finance Committee then takes to conference and tailors to his own specifications. That is what it is all about.

Senator LONG, who is a very shrewd parliamentarian and tactician on the floor of the Senate, saw his opportunity to sow confusion as a result of this issue that has been raised around the Kassebaum amendment. It has nothing to do with the Kassebaum amendment. Believe me. It has nothing to do with it.

It has nothing to do with future revenue bills that have not even come to the floor.

For those who want built-in protection against the inconveniences of the Budget Act, may I suggest the most direct route to remove them? Introduce legislation to repeal it. As a matter of fact, if amendments like this are adopted, if parliamentary rulings such as recommended by the chairman of the Finance Committee are approved by the Senate, and if the discipline continues to slip, I may be the first to suggest that we just let it drop into discard like an abandoned old pair of shoes and not even go through the process of repeal. Discipline is discipline, and every time it begins to bite around here someone squirms.

Let them squirm as far as I am concerned. If enough Senators reject the discipline of the Budget Act it will be dead and Senators will not need parliamentary rulings to do it. Senators will not have to repeal it. It will die of its own dead weight.

The PRESIDENT pro tempore. The Senator from Kansas has 3 minutes remaining.

Mrs. KASSEBAUM. Mr. President, does anyone else wish to speak?

Mr. LONG. Mr. President, will the Senator yield me 1 minute?

Mrs. KASSEBAUM. I yield to the Senator from Louisiana 1 minute.

Mr. LONG. Mr. President, the Senator was describing a situation that existed last year. I worked with the Senator from Maine last year. We were working on a revenue bill and we were working under a ceiling. When amendments violated the ceiling we objected to them. The first objection, in most instances, was made by the Senator from Maine. I am glad he did object because we had to stay within the ceiling and we did, even though some did not like it. That was our obligation, and we stayed within it.

Here we are talking about a situation where we anticipate bringing a bill before the Senate that will raise a lot of revenue. The committee can bring the bill out in such a fashion that it only raises a few dollars if it wants to do so. But assume that the committee brings a bill to the Senate that does raise a substantial amount of money on a net basis, hundreds of millions of dollars, a bill that puts a lot of taxes on a lot of people in this country. As I understand it, the parliamentary situation would be such that individual Senators on this floor would be precluded from offering amendments that might reduce the revenue in the bill, amendments which might be of vital concern to their States or to their constituents.

I do not particularly like that situation. It is par for the course for Senators to offer amendments on revenue bills of that sort. The Senate tends to be generous, but then we go to the conference with the House of Representatives and the House says, "No, we are not going to accept all that," and we usually split the difference by the time we get through.

I want to make it clear now before the situation arises. I may be the one making the points of order myself if it works out that way. As I understand the situation, the revenue bills that we bring before the Senate from the committee will have to raise revenues, and any amendment that would reduce revenues below that amount will be subject to a point of order. That is my best advice on the subject, and I think if that is the case, the Senate should know it. I do not want Senators to come to me when the point of order is made and say, "Why didn't you protect us?" The way I read this, they will not be protected. Their amendments will be out of order.

I think Senators should be so advised.

The PRESIDENT pro tempore. The time on the amendment has expired.

Mrs. KASSEBAUM. I thank the distinguished Senator from Louisiana. I appreciate his support as chairman of the Finance Committee.

Mr. President, I call for the yeas and nays.

The PRESIDENT pro tempore. The yeas and nays are already ordered.

All time on the amendment having expired, the question is on agreeing to the amendment (UP No. 565) of the Senator from Kansas (Mrs. KASSEBAUM). The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) would vote "nay."

The PRESIDENT pro tempore. Are there any Senators in the Chamber who have not voted, who wish to vote?

The result was announced—yeas 35, nays 64, as follows:

[Rollcall Vote No. 298 Leg.]

YEAS—35

Armstrong
Baker
Bentsen
Boren
Boschwitz
Bradley
Byrd,
  Harry F., Jr.
Cochran
Danforth
DeConcini
Dole
Domenici
Durenberger
Garn
Gravel
Hatch
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Long
Lugar
McClure
Roth
Schmitt
Simpson
Stevens
Thurmond
Tower
Wallop
Warner
Young

NAYS—64

Baucus
Bayh
Bellmon
Biden
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cohen
Cranston
Culver
Durkin
Eagleton
Exon
Ford
Glenn
Goldwater
Hart
Hatfield
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Levin
McGovern
Magnuson
Mathias
Matsunaga
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Sarbanes
Sasser
Schweiker
Stennis
Stevenson
Stewart
Stone
Talmadge
Tsongas
Weicker
Williams
Zorinsky

NOT VOTING—1

Stafford

So Mrs. KASSEBAUM's amendment (UP No. 565) was rejected.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUSKIE. Mr. President, if the Senator will allow me, let me say to my colleagues that I understand that there are only 60 minutes left.

The PRESIDENT pro tempore. The Senator is correct.

Mr. MUSKIE. That is 60 minutes left on the bill. So all votes will take place not later than 1 hour from now. That is just to give the Senate some idea of what lies ahead.

UP AMENDMENT NO. 566

(Purpose: Provides for a 2.5 percent cut in new budget authority and outlays for FY 1980 in every function except functions 050, 550, 600, 920 and 950)

Mr. BUMPERS. Mr. President, I have an amendment at the desk.

The PRESIDENT pro tempore. The amendment will be stated. The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS), for himself, Mr. EXON and Mr. HOLLINGS, proposes an unprinted amendment numbered 566.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 5, line 25, strike "$636,600,000,000;" and insert $632,800,000,000;"

On page 6, line 5, strike "$546,300,000,000;" and insert "$543,400,000,000;"

On page 6, line 11, strike "$31,600,000,000;" and insert "$28,700,000,000;"

On page 6, line 16, strike "$890,700,000,000" and insert "$887,800,000,000"

On page 6, line 17, strike "$916,800,000,000" and insert "$913,900,000,000"

On page 6, line 18, strike "$946,700,000,000" and insert "$943,800,000,000"

On page 6, line 21, strike "$60,700,000,000" and insert $57,800,000,000"

On page 6, line 22, strike "$86,800,000,000" and insert "$83,900,000,000"

On page 7, line 21, strike "$13,100,000,000;" and insert "$12,800,000,000;"

On page 7, line 22, strike "$8,300,000,000;" and insert "$8,100,000,000;"

On page 8, line 6, strike "$5,900,000,000;" and insert "$5,800,000,000;"

On page 8, line 7, strike "$5,700,000,000;" and insert "$5,600,000,000;"

On page 8, line 16, strike "$41,000,000,000;" and insert "$40,000,000,000;"

On page 8, line 17, strike "$7,000,000,000;" and insert "$6,800,000,000;"

On page 9, line 1, strike "$12,700,000,000;" and insert "$12,400,000,000;"

On page 9, line 2, strike "$11,900,000,000;" and insert "$11,600,000,000;"

On page 9, line 11, strike "$5,000,000,000;" and insert "$4,900,000,000;"

On page 9, line 12, strike "$2,600,000,000;" and insert "$2,500,000,000;"

On page 9, line 21, strike $6,800,000,000;" and insert "$6,600,000,000;"

On page 9, line 22, strike "$3,000,000,000;" and insert "$2,900,000,000;"

On page 10, line 6, strike "$19,500,000,000;" and insert "$19,000,000,000;"

On page 10, line 7, strike "$18,600,000,000;" and insert "$18,100,000,000;"

On page 10, line 16, strike "$8,900,000,000;" and insert "$8,700,000,000;"

On page 10, line 17, strike "$8,400,000,000;" and insert "$8,200,000,000;"

On page 11, line 2, strike "$29,700,000,000;" and insert "$29,000,000,000;"

On page 11, line 3, strike "$30,500,000,000;" and insert "$29,700,000,000;"

On page 12, line 17, strike "$4,200,000,000;" and insert "$4,100,000,000;"

On page 12, line 18, strike "$4,400,000,000;" and insert "$4,300,000,000;"

On page 13, line 2, strike $4,400,000,000;" and insert "$4,300,000,000;"

On page 13, line 3, strike "$4,200,000,000;" and insert "$4.100,000,000;"

On page 13, line 12, strike "$9,300,000,000;" and insert "$9,100,000,000;"

On page 13, line 13, strike "$9,300,000,000;" and insert "$9,100,000,000;"

Mr. BUMPERS. Mr. President, I inquire as to how much time is left on this amendment, I believe the time of the bill, will have run out considering future amendments after my amendment has been considered.

The PRESIDENT pro tempore. One hour.

Mr. BUMPERS. Mr. President, I hope we will not have to take the full hour, but I want to explain to my colleagues very briefly what this amendment does and why I am offering it.

I personally feel deeply in debt to the Budget Committee because it has, indeed, performed yeoman's service to the U.S. Senate, working around the clock for days in what I believe was a very sensible, thoughtful way in trying to save us from ourselves.

They came back with a budget I thought was a barebones budget, one that took into consideration both the needs of the Defense Department and the human needs of the country.

Mr. President, I think it would be appropriate to start off by giving my colleagues a little history of where we have been going in the last 4 or 5 years in the budgeting process.

The Budget Committee came in with a resolution that provided for a deficit of $28.0 billion. That deficit reflected the fact that the Appropriations Committee had already appropriated over $3 billion more than was allowed under the targets we established in May during debate on the first concurrent budget resolution. After some lengthy negotiations the Senate passed a reconciliation resolution which will require several committees to reexamine programs and rescind several billion dollars in appropriations.

For example, that reconciliation resolution required the Appropriations Committee, of which I am a member, to go back and cut about $3.2 billion off the budget. I believe that was a very responsible action. That resolution raised our deficit slightly to $28.4 billion.

Mr. MUSKIE. The figure at that point was $28.4 billion.

Mr. BUMPERS. After the reconciliation.

Mr. MUSKIE. Then came defense.

Mr. BUMPERS. That is right.

The Senate yesterday added $3.2 billion for the Defense Department, which puts the deficit back up, if my figures are correct, to $31.6 billion. All of this history brings me to my point. If that number stands, the budget deficit for fiscal year 1980 will be greater than the deficit we are anticipating for fiscal year 1979, which ends this month.

That is not a very happy thought. When we consider the very legitimate demand nationwide, for budget restraint.

My colleague from Arkansas (Mr. PRYOR) sent out an article to the newspapers of the State not long ago, a weekly column in which he described a group coming into his office. They said, "Senator, we need $2 million for a waste treatment facility. We also need $1 million for a new jail." By the time they finished the wish list, it was up to $6 million. Before walking out they said, "By the way, Senator, we want to tell you that we want you to support a balanced budget."

Every Senator here has had that same experience. In the past I have voted against every across-the-board cut that has been offered in the U.S. Senate. Most of them have been amendments to the budget resolution.

I am a strong supporter of the budget process in the Senate. I think it has been working very well, and I applaud the chairman and all the members of that committee.

Most everybody sitting here will remember Senator Stuart Symington. He served for 24 years, from the great State of Missouri. When I came here in 1975 he was offering an across-the-board cut of the defense budget. I talked to him. I said, "Senator, when I was Governor of my State I always aborted those broad ax cuts, it is unbusinesslike, it is not selective, you never know who will get hurt."

He said:

> I've been here 24 years, I'm telling you that is the only way you will ever get a cut because the minute you spotlight a particular program that you're going to cut, there will be three plane loads of people land at Washington National Airport within 2 hours. They will storm over the Capitol and you can forget that cut.

It is not the most responsible way in the world to reduce the deficit—but how else will we achieve a reduction in Federal spending?

I am admitting that I have consistently voted against this type of amendment. I tried to be selective, thoughtful and sensitive enough to offer the Senate a chance to cut $2.9 billion out of this budget without adversely affecting any program.

When we voted to increase the defense budget yesterday, we should have been required to determine the source of the additional funds to pay for that increase.

The other day in the Democratic caucus, in response to all of those Senators who were talking about increasing the defense budget and how they were not going to vote for SALT unless we got more money, Senator MUSKIE raised the very simple, legitimate point, "Where is the money coming from, are you going to raise taxes, or ask for a bigger deficit. Those are your two options."

There is always silence. I have been guilty of silence at times like that.

When we voted yesterday, we voted to choose one option or the other. I have added the option of a budget cut.

We were giving the Defense Department more money yesterday because inflation is taking its toll on weapons procurement and salaries of manpower. Inflation is absolutely decimating the country.

And what is it related to? It is related to our spending policies here.

I do not know of any place where the American people's expectations are more out of order than they are in the belief that inflation will somehow suddenly end if we will just balance the budget.

It is not true. History shows it is not true. In 1967, we balanced the budget. It is the only time we have had a balanced budget in recent history, and we had more inflation that year than we had had up to that time.

It does not necessarily work the way the popular conception thinks it works.

On the other hand, there is no question that deficit spending is inflationary.

Yesterday we voted for the Defense Department, and a Senator said, "Look at that. At the rate we are going, it will be 5 years before the Defense Department gets all the equipment and all the ammunition they need."

I do not want to get into that argument. But who has ever known the Defense Department to have all the equipment and all the ammunition they wanted?

It reminds me of a preacher. If he is ever successful in wiping out sin, he will be out of a job. The same is true of the Defense Department. Give them 100 percent of everything they need, and they are out of business. But that is another argument, and I am not going to pursue it.

I have worked on this amendment for almost 2 days now. I went back and studied the history of budget deficits in this country for the last several years, and I will tell Senators where we have been going, in case they have not looked.

My first year in the Senate, in 1975, we had a deficit of $45.18 billion. In 1976, when we were appropriating money right and left, trying to pull out of another recession, it was $66 billion.

Since that time, things have been going reasonably well in the budgeting process. Bear in mind that in 1976, the deficit was $66 billion. The next year, we cut it by $22 billion, down to $44.9 billion. The next year, there was a slight increase of $4 billion. But in 1978, it was $48 billion, and the estimate for this year is down to about $30 billion. It is about $30 billion from 1978's $48 billion, an $18 billion cut in the deficit from last year to this year. That is a trend we must continue.

We cannot leave here and tell the American people we have decided to reverse that trend and start the budget deficits upward again.

What I am trying to do with this amendment, I say to my colleagues, is to cut $2.9 billion. I have eliminated all those functions from this cut in which I think it would have the most devastating effect.

We took out the 550 function, which covers medicaid and medicare, health research, education and training of the health work force, consumer and occupational health and safety. All those are excluded and are not covered in my amendment.

We took out function 600, the biggest function, by far, in the budget. There is more than $216 billion in that function. That money goes to the neediest of the needy of our country. Social security is included in that function.

To tell the truth, I had a little difficulty voting yesterday for a 3-percent increase in the defense budget and then coming before the Senate today and saying that we are going to take the money out of social security. I am not going to do that, and that is why I have eliminated that function from my amendment.

The defense function has also been eliminated from my amendment because the Senate spoke on that yesterday, loud and clear.

I took out the interest function. The interest we have to pay on the national debt because we do not have control over it.

I took out allowances, offsetting receipts, and, finally, I have removed veterans' affairs. The veterans have already taken a pretty good cut in the budgeting process this year.

My point is that every function I have covered in my amendment includes the most discretionary funds we have—the ones where we can cut with the least economic impact, the ones we can cut with the least effect on human services, and the plight and dignity of people.

I saw a story the other day that was sort of interesting to me. Here it is, from the New York Times, August 16. The heading of the article is "U.S. Agencies Rush To Spend Before Cut-Off." It reads:

> WASHINGTON, Aug. 15—"We were looking around madly to spend $30,000," said the middle-level Federal bureaucrat. "We did it in a lot of questionable ways, and then, apparently because we were so successful, we were asked to spend another $80,000 more."
>
> The bureaucrat, who asked not to be identified, was describing what he called the "worm's eye view" of his agency as the bureaucracy rushes to pump out funds before Oct. 1, the end of the fiscal year.

I will give Senators a little addendum to that. In 1977 and 1978, Federal spending by the bureaucracy went up 90 percent in September, before the new year started on October 1—90 percent above the preceding month of August.

When I was elected Governor in my State, I had heard that happened, so I put a freeze on all expenditures that were not approved by me personally the last 90 days of the fiscal year, and we saved $35 million. That is not much compared to the total Federal budget, but in my State of Arkansas, the first year I was Governor, our budget was about $400 million. We saved almost 10 percent of that year's general revenue budget simply by putting a freeze on those wild expenditures that always take place just before the end of the fiscal year.

There is a story in U.S. News & World Report, a very similar story. This is what a middle-level bureaucrat says:

> What happens is that small units of 10 to 100 people throughout the government are suddenly asked if they can quickly spend several hundred or several thousand more dollars. Those who find legitimate ways to soak up these funds are looked upon as creative managers. If they work fast, they can go back for more.
>
> For this reason, a lot of seasoned bureaucrats keep a stack of proposals, for various amounts, in a desk drawer. Some of these are for pet projects that would never have passed muster earlier; some are gimmicks pure and simple, and others, I suppose, are for truly worthwhile activities.

If this story is accurate and they actually are spending 90 percent more in September than they do in August, my amendment is not going to hurt anybody. The bureaucrats will not know it has happened.

What is the Office of Management and Budget saying about it? I will tell Senators what they are saying about it. They put out a directive—not even a directive really, but a sort of request, which says:

> TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS
>
> Subject: Controlling Year-End Buying.
>
> As we enter the last quarter of fiscal year 1979, I ask you to make sure that we continue to use public funds wisely by avoiding unnecessary year-end buying.

That is calculated to frighten the bureaucracy to death, is it not? "We request that you confine your year-end buying to wise purchases."

I hope that, through the appropriations process, we can actually cut additional funds that we are not mandating to be cut under my amendment. I hope that through the appropriations process, we can cut some other fat out of this budget. Then we can go home at the end of the year and tell the American people that if the recession deepens and if unemployment does begin to escalate, as it may, Congress will address that as best it can.

However, until that happens, I think we all would be well served if we could go home and tell the people of this country that we have again reduced the deficit and that in 1981 we hope to reduce it still further.

While I do not like this kind of approach, I have gone through the budget functions as selectively and as sensibly as I know how and have cut those that I thought could be managed in the best way. The total reduction is $2.9 billion. That is less than one-half of 1 percent of the total budget authority of the Federal Government for 1980.

Mr. President, I reserve the remainder of my time.

Mr. EXON. Mr. President, will the Senator yield?

Mr. BUMPERS. I yield to the Senator from Nebraska (Mr. EXON).

The PRESIDING OFFICER (Mr. BAUCUS). The Senator from Nebraska is recognized.

Mr. EXON. I thank my friend from Arkansas.

Mr. President, I wish to associate myself with the remarks offered by my friend from Arkansas. I am a member of the Budget Committee. Although I am new here, I have proposed across-the-board slashes in the budget on each and every occasion. I have opposed the legitimate attempts by very sincere people to make substantial reductions in the budget, at the same time provide a tax increase because I do not think that is a realistic way to approach the situation.

Nor do I necessarily think that the amendment that has been offered by the Senator from Arkansas and of which I am a cosponsor is necessarily, as he has said, the most responsible way to approach the matter before us.

However, it is the only reasonable approach that I see that we can take. Therefore, I rise in support of the amendment. I say that what we are faced with here, as I said on the floor of the Senate yesterday, is what kind of a signal are we going to send out to the people of the United States of America? We all know, as we consider this last action on the second concurrent budget resolution in the Senate this year, that we are about $1.7 billion over the deficit of $29.9 billion that we are facing at the end of the fiscal year that will end in a few days.

I say again that it is important, I think, that we keep the deficit below 1979 as we look to 1980. Therefore, although I am not thrilled with the way that we are doing this and I agree that some legitimate programs are going to be hurt, I say, as Senator BYRD was quoted in the newspapers today as saying, when it comes down to the matter of not increasing the deficit I think something else has to give.

I have looked at the arguments that are being advanced by the Budget Committee on which I am a member against the amendment offered by the Senator from Arkansas, and I agree that those are tough cuts. The tough cuts are enumerated on this page I have before me called "Arguments Against the Bumpers Amendment."

I ask unanimous consent that this be printed in the RECORD at an appropriate place following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. Mr. President, everyone that is against making the cuts that are outlined there, if indeed they are legitimate, and I suspect that they are, should say that the reason that we had to make these cuts was because of the fact of the defense appropriations that passed this body by substantial margins yesterday. Those are the reasons that we are having to make these cuts. If indeed it is true, as I think it is and as I think the majority of Americans in the United States believe, that we must send the signal out that the Senate is not going to be irresponsible, we are not going to put off again reducing the deficit; therefore, I think that the amendment offered by the Senator from Arkansas is, under the circumstances, unfortunately the only way that we can go.

In closing, I say that as to the 55 Senators who voted yesterday for the Hollings amendment to increase 5 and 5 in the outyears and the 78 Senators who voted for the 3-percent increase in 1980, I hope all of those Senators will now stand up and say, "We voted our convictions yesterday, we voted them very sincerely," as I am sure each and every one of my colleagues did, but if they also believe in keeping the deficit for 1980 below 1979, then it seems to me they have no other alternative but to support the amendment sponsored by the Senator from Arkansas.

I thank my friend from Arkansas and I thank the Chair.

[EXHIBIT 1]

ARGUMENTS AGAINST THE BUMPERS AMENDMENT

Purpose of the amendment

Across-the-board spending cut to reduce budget authority by $3.8 billion and outlays by $2.9 billion.

Reasons to oppose amendment

1. Reduces budget authority and outlays by an arbitrary 2.5% in 12 functions of the budget.

Would cut programs like EDA and Community Development Grants by $200 million in budget authority and outlays.

Would cut energy programs by $1.0 billion in budget authority and $200 million in outlays.

Would cut transportation programs by $500 million in budget authority and outlays.

Would cut education and CETA programs by $700 million in budget authority and $800 million in outlays.

Would cut revenue sharing programs by $200 million in budget authority and outlays.

Would cut agriculture, space, and law enforcement programs each by $100 million in budget authority and outlays.

Would cut programs like water resources and water pollution control grants by $300 million in budget authority and outlays.

2. Renders meaningless the careful consideration of national priorities that is the heart of the budget process.

3. Is really a heavier percentage cut than stated because revenues would be lost as a result of these reductions and deeper cuts would be needed to reduce the deficit.

4. Would require further reconciliation instructions totaling $3.8 billion in budget authority and $2.9 billion in outlays to Senate committees, including Finance and Appropriations. Those committees already face the requirements mandated by the Senate, to hold down programs severely in order to live within the budget totals that have thus far been agreed upon.

Mr. MAGNUSON. Mr. President, will the Senator from Arkansas yield for an observation?

The PRESIDING OFFICER. Who yields time?

Mr. MAGNUSON. I wonder if the Senator from Arkansas will yield.

Mr. BUMPERS. Before the Senator begins, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Arkansas has 6 minutes and 30 seconds remaining.

Mr. BUMPERS. Will the chairman mind asking the floor manager for time? I only have 6 minutes remaining.

Mr. MUSKIE. Mr. President, I yield to the distinguished chairman of the Appropriations Committee such time as he wants to take.

Mr. MAGNUSON. Mr. President, I am sure the Senator from Arkansas realizes that about 70 percent of the appropriation bills are uncontrollables and you are dealing here with 30 percent that are controllables.

The Budget Committee has recommended that we reduce some of the appropriations bills that have been passed, about half of them, already $3 billion. But all of this will center into the 30 percent of the budget under yearly discretionary control by the appropriation process. That, in turn, zeroes in on human needs, and the $29 billion deficit was a figure picked out of estimates by the Budget Committee. It could have been 27; it could have been 31. As long as it was under and we are moving down, as the Senator pointed out very well, from the $66 billion down to $29 billion.

The Appropriations Committee is way under the President's budget, way under. I think we are going to be about $9 billion under the President's budget.

The Budget Committee has told us that we have to be $3 billion under the congressional budget.

I do not mind that. Surely, the Senator from Arkansas realizes that down in the Appropriations Committee I have tried to keep the expenditures down, and some of the additions to the appropriations were made here on the floor, and the Budget Committee wishes to address themselves to those additions.

It seems to me we have to have this in perspective. We upped defense $3 billion. Then we say we are going to take it out of this 30 percent, and the Senator's amendment is even narrower than that. It takes out a billion dollars, I believe, for energy.

I am for cutting expenditures, and we are way under the President's budget. We were going to be, I think, within the ceiling until the $3 billion defense came along. But the Senator is picking out programs that are only a portion of the budget. I do not know what we are going to do when the supplementals come up. The Senator is a member of the Appropriations Committee. There are going to be supplementals coming up on entitlements. There is unemployment insurance, which is going up. That is taking money out of the Treasury and not putting a nickel in.

I suspect that medicare is going to go up, and all these things. But I think we should put it in perspective. What the Senator from Arkansas is talking about is less than 30 percent of the budget, about 28 percent of the budget, and that deals with human needs mainly. HEW is a big one in there.

I am hopeful that this amendment will not carry because the Appropriations Committee has done its best and is now going back to work again. I was hoping we would come within the $28 billion budget figure. I think that is enough. And the Appropriations Committee is going to do its share to keep the actual deficit figure down when we add this all up at the end of the year.

I think that we have to set our sights when we talk about a $28 billion budget. That was picked out by the Budget Committee. It could have been $27 billion. It could have been $27 billion, including what the Senator from Arkansas said. It could have been set at $31 billion. Now it is up to $31 billion, which gives some accommodation for the Appropriations Committee within the $31 billion ceiling now. I do not know whether the Appropriations Committee is going to appropriate all the money for defense. Yesterday's argument on the defense appropriation was only to establish the ceiling, and the Appropriations Committee has to help set the priorities within its jurisdiction to stay under that overall ceiling.

The bottom line is what we appropriate. That is the bottom line. So I am reluctantly going to vote against the Senator's amendment, because I think we have squeezed that 28 percent as much as we can squeeze it without hurting a lot of people.

We are moving. As the Senator pointed out, we have moved down, down, down from a $66 billion deficit that Ford left us. We have gone down, and that is also the hope of the Budget Committee, to continue to move down, down, down, hoping that we can achieve some sort of a balance.

But I think this is squeezing the wrong portion of the budget. I wish we could get at the uncontrollables. I think we could save a billion dollars in medicare and medicaid alone.

Mr. BUMPERS. Mr. President, let me, if I may, say this: If we did not have such a crazy method of budgeting in the U.S. Government, we could have a balanced budget easily. There is $40 billion or $50 billion worth of gilt-edged loans in the budget. Why, in the name of all things holy, we count those as expenditures never to be recovered I do not know.

But we have to live in the real world as we find it. If I had my way, I would have eliminated a $2.5 billion aircraft carrier and $25 billion in revenue sharing, and we would have the budget in balance.

Mr. MAGNUSON. Yes, it is the way we keep books. It is like going down to the Treasury at midnight and looking in the Federal till. If we find some IOU's, that is a deficit; if we find some cash there, that is a surplus. If a businessman kept books that way he would go to jail.

In May there was a $29 billion surplus in the till. That is because of the corporate taxes that had come in. There is $43 billion in loans. If a businessman has a good loan, that is an asset, not a deficit.

Another thing, we have social security here in this budget. That was a bit of political bookkeeping. That was a Nixon gimmick. We were being accused of spending too much for defense and not enough for human needs, so they put social security in the budget and they said, "Oh, look. When you break down the dollar," they said, "look at what we are putting in for human needs."

If I had my way, social security would be run by an independent agency all by itself. It does not belong in the budget. Every budget director has been calling it a political gimmick; it does not belong in the budget at all.

Federal budgeting is not an exact science. It does not work that way. I think we should get it down as much as we can but we are squeezing that portion that we have control over too much, and I will reluctantly vote against the amendment.

Several Senators addressed the Chair.

Mr. MUSKIE. I had promised to yield 3 minutes to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I thank the Senator from Maine. I applaud the efforts at budget-cutting of the Senator from Arkansas, and I hope to join him in other efforts to cut the budget. I have been trying to do that on the Budget Committee. I am committed to balancing the Federal budget by fiscal year 1981. I think that is going to be difficult. It will hurt. It will make many programs suffer that we all would like.

But, Mr. President, I would submit that this method and these cuts will not work. Let me tell you about something I know about, and that is the energy and water resources budget. This Congress has already acted in that area, and the bill is now on the President's desk. It was a bill that cut substantially from the President's budget.

But, Mr. President, this proposal, as best we can figure, would require a cut of about $200 million out of a $3 billion energy R. & D. effort; $200 million out of $3 billion does not sound like too much, except when you consider that that is, I think, the priority need of this country right now.

For example, of that $3 billion in energy R. & D., you have $860 million for solar energy. I do not believe the Senator from Arkansas wants to cut back the solar energy budget. We have fusion, we have nuclear, including the investigation expenses at Three Mile Island, and we have geothermal. We do not have the money for low-head hydro which the Senator from New Hampshire (Mr. DURKIN) wants; we would have to add that later on if we were to get it authorized. This would be a cut even below that, Mr. President.

So, at a time when the country is searching for additional energy sources, we would be cutting back by $200 million our ongoing energy R. & D. projects. Mr. President, I am confident that the Senate does not want to do that. We want to expand that activity, I think, rather than cut it.

Another part of the energy and water resources bill is, of course, the so-called water projects. It would require a cut of some $300 million in water projects, as well as parks and interior. This $300 million. Mr. President, would have to come principally from one of two places: Either ongoing construction projects, together with maintenance, or it would have to come from new starts.

I do not believe, Mr. President, that one can make any case at all for cutting ongoing programs, because if we do, we would first be liable for damages; second, we would be subject to the inflation that we have to pay for by delaying the projects; third, we would have to split the schedule of ongoing projects we have been trying to complete.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. JOHNSTON. That would mean we would have to cut out virtually all the new starts, Mr. President. We do not want to do that.

We could make the same argument with respect to other functions here, but I can tell you with respect to energy and water resources, a billion dollars, in addition to what has already passed this Congress, will not work.

I urge the Senator from Arkansas to keep up his efforts. But let us find another way to make these cuts. This formulation of cuts will not work.

I thank the Senator from Maine.

Mr. BELLMON. Mr. President, will the Senator yield me 2 minutes?

Mr. MUSKIE. I had promised to yield to the Senator from New Jersey.

Mr. WILLIAMS. That is all right; I will wait.

Mr. MUSKIE. I yield to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, in line with the point the Senator from Louisiana just made about the energy function, let me comment about agriculture. The Bumpers amendment would cut $100 million out of the agriculture function.

By coincidence, the Senate-House agriculture conference committee has been meeting while we have been debating this measure on the floor of the Senate. I am a member of that conference, and I know how difficult it is to try to find those savings. The only place where they could be saved would be agricultural research. I do not believe the Senator from Arkansas believes we should paralyze our agricultural research efforts in this country by this kind of cut. We have been trying very hard to put back some of the $30 million that the President reduced agricultural research in his budget, and we have fairly well succeeded, but the specter of going back to the conference with the prospect of cutting out another $100 million, I think, puts us in an impossible position.

Nobody is more interested in getting the budget in balance than I am. I voted against the add-on for defense yesterday for that reason. We have been trying to reduce expenditures. We are still on the track, but we lost a little ground yesterday. However, I believe I can assure the Senator from Arkansas that we will have the budget in balance by 1981, and that we will be able to make some sizable reductions in taxes by 1982.

I believe it is not a workable approach at this point in the budget process.

Mr. MUSKIE. Mr. President, before we proceed further, I ask unanimous consent that I may ask for the yeas and nays on this amendment and passage.

Mr. BUMPERS. Will the Senator withhold that for just a moment? I am working on some modifications at the moment. I believe I would be prevented from introducing my modification if the yeas and nays are ordered.

Mr. MUSKIE. The only reason I asked the question is that it would be helpful for Senators to know that no votes will come until all time has expired and both votes will take place back to back. We can do that later.

Mr. BUMPERS. If the Senator will yield to me, I shall send my modifications to the desk now and then he can get the yeas and nays.

Mr. MAGNUSON. Will the Senator yield to me?

Mr. MUSKIE. As soon as we get this question settled.

Mr. BUMPERS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. I have now sent my modification to the desk. Are the yeas and nays now being ordered?

The PRESIDING OFFICER. The amendment is so modified and it will be in order to ask for the yeas and nays on this amendment.

The amendment, as modified, is as follows:

On page 1, line 8, strike "$388,000,000,000;" and insert "$384,500,000,000;".

On page 1, line 9, strike "$341,600,000,000;" and insert "$339,100,000,000;".

On page 5, line 25, strike "$636,600,000,000;" and insert "$633,100,000,000;".

On page 6, line 5, strike "$546,300,000,000;" and insert "$543,800,000,000;".

On page 6, line 11 strike "$31,600,000,000;" and insert "$29,100,000,000;".

On page 6, line 16, strike "$890,700,000,000;" and insert "$888,700,000,000;".

On page 6, line 17, strike "$916,800,000,000;" and insert "$914,300,000,000;".

On page 6, line 18, strike "$946,700,000,000;" and insert "$945,800,000,000;".

On page 6, line 21, strike "$60,700,000,000;" and insert "$58,200,000,000;".

On page 6, line 22, strike "$86,800,000,000;" and insert "$84,300,000,000;".

On page 6, line 23, strike "$116,700,000,000;" and insert "$114,200,000,000;".

On page 7, line 21, strike "$13,100,000,000;" and insert "$12,800,000,000;".

On page 7, line 22 strike "$8,300,000,000;" and insert "$8,100,000,000;".

On page 8, line 6, strike "$5,900,000,000;" and insert "$5,800,000,000;".

On page 8, line 7, strike "$5,700,000,000;" and insert "$5,600,000,000;".

On page 8, line 16, strike "$41,000,000,000;" and insert "$40,000,000,000;".

On page 8, line 17 strike "$7,000,000,000;" and insert "$6,800,000,000;".

On page 9, line 1, strike "$12,700,000,000;" and insert "$12.400.000.000;".

On page 9, line 2, strike "$11,900,000,000;" and insert "$11,600,000,000;".

On page 9, line 11, strike "$5,000,000,000;" and insert "$4.900.000,000;".

On page 9, line 12, strike "$2,600,000,000;" and insert "$2,500,000,000;"

On page 9, line 21, strike "$6,800,000,000;" and insert "$6,600,000,000;"

On page 9, line 22, strike "$3,000,000,000;" and insert "$2,900,000,000;"

On page 10, line 6, strike "$19,500,000,000;" and insert "$19,000,000,000;"

On page 10, line 7, strike "$18,600,000,000;" and insert "$18,100,000,000;"

On page 10, line 16, strike "$8,900,000,000;" and insert "$8,700,000,000;"

On page 10, line 17, strike "$8,400,000,000;" and insert "$8,200,000,000;"

On page 11, line 2, strike "$29,700,000,000;" and insert "$29,300,000,000;"

On page 11, line 3, strike "$30,500,000,000;" and insert "$30,100,000,000;"

On page 12, line 17, strike "$4,200,000,000;" and insert "$4,100,000,000;"

On page 12, line 18, strike "$4,400,000,000;" and insert "$4,300,000,000;"

On page 13, line 2, strike "$4,400,000,000;" and insert "$4,300,000,000;"

On page 13, line 3, strike "$4,200,000,000;" and insert "$4,100,000,000;"

On page 13, line 12, strike "$9,300,000,000;" and insert "$9,100,000,000;"

On page 13, line 13, strike "$9,300,000,000;" and insert "$9,100,000,000;"

Mr. MUSKIE. I ask for the yeas and nays on the Bumpers amendment and on passage.

The PRESIDING OFFICER. Is there objection to ordering the yeas and nays on the amendment and the resolution? Without objection, it is so ordered.

Is there a sufficient second?

Mr. HART. Mr. President, reserving the right to object, may I ask the distinguished floor leader, is the time situation now that it is impossible to bring up an amendment even for a few brief moments?

Mr. ROBERT C. BYRD. It would be possible, even after all time has expired, to call up an amendment, but the Senator would not get debate on it.

Mr. HART. I thank the majority leader.

The PRESIDING OFFICER. Is there a sufficient second to the request for the yeas and nays on both votes? There is a sufficient second.

The yeas and nays were ordered on the amendment and passage.

Mr. MAGNUSON. Will the Senator yield to me just a minute?

Mr. MUSKIE. Yes, I yield a minute.

Mr. MAGNUSON. I do not know how the Senator from Arkansas has changed his amendment. I do not know what the modification is, but I want to ask him if his amendment will require that we rescind money for general revenue sharing?

Mr. BUMPERS. I did not understand the Senator.

Mr. MAGNUSON. Will it require that we rescind money for general revenue sharing?

Mr. BUMPERS. No, it does not. The modification cuts the amount of the cut in the education and training function from $800 to $400 million.

Mr. MAGNUSON. So that means we would rescind some money for general revenue sharing?

Mr. BUMPERS. Not in the modification. The amendment does not cut out any additional revenue sharing.

Mr. MAGNUSON. And it means we would have to reduce funding for refugee assistance $200 or $300 million?

Mr. BUMPERS. I do not believe it does.

Mr. MAGNUSON. It would require that we rescind the money for the space shuttle?

Mr. BUMPERS. It simply cuts the space and science functions by $100 million. Whether it comes out of the shuttle or not would be another matter.

Mr. MAGNUSON. Well it has to come from somewhere, and that is the function. And it also cuts funding for EDA.

Mr. BUMPERS. It reduces a function which may or may not cut EDA, depending on how the committee handles it.

Mr. MAGNUSON. Does the Senator think that is wise at a time when unemployment is going up?

Mr. BUMPERS. Of course, we have to figure if it is wise to cut any of these functions when there is apparently a recession, either in progress or about to take place.

Mr. MAGNUSON. I just want to clear it up.

Mr. BUMPERS. Mr. President, the Senator from Louisiana has raised two interesting points: No. 1, the energy function is cut $200 million under my amendment. That is true. However, it does not necessarily come out of energy research and development. R. & D. is a $3 billion outlay in the budget, but the total energy outlays in the budget for 1980 are $7 billion. If we cannot cut $200 million out of a $7 billion outlay for 1980, we are in sad shape.

Second, the Senator from Louisiana says let us cut somewhere else. I must say that there is not anything very ingenious about that argument because we all want to cut someplace else.

Mr. JOHNSTON. Would the Senator yield to me?

Mr. BUMPERS. Yes.

Mr. JOHNSTON. It is correct that there is about $7 billion in that bill and only $3 billion, roughly, is R. & D. But $3 billion is in the defense function, with weapons. It comes under the energy and water resources bill.

Mr. BUMPERS. But it is within this function.

Mr. JOHNSTON. It is within this function, that is right. So the $3 billion is the R. & D.

Mr. BUMPERS. That may be, but there is $7 billion in the function that is being cut $200 million. The $200 million cut can be anywhere in that $7 billion.

Mr. JOHNSTON. Then the Senator would be willing to cut the nuclear weapons program.

Mr. BUMPERS. I am not sure all that additional $4 billion is nuclear weapons.

Mr. JOHNSTON. About $3 billion is defense-related.

Mr. BUMPERS. I would hate to try to get this body to cut any more out of the defense budget. We are looking at 1981, with a $29 billion deficit, even with my amendment.

If we cannot this afternoon take $2.5 billion out of this deficit, how are we going to take $30 billion out in 1981 to balance the budget?

If the Senator believes that is going to happen, let me tell him about the tooth fairy.

Mr. MUSKIE. Mr. President, I yield 3 minutes to the distinguished chairman of the Committee on Human Resources.

Mr. WILLIAMS. I thank the Senator from Maine and applaud the work he is doing.

Mr. President, as chairman of the Senate Committee on Labor and Human Resources, I rise to express my strong opposition to the amendment offered by the Senator from Arkansas.

I have no quarrel with the purpose of this amendment. We all want to end wasteful and inefficient expenditures of the taxpayers' dollars. We all want to be prudent in our spending policies, and to reduce the Federal deficit in order to stem the part it plays in fueling inflation.

But this amendment is not a sound means of achieving those common purposes. We have a budget process which considers broad macroeconomic and functional priorities, and sets binding ceilings. We have an authorizing process which creates and oversees programs designed to meet national needs. And we have an appropriations process which allocates funds to those authorized programs within the overall constraints of our budgetary decisions.

The common element to each of these complementary processes is long and considered examination of these separate elements, to determine which are effective and deserving of funding, and which are wasteful or unnecessary and are, therefore, undeserving of the public's money.

The amendment before us is lacking in this considered discretion. It does not make hard and considered choices. No, it is an indiscriminate, across-the-board reduction, in a wide range of budget functions, which fails to demonstrate or identify the "fat" it proposes to trim.

Supporters of the amendment say that it is "only" about a 2½-percent reduction in each of these categories. The size of this cut merely limits the damage which will be done by this amendment, it does not cure its basic deficiency.

Certainly, there may be functions in which the "fat" exceeds 2½ percent. But this amendment does not identify them. Nor does it insure that the wasteful programs within a function will be the ones to incur the cutback.

And there are certainly functions in which further cuts will add insult to injury. Function 500, which encompasses education, training, employment, and social services, which takes one of the heaviest blows under this amendment, is the prime example.

Where are these cuts going to come from?

Will they be from the education and college loan programs which help to assure that this Nation offers its children the best possible opportunity to develop their intellects and their skills?

Will they come from the vocational rehabilitation programs which enable handicapped Americans to become productive members of this society, rather than burdens?

Will they come from title XX, which provides essential social services to the poor, the handicapped, and the elderly?

Will they come from Older Americans Act programs, which have brought a new opportunity for community based dignity to our elderly?

Will they come from CETA's countercyclical job-training program, as we are entering a recession? That program has already been cut back by two-thirds from its level of 2 years ago. That program will receive $2.2 billion less in funding in fiscal year 1980 compared to 1979. For every dollar we do not spend for this program, we will spend more than 50 cents in welfare, unemployment payments, and reduced revenues. And we will continue to pay with inflation for the declining productivity caused, in part, by our failure to provide training in needed job skills.

Where will these cuts come from? The Senator from Arkansas cannot tell us. He can only tell us that he assumes that in this function, that in every function, there is 2½ percent worth of fat which can be cut.

This is not a wise or responsible way to meet our legislative duties, or to meet the needs of the American people.

Where is the fat in commerce and housing credit? Is it in the loans we provide to build housing for the elderly and the handicapped? Is it in the activities of Government agencies to maintain a stable mortgage market?

Where is the fat in justice programs? Are we sure it is there, or are we risking harm to our courts and our law enforcement?

Where will the cuts come in energy? Granted that there may be a valid case for cutting back on Department of Energy expenditures, is this the proper way to do so when a sound energy policy is of the highest priority?

Where, in short, is the factual justification for the cutbacks in each and every one of these functions?

Mr. President, the Senator from Arkansas feels that this amendment is necessary to redress the injury to fiscal restraint which was caused by the amendment, adopted yesterday, to raise national defense spending. I did not vote for that amendment. I felt that it was important to hold the line against such large spending increases, and I felt that the additional $3.2 billion which the second budget resolution contained for defense spending outlays, compared to the first, was sufficient to safeguard our strategic and tactical interests. My colleague from Arkansas, and a majority in the Senate, felt otherwise. While I disagreed, at least in that instance the Senate voted on the basis of a detailed debate on our national defense needs.

If we are now to redress that increase in the deficit, let us follow the same procedure. Let us go, function-by-function, and identify the fat and cut it.

But let us not adopt this amendment which is incapable of separating the worthy from the worthless.

Let us not adopt this amendment when it will hurt the poor, the elderly, the handicapped, and the unemployed. And let us not take this action when we have not the vaguest notion of where the cutbacks will be taken or whether they will impair our ability to respond in an appropriate manner to the serious inflationary and unemployment challenges which confront us.

I urge my colleagues to reject this indiscriminate approach to fiscal responsibility.

Mr. President, I will say the modification, certainly from this Senator's standpoint, moves in the right direction. As I understand, the modification brings function 500 down to $400 million.

Mr. BUMPERS. No, $800 million.

Mr. WILLIAMS. That is moving in the right direction. The Senator from Arkansas has described for us what I shall call the early Bumpers, who came here feeling that across-the-board percentage cuts were bad business. Today he has changed his mind. I agree with the early Bumpers, rather than the latter day Bumpers, because his amendment today creates serious problems.

Function 500 encompasses the programs that we developed for some of the people who need our support most of all in this country—the older people, the unemployed, and handicapped. The programs that are in this function include vocational education, and all of the social services programs for people whose problems present the greatest human challenges to this body.

We have all seen how we can develop a program that makes life meaningful for older people, by bringing them a decent meal once a day. We have all been exposed to the results of a program where someone with a handicap, incapable of engaging in any gainful employment, is brought into an education program, learns a skill, and can go to work.

The problem here is that even with the reduced cutback under this modified amendment, we do not know where it will come from within all of these social programs. It is indiscriminate.

Education is in the function, in part. The Senator from Arkansas said that certainly we can cut $400 million from education. But this cut can go anywhere, and we do not know where it is going. These people that I have mentioned—the aging who depend on our community services program of nutrition, and other assistance; the handicapped who require vocational education and other social services—this is the function which serves their needs. It already had a substantial cut in the first resolution. It has been cut to the bone. I think we are in an area where we do not have any fat left. Many of these programs have no large administrative salaries. Take the aging program, which is undertaken in good part by volunteers.

There are many, many reasons to be against this indiscriminate approach to budget cutting.

Mr. JAVITS. Will the Senator yield me 1 minute?

Mr. MUSKIE. I yield 1 minute.

Mr. JAVITS. As a senior member of the Human Resources Committee and having been its ranking member for many years, I want to identify myself with the points made by Senator Williams and to endorse and support them. I point out, for example, in the CETA program, which is one element, we have already cut it 20 percent. This would propose yet another cut over the 20 percent we have already cut. And we are running into a recession. I deeply feel that it is very ill-advised.

Mr. MUSKIE. Mr. President, I yield 2 minutes to the Senator from Colorado.

Mr. HART. I thank the Senator.

Mr. President, it is unfortunate, I think, that the sponsors of the proposal to increase the defense function by 3 percent are not here on this amendment, because I think it is their responsibility and, to a certain degree, all of us who voted for that.

I want to say to my colleague from Colorado that he is to be complimented when he does propose a tax cut. He identifies specifically programs where that money can be saved.

The Senator from Arkansas deserves a great deal of credit attempting to reconcile two contradictory actions this body took in the last day or two. I think it is unfortunate we are now in this position. But if we let the situation remain the way it is, without making some cuts, then it is going to be extremely difficult, if not impossible, to move to a balanced budget in 1981.

The Senator from Nebraska earlier said that this is the only way he can see the cuts offered by the Senator from Arkansas, the only way to solve this problem.

I think he is, unfortunately, wrong. There were some weeks of deliberations of the committee. There are some specific areas much more clearly identified than the Senator from Arkansas has proposed, specific functions and specific programs in those functions where cuts could be made of about $2.5 billion, not quite as much as the Senator from Arkansas, but getting close to reconciling the increase in defense spending with an effort to keep the deficit down.

If we had more time, I would offer those proposed reductions as an alternative to the Senator from Arkansas. I think, unfortunately, the proposed list he has is too arbitrary, does not cut into programs, but necessary programs to run this country.

I think it is terribly unfortunate we did vote the increase in deficit spending without identifying the areas to make up the difference.

I thank the Senator from Maine.

Mr. MUSKIE. Mr. President, I have only 5 minutes and I have not spoken on the amendment yet.

Mr. BUMPERS. Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator has 4 minutes and 10 seconds remaining.

Mr. MUSKIE. Mr. President, I do not believe I will need to use the 5 minutes, because I think most of what I could say I have said in the course of this debate.

First, may I say that I share the frustrations of the Senator from Arkansas. He is an able, intelligent, committed Senator, and has supported the budget process consistently.

I understand the frustrations which prompt him to depart from his longstanding policy of opposing across-the-board cuts to propose this one.

That previous inclination has even operated to reshape this proposal, to make it a somewhat selective cut. Nevertheless, I cannot support his amendment, and why?

The first reason is this, Mr. President. This budget process will not survive unless it is perceived as being fair and just in its results.

Yesterday morning, we proposed a reconciliation which cut $2.4 billion in Appropriations Committee outlays for domestic programs. We cut more than that in budget authority.

Yesterday afternoon we spent what we had saved. We spent what we had saved by voting an increase in defense outlays for fiscal year 1980.

What is being proposed today is to make up or to offset the consequences of that increase in defense spending by cutting more from domestic programs with the result that Senator Magnuson of the Appropriations Committee will not have a $2.4 billion task, but a $4.9 billion task of finding savings in domestic programs.

At the same time, we have increased defense by $3.2 billion.

That is such a shift in the equities of the budget process that I cannot bring myself to accept it. I am not talking about my own consistency in voting against the Hollings amendment and voting for the reconciliation, and all that. I am just talking about the perception in the country of what we are doing.

Senator Bumpers correctly quoted me in pointing out that in the caucus I said that if we want to raise defense spending, there are two ways to do it, raise the deficit or raise taxes. I did not suggest this third way.

We were just as parsimonious during the budget markup in screening domestic programs as we were in defense. We undertook to make the results as equitable a distribution of Federal resources as we could make it.

I would like to see the deficit come down. That has been the whole burden of my argument for 3 days. Yesterday I voted with 18 other Senators as testimony to that commitment.

But I cannot bring myself to be driven by my concern with that to a budget that will be perceived as unfair, inequitable, and unjust.

I can just see the reaction of the House conferees when I tell them, "Gentlemen, the Senate voted $3.2 billion more in defense, the Senate voted to cut domestic programs by $3.6 billion, including committees other than appropriations, and on top of that the Senate decided to pay for the military increases by cutting domestic programs by an additional $2.5 billion."

Mr. President, I cannot buy or support that act of injustice, and I do not think if the Senate votes it that I can sell it, let alone the hard compromise we worked out with Senator Magnuson and other committee chairmen as a result of the Senate Democratic Caucus concerned with this budget.

The Budget Committee asked for $4 billion savings in the reconciliation instrument. We were told that was not possible. So we adjusted it downward in order to make this process not just a Budget Committee process, but a Senate process. Having made that commitment to Senator Magnuson and the Appropriations Committee, I do not feel it fair now to turn around and say, "Gentlemen, you have to find the additional money to pay for this defense increase yesterday."

So, Mr. President, I think, in all honesty, what the Senate did in voting more money for defense was to vote to increase the deficit. That is it. We cannot wiggle out of that consequence of the vote yesterday. That is it.

I do not like it. I opposed it.

Now, there are other Senators who will have to rationalize their position as best they can.

It may be this amendment will carry. But if it does, I do not believe I can sell it to the House, so I do not think it will survive.

I think the result is going to be increased defense levels and a deliberately increased deficit to cover it.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BUMPERS. I yield 2 minutes to the Senator.

Mr. HOLLINGS. Mr. President, I do not think that the cut of $3 billion from the $543 billion budget is an injustice, or any of those other things referred to by my distinguished colleague, the chairman of our Budget Committee.

I worked for the budget process since its inception. And I have always worked for a balanced budget. I worked as a member of the ways and means committee at the State level 30 years ago. I worked as chairman of a budget and control board and obtained a balanced budget in South Carolina—the first southern State in America to do so. And I have worked on these things on the Appropriations Committee as well as on the Budget Committee.

I commend the Senator from Arkansas for a very deliberate and studied and conscientious effort to reconcile what we did yesterday. I feel keenly the responsibility for what we did yesterday with respect to the reconciliation.

The distinguished Senator from Arkansas has left the veterans alone. He has left alone the uncontrollables, such as interest. The staff of my Appropriations Subcommittee has already come to me and said, "We can't afford it. It will be tough." Well, we just have to afford it. We will have to work.

I do not accept the idea that this is a meat-ax approach. I will be in the conference and we will take four or five figures in the conference with the House and we will split. Many times there is $100 million or $300 million or $400 million, and when we split it, we do not call it a meat ax. But when we have a deliberate effort by the distinguished Senator from Arkansas, it suddenly becomes meat ax, irresponsible, and injustice.

I commend the Senator from Arkansas. I am a cosponsor of his amendment, and I wish I had more time to speak in support of it.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the name of the Senator from Arizona (Mr. DeConcini) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I thank the Senator from South Carolina for his very eloquent remarks on a very difficult and delicate subject for all of us.

In designing this amendment, I tried to eliminate all the essential human resource programs for two reasons.

First, some of them are sacred to me as well as to other Members of the Senate.

Second, I know the political realities when you include them.

My amendment takes about one-half of 1 percent of the national budget and cuts it out.

One-half of 1 percent: If you do not think there is that much waste in your office, then vote against my amendment. If you think every other office is run a lot better than yours, then vote against my amendment. We could cut one-half of 1 percent of the Federal budget and get our deficit for 1980 below what it was in 1979. This would, at least, hold up our heads with some degree of pride when we go home and say, "We are trying to exercise a little discipline. We are trying to show that we can discipline ourselves and get this budget deficit down." Tell me how we are going to balance the budget in 1981 and cut $30 billion out of it.

You would think the world is coming to an end because a couple of human resource functions are included in this amendment.

Mr. President, this is not even a dramatic amendment. I hope my colleagues will support it. I promise them that next year, when we come here, they will find that nothing really has changed.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MAGNUSON. Mr. President, will the Senator yield me one-half minute?

The PRESIDING OFFICER. All time has expired.

Mr. MUSKIE. Mr. President, I move to table the amendment.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that I may have a half-minute.

Mr. MUSKIE. We have no time remaining.

Mr. BAKER. Mr. President, I do not want to set a precedent, but——

Mr. MAGNUSON. I want 10 seconds to correct the Record.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the Senator from Washington may have 10 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. The Senator from Arkansas talks about one-half of 1 percent. It actually amounts to 3 percent or more, because we are dealing, as I said before, with about 70 percent uncontrollables. That is the difference. It amounts to more than 3 percent, not one-half of 1 percent.

Mr. NUNN. Mr. President, will the Senator yield 10 seconds for a unanimous-consent request?

Mr. MUSKIE. He set the precedent of extending the time under the budget resolution.

Mr. NUNN. I withdraw it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. MUSKIE. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. Goldwater) is necessarily absent.

I also announce that the Senator from Vermont (Mr. Stafford) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. Stafford) would vote "yea."

The PRESIDING OFFICER (Mr. Tsongas). Are there any Senators in the Chamber who wish to vote?

The result was announced—yeas 57, nays 41, as follows:

[Rollcall Vote No. 299 Leg.]

YEAS—57

Baker
Baucus
Bayh
Bellmon
Biden
Bradley
Burdick
Byrd, Robert C.
Cannon
Chiles
Cohen
Cranston
Culver
Dole
Domenici
Durkin
Eagleton
Ford
Garn
Glenn
Gravel
Hart
Hayakawa
Heinz
Inouye
Jackson
Javits
Johnston
Kassebaum
Kennedy
Leahy
Levin
Long
McGovern
Magnuson
Mathias
Matsunaga
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Packwood
Pell
Randolph
Ribicoff
Riegle
Sarbanes
Schmitt
Stennis
Stevens
Stevenson
Tsongas
Weicker
Williams
Young

NAYS—41

Armstrong
Bentsen
Boren
Boschwitz
Bumpers
Byrd,
Harry F., Jr.
Chafee
Church
Cochran
Danforth
DeConcini
Durenberger
Exon
Hatch
Hatfield
Heflin
Helms
Hollings
Huddleston
Humphrey
Jepsen
Laxalt
Lugar
McClure
Nunn
Percy
Pressler
Proxmire
Pryor
Roth
Sasser
Schweiker
Simpson
Stewart
Stone
Talmadge
Thurmond
Tower
Wallop
Warner
Zorinsky

NOT VOTING—2

Goldwater
Stafford

So the motion to lay on the table Mr. Bumpers' amendment (UP No. 566) was agreed to.

The PRESIDING OFFICER. All time having expired——

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. BELLMON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUSKIE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUSKIE. What is the next vote?

The PRESIDING OFFICER. All time on the concurrent resolution having expired, the question then would be on agreeing to the concurrent resolution, as amended.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. The Senate will be in order.

Is there objection to the request of the Senator from West Virginia? Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, following the final vote on the Second Concurrent Budget Resolution, the Senate will proceed to the consideration of the conference report on the Panama Canal implementing legislation. Conceivably there could be a vote this evening. So I suggest that Senators not leave for a while yet.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. The Senator from Virginia has a 10-second statement. Is he precluded from making that at this point?

The PRESIDING OFFICER. It would require unanimous consent.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Virginia may proceed for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, this is an appropriate time, I think, to insert in the Record an analysis showing the tremendous increase in the cost of Government and the tremendous increase in tax revenues taken from the people of the United States to operate this Federal Government.

I shall vote against this budget resolution setting spending for fiscal year 1980.

The spending figures are much too high—and the $32 billion deficit is greater than the budget deficit for the current fiscal year. Instead of reducing the current deficit we are increasing it—thus taking the Nation further away from a balanced budget.

I have prepared a table showing a comparison in the cost of government for the year 1960 compared with 1979. The spending figures in the pending 1980 budget resolution are even greater.

In 1960, total expenditures of government were $92 billion. By 1979, this had increased to $496 billion—and the 1980 spending figure is $546 billion.

Because of the huge deficits, the national debt has doubled during the past 8 years and now stands at $840 billion. The interest cost on this—just the interest—is debt $60 billion for 1979, and is estimated to be $67 billion in 1980.

Mr. President, I ask unanimous consent that a table showing the figures to which I have referred be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

FISCAL YEAR 1979 COMPARED TO FISCAL YEAR 1960

[Analysis of Federal receipts and expenditures]

	Fiscal year—	
	1960	1979
Receipts in billions:		
Individual income taxes	$41	$217
Corporate income taxes	21	68
Subtotal, income taxes	62	285
Receipts in billions:		
Excise taxes (excluding highway)	[1] $10	[1] $11
Estate and gift	2	5
Customs	1	7
Miscellaneous	1	9
Total, Federal fund receipts	76	317
Trust funds (social security and highway, less interfund transactions	17	149
Total	92	467
Expenditures in billions:		
Federal funds	76	363
Trust funds (less interfund transactions)	17	133
Total	92	496
Unified budget surplus (+) or deficit (−)	0	−30

[1] Excludes highway and airport trust fund.

TRUST FUNDS—RECEIPTS AND OUTLAYS

[In billions of dollars]

	Fiscal year 1960		Fiscal year 1979	
	Receipts	Outlays	Receipts	Outlays
Social security	$11.510	$11.723	$101.818	$104.403
Unemployment	2.703	2.736	15.700	11.500
Federal employees retirement	1.766	.852	20.631	12.475
Highways	3.027	3.433	8.153	6.839
Other	.222	.999	43.145	37.719
Total	19.228	19.743	189.447	172.936

	Fiscal year—	
	1960	1979
Appropriations for:		
DOD	$42,885,844,000	$121,271,361,000
HEW	$3,514,572,000	$57,997,515,000
Legislative branch	$116,686,000	$1,139,705,500
Supreme Court	$1,858,000	$9,959,600
White House	$2,221,000	$18,733,000
Total number of full-time civilian employees for:		
Defense	1,039,996	1,061,361
HEW	68,849	143,000
White House (Office)	338	1,371
Supreme Court	163	312
Legislative branch	14,954	39,059
Military retirement cost	$632,922,172	$10,281,000,000
Average annual salary paid Federal employees in civilian work force	$5,273	$17,800
Maximum Federal salary	$17,500	$47,500
Average monthly social security benefit paid retired couple	$124	$482
Average interest rates on Government instruments (percent):		
3 months	2.9	8.83
3–5 year notes	4	8.78

Inflation rate for calendar years 1960 through 1979:	Percent
1960	1.5
1961	.7
1962	1.2
1963	1.6
1964	1.2
1965	1.9
1966	3.4
1967	3.0
1968	4.7
1969	6.1
1970	5.5
1971	3.4
1972	3.4
1973	8.8
1974	12.2
1975	7.0
1976	4.8
1977	6.8
1978	9.0
1979	13.6

Expansion of money supply from 1960 through 1979:[1]	Percent
1960	0.4
1961	2.8
1962	1.4
1963	4.0
1964	4.5
1965	4.3
1966	2.9
1967	6.3
1968	7.6
1969	4.0
1970	4.8
1971	6.6
1972	8.8
1973	6.2
1974	5.1
1975	4.6
1976	5.8
1977	7.9
1978	7.2
1979	

[1] Federal Reserve calculations based on 4th quarter average of 1 year, divided by 4th quarter average of preceding year.

● Mr. BENTSEN. Mr. President, before we take the final vote on the second budget resolution for 1980, I want to spend a moment summarizing my views for the Record.

As I have stated on other occasions, I support a tax cut of approximately $20 billion and would like to see that tax reduction reflected in this resolution. However, in numerous conversations with my colleagues, I can sense that there is not enough support for the Senate to adopt this position, and therefore, I do not plan to offer this as an amendment.

The reasons that I support a tax cut at this time are very straightforward:

First. The widely anticipated recession is upon us. For 1979 as a whole, the American economy will show little or no positive growth, and 1980 promises to be another very weak year;

Second. Since we debated this resolution last April and May, inflation has been running at double the rate targeted for 1979, and this has caused taxes to be far too burdensome for both businessmen and consumers. The tax cut I have proposed would not be large enough to really stimulate the economy, but it would relieve the excessive pressure that has been building up during the year;

Third. The time to act is now. If we wait until the unemployment lines grow longer and the economic pie shrinks further, then we will have lost an opportunity. The economic hardship that could have been avoided will be a reality;

Fourth. The kind of tax cut I support will have no adverse consequences for the economy. I am not advocating the traditional kind of tax cut designed only to shore up the demand side of the economy. One-half of the tax cut I propose would provide incentives for greater investment and savings—to shore up the supply side of our economy. That kind of tax cut will not increase the rate of inflation—on the contrary, it will help improve our capacity to produce more goods and services. And in the long run this type of tax cut would actually reduce the rate of inflation; and

Fifth. I want to see this Congress enact a tax cut early enough so that it can dampen the impact of the recession, prevent a serious downturn, and preempt congressional initiatives for increased spending. Historically, the Congress has used recessions as an excuse to increase the size of the public sector. That is the sort of expensive reflex reaction that must be avoided in the future. I want to see us use this recession to break the cycle of the past and accomplish some of our legitimate economic objectives.

I would like to remind my colleagues of a bit of history. During most of 1974 the economic signals were mixed. There were various signs that the economy was weakening, but the unemployment rate held steady between 5 and 5½ percent. In March of that year the Joint Economic Committee recommended that a small tax cut be considered to offset the pressures that were beginning to build. In September 1974 the unemployment jumped 0.5 percentage points. And between October 1974 and May 1975, the unemployment rate rose about one-half point per month until it finally peaked at 9.1 percent.

I am not suggesting that the situation we face today is as bad as the one we faced in 1974—although no one anticipated the seriousness of that recession, But I am suggesting that the longer we wait before taking action, the more serious a decline we are likely to experience. Already some economists are talking about unemployment rates of 8 percent and higher. We must not be lulled into complacency by the fact that it has remained at 6 percent or less so far this year—our history shows that it can rise very rapidly.

The $20 billion tax cut I have recommended is rather small in comparison to our $2 trillion economy. As Wharton School economist, Lawrence Klein, put it, such a tax cut "won't be enough to thwart a recession, but it will keep it from turning into a really deep and dangerous one."

A modest tax cut oriented toward the supply side of the economy—enacted early enough to prevent a severe recession—and designed to foster savings and investment will stimulate real growth in the long run and lead us to a balanced budget far more effectively than a policy that avoids a supply side tax cut, maximizes the probability of a severe recession and encourages the expansion of costly Government spending programs.

I said earlier that I do not believe that there is enough support to amend this budget resolution as I would like. But I will predict that before the year is over, many more of my colleagues will come to the same conclusions that I have reached.●

● Mr. BIDEN. Mr. President, I intend to support the second concurrent resolution on the budget. I also support the new formula that has been worked out to hold down spending without doing violence to essential Government services. I believe that this formula is, in the words of our chairman, Senator MUSKIE, a "reasonable and supportable compromise of a difficult issue," and I am pleased to have participated in the meetings that developed it.

ENERGY AND INFLATION

Mr. President, if there ever were any doubt that there are no easy answers to this country's economic problems, those doubts should finally be laid to rest by the issues before us today in the second concurrent budget resolution.

We are confronted with the dilemmas of helping to provide for the growing needs of the elderly, the ill, and the less fortunate, while providing economic relief for the overburdened middle-income American taxpayer. At the same time, we must bring Federal spending and inflation under control. It is little wonder that surveys indicate the American public has little economic optimism for the future.

The ravages of inflation coupled with ever-escalating energy prices have brought this country to a new low in our more usual American spirit of "can-do" self-assurance. The American people are, indeed, in the throes of a "crisis in confidence"—and rightly so. We simply have not been able to respond to the legitimate economic need of the lower- and middle-income people of this country, and offer the public any assurance that we, their elected officials will make the tough decisions which we must make to provide for a brighter and more stable economic future.

For example, let us just take a look at what energy costs are doing to the the budgets of moderate-income households.

Since January of this year the price of home heating fuels have risen dramatically. Residential fuel oil, for example has skyrocketed from 54 cents a gallon to 80 cents a gallon in just 9 months—an increase of almost 30 percent. We now are looking at the prospect of $1 a gallon heating oil by the end of 1979. This means that the 200 gallon tank which cost $108 to fill last January, now costs $160, and may well be above $200 by year's end.

Mr. President, for many families such a price rise will not just be unfortunate, but could well be catastrophic.

Last winter the average low-income household spent almost 20 percent of its income on household fuel and utilities.

Last fall Congress received testimony from Mr. Anthony Maggiore of the Social Development Commission in Milwaukee, Wis., indicating that:

> At $1 per gallon (for fuel oil), 67 percent of the average household income would be used for home heating oil.

Sixty-seven percent just to keep from freezing. Where does the money come from to pay the rent, buy food and meet medical bills?

But the average American is not just struggling with spiraling energy costs. Those costs have impacted on—and will continue to aggrevate—an unacceptably high inflation rate—helping to completely derail the average American's household budget.

Mr. President, double-digit inflation is a two-edged sword, doing violence not only to family budgets, but also pushing American workers into higher tax brackets as salaries try to keep pace—further reducing available income and real purchasing power.

With Americans on such an economic treadmill, it is not hard to understand the depths of public pessimism.

SPENDING RESTRAINT

As I indicated earlier, I support the compromise spending reduction plan that will be put forward during the consideration of the budget resolution. This proposal can reduce outlays by over $3.3 billion without striking at the needs of our more disadvantaged citizens, including the energy problem I discussed earlier. This proposal will not seek to balance the budget on the backs of the poor, the ill, or the elderly. It can provide adequate funds to meet their needs in these times of high inflation and the coming recession which threaten the ability of many to stay afloat financially. I know that there will be proposals before us to slash spending in such areas as education, job training, health care, and income security, supposedly in order to provide tax relief without increasing the deficit. I have my own proposals for a tax cut which I will spell out in a minute—for I believe a tax cut now is essential.

I cannot support proposals that cut essential services proposals that would provide tax relief at the expense of essential services. Therefore, I support the substantial reductions in spending contained in the most recent proposal for the budget resolution, but I must oppose efforts to reduce spending still further, whether to provide a tax reduction or for other reasons. We simply cannot reduce spending beyond the deep cuts provided for in this budget resolution without doing irreparable harm to the vital services government does and should provide the American people.

WINDFALL PROFITS TAX

I believe that it is possible to meet the needs of those who are hurt by our terrible economic circumstances and do it without, over the long haul, creating escalating deficits. The key to this is the proposed windfall profits tax on crude oil. This tax must be set at rates high enough to recover the bulk of undeserved profits that oil companies will realize from escalating world petroleum prices.

This means that the tax can bring in significantly more revenue than is now anticipated by the budget resolution before us. Over the next 10 years it could result in additional revenues for the Treasury of more than $200 billion. With the more prudent approach that Congress seems likely to take toward the development of synthetic fuels, probably less than half the revenues earmarked from this tax for synfuels will be needed to meet synthetic fuel development costs. The balance can be used in a 10-year program to meet the needs of disadvantaged and to provide tax relief for the American taxpayer without, over that 10-year period, creating ever-escalating deficits.

I think the first step in such a 10-year program should be to provide a tax cut right now. In the next few years, more than enough revenue can be realized from the windfall profits tax to offset the immediate loss of revenue that will occur. Therefore, although I support the budget resolution before us, I am disappointed that it does not contain room for such a tax cut.

In order to accommodate a tax cut, however, we must hold the line on the windfall profits tax. Mr. President, this tax is not a "penalty" to the oil industry as some have argued. This is not further

Government interference in the affairs of private enterprise. Rather, the windfall profits tax permits the American people to "recapture" some of the revenue attributable to the unjustified price increases of the OPEC cartel. The tax more than adequately allows the oil industry new incentives for the development of American oil reserves. Even with a windfall profits tax as proposed by the administration the oil industry will realize profits amounting to $96 to $117 billion between 1979 and 1980.

Mr. President, the windfall profits tax helps return to the American people some of the revenue which substantially higher fuel prices would siphon off. This tax is reasonable, just and necessary. I cannot understand how some of my colleagues can seriously argue that we should dramatically reduce Federal spending even beyond the cuts incorporated in this budget resolution—in effect cutting into the marrow of important domestic programs—while arguing that we should allow the oil industry to enrich itself on the substantially increased earnings which soaring oil prices are reaping.

Mr. President, can we possibly have our national priorities so distorted that we would actually reduce essential Government services so as to provide the oil industry with still higher profits—profits which will do nothing to provide for more domestic oil. I cannot believe we would adopt such a policy prescription.

Rather, Mr. President, Congress should pass a strong windfall profits tax in order to generate the revenue needed not only to allow for a substantive tax cut to help provide for those programs which will allow us to get out from under the OPEC yoke.

TAX REDUCTIONS

Mr. President, I have concluded that both equity and economic conditions require an immediate tax reduction for individual taxpayers.

With regard to equity, the revenue figures in this budget resolution speak for themselves. In just a little more than 2 months since the first budget resolution was approved in May, estimated revenues have risen by $3.5 billion, despite the fact that our estimates of economic growth have fallen substantially since then. Even more startling is the increase of almost $9 billion in revenues above the estimate made by the Senate Budget Committee in its April 12 report on the first concurrent budget resolution.

And if one looks at the increase in revenues between 1979 and 1980, one finds an estimated increase of $46 billion. In all of these estimates there is a built-in assumption of a slowdown in our economy. Even so, inflation will push taxpayers into higher tax brackets so rapidly that the increased taxes from inflation are far more than offsetting any decreased revenues from the coming recession. I believe that we must give some relief to those taxpayers whose real income is being eroded by a combination of inflation and taxes.

This budget that we are working on today contains cost-of-living increases for social security benefits. They are necessary for the mere survival of many. There are cost of living adjustments for many other programs—veterans programs, nutrition programs, retirement programs, medical care programs. I support these also. But when we come to the revenue side of the budget, we are told that an inflation adjustment in taxes is too inflationary: that it will destroy the steady course of our fiscal policy intended to eliminate inflation. So we can do nothing for the taxpayers, it is argued.

First, I reject the argument that the thing that destroys our steady fiscal course and threatens increased inflation can be narrowed to a tax cut. The things that threaten—if, indeed, anything does—is the sum total of all our actions on the budget—increased defense spending: the cost of living adjustments mentioned above; increased refugee assistance: more water resource spending: more energy development spending. No one of these things can be blamed for unbalancing the budget—it is the sum total of them. To make the taxpayers and their tax reduction the scapegoat is totally unfair.

It is also utterly unwise, considering the economic outlook, not to have a tax cut now.

It is clear that no one knows how to predict the course of the economy. But I believe the outlook is grim. I have thought for some time that the current economic scene is unpleasantly reminiscent of 1974 when our Budget Committee was just getting underway. Our chief target was inflation, pushed to double-digit levels by increased energy costs. An economic downturn lurked in the background, apparent to anyone who looked carefully.

But I have been told that I am wrong. That things are different today.

For this reason I was interested in an article in the quarterly review of the Federal Reserve Bank of New York—surely a reputable source. That article, entitled "The Business Situation—Current Developments" noted:

> In many respects recent energy developments—the sharp rise in fuel prices and reduced availability of gasoline—are reminiscent of the 1973–74 oil embargo which tripped the United States economy into its worse recession in post-war history.

In my view, not only will the country suffer from the energy problems occurring earlier this year, an equal matter for concern is that the energy outlook for the next year is very unstable. I see no assurance that there will not be further price shocks and further shortages. The outlook for fuel oil this winter is not encouraging—either in price or in supply. When this energy outlook is combined with the inflation outlook, the plight of the consumer is bleak. And the evidence is that consumers know it and are retrenching.

When you have total uncertainty about energy supply or cost; when you have the virtual certainty of continued rampant inflation; when consumer buying power is dramatically lowered; and when consumer confidence is shattered—then we have the makings of a very serious economic downturn next year.

I hope not, but I do not want to make the mistake that we made in 1974. At that time we were too busy fighting inflation to see the other menace that lurked around the corner. So we waited for a tax cut until consumer confidence had fallen so low that the tax cut enacted in 1975 could not even budget it.

That cut was, in my judgment, a total loss as a recession fighter. I believe that we must act now to put in place a substantial tax cut to help prevent a serious recession.

Finally, I know that I must expect to be told that a tax cut will be inflationary at a time when lowering inflation is our goal. I agree that lowering inflation is at least one of our important goals. But, I do not agree that a tax cut will be significantly inflationary, particularly when compared with the economic and equitable relief it will provide. Specifically, I believe the extent of the economic downturn will unforunately be sufficient to overcome almost any inflationary effect.

But what happens if one assumes a less serious downturn, as does the Budget Committee in its markup documents used to prepare this resolution? The Budget Committee staff prepared a series of fiscal options, one of them a personal income tax cut of $15 billion. The staff estimate of the effect of this tax cut on inflation was: Nothing in fiscal year 1980; an increase in inflation in 1981 of only one-tenth of 1 percentage point; and the same increase again in 1982. When we are fighting inflation rates of over 13 percent, a tenth of a percentage point a year or two from now is worth the price in return for the economic benefits it will bring—to say nothing of the financial relief it will give to many hard-working Americans. But certainly another option—and we are not deciding the exact form of tax relief here today—another option is to reduce the increased payroll tax burden that will be coming in the next 2 years. If we do that, the result on inflation is very positive—decreases of about two tenths of a percentage point in 1980 and 1981.

In summary, Mr. President, we need a tax cut and we need it right now while it can still do some good. Such a tax cut need not stand in the way of balancing the budget in 1981—that can still be done. In the longer run, the availability of revenues from the windfall profits tax will assure a large and equitable new revenue source that will permit further reductions in individual income taxes.●

● Mr. BOSCHWITZ. Mr. President, last spring the Senate passed the first budget resolution by a wide margin. While that budget contained some cuts in worthwhile programs, many of which are important to Minnesota, I felt that the restraint shown in the overall totals justified sacrifices on everyone's part. I supported the first budget resolution because I believed it would slow the growth of Government spending and therefore curtail inflation. In previous years, Government spending has been growing 11 to 12 percent. The first budget resolution provided for only a 7.6-percent increase in spending. I viewed this as a significant reversal of Congress spending pattern.

However, in the past few months, a

time when the economy is certainly not performing in an exemplary fashion, I have witnessed a return to the old pattern of trying to solve problems by spending. This is happening at a time when it is more important than ever to hold down Government spending because inflation is now running at an annual rate of over 13 percent. Again, I believe, as do most economists, that high Government spending contributes to inflation. Yet this second budget resolution, which increases spending significantly, only perpetuates the cycle of inflation and, indeed, worsens it.

Although the first budget resolution was a step in the right direction toward reducing the growth rate of Government spending, Congress has not achieved the goals of that budget.

I did not support this budget resolution in committee, and cannot support it in its present form because it is a band-aid approach to our Nation's economic ills. Simply adding in more money to try to offset inflation's effects will do nothing to bring inflation or unemployment down. Offsetting inflation is a laudable goal, but by pouring more money into Government programs, we are sending a message to the American people that inflation is inevitable. I believe, instead, that we should try a preventive approach. We should hold down the growth of Government spending and restore incentives for work and savings, which create real economic growth, before we are deeply imbedded in a recession, before millions of workers are thrown out of jobs, before the inflation rate worsens.

Mr. President, you may have heard the saying that if you tax something you get less of it, and if you subsidize something you get more of it. This is exemplified in this budget as reported by committee. We are taxing productivity and subsidizing inflation and high unemployment—in short, a recession.

Allowing inflation to push people into higher tax brackets and saying in the next breath that tax cuts should not be enacted until 1982 so we can balance the budget is illusory at best. People all over this country are calling out for a balanced budget. This budget is not the way to do it.

It seems to me that there are two distinct approaches to this goal of balancing the budget. The first, which I support, is to balance by restraining the growth of Government expenditures. With less Government money floating around in our economy, and therefore, less Government intrusion into the free enterprise system, I believe the private sector has a better chance to get back on its feet. It is the private sector, not the Government, that creates the vast majority of jobs. It is the private sector, not the Government, that produces most of the products that people need. Increased tax revenues are the result of more jobs and more production.

So it is in the best interests of us all to insure that the private sector is able to achieve real economic growth. I am convinced that tax revenues will grow if we restore economic incentives. Only by a combination of holding back increases in Government spending and encouraging private sector growth through tax cuts, can we balance the budget.

The second group of budget balancers wants to increase taxes until they catch up with Government spending. The experience to date shows that this approach also causes inflation and unemployment. When the Government pumps more money into our economy that is not matched by an increase in the supply of goods, inflation is the result. That is the definition of inflation—too much money chasing too few goods. Money is a commodity just like eggs or flour, and when there is too much of any commodity the price goes down. This decrease in the price, or value, of money is inflation. By the same token, when we try to increase revenues by allowing inflation to push people into higher tax brackets, we are doing nothing to promote any increase in the supply of goods. And so real economic growth declines, as it is now, and higher unemployment and more Government spending is the result. You cannot collect taxes from people who are not working, so revenues will never catch up with Government spending.

We are taxing work and saving at unprecedented high levels. As a result, productivity is at its lowest point in our history. By the same token, instead of just adding in more money to pay for more unemployment compensation when the unemployment rate goes up, we should be working on solutions which preclude such a rise in unemployment, such as tax cuts which would create more jobs. And the time for that is running short, as shown by last month's rise in the unemployment rate to 6 percent.

This budget resolution accepts a 9.8 percent rate of inflation in the next fiscal year. Not only does it say that 9.8 percent is a valid estimate, it goes one step further and guarantees it will stay at such a high rate by adding over $10 billion of spending. This budget resolution also accepts as valid an unemployment rate of 7.2 percent. Again, it guarantees that this will come to pass by forgoing any tax reductions until future years.

Next year is an election year. With unemployment rising and inflation rising, everyone knows that a tax cut is inevitable. We are fooling ourselves by not planning for it now. I realize it is difficult to make the hard choices as to where spending cuts will have to be made to accommodate a tax cut so the deficit will not rise. But I believe it can, and must, be done. This is the only valid path to a balanced budget.

It is with great reluctance that I felt compelled to oppose this budget resolution. The Budget Committee itself is an important part of our legislative process and deserves the support of Congress. Unfortunately, I do not think that this budget resolution fulfills the goals of the Budget Committee. The committee was created to try to get a handle on Government spending and to provide a framework for congressional action on economic problems. This second budget resolution does neither. It promotes Government spending at unprecedented high levels. It is a rubber stamp to the administration's policy of—let us wait and see how bad the recession gets before we do anything. I disagree with this policy strongly. I feel Congress must take the initiative now to prevent a deepening of the recession.

The second budget resolution as reported by the committee recommends that revenues increase over $48 billion in the next fiscal year. This is because Americans everywhere are being pushed into higher and higher tax brackets. Revenues as a percent of GNP will be 20.6 percent. This is the highest rate ever except for the years 1944 and 1945 when we were fighting in a world war, and 1969 when Congress enacted a surtax to help finance the Vietnam war. There is no military war being waged at present which justifies such a high level of taxation. The only war we are waging right now is a war on inflation and unemployment, both of which require the exact opposite response to win.●

● Mr. PRYOR. Mr. President, I would first like to commend the chairman and the members of the Senate Budget Committee for the initiatives which they have undertaken in the second concurrent budget resolution. The economic situation of this country places us at a crossroads and now, more than ever before, difficult decisions must be made in order to trim our national budget to an acceptable level. I would only caution my colleagues, however, that as we strive to reduce the budget deficit, we must be ever mindful of the needs and concerns of the American people.

As I stated to you during debate on the first concurrent resolution on the budget, I am specifically concerned about the Budget Committee's recommendation regarding the current twice a year cost-of-living adjustment formula for Federal retirees. The second concurrent resolution, as reported, proposes to reduce the level of funding of the Civil Service Retirement System by $100 million and the Budget Committee's report recommends that the savings be achieved by changing the semiannual cost-of-living formula to a once-a-year provision.

It is, however, my understanding that such recommendations or assumptions are not binding on the Congress and the Governmental Affairs Committee may properly achieve the specified reduction by legislation other than that mentioned in the Budget Committee report.

Mr. President, I have expressed my concerns on this issue on various occasions. On July 20, 1979, the Budget Committee wrote to Senator RIBICOFF, chairman of the Governmental Affairs Committee, alerting him to the Budget Committee's plans to begin markup of the second budget resolution. I, along with Senators RIBICOFF, PERCY, and STEVENS, joined in the response in a letter dated July 27, 1979.

Our letter outlines the fact that the Subcommittee on Civil Service and General Services, which I chair, mindful of the assumptions of the first concurrent resolution, held hearings on the Civil Service Retirement System on July 12, 1979. At the hearing, the subcommittee received testimony in opposition to such a change from many organizations and individuals, including members of the Senate Budget Committee. Moreover, a representative of the Office of Personnel Management stated that the administration has no present plan to propose or support a change in the adjustment formula.

Our letter further outlines other areas where the committee believes that comparable savings can be achieved. Already, legislation affecting the civil service disability retirement program is being developed. We will pursue that and other areas. As I said, Mr. President, I support budget reductions and I think we can achieve them. Certainly, our committee wishes to give its best efforts toward responsible legislative initiatives.

I certainly appreciate the cooperation and support of the Budget Committee in allowing the Governmental Affairs Committee the needed flexibility under the budget act to determine how best the recommended levels of savings should be achieved. I am pleased with the technical amendment offered by Senator MUSKIE which clarifies the authority of the Governmental Affairs Committee to act on this issue. I believe that the cost-of-living adjustment formula for Federal retirees is important to maintaining the purchasing power of our Federal retirees, many of whom who are on lower fixed incomes. Based upon the information which has thus far been presented to the Governmental Affairs Committee I do not support any action to reduce these benefits. Rather I intend to join my colleagues on the Governmental Affairs Committee in efforts toward achieving the proposed levels of savings by pursuing legislation which will not impose special hardships on individual citizens, but which are consistent with the necessary budgetary constraints that we face.●

ANNOUNCEMENT OF POSITION ON VOTE ON DIVISION 2 OF HOLLINGS AMENDMENT

● Mr. DOLE. Mr. President, during the vote on division 2 of the amendment of the Senator from South Carolina, regarding increased defense spending to provide for 5-percent real growth in budget authority in fiscal years 1981 and 1982, I was necessarily absent.

If I had been present for this vote I would have voted in favor of this measure.●

Mr. CRANSTON. Mr. President, it is with great regret that I announce that I cannot support the Senate's version of the second concurrent resolution on the budget for fiscal year 1980.

I have strongly supported the attempt to bring fiscal responsibility to the Congress from the inception of the new budget process.

I worked hard with other Members of the Senate to enact the Congressional Budget Act in 1974.

I served on the Senate Budget Committee from its formation until last year when I was required by Senate rules and the pressure of other assignments to relinquish my seat.

The budget process has achieved many things in its short life.

It has saved many billions of taxpayer dollars.

It has served as an important vehicle to help devise a national economic policy, and to coordinate that policy with the actions of Congress to meet our national needs.

It has helped to make the whole Congress budget conscious.

These are major and very desirable achievements.

I continue as a strong supporter of the budget process.

I do not share the view of those who believe we should go back to the old way.

But, Mr. President, even such a valuable and important process can produce results which in my view are both fiscally unsound and unfair—and that is what the amended version of the second concurrent resolution on the budget for fiscal year 1980 is.

It is fiscally unsound because it reverses the progress Congress has made toward a balanced budget by providing for a deficit $1.7 billion greater than last year.

When the distinguished Senator from Maine took the floor to open the debate on this resolution, he stressed the importance of holding down deficit spending and avoiding a bigger deficit than last year, goals I share.

"The Budget Committee would have failed in its responsibility to the Senate had we not recommended reconciliation to keep the 1980 deficit from rising over the deficit for 1979," he said.

The amended resolution which the Senate now has before it is unfair because it inflicts suffering on those least able to bear it, while placing no appropriate restraint on inflationary, across-the-board increases in undefined aspects of military spending for which an adequate case has not been made.

I have said many times that I do not believe we can or should balance the budget on the backs of the poor, the aged, and the disabled.

This resolution abandons our momentum toward a balanced budget, while—in the name of fiscal responsibility and without other justification—it requires cuts in services to those in our society who suffer most from inflation and who are least able to survive without assistance.

Early in this debate I took the floor with an amendment opposing cuts in service-connected disability compensation or other veterans entitlement benefits, and in Veterans' Administration health care programs below essential levels that the Senate had approved earlier this year.

My amendment, coupled with the Muskie substitute, would have left the projected deficit for fiscal year 1980 $1.2 billion lower than the fiscal year 1979 deficit, and $2.9 billion lower than the deficit projected in the resolution which is before us.

My amendment was called—erroneously—an attempt to exempt the Veterans' Committee from any and all responsibility to find some savings to hold down the cost of Government.

That misleading rhetoric totally ignored the vigorous and successful efforts that those of us on the Veterans' Committee have made to achieve savings where they are achievable—to eliminate waste and abuse, tighten administration, and reduce costs in veterans' programs.

These efforts, when finally adopted by the full Congress, will yield savings in veterans programs of almost $80 million in fiscal year 1980, and $448 million over the next 5 years.

My resolution opposing unwise, unfair cuts in veteran programs to the budget was defeated.

Yet the Senate subsequently adopted an amendment which increased the projected deficit for fiscal year 1980 by $3.2 billion, a development which the distinguished chairman of the Budget Committee only yesterday had called "unacceptable."

Chairman MUSKIE pointed out that—

> We must make painful cuts in valuable social and economic programs, ask people to do without some of the government services they seek, and ask the individual Members of Congress to set aside some of their favorite programs for the common good. We must do it if we are ever to control the budget.
>
> Those who argue for a 3- or 5-percent increase for defense would set aside important social goals in the name of economy, but add over $100 billion new for undefined defense programs of no proved value and no demonstrated need.
>
> If we adopt these increases in the face of this evidence, the deficit will increase. We will build new spending momentum into the budget. We will saddle the future Congresses with even more painful choices. We will throw oil on the fires of inflation in an important industrial sector. And we can say goodbye to all the brave talk about bringing the budget under control.

The consequences are equally unacceptable to me.

I cannot support this resolution.

● Mr. RIEGLE. Mr. President, I intend to vote against the second budget resolution.

I have come to this position, Mr. President, with some regret. I would have preferred to join the distinguished Budget Committee chairman, Senator MUSKIE, and my other colleagues in defending the committee's recommendation on the floor. I would prefer to vote for final passage today. Unfortunately, I could not support the resolution as it was reported from committee and I cannot support the resolution as it now stands.

I wish to state some of my reasons for opposing the resolution in its present form.

First, I believe the budget resolution, as amended, does not sufficiently respond to the worsening economic situation.

This resolution would continue the policy of fiscal restraint that was adopted in the first resolution last April. But the economy has deteriorated sharply since then. In fact, nearly all the indicators confirm that the economy is now in a recession.

I am not reassured by economic forecasters who claim this will be a short and shallow recession. Dr. Walter Adams, distinguished university professor at

Michigan State University, reminds us of the events of early 1974. Three leading magazines—Fortune, Business Week, and U.S. News & World Report—assembled a small army of economists to predict what the year would bring. With very few exceptions, they said the stock market would rise; it fell 300 points. They said the inflation rate would decrease; it rose to about 12 percent. They said unemployment would peak at 6 percent; it was above 7 percent at year's end and rising. Above all, they said there would be no recession.

I am disturbed by signs that we may once more be in for a deep and lengthy recession. In my own State of Michigan, unemployment has been consistently higher this year than last. Even under the more optimistic forecasts, Michigan's unemployment rate is expected to rise from a rate of 7.4 percent in July to 10 percent in 1980. Respected economists who study the Michigan economy expect unemployment in Michigan to rise to as much as 11 percent.

Within the last few weeks initial claims for unemployment insurance in Michigan have soared. In fact, initial claims in the week of August 4 were 64,000—close to the alltime record experienced in January 1975, near the bottom of the last recession.

Mr. President, some Senators have said that high levels of unemployment are a risk we should run in order to help cool inflationary expectations. I agree that the current inflationary forces are very dangerous and I am frustrated that effective remedies have not been found. But I emphatically reject the notion that the current inflation can be brought under control by inducing a recession.

Arthur Okun has recently said:

> Any anti-inflationary proposal that relies solely on balancing the budget and tightening money . . . should carry a truth-in-packaging label revealing that its probable contents are 90 percent production losses and job losses and only about 10 percent inflation saving.

To gain a 1-percentage-point reduction in the inflation rate, the Nation would pay the terrible price of about $200 billion in lost real production and roughly 5 million worker-years of jobs.

As a Senator who knows firsthand how costly and cruel recession can be for our people, I cannot endorse the economic policy reflected in this resolution.

Mr. President, my second objection to the committee's recommendation is that it reflects an inappropriate distribution of resources among competing national needs.

I disagree vehemently with the claim that this resolution is essentially a statement for fiscal restraints. It is primarily a statement of national priorities.

The resolution does not apply the discipline of fiscal restraint in a balanced way across the range of Federal activities. It would place the burden of restraint heavily on programs serving the disadvantaged and those with low incomes.

The resolution ceilings assume a sharp reduction in the CETA jobs program. The Labor-HEW appropriations conference report already cuts fiscal 1980 funding for CETA. Specifically budget authority for title VI countercyclical jobs was cut by $2.2 billion below the fiscal 1979 levels. This implies a reduction of the program from 600,000 jobs only 2 years ago to 200,000 jobs or less by the end of fiscal year 1980. The Budget Committee suggests that the Appropriations Committee should slash the program down to 100,000 jobs.

Abolishing these jobs adds costs to individuals and to other Federal programs. The Labor Department estimates that about 30 percent of the cost of each CETA job is offset by reductions in spending for unemployment insurance, welfare, food stamps, and other assistance programs. Cutting CETA is a false economy that merely runs up other budget outlays.

Last year Congress enacted major reforms that target this program on the disadvantaged—those who are most hurt by the recession. Economists estimate that a 9.5-percent unemployment rate translates into an 11-percent rate for women, an 18-percent rate for minorities, 20 percent for teenagers, and 45 percent for black teenagers. I do not believe the Nation can turn its back on the suffering of these groups.

The resolution assumes cuts in title XX social service grants to States by $200 million for fiscal 1980. In my State of Michigan, these cuts would amount to $9 million. Compensatory State spending increases to continue those services are not possible because the economic downturn is already cutting into State revenues and State law prevents the rapid generation of new taxes. Similar to many other States, Michigan is currently spending well over its required State matching for services funded through title XX.

As I noted earlier, much of the saving assumed by the Budget Committee will be illusory. In Michigan, for example, title XX funds provide services to homebound individuals not otherwise able to support themselves. Without these services, many clients would have to be transferred to nursing homes, where the Federal Government assumes 50 percent of the cost through medicaid.

Title XX funds in Michigan also provide placement services to mentally ill and mentally retarded people. A cutback in funds would create a backlog of clients who can not be placed in communities but must remain in institutions at a higher cost to the Federal and State Governments.

The resolution assumes sharp cuts in assisted housing for low- and moderate-income people. In the current year 310,000 families are expected to be brought under assistance. The HUD-independent agencies appropriation would reduce the program to add only 259,000 families in fiscal 1980. The Budget Committee suggests that Congress go back and force the program down by an additional 9,000 units.

The resolution assumes real cuts and questionable savings in welfare programs, retirement programs and numerous domestic programs.

None of that restraint has been shown when military spending has been considered.

Many of those Senators who fight hardest to cut the size of domestic programs and who profess the greatest concern about the taxpayers' dollar, have rigidly refused to admit that savings could be achieved by cutting waste in military spending.

The Budget Committee voted to add, over the fiscal 1980 to 1984 period, $13.4 billion in budget authority and $4.6 billion in outlays to the already generous amounts in the first budget resolution. The Budget Committee recommended full funding of research, development, and procurement for all major strategic weapons systems now being planned.

If the Budget Committee's recommendation were adopted, no strategic weapons system would be held back. The MX missile would be procured at the rate of one per year in fiscal 1980, 1981, 1982, and 1983, and two submarines in fiscal 1984. The committee recommendation also included the Trident I and II missiles, and air launched cruise missiles and their carriers.

But even that did not satisfy the advocates of military spending, so we now have a resolution that would increase defense spending above the committee's recommendation by $47.4 billion in budget authority and $28.5 billion in outlays over the period from fiscal year 1980 to fiscal 1984.

I believe we should press to reduce waste and mismanagement and to eliminate ineffective activities in every budget function. But this second resolution does not show a concern for governmental effectiveness. It reflects a biased policy, and I will not vote to approve such a bias.

Mr. President, budget decisions will always spark disagreement and debate. It could hardly be otherwise. The stakes are high. Different regions and different groups have conflicting interests. Our understanding of the economy is incomplete and policy decisions are controversial. Conflict over budget resolutions is certain to increase as the power of the budget process grows.

We should not expect a budget resolution to match any one Senator's priorities. Nevertheless, this resolution, at this stage of a recession, provides such a poor response to what I believe are the needs of people in my State and across the Nation that I must vote against it.

I trust that the resolution's most serious flaws will be corrected in conference with the House, and I expect that Congress will turn away from the fiscal policy of this resolution if the economic downturn continues on its present course.●

● Mr. BENTSEN. Mr. President, I commend the efforts of the Budget Committee to pursue the difficult and evasive task of balancing the budget. I am sympathetic to efforts to reduce the deficit and to balance the budget at the earliest possible moment. I believe that Congress must return to sound fiscal policies to address the perplexing and pervasive problems of the American economy.

In one of its reconciliation instructions, the Budget Committee has, however, directed the Committee on Environment and Public Works to reduce authority for expenditures by $250 million, with the clear assumption that this reduction will come from the Federal-aid highway program. I respectfully disagree with this recommendation for the following reasons:

As most of my colleagues are aware, the highway trust fund is a self-contained operation. It can expend only those revenues it receives. The trust fund cannot be in deficit; it cannot spend beyond its income.

It is also important to understand, Mr. President, that money collected by the trust fund cannot be spent for any purpose other than highways. If we have a surplus in the trust fund we cannot take that money and turn it over to HEW or the Department of Defense. If there is a surplus in the account, it remains there.

True, trust fund income is counted as revenue, and if we do not spend part of it we have theoretically decreased expenditures. But this is a cruel illusion of progress where none in fact exists; it is a budgetary shell game. Because that revenue just sits in the trust fund, serving no useful purpose, building a surplus that cannot be spent. Reducing authority for expenditures by the trust fund does not deal with the realities of balancing the budget. It is a phoney economy.

Also, Mr. President, I would like to note for the record that the highway bill passed by the Senate last year was lean. It is the bare minimum we need to do the job. Last year the House passed a highway bill that was generous to the point of irresponsibility. When we went to conference on this legislation, we held firm, and we reduced the House level by $16 billion.

We have met the requirements of fiscal responsibility in respect to the highway bill. The program is currently funded at an effective, responsible level. Reducing trust fund expenditures by $250 million, as recommended by the Budget Committee, would be a false economy with severe adverse implications for our highway program.

Mr. President, I urge the Senate conferees on this resolution to carefully review the assumptions that were made in targeting the highway program as a candidate for a budget reduction. I would say that their conclusion would be that it is an improper target. I urge them to look at the House position on this issue—a position which does not currently include a cut in the highway program—and recede to this position during the conference on the resolution.●

● Mr. LEVIN. Mr. President, our consideration of the second budget resolution has taken place within the context of competing demands. Our constituents demand—and economic reality requires—that we attempt to constrain overall spending in order to reduce the deficit and help in the fight against inflation. At the same time, our constituents demand—and our consciences require—that we recognize the unmet needs which any budget is designed to address. Our decisions over the past 3 days represent our attempt to find a way to resolve these competing demands. My vote against the second and binding budget resolution reflects my dissatisfaction with the solution being offered now for our final approval.

I believe, Mr. President, that efforts to reduce the deficit and move toward a balanced budget are desirable goals. But I do not believe that they are penultimate goals. I do not believe they supersede all other considerations. I do not believe they should blind us to the price we are asked to pay in terms of the progress we make toward achieving other priorities.

The movement toward a balanced budget needs to be carefully examined along the way. We know that if we produced a balanced budget this year we would not end inflation. We know that if we produced a balanced budget this year we would not stem the falling value of the American dollar in international money markets. We know that if we produced a balanced budget this year we would not prevent the recession we are now entering. Surely a balanced budget might help us move toward some of these goals—but in and of itself, the budget will not achieve them. A balanced budget will not allow us to enter a utopian state.

But this debate, of course, is not even about a balanced budget. It is a debate about the extent to which the budget will be unbalanced. We are asked to exercise restraint—to refuse to fund programs for which a clear need has been established and about many of which the Senate has already spoken—through the appropriation process—in order to keep the deficit under last year's total. This may have important symbolic implications, but to be honest I am not sure that we have heard any evidence which evaluates the economic impact of a $28.4 billion deficit against a $32 billion deficit. The debate on the floor has simply not focused on the economic advantages of reducing the deficit by $3.6 billion in this fiscal year. As a result, we have no real way to measure the advantages of the Budget Committee proposals.

We do, however, have a clear way of measuring the disadvantages of that proposal. They are clear in the pain expressed by members of the Agriculture when told they must somehow reduce what they have appropriated by $100 million. They are clear in the pain expressed by members of the Veterans Affairs Committee when they were told that they must somehow reduce what they have already appropriated by $100 million. Those disadvantages are also clear to me when I consider that, in the face of a recession, the Budget Committee has asked us to reduce by $300 million the CETA title VI countercyclical public service program—a program which has already been reduced by $2.2 billion in Budget Authority when compared with 1979 levels.

The Budget Committee also seeks us to accept a $2.7 billion ceiling for title XX social service grants. That ceiling is $200 million below the temporary level for 1979. The ceiling will result in further cutbacks in social services directed to children, the elderly, the handicapped, and other needy Americans. As a time when the combined effects of recession and high inflation will increase the financial distress of individuals, such program reductions cannot be justified to achieve symbolism.

While the compromise agreed to yesterday was better than the alternative, and I therefore voted for. I was and am troubled over the fact that we do not know with any specificity what programs it effects, and I remain unpersuaded that the overall expenditure levels adequately reflect the reality of the pressing needs we confront as a nation.

In the light of what I would consider to be laudable restraint, I also have a difficult time accepting the decision of the Senate to make massive increases in our spending for defense. I recognize there is need for additional efforts in the defense area. That is why I supported the modest increase proposed by Senator EXON. I think a case can be made for the larger increases supported by Senator HOLLINGS—but that case must not be considered in isolation from the social policy decisions made on the Senate floor and the economic restraint decisions made within the Budget Committee. If the appeal for increased spending on military needs is subjected to the same rigorous examination given to social needs, then one would expect that the larger increases would have been rejected. They were not.

While I might support such large increases in theory—I cannot support them when balancing them against reductions in other areas and in the context of the other decisions we have made in the past 3 days.

Mr. President, I can not support the second budget resolution because I do not think it reflected, when it came from the committee, an adequate balancing of our needs for economic restraint and our needs to make progress toward meeting serious national needs. I can not support the resolution as it has emerged from the floor debate because I do not believe it reflects a balanced response to the relative claims that social and military needs are entitled to make on our increasingly scarce resources.

Reluctantly, and with great respect for the Senators who have fashioned this resolution, I must therefore vote against it.●

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) would vote "yea."

The PRESIDING OFFICER. Are there other Senators who wish to vote?

The result was announced—yeas 62, nays 36, as follows:

[Rollcall Vote No. 300 Leg.]

YEAS—62

Baker
Baucus
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cohen
Culver
Domenici
Durenberger
Durkin
Eagleton
Ford
Glenn
Gravel
Hart
Hayakawa
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kassebaum
Kennedy
Long
Magnuson
Mathias
Matsunaga
Melcher
Morgan
Moynihan
Muskie
Nunn
Packwood
Pell
Percy
Pryor
Randolph
Ribicoff
Sarbanes
Sasser
Stennis
Stevens
Stewart
Stone
Talmadge
Tower
Tsongas
Williams
Young

NAYS—36

Armstrong
Bumpers
Byrd, Harry F., Jr.
Cochran
Cranston
Danforth
DeConcini
Dole
Exon
Garn
Hatch
Hatfield
Helms
Humphrey
Jepsen
Laxalt
Leahy
Levin
Lugar
McClure
McGovern
Metzenbaum
Nelson
Pressler
Proxmire
Riegle
Roth
Schmitt
Schweiker
Simpson
Stevenson
Thurmond
Wallop
Warner
Weicker
Zorinsky

NOT VOTING—2

Goldwater
Stafford

So the second concurrent resolution (S. Con. Res. 36) was agreed to.

SECOND CONCURRENT BUDGET RESOLUTION FOR FISCAL YEAR 1980

Mr. ROBERT C. BYRD. Mr. President, the Senate has just voted on final passage of the second concurrent budget resolution for fiscal year 1980, I would like to offer some concluding remarks.

I would like to congratulate the distinguished chairman of the Budget Committee, Senator MUSKIE, for his effective, balanced management of the resolution. His is the difficult and frequently thankless task of pulling all of the threads of the spending and revenue process into one whole cloth. Once again, he has risen to the challenge and through his skillfull leadership has helped us shape a budget which enjoys the broad bipartisan support of the Senate.

I would also like to thank the distinguished ranking minority member, Senator BELLMON, for his hard work, for his able counsel, and his cooperation in reporting and defending a resolution which is responsible and balanced.

This resolution contains reconciliation instructions to seven committees of the Senate. Reconciliation of this dimension has never before been attempted and could not have been accomplished without the cooperation and goodwill displayed both by the chairmen and members of the affected committees and the chairman and members of the Budget Committee.

The budget process is fragile. It requires cooperation and accommodation in order to work. It requires agreement on a common goal to which differences of opinion over budgetary priorities or mechanics must be subordinated.

The ability of the committees affected by reconciliation to reach an accommodation with the Budget Committee leadership demonstrates the Senate's support of the common goal of fiscal restraint.

Mr. President, on March 26 of this year, during consideration of the public debt limit bill, the Senate took a decisive step toward balancing the Federal budget. By supporting the Long amendment, the Senate instructed the Budget Committee to report a budget that was in balance for fiscal years 1981 and 1982.

Balancing the Federal budget for fiscal year 1981 requires adoption of a tight, lean budget for fiscal year 1980. It means holding the line on spending, holding the line on tax cuts, and aggressively moving this year toward a budget which can be balanced next year. The Budget Committee has reported and ably defended such a budget.

While not losing sight of the goal of fiscal restraint, the Senate, by supporting a 3 percent increase in defense spending in fiscal year 1980 and 5-percent increase in fiscal year 1981 and fiscal year 1982, has demonstrated its determination to maintain peace through strength. In weighing our priorities we have chosen to increase defense spending. I believe it is a choice which history will record as prudent.

Mr. BAKER. Mr. President, with the passage of the second concurrent budget resolution, the U.S. Senate has signaled its willingness and determination to address the pressing needs of this country in a fiscally responsible fashion. This has not been an easy task. The effort involved the articulation of critical issues, required difficult choices and thoughtful accommodation.

I commend the persuasive and tireless leadership of Senators MUSKIE and BELLMON of the Senate Budget Committee, who have labored so diligently to insure that this body lives up to its self-imposed spending limitations—and while speaking of reconciliation, express my acclaim and gratitude, as well, to the chairman and ranking member of the Appropriations Committee, Senators MAGNUSON and YOUNG, and the Finance Committee, Senators LONG and DOLE, for their industry and ability in negotiating a means to accommodate reconciliation.

I extend my thanks to Senator BILL ROTH and Senator JACK DANFORTH, who although unsuccessful, articulated once again so well the tax cut issue in the course of this debate. I applaud the leadership effort of Senator HOLLINGS, Senator NUNN, Senator TOWER, Senator PACKWOOD, and others in focusing our attention upon recognizing and responding to the imperative defense requirements of this country.

And finally, I express my appreciation to the assistant minority leader, Senator TED STEVENS, for his thoughtful, helpful service on the ad hoc committee that considered this measure on our side of the aisle, and, of course, to the distinguished majority leader for his ever present leadership in steering this matter forward in his usual timely and orderly fashion.

Mr. President, the second concurrent budget resolution, reflecting austerity, commitment, and compassion, is a legislative effort in which the U.S. Senate can and should take pride.

Mr. MUSKIE. Mr. President, I wish to take this opportunity to express my gratitude to the distinguished Senator from Oklahoma, my ranking Member and good friend, HENRY BELLMON. His support and cooperation during the years we have worked together on the budget process have been invaluable in making it a viable, bipartisan institution. Especially during the negotiations on this second budget resolution his wise counsel has been very helpful in resolving a difficult situation.

Mr. President, I also want to thank Senator BYRD, our distinguished majority leader for his cooperation and steadfast support. As the father of the Budget Act, he knows better than anyone the importance of preserving the integrity of the budget process. With his help we were able to fashion a reasonable compromise which eventually gained the support of 90 Members of the Senate. This vote is a tribute to his responsible leadership and support of the budget process for which I am truly grateful.

Mr. President, I also wish to express my sincere appreciation to the staff of the Budget Committee and CBO for their work on the budget resolution.

We have come to expect the highest quality of work from them and they have always met, and even exceeded our expectations. I especially wish to thank the majority staff director John McEvoy and his minority counterpart, Bob Boyd, for their ability to coordinate and implement a very effective staff effort on this resolution. Our press secretary, Jim Conroy is to be commended for his extraordinary efforts in getting the message in this resolution to the public.

I also want to thank Sid Brown—whom all have come to respect as the best numbers man on Capitol Hill. Jim Capra of CBO was also an essential part of our multiyear budget effort.

Finally, I want to thank Karen Williams, our chief counsel, and her staff for their invaluable counsel and legal advice. Susan Lepper, our chief economist, and our staff group leaders, George Merrill, John Tillson, Brenda Tremper, and Porter Wheeler all performed with skill and dedication. The administrative and support staff are also to be commended for their hours of work in support of this budget resolution.

Mr. BELLMON. Mr. President, I want to take this opportunity to thank the Budget Committee staff for their fine efforts. I want particularly to thank Bob Boyd, our minority staff director, who has always attempted to ensure that Senators on our side get the information and staff support they need.

I also want to thank Bob Fulton, Gail Shelp, Carol Cox, Becky Davies, Bob Helm, Tom Sullivan, Joyce Purcell, Jill Wissler, Susan Petrick, Mark Bohseine, B. J. Samuels, and James Moore. These people put in long hours and and a lot of hard work every time we bring a resolution to the floor.

This year, with reconciliation being implemented for the first time, their task was made even more demanding, and they responded admirably.

Finally, I want to thank John McEvoy, Sid Brown, Karen Williams, and Susan Lepper, together with all the other members of the majority staff. We have come to expect their cooperation and willingness to assist us overtime; but it is appreciated no less because we know we can expect it.

Finally, I want to thank the other members of the committee. We do not always agree; but everyone has worked hard on this resolution, and I am pleased of the outcome. We have decided for the first time, to hold the line on spending, even though it required reconciliation. Even with the increases for defense, we are still on track to a balanced budget in fiscal year 1981. I believe this is the right track and I am happy the Senate has decided to stay with it.

PANAMA CANAL ACT OF 1979—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the conference report on H.R. 111, which the clerk will state by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 111) to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of September 17, 1979.)

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, does the Chair recognize me?

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. I yield to the Senator from Mississippi (Mr. STENNIS).

Mr. STENNIS. Mr. President, this will not take but a minute, but in order that we may start conferences on the military authorization bill tomorrow, we should proceed to it. The papers are at the desk. This has been cleared by all groups, Mr. President, and I have been told that the papers on this are at the desk, it is S. 428.

DEPARTMENT OF DEFENSE AUTHORIZATIONS, 1980

Mr. STENNIS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 428.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 428) entitled "An Act to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for civil defense, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Department of Defense Authorization Act, Fiscal Year 1980".

TITLE I—PROCUREMENT

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1980 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, as authorized by law, in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $1,049,400,000; for the Navy and the Marine Corps, $4,670,004,000; for the Air Force, $7,816,190,000.

MISSILES

For missiles: for the Army, $944,800,000; for the Navy, $1,605,600,000; for the Marine Corps, $20,500,000; for the Air Force $2,268,800,000.

NAVAL VESSELS

For naval vessels: for the Navy, $6,790,400,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $1,797,200,000; for the Marine Corps, $13,000,000.

TORPEDOES

For torpedoes and related support equipment: for the Navy, $267,200,000.

OTHER WEAPONS

For other weapons: for the Army, $196,400,000; for the Navy, $158,000,000; for the Marine Corps, $18,700,000.

RESTRICTION ON OBLIGATION OF AIRCRAFT MODIFICATION FUNDS

SEC. 102. Of the amounts authorized to be appropriated under section 101 for the procurement of aircraft—

(1) $454,700,000 of the amount authorized to be appropriated for the Army;

(2) $681,400,000 of the amount authorized to be appropriated for the Navy and the Marine Corps; and

(3) $1,495,100,000 of the amount authorized to be appropriated for the Air Force;

shall be available only for aircraft modification, and none of the sums specified in clauses (1), (2), and (3) may be obligated or expended for any other purpose.

REPORT ON B-52 MODIFICATION PROGRAM

SEC. 103. Of the amount authorized to be appropriated under section 101 for procurement of aircraft for the Air Force, $431,900,000 is authorized for the procurement of avionics and cruise missile integration for the B-52 modification program subject to the condition that the Secretary of Defense provide to the Congress at the earliest possible date, and not later than September 30, 1979, a report on—

(1) all uncertainties in the effectiveness of the B-52 as a cruise missile carrier over the next decade, including any degradation of defense penetration capabilities of the B-52 which could result from possible air defense advances by the Soviet Union; and

(2) the requirement for maintaining the defense penetration capability of the B-52 and the options available during the next decade to maintain such capability.

AUTHORIZATION OF APPROPRIATIONS FOR NORTH ATLANTIC TREATY ORGANIZATION AIRBORNE EARLY WARNING AND CONTROL SYSTEM

SEC. 104. There is authorized to be appropriated for fiscal year 1980 $250,200,000 for contribution by the United States as its share of the cost for such fiscal year of the acquisition by the North Atlantic Treaty Organization of the Airborne Early Warning and Control System, as such system is specified in the Multilateral Memorandum of Understanding Between North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978.

CERTAIN AUTHORITY PROVIDED SECRETARY OF DEFENSE IN CONNECTION WITH THE NORTH ATLANTIC TREATY ORGANIZATION AIRBORNE EARLY WARNING AND CONTROL SYSTEM PROGRAM

SEC. 105. (a) During fiscal year 1980, the Secretary of Defense, in carrying out the Multilateral Memorandum of Understanding Between the North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978, may—

(1) waive reimbursement for the cost of work performed by personnel other than personnel employed in the United States Air Force Airborne Warning and Control System (AWACS) program office for—

(A) auditing;
(B) quality assurance;
(C) codification;
(D) inspection;
(E) contract administration;
(F) acceptance testing;
(G) certification services; and
(H) planning, programming, and management services;

(2) waive any surcharge for administrative services otherwise chargeable; and

(3) in connection with the NATO E-3A Cooperative Programme for fiscal year 1980, assume contingent liability for—

(A) identifiable taxes, customs duties, and other charges levied within the United States on the program; and

(B) the unfunded termination liability of the United States to any contractor whose contract is terminated.

(b) Authority under this section to enter into contracts shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

AUTHORIZATION OF REAPPROPRIATION

SEC. 106. There is authorized to be reappropriated for fiscal year 1980 for an additional SSN-688 nuclear attack submarine $55,000,000 of unobligated funds previously appropriated for the DDG-2 destroyer modernization program.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

SEC. 201. Funds are hereby authorized to be appropriated for fiscal year 1980 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, $2,772,422,000, of which $3,000,000 is authorized only for the performance and completion of a feasibility demonstration of launching Heliborne Missiles (HELLFIRE), from UH-60 helicopters.

For the Navy (including the Marine Corps), $4,569,544,000, of which (1) $180,000,000 is authorized only for the full-scale engineering development of the Marine Corps Harrier AV8-B aircraft, (2) $100,000,000 is authorized only for the continued research, development, test, and evaluation of the 3,000-ton prototype Surface Effect Ship (SES), (3) $32,000,000 is authorized only for the pilot production, shipboard installation, test, and evaluation of the MK-71 Major Caliber Lightweight Gun, (4) $30,844,000 is authorized only for joint Navy/Air Force full-scale engineering development of the Air-to-Ground Standoff Missile system which is to be available for production on or before December 31, 1984, and (5) $13,197,000 is authorized only for joint Navy/Air Force development of a common electronic self-protection system for integration into, but not limited to, the Navy F-18 and Air Force F-16 aircraft.

For the Air Force, $4,940,265,000, of which (1) $670,000,000 is authorized only for the concurrent full-scale engineering development of the missile basing mode known as the Multiple Protective Structures (MPS) system and the MX missile, as provided in section 202 of the Department of Defense Supplemental Appropriation Authorization Act, 1979 (Public Law 96-29), and (2) $30,000,000 is authorized only for the research, development, test, and evaluation required for competitive hardware demonstration of the Strategic Weapons Launcher and a derivative of a military and/or commercial medium or intermediate-sized aircraft in order to establish the utility of these aircraft as cruise missile carriers not later than September 30, 1981.

For the Defense Agencies, $1,106,618,000, of which $42,500,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

REPORT ON NEW BASING MODE FOR INTERCONTINENTAL BALLISTIC MISSILES

SEC. 202. The Secretary of Defense shall submit to the Congress in writing, not later than March 1, 1980, a report evaluating in detail the ability of the basing mode for land-based intercontinental ballistic missiles known as the Multiple Protective Structure (MPS) system to survive foreseeable attempts by the Soviet Union to neutralize such system.

TITLE III—ACTIVE FORCES

SEC. 301. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1980, as follows:

(1) The Army, 780,337.
(2) The Navy, 529,002.
(3) The Marine Corps, 189,000.
(4) The Air Force, 558,761.

TITLE IV—RESERVE FORCES

SEC. 401. (a) For fiscal year 1980, the Selected Reserve of the reserve components of the Armed Forces shall be programmed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 355,700.
(2) The Army Reserve, 197,400.
(3) The Naval Reserve, 87,000.
(4) The Marine Corps Reserve, 33,600.
(5) The Air National Guard of the United States, 92,500.
(6) The Air Force Reserve, 57,300.
(7) The Coast Guard Reserve, 11,700.

(b) Within the average strengths prescribed by subsection (a), the reserve components of the Armed Forces are authorized, as of September 30, 1980, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, and training the reserve components.

(1) The Army National Guard of the United States, 6,244.
(2) The Army Reserve, 4,288.
(3) The Naval Reserve, 207.
(4) The Marine Corps Reserve, 67.
(5) The Air National Guard of the United States, 1,560.
(6) The Air Force Reserve, 681.

(c) The average strength prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participating in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of individual members.

AMENDMENTS TO SELECTED RESERVE EDUCATIONAL ASSISTANCE PROGRAM

SEC. 402. (a) Section 2131(b)(1) of title 10, United States Code, is amended by striking out "50 percent" and inserting in lieu thereof "100 percent".

(b) Section 2133(b) of such title is amended to read as follows:

"(b)(1) A member who fails to participate satisfactorily in training with his unit, if he is a member of a unit, during a term of enlistment for which the member entered into an agreement under section 2132(a)(4) of this title shall refund an amount computed under paragraph (2) unless the failure to participate in training was due to reasons beyond the control of the member. Any refund by a member under this section shall not affect the period of obligation of such member to serve as a Reserve.

"(2) The amount of any refund under paragraph (1) shall be the amount equal to the product of—

"(A) the number of months of obligated service remaining during that term of enlistment divided by the total number of months of obligated service of that term of enlistment; and

"(B) the total amount of educational assistance provided to the member under section 2131 of this title.".

(c) The amendments made by this section shall apply only to individuals enlisting in the Reserves after September 30, 1979.

DISCRETIONARY AUTHORITY OF SECRETARY CONCERNED TO RETAIN CERTAIN RESERVE OFFICERS ON ACTIVE DUTY UNTIL AGE 60

SEC. 403. (a) Section 3855 of title 10, United States Code, is amended by inserting "Veterinary Corps," after "Dental Corps,".

(b) Section 8855 of such title is amended by inserting "veterinary officer," after "dental officer,".

TITLE V—CIVILIAN PERSONNEL

SEC. 501. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1980, of 986,292.

(b) The strength for civilian personnel prescribed in subsection (a) shall be apportioned among the Department of the Army, the Department of the Navy (including the Marine Corps), the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within sixty days after the date of the enactment of this Act on the manner in which the initial allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for each allocation.

(c) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program, and personnel participating in the worker-trainee opportunity program. Whenever a function, power, or duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest, he may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed 1¼ percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under the authority of this subsection.

TITLE VI—MILITARY TRAINING STUDENT LOADS

SEC. 601. (a) For fiscal year 1980, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 74,468.
(2) The Navy, 61,913.
(3) The Marine Corps, 22,618.
(4) The Air Force, 43,249.
(5) The Army National Guard of the United States, 14,616.
(6) The Army Reserve, 6,328.
(7) The Naval Reserve, 906.
(8) The Marine Corps Reserve, 3,156.
(9) The Air National Guard of the United States, 1,958.
(10) The Air Force Reserve, 1,276.

TITLE VII—CIVIL DEFENSE

SEC. 701. The Federal Civil Defense Act of 1950 (50 U.S.C. App. 2251 through 2297), is amended—

(1) by adding after title IV the following new title:

"TITLE V—ENHANCED PROGRAM FOR THE 1980's

"FINDINGS AND DETERMINATIONS

"SEC. 501. (a) The Congress finds that—

"(1) a program providing for relocating the population of the larger United States cities, and other risk areas, during a period of strategic warning resulting from an international crisis can be effective and cost less than alternative programs;

"(2) the present civil defense program is inadequate;

"(3) a new civil defense program can be developed immediately which, with only a modest increase in resource allocation, can enhance the civil defense capability of the United States.

"(b) The Congress determines that a new civil defense program should be implemented—

"(1) to enhance the survivability of the American people and its leadership in the event of nuclear war and thereby to improve the basis for eventual recovery and to reduce the vulnerability to a major attack;

"(2) to enhance deterrence and stability, to contribute to perceptions of the overall strategic balance and crisis stability, and to reduce the possibility that the United States could be coerced by an enemy in times of increased tension;

"(3) to not suggest any change in the United States policy of relying on strategic nuclear forces as the preponderant factor in maintaining deterrence; and

"(4) to include planning for population relocation during times of international crisis which are adaptable to deal with natural disasters and other peacetime emergencies.

"PROGRAM ELEMENTS

"SEC. 502. To carry out section 501, the President shall develop and implement a civil defense program which includes—

"(1) a survey of the shelter inherent in existing facilities;

"(2) nuclear civil protection planning for both inplace protection and population relocation, during times of international crises;

"(3) planning for the development of additional crisis shelter, of capabilities for shelter management, of the marking and stocking of shelters, and of ventilation kits for shelters;

"(4) the development of emergency evacuation plans in areas where nuclear powerplants are located;

"(5) the improvement of warning systems;

"(6) the improvement of systems and capabilities for the direction and control of emergency operations by civil governments at all levels, including development of a distributed survivable network of emergency operating centers;

"(7) the improvement of radiological defense capabilities;

"(8) the improvement of emergency public information and training programs and capabilities;

"(9) research and development; and

"(10) the development of such other systems and capabilities as are necessary to realize the maximum lifesaving potential of the civil defense program.

"ADMINISTRATIVE PROVISIONS

"SEC. 503. The powers contained in titles II and IV of this Act shall be used in developing and implementing section 502."; and

(2) by adding at the end of the table of contents the following:

"TITLE V—ENHANCED PROGRAM FOR THE 1980'S

"Sec. 501. Findings and determinations.

"Sec. 502. Program elements.

"Sec. 503. Administrative provisions.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 702. There are authorized to be appropriated for the purpose of carrying out the provisions of the Federal Civil Defense Act of 1950, in 1979 dollars, the sums of $138,000,000 for the fiscal year ending September 30, 1980, $145,900,000 for the fiscal year ending September 30, 1981, $180,000,000 for the fiscal year ending September 30, 1982, $243,000,000 for the fiscal year ending September 30, 1983, and $283,000,000 for the fiscal year ending September 30, 1984. The sums specified in this section shall be adjusted by the inflation factor used by the Office of Management and Budget in preparing budget estimates submitted to the Congress, so that the actual sum authorized for each fiscal year shall reflect then current dollars.

ELIMINATION OF CERTAIN LIMITATIONS ON CIVIL DEFENSE APPROPRIATIONS

SEC. 703. Section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended to read as follows:

"APPROPRIATIONS AND TRANSFER OF FUNDS

"SEC. 408. (a) No funds may be appropriated for any fiscal year for the purpose of carrying out the provisions of this Act unless such funds have been authorized for such purpose by legislation enacted after July 14, 1976.

"(b) Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Director of the Office of Management and Budget, to any agency or government corporation designated to assist in carrying out this Act. Any allocation or transfer of funds under the preceding sentence shall be reported in full detail to the Congress within thirty days after such allocation or transfer.".

TITLE VIII—GENERAL PROVISIONS

WAIVER OF APPLICABILITY OF OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-76 TO CONTRACTING OUT OF CERTAIN RESEARCH AND DEVELOPMENT ACTIVITIES

SEC. 801. (a) Except as provided in subsection (b), neither the implementing instructions for, nor the provisions of, Office of Management and Budget Circular A-76 (issued on August 30, 1967, and reissued on October 18, 1976, June 13, 1977, and March 29, 1979) shall control or be used for policy guidance for the obligation or expenditure of any funds which under section 138(a)(2) of title 10, United States Code, are required to be specifically authorized by law.

(b) Funds which under section 138(a)(2) of title 10, United States Code, are required to be specifically authorized by law may be obligated or expended for operation or support of installations or equipment used for research and development (including maintenance support of laboratories, operation and maintenance of test ranges, and maintenance of test aircraft and ships) in compliance with the implementing instructions for and the provisions of such Office of Management and Budget Circular.

(c) No law enacted after the date of the enactment of this Act shall be held, considered, or construed as amending, superseding, or otherwise modifying any provision of this section unless such law does so by specifically and explicitly amending, repealing, or superseding this section.

AMENDMENTS RELATING TO THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

SEC. 802. (a) Section 2112(b) of title 10, United States Code, is amended by adding at the end thereof the following new sentence: "In so prescribing the number of persons to be graduated from the University, the Secretary of Defense shall, upon recommendation of the Board of Regents, institute actions necessary to ensure the maximum number of first-year enrollments in the University consistent with the academic capacity of the University and the needs of the uniformed services for medical personnel.".

(b) Section 2114(b) of such title is amended by striking out "uniform" in the first sentence of such section and inserting in lieu thereof "uniformed".

(c)(1) The first two sentences of section 2115 of such title are amended to read as follows: "The Secretary of Defense may allow not more than 20 percent of the graduates of each class at the University to perform civilian Federal service for not less than seven years following the completion of their professional education in lieu of active duty in a uniformed service if the needs of the uniformed services do not require that such graduates perform active duty in a uniformed service and as long as the Secretary of Defense does not recall such persons to active duty in the uniformed services. Such persons who execute an agreement in writing to perform such civilian Federal service may be released from active duty following the completion of their professional education.".

(2) The section heading of such section is amended by striking out "electing" and "duty" and inserting in lieu thereof "permitted" and "service", respectively.

(3) The item related to section 2115 in the table of sections at the beginning of chapter 104 of such title is amended by striking out "electing" and "duty" and inserting in lieu thereof "permitted" and "service", respectively.

SIX-YEAR SERVICE OBLIGATION FOR PERSONS ENLISTING AFTER AGE 26

SEC. 803. (a) Section 511(d) of title 10, United States Code, is amended—

(1) by striking out "who is under 26 years of age,"; and

(2) by striking out the comma after "in an armed force".

(b) Section 651 of such title is amended by striking out "before his twenty-sixth birthday".

(c) The amendments made by this section shall apply only to individuals who become members of an armed force after the date of the enactment of this Act.

AUTHORIZED STRENGTH IN RESERVE BRIGADIER GENERALS AND MAJOR GENERALS OF THE MARINE CORPS

SEC. 804. Section 5458(a) of title 10, United States Code, is amended by adding at the end thereof the following new sentence: "An officer serving on active duty in the grade of brigadier general or major general and counted for the purposes of section 5443(a) of this title shall not be counted for the purposes of this subsection.".

RESTRICTION ON CONVERTING PERFORMANCE OF COMMERCIAL AND INDUSTRIAL TYPE FUNCTIONS FROM DEPARTMENT OF DEFENSE PERSONNEL TO PRIVATE CONTRACTORS

SEC. 805. (a) No commercial or industrial type function of the Department of Defense that on the date of the enactment of this Act is being performed by Department of Defense personnel may be converted to performance by a private contractor—

(1) to circumvent any civilian personnel ceiling; and

(2) unless the Secretary of Defense shall provide to the Congress in a timely manner—

(A) notification of any decision to study such commercial or industrial type function for possible performance by a private contractor, together with a certification that such function has been organized and staffed for the most efficient and cost effective in-house performance;

(B) upon completing the study described in subparagraph (A) and before contracting for the performance of such function by a private contractor, a report showing—

(i) the economic impact on the local community, and on individual employees affected, of contracting for performance of such function; and

(ii) the impact of contracting for performance of such function on the military mission of such function; and

(C) after a decision is made to contract for the performance of such function, a report of—

(i) the decision to convert the performance of such function to performance by a private contractor; and

(ii) the amount of the bid accepted for the performance of such function by the private contractor whose bid is accepted and the cost of performance of such function by Department of Defense personnel, together with all other costs and expenditures which the Government will incur because of the contract.

(b) No funds may be obligated or expended for a contract for performance of a commercial or industrial type function with respect to which subsection (a) is applicable until the appropriate committees of the Congress have had 30 legislative days in which to review the decision to contract for performance of such function.

AMENDMENTS RELATING TO COMPENSATION OF HEALTH PROFESSIONALS

SEC. 806. (a) Section 2121(d) of title 10, United States Code, relating to stipends for members of the Armed Forces Health Professions Scholarship program, is amended to read as follows:

"(d) Except when serving on active duty pursuant to subsection (c), a member of the program shall be entitled to a stipend at the rate in effect under paragraph (1)(B) of section 751(g) of the Public Health Service Act (42 U.S.C. 294t(g)) for students in the National Health Service Corps Scholarship program.".

(b) Section 313(a) of title 37, United States Code, relating to special pay for medical officers who execute active duty agreements, is amended—

(1) by striking out clause (4) and redesignating clauses (5) and (6) as clauses (4) and (5), respectively; and

(2) by inserting after the first sentence of such subsection the following new sentence: "However, while serving an active duty obligation resulting from a medical education program leading to appointment or designation as a medical officer, such an officer shall be paid $9,000 (rather than an amount determined under the preceding sentence) for each year of the active duty agreement.".

(c) The amendments made by this section shall take effect on October 1, 1979.

ADVANCE PAYMENT OF STATION HOUSING ALLOWANCES FOR MEMBERS OF THE UNIFORMED SERVICES ASSIGNED OVERSEAS

SEC. 807. (a) Section 405 of title 37, United States Code, relating to allowances for members on duty outside the United States or in Alaska or Hawaii, is amended by inserting after the third sentence in such section the following new sentence: "A station housing allowance prescribed under this section may be paid in advance.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

ANNUAL REPORT ON NORTH ATLANTIC TREATY ORGANIZATION READINESS

SEC. 808. (a) Each year the Secretary of Defense shall assess, and make findings with respect to, the readiness status of the military forces of the North Atlantic Treaty Organization and shall submit a report of such assessment and findings to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives on the same date that the President transmits to the Congress the Budget. The first such report shall be submitted on the date the Budget for fiscal year 1981 is transmitted.

(b) The annual assessment by the Secretary of Defense under subsection (a) shall include the assessment and findings of the Secretary of Defense with respect to—

(1) deficiencies in the readiness of the North Atlantic Treaty Organization (including an analysis of such deficiencies in each member nation of the North Atlantic Treaty Organization) with respect to—

(A) war reserve stocks;

(B) command, control, and communications systems (including the susceptibility of such systems to degradation by potential overt activities of the Warsaw Pact);

(C) electronic warfare capabilities;

(D) offensive and defensive chemical warfare capabilities;

(E) air defense capabilities (including ground and air systems and the integration of ground systems with air systems);

(F) armor and antiarmor capabilities;

(G) firepower capabilities;

(H) forward deployed units and the proximity of such units to assigned general defensive positions;

(I) the availability of ammunition;

(J) the availability, responsiveness, and overall effectiveness of reserve forces;

(K) airlift capabilities to meet reinforcement and resupply requirements;

(L) the ability to protect, cross-service, and stage air assets from allied air fields;

(M) the maritime force capabilities (including sealift, minelaying, and minesweeping capabilities);

(N) logistical support arrangements including the availability of ports, air fields, transportation, and host nation support);

(O) training (including the availability of the facilities and equipment needed to conduct realistic operational exercises); and

(P) the compatibility of operational doctrine and procedures among armed forces of the member nations;

(2) planned corrections in the identified readiness deficiencies of the United States with respect to the North Atlantic Treaty Organization and that portion of the Budget transmitted to the Congress by the President on the date such report is transmitted which is allocated for such corrections; and

(3) commitments made by other member nations of the North Atlantic Treaty Organization to correct readiness deficiencies of such nations (including any deficiencies of such nations in the items listed in paragraph (1)) and an identification of particular improvements to be made in readiness by weapons system, program, or activity.

QUARTERLY SELECTED ACQUISITION REPORTS TO CONGRESS

SEC. 809. Section 811(a) of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94–106; 89 Stat. 539) is amended to read as follows:

"(a) Beginning with the quarter ending December 31, 1979, the Secretary of Defense shall submit to the Congress quarterly written selected acquisition reports for those major defense systems which are estimated to require a total cumulative financing for research, development, test, and evaluation in excess of $75,000,000 or a cumulative production investment in excess of $300,000,000. The report for the quarter ending December 31 of any fiscal year shall be submitted within 20 days after the President transmits the Budget to Congress for the following fiscal year, and the other three reports for any fiscal year shall be submitted within 30 days after the end of the quarter. If preliminary reports are submitted, then final reports shall be submitted to the Congress within 15 days after the submission of the preliminary reports.".

AUTHORIZATION OF APPROPRIATIONS FOR ASSISTANCE FOR 1980 OLYMPIC WINTER GAMES

SEC. 810. There is authorized to be appropriated to the Secretary of Defense for fiscal year 1980 an amount not to exceed $10,000,000 for the purpose of providing assistance for the 1980 Olympic winter games, as authorized by section 816(a) of the Department of Defense Appropriation Authorization Act, 1979 (Public Law 95–485; 92 Stat. 1626). Except for funds used for pay and nontravel related allowances of members of the Armed Forces, no funds may be obligated or expended for the purpose of carrying out such section unless specifically appropriated for such purpose. The costs for pay and nontravel related allowances of members of the Armed Forces may not be charged to appropriations made pursuant to this authorization.

LIMITATION ON THE REDUCTION OF UNITED STATES FORCE LEVELS AT THE UNITED STATES NAVAL BASE AT GUANTANAMO BAY, CUBA

SEC. 811. No funds authorized to be appropriated by this Act may be used for the purpose of reducing the personnel, support, or equipment levels at any United States naval installation or facility at Guantanamo Bay, Cuba, or reducing military functions that are primarily supported from any such installation or facility.

PRESIDENTIAL RECOMMENDATIONS FOR SELECTIVE SERVICE REFORM

SEC. 812. (a) The President shall prepare and transmit to the Congress a plan for reform of the existing law providing for registration and induction of persons for training and service in the Armed Forces. Such plan shall include recommendations with respect to—

(1) the desirability and feasibility of resuming registration under the Military Selective Service Act as in existence on the date of the enactment of this Act;

(2) the desirability and feasibility of establishing a method of automatically registering persons under the Miliary Selective Service Act through a centralized, automated system using school records and other existing records;

(3) the desirability of the enactment of authority for the President to induct persons registered under such Act for training and service in the Armed Forces during any period with respect to which the President determines that such authority is required in the interest of the national defense;

(4) whether women should be subject to registration under such Act and to induction for training and service in the Armed Forces under such Act;

(5) the desirability and feasibility of providing authority for the President to induct persons into the Individual Ready Reserve;

(6) whether persons registered under such Act should also be immediately classified and examined or whether classification and examination of registrants should be subject to the discretion of the President;

(7) such changes in the organization and operation of the Selective Service System as the President determines are necessary to enable the Selective Service System to meet the personnel requirements of the Armed Forces during a mobilization in a more efficient and expeditious manner than is presently possible;

(8) the desirability, in the interest of preserving discipline and morale in the Armed Forces, of establishing a national youth service program permitting volunteer work, for either public or private public service agencies, as an alternative to military service;

(9) such other changes in existing law relating to registration, classification, selection, and induction as the President considers appropriate; and

(10) other possible procedures that could be established to enable the Armed Forces to meet their personnel requirements.

(b) The President shall transmit with the plan required by subsection (a) proposals for such legislation as may be necessary to implement the plan and to revise and modernize the Military Selective Service Act.

(c) The plan required by subsection (a), together with the proposed legislation required by subsection (b), shall be transmitted to the Congress not later than January 15, 1980, or the end of the three-month period beginning on the date of the enactment of this Act, whichever is later.

PRESERVATION OF SELECTIVE SERVICE SYSTEM AS AN INDEPENDENT AGENCY

SEC. 813. Section 1 of the Military Selective Service Act (50 U.S.C. App. 451) is amended by adding at the end thereof the following new subsection:

"(f) The Congress further declares that the Selective Service System should remain administratively independent of any other agency, including the Department of Defense.".

STUDY OF TITAN II MISSILE SYSTEMS

SEC. 814. The Secretary of the Air Force shall conduct an investigation of Titan II missile systems located within the United States to assess the physical condition of those facilities and components thereof as well as relevant maintenance procedures. Not later than 180 days after enactment of this Act, the findings of that investigation along with recommendations for any needed physical or procedural improvements to protect the public safety, including the safety of military personnel assigned to those systems, shall be reported to the House and Senate Committees on Armed Services and each Member of the Congress representing the States in which such systems are sited.

TECHNICAL AMENDMENTS TO TITLES 5 AND 10, UNITED STATES CODE, TO REFLECT CHANGES MADE BY THE DEPARTMENT OF DEFENSE REORGANIZATION ORDER OF MARCH 7, 1978

SEC. 815. (a) Section 136(a) of title 10, United States Code, relating to the Assistant Secretaries of Defense, is amended by striking out "nine" and inserting in lieu thereof "seven".

(b) Section 3013 of such title, relating to the Under Secretary and Assistant Secretaries of the Army, is amended by striking out "five" and inserting in lieu thereof "four".

(c) Section 5034(a) of such title, relating to the Assistant Secretaries of the Navy, is amended by striking out "four" and inserting in lieu thereof "three".

(d) Section 8013 of such title, relating to the Under Secretary and Assistant Secretaries of the Air Force, is amended by striking out "four" and inserting in lieu thereof "three".

(e)(1) Paragraphs (13), (14), (15), and (16) of section 5315 of title 5, United States Code, relating to positions at level IV of the Executive Schedule, are amended to read as follows:

"(13) Assistant Secretaries of Defense (7).

"(14) Assistant Secretaries of the Air Force (3).

"(15) Assistant Secretaries of the Army (4).

"(16) Assistant Secretaries of the Navy (3).".

(2) Paragraph (96) of section 5316 of such title, relating to positions at level V of the Executive Schedule, is amended to read as follows:

"(96) Deputy Under Secretaries of Defense for Research and Engineering, Department of Defense (4).".

CORRECTION OF ERRONEOUS SECTION DESIGNATION

SEC. 816. (a) The last section in chapter 49 of title 10, United States Code, relating to military unions (as added by Public Law 95–610; 92 Stat. 3085), is redesignated as section 976.

(b) The item relating to such section in the table of sections at the beginning of such chapter is amended by striking out "975" and inserting in lieu thereof "976".

OVERSEAS TRAVEL AND TRANSPORTATION ALLOWANCES FOR DEPENDENTS OF JUNIOR ENLISTED MEMBERS

SEC. 817. (a) Section 406(c) of title 37, United States Code, is amended by inserting after the first sentence the following new sentence: "Notwithstanding clause (2) of the preceding sentence, in prescribing conditions and limitations on allowances and transportation authorized by subsection (a) of this section for travel and transportation of dependents to or from any place outside the United States, the Secretaries concerned may not differentiate among members (or dependents of members) on the basis of a member's grade, rank, rating, or years of service.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

PURCHASES OF GASOHOL AS A FUEL FOR MOTOR VEHICLES

SEC. 818. To the maximum extent feasible and consistent with overall defense needs and sound vehicle management practices, as determined by the Secretary of Defense, the Department of Defense is authorized and directed to enter into contracts by competitive bid, subject to appropriations, for the purchase of domestically produced alcohol or alcohol-gasoline blends containing at least 10 percent domestically produced alcohol for use in motor vehicles owned or operated by the Department.

EXTENSION OF PERIOD FOR CERTAIN RESERVISTS TO ELECT COVERAGE UNDER SURVIVOR BENEFIT PLAN

SEC. 819. Section 208 of the Uniformed Services Survivors' Benefits Amendments of 1978 (Public Law 95–397; 10 U.S.C. 1447 note) is amended—

(1) by striking out "the end of the nine-month period beginning on the effectve date of this title" and inserting in lieu thereof "January 1, 1980"; and

(2) by striking out "at the end of the one-year period beginning on the effective date of this title" and inserting in lieu thereof "on March 31, 1980".

EXTENSION OF PERIOD FOR REDUCTION IN NUMBER OF SENIOR-GRADE CIVILIAN EMPLOYEES OF DEPARTMENT OF DEFENSE

SEC. 820. Paragraphs (1) and (2) of section 811(a) of the Department of Defense Appropriations Authorization Act, 1978 (10 U.S.C. 131 note), are amended to read as follows:

"(1) After October 1, 1980, the total number of commissioned officers on active duty in the Army, Air Force, and Marine Corps above the grade of colonel, and on active duty in the Navy above the grade of captain, may not exceed 1,073.

"(2) After September 30, 1981, the total number of civilian employees of the Department of Defense in grades GS–13 through GS–18 (including positions authorized under section 1581 of title 10, United States Code) may not exceed the number equal to the number of such employees employed by the Department of Defense on July 30, 1977, reduced by the same percentage as the percentage by which the total number of commissioned officers on active duty in the Army, Air Force, and Marine Corps above the grade of colonel, and on active duty in the Navy above the grade of captain, is reduced below 1,141 during the period beginning on October 1, 1977, and ending on September 30, 1980.".

Amend the title so as to read: "An Act to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes.".

Mr. STENNIS. Mr. President, the message having been laid before the Senate, I move that the Senate disagree to the amendments of the House, agree to the request of the House for a conference on the disagreeing votes of the two Houses, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. TSONGAS) appointed Messrs. STENNIS, JACKSON, CANNON, BYRD of Virginia, NUNN, CULVER, TOWER, THURMOND, GOLDWATER, and WARNER, conferees on the part of the Senate.

PANAMA CANAL ACT OF 1979—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. ROBERT C. BYRD. Mr. President, with respect to the conference report on the implementing legislation on the Panama Canal treaties, I wonder if we can get some feel of how much time is going to be required on the conference report and whether or not we can get a time agreement on it, also as to whether or not a rollcall vote will be requested on the adoption of the conference report.

Mr. THURMOND. Mr. President, I would like to have a rollcall on the adoption of the report.

I would like to inquire from this side how many wish to speak and how long they wish to speak, so we can accommodate Senators with regard to the time agreement.

I believe Senator HUMPHREY said he wanted about 7 or 8 minutes.

Mr. HUMPHREY. Ten minutes.

Mr. ROBERT C. BYRD. How much time?

Mr. THURMOND. Ten minutes.

Who else wanted time?

Mr. DOLE. Mr. President, I will take about 5 minutes and then I have a little motion to recommit.

Mr. HELMS. I will not use it all, but I would like to have 30 minutes.

Mr. ROBERT C. BYRD. That is 45 minutes, I believe.

Mr. WARNER. Two minutes.

Mr. THURMOND. About 8 minutes.

Mr. ROBERT C. BYRD. That is 55 minutes.

Mr. THURMOND. It may not take that long.

Mr. ROBERT C. BYRD. That is an hour on that side.

An hour to the side?

Mr. STENNIS. About 3 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that time overall in respect to the Panama Canal implementing legislation conference report be limited to 2 hours to be equally divided and controlled by Mr. LEVIN and Mr. THURMOND.

Now, this does not eliminate, this does not preclude, the motion to recommit, and it does not preclude any motion to table, it does not preclude any motions to instruct. It just puts the overall cap on the time.

Mr. BAKER. Mr. President, reserving the right to object, just for clarification, I assume the majority leader does not intend to include the time for rollcalls in the 2 hours.

Mr. ROBERT C. BYRD. No. The Senator is correct.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. The Senator is taking into consideration the 30 minutes I have requested?

Mr. ROBERT C. BYRD. Yes.

Mr. HELMS. I will be assured of that?

Mr. ROBERT C. BYRD. Yes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered

Mr. ROBERT C. BYRD. Mr. President, does the distinguished Senator from South Carolina wish to have the yeas and nays ordered now on the adoption of the conference report?

Mr. THURMOND. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there

a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, does the distinguished Senator from Kansas wish to ask unanimous consent that it be in order to order the yeas and nays now on the motion to recommit?

Mr. DOLE. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Does the Senator ask for the yeas and nays?

Mr. DOLE. Yes.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, what are the wishes of the Senators, so that we can let others know? Do they want votes, or at least one vote today?

Mr. PERCY. Mr. President, will the majority leader yield for a question?

Mr. ROBERT C. BYRD. I yield.

Mr. PERCY. The Senator from Illinois has to leave on the last plane to Chicago tonight, which is 7:20. If it is possible to fit that in the schedule, I could get there if I leave at 6:45.

Mr. THURMOND. We should be through by then.

Mr. PERCY. That would be an hour and 5 minutes.

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may proceed for 1 minute, without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, two rollcall votes have been ordered. I ask unanimous consent that the first rollcall vote occur at 1:15 tomorrow afternoon and that the second vote occur back to back.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, reserving the right to object, suppose there is another motion?

Mr. ROBERT C. BYRD. If there is another motion, I will include in the request that that vote occur back to back.

The PRESIDING OFFICER. Is there objection?

Mr. NUNN. Mr. President, reserving the right to object—and I shall not object—does the majority leader anticipate that we would have the registration debate tomorrow afternoon or Friday?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for an additional minute, without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I had hoped that the Senate could proceed to that debate tomorrow afternoon, but the distinguished Senator from Georgia is the Senator who is going to ask for the closed session, and he will be the Senator in charge of the time on his side of the question, so I yield to him on that.

Mr. STENNIS. We have a conference tomorrow afternoon on our authorization bill. It will require that the membership be there, including the Senator from Georgia.

Mr. ROBERT C. BYRD. My problem is that I have to do some reshuffling of the Senate schedule. Once we dispose of this measure, I have to have something to come after it. If I cannot find anything, I would like to proceed with the closed session. I would like to accommodate the Senator.

Mr. STENNIS. It is a very important session. I would want to be present, and I am sure other Members would. Later in the afternoon, after we have had that conference, maybe we could have that presentation.

Mr. ROBERT C. BYRD. Mr. President, could we get the agreement on this?

Mr. NUNN. I withdraw my reservation.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, there will be no further rollcall votes today. Senators may wish to carry on the debate this evening, however, on the Panama Canal legislation, and the time would be charged.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Mississippi?

Mr. STENNIS. Will the Senator yield me 5 minutes?

Mr. LEVIN. I am happy to yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I have a prepared statement as to the merits of the conference report, but I want to take 3 or 4 minutes to point out some of the high points.

I say in confidence, after studying the matter, that we have a better bill than we passed, and I think a better bill than the House passed. A great deal of work has been done on this matter by the confereees, and I thank all of them.

One point in particular: I did not vote for the treaty. I thought it was a mistake. I believe that the Constitution of the United States clearly and unmistakably says that a treaty properly adopted by two-thirds of the Senators present and voting shall be the supreme law of the land, and we had to be guided by that mandate in the Constitution. In my opinion, this conference report does comply with that mandate of the Constitution. It is carefully drawn with that purpose in mind.

Another item was the cost to the Treasury for the operation of the canal and our connection with it for the next 20 years. It was a big item in the debate, and we gave a great deal of consideration to it.

The cost of the Treasury has been removed, except for that money that will have to be paid out for our military operations there and the things that go with that operation, such as schools, hospitals, and so forth, much of which would be incurred anyway in connection with these people as long as they are in the service. That will be covered minutely by the Senator from Michigan, who has shown a very fine capacity as well as dedication in working on a highly important and very difficult piece of legislation.

The Senator from Michigan has been with us as a Member only since January 3. He did not solicit this assignment, by any means; but once having obtained it, he has worked like a Trojan and has done a splendid job. He works like an old warhorse that has had a lot of experience, and he will manage the bill. I especially thank him, and I am sure that is shared by all the conferees.

The House membership had voted on this matter several times with respect to instructions. Conferees, by nature, do not like the idea of instructions, but the House conferees lived up to their promise and worked on this matter in a very fine spirit.

Mr. President, the conferees on the part of the House and Senate have come to a reasonable and constructive compromise on the difficult issues involved in implementing the Panama Canal Treaty of 1977.

I should note for the record that the Senator from Washington, Mr. Jackson, who was a conferee, fully supports the conference report, though through no fault of the Senator's he was unavailable to sign the report until after it had already been filed in the House.

Senator Levin, who has at my request become an expert on this legislation and deserves much of the credit for the compromise before us, will outline some of the details of the conference report. I want to make only some general comments.

First, let me say that I was distressed when I heard that the House had instructed their conferees not to yield on a number of key issues before the conference committee ever met. I deplore instructions to conferees, because they are inconsistent with the spirit of mutual give and take and that is essential if we are to hammer out differences in legislation. I am happy to say that Chairman Murphy of the House conferees and his colleagues took a very cooperative and constructive approach to the conference, however, and the instructions did not prevent a full and fair agreement. Language was found which preserved the substance of the House's position while still being satisfactory to the Senate. It does not, however, change my view that instructions to conferees are unwise and can disrupt the legislative process.

The conference compromise can be described in three parts. On the matter of the form of the Panama Canal Commission, the Senate reluctantly receded to the House and approved an appropriated agency form. I would point out that in order for this change to be successfully made by October 1 we are going to need the cooperation of all Senators. We will have to pass an authorization bill for the Commission, and we must make the necessary changes in the relevant appropriations bill to accommodate this new form. I should also note that we must also consider the President's nominees for the Commission Board prior to October 1. All of this can be accomplished, but it will take cooperation from all.

On the matter of potential violations of the treaty that were present in the House bill, I am happy to report that the conferees were able to agree on language in each case which is satisfactory to the House but is fully consistent with both the letter and spirit of the treaties. As I said when the Senate took up this bill, avoiding provisions that are inconsistent with the treaties is important for two reasons. First, because the treaties are ratified and we must live up to our international obligations. Second, because actions by the United States that may be seen as violations of the treaties invite violations by the other side. As of October 1, 1979, the old 1903 treaty is gone, and we must rely entirely on the 1977 treaties for our rights to operate in a foreign country, Panama. Only by scrupulously living up to our own obligations can we insist that the Panamanians observe theirs over the next 20 years.

Finally, on the matter of cost, I can report that the conferees have lowered the implementing cost to be borne by the American taxpayer to the lowest possible figure consistent with our treaty obligations. Our compromise on the employment issues preserved intact the Senate position on minimum wage and the wage bases for transferred employees that will save several hundred million dollars over the life of the treaty as compared with the original House version. Under this bill the taxpayer would bear none of the costs of operating and maintaining the Panama Canal or making payments to Panama required by the treaties. In fact, this bill authorizes no taxpayer expenditures at all with some very minor exceptions. The implementing costs to be borne by the taxpayer are those associated with operating schools, hospitals, and other facilities by the Department of Defense, and, of course, for maintaining our defense presence.

Mr. President, this legislation has been very controversial from the moment it was first discussed last year during the debate over the treaties. As I have said many times, I opposed the treaties and still feel the decision to transfer the canal to Panama in 1999 was unwise. But our constitutional processes have run their course, and we must put the treaty debate behind us. This legislation enables the United States to live up to its treaty obligations and to provide for the protection and welfare of our citizens who are living and working in Panama. It is essential that it be passed and that we get on with the difficult job of transition that is ahead of us. If we were to reject this legislation, it would not only hurt our citizens in Panama, it would put into jeopardy our entire presence in Panama under the new treaties. Recent events in Cuba have demonstrated that we must continue to be on our guard against threats to peace and security in the Caribbean area. The presence of Soviet troops there, despite the questions that have been raised about their mission, make it even more important that we make this transition to the new treaty regime in Panama a smooth one. To fail to implement the treaties, and thus invite confusion in Panama and a violation of our international obligations, would only play into the hands of those who would undermine the peace and security of Panama and its neighbors.

For these reasons, Mr. President, I urge the Senate to adopt the conference report.

Mr. LEVIN. Mr. President, first of all, I thank my friend from Mississippi for the nice words and also for the support that he had given on this matter. Without his leadership the House of Representatives and the Senate could not have reached an agreement on this matter, and I am pleased to join with him in presenting to the Senate the conference report on this bill.

This report represents the end product of long and intensive work by conferees from both the House and Senate. There were many significant differences between the bills passed by both Houses, and compromises and concessions were made by both sides in order to achieve the result which is now before us.

In the early stages of the consideration of this legislation, I suggested three major objectives for this implementing legislation. First, it should in fact provide for full implementation of the treaties, and should not contain any provisions which are violative of any of the terms of the treaties. Second, it should implement the treaties at the least possible cost to the taxpayer, consistent with the obligations which we have assumed by virtue of ratifying the treaties. And finally, it should provide adequate protection for U.S. employees in Panama, and minimize the disruption which could occur during the transition to the new canal-operating regime established by the treaties. The conference report which we are offering for your consideration meets all three of these objectives.

Mr. DOLE. Mr. President, will the Senator from Michigan yield for a unanimous-consent request?

Mr. LEVIN. I am happy to yield to the Senator from Kansas.

Mr. DOLE. I will have a motion to recommit. I only have 5 minutes on that motion. I wish unanimous consent to offer the motion to recommit at 1:10 p.m. because the vote comes at 1:15 p.m.

Is there any objection to that?

Mr. LEVIN. I have no objection.

I am wondering if the majority leader, who proposed that request, would also agree to it. I have no objection. I wonder if the Senator will restate it.

Mr. DOLE. I have 5 minutes on the motion to recommit. I wish to offer that at 1:10 p.m. tomorrow because the vote on that motion is at 1:15 p.m. It will just take 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I make that unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I thank the Senator.

Mr. LEVIN. Mr. President, before the Senator from Kansas leaves, I am wondering if we could modify that agreement slightly in the following regard: The Senator could proceed at 1:05 p.m. so there might be 5 minutes of rebuttal.

Mr. DOLE. All right.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order be so modified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. I thank the Senator from Kansas and the majority leader.

Let me first discuss the issue of cost. The bill which the Senate adopted reduced the cost to the U.S. Treasury for implementing the treaties by roughly $600 million from the bill initially proposed by the administration. The conference report remains very close to the Senate bill with respect to cost. First, it provides for continuation of the interest payment which the Panama Canal Company has been making to the Treasury, and which will result in a return to the U.S. Government of about $300 to $400 million over the next 20 years, in recognition of the investment which this country has made in the canal operation. The bill also provides for funding of the early retirement program for Canal Company employees from the toll base, rather than from the Treasury as the administration had proposed, which will save the taxpayers an additional $334 million over the life of the treaty.

The figures I have stated above represent cost savings from the administration-proposed bill. The conference report, like the Senate bill, also achieves substantial savings in comparison to the House bill, by not mandating continuation of U.S. minimum wage for all new employees of the Commission and of the Department of Defense in Panama for the next 20 years. While DOD has stated its intention to grandfather current employees at their current wage systems, the conference report allows the Commission, and DOD, to have the flexibility to establish a different wage system for newly hired personnel, in view of the large differential between U.S. minimum wage and local prevailing wage rates in Panama. Although it is difficult to project the course of the minimum wage 20 years into the future, it is likely that this provision will have several hundreds of millions of dollars between now and the year 2000.

The conference report does make two changes affecting certain American employees, namely those who will be transferred from the Canal Zone Government to the Department of Defense—primarily the teachers in the Canal Zone school system. The bill will permit retention of their current leave and travel system, and of the half-pay sabbatical to which they are presently entitled. These provisions add only marginally to the Treasury cost, but do preserve for current employees some of the employment conditions which they now enjoy. Like the Senate bill, the conference report leaves DOD free to gradually merge the Canal Zone teachers into their worldwide pay system.

Mr. President, this conference report pares the cost of implementation of the Panama Canal treaties to the bone, while remaining in conformity with the treaties themselves, and without defaulting on any of the obligations we have undertaken. No funds from the United

States Treasury, under this bill, will be used to make payments to Panama.

The second major objective which is met by this conference report is full compliance with the letter and spirit of the Panama Canal treaties. The Senate addressed itself very clearly to this matter during floor consideration of the bill, by considering and rejecting three amendments, patterned after provisions of the House bill, which could have placed the United States in violation of the treaties.

In the conference, the Senate position that the conference report could not contain any language violative of the treaties was maintained. On the questions of direction of the Commission by the Secretary of Defense, and control of the canal during wartime, substitute language was agreed upon which is fully consistent with the treaty.

The conferees also agreed that no new conditions beyond those contained in the treaty would be imposed upon the payments which are due or might be due Panama under the treaty.

Therefore the conference report deleted provisions from the House bill which would have prohibited any payments to Panama during any period in which Panama was imposing retroactive taxes on businesses or individuals in the former Canal Zone, or was determined to be interfering in the internal affairs of any other state. The report also contains a substitute for a House provision which called for payment of all United States costs of implementation of the treaties before Panama could receive the contingency payment promised by the treaty. The substitute language will insure that all costs of maintaining and operating the canal are paid prior to the contingency payment, which is in line with the language of the treaty.

One of the most important issues which was potentially violative of the treaties was the question of how the transfers of property to Panama, mandated by the treaty, would be effected. Underlying this issue is a longstanding dispute between the two Houses over the extent of the treatymaking power. The Senate took the position last year that the treaty power is adequate to effect transfers of U.S. property, and that the property disposition provisions in the Panama Canal Treaty in particular were self-executing; that is, that the President was authorized to make the transfers spelled out in the treaty by virtue of the Senate's advice and consent to it. Members of the House have maintained that legislation is the exclusive vehicle for property transfers, and hence that the treaty requires legislative authorization before any transfers can be made.

The conference, rather than attempting to resolve this question, reached an agreement which protects the legal positions of both Houses. The conference report states that, with respect to any property of the United States in Panama, legislation is required for its transfer, and the report then authorizes the Secretary of State to make all of the transfers required by the treaty. Additionally, the President is required to report to Congress, 180 days prior to any transfer, describing the property to be transferred, certifying the state of Panama's compliance with the treaty, and explaining the reasons for making the transfer at that particular time. This requirement, while binding upon the President, is not a condition of the transfers themselves since any new condition would be contrary to the treaty.

The Statement of Managers accompanying this conference report states the intention of the conferees that this property transfer provision not prejudice the legal positions taken by either the House or the Senate. Moreover, we have received written communications from the legal adviser of the Department of State, and the legal counsel of the Senate Foreign Relations Committee, to the effect that this compromise is consistent with the Senate's constitutional position on this issue. I ask unanimous consent that those letters be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE LEGAL ADVISER,
DEPARTMENT OF STATE,
Washington, September 13, 1979.

Hon. CARL LEVIN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR LEVIN: This is in response to your request for comments concerning a proposal which the Conference Committee is considering to resolve the differences between the House and Senate versions of H.R. 111 insofar as they relate to the transfer of U.S. property in the Republic of Panama.

It is our understanding that the proposal would retain the present text of Section 373 of the House bill which states: "No property of the United States in the Republic of Panama may be disposed of except pursuant to law enacted by the Congress." Section 374 of the House bill would also be retained in substance. That section provides that on the date of entry into force of the Treaty, "the Secretary of State may convey to the Republic of Panama [those properties the transfer of which is provided for by the Treaty on that date.]" Finally, Section 374 would be expanded to provide that with respect to all other property to be transferred in accordance with the terms of the Panama Canal Treaty and related agreements, "the Secretary of State may convey such property from time to time in accordance with the terms of such Treaty and agreements," and would establish certain reporting requirements in this connection.

We further understand that this legislative proposal would be accompanied by a joint statement of the House and Senate managers to the effect that it is their intention that the Conference proposal relative to the disposition of property not prejudice the positions that have been taken by the House and the Senate with respect to the necessary procedure for the disposition of property of the United States.

In our opinion, this proposal would in effect reaffirm and implement the provisions of the Panama Canal Treaty and related agreements regarding the transfer of property to Panama and therefore would be fully consistent with that Treaty as a matter of international law. With respect to the domestic legal issue concerning the Constitutional authority to dispose of property of the United States by means of the treaty-making power, we agree that adoption of this proposal by the Congress on the basis described above would not prejudice the legal position on which the Treaty is based, which was upheld by the courts in the case of *Edwards* v. *Carter* 580 F. 2d 1055, *cert. denied,* 98 Sup. Ct. 2240 (1978), namely that the self-executing property transfer provisions of the Panama Canal Treaty were constitutionally sufficient to effectuate such transfers as a matter of domestic law.

Sincerely,

HERBERT J. HANSELL.

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., September 13, 1979.

Hon. CARL LEVIN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR LEVIN: You have asked for my opinion as to whether "the proposed compromise language on property transfers will prejudice the constitutional argument made by the Senate and sustained by the Court of Appeals for the District of Columbia last year with regard to the constitutional power to dispose of property of the United States through the treaty-making power."

The position taken by the Senate during consideration of the Panama Canal Treaty was that the Treaty itself could and did validly authorize the transfer of property to the Republic of Panama. In its report on the Treaty, the Committee on Foreign Relations concluded that the "constitutional text, the intent of the Framers, opinions of the Supreme Court, and historical precedent all suggest that the Panama Canal Treaty can validly transfer to Panama property belonging to the United States without a need for implementing legislation." Exec. Rept. No. 95–12, Feb. 3, 1978, at p. 69. The Senate rejected arguments to the contrary when, on April 3, 1978, it tabled, by a vote of 58 to 37, an amendment (No. 92) offered by Senator Hatch which would have provided that the Treaty would not enter into force "until the Congress . . . shall have disposed of, or shall have authorized the disposition of, the property belonging to United States of America . . . in the Panama Canal Zone. . . ." The position of the Senate concerning the validity of the transfer-of-property provisions in the Treaty has, moreover, been affirmed by the courts. In upholding of the dismissal of an action brought by 60 Members of the House of Representatives who sought a declaratory judgment that the Constitution requires the approval of both Houses of Congress prior to the disposal of property belonging to the United States, the Court of Appeals for the District of Columbia held that the use of a treaty to transfer the property of the United States "was clearly consonant with the Constitution." The so-called transfer-of-property clause, article IV, section 3 clause 2, "was not intended to preclude the availability of self-executing treaties as a means of disposing of United States property," the court said. *Edwards* v. *Carter,* 580, F2d 1055, cert. denied 98 S.Ct. 2240 (1978).

The proposed compromise language for H.R. 111 consists of two provisions. One, section 373, provides that "No property of the United States located in the Republic of Panama may be disposed of except pursuant to law enacted by the Congress." The second provision, section 374, authorizes all transfers, including both optional transfers during the term of the treaty as well as the final transfer to Panama in 1999.

It is my opinion that, taken together, these provisions would not prejudice the constitutional position taken by the Senate and affirmed by the Court of Appeals. Their joint effect would be to cause the property transfers now authorized by the Treaty to be authorized instead by this statute. While the wisdom of doing so may or may not raise public policy questions, I do not believe that the proposed provisions would raise a constitutional problem. The position of the Senate and the Court of Appeals—that the Treaty validly transfers United States property interests—would in fact be vindicated by the enactment of the two provisions together. The second provision, which contains a transfer-of-property authorization identical in its effect to that contained in the Treaty, would be unnecessary if that Treaty provision remained in force. The enactment of the first provision, however, would effectively repeal the transfer-of-property provisions in the Treaty, thus necessitating the enactment of the second provision if the United States is to honor the commitment contained in the Treaty. Stated differently, to avoid the enactment of a statutory authorization while a prior authorization—namely, the one contained in the Treaty—is in effect, it is necessary to repeal the Treaty authorization. This is the effect of the first provision; its presence is dictated by the recognition that the Treaty can and does validly convey United States property interests to Panama.

Accordingly, I do not believe that the position of the Senate and the Court of Appeals will be prejudiced if these provisions are both enacted.

Sincerely,

MICHAEL GLENNON,
Legal Counsel.

Mr. LEVIN. Another major point of controversy between the House and the Senate revolved around the operating structure for the Panama Canal Commission, established by the treaty as the managing entity of the canal for the next 20 years. The Senate bill provided for the establishment of the Commission as a government corporation, the form in which the Panama Canal Company has operated since 1951. The House bill created the Commission as an appropriated funds agency, subject to all of the authorization and appropriation controls of the Congress, like any other Federal agency. There was strong and divided sentiment on this issue, even within the Armed Services Committee and the Senate.

The conferees ultimately resolved this issue in favor of the House position. While the appropriated funds agency form provides for somewhat tighter congressional control over the Commission's expenditures, the provisions in the House bill allow adequate flexibility for the Commission to respond to changed circumstances without having to come back to Congress for a supplemental appropriation every time an unprogramed increase in traffic occurs. This flexibility retains some of the advantages of the corporate form. There was no question that either operating form would be consistent with our treaty obligations.

That, Mr. President, summarizes the major aspects of this conference report. The Statement of Managers elaborates upon additional areas of controversy between the two bills and the resolutions agreed upon by the conferees. I would be happy to respond to any questions my colleagues might have about other aspects of the conference report.

We are nearing the end of a long trail and the beginning of a new one with the consideration of this conference report. The Senate spent 2 months debating the Panama Canal treaties last year, gave its advice and consent, and now has before it legislation providing for implementation. I hope that all Senators, regardless of their feelings on the treaties, will recognize that they have been ratified and will take effect 12 days from today. I believe that all of us can support this implementing legislation, because it is sound and solid. By doing so, we will enable the United States to meet its international obligations. We will keep our word, one hallmark of a great power.

This legislation does more than keep the promises we have made to Panama. It keeps the promises the treaties made to us—confirming our rights to operate the canal securely and efficiently, and to maintain our treaty-guaranteed rights, including defense rights, for the remainder of the century.

Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HOLLINGS). Without objection, it is so ordered.

Mr. LEVIN. I ask unanimous consent that the time taken by the quorum call be charged against my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I yield myself such time as may be required.

I ask unanimous consent that Mr. Edward Kenney of the Senate Armed Services Committee staff have the benefit of floor privileges during consideration of the conference report on H.R. 111.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, as the Senate is well aware, I did not support the Panama Canal treaties. In my judgment, the agreement to transfer this property to Panama is the greatest conscious political blunder by the United States in modern times.

The treaties were approved in the Senate by the narrowest of margins. Today it is an established fact that, when the Senate voted, it lacked vital information on many aspects of this action. The cost estimates on the transfer of this property to Panama were faulty to the extent of hundreds of millions of dollars.

CONFERENCE REPORT

Mr. President, the issue now before the Senate is the implementing legislation as embodied in the Joint Conference Report of H.R. 111. Although I will not support this bill on the floor today, I was pleased that the conference report met many of my concerns and that the final decisions on H.R. 111 give Congress extensive control of the Canal during the treaty period.

The principal concession by the Senate was the acceptance of the appropriated agency form for the Panama Canal Commission. I had offered the appropriated agency approach as a committee amendment and now I am highly pleased that the conference has adopted this approach. This action by the conference means that the Commission will not be a corporate agency mainly responsive to the executive branch of Government, but, rather, an appropriated fund agency with its expenditures controlled by the Congress. This is a critical point and one obtainable only through participation in the Conference.

PROPERTY TRANSFER

Another key element in the Conference Report is the recognition that the House has a constitutional role in the transfer of property. The key point in this agreement is that all transfers involved in the Panama Canal require a statute by Congress.

Another important issue, control of the Canal in wartime, was settled by an agreement that, in the event of an attack or threat to the canal, the President could direct the Canal Administrator to comply with the directives of the U.S. military officer in charge.

COMMISSION BOARD

Also of great importance was the makeup of the Commission Board. The conference accepted a compromise which allows only two of the five U.S. Board members to be Executive Department officials. Further, the report suggests these two come from the Defense Department, the agency responsible for the canal operations. The other three members would come from the private sector, and should have experience in the backgrounds of shipping, ports operation and labor matters. All are subject to Senate confirmation.

COSTS REDUCED

Mr. President, I think the conference also was very conscious of restricting the already excessive costs of these treaties. My amendment to hold the minimum wage to an annual increase of 2 percent was accepted and could save up to $400 million over the life of the treaties.

Mr. President, I also believe this bill will prevent any payments to Panama except those provided in the clearest terms of the treaties. We attempted to remove ambiguities in hopes of saving the taxpayer every cent possible and preventing disputes in future years.

Despite these improvements, I remain opposed to this bill. It is the implementing instrument of the worst treaties ever negotiated by a U.S. President and ever approved by the U.S. Senate.

In conclusion, I do wish to commend the able Senator from Michigan (Mr. LEVIN), who was courteous throughout these deliberations and most responsive to my views and those of other dissenting members. He was most ably assisted by the General Counsel of the Armed Services Committee, Mr. John Roberts. Also, our able chairman, the senior Senator from Mississippi, provided a steady hand throughout this lengthy conference. Despite their skillful work, and the leadership provided by Mr. MURPHY and Mr. BAUMAN of the House conferees, I remain opposed to all aspects of the transfer of this vital defense facility to an unstable and pro-Communist government such as that which exists in Panama.

I predict that history will show the Senate made a great error in consenting to the Panama Canal treaties, but I have done the best I could to protect our country in this particular bill.

Mr. President, I now yield to the distinguished Senator from North Carolina 5 minutes.

Mr. HELMS. Mr. President, a parliamentary inquiry.

The Senator from North Carolina does have 30 minutes in his own right at this hour; is that correct?

Mr. THURMOND. If he needs that much, there will be 30 minutes allotted to the Senator from North Carolina.

Mr. LEVIN. Mr. President, I ask unanimous consent that Robert Seltzer of my staff, David Hansell of my staff, and Mr. Roberts of the Armed Services Committee staff have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I suggest the absence of a quorum briefly on the time allotted to me. I want to confer with the distinguished Senator from South Carolina.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I yield 2 minutes to the distinguished Senator from Virginia, and then I will yield to the distinguished Senator from North Carolina.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. I thank the Chair and I thank Senator Thurmond.

Mr. President, I was a conferee on this bill. I withheld signing on the conferees' report. As such, I feel obligated to my colleagues to justify this somewhat unusual action.

First, I compliment Senator Levin, Congressman Murphy, Chairman Stennis, Senator Thurmond, for the leadership they provided during the course of the conference. I respect Senator Stennis' views that this treaty is the law of the land and is an obligation from the Congress to pass implementing legislation.

Nevertheless, Mr. President, there are three reasons why I withheld my signature of approval.

The first is addressed to section 108. Rather than take up the time, I ask that exhibit 1 in my remarks be referred to as the original language; exhibit 2, the language which will be found in the bill.

I ask unanimous consent to have the exhibits printed in the Record.

There being no objection, the exhibits were ordered to be printed in the Record, as follows:

[Exhibit I]

H.R. 111 AS PASSED HOUSE

Sec. 108. Control by Armed Forces in Time of War.—In time of war in which the United States or the Republic of Panama is engaged, or when, in the opinion of the President, war is imminent, such officer of the Armed Forces as the President may designate shall, upon the order of the President, assume and have exclusive authority and jurisdiction over the operation of the Panama Canal and all its adjuncts, appendants, and appurtenances. During a continuation of this condition, the Commission shall be subject to the order and direction of the officer so designated, in all respects and particulars as to—

(1) the operation of the Canal; and

(2) all duties, matters, and transactions affecting the areas and installations made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements.

[Exhibit II]

DEFENSE OF THE PANAMA CANAL

Sec. 1108. In the event of an armed attack against the Panama Canal, or when, in the opinion of the President, conditions exist which threaten the security of the Canal, the Administrator of the Commission shall, upon the order of the President, comply with such directives as the United States military officer charged with the protection and defense of the Panama Canal may consider necessary in the exercise of his duties.

Mr. WARNER. Mr. President, this comparison reveals, in my judgment, a strengthening of Presidential power to protect U.S. defense interests, but the final language still falls short of the power I believe needed to fully protect U.S. defense interests.

Had I been a Member of the Senate at the time of the vote on ratification of this treaty I would have voted against ratification for this reason alone.

I thank the conferees for accepting my recommendation to strengthen the language as shown in a comparison between exhibit 1 and exhibit 2.

Mr. President, I regret, however, that further suggestions that I put forth to further strengthen the power of the President of the United States were not accepted.

The second reason is that I am concerned, as is my colleague (Mr. Humphrey) about the future transfers of American property.

Third, the still uncertain cost to the American taxpayer for the implementing legislation.

Mr. President, I recognize that the Congress must pass implementing legislation, but if this bill is to be adopted by the Senate it will be adopted without my support.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, I yield 7 minutes to the distinguished Senator from New Hampshire (Mr. Humphrey).

Mr. HUMPHREY. Mr. President, I would like to begin by commending my fellow freshman Senator from Michigan (Mr. Levin) on his very impressive performance in what must have been a rather unpleasant task.

Even though I do not agree with a great many of the provisions nailed down at the conference, I must say it was apparent to us all that Senator Levin worked hard and long and his grasp of the matter was very deep.

Mr. President, like Senator Warner, I am a conferee who finds it impossible to sign the conference report.

I am concerned about the conference language in several respects. But my first concern lies in the area of future transfers of property to the Republic of Panama.

Mr. President, I urge the defeat of the conference report on H.R. 111. As one of the seven Senate conferees on this bill, I listened with amazement as it was decided to abdicate congressional authority over the future transfers of American property in Panama.

While I am sure that my colleagues acted with the best of intentions, I cannot support the conference report which resolved a dispute between the House and the Senate by turning over to the President and the State Department all future authority respecting the transfer of U.S. property to Panama.

I could not sign the conference report. I respectfully point out that the distinguished Senator from Virginia (Mr. Warner) also declined to sign the report. And, while the distinguished Senator from South Carolina (Mr. Thurmond) did sign the report, he reserved his right to oppose this bill on final passage.

There are several other good reasons to reject this conference report, reasons which will be voiced by others here and in the House of Representatives. I shall discuss primarily the vital issue of property transfers.

As we all know, there exists a dispute between the Senate and the House of Representatives as to how U.S. property may be transferred. The House relies on the U.S. constitutional provision which says that "the Congress," meaning both Houses of Congress acting together, "shall have power to dispose * * * the Territory or other property belonging to the United States." The Senate position has been that a self-executing treaty negotiated by the President and approved by the Senate can dispose of U.S. property.

Under the Panama Canal Treaty of 1977, about 55 percent of U.S. property in what is now the Canal Zone will be transferred to Panama on October 1, 1979. The U.S. property retained is the area and the facilities which are judged most necessary to the actual operation and safety of the canal. This retained portion amounts to about 45 percent of the current U.S. property in the Canal Zone. The treaty provides that this property which is to be retained by the United States after October 1, 1979, will, over the life of the treaty between now and the year 1999, be turned over to Panama so that in the year 2000 all such property will have been turned over to Panama.

The House version on H.R. 111 provided that "No property of the United States located in the Republic of Panama may be disposed of except pursuant to law enacted by the Congress." The Senate version of H.R. 111 contained no such provision. The Panama Canal Treaty of 1977 simply specifies, "Upon termination of this treaty, all real property and nonremovable improvements that were used by the United States of America for the purposes of this treaty and related agreements. * * *" shall be transferred to Panama. But until the termination of the treaty in 20 years, all areas and facilities actually used by the United States shall remain as U.S. property except that transfers may be made as jointly agreed to by the United States and Panama.

The 45 percent of the property to be retained by the United States as of October 1, 1979, was carefully selected in order to preserve in U.S. hands the efficient operation and adequate security of the canal. No timetable other than the 20 year treaty termination was agreed upon respecting future transfers of the remaining 45 percent of the current U.S. property. Surely the American people, who were exposed to months of soothing public assurances by the State Department and other spokesmen for the Carter administration, expect that the final, major transfer will occur 20 years from now. But there is nothing in the treaty which requires that any U.S. transfer to Panama of all our property there be deferred for the life of the treaty. If the United States and Panama were to agree to accelerate the transfer of U.S. property to Panama, that transfer could be accomplished under the treaty.

Notice of complete transfer could legally occur on October 2 or a month later or a year later.

I have no doubt that, as soon as this implementation legislation may be passed, the current regime in Panama will begin to agitate for an acceleration of the transfer to Panama of the remaining U.S. property. The question is, How will the United States respond to a renewed series of demands?

The House bill, which provided that all future transfers be passed by both Houses of the Congress, provided some good protection for U.S. interests. But the conference on this bill threw out the protection afforded in the House bill and provided that the Congress shall have no say in determining when the U.S. property retained in Panama after October 1, 1979, shall be transferred to Panama.

The conference report injected new language into the H.R. 111 implementation legislation which would provide that "the Secretary of State may convey such property from time to time in accordance with the treaty and related agreements." The language inserted by the conference would require the President merely to inform the Congress 180 days before any such transfer of U.S. property in Panama would be made. But the conference report gives neither House the right to veto any such transfer. The provision is only a cosmetic protection. In order to stop an ill-advised transfer, the Congress would have to pass new legislation repealing the authority granted the President in this pending bill. The President would almost surely want to veto such legislation. So it would require a congressional override of a veto to stop an accelerated transfer of U.S. property to Panama if the President were determined to surrender early the rest of our property rights in Panama until now deemed necessary for the safe and efficient operation of the canal.

I consider it very unwise to abdicate congressional authority for transfer of U.S. property to such an extent that it would require a two-thirds vote to override a Presidential veto in order to prevent a precipitous withdrawal of the United States from our property in Panama.

Can anyone doubt that the Panamanians will not immediately, perhaps even next month, begin to agitate for an earlier transfer of the remaining U.S. property to them.

Can anyone assure us that this administration or a future administration will not want to cave in to radical agitation designed to accelerate the exit of the United States from the canal we built?

I, for one, have no confidence in the backbone of the State Department to resist such demands.

By passing this implementation legislation with its hundreds of millions of dollars of benefits from the United States for Panama, we will not have bought respect or gratitude from Panama, or from the Sandinistas in Nicaragua, or from the Castro regime in Cuba, or from Marxist elements elsewhere in the Caribbean or elsewhere in Latin America. Contrary to the expectations of some, I believe that anti-U.S. agitation will continue to grow as long as such agitation is profitable to the agitators.

This Panama Canal Treaty of 1977 was opposed by a majority of the American people, but the President, the State Department, the major news media, and a constant flow of Government-funded propaganda managed to squeak the treaty through by a tiny margin.

Considering the narrowness of the margin of the passage of the treaty and the changes wrought in this body by the 1978 elections, I think it is fair to say that this treaty would not have been able to win approval had it been submitted during this Congress rather than the previous Congress.

This is most certainly not the time to abandon congressional oversight in this matter. We do not know to what expedients the current administration will be led. It is not safe to predict what this administration will do in the area of foreign and defense policies.

The House provision that future transfers of U.S. property to Panama must be enacted by the Congress represents much more than an attempt to retain the arguable prerogative of the House. The provision was a protection for the people of the United States. It protected Americans from missteps by the State Department and a President.

If this legislation passes in its present form, there is nothing in the law to prevent President Carter from transferring the balance of U.S. property now in the Canal Zone to the Republic of Panama before his term of office is over. The American people, though they opposed the treaty itself, at least have been given the impression that our physical withdrawal from Panama will be delayed for 20 years.

If this legislation passes, those who support it may be in for a rude shock. The voters may hold them accountable when, acting under this bill, a President cuts and runs in the face of renewed agitation from Panama. At such a time, it will be a lame answer to say to an irate constituency: "I can't do anything about it. The President was given this authority by an act of the Congress."

We have watched the President and the State Department force an anti-Communist government out of Nicaragua. We are now watching the new regime in Nicaragua, one with strong Marxist overtones, consolidate its power by setting up neighborhood spy networks on the Cuban model and by confiscating assets of the Nicaraguan people. We have even seen the new Nicaraguan regime declare its revolutionary solidarity with the Communist regime in Vietnam.

The American people need a check on the disastrous foreign and defense policies of this administration. The best check we can provide with respect to this implementation legislation is to write into the law that future property transfers to Panama require congressional action. This conference report does not provide a congressional check and should be defeated.

Mr. President, the bottom line is this: The agreement in implementation of article III of the Panama Canal Treaty contains a schedule of transfers to be made to Panama between October 1, 1979, and the year 2000. Members should note that a provision of this article says:

> Annex A of this Agreement shall be examined every 5 years or by agreement between the two Parties.

This means that this schedule holds no water at all, that a simple agreement on an accelerated transfer of property between the two parties can alter completely this schedule of transfer.

It would be no violation of the treaty, none whatever, to require that future transfers be approved by Congress. I repeat; it would be no violation whatever of the treaty.

Mr. THURMOND. Mr. President, I yield the distinguished Senator from North Carolina such time as he may require.

Mr. HELMS. Mr. President, approval of this conference report, should that approval come—and I fervently hope it will not—will be the concluding act in an unseemly drama conducted against a background of the disintegration of U.S. influence and power. Those who vote to approve this report will be voting to approve the surrender of the Panama Canal to forces hostile to this country. No other face can be put upon it.

All Senators who ever opposed the giveaway of the canal should be put on notice that that giveaway is in the process of happening now, if this conference report is approved.

The approval of this conference report is an irresponsible act. I realize that there are those who would have us believe that it would be irresponsible not to approve the canal implementing legislation; but responsibility goes much deeper than superficial appearances. We, as Members of the U.S. Senate, have a fundamental obligation to uphold our Nation, to uphold our people, and to uphold our history. The surrender of the canal is a surrender of part of our Nation, in my opinion; it is an insult to our people, and repudiation of our history.

This Senator from North Carolina has heard that some Members of this body declare that the issue was decided when the Senate approved the resolution of ratification of the Panama Canal treaties. At the time that the resolution was approved, the polls showed that 75 percent of the American people still disapproved of the canal giveaway. The political pundits predicted that this attitude would fade. They were wrong. Instead, a number of our former colleagues—and I emphasize the word "former"—who voted for the resolution have faded away from our deliberations. There is no question that the Panama Canal issue played a significant role in the elections in 1978.

In the past year, the attitude of the American people has, if anything, strengthened. All of us know what happened on this floor yesterday with regard to defense spending. All of us know that such an expression of opinion would not have happened even a year ago. The American people have become deeply aware and deeply concerned about the position of the United States in the world today. They see that the United States appears to be growing weaker. They see that the United States is unable to influence events in Africa, in the Middle East, and in Latin America. They cry out for leadership, for strength, for courage. What they get, in large measure, is negativism, withdrawal, and defeat.

Mr. President, this morning's paper reports that the Associated Press-NBC News poll shows that Americans give President Carter a 19-percent approval rating—the lowest approval rating since the poll began asking the question 30 years ago.

But I take no partisan comfort in that. The same poll shows that Americans give Congress even less—only 13 percent give Congress a good rating.

All the political experts said that the Panama Canal meant nothing to the American people, that it did not touch deeply their lives or their pocketbooks. But the experts were wrong. The Panama Canal is a symbolic issue which has deep, intense meaning, not only in itself, but in its relation to all of our international policies.

There may be some in this broad land of ours who look upon a nation as an empty edifice, easily manipulated, changed, altered, modified to suit some narrow purpose. But the majority of our people look upon the Nation as a moral entity, to which they owe loyalty and allegiance. After all, a country is not a thing; it is a living, breathing organism. It is a collective person, with all the personality and spirit of an individual person. Allegiance is not only to the Nation, but to the idea of the Nation and the principles of the Nation, and it is an obligation which sometimes surpasses understanding.

The Panama Canal had assumed the role in the United States as a heroic achievement, part of the code of honor and obligation under which we live. There is a sense of the word "myth," which means not a false story, but a superhuman story that somehow embodies in a narrative the ideals of a people. American people come from all races and creeds, and they do not have the advantage of a common folk heritage. But the Panama Canal, the heroic task of constructing it, the efficiency and impartiality with which we ran it, contributed deeply to the unconscious self-esteem which is necessary to the leadership role of a great nation.

But even on a more conscious level, the Panama Canal represented a forward position of the United States, an expression of our influence. Practically, it meant that the United States was a powerful nation, able to control the transportation routes which were essential to its destiny and survival. There are few nations in the world which are truly independent. Almost all nations have to depend for their security and independence upon the strength of a great nation. The Panama Canal Zone became the tangible expression of the dignity and importance of our Nation. This, I think, is the perception of the American people.

There is another aspect, also; and that is the symbolism of the canal to the other nations of the Western Hemisphere. We were told over and over again that the canal had become a running sore among Latin Americans, the veritable essence of Yankee Imperialism. This was certainly not true in my experience in Latin America. The leftists of Latin America, like the leftists anywhere, are opposed to the United States not because of our policies and our attitudes toward Latin America, but because we are a Nation founded upon private enterprise and freedom. Socialists are always upset when socialism is repulsed. Moreover, human nature is a deeply flawed human nature; one can appeal to the good things in people, but one can also appeal to emotions of greed, envy, and hatred. Ill will is not stirred up by situations, but by consciously appealing to the evil in our nature.

Moreover, the Panama Canal is a symbol of strength, or it was, a symbol which meant a great deal to many countries of the Western Hemisphere.

I suggest that a weak leader is a dangerous leader. The surrender of the Panama Canal in the face of threats was perceived as a sign of weakness in every South American country I visited, and I visited countries representing at least 75 percent of the population, the geographic area, and the gross national product of that continent, and I found without exception that instead of gaining goodwill by the surrender of the Panama Canal, the United States gained only contempt, fear, and uncertainty.

You can bet your boots, Mr. President, that our enemies also quickly perceived our weakness. During the treaty debate, many of us tried to point out that Omar Torrijos, besides being a person of contemptible morals engaged in gangster-like activities such as prostitution and dope-running, was a Marxist-oriented dictator trampling upon the human rights of his own people, a leader who would soon take Panama into the pro-Marxist, anti-American orbit.

I remember, Mr. President, our beloved colleague, Senator Jim Allen was especially eloquent in this regard. Jim Allen lies dead in Gadsden, Ala., now, and I shall always believe that the stress of leading the debate on this issue shortened the life of that great American.

Senator Allen's arguments and the arguments advanced by the rest of us were hotly denied on this floor, but I submit, Mr. President, that events have proved the whole story to be correct.

At the very time that the Carter administration was plotting, and no other word can be appropriately used, was plotting the giveaway of the canal, Omar Torrijos was telling officials of our Government that he was planning to overthrow the legally elected Government of Nicaragua, as well as the legal Government of El Salvador. The truth is now known; Torrijos was working directly with Castro, as Castro's agent, to supply arms, men, and logistical support to the Sandinista guerrillas to destroy the social fabric of Nicaragua. He was smuggling guns out of Miami, with the connivance of the State Department which issued the permits, and he was shipping them to Nicaragua. More recently, at the so-called "nonalined" conference in Havana, Omar Torrijos and so-called "President" Royo, a man who was never elected in a free election, boasted about how they were going to take over the Panama Canal whatever the treaty or whatever the implementing legislation.

Shortly after the treaties were approved, the Soviets immediately began to build up their forces on Cuba. First it was the introduction of the Mig-23's—aircraft which I believe even now are fitted with a nuclear capability. Then it was the introduction of a Soviet combat brigade, and so on.

This Soviet penetration of our hemisphere has come about principally because we have lost our military rights in Panama, we have lost our sovereign rights in Panama, and we will soon exist there only at the sufferance of a Marxist dictator. The whole Caribbean is becoming a Marxist lake, with Cuba as the base and Panama as the kingpin. It is highly significant the 75 percent of our imported oil comes in through the Caribbean—oil from Venezuela, oil that is cracked and processed in the Virgin Islands, oil that is off-loaded from Alaska tankers and Middle East tankers for shipment to gulf ports. That is three barrels of oil out of every four imported—all coming in through the Caribbean. Because of our foolishness in giving up the Panama Canal, the Soviets and their allies are moving in to be in a position where they can choke off our supply.

Make no doubt about it; the giveaway of the canal is a giveaway of our strength. Our use of the canal is placed in jeopardy by the treaties themselves. Once we give up our sovereign rights, we no longer have any right to defend the canal unless Panama gives us permission. International law is clear on this point; if the host country says we must get out, then we must get out, whatever the treaties say.

I find it highly significant, therefore, that the conference report on this bill—rejecting both House and Senate versions—now provides that the President can give away what remains of the canal simply by providing 180 days notice to the Congress. Mind you, there is no veto power on this by Congress; it is simply notification. Anyone who votes for this conference report is voting to give the President the power to give away the canal at a rate even faster than the treaty provides. If you want your voting record to show that you voted to give the President power to give away the canal, then vote yes on this report.

Mr. President, when the canal treaties were presented, we were told repeatedly that they would not cost the American taxpayers one cent. I heard the President of the United States on television saying it will not cost one dime. But since then we have discovered that in terms of actual outlays and in terms of revenues forgone by the U.S. Treasury this giveaway of the Panama Canal will cost the American taxpayers, at a minimum, $4 billion, and as a result of changes made by the conference the taxpayers will be forced to pay more than $800 million to $1 billion more than they would have paid under the House bill.

Mr. President, the bottom line is this: If anyone wants to gouge the American taxpayers, then he should vote for this conference report, because it has simply made bad matters worse.

The giveaway of the Panama Canal is an act which the American people in the vast majority regard as the height of irresponsibility and to approve the implementing legislation for an irresponsible act is double irresponsibility.

I, therefore, urge my colleagues to reject the report.

I thank the Chair and I thank the distinguished Senator from South Carolina for yielding to me.

The PRESIDING OFFICER. Who yields time?

Mr. LEVIN. Mr. President, I yield myself 3 minutes.

First of all, I acknowledge the remarks of Senator THURMOND, Senator WARNER, Senator HUMPHREY, and Senator HELMS, which were made relative to the management of the bill which we do appreciate.

Mr. President, at this time I yield back all of the remainder of my time except for 10 minutes.

Mr. THURMOND. Mr. President, I yield back all of my time except 10 minutes. The 10 minutes reserved to each side will be used tomorrow prior to the vote.

Mr. LEVIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. LEVIN). Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session for not to exceed 5 minutes to consider the nomination designated as Calendar Order No. 342 on the Executive Calendar.

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, the item identified by the majority leader has been cleared on our calendar, and we have no objection to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the nomination.

THE JUDICIARY

The assistant legislative clerk read the nomination of Matthew J. Perry, Jr., of South Carolina, to be a U.S. district judge for the district of South Carolina.

Mr. HOLLINGS. Mr. President, it is a pleasure to move the confirmation of the nomination of the Honorable Matthew J. Perry, Jr., judge of the U.S. Court of Military Appeals, who has been nominated by President Carter to serve on one of the newly created seats for the District Court in South Carolina. After considering this nomination, I am confident that this body will agree that he is exceptionally well qualified to serve on the District Court.

On November 8, 1978, the President issued an Executive order setting the standards for the merit selection of the newly created district judgeships. In compliance with his wishes, I established a Merit Selection Committee on December 13, 1978, to review the qualifications of the individuals who wished to be considered for the positions. The committee represented an accurate cross section of the people of South Carolina and included two incumbent district judges, three attorneys (including the president-elect of the bar), two college presidents, two blacks, two women, Democrats, Republicans, a balanced geographical representation, and a variety of political persuasions. As I believe is evident from the caliber of individuals they recommended to me, they did an outstanding job. I wish to thank Federal District Judge Robert Hemphill, chairman of the committee, Ross Anderson, Mrs. Philip H. Arrowsmith, Judge Sol Blatt, Jr., Mrs. Charles Gibbs, George Dean Johnson, Dr. Joab Lesesne, Dr. Maceo Nance, Dr. I. D. Newman, and Morris Rosen for their participation on this committee. They can take pleasure in knowing that their recommendations are worthy of the time, effort, and attention they devoted to select them.

After the formation of the committee, I referred to them all of the letters, petitions, and memoranda of telephone conversations which were submitted by or for the individuals interested in one of the judgeship positions. In addition, the chairman contacted the South Carolina Bar, the Trial Lawyers Association, other legal associations and publications, and the news media seeking other names for the committee's consideration. A total of 62 names were submitted to the committee and each individual was sent the questionnaire for prospective nominees for the U.S. circuit judgeship so that the committee would have a uniform standard of comparison for use in this screening process. After several weeks of study, consideration, and review, the committee provided me with the names of the 11 people whom they concluded to be best qualified for the judgeship. From these recommendations, I selected three men to refer to the President, Judge Perry, Falcon B. Hawkins of Charleston, and C. Weston Houck of Florence. I hope you will agree they are eminently qualified and exceptionaly well prepared to serve on the bench and that you will confirm Judge Perry today.

Judge Matthew J. Perry, Jr., was born on August 3, 1921, in Columbia, S.C. He is a graduate of South Carolina State College where he received his bachelor of science degree in 1948. In 1951, he was awarded his bachelor of law degree from State College, where he was an outstanding student, and began practicing law after his admission to the bar.

The President's Executive order contains a provision that any and all nominees for the district court have experience in the Federal judiciary. That provision was written for Matt Perry, because he grew up in the Federal courts. He has now practiced in the Federal courts for 28 years and has performed in an outstanding fashion. He handled many of the significant civil rights cases in South Carolina and has been an integral part of the mature leadership in the State that achieved the peaceful desegregation of the schools and public places. It was Judge Perry who argued and won the case which led to the desegregation of Clemson College in 1963. The Clemson case ended segregation in institutions of higher learning in this country. It was Judge Perry who represented men and women in both small and significant cases. He had the interest of us all in his heart and mind, and it is fitting that he be honored by being confirmed as one of the first black Federal judges in the Deep South since the Reconstruction.

Matthew Perry has already been honored by being confirmed by this body to serve on the U.S. Court of Military Appeals. If confirmed today, he will serve as an inspiration for us all—for young blacks who will see that blacks with integrity and intelligence will make it in the South, for the poor, because they will see that hard work and dedication will be rewarded, and for us all because he will display compassion, fairness, and competence in the performance of his duties.

Mr. THURMOND. Mr. President, I join in approving the confirmation of this nomination.

Matthew J. Perry, Jr., was born in 1921 in Columbia, Richland County, S.C. He graduated with a B.S. in business administration from South Carolina State College, and LL.B. degree from South Carolina State College. He served in the Army for 3 years. He started out in private practice in Spartanburg, and then he moved to Columbia to practice law. He was an adjunct teacher of law at the University of South Carolina from 1973 to 1975. Upon my recommendation he was appointed in 1976 to the U.S. Court of Military Appeals in Washington, D.C.

Incidentally, Judge Perry was chosen as South Carolinian of the Year in 1976 by the Cosmos Broadcasting Co. He has an honorary doctor of humanities degree from Francis Marion College in 1977; an honorary doctor of humanities degree from Lander College in 1979; and he received a Distinguished Native Son Award by the South Carolina Conference of Branches, NAACP.

Mr. President, Judge Perry is an able lawyer and a man of high character. He has a splendid reputation, and I wholeheartedly endorse him and shall support him.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I move that the President be notified of the confirmation of the nomination.

The motion was agreed to.

Mr. THURMOND. And I ask that Judge Perry be notified.

Mr. HOLLINGS. I thank the majority leader for his cooperation and help.

Mr. THURMOND. I thank the majority leader, too.

Mr. ROBERT C. BYRD. The Senators are welcome.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a brief period for the consideration of routine morning business of not to exceed 12 minutes, with Senators permitted to speak therein up to 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

IRS PRACTICES AND POLICIES

Mr. MELCHER. Mr. President, we all regularly get appeals from constituents for help in dealing with the "tax collector." I began to suspect some time ago that these were more than isolated cases, and there are some serious problems developing in the day-to-day practices of the IRS.

Now the editors of the Practical Accountant have published the results of a survey taken among several dozen prominent tax accountants which also points to several serious problems in IRS practices and policies. I would hope that Commissioner Kurtz would take a close look at the results of this survey and see what can be done to alleviate these concerns. I also want to share this good article with my colleagues and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

In their day-to-day dealings with the IRS, accountants frequently encounter troublesome situations. The Practical Accountant, in an effort to spotlight some of the problem areas, surveyed several dozen prominent tax practitioners (including some of the members of our Editorial Board). We asked them to tell us about the major problems they, or their firms, face in dealing with the IRS and to cite specific examples, where appropriate, of their difficulties.

Before getting into the results of our survey, however, some comments are in order so that the survey will be viewed from the proper perspective. As we all know, the IRS is, of necessity, a huge bureaucracy composed of a very large number of people, about 14,000 of whom are in the examination function. Some of these people are more capable than others and some have better dispositions than others. Most of them are people trying to do a difficult job. They don't always do this job well and they don't always get along with practitioners (which is, of course, often the fault of the practitioner). Yet, many observers feel that the good generally outweighs the bad. Moreover, many problems with the IRS stem not from people, but from the IRS's computer system, the size and complexity of which staggers the imagination.

Nonetheless, it is only by airing these problems, whether real or fancied, that they can be resolved. (This, of course, is the function of the many IRS liaison committees of the various accounting organizations.) With this goal in mind, we present what our respondents told us, broken down into the following three areas: (1) handling tax audits, (2) dealing with IRS offices, and (3) requesting extensions.

HANDLING TAX AUDITS

The most serious practitioner complaints about the IRS were, as might be expected, related to tax audits.

JUDGMENT

Many practitioners were critical of the judgment of Revenue Agents who raised trivial or frivolous issues. Here are some of the comments:

"I guess my major complaint against the IRS is that it has poorly trained Agents. Often, where Revenue Agents spend an inordinate amount of time on an audit and turn up nothing of substance, they develop far-out screwball issues to try to justify their time on the case."

"Many Agents seem to raise every conceivable issue without exercising discretion regarding the merits of the issue. They seem to be insensitive to the time being spent in debating frivolous issues which are ultimately dropped."

"The raising of weak arguments by IRS Agents is causing taxpayers to incur large amounts of time and expense in pursuing administrative appeals or in litigation."

"Revenue Agents appear to be straining for deficiencies. They routinely propose adjustments without merit, apparently in the hope that the taxpayer will compromise at a higher administrative level to save time and expense. Many taxpayers are openly questioning the fairness of the IRS' audit activities. The IRS auditors seem less willing to apply reason and more willing to act arbitrarily."

"Agents appear to be more interested in obtaining additional taxes than in administering the tax laws. This attitude results in discussions with Agents being fruitless, since they are not really interested in the possible merits of the practitioners' interpretation of the tax law."

Another common complaint was about the reluctance of Agents to make decisions. Here are some of the comments in this regard:

"Many Agents, despite their training, find it difficult to come to grips with the issues involved. They will spend a great deal of time with the procedural aspects of the audit, and then find it difficult to come to substantive decisions. As a result, many cases that should be resolved at the Field Agent level end up in Appellate."

"Agents are not interested in making final decisions. They would prefer that we take the problem to the next level. We have had to endure repeated visits by Agents because they don't act on thir own; they must constantly confer with their supervisors. As a result, some practitioners ask for an assessment immediately, without any discussion at all and then go to Appellate for a hearing."

"It seems as though many Revenue Agents have little or no decision-making ability. This often necessitates several meetings with both the Agent and his supervisor before a conclusion is reached. The result is increased accounting and legal fees being incurred by taxpayers under audit."

One practice that many accountants found particularly frustrating is the raising by Agents of new issues which are not based on any new factual findings. This seems to occur after a second or third visit. Practitioners encountering this practice contend that a well-trained Agent should be able to raise all of the pertinent issues at the first sitting and that raising new issues on a subsequent visit merely causes unnecessary delay.

CURRENT AUDITING PROCEDURES

The most common complaint practitioners have about IRS audit procedures has to do with the current crusade against T & E deductions. Said one practitioner:

"Agents have become 'penny wise and pound foolish' in the examination of travel, entertainment, and automobile expenses. These expenditures are being reviewed in great detail, and minor adjustments then proposed. This is a waste of time and money for both the taxpayer and the IRS."

Another accountant made a comment in a similar vein:

"Revenue Agents examining smaller corporations seem to be going primarily after the T & E and commuting type of expense. They seem to spend a lot of time in these areas, looking for minor adjustments, rather than examining those returns that would appear to produce more revenue."

Many practitioners commented on the IRS' effort to toughen up enforcement of the T & E rules, especially as they relate to officers and shareholders. One accountant commented:

"Agents seem to be getting tougher in requiring support for travel and entertainment expenses, especially automobile expenses. They now want the specific mileage used for personal purposes versus the mileage used for business purposes. In a number of cases, they have requested proof of ownership and proof of depreciable basis, and are raising similar questions which heretofore had not been raised."

Another complaint was about the "wooden approach" which many Agents take in accumulated earnings cases. Said one practitioner:

"A corporation may clearly not be subject to the penalty tax, perhaps by reason of having met the *Bardahl* formula, but quite often Agents will not relent on this issue. Rather, they will seek far-fetched theories to support a penalty tax assessment. In one situation, a corporation had redeemed all of the stock of its major shareholder by means of a debt obligation payable out of earnings. In an examination of the return for the year of redemption, the Section 531 issue was raised and later resolved in Appellate in favor of the taxpayer. Moreover, Appellate also held that the debt obligation constituted a true debt and that the interest thereon was deductible by the corporation. The major portion of the debt was extinguished in the seventh year following the year of the redemption. Yet, a Revenue Agent examining that later year (i.e., the one in which the debt was largely extinguished) again raised the issue of Section 531—*an utterly ridiculous situation.*"

Still another complaint was about the tendency of Examining Agents to substitute the findings and recommendations of Specialist Agents (such as Engineering and International Operations Agents) for their own judgment. Although the findings of a Specialist Agent are often arbitrary, the Examining Agent's position will "freeze" and he will close his mind to any attempts by the practitioner to convince him to the contrary.

Another grievance concerns the IRS' taking inconsistent positions to protect the revenue. For example, the IRS will deny a disputed dependency exemption to *both* the husband and the wife. While practitioners recognize that the IRS does this to avoid being "whipsawed" (i.e., agreeing with the position of one party and then losing to the other party in court), the Service should nonetheless decide which of the two adverse parties is right and do justice to that party.

Although, on the whole, IRS personnel honor powers of attorney, some practitioners have reported occasional instances of an IRS employee contacting a taxpayer *directly*, instead of through the representative whose power of attorney is on file. In such situations, especially in collection matters, the IRS employee, in the absence of the representative, sometimes "comes on very strong." (One practitioner reported some isolated instances of Agents suggesting to taxpayers that professional help was really not necessary.) In sensitive cases (e.g., a fraud or criminal case), the failure to honor a power of attorney can be extremely serious.

TIME-WASTING POLICIES

Certain audit policies and procedures were criticized as resulting in a waste of time and money. Here are some specifics:

An Agent is no longer allowed to close a collateral examination by using a copy of the return supplied by the representative. Instead, he must wait until he receives the *original* filed return.

Where there is an agreed deficiency for one year and an agreed overpayment for another year, there is no procedure for offsetting one against the other. The deficiency is assessed in full, and pressure put on the taxpayer for payment, while the overpayment slowly winds its way through the refund procedure. This often results in the taxpayer having to plead futilely with a Collection Officer (who is not concerned with the problem) and then having to go over his head in an effort to resolve the situation.

Note: A way to avoid this problem where dual-examinations are invoked is to ask the Field Agent to process the case so that the two years "offset" each other.

The IRS' policy of insisting that audits take place at the taxpayer's premises is expensive for taxpayers. There would be a considerable saving in accountants fees if an audit were conducted at the practitioners office instead. (Under the present policy, reasons usually have to be concocted to get a change of location to the accountant's office.)

THE REVIEW FUNCTION

The IRS' review procedure also received its share of brickbats. Two major complaints were about the long delays in the review procedure and the frequent overturning of agreed-to adjustments on review. Moreover, some practitioners sense a reluctance by review personnel to reverse an Agent's findings. Some comments:

"Revenue Agents' reports are often accepted by Review notwithstanding adjustments that are obviously incorrect. Although the review staff is quick to raise new issues, they rarely question those issues raised by an Agent. As a result, needless time is spent, and needless expense incurred, in taking the case to the Appellate level when the issues could have been corrected by Review."

"We have recently experienced cases in which Agents have taken positions clearly not in accord with the law, and found that neither their immediate supervisors nor the review staff was willing to reverse these positions. We wonder whether the authority of the review staff has been curtailed so that they no longer protect the taxpayer, but only defend the Government's interest, and whether the level of competence has declined to the point that even the review staff does not understand many provisions of the law."

SHORTCOMINGS IN COORDINATED AUDITS

A tax partner in a Big 8 firm voiced a number of criticisms about the IRS' Coordinated Audit Program (used to audit large multi-office companies). Incidentally, some of these criticisms were similar to those raised in audits of smaller companies. Among these criticisms were:

1/*Lack of planning and control.* There is a lack of coordination among IRS districts and between Specialist Agents and Examining Agents. For instance, multiple requests are often made for the same information.

2/ *Unnecessary data requests.* The information requested from the taxpayer is often not necessary for a determination of its liability but seems to be requested merely to "fatten the case file."

3/ *Inconsistencies.* Often, an Agent will disallow a deduction in one year because it should have been taken in the following year while another Agent examining that following year will disallow the same item on other grounds.

4/ *Inadequate Specialist Agents.* Specialist Agents at times are not qualified in their field of specialization and they are not coordinated into the overall examination. It seems that they determine their adjustments in advance, without regard to the particular facts of the taxpayer's situation.

5/ *Lack of candor.* There are instances where Agents have contacted company personnel and third parties without the knowledge of the company's tax manager. It also seems that many Agents are raising nonsubstantive issues to use as tradeoffs at a later time.

6. *Other shortcomings.* Other complaints include the tendency of case managers to pass the buck to Appellate instead of accepting responsibility for the resolution of issues, not identifying issues until the end of the audit, refusing to accept prior Appellate decisions, and proposing adjustments that have no precedent. In addition, reviewers overturn agreed cases more often than they should.

DEALING WITH IRS OFFICES

Communications with the IRS, often difficult in the past, has now been further complicated by the new laws restricting the disclosure of tax return information. In addition, practitioners are still having problems in getting telephone information from District Offices and in understanding computer-generated notices.

NEW DISCLOSURE RULES

The Freedom of Information Act and the Tax Reform Act of 1976 require a power of attorney from a taxpayer's representative before he can communicate with the IRS on the taxpayer's behalf. This has created many problems. Often, an Agent will not even talk with a practitioner about a minor item, such as changing the date of an examination, until the practitioner submits a power of attorney. Moreover, even where a power of attorney is on file, an Agent will usually not discuss a tax matter over the phone since he cannot quickly ascertain that the power is on file. Further, even if the Agent *knows* that power is on file, he is sometimes reluctant to discuss the client's affairs because he is not certain that the telephone caller is the person named in the power of attorney.

This caution, in light of the new climate, is understandable, but it means that many problems that could be resolved with a brief telephone call turn into unnecessarily long, drawnout affairs.

DISTRICT OFFICES

A number of practitioners cited the age-old problem of either receiving inconsistent responses or not getting called back (despite a promise to do so) when making telephone inquiries of a District Office. They feel that it is extremely difficult to get a reliable answer from the IRS to a telephone inquiry.

This is especially true in the pension area. A telephone call to a local IRS office for clarification, regarding both administrative and legislative interpretations, rarely results in a satisfactory response. Just getting through to someone in the pension section can take several hours, if not days. And when a practitioner does get through, it often turns out that the person answering the phone is not adequately trained to respond to even the simplest of inquiries.

COMPUTER NOTICES

Although computer problems have been substantially ameliorated in the past few years, several problems continue to frustrate accountants. Among them:

The lack of person-to-person contact. The inability to contact human beings who can respond to inquiries, initiate changes where appropriate, and correct obvious errors, results in the loss of valuable time both to practitioners and to the IRS, increases the cost of tax services to clients, and weakens confidence in the administration of the tax laws.

Incorrect adjustments. There have been numerous instances of "automatic adjustments" being proposed by the IRS computer system merely because the return presented an unusual situation which the computer interpreted as an error. Such programming errors have generally been corrected, but not before causing great expense and inconvenience to taxpayers. Much time is wasted explaining to Service Centers that a return labelled as delinquent is not.

Lack of information. Computer-generated assessment notices providing for penalties and interest are difficult to understand. Additional information would substantially reduce much costly and time-consuming correspondence. These notices should be expanded to include the computation and the period of time over which the penalties and interest are being assessed. Similarly, data relating to payments and credits seem never to catch up with the Collection Division's activities. (While there is probably no remedy for this, the Service should be careful to avoid taking such actions as serving levies on taxpayers until there has been some kind of personal contact. This would at least avoid the embarrassment and frustration which results from an improper levy.) Finally, the difference between a refund claimed and a refund approved is seldom spelled out clearly in a computer notice.

One practitioner reported that, on several occasions, he experienced the following computer goof: He filed a Form 1040-X on which a refund was requested. Instead of a refund, however, the client received a *bill* for the amount of the requested refund plus interest, all of which was to be paid within ten days. Calls to the IRS failed to stop a second payment request as much as 30 days later. After several phone calls and a letter, the clients finally received their refunds.

REQUESTING EXTENSIONS

The recurring problem of extension requests, particularly *second* requests, and the handling of reasonable-cause arguments against penalty assessments were of major concern to practitioners.

EXTENSION REQUESTS

Practitioners have generally been turned down when requesting an extension for a fiduciary return. Many of them feel that the IRS should provide for automatic extensions for fiduciary (and partnership) returns as it does for corporate and individual returns. One practitioner, whose Form 1041 extension request was denied, noted:

"We filed an extension application (Form 2758) for a fiduciary income tax return on which we estimated the tax due as $10,000. We had the client pay $5,500 with the application (the form requests that a minimum of 25 percent of the estimated tax be paid with the application). The IRS denied the request (sending the denial form to the client although it was supposed to have come to us). The denial stated that the extension was denied because of the failure to pay the 25 percent of estimated tax due with the application. (It also stated that the return must be filed within ten days.) We wrote the IRS pointing out that we had followed all instructions exactly and that the extension must have been denied in error. Although the extension was then granted, we had already filed the return."

The Service often denies a second extension request when only perfunctory reasons are given or where the explanation is brief. (Many practitioners conclude that success here is based on wordiness.) Even where a giant corporation is involved, brevity usually results in failure. The practitioner then must appeal the rejection and provide additional reasons—which normally results in success. This turns out to be a costly exercise for the client as well as a source of frustration for the practitioner.

Equally annoying to many accountants is the inconsistent treatment afforded such request. Sometimes second requests are denied even though the taxes estimated to be due have already been paid in the form of withholding tax or estimated tax payments. The consensus of opinion here is that the IRS would save considerable amounts of administrative time and energy if it rejected second requests in *rare* circumstances.

REASONABLE CAUSE

A final problem in this area relates to the tendency of IRS employees not to accept reasonable-cause arguments against the imposition of penalties. Even where a reasonable-cause statement is included with the tax return, penalty notices seem to be mailed out automatically. This necessitates additional correspondence and increases costs for clients.

While the above list of problems is by no means complete, it represents the most common areas of dissatisfaction.

THE MILITARY VETERINARY CORPS

Mr. MELCHER. Mr. President, last year during the consideration of the conference report on the Defense Appropriations Act, I rose to question Pentagon efforts to summarily scrap our military Veterinary Corps, and to urge further study on the mission of the corps. I did so because I had not seen adequate justification on the part of the Pentagon for moving to phase out the armed service Veterinary Corps.

Again this year, predicated solely on the finding of the so-called Maxiums report, which the Surgeon General of the U.S. Air Force seriously criticizes, the Department of Defense is calling for an end to the Veterinary Corps. I believed last year, and still do today, that these moves are based on false economy and a poor understanding of the modern military veterinarian. A Washington Post editorial on July 21 entitled "Freebies Scrutinized—Military Veterinarian Corps Reduction Studied" further indicates the lack of understanding of the mission of our military Veterinary Corps. I intend to continue to urge the Defense Appropriations Subcommitte to conduct hearings on the need for our Veterinary Corps before taking any action to reduce the corps.

In a recent letter to the Post, Lt. Gen. Paul W. Myers, Surgeon General of the Air Force, sheds some long overdue light on the issue by carefully explaining the mission of the modern military Veterinary Corps. As a veterinarian myself, I commend General Myers on his good letter, which I now ask unanimous consent to have printed in the RECORD, and I urge its careful reading by my colleagues.

There being on objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE AIR FORCE,
HEADQUARTERS U.S. AIR FORCE,
BOLLING AFB,
Washington, D.C., August 13, 1979.

EDITOR, WASHINGTON POST,
Washington, D.C.

DEAR SIR: Rarely have I seen a more distorted and misleading "news" story than the one in the July 21 issue of the Post entitled "Freebies Scrutinized—Military Veterinarian Corps Reduction Studied."

I would hope this was not deliberate but members of my staff called the reporter several times in an attempt to present the true facts. The calls were not returned. Further, neither I nor the Chief of the Air Force Veterinary Corps was contacted by the reporter for any information prior to the appearance of the story in print.

For the record, I believe the taxpayers (which includes the members in the military services and the Members of Congress) are owed an accurate explanation of the role of the veterinarian in today's military.

Currently the Air Force has 286 veterinarians. Seventy-two of these are assigned to research and development (R&D) projects concerning missile fuel oncogenic studies, environmental toxicology, aircrew restraint and ejection systems, radiation bioeffects, acceleration effects, infectious diseases, and combat trauma investigation. Of the Air Force veterinarians in R&D, 36 support the Air Force, 22 the Navy, and 14 the Department of Defense (Armed Forces Radiobiology Research Institute and Armed Forces Institute of Pathology).

The issue of the Veterinary Corps is of special concern to the Air Force because of the vital role played by veterinary scientists in key aerospace biotechnology research and development projects that supports our weapon systems development and acquisition. One major example is the critical importance of our studies to establish a viable safe worker standard for hydrazine and its impact on the total F-16 program. Without our veterinarians, these long term studies could not have been performed.

If the Veterinary Corps is abolished, our major R&D efforts in the areas of toxicology, performance in radiation environments, biomechanics, and acceleration performance/pathophysiology would have to be sharply curtailed and the damage to our country's readiness posture would be incalculable.

Excluding those veterinarians involved in the R&D efforts, the Air Force has 1 veterinarian for every 20,223 beneficiaries. We have Air Force bases located in various parts of the world, often in remote areas, without the benefit of civilian public health or preventive medicine.

The statement attributed to Congressman Aspin, "The Department of Defense is probably the only organization in the world which provides pet care as a fringe benefit to its employees." is a verbatim quote contained in his press release dated August 22, 1975. If he recently made the statement again publicly, we are unaware of it.

Veterinary medical service for privately owned animals of military families is not free. Fees charged should generate sufficient incidental income to cover the normal cost of operations on an annaul basis. Animal diseases can be and are transmitted to humans. Immunizations, examinations, and treatment when needed, are the most cost effective means of preventing these diseases from occurring in humans. With rare exceptions, the only immunization required in the civilian community is against rabies. Military populations are transient, live in close knit communities and are therefore potentially exposed to varying animal disease entities both in the United States and in overseas areas. Health care for military personnel is a service responsibility and not that of the civilian community.

As an example of the workload involved, last year the Air Force operated plague control programs at 26 bases, diagnosed 39,000 cases of zoonotic diseases in animals and identified 534 humans with zoonotic disease; investigated 6,388 animal bites on base and 10,800 off-base; quarantined 14,883 animals, of which 33 were positive for rabies. Over 75 percent of the people who use the veterinary clinic are enlisted members. But as frequently seems to be the case, when the facts don't bear out the allegations, the old shopworn and tired cliche of taking care of "the generals' pets", or the "general's wife" are variations thereof are thrown out for public consumption.

The overseas mission of the veterinary service is multifaceted and includes: (1) inspection of foods from all sources and for all military food buyers; (2) a large total health care program for several hundred military working dogs at many military bases; (3) a clinic to prevent spread of animal diseases and to provide emergency care for pets since foreign clinical veterinarians are unavailable at most locations (most foreign veterinarians are only in their state's food inspection, sanitation and disease control program); (4) a bite investigation and wildlife disease program since rabies, leishmaniasis, and many more diseases are epidemic in these countries; (5) a complete sanitation program for all food facilities on-base and for companies off-base wishing to sell food to the armed forces; (6) comprehensive food handler training in sanitation, food safety and personal hygiene; (7) epidemiology programs for human diseases (flu, TB, and so forth); (8) import/export evaluations to prevent foreign animal diseases (foot-and-mouth disease as one example) from being introduced into host countries or back into the United States; and (9) a training program for handling mass casualties (humans) using animals as training models.

As examples of their contributions in the food inspection area in fiscal year 1978, inspections by the Air Force veterinary service resulted in rejection of $9 million worth of food destined to feed military troops; condemnation of another $5 million worth, and negotiation of $.2 million in price adjustments; they participated in 44 hazardous food recalls; they disapproved 76 food plants on a list of 975; they trained 54,167 food handlers; and investigated 106 potential foodborne illness outbreaks.

The article says that the Appropriations Subcommittee will make its recommendations based largely on a recent 200-page study by Maximus, Inc. That report contains several serious omissions and errors in interpretation of data; however, let's look at some of the comments and conclusions which you did not report:

The mission is without question necessary (page 8). Rather, the requirement of the mission has moved away from requireing solely the traditional skills of the veterinarian to a multiple set of skills with a public health orientation.

If the military veterinarian does not perform these necessary missions someone else, probably less qualified in broad biomedical skills, will have to (page 3).

The cost savings of substituting other types of personnel will not differ substantially from the present (page 163).

The value of these functions lies mainly in what does not happen, that is, what the functions prevent. While prevention is not particularly glamorous, it is preferable to the more expensive consequencies which can flow from its absence (page 3).

The military veterinarian is cost effective in conducting the food inspection mission—even when considering only the value of food that is rejected. If the other health care costs prevented by the inspection are considered, the cost effectiveness increases more (page 10).

The requirement for Doctors of Veterinary Medicine (DVMs) in the R&D mission is accepted and they should remain military (pages 11 & 12).

Civilian veterinarians could not respond promptly to the wartime mission overseas (page 160).

Several factors critical to mission accomplishment and cost effectiveness were not addressed in the Maximus Report. Examples of these include:

a. Though indicating a probable need for DVMs overseas, how rotations could be accomplished with too few positions in the continental United States was not addressed.

b. The offsetting availability and costs for contracts with civilian DVMs for care of Government owned animals, immediate examination of the several thousand stray animals involved in bite cases, and other animal related problems were not stated.

c. The Department of Defense (DOD) is the single largest potential source for introducing devastating foreign animal diseases into the United States. How DOD could support its commitment to assist the US Department of Agriculture in prevention of such diseases or of their control or eradication if prevention fails was not considered.

Some major errors in the use of data contributed to several of the inaccurate conclusions of the report. These errors were called to the attention of the Office of the Assistant Secretary of Defense for Health Affairs; however, the data were not corrected in the report.

But how quickly the accomplishments of military veterinarians are forgotten! Back as far as the 1950s, Air Force veterinary radiobiologists helped compile data necessary for the space flights which continued for two decades. In 1954, when no texts on diseases of laboratory animals were available, Air Force veterinary pathologists at the Armed Forces Institute of Pathology helped initiate a course in Pathology of Laboratory Animals.

During this same period, an Air Force veterinarian developed a prosthetic hip joint that contributed to advances in both human and animal orthopedic surgery. In the early 1960s, Air Force veterinary clinicians and pathologists supported the well-publicized flights of nonhuman primates to determine the safety of man in space.

In the late 1960s, the fabrication of a mechanical heart pump contributed to the knowledge and success of cardiopulmonary resuscitation. During the 1970s, acceleration studies using animals and supported by Air Force veterinarians helped to determine the optimal angle of the seat back necessary to reduce the effects of gravitational forces on pilots during combat maneuvers of the F–15 fighter.

The Venezuelan equine encephalomyelitis outbreak in 1971 cost millions of dollars and had potential explosive impact on the livestock industry. The Department of Agriculture called on Air Force and Army veterinarians to help control this disease. The Newcastle Disease in poultry in 1972–1973 required extensive Air Force and Army assistance. We responded. The Department of Agriculture asked for Air Force and Army assistance in the outbreak of Newcastle Disease in exotic birds in California and Florida a few months ago. We responded.

In addition to activities in this country, Air Force veterinarians have also participated in international comparative medical research. Foreign governments have requested their services. The US/USSR space-biology project was managed by an Air Force veterinarian and others were active in US/USSR studies of marine mammals. The history of the Air Force and Army veterinary services is replete with accomplishments which have significantly benefited our country.

I earnestly hope that the necessity for maintaining both the Air Force and Army veterinary services will be recognized, and that action will be taken to maintain them in their present form.

Sincerely,

Paul W. Myers,
Lieutenant General, USAF, MC
Surgeon General.

OUR INCONSISTENT STAND ON GENOCIDE

Mr. PROXMIRE. Mr. President, since the United Nations General Assembly overwhelmingly approved the text of the Genocide Convention in 1948, the Senate has been faced with the issue of ratification. Prior to and since the convention, the United States has stood firm on genocide. We condemn it.

Why, then, have we in the Senate balked at the opportunity to join in international disapproval of this heinous crime? Why have we failed to ratify the Genocide Convention?

Certainly we have not changed our stand on mass slaughter—or have we? From our inactivity, it appears that we are allowing the issue to die a slow death. From our inactivity, it appears that we tolerate the act of genocide. From our inactivity, the issue dies—as do millions of human beings.

And yet, as each act of genocide occurs, our Nation publicly condemns it. As so-called leaders in pushing for human rights, we label the killings as "gross injustices" of every human's right to live.

Where is our consistency?

We call for human rights, but we hesitate to enter into a formal agreement to condemn genocide. We aided in drafting the treaty, but now we refuse to ratify it.

The contradiction is obvious. So is the solution: Ratify the Genocide Convention.

In 1970, before the Special Subcommittee on the Genocide Convention, Columbia Prof. Richard Gardner pointed out that:

> Our ratification of this Convention will dissipate the embarrassing contradiction between our failure to act and our traditional leadership in support of basic human rights.

Mr. President, surely the correct move is clear. We must act decisively and ratify the treaty.

JUSTICE DEPARTMENT TAKES INCREDIBLE POSITION ON JUDGE

Mr. HELMS. Mr. President, I am reluctant to interrupt the very important proceedings of the Senate for these remarks about an extraneous subject, but occasionally, a matter comes up that is so important that it must be given a certain priority.

It is just such a matter I must address at this moment.

This is the headline of a story in this afternoon's Washington Star, "U.S. Wants Mormon Judge To Quit ERA Appeal Case.' Allow me to read the first few paragraphs of this unbelieveable report:

> The Justice Department has filed an unusual request to disqualify a federal judge in Idaho on the ground that he is a Mormon and therefore allegedly unable to rule impartially on a challenge to the Equal Rights Amendment.
>
> Because U.S. District Judge Marion J. Callister, Jr. holds a prominent position in the hierarchy of the Church of Jesus Christ of Latter-day Saints, there exists a "reasonable question" as to his ability to render an impartial decision, the Justice Department said.

Mr. President, what I have just read is such a travesty of our Constitution and of the basic principles of our country, that I am hard put to believe this is really happening. Does no one at the Justice Department, including the Attorney General, have any comprehension of what they are doing in this matter? Of the legal precedents they are setting? Of the constitutional principles they are violating? If, today, a Mormon judge cannot be trusted to hear a case involving the ERA, perhaps tomorrow a Jewish judge cannot be trusted to hear a case involving illegal trade practices concerning the Arab embargo against Israel or a Catholic judge will be disqualified from an abortion case or a Quaker judge will be disqualified from a military service case.

To the best of my knowledge, the action by the Justice Department is entirely without precedent. To the best of my determination, the record will be kept that way. For if the Justice Department goes ahead with this unconstitutional attempt to categorize Federal judges by religion and to penalize them if they fall into a disfavored category, this Senator will have no higher legislative priority for the remainder of the 96th Congress than teaching the Department to see the error of its ways.

This must be said: This affront to Judge Callister, this affront to every Mormon in America, and to every American who treasures the rights of citizenship is typical of the extremist, extralegal tactics consistently used by some ERA supporters, both in and out of Government.

Mr. President, I tried to warn last year, when supporters of ERA rushed Congress into what many constitutional scholars consider a blatantly illegal extension of the ERA ratification period, that their political agenda knew no respect for constitutional procedures. The Justice Department abetted them then, and it is doing so now in its action against Judge Callister.

I shall not take more of the Senate's time on this matter. The facts speak for themselves. I urge my colleagues to read the story in today's Washington Star and I ask unanimous consent that it be printed following the conclusion of my remarks. They will find it as chilling and as preposterous as I have.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **HELMS**. Mr. President, I urge the Attorney General to reconsider this action by the Department of Justice and end this assault on the honesty and integrity of Judge Callister and his fellow Mormons. If however, this move against Judge Callister represents Department policy, then the Attorney General must expect to deal with Senators, and with millions of Americans, who will not easily surrender our treasured rights of freedom of conscience, freedom of religion, freedom of expression, and the separation of church and state.

[Exhibit 1]

United States Wants Mormon Judge To Quit ERA Appeals Case

(By Robert Pear)

The Justice Department has filed an unusual request to disqualify a federal judge in Idaho on the ground that he is a Mormon and therefore allegedly unable to rule impartially on a challenge to the Equal Rights Amendment.

Because U.S. District Judge Marion J. Callister Jr. holds a prominent position in the hierarchy of the Church of Jesus Christ of Latter-day Saints, there exists a "reasonable question" as to his ability to render an impartial decision, the Justice Department said.

An aide to the judge, reached yesterday at his office in Boise, said Callister had no comment, but would rule soon on the disqualification request.

The Idaho lawsuit is the pre-eminent outstanding legal test of a state's right to rescind its ratification of the ERA.

If the courts uphold Idaho's claims, the result would, in effect, doom the amendment, which says: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex."

The Mormon Church, according to the Justice Department's motion, officially opposes both the ratification of ERA, and the extension of time allowed for states to approve it.

The church has traditionally excluded women from certain positions in the church hierarchy. "We don't ordain women to the priesthood," said a church spokesman, "but women do have responsible positions in the church."

ERA has been approved by 35 states, three short of the minimum number needed to make it part of the Constitution. Idaho was the fifth state to ratify. The Idaho Legislature approved ERA on March 24, 1972, two days after it was formally proposed by Congress. Five years later Idaho had second thoughts and passed a resolution to repeal its prior ratification.

The state filed suit against the federal government last May in an effort to get official recognition for its vote to rescind. Idaho wants the head of the U.S. General Services Administration, Rowland G. Freeman III, the custodian of government documents to return its certificate of ratification.

Arizona, which has not ratified ERA, and several legislators from Washington State, which ratified the amendment in 1973, have joined Idaho in its suit.

All contend the proposed amendment became void when the original seven-year ratification period ended in March. Congress voted last October to extend the ratification period to June 30, 1982. Anti-ERA forces contend that Congress had no authority to extend the deadline.

THE ALLEN J. ELLENDER FELLOWSHIP PROGRAM

Mr. **MAGNUSON**. Mr. President, in recent years Congress has appropriated a small amount of funds each year for the Allen J. Ellender fellowship program. These fellowships are used to help pay for the participation of high school students and teachers of modest means in the week-in-Washington educational program conducted by the nonprofit Close Up Foundation. The foundation uses this small Federal contribution as seed money to attract larger contributions from the private sector so that in the end the educational benefit provided by those Federal dollars is much greater than it otherwise would be.

During their week in the Nation's Capital, the students and their teachers get an opportunity to learn firsthand about the operations of the Federal Government through meetings with Government officials and educational seminars. In short, Washington, D.C., becomes their "classroom" for the week.

However, only a relative handful of high school students ever have the opportunity to visit the Nation's Capital. Consequently, I note with particular interest the announcement that has been made today of a new program that is to begin soon through the combined efforts of the Close Up Foundation and the Cable Satellite Public Affairs Network. As I understand it, the foundation will be producing educational television interview programs here in the Nation's Capital geared specifically to provide students who cannot come to Washington, D.C., with much the same kind of firsthand view of the Government process as those who visit here get. These programs will be beamed to high schools around the country which are now able to see the televised proceedings of the House of Representatives over the Cable Satellite Public Affairs Network. This is an innovative experiment with considerable educational potential and one which I will be following with interest.

BANKING COMMITTEE STAFF STUDY OF CHARTERING PROCEDURES

Mr. **PROXMIRE**. Mr. President, the Dallas Morning News carried a story last week that said the staff of the Committee on Banking, Housing, and Urban Affairs was looking into an "unusual pattern" of national bank charters granted to friends and associates of John B. Connally.

I would like to take a moment to explain what the committee staff is doing to put the allegations contained in that article in context and clear up any misunderstandings.

First of all, neither the committee nor its staff is investigating Mr. Connally.

Second, the staff has found no evidence showing that Mr. Connally exercised improper influence in the granting of national bank charters.

Here is the background of the committee staff study:

The committee staff has been conducting a study for the past year on the chartering practices of the Comptroller of the Currency, an agency within the U.S. Treasury. The Comptroller is responsible for chartering and regulating national banks. The purpose of the study is to review the bank chartering process over the last several years to determine whether consistent and objective standards were being applied in charter approvals and denials.

The study also focuses on the procedures followed and the economic and competitive criteria applied by the Comptroller in awarding new bank charters, the adequacy of the agency's review of organizers of proposed banks and allegations of political influence in the consideration of bank charters.

The staff reviewed over 1,000 applications for new bank charters filed with the Comptroller's office from 1970 to 1977. During the course of its study, the staff carefully examined the circumstances surrounding the handling of seven bank charters in Texas during the years 1970 and 1973 which had been approved by the Comptroller against the recommendations of the Deputy Comptroller and the majority of his staff. Those seven applications were reviewed in the context of the staff's study of chartering procedures, not as part of a special investigation of Mr. Connally. Moreover, of the seven applications, two were approved prior to the time when Mr. Connally was Secretary of the Treasury and one was approved after he left Treasury.

It is expected that the results of the staff study will be made available to the committee later this year.

COMMUNICATIONS

The **PRESIDING OFFICER** laid before the Senate the following communications, together with accompanying reports, documents, and papers, which were referred as indicated:

EC-2180. A communication from the Principal Deputy Assistant Secretary of Defense (Comptroller), reporting, pursuant to law, on contract award dates for the period September 15, 1979 to December 15, 1979; to the Committee on Armed Services.

EC-2181. A communication from the Secretary of the Treasury, transmitting, pursuant to law, a report on foreign government treatment of U.S. commercial banking organizations; to the Committee on Banking, Housing, and Urban Affairs.

EC-2182. A communication from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend provisions of Federal reclamation law restricting delivery of project water to newly irrigated lands for crops the supply of which is likely to be excessive; to the Committee on Energy and Natural Resources.

EC–2183. A communication from the Under Secretary of Energy, transmitting, a request that a preliminary report entitled "Export Potential for Photovoltaic Systems" transmitted on April 26, 1979, pursuant to law, be treated as the final report of the Department on the subject; to the Committee on Energy and Natural Resources.

EC–2184. A communication from the Acting Assistant Administrator for Legislative Affairs, Department of State, transmitting, pursuant to law, a Presidential determination, signed on September 13, 1979, relating to a proposed $10 million grant to Yugoslavia for earthquake reconstruction; to the Committee on Foreign Relations.

EC–2185. A communication from the Acting Assistant Administrator for Legislative Affairs, Department of State, transmitting, pursuant to law, a justification of an increase of the funding level of the proposed fiscal year 1979 program in Tunisia; to the Committee on Foreign Relations.

EC–2186. A communication from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to authorize the set-off of annuity payments or refunds payable from the Civil Service Retirement Fund to former employees of the government of the District of Columbia in order to liquidate debts owed to the government of the District of Columbia; to the Committee on Governmental Affairs.

EC–2187. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Effectiveness of the Defense Contract Audit Agency Can Be Improved"; to the Committee on Governmental Affairs.

EC–2188. A communication from the Director of the Central Intelligence Agency, transmitting a draft of proposed legislation to provide for death gratuities for the survivors of certain Central Intelligence Agency employees; to the Select Committee on Intelligence.

EC–2189. A communication from the Chief Justice of the Supreme Court of the United States, transmitting notice that the Court will open the October 1979 term on October 1, 1979; to the Committee on the Judiciary.

EC–2190. A communication from the Chairman of the Federal Election Commission, transmitting, pursuant to law, the budget request of the Federal Election Commission for fiscal year 1981; to the Committee on Rules and Administration.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions and memorials, which were referred as indicated:

POM–458. A resolution adopted by the Legislature of the Territory of Guam; to the Committee on the Judiciary:

"RESOLUTION No. 344

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, the National Association for Asian American and Pacific Education has nominated Dr. Katherine B. Aguon for membership to the U.S. Commission on Civil Rights; and

"Whereas, Dr. Katherine B. Aguon is the Vice-Speaker of the Fifteenth Guam Legislature and the Chairperson of the Committee on Education; and

"Whereas, Senator Aguon has always been a strong advocate of equal educational opportunity and has been the major force behind all legislations dealing with education, women's and family rights; and

"Whereas, Dr. Katherine Aguon's knowledge and experience in these areas, coupled with her relentless effort to improve the lot of her fellow citizens makes her an excellent representative to serve on the U.S. Commission on Civil Rights; and

"Whereas, Senator Katherine Aguon was the keynote speaker at the First National Conference on Asian and Pacific American Education held in San Francisco of this year and also was the former Director of the Department of Education, the first woman to hold a position within the Government of Guam; and

"Whereas, as a respected member of the Asian and Pacific American community, Dr. Katherine Aguon has the expertise and experience that would make her an effective member of the U.S. Commission on Civil Rights; and

"Whereas, the confirmation of Senator Katherine B. Aguon would be a significant indication of the President's concern for the civil rights of Asian and Pacific Americans; now, therefore, be it

"Resolved, that the members of the Fifteenth Guam Legislature, on behalf of the people of Guam, hereby support and endorse the nomination of Dr. Katherine B Aguon to the U.S. Commission on Civil Rights; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to Ms. Gloria Molina, White House Presidential Personnel; to the President and Officers of the National Association for Asian American and Pacific Education; to Mark Tajima, Pacific Asian Coalition; to Juanita Tamayo Lott, Office of the U.S. Commission on Civil Rights; to the President of the United States; to the President of the United States Senate; to Congressman Antonio B. Won Pat; and to the Governor of Guam."

POM–459. A resolution adopted by the Interim Joint Committee on Banking and Insurance of the Kentucky General Assembly, relating to the problem small coal operators in Kentucky are having in attempting to acquire a reclamation bond; to the Committee on Energy and Natural Resources.

POM–460. A resolution adopted by the Sherman County Commissioners Court, Stratford, Tex., relating to policies of Federal Government; to the Committee on Governmental Affairs.

POM–461. A petition from a private citizen, petitioning the Congress to adopt an amendment to the Constitution of the United States to cut, limit and control Federal spending; to the Committee on the Judiciary.

POM–462. A petition from a private citizen, petitioning the United States Senate to reject ratification of the SALT II Disarmament Treaty; to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MUSKIE, from the Committee on the Budget, without amendment:

S. Res. 217. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1110.

S. Res. 218. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 3923.

By Mr. MATHIAS, from the Committee on the Judiciary, without amendment:

S. 947. A bill to amend title 18 of the United States Code to allow the transportation or mailing to a foreign country of material concerning a lottery authorized by that foreign country, and for other purposes (Rept. No. 96–323).

By Mr. PELL, from the Committee on Rules and Administration, without amendment:

S. Res. 238. An original resolution authorizing additional expenditures by the Committee on Rules and Administration for routine purposes (Rept. No. 96–324).

S. Res. 239. An original resolution to pay a gratuity to Mollie P. Livingston.

By Mr. HART, from the Committee on Armed Services, with an amendment:

H.R. 3354. An act to authorize appropriations for fiscal year 1980 for conservation, exploration, development, and use of naval petroleum reserves and naval oil shale reserves, and for other purposes. (Rept. No. 96–325).

By Mr. HART, from the Committee on Armed Services, without amendment.

S. Res. 240. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 3354. Referred to the Committee on the Budget.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LONG, from the Committee on Finance:

Reubin O'D. Askew, of Florida, to be Special Representative for Trade Negotiations, with the rank of Ambassador Extraordinary and Plenipotentiary.

(The above nomination from the Committee on Finance was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. CHURCH, from the Committee on Foreign Relations:

The following-named persons to be Representatives of the United States to the 34th Session of the General Assembly of the United Nations:

Donald F. McHenry, of Illinois;

Benjamin S. Rosenthal, U.S. Representative from the State of New York;

Larry Winn, Jr., U.S. Representative from the State of Kansas; and

Esther L. Coopersmith, of Maryland.

The following-named persons to be Alternate Representatives of the United States to the 34th Session of the General Assembly of the United Nations:

Richard W. Petree, of Virginia;

William L. Dunfey, of New Hampshire; and

Howard T. Rosen, of New Jersey.

(The above nominations from the Committee on Foreign Relations were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. JACKSON (by request):

S. 1770. A bill to amend provisions of Federal reclamation law restricting delivery of project water to newly irrigated lands for crops the supply of which is likely to be excessive; to the Committee on Energy and Natural Resources.

By Mr. HEFLIN:

S. 1771. A bill for the relief of Dr. George Chrousos and his wife, Dr. Georgia Chrousos; to the Committee on the Judiciary.

S. 1772. A bill for the relief of Min-Zen Lin; to the Committee on the Judiciary.

By Mr. CHURCH (by request):

S. 1773. A bill to recognize United States passports issued to individuals identified therein as citizens of the United States as proof of citizenship; to the Committee on Foreign Relations.

By Mr. MATHIAS (for himself, Mr. Javits, and Mr. Durenberger):

S. 1774. A bill to provide for a coordinated national policy on stable economic growth; to the Committee on Governmental Affairs.

By Mr. TALMADGE (for himself, Mr. Helms, Mr. McGovern, Mr. Young, Mr. Huddleston, Mr. Dole, Mr. Stone, Mr. Hayakawa, Mr. Leahy, Mr. Lugar, Mr. Zorinsky, Mr. Cochran, Mr. Melcher, Mr. Boschwitz, Mr. Pryor, Mr. Jepsen, Mr. Boren, Mr. Nunn, Mr. McClure, Mr. Hollings, Mr. Thurmond, Mr. Bayh, Mr. Burdick, Mr. Percy, Mr. Chiles, Mr. Morgan, Mr. Stennis, Mr. Culver, and Mr. Pressler):

S. 1775. A bill to promote the development of energy from agricultural commodities, forest products, and their wastes and residues, and rural energy conservation practices; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. TOWER:

S. 1776. A bill to impose quantitative restrictions on the importation of lamb meat; to the Committee on Finance.

By Mr. DOLE:

S. 1777. A bill to amend title 10, United States Code, to authorize reserve enlisted members of the Army and the Air Force to retire with 20 years of service; to the Committee on Armed Services.

By Mr. BENTSEN:

S. 1778. A bill to limit state severance taxes on energy resources produced from certain Federal lands; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JACKSON (by request):

S. 1770. A bill to amend provisions of Federal reclamation law restricting delivery of project water to newly irrigated lands for crops the supply of which is likely to be excessive; to the Committee on Energy and Natural Resources.

● Mr. JACKSON. Mr. President, by request, I send to the desk for appropriate reference a bill to amend provisions of Federal reclamation law restricting delivery of project water to newly irrigated lands for crops the supply of which is likely to be excessive.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the bill and the executive communication which accompanied the proposal from the Assistant Secretary be printed in the Record.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 1770

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, whenever a Federal reclamation project has a restriction in its authorizing legislation on water deliveries for the production of basic agricultural commodities, as defined in the Agricultural Act of 1949, as amended, no water shall be delivered to any water user for the production on newly irrigated lands of such basic agricultural commodity if the Secretary of Agriculture determines, pursuant to the Agricultural Act of 1949, as amended, that the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is likely to be excessive, and that a set-aside shall be in effect.

U.S. Department of the Interior,
Washington, D.C., September 17, 1979.

Hon. Walter F. Mondale,
President of the U.S. Senate,
Washington, D.C.

Dear Mr. President: Enclosed is a draft of a bill "To amend provisions of Federal reclamation law restricting delivery of project water to newly irrigated lands for crops the supply of which is likely to be excessive."

We recommend that the bill be enacted.

The proposed legislation is needed to amend Federal reclamation law so as to make the determination of crops in excess supply under Reclamation law consistent with similar determinations made by the Secretary of Agriculture on other programs.

Legislation authorizing a number of reclamation projects contains language that restricts the delivery of water for production on newly irrigated lands of any basic agricultural commodity, if the total supply of such commodity for the marketing year is "in excess of normal supply." When such provisions are used in reclamation law, they customarily refer to the Agricultural Adjustment Act of 1938 (52 Stat. 31; 7 U.S.C. 1281) for the definition of which crops are in excess supply. (See, for example, section 2(b) of the Act of June 3, 1960, 74 Stat. 156, authorizing the San Luis Unit of Central Valley Project.)

The criteria prescribed in the 1938 Act for determining crops in excess supply have been superseded by the Agricultural Act of 1949 (P.L. 81–439; 63 Stat. 1051) as amended by the Food and Agriculture formula in the latter Act for purposes of determining crops in excess supply. As a result, if the determinations are now made under reclamation law as to whether crops are in excess supply, they have to be made according to an obsolete and discarded formula.

For example, under the 1977 criteria, upland cotton would not be considered in excess supply while under the 1938 criteria it is a crop in excess supply. Moreover, the determination under the 1938 criteria is not available until after cropping plans and investments for seed, fertilizer, and land preparation must be made by the growers. The confusion and uncertainty for cotton can very easily occur for other crops.

At present, there are 15 projects subject to excess crop limitations under reclamation law. On 13 of these, the restriction applies for a 10-year period from the date of authorization, on 2 for 10 years from the completion of construction, and 1 for an indefinite period. A list of these 16 projects is attached.

The proposed legislation would modify the Federal reclamation laws to allow the Secretary of Agriculture to make the determination of crops in excess supply based on laws and criteria currently in effect on other programs he administers. The same basis for determination of crops in excess supply would apply in all situations. Project water could not be delivered to a water user on newly irrigated lands if the Secretary of Agriculture determined, pursuant to the Agriculture Act of 1949, as amended, that the total supply of a basic agricultural commodity for the appropriate marketing year is likely to be excessive, and a set-aside is in effect. Compliance with set-aside requirements would not entitle a grower to project water for the crop in question on newly-irrigated lands.

We strongly recommend enactment of the proposed bill to eliminate discrepancies in the law and to correct difficulties we have encountered in managing certain reclamation projects.

The Office of Management and Budget advises that there would be no objection to the presentation of the attached bill from the standpoint of the President's program.

Sincerely,

Guy Martin,
Assistant Secretary.

Projects With Restrictions on Delivery of Water for Production of Surplus Crops on Newly Irrigated Lands

Project, authorizing legislation, and authorization date

Central Valley, San Luis Unit, California [1]; P.L. 86–488; June 3, 1960.

San Juan-Chama, New Mexico [2]; P.L. 87–483; June 13, 1962.

Navajo Indian Irrigation, Colorado-New Mexico [3]; P.L. 87–483; June 13, 1962.

Yakima, Kennewick Division Extension, Washington; P.L. 91–66; August 25, 1969.

Rogue River Basin, Merlin Division, Oregon; P.L. 91–270; May 28, 1970.

Rathdrum Prairie, East Greenacres Unit, Idaho; P.L. 91–286; June 23, 1970.

Walla Walla, Touchet Division, Washington; P.L. 91–307; July 7, 1970.

Pick-Sloan Missouri Basin Program:

Narrows Unit, Colorado; P.L. 91–389; August 28, 1970.

O'Neill Unit, Nebraska; P.L. 92–514; October 20, 1972.

North Loup Division, Nebraska; P.L. 92–514; October 20, 1972.

Upper Snake River Project, Salmon Falls Division, Idaho; P.L. 92–514; October 20, 1972.

Pick Sloan Missouri Basin Program:

Polecat Bench Unit, Wyoming; P.L. 94–228; March 11, 1976.

Pollock-Herreid Unit, South Dakota; P.L. 94–228; March 11, 1976.

Kanopolis Unit, Kansas; P.L. 94–423; September 28, 1976.

Chief Joseph Dam, Oroville-Tonasket Unit, Washington; P.L. 94–423; September 28, 1976.

Central Valley Project, Allen Camp Unit, California; P.L. 94–423; September 28, 1976. ●

By Mr. CHURCH (by request):

S. 1773. A bill to recognize U.S. passports issued to individuals identified therein as citizens of the United States as proof of citizenship; to the Committee on Foreign Relations.

● Mr. CHURCH. Mr. President, by request, I introduce for appropriate reference a bill to recognize U.S. passports issued to individuals identified therein as citizens of the United States as proof of citizenship.

This legislation has been requested by the Department of State, and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

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[1] Restriction has no expiration date.

[2] Restriction applies for 10 years from completion of construction.

[3] Restriction applies for 10 years from completion of construction; principal responsibility for administration lies with Nevajo Tribe and the Bureau of Indian Affairs, but Reclamation also has responsibility in terms of the operation of some project facilities.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Assistant Secretary of State for Congressional Relations to the President of the Senate dated September 12, 1979.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1773

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Chapter 4 of title 22, United States Code, is amended by adding the following new section:

"§ 211b. Legal significance of the passport.

A passport, unlimited as to its full period of statutory validity, issued to a citizen of the United States by the Secretary of State under the authority of this title shall have, during its period of validity, the same effect in all courts, tribunals, and public offices of the United States, at home and abroad, of the District of Columbia, and each State, Territory, and outlying possession of the United States, as a certificate of naturalization issued by a court having naturalization jurisdiction."

SEC. 2. The analysis of Chapter 4 of Title 22, United States Code, is amended by adding the following new item after section 211a:

"211b. Legal significance of the passport."

DEPARTMENT OF STATE,
Washington, D.C., September 12, 1979.
Hon. WALTER F. MONDALE,
President, U.S. Senate.

DEAR MR. PRESIDENT: Enclosed for consideration of Congress is a draft bill which would amend Chapter 4 of Title 22, United States Code, to include a section on the evidentiary value for proof of citizenship which should be accorded to the United States passport.

The enclosed draft bill is concerned with the U.S. passport which is issued to United States citizens. U.S. passports issued to nationals of the United States are not included in the draft bill as the bill only considers documents of citizenship which are issued by the Departments of State and Justice, and as problems related to the acceptability of the passport for nationals are de minimis.

Currently, there is no statutory determination of the legal significance of the passport which is issued to a U.S. citizen as proof of that individual's U.S. citizenship. However, the certificates of naturalization and of citizenship which are issued by the Department of Justice have received such recognition in section 332(e) of the Immigration and Nationality Act (8 U.S.C. § 1443(e)). Specifically, section 332(e) accorded the certificates of citizenship and naturalization which are issued administratively by the Attorney General the same effect as certificates of naturalization which are issued by courts having naturalization jurisdiction. Lack of a statutory provision for the State Department's document of citizenship has caused questions to arise concerning the comparable acceptability between the two Departments' citizenship documents.

The possibility that the U.S. passport may be considered to have less evidentiary weight than the certificate of citizenship which is issued by the Attorney General is especially troublesome in view of the fact that the evidence required to be submitted for obtention of a passport is equivalent to that required for obtention of a certificate of citizenship. Thus, the procedural safeguards to the integrity of each document are similar. Nevertheless, the citizen who can only be documented by a passport is in a weaker position than the citizen who can be documented with a certificate of citizenship when called upon to prove U.S. citizenship.

The Immigration and Naturalization Service has agreed that changes are necessary to resolve this long-standing question. In fact, the Immigration and Naturalization Service and the Department had previously agreed to propose legislation similar to that enclosed. It was agreed that this legislation, if enacted, would resolve many problems which the Departments of State and Justice have experienced. Additionally, enactment of the proposal would eliminate duplication of effort by the Departments of State and Justice. Each year the Immigration and Naturalization Service receives a number of requests for certificates of citizenship from citizens who are already documented with passports. These requests often are made because of the uncertain legal status of the passport as proof of citizenship. Enactment of the proposal would substantially reduce such requests and thereby reduce the workload of the Immigration and Naturalization Service with concomitant saving of resources.

The proposal which was agreed to by the Department of State and Immigration and Naturalization Service would have provided for comparable acceptability of the passport and another Department of State citizenship document, the Report of Birth Abroad of a Citizen of the United States. The proposal would have incorporated this within section 332(e) of the Immigration and Nationality Act (8 U.S.C. § 1443(e)).

The Department now believes that it would be inappropriate to include discussion of the passport and Report of Birth in section 332(e) as section 332 is concerned with administrative provisions and executive functions of the Attorney General in relation to the issuance of naturalization certificates. Therefore, the Department has prepared the enclosed draft bill concerning the U.S. passport which would have the same effect as the original proposal, but would place the language in Chapter 4 of Title 22, United States Code, which contains the statutory provisions governing passports.

Additionally, the Department prepared a draft bill, submitted under separate letter, which considers the Report of Birth in the same manner as the enclosed draft bill, but which places the language in a new section (104a) in Title I of the Immigration and Nationality Act (8 U.S.C. Sec. 1101 et seq.). This placement of the Report of Birth provision section is appropriate as the preceding section, Sec. 104 in Title I, contains the authorization for preparation of such Reports.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the presentation of this legislative proposal to the Congress.

Sincerely,

J. BRIAN ATWOOD,
Assistant Secretary
for Congressional Relations.●

By Mr. MATHIAS (for himself, Mr. JAVITS, and Mr. DURENBERGER):

S. 1774. A bill to provide for a coordinated national policy on stable economic growth; to the Committee on Governmental Affairs.

ECONOMIC GROWTH MANAGEMENT ASSISTANCE ACT

● Mr. MATHIAS. Mr. President, the health of the Nation's economy is a matter of continuing concern and intense debate. All the experts agree that the debate should address two particularly troublesome points: The slow rate of capital formation and uneven growth rates of both economic sectors and geographic regions.

Some regions of the country are growing while others experience economic stagnation and decline. Some major industries are relocating out of the so-called Frost Belt of the Northeast and Great Lakes regions to the warmer climes of the Southern and Southwestern Sun Belt. The problem has been portrayed by the popular press as a "Second War Between the States." But I think that is too simple a picture which overlooks the particular ups and downs of individual local economies. A growing number of authorities recognize that this is not a phenomenon which can be neatly categorized by geographic region or State. Even within those regions, there is no uniform pattern of economic performance. Some cities boom and others decline, irrespective of the region in which they are located.

The White House Conference on Balanced National Growth held in Washington just 1 year ago and attended by over 700 persons, confirmed this. That Conference produced two overall growth policy directions:

> Effective national growth and development policies must be "balanced," addressing the issues of growth as well as decline, seeking the equitable distribution of economic opportunities among all people and places and capitalizing on local and regional advantages for our collective betterment.
>
> A "fair and flexible Federalism" is needed. The Federal Government must play a more sensitive role in the Federal system, setting national objectives while recognizing the special characteristics of particular geographic areas, and providing regions, states, and localities greater responsibility for deciding how to attain those objectives.

And the President, in his January 19, 1979, message to the Congress reporting on the Conference, summed up what this changed perception of national economic growth means for the Federal Government:

> These principles reflect a significant change in the way America perceives the question of national economic growth. They mark a shift from a predominant concern with the economic health of the Nation as a whole to greater attention to the economic vitality of subnational units, be they regions, states, or localities. The Conference found the question of the distributional impacts of Federal policy to be of critical importance. The Conference urged improvements in the processes by which growth policy is developed. In exercising its responsibility for setting the general directions of such policies, the Federal Government should bring together and involve regions, states, localities and the private sector in a shared responsibility for planning and implementing them. . . .
>
> The Conference recognized that uniformly applied national practices and rules ignore substantial regional differences. The Federal Government must begin to fine tune national policy and programs, taking into account substantial diversity among regions, states and localities, and encouraging through incentives more shared responsibility in the achievement of national objectives. . . .
>
> The processes that shape energy, environmental, business, community, and economic growth policies in particular must be related to and support one another. The proper role of the Federal Government is to establish a coordinated policy framework to guide regional, state and local planning and deci-

> sion-making, seeking insofar as possible to anticipate change so as to enable all levels of government as well as private interests to take timely actions.

Frankly, I think it counterproductive for us to continue to describe the differing growth rates, Federal spending patterns, local tax efforts, and population shifts in terms that imply that certain regions or States are "winning" or "losing."

The Governor of Georgia, George Busbee, put it well in an address to the Southern Growth Policies Board:

> Since 1865 we have known as a nation that none of our regions can have an independent political destiny . . . and I don't believe any region should aspire to or attempt to have an independent economic destiny.
>
> In principle . . . we are as much "one nation" economically as we are "one nation" politically.
>
> But the facts of the matter are that "economic equity" is as elusive . . . as difficult to establish and maintain as political justice.

What we should be concerned with is the total economy, the inflation which continues to plague it, and high unemployment rates. We should focus on the trouble spots—those sectors of the economy which are changing or slowing down; those areas where unemployment is the most intractable; those microeconomies which act as a drag on our national growth and prosperity. And we must have the foresight to recognize a new opportunity, idea, or technology when it comes along, and to nourish it and make use of it.

Federal policy and practices have played an increasingly influential role in the course taken by our Nation's economy. Federal decisions in facility location and relocation, construction, leasing, procurement, grants, and loans in many cases determine whether a town lives or dies economically.

I particularly welcome the Carter administration's decision to use locational policies by Federal agencies as a tool to help distressed urban communities. This type of policy is long overdue. Wise as I think this policy is as a general matter, it is surrounded by such a bewildering array of other legislative and administrative directives that the urban policy's fundamental thrust of aiding distressed cities and people is almost completely blunted.

For that reason, I held hearings on the issue in the Governmental Efficiency Subcommittee of the Governmental Affairs Committee on May 15 and 16. The witnesses who appeared at my hearings were extremely helpful in shedding light on various space management policies that either are or ought to be in operation, and on the kinds of decisions that need to be made about when and where to locate Federal offices. From their testimony it seems clear that we must devise better ways to fulfill the goals of aiding distressed cities while maximizing the impact of limited Federal funds.

In the past, particularly during the Depression, various Federal policies were consciously promoted to invigorate the predominantly agricultural economy of the South and Southwest of our country. Whenever possible, we tried to locate our military bases there. We even created a major public utility project—the Tennessee Valley Authority. And to a great extent those policies succeeded in bringing industry, people, and rising incomes to the South and Southwest.

Now we find that other regions, which had been doing quite well without any particular Federal policy stimulus, are beginning to feel left out.

As Ralph Widner of the Academy for Contemporary Problems has noted—

> Much of what we're calling a problem, we've been trying to do for 40 years, develop Western resources, bring the South up to parity with the North. Now we're wringing our hands over it.

The fact is that ours is an economy of interdependent local and regional economies and economic sectors. When these sectors become seriously imbalanced due to sudden spurts of growth in certain sections or prolonged high unemployment in others, the stability of our entire economy is threatened.

For all of these reasons, it is useful and appropriate to bring together those most involved in our national economy to focus on both the big picture and the microeconomies with special needs. The bill I am introducing today would do this.

It establishes a Cabinet-level Council of 27 composed of the Secretaries of major departments involved in Federal spending as well as representatives of business and labor. The purpose of the Council is to monitor the trends in the economy at the national, regional, State, and local level and to take corrective action when needed to avoid sharp swings in economic activity that put a strain on particular parts of the economy or regions of the country.

The Council would serve as a forum where the main actors could share their research and perceptions of economic trends. Federal departments and agencies would tell the Council when they proposed to take any major Federal action which could require adjustments at the local, State, or regional level. Such major Federal action could mean a military base closure or relocation, the termination of a major contract for aircraft production, the proposed leasing of office space for several hundred Federal employees or the awarding of a mass transportation grant to build a subway in a metropolitna area. It could also mean the proposed construction of a veterans hospital, the proposed closing of a local airport, or the awarding of a contract for research into new energy technology to a company, firm, or university.

The Council would evaluate such proposed major actions to determine whether they would substantially affect the community and surrounding region. The mayors, Governors, and businesses likely to be affected also would be consulted to determine their contingency plans. In other words, the Council is supposed to keep everyone informed of proposed major Federal actions to avoid surprises, and provide technical assistance to communities when needed. In a sense, it is a form of emergency preparedness.

The Council is also charged with developing and recommending to the President and the Congress a national economic growth policy, to be updated annually.

The estimated cost of the Council, assuming a staff of about 30, ranges from $3 to $3.5 million.

Mr. President, I believe we in the Federal Government need to bring some order to how we spend money, locate installations, and lease space. Our activities play a significant role in determining the direction of the economy. We must begin to plan them better.

In his Report to the Congress on the White House Conference on Balanced National Growth and Economic Development, the President noted how important it is for the public sector to be clear about its rules of the game:

The Conference was correct in suggesting that growth policy processes at all levels of government should assist elected decisionmakers and the private sector to—

Anticipate economically significant trends, such as sectoral shifts and the energy problems that have grown over the past decade;

Relate sometimes conflicting national objectives, such as regulatory and growth policies, to one another; and

Involve all levels of government and nongovernmental interests in priority setting.

We have learned how important it is for business and labor, as well as the public sector, to understand how future industrial and employment changes will affect regions, States, and major population centers. Furthermore, in the interest of a strong national economy and a healthier climate for investment, we must reduce to the extent possible the uncertainty and contradictory nature of public decisionmaking.

This bill establishes just such a forum for reducing those contradictory public policies at the highest levels of Government—the Cabinet.

It is not aimed at instituting national economic planning with established 5-year goals as is done in several western European countries. Rather, I see the Council as a forum for beginning a necessary dialog about our economy, how and where it is growing, what role we each play in it, and how we can play our role better. The Council will not promulgate new, complex Federal regulations, for ours is basically a free economy. Rather, it will monitor the directions of the public sector of our economy, and coordinate the Government's role in promoting ordered growth.

I ask that the text of my bill appear at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1774

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Growth Management Assistance Act".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) there is a disparity in growth rates between cities and suburbs and between the various States and regions of the Nation;

(2) this disparity may cause severe economic and population dislocations among localities, States, and regions, thereby impeding the stable growth of the Nation's economy;

(3) certain urban areas, particularly core cities, are experiencing a decline in the growth of key sectors of their economies, a declining tax base, and an increasing population of dependent individuals;

(4) other urban areas are experiencing unprecedented growth of this population, tax bases, and sectors of their economies;

(5) the rate and composition of growth of different urban areas is exerting growing demands on the natural environment, resources, public services, capital improvements, and tax base of such areas;

(6) the United States Government has made substantial commitments of money and manpower in the economic, scientific, social, and technologic fields through Federal leasing, contracts, direct employment, and location of facilities throughout the Nation. Those Federal spending and locational policies are directly related to differing rates of growth between and among urban areas, States, and regions of the Nation.

STATEMENT OF POLICY

SEC. 3. (a) It is the policy of the Congress to insure a stable economic growth rate for the Nation in a manner which equalizes regional and urban growth rates.

(b) The Congress, the Federal Government, State and local governments, and all citizens have a responsibility to conserve our environment through prudent management of existing resources and the development of new resources, both natural and man made.

(c) It is the purpose of this Act to provide the means through which the United States can promote an orderly and stable rate of economic growth for the Nation which will minimize economic and population dislocations among urban areas, States, and regions of the Nation; assure that dislocations do not compound recessionary trends which may be present in those areas; and encourage capital formation in the private sector.

DEFINITIONS

SEC. 4. As used in this Act, the term—

(1) "Federal agency" has the same meaning as provided under section 551(1) of title 5, United States Code.

(2) "Person" means any corporation, firm, partnership, association, individual, or other entity.

(3) "Federal contract" means any contract entered into between a person and a Federal agency to furnish material or services to such agency in an aggregate amount of $5,000 or more.

(4) "Federal contractor" means any person determined by the Secretary of Labor to employ not less than 5 per centum of the local labor force as determined by the Secretary in the furnishing of material or services pursuant to the terms of a Federal contract, or as a subcontractor thereunder, and for whom such contract or contracts, including any under negotiation, represents more than 20 percentum of the total production of each specific plant or productive unit of such person's business with respect to which the Secretary of Labor is able to reasonably relate an identifiable local labor force.

(5) "Facility" means any plant or other establishment (or part thereof) engaged in the production, repair, modification, maintenance, storage, or handling of material or goods for sale or lease to the Federal Government or any building or real property owned or leased by the Federal Government.

(6) "State" means any State of the United States of America, including the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(7) "State agency" means the agency of a State which administers its unemployment compensation law, approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1954.

(8) "Substantially and seriously affected" means, with respect to any local or State government or region of the Nation or contractor or other business, as the case may be, abnormally high or low growth rates, severe unemployment, severe reduction in tax base, loss of critical sectors of their economies, or severe demands on publicly provided services.

ESTABLISHMENT

SEC. 5. (a) There is hereby established in the Executive Office of the President an Economic Growth Policy and Management Assistance Council (hereinafter referred to as the "Council") which shall be composed of—

(1) the Secretary of Defense;

(2) the Secretary of Agriculture;

(3) the Secretary of the Interior;

(4) the Secretary of Commerce;

(5) the Secretary of Health, Education, and Welfare;

(6) the Secretary of Housing and Urban Development;

(7) the Secretary of Transportation;

(8) the Secretary of Energy;

(9) the Special Representative for Trade Negotiations;

(10) the Administrator of the National Aeronautics and Space Administration;

(11) the Chairman of the Council of Economic Advisers, who shall be Chairman of the Council (hereinafter referred to as the "Chairman");

(12) the Director of the United States Arms Control and Disarmament Agency;

(13) the Assistant to the President for Domestic Affairs and Policy;

(14) seven representatives of the business sector of the economy appointed by the President; and

(15) seven representatives of the labor sector of the economy appointed by the President.

(b) The Chairman of the Council of Economic Advisers shall preside over meetings of the Council and he shall designate a member of the Council to preside in his absence.

(c) The Council may invite additional individuals to serve as members, either on a temporary or permanent basis, except that the membership of the Council shall not exceed thirty members at any time.

(d)(1) An Office of Economic Growth Policy and Management Assistance (hereinafter referred to as the "Office") shall be established within the Executive Office of the President to provide staff support for the Council. The Office shall be headed by an Executive Secretary who shall be appointed by the Chairman and who shall be compensated at the rate provided for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code. It shall be the duty of the Office, at the request of the Council, to assist communities, States, and regional organizations with economic growth planning, management, and execution, and to carry out such other duties as the Council may prescribe.

(2) The Council may appoint and fix the compensation of such additional personnel as it deems advisable. The Council may procure temporary and intermittent services to the same extent as authorized by section 3109 of title 5, United States Code.

(3) The Council is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the United States, information, suggestions, estimates, and statistics to carry out the provisions of this Act. Each such entity is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Council upon request made by the Chairman.

(e) Members of the Council who are officers or employees of the Federal Government shall receive no additional compensation for their activities as members of the Commission. Other Members appointed to the Council shall receive compensation at a rate of not to exceed $135 per diem when engaged in the performance of the duties of the Council. While away from their homes or regular places of business in the performance of services for the Council, members of the Council shall be allowed expenses including per diem in lieu of subsistence in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

DUTIES

SEC. 6. It shall be the duty of the Council to—

(1) Insure a stable economic growth rate for the Nation.

(2) Monitor and evaluate the impact of Federal spending, contracting, leasing, construction, and facility location and relocation on local, State, and regional economies.

(3) Identify local, State, and regional economies which are experiencing above or below average economic growth or decline or are demonstrating trends toward abnormal growth or decline which could lead to severe disruptions in the national economy. Such economies so identified shall be identified as "substantially or seriously affected" as described in section 10.

(4) Identify what if any relationship Federal spending, contracting, leasing, construction, and facility location and relocations have had in the past are having, and could have in the future on those trends in local, State, and regional economies.

(5) Develop a national economic growth policy based on the foregoing data analysis and the impact statements required under section 8.

(6) Recommend to the President and Congress ways the Federal Government can promote economic growth and ameliorate economic decline in local, State, and regional economies, with particular attention to labor surplus areas as defined by the Bureau of Labor Statistics. The national economic growth policy shall be reviewed by the Council and updated annually. The annually updated policy shall be recommended to the President and the Congress by February 1 of each year. Such policy shall identify priority national requirements for various sectors of the economy and shall take into consideration such subjects as renewable energy sources: energy efficiency; neighborhood revitalization; new technology for housing production and rehabilitation; new communications technology; mass transportation; preventive health care; education; basic and applied scientific research; environmental protection and enhancement; space exploration; and agricultural and forestry technology.

(7) Consult with the mayors of cities, Governors of States, and regional governmental planning organizations to encourage appropriate studies and action at the local, State, and regional level with regard to economic growth and management.

(8) Consult with trade, industry, business. labor, and professional organizations to encourage and enlist their expertise for a coordinated effort to improve the conditions for capital formation, new business ventures, expanded employment opportunities, and general growth and management of the economy.

(9) Develop guidelines to determine if a community, State, or region is substantially or seriously affected.

(10) Develop and coordinate policies and programs to be carried out by Federal agencies to facilitate stable economic growth of the Nation. Such actions shall include re-

orienting existing Federal policies, programs, leases, contracts, and locations.

(11) Assist communities, States, regions, and industries which may be substantially and seriously affected through the programs of the Federal Government.

(12) Collect and disseminate to substantially and seriously affected Federal contractors information useful to them in expanding, converting, and rehabilitating their businesses.

(13) Perform the duties imposed upon the Council by this Act, and promulgate such regulations as may be necessary to carry out the provisions of this Act.

REVIEW OF FEDERAL ACTIONS

Sec. 7. (a) It shall be the duty of the Council to review plans and proposals by Federal agencies which involve major new spending, as defined by the Council and with public notice thereof, in a particular city, State, or region, or which involve—

(1) the closure or relocation of a Federal facility;

(2) the relocation or reduction of Federal personnel; or

(3) the reduction or elimination of a Federal contract,

the effect of which would be a significant disruption to the city, State, or regional economy involved.

(b) The Council shall determine whether such plan or proposal conforms to the policy and requirements of this Act and those adopted by the Council.

(c) The Council shall further insure that the proposing Federal agency has notified the affected city, State, and regional governmental planning organization as well as the industries or businesses likely to benefit or be harmed by such Federal action.

(d) The Council's review of such planned or proposed Federal action shall evaluate the impact of such Federal action on—

(1) the economy of the city, State, and region directly and substantially affected;

(2) the operations of the proposing Federal agency in terms of achieving overall Federal agency goals; and

(3) the policy and goals of this Act and those adopted by the Council pursuant to this Act.

(e) The Council shall consult with substantially and seriously affected cities, States, and regional governmental planning organizations likely to be affected by the proposed or planned Federal action in preparing its review of such action. The Council shall make its review of the planned or proposed Federal action available to the affected Federal agency; the affected cities, States, and regional governmental planning organizations; and the affected industries and businesses.

IMPACT STATEMENT

Sec. 8. At the end of each fiscal year each Federal agency shall prepare an impact statement on the effects of its spending, leasing, locations, and relocations of Federal facilities or personnel; reductions, eliminations, or increases of its loan, grant, and contract programs; and closures of its facilities on the local, State, and regional economies of the Nation. Such impact statement shall include an analysis of the foregoing elements during the immediately preceding fiscal year, and projections with respect to such elements for the next fiscal year. Such impact statements shall measure changes in employment, output, prices, profits, and population. The Council shall determine any additional indicators which shall be used by one or more such reporting Federal agencies. The impact statements shall be prepared for the Council and made available to the Congress and the public in a timely manner at the end of each fiscal year.

ANNUAL REPORT

Sec. 9. The Council shall annually prepare and publish a written report concerning its activities pursuant to this Act. Such report shall incorporate information from the impact statements required under section 8 of this Act submitted to the Council. Such report shall contain—

(1) an analysis of trends in the economies of localities, States, and regions;

(2) economic growth opportunities likely to result from the execution of planned or proposed Federal actions reviewed by it pursuant to this Act; and

(3) the long-range and short-range impact to the national economy of possible overproduction or underproduction of key sectors of the economy.

SUBSTANTIALLY AFFECTED COMMUNITIES

Sec. 10. The Council shall determine and make available to Federal agencies the names of substantially of seriously affecting cities, States, and regions. Communities not included may petition the Council to be so designated. The Council shall make a determination on such petitions within ninety days of their receipt. Federal agencies are to take into consideration the impact of their spending, locational, leasing, and contracting policies and practices on such substantially or seriously affected cities, States, and regions. Such agencies shall make such changes and adjustments in their spending, locational, leasing, and contracting policies and practices so as to avoid intensifying any negative economic trends of those substantially or seriously affected communities identified by the Council.

EMPLOYMENT ASSISTANCE

Sec. 11. The Secretary of Labor shall make available to the maximum extent feasible employment training and retraining through the programs of the Department of Labor to substantially and seriously affected cities, States, regions, industries, and businesses. The Secretary shall establish, in cooperation with State agencies, employment referral and training assistance to employees displaced from their jobs as a direct result of Federal action.

MANAGEMENT AND ECONOMIC ADJUSTMENT ASSISTANCE

Sec. 12. (a) The Secretary of Commerce shall make available to the maximum extent feasible technical assistance and economic adjustment assistance to substantially and seriously affected cities, States, regions, industries, and businesses. The Secretary shall make particular use of the programs of the Economic Development Administration and Small Business Administration of the Department of Commerce in carrying out the provisions of this section.

(b) The Secretary of Defense shall make available to the maximum extent feasible technical assistance and economic adjustment assistance to substantially and seriously affected cities, States, regions, industries, and businesses. The Secretary shall make particular use of the programs of the Office of Economic Adjustment in carrying out the provisions of this section.

AUTHORIZATION OF APPROPRIATIONS

Sec. 13. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.●

By Mr. TALMADGE (for himself, Mr. Helms, Mr. McGovern, Mr. Young, Mr. Huddleston, Mr. Dole, Mr. Stone, Mr. Hayakawa, Mr. Leahy, Mr. Lugar, Mr. Zorinsky, Mr. Cochran, Mr. Melcher, Mr. Boschwitz, Mr. Pryor, Mr. Jepsen, Mr. Boren, Mr. Nunn, Mr. McClure, Mr. Hollings, Mr. Thurmond, Mr. Bayh, Mr. Burdick, Mr. Percy, Mr. Chiles, Mr. Morgan, Mr. Stennis, Mr. Culver, and Mr. Pressler):

S. 1775. A bill to promote the development of energy from agricultural commodities, forest products, and their wastes and residues, and rural energy conservation practices; to the Committee on Agriculture, Nutrition, and Forestry.

AGRICULTURAL, FORESTRY, AND RURAL ENERGY ACT OF 1979

Mr. TALMADGE. Mr. President, the energy crisis is one of the most important domestic issues this Nation faces, and several committees of the Senate are working their way through legislation that addresses this issue. Although it is not clear at this time what the final Senate energy bills will contain, it is apparent that they will primarily focus on the production of synethetic fuels.

While I have been a supporter of a synthetic fuel program of some type, we all must realize that large-scale synthetic fuel plants will be costly and not reduce our dependence on imported oil for several years. We must, therefore, also look at measures that will encourage the production of alternate fuels in the near future.

I believe that small-scale production of alternate fuels from agricultural and forestry products offers one of the most practicable and least costly ways of filling the gap. The technologies for the efficient production of alternate fuels from wood, grain, and other biomass materials are available now for on-farm and small-scale commercial application.

Also, methods to conserve the amount of energy used by farmers, rural residents, and rural communities are now available, and can substantially reduce the Nation's overall energy consumption.

What is needed is an effort by the Department of Agriculture to provide the necessary applied research, technical know-how, and financial assistance in these areas. The Department already has in place an efficient delivery system that can be used for this purpose.

The bill that I am introducing today—the Agricultural, Forestry, and Rural Energy Act of 1979—addresses these needs. The bill amends the Food and Agriculture Act of 1977 to require the Secretary of Agriculture to implement, within the Department of Agriculture, an agricultural, forestry, and rural energy production, utilization, and conservation program. The goal of the program would be to enable the United States to achieve net energy independence by the year 2000 for agriculture and forestry production, processing, and marketing, and a 50-percent reduction in petroleum and natural gas use by rural residents and communities. It would establish research, extension, demonstration, loan, grant, and cost-share programs necessary for the effective implementation of the program.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD a summary of the bill.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE MAJOR PROVISIONS OF THE AGRICULTURAL, FORESTRY, AND RURAL ENERGY ACT OF 1979

The bill adds a new title XX to the Food and Agriculture Act of 1977.

New title XX would require the Secretary of Agriculture to implement, within the Department of Agriculture, an agricultural, forestry, and rural energy production, use, and conservation program. The goal of the program would be to enable the United States to achieve net energy independence for agricultural and forest production, processing, and marketing, and a 50 percent reduction in petroleum and natural gas use by rural residents and communities, by the year 2000.

New title XX would also establish research, extension, demonstration, loan and grant programs necessary for the effective implementation of the program.

Specifically, the major provisions of the bill would—

(1) designate the Department of Agriculture as the lead Federal agency for the development and production of alternate fuels from agricultural commodities and forest products and for research, extension, and conservation activities related to agricultural, forestry, and rural energy;

(2) require the Secretary of Agriculture to implement an agricultural, forestry, and rural energy production, use, and conservation program that will enable the United States to meet the goals of net energy independence for agriculture and forestry, and a 50 percent reduction in petroleum and natural gas use by rural residents and communities, by the year 2000;

(3) require the Secretary, jointly with other Federal agencies, to establish procedures for coordination of the agricultural, forestry, and rural energy program and activities under new title XX with other Federal energy programs;

(4) establish the Agricultural, Forestry, and Rural Energy Board to assess agricultural, forestry, and rural energy needs and resources and develop the agricultural, forestry, and rural energy production, use, and conservation program;

(5) provide for applied research and extension by the Department of Agriculture to develop renewable resources energy production and rural energy conservation;

(6) provide for applied research and extension by State institutions, as follows:

(a) appropriations of $50 million annually would be authorized to support applied research by State agricultural experiment stations to develop renewable resources energy production and rural energy conservation; and

(b) appropriations—of $50 million annually under the Smith-Lever Act, and $5 million annually under the Renewable Resources Extension Act of 1978—would be authorized for rural energy extension work by State extension services;

(7) establish four wood energy centers, each in a different region of the Nation, in an area in which there is a large amount of private forest land. Where feasible, each center would be located at an existing forest research facility of the Department of Agriculture. Under the direction of the Agricultural, Forestry, and Rural Energy Board, each center would perform research, provide technical assistance, and operate demonstration projects relating to wood energy production and use, and energy production, use, and conservation in the rural areas within the region;

(8) establish a cost-share program for owners of 1,000 acres or less of nonindustrial forest land, under which the Secretary would provide cost-share funds for up to 75 percent of the cost of forest improvement practices to increase the production of wood for energy. Up to $100 million could be made available annually to the Secretary for this program;

(9) establish a 5-year pilot program under which the Secretary would make loans to owners of 5,000 acres or less of nonindustrial forest land to support forest management practices designed to increase the production of wood for energy. Applicants would be required to meet a test for credit;

(10) authorize grants to State forestry agencies for additional State foresters to provide technical assistance to forest landowners in producing wood for energy;

(11) authorize the Secretary to provide management and planning assistance to State foresters on State programs relating to the production of wood for energy;

(12) for 5 years, authorize up to $10 million annually in loans for the establishment of fuelwood concentration and distribution centers that make fuelwood available to homeowners;

(13) establish four agricultural biomass energy centers, each in a different region of the Nation, in an area in which there is intensive use of the land for growing agricultural commodities. Where feasible, each center would be located at an existing agricultural research facility of the Department of Agriculture. Under the direction of the Agricultural, Forestry, and Rural Energy Board, each center would perform research, provide technical assistance, operate demonstration projects relating to agricultural biomass energy production and use, and energy production, use, and conservation in rural areas within the region, and train extension personnel to conduct agricultural biomass energy workshops;

(14) direct the Secretary to implement a workshop, training, information dissemination, and technical assistance program on small-scale agricultural biomass energy production for farmers and rural residents and communities. The program would be conducted by the State extension services in areas in which there is intensive use of the land for agricultural production. To the extent feasible, at least 100 workshops would be conducted annually;

(15) direct the Secretary to make loans for on-farm or commercial projects for the production or use of energy from agricultural commodities and forest products. The Secretary would be authorized to make $250 million in direct loans, and to provide loan guarantees for $1 billion in other loans, annually, with one-third of the loans being earmarked for wood energy projects. In addition, one-fourth of the loans, including loans for wood energy projects, would be allocated to on-farm and small-scale commercial projects. The Secretary would be authorized to award grants for demonstration projects;

(16) amend the Consolidated Farm and Rural Development Act to—

(a) authorize farm ownership loans for nonfossil fuel energy systems used in farm operations, and farm operating loans for equipment that uses energy derived from renewable resources or that increases energy conservation (and, for each of the fiscal years 1980, 1981, and 1982, specifically authorize the use of $50 million for such farm ownership loans, and $20 million for such farm operating loans);

(b) authorize rural industrialization loans for commercially feasible projects for renewable resources energy production (and, for each of the fiscal years 1980, 1981, and 1982, specifically authorize the use of $20 million for direct loans for such purpose, and $250 million for guaranteed loans for such purpose); and

(c) authorize loans to rural electric cooperatives for projects to generate electricity using nonfossil fuel sources (and, for each of the fiscal years 1980, 1981, and 1982, specifically authorize the use of $25 million for such loans);

(17) authorize the Administrator of the Rural Electrification Administration to make grants in fiscal years 1980 through 1983 to rural electric systems for projects demonstrating alternative energy and conservation technologies, including small scale hydropower, geothermal, fuel cell, wind, solar, wood, peat, and biomass projects. Appropriations would be authorized for such grants as follows: $10 million for fiscal year 1980, $20 million for fiscal year 1981, $25 million for fiscal year 1982, and $30 million for fiscal year 1983;

(18) direct the Secretary to provide cost sharing and technical assistance to farmers under the Agricultural Conservation Program for energy conservation measures; and

(19) become effective October 1, 1979.

Mr. TALMADGE. Mr. President, the Agricultural, Forestry, and Rural Energy Act of 1979 focuses on energy that can be produced from wood and wood wastes; energy that can be produced from agricultural commodities and residues; and the reduction in the amount of petroleum and natural gas used by our Nation's farmers, ranchers, and other rural residents. I am optimistic about the potential of each of these three areas.

ENERGY FROM WOOD AND WOOD WASTES

Historically, our Nation has relied upon its forests to build its homes and to provide its paper products. I am convinced, however, that our forests can also supply a significant amount of this Nation's total energy needs. Let me use my home State as an example.

Since 1950, the annual wood production in Georgia on an average acre of forest land has increased from about one-half cord to over one cord. This increase has come about because of vigorous programs of forest improvement, including use of improved species, better timber stand improvement and site preparation, and better firefighting techniques. These programs have been used to allow Georgia to become the Nation's leading producer of wood and wood products.

In Georgia, estimates have been made by the Georgia Forestry Commission and Georgia Institute of Technology showing that wood can supply up to 25 percent of the State's energy needs annually forever. This wood would come from waste material that never leaves the forest, such as cull timber, logging wastes, and excess growth of no commercial value.

Nationally, a similar picture for the potential of wood for energy has emerged. While presently we obtain about 2 percent of our energy needs from wood, it is estimated that our forests can produce up to 8 quadrillion Btu's—one-tenth of our national energy needs—this year and for every year in the future. With improved management, such as my bill would provide for, this percentage can be increased even more.

It is important to realize that the wood available for energy production that I am talking about is in addition to the wood already produced for lumber and paper. Wood from mill residues, logging wastes such as the tops, limbs, and stumps of trees, and noncommercial, dead, and cull trees can all be utilized. Thus, I am not talking about doing away with or threatening the present timber supply. Instead, by using the wood for energy that is wasted today, we can build a new forest industry that will take its place alongside the lumber and paper industries.

METHODS OF OBTAINING ENERGY FROM WOOD

The possibility of using wood for energy on a large scale has always existed in the lumber and paper industries. Companies have burned wastewood to cogenerate steam and electricity in their plants for years. At present, that industry uses about 1.1 quadrillion Btu's derived from wood—more than all other forms of energy produced from renewable sources combined. Outside of these forest products industries, though, wood has not been very widely used as fuel. Several technologies are emerging, however, that will cause wood to be used to a much greater extent.

The most promising and immediate prospect for converting wood to energy is the use of chips and solid wood in newly developed wood-burning furnaces and boilers that are very efficient and virtually pollution-free. Such units are particularly suited for commercial and institutional uses. Two wood-fired utility plants now produce energy exclusively for public consumption—one in Vermont and one in Oregon. Work is underway to develop similar heating units for small buildings such as private homes.

Another technology for converting wood to energy is through a process called pyrolysis. This is not a new technology, but builds upon the knowledge developed with coal by Germany in World War II. By pyrolyzing wood, the solid fuel can be transformed into char, oil, and gas and is suited for large energy-users who can refit existing oil and natural gas furnaces.

Technology is also developing rapidly for the total gasification of wood. Wood gas produced by gasifiers can be burned in boilers and dryers or converted into methanol to use for gasohol.

In addition to industrial-scale pyrolysis and gasification units, efficient home heaters are now on the market that can operate 5 to 10 times more efficiently than old fashioned fireplaces. These technologies show great promise for converting wood to energy cleanly, efficiently, and economically.

In addition to these units, specialized equipment is being developed that will put raw wood into pellet or briquet forms. This processing will allow wood to be handled as a commodity, with fixed energy values and greatly reduced wood storage and handling costs.

While these technologies are emerging, and I have only mentioned a few, they are at the "Model A" stage of development; we must move them to the stage of development of the modern automobile. With these new technologies, wood can be harvested, processed, and converted to usable energy in our factories and homes. The bill I am introducing today would provide the necessary incentives to get the job done.

ECONOMIC IMPACTS OF WOOD ENERGY

The economic benefit of wood energy is perhaps as important as the energy benefit. If we build a new market for wood and wood wastes, rural jobs will be created and rural incomes will be increased. Thus, by encouraging wood energy, we are building jobs for rural Americans and strengthening our rural economy.

In Georgia alone, a wood energy industry producing 25 percent of the State's energy would be worth as much as $600 million in fuel sales alone. With the secondary economic impact, up to $1.5 billion of economic activity might be generated. Nationally, wood can produce $8 to $10 billion in fuel sales, or about $20 billion worth of total economic activity. This is one-half of the cost of foreign oil to our Nation today.

Another major benefit from wood energy is that it is a domestic energy resource under control of our people. No cartel can turn the supply on or off at its whim.

Use of wastewood as energy will help the small woodlot owner by giving him another marketable product. Over 275,000 persons own almost 12 million acres of forest land in Georgia. Most of the eastern forests have similar ownership patterns. By producing another crop—energy from wood and wood waste—the additional income potential will help small landowners and give rural America a real economic boost.

ENVIRONMENTAL IMPACT OF WOOD ENERGY

Economic benefits are important, but the rural environment is important too and must be considered in view of energy needs.

Wood energy offers significant advantages over most coals since ash is much lower in wood than coal, and wood has little sulfur—0.1 percent compared to 3 percent or more for coal. In most coal-to-synthetic fuel technologies, this sulfur must be removed, but with wood, the problem is not present. Also, in direct combustion systems, sulfur emissions are not produced on nearly the scale by wood burning as for coal.

Combustion of wood or other wood conversion technologies are also more acceptable from a carbon monoxide buildup standpoint. Since trees require carbon dioxide as food and carbon dioxide is produced when wood is burned, a balance is assured.

With these positive environmental factors, we must not lose sight of the need to manage the wood energy resource wisely. Unless reforestation programs are widely employed, we could risk deforestation in some areas with significant environmental harm. However, with proper management through technical and economic incentives, these problems need not occur. This bill provides those needed incentives.

In summary, Mr. President, sufficient waste wood resources exist in the form of cull wood, logging wastes, and excess growth to supply up to 10 percent of our projected national energy needs. This resource can be tapped in the near term. But to do so will require a concentrated effort by the Department of Agriculture working closely with the private sector. Such an effort needs to be carried out on a regional basis. Expertise needs to be developed in the South, the Northeast, the Great Lakes States, and the Northwest by groups in those areas. As we develop this resource, we must work to initiate a strong reforestation program. All of these steps will help to reduce our dependence on foreign oil, will create rural jobs and increase rural incomes, and will make our land more valuable by creating a market for presently wasted wood. It is for these reasons that I have made energy from wood and wood wastes a major thrust in this bill.

ENERGY FROM AGRICULTURAL COMMODITIES AND RESIDUES

Another major focus of this bill concerns alternate fuels, especially alcohol, that can be produced from agricultural commodities and residues. Ethyl alcohol, or ethanol, can be produced with existing technology from a wide variety of crops and waste residues—all the way from commodities such as corn and sorghum to waste products such as sugar bagasse, peanut hulls, citrus pulp, or commodities that have gone out of condition storage.

In addition, it is my understanding that one new process for converting cellulose, through the use of enzymes, to alcohol offers great promise. With this new process, it is possible, I am told, to obtain twice as much alcohol from a fixed amount of high cellulose crop such as sweet sorghum. Sweet sorghum, Mr. President, can be grown in almost every part of this Nation—including dryland areas. Also, other new technologies concerning alcohol production from renewable resources offer great promise.

If in fact these new processes can be refined and put to on-farm and small-scale commercial application, farmers will have a new crop—an energy crop—that they could grow profitably. This could change the net income picture for agriculture dramatically, such as the advent of soybeans has done within the last three to four decades. The potential is enormous, and must be realized as soon as possible. It can be done if my bill is enacted into law.

I have been a long-time supporters of gasohol—a blend of gasoline and alcohol that is used for motor fuel. During consideration of the Food and Agriculture Act of 1977, the Senate included a requirement that the Secretary of Agriculture provide for four pilot projects for production of gasohol from agricultural and forest products through Commodity Credit Corporation loan guarantees of up to $60 million. The Department of Agriculture received 30 formal applications for these 4 pilot projects—demonstrating willingness in the private sector to use private resources to make alcohol for blending with gasoline if the Government will bear apart of the risk.

Since the passage of the 1977 act, I have received many inquiries from persons in Georgia and other States who are vitally interested in alcohol production for fuel and have developed innovative plans for alternate energy production utilizing farm and forest products.

Let me give one example, Mr. President, of a proposal that is being considered in my home State this very moment. Georgia is the second largest broiler producing State in this Nation, and consequently, a large amount of corn has to be purchased outside the State. A Georgia poultry farmer is seriously thinking about purchasing the corn, using the starch in the corn to make gasohol on a small scale, and feeding the residual material, called distiller's dried grain which is high in protein, to poultry. The corn ultimately would be used for feed; however, alcohol would also be produced—increasing the farmer's income while reducing our dependence on imported oil.

Since the feedstock used to furnish the heat to distill the alcohol from the corn would be wood, every gallon of alcohol produced from this small-scale unit would be replacing 1 gallon of imported oil. There is only one problem—most private lenders remain skeptical about a new idea such as this one. Either a Federal loan or a loan guarantee is needed before private capital will move into new and innovative projects such as this one.

It is my belief, however, that once several loans and loan guarantees are made on small-scale projects such as this one and they prove feasible, private capital readily will flow to finance these projects without Government involvement. Thus, I strongly believe that if the bill I am introducing today is promptly enacted, our farmers will have the ability—not only to provide this Nation with the most reasonably priced food supply in the world—but also to help relieve us of the economic stranglehold OPEC has on us today.

While the Department of Agriculture has processed and tentatively approved four pilot projects involving a total of $42.7 million in loan guarantees, I am sure each and every Senator has been told of other imaginative and feasible proposals in his or her State that go begging for the Federal Government to help share some of the risks in developing new technologies. This seems a shame since the Department of Agriculture has already promulgated the necessary regulations and established an approval process, and could guarantee several more projects without major administrative expense.

I know there are many skeptics about the feasibility of gasohol—both on economic and net energy gain considerations. I am not sure who is right or wrong on these questions, but I do know we are now facing a severe energy crisis—a crisis that will only grow worse unless this Nation develops renewable sources of energy that are not owned and controlled by OPEC.

I also know that the sale of gasohol in service stations throughout the Nation is increasing rapidly when and where it is available. I also am told that the Nation's largest producer of alcohol used in gasohol—Archer Daniels Midland Co. of Decatur, Ill.—claims that, with the improved technology that it is presently using, the positive net energy gain ratio approaches 2 to 1.

I also know that it is a clean burning high-octane fuel that works well in cars. Car manufacturers apparently have no reservation about gasohol, for they have recently extended new car warranties to cover those who use it.

In Brazil, a national program is now being put into effect to convert all of their automobiles to burning alcohol made from agricultural and forest products. Mr. President, I ask unanimous consent that there be printed at this point in the Record a recent article which appeared in the Washington Post describing Brazil's effort to reduce its dependence on imported oil through the extensive use of alcohol.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, Sept. 18, 1979]

Brazil Promotes Pure Alcohol as Alternate Fuel—Car Engines Purring Happily as Traditional "One for the Road" Goes in the Tank

(By Larry Rohter)

Rio de Janeiro.—Brazilian President Figueiredo now rides to all official functions in a Ford LTD limousine that runs on pure alcohol. The other day he was photographed driving an alcohol-powered Beetle on the streets of Brasilia.

Within months, the first chief of state to use an official car running on pure alcohol will be joined by thousands of his fellow-citizens. Gen. Figueiredo and the head of the Brazilian Association of Automobile Manufacturers are scheduled to sign an agreement Wednesday aimed at putting 1.7 million alcohol-powered cars on the highways over the next five years.

The accord is the latest step in the government's ambitious, long-term plan to end dependence on costly imported oil. Brazilian cars already run on gasohol, a mixture of 20 percent alcohol with gasoline and the ultimate aim is for pure ethyl alcohol to be the basic auto fuel.

Under the agreement, auto manufacturers in Brazil are to produce at least 250,000 alcohol-powered vehicles a year for the domestic market, beginning in 1980. (Another 500,000 existing cars are to be converted.) Signatories to the accord include the local subsidiaries of General Motors, Ford, Volkswagen and Fiat.

"What Brazil has come up with here is a way of saving the automobile," says Prof. Jose Goldemberg of the University of San Paulo, former president of the Brazilian Society of Physicists. "When the world's oil suppliers run out, the car will be obsolete unless an alternative fuel supply is ready."

The Brazilian government is to guarantee that production of sugar cane, which when refined yields the alcohol, will be sufficient to supply the cars. It is to replace its entire official fleet of conventional cars with alcohol-powered autos.

The alcohol program has been a top energy priority here since the 1973 oil crisis. Rising prices and the oil supply crunch triggered by the Iranian crisis have accelerated the Brazilian drive for energy independence.

Brazil currently has six million cars and a growing industry that produces more than a million vehicles annually. Government statistics have predicted that the 1979 oil-import bill will reach $7.5 billion.

As a result of the government drive, ethyl alcohol output here already has jumped from 169 million gallons in 1975 to an estimated 910 million gallons this year—more than total alcohol consumption in the rest of the world.

The Brazilian goal is to produce at least 2.75 billion gallons a year by 1985. To achieve that target, the government program calls for investments of $11 billion in distilleries and other alcohol-related projects through 1984.

"Brazil is the only country in the world that has already made official an alternative energy program based on alcohol," said General Motors do Brasil President Joseph Sanchez. "The government has reacted in a realistic and rational manner," to the energy crisis.

At General Motors' plant in Sao Paulo state, the first 252 alcohol-powered vehicles rolled off the assembly line last week destined for a government agency. Early next year, GM will begin mass producing its alcohol-powered vehicles for the public.

GM says its new motor, developed in Brazil by an international technical team and capable of running on gas, alcohol or a combination of the two, is the first "multifuel" engine. To restructure its Brazilian operation and expand production, GM plans to invest $500 million here during the next four years.

By 1982, GM expects to be manufacturing 330,000 of its multifuel engines at the revamped Brazilian plant. Of that total, all but 80,000 will be earmarked for export to Britain, Japan, West Germany and Australia.

A General Motors spokesman here said, however, that the company has "no plans at present" to export the four-cylinder multifuel engine to the United States or to manufacture it at the company's parent plant in Michigan.

"Theoretically, there are no barriers that would prevent us from selling or making our line of alcohol-fueled vehicles and engines in the U.S.," said Jairo Lottle of GM. "It's just not in our plans at the moment."

Ford do Brasil, which later this month will begin mass-producing an alcohol-powered version of the LTD and two other models in its 1980 line, also says that it does not envision exports to the United States in the near future. Production is aimed at meeting local demand first.

"At this point, it doesn't depend as much on us as the Brazilian government," said engineering and technical chief Mauro Borghetti. "If they provide the infrastructure that assures there will be enough alcohol to go around, we'll make the cars."

To encourage consumers to switch to alcohol-powered autos, the government has already instituted a series of incentives. Credit restrictions and taxes have been eased for purchasers of alcohol-fueled vehicles and as of Jan. 1, drivers of cars running on pure alcohol will be exempted from the current prohibition on weekend fuel sales.

The biggest boon to users of alcohol comes in filling the car's tank. Government decrees have established a pump price of 87 cents a gallon for alcohol—as opposed to $1.86 a gallon for regular gasoline and $2.98 for high-test. The government says the cost of producing the alcohol is 70 cents per gallon.

Inventive public relations exercises also have been undertaken in an effort to win public confidence. On Sept. 7, Brazil's independence day, 170 race drivers participated in an alcohol-only auto race, held at the same Rio autodrome where the annual international Grand Prix takes place.

"I see nothing but advantages to be gained from using alcohol as a fuel," said the winning driver, Arthur Bragantini, after the race. "The engines perform better, and since the motor temperature is lower, last longer."

Similar conclusions were reached by participants in a road test sponsored earlier this month by the automotive magazine Quatro Rodas. Results of the four-day trial indicated that "the performance of alcohol-powered cars is as good as, if not better, than that of conventional automobiles."

Involved in the 62,000 mile road test were the Volkswagen "Passat" (Dasher) and Fiat's 147 model. Average mileage for the participating cars was 27.3 miles per gallon.

Such figures lead some Brazilians to think they have found, if not an answer to the energy crisis, at least a partial solution. Already, delegations from the Philippines, Africa and Central and South America have sent delegations to investigate possibilities of adapting their auto fleets to run on alcohol with Brazilian-designed technology.

Mr. TALMADGE. Mr. President, the vital role that alcohol fuels can play in meeting our Nation's energy needs is well stated in a policy review study that was recently issued by the Department of Energy.

The study reports:

> Alcohol fuels (both ethanol and methanol) can contribute to U.S. energy resources by using domestic, renewable resources and coal to extend supplies of high-quality liquid fuels.

The Energy Department study goes on to say:

> Indeed, ethanol is the only alternative fuel commercially available now, and the only one likely to be available in quantity before 1985.

Reading further from the study:

> Alcohol fuels represent important supplies based on the American agricultural system and on the potential of U.S. coal.

Mr. President, at the present time, most of the alcohol used in blending with gasoline is produced from the alcohol industry's unused plant capacity. Thus, gasohol is now available only on a limited basis. Before farmers, cooperatives, and others will build facilities for greatly expanded alcohol production to make gasohol available, small-scale technologies must be refined and tested, as well as technical and financial assistance offered.

Alcohol production from farm commodities and wastes is one of many alternatives that we must pursue as a nation. It is one of the fuels that can be most quickly developed. The immediate need is for the Federal Government to share risks with the private sector in perfecting existing alcohol technologies, using a number of different feedstocks.

I am convinced that an expanded loan and loan guarantee program is the best and most cost-effective way the Federal Government can stimulate gasohol production and use. Under the loan guarantee program, for example, private capital is used to finance the pilot projects. The Federal Government only guarantees such loans against default. Thus, a $1-billion gasohol project loan guarantee program may cost the Government little or nothing if only those projects with demonstrated potential are approved. And with direct loans, the interest charged is at least the cost of borrowing money. Thus, such a program would have little budgetary impact.

The results of this loan guarantee program would be to stimulate private investment in developing new techniques, especially those well suited for small-scale application, that could lead to greater availability and increased use of gasohol on a nationwide basis. It would assist significantly in reducing our dependence on foreign oil—the goal that President Carter has now set as the highest national priority. But there would also be direct benefits to farmers, consumers, and taxpayers with the development of new markets for farm products, lower costs of Government price support programs for agricultural commodities converted to energy, and increased motor fuel supplies.

In fact Mr. President, the savings from Government price support programs would be much greater than the cost of implementing this bill.

This program has a unique potential for meeting the energy needs of American agriculture. It would encourage the development of alcohol fuel production from small plants especially adapted to supply energy needs for essential farm purposes. We may well see the development of on-farm energy production on a widespread basis as a result of the small-scale production units that could be built under the provisions of this bill.

ENERGY CONSERVATION AND UTILIZATION

While there is great potential in producing alternate energy from renewable resources, there also appear to be many ways in which farmers, ranchers, food processers and retailers can reduce their consumption of petroleum and natural gas. In addition, it appears that many rural residents, communities, and industries can also achieve great savings in the amount of petroleum and natural gas consumed.

PRODUCTION, PROCESSING, AND MARKETING OF FOOD AND FIBER

Energy used in the food system increases the productivity of other resources used in the process. The combined energy uses may increase productivity far beyond the sum of individual uses. For example, in intensively irrigated agriculture, high energy use for fertilizer, weed and pest controls, quality seed, and extensive tillage, in addition to the water provided, permit maximum use of solar energy and high yields.

The impressive yields of modern agriculture have been made possible largely by substituting energy from oil and natural gas for land and labor. Abundant supplies of fossil energy, relative to other resources, have resulted in a growing dependence on these fuels by all sectors of the U.S. food and fiber system—production, processing, transportation, marketing, and preparation for consumption.

Our total food system uses one-sixth of the Nation's energy. Of this energy, 83.4 percent is spent off the farm. Of the remainder, 30 percent is used for fieldwork; 20 percent for irrigation; 25 percent for transportation; 8 percent for cropdrying; 12 percent for livestock, dairy, and poultry production; and 5 percent for other uses.

In the production of crops, agriculture uses 3 percent of the energy consumed in the Nation. Fertilizer and pesticide application represents over one-third of the energy used in production agriculture, while field machinery operations is the second largest use category. More specifically, the Nation's 2.5 million farmers consume 6.3 billion gallons of gasoline and diesel fuel, some 173 billion cubic feet of natural gas, 1.5 billion gallons of propane, and 32.3 billion kilowatt-hours of electricity in an average year.

While amounting to a small proportion of the energy used in the country, the energy required to keep our farmers and ranchers in operation is a vital and increasingly expensive resource. The energy investment in production agriculture permits one U.S. farmer to produce enough food for 56 other persons. Consumers benefit from both an abundance of food and from food prices that are among the lowest in the world when compared to average individual income. Nowhere in the world can the majority of consumers purchase such a variety of high-quality food for less than 20 percent of their disposable income.

Farmers have increased their energy usage through mechanization and chemicals such as fertilizer and pesticides in recent past because it has been profitable. Energy has been plentiful and relatively expensive compared to other production items such as land or labor. This is, however, no longer the case, and has dramatic implications for future net farm incomes and food prices unless ways are discovered and utilized to reduce energy needs.

Farmers cannot control the prices at which they sell or buy. This means that changes in energy prices will affect them more severely, as compared to others who can pass on increased costs. With about 2.5 million farm units in the United States, the individual farmer cannot raise his price to reflect increased energy costs. Commodity prices are more likely to be set by weather in the United States and crop production in the Soviet Union than by production costs incurred by individual farmers. As farmers are faced with a menacing cost-price squeeze, production could drop and food prices could escalate if something is not done.

A severe shortage of food causes human suffering, starvation, and social unrest. Even minor shortages lead to high food prices, imposing economic strain on consumers. Agricultural exports by the United States are also essential for maintaining the international balance of payments. Because so much depends on efficient food production, national agricultural energy policy must be implemented and address itself to the particular energy needs of the food system.

Given these facts, Mr. President, it is imperative that we establish a long-term program to reduce our farmers' and ranchers' dependence on imported oil and natural gas. In a recent publication prepared by the American Society of Agricultural Engineers entitled "Energy—A Vital Resource for the U.S. Food System," it is stated that—

> The U.S. Food System must change to adapt to the waning supplies of petroleum. To do this, well-planned, long-term research and educational programs are needed to increase the energy efficiency of food production, processing, distribution and preparation. Significant changes in the current food system may be required.

Mr. President, this is exactly what my bill would do.

In quoting further from this study:

> Existing and developing technology offers promise of alternate energy sources for agriculture. However, current energy policies offer little economic encouragement for research and practical application of supplemental and self-sufficient agricultural energy systems.

Again, Mr. President, my bill would establish the necessary economic and technical incentives to get the job done.

There appear to be many areas in which production agriculture can cut its use of petroleum and natural gas. Let me give some examples.

Some alternative crop production systems appear energy efficient but have not been generally adopted because they increase risk and require considerable management. Since fieldwork uses a large portion, or 30 percent, of the energy used in production agriculture, reduced tillage could be one way to reduce energy consumption in the production of food and fiber. More work needs to be done in this area; clearly, the potential is there.

Irrigation is another area where research is needed since 20 percent of the energy used for production agriculture is used for this purpose.

Irrigation is an energy-intensive operation performed on nearly 50 million of the 336 million acres harvested in the United States. However, production from irrigated land is a vital part of the U.S. food system. About 25 percent of the total U.S. food supply is harvested from irrigated land. Irrigation is essential for many fruits and vegetables grown in the West; without irrigation, some of these would not be available at reasonable prices.

Farmers need to manage better their fuel and water. For example, they may measure the amount of moisture in the soil before irrigating, and sprinkler systems could be developed which operate at lower pressures and reduce the amount of energy required to distribute the water. Also, prudent electric load management on irrigation systems could conserve energy and water, another critical food production resource, without adverse effects on crop yield and quality. Without such management, entire areas may revert to uneconomical dry land farming practices. More needs to be done in this area, so better management practices can be developed. Also, more research is needed on harnessing alternate forms of energy to power irrigation systems.

Another item in crop production that is energy intensive concerns crop drying. Crop drying has increased in popularity since the early fifties, and it now requires 8 percent of our total energy needs for agriculture. Drying increases yields 10 to 15 percent because it allows: First, earlier harvest, which significantly reduces field losses due to weather, insects, and disease; second, use of full-season hybrids—longer maturing varieties—that yield more grain per acre; third, farmers to operate harvesting equipment under more ideal weather and crop conditions, improving the operating efficiency of equipment and reducing field losses; and fourth, use of fully mechanized crop handling systems.

Over 80 percent of the corn and 10 percent of the rice produced in the United States today are artificially dried, using heat. In addition, considerable oats and barley, along with soybeans, are dried with unheated air in years when field drying and timely harvest are difficult. In adverse-climate years, much of the soybean crop is artificially dried.

Research efforts need to be intensified to reduce petroleum fuel and natural gas requirements related to this practice. These include first, increased use of high moisture corn storage used to feed animals on or nearby the farms where the corn is grown; second, combination systems using the advantages of high speed, high temperature dryers coupled with energy savings of in-storage, low temperature or natural air drying; third, solar-heated drying systems; and fourth, incineration of crop residues as an energy source for crop drying.

Solar systems may also be used to heat livestock housing, heat greenhouses, and heat water for dairies, as well as for other purposes. In addition, wind energy offers great promise. Wind turbines are particularly well suited for farms because of their location in open spaces and because wind power can be a significant energy source in remote areas with low power requirements.

In sum, Mr. President, existing and developing technologies will make it possible for our food system to become net energy self-sufficient. To do this, however, the Federal Government needs to provide the necessary research, extension, technical, and financial assistance. Farmers must be made aware of these new technologies and encouraged to take advantage of them.

ENERGY CONSERVATION IN RURAL AREAS

Farmers and ranchers can reduce the petroleum and natural gas used to produce food and fiber. But other rural residents, as well as rural communities and industries, must also make great strides concerning energy conservation.

As you know, Mr. President, most rural residents live on farmsteads or in small towns. In most instances, these rural residents earn their livelihood by working in small businesses associated with agriculture or in a small, local industry that provides most of the economic base for the community.

In these instances, energy is a key resource that everyone depends on daily. Farmers need sufficient energy supplies to produce food and fiber. They in turn buy their production items or sell their products to local businesses that employ a large portion of the local work force. Small industries, such as a textile mill or a furniture factory, also need adequate supplies of energy if they are to keep operating at full capacity and employ local persons.

The rural persons that are employed in these areas depend on enough gasoline to drive long distances to work, to buy groceries, and to transport their children to school. They also need enough heating oil or natural gas to cook their food and heat their homes.

What I am saying, Mr. President, is that the whole economic and social fabric of rural America depends on having adequate energy, and that measures need to be taken to help them reduce their dependence on oil and natural gas. My bill sets as a goal for rural America a reduction in consumption of petroleum and natural gas by 50 percent by the year 2000—and I believe it can and must be done. But Federal assistance is necessary to achieve this goal.

I am told, based on recent experiences of pilot projects in a few States, that if a small amount of financial assistance was allocated to the 50 State extension services, energy consumption by rural residents could be cut by 40 percent. This is something that could be done now with current technologies. Additional energy conservation savings could be experienced if a small amount of applied energy research work could be completed. To me, this represents a great potential for energy conservation, and my bill authorizes the necessary programs to achieve these savings in energy.

I am also told that many rural industries are searching for ways to conserve energy, but adequate financing cannot be obtained to convert to some alternate energy source. I also understand that many small industries in rural areas have the capacity to convert some of their waste products to alcohol or use the excess heat produced in making their final products for cogeneration of electricity. Again the problem seems to be, Mr. President, that small rural banks are skeptical of such new ideas so financing is hard to come by. These are some of the reasons why my bill would authorize rural industrialization loans for projects that would reduce our dependence on OPEC.

Finally, some have suggested that there is great potential in developing new energy sources for rural electric systems, including small-scale hydropower, geothermal, wind, solar, wood and peat projects. My bill would address the need to establish demonstration projects to test the feasibility of these alternate energy sources to serve farmers and rural communities and industries.

In summary, Mr. President, I am convinced that agriculture and rural America can do much in making this Nation less dependent, in the near term, on petroleum and natural gas—the two energy sources we import today. What is needed is for the Federal Government to offer the proper set of technical and financial incentives so we can get started on this crucial mission.

I have tailored a bill establishing an energy program to fit the needs of agriculture and rural America. Initially, it will cost some money. But once it is shown that what I have been talking about is practical and profitable, private enterprise will do the rest. The benefits from a few million dollars spent today could prove to be immeasurable. What is it worth, I ask, to release ourselves from the bondage of the shieks of the Middle East?

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was

ordered to be printed in the RECORD, as follows:

S. 1775

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural, Forestry, and Rural Energy Act of 1979".

SEC. 2. The table of contents in the first section of the Food and Agriculture Act of 1977 is amended by adding at the end thereof the following:

"TITLE XX—AGRICULTURAL, FORESTRY, AND RURAL ENERGY ACT

"Sec. 2001. Short title.

"Subtitle A—Findings, Purposes, and Definitions

"Sec. 2002. Findings.
"Sec. 2003. Purposes.
"Sec. 2004. Definitions.

"Subtitle B—Designation of the Department of Agriculture as the Lead Agency for the Development and Production of Alternate Fuels from Biomass and Rural Energy Conservation

"Sec. 2011. Designation.
"Sec. 2012. Coordination.

"Subtitle C—Agricultural, Forestry, and Rural Production, Use, and Conservation Program

"Sec. 2021. Duty of the Secretary.
"Sec. 2022. Agricultural, Forestry, and Rural Energy Board.
"Sec. 2023. Program development.
"Sec. 2024. Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program.
"Sec. 2025. Annual reports to Congress.

"Subtitle D—Agricultural, Forestry, and Rural Energy Research and Extension

"Sec. 2031. Agricultural, forestry, and rural energy research.
"Sec. 2032. Agricultural, forestry, and rural energy extension.
"Sec. 2033. Coordination of research and extension.

"Subtitle E—Wood Energy Development

"Sec. 2041. Wood energy centers.
"Sec. 2042. Wood energy production cost sharing.
"Sec. 2043. Forest management loan pilot program.
"Sec. 2044. Assistance to State forestry agencies.
"Sec. 2045. State advisory committees.
"Sec. 2046. Fuelwood concentration and distribution centers.
"Sec. 2047. National Forest system assistance in wood energy development projects.
"Sec. 2048. Relation to program and board.

"Subtitle F—Agricultural Biomass Energy Development

"Sec. 2051. Definition.
"Sec. 2052. Agricultural Biomass Energy Centers.
"Sec. 2053. Agricultural Biomass production assistance.

"Subtitle G—Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Loans, Grants, and Cost Sharing

"Sec. 2061. Loans and demonstration grants.
"Sec. 2062. Consolidated Farm and Rural Development Act amendments.
"Sec. 2063. Rural electrification demonstration grants for alternate energy sources.
"Sec. 2064. Lending for energy producton and conservation projects by production credit associations, Federal land banks, and banks for cooperatives.
"Sec. 2065. Agricultural conservation program energy conservation cost sharing.

"Subtitle H—Effective Date

"Sec. 2071. Effective date.".

SEC. 3. The Food and Agriculture Act of 1977 is amended by adding at the end thereof a new title XX as follows:

"TITLE XX—AGRICULTURAL, FORESTRY, AND RURAL ENERGY ACT

"SHORT TITLE

"SEC. 2001. This title may be cited as the 'Agricultural, Forestry, and Rural Energy Act'.

"Subtitle A—Findings, Purposes, and Definitions

"FINDINGS

"SEC. 2002. Congress finds that—

"(1) the dependence of the United States on imported petroleum and natural gas must be reduced by all economically and environmentally feasible means, including the use of domestic biomass energy sources;

"(2) the agricultural, forestry, and rural sectors of our economy must conserve energy and substitute renewable sources of fuel for imported petroleum and natural gas to the extent consistent with the maintenance of agricultural and forest productivity and a healthy rural economy;

"(3) agricultural commodities, forest products, and their wastes and residues are renewable resources that, when properly used for the production of industrial hydrocarbons, alcohol fuels, and other energy sources, can substantially assist in reducing dependence on imported petroleum and natural gas and in making the agricultural, forestry, and rural sectors of our economy more energy self-sufficient;

"(4) the Secretary of Agriculture and the agencies subject to the direction of the Secretary of Agriculture administer programs and exercise authorities affecting the production of energy from, and management of, renewable energy sources;

"(5) the programs and authorities of the Department of Agriculture also serve other national needs, including the production of food, animal feed, wood and wood products for housing and other uses, fertilizer and petrochemical substitutes, and other necessities; and

"(6) a national program for the production and use of energy from biomass that can produce the maximum feasible energy from biomass materials while not impairing the Nation's ability to produce food and fiber on a sustainable basis for domestic and export use, and for rural energy conservation, must be formulated and implemented within a multiple-use framework.

"PURPOSES

"SEC. 2003. The purposes of this title are to—

"(1) establish the Department of Agriculture as the lead agency in the Federal Government for the development and production of alternate fuels from biomass, and for research, extension, and conservation activities related to agricultural, forestry, and rural energy;

"(2) assure the development and implementation of an agricultural, forestry, and rural energy production, use, and conservation program that will enable the United States to meet the goals of net energy independence for agriculture and forestry, and a 50 percent reduction in petroleum and natural gas use by rural residents and communities, by the year 2000;

"(3) create within the Department of Agriculture an Agricultural, Forestry, and Rural Energy Board to assist the Secretary in developing and implementing the agricultural, forestry, and rural energy production, use and conservation program; and

"(4) make changes in existing programs and authorities of the Department of Agriculture related to research, technology transfer, and operational activities, in order to conform such programs and authorities to the requirements for the agricultural, forestry, and rural energy production, use, and conservation program, and establish new programs and authorities necessary for the effective implementation of that program.

"DEFINITIONS

"SEC. 2004. As used in this title, the term—

"(a) 'biomass' means agricultural commodities, forest products, and their wastes and residues, that can be used as fuel or for the production of industrial hydrocarbons, alcohols, or other energy sources that will assist in reducing petroleum and natural gas imports. Biomass, without limiting its meaning, includes grain and stalks of corn, wheat, rice, and sorghum, cottonseed and peanut hulls, fruits and vegetables and their processing byproducts and residues, aquatic plants, specific energy-farm crops, wood and wood products, bark, pulp, and chips, and residues from logging and paper manufacturing;

"(b) 'Board' means the Agricultural, Forestry, and Rural Energy Board created under section 2022 of this title;

"(c) 'Program' means the Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program developed under section 2024 of this title; and

"(d) 'Secretary' means the Secretary of Agriculture.

"Subtitle B—Designation of the Department of Agriculture as the Lead Agency for the Development and Production of Alternate Fuels from Agricultural Commodities and Forest Products and Rural Energy Conservation

"DESIGNATION

"SEC. 2011. The Department of Agriculture is designated as the lead agency of the Federal Government for the development and production of alternate fuels from biomass, and for research, extension, and conservation activities related to agricultural, forestry, and rural energy.

"COORDINATION

"SEC. 2012. The Secretary shall establish with the Department of Energy and other Federal agencies procedures for coordination in areas of mutual interest with respect to agricultural, forestry, and rural energy production, use, and conservation.

"Subtitle C—Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program

"DUTY OF THE SECRETARY

"SEC. 2021. In order to enable the United States to achieve net energy independence for agricultural and forestry production, processing, and marketing, and to reduce the petroleum and natural gas consumption of rural residents and communities by 50 percent, by the year 2000, the Secretary of Agriculture shall implement the Program developed under section 2024 of this title.

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY BOARD

"SEC. 2022. (a) The Secretary shall establish an Agricultural, Forestry, and Rural Energy Board to perform, and assist the Secretary to perform, the functions and duties required by this title.

"(b) The Board shall be composed of 9 members, as follows—

"(1) the Secretary,

"(2) the Deputy Secretary of Agriculture,

"(3) the Under Secretary of Agriculture for International Affairs and Commodity Programs,

"(4) the Assistant Secretary of Agriculture for Food and Consumer Services,

"(5) the Assistant Secretary of Agriculture for Natural Resources and Environment, "(6) the Assistant Secretary of Agriculture for Marketing Services,

"(7) the Assistant Secretary of Agriculture for Rural Development,

"(8) the Director of Economics, Policy Analysis, and Budget, and

"(9) the Director of the Science and Education Administration.

"(c) The members of the Board may authorize designees to represent them at meetings of the Board.

"(d) The Secretary shall be chairperson of the Board.

"(e) The Secretary shall designate an executive director for the Board, to be paid at a rate not in excess of the rate prescribed for grade GS-18 in the General Schedule set out in section 5332 of title 5 of the United States Code, and shall provide for such additional professional and clerical assistance as necessary for the Board to meet its responsibilities under this title.

"(f) The Board may use the resources of all Department of Agriculture agencies (including the funds and facilities of the Commodity Credit Corporation) and other Federal agencies, and outside consultants, as necessary to meet its responsibilities under this title.

"(g) The Board shall meet the call of the Secretary, but at least quarterly.

"PROGRAM DEVELOPMENT

"SEC. 2023. (a) The Board shall assist the Secretary in carrying out section 2021 of this title by—

"(1) assessing the Nation's agricultural, forestry, and rural energy needs, resources, practices, legal authorities, programs, and related elements within a multiple-use framework;

"(2) preparing the Program based upon such assessment; and

"(3) preparing the reports required by section 2025 of this title.

"(b) In assessing agricultural, forestry, and rural energy needs and resources, the Board shall—

"(1) identify agricultural, forestry, and rural energy objectives, consistent with the goals contained in section 2021 in this title;

"(2) determine the quality and quantity of biomass materials that are potentially available for energy production;

"(3) identify the ways in which renewable resources can be used to meet United States energy needs, and especially promising areas of development;

"(4) identify and assess practices to conserve energy in agricultural and forest production, processing, and marketing and in rural communities;

"(5) identify and evaluate new agricultural, forestry, and rural energy production, use, and conservation systems and technologies;

"(6) identify policies and procedures necessary to ensure that the production of agricultural commodities and forest products will not be interrupted by energy shortages;

"(7) identify the practices necessary to conserve and enhance the productivity of soil resources, while pursuing the goals contained in section 2021 of this title;

"(8) identify ways to minimize the adverse consequences of energy production on agricultural, forest, and rural lands and rural communities;

"(9) analyze the comparative economic value of renewable resources within a multiple-use framework, including, in addition to potential energy usage, alternate uses such as the production of food, animal feed, housing and other construction materials, fertilizer, and petrochemical substitutes;

"(10) assess existing and anticipated Federal and State laws, policies, programs, and regulations relating to the production and use of biomass energy and the conservation of energy in agriculture, forestry, and rural communities;

"(11) evaluate the effectiveness of existing Department of Agriculture programs and policies in achieving the goals contained in section 2021 of this title;

"(12) analyze the adequacy of existing legal authorities and funding for the implementation of the Program, and recommend changes in such authorities and funding necessary for the achievement of the goals contained in section 2021 of this title; and

"(13) analyze the costs and benefits of optional elements for the Program.

"(c) The assessment of agricultural, forestry, and rural energy needs and resources required under subsection (b) of this section shall be completed by December 31, 1980, and updated when necessary, but at least every five years. The initial report and the updated reports shall be submitted to Congress.

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY PRODUCTION, USE, AND CONSERVATION PROGRAM

"SEC. 2024. (a) The Board shall prepare an Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program, recommending to the Secretary measures, actions, funding levels, and other means to achieve the goals contained in section 2021 of this title without reducing the productivity of United States agriculture or forestry to meet other national needs, or adversely affecting the viability of rural communities. The Program shall include, but not be limited to—

"(1) an inventory of the specific needs and opportunities for public and private investment in agricultural, forestry, and rural energy production, use, and conservation projects;

"(2) identification of estimated costs, returns, results, and benefits associated with investments in such a manner that the estimated costs can be directly compared with the total related benefits; and

"(3) a discussion of the priorities and options for the accomplishment of the Program, specifying estimated returns, results, and benefits.

"(b) The Program shall use and be based upon the Board's assessments made under section 2023 of this title, as well as other relevant data.

"(c) The Program shall be developed in cooperation with Federal, State, and local agencies and organizations in accordance with such procedures as the Board may prescribe to ensure public participation.

"(d) The Program shall be completed and submitted to the Secretary and Congress within one year after enactment of this title and shall be revised when necessary, but at least every five years; and resubmitted to the Secretary and Congress.

"ANNUAL REPORTS TO CONGRESS

"SEC. 2025. For the purpose of providing information that will aid Congress in its oversight responsibilities and improve the accountability of agency expenditures and activities, the Secretary shall prepare annual reports that evaluate the implementation of the Program and submit them to Congress by February 1 of each year, the first such report to be submitted by February 1, 1981.

"Subtitle D—Agricultural, Forestry, and Rural Energy Research and Extension

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY RESEARCH

"SEC. 2031. (a) In order to facilitate the development of agricultural, forestry, and rural energy production, use, and conservation, the Secretary shall implement an agricultural, forestry, and rural energy applied research program within the Department of Agriculture in accordance with the Program. The Secretary shall use, to the extent feasible, existing facilities of the Department of Agriculture, the Wood Energy Centers established under section 2041 of this title, and the Agricultural Biomass Energy Centers established under section 2052 of this title, to implement the applied research program. Applied research under this subsection shall include, but not be limited to, applied research to develop—

"(1) economical and energy-efficient fuel from biomass;

"(2) techniques for using energy derived from biomass in the production, processing, and marketing of agricultural commodities and forest products, especially techniques that farmers and owners of nonindustrial forestland may use;

"(3) economical ways in which rural communities can use energy derived from biomass;

"(4) the use of wood, especially hardwood, as an economical and energy-efficient material in building construction; and

"(5) energy conservation systems and techniques for farmers, owners of forestland, rural residents, and rural communities.

"(b) Section 1 of the Act of June 29, 1935 (49 Stat. 436, as amended; 7 U.S.C. 427), is amended by inserting after 'irrigation);' in the third sentence the following: 'applied research to develop agricultural, forestry, and rural energy production, use, and conservation;'.

"(c) Section 3 of the Act of March 2, 1887 (24 Stat. 441, as amended; 7 U.S.C. 361c) is amended by—

"(1) in subsection (a), inserting '(1)' immediately after the subsection designation and adding at the end thereof a new paragraph (2) as follows:

'(2) There are further authorized to be appropriated such sums as Congress may determine to be necessary, not to exceed $50,000,000 annually, solely for the purpose of applied research at State agricultural experiment stations to develop agricultural, forestry, and rural energy production, use, and conservation. This authorization is in addition to any other authorization provided in this Act or in other law.'; and

"(2) in subsection (b)(1), striking out 'such sums' and inserting in lieu thereof 'the sums appropriated under subsection (a)(1) of this section'.

"(d) Section 3(a)(1) of the Forest and Rangeland Renewable Resources Research Act of 1978 is amended by inserting 'energy production, conservation of energy,' immediately after 'for timber,'.

"(e) Because biomass energy production must be balanced with food and fiber production and the land on which these two types of production take place is finite, consideration must be given to the land available for both types of production. To ensure that land availability is given appropriate consideration in developing biomass energy production, the Secretary shall (1) include in the research performed under this section analyses of the possible restrictions to biomass energy production due to the unavailability of land, and (2) coordinate such analyses with similar activities under the Soil and Water Resources Conservation Act of 1977 and the Forest and Rangeland Renewable Resources Planning Act of 1974.

"(f) The Secretary shall conduct a study of the feasibility of alternate crop-livestock systems to produce both foodstuffs and fiber for domestic and export markets and biomass for use in the production of energy. The study shall include, but not be limited to, determination of—

"(1) the technical feasibility of such alternate systems;

"(2) the proper use and conservation of soil and water resources for each alternate system;

"(3) potential fuel, livestock, and grain production under such alternate systems;

"(4) the practical farm-level applicability of such alternate systems; and

"(5) potential economic and government-policy initiatives to promote the development of such alternate systems.

The study shall be completed, and a report of the Secretary's findings submitted to Congress, by December 31, 1981.

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY EXTENSION

"SEC. 2032. (a) In order to facilitate the development of agricultural, forestry, and rural energy production, use, and conservation, the Secretary shall implement an agricultural, forestry, and rural energy extension program within the Department of Agriculture in accordance with the Program to disseminate the results of rural energy research performed under this title and encourage farmers, owners of forestland, rural residents, and rural communities to adopt projects for the production and use of energy from biomass, and energy conservation techniques. The program shall include on-site demonstrations of techniques by which farmers and owners of forestland may produce their own energy supplies, energy consumption per unit of production is minimized, and rural residents, businesses, and communities may reduce their energy consumption.

"(b) The Act of May 8, 1914 (38 Stat. 372–374, as amended; 7 U.S.C. 341–349), is amended by—

"(1) striking out in section 1 (7 U.S.C. 341) 'and home economics' and inserting in lieu thereof ', home economics, and rural energy'; and

"(2) adding at the end of section 3 (7 U.S.C. 343) a new subsection (f) as follows:

" '(f) There are further authorized to be appropriated $50,000,000 solely for rural energy cooperative extension work. This authorization is in addition to any other authorization provided in this Act or other law. Such funds shall be used (1) to establish core groups at the State level to—

" '(A) train extension agents in agricultural, forestry, and rural energy production, use, and conservation techniques,

" '(B) develop and manage citizen energy conservation assistance programs at the local level, and

" '(C) perform such other activities as the Secretary of Agriculture determines necessary for the cooperative rural energy extension program; and

" '(2) for the conduct of workshops and provision of other training, dissemination of information, and provision of technical assistance with respect to the production of energy from biomass, as provided in section 2053 of the Food and Agriculture Act of 1977.'.

"(c) The first sentence of section 6 of the Renewable Resources Extension Act of 1978 is amended by—

"(1) striking out '$15,000,000' wherever that figure appears therein, and inserting in lieu thereof '$20,000,000'; and

"(2) inserting before the period at the end thereof the following: ', including $5,000,000 for each such fiscal year for rural energy extension work conducted under this act'.

"COORDINATION OF RESEARCH AND EXTENSION

"SEC. 2033. (a) The research and extension program conducted under this title shall be coordinated with the food and agricultural research and extension activities conducted under title XIV of this act.

"(b) The Board shall consult on a continuing basis with—

"(1) the Federal Subcommittee on Food and Renewable Resources of the Federal Coordinating Council for Science, Engineering, and Technology,

"(2) the Joint Council on Food and Agricultural Sciences, and

"(3) the National Agricultural Research and Extension Users Advisory Board,

for the purpose of coordination of research and extension activities.

"Subtitle E—Wood Energy Development

"WOOD ENERGY CENTERS

"SEC. 2041. (a) The Secretary shall establish four Wood Energy Centers, each in a different geographic region of the United States and located in an area containing substantial amounts of private forestland. To the extent practicable, the Centers shall be established at existing Department of Agriculture facilities for forest research.

"(b) Under the direction of the Board, each Wood Energy Center shall—

"(1) perform applied wood energy production and use and energy conservation research projects that recognize the needs and opportunities of the region in which the Center is located;

"(2) develop and maintain a wood energy research information bank;

"(3) field-test promising research findings on wood energy production and use and energy conservation (including home insulation, industrial energy-efficiency monitoring, and other energy conservation systems and techniques applicable to the region);

"(4) in cooperation with State extension services and through contracts which local entities having the necessary technical resources, provide technical assistance to landowners, colleges and universities, and other interested parties in its region on agricultural, forestry, and rural energy production, use, and conservation, and commercialization of rural energy projects;

"(5) demonstrate wood energy production and use and energy conservation projects, using, to the extent feasible, applied research performed under this title, including, but not limited to, demonstrations of—

"(A) production, transportation, and handling of fuel from wood;

"(B) use of wood energy for industrial parks, rural businesses, and rural communities;

"(C) wood pyrolysis and gasification for crop and lumber drying, poultry housing, and other agricultural uses;

"(D) direct burning of wood for industrial and home use;

"(E) in cooperation with land-grant institutions and State foresters, using privately-owned land voluntarily offered and other land available to the Forest Service, wood energy plantations;

"(F) in cooperation with land-grant institutions, engineering techniques that efficiently use wood for fuel; and

"(G) other projects designated by the Board;

"(6) disseminate information on new energy technologies through the conduct of conferences, seminars, and training programs;

"(7) perform rural energy need analysis for rural residents and communities and State governments within the region; and

"(8) where appropriate, perform similar research, field test, and demonstration programs with respect to agricultural commodities.

"(c) The Wood Energy Centers shall implement the provisions for solar energy model farms and demonstration projects contained in subtitle H of title XIV of this Act.

"(d) Where appropriate, the Wood Energy Centers shall share resources and coordinate efforts with the regional solar energy research, development, and demonstration centers established under section 1455 of this Act.

"(e) There are authorized to be annually appropriated $30,000,000 for the Wood Energy Centers, such sums to be in addition to appropriations for forest research facilities that house the Centers.

"WOOD ENERGY PRODUCTION COST SHARING

"SEC. 2042. (a) The Secretary may establish a wood energy production cost sharing program and may, under such program, enter into agreements with owners of nonindustrial private forestland to share the cost of forest management practices that increase the production of wood for energy.

"(b) Cost sharing under this section shall be available to owners of nonindustrial private forestland, including individuals, groups, Indian tribes or other native groups, associations, corporations, or other legal entities owning 1,000 acres or less of private nonindustrial forestland capable of producing wood for energy. Cost sharing agreements entered into under this section shall be based on individual forest management plans that will ensure maximum development of the land for wood for energy, developed by the landowners in cooperation with, and approved by, the State forester or equivalent State official. The plans shall describe the activities and practices necessary to improve the forestland for the production of wood for energy. Practices eligible for cost sharing shall include, but not be limited to, forestation, timber stand improvement, and forest resources management and protection.

"(c) In return for the agreement by the landowner to implement practices contained in an individual forest management plan, the Secretary shall agree to share up to 75 percent of the cost of implementing those practices set forth in the agreement for which the Secretary determines that cost sharing is appropriate. The portion of the cost, including labor, to be shared shall be set forth in the agreement.

"(d) Technical assistance shall be provided for the cost sharing program under this section by State foresters or equivalent State officials employed under section 2044 of this title.

"(e) There are authorized to be annually appropriated $100,000,000 to carry out this section. The funds available for cost sharing under this section shall be distributed by the Secretary among the States based on the ratio of the acres of nonindustrial private forestland in each State to the total acres of nonindustrial private forestland in all the States.

"FOREST MANAGEMENT LOAN PILOT PROGRAM

"SEC. 2043. (a)(1) In order to encourage owners of nonindustrial private forestland to implement and maintain forest management programs, and thereby increase the production of wood for energy, the Secretary shall conduct a pilot program of financial assistance to owners of nonindustrial private forestland. The program shall include but not be limited to, (A) insured loans and guaranteed loans that provide periodic loan disbursements to participating landowners, (B) consolidation for resale in private capital markets the loan obligations of participating landowners, and (C) loans to Federal or State chartered banks, savings and loan associations, cooperative lending agencies, Federal land banks, or other legally organized lending institutions for the purpose of making guaranteed loans under this section.

"(2) The pilot program shall operate for five consecutive calendar years, beginning with the first full calendar year in which funds are first made available under this section. No new loans shall be insured or guaranteed under this section after the fifth calendar year of operation of the pilot program.

"(3) The Secretary may defer the repayment of principal and interest on loans to landowners insured under this section under such conditions as the Secretary shall deem appropriate.

"(4) Any contract of insurance or guarantee executed by the Secretary under this section shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.

"(5) The provisions of section 310B(d)(6) of the Consolidated Farm and Rural Development Act shall apply to loans insured or guaranteed under this section.

"(b) Any individual, group, Indian tribe or other native group, association, partnership, corporation, or other legal entity owning 5,000 acres or less of nonindustrial private forestland capable of producing wood for energy shall be eligible to receive insured or guaranteed loans under this section if the applicant certifies in writing, and the Secretary determines, that the applicant is unable to obtain sufficient credit elsewhere at rates and terms comparable to those provided in this section.

"(c)(1) The Secretary shall not insure or guarantee a loan in excess of $50,000 to any one eligible landowner under this section.

"(2) The total period of time permitted for repayment for a loan insured or guaranteed under this section shall not exceed 40 years.

"(3) The Secretary may guarantee to any Federal or State chartered bank, savings and loan association, cooperative lending agency, Federal land bank, or other legally organized lending institution not to exceed 90 percent of that portion of the overall loan to a landowner that exceeds the market value of the assets securing the loan in the event of default by the landowner.

"(4) Insured or guaranteed loans to eligible landowners under this section shall be made upon the personal liability of the borrower and shall be secured by (A) the land, (B) the timber grown thereon, or (C) the land and timber with respect to which the loan is made, and such other security as the lender may require. If such loans to landowners are secured by the timber alone, additional security may include insurance on the timber crop against natural hazards, if such insurance is available, or a performance bond on the outstanding loan obligation.

"(5) Loans to eligible landowners guaranteed under this section shall bear interest at rates to be agreed upon by the lender and landowner, but not in excess of such rate as may be determined by the Secretary. Loans insured under this section shall bear interest at rates determined by the Secretary, but not less than such rates as determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted in the judgment of the Secretary of the Treasury to provide for rates comparable to the rates prevailing in the private market and considering the Secretary's insurance of the loans, plus an additional charge prescribed by the Secretary to cover the Secretary's losses and cost of administration, and further adjusted to the nearest one-eighth of 1 percent.

"(6) The landowner shall prepare, keep current, and adhere to an individual forest management plan that shall (A) be developed in cooperation with, and be approved by, the State forester or equivalent State official, (B) describe the activities needed to maintain or increase the productivity of the owner's forestland for the production of wood for energy, and (C) include estimates of the volume of timber to be harvested during the term of the loan and the value thereof. The estimated value so determined shall serve as the basis for determining the principal amount of the loan. The landowner may use the balance of the periodic disbursements received, after bringing interest and any other charge current, in any manner the landowner deems appropriate, so long as the provisions of the management plan and loan agreement are observed.

"(7) Borrowers who sell the forestland with respect to which an insured or guaranteed loan is made before the loan term is completed or who do not carry out the activities prescribed by the forest management plan required by paragraph (6) of this subsection shall make immediate repayment of all principal and accrued interest, plus interest subsidies and other costs that may have been incurred by the Secretary in insuring or guaranteeing the loan, except as provided in paragraph (12) of this subsection. In addition, the Secretary may assess penalties the Secretary deems appropriate upon the termination of the loan or failure by the borrower to carry out the forest management plan prior to the time agreed upon by the borrower and the Secretary or, in the case of guaranteed loans, the lender.

"(8) The amount of the periodic loan disbursement to a landowner under this section shall be based upon the future expected market value of the timber securing the loan, but in no case shall the total principal and interest obligation of the loan exceed 80 percent of the future expected market value of the timber as estimated in the forest management plan.

"(9) Individual loan agreements and forest management plans shall be periodically reviewed by the lender, landowner, and the preparer of the forest management plan. Following such review, except as otherwise provided in this section, the loan period, principal amount, interest rate, and amount and interval of the periodic disbursement may be adjusted as agreed upon by the landowner and lender.

"(10) At the discretion of the lender, loans guaranteed under this section may, upon the application of the landowner, be transferred to, and assumed by, a new nonindustrial landowner who agrees to the terms and conditions of the loan, and assumes any outstanding liability and obligations thereunder, and who otherwise qualifies under this section.

"(11) The borrower may prepay without penalty all or any part of the outstanding loan obligation insured or guaranteed under this section. Income from the sale of timber covered by the loan agreement shall be applied to the outstanding loan obligation. However, periodic loan disbursement may continue over the full term of the loan, even if payments applied to the loan obligation are made during the loan period.

"(12) Except with respect to guaranteed loans, the landowner shall agree that if at any time it shall appear to the Secretary that the landowner may be able to obtain a loan from any Federal or State chartered bank, savings and loan association, cooperative lending agency, Federal land bank, or other legally organized lending institution at rates and terms comparable to those provided for in this section, the landowner shall, upon request by the Secretary, apply for and accept such loans in an amount sufficient to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

"(d) To assist in the development of the program and aid in preparing recommendations regarding the continuation and expansion of the program, the Secretary shall appoint a committee, to be in existence through the period of the pilot program under this section, of not less than five persons, including, but not limited to, representatives from public agencies, private lending institutions, private forestry concerns, and individual landowners. The Secretary shall consult with the committee in the preparation of reports required under subsection (f) of this section. The Secretary shall establish procedures for the selection of members and operation of the committee. Individuals who serve on the committee and are not employed by the Federal Government shall be paid such compensation for their services as the Secretary shall determine, but such compensation shall not exceed the daily equivalent of the rate prescribed for grade GS–18 in section 5332 of title 5 of the United States Code per day, and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu of subsistence expenses, as authorized by section 5703 of title 5 of the United States Code for persons in Government service employed intermittently, when assisting in the development of the pilot program away from their homes or regular places of business. The committee established by this subsection shall coordinate its activities with the Board.

"(e) The Secretary shall, in accordance with section 553 of title 5 of the United States Code, promulgate such final rules and regulations as the Secretary deems appropriate to implement the provisions of this section.

"(f) The Secretary shall annually report to Congress on the progress of the pilot program conducted under this section. The first such report shall be submitted upon the completion of the first year of operation of the pilot program. A final report shall be submitted prior to completion of the fifth calendar year of operation and include an evaluation of the pilot program and the Secretary's recommendation on the need for, and the nature and scope of, a permanent forest management loan program.

"(g)(1) The loan program authorized under this section shall be funded using moneys drawn from the Rural Development Insurance Fund established under section 309A of the Consolidated Farm and Rural Development Act and shall be subject to the provisions of that Act governing that fund. The Secretary may use such moneys to (A) make insured loans to eligible landowners under this section, but not in excess of $25,000,000 in total may be expended for such loans annually, (B) guarantee loans to eligible landowners under this section, and (C) loan funds to legally organized lending institutions for the purpose of making guaranteed loans under this section, but not in excess of $10.000.000 in total may be expended for such loans annually.

"(2) There are authorized to be appropriated such sums as may be necessary for administrative and operating expenses under this section and reimbursement to the Rural Development Insurance Fund for funds withdrawn for the operation of the program. Such sums shall remain available until expended.

"ASSISTANCE TO STATE FORESTRY AGENCIES

"SEC. 2044. (a) The Secretary may make grants to State foresters or equivalent State officials for the employment of additional foresters or equivalent State officials to provide technical assistance to owners of private forestland in (1) identifying the opportunities for, and increasing the production of, wood for energy, and (2) in developing individual forest management plans under the wood energy production and energy conservation cost sharing program authorized under section 2042 of this title and the forest management loans under the pilot program authorized under section 2043 of this title, and as necessary and appropriate to ensure the efficient application of forest management practices under such programs.

"(b) The Secretary may take such actions as the Secretary deems necessary to make wood energy use training programs available to State foresters or equivalent State officials. The Secretary shall consult with the Secretary of Energy on training materials and other assistance available from the Department of Energy.

"(c) The Secretary may provide management and planning assistance under section 8 of the Cooperative Forestry Assistance Act of 1978 to State foresters or equivalent State officials, upon their request, on State programs relating to the production of wood for energy.

"(d) There are authorized to be appropriated such sums, not in excess of $8,500,000 annually, as are necessary to carry out the purposes of this section.

"(e) In determining the amount of financial assistance to be provided to any State under this section, the Secretary shall consider the quantity of forest growth that is underused, and the potential for use of this material as fuel, in each State, using as a basis for such consideration the Renewable Resource Assessment prepared under section 3 of the Forest and Rangeland Renewable Resources Planning Act of 1974, along with other pertinent information.

"STATE ADVISORY COMMITTEES

"SEC. 2045. The Secretary shall establish permanent State advisory committees in States in which there are significant amounts of nonindustrial private forestland. These committees shall (1) advise the Secretary and the State forester or equivalent State official on its determinations as to the effectiveness of Federal programs designed to assist owners of private nonindustrial forestland in producing wood for energy, (2) determine the potential for development of markets for wood energy, and (3) report its findings on these matters to the Secretary and State forester or equivalent State official every six months. The Secretary shall establish procedures for the selection of members and operation of the committees. State forestry planning committees, where they exist, shall serve as advisory committees.

"FUELWOOD CONCENTRATION AND DISTRIBUTION CENTERS

"SEC. 2046. (a) In order to improve the use of wood, and its wastes and residues, from public and private forestland and provide a ready source of fuelwood for homeowners, the Secretary may make loans to establish fuelwood concentration and distribution centers that make fuelwood available to homeowners.

"(b) Applicants for loans under this section shall be subject to the eligibility requirements for borrowers under section 310B of the Consolidated Farm and Rural Development Act.

"(c) There are authorized to be appropriated for such loans $10,000,000 annually for each of five fiscal years beginning with the fiscal year ending September 30, 1980.

"NATIONAL FOREST SYSTEM ASSISTANCE IN WOOD ENERGY DEVELOPMENT PROJECTS

"SEC. 2047. The Secretary shall make available wood, and its wastes and residues, from the National Forest system to assist in the research, field-tests, and demonstrations authorized under sections 2041 and 2052 of this title. The Secretary may make available the timber resources of the National Forest system, in accordance with appropriate timber appraisal and sale procedures, to commercial enterprises established with loans or grants provided under section 2061 of this title.

"RELATION TO PROGRAM PLAN AND BOARD

"SEC. 2048. The Secretary shall ensure that the implementation and conduct of the programs under this subtitle are (a) in conformity with the Program and (b) under the direction of the Board.

"Subtitle F—Agricultural Biomass Energy Development

"DEFINITION

"SEC. 2051. For purposes of this subtitle, 'agricultural biomass energy' means energy produced from renewable resources other than wood, or their wastes and residues.

"AGRICULTURAL BIOMASS ENERGY CENTERS

"SEC. 2052. (a) The Secretary shall establish four Agricultural Biomass Energy Centers, each in a different geographic region of the United States and located in an area in which there is intensive use of the land for growing agricultural commodities. To the extent practicable, the Centers shall be established as existing Department of Agriculture facilities for agricultural research.

"(b) Under the direction of the Board, each Agricultural Biomass Energy Center shall—

"(1) perform applied agricultural biomass energy production and use and rural energy conservation research projects that recognize the needs and opportunities of the region in which the Center is located;

"(2) develop and maintain an agricultural biomass energy research information bank;

"(3) field-test promising research findings on agricultural biomass energy production and use and rural energy conservation (including home insulation, industrial energy-efficiency monitoring, and other energy conservation systems and techniques applicable to the region);

"(4) train extension personnel to conduct agricultural biomass energy workshops, on the production of agricultural biomass energy, as provided in section 2053 of this title, and develop model training programs for agricultural biomass energy workshops;

"(5) in cooperation with State extension services and through contracts with local entities having the necessary technical resources, provide technical assistance to landowners, colleges and universities, and other interested parties in its region on agricultural, forestry, and rural energy production, use, and conservation, and commercialization of rural energy projects;

"(6) demonstrate agricultural biomass energy production and use and energy conservation products using, to the extent feasible, applied research performed under this title including, but not limited to demonstrations of—

"(A) production, transportation, and handling of fuel from agricultural biomass;

"(B) the use of agricultural energy biomass for industrial parks, rural businesses, and rural communities;

"(C) the use of direct solar, passive solar, wind, and geothermal energy to convert agricultural commodities to fuel;

"(D) wood pyrolysis and gasification for crop drying, poultry housing, and other agricultural uses;

"(E) in cooperation with land-grant institutions, engineering techniques that efficiently use agricultural biomass for energy;

"(F) solar power for crop drying, irrigation pumps, and other purposes; and

"(G) other projects designated by the Board;

"(7) disseminate information on new energy technologies through the conduct of conferences, seminars, and training programs;

"(8) perform rural energy need analyses for rural residents and communities and State governments within the region; and

"(9) where appropriate, perform similar research, field test, and demonstration programs with respect to wood.

"(c) The Agricultural Biomass Energy Centers shall implement the provisions for solar energy model farms and demonstration projects contained in subtitle H of title XIV of this Act.

"(d) Where appropriate, the Agricultural Biomass Energy Centers shall share resources and coordinate efforts with the Regional Solar Energy Research and Demonstration Centers established under section 1455 of this Act.

"(e) There are authorized to be annually appropriated $30,000,000 for the Agricultural Biomass Energy Centers, such sums to be in addition to appropriations for agricultural research facilities that house the Centers.

"AGRICULTURAL BIOMASS PRODUCTION ASSISTANCE

"SEC. 2053. (a) In order to enable the United States, by 1990, to produce annually agricultural biomass energy in amounts equivalent to the energy available from six million barrels of oil, the Secretary shall implement a program, using the State extension services, to conduct workshops and provide other training, disseminate information, and provide technical assistance with respect to the small-scale production and use of ethanol, methanol, low and medium Btu gas, and other energy forms from agricultural biomass (including, but not limited to, compost material). The program shall be conducted in areas of the United States in which there is intensive use of the land for growing agricutlural commodities, under the direction of the Board.

"(b) State extension services shall conduct agricultural biomass energy workshops providing (1) instruction to interested parties on the construction and operation of agricultural biomass energy production facilities, and (2) instruction to county extension agents on the conduct of agricultural biomass energy extension on the local level. The State extension services shall use personnel trained at the Agricultural Biomass Energy Centers for the conduct of workshops, but may also contract with colleges and universities, junior colleges, and vocational schools, including vocational agricultural schools, for facilities and additional personnel needed for the workshops. To the extent feasible, each workshop shall be conducted at a location at which an operational agricultural biomass production unit is available. To the extent feasible, not less than 100 workshops shall be conducted annually. At least 5 percent of the county extension agents in each State in which there is intensive use of the land for growing agricultural commodities shall be trained through the workshops on providing the practical training, information, and technical assistance on agricultural biomass energy production required under subsection (c) of this section.

"(c) State extension services shall, at the local level and on a continuing basis, make available practical training, information, and technical assistance to farmers, rural residents, and rural communities on economical and energy-efficient small-scale production of ethanol and other agricultural biomass energy. Such assistance shall include educational programs to inform persons of Federal laws affecting the production, transportation, and handling of agricultural biomass energy products.

"(d) For the purpose of this section, 'small-scale production' means production annually of not less than one thousand gallons, nor more than two million gallons, of ethanol, or, for other forms of agricultural biomass energy, its energy equivalent.

"Subtitle G—Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Loans, Demonstration Grants, and Cost Sharing

"LOANS AND DEMONSTRATION GRANTS

"SEC. 2061. (a) In order to facilitate the development of biomass as a source of energy and improved energy conservation practices and reduce the Nation's need for imports of petroleum and natural gas, the Secretary shall establish projects for rural energy conservation and the production and use of energy from biomass through direct, insured, or guaranteed loans as provided in this section to finance the construction, establishment, renovation, or operation of commercial or on-farm projects.

"(b) In order to encourage the adoption of biomass energy production and rural energy conservation systems and techniques, the Secretary may make grants for the construction, establishment, renovation, or operation of demonstration projects for the production and use of energy from biomass or rural energy conservation. The total amount of grants for projects in any one State may not exceed $10,000,000 in any fiscal year.

"(c) To the maximum extent practicable, the Secretary shall select for financial assistance under this section projects that (1) show promise of success based on research, field-testing, and demonstrations performed by the Wood Energy Centers and Agricultural Biomass Energy Centers established under this title and (2) carry out the Program.

"(d) Loans may be made or insured, or guaranteed, and grants made under this section—

"(1) with respect to on-farm projects, to any farmer or rancher in the United States, or on-farm, cooperative, or private domestic corporation or partnership that is controlled by farmers or ranchers and engaged primarily and directly in farming or ranching in the United States; and

"(2) with respect to commercial projects, to any domestic public, private, or cooperative organization organized for profit or not for profit, or individual who is a United States citizen.

"(e) No loan may be made or insured, or guaranteed, and no grant may be made under this section unless the Secretary determines that the total energy content of the alternate fuel to be manufactured under the project will exceed the total energy from the petroleum and natural gas used in manufacturing the alternate fuel.

"(f)(1) The total amount of loans made or insured under this section in any fiscal year may not exceed $250,000,000. Not less than one-third of the total amount of loans made or insured under this section in any fiscal year shall be allocated for projects that use wood or wood wastes, and not less than one-fourth of the total amount of loans made or insured under this section in any fiscal year, including loans for projects that use wood or wood wastes, shall be allocated for small-scale production facilities.

"(2) The total amount of loans guaranteed under this section in any fiscal year may not exceed $1,000,000,000. Not less than one-third of the total amount of loans guaranteed under this section in any fiscal year shall be allocated to projects that use wood or wood wastes, and not less than one-fourth of the total amount of loans guaranteed under this section in any fiscal year, including loans for projects that use wood or wood wastes, shall be allocated for small-scale production facilities.

"(3) For the purpose of this subsection, 'small-scale production' means production annually of not more than two million gallons of ethanol, or, for other forms of biomass energy, its energy equivalent.

"(g) The Secretary shall establish such terms and conditions for loans and grants under this section as necessary to implement the purpose of this section and ensure the prompt repayment of loans.

"(h) Insofar as practicable, not less than 75 percent of the loans, loan guarantees, and grants under this section in any fiscal year shall be executed by May 31 of such fiscal year.

"(i) The Secretary may use any agency of the Department of Agriculture—including the Forest Service, the Farmers Home Administration, the Agricultural Stabilization and Conservation Service, and the Rural Electrification Administration—to carry out the loan and grant program under this section.

"(j) The Secretary shall coordinate the loan and grant program under this section with (1) the industrial hydrocarbon and alcohol loan and grant programs under section 1419 of this Act and section 509 of the Rural Development Act of 1972, as added by section 1420 of this Act; (2) the farm loan programs under the Consolidated Farm and Rural Development Act, as amended by section 2062 of this title; and (3) the program for solar energy model farms and demonstration projects under sections 1452 through 1454 of this Act.

"(k) The Secretary may issue such regulations as are necessary to implement this section.

"(l) The provisions of this section shall be carried out through the Commodity Credit Corporation. In making, insuring, or guaranteeing loans under this section, the Secretary may also use the authorities vested in the Secretary under the Consolidated Farm and Rural Development Act. Any contract of insurance or guarantee executed under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

"CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT AMENDMENTS

"SEC. 2062. The Consolidated Farm and Rural Development Act is amended by—

"(1) inserting in section 303(b)(1) 'for farm operations or' after 'system';

"(2) inserting in section 306(a)(14)(A) '(1)' after 'insure';

"(3) inserting in section 306(a)(14)(A) before the period at the end of the first paragraph the following: '; and (2) loans in the full amount thereof, but not to exceed $25,000,000 to rural electric cooperatives for the construction and operation of electric generating facilities that use nonfossil energy sources including, but not limited to, biomass, wood, peat, and hydropower from small streams and rivers in rural areas'; and

"(4) inserting in the first sentence of section 310B(a) 'commercially-feasible projects for biomass energy production,' after 'control,';

"(5) striking out in section 312(a)(2) 'solar energy' and inserting in lieu thereof 'biomass or solar energy or increases energy conservation';

"(6) inserting '(a)' after the section designation of section 346; and

"(7) adding at the end of section 346 a new subsection (c) as follows:

"'(c) In addition to amounts otherwise authorized, loans for each of the fiscal years ending September 30, 1980, September 30, 1981, and September 30, 1982, are authorized to be insured, or made to be sold and insured, or guaranteed—

"'(1) under the Agricultural Credit Insurance Fund as follows:

"'(A) real estate loans, $50,000,000 for farm improvements that establish nonfossil energy systems on the farm; and

"'(B) operating loans, $20,000,000 for equipment that uses biomass or solar energy or promotes energy conservation,

which amounts, in the discretion of the Secretary, may be used either for insured or guaranteed loans; and

"'(2) under the Rural Development Insurance Fund as follows:

"'(A) industrial development loans, $270,000,000, of which $20,000,000 may be for insured loans and $250,000,000 may be for guaranteed loans, with authority to transfer amounts between such categories, to be used for commercial biomass energy production projects; and

"'(B) community facility loans, $25,000,000 for loans to rural electric cooperatives for electric generating projects that use nonfossil energy, which amount, in the discretion of the Secretary, may be used either for insured or guaranteed loans.'.

"RURAL ELECTRIFICATION DEMONSTRATION GRANTS FOR ALTERNATE ENERGY SOURCES

"SEC. 2063. (a) The Administrator of the Rural Electrification Administration may make grants to owners of rural electric systems eligible to receive loans under the Rural Electrification Act of 1936, or federations of such owners, for projects demonstrating alternate energy and conservation technologies including, but not limited to, small-scale hydropower, geothermal, fuel cell, wind, solar, and wood, peat, and other biomass projects.

"(b) Grants may cover all or a portion of the cost of such projects, including, but not limited to, expenditures for construction and operation, and required economic, environmental, technological, planning, or other studies. Grants may be made alone or in combination with other governmental assistance or private funding.

"(c) Grants shall be made on such terms and conditions as the Administrator considers appropriate to further the purposes of this title.

"(d) There are authorized to be appropriated for purposes of this section $10,000,000 for the fiscal year ending September 30, 1980; $20,000,000 for the fiscal year ending September 30, 1981; $25,000,000 for the fiscal year ending September 30, 1982; and $30,000,000 for the fiscal year ending September 30, 1983. Any amounts appropriated under this section are to remain available until expended.

"LENDING FOR ENERGY PRODUCTION AND CONSERVATION PROJECTS BY PRODUCTION CREDIT ASSOCIATIONS, FEDERAL LAND BANKS, AND BANKS FOR COOPERATIVES

"SEC. 2064. The Farm Credit Administration shall encourage the production credit associations, Federal land banks, and banks for cooperatives to use the existing authority in the Farm Credit Act of 1971 to make loans to farmers for the establishment or operation of commercially-feasible biomass energy production or energy conservation projects.

"AGRICULTURAL CONSERVATION PROGRAM ENERGY CONSERVATION COST SHARING

"SEC. 2065. Section 8 of the Soil Conservation and Domestic Allotment Act is amended by—

"(1) inserting after the word 'conservation' in the first sentence of subsection (b) the following: '(including energy conservation)'; and

"(2) inserting after the first two sentences of subsection (b) a new paragraph as follows:

"The Secretary may provide financial assistance to agricultural producers for the purpose of encouraging energy conservation by sharing the costs and providing technical assistance for (1) the establishment, restoration, and better use of shelter belts to conserve energy in farmsteads, feed lots, and rural residences, (2) the establishment and use of minimum tillage systems, (3) the efficient storage and application of manure and other suitable wastes to the land for land fertility and soil improvement, (4) the use of integrated pest management, (5) the use of energy-efficient irrigation water management, and (6) the establishment of water conservation measures necessary for the improvement of crop yields in relation to the amount of energy used in crop production.'.

"Subtitle H—Effective Date

"SEC. 2071. The provisions of this title shall become effective October 1, 1979.".

● Mr. HELMS. Mr. President, I am pleased to be an initial cosponsor of the Agricultural, Forestry, and Rural Energy Policy Act of 1979. The distinguished Senator from Georgia (Mr. TALMADGE) should be commended for his authorship of this farsighted and broad approach to our Nation's tremendous energy shortfall. While this legislation will hardly end our energy crisis, it is an important effort to help reduce our dependence on imported petroleum.

Above all else, I am pleased that this bill shows a faith in the efficiency and creativity of private enterprise. We should all know by now that our free enterprise system can produce better products and services faster and at less cost to the public than can government, if only allowed the opportunity. This legislation recognizes that fact and sets out to provide incentives to the private sector, particularly small investors, in helping to work our way out of the energy dilemma in which excessive Government regulation has put us.

Probably the most important thrust of this legislation is its encouragement of extension and research activities, including applied research. Agricultural and forestry energy production systems are already developed to an amazing extent—especially when compared to some of the extremely expensive and far-fetched "synfuel" schemes that are now being widely touted in some circles. We have all witnessed the sale of gasohol and many of us have experienced the advantages that fuel mixture offers. And, in my own State, wood waste is now being used as an economical and environmentally preferable alternative to conventional fuels. Additional research is sure to raise other such alternative means of energy production into a cost-effectiveness range that is competitive with oil at today's prices—and advantages to the supply uncertainties and higher prices to tomorrow's oil. Extension activities and grants to State forestry agencies are necessary to deliver our present and future technology to those who can put it to use.

Another result from the research and extension activities authorized in this bill will be the conservation of fuel. USDA officials have stated that by applying energy-saving techniques we now know, rural home energy consumption could be reduced by 40 percent. Significant savings may also be made in fuel consumption through improved farming practices.

While I am proud to serve as a cosponsor of this legislation and enthusiastically endorse its overall intent, I do have some reservations about the loan levels that it would authorize. In addition, minor sections of the bill deserve especially close scrutiny before being passed by the Senate. Of course, ample opportunity for the consideration of my concerns will be available in committee deliberation on the bill. I am confident my concerns will be addressed satisfactorily at that time.●

Mr. McGOVERN. Mr. President, today I am pleased to join with Senator TALMADGE, the distinguished chairman of the Senate Agriculture, Nutrition, and Forestry Committee, to introduce the Agricultural, Forestry and Rural Energy Act of 1979.

This legislation, which is being introduced with the cosponsorship of over 20 Members of the Senate including the membership of the Senate Agriculture Committee, is strong testimony to the far ranging, bipartisan support in this Congress and across the country for rapid alcohol fuel and wood energy commercialization.

Although the synthetic fuel proposals presently being debated in the Senate, may make some contribution to our Nation's energy supply in the long term, alcohol fuels, conservation, and other renewable energy sources are our only hope to make an immediate contribution to the stabilization of the Nation's precarious energy supply. Unlike synfuels, energy from agricultural commodities, wood and wood waste do not require long lead times for construction or extensive research, and generate far less impact to the environment or precious western water supplies.

The Agricultural, Forestry and Rural Energy Act represents a marriage between two important interests on the Agriculture Committee. Senator TALMADGE, who has had a strong interest in energy from wood and wood waste, has initiated several proposals which were incorporated in the final legislation. The bill also includes the important provisions from alcohol fuels and gasohol legislation I had previously introduced. The combination of these earlier proposals have resulted in a comprehensive energy program that can go a long way toward minimizing our dependence on foreign fuels and establishing a firm base of energy security.

Mr. President, I am particularly pleased with the strong commitment in this legislation to small scale alcohol fuel facilities. The bill provides for both direct loans and Federal loan guarantees for alcohol fuel plants, using agricultural commodities, with a capacity of less than 2 million gallons annually. Not only will these provisions provide farmers with another vital market for their products, but it will allow them to become directly involved in the fuel production process. The location of these plants in rural communities will stimulate local and regional economies as well.

At this time, over 25 cooperatives and service stations in South Dakota are marketing gasohol. However, not a single alcohol fuel plant has been located in my State. Although South Dakotans are using gasohol, our farmers products are not being used in the production of this fuel. This legislation will provide the necessary incentive and assistance for the production of ethanol in every State, using the commodities available in those States.

The Agricultural, Forestry, and Rural Energy Act will also provide Federal loan guarantees for the construction of larger alcohol fuel facilities. Perhaps most importantly, this bill will establish four agricultural biomass energy centers, each in a different region of the country. These centers will be charged with providing adequate outreach training for alcohol fuels production, conducting research on new conversion technologies and providing information to the public. In addition, these centers will administer grants for the demonstration of alcohol fuel plants using renewable energy sources, including solar and geothermal energy, for the conversion process.

In short, this legislation comprehensively addresses the need to provide information, training, research, and direct loan assistance for the rapid commercialization of energy from agriculture. In point of fact, this bill addresses all of the present barriers to alcohol fuels development with the exception of the regulatory problems at the Bureau of Alcohol, Firearms, and Tobacco. Unfortunately, this Agency was given only the authority and not the capability to regulate alcohol fuels production. Specifically, the Bureau was only designed to govern beverage alcohol production.

However, I have sponsored a second piece of legislation today with the distinguished Senator from Indiana, Senator BAYH, who is also the Chairman of the National Alcohol Fuels Commission, which should resolve the regulatory nightmare at the Bureau. Consequently, today legislation has been introduced in the Senate, which together, will eliminate all of the barriers to a strong alcohol fuels industry in our Nation. I urge my colleagues to support both of these proposals and work toward the speedy passage of both important proposals.

Mr. HAYAKAWA. Mr. President, I am happy to join my colleague from Georgia, Senator TALMADGE, the chairman of the Senate Agriculture Committee, and other Members of the Senate in cosponsoring the Agriculture Forestry and Rural Energy Act of 1979. This legislation will authorize an agricultural, forestry, and energy program within the Department of Agriculture.

One of the strongest points of this legislation is the involvement of the private sector, especially the private landowner with forested land. In California we have many more small landowners than we do large corporate companies that manage timberlands. Yet many of the small owners, with 40 acres and so on, do not carefully manage these timberlands in the most productive way possible. This bill provides incentive for the small forest landowners in the United States to better manage their lands, and to put them into production.

The small forest landholders own a majority of the forest land in the United States, and yet they produce less commercial timber per acre than either the U.S. Forest Service lands or industry timber lands. However, the potential growth on these privately owned lands is tremendous. In the West, softwood timber—conifers—is usually harvested for the lumber and plywood markets. Hardwoods have had no market outlet in the past. We have many, many acres of hardwoods growing on the land, and they are ready for use.

When softwood is harvested, the less desirable hardwoods grow back and compete with the conifers. Forest lands have to be sprayed to actually kill the hardwoods so that the conifers can grow in their place. At this time we face serious problems with the controversy over the use of the herbicides to control the growth of hardwoods. Perhaps the incentives in this bill for the production of hardwoods for energy will help solve the problem of herbicide use.

This legislation provides for the involvement of the private sector in several ways. There are incentives for the small forest landowners to get involved in the production of timber for fuel in the form of loans, loan guarantees and matching grants. A special emphasis will be made for wood energy projects and a certain percentage of the loans will be set aside for on-farm and small-scale commercial projects. The bill authorizes money for the establishment of fuelwood concentration and distribution centers, and also for the establishment of four agricultural biomass energy centers. It will also provide for the Secretary to set up a workshop and information program. The bill would also authorize loans for projects that use energy derived from renewable resources or that increase conservation for projects on privately owned farms, for rural industrial projects, and to rural electric cooperatives.

Although I have been consistently supportive of synthetic fuels, the recent emphasis placed on this program should in no way dim the great potential we hold with renewable alternative sources of energy. The public needs to be informed of the tremendous benefit of smaller scale utilization of these alternative sources such as fuel from grain and wood, and to be given incentives to make the best use of such commodities. We should not fool ourselves that there is a one-shot answer to our energy situation. It will take input from every available source to regain control of our energy future.

Solar energy seems to be the most popular and perhaps most glamorous alternate currently discussed. I believe that extensive research with solar power should continue. Its potential for meeting long-range energy needs is inexhaustible. but far from being realized at this point. While solar energy appears to be a very promising alternative. we must remember there is substantial cost involved and many technological barriers to overcome in capturing solar energy.

This bill I am cosponsoring will encourage the production of agriculture and forest plant material as alternative energy fuels. These raw materials are presently the most efficient converters of solar energy to usable energy forms. Sometimes in our rush to develop exotic new technologies. we tend to overlook those that have been successful in the past. Forest and agricultural products have always been a major contributor to man's energy needs. Today. we can combine the use of these traditional fuels with existing modern technology to greatly reduce our dependence on fossil fuels.

This bill. the Agricultural, Forestry, and Rural Energy Act of 1979. would designate the Department of Agriculture as the lead Federal agency for the development and production of alternative fuels from agricultural commodities and forest products. It would provide for research extension and conservation activities for agricultural, forestry, and rural energy.

The goals of this program are to have a 50-percent reduction in petroleum and natural gas use by rural residents and communities by the year 2000. This would be achieved by the Secretary of Agriculture, who would coordinate with other Federal agencies to assess our agricultural, forestry, and rural energy needs and resources. He would have the overall responsibility to develop this program for rural energy production, use, and conservation.

I urge the full support of this bill by all who are truly interested in an early solution to our energy problems.

● Mr. PRYOR. Mr. President, I am pleased to join with my distinguished chairman, Senator TALMADGE, and with other members of the Senate Agriculture Committee in sponsoring S. 1775, the Agricultural, Forestry, and Rural Energy Act of 1979. I heartily endorse the concept of utilizing the tremendous energy resources of the agricultural and forestry industries in meeting the energy needs of rural America. The bill establishes a goal of reducing the usage of fossil fuels by rural residents and communities by 50 percent. Achievement of this goal would be a milestone in reducing our country's dependence on Arab oil.

I support the bill's emphasis on small-scale production of alternate fuels from agricultural and forest products. Using existing technologies, these energy resources can be used for on-farm and small commercial applications. As we carefully consider very expensive large scale synthetic fuel facilities, this bill offers an efficient energy program which we can implement immediately.

The funding for applied research and rural energy extension work evidences a commitment to explore new technologies in forestry and agricultural biomass energy utilization. The Extension Service is an excellent delivery system and I support the use of this tool to assure the flow of information to the small timberland and farmland owner.

This legislation marks a commitment to utilize more fully the great agricultural and forest resources as we seek to move toward self-sufficiency in energy.●

● Mr. NUNN. Mr. President, I rise to commend my friend and colleague Senator TALMADGE, chairman of the Senate Committee on Agriculture, Nutrition and Forestry, upon his introduction of the Agriculture, Forestry and Rural Energy Act of 1979. This excellent piece of legislation characteristically reflects the studied analytical approach to national issues which has been the hallmark of HERMAN TALMADGE's 23-year Senate career.

I believe this is one of the most significant and promising measures thus far proposed to deal with the Nation's energy crisis. There are many exotic energy alternatives which are on the drawing boards and which hold great potential for the future. But this bill concerns itself with something we can do now, and that's what makes the Talmadge proposal so attractive. The most practical solution in the short term to the energy problem and the one which is in the best long-term interest to this Nation is to be found in the development of renewable resources. I agree with the approach taken by Senator TALMADGE. If we are serious about becoming energy independent in this country, then we must proceed vigorously with the large scale development of energy from renewable forest and farm resources. I join Senator TALMADGE in urging the highest priority be given this bill by our colleagues.

The past 18 months have been particularly difficult and painful for the senior Senator from Georgia—he would be the first to admit that—but those of us who have worked closely with him know that the vigor, the dedication, the intensity, and the intelligence that HERMAN TALMADGE has consistently brought to the major problems facing the Nation have never slackened.

For example, during the past year, he has made a significant imprint on a diverse list of major legislation.

In the field of health care, he and RUSSELL LONG have worked together closely—LONG as chairman of the Finance Committee and TALMADGE as chairman of the Health Subcommittee—to provide catastrophic health insurance for families and individuals whose savings and incomes are placed in jeopardy by lingering diseases. This legislation is long overdue.

We have also seen his impact on legislation advocating fiscal responsibility in Government spending. Long before budget cutting became the vogue, HERMAN TALMADGE was advocating a balanced Federal budget as the best way to control inflation and curb runaway Federal spending. Support continues to grow in the Congress for his constitutional amendment which would require a balanced Federal budget, except in times of national emergency. As the ranking member of the Finance Committee, he has demonstrated many times that he is one of the most knowledgeable men in the United States today on economic matters, and one who takes seriously his commitment to fiscal responsibility.

Mr. President, HERMAN TALMADGE has never relaxed his efforts to curb the regulators and has continually insisted the Congress come to grips with its responsibility in the regulatory process. The Talmadge rule, adopted by the Senate, requires the Senate committees to file regulatory impact statements with every new piece of legislation they report. While it may not be the only way to curb excessive Federal regulations, the Talmadge rule is designed at least to stop the problem at its source—the Congress.

Of course, in agriculture, the record of his leadership is well known to the Senate. The Agriculture. Forestry, and Rural Energy Act of 1979, which he has introduced today. is another milestone in a long tradition of legislation designed to benefit rural America and ultimately the entire Nation. Indeed, by latest count. Senator TALMADGE has sponsored or cosponsored more than 40 major laws dealing with agriculture, forestry, feeding. and nutrition programs. His leadership has been especially noteworthy in recent months. On Monday of last week. the Senate passed. by a vote of 64 to 27. an expanded Federal crop insurance program. cosponsored by my colleague. to extend protection against loss by weather and other natural causes to producers of all major agricultural commodities in all counties of the Nation.

Earlier in this session, legislation handled by his committee prevented an across the board reduction in food stamp benefits and increased those benefits to needy elderly and disabled persons who have been hit cruelly by inflationary increases in health care and housing costs. That same bill also provided new machinery for cracking down on food stamp fraud perpetrated by those not deserving the benefits of the program—an area of continuing concern to Senator TALMADGE.

The senior Senator from Georgia was also instrumental earlier this summer in the handling of the multinational trade agreement. This agreement, which Congress overwhelmingly approved before the August recess, is expected to boost U.S. agricultural exports by $500 million a year.

The activities and accomplishments of the Senate Committee on Agriculture, under Senator TALMADGE's leadership, were even more impressive during the last Congress. The list of landmark bills bearing Senator TALMADGE's imprint that became law during the 95th Congress include:

The Food and Energy Act of 1977;

The Emergency Agricultural Act of 1978;

The Agricultural Credit Act of 1978; and

The Agriculture Trade Act of 1978.

Taken together, this body of new legislation brought about the most profound changes and improvements in the Nation's farm programs and policies that have occurred since the 1930's.

The list goes on and on. Suffice it to say that there is not a single sector of American agriculture that has not benefited from legislation that my colleague helped to enact.

There is not a farmer or rancher in this country whose life and livelihood have not been touched in some way by this champion of American agriculture.

But there is one other area of Senator TALMADGE's activities that deserve a special tribute. That is his unstinting support of the school lunch program and other child feeding programs.

During his 23 years in the Senate, Senator TALMADGE has helped to develop and pass perhaps a dozen major school lunch bills. One of the most significant, however, was the National School Lunch Act of 1970. This bill modernized the school lunch program, gave it a national status, provided adequate funding, and provided the foundation for what is generally acknowledged to be one of the most valuable domestic programs of the U.S. Government.

Thanks, in large part, to the efforts of Senator TALMADGE, some 26 million American children today enjoy the benefits of the school lunch program. For many children, the daily hot lunch they get at school is the best, most nutritious and sometimes the only meal they receive.

Members of the Senate and, indeed, every citizen of this Nation owe a great debt of gratitude to the distinguished chairman of the Agriculture Committee. HERMAN TALMADGE finds himself at center stage in an era in which our agricultural capacity to produce food, fiber—and, yes, energy—has become as important to America's future as our industrial capacity and our ability to wage war. Frankly, his is a great responsibility, and I am glad that we have a man of his demonstrated dedication and ability chairing this vital committee.

Let me take this opportunity to express to you, Senator TALMADGE, on behalf of all your friends in Georgia and throughout the country, our deep admiration for you and appreciation for your leadership and service.●

● Mr. BAYH. Mr. President, it is a pleasure for me to join today in introducing the Agriculture, Forestry and Rural Energy Act of 1979 along with Senator TALMADGE, the distinguished chairman of the Senate Agriculture, Nutrition, and Forestry Committee, and Senator MCGOVERN, ranking member of the committee and fellow member of the National Alcohol Fuels Commission. Several committees of the Senate are in the process of drafting legislation to increase domestic energy production and stimulate energy savings through conservation. By introducing this measure today, we hope to address the special energy needs of our rural communities and to tap the resources they can offer us in our quest for greater energy independence.

Mr. President, the Nation has been through a trying year and our rural communities have been acutely affected by soaring energy prices and disruption of supplies. Over and over again, I hear one message from rural Hoosiers: they want a secure supply of fuel to run their farms and tractors, one which is not subject to the whims of foreign governments or the control of the major, multinational oil companies. They want to control their own destiny. And they think they have a partial answer to our nagging energy problems: tapping the abundant, renewable resources, with which our country is so blessed, to create new sources of energy for all Americans.

This is a novel idea, Mr. President, making our Nation's farmers into producers of fuel as well as producers of food and fiber. Yet, I submit it is one of the most exciting and refreshing concepts to be debated in this Chamber for a long, long time. And, after several years of missionary work by some of us, and persistence on the part of the American farmer, the concept is gaining legitimacy and acceptance among policymakers—who have lagged far behind the public in grasping the opportunities that exist in our rural communities—but are beginning to think in new ways.

In this age of high technology and large, centralized energy systems, it has been difficult for some of our "energy specialists" to recognize the practicality, feasibility, and attractiveness of diverse, community-based energy facilities, fed by America's abundant agricultural and forestry commodities and wastes. Yet, to anyone who grew up on a farm, Mr. President, and has witnessed the vast changes, increased productivity, and marvels of science and engineering that have transformed our agricultural sector, the idea of developing new energy crops, farm equipment for harvesting them efficiently, and technology for converting agricultural products and wastes into energy, is entirely plausible and extremely attractive.

Mr. President, it is clear to most of us that there is not going to be one answer to our energy problems, and that future supplies will come from a number of diverse sources. We need to start thinking in new ways and aggressively pursue all of our options. I am convinced that energy from our forests and farmlands can make a major contribution to our future energy mix and go far toward insulating our rural communities from the disruptions we have experienced on almost an annual basis in the 1970's. In fact, Mr. President, I can well imagine a time when both urban and rural communities can approach energy self-sufficiency, using locally available resources to produce energy and by-products suitable for local needs.

In my own State right now, I am working with a number of different individuals, companies, and utilities to study the feasibility of a variety of energy facilities aimed at this goal. One facility would convert municipal waste, whose disposal is now a problem and expense, into methane, to meet local user's needs for secure gas supplies. Others would convert a variety of Hoosier agricultural products and wastes into alcohols and other hydrocarbons usable by farmers and industry in Indiana. Still others would convert high sulfur Indiana coal into gas, a clean fuel. And, finally, 32 Hoosier farmers have been granted permits by the Bureau of Alcohol, Tobacco, and Firearms to produce alcohol for their own use on their farms, while 29 others have applied for such permits.

Each of these projects has the potential for using local resources to meet peculiar community needs. At the same time, each can boost our Hoosier economy by putting more miners to work, providing extra income for Indiana farmers, relieving a major city of its waste disposal problems and providing secure energy supplies at stable prices for a variety of energy consumers.

To me, Mr. President, there is enormous appeal to this regional approach to energy production. At a time when American people have lost confidence in their future, because energy supplies—the lifeblood of our society—are controlled by foreigners and large multinational corporations, the prospect of energy production at the local level is doubly attractive. If successful, it will permit our citizens to regain control over their own lives and fortunes. It will provide farmers, co-ops, local institutions, and small businesses with a new arena for their talents and energies. And it will give local communities the ability to make decisions about how to develop local resources and solve local problems.

Mr. President, the legislation we are introducing today concentrates on energy production in our rural communities. It recognizes that fuels from biomass can make a contribution now; that the feedstocks to produce them are available in meaningful quantities in every region of the Nation; and that these fuels are the only immediate means of making a dent in our oil imports, or substituting for petroleum products in case of sudden cutoff of foreign oil supplies. While corn has received the most attention as a feedstock for alcohol fuels, there are a wide variety of commodities that can be converted into liquid fuels usable in automobiles, tractors, and utility peaking units right now.

Ethanol can be produced from such diverse sources as corn, wheat, milo, sweet sorghum, sugarbeets, potatoes, algae, distressed crops and crop residues, as well as numerous other "energy crops" that our plant geneticists could develop if given the go-ahead. Methanol can be produced from forestry products, crop residues and wood wastes. The list is growing daily. And, on the horizon, is use of a large number of diverse and inexpensive cellulosic wastes as feedstocks—such as cornstalks, pulp and bagasse from sugar mills, sawmill wastes and small limbs and tree branches, and industrial wastes and trash. Biomass can also be converted into gaseous fuels, substitutable for natural or synthetic gas.

Mr. President, American taxpayers are shelling out upwards of $10 billion to farmers not to grow crops, an irritant to city people and farmers alike. Putting idle land to use by growing energy crops on setaside acreage and marginal lands can help solve our energy problems and give a boost to depressed rural economies and economically strapped farmers all over this Nation. Using agricultural and wood wastes, as well as waste streams in food processing facilities, can supplement rural incomes and create opportunities out of what are now problems.

Mr. President, utilization of fuels from biomass is currently constrained by limited production capacity. Their development reflects the same chicken and egg dilemma evident for most alternative fuel sources today—difficulty in securing capital for investment in production facilities and limited expertise in producing and distributing the fuel.

The bill we are introducing today addresses several areas where a concerted effort is likely to pay off almost immediately in rural energy production and increased efficiencies: financial assistance to those who would like to produce energy from agricultural and forestry commodities; technical assistance to potential producers and users of biomass fuels; and community based, applied research and demonstration programs to develop and test out new technology.

Briefly, the bill would establish an Agriculture, Forestry, and Rural Energy Board within the Department of Agriculture to analyze rural energy needs and resources and develop a renewable resources energy production and conservation program for rural communities aimed at reducing consumption of fossil fuels in rural communities by 50 percent over the next 20 years. The Board would oversee a number of programs of demonstrated need: direct grants, loans and loan guarantees for on-farm and commercial energy production; outreach, information and technical assistance programs based in rural communities for the benefit of potential producers and users; demonstration programs for promising, energy efficient processes; and applied research programs that can quickly be adopted for use by rural residents, businesses, co-ops, and local governments. It would build on the existing system of agricultural extension services and draw on the talent located at our land grant colleges as well as our community and junior colleges, and technical and vocational educational institutions.

Mr. President, this legislation is an action-oriented program. It proceeds on several tracks at the same time, making assistance available to a diverse group of potential producers and users and applied researchers. It is responsive to the needs expressed to me by hundreds of farmers and small businessmen, entrepreneurs, and scientists who have invested a good deal of time and thought to this subject and are directly involved in the movement to produce energy from our farmlands and forests.

I commend our committee chairman, Mr. TALMADGE, for making this legislation a top priority of the Senate Agriculture Committee and am grateful by his intention to schedule it for early consideration. I look forward to working with the committee and the rest of my colleagues in addressing this important issue.●

● Mr. STENNIS. Mr. President, I am pleased to join the distinguished Senator from Georgia (Mr. TALMADGE) and others in sponsoring the Agricultural, Forestry, and Rural Energy Act of 1979. The passage of this bill would be a very important step in our drive for energy independence and I highly commend the Senator from Georgia for his informed and timely interest in this important matter.

As the Senator from Georgia has explained, the bill would require the Secretary of Agriculture to implement, within the Department of Agriculture, an agricultural, forestry, and rural energy production, utilization, and conservation program. The goal would be to assist the United States in achieving energy independence for agricultural and forestry production, processing, and marketing, and a 50-percent reduction in the petroleum and natural gas used by rural residents and communities. It would establish the research, extension, demonstration, and grant programs necessary for the effective implementation of the program and require that the Secretary of Agriculture coordinate these programs.

Mr. President, I believe that we must actively pursue and develop all possible alternatives for petroleum products as a source of energy. For example, I have previously announced my support for a large scale program directed at the development and production of synthetic fuels. However, I believe that it is essential that all programs and measures that will lend encouragement to research into and development and production of alternate fuels be fully explored. The extent and gravity of the energy crisis confronting this country today demands that we leave no stone unturned in our quest for alternative sources of energy.

I share the view of the Senator from Georgia that biomass, or the production of fuels from wood, grain and other products of field and forest, is one of the avenues which must be explored. The production of alternate fuels from agricultural and forestry products offers practical and relatively inexpensive ways of reducing our dependence on foreign oil. The technology for the efficient production of such fuels from wood, grain, and other biomass materials is already substantially developed and is ready for application on the farm and in small commercial activities.

Mr. President, the State of Mississippi has an abundance of agricultural and forestry products which could be used and useful in a biomass development and production program. Despite our rapid progress in other areas, agriculture still remains the backbone of our economy. Therefore, if this bill is passed, as I hope it will be, I would anticipate that my State would play a significant part in the programs which it would provide. We are already very deeply involved in research and experimentation in agriculture and forestry and participation in the biomass program would be a natural and easy step for us to take. This would enable Mississippi to make a further contribution toward solving the energy problem and, at the same time, by providing new and increased use of and markets for products of the field and forest, it would contribute significantly to the economic development as well as industrial expansion and thus would result in added employment opportunities and increased income.

Mr. President, this is a very important and significant bill. I hope that action on it will be expedited so that we can send it to the President for his signature just as soon as possible.●

By Mr. TOWER:

S. 1776. A bill to impose quantitative restrictions on the importation of lamb meat; to the Committee on Finance.

LAMB MEAT QUOTA ACT OF 1979

● Mr. TOWER. Mr. President, I am today introducing legislation that is very important to the well-being of our sheep industry in the United States. Since lamb is now the major product of the American sheep industry, there is much concern that foreign imports have a dramatic effect on the domestic lamb pricing structure.

I am proposing legislation to impose quantitative restrictions on the importation of lamb meat. Over the past several years, the domestic sheep industry has suffered a steady decline in sheep herds. Numbers have declined from 50 million head in 1950 to 11.7 million head in 1978. While the decline has been partly due to inflationary costs and to predation of live sheep and lamb, imports of foreign product, while relatively low, have impeded the ability of the American producer to market his product at a fair price. Import of foreign lamb has jumped from 12.3 million pounds in 1967 to 36 million pounds in 1978, compared to 500,000 pounds of mutton.

Another very serious problem looms on the horizon, and that is that the importation of fresh chilled lamb does not have to be quality graded. Most stores sell only

U.S. choice—USDA quality grade—lamb. However, the imported lamb of unknown quality is being sold right alongside of our fresh product. There exists some question that the imported fresh chilled product may not really be lamb. Before a domestic product can be graded "lamb," the break-joint must break. Lamb have a nonmovable joint above the knee that will break until the animal reaches maturity. This is supervised by a USDA grader at the slaughter facility. The Australians remove the leg above the break-joint so it is impossible to determine the age by this method. I am concerned that the American consumer is not being afforded the opportunity to know if they are selecting an unlabeled imported product or the quality graded fresh domestic lamb product.

Mr. President, the legislation that I am introducing today was recently introduced in the House of Representatives by the Honorable TOM LOEFFLER as H.R. 5127. The legislation will correct the oversight created when this important commodity was omitted from current meat import restrictions by providing a modest limit on the quantity of lamb meat which may enter the United States during any year. This legislation will provide for both the consumer and the producer of lamb by assuring an adequate supply of domestic lamb meat at a fair price while maintaining the stability of our international lamb trade.

In summary, this Lamb Import Act will set total lamb imports in any given year not to exceed either 10 percent of the domestic slaughter of the previous year or 24.5 million pounds—10 percent of 1978 domestic slaughter—whichever is smaller. In order to assure constant supply, the total amount of imported lamb may not be more than one-twelfth of the yearly quota per calendar month. The bill also authorizes the Secretary of the Treasury to provide for the labeling of all imported lamb meat, to the best extent possible.●

By Mr. DOLE:

S. 1777. A bill to amend title 10, United States Code, to authorize reserve enlisted members of the Army and the Air Force to retire with 20 years of service; to the Committee on Armed Services.

EQUITABLE MILITARY RETIREMENT PROVISIONS

● Mr. DOLE. Mr. President, today I am introducing a bill which would serve to correct an inequity in the military retirement system, as appears in the United States Code. title 10. My bill would allow Reserve enlisted members of the Air Force and the Army to retire with an immediate retirement annuity upon completion of 20 years of active duty service. This bill was introduced in the House of Representatives in the 95th Congress and was passed overwhelmingly. Unfortunately, however, the bill was never addressed in the Senate, due to time limitations.

Title 10 of the United States Code provides for retirement eligibility with an immediate annuity after completion of 20 years of active service for Regular and Reserve officers of all services. This includes Regular and Reserve enlisted personnel of the Navy and Marine Corps and Regular enlisted personnel of the Army and the Air Force. However, Army and Air Force Reserve enlisted personnel are authorized retirement pay only at 60 years of age, even though they have completed 20 years of active service.

A RECENT PROBLEM

Until recently this did not pose a problem because the majority of Army and Air Force enlisted personnel who served past their initial enlistment are members of the regular component. However, since 1971 and the coming of the All Volunteer Force, both the Army and the Air Force have enlisted members with prior service and experience to serve a reserve tour for the purpose of performing a special requirement, such as a recruiting position. Many of these individuals had served in World War II and/or Korea, had accumulated considerable active duty service, 14 to 16 years, and, in many cases, were highly decorated. These individuals were not recalled to active duty in the regular component because the Reserve terms were generally shorter and because their specific skills were not needed, at the time, by the Air Force or the Army on a long-term basis. However, as the Reserve recruiting shortages worsened, many were asked to extend their original tours.

In reviewing the history, it appears that the Army and the Air Force Reserve enlisted personnel were not singled out for exclusion of these retirement provisions. Rather, this inequity came about because circumstances for bringing enlisted members on active duty for extended periods has changed. Whether intentional or not, however, the fact still remains that there exists an inequity that needs to be addressed and resolved. When the conditions of service are the same, there should be similar or comparable treatment of members with regard to their service commitment. I do not see how any of my colleagues could dispute this point. It is especially important in today's volunteer environment that members perceive they are entitled to similar and equitable treatment.

With this in mind, I am requesting, through this bill, that enlisted members of the Army and the Air Force who served on active duty for at least 20 years of service be afforded the same treatment and benefits as their counterparts in the other branches of the Armed Forces. While this may not seem like a very crucial issue to some, to those whom this inequity directly affects, it is, understandably, a crucial point. My bill would address this unequal situation by removing specific reference to "regular" enlisted member in the sections of law authorizing retirement benefits. I call upon my colleagues in the Senate to address this inequity and vote for passage of this bill.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1777

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3914 of title 10, United States Code, is amended to read as follows:

"§ 3914. Twenty to thirty years: enlisted members.

"Under regulations to be prescribed by the Secretary of the Army, an enlisted member of the Army who has at least 20, but less than 30, years of service computed under section 3925 of this title may, upon his request, be retired. A regular enlisted member then becomes a Reserve of the Army. A member retired under this section shall perform such active duty as may be prescribed under law, until his service computed under section 3925 of this title plus his inactive service as a Reserve of the Army equals 30 years."

(b) Section 3925 of title 10, United States Code, relating to the computation of years of service of enlisted members of the Army in determining eligibility for voluntary retirement, is amended—

(1) by striking out "a regular" in subsection (a) and inserting in lieu thereof "an", and

(2) by striking out "regular" in the section heading.

(c) The items relating to sections 3914 and 3925 in the table of sections at the beginning of chapter 367 of title 10, United States Code, are amended by striking out "regular".

SEC. 2. (a) Section 8914 of title 10, United States Code, is amended to read as follows:

"§ 8914. Twenty to thirty years: enlisted members.

"Under regulations to be prescribed by the Secretary of the Air Force, an enlisted member of the Air Force who has at least 20, but less than 30, years of service computed under section 8925 of this title may, upon his request, be retired. A regular enlisted member then becomes a Reserve of the Air Force. A member retired under this section shall perform such active duty as may be prescribed under law, until his service computed under section 8925 of this title, plus his inactive service as a Reserve of the Air Force, equals 30 years."

(b) Section 8925 of title 10, United States Code, relating to the computation of years of service of enlisted members of the Air Force in determining eligibility for voluntary retirement, is amended—

(1) by striking out "a regular" in subsection (a) and inserting in lieu thereof "an"; and

(2) by striking out "regular" in the section heading.

(c) The items relating to section 8914 and 8925 in the table of sections at the beginning of chapter 867 of title 10, United States Code, are amended by striking out "regular".

SEC. 3. The amendments made by this Act shall apply with respect to retired pay payable for months beginning after September 30, 1979, or the date of the enactment of this Act, whichever is later.●

By Mr. BENTSEN:

S. 1778. A bill to limit State severance taxes on energy resources produced from certain Federal lands; to the Committee on Energy and Natural Resources.

● Mr. BENTSEN. Mr. President, the United States owns the world's richest deposits of coal, even richer than the petroleum resources of Saudi Arabia and the entire Middle East. Yet despite our abundant coal resources, each year our Nation slides deeper and deeper into a state of dependence on unreliable energy supplies. Coal production has been stagnated by a quagmire of obstructive State, Federal, and local laws and regulations. Counterproductive Government rules have made coal more difficult to burn and more expensive to produce, purchase, and transport. We have reached the ridiculous situation where it is more convenient and less expensive for utilities in Texas and Florida to purchase imported coal from Poland and Australia.

Much of our Nation's coal reserves, approximately 60 percent, are located on land owned by the Federal Government. Yet, the use of coal from these public lands has been constrained in recent years by a trend in some States to impose extreme and unjustifiable severance taxes on coal extraction. The State of Montana—which accounts for one-quarter of our national coal deposits—has increased its coal severance tax to a phenomenal 30 percent. Another State, Wyoming, has imposed a 17-percent severance tax on Federal coal. Tax rates such as these on coal production from Federal lands amount to little more than unabashed exploitation of national resources and the American energy consumer. Unless we act now to impose Federal limitation on energy severance taxes, it is likely that other States will give way to the temptation to follow in the path of Montana and Wyoming.

I have no quarrel with the concept of State severance taxes on mineral extraction, so long as the taxes are equitable and impose no unreasonable burden on consumers in other States. The industrial operations associated with mineral extraction can place significant demands on State and local services. Severance taxes are an important source of revenues to help compensate a State for the strains placed on its infrastructure.

However, the outrageous taxes in Montana and Wyoming have no realistic connection to the costs of services they provide. In fact, these States already receive significant assistance from the Federal Government to compensate them for the economic impact of coal mining on public lands. Under the Mineral Leasing Act as amended, 50 percent of all Federal royalties from coal are rebated directly to the States as impact assistance. An additional 40 percent of these royalties are placed in a reclamation fund which is used primarily to support water projects in Western States. Finally, State governments receive financial assistance under title VI of the Fuel Use Act of 1978 to ease the impact of mining activities.

Clearly something must be done to put an end to what I believe is flagrant abuse by some States of taxes on Federal mineral production. Today I am introducing legislation which will establish a ceiling rate of 12.5 percent on State severance taxation of energy resources produced from Federal leases and from leases located on Indian lands.

States could exceed the ceiling rate only if they demonstrate that higher tax levels are "fairly related" to the costs of services they provide in connection with the extraction of these minerals from Federal lands. In this way, States would still be permitted to defray the costs of infrastructure and services they provide to support mining activities, without garnering excessive revenues at consumers' expense.

Texas has already accepted such a limitation on severance taxes on natural gas sold out of State. Furthermore, the proposed windfall tax will impose future restraints on crude oil severance taxes.

These energy resources—coal, oil, natural gas, and oil shale—are a national treasure belonging to all the American people. We must not have a domestic OPEC. This legislation will guarantee the future availability of essential energy sources free of confiscatory and unjustifiable taxes. Furthermore, it will help pave the way for greater domestic coal production and reduce reliance on petroleum imports.●

ADDITIONAL COSPONSORS

S. 76

At the request of Mr. STONE, the Senator from Tennessee (Mr. SASSER) and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of S. 76, a bill to amend title XVII of the Social Security Act to authorize payment under medicare for certain services performed by chiropractors.

S. 79

At the request of Mr. HELMS, the Senator from Kansas (Mr. DOLE) and the Senator from North Carolina (Mr. MORGAN) were added as cosponsors of S. 79, a bill to amend the Internal Revenue Code of 1954 to reinstate the nonbusiness deduction for State and local taxes on gasoline and other motor fuels.

S. 219

At the request of Mr. PACKWOOD, the Senator from Texas (Mr. TOWER) was added as a cosponsor of S. 219, a bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions.

S. 506

At the request of Mr. BAYH, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 506, the Fair Housing amendments.

S. 565

At the request of Mr. INOUYE, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. 656, a bill to amend titles XVIII and XIX of the Social Security Act to provide for inclusion of services rendered by a certified nurse-midwife under the medicare and medicaid programs.

S. 959

At the request of Mr. JACKSON, the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 959, a bill to amend section 6(e)(2) of the Land and Water Conservation Fund Act of 1965, as amended.

S. 1200

At the request of Mr. BAYH, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 1200, the Alcohol Fuels Regulatory Simplification Act.

S. 1215

At the request of Mr. SCHMITT, the Senator from Tennessee (Mr. BAKER) was added as a cosponsor of S. 1215, the Science and Technology Research and Development Utilization Policy Act.

S. 1383

At the request of Mr. MELCHER, the Senator from Florida (Mr. STONE) and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of S. 1383, the Fuel Energy Conservation Act of 1979.

S. 1433

At the request of Mr. PACKWOOD, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 1433, a bill to improve the safety certification procedure used by the Federal Aviation Administration for passenger airplanes.

S. 1553

At the request of Mr. EAGLETON, the Senator from Michigan (Mr. LEVIN) and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of S. 1553, the Urban Grant University Act of 1980.

S. 1630

At the request of Mr. INOUYE, the Senator from Texas (Mr. TOWER), the Senator from Connecticut (Mr. WEICKER), and the Senator from Nevada (Mr. CANNON) were added as cosponsors of S. 1630, a bill to amend the Internal Revenue Code of 1954 to provide for the designation of income tax payments to the United States Olympic Development Fund.

S. 1647

At the request of Mr. INOUYE, the Senator form Montana (Mr. MELCHER), the Senator from Alaska (Mr. GRAVEL), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Washington (Mr. JACKSON) were added as cosponsors of S. 1647, a bill to establish a commission to gather facts to determine whether any wrong was committed against those American citizens and permanent resident aliens affected by Executive Order 9066, and for other purposes.

S. 1680

At the request of Mr. HATCH, the Senator from New Hampshire (Mr. HUMPHREY) was added as a cosponsor of S. 1680, the Western Lands Distribution and Regional Equalization Act of 1979.

S. 1725

At the request of Mr. NELSON, the Senator from Vermont (Mr. STAFFORD), the Senator from Montana (Mr. MELCHER), and the Senator from New Hampshire (Mr. DURKIN) were added as cosponsors of S. 1725, a bill to amend the Economic Opportunity Act to establish a comprehensive energy conservation services program designed to enable low-income and near-poor individuals and families to participate in energy assistance programs.

SENATE JOINT RESOLUTION 12

At the request of Mr. HELMS, the Senator from New Hampshire (Mr. HUMPHREY) was added as a cosponsor of Senate Joint Resolution 12, proposing an amendment to the Constitution to protect the right to life.

SENATE JOINT RESOLUTION 97

At the request of Mr. DANFORTH, the Senator from Tennessee (Mr. SASSER) was added as a cosponsor of Senate Joint Resolution 97, designating April 13 through April 19 as "Days of Remembrance of Victims of the Holocaust."

AMENDMENT NO. 212

At the request of Mr. SCHMITT, the Senator from New Mexico (Mr. DOMENICI) and the Senator from Delaware (Mr. ROTH) were added as cosponsors of amendment No. 212 intended to be proposed to S. 1020, the Federal Trade Commission Authorization bill.

SENATE RESOLUTION 238—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON RULES AND ADMINISTRATION

Mr. PELL, from the Committee on Rules and Administration, reported the following original resolution:

S. RES. 238

Resolved, That the Committee on Rules and Administration is authorized to expend from the contingent fund of the Senate, during the Ninety-sixth Congress, $50,000 in addition to the amount, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act of 1946.

SENATE RESOLUTION 239—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. PELL, from the Committee on Rules and Administration, reported the following original resolution:

S. RES. 239

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Mollie P. Livingston, mother of Robert L. Livingston, an employee of the Senate at the time of his death, a sum equal to two months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 240—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. HART, from the Committee on Armed Services, reported the following original resolution, which was referred to the Committee on the Budget:

S. RES. 240

Resolved, that pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of H.R. 3354, a bill to authorize appropriations for fiscal year 1980 for the Department of Energy for the conservation, exploration, development, and use of the naval petroleum and oil shale reserves.

Such a waiver is necessary because section 402(a) of the Congressional Budget Act of 1974 provides that it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

It was impossible for the Committee on Armed Services to properly review and give adequate consideration to H.R. 3354 before the May 15, 1979, deadline due to the press of other priority legislation, namely S. 428 the annual military procurement authorization bill; and S. 1319 the military construction authorization bill.

For the foregoing reasons, pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to H.R. 3354 as reported by the Committee on Armed Services.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY REGULATION

● Mr. JOHNSTON. Mr. President, the Subcommittee on Energy Regulation of the Committee on Energy and Natural Resources wishes to announce that the date of the hearing previously scheduled for Tuesday, October 2, 1979 on S. 1684, the Domestic Refinery Development and Improvement Act of 1979, has been changed to Monday, October 15, 1979, to commence at 9:30 a.m., in room 3110 of the Dirksen Senate Office Building.

Questions about these hearings should be directed to Benjamin S. Cooper or James T. Bruce of the subcommittee staff at 224–9894.●

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

● Mr. EAGLETON. Mr. President, the Subcommittee on Governmental Efficiency and the District of Columbia will hold a hearing on H.R. 3951 and S. 828, the Metrorail authorization legislation on Friday, September 28, 1979, in room 3302, Dirksen Senate Office Building, at 9:30 a.m. It is expected that the hearing will continue into the afternoon. Witnesses will include Members of Congress; the Department of Transportation; representatives of the affected jurisdictions and the Washington Metropolitan Area Transit Authority. Any questions about the hearing should be directed to Ira Shapiro or Peggy Crenshaw of the subcommittee staff at 224–4161.●

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON RULES AND ADMINISTRATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate today to consider regulations pursuant to Senate Resolution 170 regarding documentation of Senators' office account expenditures.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Energy and Natural Resources Committee be authorized to meet during the session of the Senate today to consider the Energy Mobilization Board legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate today to consider S. 1186, the Defense Officer Personnel Management Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

REJECT SALT NOW

● Mr. GOLDWATER. Mr. President, of all the stories that have appeared in the daily press on the subject of the SALT II treaty, I believe one of the very best was one in the Wall Street Journal entitled "Reject SALT Now." The Journal correctly sees SALT as an implement which would ratify Soviet gains in central weapons systems and ratify the vacillating foreign policy record of the Carter administration.

I ask that the Wall Street Journal article be printed in the RECORD.

The article follows:

[From the Wall Street Journal, Sept. 11, 1979]

REJECT SALT NOW

The discovery of Soviet troops in Cuba suddenly threatens to become the straw that breaks the back of the strategic arms treaty. Yet the only surprising thing is that anyone should be surprised. Didn't everyone know that the Soviet Union is engaged in a worldwide geopolitical offensive under the umbrella of its massive military build-up? And isn't it equally clear that the debate over whether or not the U.S. will acquiesce to this imperial drive?

As the debate proceeds, both voters and and their representatives are gradually awakening to the realities of our situation. The Cuban issue, and before it the Kissinger-Nunn position of linking support for the treaty to defense budget increases, have been useful steps in the educational process. As debate proceeds further, more people will recognize that the strategic arms negotiations are not incidental to the tipping military and political balance, but instrumental to it.

The treaty as it stands would ratify Soviet gains in central weapons systems. It would also ratify the vacillating foreign policy record of the Carter administration; after all the administration itself bills the treaty as the centerpiece of its foreign policy. Above all, the treaty would stand in the way of future U.S. efforts to rectify the military balance. Rejecting it would be the clearest first step toward reversing the recent adverse trends. All of this is implicit in much of the recent discussion, and it is time the so-far timid critics grasped the nettle and called for a clear and unambiguous rejection.

It is first of all vital to recognize the enormity of the Soviet arms drive. As Henry S. Rowen details nearby, the Soviets are now outspending us by 45 percent on defense, and by 100 percent in military investment. This increasing Soviet power is before our eyes translating itself into greater boldness and greater political influence throughout the world. Cuba of course strikes close to home, but the threat to the Middle Eastern oil lines is even more significant.

We do of course have the option of accepting a Soviet imperium. It is hard to imagine us failing to retain enough power to make it inconvenient for them to land troops on Long Beach or Long Island. But with the Soviets already sending muscle men around our airports and tapping our phone calls, it is not so hard to imagine the U.S. evolving into a big Finland; there would still be elections, but the Soviets would have a practical veto over certain nominees. Our allies would suffer more. The result would be a worldwide erosion, already so evident in the plight of the Indochinese boat people, of those values for which Western civilization has stood: the idea of progress, economic growth, personal freedom, individual liberty.

The other option is to offset the Soviet arms drive with a military buildup of our own. Senator Nunn's proposed 4 percent to 5 percent real growth in spending, borrowed from a politicized Joint Chiefs, is a creditable start for the next fiscal year. But it will not close the gap. A realistic estimate would be that we need additional military spending of about 1 percent of GNP, moving over a few years from the current 5 percent to about 6 percent. This would still not bring us to Soviet spending levels, but it would make their ambitions for superiority expensive enough to stress their economic system. At that point, they might even become willing to talk about serious arms control.

It is no accident that the unparalleled Soviet military gains coincide with the era of arms negotiation. There is of course no treaty with a clause saying the U.S. can spend only so much on defense and the Soviets can spend 45 percent more. But the dynamics of the process—the attempt to reach a treaty more than the ultimate provisions—have curtailed American military programs There is no more cogent statement of this than the melancholy testimony of Henry Kissinger reprinted alongside. Note well that Mr. Kissinger concludes that on the record the arms control process has restrained the U.S. without restraining the Soviet Union.

This result cannot be overcome simply by a tougher stance in the future, even if by some superhuman effort we could overcome the problems that arise when an open political system negotiates with a closed one. For we are left with provisions that limit U.S. technologies in ways that make them uneconomic to pursue. SALT-I killed the U.S. anti-missile program in precisely this way, and SALT-II threatens both the mobile ICBM and the cruise missile.

It is said that while the SALT-II provisions do not curb the Soviet arms drive, neither do they stop anything the Carter administration wants to build. This is far from clear, witness the reprinted remarks from Soviet Defense Minister Ustinov; obviously the Soviets believe the treaty outlaws the administration's MX missile because of professed difficulties in verifying how many are deployed.

It is said that there will be no renewal of the three-year protocol limiting ground and sea-launched cruise missiles to ranges of 600 kilometers—far less than the new Soviet SS-20 missile already threatening our European allies. Even SALT proponents concede these restrictions are so one-sided they cannot be accepted permanently. But at the very least, the protocol precedent, like the MX verification problem, creates huge bargaining chips for the Soviets. If SALT-III is to ignore the protocol precedent and ratify the MX, what else will we have to give up?

And if all this is laid aside, the fact remains that the Carter administration's plans do not call for a gap-closing effort. Lay aside, too, any of the predictable political effects on future efforts; in congressional budget committees the prospect of SALT-III is already being used to argue against new programs. Even if all this is overcome, SALT-II forecloses options that would be of extreme interest to any future administration interested in closing the gap. For example, it precludes cruise missiles based on short takeoff-and-landing aircraft as an answer to the SS-20 in the European theater.

The real logic of the Nunn-Kissinger requests for more spending is precisely to demonstrate that a gap-closing effort can be mounted within the provisions of SALT. It is up to the administration to demonstrate this by coming up with real programs. So far the administration offers nothing except an offset to inflation to maintain its original plans. This leaves room for a few billion in concessions later, and perhaps the administration can come up with cosmetic concessions on the troops in Cuba. This would test whether Mr. Kissinger and Senator Nunn and Senator Church have the courage of their convictions.

For arms control retains a diffuse popularity. In a nuclear era it is in fact an idea that cannot be permanently abandoned. But witnessing the negotiations over the past decade, real arms control can come only in a new military and political context, when the U.S. has reestablished its determination to avoid one-sided agreements. Many of the timid critics recognize this, but are unwilling to risk the unpopularity of saying so. So they say that we may have to cut off the current SALT talks, but never today, always tomorrow.

Mr. Kissinger, for example, wants the Senate to review Soviet behavior to see whether the negotiations need to be stopped. But in the past few years, Soviet-backed Marxist governments have taken over seven nations. How many would Mr. Kissinger allow before acting? Eight? Ten? Twenty?

Similarly, former UN Ambassador Moynihan, who obviously understands the dynamics, want to stop SALT if the Soviets demonstrate they are not interested in real reductions. They have already, repeatedly and brutally, demonstrated that they are interested in no such thing.

Similarly again with the protocol. The only way we can avoid its renewal is simply to refuse, to scuttle the talks. If that is to be the ultimate outcome three years hence, why wait?

In fact, there will never be an easier time than now. With the Carter administration's clear record on foreign policy, and with a new election pending, there will never be an easier time to signal the need for change. With the Soviets so clearly on the march, there will never be an easier time to demonstrate linkage. With the treaty ratifying the Soviet building plans, there will never be an easier time to send the message that arms control means reductions. With the treaty not yet ratified, there will never be an easier time to insure that the protocol provisions do not become permanent.

There will never be an easier time to start a real national debate on meeting the Soviet challenge, perhaps to put arms control on a more solid future footing, and certainly to insure that we are not bullied and intimidated for the rest of this generation. This requires a sustained effort, and cannot be done with one stroke, but has to start sometime. The clearest, most meaningful and most essential starting place is the Strategic Arms Treaty. Between the clear opponents and the timid critics there are more than enough votes to reject the treaty and do it now; the Senators need only summon the courage to draw the obvious conclusion of their logic.●

NEW NUCLEAR PLANTS WOULD PASS VOTER TEST IN ROCKY MOUNTAIN STATES

● Mr. GOLDWATER. Mr. President, the fastest growing industrial section of the whole United States, namely, the Far West and Southwest, realize that without nuclear power there can be no further advancement in that part of our country. I am very happy to see the results of a poll taken by a very reputable organization, the Rocky Mountain poll, which shows the feelings for and against in the States of which I am speaking, the West where the country is really growing. I would hope that the example of the West and, mind you, we enjoy living as much as anyone else, might serve well to the rest of the country as they are faced with the question of whether they are going to have new electrical sources or just forget about the whole thing and go back to the days of the horse and buggy, steam and no advancement. I ask that the particular part of the poll which pertains to the eight Rocky Mountain States be printed in the RECORD.

The excerpt follows:

NEW NUCLEAR PLANTS WOULD PASS VOTER TEST IN ROCKY MOUNTAIN STATES

[EDITORS NOTE.]—This Rocky Mountain Poll (79 III) is based on 1012 telephone interviews conducted with adult heads of household in the eight Rocky Mountain states. Inteviewing was completed in mid-July. The margin of error for this simple random sample is estimated to be 3.14 per cent at a .95 confidence interval. For information, contact: Earl de Berge, (602) 258-4554.]

Had residents in the eight Rocky Mountain states voted in July on whether or not to permit construction of a new nuclear power plant in their state, a majority in each state would have voted to allow construction to proceed. "In some states such as Arizona, Idaho, Utah and Wyoming, the vote would have been lopsided in favor of construction," observed Earl de Berge, Research Director for the Behavior Research Center, which conducts the independent and nonpartisan Rocky Mountain Poll. "On the other hand, a more closely divided public was found in Colorado, Montana, Nevada and New Mexico," he said.

"If a new nuclear power plant were proposed for your state, would you vote for or against allowing construction to begin?"

In percent]

	For	Against	Ratio of "For" to "Against"
Region	57	29	1.9
Arizona	59	27	2.2
Colorado	54	31	1.7
Idaho	68	21	3.2
Missouri	55	38	1.4
Nevada	54	39	1.3
New Mexico	53	36	1.5
Utah	55	19	2.8
Wyoming	61	26	2.3

In a related question—whether or not the Three Mile Island Nuclear Plant accident is an adequate or inadequate justification for shutting down all nuclear plants in the United States, opinion in the region remains basically unchanged since April. Thus, 72 per cent said the accident is inadequate justification while 20 per cent perceive it as an adequate justification.

"Is the accident adequate or inadequate justification for closing down all nuclear plants in the United States?"

[In percent]

	July 1979	April 1979
Adequate	20	16
Inadequate	72	77
Not sure	8	7

●

PROPOSED ARMS SALES

Mr. CHURCH. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the eight notifications I have just received. A portion of one notification, which is classified information, has been deleted for publication, but is available to Senators in the office of the Foreign Relations Committee, Room S-116 in the Capitol.

The material follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 6, 1979.
In reply refer to: I-6071/79ct.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 79-64, concerning the Department of the Air Force's proposed Letter of Offer to Israel for defense articles and services estimated to cost $29.2 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

Attachments.

TRANSMITTAL No. 79-64

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act.

(i) Prospective purchaser: Israel.

(ii) Total estimated value Major Defense Equipment*, $28.2 million; Other, $1.0 million; Total, $29.2 million.

(iii) Description of articles or services offered: Six hundred (600) MAVERICK missiles with support equipment.

(iv) Military Department: Air Force (AFK).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Date report delivered to Congress: September 6, 1979.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 6, 1979.
In reply refer to:
I-7477/79.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover Transmittal No. 79-67, concerning the Department of the Navy's proposed Letter of Offer to the United Kingdom for defense articles and services estimated to cost $70.0 million.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

Separate cover: Transmittal No. 79-67, Policy Justification.

TRANSMITTAL No. 79-67

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act.

(i) Prospective purchaser: United Kingdom.

(ii) Total estimated value: Major Defense Equipment*, $0.0; Other, $70.0 million; Total, $70.0 million.

(iii) Description of articles or services offered: [Deleted].

(iv) Military Department: Navy (LBF).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Date report delivered to Congress: September 6, 1979.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 6, 1979.
In reply refer to: I-4833/79ct.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 79-68, concerning the Department of the Army's proposed Letter of Offer to Kuwait for defense articles and services estimated to cost $96.2 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

TRANSMITTAL No. 79-68

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act.

(i) Prospective purchaser: Kuwait.

(ii) Total estimated value: Major Defense Equipment*, $4.5 million; other, $91.7 million; total, $96.2 million.

(iii) Description of articles or services offered: Thirty two (32) Improved Hawk air defense missiles; containers, and telemetry kits; AN/TPS-32 Missile Minder radar modification kits, and spare parts, related support equipment, and program management, training, and technical assistance for two years.

(iv) Military department: Army (UFG, UFH).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Date report delivered to Congress: September 6, 1979.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 6, 1979.
In reply refer to: I-4853/79ct.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 79-69, concerning the Department of the Army's proposed Letter of Offer to Spain for defense articles and services estimated to cost $33.7 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

Attachments.

TRANSMITTAL No. 79-69

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act.

(i) Prospective purchaser: Spain.

(ii) Total estimated value: Major Defense Equipment,* $32.6 million; Other, $1.1 million; Total, $33.7 million.

(iii) Description of articles or services offered: Two hundred four (204) M113A2 armored personnel carriers (eight equipped as field ambulances), thirty six (36) M125A2 mortar carriers, and eight (8) M577A2 command post carriers.

(iv) Military department: Army (VAY).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Date report delivered to Congress: September 6, 1979.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., Sept. 6, 1979.
In reply refer to: I-5945/79ct.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 79-70, concerning the Department of the Army's proposed Letter of Offer to Lebanon for defense articles and services estimated to cost $13.9 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

Attachments.

TRANSMITTAL No. 79-70

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act.

(i) Prospective purchaser: Lebanon.

(ii) Total estimated value: Major Defense Equipment*, $13.5 million; Other, $0.4 million; Total, $13.9 million.

(iii) Description of articles or services offered: Sixty-nine (69) M113A2 armored personnel carriers, twenty-seven (27) M125A2 mortar carriers, and eight (8) M577A2 command post carriers.

(iv) Military Department: Army (UNA).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Date report delivered to Congress: September 6, 1979.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 6, 1979.
In reply refer to I-5970/79 ct.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 79-71, concerning the Department of the Army's proposed Letter of Offer to Malaysia for defense articles and services estimated to cost $8.3 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

Attachments.

TRANSMITTAL No. 79-71

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act.

(i) Prospective purchaser: Malaysia.

(ii) Total estimated value: Major Defense Equipment,* $7.3 million; Other, 1.0 million; Total, $8.3 million.

(iii) Description of articles or services offered: One million, three hundred thirty-four thousand, eight hundred eighty (1,334,880) rounds of 40mm high explosive ammunition.

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*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iv) Military department: Army (UGR).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Date report delivered to Congress: September 6, 1979.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 6, 1979.
In reply refer to: I-5987/79ct.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 79-72, concerning the Department of the Army's proposed Letter of Offer to Saudi Arabia for defense articles and services estimated to cost $44.3 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,
ERNEST GRAVES,
Lieutenant General, USA, Director.
Attachments.

TRANSMITTAL NO. 79-72

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Control Act.

(i) Prospective Purchaser: Saudi Arabia.

(ii) Total Estimated Value: Major Defense Equipment,* $21.1 million; other, $23.2 million; total, $44.3 million.

(iii) Description of Articles or Services Offered: One hundred seventy-two (172) Dragon anti-tank trackers, four thousand two hundred ninety-two (4,292) Dragon anti-tank missiles, and related training and maintenance equipment.

(iv) Military Department: Army (VAA).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: September 6, 1979.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 6, 1979.
In reply refer to: I-4622/79ct.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 79-75, concerning the Department of the Navy's proposed Letter of Offer to Israel for defense articles and services estimated to cost $40.0 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,
ERNEST GRAVES,
Lieutenant General, USA, Director.
Attachments.

TRANSMITTAL NO. 79-75

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act.

(i) Prospective purchaser: Israel.

(ii) Total estimated value: Major Defense Equipment,* $36.0 million; Other, 4.0 million; Total, $40.0 million.

(iii) Description of articles or services offered: Six hundred (600) SIDEWINDER (AIM-9L) missiles with support equipment and services.

(iv) Military department: Navy (AMM).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Date report delivered to Congress: September 6, 1979.

THE MEXICO CONNECTION

● Mr. DECONCINI. Mr. President, as my colleagues know, I am keenly interested in the many problems associated with illicit narcotics in the United States. My own experiences as a prosecutor suggest that narcotics provides a major (if not the major) source of revenue for organized crime. My experience further suggests that we are becoming complacent about both the narcotics problem and the organized crime problem. I strongly believe that this is the major social issue facing the American people. But before we can take effective action, we need an educated public; a public that understands the menace.

In that respect, I would like to pay tribute to an exceptional piece of reporting in the Arizona Republic. On July 22, they ran an indepth analysis of the drug problem with respect to Mexico and the United States entitled, "The Mexico Connection." Because the article is so excellent and so comprehensive, I believe it should be shared with my colleagues and with other persons interested in this problem. Therefore, I ask, Mr. President, that it be printed in the RECORD.

The article follows:

MEXICO CONNECTION IS MAJOR SUPPLY ROUTE FOR HEROIN TRAFFIC COMING INTO UNITED STATES

Mexico's major export to the United States is a deadly brown powder called heroin.

It is in demand in every state and its consumers steal and kill to get it.

Long a haven for U.S. organized-crime figures, Mexico has been converted methodically into the major source of supply for mobs peddling narcotics in this country.

For at least a dozen years, criminal organizations in the United States have been forging connections with groups in Mexico.

The key reason for emergence of Mexico as a theater of operations for organized-crime figures can be summarized in one word: heroin.

Reductions in the traditional flow of heroin from Turkey to the United States via Marseille, France, in 1972 quickly converted Mexico from a minor source of the narcotic to the major one.

Organized-crime figures in the United States lost no time in staking out their claims to a piece of the illicit action. Existing Mexican narcotics organizations were scrutinized by the U.S. syndicates, who gradually forged links with them.

The operations were conducted in low-key fashion, designed to attract little attention from Mexican officials or the Mexican public, and were characterized by mobility and flexibility, federal authorities say.

Some Mexican trafficking groups, anxious to maximize their profits, formed their own networks in the United States, taking advantage of the insatiable demand for their wares.

The cost of heroin addiction in the United States is incalculable. To the toll in human suffering must be added the massive expenditure on law enforcement and corrections, plus the burden imposed by increased welfare and unemployment costs.

Most addicts don't begin to earn enough money to support their habits. Based on a conservative figure of $50 a day, it would cost the nation's estimated 450,000 addicts more than $22 million daily for heroin.

That $22 million is taken several times over in burglaries and thefts, since those who fence stolen goods pay only a fraction of the legitimate market value.

Arizona's estimated 22,000 heroin addicts are a major factor in the state's consistently high ranking in national statistics for crimes against property, such as thefts and burglars, law enforcement authorities concede.

At $50 a day, Arizona addicts would spend $1.1 million daily—or $400 million a year—on heroin. That compares with the annual Phoenix city budget of $345 million.

The Chicago syndicate has long-standing influence in Mexico, a relationship dating from the days when Sam Giancana, deceased former head of the syndicate, resided in Cuernavaca, Morelos, for several years. Giancana was shot to death in 1975 in the basement of his suburban Chicago home.

Among that syndicate's prominent heroin go-betweens was Arden Lee Smith, a former burglar who estimated he dispatched a half-ton of heroin across the border from his opulent Mazatlan, Sinaloa, home before he was imprisoned at Arizona State Prison in 1977. Law enforcement authorities say the heroin went to syndicate figures such as Tony Spilotro and Frank Pedote.

Other Chicago figures involved in heroin trafficking have included Joseph LoPiccolo, who authorities say has ties to Joseph Bonanno Sr. of Tucson; and Theodore Lawler, who now is facing bank robbery charges.

But the Mexico Connection with Chicago hasn't been limited to those with Italian surnames. Some of the largest trafficking organizations are Mexican groups.

The Herrera organization, which authorities estimate includes about 1,000 persons, is composed of Mexicans from its point of origin in the state of Durango through its major delivery point in Chicago.

The organization suffered a minor setback when its leader, Jaime Herrera, was arrested recently in Mexico, but sources both in Mexico and the United States say he still is able to exert control.

Authorities say there are two other Mexican-controlled organizations bringing narcotics into Chicago that approach the size of the Herrera group.

California is well-represented in the Mexico Connection, with figures from the San Francisco Bay area south through San Diego. They include the Giannoni brothers, Ronald and Emile, a pair of San Francisco narcotics and arms traffickers linked to the Cerrito group of San Jose, law enforcement officials say.

In Los Angeles, the Mexico Connection includes Edward Zuber, who law enforcement agents know is involved in importing heroin and cocaine. Zuber's associates have included syndicate heavyweights Meyer Lansky, recognized as the Mafia's financial wizard, and Florida Mafia figure Santos Trafficante.

Narcotics authorities identify Salvatore Pisello of Los Angeles as a narcotics dealer linked to the Gambino family of New York.

Among U.S. organized-crime figures with ties to Mexico is New Orleans mob boss Carlos Marcello, whose territory includes parts of Texas as well as Louisiana. Among the Texas mobsters for whom Marcello has called the shots, federal authorities say, is Frank Zambito, a U.S. fugitive believed to have a residence in Tampico, Tamaulipas. Zambito has been involved heavily in narcotics trafficking, authorities say.

Trafficante, from his base in Tampa, Fla., appears to determine mob policy for the southeastern United States in concert with Marcello. Federal spokesman say Trafficante, like Marcello, has dealt heavily in narcotics.

Other Florida figures in the Mexico Connection, authorities say, are Sam Cagnina, a federal fugitive sought on conspiracy charges, and Lansky.

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*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

Lansky, who has associated with both Marcello and Trafficante, was observed at a meeting of top organized-crime figures in Acapulco, Guerrero, in 1970. Trafficante and Lansky were in operations together in Havana before Fidel Castro took over Cuba. Today, federal authorities say, they have gambling and other interests at several points in the Caribbean.

Of the five traditional New York families, federal sources name the Gambina, Luchese and Bonanno organizations as most active in the Mexico Connection.

The Gambino family has had the largest contingent. Members of the family with links to Mexico have included Charles Alaimo, Vincent Beltempo, Edward Lino and Joseph Stassi. Other New York traffickers in the Mexico Connection have been Joseph DiPalermo, Paul Oddo and Guido Penosi.

The Cotroni organization of Montreal, which played a major role in establishing the French Connection from Marseille through Montreal in the days when Turkey was still the main supplier of heroin to the United States, also made its connection with Mexico, authorities say. The organization brought the white heroin through Mexico City with the aid of Italian nationals living in that city.

Federal officials in New York say the pendulum has swung in the past year from heavy use of brown heroin back to white. The source now is Southeast Asia.

A leading narcotics official in New York, the capital of heroin use in the United States, said brown heroin was unknown in New York until about 1974. In 1975–76, he said, the heroin coming into the city was almost exclusively brown, with white heroin showing up again in 1977. Now the white heroin accounts for much more of the total than the brown.

U.S. Drug Enforcement Administration authorities say that, despite the scope of the problem, heroin is declining in the United States. In addition, they say a smaller proportion of it is coming from Mexico than did three years ago, when 90 percent of the heroin coming into the United States was from that source.

Authorities say the figure is now about 56 percent.

Law enforcement figures say they are plagued in their efforts to put the major traffickers behind bars by the fact that the longer they traffic, the smarter they get about insulating themselves from situations that could lead to their prosecution.

In addition, prosecutors say, the wheels of justice grind sufficiently slowly in this country that it is not uncommon for major offenders to be out on bond for three years before exhausting their avenue of appeal.

Every major U.S. mobster has his counterpart in Mexico.

Among the major Mexican traffickers are:

Manuel Salcido-Uzueta, a violence-prone heroin trafficker from the historic narcotics heartland of Sinaloa. A federal fugitive in Mexico, Salcido spends most of his time in the Sierra Madre, where he maintains an extensive organization.

Salvador Chavez-Najera, a major supplier of heroin in the Southwest, whose imprisonment in Tijuana, Baja California, has failed to curb his trafficking organization, according to narcotics authorities.

Gil Caro-Rodriguez, a veteran of 10 years of heroin and marijuana trafficking whose network of contacts includes members in Guadalajara, Jalisco, and Tucson.

Enrique Diaz-Garcia, who heads an organization centered in Durango state which, like the Herrera group, handles the heroin from the poppy fields directly through to the marketplace in Chicago.

Jose Teran-Torres, who has been a federal fugitive in Mexico for five years. Narcotics authorities say he handles multikilo lots of heroin and ton-loads of marijuana.

Jorge Favela-Escobosa, one of the old guard from the Culiacan, Sinaloa, area. Favela's organization traffics heroin and cocaine in the United States through the Tijuana, Baja California, area, authorities say.

Alberto Sicilia-Falcon, a trafficker of Cuban descent who authorities say has been able to continue operating his large-scale trafficking organization despite his imprisonment in Mexico City for three years.

Miguel Angel Felix-Gallardo, considered the major mover of cocaine through Mexico to the United States. Authorities say he has contacts in the San Diego area.

The traffic in fugitives goes both ways. One of the largest movers of heroin from northern Mexico is now a fugitive from that country and living in Arizona.

He is Jose Luis Contreras-Subias, who has taken up residence in Tucson. Convicted of narcotics conspiracy charges, he is awaiting retrial stemming from a ruling that narcotics agents suppressed evidence.

Laws Proving of Minor Consequence in Slowing Key Narcotics Traffickers

Take the case of John Gordon Sabari.

Arrested a dozen times in the past 20 years for alleged forgery, robbery and narcotics offenses, Sabari, 40, was profiled as a major Mexican-heroin trafficker in a section on organized crime published by *The Arizona Republic* in June 1978.

Six months before that publication, drug peddling charges against him were dismissed because two government witnesses failed to testify. Sabari today remains in business as big as ever, dealing Mexican brown heroin to the black community along West Buckeye Road and to the West Coast, law enforcement authorities say.

The same situation is true for longtime Sabari associate Freddie McWilliams, also known as "Bubba" and "Blue," authorities say.

Like Sabari, McWilliams, 38, escaped prosecution 17 months ago when government witnesses declined to testify. McWilliams, a former state middleweight boxing champion, has a record of burglary and narcotics arrests dating back 20 years.

McWilliams continues to deal Mexican heroin, police say. Traces of the narcotic were found on McWilliams during a recent search, but no charges were brought against him.

Law enforcement officials at various levels say the list of Mexican-brown peddlers to Arizona's estimated 22,000 heroin addicts goes on. And many major peddlers have hoary criminal records in the state:

Jose Calderon, a major dealer to the Phoenix Mexican-American population, is out and dealing, narcotics authorities say. Calderon has a record of violent and narcotics-related criminal activity spanning nearly 30 years.

Shorty Gomez is out and dealing. "Shorty" is Gilbert Mata Gomez, 41, who was sentenced in 1975 to 10 years in prison for heroin distribution. Gomez also deals primarily to the Valley's substantial Mexican-American population. He has been a source of supply for former Tolleson Mayor Albert Seledon, who also was sentenced to 10 years in prison for distributing heroin. Seledon also is back and dealing, narcotics authorities say.

Abe Saiz, out and dealing. Saiz, 44, has a 20-year record of arrests for alleged burglary, robbery and narcotics dealing and continues to peddle heroin, police say. Again, his customers are primarily in the Mexican-American community.

In Tucson the pattern is the same:

Henry Duarte Yanez, sentenced two years ago to 15 years in prison for conspiracy to distribute heroin, remains out on appeal. Yanez, 37, continues to deal in Mexican brown, authorities say.

Another longtime heroin dealer to Tucson who continues to be active, narcotics authorities say, is Hector Mar Wong, a Nogales, Sonora, restaurateur.

Wong recently was sentenced to six months in prison and fined $9,000 for six violations of firearms laws in this country. Ordered by a federal judge to post a $25,000 appeal bond and to remain in the United States, Wong skipped to Mexico and returned to narcotics trafficking, sources say.

However, narcotics sources say the major heroin dealer in Tucson is a relative newcomer to the scene.

In contrast to Wong, who fled to Mexico to evade U.S. authorities, that dealer, Jose Luis Contreras- Subias, 33, fled to the United States to escape Mexican authorities.

Contreras-Subias, also known as Leonardo Subias-Gonzales, is a Mexican national who has taken up residence in Tucson.

Contreras-Subias has a reputation as a "wild man," law enforcement authorities say. He is alleged to have killed three persons and kidnapped a federal prosecutor in Mexico, where he is wanted on narcotics and homicide charges.

He similarly has failed to show a high regard for the law on this side of the border.

Pima County grand-jury indictments charging Contreras-Subias with armed robbery and kidnapping were dropped last year when a key witness against him declined to testify.

Contreras-Subias last year was convicted in federal court on narcotics-conspiracy charges and sentenced to 10 years in prison. He was accused of plotting to smuggle 12 tons of marijuana and 200 pounds of cocaine into the United States from Panama.

A new trial is pending on the charges after a federal court ruling that narcotics agents had suppressed evidence that might have led to acquittal.

A favorite photograph of Contreras-Subias has him posed in a Nogales brothel with the handle of an automatic pistol protruding from his belt.

"He came out of nowhere in the past three or four years," one source said. He described Contreras-Subias as a violent individual who "rules by intimidation" and who has henchmen to back up his bravado.

Tucson authorities say he may be extradited to Mexico to face charges there after prosecution is completed in this country.

Contreras-Subias seems a "worthy" successor to a major supplier to Arizona and the United States who 10 months ago was halted at mid-career by the Mexican Federal Judicial Police.

That supplier was Pedro Aviles-Perez, who was killed in a gunbattle near Culiacan by the Mexican police. When he died, Aviles-Perez was considered the No. 2 narcotics trafficker in Mexico, a step behind Jaime Herrera-Nevarez and his organization in Durango state.

Manuel Samaniego-Meraz, a longtime narcotics supplier to Arizona from the border area, remains active, narcotics authorities say. Samaniego-Meraz perhaps was best known to Arizona law-enforcement personnel for the sophistication of his electronic equipment.

"He had better radio equipment than we did," one narcotics officer lamented.

Most major Arizona heroin traffickers are well-known to law enforcement authorities, but successfully prosecuting them is another matter, officials say.

They note that the longer a suspect deals narcotics, the more canny he becomes at insulating himself.

Mike Hawkins, U.S. attorney for Arizona, said another difficulty confronting law enforcement personnel is that it takes three years for a defendant in an ordinary case to exhaust appeal procedures, and all the while the defendant likely is out on the street.

Hawkins said one tool prosecutors plan to use to a greater degree is the Continuing Criminal Enterprise statute, which provides for lifetime parole for major narcotics offenders.

ARIZONA

John Gordon Sabari

Pursuing a career he embarked on more than 10 years ago, Sabari continues to peddle heroin in Phoenix, primarily to blacks in the areas of West Buckeye Road and East Broadway Road, narcotics authorities say.

Sabari, 41, has been arrested a dozen times since 1956 for offenses including forgery, burglary and narcotics dealing.

Narcotics charges were dismissed against him last year after two government witnesses declined to testify.

Associates include Abedon Saiz and Freddie McWilliams.

Fred D. McWilliams

Like close associate John Gordon Sabari, McWilliams was a safe burglar who progressed into narcotics trafficking.

McWilliams, 38, was arrested 14 times for burglary between 1959 and 1969.

He was arrested in 1977 in a massive roundup of major narcotics traffickers by the Federal Drug Enforcement Administration, but charges were dropped when government witnesses declined to testify.

McWilliams deals primarily in the West Buckeye Road area, authorities say.

Jose Angel Calderon

Calderon, 56, has a record of narcotics and other criminal activity covering a quarter century.

He served six months in prison on a narcotics violation in 1954. In 1956 he was sentenced to three years to life in prison for rape and robbery.

He pleaded guilty in 1976 to a cocaine charge and was sentenced to a year in prison.

Calderon deals primarily with the large Mexican-American population in Phoenix, authorities say.

Abedon Saiz

Saiz, 44, has a criminal record in the Phoenix area dating back about 20 years. Offenses show the usual pattern of burglary, robbery and narcotics.

Like many other major narcotics traffickers in the state, Saiz proved much harder to convict than to arrest.

On two occasions, charges were dismissed after key witnesses declined to testify. One of them was found in a shallow grave.

Law enforcement authorities say Saiz uses a core of lieutenants to peddle narcotics primarily to the Mexican American community.

Henry Durate Yanez

Though sentenced two years ago to 15 years in prison for conspiracy to distribute heroin, Yanez remains free on appeal.

Narcotics authorities say Yanez, 37, of Tucson hasn't allowed his pending sentence to deter his narcotics trafficking activities.

Yanez was identified by narcotics authorities as the central figure in a ring shipping heroin to Phoenix and to the San Francisco area.

Jose Luis Contreras-Subias

Contreras-Subias, 33, is an example of a type more prevalent in Mexico than the U.S.: the wild man as heroin trafficker.

Wanted on narcotics and homicide charges in Mexico, where he is alleged to have kidnaped a federal prosecutor and killed three persons, he moved his theater of operations in Tucson.

Charges of armed robbery and kidnaping lodged against him in Tucson were dismissed after a key witness declined to testify. He is currently facing a retrial on narcotics conspiracy charges in Tucson.

MEXICO MAZE—MANY OPIUM-POPPY FIELDS ARE DESTROYED, BUT TRAFFICKERS ARE HARDER TARGET

MEXICO CITY.—Trying to get a handle on heroin trafficking in Mexico is like wandering in one of the labyrinths that are a favorite theme of Latin American authors.

It is an exercise in sorting substance from shadow truth from falsehood, really from appearance.

Some facts seem agreed upon by all, Mexican officials and observers in the United States. There seems no disputing the fact, for example, that an eradication campaign against opium-poppy fields has been quite successful.

Other claims do not jibe as well. Mexican officials contend, for example, that they have run out of business most Mexican traffickers of any stature who were operating a couple of years ago.

Yet reporters for The Arizona Republic found that many major traffickers in Mexico have been fugitives for years, despite that in good macho form, most parade about with armed retinues. The term "skulk" is not known to them.

Further, reporters received reports of prisoners continuing to deal in narcotics during their confinement.

For some, the term "confinement" seemed a misnomer. Jaime Herrera, leading candidate for the title of Mexico's top heroin trafficker, is released nightly from his prison cell, a reliable source revealed.

Another source, long familiar with the narcotics scene in Mexico, put it this way: "They are serious in the eradication program; they're not serious as far as people (major offenders) go."

In gathering information concerning heroin trafficking in Mexico, reporters interviewed Mexico's two top federal officials in narcotics control: Samuel Alba-Leyva, deputy attorney general in charge of narcotics control, and Gen. Raul Mendiolea Cerecero, head of the Mexican Federal Judicial Police. The agencies are the equivalent of the U.S. Drug Enforcement Administration and the FBI.

Asked about the eradication program during an interview in his office in the federal law-enforcement building in downtown Mexico City, Alba-Leyva cordially provided statistics indicating that crops in 70,000 poppy fields were eradicated from November 1976 through November 1978, and an additional 16,752 fields from December 1978 through May 1979.

The statistics indicated that the size of the "fields" may be shrinking. The average area of the 47,063 fields destroyed from November 1976 through November 1977 was 1,984 square meters, or roughly a half-acre. The 23,484 fields destroyed between December 1977 through November 1978 averaged 775 square meters. Finally, the 16,752 fields destroyed from December 1978 through May 1979 averaged 387 square meters, of about one-tenth an acre.

The government eradication program has driven many growers from the traditional growing area along the Sierra Madre Occidental in Sinaloa and adjacent states to new, equally remote sites in the southern states of Chiapas, Hidalgo and Vera Cruz.

Alba-Leyva moved from the subject of poppy eradication to that of stopping major traffickers, about which he talked equally enthusiastically.

Of the 15 major traffickers of two years ago, 11 are in jail, two are dead, and two are fugitives, he told reporters. Asked their names, he mentioned those of Roberto Beltran-Felix, Jorge Favels and Jaime Herrera as being in jail. He cited Pedro Aviles as among those dead. The remainder of the names, he couldn't recall.

"The people financing the operations two years ago are no longer operating," he said.

Of a group of major traffickers studied by *The Republic*, more than one-third were fugitives. The average length of time they had been fugitives was three years, and two had been fugitives for more than five years.

Success against the traffickers has not come cheaply, he noted. He said 15 federal police have been killed during the past two years—two of them two weeks before the interview.

When the interview concluded, he broadly ushered the reporters out. It was well past 9 p.m. as he returned to his office and work.

Meeting Mendiolea was another matter. Reporters were summoned one morning to his office in the same building as Alba-Leyva's only to find themselves quizzed by a lieutenant who, after listening to their reasons for wanting to interview the general, told them they would have to call later.

The general was on a mission south of Mexico City, the lieutenant said. The reporters later learned he was there keeping abreast of an investigation into the slayings of two of his agents.

One morning toward the end of their stay in Mexico City, the reporters got a call at their hotel several miles from the downtown federal offices.

If you wish to see the general, be at the office in 20 minutes, they were told. Prompted by a promise of extra pesos, the cabdriver knifed through the legendary Mexico City traffic, getting to the federal building in time.

After a wait of more than an hour, reporters were escorted into Mendiolea's office. The general, a short, stocky, balding septagenarian, was seated behind a massive desk resting on a polished parquet floor.

Eleven phones of various colors stood on a table behind him. The desk was stacked with papers, and an aide held their corners as Mendiolea signed them.

The general's approach was different from the attorney general's. He didn't offer a handshake or a seat. He demanded credentials. He didn't grant an interview as much as he expounded during interludes between his official duties.

He said there is tremendous cooperation between his office and the Drug Enforcement Administration. He talked of the thousands of fields of marijuana and opium poppies that have been destroyed during the eradication campaign. He talked about major traffickers who have been driven out of business.

The manner of delivery was different from Alba-Leyva's, but the message was the same: Cooperation between the United States and Mexico is great; the eradication campaign has been successful; major traffickers are falling like cordwood.

Much of what the general and the deputy attorney general say is confirmed by U.S. narcotics authorities.

U.S. authorities say the proportion of heroin derived from the traditional growing area, in the Sierra Madre Occidental in Sinaloa and adjacent states has dropped markedly, from about 65 percent to 40 percent.

The curb in poppy growing has reduced violence in Cullacan, a city of 170,000 in the heart of the traditional growing area. Narcotics authorities say in 1977 there were 500 homicides in Cullacan—one for every 340 residents. Many deaths resulted from shootouts on major thoroughfares.

"It's still kind of a base—there's a lot of contacts to be made there," an observer said of Cullacan.

But the growing areas have shifted significantly.

The breakdown now, authorities say, is roughly 40 percent in the Sierra Madre Occidental, 10 percent in the Sierra Madre del Sur in Michoacan and Guerrero, 40 percent in the jungles of Chiapas, 7 percent in the state of Hidalgo and 3 percent in the state of Vera Cruz.

Operations centers also seem to be shifting, authorities say. Much of the traffic now seems to flow through Guadalajara, which is beginning to take the limelight from better-known centers such as Cullacan and Durango.

The opium poppies are grown in areas that are incredibly remote, accessible only on foot or by air.

One hectare, about 2½ acres, can produce enough opium gum to make a kilogram, or 2.2 pounds, of crude heroin.

For that 2.2 pounds, a farmer can get $4,500.

"A couple hundred grams (a half-pound) brings a fair piece of change," a source noted. "Up in the hills, a few hundred dollars is a fortune."

When it is time to score the opium bulbs and extract the gum—a process that must be accomplished in about two days—many women and children help.

How can these farmers (called "gomeros," from "goma," the Spanish term for gum) be involved in the harvest of such a lethal crop?

"You're talking about people who grew up in a log cabin," one law enforcement official remarked. "They don't know what a city looks like. They have no education.

"It's not that they're immoral. The aspect of morality doesn't enter into it. It has no meaning to them. There is no point of reference."

Major trafficking organizations often establish agreements with gomeros in a specific area. Sometimes the organization will supply seed, irrigation hoses and protection from theft.

From the gomeros the gum moves to the wholesalers, the next step in the hierarchy, who must transport the gum to laboratories for processing.

Laboratories in Mexico are not to be compared with those that existed in Marseille. In Mexico, a lab often consists of a series of pots and pans. The labs generally are operated by chemistry students.

The process takes about three days. The lab operator gets a fixed fee for processing a kilo of heroin.

Despite the crudeness when the process is completed, the heroin jumps in worth to $40,000 to $80,000 per kilo.

Moving the heroin to the U.S. border area is comparatively easy. It moves by train, car, bus, aircraft and sometimes by boat across the Gulf of California.

The price at the border depends on whether U.S. or Mexican traffickers move it across. Some U.S. traffickers, interested in maximum profits, arrange to bring it across themselves. Others don't want to take the risk, and pay a premium for the extra transportation.

A popular gambit is to use female couriers, dividing large amounts of heroin among them, although some traffickers prefer to construct elaborate traps in cars and other vehicles to smuggle larger amounts.

It is here that one again confronts the labyrinthine picture posed by Mexican trafficking. Claims by Mexican officials that the bulk of major traffickers have been shackled skew off contentions by U.S. observers that at least 100 persons in Mexico head organizations capable of supplying multikilo loads of heroin to the United States.

Mafia Is Smearing Mexican Brown From Harlem To Long Island

New York.—One-third of the nation's heroin addicts spend their lives in this urban archipelago, from the denizens of Harlem's Lenox Avenue to middle-class junkies in Long Island suburbs.

Heroin hits hardest at the city's minorities. Of New York's approximately 150,000 addicts, about 44 percent are black and 24 percent are Latin, federal narcotics authorities say.

In the narcotics realm, New York is best known as the receiving end of the "French Connection," made infamous by the book and movie of that name.

But much of the heroin making its way to the nation's largest market has in recent years been Mexican brown, which at times has accounted for 90 percent of the total.

Authorities say now it accounts for about 20 percent, the remainder coming from Asia.

The French Connection was forged by the Mafia, which inherited the narcotics traffic from Jewish dealers. In the 1940s and '50s, the traffic was dominated by the city's five Mafia families: those of Joseph Bonanno, Carlo Gambino, Vito Genovese, Thomas Lucchese and Joseph Profaci.

It was the Bonanno family, with its solid connections to the Cotroni organization in Montreal, that was most heavily involved in the French Connection. Bonanno's underboss, Carmine Galante, was one of the finest major dealers to fall when the federal government, aided by new conspiracy laws, began cracking down on the trafficking in the late 1950s.

Convictions of Galante, Genovese and other leading Mafiosi served to dim the Mafia's ardor for narcotics trafficking. The lengthy sentences given out made the enormous profits at stake somewhat less alluring.

Galante was shot to death 10 days ago in a Brooklyn restaurant. Three masked assailants entered the restaurant with shotguns and blasted the Mafia kingpin in what authorities think could be retaliation for recent deaths among members of the Genovese and Gambino families.

However, the notion that the Mafia abandoned the narcotics traffic—a notion given currency by the "Godfather" films—is erroneous.

Members of the five families, particularly the Bonanno and Gambino organizations, continue to deal, U.S. authorities say. But the Mafia no longer maintains anything approaching a monopoly in heroin traffic.

Convictions of top Mafiosi, combined with the influx of Cubans after Castro's takeover of Cuba, de-emphasis of the French Connection due to U.S. pressure on Turkey and other factors have made it more of an open market.

A major pipeline that has brought heroin to New York in recent years was constructed through an alliance of organized-crime figures in the United States and Canada with Mexicans and Italian nationals living in Mexico, according to officials in the three countries.

Although Arizona may seem remote from the Mexico-to-New York heroin connection, the link was brought closer to home with the arrest of several New York and Arizona figures on heroin and other charges. Included were sometime Bonanno lieutenant Charles Battaglia of Tucson and Michele Catalanotto of New York.

Catalanotto, according to federal investigators, is a Sicilian Mafia import involved in a network of smugglers providing heroin in multikilo lots throughout the United States and Canada.

An avowed purpose of the group, narcotics authorities said, was to obtain a connection for heroin in Mexico.

"Mexico and Canada are of strategic importance," said Thomas Puccio, U.S. attorney for New York's Eastern District, which encompasses Brooklyn, Queens and Nassau and Suffolk counties.

"We should be watching them," Puccio said. "There has always been a close relationship between organized-crime figures in Mexico and those in New York—much closer than the European ties."

Puccio said there "was a large Italian community" in Mexico that formed the southern end of a "heavy connection" from Mexico to New York and Canada.

As examples of the Sicilian expatriates at the southern end of the connection, Puccio named Guiseppe Catania, who once operated Le Duc Shirt Shop in the exclusive Zona Kosa section of Mexico City as a sideline to his heroin trafficking, and heroin trafficker Tomasso Buscetta.

The multilingual Catania rented an estate in Mexico for the Cotroni organization, federal sources said.

Heroin, trafficking in New York today is mixed, with some dealing Asian white and others Mexican brown.

"New York didn't have any brown until 1974," one New York source noted. "In 1975 and '76, all there was was brown heroin. In early 1977, white was coming back. Now there's more white than brown."

Federal sources said the Vincent Papa group of Astoria, Queens, has been involved in recent shipments of Mexican brown. Papa, the group's erstwhile leader, was murdered while serving a prison term stemming from a 1972 narcotics arrest.

When arrested, he was carrying a suitcase containing $967,000 in cash.

The Consalvo organization, which distributes in lower Manhattan, Brooklyn and to a lesser extent in East Harlem, also was smuggling Mexican brown, sources said.

In contrast, the Contronl organization, which was involved in importing Mexican brown, appears to be dealing white heroin now. Although Mexico is not the source of the white heroin, some of it goes through Mexico en route to the United States, authorities say.

One of the largest Mexico-New York heroin connections of late centered on Antonio Cruz Vasquez of Las Vegas, Nev., also known as "Nico."

It flourished from 1974 through 1978 and included at least a dozen key members, all of whom were indicted on various narcotics charges last year. The ring had the capability of bringing more than 500 pounds of heroin a year into New York, federal narcotics authorities said.

The ring included seven persons from New York or New Jersey, four from Las Vegas, including a vice president and pilot for a charter airline; and an Aero-Mexico ticket manager at the Culiacan, Sinaloa, airport. As with many of the Mexican trafficking organizations, several of the principals were related.

Seizures from the group last year included 45 pounds of nearly pure Mexico brown and $661,000 in cash. Vasquez, the ringleader, was arrested at his $225,000 home in Las Vegas. Federal sources said he maintained a $1 million line of credit at Caesar's Palace, a Vegas casino where he enjoyed playing high-stakes baccarat.

A few months after the Vasquez arrests, a task force of Drug Enforcement Administration agents and New York police finished the investigation that resulted in indictments of 14 persons—five of them women—on charges of conspiring to bring large amounts of brown rock heroin into the United States.

The heroin went to middlemen in Chicago, Los Angeles and San Antonio, Texas, and was distributed in both wholesale and retail lots on the streets of New York. Ringleader of the group, authorities said, was Lydia Melendez Pereira.

Another Mexican heroin peddling ring—this one involving about a dozen persons—had an interesting twist. One of the principals, Clyde Hardy, and a codefendant offered a New Jersey undertaker $5,000 to cremate a body and identify it under one of Hardy's aliases.

According to federal authorities, the undertaker obtained the body of an individual named "Faith Overcome" from a Newark, N.J. hospital and submitted it for cremation at a Linden, N.J., cemetery.

His "body" cremated, Hardy adopted the name Henry Scott and continued to peddle Mexican brown in the New York area, authorities said. Hardy was discovered, however, and he and other members of the ring were charged with various narcotics offenses.

A third recent Mexican heroin distributing group is the Valenzuela organization, headed by Jose Valenzuela.

The organization operated laboratories in Culiacan, Sinaloa, from which the heroin was brought to Bakersfield, Calif., and then to New York. Federal authorities estimated the organization brought a half-ton of heroin into New York.

Federal prosecutors said Valenzuela paid cash for a $350,000, two-acre estate in San Marino, bought $66,000 in furniture and purchased automobiles valued at $150,000.

Canada's heroin problem, once confined to the three major urban centers of Montreal, Toronto and Vancouver, has spread in recent years to smaller cities and rural areas. Narcotics authorities think much of the burgeoning problem can be laid to the Cotroni organization, a Mafia contingent centered in Montreal.

The Cotroni name is well-known to narcotics authorities in Mexico.

Frank Cotroni, a major target of narcotics investigators for 15 years, recently was released after serving time on a narcotics conspiracy charge. He was indicted as part of a conspiracy that included several Canadians, New Yorkers and Mexicans.

The narcotics involved had been shipped from Marseilles to Mexico City, then to Montreal.

A 1970 meeting in Acapulco—one of the largest gangland gatherings since the infamous Appalachian meeting in 1957—drew little national attention despite the presence of some of the most notorious mobsters on the Eastern Seaboard.

Hosted by Canadian expatriate Leo Bercovitch, the meet drew mob lumminaries Vincent Cotroni, Paul Violi (recently shot to death) and the ubiquitous Meyer Lansky.

There is a theory among law enforcement authorities that Galante may have been the mastermind in a resurgence of the heroin traffic—again through an alliance with the Cotronis.

The many murders among the ranks of New York's Mafiosi and their associates in recent years had prompted law enforcement authorities to think that Galante was consolidating his control of narcotics territory held by other organizations—notably the Genovese and Gambino families.

Galante's death 10 days ago is the most recent in a series of gangland slayings that authorities think are related to efforts to control the New York heroin traffic. Authorities think some of the deaths were ordered by Galante.

Two cases in point are the Consalvo brothers, Carmine and Frank, dubbed by New York narcotics officers as "The Flying Consalvos." Both were members of the Gammino family, both died when they "leaped" to their deaths.

Carmine Consalvo, credited with a large role in opening up the Mexican Connection to New York, plunged to his death from his 24th-floor apartment in Fort Lee, N.J. Police called the death a suicide, but some law enforcement authorities were more skeptical.

That skepticism seemed warranted when Frank Consalvo dropped to his death from the roof of a tenement in Manhattan's Little Italy.

These deaths were followed by others in the Gambino and Genovese families and others in the Bonanno organization, formerly headed by Galante.

NEW YORK

Joseph Stassi

Stassi, 72, is a veteran of the old-line Mafia troops who formed the original "five families" of New York. Over the years he transferred his base of operations to Union County, N.J.

A member of the Gambino family, he was one of the many hoods run out of Havana after Castro's takeover of Cuba. Stassi was involved in operating gambling casinos there with Tampa, Fla., mob boss Santos Trafficante.

Stassi was picked up on his first major narcotics arrest in a Pompano Beach, Fla., hideout in 1966. He had been indicted three years earlier but had managed to evade federal authorities until the Florida arrest.

Stassi was convicted of conspiracy to smuggle 22 pounds of heroin across the Mexican border. At the time the heroin was seized it was described by federal authorities as the biggest border heroin haul ever.

Stassi eventually got an 18-year prison sentence for conspiracy, but not even prison deferred him from drug trafficking.

While in federal prison in Atlanta he was accused of conspiring to bring 13 pounds of heroin into the United States, and again received a lengthy prison sentence.

Stassi also was believed by law enforcement authorities to be involved in the 1963 disappearance of nightclub booking agent Kenneth Later, who had made several trips to Mexico that authorities believed were connected with Stassi's narcotics trafficking. Later's remains were discovered in a mob burying ground in south New Jersey four years later.

Stassi also has been convicted of perjury and carrying a concealed weapon.

Paul J. Oddo

Oddo, 62, was the New York connection in a major heroin- and cocaine-smuggling operation that was directed from Montreal and brought in narcotics from Mexico.

The operation was coordinated by the same group that constituted the Canadian link of the infamous French Connection. Headed by Frank Cotroni, it was the machinery set in motion by Joseph Bonanno Sr. of Tucson, along with the late Carmine Galante, Bonanno's underboss, and their New York Mafia family.

The ring relied on narcotics brought across the border, generally by car from Mexico to Texas. Among the Mexican sources of the ring were Jorge Asaf y Bala and Guiseppe Catania.

From Texas, the narcotics were flown to New York, where their distribution was supervised by Oddo. His associates include Cotroni, Frank Dasti and numerous other organized crime figures.

Oddo is on parole after serving a prison term for possession of 22 pounds of heroin.

Charles J. Alaimo

Alaimo, 42, a member of the Gambino Mafia organization of New York, is a major financier and distributor of heroin, according to federal and local authorities.

They say he has obtained Mexican heroin through Gambino family-member Salvatore Pisello of California. Alaimo reportedly is in line to take over the Consalvo heroin trafficking organization, which has been riddled in recent years by the deaths of several key members.

Alaimo frequents Miami, Tampa and Fort Lauderdale in Florida, as well as New York, and has been involved in the trucking and auto rental businesses.

He has been arrested for burglary and was once held as a material witness in the gangland murder of a friend. He was indicted in 1975 for conspiring to import 54 pounds of heroin, but the trial resulted in a hung jury.

Aliases include Charles Wings, Nathaniel Herman, Charlie Wino, Charlie King, Charles Alarimo, and Charles Allimo.

Associates include Charles Anthony DiPalermo, Vincent Beltempo, Edward Lino, Anthony Salerno and Joseph Stassi.

Charles A. DiPalermo

One of the notorious narcotics-trafficking "Beck brothers," Charles DiPalermo has been a stalwart in the heroin-peddling trade for two decades.

He is an old-line New York associate of organized-crime luminaries such as Joseph Bonanno Sr., Natale Evola, the late Carmine Galante, and Vito Genovese.

He served eight years of a 12-year prison sentence he received in 1959 for participating in a heroin-smuggling ring headed by Genovese, then the nation's most prominent Mafioso. Other DiPalermo associates have included Aniello Dellacroce, Vincent Rao, Vincent Tuminaro and Charles Alaimo.

According to federal officials, DiPalermo has received Mexican heroin from Alaimo and his associates. Alaimo and DiPalermo reportedly have been involved in business ventures together in Florida.

DiPalermo was arrested in 1975 on Long Island by law enforcement officials who claimed to have found 25 pounds of heroin and $166,000 at the scene. He pleaded guilty to attempting to buy heroin and is now serving a prison sentence.

Guido Penosi

Penosi is a vicious thug who turned to heroin trafficking in his ripening years.

Known in his youth as "The Bull," Penosi headed a group called the Homicide Kids in New York's East Side. He spent 15 months in reform school for killing a grocer during a holdup. He was 15 at the time.

At 20, he was working as a bookie and passing phony 10- and 20-dollar-bills when he was arrested on counterfeiting charges, according to federal authorities.

His heroin sources in Mexico have included Jorge Asaf y Bala. Associates in this country are widespread, ranging from mob financier Meyer Lansky to Thomas Amato of the Marcello family of New Orleans, plus numerous members of the Cotroni organization of Montreal and the Gambino family of New York.

Matthew Madonna

Madonna was one of several major New York drug traffickers who picked up early on the advantages of Mexico as a narcotics source after the French Connection was choked off in 1972. The following year he was reported traveling in Mexico to get heroin and cocaine.

Federal sources claim he was the main source of supply to Leroy "Nicky" Barnes, the king of Harlem dope peddlers who gained notoriety as "Mr. Untouchable" for evading police attempts to convict him on drug charges for more than a decade.

But justice finally caught up with Madonna, as it did with Barnes. Madonna is now serving a 30-year sentence for conspiring to import $10 million worth of heroin from Thailand. Barnes, for his part, was given a life sentence.

Madonna's associates are widespread and included the late Carmine Galante of New York and members of the Civella crime organization of Kansas City.

Edward C. Lino

Lino, a Brooklyn resident, is a longtime member of New York's heroin-peddling fraternity.

He is the uncle of the late Carmine Consalvo, a member of the Gambino family who took a fatal plunge three years ago from the 24th floor of a New York apartment building. There was conjecture as to whether Consalvo, who was under indictment at the time for allegedly smuggling $30 million worth of heroin, jumped or was pushed.

Lino was director of distribution for the Consalvo heroin-smuggling organizations. According to federal authorities, he had traveled to Acapulco and to Italy in connection with heroin shipments.

Authorities say Lino has continued to be a force in the successor organization. Criminal associates include Vincent Beltempo, Charles Alaimo and Salvatore Pisello.

Vincent J. Beltempo

A convicted heroin peddler, Beltempo deals in heroin and cocaine, law enforcement authorities say.

He was involved in the Consalvo organization with dope-peddlers Edward Lino and Charles Alaimo, according to authorities. He is considered a contender for a top spot in their organization, which has been riddled by the deaths of key figures. He also has ties to the Tuminaro and Di-Palermo narcotics smuggling organizations.

Beltempo was convicted in 1971 of conspiracy, sale of heroin and violation of federal narcotics tax laws.

MONTREAL

Frank S. Cotroni

Cotroni is one of several Montreal brothers who, law enforcement authorities say, oversee organized crime operations in Montreal.

The Cotroni organization has been closely related to the Bonanno family of New York, formerly headed by Joseph Bonanno Sr. of Tucson. The relationship, which languished in the 1960s after Bonanno was deposed from leadership of the family, was renewed when Bonanno's old underboss, Carmine Galante, came out of prison in 1974 and assumed the helm.

Galante was killed 10 days ago in New York.

The Cotroni organization formed the Montreal link in the infamous French Connection from Marseille to the United States, but like many heroin traffickers, the group shifted its focus to Mexico when Turkey, the source of heroin processed in Marseille, temporarily cut off its supplies.

Both Frank and Vincenzo Cotroni traveled frequently to Mexico, according to federal agents, attending meetings in Acapulco with Leon Bercovitch and others.

Other associates of Cotroni have included Paul Violi, Jorge Asaf y Bala, Guido Orsini, Frank Dasti and Tommaso Buscetta.

Frank Cotroni was a major target of narcotics investigators for at least 15 years before a recent conviction for narcotics conspiracy, for which he served a prison term.

However, federal authorities say his organization still brings narcotics in from Mexico.

Vincenzo Cotroni

Born in southern Italy a stone's throw from Sicily, Cotroni is a naturalized Canadian who with his brothers Frank and Guiseppe established a crime federation in Montreal to rival any in North America.

Involved with brother Frank in international narcotics traffic, he supplied major Mafia figures in the United States with French-Corsican heroin. He switched to Mexican heroin when supplies grew tight in Europe.

His criminal record dates to 1928 and includes arrests on charges of rape, counterfeiting, theft, receiving stolen property and narcotics conspiracy.

He has traveled to Mexico on narcotics business. Associates include Meyer Lansky, Paul Cioli, Guido Penosi, Guido Orsini and Frank Dasti.

Frank Dasti

A member of the Cotroni organization, Dasti, 65, negotiated narcotics deals in Mexico with Jorge Asaf y Bala, according to federal authorities.

A resident of Montreal and New York, Dasti moved heroin from Mexico to the Cotronis and associates in the Canadian city.

Other associates include Vincent Altamura, Guido Penósi, Guido Orsini and Paul Oddo.

Dasti now is serving time for conspiracy to import and distribute heroin.

Guido Orsini

Orsini, 43, is another member of the Cotroni group with ties to Mexican heroin traffickers.

Federal authorities say he obtained heroin from Jorge Asaf y Bala, Guiseppe Catania and Claudio Martinez de Pinillez.

Canadian associates, they say, are Frank and Vincenzo Cotroni, Frank Dasti, Paul Oddo and Anthony Vanacore.

Orsini is a federal fugitive. He was sentenced in 1974 to 22 years for heroin trafficking.

Anthony Vanacore

One of several members of the Cotroni organization of Montreal who are involved in narcotics trafficking, Vanacore has acted as a liaison with some of Mexico's more prominent heroin dealers.

Among his Mexican contacts were Jorge Asaf y Bala and Guiseppe Catania, who has been a prime source of supply for the Cotroni organization.

Canadian associates include Frank Dasti and Frank Cotroni.

Nicholas Rizzuto

Another member of the Cotroni faction, Rizzuto is believed by federal authorities to be a significant cog in the international narcotics traffic between Mexico and Canada.

His most recent arrest was in 1972, when he was picked up in Paris with $1 million in counterfeit currency. Authorities believe the phony money was intended for use in narcotics transactions.

Mexican connections have included Guiseppe Catania and Claudio Martinez.

Rocco Violi

Next to the Cotronis, the Violi brothers have been the leading family group in the Montreal organized crime scene.

The Violi clan has been decreased by recent deaths. Paul Violi, who reportedly was vying for the top position in the Cotroni organization, was shot to death by two hooded men last year at a snack bar next to his Montreal ice cream parlor. A year earlier, younger brother Francesco was shot to death in the office of a Montreal business.

According to federal authorities, Paul Violi was one of the mob chieftains who established channels to Mexican narcotics traffickers. He reportedly met in Acapulco with other members of the Cotroni faction and Mexican organized-crime figures. His contacts have included Meyer Lansky, mob financier, and Mafia don Joseph Bonanno Sr. of Tucson.

Rocco, in addition to activity in Mexico, made connections with several U.S. organized-crime factions. His Mexican contacts have included Evangelista Sagnelli and Ruben Zuno-Acre.

MEXICO

Alberto Sicilia-Falcon

Although his base of operations was Mexico, Sicilia, 35, is perhaps the best example of the many individuals of Cuban descent who have risen to prominence in the heroin business.

Sicilia is also illustrative of another phenomenon: the ability of traffickers in Mexico to keep their hats in the narcotics ring despite such impediments as imprisonment.

Sicilia has been in prison in Mexico City for more than three years, except for an interlude when he escaped for about 24 hours.

But despite his imprisonment, Sicilia's organization of about 50 persons—still controlled by him to a large degree—continues to operate, narcotics authorities say. They say it has shifted its operation more into cocaine trafficking.

Authorities credit Sicilia with moving in excess of $300 million worth of heroin into the United States by the traditional route from Sinaloa through Tijuana.

Arturo Izquierdo-Ebrad

Izquierdo was described by a law enforcement official as "one of the originals"—an individual who has been involved in narcotics trafficking at the highest level for two decades while keeping a fairly low profile.

Izquierdo was considered a major source of white heroin during the years of the French Connection—a phase of the Mexican traffic during which Turkish heroin was transported through Mexico to escape detection at ports of entry in the eastern United States.

Izquierdo owns a ranch near Martinez de la Torre, Vera Cruz, and is believed to own hotels in Vera Cruz and in Tampico at the southern tip of the state of Tampaulipas, just across the border from Vera Cruz state.

Jorge Favela-Escobosa

Favela, in his early fifties, is called by narcotics authorities "one of the old guard," an organization man who has been involved in the heroin traffic for a decade.

His home is the traditional Mexican heroin heartland of Sinaloa. He operates with three or four trusted lieutenants and about 20 people under them in the next rank.

Favela's organization traffics heroin and cocaine into the United States through the Tijuana area, law enforcement sources say.

Favela was jailed in Mexico City on narcotics charges for a time but was released a few months ago before trial.

Like most major Mexican traffickers, Favela travels with a knot of armed guards. "They (the major traffickers) wear them," one official observed.

Jaime Herrera-Nevarez

Herrera heads what authorities believe is Mexico's largest heroin trafficking organization.

Headquartered in the state of Durango, the organization dispatches hundreds of kilos annually through Texas to the Chicago area in a variety of "traps" in cars and other vehicles. From Chicago, the narcotics are distributed throughout the United States.

The Herrera organization has a large contingent in Chicago which handles the traffic there.

Narcotics authorities say the organization numbers perhaps a thousand members in the United States and Mexico.

Herrera, about 50, was arrested by Mexican authorities recently on narcotics charges and is imprisoned in Durango. However, *Republic sources* say he is released virtually every night and has continued to exert control over his organization.

Rafael Odriozola-Urbina

Odriozola, about 45, is an example of specialization in Mexico's heroin traffic to the United States.

Considered by U.S. authorities to be a major violator, he is a dispatcher whose forte is packing loads of heroin into vehicles in ingenious ways to avoid detection by border authorities.

Odriozola was charged by Mexican authorities in 1976 with heroin offenses after a seizure at a laboratory in Guadalajara. He has been a fugitive since.

Originally from Durango, he divides his time between that state, Guadalajara and Mexico City.

Gil Caro-Rodriguez

Among Mexico's top heroin traffickers, Caro is back operating from his base in the state of Sinaloa after a brief stay in prison in Nogales, Sonora, narcotics authorities say.

They say Caro, about 45, has been trafficking in heroin and marijuana for at least 10 years.

Born and raised in the Culiacan area, he also has narcotics contacts in Tucson and Guadalajara, and is well tied to a network of rural traffickers, authorities say.

Arrested late last year on a 1973 warrant, he was released from prison in Nogales after about a month, authorities say.

Luis Diaz-Garcia

Luis, about 29, is the younger brother of trafficker Enrique Diaz-Garcia.

Like his brother, he has received shipments in Chicago as well as shipping them from Durango state, narcotics authorities say.

The Diaz organization uses traps in cars to transport heroin to the Chicago area in six-to-eight-kilo lots, authorities say.

Luis was identified by Mexican authorities as the operator of a heroin refining laboratory in Durango.

Enrique Diaz-Garcia

Unlike most Mexican heroin traffickers, Diaz has worked both ends of the route, receiving shipments in Chicago as well as shipping them from the state of Durango.

Diaz, about 38, heads a group that has grown opium poppies in the states of Guerrero, Michoacan and Durango and has transported the drug across the Texas border. He works with a brother, Luis.

Their businesses in Durango, their home base, include discotheques, bars and bowling alleys.

Enrique is a fugitive in Mexico after seizures of heroin at the border in 1978. The heroin was traced to a lab in Durango operated by the Diaz organization, authorities say.

Manuel Salcido-Uzueta

Salcido's nickname, "Cochi Loco," means "Crazy Pig" and bears testimony to his reputation for violence.

He is said to have earned the name from an incident in which he rounded up three men who shot him in a 1973 assassination attempt and had them executed in gangland style—bullets through the head.

In his mid-to late-30s, Salcido is from the historic narcotics heartland of Sinaloa, where he resided in the Mazatlan area. He served as a lieutenant in a narcotics organization before forming his own.

Convicted in Mexico of narcotics trafficking in 1973, he was sentenced to prison but escaped from the federal penitentiary in Culican in 1974 and has been free since.

Salcido now spends most of his time in the rugged Sierra Madre, surrounded by approximately 50 members of his narcotics organization, authorities say. They believe some of his operations now take place in the state of Jalisco.

His forte is multiton loads of marijuana, but he also is believed to traffic in heroin.

Luis Teran-Torres

Teran, considered by narcotics authorities a major trafficker for at least 10 years, has been a fugitive in Mexico for about half that time.

There are two warrants for his arrest in Mexico. One stems from the discovery of caches of marijuana on a ranch he owned in Sonora.

Narcotics authorities say he deals in ton lots of marijuana and multikilo loads of heroin. A native of the Culiacan area, he is active in that region and in Guadalajara and the Nogales area.

Teran, about 50, was an associate of Pedro Aviles-Perez, considered to be Mexico's No. 2 narcotics trafficker before his death in a police action last September. The No. 1 position is claimed by the Herrera.

Salvador Chavez-Najera

Chavez, according to narcotics authorities, is a major supplier of heroin to California and the Southwest. They say his organization services those areas through outlets in Tijuana, Mexicali and Nogales.

Chavez, about 46, is considered the prototype of the Mexican heroin trafficker. His base of operations is in Sinaloa, the traditional hub of the heroin traffic. He has been involved in trafficking for about 10 years, authorities say.

They also say at one time Chavez operated an air taxi service with about a half-dozen planes, but has since sold it.

A warrant for Chavez's arrest was issued three or four years ago, after he was identified as the source of supply for narcotics seized in the Tijuana area.

He was arrested in late August and is now imprisoned in Tijuana, but authorities say his operation remains active.

Miguel Felix-Gallardo

Felix, also known as Miguel Beltran, is believed by enforcement authorities in the United States to be Mexico's principal mover of cocaine. They consider him the major supplier of the narcotic to the southwestern United States.

Felix, about 33, has operated at the top level of narcotics trafficking in Mexico for at least five years, authorities said. His roots are in the state of Sinaloa, where he operates pharmacies, and his centers of operation include Culiacan, Guadalajara, Tijuana, Mexicali and San Diego.

A warrant was issued for him by the Mexican government in early 1977 after a plane was seized in the vicinity of Tijuana and 136 kilos (300 pounds) of cocaine and five kilos of heroin were found on board. Felix was identified as the source of supply for the load.

He is believed to be spending much of his time now in the San Diego area.

Windy City is the Major Center for Heroin Traffic From Mexico

CHICAGO

CHICAGO.—For decades Chicago has smarted under the epithet of America's second city. But in one area, Chicago takes second place to none:

Heroin trafficking.

It's the Mexico Connection that has given Chicago that dubious distinction.

In the heyday of the French Connection, in the 1950s and 1960s, heroin flowed from Turkey through Marseille and Montreal to New York and from there was distributed throughout the country.

Flowing unnoticed in comparison with the river of heroin pouring into the northeastern United States was a rivulet from across the Mexican border, a trickle of which made its way to Chicago.

When the United States paid Turkey in 1972 to abandon its poppy fields, the traffic in Mexico heroin exploded. The rivulet grew into a stream and the stream into a torrent as Chicago replaced New York as the major point on the heroin highway through the United States.

The Chicago syndicate, the Italian-American organization that has been the mainstay of organized crime in the city, was quick to anchor itself in Mexico. Syndicate stalwarts such as Jack Cerone, the late James Torello, Frank Pedote and Joseph LoPiccolo soon cultivated their sources of supply in Mexico.

One of the major connections in Mexico was Arden Lee Smith, who assumed the life of a grandee while living in Mazatlan under the name Alfredo Lama. Some idea of the scope of the traffic from Mexico to Chicago may be grasped from a statement of Smith's to narcotics authorities that his organization alone had moved a half-ton of uncut heroin into the United States during a 10-year period.

Smith was arrested in 1977 in Tucson and sent to Arizona State Prison for burglary and narcotics trafficking.

But the syndicate found itself contending with a new force—a network of Mexican traffickers who grabbed a big share of the market.

The number of Mexican nationals in this country has been estimated to be as high as 6 million—approximately one-tenth of Mexico's population—and no one figures the number at less than in the millions. They are distributed throughout the country, a good percentage of them in the Midwest.

For those so inclined, the numbers and distribution of Mexican nationals in the United States provide a built-in system for narcotics trafficking. Narcotics authorities say that from the source of supply in Mexico to the retailers in major American markets, the structure necessary to trafficking is in place.

The Mexican trafficking groups have a further advantage. Typically, they are composed of persons related in some way, making it harder for law enforcement agencies to penetrate the organizations. Additionally, they have the advantage of being relatively unknown to law enforcement personnel.

While the Chicago syndicate lends itself to a kind of facile analysis (Tony Accardo is the top man, so-and-so are the lieutenants, and so on), analyzing the Mexican organizations has proven a real challenge, particularly since many of their members remain in Mexico and others constantly are traveling back and forth between the United States and Mexico.

The first major Mexico trafficking group to gain notice, and the largest so far identified, is the Herrera organization. It is based in the state of Durango, Mexico, and its leaders are nearly all related in some manner.

Once discovered, the Herreras drew extensive media attention, including a feature article in a recent issue of Chicago magazine. Some observers went so far as to suggest that the Herreras accounted for nearly 100 percent of the heroin trafficking in the Chicago area.

However, The Republic has learned that the Drug Enforcement Administration has identified two other Mexico organizations approaching the size of the Herrera group. The DEA declined to comment on the organizations because of active investigations against them.

It is estimated there are 400,000 persons of Mexican descent in Chicago. The DEA figures that each year eight tons of heroin is smuggled into the city. Authorities say the bulk of it comes by car across the Texas border. They say about half stops in Chicago, the remainder is distributed throughout the country, primarily on commercial airline flights.

Seizures of heroin in Chicago have increased 13-fold in recent years, from 32 pounds in 1973 to 411 pounds in 1977. The drug continues to take its toll. The DEA estimates there are 47,000 addicts in the city. Other estimates run as high as 60,000.

A U.S. House committee on narcotics recently estimated that Chicago's heroin addicts spend nearly $2 million a day to support their habits. The cost to the city may be inferred from the fact that few heroin addicts are able to support their habits by legitimate work.

One of the problems faced by law enforcement agencies in combating the Mexican trafficking organizations has been a lack of Latin agents needed to infiltrate them.

"We're actively recruiting," a DEA source said. "We have a pretty good cadre." He said agents of Latin descent now constitute 10 percent of the agency's Chicago contingent.

The shortage of Latin agents has been reflected in the paucity of intelligence information concerning even such a major group as the Herreras. Amounts have increased in recent years, but the Herreras are believed to have been bringing heroin into Chicago for 15 or 20 years. Yet there is little consensus among law enforcement agencies on such basics as the number in the group.

Depending on the source of the estimate, the organization numbers from a few members to something like half of Chicago. One recent report indicated there were 300 Herreras in the United States. Another said the organization numbers 2,000. A third alleged that 360 Herreras were dealing heroin in Chicago.

The DEA, which began investigating the group four years ago, believes there are about 300 members of the organization in Chicago and a total of about 1,000 in the United States and Mexico.

While close to 100 members of the Herrera organization have been arrested in the past few years, law enforcement authorities say no sooner are they arrested than someone arrives to take their place.

They say hundreds of thousands of dollars are funneled out of Chicago each year through currency exchanges and wind up in Mexican bank accounts. They estimate that the Herrera organization takes in as much as $100 million a year in narcotics profits.

Dealers routinely post five-figure bonds, then jump bail to live luxuriously in Mexico. The number of narcotics dealers from the United States who are fugitives in Mexico runs into the thousands, authorities say.

The Herreras, as well as other major Mexican organizations operating in Chicago, control the product from poppy fields in Mexico to distribution in the Windy City. Much of the heroin has been grown in fields of a half-acre or less within a 50-mile radius of the ancestral village of Los Herreras.

The heroin is refined in Durango and to a lesser degree in Culiacan, authorities believe. As the business has grown, another operation post has been established in Guadalajara. This has become the coordinating point for international operations.

After processing in Mexico, the heroin is shipped to six separate distribution offices in Mexican-American communities in Chicago and to field offices in Los Angeles, New York, Boston, Miami, Fla., Philadelphia and Washington.

In Chicago, Herrera strongholds are in Roseland, Blue Island, Aurora and Kensington. In the Kensington area, the Herreras own entire blocks, often working inconspicuously as restaurateurs, saloon keepers or landlords.

The brothers Jaime, Elias and Manual Herrera are the key operatives in Mexico, narcotics authorities say. Jaime, said to head the organization, was arrested recently in Mexico and is serving a prison term there. A fourth brother, Reyes, is a pivotal figure in the family operation in Chicago, according to narcotics authorities.

If intelligence information has been hard to come by for U.S. authorities, their counterparts in Mexico have fared little better.

In 1975, the Mexican attorney general's office was quoted as saying it had learned of the Herrera organization only the year before, despite its existence for more than a decade. The knowledge was said to have been gained during a trip to Chicago.

The attorney general's office vowed to crush the organization within a month.

Frank Pedote

Pedote is a longtime Chicago syndicate hoodlum considered by federal authorities to be a top narcotics violator and fence who sidelines in counterfeiting and other scams.

Pedote, federal sources say, was the major supplier of recently deceased syndicate narcotics dealer Michael DeMaro and his associates. Pedote's primary sources of heroin were veteran syndicate heroin supplier Arden Lee Smith, formerly of Mazatlan, Mexico, and now serving time in Arizona State Prison, and Fred Pedote, his brother, who is serving time in federal prison for narcotics violations.

Frank Pedote was convicted of burglary in 1948 and served five years of a 7-to-20-year sentence. He was convicted of theft in 1972 and placed on three years' probation.

He has been under investigation in Chicago recently for narcotics violations and for participating in an international insurance fraud in which multimillion-dollar shipments were destroyed by arson in warehouses in Scandinavia.

Pedote resides in the Peoria, Ill., area but rents an apartment in downtown Chicago where he has run a wholesale jewelry store believed to be a front for fencing and counterfeiting operations.

Harry Schennault

"As long as he's breathing, he'll be dealing," law-enforcement authorities say of Schennault, perennial "king" of Chicago's South Side dope dealers.

At 77, Schennault's criminal record dates from 1922 and includes entries for larceny, burglary, gambling and narcotics. He was sentenced in 1952 to 12 years in prison for narcotics offenses, and again in 1958 to 10 years for drug violations. In 1969, he was found guilty of possession and sale of heroin and sentenced to 12 years in prison.

Narcotics authorities say Schennault, also known as "Big Harry," has made a fortune peddling heroin to blacks on Chicago's South Side. At his sentencing in 1969, they testified that they also considered Schennault a major source of supply to the Chicago crime syndicate.

Now back on the street, Schennault has been associating with a number of "boosters," or professional shop-lifters, and authorities believe he might be trading heroin for stolen goods.

Harry Aleman

Aleman, 39, is described by law enforcement authorities as a Chicago syndicate burglar, enforcer and hit man who has sidelined in the Mexican heroin traffic.

Like many aspiring syndicate figures, Aleman got his start as an enforcer in the extortionate loan rackets. He was charged with conspiracy to violate the criminal usury law, aggravated battery and aggravated kidnapping in 1969 after a contractor claimed Aleman and another man beat him with the butt of a revolver in an attempt to collect a loan. Aleman was not convicted.

In 1977, Aleman was acquitted in a non-jury trial in the 1972 shotgun slaying of a Teamsters Union steward, despite testimony by two men who claimed to be witnesses to the incident and who said Aleman was the killer.

He was convicted last year of directing a "home-invasion" operation—a large-scale burglary—at a trial in which prosecutors accused him of participating in five murders. He was sentenced to 30 years in prison.

Aleman is also known as Harry Mustari and Tony Romano.

Tony Spilotro

As the Chicago syndicate's main man out West, Spilotro coordinates the outfit's involvement in narcotics trafficking as well as gambling and other activities, legal and illegal.

Spilotro has an arrest record dating to 1955 for offenses, including gambling, aggravated battery, burglary, robbery and murder, but has no major convictions.

Spilotro now is facing problems on another front. The federal government has filed an affidavit claiming he is an illegal owner of the Stardust and Fremont casinos in Las Vegas, and the Nevada Gaming Control Board is moving toward including his name in its "Black Book," which would prohibit him from entering Las Vegas casinos.

Meanwhile, the Internal Revenue Service is seeking through court channels to gain access to the records of a Tucson trucking-brokerage company operated by syndicate hoodlum Vito Nicasio to determne if Spilotro has received unreported income from the business.

Jack Cerone

A top Chicago syndicate figure for decades, Cerone ranks a step below chairman of the board Tony Accardo in the present mob heirarchy.

Although arrested for robbery, gambling and other offenses, Cerone was not convicted of a felony until 1970, when he drew a five-year sentence for gambling based on testimony by Lewis Bombacino, a syndicate functionary turned FBI informant.

Bombacino paid for the testimony with his life when his car was blown up in 1975 at a Tempe apartment complex. FBI agents said at the time of Cerone's sentencing they had learned that Cerone had ordered Bombacino's death.

Federal authorities long have believed Cerone is bankrolling narcotics traffic from Mexico, including the operations of narcotics dealer Theodore Lawler, who ran a stolen-car-for-narcotics connection between Chicago and Mexico via Tucson.

Cerone met at least twice in 1977 with the recently assassinated New York Mafia don Carmine Galante, lending credence to reports of narcotics trafficking by Cerone, since Galante long had been strongly associated with heroin trafficking. But despite considerable effort, narcotics investigators have been unable to nail Cerone.

Cerone, also known as "Jackie the Lackey" and Jon Cironi, divides his time between Chicago and Florida.

Theodore Lawler

Lawler is another in a seemingly endless number of people from Chicago who have a hand in flooding the Midwest with Mexican heroin. Federal authorities believe some of his financing comes from Jack Cerone.

One of Lawler's rackets is to send runners to Tucson with stolen cars, using them as payment for narcotics, then flying the runners back to Chicago. Federal authorities say Lawler had enlisted at least 10 confederates in that pursuit.

He has an arrest record dating to 1937 which includes robbery as well as narcotics offenses. He is awaiting trial on murder and bank-robbery charges.

Lawler reportedly has traveled to Mexico to set up the mechanics for his narcotics dealings. Federal authorities say he has received large shipments of heroin from Sonora. Numbered among his associates was syndicate heroin peddler Michael DeMara, recently deceased.

Joseph P. LoPiccollo

"A substantial syndicate type" is the way one high-ranking federal law-enforcement official recently described LoPiccolo.

The McClellan Committee in the 1960s referred to him as "an important member of the Mafia, instrumental in narcotics smuggling and wholesale distribution in association with other top echelon violators," and as "one of the leading members of an organization that smuggled large quantities of heroin into the U.S. and distributed this drug through organized underworld channels."

Although law enforcement authorities long had considered him a major supplier of heroin, LoPiccolo, 60, was convicted of no major violations until 1958, when he was sentenced to 20 years in prison for possession or heroin.

He was convicted in January on cocaine charges and sentenced to eight years in prison.

LoPiccolo's associates during the years have included ranking organized crime figures from Florida, Chicago and New York.

Among them are Joseph Bonanno Sr. of Tucson, formerly of New York; Santos Trafficante and Carl Fiorito of Florida. LoPiccolo also is connected to the infamous Herrera crime family, which runs heroin operations in the Mexican state of Durango and in Chicago.

Mafia Has Boiled New Orleans in Long and Violent Stew

New Orleans.—This city is best contemplated while watching rain dripping from tropical foliage in a courtyard of the Vieux Carre, the 80-square-block area that is its oldest and its heart.

The city, which was the birthplace of jazz, still throbs after nightfall as that music, commingled now with rock and country, swells through 100 doorways on Bourbon Street and its side streets.

Its restaurants are unsurpassed. Antoine's, birthplace of Oysters Rockefeller and Pompano en Papillote, is 150 years old and still operated by the family that founded it. Brennan's, home of the seven-course breakfast, has Eggs St. Charles (poached on fried trout) among the entrees and desserts include strawberries suzette.

And there is Broussard's.

Generally recognized as one of the French Quarter's, finest restaurants, Broussard's is operated by Joseph Marcello Jr., brother of Carlos Marcello, the 5-foot-1 Mafia patriarch whose influence in the South—and particularly in Louisiana—is in inverse proportion to his size.

Joseph Marcello was denied a liquor license for Broussard's five years ago by an administrative officer who said the issuance of the license was not in the best interests of the community. But a district judge overruled the officer, and Joseph Marcello soon had his license.

"When Carlos Marcello says he has 200,000 friends in Louisiana, he's probably right," remarks Aaron Kohn, who retired recently as head of the New Orleans Crime Commission and who was, for several years, Marcello's most outspoken foe.

Another New Orleans restaurant—Tony Angelo's—was the setting for a little-publicized meeting that provided an example of the type of associations Kohn decries.

In attendance at the luncheon meeting, Kohn says, were Joe DiRosa, a former city councilman who lost a recent mayorality election by 300 votes and who was a candidate for Louisiana Public Service Commissioner; Vincent Bruno, who at the time was head of the Police Patrolman's Association of New Orleans; and Carlos Marcello.

Reports by federal authorities that Marcello is involved in Mexican heroin trafficking come as no surprise to Kohn.

Marcello's sole narcotics-related conviction is for selling marijuana in 1938, but his associates have included some of the nation's major heroin dealers, Kohn says.

"There's no doubt in my mind he (Marcello) was mixed up in heroin," Kohn says.

Federal law enforcement officials say they are equally certain that Marcello still is backing marijuana traffic.

New Orleans sources recall that about five years ago a Marcello underling, Frank Zambito, was indicted on narcotics charges in connection with the crash of a World War II bomber in North Carolina. Zambito skipped the country and took up residence near Tampico, Tamaulipas.

Official sources say the travels of some of Marcello's associates include junkets to Mexico and Central America—junkets they believe are related to narcotics trafficking. Cited in this context is Marcello underling Thomas Amato, also known as "Tomats."

Marcello's relationship with the federal government has been anomalous, to say the least. The Tunisian-born Marcello has been under deportation order since 1953, but the government has yet to keep him out.

"Marcello has spent a half-million dollars fighting deportation, and the government has spent at least a million (trying to deport him)," Kohn said.

Yet in 1975, it was reported that the U.S. Defense Department bought $1.1 million worth of produce from Pelican Tomato Co., a firm with which Marcello has been variously identified as "salesman," "public relations man," and "adviser."

Kohn calculates the overall take for the mob in New Orleans and its environs at more than $1 billion a year. Marcello and friends have converted the city into an investment center for Mafia organizations from several areas, Kohn and others believe.

A common feeling expressed by law enforcement personnel and others in New Orleans is frustration bordering on despair at the apathy of residents concerning Marcello's organization.

The seeming inability of law enforcement to kindle interest in organized crime in the area may stem from the fact that residents of New Orleans have lived with the phenomenon so long that it seems a part of the fabric of the city. For the Mafia has been a presence in New Orleans for more than 100 years, at least as long as it has been a factor in any other American city.

The citizenry here was outraged in 1890, when the Mafia was already sufficiently entrenched to boldly murder the city's police chief as he walked to his home on a downtown street.

Police Chief David Hennesey was in the middle of an investigation of Mafia activities when he was wounded fatally by shotgun blasts. Before he died he identified his assailants as Mafia assassins.

Nine men were brought to trial, but despite a confession by one of them implicating several others, none were convicted. Members of the defense team later were convicted of jury tampering.

Two days after the acquittal, a notice signed by 61 of the city's more-prominent residents appeared in the morning newspaper, inviting residents to attend a mass meeting near the city center.

Town fathers led the mob that gathered on a march to the jail, where within minutes all those believed guilty of Hennesey's assassination were shot to death or hanged.

The Gulf Coast has been the major receiving point for marijuana shipments in recent months and much of the attention in the Miami, Fla., area has focused on that fact. During a recent five-month period, law-enforcement personnel seized more than 300 tons of marijuana, 20 large vessels and "smaller boats and vehicles too numerous to mention."

"Cocaine and marijuana are the big things now," a state law-enforcement officer said.

However, much of the heroin that is making its way to Florida is Mexican brown, law enforcement authorities say.

Playing the same role in much of Florida that Marcello does in Louisiana is Santos Trafficante, longtime Tampa mob boss who maintains a residence in Miami. Two figures who have been involved in narcotics trafficking for Trafficante, federal sources say, are Luis "Blackie" Llerandi and Victor Acosta. Llerandi is now in prison.

Federal sources in Florida believe it was Trafficante's underboss, Frank Diecidue, who issued the contract on retired Tampa police Sgt. Richard Cloud. The murder of Cloud caused a stir in Florida similar to that provoked by the slaying of Arizona Republic reporter Don Bolles in Phoenix in 1976.

Cloud allegedly had uncovered widespread corruption in Tampa. Benjamin Foy Gilford, a one-time Baptist minister who pleaded guilty to shooting Cloud, claimed the murder was ordered by Acosta, a convicted cocaine dealer.

Other Mexican heroin dealers in Florida, law enforcement authorities say, include Carl Fiorito, whose associates have included top Chicago syndicate figures, and Sam Cagnina.

Cagnina is under indictment in Florida as head of a group Miami authorities believe has engaged in counterfeiting, forgery, extortion, loan sharking, hijacking, arson and murder. About a dozen persons have been indicted in connection with the operation.

Cagnina is being sought by federal authorities.

Carlos Marcello

Marcello, longtime kingpin of New Orleans, along with Santos Trafficante of Florida is believed to dictate mob policy for much of the Southeast. Marcello rules over Texans Anthony Caterine and Frank Zambito, authorities say.

Federal authorities say Marcello obtains heroin from Mexico. Among his past heroin connections, they say, has been the narcotics trafficker Alberto Sicilia-Falcon. They refer to him as one of the top organized-crime figures controlling narcotics operations in Mexico and South America.

Marcello is one in a long line of top Mafia figures in a city where the history of the Sicilian-nurtured organization dates back a hundred years.

In 1938, Marcello was convicted of possession and sale of marijuana. Law enforcement officials said he settled a $76,380 fine against him for $400 and served 10 months in prison—the only occasion when he has served time.

In 1961, he was ordered deported by U.S. Attorney General Robert F. Kennedy. The government said Marcello had forged birth records claiming he was born in this country. He left for Guatemala for a short time but soon returned.

Deportation efforts continued in what has become a standing joke among New Orleans law-enforcement personnel. Only a week ago, the 1961 order was vacated by U.S. District Judge Jack Gordon, who said the Immigration and Naturalization Service must reconsider the case because its handling of the affair displayed "callous disregard for ethical standards of the worst sort."

Marcello was charged in 1963 with conspiracy to defraud the federal government, but was acquitted. Indicted the following year for bribing a juror and conspiracy to murder a witness, he was acquitted of the bribery charge and the conspiracy charge was dropped.

He was charged with assault on a federal officer in 1966 and was sentenced to two years in prison and fined $2,000. He spent six months in a federal hospital on that charge.

Marcello was subpoenaed in 1977 by a federal grand jury in Florida probing the influence of organized crime over the International Longshoremen's Association. He was also subpoenaed that year by the House Assassinations Committee in Washington.

Underlings include Joseph Saladino, who ran a company called Producciones Jitomate in Mexico City and later headed the Pelican Tomato Co. in Texas. A brother, Joe Marcello Jr., and a son, Joseph C. Marcello, also travel to Mexico for Carlos, authorities say.

Marcello is an associate of Meyer Lansky, top mob financier, and narcotics peddler Harry Clifford Dryden.

Marty Houltin

Houltin calls himself the "Ace of the Drug Air Force," and federal authorities say the title is well earned.

They say Houltin, considered to be one of the best small-craft pilots in the country, will fly anywhere for anyone if the price is right. They estimate he makes about $150,000 a year when he's not in prison—where he's now serving time on a narcotics conviction.

No stranger to federal authorities, Houltin was found by narcotics agents to be sitting in a hotel coffee shop checking them out as they held an air smuggling seminar last year in Tucson.

Agents say he has flown a substantial amount of narcotics into the United States for the Chagra brothers. Lee Chagra defended him on the narcotics charge that resulted in his imprisonment.

Victor Stadter

Stadter, a longtime air smuggler, is a friend of the Marcello brothers and of Texas organized crime figure Anthony Caterine, federal authorities say.

They believe it was Stadter who flew Carlos Marcello back into the United States after he was deported to Guatemala in 1961. Marcello, who was born in Tunisia, returned to his New Orleans fiefdom to thwart further attempts to deport him.

Authorities say they recently detected a plot to have Stadter murdered.

They say Stadter, who has a record of narcotics activities, has criminal connections in Mazatlan and Culiacan in Mexico and in Guatemala, Costa Rica and Belize.

Jimmy Chagra

Jimmy is the brother of Lee Chagra, El Paso attorney shot to death recently in an apparent gangland slaying. According to federal authorities, Jimmy was Lee's partner in narcotics smuggling.

Law enforcement officials say that the Chagra brothers for years have operated a trafficking ring bringing narcotics from Mexico and Colombia to the United States.

One source of financing for the Chagra operations, federal authorities believe, was Tucson Mafia don Joseph Bonanno Sr.

The Chagras used a pool of pilots to fly narcotics across the border, authorities said.

Jimmy Chagra has been living in El Paso, but is said to be building a home in Las Vegas.

Frank J. Zambito

Long a leading orgnized crime figure in the Rio Grande Valley in Texas, Zambito has played a major role in forging narcotics links between gangsters in the United States and Mexico, according to federal authorities.

Indicted by a federal grand jury for conspiracy to smuggle in more than seven tons of marijuana in 1974, Zambito jumped bail and is reportedly living in Mexico. Federal authorities say he was last known to be residing at a home near Tampico, Tamualipas.

Authorities say he has met frequently with members of the Marcello Mafia organization, including Carlos Marcello's brother, Joseph, in Mexico. Zambito ran a McAllen, Texas, branch of the Pelican Tomato Co., one officer of which was Marcello subordinate Joe Saladino.

Other associates include narcotics trafficker Victor Stadter.

FLORIDA

Meyer Lansky

Best known as a mob financier, Lansky has an association with narcotics dating back several decades.

Though Lansky's only conviction of note was for a gambling violation in the 1950s, his association with organized crime dates to the 1920s, when he and Bugsy Siegel formed the B&M mob, the predecessor to Murder Inc.

During the 1930s, the Jewish faction of organized crime in New York, of which Lansky was a member, was involved heavily in narcotics trafficking. His activity in the group earned Lansky an early ranking as a trafficker on the International Narcotics List.

So Lansky's presence at a conference including many major international narcotics traffickers in 1970 in Acapulco should not have been too surprising to law enforcement authorities.

While the numbers and stature of gangsters involved in the meeting approached that in Appalachia, N.Y., in 1957, it drew comparatively little publicity. Many Canadian narcotics traffickers, including Frank and Vincenzio Cotroni, attended the meeting.

Narcotics was a major topic of conversation at the meeting, but exactly what role Lansky plays in the narcotics scene is still ill-defined.

Santos Trafficante Jr.

Successor to his father as head of the Mafia in the Tampa, Fla., area, Trafficante is one of a trio who according to federal authorities controls organized crime in much of the southeastern United States. The others are Carlos Marcello, the "little big man" of New Orleans, and mob financial wizard Meyer Lansky.

Long associated with the mob mainstay of gambling, Trafficante operated casinos in Havana in the balmy, pre-Castro days, but was expelled from Cuba when Castro took over.

Trafficante's criminal career illustrates the sometimes perilous but generally well-protected course of the well-heeled gangster.

In 1953, he survived an attempt on his life when he was shotgunned in a car on the streets of Tampa. In 1954, he was convicted of bribing a police officer and sentenced to five years in prison, but the conviction was reversed.

In 1957, he was a suspect in the celebrated shooting of Murder Inc. figure Albert Anastasia in a New York barber shop. That same year he attended the Appalachian conference, a gathering of about 60 high-level organized-crime figures at the New York estate of Joseph Barbara.

Trafficante also has a longtime association with narcotics trafficking, federal officials say. They identify Trafficante and Marcello as among the top hoodlums involved in the narcotics traffic from Mexico.

Sam Cagnina

Cagnina has been at cross purposes with law enforcement officials for more than 20 years—since he left the Key West police force under a cloud after he was accused of robbing a poker game at one of the key's gambling establishments.

Federal authorities say that aside from other criminal activities, Cagnina has been an overseer in the Mexico heroin traffic.

Now a fugitive, he has a criminal record that stretches from 1953 when he was sentenced to a year in prison for conspiracy to violate Florida's lottery laws.

A co-defendant was Harlan Blackburn, longtime central Florida gambling kingpin.

In the mid-1960s, Cagnina pleaded guilty to robbery of an armored car. In 1967, the Royal Bahama police charged with with the holdup of a Nassau bank in which $8,700 was taken, but he was acquitted by a jury.

He was acquitted again in 1973 of federal charges that he threatened a former associate of Blackburn's to keep him from testifying at Blackburn's trial for income tax evasion. In 1975, Cagnina was investigated in connection with the theft of $3.5 million in Los Angeles Treasury checks, but was not prosecuted.

He was a suspect in two killings, the 1974 murders of Miami, Fla., massage parlor owner George Webber, whose body was found in a south Dade County rock pit, and the murder that same year of Ronald Yaras, also involved in Dade County massage parlors.

A convicted drug dealer testified that Cagnina telephoned him early the morning after the Yaras' slaying to tell him that Yaras "sleeps with his father." Yaras' father was Chicago syndicate associate Dave Yaras, who died earlier in 1974.

Last fall, Ramon E. Dorto pleaded guilty to participating in a conspiracy headed by Cagnina to engage in murders, arson, hijacking, counterfeiting, forgery, extortion and loan sharking.

CALIFORNIA

20 contract killings in 4 years indicate growth of organized mob activities

Twenty murders. Not barroom-brawl types, kill-for-profit drug rip-offs or Saturday night juvenile-gang shootings.

None of the victims was robbed. None was raped.

These were 20 big-time hits for a price against organized-crime thugs, federal grand-jury witnesses, known Mafia informers. All were killed in California in the past four years.

What they mean to law enforcement officials who have investigated them is that organized-crime activity in California has turned from a tiny spore to a noxious weed. Twenty contract killings since 1975 is the most of any four-year period in the state's history.

The killings, according to federal, state and local authorities, document the spread of mob activity throughout California. Its swath of influence now is said to splash deeply into Mexico.

Midwest and East Coast Mafia families have been infiltrating California during the past several years. Various syndicate bosses have made significant efforts to control illicit activities in the state estimated to be worth as much as $10 billion a year.

The California Department of Justice says 50 known syndicate leaders—most from New York and Chicago—have moved into or invested heavily in the state during the past five years. This movement represents a tangible link between crime activities in California and those in several East Coast and Midwest Mafia families, investigators said.

Several out-of-state organized-crime figures are attempting to gain control of legitimate land and business ventures in California in addition to interest in illegal activities, authorities said.

The California investments by East Coast and Midwest hoods parallel an interest they have shown in Mexico, which is said to have been cultivated into a mob-operations center.

Federal authorities told *The Arizona Republic* that intelligence indicates East Coast and Midwest mobsters are involved in smuggling narcotics from and through Mexico, have set up legitimate Mexican businesses possibly as fronts for illicit operations and have established direct channels to some of Mexico's top narcotics traffickers.

Authorities think the mobsters also have bought political and police protection in Mexico, have developed highly mobile and flexible operations and operate with little attention from Mexican officials or the public.

California's backdoor relationship with Mexico and its supply of marijuana, heroin and cocaine makes the East-West connection a profitable prize.

Officials said several of California's known 300 organized-crime figures apparently have established themselves as contacts for big-money hoods in the East and Midwest looking to do business in Mexico. The business connections have included illicit narcotics and arms trade, land acquisition and development, hotel management and illegal-alien smuggling.

A few California crime figures, however, have become active in the Mexican market on their own. Investigators view the move as a logical extension of territorial gains made by California mobsters during the past two decades.

Whether as contacts or as entrepreneurs, virtually every crime syndicate in California has some stake in Mexico. Drugs play a significant role in the mob's overall effort, according to the California Justice Department investigators.

Big-money markets for marijuana, heroin and cocaine can be found in Chicago, Cleveland, Pittsburgh, Detroit and New York.

Officials think most narcotics moved by U.S. mobs is transported by air—carried by a thousand bush pilots hoping to make a quick buck, who wing their crafts over the border at altitudes of 50 feet to 100 feet. This contrasts with the movement of illicit narcotics by Mexican organizations, which are said to use cars more than aircraft.

The usual route, authorities said, is through Texas, connecting to Chicago and then to points east.

Organized-crime figures in California who, state and federal authorities think, have illicit Mexico connections include:

Vincent Albanese, 48, of Chula Vista, a

San Diego suburb. Authorities have linked him to the smuggling of arms and weapons into Mexico in exchange for heroin.

John Alessio, 68, who reportedly lives in Tijuana and travels extensively in Mexico while maintaining a residence in La Mesa, near San Diego.

Frank Bompensiero, killed in a gangland slaying in 1977. He was involved in narcotics smuggling and was associated with Francisco Patron-Sing and his father, Francisco Patron-Ramirez, major Mexican narcotics traffickers. Authorities are not certain who will emerge as the new leader of Bompensiero's San Diego organization, but they said the group is well-entrenched in Southern California and probably remains operational.

Joseph Cerrito, instrumental before his death in 1978 in establishing a narcotics-trafficking connection between organized crime in the San Jose area and the Hell's Angels. The Cerrito organization also is well-oiled, and authorities think it is operating at full strength.

Louis Tom Dragna, 59, of Covina, a Los Angeles suburb. Authorities say Dragna is involved in bookmaking, gambling, narcotics and illegal-alien smuggling.

James Fratianno, 66, under federal protective custody after providing information to law enforcement officials about the inner workings of the mob. He worked a deal with federal agents after being indicted in connection with the slaying of Bompensiero.

Carl Hammett, 38, of Spring Valley, a San Diego suburb. He is thought to be smuggling weapons into Mexico in exchange for narcotics.

Frank Lambe, 58, of Fresno. Officials said he smuggles narcotics into the United States from Mexico.

Michele Marchese, 57, of Pasadena. He is suspected of having been an enforcer for the mob in the past several years in the Los Angeles area.

Angelo Marino, 55, of San Jose. He reportedly uses a cheese company he owns as a front for narcotics smuggling.

Salvatore Pisello, 56, of Lake Encino, near Los Angeles. He reportedly represents the Carlo Gambino family of New York in various deals on the West Coast. Pisello's crime associates have included Joseph Bonanno, Sr., with whom Pisello reportedly met in Scottsdale in 1977. Bonanno has been listed by federal authorities as a major narcotics trafficker with numerous connections to drug sources on both sides of the border.

Joseph Sica, 68, of Sun Valley, a Los Angeles suburb. Sica reportedly helped establish the California-Mexico narcotics connection during the late 1940s and early 1950s while a member of the Mickey Cohen gang.

Bert Sparacino, 41, of San Diego. Officials said he is connected to narcotics smuggling through the Hell's Angels.

Edward A. Zuber, 41, who currently is serving a federal prison sentence in Lompoc, Calif. He was sentenced in 1975 to five years in prison after being convicted of fraud in the bilking of nearly $1 million from investors nationwide. Federal officials said Zuber has been involved in importing heroin and cocaine from Mexico into California. He reportedly has associated with crime figures Meyer Lansky, Santos Trafficante and Sam Cagnina.

PALM SPRINGS

50 mob chieftains forsake big cities for California resort community

Mobsters who have moved into California during the past several years generally have chosen to live in metropolitan areas including Los Angeles, San Diego and San Jose.

An exception is Palm Springs—a desert resort community of about 35,000 persons 110 miles southeast of Los Angeles.

State and federal authorities have identified about 50 known Mafia leaders residing in the desert community. Riverside County law enforcement officials said more than 30 of them are from Chicago.

Former California Attorney General Evelle Younger has estimated the Chicago syndicate since 1974 has invested nearly $50 million in the Palm Springs area, buying high-priced homes, land and a variety of businesses.

Other law enforcement officials have put the figure at $200 million.

Some known organized-crime figures with Palm Springs connections are:

Anthony Accardo, reputed boss of the Chicago syndicate; Marshall Caifano, an enforcer for Chicago organized crime; Rene Piccarreto, former boss of the Rochester, N.Y., mob and a close associate of the Joseph Bonanno family; and Frank Stellino, son-in-law of the late Nick Licata, who ruled as Southern California Mafia boss until he died in 1974.

Also, Dominic Brooklier, who once was considered a possible successor to Licata; Frank Buccieri, who was rated as a lieutenant in the Chicago crime family; Sam Sciortino, once considered to be the No. 2 man in the Licata organization; and Vioncent Caci, a former member of the New York syndicate.

Several law enforcement officials think Palm Springs is a "neutral area," a place where crimes to be committed elsewhere are planned.

As long as mobsters don't break laws in Palm Springs, they apparently aren't bothered.

NEUTRAL GROUND

Organized crime flourishing in "open territory" with no designated boss ruling West Coast

A phenomenon of California's flourishing organized crime is that it apparently is operating without a designated boss.

It is considered an "open territory," where out-of-state mobsters can set up rackets without fear of igniting a territorial war—a common concern in New York and Chicago where rackets are controlled tightly.

But there may be rumblings to close down much of that territory.

Investigators said law enforcement agencies are aware of high-level Mafia meetings between out-of-state hoods and local crime figures. A purpose of these meetings, according to informers, has been establishing an acceptable syndicate structure in the West.

Out-of-state organized-crime figures, investigators said, also have been concerned about the development of roles between East Coast and West Coast Mafia families and the need to eliminate known informers.

The state historically has been divided into three loose syndicate crime areas, or families: Southern California, San Jose and San Francisco.

The last known leader of the Southern California family, which controls the lucrative markets of Los Angeles and San Diego, was Nick Licata, who died in 1974. He was the Southern California boss for five years.

Although Dominic Brooklier, once known as James Regace, and Sam Sciortino have been mentioned as possible successors, authorities believe the leading contender for the top spot is Louis Tom Dragna, a longtime California hood with deep-rooted Los Angeles ties.

Dragna is the nephew of the late Jack Dragna, who, until he died in 1957, was the Southern California boss. Dragna is associated closely with many California organized crime figures and has been named as a high-ranking Mafia member by the California State Assembly and the U.S. Congressional Record.

He was convicted of extortion in 1959 and has been named in connection with the 1977 slaying of FBI informer Frank Bompensiero.

Joseph Cerrito was the recognized boss of the San Jose family until his death in September 1978. He was felled by a heart attack at his exclusive Los Gatos home after leading the San Jose syndicate for 19 years.

Authorities say a new San Jose boss has not emerged. However, they indicated Joseph Bonanno Sr. of Tucson has made significant gains in the area during the past several years—operating secretly through various henchmen.

There is some speculation Bonanno has been attempting to set the stage for his son, Salvatore, to move into the San Jose limelight. The younger Bonanno, however, is in jail and has not shown many leadership capabilities.

The recognized leader of the San Francisco family is James Lanza, an elderly San Mateo resident. Lanza has kept a low profile recently and his advice and permission reportedly are necessary only for low-level organized-crime figures. A successor has not been selected by Lanza.

One California organized-crime figure who many law enforcement officials believe has manuevered himself into a key position for a possible bid as boss of bosses in the state is Vincent Albanese.

Albanese, 48, is thought to be a mover of mob money and reportedly has worked with California and out-of-state organized-crime figures. He operates out of Chula Vista, a San Diego suburb.

Another strong contender is John Alessio, 68-year-old former race track operator and land developer. Alessio maintains a home in Chula Vista but spends much of his time in Mexico.

He spent two years in federal prison for income tax evasion involving the skimming of nearly $2 billion in bets.

Another out-of-state challenger is Anthony Spilotro, an underboss in the Chicago organization. But like the younger Bonanno, he has made several mistakes according to law enforcement officials, and may not be in the strongest bargaining position.

CALIFORNIA

Louis Tom Dragna

Law enforcement officials think Dragna may be a leading contender as the boss of the Southern California Mafia. A native, he has been associated with organized crime figures in the state for most of his 59 years.

Dragna is the owner of Roberta Manufacturing Co. in Rosemead, a Los Angeles suburb, and is thought to have interests in El-Jo Styles and hidden ownerships in a number of other garment firms.

Federal and state authorities said he was involved in bookmaking and gambling and was suspected of smuggling illegal aliens into the country from Mexico to work in a number of garment shops. Officers said he had established significant Mexican connections and might have developed a vast network of narcotics trafficking.

"We don't have a lot of information on his narcotics involvement," said one officer, "but we know he's in it."

Dragna is the nephew of the late Jack Dragna, who, until his death in 1957 was the boss of the Southern California Mafia. He has been identified as a highranking member of the Mafia by the California Assembly Subcommittee on Rackets, the California Organized Crime Control Commission and the U.S. Congressional Record.

He was convicted of extortion in 1959.

Dragna associates have included Joseph Sica, the late Frank Bompensiero, Peter Licavoli, Anthony Accardo, James Fratianno and the late Mickey Cohen.

James Fratianno

Fratianno has been tagged with the nickname "Jimmy the Weasel" for years, but apparently just recently lived up to the billing. He has become the FBI's highest-ranking

Mafia informant since Joe Valachi, who appeared before the U.S. Senate in 1963 and revealed the inner workings of La Cosa Nostra.

A 66-year-old former Fresno, Calif., resident, Fratianno is under federal protective custody. He worked a deal with the government in exchange for a reduced prison sentence in two gangland slayings.

The Mafia reportedly has a $100,000 contract out on his life.

Federal authorities said Fratianno headed a ring of organized crime figures involved in the importation of cocaine, heroin and marijuana from Mexico to the United States before his recent government deal.

The ring, according to federal agents, dealt with Ramon Jaime, a major Mexico narcotics trafficker.

Fratianno has been convicted of robbery, extortion, making false statements and conspiracy.

Los Angeles police officials testifying before a state Assembly subcommittee, called Fratianno "the executioner" for the mob on the West Coast.

Salvatore Pisello

Pisello works for the Carmine Consalvo crime organization as one of the mob's West Coast overseers, authorities said. He is a suspected narcotics smuggler.

According to a confidential Drug Enforcement Administration report, Pisello was named by Mexico narcotics dealer Jorge Asaf y Bala as his New York heroin customer.

Asaf y Bala is considered a major narcotics trafficker in Mexico. Although currently in a Mexico City prison, he continues to operate what officials have called a "massive drug smuggling syndicate."

Pisello, 55, maintains a home in Lake Encino, a plush suburb of Los Angeles. He is said to have associated with organized crime figures Edward Lino and Charles Alaimo, two suspected narcotics dealers.

Lino, according to federal sources, is the uncle of Consalvo and reportedly directs distribution for the Consalvo organization. He is said to have traveled to Italy to arrange heroin shipments back to the United States.

Alaimo reportedly received part of a 600-pound load of heroin in Tampa, Fla., that came from Hong Kong, according to federal agents.

Although he has no convictions, authorities said Pisello may be emerging as a leading figure in the movement of illicit narcotics between Mexico and U.S. buyers. He also has been linked by officers to business activities in Aspen, Colo.

Pisello also has been tied by authorities to Angelo Marino and Vincent Albanese, two high-ranking California mobsters. He also reportedly met with Joseph Bonanno Sr. of Tucson in Scottsdale in 1977, according to California authorities.

Law enforcement officials said Pisello has worked as the manager of the Y Roma Di-Notte Restaurant in Los Angeles.

John Alessio

Authorities are not certain where Alessio hangs his socks at night, but they have called him a significant force in California's organized crime picture. He maintains homes in Tijuana, where he is said to spend most of his time, and in La Mesa, a San Diego suburb.

Federal officials labeled him a top contender for the job of boss of bosses of the California Mafia in recent confidential Drug Enforcement Administration reports.

He has been involved in the ownership of Sunland Park and Ruidoso Downs racetracks in New Mexico and the Juarez Race Track in Cuidad Juarez. He holds a 99-year lease on property at Caliente Race Track in Tijuana. Federal and state authorities said Alessio was suspected of controlling a vast network of gambling, narcotics and bookmaking activities on both sides of the border.

Alessio, 68, spent two years in federal prison at McNeil Island, Wash., for income-tax evasion. He was convicted of skimming bets at Caliente and using the money to improve property in California. The conviction was in 1973 and involved nearly $2 million in unreported income over a four-year period.

Federal sources have described the Sunland Park racetrack in New Mexico, located near El Paso, as a major narcotics distribution center.

The Alessio family built and operated dog tracks at one time in Phoenix, Arizona, Apache Junction and Yuma. They have not operated in Arizona for some time, however.

Bert Sparacino

Authorities said Sparacino has maintained close ties with a number of Hell's Angels, giving them jobs in various bail bond agencies he has operated.

Federal and state officials said the outlaw motorcycle connection, however, is linked to Sparacino's involvement in narcotics smuggling.

The 40-year-old Sparacino formerly operated the Genie Bail Bond Agency in San Diego, where he employed Gary Moen, a former president of the San Diego chapter of the Hell's Angels. Moen has been linked by federal officers to Carl Hammett, who is said to smuggle weapons into Mexico in exchange for narcotics.

Authorities said Sparacino most recently has been involved in the operation of Isaac's Bail Bonds in San Diego.

He has been linked by law enforcement officials to organized-crime figure Frank Bompensiero, who was considered boss of the San Diego mob until he was shot to death in 1977 as an alleged FBI informant. Another associate, according to authorities, is Angelo Marino, a leading Mafia figure in San Jose.

Sparacino lives in San Diego. He was convicted in San Jose in 1966 of hit-and-run driving, in 1968 of displaying a weapon and in 1969 of battery. He also was convicted in 1972 in San Diego of disturbing the peace.

Ronald Giannoni

Federal authorities think Giannoni is a major narcotics trafficker in the San Francisco Bay area and, according to a confidential Drug Enforcement Administration report, has guaranteed his source of drugs from Mexico with shipments of arms and weapons south of the border.

The 37-year-old California resident has established a close working relationship with his 41-year-old brother Emile Giannoni. Besides narcotics, law enforcement officials think the two are involved in fencing stolen property.

Ronald Giannoni reportedly has established ties with a number of Mafia families. Authorities said two former contacts included Frank Bompensiero of San Diego and Joseph Cerrito of San Jose. Bompensiero and Cerrito were high-ranking Mafia bosses until their recent deaths.

The Giannoni brothers live in San Mateo, a San Francisco suburb. They have no convictions.

Vincent Albanese

A 48-year-old Southern Californian with ties to organized crime figures in four states, Albanese has been described by law-enforcement officials as a mover of mob money.

He is associated with V & V Development in San Diego and reportedly has been involved in construction of condominiums in San Diego and Palm Springs. Authorities said Albanese was supected of fronting for a number of out-of-state mob figures who have invested in land and businesses in California.

Albanese also has had frequent contact with Alfa Chemical Co. in Las Vegas, which reportedly is controlled by former Mafia executioner James Fratianno, now under government protection after working a deal in exchange for a reduced prison sentence for two gangland slayings.

Albanese owns Vinnie's Italian Restaurant in San Diego and is said to control property throughout the southland.

Federal authorities, according to a confidential Drug Enforcement Administration report, think Albanese is involved in the smuggling of arms and weapons into Mexico in exchange for heroin. Agents said his major Mexican connections were located in Tijuana.

According to California authorities, Albanese recently purchased a home in Palm Springs that belonged to Frank Sinatra's late mother.

Carl B. Hammett

A former president of the Hell's Angels in San Diego, Hammett apparently presides over an uneasy alliance between members of organized crime and the outlaw motorcycle club. He has been linked by authorities to Mafia figures in California and Michigan.

The Mafia-Hell's Angels connection was established and survives because the Angels honor an unwritten contract and are nearly impossible to infiltrate, said one San Diego County law enforcement official. The outlaw motorcycle gang members are said to act as couriers, enforcers and, occasionally, as hit men.

Hammett, 38, also is alleged by federal authorities to be involved in the smuggling of weapons into Mexico in exchange for narcotics. San Diego County officials said he also was connected to the pirating and smuggling of 8-track and cassette tapes.

Hammett has operated a mobile marine service in San Diego, thought by authorities to be a front for smuggling activities.

Although a Hell's Angel, Hammett has been linked to the Iron Horsemen Motorcycle Gang of San Diego, who reportedly have been active in drug trafficking.

His associates include Gary Moen, also a former president of the San Diego Hell's Angels chapter who reportedly has had contact with Mafia boss Angelo Marino of San Jose and Bert Sparacino, a suspected narcotics dealer with mob ties.

Hammett lives in Spring Valley, a San Diego suburb. He was convicted in 1972 for possession of dangerous drugs and in 1978 for assault. Both convections were in San Diego.

Joseph Sica

As the recognized leader of the four Sica brothers, Joseph Sica once enjoyed a "well-earned reputation" as a top racketeer specializing in strong-arm tactics, bookmaking, narcotics and robbery, law-enforcement officials say.

A lengthy arrest record shows convictions for robbery, grand theft auto, larceny, bookmaking and extortion. He was arrested twice for murder—in 1948 for the Los Angeles killing of Harry "Hooky" Rother, who was shot down in gangster Mickey Cohen's haberdashery and in the 1950 slaying of Gardena, Calif., attorney Samuel Rummel. Neither arrest resulted in a conviction.

Sica also was among 17 persons indicted in the 1950s in a federal narcotics conspiracy case. The case collapsed, however, when a key prosecution witness was found shot to death.

Law enforcement officials consider Sica a pioneer in the establishment of a narcotics network between California and Mexico. The network was created, they said, when Sica worked for Cohen.

The 67-year-old mobster lives in the Los Angeles area, as do brothers Frank, Alfred and Nunzio. The four are seen together frequently, authorities said. They are said to be involved in bookmaking and loan-sharking today.

Angelo Marino

Law enforcement authorities say Marino has been a high-ranking member of the San Jose, Calif., Mafia for several years. The Congressional Record listed him as a captain in the San Jose mob in 1969, under the leadership of the late Joseph Cerrito.

The 55-year-old Marino owns the California Cheese Co. in San Jose. State Justice Department officials said Marino might have established a monopoly in California on certain cheese products.

Federal and state authorities also think Marino uses his cheese firm as a front for narcotics smuggling. Officials said he had used members of the Hell's Angels to transport drugs from Mexico into the United States. Some of the narcotics, according to investigators, has been moved through the state in various cheese wheels that were hollowed out.

Investigators have linked Marino to a number of Mafia leaders throughout the country, including Anthony Pinelli Sr., who is said to run the Gary, Ind., syndicate, and Salvatore "Bill" Bonanno, son of Mafia boss Joseph Bonanno Sr. of Tucson.

Marino and Joseph Piazza, a former member of an organized crime burglary operation, were named last year as co-defendants in the gangland slaying of Peter Catelli. Catelli was killed in Marino's San Jose cheese factory.

The trial, being prosecuted by the Santa Clara County district attorney's office, is under way in Los Angeles and is expected to last through December.

Marino lives in San Jose.

Authorities think the Hell's Angels connection maintained by Marino probably was established by Cerrito.

Edward Zuber

Currently in federal prison at Lompoc, Calif., Zuber has been identified by both federal and state law-enforcement officials as a Los Angeles-area organized crime figure. He was listed in the California Organized Crime Control Commission report in 1978.

Zuber's associates, authorities said, have included mob financial expert Meyer Lansky, suspected heroin trafficker Sam Cagnina and Miami underworld boss Santos Trafficante, who many consider one of the most powerful organized crime bosses in the Southeast today.

Zuber, also known as "Big Ed," is serving a six-year term for conspiring to bilk Las Vegas' Aladdin Hotel out of $250,000 in gambling chips and for stock and mail fraud schemes in New York and San Diego. Authorities think he still may be active in narcotics trafficking.

The former resident of Costa Mesa, Calif., has a record of stock manipulation schemes. He was convicted in New York in 1974 for mail fraud in connection with a stock ploy that bilked investors of $800,000. He also was convicted in 1970 of possession of narcotics.

Federal authorities said Zuber was involved in narcotics before his 1975 fraud conviction. They said in a confidential Drug Enforcement Administration report that he imported heroin and cocaine. Some officials think he was a contact man for narcotics for Trafficante.

Michele Marchese

Law enforcement officials think Marchese has been an enforcer for organized crime in the Los Angeles area for the past several years.

The 57-year-old Pasadena resident has been convicted of violating federal narcotics laws (1958), extortion (1972) and possession of a firearm by a felon (1972).

In the firearms case, authorities said Marchese used a pistol to threaten a New York attorney who was attempting to protect investors in instituting bankruptcy proceedings for an oil company. During the trial, Marchese was described as a loan shark with organized crime connections.

California law enforcement authorities think Marchese currently is involved in narcotics, gambling and loan-sharking. He has been affiliated with a Los Angeles firm known as Sound Alike Music Co.

Federal reports indicate Marchese has been active in narcotics in the Rosarita Beach area of Baja California. Drug Enforcement Administration officers also have reported seeing Marchese in the Tijuana area.

Frank Lambe

The former owner of a flying service in Fresno, Calif., called Lambair Inc., Lambe was convicted in 1972 of taking part in an airborne smugging conspiracy. He was sentenced with his son Anthony Lambe to three years in prison.

The two were indicted in a smuggling operation involving transportation of 13 tons of marijuana into the United States from Mexico between 1968 and 1970, according to court records.

Federal officials said Lambe, who also is known as Frank C. Lambetecchio, is thought to be smuggling narcotics again. His major Mexico contact, according to Drug Enforcement Administration agents, is Eduardo "Don Lala" Fernandez, a top Mexican narcotics trafficker.

Lambe, 57, reportedly has connections with Ronald and Emile Giannoni of San Mateo, Calif., two brothers suspected of dealing in narcotics in the San Francisco Bay area.

San Diego County law enforcement officials said Lambe also associated with Lawrence Fassler, a former Arizona narcotics trafficker who is now serving a life sentence at San Quentin for murder. Fassler was sentenced in the slaying of Warren Hudson, who reportedly was one of the pilots who flew for a drug smuggling ring headed by Fassler.

DETROIT

Anthony J. Giacalone

Publicity concerning Giacalone of late has centered on his alleged involvement in the Jimmy Hoffa disappearance. Giacalone was identified as the man Hoffa said he was going to meet the day the former Teamsters president vanished in July 1975.

But federal authorities say Giacalone also has been involved in bringing Mexican heroin into the United States.

Considered to be a ranking member of the Detroit Mafia hierarchy, Giacalone (also known as Tony Jack) has a record dating back 25 years and including a conviction for bribing a police officer. He has followed a long-established pattern of ascent through mob ranks from gambling and collection rackets to the point where he is believed to control street operations in Detroit.

Like many hoods, he has chosen Miami, Fla., as his home away from home in recent years.

Giacalone has been fighting to stay out of prison after being sentenced in 1976 to 10 years and fined $30,000 for income tax evasion. An appeal was rejected late last year, but as is the case with many hoods, convicting Giacalone seems to have been only half the battle.

KANSAS CITY

Charles V. Carrollo

Carrollo is a brother of ranking Kansas City organized-crime figure Sam Carrollo.

Federal authorities say the Carrollo organization has been active in the illicit drug market for 30 years.

They say Charles was known to have visited Mexico City as early as 1955 and once was associated with an optical company there.

Criminal associates in Mexico City include Michael Spinelli and Niccolo Impastato.

U.S. OFFICIALS PRAISE EFFORTS BY MEXICO TO STAUNCH HEROIN FLOW ACROSS BORDER

The United States has granted approximately $75 million in aid to Mexico to combat narcotics trafficking since it became the major supplier of heroin to the United States about seven years ago.

Has the investment paid off?

Yes, says the nation's top narcotics administrator, Peter Bensinger, who heads the federal Drug Enforcement Administration.

Mathea Falco, senior adviser for international narcotics matters for the State Department, and Sen. Dennis DeConcini, D-Ariz., a member of the Appropriations Committee's subcommittee on foreign operations, agree with Bensinger.

Bensinger says the $75 million has been well-spent.

"We've seen a tremendous decrease in heroin nationally," he said in an interview. "The percentage from Mexico of the total has decreased as well as the total itself."

Three years ago, about 90 percent of the heroin coming into the United States was from Mexico. Now, Mexico heroin accounts for about 56 percent, he said.

"In 1976, we were looking at 85 to 90 percent of seven to eight tons" a year entering the United States from Mexico, he said. "In 1979, it's 56 percent of 4.5 tons."

Several key indicators suggest heroin use may be reaching its lowest point since 1970, Bensinger said. Purity of heroin and deaths by overdose are down, while price is up, indicating a relative scarcity of the narcotic.

"Present purity (of the average dose) is 3.5 percent, which is the lowest it's been in a decade," Bensinger said. "It was 6.6 percent in March of 1976."

"The price in 1976 was $1.26 per milligram. It's now $2.19."

Overdose deaths have been running about 30 a month nationally, compared with an average of 150 a month in 1976.

"We've been very pleased with the efforts of the Mexican government," Bensinger said.

The keystone of the Mexican effort against narcotics trafficking has been the opium poppy eradication program, Bensinger said. Although the United States no longer participates directly in the campaign, as it did in its beginning, it continues to provide money to maintain planes and helicopters, purchase photographic equipment and for other purposes, he said.

Bensinger also praised another key narcotics program, Operation Janus, a cooperative effort of the United States and Mexico to prosecute Mexican traffickers.

Four factors must be present before an individual is targeted in the program, Bensinger explained. The target must be in Mexico; he must be a Mexican citizen or third-country national; there must be a seizure of narcotics in the United States; and there must be a nonpolice witness to the seizure.

Additionally, the DEA requires that the target be a major violator—one of Class 1 or Class 2 stature, Bensinger said.

The five-year program has produced 57 investigations, 47 of which resulted in arrest warrants in Mexico, he said. Twenty-four of the offenders were tried and convicted, five were acquitted, and the remainder are in various stages of prosecution, Bensinger said.

The program's success has led the DEA to consider using it in other countries that share a narcotics problem with the United States, he noted.

As coordinator for international narcotics matters, Miss Falco administers foreign assistance funds described as the "cutting edge" of U.S. efforts to stem the flow of illicit narcotics, particularly heroin, into this country.

She stressed that the Mexican government has poured a good deal of its own funds into the eradication effort, in addition to the aid received from this country.

"I think you cannot stress enough that this is really a Mexican government program," she said. "They are contributing far more than we are to this program.

"DEA is not involved at all. It's been a year-and-a-half since they've been allowed to fly. I think it's important to note that." The United States initially furnished planes and pilots in the poppy eradication program.

Miss Falco also pointed out that, unlike the U.S. aid program to stop heroin from Turkey, Mexican farmers have not been paid to abandon their opium poppy growing.

"The Mexican government has not requested any rural economic development (funding)," she said.

"The supply of Mexican heroin has been significantly reduced," she noted. "The consensus of law enforcement agents is that the international program is the most effective means we have found of decreasing the flow of heroin into the country."

DeConcini seems in complete agreement.

"I've always believed we had to go to the source," he said.

As a member of the subcommittee on foreign operations, DeConcini has discussed control programs with the Mexican attorney general's office and the Mexican Congress. A year ago, he flew over growing areas to get a perspective on the issue, he said.

After his visit last year, he succeeded in reinstating $12 million that had been cut from the U.S. budget for narcotics control in Mexico, DeConcini said.

He is aware of the skepticism with which some U.S. law enforcement officials view Mexican control efforts. He frequently encounters the skepticism, but rarely any evidence that it is warranted, he said.

"In my visits to Mexico I have been impressed that the Mexicans want to shed the reputation of being the heroin connection point for North America," he said. "It damages them, and they realize it."

He stressed that the aid given to Mexico isn't simply doled out to officials.

"We don't give them money, we make purchases from them. We train their pilots. This, to me, is the right approach."

DeConcini is optimistic about the prospects for further reduction in the Mexican heroin traffic.

"I think we can really put the squeeze on the supply from the south of the border. We can reduce it substantially. That's going to be beneficial because it's harder to get it across other borders."

The Arizona Senator believes Mexican officials share his determination to curb the flow.

While in Mexico a month ago, he said he asked members of the Mexican Congress whether they intend to declare a victory and terminate the control program in view of the gains they have made.

The Mexican congressmen assured him that their effort against heroin trafficking will continue for the foreseeable future, he said.●

FISH RESTORATION ACT OF 1979

● Mr. RANDOLPH. Mr. President, on August 2, I introduced S. 1631, a bill to amend the Federal Aid to Sport Fish Restoration Act of 1950. As printed in the Record, my accompanying statement contained several typographical errors which have resulted in some misunderstanding and confusion about the provisions of the bill and its impact.

So that there will be no doubt on this legislative proposal, I ask that my statement and the text of S. 1631 be printed in the Record.

The statement and bill follows:

By Mr. RANDOLPH (for himself and Mr. Long):

S. 1631. A bill to provide additional funds for certain projects relating to fish restoration, and for other purposes; to the Committee on Environment and Public Works.

FISH RESTORATION ACT OF 1979

Mr. RANDOLPH. Mr. President, fishing is the most popular participator sport in our country. Last year, 58 million Americans fished and, if historic trends continue, the number could double before the end of this century. That truly is recreation on a grand scale, but under present levels of support our aquatic resources cannot sustain this public use demand.

Fishing, the wholesome, outdoor sport of Americans from all walks of life, could become, as it has in Europe, a pastime of the wealthy. The legislation which I introduce will provide for expanded Federal-aid-to-fisheries grants to States from funds collected through "user pay" fees paid by the persons who share in the resource.

The management of America's inland fisheries resources is, as it should be, the responsibility of the 50 States. Inflation has destroyed many States' ability to manage their recreational fishery. Access to public waters is inadequate and many boat launching areas are deteriorating for lack of maintenance. Fish hatchery production is inadequate, most fisheries research remains to be funded, new recreational lakes are needed in water-starved areas and a wide range of other proven fisheries enhancement techniques await funding. A recent survey of State fisheries agencies, conducted by the organization of fisheries administrators, disclosed that an additional $75 million are needed each year simply to sustain the present, barely adequate program. Meeting future demands and starting new programs will require even more funding.

Fishing license revenues have proven to be inadequate to meet the need for fisheries management funding. In recognition of this problem, Congress passed the Federal Aid to Sport Fish Restoration Act in 1950, known as the Dingell-Johnson Act. This successful and popular act earmarks a 10-percent Federal manufacturer's excise tax on most items of fishing tackle. Although paid by the manufacturers, the cost is passed along to the fishermen as a part of the cost of the tackle he buys.

The tax is collected by the Treasury Department and then apportioned to the States on a matching basis (up to $3 Federal for each State dollar) for fisheries restoration, development, enhancement and research. The apportionment is based on the State's total area and fishing license sales. No State can receive less than 1 percent and none more than 5 percent. In its 28-year history, this program has generated an average of about $10 million per year with less than 7 percent consumed for administrative purposes.

States have used grants to finance a considerable portion of their fisheries management activities. A special provision of the act has had the added benefit of preventing diversion of State fish license monies to other purposes. No other Federal fisheries program has been so successful. All States are heavily dependent upon this program. It does not generate enough funds, however, to do the job that must be done. Congress must act now to expand the funding base of the act in a fair and meaningful way.

A 1970 study by Dartmouth College disclosed that the 10-percent excise tax on fishing tackle was not only successful and well received by anglers, but was popular with the tackle manufacturers as well. The report noted, however, that the tax was unfair because it applied to only part of the sport fishing industry even though all manufacturers benefited from the proceeds. As a consequence, the report recommended that the excise tax be extended to other products, including fishing boats and outboard motors. The author of the report noted that:

> Actually, the extension of the excise tax to the outboard motor industry constitutes the withdrawal of a subsidy to that industry rather than the imposition of a burden in the sense that it receives the advantages of the Dingell-Johnson program without sharing the costs with the other beneficiaries.

Mr. President, the user-pay principle requires that those who enjoy the benefits should contribute to the program. The boat, motor, and boat trailer industry, should be brought into the program so that they can begin assuming their share of the Nation's fisheries management costs.

Costs will inevitably be passed along to the consumer, and these consumers have indicated their willingness to pay. Good fishing sells boats and motors, so in all likelihood the plan will be as good for future sales as it is for future fishing.

Accordingly, I am introducing legislation to amend the 1950 act by adding a 3-percent manufacturer's excise tax to recreational boats, motors, and boat trailers; and with the tackle industry's endorsement extending the 10-percent tax to tackle items not now covered.

Under this legislation the average fisherman will pay only about $2 per year in added excise taxes to support the aquatic resources which provide his fishing opportunity. Hunters already pay more than $3 each in excise taxes to support their sport, and that investment has been spectacularly successful. If our fisheries resources are to continue meeting the demands upon them they must receive the best management that science can provide. America's fishermen recognize the problem and have indicated their willingness to pay the bill.

The opportunity for "goin' fishin'" is as American as any legacy we have, and we cannot deny the same chance to future generations. Expanding the financial base of the Dingell-Johnson Act will help to maintain this tradition.

S. 1631

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fish Restoration Act of 1979."

TITLE I—FISH RESTORATION PROGRAM

Sec. 102. Section 1 of the Act entitled "An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes", approved August 9, 1950 (16 U.S.C. 777), is amended by adding at the end thereof the following new sentence: "To the extent practicable, moneys apportioned to a coastal State shall be equitably allocated by such a State between marine and fresh water fish projects.".

Sec. 103. Section 2 of the Federal Aid in Sport Fish Restoration Act, as amended (16 U.S.C. 777a), is amended by adding a new paragraph:

"(e) The term 'coastal State' shall mean any one of the States of Alabama, Alaska, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Oregon, Rhode Island, South Carolina, Texas, Virginia, and Washington. The term also includes Puerto Rico, the Virgin Islands, Guam, and American Samoa.

Sec. 104. (a) Section 3 of the Federal Aid in Sport Fish Restoration Act, as amended (16 U.S.C. 777b), is amended to read as follows: "To carry out the provisions of this Act, there is authorized to be appropriated an amount equal to the revenue accruing from tax imposed by section 4161 of the Internal Revenue Code of 1954, as amended (relating to sport fishing equipment and certain recreational boats and boating equipment) during fiscal year 1980 and each fiscal year thereafter. The appropriation made under the provisions of this section for each fiscal year shall continue available during the succeeding fiscal year. So much of such appropriation apportioned to any State for any fiscal year as remains unexpended at the close thereof is authorized to be made available for expenditure in that State until the close of the succeeding fiscal year. Any amount apportioned to any State under the provisions of this chapter which is unexpended or unobligated at the end of the period during which it is available for expenditure on any project is authorized to be made available for apportionment and disbursement by the Secretary, without regard to subsection (b) of section 4, to other States on the basis of need to carry out the purposes of this Act.".

(b) The amendment made by subsection (a) of this section shall take effect October 1, 1979.

Sec. 105. The first sentence of section 4 of the Federal Aid in Fish Restoration Act, as amended (16 U.S.C. 777e) is amended to read as follows: "So much, not to exceed 4 per centum, of each annual appropriation made in pursuance of the provisions of section 777b of this title as the Secretary of the Interior may estimate to be necessary for his expenses in the conduct of necessary investigations, administration, and the execution of this chapter and for aiding in the formulation, adoption, or administration of any compact between two or more States for the conservation and management of migratory fishes in marine or fresh waters shall be deducted for that purpose, and such sum is authorized to be made available therefor until the expiration of the next succeeding fiscal year.".

Sec. 106. Section 5 of the Federal Aid in Sport Fish Restoration Act (16 U.S.C. 777d) is amended by striking all after the period ending the first sentence.

Sec. 107. Section 6 of the Federal Aid in Sport Fish Restoration Act, as amended (16 U.S.C. 777e) is amended by adding a new subsection:

"(d) The Secretary is authorized to enter into agreements to finance up to 75 per centum of the initial costs of the acquisition of lands or interests therein and the construction of structures or facilities from appropriations currently available for the purposes of this Act; and to further agree to finance up to 75 per centum of the remaining costs over such a period of time as the Secretary may consider necessary: *Provided*, That the liability of the United States in such agreements shall be contingent upon the continued availability of funds for the purposes of this Act.".

Sec. 108. Section 8 of the Federal Aid in Sport Fish Restoration Act, as amended (16 U.S.C. 777e) is amended by adding the designation "(a)" before the first sentence of the existing section and by adding the following new subsection:

"(b) Each State may use not to exceed 10 per centum of the funds apportioned to it under section 4 of this chapter to pay up to 75 per centum of the costs of an aquatic resource education program for the purpose of increasing public understanding of the Nation's water resources and associated aquatic life forms. The non-Federal share of such costs may not be derived from other Federal grant programs. The Secretary shall issue not later than the one hundred twentieth day after the effective date of this subsection such regulations as he deems advisable relative to the criteria for aquatic resource education programs under this subsection.".

TITLE II—TAX ON SALE OF SPORT FISHING EQUIPMENT AND CERTAIN RECREATIONAL BOATS AND BOATING EQUIPMENT

Sec. 201. (a) Section 4161(a) of the Internal Revenue Code of 1954 (relating to the imposition of tax on the sale of certain articles) is amended to read as follows:

"(a) Sport Fishing Equipment and Certain Recreational Boats and Boating Equipment.—

"(1) There is hereby imposed upon the sale by the manufacturer, producer, or importer of any article of sport fishing equipment a tax equivalent to 10 percent of the price for which so sold.

"(2) There is hereby imposed upon the sale by the manufacturer, producer, or importer of recreational boats and boating equipment a tax equivalent to 3 percent of the price for which so sold.

"(3) As used in this subsection, the term 'sport fishing equipment' means—

"(A) fishing reels, rods, fabricated poles, organic, synthetic, and metallic lines testing 80 pounds or less, fishing spears, underwater spear guns, and items of terminal tackle including, but not limited to, leaders, artificial lures, baits and flies, fishhooks, bobbers, sinkers, snaps, drayles, swivels, underwater riggers, and underwater spreaders;

"(B) fishing supplies and accessories including, but not limited to, fish stringers, creels, bags and baskets, portable bait containers, landing nets with handles not more than 6 feet in length and hoops not more than 36 inches in diameter, and gaff hooks with handles not more than 6 feet in length;

"(C) fishhook disgorgers, scalers, rod holders, line and fly dressing, fly tying materials, preserved packaged bait; and

"(D) tip-ups, tilts, ice augers (both manual and power), ice spuds, ice skimmers, and manufactured ice houses, and windshields.

"(4) As used in this subsection, the term 'recreational boats and boating equipment' means—

"(A) boats not more than 25 feet in length except hydroplanes, kayaks, and sailboats: *Provided*, That the tax imposed by this subsection shall not be applicable to boats to be used chiefly for commercial purposes other than commercial purposes related to recreational fishing;

"(B) outboard motors (both internal combustion and electric), boat trailers, portable fish finders (including both thermometers and depth finders), outriggers of 10 feet or more in length when extended, down riggers, rod belts, fishing chairs, and flying harnesses.".

(b) The amendment made by subsection (a) of this section shall apply with respect to articles sold by the manufacturer, producer, or importer thereof beginning with the next succeeding quarter of the fiscal year following enactment of this Act.●

THE PATENT LAW AMENDMENTS ACT OF 1979—S. 1679

● Mr. DOLE. Mr. President, I am pleased to join my distinguished colleague from Indiana, Senator Bayh, in cosponsoring S. 1679, the Patent Law Amendments Act of 1979. In doing so, I am pursuing the intent of an earlier bill that Senator Bayh and I introduced last February, "The University and Small Business Patent Procedures Act," S. 414. Both bills address themselves to the necessity to update what has clearly become an archaic patent system, which is one of the contributing factors in our loss of leadership in the field of innovation as well as that of technology transfer.

Under the present system, inventors whose patent validity is challenged on the basis that it was issued without a complete search of the patent files, must go to court to defend their patents. However, a catch-22 situation exists. Indeed, it is estimated that 2 to 28 percent of the search files are missing as a result of underfunding of the Patent and Trademark Office. The delays emanating from the often unsuccessful search for missing information on previous patents result in uncertainty over the validity of patents among businesses. In addition, the cost of challenging patents through the courts is estimated to be as high as $250,000 for each party.

While this legislation addresses itself to all patent holders, the benefits to be derived from it by small inventors and businessmen become obvious, since they have neither the financial means nor the legal apparatus to defend their patents at such costs.

S. 1679 would transfer the task of reexamining challenged patents from the courts to the patent and trademark office. The technical expertise that the Patent and Trademark Office has at its disposal would result in its ability to examine the patents and make faster determinations based on the evidence that is available. Such a procedure would have the added advantage to unburden considerably the Federal court system whose work load is already heavy.

The procedure would be simple. Individuals who challenge an issued patent would be required to file a request with the Patent and Trademark Office for a modest fee. The patent holder would then receive notification of the challenge, along with all information pertaining to the challenge. The Commissioner would issue his decision within 90 days upon receipt of the request. His judgment would be based on three alternatives resulting in the following decisions:

First. The challenge is found invalid—the patent is upheld and the decision cannot be appealed.

Second. The patent is found to be too broad, the patent holder can narrow the patent claim.

Third. The issued patent can be invalidated—the patent holder can appeal.

This legislation would not withdraw from the courts the option of accepting validity cases. It would, however, offer an inexpensive alternative to legal action.

In the cases of patent challenges that are already pending, the courts could either retain them, or send them to the Patent and Trademark Office for reexamination.

There is no question that our patent system has not kept up with the increasing technological complexity of our times. I am cosponsoring this bill, knowing that it has become imperative that a series of measures be taken in order to bring our patent system up to date.●

THE DULUTH GRAIN HANDLERS' STRIKE

● Mr. McGOVERN. Mr. President, the strike of the Rock Island Railroad has made headlines, especially in the Corn Belt area of our country. Though less has been written about it, the grain handlers' strike on Lake Superior has probably had as much impact on the orderly transportation and marketing of grain in the Upper Midwest. For almost 3 months, the Great Lakes ports have been slowed down to nothing but a trickle of grain movement and that movement is only due to the unloading of cars and trucks by supervisory personnel at the eight major elevators in the Duluth-Superior area. South Dakota's State marketing director has calculated that the strike has already cost South Dakota farmers $280 million in lost sales and a depressed market.

The Brookings (S. Dak.) Daily Register, an aggressive news reporting paper of rapidly expanding influence, editorialized on this issue in its September 12, 1979, edition, in a piece entitled "Time for Strike Action." Though recent events since the publication of the editorial indicate that there is hope for a solution due to a breakthrough in negotiations with management at Grain Terminal Association, the largest of the eight elevators, the strike is not yet settled. I call Senators' attention to the editorial to which I have referred by requesting publication of the text of the editorial in the RECORD.

The editorial follows:

TIME FOR STRIKE ACTION

Almost three months after Lake Superior grain handlers walked off the job, events have finally reached a point where the cost of the strike to South Dakota farmers is being converted into dollars and cents.

South Dakota's state marketing director said Monday that the strike in the Duluth-Superior area has already cost our farmers $280 million, an average of 44 cents per bushel of grain.

It seems worth noting that a grain handlers' strike does not bear the immediately observable consequences for some of us that a strike by firemen or school teachers would.

The system of South Dakota grain transport a few hundred miles away from the low profile port of Duluth has the appearance of continuing to function. Although we can hardly conclude that they can do an adequate job by themselves, trains and trucks are moving the early portion of the harvest well enough to prevent any massive outcry from farmers.

But with area grain elevators already bulging at the seams—in advance of what is apparently going to be a formidable row crop harvest—only some kind of unforeseen miracle will prevent that situation from deteriorating in a hurry.

Exactly what form that deterioration is going to take is still beyond our grasp. But without question, we have yet to see the most serious negative effects on the grain pricing structure, even if the strike were to be settled today.

As was pointed out Monday in an Associated Press story, elevators are already showing a reluctance to buy grain, because they aren't sure if they will be able to get rid of it later.

Perhaps that is going to lead us into a situation where an unprecedented amount of shell corn ends up on the ground. Perhaps not.

But foresight would suggest that the less visible outcome of the Duluth grain blockade is, as we have suggested before, going to give this strike a prominence in a few months that it does not come close to having now.

Despite the almost mind-boggling millions of bushels that the elevators in the harbor area can hold—GTA alone has a capacity of some 19 million bushels—all the concrete silos are full.

A few ships are waiting around for the strike to end so that they can take some of the backlog out. But others, who learned of the strike before or after their arrival there, have since gone elsewhere.

The point is that it would take a lot of time, even with the expeditious scheduling of other vessels, to cut into that backlog. And the day is not that far off when the Lake Superior shipping season will end with the annual harbor freeze over.

If Midwestern farmers are to avoid what has all the appearances of a catastrophe, there had better be some action soon.

South Dakota Gov. William Janklow and agriculture officials here and elsewhere should be getting some visible support from the citizenry in their attempts to push matters toward a solution.

With no sign, at this writing, that the strike is close to a settlement, it would indeed appear that the job is left for President Carter to do.

And if state officials are unsuccessful in convincing him of the need for some forceful intervention, we doubt that Carter will ever have been hit by a more blinding flash of hindsight than is going to hit him in coming months.●

TAXPAYERS SHOULD NOT HAVE TO SUBSIDIZE INFLATION

● Mr. DOLE. Mr. President, yesterday the Commerce Department reported that the personal income of Americans rose only 0.4 percent in August, at a time when prices are rising an average of over 0.1 percent a month. The consequence is a decline in real income, another indication that the economy is entering a period of recession. With severe inflation showing no signs of abating, the American citizen will be squeezed uncomfortably between rising prices and declining economic growth.

Besides running inflationary deficits, the Government contributes greatly to the taxpayer's economic burden by exacting a tax penalty when income keeps pace with inflation. Inflation of income pushes taxpayers into higher brackets where the rates are out of proportion to their real income. The Tax Equalization Act, S. 112, would eliminate this inflation tax penalty. The Senator from Kansas is proud to be the sponsor of this legislation, which would adjust the tax brackets for inflation and tax real income at stable rates.

The opponents of the Tax Equalization Act are hard put to make an effective case for their position. The citizen favors indexing taxes for inflation: Last year a Roper survey showed that 57 percent of those polled preferred indexing to periodic tax cuts as a way to restore tax equity. More leading economists and political commentators are supporting indexing, particularly as double-digit inflation takes its toll on the American people. Honesty, fairness, and fiscal responsibility are all on the side of tax indexing.

What arguments, then, are mustered by the opponents of indexing? One of the most frequently heard contentions is that indexing would symbolize a surrender to inflation. By insulating the tax code from the effects of inflation, says the opposition, you will destroy a major incentive to control inflation and induce the public to adjust to inflation psychologically rather than resist it.

Mr. President, this argument makes no sense. The citizen, taxpayer or not, feels the effects of inflation only too sharply whenever he makes a purchase. Furthermore, the public is having to adjust to inflation anyway, as it unfortunately becomes a fact of life. The fact is that the tax-flation penalty exacted on taxpayers who keep up with inflation stimulates higher wage demands, and thus reinforces the inflationary psychology. Eliminating this tax penalty will enable people to demonstrate that we can begin to come to grips with inflation.

Indexing would not insulate anyone from inflation. As things now stand, only the government is truly insulated from inflation because it receives a windfall in revenues when people are inflated into higher brackets. Destroying this incentive for inflating the economy could work wonders in forcing the Government to moderate its spending, balance the budget, and demonstrate a serious commitment to fiscal responsibility.

Tax indexing concedes nothing to inflation. To the contrary, it is a vital step in the battle against inflation. As long as we recognize that Government, and not the citizen, is the problem, we must also acknowledge that we must eliminate the Government's incentive to fuel inflation. No one who is truly committed to the battle against inflation can afford to overlook the importance of the Tax Equalization Act to that battle. The supporters of tax indexing mean to win this one.●

TESTIMONY OF SENATOR HATFIELD ON SALT II

● Mr. McGOVERN. Mr. President, Senator HATFIELD appeared before the Committee on Foreign Relations yesterday to raise a cry of conscience against the expansion of nuclear arsenals which will take place under the SALT II treaty. Senator HATFIELD's testimony did not include the voluminous charts and detailed tables which SALT witnesses have been presenting to us for weeks. Instead, Senator HATFIELD appeared to bear moral witness to the menacing proliferation of nuclear arms and to the psychological mind-set which blinds the country to the dangers of new Hiroshimas. His statement was unusually compelling because Senator HATFIELD had visited Hiroshima only a few days after the dropping of the bomb. He saw and experienced what others only theorize about. I hope my colleagues will heed his impressions and respond to his call to question the mad momentum toward nuclear oblivion. I congratulate Senator HATFIELD on an excellent and moving statement, and I ask to print it in the RECORD for the benefit of my colleagues.

The text of the testimony follows:

TESTIMONY BEFORE FOREIGN RELATIONS COMMITTEE: SALT II

On a September day in 1945 I set out in a small landing craft from Kure up the estuary to Hiroshima. We arrived to be among the first outsiders to view the destruction of the bomb which had been dropped there the previous month. Many of those who had died from that atomic bomb and its after effects had not yet been buried.

My personal response was compounded by the fact that the bomb, in all probability, had saved my life. I was with the naval forces which had been through Iwo Jima and Okinawa; we were scheduled to invade mainland Japan, with an expected huge number of U.S. casualties. So as we approached Hiroshima, I remember wondering what the cost of this act, which had probably preserved my life, was.

What I saw in Hiroshima that day was beyond the comprehension of my mind and spirit. The devastation was so total, so indiscriminate, and so stark that it is difficult to recount my reaction.

I witnessed then the effects of a horror that is too terrible to imagine. It jarred me to the depths of my being and burned a lasting image in my conscience.

My attitudes and convictions about nuclear weapons and the arms race are rooted in that experience. It is my reference point as I try to respond to the ongoing arms race, the negotiations intended to control it, and the SALT II treaty now being considered by this Committee.

The bomb which was dropped on Hiroshima immediately killed 78,150 people, injured 84,000, and demolished 62,000 buildings. It destroyed the city. Thousands more died later, and today its aftermath is still being felt in the lives of those who were its victims.

By today's standards it was a very small bomb, equaling about 13 kilotons (13 thousand tons of dynamite).

Since that day, the United States has built an arsenal of more than 30,000 tactical and strategic nuclear weapons. The 9,994 strategic nuclear weapons of this arsenal, when compared according to what specialists call "equivalent megatonnage," meaning the area on the ground which is destroyed by a bomb, are equal to 76,363 Hiroshima bombs. When compared according to raw explosive power, our present strategic arsenal equals 246,000 Hiroshimas. And when our entire stockpile is included—tactical and strategic—the raw explosive power equals that of 615,385 Hiroshima bombs. The potential kill-power of this stockpile, it has been estimated, is sufficient to destroy all humanity not once, but a dozen times.

Futuba Kitayama, who was a 33-year-old housewife when the atomic bomb fell on Hiroshima, remembers what she saw and felt:

"Under the bridge were floating, like dead dogs or cats, many corpses, barely covered by tattered clothes. In the shallow water near the bank, a woman was lying face upward, her breasts torn away and blood spurting. A horrifying scene . . . I wondered if the hell that my grandmother had told me so much about in my childhood had fallen upon the earth."

The United States' nuclear arsenal, matched by a comparable Soviet arsenal, can now create this hell on earth tens of thousands of times.

The stated purpose of the strategic arms limitations talks, when they began more than a decade ago, was to bring a halt to the escalating quantity and quality of nuclear weaponry. Judged according to that goal the process has failed. Since we first began talking about limiting nuclear weapons, the U.S. has tripled its strategic nuclear stockpile. Since the first SALT agreement was signed, both the U.S. and the Soviet Union have roughly doubled their arsenals.

The prospects under the proposed SALT II treaty are no better and in some respects are worse.

Since SALT I, the United States has been producing 2.2 new strategic weapons per day, or 800 annually. During the time of SALT II, the United States will produce 4.9 new strategic nuclear bombs each day. The rate of production will more than double.

Some of these bombs will replace existing ones which will be dismantled. Others will be net increases in the overall number of U.S. warheads, which will rise from 9,994 to about 13,054 by 1985.

Specifically, these warheads will be placed on new U.S. strategic nuclear weapons systems:

As many as 2,840 bombs on cruise missiles;

2,688 warheads on the Trident missiles;

2,000 warheads, now likely to be 550 kilotons each, in the MX missiles (after 1985).

The following replacements on existing weapons systems will be made:

1,000 new and very powerful bombs placed on our B-52s;

900 new Mark 12 A warheads put onto 300 Minuteman III missiles;

The probable replacement of the present 3,000 warheads on our Poseidon missiles with 3,000 new warheads.

Thus under the terms of the SALT II treaty the U.S. is able and likely to manufacture a total number of weapons equal to and perhaps even surpassing the total number of nuclear weapons in our present strategic arsenal. Including the MX warheads, and assuming that the present Poseidon warheads are replaced with new ones, the U.S. will produce 12,428 new nuclear bombs. These warheads, built with the SALT II treaty, will equal in their destructive power on the ground, 88,909 Hiroshimas.

Since many of these new warheads will replace existing ones, the net gain to our arsenal is less. But the rate of U.S. strategic nuclear bomb production will more than double during the time of SALT II.

Soviet warhead production is likewise unrestrained. Under SALT II their present 4,500 strategic warheads will be doubled. Though smaller in total number, many of these warheads are more powerful in raw terms than those of the U.S., although less accurate.

I do not understand, therefore, how the SALT II treaty can be heralded as a significant step in arms control. I do not even know how it can honestly be termed a Strategic Arms Limitation Treaty.

It allows the arms race to continue and to accelerate. What modest curtailments it does impose shrink into near insignificance, in my judgment, in the face of what the treaty permits.

This includes not only the quantity of nuclear warheads which are added, but even more so, the qualitative leaps which will be made. The new generation of nuclear weapons systems, all allowed under SALT II, will grant to the U.S. an assured ability to eliminate Soviet land-based missiles. As both sides deploy weapons capable of a first strike, the actual use of nuclear weapons becomes all the more likely; nuclear war is put on a hair trigger.

Thus SALT II fails to reverse the two most central dangers of the arms race: the increase in weapons and the qualitative improvements which increase the likelihood of using those weapons.

In the years which will be covered by the SALT II treaty, each day the possible use of nuclear weapons will become a more likely rather than a less likely event. With first strike counterforce weapons on both sides, the strategic environment will become increasingly insecure; the world will become less safe.

In response to such realities it is commonly asked, "Wouldn't this situation be even worse without SALT II?" But that is the wrong question.

Rather, the Senate must ask how, in giving advice and consent on SALT II, we can rescue ourselves from this desperate situation.

We cannot merely express the hope that SALT III will be better. We simply do not have the time. Weapons with a clear first strike counterforce capability will be in place before then. And it seems, in my judgment, to be naive and foolhardy to trust that the negotiating process, dominated by the military bureaucracies of both countries, will do any better in the future; in the past, it has barely inched along, while the arms race has sped us on toward oblivion.

The Senate and the public have a rare opportunity now to dramatically affect the course of those negotiations, reshaping them with the force of moral conscience and sanity. It will most likely be years before we will have such an opportunity again.

We must convert SALT II into an effective instrument for stopping the nuclear arms race.

The most simple way to do so is for both sides to agree to stop where they now are, knowing that for either side to continue adding to its arsenal is fruitless, meaningless, and irrational. This recognizes that notions of being ahead or behind in the competition for greater global overkill are without sanity or worth.

For this reason I have introduced an amendment to the SALT II treaty which would mutually prohibit further testing, development, or deployment of any new strategic weapons system not already deployed. It would prohibit deployment of any additional number of strategic arms beyond what each side possesses. This moratorium amendment would freeze the strategic arms race; it would stop escalation by simply halting it.

In so doing it would prevent the full deployment of first strike counterforce weapons on both sides; it would stop the next and most dangerous step in the arms race. But most importantly, it would represent a joint declaration that this race is not worth winning, and that we each passed long ago the threshold of sanity in our nuclear weapons competition.

The strategic nuclear arsenals of both countries are more roughly equal now than they have been for decades. Specific differences still exist in accuracy, numbers of warheads, throw-weight, and explosive power of bombs. The concept of SALT II is to allow each side to escalate their arsenals in a proscribed manner in order to reach a greater future parity.

Why not instead simply stop where we are; and then negotiate how each side will reduce their arsenals in order to eliminate any possible one-side advantages.

Though such an idea sounds fundamental, it has not been proposed by the U.S. negotiators. Neither the Soviet response, nor that by the U.S. Government, can be known for certain until the moratorium proposal is set into the heart of the negotiating process.

If adopted, such an amendment would dramatically change the climate of the SALT negotiations. Obviously, its incorporation into the SALT II treaty would require further discussions with the Soviets. But those talks would focus, finally, on what the SALT negotiations were intended to do: how to halt the arms race and fairly reduce our nuclear arsenals. It would also set an essential foundation to stop the menacing proliferation of nuclear weapons into third world nations.

The hell which I witnessed at Hiroshima is like a small spark when compared to the capacity for inferno which we now possess, and will greatly increase, under SALT II.

We must break free of the mindset which allows us to multiply the potential for the horror of Hiroshima thousands of times over without any moral qualm, without any spiritual hesitation, and without any deeper cry of conscience.

Reverend Kiyoshi Tanimoto was just outside Hiroshima when the bomb fell. He came into the city after the blast and recalls:

"I remember people lying in the park near our home, swollen to two times their size, crying, 'Water, water!' On the right bank of the river where I was, everything was so quiet. People were lying on the ground with me, dead . . . There was no animosity towards Americans, but since we saw the worst part of war, which had never before been seen in human history, we began to hate war itself. . . . So we regretted we had been involved in war itself. . . . We should not repeat this war psychology."

I trust that the Senate could hear and heed these memories and break the psychology which so binds us to this race toward oblivion.●

THE MINIMUM WAGE TODAY: HOW WELL DOES IT WORK?

● Mr. WILLIAMS. Mr. President, in 1977 Congress enacted the Fair Labor Standards Amendments of 1977 which provided for annual increases in the minimum wage for the years 1978 through 1981, with the increase on January 1, 1980, raising the minimum wage to $3.10 an hour.

Since the enactment of this legislation, critics of the minimum wage law have argued that increases in the minimum wage are having a harmful effect on the economy by adding to inflation, hurting small businesses, and increasing unemployment, particularly among minorities, unskilled workers and teenagers.

The problems of inflation and unemployment, particularly teenage unemployment, are indeed critical problems in our society, and it is essential that we find effective approaches to dealing with these problems. However, we in the Congress cannot formulate effective national policies to deal with inflation and unemployment unless we have a clear understanding of the complex factors which are causing inflation and unemployment, and how these factors relate to broader social problems.

Due to the seriousness of these problems, it is essential that we carefully evaluate the arguments of opponents of the minimum wage in order to determine if there is any validity in their arguments.

During the hearings on the Fair Labor Standards Amendments of 1977, testimony was heard from a number of economists which indicated that various research studies on the impact of the minimum wage on inflation and unemployment have arrived at different conclusions, depending upon the underlying assumptions on which the studies were based. A recent indepth analysis of the minimum wage by Sar Levitan and Richard Belous entitled "More Than Subsistence: Minimum Wages for the Working Poor," has just been published by the Johns Hopkins University Press and provides us for the first time with a careful evaluation of the validity of current studies of the minimum wage as well as valuable insight into the relation between the minimum wage, government transfer programs and the entire welfare system. Mr. Levitan is director of George Washington University's Center for Social Policy Studies and chairman of the National Commission on Employment and Unemployment Statistics; Mr. Belous is a research associate at the center.

Some of the conclusions of their study are summarized by the authors in an article entitled "The Minimum Wage Today: How Well Does It Work?" which appeared in the July 1979 issue of the Monthly Labor Review published by the Department of Labor's Bureau of Labor Statistics. Among the conclusions are the following:

First. In examining studies which have been done on the minimum wage, the authors found that the methodology used in many wage floor studies appears to be flawed and their conclusions highly suspect. The conclusions advanced by researchers depend on the assumptions they make, as well as the variables, data, and equations they use. These assumptions often reflect the normative judgments of the researchers.

Second. The best evidence suggests that the minimum wage has not been a major cause of unemployment, and whatever job dislocation may be caused by the wage floor is much less than that claimed by economists applying traditional orthodox methodologies.

Third. Concerning the impact of the minimum wage on teenage unemployment, the authors found that, even without a minimum wage, econometric evidence indicates that the post-World War II period still would have high rates of youth unemployment due to the baby boom which occurred during that period. Other factors, including the general level of business conditions, demographic forces, changing societal attitudes, and the rise in educational attainment, all appear to influence youth labor markets far more than minimum wages.

Fourth. The authors believe that Congress has shown restraint in determining the level of the minimum wage. Legislation which has pegged the minimum wage to about 50 percent of the average wage in manufacturing has served to moderate both the negative and positive aspects of the minimum wage.

Fifth. Although the minimum wage does result in some job dislocation, the social costs in most cases appear to be more than compensated for by the social benefits of the minimum wage.

Further, the authors find that, for adult workers, the income gain due to wage floors is far greater than any negative results which may occur. For teenagers, recent evidence indicates that the income gains are also greater than any negative employment effects.

Sixth. While the minimum wage does not greatly alter the pattern of income distribution within the American economy, it appears to have a statistically significant impact on reducing poverty. This is particularly important in light of the fact that, as the authors of this study point out, "millions of family heads are active workers, but they still cannot support their families at a minimally acceptable level above the poverty index. Despite improvements, about 12 percent of the U.S. population continues to remain in poverty."

Seventh. The authors emphasize that the minimum wage must be considered in relation to other social programs. Minimum wages have a role in the policy mix of income-support programs and must be considered in connection with the massive system of transfer payments. For example, the minimum wage cannot be separated from the problems of welfare programs. Without a wage floor, which is kept in line with inflation and growth in productivity, the income from welfare could be greater than the income from work and thus be a disincentive to work, resulting in higher welfare program costs.

Eighth. They are opposed to a subminimum wage for teenagers. In their opinion, the evidence shows that the minimum wage has not been the chief cause of youth unemployment. Moreover, due to decreased birth rates in the 1960's and 1970's, the bulge of teenagers entering the labor force has passed and the growth in the supply of young workers will be diminishing in the future. The minimum wage insures that work will be an attractive alternative to unemployment compensation and welfare payments for young workers.

Ninth. They support the idea of indexing the minimum wage in order to insure that the protection under the minimum wage law will not be eroded by inflation or wage gains in other sectors of the economy.

In conclusion, the authors of this study have found that "the minimum wage has served a highly useful function."

Mr. President, these conclusions of Messrs. Levitan and Belous, which are based upon a careful analysis of the existing research on the minimum wage, provide strong support for the views of those who support the annual increases provided under the Fair Labor Standards Amendments of 1977.

Their study shows the importance of looking at the minimum wage in a broader social context, in particular, its relationship to welfare programs and other costly transfer programs, and the essential role the minimum wage plays in alleviating poverty in our society. All of these factors must be considered by Congress in developing effective national policy to deal with the problems of unemployment, inflation, and poverty.

At the time the FLSA amendments were enacted, we recognized that the present state of research on the minimum wage is inadequate and has produced conflicting results. For this reason, the 1977 amendments established the Minimum Wage Study Commission in order to provide more adequate answers to the questions raised concerning the minimum wage. I am grateful for the insight research conducted by Messrs. Levitan and Belous, and I intend to insure that it is carefully reviewed by the Minimum Wage Study Commission.

Mr. President, I ask that the text of the article by Sar Levitan and Richard Belous be printed in the RECORD.

The article follows:

The Minimum Wage Today: How Well Does It Work?

(By Sar A. Levitan and Richard S. Belous)

"Work keeps at bay three great evils: boredom, vice and need," Voltaire wrote.[1] Whatever appeal this observation may have had two centuries ago, it falls short of universal acceptance in today's economy. While work provides self-fulfillment for some individuals, many jobs still require constant repetition of menial and monotonous tasks. It is doubtful whether they eliminate boredom, considering that the rewards for work in many cases do not free workers from Voltaire's third evil of want.

Millions of family heads are active workers, but they still cannot support their families at a minimally acceptable level above the poverty index. Despite improvements, about 12 percent of the U.S. population continues to remain in poverty.

Federal, State, and local efforts are directed to get unemployed persons or some who are outside of the labor force—including public assistance recipients—into productive employment. But if the wages paid are excessively low, then work will not keep poverty at bay.

More than two out of three individuals in the poverty pool of potential workers did work in 1976. During 1977, more than 5 million workers were in the labor force for 40 weeks or more, earned less than an annualized minimum wage, and also were members of families which had a total income of less than 150 percent of the poverty level.[2] For whites, this represented almost 6 percent of those with 40 weeks or more attachment to the labor force; for blacks and families headed by women this figure exceeded 15 percent.

Few government policies have been run through more statistical and econometric tests than the minimum wage. But quantity is not to be confused with quality. The methodology used in many wage floor studies appears to be flawed and the conclusions highly suspect. However, with recent developments in data collection, methodology and computer technology, a growing number of researchers have attempted to conduct more sophisticated statistical minimum wage tests. Yet, even with these advances, hard and fast quantitative results have remained elusive. Respectable studies have come down on all sides of the issues.

SOME TENTATIVE FINDINGS

The conclusions advanced by researchers depend upon the assumptions they make, as well as the variables, data, and equations they use. Because no one economic paradigm is held by all researchers, it is a natural result that numerous and different basic models will be applied to minimum wage investigations. The analyses, admittedly reflecting the normative judgments of the authors, suggest the following conclusions:

1. The dire predictions made by neoclassical economic theorists concerning the impact of minimum wages on aggregate unemployment are not supported by empirical research. The best evidence suggests that the minimum wage has *not* been a major cause of unemployment. Some job loss due to the wage floor has been detected, but it is much smaller than that claimed by orthodox economists.

2. However, selected labor markets may be more sensitive to minimum wages than others. Teenage labor markets, for example, do not appear to be immune from negative impacts caused by the floor on wages. But this is not the same as saying that minimum wages are the primary cause of youth unemployment. Even without a minimum wage, econometric evidence indicates that the post-World-War-II period still would have seen high rates of youth unemployment. The general level of business conditions, demographic forces, population migration, the influx of undocumented aliens, the extension of the welfare state, changing societal attitudes, including the entry of more women into the work force, and the rise in educational attainment all appear to influence youth labor markets far more than minimum wages. Added to these primary factors, the minimum wage does seem to involve some costs in the form of reducing youth employment levels. It also may be responsible in part for increasing the number of young workers who wind up with part-time jobs instead of full-time employment. There is no free lunch. Yet, minimum wages cannot explain the full extent of youth unemployment—or even most of it. Econometric estimates have not been able to agree on the size of these social costs.

3. A favorite model used to "prove" the damaging impact of minimum wages is one which ignores demographic factors. In the language of economists, these researchers consider only the demand for labor but not changes in the supply. Analysts who have considered the latter factor have often found that wage floor results lose any major significance. In some cases, the researchers bent on proving negative minimum wage impacts ignore the demands of the military for youth and the impact of training and employment efforts.

4. The statistical conclusions about the wage floor also depend upon the interaction of supply and demand forces. The assumption that the economy shows a good deal of wage and price flexibility leads to the conclusion that minimum wages appear to have a strong negative impact on labor markets. However, if the American economy demonstrates a propensity for wage and price rigidities, then conclusions about the harmful impact of minimum wages are vastly reduced. The latter assumption offers a much more realistic picture of the economy.

5. The varying conclusions reached by different researchers often depend upon the limited aspect of the wage floor issue a researcher considers. The vast majority of minimum wage studies have been concerned with the employment and unemployment effects of the wage floor. Because the minimum wage involves job losses, it does not necessarily damn the statutory wage rate. These social costs in most cases appear to be more than compensated for by the social benefits produced by the minimum wage. The few studies that have ventured beyond the confines of employment and unemployment have found other results caused by the minimum wage. For example, studies have shown that employers often respond to the minimum wage by efforts to raise productivity, improve training, and change work schedules. Despite indications that these variables have a dramatic impact on the results caused by the wage floor, few studies have tried to investigate these ramifications.

6. A controlling factor that has moderated the positive as well as the negative impacts of the minimum wage has been the restraint exercised by Congress in determining the level of the minimum wage. If the minimum wage were vastly boosted to, say, 75 percent of the average wage in the manufacturing sector, then some of the dire predictions might become manifest. Because unemployment effects have been modest with the minimum wage pegged to about 50 percent of the average wage in manufacturing, it does not mean it would be either safe or wise to set it at a much higher and untested relative level.

7. Because minimum wages involve a trade off of higher wages for a slightly diminished opportunity to find work, one must also consider the income side of the minimum wage equation. It has only been in recent years that researchers have tried to deal with this effect. The statistical evidence indicates that minimum wages may produce some job loss and other negative results for adult workers, but the income gains due to the wage floor are far greater than any injury.

On balance, then, adult workers appear to benefit from the wage floor. For teenagers, the tradeoff is more pronounced. While the income gains are clear, the opportunities to find full-time employment are reduced. However, recent evidence indicates that even for young workers the income gains are greater than the negative employment effects.[3]

8. It should not come as a surprise that the minimum wage does not vastly alter the pattern of income distribution within the American economy. It was never designed as a primary tool to achieve this goal, but the minimum wage does appear to have a statistically significant impact on reducing poverty.

IS THERE A BETTER WAY?

A few researchers have argued that the wage mechanism might not be the best tool for meeting minimal family income needs. If free market forces result in income levels below some social minimum, then the Government could make up the difference.

According to this view, a guaranteed income for working heads of households may have advantages over a minimum wage that would provide the same income. An unskilled and occasionally unemployed sole supporter of a family needs a higher minimum wage than does a youth working after school or a second family wage earner working part time. A guaranteed income could be more selective than the minimum wage, helping those with the most serious needs without raising standards for all workers and the labor costs for all employers.

However, a guaranteed income is likely to have other undesirable effects on labor market behavior. Policymakers have thus far failed to design a formula that would guarantee a basic income level without acting as a disincentive to work. Yet, even if this difficult problem can be resolved, a guaranteed income does not make the minimum wage superfluous. There is much to be said for encouraging people to depend upon earnings, rather than income support. The difficulty is to design a system that pays more for working than not working, and a strong and effective minimum wage aids in this design effort. Also, workers should be protected from exploitation.

In the real world, which is far different from economic models based upon perfect competition, some form of minimum wage regulation is required even from the point of view of allocative efficiency—not to mention equity. Equally important is the need to encourage workers to rise above the poverty threshold without relying upon income supplements. A guaranteed income without a minimum wage may also drive down the earnings of workers, and, rather than aid the working poor, the guarantee could be subverted into a windfall to employers at the expense of the Federal budget deficit. The minimum wage is, therefore, needed as a floor to express the socially recognized value of labor, rather than just to meet income needs.

MAINTAINING THE WORK ETHIC

American society appears to still place a high value on the work ethic. In considering possible welfare reform, the minimum wage has an important role to play in healthy maintenance of this work ethic. Without a wage floor, kept in line with changing price levels and growth in productivity, the income gained from welfare could outpace the rewards obtained from work for millions of Americans. Welfare could then become an increasingly rational alternative to work for a growing number of individuals and families. The choice between work and welfare is not an easy decision, as the widespread inci-

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Footnotes at end of article.

dence of supplementing welfare with earnings from work suggests. Almost three out of five families receiving Aid to Families with Dependent Children have some earnings during the year. A breadwinner with three dependents in high welfare-benefit States such as Michigan and New York would need a full-time job paying in excess of $4 per hour (1978 prices) to match the value of maximum combined cash support, food stamp grants, and other in-kind assistance for a four-member family.

For these reasons, the minimum wage cannot be separated from the issue of welfare reform. A change in the income-support system without a strong wage floor can tip the scales against work and result in higher welfare program costs. This is one reason quick assessments of the minimum wage often fail to consider all the possible forces at work. For example, increasing the minimum wage might have some inflationary impact on prices. But if the minimum wage were not increased, the relative rewards from work would diminish, making welfare an attractive alternative. Not increasing the minimum wage could result in higher welfare costs and a larger budget deficit to finance the programs. To the degree that Federal budget deficits contribute to inflation, then *not* increasing the minimum wage might also have an inflationary impact on the economy. Hence, the impact of the minimum wage cannot be considered in isolation from other social policies and economic forces. Minimum wages have a role in the policy mix of income-support programs. Research and policy proposals that fail to interconnect minimum wages and other income alternatives, including the massive system of transfer payments, are not dealing with a major part of the total picture.

Minimum wages started as a modest effort to protect some of the working poor from exploitation in labor markets. In a mature welfare state, the role of the minimum wage has been expanded to protect overall societal values by striving to make work a more lucrative alternative than dependence. The current income support system does little for the working poor, and the minimum wage has been the prime program designed for this portion of the population. However, the minimum wage is not the only tool that could help these workers. Congress has already tried other methods to complement the minimum wage, including an earned income tax credit, and a new jobs tax credit.

Neither program removes the need for the minimum wage. The employee tax credit increases the net rewards from work efforts, while the employer tax credit is designed to reduce, in part, the cost of adding workers to the firm. A more direct method to help the working poor and increase employment has been wage subsidy proposals. Yet interestingly enough, most wage rate subsidy proposals do not obviate the need for a vigorous mimimum wage program. In fact, more often than not the wage floor system is given an explicit role in wage subsidy proposals.

WAGE RATE SUBSIDIES

In general, wage rate subsidies reduce the labor costs of an employer. Most wage subsidy proposals would require the Government to supplement the wages paid to designated workers. The hourly payment could be equal to some percentage of the difference between a target wage and a worker's actual wage. With the Government picking up the wage subsidy bill, the income obtained from work would not be diminished and there would not be a negative impact on the incentive to work. At the same time, the net effect would be to make labor a cheaper resource for employers, and it is argued that the wage subsidies would induce firms to hire more workers and use more labor-intensive production methods. Instead of using the Government to regulate wages, the market forces of supply and demand would set wage rates, and the Government would pick up the tab to bring all earnings to a predetermined socially agreed target.[4]

It is charged that one fault of minimum wage programs is that many low-wage workers are not also members of destitute families. But a wage rate subsidy system also could suffer from problems of targeting protection to only the needy. Simulations have shown that a universal wage subsidy system would experience targeting problems similar to those of the minimum wage.[5]

Many proposals peg the subsidy to the mimimum wage, although the number of children in a family and the cost of living may also be considered in determining the size of the subsidy. For example, a family head with two children might have a target wage equal to 130 percent of the mimimum wage, while a family head with three children would have a target wage equal to, say, 150 percent of the mimum wage.

The alternative policy tool of a youth subminimum wage has also been suggested. Conceptually, a lower youth wage might be a desirable policy, but in the 1980's it would be instituted at the wrong time. Beyond the evidence that the minimum wage has not been the prime factor causing youth employment problems, demographic forces argue against such a change. Due to decreased birth rates in the 1960's and 1970's, the bulge of teenagers entering the labor force has passed, and the growth in the supply of young workers will be diminishing in the future. Subsidy of the private sector has not resulted in significant employment increases among the young. There are many structural, and cultural, factors causing high youth unemployment rates. It is impossible to offer work as an attractive alternative for young workers if their earnings are allowed to fall through the cracks of a modest wage floor. The Fair Labor Standards Act already allows employers to pay full-time students, learners, and handicapped workers at a subminimum wage. The exemptions are not difficult to obtain, in general, but often teenagers refuse to work at a subminimum wage. Many employers who could qualify for exemptions do not request them, and a large number of employers do not even fully utilize the exemptions they have received.

For related reasons, the concept of indexing the minimum wage makes a good deal of sense. Inflation and wage gains in other sectors erode the protection passed by Congress. Because Congress has shown a pattern of passing a minimum wage in the region of roughly 50 percent of the average in the manufacturing sector, an index could make this level of FLSA protection a continuing reality. An index of this magnitude would provide a degree of minimum wage stability in place of the current periodic legislative rounds with their uncertain results. If the index is set too high, then some of the negative consequences predicted by traditional economic theory might come true. But a modest index seems in order and would not hinder congressional oversight of the FLSA program.

HOW LITTLE WE KNOW

In the absence of an econometric breakthrough, it appears that we will continue to know a lot less about the actual effects of minimum wages than we would like. The possible margin of error remains significant. In the end, we are left with educated guesses that are nothing more than first approximations. Congress has recognized that it is being called on to legislate difficult problems without an adequate factual footing and has mandated the establishment of a minimum wage study commission. While this decision is to be welcomed, the caveats of the commission members should be heeded. As one member put it: "I do not visualize a world in which a study is completed that . . . will be generally acceptable . . . So even if we do the very best series of studies be prepared for criticism."[6] Wage floor analysis remains in part an art that cannot be totally divorced from value judgments.

Even given these uncertainties, our conclusion is that the minimum wage has served a highly useful function. Policy assessment is built on normative as well as technical foundations, and notions of success or failure are relative. The negative spillovers caused by the minimum wage are too frequently overstated. No matter how desirable a change, it is likely to have some undesirable side effects. Even in the case of teenagers, the social costs do not appear to be unmanageable, although the costs are considerable. Based on a range of studies, it appears that a 25-percent increase in the minimum wage would reduce youth employment by 3.5 to 5.5 percent.[7] Any wage losses due to unemployment must be balanced by the benefits, or income gains, due to higher wages received by workers who retain jobs. Given these estimates of an inelastic demand for young workers, the income gains appear to be larger than the social costs.

Any wage increase in excess of improved productivity contributes to a higher price level. Thus, raising the wage floor can add to inflationary pressures. However, aside from unreconstructed neoclassical economic ideology, there is little evidence that low-wage workers are being paid according to the value of their marginal product. Increasing the minimum wage is not inflationary if it prevents employers taking undue advantage and forces more efficient and equitable use of labor. Another goal of the wage floor is to use the Government to protect the interests of low-wage workers in an economy in which other groups press for wage or profit gains by exercising market power. In this case, the "inflationary" consequences of the minimum wage may be justified as compensatory, and the wage and profit gains which need to be checked are those won by vested interests with market power.

FOOTNOTES

[1] Voltaire, *Candide* (New York, Random House, 1948), pp. 147–48.

[2] National Commission on Employment and Unemployment Statistics, *Counting the Labor Force: Preliminary Draft Report* (Washington, The Commission, 1979), pp. 41–61, offers one alternative for the construction of an index.

[3] Edward M. Gramlich, "Impact of Minimum Wages on Other Wages, Employment and Family Incomes," *Brookings Papers on Economic Activity*, 1976:2, pp. 409–61.

[4] Lester Thurow, *Youth Unemployment* (New York, The Rockefeller Foundation, 1977), pp. 21–22.

[5] John Bishop, *The Administration of a Wage Rate Subsidy* (Madison, Wis., Institute for Research on Poverty, 1977), pp. 2–5.

[6] The Minimum Wage Study Commission, *Transcript of the public meeting held in Washington, D.C.*, Aug. 22, 1978, p. 91.

[7] Robert S. Goldfarb, "The Policy Content of Quantitative Minimum Wage Research," in Industrial Relations Research Association, *Proceedings of the Twenty-seventh Annual Meeting*, 1974, p. 266.●

ISN'T IT TIME TO HAVE A WOMAN ON THE SUPREME COURT?

● **Mr. BAYH.** Mr. President, I would like to call to the attention of my colleagues a very fine article appearing in the current issue of Redbook magazine written by a distinguished journalist with a unique perspective on the role of women in our National Government, Liz Carpenter. Ms. Carpenter's article answers the question, "isn't it time to have a woman on the Supreme Court?" with a resounding "yes!"

Liz Carpenter's article presents a most compelling examination of the importance of a woman serving on the Court. The article is the product of a survey involving nearly 2,000 national, legal, and political leaders, who were asked to assess the qualifications of a group of prominent American women for membership on our highest Court. It represents one of the best and most thorough discussions I have seen of the ways in which we as a nation would benefit from the selection of a woman to serve on the Court, and I commend it to my colleagues.

Mr. President, today 45,000 women are members of the legal profession, and each year law schools throughout the Nation are training more female attorneys. Eight women were selected by those surveyed by Redbook as possessing outstanding credentials for service on the Court. Looking at this impressive list—Barbara Jordan, Judge Shirley Hufstedler, Martha Griffiths, Prof. Ruth Bader Ginsburg, Eleanor Holmes Norton, Patricia Roberts Harris, Judge Constance Baker Motley, and Carla Hills, one is immediately impressed with their individual records of accomplishment in the public sector, with their academic credentials, and importantly, with their extensive legal experience and expertise. What is more, each possesses the unique sensitivities and perspectives of women who have accomplished a great deal in traditionally male-dominated fields.

Should President Carter be faced with the task of appointing a new Associate Justice to the Supreme Court, I hope that he will give the most careful consideration to these women and others in the search for the best possible appointee. I ask that Ms. Carpenter's article be printed in the RECORD for the benefit of my colleagues who have not yet had the opportunity to read it.

The article follows:

ISN'T IT TIME TO HAVE A WOMAN ON THE SUPREME COURT?

(By Liz Carpenter)

The nine judges in the picture above sit on the highest court of the United States, and their decisions affect the rights of every citizen. They are, in effect, in all matters concerning our laws and our Constitution, our court of last resort. Thus, they have power over all our citizens, all our people of every race, color, creed, religion, background, economic class and sex. Yet every one of these judges is white and male but one, and that one is Black and male.

Women make up 51.3 per cent of all Americans. As citizens we are guaranteed justice under the law. But can we really believe justice is being served when the country's highest and most influential court lacks even one representative of the majority of its citizens?

From the first Monday in October through June of each year, nine men issue approximately 175 opinions interpreting laws that profoundly affect our individual liberties, reaching down to the very minutiae of our daily lives (determining the length of hair at state schools, for example, and whether seat belts shall be mandatory) and reaching into our morals, our ethics, our way of life (deciding what is a fair basis by which colleges shall admit their students, corporations shall hire their workers and social-security benefits shall be paid; ruling on laws of inheritance, rights of pregnant workers, custody of children, abortion, rape and alimony).

Yet despite its power to shape our lives and those of our children, there is not one person on the court—nor has there ever been—who is capable of bearing children, who needs to decide whether or not to be pregnant, who may be denied maternity leave and medical benefits. Not one has been turned away from a job, deprived of an inheritance or denied an educational opportunity because of sex.

The very purpose of a court with more than one judge—of a collegial Supreme Court with nine judges—is to bring the ideas and opinions of people of varying life experiences into the decision-making process in order to ensure the fairness of broad and varied points of view. The Court was designed to be balanced and representative. In truth, in our highest court the scales of justice are not balanced. They are held in the hands of nine men. No woman has yet had access to them.

But the call is growing—from women, from fair-minded men, from within the judiciary itself—to eradicate this national disgrace, which has survived 39 Presidents and 101 justices.

Never has a President nominated a woman for the Supreme Court since its creation in 1789. Only three Presidents have named a woman to the level immediately below the Supreme Court, the United States Court of Appeals: Franklin D. Roosevelt named Florence Allen; Lyndon B. Johnson named Shirley Hufstedler; and just this past spring Jimmy Carter named Phyllis Kravitch. As this issue goes to press, Carter has named eight women to the United States Court of Appeals, five of whom have already been confirmed. He has quadrupled the number of women in Federal district judgeships from four to 16. Another half dozen women nominated for judgeships are awaiting action by the Senate Judiciary Committee.

Today there are 45,000 women lawyers in America and dozens of them are potential Supreme Court nominees. These are women at the top of their profession, teaching in law schools, serving in the courts and political life; women with more than enough credentials, experience and wisdom to command the respect of their peers and win confirmation from the Senate.

The time is now. Five of the current nine justices are more than 70 years old. Very likely President Carter, who has done so well in appointing women lawyers to high Government posts, will have the chance to nominate at least one justice.

The time is now. I am not alone in saying that, nor is Redbook. To survey the national support for a woman justice, we submitted a list of qualified women candidates to 2,000 legal and political leaders—United States senators and representatives, officers of both the Democratic and Republican national committees, members of the American Bar Association, state governors, the deans of ten major law schools and leaders of many state bar associations and special task forces concerned with having a representative Supreme Court. We asked them to check the names they thought most outstanding and to suggest names of other women who they felt were strong candidates. Many respondents had no trouble listing additional qualified women. (See the box at right for the names of the eight women most widely supported for nomination.)

The names of these women may not be familiar to you, but how many Americans knew of Warren Burger, Lewis Powell or William Rehnquist before they were named?

The important point, though, is that there is wide support for having women on the Court both from legal experts able to evaluate judicial qualifications and from informed citizens who support a truly representative court system. Three former justices of the Supreme Court—Arthur Goldberg, the late Earl Warren and the late Tom C. Clark—expressed their support and the first ladies of three Administrations—Pat Nixon, Betty Ford and Rosalynn Carter.

Writing in support of the Redbook poll, David J. Levy, president of the State Bar of California, stated that "the increase of women lawyers brings us every day closer to the appointment of a woman justice"—something he strongly favors. Victor Kamber of the AFL-CIO's Task Force on Legal Reform concurred noting: "We are wasting some of our best talent."

Perhaps those most aware of what is missing in our fabric of justice are those few women who have managed to reach high positions in the Federal judiciary. They tell us that it is extraordinary how women in America have been limited—and they have indeed been limited—by what nine males think.

Why do so many people feel so strongly that we need women on the courts? How have women been affected by 200 years of exclusion from the most important legal decisions, the judicial form of "taxation without representation"? What difference will women sitting on the Supreme Court make? How are we to answer those who think the Redbook poll is merely reverse sexism, a device for excluding men, as one of our respondents insisted that it was?

To press for a woman's appointment to the Supreme Court is more than asking for affirmative action, more than demanding a highly visible symbol or winning a point. It is vital if we are to obtain true justice. Take a look at the Court's decisions on child support, social security and equal employment opportunity and you can see that it shapes policy in a way that touches directly all women's and men's lives.

Members of the Court, appointed for life, bring a variety of experiences to their deliberations. But the life experiences of women are quite different from the life experiences of men, just as the experiences of Blacks are different from those of whites.

It is only since 1967 that the Court has included a Black justice, and its deliberation process is stronger because of it. For along with his judicial learning, Justice Thurgood Marshall can contribute a particular sensitivity and help achieve a balanced consensus when the Court considers issues involving race, poverty and civil rights. In October, 1978, for example, the Court gave its decision on the Bakke case, dealing with alleged "reverse discrimination" at the University of California Medical School at Davis. Justice Marshall's opinion was undoubtedly shaped by his living as a Black man in white America, and it added a significant and necessary perspective to the Court's deliberations.

But until the first woman justice is appointed, there is no one to bring the life experiences of women into the court of last resort, no one to sensitize fellow justices to the realities of women's lives, no one to debate privately or dissent publicly against the claim—repeated by Justice Powell as recently as the Bakke case—that equality between the sexes is a minor issue compared to racial equality—as if discrimination against women is not as fundamental an injustice as discrimination against Blacks or other minorities.

Unfortunately, the Court has a long history of insensitivity to women. In 1873, for example, when a woman attorney, Myra Bradwell, was denied a license to practice law before the Illinois Supreme Court and appealed, the U.S. Supreme Court upheld this decision with dubious logic: "That God designed the sexes to occupy different spheres of action and that it [belongs] to men to make, apply and execute the law [is] regarded as an almost axiomatic truth."

Even recently, in the 1976 case of Gilbert v. General Electric, the Court ruled that an employer can deny a female employee disability pay for pregnancy leave and not be liable for practicing sex discrimination, even though the same employer gives disability to men seeking vasectomies or hair transplants. Is this equal justice?

With an all-male Supreme Court, the Constitution traditionally has been interpreted to reflect male bias. Now we have 200 years of precedents, legal decisions, statutes and customs that reinforce women's special place-as a second-class citizen. As Justice Brennan has acknowledged, "historically, women in this country have been treated with romantic paternalism," and put "not on a pedestal but in a cage." To open the door of that cage, to give women a secure and rightful place in the Constitution, we need the Equal Rights Amendment. And to interpret and enforce that amendment in the ways members of Congress intended when they voted so overwhelmingly for it, to bring a new equality to the daily lives of all women and men, we need women at every step of justice, and especially at the highest step, the Supreme Court.

History shows us that women cannot always rely on even the most distinguished male justices, but it also teaches us that we are not as far from a remedy as many believe. Just in the past few years, women have begun to attain their rightful place in our courts. Juries now include women on principle, as a matter of fair representation. Law schools report that female enrollment has swelled, that women often outshine male students. From the ranks of 45,000 women lawyers in the United States, more have been appointed to judgeships than ever before. And it is a truism that the special few who have been elevated to the Federal bench are among the most capable in the whole profession.

What further credentials does the first woman Supreme Court justice need? In the past, what often seemed required was knowing the right power broker.

Justices are supposed to represent "our best," yet other factors have always entered into the selection. Presidents have named judges because they represented a particular section of the country or a political party or a particular race or religion—all in an effort to "balance" the Court. In 200 years the only "extraneous" factor that has not been considered is the sex of the justices—as if that were somehow not necessary for true balance.

In the cases of distinguished justices, appointment has been based on the kinds of credentials and talents that the women named in Redbook's poll match—or top. In terms of education and experience, in terms of intellectual and personal honesty, in terms of legal scholarship and professionalism, they can sit side by side with members of the current Court.

Those who know best, justices past and present, have given Redbook their own assessment of the most desirable qualities for a Supreme Court nominee: intellectual brilliance; ability to realize that the Constitution is a goal, a guiding document; being well-read—of something more than legal opinions; ability to write well; ability to persuade, which helps in securing a consensus; humor, particularly about oneself, which helps provide a sense of proportion, openmindedness; the courage to take unpopular positions.

These qualities are not carried only by the Y chromosome. They are found in both sexes.

In addition, women on the Court will contribute to a new quality of justice that is, to a more sensitive and thorough examination of issues that touch women and men, the family and society. They will also have a voice in deciding which of 4,000 cases submitted each year deserve to be heard.

But at the most basic level, this is an issue of simple justice. Women make up 51.3 per cent of our citizenry. Whatever role we play in society—wife, worker, homemaker, property owner, retiree—we deserve nothing less than equal protection under the law and fair representation in our courts. The time has come for women to serve on the Supreme Court.

After 200 years of allowing a basic injustice in our court system, it is time for us as an enlightened society to balance the scales of justice in America.

Following are profiles of the eight women who led the Redbook Poll for nomination to the Supreme Court.

BARBARA JORDAN

A former Congressional representative, Barbara Jordan left the legislative forum at the age of 43 to pursue a scholarly career, but she remains the American woman most favored to win higher office. Though she seeks nothing beyond serving as a professor at the Lyndon B. Johnson School of Public Affairs, she led Redbook's Supreme Court Poll this year by a wide margin.

Ms. Jordan's passion for the constitution was dramatized on home television screens during the House Judiciary Committee's 1974 hearings on the possible impeachment of President Nixon. She declared in that majestic voice, "I am not going to sit here and be an idle spectator to the diminution, the subversion, the destruction of the Constitution." She was described as the "best mind on the committee."

During six effective years in the Texas Senate, half the bills Ms. Jordan introduced were enacted into law. Most were aimed at establishing the Texas Fair Employment Practicement's Commission, improving workmen's compensation and designing the state's first minimum-wage law to cover "the really poor—laundry workers, domestics, farm workers."

The enigma of Barbara Jordan is that she walked away from national power to live in a remote suburb of Austin, Texas, to teach—at her insistence—small graduate seminars, including one on ethics, the subject that arouses more passion in her than any other.

SHIRLEY M. HUFSTEDLER

Presently serving as judge on the United States Court of Appeals for the Ninth Circuit, Shirley M. Hufstedler, 53, is a highly respected jurist. Until recently she was the highest-ranking woman in the Federal judiciary.

Since being graduated from Stanford University's law school, where she was an honors student and an editor of the law review, her career has taken her up the judicial ladder: lawyer in private practice in Los Angeles, special legal consultant to the attorney general of California, judge of the Superior Court for the County of Los Angeles, associate justice of the California Court of Appeals, circuit court judge on the United States Court of Appeals, where she has served since 1968.

One step away from the Supreme Court, Judge Hufstedler's opinions, papers and lectures are recognized for their clarity and good sense.

In a lecture at New York City's Columbia University, Judge Hufstedler spelled out the challenge: "The courts offer the last hope for some kind of hearing to millions of Americans. [Their] encounters with legislatures and bureaucracies have left them folded, stapled and mutilated without anyone's listening to their complaints. American courts are engaged in filling in the cracks that legislatures have negligently or deliberately left in statutory schemes."

MARTHA GRIFFITHS

At 67, Martha Griffiths, gives credit to her lawyer husband who "dragged me into law schools in the first place." There the dragging ended. She was off and running for a seat as Congressional representative from Michigan. Griffiths spent 20 years in the House and served on the powerful Ways and Means Committee.

She left Congress in 1974, now practices law with her husband, Hicks Griffiths, and serves on the boards of four corporations, including Chrysler and Burroughs.

Ms. Griffiths is remembered for her ability to get Congress to pass the Equal Rights Amendment in 1972 after it had been stalled or voted down for 47 years. She "worked" the House for votes, trading until she had the necessary number.

Earlier she successfully argued for inclusion of the word "sex" in Title VII of the Civil Rights Act of 1964, the law that she feels has had the most far-reaching effects of any passed in the last 200 years.

"I've watched the inequities over the years," says Ms. Griffiths. "The laws of this country are discriminatory. The men who make our laws are mostly looking back at the traditional family of thirty to fifty years ago. This country has changed incredibly since then.

RUTH BADER GINSBURG

Currently a professor of law at Columbia University, in New York City, Ruth Bader Ginsburg, 46, has served as general counsel for the American Civil Liberties Union. A brilliant litigation strategist, she was founding director of the American Civil Liberties Union women's rights project.

She experienced discrimination firsthand at Harvard Law School. As a woman, even as a member of the law review, she was denied access to one section of the Lamont Library. She received her degree from Columbia Law School.

Ms. Ginsburg has briefed or argued and won most of the landmark Constitutional challenges to discriminatory laws based on sex to come before the Supreme Court.

Author of many articles on women and equal rights, she is a coauthor of Sex-Based Discrimination, which is considered an authoritative source in this area.

Asked about her success, she replied, "It's something much deeper than any legal talent I have. Equality for women is something I sincerely believe it right."

ELEANOR HOLMES NORTON

Former commissioner of New York City's Human Rights Commission, Eleanor Holmes Norton, 42, is chair of the Equal Employment Opportunity Commission. She is the first Black woman to head the nation's most powerful, antidiscrimination agency, and is known as a no-nonsense, clear-thinking administrator who gets at the root of discrimination.

Outspoken and assertive, she says, "There are two principles I believe in strongly. One is racial equality, the other is free speech." She spent five years as a lawyer with the American Civil Liberties Union and has represented clients of all political persuasions, including Julian Bond, who was denied his Georgia legislative seat because of his outspoken opposition to the war in Vietnam, and avowed segregationist, George Wallace, who was denied a permit for a rally in New York City.

Ms. Norton's most publicized case in sex discrimination was winning promotions for 60 women employees who accused Newsweek magazine of job discrimination. "Society is organized so that it depends on discrimination against women," she says, and in contrast to Justice Powell, Norton states: "Blacks have felt it only in the last several hundred years, but for women it has been throughout history."

Eleanor Holmes went to segregated schools in Washington, D.C., received her B.A. from Antioch College, in Yellow Springs, Ohio, and her LL.B. from Yale University in 1964.

PATRICIA ROBERTS HARRIS

Formerly Secretary of the Department of Housing and Urban Development, Patricia Roberts Harris, 55, was recently appointed Secretary of the Department of Health, Education and Welfare. After having been graduated with a law degree from the District of Columbia's George Washington University in 1960, she began her career as a trial attorney in the Department of Justice. Soon she became associate dean of students at Howard University, in Washington, D.C. President Johnson appointed her ambassador to Luxembourg. After two years abroad Harris returned to Howard University, as dean of the law school.

In 1969 Harris began to practice corporate law as a member of the firm of Fried, Frank, Harris, Shriver and Kampelman, and she was named to the boards of the National Bank of Washington, IBM and Scott Paper Company.

During the 1972 Democratic National Convention her exceptional talents as an unruffled mediator won her applause as chairman of the Democratic Committee's hearing to revise party rules, which allowed more minorities and women to serve as delegates to the national party convention—a ruling that affected both national parties.

When President Carter named her to the Cabinet as Secretary of the Department of Housing and Urban Development, she was asked by Senator William Proxmire, "How can a corporate attorney like you have any feeling for the poor?"

"Because this corporate attorney is the daughter of a railroad waiter," she replied.

In the President's Cabinet she is known as a dynamic fighter for her programs.

CONSTANCE BAKER MOTLEY

A U.S. District Court judge for the Southern District of New York. Constance Baker Motley, 58, was named to the court in 1966 by President Johnson. She was the first Black woman in U.S. history to sit on the Federal bench. Until very recently, she was the only Black woman so to serve.

Judge Motley first gained national attention as a civil rights lawyer, defending Martin Luther King and other activitists during the stormy protest days in the South. As associate counsel of the Legal Defense and Educational Fund of the NAACP, Constance Motley was involved in virtually all the important civil rights cases of the 1960s. By 1961 she had argued ten cases before the Supreme Court, and won nine of them.

In 1964, as the first Black woman to be elected to the New York State Senate, she concentrated on the problems of housing, education and employment.

Judge Motley, the ninth of 12 children, attended the New Haven, Connecticut public schools, New York University and entered Columbia University Law School. Upon her graduation in 1946 she joined the legal staff of the NAACP Legal Defense and Educational Fund.

CARLA ANDERSON HILLS

One of the best-known, most respected women attorneys in private practice, Carla Anderson Hills, 45, is a partner in a major Washington, D.C., law firm.

In 1975 she became the third woman in the nation's history to hold a Cabinet post, serving as Secretary of Housing and Urban Development under the Ford Administration. Many cricitized her appointment, pointing to her lack of experience in housing matters. However, she established a reputation as a quick study and a tough administrator. After two years she earned the respect of mayors, congressmen and housing representatives for her hard-driving administration of what had been a demoralized and inept department.

Her first Government post in Washington was as assistant attorney general in charge of the Justice Department's Civil Division, a post once occupied by Chief Justice Warren Burger. By all accounts, Ms. Hills did a highly efficient job.

A native of California, Ms. Hills is a graduate of Yale Law School.

Mrs. Hills practices law with her husband, Roderick Hills, specializing in antitrust law. She also sits on the boards of several major corporations, including IBM and American Airlines.●

SALT II STATEMENTS OF WITNESSES IN HEARINGS BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS

Mr. CHURCH. Mr. President, on September 10, the committee resumed its consideration of key issues related to the SALT II Treaty. On the morning of September 10, Senator Biden's European Affairs Subcommittee heard from Mr. Paul Thyness, Mr. Patrick Wall, Mr. Klaas G. de Vries, and Mr. Peter Corterier from the North Atlantic Assembly, and Prof. Stanley Hoffman of Harvard University. In the afternoon the committee heard a panel of outside experts, Ambassador Paul Warnke, Dr. Wolfgang Panofsky, and Dr. Donald Brennan, discuss SALT and arms control.

On September 11, the committee—in executive session—heard from three leading critics of the SALT II Treaty: Paul Nitze, Lt. Gen. Edward Rowny and Adm. Elmo R. Zumwalt. In the afternoon the committee examined, in open session, ICBM issues related to SALT II. Appearing before the committee were Jan Lodal, Michael May, and Paul Nitze.

The committee's final hearing last week on September 12, concerned the administration's decision on the "racetrack" basing mode for the MX missile. Two administration officials—Under Secretary William Perry of the Defense Department and Ambassador Ralph Earle II, Chairman of the U.S. SALT delegation—testified.

This week the committee is hearing from Members of Congress on the SALT II Treaty and Secretary of Defense Harold Brown on defense expenditures.

Mr. President, I ask that the statements of the witnesses cited above be printed in the Record at this point.

The statements follow:

Statement by Hon. Paul Thyness

The North Atlantic Assembly is a semi-official organisation of parliamentarians that was started 25 years ago—five years after the signing of the NATO Treaty—by a number of European and Canadian members of parliament soon joined by a number of prominent Senators and Congressmen from the United States, who felt that parliamentarians in a modern democracy have an increasingly important role to play in questions of foreign policy and defence as intermediaries between governments and people. To discharge these duties members of parliament needed a forum to provide a greater active involvement in the affairs of the Alliance, independent sources of information and broad contact with their colleagues from Allied nations.

The organisation was first known as "The NATO Parliamentarians' Conference" and grew from an annual meeting to a permanent body that assumed the name of the North Atlantic Assembly in 1966. It has a bureau consisting of a President, three Vice-Presidents and a Treasurer, one of whom must always be a North American. The bureau is supported by a Standing Committee of one representative of each national delegation, and an international secretariat situated in Brussels.

The Assembly works through five main committees: Political, Military, Economic, Scientific and Technical, and Education, Cultural Affairs and Information Committees. These committees in turn may establish subcommittees for dealing with specific issues.

The group meeting with you today has been called—for want of a better name—a Presidential Working Group. It has for various reasons not been set up as a sub-committee by the ordinary procedure, and it cannot speak for the North Atlantic Assembly as such. Its main task is to co-ordinate preparations for the discussions on strategic arms limitations and theatre nuclear modernisation at the Assembly's annual plenary session in Ottawa in late October this year.

While it cannot speak for the Assembly it is, however, a singularly representative group comprising the Chairman and General Rapporteur of the Military Committee, the General Rapporteur of the Political Committee and the President of the Assembly. These four people come from two of the greater European Allies, United Kingdom and the Federal Republic of Germany, and two small Allies, the Netherlands and Norway.

Two are Conservative, two are Social Democrats. One Conservative and one Social Democrat belong to parties in government and one of each to parties in opposition. And we are all four of us deeply concerned with politico-military affairs in our respective parliaments.

With the Committee's permission I would now like to turn to my views and impressions of the substance of the matter before us, i.e. European reactions to SALT II.

I think it is correct to say that broadly speaking both detente and arms control measures have over the years been more popular issues with European politicians and voters than with their North American counterparts. There are a number of reasons for this. One is that the European nations individually cannot match the Soviet Union militarily. The United States can, and NATO collectively can, but dependence on others will never breed that deep sense of self-reliance that comes from a knowledge of being able to go it alone if necessary. No European nation can do that, and this fact naturally colours European thinking. Another reason is that the European nations are very much aware that they would be the first casualties in any armed conflict between the Warsaw Pact and NATO. And Western Europe, with its small, densely populated territory, has been engulfed in devasting wars twice already in this century.

This attitude must not be confused with appeasement or defeatism. For instance in Norway—one of your smallest Allies and one of the two with a common border with the Soviet Union—recent polls have shown 84% of the people to support our military defence and 65% actively to support our membership in NATO. There is no tendency to uncritical accommodations to Soviet wishes. But the perspective is somewhat different from the one commonly found on this side of the Atlantic. For Europeans a normalisation of East-West relations and a dialogue between the super-powers is viewed more pragmatically and has a somewhat deeper and more immediate significance than is felt by most Americans.

On this background Europeans welcomed the SALT process from the start, and European reactions to the SALT II treaty as it has emerged have been markedly favourable.

There are of course critical voices to be heard, but they are few. For the most part European support for SALT II has been overwhelming.

The more generalised criticism that surfaces from time to time is directed against the treaty for not being what is was never intended to be, viz. a treaty designed to enhance the security of Western Europe specifically and directly. The primary impulse behind the SALT process has been to secure limitations on the intercontinental nuclear systems, traditionally termed "strategic" systems. This dividing of nuclear weapons systems into "strategic" and "tactical" is imprecise and generally unsatisfactory, in that it leaves out nuclear systems aimed at Western Europe. For that reason and with considerable merit it has lately become fashionable to speak of "Eurostrategic" systems. But this is a fairly recent development, and the fact remains that the negotiations have not, until the very last stage, involved systems of direct and specific relevance to the European theatre. It will be remembered that the United States consistently, and with full concurrence of her European Allies, has rejected Soviet efforts to include U.S. systems based in Europe. It will inevitably distort the picture if this historic perspective on the SALT II treaty is forgotten.

This is not to say, however, that the central nuclear balance is not a relevant European concern. These systems represent the final and indispensable guarantee for the security of Western Europe, and an agreement that affects this balance also effects European security. But apart from the tiny minority that specialises in the somewhat arcane world of strategic theory where the conclusions one reaches fairly often are of doubtful relevance to the affairs of living and breathing men, most Europeans are content to study the treaty in its broadest terms. These appear to indicate that SALT II does establish a position of "essential equivalence" where advantages for one side in certain areas are balanced by concessions in others. It is extremely difficult to see how, as some critics assert, the United States is moving into a position of strategic inferiority. Nor have I seen it substantiated that the treaty in any way undermines or diminishes the U.S. guarantee to Europe. That guarantee has always been a question of trust, unknowable and unprovable, to us and to the Warsaw Pact, and nothing in the treaty challenges that basic trust. I would like to go on record as one who feels this trust, and I know that my belief is shared by the overwhelming majority of my countrymen.

I think it must be accepted that over the last decade the military balance has tilted significantly in favour of the Warsaw Pact, leading to considerable uneasiness in most Western European countries. In Norway our worry is mainly concerned with the Soviet naval build-up, in other countries the focus is more on Soviet superiority in armour and more recently on superiority in theatre nuclear forces. The need to redress the balance has become pressing before the gap creates a situation in which Western Europe becomes highly vulnerable to Soviet pressure. This means that there is a need for a costly modernisation of conventional and theatre nuclear forces in Europe, but hopefully kept within reasonable bounds by substantial arms control measures—MBFR and SALT III. But the gateway to SALT III is obviously SALT II, and it is difficult to believe that MBFR could continue in the wake of a defeat of SALT II. Without SALT II the watch will be put back several years and the climate for negotiations will inevitably deteriorate to a point where we in fact will only be left with the one option of matching the Soviet build-up at all levels, strategic, theatre nuclear or Eurostrategic and conventional.

This in a no-SALT environment may prove to be a very difficult task, and much more than with a SALT II treaty in the background. I seriously question the possibility of persuading European public opinion to back nuclear and conventional modernization if the United States rejects the SALT II treaty. In my opinion the acceptance of SALT II would not produce a climate in Western Europe that would undermine military vigilance; rather, it would signify a willingness on the part of the Western World to go along with serious arms control measures and a reluctance to participate in an unrestrained arms race that could erode public support for maintaining an adequate defence posture.

Meeting the Eurostrategic requirements will also require active participation on the part of the United States. Except for the British and French nuclear forces it is the United States that holds the nuclear umbrella over Western Europe. This of course is of crucial importance to prevent a total defeat for our civilization. But the strategic nuclear systems are last resort forces, and not forces that directly counter-balance the kind of pressure that the Soviet Union can exert on Western Europe on the basis of conventional superiority backed by a superior theatre nuclear capability.

That balance can only be achieved with American participation at all levels. Without SALT II Europeans may have reason to fear that the United States will have to pour so much money and effort into the strategic arms race that the contribution to the defense of Western Europe will suffer.

Seen through European eyes it is obviously a much more attractive alternative to get some measure of stability in the strategic balance through SALT II, and at the same time preserve the United States as an active participant in those fields which are of more immediate concern to Western Europe. And I believe that this also makes good sense in the context of the American security and global policies.

At the outset of the debate in Europe some anxiety was expressed concerning the ambiguity of the non-circumvention clause. If it could involve the American assistance to the United Kingdom in the modernization of its strategic force or the deployment to Europe of cruise missiles for use in the theatre role it would indeed have put a different complexion on the treaty, and might very well have had a serious negative effect on European attitudes. In fact I believe that before clarification on this point was obtained some scepticism was created that has not been completely dissolved. It is a fairly common phenomenon which we politicians have to live with that initial impressions die hard.

However, the Administration has repeatedly stressed, and has indeed formally stated in a letter to the NATO Council, that not only has the United States consistently rejected the inclusion of a non-transfer provision in the SALT II agreement, but it has made it clear that the transfer of weapons and technology to the Allies will continue and cannot ipso facto constitute circumvention. In the light of this statement and the testimony of Administration witnesses before his Committee I believe that any serious question on this point has been satisfactorily answered.

Another point of a similar character was the initial debate over the question of the duration of the protocol to the treaty, although this was not only a specific European concern. In my opinion critics of the treaty were quite right in pointing out the danger of the protocol being extended beyond 1981. We all know how easily such provisions become an integral part of an established order.

The Administration might very well find itself in the position either having to prolong the protocol, and thereby further postponing the possible deployment of ground and sea launched cruise missiles, or refusing to prolong the protocol, and thereby appear to undermine ongoing negotiations. But that situation cannot arise when the possible extention of the protocol has been extensively debated and decided against beforehand. Witnesses for the Administration have repeatedly stressed that the protocol will end in 1981, and have also intimated that the Soviet Union has accepted this. Under these circumstances it is the prolongation of the protocol that would constitute a major new departure. Thus one of the weaker spots in the whole package has been effectively dealt with.

It has been said that the United States did not consult with her European Allies during the negotiation process, that what was called consultations was more like briefings on a take it or leave it basis.

To my mind this is largely a question of semantics. Consultations is a point on a scale that ranges from the European Allies dictating to the United States on the one side, to the Europeans being told flatly what the United States has decided at the other extreme.

The facts as I have understood them are that the Administration deserves high praise for the frequency with which it has informed the Allies of developments throughout the negotiation process. In matters that have been of particular concern to the Europeans, for instance the non-circumvention question and the questions relating to the protocol issue, the Allies have been given every opportunity to express their views fully before the United States committed herself vis-a-vis the Soviet Union. Undoubtedly there have been situations during seven years of negotiation when the consultation process did not function at its optimum. Progress in such negotiations is not always orderly and evenly spaced, sometimes there has been little time for real consultations, sometimes the sensitivity of the issues has worked against the ideal form of consultations.

On the other hand, the European Allies have not always earned full marks for active participation. I believe it can be argued that a consistently greater response from the Allies would have triggered improvements in the consultations generally.

What is of particular importance is two things. First, that it is very rare to meet anyone who really feels that European interests have been neglected during the negotiations. Secondly, when we hopefully start on the SALT III negotiations, direct European interests will be much more concretely affected. Here the consultations must be broadened compared to what was natural and necessary during SALT II. If the criticism aimed at the SALT II consultations has served to sharpen the awareness of this respect it will have been of real service to the Alliance as such.

I would like to end my statement on the point which I believe is perhaps the single most important one, namely the results to be expected in Europe if the treaty should not meet with the approval of the Senate.

We all know that the role of the legislature is much smaller in foreign affairs than in domestic affairs. For a variety of reasons foreign affairs has always and in all countries been the particular province of the executive power. The corollary is that when it comes to other countries all of us tend to look to a President, a Prime Minister or a Foreign Secretary to speak legitimately and responsibly for their country's interests. Foreigners will always have difficulties in understanding major differences of opinion between Government and Parliament.

We have witnessed the total incomprehension on the part of the Soviet Union of the role of the Senate in shaping foreign policy. Here we were faced with a combination of the general problem and a specific problem that has its roots in the vastly different Soviet system. But the Europeans are not immune either to this compound problem.

In Europe the parliamentary system of government is prevalent, and since this implies that the government will have to resign if it is voted down in parliament on a major issue, the system has evolved in a way that has imposed great restraints on the individual members of parliament. European members of parliament very rarely have that freedom to exercise an independent and personal judgement which is a matter of course in the United States Senate.

I am very much afraid that an adverse vote in the Senate will never really be understood in Europe. And when people do not understand something they become suspicious, and the explanation they make up are usually rather ungenerous if not outright hostile and accusatory.

If I had no other reason to support the treaty, this would have been enough. Previous witnesses before this Committee have underlined that Allied expressions of support for the treaty have been influenced among other things by European domestic pressures. This I believe is true. But it would be wrong to ascribe this pressure to European political leaders' fear of losing the next election. Few elections are lost on questions of foreign policy, and SALT II is not an issue of that kind. The pressure felt by political leaders stems from a recognition of the vital necessity of ensuring public support at all times for the NATO Alliance and the national defense posture, and of the devastating effect non-ratification is likely to have on the credibility of both the United States' leadership and the aims and purposes of the Alliance. We in Europe will be faced with a public opinion problem of staggering proportions, and no doubt the Soviet Union will work that for all it is worth.

I quite realise that this is only one of the many points the Senate will have to consider, and perhaps not a major one seen from this side of the Atlantic. By the Constitution of the United States it is the right and the duty of the Senate to work the will of the American people, not the Europeans. But in the same way I as a European politician must try to persuade you of the case for Europe. Fortunately I am aided in this by a firm conviction that in the long term there is no conflict of interest between us, and that nothing which harms the one can serve the other and that no dividing influence can serve either.

Prepared Statement of Mr. Patrick Wall

[Note.—The figures in the text are drawn from US sources and the figures in parentheses from non-Government British sources.]

In this prepared statement I propose to amplify certain specific issues, namely the strategic nuclear balance, domestic political controversy, and the Euro-strategic and theatre nuclear balance made in my verbal presentation as well as dealing with some points on the East-West balance that we may have to face in the next few years.

THE NUCLEAR BALANCE

The balance since S.A.L.T. I

The SALT I Agreement in 1972 was justified by some as an Agreement that codified strategic parity. It has also been stated that, in fact, it allowed the USSR some 50 percent more ICBM Launchers and 45 percent more SLBM Launchers than the USA. The throw-weight of the deployed Soviet ICBMs was also considerably more than that of the US ICBM's. However, it was claimed that because of superior MIRV technology, and its lead in heavy bombers, the U.S. could afford the Soviet advantage in the number of ICBM Launchers.

In fact, the USSR caught up with MIRV technology within two years. In 1974 the Vladivostock understanding prolonged SALT I and was based on essential equivalence in launchers; 2,400 each including 1,320 MIRV Launchers; freedom to determine the mix of weapons and no restriction on the number of warheads in each MIRV, but there was no reference to advanced technology weapons such as the Cruise Missile. It formed the framework of SALT II.

The net result of the failure of SALT I to restrict modernization and replacement has been an unprecedented buildup of the Soviet strategic nuclear capability, with no corresponding American increase.

In fact, since 1975 the USSR has deployed the SS–17, 18, 19 and 20. The SS–18 having a throw-weight exceeding twice that of any US missile.

By 1980 the total Soviet throw-weight will be almost double that of the USA and the number of warheads multiplied by 4 or 5. But the USA will still have a lead in the total number of warheads.

In contrast the USA has deployed no new ICBM since 1972 and has only modernized existing Minuteman III's roughly doubling the present 170 kilo ton yield compared to the 2 megaton yield of the SS–18. The United States missiles are still more accurate but the Soviet Union is catching up.

Much the same story can be told about SLBM's in which the SSN8 has now been deployed in some 29 Delta class submarines, thus permitting them to hit the USA from the Barents Sea. Whereas the first USN equivalent, "USS Ohio", armed with the Trident I, will not be operational until at least 1980, and the 6,000 mile range Trident II is not expected to be available until the mid-1980's when only 10 "Ohios" will be deployed. However the MIRVed SSN–X–18 is now becoming operational in the Delta III submarines.

In 1972, the US had some 400 heavy bombers compared to 140 in the Soviet Air Force. The ratio is now nearer to 350 to 135, but the US bombers are mainly B52's, the B–1 having been cancelled. On the other hand the USSR has so far built some 100 Backfire medium bombers and is expected to have some 300 by 1985.

These figures are taken from various US and British sources and may not be 100 percent accurate but they do clearly show the trend since 1972, which has been wholly in favour of the Soviet Union.

The same overall trend can be found in conventional Forces, a trend, if continued will put the USSR in a commanding position to impose its will on most of the continents of the earth.

THE STRATEGIC BALANCE TODAY AND IN 1985

The ratification of the SALT II Agreement would limit the USA and the USSR to a total of 2,250 ICBM's, SLBM's and heavy bombers, of which 1,320 can be MIRVed, ICBM's and SLBM's and heavy bombers carrying ALCM's of intermediate range. Within the limits of 1,320 MIRVed launchers a sublimit of 1,200 is placed on MIRVed ICBM's and SLMB's and a further sublimit of 820 is placed on MIRVed ICBM's. It is estimated that these limits will have the following results by 1985:

(a) MIRVed ICBM's.—The Minuteman III production line is now closed down and the new MX delayed and cannot now be operational by 1985. The 550 Minuteman III's can be upgraded in accuracy but the aggregate useful payload or throw-weight of the US MIRVed ICBM force in 1985 will not exceed 1¼ million pounds and 1,650 RVs (1,650).

The USSR can deploy 300 plus SS–18's (308) and some 500 (512) SS–17's and 19's, giving an estimated aggregate throw-weight for the Soviet Union ICBM Force of 8 to 9 million pounds, and 6,000 (5,662) RV's.

It has thus been estimated that in a first strike the U.S.S.R. could eliminate from 70 to 90 percent of US silos whereas the USA would have the capability of destroying 65 percent of the Soviet ICBM silos.

(b) Un-MIRVed ICBMs—The US 450 Minuteman II and 54 Titan has an estimated 1 million pounds (1.5 million) throw-weight and 1,000 megatons (936) of yield. The Soviet may substitute 360 SIIs by a new ICBM as permitted under the Agreement which could produce an estimated throw-weight of 2½ million pounds and some 6,000 megatons yield.

(c) MIRVed SLBMs—The US are expected to have 21 Poseidon submarines, 10 Trident I backfitted submarines, and 7 (10) new Trident I submarines by 1985, giving a total of 38 (41) nuclear propelled MIRVed SLBM submarines with some 664 (650) MIRVed tubes with some 5,300 (5,700) RVs.

The Soviet Union could, under the Agreement, deploy some 400 MIRV missile launchers. It is expected that the new Soviet Typhoon submarine will carry 20 to 24 missiles with up to 14 RVs. The SSN18 is expected to have some 7 MIRVs. The US therefore, will continue to lead in SLBM MIRVed tubes and RVs.

(d) Un-MIRVed SLBMs—The US is expected to retain only some 80 SLBMs and the Soviet some 600.

(e) ALCM Bombers—The US plans a possible deployment of 120 such aircraft with cruise missiles of over 600 kilometres range.

If these figures are approximately correct it will be seen that the US inferiority in all categories of strategic power except accuracy, SLBMs and heavy bombers has been frozen for the duration of the Agreement. The argument, therefore, rests on whether the US strategic nuclear deterrent will remain credible during the duration of the Treaty. This question, together with that of verification, has been debated during the hearings and must remain an American decision but already the balance is tilting against the USA.

In addition the virtual deadlock of the MBFR negotiations for so long does not appear to indicate a Soviet desire for a balance but rather a drive for further superiority.

DOMESTIC POLITICAL CONTROVERSY

It has always been a matter for concern when the international strategic balance or, for that matter, national defence, becomes a domestic political issue.

To the outsider the US administration has fallen over backwards to commend this Agreement. There are many arguments in its favour but the briefing of foreign Members of Parliament by US Embassy staff, the knowledge that the Administration is in trouble over other National issues and badly needs successful ratification, makes an experienced politician wonder about the political as opposed to the military need for an Agreement.

This, I fear, is not unusual as opposing Party lines on Defence issues are current both in my own country and in Europe as a whole.

THE EURO-STRATEGIC AND THEATRE NUCLEAR WAR BALANCE

As currently constituted the SALT II Treaty affects only missiles and heavy bombers of intercontinental range. This has meant the exclusion of a number of systems whose characteristics make them difficult to define but which are of great relevance to Europe. There can be no question that the U.S. authorities have kept their Allies fully informed during all the SALT discussions. However, Europe is menaced by two major new weapons systems that are not included in SALT II—the Backfire Bomber and the SS–20. On the other hand, restrictions on the deployment of cruise missiles are included in the Treaty.

It has already been stated that the strategic balance has tilted against the U.S.A. As far as Europe is concerned the shift in theatre nuclear capabilities in favour of the Warsaw Pact has been even more dramatic.

In January 1978 the USSR had about 700 I/MRBMs, 430 medium bombers and 20 plus SLBMs targeted on high priority European targets. By 1985 is has been estimated that there will be some 275 SS–20 missiles and 250 Backfire Bombers deployed against European targets, plus 700 I/MRBMs, (some targeted on China) 430 medium bombers and 20 SLBMs.

NATO Europe can produce 150 British and French IRBMs and SLBMs and some 200 nuclear capable aircraft, which is a deterrent but no real answer to the scale of the Warsaw Pact threat, even when backed by the USAFs F111s and other aircraft and the USNs SLBMs allocated to SACEUR.

Anti-Backfire defences can be improved with the advent of the British Air Defence Tornado and new types of U.S. aircraft based on Britain. But, the SS–20, which is mobile and has a range of some 3,000 miles can, therefore, be targeted on European ports and airfields from inside Russia, it can, therefore only be attacked by aircraft which would inevitably suffer appalling losses.

The counter to the SS–20 may be a new long-range theatre nuclear ballistic missile, an extended-range Pershing or a Cruise Missile, or a mix of all three. The new theatre ballistic missile cannot be operational by 1985. A stretched Pershing is unlikely to have a range of more than 1,000 miles, and aircraft equipped with intermediate range Cruise Missiles are counted as heavy bombers and included in the SALT numerical aggregates.

They are also limited to an average of 28 missiles, with not more than 20 carried in each existing B–52 Bomber. Even more important, ground and sea-launch Cruise Missiles are restricted to a range of 600 kilometres (360 miles) by the Protocol to the Agreement, which expires on the 31st of December, 1981.

If Cruise Missiles are to have a limited range for the next few years why are not certain specific restrictions on range applied to the Backfire and the SS–20?

However there is nothing in the Agreement to prevent new theatre ballistic missiles being developed by the Allies and the US will not be ready to deploy longer-range ground and sea-launched Cruise Missiles until after 1981.

Two factors of primary importance to Europe therefore emerge—

i. the Protocol MUST NOT BE extended beyond its expiry date whatever the Soviet Union may demand, and

ii. it must be made plain that Article XII the "non circumvention" clause will not only permit the transference of Cruise Missile technology from the USA to her Allies but will also permit the sale, for example of Tomahawk and Trident I, should this be desired.

Administration assurances have been given during these hearings, but it is hoped that the Senate will insist on these two clarification being written into the Treaty in such a way as there can later be no misunderstanding.

The Soviet aim may well be the de-coupling of the US strategic nuclear deterrent from the defence of Western Europe together with the creation of an overwhelming nuclear and conventional advantage against NATO Forces in Europe.

The problem of the theatre nuclear weapons is separate from the Euro-strategic balance, but is related to it. The overall balance in theatre nuclear capability between NATO and the Warsaw Pact is roughly equal to the number of warheads in their respective nuclear stockpiles, but in delivery systems the Warsaw Pact has a considerable advantage and the balance is tilting further in their favour.

It is to be hoped that should the Senate not complete its discussion on SALT II this year that this will not delay a NATO decision on TNW which is due to take place in December. Indeed, it might be an advantage that the theatre nuclear decision be taken before the SALT ratification so as to make it clear that such a decision is in fact within the terms of the Treaty.

It must be borne in mind that the balance of conventional Forces in Europe is continuing to shift against NATO and is now approximately 2.8:1 in armour, 2.2:1 in tactical aircraft, 2.7:1 in artillery, and 1.2:1 in men. Also that the Soviet Forces have been reorganised in recent years for offensive rather than defensive operations and are fully capable of repeating Hitler's Blitzkrieg.

EAST-WEST BALANCE

It is now obvious that the balance is tilting against the West both in the nuclear and in the conventional fields.

It must, however, be borne in mind that the Leaders of the USSR may hope to take over Asia, Africa and South America, followed by Europe, without running the risk of a nuclear or even a conventional war.

The key to the industrialised West lies in supplies of energy and raw materials. Should the USSR secure the dominating influence over the Gulf or over Southern Africa she will control directly, or indirectly, the West's major supplies of oil and key minerals (platinum, chrome, manganese, gold, vanadium, fluorspar, asbestos, uranium, titanium, industrial diamonds, etc.).

Her growing influence in the Third World and in the countries of the Middle East and Africa could enable her to cut off Western supplies at the source or on passage or, in the case of Southern Africa, to create so much chaos that minerals could not be exported. Industrial Europe, starved of raw materials or energy could then be faced with capitulation or resorting to nuclear war.

The writing is on the wall—in the 1930s the Rhineland, Austria, Czechoslovakia, Poland, the USSR. In the 1970s Afganistan, Iran, the Horn of Africa, Aden—and then who knows, Kuwait? Saudi Arabia? Turkey? In southern Africa, Angola, Mozambique, followed by Zimbabwe/Rhodesia, Namibia, Zaire, Zambia and finally South Africa. Thus, the USA could become isolated in a hostile world.

This is, of course, an extreme concept but the fact remains that countries friendly to the West are being rapidly reduced in numbers and the West takes no action. Western influence, quite recently supreme in the Pacific, the Indian Ocean and the South Atlantic, is disappearing and with it the freedom for which we fought two World Wars.

Surely detente means something quite different in the West than in the USSR. Does SALT also have different connotations? If so, there is little hope for SALT III or, from our concept, of detente.

PREPARED STATEMENT OF MR. KLAAS G. DE VRIES

Mr. Chairman, in the course of the Senate's hearings on the proposed SALT II Treaty, the question of European attitudes toward the Treaty has emerged as a pivotal issue in the debate. While Administration officials have forcefully characterised Allied support of ratification as unequivocal and broad-based, other witnesses have advanced a number of rationales which, if true, would significantly depreciate the value of official endorsements of SALT II by European governments. In brief, the Senate has been warned that it can draw little comfort from public expressions of European support; indeed that these declarations may even have been proffered under duress.

I appreciate that you felt it important to clarify this question of European assessments by inviting four Europeans representing different countries, different parties and different political perspectives to present you with their views first hand.

I would like to divide my remarks into two areas. First, I want to address head-on this crucial issue of the credibility of European support for SALT II. In the second part of my testimony, I will explain why I personally support approval of the Treaty.

Let me begin by observing that there can be no disputing the fact that Europe has overwhelmingly declared its clear support for the Treaty. To be sure a few isolated, and not entirely unpredictable, objections have been heard. But they have been drowned in the flood tide of public European support for the Treaty. The North Atlantic Council, individual national governments, prestigious centres of security and foreign policy research, and leading newspapers have all gone on record endorsing Treaty ratification.

Thus, it seems astonishing to have to respond to the suggestion that, at worst, we do not really mean what we say, or, at best, that what we *have* said should be discounted.

To suggest the European governments would knowingly and deliberately prevaricate on an issue of such signal importance as strategic arms limitation is tantamount to declaring that there is no basis for trust in relations between te proud nations of the Atlantic Alliance. SALT is not a partisan issue in Europe. Indeed, support for SALT may be one of the few issues in 1979 on which European leaders—Conservative, Social Democratic, Christian Democratic and others—find themselves in basic agreement.

The theory that there is a disparity between official and private European views usually relies on one or the other of two lines of argument:

One, that the Administration has "armtwisted" European governments into expressing support in order to save the prestige of the Presidency; and

Two, that public sentiment in favour of detente and arms control runs so strongly in Europe that no public figure can prudently speak out in favour of vigilence and defence.

Lest these theories gain credence through unrefuted repetition, I feel that I must challenge each of them in turn. First, I cannot accept the suggestion that the Administration has pressured European governments into endorsing SALT II against their will. Of course Europe recognises the importance to Alliance cohesion of a strong American Presidency. But this should not suggest that Europe would support SALT II against its better judgment for the sake of helping a particular President's standing in public opinion polls. Europe is vitally interested in American leadership. It is not interested in helping to create the illusion of American leadership.

Second, the claim that pro-disarmament euphoria is so rampant on the European continent that on one can prudently speak out for military preparedness simply cannot be reconciled with the facts. The NATO Allies have agreed to a 3% increase in defence spending and committed themselves to the Long Term Defence Programme. The French Government has just announced a 15% increase in its defence budget. The United Kingdom Government has declared that it intends to undertake greater defence expenditures. NATO has held to a firm position in the MBFR talks and has just bought the expensive AWACS programme. NATO countries are re-equiping their forces with F–16s, Tornado aircraft, and Leopard tanks.

Why did NATO insist on preserving technology transfer and cruise missile deployment options under SALT II? Some SALT critics would have us believe it both ways: that Europe publicly supports the Treaty out of a lack of will to stand up to the Soviets, yet privately opposes the agreement because it allegedly denies them the hardware needed to stand up to the Soviets. You cannot have it both ways.

Let me turn now to the line of argument that approval of the terms of the Treaty themselves is not a primary factor accounting for European support, in other words, that European disappointment with the terms of the Treaty yielded to a higher priority: European interest in preserving progress toward detente.

I wonder if anyone—European or American or Soviet—can actually declare himself totally satisfied with the terms of the Treaty? Even the Administration acknowledges that it is disappointed with the height of the ceilings and the degree of strategic force modernisation permitted both Parties under the accord. By definition this negotiation required some compromises to be made on both sides or else there would have been no agreement. Disappointment over certain negotiating outcomes cannot stand in isolation from other considerations and be allowed to constitute a basis for rejecting the Treaty.

The question is not whether Europe approves 100% with the provisions of the agreement. The question is whether these provisions on balance are acceptable and whether this Treaty, now laid on the table for rejection or acceptance, is better than no Treaty or a reopened negotiation. And in making that assessment obviously judgements about the provisions of SALT II must be weighed along with other considerations, including the value of SALT II as one step in the long-term process of SALT and within the overall framework of detente.

Of course European support of SALT II reflects a desire to promote a lessening of East-West tensions and a certain anxiety that rejection of the Treaty might occasion a new Cold War. No one denies this. But what is not to be accepted is the view that Europe's interest in detente is so pre-eminent that we are blinded from the recognition that arms, vigilance, and the will to defend ourselves are still required in this, the 30th year of the Alliance. Maintaining military security while simultaneously pursuing detente have long been the twin pillars of Alliance strategy. They have not suddenly become mutually exclusive in 1979.

This leads me to a second point. Europeans are intimately familiar with the terms of the Treaty. The degree of co-ordination and consultation has been extraordinary and unprecedented. SALT II is not something that has suddenly been thrust upon the Europeans for approval or disapproval. It is an agreement that was methodically worked out under three American administrations in concert with the European Allies. Europe has every opportunity to express reservations about provisions considered during the course of formulating negotiating positions, and in those cases where Europe did insist on measures to protect certain interests more stringently—for example, on technology transfer—the United States accommodated European recommendations. Ambassador Earle's testimony to your Committee underscores the unprecedented degree of consultation and co-ordination within the Alliance on SALT II. The much appreciated and publicly applauded effort of three successive Administrations to inform and consult its Allies has found its deserved reward in that all European Allies became intimately familiar with the Treaty and were able to support its final version.

Turning now from the subject of European attitudes generally, I would like to put forward some personal views on the merits of this Treaty. In explaining the basis for my strong support of SALT II, I want to touch on four main themes: (1) SALT II and the credibility of the U.S. strategic deterrent, (2) SALT II and European defence options, (3) European interests in SALT III, and (4) SALT as an element in a broader framework of East-West relations.

SALT II AND THE CREDIBILIITY OF THE U.S. STRATEGIC DETERRENT

The question of whether SALT II entails negative implications for the credibility of the U.S. strategic deterrent has centered on the fact that the Soviet Union is allowed to maintain 308 heavy missiles (SS9s now being replaced by SS18s) while the United States is permitted none. It is argued that this permanent advantage in throw-weight when married to the inevitable improvements in accuracy will give the Soviet Union a convincing first strike capability, that is, Soviet leaders will have a high confidence possibility of taking out 90% of United States land-based missiles with only a small proportion of their own land-based systems. With only the bomber and submarine proportion of the United States deterrent force remaining, a United States President would allegedly be deterred from retaliatory action. The critics do not actually believe that such a scenario will take place but rather that the perception of superiority that this situation will create will be manipulated by Soviet leaders to obtain their politcial objectives. This superiority will, it is alleged, be used for nuclear blackmail. The critics argue that under this situation nuclear weapons retain considerable political utility.

It is my belief that this strategic superiority argument is based on a highly selective and inadequate interpretation of weapons criteria. The current asymmetry in United States and Soviet force levels is the result of differences in force structure and military planning. The United States has developed smaller, more accurate missiles, while the Soviet Union has, largely because of technological restraints, developed larger missiles with heavier throw-weights. It must be noted that throw-weight is only one of a number of criteria that can be used to measure strategic power. Accuracy is far more important in terms of destructive capability since very large warheads tend to be less efficient than smaller warheads. In terms of accuracy and the numbers of warheads, the United States has a decided lead over the Soviet Union.

It is therefore unreasonable and distortive to single out one element of the strategic picture in order to prove a picture of United States inferiority. Asymmetries in one area should be measured against advantages in others. In fact, the composition of the two strategic arsenals is very different. The Soviet Union has placed a very heavy emphasis on its land-based forces. It has relatively small bomber forces (none on permanent alert as with Strategic Air Command) and while it has a large number of submarines, only 15% of these are on station at any one time. The United States on the other hand has fewer than 25% of its warheads in Minuteman silos, and by the 1980s with the deployment of Trident and the cruise missile this proportion will be even lower. It has a formidable bomber force a proportion of which will shortly be equipped with air-launched cruise missiles and a substantial force of Poseidon/Polaris submarines, 60% of which are permanently on station. It is estimated, for example, that owing to higher alert rates and multiple warhead advantages, approximately 2,446 United States as against 140 Soviet SLBM warheads are at sea. As these characteristics indicate, a direct comparison of the effectiveness of either strategic force is to say the least complex. It is for this reason that the term essential equivalence" has come to describe the current balance.

With regard to the specific disparity in heavy missiles it is necessary to ask whether given the opportunity the United States would seek to construct an equivalent number of heavy missiles. The answer would be certainly negative because it has no need of them.

Finally, the question of Minuteman vulnerability: the suggestion that the Soviet Union will in the 1980s have the capacity to destroy United States land-based forces may be mathematically provable but such action would depend on so many uncertain variables as to be beyond rational comprehension. Such variables include human error, equipment failures, the effect of atmospheric turbulance caused by the first explosion on incoming warheads, and also the "fractricidal" effect on these warheads. In addition to these uncertainties, a Soviet leader would have to gamble that a United States President would not launch his ICBMs as soon as he knew Soviet missiles had been dispatched, and that he would not retaliate with his remaining force of submarines and bombers. Such risks may seem reasonable in the artificial vacuum of theoretical strategic planning and force exchange calculations but they have little to do with the choices that face political leaders in the real world. If the vulnerability argument is without military logic then the political advantage that is said to accrue from it is likewise without foundation.

It is therefore unfortunate that when based on so many questionable assumptions the concept of Minuteman vulnerability has been allowed to become an established truth, almost an article of faith on which critics of the SALT process base their arguments. The effect of their criticisms could be to weaken our self-confidence, create doubts in the minds of friends and neutrals, and suggest to Soviet leaders possibilities that do not actually exist. Thus, the final result of their arguments is to undermine deterrence. The eventual theoretical vulnerability of fixed land-based systems was inevitable once MIRVd warheads entered the strategic arsenals, and had nothing to do with the SALT process. In the words of Secretary of Defense Brown, "Minuteman vulnerability was not a problem created by SALT, nor is it a problem we can solve with a SALT agreement . . . we would have the same problem without such an agreement, only in that case we would have other problems as well". It is not a question of establishing that a number of fixed points can in theory be hit by a certain number of missiles, but of deciding whether in the realm of practical politics this paper certainty would translate into a tangible political advantage.

If the United States Administration is concerned that this is a weakness that should be fixed than it has the MX mobile missile under development. Currently, the Administration is studying the basing problem in order to establish a mode that will give the necessary mobility and yet be verifiable under a future arms control agreement. However, it should be noted that in discussing the vulnerability of land-based systems the Soviet Union has far more to fear than the United States. She places a far greater reliance on her land-based missiles than the United States and does not possess an equivalent Triad of forces.

SALT II AND EUROPEAN DEFENCE OPTIONS

It has been argued that while the Treaty places no limit on Soviet theatre systems such as the SS20 and Backfire bomber, thus allowing the Soviet Union a substantial advantage in the theatre field, it imposes limitations on the development of ground and sea launched cruise missiles which could be used to offset this advantage. Thus, some analysts have worried that, over time, many Europeans might conclude that the United States—in order to reach an agreement—has mortgaged systems that are most likely to serve Western, rather than American, interests.

While acknowledging that the restrictions on GLCMs and SLCMs are for the duration of the protocol and therefore officially temporary, nevertheless critics assert that under a SALT III climate these limitations will be extended. Some have suggested that it is hopelessly naive to believe the West will be able to turn back the clock on "temporary" arms limitations and plunge ahead with new and previously banned weapons as though they had never been prohibited.

The Allies' access to cruise missile technology is also linked to the provision in the Treaty which bars circumvention of the Treaty provisions through third countries. Critics believe that the wording of this provision is so vague that the Soviet Union will be able to use it to prevent the United States sharing certain crucial military technologies with its Allies.

The argument that SALT excludes Soviet medium range systems represents a curious approach since it was the firm position of the United States, with complete Alliance support and approval, to keep forward based systems and medium range theatre systems out of the negotiations. Thus having successfully resisted Soviet pressure to include these systems it is slightly distortive to complain that SALT II will fail to constrain them. Moreover, it should be noted that the Alliance has exactly the same freedom as the Soviets to augment its theatre systems if it sees the need.

On the question of the restrictions on cruise missiles contained in the Protocol, the Administration has made it clear that the availability of options for theatre nuclear forces is unaffected by the Protocol. Specifically, testing of ground and sea launched missiles can go forward to unlimited ranges. The prohibition against deployment of ground and sea launchers of cruise missiles with a range in excess of 600 km will expire well before such systems could in fact be deployed. Thus the decision on the utilization of cruise missiles within NATO will be decided through consultation within the Alliance, most likely at the Ministerial meetings in December. Administration officials stress that the Protocol was a compromise to settle a bargaining impasse and to leave time for more definitive negotiation while not imposing, in the meantime, any practical limits on the United States or NATO. They stress that the Soviets have indicated that they recognize that the Protocol will expire according to its terms.

Concerning the issue of non-circumvention, it is evident that the Soviet Union pressed hard for a very restrictive ban on transfers of technology and equipment covered in any way by the agreement. The United States however did not agree to such a clause. The non-circumvention clause is therefore very general and does no more than state an obligation which the United States would be under in any event. In testimony before this Committee, Administration officials have affirmed in the most explicit language that the non-circumvention clause will not affect existing patterns of collaboration and cooperation with America's allies, nor will it preclude cooperation in modernization or continued nuclear or conventional cooperation with the Allies.

I will not comment at length here on the relationship between strategic and theatre forces except to emphasize that while the Protocol has ensured that a number of options remain open to the Alliance, close consultation will be necessary to decide whether these options are actually needed, under what circumstances and how they will fit into future arms control negotiations. In particular, it will be necessary to consider whether a decision to deploy these new options in Europe and thus provide Europe with a more substantial regional capability could be interpreted as a serious step to loosening the United States strategic commitment.

EUROPEAN INTERESTS IN SALT III

It is already accepted that once SALT II is signed the United States and the Soviet Union will proceed with negotiations on further limitations on strategic arms. SALT II includes a statement of principles and guidelines concerning a SALT III negotiation. While the United States originally wanted the statement of principles to set fairly explicit and ambitious targets regarding further reductions and modernization restraints, it accepted the Soviet position of a fairly generalized statement. The Soviet Union is expected in SALT III to argue again that United States and Allied theatre nuclear weapons capable of reaching the Soviet Union must be taken into account in arriving at new ceilings.

It has always been difficult to restrict the negotiations to strictly bilateral issues since from the earliest days the Soviet Union raised the issue of the French and British nuclear forces and of American nuclear-capable aircraft stationed in Europe and capable of striking Soviet territory. Now, with the development of the strategic cruise missile, the controversy over the Backfire bomber and the emergence of the SS20, attention has been focused on a number of systems whose characteristics defy precise definition and which will complicate any further negotiations.

Since these "grey area" or theatre systems have particular significance for Europe, it is evident that European interests must in some way be represented. However, several complex issues remain to be settled: namely, what sort of negotiating forum would be set for what particular weapons and for which particular participants?

The most realistic formula of the various proposals that have been circulated would be a continuation of the bilateral dialogue between the United States and the Soviet Union with consideration of those theatre systems under United States or Soviet control. It is difficult to see any multilateral negotiation making much progress and several countries are opposed to dealing with theatre systems in isolation from strategic systems. Furthermore, the French have refused to participate in any negotiations on their nuclear forces and while the United Kingdom has not made its position clear its willingness to see restraints placed on its strategic force is doubtful. This would inevitably mean that the Soviet Union will ask to be given compensation for the French and British nuclear forces. It will also mean continuing the present system of Alliance consultation as a means of securing European involvement. However, it may be possible to secure more permanent involvement through a new institutional mechanism. Whatever the mechanism, it must be made clear that Alliance participation means all members or at least those who participate in the basing or ownership of nuclear weapons.

As long as a satisfactory consultation mechanism could be established a continuation of the bilateral approach would certainly be the most likely to achieve progress. This approach would have the advantage of maintaining the essential continuity of nuclear systems and counteracting the tendency to try to separate the theatre and strategic levels. It would also facilitate matching constraints as, for example, United States constraint on the ground launched cruise missile in return for Soviet restraint on the SS20.

SALT II AND EAST-WEST RELATIONS

Some critics have suggested that United States conduct in the SALT negotiations should have been linked to Soviet behaviour in other areas, in other words, a SALT agreement would have been conditional upon Soviet actions in areas such as developing countries, human rights, etc.

It is clear that SALT is one component of many that constitute the East-West relationship, and as an effort to establish understanding and a mutually acceptable framework in nuclear armaments it is clearly an important component. SALT therefore forms part of overall United States defense and foreign policy and just as it is influenced by developments in other areas so it will itself contribute to the general climate of East-West relations. Thus while SALT cannot be separated by developments in other areas it cannot be made responsible for them and cannot be used as a mechanism to influence them. It would have been wrong for the United States to have made concessions in SALT II in order to influence Soviet actions and it would have been wrong to have suspended SALT II in order to punish the Soviet Union. Above all, it must be stressed that SALT II is of substantial interest to both sides and must be judged on the basis of its own merits.

CONCLUSION

While re-emphasising my support for the Treaty, I wish to endorse the criticism voiced by several observers that not only are the levels too high but that the Treaty does too little in checking the momentum of armaments development. As has been pointed out by opponents and supporters of the Treaty alike, the Treaty does nothing to constrain the development of planned United States strategic systems, including the MX, Trident submarine and missile, and cruise missiles, as well as new generations of Soviet strategic systems. I join those who urge that the next round of negotiations seriously tackle the unnecessarily high levels and potentially destabilising qualitative developments.

Despite this criticism, I support the current Treaty because it is an essential element of the East-West relationship and because it establishes a framework of mutual understanding and confidence which will permit the eventual acceptance of lower levels of forces. The Treaty provides a number of important steps in this direction:

It reinforces the perception and reality of balance by establishing equal levels of intercontinental nuclear delivery systems;

For the first time it requires actual reductions of about 250 Soviet (and no United States) strategic delivery systems;

It will limit Soviet MIRVd ICBMs, the most threatening part of their force, to 820;

It will prevent increases in the maximum number of warheads deployed in ICBMs, thus limiting Soviet ability to exploit their throw-weight advantage;

It will channel Soviet activity into certain areas and thus simplify United States planning, and it will constrain the deployment of Soviet strategic nuclear forces well below the levels which could be deployed in the absence of an agreement.

I believe that the SALT II Treaty will make a positive contribution to the future security of the Alliance. Failure to ratify this agreement would represent a reversal in the efforts to secure a more stable relationship between East and West. The SALT process has provided an important framework for the communication and exchange of information necessary for the building of mutual confidence. Such confidence is a prerequisite if stability is to be assured.

One great American once said that your country would never negotiate out of fear and not fear to negotiate. Successive administrations have conducted the SALT negotiations in this spirit. I sincerely believe that the Treaty that is now before you serves the security interest of the nations and peoples of our Alliance. At the same time, this Treaty is a true expression of Western determination to contribute to restraining weapons systems that, if used, could destroy civilisation itself.

STATEMENT BY HON. DR. PETER CORTERIER

SALT II AND GERMAN SECURITY INTERESTS

The decision on the ratification of the SALT II Treaty is the responsibility of the US Senate alone—a responsibility that weighs heavily. For with this Treaty an attempt has been made in the face of rapid arms technology developments to solve the complicated and controversial problem of stabilizing the strategic nuclear balance. Consequently, it is no exaggeration to state that the SALT II Treaty touches upon the problem of peace in our time. For the same reason this Treaty is not merely a domestic American affair. It is also—since we belong to the Atlantic Security community—a decisive bearing on European security. No country would be more seriously affected by its failure than the Federal Republic of Germany. The German approval of the Treaty now before the Senate results from our own basic interests: from the geo-political and strategic situation, from the vital interest in the stability and continuity of the detente policy, as well as from the need to preserve and safeguard a stable military balance between East and West. Those here in the United States who want to ignore the wide-scale support for the Treaty on the grounds that it is insincere or the result of pressure assess the European interests wrongly.

There are many reasons for our supporting the SALT II Treaty. One of the main reasons is that with the policy of detente we have achieved many improvements and we hope that the ratification of the SALT II Treaty will lead to this detente policy continued and consolidated; if the SALT II Treaty were to fail, we would have to fear for the results achieved so far. Especially from the German viewpoint the policy of detente has yielded many improvements in the humanitarian field. In Berlin, a city which for decades suffered particularly severely from the division of Germany, many people are now able to see each other again. Traffic to and from Berlin now flows virtually unimpeded. The position of Berlin has become more secure. Millions of Germans take advantage of the opportunity to visit their relatives in the GDR, and Germans from the GDR—albeit a limited number—can also travel to the West. In the context of the reunification of families, hundreds of thousands of Germans living in Eastern European countries are now able to join their families in the Federal Republic. We do not want to jeopardize these significant results of Ostpolitik and detente policy. Nor should we forget the many people in Eastern Europe for whom the detente policy has resulted in definite improvements in their situation and who hope that this policy will be continued.

Furthermore, from the European viewpoint the preservation of a stable military balance is equally the prerequisite for a continuation of the process of détente. Without the SALT II Treaty the prospects of a political and military stabilization in East-West relations are absolutely minimal. In such a case it must be feared that

The arms build-up will continue unchecked, if not forever certainly for a very long time;

The policy of détente and on-going arms control efforts will suffer setbacks;

The political leaderships and political forces in the Soviet Union and Eastern Europe advocating reconciliation and rapproachement with the West will be weakened;

The political consensus on defence and détente policy existing within the Alliance for over ten years now as a result of the Harmel Report will be weakened;

The trust placed in the United States as the leading power within the Alliance will be undermined.

The non-proliferation policy will be less credible and might fail ultimately.

On the other hand, a successful conclusion of SALT II will help to

Safeguard the West's capability to preserve a stable balance:

Provide a sound basis in terms of armaments and arms control policy for a strategy of military balance;

Create the prerequisites for progress at the MBFR talks and the CSCE follow-up conference in Madrid;

Make it possible to limit nuclear weapons in Europe, especially medium-range weapons systems;

Create the prerequisites for further arms control and disarmament negotiations, for example with regard to a complete ban on nuclear weapon tests or a ban on killer satellites, radiation weapons and chemical weapons;

Ensure the continuation and the successful conclusion of talks on the limitation of conventional arms exports.

If the Senate does not consider itself in a position to ratify the SALT II Treaty, this will have serious adverse effects on other arms control efforts between East and West. This applies, from the European viewpoint, particularly to the negotiations that are of vital importance to European security, such as MBFR and CSCE. Here, too, the American leadership role is indispensable to progress at the negotiations.

The SALT II Treaty is a matter of political common sense. Individual provisions may give some American and European observers cause for a critical assessment of the Treaty from the military and/or arms control aspects, but despite these possible objections the overall assessment is, from the German viewpoint, a positive one. You can draft an ideal treaty unilaterally but you cannot negotiate it. The SALT II Treaty should therefore not be measured in terms of theoretical possibilities but of political reality. In this respect it represents an important step along the path towards more stability and security in international relations and a milestone along the difficult path of co-operative arms control and limitation. It has not attained the objective of comprehensive reductions of strategic nuclear weapons, but has nevertheless led to quantitative and qualitative limitations of the nuclear weapons systems of the two superpowers, who have committed themselves in the Treaty on the Non-Proliferation of Nuclear Weapons to pursue negotiations on effective measures relating to cessation of the nuclear arms race and to nuclear disarmament under effective international control. The SALT II Treaty is of considerable importance for a successful non-proliferation policy. Although it does not compensate the conceivable vulnerability of the land-based American ICBMs, it obliges the contracting parties to undertake "in the near future negotiations further to limit and further to reduce strategic offensive arms". Finally, the Treaty does not contain any provisions on behaviour in other geographical regions of the world, but it ensures the continuity of the SALT process and thus of the dialogue on strategic arms.

The SALT II Treaty opens up substantial new prospects for the future, which should be preserved through ratification by the US Senate in the interest of stable international relations. The military parity of the Soviet Union is the result of many years of Soviet arms efforts and American restraint. This is a fact which cannot be eliminated even through arms control. In other words, the renunciation of military superiority has become an integral part of strategic policy. However, parity or rough equivalence in the strategic nuclear field does not imply neutralization. The composition and size of the nuclear systems permitted under the Treaty and the total number of existing or permitted warheads appear adequate at present to maintain the deterrent. The limitations agreed on in the SALT II Treaty do not give grounds for adopting alarmist attitudes. The agreed maximum numbers of MIRVs also guarantee that a programme such as the MX programme can be carried out without forgoing other MIRV launchers. Thus, the second strike capability of the United States, on which our security also depends, appears to be guaranteed in the future, too. The difficulties and problems of Western defence would be immeasurably greater without a SALT II agreement because the Soviet Union could then deploy by 1985 numerous strategic systems which would be a far greater threat to the West.

The SALT II Treaty makes for greater predictability and transparency of strategic developments and accordingly facilitates arms planning. But the possibilities of arms growth afforded by the Treaty should be used with moderation and with a view to the negotiating possibilities during the SALT III round. However, considering the rapid Soviet arms build-up of the last ten years it will not be easy during the SALT III negotiations to incorporate into a treaty the principles contained in the Joint Statement on subsequent negotiations. From the European viewpoint the main problems will be those resulting from the existing situation in the field of nuclear medium-range weapons. They will certainly not be the sole subject of the negotiations, but the disparities existing in this field, made especially acute by the deployment of the SS-20 and the Backfire, will make this subject particularly important at future SALT negotiations. The aim of the talks must be to ensure an overall strategic balance and to preserve the strategic unity within the Alliance. Schematic parity at all individual levels cannot, however, be our objective because that would not be conducive to the strategic unity of the Alliance, in fact it would be counterproductive.

European critics of the SALT II Treaty refer to two of its provisions in particular which they consider disadvantageous to Europe. The first of these is Article II, paragraph 1, of the Protocol to the Treaty:

"Each Party undertakes not to deploy cruise missiles capable of a range in excess of 600 kilometers on sea-based launchers or on land-based launchers."

The Protocol will remain in force until 31 December 1981, unless replaced earlier by an agreement on further measures limiting strategic offensive arms. The misgivings about this provision are due less to the provision itself than to its prejudicial effect. It is feared that the cruise missile limitation might be extended without a genuine Soviet concession in return. It is true that the concession of Article II, paragraph 1, is hardly offset by a parallel Soviet concession but it will depend primarily on our own political will whether or not this fear is realized. The limitation of this provision of the Protocol should not be treated as a self-fulfilling prophecy but be understood as being what it is: as a measure of a precisely defined duration and thus as a challenge to the Soviet Union to negotiate this matter with us. The following should therefore be emphasized:

1. As of 1982 the United States will be able to decide freely on the deployment of cruise missiles capable of a range in excess of 600 kilometers.

2. Other arms options are left open.

However, to preclude any possible doubts still existing on this matter it would be welcomed in Europe if the Senate followed the example of the US Government and made it clear that, when the Protocol expires, US options will again be open to both contributing to European defence with cruise missiles or incorporating cruise missiles in arms control negotiations.

We Europeans have an interest in the nuclear weapons systems threatening Europe also being limited in the SALT III negotiations. The arms race must not be shifted to Europe. All the issues of middle range nuclear weapons which are subject of the SALT III negotiations are currently being discussed within the Alliance, both from the aspect of defence policy (in the High-Level Group) and from the aspect of arms control policy (in the Special Group). The intention is to elaborate within the Alliance a concept for SALT III aiming at a stable nuclear balance of power and at closing any gaps in our deterrent capability in Europe.

Where this can be achieved with arms control arrangements, the latter should take priority over the introduction of new weapons systems. This depends on whether or not the Soviet Union is prepared to effect corresponding limitations or reductions of its own medium-range nuclear weapons. This issue must be discussed with the Soviet Union.

On 4 July of this year Federal Chancellor Schmidt said before the German bundestag—

"That the Western Alliance must undertake all measures necessary to preserve its security. The extent to which we can restrict the scale of concrete measures aimed at adjusting to the continuous armament effort within the Warsaw Pact will depend on the degree of success in achieving an effective limitation of continental strategic systems in the East and West through arms control negotiations, for instance in SALT III."

This quote makes it very clear that we in Europe must also attempt to make progress in arms control negotiations. In other words, when the Atlantic Alliance makes a decision on the deployment of American medium-range weapons in Europe, it must remain clear that their decision on its implementation will also depend on progress or non-progress on the arms control negotiations with the Soviet Union. The Federal Republic of Germany is not a nuclear weapons State.

Therefore, it must not create the impression of striving to participate in deciding on the production of nuclear weapons. Such a decision must remain the responsibility of the United States. We continue to set store by not being forced into any special role within the Alliance. The forthcoming decisions must be taken by the Alliance as a whole. The coherence of the Alliance is also a decisive factor determining the success of arms control negotiations. On the basis of the Harmel Report a broad consensus on détente policy has developed within the Alliance over the last ten years.

This consensus must now be extended with intensified efforts to all fields of arms control policy and be brought to bear the SALT III negotiations. Our joint objective must be to curb the increase of Soviet systems in the field of nuclear medium-range missiles and reduce the disparities in the Euro-strategic field.

In this connection, a limitation of the existing modern Soviet systems—SS-20 and Backfire—could be useful as an initial concrete objective. However, we should not attempt to deploy an equal capability in Europe specifically against the SS-20 because in the final analysis we can counter the resultant threat only with the entire range of systems available for deterrence, including American strategic arms. Technological developments on the substrategic level have rendered the differentiation between strategic weapons of international and continental range useless and even politically dangerous. Security within the Alliance is indivisable.

It should not be measured on the issue whether a weapon system has a range of more than 5000 km or not. There is only one security within the Alliance and this covers the territory of all Alliance states. There should not be any zone of different security.

For the same reason, there can be no isolated TNF arms control in Europe. Rather, when adopting a joint strategy to curb the escalation of arms and when reaching arms control agreements, the link with the overall strategic balance of power must be preserved. The chairman of the SPD parliamentary group, Herr Herbert Wehner, formulated the objective of our efforts as follows:

"Of course we must not simply trivialize or accept any gap in the system of deterrence which might lead to a miscalculation by the other side. The deterrent must continue to make it impossible to wage war. That involves our reacting to challenges and taking the necessary decisions jointly. At the same time, we must ensure that all—I repeat: all—possible forms of arms control are used to prevent armament and counterarmament resulting in a new arms race. After all we are already in the midst of such an arms race, and we should try to do everything within our power to stop it from assuming immeasurable dimensions."

"In other words, we must render unto the Alliance all that it requires to remain capable of defence, which is our defence too; that is perhaps the soundest basis for peace and for our objective of consolidating peace through détente. For us, for our policies, and for the existence of our people there can be nothing more important than to undertake all efforts to preserve and safeguard peace, which again means that together with our Allies we should take advantage of every opportunity for further agreements on détente."

We must therefore undertake a two-fold interactive effort, that of harmonizing our defence efforts with the requirements of arms control.

The second provision of the SALT Treaty which has been criticized by some people in Europe is Article XII that reads as follows:

"In order to ensure the viability and effectiveness of this Treaty, each Party undertakes not to circumvent the provisions of this Treaty, through any other state or states, or in any other manner."

In this connection some European commentators quote Soviet remarks to prove that the so-called non-circumvention clause jeopardizes both the transfer of cruise missile technology and American assistance in the modernization of the French and British nuclear armed forces. It may be true that the Soviet Union is attempting to interpret the non-circumvention clause in a manner unfavourable to the West, but it would be more than foolish if here in the West of all places we gave more credit to the "Pravda" than to the U.S. Secretary of State and thus promoted the Soviet interpretation. The Secretary of State delivered a detailed statement on the interpretation of the non-circumvention clause before the Senate on 10 July of this year. From the European viewpoint this statement is entirely satisfactory. We support the efforts of the Senate itself to clarify the interpretation of the non-circumvention clause. It should be noted that, according to the principles of international law, a State is obligated not to circumvent the international agreements it has concluded. Furthermore, a bilateral treaty cannot impose obligations on third States, unless such state expressly accepts such obligations. Therefore, according to the principles of international law, the non-circumvention clause does not permit any obligations or interpretations exceeding the scope of the Treaty itself. As a result, the existing forms and structures of participation and co-operation are not prejudiced by the non-circumvention clause. In other words, the modernization of the nuclear weapons systems existing in Europe and the continuous co-operation in the nuclear and conventional fields within the Alliance are not affected. Nor is co-operation in research, development and production jeopardized as regards cruise missiles. Therefore, the non-circumvention clause cannot and should not be interpreted as a non-transfer clause.

The SALT III negotiations on nuclear medium-range weapons represent a very complex problem. They will doubtless require closer consultations than has been the case until now with SALT II. In the case of SALT the United States and the Soviet Union, and comprehensively, but for SALT III two parallel efforts are nevertheless necessary in order to:

(a) make possible further reductions of the strategic intercontinental capability of the United States and the Soviet Union, and

(b) reduce disparities in the field of continental nuclear weapons in Europe.

It is to be welcomed that in the future there will be no more unilateral U.S. arms limitations in the TNF field, as there are in the present Protocol. The statement which was delivered on behalf of the U.S. Government at the session of the NATO Council on 29 June in connection with the statement of intent of the SALT II Treaty and which Secretary of State Vance quoted at the hearing of the Senate Committee on Foreign Affairs on 9 July, represents a step in this direction and guarantees strict reciprocity in the future limitation of non-central systems.

On this point, too, it would be desirable from the European viewpoint if in its ratifying resolution the Senate reaffirmed the position of the U.S. Government. SALT II would then represent a suitable basis for reducing at the SALT III negotiations also the Soviet superiority in the medium-range field which is a threat to the European members of NATO in particular.

The Alliance will also have to adapt organizationally and technically to the political and military requirements arising in this context. The experience gained so far with the High-Level Group and the Special Group is most positive. The importance of the political, military and strategic issues arising in connection with SALT III justifies new organizational and technical efforts. SALT III negotiations will affect matters relating to European security to a far greater extent than SALT II did. They will continue to be basically bilateral negotiations between the United States and the Soviet Union, but the consultations will naturally have to be much more intensive than has been necessary until now. The consultations will have to include the elaboration of negotiating positions. We need suitable arrangements for the Allies to be able to have a say in the negotiations, which is not the same as participating in them. A new institution along the lines of the Special Group might be a solution to this problem.

Statement by Stanley Hoffmann

I would like to address myself to two different issues. The first is the SALT II agreement itself (by which I mean the treaty, protocol, and joint statement). How good a treaty is it, from the (sometimes conflicting) viewpoints of American security and of arms control? This should be our primary concern. But the agreement does not exist in a vacuum, and many members of the Senate, along with many witnesses, have made it clear that their assessment of the agreement depends on their view of the military and political environment of SALT: What are Russia's and America's positions in the world at present, and what are the trends for the 1980's? I shall examine this environment in the second part of my testimony.

I

The SALT agreement, negotiated by three American administrations, has some flaws, and many advantages.

A. I find three flaws, none of which is fatal.

1. From the viewpoint of arms control, it has often been pointed out that the treaty,

while imposing a number of numerical ceilings and, for the first time, qualitative restrictions on the arms race, actually allows for a vast increase in the number of warheads, for the development of new launchers (new ICBM, air-launched cruise missiles), and for the modernization of existing forces. Once more, it has become clear that arms control and arms reduction are not the same thing. One of the most frequent arguments of those who, like Secretary Brown in his remarkable and forceful testimony, defend the agreement against the charge that it is dangerous for U.S. security, is that SALT II allows the U.S. to pursue all of its defense plans for the 1980's—an argument which has cost the treaty some support on the side of those for whom arms limitations should be the first priority, once the capabilities for mutual assured destruction exist in both superpowers.

It is true that the treaty is a modest step on the road to arms control—more modest than the Carter Administration would have liked. But it is also true, first, that the restrictions imposed by SALT II are more comprehensive than those of SALT I, and, while allowing the nuclear arms race to continue, will constrain and regulate it more than did SALT I. (Between SALT I and II, there was in fact a formidable acceleration of the arms race on both sides, partly because of the deployment of new weapons systems, partly because of the failure to limit or ban MIRV; a failure which blots the record of the American negotiations in particular—we were ahead then—and which is largely responsible for the Minuteman vulnerability problem.) Secondly, the carefully balanced limits imposed by SALT II should make future reductions possible, and can be seen as a prerequisite. Thirdly, the alternative to this agreement is most likely to be, not a better one, with deep cuts, but tension and no agreement for a long time.

2. From the viewpoint of U.S. security, opponents of the agreement have pointed out that it allows the Soviets to keep their heavy missiles (for which we have and plan no equivalent) and that it leaves our land-based missile force vulnerable to a Soviet first strike in the early or middle 1980's. But this vulnerability (whose importance will be discussed below) was not created by SALT II, and the agreement leaves us free to take steps to try to reduce it, by making present and future U.S. land-based missiles mobile.

Moreover, with or without the MX, Soviet land-based missiles (a component of the Soviet nuclear force much larger than U.S. land-based missiles in our arsenal) will become vulnerable also, given the increasing accuracy and power of penetration of our warheads. And while the heavy missiles give the USSR a throwweight advantage, the number of warheads capable of hitting missiles is a far more significant measure. Precisely, the treaty puts limits on the numbers of Soviet warheads, and, in the long run, places the heavy Soviet missiles in jeopardy, since it bans mobile heavy missiles. It has been pointed out that the threat to our ICBM force would exist even if the SS–18 did not. Soviet willingness to dismantle part of their SS–18 arsenal (as requested by the Carter Administration in March, 1977) would have undoubtedly made this threat less ominous. But if this agreement is not a mutual disarmament treaty, it is hard to imagine either side letting it be a unilateral (even partial) disarmament treaty. The Soviets had good reasons to see our March, 1977 offer in this light: we were asking them to give up part of what they had, with no comparable cuts by us, only promises of future restraint.

3. From both the viewpoints of security and arms control, the provision of the Protocol which temporarily bans ground and sea-launched cruise missiles of a range superior to 600 km., but imposes no restriction on the SS–20 and no other restriction on the Backfire bomber than Mr. Brezhnev's promise not to produce more than 30 a year leaves much to be desired. Soviet weapons systems aimed at our allies in Western Europe have not been curbed, even though they have serious strategic implications (they deprive us of the advantage we had in theater nuclear weapons as long as the Soviets disposed only of long-range strategic weapons against West European targets; we have only a small number of planes based in Europe, capable of hitting objectives in the USSR). We have, however, accepted to place restrictions on systems that could give us a matching ability.

It is, of course, true that the duration of the Protocol is short, and there is merit in the suggestion made by Henry Kissinger, of an amendment that would subordinate post-1981 limitations on U.S. theater weapons to Moscow's acceptance of similar limitations on "Soviet weapons performing comparable missions." We must remember, however, that the Soviets may look at the matter quite differently. It was our allies who insisted on keeping American Forward Based Systems (and consequently Soviet systems aimed at Europe but not at the U.S.) out of SALT. And the American concession on ground and sea launched cruise missiles—our only planned weapons systems that we have accepted to curtail, if only temporarily—is likely to be seen by the Soviets as having already been paid for, i.e. by Soviet acceptance of various bans (such as that of the SS–16) and limitations in the agreement. Their willingness to pay twice may not be very great.

This, however, is no reason to repudiate the Protocol as it now stands: we could not deploy such cruise missiles before 1981 anyhow, nor is it at all certain that they are the answer to the problem of the "Eurostrategic" balance. It is, indeed, clear that at least ground launched cruise missiles are not. And the protocol allows the U.S. and its allies full freedom to deploy a new middle range mobile land based missile capable of reaching Soviet targets from positions in Western Europe.

Thus, this third flaw can be reduced to small proportions: a question mark about the ease with which our SALT III negotiators will be able either to negotiate Soviet restrictions on their theater weapons in exchange for prolonging the ban on sea-based cruise missiles, or else to get the Soviets to accept an end to the ban—and a hope that the American willingness to give up, even temporarily, one type of weapon of interest to our allies, in exchange for Soviet restrictions on weapons capable of hitting the U.S. but none on weapons capable of hitting them (a move of greater symbolic than military meaning) will not be repeated. I have not mentioned the non-circumvention provision of the treaty, for it is not likely to turn out to be troublesome in our relations with our allies.

B. The advantages of SALT far exceed the disadvantages.

1. From the viewpoint of security, it is important to stress, as Secretaries Vance and Brown have done, that the Soviets have accepted a number of major restrictions that blunt their throwweight advantage, slow down the threat to Minuteman, make a mobile land-based missile system more survivable, and attainment of overall Soviet strategic superiority less possible. Secretary Brown and General Seignious have provided this Committee with figures and examples. It is true that quantitative limits on launchers are not the most significant measure. But SALT II goes much beyond this, by limiting the number of warheads that can be placed on each type of launcher, and by limiting quite strictly the number and type of new ICBM systems, or the conversion of existing launchers. It is clear that without SALT, the problems which the Soviet buildup and the gallop of technology have created for us would not only persist but worsen, since the Soviets could have many more launchers, and particular MIRVed launchers, many thousand more warheads on these, more heavy missiles, more new types of ICBM, more Backfire bombers, and more methods of concealment. Those who worry about verification would have to prove how an uncontained arms race would improve our ability to detect what our adversary does, and to prove that under the agreement a Soviet violation could remain undetected long enough to upset the balance of forces. Those who argue that the Soviets aim at strategic superiority, and at its political exploitation, still have to explain why the USSR has accepted the handicaps created by the agreement; and if the tentative answer is that, in exchange for some limits, the Soviets obtain an end to the American lead in technology, there remains a need to explain why, in exchange for these limits, the Soviets did not obtain a ban on air-borne cruise missiles, on the Trident submarine, or on the MX, or on more accurate warheads.

2. From the viewpoint of arms control, despite the permissiveness of the agreement, it will constrain the arms race, as indicated above, and above all—thanks in part to the articles on verification—provide both sides with a modicum of predictability. This, to be sure, helps defense planners, but it also helps arms control, especially in providing both a comprehensive baseline for reductions and the foundations for new efforts in areas other than those covered by SALT: a comprehensive test ban, a non-proliferation strategy, efforts at limiting conventional or theater nuclear arms races. Each of these efforts has to overcome formidable obstacles of its own. Each one would be undermined or set back by a failure to go through with SALT II.

3. From the viewpoints of security and arms control, SALT II is important because it provides the main—almost the exclusive—cooperative element in Soviet-American relations at present. There are two main reasons why this link has to be preserved. First, our common interest in avoiding nuclear war does in fact create a common bond. I will discuss its limits later; but both sides have an interest in managing their unavoidable competition in such a way as (i) to leave them with a considerable margin of maneuver and error before having to reach fateful decisions about military confrontation or threats, (ii) to make it easier for them to protect their common concern with survival and with avoiding the kind of spread of nuclear weapons that might be uncontrollable by the superpowers. These two goals can obviously be met more easily if arms control agreements provide an underpinning of predictability, a reassurance against worst-case hypotheses, and a basis for joint anti-proliferation policies. It is absurd to invoke lack of trust and fundamental differences as arguments against a balanced SALT agreement. In the nuclear age especially, it is between adversaries that such an agreement is indispensable: if trust and a common code of behavior existed, the elaborate network of formal deals could be replaced by informal understandings and parallel unilateral moves.

Secondly, our allies—Western Europe but also Japan—are keen on preserving whatever has been accomplished through détente. Since they have no, or practically no, arms control agreements with the Soviets, they have built a network of cultural and economic relations, and political consultations. We have no comparable network. For our allies, the preservation and pursuit of SALT are evidence of continuing convergence between their course and ours. They want both security and détente; both major parties in West Germany, for instance, emphasize both the need for NATO to deal with the issues of theater nuclear imbalance, and the need to continue reaping whatever benefits have been obtained through détente—they range all the way from humane contacts between Germans from East and West, to business involvements in Eastern Europe, to the kind of protection against any further erosion of America's strategic nuclear sword (or shield) which SALT II entails. Our allies are worried, not only when they suspect us of neglecting the European balance of forces for the global strategic one, but also when they hear us arguing about security vs. détente. This fear is not evidence of their "finlandization"—unless one applies this silly term (insulting to the Finns) to every concern for improved and mutually beneficial relations between East and West. For the U.S. to reject the SALT agreement, after 7 years of bargaining, would weaken our allies' confidence in America's ability to follow a steady and responsible course. This faith has already been eroded by a series of disagreements over economic and non-proliferation policies. Those who worry about the decline of American power should remember that some of the worst wounds are self-inflicted.

II

Opposition to SALT II has concentrated less on the agreement than on the international strategic and political environment. It has been said that our strategic situation has seriously deteriorated: both the intercontinental and the European theater nuclear balances have been shifting to the advantage of the Soviets, their capacity to intervene far from their borders has increased while ours has declined, and they have launched an "unprecedented geopolitical offensive." SALT II, insofar as it ratifies "a dangerous shift," is therefore viewed by such critics either as a symbol of our decline, or, at best, as a harmless snapshot of an uncomfortable moment: let us not tear it up, but let us do all we can to reverse the trend. I will try to address myself briefly to the strategic and to the political aspects of the problem.

A. Two strategic issues are worth mentioning: Soviet strategic conceptions, and the growing vulnerability of our land-based missiles. It is these two issues which are said to put us in grave danger, exposing us to blackmail and to the risks of escalation control by a foe determined to use its growing military capabilities in order to reach its political goals.

1. It has been said that the U.S. has put all its eggs in the basket of deterrence, more specifically the doctrine of mutual assured destruction (M.A.D.), whereas the Soviets are following a war-winning strategy. This strikes me as a distortion of reality. First, it is true that we have, in the 60's, proclaimed the virtues of M.A.D. There were good reasons for this: if the main thing was the possesion of a "survivable" second strike force capable of devastating the enemy's population and economic centers so as to deprive him of any reason for a surprise attack, if wisdom also suggested leaving one's own country exposed so as to leave oneself with no hope of getting away with such an attack, the quest for security and for arms control would merge, and stability would be achieved. However, the more the Soviets succeeded in reducing our erstwhile huge superiority, the less credible a strategy of massive retaliation for all occasions became; and the more warheads we had, the more opportunities appeared for selective and accurate targeting. As a result, the idea of a limited counterforce strategy—not a first-strike force aimed at disarming our enemy, but the targeting of other military objectives—reappeared in the Nixon Administration and has been confirmed by Secretary Brown. It may not be a war-winning strategy (nobody has yet explained how nuclear war can be won), it certainly is a war-fighting strategy.

Secondly, Soviet strategy is not a simple war-winning strategy that treats nuclear weapons like ordinary ones. Soviet leaders have repeatedly acknowledged the folly of nuclear war or nuclear superiority. On the other hand, Soviet conceptions differ from ours. In Moscow, deterrence is seen, not as the opposite of war, nor as sharply distinct from defense, as we tend to do, but as part of the science (or art) of war, and inseparable from defense; not, I think, because the Soviets' objective is victory in the classical sense, but because they assume that war is still possible, and must, if it comes, aim as before above all at the destruction of the enemy's forces.

To them, therefore, deterrence means being capable of deterring us from striking first; and this is best done, by having the ability not only to bust cities, but also to destroy a sizable fraction of our nuclear forces—preemptively if necessary (not, as Professor Pipes rightly points out, out of the blue, but at the height of a crisis). And since war may come, the Soviets believe they have an interest in limiting damage to themselves: both the development of heavy missiles capable of destroying part of the American striking force, and the civil defense efforts, correspond to this concern.

Clearly, such a conception is not an endorsement of M.A.D. (Soviet acceptance of the ban on ABM, which was sometimes interpreted as one, was probably due to the fact that our technological superiority might have made it easier for us to protect our forces, thus thwarting the Soviets' ambition to be able to destroy part of them.) Nor is it an assent to our notion of stability: given their conception, it made sense for them to keep expanding their ICBM force even after they had caught up with ours. The reasons for their adoption of this design are multiple. They do have a profound sense of technological inferiority, they see us as setting the direction of the arms race and therefore define their mission as being able to intimidate the intimidator. Therefore, insofar as they have a notion of stability, it is not ours (i.e. neither side should be able to threaten the other's retaliatory force), it is the idea of stopping the development of new weapons systems once they have caught up with us. Russia's traditional emphasis on defense, and the major role of the military in strategic thinking and decision-making also account for this.

Now, the question raised by the difference in conceptions is: does it matter? It has not prevented pragmatic, incremental bargaining on arms control, with each side succeeding in blunting what it considered the most threatening new developments of the rival. Indeed, the difference makes arms control more rather than less necessary (if both sides embraced M.A.D., one wouldn't need such elaborate "structures of peace"), while also making it more difficult. The problem with the difference is that it allows for wide divergences in the assessment of Soviet strategic purposes: does the design aim at winning a nuclear war, or only at deterring us from resorting to nuclear weapons and at limiting damage to Soviet society if such deterrence fails? A "war-fighting" strategy can aim either at both, or at either one of these goals. My own assessment is that it aims at the latter: the Soviets are fully aware of the enormity of our capabilities (hence their determination to be able to reduce them!), and the limitations they have accepted in SALT II are far more compatible with the second interpretation than with the first.

However, even the second presents serious problems for us. For there is still another alternative. Is the Soviet conception of deterrence essentially defensive (i.e., "intimidate the intimidator so he can't pressure you"), or is it primarily offensive, aimed at winning without resort to nuclear weapons ("intimidate him so as to be able to pressure him and to expand")? The Soviet build-up of the SS20 and Backfire bombers allows one to suspect that the latter may well be the goal (to be sure, they are first-strike weapons that could be used against military objectives, including American FBS, in Western Europe, but despite their precision, they would create such vast civilian casualties that a war that began with such an attack could not remain "limited" easily: it could trigger the U.S. strategic forces. The new Soviet weapons seem much more apt at deterring our inferior theater nuclear weapons from being used to stop a Soviet conventional thrust, while the Soviet strategic force would deter our strategic force. As long as we had superiority in theater forces, it would have been risky for the Soviets to begin a conventional strike and to believe that no nuclear weapons would be used). Indeed, the Soviet goal may be to pressure and expand, not through the use of conventional weapons, but through blackmail, by exploiting politically Soviet advantages in regional balances and in the composition of nuclear forces.

2. This is where the issue of Minutemen vulnerability comes in. For many months now, we have been almost obsessed by a nightmarish scenario: at the height of a political crisis, we would let ourselves be intimidated by the Soviet ability to destroy our ICBM force, leaving us with no alternative to capitulation other than mutual destruction. It is in order to escape from this dilemma that we are planning a mobile MX—which won't be ready until after our Minutemen have become vulnerable. This scenario strikes me as perverse, and as an extraordinary instance of self-intimidation and self-scare. First, in purely military terms, it is hard to believe that the Soviets could ever be sure that an attack on all our land-based forces—which would cause considerable civilian casualties would not trigger our remaining retaliatory force (ca. 75% of our arsenal!) into devastating the USSR. For the Soviets, it would be a cosmic roll of dice, expecting perfect success on their side and cool, rational control on ours. As for selective Soviet strikes against our land-based missiles, they would leave us with enough ICBM to retaliate against their land-based forces and the scenario of a nuclear war of attrition is highly dubious. The gradual destruction of the enemy's first-strike forces, and even of his military installations, is not sufficient to give one "victory," as long as his second strike force is intact: one would win only if the "loser" spared the "winner's" own cities. The ultimate threat, in the nuclear age, remains the menace of city destruction, and counterforce nuclear war can "succeed" only if it deters the loser from carrying out the supreme threat. This is independent of the momentary military balance, since the ability to hit the other side's cities instead of (or in addition to) his forces exists whether one is superior or inferior in first-strike forces.

Secondly, again in military terms, after a Soviet first strike aimed at our whole ICBM force, if we chose not to retaliate against their cities, we would have another alternative to capitulation: given our advantages in bombers and ALCM, we would have huge residual means of hitting military targets, including the remaining Soviet land-based missiles (assuming they wait for our counterblows; but if they don't wait, and aim at ports, factories, airfields, the civilian casualties might be enough to provoke radical escalation); and we would still have enough warheads left to be able to hit Soviet cities later. In other words, there is no decisive Soviet advantage in striking first.

Thirdly, as I have pointed out before, the vulnerability of land-based forces is not an American problem only. Indeed, it is not clear that any of the mobile basing systems discussed until now (other than those which would, in effect, turn land into sea-based missiles) would guarantee invulnerability, given the vast numbers of warheads available to each side. And yet, precisely because there is no decisive Soviet advantage to striking first, and even with the planned MX, we could probably not destroy the whole Soviet ICBM arsenal in a first strike, nor be sure to escape Soviet massive retaliation if we did; the balance of terror is much less delicate than Albert Wohlstetter had suggested.

Fourth, it is impossible to prove that the outcome of political conflicts has been determined by the exact ratio of strategic military forces. Both sides—not just the USSR—refrained from the use of force during the Berlin crises of 1948 and 1968–71, despite our nuclear superiority; and if we prevailed, it was because we had shown resolve and demonstrated the importance of the stake to us. In the Cuban missile crisis, the local advantage we had, and the same demonstration of resolve, plus (again) our ability to put on the Soviets the burden of having to risk initiating the use of force, gave us our victory, rather than the imbalance of strategic forces. It is the relative importance of the stake to each side, that is decisive. To be sure, we may try to fortify our resolve, and to make that importance more manifest, by having "essential equivalence" in nuclear forces, as defined by Secretary Brown. But nuclear equivalence or superiority did not help us in Vietnam, and there are other ways to bolster one's resolve and to demonstrate one's commitment.

3. I come to the conclusion that the seriousness of our strategic situation vis-a-vis the USSR has been much exaggerated. What would deter us, in a crisis, from attacking Soviet cities, is not the new phenomenon of Soviet heavy missiles and throwweight superiority, it is the old fear of retaliation against our cities—it is mutual vulnerability. On the other hand, scenarios of protracted counterforce nuclear war sparing cities are inherently dangerous: the more accurate each side's missiles become, the greater the enemy's incentive to preempt. To develop one's counterforce capability may well, however, be ultimately irrelevant, except as a waste of money: because of the uncertainty of fighting such an unprecedented war, of the problems of command and control, of the fact that city-busting is always in reserve, the enemy may never be sure that we actually mean to fight a limited nuclear war, and he may therefore be quite unwilling to test, try and see.

If "essential equivalence" means that we must be perceived by others, and perceive ourselves, as able to do whatever the Soviets are technically able to do—i.e. destroy parity of the enemy force—then a limited deployment of the MX is justified (even though we could probably achieve the same result with our existing forces). If however one concludes, as I do, that there is nothing to be gained by having a first-strike ability against land-based missiles, it becomes much more difficult to justify the MX (as opposed to merely giving a mobile basing system to Minuteman). Ultimately, the choice for both superpowers will be between expensive mobile systems that may not guarantee invulnerability anyhow, and could seriously complicate the verification of arms control, and gradually phasing out ICBM altogether. Since the Soviet arsenal consists so largely of ICBM, the coming predicament will hit them much more than us.

In the meantime, our main military effort ought to be aimed at shoring up regional balances. None of the scenarios that entail the use of strategic nuclear weapons really makes sense—neither massive retaliation, nor limited counterforce. The function of these weapons is likely to remain deterrence from their use: even if both sides don't endorse it as their common strategy, mutual assured destricution is sufficiently possible to perpetuate, as Churchill saw it, safety as the sturdy child of terror, and survival as the twin brother of annihilation. This means that the real danger lies in the problems of regional instability, in a world strategically fragmented under a stable superpower nuclear umbrella. In the specific case of Western Europe, what is needed is both modernization of conventional forces, and an effort at restoring the theater nuclear balance in such a way (a) as to deprive the Soviets of any reason to believe that their advantage in this respect could allow them to exploit their conventional superiority and to keep a conventional war from escalating to the nuclear level, (b) as to provide an incentive for mutual limitations and reductions in theater nuclear forces.

However, regional balances depend decisively on underlying political and economic factors. We must end with some remarks about the "geopolitical" situation.

B. Two issues must be addressed separately: that of Soviet behavior, that of American power.

1. It has been asserted that the Soviets have launched a "geopolitical offensive," precisely because military might is the only dimension in which they are a superpower; it has been stated that the combination of internal tensions (due to economic inefficiency, nationalities' claims and succession troubles) and strategic advantages in the early 80's might lead them to take greater risks and act more aggressively than in the past.

I believe that this view imposes far more coherence and design on Soviet policy than is warranted by reality. I agree with Robert Legvold, certainly one of our most balanced and knowledgable analysts of Soviet behavior, that military power has never been quite the central and blunt instrument of Soviet foreign policy which so many tell us it is.

Surely, without such power the USSR would neither have won the Second World War (after the disasters of 1941–early 1942), nor have obtained territorial gains and superpower status after the war. Nor would the Soviet empire in Eastern Europe survive without the Red Army. However, rather than as a deliberate, planned and masterly march toward world domination, Soviet policy is easier to interpret as (a) a relentless attempt at achieving equality with the U.S., i.e. at breaking the American monopoly of control of the high seas or of means to intervene all over the world, and at imposing Soviet participation in the settlement of all major disputes, whether in the Middle East or in Southern Africa, (b) the skillful exploitation of opportunities, many of which arise either without having been created by the USSR, or through the independent action of a Soviet client or ally. The USSR has moved, but with considerable caution. Its presence in the Arab-Israeli conflict has led to its expulsion by Egypt, and to increasing ambivalence on the part of Syria and Iraq. The litany of Angola, the Horn of Africa, South Yemen, Afghanistan, Vietnam, throws together disparate events, tied only by two threads: low risks and opportunities provided by previous Western mistakes or defeats or (in the case of Afghanistan) indifference.

To be sure, Soviet successes such as these are profoundly irritating to Americans. But the idea of linking explicitly arms control agreements to Soviet "good" behavior does not deserve being revived. It suggests that such agreements must somehow be in the Soviets' interest more than in ours, which is false. It also suggests that they are so much in the Soviets' interest that we could use them as a level and shortcut to obtain Soviet acquiescence to our idea of international stability and moderation—a very static idea which looks at every change of regime in "our" parts of the world with suspicion. Not only is it hard to believe that a power that has never given up the effort to tilt the "correlation of forces" in the world in its direction, would do so in exchange for mutually beneficial arms restraints. But we must reflect that (a) we ourselves would not like to have to give up the pursuit of unilateral advantages (banned by the fatuous language of the 1972 Soviet-American agreement): for instance in the Middle East peace process, or in relations with China, (b) we would object violently to any Soviet attempt to subordinate strategic arms control, or Soviet cooperation in non-proliferation efforts, to our behaving the way they would like us to behave in every part of the world. Henry Kissinger, who had come to office with firm ideas about linkage, later became the most convincing exponent of the view that our mutual interest in arms control precluded any effort to link SALT to other matters. There is, in any case, an implicit linkage: if the Soviets rock the boat too vigorously, they will find it impossible to get the American Senate and public opinion to endorse arms agreements that seem incompatible with such behavior.

If it is military might only that bolsters the Soviet claim to world power, then the appropriate strategy for us is (a) to constrain that might through SALT and other arms control bargains, (b) to match it, and help others match or deter it in those areas where it is already deployed, (c) to see to it that third party conflicts do not provide the USSR with opportunities to protect and inject its power in a manner detrimental to our interests. Our competition with the USSR will continue. But competition can take many forms: From outright confrontation, to cooperative contests. It is, in the long run, in our interest to move more toward the latter end of the spectrum—both because there are indeed many vital issues that cannot be handled without some participation of the USSR, and because only if there is some density of cooperative relations in which the Soviets have a stake, may considerations of linkage be effective (for instance, between economic help from the West and Soviet external behavior; explicit linkage to domestic behavior is not likely to work). Strategic arms control agreements should not be explicitly "linked" to anything. But their own progress will depend on the superpowers' ability to manage their contest in a less antagonistic way.

2. Those who speak of the retreat of American power lump together very different factors. One is an inevitable comparative decline. The preponderance of military and economic power enjoyed by the U.S. in 1945 could not last; it was clear that the USSR would want to close the gap (and even if we have often been wrong in expecting less of a Soviet nuclear build-up than took place, our own massive program of 1961, plus the humiliation inflicted on the Soviets during the Cuban missile crisis, gave them two powerful jolts and incentives). The economic recovery of our allies, as well as the economic integration of Western Europe, were our own objectives. The rise of OPEC is another element in that comparative decline; ironically, what has given OPEC its power is the very spectacular economic growth of the advanced capitalist states, based on cheap energy.

A second factor is quite different. It consists of recent American defeats; see the litany above, and add Iran, or the disintegration of our position in Turkey or in

Pakistan. But on the one hand, in practically every instance, we find that our failure was due, not to a lack of material power, but to a deficiency in political analysis and skill—in the use of our power, in our capacity to control the outcomes, in our ability to anticipate events and to either exploit opportunities, or get out of hopeless situations in time, or align ourselves with the forces that were destined to prevail (not in order to capitulate to them but in order to influence them). This has to do not with muscle but with brain. On the other hand, the world as seen from Moscow is not rosier than the world as seen from here. China's drive for development, its rapprochement with Japan (largely because of Soviet bungling), at least partial peace, under U.S. auspices, in the Middle East. Continuing negotiations, under Western auspices, about Zimbabwe and Namibia, the consolidation and enlargement of the EEC, the cooling of relations with India, and continuing discontent in Eastern Europe—not to mention quagmires in Erithrea and Afghanistan: All of this shows that growing might is not a perfect answer on the other side either.

A third factor in the alleged "retreat" is lack of will or resolve. But will, resolve, taking a stand, become all too easily grandstanding, show without substance, and empty rhetoric—or, as in Vietnam, recipes for disaster. The key problem here is that the instruments of control on which we have been used to rely: the application of military force or assistance, and the provision of economic aid, are simply inappropriate or insufficient in three kinds of issues that dominate today's agenda: economic problems such as the energy crisis or the questions of inflation and recession that plague us and our allies, disputes between states both of which happen to be our friends or allies, internal disorder in friendly countries whose troubles are too deep to be "resolved" by covert action. Thus the real drama lies in the divorce between an expectation of control and the difficulties of influence; it lies not in the absence but in a kind of impotence of power—in a world in which America's own preponderance and position as guardian of the status quo make it the inevitable target of all the discontented, of all the efforts at rewriting the rules of every game.

3. In concluding, let me say that although there are more than enough reasons to worry about the future of America's role in the world, if one looks at trends in the world economy, or at world population figures, or at political and social conditions in developing countries, or at racial issues and festering conflicts in most areas, or at productivity figures in the U.S., I am more disturbed by some conceptual or perceptual deficiencies that mark the way in which Americans look at the world. The recent debate on the Panama Canal as well as the current one on SALT have thrown alarming light on these flaws (and also on serious institutional problems concerning the ability of a system of checks and balances to work effectively at a time when isolation is impossible but patriotic mobilization around an imperial President is also ruled out, and when one observes both a weakening of parties and a rise of single-issue pressure groups).

A first deficiency is the tough-guy approach to international affairs. The number of problems that are likely to be resolved or even just improved by displays of force and dramatic acts of commitment is limited. Such acts are often useful, in a crisis. But they are no substitute for political skill, before, even during, and after the crisis (or so as to avoid one).

And yet there is, in the land, a nostalgia for big sticks and heroic strikes, for a kind of High Noon version of international diplomacy, for a world policed by America's sheriffs or marshals, for the superiority of American might and simplicity of moral division between good and evil which such a world entailed. The Carter Administration has been good at resisting these pressures, but one doesn't win much support by pointing out what mistakes one has not made, what follies one has avoided—especially not when the official voice is as hesitant and cacophonous as has been the case in the past three years.

There is a second manifestation of the same flight from the imperatives of political analysis and skill: the obsession, criticized above, with calculations of strategic nuclear equivalence, and in particular of Minuteman vulnerability. It is as if numbers of warheads or launchers, figures of throwweight and potential destruction, provided one with a gruesome but welcome certainty, with a firm and measurable handle over the messy uncertainties of international relations. The overemphasis of politically very improbable doomsday military scenarios is, like the recurrent belief in dominoes, proof of a never-abandoned quest for precision and predictability. But not only is this a misplaced quest, it is also dangerous insofar as it takes attention and money away from the indispensable study of the myriad of complex economic, social and political forces that criss-cross in more than one hundred and fifty countries, and that we desperately need to understand if we want to be able, not to control them, for this is beyond any single nation's reach, but to affect them, and to prevent them from pushing us into the decline we seem to fear so much. For there are many ways in which great powers fall into decadence. Military ineptitude is only one of them, and certainly not the one that threatens us most. Getting out of touch with what is happening outside is another way of failing. Arms control agreements such as SALT II, which do not lull us into complacency about the military balance, at least provide us with more leeway to turn to what really counts, I won't say "ultimately," in order not to offend those who believe that military might remains decisive in the last resort, but certainly in the daily contests of world politics. A rejection of SALT, or amendments that would in effect destroy the agreements, would encourage the national obsession with numbers of weapons, concentrate attention on the arms race, and divert it from all the rest.

STATEMENT OF PAUL C. WARNKE

ARMS CONTROL AND SALT III OBJECTIVES

Mr. Chairman and Members of the Committee: As the Members of the Committee know, I left my government responsibilities with regard to the strategic arms limitations negotiations over ten months ago. Accordingly, my comments today on possible approaches to SALT III must be considered to be those of a private citizen. They are, of course, based on my close personal observation of the SALT process.

In my opinion, it is imperative that the ratification of the SALT II treaty take place as soon as possible so that this process may go ahead without further loss of time. Experience shows that, as SALT plods along, the unimpeded advance of nuclear technology puts ever greater obstacles in the path of sound and effective nuclear arms control.

As I testified before this Committee last July, I see one of the main advantages of the SALT II treaty as being the creation of a firm foundation on which further quantitative reductions, qualitative constraints and other limits on nuclear weapons development may be based. Accordingly, I do not see as the goal of the SALT III negotiations the creation of a whole new replacement treaty. With the entry into force of the SALT II treaty, we will have the basic structure for a continuing nuclear arms control regime. Much, if not most, of the SALT II negotiations centered around such fundamental issues as the definitions of the particular nuclear weapons systems to be covered and the provisions on verification. These issues need not and should not be renegotiated. They may, of course, be supplemented.

Nor, as was the case with the SALT II treaty, need there be agreement on the entire congeries of complicated issues before agreement can be reached on any individual item or related set of items. In SALT II, nothing could come into effect until everything was settled. Now, it would facilitate the negotiations and yield much more rapid progress if SALT III is conceived as a set of separable packages.

Thus, President Carter has made it clear that he places very high priority on substantial reductions in both the overall aggregate of nuclear weapons delivery systems and the subceilings on the more dangerous and destabilizing of these weapons systems. These subceilings are among the more useful precedents created by the SALT II treaty. At an early stage, it should be possible to agree, for example, that when the reduced ceiling of 2250 is reached by the end of 1981, further reductions will be made to bring the aggregate strategic nuclear delivery vehicle total to a figure well below that level by the end of 1985. At the same time, and as part of the same package, agreement should be reached to cut, by that same end date and to a significant extent, the subceilings of 1200 MIRVed ballistic missile launchers and 820 launchers of MIRVed intercontinental ballistic missiles.

Associated with this package of quantitative cuts, there should be an agreement to extend the term of the SALT II treaty, at least through 1990.

This relatively simple package would, of course, require Senate ratification before it came into effect. It could, however, be presented to the Senate as soon as it has been negotiated and it should not, I think, prove to be controversial.

Another set of related proposals could be those that are designed to have a further inhibiting effect on the development of new types of strategic nuclear weapons capability. One such measure would be a limit on the number of intercontinental and submarine-launched ballistic missile tests that can be conducted in any one year. Either the limit of six which was part of the March 1977 proposal might be considered or perhaps some separate ceiling applicable only to ICBMs.

Another such limit, which could be associated with that on test firings, could be a ban on any testing of submarine-launched ballistic missiles in depressed trajectories, a development which would lessen the warning time for attacks on our strategic bomber force. The limits on changes in existing missiles should be tightened to the extent that verification considerations permit. Specific inhibitions on any new strategic weapons in the early concept stage could also be included in this particular package of SALT III amendments to the basic SALT II treaty.

My preference for this separate package approach to SALT III is grounded in large part by the next set of SALT III issues that I would like to discuss. These involve the so-called grey area systems—the theatre nuclear weapons that come in between the tactical battlefield classification and those of strategic intercontinental range. Obviously, these longer range weapons in the theatre nuclear forces create negotiating and political problems of great complexity. Their direct relationship to alliance force structure decisions means that their disposition in treaty provisions cannot be an exclusively bilateral process. Our recognition of the sensitivities that these theatre nuclear forces evoke was reflected in our insistence in SALT II that only weapons of intercontinental range would be covered. At the Vladivostok meeting between President Ford and General Secretary Brezhnev, the Soviets accepted our position that forward-based systems in Europe would not be included.

There is, as the members of the Committee know, not complete consonance of views among the NATO allies as to the inclusion of theatre nuclear forces in SALT III. At the same time, it is clear that alliance decisions on the upgrading of NATO's theatre nuclear forces can only be made in the context of developments in Soviet nuclear forces of comparable range. Moreover, the only restraints on long-range ground launched and sea launched cruise missiles are those contained in the Protocol, which inhibits only the deployment but not the testing of such weapons through 1981. It seems very likely that the Soviet negotiators will propose, as part of SALT III, new restrictions on cruise missiles on ground or sea launchers that could reach the Soviet Union from Western Europe. We, however, have made is very clear to the Soviets that no such restrictions could be accepted unless there are comparable restrictions on such long-range theatre systems as the Soviets SS–20 and the Backfire bomber.

Any decisions as to what theatre nuclear weapons we are prepared to forego, and in return for what limits on Soviet theatre nuclear forces, must be made in close consultation with our Western European allies. These decisions will require careful analysis of the implications for NATO's security of going ahead or holding back. Will, for example, a surprise attack on Western Europe be less or more feasible if both NATO and the Warsaw Pact have uncountable numbers of long-range cruise missiles deployed on ground and sea launchers? Splendid as our verification capability is, I know of no way that we could tell or the Soviet Union could tell how many such missiles are in fact deployed, against what targets they are aimed, or even whether they are armed with nuclear or conventional warheads or a mix of both.

Moreover, even if the other NATO countries are willing to have questions of threatre nuclear forces negotiated in bilateral meetings between the United States and the Soviet Union, it seems certain that this part of SALT III could only go ahead with some more formal and more continuous consultative mechanism, whereby we would have constantly to renew the proxy given to us by our allies. We would, I am certain, be completely unwilling to decide issues basic to NATO's nuclear military forces except on the basis of full agreement and understanding within the alliance.

But, as I see it, there is no reason why this set of issues, which raise such troubling political, military and negotiating problems, should hold up further bilateral agreement on deep cuts and new qualitative restraints on strategic range nuclear weapons systems. There is, I recognize, a temptation to find a relationship among all of the questions that can arise as the SALT negotiations continue. The breaking down of these issues into separate packages, that might be negotiated, signed and ratified as separate amendments to the basic SALT II treaty, foregoes some opportunity for trade-offs. But, to take one simple instance, we would certainly have preferred to see lower figures than 2250, 1200 and 820 as part of SALT II. We in fact proposed, unsuccessfully, limits on flight tests and test testing of submarine launched ballistic missiles in depressed trajectories. If and when we can secure agreement on these further cuts and these new restraints, I can see no reason why they should not promptly be brought into force as amendments of the basic treaty.

As for the relationship between SALT and other arms control initiatives, I would support Dr. Panofsky's suggestion that the SALT forum might be used to agree with the Soviet Union on a cutoff of production of fissionable material for military purposes. The United States has repeatedly supported such a cutoff in the past and its coming into being would be consistent with our attempts to improve security and lessen the risk of nuclear war by limiting further the development of new nuclear weapons. In addition, I think the speedy completion of a comprehensive ban on the testing of nuclear explosive devices is both possible and highly desirable. Again, such a ban would impede the creation of new and even more destructive nuclear weapons systems. Having headed our delegation to these Comprehensive Test Ban negotiations until last November, I am confident that what once appeared as the major problems can now be readily resolved.

Moreover, the cessation of testing of nuclear explosive devices is, as I see it, an indispensable part of a realistic policy against the proliferation of nuclear weapons. So long as we and the Soviet Union insist on our need for further tests of nuclear weaponry, our pleas that other sovereign states forego any such testing are destined to fall on deaf ears. Whatever national security arguments might be made for continued testing are, I am convinced, dwarfed by the national security detriment of encouraging other countries to acquire a nuclear weapons capability.

Finally, I would like to make my own plea for the assigning of a higher priority to the completion of new limitations on strategic nuclear weapons. The process, as I see it, is inescapably a slow and cautious one. We can't afford to speed it up at the sacrifice of thorough consideration and full exploration of the possibilities. But neither, in my opinion, can we afford to draw it out artifically and unnecessarily by holding SALT hostage to every swing in U.S./Soviet relations.

SALT, as I have said repeatedly, is not a favor that we are doing to the Soviets, one that we can withhold as a punishment or proffer as a bribe. SALT is instead a responsibility that history, our scientific genius and our position of world leadership have placed upon us. Confident as I am that the SALT II treaty is a major step forward to nuclear sanity, I am equally convinced that we must go further and go faster. It is for these reasons that I recommend strongly that we get ahead with it, that the SALT II treaty be ratified promptly, and that it be used as the firm foundation for a series of additional and separable improvements that can be considered and accepted as amendments to the basic treaty.

Such an approach can mean more rapid and substantial progress, and permit the consideration of SALT issues in an atmosphere less politically charged. It affords a means whereby the more complex and controversial issues will not prevent the prompt entry into force of simpler but no less significant steps in nuclear arms control.

TESTIMONY BY W. K. H. PANOFSKY

APPROACHES TO SALT III

I am pleased to have the privilege of testifying before your Committee again, this time in connection with the pending ratification of the SALT II Treaty. I have been interested and involved in Arms Control since World War II, and I am currently a member of the General Advisory Committee on Arms Control and Disarmament. However, I am testifying here as an individual citizen, giving my personal views.

SALT III in the context of SALT II

I am speaking about approaches to SALT III in the context that SALT II will be ratified without amendments. I will assume that any concurrent resolutions would deepen the legal commitment to the provisions of SALT II, but would not change its substance or basic intent. I continue to be persuaded that ratification on SALT II is strongly in the net security interest of the United States. This Committee has heard many witnesses from within and without the Administration enumerating how the provisions in SALT II place limits on the threat against which this country has to be prepared, and how several of the other provisions assure the integrity of our intelligence collection assets. It has been amply demonstrated that the level of strategic nuclear weapons in the absence of SALT on both sides would be substantially higher than with SALT enacted. Moreover, witnesses have been persuasive in demonstrating that SALT II places more substantial restraints at this stage of nuclear weapons development and deployment on the Soviet Union than it does on the United States. I will not repeat these arguments here in further detail.

You have also heard numerous criticisms of SALT. Yet I have heard no criticisms to which an easier remedy can be found through repudiation of SALT II. You have heard numerous criticisms of our military posture. Yet I have heard no proposed measure to improve that posture which is easier to achieve by repudiation of SALT II. Most, if not all, of these criticisms deal with questions outside the provisions of the SALT agreements themselves, but involve issues which the critics believe will be affected adversely through political linkages if SALT were enacted. I find it interesting that many of these arguments are in opposing directions: There are those who argue that enactment of SALT II will lull us into a false sense of security and therefore will impair the willingness of this country to provide adequately for its own defense. To argue against an arms control treaty which demonstrably in terms of its intrinsic content will enhance our security by claiming that it will make future Administrations and Congresses be less than diligent in providing for the national defense, is at variance with the basic tenets of our system.

There are also those who argue that the price for ratification in terms of additional armaments is too high; in other words that SALT II will increase military spending beyond what could have been justified in the absence of the Treaty.

I note that these two criticisms are paired in their consequences, and I do not believe that either is valid. I have confidence that future elected officials of this nation can establish national priorities wisely.

It is essential to refocus the debate on the fundamental issues of the content of the Treaty and Protocol and not to be swayed unduly by the perceived linkage between SALT and other political or military issues. This conclusion is particularly important in the SALT III context: the progress from SALT II to SALT III, to which both the U.S. and USSR are committed, can hardly continue if the process is burdened with the politically perceived linkages of critics with a wide variety of views.

SALT II versus defense spending

Let me specifically comment on the linkage between ratification of SALT II and a commitment on the part of the Administration for increased defense spending, either in terms of a rate of growth of the U.S. defense budget for several years, or in terms of procurement of specific military hardware. I find this concept extremely troublesome. Requiring as a price for ratification increased military spending in the name of arms control would destroy the very purpose of that process. Moreover, it would contradict the key conclusion which I believe has been presented persuasively to this Committee by the majority of witnesses, namely, that the security of this nation will be greater, albeit by a small measure, with enactment of SALT than without. Therefore, however threatening one evaluates the Soviet military build-up to be, the defense spending required to counter that threat would be *lower* with SALT enacted. Note that this comment does not specify how large defense expenditures should actually be; I am only saying that the effect of SALT should tend to decrease that burden. To maintain exactly the opposite, that ratification of SALT should be held hostage to a commitment for increased military spending, lacks any logical connection, irrespective of Soviet conduct or threat.

If, as part of the duty of the Senate to to pass on ratification of a treaty negotiated by the Executive, the Senate would precommit itself on defense expenditure levels or approval of specific military systems, this would be a disservice to another constitutional role of the Executive and Legislative branches. The Congress through both the Senate and the House has the responsibility of examining critically any public spending, be it military or civilian, and of passing upon the merit of specific military systems through the annual authorization and appropriation processes. Such decisions determine our national priorities and are traditionally decided by a majority of both houses, not by one third of the Senate. If ratification of SALT II in essence pre-determines such decisions, then the power of both Houses and also of the Executive branch in setting the budget is weakened. If SALT II is held hostage until this years' authorizing and appropriating processes have been completed, or until supplementary appropriations have been procured, then SALT II bears a burden through delays and linkage which would augur badly for the future of SALT III.

Arms control versus technology

This leads me directly to the matter which concerns me most about SALT and that is its slow rate of progress. SALT was initiated in 1967 at the meeting of President Johnson with Premier Kosygin at Glassboro, N.J. It has thence proceeded through four administrations, through a Treaty and several Agreements and Protocols, and has now led to the signature of SALT II. This process was initiated by the realization that, apparently inexorably, the world was accumulating nuclear warheads. Their number is now near 30,000, the great majority of which are more powerful than the two weapons which killed one-quarter of a million people in Japan. It appeared to both nations to be a pressing matter to reverse this evolution. Since well over 99% of the world inventory of nuclear weapons was (and still is) in the hands of the Soviet Union and the United States, a bilateral negotiation with its expectation of relative simplicity appeared to be the best forum. Now, 12 years later, although SALT I has had a beneficial effect in assuring the penetration of our deterrent warheads, and despite the fact that SALT II in itself is a clear asset to our national security, we find that technology has outstripped the pace of diplomacy and political decision making. In other words, the arms limitation which the SALT process has so far achieved is of lesser magnitude than the evolution of new military technical systems which has occurred in the interim period during which these limitations have been achieved. Such items as the Cruise Missile and the Backfire Bomber, as well as most long-range weapons systems which have theatre-warfare roles, were not in the picture when the SALT process commenced, and their emergence greatly complicates future negotiations. Moreover, the quality of strategic weapons has greatly improved while SALT was in the process of negotiations. Therefore, such problems as the vulnerability of the land-based deterrents of both sides and the consequent deterioration of strategic stability have grown during that period. It is therefore my belief that SALT III offers possibly the last opportunity to convert the important but relatively modest achievements of SALT II into a true halt and possible reversal of the dangerous and burdensome competition in nuclear weapons.

SALT III: Limited or ambitious objectives?

There is currently a substantial division of opinion on the role of SALT III. Some believe that the function of SALT III should be primarily to settle the unfinished business of SALT II. The reason why SALT II has such a complex structure is that it represents different levels of agreement. The Treaty deals with items on which definite long-term agreement was possible. The Protocol covers items which are being put on a limited time "hold" because these issues could not be resolved to the satisfaction of the negotiating parties. The Backfire letter deals with a military area which had been excluded by mutual agreement from the SALT process but on which the U.S. demanded assurance. All these instruments are binding legally but cover a different stage of decision making. Considering the difficult negotiations of the past, it therefore appears natural for some to view SALT III as a vehicle to complete negotiations on these items, and to deepen the mutual constraints of SALT II.

There are others, and I count myself among them, who believe that SALT III must achieve what colloquially is designated as "deep cuts." I would rather use the term "incisive arms control" to signify that a great deal more must be involved than major numerical reduction in military systems. I recommend strongly that highly ambitious goals be set for SALT III since I see the SALT process as *the only avenue in view* which has any hope of reversing the threatening rise in nuclear weaponry which we are experiencing, and I see the race between SALT and nuclear weapons evolution lost unless the SALT process can be accelerated.

SALT III: Simple formula or complex package?

Let me now turn to SALT III in the "incisive arms control" context. Deep numerical cuts in nuclear weapons systems in themselves may or may not add to our security, depending on their detailed nature. For instance, a formula of annual reduction of the aggregate strategic nuclear delivery vehicles with complete "freedom to mix" among them could have destabilizing consequences. For example, one or the other of the two nations might under such a formula choose to eliminate first those deterrent strategic nuclear delivery systems which are unsuitable for a counterforce role, but would retain those which have the largest potential to preempt through a first strike the deterrent forces of the opponent. If such a choice were made, we would face an even more dangerous world. Therefore I see no escaping the conclusion, however much one would like to see a treaty as complex as SALT II be followed by the high simplicity of a simple reduction scheme, that such an agreement would not be in the U.S. security interest. SALT III is likely again to be a complex undertaking and will again require careful attention to details and definitions, as was the case with SALT II. This does not mean that the details of the process under which SALT II was negotiated must be perpetuated; on the contrary, I hope means will be found to accelerate the negotiation and ratification processes.

Starting from the premise that SALT III will have to be an arms control package containing both mutual reductions and qualitative limits on technology, I would like to enumerate several *candidate* provisions for such an agreement. I am talking here only about candidate provisions because at this time no one can reasonably give detailed prescriptions for each element or the totality of such a package. *While I would encourage the Senate to adopt a resolution urging "incisive arms control" and an increase in the pace of the arms control negotiations, I strongly counsel against being too specific or constraining in such a resolution.* Not only are the necessary basic studies within the government in formulating specific provisions incomplete, but there is also a danger that a Senate resolution which constitutes a "de facto" insruction to the SALT III negotiators will impair the negotiating flexibility of U.S. negotiators which may prove necessary under future circumstances. Too specific a resolution might even increase Soviets intransigence, because it would give the appearance of denying them the opportunity of negotiating SALT III on a balanced basis. Numerical targets, delineation of systems to be controlled, schedules for reduction or restraint—these are all proper subjects for negotiation, not prior determinations.

Examples of SALT III content

(a) Reduction in central systems

Naturaly, SALT III must face the unfinished business of the Protocol of SALT II: These are the questions of controls on ground-launched and sea-launched cruise missiles (GLCMs and SLCMs), and on land-mobile ICBMs. I will discuss these items as candidates for inclusion in the total SALT III agenda.

Substantial reductions of central nuclear weapons systems must remain, of course, the cornerstone of any incisive arms control agreement. I would recommend for the reasons mentioned above that U.S. proposals for reductions apply separately to each category of strategic nuclear delivery vehicles already identified in SALT II, as well as to overall aggregates. I would recommend that the United States push for phased reductions with a target of about 50% in overall aggregate. Even an eventual reduction as large as that should not induce the Soviet Union to be excessively concerned with the threat they are facing from other unfriendly borders, although this concern can by no means be neglected. Within this aggregate cut I would recommend that the number of MIRV'd land-based ICBMs be further reduced disproportionately. I note that in the ill-fated March 1977 proposal the U.S. moved to reduce this number to 550, with a number of 820 finally arrived at in SALT II. The number 550 proved difficult to negotiate because it corresponds precisely to the number of Minuteman III launchers. Therefore that number, if adopted, would have forced the Soviets to substantial reduction of land-based MIRV'd ICBMs, while it would have implied no reduction whatever on our side; clearly not a regotiable position unless compensating concessions are made elsewhere. I would recommend that consideration be given to reduce the number of land-based MIRV's, ICBMs substantially below 550.

The history of proposals for deep reduction in land-based MIFVs or even a zero MIRV provision is checkered. There have been objections by specific interests within this country, and the Soviets opposed reductions in this category initially because they did not wish to be frozen in a position of inferior technology. At this time, with Soviet MIRV technology approaching U.S. performance, particularly with respect to accuracy, and with growing Soviet concern about the vulnerability of their land-based deterrent, I would recommend a serious effort for a very drastic reduction in the land-based MIFV's ICBMs.

Verification of such a provision would, of course, be a very serious issue. At this time the only available means of verifying the number of MIRV'd land-based ICBMs rests on the counting rule which makes any launcher capable of launching a tested MIRV'd ICBM count as a MIRV'd ICBM launcher. Therefore, single warhead launchers would have to have credible distinguishable characteristics for this counting rule to be effective. It is this consideration which would have to be carefully studied as part of the foundation of the American position for SALT III.

(b) Quota on permitted missile test firings

A second major component for an incisive arms control proposal should be a limit on the annual rate of permitted ICBM and SLBM test firings. Test firings can serve development, troop training, and proof test purposes. If there were a permitted quota, each side would have to divide its number of firings among these objectives. Present test practices are asymmetrical due to the larger diversity of Soviet deployed systems and their missile firings for troop training from operational silos. Due to its geographic constraints, this is not feasible for the U.S. Accordingly, an equal quota for both sides would have a dissimilar impact on current practice. Such a missile test firing quota was incorporated in the U.S. March 1977 proposal relating to ICBMs only; a rate of 6 per year for both parties was suggested. I consider this number to be a reasonable goal for a phased reduction of annually permitted firings.

A limit on annual permitted rates of test firings is the most powerful verifiable restraint at our command for limiting the rate of growth in technology in the missile arts. Traditionally each new generation of missiles has required 10–30 or so test launches and therefore a stringent limitation of the testing rate would impact drastically the evolution of new generations of missile systems. There is no question that a test ban quota as low as 6 per year would severely constrain modernization. More important, the confidence which each side can acquire under such a restricted test regime, that missiles will perform with high reliability and high accuracy will be low. Accordingly a decision maker of either side will most likely be dissuaded from considering a preemptive or first strike attack. Thus a limitation on the rate of permitted missile firings would be a substantial factor in increasing strategic stability.

A measure parallel to a restriction on the rate of firing of ICBMs and SLBMs would be a total prohibition on test firings for development of any new system of MIRV'd ICBMs and SLBMs. Such a prohibition would be a useful additional step to prevent an increase in the threat to the fixed land-based deterrents of the two sides, and would be a significant impediment to the deployment of SLBMs with accuracy contributing to the threat to land-based ICBMs of both sides.

(c) Ban on deployment of mobile land-based ICBM's

Deployment, but *not* development and test, of landmobile ICBMs is prohibited in the Protocol of SALT II; this provision in no way inhibits U.S. programs. Note that deployment of the already developed Soviet landmobile SS–16 is explicity prohibited in the Treaty. This leaves the question of control of mobile ICBMs definitely on the agenda for SALT III. Definition of a U.S. position is to some extent linked to the total SALT III package. If the matter of vulnerability of the land-based ICBMs is dealt with by the provisions just mentioned (large reduction of the number of MIRV'd missiles, and limits of the rate of missile test firings), then there is no question that U.S. security will be served by negotiating a total ban on land-based ICBMs. The Senate should note that this was at an earlier time the U.S. position in SALT I. Competition in mobile land-based ICBMs is an area of contest between the U.S. and the USSR where Soviet assets are clearly superior to ours. They have larger land areas which can be dedicated solely to military use; they are less constrained by environmental impact factors; successful concealment and deceptive moves are more easily carried out in a closed society. Thus *only* if we are willing to give overriding priority to the matter of preserving land-based ICBMs, *and* if this problem cannot be solved by other measures in arms control, can a mobile land-based system offer a possible strategic advantage. I will not discuss here the complex issue of protective basing of ICBMs in a manner other than land-mobile, but I conclude that superior and practical alternatives do exist.

(d) SLBM stand-off and ban on depressed trajectories

I would suggest for inclusion in a package for SALT III two specific measures relating to the survivability of the air-borne component of the triad of strategic systems. The first is a ban on testing and development of depressed trajectories from submarines and the second is a minimum standoff distance from shore for submarines capable of launching SLBMs.

Currently there exists a technical possibility that Soviet submarines could approach U.S. coasts and launch SLBMs on trajectories which assure a minimum flight time to U.S. air fields. This could make the time for U.S. bombers to escape marginal. Although the principal counter-measure against such a possibility would be to base an increasing number of bombers further inland, an arms control measure to remedy this threat would be to ban the testing of submarine launched missiles in short flight time, so-called depressed, trajectories. In addition, agreement on a forbidden zone of approach of submarines capable of launching SLBMs would be a further measure to decrease this threat, to both sides.

(e) Gray area system

The above examples, which are by no means exhaustive, all relate to central strategic systems and do not touch upon control of the so-called gray area systems, that is those systems which can have both a theatre-warfare and long-range capability. Few believe that the discussion of gray area systems can be excluded from SALT III. It is anticipated that the Soviets will insist on the inclusion of forward-based systems in SALT III because they will maintain, with some merit, that "incisive arms control" leading to substantial cuts in central strategic systems increases the relative importance of the U.S. controlled forward-based systems. In turn, inclusion of forward-based systems, reinforced by the technical developments which blur the border between strategic and theatre-warfare systems, will make consideration of the Euro-strategic balance an unavoidable issue also from the NATO and U.S. points of view. Note that the need to include consideration of GLCMs and SLCMs is "unfinished business" from the SALT II Protocol will also contribute to the pressure to consider European theatre-warfare systems comprehensively.

These issues raise the question of the details of the negotiating format for SALT III, which as a minimum will require a more intensive consultative process with NATO as part of policy formulation. Separating the consideration of gray area systems from SALT and placing it into a separate negotiating forum appears inadvisable, since such a move would be viewed by NATO as an effort to decouple consideration of the Euro-strategic balance from consideration of the overall US/USSR strategic situation. Such decoupling, in turn, would further detract from the credibility of the U.S. central strategic nuclear forces as an element in deterring Soviet incursion into Europe.

(f) Cut-off of production of fissionable material for military purposes

An additional element of a SALT III package might well be a renewal of a proposal, previously endorsed by the United States, for the cutoff of production of fissionable materials for military purposes. The current inventories of fissionable materials for nuclear weapons of both sides are large. Any further production can, of course, feed fabrication of additional nuclear warheads. Such increases can support further fractionation of MIRVs, additional cruise missile warheads, of stockpiles of weapons for reload of delivery systems. Moreover, such growth can provide additional warheads for defensive weapons, in particular should ABM deployment again become permissible. A production cut-off would limit these activities on both sides, with a substantial gain in overall strategic stability. Under such an arms control regime there could, of course, be conversion of nuclear weapons inventories among a diversity of military weapons without increased production. Moreover, some increase in total weapons inventory could be advanced through improved economies in the use of fissile materials. A production cut-off agreement would have to permit maintenance of the existing nuclear device stockpile through certain exceptions to a total production prohibition.

In this connection I would like to stress that ratification of SALT II has a major impact on the efforts to limit proliferation of nuclear weapons to other nations. The Nuclear Non-Proliferation Treaty signed in 1968 and ratified in 1970 contains an explicit declaration that the nuclear weapons states intend "to achieve at the earliest possible date the cessation of the nuclear arms race and to take effective measures in the direction of nuclear disarmament," as well as a specific article constituting a good faith obligation to pursue negotiations toward terminating the nuclear arms race. Failure to ratify SALT II would contribute to the growing cynicism of the non-nuclear weapons states regarding the sincerity and good faith of the Soviet Union and the United States in implementing their obligations under the Non-Proliferation Treaty. Quite apart from the important arms control impact of a provision to terminate production of fissionable material for weapons purposes on its own merit, such a cutoff would demonstrate dramatically to the non-nuclear weapons states a good faith in adherence to the provisions of the Non-Proliferation Treaty.

Let me repeat that the above listing of possible inclusions in a SALT III package is given only on a "for instance" basis, and each item requires detailed analysis both as to specific substance and optimum negotiating tactics. However, it is my deep conviction that if a maximum number of such provisions were introduced and proved negotiable with the Soviet Union, then incisive arms control would indeed result, and the SALT process would have fulfilled its promise of having not only limited but also reversed the competition in nuclear weapons between the United States and the Soviet Union. Yet I see no way in which this expectation, which would greatly increase the security of this Nation, can be fulfilled without prompt ratification of SALT II.

SALT: Perception versus reality

The above discussions have emphasized the technical content of possible SALT III provisions and refrained from commenting on the future political context and the general question of linkage of the SALT process to Soviet conduct and attitudes. This has been done deliberately. There has been in the discussions of the merit of SALT II a great overemphasis on the perceptions which might flow from the SALT process and from the Soviet and United States strategic military posture, to the detriment of considerations of the actual provisions of SALT II and the physical realities which would befall mankind should nuclear weapons in part or in their totality actually be used in war.

As a member of the technical community I feel a strong obligation to continue reminding the political leaders and decision makers of this country that there is a great danger in considering nuclear weapons primarily as political symbols, and only secondarily as tools which might actually be used. I am hardly alone in raising this issue. Let me remind you of the words of Andrei Sakharov, the eminent and frequently dissident Soviet nuclear physicist: "I believe that the problem of lessening the danger of annihilating humanity in a nuclear war carries an absolute priority over all other considerations."

We must continue to examine the consequences of actual use of such weapons and how they would affect the true outcome of a conflict. If we permit nuclear weapons to enter the decision making processes primarily as symbols of national strength and resolve, then we deny ourselves any rational means to decide when enough is enough.

In this regard let me reemphasize two salient facts:

(1) If nuclear weapons are actually used in any theatre, against any set of targets, for any purpose, by any nation, under any military doctrine, then large fractions of the populations of both the United States and the Soviet Union and their neighbors are at the gravest risk.

(2) The number of nuclear weapons in the possession of the United States and the Soviet Union is now so large that a very large fraction of these weapons is aimed against targets of relatively minor economic, political, or military importance.

Under those circumstances, many of the arguments which have been presented to this Committee on the details of the relative military standing of the two nations become relatively less significant when compared to the overarching danger of nuclear war.

Let me close with the expressed hope that it is consideration of the physical realities rather than political perceptions pertaining to strategic nuclear weapons which will remain in the forefront of deliberations of the Senate when considering the question of ratification of SALT II.

Statement of Donald G. Brennan

SALT AND ARMS CONTROL

Mr. Chairman, and members of the Committee. I am pleased to be able to testify before you. I should state at the outset that I oppose SALT II, and believe the Senate should not consent to its ratification. Before explaining why, let me tell you something of my background; a biographical sketch is at the end of my statement, but it will be appropriate to mention here some details relating to arms control. I shall then sketch my objections to SALT II, and then take up how the next round of negotiations might better be structured.

My first serious involvement with the subject was in connection with a small summer study in 1958 in Cambridge, Massachusetts, of which I was one of the organizers. I was an organizer and co-director of a much larger summer study on arms control held in 1960, again in Cambridge, and concurrently served as guest editor of a special issue on arms control, published in Fall 1960, of the journal "Daedalus" of the American Academy of Arts and Sciences. This volume, of which Senator Hubert Humphrey was one of the authors, was later published as a book in the Spring of 1961 under the title "Arms Control, Disarmament, and National Security," and was widely described as the "bible" of arms control. It was endorsed by Senator Fulbright and by President Kennedy, among others. In the early summer of 1961, as a consultant to John McCloy, I helped to draft the statute that created the Arms Control and Disarmament Agency. My first interaction with this Committee came in August 1961, in connection with the hearings on the creation of ACDA, which I supported with a statement submitted for the record.[1] I first testified to this Committee in person in August 1963, in support of ratification of the partial nuclear test ban, and have been here on several occasions since, including the ratification hearings for the Geneva Protocol on Chemical Warfare and for SALT I. I supported, and indeed helped to create, mechanisms for serious private Soviet-American discussions of arms control as a supplement to governmental negotiations. I have visited the Soviet Union in this connection on three occasions. With the exceptions of the agreements signed in May 1972 and June 1979 in the SALT, I have supported, in one way or another, every arms-control agreement adopted by our Government since World War II. This history should make it very clear that my opposition to SALT II does not derive from an opposition to arms control in general—indeed, quite the contrary.

I oppose SALT II because it is bad arms control. The traditional major objectives of arms control have long been understood to be to reduce the likelihood of war, and to reduce the scope and violence of war if it occurs. For reasons I shall explain, I judge that SALT II is more likely to increase the chance of war than to reduce it, and it most certainly will do very little to reduce the scope and violence of war if it occurs. It also has other disadvantages, of which I shall mention some. It should therefore be rejected as unsound arms control.

The most basic difficulty is as follows. A highly plausible means by which the United States may become involved in a war is for a prospective opponent to decide that the United States will not react to some move, which the opponent thereupon undertakes, only to discover that the move was beyond the limit of our toleration. The Korean war, for example, clearly resulted from this mechanism. If a Soviet-American war ever arises, it is most likely to involve this means, in which the Soviets understimate American willingness to respond to some adverse Soviet move. And that Soviet judgment will relate to their beliefs about comparative Soviet and American military strengths, among other factors.

The plausible role of SALT II in such a crisis is that it will contribute to Soviet beliefs both in their military superiority and in our lack of willingness to stand up to them, even at the level of maintaining military forces on a par with theirs. I judge that such a role is more likely than any major constructive results from the Treaty. Of course, such a role would be highly dangerous.

The slide in American military strength since the 1960s (in comparison to that of the Soviets), especially in the strategic nuclear areas, has been discussed by many witnesses in the SALT II hearings, and need not be detailed here. (See, for example, Annexes III and IV in the statement of Paul Nitze submittted to this Committtee on July 12.) Up to the present, I believe this has chiefly been the result of a SALT-related euphoria since the late 1960s, although the specific terms of SALT I contributed their share. Within the projected lifetime of SALT II, there may well be additional SALT-related euphoria, but there will certainly be contributions from the specific details of SALT II. Let me next discuss some of these; I shall then take up some suggestions for subsequent negotiations.

ASYMMETRIES IN TERMS

A major defect of SALT II resides in the fact that the Soviets are allowed 308 "heavy" ICBMs, while the United States is allowed none, and there is no compensating capability that is asymmetrically in our favor. The absolute maximum MIRVed ICBM payload (or "throw weight") that would be allowed the United States under SALT II would result from deploying 820 new "light" ICBMs with 8,000 pounds payload each; the Soviets would be allowed 820 MIRVed ICBMs of which 308 could have 16,000 pounds and the other 512 could have 8,000 pounds. This would give the Soviets roughly 40 percent more MIRVed ICBM payload than the maximum allowed the United States.

In actuality, it would be virtually impossible for us to deploy that maximum MIRVed IBCM force within the lifetime of SALT II, and the actual Soviet MIRVed ICBM payload by the end of 1985 is likely to exceed ours by a factor of 6 or more,[2] not a "mere" 40 percent. However, under reasonably plausible circumstances, the 40 percent figure is illustrative of what might obtain under SALT III, e.g., if the SALT II limits are simply extended, and in any event it is unambiguously the minimum margin of MIRVed ICBM payload superiority guaranteed to the Soviets under SALT II.

This guaranteed margin would be of political significance even if its military significance were doubtful (which it is not, as I shall show below). That the United States should sign a treaty with its principal opponent in which that opponent is allowed, by our agreement, any capability (however trifling) we are denied, while there is no counterbalancing capability allowed to us but denied to them, would widely (and accurately) be read as a political statement of weakness on the part of the United States. This interpretation would be particularly strong, and important, in the Soviet Union; it would be a contributing factor to the risk-of-war mechanism I mentioned above.

Some of the proponents of SALT II have tried to disparage the significance of the "heavy" ICBMs. However, their significance is considerable, even allowing for the 10-warhead-per missile limit imposed by SALT II. If we consider for comparison a 10-warhead "light" ICBM of 8,000 pounds payload, the warheads on a 10-warhead "heavy" of 16,000 pounds payload might have yields twice those of the "light" missile. For a given accuracy, the higher-yield weapons would be of some significance for attacking "hardened" American targets such as missile silos. However, the larger significance of the larger-yield weapons resides in the additional fallout fatalities they would produce. The extra yield of 308 "heavy" ICBMs (with 10 warheads each), as compared to 308 maximum "light" ICBMs (also with 10 warheads each), would probably be in the neighborhood of 2,000 MT; the maximum plausible difference might be perhaps 2,400 MT, and a difference of less than 1,500 MT would be unlikely. A total of 2,000 MT extra yield used in an attack on the United States would be certain to produce many extra fatalities.

Exactly how many additional Americans would be killed by 2,000 MT additional yield would depend on many factors, including many details of the attack and the extent of civil-defense preparations made before the attack. However, a plausible range of added fallout fatalities would be from a few million to a few tens of millions.[3] Under some (not implausible) conditions, American fallout fatalities could be doubled or even tripled.

Another asymmetry in the terms of SALT II, though of much less importance, is that the Soviets are allowed more ICBMs than are we, specifically 1,398 against our 1,054—344 more. These Soviet ICBMs must, of course, be counted under the overall ceilings, and if they wish to have more bombers or more SLBMs, they must reduce their ICBMs accordingly. However, they are allowed the option of up to 1,398 ICBMs, and we are not. This gives them more flexibility in their strategic posture, e.g., in choosing to have even more ICBM payload if they wish.

These asymmetries seem to me to be clearly against the spirit of the "Jackson Amendment" embodied in P.L. 92–448, which states: "The Congress recognizes the principle of United States-Soviet Union equality reflected in the Anti-Ballistic Missile Treaty, and urges and requests the President to seek a future treaty that, inter alia, would not limit the

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United States to levels of intercontinental strategic forces inferior to the limits provided for the Soviet Union; . . . ". The Senate, at the time of adopting this in 1972, understood it to mean that the United States should not be limited (by agreement) to levels of strategic forces inferior to those of the Soviet Union in payload; this is manifestly clear from the legislative history of the Jackson Amendment. If, in the face of this language, the Senate now accepts SALT II, then P.L. 92-448 should be pickled.

ASYMMETRY IN COVERAGE

The extra ICBM payload (in the 308 "heavies") and the extra number of ICBMs (344) allowed the Soviets result from explicit provisions of SALT II. A different major difficulty of SALT II resides in the fact that a Soviet weapon system that appears to be of major potential strategic significance, namely the "Backfire" (TU-22M) bomber, is excluded altogether from the SALT II Treaty ceilings, while American bombers that apparently are closely comparable in capabilities—specifically our B-52s—must be counted. As in the case of the "heavy" ICBMs, there is no offsetting capability that we are allowed but the Soviets are not.

Western estimates of Backfire capabilities are imprecise. It is estimated in Jane's that, with a 10-ton bomb load, Backfire has a maximum unrefueled combat radius (for a two-way mission) of 3,100 nautical miles (nm).[4] I understand that a somewhat lower estimate of 2,900 nm is widely accepted in the Government for a 10-ton bomb load, which would correspond to 5,400 nm or 10,000 Km one-way range. For a 5-ton bomb load, for comparison with readily available B-52 data, these latter values should increase at least 6 percent, to 3,074 nm radius or 10,600 Km one-way range. (Compare this with the SALT range criterion for ICBMs of 5,000 Km.) The corresponding unrefueled combat radius for a B-52D with a 5-ton bomb load is 3,012 nm,[5] less than these widely accepted Backfire estimates, still less than the Jane's estimate.

While lower estimates of Backfire capabilities can undoubtedly be found, these comparisons show that it would be impossible to have confidence that Backfire performance is significantly less than the B-52D, of which we have about 80 in current active inventory, all of which must be counted under SALT II ceilings. Of all the B-52s produced, only the G and H models, about ⅓ of the total, have an unrefueled range capability somewhat in excess of the Jane's Backfire estimate. Backfire has a supersonic capability not matched by any of the B-52s.

By the projected expiration date of SALT II, the Soviets could have 30 percent or more of their total strategic payload in Backfire (which is a very substantial increment). They have said that they do not intend to use Backfire in a strategic nuclear role against the American homeland, but, as an ACDA statement accurately put it, ". . . there are no assurances that will ensure that Backfires would not be used against the continental United States in time of war."[6] It is as if the United States were to refuse to include all of the Poseidon launchers under the SNDV ceilings because some are assigned to SACEUR for theater targets. Note that the omission of Backfire from the aggregate counts means that the often-repeated assertion of "equal aggregate ceilings" under SALT II is untrue even as concerns simple numbers of strategic delivery vehicles.

EFFECTS ON VULNERABILITIES

The way in which the limits in SALT II are formulated—basically in numbers of delivery vehicles, at least in intention, with some refinements—contributes to the vulnerabilities of our strategic forces. In principle, this is a symmetric effect, but the Soviet forces threaten ours much more than ours do theirs, now and for at least the lifetime of SALT II, so it is not symmetric in practice.

Consider, for example, a proposed American MX deployment of 200 missiles with 10 warheads each, in comparison to a hypothetical deployment—let us call it MY—of the same total number (2,000) of the identical warheads, but on 2,000 individual boosters with one warhead each. The MX deployment would give the Soviets only 200 targets to "shoot" at, either before launch, during launch, or for a short time after launch, while the MY deployment would give the Soviets 2,000 real targets in each of these phases. The MY deployment would therefore be easier to protect, by any of several means, i.e., it would therefore be more secure, and hence more reliably stable in a crisis, than would be the MX force. The MY force would also allow improved and/or simplified command and control. However, the MY force would be precluded by the terms of SALT II, because it would exceed the total of allowed ICBMs—1,054 for the United States and 1,398 for the Soviet Union. The fact that the proposed SALT II limits are formulated in such a way as to encourage the deployment of a small number of large systems, rather than a large number of small systems, constitutes a major contribution to the future vulnerability of our forces. This need not have been so.

Another problem of SALT II in this connection is that some of the means that might have been used to protect cur strategic retaliatory capability, specifically air-to-air surface ballistic missiles and mobile ICBSs, are precluded by the SALT II Protocol, which may or may not prove to be cnly temporary. Finally, one of the potentially best means of protecting our ICBM forces, as many of the proponents of SALT agree, is the use of active defense, specifically ABM, and this means is substantially precluded by the ABM Treaty of SALT I.

LIMITED GAINS

It is conceivable in principle that SALT II might achieve sufficient potential gains to offset its drawbacks. However, I do not believe this would be true in practice.

There are only two unambiguous gains I can see, and these are both modest. One is that ratification of SALT II should result in better information about Soviet forces than we would otherwise be likely to have. Since I do not believe that we shall be significantly restraining our own forces during the lifetime of SALT II on the basis of promised Soviet restraint,[7] this implies that verification problems should not directly be an obstacle to ratification, even though some Treaty prohibitions almost certainly cannot be verified by national technical means, such as production cf SS-16 warheads[8] or cruise-missile range limits.

The other unambiguous gain I can see is that we shall probably have slightly more influence over Soviet decisions in non-SALT policy areas if the Treaty is ratified than if it is not. This influence, which would never be large, would be greatest on the eve of, or during, ratification debates; it would likely be near zero at other times. That we could exploit this influence to enfcrce anything like specific Soviet restraints in non-SALT areas seems to me wholly impossible.

Several other gains have been claimed for SALT II that seem to me to range from negligible at best, through highly contingent in the middle, to wrong at worst.

At the negligible end is the point that the Soviets will be required to destroy some actual weapons. This is true, but the capabilities destroyed will be small in comparison to those added, resulting in substantial net increases in every other important parameter of their ICBM force (warheads, megatons, equivalent MT, counter-military potential, and payload), while reducing the total number of ICBMs by slightly over 200.[9]

The warhead fractionation limits may prove useful if continued well beyond 1985, but are of little significance within the projected lifetime of SALT II. Indeed, it is not expected that the Soviets will even build up to the maximum warhead count allowed them under the Treaty within its lifetime.[10] Whether these limits are significant is therefore contingent on continuing them in effect for at least several additional years, a contingency that is nothing but a hope.

This is closely related to the issue of saving costs, a gain promised by many proponents. I have already noted my belief that we shall not be significantly restraining our own forces during the lifetime of SALT II on the basis of promised Soviet restraint, a belief strengthened by the estimate just mentioned that the Soviets will not even build up to the levels allowed them under SALT II. This, however, is to say that there is probably nothing substantial that we shall not be doing because of SALT II that we should be doing without it, i.e., there is probably no significant saving within SALT II itself. Assertions to the contrary would depend on highly convenient estimates. Major savings in the future would be contingent on continuing (or strengthening) the restraints of SALT II, again, nothing but a hope. This subject of costs should be considered in the light of the fact that major increases in American strategic-force expenditures are probably vital in any event.

Somewhat incidentally, it should be noted that anyone who would argue for major cost savings under SALT II would have a correspondingly major burden in verifying the putative Soviet restraint that permitted the savings.

The claimed gain for SALT II that seems to me most mistaken is that it would reduce the likelihood of war. There is very little reason to belive this claim. I believe, as I pointed out near the beginning of this statement, that SALT II is much more likely to increase the likelihood of war. This is related to the most important reason for rejecting SALT II.

RECOMMENDATIONS CONCERNING SALT II

Some of the leading critics of SALT II apparently oppose it primarily because of the relationship of the SALT to American euphoria about strategic forces. This opposition seems to me entirely reasonable. There can be no doubt that three successive Administrations have, in some collective sense, believed that the SALT would enable us to have strategic nuclear security "on the cheap", in the slang phrase, and that this belief has been a major factor in the evolution of our greatly weakened strategic posture. There is therefore something to be said for imposing a major pause on the process of the SALT, not particularly related to the specific terms of SALT II, while—it is hoped—we regain our strategic wits. I was struck by Paul Nitze's quotation (in his July 12 statement) of Lincoln's celebrated phrase that: "First we must disenthrall ourselves, and then we shall save the country."

Yet there is no doubt that it requires a certain degree of optimism—from my perspective—about the American Administration coming to power in January 1981 in order to believe that our strategic posture will be adequately repaired, whatever happens to SALT II in the meanwhile. As a matter of realistic politics, it is not obvious that my optimism should improve substantially as a result of rejection of SALT II. And even my most preferred candidate Administrations would be unlikely to accomplish many strategic repairs before 1986 that would be prohibited by SALT II.

Nevertheless, I believe that the case for rejecting SALT II is something close to overwhelming. The lesser, but nevertheless significant, part of this case resides in the fact that some potentially desirable specific re-

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pairs—such has the MY missile force—would be much less likely to be adequately studied, still less developed, under constraints that would prohibit their deployment, constraints that might be continued beyond SALT II.

The major part of the case for rejection resides in the necessity to make it manifest to the Soviets, and to some degree to the rest of the world, that the American body politic will simply not accept further one-sided constraints that allow the Soviets a guaranteed margin of superiority, whatever efforts we may make within the Treaty limits. This Treaty will strengthen Soviet beliefs—already too strong—that they constitute the wave of the future, that they have increasing military preponderance, and that the United States is increasingly unwilling to stand up to them, even at the level of insisting on a mere paper equality of allowed forces. The extent of these effects may be argued, but surely the direction cannot. And the direction is dangerous. It is the route to war.

I believe the best way of minimizing that danger is to reject SALT II outright. In this, I seem to differ with many of my fellow critics. However, if I were asked what modifications in the Treaty would make it minimally acceptable, I should suggest two.

First, the "heavy" ICBMs should be counted as two each. Thus, if the Soviets wish to retain 308 SS–18s, these would count as 616 against their allowance of 820 MIRVed ICBMs (and similarly for other limits and sublimits), so they could then have only 204 "light" MIRVed ICBMs. Under this condition, the Soviets might reasonably be allowed 20 warheads each on the "heavy" missiles, rather than the 10 now allowed.

Second, our B–52s should be omitted from the Treaty (simply by omitting references to the B–52 in paragraph 3 of Article II, and related common understandings). Because of the apparently close similarity of Backfires and B–52s in unrefueled range-payload characteristics, and their comparable numbers, this would be the appropriate counter to the Soviet refusal to include Backfire. The Soviets could then reasonably be relieved of the restrictions (other than on production rate) contained in their unilateral Backfire statement at the Vienna Summit.

If these two changes were made, I should be willing to ignore the matter of the extra Soviet ICBMs, and, with reluctance, could support the ratification of SALT II as so modified. But there is very little chance, in my view, that the Soviets would accept these changes under current circumstances, and, rather than seem to be taking refuge in such devices, I believe the forthright and proper action for the United States is to reject the Treaty outright. I therefore recommend that the Senate withhold its consent to ratification.

FUTURE LIMITATIONS

Mr. Chairman, you asked me to address the subject of arms control and SALT III objectives. It will be clear to you from the foregoing that I hope SALT II will be defeated, and, therefore, I shall not assume that the next negotiations will be preceded by ratification. The second paragraph of your letter of August 10 mentioned specifically the "direction, pace and scope" we should pursue "in future negotiations on strategic armaments", apparently not necessarily assuming the ratification of SALT II, and I shall therefore assume that acceptance of SALT II is not necessarily a prerequisite to these "future negotiations". I shall indicate what I believe is a suitable avenue to pursue in the next negotiations, whether they be called SALT III or SALT II or whatever, and whether II is ratified or not.

The best approach to such next negotiations is to use a scheme for limiting and reducing strategic nuclear offensive forces that is based on (or closely related to) the payload (or "throw weight") of such forces. Schemes of this general type have been suggested to the Soviets in the past, but, at least in recent official negotiations, the Soviets have rejected such an approach. I believe we should persevere in this approach.

An illustrative comprehensive scheme is shown in Table 1. The basic idea of this is as follows. Nuclear delivery systems of various kinds are grouped in the categories listed in the first column. In each category, the initial Soviet and American capabilities measured in tons of payload (or "throw weight") estimated for 1985 are given.[11] An "Initial Ceiling" for each category is then selected, basically as the larger of the Soviet or American capabilities in each category, in some cases rounded upward to a round number. The symbol that is an upside-down "v" appearing in the initial ceiling for the bottom category means "greater of", so that initial ceiling is the greater of X or Y. These ceilings are then decreased over time, not necessarily at the same rate for each category, and not necessarily by the same factor in each 5-year period. Each force (Soviet and American) must not exceed the ceilings on each category imposed at points 5 years and 10 years after the initial ceilings.

TABLE 1.—SAMPLE LIMITATION SCHEME FOR STRATEGIC OFFENSIVE FORCES

[Tons of payload]

Category	Initial United States	Initial U.S.S.R.	Initial ceiling	5-yr ceiling	10-yr ceiling
ICBM	1,230	5,670	6,000	3,000	1,000
M/IRBM	0	1,000	1,000	500	250
SLBM	1,075	1,195	1,200	800	500
Cruise missiles bombers	300	1,000	1,000	750	500
Heavy bombers	1,600	360	2,000	1,000	500
Medium bombers	1,000	4,000	4,000	2,000	1,000
NucTacAir	X	Y	(X∧Y)	(X∧Y)/2	(X∧Y)/4

For example, in this illustrative scheme, the ICBM ceiling is cut in half in the first 5-year period, and cut in third in the following 5-year period. The SLBM ceilings are reduced by much smaller factors, so that the allowed SLBM forces at the end of 10 years would constitute a larger fraction of the then-allowed total of strategic forces than they did at the beginning.

Different aggregations within categories would be possible and may well be desirable. For example, it might be desirable to lump together ICBMs and SLBMs in a single category, and allow each side to choose its own "mix" of such missiles, subject to the overall ceiling for this category. It might also be desirable to split up the cruise-missile category into two or more categories, depending on range. It should be noted that there is no need for separate sub-categories of MIRVed and un-MIRVed missiles. Each side should be free to choose the nature and details of its allowed forces within each category; e.g., the 1,000-ton ceiling on ICBM payload at the end of ten years could be deployed as 100 missiles of 10 tons each, or 1,000 missiles of 1 ton each, or 10,000 missiles with 200 pounds each (roughly the maximum number of warheads that could be fitted into 1,000 tons), or some combination of such missiles not exceeding 1,000 tons total payload. Lower ceilings would be desirable if they would be compatible with verification capabilities and with nuclear forces in the possession of other countries.

I have discussed this scheme in terms of payload, because that is conceptually simple and (in some sense) the real parameter of interest, but the scheme might actually be formulated (at least for the missile categories) in terms of the total gross volume of the missiles, which is of course more readily verifiable than payload. Different parameters could be used for different categories.

It should be noticed that the scheme includes shorter-range missiles and aircraft. Even systems of still shorter range might be included. I believe this provides a sensible way of including the so-called gray-area systems; the quantity of such systems allowed each side in inventory would be limited by this SALT-like scheme, but where they would be deployed (e.g., in Western Europe or in the United States) would not be a matter for negotiation in this framework.

Any system requiring substantial reductions in nuclear delivery systems will pose correspondingly substantial verification problems, and this scheme is no exception. While the specific verification issues of such a scheme have not been extensively studied, as far as I know, there is no reason to believe that the scheme is worse from this perspective than any other that would provide similar reductions. Particular problems will predictably arise with miniaturized systems, e.g., advanced cruise missiles, and with dual-capable systems, e.g., tactical aircraft. Whether satisfactory solutions to such verification issues can ultimately be found is not clear unless the Soviets collaborate much more in providing verification than now seems likely.

Of course, the Soviets are most unlikely to agree to any scheme of this general form within the near future, in any event. It would impose genuine ultimate parity—not immediately, but in 10 years (or whatever periods are chosen), and I believe the Soviets have little if any foreseeable interest in such a result. They will come to have such an interest, I fear, only when they perceive that the alternative would be worse for them. And this perception will come to them only when they see credible American defense programs that promise to leave them behind.

So, Mr. Chairman, my recommendation for achieving a satisfactory outcome in SALT II or III or whatever, in the form of the scheme above or any other, is to begin a vigorous program to restore our nuclear forces to the relative health they had in the past. The Soviets do not seem to understand any other language.

Thank you, Mr. Chairman. I shall be pleased to reply to questions.

FOOTNOTES

[1] *Disarmament Agency*, Hearings before the Committee on Foreign Relations, U.S. Senate, on S. 2180, August 14, 15, and 16, 1961. (Brennan statement at pp. 328–329.)

[2] See Nitze, July 12 statement, Annex III, chart 19, "1985—U.S./U.S.S.R. ICBMs", or chart 6, "The Balance in Throw-Weight".

[3] Some fallout-fatality curves recently calculated by Earl V. Sager of the System Planning Corporation are useful for such estimates.

[4] Jane's *All the World's Aircraft, 1977/78,* p. 463; ditto, *1978/79,* p. 202.

[5] U.S.A.F. publication *Standard Aircraft Characteristics.*

[6] Quoted in *SALT II: An Interim Assessment,* Report of the Panel on the Strategic Arms Limitation Talks and the Comprehensive Test Ban Treaty of the Committee on Armed Services, U.S. House of Representatives, December 23, 1978 (H.A.S.C. No. 95-95), p. 11.

[7] A point that suggests that promised cost savings of SALT II are illusory, if not wholly fictitious, as I shall point out below.

[8] See the Common Understanding to Paragraph 8 of Article IV.

[9] Compare Charts 13 and 19 of Nitze's Annex III.

[10] Nitze, Annex III, Charts 19 and 20. (I omit some obvious interpretive remarks here.)

[11] Initial U.S. and U.S.S.R. payload capabilities for ICBMs, SLBMs, and heavy bombers are taken from the 1985 columns of Chart 6, "The Balance in Throw-Weight", of Annex III of Paul Nitze's statement, converted into tons. (Nitze's estimate for Soviet heavy bombers did not include the Backfire, which I have therefore included under medium bombers.) Other initial estimates in the table should be thought of only as selected to illustrate the scheme; they have no pretense whatever to accuracy.

DONALD G. BRENNAN

Donald G. Brennan is a strategist and student of national security problems. His special interests are in arms control, alliance re-policy, such as policy issues relating to tactical and strategic nuclear forces.

Prior to joining Hudson Institute, of which he was President from July 1962 until May 1964 and where he is now Director of National Security Studies, Dr. Brennan worked for nine years as a research mathematician and communication theorist at Lincoln Laboratory of Massachusetts Institute of Technology. In addition to his technical research there, he devoted substantial time to studies of arms control and related national security problems.

Dr. Brennan's serious interest in arms control began in 1957, when he was organizer of a group that led to the 1958 Summer Study on Arms Control held in Cambridge, Massachusetts, under the auspices of the American Academy of Arts and Sciences. He was an organizer and co-director of the 1960 Summer Study on Arms Control, again held in Cambridge under American Academy auspices. He was chairman of the Academy's Committee on International Studies of Arms Control in 1961–62.

Dr. Brennan has served as a consultant to the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, the Department of Energy (and its predecessors, the AEC and ERDA), the Executive Office of the President, and to several research organizations. He is the editor of the well-known anthology, *Arms Control, Disarmament, and National Security* (New York, George Braziller, 1961), sponsored by the American Academy of Arts and Sciences, and guest editor of its predecessor, the special (Fall 1960) issue of *Daedalus* on "Arms Control". He has edited studies of future military technology and several publications on arms control, and is currently a member of the Editorial Board of the journal *International Security.* He has contributed articles on national security topics to a large number of books and journals, including *Foreign Affairs, Orbis,* the *Bulletin of the Atomic Scientists, The New York Times,* and publications of the International Institute for Strategic Studies. He has lectured on national security subjects at many universities, at the U.S. National, Air, and Naval War Colleges, at the Canadian National Defence College, and at defense study centers in London, Bonn, Paris, Rome, and Oslo, among others, and has given seminars on arms control in the Soviet Union and China. He is a frequent witness at Congressional hearings concerned with national security affairs.

Born in 1926 in Waterbury, Connecticut, Dr. Brennan received the B.S. (1955) and Ph. D. (1959) degrees in mathematics from Massachusetts Institute of Technology, where he was a Gerard Swope Fellow and received other graduate and undergraduate prizes and awards. Prior to entering M.I.T., he was engaged in radio engineering as a registered professional engineer in the State of Connecticut. He is a member of Sigma Xi, the American Mathematical Society, the Council on Foreign Relations, the International Institute for Strategic Studies, and the Republican National Committee's Advisory Council on National Security and International Affairs, and is a member of the Board of Directors of the Committee on the Present Danger.

STATEMENT OF JAN M. LODAL

I would like to comment briefly on what I understand is our primary topic: land-based ICBMs and SALT II.

Our land-based ICBMs have important technical and military characteristics not found in the other components of our strategic forces. I believe that we should retain a land-based ICBM force and that it would be unwise to abandon our present "triad" of land-based ICBMs, air breathing bombers and cruise missiles, and submarine launched ballistic missiles.

This is true despite the emerging vulnerability of fixed land-based ICBMs. Depending upon the nature of future U.S./Soviet arms control agreements, one might be able to reduce the numbers of our land-based ICBMs somewhat, but I foresee no circumstances in which we could safely eliminate them altogether. We need ICBMs to provide a capability to launch selective and limited attacks against military targets, and land-based forces provide an important hedge against possible breakdowns in the more difficult command and control arrangements associated with bombers and submarines.

Our silo-based ICBMs have become an issue because we can now see the day when they will be theoretically vulnerable to Soviet attack. This vulnerability arises directly from two technological advances: the advent of independently retargetable re-entry vehicles (MIRVs), and the development of highly accurate ICBM guidance systems. Without MIRVs, it takes at least one missile to destroy an opponent's missile. Thus, if the forces are of approximately equal size, nothing can be gained by an attack. MIRVs change this calculation, permitting one missile to destroy several, provided the warheads have the accuracy necessary to hit their targets. Accuracy, and not the yield or size of the warhead, is the key to this capability. One cannot make up for any significant lack in accuracy with larger warheads or greater throw weight.

I can see no rationale for permitting the Soviets to maintain a unilateral counterforce capability against our silo-based missiles. One can make a theoretical argument that by increasing our own counterforce capability, we increase the incentive a Soviet leader would have to launch a surprise attack. But in practical terms, I believe the situation would be otherwise. A Soviet leader would be less likely to risk escalating a political crisis in the first place if he realized his own forces were as much at risk as ours. His belief that he had a significant unilateral advantage could only fuel adventurism. Thus, I support U.S. deployment of an improved land-based missile, as well as the Mark 12 warhead on existing Minuteman III missiles.

I also support efforts to develop a new and more survivable basing mode for our land-based ICBMs. But I do not believe that the formidable technical problems associated with the development of such a basing mode should delay proceeding with a new missile. With respect to the missile itself, I would have favored proceeding with a joint Air Force/Navy program to provide a missile for use either on the Trident submarine or on land, rather than with the Air Force-only MX program. But this is not the key point. The key point is to develop the missile as opposed to doing nothing.

The best way to reduce the cost and uncertainties associated with a mutual build-up of U.S. and Soviet land-based forces would be to negotiate a significant reduction in land-based MIRVs in SALT. Such a negotiation should be in the Soviet's own interest, since the emerging vulnerability of land-based ICBMs has a much greater effect on the Soviet Union than it does on the United States. The Soviets have invested much more heavily in these systems. They have placed roughly 75 percent of their strategic nuclear capability in land-based ICBMs, as compared to only about 25 percent for the United States. Thus, unless the United States unilaterally abandons the ability to attack these Soviet military targets, a step which I would strongly oppose, the Soviets should be willing to negotiate mutual reductions in land-based MIRVed forces in SALT III.

With respect to the SALT II treaty you are now considering, I know of no way it harms the ability of the United States to modernize its land-based ICBM force. But the treaty does help our military situation in several ways. The sub-limit of 820 on MIRVed land-based ICBMs eliminates the worst-case threats against which force planners would otherwise have to prepare. Furthermore, the limits on numbers of re-entry vehicles a missile can carry will considerably reduce the cost and technical difficulty associated with deploying a survivable multiple aim point land-based system, assuming these limits are carried forward into future SALT agreements.

In summary, the SALT II treaty helps us with some of the military problems we face related to our land-based missiles and, to my knowledge, it makes none of our problems more difficult. We should keep our land-based ICBMs, and they should be modernized. Finally, if we take reasonable steps to deploy a new survivable land-based ICBM, we should be able to improve the stability of the strategic balance, increase the military options available to an American president, and provide a strong incentive to the Soviet Union to negotiate more stringent limits in future agreements.

DR. MICHAEL M. MAY'S TESTIMONY

The question I will address in this testimony is how to retain a deterrent force under SALT. The most urgent part of that question is what to do about the anticipated vulnerability of the U.S. ICBM missiles and that is what I will mainly talk about, but the ICBM question cannot be resolved without considering the entire deterrent force and some of its problems.

I believe there is general agreement that a deterrent force is supposed to deter nuclear attack on the U.S. and its allies; such drastic aggression as might not be settled without nuclear war; and nuclear coercion. The size and makeup of the force that will do those jobs have long been subjects of debate, but it is clear that the force must be in being before the crisis occurs and that it must be able in fact and appearance to survive an attack and the utilizable afterwards.

Right now, the U.S. force that would survive and be utilizable after a full-scale surprise Soviet attack on it, that is, the alert, survivable and reliable fraction of the U.S. force, consists of between 3,000 and 4,000 nuclear weapons of various yields. Measures of the utility of the various yields can be arrived at in several ways, depending on effectiveness, of something over 1,000 equivalent megatons.

That is a lot of yield, even though it may be only 1/5 to 1/10 of the Soviet first strike equivalent megatons. It is probably enough to destroy most but not all of the known Soviet military force: air and naval bases, including submarines in port and planes on the ground; major army installations; major supply and communication centers; some but not all hard nuclear sites; the most essential war industries. It is enough also to provide for a reserve of weapons that would not be used at once, but that could destroy Soviet cities and economic capability, and would serve to prevent our being left disarmed against Soviet reserves.

I believe the threat of prompt and assured military defeat rather than some undefined and probably unusable threat of holocaust is the best deterrent. While the alert, reliable, survivable force we have now does not guarantee that we can promptly and assuredly cause the Soviet Union a military defeat, its use (assuming the worst, an attack on the U.S.) would make the further prosecution of the war by the Soviet Union very difficult and would almost surely give us enough time to prevent their terminating the war on their terms.

Right now, the U.S. ICBM force provides about 50% of this alert, reliable, survivable force. The rest is provided by bombers on alert status—that is, ready to take off within a few minutes—and submarines in operational zones. We have more forces which are not on alert and which would be quite vulnerable to a surprise Soviet attack. To the extent that we have indications of Soviet intent to attack—for instance, through political tension, or evacuation, or increased alertness of their strategic forces—we can put more of our bombers and submarines on alert, for a time that is limited by crew and equipment availability.

The ICBM's not only provide about 50% of the alert survivable force, they are also qualitatively-different from the bombers and submarines. They have less need of warning than bombers and no need to penetrate enemy defenses; they have different and probably better communication links than submarines; they must be attacked with different weapons than either bombers or submarines. As has been repeatedly emphasized, the three elements together—ICBM's, bombers and submarines—are more difficult to attack than any one or two of them, and are more flexible in their response.

The reason for the concern about ICBM's, is the forecast that by the mid-eighties the U.S. ICBM force could largely be destroyed by a Soviet attack. With it would go about 50% of our alert, reliable, survivable force as well as the qualitative advantages noted above, while the proportional cost to the Soviet forces would be far less. The Soviet Union would therefore benefit in a military sense from an attack on these forces. The value of this potential benefit in day to day politics, or in crises, or in war, given the risks that attend an attack, can and has been debated at length. I can add little to the debate, except to say that having about 50% of our bottom line deterrent subject to destruction by a first strike is not a satisfactory outcome for years of technological development, investment and SALT negotiations.

It is possible, of course, to plan on launching the ICBM force on warning of an attack, before the attacking weapons actually explode. There would be very little time for the President to decide whether to do that. Furthermore, no warning network is 100% reliable. It would be preferable to devise a new system that could replace the present Minuteman ICBM system and retain its major advantages. Unfortunately, that task has proven to be very difficult, largely because of the size and accuracy of the possible Soviet attack.

There are only four ways to protect missiles, on land or anywhere else: to harden them, to defend them, to keep them moving and to hide them. Hardening, given anticipated Soviet accuracies and yields, requires going so deep underground that the missiles could not be launched for days, perhaps weeks after an attack. Active defense is under study but no sufficiently reliable system has emerged from the studies to warrant going beyond R&D. In addition, active defense is banned by the ABM Treaty as it now stands. Keeping the missiles continually on the move, on planes or trucks for instance, is extremely expensive and has weaknesses of a security, safety and environmental nature. Moving them only after receiving warning would lose the present advantage of ICBM's, that they do not require warning.

That leaves hiding, that is, some mode of deception. Deception in one form or another is the essential element in providing survivability for the ICBM systems being considered today. It is not entirely satisfactory. It raises difficulties in connection with SALT verification and with security maintenance. But so far no one has come up with anything else that better meets all the requirements and constraints.

Deceptive land basing for ICBM has a relatively long history of studies, reaching back to the 1960's. Most variations and most arguments have been considered several times by several groups of people. The latest version, the so-called MX race track concept, is a relative newcomer. It has been described to this Committee. It is more expensive and more complex (and in my judgment, less certain to operate properly) than other alternatives. Perhaps most important, it would take a long time to deploy, too long to be in time to meet the Soviet threat to Minuteman. It has these defects because, even though it is a mobile system in which deception must be maintained, it is being designed to follow SALT verification precedents which require that the ICBM launchers be counted at the site of the deployment. I believe that this approach to verification, which applied to fixed launchers under SALT I and will apply to them under SALT II, does not provide the right model for verification of deceptive mobile systems.

A quicker, cheaper and more flexible way to preserve the survivability of the U.S. ICBM force (at least of half of it), in my opinion, would be to redeploy the present Minuteman missiles, with some modification, using the present Minuteman bases and public roadways and some 10,000 places (shelters, garages, and others) in which the missiles could be hidden. Such deployment, if pursued with some urgency, should shave about four years and 15 billion dollars from the proposed MX race track deployment. It would also be a relatively flexible way to go. For instance, the number of hiding places could be expanded if needed as a hedge against a greater Soviet RV deployment than we are expecting. The design and spacing of the hiding places could be altered as the system is designed and deployed and we learn more about it, and more than one design could be tried out. Political and legal difficulties connected with buying land and putting out environmental impact statements in areas where Minuteman is not now deployed might perhaps be largely avoided.

Whether Minuteman or MX is used as the missile, if ICBM's are to be deployed in a deceptive mode, their number should not be verified at the sites of their deployment. Maintaining deception, whether on land or elsewhere, is always difficult and one can never be 100 percent certain that adequate security has been provided. Attempting to introduce cooperative verification measures so that the number of ICBM launchers can be verified at or near the area of deceptive deployment makes the maintenance of security even more difficult and uncertain. I have participated in these attempts over the last two years and I do not believe they have led to a successful result. Not only is the resulting system itself less than satisfactory, but there is no guarantee that the Soviet Union would, if it wished to base its ICBM's deceptively at some time in the future, follow a U.S. precedent that leads to a cumbersome, expensive and possibly insecure system.

A better approach to verification, it seems to me, would be to verify the number of mobile and deceptively based ICBM's in a way generally similar to what is used to verify the number of the other mobile and deceptively based systems controlled under SALT, namely, bombers and submarines. These numbers are verified in part by counting at or near the production sites, together with collateral information.

If we merely redeploy Minuteman, as suggested above, such an approach to verification would pose the Soviet Union no problem. The Soviets know how many Minuteman ICBM's we have, to good enough accuracy for all strategic purposes, and they also know that the Minuteman production line is closed. We could offer on-site inspection to make the verification surer. Thus there is no conflict between our meeting, in a timely and effective way, the problem which the Soviet Union has caused us in making our ICBM's vulnerable, and the Soviet Union maintaining an adequate knowledge of our forces such as may be needed for a continued and successful SALT process.

If we decide to get MX missiles instead of keeping Minuteman missiles, or if at some time in the future the Soviet Union decides to base its own ICBM's deceptively (which they have little incentive to do since our forces do not pose a serious first strike threat) we will need some SALT provision under which verification of the numbers of these new missiles could be arranged. To meet that contingency, the U.S. could propose that deceptive basing be allowed, for ICBM's as for planes and submarines, when and only when the number of units produced (and destroyed) can be verified with adequate accuracy. Adequate accuracy need not mean 100 percent accuracy, for ICBM's, but accuracy adequate for strategic purposes, say, for the sake of example, within 20 percent. The party doing the verification would have to be satisfied, so that either on-site inspection or perhaps a less intrusive cooperative method is likely to be needed.

If the Soviet Union accepts this proposal, we would have better arms control. We would be limiting and verifying missiles rather than launchers, which is to say, we would be coming closer to limiting and verifying actual weapons.

If the Soviet Union does not accept, I think we should proceed with our rebasing of ICBM's anyway. In a situation where 50 percent of our deterrent force is at stake, we should put timely and effective preservation of that force first and immediate progress at SALT second. In the longer run, the SALT process itself will be healthier if it is not allowed to lead to an increased advantage of first strike forces over deterrent forces.

I believe, in addition, that the Soviet Union would eventually accept this approach to the ICBM rebasing problem. They have on other occasions accepted the U.S. approach where U.S. systems which we considered vital to our security were at stake, for instance in the case of the forward based systems and the strategic cruise missiles. We have accepted Soviet approaches where Soviet systems which they considered vital were at stake, as in the case of heavy missiles and of Backfire bombers. The Soviet Union stands to lose nothing by accepting the proposal outlined above, except the chance to cost us time and money. Their present programs are not affected. They could continue to emplace large missiles into silos under presently agreed provisions, which is what they seem most interested in doing.

Even if the Soviets never accept the proposal outlined here, we will be no worse off than we are now. We do not know now how many ICBM's they have. We rely on approximate intelligence estimates to plan a survivable force. None of this would be changed by their refusing to abide by verification constraints which we would consider adequate on their future deceptive or mobile ICBM rebasing. The only significant strategic change would be that we would be able to pursue an effective course in dealing with the problem of vulnerability of our ICBM's.

The proposal to verify production and destruction of mobile and deceptively based launchers of such ICBM's at the deployment ICBM's rather than attempt to count launchers of such ICBM's at the deployment site could be introduced as a replacement for the Protocol. The Protocol as it stands now does not make satisfactory provision for survivable land based systems. It merely delays testing and deployment of mobile systems, whereas less vulnerable basing, of which deceptive basing is an instance, should be encouraged, not discouraged, by SALT.

Rebasing Minuteman would serve to maintain our deterrent forces in the mid-eighties and for some time beyond. It is far from the last thing that needs to be done, however, all existing strategic systems will wear out. In addition, the technologies for survival, for verification, for attack and defense, will continue to change regardless of agreements. Such technologies are closely tied to civilian technologies and cannot be frozen.

Thus, we should not lock ourselves into systems the major features of which are dictated by the perceived need to adhere to verification standards that were never designed to cope with the present technological and strategic dilemmas. The SALT process should instead evolve in such a way as to permit the timely maintenance of assured and not too costly deterrent forces. The present SALT II Treaty seems adequate from this point of view for the period during which it will be in force, except that I believe it needs a change as outlined in order to deal appropriately with the dangers to U.S. ICBM's which we see coming.

STATEMENT OF PAUL H. NITZE

Assessment of deterrence depends significantly on our day-to-day alert forces. Our day-to-day alert forces must have adequate survivability in the face of any attack which might be made against them. The surviving forces must be appropriate for their mission, responsive to command and control, able to penetrate defenses intended to blunt their effectiveness, and capable of putting out of action the targets that must be eliminated if we are to pursue a rational strategy were war to come.

In addition to these straightforward considerations, insurance against unforeseen vulnerabilities can be provided by utilizing a diversity of forces.

The objective of diversity is to distribute our deterrent capability through different forces having a variety of survival modes, defense penetration techniques, and attack characteristics so that no single breakthrough by an opponent either in destroying our forces before launch, or in defense against our surviving and counter-attacking forces, would significantly reduce our second strike and reserve capability. Moreover, such variety would also lessen the vulnerability of our forces to a single force-wide weakness.

A minimal approach to diversity is a triad of forces providing two different survival modes and two different penetration modes for (a) time-urgent hard and soft targets, (b) non-time-urgent hard and soft targets, and (c) targets enduring more than a day. Both survivability and confidence in the ability of the force to penetrate should be considered when matching specific systems to target classes, as shown in Table 1 on the next page.

Table 1 divides targets into three classes; time-urgent, non-time-urgent, and enduring, and each of these into hard and soft.

You will note that only our SLBMs can now be expected to have a capability to endure more than one day, and they have little capability against hard targets.

TABLE 1.—STRATEGIC FORCE EMPLOYMENT, SURVIVAL, AND PENETRATION CHARACTERISTICS

	Appropriate target class							
	Time-urgent (within 15 to 40 min)		Non-time-urgent (within 6 to 12 hr)		Enduring (within 1 to 30 days)			
	Hard	Soft	Hard	Soft	Hard	Soft	Survival mode	Penetration mode
CBM's	Yes	Yes	[1]	[2]	[1]	[1]	Hardened and dispersed	Hypersonic reentry, low radar crosssection, chaff and decoys masking real versus false targets, ABM treaty limitation on ABM defenses.
SLBM's	[3]	Yes	[3]	Yes	[3]	Yes	Concealed mobile	Hypersonic reentry, high arrival rates.
Bombers with ALCM's	No	No	Yes	Yes	No	No	Takeoff on warning but vulnerable if not promptly used.	Low altitude flight, reactive defensive avionics, and variety in penetration and defense suppression modes. (SRAM's, ALCM's, etc.)

[1] Only if deployed in an MVPS or effective mobile (Racetrack?).

[2] Only if deployed in either an MVPS or effective ground or air mobile mode.

[3] Only if SLBM's are provided with RV's with a combination of higher yield and greater accuracy

You will also note that it is only the ICBMs that have a significant capability against time-urgent hard targets.

Our bomber cruise missile capability is limited to non-time-urgent targets. Few, if any, of our heavy bombers are expected to endure more than a day or so. They must be used within the first few hours. Those that disperse or return suffer grave danger of destruction on their bases.

To achieve the capabilities to fight a war, and thus to deter one, we must both give our SLBMs a greater hard target kill capability and give our ICBMs the ability not only to survive for an immediate launch but to endure for more than a day.

The ICBM force has played a dominant role in determining the military capability of our strategic forces.

The central issue that must be considered is what to do about our ICBM force to restore the declining credibility of that leg of our deterrent. Some of the alternatives are as follows:

a. Accept the intrinsic vulnerability of our fixed silo-based missiles and count on only a small residual ICBM force surviving an attack, thus essentially being driven to acceptance of a dyad.

b. As in (a), accept the vulnerability of our ICBM silos but deploy a larger missile in the silos to increase the power of those few ICBMs which might survive.

c. Adopt a launch-under-attack policy and perfect such a capability.

d. Provide dedicated ICBM silo defenses.

e. Re-base our ICBMs in a mode which maintains adequate ICBM survivability and endurance, and thus satisfies our crisis stability and sufficiency requirements.

Alternative (a) results in a dyad and eventually a monad. A survivable and enduring U.S. counterforce-capable ICBM system is required to ensure a diverse enduring retaliatory capability against all types of targets. A dyad will not meet that requirement.

Deployment of a larger missile in the MINUTEMAN silos, alternative (b), does nothing to solve the silo vulnerability problem and in addition has the negative feature of a threatening, but vulnerable, U.S. first-strike counterforce capability. Accordingly, it would increase crisis instability and the prospect that deterrence would fail.

Alternate (c), launch-under-attack, refers to launching a threatened force once unequivocal assessment is received that an attack on that force is in progress, and before the attack reaches a point where it prevents a launch. It requires highly reliable command, control, and communication systems and extremely rapid decision-making. The decision time projected to be available varies, from about 3 minutes in complex scenarios utilizing SLBM attacks on communication modes and pindown of MINUTEMAN, to about 15 to 20 minutes in a straightforward ICBM attack on MINUTEMAN. However, an important issue surrounding the launch-under-attack option is "launch what against what Soviet targets—upon what degree of evidence that an attack of what size is underway against what U.S. targets?" Extremely difficult considerations are involved in answering those complex questions. Should the President be asked to resolve them in the few minutes which may be available to him, or should the answers be preprogrammed into a computer? Neither alternative is without immense dangers.

Alternative (d), that dedicated ICBM silo defenses be deployed as a solution to our current and future silo vulnerability problem, would require Soviet agreement to modify the ABM Treaty so as to allow for the eventual deployment of dedicated defenses.

Dedicated ICBM defenses can be of significant benefit when used as an overlay to an already reasonably survivable ICBM system. Against a maximum threat, it would be possible to complicate any Soviet attack with a preferential ABM defense of missiles deployed in an effective dispersed deceptive basing mode.

A number of alternate basing concepts, alternative (e), have been proposed which enhance ICBM survivability through a multiple vertical protective structure system (MVPS);[1] air mobility, other forms of MAP employing transporter/erector/launchers (including the Racetrack system) or by other deceptive actions. As stated in General Allen's letter of December 29, 1978, over the last ten years about 30 alternate basing modes have been investigated in detail; and after extensive reviews and evaluations, the MVPS system was found to be the best technical solution that retains the unique, positive characteristics of the ICBM force. The Racetrack system may, or may not, be comparably effective but will certainly be more expensive.

Purely mobile concepts tend to rely on strategic and/or tactical warning both to enhance survivability and to reduce operating costs. Air mobility has much the same survival and durability vulnerabilities characteristic of the bomber force and therefore does not contribute significantly to force diversity. Pure land mobiles are dependent on warning, and are vulnerable to an area Soviet barrage attack.

Since the MVPS ICBM deployment concept achieves survivability through uncertainty in location, its deployment may raise questions concerning verification. In assessing this problem it should be emphasized that the advantages the MVPS basing offers in increasing survivability and thus enhancing stability and deterrence, and thus reducing the risk of war, far outweigh the strategic significance of uncertainty in verification. It should also be noted that *all* alternate basing concepts currently under consideration raise some verification issues, but that cooperative methods can reduce Soviet verification uncertainty to very low levels.

Two additional points should be made. It is wholly feasible for the U.S. to give the USSR high confidence that we are not deploying more than one canister containing a missile per MVPS launch complex. If the Soviet Union wished to give us similar high confidence, if they developed an MVPS system, they also could do so. If they wish to deny us verifiability of the number of ICBMs they deploy, they can do so, whether they deploy an MVPS or not. It is unlikely they would wish to deploy a mirror image of our Racetrack system.

It is reported that as a part of the current SALT II deliberations two demarches were made by the U.S. side to the Soviets stating that we interpret the SALT II provisions to permit the deployment of an MPS system after the expiration of the Protocol.

The demarches referred not to multiple silos but to hardened launch points (which, as phrased, could include not only vertical structures but also horizontal structures). The Soviet side focused on the distinction between vertical structure deployments and horizontal structures protecting mobile transporter/erector launchers. They unambiguously stated that a vertical deployment mode would involve additional fixed ICBM launchers which are prohibited by the Treaty They also implied, however, that the horizontal shelter deployment mode, if associated with transporter/erector/launchers (TELs), might be considered to be a mobile system permissible after expiration of the Protocol but requiring that each TEL be counted under the ceilings on numbers of ICBM launchers. The new proposed Racetrack system appears to satisfy the Soviet position on the requirements for a permitted mobile system.

The Soviets might or might not respond to a U.S. deployment of an MVPS or Racetrack system. It would be feasible, by the late 1980s or the 1990s, for the Soviets, in the absence of SALT, to deploy more highly fractionated payloads with up to about 20 to 30 RVs per SS–19-type missile, and up to about 30 to 40 RVs per SS–18-type missile. These RVs would have to have smaller weight and thus yield, and therefore would have to have improved accuracy to maintain the same single shot kill capability. There would be severe technical problems involving accuracy and reliability, and financial and availability of fissionable material considerations could arise. But it is not certain that such considerations would preclude such a Soviet response.

SALT II limitations cannot be helpful unless continued beyond 1985 in SALT III. The currently agreed SALT II provisions include a maximum fractionation limit of 10 RVs per ICBM and 14 RVs per SLBM. The number of RVs in the overt threat is therefore limited under SALT II but only until 1985. The earliest deployment of the MX will be after 1985.

However, even if the Soviets developed and deployed highly accurate, high fractionation RVs, and even if they covertly deployed additional missiles, an MVPS or Racetrack system would exact a very high price for each U.S. missile destroyed. An MVPS or Racetrack system would restore the stable pre-1978 situation in which an attacker could not expect to destroy, in an initial attack, as many missiles as he expended in that attack. The incremental cost of adding additional shelters and thus aim points would be much less under the MVPS system than under the Racetrack system.

Modernization of U.S. strategic nuclear forces with emphasis on survivability and endurance together with careful attention to the roles assigned to each part of the force structure should greatly diminish the likelihood of any rational Soviet decision to attack these forces or, directly or indirectly, to threaten such an attack. It would also provide the best hope for survival should any such attack, intended or resulting from an unintended chain of events, occur. In the longer run, it should also make equitable and constructive arms control more feasible and more likely.

Statement By Hon. William J. Perry

[Figures mentioned in the text not printed in the Record.]

Mr. Chairman and Members of the Committee:

I am pleased to testify before you today on MX and our planned program of Strategic Force Modernization.

The testimony is divided into three parts. First is an overview of our Strategic Force Modernization Program. Next, the major portion of my testimony will address the MX program—missile and survivable basing system—which the President has recently approved. Finally, I will review the impact of our planned modernization program on arms control.

STRATEGIC FORCE MODERNIZATION

The primary objective of our strategic forces is to deter nuclear war. The present TRIAD of strategic forces has been successful in achieving this objective since the 1960s. This TRIAD of forces includes:

(1) ICBMs—more than 1,000 Minuteman and Titan II launch vehicles with a total of more than 2,000 warheads;

(2) SLBMs—more than 600 Polaris and Poseidon launch vehicles with nearly 5,000 total warheads; and

(3) Heavy Bombers—more than 300 B–52s with a total of more than 2,000 warheads.

In aggregate we have more than 9,000 warheads, comprising a powerful deterrent force. Given the size and strength of this force, some have questioned the need for modernization. While it is true that the present balance is adequate in terms of our objectives of deterrence and equivalence, we face challenges for the future that we cannot ignore. Indeed, while the strategic balance through 1985 will continue to be adequate, it will be less favorable to us in the early 1980s than it is now. That is true with or without a SALT II agreement.

The first challenge is the obsolescence of our own strategic forces. We need to modernize, improve, and in some cases replace these strategic forces in order to maintain a responsive and reliable deterrent, and we will need to do so regardless of the status of SALT.

The second challenge we face is the growing vulnerability of our ICBM force. By the early 1980s the Soviets will have the combination of guidance accuracy and warhead numbers that will give their ICBMs the theoretical capability to destroy most of our Minuteman force in a preemptive attack. Fortunately, the future vulnerability of the Minuteman force does not imply the concurrent vulnerability of the United States. We can afford some temporary degradation in the ICBM force because our overall strategic capability will remain strong. The other two legs of the strategic Triad are not now threatened in the same way as our ICBMs. But we have decided to build up the leg of the Triad that is temporarily weak so that should other parts of our strategic forces become more vulnerable at some later time, our overall strategic deterrent will not be eroded.

A third challenge is the possibility of longer term threats to our bombers and missile-carrying submarines. Under some circumstances Soviet SLBMs could pose a significant counterforce threat to our bombers, by barrage attack on our present SAC bases. There is also the potential of our bombers being destroyed with an ICBM barrage attack. The larger number of ICBM RVs (relative to SLBM RVs) could compensate for the longer time available for bomber escape, so that even though the bombers get off the ground, they may not escape the area that is barraged. Our air-breathing force will also have to deal with the growing Soviet air defense threat posed by look-down, shoot-down interceptors and advanced surface-to-air missiles currently under development Well into the 1980s our bombers will be able to penetrate Soviet defenses—and our ALCMs indefinitely.

Fortunately, we are also quite confident that, through the 1980s—which is about as far as we can confidently predict—our SLBMs cannot be located by Soviet anti-submarine warfare forces sufficiently well for an ICBM barrage attack to be effective against them. But we are not so sure what ASW capabilities the Soviets may develop and deploy in the 1990s, so we cannot simply assume that our SLBM force will remain invulnerable indefinitely.

To meet these challenges, we have been working to find ways to restore the survivability of ICBMs, to maintain our SLBM survivability into future decades, and to strengthen the survivability of our air-breathing forces. We have programs in the works to do all of these things.

The most difficult issue to resolve has been the survivability of the land-based leg of the Triad; as I said earlier, this is the single most serious strategic problem we face at the present time.

We have sought a solution to this problem that will satisfy our military requirements and be consistent with our efforts to have verifiable strategic arms limitations. Because it is relevant to SALT II and important to the future viability of our strategic forces,

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[1] A multiple protective structure (MPS) system employing vertical structures.

I would like to describe the MX and its basing system in some detail.

MX

In June the President approved full scale development of the MX missile. MX is the largest new missile permitted under SALT II. It will be 71 feet in length and 92 inches in diameter, weighing 190,000 lbs. With a throw-weight of 7,900 pounds, the MX can be loaded with 10 Mk-12A reentry vehicles. Assuming that SALT II constrains ICBMs to no more than 10 reentry vehicles, the MX will have a military capability equivalent to the SS-18, the largest Soviet ICBM.

Last week the President approved the mobile basing system for MX. This basing method evolved from previous designs of both the underground trench and surface horizontal shelters. The concept combines the most desirable features of these two approaches. Derived from the trench concept are system confinement and the associated benefits to verification; an integral transporter-erector-launcher (TEL) which makes it unambiguously clear that shelters are not launchers; and rapid force reposturing or dash on tactical warning. Derived from the horizontal shelter concepts are lower cost designs; reduced environmental impact; improved options for preservation of TEL location uncertainty; and, greater public acceptance in the states where the system will likely be deployed.

Each TEL is confined to operate on a loop type road network with shelters located on spurs as depicted in Figure 1. Figure 2 shows a sketch of the shelter concept. The shelters are hardened and have openable roofs for verification.

Figure 3 shows a sketch of the TEL concept and lists some of its characteristics. The complete TEL is parked in a shelter in the normal, peacetime operating mode. The missile can be launched from the TEL on the road—the shelter is not required for launch. When launching the missile from inside the shelters, the TEL mechanism pushes up through the shelter roof so there will be no problem of debris from a nearby nuclear burst blocking the door.

There are about 4,600 shelters deployed on 200 road loops. Each loop has 23 shelters, with only one TEL which carries one missile. Adjacent loops are not connected by roads capable of supporting TELs, and TELs cannot be moved from one loop to another without being disassembled and passed through the normal support process. The TELs are too heavy (about 700,000 pounds) and too cumbersome (about 180 feet long, 13 feet high and 13 feet wide) to operate off-road; they would sink into the surface, be trapped by small terrain variations, or tip over. Therefore, each TEL is confined to operate only within its 23 shelter loop; this aids verification.

The preferred deployment area is a series of valleys in the western desert area. About 100 valleys appear usable based and topologic and geologic considerations. The valleys are not very large and on the average only a few loops will be in a single valley. This natural clustering feature adds another level of confinement to the system by impeding transfer of equipment throughout the deployment area except through well defined, observable entry and exit points.

Further enhancement of system verifiability is built in by the operations and flow indicated in Figure 4. The missile, its canister and communications modules are assembled in the designated assembly area (DAA) in facilities that are open to the extent possible (e.g., openable-roof facilities). The assembly process is designed to take a significant time (about one week) and only one missile is in work at any time.

The missile, its launch-related equipment and TEL subassemblies are shipped at a slow pace to the designated deployment area (DAA) on a special railroad. A spur of the special track connects each valley to the mainline and there is a major barrier which must be removed before the flatcar can enter the valley. The barrier is designed to require a considerable time period to disassemble, keeping the overall process slow.

Once in the valley the flatcar delivers the equipment to a final assembly area (FAA), but first has to pass through another barrier station. This second barrier is of the same type as the first one, increasing confidence that the TEL could not move undetected among the road loops.

The TEL is put together in final, workable form in the FAA and is then mated with the missile and launch-related equipment. This step ensures that the TEL cannot exist in its final operational form anywhere but at its deployment site in the DDA. Verificaion is thereby enhanced. After assembly, the TEL is driven into the road loop.

SURVIVABILITY

Survivability of the system is based on two independent elements: preservation of location uncertainty and a high degree of mobility.

Location uncertainty is maintained by periodically moving the TEL from one shelter to another and by making it impossible for remote observers to determine whether what is being made is indeed the TEL. Since the movement of the TEL from shelter-to-shelter occurs on surface roads out in the open, a visibility shield is used to cover it. This shield, illustrated in Figure 5, is provided by a special vehicle which can move alone, or straddle and move in unison with the TEL when the TEL is moved. After the TEL is relocated in a new shelter, the shield vehicle visits all the other shelters and replicates the procedures associated with TEL entry into a shelter. Thus, the identification of the shelter into which the TEL was inserted is denied.

Under normal conditions, the missile would be moved to another shelter in its cluster when maintenance is required, or at least once every few months if no maintenance was needed. The crew schedule for movements would be established so that no crew would know where more than a very few missiles were located. The many observables associated with movement of a 700,000 pound TEL and a 190,000 pound missile need to be simulated or masked in the overall process. In-shelter and in-transit signatures (e.g., electromagnetic, acoustic, and thermal emissions) will be simulated by a combination of countermeasures placed in the shelter and carried by the vehicle.

Denial of the opportunity to measure many of the system's observables is accomplished by a combination of exclusion from the immediate vicinity of the shelter (as is currently the case with the Minuteman silo sites) and by sweeping the area to detect sensors or agent operations. Seismic effects, however, are long-range and might be measurable by remote sensors. If this proves to be a real concern, the seismic effects can be simulated by carrying mass simulators in the shield vehicle whenever it is moving without a TEL. The need for mass simulators is not yet firmly established, but we plan to retain the option to include mass simulators should the need be established. Actual deployment of mass simulators would add $1.4B (in FY 80$) to the cost.

Survivability of the system is provided by this basing arrangement in three different modes of operation. First, the system can be repostured in a short time; using normal practices a few hours is achievable. This operating practice might be useful if some concern about location uncertainly develops, or if an international crisis appears to be developing. Second, if the location uncertainty becomes in grave doubt then the system, or a portion of it, could be placed in constant motion; if tactical warning indicates an attack, he TELs could then drive into the nearest shelters. Third, as an alternative to constant motion, the TELs could be poised to dash on tactical warning to reposture some designated percentage of the force during the flight time of attacking ICBMs (it is not feasible to do this during close-in SLBM flight times, although dash to a few of the nearest neighboring shelters is possible here). The dash on warning mode sizes the TEL's locomotion capability and allows any one of the shelters on the loop to be reached in the 30 minute ICBM flight time.

We have analyzed the MX system in response to a variety of Soviet counterforce threats. The threats considered ranged from a moderate Soviet buildup constrained by SALT II to a high Soviet buildup assuming SALT II never goes into effect. In each case the number of MX missiles and shelters were adjusted so that when the Soviets had expended all of their ICBM RVs in one-on-one attacks on MX shelters (after first attacking Minuteman), we still have some ICBMs surviving. This approach takes away any Soviet incentive to attack our ICBM force using their ICBM force, since they degrade their relative position by undertaking such an attack.

For example, if they launch their entire ICBM force against ours they would be left, after the attack, with their SLBM and bomber forces facing our superior SLBM and bomber forces plus the remaining U.S. ICBMs that have survived the attack. Should they choose to hold some ICBMs in reserve, they will still lose (although a smaller amount) relative to their position before the attack.

In response to a moderate Soviet buildup constrained by SALT II, we estimate that the MX program would require 200 missiles and 4,600 shelters at a cost of $33 billion in constant FY dollars. In reaction to a high Soviet buildup assuming SALT II never goes into effect, the MX program would require 400 missiles and 13,500 shelters at a cost of $59 billion in constant FY 80 dollars.

Even for this most very severe threat excursion, the MX system can be expanded to meet the threat even if it had to take the entire ICBM threat by itself. In fact, it is inconceivable that we would not also attempt to deter such an enormous (and enormously costly) Soviet buildup—if it seemed to be materializing—by augmenting other legs of the triad. For example, we could increase our deployment of cruise missiles and C-4 SLBMs.

We would not have significant programmatic difficulty in expanding MX to meet these advanced threats. We can build shelters, for example, at a rate of 2000 per year, or even higher under emergency conditions.

In MX system configurations, missiles and shelters can be traded off within wide limits without major changes in cost or survivability. Thus, our response to a breakout could emphasize either missiles or shelters, depending on available production resources and policy considerations.

VERIFICATION

Verification of the system is accomplished on the basis of several general characteristics which have been noted earlier. These include:

(1) A designated assembly area (DAA) used for the equipment, with operations conducted as openly as is feasible to aid observations by National Technical Means (NTM).

(2) Special transport techniques used to move the equipment from the DAA to the designated deployment areas (DDA). The uniqueness of these transport techniques aids in identification and monitorability.

(3) A final assembly area, used at the entry of the DDA where the TEL assembly is completed and the missile is mated with the TEL. The TEL, therefore, only exists in the DDA.

(4) Barriers between the DAA and the

DDA. They require a significant time to disassemble in order to permit transit of equipment.

(5) Clustering of road loops in small groups in the valleys comprising the DDA. This makes transfer between groups impossible.

(6) No interconnection between road loops which would allow TEL transfer. Thus TELs cannot be transferred from loop-to-loop.

Openable roofs on the shelters permit viewing via NTM. The shelters would be opened periodically, (e.g., at major maintenance periods), and a specified number of openings would occur each year. Provisions for "on-demand" openings would also be made in order to handle ambiguous cases. The shelter roofs are opened by removing, by crane, a number of plugs built into the roof, as indicated in Figure 2.

We have made comprehensive assessments of the verifiability of the system. The results may be summarized as follows:

The Soviets can verify the proposed US system.

Soviet concern over US cheating should be negligible due to the availability of collateral information.

If employed by the Soviets, a system designed along the lines of MX would be verifiable by the US. We could monitor with high confidence the number of MX-type launchers the Soviets deployed in designated areas and would have high confidence that no such launchers were deployed elsewhere.

ENVIRONMENTAL AND PUBLIC ISSUES

The MX basing system involves "point security" practices. This means that only the land in the immediate vicinity of each of the shelters is withdrawn from public use. The area is about 2.5 acres per shelter—essentially the same as current Minuteman sites. Thus only about 25 square miles would be withdrawn from public use, including land for the assembly areas.

Every effort will be made to make MX energy self-sufficient. Each MX shelter may require 5–10 kw of power in steady-state operation, which results in several tens of megawatts of total power requirement. It appears feasible to power MX in peacetime by photo-voltaic solar systems emplaced at the shelters, along with some geothermal plants or windmills. This would avoid energy problems and also provide a pathfinder program for large scale production of commercially useful photo-voltaic systems. The size of the solar units would be in the range of interest for individual homes.

COSTS

The total DOD system costs for the current baseline concept are estimated in fiscal year 1980 dollars at $33 billion for acquisition and $440 million for annual operations and support. The costs include RDT&E for mass simulators in the shield vehicle and shelters. Actual deployment of the mass simulators would add about $1.4 billion to the acquisition costs and about $10 million to the annual operations and support costs.

The cost estimates have been carefully prepared, but with any complex system projected 10 years into the future there is bound to be uncertainty. "Improvements" will be resisted unless an overriding need can be demonstrated. However, there are some features which probably will ultimately be added to the system (e.g., mass simulators). Implementation of these improvements will be deferred until their need actually arises, though low-cost provisions will be made for them. Costs will also be influenced should the Soviets increase their ICBM threat beyond our estimates, especially in the absence or termination of SALT II. In that case we would expand the MX system in response and that would, of course, increase the cost (but by less than the soviet threat augmentation would cost them).

Incremental costs to expand the system are roughly $2.6 million per shelter against a proliferated Soviet missile threat and $2.0 million per shelter against a Soviet threat based on fractionation of the current missile inventory. These costs are slightly less than our acquisition cost per RV. While we do not know what Soviet RV costs are, we have no reason to believe them to be substantially different from our own. Thus there would be no advantage to the Soviets in pursuing an RV vs shelter race, considering that they would be investing in RVs based in vulnerable silos and obtaining no cost advantage in the process.

This is an expensive system, like all other major strategic systems we have built. In fiscal year 1980 dollars the Minuteman ICBM program cost $40B, the B–52 program cost $54B (not including the supporting tanker force and ALCM), and the Trident program will cost about $39B (assuming 25 submarines and 600 C–4 missiles). Annual operating costs of MX will be comparable to Minuteman, and about one-third those of the SLBM force or bomber force.

IMPACT OF STRATEGIC MODERNIZATION PROGRAM ON SALT

I have described for you today the strategic force modernization programs which the Administration has planned for the years ahead. These efforts have become an important issue in the debate over SALT II. In my view this is an entirely proper extension of the SALT debate. The value of SALT II cannot be determined in isolation; the treaty must be judged in terms of its effect on US-Soviet relations and on the overall defense posture of the United States.

As Secretary Brown has said repeatedly, SALT II by itself is not sufficient to ensure the strategic balance between the United States and Soviet Union. But it does permit us to take the steps necessary to maintain the strategic balance and it makes that task easier by putting important limitations on Soviet strategic forces.

With or without SALT we will need to modernize our strategic forces. During the lifetime of SALT II we will continue deployment of the Trident submarine and missile, we will begin to deploy ALCMs which will dramatically improve the capability of our bomber forces, and we will move toward 10C of MX in a survivable and verifiable basing mode. These programs are necessary because SALT will not solve all of our strategic problems, but SALT II will make the resolution of those problems easier than would be the case without an agreement.

The need for greater defense efforts has led some to ask whether SALT is really worth the effort, whether in fact it is arms control at all. My own view is that SALT II will make a valid and significant contribution to U.S. national security if it is combined with a vigorous program of strategic force improvements.

It is important to understand that strategic arms control and force modernization are not inconsistent undertakings. They are complementary ways of maintaining a stable nuclear balance between the United States and the Soviet Union. By modernizing and improving our strategic forces we can ensure that we are capable of meeting our defense objectives despite the continued Soviet buildup. By negotiating an equitable and verifiable SALT agreement we can constrain Soviet forces and limit the threat to which we must respond.

We must also understand that arms control cannot substitute for strategic force modernization. We need to pursue both courses of action, and this Administration is committed to doing so.

Arms control and force modernization are mutually supportive:

Arms control helps modernization: by limiting the Soviet threat, and by adding predictability to the Soviet force buildup we are able to respond more prudently and more efficiently in designing our own forces. Specific example: the SALT II limit on RVs per missile will make MX more survivable and less expensive.

Modernization helps arms control: by keeping our forces strong, secure, and survivable, we can negotiate with gerater confidence. This will also provide our adversaries with a greater incentive to negotiate.

The June decision on the MX missile was criticized by some on grounds that it would give the US a destabilizing first-strike capability, suggesting that we instead rely on smaller missiles such as Minuteman. This issue, of course, is not affected by the decision on the basing mode. The MX missile will be capable of attacking Soviet silos in the late 80's. In sufficient numbers it could give us effectively the same capability against silos that the Soviets will have in the early 80's. In the mid 1980's the ALCM will provide us with a capability (although not prompt) of the same sort, and SLBMs at some future date will probably achieve a counter-silo accuracy.

But in none of those cases, for ourselves or for the Soviets, will this amount to a disarming first-strike capability, since the very formidable at-sea SLBM forces of both countries (and the bomber/cruise missile force) will not be affected by an attack on silos. The primary advantage to the US of having the same counter-silo capability as the Soviets, besides the obvious perception reasons, is that by giving the Soviets the same problem that they gave us, we motivate them to go to smaller, mobile survivable ICBMs as did we. Smaller missiles are less threatening to the US, and stability will actually be enhanced if both sides move to survivable and verifiable ICBM basing.

In summary, MX is consistent with our arms control objectives for the following reasons:

(1) It restores confidence in the one vulnerable leg of Triad,

(2) It reduces the need to consider LUA as a policy option,

(3) It discourages the Soviets from preemptive attack (and encourages them to move to smaller, less threatening mobile ICBMs or to SLBMs).

STATEMENT OF AMBASSADOR RALPH EARLE II

The U.S. MX ICBM program is consistent with the SALT II agreement signed by the President in Vienna on June 18. Indeed, ensuring this consistency was one of our goals in negotiating the agreement with the Soviets.

Let me first review briefly with you the specific provisions in the agreement which are most pertinent to the MX ICBM.

Article II, Paragraph 1: The ICBM launcher definition includes mobile ICBM launchers. The Second Agreed Statement thereto provides explicitly that mobile ICBM launchers shall be counted in the aggregate after the termination of the Protocol.

Article IV, Paragraph 9: The ICBM "new types" limitation permits each Party to have one new type of light ICBM, thus permitting the U.S. MX ICBM.

Article IV, Paragraph 11: The one new type of light ICBM for each Party is permitted to have up to ten reentry vehicles. This will accommodate the U.S. plans for MX.

Article XV, Paragraph 3: This provision bans deliberate concealment measures which impede verification of compliance with the provisions of the Treaty. The mobile basing mode of the U.S. MX ICBM is being designed so that it will not violate the prohibition on deliberate concealment measures.

MX will be adequately verifiable by national technical means.

Article I of the Protocol: The Protocol ban on deploying mobile ICBM launchers and on flight-testing ICBMs from such launchers will run out at the end of 1981 when the Protocol terminates. In view of the MX schedule, these prohibitions will not affect the MX program. In addition, let me note that even during the period of the Protocol, the U.S. will be permitted (1) to test a mobile ICBM launcher short of flight testing the missile from the launcher, and (2) to flight-test MX ICBMs from fixed launchers. (However, the MX is currently scheduled to begin flight testing in 1983.)

As you know, last Friday the President announced his approval of the mobile basing plans for the MX missile, which Dr. Perry has just described. The U.S. has designed this system so that it will be adequately verifiable under the SALT II agreement.

The assembly of MX missiles, launchers, and transporters will be done in the open to the extent feasible.

Special transport techniques will be used to move each launcher and missile to the deployment area. This unique system, together with barriers between the deployment area and the assembly area, will provide confidence that only one launcher is deployed on each "loop road."

The "loop roads" will not be connected, so launchers cannot transfer from one to another.

The shelters at each "loop road" can be uncovered periodically. Thus, the Soviets will be able to verify that there is only one MX launcher on each oval "loop road."

It is important to note that paragraph 3 of Article XV of the Treaty does not prohibit deliberate concealment in general, but only deliberate concealment measures which impede verification of compliance with the provisions of the Treaty. The Treaty does not require that the sides know exactly where every strategic system is at every given moment. Rather, the Treaty sets numerical limits on strategic systems. Verifying compliance with such numerical limits requires counting the number of launchers deployed. This is already clear in the case of SLBM launchers on submarines. The submarines spend months at naval bases, which service as verification "choke points," initially for fitting out and later between patrols and for overhauling. This permits the U.S. to count the number of Soviet SLBM launchers with high confidence. However, the submarines deliberately conceal themselves while on patrol, but since this does not impede verification of compliance with the agreement, it is legal under SALT. The mobile basing mode of the U.S. MX ICBM system has been designed in an analogous fashion, and will be adequately verifiable under the SALT II agreement.

Should the Soviets decide to deploy a mobile ICBM force in the future, the United States will insist on the same high standard of verifiability.

Let me now turn to the discussions which the United States has had with the Soviets on this multiple protective structure (MPS) basing mode for the MX ICBM under the provisions of the SALT II agreement. This matter was raised by the Soviet Delegation in Geneva in the summer of 1978 when, referring to newspaper reports regarding a vertical MPS basing mode, they stated that it appeared that such a deployment would violate the ban on construction of new fixed ICBM silo launchers (in Article VII) and the ban on deliberate concealment measures. The United States Delegation replied that no decision had been made regarding a basing mode, but that whatever mode the United States adopted would be one that violated neither of the provisions cited by the Soviets. We further stated that the draft agreement expressly provided for the deployment, after Protocol expiration, of an ICBM system in which missiles and their launchers are moved from point to point. The subject matter was not addressed again by the Delegations. This issue was discussed on several occasions through diplomatic channels along the same lines. In particular, the United States has made clear to the Soviets that the various mobile ICBM systems we have considered, including ones in which the launch point would itself be hardened, are permitted during the post-Protocol period.

Prior to the Vienna Summit, the United States publicly announced that it intends to proceed with the MX system and described the various MPS basing modes under consideration. At Vienna the Soviets complained about the introduction of a new powerful missile and questioned the verifiability of its deployment. The President noted that the Soviets had already deployed missiles comparable in power to the MX and he assured them that the basing mode would be verifiable. Thereafter President Brezhnev signed the Treaty and the Protocol.

Let me add the following. The United States does not accept the Soviet argument (raised in the context of vertical shelters) that the MPS approach would involve construction of additional fixed ICBM launchers; the shelters in an MPS system are not ICBM launchers. These shelters could not launch an ICBM; rather they provide blast protection to the mobile launchers themselves. On the other hand, the mobile launchers may launch a missile whether or not they are in fact located in one of the shelters. MPS is a mobile system because the launchers, which contain the equipment required to launch the missile, would be moved together with the missile periodically from one shelter to another.

ORDER FOR THE SENATE TO PROCEED TO THE CONSIDERATION OF S. 480 TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the final disposition of the conference report tomorrow the Senate proceed to the consideration of Calendar Order No. 172, S. 480, a bill amending the Water Resources Planning Act to authorize appropriations for fiscal years 1980 and 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR JAVITS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, are there orders for the recognition of Senators on tomorrow?

THE PRESIDING OFFICER. There are none.

Mr. ROBERT C. BYRD. I thank the Chair. Mr. President, I ask unanimous consent that after the two leaders have been recognized under the standing order on tomorrow, the Senator from New York (Mr. JAVITS) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 12:15 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 12:15 p.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUMPTION OF THE UNFINISHED BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the hour of 12:45 p.m. tomorrow, the Senate resume the consideration of the conference report on the Panama Canal implementing legislation, and that the time thereon until the hour of 1:15 p.m. be equally divided between the Senator from Michigan (Mr. LEVIN) and the Senator from South Carolina (Mr. THURMOND).

The PRESIDING OFFICER. Without objection, it is so ordered.

LIMITATION ON TIME FOR RECOGNITION OF THE LEADERSHIP TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time of the two leaders on tomorrow be reduced to 10 minutes, to be equally divided.

Mr. BAKER. Ten minutes divided?

Mr. ROBERT C. BYRD. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF WATER RESOURCES LEGISLATION TO FOLLOW ACTION ON PANAMA CANAL CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I believe an order has been entered for the Senate to proceed to the consideration of Calendar Order No. 172, S. 480, upon the final disposition of the conference report on the Panama Canal implementing legislation tomorrow. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

RECESS UNTIL 12:15 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 12:15 p.m. tomorrow.

The motion was agreed to; and at 6:57 p.m. the Senate recessed until tomorrow, Thursday, September 20, 1979, at 12:15 p.m.

CONFIRMATION

Executive nomination confirmed by the Senate September 19, 1979:

THE JUDICIARY

Matthew J. Perry, Jr., of South Carolina, to be U.S. district judge for the district of South Carolina.

HOUSE OF REPRESENTATIVES—*Wednesday, September 19, 1979*

The House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

So faith, hope, love abide, these three, but the greatest of these is love.—I Corinthians 13: 13.

O Lord God, from whom we receive every good gift, we thank You for all the blessings of life. We offer our praise that You minister to us in the depths of our hearts; forgive us where we have missed the mark, give us strength when we are weak, and ever give us hope and vision for tasks ahead.

Above all we pray for the gift of love among all peoples. We acknowledge that You have first loved us and shown compassion to us. May we reach out to others in that same spirit of love and thus demonstrate more clearly the unity and the beauty of Your creation.

In the name of the Lord, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. MURTHA. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. MURTHA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 388, nays 10, answered "present" 3, not voting 33, as follows:

[Roll No. 480]

YEAS—388

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Buchanan
Burgener
Burlison
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Devine
Dickinson
Dicks
Dixon
Dodd
Donnelly
Dornan
Dougherty
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McDonald
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—10

Derwinski
Gray
Jacobs
Jenrette
Lloyd
Mitchell, Md.
Mollohan
Quayle
Schroeder
Wilson, Bob

ANSWERED "PRESENT"—3

Edwards, Calif.
Forsythe
Neal

NOT VOTING—33

Anderson, Ill.
Applegate
Badham
Beilenson
Boland
Brinkley
Broyhill
Burton, John
Burton, Phillip
Butler
Carter
Conyers
Diggs
Dingell
Downey
Duncan, Oreg.
Flood
Frenzel
Goldwater
Hagedorn
Howard
Kelly
McKinney
Marks
Mikva
Moffett
Pickle
Pursell
Runnels
Sharp
Treen
Weaver
Winn

☐ 1120

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a resolution of the following title:

S. RES. 236

Resolved, That the Senate disapproves of the regulations proposed by the Federal Election Commission relating to the funding and sponsorship of candidate debates, submitted to the Senate pursuant to section 315 (c) of the Federal Election Campaign Act of 1971, and received by the Senate on July 2, 1979.

The message also announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.
● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

S. 330. An act to amend title 38, United States Code, to establish certain procedures for the adjudication of claims for benefits under laws administered by the Veterans' Administration; to apply the provisions of section 553 to title 5, United States Code, to rulemaking procedures of the Veterans' Administration; to provide for judicial review of certain final decisions of the Administrator of Veterans' Affairs; to provide for the payment of reasonable fees to attorneys for rendering legal representation to individuals claiming benefits under laws administered by the Veterans' Administration; and for other purposes; and

S.J. Res. 90. Joint resolution to provide for the designation of a week as "National Recreation and Parks Week."

RECESS

The SPEAKER. Pursuant to the authority granted to the Chair on September 18, 1979, the House will stand in a brief recess while the Chamber is being prepared for the official photograph. The House will be in order when the photographs are taken. Members will please face the cameras. There will be about 10 flashes of the strobe lights, and the process will take about 10 minutes. About 5 minutes after that, we will go back into the House with the business of the House.

The Chair declares a recess.

Accordingly (at 11 o'clock and 23 minutes a.m.), the House stood in recess subject to the call of the Chair.

☐ 1130

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 11 o'clock and 31 minutes a.m.

RESIGNATION AS FLOOR ASSISTANT TO MINORITY LEADER OF HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following resignation as floor assistant to the minority leader of the House of Representatives:

REPUBLICAN POLICY COMMITTEE,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., September 17, 1979.
Hon. THOMAS P. O'NEILL,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I, Charles Leppert, Jr., do hereby submit my resignation as a Floor Assistant to the Minority Leader of the U.S. House of Representatives, pursuant to House Resolution Number 6, adopted, January 15, 1979, to be effective October 1, 1979.

Mr. Speaker, it has been a high honor and privilege to serve you as Speaker and the Members of Congress in the discharge of my responsibilities.

Sincerely,
CHARLES LEPPERT, Jr.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

DESIGNATING AND PROVIDING COMPENSATION FOR A MINORITY EMPLOYEE

Mr. RHODES. Mr. Speaker, I offer a privileged resolution (H. Res. 410) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 410

Resolved, That pursuant to the Legislative Pay Act of 1929, as amended, the sixth of the minority employees authorized therein shall be Edward R. Hamberger, effective October 1, 1979, until otherwise ordered by the House, to receive gross compensation pursuant to the provisions of House Resolution 119, Ninety-Fifth Congress, as enacted into permanent law by section 115 of Public Law 95-94.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT THURSDAY, SEPTEMBER 20, 1979, TO FILE PRIVILEGED REPORT ON BILL MAKING APPROPRIATIONS FOR DEPARTMENT OF DEFENSE FOR FISCAL YEAR 1980

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a privileged report on the bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CONFERENCE REPORT ON S. 237, FEDERAL MAGISTRATE ACT OF 1979

Mr. KASTENMEIER submitted the following conference report and statement on the Senate bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of United States magistrates, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 96-444)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of United States magistrates, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Federal Magistrate Act of 1979".

SEC. 2. Section 636 of title 28, United States Code, is amended—

(1) by redesignating subsections (c) through (f) thereof as subsections (d) through (g), respectively; and

(2) by inserting immediately after subsection (b) thereof the following new subsection:

"(c) Notwithstanding any provision of law to the contrary—

"(1) Upon the consent of the parties, a full-time United States magistrate or a part-time United States magistrate who serves as a full-time judicial officer may conduct any or all proceedings in a jury or nonjury civil matter and order the entry of judgment in the case, when specially designated to exercise such jurisdiction by the district court or courts he serves. Upon the consent of the parties, pursuant to their specific written request, any other part-time magistrate may exercise such jurisdiction, if such magistrate meets the bar membership requirements set forth in section 631(b)(1) and the chief judge of the district court certifies that a full-time magistrate is not reasonably available in accordance with guidelines established by the judicial council of the circuit. When there is more than one judge of a district court, designation under this paragraph shall be by the concurrence of a majority of all the judges of such district court, and when there is no such concurrence, then by the chief judge.

"(2) If a magistrate is designated to exercise civil jurisdiction under paragraph (1) of this subsection, the clerk of court shall, at the time the action is filed, notify the parties of their right to consent to the exercise of such jurisdiction. The decision of the parties shall be communicated to the clerk of court. Thereafter, neither the district judge nor the magistrate shall attempt to persuade or induce any party to consent to reference of any civil matter to a magistrate. Rules of court for the reference of civil matters to magistrates shall include procedures to protect the voluntariness of the parties' consent.

"(3) Upon entry of judgment in any case referred under paragraph (1) of this subsection, an aggrieved party may appeal directly to the appropriate United States court of appeals from the judgment of the magistrate in the same manner as an appeal from any other judgment of a district court. In this circumstance, the consent of the parties allows a magistrate designated to exercise civil jurisdiction under paragraph (1) of this subsection to direct the entry of a judgment of the district court in accordance with the Federal Rules of Civil Procedure. Nothing in this paragraph shall be construed as a limitation of any party's right to seek review by the Supreme Court of the United States.

"(4) Notwithstanding the provisions of paragraph (3) of this subsection, at the time of reference to a magistrate, the parties may further consent to appeal on the record to a judge of the district court in the same manner as on an appeal from a judgment of the district court to a court of appeals. Wherever possible the local rules of the district court and the rules promulgated by the conference shall endeavor to make such appeal expeditious and inexpensive. The district court may affirm, reverse, modify, or remand the magistrate's judgment.

"(5) Cases in the district courts under paragraph (4) of this subsection may be reviewed by the appropriate United States court of appeals upon petition for leave to appeal by a party stating specific objections to the judgment. Nothing in this paragraph shall be construed to be a limitation on any party's right to seek review by the Supreme Court of the United States.

"(6) The court may, for good cause shown on its own motion, or under extraordinary circumstances shown by any party, vacate a reference of a civil matter to a magistrate under this subsection.

"(7) The magistrate shall determine, taking into account the complexity of the particular matter referred to the magistrate, whether the record in the proceeding shall be taken, pursuant to section 753 of this title, by electronic sound recording means, by a court reporter appointed or employed by the court to take a verbatim record by shorthand or by mechanical means, or by an employee of the court designated by the court to take such a verbatim record. Notwithstanding the magistrate's determination, (A) the proceeding shall be taken down by a court reporter if any party so requests, (B) the proceeding shall be recorded by a means other than a court reporter if all parties so agree, and (C) no record of the proceeding shall be made if all parties so agree. Reporters referred to in this paragraph may be transferred for temporary service in any district court of the judicial circuit for reporting proceedings under this subsection or for other reporting duties in such court.".

Sec. 3. (a) Section 631(a) of title 28, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following: "Where the conference deems it desirable, a magistrate may be designated to serve in one or more districts adjoining the district for which he is appointed. Such a designation shall be made by the concurrence of a majority of the judges of each of the district courts involved and shall specify the duties to be performed by the magistrate in the adjoining district or districts.".

(b) Section 631(b) of title 28, United States Code, is amended—

(1) by inserting "reappointment to" immediately after "appointed or";

(2) in paragraph (1), by inserting ", and has been for at least 5 years," immediately after "He is"; and

(3) in paragraph (1), by inserting "or" at the end of subparagraph (A), by striking out "or" at the end of subparagraph (B), and by striking out subparagraph (C).

(c) Section 631(b) of title 28, United States Code, is amended—

(1) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and"; and

(2) by adding at the end thereof the following new paragraph:

"(5) He is selected pursuant to standards and procedures promulgated by the Judicial Conference of the United States. Such standards and procedures shall contain provision for public notice of all vacancies in magistrate positions and for the establishment by the district courts of merit selection panels, composed of residents of the individual judicial districts, to assist the courts in identifying and recommending persons who are best qualified to fill such positions.".

(d) Section 631 of title 28, United States Code, is amended—

(1) by redesignating subsections (f) through (j) thereof as subsections (g) through (k), respectively; and

(2) by inserting immediately after subsection (e) thereof the following new subsection:

"(f) Upon the expiration of his term, a magistrate may, by a majority vote of the judges of the appointing district court or courts and with the approval of the judicial council of the circuit, continue to perform the duties of his office until his successor is appointed, or for 60 days after the date of the expiration of the magistrate's term, whichever is earlier.".

(e) The merit selection panels established under section 631(b)(5) of title 28, United States Code, in recommending persons to the district court, shall give due consideration to all qualified individuals, especially such groups as women, blacks, Hispanics, and other minorities.

(f) Magistrates serving prior to the promulgation of magistrate selection standards and procedures by the Judicial Conference of the United States may only exercise the jurisdiction conferred under the amendment made by section 2 of this act after having been reappointed under such standards and procedures or after having been certified as qualified to exercise such jurisdiction by the judicial council of the circuit in which the magistrate serves.

(g) The amendment made by subsection (c) of this section shall not take effect until 30 days after the meeting of the Judicial Conference of the United States next following the effective date of this act.

Sec. 4. Section 633(c) of title 28, United States Code, is amended by striking out the final sentence.

Sec. 5. Section 604(d)(3) of title 28, United States Code, is amended by inserting immediately before the semicolon the following: ", including (A) the number of matters in which the parties consented to the exercise of jurisdiction by a magistrate, (B) the number of appeals taken pursuant to the decisions of magistrates and the disposition of such appeals, and (C) the professional background and qualifications of individuals appointed under section 631 of this title to serve as magistrate".

Sec. 6. Section 1915(b) of title 28, United States Code, is amended to read as follows:

"(b) Upon the filing of an affidavit in accordance with subsection (a) of this section, the court may direct payment by the United States of the expenses of (1) printing the record on appeal in any civil or criminal case, if such printing is required by the appellate court; (2) preparing a transcript of proceedings before a United States magistrate in any civil or criminal case, if such transcript is required by the district court, in the case of proceedings conducted under section 636(b) of this title or under section 3401(b) of title 18, United States Code; and (3) printing the record on appeal if such printing is required by the appellate court, in the case of proceedings conducted pursuant to section 636(c) of this title. Such expenses shall be paid when authorized by the Director of the Administrative Office of the United States Courts.".

Sec. 7. (a) Section 3401 of title 18, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) When specially designated to exercise such jurisdiction by the district court or courts he serves, any United States magistrate shall have jurisdiction to try persons accused of, and sentence persons convicted of, misdemeanors committed within that judicial district.";

(2) by amending subsection (b) to read as follows:

"(b) Any person charged with a misdemeanor may elect, however, to be tried before a judge of the district court for the district in which the offense was committed. The magistrate shall carefully explain to the defendant that he has a right to trial, judgment, and sentencing by a judge of the district court and that he may have a right to trial by jury before a district judge or magistrate. The magistrate shall not proceed to try the case unless the defendant, after such explanation, files a written consent to be tried before the magistrate that specifically waives trial, judgment, and sentencing by a judge of the district court.";

(3) by amending subsection (f) to read as follows:

"(f) The district court may order that proceedings in any misdemeanor case be conducted before a district judge rather than a United States magistrate upon the court's own motion or, for good cause shown, upon petition by the attorney for the Government. Such petition should note the novelty, importance, or complexity of the case, or other pertinent factors, and be filed in accordance with regulations promulgated by the Attorney General."; and

(4) by adding at the end thereof the following new subsections:

"(g) The magistrate may, in a case involving a youth offender in which consent to trial before a magistrate has been filed under subsection (b) of this section, impose sentence and exercise the other powers granted to the district court under chapter 402 and section 4216 of this title, except that—

"(1) the magistrate may not sentence the youth offender to the custody of the Attorney General pursuant to such chapter for a period in excess of 1 year for conviction of a misdemeanor or 6 months for conviction of a petty offense;

"(2) such youth offender shall be released conditionally under supervision no later than 3 months before the expiration of the term imposed by the magistrate, and shall be discharged unconditionally on or before the expiration of the maximum sentence imposed; and

"(3) the magistrate may not suspend the imposition of sentence and place the youth offender on probation for a period in excess of 1 year for conviction of a misdemeanor or 6 months for conviction of a petty offense.

"(h) The magistrate may, in a petty offense case involving a juvenile in which consent to trial before a magistrate has been filed under subsection (b) of this section, exercise all powers granted to the district court under chapter 403 of this title. For purposes of this subsection, proceedings under chapter 403 of this title may be instituted against a juvenile by a violation notice or complaint, except that no such case may proceed unless the certification referred to in section 5032 of this title has been filed in open court at the arraignment. No term of imprisonment shall be imposed by the magistrate in any such case.".

(b) The heading for section 3401 of title 18, United States Code, is amended by striking out "Minor offenses" and inserting in lieu thereof "Misdemeanors".

(c) The item relating to section 3401 in the table of sections of chapter 219 of title 18, United States Code, is amended by striking out "Minor offenses" and inserting in lieu thereof "Misdemeanors".

Sec. 8. (a) The first sentence of section 635(a) of title 28, United States Code, is amended by inserting after "including" the following: "the compensation of such legal assistants as the Judicial Conference, on the basis of the recommendations of the judicial councils of the circuits, considers necessary, and".

(b) The first sentence of section 634(c) of title 28, United States Code, is amended by striking out "clerical" and inserting in lieu thereof "legal, clerical,".

Sec. 9. The Judicial Conference of the United States shall undertake a study, to begin within 90 days after the effective date of this Act and to be completed and made available to Congress within 24 months thereafter, concerning the future of the magistrate system, the precise scope of such study to be recommended by the Chairmen of the Judiciary Committees of each House of Congress.

Sec. 10. Such sums as may be necessary to carry out the purposes of this Act are hereby authorized to be appropriated for expenditure on or after October 1, 1979.

And the House agree to the same.

Robert W. Kastenmeier,
George Danielson,
R. L. Mazzoli,
Lamar Gudger,
Robert T. Matsui,
Abner J. Mikva,
Tom Railsback,
Carlos J. Moorhead,
Hal Sawyer,
Managers on the Part of the House.

Edward Kennedy,
Dennis DeConcini,
Howell Heflin,
Strom Thurmond,
Bob Dole,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of United States magistrates, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

MAGISTRATE CIVIL CASE DISPOSITIVE AUTHORITY

In this regard, the Senate bill and the House amendment thereto were similar in substance. A compromise text was accepted by the conferees. With regard to the magistrate's section 636(c) case dispositive authority, the conference substitute makes clear the voluntary consent of the parties is required before a civil action may be referred to a magistrate for a final decision.

Further, the magistrate must be specially designated to exercise such jurisdiction by the district court or courts he serves. No categorization of types of cases to be tried by magistrates is to be allowed. Lastly, part-time magistrates, pursuant to the consent of the parties (after a specific written request), may exercise such jurisdiction subject to the following requirements: the magistrate must meet the bar membership requirements set forth in the legislation and the chief judge of the district court must certify that a full-time magistrate is not reasonably available in accordance with guidelines established by the judicial council of the circuit. Among others, suggested reasons for unavailability are illness, distance, and lack of a full-time magistrate. The workload of full-time magistrates, being a subjective determination, should not be considered as a major factor.

The conference substitute does not modify 28 U.S.C. 636(b)(3) which permits assignment to magistrates such additional duties as are not inconsistent with the Constitution and the laws of the United States. For example, that provision has been used as the jurisdictional basis in a number of districts for the reference of Internal Revenue summons matters to magistrates for a hearing and a recommended decision when the judge has entered an order authorizing such a hearing. This legislation would not affect that practice.

APPELLATE ROUTE IN CIVIL CASES

Appeals from magistrates' decisions in civil cases will be taken directly to the appropriate court of appeals unless the parties at the time of reference of the case to the magistrate agree to take any appeals to the district court. The conferees carefully weighed the merits of appeal to the district court being the rule with the option of appealing to the court of appeals if the parties consented. Although there are pros and cons to either approach, the conferees felt that litigants who consented to a case disposition by a magistrate were entitled to the same presumption as to route of appeal that litigants having their case heard before a district court judge were entitled. If the parties desire, they may further consent to appeal directly to the district court. Thus, the conferees retained an alternative appellate route. It is hoped that this will add needed flexibility to the Federal judicial system.

BLIND CONSENT FOR TRIAL OF A CIVIL CASE BY A MAGISTRATE

Both the Senate bill and the House amendment thereto address the issue of consent procedure. The conferees thought that both approaches had respective merits and a compromise was reached between the two. At the time an action is filed, or as soon thereafter as is feasible, the clerk of court is required to notify the parties of their right to consent to the exercise of the district court's jurisdiction by a magistrate, provided that the magistrate has been designated as competent to exercise the civil jurisdiction of the court. The response of the parties is communicated to the clerk of court and is not to be conveyed to any district judge.

The conferees felt that because of the possibility of coercion a strong warning should remain in the legislation that neither the district judge nor the magistrate shall attempt to persuade or induce any party to consent to reference of any civil matter before a magistrate. Further, rules of the court must include procedures to protect the voluntariness, knowingness, and willingness of the consent.

In addition, the conferees thought that once pretrial proceedings have commenced before a district judge or magistrate, the parties could consent to trial by a magistrate before either of these judicial officers. Of course, they also could return to the clerk's office and file their consent there. Again, in this circumstance, no coercion is to be tolerated.

COURT REPORTERS

The conferees are cognizant that with increased jurisdiction of the magistrate, assurance of an adequate record is essential. The conferees feel that the option of which method to use can best be determined by the magistrate and the parties involved in the litigation. Selection of how the record shall be taken should be based on such features as the complexity of the case, likelihood of appeal, cost involved, and time constraints.

SELECTION OF MAGISTRATES

Because of differences between the House and Senate approaches on merit selection of magistrates, a compromise was necessary. The conferees were in agreement that present unevenness on magistrate competence must be cured. Further, it was agreed that the success of the magistrates system under a consensual framework would require the confidence of the district court, the legal profession, and the parties.

Therefore, the conference compromise provides detailed legislative requirements for merit selection of United States magistrates. Among the most significant are the following: First, all new full and part-time magistrate appointments, or reappointments, are contingent upon the magistrate having been a member of the bar of the highest court of his state or territory for at least five years subject to the last proviso of 28 U.S.C. 636(b). Second, all selections must be pursuant to standards and procedures promulgated by the Judicial Conference of the United States. In this regard, the standards and procedures must contain provision for public notice of all vacancies and for the establishment by the district courts of merit selection panels, composed of residents of the judicial districts, to assist in the selection process. Pursuant to this provision, the Judicial Conference may establish different standards and procedures for the appointment of full and part-time magistrates. Third, magistrates serving prior to the promulgation of selection standards and procedures may only exercise the jurisdiction conferred by this legislation after having been reappointed under such standards and procedures or after having been certified as qualified to exercise such jurisdiction by the judicial council of the circuit in which the magistrate serves. This latter provision thus provides a quality control procedure for all sitting magistrates.

In brief, the conference substitute respects the spirit of both the Senate bill and the House amendment thereto: that the success of this reform will be determined by the magistrates who implement it. It is imperative, therefore, that they be qualified to meet their assigned functions.

Further, the conferees take notice of the fact that women, blacks, Hispanics, and other minorities are underrepresented in the Federal judiciary relative to the population at large, and the conferees intend that this factor be taken into account in the selection of magistrates. Public notice of vacancies in magistrates positions should be given and an affirmative effort made to identify and give due consideration to all qualified candidates including women, blacks, Hispanics, and other minorities. In order to maintain the confidence of the American public in the Federal court system, the conferees feel that all qualified applicants should be considered equally and that respect for the system is enhanced if it can be demonstrated that qualified people from all walks of life are able to strive for and achieve positions within the Federal judiciary.

YOUTH CORRECTIONS ACT

The Senate bill and the House amendment thereto both contained provisions setting forth the reach of magistrate sentencing powers under the Youth Corrections Act. The conferees agreed that a more detailed statutory clarification was necessary. To avoid the possibility of a youth offender being punished for up to six years for violation of a petty offense or misdemeanor, the conferees resolved that no youth offender could serve a longer sentence under the YCA than he could have served as an adult. This mandate—no more than one year for conviction of a misdemeanor or six months for conviction of a petty offense—explicitly is set forth in the conference substitute.

Also, to give guidance to the Bureau of Prisons and to preserve a core concept of the YCA—that rehabilitation should be substituted for retribution for the sentencing of certain types of youthful offenders—the conditional release and unconditional discharge provisions of the YCA are carried forward in the magistrates legislation. In brief, youth offenders sentenced by magistrates shall be released conditionally under supervision no later than 3 months before the expiration of the term imposed by the magistrate, and shall be discharged unconditionally on or before the expiration of the maximum sentence imposed.

JUVENILE DELINQUENCY

The Senate bill provided magistrates authority to process all juveniles accused of violations which would be a misdemeanor, including a petty offense, under 18 U.S.C. Chapter 403 (Juvenile Delinquency Act). In addition, the Senate bill authorized magistrates to incarcerate the juvenile for up to 6 months, and waived the certification by the Attorney General required under 18 U.S.C. 5032. The House amendment thereto had no comparable provision.

The House conferees rejected the Senate provisions and agreed to the following compromise: Magistrates are authorized to try juveniles with their consent and in petty offense cases only. No such case may proceed unless certification referred to in 18 U.S.C. 5032 has been complied with and no term of imprisonment shall be imposed by a magistrate in any case involving a juvenile under this section.

GUILTY PLEAS

The Senate recedes from its proposal to amend the Federal Rules of Criminal Procedure to permit a magistrate to accept guilty pleas in felony cases with the consent of the defendant. In lieu thereof, the conferees agree to send a letter to the Chief Justice of the United States requesting that the proper committees of the Judicial Conference of the United States study the issue of having magistrates accept guilty pleas in felony cases with the defendant's consent.

ROBERT W. KASTENMEIER,
GEORGE DANIELSON,
R. L. MAZZOLI,
LAMAR GUDGER,
ROBERT T. MATSUI,
ABNER J. MIKVA,
TOM RAILSBACK,
CARLOS J. MOORHEAD,
HAL SAWYER,
Managers on the Part of the House.
EDWARD KENNEDY,
DENNIS DECONCINI,
HOWELL HEFLIN,
STROM THURMOND,
BOB DOLE,
Managers on the Part of the Senate.

NIGERIAN PRICE INCREASE POINTS UP NEED FOR SENATE ACTION ON SYNFUELS BILL

(Mr. MOORHEAD of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, yesterday's headlines carried the news that Nigeria is considering another price increase for oil paid by U.S. companies and the companies of other nations. The oil is that portion which Nigeria receives as its share of partnership operations with United States and other oil companies—literally 6 out of every 10 barrels produced in Nigeria.

This price hike banditry that will be repeated time and time again or until we truly start on the road to energy independence through a combination of conservation and the development of petroleum alternatives or synfuels.

I hope the possible Nigerian action is duly noted by the Senate which is still considering legislation, passed by the House in June, to develop a commercial synthetic energy industry in the United States.

Synthetic petroleum from coal, shale, tar sands, biomass, and other materials can be a commercial reality in this Nation—despite the claims of opponents—within 5 years.

While this will not stop Nigeria and its OPEC brothers in the short run from jacking up their prices, it will insure that we will not be here 5 years from now—as we are 5 years from the first Arab oil embargo—asking how we can protect ourselves from the petroleum predators.

The time for timidity and nervous Nellies is behind us. The Senate should wait no longer to approve legislation to establish a commercial synthetic fuel industry in the United States. There is grave need to place a bill on the President's desk—and soon.

The fate of our Nation and its economy is not a partisan matter. The House recognized this on June 26 when it voted 368 to 25 to approve our synfuels bill.

The Senate can do better than it has to date and the proposal to develop a commercial synthetic energy industry is its opportunity to prove it.

The distinguished junior Senator from Washington (Mr. JACKSON), chairman of the Senate Energy Committee, has assured me that his committee will complete action on synfuel legislation and bring it to the floor of the Senate in the near future.

I believe that the actions by Nigeria dramatize the need for prompt action on this legislation.

CONGRESS MUST BITE BULLET AND PASS REGISTRATION

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, an article by George Wilson in this morning's Washington Post makes me want to say "we told you so."

General Allen, Air Force Chief of Staff, stated that the House's vote against peacetime registration indicates that the public does not appreciate the seriousness of manpower problems. The Air Force is not meeting its enlistment quotas and is not able to retain young pilots and navigators.

General Meyer, Army Chief of Staff, announced that male and female volunteers need have only a 10th-grade education. Army leaders say one of their biggest problems is caused by the high dropout rate among volunteers who do not complete their enlistment.

The Marines also under strength will just reduce their strength levels by 10,000 and use the money elsewhere.

Mr. Speaker, the manpower problems in the military are not going away and sooner or later this Congress must bite the bullet and pass registration and also a partial draft of up to 200,000 young men a year for the Individual Ready Reserve.

THE LEGISLATIVE VETO

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, there has been much controversy in recent months about the legislative veto which gives the elected Congress the right to veto rules and regulations of unelected bureaucrats.

The Members of this House have enthusiastically supported it, although there has been resistence in the other body.

I, therefore, note with a great deal of satisfaction that yesterday the other body actually exercised a legislative veto, vetoing regulations of the Federal Election Commission. It is especially noteworthy that during the course of the debate not one single Senator said the legislative veto was unconstitutional. Not one single Senator said it was unworkable. Not one single Senator said Congress did not have enough time to exercise its legislative veto powers. Not one single Senator said a legislative veto would usurp executive powers or turn the legislative process around. My! How times have changed.

I think maybe the Senate is catching up with the House now, and I commend them for it.

BUDGET OF HOPE

(Mr. SHUSTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUSTER. Mr. Speaker, the Republican Policy Committee, which I have the honor to chair, has unanimously endorsed a "budget of hope," a Republican substitute for the second concurrent budget resolution for fiscal year 1980.

The Republican "budget of hope" will slow the growth rate of Government spending while still providing a 6.87-percent increase in spending. It provides a $20 billion tax cut, reduces a Federal deficit to under $20 billion and encourages growth in productivity to help create jobs in the private sector.

It provides a clear difference with the majority resolution which we view as the "budget of despair," providing no tax relief and representing a surrender of any hope of balancing the budget in 1981. The time is long overdue to start putting an end to the reckless fiscal policies of the majority party and to begin restoring some semblance of sanity to this Nation's economic policies.

Once again the Democrats are turning a deaf ear to the message being shouted to Washington loudly and clearly by the American taxpayer, and once again the minority party is hearing and responding to that message.

I strongly urge all Members of Congress to avoid partisan politics and to join in this effort to give the American people a "budget of hope."

The Republican policy statement is included in Extensions in today's RECORD and I urge my colleagues to read it.

OIL COMPANY PROFITS

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, once again I feel compelled to raise the issue of oil company profits.

As we all know, the administration has set a goal of 240 million barrels of home heating oil in primary storage by the end of October. For the most part refineries have complied with the demands of the administration. They have been refining sufficient crude oil into home heating oil at a rate of nearly 1 million additional barrels per day.

However, it must be said that one of the byproducts of this massive buildup of inventory at the primary storage level is additional profits to the refiners. They have watched the price of heating oil rise by nearly 23 cents a gallon since the stockpiling program began in the spring of this year.

Mr. Speaker, the profits picture for the oil companies gets brighter and brighter while the economic status of the consumer gets darker and darker. The oil companies must all agree to either roll back prices or at least hold the line on prices before winter.

CONTINUING APPROPRIATIONS, 1980

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 408, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 408

Resolved, That upon the adoption of this resolution it shall be in order, clause 2(l)(6) of rule XI to the contrary notwithstanding, to consider the joint resolution (H.J. Res. 399) making continuing appropriations for the fiscal year 1980, and for other purposes, in the House as in the Committee of the Whole. No amendment to and no motion to recommit said joint resolution affecting the compensation provisions in section 101(d) shall be in order except (1) the amendment recommended by the Committee on Appropriations now printed in the joint resolution; and (2) if the committee amendment is defeated, an amendment in the following form: "On pages 4 and 5, strike out the parenthetical clause on line 25 and line 1; and on page 5, line 6, strike out the period and all down to and through the word 'Such' on line 23, and insert in lieu thereof ': *Provided,* That any', and after the word 'Constitution' on page 6, line 2, strike the period and insert the following: ': *Provided further,* That the provisions of section 304 of the Legislative Branch Appropriation Act, 1979, which limit the pay for certain Federal offices and positions, shall apply to funds appropriated by this Act or any other Act for the fiscal year 1980,'"; and said amendments shall not be subject to amendment but may be debated by the offering of pro forma amendments. No amendment to and no motion to recommit said joint resolution to restrict the use of funds for abortions or abortion-related services shall be in order except an amendment in the following form applying the provisions of section 210 of Public Law 95–480 to activities by the Department of Health, Education, and Welfare: "None of the funds provided for in this bill, for such amounts as may be necessary for projects or activities provided for in the Departments of Labor, and Health, Education, and Welfare and Related Agencies Appropriation Act, 1980 (H.R. 4389), shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term; or except for such medical procedures necessary for the victims of rape or incest, when such rape or incest has been reported promptly to a law enforcement agency or public health service; or except in those instances where severe and long-lasting physical health damage to the mother would result if the pregnancy were carried to term when so determined by two physicians. Nor are payments prohibited for drugs or devices to prevent implantation of the fertilized ovum, or for medical procedures necessary for the termination of an ectopic pregnancy."; and said amendment shall not be subject to amendment but may be debated by the offering of pro forma amendments. No amendment to and no motion to recommit said joint resolution pertaining to the authority of or continuation of projects or activities of the Federal Trade Commission in fiscal year 1980 shall be in order.

□ 1140

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order a continuing resolution from the Appropriations Committee. I gathered during the reading that nobody was interested in listening to it, so I do not propose to explain it. I suppose that Members all know what the contents are.

It is a rule requested by the Appropriations Committee. I think it expedites the consideration of the matter and will be helpful to the House.

I will reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I agree with the statements just made by the gentleman from Missouri.

Mr. Speaker, there are several unusual features in this rule.

First, the printed report on the continuing resolution was not available until yesterday, and therefore it is necessary to waive the requirement that committee reports be available for 3 days before floor consideration.

Second, there will be no general debate. The rule provides that the continuing resolution will be considered in the House as in the Committee of the Whole. This means that the resolution will be considered as having been read for amendment and will be open for amendment and debate under the 5-minute rule without general debate.

Third, the introduced version of House Resolution 399 provided for a 5.5-percent pay increase for Members of Congress, judges and top officials of the three branches of Government.

The Appropriations Committee amended this to provide for the same 7-percent increase being allowed other Government employees. The rule provides for the following amendments on the pay raise issue. First, on the 7-percent amendment, if this amendment is defeated then a vote on a second amendment set forth in the rule which would again deny pay increases for senior officials. If both of these amendments are defeated the House will be left with the introduced resolution, which provides for a 5.5-percent pay increase. These amendments will not be subject to amendment but may be debated by the offering of pro forma amendments.

Mr. Speaker, a fourth notable feature in this rule deals with abortion. The continuing resolution continues the abortion language agreed to by the House in the Labor-HEW appropriation conference report on August 2, 1979. The rule prohibits amendments on the subject of abortion, except for one. The language is incorporated in the rule, and I will read it.

> None of the funds provided for in this bill, for such amounts as may be necessary for projects or activities provided for in the Departments of Labor, and Health, Education and Welfare and Related Agencies Appropriation Act, 1980 (H.R. 4389), shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term; or except for such medical procedures necessary for the victims of rape or incest, when such rape or incest has been reported promptly to a law enforcement agency or public health service; or except in those instances where severe and longlasting physical health damage to the mother would result if the pregnancy were carried to term when so determined by two physicians. Nor are payments prohibited for drugs or devices to prevent implantation of the fertilized ovum, or for medical procedures necessary for the termination of an ectopic pregnancy.

This amendment also will not be subject to amendment but may be debated by the offering of pro forma amendments.

Mr. Speaker, the last unusual item in this rule provides that no amendment to and no motion to recommit the joint resolution may relate to the Federal Trade Commission.

Mr. Speaker, later we will be considering a separate continuing resolution for the FTC so it makes sense to prohibit FTC amendments on this resolution. And I am aware that by the use of closed rules the House often indirectly limits what can be done in a motion to recommit. But this rule comes right out in front and directly puts a limit on the motion to recommit. I would not want this to become a precedent for objectionable limits on the motion to recommit in the future.

Mr. Speaker, the joint resolution made in order by this rule provides continuing appropriations for various departments and agencies of the Government for which general appropriation bills have not yet been enacted.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Speaker, I rise in opposition to the rule, but I rise more importantly to point out to the Members some of the extraordinary procedures that are involved with this rule that are very closely related to the whole ability of the congressional pay raise to pass. I think we can legitimately ask why this extraordinary procedure with this rule and with the process of amending this continuing resolution.

For instance, one example is the whole procedure of not going into the Committee of the Whole where a vote can be taken with 25 persons standing. By being in the House it will require more votes, and quite obviously it is going to be harder to get a recorded vote, and quite obviously when the number of people that it takes to stand is increased on this subject there is more of a chance that the pay raise will pass.

Also the number of amendments are limited and there is kind of an unusual procedure in getting at a vote of whether or not there ought to be any pay raise at all. First of all, the increase from 5½ to 7 percent has to be voted down before the question of no pay raise can be brought up, and that is the most legitimate question that can be put before the House on this question, which is whether or not there should be a pay raise at all. That is really the major, central issue to the subject of discussion, not whether or not it ought to be 5½ or 7 percent. We ought to have the right to vote on that issue without a roundabout procedure as is offered in this resolution.

Let me ask the members of the Rules Committee, let me ask the members of the Appropriations Committee why not have the opportunity in a free, parliamentary body to offer those amendments that put the issues fair and square. The American people would like to have us be brave enough to stand up on the issue of whether or not we are for a pay raise, and that is why this rule is no good.

● Mr. HARRIS. Mr. Speaker, today, I am rising in support of the proposed comparability increase of 7 percent for all Federal employees. I believe that the issue of pay increases for Members of Congress should not be tied to the issue of providing equity to top level career Federal managers. I have strongly supported separating these issues. But I will not take the politically popular stand of voting against the 7 percent pay increase for Members of Congress when it would also punish career civil service employees who have through their competence and dedication risen to a GS-16 position.

Pay comparability for Federal employees is based on the principle that if we want efficient government, we must recruit and retain competent employees. I have heard from many of my constituents, dedicated men and women who have spent their entire careers in the Federal service. They are looking at jobs in the private sector because they can no longer stand the ravages of double digit inflation while we play political football with their salaries.

Therefore, I strongly urge the Members of this body to take a firm stand in favor of the 7 percent comparability adjustment in order to counter some of the adverse effects of earlier actions which have distorted comparability in the Federal sector.

In April I urged the President to listen to the advice of his chief inflation fighter and institute a 7 percent comparability increase for employees in the executive branch.

The issue which this body must resolve today is whether the 7 percent should apply to those employees of the executive branch who have had their salaries capped at executive pay level V.

I am of the opinion that the movement of wages and salaries in the private sector alone is sufficient to justify a 7 percent increase for these employees. This is the theory behind comparability, and I find that the concept is still sound.

Moreover, I feel that the problem of grade compression which has resulted from the imposition of artificial pay caps must be addressed. An estimated 6,200 top level Federal officials have not received a pay increase since March 1977, and an additional 11,100 now have their salaries frozen at executive level V. Individuals with widely disparate duties and responsibilities are being compensated at equal rates of pay. Morale has suffered tremendously, and top Federal officials are fleeing to more lucrative private sector jobs, or retiring earlier than intended. The Federal Government is losing an irreplaceable resource.

I strongly urge the Members of this body to support the 7 percent comparability adjustment for all Federal employees.●

● Mr. GILMAN. Mr. Speaker, I rise in opposition to House Joint Resolution 399, making continuing appropriations for fiscal year 1980.

Mr. Speaker, I do not object to the principle of passing a continuing resolution to assure that the activities of the Federal Government will continue at approximately the same level that they have been operating at during fiscal year 1979.

Regrettably, however, this resolution contains an inappropriate 7-percent increase in the salaries of the Congress, and I am constrained to oppose it. Moreover, this 7-percent increase was adopted without affording Members the opportunity of recording themselves as being in favor or in opposition to that raise.

I do not approve a 7-percent raise for the Congress and I feel that any raise considered by the Congress should not take effect until after an election has intervened—so that the public has an opportunity to voice its reaction.

I believe the Congress should adopt revised procedures for the consideration of any salary increments.●

Mr. LATTA. Mr. Speaker, I have no further requests for time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1150

Mr. WHITTEN. Mr. Speaker, pursuant to the resolution just agreed to, I call up for consideration in the House as in the Committee of the Whole the House joint resolution (H.J. Res. 399) making continuing appropriations for the fiscal year 1980, and for other purposes.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1980, namely:

SEC. 101. (a) (1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1979 and for which appropriations, funds or other authority would be available in the following appropriation Acts:

Agriculture, Rural Development, and Related Agencies Appropriation Act, 1980;

District of Columbia Appropriation Act, 1980;

Foreign Assistance and Related Programs Appropriations Act, 1980, notwithstanding section 10 of Public Law 91-672, and section 15(a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended;

Department of the Interior and Related Agencies Appropriation Act, 1980;

Military Construction Appropriation Act, 1980; and

Treasury, Postal Service, and General Government Appropriation Act, 1980: *Provided,* That the Office of Inspector General, General Services Administration, shall be continued at the rate and in the manner as provided in H.R. 4393 as passed the Senate on September 6, 1979.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House as of October 1, 1979, is different from that which would be available or granted under such Act as passed by the Senate as of October 1, 1979, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an Act listed in this subsection has been passed by only one House as of October 1, 1979, or where an item is included in only one version of an Act as passed by both Houses as of October 1, 1979, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1979: *Provided,* That no provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1979, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate

(b) Such amounts as may be necessary for projects or activities provided for in the Departments of Labor, and Health, Education, and Welfare and Related Agencies Appropriation Act, 1980 (H.R. 4389), at a rate of operations, and to the extent and in the manner, provided for in such Act as adopted by the House of Representatives on August 2, 1979, notwithstanding the provisions of section 106 of this joint resolution.

(c) Such amounts as may be necessary for continuing projects or activities which were conducted in fiscal year 1979 for which provision was made in the Department of Defense Appropriation Act, 1979, at a rate of operations not in excess of the current rate or the rate provided in the budget estimate, whichever is lower, and under the more restrictive authority.

(d) Such amounts as may be necessary for continuing projects and activities of the legislative branch to the extent and in the manner as provided for in H.R. 4390 as reported June 7, 1979 (except as to executive salaries which are covered in next paragraph), and such amounts as may be necessary for continuing projects or activities for which disbursements are made by the Secretary of the Senate, and the Senate items under the Architect of the Capitol, to the extent and in the manner which would be provided for in the budget estimates for fiscal year 1980.

Notwithstanding the provisions of the Federal Pay Comparability Act of 1970, providing for comparability increases to offset inflation, the Executive Salary Cost-of-Living Adjustment Act, or any other related provision of law, which would provide an approximate 12.9 percent increase in pay for certain Federal officials for pay periods beginning on or after October 1, 1979, and in view of the fact that the overall financial system of the Nation is threatened by inflation, the provisions of section 304 of the Legislative Branch Appropriation Act, 1979, which limit the pay for certain Federal offices and positions, shall apply to funds appropriated by this Act or any other Act for the fiscal year 1980, except that in applying such limitation the term "at a rate which exceeds by more than 5.5 percent the rate" shall be substituted for the term "at a rate which exceeds the rate" where it appears in subsection (a) of such section for the purpose of limiting pay increases to 5.5 percent. Such additional payment under existing law is not to be construed as an increase in salary or emoluments within the meaning of Article I, Section 6. Clause 2 of the Constitution.

(e) Such amounts as may be necessary for fiscal year 1980 for Department of Energy, Operating Expenses, Energy Supply, Research and Development Activities, to carry out the breeder reactor demonstration project or project alternative approved by Congress in authorizing legislation, and for no other purpose, at the current rate of operations notwithstanding the provisions of sections 102 and 106 of this joint resolution.

(f) Such amounts as may be necessary for continuing the following activities, not otherwise provided for, which were conducted in fiscal year 1979, but at a rate for operations not in excess of the current rate:

activities under the Domestic Volunteer Service Act;

activities for support of nursing research under section 301 of the Public Health Service Act;

activities for support of nursing fellowships and for support of training programs and program support related to alcoholism under sections 301, 303, and 472 of the Public Health Service Act;

activities under section 789 and titles VIII, XII, XV, and XVII of the Public Health Service Act;

activities under sections 204 and 213 of the Community Mental Health Centers Act;

activities under title IV of the Drug Abuse Office and Treatment Act;

activities under titles III and V of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act;

activities under section 2 of the Indochina Migration and Refugee Assistance Act;

activities of the National Board for the Promotion of Rifle Practice;

activities under the Omnibus Crime Control and Safe Streets Act of 1968, as amended, except that such activities shall be continued at a rate of operations not in excess of appropriations contained in the Department of Justice Appropriation Act, 1980 for the Office of Justice Assistance, Research, and Statistics;

activities of the Economic Development Administration; and

activities of the Regional Action Planning Commissions.

(g) Notwithstanding the funding rates provided for in section 101(a), activities of the Department of State for Migration and Refugee Assistance shall be funded at not to exceed an annual rate for obligations of $456,241,000, notwithstanding section 15(a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended, and section 10 of Public Law 91–672.

(h) Such amounts as may be necessary for projects or activities which were conducted in fiscal year 1979 and for which provision was made in the Department of Transportation and Related Agencies Appropriation Act, 1979, or chapter X of the Supplemental Appropriations Act, 1979, at a rate of operations not in excess of the current rate or the rate provided in the budget estimate, whichever is lower, and under the more restrictive authority: *Provided*, That the Panama Canal Commission is authorized to incur obligations at the rate of operations, and to the extent and in the manner provided for in H.R. 4440 as reported on June 13, 1979, to meet operational and capital requirements of the Panama Canal in conformance with applicable legislation and the Panama Canal Treaty of 1977, notwithstanding the provisions of section 106 of this joint resolution.

Sec. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from October 1, 1979, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) December 31, 1979, whichever first occurs.

Sec. 103. Appropriations and funds made available or authority granted pursuant to this joint resolution may be used without regard to the time limitations for submission and approval of apportionments set forth in section 665(d)(2) of title 31, United States Code, but nothing herein shall be construed to waive any other provision of law governing the apportionment of funds.

Sec. 104. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

Sec. 105. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

Sec. 106. No appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1979.

Sec. 107. Any appropriation for the fiscal year 1980 required to be apportioned pursuant to section 665 of title 31, United States Code, may be apportioned on a basis indicating the need (to the extent any such increases cannot be absorbed within available appropriations) for a supplemental or deficiency estimate of appropriation to the extent necessary to permit payment of such pay increases as may be granted pursuant to law to civilian officers and employees and to active and retired military personnel. Each such appropriation shall otherwise be subject to the requirements of section 665 of title 31, United States Code.

Sec. 108. None of the funds available to the Department of Defense—Civil, Department of the Army, Corps of Engineers—Civil in fiscal year 1980 shall be available, except on a voluntary basis, for the acquisition of land or easements at or around the four lake projects in the Yazoo Basin, Mississippi, pending the submission to Congress of a plan for changing the curve by which the flow is regulated in line with the instructions contained on page 60 of the Conference report accompanying H.R. 4388 and of alternative solutions for the protection of Coffeeville, Mississippi, and other properties affected by the flood control operation at the project.

Sec. 109. No provision in any appropriation Act for the fiscal year 1980 that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation shall be effective before the date set forth in section 102(c) of this joint resolution.

Sec. 110. Appropriations and funds made available to the Appalachian Regional Commission, including the Appalachian Regional Development Programs, by this or any other Act shall be used by the Commission in accordance with the provisions of the applicable Appropriation Act and pursuant to the Appalachian Regional Development Act of 1965, as amended, notwithstanding the provisions of section 405 of said Act.

The SPEAKER pro tempore. (Mr. ROSTENKOWSKI). Pursuant to the rule, no amendments are in order affecting the compensation provisions in section 101 (d) except amendments permitted by House Resolution 408; no amendments are in order that restrict the use of funds for abortions or abortion-related services except an amendment printed in House Resolution 408. None of the amendments made in order shall be subject to amendment but may be debated by the offering of pro forma amendments. No amendments are in order pertaining to the authority of or continuation of projects or activities of the Federal Trade Commission in fiscal year 1980.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Joint Resolution 399.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I hope I may have the attention of the Members, because we have brought this up under the 5-minute rule so as to expedite the matter. I think what I shall say is of importance to all of us. I am very proud of the House, and particularly the Committee on Appropriations, which for the first time I have the honor to head, because we have done our work and we have done it expeditiously. We have dealt with 12 of the appropriation bills, but unfortunately, for reasons beyond our control, it becomes apparent that few, if any of these bills will be enacted into law in time to meet the payroll of October 1.

Mr. Speaker, in order to see that the payrolls are met and that the absolute, essential operations of the Government shall continue after October 1, it is necessary that we pass a continuing resolution.

I hope my colleagues will realize that to tie this bill down with amendments would jeopardize the getting together with the Senate on a continuing resolution in time to meet these essential operations of the Government after October 1. The rule that the Members just heard is in line with and suggested by the Committee on Appropriations to the Rules Committee in that where there are controversial items in a measure, the Congress is entitled to work its will. Insofar as I know, there was one item that was truly controversial—that is the Federal Trade Commission, which for 3 years has had no authorization by legislative committee sponsorship, but the Appropriations Committee has had the job of writing the law under which the Federal Trade Commission is operating. Because it is highly controversial in a number of areas, it is in a different resolution and left out of the first resolution for that reason.

There are two other items which I am aware of that the rule permits us to vote on. One of them is on abortion. There, in order to get the bill through and not get into controversy, we carried the Hyde amendment in the bill as it comes to the Members, on the basis that this continuing resolution will last only so long as it takes for a particular bill to be enacted into law. When that happens, this resolution, which is for 90 days only, would be superseded by the regular bill when it becomes law, and the regular bill will take the place of this resolution.

The other matter here is the one I hear folks call by a misnomer; that is salary raise, which really is increased appropriation the law provides for definite increases in compensation for the executive employees in the government. In 1967, the Congress enacted into law a bill that provides for automatic increases for Federal employees. Congressmen and judges and others are included in that law. The estimate is that that law provides now for a 12.9-percent increase in pay.

I voted against that law. I thought at that time that it was proper for a commission to recommend, but Congress ought to vote on whether it approved such recommendations or not. I lost, but that is the law.

Let me say to the Members that it appears to me from a cursory study of the law that the opinion of the judge in which certain judges sued the Government, the court in the last paragraph of its opinion, stated as follows:

> It has long been established that the mere failure of Congress to appropriate funds without words modifying or repealing, expressly or by clear implication, the substantive law, does not in and of intself defeat a governmental obligation created by statute.

Since the 1967 statute provides for a 12.9-percent increase for these executive employees, what we are voting on, and what was voted on last time is whether to make any additional appropriation to carry out that law or not. Presumably, if Members do not, in the opinion quoted from it would appear the obligation to pay would still exist.

I am one of those who think that inflation is the most serious thing that faces this Nation. Since 1967, the value of the dollar has gone down 50 percent. We just had a meeting of the Committee on Defense; we are constantly getting increases requested which add inflation to inflation. Not only that, but 58 percent of our laws have built-in inflation—indexing, if you please. So, I personally believe that we are going to have to live with inflation and absorb it in the long run to handle it.

But, there is no way for one group to do that alone and make it different. So, as chairman of the committee in an effort to hold down and face up to this inflationary trend, I recommend to the committee that we not appropriate for the full 12.9 percent, but make only a 5.5-percent appropriation here in an effort to hold down appropriations and try to get inflation in hand over a period of 3 years, in my own mind.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

(By unanimous consent Mr. WHITTEN was allowed to proceed for 5 additional minutes.)

Mr. WHITTEN. That was the provision in the bill. However, members of the committee increased the recommended 5.5 to 7 percent.

It was and is my opinion that by holding down the appropriation we would set an example for the rest of the country. As I have stated in the committee that 5.5 percent was stricken along with some explanatory language, and the committee amendment provides for 7 percent. That committee amendment is up for a vote under the rule. If that committee amendment should fail, then we will have a right to vote on whether there is to be any appropriation or not. But, I repeat again, this is a raise in the amount of cash that Members would receive, but would be about one-third of what is provided by the 1967 statute. So, however Members may vote, keep in mind that that is what is involved. Regardless of the action here, the law would not be changed.

Mr. BAUMAN. Mr. Speaker, would the gentleman from Mississippi yield for a question?

Mr. WHITTEN. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman.

I wanted to ask the gentleman about the provision on page 8 of the continuing resolution dealing with H.R. 4440, the transportation appropriation bill.

Mr. WHITTEN. I would be glad to have the question. It may be that I may need to turn to the chairman of the Appropriations Subcommittee for the answer.

Mr. BAUMAN. The continuing resolution is somewhat in conflict. It says that the appropriations will be available to the extent and manner provided for in H.R. 4440 as reported on June 30, 1979. Since that time, that bill was passed yesterday here on the floor. The continuing resolution goes on to say that the funds for the Panama Canal will be expended in conformance with applicable legislation and the Panama Canal Treaty of 1977.

Mr. Speaker, I will state my own understanding of this. I would assume that the form in which the bill passed yesterday is the governing statute as well as anything we may do here tomorrow on the conference report on the Panama Canal implementing legislation.

Mr. WHITTEN. I will say again this is a continuing resolution to expire December 31. I presume the gentleman is correct.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman.

Mr. WHITTEN. Mr. Speaker, there is another matter in this resolution which attempts to correct a mistake in dealing with flood control in my area. We developed the following guidelines which appear in the committee report for the Corps of Engineers. I know of no opposition or difference of opinion with regard to this matter I quote:

> According to the Corps of Engineers, deficiencies in the Corps of Engineers design of the Arkabutla, Enid, Grenada, and Sardis Lakes Flood Control Projects, Miss., resulted in inaccurate prediction of the 100-year flood level in the reservoir pool as shown by the 1973 flood. The Corps has tried to make up for this discrepancy by acquiring additional land and easements in the area. The Committee questions this action and has so indicated in the reports accompanying H.R. 4388 making appropriations for Energy and Water Development for 1980. The Corps simply cannot remedy its errors by taking additional land off of tax rolls little by little, without consideration of the local citizens, and the interest of local governmental units, nor without pursuing possible alternative solutions. A case in point is the town of Coffeeville, Miss. Grenada Lake at flood stage floods might affect part of the town. The Corps in deciding that additional land acquisition or easements is the solution to the problem, has never submitted to Congress its proposed action for review by the Congress nor has it reviewed possible alternatives to the problem.
>
> Language is included in the resolution directing a delay in further acquisitions of easements or title to property except on the voluntary agreement of the owner, and to provide plans for an alternative to the Corps' present policies, including modification of present procedures for regulation of flow as set out in language on page 60 of House Report 96-388, and a proposal for the protection of the town of Coffeeville which shall be presented to the Congress prior to June, 1980.
>
> These studies, reports and changes should be funded within available funds.

Mr. Speaker, the resolution before us provides interim operating authority for most of the Government departments and agencies until the regular appropriation bills are signed into law. It covers 10 of the 13 regular bills plus other programs which were not included in the regular appropriation bills due to the lack of authorizing legislation.

It is effective until December 31, but the provisions of the resolution cease to be operative when the individual appropriation bills are separately signed into law.

Mr. Speaker, a great deal of fanfare has accompanied the Congressional Budget Act and the attendant reforms in congressional procedures associated with the Federal budget. I am fearful, however, that the principles of the 1974 Budget Act are rapidly eroding. Certainly the noble principle of timely final action on appropriation bills and authorization bills has eroded.

While the Appropriations Committee reported 11 of the 13 regular bills in June and another in July, none have been signed into law as of this morning. Two bills—State-Justice and energy and water—have been sent to the President. The conference report on the Labor-HEW bill has passed the House but has not been considered in the Senate. Conference reports have been filed on two bills—HUD and District of Columbia—but as yet they have not cleared the House and Senate. Two more bills—Agriculture and Treasury-Postal Service—are at the conference stage. Four additional bills—military construction, Interior, foreign assistance, and Transportation—have passed the House and are pending in the Senate. That accounts for 11 of the 13 bills. Remaining are the defense bill and a new legislative bill. The defense bill will be considered by the committee tomorrow morning and we hope to pass it through the House next week. The subcommittee has marked up a new legislative bill but a firm schedule for its consideration has not yet been established.

The point is, Mr. Speaker, that while these bills have been generally reported in June, in ample time to provide for their enactment before the first of October, they have not been signed in law within the timeframe envisioned in the Budget Control Act. Various circumstances have precluded timely enactment of these essential bills, but it appears that the additional 3 months granted to Congress to consider the budget business of Government when the fiscal year was extended in 1974 has evaporated. Generally speaking, authorizations have not progressed as envisioned in the Budget Act and consequently, problems have arisen in achieving enactment of appropriation bills in a timely manner. This is a subject which must be remedied.

In the meantime we have before us this continuing resolution which represents funding of programs aggregating about one quarter of a trillion dollars at an annual rate. Of course, the continuing resolution is effective for only 3 months and hopefully most Federal programs will be provided for in the pending regular bills long before the expiration date of the resolution.

RATES UNDER THE CONTINUING RESOLUTION

I would point out, Mr. Speaker, that a continuing resolution is far from an ideal financing mechanism for the conduct of Federal programs. It is strictly a stopgap measure designed to prevent massive disruptions in the operation of Federal programs until regular bills are in place. It is, by nature, an imperfect device, but it is the best system that has been conceived over a period of years. It undertakes to set minimal levels of funding and in the report accompanying the resolution the committee cautions departments and agencies against taking actions which might impinge upon discretionary decisions available to the Congress in the traditional authorization and appropriation process. I especially call to the attention of executive officials the section in the report under the heading "Compliance with the resolution."

I wish to call to the attention of Members and others the rates which obtain under the resolution.

Section 101(a) provides for six major appropriation bills including agriculture, District of Columbia, foreign assistance, interior, military construction, and Treasury-Postal Service. Under this section, where the particular appropriation bill has passed both Houses, and the amount as passed by the House is different than that as passed by the Senate, the project or activity is continued under the lesser amount or more restrictive authority. Where the particular appropriation bill has passed only the House or where provision is made for a program in only one version of a bill as passed both the House and the Senate, the rate of operation shall not exceed the current rate or the rate provided by the one House, whichever is lower.

Section 101(b) provides for programs under the Labor-HEW bill at the rate of the conference agreement. This includes the abortion provision as passed the House.

Activities under the defense bill are continued at the current rate or the rate of the budget estimate, whichever is lower. This is section 101(c).

The legislative branch is provided for in section 101(d) at the rate for programs and with the other provisions included in H.R. 4390 as reported on June 7, 1979. This includes the executive pay provision set forth in that bill.

The transportation bill is continued in section 101(h) at the current rate or the rate of the budget estimate. Special provision is made for the Panama Canal as recommended by the subcommittee.

Provision is made in section 101(f) for a number of programs at the current rate. Included are some health and related programs, certain refugee assistance, and certain justice and economic development activities. It is the intention that the resolution, by virtue of the recommendation of the Subcommittee on the Department of Labor and Health, Education, and Welfare advises that it is the intention that the resolution provide funds to continue reimbursement for cash assistance, medicaid, social services, and training for Indochinese refugees to take care of the 14,000 refugees that are now arriving each month. This is to assure all States that Federal funds will not be cut off while Congress is considering new authorizing legislation for this and other refugee programs.

I wish to state again, Mr. Speaker, that this continuing resolution is simply a temporary funding mechanism. Its central thrust is to provide for ongoing activities. Section 106 prohibits new starts or the resumption of programs not conducted in fiscal year 1979.

The resolution does not augment appropriations contained in the regular bills. Section 105 provides that expenditures made under the authority carried in the resolution shall be charged to applicable appropriations when the regular bills are signed into law on target. But I caution that outlay estimates vascillate violently in both directions and are not subject to control. Outlays, in my judgment, represent an unsatisfactory yardstick with which to measure current actions of Congress. This is because outlay estimates are just not reliable for the purposes of budget control and because so much of the budget is uncontrollable. As I have pointed out to this House before, a study I initiated last year revealed that programs representing 58 percent of the budget include built-in escalator provisions which automatically drive up expenditures with inflation.

But on balance, Mr. Speaker, and considering all the circumstances, I believe we have done a good job in holding the line in the appropriation bills and making reductions where they could reasonably be made.

In conclusion, Mr. Speaker, this resolution which we bring before the House today is absolutely necessary and I urge its adoption.

□ 1200

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 4, strike out the parenthetical clause on line 25 and P. 5, line 1, and on page 5, line 6, strike out the period and all down to and through the word "Such" on line 23, and insert in lieu thereof ": *Provided*, That any".

Mr. O'BRIEN. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I rise in opposition to the committee amendment. I do so not so much for the issue of the amount of the pay raise as I do for the way we go about it.

There are 9 or 10 bills pending in this House in the appropriate committee with a vast number of sponsors which would suggest that when the Congress deals with the question of raising its own pay that, if it concludes it should raise its pay, that raise shall become effective the first day of the next Congress, not before.

In my district I think this is the issue about which people are concerned, as I believe is the true situation in other districts. The issue not being so much whether or not we are entitled to a raise, the issue being whether or not we should do it within the period of our 2-year contract, under the terms of which we were elected to serve a year ago this November.

Mr. Speaker, it is my belief that the amount of the raise is really not the problem. The issue is how we do it. In sum, the job is worth the money, the question is whether the candidate merits the job.

Mr. Speaker, for that reason I object to the committee amendment and I suggest the House vote it down.

Mr. GRASSLEY. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in opposition to the committee amendment.

Mr. Speaker, I rise in opposition to the committee amendment as well as to the provision of the resolution calling for the 5½-percent pay raise. We are not talking about any little amount of money here. We are talking about whether $50 million or $60 million will be spent. Not only the salaries for the Congress of the United States, the salaries of the 535, but also for the 15,000 upper level civil servants, the judges and the Cabinet members.

When we go home to explain our vote on the pay-raise issue, we should not play up the fact we are voting just for a few million dollars for the salaries of Congressmen, but in fact we are talking about in the neighborhood of 15,000 people's salaries being affected, costing $50 to $60 million.

Mr. Speaker, the basic issue here is the one that is basic to pretty much the whole discussion of inflation and that is the attitude of this Congress toward the expenditure of money in the first place. Mr. Speaker, as we look at the expenditure of this $50 million to $60 million—and that might be like a spit in the ocean compared to the $550 billion we are going to end up spending in this year's budget anyway, but, regardless, that is $50 to $60 million. Think of the message that will trigger to the people of this country, the attitude that it demonstrates that Congress does not care about inflation. Whether or not you can go home and say to the people that you believe in a balanced budget if you have an opportunity to save $50 or $60 million and do not do it is the issue.

Mr. Speaker, the attempt will probably be made to avoid a rollcall vote on this. I doubt if there is a quorum on the floor of the House at this particular time. A quorum is 218 people.

Mr. Speaker, the news media in the gallery, they know who is here and who is not. They know the faces of the Members who are on the floor of the house. We have had enough Members tell us they would stand up and be counted for a recorded vote. I hope those Members will be here and I hope they will stand up for a recorded vote. I think it is legitimate that we look at our responsibility of helping to get a vote on this issue, as much as how we personally feel about the pay raise, even for those of you who are for it. You ought to be willing to be on record for the pay raise as well as being on record opposed to it.

Mr. SOLOMON. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in opposition to the committee amendment.

Mr. Speaker, I would like to preface my remarks to every Member of this House by calling their attention to the latest Gallup poll which indicates the esteem in which the American people hold this House and the Congress of the United States. Only one out of eight Americans in this country think this Congress is doing a good job.

Mr. Speaker, I would like to ask any Member of this House whether they deserve a raise based on their performance, collectively, not as individuals, because as individuals we probably all work very hard. However, let me tell you what the American people think: They think the foreign policy of this country is in a shambles. They think the American economy is in a severe recession. They know that this country has no energy plan.

Mr. Speaker, furthermore, the American people know that we have rampant inflation at the rate of 13 percent annually and 18 percent on the basic necessities of life when you consider the increased cost of food, medicine, heating fuel, and gasoline.

Mr. Speaker, why do we have rampant inflation? I hear all these people calling for votes, Mr. Speaker, and I know very well that when we have to ask for 44 Members to stand, they are going to scurry out of here like flies. I want to see them run out of this.

Mr. Speaker, why do we have rampant inflation? The reason we do is, because in the last 6 years our Federal budget has grown from over $270 billion to over $500 billion in just 6 years.

Mr. Speaker, even worse with that budget rise is the fact that the national debt in this country in the 6 years just passed has grown from over $500 to $890 billion. It costs $60 billion just to pay the interest on the national debt. That is $105 million a day we could use to help those people who truly cannot help themselves.

Mr. Speaker, the Congress is the cause of overinflation, rampant inflation today, and here we sit asking ourselves, on merit, to accept a 7-percent raise. I just think it is outrageous and I know that you people are not going to accept this.

Mr. Speaker, the gentleman from Illinois (Mr. O'BRIEN), after we defeat this amendment, is going to offer an amendment whch I have prefiled with the desk that will freeze any raises for this year and during the term of office—which is the way it should be—and I just hope all of us will sincerely react to the American people, vote down this amendment, support the amendment of the gentleman from Illinois (Mr. O'BRIEN) and let us show the American people that when we ask them to tighten their belts we are willing to do the same thing ourselves.

Mr. Speaker, I oppose the amendment.

Mr. DORNAN. Mr. Speaker, I move to strike the requisite number of words to speak in opposition to the amendment.

Mr. Speaker, in my Los Angeles beach cities district in the bicentennial year, the No. 1 issue was runaway government spending. And it still is the No. 1 issue 3 years later. The day I was sworn in January 4, 1977, the inflation rate for our Nation was 6.1 percent. By March of last year, 1978, it was 9.3 percent. By June 1978, 11.4 percent. March of this year, 13 percent. Last June, midyear 1979, 13.4 percent.

Mr. Speaker, now we know it is a crushing 14½ percent. Senior citizens are begging for a halt to this thief in the night—inflation.

Mr. Speaker, I would like to underscore and reiterate forcefully what the distinguished and courageous gentleman from New York (Mr. SOLOMON) said. That individually many Members are deserving. Everyone I have come in contact with in this House is a hard-working man or woman putting out a tremendous effort of public service.

Maybe you, sir, deserve a raise, or, you madam, deserve one, or you, you, you, or you, maybe all here deserve a raise based on work performance if you analyze each Member individually. After all we do deal with billions of taxpayers dollars daily. But collectively this body absolutely does not deserve even a nickel raise because any economist worth his salt will tell you that it is the House of Representatives which is the principal cause of the hidden tax of inflation. This is the money house where all appropriations bills originate. The big spenders in this Chamber are the major cause of the curse of inflation.

□ 1210

Many of you are now sorry for the complex budgetary process that we struggle through now. At least it was in an attempt to do something, anything, about how to cut up the Federal pie. But we are failing. We are not living within the revenues that the IRS brings in. As long as this House collectively is guilty of stifling inflation in this country by incessant deficit spending, we dare not raise our own pay. This is a disgrace.

I ask that this amendment be put down.

Mr. CONTE. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I support House Joint Resolution 399, which continues appropriations through December 31, 1979, for Federal programs and activities contained in 10 appropriation bills which may not be signed into law by the beginning of the fiscal year.

Six of these bills are covered in section 101(a) of the joint resolution: Agriculture, rural development, and related agencies; District of Columbia; Foreign assistance and related programs; Department of the Interior and related agencies; military construction; and Treasury, Postal Service, and general Government.

For these six bills covered by section 101(a), the level of continuing appropriations is determined by the status of the bill on the first day of the fiscal year.

First. Where the bill has passed the House and Senate, and the House and Senate bills contain different appropriations for a project or activity, the project or activity is continued at the lesser amount or under the more restrictive authority.

Where an appropriation for a project or activity is included in only the House or the Senate bill, the project or activity is continued at the current rate or the rate provided by the one House, whichever is lower, and under the authority and conditions in effect during the current fiscal year.

Provisions which apply to more than one appropriation, and were not included in the applicable appropriation act for 1979, are not continued unless they are the same in the House and Senate bills.

Second. Where the bill has passed only the House, the project or activity is continued at the House level, or the level of the current year, whichever is lower, and under the terms and conditions in effect in the current fiscal year.

In no case can continuing appropriations be used to resume or initiate any project or activity for which funds were not provided in the current fiscal year.

Special provision is made for four appropriation bills.

First. Continuing appropriations for activities in the defense bill are provided at the current rate, or the budget estimate, whichever is lower and under the more restrictive authority.

Second. Continuing appropriations for the activities in the Labor-HEW bill are provided at the rate, and under the conditions, in the conference report on the Labor-HEW bill which passed the House on August 2, 1979.

Third. Continuing appropriations for activities in the legislative bill are provided at the rate, and under the conditions, in the Legislative bill as reported to the House on June 7, 1979.

Fourth. Continuing appropriations for activities in the transportation bill are provided at the current rate or the budget estimate, whichever is lower and under the more restrictive authority.

The continuing resolution also provides continuing appropriations at the current rate for a number of specific programs which were not included in a 1980 bill, usually due to lack of authorization.

No amendments are in order regarding the Federal Trade Commission, which is covered by a separate continuing resolution.

The continuing resolution and the rule also present the House with alternatives on two important issues.

First. The continuing resolution as reported would continue the abortion restriction contained in the Labor-HEW bill for fiscal 1980, as passed the House, which contained only an exception where the life of the mother is endangered.

The rule permits an amendment to substitute last years abortion language, which is considerably more liberal.

Second. The continuing resolution as reported places a 5.5-percent limit on pay increases for upper level positions in the executive, legislative, and judicial branches.

A committee amendment is in order which would strike this limitation, and bring into operation the 7-percent limit contained in the 1980 legislative bill as reported.

A floor amendment is in order which would eliminate all pay raises for all of these positions.

If all of these amendments fail, the 5.5-percent limitation in the resolution as reported would take effect for the 3 months covered by the resolution.

Mr. Speaker, I urge my colleagues to support the continuing resolution, even though amendments on these two issues are limited by the rule, and I usually prefer to consider legislation under the 5-minute rule in the Committee of the Whole, where the will of the House can be expressed freely and openly through debate and amendment.

But I do not believe that continuing resolutions should serve as bottomless legislative garbage cans for issues that already have been fought, and often lost, on the regular appropriation bills.

I believe that this continuing resolution, under the rule, provides an adequate opportunity for the House to express its will on the two important issues I have mentioned.

We have a responsibility to the taxpayers, and to the Federal employees who administer the programs covered by this continuing resolution, to enact continuing appropriations in a timely manner, so that these activities can proceed without delay.

Mr. Speaker, I urge adoption of the resolution.

Mr. MICHEL. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, other than the gentleman who just preceded me in the well, all the conversation or all the debate would seem to center around the pay raise issue, but there is much more involved in this continuing resolution than that one issue. I would like to elaborate, if I may, for a few moments, on what is involved in the HEW section of this continuing resolution.

As you recall, a number of the programs were left out of our regular HEW bill, because they were unauthorized. This resolution provides for a continuation of these programs at current operating levels. Some of the major programs in this regard are the Indochinese refugee assistance programs at $148 million; the drug abuse programs at $201 million; health planning at $195 million; alcoholism programs at $175 million; ACTION programs at $57 million; emergency medical services at $42.6 million. In total, the current operating level for these programs amounts to $960 million of ongoing programs that need authorization for expenditures in this continuing resolution.

Now, in the absence of this resolution's passing they die. The continuing resolution is required for the continued operation of these programs I have mentioned.

In total, the current operating level for these programs amounts to about $960 million compared with the President's 1980 budget request of $821 million. It would appear as though we are funding these programs at a higher level than the budget recommendation, but when you take out the nursing programs, it more or less balances out.

The only program where the budget request is significantly higher than the current operating level is in ACTION, but I would venture to say that the Nation will not suffer adversely if ACTION is not funded at a higher level.

The Labor-HEW programs contained in the regular bill are funded in this resolution at the levels and manner provided for in the conference report. This is important to keep in mind in view of the recent history of difficulty we have had in completing action on our Labor-HEW bill.

Two years ago no bill was enacted and the continuing resolution provided a full year's authority for these programs. Hopefully this will not be the case this year; but if it is, we are insuring the funding of these programs at the levels agreed upon.

The resolution provides for the same abortion language as the gentleman from Mississippi indicated as is contained in the House passed version of the Labor-HEW bill. This presumably could cause a problem in the Senate, but if it does clear both Houses it will result in a change from existing language.

Now, if I might conclude only with a comment or two with respect to the pay raise issue, because whether or not we do or do not have a vote on the issue, I want it to be made abundantly clear that I support what the committee recommends. From my days as a junior Congressman 24 years ago, I have never shied away from the issue. Maybe it is because the old fox—the late Senate minority leader Everett Dirksen—who was my mentor in those days, always told me, "Bob, never demean your own worth in this body." I have never done so and have always told my own people, frankly, that if they want a two-bit Congressman, go ahead and get yourself one, but I consider myself to be a pretty first-class Congressman deserving of an occasional pay increase commensurate with my responsibility.

The last time we had a pay raise was in March of 1977.

□ 1220

There was a great deal of controversy about it—as there always is—simply because every once in a while we have to consider what the Constitution says we have to do.

We cannot shunt this responsibility off to somebody else. We can appoint a commission; as we have done in more recent years to make recommendations to the President who in turn can provide for our change of pay in his budget presentation. But even then we have to face up either to those recommendations or make some determination on our own. No matter what mechanics we employ it all boils down to our facing up from time to time as to what we think we are worth.

We have not had a raise, as I indicated, since March of 1977, but we have had more than a 20-percent increase in the inflation rate since that time. What our committee has recommended as a pay increase for ourselves represents about a third of what the normal inflation rate has been since the last time we raised our pay. I do not happen to think that is unreasonable.

Now, I would agree that it would be best to legislate a raise now to take effect in the next Congress. But what would we agree to. With inflation running at 13 percent a year, would any of you be willing to toe the mark for 2 times 13 plus another 20 percent we have already lost up to this point. I doubt it very much.

Can you leave it go to next year—an election year? Why, of course, there will be more Members running for cover then than will do the same today.

Then you are back to the Quadrennial Commission—approach at the end of 1980. By that time at the current rate of inflation, you will have to face up to a recommendation in excess of 20 or 30 percent and you will not do that either.

The SPEAKER pro tempore. The time of the gentleman from Illinois (Mr. MICHEL) has expired.

(On request of Mr. DERWINSKI, and by unanimous consent, Mr. MICHEL was allowed to proceed for 2 additional minutes.)

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to my friend, the gentleman from Illinois.

Mr. DERWINSKI. Mr. Speaker, let me first commend the gentleman from Illinois (Mr. MICHEL) for his courageous statement.

Mr. Speaker, for the benefit of our new Members who are participating for the first time in this controversy over the proper range of pay for top-level Federal positions, I would like to offer a brief refresher.

Some 4 years ago, in July 1975, the Congress enacted legislation amending the 1970 Federal Pay Comparability Act to make the Federal judiciary, executive level employees, and Members of Congress eligible for the annual cost-of-living pay adjustments granted to Federal white collar workers.

The effect of this law, when a pay cap is considered, brings into contention the salary levels of nearly 22,000 Federal employees. Included are 535 Members of Congress, the Librarian of Congress, the Public Printer, and some 30 other legislative branch positions; 17,000 General Schedule employees affected by the pay ceiling; 5,025 employees in the Foreign Service and other pay systems; 913 Federal judges; 9,000 officials in the Senior Executive Service; and 572 executive level positions, such as cabinet members and heads and deputies in executive agencies.

Despite the broad range of Federal officials whose salary levels are at stake, the press, over the past several years, has succeeded in muddling the motivation behind that 1975 legislation. By reporting the effect of this law inaccurately and with deliberate exaggeration, the press has made Members of Congress a convenient and much maligned target.

The impetus for 1975 legislation did not come from Members of Congress, but instead came as a result of double-barrel pressure from the judiciary and executive branches to relieve Federal judges and top-level executives from the salary crunch they had experienced in the previous years.

The same pressure is once again upon us, for salaries of these positions have been static since February 1977 and will remain frozen until October of this year.

Last year, in the Legislative Appropriation Act of 1979, the Congress applied restraints on these salaries by denying funds for the 5.5-percent October 1978 pay increase approved by the President. That restriction, however, has a life of only 1 year. If no action is taken to apply further restraints, in October this year salaries of these positions will increase by the amount of the 1978 and 1979 Presidentially proclaimed, cost-of-living pay increases. This would be about 13 percent—5.5 percent in 1978 compounded by the 7 percent in October 1979.

Historically, and logically, we are on firm ground in keeping the salaries of Congress and the judiciary together in fixed ratios. I can see no justification for preferential treatment for judges. Whatever action is taken by this body, it should treat with equality all the offices of Government which are grouped under the 1975 pay act.

The SPEAKER pro tempore. The time of the gentleman from Illinois (Mr. MICHEL) has again expired.

(On request of Mr. SOLOMON, and by unanimous consent, Mr. MICHEL was allowed to proceed for 1 additional minute.)

Mr. SOLOMON. Mr. Speaker, I will ask the gentleman to yield.

Mr. MICHEL. Mr. Speaker, I will yield in one moment, but first let me make one further comment.

I just had to take the time, in addition to those comments I made with respect to HEW, to suggest that those in the educational processes of this country who are watching this particular proceeding should be given a more balanced record on this particular subject. There are arguments to be made on both sides of the pay issue and surely as to an appropriate amount and would simply say again that the Constitution itself charges us with considering the subject matter from time to time. No one else can do it for us. We have to do it for ourselves.

Mr. Speaker, I am happy to yield to my friend, the gentleman from New York (Mr. SOLOMON), whom I greatly respect for the particular views he holds. I do not mean to question his position on this issue by any stretch of the imagination, even though we find ourselves at odds on this one.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman from Illinois (Mr. MICHEL) for his comments, and I just want to say that the gentleman from Illinois is one of the most respected Members of this House, a Member to whom I pay my deepest respects, even though we disagree on this subject. I just want to have it clarified, if the gentleman would, whether he is speaking as an individual or in a leadership role. I think the House is entitled to know that. I think that is a fair question.

Mr. MICHEL. Mr. Speaker, when one is a leader or professes to be one, he or she does not shy away from responsibility. Occasionally we have to do the distasteful thing. I make no bones about the fact that I have contacted by letter every one of our Members on our side to encourage them to support what they thought they ought to be paid. That may be good or bad, and it ought to be obvious from what I have said today what my pay for this job ought to be. That is the way I feel.

If other Members do not feel that way, I have no personal animosity toward them.

Mr. Speaker, I say again that I felt the record of today's proceedings should be more balanced, and that is why I took the time to express myself the way I have.

The SPEAKER pro tempore. The question is on the committee amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. O'BRIEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. Two hundred and fifty-eight Members are present, a quorum.

Mr. O'BRIEN. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

Mr. BAUMAN. Mr. Speaker, on that I demand a division.

On a division (demanded by Mr. BAUMAN) there were—yeas 156, nays 64.

So the committee amendment was agreed to.

□ 1230

Mr. ASHBROOK. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I take this time to ask the gentleman from Mississippi (Mr. WHITTEN), the chairman of the Committee on Appropriations, whether or not the language appearing on page 3, lines 3 through 5, would cover the situation of the Ashbrook and Dornan amendments which were offered to the Treasury appropriation bill dealing with the proposed IRS guidelines for private schools.

I had an amendment drafted, but in talking to the gentleman's staff, it is my understanding that the position of the Committee on Appropriations is that an amendment such as the Ashbrook and Dornan amendments, which passed in the House and in the Senate but are attached to an appropriation bill which has not yet been passed into law, that in that situation between now and December 31 those amendments, in effect, would be operative and the IRS could not proceed with implementation of guidelines which were the subject of those two amendments on those two appropriations bills.

Mr. WHITTEN. Mr. Speaker, if the gentleman will yield, my understanding is the same as the gentleman's, and I would say that the gentleman is correct as to how the IRS will have to proceed from now until December 31.

Mr. ASHBROOK. I thank my colleague. And with that assurance, and with the gentleman's record for accuracy, I will not offer the amendment at this point.

Mr. FUQUA. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I would like to inquire of the gentleman from Alabama (Mr. BEVILL) regarding the intent of the language in section 101(e) on page 6 of the bill.

Is it the committee's intention that if there is no additional authorizing legislation enacted by the Congress, this bill would provide funds to continue the Clinch River reactor project authorized by section 106 of Public Law 91–273, as amended, at the same level as provided in fiscal year 1979?

Mr. BEVILL. Mr. Speaker, if the gentleman will yield, the gentleman is absolutely correct. That is the intention.

I think that is made clear in the last sentence of the relevant language on page 5 of the report:

> Recognizing the importance and potential of a viable breeder reactor as an energy option for this Nation, as well as the continuing efforts to resolve the various issues, the committee has provided the funding necessary to carry out the Clinch River project or a project alternative approved by Congress in authorizing legislation at the rate of operations provided in fiscal year 1979.

Right now, Clinch River is the only breeder reactor demonstration project specifically approved by Congress in authorizing legislation. We are providing funds to continue this project at the fiscal year 1979 rate of operations unless Congress authorizes an alternative, in which case the funds could be used as specified for the alternative project.

We think this is the most appropriate way of dealing with this issue, which essentially follows the approach for fiscal year 1979. In commenting on the bill last year, the President stated:

> In a constructive step, this bill provides that decisions on the Clinch River Breeder Reactor project—or possible alternatives—will be determined in the Department of Energy authorization bill, the appropriate place to resolve this issue.

We agree that the appropriate place to resolve this issue is in the authorizing process and have provided funding in this manner so as not to foreclose any option of the Congress.

Mr. FUQUA. Mr. Speaker, I want to thank the gentleman for his explanation, and I appreciate the cooperativeness his subcommittee has given to the Committee on Science and Technology on the many projects we are jointly interested in.

Mrs. BOUQUARD. Mr. Speaker, will the gentleman yield?

Mr. FUQUA. I yield to the gentlewoman from Tennessee.

Mrs. BOUQUARD. I thank the gentleman for yielding?

Mr. Speaker, when does the gentleman anticipate we will complete the authorizing legislation?

Mr. FUQUA. As soon as the leadership schedules it on the floor, and I hope it will be very soon.

Mrs. BOUQUARD. I thank the gentleman.

AMENDMENT OFFERED BY MR. LUNGREN

Mr. LUNGREN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. LUNGREN: Immediately after section 101(d), add the following new language: "No funds contained in this section shall be used to remodel the gallery in statuary hall in the Capitol into carrols or into any other structures constituting additional office or work space for Members of Congress."

Mr. LUNGREN. Mr. Speaker, I do not know how many of my colleagues are aware of the fact that there is a plan to remodel the gallery above Statuary Hall in the Capitol in the 42 working carrols or cubbyholes, for use by the Members of Congress.

The suggestion for the project came from the Select Committee on Committees, and I understand that the money for these new structures, if they are approved by the House Office Building Commission, will come from the contingency fund of the House Architect. These new carrols are supposed to be built to give Members another place near the door to make telephone calls and studies, so we supposedly will not have to run back and forth between the floor and our offices so much.

I am very disappointed that this is the first substantive recommendation coming out of the Select Committee on Committees. It does not deal with the problem of reorganizing the Congress and the committee structure, but, is a rather superficial, cosmetic approach to that situation.

Members have not been asked, moreover, if they want this space or if they need it, and that is simply why I am offering this amendment today. The amendment is simple. It says no to the new project by cutting off the funds to build it. I do not think we need additional workspace for the Members. If we are harried in our duties, it is because of the many conflicts between our committees and subcommittees and assignments on the floor. We need to straighten out and revise our scheduling and also consider the important question of how we can consolidate committees and subcommittes, but we do not need to build more hideaways in the Capitol for Members.

Also—and I think this is extremely important—we are dealing with an historic area of the Capitol, and I do not think we should be making it into, as this proposal suggests, lockers and telephone booths without at least having hearings on it and a vote on the floor. It is for that reason that I ask the Members to support this amendment.

Mr. DORNAN. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from California.

Mr. DORNAN. I thank the gentleman for yielding, and I vigorously support the gentleman's amendment.

Mr. Speaker, I remind this House that there was at one time a majority vote to stop the reconstruction of the Old Senate Chamber and to rebuild that beautiful Statuary Hall. They wanted to make it into banquet halls or reception halls, and they said this was a working building. Of course, it is both an historic building, as the gentleman pointed out, and a working building; and to demean that hall, where sat six Presidents of the United States when they were Members of this House, and Davey Crockett left that hall to ride to the Alamo, to turn that place into, as the gentleman put it, cubbyholes, with phone booths, they should find ground below in the basement level, use the old bakery they discovered under the parking lot from the Civil War, replaster that and put workers in there, if they want, but they should not destroy that beautiful, historical, original House of Representatives hall where this body sat for 50 years.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

Mr. Speaker, I agree with the gentleman from California. I do not think most Members of this House even know what is going on in this particular instance. Probably most of them have not even heard about it. It has gotten very little publicity. I do not even know by whose authority this is being done or where the money is going to come from. It certainly was not appropriated by this Congress; it was not authorized by this Congress. The area affected is part of the Chambers and halls of the House of Representatives, which are under the jurisdiction of the Congress itself. It is my information that thousands of dollars have been spent to restore the old House Chamber to its present state, as close to historical accuracy as research will permit. Draperies, such as were shown in the painting by Samuel F. B. Morse, brass lighting fixtures, and restoration of fireplaces has taken place, and now we are told that this area is going to be turned into some sort of mini-office for Members who may wish to do their work there instead of on the House floor or in their own offices.

I think the proposal is nonsense. We might as well dispose of it now as later.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Illinois.

Mr. MICHEL. I want to commend the gentleman for bringing this question before the House. I might say that when we rework the legislative appropriation bill, which has not yet come back to the House again after having first been defeated, we intend to look at this proposal and have language in our legislative appropriation bill, that would, in effect, do what the gentleman is proposing to do by way of his amendment.

□ 1240

I support what the gentleman is attempting to accomplish, but I wanted to let him know that had we had the legislative appropriation bill first, we already would have taken care of it.

Mr. LUNGREN. I understand that. I would like an up-and-down vote on this question so we can solve it right now.

Mr. THOMPSON. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from New Jersey.

Mr. THOMPSON. I thank the gentleman for yielding.

I agree with the statement to the effect that I really honestly feel that this undertaking would be a desecration of the old House Chamber. Unfortunately, I am not sure I understood exactly what my friend from Maryland said with respect to it.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. LUNGREN) has expired.

(At the request of Mr. THOMPSON and by unanimous consent, Mr. LUNGREN was allowed to proceed for 2 additional minutes.)

Mr. THOMPSON. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from New Jersey.

Mr. THOMPSON. If I understood the gentleman from Maryland, he was talking about the sconces, the chandelier, and the draperies. I did not get whether he felt it was wrong to do that or not.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

I think, as a very historic room, it is a good idea for the American public to be able to see the restored House Chamber. This proposal is so inconsistent with that restoration and the moneys spent that it ought to be defeated on that ground alone.

Mr. THOMPSON. I do understand, and I thank the gentleman.

I wanted to make it clear that the restoration of the Chamber into its present state was brought about by the discovery of a very large and magnificent painting in the national collection done by Samuel F. B. Morse, the inventor of the telegraph.

Now, I felt for a long time that the statues in there are a desecration for the Chamber and that they should be removed. I certainly would not add anything to the gallery, and I do hope that that is not done. I hope further that one day appropriate places are found for the statues and that that Chamber can be restored as nearly as possible, without of course the inclined floor, to its original state.

Mr. LUNGREN. I thank the gentleman. I yield back the balance of my time.

Mr. WHITTEN. Mr. Speaker, I rise in support of the amendment.

I agree with the gentleman's amendment. As far as I am able to, I accept the amendment. I would like to have a rollcall in support of the amendment, for the record.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California (Mr. LUNGREN).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CONTE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 371, nays 31, answered "present" 1, not voting 31, as follows:

[Roll No. 481]

YEAS—371

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Atkinson
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Boggs
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Drinan
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Gaydos
Gephardt
Giaimo
Gilman
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McDade
McDonald
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Panetta
Pashayan
Paul
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Schroeder
Sebelius
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
Whitehurst
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—31

Aspin
AuCoin
Baldus
Bingham
Bolling
Breaux
Clay
D'Amours
Eckhardt
Fisher
Hawkins
Holtzman
Kostmayer
Long, La.
McCormack
Mitchell, Md.
Oberstar
Obey
Ottinger
Patten
Patterson
Petri
Rodino
Scheuer
Seiberling
Solarz
Stokes
Waxman
White
Whitley
Wilson, C. H.

ANSWERED "PRESENT"—1

Mikva

NOT VOTING—31

Addabbo
Anderson, Ill.
Badham
Boland
Brinkley
Brown, Ohio
Burton, John
Butler
Carter
Diggs
Dougherty
Downey
Duncan, Oreg.
Flood
Frenzel
Garcia
Gibbons
Gingrich
Goldwater
Hagedorn
Hollenbeck
Howard
Jones, N.C.
Livingston
McKinney
Marks
Pickle
Schulze
Treen
Vander Jagt
Winn

☐ 1250

Messrs. SWIFT, PHILLIP BURTON, and DINGELL changed their votes from "nay" to "yea."

Ms. HOLTZMAN changed her vote from "yea" to "nay."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the joint resolution and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BAUMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 191, noes 219, not voting 24, as follows:

[Roll No. 482]

AYES—191

Addabbo
Akaka
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
Bailey
Baldus
Barnes
Beilenson
Benjamin
Biaggi
Bingham
Blanchard
Boggs
Bolling
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Brooks
Broyhill
Burgener
Burlison
Burton, Phillip
Chappell
Chisholm
Clay
Coelho
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Daniel, Dan
Daniel, R. W.
Danielson
Davis, S.C.
Dellums
Derrick
Derwinski
Dicks
Dingell
Dixon
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Del.
Evans, Ga.
Fary
Fascell
Fazio
Findley
Fish
Fisher
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Garcia
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Gray
Green
Guarini
Harris
Hawkins
Heckler
Hefner
Hinson
Holland
Hollenbeck
Horton
Hughes
Hyde
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
LaFalce
Lederer
Lehman
Leland
Lewis
Long, La.
Long, Md.
Lott
Lowry
McCloskey
McCormack
McDade
McEwen
McKay
Madigan
Martin
Michel
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oberstar
Obey
Ottinger
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Rahall
Railsback
Rangel
Reuss
Richmond
Roberts
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Sabo
Satterfield
Scheuer
Seiberling
Shannon
Simon
Slack
Smith, Iowa
Solarz
St Germain
Staggers
Stanton
Stark
Steed
Stewart
Stokes
Swift
Thompson
Traxler
Trible
Ullman
Van Deerlin
Vanik
Vento
Waxman
Weiss
White
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wyatt
Yates
Young, Alaska
Young, Mo.
Zablocki
Zeferetti

NOES—219

Abdnor
Albosta
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bereuter
Bethune
Bevill
Boner
Bowen
Broomfield
Brown, Calif.
Brown, Ohio
Buchanan
Byron
Campbell
Carney
Carr
Cavanaugh
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
D'Amours
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Devine
Dickinson
Dodd
Donnelly
Dornan
Drinan
Duncan, Tenn.
Edgar
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Ind.
Fenwick
Ferraro
Fithian
Flippo
Fountain
Fowler
Frost
Fuqua
Gephardt
Gilman
Gingrich
Glickman
Goodling
Gore
Gradison
Gramm
Grassley
Grisham
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harsha
Heftel
Hightower
Hillis
Holt
Holtzman
Hopkins
Hubbard

Huckaby
Hutto
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lent
Levitas
Lloyd
Loeffler
Lujan
Luken
Lundine
Lungren
McClory
McDonald
McHugh
Maguire
Markey
Marlenee
Marriott
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Miller, Ohio
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Neal
Nelson
Nichols
O'Brien
Oakar
Panetta
Pashayan
Paul
Petri
Pursell
Quayle
Quillen
Ratchford
Regula
Rhodes
Rinaldo
Ritter
Roth
Rousselot
Royer
Rudd
Runnels
Russo
Santini
Sawyer
Schroeder
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
Stack
Stangeland
Stenholm
Stockman
Stratton
Studds
Stump
Symms
Synar
Tauke
Taylor
Thomas
Udall
Vander Jagt
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Whitehurst
Whitley
Whittaker
Williams, Mont.
Wirth
Wolpe
Wydler
Wylie
Yatron
Young, Fla.

NOT VOTING—24

Anderson, Ill.
Badham
Boland
Brinkley
Burton, John
Butler
Carter
Diggs
Dougherty
Downey
Duncan, Oreg.
Flood
Frenzel
Goldwater
Hagedorn
Howard
Livingston
McKinney
Marks
Mikva
Pickle
Schulze
Treen
Winn

☐ 1310

The Clerk announced the following pairs:

On this vote:

Mr. Howard for, with Mr. Boland against.

Mr. Schulze for, with Mr. Hagedorn against.

Mr. Dougherty for, with Mr. Goldwater against.

Until further notice:

Mr. Duncan of Oregon with Mr. Anderson of Illinois.

Mr. Brinkley with Mr. Badham.

Mr. Mikva with Mr. Carter.

Mr. Downey with Mr. Livingston.

Mr. John L. Burton with Mr. Marks.

Mr. Diggs with Mr. McKinney.

Mr. Flood with Mr. Winn.

Mr. Pickle with Mr. Frenzel

Mr. PEPPER changed his vote from "nay" to "yea."

Messrs. VOLKMER, MARRIOTT, and WALGREN changed their votes from "yea" to "nay."

So the joint resolution was rejected.

The result of the vote was announced as above recorded.

CONGRESSIONAL PAY RAISE JUSTIFIED

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. My colleagues in the Congress, the vote we have just taken obviously was on a continuing resolution but it was not that vote we were involved with, we were involved with a pay-raise vote.

Mr. Speaker, I just wonder what the American public must think of the kind of men and women we are. Do we not have the same problems that everyone else in this country is facing today? Are we not faced with the situation of paying bills and sending kids to school, making mortgage payments, monitoring two homes?

I do not know what this Congress is so afraid of, Democrats and Republicans alike, who are not willing to stand up and say they are worth at least a partial inflationary increase of 7 percent. My good Lord, we have problems of our own.

The public is mad at us because we cannot move ourselves on energy and do something about the real problems of inflation. Those who will go home and beat their breast and say, "We have really helped inflation, we did not take a 7-percent raise." You are not going to elect anybody on the basis of that. You are not going to convince your public that now you are worthy to be reelected to the Congress because you did not vote yourself a 7-percent pay raise. When are we going to get the guts to do what we ought to do on all these issues, but particularly on this one as to what we are worth?

CONGRESSIONAL PAY RAISE NOT JUSTIFIED AT THIS TIME

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. I would like to speak to my colleagues. We have taken a pickpocket's way of taking other people's money out of their pockets. I do not say that a lot of people do not need a pay raise and I am not sure I would not have voted for an honest one. But what have we done? We avoided the issue by refusing a recorded vote.

It is against the law in New Jersey, in Michigan, and in a number of other States to vote for a pay raise for the same congress. Until we get that in order, we are not living up to an acceptable standard. We have tremendous inflation; we have millions of people living in this country on a fraction of our wages; I am not saying that a wage rise might not be in order, but this is not the way to do it. This is a pickpocket's way. We have justified the contempt the people have for this Congress.

☐ 1320

IF WE DO NOT DESERVE A PAY RAISE, THEN RESIGN

(Mr. YOUNG of Alaska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, I rarely take the floor on any other issue than what concerns Alaska, but there is one thing about Alaskans. We are proud of what we are. I have just seen a vote that shows me this body is damn poorly proud of themselves.

I just spoke to some people about this pay raise, if we can call it a pay raise. If you look at it, it is not much, but at least it was significant in the fact that we were gaining some money which I think we deserve. If you do not deserve it, then resign.

I have said before, I will vote for any pay raise that comes before the floor of this House and take the challenge of my opponents; at least I know if he defeats me, he will be paid properly.

Now, I have responsibilities. You have responsibilities; but I do not have any money in the bank. You know my record. I do not have it there.

I am getting tired of this body weaseling around demeaning yourselves, saying, "I am not worth the money."

We have not had the pay raises. I will tell you, I may be out of line, but I am proud of my job and I am worth every cent I get. If you are not proud, get out of the House; but do not demean yourselves. Get the money that you deserve. If you do not think you are worth it, then I very frankly am very disappointed in all of you.

PAY RAISE NOT THE ONLY THING IN THE CONTINUING RESOLUTION

(Mrs. BOUQUARD asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BOUQUARD. Mr. Speaker, I think we should remind ourselves as a body that we voted on something more than a pay raise. Regardless of your feelings, and I personally rose in opposition to the pay raise, there are a number of other issues which merited our support.

There were such vital issues as the Clinch River breeder reactor involved in this legislation. We have HEW programs, vital transportation programs.

I think we should stop patting ourselves on the back and recognize what we have really done in this vote.

Mr. Speaker, I must admit that I am somewhat puzzled at the reaction to the vote just taken. Those of us who rose in opposition to the pay raise when the amendment was offered were in the distinct minority. Now, on final passage of the measure, when a number of issues are being considered, the resolution is defeated.

My position against salary increases is clear and unequivocal, but I hope those Members who are now rejoicing in the defeat of this resolution recognize that they have not only prevented the 7-percent pay raise, they have also rejected funding for a number of programs which are worthy of support. The Clinch River breeder reactor project, an energy project vital to the long-term future of our country, has been threatened by today's action. Labor and HEW programs, community service programs, and water resource development projects have all been rejected along with the pay raise.

If as many Members who voted against this measure on final passage had been willing to oppose adoption of the pay raise when that single issue was considered, then the House might have avoided the embarassing position in which we now find ourselves.

SECOND CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1980

Mr. GIAIMO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the concurrent resolution (H. Con. Res. 186) revising the congressional budget for the U.S. Government for the fiscal year 1980.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Connecticut (Mr. GIAIMO).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State on the Union for the further consideration of the concurrent resolution, House Concurrent Resolution 186, with Mr. NATCHER in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. When the Committee rose on Monday, September 17, 1979, all time for general debate on the concurrent resolution had expired.

Pursuant to clause 8 of the rule XXIII, the concurrent resolution is considered as having been read for amendment and open to amendment at any point.

The concurrent resolution reads as follows:

H. CON. RES. 186

Resolved by the House of Representatives (the Senate concurring), That, the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is $519,500,000,000, and the amount by which the aggregate level of Federal revenues should be increased is $5,300,000,000;

(2) the appropriate level of total new budget authority is $632,557,000,000;

(3) the appropriate level of total budget outlays is $548,725,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $29,225,000,000; and

(5) the appropriate level of the public debt is $886,125,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $56,125,000,000.

SEC. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that by law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be $16,000,000,000.

SEC. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310 (a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):

(A) New budget authority, $138,156,000,000;

(B) Outlays, $128,527,000,000.

(2) International Affairs (150):

(A) New budget authority, $13,143,000,000;

(B) Outlays, $8,772,000,000.

(3) General Science, Space, and Technology (250):

(A) New budget authority, $5,833,000,000;

(B) Outlays, $5,662,000,000.

(4) Energy (270):

(A) New budget authority, $36,266,000,000;

(B) Outlays, $8,801,000,000.

(5) Natural Resources and Environment (300):

(A) New budget authority, $12,525,000,000;

(B) Outlays, $12,026,000,000.

(6) Agriculture (350):

(A) New budget authority, $4,983,000,000;

(B) Outlays, $2,542,000,000.

(7) Commerce and Housing Credit (370):

(A) New budget authority, $6,778,000,000;

(B) Outlays, $2,828,000,000.

(8) Transportation (400):

(A) New budget authority, $19,610,000,000;

(B) Outlays, $18,651,000,000.

(9) Community and Regional Development (450):

(A) New budget authority, $8,891,000,000;

(B) Outlays, $8,289,000,000.

(10) Education, Training, Employment and Social Services (500):

(A) New budget authority, $31,491,000,000;

(B) Outlays, $31,471,000,000.

(11) Health (550):

(A) New budget authority, $58,767,000,000;

(B) Outlays, $54,715,000,000.

(12) Income Security (600):

(A) New budget authority, $217,658,000,000;

(B) Outlays, $188,795,000,000.

(13) Veterans Benefits and Services (700):

(A) New budget authority, $21,607,000,000;

(B) Outlays, $20,851,000,000.

(14) Administration of Justice (750):

(A) New budget authority, $4,269,000,000;

(B) Outlays, $4,468,000,000.

(15) General Government (800):

(A) New budget authority, $4,484,000,000;

(B) Outlays, $4,301,000,000.

(16) General Purpose Fiscal Assistance (850):

(A) New budget authority, $9,076,000,000;

(B) Outlays, $9,075,000,000.

(17) Interest (900):

(A) New budget authority, $58,038,000,000;

(B) Outlays, $58,038,000,000.

(18) Allowances (920):

(A) New budget authority, $482,000,000;

(B) Outlays, $453,000,000.

(19) Undistributed Offsetting Receipts (950):

(A) New budget authority, —$19,600,000,000;

(B) Outlays, —$19,600,000,000.

SEC. 4. The Congress projects the following budget aggregates for fiscal years 1981–1982, based on the policies assumed in sections 1 and 3—

(1) the level of Federal revenues is as follows:

Fiscal year 1981: $605,700,000,000;
Fiscal year 1982: $704,500,000,000;

(2) the level of total new budget authority is as follows:

Fiscal year 1981: $666,938,000,000;
Fiscal year 1982: $728,866,000,000;

(3) the level of total budget outlays is as follows:

Fiscal year 1981: $604,027,000,000;
Fiscal year 1982: $655,821,000,000;

(4) the amount of surplus in the budget is as follows:

Fiscal year 1981: $1,673,000,000;
Fiscal year 1982: $48,679,000,000;

(5) the level of the public debt is as follows:

Fiscal year 1981: $916,225,000,000;
Fiscal year 1982: $907,925,000,000.

SEC. 5. In, 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980, the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

The CHAIRMAN. Are there amendments?

The chair recognizes the gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I move that the Committee do now rise and report the concurrent resolution back to the House——

Mr. BAUMAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Seventy-eight Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

☐ 1330

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Are there any amendments to be offered?

Mr. LATTA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, let me explain to the House that there was a sudden change in the program. The minority was advised that we would take up the Federal Trade Commission resolution, and we were prepared on this side to go forward with that matter.

As a consequence, when the decision was made, without notifying us, that we would take up the budget resolution, we had to alert the staff to bring over our substitute resolution, and they are now en route to the House with that substitute resolution which we plan to offer now.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LATTA

Mr. LATTA. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will report the substitute amendment.

Mr. GIAIMO. Mr. Chairman, I reserve a point of order against the substitute amendment.

The CHAIRMAN. The gentleman from Connecticut (Mr. GIAIMO) reserves a point of order against the substitute amendment.

The Clerk will report the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. LATTA: Strike all after the resolving clause and insert in lieu thereof the following:

that the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is $510,000,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $13,000,000,000;

(2) the appropriate level of total new budget authority is $594,700,000,000;

(3) the appropriate level of total budget outlays is $529,800,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $19,800,000,000; and

(5) the appropriate level of the public debt is $877,275,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $47,275,000,000.

SEC. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that by law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be $16 billion.

SEC. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310 (a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $141,200,000,000;
(B) Outlays, $129,000,000,000.
(2) International Affairs (150):
(A) New budget authority, $11,000,000,000;
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,500,000,000;
(B) Outlays, $5,400,000,000.
(4) Energy (270):
(A) New budget authority, $24,000,000,000;
(B) Outlays, $8,500,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $11,200,000,000;
(B) Outlays, $11,700,000,000.
(6) Agriculture (350):
(A) New budget authority, $5,000,000,000;
(B) Outlays, $2,500,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $6,800,000,000;
(B) Outlays, $2,800,000,000
(8) Transportation (400):
(A) New budget authority, $17,800,000,000;
(B) Outlays, $17,500,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,100,000,000;
(B) Outlays, $8,100,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $28,100,000,000;
(B) Outlays, $28,900,000,000.
(11) Health (550):
(A) New budget authority, $56,800,000,000;
(B) Outlays, $53,400,000,000.
(12) Income Security (600):
(A) New budget authority, $208,200,000,000;
(B) Outlays, $183,900,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $21,400,000,000;
(B) Outlays, $20,600,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $3,600,000,000;
(B) Outlays, $4,200,000,000.
(15) General Government (800):
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,100,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $8,500,000,000;
(B) Outlays, $8,500,000,000.
(17) Interest (900):
(A) New budget authority, $56,900,000,000;
(B) Outlays, $56,900,000,000.
(18) Allowances (920):
(A) New budget authority, —$4,100,000,000;
(B) Outlays.—$3,700,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, —$19,600,000,000;
(B) Outlays.—$19,600,000,000.

SEC. 4. The Congress recommends the following budget aggregates for the fiscal years 1981–82—

(1) the level of Federal revenues is as follows:

Fiscal year 1981: $567,000,000,000; and the amount by which the aggregate level of Federal revenues should be decreased is $29,000,000,000.

Fiscal year 1982: $624,000,000,000; and the amount by which the aggregate level of Federal revenues should be decreased is $79,000,000,000.

(2) the level of total new budget authority is as follows:
Fiscal year 1981: $624,100,000,000
Fiscal year 1982: $667.800,000,000

(3) the level of total budget outlays is as follows:
Fiscal year 1981: $564,000,000,000
Fiscal year 1982: $592,000,000,000

(4) the amount of surplus in the budget is as follows:
Fiscal year 1981: $3,000,000,000
Fiscal year 1982: $32,000,000,000

(5) the level of the public debt is as follows:
Fiscal year 1981: $906,100,000,000
Fiscal year 1982: $914.500,000,000

SEC. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980 the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

Mr. LATTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GIAIMO. Mr. Chairman, reserving the right to object and reserving my right to insist on my point of order, may I ask the gentleman a question?

The CHAIRMAN. The gentleman from Connecticut (Mr. GIAIMO) is recognized.

Mr. GIAIMO. Mr. Chairman, the reason I reserved a point of order on the amendment in the nature of a substitute is that I did not have a copy of the substitute and, therefore, did not have an opportunity to look it over. It has four pages that are filled with all kinds of numbers.

Can the gentleman from Ohio (Mr. LATTA) assure us that it is mathematically consistent?

Mr. LATTA. Mr. Chairman, I have been so assured by the staff.

Mr. GIAIMO. Mr. Chairman, I withdraw my reservation of objection, and I withdraw my point of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Connecticut, Mr. GIAIMO, has withdrawn his point of order on the amendment in the nature of a substitute.

The gentleman from Ohio (Mr. LATTA) is recognized for 5 minutes in support of his amendment in the nature of a substitute.

Mr. LATTA. Mr. Chairman, yesterday I described in detail why the committee-reported second budget resolution was bad news for the economy and the taxpayers of this country. Therefore, today I intend only to summarize why this resolution we have before us, for which we hope to substitute our resolution that I have offered, is bad news.

My colleagues know that the deficit being proposed is exactly the same as the deficit for this year, fiscal year 1979; namely, $29 billion. They also know—and the Committee on the Budget admits this, as a matter of fact—that a $29 billion deficit in 1980 effectively rules out a balanced budget in 1981, even with the tax increases built into the committee's resolution.

Let us think of this one inescapable fact: When we are running for reelection next year, the budget will not be in balance, even though a substantial majority of the Members of the 96th Congress ran on a platform premised on a balanced budget. Over on my side of the aisle, we deplore this fact, but the people understand that as a minority party we cannot control the actions of this Congress.

But what about those on the majority side? How are they going to get off the hook? How are they going to explain their vote conscientiously to not balance the budget in 1981?

The substitute I have just introduced on behalf of all the Members of the minority gives all the Members in this chamber a chance to put their money where their mouths have been.

This substitute would do three principal things:

First. It would lower the deficit by $10 billion. Our figure is $19.8 billion, as compared with the committee's $29.2 billion.

Second. It would provide for a $20 billion tax cut beginning January 1. The committee continues its policies of tax increases, I might point out.

Third. Finally, and most important, our substitute will balance the budget in the next fiscal year, fiscal year 1981, as compared with yet another deficit under the majority's plan, and balances the budget at a far lower rate of taxation.

Our Republican substitute will reduce inflation, increase productivity through greater capital investment, increase employment—and by "employment" I do not just mean jobs, I mean well-paying jobs in the private sector—reestablish a pattern of strong economic growth, and generate funds for high priority public needs.

Let me summarize what is in our substitute and tell the Members what they must do to make it a reality.

First, we are providing for a spending increase—and I stress "increase"—over fiscal year 1979 of $33.6 billion. In budget authority, we are providing for an increase of $38.5 billion over fiscal year 1979.

□ 1340

We have a $20 billion tax cut and have reduced the deficit to $19.8 billion. On this latter point, let me say that I am not the least bit happy with a deficit of that size, but I am realistic enough to know that so much of the spending that will take place in 1980 is the result of entitlement programs and commitments made in prior years, that the printing presses of the Federal Government cannot be turned off overnight without bringing on a depression which will certainly scorch your hair.

I believe our alternative is a very lean, tight, and austere budget. It will not be easy to hold the growth of spending to $33.6 billion over fiscal year 1979. I might even add that it will be downright difficult. But the risk of added inflation and higher unemployment makes this restraint absolutely necessary.

In the past I have talked about the need to cut out the fat in the Federal budget, the need to eliminate waste and fraud. We cannot hold the budget growth down merely by trying to force operating efficiencies, for example, on HEW alone. What we must do—and I address this as much to Members on my side of the aisle as to the majority—is to take a hard look at all of the programs in the Federal budget and decide which ones, worthy as they may be, simply are less important than balancing the budget and licking inflation.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. LATTA. Mr. Chairman, there are many programs in the budget which are good and accomplish many worthwhile things. But we simply do not have the money to fund all of them. I know my good friend, the chairman of the Budget Committee, will rise and demand where we want to "cut" the budget, and I will save him the bother by answering that question right now.

First, our substitute, as I indicated earlier, provides for $33.6 billion more spending in 1980 than in 1979, and that, in my humble judgment, is hardly a cut.

Secondly, the authors of the Congressional Budget Act specifically did not intend for the Budget Committee to get into programmatic funding decisions. If the budget resolutions were supposed to list program levels, we would be using an appropriation bill format instead of the general functional categories.

Our substitute does as much as is allowed under the Budget Act. It spells out proposed funding levels for large groupings of programs called functions and properly leaves to the legislative committees of the House the chore of dividing up the pie among those programs they deem most worthy. We are not mandating a reduction in any particular program below the funding set forth in the Budget Committee's recommendation even though most call for considerably more spending than in fiscal year 1979, so the big spenders cannot refer to their most popular programs in a particular function, for example, social security, and claim our substitute cuts that particular program. This is simply not true, and I trust the Members of the House will not fall for this argument this time.

Briefly, let me touch on some of the most important parts of our substitute.

National defense is the first and foremost responsibility of the Federal Government. It is the responsibility we have actually neglected in recent years, and that neglect has resulted in our deteriorating influence in the world, and the looming Soviet superiority in strategic weapons is some indication of this.

We provide for a 3-percent real growth in budget authority, while the committee allows for less than 1 percent growth in real dollars. Our figure is the same as that recommended last week by the administration.

In energy we provide for substantial real increases over 1979, including an outlay increase of $2 billion over the first resolution, to enable the Congress to enact additional energy initiatives this session. We have not provided as large a budget authority increase as proposed by the committee because substantially larger appropriations can be neither wisely spent nor committed during the next 12 months, and this has certainly been indicated by the President in his recent statement.

Mr. ICHORD. Mr. Chairman, will the gentleman yield on the point of national defense?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I am constrained to support the amendment of the gentleman from Ohio because of the 3-percent increase in spending for defense, and I would point out that this is a primary constitutional duty of this body, to provide for the national defense of the Nation.

I realize, I would say to the gentleman from Ohio, that it is impossible to keep philosophy from creeping into budgeting, that is, your philosophy automatically creeps in when you make estimates and guesstimates, of about what the revenues will be, what the expenditures will be, what the tax take will be, and so forth.

The gentleman is setting up a smaller deficit than the Budget Committee. The gentleman is obviously increasing the revenues. Where is the gentleman getting the revenues? Where does the gentleman estimate the extra revenues will come from?

Mr. LATTA. Mr. Chairman, let me say to my friend, the gentleman from Missouri, that we are not increasing taxes. We are not doing that, but we are cutting back, as I indicated, on expenditures. With a $20 billion tax cut, which will take effect under our proposal in January, there will be three-quarters of fiscal year 1980, and with the plowback, as they call it, or the amount that will come back into the Treasury to give the tax cut, we end up with only about $8 billion of that $20 billion being effected in fiscal year 1980.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has expired.

(By unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. LATTA. With the additional restraints in spending that we have in our budget, we can come up with the figures that I have just outlined.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, I would just like to get a little clarification on some of the things the gentleman has done. The gentleman realizes that none of us on this side have laid eyes on this substitute until 5 minutes ago.

Mr. LATTA. Mr. Chairman, may I say to my good friend that we will give him ample time to look it over.

Mr. GIAIMO. An item which deals with $632 million, it would have helped that we had a little more time. But let me just ask the gentleman this: As the gentleman knows, our resolution proposes a deficit of $29.2 billion. As I understand the gentleman's figures, the gentleman is proposing a deficit of $19.8 billion, roughly $10 billion less in deficit than the $29 billion that we had projected. At the same time, the gentleman is reducing expenditures, is that right, by about $20 billion in round figures?

Mr. LATTA. That is roughly correct.

Mr. GIAIMO. So if you start out with our $29 billion deficit and you reduced outlays by $20 billion, you would have a remaining deficit of $9 billion. However, the gentleman is proposing a tax cut of about $20 billion, of which, I am told, $8 billion or $10 billion will impact on the fiscal year; is that roughly correct or precisely correct?

Mr. LATTA. Let me just say to my friend that the gentleman is assuming that our tax cut would be for the whole fiscal year, which it is not. It would become effective, as I just explained to the gentleman from Oklahoma, on January 1 rather than October 1, and with the feedback of about 38 percent, we end up actually with only a loss of revenue through the tax cut of about $8 billion.

Mr. GIAIMO. To get back to what I was trying to get clear from the gentleman, if you start with our deficit of $29 billion and you take off $20 billion in outlays, which the gentleman does, that gets you down to a deficit of $9 billion. However, the gentleman proposes a deficit of $19 billion. So therefore, what the gentleman is doing is, he is restoring $10 billion in deficit because of the revenue losses, I take it; is that correct?

Mr. LATTA. I cannot answer the gentleman with his figures or say whether that is correct or not until I take a hard look at it. But we have come up with our figures via some restraints in spending, as I have already indicated, which are evidently not in the majority-passed resolution.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield on that point?

Mr. LATTA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I think we should inform the distinguished chairman that, while we are very sorry that he did not have a copy of this detail until about 5 minutes ago, this was in the public domain from yesterday afternoon at 2 p.m., when we released this and made it available to the press and anybody who wanted it. So it has been in the public domain for the past 24 hours.

Mr. GIAIMO. Mr. Chairman, if the gentleman will yield further, we asked the gentleman's staff for it this morning, and we were informed that it would not be available until after your meeting this morning. So, as far as I am concerned, it was not in the public domain.

Mr. SHUSTER. Mr. Chairman, I can only report that we passed it out at 2 o'clock yesterday afternoon.

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Florida.

Mr. NELSON. Mr. Chairman, I would like to get some clarification from the gentleman from Ohio. I do not understand your figures. They do not seem to add up, to me.

Starting with the Budget Committee resolution of a $29 billion deficit, the gentleman is cutting spending in his estimate by approximately $20 billion. That would bring the deficit down to approximately $9 billion. The gentleman is then further causing a revenue cut to occur through a tax cut of another $8 billion. That would bring the deficit to about $17 billion. Yet the gentleman is saying in his proposal the deficit is $19.8 billion. Can the gentleman reconcile the figures for us, please?

□ 1350

Mr. LATTA. Certainly I cannot reconcile the gentleman's logic or his figures, either one. I will be happy to explain to the gentleman, however, where these cuts can be made and how we come up with these figures, because we are, as the chairman indicated, dealing with about a $500 or $600 billion matter.

Mr. ICHORD. Mr. Chairman, will the gentleman yield for clarification on that?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. ICHORD. I would assume that the gentleman is probably changing his revenue estimate, is he not? He would obviously have different revenue estimates——

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

(At the request of Mr. ICHORD and by unanimous consent, Mr. LATTA was allowed to proceed for 5 additional minutes.)

Mr. ICHORD. Will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Missouri.

Mr. ICHORD. What are the revenue estimates, as compared to the revenue estimates of the Budget Committee?

Mr. LATTA. It is $510 billion.

Mr. ICHORD. I beg your pardon?

Mr. LATTA. It is $510 billion.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from New Mexico.

Mr. LUJAN. I should add the difference between the House Concurrent Resolution 186 and the Republican substitute. It indicates that the House Concurrent Resolution 86 increases spending by $52 billion, and that the Republican substitute increases spending over last year by $33 billion.

So I might ask the gentleman then, it is not correct, as we have heard today, that the Republican substitute reduces spending? As a matter of fact, there is a moderate increase over last year's budget; is that correct?

Mr. LATTA. I would not even call it moderate. It is $33 billion. Where I come from, that is not moderate.

Mr. LUJAN. I might tell the gentleman that in comparison to the $52 billion that is being proposed, the $33 billion is moderate, but only by comparison. I understand what the gentleman is saying.

Mr. LATTA. If I may finish my statement, in agriculture, we concur with the committee estimates even though the actual amounts show a decrease from fiscal year 1979. By way of explanation, this is really not a decrease but rather a recognition that better than expected farm prices will drastically reduce the need for American farmers to rely on Government price support programs.

In education, training, employment, and social services, funding can be adjusted downward to reflect the fact that the CETA program has been little more than a form of revenue sharing to States and cities.

Likewise, we suggest a reduction in budget authority to reflect the fact that school enrollments are declining and that funding needs of education have and should remain the primary responsibility of State and local units of government.

In addition, the sponsors of the new Department of Education assured this House that greater operational efficiencies could be expected from this new bureaucracy, and we suggest these promises be reflected in the budget.

In the income security function, we show generous increases to cover higher social security payments, as well as providing funds to cover increases of those selected programs Congress feels are the most important in that particular function.

In the allowance function, we are proposing that a total of $3.7 billion be saved in personnel and overhead costs in the Federal bureaucracy itself through modest staff reductions, through attrition, tighter travel restrictions, greater level of pay absorption, through increased productivity, and so forth.

Beyond these few examples, we are calling on the authorizing and appropriations subcommittees to make the basic choices.

We are saying that not every program can be funded at the high level you may wish. You tell us what programs are relatively less important and reduce, postpone, or eliminate funding for those with a higher rate of priority than balancing the budget and reducing inflation. I dare say there are few programs in the Federal budget which are more important than these goals.

In summary, Mr. Chairman, our substitute merely puts a little restraint on the growth of the Federal Government next year. Essential services need not be curtailed, but wasteful and lower priority programs will have to be set aside by the Congress.

Lastly, only by the adoption of this substitute can Members of the House achieve a balanced budget in 1981.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Illinois.

Mr. SIMON. I thank the gentleman for yielding.

My distinguished colleague from Ohio pointed out the reductions in income security. That is an $8.4 billion reduction in budget authority and $4.4 billion reduction in outlay, as I read it.

Those are, to put it mildly, fairly substantial reductions in areas that cover social security and food stamps and things like that.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I thank the gentleman for yielding.

I would like to respond to the gentleman that when compared with the actual——

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

(At the request of Mr. SIMON and by unanimous consent, Mr. LATTA was allowed to proceed for 3 additional minutes.)

Mr. SHUSTER. If the gentleman will continue to yield, when compared with the actual spending levels of the last fiscal year, income security outlays are not reduced. They are very substantially increased. They are increased by 13.9 percent.

Now, while it is true that they are not increased as much as the budget resolution brought to the floor by the majority, the fact is it is not a decrease in income security over last year. It is a very substantial increase.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Illinois.

Mr. SIMON. I would be very interested in having either the gentleman from Pennsylvania (Mr. SHUSTER) or the gentleman from Ohio (Mr. LATTA) tell us where they are getting that $8.4 billion. Is this out of social security?

Mr. LATTA. As I indicated earlier to the gentleman, we are not about to start picking out these programs and say, "You take this money out of this particular program or out of that particular program." That is something for the authorizing committees to do and for the appropriations committees to do.

The gentleman knows, for he has been on the Budget Committee a long time, that we set the aggregates. We are not going to start telling the other committees what to do on this side of the aisle. You might start attempting to tell them on that side of the aisle, but you are really, under the law, wasting your breath when you do that.

We are saying that we ought to restrain spending. In the income security function the minority substitute provides $208 billion in budget authority and outlays of a $183.9 billion, an increase in one single year in outlays of $22.3 billion. That is a significant increase. That is a 13.9 percent of an increase over 1979 under our substitute. We think that is sufficient for the authorizing and appropriations committee to live with.

Mr. SIMON. If the gentleman will yield further, I would simply point out to my colleague that the first half of his answer is most significant. The gentleman from Ohio is not sure where it is coming from, and I suggest to my colleagues who have recipients of social security and other programs in their district, that they had better look very closely and hard before they vote for this amendment.

Mr. LATTA. I say in answer to my friend, if he would like to take it out of social security, that is up to him, but that is not my way of looking at it.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I think the great majority of this side of the aisle would not want to take it out of social security. We want it out of such things as food stamps and housing subsidies. There are many other programs which are candidates in income security, but we think that is for the authorizing committee to make that judgment. I know certainly this Member would be opposed to taking it out of social security.

Mr. GIAIMO. Mr. Chairman, I rise in opposition to the amendment.

□ 1400

Mr. Chairman, I think we ought to all recognize the fiscal sleight of hand which we are being exposed to here today. They do not want to tell us where to make the cuts; they want to leave it to the authorizing committees and to the Appropriations Committee. They do not want to take it out of social security; they really do not want to take it out of anyplace where it is going to hurt. They want us to grab it out of the air.

If my colleagues will look at function 920, allowances, I would ask my friend from Ohio, Mr. LATTA, on function 920, allowances, we had in there $482 billion for allowances. The gentlemen have reduced that function by minus $4.1 billion. Would the gentleman tell me what that means?

I guess they do not know what it means.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. Yes, I yield to the other gentleman from Ohio.

Mr. REGULA. Mr. Chairman, in response to the question of the gentleman, this would have to be absorbed by the agencies. We have repeatedly heard and read in the local news media of abuses in the agencies of travel, of excessive salaries, of excessive numbers of employees, of throwing usable furniture away, for example, in several of the agencies in this city. One need only look at the daily paper to see many ways in which there are cuts in allowances which could be absorbed. I think we simply have to say to the agencies that they will have to share with the rest of the Nation in achieving spending restraint if we are going to deal with the problem of inflation.

Mr. GIAIMO. I would ask the gentleman did they do that in the appropriation bill for Labor, HEW when it came up, did you do it in the Defense bill, do you do it in the Interior bill, do you do it in all of the public works bills or any of those bills where you actually could reach in and find some of the money in savings? We had tried to do it last year, as the gentleman will recall, to the tune of $1 billion. The gentleman will remember the agonies that we went through over that proposition.

The point is that what was done here is obvious. You could not allocate any more cuts to the functions, you have already cut those drastically, or did not put in the necessary money, if we use the gentleman's terminology. For example, in function 600, income security, that is the big one, that is the one that has social security and a lot of the other programs. Instead of $217 billion my Republican colleagues provide $208 billion, instead of the $217 billion, a $9 billion reduction. You went down the line and reduced the other functions and you still came up $4 billion short, and then said, well, we will throw it into allowances, it is undistributed, they can get it out of the waste.

I wish we could, but the fact is we cannot.

Let me tell the gentleman something. When we put a budget together, the second budget resolution, we try to be responsible, we try to abide by the necessities and the demands that are put upon us to make certain that we meet the priorities of the people of this land. Throughout these months the various committees, the entitlement committees have acted, and particularly the Appropriations Committee has been acting in analyzing what the real needs are, whether it be in defense, whether it be in income security, whether it be in energy, whether it be in transportation, whether it be in education, in agriculture, and on and on. To come in here with a meat-ax approach and say we are going to cut $20 billion in spending is not only unrealistic, I submit it is irresponsible.

To further compound that irresponsibility at a moment when inflation is so rampant in this land—I just heard earlier today that a big bank in New York just again raised the prime rate to 13¼ percent—to come in here and suggest a tax cut which is going to further feed the flames of inflation is to take the money out of our people's pockets once again.

The gentleman is going to say oh, my people, my constituents, I am doing great things for you in Congress, I am voting a tax cut.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

(By unanimous consent Mr. GIAIMO was allowed to proceed for 5 additional minutes.)

Mr. GIAIMO. The gentleman is promising his constituents a tax cut which they will have to pay back at the grocery store when they buy food. They will pay back at the bank when they borrow money, and they will pay back when they go to buy an automobile. They will pay it back when they buy clothing or whatever they do. We have been trying to combat this kind of legislation.

We cannot do this with mirrors, as I have said before. We have put together a budget resolution which took cognizance of the real needs of our people, depending in large part on the recommendations of the various committees and the spending committees of the Congress. I submit we cannot go in and reduce that by $20 billion.

In education my colleagues would go from $31.4 to $28.1, a $3.3 billion cut in education. My friends, are you serious? Do you really think we can cut the education function by $3 billion? Of course, you do not.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

First of all, I am sure that my colleague has studied this carefully enough to know——

Mr. GIAIMO. Not too carefully, because——

Mr. ROUSSELOT. I am sorry the gentleman has not.

Mr. GIAIMO. Not too carefully, because I just received a copy of this half an hour ago.

Mr. ROUSSELOT. If the gentleman will yield further, let me say if the gentleman would study it further he would note that in most of the functional categories it is not a cut, but a restraint in the increase, so nobody is being denied benefits.

Mr. GIAIMO. I will reclaim my time. I will explain the old Republican-Democratic game of "it is not a cut," "it is not an increase." Bear in mind with a 13-percent inflation rate we have to increase the budget in order to stay at the same level of effort, without any new increase because inflation demands that we use more dollars to accomplish the same thing. If we do not provide that increase then, in effect, we are cutting the budget in real terms because of inflation, and that is what the gentleman is doing.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I will yield to the gentleman from California and then the gentleman from New York.

Mr. ROUSSELOT. Mr. Chairman, does the gentleman think that substantial increases such as in the committee budget of expenditures clear up to $548 billion—that is a tremendous increase over this fiscal year—that that has no inflationary impact on the economy?

Mr. GIAIMO. I would say to the gentleman I want him to know that inflation is too rampant in our land.

Mr. ROUSSELOT. If the gentleman will yield further, we are well aware of that. We have been trying to tell you that for 5 years.

Mr. GIAIMO. It is so rampant that people are throwing away money. I just picked up a dime on the floor of the well here.

Mr. ROUSSELOT. Let me say the gentleman is right that inflation is rampant, and one of the causes of that inflation is overspending by Government.

Mr. GIAIMO. There is no question about it, there is no question about it. The gentleman knows that I have been down here arguing about that more than anyone in this Chamber.

Mr. ROUSSELOT. This huge increase that the committee is bringing before us, $549 billion over the fiscal year 1979, which will spend roughly $495 billion, that in itself is an inflationary target, and that is what the gentleman from Ohio is trying to attack.

Mr. GIAIMO. There is about a 1.8-percent increase in real terms over last year. The budgets for the last 5 years have increased an average of 3.4 percent in real terms. This budget has stopped this trend. It is less than 2 percent. If the gentleman considers the huge add-ons in defense, the increases, the real increases in the nondefense portion of the budget, they are less, are zero.

Mr. ROUSSELOT. I certainly do not agree with that point.

Mr. GIAIMO. They are less than 1 percent, less than 1 percent.

Mr. ROUSSELOT. I will say to the gentleman that his arithmetic is substantially off, and I thank the gentleman for yielding.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman.

Mr. STRATTON. I appreciate the gentleman yielding to me. I do not want to interfere with his eloquent comments on the proposal offered by the gentleman from Ohio (Mr. LATTA), but speaking as one member of the Armed Services Committee, let me just say that our committee is obviously concerned about where we stand in this budget resolution, and where we are going to stand eventually in fiscal year 1980 with respect to the defense area.

I must say, not being a budget expert, I am a little bit confused on the figures.

□ 1410

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

(At the request of Mr. STRATTON and by unanimous consent, Mr. GIAIMO was allowed to proceed for 5 additional minutes.)

Mr. STRATTON. I wanted to have a little colloquy with the gentleman to try to understand exactly where we are. Now, I gather that the most authoritative statement in print occurs on page 29 of the committee's report, at which point are tabulated the figures for the President's original budget request, the President's amended request as of September 10; the first budget resolution; and the second budget resolution we now have under discussion.

I would like to ask the gentleman from Connecticut, first of all, whether the President's amended request of September 10 is the same as the figures contained in a letter which I understand the President addressed to the Congress yesterday, giving his final recommendations.

Mr. GIAIMO. I have not seen that letter which he addressed to the Congress yesterday. I can tell the gentleman that we have been in close contact and negotiations with the President and with the White House. He has informed me—and this was not yesterday, it was several weeks ago when I met with him—he would like $141.4 billion, as I recall.

Mr. STRATTON. Well, the committee report to which I refer, if the gentleman will yield further, reads as follows on page 29, and I quote:

Mr. GIAIMO. Yes.

Mr. STRATTON [reading]:

> The committee is aware that the President announced on September 10 that a budget amendment will be submitted which will substantially increase his request. However, few details of the new amendment are available at this time.

Mr. GIAIMO. That letter I know about.

Mr. STRATTON. What I am asking is, are the contents of that letter even greater in size than line 2 in this tabulation on page 29, the President's amended request as of September 10?

Mr. GIAIMO. How much is in this letter the gentleman is talking about?

Mr. STRATTON. I do not know. That is why I am asking.

Mr. GIAIMO. Well, all right, then I cannot respond if he has not even decided on a correct figure, but I will tell the gentleman what my understanding is.

Mr. STRATTON. That is what I am trying to find out. I am not arguing with the gentleman.

Mr. GIAIMO. The gentleman is asking me questions about a letter that, No. 1, I have not seen; and No. 2, does not even carry an amount in it.

Mr. STRATTON. I was advised by the office of the Secretary of Defense that the President had sent up an amended budget request either yesterday or the day before, and I just wanted to see how it compared with the figures that are printed here in the committee's report.

Mr. GIAIMO. Well, I have not seen the President's budget request of yesterday. I understand that the President is going to send up a budget request, a budget amendment, asking for additional moneys. My best understanding of that is that the President would like to have about $141.4 billion in budget authority.

Our committee recognized this, the gentleman will recall, during markup, I recognize the need for additional moneys for petroleum increases because of inflation, for currency fluctuations because of inflation, and for the pay cap from 5.5 to 7 percent because of inflation. So, we put in $1.4 billion in outlays. We added to the budget recommendation, making it $138.2 billion, as opposed to $141.4 billion. So, we are short $3 billion, if the gentleman will bear with me, from the President.

Now, that $138.2 billion translates into the defense appropriation bill, which is only one of the bills, as the gentleman knows, which provides for defense. That is the big one, but in addition to that, as the gentleman knows, we have the military construction bill also; we have defense items in the atomic energy public works function and in some other areas also. I understand that the full Appropriations Committee today recognized the need to meet some of the President's requirements. They had a meeting, I believe this morning, and I believe Mr. ADDABBO proposed an increase in his bill which would translate as follows: He was about at $127.4 billion, and he is up to $129.4 billion as I understand it, which is basically on target with what the Budget Committee has recommended.

So, the answer to the gentleman's question is, we have approached significantly the increase which the President has asked for in defense. We have not, however—and I certainly do not want to mislead the gentleman—we have not gone in the direction which the other body has gone, and gone up that additional $3 billion.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

(At the request of Mr. STRATTON and by unanimous consent, Mr. GIAIMO was allowed to proceed for 3 additional minutes.)

Mr. STRATTON. It is my understanding, if the gentleman will yield further, that the President has requested that there be a 3-percent increase in the defense function. I take it that his recommendation of $141.4 billion in budget authority and $130.6 billion in outlays represents, in his view, that 3 percent increase. Now, the figures that the gentleman is recommending here fall short by $3.2 billion of the President's request in budget authority and $2 billion short in outlays.

Mr. GIAIMO. No, less than $2 billion, I believe, in outlays.

Mr. STRATTON. Well, according to the figures that are in the report, it is $130.6 billion that the President wants in outlays.

Mr. GIAIMO. My understanding is that he wants—well, the $129 billion is what is in the substitute. We are at $128.5 billion. We are not very far apart in outlays.

Mr. STRATTON. Well, the Senate on yesterday added that 3 percent figure onto their budget resolution for 1980; and they added a 5-percent figure for the out years, which is a hoped-for figure, is that not correct? Is it likely that when our budget resolution gets into conference with the Senate, we will end up somewhere closer to the 3-percent figure?

Mr. GIAIMO. Well, it certainly is not likely to open the gap between us, I will say to my friend from New York. As the gentleman well knows, a conference is made up of all kinds of compromises. I fully expect that the other body will have to relinquish some of its demands, and I fully expect that we, in the spirit of compromise, will have to relinquish some of ours.

It is not my intention to go up the $3 billion in defense at this time. I would resist that because I believe it cannot be justified. However, I cannot anticipate what will happen in the conference. As the gentleman knows, in past years what has happened has been that the House in conference has gone up in defense items, and the other body has gone up in nondefense items.

Mr. STRATTON. If the gentleman will yield further, the Senate, as I understand it, has gone up 3 percent, but the House is now going up considerably less than 3 percent. If we are going to compromise between those two figures, it is still going to end up less than 3 percent. But I feel strongly that 3 percent is the very minimum that those of us who are concerned about defense, concerned about the Russians in Cuba, concerned about the Communist threat in Latin America—I would want to support in 1980 budget resolution. And I would like to see the Armed Services Committee end up behind this resolution.

Mr. GIAIMO. Of course, I want the support of the Armed Services Committee behind this resolution, but by the same token I cannot stand here and say to the gentleman yes, I am going to add the money that the Senate added, because that would not be the right way to go in in my opinion.

Mr. SHUSTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, it seems, by the cries of anguish of some of our friends on my right, that we perhaps have struck a raw nerve. We have heard very emotional statements about the Republican substitute being a meat-ax approach, to quote the distinguished chairman of the Budget Committee. We have heard an awful lot of emotional rhetoric in the past few minutes, but when we strip away the rhetoric and get down to the bitter facts, what are the incontrovertible facts? They are that this substitute is proposing over the past fiscal year, fiscal 1979, in which we are now, an increase in national defense outlays of 10 percent; an increase in international affairs of 2.6 percent.

□ 1420

An increase in general science, space, and technology of 8.1 percent.

An increase—and get this—in energy, of 24.8 percent.

A decrease of two-tenths of 1 percent in natural resources and environment.

We are in agreement on agriculture.

A 13-percent increase in commerce and housing credit.

A modest increase in transportation—not as high as I would like to see it, frankly.

A decrease of 9.5 percent in community and regional development.

A decrease of 4.8 percent in education, training, and employment.

An increase of 6.9 percent in health.

An increase of 13.9 percent in income security.

An increase of 1.6 percent in veterans.

We are at the same level as the previous year in administration of justice.

A decrease of 2 percent in general Government.

A decrease of 1 percent in general-purpose fiscal assistance.

An increase of 8 percent in interests.

Mr. Chairman, overall, this Republican substitute provides for a 6.8-percent increase in outlays. Now that is a fact. That is not rhetoric. That is not beating our breasts and talking about the problems that will be caused. That is an incontrovertible fact.

Mr. Chairman, I would say to my dear friends on the other side of the aisle that while this starts out as being a Republican substitute, there is one way in which you can take the necessary action so this will not be a Republican substitute. You can give bipartisan support to this very moderate budget proposal.

Mr. Chairman, there are many Republicans in this House who think that the expenditures should have been cut further, that there should be no deficit. I can point out there are Republicans in this House who would like to have seen a tax cut of much more than $20 billion. Yet we stand together in offering the substitute because we think it is a moderate approach to the problem. We think that it is the kind of moderate reduction in spending and moderate tax cut which discerning friends on the other side of the aisle should be able to set aside partisan differences and support. This is no meat ax. This is a very moderate restraint in increased spending.

Now we can go home to our constituents and tell them, if you vote against a $20 billion tax cut, that you voted against a $20 billion reduction in increased outlays, which nevertheless is a 6.8-percent increase in outlays over the previous year. Now you can go home and tell your constituents that you are against reducing the deficit from $29.8 billion down to $19.8 billion, a moderate $10 billion reduction in the deficit. I find it awfully difficult to understand how your constituents are going to understand that.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I would be delighted to yield to the distinguished gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman yielding. I support the efforts of my friend from Pennsylvania. This is indeed a moderate tax cut. As one who wants a much deeper cut in taxes, I would still support it as well as the Rousselot amendment for a $36 billion cut.

One question I think should be asked of the other side of the aisle—if they do not cut the tax burden of the American people don't they know they are actually raising taxes?

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ROUSSELOT, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 3 additional minutes)

Mr. SHUSTER. I continue to yield to the gentleman from New York (Mr. KEMP).

Mr. KEMP. The question is not so much why they did not vote to cut taxes, the question might really be posed why they voted to let taxes continue to go up, because taxes in 1979 are going up between $25 and $30 billion in the aggregate and each American is going to face a higher and higher marginal tax bracket.

Mr. SHUSTER. Mr. Chairman, the gentleman makes an excellent point. The so-called Republican tax cut of $20 billion really only partially restores the tax increases which the majority in this Congress and the President downtown are imposing upon the American people.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. In the Committee on the Budget did you discuss the fact that if this Congress does nothing next year in the way of tax cuts, people's taxes will automatically go up because of the tremendous inflation rate which our colleague from Connecticut (Mr. GIAIMO) just mentioned, and because they will be escalated into higher brackets? Is that not true?

Mr. SHUSTER. That is certainly true, that is a part of the problem.

Mr. ROUSSELOT. Mr. Chairman, did the Committee on the Budget discuss how much those increases would be? It is my understanding they range from $25 billion to $33 billion worth of increases, is that correct?

Mr. SHUSTER. I think the gentleman is in the ball park, yes.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the distinguished majority leader.

Mr. WRIGHT. I thank the gentleman for yielding. The gentleman from Pennsylvania is always delightfully persuasive in everything that he says, but on several occasions during the gentleman's early remarks he has referred to incontrovertible facts. If we may just lay aside any discussion of the relative merits of our two positions, let us see if we can lay out the incontrovertible facts of the comparison in actual dollars between the substitute resolution proposed by the Republican group, on the one hand, and the committee resolution on the other.

Mr. SHUSTER. Of course, as the gentleman knows, the comparison I was making would be between the substitute and actual expenditures of fiscal year 1979.

Mr. WRIGHT. Of course. But the comparison we must make, if we are to choose between the gentleman's substitute and the committee bill, is a comparison between those two in the dollars they would earmark for specific functions. That is a comparison to which the Members are entitled. Would the gentleman not agree?

Mr. SHUSTER. I would say to the gentleman that a much more relevant comparison is with the real world of what real spending is in this fiscal year.

Mr. WRIGHT. If the gentleman desires to characterize the committee resolution as an unreal world, then let us compare the gentleman's resolution with that unreal world. I do not want to engage the gentleman now in a rhetorical exercise. All I want is to get the facts before the Members. Is that fair?

Mr. SHUSTER. It is certainly legitimate.

Mr. WRIGHT. Mr. Chairman, let me establish these incontrovertible facts.

(At the request of Mr. WRIGHT, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. WRIGHT. It will be my purpose in this colloquy not to establish ideological grounds nor points of argument, but rather comparative dollars.

On the question of national defense, the committee resolution proposed outlays in the coming year of $128,587 million and the resolution offered as a substitute would propose outlays of $129 billion, or an increase of approximately $413 million. Is that correct?

Mr. SHUSTER. That is certainly correct.

Mr. WRIGHT. In the field of international affairs, the committee resolution proposed outlays of $8.772 billion. The resolution proposed as a substitute would establish outlays in the amount of $7.1 billion. That would be a reduction from the committee resolution of some $1.67 billion.

Mr. SHUSTER. Of course, the gentleman is correct. We are both reading from the same sheet.

Mr. WRIGHT. In the field of general science, space and technology, the Republican substitute would reduce the figure proposed in the committee resolution by some $262 million for the coming fiscal year. Is that correct?

Mr. SHUSTER. Of course it is. We are reading from the same sheet.

Mr. WRIGHT. On the sheet the gentleman handed out, we did not have any comparative figures from the committee resolution, so I am making that comparison. I trust the gentleman does have a sheet on which he has written in, as I have, by hand, the figures permitting a comparison with the committee resolution figures.

Mr. Chairman, we come to item No. 4, energy. I direct the gentleman's attention first to the proposed new budget authority.

□ 1430

Whereas the committee resolution proposed $36.266 billion, the gentleman's substitute would propose $24 billion.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. Or a reduction in new budget authority of $12.3 billion for new energy initiatives.

Mr. SHUSTER. But a very substantial increase over this fiscal year.

Mr. WRIGHT. But for new energy initiatives being authorized in the new budget authority, a reduction of a little more than one-third below the amount proposed in the committee bill.

Mr. SHUSTER. But I would point out to the gentleman that the increase over fiscal year 1979 actually is a whopping 223 percent, a very substantial increase.

Mr. WRIGHT. We can discuss the needs in the field of energy at a later point, and whether or not what we propose is adequate. I simply want to establish that it is correct, is it not, that the gentleman's substitute would reduce amounts available in new budget authority for energy initiatives by a little more than one-third, or by $12.3 billion below the amount contained in the committee resolution.

Mr. SHUSTER. When compared with the committee resolution, that is correct.

Mr. WRIGHT. That is the comparison I am asking the gentleman to make.

Mr. SHUSTER. When compared with the actual expenditure which is now the law, it is a very substantial increase.

Mr. WRIGHT. We both have proposed some increases for energy, but their adequacy is the question.

Mr. SHUSTER. Our increases are not as much as your increases, I would say, which I think is a fair way to state it. Would the gentleman disagree with that?

Mr. WRIGHT. The gentleman is offering a resolution as a substitute for the committee resolution. That being the case, it is my purpose to compare in facts, not in rhetoric, what the figures are. That is all I am doing.

Mr. SHUSTER. I understand exactly what the gentleman is doing. I have no dispute at all with what the gentleman is doing. I am simply making the point that one must not limit one's comparison.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has expired.

(At the request of Mr. WRIGHT, and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. SHUSTER. One must not limit one's comparison to a budget resolution which has passed out of the committee and is not the law of the land, but rather must also make a comparison with something else which is much more significant and that is the law of the land of what the actual outlay expenditures were in the fiscal year.

Mr. WRIGHT. I know the gentleman does not seek to avoid a clear-cut comparison between what the substitute proposes and what the committee proposes.

Mr. SHUSTER. Of course not. The gentleman is welcome to that comparison. We hope the American people will make the comparison, too.

Mr. WRIGHT. I hope they will and that is my purpose in trying to get a clear, unequivocal statement of comparison.

Now, with regard to energy outlays for the coming fiscal year, the gentleman's resolution would reduce our figure by some $300 million; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. In the field of natural resources and environment, the resolution would reduce the committee figure by some $300 million; is that essentially correct?

Mr. SHUSTER. $326 million.

Mr. WRIGHT. In the field of agriculture, the gentleman's resolution would reduce the committee figure by some $42 million in outlays.

In the field of commerce and housing by some $28 million in outlays.

Now, in transportation, item No. 8, the outlays would be reduced by adoption of the substitute by a figure of $1.15 billion in the coming year; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. And in community and regional development by $189 million.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. But in education, training, employment and social services, by $2.5 billion for the coming year; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. And in health, the substitute would reduce the committee figure by $1.3 billion in outlays; is that correct?

Mr. SHUSTER. One point five, I believe.

Mr. WRIGHT. Perhaps the gentleman is correct. I will accept the gentleman's figure. One point three seems to be our comparison, but let us not quarrel over that.

In income security, the gentleman proposes a $4.9 billion reduction below the committee figure; is that correct?

Mr. SHUSTER. That is correct.

Mr. WRIGHT. In veterans benefits and services, I understand the gentleman would propose to reduce the outlays in the resolution by $251 million for the coming fiscal year.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. In the administration of justice by $268 million and in general Government by $200 million, in general purpose fiscal assistance by $575 million, and the gentleman projects that the interest figure would be reduced by $1.1 billion; is that correct?

Mr. SHUSTER. Yes, largely because of the reduced deficit.

Mr. WRIGHT. I thank the gentleman for responding in order that we both might fully agree on the general terms that we are comparing in the choice presently before the House.

Now, on expenditures in total, if I understand it rightly, the gentleman's reduction would come to some $19 billion in the fiscal year period lying ahead.

Mr. SHUSTER. That is correct.

Mr. WRIGHT. And in total revenues projected by some $9 billion or thereabouts.

Mr. SHUSTER. That is correct, and I thank the distinguished majority leader for making certain that these issues are very clear. The bottom line that we think can be made for this colloquy is very clearly the big spenders, the people who want to spend $20 billion more are on the other side.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(By unanimous consent, Mr. SHUSTER was allowed to proceed for 2 additional minutes.)

Mr. SHUSTER. Mr. Chairman, first, I would like to make the observation that the distinguished majority leader has helped us make our case that the big spenders, the people who want to spend more than we are spending today, very substantially more, are my good friends on the other side of the aisle.

It is the Republicans in this institution who want to at least exercise modest restraint in spending. While the gentleman, the distinguished minority leader, compared this substitute with the proposal from the budget committee, a much more relevant real world comparison is the comparison not of what some committee of the Congress wants, but the law of the land and that is the actual fiscal 1979 outlay expenditures.

This substitute is proposing a 6.8-percent increase, not decrease, increase over fiscal year 1979 expenditures.

I thank the distinguished majority leader for focusing on the fact that it is the Republicans who want to see restraint in growth and it is at least a certain number of our friends on the other side of the aisle who want to see more big spending.

Mr. Chairman, I would be delighted to yield to my friend, the gentleman from New York (Mr. Kemp).

Mr. KEMP. Mr. Chairman, I appreciate my friend yielding.

I want to add another dimension to the debate between the gentleman from Pennsylvania and the distinguished majority leader from Texas.

The statement was made by the majority leader that the Republican substitute subtracts $4.9 billion from category 600 income security.

Mr. SHUSTER. That is correct.

Mr. KEMP. Now, one of the reasons that you can deduct some of the moneys from income security is because under the Republican substitute there is a plan and a strategy of saving jobs in America that otherwise will be lost under the budget resolution of the majority party. It is the assumption of the majority party's budget to slow down the economy. In May in the first concurrent budget resolution, unemployment was predicted to go from 5.7 percent up to 7.5 percent. Now they have not been quite successful enough apparently in getting unemployment up to 7.5 percent, but unfortunately they are beginning to be successful, because unemployment has gone up by 300,000 people in the last month and a half.

Now, when unemployment goes up, I would say to my friends on both sides of the aisle, it costs the U.S. Treasury more money.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. Shuster) has again expired.

(At the request of Mr. Kemp, and by unanimous consent, Mr. Shuster was allowed to proceed for 4 additional minutes.)

Mr. KEMP. Mr. Chairman, if the gentleman will yield further, one of the tragic things that happens when unemployment goes up is that costs are incurred in terms of people's lives and of course, higher costs in unemployment insurance, unemployment compensation, supplemental unemployment benefits, food stamps and such. In fact, I have heard the majority leader stand on the floor of the well and tell the American people that for every 1 percent of unemployment it costs the U.S. Treasury $16 billion or more.

Now, is it not true, I say to my friend, the majority leader, if we could hold down unemployment, it would save the U.S. Treasury billions of dollars and that this positive effect might be reflected in the income security category of the Republican substitute?

□ 1440

Mr. WRIGHT. Mr. Speaker, will the gentleman yield for a response to that question?

Mr. SHUSTER. I am happy to yield to the distinguished majority leader.

Mr. WRIGHT. I do not think there is any question that the statement of the gentleman from New York (Mr. Kemp) is true. If indeed we can reduce unemployment in this country, we can reduce the deficit in the budget automatically. I think the current figure is perhaps $21 billion or even $22 billion for each percentage point of unemployment.

But I just do not believe that the substitute offered by my Republican friends will reduce unemployment. I think it is more likely to increase unemployment.

Mr. KEMP. Mr. Chairman, will the gentleman yield further?

Mr. SHUSTER. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, the distinguished majority leader says unemployment is going to go up and, if we cut spending, it will have a negative effect on the private sector of the economy.

If we cut taxes, under the assumption of the Congressional Budget Office's economic model, we will lose jobs as well. In their economic model of the economy, spending is by definition good and saving is bad. Savings are moneys leaked out of the so-called spending stream in the Keynesian model, thus diminishing output and production.

Let us understand what is happening in America. The fundamental difference is not just the majority party's budget resolution versus the Republican substitute. The real difference is that one party believes we can fight inflation by slowing the economy and the other party, our minority party, which believes the American people are the only ones who can encourage greater levels of economic activity and output. People cause economic growth and create jobs, Government should preserve, protect, and defend the value of our currency.

Mr. Chairman, in this budget which is being presented to the Congress we are being asked by the majority leader to adopt this budget and thus increase taxes in 1979 to the tune of $30 to $40 billion. Let us understand what we are really arguing about today. Higher taxes and slower production on one hand and on the other hand lower tax rates, higher production, and more jobs.

Mr. SHUSTER. Mr. Chairman, I thank the gentleman from New York (Mr. Kemp) for his comments.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. Shuster) has expired.

(By unanimous consent, Mr. Shuster was allowed to proceed for 2 additional minutes.)

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Texas.

Mr. ROBERTS. Mr. Chairman, I appreciate the gentleman's yielding.

With reference to veterans' benefits and services, it has not been more than 3 months since this House passed, I think without a dissenting vote, what I considered to be a very bare-bones increase of 8.3 percent for the service-connected disabled veterans. As a matter of fact, the other body raised it 11.1 percent, but we voted 8.3 percent.

This proposed $251 million cut would eliminate that and cut it down to about 4 percent. It would eliminate probably all of the 3,800 jobs that we restored in this House for VA medical service.

Mr. Chairman, would the gentleman respond to that?

Mr. SHUSTER. Mr. Chairman, the gentleman responds to that by saying the substitute, compared to fiscal year 1979, provides for a 1.6-percent increase in outlays and a 4.8-increase in budget authority.

Mr. ROBERTS. But the House had already acted on that. We had already added the 8.3 percent for the service-connected disabled veterans, about $580 million.

Mr. SHUSTER. Mr. Chairman, that is only a small part of the overall veterans' budget. This applies across the board. The budget authority is a 4.8-percent increase across the board in all veterans' benefits and services.

Mr. ROBERTS. Mr. Chairman, if the gentleman will yield further, 4.8 percent is all the increase provided. As a matter of fact, it takes $580 million, for the 8.3-percent increase this House has voted.

Mr. SHUSTER. Mr. Chairman, as the gentleman knows, we are talking about $21.4 billion here. So the gentleman makes my point. That increase is a very, very small percent of the total expenditure.

Mr. ROBERTS. It is no increase. It requires as a matter of fact that 3,800 people be fired from the VA health services.

If the gentleman wants to serve the disabled veterans, he cannot do it by saying, "We are not going to give you a nickel." We cannot take care of the veterans trying to get in the hospitals now.

Mr. SHUSTER. Mr. Chairman, my good friend, the gentleman from Texas (Mr. Roberts) knows better than that. He talks about a $568 million increase, or whatever it is.

I would point out that we are talking to the gentleman of a total budget of over $21 billion, so that is a very small part of the overall veterans' budget. The budget authority in this substitute provides for almost a 5-percent increase in veterans' benefits.

Mr. ROBERTS. Mr. Chairman, the gentleman is exactly right, but we have already passed the 8.3-percent increase and the gentleman would reduce it. The gentleman may want to deny what we have voted for our veterans, but I do not believe this House does.

Mr. SHUSTER. The gentleman knows that the 8.3-percent increase is only in service-connected disabilities.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. Shuster) has again expired.

(On request of Mr. Dellums and by unanimous consent, Mr. Shuster was allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank my distinguished colleague for yielding.

I would like to simply understand the gentleman's position. The gentleman took exception to the fact that a a number of Members on this side of the aisle characterized the Republican substitute as taking a meat-ax approach to the budget.

Mr. SHUSTER. That is right.

Mr. DELLUMS. The gentleman then proceeded to the well to attempt to argue effectively that the Republican substitute actually represented a 6.8-percent increase over and above the expenditure last year.

Mr. SHUSTER. That is an arithmetic statement of fact.

Mr. DELLUMS. All right. Now, this is question No. 1 I would like to ask the gentleman:

Has the gentleman considered the inflation rate in determining this 6.8-percent increase?

Mr. SHUSTER. We certainly have considered the inflation rate as part of the overall problem. We recognize it is painful, we recognize that there must be restraint, but we say that inflation is the No. 1 issue. It is the No. 1 problem in America, and deficit spending is one of the fundamental driving forces of inflation.

Therefore, one of our top priorities is to reduce the deficit. That is not the only priority, but one of our priorities must be to reduce the deficit, and we do not see how our friends on the other side of the aisle can say they are going to have a balanced budget in 1981 and have a deficit of over $30 billion in this year.

We think that does not wash. It does not make sense, and we do not think the American people will buy it. If we hope to have a balanced budget in 1981, then the way to have a fighting chance to get it is to get the deficit down from around $30 billion to under $20 billion this year, and then we can struggle to get the budget balanced next year.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield further?

Mr. SHUSTER. I am delighted to yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank the gentleman for his explanation, but I had attempted to go in a little different direction.

As I understand it, in the first quarter of this year the inflation rate was somewhere around 11 percent, and in the second quarter it had reached approximately 13 percent. But let us assume it will be 10 percent over the next year.

The gentleman asserts that the Republican substitute provides a 6.8-percent increase, but if we have a 6.8-percent increase along with a 10-percent inflation rate; is that not a 3.2-percent decrease?

Mr. SHUSTER. Mr. Chairman, the gentleman is absolutely correct in terms of real dollars, and I compliment him for having us focus on that.

I would again emphasize that we are calling for restraint. Nobody said it would be easy, but if we are going to get inflation under control and at the same time increase productivity in this country through positive tax cuts, it seems to us that we must exercise this restraint and bring the deficit down from around $30 to $20 billion. We must exercise restraint and provide a tax cut, which really means we will simply have a partial return of the increased taxes inflicted upon the American people over the past few years.

Mr. Chairman, I would agree completely with the gentleman. He makes an excellent point.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield further just briefly?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank my colleague for that explanation.

So the gentleman is really suggesting to me that the Republican substitute is really not indeed an increase but is indeed a decrease when we factor in the inflation rate?

Mr. SHUSTER. Yes, in terms of real dollars and in some functions; in other functions, it is not. For example, in income security, we have close to, I believe a 14-percent increase.

Mr. DELLUMS. Mr. Chairman, will the gentleman allow me to make my second point?

Mr. SHUSTER. Certainly. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, there has been a number of studies done that point out that the multiplier effect of spending $1 in the military sector of our economy does not contribute as significantly to the economy as spending that dollar in the nonmilitary sector.

So I am wondering, if the gentleman is suggesting the combating of inflation, why in the substitute is he increasing the military budget?

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. Shuster) has again expired.

(On request of Mr. Dellums, and by unanimous consent, Mr. Shuster was allowed to proceed for 2 additional minutes.)

Mr. SHUSTER. Mr. Chairman, I would be delighted to respond to the gentleman by saying that it pains me each time I vote to spend money on defense. But I find myself doing it because the prime function of our Government is to provide for a strong national defense.

So it is not a question of spending defense dollars in order to create jobs; it is a question of spending defense dollars to provide for the adequate defense of the United States.

But I thank the gentleman again for focusing on the nondefense expenditure and saying that it has more leverage.

□ 1450

I would suggest to the gentleman that one must draw a very big line between nondefense expenditures in the private sector and nondefense expenditures in the public sector. I would say to the gentleman that if we can spend fewer dollars in the nondefense public sector and have more dollars spent in the private sector, this is the way we are going to create real jobs, this is the way we are going to increase productivity, this is the way to reduce the inflation rate, and this is the way that, particularly, the people at the bottom of the economic ladder are going to have real jobs and real opportunities.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield for one brief comment?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I appreciate the fact that the gentleman has stated that one of our prime functions here is to provide for the common defense. I would also suggest to my colleague that this text also says "to insure domestic tranquillity and to promote the general welfare."

Mr. SHUSTER. Of course, that is why we are proposing an expenditure of over $50 billion. In fact, far beyond that. Outlays of $183 billion in income security. The gentleman is certainly correct. That is why we are proposing a 14-percent increase in income security.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from New Mexico.

Mr. LUJAN. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman on his explanation of the figures contained in the Republican budget resolution. I think he has done a marvelous job.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(On request of Mr. Rousselot and by unanimous consent, Mr. Shuster was allowed to proceed for 4 additional minutes.)

Mr. LUJAN. Mr. Chairman, if the gentleman will yield further, as the gentleman was discussing the differences between the 2 resolutions with the distinguished majority leader, I was doing some arithmetic here on the side and, really, is it not true—it seemed to me, at least—that the basic difference between the 2 resolutions is that the Republican resolution will increase spending around 7 percent in round figures, 6.8 percent, and the budget resolution as presented by the majority will increase it by more than 10 percent? And therein lies the difference. It is very, very simple. It is a modest increase as opposed to a very, very significant increase as advocated by the majority.

Mr. SHUSTER. The gentleman is absolutely correct. On the spending side and, of course, on the other side of that same coin, we are proposing a $20 billion tax reduction for the American people and, I might add, only as a first step—only as a first step—to a 5-year program of tax reduction, which will add up to $170 billion over 5 years.

I thank the gentleman for his comment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding, and I would like to respond to my colleague, the gentleman from California. In his colloquy, the gentleman brought up the issue that the Constitution also says "the general welfare."

One of the reasons we had a revolution in this country was over taxation by the British Government. Many of us feel—and that is the reason it is in our resolution—that taxation has become every bit as burdensome as it was in colonial times when we had a revolution over that issue. The general welfare requires that we ask: What are we doing for people in general, the working people in this country? And that is why it is equally important, not only as the gentleman has pointed out, to restrain increases in expenditure, but also to reduce the tremendous burden of taxation. In every one of our districts there is, roughly, 230,000 working people. The average person in that group pays 45 cents of every dollar they earn to taxation. Roughly 30 cents of that goes to the Federal Government. They are begging us to give them relief so that they will be able to make the decision how to spend that money and that it not all be spent through the Federal Government.

So it is the general welfare of the people in general that we are trying to address in this budget resolution.

I, too, want to compliment my colleague, the gentleman from Pennsylvania (Mr. SHUSTER) for answering the questions head on that have been raised by the big spenders in this Congress.

Mr. DELLUMS. Mr. Chairman, will my distinguished colleague yield to me, since my name has been referred to?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. DELLUMS. I appreciate my colleague's yielding.

Perhaps the gentleman can explain to this particular Member—and I appreciate the comments the gentleman has made, and we argue, with all seriousness, with respect to the particular positions that we advocate—but as I understand, every study I have read over the past several months indicates that, for the American people, the foremost inflated items in the American economy are food, energy, housing and health care. The foremost inflated items in the American economy are food, housing, energy and health care.

Mr. ROUSSELOT. And taxes.

Mr. SHUSTER. Will the gentleman add taxes to that?

Mr. ROUSSELOT. Yes. Taxes. Will the gentleman add taxes?

Mr. DELLUMS. Every study that I have read does not include taxes. They have included those four items and indicated that every American working-class human being spends approximately 70 to 75 percent of their monthly income on those four items alone.

I would appreciate an intelligent dissertation on showing me how reducing Federal expenditures in any way will reduce the inflated impact of these four items alone.

We know why food is inflated; we know why energy is inflated; we know why housing is inflated; and we know that health care is the fastest rising industry in America, with the fastest rising profits.

Now, will the gentleman show me how he can attack those four items by reducing the budget?

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(On request of Mr. DELLUMS and by unanimous consent, Mr. SHUSTER was allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. Mr. Chairman, I ask the question in all seriousness, and I would appreciate it if we can enter into some discussion on this matter.

Mr. SHUSTER. Mr. Chairman, I yield to the gentleman from New York (Mr. KEMP) on that point.

Mr. KEMP. Mr. Chairman, I would love to at least take a shot at it, and I am glad the gentleman from California has asked it so directly. The price of all the important aspects of our lives he mentioned are a result of the irresponsible monetary policies of the United States.

Let me just take one aspect of that question: housing, as an example.

Under the assumption of the gentleman's party, this budget resolution's purpose is to slow down the economy of the United States as a means of fighting inflation, on the theory that, if we can just reduce the demands of the American people for housing, if we can just reduce their desire for a better standard of living, somehow there will be less demand and thus less inflation. They stimulate demand in times of slow growth and contract demand in times of inflation, but now we have both.

Our party, the minority party, is challenging the idea that the American people are the cause of inflation, we believe only governments can devalue the people's currency and paychecks. Americans, as all human beings, desire a better and higher standard of living in the future, they want good jobs and housing, energy, and everything else that a free and prosperous nation has a right to expect.

The Malthusians, who believe it is all over and all that is left is redistribution of income and rationing of energy, are enemies of the poor.

Let me give the Members a dramatic example. I mentioned housing.

In 1978, new housing starts were at about the rate of 2.2 million new starts per year.

There was a belief, apparently circulating in the Office of Management and Budget and in the White House economic advisers that the way to reduce inflation in housing was to reduce the supply of housing by attempts to slow down the demand for housing. They changed the money market certificates in 1979 to reflect a lower rate of interest, compared to Treasury paper, so that there would be less capital and credit being channeled into housing, and housing starts would decline from 2.2 million in 1978 to 1.2 million in 1979.

Mr. Chairman, the administration has been successful in slowing down new housing starts from 1978's 2.2 million all-time high in the 1970's down to 1.6 million annualized in 1979 going lower.

If you really believe that the American people's desire for a house is causing inflation in housing, then you have a good place to turn for economic policy, the majority party and the White House. But if you believe the answer to housing prices is to encourage a greater supply of housing, then you would reject that demand-management philosophy that has been promulgated in the White House by this administration, and the majority party that is urging this no-growth budget resolution.

The answer to housing prices, the answer to energy prices, the answer to food prices, the answer to inflation is not to slow down the economy, its not to punish the demand of the American people. On the contrary, it is to increase the supply of housing, increase the supply of energy—indeed expand production and the supply of all goods and services.

What our party is attempting to do today is to reduce the burden of taxation on the private sector, reduce the regulatory burden, and to get the economy producing again, in terms of jobs, investment, and savings.

So I would say to the gentleman from California that the answer to helping the poor, the answer to welfare, the answer to advancing the cause of human justice in this country and the world. We should expand our economy—increase the supply of homes, jobs, energy, food, and encourage price stability with tight money, hard currency, lower taxes and regulations and full employment, something that this budget does not do nor does it encourage any of these sound economic policies.

I want to say to the gentleman, the chairman of his Budget Committee, has stated the purpose of this budget in 1980 was deliberately fashioned to slow down the U.S. economy.

Now if you really believe that that is the answer to inflation, then he has a good reason to vote today for the Democratic Party budget. But if he wants to start restoring hope and incentives again for growth and production he should vote for our substitutes.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(On request of Mr. DELLUMS and by unanimous consent, Mr. SHUSTER was allowed to proceed for 3 additional minutes.)

Mr. DELLUMS. Mr. Chairman, will the gentleman yield so I can ask my colleague a question?

Mr. SHUSTER. Mr. Chairman, I will yield 1 minute of my 3 minutes to the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. I will be happy to get even more time for my colleague. I think we ought to spend some time discussing these critical matters and not talking over each other's heads.

Mr. Chairman, my distinguished colleague has made a number of points. I listened very carefully. One of the points was that he indicated that we needed to expand the housing stock in this country.

It is difficult for me to understand this position. Let me explain the contradiction, as I see it.

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A number of professionals indicated that if we are indeed going to expand the housing stock in this country that it cannot be done solely through private industry, that the Federal Government needs to play a role in it.

Now if the gentleman agrees with that, how can he justify moving toward greater housing stock when the gentleman's own resolution would cut the amount of money in the housing appropriation $189 million? That seems to fly in the face of the gentleman's very, very articulate statement.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding and thank him for the compliment.

I think it is pretty obvious to most Americans that the real hope of expanding the housing stock of America is to encourage the higher levels of capital investment in housing in the private sector not the public sector.

With all due respect, I do not disagree with the gentleman's goal of making available to low-income Americans some form of subsidized housing, but the real answer the private sector, and we should not cut housing starts from 2.2 million down to 1.2 million, thus reducing the supply of new housing by 1 million. I think if the U.S. Government had to subsidize to make up for a million lost houses in the private sector it would cost hundreds of billions of dollars in even higher taxes. I say enough is enough.

Mr. DELLUMS. The gentleman has not answered my question.

Mr. KEMP. I have answered it. I am suggesting our impetus ought to be aimed at expanding the private sector, not in slowing it down. We do not need more Government-owned housing or subsidized housing or subsidized jobs if it comes at the expense of private housing and private enterprise jobs. We really need jobs and housing in the private sector. We need private enterprise, not more Government enterprise. I rest my case.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. ROUSSELOT. I would like to respond to my good colleague from California, because I know he is making a sincere effort to discuss this issue.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(At the request of Mr. ROUSSELOT and by unanimous consent, Mr. SHUSTER was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. If the gentleman will continue to yield, another way in which the gentleman's party resolution does damage to the housing or shelter field is the tremendous competition in the marketplace created by that resolution with a $33 billion deficit.

If my colleagues will recall, our previous Secretaries of Treasury have said when the Treasury has to go out and borrow so much money in the marketplace, it absorbs up and takes away from the ability of the private sector to provide financing for housing. It competes with local governments.

A $33-billion deficit will do far more damage to the ability of the private sector to provide housing financing because of the horrendous competition by the Treasury, not only to finance new debt, $33 billion in the gentleman's resolution, but also the rollover of old debt, which is now becoming very expensive.

The gentleman's resolution, I will say to my colleague, does great damage to the shelter market.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

I am concerned—and my chairman, the gentleman from Texas (Mr. ROBERTS), has talked and mentioned this on the floor this afternoon pertaining to the veterans' benefits—and the reason I bring it up to the gentleman in the well is that I have the privilege of being chairman of the Subcommittee on Compensations and Pensions for Veterans. This is where a lot of the money goes in veterans' programs.

I am concerned about the $251 million cut in veterans' benefits, under the substitute and quite frankly, I do not know how we could operate without cutting back on some of the compensation increases that we will have in October.

Would the gentleman specifically tell me where we could cut this $251 million?

Mr. SHUSTER. The gentleman would point out there is an increase over fiscal year 1979 of almost a billion dollars in budget authority and $332 million in outlays. The gentleman recognizes that there was an 8-percent increase in service-connected disabilities, which I believe comes to $682 million. That is a very small part of the total $21 billion.

Mr. MONTGOMERY. The gentleman knows that on all of these programs, there have been cost-of-living increases, and quite frankly, our committee came out with what we thought was a reasonable increase of 8.3 percent for the compensation programs where the Senate has come out with 11.1 percent.

Now, there is a possibility we will get together with a figure of 9.9 percent cost-of-living increase for the service-connected veteran. This is the guy that fought in Vietnam, in Korea, and World War II.

I just do not see how we can cut the program.

Mr. SHUSTER. I ask that the gentleman yield so that I may respond and so that we may understand this.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has expired.

(At the request of Mr. MONTGOMERY and by unanimous consent, Mr. SHUSTER was allowed to proceed for 2 additional minutes.)

Mr. SHUSTER. When we looked at it, we felt that this particular increase could be covered by the increases over last year's budget which we provided.

As the gentleman knows, I certainly have supported the veterans' position in the House. That is why, in fact, we were very careful to provide for a 5-percent increase.

I think I have taken so much time, and this has been such a constructive colloquy, I would like to summarize my position and then let the gentleman seek time on his own, if I might.

Mr. MONTGOMERY. The gentleman has not really answered our questions on the veterans.

The Giaimo committee has been fair with the veterans' programs, and the gentleman's program would cut back on the veterans' hospitals of 3,800 people working, which the Carter administration wants to do.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Ohio.

Mr. REGULA. I thank the gentleman for yielding.

In response to the question of the gentleman from Mississippi (Mr. MONTGOMERY), I want to point out that we have increased the budget authority by $200 million from the first resolution adopted by the majority party; and I would also point out that the outlays provided in our substitute are identical to the outlays provided in the first budget resolution that was adopted by this body.

I would further point out that those totals were based on the veterans committee recommendations at the time of the first resolution.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Connecticut.

Mr. GIAIMO. I thank the gentleman for yielding.

I know that the gentleman from Ohio wants to give out accurate information, but he is just not answering the question of the gentleman from Mississippi. The gentleman knows full well that estimates change. The gentleman knows very well that estimates that we had in the first resolution in the spring, because of the higher inflation rate, we now expect were inordinately not sufficient.

The gentleman knows that we had to put in $1.7 billion over the estimates in the springtime for income security.

The gentleman knows that the estimate of what it would cost to buy food stamps would be different because of higher inflation.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. SHUSTER) has again expired.

(At the request of Mr. GIAIMO and by unanimous consent, Mr. SHUSTER was allowed to proceed for 5 additional minutes.)

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Connecticut.

Mr. GIAIMO. The gentleman knows that our spring estimates on food stamps went up $700 million, because it will cost more money to buy food.

It will cost more money to take care of disabled veterans. That is why we put more money in the second resolution than we had in the spring for that function.

Now answer the gentleman's question. The gentleman is suggesting we can cut this budget and not hurt anyone, and that is just not so.

Mr. SHUSTER. I am suggesting we have not cut the first budget resolution. The increase provided in the second resolution by the majority is only $200 million more than that in the substitute.

Mr. GIAIMO. Only $200 million?

Mr. SHUSTER. That is right.

Mr. GIAIMO. That is still a lot of money in this country, only $200 million. That could go to a lot of hungry veterans.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. ROUSSELOT. I think the gentleman will find in the committee report under Veterans' Communications, there are $11 billion of unobligated funds. So, if the gentleman wants to check that, I think there is more than enough extra cushion there to take care of the $251 million the gentleman speaks of. I am not sure that is always the best way to do it.

I want to say to the gentleman that is a very, very substantial amount. Maybe we really ought to address this whole issue of the extra money in the pipeline that exists in a lot of the functional categories.

Mr. SHUSTER. So I am sure I understood what the gentleman is reading from the book, there is $11 billion in unobligated funds in veterans and service affairs.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Part of that is unobligated building programs for the hospitals. That is not the funds, though, to pay the compensation and pensions. So $11 billion is really not the figure to pay the veterans who have been hurt in combat, and we have got to take care of them.

I think the chairman of the Budget Committee will back up this statement. In the Veterans' Affairs Committee, we have not tried to write just a blanket check for the veterans. We have tried to be fair and to take what would be appropriate out of the slice of the budget pie for the veterans.

□ 1510

We could have brought a lot of expensive programs out here, but we have tried to keep it down. I think the gentleman is making a mistake by cutting the veterans $251 million.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I am happy to yield to the gentleman.

Mr. KEMP. Mr. Chairman, this is a never-ending debate really because in part we are trying to count how many angels can dance on the head of a pin. The estimates have changed, I believe—as the gentleman from Connecticut (Mr. GIAIMO) pointed out—because there was a false premise upon which they were based.

• We were told last May that if the economy slowed down sufficiently, inflation would drop. Now we are told that since the Budget Committee was not successful in bringing inflation down, even though the economy has slowed, now the estimates end up wrong, and we have to pay for the mistakes that the CBO has been making on economic policy and which is being made by the Congress and in the White House. Democrats want to raise spending on food stamps and other items in the budget, because of inflation. But as they advocate slower economic growth and higher unemployment, the costs go up as well. And we get blamed for trying to expand the economy and jobs in order to reduce the need for spending.

If those estimates were wrong in the first place back in May, is there any reason why we ought to take their word for the estimates that are in the next budget resolution that we are discussing here today? That is the problem. The assumptions are wrong, and thus lead to false conclusions. Let us recognize that the American people are the source of economic growth and they need encouragement and incentives by a Congress that will cut taxes, not raise them.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I will be happy to yield to the distinguished chairman.

Mr. GIAIMO. Mr. Chairman, I agree with Mr. STRATTON, we ought to seek our own time.

But, you know, when I listen to the economics of the gentleman from New York I realize why the gentleman's party has had so much difficulty with economics for the last 40-some-odd years. I would say the fact of the matter is that if you know even the slightest bit about Government you know that there are constant reestimates. There are reestimates in the spring that are changed in the summer, and they will be changed again this winter. They will be changed by the administration, they will be changed in the private sector. None of us can foretell with any kind of great certainty what is in the future. We cannot foretell, I will say to the gentleman, whether or not there will be another OPEC increase in the price of oil in the next week or month. I assure the gentleman if there is an increase our economic assumptions will once again have to be revised upward.

We cannot foretell what the price of food will be with any degree of certainty. We try our best, we fallible mortals.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(By unanimous consent Mr. SHUSTER was allowed to proceed for 1 additional minute.)

Mr. SHUSTER. Mr. Chairman, I simply would like to summarize the two positions which we have before us today.

First of all, the majority is proposing an increase over fiscal 1979 spending of about 10 percent. The minority is proposing a spending increase, not a decrease, an increase of 6.8 percent, so we are proposing more restraint in increased spending.

The minority is proposing a lower deficit instead of a $30 billion, slightly under $20 billion, and a $10 billion lesser deficit with an eye toward getting a balanced budget.

Third, the minority is proposing a tax cut for the American people, whereas the majority is proposing zero tax cut. As has been so eloquently pointed out here today this $20 billion tax cut simply restores part of the increase which has been inflicted upon the American people.

So if my colleagues believe in working toward a balanced budget, if they believe in reducing the tax burden of the American people, and if they believe in restraining growth in Government, support the minority substitute.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, my colleagues of the House, first of all I want to say to my colleague from Pennsylvania, that is the longest 5 minutes I can recall anyone ever grabbing on the floor here.

There are flaws in the figures here. I think beyond that the process is flawed. The process is flawed in two ways. First, it is a little bit like a movie trial where all of a sudden you spring something on the opposition. What we are doing is we are trying to responsibly forge a budget for this Nation.

Neither side ought to come in with a $600 billion budget and all of a sudden, at the moment there is a major amendment, just hand that amendment to the other side. We should not do it, you should not do it.

Second, the process is flawed, and I have said this before and I do not mean this disrespectfully to any of my good friends on the Republican side, but we need a HENRY BELLMON in the House who is willing to work with the other side so we can come to some responsible answers on where this budget ought to go.

The figures are flawed also. Just hastily doing some calculating on the revenue figures I think it is clear we are not going to have $510 billion worth of revenue. Precisely how much off they are I am not sure, but somewhere around $3.5 billion to $4 billion.

In the energy field, function 270, my colleagues are cutting $12.2 billion off the budget authority. We are talking about roughly that amount for synthetic fuels. Those synthetic fuels are important to Ohio, they are important to Illinois, they are important to this Nation. I do not believe the House wants to say we are not going to go ahead on synthetic fuels.

Transportation I have heard the gentleman from Pennsylvania, whose attention I am trying to get here right now, I have heard him make these eloquent speeches about the needs of transportation. I have heard these eloquent pleas and we know that we ought to be moving ahead in mass transit if we are going to save energy, and yet we cut $1.8 billion in authority, $1.1 billion in outlay.

Function 500, education and training, I am among those who believe we ought to be cutting back on some of our impact aid programs, and we have been overwhelmingly defeated on the floor on amounts far, far less than is proposed here. My colleagues come in with a $3.4 billion cut in budget authority, $2.5 billion cut in outlays. That is, I would point out, a drop of 13.7 percent, according to the gentleman's statistics here, 13.7 percent in budget authority and 4.8 percent in outlays. If we add roughly 10 percent inflation we are talking about a 23-percent drop in budget authority for education and training and a 15-percent drop in outlays on education and training.

My friends, you are going to massacre the education and training program of this Nation.

What does that do to the people who need the help and most in this Nation? What do we stand for? I do not think the people of this Nation stand for something like that.

Then if we go on down to income security, after you have knocked out these CETA funds to give people jobs, then you say we are not going to go on spending this much money on social security, on unemployment compensation, and on all of these other things.

□ 1520

That is an $8.4 billion drop in income security. We do not know where it is coming from; it has been very nebulous. And, it is a $4.4 billion drop in outlays. We are reading Mother Goose tales here. We are living in a land of make believe.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I assure the gentleman that I will. Maybe he does not like what I am saying, but I would like to continue for a little bit.

In function 700 it has been pointed out—the gentleman from Mississippi was just pointing it out, and the gentleman from Texas did—what the gentleman from Pennsylvania provides is an increase, and I am sure my colleague from Mississippi can confirm that here the gentleman is providing an increase, according to his figures, of 1.6 percent in outlays. Now, just take a look at what inflation is, and the gentleman is talking about a tremendous cutback.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. Simon was allowed to proceed for 5 additional minutes.)

Mr. SIMON. I do not think the American people want that. Interest, $1.1 billion. We are assuming: No. 1, that the gentleman's revenue figures are accurate, which is quite an assumption; and No. 2, we are assuming a drop in interest rates. I think those are marvelous assumptions, and I would love to do it. I do not think we can live in that kind of world.

Now, I would be pleased to yield to my colleague from Pennsylvania (Mr. Shuster).

Mr. SHUSTER. Mr. Chairman, I thank the gentleman for yielding. I would simply point out that our interest rate is an arithmetic calculation. It is lower because we are proposing spending $20 billion less.

But, more significantly, I would respond to two different points my friend has made. I again emphasize that when he talks about all these atrocious cuts, he is talking about cuts from proposed spending levels. But, we have proposed increases to actual spending levels, and I again would underline that so that nobody is misled.

Mr. SIMON. On that question, what kind of increases is the gentleman proposing for function 500, education and training? We are talking about roughly a 10-percent inflation rate. What kind of increase is the gentleman proposing?

Mr. SHUSTER. The gentleman knows, as I said as I read the reason, there is a 4.8-percent decrease in that function, and most of the other functions have increases. The overall effect is an increase.

One last point I would like to make, and I thank the gentleman for calling our attention to it, is the transportation function, and for pointing out that I have been a vigorous supporter of transportation—and I am. The point that should be made here is that even though some of us believe deeply in various different functions, and I am certainly particularly committed to transportation, there is something more important at stake here than simply how much we spend in transportation or one function or another.

The overall questions at stake that transcend transportation or any other single function is the question of getting this Government expenditure under control, the question of reducing taxes, and the question of reducing the deficit so that we can reduce the inflation rate.

So, I plead guilty to the gentleman in that indeed I am prepared to sacrifice in a category in which I have a very special interest, because there is something more important than any individual category. I thank the gentleman.

Mr. SIMON. Well, I agree on one point with the gentleman from Pennsylvania. There is something more important overall than these specific items, and that is whether we are going to put together a responsible budget.

The question is, secondly, the inflation point. The gentleman can check with his staff on this. CBO did an estimate of almost precisely this kind of projection, and it ended up with an inflation rate increase of about 0.1 of 1 percent. That is minor, I admit, but we have to attack every possible factor.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my colleague from New York.

Mr. STRATTON. Mr. Chairman, I appreciate the gentleman for yielding to me. I wanted to take this time because I was intrigued by the economic lectures which my good friend from New York (Mr. Kemp) has been giving to the House in this colloquy and during this debate. I recognize that he is a distinguished student of economics, and my credentials probably would not stand up to his. I took economics I at the University of Rochester, and later, when I got out of the Navy, I taught economics II at Rensselaer Polytechnic Institute in Troy. To teach that course of study, I will confess, I just stayed one page ahead of my students.

But, I just do not believe that the policy of this administration—and the gentleman from New York knows that I have not been an unabashed, consistent defender of this administration—but I just do not believe that the policy of this administration, or of this 96th Congress, is to "slow down the economy," as he keeps saying. The policy of this administration, as I understand it, and the policy of this Congress, as I understand it, is to try to find a way to end our inflation. Now, the economics that I learned at my teacher's knee back at the University of Rochester in 1935, was that inflation is created when we increase the money supply beyond what we are able to provide in terms of products.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

(At the request of Mr. Stratton and by unanimous consent, Mr. Simon was allowed to proceed for 5 additional minutes.)

Mr. STRATTON. This is basically what this administration and this Congress have been doing. We have been trying to reduce Government spending. And we have been trying to reduce the Federal deficit and I believe we are succeeding. I think it is no small accomplishment that we have gotten that deficit down from the $60 billion that the President projected a year ago to the $24 billion that the Budget Committee came up with, at least in their original budget resolution. The only difference between what the administration and the leadership of this Congress have been trying to do, and what the gentleman's party is trying to do, is that we want to try to reduce these expenditures, this expansion of the money supply, without at the same time putting too many people out of work because, as the majority leader recently indicated, every 1 million people out of work costs us something like another $20 billion.

Now, that is essentially what I believe our policy to be and, as I say, I do not think we have done such a bad job. Now, the gentleman from New York has been expounding his own theory for a long time, that the way to overcome inflation, the way to put the country back on its feet, is to give everybody a big tax cut. But if we give everybody the tax cut that he wants, this is only going to further increase the deficit, and according to my simple economics that is therefore going to increase our inflation, rather than the other way around.

Now, the gentleman from New York Mr. KEMP) has said, "Oh, no, look back on the days of President Kennedy." It was actually President Johnson's administration that put it through that we had a tax cut. But it was President Kennedy's idea. He had said: "If you give people a tax cut, you can actually increase the revenues to the Government."

It actually worked in 1965; but I would remind the gentleman from New York that the last Congress voted a $19 billion tax cut last year, and has it increased the revenues over what we got before? No, it has not. And it has not stopped our inflation either. In fact we gave the American people last year a greater tax cut than the Kemp-Roth bill would have provided in its first year. If the Kemp theory were true we ought to be well on the way toward increasing revenues. Instead we have more inflation.

The gentleman talks about how we have been trying to deprive the constituents of my friend from California (Mr. DELLUMS)—and it is not often that I agree with him—but I think he is on sound ground in this particular aspect. This Congress has been trying to deprive his California constituents of housing, but as the gentleman himself pointed out, everytime we build a house, there must be a vast commitment of Federal dollars in it. So if we are seriously going to try to reduce the money supply, then we cannot expand the amount of dollars going into housing.

Further, I would point out to the gentleman from New York (Mr. KEMP) that the strongest exponent of the economic policy of this administration is a distinguished Republican, Mr. Volcker, who served with great distinction in the Nixon administration, and who is today the strongest advocate of tight money, of reducing the money supply, and avoiding cutting taxes during a period of serious inflation.

□1530

So I think we ought to recognize frankly that the gentleman's formula has not succeeded. This one we are following is not succeeding very well either, I will admit. But I think maybe we are moving in the right direction and we are moving under the leadership of Chairman Volcker, one of the most eloquent spokesman of the kind of conservative economics which I had always assumed the party of the gentleman from New York (Mr. KEMP) had always espoused.

So we ought to cut out this business about how the Democrats are trying to slow the economy down. Rather we are trying to take a responsible attitude toward reducing the deficit, toward reducing Federal spending, but in a way that will not put everybody on the street selling apples, oranges, and pencils.

Mr. DELLUMS. Mr. Chairman, will my colleague yield to me?

Mr. SIMON. I yield to the gentleman from California.

Mr. DELLUMS. I thank my colleague for yielding.

(At the request of Mr. DELLUMS, and by unanimous consent, Mr. SIMON was allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. I would like to add another dimension to this debate, Mr. Chairman. I think this debate on the budget is an incredibly important debate, perhaps the most important debate we will have during the 96th Congress. I have asserted upon a number of occasions that a nation's budget reflects its priorities and its priorities in turn reflect its values. Whatever society perceives as important is where society puts its dollars. It is a whole debate around priorities which is very important as I conceive it.

Mr. Chairman, I would like to put in very stark terms what my distinguished colleague in the well has pointed out with respect to this substitute. It has nothing to do with partisanship. I think Republican-Democrat has nothing to do with the critical issues, and at some point we need to rise above that. I like to think that is what I am doing.

I would like to speak specifically to this proposal. On the one side this substitute suggests a $20 billion tax cut. In very everyday terms that means reducing the amount of revenues available to the Federal Government by $20 billion. Now, let that stay there for just a moment.

Last week when we debated the military budget, I talked not about gold plating or malfeasance but about a much more incredibly important issue and that is the economics of modern warfare. I suggested that, based upon the assumptions of the President's 1980 military budget, that if you simply increase the budget by 9 percent, which is lower than the inflation rate, for the next 10 years, America would be spending $1.8 trillion in the decade of the 1980's on the military function alone. Using the figure of increasing the budget by 9 percent by the year 1990, this Congress will be acting on a military budget of $260 billion.

Mr. Chairman, a number of my colleagues were shocked by the statement I made but I would point out the action taken by the other body on last evening. They suggested an increase above and beyond what the President had asked for of 3 percent and in the years 1981 and 1982, a 5-percent increase over and above the inflation rate.

Mr. Chairman, let us suggest the inflation rate is simply 10 percent in 1981 and 1982. If we add 5 percent above and beyond that 10 percent we are increasing the military budget by 15 percent per year over the next 2 years, not counting 1980.

We are already talking about budget authority to the extent of approximately $139 billion. The shocking reality is that we will go beyond $1.8 trillion if we acquiesce in what the other body has done in terms of this incredibly significant increase in the military budget.

Mr. Chairman, what does that mean for this resolution? If, on the one hand, we are suggesting a $20 billion cut in taxes and, on the other hand, acquiescing to an incredibly rapidly rising military budget in fiscal year 1981 and fiscal year 1982 of 15 percent including inflation and real growth, you are talking about approximately $214 billion by the year 1984.

Mr. Chairman, if all of us agree we have a function in our Government beyond defense, dealing with the human misery of people in this country, all colors, sizes, weights, and shapes, living in urban, rural and suburban America, then I would suggest to you that you cannot on the one hand, acquiesce in an incredibly inflated, increased military budget, on the one hand, and then cutting the amount of revenue for Government, on the other, because the only people who get harmed in that squeeze are the human beings that every single one of us on January the 5th when we were sworn in raised our hands to support the Constitution. The Constitution says we have a function to deal with human beings. I am simply suggesting we are not dealing with the serious realities of the incredibly inflated aspects of the economics of modern military affairs and warfare.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. DELLUMS, and by unanimous consent, Mr. SIMON was allowed to proceed for 4 additional minutes.)

Mr. DELLUMS. Will the gentleman yield, Mr. Chairman?

Mr. SIMON. I yield to the gentleman from California.

Mr. DELLUMS. I am simply suggesting and I realize a lot of people would like to vote and run home, but this is a terribly important debate here and I am going to take the time to make this statement.

Mr. Chairman, we cannot, as I perceive it, cut $20 billion by giving a tax cut which has all the political benefits involved in it. I do not question anybody's motives, but the reality is if you cut that $20 billion away and then you vote to increase the military budget, in the nonmilitary function of our Government we will deteriorate.

Mr. Chairman, I am simply suggesting to my colleagues that all this theory about the vulnerability of our strategic triad, nobody is bombing the United States. If we explode it will not be because of some nuclear device from the Soviet Union, it will explode because millions of American human beings, all colors, will believe that this Government is moving away from dealing with this incredible responsibility.

Perhaps I am a naive human being but I think the function of Government is to reflect the will of the majority of people.

Mr. Chairman, when we as a people decided to band together in society and evolve a government, then we said we would take unto ourselves certain responsibilities. I am suggesting to my colleagues on the other side of the aisle that this budget does not deal with that. No matter how articulately you respond, you cannot justify, on the one hand, an incredible cut and then an incredible increase in the military budget and say with a straight face that we are going to deal with the human misery of millions of people in this country. You cannot do it on the mere facts of the economics alone.

Mr. Chairman, I would suggest that at some point during this debate we deal with what it means to increase the military budget by 5 percent over a 10- or 11-percent inflation rate.

Mr. Chairman, most of the American people are totally ignorant with respect to how much money we are spending. I would suggest that that kind of military budget in and of itself is inflationary and we are going to end up down the road in the decade of the 1980's, by 1990, if we live that long—either one or two things will happen: As you put more and more of your Federal dollars into a smaller and smaller segment of the economy, at some point the bottom is going to drop out from the sheer weight of the military budget alone and at some point we need to talk about priorities. I do not think the No. 1 priority in this country is sending a military budget through the roof that in the decade of the 1980's will reach an incredible figure, minimumly and conservatively of $1.8 billion.

I thank my colleague for yielding to me. I feel very strongly about this. I think if we are going to talk about priorities, let us talk about literally who gets harmed in these proposals where you squeeze the human side of our budget. That is important to me.

Mr. Chairman, the gentleman has made an important point. I would like to hope I have made some contribution in trying to put in stark dramatic terms what we are about to do in this body.

Mr. Chairman, one last comment. My colleague mentioned my leader. The only leader I have on the floor of this Congress is what I perceive to be proper, what I perceive to be right, based on a set of values that I came here with. If that is not Democratic or not Republican, then so be it. I am not at all sure in any way that I agree with all of the assumptions in this budget that the Democrats have presented. There are many things we can attack from that side. My hope would be we could rise above our partisanship and deal with the reality of the human misery in this country. If the American people would ever wake up and stop applauding increased military budgets which may some day plunge them into economic deprivation or at some time act as a trigger to blow us off the face of the Earth, then perhaps we could bring enough pressure upon this body to deal with some priorities like housing, education and welfare and other things that are vitally important.

Mr. KEMP. Mr. Chairman, will the gentleman yield to me?

Mr. SIMON. I yield to my colleague from New York.

Mr. KEMP. First of all, there is no incredible increase in defense spending nor is there an incredible reduction in taxes. It is very moderate, very modest on both accounts.

Mr. Chairman, I will, however, tell you what is stark and real about this budget, I say to my friend from New York (Mr. STRATTON), who has suggested at the time of the authorization of the Council on Wage and Price Stability that the answer to inflation—I guess he learned it at Rochester in economics I—is wage and price controls.

☐ 1540

I think that speaks loud and clear about the economics of the gentleman from New York (Mr. STRATTON).

Second, there is another very stark and real statistic in America today. This budget raises unemployment from 5.7 to 7.5 percent. If that is not slowing down the economy, I say to my friend, the gentleman from New York (Mr. STRATTON) what is it? He may not worry about higher unemployment but I do and it's intolerable.

Now, the stark fact is that this budget sacrifices the jobs of American people in a so-called war against inflation. I think that is wrong. That is not theory. That is reality.

He, Mr. STRATTON, says the administration is not slowing the economy and now, the gentleman from Connecticut (Mr. GIAIMO), our distinguished budget leader and a good friend of mine who serves on the Committee on Defense Appropriations with me, and for whom I have the utmost respect, has been publicly quoted as saying that the purpose of the 1980 Democratic budget was to "slow down the economy."

Mr. Carter says "steady as you go" as industrial production declines, as investment declines, as inflation and unemployment go up.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(At the request of Mr. KEMP, and by unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. KEMP. Mr. Chairman, if the gentleman will yield further, I have the New York Daily News that just a couple of months ago in which Mr. Alfred Kahn said the American people "need to learn to live with less." He said the purpose of of the Carter administration's economic policy is to slow down the economy.

Now, we have the gentleman from Connecticut (Mr. GIAIMO) on record as saying that he wants to slow down the economy.

Mr. Kahn is on record saying he wants to slow down the economy. Secretary Miller of Treasury says no tax cut, steady as you go—austerity.

Well as I said before, steady as you go means steadily higher unemployment, steadily more inflation, steadily dropping productivity, and a steady decline in the standard of living of the American people. My friend Mr. STRATTON says he is satisfied with economic policy—well I am not.

Now, I do not know what the gentleman learned at Rochester. I did not learn my economics in college. I learned economics and incentives the hard way by work and commonsense and listening to people. If anybody really believes that you can fight inflation by slowing down the economy, I would like to have him answer the question what he plans to tell the poor and the unemployed and our children about why they are sacrificed.

Now, the gentleman is one who believes that we should have wage and price controls.

The gentleman blames me for following President John Kennedy's economic policies I accept, but I ask the gentleman, why is the gentleman following Mr. Nixon's economic policies? Wage and price controls did not work then, nor did they work at any time in history. I think it is highway robbery for the Government to hold wages at 7 percent while it devalues workers paychecks by 13 percent. Wage and price controls distort the price system and marketplace and discourage production which is an important element in combating inflation.

Mr. SIMON. Mr. Chairman, let me just give a 30-second response to my colleague, the gentleman from New York.

On the jobs, what we are talking about is a massive dispersal of funds broadly or targeting where there are specific needs. From the viewpoint of the economy, I think it makes infinitely more sense to target our response to the needs of unemployment.

Mr. Chairman, I yield to the chairman of the committee, the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, I would just like to refer the gentleman from New York (Mr. KEMP) to the many, many statements of the former head of of the Federal Reserve, Mr. Arthur Burns, and to the present head of the Federal Reserve, Mr. Volcker, and to the one before him, Mr. Miller. You would hear a very great deal about the impact of Federal spending and the economic rate of growth on inflation.

Mr. KEMP. Mr. Chairman, will the gentleman yield, since my name was mentioned?

Mr. SIMON. Let me just add one thing and I shall yield to the gentleman.

The Chairman of the Federal Reserve Board in testifying before the Budget Committee, I asked very specifically would a tax cut be inflationary and he said yes.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. SIMON. Mr. Chairman, I asked him very specifically, would a tax cut be inflationary and he said "Yes." I think that is the overwhelming evidence.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my colleague, the gentleman from New York.

Mr. KEMP. I did not hear who the gentleman asked.

Mr. SIMON. This is the Chairman of the Federal Reserve Board.

Mr. KEMP. Mr. Volcker?

Mr. SIMON. Yes.

Mr. KEMP. Well, I certainly respect Mr. Volcker but let me tell the gentleman what the former Chairman of the Federal Reserve, Mr. William Miller, now our Secretary of the Treasury, has said. I direct this to my friend, the gentleman from New York (Mr. STRATTON).

Mr. SIMON. Can the gentleman give us the time?

Mr. KEMP. He is quoted in the New York Times, saying that "slow economic growth is the only inflation cure."

I depart from that economic policy. Now, I do not suggest that there is only one way, but I do suggest we ought to try something new. "Steady as you go" means a steadily declining economy.

The price of gold today, I hear my friend, the gentleman from Connecticut whispering to my friend, the other economist from the Northeast, the gentleman from New York (Mr. STRATTON)——

Mr. GIAIMO. Mr. Chairman, if the gentleman would yield, I would be delighted to tell the gentleman what I said.

Mr. KEMP. Could I just finish my sentence?

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. SIMON. Mr. Chairman, I yield to the gentleman from New York (Mr. KEMP) to finish his sentence and then I will yield to the chairman of the committee.

Mr. KEMP. Because I wanted the gentleman so much to hear that today on the London gold exchange the economic policies that were so strongly endorsed by my friend, the gentleman from New York (Mr. STRATTON) have pushed the price of gold to over $380 an ounce. Now, that is a massive vote of no confidence in the economic policies of this administration and the part of the gentleman from New York.

He criticizes me for trying something new, trying to restore the reward again for production by lowering tax rates.

I repeat, the steeply graduated income tax in America and New York is a tax on production. It is a tax on labor and capital. It is a tax on output and jobs. It is a tax that must be reduced by 30 percent or 40 percent or even 50 percent over the next few years.

How can it be inflationary to reduce the barrier between human effort and reward? How is it inflationary to encourage more production, more jobs and more investment?

Mr. SIMON. Mr. Chairman, I take back my time and I yield to the chairman of the committee.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. SIMON) has again expired.

(By unanimous consent, Mr. SIMON was allowed to proceed for 2 additional minutes.)

Mr. SIMON. Mr. Chairman, I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, all that I was saying to my friend, the gentleman from New York (Mr. STRATTON) was, I said, "My Lord, I think Mr. KEMP is leaving the Republican Party."

Mr. SIMON. Mr. Chairman, let me just add one other thing and I will depart and I yield to no one further.

The old laws of supply and demand that our colleague, the gentleman from New York (Mr. STRATTON) taught, still apply. When you increase the demand side without any certainty of increasing the supply side, you increase inflation and that reality we cannot escape, and I think we had better keep it in mind as we vote on this amendment.

Mr. REGULA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, one of the difficulties of entering this fray late in the battle is that most of the economic bullets have been fired. The debate battle thus far has brought out many points of difference in economic philosophy between the majority resolution and the minority substitute.

This debate points out the value of discussing these issues. I agree with the gentleman from California (Mr. DELLUMS) that the budget resolution is a vital issue and that this debate is very important because in the proposed resolution we are setting the priorities of the Nation.

In the earlier debate we talked about the amounts allocated for veterans benefits both in budget authority and outlays. In my discussion with the distinguished chairman of the committee, I simply wanted to make the point that there was less than 1 percent difference between our figures and those of the committee and that the amounts we provided were identical to the first resolution adopted by this body. In the meantime, I have had an opportunity to talk with the gentleman from Mississippi (Mr. MONTGOMERY) and also the chairman of the Veterans Committee (Mr. ROBERTS) and the staff. I am persuaded and this is a result of the debate that the figures used in the committee resolution do reflect the amounts needed to deal with the veterans entitlements, with the increase in benefits and the impact of inflation.

Therefore, I plan to offer an amendment immediately following my remarks that will bring the levels in the Republican substitute to the identical amount that is in House Concurrent Resolution 186 before us. The amendment I will propose will remove this as an issue of contention.

Now, I would like to mention a couple of other things. Income security has been brought into this debate. I would point out that in the minority substitute we provide for an increase in outlays in the income security function of $22.3 billion.

I would point out to my colleagues that social security increases as mandated by law will be $17 billion in fiscal year 1980. Therefore, we have provided for these increases, and in addition our substitute provides $5.3 billion new funding for other programs under income security in addition to the $17 billion increase provided for social security payments.

The issue of tax cuts has been brought into this debate. I would point out to you that we are not proposing a tax cut. What we are proposing to do is to hold the line. The budget that is proposed by the majority party in effect provides for a tax increase because of the ratcheting impact of inflation and in the Republican substitute we are simply saying let us hold the line for the taxpayers of America.

Speaking to the increases, as has been pointed out in our substitute, we provide for a 6.8-percent increase in budget authority, a 6.8-percent increase in outlays. The majority party provides for 13.7 percent in budget authority, for a 10.6 percent in outlays and an 11.4-percent increase in revenues; in effect, that is an increase in what the taxpayers of the United States will have to provide either with taxes or with the taxflation of having their inflation increased by printing the money to fund the $29.225 billion Democrat deficit.

□ 1550

This is in the face of the President's request to the wage earners of America to hold the line at 7 percent. The Democrat leadership says to them, "Hold the line at 7 percent," and yet we are being offered here a budget that will overall increase outlays and taxes in excess of 10 percent.

Certainly the Republican substitute provides an increase of 6.8 percent. But I would point out one other thing: That this is an increase of 10 percent from the budget we proposed last year. It is a 6.8-percent increase, compared to the bloated fiscal year 1979 budget adopted by the majority party, but to recognize the impact of inflation it is a 10-percent increase over what we proposed last year as being a responsible fiscal year 1979 budget.

The Republican Budget of Hope does encourage savings, it does encourage capital formation, and it does encourage permanent private sector jobs. It is a response to the unanimous recommendations of the Joint Economic Committee, a bipartisan committee of the Congress, which said in its most recent report that unless we do increase productivity, unless we do increase savings, and unless we do increase capital formation, we are going to be faced with a 140-percent rate of inflation over the next 10 years. But if we do the things that the Republican substitute would achieve, we can cut that inflation rate in one-half or more.

I think the most serious indictment of the "business-as-usual" budget we have before us from the majority party today is what is happening out there in the world. Gold, as has been pointed out by the gentleman from New York (Mr. KEMP), has gone up to $380 an ounce. I was on the floor Monday saying the same thing, only Monday it was $350 an ounce. It has gone up $30 in 3 days.

The prime interest rates are up to 13 plus percent.

Just today I picked up a copy of the September 18 Christian Science Monitor and in it there is an advertisement for "Swiss Franc Annuities" I hope the Members will look at this ad. I do not have the newspaper in front of me, but the advertisement says in effect that some firm is proposing to the people of America that they put their retirement dollars in Swiss francs. They point out in this advertisement that had one put his or her retirement dollars in Swiss francs 9 years ago, the $1,000, which was used as an illustration, would today be worth $2,150 in purchasing power; but had one put that money in American dollars, it would be worth about $647 in purchasing power.

What a sad commentary that it is on the fiscal policies of the U.S. Government, that we find an advertisement urging the people of this Nation to put their retirement dollars in Swiss francs, the currency of one of the very small nations of Europe, as a hedge against the inflationary policies that 25 years of Democrat control of Congress have wrought. Those are the things that indict this budget more than anything we might say.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has expired.

(By unanimous consent, Mr. REGULA was allowed to proceed for 3 additional minutes.)

Mr. REGULA. Mr. Chairman, the Democratic budget of despair increases the expectation of inflation, as reflected in the gold market, as reflected in the real estate market, and as reflected in that advertisement I mentioned. It will require more monetizing of the deficits, as has been the pattern in the past. Once again the majority proposes to substitute monetary policy for a sound fiscal policy with raging inflation as a legacy of these policies.

It will say that public jobs are superior to private sector jobs. It will say that public jobs, with no permanent future, are superior to private jobs that, as pointed out by the gentleman from New York, have a promise of permanency and are the kind of jobs that one can get a loan on to own a house and to build a future filled with hope.

In the hearings before our Committee on the Budget, repeatedly the then Federal Reserve Board Chairman, Mr. Miller, who is now Secretary of the Treasury Miller, and former Secretary of the Treasury Blumenthal both made the point that we need more investment and less deficit. That is in the record, very clearly stated by both of these gentlemen, as well as by a number of other economists who appeared before the Budget Committee.

These same witnesses also pointed out that we need to reduce the budget as a percentage of the GNP. Yet what do we have before us today? The majority party budget would increase the total to 22 percent of the GNP, as compared to 21.7 percent last year.

The Republican substitute would move in the right direction and would reduce the total Federal budget to 21.2 percent of the GNP.

We are following the recommendations of this administration. President Carter said our goal should be to get Federal outlays to 20 percent of GNP but we are not going to get to 20 percent by going upward, from 21.7 to 22 percent as this majority party budget would propose.

This budget reminds me of the song, "Promises, Promises." Each year the majority promises a future for the American people that includes a balanced budget. The facts belie that promise. In fiscal 1979 the deficit in the budget was $28.8 billion, as the CBO reestimated it. In the fiscal year 1980 budget of the majority party it is $29.2 billion which includes a one-time acceleration of tax collections by $2 billion. The real deficit compared to fiscal year 1979 is $31.2 billion. We have had all kinds of promises that we are going to get a balanced budget, promises from the President on down, but we do not get to a balanced budget by going upward in deficits.

What we are attempting to do in the Republican substitute is to reduce that deficit so we can say to the American people that "you can look forward to a balanced budget in fiscal year 1981; that you can look forward to a day when the American dollar will regain its prestige and regain its value and that you can look forward to the fact that we will be talking about putting your retirement dollars in what should be the best currency in the world—the U.S. dollar."

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman on his very fine statement and associate myself with his remarks.

I rise in support of the Republican alternative. I think it makes a lot of sense, and I think it would get this country moving in the right direction. It would decrease inflation and increase productivity.

Mr. Chairman, we have heard a lot of interesting statistics today. We have heard, for example, that inflation is currently running at 13.5 percent, a peacetime record. We have heard that our savings rate is among the lowest of any industrialized nation. We have heard how our rate of business investment is the lowest of any of our trading partners.

We have also heard that under the proposed fiscal year 1980 budget, a budget "only" $29 billion in deficit, the Federal Government will tax away fully 22 percent of our gross national product next year, compared to 18.4 percent under the Ford administration. If we had taken in only 18.4 percent of the GNP this year, we could today have a tax cut of $59 billion—or more than $900 for every taxpaying family.

As a matter of fact, since Carter became President in January of 1977, taxes have risen 15 percent, despite Democratic promises to reduce taxes. Spending levels have gone up more than $180 billion—that is billion—an amount greater than the entire 1968 national budget! Since Carter became President, the Federal budget has amassed a cumulative deficit of $166 billion, a peace time record.

I could go on, but the point is clear. The document which the leadership has presented to us today represents the same tired, myopic outlook that has gotten us into the economic fix we are in today. They have not learned the lessons of the past. Their answer is more of the same. It is an answer that will not do. The Democratic budget is a budget based on pessimism; an admission of defeat. It assumes that waste cannot be cut out, that a deficit is inevitable, and that depression is a natural course of events.

I disagree on all these counts. I believe we can cut waste, that there is nothing inevitable about a deficit, and that the economy does not have to go into a tailspin to solve its problems.

What we are proposing here today with the Republican alternative—the budget or hope—is to put the strength of the economy to work. To free up capital funds for investment. To create new jobs and new prosperity. And to leave more money in the pockets of the taxpayers.

Our prescription for what ails the economy is to remove the cause of injury, to cut back the massive tumor of Government growth which is strangling the economy, and to allow its natural strengths to prevail.

We have a strong economy—it is just tired and overheated from the abuse it has suffered under the tax and tax, spend and spend philosophy of the Democrats. By cutting taxes, by cutting waste, our budget provides the necessary funds to operate the Government, with the necessary relief to allow the economy to revive itself.

I strongly urge an aye vote for fiscal sanity and economic relief.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has again expired.

(By unanimous consent, Mr. REGULA was allowed to proceed for 3 additional minutes.)

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, I wish to associate myself with the remarks of the gentleman in the well, and I rise in strong support of the Republican substitute.

It seems to me that I detect a note of panic in the majority party. They recognize the fact and they are getting the message that their plans for the economy are not really working. This Republican substitute really presents a "budget of hope."

For years, Republicans have pointed to rising taxes and accelerating inflation as the most critical problems facing our Nation today. Unfortunately, members of the Democratic Party have ignored these warnings as long as they could until inflation reached double-digit proportions and taxpayer resentment surfaced in the form of last year's proposition 13. At the same time, Republicans have suggested slowing governmental spending, cutting taxes, reducing the Federal deficit, and encouraging growth in productivity to help create private sector jobs as a way of coming to grips with this economic dilemma. Now that the majority party has acknowledged taxes and inflation as the most critical problems, one cannot help but wonder when they will realize that Republicans are just as correct in their proposed solution as they were in their problem assessment.

The solution is the "budget of hope" which will be offered as the Republican substitute to the second concurrent resolution on the budget for fiscal year 1980. It is designed to reduce inflation from 13.5 percent currently to 6 percent, increase real economic growth from almost nothing next year to a healthy 5 percent, and reduce the unemployment rate from an estimated 7.2 percent next year to 5.6 percent, by 1984. The "budget of hope" would restrain spending growth (up $35 billion from 1979, but $19 billion less than that reported by the Budget Committee), cut taxes $170 billion over a 5-year period ($20 billion in calendar year 1980), and eliminate the deficit so that the long neglected task of reducing the public debt may begin.

On the other hand, the majority's proposal is more of the same. Since President Jimmy Carter took office: First, spending levels have increased more than $180 billion, an amount greater than the entire 1968 budget; second, cumulative deficits total $166 billion, a peacetime record; third, the public debt has grown by $240 billion, or 38 percent; fourth, Federal employment has grown at a rate of 6 percent; and fifth, taxes have risen 15 percent.

The Republican substitute has been carefully worked to provide the first step toward responsible and effective control of Federal expenditures. I urge its support. Failure to adopt the "budget of hope" will only confirm what is widely thought across the country, and what just might be true—that Congress has lost a grip on itself.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from New York, the ranking minority member of the Committee on Ways and Means.

Mr. CONABLE. Mr. Chairman, I thank the gentleman from Ohio (Mr. Regula) for the work he has done. He has applied himself with great diligence and considerable perceptiveness in providing the figures that are before us.

I also rise in support of the Republican alternative. I think that many people put their faith in Government as the last refuge of the poor. One of the problems with that is that Government offers the poor symptomatic relief, but it does not deal with the sources of poverty.

Permanent jobs are found in the private sector. I think it was John Gardner, everybody's social guru, who once said that social justice and economic justice are the handmaidens of affluence and growth.

Somehow we must get the private sector expanding faster than Government if we are to move the poor from the condition of being wards of the Government and give them dignity of independence. We are going to do that only if we understand the economic dynamic that is at work in this country and do not submerge them under layers of Government.

It seems to me that is what we are trying to do here. Tax cuts are absolutely necessary not only to stabilize the rates but unleash the dynamics of our private sector. Tax cuts are also ultimately going to help the poor through the savings incentives and increasing capital formation that will create jobs.

Mr. Chairman, I think the gentleman from Ohio (Mr. Regula) puts his finger on that very well in his remarks, and I want to associate myself with them fully.

Mr. REGULA. Mr. Chairman, I thank the gentleman from New York (Mr. Conable) for his remarks.

AMENDMENT OFFERED BY MR. REGULA TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. LATTA

Mr. REGULA. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. Regula to the amendment in the nature of a substitute offered by Mr. Latta: In the matter relating the appropriate level of total new budget authority increase the amount by $107 million;

In the matter relating to the appropriate level of total budget outlays increase the amount by $100 million;

In the matter relating to the amount of the deficit increase the amount by $100 million;

In the matter relating to the appropriate level of the public debt increase the amount by $100 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by $100 million.

(7) In the matter relating to function 370: Commerce and housing credit decrease the amount for budget authority by $100 million; and decrease the amount for outlays by $151 million;

(13) In the matter relating to function 700: Veterans benefits and services increase the amount for budget authority by $207 million; and increase the amount for outlays by $251 million.

□ 1600

Mr. REGULA. Mr. Chairman, as we have discussed earlier, there is a slight difference—less than 1 percent—between the majority budget and the minority on the issue of veterans' benefits. I have been persuaded by the members of the Committee on Veterans' Affairs that this amount is necessary to fund the programs at the levels that have been enacted by the Members of this body. Therefore, the effect of this amendment will be to put the budget authority figure and the outlay figure of the minority substitute to the identical amount that is provided in the House Concurrent Resolution 186, the majority budget.

I have achieved this increase in veterans benefits by amending the deficit by $100 million and by reducing function 370, commerce and housing credit, by $151 million in outlays and by making the other appropriate changes including an increase in budget authority to $21,607 billion as provided in House Concurrent Resolution 186.

I think that this, because of the less than 1 percent difference, is an amendment that should be added to the minority resolution. It does not really change the pattern that we have outlined here—and that is a budget of hope versus a budget of despair—because we strongly support the needs of our veterans, as do all of the Members of this body.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California.

Mr. ROUSSELOT. So that the gentleman's amendment has the effect of restoring what the Committee on Veterans' Affairs brought to this House just a few weeks ago, and it restores that $251 million?

Mr. REGULA. This is correct. What I have done is that I have taken the recommendations of the committee that were incorporated into the estimates of the first budget resolution and added the $251 million in outlays and the amount required in budget authority to address the increased needs of the veterans that will result from the impact of inflation on these programs.

I have talked to the Veterans' Committee staff, the distinguished gentleman from Mississippi (Mr. Montgomery) and the chairman of the Veterans' Affairs Committee (Mr. Roberts) and they support the need for this funding.

Mr. ROUSSELOT. So the issues that were raised by the gentleman from Texas (Mr. Roberts) and the gentleman from Mississippi (Mr. Montgomery) are now corrected?

Mr. REGULA. Those issues would be taken care of by this amendment.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, in this carefully crafted amendment designed to assuage the veterans, who are quite aggravated, I suppose, over your cut, do I understand that you have cut commerce and housing by $100 million?

Mr. REGULA. The outlays by $151 million.

Mr. GIAIMO. And now what you are going to do is take it out of commerce and housing and try to make it up for the veterans that way, at least partially?

Mr. REGULA. We have taken the $151 million from commerce and housing and we have added $100 million to the deficit. This will make our deficit $9.325 billion below the majority deficit plus maintaining a $20 billion tax cut for calendar year 1981.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, the gentleman has offered this amendment solely on the basis of what the chairman and the staff have indicated would be the impact on veterans' programs; is that correct?

Mr. REGULA. Yes.

Mr. PANETTA. If other chairmen and other staff would indicate the same thing with regard to impact on their areas, would the gentleman offer similar amendments in those categories?

Mr. REGULA. We are talking in this instance about entitlement programs and programs that have already been adopted by this House.

Mr. PANETTA. Certainly there are entitlement programs regarding income security at $4.9 billion that the gentleman is offering to cut. I am sure the chairmen of the respective committees would make the comment that these things are necessary.

Mr. REGULA. Let me respond. We are proposing to increase income security by $22.3 billion.

Mr. PANETTA. I think, if I read the gentleman's amendment correctly, there is a reduction in the amount in this budget that is presented here, a reduction to the tune of about $4.9 billion.

Mr. REGULA. A reduction from the majority budget but an increase of $22.3 billion as compared to CBO's estimate of fiscal year 1979 spending. Our $22.3 billion increase will accommodate the $17 billion increase in social security payments resulting from entitlements—and that is what we are speaking to in this veterans' amendment—plus an additional $5.3 billion for other programs.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

Mr. Chairman, I certainly rise in support of the amendment. I would like to say that we sincerely felt on the Committee on Veterans' Affairs that the $251 million cut would have affected the compensation payments of the veterans, who are the men who served and were service connected injured. I certainly support the amendment, and I appreciate the gentleman's restoring that cut.

Mr. REGULA. I thank the gentleman for his support.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. REGULA) has expired.

(On request of Mr. KEMP and by unanimous consent, Mr. REGULA was allowed to proceed for 1 additional minute.)

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from New York.

Mr. KEMP. I appreciate the gentleman's yielding.

Mr. Chairman, I would like to remind my colleagues that one reason why the gentleman from California (Mr. PANETTA) had to stand up and suggest that somehow his budget was going to be more munificent in terms of more money for income security category was because under the Democratic budget will need more income security because unemployment under the Democratic budget goes from 5.7 to 7.4 percent. This will cost the U.S. taxpayers close to $30 billion in "support" payments.

If we allow unemployment to go up by 1.4 million, I will guarantee you that you will get more income security money for function 600 because of the aforementioned costs of lost jobs.

So let us make it clear once again that the reason we think you can reduce the amount of money in income security is because we want to hold unemployment down. Now if you like to spend money and you want more unemployment, then the gentleman from California is right on target; the Democratic budget will give both to you.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. REGULA) to the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. LATTA).

The amendment to the amendment in the nature of a substitute was agreed to.

Mr. NELSON. Mr. Chairman, I move to strike the last word.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to my distinguished colleague, the gentleman from my home State of Florida (Mr. BENNETT).

Mr. BENNETT. I thank the gentleman for yielding.

Mr. Chairman, I rise to seek an explanation on function 050, national defense. Would the chairman of the Budget Committee, Mr. GIAIMO, kindly respond to a question on the funding for a nuclear-powered aircraft carrier?

Last week this body indicated its strong support for a nuclear-powered aircraft carrier with the passage of the Defense Authorization Act for Fiscal Year 1980 (H.R. 4040). In addition, in a recent press release by the chairman of the Subcommittee on Defense Appropriations he indicated that funds were included for a *Nimitz*-class carrier.

Chairman GIAIMO, I now ask you—does function 050 national defense provide funding for a *Nimitz*-class nuclear-powered aircraft carrier?

Mr. GIAIMO. If the gentleman would yield, I would be glad to respond to the gentleman from Florida, the distinguished chairman of the Seapower Subcommittee of the Armed Services Committee. As the gentleman knows, the budget resolution does not deal in line items. That is the responsibility of the authorizing and appropriations committees.

When the gentleman from Florida offered his amendment during House consideration of the first budget resolution to increase the totals for national defense to insure that there were adequate funds for an aircraft carrier, the national defense total was $135.3 billion in budget authority. This second resolution provides a target of $138.2 billion, an increase of $2.9 billion. This target clearly is adequate to fund a whole series of major weapon systems. It is the responsibility of the authorizing and appropriations committees to determine which items should be included within the overall target.

Mr. Chairman, as the gentleman well knows, I am also a member of the Appropriations Defense Subcommittee, and I can tell you that that committee to date has included within the target for national defense a nuclear-powered aircraft carrier. So you have the vote of the Appropriations Subcommittee, you have the vote which you had on the floor earlier in your authorization bill, and certainly, if it is the desire of the committees to build a nuclear carrier, it is within the purview of this budget.

Mr. BENNETT. I thank the gentleman very much.

Mr. NELSON. Mr. Chairman, I would like to yield to the gentleman from New York (Mr. KEMP) to answer a question.

In a hypothetical, if the Republican substitute amendment did not have the proposal for which the gentleman has articulated for some time now, a tax cut—in this it is an $8 billion tax cut in fiscal year 1980—if it did not have that, would the gentleman be supporting the Republican substitute? If it did not have the tax cut, and it just had the $20 billion or $19 billion cut in spending, what would be the gentleman's position on that?

Mr. KEMP. Very briefly, I would support a $19 billion spending reduction on the basis that all Government spending, is ultimately a tax liability on the American people, either now or in the future. So lower spending means lower taxes and nonprivate economic growth and jobs.

Second, I would come to the floor with an amendment and offer a 30-percent tax rate reduction for both labor and capital as a free enterprise alternative amendment to encourage jobs, savings, investment, and entrepreneurial activity.

Mr. NELSON. Yes, I understand that.

Mr. KEMP. But, yes, I would support it, to be direct.

Mr. NELSON. The point I want to make is that, in the colloquy that the gentleman had with the chairman, where the gentleman was gently attacking the gentleman from Connecticut (Mr. GIAIMO) for the statements "live with less" or "slow down the economy" by cutting spending, the gentleman from New York is now saying that generally he has that same philosophy, too.

□ 1610

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding.

We have really gotten to the essence of the difference, and the gentleman has performed a service here if we can just take this to its logical conclusion.

I asked the gentleman from Connecticut yesterday, "Is it the purpose of the budget to slow down the economy?"

The gentleman said, "Is it the purpose of the budget to slow down spending?"

I said, "No."

"Is it his purpose to slow down the economy?"

He said, "No; the purpose is to slow down spending."

We kept arguing spending versus economic growth.

The point I am making is, I do not think cutting spending will slow down the economy. I do not consider spending the factor that leads to economic growth. You cannot spend your way to a higher level of economic growth and prosperity. England tried it and almost collapsed.

You have to invest and save and work and create jobs and to have entrepreneurs engaging in new enterprises to create growth.

Government does not create growth. People create growth. You cannot stimulate an economy, but you can stimulate people.

Does that make a difference?

Mr. NELSON. I appreciate the gentleman's comments. The gentleman and I have talked long and hard on this.

Mr. KEMP. Yes, we have. I have enjoyed every minute of it, as I did with the gentleman from Connecticut (Mr. Giaimo).

Mr. NELSON. I want to try to make the distinction, when the gentleman from Connecticut (Mr. Giaimo) approaches a budget trying to restrain spending, he is expressing a philosophy of restraint and trying to move toward a balanced budget ultimately.

Mr. KEMP. Does the gentleman think cutting spending is going to slow the growth of the U.S. economy? It simply means less tax expenditure on the American people, does it not? How can cutting taxes and spending hurt the economy as the majority party suggests?

Mr. NELSON. If we are moving to some kind of fiscal responsibility, we have to come in with fiscal restraint.

Now, there are several economic analyses as to what a balanced budget is going to do to help restrain inflation.

The fact is, most of the people in my district and most of the business community around this country feel that if we move toward the balanced budget, we are going to be moving to a position of more fiscal integrity, and that is going to increase the business confidence and climate in the Nation.

I just do not want the gentleman jumping all over my chairman over there.

Mr. KEMP. Far be it from me to jump on the chairman. He is much bigger than I am.

Would the gentleman suggest we should balance the budget by raising taxes?

The CHAIRMAN. The time of the gentleman from Florida (Mr. Nelson) has expired.

(At the request of Mr. Kemp, and by unanimous consent, Mr. Nelson was allowed to proceed for 4 additional minutes.)

Mr. KEMP. If the gentleman will continue to yield, is it the gentleman's position we should balance the budget by raising taxes today?

Mr. NELSON. No.

Mr. KEMP. Are taxes going up, I would say to the gentleman?

Mr. NELSON. I am trying to segregate out his tax question, the Republican substitute from the question of the spending level.

Mr. KEMP. So am I.

Mr. NELSON. That is the point I am trying to make to the gentleman.

Mr. KEMP. If the gentleman will continue to yield, in order to balance the budget, a goal that the gentleman and I share, and the gentleman from Connecticut (Mr. Giaimo) shares, and the whole country shares, would the gentleman subscribe to the idea that the way to balance the budget is to raise everyone's taxes?

Mr. NELSON. Of course not.

Mr. KEMP. Then the gentleman ought to take a look at his party's budget resolution, because it accepts a $30 billion tax increase as a means of fiscal austerity and balancing the budget. That is not my view of fiscal austerity. I want to balance the budget by expanding the economy.

Mr. NELSON. Let me ask the gentleman from Ohio (Mr. Latta) another question, for a point of clarification.

Mr. KEMP. Has the gentleman finished?

Mr. NELSON. I am going to run out of time here and I have a question for Mr. Latta.

In function 850, the gentleman from Ohio (Mr. Latta) has a reduction of $575 million, a reduction from the Budget Committee's resolution.

Could the gentleman tell me what that is targeted toward?

Mr. LATTA. Let me first point out that that is not a reduction. It is merely a reduction from what I consider a bloated budget resolution reported out by the majority members of the Budget Committee.

Mr. NELSON. I am genuinely seeking information here.

Mr. LATTA. The gentleman is talking about function 850?

Mr. NELSON. That is correct.

Mr. LATTA. That could come out of general revenue sharing or any other program, but as I mentioned earlier, we are not going to stipulate where that money is going to come from. In outlays, we are only talking about a reduction of $96 million out of $8.5 billion.

Mr. NELSON. If your suggested reduction would come out of general revenue sharing, that would get us closer to the target that we set in the first budget resolution, would it not, for general revenue sharing to the States? Is that correct? Somewhat closer?

Mr. LATTA. Yes, it would be closer.

Mr. NELSON. In the first budget resolution, we cut $685 million from general revenue sharing to the 50 States.

I would ask the gentleman why the gentleman and others did not support the $685 million cut from the appropriations bill for revenue sharing to the States? Why did not the gentleman support it then?

Mr. LATTA. Again, let me repeat to my friend that there are other antirecessionary measures under that function, and that little reduction could come out of them.

The gentleman is stressing just revenue sharing. There are other programs that could be cut by this very, very slight amount.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

I was going to respond to the gentleman's question.

Many of us voted for that cut.

Mr. NELSON. I know and I appreciate that.

Many others over here did not, including, I think, the gentleman from Ohio (Mr. Latta).

The CHAIRMAN. The time of the gentleman from Florida (Mr. Nelson) has again expired.

(By unanimous consent, Mr. Nelson was allowed to proceed for 2 additional minutes.)

Mr. NELSON. If I may address another question to the gentleman from Ohio (Mr. Latta). In function 270, the gentleman is cutting $12.2 billion in budget authority. Can the gentleman give me a reason of why that large a cut? Is not that cutting the synthetic fuels program?

Mr. LATTA. Let me say to the gentleman that we are not cutting from fiscal year 1979, and "cutting" is the wrong word to use. We are merely slowing down some of the growth of our outlays. It has already been indicated by the administration that it cannot possibly use in this next fiscal year all of the money that they originally stated for this function. We are putting in all of the money that we think it can possibly use in fiscal 1980.

Mr. NELSON. I would just say this in response, that we in the Budget Committee have already cut what the President had originally requested in budget authority for the synthetic fuels program.

I was reluctant to even cut in the committee since we are in the intolerable situation of being in the clutches of the OPEC cartel, because we import one-half of our daily oil consumption. One of the most important parts of the budget in fiscal year 1980 is the energy function 270. It includes the start-up budget authority for building the synthetic fuels industry. To survive, we must move boldly to reduce our dependence on imported oil.

The substitute amendment cuts $12.266 billion from the synthetic fuels program, the same amount the Budget Committee inserted for the program. The substitute amendment completely guts the program. In times of economic energy war, this is not a wise move.

Mr. STOCKMAN. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from Michigan.

Mr. STOCKMAN. I thank the gentleman for yielding.

The gentleman was making a point a moment ago about the balanced budget. Obviously, we all agree with that, but the point I think we were trying to get across that really did not come through was there is not just one way to balance the budget. There are 100 possible balanced budgets. You can balance it at 20 percent of the GNP or 25 or 30. I think the point we were trying to make is if you adopt the policy in this budget which is to allow taxes and revenues just to ride up with the inflation rate, some day you may indeed get to a balanced budget. It is going to be at a far higher fraction of our national income than it is today; and that in the process of reaching that level, and in your budget, if you do not cut taxes in the next 4 years, it will be 24 percent of the national income that we are taxing, you will so penalize the productive sector of the economy that all of the gains that you hope for from balancing the budget will be lost in the process.

Therefore, the balanced budget is critically important.

The CHAIRMAN. The time of the gentleman from Florida (Mr. Nelson) has again expired.

(At the request of Mr. Stockman and by unanimous consent, Mr. Nelson was allowed to proceed for 2 additional minutes.)

Mr. STOCKMAN. Mr. Chairman, will the gentleman yield?

Mr. NELSON. I yield to the gentleman from Michigan.

Mr. STOCKMAN. I would suggest to the gentleman that, as we seek a balanced budget, the only way we are going to get it is through expenditure restraint so that we do not have to allow these backdoor increases in taxes to finance the movement toward the balance that he seeks.

I think that was the point that we are attempting to make over here.

Mr. NELSON. The question is, which comes first, the chicken or the egg? As we move to try to rein in inflation, one distinct way to approach it is the restraint on spending.

I appreciate the gentleman's comments.

I yield back the balance of my time, Mr. Chairman.

Mr. PANETTA. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the basic weakness in amendments like this is that they fail to address the specific areas that are going to be reduced.

We are talking about a budget that is 75 percent uncontrollable, 75 percent of various entitlement programs and mandated spending.

We had one such area raised here by the Republican alternative that dealt with the veterans' programs. When it was decided that this reduction would strike at entitlement benefits, it was said, "By God, this deals with entitlement programs and the veterans' area, and therefore, we had better move to get rid of it because it might hurt veterans."

Well, the fact is most of these areas reduced by this amendment deal with entitlement programs. I am not saying that entitlement programs are right, but that is the reality that we are dealing with, 75 percent of the budget that is uncontrollable, and 25 percent that is discretionary.

It is not easy to start focusing on those entitlement programs and deciding how we will reform those programs. How do we do it? Who do we impact in terms of reduction? Surely the Members of the House are entitled to know where specifically these reductions are to be made and not vote on proposals that shotgun potential savings without saying where or how.

□ 1620

Not one amendment that is now offered in this Republican alternative was offered in committee, not one, because they did not want to address the specifics as to how are we going to reduce this budget.

That is the challenge that faces this Congress. Where are we going to look? We have developed in the legislative savings task force $4.2 billion in legislative savings that go after entitlement programs, reforms in various areas. We are having a difficult time getting the committees to focus on those reforms, on those legislative savings. They are doing it, we appreciate their cooperation, but the fact is that the challenge is to deal with specific reductions—that is where the focus has to be, on legislative savings, on reforms and on ongoing programs.

We simply cannot throw out a general figure of $4.9 billion in income security and not talk specifics. We cannot throw out a figure of $1.5 billion in transportation and not talk specifics. We cannot throw out $2.5 billion in the education and training area and not talk specifics because it is specific program reductions that will impact on people.

We have been working in this area desperately to try to find legislative savings that will bring this budget down. Let us be responsible in trying to reduce this budget. Let us just not promise everything to everybody, because the fact is that promising everything to everybody is probably what got us in trouble in the first place.

It does not help to have an alternative that promises tax reductions, that promises other reductions, that promises defense increases and that promises a balanced budget. The fact is it is not going to happen unless we develop specific reforms in entitlement programs. That is the reality that we deal with in the budget process, and that is why this alternative ought to be rejected.

Mr. KEMP. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is obvious that Members of Congress on both sides of the aisle would like to help balance the budget.

The question is how do we get there? President John F. Kennedy once said:

> Our present choice is not between a tax cut and a balanced budget. The choice, rather, is between chronic deficits arising out of a slow rate of economic growth, and temporary deficits stemming from a tax program designed to promote fuller use of our resources and more rapid economic growth. . . . The purpose of cutting taxes, I repeat, is not to create a deficit but to increase investment, employment, and the prospects for a balanced budget.

President Kennedy was speaking in 1963 when he advocated a major reduction in tax rates despite the presence of what was for that time a large deficit. It seems to me that the budget document before us raises still larger questions.

Why are we going backward as a nation? Why are we producing fewer goods today than we were last year? Why are we going backward on inflation, with prices rising faster today than they were last year? Why are we going backward in our real reward for our effort, which is lower today than it was 10 years ago?

The reason we are going backward is that our Government is thinking backward. Our Government operates on a theory that says Government causes economic growth, and people cause inflation. This theory says the Government stimulates the economy by issuing IOU's, either by creating public debt or printing money.

But when we have inflation, the Government says it's because the economy is "overheating." People are getting too greedy and doing too well—too many workers are working, businesses are doing too much business, producers are producing too much, and consumers are consuming too much. Barry Bosworth has said inflation is caused by "the average American." President Carter says Americans are too "self-indulgent."

So the administration gives us three choices for stopping inflation—voluntary wage and price controls, the threat of mandatory wage and price controls, or a severe recession. The way to stop inflation, they say, is "austerity"—to get Americans to lower their expectations and their standard of living. To do this the Government uses high tax rates, unemployment, and wage and price controls.

"The Carter administration admits that the Government simply does not know how to administer wage and price controls," according to Bosworth, the former Director of the Council on Wage and Price Stability. But, he said, "unless something like this works, wages can be held down only by creating fear that workers are going to lose their jobs."

How does this work, you might ask? Bosworth explained:

> If the restraints are really to have an impact on the rate of inflation, government expenditures must be reduced, and aggregate demand, production and employment must also be reduced. The result will be to throw a few million people out of work. To be sure, if enough of them are out of work, they will cease asking for wage increases. No one likes to say that, but that is what lies at the heart of the proposal for fiscal and monetary restraint.

The problem is that it is not working. They told us last year that if we did not have an income tax cut, inflation would go down. They told us that if the administration succeeded in slowing down the economy, inflation would go down. They told us that if we slowed down the housing industry, the price of housing would go down. So we did not have an across-the-board cut in income tax rates, and inflation went up. The administration succeeded beyond its wildest dreams in slowing down the economy, and inflation went up to record levels. The administration succeeded in slowing down the housing industry, and the price of housing skyrocketed.

Now we know that times will be very bad for the next couple of years. First the administration said there would be no recession, and the unemployment rate would go up to 6.2 percent this year and then down to 6 percent next year. Then they revised that forecast and said we might have a recession and that unemployment would go up to 6.9 percent by next year. Now they say we are in a recession, and unemployment may go up to 8.2 percent next year.

Do they plan to do anything to prevent it? No. It is steady as we go. Do nothing until after unemployment increases. Do they plan to scrap wage and price controls after the 7-percent solution failed to prevent inflation from rising to 13 percent? No. They are going to try harder. Alfred Kahn, chairman of the Council on Wage and Price stability explains it all away by saying that the controls are actually working. He says, if you take away food, housing, and energy, the inflation figures do not look that bad at all. He points out that wages did not keep up with inflation, and the job of the second year of the guidelines as he sees it is to keep it that way. He was quoted the other day in the New York Times as "predicting the oncoming recession would make the program work better."

All of this is wrong—backward. The Government does not cause economic growth, and individual Americans do not cause inflation. Only the Government can cause inflation, and only individuals can cause economic growth.

No worker, union, businessman, or consumer can devalue the U.S. dollar. The dollar is governed by supply and demand, like everything else. When the Government supplies more dollars than people demand, the value of each dollar drops. And only the Government can create dollars.

By the same token, only individuals cause economic growth. You cannot stimulate economies—you can only stimulate individuals, and you do that with incentives or rewards. People do not work for government IOU's, they work for their real reward after taxes and inflation.

That is what the Republican budget substitute is all about—restoring incentives on the supply side through tax-rate reduction, and restraining spending increases and money creation.

We do not need any more dollars. We are already getting 13 percent more dollars a year than we can use. The answer to inflation is not to hire fewer people to earn less to produce fewer goods. What we need is more rewards for more jobs to produce more goods.

The Republican substitute budget amendment, which amounts to a $20 billion cut starting January 1, combined with a reduction in spending of $20 billion, does not work, the majority tells us, because the econometric model used by the Congressional Budget Office shows that there will be no net "stimulus" to the number of government IOU's floating around and no difference in inflation or unemployment. In other words, they say Americans will not respond to less spending burden and greater after-tax incentives.

I admit I am disappointed that the Republican budget does not include a larger tax cut to start the task of rebuilding our country. But I think that it is light-years ahead of the desperate budget of the Democratic Party, the majority party, which actually seeks to raise unemployment.

Mr. Chairman, the majority is telling us they want at least a million and a half more working Americans to lose their jobs in the next 12 months.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. KEMP was allowed to proceed for 4 additional minutes.)

Mr. KEMP. Mr. Chairman, the proposed second budget resolution for fiscal 1980 completely discredits the Congressional Budget Office, on whose theories it is based. Nothing more clearly typifies the misguided notions of national policy which have damaged our economy, or the absurd conclusions to which these policies can bring the Government.

Let us be explicit. The Democratic leadership admits that this budget is designed to raise unemployment. The majority, like the Carter administration, argues it is necessary to put another 1.5 to 2.5 million Americans out of their jobs for several years in the name of fighting inflation. Earlier this week, the distinguished House Budget Committee chairman, Mr. GIAIMO, conceded that the fiscal 1980 budget "was deliberately fashioned to slow the economy down." The Budget Committee estimates that under the policies they recommend, unemployment, which has risen from 5.6 to 6 percent since we began debating this budget, would rise further to an average of 7.2 percent in 1980. Since this 7.2 percent is only an average, and unemployment is now much lower, this would indicate that unemployment will hit at least 7.5 percent in the next several months. What is more, the Budget Committee projects that if we follow their recommendations, unemployment will remain near or above 7 percent for the next 3 years, and will still remain more than 400,000 above current levels after 5 years.

All of this, as I said, is based on the theory that Government spending and deficits are what cause economic growth.

□ 1630

I wish our friend from Florida were here, but listen to what the Congressional Budget Office publicly says about spending, and Members will get an idea as to why they say more spending in their model means more growth and less Government spending means less growth: "Generally speaking, Government purchases of goods and services have more impact on output and employment than tax changes."

In another background paper the CBO explicitly argues, "Public service employment stimulates more employment and more growth in the economy than lowering taxes."

The dubious premise upon which economic policy is being made in America today, is that spending is good and saving is bad. Mr. Carter blames the lack of savings on the American people. He says some mysterious malaise that is causing the decline in the economy.

But the fact is that the Federal Government is actively discouraging Americans from saving—with excessive tax rates, with tax breaks for debt, with runaway Government-caused inflation, and credit controls on small savers. This is the CBO theory in action. There is no one left to blame but the theory. Few people with any standing in the respected academic community subscribe to it any more. Both Japan and West Germany have higher rates of savings. Is there not a correlation between savings and growth? I think there is.

I think history proves that there is, and Professor Boskin of Stanford University has empirical studies that show there is an absolute correlation between saving and the after-tax rate of return for savings; in the tax rate and the bank balance.

But the final blow to this stupid theory is that its own results do not bear it out. Last spring, the Budget Committee estimated the economy would grow 9.7 percent in nominal terms next year—that is, real growth plus inflation. This overall figure is essentially determined by the monetary policy of the Federal Reserve system. However, the mix between real growth and inflation is not. Today, the Budget Committee's estimate of growth next year remains almost exactly the same—10.1 percent. What has changed is that instead of real growth of more than 2 percent next year, real growth is estimated as barely above zero. The result of this slowing down of the economy—according to the Budget Committee's own assumptions—will be not only higher unemployment but also higher inflation.

Last May, I stood in this well and warned that we were heading into recession. I warned that each 1 million American workers unemployed as the result of congressional economic policy would cost the budget $20 billion in lost revenue and higher spending. Now the Budget Committee says the recession is bad enough to require $10 billion more in recessionary spending—but not yet bad enough to do anything to reverse the policies which are causing the recession in the first place.

The CBO's and the House Budget Committee's theory is ridiculous—first they advocate slowing down the economy to balance the budget; then they come back to raise spending and widen the deficit because they find to their surprise that they have caused a recession.

Look at the budget figures. Under the Democratic budget taxes are going to go up to the tune, in the aggregate, of about $30 billion faster than inflation.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(By unanimous consent Mr. KEMP was allowed to proceed for 2 additional minutes.)

Mr. KEMP. As I mentioned, aggregate taxes on the American people in 1980 are going to go up about $30 billion, in real terms. I would like to see, as I mentioned earlier, a heavier or more dramatic tax rate reduction than $20 billion, and I will certainly support the efforts of my friend from California (Mr. ROUSSELOT). Nevertheless I commend the gentleman from Ohio (Mr. LATTA) and the Republican Party for making this attempt. I would just like to see a more determined effort to keep unemployment, particularly in my part of the country, from going up.

The gentleman from Michigan (Mr. STOCKMAN) made a good point; unless we do something to reduce tax rates they are going to go up. In real terms, the average American will suffer what amounts to a 6-point jump in their income tax rate. At the same time, all those earnings between $22,900 and $25,900 will receive a 6.13-percent increase in their payroll tax. Corporate profits will be overstated, due to inflation, on inventory appreciation and capital consumption. This is not a battle between those who want taxes to go down and those who want to keep taxes at the same rate. This is a battle between those who want taxes to go down, and those who want them to go up. So, if Members do not vote for the Republican substitute to lower taxes, by definition they are voting for the Democratic substitute to raise taxes.

I repeat once more the remarks of President Kennedy: "The major roadblock to a full employment economy in America today is the heavy burden of taxes on the American people."

There are many who say, "If you cut taxes for business that is good for capital formation, but if you cut taxes on the American people they will only go out and spend it, or what is worse, they may even save it."

What is wrong with saving? What is wrong with the American people having the right to spend their own money? The personal income tax code is not a tax on consumption. It is a tax on production.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. RHODES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I appreciate my distinguished minority leader yielding to me. I will not take any more time. The point that I think and hope I have made today is that the purpose of reducing the tax rates on the American people is not just to give them more of their own money to spend, although they have that right. The real purpose is to break down the barriers that exist today in America between effort and reward, to encourage workers and savers and investors and producers to produce us out of both recession and inflation. I urge my Democratic colleagues to join the Republican Party in bringing that hope to the American people.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of the substitute budget resolution offered by the gentleman from Ohio.

This substitute budget is a vast improvement over that offered by the Budget Committee. It represents some hope that we are on our way to achieving a balanced budget; a goal I consider all important in these times of rampant inflation.

This Republican substitute calls for restraint of Federal spending. The majority budget resolution calls for Federal spending to grow to over $761 billion over the next 5 years, up from $550 billion estimated for fiscal 1980. It seems as though the majority conveniently overlooks the fact that the greatest contributing factor to inflation is government spending and government borrowing.

Since 1955 the public debt has grown from $222 billion to an estimated $882 billion at the end of the current budget year. The Federal Government has averaged deficits of $27.5 billion for each one of those 24 years. In the last 2 years, the public debt has grown by $240 billion—more than we spend for agriculture, veterans' benefits, and transportation combined.

That, my colleagues, is what the majority budget resolutions have done for America over the years. These are the reasons why we are faced with a crisis of public confidence. Except for assuring that the defense of our Nation is strong, the Congress has no greater responsibility to the people than to spend the tax dollars wisely and prudently; to collect in taxes only the amount absolutely necessary; and to pursue public policies which will protect the value of people's savings, income, and property, while encouraging real growth of productivity and wealth.

While we as a nation wish to show generosity and compassion to those in need, we must never forget, in so doing, the Government is taking resources from the backbone of our society, namely, from the people who work and save, invest and take the risk. Sadly, I believe that we have lost sight of these fundamental principles. The Federal Government has continued to proceed as if its sole function were to reward the nonproductive at the expense of the productive; to favor public spending over private production, consumption, and savings.

The Republican substitute budget resolution is designed to reverse this hopeless cycle. The fundamental problems of this country are long-term and cannot be solved in 1 year. This Republican substitute is the beginning of a well-defined path to the specific goals of a balanced Federal budget, restrained spending growth, substantially lower inflation, and steady economic growth. I urge its adoption.

Mr. RHODES. Mr. Chairman, we have an opportunity here today to vote for a Republican substitute which accomplishes several things. The most important ones are, one, it will reduce the burden on the overburdened taxpayers of the United States by some $20 billion. The next thing it does is to reduce the deficit which is projected by the majority members of the Budget Committee by $10 billion.

Now, I think it is time for this point to be brought out at this point in the debate; that is, that on the books is a law passed by the House and the Senate and signed by the President—a provision called the Byrd amendment, which mandates that there be a balanced budget by fiscal year 1981. We now are appropriating for fiscal year 1980. Now, I do not think that there are very many people in this room who disagree with the proposition that it will be extremely difficult, if not impossible, to go to a balanced budget from a deficit of $29 billion in 1 year.

So, it is even more important that we prepare for the day when we must have a balanced budget by law by reducing that deficit in this fiscal year. It is much more reasonable to expect that we can go to a balanced budget from a $19 billion deficit than we can from a $29 billion deficit.

I want to serve notice right here, Mr. Chairman, that if anybody believes that they can repeal the Byrd amendment, they are going to do it over the dead bodies of the Republican Members of the House of Representatives. We have stood for a balanced budget for many years. We will fight to the death, if necessary, to have a balanced budget by fiscal year 1981.

There are many of us on our side of the aisle who would like to have a balanced budget now. I am one of those. I would like very much to be able to balance this budget, but we recognize that with the economy of the country the way it is right now, and with the defense requirements that we have, that perhaps it is not really possible to balance the budget in fiscal year 1980.

Republicans are working toward and we project a balanced budget in fiscal year 1981. When I say this to people around the country, I usually get approbation, applause, and cheers, because the people around the country have desired a balanced budget for so many years. And here we are actually in a position where we can tell them that they can have that balanced budget by the end of fiscal year 1981.

So, to me this is a document which is credible. It is a budget which makes sense. The macroeconomics of it have been worked out. It is true that there are a lot of people who would like to have us try to tell what the nuts and bolts of the cuts will be. We do not think it is our job to do that. We have given the broad guidelines for spending reductions. But, we think that it is the job of the legislative committees or the Appropriations Committee to do the microeconomics. The Budget Committees were set up for microeconomics, to do those things in the budgetary role which the economy of the country, which the people of the country, need to have done on a broad basis.

□ 1640

That is what we are doing now.

Mr. Chairman, I say to my good friends on the Committee of the Budget that if you lose sight of the fact that your committee was set up to consider the budget on a macroeconomics basis, then you are going to be doing work that was not meant for you at all. You are duplicating the work of the Committee on Appropriations and many of the legislative committees and I hope that in future years the role of the Committee on the Budget will become clearer, and more responsive to the "big picture" than to the nuts and bolts.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. RHODES was allowed to proceed for 2 additional minutes.)

Mr. ROTH. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I will be glad to yield to the gentleman from Wisconsin.

Mr. ROTH. I thank the gentleman for yielding.

I wish to associate myself with the gentleman's remarks. I think the gentleman in a very precise fashion has pinpointed exactly what we are attempting to do here. I wish to commend the gentleman and the other Members who have worked so hard on this alternative budget.

Mr. Chairman, I believe that this debate is very vital to the American people and I am sure the American people are well served by the debate that is going on here today.

Again, I wish to thank the gentleman from Arizona for the work that he has done.

Mr. RHODES. Mr. Chairman, I thank the gentleman from Wisconsin, for his contribution.

Mr. Chairman, it is my hope that when we vote the House of Representatives will vote for this Republican substitute which will put this country fiscally and economically back on the road to recovery.

Mr. WRIGHT. Mr Chairman, there are three things about the substitute upon which I think we should focus. One is ideological, characteristic of the frequent disagreements between our two parties. A second item is somewhat uncharacteristic of a position I would expect of the loyal minority. The third is just simply incomprehensible.

First, let us address those reductions that the Republican substitute would have us make in social programs, programs that always have been part and parcel of this country's growth and development and its concern for human beings.

The substitute would reduce the funds available for education and job training and things related to that function of Government by $2.5 billion.

It would reduce the amount available for health programs for the American people by $1.3 billion.

It would reduce income security by $4.9 billion. Almost $5 billion would have to be squeezed somehow from social security payments, disability benefits, and things of that kind.

These are all people programs. All of them are directed to help make life more livable, to reach the most needy in our society, the dispossessed, the disinherited, the disadvantaged. We need little argument to perceive the basic philosophic character of the substitute. It would take its largest slashes, some $8.7 billion—almost half of its total proposed reductions—from these three functions which cover such things as education, health, and social security benefits.

The second category of reduction is a less predictable one perhaps. But it has an overpowering significance in this particular year. It disturbs me very deeply that this substitute would reduce by $12.3 billion the amount which the committee has seen fit to make available for long-term energy programs. Most of that would be earmarked as loan guarantees or long-range purchase guarantees to stimulate the private investments necessary to develop the synthetic fuels program. There is no certainty that a penny of that total amount ever would have to be expended by the Government. But it is necessary that we carry the amounts as budget authority items, not as outlays.

We voted recently to mandate such a program. I think the vote was some 268 to 18 on the House floor late in June to commit us to develop a synthetic fuels program for this Nation. We sought to stimulate the investment by the private sector by many billions of dollars necessary to create in this country the capacity to make not less than 2 million barrels a day of synthetic petroleum from coal, oil shale, and other resources.

If we now should refuse, so soon, to make available—not as an expenditure, but simply as a long-term authority—the funds necessary to carry out that activity, what message would we send? We would have marched boldly up the hill in June with banners boldly flying only to retreat in disarray in September. Shall we draw the sword to slay the dragon, only to slink away and pick our teeth with it? The public, I suggest, would hold us in contempt if we were to retreat, so cravenly and so soon, from our long-range energy commitment.

Do we want an energy program or do we not? If we do, if we are committed to a program that is more than just cosmetic, one that will make this country energy sufficient again, then certainly we do not want to cut by one-third the amount contained in the committee resolution for long-term energy programs. That is what this substitute would do.

Finally, Mr. Chairman, I just want to suggest that Members look carefully at the proposed cut of some $4.2 billion from that category known as allowances. After having made all the specific reductions they could identify, the authors of this substitute apparently decided they still had not cut enough. The only thing left was allowances. The committee resolution contained a total of some $453 million for this category. But the architects of the substitute needed to find another $4.2 billion to cut. So they propose that we take it out of the $453 million.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 2 additional minutes.)

Mr. WRIGHT. Deciding they still had not cut as much as they wanted to cut, the authors of the substitute arbitrarily reduced allowances by some $4.2 billion. I do not understand how you can reduce $453 million by $4.2 billion. There is no explanation that goes with this. They say this is not a meat-ax approach. Well, this particular proposal makes a meat ax look like a skinny scalpel.

How can we pretend to cut allowances by $4.2 billion? It is utterly illusory. But so is the fundamental concept behind this substitute. I wish I shared he enthusiasm of the gentleman from New York (Mr. KEMP) for the esoteric philosophy that we can simply cut everybody's taxes and slash these programs and we would just wind up with money running out of our ears. I feel sure he believes in the somewhat simplistic conclusions that he espouses. I wish I could believe in their efficacy. It would be so tempting to vote for this approach. But my better judgment tells me it would not work.

We have come together as best we could in the committee. We have tried to accommodate to the extent possible the wishes of those who want to reduce expenditures. We have gone to great pains to keep the budget deficit low, and it is substantially lower than for the current year.

□ 1650

The authors of the substitute have said that we should not compare with what is in the resolution, but with what is extant in this current year. All right, let us do that with the deficit. We have the 1980 deficit down by about $8 billion below the deficit for this current year.

Little by little, step by step, we are moving toward the objective of a balanced budget. We have reduced the projected deficit consistently from $66 billion in 1976.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WRIGHT) has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 1 additional minute.)

Mr. WRIGHT. Mr. Chairman, I shall not ask for any more time I just want to remind my colleagues that we have reduced the projected deficit from $66 billion in 1976, to $51 billion and then to $38 billion, and now in this resolution we are down to $29 billion. That is a prudent, responsible, economical course on the part of the committee. I ask Members to support the committee resolution and to recognize that, as superficially attractive as they might be, these figures proposed in the Republican substitute simply will not wash.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Of course, I yield to my good friend, the gentleman from Ohio.

Mr. REGULA. Mr. Chairman, I am amazed at the gentleman attacking this budget on the energy budget authority, when we provide for an increase of 223 percent, and the gentleman is saying that is not enough?

Mr. WRIGHT. Yes, if the gentleman will let me respond, it is not nearly enough. The history of our energy effort has been a history of thinking too small. It is not enough to accommodate what we set in motion so boldly last June. We acted then with great vision in calling for the development of the synthetic fuels industry that will do for us what the synthetic rubber industry did for us in World War II. This money, in my opinion, will never have to be spent. But it is necessary to be carried in Budget Authority for loan guarantees or purchase guarantees if we are to set in motion the private investments to achieve our goals. Unless this is made permissible, we will never develop the industry. And if we are too timid to do that, we will never solve our Nation's energy problem.

Mr. FRENZEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Latta amendment. I believe it is the only course of responsibility available to us today.

The second budget resolution calls for absolutely unacceptable spending and deficit levels. This Congress is continuing its irresponsible spending habit despite obvious and vigorous opposition from the people of this country.

The first budget resolution, thanks mainly to the good example of the President, showed a tiny movement toward fiscal responsibility. Rather than our usual 11-percent spending increase, we cut back to about 8 percent—not nearly a deep enough cut, but definitely an improvement.

In this budget, we are undoing all the little good we achieved in the first resolution. If we pass it—and I certainly cannot vote for it—we will return to the level spending increases that put us into this trouble in the first place.

I cannot help remembering that if this Congress had followed President Ford's original budget recommendations, this could have been a balanced budget by now.

This resolution calls for about $550 billion of spending and a deficit of about $30 billion. It is the same old spending-as-usual budget. There is no self-control. There is no attempt to set priorities. There is only mindless spending for high-spending programs, many of which are discredited, duplicative, wasteful, or counterproductive.

Worse, the committee's budget understates the severity of the American economic position by understating the deficit. The distinguished chairman of the Ways and Means Committee has written the distinguished chairman of the Budget Committee making this point with uncharacteristic vigor.

It is bad enough to budget for a $30 billion deficit. But it is really dangerous to budget for savings and extra revenue which probably are not going to be achieved.

Fortunately, there is an alternative. The latter amendment will provide a $20 billion tax cut necessary to protect our citizens against inflation-generated tax increases, and the spending cuts necessary to produce a deficit of under $20 billion. That Republican alternative tries to reestablish the principle of responsible spending cuts and of progress toward a balanced budget.

I urge support of the Latta amendment by every Member who wants to be responsible to the taxpayers and consumers. We have escalated all our spending programs to protect recipients of Federal largess. But, the only people not protected from inflation are taxpayers and consumers. They need a little help, too, but there is none of it here for them.

If, by some miracle, the Latta amendment should pass, we still would not be giving the people the balanced budget they want. But we would be demonstrating our intention to get to a balanced budget as speedily, and as responsibly as possible.

I know that all Federal spending is not bad. I know we need programs to take care of people who cannot take care of themselves. But, our spending is extravagant, outrageous, and obscene. Despite the fact that we have had a so-called budget process for several years now, we have no improvement. In fact, we have used the budget process as an engine to accelerate our spending, rather than as a brake to slow it down.

I shall vote for the Latta amendment, the most responsible of the alternatives offered to us today. If, as is expected, it fails, I shall vote against the entire resolution. In its present form the second budget resolution deserves to fail.

I respectfully suggest to all my colleagues that they vote against this resolution. A budget process that produces only excesses and profligacy deserves no support.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it was my privilege to serve on the study committee on the congressional budget and to later serve on the Committee on the Budget.

There are a few comments that I want to make in regard to the budget resolution and the budget process. But before I do that I must compliment the gentleman from Connecticut (Mr. Giaimo), the chairman of the committee. He has done an outstanding job in a very difficult situation. And I might say that his intimate knowledge of the appropriations process and the role it plays has greatly helped the Budget Committee and the Appropriations Committee to work together. In the House the Budget Committee and the Appropriations Committee are allies—with both working together to improve our fiscal situation.

ACTIONS TAKEN IN APPROPRIATIONS BILLS

I think it an appropriate time, Mr. Chairman, to report briefly as to how we stand at this point in action taken on appropriation bills as compared with the President's budget and with the first budget resolution adopted in May.

With respect to the President's budget and counting all the fiscal 1980 appropriation bills in their most recent stage of the legislative process, we are about $7.7 billion under the budget requests of the President. That includes the $1.5 billion congressional initiative on a synthetic fuels program contained in the Interior bill for which a budget estimate has not been submitted. Without the synthetic fuels initiative we would be about $9.2 billion under the President's budget. This is in terms of new obligational authority, not outlays.

Also during this session we made reductions in the supplemental appropriation bill for 1979 of some $3.1 billion as compared with the President's requests. This is in addition to the reductions in the 1980 bills I just mentioned.

With respect to the first concurrent resolution on the budget, I am advised that our best calculations are that we are some $370 million under the target in terms of budget authority. Again this includes the $1.5 billion for the synthetic fuels program. Otherwise we would be approaching $2 billion under the target. In terms of outlays, we estimate we are about on target.

Mr. Chairman, I would point out that in only 1 year—just 1 year—since World War II have the actions on the recommendations of the Appropriations Committee been over the President's budget requests. In 34 of the last 35 years, actions of Congress on appropriations have been under the budget. I think you can conclude, based on the facts, that the traditional authorization and appropriations process has served the Congress and the Nation well.

Mr. Chairman, the facts and figures in this second budget resolution clearly reveal the problems we are faced with in dealing with the Federal budget.

Compared with the first resolution, it is proposed that budget authority be increased $28.2 billion and outlays some $16.7 billion. The deficit will increase $6.2 billion.

Mr. Chairman, these are huge increases that in an earlier time would have been unthinkable. And yet, Mr. Chairman, only $6.7 billion in outlays is for new and expanded programs—all the rest of the $16 billion is the result of mandatory spending requirements. While $6 billion for new programs may be far too much in these times of fiscal restraint, certainly $10 billion for uncontrollable spending is intolerable.

A person could properly ask, "Is the Government out of control? Can't someone stop this runaway spending?"

Members who are not involved in the budget and appropriations process should take the time to understand what is happening here—because I am convinced that we are facing a dangerous situation that must be brought under control.

Inflation is in the process of eroding the strength of this Nation—its currency and the spirit of its people.

When the Budget Act was passed, and I was cochairman of the Joint Committee on Budget Control which first dealt with this matter, there was a hope that inflationary, increased spending would be brought under control.

An important factor was that so-called backdoor spending—spending that circumvented the normal appropriations process—was brought under control. This recognized that the appropriations process was the key point in controlling Federal spending. And I appreciate the fact that the chairman of the Budget Committee, Mr. Giaimo, not only recognizes this, but has pointed it out in the general debate that occurred on the budget resolution on Monday. It is, of course, crucial that the Budget Committee and Appropriations Committee work together, and I can say in complete candor that in the House these two committees have worked together.

Mr. Chairman, I repeat that in only 1 year—just 1 year—since World War II have the actions on the recommendations of the Appropriaitons Committee been over the President's budget requests. In 34 of the last 35 years, actions of Congress on appropriations have been under the budget. I think you can conclude, based on the facts, that the traditional authorization and appropriations process has served the Congress and the Nation well.

The key problem is with so-called entitlements and indexed programs (that have originated in the authorizing committees.) I am afraid that these have become monsters that are about to devour us. While backdoor spending in its traditional meaning was ended with the passage of the Budget Act these even worse concepts, from a sound budget point of view, have taken its place.

If the Congress is ever going to exercise adequate control over the spending side of the budget, we must come to grips with what we call entitlements.

Entitlement authority is defined in the Congressional Budget Act as spending authority, to make payments, including loans and grants, the budget authority for which is not provided for in advance by appropriation acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

Involving primarily payments for individuals, entitlement programs have escalated in the past decade to the point where this year they constitute over 75 percent of the uncontrollable outlays and 55 percent of the total gross budget outlays. The growth in entitlement programs is evidenced when compared with 10 years ago when they constituted 64 percent of the uncontrollable outlays and only 40 percent of the total budget.

Mr. Chairman, this trend should be alarming to Members of this House, and others concerned with problems of budget control.

It is important that the Budget Committee has recognized the difficulty which entitlements present to bringing the budget under control and is proposing an initial step in this regard by including the following language in its second resolution:

> SEC. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.
>
> Within a reasonable period of time after March 15, 1980, the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

INDEXED PRICE INCREASES

Mr. Chairman, another extremely serious problem which must be reviewed in connection with controllability involves escalator or price-increase provisions. In recent years, the enactment of legislative provisions providing for benefits under entitlement programs to increase automatically has had an enormous adverse impact on the ability to control the budget.

With the exception of Federal pay, all such adjustments become effective automatically without the requirement of any current action by Congress. All major entitlement programs involving payments for individuals are now affected by price indexes. About 58 percent of the budget authority this year involve programs which are adjusted automatically by price indexes.

The impact of these adjustments in any 1 fiscal year differs by program because of variances in effective dates and escalation percentages. However, if it is assumed, for example, that a 7-percent adjustment was in effect for all the subject programs uniformly over a 12-month period, the increased cost would be in excess of $20 billion. In other words, through these escalator clauses, additional inflation is added to match inflation—or double inflation—and one can see that is worse than no cure.

It should be obvious to nearly everyone concerned that we cannot ever hope to beat inflation simply by keeping up with it, by increasing expenditures. You do not beat inflation by simply adding to it.

We must look at the entire budget and not isolate our attention to that shrinking portion of the budget presently classified as controllable.

I have called the attention of the House to some of these matters earlier, Mr. Chairman, but because of the nature of the measure presently before the House, our problems with getting a rein on the budget, the rampant inflation prevalent in the country today, and our deteriorating dollar, I felt they were worthy of additional review. We are going to have to come to grips with this matter if we are going to get a handle on inflation.

RECONCILIATION PROCESS

Mr. Chairman, I would also like to discuss for a moment the reconcilation process. As we are aware, the Budget Committee in the other body is attempting to utilize the reconciliation process to achieve a reduction of some $4 billion in spending measures that have already passed that body. This has understandably caused a great deal of controversy and in my opinion was a case of putting the cart before the horse.

And I would like to take just a moment to explain what I mean by that. The budget act clearly spells out the order in which certain actions are to take place. First, the Congress adopts the first budget resolution which provides overall spending and revenue targets. Then, Congress is to complete action on bills and resolutions providing new budget authority and new spending authority. Then, Congress is to complete action on the second budget resolution, including any reconciliation directives. Then, Congress will take whatever action it desires on the actual reconciliation bill.

There is a reason for the order of this procedure, Mr. Chairman. Congress sets its overall spending goals in the first budget resolution—and Mr. Chairman, I must emphasize the word overall. Even though in considering the fiscal budget resolution we had endless hours of debate in connection with individual programs, the only thing that matters is the overall figures that are agreed to in regard to outlays, budget authority, and the amount of revenue to be raised. After the first budget resolution is agreed to then the various bills containing new budget authority and new spending authority are considered in both bodies and eventually enacted into law.

Then, it is possible for the Budget Committees and the Congress to look at what has been enacted in relation to the targets in the first budget resolution and in subsequent consideration of the second budget resolution make whatever changes are necessary in view of economic changes and other factors.

The point of all this, Mr. Chairman, is that at this particular time many of the spending measures have not yet been enacted. And we must all acknowledge that the Congress is seriously behind its proper schedule in dealing with spending matters. While the House Appropriations Committee reported all but one of its bills several months ago, they have not been finalized. This is due mainly to delays in authorizations and other factors. But, and this is crucial, in the House the appropriation bills have been below the President's budget and in line with the overall targets of the first budget resolution.

But at this time neither the Budget Committee nor anyone else can assess where the Congress will be when it completes action on all the remaining spending measures. For examples, the big defense bill has not been considered and a final resolution has not been made concerning funding for synthetic fuels, along with numerous other causes.

Thus a reconciliation resolution at this time is totally premature and in some respects based on faulty and certainly incomplete information.

I believe, Mr. Chairman, that the House Budget Committee recognized this fact and other problems associated with the reconciliation process when it chose not to have a reconciliation process in connection with the Second Budget Resolution. I quote from the Budget Committee report:

> In reporting the Second Budget Resolution of fiscal year 1980, the Budget Committee has not included reconciliation language. This position reflects the fact that House committees have, by and large, met the targets set in the First Budget Resolution and recognizes that there may be practical difficulties inherent in the reconciliation process.

Mr. VANDER JAGT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the distinguished majority leader has made it, indeed, clear that the two budget resolutions before us present us with a very, very clear cut choice. The Democratic budget of despair stands for higher spending and consequently higher taxing.

The Republican budget of hope tries to hold down that spending and taxing.

Over Dante's inferno there is a sign that says, "Abandon hope, all ye who enter here." The Democratic budget does abandon hope.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. VANDER JAGT. I will be glad to yield to the gentleman when my statement is finished.

The Democratic budget does abandon hope for a tax cut because it increases spending by $54 billion.

□ 1700

The Democratic budget does indeed abandon hope of bringing inflation under control, as it anticipates an increase in the cost of living of nearly 10 percent. The Democratic budget does indeed abandon hope of more jobs, as it predicates 1.4 million additional unemployed.

The Democratic budget abandons hope of restrained Federal spending, as it represents an increase in Federal spending of 11 percent, and the Democratic budget, in my judgment, abandons hope of a balanced budget in the foreseeable future because it increases rather than decreases the size of the deficit.

The Republican budget of hope, on the other hand, sends a sign to the American people that for the first time in 26 years maybe we can make a modest change in direction as far as the trends of spending and taxing in this country are concerned.

And the changes are very modest indeed. With a $20 billion Republican tax cut, the Government will still collect $33 billion more in taxes next year than it does this year. Is that too big a step to ask this Congress to take?

With a holding of Federal spending growth to 7 percent instead of 11 percent, we are merely asking the Federal Government to live by the same guidelines that we impose on everybody else in America. Those would be very small steps for this Congress to take but a giant leap of hope for all Americans, and it would be a signal to all mankind that we are concerned about the dollar, and that we really mean business as far as our economy is concerned.

As a matter of fact, that is really sort of what we all campaigned for, or most of us at least, in the last election—lower spending and lower taxes.

This Republican substitute gives everybody an opportunity to put their vote where their mouth was in last fall's election because the budget resolution more than anything else that we do tells a man's true colors as to where he stands on spending and taxing levels.

I have been amazed to see many incumbents successfully running against the high spending and taxing levels which their votes and philosophy created. After the vote on this budget resolution, that will not be possible. Next year any challenger can ask any incumbent, "Where were you when they called the roll way up yonder on Wednesday, September 19, on Capitol Hill and Congress was deciding whether we were going to have more spending and taxing or less spending and taxing?"

The real tragedy of the Democratic budget of despair is that it seeks to curb inflation by using recession and unemployment. The distinguished Democratic chairman of the Committee on the Budget, who has served with such devotion, said the other day that "Of course, we didn't shout it from the housetops, but in putting the final 1980 budget resolution together, we deliberately designed it to slow down the economy." It was deliberately designed to provide additional unemployment when there is another answer, a better answer and a better way.

Our own Joint Economic Committee said we can cut inflation in half. How? By stimulating investment, savings, and productivity.

That is exactly what the Republican tax cut is designed to do. We do that, coupled with a restraint on spending, because we heeded the advice of the distinguished chairman of the Committee on the Budget when he said, "Spending restraint is the best anti-inflation contribution this Congress can make to the Nation at this time."

Spending restraint is our best anti-inflation weapon; and yet this budget shoots spending up $54 billion. No wonder we can look forward to nearly double-digit inflation in the next 12 months.

The choice is very clear. Do we want the Democratic answer of spending our way out of the recession that their policies deliberately brought about, or do we want the Republican answer of stimulating productivity and avoiding a recession? I think most of us feel we need to change directions, and it is high time we changed directions.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. VANDER JAGT) has expired.

(By unanimous consent, Mr. VANDER JAGT was allowed to proceed for 3 additional minutes.)

Mr. VANDER JAGT. Mr. Chairman, back in 1912, when the *Titanic* went on its maiden voyage, it was considered at that time the finest, the best, and the safest ship that had ever been built. Its nickname back then was "the Big Lifeboat," because people did not think anything could ever happen to it.

But more amazing than the amazing fact that the unsinkable ship sank is the fact that in spite of hours and hours of repeated and received messages that "There is ice in your cruising lanes," "There is danger if you don't change direction," when that big ship did smack into the iceberg, it was traveling full speed, straight ahead.

A blind man can see the signs ahead of America in the American economy if we do not change directions. But the Democratic budget says, "Steady and slow, straight ahead."

It seems to me that we need to change directions, however modestly. We need to catch up with the American people who are screaming out: "Get all this burden of spending and taxing off of us and let us produce again."

James Russell Lowell said this:

New occasions teach new duties.
We cannot make their creed our jailer.
They must forever onward sweep and upward
Who would keep abreast of truth
Nor attempt the future's portal
With the past's worn out key.

Mr. Chairman, bigger spending is a "worn out key."

The Republican substitute takes us into the decade of the 1980's with the hope of productivity, reducing inflation, and decreasing taxes. That is what the American economy needs, and that is what the American people want. Let us give the American people the hope they deserve instead of the despair they dread.

Mr. GINGRICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as usual, the distinguished majority leader has summarized what ought to be the key issue in any budget fight when he said, "We need to be concerned with how we can"—and I quote—"help make life more livable."

In terms of making life more livable, I want to summarize what the Democratic budget does to make life more livable.

For the average working family of four with a median income of $18,918, next year under the existing laws their taxes will go up $379 under the Democratic budget. Is a $379 tax increase a way of making life more livable? Does it help the working family that the gentleman from California was worried about earlier to know that they will have less spending money left to buy the energy, the food, the clothing, and the housing the gentleman said they were concerned about?

Under the Democratic budget—and these projections are not partisan; they are from the Federal Reserve Board—an average of 3,200 jobs will be lost completely in every congressional district, with the weight, of course, being heavier in the Northeast, which will lose more than the average number of jobs. In 1980, according to the Federal Reserve Board estimate, another 3,000 will lose jobs in the average congressional district.

Is that a way of making life more livable?

The distinguished chairman of the Committee on the Budget said earlier in a colloquy with the gentleman from Florida, "the Budget Committee doesn't deal in line items." That is rather a different position than the one he took when he was nagging at the ranking minority member.

Let me suggest that the Committee on the Budget should not deal in line items, and that he was exactly correct in his prepared colloquy. If we are going to have a budget resolution, if there is any gain at all in our coming in and talking about aggregates, those aggregates should have meaning in the abstract as they relate to the American economy, and we should say to ourselves, "this is what we can afford to budget, and this is what we can afford to tax." And if necessary, we should then say to ourselves in a different role, under appropriations and authorizations, "these are the ways we have to reconcile between our wants and our possibilities."

The other body is beginning to learn the process of trying to budget for real and not just for politics. I suggest that when the Members vote today, they face a simple choice, and it comes down to the key word, "responsibility."

□ 1710

If free government means anything, if this Congress has any meaning under the Constitution, then it is time for incumbents to take responsibility and, particularly, those incumbents who dominate this body by serving in the majority.

It is irresponsible to blame the Arabs and the OPEC countries for an inflation which we primarily fuel through this institution. It is irresponsible to go home and say, "I want to make life more livable, and that is why I increased your taxes by $379 this year." It is absurd to go home and say, "I am concerned about your future, and that is why I voted to have 6,000 more people unemployed in my district this year."

I think that is exactly what the budget process is designed to get us to. Today you either vote for a tax cut or for a tax increase. You either vote to encourage people to work by creating a climate in which jobs exist or you vote to eliminate jobs. And if next year, next summer, next fall, people ask you how you voted and why, I think then is no time to be responsible and say, "Oh, it was not my fault, I did not know what I was doing, I was not sure what it meant." That is why I think this is the appropriate process. On this budget vote we decide in the aggregate for the kind of economy we want, the kind of taxes we want, and the kind of budget we think we can afford. I think now is the time to make that decision.

● Mr. EDWARDS of Oklahoma. Mr. Chairman, I support the substitute budget. Today we have before us consideration of ceilings on Federal spending and floors on Federal revenues that will be binding for next year's budget. And what is included with it? A deficit so large it was embarrassing to many members of the Budget Committee. A few numbers were jiggled around so that the deficit could be reported under the President's magical number of $30 billion. The deficit we wound up with is awfully close to that number, too close for my comfort.

I know about deficit spending, and you all know about what is entailed in deficit spending, and every consumer in this country knows about deficit spending. But if a consumer makes plans and pays for them with a check that he cannot cover then that consumer must fear the bill collector's arrival. But in the Federal Government, we don't seem to worry about that bill collector as much as our constituents do. We propose and pass programs that are being paid for with borrowed money, and with increasing speed our debt piles up. Someday soon fear of the bill collector must take hold in Congress, for this country cannot bear inflation rising any higher, or taxes that are any heavier.

We have heard time and time again that decisions must be made in order to balance the budget—choices between good programs only, because there seem to be no bad ones. We have a proposed $29.2 billion deficit, so obviously these choices are not being made. No one seems to be asking the committees to go back to their drawing boards and make some decisions on program priorities. We are accepting their proposals and now are being asked to pay for them with borrowed money. I do not believe that Congress cannot live within its revenues. We ask that individuals live within their incomes, and this Government is no different. We must reduce this deficit, and relieve our taxpayers of their tax burden now, and not allow ourselves to be swept away by special interest politicking.

Along with this abominable deficit comes the high tax rates that exist today. Included in the deficit computations in the second budget resolution was the infamous windfall profits tax. It looks like there will be no relief in sight for taxpayers—either individuals or business entities. Is Congress waiting until a politically opportune moment for a tax cut? People need tax reform now as we head into this recession, not later when they do not have jobs and income on which to pay taxes.

As everyone knows, the biggest beneficiary of inflation is the Government. When we create inflation we force wage earners into higher and higher tax brackets so that for the same amount of real wages they receive, they must pay out more and more in real money taxes. We need tax cuts and tax reform or we will have tax revolt.

And what about the businessman? Where do we leave him when we do not cut taxes with this resolution? We leave him without any incentive to improve production. We tax him so heavily that he would rather get up later in the morning, linger over his coffee a bit more, than earn a few more dollars more because he would just watch those extra dollars go into the coffers of an inefficient Government. One of the most frightening statistics today is that productivity is falling. Members of the majority explain this away by saying that the average age in the work force is lower, and younger employees are less productive. I have a hard time buying this. I believe the explanation comes from the lack of incentives for business to increase productivity. Our overtaxation and overregulation of the private sector has broken down the benefits of the private enterprise system. We must quit complicating business and increase the level of both investment and employment.

Mr. Chairman, in conclusion I would like to urge this body to lose its inflationary habits. I would hope that Congress can see the folly of a $29.2 billion deficit and relieve this country of a tax system that discourages production, which is the mainstay, the most important characteristic of this country.

The substitute budget offered today will place this country back on the road toward a responsible fiscal policy. I strongly urge its adoption.●

● Mr. GOLDWATER. Mr. Chairman, I rise in support of the Latta substitute to this resolution.

In the six terms that I have spent as a Member of this body, I have watched budget measures come to the floor of the House, growing bigger and bigger each year. And each year I listen to my colleagues on the other side of the aisle praising their spending plan as being "reasonable in light of the state of our economy," or "not that much of an increase considering the circumstances." Well, I can tell you that the taxpayers in my congressional district are getting a severe case of indigestion from feeding the bureaucracy to serve up a bloated budget like the one we are considering presently.

I have no intention of rehashing the statistics which abound during debates of this nature. I need not tell you what the rate of growth in the budget has been because I will hear in rebuttal that such growth is justified. It may fly here and now in this Chamber, but try telling it to my constituents, let alone, your own. Again we have a deficit to fuel the fires of inflation. Again we are spending more money than we are taking in as revenue. And as we pile up the national debt, we are turning a deaf ear to the figures being released from the administration about our weakening economy, and on the heels of rising interest rates in the banking sector of the economy.

We have a long, long way to go in budget reform. We are not going to do all that we have to do by simply passing the Latta substitute. But to put us in the right direction, we have got to get in the habit of adopting measures to cut outlays, to reduce budget authority, to reduce our deficit, and to cut taxes as a stimulus to our economy. The Republican alternative budget is a prudent substitute for the resolution we have under consideration. I urge its adoption.●

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. LATTA), as amended.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LATTA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 230, not voting 17, as follows:

[Roll No. 483]

AYES—187

Abdnor
Ambro
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Atkinson
Bafalis
Barnard
Bauman
Beard, Tenn.
Bennett
Bereuter
Bethune
Bouquard
Breaux
Brocmfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Byron
Campbell
Carney
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Davis, Mich.
de la Garza
Deckard
Derwinski
Devine
Dickinson
Dornan
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
Emery
Erdahl
Erlenborn
Evans, Del.
Evans, Ga.
Evans, Ind.
Fenwick
Findley
Fish
Forsythe
Frenzel
Gilman
Gingrich
Goldwater
Goodling
Gradison
Gramm
Grassley
Grisham
Guyer
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hansen
Harsha
Heckler
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Johnson, Colo.
Jones, Tenn.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lent
Lewis
Livingston
Loeffler
Lott
Lujan
Luken
Lungren
McClory
McCloskey
McDade
McDonald

McEwen
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Neal
Nichols
O'Brien
Pashayan
Paul
Petri
Pritchard
Quayle
Quillen
Railsback
Regula
Rhodes
Rinaldo
Ritter
Robinson
Roth
Rousselot
Royer
Rudd
Runnels
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stangeland
Stanton
Stenholm
Stockman
Stump
Symms
Tauke
Taylor
Thomas
Trible
Vander Jagt
Walker
Wampler
White
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.

NOES—230

Addabbo
Akaka
Albosta
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Ashley
Aspin
AuCoin
Bailey
Baldus
Barnes
Beard, R.I.
Bedell
Beilenson
Benjamin
Bevill
Biaggi
Bingham
Blanchard
Boggs
Bolling
Boner
Bonior
Bonker
Brademas
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, John
Burton, Phillip
Carr
Cavanaugh
Chisholm
Clay
Coelho
Collins, Ill.
Conte
Conyers
Cotter
D'Amours
Danielson
Daschle
Davis, S.C.
Dellums
Derrick
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
English
Ertel
Fary
Fascell
Fazio
Ferraro
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Ginn
Glickman
Gonzalez
Gore
Gray
Green
Guarini
Gudger
Hall, Ohio
Hanley
Harkin
Harris
Hawkins
Hefner
Heftel
Hightower
Holland
Holtzman
Howard
Hughes
Hutto
Ireland
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lehman
Leland
Levitas
Lloyd
Long, La.
Long, Md.
Lowry
Lundine
McCormack
McHugh
McKay
Maguire
Markey
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Nedzi
Nelson
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Roberts
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Russo
Sabo
Santini
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Simon
Skelton
Slack
Smith, Iowa
Solarz
Spellman
St Germain
Stack
Staggers
Stark
Steed
Stewart
Stokes
Stratton
Studds
Swift
Synar
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Whitley
Whitten
Williams, Mont.
Wirth
Wolff
Wolpe
Wright
Wyatt
Yates
Young, Mo.
Zablocki
Zeferetti

NOT VOTING—17

Anderson, Ill.
Badham
Boland
Bowen
Brinkley
Butler
Carter
Corman
Duncan, Oreg.
Flood
McKinney
Murphy, N.Y.
Pickle
Roybal
Treen
Wilson, C. H.
Winn

☐ 1720

The Clerk announced the following pairs:

On this vote:

Mr. Winn for, with Mr. Boland against.

Mr. Carter for, with Mr. Corman against.

Mr. Butler for, with Mr. Murphy of New York against.

Mr. Badham for, with Mr. Flood against.

Mr. WHITE and Mr. JONES of Tennessee changed their vote from "no" to "aye."

So the amendment in the nature of a substitute, as amended, was rejected.

The result of the vote was announced as above recorded.

☐ 1730

AMENDMENT OFFERED BY MR. RUDD

Mr. RUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RUDD: In the matter relating to the apppropriate level of total new budget authority increase the amount by $6,384 million;

In the matter relating to the appropriate level of total budget outlays increase the amount by $4,693 million;

In the matter relating to the amount of the deficit increase the amount by $4,693 million;

In the matter relating to the appropriate level of the public debt increase the amount by $4,693 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by $4,693 million;

(1) In the matter relating to function 050: national defense increase the amount for budget authority by $6,384 million; and increase the amount for outlays by $4,693 million.

Mr. RUDD (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. RUDD. Mr. Chairman, this amendment will provide for 5 percent real growth in defense spending in the 1980 Federal budget.

Such real growth in our defense budget is vitally needed now in order to start replacing obsolete and worn out ships and aircraft in our military inventory.

It is also needed to stem the growing margin of military superiority over the United States being gained by the Soviet Union, which is spending $50 billion a year more than the United States on military hardware.

It is because of this growing Soviet military might in conventional and strategic forces that we and other free nations are now confronted with increased military adventurism supported by the Soviet Union in the Middle East, Africa, and even off our own shores in Cuba and Latin America.

The American people expect this Congress to take resolute action to start rebuilding and modernizing our U.S. military forces, in order to counter this threat to our Nation's security.

We should lay the needed groundwork for such action by adopting this amendment to add $4.7 billion to next year's defense spending.

The most recent analysis by defense experts at the Library of Congress shows that our Navy must build 339 ships and submarines to replace retiring vessels over the next 25 years.

This is the minimum necessary to maintain our worldwide fleet at its current capability with a force level of only 500 vessels.

The annual cost of this shipbuilding program is about $8 billion, and each new vessel requires from 3 to 5 years to bring on line.

The resolution before us is at least $2 billion short for shipbuilding alone.

The same problem faces our Navy in the replacement of combat aircraft.

We need about 180 new fighter aircraft each year to maintain naval and marine air wings at their current authorized strength.

But defense budget cutbacks of $46 billion since 1977 in the procurement area have allowed the Navy to purchase an average of only 83 aircraft per year during the past 5 years.

This resolution as it stands will allow appropriations for the Navy to purchase only 66 replacement combat aircraft next year.

Unless we reverse this pattern of budget constraint in the defense area, attrition will exceed deliveries by several hundred fighter aircraft within the next few years.

This cuts into the very muscle of our military strength, and only invites further Soviet military adventurism throughout the world.

The President made a solemn commitment to our NATO allies for at least a 3-percent real growth in our defense budget.

Opponents of increased defense spending now argue that the President's pledge only applies to the NATO portion of the entire budget, which they say is accommodated by this resolution.

But this is playing games with the numbers.

This resolution as its stands provides for only 1.3 percent real growth in 1980 defense outlays.

Even with my amendment, we would be unable right away to overcome the more than $9 billion a year in cuts since 1977 that have been taken from planned military procurement.

In light of the stronger and modernized Soviet military machine that is on the move throughout the world, I urge my colleagues to vote "yes' for this amendment—and "yes" for what should be our No. 1 budget priority this year or any year—our national defense.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. RUDD).

The question was taken; and on a division (demanded by Mr. RUDD) there were—ayes 20, noes 43.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. YOUNG OF FLORIDA

Mr. YOUNG of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Florida: In the matter relating to the appropriate level of total new budget authority reduce the amount by $350 million;

In the matter relating to the appropriate level of total budget outlays reduce the amount by $50 million;

In the matter relating to the amount of the deficit reduce the amount by $50 million;

In the matter relating to the appropriate level of the public debt reduce the amount by $50 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, reduce the amount by $50 million.

(2) In the matter relating to function 150: International affairs reduce the amount for budget authority by $350 million; and reduce the amount for outlays by $50 million.

□ 1740

Mr. YOUNG of Florida. Mr. Chairman, this noncontroversial amendment merely reduces the budget target in this resolution from its existing dollar figure to the amount that has already been appropriated by this House. It is not a meat ax; it is a laser scalpel. It is not a broad approach that does not tell us where we want to make the reduction. It is very specific in that it would make this resolution reflect to the exact degree as appropriated by this House for the foreign aid programs.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, as I understand what the gentleman's amendment would do, it would reduce the amount appropriated by the House bill.

Mr. YOUNG of Florida. That is correct.

Mr. GIAIMO. Let me just say that I was going to do this in committee. The majority of the committee felt that we should not be so close since the legislation has not wended its way through conference as yet, and that the final figure might be higher. I do understand what the gentleman is trying to do.

Mr. YOUNG of Florida. I thank the gentleman for that comment. Let me say this: Of course, this budget resolution has to travel the same path as does the foreign aid appropriations bill, so if adjustments are made in the other body or in conference, the same adjustments would be made in this budget resolution.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, let me commend the gentleman for offering this amendment. I think it is right on target, that the budget figure should not be higher than the appropriations already voted by this House. So, I support it wholeheartedly.

Mr. YOUNG of Florida. I thank the gentleman.

Mr. SOLARZ. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to my distinguished colleague from New York for his acceptance of the amendment.

Mr. SOLARZ. Mr. Chairman, I thank the gentleman for yielding. I must say that I find the amendment a lot more reasonable than many of the other amendments the gentleman has offered concerning the foreign aid program, but I am constrained to say that I really cannot accept it, and I would urge our colleagues to reject it largely because were we to accept the gentleman's amendment we would have no flexibility whatsoever in terms of any emergency situations that might develop which would require modest increases in our foreign aid program above and beyond the level approved in the recent House-passed appropriations bill.

For example, we can be reasonably sure that as a result of the recent hurricanes in the Caribbean, that we will be confronted with a request for supplemental assistance, for disaster assistance, relief to the countries that were ravaged by that disaster. There is a very real possibility that the administration may ask us for some supplemental funds for the foreign aid program in Nicaragua. There are various other possibilities that might require additional assistance, and if we do not have a little bit of leeway in function 150 it would be extremely difficult for the gentleman's committee, if they decided that those requests had some merit and substance, to provide the additional funds that would be required at that time.

Mr. YOUNG of Florida. The gentleman is aware that the contingencies he mentions would, of course, require action by the House and the other body as well. So, whatever limit we put in here would be accounted for there. I am simply saying that the House passed a bill at a certain dollar figure. That is what the budget resolution ought to be. If we have to trade off with the Senate we ought to have a few bargaining chips, and this would be one chip, if the Senate tries to increase the spending by that many more dollars.

I think it is a good amendment. It is an opportunity to reduce the size of this budget resolution without reducing any program we have already appropriated for.

Mr. SOLARZ. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman who offered the amendment pointed out that if his amendment was adopted it would give us the opportunity to have more flexibility when we go into conference with the Senate, if I understood the gentleman's argument correctly. Yet, if we were to adopt this amendment we would be about $300 million below the Senate in budget authority for function 150, but we would be about $425 million above the Senate in outlays.

I would simply suggest that we ought to leave ourselves some more flexibilty than the gentleman's amendment would provide. There are almost definitely going to be some additional requests for assistance to deal with the disasters which just took place in the Caribbean and with the possible need for additional aid to Nicaragua. If we were to end up with a budget resolution for function 150 which incorporated the gentleman's amendment, then it would be impossible for the gentleman's own committee to appropriate additional funds if the need for them should develop later on.

Mr. YOUNG of Florida. Mr. Chairman, would the gentleman yield?

Mr. SOLARZ. Yes.

Mr. YOUNG of Florida. The gentleman, I think, would concede that although the House has already spoken on this issue, the House and the other body still can be flexible. This is really an opportunity to do today what we have already done on a previous bill, and at least give the taxpayers some indication that we are going to try to save their money when we get a chance.

Mr. SOLARZ. I can see the handwriting on the wall, but I would hope that the gentleman could give us some assurance that if a genuine emergency develops and there is a need for additional funds, the gentleman will use his influence on the Appropriations Committee to bring forth legislation to make those resources available.

Mr. YOUNG of Florida. I think that the gentleman from Florida's record as it relates to disaster relief is positive, and one that is accepted by the gentleman from New York.

Mr. SOLARZ. I thank the gentleman for his assurance.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. YOUNG).

The amendment was agreed to.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think that the House acted responsibly in rejecting the substitute budget resolution even though it had a tax cut in it, and even though I think that a tax cut next year is absolutely inevitable. But, the tax cut contemplated by the substitute was not coming from the place where it should be or going where it ought to go.

I had planned to offer an amendment to take out $9.5 billion of revenue from the budget resolution, which would be the amount needed to reflect a cut in the social security tax, both on the employer and employee, back to 5.5 percent commencing January 1, 1980. However, it seems clear, since a similar amendment failed in the Budget Committee, that a certain amount of educational work still needs to be done. But, I am predicting right here and now that, come the first of the year, with the prime rate now at 13.25 percent, unemployment and various other things going in the wrong direction, we are going to be back in here, working on a tax cut.

The effect of inflation, I do not need to remind everybody, has been very severe, and particularly on lower-income and middle-income people. Inflation was running in the first half of this year at an annual rate of 13.2 percent. Those whose wage increases did not make up for inflation have certainly lost purchasing power. Economists estimate that it would take a $16-billion tax cut to make up for the effect of inflation in pushing taxpayers into higher income tax brackets. What is needed, however, is a tax cut that will help those who have been hurt most. For this purpose a social security tax cut is the most appropriate one. The social security tax is regressive, and so a cut in the tax would be progressive.

Furthermore, a social security tax cut to 5.5 percent would be counter-inflationary.

Economists have estimated that it would actually reduce inflation, because it reduces the portion of the payroll tax that employers pay, and therefore results in a net reduction in their cost.

This is especially important to small business. The National Federation of Independent Business called me, in connection with my proposed amendment, to advise that smaller firms pay more in social security tax than any other single tax. They pointed out that this tax is particularly regressive for smaller businesses, because the overwhelming majority of their employees are within the wage base, so that the employer pays the social security tax on the full amount of a much larger percentage of the payroll. The federation also pointed out that small businesses provide by far the greatest number of new hires, and the payroll tax seriously impedes such hiring by raising labor costs by over 12 percent, at the present rate. This rate will go up even higher in 1981, unless a proposal like mine is adopted.

Moreover it would not overstimulate consumer demand at a time when consumers are trying to cope with skyrocketing costs. The Budget Committee has identified four areas in which inflation has been particularly virulent, all necessities: Food, energy, housing, and medical care.

□ 1750

This includes a 20-percent increase in meat costs, which, the Committee on the Budget noted in its report, does not derive primarily from demand but from factors on the supply side of the equation. Certainly that is also true with respect to energy costs and, to some extent, housing and health care.

Mr. Chairman, we must recognize that the social security tax is indeed a tax and it is the second largest source of revenue for the Federal Government. It is scheduled to bring in $161 billion during fiscal year 1980. This is two-thirds as great as the total amount we receive from the income tax. We should not continue to rely so heavily on this regressive tax. We must address the problem of social security financing anyway, because the 1977 amendments allocated too much money to the disability fund and not enough to the old age and survivors' fund. Beyond that looms the fact, according to the Congressional Budget Office, that the system's cash flow will be inadequate in the near future to insure smooth operation during a hard economic downturn.

It is appropriate, in my opinion, to begin that review now so that by the start of the year we will not be caught, as we were a year ago, with a tax cut proposal which helps the rich but benefits the middle- and lower-income groups very little.

The way the integrity of the social security trust fund would be protected is by transferring, from the social security trust fund to the general revenues, financing of medicare and the other health-benefit portions of that program.

Mr. Chairman, this is not a new idea but it seems to me it is an idea whose time is coming. As a matter of fact the President's Advisory Council on Social Security has tentatively recommended just that and has recommended the cutback to 5.5 percent, which is exactly what my proposal would do.

Mr. Chairman, this would have the effect of reducing the social security payroll tax bite on the average worker very substantially.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SEIBERLING was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. For example, a $10,000-a-year worker who now pays $613 in social security taxes and who will, unless the law is changed, pay $665 in 1981, would instead pay only $550 under my proposal and the proposal of the President's advisory committee. A $20,000-a-year worker who now pays $1,226 on his payroll tax and who would pay $1,330 next year would, under my proposal, pay only $1,100.

Mr. Chairman, this would be a significant cut. It also would be a significant way of fighting inflation and at the same time fighting recession, something none of the other palliatives that have been proposed so far will do. I strongly recommend that the Committee on the Budget, the Committee on Ways and Means, and all of our colleagues consider moving ahead with a cut in this payroll tax. This is a truly democratic rather than a wealthy taxpayers' approach to a tax cut.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to ask the chairman of the Budget Committee about the legislative savings assumed in this resolution for the vocational rehabilitation State grants program.

In the first budget resolution, it was assumed that the indexing provisions of the State grants entitlement program, which are to begin in fiscal year 1980, would be removed through legislation, leaving the program ceiling at $808 million. This would provide for legislative savings of $72 million in the first year and a cumulative 5-year savings of $701 million.

When the House considered the Labor-HEW appropriations bill it contained $808 million for the State grants program. During the debate on the bill, I asked Mr. NATCHER, the chairman of the Labor-HEW Subcommittee, whether there would be a supplemental if the States came up with sufficient matching funds to entitle them to the $880 million statutory ceiling. The chairman of the Labor-HEW Subcommittee assured me that there would be such a supplemental.

The second budget resolution continues to assume that the $72 million in legislative savings will be achieved in fiscal year 1980. However, it seems clear that, since there has not been any action to remove the indexing provisions of the law, these savings will not be achieved.

I ask the chairman of the Budget Committee, given the fact that it is highly unlikely the savings will be achieved, does the committee still view this program as an entitlement and is there sufficient room within the budget resolution, especially in function 500, to accommodate a supplemental for the program?

Mr. GIAIMO. Mr. Chairman, if the gentleman will yield, the Budget Committee views the vocational rehabilitation State grants program as an entitlement, and there is sufficient room within the resolution to cover a supplemental for this program should one be necessary. It should be noted that there are items totaling $2 billion in anticipated supplementals in function 500 and I think the gentleman's concerns can be accommodated within these amounts.

Mr. SIMON. Mr. Chairman, I thank the committee chairman, and I yield back the balance of my time.

AMENDMENT OFFERED BY MR. STRATTON

Mr. STRATTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STRATTON: In the matter relating to the appropriate level of total new budget authority increase the amount by $3,000,000,000;

In the matter relating to the appropriate level of total budget outlays increase the amount by $400,000,000;

In the matter relating to the amount of the deficit increase the amount by $400,000,000;

In the matter relating to the appropriate level of the public debt increase the amount by $400,000,000;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by $400,000,000.

(1) In the matter relating to function 050: National defense increase the amount for budget authority by $3,000,000,000; and increase the amount for outlays by $400,000,000.

Mr. STRATTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STRATTON. Mr. Chairman, I am reluctant to offer this amendment at this hour. I recognize that the Committee is tired. I recognize we are going through amendments here very rapidly. However, Mr. Chairman, I think this is an amendment that does need to be offered and I would hope that it would be accepted.

I do not think we need to spend much time stressing the fact that there is a growing apprehension on the part of the American people because of the vast, continuing and relentless growth of Soviet military power.

It has been expressed eloquently by Senator NUNN in the Senate, by Secretary Kissinger in his testimony on SALT, and by General Haig, Senator HOLLINGS, Senator BELLMON, and others.

Mr. Chairman, we are all also well aware of the fact that the increasing Soviet military presence in Cuba represents a threat to us. In fact the Soviet buildup in Cuba is already so great that it has thus far stymied our policymakers as to exactly how to deal with it by diplomatic measures.

Mr. Chairman, it is clear that our defense is not adequate today. It is clear that if we intend to stay in the ball game with the Soviet Union, assert our interests in the Middle East and protect our allies, then we have to make increases in defense.

Admittedly, this present administration has not had strength in defense as one of its long points. I have spoken out as frequently as anyone in criticism. However, I think the message, whether because of the SALT negotiations or whatever, I think the message has now finally gotten to the White House; and I believe the message has also gotten to this body. Indeed I was pleasantly surprised by the size of our margin the other day when the House overwhelmingly approved the nuclear carrier that had been recommended by the Committee on Armed Services.

Mr. Chairman, as a result of these changed circumstances, the President of the United States, as I brought out earlier in a colloquy with the gentleman from Connecticut (Mr. GIAIMO), has now asked the Congress to increase the defense function in this budget resolution by 3 percent.

□ 1800

That was the commitment that he made originally. It was a commitment which supposedly we had agreed to. But inflation has overtaken us since spring. However, the figures in this second resolution do not represent a 3-percent increase over last year's defense budget. They represent only about a 1-percent increase in total budget authority and at best perhaps a 2-percent increase in outlays; so we do need to do a lot more, in my judgment.

Just yesterday the Senate of the United States adopted the President's figures, precisely and specifically. The figures that the second budget resolution contains in budget authority are $138.2 billion; and in outlays $128.6 billion. The figure for budget authority is $3.2 billion below what the President has requested and what the Senate has approved; and the figure for outlays is $2 billion below what the President has requested and what the Senate has approved.

Now, my friend, the gentleman from Connecticut, has said, "Well, don't worry about that. We will go over and negotiate with the Senate when we get into conference." But since the Senate has already approved the 3-percent figure—and that really is the minimum, I think that anybody would recognize, as guaranteeing some assurance that our defense posture is going to be improved in fiscal year 1980—if we negotiate with the Senate when our own figure is below 3 percent, the final figure is going to have to add up to less than 3 percent. Let nobody be kidded about that.

My amendment simply reinstates the President's own figures. It would restore budget authority for defense to $141.2 billion, the exact figure which the Senate approved on yesterday. It would make the outlay figure $129 billion.

The CHAIRMAN. The time of the gentleman from New York (Mr. STRATTON) has expired.

(By unanimous consent, Mr. STRATTON was allowed to proceed for 2 additional minutes.)

Mr. STRATTON. My figure for outlays is $129 billion, which is somewhat less than what the President has recommended. But it is only $400 million over what the budget committee has recommended so that as far as the deficit is concerned, we are only increasing the deficit by $400 million in trying to match the President's figures.

One final argument in favor of my amendment, these figures of mine are also identical with the figures contained in the Republican substitute (offered recently by Mr. LATTA) as far as the defense function is concerned. So our friends on the Republican side of the aisle should have no trouble in supporting my amendment.

I think that it would be a lot easier for us to go into conference with the Senate when we both agree with the President that at this crucial time, Congress ought to be united in pushing through a 3-percent increase in our defense posture. That is the kind of action the Russians in Cuba will really be impressed by, I assure you.

Mr. GIAIMO. Mr. Chairman, I rise in opposition to the amendment. I recognize and sympathize with what the gentleman from New York is trying to do, but basically the amendment is premature. If you vote for this amendment, you cut the legs out from under the Appropriations Committee of the House of Representatives. You will not be giving them the flexibility and the freedom to evaluate the defense posture of our Nation.

Basically, and the gentleman can correct me if I am wrong, what you are doing is going to $141.2 billion in budget authority and $128.9 billion in outlays.

Mr. STRATTON. One hundred twenty-nine billion in outlays.

Mr. GIAIMO. That is basically correct. It is substantially the number in budget authority which the other body adopted and it is somewhat lower than the other body. In outlays, you estimate a lower spend out of budget authority.

Let me say, I have talked with the administration. I have talked with the President. The most the President has asked for is that specific amount of $141 billion. We are within $3 billion of that amount. Our Appropriations Committee has been working in this area and, as I understand it, they marked up a bill today. They added substantial amounts of money today, $2 billion, leaving them several billion dollars short of the amount that the President would want.

Now, these bills have to work their way through this floor. I guess when we finish this legislation, one of the next items of business will be the defense appropriations bill. At that time we can evaluate after we have the benefit of the Committee on Appropriations as to what the precise amount should be. We can evaluate it then. It will also have to go through the conference with the Senate. If we were to adopt the gentleman's figure now, we would be taking the absolute top figure and undermining our own committee which has spent literally 5 or 6 months in this area.

We are going to go to conference with the Senate on this bill. We are going to have to evaluate upward or downward in many functions and quite possibly on this one.

I understand what the gentleman is trying to do. It is premature to select this number now. We will be better served after the Appropriation Committee acts and certainly with the amount of money that is in there, in our bill, we will do no damage to the security of this country.

Mr. STRATTON. Mr. Chairman, will the gentleman yield to me?

Mr. GIAIMO. Yes. I yield.

Mr. STRATTON. Mr. Chairman, I understand what the gentleman is saying and I have great respect for the Appropriations Committee. Some of my best friends are on the Appropriations Committee; but I would point out to the gentleman that the course of history on defense bills in this Chamber over the last 5, 6, or 7 years, has been that the Committee on Armed Services, which I think knows a little bit about what the defense needs of the country are——

Mr. GIAIMO. They do.

Mr. STRATTON. Well, they have consistently, year after year, been cut back in their recommendations by the Appropriations Committee so that the members of the Committee on Armed Services are now complaining that defense issues in the House are really controlled by the Appropriations Committee. By the time the Budget Committee has cut back the administration's budget figures, and then the Appropriations Committee has made more funding cuts, what the Committee on Armed Services has recommended cannot even be considered.

Now, this year the Committee on Armed Services, recognizing the Soviet threat that I have mentioned, added something on the order of $2 billion to the defense recommendations of the administration, including a nuclear carrier, and except for the registration item, the House overwhelmingly approved those recommendations last week.

So I think we ought to add this additional money to the budget so we can give the Committee on Armed Services a little flexibility, and perhaps also give the House and the other body the opportunity to fund those urgent defense programs which the gentleman from Illinois (Mr. PRICE) and his colleagues believe seriously are necessary to our Nation's security.

Mr. GIAIMO. Mr. Chairman, I understand what the gentleman is saying, and I will yield in a moment, but let me say, I recognize the role of the authorizing committee, and the gentleman's job, quite frankly, should be to get the optimum for the Defense Department and the security of our Nation; that is the job of all of us in the House.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. GIAIMO) has expired.

(By unanimous consent, Mr. GIAIMO was allowed to proceed for 2 additional minutes.)

Mr. GIAIMO. But we do have to balance our priorities and this is one of the jobs that the Committee on Appropriations does. It evaluates very carefully. It makes some savings, as I know they have done and it is able to come up with some savings. I do not think we should take offense to that.

☐ 1810

Our bill covers now $127 billion, although originally there was a $22 billion reduction. But we carefully looked at each item and did not touch anything that directly affects our national defense.

We are asking the Members to follow the lead of the gentleman from Connecticut (Mr. GIAIMO). We are going along with the budget. I am asking the members of the Subcommittee on Defense and the members of the full committee to accede to the President's request for an increase up to $1.2 billion, and that again is in compliance with the budget.

But again there is plenty of room in the $129 billion that we will bring to the House next week for a change in priorities. We have increased procurement, we have not reduced procurement. So within that limit there is sufficient movement and sufficient action that can be taken by this House.

Mr. GIAIMO. Mr. Chairman, I thank the gentleman from New York (Mr. ADDABBO).

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. STRATTON).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. STRATTON. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 191, noes 221, not voting 22, as follows:

[Roll No. 484]

AYES—191

Abdnor
Akaka
Ambro
Andrews, N.C.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Bafalis
Bailey
Barnard
Bauman
Beard, Tenn.
Bennett
Bereuter
Bethune
Bevill
Boggs
Bolling
Boner
Bouquard
Breaux
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Byron
Campbell
Carney
Chappell
Cheney
Clausen
Cleveland
Coleman
Collins, Tex.
Corcoran
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Davis, Mich.
Davis, S.C.
de la Garza
Derrick
Derwinski
Dickinson
Dornan
Dougherty
Edwards, Ala.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fazio
Fish
Flippo
Florio
Foley
Fountain
Fowler
Gibbons
Gilman
Gingrich
Ginn
Goldwater
Gonzalez
Gore
Gradison
Grassley
Grisham
Gudger
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hance
Hansen
Herner
Heftel
Hightower
Hillis
Hinson
Holt
Horton
Huckaby
Hutto
Hyde
Ichord
Ireland
Jeffries
Jenkins
Jenrette
Jones, N.C.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, La.
Leath, Tex.
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Lott
Luken
Lungren
McClory
McDonald
McEwen
Madigan
Marlenee
Marriott
Martin
Mathis
Michel
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Neal
Nelson
Nichols
O'Brien
Pepper
Preyer
Price
Quayle
Quillen
Rhodes
Rinaldo
Robinson
Rose
Roth
Rousselot
Royer
Rudd
Santini
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Skelton
Smith, Nebr.
Solomon
Spence
Staggers
Stangeland
Stanton
Steed
Stenholm
Stockman
Stratton
Stump
Symms
Taylor
Thomas
Trible
Vander Jagt
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whittaker
Wilson, Bob
Wilson, Tex.
Wyatt
Wydler
Young, Alaska
Young, Fla.

NOES—221

Addabbo
Albosta
Alexander
Anderson, Calif.
Annunzio
Anthony
Ashley
Aspin
Atkinson
AuCoin
Baldus
Barnes
Beard, R.I.
Bedell
Beilenson
Benjamin
Biaggi
Bingham
Blanchard
Bonior
Bonker
Brademas
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, John
Burton, Phillip
Carr
Cavanaugh
Chisholm
Clay
Clinger
Coelho
Collins, Ill.
Conable
Conte
Cotter
Coughlin
D'Amours
Danielson
Daschle
Deckard
Dellums
Devine
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Downey
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Erdahl
Fary
Fascell
Fenwick
Ferraro
Findley
Fisher
Fithian
Ford, Mich.
Ford, Tenn.
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Glickman
Goodling
Gramm
Gray
Green
Guarini
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Hawkins
Heckler
Holland
Hollenbeck
Holtzman
Hopkins
Howard
Hubbard
Hughes
Jeffords
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Kastenmeier
Kildee
Kogovsek
Kostmayer
LaFalce
Leach, Iowa
Lederer
Lehman
Leland
Lloyd
Long, Md.
Lowry
Lujan
Lundine
McCloskey
McCormack
McDade
McHugh
McKay
McKinney
Maguire
Markey
Marks
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Richmond
Ritter
Roberts
Rodino
Roe
Rosenthal
Rostenkowski
Runnels
Russo
Sabo
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Simon
Slack
Smith, Iowa
Snowe
Snyder
Solarz
Spellman
St Germain
Stack
Stark
Stewart
Stokes
Studds
Swift
Synar
Tauke
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Weaver
Weiss
Whitten
Williams, Mont.
Williams, Ohio
Wirth
Wolff
Wolpe
Wright
Wylie
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NOT VOTING—22

Anderson, Ill.
Badham
Boland
Bowen
Brinkley
Butler
Carter
Conyers
Corman
Duncan, Oreg.
Duncan, Tenn.
Flood
Forsythe
Harsha
Jacobs
Murphy, N.Y.
Pickle
Roybal
Treen
Waxman
Wilson, C. H.
Winn

☐ 1830

Mr. NEAL changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MATTOX

Mr. MATTOX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MATTOX: In the matter relating to the appropriate level of total new budget authority reduce the amount by $550,000,000;

In the matter relating to the appropriate level of total budget outlays reduce the amount by $550,000,000;

In the matter relating to the amount of the deficit reduce the amount by $550,000,000;

In the matter relating to the appropriate level of the public debt reduce the amount by $550,000,000;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, reduce the amount by $550,000,000.

(16) In the matter relating to function 850: General purpose fiscal assistance reduce the amount for budget authority by $550,000,000; and reduce the amount for outlays by $550,000,000.

Mr. MATTOX (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MATTOX. Mr. Chairman, this amendment is relatively simple. It reduces the budget authority, and it reduces the outlays in function 850 by $550 million.

The purpose of this amendment is to strike those funds that are placed in the budget resolution for antirecession fiscal assistance programs.

Members, this amendment is one that we have been presenting similar versions for in the last several budget resolutions. It is an effort to prove wrong the old adage that once a Federal Government program gets started, that it never stops. This antirecession or countercyclical, or whatever we might call it, is a perfect example of an old-dog program that gets started and it then becomes next to impossible to kill it off, because every program starts a constituency. This is no exception.

This program has gone through several stages. If you will recall, when it started out it was called countercyclical.

Then it was called antirecession fiscal assistance.

Next it was called targeted fiscal assistance.

And now it is called antirecession fiscal assistance again.

I understand they are going to try to call it something else and perhaps start another different program.

For those of you who are fishermen, this is a perfect example of changing the bait. Let me tell the Members about it. If you are an old caster, you get out there and try to catch a fish. You change the color of the lure. If you do not like a red one, you try a yellow one. If you do not like a yellow one, then you try a green one. You just keep plugging along out there. Whatever else happens, one thing remains the same. There is always a hook on the end of it, and some poor fish is going to bite on it.

That is what they are doing with this program; they just keep changing the name of this old program, hoping some of us are going to be suckered enough to bite at that old faulty hook, that old rusty bait. That is what is happening to us today.

What they are asking us to do again is to spend $550 million, money that we do not have, and write a hot check for it. That is exactly what they are asking us to do.

That is exactly what the American people are asking us not to do. Each one of us has heard our constituents say, "look, fellows, in times of budget austerity, you do not need to be starting new programs, and if you have got old ones that are not working, cut them out."

This is a prime example of one we need to eliminate.

If the Members recall, this is a program that has never been approved in any form by the Committee on Government Operations, the authorization committee. It has been tacked on by the Senate several times, but it has never been approved by the House.

As a matter of fact, during the last session of the Congress, if the Members will recall, the President said, "listen, we need to put in a little transitional money in for the different municipalities who were receiving countercyclical in the past."

If my colleagues will further recall, the Congress refused to go along with that approach, it failed.

In an effort now to get a new program started, they have come up with a couple of different titles, a couple of different names, and stuck in $550 million in this resolution. It is not the appropriate thing we need to do.

As a matter of fact, there are 17 States that do not even get any of this money under the President's bill, 17 States that cannot get any of this money, including my State of Texas. The Members should be aware of that. We are not going to get this money.

As a matter of fact, if the Members really look at the money that comes to them under title II of this program, my State is not going to get any, and many other States will get nothing. We are being asked to provide money for the wasteful actions of some of these other cities. I do not think it is appropriate.

If the Members go back and look at what the people tell them, they say, "fellows, now is the time to stop this nonsense." The Members know it. I know it. Everybody knows it.

I do not believe that we can argue that we are not assisting our State and local governments. In this resolution alone we will be providing approximately $10.7 billion to aid our cities. It reminds me very much of the current Chrysler ad in which Joe Garagiola tells everybody how to get a check. Only in the case of the Federal Government, it works something like this:

If you want economic development assistance, go to the Congress and get a check;

If you want community development block grants or urban development action grants, go to the Congress and get a check;

If you want money for urban parks, go to the Congress and get a check; and

If you want money for urban mass transportation, go to the Congress and get a check.

The difficulty I have with this is that the checks are hot. Many of the State and local governments have surpluses—we do not. Therefore, I agree with the bottom line in Joe Garagiola's commercial—when it comes to an unauthorized and unapproved expenditure of over a half-billion dollars—check it out.

The CHAIRMAN. The time of the gentleman from Texas (Mr. MATTOX) has expired.

(By unanimous consent, Mr. MATTOX was allowed to proceed for 1 additional minute.)

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. MATTOX. I yield to the gentleman from Florida.

Mr. NELSON. I thank the gentleman for yielding.

I want to commend the gentleman, and I want to draw to the attention of the Members that the gentleman from Texas (Mr. MATTOX) has consistently voted against new programs as a member of the Budget Committee. I appreciate that and I thank the gentleman.

Mr. SOLARZ. Mr. Chairman, I rise in opposition to the amendment of my very good friend from Texas (Mr. MATTOX), because I think it really would be doing a disservice to depressed cities and communities all over the country if this amendment were to be adopted.

I do not doubt for a moment that there is a lot of fat, and there is a lot of waste which ought to be eliminated in this budget.

□ 1840

I do not doubt for a moment that there are plenty of programs in this budget which we could do without, which if they were eliminated would in no significant way do a disservice to the people of this Nation. But I must say I can think of few programs the elimination of which would do more damage than the one which the gentleman from Texas seeks to eliminate with his amendment.

We have heard a lot of talk in this House, not only during the course of the session in general, but during the course of this debate on the second budget resolution in particular, about the need to eliminate programs which are not geared to helping those who are most desperately in need. But if there is any single distinguishing characteristic of the countercyclical revenue sharing program, which the amendment of the gentleman from Texas seeks to wipe out completely, it is a program which is designed to provide funds not to State and local governments in general, regardless of need, but only to those State and local governments which have a genuine need.

Under the terms of the legislation which is now being considered by the Committee on Government Operations, only those State and local governments with unemployment rates of 6.5 percent or more will be eligible for the countercyclical revenue sharing assistance which this program would attempt to make available. Indeed, more than 60 percent of the funds in the program will be going to State and local governments with unemployment rates in excess of 8 percent.

Some Members may be under the misimpression that this is a big-city program, that this is a program which is designed to provide additional Government funds only to the large cities of the country. Nothing could be further from the truth. The fact of the matter is that over 70 percent of the funds in this program, assuming the legislation now under consideration is adopted, would go to local governments with populations of less than 50,000. So this is not just a big-city program, it is a program to help communities in urban as well as rural America that have high unemployment rates in excess of 6.5 percent. As a consequence of the increasing unemployment rate these cities and communities are experiencing a reduction in revenues, because people who are out of work are not paying taxes, and who by virtue of that decline in revenues will be obligated not only to lay off municipal and local personnel, thereby increasing the unemployment rate, but will also be obligated to cut back on essential Government services which the people of our country both need and demand.

So without the passage of this legislation, the adoption of which this amendment would make impossible, local governments all over the country, in urban as well as rural America, will be forced to cut back on services and lay off additional personnel due to a decline in the economy, which everyone in this House recognizes is inevitable. We may disagree about whether the unemployment rate is going to go up to 6.5 percent or 7 percent, or maybe even 8 percent, but nobody can seriously doubt that the unemployment rate is going to go up, and it is going to go up even further. When that happens, as it inevitably will, the tax revenues of these local governments are going to decline and services will have to be cut back unless this legislation is passed.

The argument is made that however desirable this program may be there is no real political possibility that it will be adopted. The fact of the matter is, however, that the other body has already passed countercyclical revenue sharing legislation by a margin of more than 3 to 1. And while it is quite true that the Committee on Government Operations has not yet reported out this legislation, when we voted on an amendment offered by the gentleman from Texas to eliminate this program during the course of our consideration of the first budget resolution, a majority of the members not only of the subcommittee of relevant jurisdiction, but a majority of the members of the full committee of relevant jurisdiction voted in favor of keeping this program in the budget resolution.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. SOLARZ was allowed to proceed for 2 additional minutes.)

Mr. SOLARZ. So I would submit, in conclusion, before yielding to my good friend from Texas, that there is significant support for this program in the other body, which has already adopted it by a 3-to-1 margin. There is clearly support for this in the relevant subcommittee and in the full committee and in the House as a whole. Local governments all over America need this program, they are asking for it, and I ask my colleagues to reject this amendment so we can move forward with this desperately needed legislation.

Mr. MATTOX. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to my friend from Texas.

Mr. MATTOX. I think there is one thing that is fallacious about the gentleman's argument, one thing in particular, and that is that we are talking about what the economy is going to do, and we are talking about the impact of this program on all of these different municipalities. The simple fact is we do not know what kind of a program we are even talking about. We have no authorization legislation of any kind. It has not passed the committee. It very well may not pass.

In any event, it seems to me it would be more appropriate to wait and see what happens. If we do have problems we can have a third budget resolution. It is very simple to put these kinds of programs in at that time.

There is no reason to vote for $550 million more to pad our budget ceiling. If this program does not pass it will leave that much flexibility for any other committee to pass whatever they want to. That is not what budgeting means.

One other thing I would point out to the gentleman. I have heard the gentleman make the same argument a number of times on different programs, and it is always this, "Listen, there are plenty of programs we could cut." The problem is that the gentleman never once offers one single amendment that reduces spending. He opposes cuts in defense spending. He opposes cuts in social spending, he opposes cuts in everything. I would like for the gentleman just to tell me which program he is talking about that we can cut, because I will draw up an amendment. If I can get his support maybe we can pass it together.

Mr. RODINO. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I would like to ask my colleagues if they truly believe that now is the time for us to abandon local communities as they fight to overcome the devastating effects of the national economic recession.

In fact, now is the worst possible time to eliminate funds for a program which is meant to lessen the human hardships caused by the recession.

This is truly a national problem, affecting towns and cities from every part of our country. Older cities in particular—like my home city of Newark—are in desperate need of fiscal assistance to fight the effects of high unemployment and national economic downturn.

When we talk about "the effects" of economic decline in our cities, we are talking about jobs, about basic human needs, and about the economic life of a community. Because the countercyclical aid program was canceled last year, our cities have laid off thousands of municipal workers and consequently cut back in vital services such as police, fire, health and educational personnel. The persons who are most hurt by these cutbacks are those who can least afford it—the poor, the elderly and the disadvantaged.

As the sponsor of a bill with 96 cosponsors to restore countercyclical aid, I firmly believe that we in this House have a responsibility to help our cities in their efforts to overcome the day-to-day erosion of their economies.

The Government Operations Subcommittee on Intergovernmental Relations and Human Resources has held hearings on the issue this year and is currently conducting an extensive study to determine the best approach to deal with the recession. In fact, countercyclical assistance is one of the primary programs it has to work with. This amendment seeks to negate this all important effort by the subcommittee.

Without the countercyclical assistance program, the conditions in our cities will continue to worsen and the human cost will be tremendous. Adoption of this amendment would amount to a senseless act of false economy, and I urge its defeat.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, the U.S. economy has entered a recession with inflation running at 13 percent. If we try to spend our way out of this recession, as the proponents of House Concurrent Resolution 186 would have us do, what will be the inflation rate during the recovery?

We have followed this path again and again, leading to upward ratcheting of both inflation and unemployment as we bounce from bust to boom to bust again.

By supporting this amendment to strike funds for countercyclical revenue sharing, we have an opportunity to take a small step toward sanity. Since the first countercyclical program expired a year ago, we have seen several efforts at reincarnations of this spending idea.

At the height of the recent recovery from the previous recession, the Carter administration tried to sell us antirecession fiscal assistance, a program that would have given Federal assistance to two-thirds of the local governments in the country for no apparent reason. The Congress refused to enact that program.

More recently, the Carter administration tried to sell us targeted fiscal assistance, a program that would have put 42 percent of the money into New York and California. Again, there was no articulated justification for this assistance. Again, the Congress refused to enact the program.

Now we are told that we need a half billion dollars for countercyclical assistance to local governments, but there still has been no demonstrated need and there has been no attempt by the administration to come forth with a formula for distribution that bears any relationship to fiscal need of the recipient communities. The gentleman from New Jersey said we need to help people who lose their jobs. But this is not it.

What is the purpose of this program? The Advisory Commission on Intergovernmental Relations studied antirecession programs and found that local governments automatically take appropriate countercyclical actions on their own, without Federal assistance.

This is not a jobs program. There is no requirement that the money be used for employment programs. In fact, a 1977 General Accounting Office study found that little of the countercyclical money went to jobs programs in 1977. Many local governments simply used the funds to increase budget surpluses—they put the money in the bank.

GAO also supported the ACIR study conclusions, stating:

> Many governments that received antirecession payments were not substantially affected by the recession, so that assistance probably was not needed to combat recession-related problems.

Local unemployment rates continue to be used as a basis for disbursements to local governments, despite recent reports from the General Accounting Office and the National Commission on Employment and Unemployment Statistics, to which I am an adviser, concluding that local unemployment rates are so unreliable as to be meaningless.

Under the leadership of Chairman FOUNTAIN, the staff of the Subcommittee on Intergovernmental Relations is working diligently to develop an antirecession program that makes sense, both from a standpoint of need and from a standpoint of method of distribution. As a member of the subcommittee, I am interested in the success of that effort.

However, that does not mean we need a half billion dollars in the fiscal year 1980 budget. This amendment provides a unique opportunity to reduce the deficit. We cannot afford to let it slip away.

□ 1850

Mr. FOUNTAIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, inasmuch as the amendment offered by the gentleman from Texas (Mr. MATTOX) relates to a matter before the subcommittee I chair, I think the House should be aware of the status of that legislation.

A majority of the subcommittee members are opposed both to the so-called targeted assistance legislation proposed by the administration and to a similar bill passed by the Senate as S. 566. I have consistently opposed this type of legislation during the past 3 years. I oppose it because it bases the allocation of money to State and local governments on unemployment rates that are wholly unreliable as well as inappropriate for this purpose.

The unemployment rates used in those bills are inappropriate because they do not provide a measure of the fiscal needs or the service responsibilities of local and State governments. They are unreliable, as the experts have repeatedly advised the Congress, because of the way in which they are manufactured—which makes them no better for most local governments than numbers pulled out of a hat. This is the message I have tried to get across to this body and to the administration for the past 3 years.

I am very pleased, therefore, that the National Commission on Employment and Unemployment Statistics—an expert body set up by the Congress—has further substantiated the unreliability and inappropriateness of local unemployment rates for fiscal assistance programs.

In describing the Commission's report, released earlier this month, Dr. Sar Levitan, its chairman, said:

> We took a hard look at the way Congress depends upon *nonexistent* state and local labor force data, and how lawmakers continue to ask for more of the same. As a result, BLS by law is required to publish *random numbers* for thousands of communities and substate areas. (Italics supplied.)

This finding is consistent with the testimony previously taken by our subcommittee. I think it is high time that Congress stopped mandating the use of improper statistical data in Federal aid formulas. The use of unemployment rates in the past has clearly resulted in the arbitrary and discriminatory treatment of our local and State governments. We should stop this irrational and unfair practice now.

I will include Dr. Levitan's complete statement following my remarks.

Mr. Chairman, some members of the subcommittee, believe there is need for a valid and reliable means of allocating assistance to State and local governments on a true countercyclical basis. By a true countercyclical basis, I mean allocating funds, only when our national economy is in a recession, to help those States and communities that are adversely affected by the recession. This has never been done by the Federal Government, and it would not be accomplished by S. 566 or the administration's bill.

The subcommittee, with the able assistance of the Department of Commerce, has been actively working on the development of a formula which would allocate assistance to State and local governments, when a recession occurs, in relation to the impact of the recession on wage earners residing in those State and local jurisdictions.

That research is well along and I am hopeful we will now have a new countercyclical formula for subcommittee consideration sometime soon. I cannot, of course, predict whether it will be satisfactory to the committee and ultimately to this body. It will, however, represent our best effort to devise a formula for allocating special assistance equitably to State and local governments in the event of a national recession.

Whether this $550 million item recommended by the Budget Committee for antirecession fiscal assistance will be needed in whole or in part, appears to depend on the subcommittee's success in producing an allocation formula acceptable to the Congress.

In closing, I want to reemphasize that I am strongly opposed to using this budget item for any purpose other than true countercyclical assistance. I am also opposed to H.R. 3198, the administration's bill, and to S. 566, neither of which is an acceptable antirecession measure for the reasons I have stated. Both of these bills, in my judgment, seriously jeopardize the $6.85 billion a year general revenue sharing program which comes up for renewal next year.

An Advance Briefing of the National Commission on Employment and Unemployment Statistics Findings Before Congressional Staffers by Sar A. Levitan, July 12, 1979

As most of you recall, the National Commission on Employment and Unemployment Statistics was established by Section 13 of P.L. 94-444. Those of you who had a hand in drafting the bill ought to be congratulated. And please pass on the commission's thanks to your coauthors who are not here. It is a model piece of legislation that was carefully thought through, specifying clearly the mandate of the commission. I hope that we have lived up to expectations, but that's for you to judge.

One thing is clear—we were frugal. We worked with a very small staff and will return to the Treasury about $1 million of $2.8 million allotted. As a card-carrying liberal I'm proud of that part of our record. In the words of the late Senator Paul Douglas, one of my favorite members when I worked on the Hill, "A liberal need not be a wastrel." And we finished our work ahead of schedule.

Permit me to offer unsolicited advice about the appropriate representation for this kind of a technical commission. Congress provided that the President nominate representatives from all sorts of groups: academic, labor, business, finance, union, state and local government, minorities, and women. Initially, I had very strong reservations about this kind of representation, but my opinion changed as I worked with this commission. Initially I thought that the preceding study group—the Gordon Committee appointed by President Kennedy—was a model. In them good ol' days, minorities and other groups were ignored, and only academics and representatives from labor and management were included in the committee. After working in this commission, I believe that it would have been a mistake to limit the membership to those groups. Our commission was enriched by having a diverse representation. I'm not suggesting that all the nine members were equal in terms of substantive contributions. But the commission composition supplied built-in representation from different groups and we could turn to them: "What does your constituency think?" And, even if the member was not too well informed on details, we could get somebody from that particular group to help us out. On the whole I found that technicians from special interest groups were no less flexible than the academics who advised us. They fought for their interests no less than the special interest groups.

We hope to have the report out by Labor Day. The Secretary of Labor will have six months to comment on our findings and recommendations, and to state what he accepts and what he rejects. So, the next step is up to the Secretary of Labor and eventually to Congress.

Let's turn to the substance of the report. Time will permit to single out only a few items from the 88 formal recommendations that we made. I was asked to concentrate on issues that are of immediate concern to you. From the Capitol Hill vantage point I believe that the most important subject deals with state and local data. We took a hard look at the way Congress depends upon nonexistent state and local labor force data, and how lawmakers continue to ask for more of the same. As a result, BLS by law is required to publish random numbers for thousands of communities and substate areas. We have reasonably good, depending if you agree with the definitions, national data. But the Current Population Survey is not geared to estimate state and local data. We are recommending that the sample be increased to yield reasonably reliable estimates for all the states—I'll come back to that in a minute—similarly reasonably reliable data for the largest 35 SMSAs with a million or more population, and for the largest 11 central cities. The choice of 11, as you know, reflects the 1978 CETA and will be needed until 1982 unless Congress repeals the law earlier.

As far as state and local data are concerned we urge Congress to rely more upon census data. That is, if Congress orders the allocation of funds on the basis of structural unemployment to small areas, then it is asking BLS statisticians to make up numbers. The Current Population Survey will not work. Believe me, the BLS technicians comply with these requirements to publish "guesstimates" most reluctantly.

Based on the 1980 census, we are going to have not only good local labor market data, but also reliable demographic and economic details allowing Congress to choose the factors determining the allocation of funds—even on a census track basis. The same data can be collected in the 1985 census if Congress allocates the funds. But realizing that we do have laws like CETA and others that distribute funds on the basis of state and local data, we urged also that the so-called 70-step method be improved. Since the passage of the Emergency Employment Act when Congress started to rely heavily on state and local data during the 1970s, BLS could have done much more than it did. (The Economic Development Act of 1965 involved little money compared with the appropriations in the 1970s). But even improvements in the 70-step method would still leave the distribution of funds on the basis of random numbers, or at best on poor guesstimates.

Q. Could you explain what the 70-step method is?

A. I shouldn't have mentioned it but as they say on Perry Mason, I opened the subject. The 70-step method spells out a procedure for estimating state and local employment and unemployment. It is based on unemployment insurance data. But, unemployment insurance recipients account for only about 45 percent of the unemployed, depending upon the stage of the business cycle and the industrial distribution of the state and city. The other 55 percent includes new entrants into the labor force, reentrants—mostly female and people who left the labor force for a variety of reasons—persons who exhausted their unemployment insurance, and unemployed persons who never filed claims. Estimating total unemployment in an area involves a guessing game because the states and BLS don't have data on labor entrants or reentrants at the local level. And they are therefore forced to guess. In addition, even for the 45 percent collecting unemployment insurance the state data are not uniform because, as you know, unemployment insurance laws differ from state to state. In 1977, the percent of total unemployed who collected UI benefits ranged by state from 17 percent to 51 percent.

We are recommending that instead of the present 56,000 households in the Current Population Survey (Congress has already approved funds for 70,000 households), that the sample be expanded to 120,000 households. This will give us not only better state and local data but also better data for minorities, information needed for political reasons as well as for social and economic policy. Three commission members felt that the expansion is not justified. They thought that it isn't worth spending $15 million and bothering more citizens since the data are not going to be sufficiently good for reliably estimating most state and local unemployment rates.

One reservation that I have—which was not recorded in the report—concerns the commission recommendation that we should have the same coefficient of variation for all the states. But, representatives of state and local governments persuaded the commission that Vermont and Wyoming should be treated like New York and California and have the same expected coefficient of variation. My own reaction to this equal statistical treatment of all states is that in Vermont, for example, one of every 47 households will be bothered annually by enumerators and in Wyoming one of every 30 to get the proper sample size. My preference would have been to recommend for the smaller states a larger coefficient of variation. Less reliable data for smaller states would not be crucial as far as distributing the total pie among the participating areas, because an error involving small states would not have a great effect on the distribution of the total funds. The National Governor's Association and ICESA advocated a uniform maximum coefficient of variation, and they won.

The next point relates to emphasis the Senate Committee on Labor and Human Resources placed on designing a hardship index—or linking employment and income data. I am delighted to report that the commission followed the urging of the Senate committee and we unanimously recommended the establishment of an annual hardship report. But, to get an unanimous recommendation as you well know, involves a price. Instead of recommending a composite index of linking employment and earnings, we recommend that BLS develop three different measurements. In the appendix to the chapter that deals with hardship measurements, we included a measurement that was initially developed by the staff which the commission has not adopted. I added a comment at the end of the chapter pointing out that we should have adopted the approach spelled out by the staff.

Another important subject that received scrutiny by the commission dealt with tightening the definitions of labor market activities. We examined in great detail the perennial problem of discouraged workers. As you know, these are workers who claim that they want a job but who have not looked for the past four weeks because they believe that jobs are not available for them. As we analyzed the limited data, we proposed changing the job search period to six months and inquiring of discouraged workers whether they are available for a job now. Based on the changed definitions, we estimated that instead of the currently reported 800,000 discouraged workers the BLS classifies separately and does count as part of the work force—the numbers vary with the state of the business cycle—the commission definition would yield about 250,000 or 300,000 persons to be counted as discouraged workers. Having tightened the definition of discouraged workers, the commission had to determine whether they should be counted with the unemployed. On that issue, five members of the commission favored continuation of present practice and four members held that if they are unemployed, they want a job, have looked for a job within 6 months, and if they indicate that they are available for work, then, we should count them as unemployed. The four commission members reasoned that anything that looks like a duck, waddles like a duck, and swims like a duck, should be counted as a duck. But that was not enough to persuade the majority of the commission that wanted to continue the current practice, because they were pursuaded that there is little difference between discouraged workers and other respondents who indicate that they want a job, but made no effort to find work.

Q. Who were these five members?

A. Professor Cain, Dr. Carlson, Dr. Moskow, Dr. Popkin, and Ms. Wills.

Underlying the extensive discussion of the commission was: What improvements should we recommend in the system at the sacrifice of continuity? Everytime we change a definition, we change the numbers and cause breaks in the continuity of the given series. In other words, if discouraged workers as defined unanimously by the commission were counted, then BLS would have reported last week about 5.9 percent unemployment instead of having 5.6 percent unemployment. The majority of the commission, as well as several alternate advisors argued that continuity should be controlling. If it ain't broke, don't fix it. In other words, don't change anything unless it is obsolete and there is a pressing need for change. On the other hand I would be more sympathetic with the argument that the statistics should reflect continuing changing economic and social conditions. It would follow that the system of counting our labor force that was designed 4 decades ago could stand a great deal more overhauling than BLS has accomplished—and possibly even more than the commission recommended.

I believe, however, that the commission is to be congratulated for exercising restraints in avoiding the temptation of straying from its mandate. When we issued the draft report in January, we were criticized by the New York Times and others for failing to define full employment. The commission decided instead to limit its recommendations to a review of data collection and their meaning, leaving speculation and pronouncements about the policy implications to others.

Nonetheless, my personal view is that the commission has not exhausted needed revisions of labor market definitions. Discouraged workers is one obvious area. Changing the count of the military is another area. We recommended that the military should be counted as part of the labor force. The armed forces are competing with civilian employers for the same labor force. The inclusion of the military in the labor force would reduce the unemployment count roughly by 0.1 percent. We recommended, however, that the military not be counted at the local level. The rationale in this respect is that a youngster entering the military may be sent anywhere in the United States and not remain in the local labor market. I am not persuaded by this argument, but, favoring the count of the military I concluded that half a loaf is better than none.

Q. What would happen in case of conscription?

A. We talked about that. Although the report doesn't say so, my personal view would be that if we return to conscription at the current strength of about 2.1 million, our recommendation would still stand. In case of a war, we will have so many other adjustments in the economy, and I would not worry about counting the labor force as a major problem.

Q. But what if we were going to some sort of a national youth service that would involve universal conscription for both military and domestic purposes?

A. My answer is that the national youth service is an idea whose time has long passed, if it ever existed.

Permit me to mention briefly two more points. We preach that the BLS remain completely politically independent. At the same time the commission realized that if BLS is to be insulated from political pressure, it should be responsive in supplying policymakers the data they require. We therefore recommend that the role of advisory committees be strengthened and that a third committee representing data users be added to the current industry committee and labor committee. We are urging stronger participation by the newly constituted advisory committees. Right now the BLS advisory committees play a passive role. We are saying that they should be heard, and that their recommendations should be made public.

Q. As I understand your summary, the implementation of the commission recommendations would result in lower unemployment. Is that what the commission meant by continuity?

A. The commission, I believe, has done an excellent technical job and was fully responsive to the mandate spelled out in the law. We provided a careful analysis of the data and made modest recommendations for their improvements and the rest is up to the administration. Expressing my personal view, I would hope that the Secretary of Labor will decide to count the discouraged workers as we defined them, not as they are now recorded separately. We've found that some of those people counted among the discouraged workers have not looked for a job as long as five years, and some have never worked. Given our more rigorous definition of discouraged workers which the commission unanimously recommended, I trust that the Secretary of Labor would opt for counting discouraged workers as part of the unemployed.

The final point concerns the presentation of the data. We concluded that the monthly report that BLS prepares on the Current Population Survey is sound and objective. We gave BLS a complete bill of health on that score, but we urged BLS to jazz up the report by presenting charts, not centerfolds. We also suggest that the presentation of the monthly finding to Congress should continue. They were initiated by Senator Proxmire in 1971, and have been an effective vehicle for the dissemination of the data.

Mr. ROSENTHAL. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, I want to commend the gentleman for the diligent and prodigious efforts he has made in examining and understanding this very complex subject. In spite of the fact that the gentleman and I disagree as to what the final product shall be, nonetheless I want to publicly acknowledge the tremendous and Herculean effort the gentleman has made.

I oppose this amendment. I hope the gentleman would oppose it and let the subcommittee resolve this in its way through negotiation and rational discussion. There are alternative distribution methods, and perhaps the one the gentleman has is a better idea than the one the administration has. I really do not know.

But, it would seem to me that the reasonable, prudent legislative approach tonight is to oppose the amendment and permit the gentleman's very distinguished subcommittee to have an opportunity to fulfill its mission and complete its responsibilities.

□ 1900

Mr. FOUNTAIN. I appreciate the gentleman's contribution. Let me say this. Whatever decision we make tonight on this amendment I sincerely believe that the only piece of legislation that has a chance of getting out of our committee with a favorable report is a truly antirecessional piece of legislation, based upon a genuine recession where the funds are triggered on and off based upon obvious economic conditions throughout the Nation. As I have said, we already have a general revenue sharing program which I hope we can extend next year, if not before.

Mr. ROSENTHAL. If that is the case, I would hope the gentleman from Texas would withdraw his amendment and permit the gentleman's subcommittee which has spent years and years working in this area an opportunity to negotiate and to come up with a finely tuned product that is in the interests of all of our communities in the United States.

I do not know if the gentleman from Texas (Mr. MATTOX) is disposed to do that.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. MATTOX, and by unanimous consent, Mr. FOUNTAIN was allowed to proceed for 2 additional minutes.)

Mr. MATTOX. Will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from Texas.

Mr. MATTOX. The gentleman is a highly respected Member of this body. Does the gentleman oppose my amendment?

Mr. FOUNTAIN. Mr. Chairman, I am neither supporting nor opposing this amendment. As chairman of the subcommittee, regardless of my personal feelings, I want to be fair to those who favor such legislation. I do not know how I am going to vote on it. I may vote "present" and remain neutral until we get a chance to act. As chairman of the subcommittee, I am simply stating the position of the subcommittee and the status of legislation which came from the Senate. We are in the process of trying to see if we can come up with something that may be reasonable and responsible and necessary, and equitable because the legislation which was sent to us by the Senate is irresponsible, and grossly inequitable.

Mr. MATTOX. Mr. Chairman, I certainly approve the gentleman's past actions in opposing this kind of program. I wish the gentleman well in finding some needed formula. I think they could come in a third budget resolution, if it is necessary to have any, for 1980.

Mr. FOUNTAIN. Mr. Chairman, I thank the gentleman for his observation.

Mrs. BOGGS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by my good friend, the gentleman from Texas (Mr. MATTOX).

This budget resolution makes provision for the enactment of some form of antirecession fiscal assistance as has been pointed out by the distinguished gentleman from North Carolina (Mr. FOUNTAIN). It has also been pointed out that the Senate has approved this program and I think this body, if we have a chance to vote on the legislation, will approve it also.

Mr. Chairman, we must recognize the fact we are now in the middle of a recession; whether it is termed mild or severe, it is a recession. We in this Congress have the opportunity to determine how severe it will be, as the gentleman from New Jersey (Mr. RODINO) has reminded us.

The antirecessionary or countercyclical revenue-sharing program is a simple standby system for compensating different parts of the country and areas of the economy which are more seriously impacted by the recession than others which might be more prosperous.

Mr. Chairman, at some point in the future, quite possibly in the coming fiscal year, we are going to need a program to provide temporary fiscal assistance to localities with chronically high unemployment and to localities adversely affected by the effects of a recession.

Mr. Chairman, the legislation already approved by the other body is highly targeted. Rather than approving some 18,000 jurisdictions as did the proposal under consideration last year the current proposal has been scaled down to a level where only those most in need, potentially only 2,100 jurisdictions, would be eligible.

Mr. Chairman, this is not an "ill defined, hot check" for the States. It is a fairly tight proposal. Yet it does not benefit only those older cities in the East and Midwest. It would include smaller cities and suburban areas where a real need exists.

One final point, Mr. Chairman: The Congressional Budget Office has projected that the national unemployment rate will reach 7½ percent by the end of next year. As the gentleman from New York (Mr. SOLARZ) has said, the Senate version of the antirecessionary assistance program will be triggered when the national rate reaches 6½ percent. Rather than wait to act when unemployment soars—as unfortunately it may—I think a more responsible course is to provide for a standby program which would respond automatically to changes in economic conditions in both the national and local levels. It would give the residents and the business people of the affected cities the confidence they need to invest and reinvest in their local economies. This will contribute to recovery nationally.

Mr. Chairman, I think we should maintain the option to enact an anti-inflationary program. This budget resolution allows that option. I, therefore, urge the defeat of this amendment to strike that option.

Mr. BROOKS. Mr. Chairman, I move to strike the requisite number of words and will speak in favor of the amendment.

Mr. Chairman, this amendment should be supported by those who fear that our economy is sliding into a recession. The committee report on this budget resolution states it is designed to restrain excessive spending, combat inflation, and move toward the goal of a balanced budget. However, the item the amendment seeks to remove from the resolution does none of these things. In fact, it works in just the opposite direction. It increases Government spending, it adds to inflationary pressures and moves us further away from a balanced budget.

A recession is a time for belt tightening, for exercising greater care in spending dollars we have collected from our hard-pressed citizens. A recession does not mean business as usual, but that is exactly what the antirecession program this budget resolution seeks to fund is designed to do; to keep cities from having to take any economy measures to adjust to a decline in economic activity.

"There, there," we say, "just don't let that little old recession bother you, don't try to cut your costs, don't try to find a way to save any money, just keep on doing what you're doing. We'll see that the money keeps rolling in, even if we have to go a lot deeper in debt here in Washington."

Now, Mr. Chairman, the concern of the Federal Government in a time of recession should be to see that everything is done that can be done within the limits of fiscal responsibility to ease the burden of bad times on our citizens. I think we do a pretty good job of that.

Mr. Chairman, during a recession the Federal Government pays out more money for food stamps. It pays out more money for unemployment insurance. It pays out more money for aid to dependent children. These are the kind of programs we have devised to help our people get through a recession. They are worthy programs, and if more money is to be appropriated to combat recession, it should go to them.

Mr. Chairman, in addition to these programs to help individuals, we have a number of programs to help cities and States. The cost of them is over $85 billion a year. Just a little aid from Uncle Sam and we are delighted to help them. However, I do not want to go any further than that. That seems like enough to me.

Mr. Chairman, there is $10.7 billion in economic and urban aid to cities and communities right in this budget resolution not counting targeted fiscal assistance. We are giving them in this resolution $10.7 billion so how are they going to miss a half billion they haven't gotten for a couple of years. How much do we want to give them? I am just asking you to be reasonable.

Mr. Chairman, it should not be the responsibility of the Federal Government to relieve local officials of the necessity of finding ways to economize when the Nation is caught in a recession. We hear so much around here about how the Federal Government is not the fountain of all wisdom—that we should leave it to local officials to decide how and where the money to run local government should be spent.

□ 1910

I am willing to do that, but with the right to decide just how the money should be spent goes the obligation of raising that money. I do not hear supporters of this program, Republican or Democrat, Dixiecrat, Reactionary, Liberal, or whatever they want to be, none of them say one word about Federal intervention when it is Federal money, that old green money that is intervening and bothering them. It does not bother them a bit. It is just wonderful.

Now, I hope all of you will take time to read the recent report of the National Commission on Employment and Unemployment Statistics which has been studying the use of unemployment data in formulas for distributing Federal funds. That is the kind of formula used to distribute antirecession money, this countercyclical money.

Now, the Chairman of that Commission, Dr. Sar Levitan had this to say:

> We took a hard look at the way Congress depends on non-existent state and local labor force data and how lawmakers continue to ask for more of the same.

The CHAIRMAN. The time of the gentleman from Texas (Mr. BROOKS) has expired.

(By unanimous consent, Mr. BROOKS was allowed to proceed for 2 additional minutes.)

Mr. BROOKS. He went on to say:

> If Congress orders the allocation of funds on the basis of structural unemployment to small areas—

And by that he means States and cities—

> then it is asking the Bureau of Labor Statistics statisticians to make up numbers.

Now, Mr. Chairman, even in the best of times, if we had a budget surplus to match the size of our deficit, it would be irresponsible to distribute billions of dollars of taxpayers' money on the basis of a formula that relies mainly on guesswork. In times of recession it should be unthinkable.

Mr. Chairman, I urge support for the amendment.

The CHAIRMAN. The time of the gentleman from Texas (Mr. BROOKS) has again expired.

(At the request of Mr. WEISS, and by unanimous consent, Mr. BROOKS was allowed to proceed for 2 additional minutes.)

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. Yes; I will take a couple more minutes. Do I get to use it or do I give it all away?

Mr. WEISS. Not all of it, Mr. Chairman. I just wanted the gentleman to yield for a couple questions.

Mr. BROOKS. I yield to my distinguished friend from the great city of New York.

Mr. WEISS. Mr. Chairman, I appreciate the gentleman yielding to me and I want to commend the gentleman for the tremendous leadership he displays as the chairman of the Committee on Government Operations, of which I have the privilege of being a member.

The gentleman probably heard the statement that the distinguished chairman of the Subcommittee on Governmental Relations made which dealt with this specific issue.

The gentleman from North Carolina (Mr. FOUNTAIN), the chairman, indicated that the subcommittee is currently in the process of exploring an entirely new formula which he hoped would meet many of the objections which the chairman himself has raised to the present legislation pending.

Supposing, in fact, under the leadership of the gentleman from North Carolina (Mr. FOUNTAIN) a bill comes forward that the subcommittee approves. Would the chairman of the Government Operations Committee, the gentleman then support that legislation for whatever formula it comes up with, whether targeted or countercyclical assistance?

Mr. BROOKS. I would be openminded on it. Certainly I would take a look at it. I am very interested in what the chairman of the subcommittee has been doing. I am familiar with his efforts. I am familiar with the efforts we have made for the last couple of years to get people like the gentleman from New York to understand that the labor statistics are absolutely erroneous, made up figures. It is a phony way to give away Federal money. If we will concede that point, if the gentleman wants to help people that really need help, if that is the people the gentleman wants to help, we can go forward, but if the gentleman is trying to help people just to get enough votes to pass this next giveaway, well then I am not going to buy that.

Mr. WEISS. No, no. The last question I want to ask the gentleman is if the gentleman is, in fact, openminded and would consider the legislation that the gentleman from North Carolina (Mr. FOUNTAIN) would be satisfied with.

Mr. BROOKS. Surely.

The CHAIRMAN. The time of the gentleman from Texas (Mr. BROOKS) has again expired.

(At the request of Mr. WEISS, and by unanimous consent, Mr. BROOKS was allowed to proceed for 1 additional minute.)

Mr. WEISS. Mr. Chairman, will the gentleman yield further?

Mr. BROOKS. Surely.

Mr. WEISS. Mr. Chairman, if, in fact, the gentleman were satisfied with that legislation, would not the gentleman agree that this budget resolution ought to have the $550 million in it so that, in fact, that legislation could be funded?

Mr. BROOKS. Not necessarily. If we pass the bill, if we get a bill passed that is workable, we can get the money appropriated.

Mr. WEISS. Mr. Chairman, I rise in strong opposition to this amendment which would strike $550 million from the budget resolution in order to eliminate the antirecession fiscal assistance program, or countercyclical aid, for fiscal 1980.

One could argue quite convincingly and appropriately that the sum set aside in the resolution for this program is not nearly enough. But it is very hard to detect the merit in an amendment that seeks to excise entirely antirecession aid to States and localities at precisely the period when a recession is beginning.

I do not think that even the proponents of this measure will contend that the recession is not real or likely to be rather severe. All statistics certainly point in that direction. And if this is indeed the case—if we all agree that a significant economic downturn has begun—then how can it be reasonably asserted that the Nation does not need an effective fiscal assistance program to counter the adverse effects of the business cycle?

Supporters of this amendment are likely to rely on two basic contentions: That most States do not require targeted Federal aid because they are enjoying budget surpluses and that past experience shows the triggering formula to be unreliable and poorly designed. I would like to address each of these points for they seem to me to be the only plausible obstacles to overwhelming rejection of the amendment.

First, it is admittedly true that preliminary reports for 1978 do show an aggregate State and local budget surplus of some $26 billion. These funds, amendment supporters will argue, should be used to counter the recession at the State and local level. With an enormous surplus like this, they will ask, what need do the States have for $550 million in Federal aid?

A closer look at the statistics will reveal the actual situation facing States and localities. Some $20 billion of the surplus is in fact revenues above expenditures contained in various social insurance funds such as retirement plans. These funds cannot be used by the States or localities to offset the impact of recession. The money belongs to the participants in these plans, not to the government.

In addition, the remaining $6 billion surplus has been shrinking fairly rapidly throughout 1978, and the Congressional Budget Office predicts that the aggregate surplus will become an aggregate deficit by 1980.

Finally, most States and localities are required by law to balance their operating budgets. The existence of even a disappearing surplus in no way reflects the extent to which service cutbacks have been made in order to stave off deficits. Indeed, it is quite clear to many of my colleagues that governmental jurisdictions within their districts have been economizing in important areas in recent months in order to fulfill the requirements of balanced budget legislation.

As for the argument that the triggering mechanism in previous versions of the countercyclical program is unreliable, it must be pointed out that we are not being asked to vote today on any specific formula for distributing antirecession funds. Instead, the amendment before us would obviate any future attempt to make the formula more accurate and more fair. Just because a previously used method was not perfectly precise in its allocation of funds is not a sufficient reason to throw away any opportunity to make it more equitable.

As a member of the committee reviewing countercyclical proposals, I can report to my colleagues considerable encouragement that a more useful and more helpful triggering formula may well be brought before the House for its consideration. But you will not be able to discuss the merits of any kind of formula or any kind of aid program to the States and localities if we approve this amendment today.

The Senate has already acted most commendably and responsibly in passing countercyclical legislation. The other Chamber clearly recognizes the importance of having such a program in place for fiscal 1980 as the recession enters its more severe stages.

The nationwide unemployment rate has already begun to climb again and it is expected to exceed the 7-percent mark by the beginning of 1980. Unless we have room in the budget for antirecession aid the severity and duration of the downturn will be aggravated.

I therefore urge my colleagues to at least preserve the potential for effectively fighting the current recession by voting down this amendment.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, I just want to compliment the gentleman on his statement, because as the ranking minority member of the appropriating subcommittee that has been called upon to appropriate the money for countercylical revenue sharing, the program is a terrible program. It is a disaster and I think the chairman is exactly right.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. MATTOX).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MATTOX. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and tnere were—ayes 183, noes 220, answered "present" 1, not voting 30, as follows:

[Roll No. 485]

AYES—183

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Anthony
Archer
Ashbrook
Bafalis
Barnard
Bauman
Beard, Tenn.
Bennett
Bereuter
Bethune
Bevill
Breaux
Brooks
Broomfield
Brown, Ohio
Broyhill
Burgener
Byron
Campbell
Cavanaugh
Chappell
Cheney
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Derrick
Derwinski
Devine
Dickinson
Dornan
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
English
Erdahl
Erlenborn
Ertel
Evans, Ga.
Fascell
Fenwick
Findley
Flippo
Frenzel
Frost
Fuqua
Gibbons
Gingrich
Ginn
Glickman
Goldwater
Gradison
Gramm
Grassley
Grisham
Gudger
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hansen
Hefner
Hightower
Hinson
Holt
Hopkins
Hubbard
Huckaby
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Jenrette
Jones, N.C.
Jones, Okla.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lehman
Levitas
Lewis
Loeffler
Long, Md.
Lott
Lujan
Lungren
McClory
McDonald
Madigan
Marlenee
Marriott
Martin
Mathis
Mattox
Michel
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Myers, Ind.
Neal
Nelson
Nichols
O'Brien
Pashayan
Paul
Pease
Petri
Preyer
Price
Quayle
Quillen
Railsback
Regula
Rhodes
Ritter
Roberts
Robinson
Rose
Rousselot
Royer
Rudd
Runnels
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Smith, Iowa
Smith, Nebr.
Snyder
Solomon
Spence
Stangeland
Stockman
Stump
Symms
Synar
Tauke
Taylor
Thomas
Trible
Vander Jagt
Volkmer
Walker
Watkins
White
Whitehurst
Whitley
Whittaker
Wilson, Bob
Wilson, Tex.
Wyatt
Wylie
Young, Alaska
Young, Fla.

NOES—220

Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Annunzio
Applegate
Ashley
Aspin
Atkinson
AuCoin
Bailey
Baldus
Barnes
Beard, R.I.
Bedell
Beilenson
Benjamin
Biaggi
Bingham
Blanchard
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Brademas
Brodhead
Brown, Calif.
Buchanan
Burlison
Burton, John
Carney
Carr
Chisholm
Clausen
Clay
Coelho
Collins, Ill.
Conte
Cotter
D'Amours
Danielson
Daschle
Davis, Mich.
de la Garza
Deckard
Dellums
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Emery
Evans, Del.
Evans, Ind.
Fary
Fazio
Ferraro
Fish
Fisher
Fithian
Florio
Foley
Fowler
Garcia
Gaydos
Gephardt
Giaimo
Gilman
Gonzalez
Goodling
Gore
Gray
Green
Guarini
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Heftel
Hillis
Holland
Hollenbeck
Holtzman
Horton
Howard
Hughes
Jeffords
Johnson, Calif.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Leland
Lent
Livingston
Lloyd
Long, La.
Lowry
Luken
Lundine
McCloskey
McCormack
McDade
McHugh
McKinney
Maguire
Markey
Marks
Matsui
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, Ill.
Murtha
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pepper
Perkins
Peyser
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Rinaldo
Rodino
Roe
Rosenthal
Rostenkowski
Russo
Sabo
Santini
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Simon
Skelton
Slack
Snowe
Solarz
Spellman
St Germain
Stack
Staggers
Stanton
Stark
Steed
Stewart
Stokes
Stratton
Studds
Swift
Thompson
Traxler
Ullman
Van Deerlin
Vanik
Vento
Walgren
Wampler
Waxman
Weaver
Weiss
Whitten
Williams, Mont.
Williams, Ohio
Wirth
Wolff
Wolpe
Wright
Wydler
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

ANSWERED "PRESENT"—1

Fountain

NOT VOTING—30

Anderson, Ill.
Badham
Boland
Bowen
Brinkley
Burton, Phillip
Butler
Carter
Conyers
Corman
Davis, S.C.
Duncan, Oreg.
Flood
Ford, Mich.
Ford, Tenn.
Forsythe
Hance
Johnson, Colo.
McEwen
McKay
Murphy, N.Y.
Pickle
Pritchard
Roth
Roybal
Stenholm
Treen
Udall
Wilson, C. H.
Winn

☐ 1930

Mr. LIVINGSTON changed his vote from "aye" to "no."

Mr. PREYER changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. COUGHLIN

Mr. COUGHLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COUGHLIN: In the matter relating to the recommended level of Federal revenues reduce the amount by $250 million;

In the matter relating to the amount by which the aggregate level of Federal revenues should be reduced, reduce the amount by $250 million;

In the matter relating to the appropriate level of total new budget authority reduce the amount by $400 million;

In the matter relating to the appropriate level of total budget outlays reduce the amount by $100 million.

In the matter relating to the amount of the deficit increase the amount by $150 million;

In the matter relating to the appropriate level of the public debt increase the amount by $150 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by $150 million.

(10) In the matter relating to function 500: Education, training, employment, and social services reduce the amount for budget authority by $400 million; and reduce the amount for outlays by $100 million.

Mr. COUGHLIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COUGHLIN. Mr. Chairman, the purpose of this amendment is to provide $250 million in a reduction in revenues to allow for a modest program of tuition tax credits.

The second budget resolution recommendation for function 500 anticipates a supplemental appropriation to fully fund the basic education opportunity grants program. The supplemental appropriation anticipated is $400 million in budget authority and $100 million in outlays. The amendment proposed would reduce the education function by that $400 million in budget authority and $100 million in outlays to eliminate the Budget Committee's recommendation anticipating a supplemental appropriation for BEOG's. That recommendation of the Budget Committee was passed based on a Congressional Budget Office reexamination of what funding level was necessary to maintain the full funding of BEOG's. CBO said that $393 million was necessary in additional budget authority. HEW, however, said that only $97 million was necessary.

Mr. Chairman, as I said, there has been a dispute between the Congressional Budget Office and the Department of Health, Education, and Welfare as to the amount necessary to fund BEOG's. I do not think that any increase is necessary to do that funding. Therefore, the money that was contained in the resolution for the BEOG supplemental could be used in this case for a modest program of tuition tax credits.

Mr. Chairman, this House on a number of occasions has expressed itself very substantially in favor of tuition tax credits. They mean that people would be allowed to keep some of their own funds to finance education for their children instead of funneling funds to the Government for redistribution for educational purposes or otherwise. A tuition tax credit would permit families to determine how they want to spend their funds, how their children should be educated, and would permit that choice to be made at home, in keeping their own funds. The proposal that I would have on tuition tax credits would be limited to higher education tuition tax credits, a modest tax credit of $250 against tuition, to a limit of 25 percent of that tuition. That credit would be refundable so that those who really need it and also receive grants could receive a refundable credit for tuition. There would be an offset against the BEOG program, any grant program for the tuition tax credit itself, so that the people could not double dip and get both kinds of assistance.

Mr. Chairman, if we are really intent on saving the public tax dollars, if we are really intent on reducing the bureaucracy, if we are really intent on providing real aid to education, then the tax credit route is the route I think we should go and the route that an overwhelming majority of the Members of this House has voted on many occasions to go, because it would not require families to come to the Federal Government, to fill out voluminous forms, disclose all of their income and assets, and to take an oath of poverty in order to obtain the aid that is necessary for higher education.

Just recently figures have been published indicating the increases in the cost of higher education, and those costs are indeed staggering.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield for a question?

Mr. COUGHLIN. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, is the gentleman reducing it $400 million or $250 million?

Mr. COUGHLIN. $400 million in budget authority and $100 million in outlays.

Mr. GIAIMO. There were two versions of the amendment, and I was not sure.

Mr. COUGHLIN. That is the one.

Mr. Chairman, I do hope that, in considering this, the House will again look favorably upon tuition tax credits as one method of providing the very hard-pressed low- and middle-income families of America with a real opportunity to get an education for their children.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. COUGHLIN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Seventy-nine Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1940

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Pennsylvania (Mr. COUGHLIN) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 221, noes 176, not voting 37, as follows:

[Roll No. 486]

AYES—221

Abdnor
Addabbo
Albosta
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Atkinson
Bafalis
Barnard
Bauman
Benjamin
Bennett
Bereuter
Boggs
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Byron
Campbell
Carney
Cavanaugh
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Derwinski
Devine
Dickinson
Donnelly
Dornan
Dougherty
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Ferraro
Fish
Florio
Forsythe
Fountain
Frenzel
Gaydos
Gephardt
Gilman
Gingrich
Glickman
Goldwater
Goodling
Gradison
Grassley
Green
Grisham
Guarini
Guyer
Hagedorn
Hall, Tex.
Hansen
Harris
Harsha
Heckler
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hyde
Ichord
Jeffords
Jeffries
Jenrette
Johnson, Calif.
Johnson, Colo.
Kastenmeier
Kelly
Kemp
Kindness
Kostmayer
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lent
Lewis
Livingston
Loeffler
Long, Md.
Lott
Lujan
Lungren
McClory
McDade
McDonald
McKinney
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Michel
Mikulski
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Ind.
Nowak
O'Brien
Oakar
Pashayan
Paul
Pepper
Petri
Pritchard
Quayle
Quillen
Railsback
Regula
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roe
Rostenkowski
Roth
Rousselot
Royer
Rudd
Runnels
Russo
Santini
Sawyer
Schulze
Sebelius
Sensenbrenner
Shumway
Shuster
Slack
Smith, Nebr.
Snowe
Snvder
Solarz
Solomon
Spence
Stangeland
Stanton
Symms
Tauke
Taylor
Thomas
Traxler
Trible
Vander Jagt
Volkmer
Walker
Wampler
Watkins
White
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wright
Wyatt
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zeferetti

NOES—176

Akaka
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
AuCoin
Bailey
Baldus
Barnes
Bedell
Beilenson
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Buchanan
Burlison
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Coelho
Collins, Ill.
Danielson
Davis, S.C.
Dellums
Derrick
Dicks
Dingell
Dixon
Dodd
Downey
Drinan
Eckhardt
Edwards, Calif.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Findley
Fisher
Fithian
Flippo
Ford, Mich.
Fowler
Frost
Fuqua
Garcia
Giaimo
Gibbons
Ginn
Gonzalez
Gore
Gramm
Gray
Gudger
Hall, Ohio
Hamilton
Hammerschmidt
Hanley
Harkin
Hawkins
Hefner
Heftel
Hightower
Hillis
Holland
Holtzman
Howard
Hutto
Ireland
Jenkins
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kildee
Kogovsek
LaFalce
Lehman
Leland
Levitas
Lloyd
Lowry
Lundine
McCormack
McHugh
McKay
Maguire
Markey
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikva
Miller, Calif.
Mineta
Mitchell, Md.
Moffett
Mollohan
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Perkins
Peyser
Preyer
Price
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Rodino
Rose
Sabo
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Shelby
Simon
Skelton
Smith, Iowa
St Germain
Stack
Staggers
Stark
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift

Williams, Mont.
Wirth
Wolpe
Yates
Zablocki
Walgren
Weaver
Weiss
Whitley
Whitten
Synar
Thompson
Ullman
Van Deerlin
Vento

NOT VOTING—37

Anderson, Ill.
Aspin
Badham
Beard, R.I.
Beard, Tenn.
Bowen
Brinkley
Butler
Carter
Conyers
Corman
Diggs
Duncan, Oreg.
Flood
Foley
Ford, Tenn.
Hance
Jacobs
Long, La.
Luken
McCloskey
McEwen
Murphy, N.Y.
Pickle
Rosenthal
Roybal
Satterfield
Spellman
Steed
Stenholm
Treen
Udall
Vanik
Waxman
Wilson, C. H.
Winn
Wolff

□ 2000

Messrs. JOHNSON of California, LONG of Maryland, BENNETT, TRAXLER, and ATKINSON changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. FISHER

Mr. FISHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISHER: In the matter relating to the appropriate level of total new budget authority decrease the amount by $3,161,000,000;

In the matter relating to the amount of the deficit decrease the amount by $2,743,000,000;

In the matter relating to the appropriate level of the public debt decrease the amount by $2,743,000,000;

In the matter relating to the appropriate level of the public debt decrease the amount by $2,743,000,000;

(1) In the matter relating to function 050: National defense decrease the amount for budget authority by $735,000,000; and decrease the amount for outlays by $692,000,000.

(2) In the matter relating to function 150: International affairs decrease the amount for budget authority by $68,000,000; and decrease the amount for outlays by $47,000,000.

(3) In the matter relating to function 250: General science, space, and technology decrease the amount for budget authority by $31,000,000; and decrease the amount for outlays by $30,000,000.

(4) In the matter relating to function 270: Energy decrease the amount for budget authority by $193,000,000; and decrease the amount for outlays by $47,000,000;

(5) In the matter relating to function 300: Natural resources and environment decrease the amount for budget authority by $67,000,000; and decrease the amount for outlays by $65,000,000.

(6) In the matter relating to function 350: Agriculture decrease the amount for budget authority by $27,000,000; and decrease the amount for outlays by $14,000,000.

(7) In the matter relating to function 370: Commerce and housing credit decrease the amount for budget authority by $36,000,000; and decrease the amount for outlays by $15,000,000.

(8) In the matter relating to function 400: Transportation decrease the amount for budget authority by $104,000,000; and decrease the amount for outlays by $100,000,000.

(9) In the matter relating to function 450: Community and regional development decrease the amount for budget authority by $48,000,000; and decrease the amount for outlays by $45,000,000.

(10) In the matter relating to function 500: Education, training, employment, and social services decrease the amount for budget authority by $168,000,000; and decrease the amount for outlays by $169,000,000.

(11) In the matter relating to function 550: Health decrease the amount for budget authority by $313,000,000; and decrease the amount for outlays by $294,000,000.

(12) In the matter relating to function 600: Income security decrease the amount for budget authority by $1,158,000,000; and decrease the amount for outlays by $1,015,000,000.

(13) In the matter relating to function 700: Veterans benefits and services decrease the amount for budget authority by $115,000,000; and decrease the amount for outlays by $112,000,000.

(14) In the matter relating to function 750: Administration of justice decrease the amount for budget authority by $23,000,000; and decrease the amount for outlays by $24,000,000.

(15) In the matter relating to function 800: General government decrease the amount for budget authority by $24,000,000; and decrease the amount for outlays by $23,000,000.

(16) In the matter relating to function 850: General purpose fiscal assistance decrease the amount for budget authority by $48,000,000; and decrease the amount for outlays by $49,000,000.

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by $3,000,000; and decrease the amount for outlays by $3,000,000.

Mr. FISHER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. FISHER. Mr. Chairman, this amendment offers a reduction of one-half of 1 percent in budget outlays—a reduction of one-half of 1 percent in budget outlays distributed pro rata across all budget functions except interest and undistributed offsets.

This is a modest reduction, but it does send a signal to the departments and agencies of Government to tighten belts. Half of 1 percent comes to $2.7 billion. It is surprising how much half of 1 percent of our budget is, but I am proposing to reduce outlays by one-half of 1 percent, $2.7 billion, across the board with the exception of the obvious two functions, interest and undistributed offsets.

This amount of cut, $2.7 billion, is a manageable reduction. It is not some huge cut that devastates programs. It is the kind of reduction that can be achieved out of tighter management; the kind of reduction in a family budget or in the budget of a small business that could easily be accommodated with a little determination to do so.

It has a number of advantages, especially to those Members on both sides of the aisle who would like to keep the pressure on, keep more pressure on, but not so much as to be ridiculous; keep more pressure on the agencies of Government to operate their activities more effectively.

A cut of this magnitude will not require any drastic and difficult reconciliation process.

□ 2010

A cut of this reasonable magnitude has the advantage of not throwing the budget process into reconciliation, putting appropriations subcommittees in a kind of tizzy. In fact, the appropriations that we have voted already are somewhat less than the recommendations of the committee on the budget. This will not be traumatic, but it will be significant, and it will tell the American people what we aim to do, and that is to restrain expenditures even a little harder than this budget would do.

My amendment has a further advantage. The revenue estimates, frankly, are a bit shaky. Some of them may not be achievable, particularly those that carry the label "improvements of cash management." It may be that we are counting on more revenue than actually we will be able to get and, therefore, it is even more desirable that we trim back outlays a little bit—$2.7 billion.

I say "a little bit." With reference to the total in itself this is a considerable amount. Inflation, in my judgment, and in the judgment of many of us, is still the main problem, public enemy No. 1. This tightens a little bit against inflation. It sends a further message out that we mean business about restraining expenditures.

If a recession should really develop, a profound, difficult, severe recession—we cannot be sure of that now but we may know the answer to that in a few months—then I think a third budget resolution next year will probably be necessary in any event.

So there it is. I proposed this kind of budget reduction in May, and the Members voted for it by a good healthy margin. I present it again now, because I think it is just about the kind of message that we ought to convey to people. This is a modest reduction in spending compared to the total. It does achieve $2.7 billion reduction in outlays, and correspondingly in budget authority, and a $2.7 billion reduction in deficits. It says to the departments and agencies, "Tighten up. Manage more carefully even compared to what you otherwise would do"—that is what it says.

That is a thoroughly reasonable proposition. The House passed such an amendment in May, and I hope that it will pass it again this evening.

Mr. GIAIMO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I appreciate what the gentleman from Virginia is trying to do, but I would submit that the committee has already tightened up in many of these areas. Before that, let me say that this budget had been tightened when it was originally sent up by the President last January. Let me remind the Members that this budget has about 1.7 percent real growth compared to prior budgets over the last several years which had 5 percent per year real growth. This budget represents a very real constriction or compression of spending in many Federal programs. We have gone over this budget very carefully, and we know that the appropriating committees and the entitlement committees in the House have been working very diligently to try to hold the line on spending.

In this budget resolution we are providing for recommended reductions in programs such as medicaid, about $273 million, designed to accommodate what the gentleman from Virginia (Mr. FISHER) is trying to do to hold the line, to reduce inefficiency, and to effect other savings. We are pushing them to that extent, to reduce by $273 million. In the medicaid program there is a reduction of $900 million to reduce the error rate in eligibility determination, reduction in fraud and abuse, malpractice insurance allowance and others. The same is true in the AFDC program and the SSI program where we are trying to accomplish reductions in waste, inefficiency, and mismanagement.

This budget has in it a $500 million reduction for waste, fraud, and abuse in HEW programs, the proposal which the gentleman from Illinois (Mr. MICHEL) has suggested from time to time. All of this totals about $2 billion in reductions designed to put the pressure on the Federal bureaucracy and the agencies to try to find ways to hold the line on spending and to curtail unnecessary spending. To impose this proposed reduction of $2.7 billion in addition to that I think will be quite harsh. Let me just give the Members some of the big programs it will affect. It will take an additional $735 million out of the defense budget, and that is a substantial amount. In the health field it will take $300 million more out of important programs. In the income security area as I have indicated, it will take out over $1 billion more, a very drastic and harsh cut. It will take out a million dollars in veterans' programs, and on and on and on. I do not think that we really want to make a drastic cut of this type in addition to what the committee has already cut over and above what was originally built into this restrained budget for 1980; namely, a budget with very little, if any, real growth—less than 2 percent compared to budgets which used to have 5 percent real growth in them. This budget does not. It is already a tight budget, and for that reason I urge the defeat of the amendment.

AMENDMENT OFFERED BY MR. MATTOX AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. FISHER

Mr. MATTOX. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MATTOX as a substitute for the amendment offered by Mr. FISHER: In the matter relating to the appropriate level of total new budget authority decrease the amount by $2,251,000,000;

In the matter relating to the appropriate level of total budget outlays decrease the amount by $963,000,000;

In the matter relating to the amount of the deficit decrease the amount by $963,000,000;

In the matter relating to the appropriate level of the public debt decrease the amount by $963,000,000.

(2) In the matter relating to function 150: International affairs decrease the amount for budget authority by $100,000,000; and decrease the amount for outlays by $44,000,000.

(3) In the matter relating to function 250: General science, space, and technology decrease the amount for budget authority by $39,000,000; and decrease the amount for outlays by $28,000,000.

(4) In the matter relating to function 270: Energy decrease the amount for budget authority by $338,000,000; and decrease the amount for outlays by $44,000,000.

(5) In the matter relating to function 300: Natural resources and environment decrease the amount for budget authority by $136,000,000; and decrease the amount for outlays by $60,000,000.

(6) In the matter relating to function 350: Agriculture decrease the amount for budget authority by $46,000,000; and decrease the amount for outlays by $13,000,000.

(7) In the matter relating to function 370: Commerce and house credit decrease the amount for budget authority by $30,000,000; and decrease the amount for outlays by $14,000,000.

(8) In the matter relating to function 400: Transportation decrease the amount for budget authority by $282,000,000; and decrease the amount for outlays by $93,000,000.

(9) In the matter relating to function 450: Community and regional development decrease the amount for budget authority by $205,000,000; and decrease the amount for outlays by $41,000.000.

(10) In the matter relating to function 500: Education, training, employment and social services decrease the amount for budget authority by $302,000,000; and decrease the amount for outlays by $157,000,000.

(11) In the matter relating to function 550: Health decrease the amount for budget authority by $537,000,000; and decrease the amount for outlays by $274,000,000.

(13) In the matter relating to function 700: Veterans benefits and services decrease the amount for budget authority by $124,000,000; and decrease the amount for outlays by $104,000,000.

(14) In the matter relating to function 750: Administration of justice decrease the amount for budget authority by $28,000,000; and decrease the amount for outlays by $22,000,000.

(15) In the matter relating to function 800: General government decrease the amount for budget authority by $26,000,000; and decrease the amount for outlays by $22,000,000.

(16) In the matter relating to function 850: General purpose fiscal assistance decrease the amount for budget authority by $56,000,000; and decrease the amount for outlays by $45,000,000.

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by $2,000,000; and decrease the amount for outlays by $2,000,000.

Mr. MATTOX. Mr. Chairman, I will try to be very brief, because it is getting late. I generally agree with what my colleague is trying to do. I offer this substitute as a perfecting amendment as a more appropriate action. The main difference is that in the amendment offered by the gentleman from Virginia (Mr. FISHER) he cuts one-half of 1 percent from national defense and also one-half of 1 percent from income security. That is Social Ssecurity and the other income security areas.

I do not think it is the will of this House to cut national defense by one-half of 1 percent nor to take our budget-cutting activities out on the senior citizens. For that reason I am offering an amendment as a substitute.

My amendment will cut the Federal budget authority by $2.25 billion and will cut outlays by almost $1 billion, for fiscal year 1980. I reiterate, my amendment is an amendment cutting across the board just like the amendment offered by the gentleman from Virginia (Mr. FISHER) with two exceptions. I do not cut national defense by one-half of 1 percent, and I do not cut income security. I think that the problem is in this overall budget, that the fat in this budget is marbled through the meat. It is not easy to reach out and just cut off a slice and cut the fat off. I tried to do that with the countercyclical amendment, but I was not able to do so. So when you cannot just reach out and cut it off, you have to offer an amendment and say to the committees, "Now, we are not going to line-item you in any way; we are asking you to go into each one of your functions and see if you can reduce your expenditures by one-half of 1 percent in your functions."

□ 2020

There is not one of us who can go back and tell the American people that we cannot cut $1 billion in outlays from $548 billion in outlays. I know we can cut $1 billion out of $548 billion. I know you will agree with me that it is entirely possible. I know that if each committee will go and look at its overall jurisdiction that it will be able to make these kind of savings.

I know in this time of budget austerity, we can I know work a little harder, and the committees can work a little harder, and either not start new programs or go back and find the waste. I urge support of this amendment.

Mr. NELSON. Mr. Chairman, will the gentleman yield?

Mr. MATTOX. I yield to the gentleman from Florida.

Mr. NELSON. Mr. Chairman, I appreciate the gentleman's substitute. In essence, to put figures to this, you are saving the $692 million that would otherwise be cut in defense and you are saving approximately $1 billion that would be taken from the income security function which includes social security.

Mr. MATTOX. I am not sure exactly what the figures are but let me reiterate once again. My amendment cuts one-half of 1 percent right across the board as does the gentleman from Virginia (Mr. FISHER) but mine does not cut national defense and does not cut income security. I think that should be the will of the House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. MATTOX) as a substitute for the amendment offered by the gentleman from Virginia (Mr. FISHER).

The amendment offered as a substitute for the amendment was rejected.

AMENDMENT OFFERED BY MR. MILLER OF OHIO AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. FISHER

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Ohio as a substitute for the amendment offered by Mr. FISHER: In the matter relating to the appropriate level of total new budget authority decrease the amount by $4,049 million;

In the matter relating to the appropriate level of total budget outlays decrease the amount by $3,556 million;

In the matter relating to the amount of the deficit decrease the amount by $3,556 million;

In the matter relating to the appropriate level of the public debt decrease the amount by $3,556 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, decrease the amount by $3,556 million.

(1) In the matter relating to function 050: National defense decrease the amount for budget authority by $1,382 million; and decrease the amount for outlays by $1,286 million.

(2) In the matter relating to function 150: International affairs decrease the amount for budget authority by $131 million; and decrease the amount for outlays by $88 million.

(3) In the matter relating to function 250: General science, space, and technology decrease the amount for budget authority by $58 million; and decrease the amount for outlays by $57 million.

(5) In the matter relating to function 300: Natural resources and environment decrease the amount for budget authority by $125 million; and decrease the amount for outlays by $120 million.

(6) In the matter relating to function 350: Agriculture decrease the amount for budget authority by $50 million; and decrease the amount for outlays by $25 million.

(7) In the matter relating to function 370: Commerce and housing credit decrease the amount for budget authority by $68 million; and decrease the amount for outlays by $28 million.

(8) In the matter relating to function 400: Transportation decrease the amount for budget authority by $196 million; and decrease the amount for outlays by $187 million.

(9) In the matter relating to function 450: Community and regional development decrease the amount for budget authority by $90 million; and decrease the amount for outlays by $83 million.

(10) In the matter relating to function 500: Education, training, employment, and social services decrease the amount for budget authority by $315 million; and decrease the amount for outlays by $315 million.

(11) In the matter relating to function 550: Health decrease the amount for budget authority by $588 million; and decrease the amount for outlays by $547 million.

(12) In the matter relating to function 600: Income security decrease the amount for budget authority by $562 million; and decrease the amount for outlays by $336 million.

(14) In the matter relating to function 750: Administration of justice decrease the amount for budget authority by $43 million; and decrease the amount for outlays by $45 million.

(15) In the matter relating to function 800: General government decrease the amount for budget authority by $45 million; and decrease the amount for outlays by $43 million.

(16) In the matter relating to function 850: General purpose fiscal assistance decrease the amount for budget authority by $91 million; and decrease the amount for outlays by $91 million.

(17) In the matter relating to function 900: Interest decrease the amount for budget authority by $300 million; and decrease the amount for outlays by $300 million.

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by $5 million; and decrease the amount for outlays by $5 million.

Mr. MILLER of Ohio (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MILLER of Ohio. Mr. Chairman, this is an amendment that will reduce expenditures by 1 percent, other than three categories. Energy, function 270—veterans benefits, function 700—No. 3 is income security, function 600. A part of income security would be reduced. Social security would not be reduced.

Mr. STRATTON. Mr. Chairman, would the gentleman yield to me?

Mr. MILLER of Ohio. I yield to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Do I understand that the gentleman has not included defense in those categories that would remain free of being reduced?

Mr. MILLER of Ohio. That is correct.

Mr. STRATTON. I am terribly sorry to hear that. I am afraid I cannot support the gentleman's amendment.

Mr. MILLER of Ohio. I understand that.

The three categories under income security would be: First, social security, and disability insurance, and second the retirement and disability for Federal employees, but under the third category of public assistance and other income supplements, that area of $31,360 million is included in the 1-percent reduction.

Mr. Chairman, overall, the amendment will amount to $4,049 million of budget authority, and $3,556 million in outlays.

Mr. Chairman, I am sure that we can find that we can reduce the total Federal budget. As a matter of fact, in the Department of Housing and Urban Development, independent agencies appropriations report for 1980 you will find on page 65 where we are paying—and this is a minority report which was put in the report—it states we are paying $1,164 a month in rent payments; $1,164 a month we can pay to one family for 1 month, and the Federal Government does pay and then charge the taxpayers for this amount.

Mr. Chairman, in the foreign assistance and related programs appropriations bill of 1980, on page 89 we can see where many of the nations we have supported around the world are now loaning us money. We may see also that we are paying interest to quite a few of the nations to whom we have loaned money.

Mr. Chairman, we also hear the story that we need to support India, but India, alone, has loaned us $682 million on this national debt.

Mr. Chairman, I only point those out. They are not directly involved in the expenditures, of that I am aware. I point them up to show there are places where we can reduce, where we have gone overboard, and I believe that we can reduce the outlays by 1 percent.

Mr. Chairman, I would request a yea vote on the amendment.

Mr. GIAIMO. Mr. Chairman, I move to strike the last word and rise in opposition to the substitute.

This would reduce outlays by $3.5 billion. It would make very severe cuts in the defense function. It would make additional cuts throughout, except as the gentleman indicated in function 700 for veterans, and for energy in function 600, as I understand it, he reduces it by $562 and $336 million in outlays.

Mr. Chairman, I think this is unusually severe and would hamstring the Government in a way it would not be able to operate and meet its requirements of the people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER) as a substitute for the amendment offered by the gentleman from Virginia (Mr. FISHER).

The question was taken; and on a division (demanded by Mr. MILLER of Ohio) there were—ayes 26, noes 39.

□ 2030

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred nine Members are present, a quorum.

The pending business is the demand of the gentleman from Ohio (Mr. MILLER) for a recorded vote.

A recorded vote was refused.

So the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. FISHER).

The question was taken; and on a division (demanded by Mr. FISHER) there were—ayes 20, noes 43.

So the amendment was rejected.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute, offered by Mr. ROUSSELOT: Strike all after the resolving clause and insert in lieu thereof the following:

That the Congress hereby determines and declares, pursuant to section 310(a) of the Congressional Budget Act, of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is $518,000,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $14,000,000,000;

(2) the appropriate level of total new budget authority is $599,959,000,000;

(3) the appropriate level of total budget outlays is $518,000,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $0; and

(5) the appropriate level of the public debt is $856,900,000,000, and the amount by

which the statutory limit on such debt should accordingly be increased is $22,700,000,000.

SEC. 2. The Congress reaffirms its commitment to find a way to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that the law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be $16 billion.

SEC. 3. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310(a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $138,156,000,000;
(B) Outlays, $128,587,000,000.
(2) International Affairs (150):
(A) New budget authority, $12,647,000,000;
(B) Outlays, $6,000,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,498,000,000;
(B) Outlays, $5,151,000,000.
(4) Energy (270):
(A) New budget authority, $19,695,000,000;
(B) Outlays, $6,500,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $12,500,000,000;
(B) Outlays, $11,245,000,000.
(6) Agriculture (350):
(A) New budget authority, $4,983,000,000;
(B) Outlays, $2,542,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $6,778,000,000;
(B) Outlays, $2,828,000,000.
(8) Transportation (400):
(A) New budget authority, $19,274,000,000;
(B) Outlays, $17,600,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,120,000,000;
(B) Outlays, $7,689,000,000.
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $31,491,000,000;
(B) Outlays, $28,600,000,000.
(11) Health (550):
(A) New budget authority, $56,801,000,000;
(B) Outlays, $52,734,000,000.
(12) Income Security (600):
(A) New budget authority, $212,551,000,000;
(B) Outlays, $178,051,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $21,607,000,000;
(B) Outlays, $20,851,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,269,000,000;
(B) Outlays, $4,300,000,000.
(15) General Government (800):
(A) New budget authority, $4,327,000,000;
(B) Outlays, $4,100,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $6,500,000,000;
(B) Outlays, $6,489,000,000.
(17) Interest (900):
(A) New budget authority, $53,880,000,000;
(B) Outlays, $53,880,000,000.
(18) Allowances (920):
(A) New budget authority, $482,000,000;
(B) Outlays, $453,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$19,600,000,000;
(B) Outlays, −$19,600,000,000.

SEC. 4. The Congress projects the following budget aggregates for fiscal years 1981–82, based on the policies assumed in sections one and three—

(1) the level of Federal revenues is as follows:
Fiscal year 1981: $567,000,000,000.
Fiscal year 1982: $624,000,000,000.
(2) the level of total new budget authority is as follows:
Fiscal year 1981: $645,000,000,000.
Fiscal year 1982: $693,000,000,000.
(3) the level of total budget outlays is as follows:
Fiscal year 1981: $564,000,000,000.
Fiscal year 1982: $592,000,000,000.
(4) the amount of surplus in the budget is as follows:
Fiscal year 1981: $3,000,000,000.
Fiscal year 1982: $32,000,000,000.
(5) the level of the public debt is as follows:
Fiscal year 1981: $884,900,000,000.
Fiscal year 1982: $893,300,000,000.

SEC. 5. In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980 the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

Mr. GIAIMO (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. ROUSSELOT. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. DERWINSKI. Reserving the right to object, Mr. Chairman, and I will not object, I wonder if the gentleman will answer just one question at the onset of his remarks.

Mr. ROUSSELOT. Well, certainly; I will be glad to.

Mr. DERWINSKI. Mr. Chairman, I will not object. My question is, were those charts the gentleman is about to use printed at Government expense?

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, as a matter of fact, they were. It was Government ink.

Mr. DERWINSKI. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from California (Mr. ROUSSELOT) to have an additional 5 minutes?

There was no objection.

Mr. ROUSSELOT. Mr. Chairman, the red ink came from the State Department. We got it at a reduced rate.

Mr. Chairman, this is again another opportunity for the Members of the House to vote for a substitute balanced budget resolution. It is a practical, sensible, achievable way to reverse what many of us consider as a disastrous trend of higher unemployment, rising inflation, oppressive tax burdens and omnipresent big government that we face in the coming year.

Now, this amendment does not drastically cut expenses as some might try to imply but merely restrains increases in various expenditure levels.

As you can see by reviewing the figures I sent to each of the Member's offices today, it really restrains excessive increases in Federal spending. It balances the Federal budget in fiscal year 1980 at the $518 billion level, as this chart will show. The revenues are $518 billion. The outlays are $518 billion. There is no add-on deficit.

Let me review the following figures with you:

Rousselot balanced budget substitute amendment to second concurrent resolution, fiscal year 1980

[Dollars in billions]

	Fiscal year 1980 House Budget Committee	Fiscal year 1979 revised second resolution	Fiscal year 1980 Rousselot substitute	Rousselot increase/(decrease) over prior year
Revenues	$519.5	$461.0	$518.0	$57.0
Outlays	548.7	494.5	518.0	23.5
Deficit	29.2	33.5	----	(33.5)
Budget authority	632.6	559.2	600.0	40.8
Public debt	886.1	834.2	856.9	22.7

Because there is no add-on deficit, obviously there is immediately one way we can save money, that is in the interest charges for the debt.

Now, this also contemplates a $36 billion tax cut in personal income tax rates, in depreciation allowances, and restrains the increase in the social security increases that would normally go in place in 1980.

Now, the tax cut, because I realize that we have not enacted it and because I realize that it is my judgment that the President will send up a tax cut in January of 1980, I do not put in place a tax cut until January of 1980, so there are 3 months of the fiscal year in which we would not have a tax cut.

With inflation running at 10 percent and what I consider to be the committee's slow growth or no growth policy in many areas and because it is my understanding that the estimates for tax increases that will occur in 1980 if the House does nothing, that the increases in taxes will be anywhere from $25 to $30 billion if we do nothing in 1980; part of this tax cut is to offset that increase, very substantial increase in taxes if the House does nothing.

Because I believe that the fiscal policies outlined in the committee report are designed to give us a very slow economic picture and because they contemplate a high unemployment rate of 7.2 percent, I believe that with the kind of tax cuts that are contemplated in here, there will be less need for substantial expenditures in unemployment compensation, et cetera, because according to the estimates, with the kind of tax cut contemplated in this resolution, unemployment would remain between 5.7 to 5.9 percent in fiscal year 1980, because of the stimulus in the private sector for new jobs, new plants, et cetera, as a result of the Conable-Jones depreciation allowance, et cetera. There would be stimulus for jobs and plants and productivity.

It is my belief that is needed at this time and there would be a much lower unemployment rate than is contemplated if we vote for the Budget Committee's resolution now before us and if we do not vote for the substitute.

I think that would be an unnecessary crimp in the economy. I do not believe that we have enough stress on productivity, which was one of the major items the other body has debated. Many people in this House of Representatives have stated over and over again that we need to stress productivity. This substitute resolution puts the proper focus on productivity.

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With this budget resolution we will be voting for a new productivity stimulus in the economy and less unemployment.

In the Rousselot balanced budget substitute, with reference to the predictions that I have made as I have offered this in the last several years, my predictions relating to the economy have been much better than those in the budget resolution that has come from the committee majority. My economic assumptions have been far better, considering both predictions as they relate to inflation, as they relate to GNP, et cetera.

Therefore, I call the attention of the Members to the reliability of the predictions that have been made in my resolution reports—and they are not just mine alone; they come from the committee report in some regards—and I think it is unfortunate that the majority on the committee has overlooked those more accurate predictions.

For instance, in the first concurrent resolution on the budget the committee made an estimate that inflation would be 7.5 percent; it is now up to 13 percent. My estimate in this resolution for 1980 is at least 10 percent inflation rate. I still think that is too conservative, but it is far better and more on target than what the committee majority and the chairman have recommended. That will mean that the revenues will be much higher than the committee estimates.

I am sure that some will say, "Well, a tax cut will reduce revenues too severely" and they will ask, "How do you get to the $518 billion in revenues?"

We get to that figure for two reasons. First of all, the reflow from the tax cut will be about as I have estimated, about 40 percent. The tax cut that this House put in place in 1978 and that went into effect in 1979 has been almost 100 percent. Revenues are coming in a full $20 billion more than what the committee estimated last August.

In previous tax cuts—and there have been some 10 that this House has voted for in the past 15 years—the reflow from tax cuts has been more than 50 percent in most cases.

So what I am saying is that the majority on this committee underestimates the value of a tax cut as it relates to reduced income for the Federal Treasury. It broadens the base, it increases it.

The second factor on which I think the committee has badly underestimated the real world is inflation. In my judgment, inflation will produce far more revenue than the committee has estimated, and, therefore, we show a revenue figure of $518 billion. That is slightly less than what the committee has recommended, and evidently I take into account far more of what our chairman of the Committee on Ways and Means criticized the committee for in its revenue estimates in a letter addressed to the Budget Committee chairman yesterday. My projections and the projections of those of us who support this Rousselot balanced budget amendment have been far more accurate than those of the committee in the past.

So I would like to state to my colleagues that in many of the cases, as it relates to outlays on the expenditure side, I have taken the committee estimates, but in some cases, for instance, income security, the increase in the committee resolution on income security is about $26 billion, and the committee jumps it to almost $190 billion. I feel we do not need that kind of an unnecessary increase.

If the Members will look at the chart that I have given them, they will see that my estimate for income security outlays is $178 billion, which is, I think, more than adequate to cover the increase in social security benefits and the inflation that occurs in that category. That is far less than the tremendous increase that the committee has recommended and that is wholly unnecessary.

As you can see on this table the Rousselot substitute results in a $16.951 billion increase in income security over last year's outlay level. This is an 11 percent increase. More than enough to compensate for inflation:

ROUSSELOT BALANCED BUDGET SUBSTITUTE AMENDMENT TO 2D CONCURRENT RESOLUTION—FISCAL YEAR 1980

(In $ billions)

	(1)	(2)	(3)	(4)		(1)	(2)	(3)	(4)
Revenues	$519.5	$461.0	$518.0	$57	Deficit	$29.2	$33.5	.0	($33.5)
Budget Authority	632.6	559.2	600.0	40.8	Public debt	886.1	834.2	$856.9	22.7
Outlays	548.7	494.5	518.0	23.5					

[1] Fiscal Year 1980—House Budget Committee.

[2] Fiscal Year 1979—2d Concurrent Resolution (revised).

[3] Fiscal Year 1980—Rousselot substitute.

[4] Rousselot increase-(decrease) over prior year.

Rousselot Balanced Budget Substitute Amendment to 2d Concurrent Resolution—Fiscal Year 1980

(In $ millions)

	(1)	(2)	(3)	(4)
050—National defense:				
Budget authority	$138,156	$127,000	$138,156	$11,156
Outlays	128,587	114,400	128,587	14,187
150—International affairs:				
Budget authority	13,143	11,400	12,647	1,247
Outlays	8,772	7,500	6,000	(1,500)
250—General science, space, and technology:				
Budget authority	5,833	5,400	5,498	98
Outlays	5,662	5,200	5,151	(49)
270—Energy:				
Budget authority	36,266	7,600	19,695	12,095
Outlays	8,801	7,400	6,500	(900)
300—Natural resources and environment:				
Budget authority	12,525	12,900	12,500	(400)
Outlays	12,026	11,300	11,245	(55)
350—Agriculture:				
Budget authority	4,983	8,300	4,983	(3,317)
Outlays	2,542	6,200	2,542	(3,658)
370—Commerce and housing credit:				
Budget authority	6,778	5,900	6,778	878
Outlays	2,828	2,900	2,828	(72)
400—Transportation:				
Budget authority	19,610	19,100	19,274	174
Outlays	18,651	17,000	17,600	600
450—Community and regional development:				
Budget authority	8,991	9,200	8,120	(1,080)
Outlays	8,289	9,700	7,689	(2,011)
500—Education, training, employment, and social services:				
Budget authority	31,491	32,700	31,491	(1,209)
Outlays	31,471	29,700	28,600	(1,100)
550—Health:				
Budget authority	$58,767	$53,000	$56,801	$3,801
Outlays	54,715	49,700	52,734	3,034
600—Income security:				
Budget authority	217,658	194,150	212,551	18,401
Outlays	188,795	161,100	178,051	16,951
700—Veterans benefits and services:				
Budget authority	21,607	20,400	21,607	1,207
Outlay	20,851	20,200	20,851	651
750—Administration of justice:				
Budget authority	4,269	4,200	4,269	69
Outlays	4,468	4,200	4,300	100
800—General government:				
Budget authority	4,484	4,300	4,327	27
Outlays	4,301	4,200	4,100	(100)
850—General purpose fiscal assistance:				
Budget authority	9,076	8,650	6,500	(2,150)
Outlays	9,075	8,750	6,489	(2,261)
900—Interest:				
Budget authority	58,038	52,400	53,880	1,480
Outlays	58,038	52,400	53,880	1,480
920—Allowances:				
Budget authority	482	700	482	218
Outlays	453	700	453	(247)
950—Undistributed offsetting receipts:				
Budget authority	−19,600	−18,100	−19,600	(1,500)
Outlays	−19,600	−18,100	−19,600	(1,500)

[1] Fiscal Year 1980—House Budget Committee.

[2] Fiscal Year 1979—2d Concurrent Resolution (revised).

[3] Fiscal Year 1980—Rousselot substitute.

[4] Rousselot increase-(decrease) over prior year.

The CHAIRMAN. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, we have had report after report from the General Accounting Office and from various agencies that the increases projected by the committee in many areas are not needed, and that there are clearly areas for reduction in waste. We do not need an expenditure level that jumps from this year's level for fiscal year 1979, which ends at the end of this month, of $495 to $548 billion. That is a wholly unreasonable request.

I have maintained in the field of defense the basic authority and outlays that the committee recommended. We debated all day as to whether we should increase that functional category or not. The House has voted on, and I have stayed with both the committee's and House's position.

Mr. Chairman, this is a rational, practical approach to the budget. It will be a clear signal to the rest of the nation that we are conscious of inflation, that we are conscious of the fact that our taxes have escalated far too much, that people are being pushed into higher tax brackets, and that we need to take into consideration what that will mean to the average person.

I will now give some examples in these various income categories. If we stay with current law, as this committee recommends, a person earning $12,000 will have an increase in his taxes automatically of $132; under our proposal there will be a reduction of $58. On an income of $18,800, under the Rousselot resolution there will be a cut of $111 in taxes, but if we do nothing, the taxes will go up in that bracket $231.

I say that in all of these brackets we must indicate to the people of this country that in their personal income tax brackets we understand that taxes are automatically going to escalate.

You can see that a tax rate reduction, similar to the one that my good friend from New York, Mr. KEMP has been consistently advocating, and championing, is desperately needed if we are to avoid further erosion in the incentives to work, produce, save, and invest, incentives that make this country tick:

The Rousselot Substitute Amendment will cut taxes in 1980

	Increase/(decrease) in taxes in 1980 [1]	
	Rousselot amendment tax cut	Current law
1979 adjusted gross income:		
$12,900	($58)	$132
$18,815	(111)	231
$21,500	(296)	154
$32,250	(496)	223

[1] Assuming inflation of 10 percent in 1980.

The CHAIRMAN. The time of the gentleman from California (Mr. ROUSSELOT) has again expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, I think that this whole issue of the tax cut is equally important to that of restraining expenditure increases because the American people are looking to us for leadership in curbing inflation. This would be our answer: that we must do that and do it in a practical way, since history has proved that whenever we have given tax cuts there has been a clear reflow of revenues into the Treasury within a year's time. And we have estimated a 40-percent reflow.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, the gentleman's point in general is, of course, well taken, but a lot of the benefit depends on the kind of tax cut.

I want to ask the gentleman, will he recommend a cut in the social security tax both for employers and employees? I ask that because that is not only going to stimulate the economy but fight inflation.

Mr. ROUSSELOT. Yes, I have suggested in the early part of my discussion that the tax cut is made up of a $36 billion cut which is in three parts. There is an across-the-board cut in personal income taxes; this is the Kemp-Roth approach. Also there is a Conable-Jones business depreciation approach, which is roughly a $5 billion cut. And there is a rollback of the increases in the social security tax that will automatically occur in 1980 unless we do something. So that tax rollback is included.

Mr. SEIBERLING. Mr. Chairman, I think the gentleman has made an excellent point on that particular feature.

Mr. ROUSSELOT. I do too, Mr. Chairman. And as the gentleman knows, his own Democratic Caucus voted earlier in the year to roll back those future social security increases, and I am sure the gentleman will want to support this.

Mr. BURGENER. Mr. Chairman, I rise in support of the amendment in the nature of a substitute.

Mr. Chairman, let me say to my colleagues that I do support the Rousselot substitute amendment. I regret that the minority amendment offered by the gentleman from Ohio (Mr. LATTA) was not adopted. I think it should have been adopted, and apparently 186 other Members agreed it should have been. It was a good economic document.

I think that amendment was reasonable. It provided increases in programs pending of 6.8 percent, but it offered much more restraint than the committee resolution. It provided a $20 billion tax cut, which is really not a cut but a restraint on the amount of taxes that will be collected next year. It also provided a lower deficit, some $19.5 billion as opposed to $28 billion.

☐ 2050

But we were 22 votes short.

The minority amendment, I would suggest, was an economic document, and a good one. I submit the Rousselot balanced-budget amendment at this point in our debate is a political document, and a very much needed one. If the Members need any evidence why we need to do something like this, I would point out, as the Members all know, that Government thrives on inflation—that is, until the roof falls in. It thrives on inflation. Citizens and taxpayers die by it.

We are going to spend $159 million a day for interest. That is far more than we spend for all of the oil we import. Gold has gone through the ceiling, to $370–$380 an ounce, which indicates fear of the economic system, lack of confidence. The prime rate is 13 percent, which means a lack of investment and jobs. Inflation is over 13 percent.

Why do I consider this a political document? I do not believe that it will find its way ultimately into law, and I do not think any Member on this floor does, much as we might wish it were so. But I think if we adopt it—and I think we should, although, for the life of me, I cannot find out how anybody who did not vote for the earlier one could possibly rationalize a vote for this—I think it will send a protest to the other body. For those who are not in this Chamber and might be watching, the other body is the U.S. Senate. It will send a message to them which says, "You are too high. You are way too high in expenditures. You are way too high in taxes."

I do not have to justify a vote on every item in this budget, but I do have to justify a vote on the final conference report. That is what I am going to justify my vote on. We are all going to have to vote yea or nay when that final message comes to us from the Senate and the House. That is the one the Members are going to have to justify.

I believe if we adopt this Rousselot substitute, which provides for some rather severe, based on earlier discussions, more severe restraints in spending, and send that to the other body, when it comes back, when the Conference Committee meets, the final result, which is what we are all interested in, and the country is, will be lower spending, lower taxes and lower inflation. I do not think it can be denied.

Mr. COLLINS of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I join in support of this excellent amendment that has been submitted by the gentleman from California (Mr. ROUSSELOT). As I read today's paper from Dallas, we had the Chairman of the SEC down there, Mr. Williams, and he was advising the CPA's of America who do business accounting to keep their records right. He said there is a need to have proper accounting in this country. And I could not help but think that what we really need is for him to advise our Congress about the need to carry forward on the accountability program that has been suggested right here today in Congress.

I am just looking along the row, and I see Members, and it does not matter whether they are from Georgia or Virginia or Arizona, if you all asked the folks back home what is the most important issue back home today, they will tell you it is inflation. Every one of them is going to tell you it is inflation.

What the gentleman from California (Mr. ROUSSELOT) has brought to the floor today is the end to inflation. Fourteen percent inflation we have in this country today, and all we give the people of America is mumbo-jumbo figures for a budget.

Let me just tell the Members some of our own figures. It is said we have a $29 billion deficit in the budget. That is what our Congressional Budget Office says. But the way I keep books is based on what is happening to the national debt. The national debt this year is going up $59 billion. If you were in business and you kept books like we keep them here in Congress, they would send you to Leavenworth.

I want to repeat what we are telling people. We are telling them we have a $29 billion deficit and, really, we show a $59 billion increase in the national debt. But that is not half of the story. That is why we need, it is absolutely essential, that we come to what the gentleman from California (Mr. ROUSSELOT) is recommending tonight.

We have outstanding obligations and liabilities. I hope the Members have made a study of an excellent report that was made 2 years ago by the outstanding accounting firm, Arthur Andersen. Two years ago the Arthur Andersen firm prepared a statement on the consolidated financial statement of the U.S. Government. They found that Congress did not tell it all in our financial budget statement. They showed that there were $1.3 trillion of outstanding liabilities that were not on the balance sheet. This emphasized, why do we have inflation? It is because Congress is not balancing the budget.

Here is just a quick rundown of outstanding U.S. liabilities.

Accounts payable, $55 billion; unearned revenue, $10 billion; military pension deficiency, $129 billion; civil service pension deficiency, $155 billion; social security deficiency, $80 billion; veterans' pension deficiency, $117 billion; Federal employees deferred comp cases, $7 billion; other liabilities, $45 billion. This totals $1,321 billion. Other contingent liabilities are insurance in force guarantees.

Other contingent liabilities

[In billions]

Insurance in force	$1,729
Guarantees on loans	213
Unadjusted claims	11
International contingencies	11
Veterans readjustment benefits	20
	1,984

Source: Consolidated Financial Statements of the U.S. Government 1977. Prepared by Arthur Andersen & Co.

That is just part of the Federal debt responsibility. This totals up to $1.3 billion but there is more. We also have contingent liabilities of nearly $2 trillion. This was where the United States stood 2 years ago, and the figures are higher today.

What we are discussing here today is most important, and we will soon provide our House an opportunity to show courage and intellectual accountability in voting for a balanced budget. Today the gentleman from California (Mr. ROUSSELOT) is giving us a chance to stand up for America. It is a year away from election time, but the Members can now tell the people back home that you believe in and vote for a balanced budget. And the best way to achieve this is through a tax incentive reduction plus a hard line right down the line on unneeded expenditures.

The American people have more courage than we sometimes show up here in Washington. Folks are willing to tighten their belts. The folks back home want a balanced budget, because they want to stop inflation. Inflation begins right here in Congress with deficit financing.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

Mr. Chairman, the fact that he brought up also the fact that several accounting firms have analyzed our budget, we not only have our potential appropriation levels for each year, but we carry over unexpended balances that are extremely large. Yet we come back here each year and ask for huge increases in areas like foreign aid, when we have $12 billion in unexpended balances there.

So if the Members feel that somehow they are going to be starving one of these functional categories, that just is not true, because if we were to shut off every single major area, there are unexpended balances in many of those functional categories that would be able to allow us to carry on very comfortably for some time. So the gentleman's point about accurate accountability—and the General Accounting Office is beginning to do more of that for us—shows up all the time.

Mr. COLLINS of Texas. Mr. Chairman, I want to say in closing that 14 percent inflation can be ended right here tonight when we get a chance to vote on the Rousselot amendment. Let us vote for a balanced budget and let us end American inflation right now.

The CHAIRMAN. The time of the gentleman from Texas (Mr. COLLINS) has expired.

(On request of Mr. MITCHELL of Maryland and by unanimous consent, Mr. COLLINS of Texas was allowed to proceed for 1 additional minute.)

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman.

Mr. MITCHELL of Maryland. I thank the gentleman for yielding.

Mr. Chairman, I would just like to address one question to the gentleman from California (Mr. ROUSSELOT).

I am concerned about reduction in outlays.

Would that reduce the military budget?

Mr. ROUSSELOT. If the gentleman will yield, I took the committee's figure because we had several votes on that today, a couple to increase it, and I felt that the committee's figure was a reasonable one.

Mr. MITCHELL of Maryland. Then it does not further reduce the military budget?

Mr. ROUSSELOT. It does nothing to the authorization of the outlays. It keeps it just as the committee has voted. The reason I left it there is because the whole House has voted several times on the defense budget today. I thought there were clear votes on it.

Mr. MITCHELL of Maryland. As long as the military budget is protected, I am satisfied.

Mr. ROUSSELOT. I am glad the gentleman is happy about it.

Mr. DANNEMEYER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, as a new Member this year, I have talked with many in this House on occasion about what the basic cause of inflation is. I stand here this evening in a state of amazement because, for the life of me, I have come to the conclusion that Members of this House are uncertain in their minds as to what the basic cause of inflation is. Our Speaker says it is all those businesses out there raising their prices. Other folks say it is because of the OPEC nations of the world charging so much for their oil.

But let us not kid ourselves. The basic cause of inflation is the fiscal irresponsibility of the U.S. Congress. Right here. You can chart it. In 1967–68 we had a $33 billion deficit. In 1969–70 we had inflation and almost a doubling of unemployment. In 1971–72 we had a $46 billion deficit. In 1973–74 we had a 12.2-percent inflation rate, and a 9.2-percent unemployment rate. In 1975–79 we have had a $240 billion cumulative deficit, and today we have a 14-percent inflation rate.

This body tried to do something about it.

□ 2100

Back in 1974, it adopted a Budget Act. And we also adopted rule 11, 2, 1, and 4, which says we must develop an inflationary impact for every spending program we adopt.

What have we done this year? This year, this Congress has adopted 71 authorization measures totaling $63.4 billion, 10 appropriation measures so far this year, totaling $210.7 billion.

In one of those 81 measures, there was an admission that there may be an inflationary impact. That was the Panama Canal Treaty implementation. In three of them, the statement was made there was a minimum inflationary impact. One said it was strictly local. Three said it was neither positive nor beneficial; and in the entire balance, the statement said there was no inflationary impact from all this spending.

Well, we cannot do it by our rules. We are not following them. But there is one way we can do it, and that is by demonstrating the courage that I have heard so often on this floor: We can balance the budget some day.

We can do it tonight. We can adopt this resolution. It is a responsible resolution. It puts the outgo with the income. It stops the inflation.

The deficit spending is what causes the inflation, because the Federal Reserve Board has to expand the money supply to finance the deficit, and this institution is the cause of it; and we can stop it by adopting this balanced budget resolution. I yield back the balance of my time.

Mr. OBEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in light of some of the nonsense I have heard on the floor in the last 10 minutes about where inflation comes from, I would like to draw the attention of the Members to a few facts. If you look at the budget, and if you look at our inflation problems in this country, you will see undoubtedly that in times of tight money markets, Government deficits do contribute to inflation.

More importantly, often regardless of the condition of the money market, deficit budgets contribute to the psychology of inflation. There is no question about that. But the fact is that most of the inflation that we have had in our economy for the last year has come from four principal areas: Energy, housing, food, and health care.

Now, I doubt seriously that the OPEC nations sat around a table and said, "Well, boys, the United States has an unbalanced budget. So, let's raise oil prices." That is not why they raised oil prices. They raised oil prices simply because they thought they could get away with it, and they have.

Food costs: The largest portion of the increase in food costs up until a few months ago, was the fact that we made some stupid decisions on beef herds 4 and 5 years ago. We had price controls across the board. That prevented beef farmers from getting what they deserved from their product, what they needed in order to stay in business. So they got out. They cut the size of their herds, and unless somebody has a magic way of transforming the laws of biology to create new cows in half the time nature creates them in now, nothing is going to correct that problem but time, much as we do not like it.

We know what the problems are in housing. We know, I submit to my colleagues, that if we wanted to do something real, as opposed to something phony, if we wanted to do something real in the health care area, we would pass some kind of hospital cost containment. That is the single most effective thing you can do to really control health care costs.

Now, this House had a chance to vote for a balanced budget amendment on the first budget resolution earlier this year. The difference between that cut, between that balanced budget amendment and this one, is that that amendment, which I offered at the time, that amendment laid out in detail exactly what the program-by-program consequences of that balanced budget would be in this fiscal year.

That, I submit to the Members, was the only honest balanced budget amendment offered to this House in the last 2 years. Not a single Member on that side of the aisle voted for it, because, in my judgment, there is more interest in the political system in this country in talking about balanced budgets than to really vote for a balanced budget, if you know what the specific impact is.

My colleagues know that the Draconian measures which would be required if this amendment passed would not be supported by a third of our constituents if they understood what the exact impact would be on specific programs.

If my colleagues want to make this kind of a cut, then go ahead, but I do not think we are going to fool the public.

I would urge the Members of this House who want to address budgeting in a responsible way to require that if there is going to be a balanced amendment offered, that it does spell out on a specific program-by-program basis where those cuts are going to come. If the amendment does not do that, then dismiss it for what it is, a nonserious attempt to make some brownie points without really doing anything about inflation.

Mr. LATTA. Mr. Chairman, I move to strike the last word.

I may be entirely mistaken, but I have a pretty good memory, and the gentleman from Wisconsin mentioned his balanced budget proposal that he made earlier this year.

If my memory does not mistake me right now, he voted against that.

I will be glad to yield to the gentleman if he would like to state otherwise.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman for yielding.

The gentleman is absolutely correct. When any responsible legislator sees the effect of a true balanced budget amendment in this situation he would not vote for it.

Mr. LATTA. The gentleman had indicated previously that that was the kind of a balanced budget resoluton we should have adopted, yet he did not vote for his own resolution.

Mr. OBEY. If the gentleman would continue to yield, that is not what I said. What I said is that is the only honest kind of balanced budget which has been presented on this House floor in 2 years.

This is a phony, and the gentleman knows it.

Mr. LATTA. The question is, if it was the only honest balanced budget presented, why did not the gentleman vote for his own resolution?

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the gentleman's amendment. That may surprise him. That may surprise some other Members of this body. The record does not show it up to this point, but it ought to; that as the gentleman took the well of the House, there was thunderous applause from both sides of the aisle. It certainly demonstrates the affection and high regard we all have for JOHN ROUSSELOT. He is no Johnny-come-lately as an advocate of a balanced budget.

That is the amendment that he has authored from the very first day he came to the Congress. We have all observed him through the years offering and supporting amendments to cut Federal spending. He has never been afraid to stand up and be counted on the really tough votes. We admire him for his courage and willingness to stand alone if need be to prove his point.

He comes to this well with a good conscience in offering this kind of amendment.

I want to take this opportunity to commend the committee for including section 5, appearing on page 6, of the resolution. This section has to do with the review of entitlement programs.

□ 2110

It was also incorporated in the Republican substitute.

Might I inquire of the gentleman from California if that section 5 is included in his substitute.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. ROUSSELOT. If it is not, I will accept it.

Mr. MICHEL. I was sure he would because it is a good provision that was incorporated as an amendment offered by the gentleman from Ohio (Mr. REGULA). The amendment was adopted unanimously in the committee.

Earlier in the afternoon I think it was the gentleman from California (Mr. PANETTA) was speaking at some length in a very impassioned way with the subject of entitlement programs, and he was hitting the mark right on target. It is a very agonizing thing to get this job done and I would like to tell you briefly how we made one little start toward correcting this trend toward more entitlement programs.

You recall earlier in this year when we were discussing the first budget resolution and Members were talking about all the entitlement programs, "75 percent of the budget is uncontrollable," they were saying, "we cannot do anything about it," and 75 percent of those uncontrollables are entitlement programs. After listening to all that rhetoric, I vowed that when the very first new entitlement program comes down the pike I am going to see if we cannot make one little niche in it. It was unfortunately not too good a program to begin with, because it was a child welfare program, one which I supported in substance. But it was an entitlement program and I do feel that several members of the Ways and Means Committee, in reporting it out, were snookered before they realized that it was another entitlement program, $200 million as I recall.

But we made our case here. There was a unanimous vote on our side in support of my amendment to subject the legislation to amend review. Some good, discerning, thoughtful folks on the gentleman's side supported it too and we carried the day by four votes. It was a beginning, but it first took testimony before the Rules Committee to get us the opportunity to offer the amendment and make our case here on the floor. We made one little move in the right direction out of all of that myriad of entitlement programs, $200 million.

What I am suggesting here, and I think it was prompted by my good friend from Texas, who in his impassioned plea—and he comes to this well in good conscience for the kind of voting record he has—he said "if you believe in a balanced budget then you ought to vote for it." Well, I would take issue with that statement. You have got to do more than believe in it; you have got to vote right on a day-to-day basis that will give you a balanced budget in the end. Otherwise, you do not vote for this Rousselot amendment in good conscience.

So I say to my colleagues that I am going to vote for the gentleman's amendment. I think I have the record to back it up. There are some other Members in this House who can do likewise. There are some who frankly do not have the kind of voting record on a daily basis to support this amendment with a clear conscience.

I applaud the gentleman for the initiative he has sponsored from the very first day he came to this Congress. If we all were willing to bite the bullet as he has done over the period of years he has been here, we would not have to be faced with this kind of vote on this resolution tonight.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield briefly?

Mr. MICHEL. I yield to the gentleman.

Mr. ROUSSELOT. Section 5 is definitely in my amendment.

Mr. MICHEL. I applaud the gentleman and he shows good sense in including that.

Mr. ROUSSELOT. And the gentleman is correct that we need to look at the authorization procedure as well as the appropriations procedure.

Mr. PASHAYAN. Mr. Chairman, I move to strike the last word and I rise in support of the amendment.

Mr. Chairman, when there is too much of something, it loses its value. Diamonds are expensive because they are scarce. Chewing gum is cheap because there is plenty of it.

There are too many dollars. This Congress is producing too many dollars and they are becoming cheap and inexpensive.

Today the price of gold jumped to an all-time high of $376.50 per ounce. Mr. Chairman, that is another way of saying that the dollar has gone down in value, perhaps to the lowest point in history, at least the lowest in this century.

On the other hand, this country has engaged in another policy, and that is a policy of raising interest rates. That policy is an attempt to keep dollars off the marketplace. The American people, therefore, are trapped in a vicious irony.

I look to my colleagues who are the most concerned about the people in this country on fixed incomes, who are the most concerned about the poor among us, and surely they must recall that it is the lame and poor who are hurt most by this vicious irony: That on the one hand there are too many dollars, nobody has enough of them; but on the other hand, rising interest rates make it harder and harder for people to borrow and get their hands on those dollars. This is a massive inconsistent policy that this country is putting the American people in. That is why I rise in support of this amendment.

The single thing this Congress can do best to end inflation is to stop the production of false dollars that have no relation to the goods and services made in this country, and that is what the gentleman from California is attempting to do in this amendment. I applaud his efforts.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I am happy to yield to the gentleman.

Mr. GIAIMO. Mr. Chairman, I wonder if we could get some idea of how many Members want to speak here. I do not want to cut off debate, but the hour is getting late. We are all familiar with this amendment, and I ask unanimous consent that all debate on this amendment end in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

Mr. KEMP. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The gentleman from California (Mr. LUNGREN) is recognized for 5 minutes.

Mr. LUNGREN. Mr. Chairman, I realize the hour is late and some of us are tired, but I also think this is an extremely important matter for us to discuss.

Over 30 States of the Union have suggested that we ought to have a balanced budget. We are in a situation now where if several others adopt that resolution, we will be confronted with a constitutional question, some call it a constitutional crisis, and that is a constitutional convention.

I think it behooves us a great deal to consider this matter and to put whatever attention and time that is necessary into this matter before us.

I would like to just talk about some of the myths that have developed around this type of issue in the past. We hear, for instance, that inflation is not caused by the Government; it is caused by high prices, high prices in oil, high prices in the medical field, high prices in other areas.

I thought I would just commend to the attention of the Members some statistics in one area, and that is of oil. Japan, which is 90 percent dependent on foreign oil, that is, OPEC nation oil, has an inflation rate of 4.3 percent this year and an unemployment rate of 2 percent.

West Germany, which is 70 percent dependent on OPEC oil—oil from foreign countries, that high-priced oil that supposedly is causing inflation in the United States—has inflation rate of 4.9 percent and an unemployment rate of 3.4 percent.

So maybe those words that we are having inflation caused by outside sources do not have the validity that is sometimes suggested. The fact of the matter is, as was suggested by the previous gentleman, the more we have of a product the less value we place on that product. We have too many dollars chasing the same number of goods and services.

Now, that may be a simple economic statement, but it is a statement that evidently fails to register on the minds collectively of this Congress, because we fail to do anything about it. The reason why we attempt to throw more dollars after those goods and services year after year is that we try and cover our debts year after year after year. We have attempted to monetize our deficits.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I am happy to yield to the gentleman.

Mr. KEMP. Mr. Chairman, the gentleman's statement about the price of energy being a product of the monetary policy of the United States is absolutely correct. The price for energy today in the United States in the last 2 years, on gasoline, has gone up 60 percent, home heating oil about 130 percent.

The most stable currency in the world is the Swiss franc. In the last 2 years, the Swiss franc being stable and hard, the price of home heating oil has gone up 30 percent and the price of gasoline 4 percent.

The gentleman is correct. The price of gold today, $390 an ounce, is a reflection of the lack of confidence that the world has in the monetary policy of the United States.

□ 2120

Now, what happens when the Government devalues the currency of the United States and pays for oil with devalued currency? Oil countries raise the price. Ladies and gentlemen, everybody changes their transactions to make up for the decline in the value of their currency, and a union in New York, a municipal union, is bargaining with a municipality in New York asking for something of value. They do not want to be paid in paper anymore. They want to be paid in gold, because they know that ultimately the only thing of value in the society is gold if the Government continues to devalue the dollar.

Mr. LUNGREN. We have even talked about bartering of wheat for oil because it would be an easier exchange than going through currency. Every economist I have heard comment on the tremendous increase in the price of gold in the last few days has talked about the lack of confidence in the Government of the United States, the lack of confidence they have that we will ever get inflation under control; the lack of confidence that we will ever stop deficit spending when we continue to have deficit after deficit after deficit annually.

The practice of continued deficits is a signal to business that we are going to have to cover this debt with some sort of taxation or devaluing of the dollar, and it has a direct impact on the raising of prices. Now, because of economic circumstances, we in the Federal Government have said time and time again, "Let us take care of unemployment in this country by more government service."

In California, maybe accidentally, we had something happen this year. In the year of proposition 13 we had the greatest increase in jobs in our State of any year in 21 years, and at the same time the greatest decrease in the unemployment rate of any year in 9. For the first time in 9 years, California has an unemployment rate below that of the Nation.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LUNGREN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. CHARLES H. WILSON of California. Mr. Chairman, reserving the right to object, I have one or two questions I want to ask because of the inconsistency in the statements of the gentleman and my good friend and colleague, the other gentleman from California (Mr. PASHAYAN), but I wonder, why do we not let Mr. GIAIMO take 5 minutes and knock down the gentleman's arguments?

The CHAIRMAN. Does the gentleman object?

Mr. CHARLES H. WILSON of California. Mr. Chairman, I am reserving the right to object, and I am not being facetious or anything. I am serious about this. I think that Mr. GIAIMO is prepared to respond to all questions. If you want to keep going, I have got a couple of questions, but I will withdraw my reservation and hopefully we can resolve this thing.

Mr. PASHAYAN. Mr. Chairman, I am aware of the purpose of the gentleman's question, but I would be happy to receive it.

Mr. CHARLES H. WILSON of California. Does the gentleman ask me to yield?

Mr. PASHAYAN. No; I would be glad to receive the gentleman's questions.

Mr. CHARLES H. WILSON of California. I still have a reservation, yes. My reservation is based upon the fact that I think you and my other very good friend from California—we are all from California—made two different arguments. You said that, if I understand properly, that it was not OPEC, it was not anything that caused inflation. It was the Congress that caused inflation.

Mr. PASHAYAN. May I clarify?

Mr. CHARLES H. WILSON of California. My neighboring colleague here from Long Beach——

The CHAIRMAN. Does the gentleman object?

Mr. CHARLES H. WILSON of California. No; I am not going to object, but why do we not let Mr. GIAIMO take 5 minutes?

Mr. PASHAYAN. May I respond to the question?

The CHAIRMAN. Is there objection to the request of the gentleman from California (Mr. LUNGREN) to proceed for 2 additional minutes?

There was no objection.

Mr. LUNGREN. The only point I wanted to conclude with is this: In California, year after year we have been battling with the tremendous problem of unemployment and trying to determine how to get it below the national level. We have had program after program on the State level. We participated in the Federal programs. And lo and behold, by having a massive tax cut—although it was not the most even tax cut we could have—we generated more jobs in the private economy than we ever had before.

My point is, at least that gave us a direction which we ought to follow. I think it is a legitimate area of inquiry.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to my colleague from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding. I wonder if he could tell me how much the Swiss Government spends on its defense budget for armaments? Either you or the gentleman from upstate New York, who uses the Swiss budget as the benchmark—how much do they spend? I am asking the gentleman from Long Beach.

Mr. KEMP. If the gentleman will yield, the point I was making——

Mr. JOHN L. BURTON. The point I was asking the gentleman.

Mr. KEMP. Do I have the time?

The CHAIRMAN. The gentleman in the well, the gentleman from California, has the time.

Mr. LUNGREN. I will yield to the gentleman to respond to the question.

Mr. JOHN L. BURTON. Respond to the question.

Mr. KEMP. Can we have order? If the gentleman from California could stop talking long enough to get an answer to his question——

Mr. JOHN L. BURTON. A point of personal privilege, Mr. Chairman.

The CHAIRMAN. The Committee will be in order.

Mr. JOHN L. BURTON. Low blow.

Mr. KEMP. Will the gentleman yield?

Mr. JOHN L. BURTON. Will he answer the question if the gentleman will yield?

Mr. LUNGREN. I will be happy to yield to the gentleman from New York.

Mr. KEMP. The point I was making was that the Swiss franc is a hard currency. It is backed by a high level of production and a very sound monetary policy. It does not depend upon government spending or political spending or defense spending or anything else. The Government of Switzerland has guaranteed to the people of Switzerland that it will defend the value of the currency.

The point I was making and that is being made by the gentleman in the well is that government is the only unit on Earth that can devalue currency. Business cannot devalue currency; oil prices cannot devalue currency; the consumer cannot devalue currency. Only governments can do it.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the requisite number of words.

The answer to the question is, the Swiss Government spends little, if anything, on its national defense, and that was the question, compared to the amount of money that—well, we do not have it on this chart—that we spend on national defense. So, I think you are comparing apples to tangerines when you talk about the Swiss franc versus the American dollar.

While they defend the franc, we defend the free world, and as much as it grieves me and as much as I would love to, because before many of the newer Members were even in public office I have supported my good friend on his balanced budget, I will not vote against it because I do not want anyone to be misled that I oppose the concept of the balanced budget, but unfortunately when you start talking about tax cuts and tax cuts on present revenues, and therefore we will have a balanced budget, I think that might not work. I would be the last of those that would want to tell people that I voted for something if it was going to bring good if it would bring that, so I will be constrained to vote present on this resolution because it does not, as my good friend from California's amendment would have on the last budget, go across the board. It whacks everything out of everything except the defense budget, and I do not think that is fair. If we have all got to bite the bullet, those who shoot the bullets and make the bullets should bite the bullets as well as everyone else.

Mr. PASHAYAN. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I will be happy to yield.

Mr. PASHAYAN. Mine included defense.

Mr. JOHN L. BURTON. Yes, I said that, across the board, 5 percent.

☐ 2130

I will be happy to yield, as long as the gentleman from New York, who is in glazed silence at me—and I am talking about the gentleman from New York (Mr. SOLARZ)—is in agreement that the Swiss Government does not have defense.

I yield to my friend, the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. I thank the gentleman for yielding. I have listened to the gentleman's discourse many times on this amendment and again tonight, and his announced intention tonight, as I understand it, is that he will vote "present."

Mr. JOHN L. BURTON. The same as the gentleman from California did on my amendment to balance the budget the last time and I did on his amendment to balance the budget the last time.

Mr. BAUMAN. My only point is having heard the gentleman speak tonight, is he sure he is present?

Mr. JOHN L. BURTON. He is absolutely present, I am sure. There is something to be said for television reruns. We could rerun the debate on the budget. But I just want to point out that when we talk about the Swiss franc and we look at what they spend versus what we spend, I do not think it is fair—and I know I am present here or I would not be here; I would be somewhere else.

In closing I would say that the concept of the balanced budget is a great one as put forth by the Governor of the sovereign State of California, but if we are going to do it, I think it should be done across the board without fiscal gimmickry, although my good friend, the gentleman from California (Mr. ROUSSELOT) believes that his figures will come out in balance. I am not sure, and for that reason I am constrained to vote "present" because I am not against the concept of the balanced budget, but I am not sure this would bring a balanced budget. Again I would like to understate that the Swiss may defend the Swiss franc, but it is this country with our big defense budget that defends the free world, and we cannot have them both at the same time.

Mr. GIAIMO. Mr. Chairman, I move to strike the requisite number of words. I think we are all familiar with this amendment. It would cut about $30 billion in spending. I think it would be most unrealistic. I urge defeat of the amendment.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from California (Mr. ROUSSELOT).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 181, noes 224, answered "present" 2, not voting 27, as follows:

[Roll No. 487]

AYES—181

Abdnor
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Atkinson
Bafalis
Barnard
Bauman
Beard, Tenn.
Bennett
Bethune
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Byron
Campbell
Carney
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Derwinski
Devine
Dickinson
Dornan
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Evans, Del.
Evans, Ga.
Evans, Ind.
Findley
Fish
Fithian
Flippo
Forsythe
Fountain
Fowler
Gaydos
Gingrich
Ginn
Goldwater
Goodling
Gramm
Grassley
Grisham
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hansen
Harsha
Hightower
Hillis
Hinson
Holt
Hopkins
Hubbard
Huckaby
Hyde
Ichord
Jacobs
Jeffries
Jenkins
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Lott
Lujan
Lungren
McClory
McDonald
Madigan
Marlenee
Marriott
Martin
Mathis
Mattox
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Myers, Ind.
Neal
Nichols
O'Brien
Pashayan
Paul
Petri
Quillen
Railsback
Regula
Rhodes
Ritter
Roberts
Robinson
Roth
Rousselot
Royer
Rudd
Runnels
Santini
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stangeland
Stanton
Stockman
Stump
Symms
Tauke
Taylor
Thomas
Trible
Vander Jagt
Volkmer
Walker
Wampler
Watkins
Weaver
White
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wyatt
Wydler
Wylie
Yatron
Young, Fla.

NOES—224

Addabbo
Akaka
Albosta
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
AuCoin
Bailey
Baldus
Barnes
Bedell
Beilenson
Benjamin
Bereuter
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, Phillip
Carr
Cavanaugh
Chisholm
Clay
Coelho
Collins, Ill.
Conable
Conte
Conyers
Cotter
D'Amours
Danielson
Davis, S.C.
Dellums
Derrick
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Erlenborn
Ertel
Fary
Fascell
Fazio
Fenwick
Ferraro
Fisher
Florio
Foley
Ford, Mich.
Ford, Tenn.
Frenzel
Frost
Fuqua
Garcia
Gephardt
Giaimo
Gibbons
Gilman
Glickman
Gonzalez
Gore
Gradison
Gray
Green
Guarini
Gudger
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Hawkins
Heckler
Hefner
Heftel
Holland
Hollenbeck
Holtzman
Horton
Howard
Hughes
Hutto
Ireland
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lehman
Leland
Long, La.
Long, Md.
Lowry
Luken
Lundine
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Maguire
Markey
Marks
Matsui
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nelson
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Rahall
Rangel
Ratchford
Reuss
Richmond
Rinaldo
Rodino
Roe
Rose
Rostenkowski
Russo
Sabo
Scheuer
Seiberling
Shannon
Sharp
Skelton
Slack
Smith, Iowa
Solarz
Spellman
St Germain
Stack
Staggers
Stark
Stewart
Stokes
Stratton
Studds
Swift
Synar
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Walgren
Waxman
Weiss
Whitley
Whitten
Williams, Mont.
Wilson, C. H.
Wirth
Wolpe
Wright
Yates
Young, Mo.
Zablocki
Zeferetti

ANSWERED "PRESENT"—2

Burton, John
Schroeder

NOT VOTING—27

Anderson, Ill.
Aspin
Badham
Beard, R.I.
Bingham
Bowen
Brinkley
Butler
Carter
Corman
Duncan, Oreg.
Flood
Hance
McCloskey
Mikva
Pickle
Pursell
Quayle
Rosenthal
Roybal
Simon
Steed
Stenholm
Treen
Winn
Wolff
Young, Alaska

□ 2140

Mr. GINN changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 2150

AMENDMENT OFFERED BY MR. REGULA

Mr. REGULA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REGULA: In the matter relating to the appropriate level of total new budget authority decrease the amount by $2 billion;

(18) In the matter relating to function 920: Allowances decrease the amount for budget authority by $2 billion.

SEC. 6. Pursuant to section 310(a) of the Congressional Budget Act of 1974, the Committees on appropriations shall reduce budget authority in reported or enacted laws, bills, and resolutions within their jurisdiction by $2 billion together with estimated outlays of $0 for fiscal year 1980 and are instructed to submit promptly in accordance with section 310(c) of such Act reconciliation legislation recommending changes which total amounts in new budget authority, budget authority initially provided for prior for fiscal years, and new spending authority, if any, described in section 401 (c)(2)(C) which is to become effective for fiscal year 1980 as contained in reported or enacted laws, bills, and resolutions within the jurisdiction of those committees.

Mr. GIAIMO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. REGULA. Yes, I yield to the chairman.

Mr. GIAIMO. Mr. Chairman, I take this time to advise Members that I believe this is the last amendment. If the Members will bear with us, I think we can complete action here expeditiously.

Mr. REGULA. Mr. Chairman, I want to say at the outset that I do not intend to ask for a recorded vote. The objective of this amendment is to effect what is in the Budget Act. If you could look at the Budget Act in section 310, subsection (c), there is a provision for a reconciliation process.

Now, in a nutshell what that involves is this, that if we are to have a Budget Act, if we are to in effect put fiscal discipline on the economic activities of this body, we have to reconcile the budget figures with those that come out of the committees in the form of entitlements, in the form of appropriations. With bipartisan support in the Budget Committee, we added section 5 and it is now in the act. Section 5 requires that each standing committee of the House having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs, and so on.

I might add at this time, I want to pay particular commendation to my colleague on the Budget Committee, the gentleman from California (Mr. PANETTA). As chairman of the task force on legislative savings, they did yeoman service and they did point out a number of places where we could achieve legislative savings. We had the support of this task force in the Budget Committee to include section 5. I think as a logical followup to section 5 we need to include the amendment I am proposing to section 6, which simply will require pursuant to the law that is now in effect as a result of the Budget Act that we do reconcile the budget figures with the appropriate figures. Recognizing that time is late in terms of the process of appropriations, I have not attempted to include outlays. In section 6 requiring reconciliation, we only include budget authority. This will allow the Appropriations Committee adequate time to reconcile whatever budget authority totals are included in all of their enactments with the budget authority that has been enacted in the budget resolution.

I can sum it up simply in two words. It will require fiscal discipline on the part of this body.

Let me just add one thing and I will finish with this. Unless we do achieve fiscal discipline, unless we do this reconciliation process as required by the Budget Act, we are going to be faced with a constitutional amendment requiring a balanced budget. That is the alternative, in my judgment, and many of us have been saying that let us leave this kind of responsibility with the elected representatives of the people. I agree with that, but if we are going to accomplish that goal, we must of necessity follow the reconciliation process that was adopted in the original Budget Act.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment. I do not think that reconciliation is called for on the appropriation bills.

Let me review how we stand at this point in action taken on appropriation bills as compared with the President's budget and with the first budget resolution adopted in May. I made reference to this earlier.

With respect to the President's budget and counting all the fiscal 1980 appropriation bills in their most recent stage of the legislative process, we are about $7.7 billion under the budget requests of the President. That includes the $1.5 billion congressional initiative on a synthetic fuels program contained in the Interior bill for which a budget estimate has not been submitted. Without the synthetic fuels initiative we would be about $9.2 billion under the President's budget. This is in terms of new obligational authority, not outlays.

Also during this session we made reductions in the supplemental appropriation bill for 1979 of some $3.1 billion as compared with the President's requests. This is in addition to the reductions in the 1980 bills I just mentioned. We also passed a rescission bill totaling some $700 million.

With respect to the first concurrent resolution on the budget, I am advised that our best calculations are that we are some $370 million under the target in terms of budget authority. Again this includes the $1.5 billion for the synthetic fuels program. Otherwise we would be approaching $2 billion under the target. In terms of outlays we estimate we are about on target. But I caution that outlay estimates vascilate violently in both directions and are not subject to control. This is because outlay estimates are just not reliable for the purposes of budget control and because so much of the budget is uncontrollable. As I have pointed out to this House before, a study I initiated last year revealed that programs representing 58 percent of the budget include built-in escalator provisions which automatically drive up expenditures with inflation.

But on balance, Mr. Speaker, and considering all the circumstances, I believe we have done a good job in holding the line in the appropriation bills and making reductions where they could reasonably be made. Therefore I submit the problem is not on the appropriation bills and I urge defeat of the amendment.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to my colleague.

Mr. REGULA. Mr. Chairman, I recognize the time problem. This is why I limited the reconciliation process for fiscal year 1980 to the budget authority only, because that would be the type of thing we would have time for, whereas outlays are going to start going out after October 1. It would be much more difficult to deal with them then, but I do think the Budget Act requires it. We have historically ignored the reconciliation process and we must start somewhere.

Mr. WHITTEN. Mr. Chairman, may I say in response to the gentleman's statement, despite the fact that they have done an excellent job of trying to keep within some degree of reason, the Budget Committee itself was weeks late in ever getting the target set. It is way behind in giving us time to carry on from this point, which is representative of the work that is involved in trying to do your job on that committee and us on the Appropriations Committee.

So, while the intention is good, the possibility of doing it is impossible.

☐ 2200

Mr. GIAIMO. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I realize the hour is late, but I would ask my colleagues to bear with me on this point because I think it is important that they understand something about this reconciliation problem which affects us in this budget resolution because of the fact that the other body voted some sort of reconciliation act. So I would like to point out something a little later on legislative savings.

The House Budget Committee chose not to include reconciliation language in the second budget resolution.

The House committees in almost all instances met the targets set in the first budget resolution. The chairman of the Senate Budget Committee has indicated that the Senate committees in many cases breached the first resolution targets. Since the House committees have done what was expected of them by this body in the first resolution, the House Budget Committee did not deem it appropriate to hold them responsible for increases in outlays due to changes in the economy and unexpected new national needs.

Legislative savings are unfortunately not covered by the reconciliation process. Under the act they cannot be. Consequently, in this one area where Congress has been less forthcoming than many would have liked, we are unable to use the reconciliation process effectively to reach the desired result.

Finally, unless action is completed on the reconciliation bill and resolution called for in the reconciliation language included in the budget resolution, a point of order would lie against a motion to adjourn sine die at the close of the 96th Congress.

The House Budget Committee has chosen to use persuasion rather than the reconciliation process in achieving the targets set in the first budget resolution. As indicated above, with the exception of legislative savings, the House committees have met their targets in the first budget resolution. Even in the area of legislative savings, the House committees have responded to the need to save money by making reductions in existing programs in a manner that gives us hope that these goals are not merely fanciful.

Due to the leadership exercised by the gentleman from California (Mr. LEON PANETTA) chairman of the Legislative Savings Task Force, and others, House committees are becoming educated to the issues in these areas and are beginning to make the difficult decisions necessary to reach the goal of a balanced budget which we all desire. The Budget Committee feels that it is more appropriate to address these issues in cooperation with the committees of jurisdiction, rather than through the difficult procedures of the reconciliation process.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the basic point we have looked at in the Legislative Savings Task Force is the fact that committees have responded indeed to the savings requests we have presented to them. Out of the $2.7 billion, we have had actions in committees on roughly $2 billion worth of that.

In addition to that, the Committee on Appropriations has indeed responded to the targets that were presented to the committee.

We felt that rather than proceed to move toward reconciliation at this point, we would use the process of persuasion, since their concern about balancing the budget was working in the various committees.

Mr. Chairman, we felt the House deserved some credit for what it was doing, and for that reason we did not wish to proceed with that element. It is an element we may want to use in the future.

Mr. GIAIMO. Mr. Chairman, I urge the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. REGULA).

The amendment was rejected.

Mr. GIAIMO. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The gentleman from Connecticut (Mr. GIAIMO) is recognized for 5 minutes.

Mr. GIAIMO. Mr. Chairman, I yield to the gentleman from Ohio (Mr. VANIK) who is concerned about a matter which he wishes to discuss with me.

Mr. VANIK. Mr. Chairman, later during this session or during the fiscal year for which we are preparing the budget, the administration may submit a most-favored-nation treaty for the approval of the Congress. Under the Trade Act, such recommendation takes effect unless the Congress does not disapprove. Now, such an extension of most-favored-nation status involves a small revenue loss.

Can the chairman of the committee advise me as to whether in his opinion such resolutions of disapproval would be subject to points of order under the provisions of the Budget Act?

Mr. GIAIMO. Mr. Chairman, I have checked into this matter, and my best understanding is that since they are resolutions of disapproval, they would not be subject to a point of order under the provisions of the Budget Act.

Mr. VANIK. Mr. Chairman, I thank the distinguished chairman of the Committee on the Budget.

PERFECTING AMENDMENT OFFERED BY MR. GIAIMO

Mr. GIAIMO. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Perfecting amendment offered by Mr. GIAIMO: In section 4, page 5, line 19, strike $605,700,000,000" and insert "$605,450,000,000";

Line 20 strike "$704,500,000,000" and insert "$704,250,000,000";

Line 23 strike "$666,938,000,000" and insert "666,488,000,000";

Line 24 strike "$728,866,000,000" and insert "$728,016,000,000";

Line 1, page 6 strike "$604,027,000,000" and insert "$603,617,000,000";

Line 2 strike "$655,821,000,000" and insert "$655,408,000,000;"

Line 5 strike "$1,673,000,000" and insert "$1,833,000,000";

Line 6 strike "$48,679,000,000" and insert "$48,842,000,000".

Mr. GIAIMO. Mr. Chairman, this is an amendment offered purely to provide mathematical consistency. There was an amendment adopted in committee, the Coughlin amendment, which changed some of our numbers and, therefore, had effect on the projections we made as to the outyear projections.

In order to make them mathematically consistent, this amendment is offered for that purpose.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from Connecticut (Mr. GIAIMO).

The perfecting amendment was agreed to.

● Mrs. SCHROEDER. Mr. Chairman, throughout history, we have seen one striking phenomenon—that when inflation becomes rampant and people begin to worry about the future—political chaos has resulted. In Germany in 1937, inflation was so bad that between the time that Germans went to the bank to get money and then went to the store to buy goods, prices had tripled. Political chaos in Germany was not far behind.

Although we are not as bad off as Germany was in 1937, we are well down that road. "Double-digit inflation" is a household word. The Klan is back—as I have found in my home district of Denver. The hawks are screeching for more, more, more because the Russians are camping on our doorstep. We are instilling fear in the hearts of our constituents—and I am afraid of what the ramifications for this country might be.

And so what are we doing to deal with inflation and renew the faith of Americans in the future? We are increasing the defense budget. And where are all of these additional dollars for defense going to come from? They are not going to come rolling off the presses and into the hands of the defense contractors without trade-offs. Let me give you a few examples of what kinds of trade-offs I am talking about:

The $2 to $3 billion that we put into one nuclear carrier operates New York City's 1000 public schools for 1 year; $4.3 billion builds 860 miles of subway tunnel for the MX missile or pays for the entire country's mass transit system for 2 years; $9 million builds one Navy intruder or employs nearly 100,000 youths for a year at the minimum wage; $60 million builds one C-5A or feeds 12,000 families of 4 for 1 year; and $23 million builds two Minuteman III missiles or subsidizes the entire nation's immunization program for 1 year.

Many people grumble about subsidizing what they call our "welfare economy." But I rarely hear these people grumble about the welfare state for the military that we have created. We are making it increasingly hard for people—even those who have jobs and are trying to get ahead—to stay above the poverty line. Yet the military says that they are downtrodden and penniless with the biggest budget of all Federal programs—of every Federal dollar, nearly 46 cents goes for military expenditures. If nearly 46 percent of the Federal budget was being funneled into social programs, we would hear every fiscal conservative crying "balance the budget, balance the budget." But when it comes to the military, it seems to be acceptable to send this country into a $1 trillion budget deficit—which is what we will have by the end of fiscal year 1981 if we continue to spend at the current rate. Now that we know where the money is going to come from, the next question is where is it going to go? Even the chairman of the Research and Development Subcommittee of the House Armed Services Committee said during the authorization delate last week that, "You just do not throw money at defense R. & D. You have got to have well designed programs that require specific amounts of funding and that are going to provide real military benefits." In my opinion, that is the only way to responsibily approach defense spending.

I think we have to recognize that just because the Soviet Union spends more on defense than we do does not mean we are inferior militarily. It should be pointed out that in ICBM construction alone, the Soviets subsidize four independent contractors, who come up with four independent designs for new ICBM's, and that all four are then put on line—all with the same relative strategic capability. The United States, on the other hand, put one ICBM on line with one strategic design. Moreover, our technology is better and we do it more cheaply. But this is a part of the United States-Soviet budget equation that no one ever talks about.

I think it should also be pointed out that there is an incredible amount of waste in the military. Simply by being a little more cost conscious, the military budget would go a lot further. I recently held hearings in my Subcommittee on Civil Service where we received testimony that the Air Force was paying $2,360 for shoulder bolts that should have only cost $50, and that the Pentagon paid $50 for some items which would only cost $1.71 on the open market. DOD shelled out $14.10 for nuts and bolts that should have cost 70 cents apiece, and paid $91 each for 10 3-cent screws. This may not seem like much, but these items add up. It turns out that the Defense Logistics Agency alone negotiated $600 million worth of these contracts in fiscal year 1978.

If the military finds that it is unable to cut corners and Congress is still convinced that more dollars for defense is the answer, I would suggest that Members of Congress give their annual pay raises to the Department of Defense. Every year I give my pay raise to charity. It gives me a good feeling. So, if those Members of Congress who want the military to have more money donate their pay raises to the cause, then we could all share this good feeling.

In the end, however, the real test of superiority is not how many weapons you have or how big they are. The real test is how stable and prosperous our economic and social institutions prove to be—and that is precisely what we undercut when we increase the military budget. With the current crisis in our domestic economy, we have to be even more conscious of what we put into the military machine. We have to remember that defense spending is particularly inflationary because it does not produce goods and services. If we blind ourselves to this fact, the real competition with the Soviets will not be one of ICBM's, but rather how fast each one of us can run the other's economy into the ground. And no nuclear weapon will make us feel secure then. Let me move one step further to the impact of a mushrooming defense budget on the needs of women in our society.

The connection between women and defense has usually been one of a stronger defense so that we can protect the women. Thus the old battlecry, "Women and children first." The battlecry is still being shouted loudly and clearly, but now we are hearing it in a different arena—the budget process. Perhaps a more effective way of protecting women and children would be to funnel money into helping the nuclear family instead of strengthening our nuclear arsenal.

Take a look at the MX program, for example. The program was funded at the $158 million level in fiscal year 1979. Now take a look at that money in the context of a program which would provide women and children a more immediate sense of protection—the domestic violence program. The proposed domestic violence bill authorizes $15 million for fiscal year 1980, $20 million for fiscal year 1981, and $30 million for fiscal year 1982. That is $65 million for 3 years, 75 percent of which would be distributed in grants to community-based programs and local public agencies.

Another example is the title X family planning service—$175 million would fund this program in fiscal year 1980, a program which has proven its cost-effectiveness. One dollar invested in family planning services by the Federal Government in year one returned in year two a minimum of $1.80—a cost/benefit ratio unmatched in any public program and unheard of in any military program.

In the second budget resolution which we are now considering, there is $1.6 billion in defense-related budget authority. If that money was rechanneled as if women really mattered, where could we put it? To begin with, we could beef up CETA. Unemployment rates are higher for women than for men. In 1978, the unemployment rate was 4.2 percent for adult men and 6 percent for adult women. Women want and need the jobs and job-training opportunities provided by CETA. Although women make up 50 percent of all unemployed workers, only about one-third of all the public service jobs and training slots go to women.

Money is also needed to adequately enforce all the noble laws we passed in the name of equality, especially the antidiscrimination laws in employment and education. These laws include title VII of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, the Equal Pay Act and Age Discrimination in Employment Act, section 504 of the Rehabilitation Act, and Executive Order 11246.

Women are told time and time again that the military budget must be increased to protect them. Yet women are never consulted about what they want. What women want is a fair share of our tax dollars. Women pay into the kitty at the same rate as men do, but when it comes to divvying up the goods, they get the old "three for me, one for you" routine. Moreover, women are not asking for extravagant expenditures—they are asking for the basics of life: the ability to provide for the feeding, clothing, and housing of their children and themselves.

Somehow it is appropriate that the ammunition in the tug-of-war for funding—dollars—now bears the image of Susan B. Anthony, a woman who was instrumental in getting American women the right to vote and thus increasing their participation in the political process. What the right to vote was to American women in Susan B. Anthony's day, the dollar is to American women today—a symbol of full participation in our society.

The other budget area which I would like to comment on is that earmarked for energy, particularly the money which is being set aside for synthetic fuels development. While I have largely supported synfuels development, there are many aspects of the synfuels issue which should be considered before we make a major commitment of Federal funds for its development.

Today, we are asked to accept a budget resolution which would give the proposed Energy Security Corporation $12 billion in budget authority for 1980. That is $12 billion for a quasi-private corporation that:

First, would be exempt from restraints that most agencies must operate under;

Second, would not be directly accountable to either the Congress or the White House; and

Third, would pursue energy programs which have yet to prove commercial feasibility or environmental safety.

It seems to me that the $12 billion could be put to better use by shaping up the Department of Energy's Synthetic Fuels Division, rather than adding another layer of bureaucracy to an already overburdened Government. Just as I do not advocate throwing money into defense programs that have not been carefully scrutinized, neither can I advocate throwing money into a synthetic fuels development program without having a better idea of how those dollars will be spent.●

● Mr. WEISS. Mr. Chairman, the second budget resolution is seriously flawed in two key respects and I am unable to support it.

As my colleagues all know, the Nation has entered another recession. No one can predict at this stage with any reliable degree of accuracy just how deep the slump will be or how long it will continue. It is nonetheless certain that this particular slowdown is going to entail considerable suffering for many millions of Americans who will lose their jobs in coming months. Indeed, this recession threatens to be at least as severe as the previous one since, as was the case during that 1973–74 experience, rising unemployment is not significantly curbing the inflation rate.

It thus appears that the Nation will soon be caught in the double vice of worsening joblessness and accelerating price hikes. This, Mr. Chairman, is a rather unsettling situation—one that Congress should be addressing in the early stages before the recession-inflation phenomenon goes completely out of control.

The budget resolution affords us the opportunity to prevent or at least mitigate the dire consequences of the coming economic instability. Unfortunately, the resolution before us today fails in both these critical areas—it does not pose any effective antidotes to rising unemployment nor does it offer any real strategy for containing increases in the cost of living.

I am sure that my colleagues recall the debates in this Chamber last year when we considered the Humphrey-Hawkins or Full Employment and Balanced Growth Act. I am confident, too, that we remember the eloquent arguments made then in support of this leigslation which we eventually adopted. We voted for Humphrey-Hawkins because we wanted to commit our Nation to the goal of insuring a job for every American able and willing to work. Specifically, the act calls for a reduction in the adult unemployment rate to 3 percent nationwide by 1983 and in the overall joblessness rate to 4 percent in that year.

We in the House supported that proposal, that vision. So did the Senate. The President signed it into law. Many of us cited passage of Humphrey-Hawkins as one of the most far-reaching accomplishments of the 95th Congress. This Chamber rung with inspiring rhetoric about the right of all our citizens to a job, about the capacity of the richest nation in the history of humanity to translate that right into a reality.

Now, less than a year later, we are being asked to endorse a budget resolution which mocks those goals and makes the speeches and promises seem hollow indeed.

This resolution assumes that 1980 will witness a joblessness rate of at least 7 percent. That, Mr. Chairman, equals 7 million people without work. Many of them will be young, entering a labor market that has no place for them. It would be most interesting to learn how a budget resolution which does nothing to ameliorate this situation can possibly be reconciled with a law that calls for a dramatically lower unemployment rate.

Instead of moving toward the objectives we endorsed in the Humphrey-Hawkins legislation, we are about to adopt a spending plan that takes the Nation in the opposite direction. Can there be any doubt about why so many Americans are thoroughly disillusioned with the legislative and political process?

We have built into the budget the tools with which we can construct a full employment economy and stop this recession before it takes its heaviest toll. But the budget resolution does not put these tools to work in an adequate manner. Programs like the Comprehensive Employment and Training Act, the targeted tax credit for hiring young people, various public works projects, and related efforts like the countercyclical assistance program are all badly underfunded and are suffering the effects of a misguided approach to combating inflation.

If we adopt this budget resolution, we are in effect writing off the Humphrey-Hawkins legislation. We are committing the Nation not to full employment, but to yet another recession with all the misery and hopelessness it will entail.

Nor will we have fashioned a workable anti-inflation strategy if we approve this resolution. Human service programs throughout the budget are being slashed in the name of holding down prices. The authorization and appropriation levels for the Pentagon are meanwhile being allowed to reach wholly unjustifiable levels. Where is the consistency and where is the effectiveness in this kind of lopsided logic?

All of us know about the Congressional Budget Office study which found that the draconian cuts being recommended are expected to reduce the overall inflation rate by about two-tenths of 1 percent in fiscal 1980. Two-tenths of 1 percent. If we approve this resolution with all its upside-down priorities, we will have succeeded in paring the annual inflation rate to about 13.8 percent from its roughly 14-percent current level. Obviously, the results do not justify the devastation. I urge my colleagues to defeat this resolution.●

● Mr. HARRIS. Mr. Chairman, on May 23, I voted against the first concurrent resolution as reported by the House-Senate budget conference because it turned its back on tax reform and increased the deficit to $22.9 billion—an unacceptable amount. We are now faced with a second concurrent resolution that continues to ignore the savings that could be achieved through tax reform and further increases the deficit by $6.26 billion to over $29 billion.

I cannot support a budget resolution which allows spending of over $548 billion and a deficit of over $29.2 billion for fiscal year 1980. In May, Congress pledged to bring the Federal deficit down from the fiscal year 1979 level of $30 billion in order to balance the budget by fiscal year 1981. This resolution now proposes a deficit almost as large as fiscal year 1979's with a balanced budget no more in sight than it was last year. I can not vote for a resolution which simply continues "business as usual."

The second budget resolution completely fails to address tax reform—an area where we could have substantially reduced the deficit by eliminating the expensive, special interest tax loopholes that costs the Government billions of dollars each year. The U.S. tax code is replete with these tax loopholes which place an unfair burden on the average man and woman. When the big corporations and wealthy individuals avoid their fair share of taxes, it is middle America that must make up the difference. Why should the average American taxpayer be forced to shoulder the burdens of a deficit budget when, by addressing the issue of tax loopholes, we could make the tax code more equitable, promote economic stability, and substantially reduce the Federal deficit?

I have specifically identified over $14 billion of tax expenditures of a highly questionable purpose that, if eliminated, would cut the proposed $29 billion deficit in half.

[In millions]

Loophole:	*Revenue gain in 1980*
Special treatment of domestic international sales corporation (DIS CB)	$1,250
Intangible drilling costs	1,660
Use of asset depreciation range for computing the deduction for depreciation	3,030
Percentage depletion for mineral and oil companies	1,740
"Deferral" of income tax on foreign income of U.S. corporations	450
Inappropriate business expense deductions (3-martini lunch, first class air fare, et cetera)	2,000
Foreign tax credit for oil companies	3,000
Deduction of farming expenses before paying taxes on profit	500
Taxation of inherited property	1,000
Total	14,640

In this period of high inflation, it is absolutely foolhardy for the congressional budget to contain over $14 billion worth of tax loopholes. This is an affront to the American taxpayers whose pocketbooks are being ravaged by skyrocketing prices.

Closing these loopholes would not only cut the projected $29.2 billion deficit in half, but it would also provide the additional revenue needed to enact energy programs to deal with our increasing dependence on foreign oil and the human needs arising from continued inflation, higher oil prices and rising unemployment.

We must begin now to develop alternative sources of energy that will decrease our reliance on expensive imported oil. We must also include funding for direct economic aid to low-income families and elderly to help offset the impact of skyrocketing energy costs. These people are going to experience serious, life-threatening hardships this winter when forced to spend an average of one-third of their income on energy.

Let there be no misunderstanding though—the reason we are faced with the need to provide fuel assistance to cover astronomical energy costs is because the Carter administration has consistently advocated policies that would make gasoline and other fuel products more costly on the theory that higher energy prices would force conservation. The administration's energy policy has caused a brutal escalation of fuel prices which is having a devastating impact on consumers and is further complicating efforts to control inflation.

I strongly opposed President Carter's plan to decontrol oil prices, helped to lead the fight in the House Democratic Caucus last May to continue price controls and will continue to support any effort to reinstate price controls. I cannot support an energy policy that jacks up the price of oil—adding to higher oil company profits and causing serious hardships on the poor and elderly of our country.

I think the issue is clear. The second budget resolution increases spending by $6.7 billion and pushes the deficit to $29.2 billion. It continues to ignore the importance of tax reform. Despite the clear mood of the country to limit the size and role of the Federal Government, this resolution has failed to come to grips with the Federal spending. We must reaffirm our determination to balance the budget and make good our commitment to the American people. Increasing the deficit from $22.6 billion in the first resolution to $29.2 in the second budget resolution is clearly a step in the wrong direction. If the second budget resolution included my tax reform proposal to close tax loopholes by $14.6 billion, the projected budget deficit would have been cut in half. That would be real progress toward a balanced budget.●

Mr. GIAIMO. Mr. Chairman, I move that the Committee do now rise and report the concurrent resolution back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the concurrent resolution, as amended, be agreed to.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 186) revising the congressional budget for the U.S. Government for the fiscal year 1980, had directed him to report the concurrent resolution back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the concurrent resolution, as amended, be agreed to.

The SPEAKER. Under the statute, the previous question is ordered.

Is a separate vote demanded on any amendment?

If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. LATTA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 192, nays 213, not voting 29, as follows:

[Roll No. 488]

YEAS—192

Addabbo
Akaka
Albosta
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Ashley
Atkinson
Bailey
Baldus
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Brademas
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, Phillip
Conte
Conyers
Cotter
D'Amours
Danielson
Davis, S.C.
de la Garza
Derrick
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Eckhardt
Edgar
Edwards, Calif.
English
Fary
Fascell
Fazio
Ferraro
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Ginn
Gonzalez
Gray
Guarini
Gudger
Hall, Ohio
Hall, Tex.
Hanley
Harkin
Hefner
Heftel
Hightower
Holland
Howard
Hutto
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lehman
Leland
Lloyd
Long, La.
Long, Md.
Lowry
McCloskey
McCormack
McHugh
McKay
McKinney
Maguire
Markey
Matsui
Mattox
Mazzoli
Mica
Mikulski
Mineta
Minish
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Rahall
Rangel
Ratchford
Reuss
Richmond
Roberts
Rodino
Roe
Rose
Rostenkowski
Russo
Sabo
Scheuer
Seiberling
Shannon
Skelton
Slack
Smith, Iowa
Solarz
St Germain
Stack
Staggers
Stewart
Stokes
Stratton
Studds
Swift
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Walgren
Watkins
Waxman
Whitley
Williams, Mont.
Wilson, C. H.
Wirth
Wolpe
Wright
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NAYS—213

Abdnor
Ambro
Andrews, N. Dak.
Applegate
Archer
Ashbrook
AuCoin
Bafalis
Barnard
Bauman
Beard, Tenn.
Bereuter
Bethune
Boner
Bouquard
Breaux
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burton, John
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Davis, Mich.
Deckard
Dellums
Derwinski
Devine
Dickinson
Dornan
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Okla.
Emery
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fenwick
Findley
Fish
Fisher
Fithian
Forsythe
Frenzel
Gilman
Gingrich
Glickman
Goldwater
Goodling
Gradison
Gramm
Grassley
Green
Grisham
Guyer
Hagedorn
Hamilton
Hammerschmidt
Hansen
Harris
Harsha
Hawkins
Heckler
Hillis
Hinson
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Johnson, Colo.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Lott
Lujan
Luken
Lundine
Lungren
McClory
McDade
McDonald
McEwen
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Mavroules
Michel
Miller, Calif.
Miller, Ohio
Mitchell, Md.
Mitchell, N.Y.
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Myers, Ind.
Neal
O'Brien
Ottinger
Pashayan
Paul
Petri
Pritchard
Pursell
Quillen
Railsback
Regula
Rhodes
Rinaldo
Ritter
Robinson
Roth
Rousselot
Royer
Rudd
Runnels
Santini
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
Stangeland
Stanton
Stark
Stump
Symms
Synar
Tauke
Taylor
Thomas
Trible
Vander Jagt
Volkmer
Walker
Wampler
Weaver
Weiss
White
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Wyatt
Wydler
Wylie
Young, Fla.

NOT VOTING—29

Anderson, Ill.
Aspin
Badham
Beard, R.I.
Bonker
Bowen
Brinkley
Butler
Carter
Corman
Duncan, Oreg.
Flood
Gore
Hance
Mikva
Moffett
Pickle
Quayle
Rosenthal
Roybal
Simon
Steed
Stenholm
Stockman

Treen
Whitten
Winn
Wolff
Young, Alaska

□ 2220

The Clerk announced the following pairs:

Mr. Wolff with Mr. Anderson of Illinois.
Mr. Simon with Mr. Badham.
Mr. Steed with Mr. Young of Alaska.
Mr. Whitten with Mr. Quayle.
Mr. Corman with Mr. Winn.
Mr. Rosenthal with Mr. Carter.
Mr. Hance with Mr. Butler.
Mr. Brinkley with Mr. Roybal.
Mr. Stenholm with Mr. Aspin.
Mr. Pickle with Mr. Beard of Rhode Island.
Mr. Bowen with Mr. Mikva.
Mr. Moffett with Mr. Gore.
Mr. Duncan of Oregon with Mr. Bonker.

So the concurrent resolution was rejected.

The result of the vote was announced as above recorded.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5229, TEMPORARY DEBT LIMIT INCREASE

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 96–46) on the resolution (H. Res. 411) providing for the consideration of the bill (H.R. 5229), to provide for a temporary increase in the public debt limit, which was referred to the House Calendar and ordered to be printed.

PERSONAL EXPLANATION

Mr. GILMAN. Mr. Speaker, yesterday, September 18, 1979, I was necessarily absent from the House during two rollcalls. I was absent because I was flying back to Washington with Lawrence Lunt, who was released on Monday afternoon from a Cuban prison after having served 14 years on a charge of espionage.

I was absent for rollcall No. 473, on the Fuels Transportation Safety Amendments Act of 1979, H.R. 51. Had I been present, I would have voted "yea."

I was also absent for rollcall No. 474, on the question of allowing the conferees on H.R. 4040, the defense authorization bill, to close their conference during discussions of classified national security information. Had I been present, I would have voted "yea."

PROPOSED AMENDMENT TO H.R. 2172, THE INTERNATIONAL SUGAR STABILIZATION ACT OF 1979

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

● Mr. VANIK. Mr. Speaker, I have requested that an amendment be printed at the end of the House of Representatives portion of today's RECORD, which I propose to offer during consideration of H.R. 2172, the International Sugar Stabilization Act of 1979.

I believe that this amendment is only a technical one. I hope that by printing it some days before the vote on this bill, Members or the public can point out any possible errors or places in which the amendment makes substantive rather than just technical administrative changes.

Basically, the amendment is a rewrite of the title III farm labor provisions approved by the Ways and Means Committee. This rewrite is considerably easier to read than the version contained in H.R. 2172. It provides for a more uniform style and set of terms, and clearer cross-references. I believe that the adoption of this language will make the administration of title III easier in the years to come.

A brief review of the history of this legislation will explain why a technical amendment is justified at this time. H.R. 2172 was jointly referred to the House Agriculture Committee and the Ways and Means Committee. House Agriculture basically adopted the labor language from last year's unsuccessful sugar bill—see pages 54 to 65 of H.R. 2172 as reported. That language was largely based on a rewrite of provisions of the old Sugar Acts and Fair Labor Standards Acts, but it provided for administration of the labor provisions by the USDA, not the Department of Labor.

The Ways and Means Committee adopted the title III language found on pages 96–106 of H.R. 2172, as reported. The Subcommittee on Trade made changes recommended by the executive branch providing for the administration of title III by the Department of Labor, rather than USDA. In making this change the subcommittee also adopted language proposed by the Department of Labor making the title conform more closely to Fair Labor Standards Act procedures. The Subcommittee on Trade also adopted certain child labor rules.

It became apparent to the staffs of the two committees, however, that there were certain awkward transitions and cross-references involved in melding old Sugar Act labor standards programs with the FLSA. The full Ways and Means Committee adopted the language of the subcommittee before improvements in the administration's language could be developed.

I would now like to propose for the consideration of the House, improved language.

There is no change in benefit level for workers in any of these alterations. There is no change in the economic obligations imposed on producers, although certain gaps in the enforcement of the Ways and Means version, as compared to the Agriculture Committee version, have been closed. I do propose that references to 1978 sugar supply year wages of $3 an hour be deleted, since that year ends in about 2 weeks and the references to the 1978 wage have become obsolete.

The mandamus provision found on pages 62 and 103 of H.R. 2172 as reported has been deleted since the clear right to demand enforcement of duties obviously exists elsewhere and does not need to be repeated.

The rights and obligations of employers to maintain records is made clearer.

Under the Ways and Means Committee version (pages 96–106), it is not clear whether any criminal sanction would apply in case of violation of the employee protection provisions (301(d)) of the reported bill, or of the workmen's compensation provision (301(f)) of the reported bill. Yet criminal provisions do apply in the Agriculture version and it was the clear intent of the Ways and Means Committee in adopting the administration's proposed language to insure comparable rights and obligations between the two committees' versions. This uncertainty is removed by the proposed amendment.

Finally, in working with the administration on improving the language for title III, the question arose as to the administration of the anti-excessive charges ("company store abuse") provisions. I believe it is the intent of the Congress that the workers covered by this act receive the minimum wage in the form of "wages" and any "company store" charges shall be separate from this compensation. The workers are not, for example, to receive $1 in wages and told that the other $2.30 was provided in some unidentified or vague form of housing and food services.

I hope that this amendment will be helpful in clarifying the language and intent of title III.●

CAMPAIGN FINANCING

The SPEAKER. Under a previous order of the House, the gentleman from New Jersey (Mr. MINISH) is recognized for 5 minutes.

● Mr. MINISH. Mr. Speaker, the following are two amendments dealing with the contributions of political action committees to congressional candidates. Depending on the parliamentary situation when the House considers H.R. 4970, I intend to offer one or both of these amendments. I am asking that both amendments be made in order for House consideration of H.R. 4970.

AMENDMENT TO AMENDMENT NO. 1 TO TEXT OF H.R. 4970 AS PRINTED IN THE CONGRESSIONAL RECORD BY MR. OBEY

(Offered by Mr. MINISH)

In paragraph 1 of subsection 320(i) as proposed by the amendment, strike out "$6,000 (but not more than $5,000 for one election)" both times it appears and insert in lieu thereof "$2,000".

In paragraph 2 of subsection 320(i) as proposed by the amendment, strike out "$9,000 (but not more than $5,000 for one election)" both times it appears and insert in lieu thereof "$3,000".

AMENDMENT TO H.R. 4970, AS INTRODUCED

(Offered by Mr. MINISH)

On page 2, line 14, strike out "$5,000" and insert in lieu thereof "$2,000".

On page 3, line 1, strike out "$7,500" and insert in lieu thereof "$3,000".

On page 3, line 2, strike out "$5,000" and insert in lieu thereof "$2,000".

I do not think I am exaggerating when I say that campaign financing is one of the most important issues this Congress must deal with. Our decisions on campaign finance laws shape the entire political process of our country. They have a direct effect on people's confidence in our government and on their belief in our democratic system.

I wish to express my support of legislation which restricts the amount of money a political action committee (PAC) may contribute to a congressional candidate and which limits the amount of money a candidate may accept from PAC's. It is a necessary and overdue reform. I believe that the approach taken in H.R. 4970 is a step in the right direction, but I don't think that it goes far enough in restricting PAC's. For that reason I intend to propose an amendment which puts stricter controls on PAC giving.

Since the enactment of the Federal Election Campaign Act, the growth of political action committees has been phenomenal. In the 1973–74 Federal election cycle, PAC's contributed $12.5 million. In 1975–76, the figure was $22.6 million. In 1977–78, they gave $35.1 million. Every indication is that their number and size will continue to skyrocket unless we do something about it. Congressional elections are a good place to begin reform: In 1978 more than two-thirds of all PAC money went to House candidates.

I would like to talk about the influence PAC's exert over congressional actions. It is a very misunderstood topic. I have been in Congress for almost 17 years. In my experience, Members of Congress are honest, often to the point of being scrupulous, and all of them do what they believe is in the best interest of their constituents and their country.

However, it is naive to think that PAC's and the special interests they represent do not have a substantial and disproportionate effect on the political process. As I noted, PAC's contributed over $35 million to Federal campaigns in 1977 and 1978. This was no accident. The people who organize and run political action committees are very sophisticated individuals. They would not be spending enormous amounts of effort and money—which they do—if they did not think they could get something out of it. So I think it is important to understand what special interest groups believe they are receiving in return for their PAC contributions.

PAC contributions do have two very substantial effects. First, large special interest contributions can turn around close elections. Everyone here knows that because of the cost of media advertising, you cannot be elected to high public office without spending a lot of money. If political action committees supply that money to one candidate and not another, they stand a good chance of affecting the outcome of the election. By targeting their contributions—as they all do—PAC's with similar interests can substantially affect the composition of Congress and its committees. Also, PAC's can and do declare war on individual Congressmen they do not like. They can flood an individual election with special interest money. The important thing to remember here is that the more influence nationally based PAC's have over a particular election, the less influence the voters of that district have in choosing the person who represents them in Congress.

The second effect of PAC contributions is that they can buy access to Congressmen. Many, perhaps most, of the issues which a Member deals with are close calls. There are strong, persuasive arguments on both sides of most issues; otherwise the Congress would not be wasting its time considering them. And it is an undeniable fact of life that a Member, with limited time to study an issue, will tend to vote on the side to which he has been exposed. If he has seen the information and arguments of only one side of a question, he cannot help but be persuaded by the case that has been presented to him. It is also a fact of life that a Member will take the time to listen to an interest group whose PAC gave him $5,000 in his last campaign. So because of the access they purchase, PAC contributions can and have substantially affected the decisions of Congress and its committees.

Now there is nothing wrong with organized groups and institutions having an effect on the political process. They are part of our country and they deserve a voice. What I oppose is the disproportionate influence which the present Federal campaign finance laws give them. To cite an example, an important issue before the Congress is that of the oil company windfall profits tax. On September 1, 1975, there was one oil company PAC. Today, there are 33. Thus, it is possible that oil interests could contribute $330,000 to a single candidate for his primary and general election campaigns. That is what I mean by disproportionate influence. And we have to do something about it.

It has become the fashion recently to complain about political apathy. Voters stay away from the polls in record numbers. Individuals no longer feel that they have any real impact on the political process. I suggest that one of the principal reasons for this phenomenon is that individuals feel insignificant and politically impotent when they stand in the shadow of the special interest groups which now abound in our Nation. People feel lost and helpless when they try to exercise control over the political process which has such a great effect on them. Obviously, this is not a problem which can be solved immediately or perhaps even at all. But, I do believe that we can take a step in the right direction by giving individuals more influence over the political process. And there is no question that the less influence organized pressure groups exert over our political process, the more influence individuals will have.

For these reasons, I support the general approach of H.R. 4970, but I intend to introduce an amendment which would reduce PAC contributions even further. I see no reason for giving corporations, trade associations, or unions more influence over legislative matters than the average citizen has. Therefore, my amendment would reduce PAC contributions to $1,000 per election. This is exactly the same limit which applies to individual contributions. I firmly believe that if the House accepts this amendment, it will go a long way toward making the actions of Congress and our whole political process reflect the interests and wishes of all the people in the United States.●

SOUTHERN AFRICAN COOPERATION: AN OPPORTUNITY FOR THE WEST

The SPEAKER. Under a previous order of the House, the gentleman from Michigan (Mr. Diggs) is recognized for 15 minutes.

● Mr. DIGGS. Mr. Speaker, America's commitment to peaceful political change in southern Africa can be reinforced by a corresponding commitment to the region's quest for economic liberation. In fact, peaceful political change and economic development are two sides of the same coin in a dynamic process of change that will surely determine southern Africa's future potential as a major partner in our global economic system.

However, currently the subcontinent is retarded in its development by a pattern of regional interdependence that benefits continued minority racial domination and the hegemony of the Republic of South Africa. The regime of Prime Minister P. W. Botha has already clearly articulated its goal of forging a "Constellation of Southern African States" dominated by its economic and military might, while maintaining its own internal system of Afrikaner supremacy. This stated aim by Pretoria has given impetus to plans by neighboring black-ruled southern African countries to build an alternative system of regional economic cooperation that will make them less dependent on a white-ruled South Africa.

In view of the West's economic stake in the region, particularly that of the European Community, and our corresponding interest in seeing a restoration of stability within a framework of political freedom and economic justice, it is in our short and long term interest to give vigorous support to these aspirations.

Black-ruled southern African states have already taken the initiative in this regard by convening the first Southern African Development Coordination Conference held July 3–4, 1979, in Arusha, Tanzania. This unprecedented conference brought together heads of state and representatives of Angola, Mozambique, Tanzania, Botswana, Zambia, Lesotho, Swaziland, Malawi, Zimbabwe, and Namibia with representatives of the European Economic Community (EEC), the African Development Bank, the Arab Bank for Economic Development of Africa, the Commonwealth Secretariat, the United Nations Development Program (UNDP), and the World Bank, as well as observers from several Western donor countries, including the United States.

Whether or not the spirit of Arusha is translated into concrete and mutually beneficial regional and international cooperation depends on the quality of the Western donor response. The United States can help facilitate this positive potential by, on the diplomatic plane, recognizing Angola. For our part, the Congress can respond positively—rather than negatively—by lifting our ill-conceived and counterproductive restrictions on aid to Angola and Mozambique; restrictions that only play into the hands of the forces of external intervention. The spirit of Arusha was eloquently expressed by Sir Seretse Khama, President of landlocked Botswana, a country whose government is committed to peaceful change and nonracial democracy in Southern Africa:

Address by His Excellency the President Sir Seretse Khama, Opening the Southern African Development Coordination Conference, Arusha, July 3, 1979

I would like to begin by thanking the Government and people of the United Republic of Tanzania, as well as the organizers of this historic meeting for the warm reception accorded me on my arrival in Arusha. I must particularly express my sincere gratitude to my friend and colleague, President Mwalimu Nyerere and his people for having been so kind as to allow this meeting to be held in their country.

2. And I think Arusha, with its scenic beauty and breath-taking surroundings is a most suitable venue for a meeting of this nature. Its temperate climate and tranquil atmosphere will no doubt contribute in no small measure to the success of this meeting, as I believe we all want it to succeed. And Tanzania is a country we all admire—a country whose history is the history of African liberation and whose leader has always been regarded, and rightly so, as the embodiment of African hopes and aspirations. Let us, therefore, pay homage to this great and dynamic leader by ensuring that this meeting produces the desired results.

3. We are gathered here today to try to chart a new course for the future of Southern Africa, or to launch a new type of struggle for liberation—economic liberation. Most of us in this turbulent region have already won our political kingdoms but our colonial past has ensured that we will continue to depend on others for our economic survival. This continued economic dependence has in many ways made our political independence somewhat meaningless, particularly when one takes account of the fact that some of the countries on which some of us depend for our economic survival do not share the human ideals on which our own societies are founded. Unfortunately, we find ourselves at their mercy. We have to deal with them while condemning them for their evil policies.

4. I believe, nevertheless, that there is a way out of our dilemma. With the assistance of the international community, I believe we can wage a successful struggle for economic liberation provided we can begin now, we the free states of Southern Africa, to plan together for our common future. The Five Frontline States have already shown that cooperation is possible among the independent states of Southern Africa regardless of their different ideologies and economic systems. We have been working harmoniously together to solve common political problems and I see no reason why we cannot work together harmoniously to solve common economic problems. The reality of our common historical experience must surely transcend our ideological differences. Too much is at stake for us. The longer we remain divided the longer we will remain poor and weak. In unity and cooperation we will have the strength and the opportunity to grow together and to resist any attempt by our enemies to keep us divided.

5. Everywhere in the world the trend is clearly toward integration in both the political and economic fields. Western Europe is gradually becoming a united political and economic entity, and we must not forget that Western Europeans have fought each other over many centuries culminating in the two world wars of this century. And yet Western Europe has been able to forge a unity which is increasingly becoming the envy of the entire world. We in Southern Africa have never fought each other and we have a great deal in common as former victims of western European colonialism. There is every reason for us to gravitate toward one another because we have no past mutual antipathies to outlive.

6. We need to gain mastery of our own destiny in this turbulent region of our continent and we can only succeed in achieving this noble objective within the framework of a united Southern African community. I am not calling for the dismantlement of our independent states and their governments in favour of the formation of a super state. I am calling for cooperation and unity of purpose so that we can together plan for our future and the future of our children.

7. I am calling for the equitable sharing of the resources with which our subcontinent is so richly endowed. I am calling for coordinated development—the development of Southern Africa as an integrated region rather than as a cluster of impoverished little chauvinistic entities.

8. I am fully conscious of the fact that our individual economies are at different stages of development. Individually our countries are not equally endowed with natural resources. Even our political development is at different stages. Some of us are not yet free, namely, Zimbabwe and Namibia, but this cannot stop us from planning together for our future. It is for these reasons, therefore, that we want the developed world to give us aid on a coordinated basis so that we can be allowed the opportunity to grow together in a balanced fashion.

9. We invite the developed world to assist us to integrate our economies, to develop our transport and communications systems and to create employment for the tens of thousands of our people who have to seek employment in South Africa because there are limited opportunities in our own countries. Clearly, our principal objective is to reduce our dependence on powerful white minority regimes in Southern Africa, particularly the Republic of South Africa. The development of transport and communications systems in the ten states in the region would go a long way not only towards the integration of their economies but most important towards the lessening of their dependence on South Africa. This argument carries even more weight when one considers that of the ten states in the region only three—Angola, Mozambique and Tanzania—have direct access to the sea while the rest are completely landlocked. Three of these—Botswana, Lesotho and Swaziland—are landlocked geographically and to a certain extent politically.

10. But, for my own country, once Zimbabwe is free our geo-political predicament would become less serious because we would have access to the sea through friendly independent neighbours. We would be able to use the port of Beira, and Benguela and Tazara would also be accessible to us through the existing road and railway systems which link the countries in the region. Therefore, when I talk of the development of transport and communications systems I am not unmindful of the fact that some of the systems already exist but are of no use to some of us because of the political situation in the region.

11. Nevertheless, there is need for more transport and communications facilities in my area. A Trans-Kgalagedi railway line and a road from Francistown in the north of Botswana to Angola and Namibia would encourage trade and communications among the three countries, as well as enabling us to have access to the seaports of Namibia.

12. But, coordinated development goes beyond the mere provision of transport and communications facilities, important as these are. Regional development implies interdependence—the interdependence of the countries in the region. These require the promotion and facilitation of trade as one of the most important linkages in the process of regional cooperation. I am fully aware of the fact that the full exploitation of our natural resources and the development of our productive sectors are constrained by the small markets in our economies, but taken as a whole, Southern Africa forms a sizeable market. Economic regional cooperation would of necessity lead to coordinated production expansion which would in turn encourage the expansion of markets for intra-Southern African trade.

13. It may be argued, however, that because we have varying resource bases, a balanced, mutually beneficial, intra-Southern African trade would be difficult to achieve. But, the fact is that we all have natural resources of one kind or another. We all have productive capacities of one kind or another and all we need is to agree that, for instance, if Tanzania produces tea which is not available in Botswana, Tanzania should be able to sell that tea to Botswana. Botswana should be able to sell her beef to one or more of the countries in the region which do not produce beef.

14. There are many other areas in which we can promote regional economic cooperation in the pursuit of the economic liberation of Southern Africa. These areas include energy, water, mining, agriculture, forestry, fisheries and employment and skills. I know that some cooperation has been going on in some of these areas but I think much more needs to be done. Some of the countries in the region have a great deal of agricultural potential and a great deal of water resources unlike some of us who are semi-desert. Others have more than enough energy resources which they can share with those who do not have them. The Republic of Zambia has Kafue and Kariba, and there is the Cabora Bassa in the People's Republic of Mozambique. These are three energy sources which could benefit the region as a whole once the political barriers which divide us were removed and a cohesive community of Southern African States was forged. In the meantime it is possible for us to exchange ideas, experiences and skills across these political barriers as we in the deep south have been doing for sometime within the constraints of our limited resources.

15. But, to succeed in our objectives—to ensure that regional economic cooperation does not remain a mere wish, it is vital that we should begin now to think seriously about the sort of institutions which would be required for the promotion of multi-state projects in the region. I mentioned earlier that we want the developed world to give aid to Southern Africa the objective of which would be to encourage balanced and coordinated development in the region. This aid would need to be channelled through a financial institution or institutions such as the African Development Bank, or a new institution which might be called the Southern African Development Bank. The name does not matter very much. What is important is that we must have an institution which would have the necessary capacity to process and finance regional projects and promote balanced regional development.

16. Furthermore, national commercial banks could be established and charged with the sole responsibility of providing credit for exports within the region, and to perform other functions such as the provision of insurance cover on regional transport and credit risks for regional partners. The purpose of this would be the reduction of unnecessary barriers to intraregional transactions which could easily frustrate the achievement of regional trade and cooperation.

17. Mr. Chairman, I have no illusions as to the fact that as long as the political situation in Southern Africa remains what it is, this region will remain fragmented within itself. We will continue to be kept divided, dominated and exploited not only by South Africa but also by outsiders. South Africa in particular would be only too happy to continue to exploit us individually in the hope that we would in time be lured by her economic power to join the so-called constellation of Southern African states in which we would be bundled together with the so-called independent Bantustans and UDI regimes in Zimbabwe and Namibia. These maneuvers

must be frustrated, and this means that the independent states of Southern Africa must ensure that the struggle for political independence in Namibia and Zimbabwe continues to advance.

18. And the least the West can do is to join us in our struggle for economic liberation instead of perpetuating our dependence on the white minority regimes. Every attempt we have made in the past to lessen our dependence on South Africa has been regarded by the West as unrealistic and prestige-seeking. When Botswana decides to repatriate the ownership of the portion of the Rhodesian railway line inside our country we are told by the West that this is merely a political decision which has no relevance at all to economic liberation. Similarly, I am aware that when Tanzania and Zambia decided to build Tazara the two countries were told by the West that Tazara was a prestige project which the West was not prepared to support, and did not support it. And yet it is quite obvious that these projects mean life and death for some of us. Are we seeking prestige when we seek to be masters of our own destiny? Is it unrealistic for a country like my own to seek trade and communication outlets to the north, the east and the west where we have our friends and brothers with whom we are bound together by bonds of history and experience?

19. We want to be given the opportunity to depend on our own resources, to decide our own destiny and to deal with the West on the basis of equal partnership. Thus, when we invite the West to join us in the development of Southern Africa, we are not seeking new external dependencies for our countries. We are inviting the West to support our struggle for economic liberation, the liberation of our economies from those of the white minority regimes in the region.

20. I should, in conclusion, emphasize a few points. We are gathered here not to plot against anybody, or any country, but to try to lay the foundation for the development of a new political and economic order for Southern Africa. This meeting is not designed to work out the modalities for the creation of an economic and political federation of Southern African States; rather, it is designed to work out mechanisms for closer cooperation among these states. I harbour no delusions of grandeur; nevertheless, I am convinced that with the will and the determination which have sustained us through the years of turbulence, conflict and chaos by which our region has always been characterized we can begin now to forge a united Southern African community wherein lies our strength for survival in the future. To this end, it is with great pleasure that I declare this conference open and wish you all the best in your deliberations.●

THE TEXAS OIL SPILL DISASTER

The SPEAKER. Under a previous order of the House the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, today I introduced a resolution that is designed to insure that there is an appropriate, effective, and complete Federal response to the enormous environmental and economic damage caused by the colossal drift of oil from a blown out Mexican oil well in the Bay of Campeche.

Up until this time the response of Government has been lackadaisical. The Governor of Texas, whose company owned the rig at the blown out well site, at first claimed there was no big problem, and then admitted that there was. He has a chicken complex; he said it was chicken-little. That selfsame Governor has enormous financial interests in Mexican oil development, which most certainly accounts for his reluctance to place blame where it is due, or even admit the extent of the damage that Texas has suffered, and will continue to suffer, for the foreseeable future.

With his financial stake in Mexico, there is little wonder that Governor Clements has journeyed there so often on so-called good will missions. I would not be at all surprised to find that his most recent good will mission to the Soviet Union is motivated in full or part by hopes of securing future business for his corporate interests. Or to check on those there. Neither, for that matter, would I be surprised if Governor Clements soon went to China, to follow up on promising leads for sales or leases of drilling equipment to that country, which by all accounts has vast oil producing potential.

□ 2230

Mr. MATTOX. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I will be delighted to yield.

Mr. MATTOX. Has the Governor gotten back from Russia now?

Mr. GONZALEZ. I understand that he is on his way back this week.

Mr. MATTOX. Well, I know there are people out on the gulf coast that are really concerned about the problem. I know the Governor was one of the first ones that was quick to criticize President Carter for not being at home, and then the first time you turn around, this is the most major catastrophe that has hit our State in a long time, the Governor is off and is going to Russia. That concerns me just a little bit.

Mr. GONZALEZ. The people in the gulf coast area Saturday before last were quite puzzled and quite concerned and quite upset. They could not figure out what kind of constituency he was visiting in the Soviet Union, in Russia. As I say, in repeating, I think he probably made some inquiries about the well-being or the lack of it of the oil interests that he has.

A very little known fact to the American people, Texas particularly with oil riggers and oil interests, because the gentleman knows Texas has the cream of that type of development, has potential for development especially offshore exploration, and it is they that have made it possible for Russia to be No. 1 petroleum producers now, and they are the ones that are making it possible for China, mainland China to have offshore drilling capabilities that they are trying to develop right now.

Mr. MATTOX. If the gentleman will yield further, it is my understanding that our American technology, just as the gentleman has spoken about, is being developed and used all over the world in the oil industry, the entire world including that produced in the North Sea of China, in Russia, and we are doing it now in Mexico. I know the people down in my neighborhood, particularly my folks, have not been affected quite as much because the main thing they were doing down on the Gulf Coast was vacationing. But I know a lot of people, and we have inquired, some of the people do not have as much as 10 percent of the business they had just a year ago, and some of them have been cut by at least 50 percent. I think we are going to see a big flood of all kinds of foreclosures of businesses, and I think that we need to make sure we have enough Small Business Administration provisions to take care of these people. I know we need to look at that and I appreciate the gentleman yielding to me.

Mr. GONZALEZ. I think my distinguished colleague from Texas is absolutely correct. As a matter of fact, the economic impact has been a lot more disastrous than even the percentages mentioned and, in fact, I went down with this combined subcommittee for hearings as a representative and in my capacity representing the Small Business Committee, and particularly with reference to the need for legislation which I have introduced today.

But the gentleman makes reference to something that is really the most disappointing, and that is that the same Governor who would not ask for Federal intervention in order to trigger off a Federal program such as the SBA, and who bitterly detests the President and the administration, he at first said he would absolutely refuse to request a determination of a disaster area, but pressure by some of us finally made him make a half-hearted request. Unfortunately, it was based on the wrong section of the small business statute, and I am trying to convince him to come in under the proper section, except he has been off in Russia and has not returned.

The hypocrisy of it, as I brought out in Texas, is that the same man who defames the Federal Government, decries a need for Federal intervention himself received $150 million in loan guarantees from the Department of Commerce which enabled him to buy six wells, six rigs, two of which are involved in the blowout in the Bay of Campeche. How hypocritical can anybody get?

My resolution is aimed to accomplish several badly needed objectives.

First, it seeks to organize the governmental response to this disaster. There needs to be a comprehensive organization that will define and coordinate all the things needed to be done, from assessing the impact to establishing defenses, to cleaning up the oil, to directing recovery efforts. My resolution provides for this, and it seeks to provide citizen participation in that coordinating process.

Moreover, my resolution expresses the clear need for the U.S. Government to seek compensation from those entities and interests that may be responsible for the oil disaster in Campeche Bay.

The evidence gathered on September 8 at a hearing by the Committee on Merchant Marine and Fisheries, which I attended, clearly points to erroneous actions and erroneous judgments as the probable cause of the Campeche Bay blowout. It is necessary now to determine who had the operating authority at the rig and who issued the orders that ultimately led to the disaster.

Moreover, the evidence indicates that the well casing itself was faulty. If the casing had been sound, the successful efforts early after the accident to shut off the well flow could have been maintained. Unhappily the casing was faulty, and leaking started, which led to a decision to reopen the well blowout preventers, with disaster the certain result.

And it is known that the blowout might have never happened if there had been an adequate supply of drilling mud on hand at the well. Just before the accident, there was a failure in the drilling mud flow in the well. Ordinarily, there would be ample mud on hand, but in this case, there was not. From this lack, and from the decisions that followed, disaster occurred.

This was clearly an accident that could and should have been prevented. This is clearly a disaster in which responsibility needs to be fixed. This is plainly an event that requires the U.S. Government to seek out the responsible parties, and take all possible action to assure that they bear their just responsibility. My resolution provides for this.

Oil disasters at sea have happened before, and it is not unprecedented for an accident involving the interests of one government to have disastrous consequences on the shoreline of another. A tanker accident offshore may involve a tanker owned by one nation or its citizens, with great losses to another nation or its citizens. This was the case with the Amoco Cadiz, which up until this present catastrophe was the greatest oil spill of all time. And this was the case here, in which a well off Mexico has created damage of immense dimensions throughout the Gulf of Mexico, including our own shores.

For that reason I believe that international negotiations are needed to fix an international agreement on responsibility for such oilspills, which are in every sense of the word international incidents. These are incidents that ought to be governed by some workable kind of agreement, and the United States, as the biggest international buyer and user of oil, ought to take the leadership and responsibility for seeking an agreement of that kind. My resolution calls for this.

We are faced here with a disaster the like of which the world has never before seen. It is not like a storm that comes in, does its damage and leaves. It is a catastrophe that continues to happen, everyday, and will continue to happen long after the blown out well is brought under control, for no one knows how much oil has been put into the sea, nor how much of it can be cleaned up, nor where it will eventually drift, nor what its ultimate damage may amount to.

This is an event that requires extraordinary response. My resolution, if it is enacted and if its policies are closely adhered to, provides the kind of action that is needed.

Texas has throughout time had some of the finest beaches and richest fishing resources in the world. All of that is now endangered—for how long, no one can guess. How much of the environment can be restored, and at what cost, or how long it will take, no one can say.

Like all disasters, this one has its day in the glare of media attention, and then is forgotten. But the damage remains, and the immense effort to cope with the tragedy remains.

My resolution aims to make a reasonable recovery effort possible. It aims to make accountable those who are responsible for this disaster. It seeks a means to provide for international responsibility in the oil business. In good conscience, we can provide no less than that.

EXPLANATION OF VOTE

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. Stewart) is recognized for 5 minutes.

● Mr. STEWART. Mr. Speaker, I was unavoidably detained and was unable to be present to vote on final passage of H.R. 4440. Had I been present I would have voted "aye." ●

PERSONAL EXPLANATION

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Edgar) is recognized for 5 minutes.

● Mr. EDGAR. Mr. Speaker, yesterday I was unavoidably absent from the House floor during the vote on the amendment offered by my colleagues Jim Shannon and Tim Carter. I left Washington late in the day in order to travel to my district for an important dinner meeting with business and professional leaders. Had I been present for the vote, I would have voted in favor of the amendment to limit the export of domestic hides.●

PERSONAL EXPLANATION

The SPEAKER. Under a previous order of the House, the gentleman from Colorado (Mr. Wirth) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, this morning, while reviewing the votes in the House yesterday, I discovered that I am recorded as voting "aye" on the Shannon amendment to H.R. 4034 (rollcall 479).

I arrived in the Hall of the House immediately prior to the end of the vote, and it is indeed possible that I pressed the "aye" button in error. If that is the case, I regret the error.

However, my recollection is that I voted "no," as I intended to vote. I am firmly opposed to restrictions on cattle hides; I have so advised my constituents, and I was thus quite surprised to see my vote in the "aye" column.

Mr. Speaker, I appreciate this opportunity to clarify the record, and I regret any misunderstanding this may have caused. While I am not sure whether the error was human or mechanical, I would like the record to show clearly my opposition to restrictions on the support of cattle hides, and I ask unanimous consent that this explanation appear immediately following the vote in the permanent Record.●

PERSONAL EXPLANATION

Mr. FOLEY. Mr. Speaker, I was unavoidably absent during the vote on rollcall No. 486 this evening. Had I been present, I would have voted "aye."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Boland, (at the request of Mr. Wright), for today on account of official business.

Mr. Corman, (at the request of Mr. Wright), for today on account of paternal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Kramer) to revise and extend their remarks and include extraneous material:)

Mr. Kemp, for 20 minutes, today.

(The following Members (at the request of Mr. Matsui) to revise and extend their remarks and include extraneous material:)

Mr. Vanik, for 5 minutes, today.
Mr. Minish, for 5 minutes, today.
Mr. Diggs, for 15 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Weaver, for 10 minutes, today.
Mr. Gonzalez, for 15 minutes, today.
Mr. Stewart, for 5 minutes, today.
Mr. Edgar, for 5 minutes, today.
Mr. Wirth, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Edwards of Oklahoma, to revise and extend his remarks, following the remarks by Mr. Gingrich in the debate in the Committee of the Whole today.

Mr. Goldwater, to revise and extend his remarks, in the Committee of the Whole today.

(The following Members (at the request of Mr. Kramer) and to include extraneous material:)

Mr. Shuster in two instances.
Mr. Green.
Mr. Findley.
Mr. Lott.
Mr. McClory.
Mr. Kemp in two instances.
Mr. Lee.
Mr. Livingston.
Mr. Fish.
Mr. Shumway.
Mr. Evans of Delaware.
Mr. Hyde.
Mr. Hinson.
Mr. Lagomarsino.
Mr. Solomon.
Mr. Michel in two instances.
Mr. Hansen.

(The following Members (at the request of Mr. Matsui) and to include extraneous matter:)

Mr. Mineta.
Mr. Benjamin.
Mr. Santini in two instances.
Mr. Mikva.
Mr. Scheuer.
Mr. McDonald.
Mr. Skelton.
Mr. Hamilton.
Mr. Solarz in three instances.
Mr. Lehman.

Mr. LAFALCE.

Mr. SWIFT.

Mr. GARCIA in two instances.

Mr. STOKES.

Mr. WILLIAMS of Montana in two instances.

SENATE BILL AND JOINT RESOLUTION REFERRED

A bill and joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 330. An act to amend title 38, United States Code, to establish certain procedures for the adjudication of claims for benefits under laws administered by the Veterans' Administration; to apply the provisions of section 553 to title 5, United States Code, to rulemaking procedures of the Veterans' Administration; to provide for judicial review of certain final decisions of the Administrator of Veterans' Affairs; to provide for the payment of reasonable fees to attorneys for rendering legal representation to individuals claiming benefits under laws administered by the Veterans' Administration; and for other purposes; to the Committee on Veterans' Affairs; and

S.J. Res. 90. Joint resolution to provide for the designation of a week as "National Recreation and Parks Week"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 41 minutes p.m.) the House adjourned until tomorrow, Thursday, September 20, 1979, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2482. A letter from the Comptroller General of the United States, transmitting his review of the deferrals of budget authority contained in the message from the President dated August 16, 1979 (H. Doc. No. 96–175), pursuant to section 1014(b) of Public Law 93–344 (H. Doc. No. 96–191); to the Committee on Appropriations and ordered to be printed.

2483. A letter from the Secretary of State, transmitting the third monthly report on developments related to Zimbabwe-Rhodesia; to the Committee on Foreign Affairs.

2484. A letter from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting Presidential Determination No. 79–16, finding that the making of a grant to Yugoslavia for earthquake reconstruction is vital to the security of the United States, that Yugoslavia is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of Yugoslavia from international communism, pursuant to sections 620(f), 652, and 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2485. A letter from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting notice of a proposed increase in the funding level of the Agency's fiscal year 1979 program in Tunisia, pursuant to section 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2486. A letter from the Attorney General, transmitting his annual report for fiscal year 1978, pursuant to 28 U.S.C. 522; to the Committee on the Judiciary.

2487. A letter from the Comptroller General of the United States, transmitting a report on needed improvements in the Securities and Exchange Commissions efforts to establish a national securities market (FGMSD–79–59, September 19, 1979); jointly, to the Committees on Government Operations and Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. KASTENMEIER: Committee of Conference. Conference report on S. 237 (Rept. No. 96–444). Ordered to be printed.

Mr. BENNETT: Committee on Armed Services. H.R. 5163. A bill to authorize the sale to certain foreign nations of certain excess naval vessels (Rept. No. 96–445). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 411. Resolution providing for the consideration of H.R. 5229. A bill to provide for a temporary increase in the public debt limit (Rept. No. 96–446). Referred to the House Calendar.

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 5269. A bill to authorize appropriations for the fiscal year beginning October 1, 1979, for the maintenance and operation of the Panama Canal, and for other purposes; with amendment (Rept. No. 96–447). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOWEN:

H.R. 5329. A bill to establish an improved program for extra long staple cotton; to the Committee on Agriculture.

By Mr. LEWIS (for himself, Mr. MCDADE, and Mr. CONTE):

H.R. 5330. A bill to amend the Small Business Act to strengthen significantly the role of small, innovative firms in federally funded research and development, to promote a higher level of innovation and productivity in the Nation's economy; to the Committee on Small Business.

By Mr. FUQUA:

H.R. 5331. A bill to amend the Internal Revenue Code of 1954 to provide a system of capital recovery for investment in plant and equipment, and to encourage economic growth and modernization through increased capital investment and expanded employment opportunities; to the Committee on Ways and Means.

By Mr. GEPHARDT:

H.R. 5332. A bill to amend the Internal Revenue Code of 1954 to allow certain transfers of imported beer from customs custody to a domestic brewery without payment of tax; to the Committee on Ways and Means.

By Mr. JOHNSON of California (for himself, Mr. HARSHA, Mr. HOWARD, and Mr. SHUSTER) (by request):

H.R. 5333. A bill to amend the Urban Mass Transportation Act of 1964 and title 23, United States Code to provide for the authorizations, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. LEVITAS (for himself and Mr. JOHNSON of California):

H.R. 5334. A bill to amend the act of July 31, 1946, as amended, relating to the U.S. Capitol Grounds, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. MCDADE:

H.R. 5335. A bill to amend the Internal Revenue Code of 1954 to provide that expenditures by homeowners for energy conservation shall be eligible for a 50-percent residential energy credit, and for other reasons; to the Committee on Ways and Means.

By Ms. MIKULSKI:

H.R. 5336. A bill to acknowledge the respective contributions of Francis Scott Key and Thomas Carr in composing the national anthem; to the Committee on Post Office and Civil Service.

By Mr. RINALDO (for himself and Mr. GUARINI):

H.R. 5337. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 for the purposes of simplifying, clarifying, and improving Federal law relating to the regulation of employee benefit plans, to foster the establishment and maintenance of plans, and for other purposes; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. ROBERTS (for himself, Mr. BREAUX, and Mr. DE LA GARZA):

H.R. 5338. A bill to amend the Federal Water Pollution Control Act to provide for the payment of claims resulting from the oilspill at Ixtoc I, Bay of Campeche, Mexico, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. SEIBERLING:

H.R. 5339. A bill to amend the Internal Revenue Code of 1954 to provide that a taxpayer may, with respect to any pollution control facility used in connection with a plant or other property in operation before January 1, 1971, elect a 12-month amortization of such facility or a 20-percent investment tax credit; to the Committee on Ways and Means.

By Mr. UDALL (by request):

H.R. 5340. A bill to extend certain authorities of the Secretary of the Interior with respect to water resources research and development and saline water conversion research and development programs, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CHAPPELL (for himself and Mr. FUQUA):

H.R. 5341. A bill to provide for the wilderness designation of certain lands within the Ocala National Forest, the Osceola National Forest, and the Apalachicola National Forest, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MCDADE:

H.R. 5342. A bill entitled "Equal Access to Justice Act"; to the Committee on the Judiciary.

H.R. 5343. A bill entitled "University and Small Business Patent Procedures Act"; to the Committee on the Judiciary.

By Mr. WILLIAMS of Montana:

H.R. 5344. A bill to designate certain lands of the Beaverhead National Forest as the West Big Hole Wilderness; to the Committee on Interior and Insular Affairs.

H.R. 5345. A bill to prohibit the suspension or limitation of funding of certain fish and wildlife restoration programs during the pendency of certain legal actions relating to environmental impact statements; to the Committee on Merchant Marine and Fisheries.

By Mr. KASTENMEIER:

H.J. Res. 403. Joint resolution designating November 21, 1983, as "Bicentennial of Manned Flight Day"; to the Committee on Post Office and Civil Service.

By Mr. GONZALEZ:

H. Con. Res. 188. Concurrent resolution expressing the sense of the Congress that the President should establish a temporary commission to evaluate damage caused by the oilspill resulting from the blowout of the oil well known as Ixtoc I, situated near the coast of Mexico, and should enter into negotiations to establish an international agreement applicable to determining liability, and obtaining compensation, for environmental damage caused by oilspills at sea; jointly, to the Committees on Foreign Affairs, Merchant Marine and Fisheries, and Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1005: Mr. Benjamin.

H.R. 1576: Mr. Boner of Tennessee, Mr. Cleveland, Mr. Dannemeyer, Mr. Florio, Mr. Fountain, Mr. Guyer, Mr. Mitchell of New York, Mr. Neal, Mr. Snyder, Mr. Sebelius, and Mr. Butler.

H.R. 1577: Mr. Boner of Tennessee, Mr. Cleveland, Mr. Dannemeyer, Mr. Florio, Mr. Fountain, Mr. Guyer, Mr. Mitchell of New York, Mr. Neal, Mr. Snyder, Mr. Sebelius, and Mr. Butler.

H.R. 1578: Mr. Boner of Tennessee, Mr. Cleveland, Mr. Dannemeyer, Mr. Florio, Mr. Fountain, Mr. Guyer, Mr. Mitchell of New York, Mr. Neal, Mr. Snyder, Mr. Sebelius, and Mr. Butler.

H.R. 1644: Mr. Jacobs, Mr. Zablocki, Mr. Beard of Rhode Island, Mr. Anderson of Illinois, Mr. Dickinson, Mr. Fithian, Mr. Yatron, Mr. Ireland, Mr. Chappell, Mr. Erdahl, Mrs. Holt, Mr. Jeffries, and Mr. Leland.

H.R. 1677: Mr. Edgar and Mr. Markey.

H.R. 2191: Mr. Fish.

H.R. 2193: Mr. Kildee.

H.R. 2644: Mr. Brown of Ohio.

H.R. 3101: Mr. Huckaby.

H.R. 3766: Mr. Clinger.

H.R. 4063: Mrs. Chisholm and Ms. Holtzman.

H.R. 4113: Mr. Lott.

H.R. 4626: Mr. Florio.

H.R. 4782: Mr. Coelho, Mr. Roth, and Mr. Weaver.

H.R. 5200: Mr. Stark.

H.R. 5218: Mr. Conte, Mr. Edwards of California, and Mr. Garcia.

H.J. Res. 145: Mr. Conte.

H. Con. Res. 183: Mr. Derwinski, Mr. Huckaby, Mr. Young of Alaska, Mr. Dougherty, Mr. Roe, and Mr. Murphy of Pennsylvania.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2171

By Mr. VANIK:

—Page 54, strike out line 15 and all that follows thereafter down through line 8 of page 65 and insert the following:

TITLE III—FARM LABOR PROVISIONS

Sec. 301. Definitions.

For purposes of this title—

(1) The phrase "effective period of this title" means the period beginning on the 30th day after the date of the enactment of this Act and ending at the close of the 1981 sugar supply year.

(2) The term "FLSA" means the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).

(3) The term "producer" means a producer of sugar beets or sugarcane for sugar.

(4) The term "Secretary" means the Secretary of Labor.

(5) The term "sugar supply year" has the same meaning as is given to such term in section 201(8).

Sec. 302. Wage Standards.

(a) Rates.—There shall be paid to persons employed on the farm in the production, cultivation, or harvesting of sugar beets and sugarcane for sugar wages at the following rates:

(1) When employed on a time basis, the rates per hour shall be not less than the following:

(A) In all areas, except Hawaii and Puerto Rico—

(i) $3.30 for the 1979 sugar supply year; and

(ii) in each of the 1980 and 1981 sugar supply years, the minimum rate required to be paid under this paragraph during the immediately preceding sugar supply year increased by an amount directly proportional to the amount by which the assured return determined under title II for the year for which the rate is being determined under this clause exceeds the assured return for the immediately preceding sugar supply year.

The rates for field equipment operators in countries or parishes where at least 25 percent of the acreage devoted to the production of agricultural commodities is planted to sugarcane or sugar beets shall be not less than 10 percent more than the rate referred to in the preceding sentence for sugar supply year concerned.

(B) In Hawaii and Puerto Rico, the rates required by labor union agreement or Federal or local law.

(2) When employed on a piecework basis, the rates shall be not less than the rates for the 1978 crop as published in the Federal Register of January 10, 1978 (42 F.R. 1476), increased for each sugar supply year beginning after September 30, 1979, in the same proportion as the hourly rates are increased under paragraph (1) of this subsection.

(b) Violations.—Any violation of this section, or of any rule or regulation issued to carry out this section, is a violation of section 6 of the FLSA and of paragraph (1) or (2), as applicable, of section 15(a) of the FLSA. In applying this section, the statute of limitations for actions brought under section 6 of the FLSA shall apply to actions brought with respect to violations that are deemed under this subsection to be violations of such section 6.

Sec. 303. Excessive Charges Prohibited.

(a) Prohibitions.—No producer may charge, or permit to be charged, directly or indirectly, to any person employed during the effective period of this title on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane any amount in excess of the reasonable cost, as determined by the Secretary, for the furnishing to such person any goods, services, board, lodging, or other facilities customarily furnished to employees engaged in the production, cultivation, or harvesting of sugar beets or sugarcane in the area concerned. The Secretary may determine the fair value of such goods, services, board, lodging, or other facilities for defined classes of employees and in defined areas, based on the average cost to the producer or to groups of producers similarly situated, the average value to groups of employees, or any other appropriate measure of fair value. Such evaluations, where applicable and pertinent, shall be used in lieu of the actual measure of cost in determining whether excessive charges have been made.

(b) Reasonable Cost and Fair Value.—For purposes of this section, the terms "reasonable cost" and "fair value" shall have the same respective meanings as are applied with respect to such terms by the Secretary for purposes of administering section 3(m) of the FLSA.

(c) Violations.—For violations of this section and penalties, see section 309.

Sec. 304. Child Labor.

(a) Limitations on Employment.—(1) During the effective period of this title, no individual who is under 14 years of age may be employed or permitted to work on the farm, whether for gain to such individual or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane; unless that individual is a member of the immediate family of a person who was the legal owner of not less than 40 percent of the crop at the time such work was performed.

(2) During the effective period of this title, no individual who has attained age 14 but has not attained age 16 may be employed or permitted to do work described in paragraph (1), whether for gain to such individual or any other person, for a period of more than eight hours in any one day; unless that individual is a member of the immediate family of a person who was the legal owner of not less than 40 percent of the crop at the time such work was performed.

(b) Violations.—Any violation of this section, or any rule or regulation issued to carry out this section, is a violation of sections 12 and 15(a)(4) of the FLSA.

Sec. 305. Employee Protection.

(a) In General.—No person may discharge any employee or otherwise discriminate against any employee with respect to the employee's compensation, terms, conditions, or privileges of employment because the employee (or the Secretary or any person acting pursuant to a request of the employee) has—

(1) commenced, caused to be commenced, or is about to commence or cause to be commenced, a proceeding seeking compliance with any provision of this title;

(2) testified, or is about to testify, in any such proceeding; or

(3) assisted or participated, or is about to assist or participate, in any manner in any such proceeding or in any other action to carry out the purposes of this title.

(b) Complaints.—(1) Any employee who believes that he has been discharged or otherwise discriminated against by any person in violation of subsection (a) may, within 180 days after such violation occurs, file (or have any person file on his behalf) a complaint with the Secretary alleging such discharge or discrimination. Upon receipt of such a complaint, the Secretary shall notify the person named in the complaint of the filing of the complaint.

(2)(A) Upon receipt of a complaint filed under paragraph (1), the Secretary shall conduct an investigation of the violation alleged in the complaint. Within 30 days of the receipt of such complaint, the Secretary shall complete such investigation and shall notify in writing the complainant (and any person acting in his behalf) and the person alleged to have committed such violation of the results of the investigation conducted pursuant to this subparagraph. Within 90 days of the receipt of such complaint the Secretary shall, unless the proceeding on the complaint is terminated by the Secretary on the basis of a settlement entered into by the Secretary and the person alleged to have committed such violation, issue an order either providing the relief prescribed by subparagraph (B) or denying the complaint. An order of the Secretary shall be made on the record after notice and opportunity for public hearing. The Secretary may not enter into settlement terminating a proceeding on a complaint without the participation and consent of the complainant.

(B) If, in response to a complaint filed under paragraph (1), the Secretary determines that a violation of subsection (a) has occurred, the Secretary—

(i) shall order the person who committed such violation to (I) take affirmative action to abate the violation, and (II) reinstate the complainant to his former position together with the compensation (including back pay), terms, conditions, and privileges of his employment; and

(ii) may order such person to provide compensatory damages to the complainant. If an order is issued under this paragraph, the Secretary, at the request of the complainant shall assess against the person against whom the order is issued a sum equal to the aggregate amount of all costs and expense (including attorneys' and expert witness fees) reasonably incurred, as determined by the Secretary, by the complainant for, or in connection with, the bringing of the complaint upon which the order was issued.

(c) Review of Orders.—(1) Any person adversely affected or aggrieved by an order issued under subsection (b)(2) may obtain review of the order in the United States district court for the district in which the violation, with respect to which the order was issued, allegedly occurred. The petition for review must be filed within 60 days from the issuance of the Secretary's order. Review shall be in conformity with chapter 7 of title 5 of the United States Code. The commencement of proceedings under this subparagraph shall not, unless ordered by the court, operate as a stay of the Secretary's order.

(2) An order of the Secretary with respect to which review could have been obtained under paragraph (1) shall not be subject to judicial review in any criminal or other civil proceeding.

(d) Compliance.—(1) Whenever a person has failed to comply with an order issued under subsection (b)(2), the Secretary may file a civil action in the United States district court for the district in which the violation was found to occur to enforce such order. In actions brought under this subsection, the district courts shall have jurisdiction to grant all appropriate relief including, but not limited to, injunctive relief, compensatory, and exemplary damages.

(2) Any person on whose behalf an order was issued under subsection (b)(2) may commence a civil action against the person to whom such order was issued to require compliance with such order. The appropriate United States district court shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce such order.

(3) The court, in issuing any final order under this subsection, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines such award is appropriate.

(e) Violations.—Any violation of this section, or any rule or regulation issued to carry out this section, is a violation of section 15(a)(3) of the FLSA.

(f) Exclusiveness of Remedies.—The remedies provided for in this section shall apply in lieu of any remedy provided for in section 16(b) or 177 of the FLSA.

Sec. 306. Compensation Insurance

(a) Required Insurance.—Producers shall furnish workers' compensation insurance to persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane during the time so employed during the effective period of this title. Such insurance coverage shall be deemed adequate if it meets the requirements of law in States in which such insurance is mandatory, or if it meets such standards as are established by law in States in which such insurance is not mandatory.

(b) Violations.—For violations of this section and penalties, see section 309.

Sec. 307. Remedies and Enforcement.

(a) For FLSA Violations.—Except as provided in section 325(f), all powers, remedies, and procedures under the FLSA available to the Secretary or to any aggrieved employee, as the case may be, are available with respect to any act the commission of which is deemed under this title to be a violation of the FLSA.

(b) Restraint of Certain Violations.—The Secretary may seek to restrain, pursuant to section 17 of the FLSA, any violation of sections 303 and 306, and for such purpose the jurisdiction of the United States district courts under section 17 is hereby extended to include any such violation.

(c) Enforcement Powers.—For purposes of enforcing the provisions of this title, the Secretary may utilize the powers specified in—

(1) section 9 of the FLSA to compel the attendance of witnesses and the production of books, papers, and documents at hearings and investigations necessary for the enforcement of this title;

(2) section 11(a) of the FLSA to carry out investigations, gather data, and make entries, inspections, and inquiries regarding wages, hours, and other conditions and practices of employment engaged in by any employer subject to this title or to any order issued by the Secretary under this title; and

(3) section 11(b) of the FLSA to use the services of State and local agencies in carrying out the Secretary's duties under this title.

Sec. 308. Records.

(a) In General.—Each producer subject to this title shall—

(1) make, keep, and preserve such records of persons employed, and of the wages, hours, and other conditions and practices of employment maintained;

(2) preserve the records referred to in paragraph (1) for such time; and

(3) make available to the Secretary such reports based on such records;

as the Secretary shall by regulation require as being necessary or appropriate for the enforcement of this title.

(b) Violations.—Any violation of this section, or of any rule or regulation issued to carry out this section, is a violation of sections 11(c) and 15(a)(5) of the FLSA.

Sec. 309. Violations of Sections 303 and 306 and Penalties.

(a) Civil Penalties.—Any person who violates section 303 or 306, or any rule or regulation issued to carry out either of such sections, is liable to the United States for a civil penalty of not to exceed $1,000 for each such violation. In determining the amount of such penalty, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, when finally determined, may be—

(1) deducted from any sums owing by the United States to the person charged; or

(2) recovered in a civil action brought by the Secretary in any court of competent jurisdiction.

Any administrative determination by the Secretary of the amount of such penalty shall be final, unless within 15 days after receipt of notice thereof by certified mail the person charged with the violation takes exception to the determination that the violations for which the penalty is imposed occurred, in which event final determination of the penalty shall be made in an administrative proceeding after opportunity for hearing in accordance with section 554 of title 5 of the United States Code and regulations issued by the Secretary.

(b) Criminal Penalties.—(1) Except as provided in paragraph (2), any person who willfully violates section 303 or 306, or any rule or regulation issued to carry out either of such sections, is guilty of an offense and upon conviction thereof is punishable by a fine of not more than $10,000, or imprisonment for not more than 6 months, or both.

(2) No person may be imprisoned under paragraph (1) except for the violation of either section 303 or 306, or any rule or regulation issued to carry out such section, committed after the conviction of such person for a prior offense under paragraph (1).

Sec. 310. Regulations.

The Secretary shall issue such rules and regulations as may be necessary or appropriate to carry out the provisions of this title.

Page 33, strike out lines 4 and 5.

Page 33, line 6, strike out "(4)" and insert "(3)".

Page 33, line 8, strike out "(5)" and insert "(4)".

Page 37, between lines 8 and 9, insert the following:

(6) The term "Secretary" means the Secretary of Agriculture.

Page 37, lines 9, 15, and 22, redesignate paragraphs (6), (7), and (8) of section 201 of the bill as paragraphs (7), (8), and (9), respectively.

Page 65, strike out lines 11 and 12 and insert the following:

As used in this title—

(1) The term "Secretary" means the Secretary of Agriculture.

(2) The term "sugar" has the same meaning as is given to such term in section 201(7).

Page 65, strike out lines 17 through 20, inclusive, and insert the following: "sions of titles I, II, and IV, and of any order, rule, or regulation issued to carry out any of such titles. If and".

Page 65, strike out line 25 and line 1 on page 66 and insert the following: "provided for in any of such titles. The remedies provided for in titles I, II, and IV are in addition to, and not excluisve of, any of the".

H.R. 2859

By Mr. KRAMER:

—Page 16, after line 19, insert the following new subsection:

(b)(1) The first sentence of section 103(d) of the Act is amended—

(A) by inserting "and to the chief elected official or the governing body of the unit of general local government (in any case in which there is no chief elected official) of the locality concerned," after "of the State concerned,"; and

(B) by striking out "him" and inserting in lieu thereof "them".

(2) The last sentence of section 103(d) of the Act is amended by inserting ", or by the chief elected official or the governing body of the unit of general local government (in any case in which there is no chief elected official) of the locality concerned," after "the State concerned" each place it appears therein.

Page 16, line 15, insert "(a)" after "Sec. 2.".

—Page 20, strike out line 1 and all that follows through page 32, immediately before line 4, and insert in lieu thereof the following new section:

ASSISTANCE FOR CERTAIN SPECIAL PROGRAMS

Sec. 8. (a) Section 122(a) of the Act is amended by striking out "and" the first place it appears therein and by inserting after "abusers" the following: ", and a program designed to provide personal and group financial counseling to low- and fixed-income individuals, and utilizing volunteers with specialized or technical expertise".

Page 42, beginning on line 2, strike out the dash and all that follows through line 21, and insert in lieu thereof the following: By striking out "and" after "June 30, 1974," and by inserting after "September 30, 1978" the following: "$42,415,000 for the fiscal year ending September 30, 1980, and such sums as may be necessary for the fiscal year ending September 30, 1981,".

—Page 20, strike out section 8, beginning on line 1 and ending on page 32, immediately before line 4.

And redesignate the following sections accordingly.

Page 40, beginning on line 9, strike out "section 14" and insert in lieu thereof "section 13".

Page 41, line 8, strike out "section 14" and insert in lieu thereof "section 13".

Page 42, beginning on line 2, strike out the dash and all that follows through line 21, and insert in lieu thereof the following: By striking out "and" after "June 30, 1974," and by inserting after "September 30, 1978," the following: "$42,415,000 for the fiscal year ending September 30, 1980, and such sums as may be necessary for the fiscal year ending September 30, 1981,".

—Page 21, line 10, strike out "(b) (1) (A)" and insert in lieu thereof "(b) (1); and".

Page 21, line 15, strike out "; and " and insert in lieu thereof a period.

Page 21, strike out line 16 through line 19.

Page 21, line 20, strike out "(b) (1) (A)" and insert in lieu thereof "(b) (1)".

Page 21, line 15, strike out "; and " and in lieu thereof "(A)".

Page 22, line 4, strike out "(ii)" and insert in lieu thereof "(B)".

Page 22, line 8, strike out "(B)" and insert in lieu thereof "(2)".

Page 22, line 11, strike out "(i)" and insert in lieu thereof "(A)".

Page 22, line 16, strike out "(ii)" and insert in lieu thereof "(B)".

Page 22, strike out line 20 and all that follows through page 23, line 11.

Page 23, line 13, strike out "subsection (b) (1) (A)" and insert in lieu thereof "subsection (b) (1)".

Page 24, beginning on line 8, strike out the dash and all that follows through line 12, and insert in lieu thereof the following: "carry out any Urban Volunteer Corps project or activity under subsection (b) (2),".

Page 24, line 21, strike out "subsection (e) (1)" and insert in lieu thereof "subsection (e)".

Page 25, strike out line 1 and line 2, and insert in lieu thereof "by paragraph (1) through paragraph (4) of subsection (e).".

Page 25, line 3, strike out "(e) (1)" and insert in lieu thereof "(e)".

Page 25, line 8, strike out "(A)" and insert in lieu thereof "(1)".

Page 25, line 11, strike out "(B)" and insert in lieu thereof "(2)".

Page 25, line 13, strike out "(C)" and insert in lieu thereof "(3)".

Page 25, line 15, strike out "(D)" and insert in lieu thereof "(4)".

Page 25, strike out line 17 and all that follows through page 26, line 2.

Page 26, line 10, strike out "subsection (e) (1)" and insert in lieu thereof "subsection (e)".

Page 26, beginning on line 15, strike out "and Good Neighbor Fund programs".

Page 27, line 1, strike out "subsection (b) (1) (A) (ii)" and insert in lieu thereof "subsection (b) (1) (B)".

Page 27, strike out line 8 and all that follows through page 28, line 12.

Page 28, line 13, strike out "(i)" and insert in lieu thereof "(h)".

Page 42, line 4, strike out "$12,000,000" and insert in lieu thereof "$9,120,000".

—Page 22, beginning on line 21, strike out "$15,000." and all that follows through "year." on line 24, and insert in lieu thereof "$5,000.".

—Page 23, line 24, insert before the period the following: ", and that such designation has been approved by the Governor or other chief executive officer of the State involved".

Page 24, line 3, insert "Governor or other chief executive officer of the State involved and the" after "assure that the".

Page 24, line 4, strike out "has" and insert in lieu thereof "have".

Page 24, line 14, insert "Governor or other chief executive officer of the State involved, and to the" after "to".

Page 24, line 18, insert "the Governor or other chief executive officer of the State involved, and by" after "approved by".

Page 24, line 22, insert "the Governor or other chief executive officer of the State involved, and by" after "submitted by".

Page 24, line 23, insert a comma after "authority".

Page 24, line 24, insert "the Governor or other chief executive officer of the State involved, or" after "statement that", and insert ", as the case may be," after "authority".

—Page 25, after line 2, insert the following:

"(3) In any case in which any project or activity specified in paragraph (1) is begun in any jurisdiction of an urban area, the Director shall order the termination of such project or activity if a written request for such termination is submitted to the Director by the executive authority of such jurisdiction. The Director shall order such termination not later than 30 days after such request is submitted to the Director, or at such time after the submission of such request as may be agreed upon by such executive authority and the Director.

—Page 32, immediately before line 4, insert the following new section (and redesignate the following sections, and any references to such sections, accordingly):

POLITICAL ACTIVITIES

Sec. 9. Section 403(a) of the Act is amended by inserting after the first sentence thereof the following new sentence: "Any recipient of Federal financial assistance under this Act may not use funds from any source for any purpose described in the preceding sentence during the period for which such Federal financial assistance is available for use by such recipient.".

—Page 32, line 6, insert "(a)" after "Sec. 9.".

Page 32, line 17, strike out "and".

Page 32, line 20, strike out the period and insert in lieu thereof "; and".

Page 32, after line 20, insert the following:

(4) in the last sentence thereof, by striking out "The" and inserting in lieu thereof "Subject to the provisions of subsection (c) of this section, the".

(b) Section 403 of the Act is amended by adding at the end thereof the following new subsection:

"(c) (1) The rules and regulations issued in accordance with the last sentence of subsection (b) shall provide that, if the Director determines that there has been a violation of the provisions of this section, and the violation is the first such violation committed by the agency, organization, or person operating or administering the program involved, then the Director shall issue a written notice to the agency, organization, or person which requires the agency, organization, or person to correct the violation.

"(2) If the violation involved is the second such violation committed by the agency, organization, or person, then the Director shall suspend any further assistance under this Act for the operation of the program until such violations have been corrected.

"(3) If any further violation is committed by the agency, organization, or person in connection with the operation or administration of such program or activity, then the Director shall terminate any further assistance under this Act for the operation of such program or activity.

—Page 32, line 12, strike out "partisan".

—Page 32, line 17, strike out "and".

Page 32, line 20, strike out the period and insert in lieu thereof "; and".

Page 32, after line 20, insert the following new paragraph:

(4) by adding at the end thereof the following new sentence: "Such rules and regulations shall provide that any volunteer who intentionaly violates any provision of this section shall not be permitted to continue serving as a volunteer in any program assisted under this Act.".

—Page 32, line 17, insert after the second comma appearing therein the following:

(3) any activity carried out in connection with any rulemaking or regulatory proceeding conducted by any governmental entity,

Page 32, line 19, strike out "(3)" the first place it appears therein and insert in lieu thereof "(4)".

Page 32, line 20, strike out "(4)" and insert in lieu thereof "(5)".

—Page 32, after line 20, insert the following:

(4) by inserting after the first sentence thereof the following new sentence: "Any recipient of Federal financial assistance under this Act may not use funds from any source for any purpose described in the preceding sentence during the period for which such Federal financial assistance is available for use by such recipient.".

—Page 32, after line 20, insert the following new section (and redesignate the following sections, and any references to such sections, accordingly):

LABOR AND ANTI-LABOR ORGANIZATION

Sec. 10. Section 404(d) of the Act is amended by adding at the end thereof the following new sentence: "Any recipient of Federal financial assistance under this Act may not use funds from any source for any purpose described in the preceding sentence during the period for which such Federal financial assistance is available for use by such recipient.".

—Page 33, after line 1, insert the following:

Sec. 10. (a) Section 404 of the Act is amended by adding at the end thereof the following new subsection:

"(h) (1) Except as provided in paragraph (2), the Director shall not have any authority—

"(A) to assign volunteers to any private organization under title I;

"(B) to make grants to, or enter into contracts with, any private organization under title I; or

"(C) designate any private organization as a lead agency under section 133;

unless such private organization has been in existence for at least one year before any such action is taken by the Director.

"(2) The provisions of paragraph (1) shall not apply to any private organization in any case in which such organization is operating, or intends to operate, any Good Neighbor Fund project under section 132(b) (2).".

Page 33, line 2, strike out "Sec. 10. (a)" and insert in lieu thereof "(b) (1)".

Page 33, line 13, strike out "(b)" and insert in lieu thereof "(2)", and strike out "subsection (a)" and insert in lieu thereof "paragraph (1)".

Page 30, beginning on line 2, strike out "have been in existence for at least one year before such designation." and insert in lieu thereof "be designated in accordance with section 404(h).".

—Page 41, line 16, strike out "$873,000" and insert in lieu thereof "$829,350".

Page 41, line 20, strike out "$3,200,000" and insert in lieu thereof "$3,040,000".

Page 41, line 23, strike out "$2,200,000" and insert in lieu thereof "$2,090,000".

Page 42, line 5, strike out "$42,415,000" and insert in lieu thereof "$40,294,250".

—Page 41, line 16, strike out "$873,000" and insert in lieu thereof "$829,350".

Page 41, line 20, strike out "$3,200,000" and insert in lieu thereof "$3,040,000".

Page 41, line 23, strike out "$2,200,000" and insert in lieu thereof "$2,090,000".

Page 42, line 5, strike out "$42,415,000" and insert in lieu thereof "$40,294,250".

Page 42, line 14, strike out "$12,000,000" and insert in lieu thereof "$11,400,000".

—Page 42, line 14, strike out "$12,000,000" and insert in lieu thereof "$5,000,000".

Page 42, beginning on line 15, strike out "and such sums as may be necessary for the fiscal year ending September 30, 1981.".

—Page 42, line 14, strike out "$12,000,000" and insert in lieu thereof "$7,000,000".

Page 42, beginning on line 15, strike out "and such sums as may be necessary for the fiscal year ending September 30, 1981,".

—Page 42, line 14, strike out "$12,000,000" and insert in lieu thereof "$10,000,000".

Page 42, beginning on line 15, strike out "and such sums as may be necessary for the fiscal year ending September 30, 1981,".

—Page 27, line 3, strike out "$180,000,000" and insert in lieu thereof "$500,000,000".

H.R. 3580

By Mr. DASCHLE:

—Page 27, line 3, strike out "$180,000,000" and insert in lieu thereof "$500,000,000".

H.R. 4034

By Mr. DORNAN:

—Page 49, line 13, insert "(1)" after "(b)".

Page 49, insert the following after line 20:

"(2) Any person who is issued a validated license under this Act for the export of any good or technology to a controlled country and who, with knowledge that such a good or technology is being used by such controlled country for military or intelligence-gathering purposes fails to report such use to the Secretary of Defense, shall be fined not more than the sum equal to the amount of profit accrued from the sale of the item or imprisoned for not more than ten years, or both. For purposes of this paragraph, "controlled country" means any Communist country as defined in section 620(f) of the Foreign Assistance Act of 1961."

Page 49, line 20, strike out the closed quotation marks and final period.

(To the amendment offered by Mr. PREYER.)

—Immediately after "SEC. 114" strike all that follows and insert in lieu thereof the following: "Nothing in this Act shall be construed as authorizing the withholding of information from Congress, and all information obtained at any time under this Act or previous Acts regarding the control of exports, including any report or license application required under this Act, shall be made available upon request to any committee or subcommittee of Congress of appropriate jurisdiction. No such committee or subcommittee shall disclose any information obtained under this Act or previous Acts regarding the control of exports which is submitted on a confidential basis unless the full committee determines that the withholding thereof is contrary to the national interest."

H.R. 4970

By Mr. MINISH:

—On page 2, line 14, strike out "$5,000" and insert in lieu thereof "$2,000".

On page 3, line 1, strike out "$7,500" and insert in lieu thereof "$3,000".

On page 3, line 2, strike out "$5,000" and insert in lieu thereof "$2,000".

(Amendment to amendment No. 1 to text of H.R. 4970 by Mr. OBEY.)

—In paragraph 1 of subsection 320(i) as proposed by the amendment, strike out "$6,000 (but not more than $5,000 for one election)" both times it appears and insert in lieu thereof "$2,000".

In paragraph 2 of subsection 320(i) as proposed by the amendment, strike out "$9,000 (but not more than $5,000 for one election)" both times it appears and insert in lieu thereof "$3,000".

EXTENSIONS OF REMARKS

THE HISTORY OF ALCOHOL FUELS

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. DASCHLE. Mr. Speaker, Hal Bernton has written an excellent article about Henry Ford and the history of alcohol fuels, which appeared in the August 5, 1979, issue of the Washington Post as well as the August 22, 1979, issue of the Omaha World Herald.

In that same issue of the World Herald, Al Frisbie wrote an article about the Omaha Alcohol Plant, which produced alcohol during the 1940's.

I recommend both these articles to my colleagues, and that the Frisbie article and exerpts from the Bernton article be inserted in the RECORD:

[From the Omaha World Herald, Aug. 22, 1979]

1930'S DEPRESSION GAVE AGROL BOOST

(By Hal Bernton)

The oil industry met its strongest challenge during the 1930s.

Leading the charge was William Jay Hale, a chemist for Dow Chemical Co., who had been educated at Miami University of Ohio and Harvard, and then went to Berlin, Germany for some advanced training.

Hale was particularly fascinated by agriculture and the prospects of using farm products to create energy and chemicals for the industrial world.

After several years of research, he wrote a magazine article, "Farming Must Become a Chemical Industry," outlining his emerging philosophy, which he chose to call "chemurgy."

While other Americans were enjoying the Roaring Twenties, Hale was warning of the dangers of overproduction on the nation's farms.

One of the best solutions, Hale believed was to send the crops to the distillery for the production of alcohol fuels.

He wrote that such an arrangement would provide a huge market for crops, enrich the farmer and the general economy, and also provide a wealth of raw materials for industrial America.

With Henry Ford's generous financial support, Hale in 1926 founded the "power alcohol movement" to challenge the oil industry.

Hale dreamed of a day when international trade would be kept to a minimum, with each nation growing most of what it needed.

He was convinced that failure to harness agriculture to this great task would result in the collapse of the American economy.

GRIM PROPHECY

In his magazine article, Hale made a grim prophecy for American agriculture—a prophecy that was fulfilled after the stock market crash in 1929.

Farm prices plunged to new lows, and the nation sank into the Great Depression.

Although farmers were able to produce bumper crops, they couldn't get more than 25 cents a bushel for wheat, 7 cents for corn and a dime for oats.

Cotton was selling for a nickel a pound.

Beef sold for less than 3 cents a pound.

But even before the crash, Hale's call for the creation of new industrial markets for farm crops found plenty of support in the agricultural community, and also sounded good to Henry Ford.

In the early 1920s, Hale believed that cars one day would be made primarily from agricultural products.

With that idea in mind, he hired Dr. Edel Ruddiman, a boyhood friend and chemist, to research the development of plastics from soybeans.

POWER STRUGGLE

In 1935, Ford helped finance Hale's First Annual Joint Conference on Agriculture, Industry and Science.

Before the 300 chemists who attended the conference in Dearborn, Hale described his power alcohol concept.

A reporter wrote: "The introduction of this subject into the chemurgic program was the spark that produced the most stormy sessions.

"They actually became struggles for power between two groups—the present suppliers of fossil power (petroleum) and the agricultural leaders who proposed that farmers should again supply at least a part of the raw material . . . in internal combustion engines."

In July 1936, Hale published a book, "Prosperity Beckons," in which he proclaimed the imminent arrival of the "alcohol era."

He declared all-out war on the oil industry, which he denounced for selling the "poison-spreading gasoline." He believed that gasline usage caused cancer.

He denounced the suggestion that the United States import oil from abroad, demanding to know "what self-respecting nation would permit its fuel problem to be laid in the hands of foreigners."

KANSAS PLANT

By the time Hale's book was published, his power alcohol movement already had gathered momentum in the Midwest.

The Chemical Foundation financed the remodeling of an old distillery at Atchison, Kan., and set up the Agrol plant under the direction of Leo Christenson, a Chemical Foundation scientist.

The Agrol plant produced alcohol from a mixture of barley, rye, corn, grain, sorghum, Jerusalem artichokes and blackstrap molasses.

Agrol's vigorous advertising campaign helped sales to increase rapidly.

By maintaining a large volume of sales, Agrol was able to earn a slim profit selling alcohol at 25 cents a gallon.

By 1938, about 18 million gallons of grain alcohol (ethanol) were distributed to 2,000 independent service stations which marketed blends of 10 percent alcohol and 90 percent gasoline.

However, service stations owned by the major oil companies rarely touched the stuff.

In the early '30s it looked as though the power alcohol movement was really taking off.

In Washington, there was growing support for several legislative bills that would mandate the nationwide sale of alcohol-gasoline fuel.

It was then that the oil industry decided it was time for a counteroffensive.

Intense lobbying by the oil companies defeated the pro-alcohol legislation.

The Atchison Agrol plant was virtually bankrupt.

William Hale, surveying the wreckage of his hopes for power alcohol, concluded that "we are the boobs of the world."

[From the Omaha World Herald, Aug. 22, 1979]

OTHER NATIONS PROMOTED BLEND DEVELOPMENTS

(By Hal Bernton)

Henry Ford's support for alcohol fuels never wavered.

In 1936 he supported a second conference on Agriculture, Industry and Science, like the one he had financed in 1935.

The chemists in attendance were divided into two hostile camps, naturally.

Leading the chemurgists was Francis Garvan, president of the Chemical Foundation, who had compiled a dossier of documents to rebut the anti-alcohol arguments of the oil industry's chemists.

Garvan said: "We have been fed with volumes to the effect that power alcohol is not a practical fuel: it upsets the motor. Were they (the oil chemists) quite sincere? I think you can judge."

Then he handed out an advertising pamphlet printed by Cleveland Discol, the British subsidiary of Standard Oil of New Jersey.

According to the pamphlet, Cleveland Discol's blend of alcohol (ethanol) and gasoline eliminated engine knock, and provided tremendous power, quick acceleration, faster maximum speed and improved mileage.

Furthermore, the pamphlet assured motorists that there was no problem of "phase separation" (the separation of alcohol and gasoline) in Cleveland Discol's blend.

"It is possible," the pamphlet said, "to pour almost half a pint of water into a car trunk (fuel tank) containing 10 gallons of Cleveland Discol without the slightest trouble, in fact, in some circumstances with better running."

Next, Garvan cited several other nations that used alcohol blends:

—In the Philippine press, International Harvester was advertising: "International motor trucks are powered with engines especially designed to burn alcohol. These facts have been proven: they are absolutely dependable; they are more economical; they are free from carbon; there is no loss of power."

—Chrysler Motor Corp., having declared itself "entirely neutral" in the alcohol debate, was shipping Detroit-made automobiles to oil-starved New Zealand, and these autos were equipped to burn pure alcohol. A Chrysler engineer said the only changes required in the cars were different carburetor jets and a modification of the manifold.

—Brazil passed a law in 1931 requiring gasoline importers to mix their fuel with alcohol made from Brazilian sugar cane.

—Chile required fuel blends of 10 to 25 percent alcohol.

—China marketed a concoction called "benzolite" containing 55 percent alcohol.

—Almost all the major European countries—Czechoslovakia, Germany, Hungary, Sweden, Austria, France, Italy and Poland—required some kind of alcohol blending programs, as did a host of smaller nations.

It should be pointed out that Europe in the mid-1930s was jittery. War seemed imminent.

European governments looked upon alcohol as a means of achieving some energy independence and also as a source of ingredients for war industries. Prof. Gustave Egloff, research director for Universal Oil Co., reported that Europeans in those days were "conducting research feverishly to utilize their own potential motor fuels from coal, vegetables, cereals, wood, natural gas and oil shale."

Of course, the European alcohol programs also were intended to help farmers.

In every nation, however, the alcohol interests had to combat oil company opposition.

M. M. Rosten, a chemical engineer who started Poland's fuel alcohol program by building a distillery in 1927, told a U.S. Senate subcommittee that at first he had trouble selling his product because of "large opposition from different industries, particularly Standard Oil Co."

But he said that in 1932 his fortune took an unexpected upsurge when a Swedish subsidiary of Standard Oil began to help him sell alcohol.

By 1939, over 40 nations were successfully blending alcohol with gasoline. Then the war broke out.

[From the Omaha World Herald, Aug. 22, 1979]

WAR II: ALCOHOL BOOM AND BUST

(By Hal Bernton)

With the outbreak of World War II, the struggle between the American chemurgists and American oil companies entered a new phase, with higher stakes: the production of synthetic rubber for the U.S. war effort.

In 1942, the government awarded a $350 million contract to 25 major oil and chemical companies to produce 700,000 tons of oil-based synthetic rubber.

But by mid-1942 it was evident that the crash effort would not produce all the material needed for synthetic rubber.

A Senate subcommittee studying the problem then heard two Polish scientists propose an alcohol-based process.

A new government office was set up to push the production of synthetic rubber, and this office ordered the construction of three new grain alcohol plants.

Also, the nation's whiskey distilleries were ordered to make industrial alcohol for the war effort.

And the old Agrol plant at Atchison, Kan., was rejuvenated and put back into full production.

By 1944 the United States was producing almost 600 million gallons of alcohol, nearly four times the amount turned out in 1942.

About half of this alcohol went to synthetic rubber; the rest to satisfy other vital needs—aviation and submarine fuels, medicines and gunpowder.

At last, it seemed, the chemurgists had made their point: the nation needed power alcohol.

But, with the war's end, the Commerce Department decided to end government support of the alcohol industry.

Some of the giant distilleries were dismantled. Others were converted to beverage production.

By 1949, less than 10 percent of U.S. industrial alcohol was made from grain.

One plant, in Bellingham, Wash., is making alcohol from pulp byproducts.

It would take another world crisis—the energy shortage—to revive talk of power alcohol.

[From the Omaha World Herald, Aug. 22, 1979]

OMAHA PLANT SECOND LARGEST—A TYPICAL RISE AND FALL

(By Al Frisbie)

About 1,000 persons used to toil in shifts around the clock seven days a week at the Omaha Alcohol Plant. It was the second largest plant of its kind in the world.

The Omaha plant was started in 1942 with a government decision to build three industrial alcohol plants to assist in the production of man-made rubber for World War II. The largest of the three was scheduled for Omaha. A year later the site was chosen. The city's old street car power plant at Fourth and Jones Streets—idle since 1930—was transferred to the Defense Plant Corp.

One year later, on Feb. 21, 1944, the plant began operation. Its production of alcohol—as much as 96,000 gallons a day—exceeded expectations. And so did its consumption of grain, sometimes 25,000 to 30,000 bushels daily.

There were two synthetic rubber plants in the South. Alcohol from Omaha went to these plants and played a major role in keeping Yankee forces rolling.

When World War II ended in 1945, the Omaha plant's future was in doubt. But it survived for a time.

Non-governmental contracts were obtained and the product was diversified. In 1946, the plant began making syrup and also was producing industrial and drinkable alcohol and concentrates for livestock feed. Later, antifreeze was made. But the price of grain was increasing, while the price of industrial alcohol dwindled.

In 1948, the plant was transferred to the Department of Agriculture. It was hoped the facilities could be used in chemical research to find new uses for farm crops. Nothing happened. So, in 1949, the General Services Administration offered the plant for sale.

A Chicago firm leased the plant for a time and produced alcohol.

In 1960, the plant was sold to an Omaha scrap metal firm which sold its contents at auction.

The building has been vacant since.●

WHAT MAKES THE PLO DIFFERENT?

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. KEMP. Mr. Speaker, in July 1979, the Jonathan Institute in Israel sponsored an international conference on the subject of terrorism in which I was a participant. One of the most important papers presented at the conference was given by Gen. S. Gazit, an Israeli military officer with an extensive background in "intelligence operations." General Gazit provided an authoritative review of the character of the Palestinian Liberation Organization, as well as an analysis of how the PLO is sui generis among terrorist organizations.

A comprehensive understanding of the PLO is long overdue as the fawning admiration extended to this terrorist organization has become so fashionable in some quarters of the Carter administration and unfortunately among some Members of Congress. The PLO's charter, reaffirmed earlier this year, reiterates its aim of "destroying Israel." Such an objective is, of course, compatible with the nature of the PLO's terrorist methods which have focused almost without exception on women and children rather than military targets. General Gazit's paper explicates four major characteristics of the PLO which distinguish it from other international terrorist movements:

First. The PLO is lavishly financed from both Arab and Soviet sources;

Second. PLO terrorist activities are concentrated outside of their territory of interest (Israel);

Third. The PLO focuses on civilian targets rather than attacking the source of their hostility, the military and police forces of Israel; and

Fourth. The PLO operates with extensive international support, particularly from Communist nations such as East Germany, North Korea, Cuba, and the Soviet Union.

The PLO is clearly no ordinary terrorist organization with a well-defined set of local objectives. Rather the PLO is a de facto tool of Soviet influence which is able to exploit a local grievance. Perhaps if the nature of the PLO were better understood by many of those in the United States who now lionize the PLO, it would be far easier to reach a peaceful settlement in the Middle East.

General Gazit's paper follows:

WHAT MAKES THE P.L.O. DIFFERENT?

(By Gen. S. Gazit)

I have to apologize. I am afraid that my paper, at this closing session of the conference, is an anti-climax. It is a descriptive paper, dealing with facts and not with conclusions or propositions.

My paper tries to analyze what makes Palestinian terrorists different from other terror organizations.

We have been going in depth into the characteristics of international terrorism, during the 4 days of this symposium. All these characteristics are relevant to the Palestinians, still there is much more that single them out in goals and methods.

Let me begin with the goals. The final goal of the P.L.O., of all Palestinian terrorists is:

a. To take over a country and dismantle it politically.

b. To expell the present population of that country, to expell the population which forms today a vast majority.

c. To replace this population with another population, brought in from the outside.

In brief, as Mr. Begin so justly described at the opening session, it is Politicide combined with Genocide!

It is totally wrong to assume that Palestinian goals are limited to the liberation of the territories occupied by us in 1967.

It is totally wrong to assume that they would be satisfied with the establishment of a Palestinian state in these territories. Let me remind you of facts just 12 years old:

1. Palestinian terrorists began operating against Israel as early as in the 1950's.

2. PLO, and Fatah were established 2 years before the Six Day War, before the occupation of these territories.

3. PLO refuses obstinately to recognize Security Council's Resolution 242 (which means—recognizing Israel's right to exist as an Independent state).

4. In spite of hints and promises PLO refuses to enter political negotiations, towards peace in the M.E.

Now let us examine the methods, and look for the distinguishing aspects of Palestinian terrorism.

The first point of distribution of the P.T.A. (Palestinian Terrorist Activity) is the fact that it is a "De Luxe" terrorism, terrorism on a "Silver Plate". They are not the classic terrorists always persecuted and hiding. On the contrary—they move in the open, in independent and legal (from the point of view of their Arab Host Countries) camps, wearing their uniforms, having their own weapon arsenals, recruiting offices, command posts, administration, legal magazines, and radio stations. They enjoy the Infrastructure of Arab Diplomatic services—A Diplomatic courier immune from search; They receive all the personal documents they need. Identity cards, blank and false Passports; and in case of emergency, they always find the open door of an Arab Embassy, enjoying its extra territorial status.

The Second Point of Distinction of the P.T.A. is their concentration on operations outside Israel, outside the target country. On June 20, 1967 immediately after the "Six Day War" El Assifa (at that time the name of the Palestinian Terrorist Organization) published in Beirut a communique, in which they declared the transfer of their General Command Post into the territories occupied by Israel. The Communique added: "The organization is determined to continue the struggle against the Zionist Occupation, however we plan to operate deep inside the enemy's territory, and far away from the Araba bordering Countries, so that Israel will have no pretext to retaliate against those countries in revenge following Fedayeen operations."

However, there was a big gap between intention and reality. For some time Yassir Arafat tried to direct operations while hiding in the Nablus and Jerusalem Areas, However, when things became too dangerous he left the area in Sept. 67, crossed back into Jordan, and that was the first and last endeavor to operate from inside Israel. Since then, for the last 12 years, the C.P. has always been outside our borders.

That very noble idea not to endanger the Arab Countries by P.T.A., that noble idea was very short-lived. The P.T.A. established itself in Arab Territory like a cancer, imposing its presence on Arab hospitality, becoming a permanent threat to their Hosts.

As we have seen, the C.P. moved outside Israel and since then P.T.A. against Israel is carried out on 5 different fronts.

First Front is P.T.A. inside our borders. This activity is carried out by member terrorists living and operating inside our borders. While receiving all their orders, directives, training and equipment from the outside. Yes, even with them, there is hardly any locally produced weapons or explosives, they never tried to acquire weapons by attacking Israeli military installations and almost all their arsenal is smuggled in. Just recently we succeeded to lay hands on 2 very symptomatic new channels of smuggling weapons:

1. Use of the drug traffic into Israel.

2. Use of U.N. observers, immune of search and control.

I am the last person to underestimate the threat of P.T.A. inside our borders, but the success and effectiveness of our security services and measures, and the very low standard of the Palestinian terrorist's professional achievements, make the overall impact of this activity on Israel rather limited. Just to give you an idea—during the last 15 months, beginning April 78; we had 28 Israelis killed (civilian and military) by that kind of P.T.A. This should be compared to about 700 persons killed in road accidents during the same period.

The Second Front is Border P.T.A. Namely operations originating from installations and bases inside the protected areas of the Arab host country (now mainly from Lebanon). We identify 3 modes of operation from across the border:

The easiest and safest act is firing at Israeli targets, with different weapons including heavy artillery (including 130mm with a range of 27km) and heavy Katyoushas (with a range of almost 21km).

Somewhat less secure is the short penetration, just a few hundred yards, to lay a mine or to ambush Israeli vehicles close to the border. The infamous attack on a busload of Avivim school children, was an operation of this kind.

And the third and much more dangerous mode of operation is the deep penetration by land or sea. Their main problem, in a case like that, is the almost zero chance of escape once they are encountered. Their difficult choice is between death in battle and surrender. A great many of them prefer an Israeli prison to a heroic death.

The third front is P.T.A. from a neutral country. The idea is to avoid the strong security measures along the borders and sea shore. The plan is quite simple—to mix with the large traffic of passengers and tourists flying into Israel. The 2 most prominent operations of this kind were the hijacking of a SABENA Aircraft on May 9, 1972, and landing it in Israel, and 3 weeks later, the murderous attack by 3 J.R.A. men at the Ben-Gurion Air Terminal.

The fourth front is—P.T.A. against Israeli installations and institutions abroad. However, once we took the necessary precautions, the direct attacks by P.L.O. Terrorists against EL-AL planes, Israeli Embassies, etc., stopped almost completely. What they still try from time to time is to shoot down an EL-AL plane with an A.A. missile (Rome, Nairobi), or attacking Israeli citizens in various neutral places, like hotel lobbies, airport terminals, etc.

The last, and fifth, front is the attack of completely neutral targets. Such operations are so indirect that you have to ask yourself how does it serve their purpose?

Furthermore, such acts are very unpopular with International Public Opinion, and this is why Fatah, as the biggest Palestinian Terrorist Organization never admits its responsibility, trying to hide behind cover names like "Black September", or "Black June".

The P.L.O. is realistic, they do not delude themselves that these operations will bring to Israel's destruction. What they hope for is to commit Arab States to the Holy War against Israel through escalation created by their acts. They consider themselves the spearhead for the overall Arab struggle against Israel.

We have discussed the first 2 points of distinction of the P.T.A. namely their De-Luxe character and their main concentration on operations outside our borders. I would like to continue now with the third point of distinction.

The search for easy exploits. They are looking for uncomplicated and not dangerous targets. This is an important principle of operations of the PLO—Terrorists.

Most resistance movements are careful in choosing their targets so that they serve best their goals—They go after gov't. installations, military bases, major civilian infrastructure, or prominent enemy figures. Not so the Palestinians. They purposely avoid any target that has minimum protection. They prefer innocent civilian objectives like a market place, a bus station, or innocent passengers on a bus. This phenomenon has another aspect. With P.T.A. there is no such thing as determination in achieving their goal. After all, since they don't go after special objectives, since they are only interested in hurting Israelis, what difference would it make if they plant their bomb on a bus no. 12, in a garbage can, or under a pile of tomatoes in the market.

And one more aspect, the Palestinian terrorist is not the kamikaze type, he does not join knowingly a suicide mission. Of course the very encounter with Israeli security forces is already very dangerous. Very many of the PLO men who penetrated Israel by ground, sea or air, did not come out alive. But their original plan of operation always included the safe withdrawal or the surrender to our forces. This very stereotypic line of operation makes the J.R.A. attack at the Ben Gurion terminal so flagrantly different. This also explains Palestinian terrorist behaviour once in our prisons. They never commit suicide, and they cooperate freely and completely with their interrogators.

The fourth point of distinction is the strong international support. Palestinian terrorism is a Richman's Terrorism. It is a spoilt terrorist's organization. I have already mentioned the "Silver Plate" of P.T.A. and it goes in both senses:

a. They have all the money they want, without any need to fight for it. This is perhaps the only terrorist organization that has no need for fund raising operations.

b. But while money comes from the rich Arab oil producing Countries, most of their military needs are looked after by the Soviet Union:

1. Weapons and equipment, directly from the Soviet Union or from the Eastern Bloc Countries.

2. Training facilities all over the Eastern Bloc. During a period of 15 months in 1966—7 Palestinian terrorists participated in 50 different military schools and courses. Some 40 in the Soviet Union itself and the rest in Red China, North Korea, and East Germany.

Compared to any other terrorist organization, they do it the easy way, this is the only "Richman's Terrorism" known in the world, they were born with a silver spoon in their mouth.

Another aspect of strong international support is close relations between PLO and other terrorist organizations.

The very existence of the P.L.O. and its very rich infrastructure within the Arab World, makes them a great attraction to all terrorist and resistance movements all over the world. P.L.O.'s assistance with facilities and shelter has changed very much the Modus Operandi of International Terrorism. I won't elaborate since this aspect has already been discussed at length in this room during the symposium. I would like however to examine the assistance P.T.A. receives from the different International terrorist organizations, mainly in 3 domains:

a. Collecting intelligence on targets in Israel, and on security measures at the different Israeli border stations. This is carried out by tourists who arrive in Israel posing as totally innocent visitors, attracting no suspicion.

b. Non Arab terrorists act as messengers, delivering equipment, weapons and explosives through and from neutral countries.

c. And in certain cases, non Arabs participating actively in a Palestinian terrorist act, together with a Palestinian team or in very rare cases even committing the acts by themselves with no Palestinian participation.

To Sum Up when I sum up, and examine all the points that distinguish the PLO from all other terrorist organizations, I cannot but ask myself—what do they have in common with other international organizations. They carry the name of terrorists, but their "De luxe" facilities make them so different:

They do not operate in real underground conditions.

They do not operate in poverty, they don't suffer from want.

They are not persecuted, they are not on the run.

Under these circumstances, the biggest bluff of the Palestinians is their success in selling the underdog image.

It is the duty of this symposium to uncover this bluff. I hope very much that world wide publicity of the proceedings of the conference held here in Jerusalem may serve this purpose.●

MAGIC CARPET: ALEPPO IN FLATBUSH

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SOLARZ. Mr. Speaker, as you may know, I have the privilege of representing back in Brooklyn, N.Y., the largest Syrian-Jewish community in the United States. Nearly 25,000 Syrian-Jews make their home on the tree lined streets on or near Ocean Parkway.

In recent years the Congress has looked carefully at the plight of the beleaguered Jewish community that remains entrapped in Syria and indeed, just the other day passed House Concurrent Resolution 91 which urges the Government of Syria, on humanitarian grounds, to permit its Jewish citizens to emigrate.

I am proud of the Congress for passing this important legislation and in this regard, I would like to bring to the attention of my colleagues a new book, "Magic Carpet: Aleppo in Flatbush," written by Joseph A. D. Sutton one of my Syrian-Jewish constituents.

Having recently read "Magic Carpet," I can tell you that it is a most moving and poignant story of the joys and sorrows of the Syrian-Jewish community here in our own country.

Mr. Sutton, a respected historian and successful businessman, chronicles the journey of the Syrian-Jewish community from their penniless arrival at Ellis Island to today, where they prosper in their religious and socio-economic lifestyles as full and contributing Americans.

For over 7 decades the Syrian-Jewish community has grown and thrived in the United States while maintaining many customs and traditions native to the Middle East. They are in short a great people and I only hope that Mr. Sutton can soon add a chapter to "Magic Carpet" exalting the final exodus to Brooklyn of those 5,000 Jews still entrapped in Syria.●

ED PRINA AND COPLEY PRESS ALERT NATION TO SOVIET TROOP DANGER

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. McCLORY. Mr. Speaker, as a member of the House Select Committee on Intelligence, I have a keen interest in supporting and strengthening our U.S. intelligence agencies, particularly the Central Intelligence Agency (CIA). Likewise, I am anxious that the American people should be provided with information essential to our national security.

The recent reporting of Soviet combat troops in Cuba represents a public service which is vital to our national security.

The chief of the Washington Bureau of the Copley News Service, L. Edgar Prina, employing entirely legitimate sources for his information, "scooped" the other media with his exclusive story, entitled, "Soviet Combat Units Seen in Cuba." Ed Prina's report appeared in the Thursday, August 30 issue of the Daily Courier-News of Elgin, Ill., and other Copley publications in Illinois and elsewhere.

Mr. Speaker, I commend Ed Prina on his informative and dramatic article and for his delineation of action taken by Senator RICHARD B. STONE of Florida, who—in my view—handled the Soviet troop situation in an entirely appropriate way by communicating first with President Carter and Secretary of State Vance—instead of utilizing that information as a personal media event.

In my view, Ed Prina's article has contributed to prompt action by our State Department and by our intelligence agencies. The Copley Press adheres to the highest journalistic standards and Ed Prina's performance epitomizes this Copley Press tradition and reputation.

Mr. Speaker, I congratulate Ed Prina and the Copley Press on the Soviet troop article and look for continued high-level and informative reporting from these reliable sources.

I know that Ray Wilson, publisher of the Courier-News, takes justifiable pride in the Copley Press' Washington Bureau under its chief, Ed Prina, and this great newspaper chain.

Mr. Speaker, Ed Prina's article is reprinted at this point in my remarks and commend it to my colleagues' attention:

SOVIET COMBAT UNITS SEEN IN CUBA

(By L. Edgar Prina)

WASHINGTON.—U.S. Intelligence has discovered new evidence that the Soviet Union has army combat units in Cuba, a U.S. government source said today.

"The CIA in a major article in its National Intelligence Daily reported new evidence affirming there is a Soviet military command structure and Soviet combat elements present on the island," one official told Copley News Service.

A Pentagon spokesman disclaimed any knowledge of the development and said nothing has changed since Defense Secretary Harold Brown told senators last month there is no evidence of any substantial increase in Soviet military personnel in Cuba in the last several years.

The National Intelligence Daily is a classified publication distributed by the Central Intelligence Agency to key officers in the U.S. intelligence committee and to certain high-ranking policy making personnel.

The official said elements of a Soviet mechanized infantry and artillery battalion have been identified in Cuba.

He said the strength of the Soviet military force is estimated in the CIA report as between 1500 and 2500 men. He emphasized that this force is distinct from the several thousand military advisers the USSR has assigned to Cuba to help Prime Minister Fidel Castro's armed forces for the last 15 years.

When Sen. Richard B. Stone, D-Fla., wrote to President Carter July 24 expressing his concern over undenied reports that a Soviet brigade command structure was in Cuba, he asked Carter to take "appropriate steps" to effect its removal.

Secretary of State Cyrus Vance, replying for the president, told the senator Carter had warned Soviet President Brezhnev at the June summit meeting in Vienna that any Soviet buildup in Cuba would adversely affect relationships between the superpowers.

He then repeated Brown's assertion that there is no evidence of any substantial increase in Soviet military personnel on the Caribbean island.

Stone promptly called a news conference to denounce the Vance letter as "whitewash."

The senator's letter to Carter referred to the 1962 Cuban missile crisis agreement between the U.S. and USSR, in which the Soviets promised not to reintroduce nuclear offensive weapons into Cuba and to the 1970 understanding that no Soviet military bases would be established there.

"We have no evidence the Soviets are in violation of this understanding," Vance said.

Stone told his news conference that if the U.S. accepted a small Soviet base it would have no standing to object when it became a big one.

"If the response as to a likely violation is to excuse them, to alibi them, to sweep it under the rug, then I say it is a whitewash," the senator declared.

"I saw that it is a base that it is an attempt to establish a larger one and, thus, is covered by the agreement."

Under the October 1962 understandings, the text of which are still secret, between the two superpowers, the Soviets would remove the intermediate range ballistic missiles they had secretly installed in Cuba, while the U.S. agreed not to invade the island.

In 1970, the U.S. protested what looked like construction of a nuclear submarine repair facility and Moscow agreed not to build any military bases in Cuba.

Carter wrote the senator last year that U.S. policy continues to oppose any effort, direct or indirect, by the Soviet Union to establish military bases in the Western hemisphere, but Stone is far from reassured.

Stone wrote a letter to Vance on Aug. 10, a copy of which has been seen by Copley News Service, in which the Floridian said:

"I remain concerned that there are separate Soviet military organizations in addition to the traditional military advisory group in Cuba. The separately maintained forces seem to be hardening their facilities."

Stone also asked the secretary of state to verify two key points in the 1962 and 1970 U.S.-Soviet agreements on Cuba.

Vance had said that port calls by Soviet submarines do not constitute violations of the pacts, but that servicing of the ships would.

"The question that still needs to be answered is what constitutes a 'port call' and what constitutes 'servicing'?" Stone wrote.

"For example, at what point does a visit to the naval base at Cienfuegos transcend a 'port call'?"

The senator also said there is confusion over what "nuclear submarine" means within the concept of the agreement.

"Does the prescription apply against submarines which are carrying nuclear ballistic weapons (whether or not the submarine itself is nuclear-powered), or does it apply only against nuclear-powered Soviet submarines?" he asked.

State Department officials have promised to brief Stone on the Cuba situation Tuesday, according to the senator's office.

No promise of a clarification of the points raised was made, however.●

AN INTERESTING ANALYSIS OF BRITISH POLICY ON NORTHERN IRELAND

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. BIAGGI. Mr. Speaker, in this week's edition of Business Week a most interesting analysis of current British thinking on Northern Ireland is presented. I wish to insert it into the RECORD for the thoughtful consideration of my colleagues.

Certainly, the key to any movement toward peace and justice in Ireland is the actions of the British Government. While some, including Business Week, take great stock in the recent visit to Belfast by Prime Minister Thatcher—the true worth of the trip will be measured by what actions follow it. One such action was the meeting which took place between the Prime Minister of Britain and Ireland. While the issue of security dominated the conversation—one does hope that further and more broad-based discussions will follow.

Regrettably, Great Britain has vetoed every peace initiative put forward by those of us in America anxious to assist in the peace process. I serve as chairman of the 130-member Ad Hoc Congressional Committee for Irish Affairs and in that capacity have sought to conduct a peace forum to which all parties to the dispute in Ireland would be invited to Washington for peace discussions. Thus far the British have shown no interest in the proposal. We continue to pursue this and other avenues on behalf of peace, but we are fully cognizant of the absolutely essential role which the Government of Britain plays.

At this point in the RECORD I wish to insert the Business Week article entitled "The End of Britain's Benign Neglect of Ulster," by John E. Plunneke:

THE END OF BRITAIN'S 'BENIGN NEGLECT' OF ULSTER

The Northern Ireland question, which Britain had been able to relegate to a relatively uncontroversial place in British politics, is now front and center. A curious, tacit, bipartisan agreement between Labor and Conservatives had made low-key treatment possible despite the dramatic violence, which sometimes got more play in the U.S. than in Britain itself.

What has brought Ulster to the forefront is not only the murder of Lord Louis Mountbatten by the Irish Republican Army Provisionals and his position as an adviser to, and intimate of, the royal family. The timing presented a crisis to Margaret Thatcher's Conservatives, perhaps their first, four months after they were swept into office.

Thatcher's response—to rush personally to Ulster to assure the population that there would be new initiatives and a public debate on their problems—was a bold move. It was impossible to imagine either of her predecessors, Sir Harold Wilson or James Callaghan, doing the same thing.

To be sure, the British have not lacked for strong feelings about the carnage in Ulster. But both of Britain's major political parties have had reasons of their own to avoid polemics on the subject. Under Labor, there was a conspicuous absence of debate about Ulster in Parliament. The Labor Party had an especially good reason to pretend the issue did not exist: An estimated 75% of the 1.5 million Irish residents in England, Scotland, and Wales traditionally vote Labor, and the party did not want to stir up the Irish problem.

PREEMPTING THE ISSUE

From the Tory point of view, of course, the present London policy of "direct rule," in which Northern Ireland is governed directly by a British Cabinet officer, was dreamed up by Conservative Prime Minister Edward Heath. And failing another "solution," it has suited the party to string along with it. The result of both these currents has been a bipartisan "benign neglect" of Ulster as a subject for fresh proposals or even open debate.

But the Thatcher trip to Belfast has had the result of preempting the issue for her so far as debate is concerned. It has left Labor politicians holding to an old, discredited, "head-in-the-sand" policy. Casting around for viable, popular issues with voter appeal, Labor might settle on withdrawal of British troops—traditionally an "unthinkable" solution. But there is even talk now that Thatcher might snatch the rug from under Labor again by proposing machinery to grant independence to Ulster after elections and leave any plans for a union with Eire—if that is to come in any form—to a new government in Belfast.●

TIME FOR A NEW DECLARATION OF INDEPENDENCE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. McDONALD. Mr. Speaker, it is no secret that the feeling of vague unease over the seeming inability of American Government to exert leadership and solve problems is spreading across this land of ours. Many problems have been identified and some solutions offered. Some persons feel that time is running out for America. Former Gov. Meldrim Thomson, of New Hampshire, recently suggested a very basic solution to our problems as a nation in an address given before the John Birch Society council meeting in Atlanta, Ga., on August 25, 1979. I commend this fine speech to the attention of my colleagues.

The speech follows:

TIME FOR A NEW DECLARATION OF INDEPENDENCE[*]

(By Meldrim Thomson, Jr.)

These are perilous days for America, as dangerous to our freedom as the darkest days of the Revolutionary War were to our Founding Fathers.

Our cherished American way of life crumbles before escalating double-digit inflation that cheapens our dollars, robs our elderly, stifles the opportunities of our youth, destroys the free enterprise system and threatens national bankruptcy.

We suffer scarcity in the midst of plenty of energy due to the ruthless government regulations of bumbling, bloated bureaucrats, and to a president so insensitive to the chilling needs of an America facing the icy blasts of winter without adequate fuel supplies, that he ships to the murdering, fanatical dictator of Iran kerosene and diesel fuel.

We drive God from our schools under a rapid deterioration of public morals, and tolerate the escalating spiral of communism, within and without our nation, by communists and their fellow travelers, all of whom are fanatically dedicated to enslaving this once great country.

Had we the low emotional boiling point of our patriot ancestors, and half their spunk, long ago we would have grabbed our guns and driven the enemy from the towers and caves of their international institutions.

When old Ben Franklin was leaving the last session of the Constitutional Convention in 1787, he noted a sun was painted on the back of the president's chair. He said that he had oft considered whether it was a rising or setting sun, but that now that the work of the convention had been successfully completed he knew that it was a rising sun.

Today, a great number of Americans prayerfully wonder whether the sun that has warmed our valleys and plains, lighted our mountains and spangled our seas for two centuries is setting forever below the horizon of our once great destiny.

We have arrived on these sad and dangerous times because like Rip Van Winkle, we average, hard working, long suffering Americans have slumbered in the hills of indifference while time passed us by and the enemy plied his nefarious schemes of subjugation.

Some weeks ago when I visited with that

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[*] Talk given before the John Birch Society Council Meeting, Atlanta, Georgia, August 25, 1979.

great patriot, Ezra Taft Benson, our Secretary of Agriculture under President Eisenhower, he related to me an experience he had with Nikita Khrushchev when the Russian dictator visited America at the invitation of President Eisenhower.

Benson hosted a trip for Khrushchev to the Beltsville experimental station in Maryland. On their way back to Washington the Soviet leader said to Benson: "You know, Mr. Secretary, your grandchildren will some day live under communism."

"I hope not," replied Mr. Benson. "On the contrary, I hope that the grandchildren of all men the world over will live in freedom."

Whereupon Khrushchev replied, "You Americans are all so gullible. You don't even realize that with every passing day we feed you a little bit of socialism. One day soon you will awaken and all be communists, and then, like ripened fruit, you will fall into our hands."

Two decades have passed since that incident during which time the fruit of disaster has rapidly grown riper.

Time was when we could shrug off the prediction of Khrushchev as the idle boast of an evil man. But that was long ago.

Today we face the stark reality of our growing weakness as a national power. There no longer can be any doubt in the mind of sane Americans, that short of a miraculous turnabout in national purpose and direction, this nation will fall like ripe fruit into the hands of murderous slave masters.

In a short but very powerful warning to his countrymen, retired four-star general of the U.S. Marines, General Lewis W. Walt, in his book "The Eleventh Hour", cautions us that the Soviet Union and Communist China are the enemy who, like two Mafia families competing for the same territory, have had a falling out: "But neither nation has wavered in its intention to destroy us!"

General Walt predicts that the United States will perish within five years unless we immediately change our national direction to a strategy of survival.

In recent weeks I have talked with a dozen or more congressmen and senators about the future of our beloved country. I asked each how long could our nation survive if it continued on its present course.

Several felt we had already crossed the river of no return. Some thought we might have four, five or six years. None thought that we had more than eight years. Some, like Alexander Solzhenitsyn, would not be surprised to see the west fall any day now.

These men were frustrated and discouraged. They had no real answers as to how to turn the nation around.

I have detected as I've gone around the country speaking in recent months that a deep concern for the future of our nation lies heavy on the hearts of many of our fellow citizens. They are worried, frustrated and angry.

Some ask me, "what can I do to help straighten out the mess in which we find ourselves?"

To find the answer to the question of how can we survive as free people, I suggest that we turn back the pages of history to the Revolutionary era. Let us consider what those who wrested freedom from the British crown wanted, how did they get it and what did it cost them.

Our Declaration of Independence and the personal liberty that flowed from the courageous deeds by which it was wrought, did not spring up over night like Jason's soldiers from dragon's teeth. Rather it was fomented on a rising tide of emotional anger against the cumulative misdeeds and insults of a decade.

Trouble with the mother country began 12 years before the signing of the declaration when the British government decided to maintain in the colonies a standing army of 10,000. This was not a punitive act against the colonies but rather a step toward protecting the vast new territory won from France in the French and Indian War.

To finance a standing army in America would cost about 300,000 pounds a year. Parliament proposed to raise half of this sum in the colonies by means of the Sugar Act of 1764 and the Stamp Act of 1775—the last act alone was estimated to raise two-thirds of the requisite fund or 100,000 pounds.

A storm of protest arose from the disaffected colonists. Legal and commercial transactions were heavily taxed. For example, for every advertisement printed in a newspaper, a duty of two shillings was levied. This would be roughly equivalent to $15 today.

Any falsification to avoid the Stamp Act duty carried a fine of 50 pounds or about $3,300 in today's currency. Counterfeiting or forging a stamp was punishable by the death penalty

So vehement was the protest that the Stamp Act was repealed the year after its enactment.

There followed a series of acts such as the Townshend Acts, the Intolerable Acts and the Boston Port Act. Their purpose was to raise revenue for the support of British troops stationed in the colonies or to suppress and punish the rising tide of protestations that swept across America in the early years of the 1770's.

The Boston Massacre in 1770, the Boston Tea Party in December of 1773, the closing of the Port of Boston in 1774, the raid on Fort William and Mary, situated at New Castle, New Hampshire in December 1774 (the first overt act of the Revolution), and the Battle of Bunker Hill in 1775, were all strong expressions of the mutinous feelings of a growing number of colonists.

And yet what these first freedom fighters of America suffered in heavy taxes, curtailment of their freedoms, and harassment from the British civil and military authorities was little indeed compared to the aggravation, suffering and deprivation of property American citizens undergo today at the hands of their representatives, the tax collectors and a ruthless, all-powerful bureaucracy.

The colonists who responded so quickly and emphatically to mistreatment by Great Britain, would not have tolerated for a moment the exactions and torments of the federal government to which we so meekly acquiesce.

Long before the Founding Fathers would have submitted to a confiscatory income tax, regulations that make big brother their big, pushy and deficit-prone partner, they would have run every last congressman and bureaucrat responsible for the plight into the nearest dunking pond—and would have considered them lucky that they got off without a good tar-and-feathering.

The real fight for our nation's freedom began on June 7th, 1776 when Richard Henry Lee, a delegate from Virginia, introduced in the Second Continental Congress a resolution on independence. It so startled many of his fellow delegates that the resolution was debated vigorously for three days and then final action was postponed to July 1st.

In the meantime a committee of five consisting of Thomas Jefferson, John Adams, Benjamin Franklin, Rodger Sherman and Robert R. Livingston was created. Jefferson was chosen as draftsman. His draft was carefully revised before being presented to the Committee of the Whole on June 30th. On July 1, the Committee of the Whole, by a vote of 9 colonies to 4, voted for Independence.

John Adams and his supporters for the Declaration of Independence knew that for independence to come to the Colonies unanimity on the issue had to prevail. John, his cousin Sam, and other friends worked through the evening hours at the tavern to win over dissident delegates.

Before retiring on July 1st, John Adams was certain that the South Carolina delegates would come around. New York would be for independence once new instructions came from the people. Cousin Sam predicted that John Dickinson who had made an eloquent plea that day against independence would stay away and that Pennsylvania would vote on the morrow with the majority.

Only Delaware was in doubt. George Reed and Thomas McKean had split their votes on independence. Would Caesar Rodney who favored independence and was suffering from cancer arrive by horseback on time?

The next day the Colonies voted for independence, as Sam Adams had suggested they would do. Caesar Rodney rode the 70 miles from Dover through rain and mud. He arrived just as the roll was being called, in time to break the tie of his fellow delegates. Delaware was for independence! America was to be free, but not before a long, bloody and destructive war ensued.

What manner of men were the 56 who finally signed their names to the Declaration of Independence?

Most of them were successful lawyers, jurists, merchants and farmers. They really had no reason to risk their necks in this traitorous folly. No reason at all; except for the motivating force which has compelled men through the ages to reach for the shining goal of freedom, regardless of risk of property, family and their very lives.

These men knew when they signed the Declaration that off Sandy Hook stood an armada of British naval vessels waiting to see what the rebellious rabble at the convention in Philadelphia would decide about independence—56 of Britain's finest warships, 27 armed sloops, 4000 transports crammed with soldiers.

Yet, without hesitation and with a firm reliance on divine providence, they mutually pledged to each other their lives, fortunes and sacred honor.

They were willing to pay the price that they and their children through two centuries of glorious existence might live in freedom. And, indeed, it was a costly price they paid.

Five were captured as traitors, tortured and died. Twelve had their homes burned. Two lost their sons in the war and two had their sons captured. Nine fought and died from wounds or the hardships of war.

The merchant Francis Lewis, delegate from New York not only lost his home and property but had his wife thrown into prison where the hardships were so unbearable that she died soon after being released.

Thomas Nelson, Jr., a delegate from Virginia, and a captain in Washington's army turned the guns of his battery on his home in the Battle of Yorktown when he learned that it was occupied by British officers. The home was destroyed.

The ultimate fate of all of the signers was not a happy one. But no matter how long the scroll of history may reach across the eons, never will there be a more glorious page than the one portraying the deeds of those courageous, uncommon Founding Fathers who signed the Declaration of Independence.

Let us pray that in our present hour of fateful peril there will arise men and women willing to hold high the torch of liberty, even if it should cost their material all; yes, even their lives!

The Declaration of 1776 made two strong points that are especially applicable to us today.

It stated that "whenever any form of government becomes destructive of those ends, namely, life, liberty and the pursuit of happiness, it is the right of the people to alter or to abolish it, and to institute a new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness."

This great document also suggested that, when a long train of abuses and usurpation, pursuing invariably the same object, evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government, and to provide new guards for their future security."

The enormity of the design of the conspiracy to subject America to absolute despotism is clearly perceived by all members of this society. Thousands of others in anguished voices of deep concern are daily asking what is wrong in America today.

The signers of the Declaration did not believe that their right—their very duty—to throw off a government that foisted on its people a long train of abuses and usurpations was limited to their problems and to their day. That right and that duty existed any time and any where that liberty was imperiled.

Such a time and such a place is here in America now.

In my humble opinion, if this nation is to survive, we must immediately institute a new Declaraton of Independence for the people upon whose just consent our freedom rests.

We must at once free ourselves from the excruciating tyranny of excessive, unfair and discriminatory taxation.

We need to pass, within the shortest time possible, a constitutional amendment limiting government spending and prohibiting unbalanced federal budgets, except in time of grave national emergency, as declared by two-thirds of the Congress.

We should forthwith strengthen the dollar by a cut of ten percent in all federal budget items, except for the national defense. By statute we should see that the salaries of our congressmen, senators, the president and all department heads are cut ten percent as an example of economy to the rest of the nation.

We must make it clear by statute that if any president at any time, or under any provocation, commits this nation to war, without the Congress first declaring war as provided by the Constitution, he shall immediately be disqualified from office.

We must drastically reduce the size of the federal bureaucracy that now, as in the days of King George III, eats out the substance of the people, and we must strip the bureaucrats of 90 percent of their regulatory powers that business, large and small, may once again compete freely in the marketplace.

We must by statute curb the unconstitutional usurpations of the federal judiciary, and by constitutional amendment we should reduce the life terms of all judges to a short term of years.

It is imperative that we get the federal government out of the operation of state and local governments, restore state sovereignty as conceived by the Founding Fathers, thus returning to the people the right to run their schools, welfare, health and similar programs without interference or taxation by the federal government in such affairs.

We should encourage an unfettered energy industry to mount a crash program with incentives and without hinderance from the government, to the end that we might have energy abundance of oil, gas, coal, shale, nuclear and hydro products within an attainable early future and thereby end our militarily dangerous and costly dependence on the OPEC nations.

We must encourage strong law enforcement, strike vigorously against all forms of drug abuse and by providing severe mandatory sentences, prevent the illegal admission of aliens.

We must restore the F.B.I. and the C.I.A. to a sound status of strength and credibility and reinstitute in the Congress the internal security committees that for so long protected us from the deprivations of the communists.

We must put an end at once to the shipment to communist countries of all goods and technology which can in the remotest way be used to enhance the military or economic status of such countries. Never again should we give a potential enemy the ability to kill American soldiers with our own scrap iron or provide the computers and ballbearings that give the enemy a first strike missile capability.

We must limit our foreign trade to the free nations of the world and end the shipment of wheat, corn and other foodstuff to communist countries.

We must at once get out of the United Nations and direct that evil, unAmerican organization to scram, taking with it all of its communist spies and operators.

We must make America number one in military preparedness by restoring the draft, building the B-1 bomber, the neutron bomb, the cruise missile and the MX missile, by emphatically rejecting the SALT II Treaty and by rescinding forthwith our giveaway of the Panama Canal.

We must stand firmly for morality and seek the guidance and blessing of God in all things.

To promote such a new Declaration of Independence will demand immediate action if we are to survive.

To implement it we must find a way for our people to once again control their government.

I believe that a part of the conspiracy includes the perpetuation of the two party system to the exclusion of any alternative effort.

We have arrived on these sad times because we have followed blindly two major political parties whose leadership long ago became committed to one world sovereignty that included accommodation, appeasement and surrender to communism.

Every president from Johnson to Carter has outdone his predecessor in reckless government spending and unilateral disarmament of the United States. It is time for a drastic change in antional politics.

I believe there are hundreds here in this room who for the love of this great country and the preservation of freedom are prepared to make the same sacrifices in time, money and even blood if need be that the signers of the Declaration of Independence freely made that we might have liberty.

Shortly before John Adams went to Philadelphia as a delegate to the fateful Second Continental Congress, his close friend Jonathan Sewall tried to disuade him.

John said to Jonathan, "I have passed my Rubicon. I will never change. Sink or swim, live or die, survive or perish, I am with my country from this day on."

Friends, I've passed by Rubicon. I'm with my country from this day on whatever may be the cost. Are you ready for the bold effort necessary to save America? ●

KEY TO ECONOMIC SALVATION?

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. DASCHLE. Mr. Speaker, I believe alcohol fuels offer perhaps the most promising single new energy source we can put into production right now. They are clean, abundant, efficient, competitively priced, and of immense promise to our agricultural economy.

John Sittner, publisher of the Lake Preston Times, wrote a very concise editorial on August 23, 1979, promoting the development of alcohol fuels. I recommend this article to my colleagues and insert into the RECORD:

KEY TO ECONOMIC SALVATION?

The more we learn about farm produced alcohol, together with constantly rising cost of petroleum and the certainty oil prices will keep on going up, the more we are inclined to think farm production of alcohol may well represent the economic salvation of rural America.

Some forward looking individuals, both in and out of government and interested primarily in the welfare of agriculture rather than the vested interest of the present energy industry, are advocating the concept of farms as "total energy factories" and not just factories producing food and fiber.

Their concept of agriculture is as a producer of energy in the form of industrial alcohol as well as grain, meat and fiber.

A little pencil pushing and consideration of farm production figures comes up with some interesting food for thought. Our farmers annually produce over 6 billion bushels of corn and about 1.5 billion bushels of wheat, a third of which is over and above our domestic needs.

That extra third is sold overseas or goes into storage bins, with the farmer's income from it reduced drastically by interest, freight, and sizable profit margains for a series of handlers.

Now suppose that surplus third was concerted into fuel alcohol, either on his place by the farmer, or by his home town privately owned farm supplier, or by his cooperative organization.

That 2.5 billion bushels of surplus grain will produce about $6 billion gallons of fuel alcohol, or the energy equivalent of about 273 million barrels of crude oil. That's equal to a bit over 10 percent of our total oil imports.

Now consider a couple other important facts. Those 2.5 billion surplus bushels of food and feed grains could easily be doubled or tripled if we forgot about production controls, set aside, non-production incentives, diverted acres, etc.

In fact, U.S. agriculture could easily replace a fourth or more of our imported oil with better quality fuel—and could do it with plants employing present technology. That could put a real damper on both foreign and domestic oil price hikes during the time it would take to develop our own shale oil deposits and perfect the technology for converting lignite and coal into gas and synthetic oil, and especially development of solar energy.

And it could be done without seriously restricting our present livestock production. For all the protein minerals, vitamins, etc., in the grain is left for livestock feed after fuel alcohol is distilled from the starch in it.

There are lots of other economic advantages to producing fuel alcohol on the farm or in the farmers' local communities. At present the farmer pays freight both ways, on his grain to terminal markets, and on petroleum products from the refinery to the farm, costs he could avoid by converting grain to alcohol in the area.

And the farmer would have that greatest of all economic weapons: an alternate market for the product of the soil he tills. Nowadays he takes whatever price the grain or livestock buyer chooses to pay him; with the ability to choose between food and fuel markets, his bargaining capacity would be infinitely improved.

There are those who will tell you all this is "pie in the sky;" who will marshal reams of material purporting to refute the concept of "total energy agriculture," who will do anything to protect petroleum's entrenched special interest; who would continue to sacrifice American agriculture on the altar of a cheap food policy.

But there are a few true friends of rural America who are beginning to take a close look at the alcohol fuel alternative as a basically significant innovation for agriculture.

We believe they deserve our encouragement and whole-hearted support.●

PRESERVING AMERICA'S FARMLAND

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, September 19, 1979, into the RECORD:

PRESERVING AMERICA'S FARMLAND

Each week the United States loses about 35,000 acres of agricultural land to urban development and public projects such as highways and reservoirs. The short-run consequences of the loss may seem negligible, but over the long run we cannot afford the sacrifice of so much valuable food-producing land.

Since the end of World War II the United States has experienced two basic kinds of change in its agricultural land. First, there has been a rapid improvement in farming techniques and technology, an improvement which has made agricultural land highly productive. The statistics on this change are really quite remarkable. Between 1950 and 1972 American farmers reduced the amount of land they planted by 50 million acres (almost one-eighth of all farmland), yet total crop production in 1972 was half again as great as it had been in 1950. Actual yields per acre reached an all-time high in 1972, more than two-thirds again as great as they had been just 22 years before.

A second change, the urbanization of America, has been equally important, and it has been taking place during much of the same period of time. Our cities have grown steadily around their fringes, and there has been a "leap-frogging" of new, low-density development far into outlying areas, where land traditionally has been cheaper. Both the growth of cities and the appearance of small "pockets" of urbanization, with the roads and community services that attend them, have drastically altered much of the land that would normally be used to grow food. Urbanization has claimed nearly eight million acres of prime farmland in the last ten years alone. Just in Indiana, approximately 14,000 farms and some one-half million acres of farmland have been lost in the past decade.

Because of the almost miraculous increase in the productivity of farmland since the 1950s, few people have been disturbed by the encroachment of urban sprawl on the nation's farms. It has seemed to many that our magnificent agricultural machine could go on increasing production without limit should the need arise. After all, farmers have been growing so much food on their active land that the federal government has been paying them periodically, through the set-aside program, not to put crops in the ground. Recent events and a closer examination of future needs and expectations, however, have shown that the loss of farmland is not a phenomenon to be ignored. We have already had signs that we may be getting into trouble.

Beginning in 1972, world demand for our food products took a sharp upturn. A combination of factors, including poor harvests in some countries and improved diets in others, caused the "export surge." American farmers always welcome an opportunity to increase exports, but as high demand for our food products has continued our food surpluses have been drawn down and we have had to put more land into cultivation. About 376 million acres were planted in 1977, up from 333 million acres in 1969. There is no indication that high demand will slacken or that the need for extra acreage will decrease.

Greater demand, along with evidence that we have reached a peak in productivity levels per acre, will make the continued loss of farmland a very serious matter in the months and years ahead. In March of this year Secretary of Agriculture Bob Bergland sent a memorandum to President Carter warning that big increases in food production which resulted from technological innovation have levelled off, and that future increases in food supply would have to come from planting more land. Reports from various universities, agricultural organizations, and the Department of Agriculture all point to difficulty in the future if farmland loss is not halted. At best, the reports say that we will not have enough food to export to other nations by the end of the century. At worst, they predict that we will barely have enough food to feed ourselves. All forecasts indicate higher food prices caused by a shortage of land on which food can be grown. We need to study the data very carefully (and expand our information base where necessary) to see just what kind of problem we are facing.

Several states have taken action to slow the loss of farmland, and Congress, despite its historic reluctance to look at land use issues, is now considering legislation at the national level. The problems are many. In this country we have typically viewed privately owned land as property which the owner can use as he wishes or sell to whomever he wants. Many people are against laws and regulations which restrict land use. Because of these feelings and attitudes, states which are attempting to preserve farmland have tried persuasion as a tactic. The most successful actions so far have been state and local laws giving preferential tax treatment to land used for farming (especially when landowners promise not to convert land to non-farm uses for a specific period of time). Other actions have been laws directing state and local governments to aim at eliminating or altering projects that would damage farmland. Legislation now before Congress would create a special task force to study the causes and extent of farmland loss. It would also direct federal agencies to consider the "farmland impact" of their programs.

Farmland is one of our country's most vital resources. We must take fair and equitable steps to preserve it. Legislation now in Congress may be helpful in starting a very necessary discussion.●

ACTIVITIES OF MISSISSIPPI NATIONAL GUARD FOLLOWING HURRICANE FREDERIC

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. LOTT. Mr. Speaker, my conviction about the need for a prepared and qualified National Guard was reaffirmed this past week by the conduct of the Mississippi National Guard in its preparation for and its work after Hurricane Frederic.

I urge my colleagues to aggressively support adequate funds for this country's National Guard, not only because of its importance to our national defense programs, but also because of what it can do for us in times of natural disaster.

Gen. Glenn Walker and his staff were ensconced at the National Guard facilities in Gulfport, Miss., on Wednesday, September 12 before Hurricane Frederic struck the Alabama and Mississippi Gulf Coast. They were primary coordinators of disaster preparation and were a vital link with all officials concerned in that effort.

Members of the 890th Engineer Battalion of the Mississippi National Guard played a major role in emergency activities on the Mississippi coast. Literally hundreds of people were moved by National Guard vehicles from unsafe quarters during the height of the hurricane. After the hurricane, engineers and local National Guardsmen were joined on Thursday by MP companies from Crystal Springs and Jackson who were of paramount importance in protecting against looting and in the directing of necessary traffic.

I was proud to witness the fine job of the Mississippi National Guard after Hurricane Frederic, and I want to take this means to express my appreciation to every person who served in this capacity prior to and in the wake of the hurricane. I commend each of them for their actions.●

SYRIAN JEWISH EMIGRATION

HON. S. WILLIAM GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. GREEN. Mr. Speaker, Monday the House passed House Concurrent Resolution 91 which calls upon the government of Syria to permit those members of the Syrian Jewish community desirous of emigrating to do so. As one who has been concerned over this matter for quite some time, I applaud the timely action of the House and the Foreign Affairs Committee. While we have seen some improvements in the Syrians' record on this matter, the present situation is one that requires pressure from both the administration and the Congress.

I would like to insert into the RECORD at this point a letter I received from the State Department in response to a letter of mine urging action to encourage the Syrian Government to allow the emigration of Syrian Jews who wish to leave:

MAY 8, 1979.

Hon. S. WILLIAM GREEN,
House of Representatives.

DEAR MR. GREEN: The Secretary has asked me to thank you for your letter of April 24 concerning the Jewish community in Syria.

Before the formal resumption of U.S.-Syrian relations in mid-1974, the U.S. Government attempted to improve the situation of Syria's Jewish community through various indirect diplomatic channels. Since 1974, we have been able to make our concern known directly to the Syrian Government. In our efforts, we consulted closely with various American Jewish organizations and interested Members of Congress.

From 1974 through 1976, the Syrian Government gradually reduced some of the more onerous restrictions long imposed on Jews in Syria. A series of unpublicized high-level decrees in late 1976 and in 1977 eliminated or reduced remaining official restrictions. Under the new regulations, the Jewish religion designation on identity documents is no longer prominently featured in red ink. Restrictions for Jewish citizens on movement within the country, on the holding of government jobs, and on the import and export of goods have been eliminated. Jewish schools are to be treated as other private educational institutions in the country; Jewish community leaders are invited to attend official ceremonies; Jewish students are admitted to Syrian universities under the same conditions are other Syrian applicants. In addition, Syrian Jews may bequeath or inherit property on the same terms as other citizens; past restrictions on obtaining or transferring property deeds and other title documents have been lifted, although there is the usual bureaucratic delay and red tape. The supreme governmental committee that supervised Jewish affairs has been abolished.

Under the recent changes in regulations, Syrian Jews can obtain more readily passports for travel abroad; but, as is the case for all Syrians, they may be denied, usually because of military service requirements. Any Syrian may be required to post a forfeitable bond to insure against failure to return.

A formal ban on Syrian Jewish emigration remains in effect, although the Syrian authorities did permit a number of young Jewish women to emigrate to this country in 1977. We have concentrated our efforts on the unmarried women because the leadership of the Syrian community has identified this as their most pressing social problem. We are hopeful that our continuing efforts will prove successful.

In late 1978 the Syrian authorities launched an investigation into the unauthorized departure of a sizeable number of community members. While those members detained for questioning may not have been treated gently, we have no reason to believe their treatment was more harsh than any Syrian citizen might have experienced under similar circumstances. Neither do we know of any verified instances in recent years of the use of torture against a member of the Syrian Jewish community. At present, none of the members remains under detention. While the investigation was in progress, members of the Jewish community were restricted for several weeks from traveling within the country without notifying the authorities in their place of residence of their departure and return.

We will continue to work to improve the situation of Syrian Jews in consultation with the Syrian leadership through careful, timely, diplomatic persuasion and through expressions of interest by concerned Americans visiting Syria. Further progress toward the achievement of a just, comprehensive and lasting peace in the Middle East offers the best hope for a long-term solution to the problems of Syria's Jews, including the question of emigration. In the meantime, we are determined to pusue our policies which have already considerably improved the situation of Syrian Jews.

Sincerely,

DOUGLAS J. BENNET, Jr.,
Assistant Secretary for Congressional Relations.●

CAPITAL COST RECOVERY ACT

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. MIKVA. Mr. Speaker, today I am adding my name to the growing list of cosponsors of the Capital Cost Recovery Act of 1979 (H.R. 4646), the "10–5–3" depreciation reform bill introduced by Mr. JONES and Mr. CONABLE.

The need for this legislation is becoming increasingly evident. As indications of an economic slow-down mount, the need for some stimulus which will not fuel inflation is desirable. More important, the American competitive edge in world trade has diminished as other countries have modernized and built new productive capacity.

Earlier in this decade, Congress enacted the investment tax credit in an attempt to help lift the country out of a recession. However, the investment credit has not performed as had been hoped. A lag in capital spending has resulted in sluggish productivity gains for the past few years and limited investment in providing jobs for the future. America's competitive position in world markets has slipped.

Mr. Speaker, should the Congress decide that a tax cut is necessary, I think the Jones-Conable bill provides the relief which free enterprise needs in the coming years. By providing for more rapid recovery of capital investment in productive assets and by simplifying depreciation calculations, this legislation will allow industry to make its expansion decisions on business judgments, rather than tax consequences.●

CENTENNIAL DAY

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SOLARZ. Mr. Speaker, almost a century ago, a group of men and women dedicated to the advancement of human rights and equality to Jews formed the Organization of Rehabilitation Through Training. Its purpose was the advancement of the underprivileged and oppressed Jews in Czarist Russia.

Since that time, ORT has grown into the largest nongovernmental voluntary program of vocational and job training in the world, touching the lives of over 2 million people in over 40 countries. A major portion of Israel's skilled labor force owes its training and competence to ORT.

Throughout its history, ORT has been a pioneer in systematic vocational and technical training, which has enabled thousands of immigrants and underprivileged people to become economically self-sufficient. Its activities have performed a vital service to the international community by raising the level of the skilled work force in developing countries.

At the present time ORT's activities include assistance in the resettling of Soviet Jewish refugees, and the development of training programs throughout Latin America.

In recognition of ORT's service to the international community, I am today asking my colleagues in the House to cosponsor House Joint Resolution 372, which would designate April 10, 1980, as "ORT Centennial Day."

In passing this resolution, we honor those thousands of volunteers who have given many long hours without compensation to help the poor and disadvantaged people of the world; for instance, those who enter such programs as Third World modernization through the Agency for International Development. These people were and are the backbone and essence of ORT. Their caring, contributions, and hard work have made ORT a success. By passing this resolution, we will also be applauding the accomplishments of the students of ORT who persevered through numerous hardships and have become vital members of their community.●

BRADFORD COUNTY TELEGRAPH: A CENTURY OF VALUABLE SERVICE

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. FUQUA. Mr. Speaker, the Bradford County Telegraph, published in Starke, Fla., has recently celebrated its centennial year and I would like to take this occasion to commend the present and past management of this outstanding weekly journal as exemplary of the best traditions of grassroots journalism in America.

Published continuously since 1879, the Bradford County Telegraph has been managed since 1893 by three generations of the same family—by Eugene S. Matthews from 1893 until 1933, by his son, Eugene L. Matthews, from 1933 until 1973, and by Eugene L. Matthews' two sons-in-law, Bob Ferguson and John Miller, until the present day.

During the entire history of the paper it has been a vital force in the progress of Bradford County, gently leading the citizens through historic periods of change in the world, the Nation, and the community.

Over the years the newspaper and its editors have frequently been cited for outstanding public service, and the Telegraph was awarded a citation for public service by the Florida Press Association in 1954 for articles which resulted in a community improvement campaign.

It is symbolic of the dedication and civic spirit of the newspaper and its publishers that it has provided noteworthy leadership both in Florida journalism and politics.

During his 40 years as publisher the senior Eugene Matthews served four terms in the Florida Legislature in 1904, 1907, 1911, and 1923—serving as speaker of the Florida House of Representatives in 1907.

Mr. Matthews was appointed to the Florida Railroad Commission in 1924 and served in that office for 25 years with the same dedication with which he ran his newspaper.

When the younger Matthews, then recently graduated from Columbia University School of Journalism, assumed ownership of the newspaper during the midst of the depression in 1933, it was not uncommon to take payment for subscriptions and ads in trade—whether it be eggs, syrup or sweet potatoes.

The newspaper survived the depression and the younger Matthews emerged as one of the most distinguished journalists in Florida, being elected by fellow newspapermen to serve two terms as president of the Florida Press Association from 1950 until 1952. During his presidency of FPA, Gene Matthews transformed the organization from little more than a social club to a professional organization dedicated to the highest standards of journalistic excellence.

Though his father had set a family precedent for elective public service and Gene Matthews, himself, has had a continuous interest in politics, he chose to concentrate his energies and leadership qualities on journalism. In his own words:

> I never entered politics because I couldn't give up the newspaper. I couldn't run for office and still feel free to criticize.

His constructive criticism from the editor's desk has been a blessing to generations of Florida politicians and though he would certainly have been a splendid addition to the ranks of our elected leadership, his objective and incisive commentary on issues amply attests to the wisdom and social value of his decision.●

NONFUEL MINERAL POLICY: A POSITION OF AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGISTS

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SANTINI. Mr. Speaker, I want my colleagues to read my excerpts from the just-released mineral resource position of the American Institute of Professional Geologists (AIPG), an organization of America's practicing geologists from governmental, educational, industrial, and consulting organizations. The members of this nonprofit professional society are among the most knowledgeable citizens in this country about matters pertaining to the exploration and development of minerals and the role they play in our economy and national security.

AIPG's position is so eminently reasonable that I urge my colleagues to clip it out for reference when we consider actions that increasingly distort mineral market forces and further endanger our mineral producing capability.

EXCERPTS FROM MINERAL RESOURCES POSITION STATEMENT OF THE AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGISTS [1]

In the United States, we are importing more than 50 percent of apparent consumption of 18 major mineral commodities, ranging from bauxite to platinum group metals. This situation, of course, poses serious problems when the interest of the foreign suppliers conflict with our own national interests. It also makes it more important for us to produce our own resources both for internal use and for export to reduce our balance of payments deficit. * * *

STATEMENTS, RATIONALES, RECOMMENDED ACTIONS

Statement 1: Government policy should encourage the exploration for and development of domestic sources of mineral supply.

Rationale: For the United States to rely unnecessarily on foreign nations for mineral commodities is hazardous indeed. * * *

American government policy threatens to make us vulnerable to uncertain or costly supplies of many mineral commodities. The cumulative effect of all governmental policy has been to discourage the development of domestic mineral materials.

Recommended Actions: (a) Mineral materials contained on Federal lands should be made more available to individual prospectors and to companies.

Even though the importance of mineral development and production, as an overriding national goal, is acknowledged in the Mining and Mineral Policy Act of 1970, the net effect of recent Federal policies has been to prevent or discourage the exploration for, and development of, mineral materials on Federal lands. * * *

(b) Designation of Federal lands as single-use wilderness, without adequate provision for development of mineral resources which they may contain should be discontinued.

Extracting minerals is a highly localized and often temporary land use which unavoidably creates local and temporary environmental problems, but to merely recognize the local problems created by mineral production while ignoring both the greater economic and conservation benefits is both narrow and dangerous. * * *

(c) All existing wilderness areas should be reviewed by Congress every ten years to determine whether multiple uses would be more beneficial to the national interest.

Most areas which have been designated as wilderness areas have been so designated outside the framework of a long-range mineral resource policy. * * *

(d) A model zoning ordinance that would encourage the development of mineral resources within a framework of sound environmental constraints should be drafted and its use encouraged by the Federal government throughout the United States. * * *

(e) The Federal government should work with State and local governments to develop a uniform and equitable form of financial compensation for communities that are adversely affected by mineral production in some manner commensurate with the value of the minerals produced. This might take the form of tax relief or other benefits. * * *

A way must be found to compensate communities from which minerals are produced for our nation proportionately to the value to the nation of the mineral produced. * * *

Giving tax or other benefits to such producing communities could be a way of compensation without appreciably expanding the size or cost of government.

(f) The public hearing process, which is often required before mineral deposits can be developed, should be revised so that the long-term interests of the whole nation are more clearly represented.

In virtually all cases, public hearings involved in the development of new mineral deposits pit "economic" interest against so-called "public" interest groups. Yet, if it is recognized that the production of mineral domestically is urgently needed for our nation, then the real conflict seems to be between the interest of the public at large and some small, narrower segment of that public which may be quite limited in its view. For the nation, it is obviously critical that the broad interests of the entire public be represented. * * *

(g) Depletion allowances, rapid amortization or similar tax incentives should be continued as mechanisms for encouraging the discovery and development of mineral materials.

Minerals are wasting assets and as such need to be periodically replaced. * * *

Before a mineral deposit can be replaced, a new one must be found and the finding process is very expensive and risky. * * *

In view of the greatly increasing cost of replacing mineral reserves, increased depletion allowances should be considered for many minerals. Without such allowances, the vast risk capital required to find mineral deposits will be increasingly more difficult to find.

Statement 2: National policy should encourage those methods of mineral extraction that are environmentally acceptable and economically realistic.

Rationale: The key to technically successful and economically productive reclamation lies in a flexible regulatory procedure which recognizes the unique relationship between each mine and its environment. Attempting to balance environmental and economic gains should be encouraged as a goal in all reclamation projects. * * *

Recommended Actions: (a) The concept of multiple land use for mineral lands should be encouraged.

In many cases, mineral reserve land may be used for other purposes during mineral production; depleted and rehabilitated mineral land may also be used for other purposes during and after production of minerals. The concept of multiple use should be the cornerstone for future mined land reclamation laws.

(b) Improvement of mined land by sound reclamation practices should be encouraged by a favorable tax structure.

In some cases, conservation-minded companies have greatly improved their mineral property through reclamation, screening or landscaping only to find that their taxes are increased. Allowing a grace period until the improved land can be put to other productive use and otherwise encouraging reclamation and beautification through tax incentives should be national policy.

(c) The production of such mineral commodies as crushed stone and similar bulk products from underground should be encouraged, particularly where the underground space so created can be put to other uses once mining is completed. * * *

If only 10 percent more of the stone production of the United States were to be produced from underground, the nation would gain about 1¼ billion cubic feet of "conservation space" per year. This is roughly equivalent to 125,000,000 square feet of choice industrial space (10 feet high) per year or equivalent to additional storage capacity for 296,800,000 barrels of oil per year.

(d) New methods of transporting processed mineral products should be studied to determine how minerals might be moved by techniques that are environmentally more acceptable than those in current use.

One of the major problems faced mainly by the construction minerals component of the mineral industry is the objection of nearby people to moving their products by truck through residential areas. No Federal activities regarding mineral production appear to address this problem in a way that either helps mineral producers or their neighbors. The environmental and economic implications of pipeline or conveyor or other systems for moving high bulk mineral commodities through residential communities to distribution points should be analyzed. In particular, the possible economic gains from making mineral commodities more readily available to the general public should be weighed against any cost involved in a possible Federal tax or other incentive mechanism to minimize any costs to producers.

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[1] The members of the American Institute of Professional Geologists (AIPG) are practicing geologists from governmental, educational, industrial and consulting organizations. AIPG is the sole national geologic organization concerned with certification of geologic professionals on the basis of education, experience, competence, and ethics.

Most practicing geologists recognize that the environmental, economic, political and the military health of the United States is contingent on a ready supply of mineral materials at reasonable prices. Our economy, the production of food, industrial products and energy, and our survival as a world leader depend upon the availability of mineral materials. Virtually all aspects of improving our environment require mineral supplies at prices which can be afforded by our society. * * * However, without equitable legal, political, and economic access to mineral resources, the environmental gains of the past few decades could well be in jeopardy. * * *

(e) National policy should dictate that costs of alleviating significant environmental problems created by mining activities should be borne by the producers creating such problems. However, the concept of "environmental significance" needs review.

Most mined land reclamation or other forms of environmental improvements are most efficiently handled during mineral production and by the private sector. * * *

Statement 3: Recycling of mineral-derived waste materials should be greatly encouraged.

Rationale: Often, for institutional reasons, the recycling of waste material is at a competitive disadvantage to the production of the same material from primary sources. In addition, handling of waste materials frequently runs into problems in local communities which make such recovery of processes impossible. Thus, even though recycling of wastes would appear to make good sense from many perspectives, the net effect of sociologic conditions is often to discourage recycling.

Recommended Actions: (a) Research in this area should be vigorously pursued with adequate incentives, through tax relief or other means, to encourage private initiative.

(b) The recycling of waste materials should be encouraged by allowing freight rates that are similar to those available for production and shipment of virgin materials.

(c) Mechanisms for making waste recycling more acceptable to the communities in which it is done should be studied.

(d) A community compensation system such as that suggested in 1(e) above should be considered.

Statement 4: Stockpiling of essential mineral materials—including petroleum products—should continue or be expanded. However, stockpiles should not be used to the detriment of domestic mineral production.

Rationale: A cushion against international emergencies leading to the disruption of mineral supplies or to excessive costs is mandatory for both our nations short- and long-term interest.

Statement 5: A vigorous information program, by both public and private sectors, should be instituted to make the public aware that mineral recovery properly done is a critical component of both environmental and resource conservation.

Rationale: As previously stated, minerals are critical to many forms of environmental improvement. * * *

Recommended Actions (a) National policy should encourage gathering specific quantified data about the economic military, environmental, and conservation importance of our mineral production, and disseminating it to the general public.

(b) Our school systems should be encouraged to give adequate courses showing the interrelationship of mineral production, national defense, economics, environmental improvement and conservation, and the overall impact of our mineral materials on our standard of living.

Statement 6: All mineral resource policy should be made consistently within the framework of a mineral-resource conservation ethic which acknowledges the overriding importance of mineral policy to the future well-being of the United States.

Rationale: In recent years, stressing the importance of environmental controls while apparently minimizing the importance of mineral products, particularly the energy minerals, has been responsible for some of the greatest economic dislocation in the history of the United States. * * *

Very directly our lack of sound and constructive mineral policies endangers both the military and economic security of the United States.

Not generally realized is that our recent failure to develop energy sources in the United States is responsible to a large extent for the continued high energy prices in world markets. * * * Also, in many ways our environmental desires have proven to be environmentally destructive on a worldwide basis.

One step toward eliminating these problems is to state and live by a mineral resource management ethic that recognizes the complex interrelationship of our nation's and the world's environments, resources, and economies.

In view of the extreme importance of our minerals, a major question to be answered is this: Should any person, or entity—corporate, political or private—have the right to prevent or delay the development of a mineral resource provided reasonable and economically feasible environmental safeguards are met?

Recommended Action: The Federal government should sponsor and finance as soon as possible a conference for the purpose of defining a mineral resource management policy leading to a consistent rationale for the development of our minerals.●

THE PROBLEMS OF A BALANCED BUDGET AMENDMENT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. LEHMAN. Mr. Speaker, as a member of the Appropriations Committee and a former member of the Budget Committee, I have been well aware of the inflationary pressures that result from Federal deficit spending.

Though I strongly support efforts to balance the Federal budget and am willing to make the tough decisions required to accomplish this, I cannot support a constitutional amendment to require a balanced budget. Such an amendment would prove unworkable and could restrict the ability of the Government to respond in emergency situations.

The first problem would be defining what we mean by "budget." Do we continue to include the Social Security Trust Fund? Do we bring in currently off-budget activities such as the Federal Financing Bank? What about setting up a separate budget for capital improvements as many States and private businesses now do? It will be very tempting to design a Federal budget in such a way that it will be in balance without significantly reducing spending.

Including a definition of the budget in the language of the constitutional amendment could solve this problem, but it raises another. The Constitution lays down the principles guiding our Nation and is meant to provide the broad basis for our laws. It is not the place for detailed definitions. Indeed it can well be argued that the Constitution should not be burdened with amendments which respond only to the problems and public sentiment of a particular time. Constitutional amendments should pertain to our basic rights as humans and as Americans.

Assuming that a definition of the budget was agreed upon and a balanced budget amendment passed, we must consider how it would work in practice. The budget is very sensitive to economic conditions. If unemployment rises, so do the costs of unemployment compensation, food stamps, and other welfare programs. Federal spending will automatically go up and revenues will decrease because of lost income taxes. It has been estimated that for every percentage of unemployment, the Federal deficit increases by $20 billion.

If a deficit is permissible in an emergency, we again have a problem of definition. What, short of full-scale war, would constitute an emergency? Would an emergency be determined solely by virtue of a two-thirds vote in Congress? Could not this too easily lead to circumvention of the amendment?

Some advocates of a balanced budget amendment contend that it would force Congress to cut spending. We must remember, however, that there are basically two parts to the budget, expenditures and revenues. A balanced budget can also be achieved through higher taxes. It is not a pleasant alternative, but it could be inevitable. Recall that the congressional response to the crisis in the Social Security Trust Fund was not to reduce benefits, but to raise taxes.

The real problem, that of making hard decisions will not go away whether or not a constitutional amendment passes. Members of Congress do not want to cut back on programs that benefit their constituents. Much Federal spending can be reduced by eliminating wasteful Government practices, but the truth of the matter is that Federal spending will not come under control unless all elements of our society are willing to make the necessary sacrifices.●

THE CASE FOR A TAX CUT

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SOLOMON. Mr. Speaker, one of the major issues which will confront this Congress is that of whether or not to enact a tax cut. In this light, I recently read an editorial in the Glens Falls, N.Y., Post-Star which effectively illustrates the reason why we need to enact a tax cut at this time—to stimulate productive economic activity without increasing our already high budget deficit. I commend the editorial to the attention of my colleagues.

A CUT IN FEDERAL TAXES COULD STIMULATE ECONOMY

In an interview in U.S. News and World Report, former President Gerald Ford described President Carter's economic performance as a disaster. He pointed to a 13.2

percent rate of inflation, rising unemployment and record high interest rates after 2½ years of the Carter presidency.

It is not surprising that former President Ford, a Republican, would be critical of a Democratic president who defeated him in the race for the office.

However, the statistics which he quotes are factual and, as a measure of the president's economic accomplishments, are damning. There is no doubt that the state of the economy on all fronts is the principal consideration in all walks of life.

And the irritating thing is that while inflation continues at a rate which erodes the value of everyone's dollar, most economic indicators point toward a recession which may be worse than that of 1974–75.

In the face of this "stagflation," newly appointed Federal Board Chairman Paul A. Volcker has come out flatly against any cut in federal taxes because an unbalanced budget is inflationary.

There are sound reasons why a tax cut would be welcomed at this time, especially one that favored business. One of the principal reasons for our inflation is the drop in non-farm productivity, which has reached a record low.

There is a great need for capital formation by the nation's business so that capital will be available for new plants and modernization of older ones. That would bring better productivity and make some of our industries, notably steel, more competitive.

And a cut in the rate of taxes and a shortening of depletion allowance need not result in a lesser income by the federal government and greater deficits. It is entirely possible that a cut would result in renewed business activity and hence greater tax collections albeit at a lowered rate.

President John Kennedy's tax cuts stimulated business and generated a more active economy. President Carter never has seemed to have any reluctance about deficit spending to help the likes of HEW and HUD. He might partially solve his economic problems with a tax cut. Of course, Congress will be the judge of that.●

HONESTY, FREEDOM, AND BUSINESS ETHICS

HON. JON HINSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. HINSON. Mr. Speaker, Ivan Hill, president of American Viewpoint, Inc., recently addressed the American Society for Industrial Security on the need for a high degree of honesty and mutual trust among our citizens, and between our citizens and their government.

Mr. Ivan B. Hill is a graduate of the University of California at Los Angeles and began his advertising career on a newspaper in southern California. He then moved into broadcast advertising and from that into the advertising agency business in Chicago. He has also been president of a drug firm, a television producing company, and a real estate firm, all based in the Chicago area.

Mr. Hill retired in 1970 and moved to Chapel Hill, N.C. He has devoted a great part of his life to bringing the subject of ethics, values, and honesty to the attention of the American people and business.

He is now the president of a tax exempt foundation, American Viewpoint, Inc., with headquarters at 1730 Rhode Island Avenue NW., Washington, D.C.

Mr. Speaker, I call particular attention to that portion of his address in which he calls attention to the fact that:

> A people that loses faith in its government, its business, its schools and churches, will soon lose faith in one another. Under such conditions, aggravated by the inherent dishonesty of continuing inflation, it will be difficult to avoid considerable concentration in government control, with possibly an inevitable degree of totalitarianism.

I have included the full text of Mr. Hill's remarks here. I would recommend that my colleagues take time to read them.

The text follows:

HONESTY, FREEDOM, AND BUSINESS ETHICS

(By Ivan Hill)

I am happy to be here among my fellow inflation fighters. You fight inflation through your many methods of loss prevention. We fight inflation by trying to restigmatize dishonesty in the United States. The way we work makes your method look awfully sensible. We are trying to make being honest socially and culturally "safe," all right, maybe the "in thing" to be.

In coming here to speak, however, I wondered if the person responsible for asking me gave any thought to the possibility that if we succeed, even a little bit, in strengthening the ethical framework of this society, your security industry may not continue to be one of America's fastest growth businesses. Some of you fellows might even fail to get your budgets increased because of a decline in embezzlements, fraud, bribery, kickbacks, and other popular fun games generally called "white collar" crime. Or, the judicial question game—why put such a nice fellow on six month's probation when he only stole a million inflated dollars?

In reference to business ethics, which is part of the title for this talk, let me hasten to say that it is high time that we all quit yapping about business ethics. Ethics is ethics, whether in business, medicine, law, the church, journalism, or on the farm. And we have a problem with sleazy ethics in all segments of our society. When one considers the hundreds of millions of daily business transactions, the percentage for dishonesty and lousy ethics in business may well be no greater than in the colleges and universities. Actually, one measure of virtue is not how many temptations one yields to, but how many temptations one has resisted. That's why we should be less critical of a beautiful and bosomy blonde. She may be yielding to only one-tenth of one percent of her temptations. That's one reason why, too, we have so much stealing today—it's been made so easy.

Now, I understand that talks on ethics are often duller than a Wednesday night sermon. So, I turn down most invitations to speak. Since I never charge a fee for speaking, I do get several invitations. But I came out to San Francisco to talk with you because you are right on the firing line of this ethics battle in America. You know what's happening. I can talk sense to you. But, you'll need to be patient because what I say may be very different from what you hear from amiable corporate vice-presidents or professors who take too seriously their long servitude in education. Furthermore, keep in mind that I work full time for nothing. So I don't have to hold back any candor. I never did, that's why I have always had to either be my own boss or work for nothing. But let's look at what's been happening in ethics and what may well happen if more of us do not wake up and take action.

In 1960 I spoke to the National Military Industrial Conference on the subject of Ethics, Economics and Survival. I stated then that what we would do with our ethics in the years ahead would have more to do with our survival as a free society than what we would do with our economics. Perhaps the decade of the sixties will be remembered as the period when ethics was born anew. It was a time when there was an ever-increasing amount of talk about ethics—on television news programs and in newspaper headlines. The expanding discussion was punctuated by some soul-searching issues—the confrontation with Russia in the Cuban missile crisis, civil rights, Vietnam, street riots, and men on the moon. The events of the sixties nurtured a mood of introspection, doubt, and meditation. We wondered what was real, what was right, and what would come next. Then came Watergate.

Watergate in itself, with all its tragedy and trauma, was simply a manifestation of the mores of our society. It was the opening of the Watergate door that allowed us to see the magnification of the flaws in the ethical framework that holds together our democratic system.

But Watergate also showed the strength of the foundation built for us by those who founded this country. We did not lose faith in our democratic society, in the structure of our private enterprise system. But many, very many, citizens have lost faith in the ways in which our system is implemented. Throughout America there is now a ferment of discontent about the lack of ethics, the lowering of moral standards and the widespread vulgarization of our national culture. Fermentation is sometimes hard to contain when shook up. The industrial security industry, particularly, must be alert to this possibility.

Because our organization is solely devoted to the task of strengthening the ethical underpinnings of the United States, we have received thousands of letters and phone calls about ethics. We have wondered if the people who wrote or called us just happened to have had a rather clear concept of the practical meaning of ethics, or did they represent the public generally. To find out, we conducted a survey among a random sample of persons old and young, with different incomes, of different ethnic backgrounds and occupations. We found that the TV commentators and newspaper reporters have been correct in assuming that almost everyone understands what they are talking about when they discuss ethics. Doubtless the media has greatly aided the public in its understanding of ethics. The public quickly figured out that if ethics was in the headlines, the lack of ethics was reported in the story. Eighty six percent of all persons interviewed associated ethics with rules and standards, morals, right and wrong, values and honesty. In particular reference to honesty, the survey indicated that many people no longer consider lying and breaking promises as being dishonest. The threshold of dishonesty now seems to begin with stealing. What will be the next threshold? To steal from the government and the so-called "impersonal" big businesses is already considered all right, not dishonest, by a sizable number of citizens, old and young, rich and poor.

The significant question, however, is not whether most of us know the meaning of ethics, but do we realize the consequences of the frightening increase in the lack of ethics and honesty? Several years ago in one of Britain's more critical moments, a member of Parliament stated that "a society which runs on a system that makes no effort to come to terms with morality will always be unsatisfactory and may become unmanageable." Britain has had some difficult problems. But look at America now! How long can we survive in freedom and do so little to stop the erosion of faith in government, in business, in the professions, in education and even in the church.

Thomas Paine, whose Common Sense essays contributed so much to inspiring the men and women who won the American Revolution, once said that a long habit of thinking a thing wrong, gives it a superficial appearance of being right. So it is today, with our increasing toleration of dishonesty, sleazy ethics, graft, shoplifting, embezzlement, bribery, kickbacks, vandalism, arson, and the corruption that flows from the bigness and power of organized crime. The art of compromise and willingness to go along seems to have destroyed our capacity for convictions.

As all of you have probably read, the Department of Health, Education and Welfare once estimated they were losing about seven billion dollars a year to various kinds of waste, stealing, goofing off, and fraud, including Medicaid and Medicare ripoffs. So, someone in the Inspector General's office of HEW read about our organization in U.S. News & World Report and promptly sent a staff lawyer over to ask me if I had any specific recommendations regarding their problem. I told them that I had one simple little suggestion they might try out. I explained that it might not do any good, but it would cost little or nothing and they could test it out in just a tiny section of any of their vast offices. What did I so quickly recommend? Well, I showed the Inspector General's man a framed copy of the Code of Ethics of the United States government. Apparently he had never seen it in its full-color printed form. He stated that he believed a copy was in the governmental manual. Did any of you know that the United States government has a code of ethics for all employees, including the members of Congress? You would never guess this Code was passed by Congress in 1958! Let me read it to you:

Any person in government service should:

I. Put loyalty to the highest moral principles and to country above loyalty to persons, party, or Government department.

II. Uphold the Constitution, laws, and legal regulations of the United States and of all governments therein and never be a party to their evasion.

III. Give a full day's labor for a full day's pay; giving to the performance of his duties his earnest effort and best thought.

IV. Seek to find and employ more efficient and economical ways of getting tasks accomplished.

V. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept, for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

VI. Make no private promises of any kind binding upon the duties of office, since a Government employee has no private word which can be binding on public duty.

VII. Engage in no business with the Government, either directly or indirectly, which is inconsistent with the conscientious performance of his governmental duties.

VIII. Never use any information coming to him confidentially in the performance of governmental duties as a means of making private profit.

IX. Expose corruption wherever discovered.

X. Uphold these principles, ever conscious that public office is a public trust.

Now this softly but clearly worded message shouldn't harm anyone. So, why should any United States government agency be afraid to display it? It is not nearly so demanding as the Ten Commandments, which no good Catholic or Baptist condemns. In fact I could easily live with this government code of ethics, but there are certain of those Ten Commandments that I have trouble with. But do you know what HEW's Inspector General's office told me later? They said that somebody objected to this code hanging on any wall where government workers would see it. That's what I thought they told me. So, I wrote a letter to Mr. Califano, the powerful HEW Secretary, and Mr. Morris, the Inspector General himself. I got replies, but I couldn't understand what they said except that they were not about to publicly expose government workers to this code of ethics. Maybe government employees would read it and feel uncomfortable. They might have to take sick leave again. That paragraph three of the code can be frightening to a bureaucrat: "Give a full day's labor for a full days pay; giving to the performance of his duties his earnest effort and best thought." Why that's a radical idea for a government worker, for many private sector workers, too, including management.

Then we called the Department of Justice and they stated that the General Services Administration controlled what goes on government office walls. Now, considering the G.S.A.'s own peculiar codes of conduct, one can begin to understand why the government's code of ethics would not readily be hung on any government office wall. Can you imagine a General Service Administration employee having to stare at this patriotic-looking code of ethics while he is in the process of taking a big kickback!

Of course, American Viewpoint is nonpartisan, but I do not think it a partisan remark for me to suggest that President Carter might pick up a million or so extra votes in 1980, if he should happen to run, by simply ordering the Government Code of Ethics displayed in every government office throughout the land. Since California leads the way for America in so many fields, perhaps Governor Brown would like to adopt the Code for use in California state offices. Further, this action, symbolic though it may be, might serve to reduce inflation by reducing the need for about a fourth of the government employees and perhaps, in turn, serve to reduce the government deficit. If all these things came to pass, one can easily understand why this issue of honesty and ethics is one that only the courageous care to confront. If the honesty habit became contagious, a lot of people might not be needed in Washington, in New York, in Sacramento, or wherever bureaucracy flourishes.

I have always been impressed by symbols like our American flag. I have also been aware of the power of intangibles. So when a corporate leader tells me how silly I am to talk about such idealistic intangibles as honesty and ethics, I ask him what is the per share book value of his company's stock. So, he may say on that day, thirty-seven dollars. But he can't understand why his stock is selling at twenty-one dollars per share, at a very large discount from book value, and with a good price-earning ratio, too. I tell him it's just a matter of intangibles—public attitudes—the intangible kind of thing that permitted Ayatollah Khomeini to hang out around Paris and still drive the Shah out of Iran.

Shall the citizens of America long continue to accept the dishonesty inherent in inflation? Will we just go along with triple-locked doors and accept the fact that too many Americans, if given half a chance, will cheat—whether he or she is a high school student, a motion picture executive, or an often-tempted purchasing manager? Shall we accept lies from the plumber, the repairman, and the chairman of the board, all as a matter of course, as an institutionalized habit of the times? And the corruption of politicians is so pervasive it has ceased to be a comedian's joke. As long as a member can stay out of jail, even the House of Representatives doesn't seem to object. Just like some of our country clubs. In our gut, many of us sense that these symptoms of corruption may be only the first blush of a deeper, more insidious fever. This fever, if allowed to progress unattended, may leave America wracked with violent crime, accompanied by a brutal lust for wealth and power such as we have never seen. And leave our once cherished principles and finer instincts as its first casualties. For our children's sake, for their children, let us make sure this future does not come to pass.

In recent years there has been a growing interest in the teaching of ethics and values in the public schools. A few days ago, I testified on this subject before Chairman Perkins, and a subcommittee of his House Education and Labor Committee. There are many questions in this area, but two of them should not be whether ethics can be taught or should the schools help. Ethics can be taught, and should be taught, in schools as well as in the home, in churches, and in all institutions within a democracy. But we should separate the concept of ethics from the concept of morality. The terms should be redefined.

Generally speaking, in our culture the terms ethics and morality have been more or less interchangeable in meaning. But there is evidence that this should not be so. Our information indicates that the public more readily associates ethics with rational choices as to values, honesty, whether to steal or not, work hard or even enough, and so on. Ethics should not be perceived as a moral guideline, but as a basic working social principle. Ethics is one of the most scientific aspects of the social sciences and if this view had been understood by more social scientists, certainly they would have been able to contribute far more to our society than they have during the past fifty years. The old idea of value-free education is an absurdity. All humans have a set of values.

The public is often considered not so smart, but it always seems to be more shrewd than politicians and educators think. People seem to rather instinctively associate morality with sex and self and appear to readily ascribe to morality a transcendental or mystical origin. I believe the public is right and that all of the value teaching materials available to schools should be reconceptualized and reassessed to fit more suitably into the knowledge that the sociobiological sciences will be able to provide. Ethics is the common denominator of science and religion.

Recently I visited with Dr. Paul MacLean, the chief of the Laboratory of Brain Evolution and Behavior, of the National Institute of Mental Health. Yes, I was curious about my own brain, but I read some of Dr. MacLean's articles on the Triune Concept of the Brain and Behavior. Of course, I know from nothing about the biological sciences, but what came through to me from reading his materials and listening to Dr. MacLean was that although our brain may function as one, the brain actually has three major parts: the old brain consisting of the reptilian and old mammalian-type brains, and the neocortex. In a sense, we have the old brain that remains a repository for our innate forms of behavior, while the new brain takes care of reading, writing, arithmetic and is to quote Dr. MacLean "the mother of invention and father of abstract thought, it promotes the preservation and procreation of ideas." The new brain is the rational brain and the old brain is the emotive brain of feelings and sensitivities. The chemical composition of the old and new brains is quite different, too. To me, these ideas seem to make very practical sense in terms of ethics and morality.

Ethics is the fundamental social science, related to ecology in the same sense of using what you have the best way. Ethical behavior is such that recognizes and rests within a shared interest. It becomes unethical as it favors the special interest out of proportion. Ethics is a structure or framework within which a social system can function as a cohesive unit and within which the individual remains whole and free. The anthropologists have found that man survived and developed through the principle of cooperation and sharing. That's why we say that honesty is a basic working social principle, not just a moral guideline. And these principles can and should be taught in our schools.

But man cannot derive all his values from the normatives of society, from the rationalizations of the neo-cortex part of the brain. We must deal with the innate proclivities of the old brain. We must allow for sources of feelings and needs that cannot be subjected to logic per se. And, in reference to logic, I read a sensible statement, yes, by a college professor. Professor Jack Frankel of San Francisco State University stated that "just because something is logically valid does not make it true." This should be a required point of understanding for all police detectives and those receiving a master's degree in business administration.

I insert this comment because we shouldn't denigrate our old brain and our innate feelings. On any given occasion or at any given moment the old brain may out-fox the new brain. The old mid-brain and limbic system are comparatively autonomous in their functioning. And we should never rule out the mystical, or our conscience, as a source of direction. It is the domain of the old brain that we should look for moral education opportunities. In this area, morality—not ethics—can be caught when it can't be taught. Morality is easier to acquire when inspired by example rather than presented as a behavioral principle. More often than not, the old brain determines the winner of political campaigns.

The functional differences between the old and the new brain may be pictured in social and political systems in the problem of needing to emphasize the charisma of principle as well as the charisma of personality. As in the military, there is an enormous difference in results between management techniques and moral leadership. Of course, we need superior weaponry and logistics, but without inspired leadership and the oneness of a will to fight, the master plans and management techniques may be found in the mud of defeat. I believe that some who fought in Vietnam will agree with this view. Today we don't have enough heroes, partly because we have lived through several decades of value-free education and our group-oriented culture does not nurture men and women with the greatness of reason, strengthened by individual conviction, and the courage and wisdom to put the welfare of country first. It isn't enough for our young people to have to be their own heroes.

In our effort to strengthen ethics and increase honesty, we do not have any notion that we can change the nature of people. Except for continuing and scarcely discernible evolutionary changes that may occur back and forth in the biological substratum, man has not changed for thousands of years. In the opinion of many geneticists, man is programmed only to survive, not programmed to be good or evil. Certain of the sociobiologists believe man has an altruistic gene, but I wouldn't bet on that. In the process of surviving, man may become far more evil than he needs to be, especially if his environment encourages greed and power. However, as Dr. MacLean, the brain researcher indicated to me, man's "nature" might be described as deceitful, paranoid, and imitative. These characteristics seem to fit into the survival pattern, but, in my opinion, where progress and hope rests is in man's imitativeness. In that notion we can see much opportunity for man to cooperate and to follow his peers who have learned that you have to trust someone. About the only thing man can do very successfully by himself, alone, is to fail. As to being paranoid, there are currently only two segments of our society who dramatically manifest this characteristic—men and women. You might have observed this trait in the history of the proposed Equal Rights Amendment.

As to imitativeness, it is very evident that mass media and other communications techniques can be used with great effectiveness to stimulate good imitative consequences, as well as the violent and vulgar. Here, in San Francisco, all we need do is look at Levi's jeans. Boys and girls, men and women, throughout the world, have readily picked up this imitative fashion. Unquestionable, mass media and merchandising techniques should also be used to make being honest the way to be, even fashionable. Today too many young people, and old ones, too, feel as though they are suckers if they do not rip off someone or some institution. Isn't it utterly ridiculous that a nation so expert in communications and with such vast facilities uses them mostly for bad examples for us all to imitate?

A few years ago, when William Saxbe was attorney general of the United States, he set up a meeting for me with some Law Enforcement Assistance Administration staff. I tried to tell them that no amount of electronic gear and added policemen would solve the problem of crime if the public itself did not support such efforts. They paid no attention—just went rolling alone with crime, while spending billions.

One of the basic philosophical reasons for the increasing importance of ethics is that we are too rapidly passing out of that world where mankind did not understand and therefore feared the forces of nature, and into a scientific world where we do not understand man and his purposes and we fear the forces of man. Those who respect technology and understand its enormous potential for good must hasten to pass the word that dishonesty will pervert and destroy science. The more scientific we become—the more automated—the greater the need for the ethical man, one who is responsible and accountable, who is not only concerned with his own good behavior but with the welfare of others and of mankind as a whole.

Maybe technology will help make us more ethical. You may have read the newspaper reports about the watch-like instrument, soon to be marketed at $29.95, that you can wear on your wrist and by checking the dials determine if someone is lying to you. Consider the possibilities of making one of these electronic gadgets into a big clock-like device with a grandfather clock-like gong. Hang it in the United States Senate and House, in the halls and meeting rooms. After the first unstoppable period of gonging, maybe we could get the interest of the people into the forefront of Congressional activities. It could be fun to try, now that some of the Congressional sessions are on radio and television. Other good places for such a gong lie detector would be in zoning board meetings, corporate merger and acquisition discussions, in bedrooms and a host of places. But let's take a look at what is happening now.

There are those who say we are at peace, that we are fighting no wars anywhere. That seems to be true. But we are actually being attacked by a powerful and insidious enemy that is ripping off the very foundations of this country. We should be at war against the lousy ethics, the corruption and crime that can take away our freedom, our personal liberties, easier and quicker than any external enemy! A people that loses faith in its government, its business, its schools and churches, will soon lose faith in one another. Under such conditions, aggravated by the inherent dishonesty of continuing inflation, it will be difficult to avoid considerable centralization in government control, with possibly an inevitable degree of totalitarianism.

There are many who speak loudly and often about how much they love free enterprise, our private enterprise economy. But don't they know that implicit in the whole concept of capitalism is a high degree of honesty and mutual trust? Yes, they do know this, but only a very few have had the courage and the independence to stand up, to speak out, and to act to demand honesty; and especially have they failed to demand honesty and responsibility from their peers. So many big business leaders even wait to see if their competitors will come out for honesty before they commit themselves.

Too many of our leaders, notably the economists and corporate and government planners, are deliberately, carelessly, or ignorantly failing to recognize that as an economy expands and as technology advances, the need for better ethics increases exponentially. It isn't a question of whether or not we are as honest and ethical as we used to be. The more complex and interdependent a social system becomes, the more we have to cooperate with, to trust and to depend upon one another. Unless we get more honest, how can we reasonably expect an increase in the rate of productivity, an increase in the public confidence basic to capital formation, a decrease in big government and big deficits? To survive as a free society, we must be far more ethical than we ever thought we could be. If capitalism is to survive, it must be ethicalized. The question before this audience, before every businessman, every politician, indeed before every citizen, is now ripe to ask: Shall we be honest and free, or dishonest and policed? Throughout the Western world the time for the answer is now.●

YOU CANNOT WIN WITH POOR EQUIPMENT

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. MICHEL. Mr. Speaker, we will soon enjoy another world series. Can you imagine what would happen if one of the teams came into the series ill equipped? Suppose this team's bats were all split or cracked and the fielders did not have gloves. Suppose the team was not equipped with batting helmets and the players went barefoot instead of wearing spikes.

It sounds absurd, does it not? Well, in a much more serious area, the United States of America is ill equipped sending its "team"—our Armed Forces in Europe—into possible confrontation with a well-equipped Soviet force. Our tanks are outmoded, our communications system is primitive, and our chemical warfare retaliatory power is in bad shape.

If a baseball team was ill equipped, there would be a public outcry. Why is there no public outcry about our woefully ill-equipped NATO forces? Perhaps because our Nation's leaders have not told the unpleasant truth to the American people.

At this time I wish to insert in the RECORD, "On Maneuvers, U.S. Officers Deride Old Equipment" from the New York Times, September 14, 1979.

ON MANEUVERS, U.S. OFFICERS DERIDE OLD EQUIPMENT

(By Drew Middleton)

HOMBERG, WEST GERMANY, September 12.—Four "friendly" tanks clattered down the hill and across the bridge that the West German engineers were about to "blow up." As the tanks pounded down the main street of the village, bathed in the soft September sunshine, Capt. Robert Kovacic said disgustedly: "Look at those damn things. We've got to get a new tank, we've got to get a whole lot of things—and soon."

The captain, whose infantry company of the Third Armed Division was holding the town, echoed a complaint heard from four-star generals and veteran noncommissioned officers alike: the army must be modernized if it is to have a fighting chance in any war with the Soviet Union in Europe.

This an exercise. Side Orange is attacking Side Blue across the forests and farmlands of Northern Hesse. But if this was the real thing, the United States Seventh Army would go into battle armed with helicopters designed in the 1940's, tanks designed in the 1950's and without an infantry fighting vehicle that approaches the advanced Russian vehicle that has both a gun and a missile.

In addition, most of the American artillery pieces were designed for World War I and II.

Senior and junior officers protest that the Seventh Army is also weak in modern communications. "You might say," one senior general commented, "that in comparison with modern computerized communications we are still in the tin-can-and-string phase."

The general's exaggeration reflected the deep doubts within the command about the effectiveness of American command and control systems in war.

Gesturing at the frantic activity at a table packed with telephones in his tactical headquarters, the general said: "We might be able to make a fight of it with what we have if communications improve. But as it is we have great trouble communicating from corps to division and from division to individual units. That's in this situation. Think what it would be like in war with the enemy jamming our frequencies and using electronic warfare to the utmost."

Gen. Bernard W. Rogers, NATO's Supreme Commander, also said recently that although the Western allies were making progress in some areas of chemical warfare, "We are in very bad shape in respect to chemical warfare retaliatory capabilities."

WE MUST MODERNIZE

There are some of the reasons behind the emphatic comment of Gen. Frederick J. Kroesen of the Seventh Army: "We must modernize the army."

General Kroesen is confident that the quality of his troops is as high as that of those who fought in Korea in the 1950's and in Vietnam in the 1960's.

Senior officers believe that although improvements have been made in some weapons, such as the modified M-60A3 tank, American technology in conventional arms is not keeping pace with that in the Soviet Union. After 10 years of development, a decade in which the Soviet Union deployed two new tanks, the new American XM tank may reach the army at the end of next year.

A platoon of M-60's lumbered into position above the town Captain Kovacic's company was holding. With their high turrets, they emphasized the old criticism of an Israeli tank commander: "Big as a barn and just as vulnerable."

The failure to modernize the army's essential weapons, officers said, has a number of causes.

Budgetary restraints in a period of declining defense expenditure afflict all the services. Even now, senior officers fear that an extra $5 billion in the new defense budget will do no more than provide for pay increases, and will not improve the army's weapons.

The tendency of those described as "the research and development people" to endlessly refine weapons by adding new technological aids also causes slow progress.

The army has bought the rights to make the West German 120-millimeter gun. But senior officers complain that instead of manufacturing and deploying an urgently needed weapon, research and development programs have delayed deployment by adding unnecessary refinements.●

REINSTATEMENT OF THE DRAFT

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. BROWN of California. Mr. Speaker, I wish to share with my colleagues, part of a letter, addressed sometime ago to Democratic Members of Congress, from the Honorable Jerry Voorhis, a former five-term Member of Congress, concerning military conscription. As we all know, the House voted on September 12, against requiring 18-year-old males to register with their draft boards—252 to 163. The Schroeder amendment to delete the registration provision, which had been placed by the Armed Services Committee in the Pentagon's fiscal procurement bill, was also passed by a vote of 259 to 155.

I have always vigorously opposed the mandatory draft legislation, except in time of a declared war. The Schroeder amendment, which I supported, addressed the issue perfectly. Mandatory registration is simply not needed, and I commend all of my colleagues on the way in which the debate on this important legislation was carried out.

Jerry's questions and observations are rather fitting. This was received before the vote, and I submit it to you now for your information:

> If you are supporting—or considering supporting such legislation, then why?
>
> Do you really believe that drafted soldiers however great their numbers, can have any significant part in defending our country in a nuclear war? Don't you know that that war will be decided by nuclear bombs and missiles in the very first few days?
>
> Then are you doing this for the only other possible reason—namely to enable the United States to engage in imperialistic adventures in far off parts of the world, such as Vietnam or Africa or the Near East?
>
> How do you propose to deal with the probable millions of young men who will offer resistance to such a military draft? Will you put them in jail?
>
> Have you considered what the inevitable response of other nations to such a belligerent move on the part of the United States will be? Can it possibly have any other result than to stimulate war preparation all over the world?
>
> Don't you see that every warlike move on our part escalates the arms race and makes a balanced budget impossible without vast increases in taxes, and makes war more likely to come with its destruction of most of the lives of the people of both victor and vanquished nations?
>
> Are you not concerned over the fact that no plans exist—because none are possible—to defend the lives of people in American cities in case of the war which will come unless we begin to work and plan for peace instead of for war?
>
> Please remember that the hope of human survival on this planet rests largely in your hands. Don't diminish that hope by a foolish move. Please.
>
> Sincerely,
>
> Jerry Voorhis.●

THE 1980 BUDGET—MORE TAXES AND MORE INFLATION

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. EVANS of Delaware. Mr. Speaker, the 1980 budget resolution offers the Congress the chance to do something about the number one problem facing America—inflation. But once again, the budget proposal before us today fails miserably to do anything about inflation and the wasteful Federal spending which has become a way of life in Washington. This budget resolution promises more of the same—more inflation, more taxes, more Government, and more economic distress for Americans—and I cannot support it.

This budget resolution for 1980 calls for a budget deficit of $29.2 billion, virtually the same deficit as in 1979. It ignores the crying need to move toward a balanced budget. Most importantly, it ignores the major reason for our rampant inflation—excessive Government spending.

Time and again, those of us who support a balanced Federal budget have come close to turning that hope into reality. I think the American people are tired of seeing their hard-earned tax dollars wasted, and they want to see some restraint. But this resolution in effect thumbs its nose at the American people by mandating another gigantic Federal deficit.

This budget also represents in effect a 15 percent a year tax increase for the average American family for the next 5 years since they will be pushed into higher and higher tax brackets by inflation. At a time when most families and individuals are struggling to make it economically, it is outrageous to sock the taxpayer with a substantial tax increase.

I can tell you that Delawareans are carrying too high a tax burden already. They simply cannot handle any more taxes. Yet this resolution, instead of doing something to reduce taxes, goes the other way. This bill's failure to bring tax relief to Americans is another reason why it must be defeated.

The Republican alternative, which I support, reduces the deficit by $10 billion.

At the same time, it provides a $20-billion tax cut to help offset the rise in the tax burden caused by inflation and social security tax increases. In fact, our alternative envisions a series of tax cuts over the next 5 years which will total $170 billion in relief to the hard-pressed taxpayers.

Mr. Speaker, inflation is America's greatest domestic enemy. It threatens our very way of life, and it must be dealt with firmly and immediately. This budget proposal is a "budget of misery" because it further fuels the fires of inflation.

When are we going to begin to make the tough decisions which are necessary in order to reduce the growth of Federal expenditures?

When are we going to really do something about inflation?

I hope it is today by voting down this big-spending budget resolution.●

SAVING A "SUPERGAS"

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SWIFT. Mr. Speaker, I have been heartened during the last few weeks to see the increasing seriousness with which the press has been treating our dangerously wasteful policies toward America's depleting reserves of helium.

The distinguished chairman of the Subcommittee on Energy and Power drew the attention of the Members of this House to an article which the New York Times printed on the helium situation several weeks ago; it is now my privilege to insert into the RECORD a copy of an editorial which appeared in the August 31 issue of the Washington Star.

The Star's distinguished editorialist put the question to us clearly: "Wouldn't it be a frightful irony" if, in the midst of one energy crisis, we, by inaction and lack of foresight, laid the seeds for a crisis in years to come?

Will our descendants look back at this generation and say of us that we held the key to a golden future and idly let it slip from our hands, or will they praise us for taking bold and thoughtful action to preserve a vital element for the future? That is the choice which will soon be before this House, a choice which I am pleased to see that the Nation's press is now beginning to appreciate.

SAVING A "SUPERGAS"

It is often remarked that our energy future may turn on discoveries not yet made and on resources not yet used. One such resource surely is helium, an elusive and surprisingly rare gas—and one we take too much for granted.

One tends to think of helium as the stuff that makes children's balloons stay aloft, which indeed it is. It has about 93 per cent the lift of hydrogen, although not its explosiveness. But that is merely one of many properties that makes helium unique.

Less well known is helium's use as a superconductor—as a refrigerant to reduce the resistance of other substances to electricity. The science section of The New York Times recently reported on congressional testimony by Henry H. Kolm of M.I.T., who has said that "superconductivity has the same relationship to electrical engineering that the wheel has to mechanical engineering."

The practical advantages of superconductivity are enormous when one considers only its most basic applications. An ordinary power line, for example loses about 20 per cent of the electricity which passes through it. Most of that energy that could be conserved with a superconducting transmission line.

But the field of supercondition is only in its infancy; the applications appear infinite. It is a technology that may hold the key to any number of breakthroughs which now appear closer to science fiction than practical science.

Lighter-than-air flight has never lost its enthusiasts, and it seems to be on its way back. Although it is now most visible in the celebrated Goodyear blimp, lighter-than-air technology has a long and honorable history. Helium-filled U.S. blimps had a major role in defeating Axis submarines in the Atlantic during World War II, and, in fact, it was in the atmosphere of World War I that America began to store the gas as a fireproof answer to Germany's zeppelins.

Today, some firms, including Goodyear, are planning a new generation of airships. Some visionaries even see a return of zeppelin-type craft, filled with passengers, serenely gliding across continents and oceans, using tiny amounts of energy. (And, after all, the Graf Zeppelin had a perfect civilian safety record until the Hindenburg disaster.)

Lighter-than-air proponents say that such craft could carry great loads of freight and do so with much less energy than trains, trucks and planes require. And such vehicles would have the special advantage of being able to reach places inaccessible by other means of transportation. Airships would not, after all, require tracks, highways or landing strips.

Yet helium is being treated as just so much waste. The government stopped stockpiling the gas six years ago and, *The Times* reports, the gas is being vented by the major producers of natural gas.

How could this be? Well, there is no real market yet for helium. And there is a certain indifference toward any unmarketable material, no matter how irreplaceable. The helium reserves of the United States are believed to be larger than those of all other nations combined, with most of it in the Texas Panhandle, northwestern New Mexico, Kansas and Utah. The estimated U.S. reserve is said to be 718 billion cubic feet, but the National Research Council estimates that if the waste continues, 85 percent of that reserve will disappear within 30 years.

And when it is gone, there is no more.

It is very odd. Dr. Leon M. Lederman, director of the Fermi National Accelerator Laboratory, said in congressional testimony that the very future of science will be strongly affected by whether or not helium is conserved. Legislation on the question is expected to come before the returning Congress.

Obviously, strong conservation measures are needed. Wouldn't it be a frightful irony to discover in 50 years that an extraordinary technology was permitted, quite literally, to drift off into space?●

COLOMBIA'S MARIHUANA DILEMMA

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. LAFALCE. Mr. Speaker, in early April of this year, I traveled with the House Select Committee on Narcotics to the drug-producing regions of Colombia and the drug smuggling routes within that nation and Puerto Rico. Colombia has become the world's largest producer and illegal exporter of marihuana and is the major source for cocaine smuggled into the United States. Our trip included numerous visits with leading Colombian officials to discuss the drug smuggling problem.

The impact of drug smuggling on the Colombian economy and society is something that I become very well aware of during our delegation's tour. Millions of untaxed dollars are spent in the United States for illicit drugs, and much of that money finds its way, untaxed, into the hands of new, wealthy drug families in Colombia. A recent article in Time magazine, September 17, 1979, which I shall submit at the end of these remarks, indicated that Colombia spent $120 million trying to stop drug smuggling in marihuana last year and lost some $168 million in tax revenues from the untaxed marihuana sales. The pressure on the social structure from this new-found wealth is also of no little consequence.

Consequently, some leaders in the business and political life of Colombia believe that marihuana ought to be legalized and that the money spent policing the hillsides and coastal waters would be better spent on social needs. The new tax revenues, it is also argued, would be a boon to the economy.

These arguments, presented in much greater detail, were the focal point of a luncheon I had in Bogota, Colombia, with Ernesto Sampir, president of the National Association of Financial Institutions (ANIF), who also is the leader of the legalized marihuana movement.

During the luncheon, Sampir argued strenuously for legalization, not only for those reasons enumerated above, but also on the grounds that decriminalization of marihuana in the United States was an indication that our Nation would legalize marihuana in the near future.

His arguments were well phrased, but I told Mr. Sampir quite plainly that to interpret the actions of a few State legislatures to decriminalize marihuana was far different from wholesale legalization of pot. To reduce the penalty for possession and consumption is far different than to remove all penalties associated with its use, possession or sale. I told him that I did not foresee legalization, at any time, whether in the near or distant future.

Some of Colombia's business leaders harbor the same feelings as Mr. Sampir toward legalization of marihuana. As part of my tour, I also addressed the Bogota Chamber of Commerce on these very concerns. U.S. opposition to Colombian legalization of marihuana was a major theme of my address before the gathering of business leaders, just as it was to Mr. Sangin, the President of the Colombian National Association of Financial Institutions.

Fortunately, Colombia's President, Julio Cesar Turbay Ayala and his attorney general, Guillermo Gonzalez Charry, both oppose legalization and actively seek to minimize both drug production and drug smuggling. During the Colombia trip, I met with both leaders and expressed U.S. support and encouragement for their opposition to legalization and for their dedication to the "Peninsula Campaign" their Government was undertaking to undermine the drug traffic.

The Colombian and U.S. Governments have excellent relations and have worked closely in the fight against drug smuggling in order to inhibit the growth, processing and smuggling of illicit drugs into our country. Still, thousands of tons of

Colombian marihuana find their way into the United States, presenting huge social problems for every community in the United States. With active controls, the battle against marihuana smuggling is a difficult struggle at best. With legalization of Colombian marihuana, we would be inundated.

A recent article from Time magazine, September 17, 1979, on this subject follows:

High Profits—Colombians Consider Legalizing Pot Growing

In Colombia, where coffee is king, some businessmen are high on the idea of giving Mary Jane, the outlaw princess, a legitimate spot on the economic throne. A small but influential cadre of Colombians are campaigning to make the growing of marihuana legal in their own country. The movement is headed by Ernesto Samper Pizano, president of the National Association of Financial Institutions (A.N.I.F.), a well-regarded think tank that has completed an eight-month study on the effects of legislation.

Samper, a lawyer and economist, contends that if growing had been legal, Colombia last year could have saved the $120 million it spent on trying to stop it and also collected taxes of $168 million on the huge amount of pot, worth an estimated $1.4 billion wholesale, that was smuggled out of the country. Further, Samper calculates that the estimated 30,000 grower families get only 8 percent of the earnings of the trade; the rest goes to smugglers and middlemen, most of them North Americans. Legalization, says Samper, would both spread the pot wealth better and rid Colombia of much of the corruption and violence that the illicit trade has spawned.

Other Colombian business leaders feel much the same. Says Eduardo Goéz Gutiérrez, the Bogotá stock exchange president, who is a cautious supporter of legalization: "In my opinion, the financial sector is in favor of it." He argues that the big inflow of foreign money to pay for the stuff "is producing inflation and monetary control problems, which would be much easier to handle if marijuana were legalized."

Though a group of Colombian Congressmen also endorse the idea, most ranking officials remain opposed to the proposal. Colombian President Julio César Turbay Ayala sees "no possibility" of legalization. His feeling is shared by Attorney General Guillermo Gonzalez Charry, who is worried about marijuana's effect on the health of Colombian youth. By A.N.I.F.'s estimate, only 5 percent of the crop is smoked locally, and Gonzalez wishes to keep it that way. Captain Luis German Leon, head of the secret police narcotics unit, fears that if pot were legalized many people now involved in the marijuana trade "would switch to kidnaping or trafficking in arms."

Since 85 percent of Colombia's estimated 26,725-ton illegal crop is exported for American use, any plan to legalize the growing of marijuana in Colombia would be politically unwise unless consumption was first legalized in the U.S. This kind of joint venture seems highly unlikely in the near future, so Samper's entire plan may indeed go up in smoke.●

PALESTINIAN ISSUE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. FINDLEY. Mr. Speaker, in the past month, U.S. attention has been drawn increasingly to the Palestinian issue. This is fitting as it is one of the key obstacles to peace in the Middle East. A solution to the Palestinian question that is acceptable to the Palestinians as well as to the Israelis will have to be found before a comprehensive peace agreement is possible. The U.S. administration, and all Americans, need to view the Palestinians as human beings with human needs and rights. To further understanding of the Palestinian people, I am inserting into the RECORD the following editorials which I find to be particularly thoughtful:

The Inevitability of U.S. Dealings With the P.L.O.

(By Stanley Hoffmann)

CAMBRIDGE, MASS.—Two questions are currently raised by the central issue in the Arab-Israeli conflict: the conciliation of Palestinian aspirations and of Israeli security.

First, should the United States Government deal with the Palestine Liberation Organization? Our commitment not to negotiate with it unless it recognizes Israel's right to exist does not dispose of the matter. In diplomacy, there can be contacts that do not amount to formal negotiations. Moreover, in order to get the P.L.O. to modify its charter, we will have to provide it with a quid pro quo, indirectly perhaps but unavoidably.

Ignoring the P.L.O. would make sense only if the Palestinian problem could be solved without it. But there are only two alternatives to a solution with the P.L.O. One is perennial Israeli occupation (more or less disguised) of the West Bank and Gaza; this is unacceptable to all Arabs. The other alternative, still preferred by Henry A. Kissinger and by the Israel Labor Party, is a Jordanian solution. However, not only does King Hussein insist on, and most Israeli politicians reject, a return to the 1967 borders but the Jordanians are not eager to reimpose their rule on a resentful West Bank population.

They prefer a federation of the West Bank and Jordan to an independent state controlled by the P.L.O. but they believe that the best way to reach their goal is to work with the West Bank leaders. Since at present most of these proclaim their allegiance to the P.L.O., the Jordanians have been careful to establish a common front—against the Camp David accords—with them and with the P.L.O. Jordan has been prodding us to talk with the P.L.O., for if the P.L.O. refuses to allow these leaders to run for election to the authority that must be set up in the occupied territories, few Palestinians will be bold enough to try.

Thus even a Jordanian solution depends on the emergence on the West Bank of an authentic Palestinian leadership capable either of making the moderates prevail within a divided P.L.O. or of pushing aside an extremist P.L.O. No such leadership will emerge unless its members and the P.L.O. first agree that the autonomy plan is not a sham.

The second problem is how to convince Palestinians to take part in implementing the Camp David Agreement on autonomy. There are two possible approaches. One, favored by anti-Sadat Arabs, is a new United Nations resolution defining Palestinian rights. This is a dead end. It is an exercise in symbolic rhetoric, at a time when Palestinians, before deciding whether to join in the Israeli-Egyptian-American talks, or to run for office in an autonomous council, would rather look at the substance of the powers that the council would possess. Moreover, given Israel's opposition to any departure from Camp David, such an exercise is bound to fall short of the minimal Arab demand endorsed even by Egypt: that the Palestinians be granted the right of self-determination and that autonomy lead to its exercise. Therefore, the attempt is likely not only to delay what matters, but to exacerbate United States-Arab relations.

The only worthwhile policy consists in making sure that the negotiations over the future of the West Bank and Gaza will provide Palestinians in these areas with enough authority to convince them that running for election is in their interest and to help them convince the P.L.O. (as happened for the municipal elections in 1976) not to order a boycott of the vote. This means dealing with the council's power not only over minor matters but also over East Jerusalem, so-called public lands, water, transport, trade, taxes and the police, and of course with the issue of Israeli settlements,

Only if an agreement acceptable to the West Bank and Gaza Palestinians is reached does the United States have a chance of achieving its multiple, partly conflicting goals: vindicating Anwar el-Sadat's gamble on the dynamics of peace, ending the breach between Mr. Sadat (and Washington) and the other Arabs, solving the Palestinian problem in a way that satisfies both the Palestinians and Israel—by relying primarily on the Palestinians of the occupied territories who neither intend to destroy Israel, nor deny its existence, but will accept nothing short of self-determination.

We may not be able to get them to join Robert S. Strauss's negotiation. But what matters is the outcome rather than the process by which it is reached. In order to obtain a satisfactory outcome, we will have to consult directly with the West Bank and Gaza Palestinians, and this in turn will entail at least indirect consultations with the P.L.O.

Time to Grasp the Palestinian Nettle

(By Stephen S. Rosenfeld)

JERUSALEM.—The United States is on the spot in its Mideast policy. If it stays on the current track pushing the Palestinian-autonomy talks between Egypt and Israel, it risks seeing its policy collapse, since the talks will likely go nowhere if the PLO does not lend its approval and Israel will panic and bail out if it does. This assumes that the Carter administration maintains the strength to keep pushing.

If, on the other hand, Washington treads water and waits for the election of a labor government, hoping that Labor will then pursue its policy of partitioning the West Bank with Jordan, then another set of risks comes into play. Labor had 10 years, from 1967 to 1977, to put into effect the "Jordanian option," and it failed. What with the tightening since of the PLO's twin hold on the Palestinian movement and on international favor, how can that option be carried out now?

What is the answer? Drift and war aside, there are two—one cautious, one bold.

The cautious answer is for the United States to suspend the quest Jimmy Carter undertook for a comprehensive settlement, meaning one that includes Palestinian self-determination. The argument for making do with something less is that a comprehensive solution is too hard and that time is needed to consolidate current gains and prepare future moves. Anyway, it is said, the conservative Arab oil states don't really want Palestinian self-determination: it would get out of hand.

Interest in slowing down the drive toward a comprehensive settlement is pervasive in Israel, especially in Labor. An administration led by a Carter successor or a chastened Carter might well find this approach appealing. Henry Kissinger's favor for it has planted the notion of a post-1980 Labor-Kissinger connection in more than one Israeli mind

The bold answer, of course, is to grasp the Palestinian nettle: to accept that self-determination for the Palestinians is the key and that only the PLO speaks for the Palestinians, and to work to bring about mutual recognition and coexistence of Israelis and Palestinians.

After a month in Israel, I am more convinced than ever that this is the right course. It is easy enough to claim to have identified the trend of history and to be recommending a policy consistent with it, but that is how I feel. Palestinian nationalism is authentic and surging. That the movement has its internal inconsistencies and external obstacles does not remove Israel's need to work out its own future by engaging with it.

Israel's crucial requirement, it seems to me, is to recognize the legitimacy of Palestinian nationalism. Once the principle were granted, the "details," large and painful as they are, could be worked out. Everything else is temporizing and gimmickry.

But it is unthinkable that Israel should be expected to recognize or deal with a movement that in word and deed denies its right to exist. This is where the United States should come in.

The thrust of American policy should be to reduce Palestinian pretensions and practices to a standard that will make it possible for the United States honorably to urge the Israelis to respond. That means the PLO must scrap its pledge to dismantle the Jewish state. It must accept the appropriate United Nations negotiating formulas. It must stop killing Israeli civilians.

These are not outlandish demands; they are minimal and civilized, so much so that most if not all of the 21 existing Arab states have already managed more or less to accept them. There should be no hesitation to call for this kind of change, which amounts merely to expecting the PLO to join what *Arabs* insist is already the *Arab* consensus. The PLO would be opening its way to get something very precious in return.

I think that those who ask Israel to accept an uncivilized PLO, right now, or who accept the PLO's mumbles and dissimulations as the equivalent of real policy change, are being frivolous or dishonest.

So much time has been wasted, so many opportunities lost: the Palestinian movement is waxing at a moment when Israel itself is in awful shape and the support it can count on from its single patron, the United States, is shrinking—not shrinking to anywhere near the vanishing point, but shrinking.

But that is precisely why I think the Israelis must key themselves up for the one breakthrough—recognition of the Palestinians—that promises to let them escape their dilemma short of war, which is no escape, and why the United States must concentrate on performing the highest service it has left to perform for Israel, reducing the Palestinian movement to a decent political and moral scale.

[From the Washington Post, Sept. 17, 1979]

One Year Later—The Unfulfilled Promise

(By William B. Quandt)

One year ago today, President Carter presided over his most impressive foreign-policy accomplishment—the signing by President Anwar Sadat and Prime Minister Menachem Begin of the Camp David Agreements. Egyptian-Israeli relations are presently flourishing, and yet the promise of Camp David remains unfulfilled. Rhetoric about a comprehensive peace and Palestinian rights cannot disguise the lack of progress in broadening the scope of Arab-Israeli reconciliation. Failure, which now seems likely, would be a sharp blow to U.S. influence in much of the Arab world.

Peace between Egypt and Israel is a net plus for U.S. interests, even though it will not bring stability to the rest of the Middle East. It has virtually eliminated the risk of a major war on the scale of those of 1967 and 1973, wtih all the attendant dangers of superpower confrontation and oil embargoes. In addition, it ensures that Egypt will not be forced back into heavy dependence on the Soviet Union. For the first time, U.S.-Egyptian relations can develop on an unprecedented scale, without strains in U.S.-Israeli ties.

As important as this is, the issues of the West Bank, Gaza, the Palestinians—and of Jerusalem—remain unresolved and the current negotiations are foundering. In Lebanon, Syria, Jordan, and among the Palestinians, tensions are mounting. Instability in these areas deeply worries the conservative leaders of the Arabian Peninsula, especially the Saudis. To offset these trends, the credibility of the peace process needs to be restored.

At Camp David, Egypt, Israel and the United States agreed to try to resolve the Palestinian question in stages. There would be a transitional period of five years to provide the million Palestinians in the West Bank and Gaza with institutions of self-government, with further negotiations to determine the "final status" of these territories.

While this concept was sufficiently open-ended to have considerable potential, it also had obvious weaknesses. It was vague about the final goal of the negotiations. Nor had the Palestinians or Jordanians been consulted about a process that envisaged their eventual cooperation and participation.

These flaws could have been overcome with time. But one key element of the Camp David understandings immediately collapsed. Carter thought he had extracted a commitment from Begin to freeze settlement activity in the West Bank and Gaza during the negotiations over those territories. Begin quickly asserted that the freeze would last only three months. He won. In the eyes of many Arabs, the credibility of the Camp David process—and of the United States—lost.

In addition, the open-ended potential of the negotiations was narrowed by Begin's statements that the only solutions for the final status of the West Bank and Gaza were indefinite "autonomy," with Israel retaining ultimate control, or Israeli annexation. The administration did not challenge Begin's assertions, although they were sharply at variance with U.S. views on Israel's commitments under U.N. Resolution 242—withdrawal in exchange for peace and security.

Since then, Arab suspicions that the United States is satisfied with a separate Egyptian-Israeli peace have grown. Few Palestinians place confidence in the present talks. And many Americans seem to feel that Sadat and Begin, their romance in full bloom, should be left alone to deal with the Palestinian question.

But if we turn our backs on the current negotiations, or if we act as less than a full partner, merely blessing whatever Sadat and Begin choose to do, our already sagging prestige will plummet. This is what justifies an active American role, not the fear of Saudi oil pressure or concern that the Egyptian-Israeli treaty will collapse without progress in the Palestinian talks.

President Carter has committed himself to implementing the Camp David accords. He has appointed one of his shrewdest political advisers to represent the United States in the current talks. Failure will damage the reputation of the United States and its two closest allies in the region.

How then to proceed? Not by seeking new U.N. resolutions. Not by chasing after the PLO. And not by looking for artful formulations on self-determination and national rights for the Palestinians. We have had enough rhetoric. We need results.

We should accept the reality that Palestinians and Jordanians, despite Sadat's persistent optimism, will remain on the sidelines throughout the negotiations. The standard for success is not whether they participate, but whether Palestinians in the West Bank and Gaza accept the results of the negotiations by voting in the elections to establish self-government.

The issues of immediate concern to Palestinians living under Israeli military occupation are control over land and water resources, the size and functions of the Israeli military presence, and continued land expropriation and construction of new Israeli settlements. On these points, agreements that hold promise that the future will be significantly better than the present will have a chance of gaining Palestinian support.

In addition, we can advance the negotiations by focusing on two points. First, the United States should try again to get Begin to live up to the commitment that Carter thought he had at Camp David to stop Israeli settlement activity during the talks. These settlements are hurting the negotiations, and most make no contribution to Israel's security. Nor are they pointing the way to coexistence as settlers live behind barbed wire on the expropriated land of their Arab neighbors. Security and coexistence are legitimate goals for Israel, but new settlements work at cross-purposes with those aims and should not be subsidized by the United States.

Second, the United States has long maintained that the principles of U.N. Resolution 242 remain the basis for a peace settlement in the Middle East. One of those principles is that Israel should withdraw from occupied territories once peace is achieved. There is ample scope for negotiating how much withdrawal, the conditions and timetable for withdrawal, and the security arrangements that must accompany withdrawal. But the Israeli government can expect no support for its current interpretation that Resolution 242 does not require Israeli withdrawal from the West Bank and Gaza under any conditions. At Camp David, this issue was sidestepped. It cannot be ignored indefinitely.

More than tangible national interests are at stake in the negotiations over the West Bank and Gaza. Also at issue is whether the United States and its partners, Egypt and Israel, have the skill, the power and the qualities of leadership to find peaceful solutions to dangerous conflicts. The promise of Camp David in September 1978 was that we could. The fear in September 1979 is that we cannot.●

EDUCATED CHISELERS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. MICHEL. Mr. Speaker, defaults of Government loans to students have become a national scandal. Syndicated columnist William Raspberry recently addressed this problem and he has many sensible things to say about it. He says that he does not like "being ripped off by people who don't give a damn about their honest obligations."

I agree with Mr. Raspberry's views. He says that it "might do a world of good if the Office of Education were empowered to turn their defaults over to the credit bureaus" since, as we know, a student now can default on a loan and still have his credit rating intact.

It so happens that the gentlewoman from New Jersey, Mrs. FENWICK, had introduced a bill along these lines. It is my understanding it is even now being considered by the Subcommittee on Postsecondary Education of the Education and Labor Committee. I agree with the principle behind such a move and I hope we all get a chance to vote on such a provision.

At this time I wish to insert in the RECORD, "Throwing the Book at Educated Chiselers," by William Raspberry, the Washington Post, September 14, 1979.

The article follows:

THROWING THE BOOK AT EDUCATED CHISELERS

(By William Raspberry)

One young man owes the government $595—the balance on a student loan that was defaulted six years ago—and has no apparent plans to make good on the debt.

It isn't because he's broke. Two years ago, he borrowed $8,900 for a new car, and he's paid back more than $3,000 on that loan. He's also paid off some $600 on a $1,300 bill at a major department store.

Another young man defaulted for $571 in 1972. Less than a year ago, he finished paying off an unsecured bank loan of $1,000. In March of this year, he borrowed another $1,000 from the bank and has been repaying that one as well.

For these and thousands of other young people whose education has been financed by the government, loans from commercial sources are taken seriously. Loans from the government—from you and me—are shrugged off as of no particular importance.

The situation has reached the point that student loan defaults now total more than $2 billion. (A total of $3.5 billion owed the government from all sources has been written off as uncollectible "bad debts.")

Nobody is quite sure how we got into this mess. There is even less certainty as to how to get out.

One possible approach was dropped last week when the Senate killed a proposal to have the Internal Revenue Service collect defaulted loans from income-tax refunds.

The proposal, an amendment to the Treasury-Postal Service appropriations bill, would have authorized 30 staff positions and $1 million for a pilot IRS program to collect unpaid student loans.

At first blush, it seems an eminently sensible idea. If you have a $500 default with the government, and the government owes you a $600 tax refund, why should the Internal Revenue Service send you a check for more than $100?

Sponsors of the proposals recognized that there might be special problems and had moved to correct most of them. They had proposed taking 100,000 debts due the Office of Education under the National Direct Student Loan Program and matching those against IRS refunds.

But before putting any default into the pool of 100,000, they would take a number of safeguards. They insisted on full disclosure, at the time of the loan, of a borrower's rights and obligations; exit interviews when a borrower left school, with a written, signed repayment schedule; continuing contact with the borrower, with regular billings; the use of commercial skip-tracers and private collection agencies. There was even a provision that no disputed debt would be a part of the pilot project.

The Office of Management and Budget and the comptroller general thought it a fine idea. But the IRS and 52 senators disagreed.

Some were concerned about possible damage to the integrity and confidentiality of the revenue service that might result from turning the IRS into a small-loan collection agency. Others only wanted to wait until full hearings could be held on the matter, and still others found the proposal unfair in concept.

Sen. Harrison Schmitt (R-N.M.) thought the proposal "inherently discriminatory."

"It is assumed," he said, "that individuals who do in fact owe money to the government are unwilling rather than unable to pay.

"There may be extenuating circumstances that the judicial system of debt collection would consider legitimate but that this automatic system does not take into account. The proposal assumes that all tax refunds are due to income earned. It is very possible that some individual who is unable to pay off his debt to the government receives an income-tax refund due to medical expenses during the year."

Schmitt makes a good point. Still, some of us will remain dismayed at the thought of people using government money—our money—to get an education that leads to higher income for themselves, using their income to purchase the things they want and neglecting, quite deliberately, to make good on their public debts.

The tax-refund deductions might not have been the correct solution, although a similar program has been used to collect defaulted child-support payments. But clearly some solution is needed.

One of the most galling aspects of the student loan defaults is the fact that they leave the borrowers' credit ratings intact.

Many people pay their department store bills, not because they expect to "snatch man" to take back their clothes, but because they understand that defaulting would destroy their credit ratings.

It might do a world of good if the Office of Education were empowered to turn their defaults over to the credit bureaus. Yes, there are problems with the privacy considerations involved in such a tactic. But I also have concerns about being ripped off by people who don't give a damn about their honest obligations.●

THE NEED FOR AN OIL-SPILL SUPERFUND—PART I

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. MURPHY of New York. Mr. Speaker, the largest oilspill in history is now impacting the United States. Its effects dramatically illustrate the need to provide a comprehensive system of liability and compensation for oilspill damage and removal costs.

The Mexican oil well IXTOC I, located in the Bahia of Campeche about 40 miles from the Mexican coast, blew out on June 3, 1979. Since that time, the well has discharged an estimated 10,000 to 30,000 barrels of crude oil per day into the Gulf of Mexico.

By October 1, over 100 million gallons of crude oil will have entered gulf waters. Winds and currents have spread the oil over a huge expanse of the gulf. Mexican beaches and fishing grounds have been severely impacted and, since early August, the oil has affected the waters and coastline of the United States, from Port Isabel, Tex., at the Mexican border, to Matagorda Island, with sheen sighted as far north as 30 miles off Galveston.

Early efforts to cap the runaway well failed. It became apparent that relief drilling would have to reach the well before capping operations could succeed. While this drilling is well underway, available estimates are that the relief wells cannot be expected to be effective before October at the earliest.

The dimensions of this, the largest oilspill in history, cannot yet be determined. Its ultimate impact upon Texas, upon the other States littoral to the Gulf of Mexico, and on the resources of the gulf itself, can only be speculative at this stage.

Today, however, we must face conclusions based on available facts and reasoned assessment of the unknowns: Millions of gallons of crude oil from IXTOC I have upset the delicate ecosystems of the fish-rich gulf since the well blew out on June 3. Thousands of U.S. citizens are suffering damage from the effects of the oil pollution. And, to date, all efforts to control the blowout have failed; thus, the capacity for harm continues to grow.

On Saturday and Sunday, September 8 and 9, the Committee on Merchant Marine and Fisheries, together with the Water Resources Subcommittee of the Committee on Public Works and Transportation, held a hearing in Corpus Christi, Tex., on the impact of IXTOC I oil pollution on Texas and the Gulf of Mexico. Federal and State officials described the cleanup effort and measures taken to assess environmental damage, together with the costs entailed by such operations.

Local officials, trade association spokesmen, and individual businessmen testified on the destructive economic effects of the oil pollution. And a variety of witnesses commented upon the harm inflicted upon ordinary citizens by forces beyond their control, the injustice involved in expecting them to sustain the losses, and the difficulties entailed in obtaining just compensation from Mexican interests responsible for IXTOC I.

Legal scholars provided their analyses of pertinent international law. While their testimony held out the hope of successful litigation on the part of those claiming for damages, it was plain that the procedures would be both lengthy and expensive and that adequate recovery for damages could not in any way be assured.

Existing domestic law, as well as present international law, falls well short in the face of the IXTOC I disaster. The plight of affected citizens underscores the need for legislation such as H.R. 85, a bill to provide a comprehensive system of liability and compensation for oil-spill damage and removal costs.

The bill, usually cited as the "'superfund bill", was reported by the Committee on Merchant Marine and Fisheries on May 15, 1979, and is now before the Committee on Public Works and Transportation. The Subcommittee on Water Resources has scheduled a hearing on this bill for later in this month. The bill is the result of over 5 years of analysis, development, and refinement by the two House committees. It is a legislative vehicle that can and should move quickly toward adoption into public law.

The IXTOC I disaster, as do other pollution incidents in recent weeks, emphasizes the need for prompt action to afford our citizens damaged by oil pollution swift legal means to obtain just compensation not now available to them. H.R. 6803, the predecessor bill to H.R. 85, and virtually identical in its principal provisions, was passed by the House of Representatives in the last Congress but failed to pass in the Senate in the closing days of the session. Had H.R. 6803 been enacted into law last October, U.S. citizens suffering damage from IXTOC I would now have quick and effective means to obtain compensation.

The two committees that together worked so effectively on H.R. 6803 last session joined to conduct the hearing in Corpus Christi on September 8 and 9. This signifies, I am sure, that the close cooperation and mutual purpose that we enjoyed while working together on H.R. 6803 will continue in our joint efforts on H.R. 85.

It will then remain for the U.S. Senate to take prompt and forthright action so that victims, such as those along the Texas coast who suffer from IXTOC I, will be provided just compensation for damages—compensation that they find, tragically, is not now readily available.

We cannot expunge the IXTOC I blowout from the annals of the offshore oil industry. And we cannot curb the inescapable effects of the resulting oil pollution on our people, our beaches, our waters, and our industries. But we can, by acting rapidly and responsibly in the House of Representatives, send H.R. 85 on its way to the Senate with the message that enactment of such legislation is long overdue and the failure to recognize the imperatives of IXTOC I would signify crass indifference in the face of a clearly identified need.●

A REPUBLICAN BUDGET OF HOPE FOR THE AMERICAN TAXPAYER

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SHUSTER. Mr. Speaker, the Republican Policy Committee, which I have the honor to chair, has (unanimously) endorsed a "Budget of Hope," a Republican substitute for the Democrat sponsored second concurrent budget resolution for fiscal year 1980.

At this point, I should like to insert into the RECORD the full text of the policy committee's statement and to urge all Members of Congress to avoid partisan politics and to join in this effort to restore some semblance of sanity to this Nation's economic policies.

The text follows:

REPUBLICAN POLICY COMMITTEE ENDORSES "BUDGET OF HOPE"

The Republican Policy Committee strongly endorses a Substitute Second Concurrent Budget Resolution for FY 1980 which presents the American public with a "Budget of Hope." The Policy Committee supports the "Budget of Hope" because it will slow the growth rate of government spending, provide a $20 billion tax cut, reduce the federal deficit and encourage growth in productivity to help create jobs in the private sector.

The Republican Policy Committee urges all Members to oppose the Democrat Second Concurrent Budget Resolution for FY 1980 because it presents the American people with a "Budget of Despair." It is a budget marked by continuing repressive over-regulation, rampant inflation, voracious taxation, and profligate spending.

Specifically, the Democrat sponsored budget resolution calls for an astounding one year increase in budget authority of $77.6 billion—a 13.9 percent growth over 1979. Over the next five years, the Majority Budget Resolution calls for federal spending to grow to over $761 billion.

The Democrat sponsored resolution provides no tax relief for our over burdened citizens. Instead, it envisions yet another round of increasing taxes; Democrat projections call for increasing the tax-take from $519 billion in 1980 to $910 billion by 1984. This represents a five year increase of 75 percent—15 percent per year. It also portends an increase in the tax burden to the highest level ever—23.3 percent of GNP as opposed to an historic average of less than 19 percent.

The Democrat sponsored budget resolution calls for a federal deficit of $29.2 billion—virtually the same as that of 1979. This represents a surrender of any hope of balancing the budget, and, with continuing deficits, we can expect to see inflation continuing to run rampant.

What has happened to the Carter Administration's noble language of a "balanced" budget, of an "austere" budget, of necessary "sacrifices"? We can only assume that those clarion calls to arms have been lost in the din of the battle to obtain support of special interest groups in next year's elections!

Democrats have perverted the budget system for political purposes, while Republicans have carefully and conscientiously crafted a substitute for the Majority resolution. The Republican "Budget of Hope" recognizes that the exorbitant increase in budget authority presages even greater budgetary control problems for the future. Budget authority is the driving force behind future outlays. As budget authority grows, Congress loses effective control and trimming future budgets becomes even more difficult.

The Republican substitute is based on a budget philosophy that is vastly superior to the Democrats. While Democrats total the demands of each individual program to arrive at aggregate budget levels, Republicans analyze what aggregate levels are best for the overall economy and then allocate to the various budget functions based on their priority.

With this philosophy in mind, the Republican substitute was based on the following:

First. The fundamental economic problems are long-term and cannot be solved in one year; therefore, our budget ought to be the beginning of a well-defined path to specified goals, some of which will be achieved before others.

Second. These goals must include: a balanced federal budget, restrained spending growth, a restoration of the historic lower tax burden, substantially lower inflation, high levels of employment, and steady economic growth.

Third. To achieve these goals will require focused attention on the supply side of our economy—productivity, investment, and saving—because low levels here are the root causes of our economic difficulties.

Fourth. Finally, these goals and this framework are an accurate reflection of what the American public wants and these wants are complementary and form a basis for the optimal economic strategy.

The Republican substitute shows a deficit below $20 billion, or $10 billion below the reported budget; a spending figure of $529.8 billion, (nearly $20 billion below the Democrat budget but still $33.6 billion over 1979 levels); and a post-tax cut revenue level of $510 billion, nearly $10 billion less than the Majority's proposal.

More specifically, the Republican alternative will provide for a tax cut of $20 billion in calendar year 1980 to help offset the rise in the tax burden caused by inflation and Social Security tax increases. A series of tax cuts over a five year period (beginning with 1980) will total $170 billion. These tax cuts will not only offset the $100 billion of inflation driven and Social Security tax increases during this period but will also provide $70 billion for increased savings, productivity and investment.

Furthermore, the Republican alternative budget will include a five-year program of moderate but reasonable increases in outlays in order to free from the public sector the resources necessary to meet the urgent long-run needs of the economy. It will eliminate the deficit and begin the long-neglected task of reducing the public debt.

The Republican Policy Committee believes that such a program unlike the Democrats will: First, gradually reduce inflation from 13.2 percent currently to 6 percent in 1984; second, increase real economic growth from almost nothing next year to a robust 5 percent by 1984; and third, reduce the unemployment rate from the estimated 7.2 percent next year to 5.6 percent by 1984.

The Republican Policy Committee calls on all Members of the House to put aside Party politics and to act in the best interests of the country. We urge all of our colleagues to support a "Budget of Hope"—the Republican Substitute for the Second Budget Resolution for FY 1980.●

OPPRESSED MINORITIES IN THE SOVIET UNION

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. LAGOMARSINO. Mr. Speaker, I wish to commend the gentleman from New York (Mr. WOLFF) for his leadership in calling to the attention of this House, and to the conscience of this Nation, the continuing plight of oppressed minorities in the Soviet Union.

I have just recently returned from the Soviet Union as part of a delegation ably led by the distinguished gentleman from New York (Mr. WOLFF). The opportunity to see that country firsthand and to meet with Jews and other minority group members seeking to leave the Soviet Union impressed upon me the vital importance of the United States continuing to press for Soviet adherence to the Helsinki agreement and to the declaration of human rights.

It is apparent that only by outside pressure, such as we have exerted in the past through the Jackson-Vanik amendment, can there be hope that Soviet Jews will be allowed to emigrate. Despite improving trends in recent months in the number of Jews allowed to leave the U.S.S.R., there are still grave problems facing those remaining who still seek to leave. The Soviet Union apparently is trying to secure the advantages of most-favored-nation status and agreement on SALT by allowing an increase in emigration. Yet, internal conditions remain hostile for Jewish groups as anti-Semitism continues to be an apparently active policy by Soviet officials.

A recent New York Times article describes in a very graphic way the Soviet anti-Semitic attitude. Mr. Speaker, I would like to submit for the RECORD the following article entitled "Many in Soviet Concerned Over a Surge of Anti-Semitism," which appeared in the June 27, 1979, edition of the New York Times.

[From the New York Times, June 27, 1979]

Many in Soviet Concerned Over a Surge of Anti-Semitism

(By Craig R. Whitney)

Moscow, June 26.—Soviet anti-Semitism, in both official and unofficial varieties, has taken on new and unsettling forms at a time when the authorities are allowing more Jews than ever before to leave for Israel and the United States.

The official campaign against Zionism in the press, in books and in propaganda has been particularly intense this year, perhaps as a way of discouraging even more people from emigrating. About 50,000 Soviet Jews are expected to be given exit visas for Israel this year.

The unofficial echo is a swell of deep xenophobia that combines historical Russian anti-Semitism and paranoia. Soviet sources, both dissidents and intellectuals in good standing with the Government, say they are disturbed by parallels with the Stalinist "anticosmopolitan" secret police repressions that began in the late 1940's and continued until the dictator's death in 1953.

Some of the worst examples of anti-Semitism are clearly being tolerated by elements within the bureaucracy. Last winter, an exhibition of paintings by the official Soviet painter Mikhail A. Savitsky in Minsk included one canvas that led scores of people to protest to the authorities.

PAINTING IS NOT WITHDRAWN

It was part of a collection depicting the brutalities of the Nazi occupation of Byelorussia. The painting, titled "Summer Theater," showed a pile of naked Russian corpses in a concentration camp Standing over them, a helmeted Nazi officer and a prison camp trusty, a Jew wearing a Star of David, grin sadistically at each other, as if in satisfaction over a job well done.

Despite protests in Minsk and in Moscow that the painting was both anti-Semitic and a gross distortion of history, the painting was not withdrawn. It was even printed in the journal Literatura i Mastatstva, the organ of the Byelorussian Ministry of Culture.

Some of what is happening raises more complex questions about the leadership's ability to control the situation.

In February, for instance, mimeographed pamphlets signed "Russian Liberation Movement" appeared in apartment houses in Leningrad and Moscow. They charged that "Zionists" had seized control of the Politburo, the highest decision-making body of the Soviet Communist Party. The chief Zionist, the pamphlets said, was none other than Leonid Ilyich Brezhnev, the Soviet leader.

ANTI-ZIONIST LETTER CIRCULATED

In any other country, such pamphlets might be discussed as the work of lunatics. Here, they raise the question of who allowed them to be duplicated—duplicating machines are strictly controlled—and handed out. The pamphlets identified the only "real Russians" on the Politburo as Prime Minister Aleksei N. Kosygin, the chief ideologist Mikhail A. Suslov and the Leningrad party chief, Grigory V. Romanov.

Last month, an anti-Zionist letter that is being much discussed by the intellectual establishment in Moscow was sent to scores of influential people by a man calling himself "Vasily Ryazanov." Again, the letter was mimeographed. Again, it seemed to some of its recipients that only someone with powerful connections would have dared to write it.

"Not only in the United States Senate, but in the apparatus of the Central Committee of the Soviet Communist Party there exists a powerful Zionist lobby," the letter says. "They do not allow themselves to be attacked, with the excuse that this would bring on accusations of anti-Semitism, negative reactions in world public opinion, and damage to the policy of détente."

"The letter is written in a cool, rational style," said the writer Lev Kopelev, who is of Jewish descent himself. "It is not the work of a fanatic or a madman."

Nobody knows who "Ryazoniv" is.

Jewish activists in the emigration movement do not believe the letter or the pamphlets are a reaction to the increased emigration now being permitted to Jews and to few others.

WHITE PAPER IS PUBLISHED

"I think it's a traditional, historical Russian anti-Semitism at work," said one, "and it's a reflection of the struggle within the party involving Slavophile, Russian nationalist tendencies."

The "unofficial" anti-Semitism and the official campaigns directed against "Zionism" appear, however, to feed on each other. A couple of months ago, the authorities issued a "white paper" to "document" the evils of Zionism. It calls it "modern-day fascism" and warns readers that it is financed and controlled by foreign espionage agents who blackmail and victimize innocent Soviet citizens.

Another book edited by one of the white paper's authors, and written by Yevgeny S. Yevseyev, a member of the Institute of Philosophy of the Soviet Academy of Sciences, was published in a controlled edition of 500 late last year and calls Zionism "one of the varieties of fascism, which is however more dangerous than the German, Italian, Spanish and other varieties of fascism."

MINISTRY SAID TO PRINT BOOK

Informants who have seen the book say it was printed by the Soviet Ministry of Internal Affairs, which controls the police. Some of its official descriptions are not as farfetched as another set now being circulated in Moscow by Prof. Vladimir N. Yemelyanov, who teaches foreign students at the Patrice Lumumba University here. He charges that only Jews are allowed to rise to the highest levels of Freemasonry, and that Freemasons rule the world.

According to Roy A. Medvedev, the dissident Marxist historian, Professor Yemelyanov maintains that President Carter, described as a 33d-degree Mason, actually takes orders from the head of the B'nai B'rith organization in the United States.

Even official Soviet explanations of why the authorities are now allowing more Jews to leave sometimes have an anti-Semitic tinge.

"A fundamental decision has been taken within the party to let go everyone who wants to leave," an official said, "but in practice that's only Jews and ethnic Germans. We don't want a disloyal fifth column here."

Diplomats and many Jews here believe the main reason for the decision is that the Soviet Union wants more access to American trade and technology to modernize its economy. Under United States law, the only way the Soviet Union can get that is by relaxing curbs on emigration. Mr. Brezhnev and President Carter were unable to make any breakthroughs on the question at their recent meeting in Vienna.

How many Soviet Jews want to leave is not known. According to the last available census figures, there were 2.15 million Jews in the Soviet Union in 1970, and at least 170,000 have left since then.

"If the present climate of anti-Semitism persists," an activist in the emigration movements said the other day, "all of them will leave, and there will be no more Jews in the Soviet Union in 20 years."

I would also like to call to the attention of my colleagues the fact that the plight of the Soviet Jews is not their burden alone. A great many of the minority groups in the Soviet Union face a similar plight. While I was in the Soviet Union, I met with two Russian families by the name of Vashchenko and Chmykhalov. They are Pentecostal Christians who wish to leave the Soviet Union, but they have not been allowed to leave and are subject to persecution and harassment for their beliefs. They sought refuge in our Embassy in Moscow 13 months ago; all seven of them are still there living in a very small apartment—uncomfortable, but better than a labor camp or mental institution. We were given copies of letters from one member of that family named Timofei. I believe his comments describe clearly the feelings he shares with all those who wish to enjoy the freedom of worshiping in the manner every person has the right to choose.

For the benefit of my colleagues, I ask that Timofei's letter be included in the RECORD.

Letter

To Dear Brother in Christ:

I am very thankful that you are helping us in our problem, so that we receive permission to leave the USSR. Many thanks for all your care and may God help you in the future to continue to plead for the believing people in the USSR.

I also thank God that I have such an opportunity to write to you, this my small letter.

I am also a believing christian. My name is Timofei. In our family there are 4 brothers and one sister. Also my mother's sister lives with us and one brother's wife and their son, who was born without us;[*] altogether there are 10 people.

When I was born, that was in the year 1962, there was a strong persecution of believers. The believing population was subjected to all kinds of different repressions from local authorities and also from the KGB. The believers were scattered, punished, sentenced and put into camps, prisons etc. My mother and father went to a service and took me along. During the service the police came and started to throw out people from the house where the service was held by believing Christians. The chief of the KGB, Ikonnikov, has started to throw out my father into the street. With him was my brother Shura, who was 2 yrs. old and who was holding my father by the hand. He started screaming and Ikonnikov grabbed my father by the throat and started choking him with his back against a wall. My mother approached Ikonnikov and asked "is there really such a law, that permits the choking of an innocent person?" Upon which he swung over and hit me in my mother's arms, because my mother held me at her chest. I started crying very loudly, because I was very hurt, as he almost killed me.

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[*] Born July 29, 1978 when Timofei was in the U.S. Embassy.

In the year 1962.—

From this our city Chernogorsk some believers went to the US Embassy in Moscow and pleaded to the Ambassador. From high Soviet authorities came Kuzentsov and others. And he gave a guarantee/certification/that they will not touch, sentence and repress believing Christians.

And well, to this date the local and the higher authorities have been silent.

Our family refused to accept the Soviet Citizenship in the year 1962, and to this time has not accepted the Soviet Citizenship, that is we are not accepting their internal passports.

Well, such are the laws of this country here, that whatever they want, they do.

And in this difficult time, believers were steadfast, that is they remained faithful to God.

And well, at the end of May and June 1978 there started to come to our home the local police. It happened even, that up to the lunch hour some came and after lunch others. They were compiling material for trial of 6 members of our family, for the refusal to accept the Soviet Citizenship. Because we cannot become Soviet Citizens, as it is written: Ephesians 2:19 "So then you are no longer strangers and sojourners, but you are fellow citizens with the saints and members of the household of God".

And that is why we cannot become citizens of this country where they even reject God. And for those reasons we are requesting to leave the USSR, so that we can follow God's commandments, as it is written in: 2 Corinthians 6:17 "Therefore come out from them, and be separate from them, says the Lord, and touch nothing unclean."

Because here we are not allowed to fulfill the commandments of our Jesus Christ and in addition repressions are being used on Christians, who want to fulfill God's commandments, that is why we desire to remove ourselves from this godless country and to emigrate. As we have in all countries our brothers and sisters, as is written: "We are children of one father."

Even though they write in the newspapers and announce on the radio: "We are helping to retain the most holy right of each person—the right to life."—written on the first page of the newspaper "Literaturaya gazeta", they themselves don't even want to fulfill the Helsinki Agreement; even though the USSR has signed it and agreed to fulfill it.—Declaration of human rights.—

That is why we all are asking all of you: rise up all as one nation to plead for believers in the USSR, so that they might be released from mental hospitals, prisons, camps, children camps for children and parents. The believing nation. So that they be given freedom if not in this country, to fulfill Gods commandments, so to emigrate into another country where they all could fulfill God's commandments.

That is why I am begging you to stronger plead for this nation, because the end-time has already begun. May God help you to execute this deed. All of us are praying for all of you in our prayers so that God may help you and give you strength and wisdom, how best to carry out this work.

And so you also pray for us that God may give us strength, and health, and wisdom to prolong until victory our desire and need.

Romans 16:24 "Thanking our Lord Jesus Christ for all of you, Amen."

From your smallest brother in Christ,
TIMOFEI.

And also from families,
CHMYKHALOV,
VASHCHENKO.

In closing, I again want to commend the gentleman from New York for his outstanding leadership not only in this body but also his forceful presentation before the Soviet officials in representing the rights of the oppressed Jews of the Soviet Union. In this connection, I should also like to commend our colleague from California, Mr. DORNAN, for his efforts on behalf of Soviet Jewry, especially Anatoly Shcharansky.

Mr. DORNAN's presentation in the Kremlin to the Presidium of the Supreme Soviet was moving, and hopefully convincing of the feeling of the U.S. Congress and people in support of this issue. The Soviets did seem to be quite impressed—if not pleased—by the fact that thousands of Americans are wearing Shcharansky bracelets—originated by Mr. DORNAN.●

CONGRESSIONAL PAY RAISE

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SHUMWAY. Mr. Speaker, I am appalled and not a little outraged at the action we have witnessed in this Chamber today. I am, of course, referring to the ludicrous carnival with which we were presented when asked to consider what has come to be known as the congressional pay raise bill. It is unfortunate, to say the least, that the issue of cost of living increases for Government employees continues to be upstaged by the more volatile topic of congressional pay increases. It is even more regrettable that those of us who opposed an increase in Member's salaries could only register that opposition by voting down an entire continuing appropriations bill.

The American people are calling for leadership; they expect—and rightly so—their elected representatives to demonstrate leadership. Certainly, leadership is best exemplified by the setting of good examples—examples of responsible and careful thought, as well as fiscally prudent action. It is unreasonable for us to line our own pockets with one hand while pointing out on the other that taxpaying Americans must bite the bullet and bear up bravely under the burdens of inflation.

The question here is not whether or not Congress deserves a pay raise, and not how heavy are the burdens of inflation upon ourselves and our own families. Instead, it is a question of leadership, and of that responsible example-setting I discussed above. Those who stood up and insisted that the cost of living makes a congressional increase necessary are forgetting one thing: Unlike the majority of Americans who are trapped by the inflation we create, we are in a position to do something about that economic strife. We are at the helm, we have the ability to stop deficit spending and runaway inflation, and we have been sent here to do just that. Moreover, as was pointed out during debate, the voters presented us with 2-year contracts, and the salary per year for the duration of our contracts was clearly spelled out.

I would hope that many of my colleagues share my shame and exasperation at the underhanded efforts which were made to prevent a recorded vote on the proposed 7-percent increase. At the risk of sounding self-serving, I was one of the 34 Members to stand and demand that recorded vote: As you well know, 34 is simply not enough, particularly when the Chamber contained more than a quorum which chose to remain seated.

And so we adopted a 7-percent pay increase by division vote, with no trace of a record as to who voted how. Clearly the only choice for those of us who opposed the pay raise was to vote against the bill. I am at least relieved that further efforts to prevent final passage from going on record did not succeed.

Where does that leave us now? We have rejected continuing appropriations which must be passed to finance the workings of the Federal Government. In other words, we were forced into an irresponsible position in order to appear responsible.

As long as congressional pay levels are tied to the issue of cost-of-living increases for Government workers, and to appropriations measures such as these, I predict that this circus will continue. Frankly, I am at a loss to know how we can hope to restore American confidence in Government, not to mention our own credibility, while we perform in such an appalling manner. Certainly we are deserving of nothing more than contempt as long as we refuse to acknowledge our responsibility to control inflation, choosing instead to complain about its burdens upon us.●

RETIREMENT OF EMERY COOK

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. MINETA. Mr. Speaker, my distinguished colleague from San Jose, DON EDWARDS, and I ask you and our fellow colleagues to join us in congratulating Mr. Emery Cook of San Jose, Calif., for outstanding contributions to our community.

This year, the San Jose Hospital Foundation is honoring Mr. Cook for his distinguished civic accomplishments by awarding him the Legacy Medal. This award recognizes Mr. Cook's significant contributions of time and talents to the community-at-large.

Emery Cook began his career with the Army Air Corps in 1941, and quickly distinguished himself as a pilot. During his career he was awarded the USAF's Distinguished Flying Cross, the Legion of Merit, and several air medals.

As a lieutenant colonel in the U.S. Air Force, Emery Cook came to San Jose in 1957 on assignment to the San Jose State University as professor of air science and he was placed in charge of the Air Force reserve officer's training corps (ROTC) program. When he retired from the Air Force, Emery became assistant to John Wahlquist, then president of San Jose State University. A year later, he joined IBM in San Jose and in 1967 was appointed that company's manager of community relations. He retired earlier this year.

The Legacy Award is one of many awarded to Emery for his contributions to our community. He received the Distinguished Citizens Award in 1973, and has recently been recognized by the YMCA and the Boy Scouts of America for his many years of service.

Emery has lent his leadership and time to many different organizations in San Jose. He is currently a member and past director of the San Jose Rotary and serves on the board of governors of Goodwill Industries. He is a past director and vice president of the San Jose Chamber of Commerce and a past member of the board of governors of the National Conference of Christians and Jews. He is a past director of the Music and Arts Foundation, the National Alliance of Business, the Junior Achievement of Santa Clara County, the Better Business Bureau, and of Retirement Jobs.

Other groups for which Emery has been an adviser include the United Way of Santa Clara County, the Friends of the San Jose Museum of Art, the Santa Clara County Sheriff's Advisory Committee, and the YWCA.

Through these many organizations, Emery has touched the lives of many individuals in our community. His dedication to helping others makes him an ideal recipient of this special recognition. Mr. Speaker, Mr. EDWARDS and I ask our colleagues to join us in congratulating Mr. Emery Cook and wishing him health and happiness in his retirement years.●

LINKING POPULATION TO THE DEVELOPMENT PROCESS

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SCHEUER. Mr. Speaker, as a member of Members of Congress for Peace Through Law, I would like to insert in the RECORD an article from Atlas of September 1979 entitled, "Population Control: The Next Steps," which is excerpted from the Hindu of Madras.

The article, written in the form of a discussion between Rafael M. Salas, executive director of the U.N. Fund for Population Activities and Jyoti Shankar Singh, an economist on the Fund's staff, describes the reasons for the recent fertility declines in developing countries and notes the importance of linking population policies to socioeconomic policies, such as extension of health care systems and classroom education for girls and boys.

Large-scale family planning programs have been introduced in 80 percent of the countries in the developing world and many couples are trying to limit the size of their families. Yet, despite these promising trends, global population problems are far from solution: at least 2 billion people will be added to the worldwide population by the end of this century. Providing adequate shelter, food, clothing, and education for these people might well require major structural and institutional changes in some Third World countries.

My attendance at a recent meeting of parliamentarians in Sri Lanka on population and development issues has further convinced me of the dramaic progress made by developing countries in implementing birth control measures as well as the need for continued financial assistance to international family planning programs.

I commend the following article to the attention of my colleagues:

POPULATION CONTROL: THE NEXT STEPS

(By Rafael M. Salas, Jyoti Shankar Singh, and T. N. Krishnan)

(NOTE.—Rafael M. Salas is Executive Director of the U.N. Fund for Population Activities; Jyoti Shankar Singh is an economist on the Fund's staff; and Dr. T. N. Krishnan is a fellow at the Center for Development Studies in Trivandrum, Kerala. Their discussion, conducted by Tarzie Vittachi, former Editor of the "Ceylon Observer" who is now Director of Information for the Fund, is excerpted from the conservative "The Hindu" of Madras.)

Mr. Salas, ever since your "Report on World Population" was published last year, people have been asking for reasons for the fertility decline, when only a few years ago alarms rang about a population explosion.

Salas: Many governments have become very aware of the population problem evident in the 1960s and have started programs. There also are the informal activities of private groups, like the International Planned Parenthood Federation. This massive consciousness-raising in practically all the developing countries has spread the ethic of linking population to the development process.

Krishnan: The U.N. Fund for Population Activities came into being at the opportune moment when a number of countries were ready to receive the message. This is my feeling after looking at Kerala, Sri Lanka, Malaysia, Korea, and Taiwan. In many countries—especially those recently independent of colonial rule—socioeconomic policies have been implemented, such as extension of the health-care system and extension of education. The first impact of these policies has been a decline in infant mortality.

When this decline occurs, if the fertility rates are not declining, the rate of population growth will increase. This is precisely what happened in the 1950s. This also leads to an increase in family size. Now society wants to make an adjustment. Here education plays a very important role, especially for females.

In a number of developing countries the age of marriage has been rising continuously. In Malaysia, for instance, in the age group fifteen to nineteen, in 1947 about 48 per cent were married; by 1974, this proportion was 11 per cent. In most Asian countries the average age at marriage was around sixteen, so pushing it up by two to three years has meant a substantial reduction in fertility.

This is an indication that society is ready to accept family planning if it is available. Where governments implement programs, the acceptance rate is higher. It percolates down even to younger couples, and there is an all-around shift in the pattern of fertility. This is happening in many Asian countries.

Singh: We can also take a quick look at some other regions. In Latin America the discussion on fertility is still not very much in the open because it is not considered fashionable to talk about. This afflicts even academics and economists and those who are in a position to make and implement decisions. But if you look beyond public pronouncements at what is actually happening, then you see that changes have begun which must have been the decisions of women.

Sir Maurice Kendall, director of the World Fertility Survey, said that irrespective of family planning and economic development programs, other forces seemed to make women want fewer children.

Salas: There is a widespread desire to limit the number of children and to see that the conditions under which they are born are adequate for their development. This consciousness is spreading, and I foresee that future emphasis will be on education and communication about this outlook. This has been given much impetus by the large-scale family planning programs introduced in 80 per cent of the developing world by governments that want to intervene. People are beginning to think about the number of children they would like to bear, and this trend must be sustained.

In an interview with the BBC I was asked, "Now are you happy that there is this decline in fertility? Probably your problems are solved." But this isn't true—there will still be a worldwide population increase of about two billion between now and the end of the century. That's a lot of people for whom to provide food, clothing, shelter, education, and medical care.

So there is really no cause for either optimism or pessimism. What we need is a levelheaded view, and the Fund for Population Activities has always had this view: neither to be alarmed nor to be very optimistic, but to see, as the facts show, how to tackle problems effectively.

Regulating family size has become part of the human ethic, and that ethic cannot be applied until there is a satisfactory contraceptive. What is the outlook for this?

Salas: The World Health Organization has a large research project on this, and so have many U.S. foundations. Recently there has been information from China on contraceptives for males, but we have no specific data on this. I agree: We must find an ideal contraceptive.

For the past twenty years the family planning message has been directed at women, and so has most research. There is no discussion between the man and the woman about their family size. Shouldn't some programs be directed toward men?

Krishnan: In Indian male sterilization—vasectomy—has played a very important role. In Kerala, for instance, about 30 per cent of the eligible couples practice contraception, and of males in this group 90 per cent are vasectomized. There are male motivators; we call them agents. They get a commission to bring people for sterilization. These agents are usually males, who bring others for vasectomies.

From the medical point of view, vasectomy is much simpler and much less complicated than tubal ligation. Also, if you look at the income levels of the people, you see that they cannot afford to take pills every day. Or if the Government is to distribute pills, then it involves a subsidy, whereas sterilization can be built into the health system with minimal costs.

Dr. Krishnan, in your study "The Demographic Transition of Kerala," which you now have extended to other countries, a change in the participation of women through education and the availability of health services seems to be the key to family planning.

Krishnan: The mechanism varies from society to society. In Korea the Pill is important because that is the way it started. If the UN Fund has a program we should experiment with different techniques in different regions and see what reactions we get.

The change in fertility patterns and the continuing drop in mortality rates obviously affects average age levels. Let us reflect about aging populations and their impact on the burden of the workforce.

Singh: In the industrialized countries this already is a major factor in planning, and soon it may become an important consideration in many developing countries. The impact of this on socioeconomic planning in many developing countries is something we'll need to think about much more seriously than we have.

Salas: We have always viewed population problems vis-a-vis fertility patterns. Now it is time to link other concerns—the aging population, urbanization, and spatial distribution. Economists who do the national planning in most countries should consider that population is programmable, not just an underlying factor from which to draw statistics for, say, projections on the number of schools to build. The time perspective, of course, is much longer. You have to look upon projects over generations.

We haven't yet discussed the world food situation in relation to population.

Singh: It is much more a problem of distribution than of production. Even during the shortages in India it wasn't so much a matter of the supply at a given time but of income distribution and food distribution systems. It was a managerial and an economic problem, and both of these are likely to persist, or even become more serious, if action is not taken. But if we realize that these are the two elements that have caused shortages and are likely to continue doing so, then our view of the food situation becomes more balanced.

How can we accommodate an additional two billion human beings in a world which is already distorted into vast misery on one side and affluence on the other? Won't this be the focus of the population problem in the next twenty years?

Krishnan: Population will continue to grow, inflation will not stop, misery will increase, food supplies will not catch up with the population growth rate. What kind of adjustment do we envisage? Institutional or structural changes might be necessary. We cannot escape those changes.

Some people may view them as catastrophic, because the bulk of this population will be in the developing countries. The problem is there. The poor are there, food is maldistributed, incomes are badly distributed. A point may come when the people in those countries are not willing to tolerate established institutional and economic structures.

Once we accept the idea that the structure of society can be changed, then we can see solutions. There may be increased food production and better distribution. We may not be able to provide 3,000 calories per day per person, but 2,000 calories may be possible. But this requires structural changes.

We may not want them, but they may be forced upon us. At whatever point society feels the pressure of the population, it will crack; when it cracks it may have to be revolutionary. The prevailing system has to go. China has been trying to adjust to the population pressure, and so have countries like India, Indonesia, and Sri Lanka. We are not willing to face the fact that such a change is necessary.

Another observation is that we are talking in global terms, and I want to make the distinction between the developed and the developing countries. Because when you talk about, let us say, fishery resources, who are the beneficiaries? Who are the consumers? The developed countries, mostly.

Our fisheries, when they are developing, switch from the domestic market to the export market. So they are interested in catching shrimp and exporting to the U.S. rather than catching the local fish and distributing domestically. The global shortages we talk about are mainly due to the industrialized nations' appetite for these resources.

This means we must change our lifestyles. Here we need global understanding. Are we willing to shift to a new pattern of consumption, a new pattern of income distribution?

Singh: I see two changes necessary—one at the individual, the other at the social level. At the individual level we have talked about the change that has already begun, for whatever reason, in fertility patterns. We must do whatever is necessary to strengthen that trend.

On the socioeconomic level we must accept the need for major structural and institutional changes. The pace of such change may vary with different countries or regions. But given that diversity, sweeping change is the only way to deal with problems we have discussed.●

READING JIMMY'S MIND

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. SHUSTER. Mr. Speaker, William Safire had a very thought-provoking essay in the September 7 New York Times, which I commend to my colleagues:

READING JIMMY'S MIND

(By William Safire)

WASHINGTON.—For me to have to drop out of a foot race, right after Teddy lets the world know he's in the race for my job—that's typical of the way my luck has been running lately.

Meanwhile, in the eyes of the damn media Kennedy can do no wrong. He opens his campaign with a bald-faced deception—that he will make his great decision next year based on how badly the economy is doing.

Does anybody seriously believe him when he says that? Everybody knows we'll be in a recession next January. With this little trick, he stands aloof now from our Democratic economic policy, so that he can come on later to say he's not splitting the party, he's saving the country from a depression.

Well, shoot—if I had gone with his big-spending health plan, the deficit would be double, the inflation rate would be past 20 percent and we'd be headed for a huge crash. But the media says nothing about that. They just let him have a free ride until late January, half way to the convention, without forcing him to say now exactly what he would do differently.

A Kennedy can get away with those little white lies. The Establishment press want their Camelot back, and they close their eyes to little deceptions that would cause them to land on my neck. Is this how Nixon felt?

Look at that little episode up in Massachusetts last month. Peter Lucas of The Boston Herald-American dug it out, but the national media ignored it. Kennedy went to the office of Gov. Ed King—a good, conservative Democrat whom Kennedy despises—to ask for a Superior Court judgeship for Paul Markham.

For "better get Paul, too" Markham. He was the lawyer at the party at Chappaquiddick who helped dive for the girl's body that night. Kennedy told him not to report the accident, which is contrary to law, and that lawyer kept his mouth shut for nine hours until somebody else discovered the car and the body next morning.

That's the guy Kennedy now is so anxious to make a judge. Why does Teddy have to take care of Markham at this time, 10 years later, just before he starts to run for President? Is he worried that if he does not make the effort to satisfy Markham—at public expense—Markham will spill the beans, tell the whole story about what happened that night and how they were able to contain the damage later?

Those are legitimate questions. But if I got Jody to get a reporter to look into it, that would be a "dirty trick" and the media would be defending poor Kennedy. Don't they see that every one of the girls at that party, and everybody who was there or who later helped to cover them up, will all want something now that he's running? They'll all have a claim on him for their continued silence.

No, the media don't see, because they don't want to see. So they pay no mind to Kennedy's need to take care of Markham. The only parties the media are covering are the ones Ham Jordan has been to, but nobody drowned at Studio 54. If they force the courts to appoint a special prosecutor, he'll be asking my men questions that nobody ever asked a Kennedy man. The prosecutor may come after my family, even—I ducked a damn sure question about that during the Bourne drug flap, but a special prosecutor is harder to duck.

It's not fair. Why doesn't somebody stick a microphone in Kennedy's face and ask him what he would do about the Soviet combat brigade in Cuba? Would he try another Bay of Pigs, or would he bring the world to the brink of nuclear war, Kennedy-style? Or would he cave in? Funny, but nobody asks him the hard ones they ask me.

I'd better stop feeling sorry for myself because it's going to get worse before it gets better. Some snooper will find out soon that brother Billy has written to the Justice Department asking for the forms needed to register as a foreign agent for Libya. Billy has been getting paid for his work for Qaddafi, and Justice will have to slap him on the wrist for ignoring the registration laws up to now. Who would have thought, four years ago, that my biggest headaches today would turn out to be Bert, Billy and Ham?

I had better get ready for a parade of Democrats, starting with Tip O'Neill, telling me I must step aside and roll out the carpet for Teddy for the good of the party. The hell with that—the party never did anything for me. If Kennedy thinks he can win the Presidency without the South, let him try.

The thing for me to do is hang in there, look cheerful and decisive, and play for the breaks. Maybe the Russians will help. Maybe the damn media will surprise us all by going after Teddy, which will begin to turn the polls around. And the unexpected is always to be expected—some nut could take a shot at either of us. Maybe Jerry Brown will do better than anybody thinks in the primaries, splitting the anti-Carter vote. I could luck out.

The Nobel Peace Prize next month would sure help. Think of it—I'm the only U.S. President since Herbert Hoover who has not lost a single serviceman's life from a shot fired in anger. On the other hand, a lot of good that did Hoover.●

PERSONAL EXPLANATION

HON. BOB LIVINGSTON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. LIVINGSTON. Mr. Speaker, following inclusion of an amendment to give Members of Congress and high-ranking Federal executives a 7-percent pay increase, House Joint Resolution 399, making continuing appropriations for fiscal year 1980, was defeated. I was unavoidably detained from the floor during the vote on final passage, but I wish the Record to reflect that I would have voted against this resolution and against a pay raise for Members of Congress.●

SAUNDERS-WEIZMAN EXCHANGE REVEALS THE BANKRUPTCY OF THE ADMINISTRATION'S FOREIGN POLICY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. KEMP. Mr. Speaker, today's edition of the New York Times carries an account of an impromptu exchange between a U.S. State Department official, Harold H. Saunders, and Israel's Defense Minister, Ezer Weizman. Saunder's criticized Israel's policy of attacking terrorist installations operated by the Palestinian Liberation Organization which were used to support attacks on Israel. The remarks attributed to Mr. Saunders, if accurate, reveal why the past 3 years have been such catastrophic ones for the United States.

One passage in the exchange is particularly illuminating. After dismissing Mr. Weizman's concern about the failure of the United States to respond to Communist or leftist takeovers of Iran, Angola, and Ethiopia, Saunders stated: "Why bring up Iran when we are talking about Lebanon?" Mr. Weizman replied, "Because we live in that region and it is very important to us what happens there."

Noting that the United States has not yet been able to develop a response to the Soviet deployment in Cuba, Weizman said, "You demonstrated weakness there (in Iran) as in Cuba." To this challenge, Saunders could only say, "At least we didn't bomb Cuba."

I am confident that if Cuba conducted terrorist raids against the United States from Cuba, Mr. Saunders would not be so cavalier. Based on his exchange with Mr. Weizman, however, it seems unlikely that he would be prepared to take any action beyond a pro forma protest.

The attitudes expressed by Mr. Saunders make it easier to understand the paralysis of the Carter administration in the realm of foreign policy. One can only wait with apprehension to learn of the next area of the world that will fall into the Soviet orbit only to be rationalized away by the Department of State.

The article follows:

HEATED AMERICAN-ISRAELI DISPUTE ERUPTS AT WASHINGTON DINNER PARTY

(By Bernard Gwertzman)

WASHINGTON.—Tensions between Israeli and American officials over Israeli's recent bombing raids in southern Lebanon erupted into acrimonious debate between Defense Minister Ezer Weizman and the State Department's top Middle East official the other night.

For more than an hour at the home of the Israeli Ambassador, Ephraim Evron, Mr. Weizman and Harold H. Saunders, Assistant Secretary for Near Eastern and South Asian Affairs, argued in English in full view of two dozen guests, including Israeli journalists. The journalists made the remarks public.

"Bombing is not a policy," Mr. Saunders asserted, chiding Mr. Weizman, who replied: "Don't teach us what to do. You lose everywhere. You lost Angola. And Iran and Ethiopia."

The verbatim give-and-take was not recorded but Israeli journalists who were there re-created the remarks as best they could later for articles that appeared in the Israeli press yesterday.

Yoel Marcus, Washington correspondent for Haaretz, provided the remarks to The New York Times today.

Hodding Carter 3d, the State Department spokesman, commented: "The thrust of the articles is relatively accurate."

Mr. Weizman, convivial and given to lively discussions, was engaged in debate with Mr. Saunders, a soft-spoken but intense career official. What was unusual was the sharpness of the exchanges and their arguing for so long in the presence of others.

At one point, Mr. Evron tried to break it up, but Mr. Weizman snapped in Hebrew: "Sheket, Eppie!" or "Quiet Eppie!"

The occasion was a party in Mr. Weizman's honor. As Mr. Saunders was preparing to leave about 11 P.M., an Israeli journalist came up to him and Mr. Weizman. He said that Mr. Saunders had questioned Egyptian and Israeli friendship for the United States when he noted that, despite the billions of dollars in aid sought from the United States, neither country had told the United States of its plans for peacekeeping in Sinai.

An aide to Mr. Saunders said the State Department official remembered making the comment about "friendship" in jest to some journalists but did not recall what started his debate with Mr. Weizman.

According to several accounts, Mr. Weizman said to Mr. Saunders: "You talk about friendship. What about your attitude toward us in Lebanon. That is friendship?"

"You are making Israel the villain in the Middle East," Mr. Weizmann added.

WEIZMAN DRAFTED POLICY

The Israeli defense chief is the architect of Israel's policy of pre-emptive attacks against Palestinian positions in southern Lebanon, a policy that has drawn sharp American criticism. At present, a cease-fire have been in effect for three weeks.

Mr. Saunders said: "You are using too much force." In one bombing raid, he remarked, 75 civilians were killed.

"No, we killed 35 P.L.O. and 11 civilians," Mr. Weizman replied.

"We have other figures," said Mr. Saunders.

Mr. Weizman noted that the Palestine Liberation Organization was responsible for the death of Israeli women and children in terrorist raids. He went on: "Isn't it a fact that our bombing has brought quiet for three weeks already?"

Mr. Saunders said that was true but that an opportunity should now be allowed for diplomatic action.

NEW ATTACKS THREATENED

The Israeli Defense Minister warned that if a single rocket was fired at an Israeli settlement in northern Israel, the bombings would resume.

Mr. Saunders said that bombing did not produce any policy worth pursuing, whereupon Mr. Weizman argued that the United States could not tell others what to do since it had "lost" Angola, Iran and Ethiopia.

"Why raise Iran when we are talking about Lebanon?" Mr. Saunders asked.

"Because we live in that region and it is very important to us what happens there," Mr. Weizman said. "You demonstrated weakness there, as in Cuba."

"At least we don't bomb Cuba," Mr. Saunders said. "We act totally different from you. I'm very sorry you don't understand American policy."

"You don't have a policy at all," Mr. Weizman retorted.

"Well, we have and I'm ready to explain it to you," Mr. Saunders responded. "You only understand the policy of bombing."

Mr. Weizman said "You are demonstrating weakness." And he warned again that if the Palestinians carried out new attacks, the Israelis would respond with force. He said that there were ways to respond besides bombing, pointing out that last year Israel occupied parts of southern Lebanon for several weeks.

"You're getting involved in Lebanon like we got involved in Vietnam," Mr. Saunders declared.

Ambassador Evron made at least three attempts to end the quarrel. Each time, Mr. Weizman was reported to have rudely rebuffed him in Hebrew.

Finally, after Mr. Weizman said he was willing to listen to Mr. Saunders explain American policy, Mr. Saunders said something to the effect, "Yes, I'd be happy to do that some other time."

And the party ended.●

MORE GREENBACKS FOR DEFENSE?

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mrs. SCHROEDER. Mr. Speaker, this year's military budget is the bastion of big bucks. Yet the Senate in the SALT ratification hearings is screaming "more, more, more." Now we learn that the Senate in its consideration of the second budget resolution, has authorized a 5 percent real increase in military spending—as if the President did not ask for enough in the first place. The House should not be intimidated by the screeching hawks in our congressional counterpart whose motto when it comes to military spending is "more is sufficient."

My major concern in this whole issue of more money for the military is: Where are we going to get it and where is it going to go? Just saying that more greenbacks makes a better defense just does not cut it, as far as I am concerned. Unfortunately, even America, with all her wealth, has limited resources. What money goes into the military budget must come from some other sector of the economy—usually from the hides of those who can least afford to give it away. You do not see many Members of Congress offering their annual pay raises to the Department of Defense.

Just a few examples: The $2 to $3 billion that we put into one nuclear carrier operates New York City's 1,000 public schools for 1 year; $4.3 billion builds 860 miles of subway tunnel for the MX missile or pays for the entire country's mass transit system for 2 years; $9 million builds one Navy Intruder or employs nearly 100,000 youths for a year at the minimum wage; $60 million builds 1 C–

5A or feeds 12,000 families of four for 1 year; and $23 million builds two Minuteman III missiles or subsidizes the entire Nation's immunization program for 1 year.

While the Committee on Education and Labor battles over programs amounting to several million dollars—an amount that the Armed Services Committee considers insignificant—there is a move afoot in the Congress to pad the pockets of the Pentagon whose pants are already bulging. What we have not fessed up to is that these moneys are not manna from heaven, and that a 5 to 6 percent real increase in the military budget is going to mean tradeoffs—for the young, the elderly, the poor, and the handicapped—not the five star generals.

My second concern is that there is no indication, even if we gave all this money away to "enhance national security," that the Pentagon has any way to spend it. When you look at the facts of the situation—all of the major cuts this year have come from the legislative branch—not the President. We are the ones who cut the Trident II missile, we are the ones who cut the cruise missile carrier, and we are the ones who cut the Roland. Unfortunately, some of these cuts were purely political in nature, but some of them were based on a cost-benefit analysis—something I believe the Committee on Armed Services should be commended for. During the authorization debate last week, my distinguished chairman of the Research and Development Subcommittee of House Armed Services, accurately stated that you just cannot throw money at the Pentagon and expect to get a better military. You have to have specific programs that require specific funding. There has to be a design before you can build a building—you just do not throw bricks together and expect to set up housekeeping. Neither can you build a better defense if you do not have the slightest notion of what it is you want to do.

We should encourage intelligent thinking and planning in the military authorization and appropriation process—not spend, spend, spend for spending's sake. We should be trying to trim the military fat, not bolster the military bloat.

One dollar in the military does not come out as $1 more for defense. Military spending is the most nonproductive form of Government spending. Bigger and bigger military budgets only create boom towns where changing military priorities and contract cancellations make wealth and employment a short-lived luxury. The goods and services that the military produce never return to the economy—if we are lucky—and give us a false sense of how big our GNP is and an inflated view of how much our people are prospering.

Some justify bigger and bigger military budgets by arguing that the Soviets contribute more to their military than we do—so what? The Soviet Politburo supports four different defense contractors for almost every major weapons system—specifically the ICBM's. They put four ICBM's into the field—all with the same relative capability. We, on the other hand, support one defense contractor, put one generation ICBM into the field with one capability and our technology is better and we do it more cheaply—I would say that is a plus in our favor.

Second, we see their socioeconomic system going down the tubes because of how much they spend on defense. The real test of superiority is not how many or how big you make your nuclear weapons, it is how stable and prosperous our economic and social institutions prove to be—and that is precisely what we undercut when we increase the military budget. With the crisis in our domestic economy being what it is today, we have to be evermore cost conscious of what we put into the military machine. If not, the real competition with the Soviets will not be one of ICBM's, but rather how fast each one of us can run the other's economy into the ground. And no nuclear weapon will make us feel more secure then.

But what if we decide that we want more money devoted to the military—I say get it from within. I recently held hearings in my Subcommittee on Civil Service where we received testimony that the Air Force was paying $2,360 for shoulder bolts that should have only cost $50, and that the Pentagon paid $50 for some items which would cost $1.71 on the open market. DOD shelled out $14.10 for nuts and bolts that should have cost 70 cents a piece, and $91 each for 10 3-cent screws. This may not seem like much, but these items add up—it turns out that the Defense Logistics Agency alone negotiated $600 million of these contracts in fiscal year 1980. I find this kind of wasteful spending inexcusable.

When programs like the women's domestic violence program get $1.80 worth of services out of every dollar that the Government puts in and still have a hard time assuring that they will be funded from year to year, I do not have much patience with cries that the military is downtrodden and penniless.

If we cannot afford the money to protect our women and children in their own homes, or shelter workers' paychecks from the ravages of inflation, one more nuclear carrier or one more ICBM is not going to do the trick.

I urge my colleagues to join me in reporting out a second budget resolution based on rationality, not whim.●

THE POTENTIAL OF ALCOHOL FUELS

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. FISH. Mr. Speaker, yesterday I read what can be considered an encouraging article but also a disturbing article in the Washington Post entitled, "Brazil Promotes Pure Alcohol as Alternative Fuel: Car Engines Purring Happily as Traditional 'One for the Road' Goes in the Tank."

It is encouraging because it demonstrates what other nations around the world are doing to develop renewable energy resources as transportation fuels, resulting in less dependence on foreign sources of oil, without diminishing the standard-of-living. I found it disturbing for three reasons. One, it shows how this country is lagging behind others in the fight to curb our appetite for unreliable foreign sources of petroleum. Second, I found alarming the fact that American companies, namely General Motors and Ford, are leading the way in the development of alcohol engine technology in foreign countries, while according to the article, little is expected to be accomplished in the United States. And finally, the Department of Energy projects that alcohol fuel production in the United States will reach 500–600 million gallons by the year 1985, while Brazil expects to produce almost five times that amount, or 2.75 billion gallons by the same year.

I believe the following article will be very informative to my colleagues:

BRAZIL PROMOTES PURE ALCOHOL AS ALTERNATE FUEL: CAR ENGINES PURRING HAPPILY AS TRADITIONAL "ONE FOR THE ROAD" GOES IN THE TANK

(By Larry Rohter)

RIO DE JANEIRO.—Brazilian President Figueiredo now rides to all official functions in a Ford LTD limousine that runs on pure alcohol. The other day he was photographed driving an alcohol-powered Beetle on the streets of Brasilia.

Within months, the first chief of state to use an official car running on pure alcohol will be joined by thousands of his fellow citizens. Gen. Figueiredo and the head of the Brazilian Association of Automobile Manufacturers are scheduled to sign an agreement Wednesday aimed at putting 1.7 million alcohol-powered cars on the highways over the next five years.

The accord is the latest step in the government's ambitious, long-term plan to end dependence on costly imported oil. Brazilian cars already run on gasohol, a mixture of 20 percent alcohol with gasoline and the ultimate aim is for pure ethyl alcohol to be the basic auto fuel.

Under the agreement, auto manufacturers in Brazil are to produce at least 250,000 alcohol-powered vehicles a year for the domestic market, beginning in 1980. (Another 500,000 existing cars are to be converted.) Signatories to the accord include the local subsidiaries of General Motors, Ford, Volkswagen and Fiat.

"What Brazil has come up with here is a way of saving the automobile," says Prof. Jose Goldenberg of the University of San Paulo, former president of the Brazilian Society of Physicists. When the world's oil supplies run out, the car will be obsolete unless an alternative fuel supply is ready."

The Brazilian government is to guarantee that production of sugar cane, which when refined yields the alcohol, will be sufficient to supply the cars. It is too replace its entire official fleet of conventional cars with alcohol-powered autos.

The alcohol program has been a top energy priority here since the 1973 oil crisis. Rising prices and the oil supply crunch triggered by the Iranian crisis have accelerated the Brazilian drive for energy independence.

Brazil currently has six million cars and a growing industry that produces more than a million vehicles annually. Government statistics have predicted that the 1979 oil-import bill will reach $7.5 billion.

As a result of the government drive, ethyl alcohol output here already has jumped from 169 million gallons in 1975 to an estimated 910 million gallons this year—more than total alcohol consumption in the rest of the world.

The Brazilian goal is to produce at least 2.75 billion gallons a year by 1985. To achieve that target, the government program calls for investments of $11 billion in distilleries and other alcohol-related projects through 1984.

"Brazil is the only country in the world that has already made official an alternative energy program based on alcohol," said General Motors to Brazil President Joseph Sanchez. "The government has reacted in a realistic and rational manner," to the energy crisis.

At General Motors' plant in Sao Paulo state, the first 252 alcohol-powered vehicles rolled off the assembly line last week destined for a government agency. Early next year, GM will begin mass producing its alcohol-powered vehicles for the public.

GM says its new motor, developed in Brazil by an international technical team and capable of running on gas, alcohol or a combination of the two, is the first "multifuel" engine. To restructure its Brazilian operation and expand production, GM plans to invest $500 million here during the next four years.

By 1982, GM expects to be manufacturing 330,000 of its multifuel engines at the revamped Brazilian plant. Of that total, all but 80,000 will be earmarked for export to Britain, Japan, West Germany and Australia.

A General Motors spokesman here said, however, that the company has "no plans at present" to export the four-cylinder multifuel engine to the United States or to manufacture it at the company's parent plant in Michigan.

"Theoretically there are no barriers that would prevent us from selling or making our line of alcohol-fueled vehicles and engines in the U.S.," said Jairo Lottle of GM. "It's just not in our plans at the moment."

Ford do Brasil, which later this month will begin mass-producing an alcohol-powered version of the LTD and two other models in its 1980 line, also says that it does not envision exports to the United States in the near future. Production is aimed at meeting local demand first.

"At this point, it doesn't depend as much on us as the Brazilian government," said engineering and technical chief Mauro Borghetti. "If they provide the infrastructure that assures there will be enough alcohol to go around, we'll make the cars."

To encourage consumers to switch to alcohol-powered autos, the government has already instituted a series of incentives. Credit restrictions and taxes have been eased for purchasers of alcohol-fueled vehicles and as of Jan. 1, drivers of cars running on pure alcohol will be exempted from the current prohibition on weekend fuel sales.

The biggest boon to users of alcohol comes in filling the car's tank. Government decrees have established a pump price of 87 cents a gallon for alcohol—as opposed to $1.86 a gallon for regular gasoline and $2.98 for high-test. The government says the cost of producing the alcohol is 70 cents per gallon.

Inventive public relations exercises also have been undertaken in an effort to win public confidence. On Sept. 7, Brazil's independence day, 170 race drivers participated in an alcohol-only auto race, held at the same Rio autodrome where the annual international Grand Prix takes place.

"I see nothing but advantages to be gained from using alcohol as a fuel," said the winning driver, Arthur Bragantini, after the race. "The engines perform better and since the motor temperature is lower, last longer."

Similar conclusions were reached by participants in a road test sponsored earlier this month by the automotive magazine Quatro Rodas. Results of the four-day trial indicated that "the performance of alcohol-powered cars is as good as, if not better, than that of conventional automobiles."

Involved in the 62,000 mile road test were the Volkswagen "Passat" (Dasher) and Fiat's 147 model. Average mileage for the participating cars was 27.3 miles per gallon.

Such figures lead some Brazilians to think they have found, if not an answer to the energy crisis, at least a partial solution. Already, delegations from the Philippines, Africa and Central and South America have sent delegations to investigate possibilities of adapting their auto fleets to run on alcohol with Brazilian-designed technology.●

DOES CONGRESS DESERVE MORE MONEY?

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. LEE. Mr. Speaker, colleagues, we are being asked today to decide whether this Congress deserves more money. I would like to share my views on this subject with you, and to urge that we reject this proposal as untimely, unfair to our constituents and completely out of sync with the very ideas and perspectives we all evidenced in our home districts during the month of August.

The issue at stake here is not a matter of whether we should have 13 percent, 7 percent or even 5.5 percent. Nor is the main issue one of justifying that we need more money—looking back on the legislative record of the first session of the 96th Congress is as exciting as the sixth reading of "War and Peace." The issue at stake here is the propriety of a seated Congress giving its own Members more money.

In my home State of New York, the legislature prudently passed legislation prohibiting any pay raise for lawmakers from going into effect until after elections. In that manner, both incumbent and challenger may campaign with the issue of what they will earn in full view of the voters, and they may take their positions as part of the public record. If they feel the pay is too low, they can choose simply not to run for the job. I find it phenomenal that Congress continues to ignore this practice, and I remind each of you that such a prohibition for immediate pay raises was part of the original dozen amendments proposed to the Constitution. This question, and the matter of periodic reapportionment, were removed at the last moment from the Constitution, leaving the first 10 intact. The issue has been brought back to Congress often since that time. Today, it is appropriate once again.

Added to the simple question of propriety of pay raises for Members of Congress is the highly complex economic woes of this entire Nation. We are in a period of obvious runaway inflation and I sincerely believe that the helter-skelter spending habits of this and former Congresses contributed substantially to that inflationary spiral. Members of this House have ignored the fact that their unlimited thirst for spending tax money is forcing the cost of living higher. In a very real sense, Congress has caused the need for Congress to earn more money. Are we now seriously considering action to reward that? That kind of negative incentive forces our constituents to question everything we do here.

This is a time when Congress and its individual Members should be leading by example. That is not to say that the example should be one of sacrifice; we don't need to be martyred. But we do need to recognize that we have an unusual position in America's society—we can take their money to pay us; they cannot reverse the advantage. If Members of this Congress cannot exist on what they earn today, then they fit nicely into the position every one of our constituents must endure. And if Members of this 96th Congress are intent upon getting more for their dollar—to make it stretch as every household in America is trying to do—then it's appropriate to take steps to reduce inflation and reduce costs for everyone.

That can be done by putting a stop to foolish spending; by using some old-fashioned homemaker's commonsense in what we do, how we tax and what we buy.

It cannot be done by deciding that we are worth more and grabbing the money from the Treasury. I urge you to defer any raise for the term of the 96th Congress.●

MONTY PYTHON'S OFFENSE

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

● Mr. HYDE. Mr. Speaker, human dignity and decency are under assault in many places of this battered old globe. In the spirit of "anything goes," racial and religious insults are uttered, and too often tolerated.

One such assault is the new film produced by Monty Python which has received some surprising critical acclaim.

William F. Buckley, Jr., a writer of unique insight and brilliance, has written a column that constitutes the definitive review of this cultural atrocity. It appeared in the September 19 issue of the Washington Star, and I commend it to my colleagues:

MONTY PYTHON'S OFFENSE

A group called Monty Python, a half-dozen comedians who issued from England, has been popularized in this country by PBS, which serializes their episodes most easily described as a National Lampoon romp through history.

It is inevitable that performers will cross the line. Lenny Bruce cultivated derision, and before he died of overjolting himself with the kind of drugs that went with his jokes, earned himself a little cult of flagellomaniacs. It is inevitable that people will tell jokes about the suffering of others, or jokes that make fun of whole races or religions. It is not inevitable that mature critics will encourage that sort of thing.

So the Monty Python people now come out with a movie in which the life of Christ is burlesqued. When Christ spoke the meek would inherit the earth, the Monty Python people got this as "the Greek" shall inherit the earth, because they couldn't hear the words exactly. Blessed are the peacemakers is heard by Monty Python at the edge of the crowd as "blessed are the cheesemakers." Easy stuff for a professional scriptwriter trained in inversion, the equivalent of which would be the husband reporting to his wife that at his inaugural President Lincoln had counseled charity toward none, malice for all.

But Monty Python will not be stopped until he reaches Golgotha and is crucified. This scene becomes a great comic orgy. The criminal being crucified next to Monty Python becomes more and more cheerful according as the pain becomes more and more excruciating, and in the end leads the dying man in a bright tune called "The Bright Side of Life." After which, it is consummated.

Mr. Richard Schickel, the principal movie reviewer for Time magazine, has the strangest comments of the season on this grotesquerie. "Adolescents are flocking to ('Monty Python') as if were another 'Animal House.' But it is a richer, funnier, more daring film—too good to be left solely to the kids. Maybe all the earnest protests"—Mr. Schickel is referring to the Catholics, Protestants and Jews who have issued a solemn denunciation of this venture in blasphemy—"will attract those who need it most: adults who have not had their basic premises offended, and thereafter have not examined them, in too long."

Everyone writes hasty sentences in the course of a long journalistic career, but this one will stand out in any anthology. We are told that all our basic premises need occasionally to be "offended." Well, one of our basic premises is that people ought not to be persecuted on account of their race or religion. Is Mr. Schickel saying that we should have an occasional holocaust? Or is he saying that if we go for a stretch of time without a holocaust, at least we ought to engage the Monty Python players to do a comedy based on Auschwitz? With the characters marching into the gas chamber dancing, say, the mamba? Led by Anne Frank?

A basic premise of our society is tenderness toward, for instance, aging parents. We are enjoined by Mr. Schickel, if we read him right, to toss them out into the street from time to time; or if that is not feasible, either because we lack the courage or are lazy about it, Monty Python might do a comedy based on the frailties of the elderly.

It is a basic institutional premise of our society that the minority bow to the majority after every election. Schickel, in the absence of an occasional revolution against this institution of protocol, would perhaps produce a comedy celebrating the delights of anti-democratic tyranny.

And those societies that do not offend their basic premises by constructing a Gulag archipelago could at least run a Broadway play on *One Day in the Life of Ivan Denisovitch* in which the lines are written so that every time Ivan is seized by dysentery, or frostbitten, or flogged, or bends over with the cramps of hunger, we can laugh and laugh, feel sorry for those so calcified in their sentiments as to make earnest protests and delve happily into the popcorn.

The First Commandment, which enjoins us not to take in vain the name of the Lord, is unrelated to a carefree expletive when you stub your toe, or lose money in the stock market, or lose three straight sets at tennis. It is commandingly august as an injunction against an inversion of those few qualities that distinguish us from the beasts, and there is no period, not even the Fasching in Munich or the Carnival in Rio, or Monty Python, when we are relieved of the obligation to experience sorrow at man's inhumanity to man, let alone man's inhumanity to God.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings, when scheduled, and any cancellations, or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, September 20, 1979, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

SEPTEMBER 21

9:30 a.m.
Foreign Relations
To resume hearings on the SALT II Treaty (Exec. Y, 96th Cong., 1st sess.).
318 Russell Building

Select on Indian Affairs
Business meeting, to resume consideration of S. 751 and 1077, bills to provide for the relocation and resettlement of the Navajo and Hopi Indians.
1224 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Business meeting on pending calendar business.
235 Russell Building

*Energy and Natural Resources
Energy Research and Development Subcommittee
To hold hearings on S. 1420 and 475, bills authorizing the Secretary of the Interior to construct and maintain hydroelectric powerplants at various existing water projects.
3110 Dirksen Building

Finance
Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.
2221 Dirksen Building

Governmental Affairs
Federal Spending Practices and Open Government Subcommittee
To hold hearings on S. 691, to prohibit the use of Federal funds to lobby State and local legislatures.
3302 Dirksen Building

Judiciary
To hold hearings on the nominations of Nathaniel R. Jones, of Ohio, to be U.S. Circuit Judge for the Sixth Circuit; Albert Tate, Jr., of Louisiana, to be U.S. Circuit Judge for the Fifth Circuit; Samuel D. Johnson, Jr., of Texas, to be U.S. Circuit Judge for the Fifth Circuit; Hugh Gibson, Jr., of Texas, to be U.S. District Judge for the Southern District of Texas; George J. Mitchell, of Maine, to be U.S. District Judge for the District of Maine; and Jerry L. Buchmeyer, of Texas, to be U.S. District Judge for the Northern District of Texas.
2228 Dirksen Building

SEPTEMBER 24

9:00 a.m.
Appropriations
Interior Subcommittee
To resume hearings on the synthetic fuels production provisions of H.R. 4930, making appropriations for fiscal year 1980 for the Department of the Interior and related agencies.
1114 Dirksen Building

9:00 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on current energy impacts on the railroad industry, focusing on the recent coal rate increase for the Louisville-Nashville railroad.
235 Russell Building

10 a.m.
Banking, Housing and Urban Development
To mark up S. 1347, to provide for the improvement of consumer services and to strengthen the ability of financial institutions to adjust to changing economic conditions.
5302 Dirksen Building

Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

Foreign Relations
To resume hearings on the SALT II Treaty (Exec. Y, 96th Congress, 1st session).
318 Russell Building

Judiciary
To resume hearings on S. 1722 and 1723, bills to reform the Federal criminal laws, and streamline the administration of criminal justice.
2228 Dirksen Building

2:00 p.m.
Foreign Relations
To resume hearings, in open and closed sessions, on the nomination of Robert Krueger, of Texas, to be Ambassador at Large and Coordinator for Mexican Affairs.
4221 Dirksen Building

SEPTEMBER 25

9:30 a.m.
*Governmental Affairs
Civil Service and General Services Subcommittee
To hold oversight hearings on the activities of the General Services Administration, with emphasis on the art in architecture program.
357 Russell Building

Judiciary
Business meeting, to consider pending nominations and legislation.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

Finance
Business meeting, to resume consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.
2221 Dirksen Building

Foreign Relations
To continue hearings, in closed session, on the SALT II Treaty (Exec. Y, 96th Cong., 1st sess.).
S-116 Capitol

Governmental Affairs
To hold hearings on S. 1564, to require public disclosure of certain lobbying activities to influence issues before the Congress.
3302 Dirksen Building

*Labor and Human Resources

To hold hearings on S. 1724, 771, 1270, 1331, and 1603, bills to provide financial assistance to low and lower middle income, and fixed-income households to meet the increased cost of home energy.

4232 Dirksen Building

11:00 a.m.

Judiciary

To hold hearings on S. 43, to grant a Federal charter to the National Ski Patrol System.

2228 Dirksen Building

Veterans' Affairs

To resume hearings on fiscal year 1980 legislative recommendations for veterans' programs.

5110 Dirksen Building

1:30 p.m.

Commerce, Science, and Transportation

To hold hearings on the effect of economic regulation of the motor carrier industry on service to small and isolated communities.

235 Russell Building

2:00 p.m.

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

SEPTEMBER 26

9:30 a.m.

Commerce, Science, and Transportation

To hold hearings on proposed legislation to reduce excessive regulation of the household moving industry, increase competition, provide improved operating and pricing flexibility, and assure adequate protection for consumers.

235 Russell Building

Judiciary

Antitrust, Monopoly and Business Rights Subcommittee

To resume hearings on S. 598, to preserve the manufacture, bottling, and distribution of trademarked soft drink products by local companies operating under territorial licenses.

5110 Dirksen Building

Judiciary

Limitations of Contracted and Delegated Authority Subcommittee

To hold oversight hearings to discuss various aspects of issues relative to the investigation of alleged mismanagement practices within the General Services Administration.

6226 Dirksen Building

Select on Small Business

To resume hearings to explore the potential of small businesses to contribute in solving the energy crisis.

424 Russell Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To hold hearings on H.R. 7, and Amendment No. 398, proposed Monetary Policy Improvement Act, to S. 85, and 353, bills to strengthen the ability of the Federal Reserve Board to conduct monetary policy, to promote greater competitive equality, enhance the safety and soundness of the banking system, and improve the efficiency of the Federal Reserve payments system.

5302 Dirksen Building

Energy and Natural Resources

Business meeting on pending calendar business.

3110 Dirksen Building

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

Governmental Affairs

To continue hearings on S. 1564, to require public disclosure of certain lobbying activities to influence issues before the Congress.

3302 Dirksen Building

Judiciary

To resume hearings on S. 1612, to create a statutory charter which defines the policy and intent of the investigative authority and responsibilities in matters under the jurisdiction of the FBI.

2228 Dirksen Building

*Labor and Human Resources

To continue hearings on S. 1724, 771, 1270, 1331, and 1603, bills to provide financial assistance to low and lower middle income, and fixed-income households to meet the increased cost of home energy.

4232 Dirksen Building

SEPTEMBER 27

9:00 a.m.

Commerce, Science, and Transportation

Consumer Subcommittee

To resume oversight hearings to examine the enforcement and administrative authority of the Federal Trade Commission.

235 Russell Building

9:30 a.m.

Judiciary

Limitations of Contracted and Delegated Authority Subcommittee

To continue oversight hearings to discuss various aspects of issues relative to the investigation of alleged mismanagement practices within the General Services Administration.

6226 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on H.R. 7, and Amendment No. 398, proposed Monetary Policy Improvement Act to S. 85, and 353, bills to strengthen the ability of the Federal Reserve Board to conduct monetary policy, to promote greater competitive equality enhance the safety and soundness of the banking system, and improve the efficiency of the Federal Reserve payments system.

5302 Dirksen Building

Energy and Natural Resources

Parks, Recreation, and Renewable Resources Subcommittee

To hold hearings on S. 812 and 1369, bills to designate certain areas as wilderness areas, focusing on the Secretary of Agriculture's Roadless Area Review and Evaluation program (RARE II) as it applies to certain lands in the State of Oregon for inclusion in the National Wilderness Preservation System.

3110 Dirksen Building

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

Judiciary

To continue hearings on S. 1612, to create a statutory charter which defines the policy and intent of the investigative authority and responsibilities in matters under the jurisdiction of the FBI.

2228 Dirksen Building

*Labor and Human Resources

To continue hearings on S. 1724, 771, 1270, 1331, and 1603, bills to provide financial assistance to low and lower middle income, and fixed-income households to meet the increased cost of home energy.

4232 Dirksen Building

10:30 a.m.

Governmental Affairs

Federal Spending Practices and Open Government Subcommittee

To hold joint oversight hearings with the Select Committee on Small Business, on the implementation of the minority assistance program under the Small Business Administration.

1318 Dirksen Building

Select on Small Business

To hold joint oversight hearings with the Subcommittee on Federal Spending Practices and Open Government of the Committee on Governmental Affairs, on the implementation of the minority assistance program under the Small Business Administration.

1318 Dirksen Building

2:00 p.m.

Foreign Relations

To resume hearings, in closed session, on the SALT II Treaty (Exec. Y, 96th Cong., 1st sess.).

S-116, Capitol

SEPTEMBER 28

9:00 a.m.

Commerce, Science, and Transportation

Consumer Subcommittee

To continue oversight hearings to examine the enforcement and administrative authority of the Federal Trade Commission.

235 Russell Building

10:00 a.m.

Finance

Business meeting, to continue consideration of H.R. 3919, to impose a windfall profit tax on domestic crude oil.

2221 Dirksen Building

11:00 a.m.

Commerce, Science, and Transportation

Merchant Marine and Tourism Subcommitte

To resume hearings on S. 1460, 1462, and 1463, bills to facilitate and streamline the implementation of the regulatory part of U.S. maritime policy.

6226 Dirksen Building

OCTOBER 1

9:30 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To resume oversight hearings on S. 1684, to provide for the developemnt, improvement, and operation of domestic refinery capabilities.

3110 Dirksen Building

Labor and Human Resources

Handicapped Subcommittee

To resume oversight hearings on the implementation of the Education for All Handicapped Children Act of 1975 (P.L. 94-142).

4232 Dirksen Building

OCTOBER 2

10:00 a.m.

Governmental Affairs

Federal Spending Practices and Open Government Subcommittee

To hold hearings on S. 1681, to require that a contractor on a Federal public construction project submit a notarized statement at the beginning and the end of each contract with respect to the wages and fringes to be paid or which have been paid on the project.

1318 Dirksen Building

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 3

9:30 a.m.

Commerce, Science, and Transportation

To hold hearings on S. 1656, to promote the development of a strong domestic fishing industry, by strengthening the provisions of the Saltonstall-Kennedy Act which established a reserve fund to support fisheries development projects.

235 Russell Building

Labor and Human Resources

Handicapped Subcommittee

To resume oversight hearings on the implementation of the Education for All Handicapped Children Act of 1975 (P.L. 94–142).

4232 Dirksen Building

9:45 a.m.

Governmental Affairs

Intergovernmental Relations Subcommittee

To resume hearings on S. 878 and 904, bills to simplify the administration of national policy requirements applicable to Federal assistance programs to State and local governments.

1114 Dirksen Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

6226 Dirksen Building

Labor and Human Resources

Health and Scientific Research Subcommittee

To mark up S. 1177, to establish a partnership between the Federal government and the States in the planning and provisions of mental health services.

Room to be announced

OCTOBER 4

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To hold hearings on S. 1465, proposed Farm Credit Act Amendments.

322 Russell Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 5

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To continue hearings on S. 1465, proposed Farm Credit Act Amendments.

322 Russell Building

10:00 a.m.

Governmental Affairs

Federal Spending Practices and Open Government Subcommittee

To resume oversight hearings to examine alleged fraud and mismanagement practices in the General Services Administration.

3302 Dirksen Building

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 9

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To resume hearings on S. 1465, proposed Farm Credit Act Amendments.

322 Russell Building

OCTOBER 10

9:30 a.m.

Labor and Human Resources

Handicapped Subcommittee

To resume oversight hearings on the implementation of the Education for All Handicapped Children Act of 1975 (P.L. 94–142).

4232 Dirksen Building

Veterans' Affairs

To hold hearings on S. 1523 and H.R. 4015, bills to provide the capability of maintaining health care and medical services for the elderly under the Veterans' Administration.

457 Russell Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To resume hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

1318 Dirksen Building

OCTOBER 11

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 12

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To continue hearings on proposed authorizations for fiscal year 1981 for programs under the Higher Education Act.

4232 Dirksen Building

OCTOBER 15

9:30 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To continue hearings on S. 1684, to provide for the development, improvement, and operation of domestic refinery capabilities.

3110 Dirksen Building

OCTOBER 17

8:00 a.m.

Labor and Human Resources

Child and Human Development Subcommittee

To hold oversight hearings on the implementation of older American volunteer programs by ACTION agencies.

4232 Dirksen Building

OCTOBER 23

10:00 a.m.

Labor and Human Resources

To hold oversight hearings to explore youth issues for the coming decade, focusing on the Federal role in public sector employment, training, and educational programs.

4232 Dirksen Building

OCTOBER 24

10:00 a.m.

Labor and Human Resources

To continue oversight hearings to explore youth issues for the coming decade, focusing on the Federal role in public sector employment, training, and educational programs.

4232 Dirksen Building

OCTOBER 31

9:30 a.m.

Select on Small Business

To hold hearings to review the impact of private and commercial credit reporting services on small business, to focus on the accuracy, reliability, and assessability of information released by such services.

424 Russell Building

NOVEMBER 1

9:30 a.m.

Select on Small Business

To continue hearings to review the impact of private and commercial credit reporting services on small business, to focus on the accuracy, reliability, andn assessability of information released by such services.

424 Russell Building

CANCELLATIONS

SEPTEMBER 21

10:00 a.m.

Banking, Housing, and Urban Affairs

Economic Stabilization Subcommittee

To resume oversight hearings to examine proposed revisions to the Administration's anti-inflation program.

5302 Dirksen Building

SEPTEMBER 24

2:00 p.m.

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

SHERIFF GENE DARNELL HONORED

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 19, 1979

• Mr. SKELTON. Mr. Speaker, on Saturday evening, September 22, Lafayette County Sheriff Gene Darnell will be honored by many of his friends at an appreciation dinner in Higginsville, Mo., for 20 years of law enforcement service. Sheriff Darnell began his career as a deputy sheriff under the late Sheriff Dewey Parrott, who was a legend in his own time.

In 1964, he was first elected sheriff of Lafayette County, and was reelected subsequently three times. During this time, Sheriff Darnell has distinguished himself as an excellent public servant for his county, as well as an officer in the Missouri State Sheriffs Association, and as chairman of the Corrections Committee of the Missouri Council for Criminal Justice. He is also a graduate of the FBI National Academy in Quantico, Va. In addition, Sheriff Darnell has never lost personal touch of working with people caring for their problems, and doing his best to protect them from those who break the law.

I salute Sheriff Gene Darnell and his charming wife, Onie, on this happy occasion, and I wish them much happiness in the days ahead.•

SENATE—*Thursday, September 20, 1979*

(Legislative day of Thursday, June 21, 1979)

The Senate met at 12:15 p.m., on the expiration of the recess, and was called to order by Hon. MAX BAUCUS, a Senator from the State of Montana.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Almighty God, in whose keeping are the destinies of men and nations, endue with Thy wisdom our fallible minds. In the midst of decisions that concern the fearful forces of nature, the safety of this Nation, and the peace of the world, give us greatness of soul that the keys to great power may be used to open doors, not of peril, but of plenty and peace for the whole Earth. Strengthen us with the assurance that in the supreme test only the soul is decisive and that only the spirit can save us. Grant to us now and always clean hands, pure hearts, and clear minds. Distill upon us the dews of quietness and calm, that in simple trust and deeper reverence, we may be found steadfast, always abounding in the work of the Lord, knowing that in Him and for Him our labor is not in vain. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 20, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable MAX BAUCUS, a Senator from the State of Montana, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. BAUCUS thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield to the Senator from Wisconsin (Mr. PROXMIRE).

THE GENOCIDE CONVENTION: RATIFICATION WILL NEVER BE TOO LATE

Mr. PROXMIRE. Mr. President, the Genocide Convention has existed for over 30 years. During that time 83 countries have ratified the treaty—83 nations of different races, religions, governments, sizes, and strengths. All have declared their intent to honor this essential treaty.

Some countries have chosen not to enter into this agreement. We have no control over that. However, there is a country—one that has not ratified the convention—whose decision to join we can control. That country is the United States.

When President Truman first submitted the Genocide Convention to the Senate in 1949, many other countries also initiated steps toward ratification. Most completed the necessary steps and ratified the treaty in the ensuing decade. But some did not, including the United States.

Mr. President, our past failure to approve the Genocide Convention is no reason for us not to pursue ratification at the present time. As a matter of fact, it would seem to be all the more reason for us to push even harder for ratification, especially in view of the powerful human rights movement of today.

We are not the only country in which ratification of the Genocide Convention has been delayed. The last 15 years has seen 15 more countries formally agree to the treaty. And some of those delaying ratification have been formidable powers. For example, Great Britain did not ratify the treaty until 1970, and East Germany officially joined in 1973.

Ratification at this time by the United States would not be too late. In fact, it would add impetus not only to the treaty itself, but to the entire human rights movement as well.

Mr. President, 30 years is a long time for any important treaty to be pending. But it is far from being too late for us to ratify the Genocide Convention, especially when we realize that the issue at stake is human lives.

Mr. President, I thank the majority leader and I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I have no further requests for time. I yield back my time.

Mr. BAKER. Mr. President, I have no need for my time, no requests for time, so I yield back my time under the standing order.

ORDERS FOR ROUTINE MORNING BUSINESS AND VITIATING ORDER FOR RECOGNITION OF MR. JAVITS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond the hour of 12:45 p.m. today, that the order for the recognition of Mr. JAVITS be vitiated, and that Senators may speak during the period for the transaction of routine morning business for up to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF MR. JAVITS

(The following proceedings occurred later and are printed at this point by unanimous consent:)

Mr. LEVIN. Mr. President, I am happy to yield 3 minutes to the Senator from New York.

The ACTING PRESIDENT pro tempore. The Senator from New York is recognized.

THE FUTURE OF NEW YORK CITY

Mr. JAVITS. Mr. President, I am very grateful to Senator LEVIN, Senator ROBERT C. BYRD, and Senator BAKER for allowing me this time.

Mr. President, I wish to call the attention of the Senate to a report long awaited just issued by the 20th Century Fund, a voluntary research organization, on the future of New York City, through a task force they organized. The report should be "must" reading for all my colleagues who are so deeply interested in the prospects of this great city. The report finds that New York City can have a great renaissance which can redound to the benefit of our entire country.

The task force reports the following conclusions:

> There is no denying the gravity of the city's fiscal condition, but our assessment of the city's basic assets has convinced us that the long-run future of New York is potentially bright.
>
> Thus, our vision for the city is one of thriving neighborhoods where diverse communities of New Yorkers can live in relative security; it is a vision of a city increasingly oriented toward white-collar employment while maintaining a variety of essentially small-scale manufacturing enterprises; and it is a vision of New York as the true world capital, the principal marketplace and cultural center for the world.
>
> We believe that our vision is attainable, provided that the solutions for the city's short-term financial problems work and provided that public policy succeeds in promoting and fostering those formidable resources of the city that hold the most promise for the future.

Mr. President, this report is evidence that our greatest hopes for the revival of New York City were not unrealistic. The city has so much to offer our country and the world and we must not lose sight of all this amid the crisis atmosphere of what may prove to be an ephemeral financial squeeze.

As I have said so many times, New York City's balance sheet—the fundamental expression of the relationship between its assets and liabilities—is solid; it is the current account operating statement that has been so shaky. This

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

critical financial distinction is the underlying theme of the task force's report and I am so pleased we now have it before us. The prognosis is excellent; the patient will make a complete recovery and, moreover, be vigorous again.

Mr. President, the report makes clear that the sacrifices New Yorkers have made and are making still and will continue to make to do their part to restore their city and its neighborhoods are the principal difference between survival and decline in this case. The task force states—

> Once New Yorkers become aware of the magnitude of the fiscal crisis—a crisis that made New York a symbol of urban profligacy and squalor—their acceptance of sacrifice and their enterprising spirit confounded those who were predicting that the city was a lost cause.

Clearly, while it is true that the Federal Government has helped considerably in this crisis, credit for saving New York City and initiating the renaissance of tomorrow goes to the New Yorkers themselves, who have dug in their heels in an expression of their irrepressible vision for a vital New York City. As the task force states—

> The most significant force in this revival, the one that no financial accounting can either measure or assess, is people.

Mr. President, the people of New York are the sine qua non of recovery; they know that the city they love is their legacy—and we know that they are the city's real treasure.

The task force makes a number of important recommendations, all of which will receive our careful consideration, in support of its principal conclusion, to wit: that—

> We are convinced that the city, by building on its present strengths as a great international metropolis, can become the global marketplace for business, finance, communications, the professions, and the arts.

This is what should be key, Mr. President, to our approach to the immediate fiscal difficulties. The city can be restored; the city can be vigorous again, and as a world city. The task force has laid out for us a strategy for the future—not just a quixotic dream. It is a realistic blueprint for a complete recovery from the present difficulties and a return to greatness as a global city. And it is a plan which can be achieved, if we will only put our minds and hearts and muscles squarely behind it.

Mr. President, this is exactly what I intend to keep doing. It will not be an easy road for us New Yorkers to hoe; and we must not yield to the temporary setbacks. The 20th Century Fund has given us a vision of a New York City renaissance to sustain and inspire our pursuit of a new New York.

The report can help convince Congress that it vested its confidence well on two occasions, both in 1975 and 1978, in helping us to be the national city and indeed the world city for the benefit of our own country.

Mr. President, because of its importance, I ask unanimous consent that the whole report of the 20th Century Fund may be printed in the RECORD and that the release of the 20th Century Fund in connection with the report may be printed in the RECORD as well.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REPORT OF THE TWENTIETH CENTURY FUND TASK FORCE ON THE FUTURE OF NEW YORK CITY*

We have a vision for New York City—and for New Yorkers. We believe it essential to begin planning the New York of the future while the city is still making its slow and painful way back to fiscal solvency.

Although the exigencies of the city's continuing financial difficulties have shortened still further the traditionally short time and federal—who are seeking to restore the city's credit, we have deliberately looked beyond the current crisis to concentrate on the longer term outlook that has been virtually ignored. There is no denying the gravity of the city's fiscal condition, but our assessment of the city's basic assets has convinced us that the long-run future of New York is potentially bright.

Thus, our vision for the city is one of thriving neighborhoods where diverse communities of New Yorkers can live in relative security; it is a vision of a city increasingly oriented toward white-collar employment while maintaining a variety of essentially small-scale manufacturing enterprises; and it is a vision of New York as the true world capital, the principal marketplace and cultural center for the world.

We believe that our vision is attainable, provided that the solutions for the city's short-term financial problems work and provided that public policy succeeds in promoting and fostering those formidable resources of the city that hold the most promise for the future.

RECOVERING FROM THE FALL

Five years after the onset of its fiscal crisis, New York City appears surprisingly robust. The revival of economic activity is most visible in Manhattan, where real estate has been booming. Rents for office space and sales of luxury cooperatives in prime locations are at all-time highs, and scores of new buildings are under construction. The city is host to record numbers of tourists, who crowd its shops, its restaurants, its theaters, its galleries, its museums. It is profiting from the production of new films, the recording of disco rhythms, and burgeoning foreign investment in banks, boutiques, real estate, and auction houses. Manhattan, however, cannot be the savior of the city, and the resurgence has not been confined solely to its commercial precincts. On the contrary, once-dingy neighborhoods in the outlying boroughs are revived by communities of immigrants, many of whom have exhibited an aptitude for individual entrepreneurship, and by community activists, who demonstrate a determination to improve the areas in which they live.

The Task Force, made up of New Yorkers and non-New Yorkers, who have had the assignment of deliberating over the future of the city, is impressed by the vigor of the recent revival. It contains the seeds that, if properly nurtured, may well assure a true renaissance for the city. But the most significant force in this revival, the one that no financial accounting can either measure or assess, is people.

New York City, in our view, is not Manhattan alone or the larger area delineated by the borders of its outlying boroughs; it also embraces the surrounding suburban areas. Within this metropolitan region live 16 million people—rich and poor, native and foreign-born—comprising the nation's, and perhaps the world's, greatest concentration of initiative, knowledge, skills, financial acumen, and cultural creativity. Moreover, New York's polyglot population is not only remarkably cosmopolitan and tolerant but also highly motivated, resilient, and resourceful. Once New Yorkers became aware of the magnitude of the fiscal crisis—a crisis that made New York a symbol of urban profligacy and squalor—their acceptance of sacrifice and their enterprising spirit confounded those who were predicting that the city was a lost cause.

The city's revival has been aided by outside forces—the strength and duration of the rise in national economic activity, the growth in international trade and investment, the declining dollar, and political instability abroad. These forces, all beyond the city's control, are, of course, reversible. Obviously, the economic health of New York will be affected by adverse short-term developments and the critical international energy problem, which is likely to endure. Yet the municipal administration can strengthen the city's defenses by a determined effort to preserve and to protect New York's still formidable attributes—its people, its port, its remaining industry, its cultural riches, and its financial and business resources.

The Task Force believes that these assets present New York with the opportunity to become a true world capital. One major reason the city is currently thriving is because it is a magnet for foreigners and foreign investment. Looking ahead to the next decade, we are convinced that the city, by building on its present strengths as a great international metropolis, can become the global marketplace for business, finance, communications, the professions, and the arts.

Whatever the short-term uncertainties, the essential ingredients are already present. Traditionally, New York has been the "gateway" to foreigners. It still is. Foreigners, whether immigrants or visitors, feel more at home in New York than in any other American city. Attracted by its cosmopolitan culture, its vibrant bustle, its creative tempo, they regard it as more hospitable and politically stable than metropolitan centers in Europe or Asia.

Moreover, an increasingly interdependent world has brought about a steady rise in global trade and investment. The nominal dollar value of world trade has increased fivefold over the past ten years; many corporations, domestic and foreign, have achieved multinational status; and capital markets have become internationalized. New York, which has benefited from these trends—two-thirds of all foreign enterprises set up shop here since 1961, one-fifth since 1974—is superbly placed to achieve preeminence as the international center for trade, banking, investment, and tourism, provided that government recognizes this potential and formulates effective policies to encourage it.

In envisioning New York as the future world capital, the Task Force is thinking in terms of an international business, financial, and cultural center rather than a political center. After all, when New York was recognized in the nineteenth century as the nation's leading city, it was the seat of neither the state nor the federal government. We believe that New York can achieve similar status in the world at large. International recognition of the city's leadership does not imply, now or in the future, American hegemony in the world. Nor are we suggesting that the United Nations, which makes its headquarters in New York and which is a welcome presence of international significance, will be transformed into a world government. Rather, we believe that New York

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*In the fall, the Twentieth Century Fund will publish this Report along with a background paper by Masha Sinnreich of the Fund's research staff, which will provide additional material about the issues covered here.

horizons of the elected officials—city, state, can claim global leadership in the private sector because of its ability to attract the most ambitious, competitive, and creative people from the rest of the nation—and from the world at large.

The size and scope of New York's international activities are already far greater than those of other cities, here and abroad. Foreigners, even more than Americans, appreciate the depth of the city's human resources—technical, professional, intellectual—and the ceaseless striving for innovation and quality that distinguish New York and New Yorkers. The Task Force believes that these assets can be expanded and enhanced.

In giving substance to our vision for the city, our guiding principle has been to build on the city's existing strengths. We are convinced that developing and stimulating what the city already possesses in such impressive depth is far more likely to prove productive than attempts to recapture the past or ventures to attain the unattainable. Accordingly, the Task Force urges that the municipal administration coordinate its efforts with those of private businesses and civic organizations to take action to:

Begin an active and sustained effort to promote the city's international and white-collar sectors, areas that will benefit most from a continued growth in world trade and investment.

Preserve the city's existing industrial base. The manufacturing sector, though smaller than it had been, is still vital to the city's future. Instead of massive industrial park development or a costly and risky campaign to induce companies to return or to locate here, we strongly favor measures to retain—and promote the expansion of—manufacturing enterprises that are already located in and employing residents of the city.

Strengthen and protect the city's existing neighborhoods. Because New York's most important resources is its people, we believe that the city should maintain and improve family life in New York by concentrating on renovating and refurbishing livable neighborhoods rather than by building new communities in abandoned areas. If people are to be served, public policy must concentrate on people, not places.

In essence, the Task Force's proposed strategy for the future is to strengthen the city's position by making the most of its advantages. It is a strategy of mutual reinforcement. By retaining the city's commercial and industrial base, by educating and training its residents to compete in a city that is a global marketplace, by making residential neighborhoods more attractive, New York can provide a great variety of employment opportunities for all of its people and, at the same time, better the quality of their lives.

STRIKING A BALANCE

The first step in achieving our vision of New York as the world capital is strengthening the city's still precarious financial condition. Despite the recent recovery in local business activity, as well as the reductions made by the municipal administration in manpower and services following the onset of the fiscal crisis, the city's operating budget continues to run at a substantial deficit. These deficits, moreover, are projected for future years even without taking into account the wage increases for the municipal labor force that are likely to be negotiated when the present contracts run out next year. Since the federal loan guarantees are scheduled to expire in June 1982, the city must do more than it has been doing to balance its revenues and expenditures.

In its own deliberations, the Task Force neither ignored nor minimized the need for the city administration to make further progress in restoring its finances. But as a number of other groups, public and private, including state and federal overseers as well as civic associations of different shadings, have been preoccupied with seeking solutions to the city's deficit, we have assumed that insolvency will be averted, which is essential if the city is to have a secure future. In treating the fiscal problem, however, we must caution against measures that are so draconian as to widen the gap between the privileged and underprivileged in the city, or so shortsighted as to harm the city's longer term prospects for economic growth.

Whatever steps are taken short term, we recognize that the resources available for long-term development will be scarce. This awareness has shaped our view that building on the foundation of the city's strengths should be the basis of public policy. We are convinced that more can be accomplished for the city's residents by a series of small and relatively inexpensive measures than by expensive and grandiose plans designed to resurrect what has not worked.

THE CITY'S STRENGTHS

New York City has already emerged as a center of world trade. Just as the development of railroads a century ago led to the development of national corporations, most of which chose headquarters in New York, the expansion in global trade and investment and the industrialization of such Third World countries as Korea, Mexico, and Taiwan have helped to stimulate the growth of vast multinational financial and nonfinancial enterprises, most of which have chosen to locate their American operations in New York. New York and other aging cities have lost manufacturing plants to the Sunbelt and foreign competition, but the city has gained—and is in a position to gain more—from continued internationalization. It is now in a position to serve world business as it once served national business.

New York holds many attractions for foreign firms bent on expanding in the United States and for American firms doing business abroad. It has the nation's largest port and airports that are far more convenient for domestic and international travel than those of any other American city. It is the headquarters of four of the five largest American banks, the major stock exchanges, three of the five largest insurance companies, the biggest international investment banking firms and nonbank financial companies, as well as 136 foreign bank branches or agencies.

The city also has an abundance of international law firms—the number of international lawyers in New York has nearly quadrupled in the last twenty years—major accounting firms, advertising agencies, architectural firms, business consulting firms, and publishing companies. Its universities, its private schools, its medical research centers, and its libraries and museums are renowned for their excellence. New York has a vast array of diverse cultural attractions—from theater on Broadway to off-off Broadway, from chamber music to symphonies, from internationally acclaimed ballet companies to folk dance, from free concerts in the parks to expensive discotheques. To be sure, the city can no longer claim a monopoly of the nation's cultural and professional talent, but no other city has so much in such depth. And because it retains its commitments to quality, it still attracts the aspiring and the enterprising from all over the world—in law and medicine, in the theater and fashion, in advertising and journalism, in business and finance.

New York's greatest strength as an international marketplace lies in its core companies—the 1400 foreign firms whose North American headquarters or sales offices are located here, and most of the roster of Fortune's 500 largest domestic firms with either their corporate headquarters or their international headquarters in the city. Together, these core companies stimulate demand for the firms—legal and financial, consulting and communication—servicing national and international corporations, and which, according to the most recent estimates, provide employment for over 300,000 workers. The corporate service sector, in turn, has a spin-off effect on tourism and the local firms—in office equipment, printing, secretarial, maintenance, and messenger services—that are its suppliers and that account for approximately another 135,000 jobs.

The entire complex of internationally oriented firms, services, and cultural institutions is closely linked. While comprising many different industries, the firms that are part of the complex were attracted to the city by the presence of all the others. New York would not be an international financial center if it were not a communications and information center; tourism would be a minor industry without the presence of foreign and domestic corporate headquarters and the city's cultural institutions. Both the visual and the performing arts depend in large measure on the support of the city's sophisticated foreign community and its corporate headquarters-corporate service sector. Continued development in all these areas will bring substantial benefits to New York and to all the people working in it.

TOWARD THE WORLD CITY

New York is not Chicago or St. Louis or San Francisco writ large. As the center for international trade, finance, and culture, it is both a great marketplace and a pacesetter in terms of ideas, business opportunities, fashion, and standards of quality for the rest of the nation. More than any other American city, New York represents the United States to the world. Its unique significance merits special assistance, and a more effective targeting of such assistance, from the federal government.

This Task Force is aware that the national mood of fiscal conservatism, intensified by inflation, and the magnitude of the energy crisis preclude a marked increase in federal aid to the nation's ailing cities. But because the nation as a whole has so much to gain from universal recognition of New York as the world capital, there are a number of measures that the federal government could—and should—adopt to strengthen this objective.

We recommend that the federal government contribute to the costs of the protection of official personnel of the United Nations and the foreign missions associated with it. Although the presence of representatives of foreign governments is one of New York's attractions as the world city, from which it derives tangible and intangible benefits, they are a federal rather than a municipal responsibility. As it is, the city renders municipal services free of charge to the tax-exempt properties of foreign governments, providing them with police and fire protection, garbage collection, and water supply. These costs should be offset by the federal government.

The federal government can also make regulatory changes that would draw capital into the city's financial markets. We endorse the proposal to allow domestic offshore banking facilities in New York and urge that the Federal Reserve Board modify its present regulations to enable such facilities to operate here.

We also recommend the elimination of the withholding tax on foreign portfolio investment. The withholding tax now diverts an estimated $7 billion a year in foreign investment from the U.S. bond market (which is preferred because of its greater depth, breadth, and liquidity) to dollar-denominated Eurobonds issued in the international market. Elimination of the tax would bring a portion of the Eurobond market to New York.

Increased federal assistance, direct or indirect, to New York City calls for a different federal-city relationship from the one that has traditionally prevailed. In the past, successive municipal administrations were obsessed with home rule, insisting on autonomy in their operations. This autonomy has a good deal to do with the city's undoing. When the city's fiscal difficulties were publicized around the world, foreigners were perplexed over how New York of all places could come so close to bankruptcy and why the federal government was so reluctant to provide assistance to the nation's biggest and most important city, the second largest government employer in the United States. The notion of fiscal autonomy, particularly for a city of New York's present and prospective international importance, may well merit reexamination once the short-term crisis, and its federal and state overseers, is dealt with. The objective must be an efficient and effective government for the city, not an excess of home rule.

New York must also change its relationships to local governments in the metropolitan region, of which it is the anchor. The region can only grow and prosper if New York can take full advantage of the growth of world trade and investment. Because the region stands or falls with New York, the city administration and the local governments surrounding it must work together, not apart. In particular, the region's congressional representatives must be more cohesive. With New York State's anticipated loss of congressional seats after 1980, obtaining federal aid will depend increasingly on the effective cooperation of the region's congressional delegation. In addition, there must be greater coordination among local government units on plans for recruiting and retaining businesses. Coordination also is essential among the independent agencies now competing with overlapping and conflicting development plans within the region, which, if continued, can only prove detrimental to the entire area.

It also is time for a new and more harmonious relationship between the city and its surrounding suburbs. The suburbs rely on New York to provide employment for many of their residents, and New York depends on the suburbs to provide housing for many of its most valuable public and private employees. Despite this critical linkage, they have failed to make common cause.

Yet the world capital must continue to attract skilled professionals and middle management personnel to New York. To some extent, that problem may be ameliorated with the rapid rise in the number of two-career families seeking to live close to their place of work. Certainly, New York, more than most cities, has great appeal for young working couples because of the multiplicity of opportunities that are available. But the fact must be faced that corporations and corporate service firms have encountered problems with many white-collar workers, especially those with young children, who will come here only if they have the amenities of suburban living. If there were no attractive and accessible suburbs surrounding New York, corporations would find it impossible to recruit enough managerial and professional personnel to work in the city, and many other employment sectors, including the municipal government, would be seriously handicapped. The surrounding suburbs are an asset to the city and must be treated as such. The Task Force therefore recommends that the city administration join with suburban governments to lobby for improved public transportation for suburban commuters and to explore other means of making New York a more attractive work place for many of the people it needs.

Even more important than federal and regional help, however, is the city's own role in promoting and encouraging international business. The Task Force recommends that the municipal administration show a responsiveness to the problems encountered by foreign enterprise, which we believe can best be accomplished by the creation of a special office reporting to the Deputy Mayor for Economic Development. In addition, the Deputy Mayor should establish a monitoring system over the entire corporate headquarters-corporate service sector to anticipate problems while they can still be resolved.

The official fostering of a hospitable and responsive environment is more important than reducing taxes (or proffering tax incentives) to foreign enterprises. Rather than special treatment, an evenhanded, nondiscriminatory approach will do the most to improve the city's business climate and facilitate its role as a global center. Thus, the city administration should make known to foreigners, whether corporations or individuals, that they have the assurance of doing business under the same laws and regulations that apply to everyone else.

Mounting an elaborate campaign to recruit foreign businesses is unnecessary. The main task of enhancing New York's appeal must be accomplished here rather than outside the city's borders. If the city demonstrates a sense of fair play toward business, then the best recruiters for the city will be the executives of the domestic and foreign firms now working in the city.

Under current economic conditions, the Task Force believes that special incentives are not now needed to attract or maintain business in the city. If incentives are needed at a later date, we urge that they be provided sparingly and selectively. The municipal administration should avoid proffering incentives that cause overbuilding in already crowded districts and should withhold incentives altogether when it is evident that new construction would take place without them.

It is axiomatic that the continued free flow of capital across national boundaries is essential to New York's role as a global marketplace. But because decisions on international loans, to corporations as well as to governments, are often subject to political influence on governmental controls, the locus of power is in Washington rather than New York. The city's influence over domestic money and credit policies was lost to Washington long ago. With the proliferation of federal agencies engaged in regulating corporations, Washington has also gained an increasing share of domestic service activity. It is the view of the Task Force that the concentration of power over international financial activity should not be entirely located in Washington and that the financial marketplace in New York should retain its acknowledged capacity to serve in a decision-making capacity. Accordingly, we recommend the relocation of the World Bank and International Monetary Fund, which are agencies of the United Nations, to New York City. Such a move would reestablish, symbolically at least, their ties to the United Nations. It also would provide better coordination of public and private participation in international financial markets.

New York's original preeminence was based primarily on its strategic location and its accessibility. That accessibility is no less important today. The city must improve mass transit access to its airports; in particular, the long-planned rail link to Kennedy Airport should be completed. If the city is to be the hub of worldwide business activity, it is essential that businessmen can get in and out of New York. Once here, they ought to be able to get around the business districts without difficulty. Easing midtown congestion calls for numerous imaginative and frequently unglamorous improvements. We endorse Mayor Koch's action prohibiting private automobiles on certain midtown streets and urge extension of this experiment—perhaps even the addition of shopping-and-entertainment malls that are closed entirely to vehicular traffic. We also favor experiments to ease traffic congestion through the use of vans, small shuttle buses, or other intermediate-sized vehicles. What the city needs is convenient and rapid movement of people—residents, commuters, businessmen, and tourists—that does not make traffic an ordeal.

SERVING NEW YORKERS

Our proposed strategy to develop New York as the world capital addresses, directly and practically, the pressing problem of the city's poor, including many migrants from the South and Puerto Rico and, more recently, from Central and South America and Asia. These New Yorkers must have jobs and opportunities for advancement. Obviously, many of the new jobs that will be generated by a global capital will go to the most ambitious and skilled, from all over the nation, as well as from other countries. Yet there is no conflict between the needs of the city's residents for good jobs and the needs of corporations for employees. Indeed, if the city administration accepts our vision of the world city, it will devote more of its resources to training and equipping the city's population to compete more effectively in the future world marketplace.

The greatest need of the corporate service sector is an adequate supply of competent labor. Of necessity, it employs a large number of people in many different jobs, ranging from messengers to bartenders, from typists to computer programmers, from margin clerks to bank presidents. It also provides a very large number of job opportunities to minority groups. At present about 15 percent of employees in corporate service firms and 18 percent of employees in ancillary firms are black, compared to 13 percent in manufacturing (figures for other minorities are unavailable).

Because many of the minority-group employees in this sector hold low-level jobs, the Task Force urges private firms to restructure their employee training systems. Lower level workers must be given the opportunity to win more responsible and higher paying jobs. By actively encouraging such progression, the private sector can make a significant contribution toward maintaining the city's tradition of social mobility while assuring itself a continuing supply of skilled workers. Corporations are intimately familiar with their own manpower needs and many have already instituted programs on their own. Since company-operated training programs are likely to be more efficient in providing new employment opportunities than city-operated manpower training programs, the city administration ought to yield to and stimulate private initiative in the setting up of training programs.

However, most businesses, whether new or established, will still rely on the marketplace for labor. As a consequence, they depend on the city's schools to supply nonprofessional employees as well as skilled employees, while recruiting high-level executives and professionals from the national market. The city's schools, including the city university system (CUNY), must produce enough qualified employees to help keep white-collar service and service-related businesses in New York. Accordingly, we propose measures to make education more effective and more relevant to the world of work.

The transition from school to work requires more attention by educators and employers, who, in education as in manpower training, must learn to work together. There have already been some useful moves in this direction, such as the adoption of individual schools by corporations, and corporate participation in tutoring programs. We think that high school work-study programs should be expanded, and that schools, local communities, and business firms should cooperate to fund part-time and summer jobs. A cooperative working relationship between corporations and the school system—including CUNY, the Board of Education, and the teachers' union—could supervise these programs and come up with other innovative projects to aid both pupils and business. Accordingly, the Task Force recommends that a special liaison office be established within the Board of Education to coordinate the activity of the private and public sectors.

If New York is to have a promising future, the primary and secondary schools along with CUNY must improve their performance while recognizing the special needs of the city's economy, particularly its growing international orientation. Much of the perceived deterioration of the quality of public higher education is frequently ascribed to inadequate preparation in the lower grades. Although the Task Force has not sought to determine the validity of this contention, we are agreed that a program of competency testing should be instituted early in the educational process, rather than at graduation from high school, when it is too late to salvage those students who have failed to measure up or to make accurate judgments about the reasons for their deficiencies. Such competency standards should be used as much for measuring the effectiveness of instruction as for gauging the progress of students. It is our view that competency must be the major objective of the city's educational system in the interest of pupils, their parents, their teachers, and the city itself.

We also recommended that high school and college curricula place greater emphasis on vocational programs in white-collar areas—finance, business administration, communications, computer technology, hotel management—that will be needed in the world city. In addition, we urge the establishment of special language schools, both at the high school and college levels, to promote proficiency in foreign languages by the expanding cadre of young people needed to work for and with foreign businesses.

As for public higher education, CUNY has modified its open administrations policy, which had prompted questions about the devaluation of its degrees.[1] We endorse an approach that maintains high academic standards for entrance to CUNY's senior colleges and that permits movement from one track to another for those who demonstrate an aptitude for high levels of postsecondary education. This approach has the merit of providing manpower and vocational training to some students while offering the academic disciplines to those intent on entering the professions. The Task Force believes that preserving the integrity and rigor of the academic programs in CUNY's senior colleges is of special concern to all of its students who seek to be prepared for the full range of opportunities.

Because of our commitment to facilitating the entry of young New Yorkers into the increasingly dominant white-collar sectors of the city's economy, we recommend an expansion of vocational training courses in CUNY's two-year community colleges, even if doing so requires the scaling down of CUNY's graduate programs. In light of the current—and prospective—national excess of scholars with advanced degrees, and the wide availability of graduate programs in other institutions in the city, a diversion of state funding from CUNY's graduate program to its community colleges would meet the needs of both the city's residents and its economy, provided that tuition assistance grants are made available to capable students to enable them to pursue graduate training at private or other public institutions.[2]

PROMOTING THE PRIVATE SECTOR

The world city strategy relies on the dynamism of the private sector. But not all the city's businesses and residents can be expected to prosper from the growth of the international marketplace in New York. Despite our conviction that the city would be best served by strengthening its attractions as a world center, we recognize that the city has not been—and is not now—a competitive environment for many industries, especially manufacturing industries, housing, and neighborhood services, and that its lack of competitiveness has caused severe hardships for many of the city's residents. If New York is to continue to perform its historic function as a place where successive waves of immigrants can become assimilated into a modern urban economy and find opportunities for advancement, an activist approach toward protecting industries and neighborhoods is needed. If these existing neighborhoods and industries are lost, much of the diversity that is one of the city's most precious assets will be lost.

Over the last decade, there has been an exodus of jobs and people from the city; an estimated 550,000 jobs have disappeared and approximately 750,000 people have departed. Yet until the 1974–75 recession, New York's postwar experience had been less disastrous than that of many other large American cities. Because New York has a balanced economy, especially its wide range of white-collar occupations and consumer goods industries, it has proved more resistant to recession than heavy manufacturing areas. As a result, the city has not suffered the severe losses experienced by cities tied to dying industries.

We believe that the city administration should take steps to maintain the balance in the city's private sector, especially now that the rise in the national economy, the most prolonged peacetime advance on record, has apparently ended. Whether the ensuing recession proves to be major or mild, it could have a severe impact on New York if there is a renewed exodus of industry. Thus, the city must devote its attention to preserving and protecting its existing manufacturing sector if it is to avoid a repetition of the devastating effects of the 1974–75 recession.

Even local industries that have suffered huge job losses over the last decade should not be written off. The once moribund film industry, for example, has revived dramatically with city help over the last two years—forty feature-length films were produced in New York in 1978. Conceivably, other such industrial revivals may take place, providing many new jobs, and the city should be prepared to smooth their path.

Slowing the exodus of the city's blue-collar jobs in the immediate future can also ease the long-term transition to the white-collar city serving global markets. Even if the existing white-collar sector were capable of picking up the slack created by the loss of manufacturing, the city's present labor force cannot adjust quickly or painlessly to such shifts. Longshoremen do not become bank tellers overnight, and unemployed garment cutters do not immediately become computer operators. A mismatch of skills and jobs may bring a swelling in unemployment and welfare rolls. Hence, policy measures that slow, even temporarily, the departure of manufacturing and other blue-collar employers will prevent a great deal of human suffering and public spending.

The Task Force believes that stability in the city's job market and its neighborhoods makes for social stability. Every year, thousands of newcomers arrive in New York in quest of opportunities to improve their lot; other thousands of teenagers leave school to enter the labor force. Many, though by no means all, are ill equipped to compete in the city's white-collar economy. Frustrations caused by the shrinking blue-collar job market and by rapid disinvestment in poor neighborhoods breed social pathology, crime, and political tension.

In our view, the world capital is not an enclave. It must give all of New York's inhabitants a chance to share in the dream of a better life for themselves and their children. Large numbers of city residents now have no such chance. Unless they are given real opportunities to make their own way, the city could be subject to dangerous polarization. This Task Force, therefore, strongly recommends that the city administration commit itself to improving the current living conditions and future prospects for those New Yorkers who have not been absorbed into the economic mainstream.

The pressing need is for jobs. Jobs, of course, depend mainly on a thriving private sector, which is made up of the commercial and manufacturing enterprises currently operating in the city. It is our firm conviction that retaining and expanding the present private sector is a far surer bet, in terms of the benefits to the city and its residents, than frittering away its resources in a dubious effort to attract new business and new people.

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[1] Mr. Lekachman comments:

The sudden introduction of the Open Admissions program to the City University did indeed generate much turmoil and confusion. No doubt the program distressed alumni and alumnae who cherished memories (not always entirely accurate) of City College or Hunter as elite institutions. I believe that the questions that, as the report accurately notes, were raised by the public in the wake of Open Admissions have now been satisfactorily resolved. Let me cite as one piece of evidence Barron's profile of Lehman College, my own campus, which is not one of the more popular senior colleges. Barron's "in-depth study" praised Lehman as offering students "the double advantage of a high-calibre urban institution in a relaxed, informal environment." It noted appprovingly that "Lehman College provides the standard array of liberal arts and science majors as well as excellent career-oriented specializations." And much more. Now the serious implication is this: the unique conjuncture of circumstance and talent that graduated such distinguished alumni as Daniel Bell, Irving Krystal, Irving Howe, and Nathan Glazer is unlikely to recur. It is a healthy development for New York that the City University is graduating a steady stream of competent accountants, business managers, hotel administrators, nurses, medical technicians, and men and women who go on to legal, medical, and academic careers.

[2] Ms. Wexler comments:

I also strongly endorse an admissions policy that maintains high academic standards for the senior colleges of CUNY. I support the concern of the Task Force that vocational training be strengthened in the community colleges. However, I believe that there is an internal inconsistency in a call for "preserving the integrity and rigor of the academic programs in CUNY's senior colleges" with an assumption that such colleges in the public sector can recruit and nurture appropriate faculty without graduate programs. The irony is compounded by the suggestion that public dollars be provided for tuition assistance grants to students in private sector graduate programs. Such a strategy would strip the public senior colleges in New York City of any important research orientation.

In emphasizing retention rather than recruitment, and in keeping with our belief that evenhandedness in the treatment of the private sector is vital, we urge the city administration to pursue fair and equitable tax policies. Thus, we favor maintaining a limit—or cap—on real estate taxes rather than bestowing tax abatements on new construction projects that might well be built in any case.

If abatements are continued, or if they are reintroduced to stimulate construction, we recommend that the city explore ways and means of sharing directly in the profits that result from such subsidized investment. Under current arrangements, the only way in which the city gains from its tax abatement policy is through the gradual increase in taxes as the abatement is reduced. It has been argued that the city also gains from the increased income and sales taxcs of those employed or doing business with the corporate recipient of the subsidy. But the extent, if any, of such benefits is doubtful, because in a boom period few projects are likely to be abandoned in the absence of an abatement.

As we see it, the city should share in the revenues above a specified level for projects that received tax abatements, using as a yardstick the average tax burden for similar properties that do not have abatements, thereby assuring a more equitable sharing of the tax burdens.

The Task Force urges the city administration to make greater efforts to attract the participation of business and labor leaders in municipal affairs. The anonymity of New York, which has its attractions, inhibits the kinds of civic participation that characterize the business communities in other American cities. Yet New York sorely needs all the help it can get from those with a sizable stake in the city's well being. Ways must be found, as they were when the fiscal crisis first took hold, to enlist the services—formally and informally—of private executives.

Many agencies—federal, state, city, and the bistate Port Authority of New York and New Jersey—have plans for economic development in and around the city. Perhaps the most ambitious and comprehensive are those of the Port Authority, which is prepared to assume responsibility for economic development of the entire region. There is much that is imaginative and useful in the Port Authority's plans, but we believe that it should place primary emphasis on its original mandate—the provision of sound port (including airport) faciilties—and beware of dissipating its effectiveness by taking on too much.

Because the future of New York is closely tied to that of the rest of the metropoiltan region, we call upon all local governments within the region to cooperate in reducing the costs of doing business for local enterprises. Regional cooperation is absolutely essential if the effects of adverse federal regulations are to be modified or eliminated and if the flow of funds from federal programs is to be increased. Only regional cooperation can assure the kind of rational planning that will provide the services and utilities necessary to keep manufacturers from going elsewhere. Accordingly, we endorse the creation of the Energy Corporation of the Northeast (ENCONO), the proposed entity for promoting energy development in the region.

The Task Force also favors the Port Authority's proposal to use resource recovery plants to generate electricity for industrial use in the region, although we advise building one or two plants on an experimental basis before there is a commitment to a full-scale development program. We believe that it would be preferable to direct the savings in energy costs derived from the program to existing manufacturing plants in their present locations, rather than tying reduced-rate electricity solely to industrial park development.

We oppose the use of public resources for the development of large-scale industrial plants. Experience with them in other areas has shown that they fail to yield enough jobs in return for the substantial amounts invested in them. Smaller, vest-pocket industrial parks, which can take advantage of existing infrastructure while providing space for manufacturing plants needing room for expansion, have a far better record of cost effectiveness. Consequently, we endorse the proposal to fund and develop such vest-pocket industrial parks as more in keeping with the city's requirements.[3]

MAINTAINING THE CITY

Preserving the city's manufacturing sector requires some measures to reduce the cost of bringing goods in and out of the city. However, this Task Force opposes large and speculative new transportation projects, especially Westway, whose costs far outweigh its possible benefits. The city should promote more modest measures—measures that are known to provide a reasonable benefit-cost ratio based upon a thorough analysis of pertinent factors—to take advantage of the city's natural assets, especially its port and its existing transportation network. Instead of Westway, we favor the construction of a simple, easy-to-maintain replacement of the now moribund West Side Highway and recommend that a portion of the port facilities that now lie idle should be made into public parks, while the remainder should be reserved for refurbishment. In addition, we recommend improving rail access to the city, particularly to the port facilities.

We do not believe that the city's economic development program should focus on large new projects, no matter how enticing they may seem. The city will achieve more by better maintenance of its infrastructure. One of New York City's great advantages is that its basic infrastructure is already in place. Its streets are full of potholes; its transit system is dirty and noisy; its bridges are rusting; but these and other facilities are not only extensive, they also work. Moreover, each increase in the price of energy enhances the value of the city's existing infrastructure. The major job is now to keep that infrastructure in good repair.

For many years, city administrations have allowed the roads, bridges, subways, sewers, water mains, and other basic facilities to deteriorate, sometimes dangerously, frequently stretching replacement cycles hundreds of years longer than the facilities could endure. Only in the last year, with federal help, has the city begun a planned program of repair and reconstruction. Although infrastructure repair may not seem directly related to economic development, the facilities in their present state impose substantial costs on all those living and working in the city and impair the city's appeal as a place in which to live and work. Moreover, there is always a potential threat of a serious infrastructure failure—a cutoff of the water supply or a collapsed bridge—that could have an immediate and catastrophic effect on the city's economy.

Thus, the Task Force recommends that for the next decade the city give priority to its new infrastructure replacement program. After the federally guaranteed loans run out in 1982, there may be difficulty in raising funds for this program. Accordingly, the city should give consideration to the possibility of instituting user fees and issuing revenue bonds wherever feasible—bridges and water supply being the two most likely examples—for maintenance funds are going to be even more difficult to raise since they can no longer be borrowed. (Although they must be kept separate for accounting purposes, maintenance and construction funds are different in degree rather than in kind.) We recommend that the city make adequate provision for maintenance and establish a program that integrates planning for maintenance and replacement.

Our recommendation that maintenance and replacement of the city's existing facilities be given priority reflects our concern about their dangerous state of disrepair and our skepticism about urban renewal policies that have entailed replacement through demolition of perfectly good existing structures by massive new projects. It is time to redress the imbalance. Accordingly, we recommend that the federal government, which has accelerated urban blight and suburban sprawl for the last generation by funding new projects rather than promoting rehabilitation of existing structures, now contribute to the maintenance of infrastructure. Several bills now before Congress propose the establishment of agencies which would, through grants and loans (some of them at low interest rates), enable distressed localities to repair and rehabilitate their infrastructure. We support the establishment of such a program either by the U.S. Treasury or by the proposed independent National Bank for Community Conservation. The important issue, in our view, is targeting federal aid to this purpose.

The major exceptions to our emphasis on restoring existing infrastructure are the construction of the new Convention Center, whose planning is far advanced and whose function may be competitively useful (provided its costs are carefully controlled), and the necessity of building a third water tunnel for the city. A third tunnel has long been needed and now must be regarded as essential in the event of a stoppage in one of the two existing tunnels. It might have been more sensible to build an overland pipeline in the first place, but now that the first stage of the tunnel, which parallels the existing water tunnels, is 90 percent excavated, there is no reason not to complete it. We believe, however, that the proposed Queens-Brooklyn loop of the tunnel can be postponed and that the costs of the first stage should not be inflated by over-engineering a structure that, after all, amounts to reserve capacity for emergency purposes. The Hudson River flood-skimming project, which would take water from the Hudson when the water level is high and treat it so that it could be added to the city's reservoirs as insurance against drought, is often linked to the project to build a third water tunnel. The Task Force believes that an open-ended commitment to the maintenance of the flood-skimming facility is unwarranted in the absence of firm cost estimates.

REVIVING NEIGHBORHOODS

Of all the objectives we have set for the city, perhaps the most difficult to achieve is improving the quality of life. Over the last fifteen years, there has been no shortage of ideas and new policy ventures, but the results have been disappointing. Some neighborhoods have declined, others have stayed the same, and still others have been rebuilt, all with little apparent relation to the overall thrust of local, state, or federal policies. This Task Force is reluctant to advocate sweeping changes that promise more than they can deliver. Nevertheless, we believe that the city government can make a difference by providing advice, encouragement, and funding for neighborhood revival—especially if the necessary ingredients of citizen participation and sheer luck are forthcoming.

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[3] Messrs. Cabranes and May Comment:

We regret the reluctance of the Task Force to more affirmatively encourage the growth and development of manufacturing and other sectors of the economy that employ blue-collar workers, as suggested by (among others) the Port Authority of New York and New Jersey.

Messrs. Biemiller, Flaherty, and Lekachman wish to associate themselves with this comment.

Several recent developments have influenced our views of neighborhood policy. First, the number of households in the city fell by about 130,000 from 1970 to 1978. Second, while the number of welfare recipients has remained fairly constant throughout the 1970s, they are no longer concentrated in a small number of isolated ghetto areas. Third, the city has been taking over property through the in rem process so rapidly that it will soon own most occupied low-income housing. Taken together, these findings depict a city that has already lost large numbers of its middle class, that has witnessed the movement of the poor into neighborhoods recently occupied by the middle class, and that has a housing stock originally built for a large, relatively high-income population whose landlords can no longer afford its maintenance with the rents they collect from a smaller, poorer population. Conceivably, the combination of foreign immigration (legal and illegal), higher energy prices, and changing marital and child-rearing patterns could raise the number of households again before the end of the 1980s. But we see no evidence that these forces have yet begun to outweigh the forces driving so many middle-class New Yorkers out of the city. Accordingly, despite the heartening rehabilitation of neighborhoods in such areas as lower Manhattan and sections of Brooklyn, public policymakers should assume that the decline in households will continue, at least for the immediate future.[4]

As long as the number of households—and their average income—continues to fall, it is unwise to attempt to rebuild all of the city as if its population were still intact. At this late date, we believe that it makes more sense to accept the verdict of the residents themselves that certain areas are unsalvageable. Accordingly, the city's funds and energies should be concentrated on those marginal neighborhoods where the residents seem determined to stay.

We urge the city administration to maintain and improve basic municipal services—police, fire, sanitation, parks, health care—in marginal neighborhoods, especially those adjacent to abadoned areas, because a strong city presence can persuade residents that their community has a future and is not being written off. All too frequently, the suspicion that the municipal government, as well as the private sector, has given up on a neighborhood is all that it takes to spur crime and to accelerate abandonment. However, the provision of municipal services and facilities is not only increasingly costly but also increasingly ineffective in areas that have been virtually depopulated and no longer possess the vital signs of community life. It is our view that the city administration must be willing to close facilities or reduce services if they are in excess of the needs of the remaining population.

The perverse momentum of the abandonment process reduces the city's housing stock in a fashion that is painful for residents of the affected buildings and neighborhoods, ruinous to landlords, and burdensome to the city. Abandonment and deterioration do not weed out the oldest and least desirable buildings across the city, but spread throughout neighborhoods, destroying much potentially sound housing. Abandoned buildings attract addicts, derelicts, and criminals, making life dangerous and unpleasant for residents of nearby buildings, which—whatever their physical condition—are themselves gradually vacated and eventually abandoned.

This Task Force does not believe that, with the city's population still falling, the effects of the last decade of abandonment can be totally reversed. To rebuild and to attempt to repopulate the South Bronx today would invite a repetition of the abandonment process in other areas of the city. While we urge the city to take action to halt the continuing spread of abandonment, we do not condone what is for the moment a quixotic effort to undo the damage of the past. We are confident that, in time, these now-blighted areas that are close to the central city and have adequate infrastructure may once again become valuable. If and when renewal becomes a realistic prospect for those areas, we think that the city should aid the private sector in redeveloping them for job-creating enterprises.

Scaling down municipal services for blocks of land that have had severe population losses must not, in our view, mean totally abandoning their residents. We think that most of the city's population has demonstrated a clear preference for the more vital areas. Consolidation will make service delivery easier, and by keeping both buildings and neighborhoods occupied, the threat of further abandonment will be reduced.

Housing in all neighborhoods, of course, must be available on a nondiscriminatory basis, and the city could play a constructive role by working to create balanced neighborhoods that are diverse economically as well as racially.

The Task Force opposes building new housing with city funds. Private financing is already available for owner-occupied housing and luxury rental buildings; public subsidy or financing of new luxury housing represents a diversion of public funds and energies. We are aware that rental housing for lower- and middle-income tenants cannot easily obtain financing, but in this sector, we think that public policy should be directed to the rehabilitation of existing buildings rather than to the construction of new buildings. In the event that more federal financing becomes available, we favor its use for well-planned low-rise housing for low-income families. For the foreseeable future, however, the Task Force recommends that the city administration focus on measures to encourage rehabilitation, to lower operating costs for rental buildings, and to unblock the flow of available funds for housing.[5]

Unfortunately, delays in planning result in the temporary or permanent loss of much of the federal money available for rehabilitation. For example, only 45 percent of available Community Development funds were being spent as of December 1978. The city should be spending all such funds since they constitute the bulk of available funds for rehabilitation. At the same time, we urge that the city improve the system used to pay rehabilitation contractors, a system that has caused needless delays. At present, many reputable firms refuse to work for the city because of the city's poor payment record.

We recommend more frequent assessment of real property so that apartment buildings in rapidly changing neighborhoods are not subject to either severe overassessment or underassessment (unreasonably high real estate taxes could make the difference between an economically run building and one that is abandoned). In addition, the program of tax abatements for renovation and repair of multifamily dwellings should be maintained and expanded.

The Task Force believes that the goal in restoring existing buildings should be to do as much moderate renovation as possible, leaving sound structures intact. Current practices seem to encourage "gut" rehabilitation, which is much more expensive—and not always strictly necessary. Thus, we recommend that the city revise its standards to allow less costly renovation.

We urge that ways be found to close up buildings legally rather than illegally. Owners should be able to shut down buildings that cannot be successfully operated because they are not fully occupied. Buildings then could be sealed before they have deteriorated, and tenants from partly occupied buildings could be moved into more economically sound buildings, thus reducing the costs of providing low-income housing.

The Task Force believes that it is better to keep buildings operating in the hands of private landlords as long as possible, in part because many tenants are reluctant to pay rent to the city, which has all too often become the unwilling landlord of last resort. In addition, we recommend that the city transfer management responsibilities in its existing in rem buildings to tenants or community groups that are able—and want—to take them over. A potentially promising program is the Department of Housing and Urban Development's Neighborhood Co-op Experiment, which combines private renovation of low-income housing with community management and tenant ownership. If it proves successful, it should be expanded. Another program, carried out by the Morrisania Project in the Bronx, has trained hard-core unemployed to maintain and repair housing; this program, which has reduced the cost of providing standard housing and has taught marketable skills, might well be adopted by other communities in the city.

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[4] Mr. Lekachman comments:

We ought not assume, at least before the 1980 census of population has been taken, released, and competently evaluated, that the population of the five boroughs is shrinking. It is quite possible that, as Herman Badillo among others has been maintaining, an accurate count of undocumented aliens would yield a figure substantial enough to represent an actual increase in population. This is a critical matter in endorsing, however cautiously as our Report now does, a policy of neighborhood shrinkage and public service reduction or even withdrawal. As an individual, I reject any inference of this nature from the Report.

[5] Messrs. Cabranes and May comment:

We are concerned, also, that inadequate treatment is accorded to the possible development of city areas that have been abandoned by substantial numbers (or in some cases, virtually all) of its inhabitants, such as parts of Brooklyn or the South Bronx.

While we generally endorse the Task Force's conclusions regarding housing, we fear it puts too much faith in costly and time-consuming rehabilitation as the only means of providing housing for residents who cannot fend for themselves on the open market. We feel there is still need for publicly sponsored, well-planned, low-rise public housing for low-income New Yorkers and are pleased that the Task Force has at least held this option open.

Mr. Flaherty wishes to associate himself with the comments in Messrs. Cabranes and May's first paragraph above. He also comments:

I support the overall aim of the Task Force for neighborhood preservation. However, I would not oppose the use of some city funds for new housing starts, particularly where such funding is combined with available federal and state funds for housing for the elderly and low-income families.

We are impressed by community self-help efforts that have improved many neighborhoods in the city. An important and inexpensive way of bettering the quality of life in the city and building community involvement and pride is the expansion of the municipal administration's program of support to community development corporations, neighborhood housing services, tenant management, homesteading, and block associations.

Neighborhoods with solid apartment buildings might be resuscitated if the city took steps to facilitate co-oping. Co-ops have, in recent years, come to be thought of primarily as a rich man's game, a device by which the well-to-do gain tax advantages. Historically, though, cooperative housing was initiated in Europe as a means of providing better housing for people with modest incomes. The Task Force believes that that original goal can—and should—be resuscitated. Through creation of a public or quasi-public agency to assist tenants in the legal and financial aspects, co-oping could be made much more widely available, and at more advantageous terms to tenants than is currently the case. The Task Force believes that Mitchell-Lama housing could be made more profitable and more attractive to moderate-income families if tenant-owners were permitted to share in the capital appreciation of their apartments. There might be less resistance to needed increases in maintenance costs if owners could look forward to the prospect of deriving potential capital gains upon relocation. In addition, we suggest that corporations—or consortia of corporations—could participate in the process by buying large sites, either on unused land or in existing but deteriorating neighborhoods, and developing them for housing.

The gradual phasing out of rent control and rent stabilization is a useful but inadequate means of increasing the funds available to maintain apartment buildings. As we see it, partial or total elimination of rent regulations will have the greatest effect on moderate-priced housing, where many building owners are not receiving enough rental income to maintain buildings properly—and where many tenants can pay somewhat more than they are now paying. Deregulation probably would not have a significant short-term impact on building abandonment since many of the tenants of buildings being abandoned lack incomes sufficient to pay even the presently allowable rents. Nor is deregulation likely to influence luxury housing, where rents are already high and supply is fast increasing.

Because many tenants cannot afford to pay market rents—or even regulated rents—for standard housing, renovated buildings often deteriorate if they keep their original tenants. Such buildings can be maintained only by displacing their original tenants with tenants capable of paying higher rents. Neither of these results is desirable. Accordingly, we recommend that more Section 8 federal housing subsidies, which are rent supplements granted to owners of rental units occupied by low-income families, be made available to city-sponsored rehabilitation projects to assure their proper maintenance without the displacement of residents.

The Task Force urges strict enforcement of antiredlining laws which, together with the lifting of state usury ceilings, could provide a steadier flow of mortgage money into marginal neighborhoods. We also endorse the recent revision of the state FAIR insurance plan (the plan provides insurance protection for high-risk neighborhoods that are not covered by private plans), which has moved toward equalization of the regular and FAIR rates, making the FAIR rates less burdensome for residents and neighborhood businesses.

Apart from the rehabilitation and restoration of housing, it is important to strengthen local retail centers, which are a source of neighborhood stability, as well as jobs. The commercial regeneration already taking place in pockets of the outer boroughs should be promoted by an increase in city funding for commercial strip improvement projects.

Recent immigrants to the city, who have set up many new small retail enterprises to serve newly created ethnic communities, have played a prominent part in neighborhood revitalization. Much of their activity represents a relatively unsophisticated form of economic development, consisting mostly of family-run enterprises, labor intensive and minute in scale. But it has provided income and employment outside established commercial channels for rising numbers of new immigrants. These pockets of small entrepreneurial activity have developed in the virtual absence of governmental aid or policy to abet it. It demonstrates that small-scale independent entrepreneurship, which has been a city tradition, still offers opportunities and is as vital to the continuation of strong, self-sufficient neighborhoods today as it was in the past. Further expansion can help the outer boroughs regain a substantial measure of stability and prosperity.

We also believe that the outer boroughs could be the sites of hotels, motels, and even more modest tourist facilities that would cater to families who, unlike high-income businessmen and tourists, cannot afford to stay in Manhattan. Manhattan's many cultural and entertainment attractions would still be accessible, but at a much more reasonable total cost. The construction and operation of such facilities in the outer boroughs would not only be cheaper than comparable facilities in Manhattan but would offer a great many jobs to residents of the surrounding neighborhoods.

The Task Force recommends that the rebuilding of neighborhoods be further strengthened by enhancing the status and accountability of community planning boards. One reform, already mandated by the New York City charter, makes the organizational boundaries of certain service delivery systems coterminous with local community boards. We urge that this reform be implemented as quickly as possible. Obviously, some services must be coodinated on a citywide basis, and the allocations of funds to particular neighborhoods must be determined by citywide elected officials. But within a given allocation, individual communities should have a maximum voice in determining their own priorities. Enhancing community participation and control will make possible more effective use of city resources while strengthening neighborhood ties. Other local institutions—religious, fraternal, business, and civic—should take increased responsibility in their communities. They could, for example, assume leadership in the sponsoring of street fairs, neighborhood competitions, and participatory events that foster community spirit.

NATIONAL OBLIGATION

As the nation's gateway, New York has historically been the city where immigrants became Americans and where the poor were helped until they could make it on their own. This New York brand of liberalism has even been said to have triumphed in the national arena in the form of the New Deal, which recognized that welfare was not solely a local or state responsibility. Time and experience have made it painfully apparent that neither money nor legislation can eradicate poverty, discrimination, and crime. Yet even with its extremely limited resources, the city cannot abandon its belief that those who cannot find jobs should not be left to fend for themselves. Once again, the federal government has to assume responsibility for what is a national obligation.

At a minimum, we believe that the federal government should maintain, under vigilant scrutiny, the Comprehensive Employment and Training Act (CETA) program at a high level of funding because the program provides valuable jobs and training when restricted to those who are not now equipped to compete in the private sector. But we do not support keeping open unneeded facilities with either federal or city funds merely to provide make-work jobs.

The Task Force acknowledges that there is little likelihood of major increases in federal or state contributions to the city's large welfare population in the immediate future. Yet sooner or later, the federal government must take over the welfare burden from states and municipalities. In a highly mobile society, where people are subject to economic dislocations and displacement by national and international developments, welfare is not properly a local problem.

New York City, moreover, remains the port of entry for many foreign immigrants, legal and illegal. While immigration policy and enforcement are viewed as federal concerns, their effects bear disproportionately on New York. It is our view that the federal government must recognize its responsibility by assuming the costs of welfare, with full and adequate funding and with benefit levels that take account of regional differences in living costs. We are apprehensive about a federal takeover that provides only a minimum federal benefit. The prospect is that this floor would be a ceiling in many states, but those with traditionally higher payment levels, such as New York, would have to provide added benefits. We prefer a gradual increase in the share of existing state benefits levels paid by the federal government, on the ground that this is a surer route to higher federal contributions.[6]

MEETING THE CHALLENGE

The people of New York City have always responded to challenge. In the past, though, they could count on the secular advance of the world's mightiest industrial economy and New York's own internal growth for the resources needed to cope with successive waves of immigration, with economic and technological change, as well as with the painful spasms of cyclical business contractions. Even in the Great Depression, when its credit was impaired, Wall Street was a bouleyard of broken dreams, and racketeering was rife, the city, led by the indomitable Fiorello La Guardia, managed to pull itself together, rising to new heights during the war and in the early postwar years. In those days of seemingly unlimited resources, the city could afford to be extravagant and wasteful, confident that the future would somehow take care of itself.

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[6] Mr. Lekachman comments:

"However unpropitious the immediate political prospect, we ought to press continually for complete federalization of Aid to Families with Dependent Children (AFDC) and medicaid. This is a matter of general equity, not of special pleading on the part of New Yorkers."

Messrs. May and Cabranes wish to associate themselves with Mr. Lekachman's comment.

Now, with resources scarce, the city no longer has the luxury of choice. Constrained by state and federal fiscal overseers, it has made some commendable progress in the unaccustomed exercise of retrenchment. But achieving a balanced budget may well require further reductions in municipal services and facilities. Such stringent retrenchment limits the city's options.

One option is to ignore the future entirely, which has been the prevailing course since the fiscal crisis; concentrating on paring the budget and restoring the city's credit, of course, inevitably means unplanned but definite shrinkage. A second option is to adopt a policy of planned shrinkage, reducing the size of the city until it is at a level consistent with the resources likely to be available. A third option is to devote a limited amount of manpower and money to future economic development while taking advantage, in ad hoc fashion, of whatever programs or plans state and federal agencies are willing to finance. Finally, there is the option of deciding what future best suits the city, and then pursuing policies—again with limited manpower and money (money least of all)—to attain it.

The Task Force has chosen this last course. In our view, the dual strategy of promoting New York as the world capital and preserving and protecting its neighborhoods is the most practical and rewarding future for the city. It builds on the city's acknowledged strengths. It lends support to the most dynamic and exhilarating area in the private sector. And it offers the greatest opportunities for the greatest number of New Yorkers.

We do not suggest that adopting this dual strategy will solve all of the problems afflicting the city. We are aware that this dual strategy, in contrast to a shrinkage policy, whether planned or unplanned, is based in part on faith in the city and its people. That faith is not simply a product of New York's recent resurgence. In fact, we are concerned about the vulnerability of the local economy, which may experience a fresh drain of businesses and jobs with a national—or international—recession. But we believe in the pride of New Yorkers and their determination to help sustain the city, provided that they have clear challenges to which they can respond.

In our view, the strategy of building a world capital and strong neighborhoods in New York presents such a challenge. It also provides a framework for making hard choices. We accept the need for fiscal retrenchment, but we do not believe that retrenchment alone will solve the city's problems because such an approach is tantamount to urban euthanasia; no matter how humanely implemented, it would snuff out all prospects of a revival in city life. Instead, the Task Force approach is to propose directing the city's efforts to what the city can do best—serving international markets as the world capital, and providing livable neighborhoods and economic opportunities for its residents. In pursuing this strategy, public policy must be shaped to eliminate and trim those spending programs that do not serve these dual objectives.

The city will need the help of the state, the region, and the federal government. Even so, New York faces difficult times. Its population, even with a continued influx of legal and illegal immigrants, will probably decline further; blue-collar jobs will inevitably become fewer; and municipal government must continue to reduce its services. The entire northeast quadrant of the nation will lag behind the rest of the nation in jobs and population and new investment.

But there is no doubt that the city today is throbbing with the vitality of life and renewal. It is already a more important financial center than London; a richer cultural center than Paris, Rome, or Tokyo; and the headquarters of more major corporations than Chicago, Los Angeles, Houston, Pittsburgh, and Atlanta combined. New York is a metaphor for change and response to change. What it loses in one field, it gains in others. As the domestic securities market decentralizes, it is profiting from internationalization of financial markets. As it has witnessed the dispersal of manufacturing, it has gained in tourism. Since the city cannot recapture its past, it must begin planning its future now.

This Task Force believes that the real choice is between doing some things well rather than everything poorly. We believe that our vision of the future challenges New Yorkers to do what they can do best for New York.

DISSENT BY ANDREW J. BIEMILLER

Apart from some minor reservations, I find much good in the sections of the Report dealing with education, the infrastructure, neighborhood development, welfare, CETA, and so forth. However, assessing the important role of trade unions in this process has been neglected. As far as the Report is concerned, save for two slight references, one would not know there is a vital labor movement in New York. One reason for La Guardia's success was his close collaboration with the unions. This Report does not even give the unions proper credit for helping to bail out the city during its financial crisis by heavy investment of pension funds.

So I regret that I cannot endorse the Report.

The treatment of blue-collar workers is cavalier, to say the least. The Report fails to emphasize the need for blue-collar and rank-and-file white-collar jobs for people. It concerns itself primarily with the problems of bankers and financiers.

I cannot subscribe to the proposal to allow domestic offshore banking facilities in New York and to eliminate the withholding tax on foreign portfolio investment. The sole effect of these proposals would be to allow foreign entities to evade American taxes. Furthermore, they would not create any significant number of jobs. The Report itself states that foreign banks and other foreign entities should not be the recipients of special favors or incentives. I do not wish to be party to setting up New York as a competitor with the financial and banking practices of the Bahamas or the Netherlands Antilles.

I differ strongly with the Report on the proposal to transfer the World Bank and the International Monetary Fund (IMF) to New York. The Bank and the IMF have to deal constantly with the U.S. Treasury and State Department, as well as with embassies of foreign nations.

I further disagree with the kudos heaped on multinational corporations. American labor has suffered from the overseas manufacturing activities of American multinationals, which, as reported by the Senate Subcommittee on Multinationals, have cost hundreds of thousands of Americans their jobs.

A sound American economy must have a solid industrial base. As Dr. Peggy Musgrave and others have pointed out, the economic collapse of England stems from its unfavorable balance of trade during the entire twentieth century. The English economy was kept alive by financial returns from overseas investments as far back as the decade before World War I. Such payments may give the illusion of a healthy balance of trade, but they benefit only the investing and financial groups, not the workers. We should not go through the same process.

I must conclude that the Report does not pay proper attention to the concerns of human beings because it is concerned primarily with the problems of effete financial groups.

NEW YORK CITY: THE WORLD CAPITAL

NEW YORK, N.Y., September 20, 1979.—The spirited revival of business activity in New York City since the advent of its financial crisis could be transformed into a long-term renaissance, an independent Twentieth Century Fund Task Force said today.

Pointing out that the city has many formidable assets, the Fund Task Force on the Future of New York City said that it was "convinced that developing and stimulating what the city already possesses in such impressive depth is far more likely to prove productive than attempts to recapture the past or ventures to attain the unattainable."

New York could become the world capital, according to the Task Force, with its global leadership based not on American supremacy but "on its ability to attract the most ambitious, competitive and creative people from the rest of the nation—and from the world at large."

Comprised of a distinguished group of New Yorkers and non-New Yorkers, and chaired by Charles D. Breitel, former chief judge of the New York State Court of Appeals, the Task Force was established by the Fund last year as part of its program on urban policy.

The Fund, a tax-exempt research foundation, also is sponsoring studies of the mayors of major cities, urban transportation policy, and other urban infrastructure requirements. It also makes an annual payment to New York City for the municipal services it receives as a property owner.

In its report, supported by the majority of its members, the Task Force argues that because of the city's population loss and its vulnerability to the recession, the only realistic alternative to a shrinkage policy, planned or unplanned, is to build on New York's strengths as a world capital and, at the same time, to preserve and protect its neighborhoods.

These goals call for the municipal administration to undertake the rehabilitation of existing buildings rather than new construction, the support of business already in the city rather than a costly campaign to attract new businesses, and the retraining of employees to participate in the wide range of job opportunities that expansion of the city as the global marketplace would create.

Emphasizing that policy should serve "people not place," the Task Force opposes diverting funds to rebuild the city while its population is declining. It warns that "a quixotic effort to undo the damage of the past by attempting to rebuild and repopulate the South Bronx would invite a repetition of the abandonment process in other areas of the city."

It also opposes "large and speculative new transportation projects, especially Westway, whose costs far outweigh its possible benefits," and the building of large scale industrial parks. Instead, it urges the funding and development of vestpocket industrial parks that take advantage of existing infrastructure.

The Task Force report, which will be published along with a background paper on

New York City by Masha Sinnreich of the Fund staff, recommends a series of other policy changes.

The Task Force urges that the municipal administration:

Introduce measures to retain and encourage the expansion of manufacturing enterprises already located in New York;

Provide a hospitable and responsive environment—rather than special tax incentives—to foreign and domestic enterprises in the awareness that the best recruiters for the city are the executives currently working in it;

Work more closely with local governments and congressional representatives in the greater metropolitan area;

Join with the suburban governments to lobby for improved public transportation and explore with the suburbs ways of improving the city's working and living facilities;

Encourage the participation of business and labor leaders in municipal affairs;

Experiment more extensively to ease traffic congestion;

Stimulate private initiative in the setting up of training programs for workers;

Expand school workstudy programs and cooperation between corporations and the school system by means of a special Board of Education liaison officer;

Institute competency testing early in the school system rather than at graduation;

Establish special language schools for the growing number of young people needed for the foreign businesses located here;

Expand vocational training programs to schools and City University (CUNY) by scaling down graduate education;

Encourage neighborhood revival by expanding the current program of support to community development corporations, neighborhood housing services, tenant management and tenant ownership of individual apartments;

Focus on measures to lower operating costs for rental buildings and unblock the flow of available funds for housing.

The Task Force suggests that the federal government:

Contribute towards costs associated with official United Nations personnel, the foreign missions, and the tax-exempt properties of foreign governments;

Allow off-shore banking facilities in New York;

Eliminate the withholding tax on foreign portfolio investment, in order to attract funds from the Eurobond market to the U.S. bond market;

Increase direct or indirect assistance to New York under conditions best calculated to bring efficient and effective government, even at the expense of a reduction in home rule;

Target federal aid to the maintenance of the city's infrastructure rather than the funding of new projects as in the past;

Eventually take over the welfare burden from the state and municipalities;

Recognize the city as the hub of worldwide business activities by action aimed at relocating the World Bank and the International Monetary Fund from Washington to New York.

Mr. JAVITS. Mr. President, I express my gratitude to Senator LEVIN again and to the majority and minority leaders for accommodating me in this way.

I yield the floor.

Mr. LEVIN. Mr. President, I thank my friend from New York for his reference.

(Conclusion of later proceedings.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

RECESS UNTIL 12:45 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 12:45 p.m. today.

There being no objection, the Senate, at 12:21 p.m., recessed until 12:45 p.m.; whereupon, the Senate reassembled when called to order by the Acting President pro tempore.

PANAMA CANAL ACT OF 1979—CONFERENCE REPORT

The ACTING PRESIDENT pro tempore. The Senate will resume consideration of the conference report on H.R. 111, which the clerk will state by title.

The assistant legislative clerk read as follows:

Conference report on H.R. 111, to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977.

The Senate resumed consideration of the conference report.

Mr. LEVIN. Mr. President, I ask unanimous consent that all the time remaining between now and 1:15 p.m., the scheduled time for the vote, be equally divided between myself and Senator THURMOND.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, last evening, I offered to the Senate my views on the work of the conference committee on H.R. 111, the Panama Canal implementing legislation.

Today, we have before us two motions, first to recommit the conference report and if that fails, an up or down vote on H.R. 111 as rewritten by the conference.

As I stated yesterday, I cannot support the conference report as it represents another step in the transfer of the Panama Canal.

However, I do feel that the conference committee did fashion a bill which increased congressional control during the treaty period, reduced costs to the taxpayer and provided for a Commission Board whose members would have experience in areas which concern the canal users.

Unfortunately, the compromises made in the conference do not change the fact that the transfer of this canal is a grave mistake from a defense and foreign policy aspect. The Senate will regret the day it consented to this treaty and made Panama sovereign in the canal. We have not only given away one of our greatest national assets, we have given it to a Marxist dictator who will use its benefits to suppress his people and spread communism throughout Latin America.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I yield to the Senator from North Carolina.

A TELEPHONE CALL FROM LONDON

Mr. HELMS. Mr. President, I thank the distinguished Senator from South Carolina.

Mr. President, I have just received a telephone call from London. It came at 12:18 from Mr. Richard Luce, who is Under Secretary of State for Foreign Affairs for the British Government. Mr. Luce was returning a call I had placed earlier to Lord Carrington relative to a statement made yesterday by the U.S. Secretary of State, Cyrus Vance, that he, Secretary Vance, had received a complaint or protest from Lord Carrington, Britain's Foreign Secretary, concerning alleged interference on the part of two of my associates this past weekend during negotiations between the British Government and Zimbabwe-Rhodesia. Mr. Luce, the Under Secretary of State for Foreign Affairs for the British Government, explained that Lord Carrington was tied up in conference and would be unable to return my call for an hour or so.

Mr. Luce stated that his office was "not aware of any protest or complaint that had been made" by Lord Carrington to Secretary Vance. Mr. Luce then asked me to hold the line while he checked further.

Then he came back on the line, I imagine as much as 2 minutes had elapsed, and said that he had indeed checked and he was unable to find any substantiation whatsoever for the statement by the Secretary of State, Mr. Vance.

A few minutes later, at 12:34 p.m., I received another call from London, this time from Mr. Roderick Lyne, private secretary to Lord Carrington, who stated that he was calling to confirm what I had been told a few minutes earlier by Mr. Luce.

Now, Mr. President, inasmuch as I would like the record to be made complete, I ask unanimous consent that news stories concerning this matter be printed in the RECORD, news stories from the

Washington Post of this morning and the New York Times of this morning.

There being no objection, the news stories were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 20, 1979]

British Say Helms Aides Hurt Talks

(By Don Oberdorfer)

The British government has complained to the United States that diplomatic lobbying efforts by two staff members of Sen. Jesse Helms (R-N.C.) have impeded the current attempt to negotiate a settlement of the civil war in Zimbabwe-Rhodesia, State Department and congressional sources said yesterday.

Helms who called the charges "a perfect absurdity," said he was called to a conference on the matter by the chairman and ranking Republican on the Senate Foreign Relations Committee at the behest of Secretary of State Cyrus R. Vance.

Helms said he did send two aides, John Carbaugh and James P. Lucier, to the London conference on the Zimbabwe-Rhodesia settlement last last week because "I don't trust the State Department on this issue." But he denied that they engaged in lobbying to "stiffen the spine" of former Rhodesian prime minister Ian Smith, who is a holdout against proposed terms of a settlement. "They didn't need to" stiffen Smith's spine, said the senator.

The trip of the two aides was paid for by a private right wing foundation, the Institute of American Relations. Helms said this was done with his permission and that his staff members "went on vacation" to make the journey with no government involvement.

According to State Department officials, Vance received a "very serious" complaint early yesterday from Lord Carrington, the British foreign secretary, that the two Helms aides had interfered at a crucial point in the delicate negotiations.

The British are reported to believe that Smith's unyielding position against the proposed settlement arises in part from suggestions by the Helms aides that Congress will lift sanctions against Zimbabwe-Rhodesia and thus ease that nation's plight, if Smith will hold fast for the time being.

A conference committee of the Senate and House Armed Services committees, meeting on the defense authorization bill, is scheduled to convene today to begin consideration of an amendment that would lift the sanctions against Zimbabwe-Rhodesia immediately. Such a decision at this time by the conference might torpedo the chances for a Zimbabwe-Rhodesia settlement along the currently suggested lines, according to diplomatic observers.

Helms aide Carbaugh while in London to monitor the Zimbabwe-Rhodesia negotiations made no secret of his prediction that the Senate-House conference committee would vote to lift sanctions by early October, according to Washington Post correspondent Jay Ross.

After receiving the British complaint, Vance telephoned Chairman Frank Church (D-Idaho) and Sen. Jacob K. Javits (R-N.Y.) of the Foreign Relations Committee to discuss the matter. Church and Javits then met with Helms in a Senate cloakroom.

"I told Church and Javits if they had any idea they could intimidate me, to forget it," Helms said.

Neither Church nor Javits could be reached for comment.

Helms, a strong backer of the white cause in Zimbabwe-Rhodesia and an advocate of the removal of sanctions, said his aides "may have given a report" on the status of the sanctions-lifting amendment during their visit to London. He insisted, though, that "at no time did they lobby anybody."

State Department spokesman Hoddling Carter said he would have no comment on U.S. legislators who display interest in foreign policy matters as long as they operate within U.S. law. While maintaining he had nobody particular in mind, Carter added it would be "unfortunate" if anyone acted in a way that would give aid and comfort to those who would wreck a negotiated settlement of the Zimbabwe-Rhodesia civil war.

Interviewed by telephone last night, Lucier said he and Carbaugh make up the board of directors of the Institute of American Relations along with its executive director, Victor Fediay. Lucier said the two Senate aides received no pay from the institute but have traveled abroad at its expense to several countries, including Zimbabwe-Rhodesia and South Africa. He said they are reimbursed for Washington expenses.

Carbaugh said he and Lucier were among the founders of the 4-year-old institute. Both aides said no foreign money is involved in financing the organization.

Lucier added he could not understand what the British complaint is. "Sure we talked to Smith," Lucier said. "We both talked to him. He told us his opinion and we told him" the conference committee would finish work on the sanctions amendment soon. "We told him odds were that the conference would accept" the amendment, Lucier said.

Asked if he thought the conversation encouraged Smith, Lucier replied, "Ian Smith is a man who has held out against the world for 14 years. It's ridiculous to think a man like me could go over there and change his mind about anything."

[From the New York Times, Sept. 20, 1979]

British Accuse Senate Aide on Rhodesia

(By R. W. Apple, Jr.)

LONDON, Sept. 19.—Britain has complained to the United States about the activities of an aide to an American Senator, asserting that during a recent trip to London he encouraged former Prime Minister Ian D. Smith of Rhodesia to take an unyielding line in negotiations on a new Zimbabwe-Rhodesian constitution.

British officials charged that John E. Carbaugh Jr., a legislative assistant to Senator Jesse Helms, the conservative Republican from North Carolina, had advised Mr. Smith to "hang on" and refuse to yield to British demands for the elimination of certain safeguards for white Rhodesians. Mr. Carbaugh told Mr. Smith, according to the British, that the United States would probably lift sanctions against Zimbabwe-Rhodesia by Oct. 1.

In Washington, Senator Helms, who has been a leader in the effort to lift the sanctions, denied any impropriety.

OBSTACLE TO AN ACCORD

Mr. Smith's unwillingness to compromise has become a principal obstacle to success in the 10-day-old constitutional conference at Lancaster House. Britain is trying to persuade both the Patriotic Front guerrillas and the present Salisbury regime in which Mr. Smith serves as a Minister Without Portfolio, to end their civil war and agree on a new governmental structure.

According to British and American sources here, the Foreign Office believes that Mr. Carbaugh's visit has helped to stiffen Mr. Smith's stand and thus has complicated the negotiations.

It was not clear how the protests over Mr. Carbaugh's alleged conduct had reached Washington. One source said that the British Foreign Secretary, Lord Carrington, had complained directly to Secretary of State Cyrus R. Vance, but another said that word had been passed through the American Embassy here or the British Embassy in Washington.

Speaking by telephone from Washington, Senator Helms confirmed that Mr. Carbaugh had told Mr. Smith and others about the status of the legislation on sanctions. But he denied that he had urged them to "hang on" and said he had behaved "with perfect propriety."

STATE DEPARTMENT CRITICIZED

"Mr. Carbaugh was sent to observe the negotiations and report back to me," Senator Helms declared, "because the State Department and the Administration have never acted in good faith on Rhodesia."

The Senator said Mr. Vance had called Senator Frank Church, the Idaho Democrat who heads the Foreign Relations Committee, to protest Mr. Carbaugh's activities. Mr. Church called Senator Jacob K. Javits, Republican of New York, the ranking minority member, who took up the matter with Mr. Helms.

In an interview in London, Mr. Smith dismissed the whole controversy with the comment, "The British are sucking that one out of their thumbs." He said that neither Mr. Carbaugh nor Senator Helms had influenced his position.

A key Smith supporter in the Conservative Party who saw Mr. Carbaugh during the American's visit to London last weekend said that Mr. Carbaugh had indeed been spreading the word that the United States might lift sanctions sooner than expected. Mr. Smith, the Conservative said, had taken heart from that news.

Mr. Carbaugh, who has closely followed developments in southern Africa, saw Mr. Smith and other members of the Salisbury delegation, which is headed by Prime Minister Abel T. Muzorewa. He also met with the British Prime Minister Margaret Thatcher. With him on the trip was James P. Lucier, Mr. Helm's chief legislative aide.

The possibility of an early lifting of sanctions arises from an amendment to the Senate version of the defense authorization bill, which states that trade with Zimbabwe-Rhodesia in strategic materials and other items is no longer prohibited. The House version of the bill contains no such amendment, so the question will have to be settled in a conference that begins tomorrow.

Both the House and Senate conferees are predominantly conservative, but Representative Stephen J. Solarz, Democrat of Brooklyn, chairman of the House Foreign Affairs Subcommittee on Africa, is attempting to head off acceptance of the Senate language.

Representative Solarz is said to be confident that the House will never accept the Senate amendment, even if the conference committee does so, and he warned Bishop Muzorewa in a cablegram yesterday that he doubted Congress would lift sanctions unless the Salisbury regime accepted the British proposals for constitutional change.

"ROUGH SESSION" REPORTED

At a private meeting this morning between Lord Carrington and Bishop Muzorewa's delegation, Mr. Smith again pressed for the retention of the mechanism that permits whites to block certain constitutional amendments. A participant in the meeting said it had been "a very rough session."

But outside the meeting room, the former Prime Minister sounded slightly more accommodating. In an interview with The New York Times, Mr. Smith said that he still favored the retention of the blocking mechanism in the present Salisbury constitution, but indicated that he was willing to listen to other proposals to protect the whites. He said that "it's up to the British to persuade us."

STATE DEPARTMENT HAS NO COMMENT

WASHINGTON, Sept. 19—The State Department had no comment today on the British complaint.

John E. Carbaugh Jr. said in a telephone conversation that his trip was paid for by a private foundation, for which he will write a report on his observations.

Mr. HELMS. I thank the Chair and I thank the distinguished Senator from South Carolina.

PANAMA CANAL ACT OF 1979—CONFERENCE REPORT

The Senate continued with consideration of the conference report.

Mr. LEVIN. Mr. President, I yield to the distinguished Senator from Nebraska (Mr. EXON).

(Mr. BRADLEY assumed the chair.)

Mr. EXON. Mr. President, I thank the distinguished Senator from Michigan.

Mr. President, the situation in which I find myself is, I am sure, shared by many of my colleagues.

Had I been a Member of the U.S. Senate last year, I would have voted against the Panama Canal Treaties. I am troubled by recent events in the Western Hemisphere, including problems with national security ramifications for the United States in Cuba, Nicaragua, and elsewhere in Latin America.

Nevertheless, the Panama Canal Treaties were negotiated, signed, and duly ratified according to the constitutional provisions we all hold so dear. Therefore, it is necessary that we proceed with this implementing legislation to insure that the interests of the American taxpayers are best protected under the present circumstances. Let us make no mistake about it—the treaties are now the law of the land and will go into effect in 10 days. The Senate had its opportunity last year to work its will on these agreements during the ratification process. I was not happy with that outcome; however, the constitutional process was followed and we are committed, whether we like it or not, to respect what is now a valid international agreement. The treaties cannot be renegotiated now and, realistically, the subject of a de facto congressional veto contrary to what some statements on the floor would suggest, is not possible, since that ratification process has been completed.

To attempt such a course at this juncture would do far more harm to the U.S. interests, domestically and internationally, than the giveaway of a hundred Panama Canals. I remind my colleagues, especially those in opposition to the matter before the Senate, that the fundamental processes and their sanctity under the Constitution are at issue. The question really comes down to whether the word of the U.S. Senate is good or whether it is not and will be so judged by the people of not only the United States but the entire world.

The legislation before us accomplishes my goal, under the circumstances, of protecting the interests of the taxpayers as best we can. I was not here and therefore I cannot amplify on the debate that continues on "who told what to whom" on costs of implementation. The facts are that ratification was accomplished and debate at that time should have exposed that legitimate issue. The administration submitted this bill with a cost to the Treasury of $870 million over the life of the treaty. The House of Representatives passed its version containing a taxpayer cost of $1 billion, 370 million. The legislation then came to the Senate for action. I can assure my colleagues that we on the Armed Services Committee dissected this bill in order to weed out unnecessary costs and submitted to the full Senate a bill costing the Treasury $665 million—less than half the cost of the House-passed version over the life of the treaty and none of this money is structured to go to Panama. This bill passed only weeks ago, and I am sure my colleagues are familiar with its contents. These costs represent essentially the appropriations necessary to adequately fund our defense activities in the canal area for 20 years. These savings resulted from our committee's decisions to both eliminate needless costs and shift their form of payment to canal revenues without adversely affecting the flow of shipping.

The House-Senate conference bill which is before us today is an improvement over the measures which passed each body. Under the terms of the treaty, it protects the interests of the United States to the maximum extent possible under the circumstances at an absolute minimum cost. The conferees adopted the Exon sense of the Congress provision which limits costs to the lowest possible amount. The United States has the right to do whatever necessary militarily to insure the neutrality of the canal.

Surely our best interests and the interests of the hundreds of Americans working in Panama now are best served by adopting this legislation on time. Again, I assure my colleagues that this bill has been scrutinized and unnecessary costs weeded out, while the U.S. protection has been maximized. I wish the treaties had been rejected last year; however, we now have no choice but to do the right thing and approve this conference report. To do otherwise would be the height of irresponsibility.

The PRESIDING OFFICER (Mr. BRADLEY). Who yields time?

Mr. STENNIS. Mr. President, may I have 1 minute?

Mr. LEVIN. I am happy to yield 1 minute to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I will not take all of that 1 minute. I will just say this while Senators are present.

After thanking all those who worked on this conference, House Members as well as Senate, there is no doubt in my mind this bill is a better bill than the one the Senate passed. It is a better bill than the one the House passed. It meets a condition here whereby the treaty has already been constitutionally adopted and will be in effect on October 1. It will be the only treaty in effect that gives us rights in the Panama area.

So I hope this bill can get the majority vote here under those conditions, even though it may be about a situation that we do not approve.

I do not yet approve the idea of the treaty, but we have got to protect our interests as we find them here.

I really think that the more solid vote we can get, the better it will be.

I thank the Senator for yielding.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized to offer a motion to recommit.

MOTION TO RECOMMIT

Mr. DOLE. Mr. President, I send to the desk a motion to recommit and, Mr. President, I ask unanimous consent that the Senator from Alaska (Mr. STEVENS), the Senator from Texas (Mr. TOWER), the Senator from South Carolina (Mr. THURMOND), the Senator from New Mexico (Mr. DOMENICI), the Senator from Wyoming (Mr. SIMPSON), the Senator from Virginia (Mr. WARNER), the Senator from Idaho (Mr. MCCLURE), the Senator from North Carolina (Mr. HELMS), the Senator from New Hampshire (Mr. HUMPHREY), the Senators from Utah (Mr. HATCH and Mr. GARN), and the Senator from South Dakota (Mr. PRESSLER), be added as cosponsors to my motion to recommit H.R. 111 to conference.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I suggest it gives the Senate a chance to say what we should have said on the Panama Canal debate that if, in fact, Soviet troops or Cuban troops are stationed in Panama, that all the payments shall be discontinued until a further act of Congress, that no more transfers of property by the Commission shall take place without further act of Congress, and that, in essence, is the amendment.

It gives us a chance to express ourselves on Soviet troops in Panama if we cannot address ourselves directly to the Soviet troops in Cuba.

The PRESIDING OFFICER. The clerk will state the motion.

The assistant legislative clerk read as follows:

> The Senator from Kansas (Mr. DOLE) proposes a motion to recommit the conference report on H.R. 111 to the committee of conference with instructions that the conferees on the part of the Senate insist that the following provisions relating to payments and transfer of property to the Republic of Panama be included in the conference report:
>
> (1) In the event that the President finds that Soviet Union, Cuban, or other foreign military forces (other than military forces of the United States) are stationed or situated within the borders of the Republic of Panama at any time when the Panama Canal Treaty of 1977 is in force, and that the presence of such forces in the Republic of Panama are a threat to the national security of the United States or to any Latin American ally of the United States, he shall promptly notify the Commission of such finding, and the Commission, upon receipt of such notice, shall immediately discontinue all payments to the Republic of Panama provided for under this Act and under the Panama Canal Treaty of 1977 and related agreements. Whenever payments to the Republic of Panama have been discontinued pursuant to the

preceding sentence, such payments may not be resumed unless specifically authorized to be resumed by legislation enacted after the date of the notice referred to in such sentence.

(2) On and after the date on which the President makes a finding described in paragraph (1), no property, real or personal, under the jurisdiction of the Commission, and no transfer of jurisdiction over any territory, may be transferred to the Republic of Panama by the President or by any other person acting or behalf of the United States unless the transfer has been specifically authorized by legislation enacted after the date of such finding.

Mr. DOLE. Mr. President, although the Senate has spent a great deal of time on the Panama Canal issue, it is an important issue and one well worth the time we have spent on it. It is important to our national interests, important to our national security and vitally important as a symbol of our foreign policy goals. In recent weeks, many of us in the Senate have voiced concern over these same concepts as they were affected by other events in Latin America, and these events must now be considered in connection with our policy toward the Panama Canal.

Mr. President, I have been advised that if the language in the instructions I offer in my motion to recommit were accepted by the conference committee, that such language would be subject to a point of order when reported to the Senate. It is, therefore, with some reluctance that the Senator from Kansas now offers this motion. I have never been one to deliberately seek to bend or circumvent Senate rules or procedure, especially since the distinguished majority leader and his colleagues on his side of the aisle are usually very gracious about accommodating all Senators in presenting their views and motions on legislation. In this instance, however, we in the Senate are faced with implementing legislation that has been seriously affected by colateral events in the Caribbean, events that it seems to me would surely have been addressed in the Panama Canal Act had we known of them prior to a final vote on the bill. We cannot, indeed, must not, let a parliamentary procedure endanger our national interests or infringe upon our security and safety and that of the entire Western Hemisphere.

Mr. President, the language I propose in the instructions would simply do the following: It would put Panama, the Soviet Union, Cuba, and any other nation on notice that foreign troops or ordnance will not be tolerated by the United States if based in that region. The new language would prevent and terminate any future payment from the U.S. Treasury or the Panama Canal Commission, and stop the transfer of any property, real or personal, upon verification that such hostile and threatening forces were present in the region formerly comprising the Panama Canal Zone territory.

FOREIGN POLICY BY SURPRISE

Mr. President, recent international trends and the general tenor of this administration's response to foreign policy events have led this Senator to believe, unfortunately, that the United States is increasingly becoming the dupe of aggressive and hostile world forces. Discovering that Russian combat forces are being deployed in Cuba, 90 miles from Florida, is but the latest in an alarming litany of U.S. foreign policy failures through indecision, inaction or lack of timely intelligence. Many analysts and commentators are saying this latest testing of American will and firmness of purpose is the straw that will break the administration's back on SALT II, but I am confident in its stolid ability to persist in its preconceived course no matter what the chain of events might reveal.

Today I read in the newspapers the explanation that these Russian troops have been in Cuba since perhaps 1962, that they have legitimate roles, institutionalized by the passage of years, in guarding sophisticated Soviet technical equipment—equipment, it should be noted, for the purpose of eavesdropping on all our telephone conversations—and these troops do not pose any military threat to our Nation. Mr. President, these defensive explanations, these mealy-mouthed but transparent excuses were not made by the Soviet Union, though they may endorse them. Mr. President, these statements were made by our own Government in the very act of protest to the U.S.S.R. It is beyond credibility that the Soviet imperium will take this protest seriously, or even consider the possibility of removing the combat troops immediately. At the most, we can look forward to a series of demeaning discussions and concessions that will see our Government accommodating the Russians by some face-saving device allowing the troops to remain with a change of status: Continuing the same old game under a different name.

This would allow the SALT ratification procedures to move forward. But it would mask the real issues we must face here: First, the destabilizing threat to vulnerable Caribbean countries to the detriment of our national interests; second, the continued use of Cuba as a proxy for Soviet adventurous aggrandizement; and third, the need for American leaders to wake up and face the fact that we are in a deadly competition with Soviet Russia. Arms control agreements or treaties remain one of our best hopes for the future containment of nuclear proliferation and for reducing the chances of a devastating holocaust.

The record clearly shows, and every administration witness testifying before Senate committees on SALT II have admitted, that Russia has conducted one of the most massive arms buildups in history during the tenure of SALT I, outspending the United States by some $100 billion. With the equivalent amount of money, we could have bought the entire B-1 bomber and MX missile programs, replaced our tank forces with 7,000 of the new XM-1 battle tanks and funded our Trident submarine and fighter-aircraft programs and more. All of this we have given up in order to get a SALT II treaty that leaves the United States No. 2 until the mid-1980's.

Mr. President, how can we say this effort was worth it, that this price was not too high, if we are to allow the Soviet Union such latitude in swashbuckling around the world? Soviet troops in Cuba mean Cuban proxies in Africa, mean leftist coups in Latin America, mean the United States is appearing weak and indecisive in every arena of confrontation throughout the globe.

It is now obvious that the situation in the Western Hemisphere is vastly different than it was on April 18, 1978, when the treaty was consented to in the Senate. We now know Cuba has fomented revolution in Latin America, Panamanians now admit to aiding revolutions in Central America, funnelling arms to the Sandinistas in Nicaragua. El Salvador is a nation on the brink, a leftist coup has taken place on Grenada, Puerto Rico is ripe for terrorist disruptions, and it is within the realm of possibility that this administration, now or in the future, may decide to abandon Guantanamo to the Cubans and their Russian allies, leaving the United States without a major base south of Florida.

UNFINISHED BUSINESS AT THE CANAL

Mr. President, ask the average American what he thinks about the Panama Canal treaties, and he will probably say that while he did not approve of giving away the canal, the matter was now settled since the treaties had been concluded and ratified.

This is true. The treaties are now the law of the land. When they go into effect on October 1 next, the United States will be committed to operate the canal until the year 2000, under new arrangements in which Panama will participate as a junior partner. After the year 1999 we withdraw, but retain the right to defend the canal indefinitely.

But can we conclude from this that the Panama Canal settlement, the Carter administration's first major foreign policy effort, is now an accomplished fact? The answer is negative. For while the Panama Canal Treaty, against the wishes of the American public, sets up the framework for running the canal until the end of the century, it lacks the vital specifics and the legal stipulations needed to carry out the treaty terms.

IMPLEMENTING LEGISLATION STRENGTHENED; THEN WEAKENED AGAIN

Under the treaty, Panama grants the United States the right to operate the canal through a U.S. Government agency called the Panama Canal Commission, to be established by U.S. law.

The administration has prepared and submitted to Congress a complex bill to enable us to fulfill our treaty obligations. This bill was heavily amended by both the House and the Senate until it was virtually a new bill, much improved with various provisions to guard our present and future security interests and more in consonant with our national foreign policy goals. Unfortunately, some of the strongest language in this regard was not included in the Senate version sent to the conference committee with the House. Even more unfortunate to my way of thinking, the House conferees agreed to the much softer stance taken by the administration and its Senate supporters. We now face the serious possibility that few security assurances which were incorporated into the Panama Canal treaties and the implementing legislation will be undermined in the very near future by our failure of resolve and commitment to our own best interests.

The national interest, not just the administration's is heavily engaged in prompt, appropriate action on this legislation. But the key word is appropriate—what need have we for haste if we will soon repent our hasty actions? The orderly operation of the canal will be imperilled more by a misperception that we will weakly stand by while Panama, perhaps, follows in the path of Cuba or Nicaragua than it will if we pass this legislation without due regard to the changed situation we now face.

AMENDMENT NO. 69 RECALLED

The neutrality treaty provides that after the year 2000, no foreign troops will be based in Panama. But there is no specific prohibition against such a presence prior to that. On March 20, 1978, as those of my colleagues then present will recall, the Senator from Kansas raised this very point during the treaty debates. By a close vote of 45 to 39, my amendment was defeated, because the administration argued that the provision was unnecessary. Now the change in world events has shown that a little bit of practical insurance sometimes can mean a great deal to the perception and actual conduct of our foreign policy.

In an increasing cycle of Communist adventurism, dating almost from the initial signing of these canal treaties, we have seen Soviet and Cuban influence or disruption escalate on a scale we would not have dreamed of 2 years ago. For this reason, I believe the language I offer now, to include in the instructions for recommital, is a moderate but prudent safeguard to emphasize to all concerned that the United States does not intend to allow our national interests or security to be infringed, now or in the future, in the Panama Canal or elsewhere.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. All time has expired.

Mr. LEVIN. Mr. President, I ask unanimous consent for an equal amount of time to respond to the motion—1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, this motion would add a new condition to the payment and land transfers.

This Senate, over and over and over again, just a few months ago, voted against such amendments because of the clear rule that we cannot amend a treaty in this way. We cannot sit here on the Senate floor and amend a treaty by adding new conditions to it.

We have the full right under the treaty to act against any aggression or threat directed against the canal. We have the right to take steps we deem necessary, including the use of military force in Panama to render such protection.

In addition, Mr. President, the suggested language which would be added by the Dole amendment is not within the scope of the conference.

It would make any new conference report subject to a point of order in either house because there is no analogous language in either bill and, of course, the conference is restricted to working out differences.

The Dole motion attempts to impose a new condition upon both the payments to Panama and the property transfers to Panama required by the treaty. If we were to exercise the provision he is proposing, and disrupt payments or transfers, we would be in material breach of the treaty, and Panama would have the right under international law to take commensurate action, which could be termintion of our right to use Panamanian territory to operate the canal or to station American troops.

Article IV of the Neutrality Treaty states: "The United States of America and the Republic of Panama agree to maintain the regime of neutrality established in this treaty, which shall be maintained in order that the canal shall remain permanently neutral." If Panama were to take any step that threatened the neutrality of the canal, they would be in violation of the treaty, and we would have the right to make an appropriate response.

When the implementing bill was on the floor, the Senate resoundingly (73 to 22) defeated a very similar amendment, which would have conditioned all payments on Panama's not interfering in the internal affairs of other nations. The Senate wisely recognized that any amendment of this kind would be a unilateral change in the treaty, which we would not permit Panama to make and which would have no standing under international law.

The treaty grants the United States important defense rights over the canal, including "the right to act against any aggression or threat directed against the canal" and "the right to take steps it deemed necessary, including the use of military force in Panama," if the canal is closed or its operations interfered with. If we attempt now to add new conditions which could place us in breach of the treaty, we would only jeopardize our treaty-guaranteed defense rights, which every U.S. military leader has testified are sufficient to handle any foreseeable problem with the canal.

Turn the tables: What if Panama adopted a law stipulating that U.S. rights to operate the canal, or to station troops in Panama, would be terminated if we took an action they did not like? We would never tolerate that kind of interference in our internal affairs, and we have no more right to dictate such terms to Panama. We do have the right to make sure that the canal remains secure, and the treaty protects that right more than adequately.

There are only 10 days until treaty day. Uncertainty here creates uncertainty for our people in Panama. We are in the last act of keeping our commitment. I know the Senate will rise to the occasion.

Therefore, Mr. President, I hope that the motion of the Senator from Kansas will not be adopted, and I move to table that motion.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), is necessarily absent.

I further announce that the Senator from California (Mr. CRANSTON) is absent on official business.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

Mr. STEVENS. I announce that the Senator from Connecticut (Mr. WEICKER) is necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

The PRESIDING OFFICER. Are there any Senators in the Chamber who wish to vote and have not done so?

The result was announced—yeas 50, nays 45, as follows:

[Rollcall Vote No. 301 Leg.]

YEAS—50

Baucus
Bayh
Bellmon
Bradley
Bumpers
Byrd, Robert C.
Chafee
Chiles
Church
Culver
DeConcini
Durkin
Eagleton
Exon
Glenn
Gravel
Hart
Hatfield
Hayakawa
Hollings
Huddleston
Inouye
Jackson
Javits
Kennedy
Leahy
Levin
Long
McGovern
Magnuson
Mathias
Matsunaga
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Pell
Proxmire
Pryor
Ribicoff
Riegle
Sarbanes
Stennis
Stevenson
Stone
Talmadge
Tsongas
Williams

NAYS—45

Armstrong
Baker
Boren
Boschwitz
Burdick
Byrd, Harry F., Jr.
Cannon
Cochran
Cohen
Danforth
Dole
Domenici
Durenberger
Ford
Garn
Goldwater
Hatch
Heflin
Heinz
Helms
Humphrey
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
McClure
Melcher
Packwood
Percy
Pressler
Randolph
Roth
Sasser
Schmitt
Schweiker
Simpson
Stevens
Stewart
Thurmond
Tower
Wallop
Warner
Young
Zorinsky

NOT VOTING—5

Bentsen
Biden
Cranston
Stafford
Weicker

So the motion to table the motion to recommit the conference report was agreed to.

Mr. LEVIN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. SARBANES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARRY F. BYRD, JR. Mr. President, I regret very much that the Senate voted to give away the Panama Canal.

I am convinced that the Senate vote would have been different had not the

Senate and the American people been misled as to just how costly this would be to the American people.

Taxpayers and the Senate were told repeatedly during the debate last year that the ratification of the Panama Canal treaties would not cost one cent of taxpayer funds.

Over and over again, the litany was repeated, "No taxpayer funds."

The President, in a network television address to the American people on December 28, 1977, stated categorically: "We wanted a treaty that did not put a financial burden on the American taxpayer."

Secretary of State Vance testified before the Senate Committee on Foreign Relations:

> The treaties require no new appropriations, nor do they add to the burden on American taxpayers.

That was testimony given before ratification of the treaties.

Then we heard again the President of the United States. The date was February 1, 1978, and it was again on national television: "Are we paying Panama to take the Canal? We are not."

The various speeches of President Carter and Secretary Vance were repeated in one form or another by virtually every high official in the Carter Administration during the selling of the Panama treaties.

Over and over again, the Senate and the American people were told that the Panama Canal treaties would not cost American taxpayers one dime.

The examples are countless: In a speech in Florida before a civic organization, Mr. Warren Christopher, Deputy Secretary of State, "The treaties will not require any appropriation from the American taxpayer"; before a Senate subcommittee, the Under Secretary of State for Monetary Affairs, Mr. Anthony M. Solomon, "Panama will be paid out of canal revenues and not out of U.S. tax revenues"; again, the President himself on October 22, 1977, "We are not taking any taxpayer's money to pay the Panamanians"; and I repeat yet again, the President on national television on December 28, 1977, "We wanted a treaty that did not put a financial burden on the American taxpayer, and we got it."

All of the rhetoric about no cost to the taxpayers was prior to ratification of the treaties which gave away the Panama Canal over which the United States had sovereignty since 1903.

But the "no cost to the taxpayers" theme reiterated time and again during 1977 and 1978 no longer holds true in 1979.

On May 18 of this year, the Washington Star reported that President Carter had just advised a group of Congressmen that implementing the Panama Canal treaties would cost the taxpayers some $840 million. That figure was subsequently substantiated in committee hearings. My own belief is that the cost to the taxpayer will be significantly higher than the $840 million, not even counting the value of the canal and the canal property itself. The replacement cost for the canal would approximate $10 billion.

As the years go by, I am convinced that those of us who voted against giving away the Panama Canal will be vindicated. The basic purpose seemed to be to try to buy the friendship of the Panamanians and some other Latin American countries.

This is not likely to be the result and, indeed, could have precisely the opposite effect if the United States is forced to intervene to protect the canal from hostile forces.

In my view, the Panama Canal issue will be around for quite awhile. In a moment the Senate will vote to implement the treaties. I shall vote against the implementing legislation, as I do not believe it to be in the best interest of the United States.

The PRESIDING OFFICER. The question now recurs on agreeing to the conference report.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. STENNIS. Mr. President, will the Chair restate that? We did not hear.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. THURMOND. Rollcall.

The PRESIDING OFFICER. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN) is necessarily absent.

I further announce that the Senator from California (Mr. CRANSTON) is absent on official business.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

Mr. STEVENS. I announce that the Senator from Connecticut (Mr. WEICKER) is necessarily absent.

I also announce that the Senator from Vermont (Mr. STAFFORD) is absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 35, as follows:

[Rollcall Vote No. 302 Leg.]

YEAS—60

Baker
Baucus
Bayh
Bellmon
Bradley
Bumpers
Byrd, Robert C.
Chafee
Chiles
Church
Cochran
Culver
Danforth
DeConcini
Durenberger
Durkin
Eagleton
Exon
Glenn
Gravel
Hart
Hatfield
Hayakawa
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Kassebaum
Kennedy
Leahy
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Proxmire
Pryor
Ribicoff
Riegle
Sarbanes
Sasser
Stennis
Stevenson
Stone
Talmadge
Talmadge
Williams
Zorinsky

NAYS—35

Armstrong
Boren
Boschwitz
Burdick
Byrd, Harry F., Jr.
Cannon
Cohen
Dole
Domenici
Ford
Garn
Goldwater
Hatch
Heflin
Helms
Humphrey
Jepsen
Johnston
Laxalt
Lugar
McClure
Melcher
Pressler
Randolph
Roth
Schmitt
Schweiker
Simpson
Stevens
Stewart
Thurmond
Tower
Wallop
Warner
Young

NOT VOTING—5

Bentsen
Biden
Cranston
Stafford
Weicker

So the conference report was agreed to.

Mr. LEVIN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, I do briefly want to thank a number of staff members and others who have been helpful to this effort. First is Dave Hansell of my staff, who carried the brunt of this matter, and, also on my staff, Bruce Gregory, Peter Lennon, Bob Seltzer, Jim Crutchfield, and Scott Davis. I also want to pay particular thanks to John Roberts of the Senate Armed Services staff.

I want also to thank Senator THURMOND and the minority staff for the graciousness and helpfulness with which they have conducted these proceedings.

Finally, Mr. President, I want to pay particular thanks and tribute to Senators STENNIS and ROBERT C. BYRD, who have not only been substantively helpful to me, but personally supportive of me. I greatly appreciate that.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. LEVIN. I am happy to yield.

Mr. ROBERT C. BYRD. Mr. President, the tribute should be paid to Mr. LEVIN, along with Mr. STENNIS and Mr. THURMOND. Mr. LEVIN is a new Member of this body, yet he has approached this difficult task with verve and dedication and purpose and vision and has done an outstanding job. In many ways, it is a thankless one. But this is a very important piece of legislation and it means that the United States intends to live up to its word when it makes a treaty. When it ratifies a treaty, it intends to live up to it.

Mr. President, today's vote marks one of the last milestones on a long road.

On February 8, 1978, the Senate undertook consideration of these two treaties, and after a total of 38 days of debate in this Chamber, gave its advice and consent to their ratification.

On October 1 of this year, the treaties enter into force. Today, the Senate has taken steps to see that the treaties are smoothly implemented. By this action, the Senate fulfills an obligation, and takes advantage of an opportunity.

It is our obligation to live up to the provisions of these treaties. The treaties were fully considered and legally ratified according to our constitutional processes. They should now be implemented, and the Senate, by its action today, has done its part in seeing that this comes about.

And these treaties represent an opportunity. They protect U.S. interests, and at the same time encourage good relations with our hemispheric neighbors.

The Senate should be proud of its record with regard to these treaties. It is a record of timeliness, thoroughness and honor.

The Senate, in turn, extends its gratitude for the work done by the Armed Services Committee, under the leadership of its chairman (Mr. STENNIS), in considering and reporting this implementing legislation, and to Mr. THURMOND and all others who have had a part in passing this complex bill.

In particular, I want to pay tribute to the junior Senator from Michigan (Mr. LEVIN) for guiding this legislation through the conference committee, and for managing it on the floor. This is a complex bill that requires the balancing of many competing interests, and Senator LEVIN deserves credit for his efforts.

Mr. LEVIN. Mr. President, I thank the majority leader. I am greatly indebted to him. I yield the floor.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period now for the transaction of routine morning business for not to exceed 15 minutes before we go to the bill that was ordered for this afternoon; and that Senators may speak during that period for up to 5 minutes each.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

SENATE SCHEDULE

Mr. ROBERT C. BYRD. Mr. President, for the benefit of Members, I announce that on October 1, the day of Yom Kippur, there will be no rollcall votes until after 6 p.m., unless a procedural vote will be necessary to get a quorum and I do not anticipate that. I hope that will not occur. This is in accordance with the past practice of the Senate for the last 2 or 3 or 4 years and we shall follow that practice in this instance.

The date of October 8 is a national holiday. That is Columbus Day. There will be no business transacted in the Senate on October 8.

Veterans Day is shown on the calendar as October 22. That is a national holiday and, this year, there will be no Senate business on October 22.

As to Thanksgiving, the Senate will be out, I hope, sine die, for the session by Thanksgiving, but if the work has not been completed, the Senate will be out on Thursday and Friday, and we shall extend the holiday to include Saturday and Sunday.

I would say that we shall go out at the close of business on Wednesday. Hopefully, it might be early enough on Wednesday that Senators can get home to help their wives cook whatever is in the oven for Thanksgiving Day.

That is about it, as I see it. We shall talk about Christmas later. There is a Santa Claus, I say to the distinguished minority leader. I still believe in one.

Mr. ROBERT C. BYRD [subsequently said]: Mr. President, a moment ago when I announced that the Senate would not be in session on October 22 in recognition of Veterans Day, I had inadvertently overlooked the fact that the 94th Congress passed legislation changing the national holiday in recognition of Veterans Day from the fourth Monday in October to November 11. So I want to make that correction, and I hope that both cloakrooms will alert our colleagues to the fact that as to the Veterans Day holiday, that will be November 12, it being on a Monday, in accordance with the laws that were passed by Congress recently; and by way of reiteration, let me say that the Columbus Day holiday will be October 8, a Monday, and I hope that Senators have not already made appointments on the basis of my earlier statement, which I regret.

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. GRAVEL. That means that October 8 would be a recess day; is that correct?

Mr. ROBERT C. BYRD. Yes; the Senate will not be in on October 8 in recognition of Columbus Day.

Mr. GRAVEL. And also November 12?

Mr. ROBERT C. BYRD. On November 12, in recognition of Veterans Day, instead of the 22d of October, as I earlier stated in error.

HERBERT HOOVER, SON OF IOWA

Mr. JEPSEN. Mr. President, Herbert Hoover, our 31st President, was born in the small town of West Branch, Iowa, not far from my own home in Davenport. Many feel that Mr. Hoover was one of our greatest Presidents.

I should like to submit for the RECORD today, a speech recently presented in West Branch by Dr. George Nash, for the 105th anniversary of President Hoover's birth. Dr. Nash has been commissioned by the Hoover Presidential Library there to undertake a scholarly biography of Mr. Hoover.

In his speech Dr. Nash recalls Hoover's reminiscences of his Iowa childhood. He quotes:

> I prefer to think of Iowa as I saw it through the eyes of a ten year old boy—and the eyes of all ten year old boys are or should be filled with the wonders of Iowa's streams and woods, of the mystery of growing crops.

President Hoover went on to say of Iowa that—

> The Good Lord Originally made it the richest stretch of agricultural land that ever blessed any one sovereign government. It was populated by the more adventurous and the more courageous, who fought their way along the ever-extending frontier.

What Mr. Hoover saw in the Iowans of his childhood was a microcosm of what he felt made this Nation great—its people with their down-to-earth values of "individualism, neighborly voluntary co-operation, and private initiative." These values are still exhibited by Iowans today and remain the values which make our country strong. Mr. President, I ask unanimous consent that the text of Dr. Nash's speech be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD as follows:

THE SOCIAL PHILOSOPHY OF HERBERT HOOVER

Fifty years ago last March a man born only a few hundred yards from where I stand became President of the United States. What do you think about when you hear his name, Herbert Hoover? All of you, no doubt, automatically associate Mr. Hoover with the Great Depression of the 1930's. Most of you are doubtless aware of his Quaker upbringing and of his enormous humanitarian relief work in Europe during and after World War I. Four years ago, Aleksandr Solzhenitsyn remarked that the American Relief Administration under Herbert Hoover's direction saved the lives of literally millions of Russians during the great famine of 1921–1923. Many of you know that he was the first President born west of the Mississippi River and that he was the man who appeared in the first public demonstration of television in 1927.

Just down the hill, in sight of his grave, you can see another of his important benefactions: the Herbert Hoover Presidential Library. When Mr. Hoover died only fifteen years ago, he had lived ninety extraordinarily productive years—including a full fifty in public service. I can think of few other Americans whose careers were as multifaceted and remarkable as his.

What is significant for us today about the life of this man? In the case of Herbert Hoover, our concern transcends, I think, the transitent particularities of "human interest." For Hoover did not simply lead a career rich in accomplishment; he reflected on the circumstances which made such a career possible. He developed and in his time came to personify a perception of America, a vision of America, a political and social philosophy which could explain the greatness of the country he lived. It is in this vision and this philosophy that we can discover some of the enduring significance of Herbert Hoover.

He was born here in West Branch in 1874—the son of the village blacksmith. Before he was seven his father had died. His mother, a recorded minister in the Society of Friends, passed away a little over three years later, so that in early 1884, before he was ten, young Herbert was an orphan.

Despite these traumas, Hoover's later reminiscences of his Iowa childhood were gentle, almost idyllic. In the most famous of these recollections he began:

"I prefer to think of Iowa as I saw it through the eyes of a ten-year-old boy—and the eyes of all ten-year-old Iowa boys are or should be filled with the wonders of Iowa's streams and woods, of the mystery of growing crops."

Of his native state he declared: "The good Lord originally made it the richest stretch of agricultural land that ever blessed any one sovereign government. It was populated by the more adventurous and the more courageous, who fought their way along the ever-extending frontier."

From Iowa in 1885 young Herbert Hoover was sent west to Oregon to live with the family of an uncle. In 1891 he traveled down to California to become a member of the entering class at newly-founded Stanford University. After graduating in 1895, Hoover spent some time working in California and the southwest until, in early 1897, opportunity beckoned half a world away, in the gold mines of Western Australia.

Hoover's journey to Australia in 1897 via Europe, the Suez Canal, and India, must have been an intensely stimulating one to a young man of twenty-two. Years later, reflecting on this voyage, he remarked significantly, "History became a reality and America a contrast." It was Hoover's first exposure to the world outside the United States, and in his response to that world we find one of the sources of his later social philosophy.

When Hoover disembarked on the coast of Australia that year, he headed inland nearly 400 miles to the mining towns of Coolgardie and Kalgoorlie, deep in the inhospitable "outback" (the region, incidentally, where, a few weeks ago, Skylab fell to earth). Hoover's description of life in this desolate land were vivid. "It's a country of red dust, black flies, and white heat," he wrote to an American friend. "I could not portray the misery of any one of them on paper. The country is an endless desert, no water, no nothing but mines." It was a land to make one think of home. Writing to a friend in 1897, Hoover declared: "Am on my way back to Coolgardie. Am glad to get back within the borders of civilization. . . . Anybody who envies me my salary can just take my next trip with me, and he will then be contented to be a bank clerk at $3 a week for the rest of his life, just to live in the United States."

In late 1898 Hoover left Australia for a new and more responsible mining position in China. Once more Herbert Hoover, not yet twenty-five years old, found himself living among strangers and encountering a foreign civilization.

At this point we can detect one of the threads of Herbert Hoover's early life. From the cornfields here in Iowa to the orchards of Oregon, to the spacious acres of Stanford University, to the rugged Sierra Nevadas, to the dusty goldfields of Australia, even to the coal mines of northern China, we discern a repeated pattern: Herbert Hoover's early days were spent on or near frontiers. His was largely an outdoor life, lived in environments which rewarded initiative, industry, resourcefulness, and merit.

Since the day when Hoover's ancestor, Andreas Huber, landed in Philadelphia from the Old World in 1738, the Hoover clan had moved gradually westward, until, with Herbert, the trek circled the globe. Benjamin Franklin is supposed to have said that America is a country where we ask of a man not "Who is he?" but "What can he do?". Hoover's was a society populated substantially by people who held this attitude and who had moved away from a constricted and stratified civilization.

In late 1901 Hoover left China for England and a partnership in an eminent firm of mining engineers. Until World War I London, England was his base of operations while he traveled continually, inspecting, financing, and developing mines from Burma to Australia, from South Africa to Siberia. For some Americans with similar careers the temptation might have been irresistible to become an expatriate.

For Herbert Hoover, if anything the opposite was true. Throughout these years abroad, his thoughts turned often toward his native land. As early as 1907 he expressed to the President of Stanford University his longings to retire from his profession and to turn to a life of service in the United States.

And all the while, Hoover was observing, analyzing, and evaluating the social systems of the Old World and the New. Long voyages at sea gave him an opportunity to read about the policies, economics, and culture of countries all over the earth. One of these ocean trips, a British lady asked him what his profession was. An engineer, he said. "Why," she exclaimed, "I thought you were a gentleman!" This anecdote, which Hoover recounts in his *Memoirs*, epitomizes, I think, his distaste for the class consciousness and social rigidities of Europe. From all of this he turned. In a revealing letter written to an American friend in 1912 Hoover observed:

"The American is always an alien abroad. He never can assimilate, nor do other peoples ever accept him otherwise than as a foreigner.

"His own heart is in his own country, and yet there is less and less of a niche for him when he returns. . . . I am disgusted with myself when I think how much better off you people are who stuck by your own country and place. When you walk down the street you meet a hundred men who have a genuine pleasure in greeting you. I am an alien who gets a grin once in nine months."

Two years later, the conflagration of World War I changed the course of Herbert Hoover's life. While huge European armies bogged down in the trenches, Herbert Hoover, working without pay, directed the Commission for Relief in Belgium, a neutral organization which procured and distributed food to the civilian population of Belgium, caught between the German army of occupation and the British naval blockade. It was a noble undertaking which ultimately brought food to 10,000,000 people a day and which catapulted Hoover to worldwide fame as a humanitarian.

But behind the uplifting routine of providing daily food to needy Belgians lay a depressing world of conspiracy, national rivalry, and festering intrigue. Many times, weary from incessant conflicts with one or another belligerent power, Hoover contemplated and even threatened resignation. Hoover, of course, did not quit, but his prolonged exposure to the emotions of war and the ancient antagonisms of Europe was a disillusioning encounter.

In 1917 Hoover sailed back to America to direct our wartime Food Administration. But within two years he returned once more, this time to feed Europe while President Woodrow Wilson strove to draft a peace treaty at Versailles. From November 1918 to September 1919 Herbert Hoover crisscrossed Europe as Director-General of the American Relief Administration, organizing the supply of food for starving millions and facilitating the emergence of stable economies. The grim alternative was chaos, famine, a new generation of embittered Europeans, and the possibility of Communist revolution over much of the continent.

But if Hoover could take comfort from his outstanding humanitarian accomplishment in postwar Europe, there was much that he saw which profoundly alarmed him and helped to determine his future political thought. The New World, he came to believe, was remote from the imperialism, fanatic ideologies, racial antipathies, dictatorships, power politics, and class stratification of Europe. As he later expressed it in his *Memoirs*, "the forces which lay behind the rejection of American ideas at Paris in 1919 were far deeper than the intrigues of diplomacy or the foibles of European statesmen. Here was the collision of civilizations that had grown three hundred years apart."

In 1921 Hoover became Secretary of Commerce of the United States; in 1929 he became President. Of the thirty-eight men who have occupied the Oval Office, Herbert Hoover undoubtedly enjoyed more extensive acquaintance with foreign peoples and their social systems than any of his predecessors or successors. In another respect, too, he was unusual: he attempted to distill from his unique experiences a coherent understanding of the American experiment that he cherished.

According to Hoover, the revolutionary upheavals of World War I and its aftermath had produced a world in ferment. In this cauldron, several ideologies (he called them "social philosophies") were competing for the minds of men—among them Communism, Socialism, Nazism, Syndicalism. To Hoover, who had seen the vicious results that emanate from a blending of "bestial instincts" with idealistic humanitariam jargon, the need for a definition of the American system was urgent. He called this system "American Individualism."

By this he did not mean unfettered, old-fashioned laissez-faire. Hoover was anxious that individual initiative always be stimulated and rewarded, but it must, he said, be "tempered" by "that firm and fixed ideal of American individualism—an equality of opportunity." Equality of opportunity—this, in Hoover's words, was "our most precious social ideal." Hoover insisted that equal opportunity and a "fair chance" for individuals to develop their abilities were "the sole source of progress" and the principal impulse behind American civilization.

Hoover did not believe that equality of opportunity was automatically self-sustaining in a modern, technological economy. A certain measure of governmental regulation and guidance, some governmental legislation, were necessary, he felt, to prevent inequality of opportunity and the throttling of individual initiative. But the nature and extent of this government involvement must be carefully defined and, above all, kept consistent with the broad American traditions of voluntary cooperation, local self-government, and individual initiative. While not unmindful of the faults of unchecked capitalism, Hoover was an uncompromising foe of socialism and the totalitarian state.

For the rest of his life Hoover expounded, often with eloquence, the philosophy he forged in the aftermath of World War I. Speaking before a Boy's Club in 1940, for example, he said:

"By a classless America our forefathers meant far more than a sociological expression. There were to be stratifications in life that handicapped the rise of any boy from the bottom to the top. . . . The human particles should move freely in the social solution. This idea of a fluid classless society was unique in the world. It was the point at which our social structure departed from all others."

And always he drew the contrast between the America he loved and the Old World with its pestilent ideologies. Listen to his words here in West Branch in 1948:

"I have seen the squalor of Asia, the frozen class barriers of Europe. And I was not a tourist. . . .

"My every frequent homecoming has been a reaffirmation of the glory of America. Each time my soul was washed by the relief from grinding poverty of other nations, by the greater kindliness and frankness which comes from the acceptance of equality and a belief in wide-open opportunity to all who want a chance."

How, though, could equality of opportunity be preserved? For Hoover there were many answers. One, perhaps the most crucial, was our educational system. Another mechanism, in Hoover's eyes, was the Boys Club movement; in it, he claimed, "there is a restoration of equal opportunity with all the other boys." Indeed, many of Hoover's governmental policies and charitable activities over the years, including his long concern with child welfare, acquire a kind of thematic unity if we perceive them as attempts to promote equality of opportunity for all Americans, especially the young.

It was part of Herbert Hoover's ordeal in his later years that the vision of America that he expressed came to seem abstract and anachronistic for many Americans. It was all right for Hoover to extol the social system that had produced him, many people seemed to think, but were his tributes to America's traditional values truly relevant any longer, now that the continent was settled and we lived in an industrialized society? Wasn't America's pioneer past over now, and with it the supposedly outmoded values of individualism, neighborly cooperation, and private initiative?

Herbert Hoover responded forcefully to such criticisms. It was not the mere accidental availability of abundant land and natural resources that had blessed America, he insisted. It was our social system, animated by the ideal of human freedom. To Hoover the principles of American individualism were not anemic platitudes, to be uttered, perhaps, on the Fourth of July. And he warned against the notion, increasingly fashionable today, that America has become a closed, stagnant society in which progress has irrevocably halted. This, he said, "is the concept of a static nation. It is necessarily the philosophy of decadence. No society can become static, it must go forward or back. . . . No society will function without confidence in its future opportunities."

Now some of you may believe that Hoover's viewpoint is irretrievably outmoded. Certainly it is true that America—and the very nature of our government—have altered in the half century since he was President. A half century is a very long time.

And yet I suggest that there is today an increasing resonance to Herbert Hoover's philosophy, more than a decade after his death. The challenges we confront raise philosophical questions to which Hoover's answers deserve our attention. Consider, for instance, the increasingly pervasive, and legally countenanced, use of quotas in the hiring of men and women for jobs in business, universities, and government. In our commendable desire to eliminate past discrimination, are we not perhaps invoking an antithetic creed, which measures us by the crude and irrelevant categories of race, gender, and ethnic origin? Herbert Hoover's philosophy has much to say on this point.

Or consider the much-discussed "energy crisis." If Herbert Hoover were living today, I suspect that as a lifelong champion of efficiency and the elimination of waste he would vigorously encourage efforts towards conservation of our resources. But he would also stress that a far more precious resource than oil must not be allowed to atrophy. This is our social energy. And the source of this liberating social energy is not an overweening, coercive, stultifying, bureaucratic government but free men nad women, uncommon men and women, competing and cooperating voluntarily in an open, fluid society. It is a proper function of government, I think he would say, to stimulate initiative and to foster its harmonious use. It is not the proper function of government to try to monopolize social energy like a giant parasitic sponge.

Finally, I have emphasized today the roots of Herbert Hoover's philosophy in the contrast he perceived between the Old World and the New. I ask you, in closing, to ponder anew the ghastly practical consequences of some of the alternative social philosophies which have motivated men and women in this often bloody century. Consider the tens of millions who have perished in the Gulag Archipelago. Consider the death camps at Auschwitz. Consider, today, the agony of the Vietnamese boat people who would literally rather run the risk of drowning at sea than live under the "social philosophy" called Communism.

Free societies, such as the one we today enjoy, are a rarity in human history, and they are not self-sustaining. To survive they require a cogent understanding of their fundamental, undergirding values. This Herbert Hoover realized. He spent much of his life attempting to apply these values and to teach us what he learned. If you examine the record of what he did and what he said, you will find that he speaks to us still.

REGISTRATION—ORDER OF PROCEDURE

The PRESIDING OFFICER. Does the Senator from Georgia seek recognition?

Mr. NUNN. Mr. President, I do seek recognition. I would like to make a brief statement, and then I think while the majority leader is here, and the minority leader and the Senator from Oregon, we ought to have a brief dialog. I think there is some clarification needed on the present unanimous-consent request on the whole subject of registration.

While that is being discussed, I would like to make a very brief statement.

In this morning's Washington Post there is an article about the question of registration and how the Senate will proceed.

In that article, and I quote:

> David Landau, vice chairman of a coalition, of national organizations that oppose registration and the draft, accused Nunn of "continuing to push registration in secret rather than bring it out in the open."
>
> He said senators will get a "distorted" view of the registration issue because outside opponents will not be able to marshal effective challenges.

That story goes on to explain that the reason I asked for "a closed session was because the Defense Department refused to declassify information needed to understand the need for compulsory registration."

The article is in context, but the exception I would like to take is to Mr. Landau and his statement that the reason for the closed session is that I would like to keep this in secret, rather than out in the open.

First of all, I say that my position on registration is not new, nor is it unknown, certainly not to my own constituents.

Back in the campaign last year, when I was up for reelection, I made my position known to every group, every time I spoke on a college campus, no matter where I was, I always told them I thought registration was absolutely necessary and I was supporting it.

This year we have had hearings on the subject in open session. We have had the Joint Chiefs testify on the subject in open session. We have had the opponents given an opportunity to come in and testify in open session in the subcommittee.

So I have completely, totally rejected any implication that this effort is being carried out behind closed doors.

Mr. President, I would like to say why we need a closed session, and I wish we did not have to have any debate on anything other than the open floor of the Senate.

Information relating to the Nifty Nugget exercise done by the U.S. Army last fall has been made available to the Senate Armed Services Committee, and I am sure other appropriate committees on Capitol Hill.

Much of that information is classified, not by the Senator from Georgia, but by the Department of Defense. Frankly, I have done everything possible, including pleading with the Secretary of Defense, both publicly and privately, to declassify this information so it can be in the public domain, so the general public will be able to understand whether they are for or against registration, the problems we have in mobilizing to meet a national emergency, or other contingency.

On June 6, Senator STENNIS wrote a letter, and I joined with him. He wrote it at my request. He wrote it as chairman of the Armed Services Committee, and I signed the letter as chairman of the Subcommittee on Manpower. Senator JEPSEN signed the letter as the ranking minority member on the subcommittee.

I want to read this into the RECORD:

> U.S. SENATE,
> *Washington, D.C., June 6, 1979.*
>
> Hon. HAROLD BROWN,
> *Secretary of Defense,*
> *Washington, D.C.*
>
> DEAR MR. SECRETARY: As you know, the Committee on Armed Services has reviewed and expressed its concern about current military mobilization capabilities. We are very concerned about serious deficiencies uncovered by the Nifty Nugget exercise and by other recent exercises and studies.
>
> Particularly with regard to manpower mobilization deficiencies, it is clear to us that unclassified summaries of these deficiencies do not convey the full gravity of the problems we face. A full discussion of the problems and possible solutions will be most difficult as long as most of the specific information remains classified. Three pieces of information are particularly important.
>
> (1) April 10, 1979, Statement by Richard Danzig, Acting Principal Deputy Assistant Secretary of Defense (MRA&L), before the Manpower and Personnel Subcommittee, beginning on page 24.
>
> (2) Section III C 5 and 6 (pages 16–19) of "A Review of Military Mobilization Plans" submitted to the Committee by Robert Pirie, Principal Deputy Assistant Secretary of Defense (MRA&L), on February 15, 1979.
>
> (3) Tabs Q, R, and S of the Army Information Concerning Mobilization Manpower, a copy which was submitted to the Manpower and Personnel Subcommittee on January 26, 1979.
>
> Copies of this material are enclosed. We would appreciate your own review of these materials to determine if they can be declassified. If you feel they must remain classified, please inform us of the reasons why you personally feel classification is necessary.
>
> The Committee will review these documents again, possibly on the afternoon of June 11. Therefore, we will need your response to this request by the morning of June 11.
>
> Sincerely,
>
> JOHN C. STENNIS,
> *Chairman.*
> SAM NUNN,
> *Chairman, Subcommittee on Manpower.*

On June 11, Mr. President, Secretary Brown wrote to Chairman JOHN STENNIS the following letter, and I quote directly from Secretary Brown's letter:

> THE SECRETARY OF DEFENSE,
> *Washington, D.C., June 11, 1979.*
>
> Hon. JOHN C. STENNIS,
> *Chairman, Senate Armed Services Committee, U.S. Senate, Washington, D.C.*
>
> DEAR MR. CHAIRMAN: This is in response to your recent letter, co-signed by Senators Nunn and Jepson, requesting my review of portions of mobilization related documents for possible declassification.
>
> With respect to the first two passages you

mentioned, they can be rendered unclassified by a few minor revisions and will, I believe, still be useful for your purposes. The third, however, contains the Army's detailed listing of manpower requirements, supplies and shortfalls, and cannot be declassified without serious damage to national security. If potential adversaries were to gain detailed information about U.S. estimates of casualty levels and manpower shortfalls, for a particular conflict, it would reduce their degree of uncertainty about such conflict. It is that uncertainty of outcome that adds greatly to the deterrent value of military forces.

I hope the attached material will be of utility in your deliberations.

Sincerely,

HAROLD BROWN.

Mr. President, I do not really know David Landau. But I do know that Members of this body occasionally erroneously are subjected to totally inaccurate accusations. This is one of those accusations.

I have done everything in my power to get this information declassified. I do not have authority to declassify it. I have asked the Secretary of Defense to declassify it. I have stated to him, "Mr. Secretary, in my opinion, this information is essential for a meaningful objective public dialog on this sensitive subject."

I have his answer. He has refused to declassify it. I am sure he has his own reasons.

I do not agree. I do not agree that this information should be classified. I do not think it should be. But to handle the matter responsibly and then still be accused of trying to hide this matter from the American public is really pushing my limit of tolerance.

I think the U.S. Senate, the American people, and the news media should realize the background of this matter.

So the closed session that is being requested for the purpose of discussing registration, whether it be this afternoon, tomorrow, Monday, or whenever next week, is being done because the executive branch, the Secretary of Defense, has decided that this information should not be in the public domain.

I cannot resolve that problem, except to make it available to my colleagues in the Senate in a closed session.

Mr. WARNER. Mr. President, will the Senator from Georgia yield?

Mr. ROBERT C. BYRD. Mr. President——

The PRESIDING OFFICER (Mr. EXON). The Chair recognizes the majority leader.

Mr. ROBERT C. BYRD. I will yield the floor shortly.

The closed session, I believe, is to begin around 4:30. There will not be any open session; it is all closed—6 hours.

Mr. NUNN. Mr. President, that is news to me. The last time I talked to the majority leader, we were going to have an open session at 4:30 and a closed session tomorrow morning. I am not prepared to go into closed session at 4:30.

Mr. ROBERT C. BYRD. Mr. President, the majority leader does not yield any further. There has been a misunderstanding here.

Mr. NUNN. There surely has.

Mr. ROBERT C. BYRD. There has been a misunderstanding. If the Senator does not want to have a closed session today, we will not have it. It should go over to tomorrow.

Mr. NUNN. It was my understanding with the majority leader—and I apologize if I did not make it clear—that we would have to open debate this afternoon and a closed session tomorrow morning.

I am perfectly prepared to have it at any time after this afternoon, and I am prepared to have an open debate this afternoon.

If the Senator from Oregon objects to an open debate prior to the closed session, I am willing to go along with whatever arrangement we can make. I am not prepared for a closed session this afternoon. All the information is not available. I have asked for more information as recently as 45 minutes ago, and I do not have the reply.

Mr. ROBERT C. BYRD. The Senator will not be pushed into a closed session this afternoon.

There was a misunderstanding, if the distinguished Senator understood me to say that we would have an open session this afternoon. I think the intent was, I say to my friend from Georgia, that the 6 hours of debate would be closed session. That was the understanding, I think, all the way around. I thought that if the Senator wanted to make any statement and he thought there should be a closed session, certainly that was what he should do.

Mr. NUNN. We had a misunderstanding when the unanimous request was propounded, because a lot of this information is not classified. There is only a small segment that is classified, and those who say that we are obscuring this from public view could have more of a legitimate case if we do not have any debate other than a closed session. There is only one small segment which would take no more than about an hour in a closed session.

I have a great number of facts and bits of information that I think are important and can be done in an unclassified way, and I think they should be presented to the public. But I am not pushing the Senator from Oregon or the Senator from West Virginia on that. I am prepared to accommodate whatever schedule is reasonable.

Mr. HATFIELD. Mr. President, will the majority leader yield?

Mr. ROBERT C. BYRD. My time is up.

The PRESIDING OFFICER. The time for the transaction of morning business has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that that time be extended for 10 minutes, under the same conditions—5 minutes to each side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from Oregon.

Mr. HATFIELD. Mr. President, I think we should delineate between two particular issues that seem to be on the floor at this moment.

I can understand the agitation of the Senator from Georgia about the newspaper article, but I think that should be considered separately, how that is to be rebutted. He already has rebutted that eloquently.

To my knowledge, as one who probably has been as close to the Senator from Georgia on this issue as anyone, I felt at no time that the Senator from Georgia attempted to hide any information or tried to make his point other than in a totally open manner.

However, I think the other issue is going back to the parliamentary action that got us to this particular point. When I was approached by the leadership on a unanimous-consent proposal that we bring up S. 109, which is the registration matter of the Senator from Georgia, in order to use it as a vehicle to get into a closed session, working on the premise that we had to have a legislative vehicle, I agreed that we could bring it off the calendar for that purpose, although there had been a previous unanimous consent agreement that, following the vote in the House of Representatives, we would consider S. 109. But in this proposal that was made to me by the leadership, it was for the purpose of providing a specific vehicle, at this specific time, to get a closed session upon the request of the Senator from Georgia, after which S. 109 would return to its position from which it had been taken.

Based on that understanding, I agreed, because it was my understanding that the Senator from Georgia had classified information that he thought was fundamental and basic for the understanding of the Senate as it related to registration and manpower recruitment generally. I said to the Senator from Georgia, "I will come to your chamber of horrors that you will have in your closed session to try to scare us into registration support, but I am not sure that we want to do other than to debate the issue itself in open session. I am not about ready to engage in a decisionmaking process leading to registration or anything as fundamental as a draft, in a closed session."

The Senator from Georgia was in total agreement. At no time did he indicate to me that he wanted to vote or wanted to make any decision in closed session. He wanted a closed session solely for the presentation of classified information. So I affirm the comments made earlier by the Senator from Georgia.

However, my understanding, which seems to be confirmed by the majority leader, was that we move directly into a closed session and then out of that closed session, if we want to come into an open session to make further comments and engage in debate, and that it would have happened in that sequence. My understanding was that we needed this only for a vehicle, in order to get to a closed session for the presentation of classified information.

Mr. NUNN. The Senator is correct in his understanding as to the unanimous-consent agreement.

As I understand it—and the majority leader can correct me if I am wrong—the understanding was that we would bring up the bill immediately after, or at whatever period of time the majority leader thought was prudent—whatever that time was, we would bring up the bill after the House authorization committee completed their action.

The difficulty I find myself in is that a great deal of the information that will be necessary to lead to the closed session is not classified.

I think there are Senate rules that basically preclude matters that have come up in a closed session from being released. The closed session, in my view, should deal only with matters that are classified. If we are going to handle any other presentations on the matter of registration in the closed session, at least 75 percent of that closed session will be on nonclassified matters. I do not think that is what any of us intended.

I did not realize—and I certainly will take responsibility for this; I am not casting that on anyone else—I did not realize that the unanimous-consent request propounded was only for a closed session. But I restate to the Senator from Oregon my willingness to work out this matter in a way that will be satisfactory, because I am not asking for a vote and have no intention to ask for a vote. I think it would be an exercise in futility.

The House has spoken on this subject, loud and clear, for this year. I believe they made a mistake, but that is a subject for debate. I would want to be in a position of having this measure on the calendar so that it can be brought up next year.

The PRESIDING OFFICER. The 5 minutes of the Senator from Oregon have expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Georgia be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NUNN. I say to the majority leader and to the Senator from Oregon that I am willing to try to work out this matter in any way, but I do not think any of us want a closed session 75 percent of which would be on nonclassified matter.

Mr. HATFIELD. I say to the Senator that he can handle the closed session any way he wishes. We can have it for an hour or 2 hours. The only point is that once we have set a procedure and understand that procedure as it has been enunciated by the majority leader and as I have enunciated today, I do not think we should change that procedure, even if it means laying over the matter until tomorrow morning for a closed session.

Mr. NUNN. The only suggestion I might make, from the point of view of a logical presentation and the point of view of getting the maximum amount of this information into the public domain, is that whatever time we bring it up—and I am perfectly willing to do it any time that is suitable, but I cannot do the closed session part this afternoon because I will not be ready—but whatever time we bring it up, I will be prepared to have 2 hours set aside for discussion. It can be 3 hours or 1 hour, but the discussion would precede the closed session. Then we would go into closed session and have about 2 hours and come back and have whatever length of time the Senator from Oregon would want in the open session.

My major motivation here is not to have a closed session in which 75 percent of the discussion would be on matters that could take place and should take place in the public forum.

Mr. ROBERT C. BYRD. Mr. President, let me take the blame for whatever misunderstanding has arisen here, and I think that is right where the blame should be placed.

Mr. NUNN. I think it was my misunderstanding. I was not here when the unanimous-consent request was propounded, and I do not want to shift that to the majority.

Mr. ROBERT C. BYRD. The Senator is not shifting it to the majority leader. I think that is where the blame should be placed. When I got the agreement for some reason or another I thought the entire 6 hours were to be in closed session. The agreement does not say anything about that. But that was my thought that 6 hours would be required for a closed session.

There is nothing in the agreement that says it has to be, but that was my thought, that it was understood all around it was going to be a closed session.

I do not put the blame on anyone for that. That was just my impression.

Having said that, I think the Senator from Georgia is preeminently correct when he says—I believe he said 75 or 80 percent of the debate should be in open session. I do not know how much of it should be open. I am not involved in this debate. I am on the Senator's side, though. I am for registration 100 percent. I say that from the housetop. I do not want any rock to hide under. I am for registration. But that is beside the point. I am on the Senator's side on that and I would think that there would be some of this discussion that could be open. I do not think it was classified and I do not think that we should have closed sessions for discussions when such discussions do not involve classified information.

But having said that, I am a little bit in a quandary. We did enter into the agreement. My feeling was that it was going to be a closed session. On the other hand, I do not see why we have to have 6 hours in closed session simply because that may have been my understanding when 4½ or 5 hours should be in open session.

I am in between my two friends, not only physically at the moment, but I guess in respect to what I am saying.

But I hope that we can find some way whereby this can be worked out without causing any problem.

Mr. NUNN. Mr. President, let me say to the majority leader that I know of his absolute good faith in this matter, and I should have been here when the unanimous-consent request was propounded, and I do not think we would have had this misunderstanding. I have absolute, total confidence that my friend from Oregon was stating precisely what his understanding was. Really the only request I am here to make is we not have the closed session this afternoon.

I was trying to accommodate the Senate in stating I would be prepared for the open session which basically deals with the subject of registration. The closed session will deal with the whole question of mobilization, and there are many problems that come up in that that are related to registration but many that are not and will not be cured by registration. So those are the two components of what we need to discuss.

If the Senator from Oregon would prefer and if it would be satisfactory with the majority leader, I would be prepared to have the closed session first—although not this afternoon—tomorrow or thereafter, and then after we talk about the mobilization problems come back out and have the debate on whatever we would like to have.

I think we could do all of that in that 6-hour timeframe.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. NUNN. Yes; I am not adamant on the order. I cannot do the closed part this afternoon while I could do the open part.

I yield.

Mr. ROBERT C. BYRD. Allow me to say this: I have been pressing him to get into this closed session this afternoon, and he has been very agreeable in trying to cooperate, but he has indicated to me he has a conference he is to be in with the House of Representatives, I believe, and it would be hard for him to get started at 4 p.m., so we agreed at 4:30 p.m.

I think when we were standing up here in all the commotion a while ago he mentioned something to the extent of an open session, that he would go this afternoon with an open session. At the moment that did not ignite any spark with me. It was only when the distinguished Senator from Oregon reminded me of the intent that I realized that that was the intent from the beginning, that it all be closed.

So I just plead with both Senators to try to get me off the hot spot if they can and work it out so that both of them are agreeable to whatever resolution of this is made.

Mr. NUNN. Without setting the time may I submit to the Senator from Oregon that I would be prepared to come in tomorrow at whatever time suits the Senator from Oregon, the majority leader and the minority leader, and have the closed session first and then come out for whatever period of time of debate we would need.

If only the Senator from Georgia makes the presentation of classified material, assuming there are, say, 30 or 45 minutes of questions, in my opinion we could have the whole closed session in 2 hours. If the Senator from Oregon has a presentation or many questions during that time, perhaps we should make it 3 hours.

I think the open session as far as the Senator from Georgia is concerned could probably be done in another 3 hours. I think the whole thing could still be within the 6 hours.

Mr. HATFIELD. Mr. President, I will respond, if the Senator will yield, that I think the Senator propounds the proposal or procedure that is very satisfactory, with one or two amendments. I agree that we should go ahead with the regular original understanding as we have enunciated here, the majority leader and I, and begin with a closed session and then let that closed session proceed according to the need as both sides would analyze it and then make a decision as to how long we would need for an open session, all within the framework of 6 hours.

I do not think we should try to limit the closed session at this moment nor determine how long the open session should be until we have the closed session and find out what the Senator from Georgia has to present to us.

So I say to the majority leader that we begin this whole issue with the closed session sometime tomorrow, or whenever, and proceed within the 6-hour timeframe that was established by the unanimous-consent agreement and let that flow as the events demand or require from a closed session.

Mr. NUNN. I assume by that the Senator from Oregon would just as soon do it tomorrow morning and be bright and early in the morning rather than late this afternoon.

Mr. HATFIELD. I am ready to go to closed session now or at any other point. It is up to the Senator from Georgia when he wants the closed session. The Senator from Georgia is the one who requested it and he has indicated that he needs certain preparation time. Whenever he is ready I am ready.

Mr. ROBERT C. BYRD. Mr. President, may I help the Senator from Georgia?

Mr. NUNN. Yes.

Mr. ROBERT C. BYRD. I think I can help him, saying again it was I pressing him to go this afternoon. He has a conference that he has to attend.

I am perfectly agreeable if he wishes to wait until tomorrow. It seems to me that is the happy resolution of this.

Mr. NUNN. I have no problem with that. We begin with the closed session, as I understand it, without any kind of time limit except the 6 hours total. When we get through the closed session it is my intention to do it as rapidly as possible and reserve the maximum amount of nonclassified information for the open session and then we would come out for the open session and take whatever debate is necessary.

Mr. COHEN. Mr. President, will the Senator yield?

Mr. HATFIELD. Yield to the Senator, whoever has the floor.

The PRESIDING OFFICER. The Chair will remind Senators on the floor the time for morning business once again has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time be extended for 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from Maine.

Mr. COHEN. Mr. President, I just wish to stand at this time to confirm what the Senator from Georgia has said as far as his intent is concerned.

I have the great privilege of serving on the subcommittee with Senator Nunn and whatever insinuations or implications that may have been drawn from the piece that appeared in the Washington Post I simply wish to say that Senator Nunn at no time has tried to conduct this hearing with the session in secret or closed session for the purpose of trying to hide information or ram something through.

It is his position, and I have known what his position is that he is attempting to bring this information to the attention of the American people.

I happen to disagree with——

Mr. ROBERT C. BYRD. Mr. President, if I could interrupt, I wish to associate myself with the Senator's remarks at that point and the remarks made by the distinguished Senator from Oregon with respect to the Senator from Georgia.

Mr. NUNN. I thank my Senators, particularly when the esteemed Senator from Florida, who is standing beside me, is head of all the sunshine movement in the United States. I am glad he is here when the discussion is going on.

I am glad to yield.

Mr. COHEN. The purpose has been to get as much information to the Members first and hopefully to seek a declassification of the information so the American people can fully understand the nature of the problem that we face and not be misled by statements which appear in the paper which may not bear any support in fact.

So I commend Senator Nunn for his initiative in bringing this to the attention of the Senate. As I say, I reach a somewhat different conclusion based upon much of the same information, but I think that his intent is to make it public as quickly as possible and not get caught in the Catch-22 position on the one hand of saying things are all right but you cannot talk about it publicly because it might give heart to the enemy.

I think that is the sort of Catch-22 position that he is trying to avoid, and I think that should be clarified for the record.

Mr. NUNN. The Senator from Maine is correct, and I thank him very much.

Mr. WARNER. Mr. President, will the Senator from Georgia yield?

Mr. NUNN. Mr. President, I do not know who has the time.

Mr. WARNER. I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Once again, the time for morning business has expired.

Mr. WARNER. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object——

Mr. ROBERT C. BYRD. Mr. President, I reserve the right to object. What is the request?

The PRESIDING OFFICER. There is a request for a 1-minute extension of morning business by the Senator from Virginia.

Mr. ROBERT C. BYRD. I have no objection.

Mr. DOMENICI. Mr. President, I reserve the right to object to ask the majority leader when the bill (S. 480), on which I and others are waiting, will be taken up. Will this be the last matter to intervene?

Mr. ROBERT C. BYRD. Yes.

Mr. DOMENICI. I have no objection.

Mr. WARNER. Mr. President, the Senator from Georgia needs no one to defend his integrity. I serve with him on the Subcommittee on Manpower, and I am happy to have the opportunity to vouch that every step he has taken has been with the purpose of bringing this matter to the attention of the American people. His every effort has been directed toward that end, and I support him on the substance and on the procedure.

Mr. NUNN. I thank the Senator.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

WATER RESOURCES PLANNING ACT OF 1979

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of S. 480, the Water Resources Planning Act of 1979, on which the time for debate is limited to 1 hour, equally divided between the Senator from Alaska (Mr. Gravel) and the Senator from New Mexico (Mr. Domenici), with 30 minutes on any amendment and 20 minutes on any debatable motion, appeal, or point of order.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 480) amending the Water Resources Planning Act to authorize appropriations for fiscal years 1980 and 1981.

The Senate proceeded to consider the bill, which had been reported from the Committee on Environment and Public Works with amendments as follows:

On page 1, line 3, strike the colon and insert "this Act may be cited as the 'Water Resources Planning Act of 1979'.";

On page 2, line 1, insert "TITLE I";

On page 2, line 2, strike "(a)" and insert "Sec. 101.";

On page 2, line 6, strike "1980 and such sums as may be necessary for fiscal year 1981" and insert "1980.";

On page 2, at the beginning of line 8, insert "(b) Sec. 102.";

On page 2, line 11, strike "$4,330,000" and insert "$2,788,000";

On page 2, line 12, strike "and such sums as may be necessary for fiscal year 1981", insert a colon and the following: "*Provided*, That no funds appropriated pursuant to this subsection may be expended for those functions established by Executive Order 12113 dated January 4, 1979."

On page 2, line 17, strike "(c)" and insert "Sec. 103.";

On page 3, line 11, strike "and such sums as may be necessary for fiscal year 1981";

On page 3, line 17, strike "(d)" and insert "Sec. 104.";

On page 3, beginning with line 22, insert the following:

TITLE II

SEC. 201. Section 301 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 301 to read as follows:

"SEC. 301. (a) In order to assist the States in the management and development of their water and related land resources (herein called water management) and because of a national need for—

"(1) development and implementation of State water management programs;

"(2) emphasis on water conservation implemented by the States;

"(3) improved coordination of water quantity and water quality planning and management by the States;

"(4) integration of ground and surface water planning and management by the States;

"(5) protection and management of ground water supplies by the States;

"(6) protection and management of instream values by the States; and

"(7) enhanced cooperation and coordination between Federal, State, and local units of government,

a program of financial assistance to the States for the development, implementation, and modification of State water management programs is established.

"(b) There are hereby authorized to be appropriated to the Water Resources Council $25,000,000 for each of the fiscal years 1980, 1981, and 1982 which shall be available to assist States in the development, implementation, and modification of water management programs.

"(c) The Council shall, after consultation with the States, prescribe guidelines by rule, consistent with the purposes established in subsection (a) and not later than one hundred and twenty days after enactment of this section, to carry out its functions and responsibilities under this section. These guidelines shall assure (1) coordination of the program authorized by this title with related Federal programs, and (2) appropriate utilization of other Federal agencies administering programs which may contribute to achieving the purposes of this title. The Council may also establish, after consultation with the States, other procedures, arrangements, and provisions as may be necessary for the performance of its functions under this Act.".

SEC. 202. Section 302 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 302 to read as follows:

"SEC. 302. (a) From the sums available pursuant to section 301(b) (except as provided in section 303(f)) for any fiscal year for water management programs, the Council, in accordance with its guidelines promulgated pursuant to section 301(c), shall allocate annually an equal amount to each State, with the remaining amount allocated on the basis of population, and land area.

"(b) For the purposes of this section, the population of the State shall be determined on the basis of the latest estimates available from the Department of Commerce and the land area of the State shall be determined on the basis of the official records of the United States Geological Survey.

"(c) From each State's allocation for water management programs under this section, the Council shall provide to the State an amount which is not more than 50 per centum of the cost of carrying out its State water management program approved under section 303(a).

"(d) Notwithstanding the provisions of sections 301 and 303 and the other provisions of this section, the Council shall annually reserve for the benefit of federally recognized Indian tribes 1.5 per centum of the sums available for financial assistance pursuant to subsection 301(b) (except as provided in section 303(e)). The Council shall, by rule, prescribe guidelines for the allocation and use of this reserved portion to carry out the provisions of this subsection. The Council may, after affording reasonable opportunity for comment by the Governor of a State, provide financial assistance to an Indian tribe in that State of no more than 50 per centum of the costs of approved programs under this section, if it finds that—

"(1) such Indian tribe has demonstrated that an unmet need for Federal financial assistance for such uses was deemed consistent with the purposes of section 301 and the guidelines promulgated thereunder;

"(2) assistance provided under this subsection will not be used to duplicate or substitute for any assistance provided for any water management provided by another Federal agency, a State, or a unit of local government for use or benefit of and with the consent of the Indian tribe; however, funds made available hereunder may be used to supplement or augment existing programs;

"(3) coordination with the water management planning of the State or States in which such tribes or native corporations are located; and

"(4) such Indian tribe is capable of performing all pertinent requirements of sections 302 and 303, including the matching requirements under this subsection. The Council shall ensure that any program submitted by an Indian tribe for direct Federal financial assistance under this subsection shall meet all pertinent requirements of sections 303 (a), (b), and (c), suitably modified in guidelines to address tribal entities as opposed to State entities, including participation of the affected Indian tribal members and consultation with the Governor(s) of the State(s) in which the tribe is located, or designees, in the development, modification, or implementation of any water management program prepared by or for such Indian tribe.

Assistance received by tribes from any Federal agencies, other than the Bureau of Indian Affairs' assistance for water management, consistent with Public Law 93–638, section 104 (25 U.S.C. 450h), cannot be used to meet the matching fund requirement of this section. Funds reserved under this subsection which are not obligated by the end of any fiscal year shall be reallocated for the following fiscal year in accordance with provisions of subsection 301 (a) and (b) of this section.".

SEC. 203. Section 303 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 303 to read as follows:

"SEC. 303. (a) The Council shall approve any program for water management submitted by a Governor which at a minimum provides for—

"(1) the development and implementation of a water management program in the State to address identified goals and objectives of the State water policy, to include the consideration of improved coordination of planning and management of water quantity and water quality as well as the integration of planning and management of ground and surface waters, the protection and management of ground water supplies, and the protection and management of instream values, taking into account prospective demands for all purposes served through or affected by such activities;

"(2) coordination with all Federal, State, and local agencies, federally recognized Indian tribes and nongovernmental entities involved in water related management programs;

"(3) the development after public hearings, of a priority list for all water resources problems, problem locations, and projects in such State; and

"(4) participation of the public in the development, modification, and implementation of the water management program.

"(b) Each program submitted by a Governor under this title shall—

"(1) designate a State agency (hereinafter referred to as the 'State agency') to administer the program;

"(2) set forth the procedures to be followed in carrying out the State program and in administering such program;

"(3) provide annually an assessment of progress in meeting the goals and objectives of the water management program;

"(4) provide assurances that State plans and management activities associated with other related Federal programs are consistent with the overall water resources policy of the State as submitted in the water management program;

"(5) provide that the State agency will prepare and submit reports in a form and containing information as the Council may reasonably require to carry out its functions under this title; and

"(6) provide for such accounting, budgeting, and other fiscal methods and procedures as are deemed necessary by the Council for keeping appropriate accountability of the funds and for the proper and efficient administration of the program.

"(c) Funds provided to States for water management may be passed through to local governments for use in developing and implementing this program.

"(d) The Council, in administering the program, shall—

"(1) review each State program submitted by a Governor for compliance with the appropriate rules, regulations, guidelines, and other requirements established by section 301(c);

"(2) notify the Governor of approval of the program or intent to disapprove within ninety days after receipt of the application for financial assistance; and

"(3) not disapprove any program without first giving reasonable notice and opportunity for a hearing to the Governor.

"(e) The expenses of the Water Resources Council in administering title III of the Act shall be derived from available funds pursuant to section 301(b).".

SEC. 204. Section 305 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 305 to read as follows:

"SEC. 305. (a) The Council shall provide annually to each State an estimate of the allocation of funds for the fiscal year and at such time invite each Governor to submit an application for financial assistance.

"(b) The Council shall make payments to each State through the disbursing facilities of the United States Department of the Treasury and in accordance with advance financing regulations of that Department at such times and in such installments as the Council may determine.".

SEC. 205. Section 306 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is amended by inserting in lieu thereof a new section 306 to read as follows:

"SEC. 306. For the purposes of this Act, the following definitions will apply:

"(a) 'State' means each of the States, the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, or the Virgin Islands.

"(b) 'Fiscal year' means a twelve-month period ending September 30 of each year, unless otherwise specified.

"(c) 'Management and development of water and related land resources' means those activities necessary to effect coordinated decisions for the use of water and related land resources within a State or interstate region; which consider the potential for water and related land resources use from the standpoint of present and future needs; and which provide for involvement of affected interests. Water management activities may include but not be limited to planning, data collection and analysis, studies and investigations, program design and coordination, regulation and enforcement (excluding litigation costs), mass media and technical information dissemination, professional staff training, public meetings, and coordination of water and related land resources use.

"(d) 'Federally recognized Indian tribe' means any federally recognized tribe, band, nation, or other organized group or community for whom, or for whose members, the United States holds land on trust or restricted status.

So as to make the bill read:

S. 480

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Water Resources Planning Act of 1979".

TITLE I

SEC. 101. Section 401(a) of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by deleting the words: "the sum of $2,886,000 for fiscal year 1979" and inserting in lieu thereof: "the sum of $3,119,000 for fiscal year 1980.".

(b) SEC. 102. Section 401(b) of the Water Resources Planning Act (79 Stat. 244, as amended) is amended by deleting the words: "the sum of $2,668,000 for fiscal year 1979" and inserting in lieu thereof: "the sum of $2,788,000 for fiscal year 1980. *Provided,* That no funds appropriated pursuant to this subsection may be expended for those functions established by Executive Order 12113 dated January 4, 1979.".

SEC. 103. Section 401(c) of the Water Resources Planning Act (79 Stat. 244, as amended) is amended by deleting the words: "The sum of $3,179,000 for fiscal year 1979 for preparation of assessments, and for directing and coordinating the preparation of such river basin plans as the Council determines are necessary and desirable in carrying out the policy of this Act: *Provided,* That $828,900 shall be available under this subsection for preparation of the Columbia River Estuary Special Study: *Provided further,* That $308,000 shall be available under this subsection for preparation of the New England Port and Harbor Study and $135,000 shall be available for completion of the Hudson River Basin Level B Study: *Provided further,* That $150,000 shall be available under this subsection for completion of Case Studies of the Application of Cost Sharing Policy Options for Floodplain Management in the Connecticut River Basin: *Provided further,* That not more than $2,500,000 shall be available under this subsection for the preparation of assessments." and inserting in lieu thereof: "The sum of $2,815,000 for fiscal year 1980 for preparation of assessments, and for directing and coordinating the preparation of such regional or river basin plans as the Council determines are necessary and desirable in carrying out the policy of this Act.".

SEC. 104. Appropriations authorized by this Act for salary, pay, retirement, or other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases authorized by law.

TITLE II

SEC. 201. Section 301 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 301 to read as follows:

"SEC. 301. (a) In order to assist the States in the management and development of their water and related land resources (herein called water management) and because of a national need for—

"(1) development and implementation of State water management programs;

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"(3) improved coordination of water quantity and water quality planning and management by the States;

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a program of financial assistance to the States for the development, implementation, and modification of State water management programs is established.

"(b) There are hereby authorized to be appropriated to the Water Resources Council $25,000,000 for each of the fiscal years 1980, 1981, and 1982 which shall be available to assist States in the development, implementation, and modification of water management programs.

"(c) The Council shall, after consultation with the States, prescribe guidelines by rule, consistent with the purposes established in subsection (a) and not later than one hundred and twenty days after enactment of this section, to carry out its functions and responsibilities under this section. These guidelines shall assure (1) coordination of the program authorized by this title with related Federal programs, and (2) appropriate utilization of other Federal agencies administering programs which may contribute to achieving the purposes of this title. The Council may also establish, after consultation with the States, other procedures, arrangements, and provisions as may be necessary for the performance of its functions under this Act.".

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"(b) For the purposes of this section, the population of the State shall be determined on the basis of the latest estimates available from the Department of Commerce and the land area of the State shall be determined on the basis of the official records of the United States Geological Survey.

"(c) From each State's allocation for water management programs under this section, the Council shall provide to the State an amount which is not more than 50 per centum of the cost of carrying out its State water management program approved under section 303(a).

"(d) Notwithstanding the provisions of sections 301 and 303 and the other provisions of this section, the Council shall annually reserve for the benefit of federally recognized Indian tribes 1.5 per centum of the sums available for financial assistance pursuant to subsection 301(b) (except as provided in section 303(e)). The Council shall, by rule, prescribe guidelines for the allocation and use of this reserved portion to carry out the provisions of this subsection. The Council may, after affording reasonable opportunity for comment by the Governor of a State, provide financial assistance to an Indian tribe in that State of no more than 50 per centum of the costs of approved programs under this section, if it finds that—

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"(3) coordination with the water management planning of the State or States in which such tribes or native corporations are located; and

"(4) such Indian tribe is capable of performing all pertinent requirements of sections 302 and 303, including the matching requirements under this subsection. The Council shall ensure that any program submitted by an Indian tribe for direct Federal financial assistance under this subsection shall meet all pertinent requirements of sections 303 (a), (b), and (c), suitably modified in guidelines to address tribal entities as opposed to State entities, including participation of the affected Indian tribal members and consultation with the Governor(s) of the State(s) in which the tribe is located, or designees, in the development, modification, or implementation of any water management program prepared by or for such Indian tribe.

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"(1) designate a State agency (hereinafter referred to as the 'State agency') to administer the program;

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"(3) provide annually an assessment of progress in meeting the goals and objectives of the water management program;

"(4) provide assurances that State plans and management activities associated with other related Federal programs are consistent with the overall water resources policy of the State as submitted in the water management program;

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"(d) 'Federally recognized Indian tribe' means any federally recognized tribe, band, nation, or other organized group or community for whom, or for whose members, the United States holds land on trust or restricted status.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Alaska (Mr. GRAVEL), I suggest the absence of a quorum, and ask unanimous consent that the time be charged to neither side.

Mr. MUSKIE. Mr. President, will the majority leader yield to me before he does that?

Mr. ROBERT C. BYRD. Mr. President, I withdraw that suggestion and yield to the Senator from Maine.

Mr. MUSKIE. Mr. President, I ask unanimous consent that Jim Case, of my staff, have the privilege of the floor during the consideration of and voting on the pending measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Now, Mr. President, I repeat my request with respect to the time for the quorum call not being charged.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on Environment and Public Works be allowed the privilege of the floor during consideration of and votes on S. 480: John Yago, Thomas Donnelly, Ottilie Droggitis, Hal Brayman, Richard Harris, Bailey Guard, and Peter Rosenberg.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, what is the pending business?

The PRESIDING OFFICER. The consideration of the bill (S. 480) is the pending business.

Mr. GRAVEL. It has been called up?

The PRESIDING OFFICER. The pending question is on agreeing to the committee amendments.

Mr. GRAVEL. Mr. President, today I bring to the floor Senate bill 480, a bill to amend the Water Resources Planning Act to authorize appropriations for fiscal year 1980.

The Water Resources Planning Act of 1965 declared that it was the policy of Congress to encourage the conservation, development, and utilization of water and related land resources of the United States on a comprehensive and coordinated basis by the Federal Government with the cooperation of all affected Federal agencies, States, and other interested parties.

I do not believe the Water Resources Council has ever functioned in the manner in which the Congress intended it to function. Under the existing provisions of the Water Resources Planning Act, the Council cannot provide the strong coordinating mechanism for water resources activities that it was intended to provide.

On June 6, 1978, the President announced his water policy initiatives. The cornerstone of the President's initiatives to improve the Federal water resources programs was the Water Resources Council.

Earlier this session the Water Resources Subcommittee held hearings on extending the authorization of the Water Resources Council and adding new programs. As a result of those hearings the Senate bill 480 was reported, deleting some of the specific programs proposed by the administration.

I feel that the Council needs restructuring, rather than patchwork legislation, to function as the Congress intended.

In August, I introduced Senate bill 1639. The bill will give the States a stronger voice and role in the management and planning of the Nation's water resources programs.

The bill would:

First. Establish an independent water project review, for a period of 60 days, in lieu of the existing review by the Office of Management and Budget.

Second. Establish a grant program for water conservation technical assistance.

Third. Establish a State advisory committee with its chairman a full-time member of the Water Resources Council.

Fourth. And, most important, it would create an independent chairmanship.

I feel that such an independent chairman is essential for the Council to carry out its function in a manner free from agency pressures.

This bill and similar proposals are now under consideration by the Subcommittee on Water Resources.

The bill now before the Senate, S. 480, is essentially a 1-year authorization of the status quo with an increase in the existing water management grant program to the States from $3 million to $25 million annually.

I urge my colleagues to vote in favor of Senate bill 480 as reported by the Committee on Environment and Public Works.

Mr. President, with respect to the report on S. 480, the committee did not include a regulatory impact analysis. However, the committee does not believe that the enactment of S. 480 will result in any substantial increase in regulations. The committee does recognize that a new program has been created for which regulations must be written but believes these can be kept to a minimum by the Water Resources Council.

I now yield the floor so that my colleague on the minority (Mr. DOMENICI) may make his opening statement.

Mr. DOMENICI. I thank my friend from Alaska. I assure him and the Senate that I will be brief. I know of no serious controversies on this bill, so I do not think we will be here very long.

Mr. President, I wish to express my support for passage of S. 480 as this bill has been reported by the Committee on Environment and Public Works.

This bill recognizes the important role—and I stress this—of the States in managing the water resources of our Nation. In my judgment, that is a very wise policy. Too often, people in Washington have sought to remove the States from their established role managing the waters within the State boundaries.

Many State officials, including ones from New Mexico, have expressed concern that water management grants contained in title II of this bill could lead to even greater control over water resources from Washington, inhibiting State flexibility and water rights. The amendments that the committee adopted to S. 480 are intended to recognize and support the primary role of the States in managing their water resources.

I hope, for those who are concerned, that they will understand our intent. It is clear to us and clear in the report.

The program authorized by S. 480 is not intended to allow Washington to dictate or manipulate State water management efforts. Rather, the title II program is designed to provide assistance to the States to enable the States to do a more effective job.

Mr. President, Senators Moynihan, Durenberger, and I have sponsored legislation designed to establish a rational national water policy program. That bill—S. 1241—would build, in part, upon the programs established in S. 480. S. 1241, like S. 480, seeks to augment the State responsibility over the water resources development effort.

The title II program in S. 480 contains a formula grant that is similar to the one which is contained in S. 1241.

The report on S. 480 states:

> There is a need for an expanded water management effort by the States, including development of State priority lists, to assure the best use of Federal dollars in project evaluation and construction, as well as the management of water resources.

The analysis of priorities by the States is a keystone of S. 1241 and a system of priorities can only work effectively within a system of allocating funds among the States. Both are logical development out of this bill.

Finally, I note that S. 1241 restructures the Water Resources Council, giving it an independent chairman. I believe such a change is valid. We need to accomplish such a change as part of major omnibus water resources legislation later this year.

Mr. President, I urge that we pass this bill. I ask unanimous consent that a table, prepared by the Water Resources Council, showing how the management grants and the technical assistance grants, would be distributed among the States under various proposals, be printed at this point in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

STATE WATER MANAGEMENT PROGRAMS PROSPECTIVE STATE FUNDING

[All figures are merely approximates and should not be misconstrued with final figures]

State	Administration proposals			H.R. 2610			S. 480, MGT	H.R. 2071, total
	MGT	TA	Total	MGT	TA	Total		
Alabama	175, 719	194, 192	369, 911	175, 719	188, 328	364, 047	310, 482	374, 414
Alaska	187, 222	156, 312	343, 534	187, 222	174, 077	361, 299	1, 290, 100	373, 217
Arizona	186, 901	171, 264	358, 165	186, 901	190, 879	377, 780	386, 369	378, 875
Arkansas	170, 197	151, 349	321, 546	170, 197	163, 942	334, 139	274, 615	282, 759
California	268, 514	352, 286	620, 800	268, 514	316, 699	585, 213	1, 105, 782	947, 241
Colorado	187, 018	187, 817	374, 835	187, 018	196, 772	383, 790	386, 369	400, 290
Connecticut	159, 788	149, 945	309, 733	159, 788	142, 996	302, 784	204, 769	243, 702
Delaware	138, 060	118, 791	256, 851	138, 060	122, 167	260, 227	379, 384	142, 819
District of Columbia	134, 317	109, 256	243, 573	134, 317	148, 467	282, 784	309, 538	127, 920
Florida	211, 117	298, 914	510, 031	211, 117	253, 442	464, 559	477, 168	637, 580
Georgia	188, 728	190, 087	378, 815	188, 728	187, 995	376, 723	372, 399	402, 226
Hawaii	143, 426	124, 580	268, 006	143, 426	127, 035	270, 461	141, 907	162, 092
Idaho	174, 263	210, 005	384, 268	174, 263	203, 497	348, 526	288, 584	378, 811
Illinois	231, 265	299, 832	531, 097	231, 265	253, 657	484, 922	567, 968	691, 013
Indiana	183, 050	223, 360	406, 410	183, 050	199, 558	382, 608	337, 476	435, 026
Iowa	174, 898	152, 375	327, 273	174, 898	161, 703	336, 601	302, 553	298, 767
Kansas	186, 391	159, 752	346, 143	186, 391	173, 276	359, 667	337, 476	327, 256
Kentucky	176, 921	154, 953	331, 874	176, 921	160, 824	337, 745	288, 584	296, 554
Louisiana	179, 072	213, 884	392, 956	179, 020	198, 278	377, 298	308, 972	405, 315
Maine	150, 023	118, 960	268, 983	150, 023	135, 646	285, 669	197, 784	186, 536
Maryland	166, 874	189, 034	355, 908	166, 874	169, 200	336, 074	252, 906	330, 556
Massachusetts	181, 747	215, 287	397, 034	181, 747	185, 786	367, 533	295, 569	401, 055
Michigan	216, 607	288, 551	383, 721	216, 607	247, 060	463, 667	505, 107	634, 834
Minnesota	193, 840	167, 114	360, 954	193, 840	179, 942	373, 782	386, 369	373, 084
Mississippi	172, 758	136, 266	309, 024	172, 758	154, 412	327, 170	269, 141	258, 033
Missouri	190, 204	176, 732	366, 936	190, 204	182, 385	372, 589	386, 369	388, 270
Montana	191, 270	179, 355	370, 625	191, 270	204, 719	395, 989	407, 322	397, 343
Nebraska	171, 585	168, 561	340, 146	171, 585	176, 804	348, 389	295, 569	320, 771
Nevada	176, 276	127, 636	303, 912	176, 276	160, 628	336, 904	337, 476	274, 829
New Hampshire	143, 836	115, 197	259, 033	143, 836	124, 396	268, 232	111, 138	150, 223
New Jersey	190, 400	219, 155	409, 555	190, 400	187, 741	378, 141	344, 461	436, 664
New Mexico	180, 802	131, 947	312, 749	180, 802	170, 656	351, 485	273, 399	304, 293
New York	240, 091	352, 286	592, 377	240, 091	283, 096	523, 187	770, 522	828, 946
North Carolina	192, 169	195, 891	388, 060	192, 169	190, 155	382, 324	379, 384	413, 799
North Dakota	164, 567	112, 344	276, 911	164, 567	140, 611	305, 178	260, 646	208, 317
Ohio	228, 020	311, 648	539, 668	228, 020	257, 342	485, 362	519, 076	682, 634
Oklahoma	178, 300	144, 331	322, 631	178, 300	162, 280	340, 580	323, 507	399, 331
Oregon	181, 300	166, 810	348, 110	181, 300	182, 424	363, 724	365, 415	355, 213
Pennsylvania	225, 068	335, 288	580, 356	225, 068	262, 215	487, 283	567, 968	744, 946
Puerto Rico	159, 191	153, 172	312, 363	159, 191	150, 180	309, 371	211, 175	250, 231
Rhode Island	140, 826	113, 058	253, 884	140, 826	120, 105	260, 931	127, 938	139, 842
South Carolina	170, 392	165, 762	336, 154	170, 392	164, 411	334, 803	253, 366	292, 037
South Dakota	165, 877	110, 785	276, 662	165, 877	143, 758	309, 635	267, 630	213, 507
Tennessee	177, 557	191, 966	369, 523	177, 557	183, 861	361, 418	323, 507	372, 455
Texas	288, 589	339, 587	628, 176	288, 589	323, 377	611, 966	1, 021, 967	1, 032, 478
Utah	173, 471	138, 127	311, 598	173, 471	160, 655	334, 126	303, 553	275, 784
Vermont	140, 083	107, 231	247, 314	140, 083	120, 760	260, 843	134, 923	131, 049
Virginia	189, 804	200, 509	390, 313	189, 804	187, 008	376, 812	337, 476	400, 379
Washington	182, 434	182, 594	365, 028	182, 434	182, 962	365, 396	351, 446	373, 423
West Virginia	157, 080	157, 017	314, 097	157, 080	155, 761	312, 841	204, 769	251, 204
Wisconsin	184, 086	169, 765	353, 851	184, 086	173, 667	357, 753	343, 328	359, 826
Wyoming	168, 223	147, 061	315, 284	168, 223	168, 760	336, 983	302, 553	786, 924
Virgin Islands	130, 417	108, 197	238, 614	130, 417	117, 327	247, 740	100, 000	114, 867
Guam	130, 915	102, 222	233, 137	130, 915	114, 336	245, 251	100, 000	105, 540
Northern Mariana Islands	130, 348	101, 371	231, 719	130, 348	113, 769	244, 117	100, 000	102, 698
American Samoa	116, 000	100, 000	216, 000	116, 000	116, 000	232, 000		
Total	10, 000, 000	10, 000, 000	20, 000, 000	10, 000, 000	10, 000, 000	20, 000, 000	20, 000, 000	20, 000, 000

Mr. RANDOLPH. Mr. President, will my able colleague yield?

Mr. DOMENICI. I am pleased to yield to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, this is a matter that the majority leader (Mr. Robert C. Byrd) and I are interested in, not because it is a project just within West Virginia. As we consider S. 480 today, we wish to inquire of the able manager and, of course, the comanager. I ask Senator Gravel and Senator Domenici if there is a possibility for action soon on S. 703, which contains the Tug Fork project that, very frankly, Senator Byrd and I have discussed with the managers of the bill. It has passed the Senate on three previous occasions.

We are trying to determine, not in reference to S. 480 but S. 703, what the situation is; therefore, I ask Senator GRAVEL and Senator DOMENICI.

Mr. GRAVEL. Let me say this to the distinguished chairman. I know of no two Senators who have been more doggedly pursuing a project, one with great merit to the State of West Virginia, than Senator RANDOLPH and Senator ROBERT C. BYRD. I venture to say that most of my conversations with them are on the subject. We cannot engage in anything social that that does not come up at some point, either from the senior Senator from West Virginia or the majority leader. I want them to know that there is no person in this body who is more sensitized to, one, the need for that project and, two, the speed with which the majority leader and the chairman of the full committee want to see that project completed.

Let me say this: I pledge myself to their goals. It was in a spirit of accommodation and cooperation that I agreed to permit one additional day of hearings that was requested by Senator DOMENICI and Senator MOYNIHAN, who have personal concerns about a piece of legislation that they feel strongly about and they, tactically, would like to see that legislation as part of the omnibus bill. I think they are entitled to have a shot at that.

That hearing day has been scheduled and I can assure the chairman of the full committee and the majority leader—and I hope I have the cooperation of the ranking minority member in this regard, and he can speak for himself—that as soon as that hearing day is over, we shall immediately schedule a markup of the bill. I hope that the full committee will work assiduously to meld together this omnibus package which I think can be done in a matter of days. If we can keep our quorum, we can march through this. A lot of the projects we are familiar with and I think we can do it with some alacrity, so I hope we can come to the floor here with an omnibus bill within 2 weeks.

I have heard the rumor that there is going to be no bill this year. I think that rumor is without foundation. We have done our homework in the Senate; the House has done its homework. So there is no reason we cannot move forward on that.

I want to pledge myself to full cooperation in this goal and what it will mean to the project that the two Senators from West Virginia are very interested in.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. GRAVEL. I am happy to yield.

Mr. ROBERT C. BYRD. I want to associate myself with the remarks that have been made by my distinguished senior colleague and to say that I am reassured by the statement which has been made by the manager of the bill and by private conversations that my senior colleague and I have had with the distinguished Senator from New Mexico (Mr. DOMENICI) and the distinguished Senator from Alaska (Mr. GRAVEL). I think I understand that the omnibus bill, with the project that Senator RANDOLPH and I have been interested in, has passed the Senate now twice or three times. The project will be included in that bill.

Mr. GRAVEL. There will be no person who will be more surprised than I if it is not.

I yield to my colleague from New Mexico.

Mr. DOMENICI. First, let me say to the distinguished leader of the entire Senate that he has my assurance that I am not going to attempt to delay the omnibus water bill. The Senator must know of my great affinity for his distinguished colleague, who is the chairman of the Committee on Environment and Public Works. I have been on that committee since I have been in the Senate. I thoroughly have enjoyed the work.

I might say that he is eminently fair and nonpartisan, as the distinguished majority leader is, and I say that in all honesty. So I intend to do what I can to expedite this.

We all know that both Senators from West Virginia are genuinely interested in this Tug Fork project. I think I am right that it has technically passed the Senate three times—twice during the water user fiasco; then another time, when it did not, it died by not being considered in the House.

That is not terribly relevant, other than to say the two Senators from West Virginia have been doing their work; they have been trying to get something that they think is very important. But water projects have had an enormous problem outside of our particular desires, as we all know.

It is my understanding that on October 12, there will be some hearings that our good chairman has agreed will be held on matters that might be part of the omnibus bill. I am prepared, and I understand the week of October 15, we shall have subcommittee markup.

Is that correct?

Mr. GRAVEL. I wonder if I could get a clarification on this. I should like to recommend to the chairman of the full committee, and, since we have him here, the ranking member of the subcommittee that I, as committee chairman, would be prepared to waive actions by the subcommittee and go right to the full committee and, thereby, buy us about a week's time, which I think will be very important. I should like to have an expression from the chairman of the full committee if he thinks my suggestion would be acceptable to him and an expression from my colleague from New Mexico on that.

Mr. RANDOLPH. I think that is a very generous suggestion. I want to say that always, we have tried to protect all members of the committee in the regular study and action within the subcommittee and then the full committee. I believe that, in this instance, I would endorse what the Senator has said. With the understanding, frankly, I would talk with the other members of the committee, if it is agreeable, and find they have objection. I do not believe they would have an objection.

The recommendation of the Senator from Alaska certainly would be agreed to by me and it would expedite the action that he has indicated and that the able Senator from New Mexico has indicated, by the prompt attention, not only to what is authorized in section 118, the subject matter that we are interested in, but other matters that will be coming before the subcommittee and the committee.

I know that Senator BYRD and I are very appreciative of what both the majority and minority members have done in bringing this bill for a vote in the Senate today, and their indication in reference to the disposition soon of Senate 703.

We thank them both very much.

Mr. DOMENICI. May I say, Mr. President, I am speaking to my distinguished chairman. I do not think I would like to agree now on the subcommittee-committee because, by having the subcommittee meet, we might expedite it, because it might be easier to get quorums and get the bill completed and then, in a recommendation, we may be able to muster the full committee for just ratification.

It actually might be more expeditious to leave that open and let us see how that works.

Mr. RANDOLPH. That is certainly agreeable with me.

I know Senator GRAVEL only made that suggestion in the spirit of expediting and not in bypassing the subcommittee.

I am very grateful for his remarks in reference to the fact that it might be a better procedure and even a speedier one to go through the subcommittee than to the full committee itself.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. DOMENICI. I am pleased to yield to the Senator.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from New Mexico for his assurance that the legislation will be expedited. I say that there is a danger that we get down too far into the session, we are going to get into a glut of bills.

We have six appropriations bills out that have to pass the Senate. We have at least half-a-dozen authorization bills that have to pass the Senate. There are numerous conference reports that have to be adopted. We have the energy legislation, which will include the excess profits tax, and I am talking in terms now of at least three different bills.

Then there is the SALT treaty at some point on down toward Thanksgiving. There is the debt limit bill. There are other measures which do not come to mind readily. But I do not want this bill to get caught in a logjam down the way.

Fully understanding the problems the subcommittee and the committee have, I am simply saying that I hope the matter can be expedited as quickly as possible so we will avoid this glut of legislation down the road which might be harmful to this particular bill.

Mr. GRAVEL. Mr. President, I understand the leader's statement and I quite concur.

Mr. President, Senator DURENBERGER

has an amendment. I ask unanimous consent to be a cosponsor of that amendment and ask the Chair to recognize him so he can call it up.

The PRESIDING OFFICER. Without objection, it is so ordered.

Does the Senator from Alaska ask that the committee amendments be agreed to en bloc?

Mr. GRAVEL. Yes; I so move.

The PRESIDING OFFICER. That the bill as thus amended be considered as original text?

Mr. GRAVEL. I so move.

The PRESIDING OFFICER. For the purposes of amendment?

Mr. GRAVEL. I so move.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask unanimous consent that a statement by the Senator from Vermont (Mr. Stafford), together with a letter in support of S. 480, be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Stafford

I wish to express my support for passage of S. 480, and I urge the adoption of the sound amendment that I understand the Senator from Minnesota (Mr. Durenberger) will offer during the debate.

The programs in the bill should enhance the ability of each of the States to meet various water problems that confront those States and our Nation.

U.S. Water Resources Council,
Washington, D.C., May 4, 1979.

Hon. Robert T. Stafford,
U.S. Senate,
Washington, D.C.

Dear Senator Stafford: On Tuesday, May 8, the Senate Committee on Environment and Public Works will mark up S. 480 and S. 833, a set of amendments to the Water Resources Planning Act. These bills, in addition to extending the authorization of the Water Resources Council and the river basin commissions, provide funding authority for the WRC independent review function.

We understand that an attempt may be made on Tuesday to delete funding authority for the independent review function from S. 480. Because the WRC review of proposed Federal water projects is a major component of the President's water policy reform, I would like to take this opportunity to outline the importance of this issue to you.

By Executive Order 12113, dated January 4, 1979, the President directed the Water Resources Council to conduct an impartial technical review of proposed Federal and federally-assisted water projects. The major purpose of the review is to insure compliance of the Corps of Engineers, Soil Conservation Service and the Bureau of Reclamation with the Principles and Standards, environmental statutes, Fish and Wildlife Coordination Act, and other applicable laws and regulations.

I would like to emphasize several points concerning the review:

(1) The WRC review will replace the existing technical review now done by OMB of water resource projects. OMB has agreed to accept the findings of the WRC review. Therefore, the WRC review will not be another "overlapping layer of bureaucratic review."

(2) The WRC review will actually speed up water project implementation since the review will be accomplished in 60 days in most cases (absolute maximum of 90 days). This is in contrast to the indefinite duration of the existing OMB review.

(3) The process itself will be a technically-oriented review under stated standards, carried out in a thoroughly open process, and with the results published and available to all. In our view, there is no better guarantee of objectivity than public access and accountability. This open process at WRC will replace the existing review at OMB. Because it is not a policy review nor one which sets priorities, it will be carried out by the professional staff at the Council.

(4) The findings will be advisory rather than binding, but will provide much needed public documentation of project costs and benefits. Because the review will not be binding, WRC will not have veto power over agency projects.

(5) Some concern has been expressed that the review process will not be truly independent since the Council is chaired by the Secretary of the Interior. The review will be carried out by the professional staff at the WRC and will only be transmitted by the Council Chairman to the appropriate departments. Furthermore, the process will be an open and accountable technical review. It will not be concerned with policy nor will it set priorities. For these reasons, I believe the process will maintain adequate objectivity and will prevent undue influence by the Chairman. The President in assigning this responsibility to the Council was satisfied with the independence of the process.

I would appreciate any support and assistance you may be prepared to offer concerning this matter.

Sincerely,

Guy R. Martin,
Alternate to the Chairman.●

Mr. DOMENICI. Mr. President, I have to be in the Judiciary Committee to introduce a judicial appointee. Senator Stevens has agreed, although he is not a member of the committee, to conduct it for the minority.

Is that satisfactory to the chairman?

Mr. GRAVEL. That is more than satisfactory. I look forward to working with the distinguished senior Senator from Alaska on this very important legislation.

AMENDMENT NO. 369, AS MODIFIED

(Purpose: To authorize funds for water conservation technical assistance problems)

Mr. DURENBERGER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. Durenberger), for himself and Mr. Gravel, proposes an amendment numbered 369, as modified.

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, strike out lines 21 through 23 and insert in lieu thereof the following: "a program of financial and program assistance to the States is established for the development, implementation, and modification of State water management programs and for the establishment and implementation of water conservation technical assistance programs.".

On page 4, line 24, insert "(1)" after "(b)".

On page 5, between lines 3 and 4, insert the following:

"(2) There are authorized to be appropriated to the Water Resources Council $10,000,000 for each of the fiscal year 1980 which shall be available to assist States in the establishment and implementation of water conservation technical assistance programs.".

On page 6, between lines 2 and 3, insert the following:

"(b) From the sums available pursuant to section 301(b) (except as provided in section 303(f) for any fiscal year for water conservation technical assistance, the Council, in accordance with its guidelines promulgated pursuant to section 301(e), shall allocate annually an equal amount to each State with the remaining amount allocated on the basis of population and land area.".

On page 6, line 3, strike out "(b)" and insert in lieu thereof "(c)".

On page 6, line 8, strike out "(c)" and insert in lieu thereof "(d)".

On page 6, between lines 12 and 13, insert the following:

"(e) From each State's allocation for water conservation technical assistance programs under this section, the Council shall provide to the State an amount which is not more than 50 per centum of the cost of carrying out its State water conservation technical assistance program approved under section 303(b).".

On page 6, line 13, strike out "(d)" and insert in lieu thereof "(f)".

On page 6, line 18, strike out "303(e)" and insert in lieu thereof "303(f)".

On page 7, line 14, after "planning" insert "and water conservation planning".

On page 8, line 4, after "program" insert "or water conservation technical assistance program".

On page 9, between lines 16 and 17, insert the following:

"(b) The Council shall approve any program for water conservation technical assistance submitted by a Governor if the program is submitted with, and is an integral part of a water management program approved under subsection (a), and which at a minimum shall provide—

"(1) information, data, or expertise to the public and private sector to evaluate or establish projects or programs related to the conservation of water resources;

"(2) for coordination of the State programs with local units of government and federally recognized Indian tribes in terms of the availability of such technical assistance;

"(3) for coordination of the State programs with related technical assistance programs of Federal agencies and other State and local agencies; and

"(4) for participation of the public in the development, modification, and implementation of the water conservation technical assistance program.".

On page 9, line 17, strike out "(b)" and insert in lieu thereof "(c)".

On page 10, line 3, strike out "program" and insert in lieu thereof "and conservation technical assistance programs".

On page 10, line 18, strike out "(c)" and insert in lieu thereof "(d)".

On page 10, line 18, after "management" insert "and conservation technical assistance".

On page 10, line 21, strike out "(d)" and insert in lieu thereof "(e)".

On page 11, line 9, strike out "(e)" and insert in lieu thereof "(f)".

On page 13, between lines 2 and 3, insert the following:

"(d) 'Water conservation technical assistance' means providing information, data, or expertise to evaluate or establish projects or programs designed to (1) reduce the demand for water, (2) improve efficiency in use and reduce losses and waste of water, or (3) improve land management practices to conserve water. These activities may include but not be limited to public education, information dissemination, feasibility studies, water system analyses, onsite consultation, and establishing and implementing water exchanges.

> For purposes of this Act, water impoundment shall be included within the meaning of water conservation, but no funds authorized for water conservation technical assistance may be used for the designing or development of water impoundments.".

Mr. DURENBERGER. Mr. President, I ask unanimous consent that the Senator from Alaska (Mr. STEVENS), the Senator from Wisconsin (Mr. NELSON), in addition to Senators DOMENICI and GRAVEL, be added as cosponsors of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURENBERGER. Mr. President, during the past several days we have been struggling with the budget for fiscal year 1980. To say that it has not been an easy chore is a great understatement. While we continue our work on this difficult task all of us bear in mind the message we heard in our State during August: Control Federal spending.

That is a message we are bound to heed. But, we would be remiss if we failed to pay attention to the other statements we have heard from the citizens during the past several months. In Minnesota, my constituents have given me a twofold directive: Spend our tax dollars more wisely and resolve our energy problems.

I am offering an amendment to S. 480 that achieves both of these goals and, in addition, sets our country on the path to a workable and necessary program of water conservation. This amendment builds on the outstanding work done by my distinguished colleagues, Senator GRAVEL and Senator DOMENICI, on S. 480. Their leadership and foresight have provided the Nation with a necessary framework for long-range water resource management. They deserve our gratitude and compliments for this accomplishment.

My amendment to S. 480 would provide a $10 million authorization for fiscal year 1980 for a grant program to States on a 50–50 match basis for a water conservation technical assistance program. The authorizing amendment is supported by the administration, the National Governor's Association, the National Conference of State Legislatures, the National Association of Counties, the League of Cities, the Environmental Policy Center, and the Coalition for Water Project Review.

Both the House and the Senate have passed appropriations for the $10 million level of funding for water conservation technical assistance in H.R. 4388, pending our authorizing action. Support for this amendment could get the program underway as soon as this fall.

I am from the land of 10.000 lakes—a State that is water rich. However, my State's abundance of water makes my concern for water conservation more imperative. The need for water conservation is well known in Minnesota. In 1975, for example, a shortage of water in my State caused untold personal suffering and severely damaged the economy of many communities. Water is a precious commodity in Minnesota and shortages are the rule, rather than the exception, in parts of this water-rich State.

My commitment to this program of conservation stems from the demonstrated results of water conservation:

First, it saves energy; and

Second, it results in huge economic savings in capital investment programs for waste treatment and water supply facilities.

A look at the upcoming facility expenditures for municipalities in the next few years is staggering. We have shifted from a rural to a predominantly urban society. By the end of this century, a doubling of the amount of urbanized land has been projected. The growth impact of such an increase on present and planned urban water resource facilities is difficult to comprehend. We have some idea, however. The national replacement value of public water systems alone is estimated to be about $50 billion. The total direct and indirect costs to the public for urban water resource facilities are expected to be on the order of $15 billion per year over the next several years, most of which will be borne at the local levels of Government. Water and waste water services alone now account for about one-tenth of local Government expenditures.

Water conservation must become an integral component of planning to minimize the size of the treatment facilities. In October, Federal requirements became effective that mandate:

Appropriate community water conservation measures as a condition of the water supply and waste water treatment grant and loan programs of EPA, the Department of Agriculture and the Department of Commerce; and

Development of water conservation programs as a condition for contracts for storage or delivery of municipal and industrial supplies from Federal projects.

Elmhurst, Ill., is a recent example of the way a local community can respond to limits and utilize water conservation techniques to solve problems and save money. In a talk entitled, "How Elmhurst, Ill., cut water use, increased sewage capacity and saved itself $400,000 in the bargain," Neil Fulton, development director for the city, explained the situation that confronted Elmhurst and portends the future for so many of our cities.

Elmhurst deep wells had a pumpage rate which exceeded well recharge since 1957. At that rate of water consumption, by 1985, their deep well water supply would be seriously inadequate. A plan to draw water from Lake Michigan was required by court order to have a water conservation component as a condition of a limited allocation permit.

The other side of the picture was that the Elmhurst sewage treatment plant was at capacity. This was after a recent expansion of the hydraulic capacity of the plant which cost about $2 million.

The result, the water conservation program, not only reduced water consumption, but also reduced flows to the treatment plant hydraulic system. In addition, an estimated $400,000 for the construction of a new deep well, planned for additional short-range supply and peaking capacity, was not needed.

Elmhurst is an example of what is possible—probable with real support for initiating and supporting water conservation efforts.

The energy saving side of this amendment is equally important. Dr. Melne of the University of California has estimated:

> The fastest growing cost item in the national water budget is the energy needed to pump water from one place to another. In fact, some experts believe that within 10 years, energy shortages will force the institution of strict water conservation programs in many parts of the Nation.

This $10 million Federal investment in a thoughtful water conservation program can reap huge dividends for the country. Heating of water is the second largest energy use in the home, according to the Department of Energy. The equivalent of 1.1 million barrels of oil per day is used for residential water heating.

The potential savings are immense. The Environmental Protection Agency estimates a savings in household water use of 19 percent in existing homes when water-saving devices are installed. In new homes, the savings could be as much as 35 percent.

Residential and commercial water heating together account for about 4 percent of America's total energy consumption. It is estimated that the installation of a flow restrictor alone on every shower in commercial and residential use would save 100,000 barrels of gas/oil equivalent per day.

I could go on, but these examples serve to illustrate some of the reasons for proposing the amendment.

The local units of government and the States have demonstrated unusual leadership and foresight in the area of water conservation planning. The grants program would provide a Federal/State financial partnership to extend nationally the efforts which result in wise economic management and facilitate the development of water conservation programs by State and local communities.

Economically prudent, imperative from an energy supply standpoint, implicit to wise planning for the future, this amendment merits immediate adoption.

Mr. DOMENICI. Mr. President, I wish to express briefly my support for the amendment that is being offered by the Senator from Minnesota (Mr. DURENBERGER). This amendment would authorize technical assistance grants to the states to enable those States to undertake programs relating to water conservation.

This is a sound proposal. I commend the Senator from Minnesota (Mr. DURENBERGER) for this initiative.

I am also pleased that this amendment recognizes that the definition of conservation must include the storage of water. This amendment, as I understand it, would, however, not authorize the States to use this money for design work on such water impoundments. That is sound.

Mr. President, I note also that the appropriations bill, already passed by the Congress, includes $10 million for this water conservation assistance effort.

Therefore, the sum of $10 million is a logical one for the Senate to include in this bill.

I support passage of the amendment.

Mr. GRAVEL. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. Do the Senators first yield back their time?

Mr. GRAVEL. I yield back all my time.

The PRESIDING OFFICER. Does the Senator from Minnesota yield back his time on the amendment?

Mr. DURENBERGER. I do.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment No. 369, as modified was agreed to.

UP AMENDMENT NO. 567

Mr. GRAVEL. Mr. President, I send to the desk a technical amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL) proposes an unprinted amendment numbered 567:

On page 3 of S. 480 after line 21:

Section 105. Appropriations authorized by this Act shall remain available until expended.

Mr. GRAVEL. Mr. President, I know of no objection to the amendment. It has been cleared with both majority and minority. I move its adoption.

The PRESIDING OFFICER. Is all time yielded back?

Mr. GRAVEL. I yield back all my time.

Mr. STEVENS. I yield back all my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment (UP No. 567) was agreed to.

Mr. GRAVEL. Mr. President, I have no knowledge of any further amendments. I am prepared to have the bill moved to third reading.

Mr. STEVENS. Mr. President, I yield myself such time as I might use on the bill.

Mr. President, we have before us a water resources bill that will, if passed, extend the provisions of the Water Resources Planning Act of 1965. This bill would also authorize grants to individual States to assist them in the implementation of water management programs. It recognizes the need for the development of priority lists on a local level to assure the best use of Federal dollars. I favor passage of this legislation as it will make an attempt to alleviate the bureaucratic snafu in existence now.

For example, Mr. President, I wish to cite a project of deep concern to me and to the residents of Kodiak, Alaska, who are experiencing tremendous pressures and heavy financial losses, because of the lack of sufficient harbor facilities on Kodiak.

With the introduction of the 200-mile international fishing limit, new opportunities and challenges present themselves to this country. Domestic fishermen now have priority in harvesting and processing bottom fish from some of the richest fishing grounds in the world. Alaskan waters can provide 7 percent of the present world demand for bottom fish, which at today's prices represents a possible revenue of $1.7 billion annually.

For some time now the community of Kodiak has been fighting a losing battle. Current harbor facilities are such that over 700 vessels are routinely left without mooring spaces of any kind. I find this inexcusable. It is not fair for Congress in the Fishery Conservation and Management Act to urge the fishing industry to expand and displace foreign fishermen off this Nation's shores without providing the domestic fishing industry with safe and adequate harbors for their vessels.

In recent legislation reported by the Committee on Environment and Public Works, I contemplated the attachment of an amendment which would have expedited the authorization process for the Kodiak Harbor project. The minority floor manager for that bill, Senator CHAFEE, who comes from a fisheries-oriented State, Rhode Island, and understands the seriousness of such problems, graciously agreed to accept my amendment. Out of deference to the committee, however, I withdrew my amendment. It again occured to me to introduce such an amendment to the bill before us now. However, I have not—again, out of deference to the committee.

I instead request the committee and the chairman of the Water Resources Subcommittee in particular, Senator GRAVEL, to do everything possible, as quickly as possible, to authorize the Kodiak Harbor project. I point out that this harbor is extensively used not only by Alaskan vessels, but also those of the State of Washington, as well, and I know this is of great concern to Senators MAGNUSON and JACKSON.

To further illustrate the need for action on this particular legislation, I ask unanimous consent that the September 5, 1979, letter I received from the Mayor of Kodiak, together with the preamble to a petition containing 1,150 signatures of Kodiak citizens, be printed at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEPTEMBER 5, 1979.

Hon. TED STEVENS,
U.S. Senate,
Russell Building,
Washington, D.C.

DEAR SENATOR STEVENS: Never before has a community been so much in agreement as Kodiak is with development of Dog Bay. To demonstrate this point, we have attached petitions which include the signatures of nearly 1,150 Kodiak citizens (a large effort for Kodiak).

Additionally, the City Council has authorized a sales tax increase to generate the necessary local revenue for utilities for this project. This tax increase has received broad community support because the revenue was partially dedicated to harbor development.

We feel that the raising of local revenues meets the intent of Congressional and Presidential guidelines that local communities share in the cost of federally funded projects. Our share, of course, will be a major commitment to bringing those utilities and harbormaster services to the development of Dog Bay once the Army Corps of Engineers begins work.

The Port of Kodiak, Alaska, is one of the top three United States fishing ports with year round fishing activity. In 1978, 1,628 vessels were registered with the Harbormaster's office. The existing harbor facilities are used far beyond their capacity. There are 225 permanent stalls. With hundreds of transient vessels traveling our waters, boats are moored seven deep at the transient floats. There is no alternative to having the individuals with exclusive moorage rights share stalls with the other transient vessels searching for safe moorage. Yet safe moorage under these circumstances is unobtainable with the hazard of a fire spreading rapidly from one boat to another and damage caused by boats forced against one another during severe winter storms.

Dock space in the port is at a premium. Vessel operators must wait on a first come, first serve basis by signing up on a list. Considering all the variables, such as dramatic changes in weather and unpredictable fishing openings and closures, it is difficult if not impossible to accommodate our fishermen. Docks are necessary for gear loading and unloading gear and are a great aid to emergency repairs when no gridiron space is available. With the scarcity of high tides in our area, our two gridirons cannot service a fraction of the demand.

At any given time one hundred million dollars ($100,000,000.00) worth of vessels are moored in the Kodiak Habor. New construction continues to produce large crab boats in the ninety to one hundred thirty foot class and salmon boats ranging from forty-two to fifty-eight feet in length. We have daily evidence of a growing Kodiak fleet and have yet to feel the impact of the bottom fishing industry.

In conclusion, we know that your office has been diligently working to achieve the Dog Bay Boat Harbor project. The City Council and I wish to commend you for your efforts and to encourage you on toward the realization of a project that has been needed for several years. With the attached signatures as evidence, I think it is safe to say that the whole community of Kodiak is behind you and looks forward to this project being funded, and construction getting started through your efforts in this legislative session.

Most sincerely,

GARY STEVENS,
Mayor.

PETITION

The Dog Bay Harbor Project was first initiated in 1961 to accomodate the expanding Kodiak fleet. Now, eighteen years later, 1979 is the critical year for the funding of this Project. This is anticipated to occur sometime within the near future.

One needs only to compare the size of the fleet to the existing Harbor facilities to realize that Dog Bay Harbor is urgently required. It may be well to note that at any one given time there are over one hundred million dollars worth of vessels moored in the Harbor.

We, the undersigned, fully support the proposed Dog Bay Project for expansion of the Kodiak Small Boat Harbor facilities. We urge our State and Federal representatives to make every available effort to obtain funding for this Project as soon as possible.

Mr. GRAVEL. Mr. President, in response to my colleague, I point out, first, that it would not be germane on this bill. Second, this bill has no effect on the Kodiak situation. Third, the committee and the Senate already have passed the Kodiak Harbor authorization two or three times. So certainly the Senate has not been derelict in its vigilance in trying to solve the problem that has been described by the senior Senator from Alaska. It is very acute and very serious.

I yield back the remainder of my time, and I ask for a third reading.

Mr. STEVENS. I yield back the remainder of my time.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 480

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Water Resources Planning Act of 1979".

TITLE I

Sec. 101. Section 401(a) of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by deleting the words: "the sum of $2,886,000 for fiscal year 1979" and inserting in lieu thereof: "the sum of $3,119,000 for fiscal year 1980.".

((b) Sec. 102. Section 401(b) of the Water Resources Planning Act (79 Stat. 244, as amended) is amended by deleting the words: "the sum of $2,668,000 for fiscal year 1979" and inserting in lieu thereof: "the sum of $2,788,000 for fiscal year 1980: *Provided,* That no funds appropriated pursuant to this subsection may be expended for those functions established by Executive Order 12113 dated January 4, 1979.".

Sec. 103. Section 401(c) of the Water Resources Planning Act (79 Stat. 244, as amended) is amended by deleting the words: "The sum of $3,179,900 for fiscal year 1979 for preparation of assessments, and for directing and coordinating the preparation of such river basin plans as the Council determines are necessary and desirable in carrying out the policy of this Act: *Provided,* That $828,900 shall be available under this subsection for preparation of the Columbia River Estuary Special Study: *Provided further,* That $308,000 shall be available under this subsection for preparation of the New England Port and Harbor Study and $135,000 shall be available for completion of the Hudson River Basin Level B Study: *Provided further,* That $150,000 shall be available under this subsection for completion of Case Studies of the Application of Cost Sharing Policy Options for Floodplain Management in the Connecticut River Basin; *Provided further,* That not more than $2,500,000 shall be available under this subsection for the preparation of assessments." and inserting in lieu thereof: 'The sum of $2,815,000 for fiscal year 1980 for preparation of assessments, and for directing and coordinating the preparation of such regional or river basin plans as the Council determines are necessary and desirable in carrying out the policy of this Act.".

Sec. 104. Appropriations authorized by this Act for salary, pay, retirement, or other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases authorized by law.

Sec. 105. Appropriations authorized by this Act shall remain available until expended.

TITLE II

Sec. 201. Section 301 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 301 to read as follows:

"Sec. 301. (a) In order to assist the States in the management and development of their water and related land resources (herein called water management) and because of a national need for—

"(1) development and implementation of State water management programs;

"(2) emphasis on water conservation implemented by the States;

"(3) improved coordination of water quantity and quality planning and management by the States;

"(4) integration of ground and surface water planning and management by the States;

"(5) protection and management of ground water supplies by the States;

"(6) protection and management of instream values by the States; and

"(7) enhanced cooperation and coordination between Federal, State, and local units of government,

a program of financial and program assistance to the States is established for the development, implementation, and modification of State water management programs and for the establishment and implementation of water conservation technical assistance programs.

"(b)(1) There are hereby authorized to be appropriated to the Water Resources Council $25,000,000 for each of the fiscal years 1980, 1981, and 1982 which shall be available to assist States in the development, implementation, and modification of water management programs.

"(2) There are authorized to be appropriated to the Water Resources Council $10,000,000 for fiscal year 1980, which shall be available to assist States in the establishment and implementation of water conservation technical assistance programs.

"(c) The Council shall, after consultation with the States, prescribe guidelines by rule, consistent with the purposes established in subsection (a) and not later than one hundred and twenty days after enactment of this section, to carry out its functions and responsibilities under this section. These guidelines shall assure (1) coordination of the program authorized by this title with related Federal programs, and (2) appropriate utilization of other Federal agencies administering programs which may contribute to achieving the purposes of this title. The Council may also establish, after consultation with the States, other procedures, arrangements, and provisions as may be necessary for the performance of its functions under this Act.".

Sec. 202. Section 302 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 302 to read as follows:

"Sec. 302. (a) From the sums available pursuant to section 301(b) (except as provided in section 303(f)) for any fiscal year for water management programs, the Council, in accordance with its guidelines promulgated pursuant to section 301(c), shall allocate annually an equal amount to each State, with the remaining amount allocated on the basis of population, and land area.

"(b) From the sums available pursuant to section 301(b) (except as provided in section 303(f)) for any fiscal year for water conservation technical assistance, the Council, in accordance with its guidelines promulgated pursuant to section 301(c), shall allocate annually an equal amount to each State with the remaining amount allocated on the basis of population and land area.

"(c) For the purposes of this section, the population of the State shall be determined on the basis of the latest estimates available from the Department of Commerce and the land area of the State shall be determined on the basis of the official records of the United States Geological Survey.

"(d) From each State's allocation for water management programs under this section, the Council shall provide to the State an amount which is not more than 50 per centum of the cost of carrying out its State water management program approved under section 303(a).

"(e) From each State's allocation for water conservation technical assistance programs under this section, the Council shall provide to the State an amount which is not more than 50 per centum of the cost of carrying out its State water conservation technical assistance program approved under section 303(b).

"(f) Notwithstanding the provisions of sections 301 and 303 and the other provisions of this section, the Council shall annually reserve for the benefit of federally recognized Indian tribes 1.5 per centum of the sums available for financial assistance pursuant to subsection 301(b) (except as provided in section 303(f)). The Council shall, by rule, prescribe guidelines for the allocation and use of this reserved portion to carry out the provisions of this subsection. The Council may, after affording reasonable opportunity for comment by the Governor of a State, provide financial assistance to an Indian tribe in that State of no more than 50 per centum of the costs of approved programs under this section, if it finds that—

"(1) such Indian tribe has demonstrated that an unmet need for Federal financial assistance for such uses are deemed consistent with the purposes of section 301 and the guidelines promulgated thereunder;

"(2) assistance provided under this subsection will not be used to duplicate or substitute for any assistance provided for any water management provided by another Federal agency, a State, or a unit of local government for use or benefit of and with the consent of the Indian tribe; however, funds made available hereunder may be used to supplement or augment existing programs;

"(3) coordination with the water management planning and water conservation planning of the State or States in which such tribes or Native corporations are located; and

"(4) such Indian tribe is capable of performing all pertinent requirements of sections 302 and 303, including the matching requirements under this subsection. The Council shall ensure that any program submitted by an Indian tribe for direct Federal financial assistance under this subsection shall meet all pertinent requirements of sections 303 (a), (c), and (d), suitably modified in guidelines to address tribal entities as opposed to State entities, including participation of the affected Indian tribal members and consultation with the Governor(s) of the State(s) in which the tribe is located, or designees, in the development, modification, or implementation of any water management program or water conservation technical assistance program prepared by or for such Indian tribe.

Assistance received by tribes from any Federal agencies, other than the Bureau of Indian Affairs' assistance for water management, consistent with Public Law 93-638, section 104 (25 U.S.C. 450h), cannot be used to meet the matching fund requirement of this section. Funds reserved under this subsection which are not obligated by the end of any fiscal year shall be reallocated for the following fiscal year in accordance with provisions of subsection 301 (a) and (b) of this section.".

Sec. 203. Section 303 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 303 to read as follows:

"Sec. 303. (a) The Council shall approve any program for water management submitted by a Governor which at a minimum provides for—

"(1) the development and implementation of a water management program in the State to address identified goals and objectives of the State water policy, to include the consideration of improved coordination of planning and management of water quantity and water quality as well as the integration of planning and management of ground water supplies, and the protection and management of instream values, taking into account prospective demands for all purposes served through or affected by such activities;

"(2) coordination with all Federal, State, and local agencies, federally recognized Indian tribes and nongovernmental entities involved in water related management programs;

"(3) the development after public hearings, of a priority list for all water resources problems, problem locations, and projects in such State; and

"(4) participation of the public in the development, modification, and implementation of the water management program.

"(b) The Council shall approve any program for water conservation technical assistance submitted by a Governor if the program is submitted with, and is an integral part of a water management program approved under subsection (a), and which at a minimum shall provide—

"(1) information, data, or expertise to the public and private sector to evaluate or establish projects or programs related to the conservation of water resources;

"(2) for coordination of the State programs with local units of government and federally recognized Indian tribes in terms of the availability of such technical assistance;

"(3) for coordination of the State programs with related technical assistance programs of Federal agencies and other State and local agencies; and

"(4) for participation of the public in the development, modification, and implementation of the water conservation technical assistance program.

"(c) Each program submitted by a Governor under this title shall—

"(1) designate a State agency (hereinafter referred to as the 'State agency') to administer the program;

"(2) set forth the procedures to be followed in carrying out the State program and in administering such program;

"(3) provide annually an assessment of progress in meeting the goals and objectives of the water management and conservation technical assistance programs;

"(4) provide assurances that State plans and management activities associated with other related Federal programs are consistent with the overall water resources policy of the State as submitted in the water management program;

"(5) provide that the State agency will prepare and submit reports in a form and containing information as the Council may reasonably require to carry out its functions under this title; and

"(6) provide for such accounting, budgeting, and other fiscal methods and procedures as are deemed necessary by the Council for keeping appropriate accountability of the funds and for the proper and efficient administration of the program.

"(d) Funds provided to States for water management and conservation technical assistance may be passed through to local governments for use in developing and implementing this program.

"(e) The Council, in administering the program, shall—

"(1) review each State program submitted by a Governor for compliance with the appropriate rules, regulations, guidelines, and other requirements established by section 301(c);

"(2) notify the Governor of approval of the program or intent to disapprove within ninety days after receipt of the application for financial assistance; and

"(3) not disapprove any program without first giving reasonable notice and opportunity for a hearing to the Governor.

"(f) The expenses of the Water Resources Council in administering title III of the Act shall be derived from available funds pursuant to section 301(b).".

SEC. 204. Section 305 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is hereby amended by inserting in lieu thereof a new section 305 to read as follows:

"SEC. 305. (a) The Council shall provide annually to each State an estimate of the allocation of funds for the fiscal year and at such time invite each Governor to submit an application for financial assistance.

"(b) The Council shall make payments to each State through the disbursing facilities of the United States Department of the Treasury and in accordance with advance financing regulations of that Department at such times and in such installments as the Council may determine.".

SEC. 205. Section 306 of the Water Resources Planning Act of 1965 (79 Stat. 244, as amended) is amended by inserting in lieu thereof a new section 306 to read as follows:

"SEC. 306. For the purposes of this Act, the following definitions will apply:

"(a) 'State' means each of the States, the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, or the Virgin Islands.

"(b) 'Fiscal year' means a twelve-month period ending September 30 of each year, unless otherwise specified.

"(c) 'Management and development of water and related land resources' means those activities necessary to effect coordinated decisions for the use of water and related land resources within a State or interstate region; which consider the potential for water and related land resources use from the standpoint of present and future needs; and which provide for involvement of affected interests. Water management activities may include but not be limited to planning, data collection and analysis, studies and investigations, program design and coordination, regulation and enforcement (excluding litigation costs), mass media and technical information dissemination, professional staff training, public meetings, and coordination of water and related land resources use.

"(d) 'Water conservation technical assistance' means providing information, data, or expertise to evaluate or establish projects or programs designed to (1) reduce the demand for water, (2) improve efficiency in use and reduce losses and waste of water, or (3) improve land management practices to conserve water. These activities may include but not be limited to public education, information dissemination, feasibility studies, water system analyses, onsite consultation, and establishing and implementing water exchanges. For purposes of this Act, water impoundment shall be included within the meaning of water conservation, but no funds authorized for water conservation technical assistance may be used for the designing or development of water impoundments.

"(e) 'Federally recognized Indian tribe' means any federally recognized tribe, band, nation, or other organized group or community for whom, or for whose members, the United States holds land on trust or restricted status.

Mr. GRAVEL. Mr. President, I send to the desk an amendment to the title.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the title of the bill.

Without objection, the amendment is agreed to.

The title was amended so as to read:

A bill amending the Water Resources Planning Act to authorize appropriations for fiscal year 1980 for the Water Resources Council, to authorize appropriations for the State Water Management and Conservation Technical Assistance Programs for fiscal years 1980, 1981, and 1982, and for other purposes.

Mr. GRAVEL. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAVEL. Mr. President, I thank the majority and minority staffs for their work on this bill, and I thank the administration for its cooperation in effecting its passage today.

QUORUM CALL

Mr. GRAVEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CULVER). Without objection, it is so ordered.

FEDERAL MAGISTRATE ACT OF 1979—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. DECONCINI, I submit a report of the committee of conference on S. 237 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 237) to improve access to the Federal courts by enlarging the civil and criminal jurisdiction of U.S. magistrates, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the proceedings of the House of Representatives.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BIG SHORTFALL IN AUTO FUEL ECONOMY

Mr. JAVITS. Mr. President, earlier this week the Environmental Protection Agency released its 1980 automobile fuel economy ratings. EPA's ratings indicate that miles-per-gallon estimates for several automobiles will be in the area of 40 miles-per-gallon. I believe this is a laudable accomplishment on the part of the automobile industry.

However, I am deeply concerned by other reports which indicate that there exists a substantial discrepancy between EPA's miles-per-gallon estimates and actual, on road fuel economy. The Department of Energy has indicated that the discrepancy will widen as automobile manufacturers produce a more fuel efficient automobile. The discrepancy for the most fuel efficient auto is presently in the area of 40 percent.

The automobile fuel economy program is a vital link in the Government's conservation effort; it is also our most visible program. Every effort must be made to insure its reliability. If consumers lose faith in such a conservation program, they could lose faith in other conservation programs. Therefore, I am preparing legislation which would address the problems of the automobile fuel economy program in a comprehensive manner. In the shortrun, EPA would be required more accurately to reflect average annual in-use fuel economy experience. In the long term EPA and DOE would be required to develop and implement improved testing procedures and programs for the 1986 and later model years. Finally, EPA and DOE would be provided with the resources necessary to accomplish this mandate. The cost associated with this legislation will be de minimus.

I hope my colleagues will join with me in assuring that American consumers receive information on which they can depend with respect to automobile fuel economy.

The American Association for the Advancement of Science, in its September 21, 1979 magazine carried an article entitled "The Big Shortfall in Auto Fuel Economy." I ask unanimous consent that this article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BIG SHORTFALL IN AUTO FUEL ECONOMY

By 1985 EPA ratings may overstate savings by a million barrels a day: agency priorities and wording of the law are part of the problem.

The biggest savings in consumption of petroleum products over the next decade is expected to come from fuel economy improvements in the automobile. But the Department of Energy (DOE) now estimates that by 1985 the cumulative shortfall between the Environmental Protection Agency (EPA) fuel economy ratings and the number of miles per gallon (mpg) actually obtained on the road may be the equivalent of 1 million barrels of oil a day or even more. The "fleet average" rating of 27.5 mpg which auto manufacturers are required by law to achieve by that year may mean, in real world terms, less than 22 mpg.

According to Barry McNutt, a DOE analyst, studies by DOE, General Motors, and the Ford Motor Company which compare EPA ratings to actual on-road performance of 1978 models show that the shortfall ranges from about 2.5 mpg for vehicles rated by EPA at 15 mpg to 5.5 mpg for those rated at 25 mpg. This means that the potential fuel economy has been overstated by 20 to 28 percent, with the higher mileage (and usually smaller) cars showing up the worst.

A daily shortfall of 1 million barrels would be equal to at least half the maximum daily production expected from the giant Alaskan North Slope oil field or to the total daily production from 20 big synthetic fuel plants. Important as the fuel economy program obviously is, it might be supposed that the Carter Administration and Congress would be making an all-out effort to bring it up to maximum effectiveness.

Yet, the fact is, the program has suffered major personnel reductions within the past year and now has only half the number of people that EPA and the Department of Transportation (DOT) say are needed. According to officials at the two agencies, the addition of only 22 engineers and analysts would double the size of the program staff, allowing more confirmatory testing by EPA of the auto manufacturers' prototype vehicles and the staffing of a strong analytical effort that might show the way to major reductions in the shortfall.

In February of this year, after the fiscal 1980 budget had already been submitted to Congress, Douglas Costle, administrator of EPA, and Secretary of Transportation Brock Adams wrote a joint letter to the Office of Management and Budget (OMB). What they wanted was permission to go to Congress for the supplemental funds that would allow EPA to hire the 22 additional people right away.

The annual cost was to be only about $750,000, and, viewed simply in terms of cost effectiveness, there was no question but what the request could be justified. Every .1 mpg gained in fuel economy represents a savings of about 280 million gallons of gasoline over the 100,000-mile life of the 11 million cars produced in a particular model year. At today's gasoline prices, each such gain would represent a savings to consumers of $280 million.

But W. Bowman Cutter, executive associate director of OMB for budget, denied the agencies' request, telling them to bring it up again this fall when their budgets for fiscal 1981 are submitted. In an interview with *Science*, Cutter said that the request, taken alone, seemed modest and justifiable, but that over the past year he must have received a thousand such requests from various agencies and that the government could not be run responsibly if OMB went along with them.

In Cutter's view, EPA, with 12,000 employees, and DOT, with 75,000, have to be forced to look to their priorities. "When they can't budget 22 goddam people, we can't believe the world will rise or fall because of it," he said.

The fuel economy program was mandated by the Energy Policy and Conservation Act of 1975. Passed in the wake of the Arab oil embargo of 1973–1974, the act is one of the most important actions ever taken by Congress to reduce oil imports. Under the act, DOT establishes the mileage standards but EPA collects the data on which the standards and their enforcement are based; EPA is also responsible for informing the public on how various makes and models of cars compare with respect to fuel economy. Until now, DOE, which advises EPA and DOT on testing and standards setting, has done most of the research on the shortfall between the EPA ratings and the on-road experience.

Half or more of the shortfall occurs because of the way the Energy Policy and Conservation Act was written. To provide a consistent way of measuring progress from one model year to the next, Congress prescribed that the fuel economy testing procedures should continue to be those used by EPA for the 1975 model year or "procedures which yield comparable results." This locked into the fuel economy program certain fixed assumptions for driving conditions and habits that are quite artificial and unrealistic. The assumptions include, for example, that the driving is done on a warm clear day (rain and cold reduce mileage), on a straight, level, well-surfaced road, and in a properly maintained car driven at an average speed (for rural and highway driving) of 48 miles per hour. (The fuel economy standards assume that 55 percent of all driving is in the city and 45 percent is in the country.)

To eliminate the part of the shortfall attributable to such fixed assumptions, the law would have to be rewritten to authorize testing that approximates real world conditions. But, according to EPA, the rest of the shortfall, estimated by DOE analysts at one-third to one-half of the total, comes about from—

Difference in fuel economy achieved by "hand built" prototypes and by the cars that later come off the assembly line. EPA is striving to have the prototypes more clearly match the production-line cars, but this is not always easy.

Differences in a vehicle's fuel economy performance on a dynamometer and that same vehicle's performance on the road. For example, one type of tire may exhibit less rolling resistance on the dynamometer than other types, only later to be found inferior in this respect when tested on the road.

Also, manufacturers are found to take advantage of "loopholes" in the test procedures. A year or so ago, EPA blew the whistle on the manufacturers' practice of improving fuel economy—in the tests—by assuming that the owners of cars with manual gearshifts would change gears in a way no real motorists would ever do.

Although DOE's performance in energy conservation has drawn more criticism than praise, the department has been out front in trying to improve the fuel economy program and has goaded EPA and DOT to this end. In March, Deputy Secretary John F. O'Leary wrote to a New England congressman who was worried that shortfalls in the auto fuel economy program might affect the availability of home heating oil. O'Leary acknowledged that DOE studies show a "large and growing discrepancy" between EPA and on-road performance and that "the EPA measured fuel economy level of 27.5 mpg [fleet average] required by the act in 1985 will result in less than 22 mpg on the road." He continued:

"Unless the causes of this shortfall can be corrected, the 100 percent improvement in fuel economy contemplated by Congress will [turn out to be] only a 50 percent improvement in the actual fuel economy of new cars. Where this is combined with the growth in the sales of light trucks which have lower fuel economy performance, and put in the context of the total fleet of automobiles on the road, we expect a 30 percent [improvement] in the fuel economy of all cars and light trucks on the road from the 1974 level of less than 14 mpg to a 1985 level of about 18 mpg on the road. This improvement in fuel economy should result in a reduction in the absolute demand for gasoline by the early 1980's. However, these savings will be over 1 million barrels of oil per day less in 1985 than would have been the case if the EPA measured fuel economy levels were actually achieved on the road."

In their letter to OMB, Costle and Secretary Adams indicated that the requested personnel increase was needed partly to offset the sharp reduction in personnel that EPA made last year at its Ann Arbor Laboratory. At this lab, prototype cars are tested on dynamometers to confirm the accuracy of the manufacturers' own tests of fuel economy and exhaust emissions. More than 100 employees had been assigned to confirmatory testing; but, with the cut, the testing staff was down by more than a third.

The reduction, the letter said, was made for the sake of "regulatory reform . . . and management improvements." This was EPA's euphemistic way of acknowledging that, to gain personnel billets that it could use elsewhere in the agency, it was going to rely more than in the past on unverified data from the auto manufacturers. The House Appropriations Committee, in its 1978 and 1979 reports, had urged essentially that this be done.

But now Costle and Adams were cautioning OMB that the reduction in fuel economy data that resulted from the personnel cuts must be overcome and testing procedures improved lest the standards be defeated "through clever, but currently legal, subterfuges." They added:

"In view of the significant changes the fuel economy program is requiring of manufacturers, it is most important that the enforcement activity be accurate and on target. It would be most inappropriate not to enforce the requirements, for this would afford the least responsible companies a significant competitive advantage. . . .

Allocation of the 22 additional [positions] will restore EPA's confirmatory test capability and restore any data which would otherwise be lost in cases where the manufacturers' data are not believed to be valid for fuel economy purposes. It should be noted that the EPA actions to reduce certification process confirmatory testing will [lead to] more dependence on manufacturers' data. However, the restoration of the EPA fuel economy confirmatory ability will maximize confidence in the manufacturers' data."

Some of the new employees were to be assigned to the confirmatory testing program, while others were to work on developing a better understanding of why there is such a gap between the EPA ratings and on-road performance. Why, for example does colder weather cause a greater fuel penalty in smaller cars than in larger ones and cause a similar disparity between recent model and earlier model cars? These are just a few of the questions that perplex investigators of the fuel economy shortfall.

In an interview with *Science*, Costle said EPA would again be trying in the next budget cycle to obtain more resources for the fuel economy program. Among some officials at DOE and EPA there is a strong feeling that the program would not have been allowed to suffer from personnel cuts had it not been an "orphan" that came into EPA's custody back in the early 1970's largely because data gathered for emissions control work can also be used in testing fuel economy. But Costle disputes this, suggesting that fuel economy fits in well with EPA's overall environmental protection mission if that mission is construed as broadly as he thinks it should be. If the cuts have hurt the quality of the program, this was not intended, he says, rather lamely.

EPA has been making changes in fuel economy tests and is hoping that, when data from the on-road experience with 1979 and 1980 model cars are available, the shortfall will be found to have been somewhat reduced. The use by the manufacturers of the unrealistic gear-shifting schedules was only one of a number of loopholes the agency has plugged. For example, in the case of 1979 model cars EPA readjusted its formula for determining the effect on fuel economy from changes in the weight-size relationship in cars; less credit is now given for weight reductions that do not involve a reduction in aerodynamic drag.

Indeed, the Ford Motor Company and General Motors now claim that many of the changes EPA has made are contrary to the 1975 law and impose a .6-mpg loss in fuel economy compared to results obtainable under the 1975 tests. Costle has not yet acted on the manufacturers' petitions to have this loss taken into account when their compliance with the mileage standards is determined, but the staff is expected to recommend denial. "The question I ask," Costle says, "is what was in the mind of Congress when it passed the law? Have we changed the rules of the game [as Congress understood them], or have the manufacturers tried to take advantage of the rules and we have caught them at it?"

What is of most concern to EPA and the other agencies is not to allow the gap between the EPA ratings and on-road fuel economy to widen from one model year to the next, as it has done at least through 1977, and not to exceed tolerable limits. Although a gap of 10 percent or so may be considered bearable, a gap of 20 percent or more certainly is not.

Committed as EPA and the auto manufacturers are to the present program of testing, the Carter Administration may choose not to go back to Congress anytime soon to seek authority to use testing assumptions that are more realistic than the ones in use today. A simpler recourse is for DOT to take existing and prospective shortfalls into account by raising fuel economy standards.

Margaret F. Fels and Frank von Hippel, energy policy analysts at the Center for Energy and Environment at Princeton University, have prepared a paper recommending that DOT next year propose that the 1985 standard of 27.5 mpg be raised. Von Hippel observes that E. M. Estes, president of General Motors, has indicated that GM may well be able to exceed this standard and that, considering the way consumers are shifting toward more fuel-efficient cars, the company now has a clear incentive (profit) to place more emphasis on development of such vehicles.

However, Richard Strombotne, director of DOT's fuel economy program, says that to think that DOT could impose a higher 1985 standard on an industry that has already invested billions of dollars to meet the present schedule of standards is just not realistic. But he adds that DOT now has studies underway that look to an increase in standards for model year 1986 and thereafter and that the department may have enough information in hand by next spring to support such an initiative.

Congress has done next to nothing about the auto fuel economy shortfall. Representative John Dingell (D-Mich.), chairman of the House Energy and Power Subcommittee, held a hearing in March that was supposed to have focused on this problem. But, as it turned out, Dingell, who is from Detroit and has a reputation of being protective of automobile manufacturers, was less interested in reforming fuel economy test procedures than in questioning EPA officials aggressively about fuel penalties associated with emission standards for pollution control—or so it seemed to observers from EPA and DOE.

The present automobile fuel economy situation falls into a familiar pattern. Congress passes a law that seems to promise great things. But as time passes, execution of the new programs mandated goes awry and delivery on the promise falls short. In light of this, the fuel economy shortfall and the absence of any special effort to correct it would not be especially surprising if the shortfall were not such an important setback to the Carter Administration's major policy objectives of conserving energy and reducing oil imports.

When Administration priorities are slighted by the agencies, it is up to OMB to knock heads and see that agency programs are set straight. Jim J. Tozzi, who serves under Cutter as chief of OMB's environment branch and as budget examiner for EPA, told Science that in the review of fiscal 1981 budget requests now beginning questions will be raised about the adequacy of the EPA and DOT commitment to the fuel economy program. "I think this thing will be a candidate for a change in agency priorities," he said.
LUTHER J. CARTER.

HERITAGE ACRES

Mr. DURENBERGER. Mr. President, I am pleased to insert into the CONGRESSIONAL RECORD today a resolution by the Fairmont, Minn. Chamber of Commerce which would designate the South Central Minnesota Agricultural Museum Interpretive Center of Heritage Acres, International, as the Agricultural Interpretive Center of the Prairies of the Upper Midwest of the United States of America.

Heritage Acres, an Agricultural Interpretive Center located in Fairmont, Minn., is a nonprofit organization dedicated to portraying and perpetuating the excellence of the American Farmer. This project is indeed a national monument to agriculture, the backbone of the American system. Ideally located off Interstate 90, the world's longest interstate highway, this educational project will afford students, urban residents, and many others the opportunity to acquaint themselves with the historical, social, and cultural history and progress, social, American farmer and his profession.

The outstanding characteristics of the many people who have and are continuing to work on this educational site are indicative of the perseverance and dedication of the American farmer to which they are constructing this living historical tribute.

It is my privilege to bring this project to the attention of my colleagues as a national salute to Heritage Acres.

Mr. President, I ask unanimous consent that the text of this resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION

Whereas, the history of agriculture in these United States is a great and proud tradition and,

Whereas, the present status of agriculture in these United States is known and widely acclaimed throughout the world, and,

Whereas, the future of agriculture in these United States is one of great promise, and,

Whereas, Martin County in Minnesota is one of the leading agricultural producing counties in the nation, and

Whereas, the prairie agriculture is a unique aspect of the Midwest and the needs to be publicly interpreted, and

Whereas, this center seeks to reach every age bracket and ethnic culture with its education program, and

Whereas, this center is located midway between Chicago and the Black Hills of South Dakota and nearly adjacent to I-90, the longest interstate highway in the world, and

Whereas, Pioneerland, a State of Minnesota Tourist Region, representing 27 South Central and Southwestern Minnesota Counties has endorsed the location and plan,

Resolved, that the South Central Minnesota Agriculture Museum Interpretive Center of Heritage Acres, International, located at Fairmont, Minnesota be designated as the Agricultural Interpretive Center of the Prairies of the Upper Midwest of the United States of America.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON DISEASE CONTROL PROGRAMS—MESSAGE FROM THE PRESIDENT—PM 107

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

I transmit herewith the 1978 Report to the President on Disease Control Programs.

This Report was prepared by the Department of Health, Education, and Welfare in accordance with P.L. 94–317, the "National Consumer Health Information and Health Promotion Act of 1976."

Jimmy Carter.

The White House, *September 20, 1979.*

REPORT ON THE ADMINISTRATION OF THE NATIONAL SICKLE CELL ANEMIA, COOLEY'S ANEMIA, TAY-SACHS, AND GENETIC DISEASES ACT—MESSAGE FROM THE PRESIDENT—PM 108

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

I am pleased to transmit the Second Annual Report on the Administration of the National Sickle Cell Anemia, Cooley's Anemia, Tay-Sachs and Genetic Diseases Act.

This report was prepared by the Department of Health, Education, and Welfare in accordance with the requirements of Section 1106 of the Public Health Service Act.

Jimmy Carter.

The White House, *September 20, 1979.*

MESSAGE FROM THE HOUSE

At 12:19 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bills, each with amendments in which it requests the concurrence of the Senate:

S. 411. An act to improve the protections afforded the public against risks associated with the transportation of hazardous commodities by pipeline; and

S. 1141. An act to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal year 1980.

The message also announced that the House insists upon its amendment to the bill (S. 640) to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Murphy of New York, Mr. Biaggi, Ms. Mikulski, Mr. Donnelly, Mr. McCloskey, and Mr. Snyder were appointed managers of the conference on the part of the House.

The message further announced that the House has passed the following bills and joint resolution, in which it requests the concurrence of the Senate:

H.R. 920. An act to authorize the Secretary of the Interior to convey certain lands in Placer County, California, to Mrs. Edna C. Marshall, and for other purposes;

H.R. 1196. An act to revise and improve the laws relating to the documentation of vessels, and for other purposes;

H.R. 1762. An act to convey all interests of the United States in certain real property in Sandoval County, New Mexico, to Walter Hernandez;

H.R. 4440. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes;

H.R. 4746. An act to make miscellaneous changes in the tax laws; and

H.J. Res. 383. A joint resolution to validate the effectiveness of certain plans for the use or distribution of funds appropriated to pay judgments awarded to Indian tribes or groups.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were read twice by their titles and referred as indicated:

H.R. 920. An act to authorize the Secretary of the Interior to convey certain lands in Placer County, California, to Mrs. Edna C. Marshall, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 1196. An act to revise and improve the laws relating to the documentation of vessels, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 1762. An act to convey all interests of the United States in certain real property in Sandoval County, New Mexico, to Walter Hernandez; to the Committee on Energy and Natural Resources.

H.R. 4440. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes; to the Committee on Appropriations.

H.R. 4746. An act to make miscellaneous changes in the tax laws; to the Committee on Finance.

H.J. Res. 383. A joint resolution to validate the effectiveness of certain plans for the use or distribution of funds appropriated to pay judgments awarded to Indian tribes or groups; to the Select Committee on Indian Affairs.

COMMUNICATIONS

The PRESIDING OFFICER laid before the Senate the following communication, together with accompanying reports, documents, and papers, which was referred to the Committee on Appropriations, and ordered printed as a Senate document:

EC–2191. A communication from the President of the United States transmitting offsetting amendments to the requests for appropriations for the fiscal year 1980 for the Department of Energy.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. CANNON from the Committee on Commerce, Science, and Transportation:

Neil Goldschmidt, of Oregon, to be Secretary of Transportation.

Neil Goldschmidt, of Oregon, to be Secretary of Transportation, to which office he was appointed during the last recess of the Senate.

(The above nominations from the Committee on Commerce, Science, and Transportation were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MELCHER:

S. 1779. A bill to amend the Federal Land Policy and Management Act of 1976 and the Public Rangeland Improvement Act of 1978, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. TSONGAS:

S. 1780. A bill to authorize the Secretary of Commerce to sell two obsolete vessels to Coast Line Company, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. MAGNUSON (for himself, Mr. Jackson, Mr. Baucus, Mr. Melcher, and Mr. McGovern):

S. 1781. A bill to amend Section 5 of the Department of Transportation Act relating to rail service assistance; to the Committee on Commerce, Science, and Transportation.

By Mr. MATHIAS (for himself, Mr. Pryor, and Mr. Muskie):

S. 1782. A bill to require the public disclosure of certain lobbying activities and expenditures undertaken to influence Members of the Congress, and for other purposes; to the Committee on Governmental Affairs.

By Mr. DOLE:

S. 1783. A bill relating to loan guarantees for fuel oil dealers; to the Select Committee on Small Business.

By Mr. STEVENS:

S. 1784. A bill to improve the electric generation efficiency of Joint Federal-civilian pooling practices in Alaska and for other purposes; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MAGNUSON (for himself, Mr. Jackson, Mr. Baucus, Mr. Melcher, and Mr. McGovern):

S. 1781. A bill to amend section 5 of the Department of Transportation Act relating to rail service assistance; to the Committee on Commerce, Science, and Transportation.

● Mr. MAGNUSON. Mr. President, I am pleased to offer on behalf of Mr. JACKSON, Mr. BAUCUS, Mr. MELCHER, Mr. McGOVERN, and myself a bill which proposes certain changes in the Local Rail Service Assistance Act of 1978. As you will recall, last year's revision of that legislation was intended to insure equitable treatment for all States which would be adversely impacted by proposed abandonments. Unfortunately, almost before the ink was dry on Public Law 95-607, unexpected transportation crises affected whole regions of the country. Large-scale abandonments have been filed by carriers in reorganization such as the Milwaukee Railroad, abandonments of a magnitude not contemplated when the amendments were enacted.

Under present provisions, any funds not expended during the prior fiscal year are reallocated on the same basis as provided in the allocation formula. This means that, once an abandonment is filed, the mileage involved is not included in the formula which determines allocation and reallocation of funds under the Local Rail Service Assistance Act. The impact of recent developments on involved States could be mitigated by a 1-year change in the reallocation of funds. Without any change in the basic allocation formula, the proposed bill simply provides for reallocation of funds to States that need supplementary assistance. In making such determination, the Secretary is to consider the amount of mileage for which an application for abandonment or discontinuance has been filed with the Interstate Commerce Commission but has not yet approved or denied.

Consideration shall also be given to the relationship between such mileage and the total mileage within each impacted State.

Section 2 of the bill makes a technical amendment to conform other provisions of the Department of Transportation Act to the changes made by the proposed bill.

The action proposed in the bill appears consistent with Congress intent as demonstrated in last year's amendment of the Rail Assistance Act.

The allocation process for the coming year is about to commence. Accordingly, it is imperative that we take action now to remedy existing inequities.●

By Mr. MATHIAS (for himself, Mr. PRYOR, and Mr. MUSKIE):

S. 1782. A bill to require the public disclosure of certain lobbying activities and expenditures undertaken to influence Members of the Congress, and for other purposes; to the Committee on Governmental Affairs.

LOBBYING DISCLOSURE ACT OF 1979

● Mr. MATHIAS. Mr. President, I am introducing today S. 1782 the Lobbying Disclosure Act of 1979. This is a revision of a similar bill which I introduced in the last Congress and I am pleased to have the distinguished Senator from Arkansas, Mr. PRYOR, as the principal cosponsor.

This bill incorporates changes suggested during a most informative series of hearings which took place before the Senate Governmental Affairs Committee last year. What those hearings established was that we must be very cautious in any approach to lobbying regulation which envisions restricting the access of citizens to the Congress. That same record also suggests that very few specific abuses can be substantiated by factual presentations. For that reason and others, I hope that the committee will expand this year's set of hearings beyond the 2 days it has allotted. Naturally, Senator PRYOR and I stand ready to assist in this regard by chairing additional hearings if schedules of other Members would not permit them to do so.

The bill we introduce today provides for the disclosure of lobbying activities without infringing on the individual's right to petition the Government for redress of grievances.

We must never forget that the lobbyist is doing just that—exercising the constitutional right to petition the Government for redress of grievances. The first amendment, which forbids abridgment of this right, confers broad immunity upon the activities of persons and organizations who attempt to present their points of view to elected officials.

The fact that the Constitution recognizes and protects lobbying as a vital component of the democratic process does not mean that Congress is absolutely prevented from protecting itself against corrupting influences. Indeed, Congress is obliged to take reasonable measures in this regard. Because it seeks to regulate constitutionally protected activity, however, the efforts of Congress to protect itself must be drawn narrowly, and meet several constitutional tests.

First, there must be a compelling governmental interest demonstrated by factual record of abusive conduct.

Second, there must be a relevant correlation between compelling governmental interest and the type of regulation.

Finally, the Congress must use the least drastic means to effectuate the legislative purpose.

Some legislative approaches in recent years have been drawn so broadly that they sweep within the scope of regulation efforts to educate the general public or segments of the public on pending legislation. The Supreme Court has never sanctioned regulation of indirect efforts to influence the legislative or political process. The thresholds of other approaches in organizations which are small and whose lobbying activities are not widespread enough to significantly affect the legislative process and on whom the burden of legislative reporting would fall so heavily that people could be frightened away from lobbying. Requirements which have this effect might directly abridge the right to petition the Government for redress of grievances.

On the other hand, the legislation, I propose regulates only direct contacts with Members, officers or employees of the Congress. Activities aimed at the general public are not within the scope of the bill. Moreover, my bill would not bring within the scope of regulation small organizations which lobby on intermittent basis and which have slight impact on the legislative process.

More specifically, other proposals contain a requirement that lobbying solicitations be disclosed. Lobbying solicitations typically include the efforts by organizations to require, encourage, or solicit others to make direct contacts with Members of Congress or their staff. Some proposals would make amounts spent on lobbying solicitations a threshold for the registration reporting provisions. This would mean that organizations which never contact Members of Congress, but only try to affect legislation through appeals to the public, would be swept within the lobbying statute.

Apart from direct contacts with Congress, American citizens must be allowed to exercise their first amendment rights without being required to disclose their political literature to the Government. The Supreme Court has never permitted Government regulation of such indirect efforts to influence the legislative or elective process. Decisions of the Court in both the Warren and the Burger eras make it quite clear that the Court might well strike down this effort to regulate lobbying solicitations.

In the past, unfettered by Government regulation, lobbying solicitation played an essential role. The Federalist Papers were lobbying solicitations. And the civil rights movement gained its support in large part through lobbying solicitation. In the end, there has been no factual demonstration of the need for regulations which in effect would require organizations to file copies of their political literature with the Government. This is an unprecedented attempt to monitor constitutionally protected political activity of organizations.

A second problem area of some other proposals is the threshold for triggering the act's obligations. My bill requires substantial expenditures of money and time indirectly contacting legislators or their staffs. Thus, only those groups who significantly affect the legislative process, by direct lobbying activities, would be forced to register and report.

The registration and reporting provisions in my bill are straightforward. Compliance will be relatively easy. Organizations which lobby must describe the organization, its size, and the amount of money it spends on lobbying communications. It must supply the names and salaries of its employees who lobby. It must identify any outside lobbyist hired by the organization and identify the issues on which the lobbyist works and the money which the lobbyist spends.

Under my bill, organizations would have to spend $5,000 a quarter on lobbying activities and either retain an outside lobbyist or have at least one salaried employee who spends 13 days per quarter of his or her time lobbying.

It is only where groups are large enough to engage in lobbying on a sustained or widespread basis that the interest of Congress is sufficient to meet the constitutional test. My bill, which requires the quarterly expenditure of $5,000, provides such a measure. Organizations of a size large enough to have one regularly salaried employee which then spends employee time and organization money in this amount are generally engaging in substantial lobbying and are well enough organized for the registration and reporting requirements not to be so bewildering, intimidating or costly that they would consider refraining from lobbying at all.

Some proposals would require organizations to account for and report expenses incurred in drafting communications, not only in connection with communications prepared by retainees, but also those drafted by employees. Because memoranda written by both employees and retainees are often substantially revised, communicated months after preparation, not used at all or delivered by a member or affiliate without the reporting organization's knowledge, it would be virtually impossible to trace drafting work for compliance purposes without the reporting organizations' implementing a very costly and complex accounting system. For these reasons, our bill does not require such reporting.

Some proposals have required the disclosure of contributions to lobbying organizations. Believing that no individual or organization should be forced to disclose their associational ties without sufficient cause, my bill does not require organizations to disclose identity of their members or contributions and the amounts of their contributions.

Disclosure of members can have a significant deterrent effect on the right of association, especially for those individuals involved with unpopular causes.

The Supreme Court first recognized the right of associational privacy in *NAACP* v. *Alabama ex rel Patterson*, 357 U.S. 449 (1958), where it reversed a conviction for contempt for failure to disclose the membership of the NAACP. Speaking for a unanimous court, Justice Harland said that "the inviolability of privacy in group associations may, in many circumstances, be indispensable to the preservation of freedom of association."

The principle of the NAACP case has been applied to three situations. In *Shelton* v. *Tucker*, 364 U.S. 479 (1960), the Court invalidated an Arkansas statute which compelled teachers to disclose all of their organizational affiliations for the past 5 years. And in *Talley* v. *California*, 362 U.S. 16 (1960) the Court ruled unconstitutional on its face a Los Angeles ordinance prohibiting the anonymous distribution of a handbill. In *Buckley* v. *Valeo*, 242 U.S. 1 (1976), the Supreme Court made it clear that it would not tolerate a contributor-disclosure statute that affected the general funds of every conceivable general-interest organization whose lobbying activities only made up a small percentage of its total.

Moreover, the contributor-disclosure provisions are overbroad because they require disclosure of all contributors over a certain amount without regard to the actual utilization of funds. In a general-interest organization, only a small percentage of each contribution is devoted to lobbying. A $3,000 contribution to the Sierra Club, for example, would be used to finance a variety of activities that had nothing to do with lobbying. Moreover, such a contribution would be utilized in a different way from a $3,000 contribution to a smaller or different organization such as a local Better Business Bureau. Disclosure of these contributions has little, if any, correlation to the apparent purposes of the act, thus does not conform to the standards set by the Supreme Court.

A fourth problem area in most proposals is that they include within the definition of lobbying contact with the executive branch. This would mean the logging of contacts with thousands of executive branch officials. I believe that the lobbying disclosure bill should be confined to legislative activity. I am skeptical of any attempt to include contacts with the executive branch in a definition of lobbying. The nature of the administrative process demands, at the very least, treatment of this activity in separate legislation.

A final problem in all the proposals which is lessened, though not entirely eliminated, by my bill, is the discretionary administration and enforcement vested in the Comptroller General. The Comptroller General for the first time will be given wide powers to monitor the political activities of organizations. One of the lessons we have learned over the past few years is the tremendous potential for abuse when Government officials are given access to organizational records. For this reason the Comptroller General's powers must be carefully defined and limited.

My bill would apply the Administrative Procedures Act, the Freedom of Information Act, and the Privacy Act to the Comptroller General, and all the records he maintains on lobbying. It would not permit the Comptroller General to have access to contributor or membership lists. It would require the Comptroller General to give notice under all circumstances to any organization under investigation for violation of the act.

There are several other provisions of this bill that should be mentioned. This bill now contains what we consider to be an adequate good faith provision which permits a reporting organization to rely in good faith on information provided by employees, retainers, affiliates, and others. The bill also includes an exemption for individuals' communications "for redress of grievances to express his own personal opinion." This avoids an organization from being forced to prohibit unauthorized employee communications on specified issues in order to avoid the risks of underreporting and the expenses of tracking thousands of communications. The bill also establishes a 3-year statute of limitations on enforcement proceedings and a 3-year retention period for records required under the act. Finally, no criminal penalties are provided under this bill. Civil actions are utilized with fines as the sanction mechanism.

I would like to draw an analogy between our effort to reform the Federal electoral process and this effort to bring reform to lobbying. When we wrote the Federal Election Campaign Act we had factual record of abuse to base the legislation on. Even with this factual record, the U.S. Court of Appeals for the District of Columbia, and later the Supreme Court of the United States, invalidated large portions of the act because of the significant chilling effect it would have on the free exercise of constitutional rights.

In lobbying legislation, we have no record of the various types of lobbying that organizations engage in—no record of systematic abuses. What we have is a record of excessive gifts by certain lobbyists. That problem has been cured to a large extent by our new ethics code. Thus the need for lobbying disclosure legislation has been significantly lessened. Thus, before we legislate in this area of important constitutional rights, I think there should be a further investigation of the lobbying process in order to more carefully define which areas require legislation.

I believe if we are to regulate lobbying as part of the effort to reform, then we must be sensitive to the prohibitions and limitations the Constitution places on our power to regulate the rights of individuals to freely associate and express political ideas. I believe:

First, Congress must not regulate indirect efforts to influence the legislative process;

Second, Congress must not regulate lobbying activities of small local organizations which have a slight impact on the legislative process;

Third, Congress must not require the disclosure of contributors.

The regulation and disclosure of the above activities, I believe, will raise serious constitutional questions. On the other hand, my bill provides for the disclosure of lobbying activities within the contours of the Constitution.

In our quest for reform we must not constrain the fundamental rights of the American democratic system—freedom of speech and freedom of association and the right to petition the Government for redress of grievances.

Having said that, I must emphasize my own misgivings about our efforts in this area. I am not yet satisfied that my bill is sufficiently narrow to meet the stringent standards I have just outlined. In short, the wisdom of setting limits in this area is open to legitimate question. The recent Washington Post editorial on this subject succinctly explains the problem. That is why at the outset I indicated that Senator PRYOR and I hope that more hearings will be held than are at present scheduled. The fact that I have tightened up the measure which was introduced last year indicates to me that even more refinements may be necessary before we act definitively.

I invite my colleagues to join in this important debate and look forward to their comments and suggestions as the committee goes about its work.

Mr. President, I ask unanimous consent that a recent editorial from the Washington Post be printed at this point along with an article from the Howard

Law Journal entitled "Public Disclosure of Lobbying: Congress and Associational Privacy After Buckley v. Valeo" by David E. Landau. I also ask unanimous consent that the bill be printed at this point in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 1782

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lobbying Disclosure Act of 1979".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds—

(1) that the enhancement of responsible representative government requires that the fullest opportunity be afforded to the people of the United States to exercise their constitutional right to petition their Government for a redress of grievances, to express their opinions freely to their Government, and to provide information to their Government; and

(2) that the identity and extent of the activities of organizations which pay others, or engage on their own behalf, in efforts to influence Members of Congress on issues though direct communications should be publicly and timely disclosed in order to provide the Congress and the public with an understanding of the nature and source of such activities.

(b) It is the purpose of this Act to provide for the disclosure to the Congress and to all members of the public of such efforts without interfering with the right to petition the Government for a redress of grievances, and with other constitutional rights.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "affiliate" means—

(a) organizations which are associated with each other through a formal relationship based upon ownership or an agreement (including a charter, franchise agreement, or bylaws) under which (A) the governing instrument of one such organization requires it to be bound by decisions of the other organization on legislative issues, or (B) the governing board of one such organization includes persons who—

(i) are specifically designated representatives of another such organization or are members of the governing board, officers, or paid executive staff members of such other organization, and

(ii) by aggregating their votes, have sufficient voting power to cause or prevent action on legislative issues by the first such organization.

(2) The term "Comptroller General" means the Comptroller General of the United States.

(3) The term "direct expenses" means—

The total of all expenses for mailing, printing, advertising, consultant fees, gifts or the like, directly attributable to lobbying communications, but not including—

(i) exempt travel expenses; or

(ii) the cost of general operating overhead such as the costs of office equipment, utilities, and monthly rental or mortgage payments;

made to or by any person described in section 4;

(4) The term "exempt travel expenses" means any sum expended by any organization in payment or reimbursement of the cost of any transportation for any agent, employee, or other person (but not including a Member, officer, or employee of the Congress) engaging in activities described in Section 4, plus such amount of any sum received by such agent, employee, or other person as a per diem allowance for each day as is not in excess of the maximum applicable allowance payable under section 5702 (a) of title 5, United States Code, to Federal employees subject to such section.

(5) The term "identification" means—

(A) in the case of an individual, the name, occupation, and business address of the individual and the position held in such business; and

(B) in the case of an organization, the name and address of the organization, the principal place of business of the organization and a general description of its business or activities.

(6) The term "influence" means to affect, or attempt to affect, through lobbying communications with a Member, officer, or employee of the Congress, the disposition of any issue whether by initiating, promoting, opposing, delaying, altering, amending, withdrawing from consideration, or otherwise.

(7) The term "issue before the Congress" means the totality of all matter, both substantive and procedural, relating to any pending or proposed bill, resolution, report, nomination, treaty, hearing, investigation, or other similar matter in Congress (excluding any investigation by the Comptroller General authorized by the provisions of this Act).

(8) The term "lobbying communication" means an oral or written communication directed to a Member, officer, or employee of the Congress to influence an issue before the Congress, but does not include—

(A) a communication by an individual for redress of grievances to express his own personnal opinion;

(B) a communication which deals only with the existence, subject matter or status of any issue;

(C) testimony given before a committee or subcommittee or office of the Congress or submitted to a committee or office of the Congress for inclusion in the public record of a hearing conducted by such committee or office, or a communication made at the request of a Member, officer, or employee of the Congress.

(D) a communication made through a speech or address, through a newspaper, book, periodical, newsletter, or magazine published for distribution to the general public or to the membership of an organization, or through a radio or television broadcast;

(E) a communication by, or on behalf of, a candidate, as defined in section 301(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(b)), or by, or on behalf of, a candidate for a State or local office, including a communication by, or on behalf of, an organization in its capacity as a political committee, as defined in section 301(d) of such Act (2 U.S.C. 431(d)).

(F) a communication on behalf of an organization on any subject to a Member of the Senate or of the House of Representatives or to an individual on the staff of such Member, who represents the State in which such organization has its principal place of business.

(9) The term "Member, officer, or employee of the Congress" means—

(A) Any Member of the Senate or the House of Representatives, any Delegate to the House of Representatives, and the Resident Commissioner in the House of Representatives;

(B) any officer or employee of the Senate or the House of Representatives or any employee of any Member, committee, or officer of the Congress.

(10) The term "organization" means—

(A) any corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, national organization of State or local elected or appointed officials and any organizational unit thereof, group of organizations, or group of individuals, which has one or more paid officers, directors, or employees;

(B) any office located in the Washington, District of Columbia, standard metropolitan statistical area of any agency or department of any State, city, municipality, government corporation, or local government including the executive office of any Governor or mayor.

(11) The term "paid officer, paid director, or paid employee" means an officer, director, or employee of an organization who received income from such organization as compensation for his services, other than exempt travel expenses, at a rate in excess of standard Federal minimum wage.

(12) The term "quarterly filing period" means any calendar quarter beginning on January 1, April 1, July 1, or October 1.

(13) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Island, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

(14) The term "voluntary membership organization" means an organization composed of persons who are members thereof on a voluntary basis, and who, as a condition of membership, pays regular dues, subscribe to one or more publications, or make contributions to such organization.

APPLICABILITY OF ACT

SEC. 4. The provisions of this Act shall apply to any organization which—

(a) makes an expenditure in excess of $5,000 in any quarterly filing period for the retention of another person or persons (other than an officer, director, or employee of the organization) to make lobbying communications; or

(b)(1) has at least one paid officer, director, or employee who, on all or any part of each of thirteen days or more in any quarterly filing period, or at least two such individuals each of whom on all or any part of each of seven days or more in any quarterly filing period, makes lobbying communications on behalf of the organization, and (2) makes in excess of $5,000 in such quarterly filing period on making lobbying communications except that a registered organization at its discretion may report for an affiliate if the affiliate engages in activities described in paragraphs (a) or (b) of this subsection and such affiliate shall not be required to register or report under this Act.

REGISTRATION

SEC. 5. (a) Each organization shall register with the Comptroller General not later than thirty days after engaging in activities described in section 4.

(b) The registration shall be in such form as the Comptroller General shall prescribe by regulation, and shall contain the following, which shall be regarded as material for the purposes of this Act:

(1) an identification of the organization;

(2) a general description of the types of issues which the organization as of the date of filing intends to engage in lobbying communications;

(3) the approximate number of individuals and organizations who are members of the organization;

(4) an identification of any person retained under section 4(a) and of any employee described in section 4(b).

(c) A registration filed under subsection (a) shall be effective until the first day of January immediately following the date upon which the initial registration is filed. Each organization shall file a new registration under subsection (a) within thirty days after the first day of January of each year, unless the organization has ceased to engage in the activities described in section 4.

RECORDS

SEC. 6. (a) Each organization required to be registered and each retainee of such organization shall maintain for each quarterly filing period such records as may be necessary to enable such organization to file the registrations and reports required to be filed under this Act, except that, in those situations where a registered organization elects to report as to the lobbying activities of its affiliates pursuant to section 4, such affiliates shall be responsible for maintaining such records as are necessary to enable the registered organizations to fully discharge its reporting obligations as they pertain to such affiliates. No rule or regulation shall require an organization to maintain or establish records (other than those records normally maintained by the organization) for the purpose of enabling the Attorney General or Comptroller General to determine whether such organization is required to register.

(b) Any paid officer, director, employee, or retainee of any organization shall provide to such organization such information as may be necessary to enable such organization to comply with the registration, recordkeeping, and reporting requirements of this Act. Any organization which relies in good faith on the information provided by any such officer, director, employee, or retainee shall be deemed to have complied with this Act with respect to that information, unless the organization, within thirty days after discovering any inaccuracy, fails to notify the Comptroller General and fails to make a reasonable effort to supply the correct information.

(c) The records required by subsection (a) shall be preserved for a period of three years after the close of the quarterly filing period to which such records related.

REPORTS BY REGISTERED ORGANIZATIONS

SEC. 7. (a) Each organization shall, not later than thirty days after the last day of each quarterly filing period, file a report with the Comptroller General concerning any activities described in section 4 which are engaged in by such organization during such period.

(b) The report described in paragraph (a) shall be in such form as the Comptroller General shall prescribe by regulation and shall contain the following, which shall be regarded as material for the purposes of this Act—

(1) an identification of the organization filing such report;

(2) an estimate of the total direct expenses which such organization made with respect to lobbying communications during such period; *Provided*, That an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 that has made the election provided for in section 501(h)(3) of such Code may, in satisfaction of its duty to submit the information required by this paragraph, submit a statement of its expenditures during the quarterly filing period for the purpose of influencing legislation as defined in section 4911(d) of such Code, computed in the same manner as the organization computes such expenditures for the purpose of reporting pursuant to section 6033(b)(8) of such Code. The Comptroller General may require any such organization to disclose to the Comptroller General the methods used by such organization in making such computations.

(3) an identification of any retainee and individual described in section 4 of this Act and the total expenditures made pursuant to such retention or employment, except that in reporting the expenditures, the organization filing the report may disclose on an aggregated basis either (1) the total fees, retainers or salaries paid to such retainees and individuals or (2) that portion of the total of such fees, retainers, salaries and the like directly attributable to the activities described in section 4 of this Act, which may, in the discretion of the organization, be determined by using the percentage of the total number of days in the quarterly period spent in whole or in part making lobbying communications.

(4) a general description of the ten issues which the organization estimates accounted for the greater proportion of its time spent in making lobbying comunications.

DUTIES OF THE COMPTROLLER GENERAL

SEC. 8. (a) It shall be the duty of the Comptroller General—

(1) to develop filing, coding, and cross-indexing systems to carry out the purposes of this Act, including a cross-indexing system which, for any person identified in any registration or report filed under this Act, discloses each organization identifying such person in any such registration or report;

(2) to make copies of each registration and report filed with him under this Act available for public inspection and copying, commencing as soon as practicable after the date on which the registration or report involved is received, but not later than the end of the fifth working day following such date, and to permit copying of such registration or report by hand or by copying machine, or, at the request of any individual or organization, to furnish a copy of any such registration or report upon payment of the cost of making and furnishing such copy; but no information contained in any such registration or report shall be sold or utilized by any individual or organization for the purpose of soliciting contributions or business;

(3) to preserve the originals or accurate reproductions of such registrations and reports for a period of five years from the date on which the registration or report is received;

(4) to compile and summarize, with respect to each quarterly filing period, the information contained in registrations and reports filed during such period in a manner which clearly presents the extent and nature of the activities described in section 4 which are engaged in during such period;

(5) to make information compiled and summarized under paragraph (4) available to the public and (including offering copies for sale by mail) within sixty days after the close of each quarterly filing period;

(6) to prescribe, following consultation with the Attorney General, such rules, forms, and procedural regulations as are necessary for the performance of his duties under this Act;

(7) to provide, upon request and to the extent practicable, under such published procedures and circumstances as are approved by the Attorney General, guidance and assistance on the recordkeeping, registration, and reporting requirements of this Act.

(b) For the purposes of this Act, the duties of the Comptroller General shall be carried out in conformity with chapter 5 of title 5, United States Code, and any records maintained by the Comptroller General under this Act shall be subject to the provisions of sections 552 and 552a of title 5.

(c) The Comptroller General is not authorized to have access to, or request or acquire disclosure of, in whole or in part, any membership or contributor list of any voluntary membership organization.

(d) No individual or organization shall be civilly liable in any private suit brought by any other person for disclosing information at the request of the Comptroller General under this Act.

(e) When the Comptroller General has reason to believe that an organization has failed to register or report as required by this Act, he shall notify the Attorney General.

ENFORCEMENT

SEC. 9. (a) The Attorney General shall notify the subject of any investigation under the Act in writing, unless the Attorney General determines that such notice will interfere with the effect of enforcement of this Act. If the Attorney General determines, after any investigation, that there is reason to believe that any individual or organization has engaged in any act or practice which constitutes a civil violation of this Act as described in section 12(a), he shall endeavor to correct such violation by informal methods of conference or conciliation.

(b) If the informal methods described in subsection (a) fail, the Attorney General may institute a civil action, including an action for a permanent or temporary injunction, restraining order, or any other appropriate relief, in the United States district court for the judicial district in which such individual or organization is found, resides, or transacts business. It shall be a defense to an action under this subsection that the defendant had a good faith and reasonable belief in the legality of the conduct constituting the violation.

(c) The United States district courts shall have jurisdiction of actions brought under this Act.

(d) The Attorney General is not authorized to have access to, or request or require disclosure of, in whole or in part, any membership or contributor list of any voluntary membership organization. Any investigation under this Act by the Attorney General shall be conducted expeditiously, and with due regard for the rights and privacy of the individual or organization involved.

ATTORNEY'S FEES

SEC. 10. In any action brought pursuant to this Act, in which the organization which is the subject of such action substantially prevails, the court may assess against the United States attorney fees and other litigation costs reasonably incurred.

REPORTS BY THE COMPTROLLER GENERAL

SEC. 11. The Comptroller General shall transmit reports to the President of the United States and to each House of the Congress no later than March 31 of each year. Each such report shall contain a detailed statement with respect to the activities of the Comptroller General in carrying out his duties and functions under this Act, together with recommendations for such legislative or other action as the Comptroller General considers appropriate.

SANCTIONS

SEC. 12. (a) Any individual or organization who knowingly and willingly violates section 5, 6, or 7 of this Act shall be fined not more than $5,000 for each such violation not to exceed $100,000. And this civil penalty shall be the exclusive sanction for any misstatement or omission in any registration or report filed under this Act.

(b) In determining the amount of the civil penalty, the court shall consider:

(1) the nature and circumstances of the violation;

(2) any previous violations; and

(3) the impact of the penalty on the defendant's ability to engage in lobbying communications.

(c) Any individual or organization selling or utilizing information contained in any registration or report in violation of section 9(a)(2) of this Act shall be subject to a civil penalty of not more than $100,000.

(d) No action to enforce any violation of law arising under this Act or out of any registration of report filed thereunder may be maintained unless brought within three years after the violation occurred.

REPEAL OF FEDERAL REGULATION OF LOBBYING ACT

SEC. 13. (a) The Federal Regulation of Lobbying Act (60 Stat. 839; 2 U.S.C. 261 et seq.) is repealed.

(b) All documents, papers, and other information in the custody or control of the Clerk of the House of Representatives or the Secretary of the Senate obtained or prepared pursuant to the provisions of the Federal

Regulation of Lobbying Act are hereby transferred to the custody and control of the Comptroller General. The Senate and the House of Representatives consent to the transfer of such documents, papers, or other information.

EFFECT ON OTHER LAWS

SEC. 14. (a) An organization shall not be denied an exemption under section 501(a) of the Internal Revenue Code of 1954 as an organization described in section 501(c) of such Code, and shall not be denied status as an organization described in sections 170(c)(2), 2055(a)(2), 2106(a)(2), and 2522 of such Code, solely because such organization complies with the requirements of sections 5, 6, and 7 of this Act.

(b) The registration, reporting, and recordkeeping requirements of the Act shall not relieve any person from the registration, reporting, recordkeeping, or similar obligations of any other Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 15. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

EFFECTIVE DATES

SEC. 16. (a) Except as provided in subsection (b), the provisions of this Act shall take effect on the first day of the first calendar quarter which begins more than one hundred and eighty days after enactment of this Act.

(b) The provisions of this Act requiring the issuance of regulations to implement this Act shall become effective upon enactment.

SEPARABILITY

SEC. 17. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

[From the Washington Post, Sept. 11, 1979]

CAMPAIGN REGULATION RUN AMOK

Who is trying to influence Congress? The latest reports by lobbying groups filled about 100 pages of small print in last Friday's Congressional Record—and still covered only a fraction of the lobbying that occurs on Capitol Hill. House and Senate committees are about to try for the umpteenth time to compose a more adequate disclosure law. But once again the advocates of "full disclosure," pushed by Common Cause, are asking too much. They are not content with a statute requiring reports on substantial paid (as opposed to volunteer) lobbying that involves direct contacts with members of Congress and their staffs. A "strong" disclosure bill, they insist, should also cover so-called grass-roots or indirect lobbying—efforts to influence Congress by stimulating letters and other appeals from people back home.

Such attempts to stir up public opinion have become very popular. Thousands of organizations use sophisticated mass mailings to try to generate pressure on Congress. Many companies routinely urge their stockholders to write about one concern or another. Labor unions mobilize mail from their members frequently. Reports about all this and its financing would make interesting reading. But required disclosure is not really necessary. Most of these campaigns are already quite visible; groups often brag about how many post cards they can generate, and any member of Congress who is not totally out of touch with his constituents can find out very quickly who is behind any surge of similar appeals.

Beyond that is the fact that mandatory disclosure would be just that—the injection of federal law into a field of political activity that is entirely legitimate and extremely widespread. And requirements for reporting would be just the start of it; there would also be provisions for audits and inspections of groups' records, and penalties for those that failed to comply fully with the law. The potential for harassment of various groups would be immense. The paper work alone might be enough to discourage some from engaging in these activities. This would be regulation run amok. Congress has enough trouble trying to trim back the rules already in effect, without jumping into a field that raises so many questions and threatens such infringements on political liberties.

PUBLIC DISCLOSURE OF LOBBYING: CONGRESS AND ASSOCIATIONAL PRIVACY AFTER BUCKLEY V. VALEO

(By David Landau, staff counsel, American Civil Liberties Union, Washington Office)

Testifying before the Senate Government Operations Committee on April 22, 1975, Senator Edward Kennedy charged:

"Day after day armies of lobbyists patrol the corridors of Congress and every federal agency. Vast amounts of influence and money are spent in secret ways for secret purposes, and many private interests are rich and powerful and their secret operations corrupt the public interest.

"The time has come to end that undue influence over the executive branch and really over the Congress. . . . [T]oo often we have allowed the voice of the people to be silenced by a special interest group clamoring for favored treatment." [1]

Senator Kennedy articulated the prevailing image of lobbyists as fat cat manipulators and purchasers of influence. In the public mind, the lobbyist is perceived as a disreputable character lurking in the halls of government, improperly trying to influence the course of official decision making. Whenever a particular piece of legislation fails, the advocates of that legislation blame lobbyists. "Special interest" lobbying organizations are accused of secretly pouring large sums of money into mass letter writing campaigns, newspaper advertisements and the salaries of Washington lobbyists who utilize their influence with particular members of Congress.[2] However exaggerated and inaccurate, this image is responsible for a clamor for reform.

The past two Congresses have proposed legislation to change this situation. In the 94th Congress both the House and Senate passed bills which would have required any organization which engages in a minimum amount of lobbying to disclose information on a variety of its activities.[3] In the 95th Congress, the House again passed a bill and a Senate Committee attempted to report a similar proposal.[4] The disclosed information would include detailed reports on lobbyist activities, names of contributors to the registered organizatiton, communications to members of the organization and the general public, and a myriad of financial data. Civil and criminal sanctions would attach for violation of the proposed Act.[5]

The proponents of this legislation argue that people have a right to know about the processes of their government and the machinations of their leaders.[6] Theoretically, disclosure acts as a deterrent to and permits discovery of official misconduct. The disclosure of lobbying will enable members of Congress, in considering an issue, to understand more fully the actual nature and source of the lobbying on that issue; insure public confidence in government by removing the cloak of secrecy from lobbying; and inform Congress and the general public on the views which are most represented before Congress, and on the amount of money expended to influence the outcome of a particular issue.[7]

The disclosure of lobbying, however, will also have another impact: it will significantly affect freedom of speech, freedom of association, and the right to petition the government for a redress of grievances. Pure lobbying, that is, advocacy of a particular viewpoint, is a constitutionally protected activity.[8] The first amendment confers broad immunity upon the activities of persons and organizations who attempt to present their points of view to elected officials.[9] Our Constitutional system puts great faith in the competition of ideas as the ultimate cleansing tool.

Ever since "Publius" wrote and published the *Federalist Papers*, a fundamental method of public advocacy has been anonymous political speech and association.[10] Public disclosure of political affiliation and activity subjects those who hold unpopular views to harassment and retaliation, and thus discourages public debate on policy issues.[11] The Supreme Court has recognized this, finding a right of associational privacy in the first amendment.[12] The Court has repeatedly struck down disclosure and registration statutes, whose effect, even if unintentional and indirect, is to chill the free exercise of first amendment rights.[13] The right of associational privacy however, is not absolute. When a conflict arises between associational privacy and disclosure statutes and other governmental regulations, the Supreme Court has established stringent standards to judge the constitutionality of the statute in question. The most recent case in *Buckley v. Valeo*,[14] in which the Court carefully scrutinized the Federal Election Campaign Act of 1974 [15] which required *inter alia*, disclosure of contributors to campaign committees.[16] Citing the compelling governmental interest in preserving the integrity of the electoral process, the Court upheld the disclosure portions of FECA.[17] While upholding disclosure of political associational activities, the Court did apply a traditional first amendment analysis and emphatically pointed out that Congress had passed the well-established constitutional tests.

Since lobbying, like electioneering, is public debate, legislation affecting it should pass constitutional muster *before* being enacted This article will apply the constitutional standards for legislation affecting associational privacy to the proposal for the public disclosure of lobbying.

I. THE DOCTRINE OF ASSOCIATIONAL PRIVACY

The Supreme Court began in its opinion in *Buckley* by stressing this fundamental point:

> [W]e have repeatedly found that compelled disclosure, in itself, can seriously infringe on privacy of association and belief guaranteed by the first amendment.[18]

This statement indicates that the doctrine of associational privacy is deeply imbedded in first amendment law. Yet, up until twenty years ago, a vague theory of nexus between the freedoms of speech and assembly had been a sufficient basis for the Court's decision in this area.[19] The increasing indirect attacks on unpopular viewpoints and associations, through government regulation, demanded a new, tightly drawn constitutional theory.

Associational privacy was first expressly addressed in the landmark decision of *NAACP v. Alabama ex rel. Patterson*.[20] The issue in that case involved the validity of a contempt conviction based on the NAACP's refusal to disclose membership lists during pretrial discovery.[21] Justice Harlan, speaking for a unanimous court, invalidated the contempt conviction because the disclosure of membership lists would have entailed "the likelihood of a substantial restraint upon the exercise of petitioner's members of their right of freedom of association." [22]

Footnotes at end of article.

Justice Harlan derived the right of association from the close nexus between freedom of speech and assembly:

> It is beyond debate that freedom to engage in association for the advancement of beliefs and ideas is an inseparable aspect of the "liberty" assured by the Due Process Clause of the Fourteenth Amendment, which embraces freedom of speech.[23]

He then applied a two prong test: whether there was a compelling interest in disclosure and whether there was a substantial relation between the government interest—the potential violation of Alabama's foreign corporation registration act—and the information to be disclosed. To both questions, Justice Harlan answered in the negative. Therefore, Alabama could not compel disclosure.[24]

In the next term, the Court expanded the right of associational privacy by adding a third requirement to the *Alabama* test. Justice Stewart in *Shelton* v. *Tucker*,[25] invalidated an Arkansas statute which compelled teachers to disclose all of their organizational affiliations for the past five years. The statute in question complied with the *Alabama* test; the State had a substantial interest in inquiring about the fitness and competency of its teachers, and organizational affiliations were relevant to this determination. The statute was nevertheless invalidated because it was overbroad. The Court reasoned that in requiring disclosure of *all* organizational affiliations for the past five years the state had gone beyond what was legitimately necessary to make the competency determination. This requirement became known as the doctrine of *less drastic means:* "even though the governmental purpose be legitimate and substantial, that purpose cannot be pursued by means that broadly stifle fundamental liberties when the end can be more narrowly achieved."[26]

Since *Shelton*, statutes affecting the right of associational privacy have been subjected to exacting scrutiny. For example, the Court struck down "on its face" a city ordinance prohibiting the anonymous distribution of handbills.[27] a federal statute requiring the addressee of "communist political propaganda" to identify himself by requesting delivery,[28] and provisions of the Subversive Activities Control Act prohibiting members of communist action organizations from being employed in defense facilities or from possessing passports.[29] Of salient interest here is the fact that the burden was on the government to prove that the statute in question had complied with the associational privacy test. The Court was careful to note that if the government met its burden, the statute would in all likelihood be upheld, and in one case the Court did uphold a statute on this basis.[30]

Cases in recent years have affirmed the *Alabama* and *Shelton* tests. In 1971 the court struck down an Arizona state bar requirement which compelled applicants to disclose whether they had ever been members of the Communist party or any organization that advocates overthrow of the United States by force or violence, stating: "When a state seeks to inquire about an individual's beliefs and associations a heavy burden lies upon it to show that the inquiry is necessary to protect a legitimate state interest."[31]

The Court also overturned a state supported college's denial of registration as a campus organization, to a local chapter of Students for a Democratic Society finding that such denial infringed on the petitioners right to freely associate.[32]

In 1973 the Court invalidated portions of the Illinois election code which barred a person from voting in the primary election of a political party if that person had voted in the primary election of any other party within the preceding twenty-three months.[33]

The Court stated that the state interest in preventing "raiding", *e.g.*, voters in sympathy with one party voting in another party's primary to distort that primary's result, was not sufficient to justify the statutory provisions which substantially abridged a voter's ability to associate effectively with the party of the voter's choice by locking him or her into a pre-existing party affiliation from one primary to the next. The Court noted however, that as in the *Alabama* case there were no direct abridgement of the voter's rights. Rather, the restriction significantly interfered with the free exercise of the constitutionally protected right of association. The Court reiterated that there was a heavy burden on the government to justify the statute, holding that " a significant encroachment upon associational freedom cannot be justified upon a mere change of a legitimate state interest. . . . [F]or even when pursuing a legitimate state interest, a state may not choose means that unnecessarily restrict constitutionally protected liberty."[34]

II. THE STANDARD OF BUCKLEY V. VALEO

In *Buckley* the Supreme Court rigorously applied the standards of the associational privacy cases to FECA. The Court first examined the government's interest in limiting and disclosing campaign expenditures and contributions. The Court found that there was a substantial interest in limiting "the actuality and appearance of corruption resulting from large individual financial contributions."[35] and providing the electorate with information on the sources of political campaign money. The Court easily found these compelling interests because the Senate and House had documented the abuses in the financing of elections.[36]

The issue, then, was whether the Act's limitations on campaign contributions and expenditures and disclosure provisions directly served the substantial interests of preserving the integrity of the electoral process. The Court held that the limitations on campaign contributions and disclosure provisions did, but that the campaign expenditure limitations did not. On the subject of limitation on individual contributions, the Court said the FECA's $1,000 contribution limitation "focuses precisely on the problem of large campaign contributors—the narrow aspect of political association where the actuality and potential for corruption have been identified."[37] The Court found that "under the rigorous standard of review established by our prior decisions, the weighty interests served by restricting the size of financial contributions to political candidates are sufficient to justify the limited effect upon first amendment freedoms caused by the $1,000 contribution ceiling."[38]

On the other hand, the Court invalidated the limitation on campaign expenditures not under the control of the candidate or his or her official organization. Because the ceiling was only on some and not all large expenditures, this provision of the Act was not sufficiently related to the governmental interest in preventing corruption and the appearance of corruption.[39] Unscrupulous persons could utilize loopholes and circumvent the requirement—abuse would still occur. Moreover, the Court thought that advocacy restricted by the provision did not pose dangers of real or apparent corruption comparable to that identified with large campaign contributions. "Unlike contributors, such independent expenditures may well provide little assistance to the candidate's campaign and indeed may prove counterproductive."[40]

The Court similarly invalidated the limitation on expenditures by candidates from personal or family resources. "The primary governmental interest served by the Act—the prevention of actual and apparent corruption of the political process—did not support the limitation on the candidate's expenditure of his own personal funds."[41] The Court reasoned that the core problem in electoral corruption was undue influence on candidates from outside interest and pressure from family was not substantially related to this problem.

Of particular significance is the Court's treatment of FECA's disclosure requirements. The court of appeals decision in *Buckley* must be analyzed first to understand the limited nature of the issue before the Supreme Court. Section 308 of FECA[42] required disclosure of any group that committed "any act directed to the public for the purpose of influencing the outcome of an election or publication or broadcast of any material that is designated to influence the individual to cast their votes for or against such candidate or to withhold their votes from such candidate."[43]

This provision would have required countless nonpartisan, issue-oriented organizations, which only remotely affected elections through public advocacy of their viewpoints to register and report under FECA. It was held unconstitutional by the court of appeals because of the intolerable effect on the free exercise of first amendment rights.[44] This portion of the Court of Appeals decision was not appealed to the Supreme Court.

The Court of Appeals also limited the scope of the remaining disclosure provisions. Those provisions applied only to "expenditures by political committees." In order to avoid invalidating this phrase for vagueness, the Court of Appeals narrowly construed the phrase to mean only those expenditures under the control or with the consent of the candidate; and whose major purpose is the nomination or election of a candidate.[45] Non-partisan issue oriented groups therefore would not be covered by this provision.

The Supreme Court adopted this narrow definition of "expenditures by political committee."[46] The Court upheld those disclosure provisions applying to organizations controlled by candidates. However, where independent committees were concerned, the Court drew the same distinction as the court of appeals, holding that phrase "expenditures by political committee" reached only expenditures used to nominate and elect candidates if they involved communications that in express terms advocated the election or defeat of a clearly identified candidate.[47] Other independent expenditures, those which do not explicitly advocate election or defeat of a candidate, do not fall within "the core area sought to be addressed by Congress."[48] Thus, the Supreme Court only approved the disclosure of the names of contributors to political committees which are directly and expressly involved in a particular campaign. Moreover, before approving the disclosure the Court again examined the compelling interest to be served—the prevention of corruption and the appearance of corruption and an informed electorate—as well as the relationship between the governmental interest and the information sought.

Buckley, then, does not question the doctrine of associational privacy. Rather, it approves the doctrine and its limitations as first formulated by Justice Harlan. Congress bears a heavy burden in enacting legislation affecting first amendment rights and the Supreme Court will carefully scrutinize such legislation. There must be a compelling governmental interest, there must be a substantial correlation between the information sought and that interest, and even if there is compelling interest and the information sought is substantially related to the interest, Congress must utilize the less drastic means. The Supreme Court has stated that if Congress complies with these standards, the legislation will be approved. In *Buckley*, Congress extensively investigated campaign activities and enacted broad legislation accordingly. The Supreme Court, basing its de-

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cision on the factual record of abuse established by Congress, upheld the disclosure and contribution limitation portion of the Act while striking down expenditure limitations. The foundation of the decision was abuse of the electoral process. Without such a record it is doubtful that the Court could have upheld any portion of FECA.

III. FEDERAL REGULATION OF LOBBYING ACT

The current law requiring the registration of lobbyists was enacted as part of the Legislative Reorganization Act of 1946.[49] The Act requires registration of those persons (individuals or organizations) who receive or solicit money to aid, and whose "principal purpose" is to influence, the passage or defeat of any legislation by Congress.[50] Lobbyists covered by the Act are required to disclose, *inter alia*, all expenditures and contributions for lobbying, and the names and addresses of the employer on whose behalf they are lobbying.[51]

Although on its face the Act appears to be very broad, the actual scope of the Act was severely limited by the Supreme Court. In *United States* v. *Rumely*,[52] a case involving a Congressional investigation into lobbying activities, the Court narrowly defined "lobbying activities" as "lobbying in its commonly accepted sense," that is "representations made directly to the Congress, its members, or its committees." [53] Lobbying did not include "attempts to saturate the thinking of the community." The Court reasoned that "the power to inquire into all efforts of private individuals to influence public opinion through books and periodicals, however remote the radiations of influence which they may exert upon the ultimate legislative process, raises doubts of constitutionality in view of the prohibitions of the First Amendment." [54]

One year later, the Supreme Court, in *United States* v. *Harriss*,[55] applied the same narrow construction to the language of the Federal Regulation of Lobbying Act itself. Several persons had been indicted under the Act for failure to report expenditures related to the costs of a campaign to communicate by letter with members of Congress on certain legislation. Although the Court took care not to deny Congress in large measure the power of self-protection by preventing Congress from any regulation of lobbying, Chief Justice Warren limited the reach of the Act to cover only "lobbying in its commonly accepted sense—to direct communications with members of Congress on pending or proposed federal legislation." [56]

In his opinion for the Court, Justice Warren further interpreted the Act to mean that only those organizations whose "principal purpose" was to communicate directly with Congress and which solicited, collected or received money for that purpose, were required to register.[57] This narrow statutory construction avoided the constitutional questions raised by the Act.

After this decision, compliance with the Act became voluntary.[58] Many organizations did not consider their "principal purpose" that of soliciting and collecting money for lobbying. The Clerk of the House and Secretary of the Senate had no enforcement powers. The Department of Justice never undertook to enforce the Act. Only six cases have ever been brought and only one conviction obtained, in which case the defendant pleaded guilty.[59] Thus, the constitutional boundaries of Congress power to regulate lobbying have never been explored. Furthermore, the constitutionality of the reporting requirements for those who do not qualify under the *Harriss* test have not been tested. Many organizations refuse to supply specific informational items but have never been challenged for doing so.[60]

Since the *Harriss* decision, several congressional committees have undertaken to study the effectiveness of the Act. They have usually concluded that it is ineffective, but proposed changes that have never been enacted.[61] The climate of the post Watergate era, and especially the subsequent reform of campaign financing and the electoral process, however, have provided momentum for another movement to revise the FRLA. In 1975, three separate congressional committees held hearings on various lobbying reform proposals.[62] Each committee compiled an extensive record. In June, 1976, the Senate passed a comprehensive new lobbying law proposal, S. 2477, and in September of the same year, the House adopted its own proposed new lobbying statute.[63] However, no agreement could be reached, and a new law was not enacted.

The 95th Congress continued the effort to enact a new law. The House of Representatives passed a bill, H.R. 8494.[64] The Senate Government Affairs Committee considered its proposal several times but was unable to produce a final version. Proponents of the legislation have promised to push for enactment in the 96th Congress.[65]

IV. PUBLIC DISCLOSURE OF LOBBYING: THE BUCKLEY STANDARD APPLIED

A. S. 1785

Although there have been numerous proposals to reform the lobbying regulation law, the advocates of the current movement coalesce around one proposal—S.1785 of the 95th Congress.[66] The issues raised by the proposal generally run through all other current reform proposals. The discussion of lobbying disclosure legislation will therefore focus on S. 1785.

S. 1785 "requires public disclosure of certain lobbying activities to influence issues before the Congress and the Executive branch".[67] The bill sets thresholds of organizational time and money spent making lobbying communications and solicitations which trigger the registration and reporting provisions of the bill.[68] A lobbying communication is defined as an oral or written communication made directly to any federal officer or employee to influence the content or disposition of any issue before Congress.[69] A lobbying solicitation is defined as an oral or written communication urging, requesting or requiring another person to communicate with a federal officer or employee on an issue before the Congress.[70] This has also been termed "indirect" or "grassroots" lobbying.

Any organization which, acting through its own paid officers, director of employees, engages in fifteen or more oral lobbying communications in any quarter of any one year period must register with the Comptroller General as a lobbyist, and file "abbreviated" quarterly reports.[71] The reports will include, *inter alia*, any gifts over $35 (and any receptions costing over $500) for the benefit of federal officers or employees; a specific description of the ten issues to which the organization devotes the greatest proportion of its lobbying efforts and a general description of all the issues which were lobbied. For a lobbying solicitation which could reasonably be expected to reach 500 or more persons, one hundred or more employees, 25 or more officers or directors or 12 or more affiliates of the organization, a description of the means employed to make the solicitation, the subject with which each was concerned, and an indication whether the recipient was in turn asked to solicit others must be reported.[72]

Any organization which (1) makes an expenditure of $1250 or more in any quarter of a one year period to retain one or more persons (other than employees of the organization) to make lobbying communications, (2) employs at least one person who spends a total of 24 hours or more in any quarterly filing period or employs two or more individuals each of whom spends twelve hours or more in any quarterly filing period making oral lobbying commentary on behalf of the organization or (3) spends in any quarter in excess of $5000 on lobbying solicitations must register and file "full" lobbying registration reports.[73] Organizations triggering this higher threshold of lobbying activity must include, in addition to information on the abbreviated registration, a list of contributors of over $3000 or more if the contributions were expected in whole or in part for lobbying activities and if the total lobbying expenditures of the organization in the year preceding the year in which the registration is filed exceeds 1% of the total budget of the organization.[74] If the organization is a voluntary membership organization it must also provide a general description of the methods by which it arrives at the position on the issues which it seeks to influence through lobbying communications or solicitations.[75]

The "full" quarterly reports must contain, inter alia, the information required by the abbreviated reports and the approximate amount of total expenditures on lobbying activities, including a breakdown of percentages of expenditures on communications and solicitations, an identification of any retained or employed lobbyist including a description of each issue which was the subject of a lobbying communication by the lobbyist, expenditures made by retained persons or employees on lobbying, a specific description of the thirty issues on which the organization spent the greatest proportion of its lobbying efforts and a general description of all other issues which were lobbied.[76]

Administration and enforcement of the Act is vested in the Comptroller General and the Attorney General. The Comptroller General is granted the power to subpoena records of organizations and must conduct investigations of alleged violations of the Act.[77] He also must cross-index his information with the information gathered by Federal Election Commission (concerning campaign contributions) and Department of Justice (concerning the Foreign Agents Registration Act).[78] Copies of the registration and reports are to be made available to the public and summaries of the reports are to be published promptly in the Federal Register.[79] The Comptroller General may promulgate rules and regulations to carry out his duties.[80]

The Comptroller General is also given the power to issue advisory opinions upon the request of the organization concerning the lobbying activities of that organization.[81] An organization which acts in good faith in accordance with an advisory opinion is presumed to have compiled with the Act.[82] An organization can appeal any advisory opinion to the United States district court.[83]

If the Comptroller General has reason to believe that there has been a civil violation of the Act, i.e., any violation of the Act such as late reporting or unintentional omission of information, he is authorized to attempt to correct the matter through informal methods of conference or conciliation or by referring it to the Attorney General, who is authorized to institute civil enforcement action for relief, including a temporary or permanent injunction or restraining order.[84] An apparent criminal violation, i.e., one that is knowing and willful, must be referred to the Attorney General.[85] If the Attorney General fails to bring a civil action within 60 days on referral of an apparent violation, the Comptroller General is authorized to bring action for relief.[86]

Any violation of the Act can be subject to a civil penalty of $5000 for each violation.[87] Any knowing and willful violation of the registration or reporting provisions, or falsification of or omission of material facts necessary for registration or reports, is subject to

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a $10,000 fine or not more than 2 years in prison or both for each violation.[88]

B. The Buckley standard applied

S. 1785 is a comprehensive attempt to disclose the lobbying activities of those who attempt to affect the legislative process. Because S. 1785 utilizes public disclosure, a method which the Supreme Court has recognized as having a potentially chilling effect on the free exercise of first amendment rights, Congress will be held to the exacting scrutiny of well-established first amendment tests, as recently elucidated in *Buckley*. Thus, the first issue is whether the proposed statute on its face complies with those standards.

As noted above, since 1975 Congress has compiled a voluminous record on the issue of lobbying.[89] Presumably, this record should contain evidence of widespread abuse of lobbying, of corruption in the legislative process. It does not. No committee has actually investigated the wide variety of lobbying methods used by individuals and organizations. There has been no evidence of abusive lobbying practices. Rather, the committees have routinely accepted statements from lobbyists which, for the most part, were addressed to problems with specific proposals.[90]

For example, during the hearings before the Senate Committee on Government Operations in 1975, only two witnesses actually produced evidence of the inadequacies of FRLA. One witness described the widespread lobbying activities of organizations which do not register, and the General Accounting Office reported on the problems with the administration and enforcement of the FRLA.[91] The General Accounting Office report, however, lacked substance because it was primarily concerned with problems of late reports, unanswered questions on filing forms and the general inability to determine the veracity of the information submitted. Almost all witnesses either opposed the legislation or recognized the need for reform but opposed specific proposals. Other committees, both in the 94th and the 95th Congress, compiled similar records.[92] In other words, there has been no Congressional fact finding with respect to the lobbying process. There has been no careful identification of abuses in lobbying, or of undue lobbyist influence over Congress. Rather, S. 1785 is based on a general view that the FRLA is ineffective and that Congress and the people have a right to know about lobbyists.

This is in direct contrast to the factual record established in *Buckley*. There the Court repeatedly referred to the record of abuse and corruption in the electoral process. Because of that record, the Court was able to find a compelling governmental interest.

Applying the *Buckley* standard therefore to lobbying disclosure legislation, Congress has failed to meet its first component: establishing a compelling governmental interest. Although the Court in the *Harriss* case did find that Congress had a right to self-protection,[93] the *Buckley* case requires that significant expansion of current law in an area intimately involved with first amendment rights be well-justified. Without evidence of a particularized compelling governmental interest, it will be difficult for the various component requirements of S. 1785 to meet the other tests of *Buckley*.

1. Thresholds for Registration and Reporting

As described above, S. 1785 utilizes a two-tier threshold. Organizations engaged in a certain amount of lobbying would file so-called "abbreviated reports." Organizations engaging in an ostensibly higher level of lobbying would file full reports. This approach suffers from a number of constitutional defects.

First, the threshold is based on the premise that any organization engaged in even a small amount of lobbying should register. Organizations of all sizes are covered. If an organization makes merely fifteen contacts with members of Congress or staff, it would have to register with the federal government as a lobbyist. Thus, if an organization desires to contact only a single congressional committee regarding a single piece of legislation or a single issue, it would first have to devise an elaborate reporting and recordkeeping scheme to comply with the complex reporting provisions of S. 1785.

Consider, for example, a group of citizens from the Hartford Community Action Center. Its activities center around helping local citizens with welfare problems. The Center has four full-time paid staff members and a number of volunteer workers. Each year, during the consideration of the Labor HEW Appropriations bill, the staff makes phone calls to its representative and senators on the Appropriations Committees advising them of particular problems and advocating particular reforms and amendments to the bill. Under S. 1785, the Hartford Community Action Center would be a lobbying organization and fifteen days after it makes these phone calls it would have to register as a lobbyist and prepare a system to enable it to file periodic reports, all under threat of criminal penalty.

Moreover, organizations which meet the first threshold of fifteen contacts might also meet the regular hours test of the second threshold. In the above hypothetical case, two employees of the Hartford Community Action Center would certainly spend more than twelve hours each preparing and contacting the Appropriations Committee, especially if the employee also wrote letters to Congress. Thus, the Center would have to comply with the more burdensome reporting provisions.

Regardless of whether the organization actually triggered the higher threshold, a recordkeeping system for the complex financial reports would have to be maintained to prove that the organization has not met the higher threshold, since the burden to prove compliance is on the organization.

Even assuming that there is a compelling governmental interest in protecting Congress from corrupting influences beyond the protection afforded by current law, S. 1785 still fails to meet the Buckley standard.

Regulation of the small citizen groups which would be covered does not bear a substantial relationship to the prevention of corruption in government. Their efforts may be intermittent; their impact on the legislative process is often slight and the activities are usually open to public view. Their efforts are largely geared toward other activities, and only at times toward contacting Congress and expressing their views. It is difficult to find the substantial relationship between disclosing the activities of organizations like the Hartford Community Action Center and the prevention of corruption in government.

On the other hand, the low level of contacts and hours thresholds, coupled with the burdens of compliance and the presence of criminal sanctions might deter many citizen groups and individuals from entering the lobbying process. For example, under S. 1785 each registered organization would have to file quarterly reports including information on approximately fifteen separate items. Moreover, every registered organization would have to maintain extensive records and institute intricate accounting and internal reporting procedures in order to prove compliance. The need to centralize recordkeeping and to track expenditures on lobbying solicitations as they filter through a grassroots organizational structure, will prove to be too intimidating and too costly for many organizations. The threat of criminal sanctions will prove even more intimidating, especially to small or inexperienced citizens groups venturing into lobbying. Thus, the registration of small organizations, and organizations which do not regularly lobby is not related to the prevention of corruption. Only where groups are large enough to engage in lobbying on a sustained or widespread basis is the interest of Congress sufficient to meet the Buckley test. Further, organizations which spend large sums of money to affect the legislative process are well enough organized so that the registration and reporting requirements are not so bewildering, intimidating or costly that they would consider refraining from lobbying at all.[94]

2. Disclosure of Contributors

S. 1785 requires that organizations which are required to register must disclose the names of all contributors over $3,000 if more than one percent of the organization's budget was devoted to lobbying. This provision raises significant associational privacy questions as thousands of organizations, many politically controversial, will probably have to register under the Act.

Under the FRLA, registered organizations must disclose those who contribute over $500.[95] The Supreme Court in the *Harriss* case did not consider this specific provision. However, because of the "principal purpose" test the common interpretation of this requirement is that contributions must be specifically for lobbying.[96] Since most organizations do not solicit contributions for lobbying, few contributors have been disclosed. As noted earlier, many organizations do not even register and others refuse to supply this information.[97]

Since *Harriss*, moreover, the doctrine of associational privacy has evolved. The *NAACP* cases invalidated the disclosure of members names, but the *Buckley* case approved public disclosure of contributors over $100 to political committees. As discussed earlier, *Buckley* by no means overruled the *NAACP* cases. The Supreme Court only approved of contributor disclosure in a very limited context based on a factual record of abuse, and through its narrow interpretation of "political committee" it upheld the invalidation of the disclosure of contributors to independent organizations. Proponents of the contributor disclosure provision of S. 1785 argue that there is a compelling governmental interest in the disclosure of the financial sources of lobbying organizations. For example, if the Calorie Control Council lobbies heavily against the ban on saccharin, then it is important for legislators and the public to know that it is funded to a large extent by the major soft drink manufacturers. Applying the *Buckley* standard, however, there is no record of numbers of such organizations exerting such enormous influence that they threaten the legislative process. Moreover, even if there is a compelling governmental interest in knowing about sources of influence on the Congress, as presently drafted the contributor disclosure provision does not substantially relate to that governmental interest.

S. 1785 would require disclosure of all amounts over $3000 without regard to actual utilization of the funds. In general interest organizations, only a small percentage of each contribution is devoted to lobbying. A $3000 contribution to the Sierra Club, for example, would be used to finance a variety of activities that have nothing to do with lobbying. Moreover, contributions to the Sierra Club, of course, would be utilized in a different way from a $3000 contribution to a smaller or different organization, such as a consumer group or even a church. Disclosure of all contributions over $3000 from all organizations required to register has little, if any, correlation to the apparent purposes of the Act.

Further, the provision is not directed at a small number of organizations which con-

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trol and exert their influence through other organizations with which their affiliation might not be generally known. Those who contribute the small amount of $3000 could not in any real sense "control" an organization.

Enforcement of the contributor provision presents further constitutional problems. The Comptroller General is required to determine whether an organization is complying with these reporting provisions regardless of the figures involved in the contributions. To do so, he will have to have access to the entire membership list of an organization. The enforcement provision, then, presents the precise fact pattern of the NAACP cases and distinguishes this case from Buckley. Under FECA, only political parties must disclose their contributions.[98] Under S. 1785 voluntary membership organizations must disclose their members.[99] Because of the nature as well as the number of organizations involved, the chilling effect on associational rights will be far greater. To take a hypothetical example, John Smith, a senior Vice President of the Northern California Lumbering Corporation, believes that redwood trees are an important natural resource. He has attempted a number of times to change company policy which currently opposes the expansion of the Redwood National Forest. Mr. Smith believes his disagreement with company policy is not so profound to require his resignation. But as an expression of his beliefs, Mr. Smith decides to contribute a substantial amount of money to the Save-the-Redwood Society to aid them in their fight for the expansion of the Redwood National Forest. This contribution consists of a little over five percent of the Society's total contributions, and because of the large amount of lobbying activity on the Redwood National Forest, the Save-the-Redwood Society is required to register under the Lobbying Disclosure Act. Under the contributor disclosure provision of S. 1785, John Smith's name would have to be published in the Federal Register. Such disclosure could cause severe repercussions for John Smith, including the possible loss of his job.

3. Direct v. Indirect Lobbying

S. 1785 includes as one of its key elements a requirement that activities known generally as "lobbying solicitations" be disclosed.[100]

"Lobbying solicitations" typically include the efforts by organizations to require, encourage or solicit their members and others to make their views known to members of Congress or their staffs. S. 1785 requires full disclosure of lobbying solicitations. Moreover, money spent on lobbying solicitations is one of several thresholds for the registration and reporting provisions of the bill.[101] Thus, organizations which never contact members of Congress, but only try to affect legislation through appeals to the public, will be included within the lobbying statute. This provision proposes one of the most obvious changes in the FRLA.[102]

Clearly, the Supreme Court has not yet sanctioned this type of disclosure. The *Rumely* and *Harriss* opinions indicate that indirect efforts to influence legislation are not regulated by the FRLA. In general, lower courts have struck down analogous provisions of FECA. The most succinct rationale for these decisions was given by the Second Circuit:

> [E]very position on any issue, major or minor, taken by anyone would be a campaign issue and any comment upon it in, say, a newspaper editorial or an advertisement, would be subject to proscription unless the registration and disclosure were complied with. Such a result would, we think, be abhorrent. . . . Any organization would be wary of expressing any viewpoint lest under the Act it be re-required to register, file reports, disclose its contributors, or the like. On the Government's thesis every little Audubon Society chapter would be a 'political committee' for 'environment' is an issue in one campaign after another. On this basis, too, a Boy Scout troop advertising for membership to combat 'juvenile deliquency' or a Golden Age Club promoting 'senior citizens rights' would fall under the Act. The dampening effect on First Amendment rights and the potential for arbitrary administrative action that would result from such a situation would be intolerable.[103]

This same rationale applies to lobbying solicitation disclosure. A prerequisite for any organization's attempt to gain public support for its stance on a particular legislative issue is educating and informing the public. Thus solicitation efforts are inextricably intertwined with all activities designed to inform the public on policy issues. It would seem that Congress would bear an enormous burden to prove a compelling need for the disclosure of this information. Again, there is no factual record of abuse of lobbying solicitations.

Advocates of this provision argue that indirect lobbying is one of the most significant sources of influence on the Congress. While this is a true statement, it overlooks the true nature of a lobbying solicitation. When an organization engages in a solicitation campaign and urges others to write Congress it has no control over the response to the solicitation. An individual is free to respond or not respond. If the individual does respond, presumably he or she believes in the particular viewpoint expressed. The individual responding to the solicitation is exercising the right to petition the government. In view of the prohibitions of the first amendment, this activity is protected.

S. 1785 would bring virtually all attempts to influence public opinion within the scope of the lobbying statute. A one page newspaper advertisement asking people to write letters on a particular issue would trigger the burdensome registration and reporting requirement. The chilling effect on organizations engaged only in public advocacy and education is clear. Organizations will choose not to engage in advocacy campaigns in order to avoid the threat of sanctions as well as investigations into their political activities. Low budget organizations, particularly public interest groups, will be deterred, and in some instances prevented, from initiating solicitation campaigns because of the prohibitive costs of recordkeeping and reporting.[104]

Furthermore, the solicitation reporting provision applies to some but not all solicitations. Solicitations must be reported if they reach 500 or more persons, 100 or more employees, 25 or more directors of 12 or more affiliates.[105] Thus, a single solicitation to an influential individual might have significant impact yet will go unreported. On the other hand, a massive solicitation campaign might have little effect and trigger the reporting required. The situation thus created is analogous to the limitation on expenditures by independent committees in FECA which was struck down by the Supreme Court in *Buckley*. That provision was invalidated for a similar inconsistency.[106]

In the final analysis, the question is what is the corrupting effect of organizations stimulating public opinion. The answer is none. Such efforts, therefore, cannot be regulated under the *Buckley* test.

ENFORCEMENT AND SANCTIONS

The full development of the issues raised by the enforcement of the act must await enactment and the subsequent promulgations of regulations, but a brief comment is necessary. The bill vests the Comptroller General with broad, virtually unfettered power to investigate alleged violations of the Act including the power to subpoena documents and compel testimony.[107] Moreover, the criminal sanctions permit the Attorney General and thus the FBI and grand juries to investigate alleged violations. For the first time, the Government will have legal access to records of an organization's lawful political activities. This will include information on an organization's activities with its own members, including decisions on strategy and tactics. Such broad powers invite abuse by law enforcement officials.

Similar powers were given to the Franchise Tax Board of California which is charged with enforcing the new California Lobbying Disclosure statute.[108] This agency has used its powers to conduct burdensome audits of lobbying organizations.[109] When it was refused access to organizational records of the American Civil Liberties Union of Northern California (ACLU), it returned with a subpoena ordering disclosure of, including but not limited to, diaries, date books, check stubs, contracts with clients and other internal memoranda. The ACLU is presently fighting this subpoena in court.[110] Similar investigations are clearly authorized by S. 1785. The unprecedented intrusion into organizational privacy and concommitant chilling effect are obvious.

CONCLUSION

Justice Brennan has written of a profound national commitment to the principle that "debate on public issues should be uninhibited, robust, and wide open." Believing in this principle, the founding fathers provided constitutional guarantees of free speech and the right to petition the government. The Supreme Court accordingly has established exacting standards to judge laws which may adversely affect the free exercise of those rights. Congress, initially, has the constitutional responsibility not to enact such laws. In proposing the Public Disclosure Lobbying Act, Congress has not fulfilled its constitutional obligation. In the final analysis, lobbying disclosure legislation is being proposed to remedy a failure of Congress itself. If Congress succumbs to vigorous lobbying, that is not the fault of the lobbyist. If Congress is fearful that it can no longer determine what "the people" want, perhaps members should not spend so much time in Washington, D.C. Attacking and deterring lobbying will not solve any problems—welcoming and encouraging constituents' viewpoints might.

FOOTNOTES

[1] Testimony of Senator Edward Kennedy, Hearings before Committee on Government Operations, United States Senate, on Lobbying Reform Legislation, April 22, 1975, at 8 [hereinafter cited as Senate Hearings I].

[2] Testimony of John Gardner, Chairman, Common Cause, Senate Hearings I, at 28. Testimony of Fred Wertheimer, Senior Vice President, Common Cause, Hearings before Committee of Governmental Affairs, United States Senate on S. 1785, S. 2026, the Public Disclosure of Lobbying Act, August 2, 1977, at 151 [hereinafter cited as Senate Hearings II]. See generally Comment, Federal Lobbying Disclosure Legislation, 26 Am. U.L. Rev. 972 (1977).

[3] H.R. Rep. No. 15, 94th Cong., 2d Sess., 122 Cong. Rec. 33108 (Sept. 28, 1976); 18068, 94th Cong., 2d Sess., 122 Cong. Rec. 18289 (June 15, 1976).

[4] H.R. Rep. No. 8494, 95th Cong., 2d Sess., 123 Cong. Rec. 11653 (April 26, 1978) [hereinafter cited as H.R. 8494]; S. 1785, Senate Hearings II at 326 [hereinafter cited as S. 1785]

[5] *Id.*

[6] Testimony of Fred Wertheimer, Senate Hearings II at 151.

[7] U.S. Congress, Senate Committee on Government Operations, Lobbying Disclosure Act of 1976, S. Rep. No. 94-763, 94th Cong.,

2d Sess. (1976) at 2–3 [hereinafter cited as Senate Report].

[8] See Liberty Lobby Inc. v. Pearson, 390 F.2d 489 (D.C. Cir. 1968), in which Judge Burger said, "While the term 'lobbyist' has become encrusted with invidious connotations, every person or group engaged . . . in trying to persuade Congressional action is exercising the First Amendment right of petition." See also Moffett v. Killian, 360 F. Supp. 228 (D. Conn. 1973) (striking down Connecticut law requiring lobbyists to pay $35 registration fee).

[9] The first amendment states in part "Congress shall make no law . . . abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances." U.S. Const. amend I.

[10] "Publius" was the pseudonymn for Alexander Hamilton, James Madison, and John Jay, the authors of The Federalist Papers (1961).

[11] *See* Wallace v. Brewer, 315 F. Supp. 431 (M.D. Ala. 1970) (striking down Alabama statute requiring Black Muslims to register and give certain information in order to purchase property).

[12] NAACP v. Alabama ex. rel. Patterson, 357 U.S. 449 (1958).

[13] Shelton v. Tucker, 364 U.S. 479 (1960); Bates v. Little Rock, 361 U.S. 516 (1960); Lamont v. Postmaster, 381 U.S. 301 (1965).

[14] Buckley v. Valeo, 424 U.S. 1 (1976).

[15] 2 U.S.C. § 431 (1976); P.o. 94–283 (S. 3065); May 11, 1976 (90 Stat. 475) [hereinafter cited as FECA].

[16] FECA also set limitation on expenditures by campaign committees, limitations on independent expenditures for a candidate, limitations on certain contributions, as well as establishing the Federal Election Commission.

[17] 424 U.S. at 60.

[18] *Id.* at 64.

[19] In Thomas v. Collins, 323 U.S. 516 (1945), the Court held that a Texas law requiring the prior registration of a labor union organizer before he solicitated union membership abridged the right to join and form a labor union, a right derived from Freedom of Speech and Assembly. In Dejonge v. Oregon, 299 U.S. 353 (1937), the Court invalidated the conviction of several members of the Communist Party under a statute which forbade the teaching of violent political change or revolution. Utilizing the nexus between free speech and assembly as a rationale, the Court held that the holding of meeting for peaceful political action could not be proscribed.

[20] 357 U.S. 449 (1958).

[21] The original action was instituted to oust the association from the state because of failure to comply with the state's corporation registration requirements.

[22] 357 U.S. at 462.

[23] *Id.* at 460.

[24] In Bates v. Little Rock, 361 U.S. 516 (1960), which involved a statute similar to the one in the Alabama case, the Court reiterated this test. Justice Stewart reversed the conviction of members of the local NAACP for violating city tax ordinances which required certain organizations to furnish city officials with a list of member's names. He utilized the Alabama test: "Whether the cities as instrumentality of the state have demonstrated so cogent an interest in obtaining and making public the membership lists of these organizations as to justify the substantial abridgement of associational freedom which such disclosure will effect." *Id.* at 524. Justice Stewart concluded that there was no "relevant correlation" between the power of the city to impose taxes and the compelled disclosure of member's names.

[25] 364 U.S. 479 (1960).

[26] *Id.* at 488.

[27] Talley v. California, 362 U.S. 60 (1960).

[28] Lamont v. Postmaster, 381 U.S. 301 (1965).

[29] U.S. v. Robel, 389 U.S. 258 (1967); Aptheher v. Secretary of State, 378 U.S. 500 (1965). *See also* Gibson v. Legislative Investigation Committee, 372 U.S. 539 (1963); Louisiana ex rel. Gremillion v. NAACP 366 U.S. 293 (1961).

[30] Communist Party v. Subversive Activity Control Board, 367 U.S. 1 (1961).

[31] Baird v. State Bar of Arizona, 401 U.S. 1, (1971). *See also Application of Stoler,* 401 U.S. 23 (1971).

[32] Healy v. James, 408 U.S. 169 (1972).

[33] Kusper v. Pontikes, 444 U.S. 51 (1973).

[34] *Id.* at 58.

[35] 424 U.S. at 26.

[36] U.S. Congress, Federal Election Campaign Act of 1974, S. Rep. No. 93–689, 93rd Cong. U.S. Congress, Federal Election Campaign Act of 1974, H.R. Rep. No. 93–1239, 93rd Cong.

[37] 424 U.S. at 29.

[38] *Id.*

[39] *Id.* at 45.

[40] *Id.* at 50.

[41] *Id.* at 54.

[42] 2 U.S.C. § 437(a) (1976).

[43] Buckley v. Valeo, 519 F. 2d 870 (D.C. Cir. 1975).

[44] *Id.* at 869. *See also* United States v. National Committee for Impeachment, 469 F. 2d 1135 (2d Cir. 1972), where the court narrowly construed the section of the 1971 FECA requiring disclosure of activities aimed at the public by political committees. The Second Circuit said a broader reading of this section would result in an enormous interception of activities protected by the first amendment. Similarly, in ACLU v. Jennings, 366 F. Supp. 1041 (D.D.C. 1973).

[45] *Id.* at 863 n.112.

[46] 424 U.S. at 79 n.106

[47] *Id.* at 80.

[48] *Id.* at 79.

[49] 2 U.S.C. §§ 267–70 (1976).

[50] 2 U.S.C. § 266 (1976).

[51] 2 U.S.C. § 262 (1976).

[52] United States v. Rumely, 345 U.S. 41 (1953).

[53] *Id.* at 47.

[54] *Id.* at 46.

[55] United States v. Harriss, 347 U.S. 612 (1959).

[56] *Id.* at 620. The Court in its opinion confused this definition adapted from the *Rumely* case by adding the phrase "artificially simulated letter campaign." The meaning of this is unclear. In *Rumely,* such activity was not included within the definition of lobbying. Common interpretation of the *Harriss* case is that the *Rumely* definition was adopted verbatim and therefore indirect activity is not included. Clearly there is no reporting of this activity at present and there is virtual unanimity among lobbyists that it need not be reported. *See* Senate Hearings I and Senate Report.

[57] *Id.* at 622.

[58] *See generally Public Disclosure of Lobbying Activities,* 38 Fordham L. Rev. 524 (1970).

[59] *Id* at 531.

[60] American Civil Liberties Union, *Policy Guide: 1977 Supplement,* Policy No. 120, at 63.

[61] *Public Disclosure of Lobbying Activities* at 533, *supra* note 58.

[62] Senate Hearings I. *See also* Hearings before Subcommittee on Administrative Law and Governmental Relations, Committee on the Judiciary, United States House of Representatives, on Public Disclosure of Lobbying Act, September 12, 1975. Hearing before the House Committee on Standards and Official Conduct, United States House of Representatives, December, 1975.

[63] Note 3 *supra.*

[64] Note 4 *supra.*

[65] *Lobbying Reports,* Oct. 1, 1978.

[66] Senate Hearings II at 326.

[67] S. 1785, § 1.

[68] *Id* at § 4.

[69] *Id.* at § 2(a).

[70] *Id.* at § 2(h).

[71] *Id.* at § 4(a). The bill passed by the House during the 94th Congress, HR 8494, utilizes a different threshold test. Any organization which (1) makes an expenditure of $2,500 or more in any quarter of a one year period to retain one or more persons (other than employees of the organization) to make lobbying communications or (2) employs at least one individual who, on all or part of each of thirteen days in any quarterly filing period or at least two individuals each of whom on all or part of each of seven days or more in any quarterly filing period makes lobbying communications and spends in excess of $2,500 on lobbying communications in the quarter must register and file quarterly reports. HR 8494, § 3.

[72] *Id.* at § 6. Reports under HR 8494 would include total expenditures on lobbying communications and solicitations, any gifts over $35, (and any receptions costing over $500) for the benefit of federal officials or employees, identification of all lobbyists, their salaries and the issues they worked on. H.R. 8494, § 6.

[73] *Id.* at § 4(b). HR 8494 uses a uniform threshold for all registrations and reporting. *See* note 71, *supra.*

[74] *Id.* at § 5.

[75] *Id.*

[76] *Id.* at § 7.

[77] *Id.* at §§ 10, 11. HR 8494 does not grant the Comptroller General such power. HR 8494, § 7.

[78] *Id.* at § 11(a)(2); 2 U.S.C. § 431 (1976); 22 U.S.C. § 611 (1970).

[79] *Id.* at § 11(a)(3).

[80] *Id.* at § 11(a)(8).

[81] *Id.* at § 13, HR 8494 does not grant the Comptroller General such power. HR 8494, § 7.

[82] *Id.* at § 13(b).

[83] *Id.* at § 13(c).

[84] *Id.* at § 19(b). HR 8494 vests enforcement power solely in the Attorney General. HR 8494, § 8.

[85] *Id.* at § 14(d).

[86] *Id.* at § 14(c).

[87] *Id.* at § 16(a). Under H.R. 8494, the violation must be a "knowing" one and the fine is $10,000. H.R. 8494, § 11.

[88] *Id.* at § 16(b).

[89] Note 62, *supra.*

[90] *Id.*

[91] Testimony of John Gardner, Senate Hearing II at 28. Testimony of Robert F. Keller, Deputy Comptroller General, Senate Hearing at 168.

[92] Note 62, *supra. See also* Senate Hearings II, and Hearings before the Subcommittee on Administrative Labor and Government Relations of the Committee on the Judiciary, United States House of Representatives, on HR 1180, HR 5528, and HR 5795 and companion bill to regulate lobbying and related activities, April, 1977.

[93] 347, U.S. at 625.

[94] H.R. 8494 attempts to mitigate these threshold problems. An organization must be spending $2,500 per quarter on direct lobbying activities before it must register. The actual time spent on lobbying, *i.e.*, one contact on each of thirteen days is still quite low.

[95] 2 U.S.C. § 262 (1976).

[96] *See* United States v. Harriss, 347 U.S. 612 (1959).

[97] Note 60, supra.

[98] *See* Buckley v. Valeo, 424 U.S. 1 (1976).

[99] S. 1785, § 5(c).

[100] *Id.* at § 6(b)(5).

[101] *Id.* at § 4(b)(3).

[102] HR 8494 does not use solicitation activity as a threshold, however, it does require extensive reporting of solicitation activity. HR 8494, § 6(b)(8).

[103] 469 F.2d at 1142.

[104] Statement of Rhea Cohen, Washington Representative and Allen Smith, Comptroller, Sierra Club, Senate Hearings II at 517.

[105] S. 1785, § 6(b)(5).

[106] Part II, *supra*.

[107] S. 1785, § 10.

[108] 9 CAL. CODE §§ 81000–91014.

[109] Arthur Lipow, "Political Reform and the Regulation of Lobbying: The California Experience After Two Years," Senate Hearings II at 263.

[110] Petition for Order to Produce Books and Records, In the Matter of the Audit of the Franchise Tax Board, California Superior Court, San Francisco, No. 723-548. New York Times v. Sullivan, 376 U.S. 254, 270 (1964).●

By Mr. DOLE:

S. 1783. A bill relating to loan guarantees for fuel oil dealers; to the Select Committee on Small Business.

FUEL OIL GUARANTEE ACT

● **Mr. DOLE.** Mr. President, I am introducing today the Fuel Oil Guarantee Act which is aimed at solving one part of the fuel oil crisis which is facing us this winter. The legislation is designed to mitigate the troublesome cash flow problems faced by fuel dealers by installing a mechanism for extending federally guaranteed loans to such dealers.

Everyone is concerned about the impending fuel oil crisis created by rising OPEC prices and decontrol of domestic oil. Most people are aware of the impact of higher prices on consumers, particularly the aged and poor who live on fixed incomes or very limited, already strained budgets. We are familiar with the horror stories of old people freezing and poor people having to choose between food and heat, and we are demanding that something be done to solve the problem.

There is a related problem, however, which has not received as much attention, particularly outside the Northeast. That problem is the impact of greatly increased oil prices on small- and medium-sized fuel oil dealers. The financial stability of fuel oil dealers is an integral part of the energy crisis facing us this winter. If we do not take steps to assure the viability of these dealers, the impact on consumers will be much harsher than many realize.

I have spent the last several weeks discussing this matter with dealers, bankers, accountants, and others who are familiar with the financial crisis which is brewing. I have learned that fuel oil companies, which are generally family businesses with traditionally low profit margins, are facing new capital demands this year which can only be described as frightening.

The problem facing fuel oil dealers is one of cash flow. That is, having sufficient money on hand to pay their own bills while waiting to receive payments due from customers. There are two factors which contribute to the cash flow problem. On the supplier side, dealers have to pay more for the product they buy and they have to pay it sooner without getting cash discounts previously available to them. On the customer side dealers accumulate greater customer debt for the fuel they sell, although they do not sell a large volume, and their customers are having more trouble paying in a timely manner.

On the one hand, dealers have to come up with substantially more money in a shorter period of time to pay their suppliers, and on the one hand, they are owed a lot more money which they often have to wait longer to get. If they do not pay their suppliers, they are cut off immediately; if their customers do not pay them, they generally end up carrying them on the books for an extended period.

Dealers feel they are at the mercy of their suppliers, many of which are large oil companies. As one New Hampshire small businessman put it, "the oil companies have us in a compromising position. We can't get supplies anywhere else. They say 'we are raising the price' and we have to say 'thank you very much.' The better home heat council is predicting that a lot of dealers will go out of business this year."

While it is true that some consumers have had their supplies cut off, that is the exception rather than the rule. Most often a dealer only makes the decision to cut off a customer if the alternative is the failure of his business. A Massachusetts dealer told me that a customer recently called to explain his financial problems and showed that he would be unable to meet the $75 a month budget payment which the dealer had set up for him. The dealer agreed that the man could pay $50 a month and pay any additional amount whenever he had the money.

A dealer in Vermont explained the problem in depth:

> The impact on consumers will be about double this year. There are widows and elderly people up here who live on limited incomes. They want to do what's right, and they feel awful about not being able to pay their bills, but they have nowhere to turn. I don't want to cut them off, so I carry them. But that means I have to finance their debt, and it's costing me more than 14% interest. I'll pay a minimum of $30,000 in interest charges this year. If I go out of business, then what will my customers do?

These concerns are echoed by fuel oil dealers all over the country.

When you put the supplier and the customer sides of the accounting equation together, you come up with a much larger debt to be financed through bank loans this year than last. Simply, because of higher fuel prices, most dealers will have to borrow between 50 and 100 percent more. Unfortunately, the banks look at the dealers' net worth, which has not grown, and are reluctant to lend them the additional money they need to stay in business.

One Maine dealer, who has had his company's needs analyzed in a detailed accounting study, found that in 1980 he will have to borrow a minimum of $435,000 in March, his peak borrowing month, compared to $100,000 last March. He is trying to get additional money from the bank right now using his accounts receivable as collateral, something never done before. If the bank does not go along, he will probably have to go out of business. As he pointed out, he is one of the more sophisticated dealers who has an established line of credit with the bank. There are a lot of dealers whose options will be more limited.

One additional problem is what will happen to the customers of companies which do go out of business. Good companies, which are struggling to get enough working capital to keep going, are also in a bind to get acquisition capital to bail out the failed companies, in order to keep supplies flowing to customers. Something will have to be done to assure adequate acquisition capital as well.

There are discussions going on right now in government and industry to weigh the options for solving the cash flow problem faced by oil dealers. Recently, Texaco has indicated some willingness to ease credit terms, or, at least, not to increase prices to dealers. Chase Manhattan Bank just signed an agreement to allow fuel oil bills to be paid with credit cards. The Small Business Administration is forming task forces in the Northeast and Mid-Atlantic States to talk about ways the SBA can accommodate fuel oil dealers who need assistance.

Those closest to the problem agree that oil producers and suppliers must take action to ease credit terms to dealers, but they question the value of steps taken to date. They also feel that the use of credit cards for fuel oil purchases is helpful, but many of the problems with collecting on customer accounts will remain despite such financing arrangements. They are interested in working with the SBA, but they point out that current restrictions on the dollar volume for an eligible company are unrealistic in light of today's higher fuel prices and, therefore, render the SBA program useless to the majority of fuel oil dealers.

Dealers have indicated that, in addition to those actions described above, three things are needed to improve their chances of surviving the winter: First, substantially higher lines of credit from banks than were available last year; second, some assistance to middle-income customers; and third, more timely public aid to low-income customers.

I have already cosponsored a tax credit measure to help middle-income consumers with their fuel oil bills. As the ranking Republican member of the Senate Finance Committee, I have been involved in putting together a proposal to provide energy assistance to low-income individuals.

The bill I am introducing today will give banks the necessary impetus to extend the additional credit to fuel oil dealers which they need to stay in business. The bill would provide for a guaranteed loan program under the Small Business Administration which is responsive to today's needs.

Eligibility for the guaranteed loans would be tied to the volume a dealer sold in 1978—not more than 40 million gallons of heating fuel oil—rather than the dollar volume of his business. In that way, small dealers whose dollar volume has been inflated by the unusual increase in oil prices will not be squeezed out of the program. As with other SBA loans, 90 percent of the amount loaned will be guaranteed in order to encourage banks to lend the dealers the additional funds they need this year.

The loans would provide both working capital for fuel dealers and acquisition capital to allow dealers to take over the failing fuel oil dealerships. While it is our hope that the loan guarantees will prevent dealers from going out of business, we recognize that some will. Allowing the guarantees to cover loans for acquisition capital will assure that consumers continue to have a source of fuel oil if their own dealers go out of business.

The program would be administered through the Small Business Administration because the SBA is most familiar with this type of program and has been involved in efforts to design a program to meet the unique needs of fuel oil dealers. SBA would be directed to have the program in place within 60 days of enactment of the legislation and to establish a mechanism to insure that loans are available to dealers within 30 days of application. Hopefully, the program can be put in place even more quickly than that. Time is of the essence in assuring that the financial crisis is met before dealers hit their peak borrowing months. Otherwise, it may be too late to provide the needed assistance.

It is anticipated that the program will have little or no cost. As under other SBA guaranteed loans, fees will be charged to cover administrative costs and actions will be taken by SBA to minimize loan defaults.

I am convinced we should take a chance on the fuel oil dealers and that they will come through with flying colors. With this assistance, they will be able to stay in business despite current price aberrations, and eventually other factors will bring oil prices back in line with the rest of the economy. This bill will help to maintain private sector funding for fuel oil dealers during the interim thereby providing protection for consumers and small business and warding off a real disaster this winter.

I ask unanimous consent that the fact sheet describing the bill and the text of the bill be printed in the RECORD.

There being no objection, the bill and fact sheet were ordered to be printed in the RECORD, as follows:

S. 1783

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fuel Oil Guarantee Act".

LOAN GUARANTEES FOR FUEL OIL DEALERS

SEC. 2. Section 7 of the Small Business Act of 1953 is amended by adding at the end thereof the following new subsection:

"(m)(1) The Administration also is empowered to guarantee loans to any eligible small business concern which sells fuel oil on a retail basis for the purpose of—

"(A) maintaining necessary inventories of heating fuel, but such loans must be repaid in not more than one year, or

"(B) acquiring a failing fuel oil company but such loans must be repayable in not more than five years.

No such loans shall be guaranteed if the total of such Federal assistance to a single borrower outstanding at any one time would exceed $750,000.00. The Administration may defer payments on the principal of such loans for a grace period and use such other methods as it deems necessary and appropriate to assure the successful establishment and operation of such concern.

"(2) The Administration shall encourage, as far as possible, the participation of the private business community in the program of assistance to such concerns, and shall seek to stimulate additional private lending activities to such concerns through the use of the loan guarantees authorized by this subsection.

"(3) To insure an equitable distribution between urban and rural areas for loans between $3,500 and $100,000 made under this subsection, the Administration is authorized to use the agencies and agreements and delegations developed under title III of the Economic Opportunity Act of 1964 (42 U.S.C. 2841) as it shall determine necessary.

"(4) Loan guarantees shall have such terms and conditions as the Administration shall determine, subject to the following limitations:

"(A) such guarantees shall not exceed 50 percent of the amount loaned;

"(B) there is reasonable assurance of repayment of the loan;

"(C) the amount of the guarantee, together with other funds available, is adequate to assure achievement of the purposes for which the guarantee is made;

"(D) the guaranteed loan bears interest at a rate not less than (i) a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of comparable maturity, plus (ii) such additional charge, if any, toward covering other costs of the program as the Administration may determine to be consistent with its purposes. The rate of interest charged on loans made in redevelopment areas designated under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3131) shall not exceed the rate currently applicable to new loans made under section 201 of that Act (42 U.S.C. 3141); and

"(E) fees not in excess of amounts necessary to cover administrative expenses and probable losses may be required on loan guarantees.

"(5) For the purposes of this subsection an 'eligible small business concern' means any fuel oil dealer who has sold or bartered not more than forty million gallons of heating fuel oil during the calendar year 1978.

"(6) The Administrator shall establish the program authorized by this subsection not more than sixty days after the date of enactment of this subsection. Such program shall require approval or disapproval of loan guarantee applications not later than thirty days after the receipt of such application.".

[Fact Sheet]

FUEL OIL GUARANTEE ACT

GOALS

Prevent massive business failures of fuel oil dealers due to increased OPEC prices and decontrol of domestic oil.

Assure the extension of additional credit to fuel oil dealers to cover their cash flow problems arising from the major increase in the price of fuel oil over the last year.

Maintain private sector funding for fuel oil dealers and limit the role of government in dealing with the cash flow problem they are experiencing.

Mitigate the need for fuel oil dealers to demand immediate payment from customers.

ELEMENTS

Ninety percent of a loan to a bona fide fuel oil dealer would be guaranteed by the government.

Any fuel oil dealer who sold not more than forty million gallons of heating fuel oil during 1978 would be eligible for a guaranteed loan.

Loans would be for working capital to allow dealers to stay in business or for acquisition capital to allow failing dealerships to be bought.

The Small Business Administration would be responsible for administering the program and would design a special program to meet the unique needs of fuel oil dealers.

Fees charged would cover the administrative costs of the program, while monies necessary to cover the guarantees on defaulted loans would come from general revenues.

The program would be effective immediately upon enactment, and SBA would be directed to have the program in place within 60 days.

SAB would be directed to establish a mechanism to insure that loans would be available within 30 days of application.

Working capital loans will be repayable in one year; acquisition loans will be repayable in three years.

COST

Administrative costs will be covered by fees to dealers which will be offset by slightly lower interest rates than market rate.

It is anticipated that there will be little or no other costs to the program since SBA will take precautions to minimize or preclude loan defaults.●

By Mr. STEVENS:

S. 1784. A bill to improve the electric generation efficiency of joint Federal-civilian pooling practices in Alaska and for other purposes; to the Committee on Energy and Natural Resources.

● Mr. STEVENS. Mr. President, there are many actions that the Federal Government can take to reduce the dramatic impact of rising oil prices on American households, actions that would cost the Government virtually nothing.

In his energy plan earlier this year, President Carter urged private enterprise to use coal-fired power to replace our dependency on unstable supplies of foreign oil. Today, I am proposing a measure, the Alaskan Federal-Civilian Energy Efficiency Swap Act of 1979, designed to promote the President's policy and save the consumer's and Government's money.

The measure would, among other things allow the Secretary of any Department to sell electric power to, or to purchase it from, private or municipal utilities if the agreement will result in reduced utility rates to civilians and will not cost the Federal consumers any additional costs. The current law, as it pertains to military facilities, mandates that the Federal Government can only sell power to private entities when the electricity is not available from any other local source.

The Federal Government, especially the military, has been a dominant force in the development of the economy of Alaska. Through this formation period the Federal Government has created an energy infrastructure of its own, and communities have grown around military bases creating power systems that are often duplicative.

This dual generation system caused no problem until the situation of escalating prices and fluctuating supplies of oil became a reality. Recognizing the severe Arctic climate and the uniquely high utility rates in Alaska, it is now imperative that the Federal Government take all necessary steps to reduce dependency on oil supplies by turning to coal and promoting cooperation in electrical generation with the private sector.

Two immediate applications on this act in Alaska come to mind. Golden Valley Electric Association, a publicly-owned electrical cooperative serving interior Alaska, is endeavoring to replace 15–20 percent of its oil-based power with coal-fired generation from a neighboring Army facility, Fort Wainwright. The Federal Government allowed GVEA to purchase power from Fort Wainwright during the 1973–74 oil embargo, but has failed to extend the agreement since then. By reconnecting the system already in place, GVEA managers estimate they can save 2 to 5 million gallons of oil per year. Not only would this arrangement result in lower energy costs to GVEA customers, but because the cooperative has offered to pay for the excess energy at a price halfway between the cost of oil and the coal power, the Federal Government could make a profit.

In another case, Kotzebue Electric Association, a publicly-owned electrical cooperative has proposed to sell electricity to the nearby U.S. Air Force facility. In Kotzebue, where winter temperatures often reach −70° F. and bills for electric lights alone average $880 per year, the addition of the Air Force base as a customer would result in a savings of up to 10–20 percent per year to residential customers, and possibly provide cheaper power, or at least not higher rates of power, to the Air Force facility.

The reason for this is clear—the Air Force base would increase KEA's consumption rate 52 percent, thus creating a greater efficiency in generation per kilowatt hour.

Mr. President, at a time when all Americans, and especially Alaskans living in the Arctic, are facing severe hardships due to the rising costs of oil, the Federal Government has a responsibility to remove all institutional barriers that cause energy waste. Their actions, in the long run, will limit the need for direct subsidy payments to individuals burdened with astronomical utility bills. I intend to ask the Energy Committee to examine these proposals in detail and act favorably and expeditiously upon them.

I ask unanimous consent that a letter written to Secretary Brown by Alaska State Senator Bill Sumner and an editorial that appeared in the Fairbanks Daily News-Miner, both pertaining to the GVEA case, and also a letter to me from the city of Kotzebue, concerning KEA's bid, be printed in the RECORD.

I also ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

AUGUST 21, 1979.

HON. DR. HAROLD BROWN,
Department of Defense,
Washington, D.C.

DEAR MR. SECRETARY: As a member of the Alaska State Legislature I am writing directly to you trusting that you will be able to resolve what was once a small matter but which has now grown to ridiculous proportions in the last 6 years. Basically, the Golden Valley Electric Association (GVEA) of Fairbanks, Alaska, has been trying to purchase excess coal-fired energy from the Fort Wainwright Army facility in Fairbanks that would permit GVEA to save an estimated 5 million gallons of oil per year.

In 1973, the Army entered into a contract with GVEA (Army Contract No. DAFAO3–74–S–0046) that permitted GVEA to purchase excess coal-fired energy from Ft. Wainwright. In January of 1976, the Department of the Army refused to renew the contract with GVEA, apparently claiming there was no longer an emergency situation (the 1973–74 Arab oil embargo) to warrant continuation of the agreement.

GVEA has redoubled their efforts to purchase excess energy from Ft. Wainwright because of the President's stated mandate in his recent energy speech to the nation directing utilties to shift from oil to coal to save petroleum. In addition, former Secretary of Energy, James Schlesinger announced a 60-Day Study on Coal Use (April, 1979) which he indicated would be an Action Plan. These reasons, coupled with the dramatic increase in crude costs has once again led GVEA to appeal to the Army to permit their purchase of excess energy from Ft. Wainwright.

The cost of generating and supplying energy to the public in and around the Fairbanks area has become astronomical. Many people must rely entirely on fuel oil for heating during the cold winter months. Every effort to save oil by using excess coal-fired energy is vital to the area as well as the nation. It would seem that given the President's mandate, the Army might like to join the effort.

The authority to sell excess energy is granted to the "Secretary of a military department" by 10 United States Code, Section 2481. The Department of Energy claims they have no jurisdiction over this particular matter. In a recent letter (June 22, 1979, signed by A. Denny Ellerman, Deputy Assistant Secretary for Policy, D.O.E.) to GVEA, the Energy Department claimed that the Defense Department had complete authority to make decisions about the sale of excess energy to public utilities. If that is the case, will you help the people in the Fairbanks-Interior region of Alaska? Your action on this matter could well make the difference as to the health and well-being of thousands of people in the next few months ahead.

I would appreciate your prompt response to this very serious matter.

Thank you.

Sincerely,

BILL SUMNER,
Senator.

CITY OF KOTZEBUE,
February 6, 1979.

HON. TED STEVENS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENS: The Kotzebue Electric Association has been negotiating with the U.S. Air Force to provide electric power to the Kotzebue Air Force site for sometime. A contract to supply electric power to the Air Force site will reduce the current rate by 14 percent to all consumers.

I'm sure you can understand my concern to see this contract consummated. This will mean a 14 percent reduction in the electric rates for all Kotzebue citizens and businesses.

I have enclosed copies of two letters from Kotzebue Electric Association.

I solicit your support in seeing this contract consummated soon. As you know our supplies are barged in and a long delay can in fact delay this rate reduction another year.

Thank you in advance for your immediate attention and cooperation.

Respectively,

GENE F. MOORE,
City Manager.

[From the Fairbanks Daily News-Miner, July 25, 1979]

COAL POWER

While President Carter would have us believe that he wants coal burned in place of fuel oil, his administration continues to keep a large source of less expensive coal-fired electric power away from Fairbanksans.

For many years the electric power grids of Golden Valley Electric Association and the Municipal Utilities System have been linked with the coal-fired power plants at Ft. Wainwright and Eielson AFB, and they've fed each other many a kilowatt during emergencies. The Carter administration continues to refuse, however, to let GVEA buy the Army's excess power for distribution outside of emergencies.

During the Arab oil embargo in 1974 GVEA was allowed to purchase power from the Ft. Wainwright plant for one year because GVEA was pretty short of generating capacity then itself. Golden Valley even operated the plant for the military on a contract for a year. But right after the embargo ended the federal government refused to extend the power purchase agreement and it has repeatedly refused to do so since then.

GVEA installed huge oil-burning gas turbines at North Pole shortly after that, and it hasn't had the shortage of generating capacity that it suffered before.

But using this unused coal power would be important to Fairbanksans and the entire nation right now. The president's so-called energy policy calls for using coal or natural gas in place of oil, and GVEA now burns 18 million gallons of fuel oil a year to generate about half the power it supplies to the Interior. The Ft. Wainwright power plant has about 5,000 kilowatts of energy it doesn't use at the post, and if GVEA would be able to buy that it would save from 3 to 5 million gallons of fuel oil per year.

That would mean lower energy costs to Fairbanksans, who are already faced with a 20 per cent GVEA rate increase this winter because of the rising costs of fuel oil. Even though GVEA has a large guaranteed supply of oil from the state's North Slope royalty production, the price of that oil goes up every time the world price of oil booms.

So GVEA recently asked the Feds again for permission to buy coal-fired power to replace 15 to 20 per cent of its oil consumption. It offered to pay a price halfway between the cost of coal and oil power, so the federal government would even be making a profit on the deal.

The idea is always welcomed by the Ft. Wainwright commanders and the Alaska Command headquarters. It always gets shot down in Washington, D.C.

GVEA and the local Army officials have always cooperated like the good neighbors they are. For instance, GVEA recently agreed to transfer power from the Ft. Wainwright power plant to Ft. Greely so oil-fired generators down there could be shut down. The Army will save some money and the nation will save some fuel.

The higher-ups in the federal government won't buy the same thing for us, however. The last rejection letter to GVEA came from a deputy secretary of the Department of Energy, so the White House boys can't say it's a case of their policy not getting down to the lower levels of bureaucracy. It's the White House policy—the real policy, not the president's speechmaking rhetoric—that's the problem.

To his credit, GVEA General Manager Robert Hufman hasn't written off even the Carter administraton yet. After hearing the president's contradictory pleading for savings of oil he is preparing yet another appeal to Washington. He's pointing out that the power lines and substations are all sitting there now, and all he needs is a piece of paper saying he can save 5 million gallons of oil a year.

All Fairbanksans should get behind him right away. Boomers and environmentalists both should see merit in it, and maybe we can get some help from the president's friends among his local party colleagues too. At the best we can get a substantial supply of cheaper power to hold down electric bill hikes, and at worst we can at least call the president's bluff again.

S. 1784

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be referred to as the Alaska Federal-Civilian Energy Efficiency Swap Act of 1979.

SEC. 2. Findings and purposes.

(a) Congress finds and declares the following:

(1) Federal and civilian electrical power generating capacity are often duplicative in Alaska.

(2) The appropriate sharing of electricity produced in coal-fired powerplants could reduce electrical costs in Alaska to both Federal and civilian consumers.

(3) The severe nature of arctic and subarctic winters in Alaska creates uniquely high electrical power demands in Alaska during the winter months.

(4) As a result of, among other things, unique weather-related difficulties Alaska public utility rates are the highest in the Nation.

(b) It is therefore declared to be the purpose of Congress in the Act—

(1) to improve the electrical generating efficiency of joint Federal-civilian sharing practices in Alaska;

(2) to increase the use of coal-fired, electrical generating powerplants in Alaska; and

(3) to lower the cost of electricity to civilian and Federal users in Alaska.

SEC. 3. Definitions.

As used in this Act, unless the context otherwise requires—

(1) The term "civilian generated electrical power" means any daily electricity specifically generated for consumption by consumers who are not part of a federally owned facility;

(2) The term "federally generated electrical power" means any electricity specifically generated for consumption by a Federal facility including facilities of the Department of the Interior, Department of Commerce, and the Department of Defense; and

(3) The term "Secretary" means the Secretary of any of the Departments of the United States of America including but not limited to the Department of the Interior, the Department of Commerce, and the Department of Defense.

SEC. 4. Notwithstanding any other provisions of law, the Secretary concerned or his designee may sell or contract to sell surplus federally generated electrical power produced in Alaska, particularly electrical energy produced at coal-fired powerplants, without regard to availability of power from other local sources if such action will result in reduced electrical costs to Federal plants will result in reduced consumption of oil and natural gas. Said energy will be priced at not greater than one-half the difference between the incremental cost of coal and the oil and/or gas it is designed to replace.

SEC. 5. Notwithstanding any other provision of law, the Secretary concerned shall, whenever practicable and consistent with the mandate of a Federal facility in Alaska, endeavor to purchase civilian-generated electric power when the purchase of such power will result in a savings to civilian consumers and will not increase the cost to Federal consumers or will result in a savings to Federal consumers without increasing cost to civilian consumers.

SEC. 6. The provisions of this Act shall apply only to surplus power. Nothing in this Act shall be construed as requiring the Federal Government to design or build future powerplants for Federal facilities in order to accommodate the needs of civilian consumers.

ADDITIONAL COSPONSORS

S. 105

At the request of Mr. WALLOP, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 105, the Parental Kidnapping Prevention Act of 1979.

S. 954

At the request of Mr. DOMENICI, the Senator from Mississippi, Mr. COCHRAN, is added as a cosponsor of S. 954, a bill to amend title 10, United States Code, to authorize additional Army Reserve Officers' Training Corps scholarships for cadets at military junior colleges.

S. 1179

At the request of Mr. BAYH, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 1179, a bill to incorporate the Gold Star Wives.

S. 1353

At the request of Mr. PROXMIRE, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 1353, the Limousine Limitation Act.

S. 1418

At the request of Mr. JEPSEN, the Senator from South Carolina (Mr. THURMOND) and the Senator from New Mexico (Mr. SCHMITT) were added as cosponsors of S. 1418, a bill to amend title II of the Social Security Act to provide that deductions from benefits on account of excess earnings shall not be applicable in the case of social security beneficiaries who have attained age 65.

S. 1641

At the request of Mr. GRAVEL, the Senator from Ohio (Mr. GLENN), was added as a cosponsor of S. 1641, the National Small Hydroelectric Power Development Act of 1979.

S. 1643

At the request of Mr. DURENBERGER, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 1643, a bill to amend title II of the Social Security Act to provide better work incentives in the disability insurance program, and for other purposes.

S. 1659

At the request of Mr. WALLOP, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 1659, a bill to amend the Internal Revenue Code of 1954 to provide for the treatment of property as energy property for investment credit purposes after December 31, 1982, where the taxpayer is affirmatively committed on that date to its construction, reconstruction, erection, or acquisition.

S. 1703

At the request of Mr. CHAFEE, the Senator from Wyoming (Mr. WALLOP) and the Senator from Georgia (Mr. TALMADGE) were added as cosponsors of S. 1703, a bill to amend the Internal Revenue Code of 1954 to provide an exclusion for income earned abroad attributable to certain charitable services.

AMENDMENT NO. 212

At the request of Mr. SCHMITT, the Senator from Nebraska (Mr. EXON), the Senator from South Dakota (Mr. PRESSLER), and the Senator from Rhode Island (Mr. CHAFEE) were added as cosponsors of amendment No. 212 intended to be proposed to S. 1020, the Federal Trade Commission authorization bill.

AMENDMENT NO. 421

At the request of Mr. FORD, the Senator from Indiana (Mr. LUGAR) and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) were added as cosponsors of amendment No. 421 intended to be proposed to S. 1308, a bill to set forth a national program for the full development of energy supply, and for other purposes.

AMENDMENTS NOS. 440, 441, AND 442

At the request of Mr. BAYH, the Senator from Idaho (Mr. CHURCH) was added as a cosponsor of amendments Nos. 440, 441, and 442 intended to be proposed to H.R. 3919, the windfall profits tax.

SENATE RESOLUTION 241—SUBMISSION OF A RESOLUTION RELATING TO THE IMPROVEMENT OF THE NATIONAL RAIL SYTSEM

(Referred to the Committee on Commerce, Science, and Transportation.)

Mr. McGOVERN (for himself, Mr. DURKIN, Mr. CULVER, Mr. BAUCUS, and Mr. RANDOLPH) submitted the following resolution:

S. RES. 241

Whereas our Nation's freight railroads are the most energy-efficient means of transportation; and

Whereas a strong freight rail system is vital to our Nation's defense; and

Whereas our Nation's passenger rail service can make a significant contribution to the energy efficient movement of people; and

Whereas both passenger and freight rail systems are experiencing a serious economic decline; and

Whereas inequitable Federal subsidies across all transportation modes have contributed to the degradation of the Nation's railroad system; and

Whereas Federal assistance is needed to forestall imminent railroad bankruptcies and to continue essential services on bankrupt carriers; and

Whereas the continued decline of our Nation's freight and passenger rail systems will adversely impact our Nation's objective of reducing imported energy fuels through the increasing diversion of passengers and freight traffic to less energy efficient transportation modes; and

Whereas the use of Federal funds from the President's proposed windfall profits tax on decontrolled oil supplies is intended to move the United States closer to the goal of national energy security: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President shall submit a plan to use not less than $10,000,000,000 from such windfall profits tax for both freight and passenger rail transportation improvements including new rolling stock, track rehabilitation, yard improvements and research and design for more efficient equipment and locomotive power, and that such funds be divided with one-third of the total amount to be devoted to rail passenger revitalization and two-

thirds of the total devoted to freight rail revitalization.

● Mr. McGOVERN. Mr. President, I am introducing a resolution today for myself and Senators DURKIN, BAUCUS, CULVER, and RANDOLPH which clearly recognizes the critical need to reduce energy consumption in transportation through the revitalization of our Nation's rail system.

Transportation accounts for the greatest single source of energy consumption and represents the sector of our economy where we stand to make the greatest gains through conservation. In only a few years, transportation energy use has increased by 20 percent, much faster than energy consumed in the residential or industrial sector of our economy.

In a country as vast as our own, the economy is structured on our ability to move goods and services promptly, and efficiently across the country. In 1947, 2,873 million tons of freight moved. In 1977, we moved 5,507 million tons of freight. However, a decreasing share of these commodities were transported by the most energy efficient means of transportation—our Nation's freight railroads.

Equally important to a prosperous economy is the ability to move people. There was a time when public transportation either by bus, passenger rail, or intra-city trolleys were almost the sole means of transport. With the advent of the automobile and the era of cheap energy, many of the older modes are disappearing. Yet, bus and rail transport are extremely energy efficient.

The President, in his recently announced energy program, has recognized the importance of developing energy efficient mass highway and rail intra-city transit. Accordingly, he has called for $13 billion from the proposed windfall profits tax to be earmarked for construction and development of these facilities in order to reduce dependence on the private automobile.

But during the great energy debate of this decade, we have lost sight of vital means of conserving energy for the transportation of both people and freight between cities and for the long haul.

Mr. President, the resolution I am introducing today would remedy this critical oversight by earmarking $10 billion from the proposed windfall profits tax to revitalize our Nation's freight and passenger rail system.

The roots of our railroad problem lie deep in the economic history of this Nation. Congress was compelled to establish or adjust the legislative environment for railroads more than a dozen times since 1850. Many of these acts were in response to a major economic crisis, a perceived need to control rail rates, or some other apparent failing within the industry.

In 1970, the Congress created the National Railroad Passenger Corporation—Amtrak, to relieve freight railroads of the burden of operating our rapidly declining passenger rail system.

In 1973, the Congress was compelled to establish a system for the reorganization of bankrupt carriers in the Northeast, resulting in the Consolidated Rail Corporation—Conrail.

In the years since we have witnessed the bankruptcy of three more railroads, the Milwaukee, Rock Island, and the Boston and Maine. The Milwaukee and Rock Island, two important midwestern railroads operate almost 20,000 miles of track. At this time, the Milwaukee is trying to obtain approval for a restructuring plan which would eliminate 6,400 miles of its system, while the Rock is plagued with strikes and cash flow problems which may well prevent any progress in its bankruptcy reorganization. Yet thousands of shippers are dependent on these two railroads for the movement of essential commodities, particularly grain.

This is not to say that all railroad trackage throughout the Nation should be maintained—some of it no longer operates in the public interest and should be eliminated. But we cannot remain content to merely stand by and witness the deterioration of the potentially most cost- and energy-efficient means of transportation in our country.

Passage of comprehensive railroad legislation in 1976, the Railroad Revitalization and Regulatory Reform Act, has not generated any significant improvements in our most troubled railroads. Although it may be too early to make a final judgment on the effectiveness on this legislation, it is clear that more needs to be done. Century old regulations need to be rewritten. We need to resolve conflicts in Federal policy which provide for inequitable subsidization of competing modes of transportation, usually at the expense of our rail system. And we need to negotiate with railway labor for work rule modification.

The Congress is presently examining proposals to deregulate the rail industry. I support many provisions of the Administration's proposal, as long as deregulation occurs under controlled conditions, and if mechanisms are established that will prevent the wholesale abandonment of thousands of miles of deteriorating but essential trackage.

A necessary, but missing component of the deregulation debate, are the funds necessary to revitalize our Nation's rail system. Deregulation without a major revitalization effort would only allow the industry to raise rates and reduce service, ultimately creating a few strong rail lines across the country, carrying even a smaller amount of traffic.

The funds requested in this resolution would provide for the necessary revitalization which should go hand in hand with a relaxation of the regulatory environment.

Mr. President, I firmly believe that the key to resolving our precarious energy situation lies in our ability to conserve energy. Recent studies, most notably an analysis conducted by the Harvard Business School, indicates that conservation is the major alternative to imported oil, and could supply up to 40 percent of America's current energy usage. Most of these conservation gains should be made in the most wasteful sector of our economy—transportation. The ability to divert people from their cars to passenger trains and to shift even a small amount of traffic from trucks and barges to the railroads could significantly impact on our dependence on imported oil.

The proper role of Government in managing the energy crisis should be the prudent investment of resources, which over time, will allow for a smooth transition away from our inefficient, oil-based economy. I firmly believe that a major Federal commitment and investment in our railroads constitutes a prudent and necessary investment in the energy security of our country.

By improving the rail transportation network, we not only contribute to the Nation's energy security, but we open up new markets and expand the economy. While revising our passenger and freight rail system, we also create numerous job opportunities for the unemployed. We have the resources and the technology to create the world's finest, and most efficient, transportation system—a system commensurate with the needs of a prosperous economy and a strong nation.●

SENATE CONCURRENT RESOLUTION 37—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE 1980 SUMMER OLYMPICS

(Referred to the Committee on Foreign Relations.)

Mr. HEINZ submitted the following concurrent resolution:

S. CON. RES. 37

Expressing the sense of the Congress that, in hosting the 1980 Olympic games, the Soviet Government should adhere to the Helsinki accords and the Olympic spirit of fair play and equality of opportunity

Whereas the 1980 summer Olympic games are to be held in Moscow, Union of Soviet Socialist Republics;

Whereas the Soviet Government, in violation of the Helsinki accords and the Olympic spirit of fair play and equality of opportunity, harasses individuals on the basis of their religious, national, or political affiliation or ethnic background;

Whereas the Soviet Government, in violation of the Helsinki accords and the Olympic spirit of fair play and equality of opportunity, discriminates against individuals on the basis of their religious, national, or political affiliation or ethnic background;

Whereas the Soviet Government, in violation of the Helsinki accords and the Olympic spirit of fair play and equality of opportunity, prevents individuals from freely entering and leaving the Union of Soviet Socialist Republics; and

Whereas the Soviet Government, in violation of the Helsinki accords and the Olympic spirit of fair play and equality of opportunity; discourages the communication of news and ideas: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that—

(1) the Soviet Government should permit full participation in the 1980 summer Olympics by athletes, spectators, and journalists, regardless of their native country, citizenship, relationship to any Soviet citizen, religious or political affiliation, or ethnic background;

(2) the Soviet Government should issue visas, distribute admission tickets, allocate hotel and airline reservations, and provide

other services with respect to the 1980 summer Olympics in a nondiscriminatory manner;

(3) the Soviet Government should not interfere with news coverage of the 1980 summer Olympics;

(4) the Soviet Government should not detain any of its citizens to prevent them from communicating with any of the participants in the 1980 summer Olympics; and

(5) the Soviet Government should not threaten, harass, or punish its citizens for communicating with any of the participants in the 1980 summer Olympics.

● Mr. HEINZ. Mr. President, today I am submitting a concurrent resolution which expresses the sense of the Congress that the Soviet Union should assure full and equal participation in the 1980 summer Olympics for all athletes, spectators, and journalists.

This resolution has been submitted in the House of Representatives by the Honorable JACK KEMP from New York. It is imperative that both Houses of Congress join together to issue a statement of strong concern over Soviet policies which will inevitably affect international participation at the 1980 Moscow Olympics.

I am asking for the concurrence of my colleagues in the Senate with this resolution which presses upon the Soviets to adhere to the Helsinki accords and the Olympic spirit of fair play and equality of opportunity. It is the intent of both Congressman KEMP and myself to call upon the Soviets to refrain from harassing and discriminating against citizens of any nation, religion, political affiliation, or ethnic background during the 1980 summer Olympics.

The Soviet record on fair play is not a good one. Widespread discrimination and harassment of both its own citizens and foreign citizens is commonplace. The Soviets have been pursuing policies which require that the international community demand an end to the continued disregard for fundamental rights in the Soviet Union.

Additionally, the Soviet Union has indicated it will exclude representatives from Radio Liberty, Radio Free Europe, and the Voice of America from covering the Olympic games. A new Soviet law subjects all former Soviet citizens, regardless of current citizenship, to Soviet law. This is a direct threat to Soviet emigres who wish to attend the games as participants, spectators, or journalists. As in the past, detention and restrictions are a way of life for many who live in, or visit, the Soviet Union. There is also a real danger that the Soviets will continue their practice of denying visas to selected individuals who do not meet their discriminatory standards for entrance. The Soviets maintained this intolerable policy during their recent book fair in Moscow.

Such Soviet policies clearly violate the substance and spirit of Olympic fair play, mutual respect, and equity for all. To allow discrimination and harassment in any form would render the Olympics a meaningless and politicized farce.

The concurrent resolution I am introducing today is a much needed expression of concern. It calls simply for the Soviets to abandon their reprehensible disregard for individual freedom. We must not remain silent while the Soviets continue to ignore the ideals and essence of the Olympic spirit. I urge my colleagues to cosponsor this resolution.●

SENATE CONCURRENT RESOLUTION 38—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO EXPORT CREDITS IN THE STEEL INDUSTRY

(Referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. HEINZ (for himself, Mr. RANDOLPH, Mr. BAYH, Mr. GLENN, Mr. JAVITS, Mr. DOMENICI, Mr. METZENBAUM, Mr. SCHWEIKER, Mr. LUGAR, Mr. STEWART, Mr. THURMOND, and Mr. DURENBERGER) submitted the following concurrent resolution:

S. CON. RES. 38

Resolved by the Senate (the House of Representatives concurring),

Whereas, there is an accelerating trend among nations to construct new, government-owned or sponsored steel making capacity; and

Whereas, such trend leads to economically unjustifiable excess capacity which will inevitably force those governments to dump their surplus production on world markets; and

Whereas, the principal industrialized nations of the world are contributing to this problem through their government-subsidized financing of the construction of this excessive steel producing capacity; and

Whereas, such financing is provided on far more generous terms than are available to domestic industry for its own capital investment needs; and

Whereas, neither the Multilateral Trade Negotiations nor the International Arrangement on Export Credit provide any meaningful restraints on predatory financing practices; and

Whereas, to continue such financing without adequate restraints is self-defeating to the interests of the United States and other industrialized nations;

Therefore, be it resolved by the Senate (the House of Representatives concurring), that the United States promptly initiate, through its representative to the Organization for Economic Cooperation and Development Steel Committee, discussions leading to a multilateral agreement halting predatory government-subsidized export credits for steel plants and equipment.

● Mr. HEINZ. Mr. President, news reports recently carried stories of another Export-Import Bank venture into the steel industry, the partial financing of a $1.7 billion stainless steel plant in Taiwan. The American share amounts to approximately $250 million.

This is not the first such venture, and it reopens a controversial issue in export financing—whether our Government should undertake to finance the construction of new capacity abroad which will likely be used to increase imports to the United States.

This is a particular danger in the steel sector for several reasons. Steel is a basic component of any nation's industrialized base, and developing countries are strongly inclined to build an indigenous steel capability, perceiving it as an integral part of any effective development policy. However, such a plant may not actually be appropriate to a nation's overall development plan and it may be neither economically justifiable or rational, particularly in a country with none of the national resources needed for steelmaking or with severe limits on fuel resources. Additionally, a plant built with economies of scale in mind will, in most cases, have a capacity significantly greater than that needed over the short and midterm by the country building it.

As a result, developing nations are building steel capacity that may be economically irrational and will be used for export as well as for domestic needs. This does not help the nations' development and it creates potential export problems.

Unfortunately, this export potential also causes problems for the rest of the world, already experiencing a surfeit of steel capacity. Although a case can be made that in the mideighties the world may well experience a steel shortage, it is clear that in the short and medium term the reverse is true. It is also true that this added capacity is being built without regard to any worldwide study of what is needed or where it is needed.

One of the results of these developments has been increasing calls for an end to U.S. participation in the financing of new capacity. Last year an amendment to that effect applicable to a variety of sectors, including steel, failed by only one vote in the House of Representatives. However, this policy of self-denial to solve a world problem is not the right approach.

In the first place, American involvement has historically been minimal. A 1978 report prepared by the Eximbank shows that of $177 billion used to finance steel capacity constructed outside the United States from 1945 to 1977, only 1.6 percent was financed by the Eximbank, representing roughly 9 percent of the 400 million tons of capacity created. Clearly, Eximbank financing has not been a significant factor in world steel capacity construction, despite one or two projects that have attracted considerable attention.

Equally clear, this is not a problem which can be solved unilaterally. As these numbers demonstrate, withdrawal of the United States from the competition would make little difference. Indeed, withdrawal of any single nation would make little difference, as it is not one nation but the competition itself that is the villain.

Just as a number of industrialized nations have sought to export their economic problems through subsidies and dumping which artificially boost their foreign sales, so are they also increasing exports through predatory financing tactics—exceptionally low interest rates, extremely long payback periods, mixed credits, inflation insurance, to mention a few. When a government is looking at a $1 or $2 billion project, as in the case of the Taiwan steel plant, with all the jobs that implies, the temptation to compete on any terms is overpowering. In the Taiwan case, for example, Eximbank is financing only $250 to $300 million of the total (other large parts going to Japan and Germany, who no doubt would have liked the whole thing), but that is estimated to mean 5,695 American jobs in 16 States, including a number of areas where the current unemployment rate exceeds the national average—Philadelphia, Newark, Pittsburgh, Baltimore, Youngstown. Moreover, the project is estimated to mean an additional $20 to $30 million per year in purchases of coal and spare parts.

With these kinds of economic benefits it is obvious why competition is fierce, and, in a basic industry where one nation's technological advantage over another may be marginal, why much of the competition revolves around financing terms. For the United States to opt out of this competition will only result in Japan or Germany or France or Great Britain getting the business and the jobs and building the plant anyway. If that happens, we still face the problem of imports in the future, but we have gained nothing in the short term—neither jobs, income on the loans, or the good will and respect for U.S. technology associated with doing business with another government that leads to further contracts.

Last year, Congress recognized this dilemma, and in its renewal of the Export-Import Bank's charter, authorized it to compete more aggressively in these circumstances, occasionally offering below-cost interest rates or mixed credits (a combination of loans and foreign assistance) if necessary.

While this expansion of Bank authority helps us to compete on more even terms and to obtain a share of projects that will inevitably be built, it does nothing to rationalize world steel capacity creation. Nor can it, as I have indicated, since this is a much more complex multilateral problem.

However, a vehicle does exist in which to pursue this multilateral objective—the Organization of Economic Cooperation and Development's Steel Committee. Created last year after extensive negotiations, the committee includes representatives from all the industrialized steel producers, including Japan. On its agenda from the beginning, an agenda, incidentally, which our distinguished former Ambassador to the multilateral trade negotiations, Alan Wolff, the Steel Committee's first chairman, helped shape and develop, has been the general problem of new construction of capacity and the resulting imports.

The task now is to make this agenda item more specific by looking closely at the financing part of the problem and to lead the Steel Committee in acting. The American Iron and Steel Institute has proposed the negotiation of a multilateral agreement which would halt predatory Government financing practices, and the resolution Senator Stevenson and I are introducing today would embody a similar proposal in a sense of the Congress resolution.

We have no illusions as to the difficulty of such negotiations. Similar efforts on export financing in general broke down earlier this year. In view of that, there may be some advantage in approaching the problem on a sectoral basis, beginning with steel, a sector where action is urgently needed and where there is a multilateral body already in existence that can structure the talks.

It may well be that such negotiations will at first not be fruitful. It was partly with that in mind that Senator Stevenson and I last year supported an expansion of the Eximbank's authority and are presently working on additional legislation in that regard. Simply put, if we cannot reach agreement on fair rules for the export financing game, then it is time for the United States to serve notice we intend to compete to the fullest extent, matching and, if necessary, beating other offers. Given our advantages in technology, the reliability of our products and maintenance, and the political stability so important for long term projects, there is no doubt in my mind a more aggressive Bank can win many more bids than it is at present. And if that is what it takes to persuade other nations to establish and honor a set of rules, then that is what we should do.

This resolution, then, represents a last effort at finding a solution through talking. Our negotiators will carry with them the sentiment of the Congress and the American people that if talks fail, we will enter the game with all the resources we can muster.

Mr. President, I ask unanimous consent that correspondence from the American Iron and Steel Institute be printed in the Record.

There being no objection, the correspondence was ordered to be printed in the Record, as follows:

American Iron and Steel Institute,
Washington, D.C., August 16, 1979.

Hon. Alonzo L. McDonald,
Acting Special Trade Representative, Office of the Special Representative for Trade Negotiations, Washington, D.C.

Dear Ambassador McDonald: A recent announcement from the U.S. Export-Import Bank points to a problem of increasing proportions that warrants immediate and serious consideration by United States officials.

On August 13, the U.S. Export-Import Bank announced its approval of a $47.3 million loan for the building of a stainless steel mill in Taiwan. The annual interest rate on the loan will be 8 percent.

It is truly ironic that at a time when the American steel industry is straining to obtain capital to modernize and expand its plants, at a time when domestic commercial lending rates are at least 12 percent, a start-up foreign steel facility can obtain United States government-backed dollars at 8 percent interest.

We understand that in this case the Ex-Im Bank was responding to competitive funding offered by government-supported export credit instrumentalities of other nations. And, herein lies the problem. In our view, we may do a disservice to developing countries and unquestionably to ourselves when we shower them with capital at such subsidized rates and terms that we permit them to bring onstream economically unjustifiable steelmaking production.

We urge that the U.S. Government take the initiative in moving the governments of Japan, the European Communities, and other OECD countries to evolve a common approach aimed at halting predatory government subsidized export credits as they apply to construction of steel plants and equipment.

The OECD Steel Committee provides an ideal forum for such an undertaking. The 1978 resolution establishing the Steel Committee contained a commitment that the Committee "should promptly undertake", as part of the initial work program, an examination of government policies involving government export credits for steel plants and equipment. The U.S. Government should utilize this valuable international channel with a view to evolving multilateral guidelines on official export financing for steel-related projects.

We further believe that this sectoral approach could complement the broader negotiating effort underway for the past five years with other industrialized countries on export credits, an effort which so far has not succeeded with respect to steel.

Clearly, this problem presents a challenge to the OECD Steel Committee, but it is precisely the type of problem for which the Committee was established. In our opinion the solution to the problems created by government subsidized export credits is to have governments themselves stop the practice. As a practical matter, to do this will require government-to-government cooperation. There is no other alternative.

We urge the United States Government to act immediately.

Sincerely,

Lewis W. Foy.●

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

● Mr. JACKSON. Mr. President, I would like to announce that the Senate Committee on Energy and Natural Resources will hold a hearing at 8 a.m. on Friday, September 28, 1979, in room 3110 of the Dirksen Senate Office Building, on the nomination of Dr. John C. Sawhill of New York to be Deputy Secretary of Energy.

Questions concerning the nomination hearing should be directed to Michael Harvey, Chief Counsel, Senate Committee on Energy and Natural Resources, Washington, D.C. 20510, telephone (202) 224–0611.●

SUBCOMMITTEE ON ANTITRUST, MONOPOLY, AND BUSINESS

● Mr. METZENBAUM. Mr. President the Subcommittee on Antitrust, Monopoly, and Business Rights has scheduled a second day of hearings on S. 598, the Soft Drink Interbrand Competition Act.

The hearing will begin on September 26, 1979, at 9:30 a.m. in room 5110 of the Dirksen Senate Office Building.●

SUBCOMMITTEE ON ENERGY RESOURCES AND MATERIALS PRODUCTION

● Mr. JACKSON. Mr. President, I would like to announce for the information of the Senate and the public that the Subcommittee on Energy Resources and Materials Production of the Committee on Energy and Natural Resources will hold a hearing on S. 1637, to establish competitive oil and gas leasing in favorable areas within producing geologic provinces.

The hearing has been scheduled for Friday, October 12, 1979, at 10 a.m., in room 3110, Dirksen Senate Office Building.

Questions regarding this hearing should be directed to Thomas L. Laugh-lin of the subcommittee staff at 224-2564.●

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. GRAVEL. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate today to consider Energy Mobilization Board legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

REGINALD JONES IS A BRILLIANT BUSINESS LEADER

● Mr. RIBICOFF. Mr. President, I have the greatest respect and admiration for Reginald H. Jones, the chairman and chief executive of the General Electric Co. He is always available to serve all our Presidents in the national interest.

A man of extraordinary intelligence and good judgment, a man very much in step with his times, Reginald Jones has been described by his colleagues in the business world as being America's most influential businessman.

We in Connecticut are fortunate to have Reginald Jones as a resident of our State. He lives in Greenwich and the GE offices are in Fairfield. Reginald Jones is one of our Nation's most distinguished leaders. He is an able man of great character who is also a good friend of mine.

Mr. President, Isadore Barmash, a business reporter for the New York Times, wrote a perceptive article about Reginald Jones in the Times Sunday Magazine of September 16, 1979. I request that the article be printed in the Record:

The article follows:

America's Most Influential Jones

(By Isadore Barmash)

The absurdly long, black limousine entered the gates and wheeled smoothly along the winding driveway to the entrance to the White House. Usually, a Presidential aide would greet the limousine's occupant. But the tall, sober-faced figure that emerged from the car was stirred to see a slight, sandy-haired man with a wide, toothy grin waiting to shake hands. The car's occupant wasn't the Prime Minister of Britain or Vice Premier of China. It was Reginald H. Jones, the chairman and chief executive of the General Electric Company.

Jones' reception sounds a note of harmony amid the discordant tones occasionally played by President Jimmy Carter—besieged by inflation and other symptoms of a difficult economy—and the heads of corporate America. Insiders at the White House say that Reginald Jones has made frequent visits in recent months, that he is cool, convincing, quietly forceful and self-assured by having obviously done his homework. Stuart Eizenstat, President Carter's domestic affairs adviser, says of Jones: "I think he is one of the wisest, most intelligent, most informed people on public policy issues that I have ever met. He's always armed with the data, and he's extremely articulate in making his presentation. He stands very high in the White House. The President has tremendous respect for him. Anytime he calls, the door is open."

Jones is reported to have been offered two Cabinet posts by Jimmy Carter—director of the Office of Management and Budget and chairman of the Federal Reserve Board—and was approached again during the recent Cabinet shake-up. Jones won't discuss these offers, but sources close to him say that he felt he had an obligation to decline so that he could complete unfinished work at General Electric. Carter is not alone in his enthusiasm. Last spring in a survey conducted by U.S. News & World Report, 1,439 American leaders called Jones the country's most influential businessman.

His succession to that role coincides, in part, with an evolution in American business itself. The change that has occurred could be good for the country as well as for General Electric and big business—but, on that point, the returns, as they say, are not in. Jones represents a new breed—the antithesis of the businessman who decided years ago that, if he couldn't own the man in the White House or the people on Capitol Hill, "big Government" was to be loudly and publicly and constantly damned. A pragmatist instead, Jones is one of those who may oppose Government overregulation, for example, but who also believe in communication, and that, through intelligent, frank dialogue, they can get a hearing and can learn to live with the compromises they must make.

A chain smoker, Jones speaks easily between puffs. "Today's chief executive," he said in an interview, "is in contrast to what used to be called the Neanderthal types. He's considerably more responsive to the concerns of the special-interest groups, recognizing that in our system the causes advanced by these groups do gain considerable public support and are of great moment to Congress. Congress has certainly demonstrated that it is an overly responsive body. So the chief executive must recognize that he is going to be faced with legislation that will move from the area of voluntarism to that of requirements. Only on one occasion did we see that legislation reversed. We learned that the automobile designed in Washington didn't sell very well. These demands are going to be placed on the corporation, and the chief executive has to determine which he feels are truly legitimate and which are not reasonable. The corporate chief executive is always faced with the problem of making this kind of trade-off."

For General Electric, at least, that problem, or the general problems of competing in the marketplace, have clearly not been insurmountable. From the time Thomas A. Edison founded it 101 years ago to develop the light bulb, General Electric has grown to the point where it spends more than $1 billion a year and has a staff of 1,500 Ph.D.'s for research and development. It is the world's largest manufacturer of electrical equipment and is among the leaders in electronics, nuclear power, consumer goods and aerospace. Between 1968 and 1978, its sales more than doubled to $19.6 billion, and its net income tripled to $1.23 billion. General Electric now has 401,000 employees and 552,000 stockholders.

Individual corporate growth notwithstanding, American business has come under much more stringent Government scrutiny since Carter, elected on a populism platform, entered the White House. Because of the resulting controversies, Jones believes that "it is in the interest of the private sector, the shareowners, customers and employees of that sector that business should explain its side of the issues. We wouldn't be doing our job for the shareowners, the suppliers and the customers if we were not out there making ourselves heard."

In one recent university lecture, he made himself heard in his own measured way: 'Over the past 15 years, expenditures for research and development in the United States have not kept pace. In proportion to the gross national product, R. & D. spending has declined 25 percent since 1964. During this same period, many other industrialized nations, including Japan and West Germany, have been increasing the share spent on research and development. The U.S. Patent Office reports that foreigners now receive 37 percent of all United States patents, compared with only 20 percent in 1960."

Why the lag?

"A counterculture essentially opposed to the industrial society rose first to public attention, and then to positions of power. Under the Keynesian economics of the past few decades, our tax structure has been sharply tilted against savings, investment and innovation. An acceptable level of R. & D. and successful innovation in the United States can be achieved only in an environment conducive to business investment generally. Top priority should be given to Government policies aimed at improving the climate for business investment."

That was Jones in action—spare, diplomatic, motivated, verbally sinewy, factual, not shrill.

With a collar that sometimes seems just a bit loose, and a lean, somber face, the 62-year-old Jones looks somewhat like an industrious church deacon. He begins his day at 7:15 A.M. in his large, airy office at the company headquarters in Fairfield, Conn., and is pacing the floor by 7:30 as he deploys his large staff. Jones instills in his people a need to gather information, and his own flair for acquiring knowledge, for grasping issues quickly, manifests itself especially in his work in strategic planning; it was, in fact, his technique in planning, in preparing for change without knowing what the change would be or when it would come, which first brought him to national attention among businessmen. Jones's approach has been to set about methodically to pinpoint in exhaustive detail the various possibilities that may lie ahead for each segment of his business and to prepare contingencies. The importance is obvious when one considers the size and scope of those American companies that have gone down the drain in recent years because they couldn't adjust to change—W. T. Grant, Franklin National Bank, REA Express, Robert Hall, not to mention Penn Central, which almost went except for being bailed out by the Government, or Chrysler, which could, without such help.

Jones also introduced so called "sector" management to G.E. Six men—each acting as chief executive officer in his own billion-dollar product area (and those areas were split into a total of about 50 corporate entities)—reported to a three-man executive office. Jones declared that his successor would be chosen from a pool of about a dozen vice presidents from these sectors by 1981.

Jones thus freed himself to a marked degree to concentrate on the external affairs of the company.

Perhaps what has brought Jones the greatest attention was his role in G.E.'s merger with Utah International Corporation, a $2.2 billion acquisition which was then the largest in American history.

"He brought five or six of us on the board together in advance of the regular director's meeting for about 45 minutes," said Ralph Lazarus, a long-time G.E. director and chairman of the Federated Department Stores chain. "He had all the facts on Utah International so well developed that no one could dispute them." That was only the first leg in the campaign to bring the giant Utah company into the fold, but so thorough were the research and the subsequent field investigations that the biggest American merger was pulled off without a hitch, and, surprisingly, without much more than a murmur of Government protest.

Some close to him think that Jones's ability to see both sides of a public issue comes from his humble beginnings and later embarrassment over his riches. His father, after emigrating from England, was an odds-jobs man and electrician in New Jersey. Jones's present residence, in Greenwich, Conn., is a relatively modest colonial house, despite his $750,000 annual salary. He and his wife, Grace, often spend nights at home but he admits to friends, "We wish people would call us, people are afraid to ask us out." They seem reluctant to interrupt the personal life of one of America's most important businessmen.

A graduate of the Wharton School of the University of Pennsylvania, Jones joined G.E.'s business-training course in 1939 and for the next eight years was a traveling auditor; he picked up a widely varied knowledge of the company in that role. Quick, determined, decisive, he demonstrated that he could get into and out of problems quickly. Not long after eventually becoming group executive of G.E.'s construction industries in 1967, he was named vice president for finance. "I wanted to refuse the job," he recalled, "because I enjoyed operations more. But I found that I enjoyed finance so much that for a time I refused the next promotion."

A former G.E. vice chairman who retired in 1972, William H. Dennler, observes, "Reg made suggestions that were far beyond what you would expect from a financial man. Although he might be talking with others about spending money, he'd chime right in on marketing or on technical matters. In time, he got to be considered a good backup man on anything . . . but he was the best financial man I ever met."

It was in 1970 while Jones was financial vice president that he had his greatest crisis. That year, the company decided that it had to stem the heavy losses of its computer business. Some years earlier, Jones had been one of those who had recommended that G.E. get into computers in spite of the industry domination of the International Business Machines Corporation. G.E. set up a task force and asked its financial vice president to be on it. Jones and the others studied the loss of several hundred million dollars over the years, and it soon became obvious that, not only was there severe competition, but I.B.M. was tightening its already tremendous grip on the computer industry.

"It was a time of terrible decision for me," Jones says. "I had been instrumental in G.E.'s getting into the field, and now I was convinced there was only one way to cut our losses—that is, simply get out. It also dawned on me that I was probably the key member of the task force because of my financial responsibility. Was that why I was put on the task force? I didn't know. But I knew that G.E. traditionally never gives up on anything."

It seemed apparent that many more millions, perhaps as much as $500 million, would be needed just to keep the division afloat. So Jones went ahead and proposed to the task force that computers be dumped, and the task force approved the recommendation; the board of directors also approved it, and added a touch of irony; it put Jones in charge of the job.

He did manage to sell the controlling interest in the division to Honeywell Inc., a more successful computer maker. But G.E. didn't escape the barbs of critics who wondered why a company that had successfully ventured into aerospace, nuclear energy and pollution-control systems couldn't hack it in computers. It was, for General Electric and for Jones, a humiliating experience, not unlike that of Xerox Corporation, which had to give up on its computer business after losses of almost $1 billion.

Still, as often happens in large corporations, one step backward leads to two forward. Jones did get the albatross off G.E.'s neck and it did recoup $240 million of the losses in the sale to Honeywell. Former vice chairman Bill Dennler adds, "Jones's sale of the computer business was masterful. He helped G.E. and he even helped Honeywell. He understood the tax consequences of the deal, and that gave him the edge."

In 1972, the company's directors, singling him out for, among other things, his work in the G.E.-Honeywell transaction, put him into the chief executive's chair.

As the top man, Jones differed from his predecessors and also from earlier chief executives in most other companies. Ralph J. Cordiner in the 1950's and Fred Borch in the 1960's, Jones's immediate predecessors, were sales oriented. The late Cordiner, a hard-hitting, precise type, who ran G.E. when some 16 of its executives were indicted and three went to jail on charges of price fixing, started as a college student selling flatirons for G.E. His tenure is recalled by old-time G.E. men as austere, and his disavowal of the price-fixers not entirely credible (if he didn't know, he should have, is a common expression). Borch was also a tough sort, but he leavened his hardness with a sense of humor, more or less settling on that approach as three problem ventures seemed to defy solution. They were computers, nuclear power and commercial jet engines.

Jones's varied experience—which include running the air-conditioning, supply, and construction divisions as well as finance—cried out for maximum usage. But, more important, it was clearly the cerebral way he undertook these jobs that seemed to impress the board, and continues to do so.

That includes his dramatic acquisition of Cox Broadcasting Company for about $460 million. To obtain Government approval of the still-pending deal, Cox and G.E. are divesting themselves of television and radio stations in areas where there are overlapping outlets. G.E. has been in the broadcasting business since 1922 when it went on the air with, "This is station WGY" (whose call letters stood for wireless, General Electric and Schenectady). Since then, the company has added three television stations, seven A.M. and F.M. outlets and 12 cablevision systems.

Unlike many heads of big companies, Jones appears to have made few enemies and many friends, perhaps because he is so matter of fact and unpretentious. It may also be because he is so unabashedly—some might call it embarrassingly—but nonetheless sincerely a company man. Some years ago, when he was head of G.E.'s wholesale distribution, the company honored one of its top salesmen. Jones, the host, burst into a torrent of applause when the fellow came up to receive his award. Because of Jones's tribute, a colleague jokingly asked him afterward, "Who is that guy, your brother-in-law?" Jones blinked, swallowed and said, "No, he's just G.E."

Among most people, Jones also generates a sense of identification, the feeling that there-but-for-the-breaks-go-I. His skills are extraordinary, but they are quiet, subtle, and on the surface he appears to be an ordinary guy who was elevated high by circumstances but had the capacity to handle them. This perception is enhanced for those who have observed how he handles the tough matter of firing people. Jones will telephone a person who must be dismissed and invite him to breakfast or lunch. The discussion begins with how the man approaches his job, and Jones gives him his reaction. The talk comes around to the man's future, and it winds up with his virtually making up his own mind. At no point has Jones told him he's through.

The famous "Gutoff incident" may be an exception. Inside the company, the incident is rarely mentioned. Reuben Gutoff, who left G.E. to become the president of Standard Brands Inc. and is now its consultant, was considered a brilliant, eager, young protege of Jones. Appointed to head the company's strategic planning department, Gutoff pushed the G.E. hierachy but found the layers of command so hardened in a century of development that they wouldn't give. Reluctantly, after facing an increasing number of complaints, Jones fired Gutoff. A G.E. director says of the incident, "No one's very happy about it. Gutoff got Jones's backing against the advice of those around him until he found that Gutoff couldn't deliver without upsetting a lot of people. He was too abrasive and too persistent. All of us at the top of the business heap have to know when to give in and when not. You can't be impatient in stimulating people to move. Gutoff is brilliant but that was the problem."

Did Jones quietly cut off Gutoff's head after giving him too tough a job before he was equipped to handle it? Did the plodders and water-treaders get to Gutoff? Did Gutoff have it coming to him? Neither Jones nor Gutoff will discuss it. But if the incident reveals a slight crack in the new corporate image of sensitivity and moderation, there are a few others. Last winter, G.E. withdrew its sponsorship of a Barbara Walters television-news special because the show involved an interview with Jane Fonda. In it, Miss Fonda talked about her new Columbia Pictures release, "The China Syndrome," the fictional story about an impending nuclear-plant disaster and attempts to cover it up. G.E. explained that it was "inappropriate" for a company that supplied nuclear-power equipment to sponsor a program that contains "material that could cause undue public concern about nuclear power." But the company conceded that the issue was one of "significant public controversy." Furthermore, as others pointed out, such an action can affect the independent quality of news judgment. Yet G.E. pulled out anyway. The special was aired without G.E.'s sponsorship. Since then, the problems at the Three Mile Island nuclear plant near Harrisburg, Pa., and the shutdown of other nuclear facilities, tend to refute G.E.'s statement that the public should not be unduly concerned about the safety considerations of nuclear power.

In 1976, G.E. was sued by the New York State Department of Environmental Conservation over its discharge of polychlorinated biphenyls (PCB's—used in the manufacture of capacitors) into the Hudson River. At first, G.E. agreed to provide $4 million for cleanup and research to develop a substitute for PCB's and, later, to stop using them.

Jones declines to comment on either the Jane Fonda incident or the PCB controversy.

Can the general public, then, really trust the new breed of smooth and rational businessmen like Jones?

Dr. Eugene Jennings, management professor in the Graduate School of Business Administration at Michigan State University, for one, believes that, in general, American business has become more responsible. "Big business," he says, "embattled, bewildered and often defensive in the face of a quantum increase in constraints and uncertainties during the first half of this decade, now evidences a more realistic view of what is required to survive, let alone prosper, in a radically different world." And Jones, in particular, makes one believe in him, and in his ability to perceive complicated social issues that go beyond the special interests of his own company. "Real strategic planning," he says, "involves a careful, analytical examination of all the major factors that enter into the business process—and the external factors are probably of greater importance than the traditional internal factors. Social obstacles, political constraints and competitive counterpressures must be imaginatively constructed. Alternative plans must be prepared to match the contingencies. And hard choices must be made."

But it really is too soon to say for certain whether this new breed will be good for the country or just good for business. Malcolm X once said he would far rather deal with a loud, haranguing political opponent than a quiet intelligent one because the quiet intelligent one was more likely to win out in the end. It is possible that the current businessman's low-profile, exploration-of-the-issues approach may mean only that he's willing to explore subjects like ever-increasing Government regulation, which Jones and others feel can harm both G.E. and the public. It is possible, too, that they will continue to be unwilling to air more controversial issues like the safety of nuclear power, which could conceivably be resolved in a way that would be harmful to their own companies' immediate self-interest.

But the interesting thing about rationality is that one tends to get hooked on it. Intelligence is intelligence. Once the human mind is really put to work, it's often hard to get it to stop. If Big Business has graduated from the haranguing school to the intelligence school, then there is good reason to be hopeful that it will explore issues beyond narrow limits to a realm where they will be resolved, in the long run, to the general benefit of everyone.●

ENERGY AND THE POOR

● Mr. ARMSTRONG. Mr. President, often we tend to lose sight of the magnitude, character, and effect of the massive income transfer programs that have been put into place in this country. Passed singly with alleged individual justification, each program has joined countless others to result in a spiraling escalation of transfer payments in the United States.

Recently an excellent editorial appeared in the Wall Street Journal on this critical subject. Although it is entitled "Energy and the Poor," it actually is a much broader, incisive review of transfer programs in general. It points out that over the last decade, Government transfers to persons grew by 280 percent, while wages and salaries grew by 134 percent. The editorial points out that transfer programs literally take money from the working to give it to the nonworking, and it asks, "How long, we are forced to wonder, can transfers grow twice as fast as the earnings that ultimately must support them?"

The editorial concludes that we should have "a better accounting for the enormous increases recently poured into these programs, and—a lot more honesty about the actual incidence of poverty in this Nation." It is clear, as well, that we should have something further: A redirection of this aid only to persons entitled by legitimate need to receive it. Therein lies the solution to the problem described, and the Congress should embark immediately upon corrective action to insure that our needs-tested programs reflect that emphasis.

I commend the editorial to my colleagues and request that it be printed in the RECORD.

The editorial follows:

ENERGY AND THE POOR

As part of its energy plan, the Carter administration is planning to spend about $2 billion a year to buy fuel for the poor. In some quarters, there is agitation for "fuel stamps," just like "food stamps." In short, we are moving toward another addition to the growing roster of federal income transfer programs, which take money from the rich to give to the poor.

Transfer programs, to put it another way, take money from the working to give to the non-working. And while the second way of putting it is not the conventional one, it seems a lot more pertinent if you review the recent explosion of such programs. Taking a calculator to the tables in the latest Economic Report of the President, you find that over the last decade government transfers to persons grew by 280%, while wages and salaries grew by 134%. How long, we are forced to wonder, can transfers grow twice as fast as the earnings that ultimately must support them?

Precisely what did we buy, the further question goes, with the increase in transfer payments to $215.2 billion in 1978 from $56.5 billion in 1968? Surely we should have solved a raft of social problems by boosting yearly expenditure by $158.7 billion, an amount larger than the entire Pentagon budget. That comes to roughly $6,250 for each of the 25.4 million people the Census Bureau found in poverty in 1968, or $25,000 per family of four. Even in 1978 dollars, the poverty level for a four-person family is only $6,630. Yet in 1977, the latest figures available, the Census Bureau put the poverty population at 24.7 million, scarcely changed over the last decade.

So what happens to the $158.7 billion a year? To make a long story short, a lot of it does find its way to the poor, but the Census Bureau doesn't bother to count it. It counts only "money income," ignoring "in-kind payments," like rapidly growing transfer programs for food stamps, rent subsidies, Medicaid and putative energy stamps. But if the poor get all these benefits, in what sense are they poor? Some independent studies, notably those of Morton Paglin, now suggest we have abolished poverty in the sense of severe and involuntary economic deprivation, that almost no one is poor in the statistical sense set out by the "war on poverty."

One of our private checks on this is to try to reconstruct budgets in the profiles of poor families any newspaper occasionally runs. The New York Times happened to run one alongside its report of the Carter plan for new energy transfers. It told of a Hartford couple in their mid-50s, recently disabled—he by a nervous breakdown and she by arthritis—supporting three grandchildren. When both worked, they had earned $850 a month. Now they received $586 a month from workmen's compensation and welfare. While they did not receive food stamps or Medicaid, they did get a rent subsidy worth $208 a month. If you add this in-kind payment to their money income, we note, they receive $794 a month, or $9,528 a year. This is more than 50 percent of the national median family income, and is in addition tax-free.

The Times story is, as such stories are, vague on a few particulars. We do not know for sure whether they were entitled to the rent subsidy while working, but we note that $794 is not greatly less than $850. We do not know for sure whether the $850 was take-home or gross earnings. But if they paid taxes out of it they may receive more now than when they were in the ranks of producers. The life depicted is far from comfortable, but we start to wonder whether income support policies have been carried to the point where in some unconscious way they may aggravate arthritis and prolong nervous breakdowns—scarcely a merciful result for the poor.

It may be that the poor suffer more than your average taxpayer from the current inflation, but that is not so clear. The usual argument is that prices for the necessities of food and heat are rising faster than average. On the other hand, some transfer payments, notably Social Security, are especially well protected from inflation by formal indexing. As for the taxpayer, wage increases are running barely more than half the inflation rate, and wage-earners are finding their effective tax burden mounting as they are pushed up through the brackets of the progressive income tax.

No one wants to be heartless toward those with lower incomes, but we do not see how this society and this economy can sustain, let alone accelerate, the recent growth in transfer programs. Some of us are old-fashioned enough to think that wage-earners have a moral right to the fruits of their effort. Even if you don't believe that, there is the problem of incentives to produce income and wealth.

At the very least, it seems to us that new transfer payment programs, for energy or anything else, ought to wait for a bit of rethinking. Taxpayers are entitled to a better accounting for the enormous increases recently poured into these programs, and to a lot more honesty about the actual incidence of poverty in this nation.●

HERITAGE ACRES

● Mr. BOSCHWITZ. Mr. President, I am pleased to submit for the RECORD a resolution, adopted by the Fairmont, Minn., Chamber of Commerce, which designates the Heritage Acres Agricultural Interpretive Center in Fairmont as the Agricultural Interpretive Center for the Prairies of the Upper Midwest of the United States of America.

Heritage Acres Agricultural Interpretive Center is a nonprofit organization created to tell agriculture's story to students and urbanites, as well as farmers. Heritage Acres evolves around the theme of "A Farm of Yesterday and a Farm of Today and Tomorrow," with an exhibition showing the evolution of machinery, crops, livestock, rural communities, churches, and even the family farm itself.

Heritage Acres became a reality when Ray and Mary Lukken donated 40 acres of farmland for an agricultural interpretive center in February 1978. The Minnesota State Legislature followed this with a $100,000 appropriation for the development of the center.

I am proud to be a supporter of the Heritage Acres Agricultural Interpretive Center. And, Mr. President, the founders of the center could not have chosen a better location for the center than Fairmont, Minn. Fairmont is a beautiful rural community with a population of approximately 12,000 people. Surrounding Fairmont, is some of the most fertile and productive farmland in the country.

Mr. President, it is my privilege to bring the Heritage Acres Agricultural Interpretive Center to the attention of my colleagues.

The resolution follows:

RESOLUTION

Whereas, the history of agriculture in these United States is a great and proud tradition and,

Whereas, the present status of agriculture in these United States is known and widely acclaimed throughout the world, and,

Whereas, the future of agriculture in these United States is one of great promise, and,

Whereas, Martin County in Minnesota is one of the leading agricultural producing counties in the nation, and

Whereas, the prairie agriculture is a unique aspect of the Midwest and needs to be publicly interpreted, and,

Whereas, this Center seeks to reach every age bracket and ethnic culture with its education program and,

Whereas, this Center is located midway between Chicago and the Black Hills of South Dakota and nearly adjacent to I-90, the longest interstate highway in the world and,

Whereas, Pioneerland, a State of Minnesota Tourist Region, representing 27 South-Central and Southwestern Minnesota Counties has endorsed the location and plan,

Be It Resolved, That the South Central Minnesota Agricultural Museum Interpretive Center of Heritage Acres, International, located at Fairmont, Minnesota be designated as the Agricultural Interpretive Center of the Prairies of the Upper Midwest of the United States of America.●

STATEMENT CONCERNING COSPONSORSHIP OF S. 208

● Mr. HELMS. Mr. President, on September 12, I cosponsored the introduction of S. 208, a bill introduced by the Senator from Wyoming (Mr. WALLOP) to require nonresident aliens to pay capital gains taxes on the sale of agricultural lands.

This legislation is long overdue and there are many compelling arguments for passage. I shall work with Senator WALLOP and others to press for its enactment this Congress, and urge my colleagues to do the same. We have simply reached the point that—in order to preserve stability within our own farming industry—we can no longer afford to grant foreign speculators investment incentives our own farmers do not enjoy.

A recent GAO study conducted at the request of the Committee on Agriculture, Nutrition, and Forestry, of which I am ranking minority member, concluded that foreign purchases of U.S. farmland may be much larger than originally thought. If foreign investment in our agriculturally productive land is on the increase, that we should act promptly to close remaining tax loopholes that spur nonresident alien landowners toward additional farmland purchases and give them an unfair advantage over American farm families.

The GAO report also found that removal of these tax advantages could allow U.S. citizens to compete more effectively with foreign investors in the agricultural land market. Certainly, if in the long run foreign speculation were slowed, it might give our younger farmers more of an opportunity to find affordable farm acreage. Even though GAO did not go so far as to say foreign investors were paying more than U.S. buyers for farmland, their presence in our market does have an effect, and one to which we must give serious consideration.

Another aspect of foreign purchases is the amount of revenue lost each year from nontaxable capital gains received by these investors. A Treasury Department report released in May of this year indicated that taxing alien capital gains on the sale of U.S. farmland alone would raise as much as $22 million for the U.S. Treasury in 1979. If capital gains on all U.S. real estate sold by foreign investors was taxed, the increase in revenues would total $142 million. From my standpoint, for every loophole we close and every $22 million we collect—the strain on our already troubled economy becomes just that much less.

I am most concerned about farmers—especially younger farmers—being able to purchase farmland in the future. Last year farmland prices rose by 14 percent over the previous year, a fact that seems logical when viewed together with our rate of general inflation. But these ever-increasing agricultural land prices adversely impact family farmers trying to buy land, but favor the foreign speculator. Very simply, the higher the rate of appreciation, the more valuable is the foreign investor's capital gains tax advantage. It is unthinkable we would allow this drain on our economy to continue.

Just as Congress has shown its concern for "who" owns our farmland and how much of it is owned by foreign concerns, it should also take decisive action to restore a sense of fairness to our tax policy in this area. Additional delay will only further erode our farmers' ability to remain farsighted businessmen and viable producers. I hope that the Finance Committee will move as soon as possible to consider S. 208 and give the Senate an opportunity to approve this most sensible legislation.●

CONNECTICUT NURSES ARE HONORED

● Mr. RIBICOFF. Mr. President, three nurses from Connecticut were admitted to the American Academy of Nurses for having made significant contributions to the nursing profession. The academy was established in 1973 by the American Nurses' Association to advance new concepts of nursing care and to identify and explore issues in health care as they affect nursing, as well as to offer solutions to issues confronting nursing and health. It is an important honor to be selected for membership in the American Academy of Nursing, and the three Connecticut women deserve praise and congratulations.

Named to the academy from Connecticut were Florence S. Wald, M.S., R.N., of Branford; Jacqueline Fawcett, Ph. D., R.N., of Storrs; and Constance T. Donovan, M.S., R.N., of West Haven.

Ms. Wald is an associate clinical professor at Yale University School of Nursing. She is currently writing a manuscript, "A Nurse's Study of Terminally Ill Patients," for publication.

Ms. Wald's major contribution to nursing has been in research and in leadership. She has been director of the Mental Health and Psychiatric Nursing Program at Yale School of Nursing, as well as dean of the school.

As dean she initiated and implemented many reforms in the masters degree curriculum. In addition, both students and faculty undertook new lines of empirical research in the clinical field to examine the effects of nursing practice on patient welfare. This study was funded by a grant from the U.S. Public Health Service, and Ms. Wald was the principal investigator.

Ms. Wald's own research has been in the area of care for the dying patient. Utilizing a field research approach and with assistance provided by two grants, she has studied the problems that evolve from the needs and wants of dying persons and their families as well as patterns of care needed to meet those needs.

Ms. Wald was among the first health care professionals to become interested in hospice care for the dying person. Her efforts have helped develop the hospice concept in this country, and she assumed a leadership role in the development of the hospice for the Greater New Haven region.

Ms. Wald was awarded an honorary degree of doctor of humane letters from Mount Holyoke College in 1978. She earned her master of science degree from Yale University in 1956.

Dr. Fawcett is assistant professor at the University of Pennsylvania School of Nursing, where she develops and teaches nursing theory and research courses in the doctor of nursing science program. Previously, she taught as an assistant professor at the University of Connecticut School of Nursing.

In her teaching position, Dr. Fawcett has been involved in the clarification of theoretical issues in nursing. She has assisted in developing computer-based research experiences, contributing her own data and soliciting data from others, in order to build new models in nursing. She developed a course, "Nursing Science: Conceptual Models for Practice," which serves as a keystone for programs designed to prepare master clinicians and teachers.

Dr. Fawcett has several publications related to her research. Her latest publications deal with theory development and application and with the conduct of research as a faculty responsibility. Before these, she was involved in a project, funded by a grant from the University of Connecticut Research Foundation, investigating the shared experience of pregnancy, with completed research on spouses body image changes during and after pregnancy.

Besides these research projects, Dr. Fawcett is associate editor of Nursing Research, and on the editorial board of Advances in Nursing Science.

Dr. Fawcett received her doctor of philosophy from New York University in 1976.

Ms. Donovan has made contributions to nursing that range from the local to the national level. At Yale New Haven Hospital, where she is clinical nurse cancer specialist, she has devised in-service training in oncology medicine, helped the staff develop a nursing assessment tool, and is now instrumental in a newly created quality assurance committee.

She combines this clinical work with her teaching at Yale University School of Medicine, where she has graduate courses in cancer nursing and courses on ethical issues in health care.

Besides this work at Yale, Ms. Donovan has made contributions to nursing on a national level. She chaired the Nursing Practice Committee of the Oncology Nursing Society, and assisted in developing the nursing standards of practice for oncology patients about to be published by ANA. Ms. Donovan's leadership and contributions have been applauded, and she is recognized as a senior spokesperson for oncology nursing nationally.

Ms. Donovan is an active participant in State nursing association functions, serves on the editorial boards of two nursing journals, and has conducted and participated in numerous workshops in cancer nursing.

Most recently, Ms. Donovan has developed interest and expertise in ethical issues in nursing. She is now writing a chapter on ethical issues for a textbook, and her course at Yale University is exploring a more active role for nursing in this area.

Ms. Donovan received the Massachusetts Nurses Award in recognition of service which improves nursing practice in 1975. She received her M.S.N. from the University of Pennsylvania in 1969.

The 59 new fellows of the academy were formally admitted at an evening banquet September 17 at the Biltmore Hotel in Los Angeles, where the academy's annual meeting was held from September 16 through 18.●

SOUTHERN HIGH SCHOOL AIR FORCE JUNIOR ROTC WINS AWARD

● **Mr. HELMS.** Mr. President, both Senator Morgan and I are very proud of the cadets and leaders of the Air Force Junior ROTC of Southern High School of Graham, N.C. For the second consecutive year, this fine unit has won first place in a national contest for Air Force ROTC cadets.

The contest is sponsored annually by the Aerospace Education Federation, an affiliate of the Air Force Association, in conjunction with the U.S. Air Force. Its purpose is to give Air Force Junior ROTC cadets an opportunity to examine, analyze, and report on a subject of national significance.

The subject of the 1978–79 contest, "How Best To Meet the Military Threat," focuses on one of the most important issues facing our Nation today. The current debate over ratification of the SALT II treaty underscores the timeliness of this topic.

The winning essay was written by three cadets: Janice Frauendorfer, a freshman at Warren Wilson College in Swannanoa, N.C.; Bennie Piland, now a freshman at the University of South Carolina in Columbia, S.C.; and Kerry Mayton, now a senior at Southern High School. They were assisted by Col. Robert C. Newman, military instructor at Southern High School. The superintendent of the local school system is Dr. Robert Nelson; and his assistant, who was school principal when the winning essay was written, is Dr. Robert M. Stockard.

Mr. President, the achievements of the Southern High School Air Force Junior ROTC are remarkable. They are the first unit to win this contest twice. They are the first unit to win on the basis of an essay, and now they have done it twice.

These young people are the future leaders of our country. We are fortunate to have them. I am inspired by their talents, hard work, and devotion to their country.

The essay they have written is excellent, and I commend it to my colleagues.

I ask, that the text of the essay be printed in the Record at the conclusion of my remarks.

The material follows:

How Best To Meet the Military Threat

INTRODUCTION

The United States emerged from World War II as the leader of the free world. A strong dollar and a modern industrial base, backed by modern technology, was the basis of a strong economy. We were united in spirit and in purpose. Overseas countries saw us as builders and doers, eager to help those less fortunate. We maintained this image and this momentum for many years.

The Soviet Union emerged from World War II as the leader of the Communist World. However, they lacked a strong economy; they were backward technologically and lacked a strong industrial base. But they too were united in spirit and in purpose. Through their own totalitarian methods they progressed to the point where they were also perceived as doers and builders.

Even though there have been several changes in Russian leadership since World War II, each regime has kept the Communist objective of world domination utmost in national policy. In order to support this objective, Russian leadership has been united in building the world's greatest military power.

For many years the U.S. has been spending just a little over five percent of its GNP on defense. The Soviets have been spending double that amount of their GNP. For two decades they have had a steady increase in yearly expenditures; these increases have amounted to at least four percent in real terms. The U.S., on the other hand, has reduced its defense budget in real terms year after year.

The end result is that the U.S. has gone from a position of unquestioned superiority over the Soviet Union, through a period of parity, to one approaching dangerous inferiority. The military threat posed by the Soviet Union in the 1980's is a grave one. This paper examines the elements of that threat and proposes some actions required to cope with it.

ASSESSMENT OF THE THREAT

A basic underlying factor requiring attention in examining the Soviet threat is one of philosophy. To the people of the U.S., nuclear war is unthinkable. This feeling led to our policy of deterrence in the early 1960's, which has since been purused by our national leadership. The Soviet view considers the nuclear weapon as just one more type in their arsenal to achieve their national objectives. Their leaders do not accept the logic or morality of deterrence. Victory is the paramount objective, whether the war be nuclear or conventional. There is litle doubt that the Soviet Union intends a massive first strike if their leaders conclude that war is the only way to obtain their objectives. Some studies conclude that the USSR would lose less people than they lost in World War II or in the 1930 purges in a nuclear war. As they continue to build their civil defense system and their massive strategic offensive capability, the temptations to use nuclear weapons will be even more attractive.

Many agree that by the early 1980's, the USSR will have ICBMs capable of destroying most of our ICBMs in silos. They could destroy all of our ICBMs and still have 1,100 additional land based missiles plus about 1,000 submarine based ballistic missiles (SLBMs). This remaining capability after a first strike, coupled with their fleet of intercontinental range bombers could be used against other U.S. bases and cities in case of U.S. retaliation.

Strategic Arms Limitation Talks I (SALT I) allowed the Soviets over 50 percent advantage in ICBM launchers and 18 more SLBM submarines than we could have. Since SALT I, the USSR has put into operation five new type ICBMs, including the SS–18 with ten war heads. The SS–17 and SS–19 have also been employed in MIRV and single warhead modes. These are said to be much more accurate than the older 190 SS–9s and the 780 SS–11s. The Soviets are also testing the SS–20 mobile MIRV Medium Range Ballistic Missile (MRBM) which can be converted to an ICBM with its 3–4,000 mile range. It is significant to note that the SS–20 is not covered by SALT II.

Soviets SLBMs have increased to 1,015 in 90 submarines. Two new SLBMs have been tested, the SS–NX–17 and SS–N–18. The SS–N–18 is a 3 MIRV replacement for the SS–N–8 and is already operational. A longer range replacement for the SS–N–3 sea launched cruise missile (SLCM) is under development.

The inventory of supersonic Backfire bombers has grown at approximately 25 per year and now stands at a total of 80 to 100. Thus far the Soviets have succeeded in excluding the Backfire from SALT II on the basis that it is not an intercontinental system. However, some intelligence sources, along with the Air Force, are convinced that with aerial refueling the Backfire can fly from Soviet arctic bases, hit any U.S. target, and return to the Soviet Union. At the same time the Soviets have continued to deploy the Backfire, U.S. defense against bomber attack have been cut back to a skelton force.

To add to the seriousness of the growing Backfire threat, there is considerable evidence that the Soviets are developing a follow-on bomber. Sketchy information available indicates the plane is designed with range greater than the Backfire. The suspected improved engines would permit a larger payload of bombs or missiles. Some analysts believe the follow-on will be produced in the next three to five years and replace the older TU–16 and TU–22 Blinder bombers.

Another aspect of the Soviet threat is their modern air defense system. Their interceptor aircraft fleet of approximately 2,700 is supported by an extensive, modern early warning and control system. There are 64 known anti-ballistic missile (ABM) launchers in the defensive system, heavily deployed around Moscow. In addition, there are an estimated 12,000 surface to air missile (SAM) launchers deployed at more than 1,000 sites.

Closely related to the Soviet air defense system is their massive civil defense system. Some studies indicate that Soviet city evacuation plans and underground shelters would enable them to suffer an acceptable number of casualities. Without question, the Soviet air and civil defense capabilities greatly strengthen the Kremlin's bargaining power in times of tense international crisis by diluting our second-strike assured destruction threat.

The Soviet military threat against our NATO allies is a serious one. Along with their Warsaw Pact Allies, they have a quantitative advantage over NATO in combat divisions, tanks, armored fighting vehicles, artillery and combat divisions, tanks, armored fighting vehicles, artillery and combat aircraft. They are modernizing these forces to close the qualitative gap which, in the past, has favored NATO. Since the US is deeply committed to NATO, any threat to that organization must be considered an equally serious one to this country.

Another aspect of the Russian military threat is their military personnel strength. A huge conscript army is the traditional source of Soviet military manpower. It is estimated that during the period of 1967–77 between 65 and 75 percent of the males reaching draft age were drafted into the Soviet armed forces. Current military forces strength is approximately three and one half million, compared to a US strength of slightly over two million. This disparity takes on a much more serious aspect when one considered the growing serious quantitative and qualitative problems facing the US armed forces because of the all-volunteer force concept.

Soviet space efforts must be taken into account when examining the military threat they pose. Although SALT I prohibits interference with Surveillance satellites of any type, the Soviet Union has continued developing and testing interceptor satellites. They have attained an operational capability that poses a threat to US communications and early warning satellites. The most likely target for a Soviet Anti-Satellite (ASAT) is the US "Big Bird", KH-11 spy satellite. This threat poses serious problems in any surveillance and verification procedures the US might agree to in SALT II.

Strong evidence suggests that the Soviets have achieved a quick reaction system that can be launched, rendezvous with, and destroy a US spacecraft in less time than is required for one orbit. Such destruction could occur while the US satellite was out of view of US tracking facilities. This would result in no positive evidence by the US that the satellite had been destroyed by a hostile act.

There is also evidence that the Soviets are doing extensive research in the fields of laser and charged particle technology. They have conducted charged particle beam experiments from their Salyut orbiting manned laboratory. An operational capability built around this technology offers many possibilities in satellite disruption and destruction.

Any military capability depends on an aggressive research and development program. The Soviets are well aware of this and are currently expending about one-fourth of all defense funds for this purpose. It is alarming to compare the $12.5 billion for US defense R & D in FY 1979, far below one quarter of the total DOD budget, with Soviet expenditures. This lack of attention to R & D has caused our qualitative lead to decline to the point where it is doubtful that it can offset the Soviet numerical superiority. Soviet technology leads the US in the areas of ICBM and SLBM throw weight, SAMs, ABMs, tanks, helicopters, infantry combat vehicles, chemical warfare, anti-ship cruise missiles, mine warfare, and survivability of command, control and communications systems.

In evaluating the Soviet military threat, one must examine overseas areas where they may decide to test U.S. capability and will to become involved. The recent and current internal turmoil in Iran makes that country a high priority choice. Its oil resources plus its geographic position of being a Soviet back door approach to the rest of the Middle East makes any Soviet intervention a serious threat to the U.S.

Another possible testing ground that the Soviets might select is Saudi Arabia, owner of the world's largest known oil reserves. Its highly vulnerable monarchy, in a land of only 8 million people living in an area one fourth the size of the U.S., makes it an attractive choice to test U.S. will and capability. The pro-Soviet governments of Afghanistan, South Yemen, Ethiopia, Iraq and Syria would make Russian probes into any of the many countries of Africa and Asia, torn by internal strife, much easier by providing overflight rights. Any of these power plays would not only test U.S. capability and will but it would also test our credibility among allies and non-aligned countries as well.

Things are not all rosy for the Soviets. They face economic difficulty, a power struggle of succession within, and a growing challenge from China. With these economic and political pressures, the USSR may concentrate even more on the one area where it has competed successfully—the military. Many agree that the next five years will be a period of optimum military posture for the USSR. The danger that she may take military action increases sharply and is one that we must recognize.

REQUIRED ACTIONS

As valuable time goes by and the alarming Soviet military threat increases daily, the need for positive actions to cope with it grows more pressing each day. A basic required action is to alert the American people to the growing danger. Two problems of a serious nature exist in our country which must be overcome: division and complacency among the people. A number of reasons have contributed to these conditions. The unpopular war in Vietnam is a major cause of divisiveness. The material prosperity existing in our country has been a major cause of complacency. We have been so preoccupied with curing social problems that a large segment of the population does not believe, and does not want to believe, that a serious threat to our national survival exists.

There is no easy solution to awakening the American people to the danger we face. An unbiased news media, presenting the true picture, would be a major step. The Administration should make priority efforts to encourage all phases of the media to present unbiased reports to the American people. Administration spokesmen must be honest in their reports to the people whether or not these reports are politically expedient.

The Air Force Association, The Retired Officer Association, the Reserve Officer Association and other similar organizations can do a lot more toward awakening the public. The national leadership of these organizations is doing a good job now. The real need is for a grass roots effort by individual members at the local level. It is incumbent on each member of these organizations to understand the threat so they can communicate it effectively to their fellow citizens.

Another basic and pressing required action is assuring that the U.S. is not put at a disadvantage in a SALT II agreement. A panel of the House Armed Services Committee has concluded that SALT II neither limits strategic arms, enhances security, deters war nor maintains strategic balance. The panel feels that the Soviet threat to the survivability of U.S. strategic forces is so serious that no arms control agreement should restrict our options to develop and deploy the most effective and survivable systems possible.

Even if a satisfactory SALT agreement is reached, verification and detection remain serious problems. Some aspects of SALT II would be difficult, if not impossible to verify. Improvements in the Backfire bomber or SS-16 missile capability in the manufacturing process could not be detected. Likewise, preparations and techniques for increasing the number of warheads, reloading bombers or ICBM silos could not be measured. Secret deployment of mobile missile systems would also be difficult to verify.

As this paper is being written, SALT II negotiations are incomplete. Indications are that a number of Senators are not in favor of ratification of the proposed version. We hope this number is large enough to insure that those provisions of SALT II which put the U.S. in a situation of strategic disadvantage are corrected or not agreed to.

Another mandatory action required to meet the Soviet threat is the budgeting of a consistent defense program. The dangers of a stop-and-start weapons policy are unacceptable. We must support our friends overseas without the ambiguity we have displayed in recent years. The Administration and the Congress must accept that it is going to require huge expenditures to reverse the dangerous position we are now in. All concerned must realize that a sound, long range program, properly funded, is much more economical in the long run than the stop-and-go, wait-and-see approach we have been following.

It is widely accepted that the most serious USSR military threat is against our ICBM force. The need for making a decision and getting on with positive action is urgent. A typical bureaucratic tactic to avoid making tough decisions is to do another study. This tactic has certainly been used in the MX question!

Everyone agrees we need a new missile but there is divided opinion on its configuration. There are two main considerations. One version is 92 inches in diameter with eleven warheads. The other version is 83 inches in diameter with ten warheads, to fit into the launch tubes of Trident submarines. We believe that the best course of action now is to proceed with the full-size version as the best capability with money available. The objective of common components usable by both the Air Force and the Navy is a good one and should be sought in the future as a way to maximize the capabilities of both the ICBM and the SLBM.

Basing of the MX is another urgently needed decision. Two generic basing modes are under study. One of these is the multiple aim point (MAP) or commonly known as the "shell game". Under this concept a missile would be placed randomly at a single location among a large number of fixed dispersed shelters. Each shelter becomes a potential missile location to the enemy, making an attack statistically unprofitable.

A second generic mode is the "mobile" concept. Under this concept there are two versions of airmobile basing. One version would extract the missile from a transport aircraft and air launch it after falling away from the aircraft. Possible aircraft are the C-5 and the Boeing 747. The Advanced Medium Short Take-off (AMST) YC-14 or YC-15 are also possibilities but neither has been purchased or funded. One attractive feature of the AMST aircraft is the large number of airfields they could be rotated among.

Another version of the airmobile concept is the land-and-launch method. The ICBMs would be flown by transport aircraft to preselected airfields where they would be rolled out in launcher vehicles and fired.

A third version of the mobile concept is the trench method. A single missile platform would be frequently moved within a buried tunnel ten to twenty miles long. The ease and quickness of movement and the large number of possible locations make the mobile concept attractive as a highly survivable concept.

With the various studies completed or underway there should be enough data available to proceed on a positive course of action. This course of action could provide several options. However, the time has come when survivability should be the primary consideration. Up to now our primary concern seems to be verification and detectability of the MX basing modes. It is time for these concerns to take a second place to survivability. Above all, we must not allow SALT II to rule out our mobile ICBM! We believe a secure MX system would convince the USSR of the futility of continuing arms competition with the US.

A second element of the strategic Triad that requires priority improvement is the manned bomber. There are numerous critics of the manned bomber being retained as a primary strategic weapon. However, these critics overlook the flexibility that the bomber provides. It allows changes in vital decisions right up to the last second before weapon release. As proven in Vietnam, the large manned bomber performs effectively in a conventional role. Based on this experience, B–52 crews are now participating in joint exercises demonstrating their ability to provide conventional bombing support to ground commanders.

The need to improve the manned bomber strategic capability requires that we continue with priority to add the cruise missile to the B–52. While there is evidence that the Soviets are testing a new type of airborne radar "look down" capability, indicating a potential cruise missile defense program, we should add the cruise missile as rapidly as possible, without the range restrictions proposed in SALT II.

The cruise missile will force the Soviets to divide their defensive efforts and prevent them from concentrating in one particular area. It will force them to divert funds from offensive systems to defensive systems. Our ability to air launch the cruise missile and penetrate is a hedge against the uncertainties of Soviet technological breakthrough. In addition to expediting the cruise missile, the proposed programs of improving the B–52's offensive avionics and addition of new counter-measures equipment should be given high priority.

Concurrent with these improvements to the aging B–52 fleet, there is a pressing need to develop a new manned bomber. Because of its high price tag and the controversy surrounding it, revival of the B–1 is probably not practicable. However, the test program should be continued to take advantage of the technology it offers. This technology should be applied to test models of the stretched FB–111. The design of a new penetrating bomber, capable of carrying the cruise missile, should be solicited from industry. The preliminary studies recently completed by Rockwell International and Boeing should be aggressively pursued.

A vital link of the strategic Triad is command control and communications, commonly known as C-cubed. General Richard H. Ellis, CINSAC, has stated that SAC has identified certain aspects of our current communications system that are vulnerable to new Soviet technology. He emphasized that any future C-cubed systems must provide national decision makers and nuclear force commanders with detailed and unambiguous surveillance warning and attack assessment information. A second requirement includes a survivability, secure, two-way communications capability stretching down to the lowest operating force level in the field. Only when we have attained these capabilities can we have the flexibility and responsiveness needed to effectively implement strategy, control and employ weapons under all conditions.

While the Soviet strategic threat is growing increasingly serious each day, we cannot overlook their tactical threat. The Warsaw Pact threat against NATO continues to be a serious one. The US has pledged, along with its NATO allies, to increase the NATO defense commitment by 3 percent per year in real terms. This 3 percent spending increase is the estimated minimum required just to keep up with the Soviet efforts and capabilities. The US must live up to this pledge so that it will be able to pressure the other NATO countries to do likewise.

We must continue to modernize US tactical air forces with the mix of F–15, F–16, A–10 and E–3A AWACS aircraft, phasing F–4s and A–7s into the Reserve and National Guard components. Concurrently, we must expedite the programmed new and more effective conventional munitions. A key factor in the mobility of tactical forces is an effective supporting airlift capability. Priority funding and expediting the C–5 wing modification program, the C–141 stretch/air refueling modification and the Civil Reserve Air Fleet (CRAF) enhancement program is urgently required. A programming/funding decision on either the YC–14 or YC–15 to replace the aging C–130 fleet is also urgent. This becomes even more important since these aircraft are also under consideration as an option for air launching the cruise missile.

Equally critical is funding and production of the DC–10 advanced tanker cargo aircraft to replace and augment the KC–135 fleet, many of which are older than the crews who fly them. The limited funding currently allocated to this vital program is not adequate to produce the aircraft required to provide air refueling capability demanded by strategic bomber, airlift and tactical aircraft. US defense planning cannot rely on other countries to let our military aircraft land and refuel; a modern tanker fleet is the only acceptable alternative.

Another badly neglected area critical to US capability to meet the Soviet threat is air defense. The growing numbers of Soviet Backfire bombers would be far superior adversaries to the 1950-vintage F–101 and F–106 aircraft operated by US and Canadian air components of NORAD. There is an urgent need for a new dedicated interceptor, possibly a modified F–15, to enter the inventory. General James E. Hill CINC NORAD/ADCOM has stated that comprehensive defense against the Backfire dictates an air defense system as large as we had in the late 1950's.

The current NORAD program to upgrade its Ballistic Missile Early Warning System (BMEWS) attack assessment capability should be continued on an expedited basis. Aggressive research efforts should be undertaken to examine the possibilities of large-aperture, high resolution radars based in space to provide detailed ICBM/bomber early warning information.

Space defense is an area of rapidly increasingly concern. The present US Space Surveillance System (SPADATS) is made up of a number of radars designed primarily for ICBM warning; they have little capability to detect and track objects above 3000 miles altitude. The US plan to overcome this limitation by a ground based electro-optical deep space surveillance system should be expediated. To eliminate the need for foreign basing of ground stations, research and development of satellites equipped with long range intra-red sensors should be aggressively pursued.

The Air Force has already awarded a contract to build a killer satellite based on the simple principle of heat sensing and then ramming for destruction. The same contract provides development of a "pop up" system which could be launched from a high-flying aircraft. This would also be a heat seeker and ram for destruction. Another DOD proposal is a larger, 1500 pound killer satellite, which would use radar to seek its target and explode a cloud of destructive pellets. Tests of these proposals need to be expediated, with early decisions made to choose and proceed with operational models.

The fields of laser and charged particle beam (CPB) technology offer many possibilities in satellite disruption and destruction. The US needs to step up its efforts, especially in the CPB area, to produce operational models ahead of its mid-1980's target date. Because of the growing threat from Soviet ASAT Systems and US dependence on space surveillance systems for SALT II agreement verification, the US must step up to its whole spectrum of space defense activities.

The vital subject of civil defense cannot be overlooked. The best defense against nuclear weapons is to be somewhere else when they detonate. Therefore, assuming some period of strategic warning, the evacuation of high risk areas seems to be the most practical and effective concept of civil defense. It is encouraging that the Administration has recently recognized the need for action and has provided some funding. However, there is an urgent need for much more aggressive action in this area.

While all these actions discussed above are on-going, the whole spectrum of US research and development (R and D) needs much greater priority.

Several actions are required. First, the most pressing of these is funding in the basic research and exploratory development activities. An annual growth rate of ten percent in research and five percent in exploratory development on a sustained basis is considered minimum. If we are to offset Soviet quantitative superiority, we must take advantage of our lead in high pay-off technologies such as aeronautical vehicles, propulsion and avionics. There is a pressing need for academic and industry research and technology to increase and become more closely integrated with defense R and D and last, positive controls at the national level must be set up to insure that there are no sales to any potential enemy which might enhance that country's technological base.

Finally, we must address the most critical element of any capability-manpower. Since 1973, the U.S. has depended on the all-volunteer force concept to provide military manpower. The Soviets, on the other hand, depend on a huge conscript system. Since the beginning of the U.S. all-volunteer concept, spokesmen at the national level have been making special efforts to emphasize its success. However, it is becoming increasingly apparent that this concept is not a satisfactory source of qualified manpower. General David C. Jones, Chairman of the Joint Chiefs of Staff, expressed his concern with the all-volunteer force problems during his appearance on CBS–TV "Face the Nation" on 19 November 1978.

A Defense Department report concedes some problems. According to it, test scores for Army recruits have declined steadily since 1975. Discipline problems in the Navy have increased. Twice as many persons are leaving the military before completing their first time as left during the draft era. All services have had difficulty during the past year attracting sufficient recruits. Strength levels in the National Guard and Reserve components have dropped drastically. Quality recruits are not distributed equally among the services.

These shortcomings point up an immediate need to start actions to re-establish a draft or some sort of national service. The first step toward a return to the draft would be setting up a system of registering for the draft, including a classification system for registrants. Today, there is no source of providing information on the quantity of qualified manpower available for military service. The delays in getting a large augmentation of manpower into uniform today would be unacceptable. This subject needs to be addressed in the current session of the Congress and positive action taken toward at least establishing a registration/classification system.

CONCLUSIONS

The actions outlined above will be costly. They will require expenditures far in excess of those allocated in the budget submitted to Congress in January. The national temptation to place our confidence in SALT II and continue neglecting vital defense needs will be great. An encouraging trend is a turnaround in views on defense spending. A Harris survey in December indicates that a 50 to 47 percent plurality of Americans would like to see defense spending increased;

in July 1978, a 59 to 36 percent majority opposed any increase in the military budget.

Time is of the essence. We are past the point where vital programs can be delayed because of indecision or lack of will to pursue them. The events of today are dynamic; they wait for no one. Even as this paper was written, turmoil in Iran poses grave problems for the US and other Western nations. The temptations facing the Soviets in these kinds of power vacuum situations may be irresistible unless we have the national will to take positive, prompt action to reverse the dangerous trend now apparent in our ability to cope with the Soviet military threat.●

SUSQUEHANNA RIVER SPILL AND THE NEED FOR HAZARDOUS WASTE "SUPERFUND" LEGISLATION

● Mr. HEINZ. Mr. President, I have just had the opportunity to present before the Senate Committee on Environment and Public Works my views on proposals to create a "superfund" to finance cleanup operations and compensation for those victimized by hazardous waste spills. Passage of this legislation is especially important to me because a recent discharge of oil and toxic substances into the Susquehanna River near Pittston, Pa., has jeopardized the well-being of many citizens of Pennsylvania.

Because of the interest among Members of the Senate and the general public in this issue, I ask that there be printed in the RECORD the text of my statement before the committee.

The text follows:

REMARKS OF SENATOR JOHN HEINZ

Mr. Chairman. I am grateful for this opportunity to present my views on proposals to create a "Superfund" to finance clean-up operations and compensation for those victimized by hazardous waste spills. The well-being of many citizens of Pennsylvania has been directly affected by such spills, and I would strongly urge the Committee to take prompt action to approve legislation dealing with this very important problem.

I would like to direct your attention, if I may, to my prepared statement concerning a recent hazardous waste spill in the Susquehanna River near Pittston, Pennsylvania, and the need for "Superfund."

The recent discharge of oil and highly toxic chemicals into the Susquehanna River near Pittston, Pennsylvania, dramatizes the need for a federal "Superfund" for monitoring, containment, and clean-up of hazardous waste spills. Thanks to the efforts of state and federal officials, the daily discharge of toxic wastes—3,000 gallons one day last week—has been contained to the point where it no longer presents an immediate public health hazard, despite the budgetary and legal constraints in the current hazardous wastes legislation. But without the sort of funding and response capabilities provided under the "Superfund" proposals, the next time an incident such as that at Pittston occurs the public may not be so lucky.

On July 30 a waste slick of oil and toxic chemicals which grew to 35 miles in length appeared on the Susquehanna River near the town of Pittston. Subsequent investigation revealed the source of the slick: poisonous industrial wastes had been illegally dumped into abandoned coal mines and were gushing from a mine outlet into the river. Had the chemicals not been mixed with oil to produce noxious fumes and the slick, the discharge of the poisonous wastes might have gone undetected.

Criminal investigation of the dumping is still proceeding, although the maximum fine for illegal dumping of wastes is only $300 under Pennsylvania law. Providing an indication of the extent of the illegal dumping, preliminary investigation has shown that 13 companies were involved over a three-month period, and that one company alone dumped over 300,000 gallons per month.

Coordinating the clean-up and containment efforts have been the Pennsylvania Department of Environmental Resources and the U.S. Environmental Protection Agency. EPA is funding the clean-up effort, as the state has no funds allocated for such purposes. Through construction of a lime pit 95 percent of the contaminants are being contained; the 5 percent discharge meets the standards of the Safe Drinking Water Act. Vapor discharges at the site are monitored daily and are well within acceptable limits.

However, according to Tom Massey, EPA on-site coordinator for the clean-up and containment effort, existing legal authority and funding have been stretched to their absolute limits. The authority and funding for federal action, contained in Public Law 95-500 Section 311, limits the on-site coordinator in his use of the fund to surface water pollution caused by a mixture of oil and any of 299 chemicals. Without the presence of the oil, according to Massey, the federal government would have been powerless to act. In addition, under Section 311 clean-up efforts can only be directed at pollution of water, not air and land—both of which have been contaminated in this particular case. Should the characteristics of the discharge change, the federal government might be powerless to act.

Still another serious omission in the current legislation is the fact that Section 311 does not authorize the drilling of the bore holes that would be necessary to get at and eliminate the source of the pollution. Unless this is done within the next 45 days before the river's waters rise, further action is precluded for another year.

The total cost to eliminate the source of the discharge at Pittston is estimated by EPA to be $5 million, which includes the cost of drilling 100 to 200 300-foot deep holes at a cost of $40,000 each. The containment operation at Pittston has already cost $225,000, and an additional $300,000 has been requested. For all such efforts nationwide, Section 311 funding for the current year totals $35 million, of which $9.7 million remains. Most of the remaining funds have already been committed. Another incident such as Pittston could deplete the fund entirely.

In short, the incident at Pittston could not have been better-timed to illustrate the need for a hazardous waste Superfund. In considering the legislative proposals before it—S. 1341, the Administration proposal; and S. 1480, the Culver-Muskie proposal—the Environment and Public Works Committee would be well-advised to consider the following points:

(1) Provisions of whatever hazardous wastes Superfund bill the Committee reports out should be made retroactive to cover spills such as that at Pittston.

(2) Although the government response to a crisis such as that which occurred at Pittston would be identical under the two measures, the source of monies for the $500 million fund would differ. The Administration bill includes $100 million in federal funding—an allocation which might prove crucial in dealing with spills which occurred before industry fees could be collected, especially if the imposition of these fees were to be challenged in court.

(3) Had any individuals suffered damages such as medical costs from the Pittston discharge, under the Administration bill they could not have been compensated. The Culver-Muskie bill would compensate victims of hazardous wastes from abandoned leaking sites—as well as from oil and chemical spills.

(4) As a September 17 Washington Post editorial observed, the Administration proposal for levying fees on oil and chemical feedstocks makes no distinction between companies that are careful in handling such wastes and those that are negligent. Financing the fund via fines levied on violators would discourage future infractions and irresponsible behavior.

(5) Under the Muskie-Culver bill, state matching funds would be required for non-emergency operations. This provision would be clearly inappropriate in cases such as Pittston, where Pennsylvania was an innocent victim of dumping by New Jersey firms.●

ORDER THAT THE RECORD BE HELD OPEN UNTIL 5 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the RECORD remain open until 5 p.m. today for Senators who may wish to make statements, introduce bills, resolutions, and petitions and memorials, and file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR SENATE TO PROCEED TO CONSIDERATION OF S. 109 TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of the remarks of the majority and minority leaders, or their designees, on tomorrow the Senate then proceed to the consideration of Calendar Order No. 240, S. 109, a bill to require that reinstitution of procedures for the registration of certain persons under the Military Selective Service Act, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on tomorrow there will be a debate on S. 109, a bill to require the reinstitution of procedures for the registration of certain persons under the Military Selective Service Act. Debate on the bill could be as long as 6 hours, but it is limited to 6 hours, and it is to be equally divided and controlled by Mr. NUNN and Mr. HATFIELD.

I assume that they will not require 6 hours, based on some of the statements that were made today by the Senators.

Following that debate, the bill (S. 109) goes back to the calendar without any action thereon.

At that point I will move to go into executive session to consider nominations on the Executive Calendar. It is not my intention to get into nominations under the Judiciary tomorrow, but I hope it will be possible to clear the Executive Calendar of all other nominations tomorrow, with the exception of possibly one other on page 5 of the calendar; and among those I would hope to dispose of tomorrow would certainly be that of Mr. Donald F. McHenry.

I would expect a rollcall vote during the course of the action on nominations.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 9:30 a.m. tomorrow morning.

The motion was agreed to, and at 3:21 p.m., the Senate recessed until tomorrow, Friday, September 21, 1979, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate on September 20, 1979:

DEPARTMENT OF STATE

Roberts Bishop Owen, of the District of Columbia, to be Legal Adviser of the Department of State.

PEACE CORPS

William G. Sykes, of Maryland, to be Deputy Director of the Peace Corps, vice Thomas J. Houser.

ENVIRONMENTAL PROTECTION AGENCY

Inez Smith Reid, of New York, to be Inspector General, Environmental Protection Agency (new position).

HOUSE OF REPRESENTATIVES—*Thursday, September 20, 1979*

The House met at 10 a.m.

Rev. Sylvan Lee, Trinity Lutheran Church, Minneapolis, Minn., offered the following prayer:

Creating Father, the responsibility placed on us as Congressmen is humblingly awesome. So we bow our hearts and subject our wills before You, this morning, pleading for wisdom and guidance.

Make the significance of Your Son's incarnate life so permeate this assembly today as to make our faltering steps more sure, our bewildered minds more clear, and our deadened spirits vitalized for the demanding work set before us.

Send Your spirit to purge us of our petty animosities, our single-minded prejudices, and our strictly parochial interests, lifting our vision to the realm of Your cosmic vision wherein, being knowledgeable of Your inerrant statutes, we may enact statutes of the highest good for our Nation and for the welfare of all mankind.

Bless our Speaker and each one of us as we proceed with the work of the day. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. DANIELSON. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. DANIELSON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 361, nays 18, answered "present" 1, not voting 54, as follows:

[Roll No. 489]

YEAS—361

Addabbo
Akaka
Albosta
Alexander
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Boggs
Boland
Bolling
Boner
Bonker
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Campbell
Carney
Carr
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, S.C.
de la Garza
Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hansen
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jeffords
Jeffries
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Martin
Matsui
Mavroules
Mazzoli
Mica
Michel
Mikulski
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Ottinger
Panetta
Pashayan
Patten
Paul
Pease
Pepper
Perkins
Petri
Peyser
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stewart
Stockman
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Tex.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Mo.
Zablocki
Zeferetti

NAYS—18

Abdnor
Andrews, N.C.
Anthony
Burton, John
Coughlin
Deckard
Goodling
Jacobs
Jenrette
Mattox
Mitchell, Md.
Patterson
Quayle
Solomon
Stokes
Traxler
Wilson, Bob
Young, Fla.

ANSWERED "PRESENT"—1

Neal

NOT VOTING—54

Ambro
Anderson, Ill.
Applegate
Badham
Blanchard
Bonior
Bowen
Butler
Byron
Carter
Cavanaugh
Collins, Ill.
Conyers
Davis, Mich.
Dellums
Derrick
Diggs
Dougherty
Duncan, Oreg.
Edgar
Flood
Forsythe
Fountain
Fowler
Hance
Hanley
Jenkins
Johnson, Colo.
Jones, N.C.
Kastenmeier
Kemp
Kindness
Lloyd
McCloskey
McCormack
McDade
McDonald
Marriott
Mathis
Obey
Pickle
Preyer
Reuss
Rose
Rosenthal
Santini
Schroeder
Simon
Spellman
Stenholm
Treen
Waxman
Wilson, C. H.
Winn

☐ 1020

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate disagrees to the amendments of the House to the bill (S. 428) entitled "An act to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for civil defense, and for other purposes," agrees to a conference requested by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. JACKSON, Mr. CANNON, Mr. BYRD of West Virginia, Mr. NUNN, Mr. CULVER, Mr. TOWER, Mr. THURMOND, Mr. GOLDWATER, and Mr. WARNER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 36. Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal years 1980, 1981, and 1982.

REV. SYLVAN LEE

(Mr. SABO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SABO. Mr. Speaker, it is my privilege today to welcome to the House as guest chaplain the Reverend Sylvan Lee. Reverend Lee grew up in North Dakota, was educated in North Dakota, spent several years in the grocery business in Milner and Carrington, N. Dak., before returning to the seminary, after which he served a parish in La Crosse, Kans., for 2 years; then 18 years at St. John's Lutheran Church in Sioux Falls.

Currently Reverend Lee resides in Minneapolis, a member of the Trinity Lutheran Church.

The most important reason that I am happy to welcome him here today is because he is my father-in-law.

RECONSIDERATION OF VOTE ON HOUSE JOINT RESOLUTION 399, CONTINUING APPROPRIATIONS, 1980

Mr. VOLKMER. Mr. Speaker, having voted on the prevailing side, I move to reconsider the vote whereby House Joint Resolution 399 was not passed.

The SPEAKER pro tempore (Mr. ROSTENKOWSKI). The Chair will inquire, did the gentleman vote no on final passage?

Mr. VOLKMER. Mr. Speaker, I voted no on final passage.

The SPEAKER pro tempore. The gentleman qualifies.

The Clerk will report the motion.

The Clerk read as follows:

Mr. VOLKMER moves to reconsider the vote whereby House Joint Resolution 399 was not passed.

PARLIAMENTARY INQUIRIES

Mr. SOLOMON. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SOLOMON. Mr. Speaker, is this motion debatable?

The SPEAKER pro tempore. The Chair will state to the gentleman, no, the motion is not debatable.

Mr. SOLOMON. Mr. Speaker, I have a further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SOLOMON. Mr. Speaker, at what time would a motion to lay this resolution on the table be in order? Would this be made now?

The SPEAKER pro tempore. The Chair will state that a motion to lay the motion to reconsider on the table is in order now.

Mr. SOLOMON. Mr. Speaker, I move that motion, that House Joint Resolution 399 be laid upon the table.

The SPEAKER pro tempore. The Chair will state that is not in order. It is not the right motion. The joint resolution itself cannot be laid on the table, the previous question having been ordered yesterday.

The question is on the motion to reconsider offered by the gentleman from Missouri (Mr. VOLKMER).

As many as are in favor of the motion will say aye.

Mr. SOLOMON. Mr. Speaker, I move to lay the motion on the table.

The SPEAKER pro tempore. The Chair will state that he has put the question on the motion offered by the gentleman from Missouri and the question is being taken.

The motion offered by the gentleman from New York (Mr. SOLOMON) to lay on the table has come too late.

The question is on the motion to reconsider offered by the gentleman from Missouri (Mr. VOLKMER).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. RHODES. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 214, noes 196, not voting 24, as follows:

[Roll No. 490]

AYES—214

Addabbo
Akaka
Albosta
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
Bailey
Baldus
Barnard
Barnes
Beilenson
Benjamin
Bevill
Biaggi
Bingham
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Brooks
Brown, Calif.
Broyhill
Burgener
Burlison
Burton, John
Burton, Phillip
Chappell
Chisholm
Clay
Coelho
Conte
Conyers
Corman
Cotter
Coughlin
Daniel, Dan
Danielson
Davis, S.C.
Dellums
Derwinski
Dicks
Diggs
Dingell
Dixon
Dougherty
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Fuqua
Garcia
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Gray
Green
Grisham
Guarini
Gudger
Hamilton
Harris
Hawkins
Hefner
Heftel
Hinson
Holland
Hollenbeck
Horton
Howard
Hughes
Hyde
Ireland
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
LaFalce
Lederer
Lehman
Leland
Lent
Lewis
Long, La.
Long, Md.
Lott
Lowry
McCloskey
McCormack
McDade
McEwen
McKay
McKinney
Madigan
Marks
Martin
Mica
Michel
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
Nolan
Nowak
Oberstar
Obey
Ottinger
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Rahall
Railsback
Rangel
Richmond
Rinaldo
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Roybal
Russo
Sabo
Scheuer
Schulze
Seiberling
Shannon
Slack
Smith, Iowa
Solarz
St Germain
Stack
Stanton
Stark
Steed
Stewart
Stokes
Swift
Thompson
Traxler
Trible
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Watkins
Waxman
Weiss
White
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wyatt
Yates
Young, Alaska
Young, Mo.
Zablocki
Zeferetti

NOES—196

Abdnor
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bereuter
Bethune
Bowen
Brinkley
Broomfield
Brown, Ohio
Buchanan
Byron
Campbell
Carney
Carr
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, R. W.
Dannemeyer
Daschle
de la Garza
Deckard
Devine
Dickinson
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Tenn.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Fenwick
Fithian
Frost
Gephardt
Gilman
Gingrich
Glickman
Goldwater
Goodling
Gore
Gradison
Gramm
Grassley
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hammerschmidt
Hanley
Hansen
Harkin
Harsha
Heckler
Hightower
Hillis
Holt
Holtzman

Hopkins
Hubbard
Huckaby
Hutto
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Levitas
Livingston
Loeffler
Lujan
Luken
Lundine
Lungren
McClory
McDonald
McHugh
Maguire
Markey
Marlenee
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Miller, Ohio
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Neal
Nelson
O'Brien
Oakar
Panetta
Pashayan
Paul
Petri
Pursell
Quayle
Quillen
Ratchford
Regula
Rhodes
Ritter
Roth
Rousselot
Royer
Rudd
Runnels
Santini
Satterfield
Sawyer
Schroeder
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Staggers
Stangeland
Stockman
Stratton
Studds
Stump
Symms
Synar
Tauke
Taylor
Thomas
Udall
Vander Jagt
Walgren
Walker
Wampler
Weaver
Whitehurst
Whitley
Whittaker
Williams, Mont.
Wirth
Wolpe
Wydler
Wylie
Yatron
Young, Fla.

NOT VOTING—24

Anderson, Ill.
Badham
Blanchard
Butler
Carter
Cavanaugh
Collins, Ill.
Davis, Mich.
Derrick
Duncan, Oreg.
Edgar
Flood
Hance
Lloyd
Marriott
Mikva
Pickle
Reuss
Rosenthal
Simon
Spellman
Stenholm
Treen
Winn

☐ 1040

Mr. McCLORY and Mr. MARKEY changed their votes from "aye" to "no."

So the motion was agreed to.

The result of the vote was announced as above recorded.

MOTION OFFERED BY MR. GRASSLEY

Mr. GRASSLEY. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. GRASSLEY moves to reconsider the vote whereby House Joint Resolution 399 was read a third time and engrossed.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa (Mr. GRASSLEY).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. GRASSLEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

So the motion was rejected.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

PREFERENTIAL MOTION OFFERED BY MR. BETHUNE

Mr. BETHUNE. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER pro tempore. The motion to adjourn offered by the gentleman from Arkansas (Mr. BETHUNE) is preferential and in order.

The question is on the preferential motion offered by the gentleman from Arkansas (Mr. BETHUNE).

The preferential motion was rejected.

The SPEAKER pro tempore. The pending question is on the passage of the joint resolution.

As many as are in favor will signify by saying "aye"; as many as are opposed will signify by saying "no."

In the opinion of the Chair, the ayes have it, and the joint resolution is passed.

RECORDED VOTE

Mr. KRAMER. Mr. Speaker, I demand a recorded vote.

The SPEAKER pro tempore. A recorded vote is demanded.

Mr. DANIELSON. Mr. Speaker, I make a point of order.

The SPEAKER pro tempore. The demand for a recorded vote is in order.

So many as are in favor will stand and remain standing until counted.

Forty-seven Members have arisen. A recorded vote is ordered.

PARLIAMENTARY INQUIRY

Mr. BIAGGI. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BIAGGI. Mr. Speaker, we had a voice vote on the previous question, and then we had intervening business, a motion to adjourn. This is not in order.

The SPEAKER pro tempore. The question on passage was never disposed of.

Forty-seven Members have arisen, a sufficient number. A recorded vote is ordered.

As many as are in favor of the resolution will vote "aye"; as many as are opposed will vote "no."

The vote was taken by electronic device, and there were—ayes 196, noes 212, not voting 26, as follows:

[Roll No. 491]

AYES—196

Addabbo
Akaka
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
Bailey
Baldus
Barnes
Beilenson
Benjamin
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Brooks
Broyhill
Burgener
Burlison
Burton, John
Burton, Phillip
Chappell
Chisholm
Clay
Coelho
Conte
Conyers
Corman
Cotter
Coughlin
Daniel, Dan
Danielson
Davis, S.C.
Dellums
Derrick
Derwinski
Dicks
Diggs
Dingell
Dixon
Dougherty
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Del.
Evans, Ga.
Fary
Fascell
Fazio
Findley
Fish
Fisher
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Fuqua
Garcia
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Gray
Green
Guarini
Harris
Hawkins
Hefner
Heftel
Hinson
Holland
Hollenbeck
Horton
Howard
Hughes
Hyde
Ireland
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
LaFalce
Lederer
Lehman
Leland
Lewis
Long, La.
Long, Md.
Lott
Lowry
McCloskey
McCormack
McDade
McEwen
McKay
McKinney
Madigan
Marks
Martin
Michel
Mikulski
Mineta
Minish
Mitchell, Md.
Moakley
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oberstar
Obey
Ottinger
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Rahall
Railsback
Rangel
Richmond
Roberts
Robinson
Rodino
Roe
Rostenkowski
Roybal
Sabo
Satterfield
Scheuer
Schulze
Seiberling
Shannon
Slack
Smith, Iowa
Solarz
St Germain
Staggers
Stanton
Stark
Steed
Stewart
Stokes
Swift
Thompson
Traxler
Trible
Ullman
Van Deerlin
Vanik
Vento
Waxman
Weiss
White
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wyatt
Yates
Young, Alaska
Young, Mo.
Zablocki
Zeferetti

NOES—212

Abdnor
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bereuter
Bethune
Bevill
Boner
Bowen
Brinkley
Broomfield
Brown, Calif.
Brown, Ohio
Buchanan
Byron
Campbell
Carney
Carr
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, R. W.
Dannemeyer
Daschle
de la Garza
Deckard
Devine
Dickinson
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Tenn.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Ind.
Fenwick
Ferraro
Fithian
Flippo
Fowler
Frost
Gephardt
Gilman
Gingrich
Glickman
Goldwater
Goodling
Gore
Gradison
Gramm
Grassley
Grisham
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harsha
Heckler
Hightower
Hillis
Holt
Holtzman
Hopkins
Hubbard
Huckaby
Hutto
Ichord
Jacobs
Jeffords
Jeffries
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lent
Levitas
Livingston
Loeffler
Lujan
Luken
Lundine
Lungren
McClory
McDonald
McHugh
Maguire
Markey
Marlenee
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Miller, Calif.
Miller, Ohio
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Neal
Nelson
Nichols
O'Brien
Oakar
Panetta
Pashayan
Paul
Petri
Pursell
Quayle
Quillen
Ratchford
Regula
Rhodes
Rinaldo
Ritter
Roth
Rousselot
Royer
Rudd
Runnels
Russo
Santini
Sawyer
Schroeder
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stack
Stangeland
Stockman
Stratton
Studds
Stump
Symms
Synar
Tauke
Taylor
Thomas
Vander Jagt
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Whitehurst
Whitley
Whittaker
Williams, Mont.
Wirth
Wolpe
Wydler
Wylie
Yatron
Young, Fla.

NOT VOTING—26

Albosta
Anderson, Ill.
Badham
Butler
Carter
Cavanaugh
Collins, Ill.
Davis, Mich.
Duncan, Oreg.
Edgar
Flood
Hance
Lloyd
Marriott
Mikva
Murphy, Pa.
Pickle
Reuss
Rose
Rosenthal
Simon
Spellman
Stenholm
Treen
Udall
Winn

□ 1100

The Clerk announced the following pairs:

On this vote:

Mrs. Collins of Illinois for, with Mr. Cavanaugh against.

Until further notice:

Mr. Rosenthal with Mr. Anderson of Illinois.

Mrs. Spellman with Mr. Winn.

Mr. Udall with Mr. Carter.

Mr. Murphy of Pennsylvania with Mr. Marriott.

Mr. Reuss with Mr. Butler.

Mr. Simon with Mr. Badham.

Mr. Duncan of Oregon with Mr. Davis of Michigan.

Mr. Lloyd with Mr. Hance.

Mr. Edgar with Mr. Stenholm.

Mr. Rose with Mr. Albosta.

Mr. Pickle with Mr. Flood.

Messrs. LENT, VOLKMER, and BROWN of California changed their vote from "aye" to "no."

So the joint resolution was rejected.

The result of the vote was announced as above recorded.

HOUSE JOINT RESOLUTION 399—CONTINUING APPROPRIATIONS

● Mr. BARNES. Mr. Speaker, I will again support House Joint Resolution 399 on final passage. While I appreciate the reluctance of many of my colleagues—a reluctance I share—to agree to a congressional pay raise this year, we do not have the luxury of considering that issue in isolation. The Executive Salary Cost of Living Act of 1975 (Public Law 94–82) created a linkage among the salaries of Members of Congress, Federal judges, and thousands of top-level Federal employees. If we reject this continuing resolution simply because it contains a congressional salary increase, we will be creating an unconscionable hardship for many other Federal personnel who need and deserve a pay increase.

The existing pay freeze on supergrade Federal employees has played havoc with the lives of thousands of the most dedicated people in Government service. Many of them could earn far more in private industry than they do now. They have received no pay increase since February 1977, while inflation has risen substantially. If the freeze continues for another year, Federal employees at GS–15 will be making the same salary as those at GS–18. Some supergrade personnel eligible to retire may decide to do so, since the pensions they would receive have automatic cost-of-living adjustments twice a year. We need to take action now to encourage these people to stay in Government, and to let them know that their dedication to service will be recognized and rewarded.

Additionally, Mr. Speaker, if we do not pass this bill we will do severe damage to the new Senior Executive Service created by the Congress last year. The Government is committed to providing the salary incentives envisioned by the Civil Service Reform Act of 1978, and we should not renege on that commitment.

The arguments behind the linkage of Members of Congress, Federal judges, and senior executive personnel in one salary package surely deserves reexamination by the Congress. It should be possible to consider different salary levels for different categories of officials. The Executive Salary Cost-of-Living Act of 1975 passed by only 1 vote (214 to 213)—hardly an overwhelming vote of confidence—and we would do well to reexamine it in the near future.

On September 10, I wrote to Congressman BENJAMIN, the chairman of the Legislative Appropriations Subcommittee which was then considering this issue, to urge that any salary provisions placed in that bill not preclude a separate vote on salary levels for each of the affected classes of officials. That would make it possible for us to consider congressional salaries independently. The linkage of Federal judicial salaries has already been called into question by a recent court decision that it is unconstitutional to deny judges the annual October pay adjustment.

Chairman BENJAMIN indicated that he would not attempt to maintain the linkage. However, the salary issue placed before us in this continuing resolution, with a restrictive rule reported by the Rules Committee and adopted by this House, precludes a separate vote on different categories of pay. Under the circumstances, I believe it is essential for Members to weigh the broader questions of the public interest posed by the compensation provisions of this legislation. The October 1 deadline for action is drawing near, and we should not hold thousands of concerned and deserving Federal personnel in suspense.

Mr. Speaker, the continuation of the Federal salary freeze is against the national interest. We should end it now, and we can do that by voting to pass this bill.●

HOUSE JOINT RESOLUTION 399—CONTINUING APPROPRIATIONS

Mr. FOUNTAIN. Mr. Speaker, when the question of whether to limit the cost of living increase of some 22,000 high level officials of the executive, judicial, and legislative branches to 7 percent instead of the automatic 12.9 percent required by law came before the House on Wednesday, I voted "no" on both the division vote and the electronic vote. I was hoping we would be able ultimately to get to vote on setting the figure at a more responsible level of 5.5 percent.

I voted "no" despite the fact that inflation has cut the salaries of this group of Government officials by about 20 percent since the last salary increase.

A raise of 12.9 percent will automatically take effect on October 1 under the pay comparability statutes unless the Congress takes action otherwise.

However, a vote on the 5.5-percent question was apparently not soon to be. After the Wednesday vote, we found that the House would not immediately be given a chance to vote on a cap figure of 5.5 percent.

Consequently, when the issue was reconsidered today, the choice was regrettably still between the automatic increase of 12.9 percent and the 7-percent cap. I voted "yea" with mixed emotions, because some action to reduce the automatic 12.9-percent figure is necessary, however much that large a cost of living raise may be needed or deserved.

In addition, the continuing resolution included money for many worthwhile programs, which I support, in, for example, the Departments of Agriculture, Defense, Interior, Labor, Treasury, and Transportation, along with the Postal Service, military construction, and vital health, education, and social security programs. Beginning October 1, these Departments and programs will have no money to operate unless the Congress approves funds.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Chirdon, one of his secretaries, who also informed the House that on September 19, 1979, the President approved and signed a joint resolution of the House of the following title:

H.J. Res. 367. Joint resolution to authorize and request the President to proclaim the week of September 16 through 22, 1979, as "National Meals on Wheels Week."

CONGRESSIONAL PAY RAISE

(Mr. PEYSER asked and was given permission to address the House for 1 minute.)

Mr. PEYSER. Mr. Speaker, yesterday I took the floor at this time and I was quite emotional in what I had to say. I do not like addressing the House in that way because sometimes we say things we do not really want to say.

But what I want to say today very calmly is that I meant every word I said yesterday.

I would also like to say, Mr. Speaker, that hopefully this game that we are playing is not over yet because the papers today, for my friends who voted no on this last vote, the papers today played it up as though we were really working to give ourselves a 12½-percent increase, and that the Congress was just playing a game with the public. I believe it is true. The public has been done in on this vote as we in the Congress have been done in.

I hope that if it ever does pass this year that all of the Members who voted no are going to demonstrate their true concern by turning back that excess money into the Treasury and cut the cost to the public.

CONGRESSIONAL PAY RAISE

(Mr. RHODES asked and was given permission to address the House for 1 minute.)

Mr. RHODES. Mr. Speaker, the matter of the pay of this body has always been of great concern, not only to the Members of the body but to the public, and it is rightfully so. We have had two votes now on what I would call a gimmick trying to get a pay raise through without a direct vote on it.

I have always said, and I say right now that I will vote for a reasonable pay raise. But I insist it be brought up by the leadership of the majority side in such a way that it can be voted up or down. Then the people of the United States will be aware of just exactly where we all stand.

Personally I think that the House needs a pay raise. There has certainly been an increase in the cost of living.

I hope that we are going to work toward a balanced budget in fiscal 1981. I think the people would be amenable to a pay raise for this House if we do work toward that end. But let us quit fooling around now and get down to approaching this problem directly instead of indirectly. I hope that we will be able to have a different result, with the direct approach without gimmickry.

PROVIDING FOR CONSIDERATION OF H.R. 5229, TEMPORARY PUBLIC DEBT LIMIT

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 411 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 411

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5229) to provide for a temporary increase in the public debt limit, all points of order against the bill for failure to comply with the provisions of clause 5, rule XXI, are hereby waived, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and amendments made in order by this resolution and shall continue not to exceed one and one-half hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. It shall be in order to consider, before the consideration of any perfecting amendments to the bill, the text of the bill H.R. 5310 as an amendment in the nature of a substitute, said substitute shall be considered as an original bill for the purpose of amendment under the five-minute rule and shall be considered as having been read, all points of order against said substitute for failure to comply with the provisions of clause 7, rule XVI and clause 5, rule XXI are hereby waived, and no amendment to said substitute shall be in order except pro forma amendments for the purpose of debate, amendments offered by direction of the Committee on Ways and Means or the Committee on Rules, and germane amendments only changing the date certain "March 31, 1981" or the numerical figure "$529,000,000,000" in section 101(a) of said amendment, and said amendments shall not be subject to amendment except pro forma amendments for the purpose of debate and germane amendments only changing said date or said figure. If said substitute is defeated, no amendments to the bill shall be in order except (1) amendments recommended by the Committee on Ways and Means, which shall not be subject to amendment, and all points of order against the amendment recommended by the Committee on Ways and Means now printed in the bill for failure to comply with the provisions of clause 7, rule XVI and clause 5, rule XXI, are hereby waived; and (2) amendments only changing the date certain on page 1, line 4, or only changing the numerical figure on page 2, line 2, and said amendments shall not be subject to amendment except pro forma amendments for the purpose of debate and germane amendments only changing the date certain on page 1, line 4, or only changing the numerical figure on page 2, line 2. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 1110

The SPEAKER pro tempore. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, for the puposes of debate only, I yield the customary 30 minutes to the gentlemen from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. LONG of Louisiana. Mr. Speaker, House Resolution 411 provides for the consideration of H.R. 5229, temporary increase in the public debt limit. The rule is a lengthy one and was fashioned to allow the House to consider not only the modification in the debt limit recommended by the Committee on Ways and Means, but also that committee's thoughtful recommendation to change the rules of the House and tie the debt limit to the House's consideration of the concurrent resolution on the budget. The details of this proposal will be explained by members of the Ways and Means Committee. I will merely state that the Committee on Rules found it to be worthy of serious attention by the House, and set out the procedure for its consideration under the rule.

Mr. Speaker, House Resolution 411 makes in order H.R. 5310 as an amendment in the nature of a substitute to be considered an as original text. This bill contains the same debt limit provisions as does H.R. 5229 with its committee amendment, and also contains the proposed rules change. The rule provides that the substitute will be open to any germane amendment affecting the amount or duration of the debt limit increase, but that the House rules change provisions are amendable only by direction of the Committee on Rules or the Committee on Ways and Means.

Should the amendment in the nature of a substitute fail of passage, the original text of H.R. 5229 will be before the House. Under these circumstances, the rule makes in order the committee amendment printed in H.R. 5229, other committee amendments which are not amendable, and any germane amendment to the amount or duration of the debt limit.

Mr. Speaker, the resolution waives points of order under rule 21, clause 5, prohibiting appropriations in a legislative bill, against the original bill, the committee amendment and the substitute. It further waives the germaneness requirement of rule 16, clause 7, against the substitute and the committee amendment printed in the bill. Finally, the rule grants 1½ hours of general debate to be be equally divided, and a single motion to recommit with or without instruction.

Mr. Speaker, I support the important legislation brought before us by the Committee on Ways and Means, and urge the House to begin its consideration by adopting the resolution.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule should be defeated. I am not going to review all the provisions of the rule, but I want to focus on some of the problem areas.

This rule starts out all right by making in order the debt limit bill reported by the Committee on Ways and Means, H.R. 5229, and waiving the necessary points of order. But, then the rule provides that it will be in order to consider before any other amendments a substitute, H.R. 5310. This substitute not only proposes to change the debt limit, but also to make a major, permanent change in the rules of the House. One would assume that any bill of such magnitude must have had careful consideration, and yet this bill has never been marked up or voted out by any committee. It was not even introduced until the day before yesterday, and printed copies were not available until yesterday.

It proposes a major change in our operating procedure, a change which could be challenged in the courts on the grounds that it is not constitutional. This bill was referred to the Committee on Ways and Means and the Committee on Rules. Neither committee considered any amendment to the bill.

Mr. Speaker, this substitute, H.R. 5310, has two titles. The first title is the same as the debt limit bill reported by the Ways and Means Committee, H.R. 5229. It provides for the usual debt limit increase, except that this time around the amount of the increase is larger than usual, and the period of time is longer. The total debt limit will be increased, if this bill passes, from $830 billion to $929 billion, through March 31, 1981. Mr. Speaker, I want to repeat those figures because they are astronomical. This would raise the debt ceiling from $830 billion to $929 billion through March 31, 1981. I might say that this date is safely past the next election if that is what they had in mind when they stuck that figure in.

The first title also increases from $40 billion to $50 billion the authority of the Secretary of the Treasury to issue to the public long-term bonds with interest rates above 4.25 percent. The second title of the substitute makes up most of the bill. This is the part that has never been marked up by any committee, and under the rule it cannot be amended on the floor. You will either have to take it or leave it.

Title II of the substitute establishes a procedure for setting the debt limit at the time the budget resolution is passed, and here is how it is supposed to work: Each concurrent resolution on the budget will set forth the level of the public debt. The enrolling clerk of the House will prepare and enroll a joint resolution establishing this figure as the statutory debt limit for the period covered by the budget resolution. The vote by which the conference report on the concurrent resolution was agreed to in the House will be deemed—and I stress that—will be deemed as the vote in favor of the joint resolution, even though we are not going to be voting on it. Upon its enrollment, the joint resolution will be deemed as having passed the House, and will be sent to the Senate and the President in the manner provided for bills and joint resolutions generally.

Mr. Speaker, in my humble judgment this is legislative gimmickry which I believe is clearly unconstitutional. Mr. Speaker, another one of the effects of this change is to transfer to the Budget Committee the problems that the Ways and Means Committee has had in passing debt limit bills in the past, and everybody who has been around here long enough should know that. The Budget Committee has had more than its share of problems already in passing budget resolutions without having this additional burden heaped upon it. If the Ways and Means Committee wants to give up its jurisdiction over the debt limit, it should do it in a straightforward manner and not in this roundabout way.

Mr. Speaker, some Members have argued that the debt limit serves no useful function. I disagree, even though it is true that it has not put a cap on the debt. However, it does force this House to face up to the fact that we are constantly spending more than we are taking in, and it is useful from that aspect. Otherwise, the problem is too easily brushed under the rug.

While this rule allows amendments to change the amount of the debt limit or the date to which it is effective, the rule does not allow amendments to the part of this substitute most in need of amendment.

□ 1120

Mr. Speaker, there is no reason why amendments have to be prohibited on such a major change in the way we operate. I oppose this excessive restriction on the ability of the House to work its will.

Mr. Speaker, I have a couple requests for time, and I yield 1 minute to the gentleman from Pennsylvania (Mr. SHUSTER).

(By unanimous consent, Mr. SHUSTER was allowed to speak out of order.)

LAST NIGHT REPUBLICANS WON ONE OF THEIR GREATEST VICTORIES IN THE HOUSE

Mr. SHUSTER. Mr. Speaker, it is regrettable that Members were not recognized to participate in 1-minute speeches today, because there is something very special that some of us believe needed to be said, and that is with the defeat of the Democrats' big spending, big deficit, tax-increase budget resolution, Republicans last night won one of their greatest victories in the U.S. House in modern history. The American people have a right to know that the $550 billion Democrat budget was defeated by an overwhelming majority of Republicans and only a small minority of Democrats—146 Republicans—97 percent of the Republicans, voted against the big deficit budget, while only 4 voted for it. However, 188 Democrats, 74 percent of the Democrats in this House voted for the big-spending deficit, while only 67 voted against it. Review of the floor debate shows that it was almost exclusively Republicans who led the fight against this big budget.

So the record is clear for the American people as we approach the 1980 elections, Republicans support limiting Government spending while Democrats continue to be the big spenders.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. FINDLEY).

(By unanimous consent, Mr. FINDLEY was allowed to speak out of order.)

TERRORISM IN JERUSALEM

Mr. FINDLEY. Mr. Speaker, I deplore the detonation of a bomb in a crowded Jerusalem marketplace which yesterday killed 1 person and wounded 40. Such acts of terrorism are dastardly and will not bring about recognition of Palestinian rights.

This explosion was tragic not only for the life it took and those it injured but also for its possible broader ramifications. This was the first time in approximately 3 months that a bomb explosion has occurred inside Israel. And, a cease-fire has been in place for over 3 weeks in southern Lebanon.

I deplore all violence and casualties, whether at the hand of the Palestinians or Israel. The toll has been terrible on both sides.

Let us all hope and pray that a new exchange of violence between Israeli and Palestinian does not ensue.

Responsibility for the bombing is not clear. At this moment it seems to have been the work of the Arab Liberation Front, a radical group not under the discipline of the PLO, and usually not even professing support of the PLO.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. I thank my colleague for yielding. My understanding is we are really doing two things here. Besides taking up the debt limitation increase, we also are tacking on a new rule, as the gentleman from Ohio has stated, which is very substantive in changing the procedures that we have used in the past as they relate to Federal debt increases. What is happening if we vote for this rule, as the gentleman from Ohio has stated, is that we are merging into the budget resolution a consideration of automatically increasing the debt ceiling with each budget resolution which has no binding authority on the President of the United States. A budget resolution is only a target and a goal for Congress not the President or the Executive. But included in that from now on, if this rule passes—and assuming the Gaphardt portion of the bill passes, which will be an add-on amendment—we will have tucked into the budget resolution an automatic debt increase.

This debt increase will be put in place without a separate vote by the House. Under that new procedure the House would be denied the chance to vote separately on the debt limitation. On the basis of the way this House has acted in the past on debt increases, I am very constrained to oppose the rule because it will make it "too easy" to automatically increase the debt ceiling when we pass the budget resolution. So I commend my colleague, the gentleman from Ohio (Mr. LATTA) as the ranking Republican, for opposing the rule and calling to the attention of the House that this is, in my judgment, a rather—I do not want to say wholly deceptive, because it will be debated. We will be under a cloud establishing a new rule procedure which I would not mind if the budget resolution really were a more serious instrument of the House of Representatives, which I do not think it has been. It has been too easy to create tremendous new expenditure and authorization considerations without understanding the total impact that it will have on the economy.

So I agree with my colleague, the gentleman from Ohio (Mr. LATTA), that we should oppose the rule, and I hope that the Members of the House would do so because it will provide a bad precedent as it relates to dealing with the debt limitation if we accept the rule and the Gephardt amendment tacked onto this debt bill.

I thank my colleague for yielding.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. I thank the gentleman for yielding to me.

Mr. Speaker, I acknowledge much of what has been said about the substantive effect of the Gephardt amendment, and yet I strongly support it. I strongly support it because I think it will reduce the gamesmanship and manipulating that goes on around the debt ceiling vote.

The gentleman from California (Mr. ROUSSELOT) has said that the budget process is altogether too lightly taken. May I say the budget process is a much more serious process with much more substantive content than the process of trying to raise the debt ceiling. We have had the debt ceiling process for years. During the period of time just since 1970 we have had a debt ceiling rise by many hundreds of billions of dollars, indicating that the debt ceiling process has been ineffective as a fiscal tool. Nonetheless, there are interesting personnel changes between the vote on the budget—and the passage of the debt ceiling bill.

It seems to me that if we are serious in our fiscal intentions, we would try to discourage these vote changes which amount to nothing more than gamesmanship.

I say to my conservative friends on this side of the aisle to tie the debt ceiling to the budget process by the kind of ingenious proposal that the gentleman from Missouri (Mr. GEPHARDT) has worked up, which skirts the constitutional objections we have had previously to the combination of a joint resolution and legislative enactment as such, would be to force those who vote for the budget also to vote for the debt ceiling increase, and to prevent the kind of deceptive dance that finds people in marginal districts with conservative constituents voting for the budget, voting against restraining the growth of the Federal spending as in the Republican proposal yesterday, and the apparently proving their ultimate conservatism by voting for a debt ceiling increase. In my view it is difficult to take seriously a Congress which permits that sort of thing to happen.

The SPEAKER. The time of the gentleman has expired.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, let me respond to my colleague, the gentleman from New York (Mr. CONABLE), by saying he and I have not used the debt ceiling as a manipulative instrument. We have taken it seriously, and just because other Members do not take it seriously does not mean that it cannot be a valuable tool. The problem is, as the gentleman from New York (Mr. CONABLE) has stated, too many Members of this House who want to vote for all the big spending go ahead and do that in the budget resolution and then, as the gentleman says, turn around and vote against the debt ceiling increase to show their great conservatism at home. But I think more and more people and the media are beginning to pick up on that deception, and although it has not been as precise as I would like to see it reported in the media, I think the fact still remains that the debt ceiling is an additional instrument that we can use to try to restrain excessive spending.

Mr. CONABLE. Mr. Speaker, if the gentleman will yield, this institution is a historical institution, and I think we have to judge the procedures in the light of the use those procedures have been put to. For that reason we should take every step we can to try to improve those procedures in practice. The Gephardt amendment has that effect, and in my view is a considerable improvement.

The SPEAKER. The time of the gentleman has expired.

Mr. LATTA. Mr. Speaker, I yield 1 additional minute to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. I thank the gentleman for yielding. Let me respond further. The problem is, as I say to my colleague, it will now be even easier for those who want to go through this deception to do it, because they can do it in one vote. They can still vote for final passage of the budget resolution, and the debt part will now be sent to the President to sign, so it will be a lot easier to carry on that deception, in my judgment with the new Gephardt rule in place.

☐ 1120

Mr. CONABLE. If the gentleman will yield further, why lock the door after the horse has left? Raising the debt ceiling is simply an authorization to pay our bills, once we have voted for the expenditures.

Mr. ROUSSELOT. Yes, but the gentleman and I know we do not vote for all those big expenditures and that is the problem. I still say the debt ceiling instrument is one more way that the test can be made. Just because some people use that as a deception or misuse the process does not mean it is wrong. There is real value to requiring that Members of this House and/or the whole Congress to vote up or down on the debt limit increase. Federal debt increases are another form of taxation. Therefore we should vote down the rule.

Mr. CONABLE. I want to repeat, we have responsibility not only for our own votes but for the proper functioning of the House.

Mr. LATTA. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I certainly have the most respect for my friend from New York, a member of the Committee on Ways and Means, as I do other Members of the House and members of the Committee on Ways and Means, but I can recall times when the Committee on Ways and Means came before the Committee on Rules in the past and wanted to change the jurisdiction over this matter dealing with the debt. They did not succeed.

I wonder why they wanted to get that monkey off their backs and put it on the backs of the members of the Committee on the Budget. That is the No. 1 question. However, to belittle the matter of dealing with the debt ceiling of this country I think is wrong. The debt ceiling in my humble judgment is so important to the American people that it deserves to remain separate and apart from any other piece of legislation. This is necessary so the American people can focus in on that $929 billion debt that is going to be allowed under this piece of legislation.

I know there are many around this House who would like to get rid of the debt ceiling entirely and let us spend from now on to eternity without ever coming to account with the amount of the debt.

Mr. Speaker, I do not buy that. I never have, I never will, and I do not think the American people will buy it. There are more reasons for opposing this than the fact that it is merely gimmickry.

I think it is absolutely wrong to be doing this. I hope when the time comes that this Gephardt substitute will not be adopted by the House.

Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, I think a number of points have been made on this but I want to comment on the role of the Committee on Rules in this particular rule now pending. As I understood it, the Committee on Rules was supposed to be the committee of jurisdiction over the procedures of this House and yet in this given instance we have reported out a rule that abdicates our responsibility, ignores the jurisdiction of the Committee on Rules and in effect turns over to one member of the Committee on Ways and Means—a majority, perhaps, supporting him—the right to change the rules of the House henceforth governing how we will consider debt limitations. It is done in a most extraordinary manner, tied to a bill increasing the national debt.

Mr. Speaker, this subject of a new procedure for the debt limt was only considered by the Committee on Rules for 1 day, and rather perfunctorily discussed a year ago. There were no formal hearings held this year other than discussions yesterday when this rule was reported out. A majority of the committee had no benefit of the discussions that went on and we are told because a small group of Members of the House discussed it among themselves and they agree with it and the Committee on Ways and Means has discussed it and they agree with it, then we should go forward and adopt it.

I do not think most Members even realize this is in this resolution, this proposal to change the rules of the House in the manner we consider the debt limitation.

There remains a serious constitutional question about what we are being asked to do here which the authors of this resolution have tried to address in the year since they first lost this proposal on the floor of the House by an amendment offered by, of all people, the chairman of the Committee on Rules (Mr. BOLLING). The gentleman from Missouri (Mr. BOLLING) has changed his position since that time and has concurred in this procedure, today.

I think we should defeat this rule. Not because alone the debt increase is involved here but because of the extraordinary procedure we are being asked to follow.

Most Members will not realize, I am sure, when they are voting on this—they will be told it is only a debt increase. It is much more than that. I can find no procedure—the gentleman from Missouri (Mr. GEPHARDT) told me yesterday in hearings there may have been precedence—where the House, as this suggests, would pass a concurrent resolution on the budget which requires no signature of the President and a clerk would then pass a joint resolution raising the national debt limit. Now, that is what this procedure calls for. The Clerk of the House would in effect legislate.

This is supposedly to expedite matters. But it does not really do that because then the joint resolution that the Clerk has passed in furtherance of this procedure goes to the other body and they can amend it as they please. Their procedures are not changed.

Mr. Speaker, I would hope this resolution would be turned down and we would go back to the Committee on Rules and consider this in good order rather than in this extraordinary procedure.

This is the first step, as the gentleman from Ohio correctly assesses, in doing away with the debt limit. It does do away with any future votes on the debt limit and I think that is a mistake.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri (Mr. GEPHARDT).

Mr. GEPHARDT. Mr. Speaker, I would like to make three or four points about the debate that has gone on. First, about the question of whether or not this is a new proposal that has not been discussed in committee and has not been seen by Members of the House.

Mr. Speaker, to my knowledge this effort started some years ago, a couple years ago, maybe more than that, when Members from both sides on both the Committee on Ways and Means and the Committee on the Budget decided that, since the advent of the budget procedure, there should be a new way of dealing with the debt ceiling. The gentleman from Florida (Mr. GIBBONS), the gentleman from Illinois (Mr. MIKVA), the gentleman from Texas at that time, Mr. Burleson, and others, I believe including the gentleman from New York (Mr. CONABLE) from the other side, participated in an effort to bring this question to the House floor. There were hearings and debates in both committees, it was brought before the Committee on Rules, and indeed there was a vote on the floor of the House as to whether or not this procedure should be adopted.

Mr. Speaker, it failed on the floor, as I remember, for one principal reason: because there was a nagging doubt about the legality of raising the debt ceiling without having the matter considered by the President of the United States.

As we all know, the budget procedure does not call for the concurrent resolution on the budget going to the President, nor do I think we want to adopt that procedure, because it is our budget and not the budget of the President.

Mr. Speaker, because of those nagging legal doubts this idea was rejected by the House of Representatives, and perhaps rightly so.

In the intervening time, a number of us have continued to pursue the idea because we felt it had merit and we felt that a great majority of the House wanted to adopt such a procedure. We have therefore worked, diligently, to try to figure out how this could be done.

In conversations with the Department of the Treasury and with the Department of Justice, with our own counsel here, we have decided if we could have the matter taken to the President after it is considered in the budget, as it always has been—as we well know, the public debt is in the budget—that we could make this a constitutional and legal procedure.

Mr. Speaker, there is no way we can guarantee that any law we pass here is constitutional. That ultimately can only be guaranteed by consideration by the U.S. Supreme Court. However, Mr. Speaker, we can bring to anything we pass here the best legal minds. I think we have done that and I think the procedure we have is constitutional and legal. Like any bill that could be considered, it could be tested in the courts and that could well happen in this case but if it is, I am confident, and a number of people who are constitutional experts who have looked at it are confident, it will pass muster.

Mr. Speaker, let us talk about the substance of it for a moment as opposed to the legality of it. In my view, having a separate consideration of the debt ceiling is an anachronism. It is an artifact of a day that has gone by because the minute we instituted the budget process, the real philosophical issue/need for having a debt ceiling consideration was beyond us.

□ 1140

Because, indeed, with the budget process we have an organized way to make a corporate, group decision on how much money we want to spend. To take this extra step to pass the debt ceiling is like an individual saying, "I'm going to sign a contract to buy a house, but I don't want to sign the note when the closing of the House sale comes or the mortgage. I want to fail to honor that commitment."

In my mind, when we pass a budget resolution we make a corporate, group decision to spend that money and the spending process goes from that decision. When we pass the second budget resolution the Appropriation Committee has a legal commitment to spend and pass bills out and implement that decision. There is no going back. We have no choice. We have made a legal commitment and to turn around and say that we really can refuse to pass a debt ceiling is really a fiction. It really is not in touch with reality.

I would suggest to you that by making the debt ceiling figure already in the budget, the legal public debt ceiling, we enhance the meaning of that figure in the budget and are much more realistic and truthful about what we are doing when we pass the budget.

I do not think anybody here really believes that we are not going to pass the debt ceiling, since we have made the legal commitment in the budget process to spend that much money.

Two last things. Someone suggested that this proposal would cause the Clerk of the House to legislate. I disagree. This is a change in our rules which we are going to debate today which says that in the future if we pass a budget resolution, we are by our rules instructing the Clerk to take that debt ceiling number out of the budget resolution, which we have considered and passed, and send that number in the form of a joint resolution to the Senate for them to consider.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 additional minute to the gentleman from Missouri.

Mr. GEPHARDT. Mr. Speaker, this proposal gives the Clerk instructions in our rules to send that figure in the form of a joint resolution. If the Senate disagrees with that figure, we have to have a conference and we have to decide on a new figure and if we decide on a figure different than that figure, it has to come back here for a conference vote; so we will have a separate vote on the debt ceiling. If we agree on the same figure, it goes to the President. If he vetoes it, it comes back here and we still have to have a separate vote on the debt ceiling. We have not avoided the question totally. We have only said that where we have a figure in the budget resolution, where there is agreement in the Senate, where there is agreement by the President, we are not going to have an extra vote on that, because we have decided that.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. GEPHARDT. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, then what the gentleman is saying is that we are simply setting up a procedure for handling a legislative decision made by the Congress. We are not giving the Clerk the authority to legislate.

Mr. GEPHARDT. That is correct.

One last point and it has to do with time. In my mind in the House of Representatives one of our great problems today is that we spend a lot of time doing things that perhaps we do not need to do on the floor. Your time and my time, the time of every Member of this House, is very valuable. We talk a lot about oversight. We talk a lot about debating on the floor the matters of the day and making good decisions. We spend a lot of time talking in committee considering legislation very specifically. If we decide to spend our time and allocate our time debating anachronisms, talking about things that do not mean anything, we are not wisely allocating and using our time.

I would suggest to you that we could much better spend the three or four times a year we spend in committee and on this floor debating the public debt ceiling back in the committee debating things that mean much more to the American people. I do not think your constituents want you wasting your time fooling around with something that is absolutely meaningless, when it could be accomplished in a much more meaningful context.

The SPEAKER. The time of the gentleman from Missouri (Mr. GEPHARDT) has again expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. GEPHARDT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I agree with the gentleman that our time on floor matters should be spent on things of value. The problem is that the American public is much more conscious than the gentleman is giving them credit for of what we do on the debt ceiling, because when we increase the debt ceiling that is another form of taxation. It means we are giving authority to the Treasury to go out and borrow more money. As former Secretary of the Treasury Bill Simon has said time and time again, when you force the Treasury to go out and borrow large amounts of money at very high rates today, that is a form of taxation for future generations of this country.

It is an important issue. I could not disagree more with the gentleman that we are "wasting our time" on the decision relating to a debt ceiling, because we are putting that debt on the backs of your children and their children.

Mr. GEPHARDT. Mr. Speaker, if the gentleman will yield back.

Mr. ROUSSELOT. I would certainly be glad to.

Mr. GEPHARDT. The most important decision we make here every year is how much we want to spend of the Government's resources.

Mr. ROUSSELOT. I understand that very clearly, but with every decision to spend Federal money goes also the responsibility of how to raise that money—either by taxes or deficit spending. Deficit spending is a more subtle tax.

Mr. GEPHARDT. That decision is made in the budget resolution. I would suggest that the public does understand what we are doing in that budget resolution and that wasting time on the public debt ceiling keeps us from doing other important things that relate exactly to that important decision.

The SPEAKER. The time of the gentleman from Missouri (Mr. GEPHARDT) has again expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 additional minute to the gentleman.

Mr. ROUSSELOT. Mr. Speaker, I cannot understand how there is anything more important than what this House instructs the Treasurer of the United States to do than issuing debt securities. It is another form of taxation. I think that issue is something of value and I think it should be fully debated by the House. I could not disagree with my colleague more. I urge my colleagues to essentially vote down this huge increase in the Federal debt.

GENERAL LEAVE

Mr. LONG of Louisiana. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Resolution 411.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. LATTA. Mr. Speaker, I yield myself 1 minute. I do that to ask the gentleman from Missouri a question. When the gentleman was in the well the gentleman indicated that this matter, H.R. 5310, had been around for quite some time and had been considered; but the gentleman did not mean to imply, I am sure, that this matter had been marked up by any committee or had been reported out by any committee, did he?

Mr. GEPHARDT. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I am happy to yield.

Mr. GEPHARDT. Mr. Speaker, I do not suggest that this exact proposal has been marked up by any committee. It has been considered by the Committee on Ways and Means and the Committee on Rules.

I would suggest that the substance of it, the merits of it, have been considered over a period of 2 years by various committees.

Mr. LATTA. But H.R. 5310 had not been reported out by any committee; is that correct?

Mr. GEPHARDT. That is correct, in its detail.

Mr. LATTA. Mr. Speaker, I thank the gentleman.

Let me once again point out to the House this very unique procedure. The House and the Senate are going to pass a concurrent budget resolution. It does not have to be signed by the President. After they put this debt limit figure in the concurrent resolution, the enrolling Clerk is going to prepare a joint resolution, believe it or not, and insert that debt limit figure in that joint resolution and it is going to be "deemed" to have passed the House and then sent on its way to the President without further action by the House.

Now, I do not like that procedure at all.

The SPEAKER. The time of the gentleman from Ohio (Mr. LATTA) has expired.

Mr. LATTA. Mr. Speaker, I yield myself 1 additional minute.

Mr. Speaker, I do not like that procedure and I think it violates the Constitution. I think it is absolutely wrong. The Constitution provides as follows:

> Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States; . . .

In my opinion, the Gephardt proposal fails to comply with the requirements in the Constitution.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I would just say to the gentleman from Ohio that I think the gentleman from Missouri has revealed the true intentions of the authors of this change in the gentleman's remarks and the gentleman has done so candidly.

I do not believe any of us can question that the liberal philosophy of economics, one of their cardinal principles, has always been that we do not owe anybody this money. We owe it to ourselves, the Keynesian philosophy.

Now we are seeing an attempt to avoid our responsibilities on the public debt which, in fact, was a means of limiting spending in this country. We will remove the issue from the public eye and the public mind. People will no longer think about it, because it will not be voted on. It will be an automatic procedure and we will have avoided our responsibility.

I do not disagree with the gentleman from New York (Mr. CONABLE), who has described what might be called a charade of these votes we have, but if the debt limit means anything, it has got to be imposed by this Congress under a constitutional procedure.

The SPEAKER. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

Mr. LATTA. Mr. Speaker, I yield myself 1 additional minute.

Mr. Speaker, I would assume this is the first step to abolish the debt ceiling, which is the only restraint in many ways left on the fiscal policy of any administration. I think that is really the ultimate objective.

☐ 1150

Mr. CONABLE. Mr. Speaker, will the gentleman yield briefly to me?

Mr. LATTA. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I think the debt ceiling is fun to talk about—we have all given these speeches many, many times—but I do not think it has any real substance compared to the budget process. If it is a restraint or if it is a fiscal tool, that really has not been demonstrated by the history of this body in recent years. It has instead, to the degree it has been used at all, been used as a device to hold the whole Government hostage to some irrelevant or nongermane effort of some sort which was unworthy of the conjunction with the debt ceiling.

Mr. LATTA. Mr. Speaker, let me say in conclusion to the Members of the House that they should not lose sight of the fact that in this resolution they are going to be voting for an increase in the debt ceiling from $830 billion to $929 billion through March 31, 1981.

Mr. Speaker, I have no further requests for time.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. LATTA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 258, nays 151, not voting 25, as follows:

[Roll No. 492]

YEAS—258

Addabbo
Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Applegate
Ashley
Atkinson
AuCoin
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beilenson
Benjamin
Bennett
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Brown, Calif.
Broyhill
Burlison
Burton, John
Burton, Phillip
Byron
Chappell
Chisholm
Clay
Coelho
Conable
Conte
Conyers
Corman
Cotter
D'Amours
Danielson
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Dodd
Donnelly
Downey
Drinan
Early
Eckhardt
Edwards, Calif.
English
Erlenborn
Ertel
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gephardt
Giaimo
Gibbons
Gingrich
Ginn
Glickman
Gonzalez
Gore
Gradison
Gray
Green
Guarini
Gudger
Hall, Ohio
Hall, Tex.
Hamilton
Hanley
Harkin
Harris
Hawkins
Hefner
Heftel
Hightower
Holland
Holtzman
Howard
Hughes
Hutto
Ireland
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Leach, La.
Leath, Tex.
Lederer
Lehman
Leland
Levitas
Lloyd
Long, La.
Long, Md.
Lott
Lowry
Luken
Lundine
McCloskey
McCormack
McHugh
McKay
McKinney
Maguire
Markey
Marks
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Reuss
Richmond

Roberts
Rodino
Roe
Rose
Rostenkowski
Roybal
Russo
Sabo
Santini
Scheuer
Seiberling
Shannon
Sharp
Simon
Skelton
Slack
Smith, Iowa
Solarz
Spellman
St Germain
Stack
Staggers
Stark
Steed
Stewart
Stockman
Stratton
Studds
Swift
Synar
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Watkins
Waxman
Whitley
Whitten
Williams, Mont.
Wilson, Bob
Wilson, Tex.
Wirth
Wolff
Wolpe
Wright
Yates
Young, Alaska
Young, Mo.
Zablocki
Zeferetti

NAYS—151

Abdnor
Andrews, N. Dak.
Archer
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bereuter
Bethune
Biaggi
Bouquard
Broomfield
Brown, Ohio
Buchanan
Burgener
Campbell
Carney
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Deckard
Derwinski
Devine
Dickinson
Dornan
Dougherty
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
Emery
Erdahl
Evans, Del.
Findley
Fish
Gaydos
Gilman
Goldwater
Goodling
Gramm
Grassley
Grisham
Guyer
Hagedorn
Hammerschmidt
Hansen
Harsha
Heckler
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Johnson, Colo.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Lee
Lent
Lewis
Livingston
Loeffler
Lujan
Lungren
McClory
McDade
McDonald
McEwen
Madigan
Marlenee
Marriott
Michel
Miller, Ohio
Mitchell, N.Y.
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
O'Brien
Pashayan
Paul
Petri
Quayle
Quillen
Regula
Rhodes
Rinaldo
Ritter
Robinson
Roth
Rousselot
Royer
Rudd
Runnels
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stangeland
Stanton
Stump
Symms
Tauke
Taylor
Thomas
Trible
Vander Jagt
Walker
Wampler
Weaver
Weiss
Whitehurst
Whittaker
Williams, Ohio
Wyatt
Wydler
Wylie
Yatron
Young, Fla.

NOT VOTING—25

Alexander
Anderson, Ill.
Aspin
Badham
Bedell
Butler
Carr
Carter
Cavanaugh
Collins, Ill.
Davis, Mich.
Davis, S.C.
Diggs
Duncan, Oreg.
Edgar
Flood
Hance
Pickle
Rosenthal
Stenholm
Stokes
Treen
White
Wilson, C. H.
Winn

☐ 1200

The clerk announced the following pairs:

On this vote:

Mrs. Collins of Illinois for, with Mr. Winn against.

Mr. Stokes for, with Mr. Treen against.

Mr. Diggs for, with Mr. Badham against.

Until further notice:

Mr. Hance with Mr. Anderson of Illinois.

Mr. Stenholm with Mr. Davis of Michigan.

Mr. Rosenthal with Mr. Butler.

Mr. Alexander with Mr. Carter.

Mr. Aspin with Mr. Cavanaugh.

Mr. White with Mr. Davis of South Carolina.

Mr. Charles H. Wilson of California with Mr. Bedell.

Mr. Duncan of Oregon with Mr. Edgar.

Mr. Pickle with Mr. Carr.

Mr. MARTIN changed his vote from "nay" to "yea."

Messrs. BEREUTER, ABDNOR, and RITTER changed their votes from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

SECOND ANNUAL REPORT ON ADMINISTRATION OF NATIONAL SICKLE CELL ANEMIA, COOLEY'S ANEMIA, TAY-SACHS AND GENETIC DISEASES ACT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I am pleased to transmit the Second Annual Report on the Administration of the National Sickle Cell Anemia, Cooley's Anemia, Tay-Sachs and Genetic Diseases Act.

This report was prepared by the Department of Health, Education, and Welfare in accordance with the requirements of Section 1106 of the Public Health Service Act.

JIMMY CARTER.

THE WHITE HOUSE, *September 20, 1979*.

THE 1978 REPORT TO THE PRESIDENT ON DISEASE CONTROL PROGRAMS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

I transmit herewith the 1978 Report to the President on Disease Control Programs.

This Report was prepared by the Department of Health, Education, and Welfare in accordance with P.L. 94-317, the "National Consumer Health Information and Health Promotion Act of 1976."

JIMMY CARTER.

THE WHITE HOUSE, *September 20, 1979*.

☐ 1210

TEMPORARY DEBT LIMIT INCREASE

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5229) to provide for a temporary increase in the public debt limit.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 330, nays 54, answered "present" 1, not voting 49, as follows:

[Roll No. 493]

YEAS—330

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Aspin
Atkinson
AuCoin
Bailey
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Byron
Campbell
Chappell
Cleveland
Clinger
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
de la Garza
Deckard
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fazio
Fenwick
Ferraro
Findley
Fisher
Fithian
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hanley
Harkin
Harris
Hawkins
Heckler
Hightower
Hillis
Holland
Hollenbeck
Holt
Holtzman
Hopkins
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kogovsek
Kostmayer
LaFalce
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Long, La.
Long, Md.
Lott
Lowry
Luken
Lundine
McClory
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Martin
Matsui
Mattox
Mavroules
Mica
Michel
Mikulski
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moore
Moorhead, Pa.
Mottl
Murphy, Pa.

Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Perkins
Peyser
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Royer
Runnels
Russo
Sabo
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Shannon
Sharp
Shelby
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Solarz
Spellman
Spence
St Germain
Stack
Staggers
Stanton
Steed
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whitten
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wolpe
Wyatt
Yates
Young, Alaska
Young, Mo.
Zablocki
Zeferetti

NAYS—54

Ashbrook
Bafalis
Bauman
Bethune
Broomfield
Burton, John
Carney
Cheney
Clausen
Coleman
Collins, Tex.
Devine
Dornan
Edwards, Okla.
Goldwater
Hammerschmidt
Hansen
Harsha
Hinson
Jeffries
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Lloyd
Loeffler
Lujan
Lungren
McDonald
Marriott
Miller, Ohio
Moorhead, Calif.
Myers, Ind.
Paul
Petri
Rousselot
Rudd
Satterfield
Sensenbrenner
Shumway
Shuster
Snyder
Solomon
Stangeland
Symms
Taylor
Thomas
Walker
Whittaker
Wilson, Bob
Wylie
Yatron
Young, Fla.

ANSWERED "PRESENT"—1

Ashley

NOT VOTING—49

Addabbo
Anderson, Ill.
Badham
Baldus
Brown, Calif.
Butler
Carr
Carter
Cavanaugh
Chisholm
Clay
Coelho
Collins, Ill.
Conyers
Davis, Mich.
Davis, S.C.
Dellums
Diggs
Duncan, Oreg.
Edgar
Fascell
Fish
Flood
Ford, Mich.
Fuqua
Giaimo
Gray
Hance
Hefner
Heftel
Horton
Ichord
Mathis
Mazzoli
Moffett
Montgomery
Murphy, Ill.
Murphy, N.Y.
Pepper
Pickle
Roberts
Rosenthal
Santini
Stark
Stenholm
Treen
Winn
Wright
Wydler

□ 1220

Mr. KRAMER changed his vote from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 5229, with Mr. MCHUGH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Oregon (Mr. ULLMAN) will be recognized for 45 minutes, and the gentleman from New York (Mr. CONABLE) will be recognized for 45 minutes.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, while I am strongly supportive of the Gephardt proposal which would change the rules of the House, I want to impress upon the Members of this body that what we are considering here basically is a debt ceiling that is expiring on Sunday, the 30th of this month. It is highly unlikely that if this measure should fail today that we could overcome the obstacles of parliamentary procedure and get a bill back in time to get it passed before the beginning of the early October District work period.

We cannot, under any circumstances, begin that recess without changing the debt limit. The cost in dollars will be many millions of dollars, but the primary cost is in the major disturbance of the bond market that would result.

We have just received a letter from the Secretary of the Treasury indicating some of the critical problems that would develop from a disturbance, so I believe the House should not look lightly upon the impact of this vote.

PUBLIC DEBT LIMIT

At present, the limit on the amount of public debt is $830 billion, and authority to issue $430 billion of this total is available only temporarily through September 30, 1979. After that date, the temporary authority will expire, and only the permanent authority to issue $400 billion in debt will continue to be available.

In this bill, the Committee on Ways and Means has reported an increase in the debt limit to $929 billion through March 31, 1981. The increase of $99 billion will be sufficient authority to meet borrowing requirements through fiscal year 1980 and the first 6 months of fiscal year 1981. The borrowing requirements are based on administration estimates of a budget deficit of $29.4 billion in fiscal year 1980 and a deficit of $1 billion in fiscal year 1981.

There are two major reasons for this committee action on the debt limit. First, it will reduce the frequency of unnecessary disturbances in the Treasury Department's cash and debt management procedures and in the operations of the Government securities market. These disturbances have been caused by the failure of Congress to enact required increases in the public debt limit in sufficient time to permit the Treasury Department to refinance maturing debt issues, or to issue essential increases in outstanding debt, in sufficient time to conduct the sale and to deliver the securities on schedule. Failures in the past to act soon enough have increased the costs of debt management; the GAO prepared a report in which it presents estimates that it cost the Federal Government up to $15 million because of the delay in enacting the last public debt increase in April 1979. Included in these costs are higher interest rates attributed to disruptions in the Government securities market caused by the delays in enacting the last public debt bill.

The second reason for the committee action is to provide Congress with enough time to institute a new procedure for adopting the public debt limit. The members of the Ways and Means Committee and many other Members of the House have been trying to establish a procedure in which the House will establish the public debt limit as part of the budget process. I will discuss this proposal later in my remarks.

□ 1230

Now, in addition to the change in the public debt limit, the bill increases an exemption from the ceiling on long-term bonds by another $10 billion, making the total $50 billion.

It is my understanding that, when we conclude our general debate and open the bill to amendment, Mr. FISHER of Virginia will offer an amendment to shorten the period for the increased debt ceiling from March 31, 1981, which is in the bill, to July 30, 1980. In place of increasing the debt limit to $529 billion, the amendment would increase it only from $430 billion to $485 billion. As far as I am concerned, that would be an acceptable amendment, and I would urge the House to work its will on it.

INCREASE IN LIMIT ON LONG-TERM BOND AUTHORITY

Since 1970, Congress has allowed the Treasury Department to issue bonds which carry interest rates above the statutory ceiling of 4¼ percent. This ceiling applies to U.S. debt with maturities longer than 10 years which are held by the public. When Congress has agreed to administration requests for additions to exception, it has acted only with respect to the immediately prospective financial requirements.

At the present time, the exception provides authority for $40 billion of these bonds to be outstanding. The Treasury Department has asked the committee to increase that $40 billion in authority to accommodate the estimated requirements of its financing program for fiscal year 1980.

When the committee has accommodated administration requests for an addition to this exception, the addition has been just enough to meet requirements in the immediate future. The committee has been wary of granting too much authority for long-term bond issues when prudent policy calls for the Government to minimize its participation in the long-term bond market. At the present time, however, the Treasury Department believes that appropriate debt management policy for the Federal Government to issue long-term debt because it is substantially less inflationary, less costly to the Government, and permits the use of more efficient debt management techniques than short-term debt.

Now, let me further advise the Members as to the nature of the procedure we have before us. We are proceeding on a rule that allows, first, the consideration of a substitute. This is a substitute, offered by Mr. GEPHARDT of Missouri, that includes the exact provisions of the debt ceiling extension recommendation of the Ways and Means Committee. In addition, the Gephardt proposal provides for a change in House rules, that was offered to the Rules Committee and approved by the Rules Committee following Ways and Means Committee recommendations, which would change the procedures hereafter as to how the debt limit is considered. I will strongly support that change in rule. I think it will do something that is extremely essential to get us back to the world of reality and the world of responsibility. It will incorporate our debt ceiling decision within the same vote and the same package that creates the need, and that is in the budget resolution, because what we do in a budget resolution very clearly and definitely decides what the debt ceiling must be. So, we have tied the two together, but we have done it in a way that I think is fairly simple.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. ULLMAN. Mr. Chairman, I yield myself 4 additional minutes.

Mr. GEPHARDT has worked on it for a long time, and he will explain it. He provides that the debt ceiling, of course, will stay within the jurisdiction of the Ways and Means Committee, and I think that is reasonable. It is a constitutional and statutory matter, and legislation affecting it have to be signed by the President. This basic decision on the debt limit should stay within the jurisdiction of the committee. Changes in the limit must be made to conform it with the decisions that have already been made in the budget resolution. Then, when that budget resolution is passed, it develops a procedure that has been carefully examined by a lot of fine lawyers who contend that it is constitutional. I think it is constitutional. It merely directs that those provisions relating to the debt ceiling be incorporated into the joint resolution, which is moved on to the Senate and which then will go down to the White House for signature.

I think that is a good, responsible procedure, and I think it is one that we need to adopt. But, should the substitute fail, I want the Members to fully understand that we would go back to the committee bill, H.R. 5229. I am assuming that Mr. FISHER then would offer his amendment to the committee bill, and we would have a final vote on the committee bill. So, I urge the Members to support the Gephardt amendment, the new procedure. I think that is basic, but if it fails, then by all means let us move to adopt the debt ceiling, because if we do not the consequences are going to be rather far reaching. In this instance, because of the timetable of the House, I think it is particularly important.

Let me say finally just a word about those who are using the argument, "I don't have to support the debt ceiling because I didn't vote for the measures that increase the debt."

Let me say, when you are elected to this body, you are elected on the principle of majority rule. That is the fundamental principle of democracy in this country. You are not elected under any kind of procedure where you can back out of that majority decision. You are bound by it. When you make each additional decision, you are living within the mandates of our Constitution and the mandates of those that elect you. You do not have the privilege of making that decision based on what might have been or what you might have liked it to be, or what you might or might not have done. You have to make that decision based upon where you are in the real world, and if you accept the principles of democracy you have to accept the principle of majority rule, and that is where you are.

So, the American people, hopefully through this forum, will realize that each one of us has an obligation to work in the real world based upon majority decisions, and that irrespective of what might be said, or what has been done or not done with respect to past votes, each of us has an equal responsibility for the consequences of what this body does. If indeed then we fail to enact a budget resolution or if we fail to enact a debt ceiling, then every Member of this body is equally responsible. There is no way of weaseling out in any way by saying, "I did not vote for it."

So, I strongly urge the Members to begin first, to, accept this new procedure for responsibility, and second, to develop a responsible posture on this very critical issue, critical for the national security of this country, of establishing a debt ceiling to conform to the decisions we have already made in budget resolutions.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, as stated in the debate on the rule, I have great difficulty in even considering voting for this debt limitation. I urge its defeat. It really is not a debt limitation; it is an excuse to go into deficit financing for all kinds of expenditures that individual Members feel, "Well, we don't have to vote for a tax increase, so this is an easy way to go."

Second, I could not disagree with my distinguished chairman more, that if we do not vote for it, we are being irresponsible, because many of us do not vote for those huge appropriations, and sincerely do not vote for them, that require that we come in and cover that heavy expense of the Federal Government by what I call another method of taxation, and that is Federal debt financing.

So, I am not sure that I would agree with my chairman that everybody has the responsibility to vote for this resolution. If they have not voted for substantial appropriations that create the necessity for this tremendous debt. So, Mr. Chairman, again I think that this is an unwarranted increase in the debt. I still believe that the Appropriations Committee could exercise a substantial amount of responsibility and not just automatically vote for every single dollar that has been authorized. In many cases the Appropriation Committee has, in my judgment, been extremely responsible and refused to vote for just every single dollar that has been authorized.

□ 1240

So I think there are many reasons, logical, positive reasons, not to support this resolution which increases the debt ceiling by $100 billion and will especially deny to us, if the Gephardt amendment passes, deny to the House another chance to put brakes on this other form of taxation, and that is increasing the debt. So I urge my colleagues to reject this entire debt ceiling increase. I also urge them to vote against the Gephardt amendment, under which I still believe, as my colleague, the gentleman from Maryland, mentioned, by the stroke of a pen the Clerk has the power to send to the President under the budget resolution an add-on debt instrument. Even though it is true there is contained within the budget resolution what the ultimate amount of that debt is, that does not mean that the time and circumstances do not change and that we should not review that debt ceiling at least ourselves. I still believe that we as a House have the responsibility to review the debt ceiling. It is another form of taxation, and to argue that it is not, is, in my judgment, passing the buck intentionally to the Clerk of the House to sign off on a debt increase.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Ohio.

Mr. VANIK. I thank the gentleman for yielding. I want to point out to my distinguished colleague, the gentleman from California (Mr. ROUSSELOT), that I think that in voting for appropriations and other expenditure items in the Congress, my level of expenditures is pretty close to his, much less than is incurred by the debt.

Mr. ROUSSELOT. I have not checked it, but I would be glad to do it. I am not as confident as my friend from Ohio that he opposes as many spending bills as I do.

Mr. VANIK. Check it. My point is this, the gentleman does not feel he has an obligation to provide a debt ceiling to pay for the items on which he did not vote. I do not have any pleasure in voting for many of the appropriations and expenditure items and tax expenditure items for which the distinguished gentleman from California (Mr. ROUSSELOT) has voted. I think we are all obligated to certainly respond to the debt that has been created by the majority vote of the House of Representatives, the majority vote of the Congress, the things that have occurred in the normal conduct of our business. I do not think we can renounce that part of the debt that we do not like. I think that this debt ceiling was fashioned on many presumptions.

Mr. ROUSSELOT. Some of them are incorrect.

Mr. VANIK. I agree.

Mr. ROUSSELOT. Even our chairman of this committee has argued with the chairman of the Committee on the Budget that many of the so-called revenue projections are basically wrong or are but assumptions today, which even reaffirms again my judgment that it is a mistake not to have a second judgment on the debt ceiling increase. If the Gephardt amendment passes, we will not have that choice. We abdicate that responsibility.

Mr. VANIK. I would like, if I could, to respond further to the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONABLE. I yield 2 additional minutes to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding additional time.

Let me comment on the gentleman's argument relating to appropriations. Sometimes the other body tacks on extra goodies that we have no vote on here, and that is the way the appropriations are increased rather substantially. So I say to my colleague, he is right that the majority rule is the prevailing way in the House. However, we also have to come back and reshape it again. I remember so well the great $50 tax credit the President wanted. We had included that in the budget resolution. It turns out it never passed.

Mr. VANIK. I voted against it.

Mr. ROUSSELOT. I did, too.

Mr. VANIK. And we saved the country $10 billion.

Mr. ROUSSELOT. And we did the right thing. But just because it passed did not make it right, and my point is that even history changes what the ultimate Federal expenditure level is, and on that basis alone we should come back and debate the debt ceiling increase.

Mr. VANIK. Do I have time to respond?

Mr. ROUSSELOT. I will be glad to yield to the gentleman. I am sure his Chairman would yield to him.

Mr. VANIK. I thank the gentleman for yielding. Mr. Chairman, I want to say in response the premise that we have in arriving at this debt ceiling is, one, that there will be no tax cut, and I know that the gentleman wants a substantial tax cut.

Mr. ROUSSELOT. You bet I do. The taxpayers of this country deserve it.

Mr. VANIK. Which is going to tack onto the deficit.

Mr. ROUSSELOT. No, it will not.

Mr. VANIK. The gentleman proposes we pay for tax cuts by increased borrowing at 11.5 percent interest, and I think it is terrible to plunge our country into debt and pay for a tax cut with borrowed money.

Mr. ROUSSELOT. I will take my time back. The gentleman is not going to put words in my mouth that I am in favor of tax cuts at the expense of increasing the debt. That is ridiculous. I had a balanced budget. I am sorry the gentleman did not vote for it. It was a very positive balanced budget resolution. It also put very substantial restraints on expenditure increases. I am surprised the gentleman did not vote for it on that basis alone. As he knows, I put the projected expenditure level target at $518 billion. That was $30 billion below the committee bill. Would the gentleman support that?

Mr. VANIK. I did not support it.

Mr. ROUSSELOT. Would the gentleman support a $518 billion expenditure level?

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONABLE. Mr. Chairman, I yield 2 additional minutes to the gentleman from California (Mr. ROUSSELOT) if he would like them.

Mr. ROUSSELOT. I would be delighted to have 2 additional minutes. Would the gentleman support an expenditure level of $518 billion for fiscal year 1980?

Mr. VANIK. I think the gentleman's proposal to balance the budget yesterday was so dangerous, the proposal was ridiculous.

Mr. ROUSSELOT. It is very helpful to the taxpayers and to the Treasury. It would reduce the interest charge.

Mr. VANIK. Will the gentleman yield?

Mr. ROUSSELOT. I will yield to the gentleman in just a minute. I want to respond to his question.

Mr. VANIK. The gentleman is taking all the time.

Mr. ROUSSELOT. I want to respond to his question that it would reduce the interest charge on the debt, because I have no add-on to the debt in my balanced budget resolution. As a result, we would have a reduced interest charge. Now I will be glad to yield to the gentleman.

Mr. VANIK. I just point out to the gentleman three obvious facts, and they are that the debt ceiling that we have arrived at, which is recommended by this bill, is very, very modest relating to the problems of this country.

Mr. ROUSSELOT. The gentleman has got to be kidding. You consider the add-on debt of $100 billion to be modest?

Mr. VANIK. Let me tell the gentleman it is based on three assumptions: First, there would be no tax cut which would add to the deficit; second, that the Federal budget would be substantially in balance, which is very unlikely at this time; and third, that the recession will be mild and not very long. I think those are very risky assumptions.

Mr. ROUSSELOT. Does the gentleman mean that the majority budget resolution is based on risky assumptions?

Mr. VANIK. Those are the three assumptions on which the present debt ceiling recommended by the Committee on Ways and Means has been based. I think they are very risky assumptions.

Mr. ROUSSELOT. So the gentleman is going to vote against this bill because of the risky assumptions?

Mr. VANIK. No. I am going to support the ceiling.

Mr. ROUSSELOT. The gentleman can always base it on risky assumption.

Mr. VANIK. I feel the ceiling is not going to be high enough to meet the critical problems. I want to be provident and provide this country with a capacity to pay its bills.

I come from a community in default on its obligations. We are in a disgraceful situation.

Mr. ROUSSELOT. How did the city of Cleveland get there?

Mr. VANIK. And I will not let that happen to the United States.

Mr. ROUSSELOT. How did Cleveland get there?

Mr. VANIK. I will not let that happen. I will not let my country go into default.

Mr. ROUSSELOT. The gentleman wants us to go the way of Cleveland.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONABLE. I yield 1 additional minute to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. If the assumptions on which this resolution is based are so risky, the gentleman should be voting against it. Secondly, he certainly does not want us to follow Cleveland down the road to deficit financing.

Mr. VANIK. I want to tell the gentleman the proposition made by the Committee on Ways and Means has some risks and peril. The budget ceiling is not as high as it ought to be in order to accommodate these factors.

Mr. ROUSSELOT. The gentleman wants more debt.

Mr. VANIK. We may have to come back and ask for a higher debt ceiling.

Mr. ROUSSELOT. The gentleman wants more debt.

Mr. VANIK. I want to take care of the debts of this country, no matter what they are. I do not think the American people want the Congress to default on its obligations, and if this ceiling does not pass by October 1, our Government will not be able to pay the discount on T-bills and return to the people who have loaned money to the Government the sums that should be repaid. We are putting this country in great peril, in the greatest kind of peril in increasing the cost of operating the country and in paying for its debt if we do not provide for an adequate debt ceiling by October 1. I do not want to bring my country to the brink of peril.

Mr. ROUSSELOT. I thank my colleague. He thinks there are risky assumptions behind the budget resolution and this debt increase bill. I agree with him. He named three risky assumptions. Those are good reasons to vote against it. No. 2, he wants to make sure that the Federal Government does not do what Cleveland did. I could not agree with him more. It has been an absolute disaster. Their basic problem was they spent more money than they have. The difference between the case of Cleveland and the Federal Government is we have got printing presses to produce all those debt securities. Cleveland did not have it, and I think that is a good reason to vote against this. I could not thank the gentleman more for giving us excellent reasons to vote against this bill which increases the Federal debt by $100 billion. Finally, if the gentleman is telling us that he does not think this debt ceiling is high enough and he says we are going to have to come back for more debt, he is evidently one of the big spenders. I want to say to my colleague he has given us many absolute reasons for voting against this resolution, and I thank him.

☐ 1250

Mr. VANIK. What if the debt ceiling goes down, the gentleman will be responsible for a failure to pay interest on the public debt.

Mr. CONABLE. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I would like to put in a good word for the Gephardt amendment which will be voted in the Committee of the Whole a little later on.

It seems to me there is no evidence whatsoever that the repeated votes on the debt ceiling have encouraged any fugality, or have resulted in the expenditure of any less dollars.

Obviously, the budget is a vital link to whatever debt we incur around here and it makes good sense to combine the vote on the two. I hope that the Gephardt amendment will be passed, and that we will subsequently be spared the excess and unnecessary conversation that accompanies the debt ceiling votes.

Mr. CONABLE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, we are here today as part of the periodic ritual of increasing the Federal debt.

The $99 billion increase in the Federal debt ceiling which this legislation provides is an unhappy statistic. The $99 billion debt increase will cost each taxpayer about an additional $200 in debt service.

Even before today's vote, the investing public has been voting on the question of their faith and confidence in Federal fiscal integrity. They voted earlier this week by bidding $378 per ounce of gold at the current gold market. Apparently the gold purchasers were not exposed to the same voodoo magic act which routinely beguiles the Congress into voting for higher spending and deficits as the means to restore fiscal stability and dampening inflation.

The only positive aspect of the committee's action on H.R. 5229 is not contained in the bill itself, but in the recommendation it transmitted to the Committee on Rules.

The committee recommended that the Committee on Rules change the House rules to tie the debt ceiling to the congressional budget process. This would result in an inclusion of the debt ceiling authority as part of the congressional budget process.

Mr. GEPHARDT'S proposal outlines a creative way to address the constitutional dilemma confronted in our previous efforts to tie the debt ceiling and the budget process together. The dilemma stems from the fact that debt ceiling legislation must be a public law signed by the President. Congressional budget resolutions are concurrent resolutions and therefore are not signed by the President. The Ways and Means Committee recommendation avoids this problem by including the debt ceiling authority as a separate title of the budget resolution. Then that title is treated as a de facto joint resolution to be forwarded to the President for his signature. The vote to pass the budget resolution will be deemed to pass the joint resolution on the debt limit.

The Congress has enacted legislation to provide for "truth in lending" for consumer borrowing. The purpose of such legislation is to inform the consumer of the true cost of the goods and services which he is buying. In a comparable manner there ought to be a consolidation of the debt ceiling and the budget process to provide a measure of "truth in Federal borrowing." This will inform the taxpayers of the true debt which their Government must incur in order to provide them with the goods and services they are buying from Washington. Americans should receive the same straightforward financial disclosure from their Government as their Government requires the local merchant to give them.

In this connection, Mr. Chairman, I would like to report that the debt ceiling is affected, of course, by off-budget items. Off-budget items, according to the administration, amount to $11.6 billion of Federal financing bank borrowing. According to the Congressional Budget Office the figure is $16 billion. The difference in figures is interesting but neither figure is included in the budget. It should be included in the budget. We should square our procedures to this extent, as well as trying to tie the debt ceiling and budget process together.

Also, Mr. Chairman, if we are to believe the administration's estimates, which apparently, in the view of the Congressional Budget Office, are off the mark with respect to off-budget items, there is a $17.9 billion runup in the trust funds which may be used under the unified budget concept to offset the deficit of that dimension in the general treasury.

I hope we will find some way of getting all that out on the record in the future fiscal processes of this body because to mislead the public about the difference between our budget process and the actual increase in the debt ceiling would be a mistake. If the two are tied together and we will have truth in borrowing.

Returning to the legislation before us, the prospect of increasing the Federal debt ceiling by $99 billion is a depressing situation. It is a vote for insolvency, a bailout imposed on the taxpayers of the future by a Congress without fiscal courage.

Let me thank my cheerful, hardworking and vigilant friend, the gentleman from California (Mr. ROUSSELOT), for his willingness to participate in this debate. He alone among those people who felt the debt ceiling increase is a significant fiscal act, were willing to stand up here and discuss how significant it was. You can tell the great interest the Chamber has in this significant fiscal act by the lack of attendance here, and by the interest of the press, we can see that the public is also deeply to be involved.

Frankly, Mr. Chairman, the Gephardt amendment should be enacted in my view if we are to bring the Congress and its procedures into the 20th century. It is indeed an anachronism for us to try constantly to lock the barn after the horse has fled, and in the process create all the distortions and abuses which we are well aware attend this whole procedure.

Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. SOLOMON).

Mr. SOLOMON. Mr. Chairman, I was not going to speak on this particular piece of legislation today, but when the gentleman from Oregon (Mr. ULLMAN) has stood on this floor stating that all Members of the House should be supporting the debt ceiling, I would just like to take exception to that remark and state that the only Members who have any obligation to increase the debt ceiling by $100 billion are those who voted to expand the money in the first place.

I came out of the New York State Legislature where I had the privilege of serving in a majority for a number of years and a minority for a number of years.

Mr. Chairman, when I first went into that House we had a Governor who happened to be a very good friend of mine. His name was Gov. Nelson Rockefeller. He was one of the biggest spenders of all times. He almost spent the State of New York into bankruptcy. The only way we could prevent our good Governor and my good friend from doing this was, we finally had to become political and we had to organize Republican primaries against those people that the Governor was backing. We were successful over a short period of years in replacing some of the so-called yes men for Governor Rockefeller in my own party and we replaced them with good fiscal conservatives.

Mr. Chairman, when the gentleman from Oregon (Mr. ULLMAN) stands up here and says that all Members of this House have an obligation to support the debt ceiling because a majority has voted in these increases, I just think that is absurd. I think what we have to do is be political. Let us be political.

I think the Republican side of the aisle should withhold every single vote and we should make the majority swallow it. Let them vote to raise the debt ceiling since their votes caused the problem. If they want to pass this debt ceiling, if they want to continue to vote in these big expenditure programs which are raising our debt ceiling almost 80 percent in just a 6-year period, which has devalued the American dollar in this country and overseas to a point where foreign countries today are begging us to balance our budget, stop printing paper money, as the gentleman from California (Mr. ROUSSELOT) has said here today. That is what we have to do.

Yes, Mr. Chairman, let us get political. Let us withhold every single vote from this debt ceiling resolution, let us make them bite the bullet, let them vote for it and come the next election we will replace maybe 20 of them and we no longer will be obligated to adopt debt ceilings of $100 billion that is going to break the backs of every single American in this country.

□ 1300

Mr. CONABLE. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Chairman, I thank my good friend, the distinguished ranking minority member, for yielding.

Mr. Chairman, the yearly celebration of Keynesian economics is once again underway. Today the House broke out its party hats and began to gleefully toss out the mandate this Nation so strongly delivered at the polls last year. As with most merry celebrations there is always a perfunctory nod to the seriousness of the event before the revelry really begins. In Congress this is always the narrow defeat of the public debt limitation temporary increase legislation. This temporary break in the action is to allow a blizzard of press releases to find their way back to the American taxpayer stating that a raid on the Treasury has been forestalled and that all is well in Washington. With this ceremony over the bacchanalia continues with reckless abandon.

Next week we will once again see the troublesome debt limitation bill on the floor, only this time the possible default of the Federal Government will be eminent and everyone will gasp in mock horror and the ceiling will be lifted. A cheer will go up that an embarrassment has been avoided, another blizzard of releases will go out to districts stating that all is well in Washington, and the celebration will, once again proceed.

As with any time honored celebration this yearly carnival has its own mythology. The original myth of the debt was that it would be disastrous if this Nation was without one. A great religion sprang up around this belief named after the man the celebration now honors, Mr. Keynes. Over the years, however, a number of heretics found the celebration not to their liking. In recent years this small band of dissenters began dampening the enthusiasm of the party goers by actually calling for an end to the celebration. They even went so far as to say that Keynes was dead.

The heresy picked up momentum when others began to realize that the tab for the yearly celebrations was growing more expensive. A reformation of sorts sprang up that decreed individuals could do more with their lives than finance yearly Keynesian events. Many attempts were made at purging these heresies, but it took a counter-reform to do the trick. The counter reformation introduced a new faith into the record. This new force was that of zero-based budgeting, sunset, and the promise of future salvation with a balanced budget in 1980. The new faith was spoken by a different group of disciples who spoke of charts an of improved cash management. The celebrations continued with the inclusion of the new litany.

The costs of the Keynesian celebrations continued to rise. Fiscal 1980 was upon the world and still no sign of salvation. The herectics returned demanding an end to the revelry. Once again the defenders of the time honored faith rallied their forces. They spoke of delays in salvation because of pressing social needs. They spoke of recession, the ominous banana prophesied by the great Kahn. Once again the faithful responded. The inclusion of a ceremony to renounce Keynes before his ressurection helped broaden the support for the celebrations. The crisis of nonbelief had once again been met.

Were this parable a fiction it would be a tale for campfires and long cold evenings. However, it is quite real. Many on Capitol Hill believe that Keynes lives, and that printing presses can make America well again. Just like in Peter Pan when Tinker Bell dies they clap their hands, cast their votes, and the myth is reborn.

Mr. Chairman, I rise in opposition to this proposal. I was going to say preposterous. I guess I will say it, yes.

Mr. CONABLE. Mr. Chairman, I yield back the balance of my time.

Mr. ULLMAN. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, first I want to say that this debt ceiling resolution is not associated in any way with one's desire for fiscal responsibility and a balanced budget. Inflation is the No. 1 problem.

The figures on the debt ceiling that we bring you in the committee bill are based on recommendations from the President that assume virtually a balanced budget in fiscal year 1981.

Now, we cannot do any better than basing the debt limit figures on the fiscal year 1981 virtually balanced budget.

I have said in speech after speech across this country—I think we have no alternative, if we can avoid a major economic turndown, to meeting that objective of a balanced budget. Fiscal responsibility is absolutely essential if we want to conquer the No. 1 problem of this country, and that is inflation.

I want to say to those people who are recommending a big tax cut now that you cannot balance the budget in fiscal year 1981 if you have a major tax cut, or even if you have a minor tax cut. Every dollar of tax cut is going to be another dollar of deficit. We are going to have to hold a tight rein on both spending and tax policy if we are going to get that balanced budget in 1981.

Let us not kid ourselves. The American people are getting smarter. They know that you cannot vote for both a big budget and a tax cut. The two are distinctly incompatible.

I want to relate to my friend, the gentleman from New York, that, of course, political action is wise. The policy action in New York was to go out for the elective process. That is proper and appropriate, but you did not refuse to pay the bills you had already incurred by the State of New York.

Now, that is what we are doing here. This bill does not have anything to do with the budget process. The budget decisions are made independently. The only thing that the debt ceiling decision goes to is the decision whether you are going to pay your bills or not. Those who vote against an extension of the debt ceiling, whether it is the committee proposal, or the Fisher alternative, or whatever other alternatives Members might want to offer on this floor, should know that whatever the decision of the House is, if we fail to pass a new debt limit at the end of this month, the national security is in severe jeopardy. Talk about inflation, talk about the dollar problem around the world, believe you me, if this Congress fails to pass a debt ceiling, this country is going to be in serious trouble in the money markets. Its economy is going to be in trouble, and those people who fail to meet the responsibility for an appropriate debt limit are going to be the ones who are going to be responsible for that crisis in our society.

So I ask all Members to support either the committee bill or the Fisher amendment, and then, whichever passes, to support this resolution; that is a responsible vote for this country.

● Mr. GOLDWATER. Mr. Chairman, we have been called on today to shoulder our responsibility and vote to increase the public debt. We are told that this body is governed by majority rule and if that majority creates programs and funds them exhorbitantly, then each part of the whole must share the burden in raising the debt. In other words, the minority has got to take the medicine even though it is just the majority who's ill. Fascinating reasoning, but I remain unconvinced and fully intend to vote against this bill. I have never subscribed to the guilt by association theory, and nobody is going to cajole or browbeat me into accepting the punishment when I am not guilty.

I can also understand why our colleagues on the Ways and Means Committee are so anxious to get the debt limit automatically raised by attaching it to the budget resolution—except that after the vote yesterday, it does not look like it is going to be so automatic after all.

This is a frustrating exercise all right. Two or three times a year, we must vote to increase the debt limit or the printing presses will shut down and the entire bureaucracy grind to a screeching halt. A terrifying thought, indeed. But, I wonder why we have to go to the brink each time before we are forced to pass this thing? It was not so a few years ago. There are a few of us then who routinely voted nay on debt increases and we always lost by a substantial number of votes. I even remember a year when the liberal majority in the Senate attached a 20-percent increase for social security to the debt limit bill because they knew that their good little soldiers would never fail to pass a debt limit bill. It was a legislative coup for the instigators because an increase of that size would never have gotten through the regular legislative process. I wonder if there is anyone who would like to try that in 1979? I doubt it.

However, going back to my question as to "why" it has become so difficult to muster enough votes for passage, I believe the reason is that the American public has caught on to the fact that the debt is directly related to inflation. The American public may not understand the intricacies of the budget, but they do understand that a loaf of bread costs 70 cents and a tank of gas $15. They understand that they cannot borrow money at a reasonable interest rate because Uncle Sam has cornered the borrowing market. They understand that almost every day there is something new—insurance has gone up; property taxes and mortgage payments have increased; it costs $4 to clean a suit now and over $60 to tune the car. The American worker and taxpayer knows good and well that the harder they work, the behinder they get, and what this means for us is that the pressure is on.

I have been predicting an economic doomsday precipitated by this Government's spending like there is no tomorrow. Well, I am sorry to say that it is tomorrow and our economic doomsday is upon us. When this debt limit is finally passed, the individual share for every man, woman, and child in this country will be $4,300. That is over $17,000 for a family of four—and that is on top of regular taxes.

Yes, I will admit that voting against the debt limit bill is a last ditch, desperate, symbolic effort, but if it will make it any easier for my friends in the majority party to understand, I might suggest that they look at it as a sort of a fiscal conservative's march on Washington.●

Mr. ULLMAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read for amendment. The text of H.R. 5310 shall be considered as an original bill for the purpose of amendment which shall be considered as having been read. No amendments are in order except pro forma amendments, amendments offered by direction of the Committee on Ways and Means or the Committee on Rules, and germane amendments only changing the date certain "March 31, 1981" or the numerical figure "$529,000,000,000" in section 101(a) and said amendments shall not be subject to amendment except pro forma amendments and germane amendments only changing said date or said figure.

The text of the amendment in the nature of a substitute is as follows:

H.R. 5310

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—TEMPORARY INCREASE IN PUBLIC DEBT LIMIT, EXCEPTION TO INTEREST RATE CEILING ON BONDS

SEC. 101. (a) During the period beginning on the date of the enactment of this Act and ending on March 31, 1981, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by $529,000,000,000.

(b) Effective on the date of the enactment of this Act, the first section of the Act of April 2, 1979, entitled "An Act to provide for a temporary increase in the public debt limit, and for other purposes" (Public Law 96-5), is hereby repealed.

SEC. 102. The last sentence of the second paragraph of the first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by striking out "$40,000,000,000" and inserting in lieu thereof "$50,000,000,000".

TITLE II—ESTABLISHMENT OF PUBLIC DEBT LIMIT AS PART OF CONGRESSIONAL BUDGET PROCESS

SEC. 201. (a) The rules of the House of Representatives are amended by adding at the end thereof the following new rule:

"RULE XLIX

"ESTABLISHMENT OF STATUTORY LIMIT ON THE PUBLIC DEBT

"1. Upon the adoption by the Congress (under section 301, 304, or 310 of the Congressional Budget Act of 1974) of any concurrent resolution on the budget setting forth as the appropriate level of the public debt for the period to which such concurrent resolution relates an amount which is different from the amount of the statutory limit on the public debt that would otherwise be in effect for such period, the enrolling clerk of the House of Representatives shall prepare and enroll a joint resolution, in the form prescribed in clause 2, increasing or decreasing the statutory limit on the public debt by an amount equal to the difference between such limit and such appropriate level. The vote by which the conference report on the concurrent resolution on the budget was agreed to in the House (or by which the concurrent resolution itself was adopted in the House, if there is no conference report) shall be deemed to have been a vote in favor of such joint resolution upon final passage in the House of Representatives. Upon its enrollment such joint resolution shall be deemed to have passed the House of Representatives and been duly certified and examined, shall be signed by the Speaker and transmitted to the Senate for further legislative action, and (upon final passage by both Houses) shall be presented by the enrolling clerk to the President for his signature (and otherwise treated for all purposes) in the manner provided for bills and joint resolutions generally.

"2. The matter after the resolving clause in any joint resolution described in clause 1 shall be as follows: 'During the period beginning and ending , the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased [or decreased] by $ (and any other provision of law providing for a temporary [increase or decrease] in such limit shall not apply).'; with the first two blanks being filled with the beginning and ending dates of the fiscal year or other period to which the concurrent resolution on the budget just agreed to relates, and with the third blank being filled with a dollar figure equal to the difference between the statutory limit on the public debt as set forth in section 21 of the Second Liberty Bond Act and the appropriate level of the public debt as set forth in such concurrent resolution.

"3. The report of the Committee on the Budget of the House of Representatives accompanying any concurrent resolution on the budget under section 301(d) of the Congressional Budget Act of 1974, as well as the joint explanatory statement accompanying the conference report on any concurrent resolution on the budget, shall contain a clear statement of the effect under this rule that the adoption by both the House and the Senate of such concurrent resolution in the form in which it is being reported (and the adoption of the joint resolution thereupon prepared and enrolled under clause 1) would have upon the statutory limit on the public debt. It shall not be in order in the House of Representatives at any time to consider or adopt any concurrent resolution on the budget (or agree to any conference report thereon) if at that time the report accompanying such concurrent resolution (or the joint statement accompanying such conference report) does not comply with the requirements of this clause.

"4. Nothing in this rule shall be construed as limiting or otherwise affecting the power of the House of Representatives or the Senate to consider and pass a bill which (without regard to the procedures under clause 1) changes the statutory limit on the public debt most recently established under this rule or otherwise; and the rights of Members and committees of the House with respect to the introduction, consideration, and reporting of any such bill shall be determined as though this rule had not been adopted.

"5. As used in this rule, the term 'statutory limit on the public debt' means the maximum face amount of obligations issued under authority of the Second Liberty Bond Act and obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), determined under section 21 of such Act after the application of the second sentence thereof, which may be outstanding at any one time.".

(b)(1) Clause 1(v)(5) of rule X of the Rules of the House of Representatives is amended by inserting "(subject to the last sentence of clause 4(g) of this rule)" after "United States".

(2) Clause 4(g) of rule X of the Rules of the House of Representatives is amended by adding at the end thereof the following new sentence: "The views and estimates submitted by the Committee on Ways and Means under the preceding sentence shall include a specific recommendation, made after holding public hearings, as to the appropriate level of the public debt which should be set forth in the concurrent resolution on the budget referred to in such sentence and serve as the basis for an increase or decrease in the statutory limit on such debt under the procedures provided by rule XLIX.".

(c) Clause 8 of rule XXIII of the Rules of the House of Representatives is amended—

(1) by inserting "(except to the extent that the amendment involved is limited by the third sentence of this clause)" after "mathematically consistent"; and

(2) by adding at the end thereof the following new sentence: "It shall not be in order in the House or in a Committee of the Whole to consider an amendment to a concurrent resolution on the budget, or any amendment to an amendment thereto, which changes the amount of the appropriate level of the public debt set forth in the concurrent resolution as reported; except that the amendments to achieve mathematical consistency which are permitted under section 305(a)(6) of the Congressional Budget Act of 1974 may include an amendment, offered by or at the direction of the Committee on the Budget, to adjust the amount of such level to reflect any changes made in the other figures contained in the resolution.".

SEC. 202. The first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) is amended by inserting before the period at the end thereof the following: ", subject to any increases or decreases in such limit which may from time to time be provided by law (through the congressional budget process as described in rule XLIX of the Rules of the House of Representatives or otherwise)".

SEC. 203. The amendments made by this title shall apply with respect to periods beginning on or after October 1, 1980.

The CHAIRMAN. Are there any amendments to the amendment in the nature of a substitute?

PARLIAMENTARY INQUIRIES

Mr. CONABLE. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. CONABLE. Mr. Chairman, we are now on a pro forma resolution and not on the Gephardt amendment? Is that correct? We are on pro forma amendments that were offered; is that correct?

The CHAIRMAN. The Chair will advise the gentleman from New York (Mr. CONABLE) that under the rule the amendment in the nature of a substitute to which the gentleman refers is considered an original bill, and considered as read and so the Gephardt proposal is now before the Committee of the Whole.

Mr. CONABLE. It is now before the Committee of the Whole?

The CHAIRMAN. That is correct.

Mr. ULLMAN. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ULLMAN. Mr. Chairman, it has been my understanding that if the substitute should fail, we would go back, however, to the consideration of the committee bill?

The CHAIRMAN. The gentleman is correct.

Mr. ULLMAN. But the substitute is before the Committee and is open to amendment at this point?

The CHAIRMAN. That is correct.

Mr. CONABLE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is my intention to speak on the Gephardt amendment in the nature of a substitute only to the extent of again complimenting the gentleman from Missouri (Mr. Gephardt) for his work in this area and saying that I feel he has made a proposal which would move our fiscal processes in this House into a more rational and coordinated pattern than they have been. I feel that is a desirable step.

I intend to support the amendment in the nature of a substitute which the gentleman from Missouri (Mr. Gephardt) has proposed. I in no way prejudge the vote on final passage in doing so, but I think the work that the gentleman has done on this measure is in the best traditions of creative legislation, and I appreciate it.

AMENDMENT OFFERED BY MR. FISHER TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE

Mr. FISHER. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. Fisher to the amendment in the nature of a substitute: In section 101(a) of the substitute—

(1) strike out "March 31, 1981" and insert in lieu thereof "July 31, 1980", and

(2) strike out "$529,000,000,000" and insert in lieu thereof "$485,000,000,000".

Mr. FISHER. Mr. Chairman, this is the amendment that the chairman of the Committee on Ways and Means indicated in his opening statement I would offer.

I would like to point out first off that this amendment in no way sets aside or alters the substance and the reform, the great improvement that is embodied in the Gephardt substitute. All it does is change the date to which the debt limit would apply and, correspondingly, the amount of the debt.

The date would be set at July 31, 1980, instead of 9 months later, March 31, 1981, and, correspondingly, the amount or the ceiling of the debt would be reduced from $529 billion to $485 billion, a reduction of $44 billion.

Now, why do this? I think there are a couple of advantages that my colleagues ought to know about. First, it does not try to look so far ahead that the numbers become very uncertain.

Economic changes 9 months ahead are difficult to predict; 18 months into the future is a much more difficult period of time to see ahead. I think it is more realistic, therefore, especially in rapidly changing economic times, to foreshorten the distance ahead for which we provide a debt ceiling by some 9 months and, correspondingly, to reduce the amount of that ceiling.

The second advantage is this: by extending the time to next July, this would put us beyond the time that we have to act on the first budget resolution for the budget covering fiscal year 1981. That would be voted on next May. If the Gephardt substitute passes, as I firmly believe it should, then the new way of dealing with the debt ceiling would be in force and the House would not have to face the problem next July.

There is no use going way off to March 31, 1981, when going to July 1980 is far enough ahead, because with the passage of the Gephardt amendment we will go on to the new system for doing this bit of business. The new ceiling will have been established in the first budget resolution under the new procedures.

The new amount, $585 billion, which, as I say, is some $44 billion below the debt ceiling of the original version of this bill. It is, of course, the correct figure and has been calculated to be consistent with the new date. It follows from setting a new date, an earlier date, and takes into account the ebb and flow of money into and out of the Treasury.

So, Mr. Chairman, I do ask my colleagues to support this amendment. It leaves intact the whole process and principle and idea of the Gephardt substitute but sets a more realistic amount for the debt ceiling.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I will be glad to yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for yielding.

I am interested in my colleague's comments that we need to change the time frame of the Gephardt amendment because a lot of things are apt to happen between now and July 1980, which is the gentleman's date in his amendment.

If that is so, why do we not also at the same time continue to consider the debt ceiling itself separately? Why make it part of the budget?

The CHAIRMAN. The time of the gentleman from Virginia (Mr. Fisher) has expired.

(By unanimous consent, Mr. Fisher was allowed to proceed for 1 additional minute.)

Mr. FISHER. Mr. Chairman, I have asked this time for the purpose of responding to my colleague, the gentleman from California (Mr. Rousselot).

The reason is, of course, that under the new procedure, if it is voted in, when we act on the budget resolution, we will, of course, be voting on a debt ceiling. It is by law contained in the budget resolution, and as someone has said, this would in a sense then become the debt ceiling action of the House. We do it all at once in the context of the budget, the income, the outgo, the authorization, the deficit, and the total national economic situation.

Mr. Chairman, it is a much more logical, timely, sensible way of doing it.

Mr. ROUSSELOT. Mr. Chairman, let me ask why do we move back the date? If we vote for the budget resolution for this year, for 1980, we know the fiscal year ends at the end of September 1980. Why not set it to that date?

The CHAIRMAN. The time of the gentleman from Virginia (Mr. Fisher) has again expired.

(By unanimous consent, Mr. Fisher was allowed to proceed for 1 additional minute.)

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield further, what I am asking is this: Why do we not make it concurrent with the regular budget fiscal year?

Mr. FISHER. Because the first budget resolution will be acted on in May. By extending the ceiling for another couple of months, we would pretty clearly be able to go on to this new system and make the budget action in May on the debt ceiling the significant and binding action.

Mr. ROUSSELOT. Yes, but the gentleman well knows, since he serves on the Committee on the Budget that the second concurrent resolution is the one that is the more binding.

Would that not be a more appropriate time to set the debt ceiling?

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Mr. GEPHARDT. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield to the gentleman from Missouri.

Mr. GEPHARDT. I thank the gentleman for yielding.

Mr. Chairman, I think what we are trying to accomplish is a periodic, major, appropriate consideration of the level of the debt ceiling. Under my proposal, that would be done at each and every budget resolution.

As the gentleman from Virginia has well stated, it is very difficult to correctly assess for long periods of time the proper level of the debt ceiling.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. Fisher) has expired.

(On request of Mr. Rousselot and by unanimous consent, Mr. Fisher was allowed to proceed for 3 additional minutes.)

Mr. GEPHARDT. Mr. Chairman, if the gentleman will continue to yield, I therefore think it is most appropriate to move the time back in this bill from March of 1981 to some time in the early summer, midsummer of 1980, so, as the gentleman from Virginia well states, we will have gone through the first budget resolution for the next year and we will have a chance to correctly assess what level the debt ceiling should be at that time.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, would it not be more appropriate at the time we complete the action on the second concurrent resolution, because that is the more binding resolution?

Mr. GEPHARDT. If the gentleman will yield, I would suggest to the gentleman that indeed it is difficult to go for that long period of time.

Mr. ROUSSELOT. Mr. Chairman, let me suggest to the gentleman why I bring this point up.

We had substantial changes in the whole budget consideration just over the August recess. If we follow the suggestion of the gentleman from Virginia (Mr. Fisher) and do this in between the first and second concurrent resolutions, you have not taken advantage of all of the potential changes that could occur in that time.

Would it not be more appropriate to have the date be concurrent with the second concurrent resolution?

Mr. GEPHARDT. If the gentleman will yield, if the new procedure is passed, as the gentleman well knows, we will be able in the May 1 resolution to make a decision on how much needs or does not need to be added to the debt ceiling to get you through the period until the second budget resolution.

Mr. ROUSSELOT. But as the gentleman knows, the first concurrent resolution is not binding; it is just a target.

Mr. GEPHARDT. But as the gentleman knows, the debt ceiling that one would set in May of 1980 is driven probably more by facts that occurred before that time, and certainly before the consideration and passage of the first budget resolution for 1981, than it does from that resolution.

Mr. FISHER. Mr. Chairman, if I could reclaim my time, I think under the substitute that we are considering you really get two shots at the debt ceiling, once in May and once again in September.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield to the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding.

Mr. Chairman, am I to understand that we will have a debt ceiling, if the Gephardt substitute passes and it is adopted by the House, we would have a debt ceiling limit on the first target resolution that would be a binding debt ceiling limit such as we are faced with now, and then 3 months later or 4 months later, whenever we have the second concurrent resolution, which I thought was binding and not more binding, such as in the case of cheese?

In other words, we would vote on the debt ceiling twice?

Mr. FISHER. That is correct.

Mr. JOHN L. BURTON. We would conceivably be raising it or lowering it?

Mr. FISHER. That is correct.

Mr. JOHN L. BURTON. Mr. Chairman, I kind of agree with the gentleman from California, as I do many times.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. Fisher) has expired.

(On request of Mr. John L. Burton and by unanimous consent, Mr. Fisher was allowed to proceed for 2 additional minutes.)

Mr. JOHN L. BURTON. If the gentleman will continue to yield, would it not make more sense to have it once and have it at the end, so that you know what you are doing, than to go through it again? One of the purposes, I think, is not to go through these exercises. But if you do it on the target, and the target of the debt ceiling is a binding law, assuming the Senate agrees, then you change it within 3 or 4 months in the second concurrent resolution, I personally think it would make more sense to do it on the final resolution when you are really adopting your final target and you have a final package. I wonder if the gentleman would comment on that?

Mr. FISHER. Yes, I wil be glad to comment on that.

Under the Budget Control Impoundment Act we have to, in the first budget resolution in May, set a debt ceiling. We have to do that by law. And we have to do it again. It is a tentative one, but there it is. It seems to me that it makes very good sense to parallel what is required by the Budget Act with actions with respect to the debt ceiling.

Mr. JOHN L. BURTON. If the gentleman will yield further, how, under that first target resolution, are we setting a debt ceiling by law? Do we do that now?

Mr. FISHER. No.

Mr. JOHN L. BURTON. We set the debt ceiling by law.

Mr. FISHER. Under this bill that we are considering, that is what would happen.

Mr. JOHN L. BURTON. In other words, we would have two laws and two votes on a debt ceiling within a 4-month period?

Mr. FISHER. That is right. We would. We do now, in the context of the budget.

Mr. JOHN L. BURTON. But the budget really does not relate to the debt ceiling. It relates to the amount of the debt. But if the budget said the debt is higher than the debt ceiling, I guess it is not legal. The only thing that controls the debt ceiling now is a piece of legislation such as this that would come out of the Committee on Ways and Means, and I just think that the gentleman makes sense that if you are going to do it, do it with the binding resolution when the final figures and targets are in, rather than having us do it twice in a row.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. Fisher) has again expired.

(On request of Mr. John L. Burton and by unanimous consent, Mr. Fisher was allowed to proceed for 2 additional minutes.)

Mr. FISHER. Mr. Chairman, we have to vote in the first budget resolution anyway on all of this. To be sure, it is not binding, but we have to vote on it. I just wanted to point that out.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to comment that the previous colleague illustrates the difficulty of dealing with the Gephardt amendment.

The second concurrent resolution is the more binding of the two as it relates to rules and regulations of the House. To not have the debt ceiling set in that time frame, I think, is a major error. To put the debt ceiling bill in between the two concurrent budget resolutions either undermines the basic controlling elements that are supposed to be in this second concurrent resolution.

The first concurrent resolution has always been basically a target to get us started in the budget process. But the second concurrent budget resolution has more binding effects on the authorizing committees, the Appropriations Committee and the whole House. To not have the debt ceiling concurrent with that in the second concurrent resolution I think is a major error.

If the author of the amendment would like to discuss with that, I would be glad to hear his argument.

Mr. GEPHARDT. I certainly will.

Mr. Chairman, I believe the reason we want the possibility of changes both in May and September is because, under present law, as the gentleman from Virginia stated, we now have a debt ceiling figure in each budget resolution.

Mr. ROUSSELOT. That is correct. By the way, I am very aware of that, because I tried to reduce it each time.

Mr. GEPHARDT. Second, as the gentleman well knows, situations change. I do not think we want to put ourselves in a position where we cut off the latitude to deal with this on a semiannual as well as an annual basis. There is no reason that we cannot do this on an annual basis in the second budget resolution.

But I do not think we want to cut off the latitude of the Committee on Ways and Means and the Committee on the Budget to deal with it in both resolutions and, in fact, to deal with it in the third resolution, because from time to time we have third resolutions to take care of changes in circumstances.

Mr. ROUSSELOT. I am well aware of that because a few years ago we had a third concurrent resolution. But my disbelief that the Fisher amendment is correct is because he puts the debt ceiling bill in between the two concurrent resolutions, which I think will create more confusion and not less.

Mr. GEPHARDT. If the gentleman will yield, the Fisher amendment sets the debt ceiling at $885 billion.

Mr. ROUSSELOT. I understand that, and I certainly support that reduction even though it is not enough of a reduction.

Mr. GEPHARDT. And it sets it at July 31, 1980. There is no reason that in May of 1980 in the budget resolution that figure cannot be adjusted upward or downward according to the circumstances that exist at that time.

Mr. ROUSSELOT. So the first concurrent resolution, which will be for fiscal year 1981, can override the action; is that correct?

Mr. GEPHARDT. Absolutely.

Mr. ROUSSELOT. Of the debt ceiling.

Mr. GEPHARDT. Absolutely.

Mr. ROUSSELOT. Then can the second concurrent resolution also override that same action?

Mr. GEPHARDT. Override that one. It will constantly be in the position of being changed as each budget resolution is passed. The only time the Clerk will not strip out the figure is if the debt increase figure in a budget resolution is the same as the figure from the last budget resolution.

Mr. ROUSSELOT. So really we are, as my colleague, the gentleman from Maryland suggested, giving rather substantial powers to the Clerk, as the gentleman says, to strip out the basic debt ceiling?

Mr. GEPHARDT. Not at all.

Mr. ROUSSELOT. As the gentleman knows—and we might as well discuss this now since this is my time—the other body many times deals in budget resolution figures in round numbers of $100 million increments, and if it is below $50 million, they go to a lower figure; and if it is above $50 million, they go to the higher figure of $100 million in various functional categories. If that occurs in all of the functional categories, you really do not have a very definitive figure.

My concern is, whereas in a debt resolution in the past, we have had a more definite thing on which to vote and act; and I think this amendment tends to destroy the ability of this House to control the debt ceiling because in a budget resolution you are not always that precise.

□ 1330

Mr. GEPHARDT. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Missouri.

Mr. GEPHARDT. I thank the gentleman for yielding.

We are going to be much more precise than they have ever been in the past. Let me say to the gentleman the figures we have said have been real horseback opinions as to what would happen with on-and-off budget and trust fund borrowing spending. There is no precision at all. I would suggest to the gentleman it would be a lot more precise now than we have ever been in the past.

Mr. ROUSSELOT. We are in honest disagreement, because I think the process of the debt ceiling sets a more stringent legal requirement on the executive branch. The Committee on Ways and Means is required to debate it, and vote it out. I agree we should spend a little more time on it than we do in the committee, and maybe even on the House floor, so that we really understand what we are doing in this area of financing Federal expenses.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. My belief is by totally diminishing or taking away our responsibility to vote once again on what the requirement for debt is, that we destroy the ability of this House to really control what I consider to be another form of taxation; that is, deficit financing.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I am pleased to yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

To describe in different terms what this new debt system will bring about is that we will have a sort of floating national debt that will change with each resolution. The first concurrent, the second, and if we need a third or fourth to meet any exigency that arises. In each, there will be a different debt limit, but the debt limit will, as it has for the better part of this century will change each time, but it will always go up. It will go up and up and up, and the House will never have to vote on it. No Member will ever be accused of having given his support for that enormous $1 trillion or $1½ trillion of debt. The Clerk will do it by resolution.

Mr. ROUSSELOT. I think the gentleman from Maryland makes an excellent point, because, as has already been stated under the gentleman's amendment, we will really allow the Clerk to strip out the basic debt ceiling and send a whole legislative act to the President. We are not required to vote on it again.

In the budget resolution there is a far more complicated number of figures with which to deal. We are dealing with taxes. We are dealing with expenditures. We are dealing with functional categories and, of course, interest charged is part of that debt ceiling. It is one of the items. We are affected by that.

I still believe that this House should have one additional vote and should be forced by that discipline to work on what has become one more way of taxing the American economy. The increase in the debt ceiling is taxing the American economy. The public has the right to know how we stand on that issue.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. ROUSSELOT) has again expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. The Treasury is forced to borrow money in the marketplace to make up that debt. If for some reason that debt is not picked up in the marketplace, the Treasury then turns to the Federal Reserve Board. They pick up that debt.

Now, that whole process of voting on that debt increase forces the House to at least think and focus on that issue. That is why I am so vigorously opposed to the gentleman's amendment, though I do know that he has spent a great deal of time searching this out, as the chairman has said. He has devoted a lot of attention and time to this issue and I am not in any way demeaning that clear-cut, positive research and effort on his part. I think this amendment will take away from the House, as my colleague from Maryland has said, a very important vote, a very important part of the decision process.

Mr. GEPHARDT. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Missouri.

Mr. GEPHARDT. I appreciate the gentleman's comments. I realize we have a basic agreement. I would say to him that I think that this new proposal, this change in process, will indeed enhance the most important decision, the decision that drives the spending and financing decisions, which is the decision to spend money.

If the gentleman is interested in that, and if he is interested in making——

Mr. ROUSSELOT. The gentleman knows I am interested in that.

Mr. GEPHARDT. If the gentleman is interested, and I think he is, then I think the gentleman should be for this proposal, because I think it enhances the importance of this basic decision.

Mr. ROUSSELOT. The reason I disagree is that it lumps in one decision, the budget vote, and does not give us that additional capability of dealing with that add-on debt, which has become so huge and so out of sight. It now puts into the budget one of its largest items, an interest charge, which is a huge item now in this budget. To take that away from the House, the ability to vote on that increase or hopefully, some day a decrease and, as the gentleman says, allow the Clerk to strip out and send it to the President, would be a major step backward.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. ROUSSELOT) has again expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. I thank my colleague for his comments.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding.

I agree with the gentleman on the point that it ought to be in the second binding resolution rather than to vote now and vote then as things change. But do we not, if the Gephardt amendment language is adopted by the House and made part of our rules, have the opportunity to vote on the numbers that will be the national debt ceiling as an amendment to the budget resolution?

Mr. ROUSSELOT. The answer to the gentleman's question is yes, because it will be one of the aggregate figures in the budget resolution.

Mr. JOHN L. BURTON. It will be an aggregate figure where somebody could move to reduce the amount of the debt ceiling.

Mr. ROUSSELOT. I understand that.

Mr. JOHN L. BURTON. So we will get a chance——

Mr. ROUSSELOT. The answer to the gentleman's question is we do vote on it in the budget resolution in the aggregate figure.

Mr. JOHN L. BURTON. If this were the actual debt ceiling, in other words—I mean one, that would give more attention to the budget, and two, by amendment we do work our will and reduce it or raise it if we want. It is only the date we would not be tinkering with. I would rather see it in an annual rather than a quadrennial event.

I have not voted to raise the debt ceiling, but I do believe that it should be in the second concurrent budget. I do believe, if it is part of that budget, that the House can work its will, and people can take their votes, it is just going to be a vote on amendment instead of final passage, and then get a chance to vote on final passage again.

I do not think it is fair to say, by adopting the Gephardt solution we do away with our right to vote on the debt ceiling.

We can vote on it by amending the budget act.

Mr. ROUSSELOT. We do away with our additional capability to control an important area of Federal Government financing that we now have.

Mr. JOHN L. BURTON. That is a few hours of debate and rhetoric.

Mr. ROUSSELOT. I do not consider it rhetoric.

Mr. ULLMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to clarify one basic point, and I want the concurrence of the gentleman from Missouri (Mr. GEPHARDT).

The originating jurisdiction for debt ceiling remains with the Committee on Ways and Means. I want it made crystal clear that if at any time there is a major crisis that would change the posture of the national debt problem, the Committee on Ways and Means would preserve its originating authority to immediately bring a bill to the floor that would change the debt ceiling in any way that the national security requires.

Mr. GEPHARDT. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Missouri.

Mr. GEPHARDT. That is absolutely correct. If at any time there is an emergency, the Committee on Ways and Means, as it does now, could bring freestanding regulations to amend the Second Liberty Bond Act to increase or decrease the debt limit.

The procedure calls for a shared jurisdiction really between the Budget Committee and the Committee on Ways and Means, but certainly that power is retained.

Also, the power to amend the amount of interest that can be paid on the bond is retained by the Committee on Ways and Means.

Mr. ULLMAN. I would not concur that it is a shared jurisdiction. I think the jurisdiction remains with the Committee on Ways and Means, but the Committee on Ways and Means has linked that jurisdiction to the budget decision.

Mr. GEPHARDT. That is correct.

Mr. ULLMAN. The basic misconception that people have in voting for the debt ceiling is that somehow it does something to control spending or to achieve fiscal responsibility. That simply is not true. I think the very critical point in the gentleman's amendment is this, that it faces up to the reality that the decisions that are made in the budget resolution and they have an automatic effect on the debt ceiling. The debt ceiling is only a creature of our budget actions. That, of course, is what the resolution here recognizes.

I think that it strengthens the budget procedure, because when we vote on a budget, we ought to know what the impact is on the debt ceiling.

Now, we can vote on a budget and say, "We will vote separately on the debt ceiling."

We are ignoring the basic fact that what we do in that budget resolution has an irrevocable effect on the debt ceiling action that we are going to take later.

□ 1340

It ties the two together. I think the gentleman's resolution is necessary. We will face up to the debt limit decision in both resolutions, but if a change should additionally be required for any reason, the Ways and Means Committee could bring a resolution to the floor at any time to carry out the needs for the national economy.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Virginia (Mr. FISHER) to the amendment in the nature of a substitute.

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. GEPHARDT. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1350

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Missouri (Mr. GEPHARDT) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device and there were- -ayes 408, noes 1, not voting 25, as follows:

[Roll No. 494]

AYES—408

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Byron
Campbell
Carney
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, S.C.
de la Garza
Deckard
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Mikulski
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible

Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver

Weiss
White
Whitehurst
Whitley
Whittaker
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wolpe

Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NOES—1

Burton, Phillip

NOT VOTING—25

Anderson, Ill.
Ashley
Badham
Bafalis
Barnard
Biaggi
Brown, Ohio
Butler
Carter

Clay
Davis, Mich.
Dellums
Diggs
Duncan, Oreg.
Evans, Ga.
Fish
Flood
Fowler

Hance
Pickle
Rosenthal
Stenholm
Treen
Whitten
Winn

□ 1410

So the amendment to the amendment in the nature of a substitute was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the chair, Mr. McHUGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5229) to provide for a temporary increase in the public debt limit, pursuant to House Resolution 411, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The question was taken; and the Speaker pro tempore being in doubt, the House divided, and there were—yeas 181, nays 45.

So the amendment was agreed to.

□ 1420

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CONABLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 200, nays 215, not voting 19, as follows:

[Roll No. 495]

YEAS—200

Addabbo
Akaka
Albosta
Alexander
Andrews, N.C.
Annunzio
Anthony
Ashley
Aspin
Bailey
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bevill
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Bonker
Brademas
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, Phillip
Carr
Cavanaugh
Chisholm
Coelho
Collins, Ill.
Conyers
Corman
Cotter
Danielson
Daschle
Davis, S.C.
Dellums
Dicks
Diggs
Dingell
Dixon
Dodd
Downey
Drinan
Eckhardt
Edgar
Edwards, Calif.
Evans, Ga.
Fary
Fascell
Fazio
Fisher
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fowler
Frost
Garcia
Gephardt
Giaimo

Gibbons
Ginn
Glickman
Gonzalez
Gore
Gray
Guarini
Gudger
Hall, Ohio
Hamilton
Hanley
Harris
Hawkins
Hefner
Heftel
Holland
Holtzman
Howard
Hutto
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kastenmeier
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lehman
Leland
Lloyd
Long, La.
Long, Md.
Lowery
Luken
Lundine
McCloskey
McCormack
McHugh
McKay
McKinney
Maguire
Markey
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nelson
Nolan

Nowak
Oakar
Oberstar
Obey
Ottinger
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Rahall
Ratchford
Reuss
Richmond
Roberts
Rodino
Roe
Rostenkowski
Roybal
Russo
Sabo
Santini
Scheuer
Seiberling
Shannon
Sharp
Simon
Skelton
Smith, Iowa
Solarz
Spellman
St Germain
Stack
Staggers
Stark
Steed
Stewart
Stokes
Stratton
Studds
Swift
Synar
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Walgren
Watkins
Waxman
Whitley
Whitten
Williams, Mont.
Wilson, C. H.
Wilson, Tex.
Wirth
Wolpe
Wright
Yates
Young, Mo.
Zablocki

NAYS—215

Abdnor
Ambro
Anderson, Calif.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Atkinson
AuCoin
Bafalis
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bereuter
Bethune
Biaggi
Boner
Bouquard
Bowen
Breaux
Brinkley
Broomfield
Broyhill
Buchanan

Burgener
Burton, John
Byron
Campbell
Carney
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
de la Garza
Deckard
Derrick
Derwinski

Devine
Dickinson
Donnelly
Dornan
Dougherty
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fenwick
Ferraro
Findley
Fithian
Fountain
Frenzel
Fuqua
Gaydos
Gilman
Gingrich
Goldwater

Goodling
Gradison
Gramm
Grassley
Green
Grisham
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hansen
Harkin
Harsha
Heckler
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Johnson, Colo.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lee
Lent
Levitas

Lewis
Livingston
Loeffler
Lott
Lujan
Lungren
McClory
McDade
McDonald
McEwen
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Miller, Calif.
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Myers, Ind.
Neal
Nichols
O'Brien
Panetta
Pashayan
Paul
Petri
Pritchard
Quayle
Quillen
Railsback
Rangel
Regula
Rhodes
Rinaldo
Ritter
Robinson
Rose
Roth
Rousselot

Royer
Rudd
Runnels
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Slack
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stangeland
Stanton
Stockman
Stump
Symms
Tauke
Taylor
Thomas
Trible
Vander Jagt
Volkmer
Walker
Wampler
Weaver
Weiss
White
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Wolff
Wyatt
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Zeferetti

NOT VOTING—19

Anderson, Ill.
Badham
Baldus
Brown, Ohio
Butler
Carter
Clay

Davis, Mich.
Duncan, Oreg.
Fish
Flood
Hance
Michel
Pickle

Pursell
Rosenthal
Stenholm
Treen
Winn

□ 1430

The Clerk announced the following pairs:

On this vote:

Mr. Clay for, with Mr. Hance against.

Until further notice:

Mr. Stenholm with Mr. Anderson of Illinois.

Mr. Rosenthal with Mr. Brown of Ohio.

Mr. Duncan of Oregon with Mr. Fish.

Mr. Pickle with Mr. Carter.

Mr. Baldus with Mr. Pursell.

Mr. Butler and Mr. Winn.

Mr. Badham with Mr. Davis of Michigan.

Mr. DAVIS of South Carolina changed his vote from "nay" to "yea."

Mr. PANETTA changed his vote from "yea" to "nay."

So the bill was not passed.

The result of the vote was announced as above recorded.

Mr. BAUMAN. Mr. Speaker, a point of order.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just acted upon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

Mr. BAUMAN. Mr. Speaker, I reserve the right to object.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. Bauman) reserves the right to object.

Mr. BAUMAN. Mr. Speaker, the Chair did not dispose of the reconsideration on the final passage of H.R. 5229; is that correct?

The SPEAKER pro tempore. The Chair will state that the Chair was attempting to do that when it heard conflicting voices clamoring for its attention. If those voices will at this moment be stilled, the Chair will not entertain the unanimous consent request of the gentleman from Oregon at this moment.

Without objection, a motion to reconsider is laid on the table.

There was no objection.

Mr. BAUMAN. A point of order, Mr. Speaker.

The Chair cannot dispose of that until it disposes of the gentleman's request.

The SPEAKER pro tempore. The Chair had withdrawn recognition of the gentleman from Oregon for his request until that matter might be disposed of. The Chair thought he was acting in a manner pleasing to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. The Chair will recognize the gentleman from Oregon (Mr. Ullman) for his unanimous consent request.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just acted upon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon.

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 111) entitled "An act to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977."

□ 1440

CONFERENCE REPORT ON S. 230, NURSE TRAINING ACT AMENDMENTS OF 1979

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the Senate bill (S. 230) to amend title VIII of the Public Health Service Act to extend through fiscal year 1980 the program of assistance for nurse training, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the provisions of clause 2, rule XXVIII, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of September 5, 1979.)

The SPEAKER pro tempore. The gentleman from West Virginia (Mr. Staggers) will be recognized for 30 minutes, and the gentleman from Texas (Mr. Loeffler) will be recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. Staggers).

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the committee of conference has resolved the disagreement of the two houses on the Nurse Training Amendments of 1979, S. 230, and the conference report of the committee has been submitted to the House and was printed in the Congressional Record of September 5, 1979. (H. Rept. 96-419). The provisions of the conference agreement closely conform to the provisions of the House-passed bill.

The conference agreement before us today is an important measure which will extend for 1 fiscal year the programs of assistance for nurse training; further clarify program requirements for the training of other health professionals; and provide for more efficient administration of the commissioned corps of the Public Health Service. The House passed this measure on July 27 by the overwhelming vote of 344 to 6.

The President vetoed the Nurse Training Amendments of 1978 citing budgetary restraint as his major reason. In response, the House-passed bill and the conference agreement authorize appropriations of $103 million for fiscal year 1980 for programs of nurse training, authorizations of less than 50 percent of those provided in last year's bill for fiscal year 1980. This sharp reduction in authorizations accommodates budgetary reality without jeopardizing the nursing profession.

S. 230 also authorizes $14, $15, and $16 million for fiscal years 1980, 1981, and 1982, respectively, for programs of health information and health promotion under title XVII of the public health service act. These levels are identical to authorizations which would have been provided for these programs under another House-passed measure, H.R. 3641, which was adopted by the House on July 16. Finally, S. 230 authorizes an additional $12 million for the National Health Service Corps for fiscal year 1980.

Mr. Speaker, I can think of few programs with greater impact on the health status of the people of this Nation than those addressed in this measure. I urge my colleagues to vote favorably on this conference report.

Mr. Speaker, I yield such time as he may consume to the chairman of the Subcommittee on Health and the Environment, the gentleman from California (Mr. Waxman). I would like personally to commend him and the ranking minority member of the subcommittee, the gentleman from Kentucky (Mr. Carter), for their actions on this bill. This measure is one of great importance and one with significant bipartisan support as indicated by its initial House passage on a vote of 344 to 6.

Mr. WAXMAN. I thank the chairman for yielding.

Mr. Speaker, I rise in support of this important piece of health legislation.

As you remember, the Nurse Training Amendments of 1978 were vetoed by the President following adjournment of the 95th Congress. Early in this Congress, I was joined by many of you in introducing legislation designed to address the continuing needs of nurse training; that legislation has become the conference report we are considering today.

Few, if any, of the health care resources available to the citizens of our great Nation command the importance and respect of the nursing profession. It is incumbent upon the Congress of the United States to assure that well-trained, qualified members of this critical health care profession continue to be available to us all. I believe the conference report before us today will assure just that. At the same time, it will also meet the budgetary concerns expressed by the President in his veto message.

I am proud to recommend this conference report to my colleagues, and commend the members of the committee of conference for their diligent work.

I urge my colleagues to join me in voting for passage of this measure.

Mr. LOEFFLER. Mr. Speaker, I yield myself such time as I may consume. I rise in support of the House conference report on the Nurse Training Amendments of 1979, and urge its adoption by the House.

This conference report follows closely the House-passed nurse training legislation, and I am pleased that the relatively minor differences between the House and Senate versions were resolved quickly and amicably.

Briefly, the conference report provides a 1-year extension through fiscal 1980 of nurse training programs authorized under title VIII of the Public Health Service Act, for a total authorization of $103 million. This is the same total figure in both House and Senate bills for nurse training, and it is one-half the comparable figure in last year's vetoed nurse training legislation.

In addition, the conference report requires a study to be conducted, preferably by the National Academy of Sciences, regarding the need to continue a specific program of Federal financial support for nursing education. Since our subcommittee will be reviewing all the expiring health professions education authorities during the next year, the results of this independent study should be particularly helpful to our subcommittee's deliberations.

This conference report also includes a 3-year extension of the health information and health promotion authorities of title 17 of the Public Health Service Act as follows: $14 million for fiscal 1980; $15 million for fiscal 1981; and $16 million for fiscal 1982. Since the

House had already approved identical authorizations for these programs on July 16 as part of H.R. 3641, the House conferees were willing to accept this provision from the Senate bill.

The conferees also agreed to increase the authorization level for the National Health Service Corps program from $70 million to $82 million, which is the level requested in the administration budget. As you know, the Corps program is designed to help deliver needed health services in medically underserved areas by placing physicians and other health personnel in such communities. The increase in funding was necessary to prevent a cutback on planned recruitment and placement activities.

Minor amendments to the health manpower authorities—most of which were in both bills—are also included in the conference report.

Finally, the conference report contains amendments to title II of the Public Health Service Act which are designed to improve the management and operation of the commissioned Corps. These provisions were taken from the House-passed nursing legislation.

Mr. Speaker, this is a good conference report and I urge its adoption.

□ 1450

Mr. STAGGERS. Mr. Speaker, in response to the gentleman from Texas (Mr. LOEFFLER), I would like to say that we have received complete cooperation from the minority on both this and the next conference report we shall consider, and that we appreciate their cooperation because these are national issues in which we share common interests. I thank him for his kind remarks and would say that he has done an excellent job in presenting his comments on the work of the conference, and in working with the committee on the bill.

I have no further requests for time.

● Mr. BROYHILL. Mr. Speaker, I rise in support of the House conference report on the Nurse Training Amendments of 1979, and urge its adoption by the House.

This conference report follows closely the House-passed nurse training legislation, and I am pleased that the relatively minor differences between the House and Senate versions were resolved quickly and amicably.

Briefly, the conference report provides a 1-year extension through fiscal 1980 of nurse training programs authorized under title VIII of the Public Health Service Act, for a total authorization of $103 million. This is the same total figure in both House and Senate bills for nurse training, and it is one-half the comparable figure in last year's vetoed nurse-training legislation.

In addition, the conference report requires a study to be conducted, preferably by the National Academy of Sciences, regarding the need to continue a specific program of Federal financial support for nursing education. Since our subcommittee will be reviewing all the expiring health professions education authorities during the next year, the results of this independent study should be particularly helpful to our subcommittee's deliberations.

This conference report also includes a 3-year extension of the health information and health promotion authorities of title XVII of the Public Health Service Act as follows: $14 million for fiscal 1980, $15 million for fiscal 1981; and $16 million for fiscal 1982. Since the House had already approved identical authorizations for these programs on July 16 as part of H.R. 3641, the House conferees were willing to accept this provision from the Senate bill.

The conferees also agreed to increase the authorization level for the National Health Service Corps program from $70 million to $82 million, which is the level requested in the administration budget. As you know, the Corps program is designed to help deliver needed health services in medically underserved areas by placing physicians and other health personnel in such communities. The increase in funding was necessary to prevent a cutback on planned recruitment and placement activities.

Finally, the conference report contains amendments to title II of the Public Health Service Act which are designed to improve the management and operation of the commissioned Corps. These provisions were taken from the House-passed nursing legislation. Minor amendments to the health manpower authorities are also included in the conference report.

Mr. Speaker, this is a good conference report and I urge its adoption.●

Mr. LOEFFLER. Mr. Speaker, I have no further requests for time.

Mr. STAGGERS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

CONFERENCE REPORT ON S. 544, HEALTH PLANNING AND RESOURCES DEVELOPMENT AMENDMENTS, 1979

Mr. STAGGERS. Mr. Speaker, I call up the conference report on Senate bill (S. 544) to amend titles XV and XVI of the Public Health Service Act to revise and extend the authorities and requirements under those titles for health planning and resources development.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the provisions of clause 2, rule XXVIII, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of September 5, 1979.)

The SPEAKER pro tempore. The gentleman from West Virginia (Mr. STAGGERS) will be recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. MARKS) will be recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is with pleasure that I report to my colleagues that the conferees have met on S. 544 and have agreed on a conference report that will provide for the extension of the health planning program for the next 3 years and will improve its operations.

The health planning program is an important part of our efforts to moderate health care costs as well as increase access to needed medical services in our underserved areas. I believe the conference report on S. 544 strengthens the program's ability to meet these goals. The report contains almost all of the House provisions in some form. I recommend it to the House without reservation.

Mr. Speaker, I would like to briefly review some of the issues contained in the conference agreement.

First, each State certificate of need program would be required to cover major medical equipment which serves hospital inpatients. Such equipment would be required to be covered regardless of its location except that a State would not be required to cover the major medical equipment of independent clinical laboratories. Equipment purchased for a physician's office for use with his own patients (who are not also hospital inpatients) would not be required to be covered. These provisions conform to the House bill. However, as a compromise, the conference agreement permits the State to require a certificate of need for any other uses of major medical equipment if the State currently provides for the additional coverage (such as Colorado and at least seven other States now do) or if the State establishes such additional coverage prior to September 30, 1982. After that date a State would be prohibited from changing its certificate of need to include requirements that are in addition to the minimum coverage requirements for major medical equipment set forth in title XV.

Second, the conference report contains a provision similar to the House amendment which provides that the review of an application for a certificate of need shall not be made subject to any criterion or the issuance of a certificate of need may not be made subject to any condition unless the criterion or condition is directly related to criteria prescribed by Federal law or regulation or by the State in accordance with State law. This provision will asure that certificate of need applicants are treated fairly and that their applications will not be subject to standards which have not been established in advance through a process in which providers and consumers in a State can participate.

Third, the conference agreement contains a provision included in the Senate bill that would permit a State to not review new institutional health services which will entail annual operating costs of less than $75. This amendment will assure that projects which are not of a major or substantive nature do not require review and, therefore, allow the planning agencies to focus their efforts on service changes that will have an impact on their areas.

Fourth, the conference report includes a modification of a Senate provision which would have required all the members of an HSA governing board to be nominated and selected by other than existing members of the board. The compromise provides that at least 50 percent of the members of the HSA governing body must be so selected. While prohibiting a self-perpetuating governing body this compromise will allow HSA's some flexibility in board selection so that the governing body composition requirements of title XV can be met without great difficulty.

Fifth, provisions of the House bill which required a State to exempt health maintenance organizations and other prepaid providers from its certificate of need were adopted in modified form. The conference report requires a State to exempt from its certificate of need program the development of new institutional health services and the acquisition of major medical equipment and the obligation of capital expenditures for the provision of inpatient institutional health services by: First, a health maintenance organization or combination of health maintenance organizations; second, a health care facility which primarily provides inpatient services and is controlled, directly or indirectly, by a health maintenance organization or a combination of health maintenance organizations; or third, a health care facility or portion thereof which an HMO or combination of HMO's has leased for a period of at least 15 years from the time of approval of the application. To be eligible for an exemption under this provision the health maintenance organization or organizations must meet the definition of a health maintenance organization set forth in this bill and must have an enrollment of at least 50,000 individuals singly or in combination; the facility in which the service will be provided must be geographically located so that a service will be reasonably accessible to enrolled individuals; and at least 75 percent of the patients who can reasonably be expected to receive the institutional health services to be exempted must be individuals enrolled with the HMO's.

The conference report also provides special criteria for the review of certificate of need applications of nonexempt HMO's or facilities controlled directly or indirectly by such HMO's.

Sixth, the conference report contains provisions from both the House and Senate bills concerning a Governor's role in the establishment in the State health plan. The report requires the Governor to approve the State health plan before it is considered official. However, the plan may be disapproved only if it does not effectively meet statewide health needs. The Governor would be required to make a detailed public statement of the reasons for any plan disapproval.

Seventh, the conference agreement includes provisions similar to those adopted by the House which require the health systems agencies to give priority to actions which strengthen competition in the health service industry where it is appropriate. This language also makes clear that if competitive forces are not working the health systems agencies and the State health planning and development agencies should take those actions which are necessary to adequately allocate the supply of those health care services.

Eighth, the conference report includes provisions similar to those adopted by the House which prohibit the use of Federal funds by a health systems agency to hire a lobbyist to influence legislation at the Federal, State, or local levels.

Finally, the conference report contains a provision included in the House amendment which requires the approval of a certificate of need application for a project to eliminate or prevent imminent safety hazards, to comply with State licensure standards, or to comply with accreditation standards, but only to the extent that the capital expenditure is required to accomplish that purpose. As a compromise, the conference report adds the requirement that approval is not required if the State agency finds that the facility or service with respect to which the capital expenditure is proposed to be made is not needed or that the obligation of the capital expenditure is not consistent with the State health plan.

Mr. Speaker, I want to again say to the gentleman from California (Mr. WAXMAN), the chairman of the subcommittee, that the country owes him and his committee a debt of gratitude for the work that they have done on the bill. I would especially like to note the fine work of the ranking minority member of the subcommittee, the gentleman from Kentucky (Mr. CARTER), and note that he will soon be back working with us in full health. This is a good bill, and one that is needed in this country. I would also like to complement the minority and the staff for the work they have done.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. I thank the gentleman for yielding and for his kind words.

Mr. Speaker, as the Members are aware, the Health Planning and Resources Development Amendments of 1979 passed this body on July 19, 1979, by a vote of 374 to 45. I am pleased to report to my colleagues that the conferees have agreed on a conference report that will strengthen and extend the health planning program for the next 3 years.

I believe that the conference report establishes sound health planning policy for the future. There were numerous differences between the House and Senate bills which required resolution by the conferees and I would like to commend my fellow conferees for the diligence with which they undertook this task. Dr. CARTER, who unfortunately cannot be with us today, Mr. BROYHILL, Chairman STAGGERS, Mr. SATTERFIELD, and Mr. PREYER each played important roles in working to reach agreement with our Senate colleagues on this important legislation.

I am pleased to say that the conference report includes a vast majority of the provisions adopted by this House. Members should be aware that the conference agreement contains a total 3-year authorization of $1.037 bilion which is $155 million less than the amount approved by the House. The conference committee sought to provide authorization levels which would provide for adequate health planning and resource development programs but which were not excessive. I believe we accomplished this task.

Mr. Speaker, several questions have been raised about certain provisions of the conference report which I would like to clarify.

Section 110(a) of the conference report provides that in a public health systems agency the public board shall be responsible for the establishment of personnel rules and practices for the staff of the agency except where they delegate these powers to the separate governing body for health planning. The purpose of this provision is to provide that a public HSA may operate under the personnel system of the regional planning body or unit of local government. However, this provision is not meant to apply to the decision to hire an Executive Director of the Health Systems Agency or other staff. The committee received testimony which recommended that it adopt an amendment to permit the regional planning body or unit of local government to hire and fire the Executive Director, but did not adopt the proposed amendment. The governing body for health planning must have the authority to select the Executive Director in accordance with the personnel rules established by the governing board. It would certainly be permissable for the governing body for health planning to consult with the governing board on its staffing decision or that a process be developed so that a mutually acceptable candidate could be selected. In any case, the governing body for health planning must actively participate in the selection process to insure that the Executive Director will be accountable to it.

Section 104(a)(1) of the conference report modifies the standard which the Secretary must use to determine if area redesignation should be undertaken. It would allow redesignation if he can determine that the boundaries of a proposed health service area meet the requirements of subsection 1511(a) in a significantly more appropriate manner in terms of the efficiency and effectiveness of health planning efforts. This new standard, however, does not alter the health service designation requirements of section 1511(a). One of those requirements is that each standard metropolitan statistical area (SMSA) shall be entirely within the boundaries of one health service area, except that if the Governor of each State in which an SMSA is located determines, with the approval of the Secretary, that in order to meet the other requirements a health services area should contain only part of the SMSA. The new redesignation standard does not alter this requirement. The division of an existing interstate health service area that contains an SMSA is permitted only if each Governor of the States involved determines that the division is necessary.

The conference report adds new section 142(b)(3)(A)(ii) to the Public Health Service Act. This section provides that the Secretary may not approve the application of a hospital for a grant for the discontinuance or conversion of hospital services if the Secretary is unable to determine that the cost of providing inpatient health services in the health service area in which the applicant is located will be less than if the inpatient health services proposed to be discontinued were not discontinued. The purpose of this provision is to assure that the Secretary would not make grants in situations where saving to the public would not result. However, it is clear that the state of the art in making such determinations is in its infancy and in the initial years of this program HEW will have to rely on its best estimates of the savings which will result from the discontinuance of services if this program is to be implemented.

Finally, the conference report in section 302 requires the Secretary of Health, Education, and Welfare to study the effect of the elimination of unneeded hospital services made during the first 2 fiscal years and report to the Congress no later than January 1, 1982. It is recognized that it will not be possible to have definitive results on the effect of this program in such a short period of time. However, we would expect the Secretary to carry out this requirement even with this limitation so that the Congress may have the Department's recommendations when it considers the extension of this authority.

Mr. Speaker, I believe that the conference report includes the best features of the House and Senate bills. It will provide a sound base for health planning and resources development for the next 3 years. I urge its adoption.

Mr. MARKS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 544, the Health Planning and Resources Development Amendments of 1979, and urge its adoption by the House.

In many important respects, the conference agreement follows closely the House-passed bill, and, in other cases, the compromises dictated by disagreements with the other body are faithful to the spirit of the House amendments.

Mr. Speaker, throughout the consideration of this legislation, a great deal of attention has been paid to the regulatory aspects of health planning, an entirely appropriate action at a time when we are attempting to free our economy from needless governmental interference. Because of this concern, I would like to emphasize that this conference agreement contains several provisions designed to reduce the need to regulate the health care delivery system.

Most importantly, the conference report strongly recognizes circumstances in which competitive market forces can be encouraged to allocate health services. Moreover, this report requires health planning agencies to give priority to actions which will strengthen market competition where these actions are appropriate to advance the purposes of quality assurance, cost effectiveness, and access to health care.

In a similar spirit, the conference agreement removes provisions of present law requiring the coverage of health maintenance organizations and other prepaid health plans under State certificate of need laws. Under this conference agreement, health maintenance organizations will not be required to obtain a certificate of need for establishing their organization or for the construction of ambulatory health care facilities. In addition, HMO's which individually or as part of a consortium have enrolled at least 50,000 members will not have to obtain a certificate of need for the construction of hospitals and other inpatient facilities.

Another area of concern to many Members is regulation of major medical equipment not owned by, or located in, a hospital or other institutional health care facility. It is my strong belief that the conference agreement charts a responsible course on this subject by insuring that equipment used to provide services to hospital inpatients will be regulated under certificate of need while at the same time insuring that the private practice of medicine will not be impaired by needless regulatory requirements.

Mr. Speaker, I particularly would like to point out that the conference agreement provides for a total authorization level which is 13 percent less than the level authorized by the House bill, and 22 percent less than the health planning legislation considered by the House in the 95th Congress. Moreover, this legislation will actually provide more funding for planning agencies serving rural areas with small populations spread over a large geographic area. In this regard, planning grants for minimally funded HSA's have been increased, HEW has been given the authority to match contributed non-Federal funds for these agencies, and, in making grants to HSA's, HEW will be directed to recognize certain extraordinary expenses such as travel expenses incurred in large rural areas.

On balance, I believe that this conference agreement is an equitable reflection of the points of view of both Houses. I would submit that the legislation before us is an appropriate mid-course adjustment of the Health Planning Act which does much to smooth over certain rough spots which have become visible over the last several years. The conference agreement before us represents over 2 years of effort—time which I believe has been well spent in arriving at legislation which we can all support. I would urge the passage of this conference report.

Mr. STAGGERS. Mr. Speaker, I would again like to compliment the minority for their cooperation, and especially the gentleman from Pennsylvania (Mr. MARKS) who has always worked for what he feels is in the best interest of America. I would say to the gentleman from Pennsylvania (Mr. MARKS) that we appreciate the help given on this very important bill and would thank the staff, too, for the work they have done. They have worked diligently to help reach the agreements we have presented today.

● Mr. BROYHILL. Mr. Speaker, I rise in support of the conference report on S. 544, the Health Planning and Resources Development Amendments of 1979, and urge its adoption by the House.

In many important respects, the conference agreement follows closely the House-passed bill, and, in other cases, the compromises dictated by disagreements with the other body are faithful to the spirit of the House amendments.

Mr. Speaker, throughout the consideration of this legislation, a great deal of attention has been paid to the regulatory aspects of health planning, an entirely appropriate action at a time when we are attempting to free our economy from needless governmental interference. Because of this concern, I would like to emphasize that this conference agreement contains several provisions designed to reduce the need to regulate the health care delivery system.

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In a similar spirit, the conference agreement removes provisions of present law requiring the coverage of health maintenance organizations and other prepaid health plans under State certificate of need laws. Under this conference agreement, health maintenance organizations will not be required to obtain a certificate of need for establishing their organization or for the construction of ambulatory health care facilities. In addition, HMO's which individually or as part of a consortium have enrolled at least 50,000 members will not have to obtain a certificate of need for the construction of hospitals and other inpatient facilities.

Another area of concern to many Members is regulation of major medical equipment not owned by, or located in, a hospital or other institutional health care facility. It is my strong belief that the conference agreement charts a responsible course on this subject by insuring that equipment used to provide services to hospital inpatients will be regulated under certificate of need while at the same time insuring that the private practice of medicine will not be impaired by needless regulatory requirements.

Mr. Speaker, I particularly would like to point out that the conference agreement provides for a total authorization level which is 13 percent less than the level authorized by the House bill, and 22 percent less than the health planning legislation considered by the House in the 95th Congress. Moreover, this legislation will actually provide more funding for planning agencies serving rural areas with small populations spread over a large geographic area. In this regard, planning grants for minimally funded HSA's have been increased, HEW has been given the authority to match contributed non-Federal funds for these agencies, and, in making grants to HSA's, HEW will be directed to recognize certain extraordinary expenses such as travel expenses incurred in large rural areas.

On balance, I believe that this conference agreement is an equitable reflection of the points of view of both Houses. I would submit that the legislation before us is an appropriate mid-course adjustment of the Health Planning Act which does much to smooth over certain rough spots which have become visible over the last several years. The conference agreement before us represents over 2 years of effort—time which I believe has been well spent in arriving at legislation which we can all support. I would urge the passage of this conference report.●

Mr. STAGGERS. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 362, nays 45, not voting 27, as follows:

[Roll No. 496]

YEAS—362

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Byron
Campbell
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Findley
Fisher
Fithian
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Harkin
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hinson
Holland
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
Kostmayer
LaFalce
Lagomarsino
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lehman
Leland
Lent
Levitas
Lloyd
Long, La.
Long, Md.
Lowry
Lujan
Luken
Lundine
McClory
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moore
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Pritchard
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Royer
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Shannon
Sharp
Shelby
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stewart
Stokes
Stratton
Studds
Swift
Synar
Tauke
Thomas
Thompson
Traxler
Trible
Udall
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—45

Archer
Ashbrook
Bauman
Carney
Collins, Tex.
Crane, Daniel
Crane, Philip
Dannemeyer
Devine
Edwards, Okla.
Gingrich
Goldwater
Grisham
Hansen
Hillis
Holt
Ichord
Jeffries
Kelly
Kindness
Kramer
Latta
Lee
Lewis
Livingston
Loeffler
Lott
Lungren
McDonald
Michel
Miller, Ohio
Montgomery
Moorhead, Calif.
Myers, Ind.
Paul
Petri
Rousselot
Rudd
Sensenbrenner
Shumway
Shuster
Stockman
Stump
Symms
Taylor

NOT VOTING—27

Anderson, Ill.
Badham
Blanchard
Brown, Ohio
Butler
Carter
Clay
Davis, Mich.
Diggs
Duncan, Oreg.
Eckhardt
Ferraro
Fish
Flood
Ford, Mich.
Giaimo
Hance
Johnson, Colo.
Mitchell, Md.
Nolan
Pickle
Pursell
Rosenthal
Stenholm
Treen
Ullman
Winn

□ 1510

The Clerk announced the following pairs:

Mr. Hance with Mr. Anderson of Illinois.

Mr. Stenholm with Mr. Brown of Ohio.

Mr. Rosenthal with Mr. Carter.

Mr. Mitchell of Maryland with Mr. Winn.

Mr. Clay with Mr. Pursell.

Mr. Ullman with Mr. Fish.

Mr. Nolan with Mr. Davis of Michigan.

Mr. Pickle with Mr. Butler.

Ms. Ferraro with Mr. Eckhardt.

Mr. Duncan of Oregon with Mr. Ford of Michigan.

Mr. Giaimo with Mr. Blanchard.

Messrs. VOLKMER, DORNAN, PASHAYAN, and LOWRY changed their vote from "nay" to "yea."

Mr. KINDNESS and Mr. LOEFFLER changed their vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO HAVE UNTIL MIDNIGHT TOMORROW TO FILE REPORT ON H.R. 4985, TO ESTABLISH AN ENERGY MOBILIZATION BOARD

Mr. DINGELL. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce have until midnight tomorrow to file a report on H.R. 4985, to establish an Energy Mobilization Board.

The SPEAKER pro tempore (Mr. RUSSO). Is there objection to the request of the gentleman from Michigan?

There was no objection.

CORRECTING ENROLLMENT OF S. 544

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 189) to correct the enrollment of S. 544.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there

objection to the request of the gentleman from West Virginia?

Mr. BROYHILL. Reserving the right to object, Mr. Speaker, and I shall not object, may I ask the gentleman from West Virginia if these are technical amendments and corrections to the bill just passed?

Mr. STAGGERS. I will assure the gentleman the resolution only covers printing errors and technical errors that were made in the enrolling and so forth. There is no change in the context of the bill whatsoever.

Mr. BROYHILL. Mr. Speaker, we have had an opportunity to examine the technical amendments the gentleman is presenting, and we are assured and we are confident that is exactly what is involved.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 189

Resolved by the House of Representatives (*the Senate concurring*), That, in the enrollment of the bill (S. 544) to amend titles XV and XVI of the Public Health Service Act to revise and extend the authorities and requirements under those titles for health planning and health resources development, and for other purposes, the Secretary of the Senate shall make the following corrections:

(1) In section 1(b) of the bill strike out "subsection (a) of" and insert in lieu thereof "in".

(2)(A) In the proposed paragraph (4) of section 1515(c) of the Public Health Service Act (as contained in section 105(c) of the bill) strike out "whether its renewal should be made subject to conditions" and insert in lieu thereof "whether the agency should be returned to a conditional status".

(B) In the proposed paragraph (5) of such section 1515(c) strike out "the agreement, its renewal, and, if any conditions have been imposed under paragraph (3), such conditions" and insert in lieu thereof "the agreement and any renewal of the agreement".

(3) In the third sentence of the proposed subparagraph (B) of section 1515(c)(3) of the Public Health Service Act (as contained in section 105(h) of the bill) strike out "take the action authorized by the first sentence of this subparagraph" and insert in lieu thereof "terminate an agreement or return an agency to a conditionally designated status".

(4) Strike out the close quotation mark at the end of the proposed paragraph (2) of section 1516(d) of the Public Health Service Act (as contained in section 106(b) of the bill).

(5) In the proposed paragraph (4)(A)(ii) of section 1512(b) of the Public Health Service Act (as contained in section 110(d)(1) of the bill) strike out "affected it" and insert in lieu thereof "affected by it".

(6) Section 111(a) of the bill is amended by inserting "(1)" after "is amended".

(7) Section 1512(b)(3)(B)(viii) of the Public Health Service Act as proposed to be amended by section 111(a)(1) of the bill is amended by striking out "personal privacy" and inserting in lieu thereof "the personal privacy".

(8) The proposed subparagraph (A) of section 1512(b)(6) of the Public Health Service Act (as contained in section 111(b)(2) of the bill) is amended by striking out "personal privacy" and inserting in lieu thereof "the personal privacy".

(9) Section 1522(b)(6) of the Public Health Service Act as proposed to be amended by section 111(c)(1) of the bill is amended by striking out "personal privacy" and inserting in lieu thereof "the personal privacy".

(10) Section 113(b) of the bill is amended by striking out "at the end" and inserting in lieu thereof "after subsection (d) (added by section 110(d)(2) of this Act)".

(11) The proposed subsection (d) of section 1524 of the Public Health Service Act (as contained in section 113(b) of the bill) is redesignated as subsection (e).

(12) Section 115(c)(1)(A) of the bill is amended by inserting "(i) by striking out 'under section 1524(c)(2)' and inserting in lieu thereof 'except as provided under section 1524(c)(2)(E)', and (ii)" immediately after "is amended".

(13) The proposed subparagraph (F) of section 1524(c)(2) of the Public Health Service Act (as contained in section 15(g) of the bill) is amended by striking out "State Agency for such State" and inserting in lieu thereof "State Agency designated for such State under section 1521(b)(3)".

(14) In the proposed amendment to the first sentence of section 1513(b)(2) of the Public Health Service Act (as contained in section 115(i)(1)(A) of the bill) insert "at least" before "triennially".

(15) Section 115(k)(2) of the bill as amended by striking out "subsection (d) of section 314 of the Public Health Service Act (as so redesignated by section 128(b))" and inserting in lieu thereof "subsection (g) of section 314 of the Public Health Service Act".

(16) Section 116(g)(1) of the bill is amended by inserting "the second time it occurs" immediately before the period at the end.

(17) Section 116(g)(2) of the bill is amended by striking out "section 103(c)" and inserting in lieu thereof "section 103(d)".

(18)(A) The proposed section 1527(b)(1) of the Public Health Service Act (as contained in section 117(a) of the bill) is amended in the matter preceding subparagraph (A) by inserting "for the provision of an inpatient institutional health service" after "equipment".

(B) Subparagraph (A)(ii) of such proposed section 1527(b)(1) (as contained in section 117(a) of the bill) is amended by inserting "or will be" before "geographically located".

(C) Subparagraph (B) of such proposed section 1527(b)(1) is amended by striking out "which (i) primarily provides inpatient health services, (ii) is controlled" and inserting in lieu thereof "if (i) the facility primarily provides or will provide inpatient health services, (ii) the facility is or will be controlled".

(D) Clause (iii) of such subparagraph (B) is amended by inserting "or will be" before "geographically located".

(E) Subparagraph (C) of such proposed section 1527(b)(1) is amended by striking out "which (i) is leased" and inserting in lieu thereof "if (i) the facility is or will be leased".

(F) Clause (ii) of such subparagraph (C) is amended by inserting "or will be" before "geographically located".

(19) Paragraph (2)(B) of the proposed section 1527(b) of the Public Health Service Act (as contained in section 117(a) of the bill) is amended by striking out "organization, combination, or facility meets the requirements of paragraph (1)" and inserting in lieu thereof "organization or combination meets the requirements of paragraph (1) or the facility meets or will meet such requirements".

(20) The proposed section 1527(b)(2) of the Public Health Service Act (as contained in section 117(a) of the bill) is amended by adding after and below subparagraph (C) the following: "In the case of a proposed health care facility (or portion thereof) which has not begun to provide institutional health services on the date an application is submitted under this paragraph with respect to such facility (or portion), the facility (or portion) shall meet the applicable requirements of paragraph (1) when the facility first provides such services. The State Agency shall approve an application submitted under this paragraph if it determines that the applicable requirements of paragraph (1) are met."

(21)(A) Paragraph (3)(B)(i) of the proposed section 1527(b) of the Public Health Service Act (as contained in section 117(a) of the bill) is amended by striking out "which the facility or equipment is proposed to be sold or leased or which intends to acquire the controlling interest" and inserting in lieu thereof "to which the facility or equipment is proposed to be sold or leased, which intends to acquire the controlling interest, or which intends to use the facility".

(B) Paragraph (3)(B)(ii) of such proposed section 1527(b) is amended by inserting before the period at the end the following "or the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (1)".

(22) Paragraph (4) of the proposed section 1527(b) of the Public Health Service Act (as contained in section 117(a) of the bill) is amended to read as follows:

"'(4) In the case of a health maintenance organization or an ambulatory care facility or health care facility which ambulatory or health care facility is controlled, directly or indirectly, by a health maintenance organization or a combination of health maintenance organizations, a State may under the program apply its certificate of need requirements only to the offering of inpatient institutional health services, the acquisition of major medical equipment, and the obligation of capital expenditures for the offering of inpatient institutional health services and then only to the extent that such offering, acquisition, or obligation is not exempt under paragraph (1).".

(23) The last sentence of paragraph (5) of the proposed section 1527(b) of the Public Health Service Act (as contained in section 117(a) of the bill) is amended (A) by striking out "subsection (b)" and inserting in lieu thereof "paragraph (1)" and (B) by striking out "or acquisition or lease" and inserting in lieu thereof ", acquisition, or lease".

(24) Subsection (f) of the proposed section 1527 of the Public Health Service Act (as contained in section 117(a) of the bill) is amended by striking out "modernize" and inserting in lieu thereof "or modernize a health care facility".

(25) The proposed paragraph (6)(B) of section 1531 of the Public Health Service Act (as contained in section 117(b)(3) of the bill) is amended by striking out "(ii)" and inserting in lieu thereof "(II)".

(26) The proposed paragraph (6)(B)(ii) of section 1531 of the Public Health Service Act (as contained in section 117(b)(3) of the bill) is amended by inserting a comma before "(II)".

(27)(A) Section 118 of the bill is amended by adding at the end the following:

"(c) Section 1513(g)(2) is amended by striking out 'existing institutional'."

(B) Section 118(b)(2) of the bill is amended by inserting a period and close quotation mark at the end.

(C) Section 1523(a)(6) of the Public Health Service Act (as amended by section 118(b)(2) of the bill) is amended by striking out "all institutional" and inserting in lieu thereof "at least those institutional".

(28) Section 121(a) of the bill is amended by striking out "(1)".

(29) The third sentence of the proposed subparagraph (B) of section 1521(b)(4) of the Public Health Service Act (as contained in section 123(a) of the bill) is amended by striking out "take the action authorized by the first sentence of this subparagraph" and inserting in lieu thereof "terminate an agreement or return a State Agency to a conditionally designated status".

(30) Section 124(c)(1) of the bill is amended by inserting "(A)" after "is amended", and by inserting before the period at the end a comma and the following: "and (B) by striking out 'an ex officio' and inserting in lieu thereof 'a nonvoting, ex officio' ".

(31) The first sentence of section 1531(5) of the Public Health Service Act as proposed to be amended by section 126(a)(1) of the bill is amended by striking out "at least $75,000" and inserting in lieu thereof "at least the expenditure minimum".

(32) The proposed paragraph (9) of section 1531 of the Public Health Service Act (as contained in section 126(b) of the bill) is amended by striking out "sections 1523 (a)(4)(B), 1527, and 1531(5)" and inserting in lieu thereof "paragraph (5) of this section and sections 1523(a)(4)(B) and 1527".

(33)(A) Section 129(a) of the bill is amended by striking out "103, 104(c), 105 (d), 106, 107, 117, 123(b)" and inserting in lieu thereof "103(a), 103(b), 103(c), 104(c), 105, 106, 107, 110(c), 110(d), 110(e), 110(f), 111, 115(f), 116(d), 116(e), 117, 120, 123, 126."

(B) Section 129(b)(2) of the bill is amended (i) by striking out "section 117" and inserting in lieu thereof "sections 116 (d), 116(e), 117, and 126", (ii) by striking out "on the enactment" and inserting in lieu thereof "on the date of the enactment", and (iii) by striking out "made by such section" and inserting in lieu thereof "made by any such section".

(34) Section 1622(b)(2)(D) as proposed to be amended by section 201(b)(2) of the bill is amended by striking out "section 1620 (b)(2)" and inserting in lieu thereof "section 1601(a)(2)(B)".

(35) In the amendment to section 1622 (a)(1) proposed by section 203(c) of the bill strike out "section 1621" and insert in lieu thereof "section 1621 or 1642".

(36) Section 203(e) of the bill is amended by inserting "(1)" after "(e)" and by adding at the end the following:

"(2) Section 2(f) of the Public Health Service Act is amended by striking out '1531 (1), and 1633(1)' and inserting in lieu thereof 'and 1531(1)'."

(37) Section 203(f) of the bill is amended by inserting "(1) by striking out 'nonprofit', and (2)" after "is amended".

(38) In the amendment to section 1626 of the Public Health Service Act as proposed by section 203(f) of the bill strike out "section 1621" and insert in lieu thereof "section 1621 or 1642".

(39) The proposed subsection (f)(2) of section 1602 of the Public Health Service Act (as contained in section 203(g)(1) of the bill) is amended by striking out ", respecting foreclosure procedures" and inserting in lieu thereof "respecting foreclosure procedures,".

(40) Section 203(g)(2) of the bill is amended by inserting "of section 1602 (as so redesignated)" after "subsection (d)".

(41) Section 203(g)(3) of the bill is amended by inserting "such" before "subsection (d)".

(42) Paragraph (2) of the proposed section 1642 of the Public Health Service Act (as contained in section 301(a) of the bill) is amended (A) by striking out in subparagraph (A) "all inpatient hospital services" and inserting in lieu thereof "all hospital services or all inpatient hospital services", and (B) by striking out in subparagraph (B) "another health service" and inserting in lieu thereof "other health services".

(43)(A) The first sentence of paragraph (3) of the proposed section 1642(c) of the Public Health Service Act (as contained in section 301(a) of the bill) is amended by striking out "assurances described in paragraph (1) have been provided with the application" and inserting in lieu thereof "arrangements described in paragraph (1) have been made".

(B) The second sentence of such paragraph (3) is amended by striking out "has provided the assurances described in paragraph (1) and if such assurances" and inserting in lieu thereof "has made the arrangements described in paragraph (1) and if such arrangements".

(C) The third sentence of such paragraph (3) is amended by striking out "such assurances have been provided" and inserting in lieu thereof "such arrangements have been made".

(44) In the amendment to section 1624 of the Public Health Service Act as proposed by section 301(b) of the bill strike out "section 1642(f)" and insert in lieu thereof "section 1642(e)".

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT TOMORROW DURING PROCEEDINGS OF THE HOUSE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be allowed to sit tomorrow during any 5-minute period or any other interval.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

Mr. STOCKMAN. Mr. Speaker, I object.

The SPEAKER pro tempore. Are there 10 Members who object to the unanimous-consent request?

(Messrs. TRIBLE, SPENCE, HANSEN, QUAYLE, BAUMAN, BETHUNE, CARNEY, LATTA, BROYHILL, DORNAN, and MYERS of Indiana also objected.)

The SPEAKER pro tempore. A sufficient number have objected.

Objection is heard.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON HOUSE JOINT RESOLUTION 404, CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1980

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on House Joint Resolution 404, making continuing appropriations for fiscal year 1980.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

☐ 1520

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be allowed to sit tomorrow during the 5-minute rule, if we have one, on the bill, H.R. 4962, which is ordinarily called the CHA bill.

Mr. BAUMAN. Mr. Speaker, reserving the right to object, what was the title of the bill?

Mr. STAGGERS. The CHA bill, which stands for child health assurance bill.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

NATIONAL PORT WEEK

Mr GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 303) authorizing and requesting the President of the United States to issue a proclamation designating the 7 calendar days beginning October 7, 1979, as "National Port Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York.

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I do so to ask what the order of business is to be. This is a very important resolution and is cosponsored; but we were informed there would be other matters this afternoon.

The SPEAKER pro tempore. The Chair will state there are several unanimous consent requests. This will be the last one. Then we will move to the chairman of the Committee on Rules.

Mr. BAUMAN. And after we have disposed of the FTC matter, what then?

The SPEAKER pro tempore. The Chair understands the Panama Canal conference report will then follow immediately thereafter.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 303

Whereas United States coastal and inland ports make a direct and significant contribution to our national economic well-being; and

Whereas much of the history of the United States has been shaped by its ports and interconnecting inland waterways and greatly influenced the growth of various communities; and

Whereas ports, in serving United States waterborne commerce, generate significant employment and direct dollar income to the local and regional economies they serve, as well as have major impact on employment and production in areas far distant from their location; and

Whereas United States ports provide a wide variety of services and activities essential to the smooth and efficient conduct of foreign trade and have a direct impact on our balance of payments; and

Whereas American ports are a vital asset in maintaining a strong posture in national security: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating the seven-day period beginning October 7, 1979, as "National Port Week" and to invite the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such week with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONTINUING APPROPRIATIONS FOR FEDERAL TRADE COMMISSION, 1980

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 409 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 409

Resolved, That upon the adoption of this resolution it shall be in order, clause 2(l)(6) of rule XI to the contrary notwithstanding, to consider the joint resolution (H.J. Res. 402) making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes, in the House.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA).

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri.

There was no objection.

Mr. BOLLING. Mr. Speaker, this resolution should not take much time. It makes in order another resolution which provides for continuing the funding of the FTC for 45 days. It prevents the FTC from doing anything much different in those 45 days. It is the compromise that was worked out in the Appropriations Committee to make it possible for the continuing resolution on the other departments of Government to be dealt with in a timely fashion. We are about to run out of time.

I do not know of any opposition to this resolution, nor do I know of any to the next one that it makes in order.

Mr. Speaker, I reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I agree with the statements just made by the gentleman from Missouri. I know of no opposition to this rule.

I would like to point out that the rule provides that the joint resolution will be considered in the House. This means that the resolution will be considered under the 1-hour rule. No amendments will be allowed unless the manager of the resolution yields for the purpose of an amendment.

After 1 hour of debate, the manager of the resolution will move the previous question. If that is adopted, there will be an up or down vote on the resolution.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I would be delighted to yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Speaker, I would like to ask the gentleman two questions. I am not opposed to the rule.

The first question is, why was it deemed necessary to take the Federal Trade Commission continuing authorization appropriation and remove it from the scope of the general continuing appropriations bill that we will otherwise be considering? Why was this agency singled out for special consideration?

Mr. LATTA. Mr. Speaker, may I say to the gentleman in answer to his question, I cannot give the gentleman the reason or the background, only what I have read in the papers. I would not want to tell the gentleman what I have read in the papers, because it might be in error, but I would be happy to yield to the chairman of the subcommittee, the gentleman from West Virginia (Mr. SLACK).

Mr. SLACK. Mr. Speaker, there were two reasons, if the gentleman will yield. One was the fact that this is an extremely controversial matter, and the second was that it covered a different time period.

Mr. LEVITAS. I thank the gentleman for his comment and the answer of the chairman of the subcommittee.

Mr. ANDREWS of North Dakota. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I would be happy to yield to the gentleman from North Dakota.

Mr. ANDREWS of North Dakota. Mr. Speaker, I think in brief, we felt that the FTC continuing resolution might be more controversial and the other continuing resolution was going to be non-controversial.

Mr. LATTA. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. SLACK. Mr. Speaker, pursuant to the resolution just adopted, I call up the joint resolution (H.J. Res. 402) making continuing appropriations for the Federal Trade Commission for the fiscal year 1980, and for other purposes, for consideration in the House.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution, as follows:

H.J. RES. 402

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Federal Trade Commission for the fiscal year 1980:

SEC. 101. Such amounts as may be necessary for continuing the activities of the Federal Trade Commission, not otherwise provided for, which were conducted in fiscal year 1979, but at an annual rate not in excess of the current rate: *Provided,* That none of the funds made available by this Act may be used for the final promulgation of trade regulation rules under section 18 of the Federal Trade Commission Act, as amended, nor to initiate any new activities.

SEC. 102. Appropriations made available pursuant to this joint resolution shall be available from October 1, 1979, and shall remain available until (a) enactment into law of an appropriation for the Federal Trade Commission, or (b) November 15, 1979, whichever first occurs.

SEC. 103. Appropriations made available pursuant to this joint resolution may be used without regard to the time limitations for submission and approval of apportionments set forth in section 665(d)(2) of title 31, United States Code, but nothing herein shall be construed to waive any other provision of law governing the apportionment of funds.

SEC. 104. Appropriations made pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds for such project or activity are available under this joint resolution.

SEC. 105. Expenditures made pursuant to this joint resolution shall be charged to the appropriation for the Federal Trade Commission whenever a bill in which such appropriation is contained is enacted into law.

SEC. 106. No appropriation made available pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations were not available during the fiscal year 1979.

The SPEAKER pro tempore. The gentleman from West Virginia (Mr. SLACK) is recognized for 1 hour.

GENERAL LEAVE

Mr. SLACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolution (H.J. Res. 402).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. SLACK. Mr. Speaker, I rise in support of the resolution.

The conference report on the appropriations bill for the Departments of State, Justice and Commerce, the judiciary, and related agencies for fiscal year 1980, H.R. 4392, was approved by the House on August 2, and by the Senate on September 10, and the bill has been sent to the President for signature. Funds for the Federal Trade Commission were not included in that bill at the time it was considered due to the serious concern of the committee over the lack of legislative authorization for the Commission. No action has been taken on the authorization measure since that time. Therefore, this resolution is necessary in order to provide interim authority for the continuation of various activities of the Federal Trade Commission.

Mr. Speaker, section 101 of the resolution makes provision for the Federal Trade Commission to continue certain activities carried out during fiscal year 1979, at the current rate of operations, provided that none of the funds shall be available for issuing any final trade regulation rule under the Magnuson-Moss Act or initiating any new activities. Section 102 of the resolution provides that the funds made available under the resolution will remain available until November 15, 1979, or until enactment into law of an appropriation for the Commission.

The resolution would not augment any appropriations contained in any regular appropriation bill for the Federal Trade Commission for fiscal year 1980. Section 105 provides that expenditures made pursuant to the continuing resolution shall be applicable to the regular appropriation when it is enacted into law.

Section 106 contains a prohibition against initiating or resuming any project or activity of the Commission for which funds were not available during fiscal year 1979.

Mr. Speaker, as our report indicates, the committee is recommending this limited authority for continuing the operations of the FTC because we are extremely concerned about the lack of legislative authorization for appropriations for the Federal Trade Commission. The authorization for the Commission expired at the end of fiscal year 1977, and no authorization was enacted for either fiscal year 1978 or fiscal year 1979. However, appropriation bills for the FTC for those fiscal years were reported by the committee and ultimately enacted into law by the Congress. The committee felt very strongly that to continue such a practice would constitute a very serious breech of the proper legislative procedure which is prescribed by the rules of the House. Therefore, the committee decided to defer the FTC's fiscal year 1980 budget request until the required authorization was enacted. Unfortunately, very little progress has been made in this regard—authorization bills were reported by May 15 in the House and Senate, but no further action has been taken in either body.

The lack of authorization for the Commssion in recent years is attributable primarily to the issue of a legislative veto over trade regulation rules promulgated by the Commission under the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act. Title II of that act amended the Federal Trade Commission Act to permit the Commission to promulgate substantive rules which define unfair or deceptive acts or practices in or affecting commerce, and which prescribe requirements for preventing such acts or practices. This authority, commonly known as trade regulation rulemaking, permits the FTC to establish rules which regulate the business practices and conduct of an entire industry, profession, or sector of the economy.

This expanded authority has caused considerable controversy, which is reflected in the fact that in the 4 years since the Magnuson-Moss Act was enacted only three trade regulation rules have been issued. The committee and the Congress have been besieged with complaints and inquiries about many of the rulemaking proceedings including those on children's advertising, the funeral industry, standards and certification, holder in-due-course, "R" value insulation, and others.

This concern over the substantive and procedural aspects of this program was undoubtedly an important factor in the passage of a congressional veto provision by the House on three separate occasions in the past 2 years. Therefore, the committee has provided limited authority for the Commission to continue its current activities for a period of 45 days in an effort to provide an incentive to the Congress to take immediate action on the fiscal year 1980 FTC authorization bill so that these issues may be considered and resolved in that legislation. During the period covered by the resolution, the FTC is prohibited from issuing any final trade regulation rules under the Magnuson-Moss Act or starting any new programs or projects under any of its authorities.

Mr. Speaker, it is essential that FTC authorization be passed by the House and Senate and a bill signed into law by the end of the 45-day period. The committee urges that maximum efforts be made in this regard and that the administration cooperate fully in expediting the passage of such legislation. The 45-day period provided by the resolution should be viewed as a temporary time limit in which authorization can and must be secured. During that time, the committee expects the FTC to take no new initiatives or to involve itself in any new manner in those areas which are the subject of congressional concern.

Mr. Speaker, this entire controversy surrounding the authorization and funding for the FTC has been very trying for the members of the Appropriations Committee. Our usual objective is to provide funding for departments and agencies of the Government in a regular appropriations bill at the beginning of the new fiscal year. Under the present circumstances pertaining to the FTC which I have outlined for you today, attainment of that goal was simply not possible. Therefore, it is necessary to provide authority under a continuing resolution in order for the FTC to continue its operations. The continuing resolution before the House today is an interim measure which provides temporary funding for the FTC for a limited period of time, and I urge its support.

Mr. ANDREWS of North Dakota. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from North Dakota for purposes of debate only.

Mr. ANDREWS of North Dakota. Mr. Speaker, I appreciate my distinguished chairman yielding. I want to congratulate the gentleman for the great way the gentleman has handled this rather technical piece of legislation.

I would like to ask, in order to clarify the record, a couple questions. As a point of clarification, I would like to ask the Congressman from West Virginia if he could indicate the precise meaning and intent of the provision in section 101 providing that no funds may be used "for the final promulgating of trade regulation rules under section 18 of the Federal Trade Commission Act as amended nor to initiate any new activity."

Is it correct that this language would allow the Commission to continue with and conclude any stage or set of hearings in an existing trade regulation rulemaking proceeding now in progress, but would prevent the Commission from taking any step to authorize any stage of any new trade regulation rulemaking proceeding?

Mr. SLACK. That is correct. This provision would prevent the Commission from using any funds to initiate any new trade regulation rulemaking proceeding. That would include any staff investigation, hearing or any other activity in connection with a new trade regulation rulemaking proceeding. The FTC would be permitted to continue with the 18 trade regulation rulemaking proceedings currently underway, but they could not issue any final rule in any of those proceedings during the 45-day period of this resolution.

Mr. ANDREWS of North Dakota. And do I understand correctly that this prohibition will be effective only until November 15, or until an appropriation bill is enacted for the FTC?

Mr. SLACK. That is correct.

☐ 1530

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, I take this opportunity to commend the gentleman from West Virginia (Mr. SLACK), and I wish to state that I support House Joint Resolution 402, which continues appropriations for the Federal Trade Commission.

Appropriations are provided for 45 days, at a rate not to exceed the current rate.

Appropriations available under the continuing resolution cannot be used for the final promulgation of trade regulation rules, or to initiate any new activities.

These limitations are not intended to prejudice any activities of the Federal Trade Commission, but simply to allow time for the Congress to express its will through the authorization process.

Mr. Speaker, I urge the adoption of the joint resolution.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Georgia, for purposes of debate only.

Mr. LEVITAS. Mr. Speaker, I thank the distinguished chairman of the subcommittee for yielding.

Mr. Speaker, I would like to commend the chairman of the subcommittee and the members of the subcommittee for bringing to the floor what I consider to be a reasonable compromise of the situation.

The situation is simply this: That the Federal Trade Commission has not had an authorization since 1977, and I would like to make a point that goes even beyond the excellent committee report which says there has been no authorization in either 1978 or 1979. That is quite correct, but the fact of the matter is that it was not just the result of our failure to get around to the authorization; the last time the authorization legislation for the Federal Trade Commission came to this House, it was defeated by this House.

It was rejected primarily because it did not contain the legislative veto which this body insisted on including in legislation dealing with the Federal Trade Commission. So we are not just talking about an authorization which was not reached; we are talking about an authorization which was defeated.

I think it is commendable that the committee and the subcommittee in their report point out that it would be inappropriate to fund the Federal Trade Commission for the third straight year without an authorization, and that to do that would be intolerable. The report states:

> The committee felt very strongly that to continue such a practice would constitute a very serious breach of the proper legislative procedure which is prescribed by the rules of the House.

This is a 45-day extension, with certain limitations during that period. I think it is an excellent interim solution.

It is my understanding—and I will ask if the chairman of the subcommittee or any other Member present can confirm or deny this—that part of this arrangement includes an agreement by the leadership of the House to bring up in a speedy manner the authorization legislation which does contain a legislative veto and will give the House an opportunity to work its will during this 45-day period. Is that the gentleman's understanding?

Mr. SLACK. Mr. Speaker, that is my understanding.

Mr. LEVITAS. Mr. Speaker, I thank the gentleman for that response, and there is one other point I want to make.

This is a 45-day extension. That means, if passed, it will expire by November 15, and prior to that time hopefully legislation authorizing the FTC can be enacted.

I would like to get the assurance of the gentleman from West Virginia (Mr. SLACK)—because I know he feels very strongly about this, as the committee does—that when this legislation gets into conference with the other body, the House will vigorously fight for the 45-day limitation, and if there is any disagreement with the Senate on this point, the House will have an opportunity to have a separate vote on its will. I want the assurance that we are not going to send the bill over to the other body only to see it expanded into another 6-month or a year's extension of an agency whose authorization has been defeated by this body.

Mr. SLACK. Mr. Speaker, I can give the gentleman that assurance.

Mr. LEVITAS. Mr. Speaker, I thank the gentleman, and I commend him for his outstanding work.

Mr. BROYHILL. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from North Carolina.

Mr. BROYHILL. Mr. Speaker, I would like to have the attention of the chairman of the subcommittee for just a moment in order to propound a question or two.

It is, of course, true that legislation on an appropriation bill is not permissible under the rules of the House; is that not correct?

Mr. SLACK. That is correct.

Mr. BROYHILL. Only amendments that would limit the appropriations or that would be in order under the rules of the House are permissible?

Mr. SLACK. The gentleman is correct.

Mr. BROYHILL. Mr. Speaker, I wish to bring to the attention of the Members the fact, as pointed out by the gentleman from Georgia (Mr. LEVITAS), that we have not had an authorization bill here which we have acted on, so we have not been able to have an opportunity to offer our amendments to the basic act.

It is for that reason that Members feel frustrated that they are not able to work their will on permanent amendments to the basic act itself. It is for that reason that we are disturbed that the bill that came out of my committee, the Committee on Interstate and Foreign Commerce, by a substantial margin, the bill that included the amendments I offered there, has been languishing in the Committee on Rules with no action whatsoever, so we are not permitting the Members of the House to work their will on the amendments that would be offered to the basic act itself.

Mr. Speaker, that is why I support this joint resolution, and I want to commend the gentleman from West Virginia (Mr. SLACK) when he says that his intention is to get only 45 days of funding for the agency during this first part of the fiscal year.

Further, it is my understanding that if a bill is not forthcoming, then there will be no more funds for the agency. Is that what I understood the gentleman to say?

Mr. SLACK. The gentleman is precisely correct.

Mr. BROYHILL. Mr. Speaker, I thank the gentleman. I hope we can have quick action on the authorization bill so that we will have an opportunity to work our will on the amendments that are contained here and in the bill that is pending before the House.

Mr. Speaker, I support prompt passage of House Joint Resolution 402, making continuing appropriations for the Federal Trade Commission for the first 45 days of fiscal year 1980. The resolution prohibits the agency from issuing any final rules or beginning any new activities during that 45-day period.

It is necessary to enact House Joint Resolution 402 because neither body of Congress has yet acted on the Federal Trade Commission's authorization legislation for fiscal year 1980. Indeed, because of controversy surrounding the agency, it has gone unauthorized since 1977. Despite efforts by several members to move the agency's authorizing legislation along, the bill is still pending before the Rules Committee. Similarly, the other body has not yet scheduled floor action on their version of this legislation.

The 45-day period set out in the resolution should give both bodies sufficient time to pass authorizing legislation and send the bill on to the President. If, however, authorizing legislation is not enacted within this 45-day period, I, for one, will not vote to further continue funding for the agency in the absence of an authorization. To do so would ignore the intent of the rules of the House and would completely upset established legislative process.

Consequently, I urge the Rules Committee to grant a rule for the FTC authorization legislation and hope that our colleagues in the other body will begin consideration of similar legislation at the first opportunity.

Mr. MAGUIRE. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from New Jersey, for purposes of debate only.

Mr. MAGUIRE. Mr. Speaker, I thank the distinguished gentleman for yielding.

I listened very carefully to the subcommittee chairman's explanation of the legislation. I want simply to clarify a couple of points.

Did I understand the gentleman correctly to say that the FTC will not be prohibited or restrained from pursuing any matters in which it is presently engaged during this 45-day period?

Mr. SLACK. The gentleman is correct.

Mr. MAGUIRE. Mr. Speaker, the gentleman did not say this, but I would like to know whether there is any language in this legislation which precludes the FTC from dealing with any matters by virtue of a specific description of the subject matter of those items. Is there any such language in the bill?

Mr. SLACK. There is no such language in the resolution.

Mr. MAGUIRE. Mr. Speaker, I thank the gentleman for his response.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Washington, for purposes of debate only.

Mr. DICKS. Mr. Speaker, I would just like to join the gentleman from North Carolina (Mr. Broyhill) in his remarks, and I would like to say that the distinguished subcommittee chairman, the gentleman from West Virginia (Mr. Slack), has done more than anybody else I can think of to accomplish what my good friend has been trying to accomplish, and that is to get the authorization bill to the floor.

I think the gentleman has worked very constructively and very helpfully in that respect.

This compromise has been worked out, and the gentleman from West Virginia played a very significant role in trying to come up with something that all members of the Committee on Appropriations and, I think, all Members of the House should be able to support. The gentleman from West Virginia and the chairman of the full committee, the gentleman from Mississippi (Mr. Whitten), provided a great deal of leadership in this respect, and I just want to compliment them.

I hope, since we have worked out an agreement with the Committee on Rules and the leadership, that we can get something passed around here someday. I hope that we will be able to get to the FTC authorization bill and allow the Members to work their will.

There is one thing I want to make perfectly clear at this point in time, and that is that I do not support everything the Federal Trade Commission does, but I do think they should continue to exist for the next 45 days until we have a chance to work out the authorization.

Mr. Speaker, I want to compliment the gentleman from West Virginia (Mr. Slack) for his leadership.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Speaker, I thank the gentleman for yielding, and I would like to associate myself entirely with the remarks of the gentleman from Washington (Mr. Dicks), particularly as to the excellent job the subcommittee and the subcommittee chairman have done. I think it is a classic example of good legislative procedure and good legislative compromise, but I think it is only fair to point out that the authorization bill has been reported out of the committee that has jurisdiction since May 14.

□ 1540

Mr. DICKS. On May 14.

Mr. LEVITAS. It has been sitting around without any action, which sort of sends me the message that maybe someone, somewhere, has been keeping it from consideration by the membership of this House.

I would suggest that if this Congress has not been able to work its will one way or another by the 45-day period we are talking about, then I think a number of Members of this House would oppose any further extension of appropriations for the Federal Trade Commission for the coming fiscal year; therefore, I think it is extremely important that prompt action be taken so that the House and the other body can work the mutual will with respect to authorization for the FTC.

Mr. DICKS. I certainly hope that, as just one Member, we can get the authorization bill enacted.

This is the problem that Members who sit on the Appropriations Committee have. We are forced with the question of whether or not we keep funding an agency where there is not an authorization. It is a very difficult dilemma. We do not like to act without authorization, but sometimes we have to do that. I hope that we can pass these legislative hurdles in the House and in the other body and get this authorization enacted so that the subcommittee can finally pass a regular appropriations bill.

Mr. SLACK. Mr. Speaker, let me say to the membership of the House that this Subcommittee on Appropriations in its entirety simply wants to establish the proper legislative procedure, and the proper legislative procedure is to authorize and then to appropriate. This is all we are attempting to do.

Mr. O'BRIEN. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Illinois.

Mr. O'BRIEN. I thank the gentleman for yielding.

Mr. Speaker, speaking as the ranking minority member on the subcommittee, we support the chairman in his effort and we support this resolution.

This resolution is in a somewhat abbreviated form from one that was worked out earlier in the subcommittee and it represents a compromise. I think it has been stated, but it bears repeating, this resolution is only for 45 days, under it no final regulations may be issued, however ongoing investigations may continue, and no new activities may be started.

Mr. Speaker, I support the resolution.

Mr. SLACK. Mr. Speaker, I move the previous question on the joint resolution to final passage.

The previous question was ordered.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 111, PANAMA CANAL ACT OF 1979

Mr. MURPHY of New York. Mr. Speaker, I call up the conference report on the bill (H.R. 111) to enable the United States to maintain American security and interests respecting the Panama Canal, for the duration of the Panama Canal Treaty of 1977.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the provisions of clause 2, rule XXVIII the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of September 17, 1979.)

The SPEAKER pro tempore. The gentleman from New York (Mr. Murphy) will be recognized for 30 minutes, and the gentleman from Maryland (Mr. Bauman) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. Murphy).

Mr. MURPHY of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the managers on the part of the House in conference on H.R. 111 have reached agreement with the Senate conferees and submit their report for final approval of the House.

Although the circumstances are such as to make it imperative that the Congress act on the bill before October 1, a matter that I have repeatedly stressed on prior occasions, the necessity for prompt action is not the most important basis for my recommendation of approval of this conference report.

That recommendation springs from the conviction that the conference report not only is the best compromise that can be obtained in the resolution of differences between the House and Senate versions of the bill, but also that the bill as it emerges from the conference fully meets the objectives of the House and, in many respects, the conference report presents a superior example of the strength of the legislative process.

The basic issues involved in the differing versions of the bill as it passed the House and the Senate, respectively, were:

First. The form and provisions for funding the agency established to operate the Panama Canal under the terms of the 1977 treaty.

Second. The location of the agency within the organization of Government departments and agencies of our Government.

Third. Coordination of the operation and defense of the canal in normal times and when the security of the canal is threatened.

Fourth. The constitutional basis for the transfer of property from the United States to Panama called for in the 1977 treaty.

Fifth. The protection to the maximum possible extent of the U.S. taxpayer and the users of the canal in respect to the cost of the treaty and the operation of the canal.

Sixth. The protection of the legitimate interests of the employees of the canal on whom the successful operation of the canal depends.

I would like to go into each of these issues briefly.

One of the primary objectives of H.R. 111 as originally drafted, as passed by the House and as reflected in the instructions to the House conferees, was the assurance of maximum control by the Congress over the operation of the canal and expenditure of funds for that purpose. This was accomplished by establishing the canal operating agency in the executive branch of the U.S. Government subject to all of the controls on expenditures applicable to other Government agencies, with comprehensive annual audits and reports to the Congress by the General Accounting Office. Revenues are required to be paid into the Treasury, and annual expenditures are limited to the amount of the revenues.

No similar provisions were included in the Senate substitute which provided for an agency in corporate form with power to expend revenues, convey property, and otherwise control the financial management of the agency without being subject to the rigors of direct congressional limitations on the amount of expenditures through the normal appropriation process.

In accordance with the instructions of this House, the provisions in the House bill on budgetary control were regarded as essential, and they have emerged substantially intact in the conference agreement.

For that reason, if for no other, the conferees' report should be speedily approved.

Now, as for the location of the agency in the executive branch, another basic tenet of the bill as drafted and as passed by the House is that the agency established to operate the canal is an agency of the United States in the executive branch of the Government. This might appear to be an obvious conclusion, but during the hearings in the House a considerable amount of confusion arose from arguments by administration witnesses that the provisions of the treaty for appointment of four Panamanian nationals to the board, to supervise the Commission as required by the treaty, removes those members of the board and, inferentially, the Commission from the executive branch and the constitutional authority of the President over the executive branch.

The report of the conference removes all doubt on this issue by specifically placing the commission in the executive branch and expressly recognizing the authority of the President with respect to the commission which under the Constitution is plenary and complete.

Also composition of the board, an issue in the conference, which was related to the form and management of the agency, involved the provisions of the bill on the composition of the supervisory board.

The bill as passed by the House required that of the five U.S. nationals appointed to the board, three of the members should have experience in U.S. steamship operations, U.S. port operation, and labor relations, respectively. No comparable provision is included in the bill as it was passed by the Senate.

As a compromise measure, the conference returned to the theory of the bill as originally introduced requiring that three of the five U.S. members be drawn from the private sector, and the statement of the managers urges the President to make appointments to the board, taking into consideration the desirability of appointing members with the backgrounds I specified earlier.

Concerning coordination of operation and defense of the canal, H.R. 111, as passed, provided for operation of the canal under the direction of the Secretary of Defense and further continued in force the authority of the President, in time of war or when war is imminent, to subject the operation of the canal to the orders of an officer of the U.S. armed service designated by the President.

The conference report preserves the concept of these provisions of the bill by providing that the authority of the President over the executive branch agency established to operate the canal shall be exercised through the Secretary of Defense. The bill, as recommended in the conference report, further provides that when the security of the canal is threatened from any source the administration shall, on order of the President, comply with directions of the U.S. military officer charged with protection and defense of the canal.

On property transfers, a vital constitutional issue and one of the most controversial aspects of the 1977 treaty, I can state to the Members emphatically that the sections on property transfer were agreed to by the Senate conferees, and the conference report, adopts the House language categorically providing that no property of the United States located in Panama may be disposed of except pursuant to law enacted by the Congress.

The conference provision then authorizes the transfer which the United States has undertaken in making its treaty with Panama, subject to a requirement that each transfer after the initial transfer must be reported to the Congress by the President 180 days in advance, with information identifying the property to be transferred and the reason for the conveyance, and with a certification by the President of the state of Panama's compliance with the treaty.

□ 1550

The provision in the bill as it passed the House expressly recognizing the constitutional authority of the Congress to dispose of and make necessary rules and regulations with respect to property of the United States is also retained in section 1344 of the conference report.

In my judgment, these provisions fully and completely protect and preserve the position of the House in this issue, and in view of the vigorous opposition to inclusion of these provisions, I consider that their preservation in the bill is a significant achievement.

Now, as for the financial protection of taxpayers and users of the canal, the Rudd language was included in this conference report, as it was included today before the Committee on Rules in the authorization legislation that will shortly come before the House.

Now that language, as it passed the House, limited expenditures by the commission to the amount of revenues and requiring deposit of all revenues in the interest of both the U.S. taxpayer and the user of the canal who must pay the cost of operating the canal through charges for its use.

The provisions of the bill as it passed the House improve the procedures for establishing rates of tolls to permit a greater degree of influence by the users of the canal and recognize the right to judicial review of toll rates established by the Commission. These improvements are retained in the conference report.

A provision included in the Senate amendment of the bill expressed the sense of Congress that costs of implementing the 1977 treaty should be kept to the absolute minimum level and that the cost to the taxpayers should not exceed the March 1979 adjusted executive branch estimate of these costs.

It should be noted that these costs of implementing the treaty are primarily costs of the Department of Defense incident to maintaining defense bases in Panama under the 1977 treaty provisions, which, in effect, establish the same type of defense base agreement as that used for U.S. military bases elsewhere. Such military costs in Panama have never been treated as part of the cost of operating the canal to be recovered from tolls, and H.R. 111 continues the established principle. As a practical matter, it is unlikely canal tolls could be increased to a point where such costs could be recovered from the users of the canal.

As to employee provisions, H.R. 111, as passed by the House, contained liberal and admittedly expensive provisions for special benefits for Panama Canal employees whose jobs and conditions of employment are affected by the treaties.

These affected employees fall generally into the following categories: Those whose employment is terminated; those who retire voluntarily; and those whose jobs are transferred to the Department of Defense or to Panama; and fourth, those who elect to continue employment with the new Panama Canal Commission.

H.R. 111, as passed by the House, included a wide variety of provisions that would benefit those various employee groups, including provision for a placement program for terminated employees; an early retirement plan; permanent provision for recruitment; differential of 25 percent above base pay; cost-of-living pay adjustments to offset cost increases resulting from the loss of privilege to buy in military stores; and a general provision that Panama Canal employees transferring to other Government agencies would continue to work under conditions of employment no less favorable than those they enjoyed prior to October 1 of this year. The Senate generally adopted the House provisions on these employment matters but the House bill and Senate amendment differed in three respects in their specification of those benefits which must remain generally no less favorable for employees who were employed by the Panama Canal Company and Canal Zone Government and who will continue to work for U.S. agencies in Panama.

The House bill provided that not only the rates of basic pay but also the basis for establishing such rates would remain generally no less favorable. The Senate amendment included only rates of basic pay. The principal effect of this change is to discontinue the requirement that teachers, policemen, and firemen who are employed in the future will no longer be tied to the District of Columbia rates for teachers, policemen, and firemen, which are the highest in the country. Such employees employed in the future will receive the going rate for similar employees of other U.S. Government agencies.

The House bill provided for the continuation of the sabbatical leave program provided to teachers by the Canal Zone Government, but increasing the level of sabbatical pay from one-half to full pay. The Senate amendment contained no sabbatical program, in conformity with the Department of Defense worldwide educational system, which will operate the former Canal Zone schools.

On this point the Senate receded, with an amendment restricting sabbatical pay to one-half of basic pay, the same rate as that now in effect for teachers employed by the Canal Zone Government.

One other employment provision of the conference report merits special comment.

The House bill contained a provision which applies certain provisions of the Fair Labor Standards Act to U.S. agencies operating in Panama. The Senate amendment contained no comparable provision.

As a compromise on this issue the conferees agreed to drop the language continuing the minimum wage provisions of the Fair Labor Standards Act since they added language outlining the wage policy to be followed by U.S. agencies operating in Panama. This section provides for a $2.90 per hour minimum wage for employees of Federal Government agencies operating in the areas made available to the United States pursuant to the Panama Canal Treaty and related agreements. This is about twice the amount of the minimum wage in Panama. It further provides that employees, other than employees whose pay is established in relation to rates of pay paid in the Continental United States, will receive each year, at a minimum, a 2 percent pay adjustment in the form of a step increase. This provision would not preclude payment of a starting wage that is higher than $2.90 per hour, if required, to assure that wages paid by Federal agencies remain competitive.

In their statement, the managers note that the Department of Defense has announced its intention to grandfather current employees of the Panama Canal Company and current employees of the Department of Defense in Panama at their current wage system, so that those employees who have been receiving U.S. Civil Service wage increases would continue to do so.

At the beginning of my remarks, I emphasized, without elaboration, the necessity for enactment of this legislation without further delay. That necessity arises from the bald, inescapable fact that on October 1, 1979, the Panama Canal Treaty enters into force.

Although I have always favored a new treaty relationship with Panama, I have never disguised my dissatisfaction with the ill-conceived, poorly drafted and controversy-provoking provisions of the 1977 treaty. However, regardless of any of our individual or collective views of the shortcomings of the treaty, it has been negotiated and ratified, and it will enter into force on October 1. At that time the only basis for continued operation of the Panama Canal is derived from the 1977 treaty—all prior treaties are abrogated. On the constitutional theory adopted by the administration, the provisions of the treaty for the transfer of U.S. property in what is now the Canal Zone, including the canal itself, are self-executing.

Again, my colleagues, this legislation must be passed prior to October 1, 1979, of this year. The world knows that the Panama Canal Treaty of 1977 triggers on October 1 of 1979. The United States must have in place in Panama the operational necessities to operate and maintain the Panama Canal.

The canal was built with the American taxpayers' money for a purpose. The purpose was interoceanic navigation and the movement of goods in the most expeditious and in the cheapest manner. Seventy percent of the tonnage moving through the Panama Canal either originates in or terminates in an American port.

Today, tomorrow, 20 years from now, that canal will continue to operate in the best interest of American commerce and world commerce.

The fact that in 1903 we started the expenditure for and the creation of the Panama Canal is no different than the activity and action of that canal in the year 2003. It will serve U.S. commerce, and it will serve world commerce.

This treaty, even though I opposed it, must be implemented.

This House responsibly must implement the conditions under which that canal will operate for the next 20 years. We cannot operate it properly without passage of this legislation. We cannot bring this conference report back again.

We can bring back a debt limit that was defeated earlier today with a lesser amount and pass it, we can bring back a budget limitation that was lower than was defeated last night, but we will not have another opportunity to face this issue of how we will deal with the Panama Canal again.

October 1 triggers in the new era. If we do not pass this implementation legislation, we have no legal basis to operate and maintain the Panama Canal.

The threats that the Panamanians will move in to operate it and to maintain it are valid.

We have many fine legal minds in this body, but nowhere has anyone come forward to refute the fact that we are in jeopardy legally if we do not have emphatically in place the mechanism to operate and maintain this vital element of American commerce, of American security, and therefore I call upon my colleagues to support this conference report.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I am wondering if the gentleman can tell me whether there has been a threat made by either General Torrijos or some other person in high authority in Panama that, if implementation was not approved by the Congress, that they would take some unilateral action regarding the property of the canal and everything involved. Has such a threat been made?

Mr. MURPHY of New York. In response to my colleague, I would say yes, such a threat has been made, unadvisedly.

We have heard many threats and much bombast over the years from Panama and from other dictators.

We have heard the threat that, "On October 1, we will move into the zone."

The treaty language itself specifically states that on October 1 Panamanian armed force may move into the zone.

The biggest Panamanian flag in history is being sewn right now in Panama to fly over Ancon Hill.

We know that this is going to happen on October 1. Whether or not some dictator makes a bombastic statement should not affect the deliberations of this House.

Our responsibility is to first act responsibly for the American public, for American commerce, and for American security, and set aside bombastic rhetoric that in so many instances has prejudiced our interests.

Mr. CHARLES H. WILSON of California. I thank my friend for his response.

Mr. MURPHY of New York. Mr. Speaker, I reserve the balance of my time.

Mr. BAUMAN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it is regrettable we have come to this late hour in the rather sordid history of the Panama Canal Treaties and find ourselves up against a deadline of October 1, as my colleague from New York has indicated.

I reject, however, his suggestion that we cannot do better than this conference report or that we lack the time to change it.

It is true that the other House has acted, but both Houses could still, in mutual agreement, correct some of the deficiences that I think exist in the document that we have before us.

I think the gentleman from New York and his staff are to be commended on the work that they did.

I commend the gentleman for the cooperation that he showed throughout, and I even commend him for his statement today, which I think was somewhat extravagant in certain parts. He forces me for the first time in our deliberations on this matter to correct some of the points he made.

Mr. MURPHY of New York. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from New York.

Mr. MURPHY of New York. The Senate today has already acted and adopted this conference report.

Mr. BAUMAN. I just stated that.

Mr. MURPHY of New York. It, therefore, makes it impossible to recommit this conference report. That is one of the facts of legislation that I face and that the gentleman faces.

I also want to thank the gentleman for the kind remarks he made for the way in which our committee continued its responsibility in regard to the bill.

Mr. BAUMAN. I have no doubt that some accommodation could be met with the other body, and it is my suggestion that we must do that.

This conference report comes before the House of Representatives at a time when all of the promises made by the Carter administration about the better relations that would exist in Latin America because of these treaties are in fact shown to be the sham that they were from the beginning.

We were told when these treaties were signed in 1977 that the United States of America was going to achieve a new era of understanding with Panama and in Latin America.

If you in your mind's eye will look at the map of the Caribbean, the gentleman from New York will have to admit we are in a far worse state today than in 1977 in both Panama and in the Caribbean, with 3,000 combat-ready Soviet troops only minutes away from the Canal Zone, with the Government of Panama in the hands of people who cooperated intimately with Castro and the Soviets to overthrow the Government of Nicaragua, with revolutionary movements at this very hour working against the established Governments in El Salvador, Honduras, and Guatemala, and many of the island countries.

☐ 1600

We are told under those circumstances that we should adopt the conference report that is perhaps in many respects far weaker than the bill that passed the House of Representatives.

I think the international situation I have described requires us to pass the strongest possible conference report. Oh yes, the gentleman is right, we achieved the major point that both of us, the gentleman from New York and the gentleman from Maryland, worked months to get, and that was an appropriated fund agency under annual congressional authorization and appropriation. Hopefully, this gives some degree of control to the Congress of the United States over the canal.

But what did we lose in the conference other than our shirt? First of all, let me refer to the fact that this particular treaty requires enormous payments of millions of dollars to be made to Panama. The House-passed bill sought to charge as part of the cost of the canal's operation anything that had to do with the implementation of the treaties. This was changed in conference to limit costs only to the operation and maintenance of the canal. So anywhere from $800 million to $1 billion will be slipped into the Defense Department budget, and if my colleagues vote for the conference report in its present form, they will be endorsing that higher tax bill for the American people.

But let me address myself to one of the most extraordinary provisions to appear in this conference report, and that is the one dealing with the transfer of property. We held in this House, and the gentleman from New York was one of the most articulate exponents of the view, that the House of Representatives had the right to transfer property in conjunction with the Senate, but that the President and the Senate acting alone could not give away sovereign territory of the United States by treaty. We voted for a bill in this House that transferred on October 1 roughly 55 percent of the canal to Panama. That was a vindication of the principle I have just described albeit not very pleasing to me. But this conference report says, and my colleagues will be voting for a provision, that allows the President and the Secretary of State to convey at any time after this becomes law, if it does, the rest of the Panama Canal, the operating areas, the locks, everything to Panama, simply by noticing the Congress over a 180-day period. The only way Congress could stop this would be to repeal the very conference report we now have before us. It is a most extraordinary grant of power to a President, one unparalleled in our history.

Does anyone here believe we may not face in a matter of months a situation in which the Panamanians make a demand upon us to get out? At that time, under this language, a President could reach a mutual agreement and pull out, simply informing the Congress that he has done so, and we have no mechanism in this conference report to stop that.

What happened to the fair treatment of tolls for American shipping that the Treen amendment required, the fact that we should take into account in setting tolls how the canal was built and paid for by Americans and American tax dollars. That amendment went out the window in conference.

What about the tight control the gentleman from New York established in his bill for the U.S. military in time of war, emergency, or threat to the security of the canal? That has been watered down now to advisory military powers over the administrator who will be a Panamanian in a few years.

The section saying that there would be no payments to Panama unless they refused to impose retroactive taxation on corporations and individuals has been watered down to a sense of Congress statement. And the board of supervisors for the canal, which the House wanted to represent port, labor, shipping, private business, that has been wiped out so that the President can name who he pleases, including, I am sure, one of the officials of the State Department that brought us this lovely package we face here today and the treaties that gave rise to it.

I would say we lost a great deal in this conference report. It is attested to by the fact that of the 25 conferees 9 of them refused to sign or declined to sign, 3 Members of the other body, and distinguished Members of this body for one reason or another declined to sign it, including the chairman of the Panama Canal Subcommittee, Mr. HUBBARD, and myself, the ranking member, Mr. WYATT of Texas, Mr. CARNEY, Mr. FISH, Mr. BROOMFIELD, and Mr. DERWINSKI.

The SPEAKER pro tempore (Mr. DANIELSON). The time of the gentleman from Maryland has expired.

Mr. BAUMAN. Mr. Speaker, I yield myself 5 additional minutes.

These folks did not wish to have their name signed to this conference, without prejudice to how they may vote on this.

We may very well be facing within a matter of days a very unstable situation in Panama. I think it is imperative, therefore, we pass the strongest possible form of legislative control over the canal for the remainder of this century.

Let me say, to put to rest once and for all the arguments my colleagues have heard and will hear in this debate, and we have some of them in a letter from the majority leader which was a masterpiece in evasion of the actual facts, if I may term it so, that the United States has the right under article III of the Panama Canal treaties to immediately, on October 1, retain the Panama Canal areas and run them for the next 20 years.

My colleagues can read article III. I have it here at the desk.

Under article IV we have the immediate right and the continuing right to protect and defend the canal in a military manner and to remain and operate our bases that are there now. These things will remain through October 1 if it takes us longer than October 1 to pass a bill.

So I say to my colleagues at this point in the history of the United States, when if anything is needed, firmness in foreign policy is needed, we in this House of Representatives as a coequal body with the other body, and a coequal branch with the Executive, have the duty to our constituents to pass the best possible bill. Unfortunately this is not it.

Mr. PASHAYAN. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman.

Mr. PASHAYAN. Would the gentleman please clarify one thing for me. If this House and the other body should not pass a bill, will the gentleman please explain the possibilities of remaining in Panama in a military sense in that would it not be the case that we would be n violation of the treaties?

Mr. BAUMAN. Before the gentleman proceeds, let me answer the point. That is not the case.

I read to the gentleman article IV of the treaties, clause 2.

> For the duration of this Treaty, the United States of America shall have primary responsibility to protect and defend the Canal. The rights of the United States of America to station, train, and move military forces within the Republic of Panama are described in the agreement in Implementation of this Article.

And that right will remain.

Mr. PASHAYAN. If I may follow up on my question——

Mr. BAUMAN. I yield to the gentleman.

Mr. PASHAYAN. The point is this, if the United States is in default of its other obligations under the treaty, is it not then possible that the nation of Panama could hold the United States in violation of the treaty; therefore, the treaty would not be applicable? My question is under that condition what right would the United States have to keep its military forces in Panama?

Mr. BAUMAN. The gentleman describes a situation that does not and will not exist regardless of what we do on this, even if we fail to act on implementing legislation. The gentleman is describing an ostensive violation, I assume, by not passing this legislation. No violation has occurred if we do not pass this legislation, and we still retain under the article I read to the gentleman the right to remain there militarily.

Mr. PASHAYAN. If the gentleman will yield further, he is saying, in other words, if we do not meet our financial obligations under the treaty, that is not a violation of the treaty?

Mr. BAUMAN. I will be happy to discuss in private all of the possibilities that might exist. What I am saying is we are not in violation of the treaty, nor is Panama at this point, and whether we pass this implementing legislation or not, will not cause any violation.

Mr. MURPHY of New York. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman.

Mr. MURPHY of New York. I thank my colleague for yielding. If the gentleman from California (Mr. PASHAYAN) will wait just a moment, I will say to the gentleman very certainly that under article III, section 10 of the Panama Canal Treaty this language that on October 1 terminates the Panama Canal Company and Canal Zone Government also terminates the U.S. ability to operate the canal. Sure, the treaty says we can be there. What are we going to be there for? Are we going to run an armed camp? We want to be there to operate a canal, and that is why we need this bill.

Mr. BAUMAN. We will be there to operate it, but we should be there in a manner that protects the interests of the American people rather than diminishing those interests, as this treaty did, as this administration has done, and as will be done if we do not pass the right kind of legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MURPHY of New York. Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Wisconsin (Mr. ZABLOCKI).

□ 1610

Mr. ZABLOCKI. Mr. Speaker, I rise in support of the conference report on H.R. 111, the Panama Canal Act of 1979. It is a carefully drafted bill which is the product of many months' work, reflection, and a great deal of thoughtful consideration on this very emotional issue.

I would like at the very outset to take this opportunity to commend in particular the gentleman from New York, the Honorable JOHN M. MURPHY, chairman of the Committee on Merchant Marine and Fisheries, for his outstanding efforts on behalf of the legislation, as well as the members of his committee. Certainly, I would include our colleague from Mississippi, DAVID BOWEN, who serves on both the Foreign Affairs Committee and the Committee on Merchant Marine and Fisheries. Further, I commend our colleague, the gentleman from Maryland, the Honorable ROBERT BAUMAN, if I may have his attention——

Mr. BAUMAN. Always, undivided.

Mr. ZABLOCKI. The gentleman from Maryland, Mr. Speaker, must be commended for articulating his views and that of the opponents of the legislation, not only here on the floor, but in conference. Although we did not agree with him and he was in the minority, he was helpful and played a constructive role. Fortunately he was not successful in some of his proposals in the conference which would have violated the treaties. Therefore we can honestly say, Mr. Speaker, that the conference report before us, is consistent with the treaties, and will enable a spirit of comity to prevail between the United States and Panama when those treaties enter into force on October 1.

Mr. Speaker, let me point out very clearly that there are some who believe that if we do not pass implementing legislation that somehow we would change the situation on October 1 and stop Panama from taking over the operation and administration of the canal in the year 2000. Nothing could be further from the truth.

If we are going to act in a responsible way, we had better adopt this legislation. It is in our country's national security interest and assures the proper operation of the canal, factors which should be uppermost and have the highest priority.

This conference report, Mr. Speaker, represents a compromise which retains the best features of both the House and Senate versions. Just this morning I had an opportuntiy to meet with an esteemed Member of the other body, Senator JOHN STENNIS, chairman of the Armed Services Committee and chairman of the Senate conferees. He stated to me his identical view, that this conference report, retains the best features of both the House and Senate versions.

The bill recognizes the importance and value of the employees to the continued smooth and efficient operation of the canal. It guarantees that those employees now working in the Canal Zone will not suffer a loss of benefits under the new treaty. The legislation provides for close congressional monitoring of the finances of the new Panama Canal Commission by requiring an annual appropriation of the funds from revenues generated by the operation of the canal. In other words, strict financial accounting procedures will be required, as well as audits by the General Accounting Office.

Moreover, the Panama Canal Commission also will be required to submit an annual financial statement to the President and the Congress. The conference report further safeguards the interests of the U.S. taxpayers by expressing congressional intent that a limit of $665.7 million be set on U.S. tax expenditures. This amount would be the spending ceiling for the cost of implementation over the lifetime of the treaties. None of these taxpayers' funds will be paid to Panama, contrary to what some people maintain. These funds will be used to cover U.S. requirements, primarily for defense-related expenditures.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. MURPHY of New York. Mr. Speaker, I yield 3 additional minutes to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Speaker, of paramount importance is that no violations of the treaty occur as a result of this legislation, and that we assure the continued efficient operation of the canal. Through careful efforts, language was drafted and agreed upon which maintains the letter and spirit of the treaties. Thus, we do not give Panama a reason or excuse to contravene the treaties by first doing so ourselves. The language substituted for the violative provisions does not compromise our position nor jeopardize U.S. security interests or rights in any way whatsoever.

Mention was made of some of the countries in the Caribbean and Latin America. Let me point out, Mr. Speaker, that as recent events in Central America have unfolded, it is all the more crucial that we expeditiously pass this legislation which will serve as a positive, reinforcing influence in the hemisphere. I think we have a better chance to bring stability in the area with this cooperative legislation rather than to challenge the smaller countries in Latin America.

It is therefore in the best interests of the United States to pass the legislation now. It will protect the rights granted to us under the treaties, and provide a mechanism for the continued operation of the canal. Mr. Speaker, I strongly urge the adoption of the conference report on H.R. 111.

Mr. BAUMAN. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. CARNEY), a distinguished member of the Panama Canal Subcommittee.

Mr. CARNEY. Mr. Speaker, as a member of the Panama Canal Subcommittee and the Committee on Merchant Marine and Fisheries, I have spent a lot of time reading and listening to testimony and investigating and analyzing material and information regarding the impact that the Panama Canal treaties will have on American interests. I state proudly and emphatically that I oppose those treaties, just as I oppose the legislation that is intended to implement the treaties. Every vote that I cast in committee, as well as on the House floor was intended to limit the damages that will be caused to America by the ill-conceived, poorly drafted and diplomatically bungled Panama Canal Treaty.

As passed by the House, H.R. 111 went a good way toward curing some of the financial inequities of the treaty, without violating the letter of the treaty or the spirit in which it was presented to the American people or approved by the Senate. In fact, Members of this body insisted that the conferees representing the House insist on the provisions of H.R. 111 and not give in to the Senate conferees who, it was known, would want a bill that was more amenable to the administration and to Panama.

What provisions were receded to in conference against the express directions of the body?

The gentleman from Louisiana (Mr. Treen) proposed an amendment that would have permitted a toll surcharge on foreign origin or destination cargo transiting the canal. This would help the United States to recover its capital investment in the canal. Since any basis for tolls must be discriminatory in some sense (that is, weight or value of cargo), this surcharge is not unreasonably discriminatory, and is, in fact, similar to a statutory requirement that existed earlier this century.

The greatest loss to the taxpayer occurred when the conferees rejected House bill provision 250(e) which blocked any contingency payment to Panama, unless Panama repaid the United States for all costs of treaty implementation incurred by the United States. The State Department argues these costs are "only" $800 million to a billion dollars. Some of our colleagues say they will amount to $4 billion. What did the conferees accept in lieu of this position? A requirement that Panama pay the United States for all costs associated with the maintenance and operation of the Panama Canal. However, article III of the treaty intends tolls to be used for operation and maintenance costs. In other words, since very little U.S. money will be used on operation and maintenance, this revised section will recover absolutely nothing. As it now stands, section 250(e) is an empty worthless shell.

Perhaps the greatest cop-out by the House conferees was to recede on section 374 of the House bill. As proposed in the original version of H.R. 111, and approved in subcommittee, full committee, and on the floor, House section 374 required that this administration or any future administration seek congressional approval for disposition of property to Panama (except for the initial transfers required by the treaty to take place on the date the treaty enters into force.)

The compromise language contained in the House bill is really no compromise at all. The conferees allow the Executive to transfer property between now and 1999 subject to mere notification of the Congress. In order to reject such a transfer, the Congress will have to pass a law rejecting the transfer and then override the Presidential veto that would surely follow. Section 374 is a charade. It does not protect the constitutional position of the House. In fact, the conferees agreed that the Senate does not recede from its position that American territory can be transferred by treaty.

There are other provisions of the House bill not accepted in conference. I will not dwell on them individually. Rather, I reiterate my opposition to the canal treaties. I have heard so many supposed opponents of the treaties base their support for this legislation on the theory that if the treaty was bad, this legislation would provide the Congress with some opportunity to control future events in regard to the operation of the canal. I say to my colleagues that there are now so many loopholes in the bill as a result of the actions of the conferees that supposed congressional power and control over the canal is an illusion, a myth, a nonexistent quality. If we are to pass a bill, let us at least insist on a bill that will indeed protect the American taxpayer, the American tollpayer, and the rights of this body.

☐ 1620

Mr. MURPHY of New York. Mr. Speaker. I yield 3 minutes to the distinguished gentleman from Mississippi (Mr. Bowen).

Mr. BOWEN. Mr. Speaker, I thought at one time it would be possible for the President of the United States to construct some kind of constitutional Rube Goldberg machine which would enable him to administer the Panama Canal without the benefit of legislation. After examining this issue very closely, I have concluded that it cannot be done. The constitutional precedents are very clear. I have gone through a study prepared recently by the Library of Congress which indicates that the only past examples of Presidents establishing Federal agencies unilaterally, through executive order, have been in wartime through the exercise of the President's powers as Commander in Chief and in instances where the Congress has not expressed a view to the contrary. At the same time, I know many of you are aware we have also placed restrictive language on appropriations measures we have considered this year which make it clear that funds cannot be expended in Panama except pursuant to appropriate authorization legislation.

Mr. Speaker, what we have come down to, then, is the fact that the President cannot simply take it upon himself to create a new Federal agency to run the canal. What that means is that on October 1, when the Panama Canal Company ceases to exist, we will have no successor agency in place unless we pass this legislation. The Panama Canal Commission is to be an American agency, a Federal agency, and the President cannot create it by himself.

If we fail to establish that agency, we will have no way to employ the personnel needed to run the Panama Canal, and we will have no justification under international law for remaining in Panama. Every canon of international law makes it abundantly clear that if one party to a treaty defaults in its treaty obligation, the other party is justified in terminating the treaty. We have a treaty obligation to create an agency to operate and maintain the canal for the remainder of this century.

Mr. Speaker, we have heard mention made here on the floor earlier that we might in some manner retain the right to keep our troops in Panama even if we do not create the agency, even if we do not honor our treaty commitment to to run the canal. That is not the case.

The authority for keeping our troops in Panama is in the Panama Canal Treaty, it is in article IV. At the same time article III of that treaty requires us to maintain and operate the canal. If, therefore, we fail in that obligation, if that should happen, tragically, and if Panama should under those circumstances ask for termination of the treaty, then we would have no right to keep troops or anyone else in Panama.

Under those circumstances the President might arrive at the sad, but accurate conclusion that the Members of the House of Representatives have given him very clear and unmistakable instructions that he should convey the Panama Canal to the Republic of Panama, because we have denied him the authority which he must have to administer it.

Mr. Speaker, I personally do not want to face my constituents next year and tell them I voted for this kind of giveaway of the Panama Canal. Now, more than ever, with 3,000 Soviet troops in Cuba, we cannot afford to tuck tail and run, to abandon the Panama Canal to General Torrijos, to pack up our bags and bring back our 10,000 American military personnel and 6,000 civilian employees in the Canal Zone.

The only way we can keep our forces there and exercise our right under the treaty to run the Panama Canal until the year 2000 is to pass this conference report. As an opponent of the treaties, I sincerely wish that we had more options open to us, that we did not simply have to choose between giving the canal away in 1999 and giving it away this year. But, those are the only choices. I know that our constituents want us to support the course of action which best serves America's security and economic interests. That course is clear.

Mr. Speaker, I urge the Members of this House to vote against a giveaway of the Panama Canal by voting for this conference report.

Mr. BAUMAN. Mr. Speaker, before I yield to the distinguished diplomat from Illinois, the senior intellectual on the Committee on Foreign Affairs on our side, I would like to comment that the statement of the gentleman from Mississippi was one of the most outstanding he has made in this long debate, one of the most interesting. How any rational being could conclude that those of us who wish to have strong implementing legislation are the ones who want to give away the Canal is beyond my comprehension. The gentleman from Mississippi (Mr. Bowen) has been the one who has done his best to support the Panama Canal giveaway along with his friends in the State Department.

I now yield to the gentleman from Illinois.

The SPEAKER pro tempore. The Chair is about to rule that the gentleman has consumed 1 minute of time.

Mr. BAUMAN. The Chair would not do that, I am sure.

In the sense that the gentleman could say that we supported a giveaway of this canal when indeed he has been the one throughout who has worked for that goal.

I yield 3 minutes to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, if this body had had a voice in ratification of the Panama Canal treaties, we might not be faced with the responsibility of fashioning implementing legislation today.

But the fact is, the treaties exist and will be in effect as of October 1. We have a responsibility to carry out the international obligations negotiated by President Carter and approved by the Senate. But we also have the responsibility to maintain the strongest possible defense and the most efficient management of canal operations.

It is clear that with implementing legislation, we will retain control over our vital interests in the canal; without it, we surrender the authority we would otherwise keep until the year 2000.

Without implementing legislation, we risk the disruption of canal services. The failure to pass implementing legislation will not revive prior agreements or treaties with Panama, because they cease to exist when these new treaties take effect. Without the necessary legislative framework in place when the treaties take effect, American citizens and U.S. resources in the Canal Zone will be put in legal limbo and jeopardy. There would be no authority to continue to operate the canal; pay its workforce, pay the 3,000 employees to be transferred to the Department of Defense to operate schools and hospitals; or provide for retirement of canal employees as a part of the reduction-in-force program.

A shutdown of the canal under these circumstances would result in a loss of tolls, an immediate adverse economic impact on the United States, limitation on U.S. naval vessel transfers at a time of a growing Soviet threat in Cuba, not to mention an oil shortage as Alaskan petroleum ceases to move through the canal to east coast and gulf ports.

Aside from the immediate chaotic conditions that would result by not having implementing legislation in place come October 1, we would also be faced with the possibility under international law of Panama declaring the treaties to be terminated. In that event, we might not have any legal right to continued presence in Panama—either military or civilian.

We have a responsibility to protect the rights of the U.S. under the treaties. We must insure the smooth and safe operation of this vital waterway. The only way to accomplish this is to enact this implementing legislation.

Mr. DERWINSKI. Mr. Speaker, there was mention made of the fact I did not sign the conference report. My failure to sign the conference report, or, I should say, refusal, was not based on a disagreement with the report. As a member of the House Committee on Foreign Affairs I am accustomed to sending messages to the administration. I am unhappy with the administration policy in Central America, I am upset with the Russian troops in Cuba, I am unhappy with administration indifference to Cuban troops in Africa. That was the message I was sending. I did so by not signing the report, but I support it and I urge your support for the report.

Mr. Speaker, I would also like to point up the differences you hear on the floor are honest differences of opinion. Since these are honest differences of opinion, no one's mind is going to be changed at this point by what we say about that subject. But let me just make this one point: when the final team of U.S. diplomats were appointed to negotiate this treaty, a great deal of fanfare and public attention was given to it. When the treaty was agreed to, there was a tremendous amount of attention given to it. It then followed, logically, that the Senate passage received a tremendous amount of attention and then if you recall the heads of all the Latin American countries came to Washington for an elaborate signing ceremony.

Now, whether we agree or disagree with any of these steps along the way, the point is that the expectations of the people in Panama, people throughout Latin America, are basically that on October 1 the treaty will be in force. If at this point the headlines south of the border should suddenly scream, "U.S. Congress Stops Treaty," you can imagine the diplomatic disaster and more than that, the possible public upheaval in Panama.

□ 1430

I would suggest that before you vote against the conference report, please think of the consequences. The consequences could be catastrophic to the ability of our people that operate the canal and it will be catastrophic to the image of the United States throughout Latin America.

I believe that we must adopt the conference report, since this would serve our national interests.

Mr. BAUMAN. Mr. Speaker, I yield 3 minutes to the gentleman from Arkansas (Mr. BETHUNE).

Mr. BETHUNE. Mr. Speaker, as best I can tell, there are some three classes of Members: Those who are for the treaty and for implementation; those who are against the treaty and against implementation; and those who are against the treaty and for implementation because they feel it was the responsible thing to do. I am in that last category. I voted to implement the treaty, even though it ruffled the feathers of my constituents in Arkansas.

We were the swing votes that passed this bill. We were persuaded by the arguments that America would somehow be welshing if we did not vote to implement. We were treated to the majority leader's notion on that subject, complete with an old Mexican saying about how Americans are known for keeping our word in their country.

We were persuaded by the argument, that we need to keep control as long as possible, keep our troops there, keep competent people there to operate the canal.

Well, now, it is not a question now of welshing. It is not a question of keeping people there or maintaining control, because the House bill that we passed would have done that.

The majority leader tells us it would have done it. The chairman of the committee tells us that our bill would have taken care of these things. Even the gentleman from Mississippi pledged to us that the bill we passed would have done that.

The fact is that the Senate changed our bill. They liberalized it.

So the question now is, why pass more than the minimum legislation? Why more than the bare bones bill that we did pass?

It seems to me if you vote now for more than the minimum bill that we passed, you either agree with the treaty, or you think we need to do more, or you want somehow to accommodate the Senate. I know the President and the Senate would like to have us adopt some of their thoughts. They passed the treaty and they now know it was a mistake. Misery loves company. They want us to participate with them. They want us to put our seal of approval on this document.

I would like to commend the chairman who has worked long and hard and has been most candid with all of us throughout this entire debate; but I think we ought to reject this compromise and send it back to conference. If the conference will send us back our bill, then I think we should approve it. I think it is time to quit compromising on this.

Mr. MURPHY of New York. Mr. Speaker, will the gentleman yield on that point?

Mr. BETHUNE. I yield to the gentleman from New York.

Mr. MURPHY of New York. We are at the end of the road sir. There is no recommittal. This is it. This is it as to whether or not we have orderly transition on October 1 or not. You only have one vote left.

We had the fidelity and stuck to the Bauman request to this House. We stuck section by section to the House language and when I summarize I will point out section by section where we stuck to the fidelity of our commitment to the gentleman from Maryland.

Mr. BETHUNE. Mr. Speaker, I respect the gentleman from New York very much, but it has been my impression since I have been here in Congress that the Congress does not respond to problems. The Congress responds to pressure, and the Senate will, too. If we reject this, there will be other conferences and they will bring it back.

Mr. MURPHY of New York. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Michigan (Mr. BONIOR).

Mr. BONIOR of Michigan. Mr. Speaker, I would like to let my colleagues know that throughout this whole debate on the implementing legislation, we have been dealing with a very, very strong, tough bill. Make no mistake about it, the bill that we began to work with in the Committee on Merchant Marine and Fisheries and the bill that was sent from this body to conference was a very tough bill. It was tougher than I certainly would have wanted to see.

It should also be pointed out that the gentleman from New York did an excellent job in retaining the House position in conference. Over 80 percent—over 80 percent of the issues held in disagreement were settled favoring the House position, including the principal position, the form of the Commission that was going to operate the canal for the next 20 years.

Now, we have before us, it seems to me, one of the most crucial votes that we in this Congress or any Congress for that matter, will cast on the relations with our friends in Latin America.

Just as the gentleman from Illinois (Mr. DERWINSKI) has pointed out, this is a very important vote for our Latin American neighbors. It should also be for us, but even more so as hemispheric leaders.

There were arguments made that events are happening in the Caribbean and Latin America that are not very favorable to us. Well, I would argue just the opposite. The recent hurricane that struck the Dominican Republic, as terrible as it was, has given us an opportunity to demonstrate our generosity and our willingness to help the people in the Dominican Republic. There is a good sense of feeling about America down there as a result of our humanitarian response.

The recent events in Nicaragua, and I know there is considerable argument among Members of this body about what should or should not have been done in Nicaragua, has given us the opportunity to participate in moving that country into a democratic posture in the Latin American world. Some would argue that in Nicaragua it was, indeed, the Communists that moved Samoza out; but if you look at the facts, I think it is quite clear that it was the Venezueleans and the Costa Ricans, two of the most democratic nations in Latin America, who led the charge to get rid of Samoza.

We can participate in feeding those people down there and moving them into our sphere of influence.

Finally, this piece of legislation, this conference report, will send a signal to Latin America that I think will bring this Nation back to the prominence it should have with the Third World, show our generosity and our kind spirit.

I would urge as strongly as I can that this body adopt this conference report. It is the last chance we are going to have. Let us do it with some grace, some style. Let us go out a winner on this issue.

Mr. BAUMAN. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. SPENCE).

Mr. SPENCE. Mr. Speaker, I rise in opposition to this conference report. I want my colleagues to know that I respect the opinions of everyone on both sides of this question; but I want history to record that I had no part in this giveaway of American property. From the very beginning we have caved in because of the threats of violence from some tin-horned dictator. I have heard the argument that if we do not give away our property we are going to have to fight in Panama. We have come from being the most powerful Nation in the world to the place we are today in the eyes of many people because we have backed down, cowered, and given in to every threat from everyone from all corners of this world. I am sick and tired of it, and I think the American people are sick and tired of it.

Torrijos has recently said that if we are not out by October 1, they will push us out. Well, I am here to tell you I want to see him push us out. I will not give up the canal freely of my own will.

I think the American people are demanding that some leader come forward and lead us back to our rightful position in this world, draw the line and let the whole world know we are the same kind of people we used to be.

□ 1640

Mr. BAUMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Idaho (Mr. HANSEN).

Mr. HANSEN. Mr. Speaker, this has been a long fight. We all have many responsibilities. At this very hour my 19-year-old daughter is in serious surgery in Arlington Hospital. I know many Members have planes to catch and other problems. But this issue is grave, and our decision today is most vital to our Nation's security.

With Soviet combat troops in the Caribbean, do we dare give away the Panama Canal?

Even the Senate today almost overturned its old ways on a 50–45 vote on the Dole motion to recommit nearly calling for an end to any payments and property transfers if Russian or other troops are found in Panama.

The SALT II treaty is in trouble, because of Soviet combat troops, planes, and submarines in Cuba. The Panama Canal Treaty is in trouble, because of Soviet combat troops and other military operations in Cuba.

The front door of our national security is SALT II. Panama is the back door. We must guard both.

First. Torrijos and Castro joined for a Marxist overthrow of Nicaragua. El Salvador is known to be next, and there are others coming.

Second. Torrijos and Arafat joined to supply Marxist terrorists and other revolutionaries in Central America, and third, Torrijos, with bootlegged guns from the United States, supplies Marxist terrorists and revolutionaries in the Caribbean.

Castro and Soviet troops threaten U.S. interests in Africa and Central America. Castro and Torrijos revolutionaries threaten U.S. interests in Central America.

To protect the front door, the Senate is moving to defer the SALT II treaty. To protect the back door, the House must defer the Panama Canal treaties.

There are additional big reasons to oppose the conference report on the Panama Canal treaty implementation:

First. The House lost its shirt in the compromise, and the people will, too, for approximately $1 billion.

Second. The report far exceeds provisions of the treaties, allowing the Executive to arbitrarily give up the whole package at any time. The fixed timetable to test Panama's good faith is gone.

Third. You will be voting the full transfer of property. You, not the Senators who approved the treaty, will be giving away the canal and all the money that goes with it.

Fourth. The House demanded certain sure provisions and did not get them; hence we should vote down the conference report.

The President is considering a counter to Russian troops in Cuba with a buildup in the Caribbean. Would not the best first step be to keep the Panama Canal?

If you voted against the implementation before, recent events have proved you right. If you did not, now more than ever is the time to oppose it and set these treaties aside.

There are big reasons for defeating the Panama Canal implementing legislation—Soviet troops in the Caribbean and a sellout of U.S. interests in Panama.

Do not be intimidated. Please do not let the fear peddlers say: First, we must appease Panama by giving up the canal; or second, that the treaties gave Panama some sort of a license to steal the canal on October 1.

Appeasement has never bought anything but bigger trouble, and the law protects us against any arbitrary Torrijos takeover by: First, the fact that the treaty does not go into effect until implemented by Congress; and second, even if the treaty does go into effect, we have the right to protect our interests. It is time to vote against implementation.

Mr. Speaker and my colleagues, the chairman of the Committee on Merchant Marine and Fisheries says this is it. Indeed, it is.

Does it bother you to have Soviet combat troops in Cuba?

Does it bother you to have Castro and Torrijos spreading Marxist terrorism around the Caribbean?

Does it bother you to have Soviet and Cuban troops standing between us and 75 percent of our oil imports?

Yes, 3 out of every 4 barrels of oil imported by the United States are originated, processed, or transshipped through the Caribbean Basin, according to reliable sources. Russian and Cuban troops are sitting on Uncle Sam's oil supply.

Does it bother you to have Cuban, Russian, and Panamanian troops controlling access to nearly half of the oil for American cars, homes, trucks, tractors, tanks, and planes?

Does it bother you to have: First, billions paid to Panama to take the canal; and second, treaty guarantees broken, jeopardizing United States control of the canal over the next 20 years?

If this bothers you, then vote to stop the giveaway of the Panama Canal. Defeat the treaty implementation conference report on H.R. 111.

The House caved in to the Senate on Panama; promises and instructions were broken.

House Conferee Bob Bauman says:

> The House position and the taxpayers (are) clearly the losers.

Senate Conferee John Stennis says:

> If we yield on that point, allowing the bill to specify an appropriated agency form for the commission, the House will yield on most of the other issues.

In this light one would have to challenge the letters now circulating from Congressmen John Murphy and David Bowen proclaiming major victories.

The Bowen letter claimed victory on matters generally not at issue in conference and ignored the cave-in key items which the House by a 3-to-1 vote had demanded be preserved.

The Murphy letter is clearly at odds with the Stennis and Bauman positions and rationalize a defeat into victory.

The House collapse is too obvious a betrayal of instructions and promises to sweep under the rug. National security, commonsense, and the honor of the House demand defeat of the conference report.

Remember, the House did vote 308 to 98 for conferees to uphold our position on several (not just one) key issues.

Remember, on June 20, Chairman John Murphy said:

> The gentleman from New York has no intention of going to a House-Senate conference and caving in to any position that is short of H.R. 111.

Remember, on June 21, Chairman Murphy said:

> We will come back with a conference report, and I will guarantee the gentleman from Idaho and the gentleman from Maryland and every Member of this House that we will keep intact the principles which we establish in H.R. 111.

The good intentions of my colleagues Murphy and Bowen are not contested, but we must face the facts:

Question: If H.R. 111 was the minimum necessary to protect the U.S. interest in the canal, why did the House make all the major concessions but one?

Question: Do we still want Torrijos to have the canal now that we know he is actively engaged with Castro and Arafat in the Marxist overthrow of Nicaragua, El Salvador, and other Latin nations?

Question: Do we still want to give Castro's revolutionary partner Torrijos the canal with Soviet combat troops and other military presence in Cuba?

Question: Do we still want to give up our permanent and unquestioned position in Panama when we now find that 3 of every 4 barrels of our oil imports are connected in the Caribbean?

The unions are most unhappy with the conference report, because it even dropped minimum wage protection for new workers that would have insured the personnel to keep the canal operating.

My friend from Mississippi, Dave Bowen, and the Washington Post (in today's editorial) might sell the idea among some people in Washington that we can protect American interests against Soviet troops in Cuba by giving away the Panama Canal, but it would not wash in my State of Idaho and most other areas of the Nation.

For many good reasons, I urge you to help defeat the conference report on H.R. 111.

Mr. MURPHY of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in these concluding remarks I would like to congratulate the gentleman from Maryland (Mr. Bauman) for the very outstanding manner in which he conducted the minority's business in conjunction with H.R. 111. He in effect was the anvil upon which we hammered out legislation which this House can approve today.

Let us look at the Record, the Record of July 30, 1979. The Bauman motion was to instruct the conferees to adhere to the following sections in the House bill. This is what the conferees did:

Section 101, the Commission—the House position.

Section 102, board membership—the House position.

Section 103, Administrator—the House position.

Section 104, Deputy Administrator—the House position.

Section 105, the Consultative Committee—the House position.

Section 110, the Code of Conduct—the House position.

Funds and accounts—

Section 231—the House position.

Section 232—the House position.

Section 233—the House position.

Section 234—the House position.

Section 235—the House position.

Section 236—the House position.

Payments to Panama, section 250—the House position, with the following exceptions: No. 1, the deletion of the Pashayan amendment that would have been outside the treaty; and, No. 2, the compromise language concerning the condition on payments. We only associated with implementation of those costs of operation and maintenance of the canal. We did not bring in extra defense costs. That is a reasonable position.

We also covered a sense-of-Congress resolution on retroactive taxation. That in effect adhered to the House position.

Section 371, on property—the House position.

Section 372—the House position.

Section 373—the House position.

Section 374, compromise language giving the President 180 days to come to the House but not changing the timetable for the transfer of property.

Mr. Speaker, I say to the Members of the House our position has been held. It has been held by the fidelity of the House conferees in that conference. What we have done is to protect the taxpayers, protecting them with the Commission form of agency. We collect every dollar, and it goes out through the appropriation process.

We have protected the employees who will run that canal for the next 20 years. These are U.S. employees.

We have protected the national security of the United States. We have put a military officer in command in time of war or national emergency. We have a commission in the Department of Defense. We have limited the power of the commission. We make them vote en bloc and there are five U.S. Commissioners. We, of course, require them to go to the Senate for advice and consent, and we suggest they come from industry, with three of them from private areas.

Mr. Speaker, if this does not protect to the maximum the position of the United States vis-a-vis a treaty you did not want or a treaty I did not want, I do not know what would. The treaty is over and done with.

Mr. Speaker, if we want to protect America's interests in the Caribbean, our only vote can be to approve this conference report.

Mr. GOLDWATER. Mr. Speaker, I do not think I can say too much more that has not already been said on the Panama Canal Treaties. I am against the treaties and I will vote against this conference report.

But, I would like to take this time to note that I am getting sick and tired of legislating under the sword of Damocles. This is the third time today I have been told to swallow my medicine and accept the situation stoically.

First we had the continuing budget resolution and the threat of departments closing down on October 1. Next we had the debt limit bill and we were told that we have no choice but to raise it or the Government will close down on October 1. Now, we are told that without this conference report all heck will break loose in Panama on October 1.

I would suggest we all have our umbrellas handy on October the first because it looks like that is the day the sky will fall.

● Mrs. SCHROEDER. Mr. Speaker, I rise in support of the conference report to accompany H.R. 111 the Panama Canal Treaty implementation legislation. The conference report is an acceptable compromise between two very different bills. In particular, the House's victory in winning the agency form of operation for the Panama Canal Commission until the year 2000 will assure that this body can continue to exercise meaningful oversight on the operations of the waterway.

As a conferee, the issues I was most interested in were those of protections for the employees of the Company and Government in what is now the Panama Canal Zone. Frankly, the House had to recede on any number of these issues. Even with these concessions, however, I believe the employees in the zone are adequately protected as they enter into this period of uncertainty. Clearly, it is far better for the employees to have a definitive statement of their rights and obligations in law before October 1 comes around, even if those rights are somewhat less than desired, than to have to work past treaty day with no clear idea of what is expected. For this reason, I urge the House to adopt promptly the conference report.●

● Mr. AuCOIN. Mr. Speaker, unfortunately, due to a scheduled trip back to my district, I will be unable to be present to cast my vote on the conference report on H.R. 111 today. Were I able to be present, I would vote "aye" in support of the conference report.●

The SPEAKER pro tempore (Mr. DANIELSON). Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 192, nays 203, not voting 39, as follows:

[Roll No. 497]

YEAS—192

Addabbo
Akaka
Albosta
Alexander
Ambro
Andrews, N.C.
Annunzio
Ashley
Aspin
Baldus
Barnes
Bedell
Beilenson
Benjamin
Biaggi
Bingham
Boland
Bolling
Boner
Bonior
Bonker
Bowen
Brademas
Brodhead
Brooks
Broomfield
Brown, Calif.
Buchanan
Burlison
Burton, John
Carr
Cavanaugh
Chisholm
Coelho
Collins, Ill.
Conable
Conte
Conyers
Cotter
D'Amours
Danielson
Daschle
Davis, S.C.
Dellums
Derrick
Derwinski
Dicks
Diggs
Dingell
Dodd
Downey
Drinan
Eckhardt
Edgar
Erlenborn
Ertel
Mazzoli
Fary
Fascell

Fazio
Fenwick
Findley
Fisher
Fithian
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fowler
Frenzel
Frost
Garcia
Gephardt
Giaimo
Glickman
Gonzalez
Gore
Green
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Hawkins
Hefner
Heftel
Holland
Holtzman
Howard
Hughes
Jenkins
Jones, Tenn.
Kastenmeier
Kildee
Kogovsek
Kostmayer
LaFalce
Leach, Iowa
Lederer
Lehman
Leland
Levitas
Long, Md.
Lowry
Lundine
McCloskey
McCormack
McHugh
McKay
McKinney
Maguire
Markey
Marks
Matsui
Mavroules
Evans, Ga.
Mikulski
Mikva

Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, N.Y.
Murtha
Neal
Nedzi
Nolan
Nowak
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Peyser
Preyer
Price
Pritchard
Railsback
Rangel
Ratchford
Reuss
Rodino
Roe
Rostenkowski
Roybal
Russo
Sabo
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Simon
Smith, Iowa
Solarz
Spellman
St Germain
Stack
Stanton
Stark
Steed
Stewart
Stockman
Stokes
Studds
Swift
Synar
Thompson
Traxler
Udall

Van Deerlin
Vanik
Vento
Walgren
Waxman

Weaver
Weiss
Wilson, Bob
Wirth
Wolpe

Wright
Yates
Young, Mo.
Zablocki
Zeferetti

NAYS—203

Abdnor
Anderson, Calif.
Andrews, N. Dak.
Anthony
Applegate
Archer
Ashbrook
Atkinson
Bafalis
Bailey
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bereuter
Bethune
Bevill
Boggs
Bouquard
Breaux
Brinkley
Burgener
Byron
Campbell
Carney
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Davis, Mich.
de la Garza
Deckard
Devine
Dickinson
Donnelly
Dornan
Dougherty
Duncan, Tenn.
Edwards, Ala.
Emery
English
Erdahl
Evans, Del.
Evans, Ind.
Ferraro
Fish
Flippo
Forsythe
Fountain
Fuqua
Gaydos
Gilman
Gingrich
Ginn
Goldwater

Goodling
Gradison
Gramm
Grassley
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hansen
Harsha
Heckler
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kazen
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, La.
Leath, Tex.
Lee
Lent
Livingston
Lloyd
Loeffler
Long, La.
Lott
Lujan
Luken
Lungren
McClory
McDade
McDonald
Madigan
Marlenee
Marriott
Martin
Mathis
Mattox
Mica
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore

Moorhead, Calif.
Mottl
Murphy, Pa.
Myers, Ind.
Natcher
Nichols
O'Brien
Pashayan
Paul
Perkins
Petri
Quayle
Quillen
Rahall
Regula
Rhodes
Ritter
Roberts
Robinson
Rose
Roth
Rousselot
Royer
Rudd
Runnels
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Staggers
Stangeland
Stratton
Stump
Symms
Tauke
Taylor
Thomas
Trible
Vander Jagt
Volkmer
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Wilson, C. H.
Wilson, Tex.
Wyatt
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.

NOT VOTING—39

Anderson, Ill.
AuCoin
Badham
Blanchard
Brown, Ohio
Broyhill
Burton, Phillip
Butler
Carter
Clay
Corman
Dixon
Duncan, Oreg.

Early
Edwards, Calif.
Edwards, Okla.
Flood
Gibbons
Gray
Hance
Johnson, Colo.
Lewis
McEwen
Murphy, Ill.
Myers, Pa.
Nelson

Oakar
Pickle
Pursell
Richmond
Rinaldo
Rosenthal
Santini
Stenholm
Treen
Ullman
Williams, Ohio
Winn
Wolff

☐ 1700

The Clerk announced the following pairs:

On this vote:

Mr. Murphy of Illinois for, with Mr. Hance against.

Mr. Myers of Pennsylvania for, with Mr. Nelson against.

Mr. Dixon for, with Mr. Stenholm against.

Mr. Corman for, with Mr. Treen against.

Mr. Richmond for, with Mr. Santini against.

Until further notice:

Mr. Phillip Burton with Mr. Anderson of Illinois.

Mr. Clay with Mr. McEwen.

Mr. Gibbons with Mr. Badham.

Mr. Edwards of California with Mr. Pursell.

Mr. Gray with Mr. Rinaldo.

Ms. Oakar with Mr. Edwards of Oklahoma.

Mr. Rosenthal with Mr. Winn.

Mr. Ullman with Mr. Lewis.

Mr. Wolff with Mr. Williams of Ohio.

Mr. Pickle with Mr. AuCoin.

Mr. Early with Mr. Blanchard.

Mr. Duncan of Oregon with Mr. Broyhill.

Mr. Carter with Mr. Brown of Ohio.

So the conference report was rejected.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill, H.R. 111, just debated.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 111, PANAMA CANAL ACT OF 1979

Mr. MURPHY of New York. Mr. Speaker, I move to take from the Speaker's table the bill (H.R. 111) to provide for the operation and maintenance of the Panama Canal and to provide for the exercise of the rights and performance of the duties of the United States provided in the Panama Canal Treaty of 1977, with Senate amendments thereto, insist on its disagreement to the Senate amendments, and request a further conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. MURPHY).

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. MURPHY of New York, DINGELL, BOWEN, HUBBARD, BONIOR of Michigan, WYATT, ZABLOCKI, FASCELL, HANLEY, Ms. HOLTZMAN, Mrs. SCHROEDER, Messrs. HARRIS, MCCLOSKEY, BAUMAN, CARNEY, BROOMFIELD, DERWINSKI, and FISH.

CRITICAL IMPORTANCE OF TURKEY TO THE WEST

The SPEAKER. Under a previous order of the House, the gentleman from Virginia (Mr. DAN DANIEL) is recognized for 30 minutes.

Mr. DAN DANIEL. Mr. Speaker, recently nine members of the Armed Services Committee visited Turkey in connection with the responsibilities of the Special NATO Subcommittee. Earlier we provided some basic information to Members of the House regarding Turkey's present economic and military problems. Of necessity, this information was not in great depth, and the following represents more detailed information, especially as regards the state of Turkey's defense capability. The technical information was verified during the course of our mission.

Many Americans do not appear to recognize the critical importance of Turkey to the West, of the grave problems confronting the Turks at the present time, and of the need for Turkey's allies to take steps without delay to help solve these problems.

Strategically, Turkey is our first line of defense in one of the world's most critical and unstable areas. It borders directly on the Soviet Union, on oil-producing Iraq and Iran, and on Syria. Eastern Turkey can be either a barrier against or bridge for Soviet access to the Middle East. Our interests, strategically, do not stop here. Geographically, Turkey also controls the straits between the Black Sea and the Mediterranean, critical to the operations of a large portion of the growing Soviet fleet, and equally critical to our ability to contain this threat in wartime. If the Soviet Union were to control or neutralize the straits, our ability to maintain our naval forces in the Mediterranean, particularly in the eastern Mediterranean, would be seriously hampered.

The military importance to NATO—and the United States—of the large and determined Turkish Army should also be emphasized. Their courage, dedication and military ability were ably demonstrated in Korea, and will be a vital factor in defending the southeastern flank of NATO in any military confrontation with the Warsaw Pact. But this requires that Turkey be economically healthy and militarily strong. Unfortunately, this was not the picture we saw in our visit to Turkey.

Turkey is beset by internal difficulties. High inflation, high unemployment, huge foreign debts, and general economic stagnation are root causes of much of its instability. Turkey's balance of payments picture in 1978 improved (still a $2.3 billion deficit); and this year the Turkish lira has been devalued between 24 and 43 percent against the U.S. dollar in an effort to effect discipline in the economic sector. Turkey has also appealed to the International Monetary Fund and to individual allies for aid which has been slow in coming.

Turkey's economic problems have been made worse recently by oil shortages. It has no oil fields of its own, and is dependent on Arab neighbors and the Soviet Union for oil, a factor that should not be overlooked in appreciating Turkey's concerns for her relations with these countries.

Terrorism, which exploits economic weakness, has been a problem for the past several years, and continues. The Government's difficulty in coping with it has undermined confidence generally in the nation's stability. Despite the imposition of martial law in some provinces, violence continues.

From the purely military standpoint, the needs of the Turkish Armed Forces are staggering. Steps must be taken quickly in order to provide for a capable defense and deterrent in this area. The combination of the U.S. arms embargo and the critical economic situation have left Turkey seriously weakened militarily. Turkish soldiers are as brave as you can find anywhere—but their courage alone will not be enough to face the forces arrayed against them. Warsaw Pact forces threaten Turkey in three areas of potential conflict: Turkish Thrace (Western Turkey), Eastern Turkey, and the maritime areas of the Mediterranean and Black Seas. In the West, Warsaw Pact ground forces comprise seven Soviet motorized rifle divisions; eight Bulgarian divisions plus five tank brigades (which would, in the event of maximum build-up expand to full divisions) 10 Romanian divisions, and 2 Soviet airborne divisions. Additionally, there are brigade and regimental sized amphibious, airborne and mountain units. These units are equipped with over 4,000 tanks and nearly 8,000 armored personnel carriers. Turkish forces in the area, which number seven infantry divisions and two mechanized divisions, occupy terrain which does not favor the defender. The only significant obstacle is the objective itself—the Turkish Straits. Warsaw Pact forces have a heavy advantage in armor and all their forces are mechanized, while the Turkish forces are predominantly infantry.

Against Eastern Turkey, 22 Soviet divisions are available. They are equipped with over 6,000 tanks and about 2,500 artillery pieces. These forces could be supplemented by one or more of the airborne divisions in the Soviet strategic reserve. In addition the Soviets have a considerable armed assault helicopter capability which could pose a serious threat because the Turks have no sophisticated air defense capability. Turkish forces in this area are outnumbered by about 4 to 1. In addition to the adverse force ratio, the Turks are facing Soviet forces directly, which would permit the Soviets to attack with little warning. Turkish forces here are at the end of a long and tenuous line of communication.

Depending on the situation in the Middle East, a portion of Syrian and Iraqi ground and air forces could be committed against Southern Turkey. The principal objective in this area would be to link up with Soviet forces moving south. Specific targets are likely to be the ports of Iskenderun and Adana, air facilities at Incirlik, and the POL pipeline from Iskenderun to Eastern Turkey.

The sea areas are also of great concern. A well-balanced Soviet naval force is now being maintained in the Mediterranean on a continuous basis, fluctuating in strength between 40 and 60 ships depending on seasonal exercise training requirements and the political situation in the area. This force is largely made up of Black Sea fleet ships, however, submarines and a few surface units deploy from the northern fleet. In addition to the naval units, about 200 Soviet/Warsaw Pact merchant ships are regularly present in the Mediterranean and can provide logistic support as well as intelligence to the Soviets. Soviet ships operate routinely throughout the Mediterranean with a high priority attached to the conduct of surveillance of NATO naval striking forces in the area. A number of anchorages in international waters are frequently used by the Soviets for maintenance and logistic support. The Soviet Mediterranean squadron is a threat to the main sea lines of communication through the Mediterranean and is capable of rapidly reinforcing Soviet forces in the Indian Ocean and can itself be reinforced in peacetime from the Black Sea fleet.

The importance of Turkey to the defense of the southern region and the whole of Allied Command Europe should also be noted. Turkey shares a 250-mile common land border with the Soviet Union. Its armed forces of some 517,000 are second in size within NATO only to those of the United States. They represent 50 percent of the southern region's armed strength. A half million men could be mobilized in 15 days, with 4.2 million available upon completion of full mobilization. Turkey has one of the longest conscription periods of NATO (20 months) with conscripts making up approximately 90 percent of the armed forces. Of the 17 combat divisions and 20 separate brigades of the Army, all are committed to NATO except 1 division and 3 brigades. Of 16 primary mission Air Force squadrons, all are committed to NATO as part of the 6th Allied Tactical Air Force. The Navy is also responsible for the defensive mining of the straits to block Soviet access to the Mediterranean. The commander of the Turkish Navy also serves as the NATO Commander, northeast Mediterranean area, and although not technically committed to NATO, the naval forces are expected to assume wartime operational tasks.

Despite her economic problems, Turkey intends to keep her defense budget at about 5 percent of her GNP throughout 1982. Her 1979 budget shows that defense spending as a percentage of total government spending is one of the highest in NATO—on a par with that of the United States and the Federal Republic of Germany.

Turkey's role in the NATO Defense Alliance is significant as well because of its effect on Warsaw Pact nations' planning. Its size and position have caused the Warsaw Pact to allocate some 50 divisions and 1,000 tactical aircraft; forces that could drastically alter the military balance in other sectors of Allied Command Europe if they were for any reason released from their Turkish commitments. Turkey's control of the Turkish Straits is an effective bar to Soviet wartime naval Mediterranean deployments and, through the provisions of the Montreaux Treaty, affords the alliance a valuable peacetime check of Soviet operations. Her territory affords forward operating bases for allied strikes deep into the Soviet Union, strikes against targets which pose a threat not to the central and southern regions. There are 108 dual capable nuclear strike aircraft, or 55 percent of the southern region's land based strike aircraft, based in Turkey. It dominates the eastern Mediterranean, is the southern anchor of our NATO defensive line, and is essential to the defense of Greece. In the past Turkey has been a dependable ally, and a traditional foe of Russian southern expansion.

Since Ataturk's time, Turkey has consistently looked to the West for her future development. That has placed her in a position where the operability of her military equipment is sensitive to the availability of repair parts, often obtainable only from a single supplier. Almost 95 percent of Turkish military equipment is derived from U.S. sources. The armed forces, with their materiel, were created by grant aid programs in the post World War II and Korean war periods when large amounts of materiel were acquired at a small percentage of real costs. As MAP and grant aid programs declined, replaced by foreign military sales and straight commercial transactions, the cost of replacing obsolete equipment with modern weapons became a staggering burden for the Turkish economy. Despte the burden, Turkey will attempt to meet her defense needs, motivated by her determination to maintain a national defense posture against her traditional northern enemy.

Concurrent with the deterioration of equipment is the deterioration of morale. Curtailed flying hours and maintenance problems have inevitably created frustration and resentment—often aimed at the United States, because of the perceived lack of support.

As an indication of the scope of the problem, the following rundown touches on the status of some of the major items of equipment facing serious operational shortcomings through either obsolescence or lack of spare parts or both.

Turkey's tank fleet is aging rapidly. Of a total of 3,400 tanks authorized, only 2,800 are on hand. 266 M-47 tanks are no longer supportable, repair parts are no longer being made; and 2,200 M-48 tanks will become increasingly unsupportable from U.S. sources throughout the 1980's. This is 87 percent of the tank force on hand. Cannibalization will delay, but not solve, the problem. Turkey's program to modernize over 800 M-48 tanks has been set back 2 or 3 years, and the replacement program of acquiring at least 610 new tanks is contingent upon adequate funding—right now an unknown. Turkey now contemplates being able to acquire only 77 new tanks by 1982.

Antiarmor weapons consist, for the most part, of obsolete and ineffective weapons of World War II and Korean war vintage. Weapons such as the 3.5 inch rocket launcher, and 57 and 75mm recoilless rifle are ineffective against modern armor. Too few TOW long-range antitank guided missiles are on hand to influence the antitank capability. There is a glaring need to increase the density of weapons capable of stopping armor before it can significantly influence the battle. TOW is perhaps the single most effective weapon needed here.

Turkey's low and very low altitude antiaircraft defense is sorely deficient. At present, field army units have a limited antiaircraft capability which provides neither the scale of weapons nor the effectiveness required to meet the known air threat. The improvement of Turkey's overall low level defense is absolutely necessary to insure survivability in the face of the increasing enemy air threat.

Field artillery units are seriously deficient. As an example, of the authorized 648 self-propelled 105-millimeter howitzers, 402 are on hand. Of these 43 are from World War II and 359 from the Korean war.

Turkey's tactical communications capability is comprised almost entirely of U.S. equipment—most of which is now nonsupportable or nearly so. While 85 percent of authorized FM radios are on hand, only 5 percent are of the current generation and supportable. Only about one-half of authorized AM radios are on hand, and over half of these are noncited for armored personnel carriers, target acquisition equipment, and other systems.

Ammunition stocks are at critically low levels and these shortages are regarded as one of the most critical factors currently limiting the Turkish Army's capability. There is a vital need for stocks to be in balance with the overall fighting capabilities of the forces for which they are to be provided. Sufficient stocks to support 30 days of combat is the NATO minimum standard for the 1980's, with an intermediate goal of at least 20 days supply by 1982. Turkey's munition production from external sources is tenuous. It is almost certain that Turkey will not be able to meet the 1982 goal without substantial external assistance. Unless the program receives priority attention, Turkish forces will run out of ammunition in midstream.

The Turkish Air Force has about 217 combat fighters and 45 reconnaissance aircraft assigned in 10 fighter bomber squadrons, 4 interceptor squadrons, and 2 reconnaissance squadrons. The air training command has two additional squadrons of F-100 aircraft. Airlift capability is provided by C-47's, C-160's and a limited number of C-130's. The exact total of aircraft is not known due to cannibalization of existing assets.

However, one fact is certain; despite delivery of new F/RF-4 aircraft, the size of the Turkish Air Force is dwindling due to obsolescence and attrition. Current assets include: three squadrons of F-4E (52 aircraft) which are still undergoing conversion training, one squadron with 8 RF-4 aircraft and 6 RF-84's, the former still in conversion training; four interceptor squadrons of F-5's (46 aircraft); one squadron of reconnaissance RF-5's (31 aircraft); two squadrons of F-104G's (32 aircraft) with a primary role of nuclear strike; two squadrons of newer F-104's (34 aircraft). The sole F-102 squadron for all-weather air defense is being phased out as its aircraft are obsolete. None of the primary role air defense squadrons are all-weather capable.

Modernization programs are proceeding very slowly with critical deficiencies in night, all-weather attack, and reconnaissance aircraft, modern munitions, and ECM equipment. Not only has limited funding caused a slowdown in modernization programs, but the lack of spare parts has reduced operational readiness and flying time for pilot training.

Obsolescence, the lingering pernicious effects of the U.S. arms embargo, and heavy cannibalization, have resulted in an aircraft operationally ready rate of about 40 to 50 percent. Squadrons with older aircraft are reportedly as low as 30 percent. The NATO standard is a minimum of 70 percent.

Turkey's oil shortages, a problem intensified by the cutback in Iranian production, combined with a lack of foreign exchange, is having an impact on jet fuel and aviation gasoline supplies, which could become critical as time passes.

If a Warsaw Pact attack is to be met effectively in the air, the United States has only two courses of action; to provide a much greater number of U.S. air reinforcements more quickly; or to insure that in-place Turkish air forces are capable of mounting an effective defense. The latter action is more cost-effective both in terms of manpower and of equipment.

For the most part, the Turkish Navy is composed of former U.S. Navy ships and submarines which have been acquired since the end of World War II. These ships (ex *Fletcher* and *Gearing* class destroyers and Guppy-type submarines) are now more than 30 years old and despite some modernization are far from being capable, competitive surface combatants.

The Turkish industrial-technical base is sufficient to build modern naval units. However, weapons systems must be imported. The Navy is well-trained, well-motivated, and well-led, but the age and obsolescence of the Turkish fleet results in a significant inability to fulfill general defense plan tasks. There are shortages of good antisubmarine warfare (ASW) platforms, ASW helicopters, and rapid minelaying and minesweeping assets. Coastal craft, although numerous, are not generally fitted with surface-to-surface missile systems and compare unfavorably with the Warsaw Pact threat in that area. One bright spot is that they are fitting Harpoon surface-to-surface missiles on their new German-designed fast patrol boats, which will provide a quantum improvement. The effect of age in the Turkish fleet is worsened by a shortage of spare parts, limited weapons stocks and logistical backup.

The main thrust of assistance in the naval area must be providing new ships and modernizing and reequipping those older units still capable of making a significant contribution to the defense of the area, especially mining operations in the Turkish Straits and defense against amphibious operations.

The defense of the southern region requires strong and well-equipped Turkish Armed Forces. Those forces are rapidly becoming ineffective when compared to the increasingly modernized Warsaw Pact forces. Any armed force built on World War II and Korean war castoffs cannot survive on today's battlefield. It is not just Turkey that is at stake, nor just the southern region, but the defense integrity of the European alliance.

An investment soon in helping the Turks equip themselves to face the common threat will pay great dividends. Turkey can be a strong anchor on the southeast flank of NATO. But time is not on our side. The Turks are disillusioned by what they perceive as an abandonment of Turkey at a time when they need help.

The Turks are a proud people. They will not beg for help. They should not have to. It is in our best interests to help them, generously, now.

It is recognized that the foregoing is quite specific and deals with a subject about which a great many Americans do not concern themselves. Statistics are dry and boring but to ignore the meaning of these statistics is to invite trouble.

It has been said the American people do not care, do not want to be bothered with problems overseas when we have so many problems at home. But the problems of Turkey are too closely tied to our own energy supplies and our own defense needs to be comfortably ignored.

CLEVELAND GIVES QUESTIONNAIRE RESULTS—ANSWERS IT HIMSELF

The SPEAKER. Under a previous order of the House, the gentleman from New Hampshire (Mr. CLEVELAND) is recognized for 60 minutes.

● Mr. CLEVELAND. Mr. Speaker, last June I mailed out my 17th annual questionnaire to all residents of the Second Congressional District of New Hampshire, and now take this opportunity to place in the CONGRESSIONAL RECORD the results, together with my own comments and answers.

New Hampshire's Second Congressional District is bordered by Massachusetts, Vermont, Maine, and Canada. From past experience, I can state that our people's opinions are extraordinarily reflective of national trends and often well ahead of them.

This year more than 14,000 constituents took the time and trouble to respond. Many of them provided additional comments. It is unfortunate that space does not permit sharing some of those comments here. As usual, a number of constituents complained about the difficulty of answering questions either yes, no or undecided. The objection is valid, but as Members of this body well know, we too are faced with the dilemma of voting yes or no (or occasionally present) on bills which often contain large numbers of separate, complex, and distinctly difficult issues.

Because of New Hampshire's first-in-the-Nation primary, readers of the RECORD, as well as my constituents, will be particularly interested in the Presidential primary question and results.

Mr. Speaker, perhaps the most important message from the Second Congressional District is that people are intensely concerned with the problems of energy and inflation at home, the state of our national defense, and the conduct of our foreign policy abroad. This message is clearly indicated in their expressions of priorities and their answers to questions. Looking back over the last 4 or 5 years, it is interesting to note how consistently these concerns have been expressed and how sadly lacking has been our performance in Washington in addressing these problems.

The questions asked, the results and my comments follow:

QUESTIONNAIRE RESULTS

1. PRIORITIES

Of those issues and concerns which in your opinion are properly subject to Congressional action, which three would you most like the Congress to deal with in the coming months?

This year, the top item of concern for residents of the Second District is energy. This comes as no surprise in view of the events of the year to date. OPEC repeatedly raised its prices and the situation in Iran caused a notable instability in world oil markets.

Since the United States imports more than 8 million barrels of crude oil and petroleum products each day, most of it from OPEC, it is imperative that we become more energy independent. Obviously, increased domestic petroleum production and conservation, and further development of alternative energy sources all have an important role to play in this regard.

In addition, the elimination of numerous and unnecessary federal regulations and the present unworkable federally-imposed allocation rules for gasoline and other petroleum products would alleviate much of the impact of the energy problem. Many experts say that government energy controls have actually done more harm than good, despite the rhetoric of politicians.

Nuclear power and coal also have a much more important role to play in meeting this nation's energy needs. American coal would certainly be a great deal more reliable than foreign oil. As one small but graphic example, the Department of Energy left a lot of heads shaking when it gave the go-ahead to a Massachusetts power plant to burn home heating oil, enough to heat 90,000 homes, even though the plant is not yet built and could reportedly have been modified to use coal or less refined oil.

Inflation

Inflation remains a high-priority problem, having been ranked either first or second since 1973. There appears to be growing realization in Congress that government spending makes a major contribution to the inflation problem. However, there is still an unwillingness to make the difficult decisions as to which government programs to eliminate or reduce in the face of strong pressures from a multitude of special interest groups. The growing public support for a balanced federal budget may at last force Congress to take meaningful steps.

National defense and foreign policy

The third priority relates to our national defense. The debate on the second Strategic Arms Limitation Treaty (SALT II) has focused on this legitimate concern. The Second World War and the Korean conflict demonstrated that a strong national defense and the will to assert our national interest are essential to assure peace; weakness invites aggression. We live in a rough and untidy world in which countries large and small will push for advantage at any opportunity. We should remember, too, the irrational actions of dictators from Adolph Hitler 40 years ago to Idi Amin just recently. The threat from the Soviet Union is very real, and it is only our strength—economic, social, political, and military—which can possibly deter that threat. Thus, the need for a strong defense as part of a consistent, credible foreign policy belongs high on any list of priorities.

The list of our needs is long; hence, the importance of making difficult choices on the question of priorities. Failing such decisions, the most difficult problems will remain unsolved.

[In percent]

Energy	65
Inflation	47
Defense	23
Balanced budget	21
Nuclear power	13
Taxes	7
National health insurance	7
U.S.-U.S.S.R. relations	5
Government waste	5
Government regulations	4
Economy	3
Education	3
Welfare	3
Crime	2
Environment	2
Transportation	2
Congressional ethics	2
Social security	2
Panama Canal	1
Unemployment	1

As a contrast to issues which many constituents agree are national priorities, it is illustrative to consider other issues which relatively few people (less than 1%) indicated are among the most important facing Congress today. Yet my mail frequently reflects the intense interest that the following issues and concerns have generated:

Gun Control.
Balance of Trade.
Abortion.
Veterans' Benefits.
E.R.A.
Reinstatement of the Draft.
Monopolies.
Public Election Financing.
Illegal Aliens/Immigration.
Limited Terms for Office Holders.
Middle East.
World Hunger.
Arts Endowment.
Birth Control.
Morals.
S.E. Asian Refugees.
American Indians.
Alaska Lands.
Children's Rights.
Hatch Act/Election Reform.
Federal Courts.
55 MPH Speed Limit.
Gold Coinage.
Oil Price Decontrol.
Bottle Bills.
Elderly.
Housing.
Labor Unions.
Reduce Defense Budget.
Sunset Laws.
Marihuana Reform.
Capital Punishment.
Farming.
Rhodesia.
Government Reorganization.
Human Rights.
Busing.
Drug Abuse.
Domestic Policy (general).
Small Business.
Revenue Sharing.
School Lunches.
NASA.
Telephone System Breakup.
School Prayer.
Bike Paths.
Abolish CPSC.
Terrorism.
Gay Rights.
Motorcycles.
Post Office.
Abolish CETA.
Secure MIA Release.

Metric System.

Limit the Freedom of Information Act.

2. NUCLEAR POWER

Do you think that we should continue to develop nuclear power for generating electricity?

Yes 52 percent; no 42 percent; undecided 6 percent.

In both 1976 and 1977, 63 percent of questionnaire respondents favored construction of the Seabrook nuclear power plant. While continued development of nuclear powered electric generating plants is supported by a smaller percentage of respondents this year, I remain convinced that we need nuclear power as an essential part of our total energy supply for the rest of this century.

The Three Mile Island accident has raised a number of concerns, but the fact is that the many safety mechanisms and back-up systems at that plant did control the problem. The special Presidential Commission chaired by President Kemeny of Dartmouth College, other independent panels and Congressional committees are all actively involved in investigating the accident; these efforts should result in a thorough review of safety issues and produce even better safety measures.

At this time, about 35% of New England's electricity is generated by nuclear plants. Most of the rest—a full 60% of the region's electricity—now comes from oil-fired power plants, and most of that oil is foreign. Obviously, without existing nuclear power plants, the region would be even more dependent on imported oil, the supply and cost of which have been unpredictable and inflationary.

In addition to my support for nuclear power, I remain equally committed to the further development of alternative energy sources. This is reflected, in part, in my cosponsorship of legislation to encourage the development of wood, solar, and small-scale hydroelectric power, and in my consistent and active support for amendments to increase Presidential spending requests for research and development of alternative energy sources.

3. GASOLINE RATIONING

Do you believe federal gasoline rationing is needed at this time?

Yes, 21 percent; no, 72 percent; undecided, 7 percent.

Though gasoline rationing has received a great deal of support from the Carter Administration and the Democratic leadership in Congress, I join the vast majority of those responding to the questionnaire in opposing rationing at this time, and have so voted.

Proposals to enact stand-by gasoline rationing authority are an excellent example of political promises at work. Rising prices are obviously creating a severe hardship for many people, so along come the politicians promising the panacea of "the government" fairly allocating scarce gasoline.

Things which seem to be too good to be true usually are; this one certainly is. The Department of Energy itself has estimated (and not publicized) that a system of gasoline rationing would cost $1.5 billion in the first year alone and would require 31,600 additional government employees to administer. My experience with proposals of this kind is that the cost and number of new bureaucrats will probably be twice as high as estimated in the first year, and will rise in future years. Furthermore, we all should remember that rationing would be administered by the very same Department of Energy which developed the much criticized oil and gasoline allocation rules, is now spending more than $10 billion a year, and already employs about 19,000 bureaucrats. The Dept. of Energy not only has failed to solve the energy problem—it has become a major part of the problem.

The fact is that in our economic system prices do ration scarce commodities. Furthermore, they have the very obvious effect of encouraging conservation by users, and production of additional and/or alternate forms of energy by business. For example, who can doubt that rising prices since 1973 have dramatically shifted the purchasing habits of Americans toward smaller, more fuel-efficient automobiles? Likewise, who can doubt that the development of solar energy has been sharply accelerated by the fact that rising oil prices have made it much more cost-effective? Lastly, who can doubt that the widespread use of wood stoves and the corresponding development of much more efficient stoves, has been caused directly by rising fuel prices? Obviously, it would be nicer to continue with the surplus of inexpensive petroleum products which we all enjoyed prior to 1973. However, the fact is that era has come to an end. Higher prices for petroleum products, however painful, do effectively encourage the development of alternative energy, sources and energy conservation. It explains my position in favor of deregulation.

Should the gasoline situation worsen further, the need for a rationing plan could conceivably be justified, though it is doubtful that a completely fair plan could be devised. Those in rural areas where public transportation is nonexistent would be especially hard hit as would those who must use their car for work Therefore, Congress should have to approve any rationing plan, rather than use the gutless approach of giving the President a blank check to do whatever he wants.

4. BALANCED BUDGET

Do you favor a Constitutional amendment requiring a balanced federal budget except in time of national emergency?

Yes, 70 percent; no, 24 percent; undecided, 6 percent.

In a near repetition of last year's support for reduced government spending, there was an overwhelming vote in favor of a Constitutional amendment to balance the Federal budget. As a cosponsor of legislation providing for a Constitutionally-mandated balanced budget, I am greatly pleased by this high degree of support. Furthermore, the New Hampshire Legislature, to its great credit, passed a resolution which calls for a Constitutional convention for the single purpose of adopting an amendment to require a balanced federal budget.

Congress has demonstrated its ability to spend what it does not have—14 budget deficits in the last 15 years—and has increased the public debt to $830 billion. My votes last year against more than $60 billion in government spending reflect my strong feelings on the subject. In my opinion, it has caused inflation.

The best solution would obviously be for Congress to discipline itself to do what is right, instead of what is politically advantageous. However, since that is not likely to happen, it probably will be necessary to have some kind of Constitutional amendment to require balanced budgets or a spending limitation.

5. FOREIGN POLICY

Do you believe that U.S. foreign policy is generally consistent, and properly asserts our national interest?

Yes, 16 percent; no, 74 percent; undecided, 10 percent.

My agreement with the majority on this question should be clear. In recent years, our foreign policy has been inconsistent and has not, in my opinion, properly asserted our national interest. As a result, the United States has lost much of its credibility with the rest of the world.

Our miscalculation and indecision during Iran's period of turmoil left other allies such as Saudi Arabia deeply concerned over American intentions. The decision to withdraw our troops from South Korea (since reversed) is another example. Likewise, the sudden American move to sever relations with the Republic of China (Taiwan) left our allies which depend on treaties with the United States wondering whether this country would do the same thing to them if we found it expedient.

International negotiations during the past several years have likewise been characterized by inconsistencies. For example, just as Mexico discovered great reserves of oil and natural gas, the Carter Administration suddenly negated an agreement for American purchase of Mexican natural gas because the negotiated price conflicted with domestic political considerations. The result is that we managed to further alienate a neighbor and potential source of the fuel supply we so badly need.

The weaknesses in the SALT II Treaty have been much discussed in the news and need not be detailed here.

Closely related to foreign policy is, of course, our defense posture and here too there have been inconsistencies and indecisiveness; e.g., the neutron weapon, the B-1 bomber, cancellation of a nuclear carrier, the MX missile, etc.

6. NATIONAL SECURITY

Do you feel that the FBI, at home, and the CIA, abroad, have been unnecessary weakened by recent government policies?

Yes 61 percent; no 26 percent; undecided 13 percent.

It is quite clear to me that the CIA and FBI have been hurt badly in recent years by government policies, not to mention actual prosecution of agents who acted in line of duty. It is clear that in the past some people in the CIA and the FBI had on occasion done things which—judged with hindsight at least—were wrong. But it is also true there was overreaction.

In the zeal to disclose abuses and to correct them, vast amounts of information about the activities of both agencies were made public. For example, CIA agents abroad were actually named in the news media. For another, the FBI is now recognized by law to respond to Freedom of Information Act requests by federal prison inmates trying to discover from FBI files the identity of FBI informants who helped convict them!

Intelligence agencies of our allies around the world now often refuse to cooperate fully with our CIA because of a realistic fear that their own agents will be compromised. The threats this country faces in the world are indeed serious, and as part of our response we desperately need to have a strong intelligence agency, something better than the agency which for years failed to detect a combat brigade of two to three thousand Soviet combat troops in Cuba. And certainly the FBI should not have to help uncover its own informants.

We need these agencies to defend our interests at home and abroad. They also enable our leaders to make critical policy decisions of all kinds. Put simply, most decisions are only as good as the information behind them. With SALT II now under debate, the need for vertification of such treaties is obvious. The need to defend ourselves against international terrorism, although perhaps dimly perceived now, is also very real.

7. POLITICAL CANDIDATES

Do you feel that a person holding a federal elective office should resign upon becoming a candidate for a different public office?

Yes, 59 percent; No, 31 percent; undecided, 10 percent.

This question was asked to generate public discussion of an increasingly serious problem in our political system. During the last twenty years, service in the United States

Congress increasingly has become a full-time job. This is unfortunate since many Members now live in Washington year-round and are increasingly isolated from their constituents. Political campaigns are also increasingly lengthy.

Thus, if a Member of the House runs for the Senate or a Member of the Senate or House runs for the Presidency, it raises troublesome questions as to whether or not he or she is capable of performing two full-time assignments at once, and at the taxpayers' expense. Whether a requirement that such a person resign from office is the best solution is not entirely clear. Limiting Congressional terms is a possible solution. Shortening the period of campaigns might also help. It would definitely help if Congress returned to the policy of limiting its sessions so that its Members could return home for at least several months each year; such a Congress would certainly be more representative.

8. EDUCATION

Should Congress create a new Cabinet-level Department of Education?

Yes, 22 percent; no, 67 percent; undecided, 11 percent.

It's unfortunate that more Members of Congress didn't ask a question like this of their constituents before they committed themselves to vote for a Cabinet-level Department of Education.

This case illustrates one consequence of the growth of strong, single-purpose organizations which ask Congressmen to take a position on a subject of interest only to that group.

This question was extremely timely because the early results came in before the proposal was up for a vote in the House. With opposition running 3 to 1 against the Department of Education, any doubts I had were clearly resolved and I voted against the bill. Unfortunately, many representatives had made an earlier commitment. Despite the fact that many of them had second thoughts when ramifications of the Department of Education were explained, the bill passed the House by a narrow 4-vote margin. However, the House-passed bill is so different from the Senate bill that there is doubt as to whether agreement on a final version can ever obtain approval of the Senate and House.

A major objection to a federal Department of Education is the fear that it will result in greater federal control over educational policy. Our system, in which education is a responsibility largely left to the states and localities, has worked very well. One of the great strengths of this country is our diversity, and it would be sad indeed to lose the innovative and localized approach to problems that has characterized much of our history.

9. NON-RETURNABLE BOTTLES

Do you favor a *federal* law banning the sale of non-returnable beverage containers?

Yes, 52 percent; no, 42 percent; undecided, 6 percent.

This question deliberately specified a *federal* ban on non-returnable bottles. Over the years, it has seemed to me that this is a subject best dealt with at the state level, without the federal government getting involved. At the same time, especially after picking up the many bottles and cans which seem to land along the road by my home in New London, the thought has occurred that were I back in the New Hampshire State Senate, I would probably support a state ban on non-returnable bottles. Vermont and Maine have done it.

In previous years, these reports have discussed the proper responsibility of a Congressman when his own personal views are different from those of a clear majority of his constituents. In fact, one year the question was explicitly asked whether a Congressman, in such a situation, should vote his conscience or the views of his constituents. A majority of constituents said that their will should prevail over the individual member's beliefs.

After considerable soul-searching over the years, the best approach on this issue seems to be that when a Representative's views are the result of a deep personal conviction on a matter of great importance, he should vote those convictions and be able to defend them. Likewise, if a Member happens to have access to a great deal of information on a subject which is not widely known or understood, he should vote as that information dictates, rather than by the results of a questionnaire which may be based on limited information.

There is a third category, however, and it includes the question of non-returnable bottles. If a Congressman has an opinion, but it is not the result of deep conviction, nor of special information, it seems reasonable that the will of the majority of constituents should prevail. Therefore, although state action seems preferable, in view of the fact that a clear majority of my 2nd Congressional District constituents support a federal ban on non-returnable bottles, I'll vote for such a proposal if it comes along (but not, mind you, if it sets up a whole new agency and large staff to run it).

10. GUN CONTROL

On the subject of gun control, which one of the following do you support?

[In percent]

a. *Federal* laws to control the registration, manufacture and distribution of *all* guns	32
b. *Federal* laws to control the registration, manufacture and distribution of handguns *only*	19
c. *No* more *federal* laws on gun control	46
Undecided	3

Although a majority of my constituents feel that some additional federal control of guns is needed, I strongly agree with the large plurality that is opposed to any more federal control of guns. Gun control, as needed, should be left to states and localities.

However, one federal law we do need is a mandatory jail term for commission of a crime with a firearm. This would be far more effective in deterring criminals from the use of guns than controls which focus on the weapon rather than the person pulling the trigger.

On this issue, the undecided opinion is very low; clearly people have made up their minds.

11. BUDGET PRIORITIES

Dividing the Federal budget into the basic "guns and butter" categories of spending for defense and spending on domestic programs, where would you rather see budget cuts made?

This question was drawn from the questionnaire of my New Hampshire colleague in the U.S. House of Representatives, Norman D'Amours, who represents the First Congressional District. This was done to provide a comparison of public opinion in New Hampshire's two Congressional districts, as well as to check on the questionnaire's overall validity.

[In percent]

	Cleveland	D'Amours
a. Defense	17	18
b. Domestic Programs	41	44
c. Both	23	23
d. Neither	11	10
e. Undecided	8	5

The results obviously are very similar, which is a clear demonstration that New Hampshire voters are ready to face the necessity of setting budget priorities. Even more impressive is the clear mandate to reduce domestic programs. This reflects growing concern over our national defense posture, and a willingness to do something about it; it also demonstrates that the dangers of inflation are felt to outweigh the benefits of deficit spending for otherwise desirable programs.

12. PRESIDENTIAL PRIMARY

In order of preference, who do you believe would be the best candidates for each major party for the 1980 Presidential election?

Democrat	
Kennedy	2,688
Carter	2,269
Brown	482
Jackson	299
Udall	84
Moynihan	79
Mondale	52
Church	37
Other	241

Republican	
Reagan	3,217
Ford	1,436
Baker	838
Bush	760
Connally	592
Crane	220
Anderson	168
Dole	147
Other	645

The above represents the first-preference "votes" for possible candidates in the Democrat and Republican party primaries. However, 4,286 respondents did not cast a "vote" for a candidate of either major party. Obviously, it is still early and many people remain undecided.

This is a question which has been asked in previous Presidential primary years, and the results are particularly significant in view of New Hampshire's first-in-the-nation Presidential primary.●

EULOGY TO THE LATE JOHN RANDAZZO

The SPEAKER. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 5 minutes.

● Mrs. HECKLER. Mr. Speaker, John Randazzo won the acclaim of his community through a rare combination of qualities. A man of stalwart integrity, unceasing compassion, and forward looking business awareness, he earned the highest respect of his neighbors and colleagues.

As one who was supported and cheered by his friendship, I shared the admiration of the community for this outstanding citizen. I take this opportunity to share with my colleagues John Randazzo's eulogy—a statement of a man who was committed to the highest standards of family life, business ethics, and good citizenship.

EULOGY TO JOHN RANDAZZO

On behalf of Jean Randazzo, her children, and the relatives of John Randazzo, I wish to express the sentiments which I know are shared by all who mourn with them on this solemn occasion.

John was loved as a husband, a father, a brother, a friend. Love is not easy to translate into words. Nor is devotion, duty, or loyalty. John possessed all of these and more. He loved life completely and lived it with intensity. Not the superficial, verbal love as depicted so much in modern society, but love steeped in self-sacrifice, affection, and understanding. This is the legacy which he inherited from his devoted parents, and which he nurtured and passed on to his children and to the next generation.

Born of humble origins in the North End of Boston, disciplined in a large family with two brothers and six sisters, matured prematurely through the rigors of his father's business, educated painstakingly because of the dual pressures of work and study, all of these experiences he molded into the character and the personality which we admired and respected during those short moments of life we shared together.

In business he was a man of foresight and strong moral courage. He did not believe that those who were content with today would ever belong to the future, and twice in his entepreneurial career did he risk his fortune in order to advance the state of the art for his company and his adopted industry.

In his charitable endeavors, while he supported many, one charity was clearly closest to his heart. In pursuit of its goals, there was no limit in the extent to which he committed *"his"* resources and his dear wife Jean's energies and time. His success in such efforts is best attested by the large number of members from the Speech and Hearing Foundation who were included among John's closest friends, and who offer prayer here this morning.

In his private life, his filial devotion to his family and friends was unparalleled, as was his inordinate pride in his ethnic heritage. Who can forget the pomp and ceremony attendant to his yearly commemoration of the vigil of Christmas which he so affectionately entitled La Vigilia De Natale.

In all of his endeavors, mediocrity was totally anathema as he strove ever to excel. His scrupulous attention to the minutest detail earned him the deep affection of his peers in industry, in the community, and among the philanthropies with which he was involved. Whether it was the selection of a remembrance for his dear ones, the caring for of his cherished lawns and gardens, the preparation of a gourmet delectation in tandem with his beloved friend of happy memory, or even the perpetration of some wild prank on his dearest friends, he brought merriment and mirth to those who were the beneficiaries of his unbounded hospitality.

The scriptures teach us that every creature is challenged by God to a life of work intended to fulfill the Lord's destiny for all His people. Yet, few men are called to alter the pages of history. In his own inimitable way, John worked to change at least a small segment of events as it related to his family, his friends, and the business community. Those acts, significant in varying degree, when commingled with others of his contemporaries will comprise, nevertheless, the history of his generation.

As we meditate on his life, while it is difficult to discern the destiny to which he was called, let us not miss the meaning of his life.

By his own admission, he never considered himself a very religious person. Yet, he spent his days inculcating his children with the highest moral principles. When he became aware that his recent affliction was terminal, he inspired his family to accept his plight with faith and resignation to the will of God, and that peace for them would not come from backward glances at what might have been.

His eldest son, John, paraphrased this for us so succinctly the other evening when he observed that his father, having taught them how to live, now had taught them how to die.

Following in that example, if we are to honor John, let it not be with useless mourning, or vain regrets. During his life-span he touched each of our lives in a particular and special way. May his death motivate us to decide in the privacy of our own hearts what we shall do to perpetuate his memory.

Perhaps the act of taking him to his rest today will ever recall to mind the words of the poet, "Let death be constantly before our eyes, and who will ever entertain any abject thought, or covet, too eagerly, anything mundane." Should this recollection propel us to a life of greater personal sanctity, then perhaps the Lord's destiny for John will be fulfilled in us.

No greater tribute would he desire.

May he rest in peace.●

FEDERAL TENTACLES IN HIGHER EDUCATION

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. GOLDWATER) is recognized for 5 minutes.

● Mr. GOLDWATER. Mr. Speaker, one of the priorities of this 96th Congress was a sensitivity to the extent of Government regulation in Federal programs. Consensus seems to have it among Members of this body on both sides of the aisle that too much Government leads to economic decay—that the more pervasive our Government is, the more intrusive it is to the operation of private enterprise.

We have generally associated the role of the regulatory process with economic activity in the United States. As we are mulling over the case for bailing out the faltering Chrysler Corp., we are presented with the argument that the company's present condition was brought about by harassment from the bureaucratic monstrosity in Washington. I recognize this contention as a very significant reason for Chrysler's demise. What compels me to address the House on the issue of overregulation is my observation that the tentacles of Government signal calling have reached into areas of our society where we have traditionally thought they would not venture.

Last month I spent the recess of Congress talking with constituents in every community in my district. Everywhere I went I heard the complaints over our rate of inflation, the cost of living, and the uncertainty over our energy situation. And I also heard quite a bit from the small businessman who is tired of having OSHA tell him to follow some stupid rule. I heard from the parents of elementary schoolchildren who resents the Agriculture Department telling them they cannot make a purchase from a candy machine in the school building. People are telling me they think the 215,000 people working in the 30 largest regulatory bodies in Washington are creating more problems than they are solving.

What really raised my ire, though, was an article which appeared in the Los Angeles Times on August 31, after I had heard 4 weeks of complaints about how overregulated we are. Paul Seabury, a political science professor at the University of California Berkeley, has written of Government intrusion on college campuses all over the country. His point is that Federal aid for higher education is conditioned on compliance with Washington's view of how a university should be administered. No compliance to the letter—no aid.

I am including in the RECORD a copy of Professor Seabury's article and urge my colleagues to read it. The grasp of government has gone too far, and Professor Seabury illustrates a perfect case-in-point.

The article follows:

COLLEGES REAP THEIR OWN CROP OF MISERY—FEDERAL REGULATION

(By Paul Seabury)

The world is full of ironies; a businessman who reads what follows may do so with wry amusement.

For more than half a century, American universities have been the chief seed-beds for ideas about how to regulate society and business. Now the tables are turning, and the petard hoists its creator. After only a decade of intense activity in Washington, American higher education today is as much subject to federal regulation as is the automobile industry. Since it is now true, as Clark Kerr once prophesied, that American universities have become public utilities, it will do no good for defenders of academic freedom to cry for exemptions and immunities. If every other major American institution (except churches and newspapers) is meticulously regulated by federal authorities, why should universities be given favors.

Regulation penetrates nearly every college and university in the country. This is particularly intriguing, since American higher education—exemplar to the world—grew to maturity before World War II with no federal assistance whatsoever (except land grants to some state colleges), and federal regulations were unheard of until very recently. Now, regulation touches and controls so many aspects of university life that few people, besides administrators and higher-education specialists, have the slightest comprehension of what is going on.

In contrast to federal regulation of business, the government's motives behind this cascade of rules for the most part have been benign, not punitive. Universities are a good thing, worthy of the government's warmest embrace. The chief reason that the embrace has encountered so little resistance is that for several decades there have been a common-law marriage; universities and colleges were already heavily dependent on federal money before Washington decided to indulge its reformist zeal. Now, the threat of across-the-board contract cancellation is the federal government's chief weapon to exact compliance with its directives.

Regulations breed little regulations; federal regulators breed campus regulators. Consequently, universities are now awash with directives and inspectors; the costs of compliance are incalculable. But dismay about cumbersome and time-consuming regulatory procedures may only deflect attention from the purposes that gave rise to them in the first place. The basic question is: What does the Federal government want colleges and universities to do?

First of all, it wants them to be agents of its social purposes. Some of these are now fixed in statutes; others, such as preferential hiring requirements, are creatures of its bureaucracy. The government wants universities to be agencies and laboratories of social change, and the regulations to accomplish this are legion. It wants universities, furthermore, to be physically and psychologically safe places, and it has devised its own standards and hired its own inspectors to see that this comes to pass. It insists that the rights of disadvantaged and handicapped persons be protected, and it establishes its own rules to see that this is done. To this particular end, and regardless of cost and demand, it now requires that any campus area, building, classroom, laboratory, office or dormitory be accessible to persons in wheelchairs.

To protect laboratory animals from possible discomfort, it requires that cat and dog cages be air-conditioned—a right that is not yet established for academic persons. In the name of sexual equality, it now forbids the construction of women's cot-rooms—since these, unavailable to me, violate Title IX of the Civil Rights Act. Colleges must allow sexually integrated dormitories. Regardless of consequences to the great American game of football, college athletic budgets now must allocate funds equally between male and female sports; male and female coaches' salaries must be equal.

The federal government imposes heavy constraints on research; scientists are hounded by auditors in their laboratories. The concern here is not simply with accountability and safety but also with the safety of subjects of research. A doctrine of prior restraint now is to be seen in regulations for the "protection of human subjects." Campus watchdog committees, which are required by federal regulations, now routinely scrutinize research proposals of scholars and scientists, to ascertain in advance whether the research may damage its human subjects, either physically or psychologically.

To protect students, the federal government now insists that once-confidential evaluations of them by faculty members be open for their inspection; thus, the contents over time become innocuous. Confidential personnel files now may be inspected by federal agents to discover whether systematic discrimination is being practiced. Universities are obliged, under duress, to devise their own race-quota and sex-quota schemes. Severe accountability requirements act as straitjackets for scientific investigators, hampering flexibility and imagination.

In brief, what Washington requires of every college and university on its payroll is that it be a place of equality, safety, privacy and openness—and that it accept Washington's own shifting, yet rigid and uniform, standards and criteria. Otherwise, no money!

A former bureaucrat, a man once responsible for devising federal guidelines for hiring women and minority academics, and a man who now regrets his past transgressions in this crusade for virtue, recently told me a funny story. Under his supervision, in the early 1970s, the Department of Labor had conjured up a proposed directive to universities, to the effect that standards of competence in a particular department by which minority and women's competence should be measured would be based on the current competence of the least competent member of that unit. When Harvard got wind of that proposed regulation, it sent a distinguished team to Washington to remonstrate with this official. Tempers waxed hot in the argument that ensued. Finally, one of the Harvard emissaries said angrily, "Now you just tell me, Mr. Secretary, how exactly shall I go about determining who is the most incompetent members of my department?" The official replied wryly, "It's easy!" He then mentioned the name of a well-known academic celebrity. Harvard was not amused; the dean seized a nearby ashtray and hurled it at his regulator. (The proposed regulation was rescinded.)

Today, however, there is more resignation than anger in the groves of academe. Maybe you have to get used to anything, as long as it is virtuous. Maybe the late writer, Albert J. Nock, was on the right track when he observed, "Virtue is more to be feared than vice, because its excesses are not subject to the restraints of conscience." ●

HIGH INTEREST RATES CONTRIBUTE TO INFLATION—NOT A CURE

The SPEAKER. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, the current revival of the headlines pertaining to the gold speculation situation and the debate about whether that impacts America's financial security or not, and the inordinate, unconscionable, usurious high interest rate problem reminds me of a very dramatic and emotional statement that was made in a speech at a political convention about 90 years ago by William Jennings Bryan, who then said that the American people were being crucified on a cross of gold. Certainly today we face a far greater threat than that if we picture the American standard of living as that entity that will be hanging on the cross than whatever danger confronted Mr. William Jennings Bryan.

On top of that, the concomitant malady of the high interest rates, the leaders of the country, both in the financial world as well as in the political world seem to act as if it is because of an act of God, as if nothing can be done and nothing should be done other than the bloodletting technique of high interest rates as a panacea for inflation, when the truth is that high interest rates are not a cure, they are also a contributing factor. In fact, high interest rates are the most virulent of factors in inflation. The dilemma underlying so many of the things I have been trying to say now for a few years, including two of the requests or commendations I made to the President of the United States month before last, in July, before the recess, and also to the Chairman of the Federal Reserve Board.

Mr. ECKHARDT. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I am delighted to yield to my colleague from Texas.

Mr. ECKHARDT. The gentleman has been expressing a thought that has long been needed on this floor, and I wish to associate myself with his remarks and congratulate him for what he has defined here as the major evil of interest rate inflation.

Mr. GONZALEZ. I thank my distinguished colleague from Texas. I am very much encouraged and inspired, and actually it is the first expression I have gotten of interest or concern since I have spoken out on this issue, actually going back to 1970.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I am delighted to yield to my colleague from California.

Mr. JOHN L. BURTON. Mr. Speaker, I would like to commend the gentleman from Texas for his cogent remarks on this very vital issue.

Mr. GONZALEZ. I thank the gentleman from California.

The Federal Reserve has just acted to raise interest rates once again, this time by a 4–3 split decision. In New York, the prime interest rate has hit 13¼ percent. Around the world, panicky trading in gold drives gold prices to fantastic new levels each day. Gold trading areas look like bookie joints, with frenzied trading by amateurs the like of which the world has not seen since the high flying days of the twenties. There is, by any measure, a money panic.

The Federal Reserve is uncertain about its own policy. It is intensely divided on just how tight the money market should be at a time when the economy is showing greater weakness with each passing day, and each new measure. The division within the Fed does not merely show its own uncertainty, but goes on to feed the greater uncertainty in the gold and money markets.

Small investors who are panicked by the rate of inflation are abandoning investments in favor of gold speculation. In other countries, where there is threat of instability or doubt about the future course of the world economy, the old flight to gold is once again taking place. Gold feeds on uncertainty, and there is more than enough of that in this divided, restless and uncertain world.

The Federal Reserve has time and again turned to its tight money policy to combat inflation, and each time with no clear result, other than to shut more millions out of the housing market, close down more small businesses, and throw more people out of work. It is a medicine that does not work, but it is resorted to again and again, as if repetitions will change the story. But the story does not change.

The policy we are seeing today is sorry, it is bankrupt, it is shameful. Yet few seem ready to raise questions about it, few seem ready to think about a new course of action. If history is any guide, only cataclysm and disaster will bring forth the courage to invest a new policy. I hope that we will not allow ourselves to drift that far, but the danger of it is real.

The evidence now is that domestic monetary policy is no longer just in the hands of our national authorities. The economies of the industrial nations are so closely intertwined that whatever happens in one affects all the others. A decision to change interest rates can only be undertaken with an understanding and appreciation that it will affect the whole international money market, and so it must be coordinated closely with the policies of others.

This should surprise no one who understands the nature of the modern world, or the dimensions of the Eurocurrency market. Nor should it even surprise anyone who understands the speed and efficiency of modern communications, let alone the sophistication of money dealers.

In the planning for the postwar industrial world, the need to closely coordinate economic policies was clearly understood. What is more important, it was clearly understood that money should have a universally understood and clear value—or numeraire, in the jargon of monetary theory. The basis of world currency was the dollar, which itself was based on a gold measure. Every currency had a fixed relationship to the dollar, and that was rigidly maintained. In such a world there was stability and order, and the world prospered.

But all of this order collapsed in 1972, when the United States declared that it could no longer maintain the fixed value of the dollar. Some adjustment was needed, that is clear, but what happened was simply that the monetary order established in 1944 was torpedoed, jettisoned, and abandoned. Nothing took its place. In this brave new world the value of money was to be set by the markets, but the markets never functioned, and for a simple reason. No government in its right mind would leave its whole economy at the caprice of a market that other governments could and would manipulate.

Since the collapse of the Bretton Woods system, the money of the world has had no real anchor point, no firm reference point. In the absence of anything else, there started a drift back to the oldest thing of all, and that is gold. Gold cannot ever be the basis of a monetary policy, because gold is the most controlled commodity of them all. It is subject to every kind of irrational action, as events of the past few weeks show. But its psychosis is old and arresting, and no number of Treasury statements banishing the thought of gold will end its grip on those who seek to be its captives.

If gold cannot be the foundation of a rational policy today, any more than it could in 1926, then what are we to do?

We cannot allow the present drift to go on. We cannot pretend that high interest rates will do anything other than what they are doing, and that is erasing hopes and destroying the basis of economic progress.

But where are those who should be signaling for a new policy, for a new and fundamental reordering of monetary policy—which has needed doing for 7 long years? Where are those distinguished voices who so fatally and confidently launched the world into these uncharted waters? Where are those who predicted that monetary order would establish itself of its own accord? They are nowhere to be found, seen or heard.

Where are those who should know best the fatal consequences of what is happening today? Where are those distinguished persons who should know best what is needed?

There is drift, and in the drift, silence from the Federal Reserve, from the Treasury, from the Economic Advisers, from the academicians, and even from the distinguished chairman of the Banking Committee itself.

This is a deplorable state of affairs. Leadership is needed, but it is wanting. The gold bugs are claiming that they see catastrophe. They ought to be wrong, but they will not be proved wrong by an empty policy, one that does not see that what the world needs, and is calling for, is a genuine monetary structure, one that works and makes sense—not a floating policy, and not a gold standard, neither of which will work, but a policy that has a clear structure, a basis in reason, and an enforceable discipline. That cannot be achieved without clear and decisive leadership, and it cannot be done without struggle and imagination. But it can be done. It must be done.

NATIONAL LUPUS WEEK

The SPEAKER. Under a previous order of the House, the gentleman from Oregon (Mr. AuCoin) is recognized for 5 minutes.

● Mr. AuCOIN. Mr. Speaker, today I would like to remind my colleagues that this is National Lupus Week, a time to call attention to a little known, little understood disease, lupus erythematosus. Even though more than 500,000 Americans suffer from lupus—and more than 50,000 new cases are diagnosed each year—few Americans are aware of it or its ravages.

Lupus, in its mild form, appears only as a rash but in its more severe form, is a rheumatic disease that can involve kidney and blood, heart, and lungs. And according to the American Lupus Association, it may appear in different forms and with different intensities at different times in the same person. While many afflicted with this disease suffer only mild effects, others are not so lucky: About 5,000 Americans die from it each year.

Unfortunately, we are long on statistics about lupus and its symptoms, but short on answers as to what causes it, and even more important, how to cure it. Current theories about the cause of lupus erythematosus hold that it may be a special type of allergic reaction in which the victim develops antibodies against his or her own tissues. But the basic question remains: What sets off the reaction?

Because the symptoms of the disease are so similar to those of other illnesses, it is difficult to identify. But diagnostic tools do exist.

Mr. Speaker, there is another side to the story about this pervasive disease that is not told in medical language or statistics. It is the individual story of each person who suffers from it.

Earlier this summer, I received a letter from a constituent, Mrs. Margaret Wallace, whose daughter was a victim of lupus erythematosus. It is a short letter that summarizes in a simple but eloquent way the tragedy of lupus and the dilemma we face with it. Mrs. Wallace wrote:

> One year ago today, our beautiful daughter . . . lay critically ill in an intensive care unit at the University of Oregon Medical Center. She had suffered a near fatal heart attack, the result of the ravages of Lupus Erythematosus. She died on July 23, 1978.
>
> At the time, I could only feel relief that she no longer had to suffer; she'd had so much during the ten years since her disease was diagnosed. Too many young persons, and older ones too, suffer because symptoms aren't recognized, treatment is inadequate. We need to find a cure.

In reminding my colleagues today of National Lupus Week, and calling their attention to the tragic character of it, I want to echo the plea of Mrs. Wallace—we need to find a cure. By educating ourselves about this disease perhaps we will have a better understanding of this need and will be sympathetic to efforts to educate others about it and the efforts of medical practitioners to find its cause.●

ASSAULTS ON U.S. INTERNATIONAL NUCLEAR SPENT FUEL PROPOSALS ARE UNWARRANTED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Bingham) is recognized for 20 minutes.

● Mr. BINGHAM. Mr. Speaker, I would like to recommend to my colleagues a recent statement by Assistant Secretary of State Thomas R. Pickering, regarding U.S. international nuclear spent fuel storage proposals. In a very timely manner, Ambassador Pickering confronts head on a growing set of misperceptions about U.S. plans in this area; misperceptions which threaten to sabotage a crucial international effort to prevent the spread of nuclear weapons worldwide.

In particular, the statement explains exactly how and why the United States is considering several islands in the Pacific Basin area for a possible interim, internationally managed nuclear spent-fuel storage center. Repeating what has been made clear to the Congress and to every affected nation in that region, Ambassador Pickering underscores the very preliminary nature of this spent-fuel storage initiative, and the vital importance to our nuclear nonproliferation strategy of systematically exploring all potential alternatives to large scale "reprocessing" and the use of weapons-grade plutonium in the nuclear fuel cycle.

Unfortunately, these two key aspects of the Pacific Basin storage proposals have been largely forgotten in a public debate which already borders on hysteria.

Recent press accounts claim the United States has "targeted" a particular Pacific Island, Palmyra, on which to "dump" United States and other countries' "nuclear garbage."

In fact, no comprehensive site-specific studies have yet been initiated, and it will be at least 5 years, by conservative estimates, before the necessary environmental, economic, health, and safety, regulatory and institutional issues can be resolved to permit any spent fuel transfers to any Pacific island. I would add here, that none of the islands of the Pacific Trust Territory of the United States have even been considered for this purpose. Moreover, all proposed spent-fuel storage arrangements will be subject, by U.S. laws, to careful congressional scrutiny and veto.

There are no plans to store U.S.-generated nuclear spent fuel on a Pacific site—it is intended to satisfy the nuclear spent-fuel storage needs of countries in that region—that is, Japan, South Korea, and Taiwan—in a way that will be safe, and far less threatening to world security than the presence of individual national nuclear spent-fuel stockpiles which otherwise could be converted into arsenals of lethal plutonium bombs. At this very moment top U.S. officials are in Japan to discuss bilateral cooperation in any Pacific Basin storage scheme including Japanese willingness to undertake a joint comprehensive feasibility study and to share the overall costs.

It is important here, too, to distinguish between nuclear spent fuel and high-level nuclear waste. The latter is created by reprocessing nuclear spent fuel—the very step which a Pacific Basin spent-fuel storage center would help countries defer taking at this time. High-level wastes have also been the focus of considerable concern, particularly after reports of repeated leaks at the Hanford and West Valley reprocessing facilities. While a method must be found soon which will permit the safe geological burial of high-level waste materials, spent fuel can be safely stored above ground for several decades. Indeed, this is being done today at every nuclear powerplant in the United States. The administration has made very clear to all parties that no permanent or geological disposal of nuclear materials in the Pacific area is even being contemplated.

The point is, that the Congress has an interest and responsibility to promote—not impede—this systematic and constructive attempt to find viable international spent-fuel storage options. It was the Congress in 1978 which overwhelmingly passed the Nuclear Non-Proliferation Act and thus mandated that the President move in this direction. Even the most vocal critics of nuclear power recognized then that the proliferation problems already exist and must be dealt with. This will remain the case, notwithstanding a possible substantial slowdown in international nuclear power growth following Three Mile Island.

Perhaps no site in the Pacific Basin area will ultimately meet the rigid criteria for use as the first multinationally managed and protected nuclear spent-fuel center. But certainly every promising option should be carefully explored. At this time the U.S.-owned islands of Palmyra, Wake, and Midway are receiving the most serious attention as potential interim storage sites. Hopefully, our discussions with nations in the Pacific region might produce other suggestions for multinational storage centers which would, of course, be subject to the same vigorous analysis which will precede final selection of any U.S.-owned spent-fuel storage site.

For the same reasons described above, but with even more urgency, the Congress must also face squarely the need for one or more sites in the United States to store limited amounts of foreign nuclear spent fuel.

I know this proposition is no more appealing on its face than the Pacific Basin proposals. But we have to accept the facts: There is a lot of U.S.-supplied nuclear fuel spread all over the world, and we have a national security interest in assuring that it is not misused to fabricate nuclear weapons. We accepted this in 1978 when the Nuclear Non-Proliferation Act was overwhelmingly endorsed. Nothing concrete, however, has been done to implement those provisions relating the spent fuel.

I am not suggesting that we try to retrieve all United States origin nuclear spent fuel—although the Soviet Union has had a longstanding and very effective nonproliferation policy of retrieving all of the Soviet supplied nuclear fuel around the world. Rather, we must be prepared to take back nuclear spent fuel in those circumstances where our nonproliferation interests would be clearly enhanced. The most obvious circumstances were spelled out in the 1978 act and, include: If a country detonates a nuclear bomb, violates an international safeguards agreement, or otherwise misuses U.S. nuclear materials toward the fabrication of nuclear weapons. I would remind my colleagues that India would not be in the position she is today—able to convert U.S.-origin spent nuclear fuel into an arsenal of nuclear bombs—had we acted decisively after her 1974 nuclear test to cut off further nuclear trade and to retrieve the remaining spent fuel for safe storage in the United States.

The Congress has a very important obligation to formulate effective legislative strategies which will enable us to develop quickly but cautiously a credible foreign spent fuel retrieval and storage option in this country. We have no time to lose.

Excerpts from Ambassador Pickering's statement dealing with proposals for international spent fuel management solutions follow:

Testimony of Thomas R. Pickering, Assistant Secretary for Oceans and International Environmental and Scientific Affairs, U.S. Department of State, Before the Committee on Energy and Natural Resources of the U.S. Senate, June 5, 1979

I am pleased to be here today to discuss U.S. plans and programs related to spent nuclear fuel storage. I will, in response to committee inquiries, place particular emphasis on our preliminary consideration of potential storage sites in the Pacific Basin and on the problems of international spent fuel management. These matters are inherently of interagency concern, and I have, at your suggestion, asked representatives of the Department of the Interior, the Department of Energy, and the Department of Defense to join me here today.

With me today are Ms. Ruth Van Cleve, Director of Interior's Office of Territorial Affairs; Mr. Marvin Moss, Associate Director of the Energy Research Office of DOE; and Captain John Silva of the Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics; as well as several others who have a direct interest in this matter. I believe you have a list of the Executive Branch attendees at today's hearing.

INTRODUCTION

A key goal of U.S. non-proliferation policy is to demonstrate the technical and economical viability of spent nuclear fuel storage as a means to deal with the large amount of nuclear waste expected to be generated internationally in the next decades. By this means we expect, at least in the near term, to reduce international pressure to reprocess spent fuel for waste management purposes. (Of course, reprocessing is not a solution for the nuclear waste problem.) We hope thereby to minimize concomitant pressure to construct prematurely additional sensitive reprocessing facilities before there is an economic need for the resulting separated plutonium and before we have fully explored and developed technological choices and institutional arrangements to reduce associated proliferation risks.

Such an approach to the viability of spent fuel storage must involve actual sites and actual hardware, and it should be decided upon soon because far-reaching decisions will be made by many countries in the next few years. Therefore, acting on what we believe to be a clear congressional mandate in the Nuclear Non-Proliferation Act of 1978, the Administration has undertaken active consideration of an array of international spent fuel management options, including preliminary assessments of sites, storage technology, and legal arrangements. We have also had preliminary discussions and communication with key nations.

Our efforts have focused in the near-term on the acceptance of foreign spent fuel on a limited basis in the continental US and for the longer-term on the concept of international storage centers for spent fuel. Particular attention has been placed on the Pacific Basin area because of projected future storage needs of Western Pacific Basin countries, and the importance that dealing with those needs has for global energy and non-proliferation concerns.

I want to emphasize that, while sites in the Pacific Basin are being studied, the concept envisaged is for the late 1980's and 90's and these studies are preliminary. No site has been selected. There are no plans yet prepared to transport spent fuel into the area from any nation even for demonstration storage possibilities.

PACIFIC BASIN

A preliminary study to evaluate potential spent fuel storage sites in the Pacific Basin and some of the technical, environmental, and economic aspects was initiated last fall in response to an anticipated need for increased storage capacity in that area in the next decade. A review of whether any islands in the Pacific might be possible sites for an interim spent fuel storage facility was ongoing at that time. The study was performed by an interagency working group under the NSC Ad Hoc Non-Proliferation Group which I chair.

As I indicated in the draft report of the Working Group, attention focused on three possible sites: Palmyra Atoll, Midway Island, and Wake Island; with the first of these appearing in preliminary evaluations to be a better potential site than the latter two. As you know, the report of the Working Group included generic technological and economic factors in island storage and a very preliminary site evaluation of Palmyra Island. Although, oceanographic, meteorologic, and various political factors appeared to reduce the likelihood that Wake and Midway would prove feasible for the purpose intended, it was the tentative conclusion of the Working Group that each of these sites should also be evaluated, if possible.

Selection of sites for preliminary technical, economic, and environmental impact assessments were based on a number of criteria including: a location which was uninhabited or not indigenously populated and far from populous areas; a location without severe weather conditions and having long-term geologic stability; a location with sufficient land area including areas for necessary harbor and airfield facilities; and an undisputed U.S. territory not part of the Trust Territory of the Pacific Islands.

Other criteria, applied to the kind of spent fuel storage which might be used included a passive, easily monitored design which virtually eliminated any risk that there would be any uncontrolled release of radioactive material over the limited storage time of perhaps 30 years; one which minimized on-island facilities; and one which would have minimum environmental impact.

Palmyra Atoll

Palmyra Atoll, located approximately 1,000 miles SSW of the Hawaiian Islands, was identified as having an unusually favorable set of characteristics:

1. It is indisputedly a United States territory; the ownership title is unquestioned;

2. It is accessible from United States territory, but far from populous areas;

3. It is considerable distance from politically unfriendly or unstable areas;

4. It is uninhabited; it is also not used for any commercial purpose;

5. It lies out of the path of severe weather conditions;

6. It lies in an area of seismic quiescence;

7. It is an area of apparent long-term geologic stability;

8. It has high rainfall providing ample fresh water;

9. It already has rather well protected artificial dry land areas, and contains a sufficient amount of land area to allow habitation by support personnel; the U.S. Navy made major modifications to the island during the early 1940s;

10. It has a protected and large lagoon suitable for modification into a harbor with rather minimal effort;

11. It is for sale, and the legal impediments to its procurement are not insurmountable;

12. It is situated in a wind and ocean current pattern such that, in the unlikely event of an accident, any contamination would be carried a long distance before reaching any populated area; and

13. Environmental impacts to the island from development of the proposed storage and support facilities appear to be amenable to accurate estimates and the preliminary view is that they can be avoided or mitigated through careful planning.

Based on these considerations, Palmyra Atoll, which has about 500 acres of dry land area, was chosen as the subject for a preliminary assessment study. A carefully chosen group of 6 technical experts (a geologist, a meteorologist, a reef biologist, a geographer, a harbor and channel engineer, and an island construction expert), after adequate preparations, spent two-and-a-half days on Palmyra in January of this year gathering some initial data and observations to add to existing information. While this survey was an essential step it obviously represents limited data collection and analysis of the site to date. The study which includes the Palmyra assessment is currently in draft form and contains initial information on the—

Stability and other aspects of the island geology;

Possible effects of meteorology and seismic events, for example, Tsunami and severe storms;

Effects on the island of construction and operation;

Overall island conditions and available resources;

Corrosion extent and materials durability;

Adaptability of the island to development;

Harbor, channel, and other island conditions;

Potential environment impacts and measures to reduce or avoid impacts;

Cost comparisons of spent fuel encapsulation and storage arrangements, and

A preliminary conceptual plan for use of the island as an interim spent fuel storage facility.

TECHNICAL CONSIDERATIONS

Four concepts for island storage of spent fuel were evaluated:

1. Sealed, dry, above ground, passive, concrete container storage,

2. Sealed dry well,

3. Sealed casks on a floating barge, and

4. Sealed casks in a submerged barge.

Preliminary comparison of such critical factors as accident suspectibility, dispersion risk, monitoring difficulties, corrosion susceptibility, technological development requirements, and licensability uncertainties lead to the conclusion that the first concept, the sealed concrete container, is at this time the most attractive option and is used in the report as the reference case. On the basis of the preliminary evaluation, the two barge concepts were found least attractive.

The study showed that approximately 100 acres of land would be required to provide the necessary space for arranging the sealed concrete containers, assuming that each container has at least 0.5 MTU of spent fuel and that the facility's design capacity would be 10,000 MTU. A suitable 100 acre area is readily available on Palmyra, with only routine dredge and fill work required. Adequate space would remain for various installation facilities and personnel housing, as well as for wildlife refuge and recreation area. Environmental impacts can either be avoided or substantially mitigated.

OTHER CONSIDERATIONS

The cost per kg for spent fuel storage cannot be accurately computed with present uncertainties, but based on Palmyra-type conditions, the cost was estimated to be about $200 per kg.

Another factor that arose during the Palmyra model analysis that could have significant impact on the economics and institutional aspects is the location of the encapsulation facility for the spent fuel. Of the several possible options, two were examined: (1) encapsulation in the source country of the spent fuel, and (2) encapsulation on the storage island.

In addition to loading and unloading facilities, spent fuel handling facilities, and possible concrete container fabrication operations, various support facilities would be needed on the island.

It is worth pointing out that, in developing this preliminary technical and economic analysis, it was an explicit assumption that no Pacific Atoll would be a suitable location for long-term storage or ultimate disposal of nuclear spent fuel or waste. The scenario developed calls for end-of-storage-period unloading and decommissioning of any such facility which might be located on such an island.

As the draft preliminary report carefully noted, a number of other factors concerning Palmyra Atoll (and to a large extent any island possibilities identified for preliminary assessments) merit careful consideration before further steps are taken:

1. It is a long distance from the United States making site evaluation, construction, maintenance, operation, and support costly; ocean transportation of spent fuel is a largely undefined area;

2. There is a great sensitivity among many island nations in the Pacific Basin, as well as around the world, regarding any possible contamination (no matter how small the risk) of a part of the Pacific with radioactive material; development of such a facility may be considered by some people as posing a serious threat to the Pacific Basin area;

3. Modification and construction will be needed to make the site suitable for interim fuel storage; additional fill may be required for the project's storage area;

4. Because there is insufficient hard data analysis on the oceanographic, ecological, meteorologic, hydrologic, geologic, and environmental aspects of the Atoll, extensive studies would have to be conducted before any facility design engineering could take place;

5. NTC procedures and concerns with respect to their licensing authority have yet to be fully addressed;

6. Development of a spent fuel storage facility will alter the island and affect the island's present ecology.

The draft study concluded that it was reasonable although somewhat optimistic to think that an interim spent fuel storage facility could be operational by mid-1986. The study pointed out that necessary institutional factors such as international agreements and regulatory licensing could extend the time when such a facility could be operational by several years. It was recommended that these institutional questions, including for example financial arrangements, be addressed in detail at the earliest possible date.

The most important of these questions for the purpose of continuing the system-design work are the precise multinational legal nature of the endeavor and the implications of its regulatory status on the technologies proposed. We intend to pursue both generic technical analysis related to international spent fuel storage and evaluation of a wide range of social/political/economic aspects of the problem to determine if, indeed, such a project is feasible in the complete sense. It is necessary to determine whether other social costs, which might be sustained, would allow island storage in the Pacific Basin to be a realistic and useful aid in pursuing non-proliferation policy.

OTHER POSSIBLE SITES

Two other sites were identified as possibly deserving further consideration: Wake and Midway Islands. As I mentioned, these two sites did not meet the basic criteria quite as well as Palmyra, but they did offer existing facilities and the possibility of built-in security arrangements. It was recognized that for environmental, meteorological, and political reasons these sites might be ultimately judged less appropriate than Palmyra. These sites were identified in the classified material supplied by DOE to the Committee and were discussed as possible sites for preliminary assessments with your staff on two occasions. These discussions with your staff confirmed our earlier judgment of some of the possible reasons that might make these sites inappropriate, but we do not believe there were any objections raised to our further considering their feasibility: doing our homework if you will. Here, we particularly value your views and those of other members of the Committee. We also briefed, on two separate occasions, officials of Department of Interior on the status of this work and the general plan to complete our preliminary assessments by examining these two sites as well. No objections were raised.

On May 3, 1979, consistent with our understanding with your staff, I notified you in a classified letter that we were seeking Department of Defense views on whether international spent fuel storage was compatible with their plans for the two islands and, if so, whether we could have their permission and assistance in evaluating Wake and Midway. We are awaiting an answer to these inquiries.

JAPANESE CONSULTATIONS

Pursuant to the NNPA mandate, in the course of a regularly scheduled nuclear bilateral meeting in February of this year, we discussed with representatives of the Japanese Government the concept of an international storage facility to be located on a Pacific Island and the preliminary results of the draft Palmyra report. As you know, the U.S. and Japan maintain close nuclear energy cooperation and share nonproliferation goals. These shared interests and concerns led to our proposing a joint feasibility study as a first step in exploring this concept. The Japanese Government currently is considering this proposal and, if their response is favorable, we would hope to move ahead on a joint feasibility study.

As I hope I have made clear, (1) the work is still in a most preliminary stage, and (2) no decision has been reached or will be reached in the immediate future regarding a specific multinational interim spent fuel storage facility in the Pacific Basin. However, the effort responds to a legislative mandate and is important to U.S. non-proliferation policy. It is our intention to keep the Congress informed of each major step and to seek Congressional approval.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. GLICKMAN) is recognized for 5 minutes.

● Mr. GLICKMAN. Mr. Speaker, during consideration of H.R 4034, the Export Administration Act amendments, on Tuesday, I voted present on an amendment offered by our colleague, Representative PAUL FINDLEY. That amendment, to allow a petition procedure to allow users of metallic materials capable of being recycled to request hearings on the monitoring or control of exports of such materials, would have presented a conflict of interest in my case. That situation exists because of my involvement in a family business, Glickman, Inc., which deals in scrap metals.●

INTRODUCTION OF NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION ORGANIC ACT

The SPEAKER. Under a previous order of the House, the gentleman from Louisiana (Mr. BREAUX) is recognized for 5 minutes.

● Mr. BREAUX. Mr. Speaker, today, I am introducing the National Oceanic and Atmospheric Administration (NOAA) Organic Act. This bill sets forth a national policy for the oceans, coastal environment, and atmosphere, names NOAA the lead civilian agency for oceanic, coastal, and atmospheric affairs, and provides the agency with functional autonomy to carry out its mission within the Department of Commerce.

There has long been a need for an NOAA Organic Act. Reorganization Plan No. 4 of 1970, which established NOAA, did little more than transfer some existing, disparate authorities to the new agency. The plan did not define a comprehensive national policy for the oceans, coasts, and atmosphere, nor clearly establish NOAA's role in relation to other Federal agencies having similar responsibilities. From an organizational standpoint, the plan provided that NOAA would be just one of the many dependencies of the Department of Commerce. The mission of NOAA was primarily limited to scientific investigation and oceanic and atmospheric services.

In the years that followed, NOAA's responsibilities increased. The agency evolved into a line management component of the Federal Government. Major programs were established under the Coastal Zone Management Act of 1972, the Marine Protection, Research and Sanctuaries Act of 1972, the Marine Mammal Protection Act of 1972, the Endangered Species Act of 1973, and the Fishery Conservation Management Act of 1976, among other laws. The agency is now responsible for administering programs under almost 100 statutory authorities and accounts for almost one-third of the budget and one-half of the employees of the Department of Commerce. NOAA presently shares responsibilities under many programs with the Departments of the Interior, Treasury, Transportation, Agriculture, and State and the Environmental Protection Agency, the Corps of Engineers, the Food and Drug Administration, the National Science Foundation, the National Aeronautics and Space Administration, and the Marine Mammal Commission, among others.

The need for a congressional statement of national policy for the oceans, coasts, and atmosphere is now clear. Equally evident is the need for a statutory confirmation of NOAA as the lead civilian oceans agency, a role it has played in fact, if not in law, for several years.

There is a rational case for consolidation of all Federal oceans, coastal and atmospheric responsibilities in a single, independent agency. However, fiscal constraints and political realities suggest that an autonomous, though not independent, lead agency having overall coordinating responsibility, not direct and exclusive legal authority, for those programs is the best that can be achieved in the foreseeable future. I believe that such an approach can command wide support.

Last year, I cosponsored, as a vehicle for discussion, H.R. 9708, the first NOAA Organic Act. The bill incorporated a number of proposals from the Stratton Commission and represented an alternative to the now defunct administration proposal for a Department of Natural Resources which would include NOAA. The measure was primarily intended to reemphasize the uniqueness and value of ocean and coastal resources and the importance of focusing on the oceans in order to achieve optimum benefits from the many uses of maritime space and resources. In extensive testimony, involving numerous interested organizations, the need for a NOAA Organic Act was clearly recognized.

The bill I am introducing today is more than just a vehicle for discussion. It is, rather, a measure which can be seriously moved forward to enactment. That is not to suggest, however, that only questions of procedure remain. The substance of this legislation requires the most careful consideration. I believe that the policies which ultimately are reflected in the NOAA Organic Act will be of profound importance to the Nation.

Title I of the bill recognizes the importance of the oceans, coastal environment, their resources and the atmosphere, as well as the need for a coherent Federal effort, focused by a lead agency, for their better understanding, utilization, management, and conservation. A stated purpose of the bill is the establishment of NOAA as the lead civilian agency for the oceans, coastal environment, and atmosphere. NOAA is to be an independent entity within the Department of Commerce. The other purpose of the bill is to establish detailed national objectives for the oceans, coastal environment, and atmosphere.

Title II provides the internal administrative framework of the agency. In essence, the existing structure of the organization is confirmed, except that the position of Assistant Administrator for Fisheries Development is established. The new position would provide a valuable focus for the emerging fisheries development policy.

Title III sets forth the precise functions of NOAA. The existing transfers of authority to NOAA are confirmed and the missions of the agency are set out comprehensively. It is worth noting that H.R. 5018, which I have also sponsored, would repeal the marine sanctuaries program. The Organic Act does not deal with that specific issue.

Title IV provides for effective coordination with other Federal agencies, States, and localities and establishes a mechanism for the reduction of Federal bureaucratic and regulatory duplication. I would like to strongly emphasize that, by this legislation, NOAA is not intended to assume a role involving duplication of the efforts of other agencies. If other agencies are carrying out effective programs, NOAA must not create complications.

The bill also provides for international cooperation including a meaningful role for NOAA in all international meetings and negotiations involving U.S. oceanic, coastal, and atmospheric interests.

Title V contains administrative provisions calculated to assure that NOAA has autonomy within the Department of Commerce. Moreover, NOAA is empowered to make formal recommendations to the Congress on the relevant activities of other agencies.

Title VI rationalizes the myriad enforcement authorities of NOAA. These provisions insure that NOAA has the legal capabilities to effectively enforce the laws which it administers.

Transitional provisions are contained in title VII.

The bill provides all of the basic components that are necessary for the establishment and effective implementation of a national policy for the oceans, coastal environment, and atmosphere. I look forward to seeing the measure through to enactment in this Congress.

PANAMA CANAL IMPLEMENTING LEGISLATION—THE LAST WORD

(Mr. HANSEN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

● Mr. HANSEN. Mr. Speaker, while some may think that tomorrow's vote on the conference report on H.R. 111, the bill to implement the Panama Canal treaties, may in one way or another bring about a final solution to this far-reaching political problem this is not the case. American taxpayers and voters will have the last word.

Mr. Edward Rosen of New York City has recently written an article on the Panama Canal treaties which is scheduled for publication by a national magazine in a few weeks. This article was written after more than a year of research and I commend it to the attention of all of my colleagues before the final vote takes place. The article follows:

Panama Treaties—A Takeway From American Taxpayers

I hope we never hear the word *Panama* again," said Jody Powell, Jimmy Carter's trusted aide. Supposedly, this sentiment was shared by the "Deacon"—the president himself. While sitting in his little study next to the Oval Office, listening to a Wagnerian opera, pondering comuniqués from Tehran and Panama City. Carter must have spent a lot of time wondering why one man he frequently called his "great friend," the shah of Iran, had lied to him, and why his "friend Omar Torrijos" was trying to blackmail him politically.

Carter's desire to forget Panama is understandable. As a presidential candidate, he said he would never lie to us. In regard to Panama, the question is whether he ever told us the truth.

To this day, much of the real story about the two canal treaties (the first is meant to allow gradual Panamanian "control of the zone" through 1999; the second will completely relinquish it all to Panama in the year 2000) has been obfuscated by sophisticated propaganda.

In March 1978, the canal supporters gathered at the White House, opened bottles of champagne, cheered and patted each other on the back, and Jimmy let loose a four-square Baptist smile that signaled the salvation of his presidency. The final count was in: the Senate, by one vote, endorsed the canal deal. They raised their glasses and toasted Panama: their first "foreign policy victory."

Of course, no one is yet quite sure what, in fact, the Senate vote really meant: whether an international agreement, of doubtful legality, distorted by propaganda, political sloganeering, special-interest lobbying, presidential arm twisting corruption, deception, and cover-up signaled the salvation of the Carter presidency or a continuation of dirty politics and executive deception.

But the champagne toasts were just the wishful thoughts of born-again politicians who hope to fool all the people some of the time and pray to succeed all the time. Panama has now returned to haunt the man who staked his political career on the issue.

On June 16, 1978, Carter visited Panama and exchanged diplomatic documents giving that nation control of the canal. Carter did this despite the Senate's having passed the Brooke Amendment, which said that any exchange of documents should not be effective earlier than March 31, 1979, and treaties should not enter into force prior to October 1, 1979. Under international law the president's actions create a de jure situation that makes the symbolic exchange binding. Many legal experts feel that by symbolically transferring U.S. property to Panama, Carter violated the Constitution of the United States. Under Article IV, Section 3, Clause 2, Congress has exclusive power to dispose of federal property and territory.

Over the past year the House of Representatives has blocked all legislation and funds needed to implement the treaties. Members of the president's own political party are turning against him. In January of this year, Carter had told John Murphy, a Democrat from New York and chairman of the House Merchant Marine Committee, to take care of the problem. At the time Murphy's committee was about to debate proposals for funding the canal deal approved by the Senate because the House of Representatives has final approval on appropriations. The mood in the House was strongly anti-Carter on the issue, and Murphy was worried.

Mail to members of Congress was still running 70 percent against the Panama treaties. Debate was still raging over the president's disposing of federal property without congressional approval. So Murphy went to the White House for lunch with Carter, carrying proposals and drafts of legislation reflecting opposition views as well as compromise agreements. After a short prayer and some political gossiping, Murphy began explaining the mood of the Congress on the Panama issue. He started to hand some of the revised legislation to the president. Carter waved it away. "I don't care about these proposals," he told Murphy," Just get the legislation passed."

But shortly after the lunch, Rep. John Dingell, expressing the mood of his fellow Democrats, told Deputy Secretary of State Warren Christopher: "We in the House are tired of you people in the State Department. . . . If you expect me to vote for this travesty, you're sorely in error." Two months later, in April of this year, the Congress dealt the president another setback by solidly rejecting $14 million in aid to Panama.

To be sure, there have been, and will be, winners and losers in the canal debate, as assuredly as Teddy Roosevelt and his big-stick diplomacy wrestled the Panamanian isthmus from Colombian control in 1903. But they will not be the winners and losers that the orators and pundits suggested.

Despite the fact that the stage managers of the morality play pitted the proud American citizen against the oppressed Yanqui-go-home Latino, neither the American taxpayer nor the Panamanian citizen is much of a winner. And the real story of the Panama Canal agreement of 1978 suggests that the treaties were not a negotiated revolution in the United States policy toward Latin America so much as they were the refinement of that policy—to a policy created by and for the traditionally narrow interests that have always benefited by the exploitation and manipulation, whether at home or abroad, of the average citizen, the "outsiders," as Jimmy Carter used to call them.

What perhaps is most curious about the story is that, for all its rhetoric, the Carter administration from the beginning allied itself with the "insiders"—the bankers and entrepreneurs and Wall Street power brokers. And the story of the canal treaties becomes an enlightening glimpse at the machinations of insider politics orchestrated by the man who claimed to "owe special interests nothing," to "owe the people everything," and who promised "to keep it that way." Panama—the word that the Carter administration would just as soon forget—reveals the hollowness of Carter's declaration about who his creditors are and the emptiness of his promise not to kowtow to special interests.

JIMMY CARTER NEEDS A VICTORY . . .

As the nation geared up for what the press was calling the "historic" Senate vote on the Panama Canal Treaty in early 1978, Carter's year-old presidency was on the rocks and floundering badly. The Bert Lance affair had only recently traumatized his administration and extinguished his luminous candle of executive integrity and good ole Bert was still hanging over the White House like a radioactive cloud of iodine–131. In January Carter had been caught—on national television—lying about his part in the dismissal of Philadelphia D.A. David Marston.

A month before that, he had infuriated liberals—many of them his supporters—by letting "big shot" former CIA Director Richard Helms plea-bargain his way out of perjury charges, again trying to shade his own participation in the deal. Then conservatives were maddened by his signing a $200 billion Social Security tax increase—in the face of his promise not to raise taxes for middle-income wage earners. His "moral equivalent of war" energy program still languished in Congress, threatening to become nothing more than a ridiculed acronym—MEOW. Unemployment had not slackened. And despite his promised assault on inflation, the consumer index had jumped another 2 percent since he took office. Members of Carter's own party were already looking for another standard-bearer for 1980.

After thirteen months of Carter in the White House, polls confirmed the worst: Carter's approval rating dipped below that of Eisenhower, Kennedy, Johnson, and Nixon at the same stage of their presidencies. After 13 months of symbolism and plummeting popularity, the fledgling president from Georgia seemed to be losing his hold on the reins of national power. He desperately needed some kind of victory. And he chose Panama as the battlefield and set every big gun in his administration to the frantic task of bagging a treaty.

So important did the treaty finally become to his credibility and his authority as a competent chief executive that the issues of Panama became secondary to the political problems of the president. Newsweek magazine reported that "for many undecided Senators, the most telling argument (for the treaty) had less to do with the virtues of the treaty itself than with the disastrous emasculation of the President's ability to conduct foreign policy if we were repudiated on Panama." And New York Times political analyst Hedrick Smith concluded that a defeat on Panama would have been "almost as severe a blow to Mr. Carter as was the Senate's defiance of Woodrow Wilson in 1919, when it refused to ratify the Covenant of the League of Nations."

Carter was spared such a fate, but at what cost to the American taxpayer and the independence of Panama? Who are the real victors in Panama? And how and why was such a treaty negotiated and sold to the American public?

THE POLITICS OF EXECUTIVE OFFICE HARD SELL . . .

Although there were many assurances from both Carter and Secretary of State Cyrus Vance that the new treaties "would not cost the U.S. taxpayer one dollar," the first public money was spent long before the Senate agreed to turn over American property to Panama, in a White House propaganda war.

In February of 1978 word got out of the existence of what the Washington Post called "one of the most closely held. limited circulation documents in the State Department." That document was a weekly report known to its select group of readers as the PITS—Panama Information Track Score. The reason why it was kept so secret is that PITS gave a blow-by-blow account of the Carter administration's efforts to sell the Panama treaties to the public, using the public's money to do so. It documented one of the most intensive tax-supported lobbying campaigns in memory. And to many treaty opponents the PITS was solid evidence that the Carter administration was violating the law—a 1926 criminal statute forbidding the use of public money to pay for efforts to influence members of Congress.

From a small office in the State Department's Latin America Bureau, decorated with strategy maps of individual states and colored pins and charts, looking much like a "war room" in the Pentagon, two full-time staffers and a number of part-timers called in from other agencies monitored the progress of a Panama Canal treaty battle plan that had been drawn up by Carter's trusted strategist Hamilton Jordan in the spring of 1977—months before most senators had even begun considering the question.

According to the Post, the plan called for an attack in the best traditions of Madison Avenue. There were studies of senator's past voting patterns on similar issues; sophisticated market analyses to determine who to hit the hardest and how best to hit them; formulation of six standard treaty speeches outlining the party line; and special two-day seminars for administration salesmen, which included strategy advice from professional psychologists, on how to relate to different kinds of audiences and video-tape practice sessions.

By February of 1978, just four months after President Carter and Gen. Omar Torrijos of Panama signed the treaties in Washington, the administration's tax-supported sales force had chalked up 476 live speeches to groups as scattered as senior citizens in Miami and Boy Scouts in Doylestown, Pa. had conducted 388 media interviews (all of which were duly noted by the PITS). Carter himself had presented the case to a live, national television audience, and he gave 25 different citizens' groups the privilege of meeting him in return for their attention to his treaty pleas.

Although the administration's army of speakers claimed never to have advised their listeners to write to their senators obviously aware of the 1926 criminal statute barring such lobbying—that defense sounded a bit like, as candidate Carter once said of the Watergate culprits, "tiptoeing through a minefield on the technicalities of the law, and then bragging about being clean afterwards." Most observers were well aware of the fact that neither Boy Scouts nor senior citizens would vote on the treaties and that their support was enlisted for no other reason than to influence the votes of senators, a point well understood by Jordan: "Some of those bastards [Senators] don't have the spine not to vote their mail. If you change their mail, you change their mind." With Jimmy Carter's own political future at stake, the ethics—not to mention legality—of using public money to lobby Congress was lost to the desire of saving political grace.

Less legal hairsplitting was required, however, to detect the ethical problems of another kind of White House hard-sell tactic. In its effort to finance a $600,000 protreaty media campaign—in addition to the lobbying effort being financed with tax revenues—the White House in late 1977 directed the well-connected former chairman of the finance committee of the Democratic National Committee, S. Lee Kling, to set up the "Committee of Americans for the Canal Treaties, Inc." (COACT). To anyone not aware of Kling's past or his mandate from the White House, COACT seemed like a grassroots, nonpartisan effort on behalf of the treaties. By November, Kling and his committee, using the mailing address of a Washington-based insurance broker as cover, were placing large ads in major American newspapers—complete with a persuasive list of 200 prominent Americans supporting the treaties—asking for funds.

Not surprisingly—except to those who believed that the treaty represented an ideological struggle between establishment conservatives and democratic liberals—the list of COACT members included David Rockefeller (chairman of Chase Manhattan Bank), John H. McCloy former chairman of Chase who was affectionately referred to by many as "chairman of the establishment"), G. William Miller (later named by President Carter to head the Federal Reserve Board), Irving Schapiro of DuPont, Arthur Taylor of CBS, J. Wayne Fredericks of Ford Motor Company, Armand Hammer of Occidental Petroleum, and so on. It was a good chance for anyone wishing to gain favor with the White House to chalk up brownie points for future reference. At a COACT fund-raising event in December, which funneled $80,000 into the canal coffers, Occidental Petroleum and Braniff Airways had no problem finding $225,000 to contribute to the cause.

But the ease with which King managed to trade future political favors for hard cash must have gone to his head. Because he then devised a plan for some real arm twisting.

Enlisting the aid of Robert Strauss, national chairman of the DNC while King was its finance chief and now Carter's special trade representative, King suggested holding private fund-raising receptions for the biggest of corporate big shots at the Watergate apartment of Strauss. Strauss, the man who was then making crucial decisions about what kind of foreign competition American businesses would have to face, agreed. And the president himself even offered to invite those businessmen who would contribute $15,000 or more to a special White House dinner as a token of his appreciation. This was extortion at its subtle best. Los Angeles Times White House correspondent Robert Shogan later observed, "In the high-pressure atmosphere that pervades relations between business and government in Washington, corporate executives regard any contact with top federal officials as precious." In this instance the businessmen were offered contact with the top of federal officialdom. And the message from the White House was clear: no money, no meeting with the President.

King's assistant, Conrad Trahern, sent out 30 letters of invitation in December in which he outlined the scheme. In all, a total of 40 invitations was slated for delivery, but someone blew the whistle on the plan and complained to New York Times columnist William Safire of the "shakedown" operation. At that point no amount of "tiptoeing through a minefield on technicalities" sufficed to explain away the conflicts of interest and heavyhanded persuasion techniques being employed by the White House, and Safire's subsequent revelations immediately killed the project.

MEANWHILE . . . BACK ON WALL STREET . . .

Together, the massive publicly funded White House lobbying effort, the apparent influence-peddling schemes, and, as the voting day approached, the deals made with key senators (Herman Talmadge reportedly changed from opponent to proponent when the White House offered to support the Georgia senator's farm legislation and give him a dam or two) were a good indication of how badly Carter wanted a personal political victory and to what lengths he would go to achieve it.

Nevertheless, there was much more involved than the questionable political motives on the president's part. Not every prominent American was strong-armed by Carter, and there were more subtle—and more revealing—reasons why so many standard-bearers of establishmentdom, Carter included, were lining up on the side of a supposedly antiestablishment, liberal-leaning agreement.

Part of that story begins long before Jimmy Carter entered the national political arena, as influential East Coast "movers and shakers" were beginning to wrestle with the growing problem of keeping Latin America safe and secure for United States investments.

In early 1971 the Rockefeller-dominated Council on Foreign Relations began turning its attention to the Panama Canal, the most symbolic target of *Latino* nationalism and anti-Americanism. After a series of lengthy meetings led by Rodman Rockefeller (Nelson's son), Douglas Dillon (a member of the Rockefeller Foundation and Secretary of the Treasury from 1961 to 1965), and William D. Rogers (one of Nixon's secretaries of state and later a foreign-policy adviser to the Carter presidential campaign), the CFR came to the conclusion that turning the canal over to Panama was essential if the United States was to maintain a climate conducive to continued American investments in Latin America.

Not so surprisingly, CFR's policy decision came just months after a deal was struck between leading New York banks and General Torrijos in which Torrijos had agreed to reorganize Panama's banking laws. With that the general made his country a tax- and regulation-free haven for foreign financial institutions and tiny Panama—smaller than the state of Maine, with a population of 1.7 million—joined the Bahamas and Cayman Islands as an international refuge for the megabucks of the world's largest banks.

Then, in the modern version of Teddy Roosevelt's Rough Riders and his swinging stick, into Panama marched Bank of America, Bankers Trust, Chase Manhattan, the First National Bank of Chicago, Marine Midland, First National City Bank, and at least 60 other banks, which brought with them over $8 billion of assets and sugar-coated promises of money for a general needing to consolidate his power. At least three of the banks—First National City, the Rockefellers' Chase, and Marine Midland—at various times helped Panama secure loans by acting as the government's fiscal agents.

Torrijos's biggest payoff came, appropriately, in massive increases of foreign bank loans. In 1968, when the general seized power, Panama's foreign debt was less than $200 million; but by 1977 its debt to American banks alone stood at $1.8 billion. And by the time treaty negotiations between the Carter administration and the Torrijos regime began, the general and his friendly American bankers were inextricably locked in a tight embrace of mutual interest. Torrijos, his country on the verge of bankruptcy and by that time in debt to the Americans by almost $2 billion, was in no position to reject any United States proposal. At the same time, however, should he refuse to negotiate and repudiate his loans, American banks would immediately lose $323.6 million in loans coming due and several billion dollars more farther down the road.

These scenarios were perhaps anticipated by the Council on Foreign Relations in the early 1970s as it began gearing up for a formalization of its economic stranglehold on the small but strategic Central American country. But the best place to legitimize financial interests was in the political arena of international diplomacy. The best stamp of approval would be a treaty, and for groups like the Council on Foreign Relations, from whose roster of bankers, lawyers, and corporate executives have come hundreds of high-ranking government policymakers, the Panama Canal treaties of 1978 would provide the stamp.

MR. ROCKEFELLER GOES TO WASHINGTON

Within a few years of the CFR's initial deliberations on Panama, the corporate and financial elite was moving its lobbying effort to Washington. In 1974 it established the Commission on United States-Latin American Relations, a group that was to become one of the most significant influences on the protreaty crusade. The commission was largely funded by the Ford Foundation and the Rockefellers; its chairman was Sol Linowitz, a former ambassador to the Organization of American States and a dynamic corporate fellow traveler. Other members of Linowitz's commission were W. Michael Blumenthal, who is now Jimmy Carter's secretary of the treasury; Samuel Huntington, now an aide to the National Security Council; Peter Peterson, chairman of Lehman Brothers, a top Wall Street brokerage firm; and Elliot Richardson, former attorney general and later an ambassador at large for Jimmy Carter.

At about the same time, then Sen. Gale McGee of Wyoming was opening even more doors for Wall Street entrepreneurs and Big Business by enlisting their counsel and financing in another protreaty drive. He called a planning meeting in October 1975, held at the State Department, with lobbyists from Chase Manhattan, the Bank of America, Gulf Oil, and Rockwell International attending. With little arm twisting, McGee reportedly received as much as $500,000 in contributions. In subsequent meetings other large corporations, including Pan American World Airways (on whose board sat Sol Linowitz and the future secretary of state, Cyrus Vance), and banks were asked to help plan and fund an effort to pressure politicians and business groups into supporting a treaty with Panama. Considering the time and effort that the businessmen and bankers had already devoted to a treaty on their own, the McGee parleys were less a case of corporations lobbying Congress than a politician's recognition of the power and influence of private capital.

Sol Linowitz's commission, meanwhile, continued its progress toward even more direct influence on policy. Just after Carter's election, in December 1976, the commission's staff director, Dr. Robert A. Pastor, wrote a report urging a new canal treaty and an increase of funds for Panama. The CFR immediately called a special colloquium to give its endorsement to the Linowitz Report. And the following month, Zbigniew Brzezinski, a former adviser to David Rockefeller and then Jimmy Carter's national security adviser, appointed a special assistant on Panama to the National Security Council. The assistant was none other than Dr. Robert A. Pastor.

In his new government position, Pastor quickly dafted an NSC memorandum recommending a new Panama Canal treaty. His plan received Brzezinski's approval, was shown to another longtime (Nelson) Rockefeller adviser, Henry Kissinger, and was then endorsed by Jimmy Carter.

If Pastor's quick rise out of the waters of an influential financial think tank to the halls of political power is crucial to the story of the Panama treaty's evolution, the role of Pastor's boss at the commission proves even more intriguing. At the same time that Pastor was moving to the NSC, Linowitz was visting the White House. He accompanied Panamanian Ambassador Aquilino Boya to a meeting with President-elect Carter in December and there the two men asked Carter to initiate plans for a U.S. withdrawal from the canal. No one is quite sure what Carter said at that meeting, but the question soon became academic when just two months later Carter named Linowitz a special ambassador of the United States to join the aging Ellsworth Bunker as leader of the Panama Canal negotiating team.

The importance of the Linowitz appointment to the interests of the banking and corporate establishment is difficult to underestimate. Linowitz was a much more integral part of the establishment orbit than his chairmanship of the Rockefeller-financed Commission on U.S.-Latin American Relations suggested. He was also a member of the Council on Foreign Relations as well as of the Rockefeller-founded Trilateral Commission. (For Jimmy Carter, the presidential candidate who said he owed the special interests nothing, this exclusive club of powerful business and financial leaders, which he joined two years before announcing his intentions toward the White House, was a godsend. According to his media consultant, Gerald Rafshoon. The Trilateral Commission was "one of the most fortunate accidents of the early campaign and critical to his building support where it counted." As it turned out, the favor was returned. The Trilateral, instituted with the express intention of influencing U.S. foreign policy, counted among its alumni so many Carter administration appointees—besides Carter himself the list included Vice-President Walter Mondale, Secretary of State Vance, National Security Affairs adviser Brzezinski, Treasury Secretary Blumenthal, Defense Secretary Harold Brown, and others—that even die-hard skeptics of conspiracy theories were whispering rumors of a secret Trilateralist cabal.)

Linowitz could also be found on the boards of Time, Inc. (whose leading magazine, Time, was saying to its millions of readers, "The Panama Canal treaty . . . is an idea whose time has come"), Pan Am, and Marine Midland Bank at the time Carter named him to represent the United States at the treaty talks. Though any one of these many special-interest connections would have been enough to undermine Linowitz's credibility as a nonpartisan representative of American public interest, his ties to Marine Midland alone were evidence of out-and-out conflict of interest; not only was Marine a correspondent bank for the Banco Nacional de Panama, a Torrijos government appendage and a fiscal agent of the Panamanian government, but the government of Panama also owed Marine almost $8 million. It was no coincidence that Linowitz went arm in arm to the White House in December 1976 with the Panamanian ambassador. It was no coincidence that Carter greeted him warmly.

So blatant were Linowitz's ties to the Torrijos regime and the American corporate and banking establishment that had taken up residence under the general's benevolent hand, and so insistent was Carter on keeping him on as treaty negotiator, that Congressman George Hansen and Sen. James McLure had to file a suit in April 1977, asking for a temporary restraining order against Linowitz as canal mediator. But the only compromise Carter and Linowitz made was agreeing to have Linowitz give up his Marine Midland ties, and even then only until after the treaty was finalized. He refused to relinquish his Pan Am board membership, the airline that had already contributed to Senator McGee's protreaty campaign, provided Carter with a secretary of state, and could ill afford to lose Panama as its Latin American headquarters.

What did all this mean to the document being negotiated with Panama? Put simply, it meant that after the new treaties were signed—final agreement appropriately being reached just four hours and 40 minutes before Linowitz's term as negotiator expired—it was clear that whatever else the treaties might do, they committed the American taxpayer to supporting the Torrijos regime and the special interests of multinational banks and corporations, and to indirectly subsidizing their efforts to retain control of Panama.

PAYING FOR THE ESTABLISHMENT'S TREATY . . .

When one considers what the Linowitz-Bunker negotiating team finally achieved, the high-level political and corporate finagling becomes all the more interesting. We have already seen how Carter dipped into the public purse to mount a legally questionable propaganda campaign on behalf of the treaty and how he used, and was used by, major banks and corporations wishing to safeguard their own large investments in Panama. It shouldn't be surprising, then, to find the American taxpayers picking up the tab—a large one—for the vested interest. This despite administration promises that it wouldn't cost them a dollar and despite Linowitz's assertions that all costs of transferring the canal to Panamanian authorities would be paid by canal tolls.

According to United States Comptroller Elmer B. Staats, a Government Accounting Office study showed that *initial* U.S. government expenditures required by the new treaties would be at least $400 million. It would cost the United States $46 million to reequip three military bases, more than $32 million to pay Panama for the "transfers" of army personnel. $3 million for the "transfer of graves," $10 million annually to reimburse Panama for the costs incurred in providing police and security services (over the course of the 22-year life of the first treaty, that alone represents U.S. expenditures of $220 million). Staats believed that the costs could reach $1 billion if lawmakers accepted all the Carter administration plans for implementing the treaties.

(Some of the costs, such as the annual payment to Panama for security services, are written into the treaties themselves, and, though subject to interpretation, are not altogether open to further debate; many of the costs, however, are only implied by the treaties and therefore still need the approval of both houses of Congress before the money can be spent. Thus the crucial importance of the implementing legislation being debated by Congress: the treaties could still be "sabotaged" if Congress refuses to appropriate any money for seeing them through.)

The Carter administration continually held out against revealing the expenses it had committed the American taxpayers to covering. In a letter to Sen. Richard Stone a month after the Senate approved the first treaty. Staats came about as close as any government bureaucrat could come to calling a high-ranking Carter appointee a liar. "We should point out," said Staats in his long analysis of treaty costs, "that the Secretary's *Cyrus Vance*'s statement to you that . . . 'the Panama Canal Company will have no outstanding long-term obligations' is not completely accurate." And Staats then went on to include another $114 million of taxpayers' expense for the treaties, which was conveniently omitted from administration projections.

When Warren M. Christopher, deputy secretary of state, testified before the House Merchant Marine and Fisheries Subcommittee, he finally admitted that the treaties would cost American taxpayers "only" $350 million, explaining that Carter's promise the year before was misunderstood: when the president said that taxpayers would not have to pay he meant that the costs would be incurred by the Panama Canal Commission. Of course, Carter hadn't mentioned the fact that, as Elmer Staats pointed out "because the Panama Canal Commission is a United States Government agency, it is clear that the financial obligations of the Commission are also obligations of the United States."

By February of 1978, with the Senate vote less than a month away, the administration had been forced to concede that the treaties would cost an additional $633 million in appropriated funds and lost revenues to the treasury. But even this estimate was scoffed at by now-figure-punchy skeptics and those, like Staats, who had submitted the treaty to close scrutiny. A frustrated Congressman George Hansen angrily charged that the treaties' cost, not including the $10 billion replacement value of U.S. canal property being ceded to Panama, would probably run over $4 billion—4 billion times more than what President Carter had promised.

In all of this, the government of Panama emerges smelling rather good. It will pay nothing for the management, operation, maintenance, protection, or defense of the canal and will still receive an additional $.30 per net ton shipped through the locks. This toll payment means even more cost for Americans. Because of the fact that many of the payments to Panama will be contingent on revenue raised by tolls—Linowitz was at least half-right in asserting that payments to Panama would come from toll revenues—and because the canal even now operates at a deficit, there will be considerable pressure to increase the toll charges in an effort to meet payment obligations. Although a toll increase will have no effect on the billion dollars (or $4 billion, using Congressman Hansen's estimates) that the Carter administration is committing the U.S. to pay from direct tax revenues, it will act as an indirect tax as increased freight charges are passed on to the consumer. Thus, in the end, the American taxpayer will lose on three counts: he gives up $10 billion of property, he absorbs the enormous cost of transferring the canal to Panama; and he pays for the increased price of goods that results from increased toll charges. The only beneficiaries of this Linowitz-negotiated scheme are the Panamanian government and the American banks and corporations that have a huge financial stake in Torrijo's continued solvency.

AND THE PROBLEM OF RENDERING UNTO PANAMA WHAT IS PANAMANIAN . . .

And what about Panama? Even if the American citizen is paying for a treaty that, from his point of view, is little more than a subsidy to giant corporations, at least the little country to the south gets its territory back. Or does it?

Again, it seems, the exigencies of a realpolitik have been clouded by the rhetoric of ideologues. If one accepted the premise on which Reaganite conservatives claimed the treaties were nothing less than a "giveaway" of American sovereignty, then liberals and leftists at least could solace themselves with the thought that the Panamanians would receive the sovereignty. Unfortunately for that line of reasoning, however, the gift was diverted in transit.

First of all, and more academic than real, some doubts can be raised about both American *and* Panamanian rights to the canal. After all, it was Colombian rebels who, in 1903 with the inspiration, insistence, and aid of Teddy Roosevelt, "liberated" the isthmus from Bogotá government and then turned the rights to the canal over to the United States. The aggrieved party in this whole debate is really Colombia but it is doubtful at this late stage that anyone would listen to yet another plaintiff in the case.

More to the point is whether the U.S. has any intention of abandoning its control over the canal. Symbolically, the Reaganites and John Birchers are right: America has deeded title to the canal to Panama and has thus given up American property. But this is a far cry from relinquishing either American interests in Panama or American sovereignty. Ellsworth Bunker said it best when he pointed out that "it is not ownership but use that is important." The real question is whether the U.S. can control the canal without owning it.

The banks, as we have seen, have been amazingly adept—even before receiving the imprimatur of the Carter treaty-negotiating team—at increasing their power over Panama with subtle financial deals. And they seemed not the least concerned with *losing* anything with the signing of a treaty—in fact, they lobbied strenuously for it.

Politically and strategically, the U.S. has given no indication that it intends to let Panama push it out of the isthmus. On the contrary, as Henry Kissinger has stated, "the new treaty marks an improvement over the present situation in that it assures continuing, efficient, nondiscriminatory, and secure access to the Panama Canal with the support of the countries of the Western Hemisphere instead of against their opposition and eventually their harassment. In other words, the U.S. has given up none of its domination over Panama. It has simply exchanged the big stick for the velvet fist.

President Carter was even more specific about what the treaty would mean for continued American presence in the canal zone. "We will have," he assured the nation after announcing the agreement, "operating control and the right to protect and defend the Panama Canal with our military forces until the end of the century." And after that? "We will have the right," he continued, "to assure the maintenance of the permanent neutrality of the canal as we may determine necessary. Our warships are guaranteed the permanent right to expeditious passage without regard to propulsion or cargo." In other words, should the velvet fist prove ineffective, we won't hesitate to swing the big stick.

However, chief Panamanian negotiator Romulo Bethancourt completely rejected Carter's claims. During a news conference in Panama, which was published by the CIA's Foreign Broadcast Information Service, Dr. Bethancourt stated: "The treaty does not establish that the United States has the right to intervene in Panama." Neither, in his view, do United States vessels have the right of expeditious passage during times of national emergency. As Bethancourt put it. "If the gringos with their warships say, 'I want to go through first,' then that is their problem with the other ships there." Faced with Panama's refusal to allow "privileged passage," the Americans finally accepted the term "expeditious transit."

There are in fact two Panama Canal treaties—the treaty itself and an additional treaty that purports to provide for the neutrality of the Panama Canal. Unfortunately, these treaties are in no way to be construed as the whole agreement. Both are accompanied by very lengthy executive agreements that actually contain the substance of the deal struck with Panama. For example, the major defense provisions for the Panama Canal are not in Article IV of the Canal Treaty entitled "Protection and Defense," but in the Executive Agreement in Implementation of Article IV—an agreement several times as large as the entire canal treaty. Article IV does not cover a complete printed page: the Agreement in Implementation of Article LV is 53 pages long, excluding annexes and excluding an additional 22 pages of minutes, which have their own annexes.

And they are subject to renegotiation every two years. That means the treaties could be completely nullified in two years. without the consent of Congress. What has transpired is that President Carter has entered into a legal agreement with Panama based not, in reality on treaty law, but on executive agreements authorized by treaty law, but subject to change at the whim of the Panamanians or the president. And, of course, the American people were never informed of this.

Furthermore, at the Department of Defense Gen. George C. Brown, chairman of the Joint Chiefs of Staff, guided by President Carter and Secretary of Defense Harold Brown, coerced fellow officers to mount a campaign to convince the public that the canal was not vital to the security of the United States. However, secret testimony by Adm. James Holloway, chief of naval operations, was completely contradictory. During secret hearings he told a handful of senators that the U.S. was giving up an irreplaceable communications facility used in tracking enemy submarines. The intelligence installation is on Galeta Island, at the Atlantic end of the U.S. Canal Zone. It is manned by 50 naval personnel and is the southern anchor in the U.S.'s sophisticated detection and tracking system for Soviet submarines. According to Adm. Holloway, its mission is of the highest priority. The station's unique position also makes it important for Pacific operations, especially in cases where Soviet submarines are operating in U.S. waters off the West Coast.

Careful steps were taken to prevent the leaking out of knowledge of the stations existence and overriding strategic importance. Any mention of Galeta Island was kept out of public debate. Testimony in closed secret session was "sanitized" to prevent leakage to the press. In fact, the campaign to keep the installation's existence secret was so successful that only two or three senators were aware of the installation.

This attitude on the part of American policymakers raises interesting questions about internal Panamanian politics. Why would Panama accept continued domination—both strategically and economically—by the United States? The answer rests in part with the person of Gen. Omar Torrijos, the heavy-handed military man who assumed control of the country after a 1968 coup and has since been variously labeled "Maximum Leader of the Panamanian Revolution" (his own choice). Communist, dictator, and drug peddler.

Even the U.S. State Department, normally cautious in its criticisms of countries in which the U.S. has a stake, in early 1978 accused the Torrijos regime of suppressing freedom in Panama. In its "Country Reports on Human Rights Practices," which wasn't released until after the treaty had been signed in Washington, the State Department said that Torrijos's National Guard (his police) physically abused prisoners, kept them in "primitive" jails, and "in certain public order and state security cases . . . interrogated, judged, and sentenced [*the accused*] without internationally recognized standards of due process."

If Panamanians disagreed with the terms of the treaty—which they did—their opposition was effectively muted by an intensive Torrijos propaganda campaign in which the government let it be known that dissent was "treason against our fatherland." Opposition parties had long been banned, newspapers and television and radio stations were either owned by the government or closely watched by it, and many of Torrijos's harshest critics had been exiled. The window dressing of freedom was allowed for only 40 short days prior to the Panamanian plebiscite on the treaty, but even in that short time the criticism came from both the Left and the Right. The conservative Movement of Independent Lawyers of Panama denounced the treaty for allowing the "first American intervention in our country of the twenty-first century" and asserted that "the ordinary Panamanian will easily understand that . . . there will be a new version—perhaps slightly less grotesque than before—of the hated American perpetuity on the canal issue." The Christian Democratic and Social Democratic movements, as well as the Trotskyist Revolutionary Socialist League, all voiced strong objections to the treaty. But Torrijos refused to grant any more time for debate, and, with the most outspoken opponents already having been deported to Miami, Mexico, and Venezuela, he maneuvered the treaty narrowly but safely through the plebiscite.

Torrijos was not without his American enemies as well. But with the ignominous fall of Richard Nixon, the Maximum Leader had lost his strongest adversary. As much as Nixon wanted a new treaty to safeguard American interest in the canal, he wanted even more to be able to negotiate it with someone he could trust. Nixon thought Torrijos was a dangerous Communist and knew he was a drug peddler—and Nixon was always at his Draconian best when Commie hunting or fighting his "war on drugs." His plumbers had even hatched a plot to assassinate Torrijos, the Nixonian version of big-stick diplomacy revealed by White House operative E. Howard Hunt in 1977: "I believe the feeling was that if Torrijos didn't shape up and cooperate, he was going to be wasted."

The Panamanian general's corrupt ties to drug trafficking continued to threaten plans for a canal treaty even after Nixon became absorbed with Watergate and Torrijos made friends with Wall Street and Big Business. As early as 1972 Congressman John Murphy's Panama Subcommittee of the Merchant Marine and Fisheries committee claimed that "the United States is negotiating a treaty that involves a 70-year, $5-billion U.S. commitment, not to mention the security of the United States and this hemisphere, with a government that condones or is actually involved in a drug-running operation into the United States."

The subcommittee said three Panamanians were arrested in New York City in 1971, while trying to smuggle 70 kilos of heroin into the U.S. One of the three waved a diplomatic passport in the face of U.S. authorities that had been issued by Panamanian Foreign Minister Juan Tack. Another was a long-time friend and bodyguard of Moises Torrijos, one of the general's brothers and holder of various governmental positions. In a later confidential report Murphy's committee documented the involvement of other Panamanian officials in the drug trade: the director of Panama's Tocumen Airport was arrested by U.S. drug agents, and it was later revealed that Omar Torrijos himself orchestrated a protest campaign against the arrest; the Torrijos-controlled Banco Nacional de Panama and various international banks were cited as depositories for large sums of drug-trafficking money, a secret warrant for the arrest of Torrijos's brother Moises on drug charges was issued in New York in 1972 (and for this reason, though he was director of treaty information in Panama, Moises didn't attend the treaty-signing ceremony in Washington); and Omar Torrijos himself, even aside from offering protection and positions of power to known drug dealers, was reported to have hidden interests in drug-peddling businesses.

By the time Jimmy Carter assumed responsibility for the canal treaty deliberations, however, Torrijos had consolidated his grip on the reins of power in Panama, had earned the confidence of U.S. Big Business, and had enjoyed the position of negotiating with an American president who wanted a canal treaty at all costs.

Carter himself was well aware of the Panamanian government's corruption. In Senate confirmation hearings on his appointment of Robert Sayre as new ambassador to Brazil, Sayre was asked about his knowledge of officially condoned Panamanian drug dealing while he was ambassador to Panama during the Nixon administration. At one point Sayre related this amazing story:

"I learned on or about 12/6/72 from the CIA that Moises Torrijos planned to return to Panama from Spain by ship on or about December Ninth. Reportedly, Moises planned to disembark at the port of Cristobal in the Canal Zone [in U.S. jurisdiction]. I asked the CIA station chief in Panama [Joseph Yoshio Kiyonaga, who was under State Department cover as an International Relations Officer] to be sure that State Department officials saw the intelligence reports [on Moises Torrijos's movements]. Subsequently, I was instructed by the department to contact General Torrijos and let him know that we were aware of Moises's plans, which I did. I [later] learned that Moises Torrijos left the vessel in Venezuela and did not enter the Canal Zone."

Despite objections from Sen. Jesse Helms, who charged Sayre with obstructing justice, Sayre was confirmed as ambassador to Brazil. The State Department, in a letter to Helms, reasoned that Sayre's "conduct was entirely proper" because Moises Torrijos's arrest would undoubtedly "have provoked a most severe incident between the two governments."

Thereafter, the Carter administration tried to classify all government material on Panama as confidential and decided on only limited disclosure of "national security material" to key senators. On October 7, 1977. Drug Enforcement Administration chief Peter Bensinger warned his employees that any "leaks" on Panama would be grounds for immediate dismissal and criminal prosecution. That same day all Panama files were reportedly moved under tight security from their normal storage area to the tenth-floor offices of Gordon Fink, assistant DEA administrator for intelligence. And when Sen. Robert Dole, frustrated in his attempts to obtain information from the Carter administration, filed a Freedom of Information request with the DEA on October 14, he was stalled until the following February. Even then, the senator complained that the 75-page report he received contained none of the information he had requested. He charged the DEA with giving him nothing but "heavily censored" and "almost totally sanitized" material.

What Dole was *not* given was a suppressed study called the DeFeo Report, initiated by the Justice Department in 1975. According to the report, two DEA agents actually suggested killing Torrijos and Manuel Noriega, chief of military intelligence. Nothing became of the DeFeo Report, however. Although it was commissioned by Attorney General Edward H. Levi to report on instances of corruption within the DEA, Levi ultimately decided not to publish it. (The suppression of the DeFeo report, which also enumerated instances of the Torrijos regime's involvement in international drug trafficking, may be illegal under Senate Resolution 21; under this resolution Congress is empowered to investigate "illegal, improper, and unethical activities" engaged in by intelligence agencies.)

That seems to have been the canal treaty story from the beginning: heavily censored and sanitized. The agreement with Panama has become, finally, something of a Catch-22 symphony orchestrated by special interests for the benefit of banks and multinational corporations and unpopular presidents and corrupt generals.

For these sympathizers believing that the agreement represented a long-awaited recognition of Panamanian autonomy and an abandonment of gunboat diplomacy, the treaty has become a dense cloud camouflaging the more subtle imperialism of dollar diplomacy. The United States has not relinquished control.

For antagonistic conservatives worried about a "giveaway" of U.S. property and a retreat from hard-earned American sovereignty, the treaty is only symbolic. In reality, it represents not so much a giveaway to Panamanians as a takeaway from American taxpayers.

In the end, both the American and Panamanian populace were made silent and exploited parties to the agreement, pushed unwittingly into a no-win situation by the once-populist democrat and "outsider," Jimmy Carter, born-again representative of the ruling class.●

EXPORT-IMPORT BANK FINANCING NOTIFICATION

(Mr. NEAL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

● Mr. NEAL. Mr. Speaker, I call to the attention of the House a number of notifications from the U.S. Export-Import Bank on proposed financing for overseas buyers of U.S. goods and services.

In the largest of these transactions, the Eximbank proposes to extend a direct credit of $1.17 billion to the Korea Electric Co. for the purchase of U.S.-made equipment for two nuclear-powered electric generating plants. This would be the largest financial transaction ever approved by the bank.

In addition, the bank has expressed willingness to guarantee an additional loan of up to $206 million for the same projects.

This financing would make possible the sale of nearly $1.4 billion in U.S. goods and services, including two nuclear steam supply systems and two turbine generation units from the Westinghouse Electric Corp.

This notification and five others have been referred to me as chairman of the Banking Subcommittee on International Trade, Investment and Monetary Policy. Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, requires the Bank to notify the Congress of proposed loans or financial guarantees or combinations thereof of $100 million or more. Unless Congress determines otherwise, the Eximbank may give final approval to the transaction after 25 days of continuous session of the Congress following notification.

The other proposed transactions announced by the Eximbank are:

A credit of $212,500,000 to the China Steel Corp. of Taiwan for purchase of U.S. equipment, supplies and services for constructing the second phase of an integrated steel mill at Kashsiung on the southern coast of Taiwan. The Eximbank financing would facilitate the sale of $250 million in U.S. products and services.

A credit of $115.3 million to the Taiwan Power Co. to assist in the purchase of U.S. turbine generating equipment, a steam boiler, and related goods and services for construction of an oil-fired thermal powerplant at Hsiehho on the northern coast of Taiwan.

A $100 million line of credit to Tunisia to make possible the sale of U.S. capital equipment and services by various private and public entities as selected by the Ministry of Planning of the Government of Tunisia. This financing will enable U.S. exporters to compete with foreign competitors whose governments offer concessionary mixed credit financing.

A credit of $88 million to Air Canada for the purchase of 14 new Boeing 727–200 jet aircraft, spare engines and related parts and services. This transaction will result in the sale of $220 million in U.S. products. The bank also has made a preliminary commitment to Air Canada on terms for future financing for the purchase of 24 Boeing 767-200 and 10 Lockheed 1011-500 jet aircraft for modernizing Air Canada fleet.

A $63.7 million credit to ALIA, the Royal Jordanian Airline Corp., for four new Boeing 727-200 jet aircraft, spare engines and related parts and services. The total value of U.S. exports made possible by this financing is $75 million.

I am inserting in the RECORD the letters from the Eximbank pertaining to these transactions. These reports provide extensive details on the financing terms and the sales involved.

I will welcome any comments my colleagues may wish to offer on these proposed export financing arrangements.

Eximbank letters and statements follow:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C.

Hon. STEPHEN L. NEAL,
Chairman, Subcommittee on International Trade, Investment and Monetary Policy, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, I have reported to the President of the Senate and the Speaker of the House of Representatives on an application currently pending consideration by the Bank. I am taking the liberty of providing you with a copy of this statement.

Sincerely,

JOHN L. MOORE, Jr.

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., August 22, 1979.

The SPEAKER,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to the Republic of Korea (ROK).

A. DESCRIPTION OF TRANSACTION

1. Background and purpose

In August 1969, in June 1975 and in June 1978, Eximbank authorized direct credits and guarantees of private credits to assist Korean Electric Company (KECO) in financing the purchase of U.S. goods and services for four nuclear power units at Ko-ri, Korea. The details of the 1975 and 1978 transactions are found in our letters to Congress of May 20, 1975 and May 3, 1978, respectively. The financing authorized for the 1969 transaction was not required to be so reported.

KECO, after consultation with agencies of the ROK Government, as well as authoritative outside consultants, decided to construct additional nuclear power units and solicited bids for the goods and services and related financing for two units known as Korea Nuclear Units 7 and 8. Suppliers from France, Germany, Japan, Switzerland and the United Kingdom, all supported actively by their respective government export credit agencies, tenderd bids along with United States suppliers. Each financial assistance package had certain attractions, with the Japanese, the Germans and the English offering terms substantially more favorable than Eximbank could offer. Nonetheless, because of many factors including the Eximbank financing, certain U.S. suppliers have obtained purchase contracts from KECO subject to the availability of Eximbank financial support.

Consequently, Eximbank is prepared to extend a direct credit of up to $1,168,750,000 to KECO for 85% of the costs of United States goods and services, estimated at $1,375,000,000 (U.S. Costs), and to guarantee a Dollar sourced local cost loan of up to $206,250,000 (the equivalent of 15% of the U.S. Costs). Funds for the balance of the U.S. Costs of $206,250,000 or 15% will come from other sources including KECO's own resources. The Eximbank direct credit will be used to assist KECO in financing the purchase in, and the export from, the United States of two nuclear steam supply systems and two turbine generation units from Westinghouse Electric Corporation. Supervisory engineering, procurement and construction services, and at least 90% of the non-Korean procurement of the balance of plant equipment and materials will be purchased from U.S. suppliers presently not known but to be selected by the engineers and KECO. In addition, the Eximbank financial assistance will be used for financing the purchase and export of uranium ore and its conversion, enrichment and fabrication into the initial fuel cores. Westinghouse will provide the initial fuel core fabrication services. The U.S. Department of Energy will provide the enrichment services.

The two nuclear power units, each with a gross rating of 997,000 KW of electricity, will be located at Gyaema-Ri on the southwest coast of the Republic of Korea. The total estimated cost for the two nuclear power units is $2,475,800,000 of which $1,177,000,000 represents U.S. equipment and services, $198,000,000 the cost of the initial fuel cores, $717,700,000 local costs and the balance of $383,100,000 represents financial costs during construction.

2. Identity of the parties

KECO was incorporated in 1961 and is the Republic of Korea's sole supplier of central station electric power. The Government of the Republic of Korea is the owner of the majority of KECO's stock. KECO is one of the largest users of Eximbank's programs for its U.S. purchases and has maintained an excellent credit relationship with Eximbank.

The Republic of Korea will issue an unconditional, full faith and credit guarantee of repayment of the Eximbank direct credit and the Eximbank guaranteed local cost loan.

3. Executive branch approval

Eximbank requested through the Department of State the views of the Executive Branch on the proposed transaction. The State Department has advised Eximbank that the Executive Branch has no objection to Eximbank proceeding with this transaction. The Department of Energy has advised that based on its current survey of the uranium, its conversion, and enrichment and fuel fabrication supply situation, it has no objection to the proposed transaction.

4. Safety and safeguard aspects

The Preliminary Site Investigation Report for the nuclear units which was undertaken by D'Applonia Consulting Engineers, Inc. of Pittsburgh, Pennsylvania, covered aspects of site geology, seismology, marine geophysics and foundation conditions. The Gyaema-Ri site was found to be the most favorable of several alternatives for the proposed units as population density is relatively low, seismic findings indicate no potential earthquake activity and site geology is favorable. The Republic of Korea Atomic Energy Committee (ROK-AEC), the regulatory body responsible for issuing plant construction and operation permits, is requiring that safety analysis reports patterned after the U.S. nuclear Regulatory Commission (NRC) format be filed with the ROK-AEC. These reports are subject to its stringent review, before the respective permits are granted. The safety reports will include site investigation data, plant design criteria, environmental considerations, and procedures of construction.

The ROK-AEC has entered into an agreement with the International Atomic Energy Agency (IAEA) whereby the IAEA actively engages in consultation with the ROK-AEC on issues including safety report review and quality assurance monitoring. The ROK-AEC was very active in auditing all aspects of construction of the Ko-ri No. 1 nuclear unit which is now in commercial operation.

Experience with this first nuclear project will further enhance the ability of the ROK-AEC to undertake its responsibilities in conjunction with the proposed project. The units themselves will be designed and built according to NRC standards in effect as of March 31, 1979.

A trilateral agreement between Korea, the U.S. and the IAEA is in effect whereby the IAEA administers Korean safeguard procedures, providing for the monitoring of nuclear fuel quantities and enforcement of security measures to prevent fuel diversion to other uses.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The Eximbank direct credit of $1,168,750,000 will facilitate the export of $1,375,000,000 of U.S. goods and services.

Eximbank perceives a positive impact on the U.S. economy from this financial support. This transaction will have a favorable impact on employment, as well as on the United States balance of trade. It is estimated that the transaction will provide 60,600 man-years of direct and indirect employment and will benefit 1,200 subcontractors and suppliers (many of which will be small businesses) in 250 cities in 40 States. The States to benefit the most are California (7,849 direct man-years), Pennsylvania (5,820 direct man-years mainly employed by Westinghouse), Tennessee (2,149 direct man-years), New York (1,801 direct man-years), Missouri (1,296 direct man-years), Florida (1,200 direct man-years), Oregon (1,054 direct man-years), and Ohio (91 direct man-years). For further details, please see Exhibit 1 attached to this letter.

In addition, many of the manufacturers have excess capacity for the goods to be exported as a result of the slowdown and cancellation of nuclear power projects in the United States.

Other economic benefits accruing to the United States from the transaction are: additional employment resulting from the potential sale of reload fuel cores (providing 1,300 direct man-years annually of employment), spares and related services; tax revenues generated by the sale of the goods and services at all levels; and a reduction of domestic plant costs through the spreading of costs over more units by enabling the nuclear industry to achieve an even workload and maintain a skilled work force. Further, cash flow from such exports will enable the nuclear industry to continue its high level of research and development activities.

Nearly every industrialized country with nuclear exporting capability bid on the transaction and their bids were supported by attractive financing proposals of their respective official export credit agencies. The Japanese, the Germans and the English offered the most attractive terms with interest rates at far less than Eximbank is able to charge. KECO has selected or will select United States suppliers for the nuclear steam supply system, the turbine-generations sets, the engineering, construction management services, balance of plant equipment and the initial fuel core on the basis of KECO's evaluation of cost, financing, economic comparison, delivery schedule, prior experience and quality of goods and services.

2. The financing plan—U.S. costs

The total cost of United States goods and services of $1,375,000,000, allocated $1,177,000,000 to equipment and technical services and $198,000,000 to the initial fuel cores, will be financed as follows:

	Equipment and technical services	Initial fuel cores	Total	Percentage of U.S. costs
Cash payment	$176,550,000	$29,700,000	$206,250,000	15
Eximbank credit	1,000,430,000	168,320,000	1,168,750,000	85
Total	1,176,980,000	198,020,000	1,375,000,000	100

(a) Eximbank Charges

The Eximbank direct credit will bear interest at the rate of 8.00% per annum. In addition, Eximbank will charge a commitment fee of 0.25% per annum on the undisbursed portion of the Eximbank direct credit.

(b) Repayment Terms

The amounts disbursed under the Eximbank direct credit for the equipment and technical services will be repaid in 30 approximately equal consecutive semiannual installments, beginning October 11, 1986 in the case of the first unit, and October 11, 1987 in the case of the second unit.

The amounts disbursed under the Eximbank direct credit for the initial fuel core will be repaid in six approximately equal consecutive semiannual installments, beginning October 11, 1986 in the case of the first unit, and October 11, 1987 in the case of the second unit.

3. Financing plan—local costs

Eximbank will guarantee a local cost loan to be provided by commercial lenders in an amount not to exceed $206,250,000 or 15% of the actual procurement costs for the U.S. goods and services, whichever is less.

(a) Eximbank Charges

Eximbank will charge the lenders of the local cost loan a guarantee fee of 0.5% per annum on amounts disbursed to KECO, and Eximbank will charge KECO a commitment fee of 0.125% per annum on the undisbursed portion of the local cost loan.

(b) Repayment Terms

The amounts disbursed under the local cost loan will be repaid in 30 approximately equal consecutive semi-annual installments beginning October 11, 1986 in the case of the first unit, and October 11, 1987 in the case of the second unit.

Sincerely yours,

JOHN L. MOORE, Jr.

FINANCIAL AND EMPLOYMENT EFFECT OF NUCLEAR POWER EXPORTS, KOREA NUCLEAR UNITS 7 AND 8

State	Cities	Value of exports (thousands)	Employment man-years	Subcontractors
Alabama	4	$1,508	33	7
California	12	307,121	7,849	465
Colorado	5	26,114	583	19
Connecticut	12	27,013	549	30
Delaware	1	170	4	1
Florida	2	45,591	1,200	9
Georgia	2	169	4	3
Illinois	17	23,691	481	44
Indiana	9	5,436	128	13
Iowa	2	5,046	110	6
Kansas	1	333	5	1
Kentucky	2	725	17	7
Louisiana	3	4,253	98	3
Maine	1	55	1	2
Maryland	4	7,957	174	10
Massachusetts	9	14,957	323	27
Michigan	9	3,222	70	20
Minnesota	2	728	15	2
Mississippi	1	530	14	1
Missouri	3	64,160	1,296	10
Nevada	1	258	5	3
New Hampshire	1	7,844	159	2
New Jersey	13	43,465	885	44
New Mexico	5	24,503	550	17
New York	15	88,676	1,801	53
North Carolina	4	41,317	702	9
Ohio	15	44,845	911	59
Oklahoma	1	3,955	61	5
Oregon	3	50,734	1,054	10
Pennsylvania	49	267,259	5,820	163
Rhode Island	2	1,192	28	2
South Carolina	2	19,130	446	4
Tennessee	5	113,262	2,149	45
Texas	7	24,580	522	29
Utah	5	25,840	580	19
Virginia	4	26,275	535	13
Washington	4	1,787	38	9
West Virginia	4	5,027	116	3
Wisconsin	5	21,772	444	12
Wyoming	5	24,500	550	16
Total	251	1,375,000	30,310	1,197
Rounded total	250	1,375,000	30,300	1,200

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., August 17, 1979.

The SPEAKER,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(1) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the House of Representatives with respect to the following transaction involving U.S. exports to Taiwan.

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to make a credit of $212,500,000 available to China Steel Corporation (CSC) to assist CSC in the purchase from United States suppliers of capital equipment, engineering services, related equipment and services for use in the construction of the second stage of an integrated steel mill located at Kaohsiung on the southern coast of Taiwan.

The total cost of the project is estimated to be $1,771,000,000, of which the total cost of U.S. procurement is presently estimated at $250,000,000. The latter figure may be increased to $300,000,000 at a later stage of construction. CSC will obtain export credits or guarantees from the official export credit agencies of Japan and Germany for financing Japanese and German goods and services for the project, estimated at $250,000,000 equivalent from each country, and will also obtain bank loans and make equity contributions to finance the local costs and working capital costs of the project.

In 1974 Eximbank authorized a direct credit of $80,000,000 and a guarantee of a $40,000,000 private loan to assist CSC in financing the U.S. procurement for Stage I of this steel mill. The proposed financing is for Stage II and is expected to increase production from 1,500,000 metric tons (MT) a year to 3,000,000 MT a year.

As of the date hereof $183,000,000 of the initial estimated U.S. costs have been contracted for with the balance to be contracted within the very near future. USS Engineers and Consultants, Inc. (UEC) of Pittsburgh, Pennsylvania, a division of U.S. Steel Corporation, prepared the feasibility study for the project and will perform the engineering, the writing of equipment specifications and the construction and management services. The contract cost for the UEC engineering services is estimated at $18,000,000. Dravo Corporation, also of Pittsburgh, has been awarded the sinter plant and material handling system contracts estimated at $32,800,000.

Combustion Engineering of Windsor, Connecticut has been awarded the steam boiler contract estimated at $5,500,000. Morgan Engineering of Alliance, Ohio and Cleveland Crane of Wickliff, Ohio have been awarded the crane supply contracts estimated respectively at $18,500,000 and $5,100,000. Wean United of Pittsburgh, Pennsylvania has been awarded a contract having an estimated value of $83,300,000 for various types of equipment. General Electric Company of Salem, Virginia is bidding on the drive systems equipment having an estimated value of $60,000,000.

2. Identity of the parties

CSC, organized in 1971 to construct and operate an integrated steel mill, is a corporation 94% owned by the governing authorities on Taiwan. The balance of its shares are owned by local private investors. CSC has maintained an excellent credit relationship with Eximbank. The Eximbank credit will be made through a U.S. commercial bank or, as permitted under the Taiwan Relations Act and Executive Order No. 12143, through the American Institute in Taiwan, to the Coordination Council for North American Affairs on behalf of CSC.

The Coordination Council for North American Affairs acting on behalf of the governing authorities on Taiwan will unconditionally guarantee payments of CSC's indebtedness under the direct credit.

3. Nature and use of goods and services

The goods to be exported from the United States are equipment for a sinter plant and material handling system, cranes, steam boilers, drive systems, and equipment for related ancillary facilities. The services to be exported are engineering, technical and procurement services connected with the construction and initial operation of the project, as well as ocean freight charges on U.S. flag vessels.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The Eximbank direct credit of $212,500,000 will facilitate the export of $250,000,000 of United States goods and services. In the event the U.S. export value is increased to $300,000,000, additional financial assistance may be provided at a later date.

The market in the United States for the equipment and services to be financed by the direct credit has been well below the United

States productive capacity. Foreign orders, therefore, have become a vital portion of United States equipment manufacturers' and engineers' business and enable those firms to retain specialized engineering and technical staffs and production work forces. General Electric Company reports that its Drive Systems Division in Salem, Virginia, as an example in this instance, continues to operate at a depressed level of employment due to lack of domestic and international orders. Over 700 people have been dismissed at this facility as a result of the lack of orders during the last two years. GE is thus in a position to contribute significantly to the improvement of employment in this area as a direct result of orders secured for this project.

Set forth below is a table indicating the U.S. employment estimated as a result of this project (based on a procurement from the United Sates of $250,000,000):

States	People employed	Man-years
Alabama	60	120
Illinois	112	224
Indiana	57	114
Iowa	26	52
Maryland	25	50
Michigan	83	166
Mississippi	55	110
New Jersey	60	120
New York	1, 006	2, 012
North Carolina	87	174
Ohio	1, 077	2, 154
Pennsylvania	2, 050	4, 100
Texas	663	1, 326
Virginia	169	338
West Virginia	40	80
Wisconsin	125	250
Total	5, 695	11, 390

The details for the major suppliers are as follows (area unemployment rates as of March 1979):

(a) UEC supplying engineering and technical services—720 man-years from Pittsburgh, Pennsylvania (6.7% unemployment rate);

(b) Dravo Corporation supplying equipment for a sinter plant and material handling system—1,312 man-years principally from Pittsburgh, Pennsylvania (6.7% unemployment rate), Newark, New Jersey (6.6% unemployment rate), Philadelphia, Pennsylvania (8.0% unemployment rate) Baltimore, Maryland (6.8% unemployment rate);

(c) Combustion Engineering supplying the steam boilers—220 man-years principally from Chattanooga, Tennessee (5.1% unemployment rate) and Chicago, Illinois (5.5% unemployment rate);

(d) Morgan Engineering supplying cranes—740 man-years principally from Alliance, Ohio (6.2% unemployment rate);

(e) Cleveland Crane supplying cranes—100 man-years from Wickliff, Ohio (4.5% unemployment rate);

(f) Wean United supplying various equipment—3,332 man-years principally from the Pittsburgh, Pennsylvania, Warren and Youngstown, Ohio area (unemployment rates between 6.1% and 6.9%); and

(g) General Electric bidding to supply drive systems equipment principally from Salem, Virginia (6.6% unemployment rate).

In addition to the U.S. goods and services for this project CSC states that it will purchase in the United States coal and spares to operate the project and the existing mill in the aggregate amount of $20,000,000 to $30,000,000 a year for the foreseeable future.

It should be noted that because of fierce competition regarding price and financing terms from suppliers in Japan, Germany, the United Kingdom and France, supported by their respective official export credit agencies, Eximbank was required to offer the best possible financial package. Some of the proposals offered by suppliers in those countries were cheaper in price than the similar U.S. goods and initially all of the financing costs were lower than those proposed by Eximbank.

In view of the magnitude of the transaction, the necessary repayment term for the type of project and the officially supported foreign competition, Eximbank's credit is necessary to secure this sale for United States suppliers.

2. Impact of transaction on the U.S. economy

According to information supplied to Eximbank by CSC, a portion of the steel from this project is expected to be marketed in the United States. CSC forecasts exports to the U.S. of approximately 100,000 MT of steel plate during the years 1983–1989, an average of about 16,000 MT a year. This annual volume represents about 1.5 percent of U.S. steel plate imports in 1978 and less than one percent of U.S. production of steel plate. Eximbank estimates that if all these imports displaced U.S. production (considered unlikely), this transaction would affect adversely only 560 man-years of U.S. steelworker employment during the term of the Eximbank loan. CSC expects to discontinue its exports to the United States after 1989 because local demand then is expected to consume their entire production.

The project also forecasts exports of around 12,000 MT a year to other Asian markets for the years 1983–1989. If these were to displace U.S. exports to Asia ton for ton (extremely unlikely), the project would affect adversely an additional 420 man-years of U.S. steelworker employment. Hence the potential total negative impact on the U.S. economy would be a maximum of 980 man-years of U.S. steelworker employment.

This potential adverse impact, however, must be compared with the favorable U.S. employment impact associated with the $250,000,000 in U.S. export sales for the project. These sales will support over 11,390 man-years of U.S. employment, including directly some 5,000 man-years in various steel equipment manufacturers throughout the United States. Thus the net positive economic impact in just the steel product area is over 4,000 man-years of U.S. labor. These employment figures become even more positive when the favorable impact from the related exports of U.S. coal and spares are added.

Finally, it should be noted that CSC intends to construct this project and export the products therefrom whether or not they are able to source their procurement in the United States supported by Eximbank financing. Therefore, the possible negative effects from the project on the U.S. economy will be felt in any event. By providing financial support for U.S. exporters, Eximbank enables these negative factors to be offset by the much larger positive benefits resulting from the export of some $250,000,000 of U.S. goods and services.

3. The financing plan

The total cost of United States goods and services to be purchased by CSC will be financed as follows:

	Amount	Percentage of U.S. costs
Cash	$37, 500, 000	15
Eximbank credit	212, 500, 000	85
Total	250, 000, 000	100

(a) Eximbank Charges

The Eximbank credit will bear interest at the rate of 7½% per annum, payable semiannually. A commitment fee of 0.5% per annum will also be charged on the undisbursed portion of the Eximbank credit.

(b) Repayment Terms

The Eximbank credit will be repaid by CSC in 20 semiannual installments beginning December 30, 1982.

Sincerely,

JOHN L. MOORE, Jr.

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., August 22, 1979.
The SPEAKER,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(1) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the House of Representatives with respect to the following transaction involving U.S. exports to Taiwan.

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to make a credit of $115,353,500 available to Taiwan Power Company (Taipower) to assist Taipower in the purchase from United States suppliers of turbine generating equipment, a steam boiler, related equipment and services for use in the construction of an oil-fired 500 MW thermal power plant located at Hsiehho on the northern coast of Taiwan.

While no equipment suppliers have yet been selected, it is known that Westinghouse Electric Corporation is bidding to supply the generating equipment and Babcock and Wilcox for the steam boiler equipment.

The total project cost of the plant is $279,700,000 of which the total cost of the U.S. goods and services is estimated to be $135,710,000. Taipower will obtain loans from local banks and government agencies for the local cost of the project, and will also provide its own funds for the project.

2. Identity of the parties

Taipower, organized in 1946, is a corporation 95% owned by the governing authorities on Taiwan and its political subdivisions. It has the sole responsibility for the supply of electricity throughout the island of Taiwan. Taipower is one of the largest users of Eximbank's programs for its U.S. purchases and has maintained an excellent credit relationship with Eximbank. The Eximbank credit will be made through a U.S. commercial bank or, as permitted under the Taiwan Relations Act and Executive Order No. 12143, through the American Institute in Taiwan, to the Coordination Council for North American Affairs on behalf of Taipower.

The Coordination Council for North American Affairs acting on behalf of the governing authorities on Taiwan will unconditionally guarantee payment of Taipower's indebtedness under the direct credit.

3. Nature and use of goods and services

The goods to be exported from the United States include a steam boiler, a turbine generator set, related auxiliary equipment and spares. The U.S. originated services consist of design engineering and ocean freight charges on U.S. flag vessels.

The U.S. goods and services will provide for a 500 MW oil-fired thermal power plant, located on the northern coast of Taiwan. The plant will supply approximately 4% of Taiwan's electricity needs. The plant will burn oil to be supplied under a long-term contract with the government-owned Chinese Petroleum Company.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The Eximbank direct credit of $115,353,500 will facilitate the export of $135,710,000 of United States goods and services.

Eximbank perceives no adverse impact on the United States economy from the export of these goods and services. This transaction will have a favorable impact on employment for substantial numbers of United States workers, as well as on the United States balance of trade. None of the goods to be exported is in short supply in the United States.

The domestic market for conventional power equipment has been well below the United States productive capacity. Foreign orders, therefore, have become a vital portion of United States thermal power equipment manufacturers' business and enable those manufacturers to retain specialized engineering and technical staffs and production work forces. Westinghouse has informed us that the equipment it would be supplying would require 1,146 man years of work at its facilities in Lester, Pennsylvania and East Pittsburgh, Pennsylvania where the unemployment rate in each locale is 7.5% (as of February, 1979). Babcock and Wilcox, which is bidding on the steam boiler and related equipment, estimates that 1,600 man years of work will be required to manufacture such goods, if it is the successful bidder, and such work can be performed at its facilities located in the Canton, Ohio area where the unemployment rate is 6.1% (as of February, 1979), Paris, Texas where the unemployment rate is 5.5% (as of February, 1979), Beaver Falls, Pennsylvania where the unemployment rate is 5.3% (as of February, 1979), Augusta and Brunswick, Georgia where the unemployment rate is 5.9% (as of February, 1979), and West Point, Mississippi where the unemployment rate is 6.3% (as of February, 1979). In addition, 45 subcontractors located in 10 states throughout the United States would be supplying equipment.

In this transaction, there is a total term of 14 years consisting of a 4-year construction period and a ten-year repayment period. Private financing, which is only available on a shorter repayment term, is inadequate to meet the total financial requirements of this project and the Eximbank direct credit is necessary in order to generate sufficient financing for the U.S. sales.

The United States suppliers have had a long beneficial relationship with Taipower as a result of their dependable performance and superior technology. However, today manufacturers in nearly all of the industrial countries are fully capable of supplying all or nearly all of the goods and services for the power plant, and in most instances at prices substantially below the cost of the U.S. goods and services. In the past, Eximbank has received information that suppliers in Japan, Switzerland, United Kingdom and West Germany, with the strong support of the official export credit agencies in each of these countries, submitted bids for the procurement of major equipment categories for projects similar to the plant. Most were lower in price than the comparable U.S. costs. Taipower has informed Eximbank that the Japanese are offering very favorable financial terms.

In view of the magnitude of the transaction and the necessary repayment term, Eximbank's credit is necessary to secure this sale for United States suppliers.

2. The financing plan

The total cost of United States goods and services to be purchased by Taipower will be financed as follows:

	Amount	Percentage of U.S. costs
Cash	$20, 356, 500	15
Eximbank credit	115, 353, 500	85
Total	135, 710, 000	100

(a) Eximbank Charges

The Eximbank credit will bear interest at the rate of 7.75 percent per annum, payable semiannually. A commitment fee of 0.5 percent per anunm will also be charged on the undisbursed portion of the Eximbank credit.

(b) Repayment Terms

The Eximbank credit will be repaid by Taipower in 20 semiannual installments beginning February 28, 1984.

Sincerely,

JOHN L. MOORE, Jr.

EXPORT-IMPORT BANK OF THE UNITED STATES,
Washington, D.C., August 20, 1979.

The SPEAKER,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to Tunisia.

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to authorize the establishment of a line of credit of $100,000,000 in favor of the Government of Tunisia (Borrower) to finance the sale of U.S. capital equipment and services (other than commercial jet aircraft) for the use of various Tunisian private or public entities as selected by the Ministry of Planning of the Government of Tunisia.

The purpose of the line of credit is to meet officially-supported mixed-credit financing which is being offered in Tunisia by the Governments of France, West Germany and Japan so as to provide U.S. suppliers equal access to the Tunisian market. The terms of the line of credit, as described below, are designed to match such financing as closely as possible.

Other official export credit agencies have developed the practice of offering "mixed credits" to support their exports. Mixed credits constitute a blending of standard export credits and concessional aid credits, with resulting terms which are much more concessionary than are customarily offered by export credit agencies. Eximbank is opposed to this practice and has attempted, with the assistance of other U.S. Government agencies, to reach agreement with the other major trading countries to refrain from extending mixed credits. Pursuant to Section 908(a) of the Export-Import Bank Act Amendments of 1978 the Congress authorized and requested the President ". . . to begin negotiations at the ministerial level with other major exporting countries to end predatory export financing programs and other forms of export subsidies, including mixed credits, in third country markets as well as within the United States". As reported in the President's letter to the Congress of March 16, 1979, little progress has been made in this regard. As a result, as stated in the President's letter "Eximbank will continue its recently adopted policy of matching mixed credits on a selective basis".

Tunisia is a market which is the recipient of several mixed credit lines. It appears to Eximbank that the only way U.S. exporters can participate in any significant way in sales to such market will be if the U.S. exporters are armed with financing which neutralizes the concessionary financing terms offered by their competitors.

EXPLANATION OF THE EXIMBANK FINANCING

1. General terms

The line of credit will be utilized by means of a series of subloans which will be approved by both Eximbank and the Borrower on a case by case basis. It is expected that each subloan will be used to finance projects in Tunisia having a minimum U.S. export value of approximately $3,000,000 although equipment and smaller transactions may be considered. Subloans under the line of credit may be approved during the period of one year from the date of the agreement establishing the line, unless the period is extended by Eximbank.

2. The financing plan

The total cost of the U.S. goods and services to be purchased by Tunisian entities and financed under each subloan will be financed as follows:

	Percent of U.S. cost
Eximbank credit—Tranche 1	50
Eximbank credit—Tranche 2	50
Total	100

(a) Eximbank Charges. Tranche 1 of each subloan will bear interest at a rate which when blended with the overall cost of the financing for each subloan will result in a blended rate of between 5 and 5.5 percent. Tranche 2 of each subloan will bear interest at the rate of 3.75 per annum. The Borrower will also pay a commitment fee of 0.5 per annum on the undisbursed portion of each subloan, accruing from the date such subloan is approved by Eximbank.

(b) Repayments. Tranche 1 of each subloan will be repaid over a term which Eximbank would normally set for the type of project or equipment being financed under such subloan. Repayment under Tranche 1 will commence approximately six months after completion of the project or delivery of the products being financed by the subloan. Tranche 2 of each subloan will be repaid in 36 semiannual installments commencing after a seven-year grace period from the date of authorization by Eximbank of such subloan for an overall term of 25 years.

Sincerely,

JOHN L. MOORE, Jr.,
President and Chairman.

EXPORT-IMPORT BANK OF THE UNITED STATES,
Washington, D.C., August 23, 1979.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to Canada:

A. DESCRIPTION OF TRANSACTION.

1. Purpose

Eximbank is prepared to make a credit of $88,000,000 available to Air Canada to facilitate the purchase in the United States by Air Canada of fourteen new Boeing 727-200 jet aircraft, spare engines and related parts and services. The engines for the aircraft are manufactured by Pratt and Whitney, a subsidiary of United Technologies Corporation. The total U.S. export value for this transaction is estimated to be $220,000,000.

In addition to the aircraft proposed for sale in this transaction, Eximbank has issued a preliminary commitment to Air Canada in which it has indicated the terms and conditions under which it will be prepared to extend financing to Air Canada to assist it in the purchase of 24 Boeing 767-200 and 10 Lockheed 1011-500 jet aircraft to meet its needs for increased traffic on its transcontinental routes and replacement of its ageing fleet.

The Eximbank Credit for this transaction, together with the Eximbank financing contemplated in the preliminary commitment, would fall within the purview of cases to be referred to Congress under Section 2(b)(3)(i) of the Eximbank Act.

2. Identity of the borrower

Air Canada is the national air carrier of Canada and is wholly owned by the Government. Eximbank has previously made five loans to Air Canada and repayments have been made on a timely basis. Air Canada currently has extensive operations within Canada as well as flights from Canada to the United States, the Caribbean, Europe and elsewhere.

3. Nature and use of goods and services

The principal goods to be exported from the United States are fourteen commercial jet aircraft to be used by Air Canada to replace part of its aging DC8 and DC9 fleet. The airframes for the 727's will be manufactured in the Seattle-Renton-Everett area by The Boeing Company of Seattle, Washington. The engines for the aircraft will be manufactured by the Pratt and Whitney Aircraft Group of United Technologies Corporation in Hartford, Connecticut. In addition, other U.S. firms will furnish spare parts.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

Eximbank's financial support for the export of U.S. aircraft has assisted U.S. aircraft manufacturers in obtaining approximately 80 percent of the world market for commercial jet aircraft. Through 1990, aircraft purchases by foreign airlines are expected to account for approximately 40 percent of total U.S. aircraft sales. Over the next two to three years several large foreign airlines will be undertaking major reequipment programs, and most airlines choosing a particular aircraft type will continue with future purchases of the same models to maintain fleet continuity. During these next few years there will be intense competition from foreign aircraft and engine manufacturers and they will be supported by subsidized export credit from government sources. Eximbank believes it must be sensitive to purchasers' needs during this period for new product selection and to insure that U.S. aircraft and engine manufacturers are able to offer attractive financing which helps them to sustain their position as a leading U.S. export sector.

Boeing estimates that the export of the fourteen financed aircraft will provide 5.3 million man/hours of work for Boeing and its subcontractors. Additional benefits which will flow to the United States from the transaction include sizeable follow-on exports of spare parts, ground support and other related equipment.

2. The financing plan

The financing plan for the total U.S. procurement supported by Eximbank is as follows:

	Percentage of U.S. costs	Amount
Cash payment	60	$132,000,000
Eximbank credit	40	88,000,000
Total	100	220,000,000

(a) Eximbank Charges

The Eximbank Credit will bear interest at the rate of 8.375 percent per annum for aircraft deliveries from February 1980 to June 1980 and at the rate of 8.50 percent per annum for aircraft deliveries from January 1981 to May 1981.

(b) Repayment Terms

The Eximbank Credit will be repaid by Air Canada in two repayment schedules of 20 equal semiannual installments each, beginning October 15, 1980 and October 15, 1981, respectively.

Sincerely,

H. K. ALLEN.

EXPORT-IMPORT BANK OF THE
UNITED STATES,
Washington, D.C., July 26, 1979.

The SPEAKER,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2 (b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the House of Representatives with respect to the following transaction involving U.S. exports to Jordan:

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to make a credit of $63,750,000 available to ALIA-The Royal Jordanian Airline Corporation (ALIA) to facilitate the purchase in the United States by ALIA of four new Boeing 727-200 jet aircraft, spare engines and related parts and services. The engines for the aircraft are manufactured by Pratt and Whitney, a subsidiary of United Technologies Corporation. The total U.S. export value for this transaction is estimated to be $75,000,000.

In addition to the aircraft proposed for sale in this transaction, Eximbank also proposes to issue a preliminary commitment of ALIA in which it will indicate the terms and conditions under which it will be prepared to extend financing to ALIA to assist it in the purchase of wide-bodied aircraft of United States manufacture to meet its needs for increased traffic and an expanding route system. The sale of wide-bodied aircraft is subject to intense competition from the A-310 which is supported by official foreign government financing.

The Eximbank credit for this transaction, together with the Eximbank financing contemplated in the preliminary commitment would fall within the purview of cases to be referred to Congress under Section 2(b)(3) of the Eximbank Act.

2. Identity of the parties

(a) Borrower

ALIA is the national air carrier of Jordan and is wholly owned by the government. Eximbank has previously made three loans to ALIA and repayments have been made on a timely basis. ALIA currently flies to 31 cities in 29 countries, mainly in Europe and the Middle East, and to New York and Houston.

(b) Guarantor

The Hashemite Kingdom of Jordan will unconditionally guarantee payment of ALIA's indebtdness under the direct credit.

3. Nature and use of goods and services

The principal goods to be exported from the United States are four commercial jet aircraft to be used by ALIA on it regional and medium range routes. The airframes for the 727's will be manufactured in the Seattle-Renton-Everett area by the Boeing Company of Seattle, Washington. The engines for the aircraft will be manufactured by the Pratt and Whitney Aircraft Group of United Technologies Corporation in Hartford, Connecticut. In addition, other U.S. firms will furnish spare parts.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The Eximbank credit of $63,750,000 will facilitate the export of $75,000,000 of United States goods. Sales, profits and employment for U.S. aircraft manufacturers and their subcontractors are heavily dependent upon exports. Through 1990, aircraft purchases by foreign airlines are expected to account for approximately 40% of total U.S. aircraft sales. Eximbank's financial support for exports of U.S. aircraft has assisted U.S. aircraft manufacturers in obtaining approximately 80% of the world market for commercial jet aircraft.

Boeing estimates that the export of the four financed aircraft will provide 1.5 million man/hours of work for Boeing and its subcontractors. Additional benefits which will flow to the United States from the transaction include sizeable follow-on exports of spare parts, ground support and other related equipment.

During evaluation of aircraft to serve its regional and medium range routes, ALIA received an offer from Airbus Industrie for the A-300 with favorable financing. Eximbank offered financing support for the Boeing 727's on terms similar to the official foreign government financing offered on the A-300 and ALIA selected the United States aircraft.

2. The financing plan

The financing plan for the total U.S. procurement supported by Eximbank is as follows:

	Percentage of U.S. costs	Totals
Cash payment	15	$11,250,000
Eximbank credit	85	63,750,000
		75,000,000

(a) Eximbank Charges

The Eximbank credit will bear interest at the rate of 8½ percent per annum, payable semiannually. A commitment fee of ½ of 1 percent per annum will also be charged on the undisbursed portion of the Eximbank credit.

(b) Repayment Terms

The Eximbank credit will be repaid by ALIA in two repayment schedules of 20 equal semiannual installments each beginning January 31, 1981 and January 31, 1982, respectively.

Sincerely,

H. K. ALLEN.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. WILLIAMS of Ohio (at the request of Mr. RHODES) after 3:30 p.m. today and the balance of the week, on account of official business.

Mr. BADHAM (at the request of Mr. RHODES), after 11 a.m., September 21, 1979, and the balance of the week, on account of official business.

Mr. DAVIS of Michigan (at the request of Mr. RHODES) until 4 p.m. today, on account of official business.

Mr. ADDABBO, for September 21, 1979, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GINGRICH) to revise and extend their remarks and include extraneous material:)

Mr. CLEVELAND, for 60 minutes, today.

Mrs. HECKLER, for 5 minutes, today.

Mr. GOLDWATER, for 5 minutes, today.

(The following Members (at the request of Mr. MIKVA) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. WEAVER, for 10 minutes, today.
Mr. AUCOIN, for 5 minutes, today.
Mr. BINGHAM, for 20 minutes, today.
Mr. GLICKMAN, for 5 minutes, today.
Mr. BREAUX, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. NEAL, and to include extraneous material notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,834.

Mr. HANSEN, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,640.50.

(The following Members (at the request of Mr. GINGRICH) and to include extraneous material:)

Mr. FRENZEL in five instances.
Mr. SHUSTER.
Mr. CONTE.
Mr. LEE.
Mr. LAGOMARSINO.
Mr. GOODLING.
Mr. PAUL in five instances.
Mr. DOUGHERTY.
Mr. DANNEMEYER.
Mr. RAILSBACK.
Mr. KEMP.
Mr. ASHBROOK.
Mrs. HECKLER.

(The following Members (at the request of Mr. MIKVA) and to include extraneous matter:)

Mr. BINGHAM.
Mr. VENTO.
Mr. ROSENTHAL in two instances.
Mr. MILLER of California.
Mr. BONKER.
Mr. DAVIS.
Mr. ROE.
Mr. GUARINI.
Mr. LEHMAN.
Mr. ZABLOCKI.
Mr. GAYDOS.
Mr. MAGUIRE.
Mr. MAZZOLI.
Mr. FAZIO.
Mr. LAFALCE.
Mr. BENJAMIN.
Mr. BREAUX in three instances.
Mr. ALBOSTA.
Mr. BOLAND.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on September 18, 1979, present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 367. To authorize and request the President to proclaim the week of September 16 through 22 as "National Meals on Wheels Week."

ADJOURNMENT

Mr. MIKVA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 16 minutes p.m.), the House adjourned until tomorrow, Friday, September 21, 1979, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2488. A letter from the Acting Assistant Administrator for Legislative Affairs, Agency for International Development, Department of State, transmitting notice of a proposed increase in the funding level of the Agency's fiscal year 1979 program in Costa Rica, pursuant to section 653(b) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2489. A letter from the Director, Administrative Office of the U.S. Courts, transmitting notice of the suspension of Speedy Trial Act time limits in the northern district of Indiana, pursuant to 18 U.S.C. 3174(c); to the Committee on the Judiciary.

2490. A letter from the Chairman, Federal Elections Commission, transmitting the Commission's fiscal year 1981 appropriation request, pursuant to section 310(d)(1) of Public Law 92-225, as amended; jointly, to the Committees on Appropriations and House Administration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ULLMAN: Committee on Ways and Means. H.R. 5224. A bill to continue through December 31, 1980, the existing prohibition on the issuance of fringe benefit regulations; with amendments (Rept. No. 96-448). Referred to the Committee of the Whole House on the State of the Union.

Mr. HANLEY: Committee on Post Office and Civil Service. House Concurrent Resolution 167. Resolution expressing the sense of Congress that the President should express to the Government of the Soviet Union the disapproval of the American people concerning that Government's systematic nondelivery of international mail addressed to certain persons residing within the Soviet Union, that the Department of State should pursue this matter at the diplomatic level with the Soviet Union and other countries, and that the U.S. delegation to the next Congress of the Universal Postal Union seek the compliance of the Government of the Soviet Union with the acts of the Universal Postal Union (Rept. No. 96-449, pt. 1). Ordered to be printed.

Mr. ADDABBO: Committee on Appropriations. H.R. 5359. A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes (Rept. No. 96-450). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTEN: Committee on Appropriations. House Joint Resolution 404. Joint resolution making continuing appropriations for the fiscal year 1980, and for other purposes (Rept. No. 96-452). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 414. Resolution providing for the consideration of S. 832. A bill to amend the Federal Election Campaign Act of 1971 to extend the authorization of appropriations contained in such act (Rept. No. 96-453). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 415. Resolution providing for the consideration of H.R. 5269. A bill to authorize appropriations for the fiscal year beginning October 1, 1979, for the maintenance and operation of the Panama Canal, and for other purposes (Rept. No. 96-454). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 416. Resolution providing for the consideration of H.R. 3546. A bill to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for 1 year. (Rept. No. 96-455). Referred to the House Calendar.

Mr. FROST: Committee on Rules. House Resolution 417. Resolution providing for the consideration of H.R. 2218. A bill to authorize appropriations to carry out the Endangered Species Act of 1973 during fiscal years 1980, 1981, and 1982 (Rept. No. 96-456). Referred to the House Calendar.

Mr. BEILENSON: Committee on Rules. House Resolution 418. Resolution providing for the consideration of H.R. 4955. A bill to authorize an additional appropriation of $207,290,000 for the fiscal year 1980 and $203,610,000 for the fiscal year 1981 for migration and refugee assistance (Rept. No. 96-457). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 419. Resolution providing for the consideration of House Joint Resolution 404, joint resolution making continuing appropriations for the fiscal year 1980, and for other purposes (Rept. No. 96-458). Referred to the House Calendar.

SUBSEQUENT ACTION ON BILLS INITIALLY REFERRED UNDER TIME LIMITATION

Under clause 5 of rule X, the following actions were taken by the Speaker:

Referral of the bill (H.R. 2626) to establish voluntary limits on the annual increases in total hospital expenses, and to provide for mandatory limits on the annual increases in hospital inpatient revenues to the extent that the voluntary limits are not effective, to the Committee on Interstate and Foreign Commerce extended for an additional period ending not later than September 28, 1979.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. ULLMAN: Committee on Ways and Means. H.R. 4904. A bill to amend the Social Security Act to reform the program of aid to families with dependent children, to make improvements in the standards for eligibility and benefits in the program of supplemental security income, and to provide for the improved administration of both programs, to make related amendments to the Internal Revenue Code of 1954, and for other purposes; with amendments (Rept. No. 96-451, part 1). Ordered to be printed. Referred to the Committee on Agriculture for a period not to exceed 10 legislative days for consideration of sections 129 and 201 of the bill and amendments thereto.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ULLMAN:

H.R. 5346. A bill to provide for a temporary increase in the public debt limit, and to amend the Rules of the House of Representatives to make possible the establishment of the public debt limit in the future as a part of the congressional budget process; jointly, to the Committees on Ways and Means and Rules.

By Mr. BREAUX (for himself, Mr. Murphy of New York, and Mr. Forsythe):

H.R. 5347. A bill to establish a national policy on the oceans, coastal environment, and atmosphere, to establish the National Oceanic and Atmospheric Administration, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries and Science and Technology.

By Mr. JOHN L. BURTON:

H.R. 5348. A bill to amend the act establishing the Golden Gate National Recreation Area, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 5349. A bill to amend the Point Reyes National Seashore Act, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FRENZEL:

H.R. 5350. A bill to amend the Internal Revenue Code of 1954 to provide that no gain or loss will be recognized in the case of transfers of a principal residence in divorce or legal separation proceedings; to the Committee on Ways and Means.

By Mr. GUDGER (for himself, Mr. Derwinski, Mr. Erlenborn, Mr. Forsythe, Mr. Volkmer, Mr. Hall of Texas, Mr. Pepper, Mr. Pritchard, and Mr. Wyatt):

H.R. 5351. A bill to provide Government indemnity for suppliers of products to the Government in certain cases in which such suppliers become liable for loss with respect to those products, and for other purposes; to the Committee on the Judiciary.

By Mr. MOTTL:

H.R. 5352. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the exclusion from gross income of dividends received by individuals; to the Committee on Ways and Means.

H.R. 5353. A bill to amend the Internal Revenue Code of 1954 to encourage greater individual savings; to the Committee on Ways and Means.

By Mr. PAUL:

H.R. 5354. A bill to amend the Internal Revenue Code of 1954 to provide a Federal income tax credit for tuition; to the Committee on Ways and Means.

By Mr. SLACK:

H.R. 5355. A bill to repeal the carryover basis provisions added by the Tax Reform Act of 1976; to the Committee on Ways and Means.

By Mr. WYATT:

H.R. 5356. A bill to amend the Federal Water Pollution Control Act to provide for the payment of claims resulting from the oilspill at Ixtoc I, Bay of Campeche, Mexico, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. ADDABBO:

H.R. 5359. A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

By Mr. MAZZOLI:

H. Res. 412. Resolution of welcome for Pope John Paul II; to the Committee on Foreign Affairs.

By Mr. COUGHLIN:

H. Con. Res. 190. Concurrent resolution welcoming His Holiness Pope John Paul II on his visit to the United States; to the Committee on Foreign Affairs.

By Mr. WHITTEN:

H.J. Res. 404. Joint resolution making continuing appropriations for the fiscal year 1980, and for other purposes; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FRENZEL:

H.R. 5357. A bill for the relief of Richard Chung; to the Committee on the Judiciary.

By Mr. GUDGER:

H.R. 5358. A bill for the relief of Stencil Aero Engineering Corp.; to the Committee on the Judiciary.

H. Res. 413. Resolution to refer the bill (H.R. 5358) for the relief of Stencel Aero Engineering Corp. to the Chief Commissioner of the Court of Claims; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 109: Mr. Howard.

H.R. 506: Mr. Kostmayer, Mr. Patterson, and Mr. Stangeland.

H.R. 2744: Mr. Mollohan.

H.R. 3006: Mr. Danielson.

H.R. 3227: Mr. Hutto.

H.R. 3298: Mr. Edgar.

H.R. 3345: Mr. Studds.

H.R. 3402: Mr. Patterson.

H.R. 3525: Mr. Madigan.

H.R. 4179: Mr. Brown of Ohio, Mr. Treen, Mr. Stokes, Mr. Vento, Mr. AuCoin, Mr. Guarini, Mr. McHugh, Mr. Seiberling, Mr. Glickman, Mr. Hall of Ohio, and Mr. Mineta.

H.R. 4201: Mr. Lederer.

H.R. 4211: Mr. Edgar.

H.R. 4646: Mr. Albosta, Mr. Dougherty, Mr. English, Mr. Foley, Mr. Forsythe, Mr. Hubbard, Mr. Huckaby, Mr. Mikva, Mr. Petri, Mr. Smith of Iowa, Mr. Snyder, Mr. Stenholm, Mr. Whittaker, Mr. Charles Wilson of Texas, and Mr. Richmond.

H.R. 5225: Mr. Kogovsek, Mr. Broyhill, Mr. Whitehurst, Mr. Stockman, Mr. Watkins, Mr. Hance, Mr. Walker, Mr. Stangeland, Mr. Burgener, Mr. Dickinson, Mr. Dan Daniel, and Mr. Charles Wilson of Texas.

H.J. Res. 118: Mr. McHugh, Mr. Fithian, Mr. John L. Burton, Mrs. Smith of Nebraska, Mr. Patterson, Mr. Moore, Mr. Michel, Mr. Treen, Mr. Ambro, Mr. Wylie, Mr. Zablocki, Mr. Whitten, Mr. Maguire, Mr. Roybal, Mr. Brodhead, Mr. Long of Maryland, Mr. Hamilton, Mr. Sharp, Mr. Wydler, Mr. Garcia, Mr. Paul, Mrs. Holt, Mr. Guyer, and Mr. Deckard.

H.J. Res. 338: Mr. Brown of Ohio, Mrs. Spellman, Mr. Leach of Iowa, Mr. Lagomarsino, Mr. Steed, and Mr. Donnelly.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2218

By Mr. BREAUX:

—Page 3, after line 2 insert the following:

Sec. 3. Section 3(11) of the Endangered Species Act of 1973 (16 U.S.C. 1532(11)) is amended by striking out "(A)" and all that follows thereafter and inserting in lieu thereof "violate section 7(a)(2).".

Sec. 4. Section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533) is amended—

(1) by amending subsection (f)(2)(B)(i) to read as follows:

"(i) not less than 60 days before the effective date of the regulation, publish—

"(I) the text of the proposed regulation in the Federal Register, and

"(II) if the proposed regulation specifies any critical habitat, general notice of the regulation (including a summary of the text) in a newspaper of general circulation within or adjacent to such habitat;";

(2) by amending subsection (f)(2)(C)(ii)—

(A) by striking out "subsection (b)(A), (B), and (C)" and inserting in lieu thereof "subsection (b)(1)(A), (B), and (C)",

(B) by striking out "120-day period" each place it appears therein and inserting in lieu thereof "225-day period", and

(C) by inserting at the end thereof the following new sentence: "If at any time after issuing an emergency regulation the Secretary determines, on the basis of the best scientific and commercial data available to him, that substantial evidence does not exist to warrant such regulation, he shall withdraw it."; and

(3) by adding at the end thereof the following new subsection:

"(h) Guidelines and Procedures.—The Secretary shall develop and implement guidelines and procedures to ensure that the purposes of this section are achieved efficiently and effectively. Such guidelines and procedures shall include, but are not limited to—

"(1) procedures for recording the receipt and the disposition of petitions submitted under subsection (c)(2) of this section;

"(2) criteria for making the findings required under such subsection with respect to petitions;

"(3) a ranking system to ensure that species facing a high degree of threat receive priority review for listing; and

"(4) a system for developing and implementing, on a priority basis, recovery plans under subsection (g) of this section.".

Sec. 5. Section 7 of the Endangered Species Act of 1973 (16 U.S.C. 1536) is further amended—

(1) by amending subsection (a)—

(A) by striking out "(a) Consultation.—" and inserting in lieu thereof "(a) Federal Agency Actions and Consultations.—(1)";

(B) by striking out the third sentence thereof; and

(C) by adding at the end thereof the following:

"(2) Each Federal agency shall, in consultation with and with the assistance of the Secretary, insure that any action authorized, funded, or carried out by such agency (hereinafter in this section referred to as an 'agency action') is not likely to jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of habitat of such species which is determined by the Secretary, after consultation as appropriate with affected States, to be critical, unless such agency has been granted an exemption for such action by the Committee pursuant to subsection (h) of this section. In fulfilling the requirements of this paragraph each agency shall use the best scientific and commercial data available.

"(3) For the purposes of paragraph (2) the term 'endangered species and threatened species' includes every species of fish or wildlife or plant that is listed or proposed to be listed under section 4; except that paragraph (2) shall cease to apply for purposes of an agency action to any species so proposed for listing unless, within 90 days after consultation regarding the agency action is concluded, the Secretary publishes in the Federal Register a final regulation listing such species.";

(2) by amending each of subsections (b), (c), (d), (e)(2), (f), (g)(1) and (5), (h)(1), and (m) by striking out "subsection (a)" wherever it appears therein and inserting in lieu thereof "subsection (a)(2)".

(3) by further amending subsection (c)—

(A) by inserting "(1)" immediately after "BIOLOGICAL ASSESSMENT.—", and

(B) by adding at the end thereof the following new paragraph:

"(2) Any person who may wish to apply for an exemption under subsection (g) of this section for that action may conduct a biological assessment to identify any endangered species or threatened species which is likely to be affected by such action. Any such biological assessment must, however, be conducted in consultation with the Secretary and under the supervision of the appropriate Federal agency.";

(4) by further amending subsection (g) (1) by striking out "may jeopardize" and all that follows thereafter in the first sentence thereof and inserting in lieu thereof "would violate subsection (a)(2).";

(5) by amending subsection (g)(2)(A) by striking out "process." and inserting in lieu thereof "process; or, in the case of an agency action involving a permit or license applicant, not later than 90 days after the date on which the Federal agency concerned takes final agency action, for purposes of chapter 7 of title 5, United States Code, with respect to the issuance of the permit or license.";

(6) by amending subsection (g)(3) by redesignating subparagraph (B) as subparagraph (C), and by inserting immediately after subparagraph (A) the following new subparagraph:

"(B) If more than one application for exemption is filed for the same agency action, the same review board shall be convened for each application and shall consider each such application in the manner set forth in paragraph (5).";

(7) by amending subsection (g)(5)—

(A) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively,

(B) by striking out "such exemption applicant" in clause (B) (as to redesignated) and inserting in lieu thereof "the Federal agency or exemption applicant, as the case may be", and

(C) by redesignating subclauses (A), (B), and (C) as subclauses (i), (ii), and (iii), respectively; and

(8) by amending subsection (h)—

(A) by amending paragraph (2)(A) to read as follows:

"(2)(A) Except as provided in subparagraph (B), an exemption for an agency action granted under paragraph (1) shall constitute, but only if a biological assessment has been conducted under subsection (c) with respect to such agency action, a permanent exemption with respect to all endangered or threatened species for the purposes of completing such agency action, regardless whether the species was identified in the biological assessment."; and

(B) by amending the first sentence of paragraph (2)(B) to read as follows: "An exemption shall not be permanent under subparagraph (A) if the Secretary finds, on the basis of the best scientific and commercial data available to him, that the exemption will result in the extinction of a species that was not the subject of the consultation under subsection (a)(2) relating to the agency action concerned or was not identified in any biological assessment that was prepared under subsection (c) before, or in conjunction with, the Committee consideration relating to the exemption.".

SEC. 6. The Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) is further amended—

(1) by striking out subsection (e) of section 8;

(2) by adding immediately after section 8 the following new section:

"CONVENTION IMPLEMENTATION

"SEC. 8A. (a) MANAGEMENT AUTHORITY AND SCIENTIFIC AUTHORITY.—The Secretary of the Interior (hereinafter in this section referred to as the 'Secretary') is designated as the Management Authority and the Scientific Authority for purposes of the Convention and the respective functions of each such Authority shall be carried out through the United States Fish and Wildlife Service.

"(b) MANAGEMENT AUTHORITY FUNCTIONS.—For purposes of the Convention, the Management Authority shall carry out, but is not limited to carrying out, the following functions:

"(1) Issue permits and certificates as required by the Convention.

"(2) Apply to each permit or certificate that authorizes the importation, exportation, or introduction from the sea of a specimen of any species included in Appendix I of the Convention appropriate conditions and restrictions so that—

"(A) the importation will be for purposes that are not detrimental to the survival of the species of which the specimen is a member;

"(B) the exportation or introduction from the sea will not be detrimental to the survival of such species; and

"(C) in the case of importation or introduction from the sea, the specimen will not be used primarily for commercial purposes.

"(3) Apply to each permit or certificate that authorizes the exportation or introduction from the sea of a specimen of any species included in Appendix II of the Convention appropriate conditions and restrictions so that trade in other species listed in either—

"(A) Appendix I of the Convention; or

"(B) Appendix II of the Convention pursuant to paragraph 2(a) of Article II thereto; will be brought under effective control.

"(4) Apply to each permit or certificate that authorizes the exportation or introduction from the sea of a specimen of any species included in Appendix II of the Convention pursuant to paragraph 2(a) of Article II thereto appropriate conditions and restrictions so that the exportation or introduction from the sea will not be detrimental to the survival of the species of which the specimen is a member.

"(c) SCIENTIFIC AUTHORITY FUNCTIONS.—For purposes of the Convention, the Scientific Authority shall carry out only the following functions:

"(1) Advise the Management Authority—

"(A) whether the importation of a specimen of any species included in Appendix I of the Convention will be for purposes that are not detrimental to the survival of the species of which the specimen is a member; and

"(B) if such specimen is a living specimen, whether the proposed recipient of the specimen is suitably equipped to house and care for the specimen.

"(2) Advise the Management Authority whether the exportation or introduction from the sea of a specimen of any species included in Appendix I or II of the Convention (except species included pursuant to paragraph 2(b) of Article II thereto) will not be detrimental to the survival of the species of which the specimen is a member.

"(3) Recommend to the Management Authority conditions and restrictions appropriate to carry out paragraphs (3) and (4) of subsection (b).

"(4) Monitor export permits referred to in paragraphs (3) and (4) of subsection (b) and the actual exports of specimens made under the authority of such permits and, if the Scientific Authority determines that the exportation of any species included in Appendix II of the Convention should be limited in order to maintain such species at a level well above the level at which the species might become eligible for inclusion in Appendix I, recommend to the Management Authority suitable measures that should be considered in the granting of export permits for specimens of any such species.

The Scientific Authority shall base the advice and recommendations required of it under this subsection on the best available scientific and commercial data. Advice given by the Scientific Authority under paragraphs (1) or (2) may not be conditioned upon the acceptance of recommendations made by it under paragraph (3) with respect to the species concerned.

"(d) ADVISORY PANEL.—(1) There is established the Endangered Species Advisory Panel (hereinafter in this subsection referred to as the 'Panel').

"(2) The Panel shall be composed of the Director of the United States Fish and Wildlife Service, who shall also serve as the chairman of the Panel, and an even number (but not more than 8) of other members appointed by, and who serve at the pleasure of, the Secretary. No individual is eligible for appointment as a member of the Panel unless that individual is knowledgeable or experienced in the conservation of wild fauna or flora.

"(3) The Panel shall meet at the call of the chairman.

"(4) The Secretary shall provide to the Panel necessary staff and administrative support.

"(5) The members of the Panel, who are not employed by the Federal Government or any State or local government, shall receive compensation at the daily rate for GS–18 of the General Schedule when engaged in the actual performance of duties of the Panel. Each member of the Panel shall be reimbursed for actual expenses incurred in the performance of such duties.

"(6) The Panel shall provide technical advice to the Management Authority and to the Scientific Authority on matters arising in the administration of their respective functions under the Convention.

"(7) The Federal Advisory Committee Act does not apply to the activities of the Panel.

"(e) WILDLIFE PRESERVATION IN WESTERN HEMISPHERE.—The President shall designate those agencies of the Federal Government that shall act on behalf of, and represent, the United States in all regards as required by the Convention on Nature Protection and Wilderness Preservation in the Western Hemisphere."; and

(3) by amending the table of contents by inserting immediately after the section title for section 8 the following:

"Sec. 8A. Convention implementation.".

SEC. 7. Section 10(f) of the Endangered Species Act of 1973 (16 U.S.C. 1539(f)) is amended—

(1) in paragraph (4), by inserting "unless such exemption is renewed under paragraph (8)" after "certificate" in subparagraph (C); and

(2) by adding at the end thereof the following new paragraphs:

(8)(A) Any person to whom a certificate of exemption has been issued under paragraph (4) of this subsection may apply to the Secretary for a renewal of such exemption for a period not to exceed three years beginning on the expiration date of such certificate. Such application shall be made in the same manner as the application for exemption was made under paragraph (3), but without regard to subparagraph (A) of such paragraph.

"(B) If the Secretary approves any application for renewal of an exemption under this paragraph, he shall issue to the applicant a certificate of renewal of such exemption which shall provide that all terms, conditions, prohibitions, and other regulations made applicable by the original certificate shall remain in effect during the period of the renewal.

"(C) No exemption or renewal of such exemption made under this subsection shall have force and effect after the expiration date of the certificate of renewal of such exemption issued under this paragraph.".

H.R. 3303

By Mr. LEVITAS:

—Page 40, after line 23, insert the following:

SEC. 15. (a) The Attorney General shall, during the fiscal year for which appropriations are authorized by this Act, transmit a report to each House of the Congress in any case in which the Attorney General—

(1) establishes a policy to refrain from the enforcement of any provision of law enacted by the Congress, the enforcement of which is the responsibility of the Department of Justice, because of the position of the Department of Justice that such provision of law is not constitutional; or

(2) determines that the Department of Justice will contest, or will refrain from defending, any provision of law enacted by the Congress in any proceeding before any court of the United States, or in any administrative or other proceeding, because of the position of the Department of Justice that such provision of law is not constitutional.

(b) Any report required in subsection (a) shall be transmitted not later than thirty days after the Attorney General establishes the policy specified in subsection (a)(1) or makes the determination specified in subsection (a)(2). Each such report shall—

(1) specify the provision of law involved;

(2) include a detailed statement of the reasons for the position of the Department of Justice that such provision of law is not constitutional; and

(3) in the case of a determination specified in subsection (a)(2), indicate the nature of the judicial, administrative, or other proceeding involved.

(c) If, during the fiscal year for which appropriations are authorized by this Act, the Attorney General determines that the Department of Justice will contest, or will refrain from defending, any provision of law enacted by the Congress in any proceeding before any court of the United States, or in any administrative or other proceeding because of the position of the Department of Justice that such provision of law is not constitutional, then the representative of the Department of Justice participating in such proceeding shall make a declaration in such proceeding that such position of the Department of Justice regarding the constitutionality of the provision of law involved constitutes the position of the executive branch of the United States with respect to such matter.

H.R. 4034

By Mr. MILLER of Ohio:

—Page 63, immediately after line 6, insert the following new section:

MILITARY USE OF CONTROLLED GOODS OR TECHNOLOGY

SEC. 125. Section 5 of the Export Administration Act of 1969, as added by section 104 (b) of this Act, is amended by adding at the end thereof the following new subsection:

"(1) MILITARY USE OF CONTROLLED GOODS OR TECHNOLOGY.—(1) Whenever there is reliable evidence that a country to which exports are controlled for national security purposes has used for military purposes any goods or technology which were exported to that country subject to national security controls under this section, the President shall—

"(A) so long as that military use continues, deny all future exports to that country of any goods or technology subject to national security controls under this section which would contribute to that particular military use, regardless of whether such goods or technology are available to that country from sources outside the United States; and

"(B) take such additional steps under this Act as are necessary to prevent the further military use of the previously exported goods or technology.

"(2) As used in this subsection, the terms 'use for military purposes' and 'military use' include but are not limited to, the design or production of any item on the United States Munitions List.".

—Page 63, immediately after line 6, insert the following new section:

MILITARY USE OF CONTROLLED GOODS OR TECHNOLOGY

SEC. 125. Section 5 of the Export Administration Act of 1969, as added by section 104 (b) of this Act, is amended by adding at the end thereof the following new subsection:

"(1) MILITARY USE OF CONTROLLED GOODS OR TECHNOLOGY.—(1) Whenever there is reliable evidence that a country to which exports are controlled for national security purposes has used for military purposes any goods or technology which were exported to that country subject to national security controls under this section, the President shall—

"(A) deny all future exports to that country of any goods or technology subject to national security controls under this section which would contribute to that particular military use, regardless of whether such goods or technology are available to that country form sources outside the United States; and

"(B) take such additional steps under this Act as are necessary to prevent the further military use of the previously exported goods or technology.

"(2) As used in this subsection, the terms 'use for military purposes' and 'military use' include, but are not limited to, the design or production of any item on the United States Munitions List.

EXTENSIONS OF REMARKS

HISTORIAN ROMAN ON POLISH COMMEMORATION

HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. BENJAMIN. Mr. Speaker, allow me to take this opportunity today to remind my colleagues of an important anniversary which has just recently passed. This September 1 marked the 40th anniversary of the opening shots of World War II and in commemoration of this historic and tragic event, I would like to share with my colleagues the following speech by Frank B. Roman which was delivered on August 31, 1979.

Frank Roman has been proclaimed "Gary Indiana's Historian in Residence." After sharing his expertise in this area for 22½ years as a public school teacher, Mr. Roman continues to serve the community through his frequent radio appearances.

It is with great honor that I share Mr. Roman's most recent broadcast in salute to the remarkable bravery and fortitude exhibited by the Polish people during this tragic period of our Nation's history:

FRANK B. ROMAN'S RADIO SPEECH

Lest we forget:

Good morning Tom!

On this last day of August, 1979, Labor Day weekend—Greetings.

Tomorrow—Saturday—is September 1, 1979. However, forty years ago, 1939, September 1st was a Friday.

On that day—Friday, September 1, 1939, at 4:45 A.M., as the thick fog was lifting, and without declaring an act of war, the Nazi German cruiser named Schleswig-Holstein fired the first shots of World War II. It violently attacked a Polish garrison in the Free City of Danzig (Gdansk). Simultaneously, without previous warnings, other Adolph Hitler's war and land hungry armored divisions: air craft (esp. "Stuka Dive Bombers"), tanks, motorized troops, armed with deadly machine guns and rockets, launched a surprise, diabolical, undeclared war attack on unmobilized, unprepared Poland. These Nazis quickly devastated countless cities, villages and towns. They killed, wounded or captured thousands of Poles, Jews, White Russians, Lithuanians, Estonians, Latvians, Ukrainians, and others, whether in military uniforms or civilian attire. The Nazis hordes did not spare women or children, the aged, crippled or sick. These war crazed followers of Hitler looted, raped, plundered, set on fire, destroyed and vandalized everything and anything along the way that wasn't of any value to them.

Although Poland's Allies: France and Great Britain—declared war on Axis, Nazi Germany, Sunday, September 3, 1939, this aid—came too late.

On August 19, 1939, the Russian Soviets and German Nazis signed a nonaggression pact.

On the day the German "Wehrmacht" met behind Warsaw and the Nazi victory became assured (September 17, 1939)—the Soviet Red Army—on pretext of friendship to the Poles, Ukrainians, and others, invaded Poland. They subsequently pushed their Communist oriented Red Army as far as the borders of East Prussia, running south along the river Bug, and west of Lwow to include Galicia. In due time they took control of Lithuania, Latvia, and Estonia; waging war with Finland in 1939. The Poles and others made little attempt to resist the Red Army of Joseph Stalin, knowing that resistance is useless, their destiny and fate sealed for years to come.

Incidentally, Tom—this speaker (from Gary, Indiana), along with Reverend Hilary Paszek (from Le Mans, France and South Bend, Indiana), Reverend Joseph Kmiecik (also from South Bend, Indiana), Reverend Boleslaus Sztuczko (South Bend, Indiana), B. Hormisdas Spanier (originally from St. John, Indiana), were in the land of their ancestors at the time (September 17, 1939), in Czartorysk, Poland—about 65 miles from the Soviet Union border. They were serving as missionaries and as representatives of the Congregation of Holy Cross (whose headquarters are at the University of Notre Dame, Indiana). He recalls that things got tough for the trapped Americans as Soviet Union Red Army troops moved into the eastern reaches around the Pripet Marshes, where they were held up, and became "house prisoners" of the Communist N.K.V.D. (Soviet Secret Police), til January, 1940. Thanks to the intercession of a U.S. consular official from Moscow, the "imprisoned Americans" managed to get out of Soviet occupied Poland through Romania, Yugoslavia and Italy, for a return to Notre Dame.

During the years 1939-1942 many Polish Army veterans, civilians and citizens were captured by Hitler gangsters or Red Army forces. Most of these men, women and children subsequently were mercilessly driven to Soviet or German Reich camps, or stockades. Here they were forced into hard labor, tortured, starved, mistreated and even executed.

Those of the Polish Army or civilian refugees, who managed to escape from Poland or exile, quickly formed combat units in France, Great Britain, Africa and elsewhere, alongside other Allied forces. More prominent among these were: the Polish Brigade of Podhale (the region native to our present Holy Father: Pope John Paul II); the 1st Division of Grenadiers; the 2nd Division and the Carpathian Brigade, at Narvik (Norway). Others battled on the Maginot Line (France). Detachments of the Polish Navy took part in the action at Dunkirk, the Battle of the Atlantic. The Polish Air Force shot down some 800 German aircrafts; taking part in over 73,000 flight missions; destroyed over 190 V-1 missiles that were sent to destroy England by the Nazis.

While the Poles fought abroad, the Polish Home Army (the "Underground") that included Christian Polonians and Polonians of Jewish Heritage, and other women and children, sabotaged the German Nazis in every possible way: The "Warsaw Uprising of 1944" infuriated the Nazis. They retaliated by destroying Warsaw, in spite of the fact, namely, that the invading Army stood on the shores of the Wisla (Vistula). At this time they alleged to be "Polish Protectors", as now the Nazis declared war against the Soviets. However, Stalin's Red Armies stood aloof as thousands of Poles, Jews and others were slaughtered, or taken by brute force to German concentration camps. These are the camps recently shown in America, especially, the TV series: The Holocaust."

U.S. Congress on July 16, 1979, unanimously passed a House Joint Resolution (H.J. 373) which recognized Polish heroism during Hitler's blitzkrieg. It was sponsored by 43 Congressmen, including Adam Benjamin, Jr., and Floyd Fithian of Indiana. On July 27, 1979, President Jimmy Carter signed it in the White House. This ceremony was witnessed by certain Polonian leaders, including Mrs. Helen Zielinski, president of the Polish Women's Alliance. She heads a national fraternal organization, numbering over 90,000 Polish and Polish American women and children. Main offices are located in Parkridge, Illinois.

Recently, His Excellency Andrew Grutka, bishop of Gary, Indiana, The Honorable Richard Gordon Hatcher, Mayor of Gary, The Honorable Edward J. Raskosky, Mayor of Hammond, The Honorable Robert A. Patrick, Mayor of East Chicago, The Honorable Joseph B. Grenchik, Mayor of Whiting and others, made proclamations, declaring the month of September, 1979, as: Month Of Prayer For Peace. They invited every person in America to join the Polish American Congress (Indiana Division), praying for world peace. God Bless, Love, Everyone! ●

TESTING LEGISLATION: THE ARROGANCE OF POWER?

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. GOODLING. Mr. Speaker, as you know, the Subcommittee on Elementary, Secondary, and Vocational Education is currently considering legislation to regulate the standardized testing process in this country and to force disclosure of each test and corrected answer sheet.

Under the banner of public scrutiny and consumer rights, the proponents of this legislation charge that private testing agencies display an "arrogance" toward the public's right to access of information. It seems, Mr. Speaker, that these advocates are confusing "unwarranted secrecy" with the reasonable security necessary to insure the validity of the standardized testing process.

I am especially surprised at the apparent unwillingness of the bill's proponents to attempt to apply their principles to the Federal Government before launching a full-scale attack upon the private sector. I am not sure why these advocates would exempt the Federal testing procedures from their disclosure requirements since the standardized exams given for civil service positions or for entry into or advancement within the military, for example, surely affect people's lives at least as much as college entrance exams. This double standard might be considered by some an "arrogance of power" on the part of the Federal Establishment. At this point I would like to include for the Members' benefit the following perceptive remarks on this apparent double standard.

THE FEDERAL ROLE IN TESTING—A DOUBLE STANDARD

(By Dr. Frank Snyder)

The Committee should consider the relationship between the legislation under discussion and current practices of the Federal Government with respect to testing. According to the Office of Personnel Management, in FY 1978 1,616,178 persons took Federal civil service tests. The pending legislation requires that job entry examinations meet certain prescribed requirements. It seems strange that the Congress should impose these requirements upon the private sector—requirements which themselves have not undergone trial—without first imposing them upon tests given by the Federal government itself. If the testing practices to be imposed by the pending legislation are, in fact, important to "the rights of individuals and the national interests", it seems only proper that the first step should be taken by the Federal government itself in the interests of the more than 1.6 million individuals taking civil service examinations each year. Beyond civil service examinations, it should also be noted that the armed services have extensive examination procedures both at the point of entry and for subsequent promotion decisions.

That Federal occupational entry examinatons have their shortcomings is pointed up by the May 15, 1979 report to the Congress by the Comptroller General, "Federal Employment Examinations: Do They Achieve Equal Opportunity and Merit Principle Goals?" (FPCD–79–46).

Also, we would like to invite the Committee's attention to Section 3 of the Privacy Act of 1974 (PL 93–579) which added a new Section 522a to Title V of the U.S. Code. Subsection (k)—"Specific Exemptions"—of that section permits an agency head to "exempt any system of records within that agency" from certain disclosure and access requirements of the statute. The law includes among these exemptions the following:

> (6) testing or examination materials used solely to determine individual qualifications for appointment or promotion in the Federal service, the disclosure of which would compromise the objectivity or fairness of the testing or examined process;

This provision, to put it plainly, points up the fact that the proposed legislation would require the private sector to do something which Federal agencies are not required to do under similar circumstances.●

HOSPITAL COST CONTAINMENT

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. PAUL. Mr. Speaker, the great Dr. Denton Cooley, surgeon-in-chief at the Texas Heart Institute, recently wrote me an eloquent letter on the proposal for Goverment control of hospital prices, called hospital cost containment.

This bill, if enacted into law, would do tremendous harm to patients and hospitals. I would like to urge my colleagues to listen to Dr. Cooley's wise words:

TEXAS HEART INSTITUTE,
Houston, Tex., September 5, 1979.

Hon. RON PAUL, M.D.,
Longworth Building,
Washington, D.C.

DEAR RON: We share a mutual responsibility to the American public. You and your colleagues, and I and my colleagues—both physicians and health care administrators—must insure that our health care system provides the highest quality care to the most people for the least possible money. Today we should feel extremely proud: Together we have built the finest health care system in the world.

I support the conclusion from first hand experience. Annually, over 30 percent of our patients at the Texas Heart Institute come from foreign countries; most come from countries with federally controlled health care systems. They seek treatment at our facility not only because of our expertise, but also because they do not have access to care in their own countries within a reasonable time period, if at all. Also, in the majority of cases they find the cost of the required procedure less in this country than in their own.

Let me cite a specific example. For almost three years we have been serving cardiovascular patients from the Netherlands. To date we have treated over 763 patients with this "Dutch Air Bridge" program. We treat them because under their federalized system they would wait up to 3 years for the same procedure in their country. Many could not survive that delay. Through our program, these patients receive more prompt and efficient treatment for less money (including air fares and spouses expenses) and their government pays all costs. Their national health system apparently accepts the circumstances and thus admit their own failure to provide health care in Holland.

Our experience at the Texas Heart Institute is not unique. It is repeated daily in other hospitals throughout the United States where many foreign patients come for treatment, totally supporting the conclusion that the American Health Care System delivers the highest quality care to the most people for the least money. Further, overwhelming proof of that fact comes from the oil rich OPEC nations where "money buys all." They are only interested in utilizing or duplicating the American Health Care System.

It is most unfortunate that we have let our superior American Health Care System become such a political football. The volumes of populist political rhetoric about health care cost has unfairly denigrated one of our most priceless national assets. The issues have been inflamed and distorted and the true value of our system has been obscured.

Our health care system should be a source of great pride to every American. Instead, the current, politically motivated dialogue, from well-intentioned but misinformed people is causing it to be suspect and demeaned. No wnoder there is the "crisis in confidence" recently noted by President Carter. As a person whose whole life has been devoted with great pride and satisfaction to our health care system, I am disturbed by this defamation. It makes me angry both as a physician and as an American. I hope it does the same for you.

I do not deny that health care costs—viewed in absolute dollars—are high. But relatively speaking, our health care product is still a great value. Americans pay less than 10 cents on the dollar for the highest quality health care and consequently the highest quality of life in the world. Let's not forget that fact.

Additionally, those of us associated with the health care industry have embarked upon a voluntary effort to contain the cost spiral. It is working; it has produced tangible results already, reducing the inflationary trend by over two percent from 15 percent to 12.4 percent. I stand committed to this effort as do my colleagues. I pledge both support and leadership.

You are now considering the current administration's cost containment proposals (H.R. 2626 and S. 570). Careful reading and analysis of these bills will show that they will not accomplish their goal. These bills mandate more government involvement and control. The government is already a 20 percent to 25 percent factor in health care cost. That is too high; we can't afford anymore. A professional study group (Data Resources, Inc.) indicates that at the very best, this legislation would influence the Consumer Price Index by less than one-tenth of one percent between 1979 and 1984. We'll do much better through the free enterprise, voluntary effort.

Additionally, these proposals would give unprecedented "czar like" powers to the unelected, unaccountable, and uninformed bureuacrats in the Department of Health, Education and Welfare. These bills would also reduce access to care, creating waiting lines of needy patients as has happened under all nationalized systems. In summary, passage of this legislation would be a major step backward; a move toward comfortable mediocrity. Americans do not deserve that.

I urge you to defeat the current "so called" cost containment proposals and join me in standing up proudly in support of our American Health Care System.

Sincerely yours,

DENTON A. COOLEY, M.D.
Surgeon-In-Chief.●

CELEBRATING 150 YEARS OF EXCELLENCE

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. LEE. Mr. Speaker, this week marks the sesquicentennial observation of an institution, the Syracuse Post-Standard.

First published as the Onondaga Standard, a weekly newspaper that made its debut on September 16, 1829, today's Post-Standard is now a great metropolitan morning newspaper that has earned a national reputation for integrity, honesty, independence, and excellence.

Today, September 20, 1979, the Post-Standard has published a special 150th anniversary edition, detailing not only the history of this journalistic institution, but as well the history of the vital central New York region it has served so faithfully and so well.

I am privileged and honored to call to your attention today's special edition, and specifically to pay tribute to the men and women who have made, and continue to make, the Post-Standard one of our country's great daily newspapers. They include the late S. I. Newhouse, owner of the Syracuse Newspapers since 1944, Publisher Stephen Rogers, and most particularly, Executive Editor J. Leonard Gorman, whose leadership, professionalism, and gentle integrity have been one with the Post-Standard for the last 50 of its 150 glorious years.

This most remarkable editor was the object of a most interesting biographical article in the most recent Sunday's edition of the Syracuse Herald-American, the Newhouse Sunday publication. Today I submit for the RECORD that tribute to Mr. Gorman, entitled, "Gorman: Mr. P-S.":

GORMAN: MR. P-S

(By Richard G. Case)

Did you see what Len Gorman had to say this morning?"

That question has been asked many times, in many ways, over the last 20 years in Syracuse. Eyebrows raised over orange juice. Terse comment playing with the electrical system of a sleepy brain as the town wakes up to the editorial page of its "Good Morning Newspaper."

First you read the lead story headline on page one. Then glance at the weather forecast and the sports scores. After that, the main course: top of page four (usually, over the years), over the mast. Len Gorman's view from the corner office about, what? Unrest in Africa, smudges on the dirty face of Clinton Square, water from Lake Ontario, police brutality, the price of gasoline, the man running for mayor, beer in the War Memorial, taxes in Tully. . .

It it's happened recently in the world, or nearby universe, the executive editor of The Post-Standard, a shirt-sleeve executive who keeps his cuffs neatly buttoned, probably had something to say about it.

Or if not, we thought he did.

For certainly, the man who sits at the top of one of the community's major communicators, a daily newspaper which is 150 years old today, is not among our celebrities. (He probably would not be asked, and would decline if he was, to judge the local beauty pageant or appear in the "personality" milking contest.)

J. Leonard Gorman, in spite of his role of town opinion maker, is a very bashful fellow, a seasoned professional who claims to be very happy hiding behind the anonymity of the editorial "we."

Post-Standard editorials, as they have been for years, usually are unsigned, solo performances on the house organ, published without byline or the writer's picture. But the author's shyness notwithstanding (he writes at least one of the two to three editorials that span the left side of the Post-Standard's editorial page six days a week), it usually is very clear to the careful reader who is speaking.

The editor, of course, pretends this is not So. Really, he blushed when I told him I often heard his readers ask if I had caught that morning's Gorman. No, he went on, it's not me; it's the paper.

That's the kind of an answer we'd expect from a journalist who has been part of his newspaper for nearly a third of her century-and-a-half, and a working newsman, as of this year, for 50.

When he sits down in front of his Royal Manual and rolls in a blank sheet of paper every morning to write for the next day, it's the Post-Standard "we" at work, not Len Gorman.

Yet if someone were to poll the people who turn to page 4 mornings as faithfully as they brush their teeth, J. (for John) Leonard Gormon surely would get the nomination of "Mr. Post-Standard" hands down.

Still, the editor demurs.

"It's not Len Gorman's opinion," he said in a recent interview in the book, paper and memento-filled office (is that a picture of the boss with Disney's Goofy on the wall?) in the second floor southwest corner of the Syracuse Newspapers Building on Clinton Square.

"Except," he quickly added, "it is my job."

Len may be modest about his role as editorialist, and executive, but it is not hard to get him to admit, even after half a century at it, that the job is the only one he'd ever want to have. He is not ashamed to call it fun, without turning the pages on himself and ticking off the famous hands he has gripped or the many bridges of half century's history he has crossed (and recrossed).

(In fact, he astonished me by being the first veteran in this business I have interviewed who did not mention how he sat up all night nursing editions for the Lindbergh case or spent the night at the Yates Hotel after putting the John Kennedy assassination story to bed).

"It's the best job in town," he said. "If I had it to do over, there's not much I would change. I'm my own boss. I try to be consistent with policy, with the paper's traditions, but still I'm my own boss."

Most of Len's colleagues will agree with that job description and perhaps add "surprisingly so." He says he often finds himself fighting off the cynicism of outsiders who can't believe the parent company, the Newhouse group, doesn't spend its time trying to be a monolith as far as its properties are concerned, say, in the old Hearst style of editorial thunderbolts from above.

Not so, says Len. "The only time S. I. Newhouse ever said anything to me about the policy of The Post-Standard, and he used to come in every Wednesday, was to make sure the staffs of The Post-Standard and Herald-Journal stayed apart when we moved into the same building. I remember him saying that two strong newspapers ought to keep battling each other."

And they have, at least above the flags of the editorial pages. The late Herald executive editor, Alexander "Casey" Jones, was the personality opposite of Len Gorman, right down to the signed editorials. One of Len's souvenirs of the sometimes uneasy coexistence with his Herald-Journal colleague is the letter on "asbestos stationery" he got from "Casey" after a Post-Standard reporter dipped an unsuspecting toe into a Jones private project, Ontario Lake water.

"I still have the letter somewhere," Len said, with a laugh. "He told me he never wanted to see his name in the Post-Standard again."

The relationship with "Casey's" successor at the Herald, Bill Cotter, is much more cordial, but editorial sparks fly between the offices. The most recent exchange took place over Clinton Square, with Len writing a different opinion from Publisher Stephen Rogers. He said his boss, the publisher, didn't try to twist his arm, but he did invite him to sit in on a meeting where a strong pitch for the plan the Herald-Journal favored was presented.

Len says he listened politely and went back to his office and wrote another editorial zinging the opposition.

"You know," he said, leaning back in his chair, "people think we stage those things, but there are times when the two papers do have honest, gentlemen's disagreements about issues."

Len is a registered Republican, and he heads a newspaper with roots running backward almost to the tree under which The Party was founded, in the last century. No discomfort here, although the editor refers to the newspaper's point of view as "independent Republican," adding, "this is not always so. In fact, once I remember someone at the Maxwell School (at Syracuse University) telling me something I wrote could have been written by one of his people.

"Over the years, I've endorsed a great many many Democrats, including Lyndon Johnson when he ran against Barry Goldwater. I just couldn't stomach Goldwater."

Len, who helped develop the Post-Standard's Morning Mail feature when he was first assigned to the editorial page, said he is particularly proud of the balance achieved in the newspaper's letters from readers. Differing opinions, even from the editor's, are healthy, he figures.

"If we get a critical letter about something we've done, I put a priority on it to get it in," he explained. "I think that builds up the readers' confidence."

This policy extends even to an apology to readers if Len believes a Post-Standard editorialist, or even a sub-editor or reporter, has pulled a boner. This exposure of the red face of embarrassment still is unusual in the press and some readers are surprised to see it, especially in an organ they take to be conservative in the extreme.

But a lot of things about the editor of the Post-Standard may surprise people. He is, by nature, a gentle man, tall and almost monkish in appearance, hardly the actor central casting would send down to take Lou Grant's part. Yet he held that hot seat of journalism, the city editor's job, for six years at the Post-Standard and still fondly remembers the long nights stretching into early mornings he worked in the "back room" to get the Post-Standard final on the streets.

Len stopped and smiled. "I remember one morning when my son, John, had a Post-Standard delivery route and was sick. I got finished on the desk about 2:30 and went down and picked up his bundle. After working all night, I went around delivering the paper, too. I guess you'd call that complete service."

Members of the staff, sometimes overly relaxed by the boss's mild manner, are surprised when they get one of Len's famous (within the Post-Standard) "greenie" memos. A deflated ego is the usual wound from these occasionally caustic memorandums from the editor's office.

In his time, Len has had at least a finger in most of the newspaper's paths, including the outsider's view as a public relations man. He grew up in Palmyra, in Wayne County, and "got some printer's ink in my blood" hanging around the shop of the village weekly, the Courier-Journal, where his father, Wilter, worked as a printer.

During high school, a favorite teacher, in the English Department, encouraged his interest in writing and journalism and he landed what he now regards as a lucky assignment as the Rochester Democrat and Chronicle stringer, at 14 cents an inch, in Palmyra.

It was a heady experience for a young man, especially when the state editor at the D and C agreed to Len's proposal to do a series of stories on the class trip to Washington. Some of the pieces made page one and the stripling journalist had the thrill of "filing from Washington" over Western Union. His only come down, he recalls, was when the telegraph operator asked him, "Are they really going to print this stuff?"

In 1925, he enrolled as a student in the new journalism program at Syracuse University and spent three of his four years shoveling sidewalks and waiting on tables to earn room and board, while putting in full-time on the Daily Orange. He retired from the sidewalks and kitchens in his senior year when he landed the $90 a month job as DO managing editor.

"In fact," he said, "I used to say I was the only person who had been managing editor of both of Syracuse's morning newspapers, the DO and the Post-Standard."

After graduation, he got his first full-time job on a newspaper, as a reporter for the Syracuse Herald. Because of his recent experience, he was given the university beat.

Next came Len's only career outside of daily journalism, when he took an assignment working with a private fund-raiser hired to run an SU development campaign. When the campaign ended with the Depression, the young reporter moved into a period of "living hand to mouth" with his own public relations firm.

Money and clients were hard to come by in the early '30s, but he did work on several political campaigns (mostly Democrats, none of whom got elected) before he received an offer to work on the city desk of the Post-Standard for a regular $40 a week.

But, business being what it was, by the time he actually sat down in his chair for the first time, the salary had taken two 10 percent Depression cuts and his first take-home was $31.

He did better after that. In 1947, he was named city editor, and five years later, managing editor, replacing A.V. "Mike" Brewster, the long cigar chomper who had become something of a Post-Standard legend in his long career there.

Len left the city room to become editor in 1959, a position directed mainly at running the editorial page, and in 1966, he was named to his present job as executive editor, which includes administrative as well as editorial duties.

Over the years, he has held a number of community and professional appointments, including the presidencies of the state Associated Press Managing Editors Association and the New York Society of Newspaper Editors.

At 73, Len has drawn back a bit from the firing lines of the city room and daily journalism, sharing some executive decisions with colleagues Robert Atkinson, the Post-Standard's managing editor, and Robert Haggart, metropolitan editor. He devotes much of his day (he now works pretty much banker's hours) to the research and thought that precede each editorial.

"We don't have an editorial conference, as such," he explained. "I usually come in with a few ideas but most of the time I'm writing right up to deadline. If I'm really dry, I'll go out and ask Gus Bliven if he has any inspirations. He always does."

Luther "Gus" Bliven, the Post-Standard's veteran and prolific political reporter, contributes an editorial now and again but most of the pieces Len himself doesn't provide are written by his colleague, Bill Cole, another veteran of Syracuse journalism. Len, however, always has final say on positioning of the comments on the page.

Like other former reporters turned essayists, the editor of the Post-Standard usually works fast at his Royal, once he has collected his research, and his thoughts. He is admired among his colleagues for his meticulous research before setting down an opinion and often talks with members of the staff with information on a particular subject prior to composing an editorial.

Despite the technicalization of his trade, which has followed him from his father's hand-set type cases at Palmyra to the computer consoles his associate Bill Cole works at, Len continues at a manual typewriter, "banging out" prose in the style of "Front Page." The door of the corner office at the Post-Standard usually is open despite suggestions he keep it closed, and the editor often has to confront a reader, sometimes in person, sometimes on the phone, who may want to discuss an opinion different from the one that appeared at the top of page 4 that morning. That, says Len, is part of the job of being editor.

That job, it seems, is most of his life these days. Twice a widower whose two surviving children are married and live outside of Syracuse, Len admits "my whole life is the paper. Years ago, I played golf, but I have no recreation except my work."

In fact, he said, he seldom does much reading beyond what is necessary for an editor to keep informed, which is a considerable stock of information. While a half century at a career may bring up thoughts of retirement, Len doesn't give them much time. Even if he doesn't recognize the title, being "Mr. Post-Standard" is a full-time job.●

SALT II NOW

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. LAGOMARSINO. Mr. Speaker, following is an editorial which appeared in the September 11, 1979, Wall Street Journal. The article expresses the feeling of many Americans who feel threatened by SALT II and are concerned about what they perceive to be the reluctance of our Government to assert itself on behalf of the best interests of the American people.

To quote the article:

> The treaty as it stands would ratify Soviet gains in central weapons systems. It would also ratify the vacillating foreign policy record of the Carter administration. . . .

The administration abandoned the B–1 bomber, stretched-out the MX missile program, deferred the neutron weapon, slowed down the Trident submarine program, and vetoed a nuclear aircraft in an apparent effort to improve SALT II terms, but to no avail. Strategic arms control cannot be accomplished unilaterally.

During a recent visit to the Soviet Union, I had the opportunity to ask members of the Presidium of the Supreme Soviet why the U.S.S.R. had not reciprocated when our Government took the above described "disarmament" actions. There was absolutely no response.

There was also no response when I quoted a statement by General Rowney—military adviser to the U.S. SALT II negotiating team—to the Senate Committee on Foreign Relations. General Rowney reported that he had asked a Russian general what the Soviets were prepared to do in response to U.S. cancellation of the B–1 bomber. The Russian general replied, "We are neither pacifists, nor philanthropists." Our delegation was advised by the Russians that, "disarmament should be bilateral."

This administration is deluding itself if it still thinks our efforts will persuade the Soviets to temper their full-scale march toward arms superiority. The presence of their troops in Cuba is an example of Soviet regard for our authority in this hemisphere.

As President Carter continues his travels throughout the United States of America, I hope he listens to his constituents on this issue. SALT II only succeeds in hampering further negotiations. Once the United States takes the back seat in weapons capability, we will be forced to stay there. Take heed, Senators.

The article follows:

REJECT SALT NOW

The discovery of Soviet troops in Cuba suddenly threatens to become the straw that breaks the back of the strategic arms treaty. Yet the only surprising thing is that anyone should be surprised. Didn't everyone know that the Soviet Union is engaged in a worldwide geopolitical offensive under the umbrella of its massive military build-up? And isn't it equally clear that the debate over SALT is really a debate over whether or not the U.S. will acquiesce to this imperial drive?

As the debate proceeds, both voters and their representatives are gradually awakening to the realities of our situation. The Cuban issue, and before it the Kissinger-Nunn position of linking support for the treaty to defense budget increases, have been useful steps in the educational process. As debate proceeds further, more people will recognize that the strategic arms negotiations are not incidental to the tipping military and political balance, but instrumental to it.

The treaty as it stands would ratify Soviet gains in central weapons systems. It would also ratify the vacillating foreign policy record of the Carter administration; after all, the administration itself bills the treaty as the centerpiece of its foreign policy. Above all, the treaty would stand in the way of future U.S. efforts to rectify the military balance. Rejecting it would be the clearest first step toward reversing the recent adverse trends. All of this is implicit in much of the recent discussion, and it is time the so-far timid critics grasped the nettle and called for a clear and unambiguous rejection.

It is first of all vital to recognize the enormity of the Soviet arms drive. As Henry S. Rowen details nearby, the Soviets are now outspending us by 45 percent on defense, and by 100 percent in military investment. This increasing Soviet power is before our eyes translating itself into greater boldness and greater political influence throughout the world. Cuba of course strikes close to home, but the threat to the Middle Eastern oil lines is even more significant.

We do of course have the option of accepting a Soviet imperium. It is hard to imagine us failing to retain enough power to make it inconvenient for them to land troops on Long Beach or Long Island. But with the Soviets already sending muscle men around our airports and tapping our phone calls, it is not so hard to imagine the U.S. evolving into a big Finland; there would still be elections, but the Soviets would have a practical veto over certain nominees. Our allies would suffer more. The result would be a worldwide erosion, already so evident in the plight of the Indochinese boat people, of those values for which Western civilization has stood: the idea of progress, economic growth, personal freedom, individual libertv.

The other option is to offset the Soviet arms drive with a military buildup of our own. Senator Nunn's proposed 4% to 5% real growth in spending, borrowed from a politicized Joint Chiefs, is a creditable start for the next fiscal year. But it will not close the gap. A realistic estimate would be that we need additional military spending of about 1% of GNP, moving over a few years from the current 5% to about 6%. This would still not bring us to Soviet spending levels, but it would make their ambitions for superiority expensive enough to stress their economic system. At that point, they might even become willing to talk about serious arms control.

It is no accident that the unparalleled Soviet military gains coincide with the era of arms negotiation. There is of course no treaty with a clause saying the U.S. can spend only so much on defense and the Soviets can spend 45% more. But the dynamics of the process—the attempt to reach a treaty more than the ultimate provisions—have curtailed American military programs. There is no more cogent statement of this than the melancholy testimony of Henry Kissinger reprinted alongside. Note well that Mr. Kissinger concludes that on the record the arms control process has restrained the U.S. without restraining the Soviet Union.

This result cannot be overcome simply by a tougher stance in the future, even if by some superhuman effort we could overcome the problems that arise when an open political system negotiates with a closed one. For we are left with provisions that limit U.S. technologies in ways that make them uneconomic to pursue. SALT-I killed the U.S. anti-missile program in precisely this way, and SALT-II threatens both the mobile ICBM and the cruise missile.

It is said that while the SALT-II provisions do not curb the Soviet arms drive, neither do they stop anything the Carter administration wants to build. This is far from clear, witness the reprinted remarks from Soviet Defense Minister Ustinov; obviously the Soviets believe the treaty outlaws the administration's MX missile because of professed difficulties in verifying how many are deployed.

It is said that there will be no renewal of the three-year protocol limiting ground and sea-launched cruise missiles to ranges of 600 kilometers—far less than the new Soviet SS–20 missile already threatening our European allies. Even SALT proponents concede these restrictions are so one-sided they cannot be accepted permanently. But at the very least, the protocol precedent, like the MX verification problems, creates huge bargaining chips for the Soviets. If SALT-III is to ignore the protocol precedent and ratify the MX, what else will we have to give up?

And if all this is laid aside, the fact remains that the Carter administration's plans do not call for a gap-closing effort. Lay aside, too, any of the predictable political effects of future efforts; in congressional budget committees the prospect of SALT-III is already being used against new programs. Even if all this is overcome, SALT-II forecloses options that would be of extreme interest to any future administration interested in closing the gap. For example, it precludes cruise missiles based on short take-off-and-landing aircraft as an answer to the SS–20 in the European theater.

The real logic of the Nunn-Kissinger requests for more spending is precisely to demonstrate that a gap-closing effort can be mounted within the provisions of SALT. It is up to the administration to demonstrate this by coming up with real programs. So far the administration offers nothing except an offset to inflation to maintain its original plans. This leaves room for a few billion in concessions later, and perhaps the administration can come up with cosmetic concessions on the troops in Cuba. This would test whether Mr. Kissinger and Senator Nunn and Senator Church have the courage of their convictions.

For arms control retains a diffuse popularity. In a nuclear era it is in fact an idea that cannot be permanently abandoned. But witnessing the negotiations over the past decade, real arms control can come only in a new military and political context, when the U.S. has reestablished its determination to avoid one-sided agreements. Many of the timid critics recognize this, but are unwilling to risk the unpopularity of saying so. So they say that we may have to cut off the current SALT talks, but never today, always tomorrow.

Mr. Kissinger, for example, wants the Senate to review Soviet behavior to see whether the negotiations need to be stopped. But in the past few years, Soviet-backed Marxist governments have taken over seven nations. How many would Mr. Kissinger allow before acting? Eight? Ten? Twenty?

Similarly, former UN Ambassador Moynihan, who obviously understands the dynamics, wants to stop SALT if the Soviets demonstrate they are not interested in real reductions. They have already, repeatedly and brutally, demonstrated that they are interested in no such thing.

Similarly again with the protocol. The only way we can avoid its renewal is simply to refuse, to scuttle the talks. If that is to be the ultimate outcome three years hence, why wait?

In fact, there will never be an easier time than now. With the Carter administration's clear record on foreign policy, and with a new election pending, there will never be an easier time to signal the need for change. With the Soviets so clearly on the march, there will never be an easier time to demonstrate linkage. With the treaty ratifying the Soviet building plans, there will never be an easier time to send the message that arms control means reductions. With the treaty not yet ratified, there will never be an easier time to insure that the protocol provisions do not become permanent.

There will never be an easier time to start a real national debate on meeting the Soviet challenge, perhaps to put arms control on a more solid future footing, and certainly to insure that we are not bullied and intimidated for the rest of this generation. This requires a sustained effort, and cannot be done with one stroke, but has to start sometime. The clearest, most meaningful and most essential starting place is the Strategic Arms Treaty. Between the clear opponents and the timid critics there are more than enough votes to reject the treaty and do it now; the Senators need only summon the courage to draw the obvious conclusion of their own logic.●

TRIBUTE TO LEWIS HARVLE MAURY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. CONTE. Mr. Speaker, I would like to take this opportunity to call to the attention of my distinguished colleagues a man worthy of great tribute, my friend, Lewis Harvle Maury of Washington. Lewis Maury turned 90 years of age 2 months ago, and is celebrating his 43d year in the real estate profession.

It is a particular pleasure for me to take these few moments to publicly recognize a man who has made so many contributions to the lives of all that he has touched, to honor one of the area's outstanding individuals, and to admire a self-made man.

Born in Danville, Va., on July 22, 1889, Lewis Maury first came to Washington in 1942 at the age of 53. We are fortunate that he decided to make this his home and to concern himself with local real estate. He is perhaps the most dedicated man that I have known in this field, and many other fields as well. He is a dedicated family man, with an avid interest in his genealogy. He remains devoted to his sister, Mrs. S. J. Slether, of Danville, and his brother, Greenhow Maury, Jr. of Richmond. He is a dedicated patriot, having enlisted in the Army during World War I, having been honorably discharged as a lieutenant, and having volunteered his time and talent at the Harrington Hotel during World War II in assisting the many soldiers passing through on their way to active service. He also served many years in the Army Reserves while he was in New York City.

Lewis Maury is considered a dedicated student and humanitarian. His formal education came through the Danville public school system and the School of Business Administration at Columbia University for 2 years during the 1950's. Dogged in his efforts at self-education, he taught himself the essentials of sureties, real estate, Gregg shorthand, and Latin. As his personal contribution to international peace and language movements, Lewis Maury has deeply committed himself to the New York and Washington branches of the Esperanto Society. He pioneered the Esperanto movement some 70 years ago while he was in New York City working as a life insurance salesman, and served as the society's president as a life insurance salesman, and served as the society's president in both of these great cities. As a representative of this humane organization, Maury has attended Esperanto congresses in Oregon, California, and Belgrade. He holds as his most cherished possession a translation of the bible in this international language of good will.

Throughout his career, Lewis Maury has proffered his loyalty, honesty, and talent in improving realtor services from Harrisburg, Pa., to Washington, D.C. He served admirably in responsible positions with Wample & James and with an independent broker, Mrs. Mary Frances Spaulding, before joining Boss & Phelps at the age of 80. He has been a vital force in his office, and in the international community, since 1969.

In recognition of his many achievements, and in the hopes that, with his boundless energy and enthusiasm, he will continue to be a fine example to all enterprising members of the firm, Lewis Maury was recently honored at a luncheon given by Boss & Phelps. He had previously been lauded by the Washington Post and the northwest community's Uptown Citizen.

Mr. Speaker, with all of this in mind, I ask you and my colleagues in the House of Representatives to join me in bestowing honor upon Lewis Harvle Maury, a fine American, a fine businessman, and a fine benefactor to his family and friends. He is certainly deserving of all our acknowledgment and praise. Despite his near-blindness, Maury, an admitted "spendthrift of tongue," envisions and frames the world in a way that is unique and inspiring. I am certainly proud to consider him my friend.●

CONGRESSIONAL PAY

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. FRENZEL. Mr. Speaker, I have usually voted against congressional pay raises in the past. The most important of the many arguments against them is that we are always put in the position of voting for a raise during our own term of office, and I find that offensive. I have always felt the taxpayers and voters deserved a chance to decide whether each Member was worth the raise before he or she received it.

It is a particularly unpleasant chore to vote on one's own salary. There are few certainties in this world, other than death and taxes, but one of the most certain is that one's constituency will surely oppose any congressional pay raise.

Therefore, over the 9 years I have been in the House I have voted against congressional pay raises in every session. Of 12 total votes, I have voted against a pay raise for Congress 10 times.

Today, however, I will vote for a pay raise. In the years I have served, Congress has received two pay raises totaling about 33 percent. The cost-of-living index has gone up 80 percent.

Congress should not be a special case. It should not get more, or less, than other employees. As a matter of historical record, it has gotten less.

On the other hand, every pay raise, however slight, ought to have a recorded vote. Congress has often tried to avoid that unpleasantry. Also every pay raise should become effective only in the next session. But, because of inept House leadership, that desirable goal is presently unachievable. I have always voted for a recorded vote and a delayed effective date, and shall continue to do so.

But Congress ought to be an attractive occupation for the best of our citizens as well as for the mediocre. Congressional salaries, however unpleasant the thought, ought to keep pace with the rest of society. And, unfortunately, pay in the judicial and executive branches is tied to congressional salaries. In both of those branches, the country is already feeling the effects of deteriorating salaries. We are not able to attract the kind of talent we seek in many cases.

These are some of the reasons I voted for the continuing resolution which contained the congressional pay raise. I also voted for it because that resolution was a necessary piece of legislation. Because the Congress has not been able to pass its annual appropriations, this resolution is needed to keep vital units of Government active in the new fiscal year.●

HOLY FAMILY COLLEGE, PHILADELPHIA CELEBRATES SILVER JUBILEE

HON. CHARLES F. DOUGHERTY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. DOUGHERTY. Mr. Speaker, the year 1979 marks the 25th anniversary of the founding of Holy Family College in Philadelphia. The college will celebrate this anniversary on their annual homecoming weekend, Saturday, September 22, 1979, with a Mass at Saints Peter and Paul Cathedral-Basilica in Philadelphia. Immediately following will be a dinner/dance at the Benjamin Franklin Hotel.

On February 11, 1954, the official "birthday" of the institution, the Sisters of the Holy Family of Nazareth obtained a charter establishing Holy Family College as a 4-year liberal arts college granting the bachelor of arts and bachelor of science degrees.

Located in the Fourth Congressional District of Pennsylvania, the college continues to serve the ciitzens of greater northeast Philadelphia, nearby Bucks County and draws students from Montgomery County and points in New Jersey. Since its founding, it has remained the only 4-year fully accredited liberal arts college established in northeast Philadelphia.

Highlights of the college's growth were marked by the dedication of a new library in 1968 and a nurse education building in 1977. The excellence of the baccalaureate degree program in nursing is renowned. The quality and commitment to health care services exhibited by Holy Family nursing graduates results in their being sought by the areas hospitals and health institutions.

Holy Family College maintains a strong emphasis on liberal arts following the tradition of Catholic higher education. It provides a sound, interdisciplinary foundation of knowledge from which to develop perspective on past and future changes in society and the world. Holy Family strives to stimulate the intellect of its students to develop proficiency in perceiving and evaluating life as a perpetual challenge to human potential in all its transcendent reality. This institution embodies the ideals of higher education and community values, the foundation of which is essential to the survival of life as a free people.

For these years of service, Holy Family College deserves our tribute.●

PITTMAN-ROBERTSON WILDLIFE RESTORATION PROJECT

HON. PAT WILLIAMS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. WILLIAMS of Montana. Mr. Speaker, a suit brought by two antihunting organizations against the Pittman-Robertson Wildlife Restoration project was dismissed recently "with prejudice" by a Federal court judge. Nationwide, 182 projects funded by Pittman-Robertson were held in limbo for the duration of this suit. In my home State of Montana, wildlife habitat projects in four of the State's seven regions and a statewide wildlife inventory project totaling $1 million were threatened by the suit.

The issue in this case was whether Pittman-Robertson programs required environmental impact statements to comply with the National Environmental Policy Act. The plaintiffs in the suit, the Fund for Animals and the Committee for Humane Legislation, attempted to block payments for selected Pittman-Robertson projects until the statements were produced.

On June 20, attorneys for the plaintiffs and the U.S. Fish and Wildlife Service, the International Association of Fish and Game Agencies, and the National Wildlife Federation (who had entered the proceedings as intervenors on behalf of the Fish and Wildlife Service), signed an agreement temporarily settling the question of legal compliance of the Pittman-Robertson program.

Under the settlement, the Fish and Wildlife Service agreed to prepare, announce, and make available environmental assessments of Pittman-Robertson projects during the next 2 years. The public will then have the opportunity to review and comment on the documents.

In return, the antihunting organizations agreed: First, to dismiss their present suit against the Pittman-Robertson program, and second, not to challenge the Pittman-Robertson program or specific Pittman-Robertson projects until at least July 1980.

Two issues arise from this controversy. First is whether Pittman-Robertson projects should be required to comply with the provisions of the National Environmental Policy Act. I have discussed this matter with fish and wildlife management officials, and their answer is an unqualified "yes." They believe, and I share their belief, that fish and wildlife agencies ought to set an example for all Government agencies in complying with laws designed to protect the quality of our valuable resources, including wildlife habitat. Further, it is relatively simple for them to exempt projects that do not significantly impact the human environment from the EIS requirements of NEPA.

The second issue is whether funds should have been withheld simply because a suit was filed. The answer, I believe, is clearly no. Currently, when a suit is filed, the program is presumed guilty. That is punitive and not within the best tradition of our judicial processes. Programs such as Pittman-Robertson and its companion Dingell-Johnson, should not be vulnerable to harassment suits brought by antihunting groups.

I am today introducing legislation to eliminate that threat to the Pittman-Robertson and Dingell-Johnson programs. Under this legislation, no court can stop or limit funding for those programs while a legal challenge to them is underway. I believe this is a good bill—one that is necessary for our State fish and wildlife agencies to be free from the threat that their programs will once again be held hostage by antisportsmen organizations.●

WEST BIG HOLE WILDERNESS LEGISLATION

HON. PAT WILLIAMS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. WILLIAMS of Montana. Mr. Speaker, along the southwestern border of the western Montana congressional district which I represent lies a rich, diverse, and spectacular mountain country known to us as the West Big Hole. On its lower elevations, it has rich grazing meadows and lightly timbered forests. The land rises steeply to the west to elevations of nearly 11,000 feet which meet our neighboring State Idaho at the Continental Divide. Lakes dot the mountain tops and from those pinnacles flow water which feeds one of America's great blue-ribbon trout streams, the Big Hole River.

This area, Mr. Speaker, like so many others in our land, offers a dual role. It provides us with a view of the past before man's coming when the watershed and wildlife were unhampered. However, it also provides some of this Nation's badly needed critical natural resources. Those two important uses make concensus difficult to reach. However, we can achieve it in the West Big Hole just as we can in many of the other areas of our Nation.

The President has recommended 55,000 acres of the West Big Hole for wilderness. The conservation community encourages a more ambitious 110,000-acre proposal. Because this boundary determination is contentious, I am introducing legislation which, while it reflects my endorsement of a West Big Hole wilderness, leaves open final determination of the area's size. To assist me and the Congress in drawing the precise West Big Hole boundaries, I will be appointing a special commission comprised of representatives of the various interests involved.

The introduction of this legislation and the appointment of the commission will prompt a frank discussion of this matter in an open public forum and I am confident that such discussion will resolve the acreage and boundary disagreements of this area.●

H.R. 3434 MUST BE ENACTED WITHOUT DELAY

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. MILLER of California. Mr. Speaker, the House overwhelmingly passed H.R. 3434, the Social Services and Child Welfare Amendments, on August 2, 1979, by a vote of 401 to 2. I regret that I was not able to be present because of my participation as a member of a delegation appointed by the Speaker to inspect Indochinese refugee camps. But H.R. 3434 contains many of the reforms in the Nation's foster care and adoption system which I first proposed in 1975, and it must be enacted this year, without further delay. The vote of the House indicates the broad bipartisan support for this legislation, as does the virtually unanimous support from interested organizations and individuals throughout the United States.

It is unfortunate that the House deleted the provision establishing an entitlement for title IV–B, the child welfare services program. I can appreciate the concerns expressed by those Members who felt that another entitlement program would undercut the authority of the Appropriations Committee and would obligate still more of the budget through the entitlement process.

But I think it is important to be realistic in discussing this issue. Creation of this entitlement would have resulted in an additional expenditure of somewhere in the area of $90 million for the coming fiscal year. One can hardly argue that we would be either undermining the integrity of the Appropriations Committee or undercutting the authority of the Congress by committing that small sum in order to assure States that the Federal Government will, in fact, join them in establishing the cost saving accountability procedures included in this legislation. That assurance was the reason for the entitlement provision, as my colleague from California, Mr. ROUSSELOT even pointed out on the House floor during the initial debate on H.R. 3434: "The entitlement procedure will better enable States to anticipate the amount of Federal financial support that they may expect to receive in a particular year."

I also want to point out that the entitlement did not come without some very strict controls attached to it. Only a portion of the money would be available to the States at the outset. They could not qualify for the remainder until they had put in place the reviews and other accountability provisions which numerous pilot programs and studies have clearly indicated will save far more than title IV–B would ever cost.

Moreover, the entitlement was not only staged, but it was capped at $266 million. This was another effort to assure that we did not spend more than has actually been authorized for years. Unfortunately, we have never had more than $56 million appropriated for this purpose. The reforms included in H.R. 3434 were seen by the Ways and Means Committee as ample justification for the limited, staged, and capped entitlement provision.

I would hope that other Members will recall their concern about runaway spending in the coming months. I have a feeling that we are going to be asked to spend a lot—not $90 million—but billions upon billions of tax dollars on many issues where the benefits are no greater, and in many cases are far less, than title IV–B. I think of the possibility of a Chrysler bailout, a multibillion-dollar increase in the defense budget, $33 billion for the absurb MX missile system, and perhaps in excess of $100 billion for synthetic fuels research and development. The $90 million for protective and reunification services for 500,000 foster kids and their families look pretty paltry against these kinds of expenditures.

I am gratified to note, however, that the objections were raised against the entitlement itself, and not against the funding of these services. I was pleased to read the comments of the gentleman from Minnesota (Mr. FRENZEL), who said, "I would be prepared to support that level of funding for title IV–B if it were an appropriation." Other Members, too, indicated their strong support for the bill, and indicated their willingness to make this miniscule commitment of funds for title IV–B through the appropriations process. I am glad to see that commitment, because we are going to go to the Appropriations Committee and fight for this funding for fiscal 1980. The welfare of these children, and the integrity of H.R. 3434, mandate that we provide it, and that we not make thousands of powerless and needy foster children the pawns of political rhetoric. I am confident that with the strong support of members of both parties, we will secure that funding.

Now our attention must turn to the Senate, where a hearing has been scheduled for September 24. We recall that the House passed this bill's predecessor in June 1977, and then waited for over a year for the Senate to act. There can be no excuse for such delay this time. Already, thousands of children have entered and languished in foster care far too long because this legislation has been stalled for the last 2 years rather than be in the process of implementation. Given the broad bipartisan support for this legislation, in the Congress and throughout the Nation, further delay is totally unacceptable and irresponsible. The Senate should commit itself to passage of this legislation before the end of the current session, and it should include the entitlement portion of the bill as reported by the Ways and Means Committee.●

BAIL OUT CHRYSLER—WHY?

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. PAUL. Mr. Speaker, National Review recently published an editorial on the Chrysler situation. As Congress considers the spending of tax money on this company, I would like to urge consideration of the very pertinent moral question that NR illumines.

BAIL OUT CHRYSLER—WHY?

Chrysler, having a bad year, has gone to Washington, hat in hand, for a quick fix of $1 billion or so, for which the principal argument seems to be that Chrysler's 124,000 domestic jobs must be "saved." Nowhere is it mentioned that those jobs have a price: the average Chrysler worker pulls down about $15 an hour in pay and perks. Where is the justice in taxing all the people, whose average pay is around $7 an hour, to support the few on top? . . . Other questions abound, but they are subsidiary: the burden of corporate taxes, the costs of compliance with governmental directives, the insidious effect of industry-wide labor negotiations, the relation between inflation and the rise in imports, the effect of taxes and inflation on the ability to replace outmoded plant and equipment, the quality of management. But those are, at the moment, and in this case, beside the point, until someone can explain why A, earning $7, should be taxed to help B, earning $15.●

STATEMENT OF EARL D. CRAIG

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. VENTO. Mr. Speaker, the energy crisis affects all Americans to some extent. For some it represents a little more time waiting for gas which, while more expensive, is still affordable. For the majority of Americans, the middle class, the energy crisis has caused major adjustments in lifestyles. The increase in costs of gas has reduced their travel by car; budgets have had to be readjusted and nonnecessities have been eliminated by many to meet the skyrocketing price of gas and fuel oil and the resultant increase in the inflation rate. While these adjustments have had a profound affect on the middle-class lifestyle, they have not been faced with the serious consequences that the petroleum price increases have presented to those who can least afford it, the poor. For these Americans, the price increases strap their already limited income beyond reason and the very basics essential to life become unaffordable. Some believe that the poor do not need to own or drive a car, that it is an extravagance that they can sacrifice. Others have subscribed to the view that the poor must choose between food and heat this winter. I do not agree with this mentality. We cannot allow such situations to exist. We must recognize that energy shortages and inflation have the greatest impacts upon the poor and must take the necessary steps to alleviate their plight.

At this time I would like to draw my colleagues' attention to a recent speech by Mr. Earl Craig, president of the Urban Coalition of Minneapolis. In his speech before the Energy and Poor Conference in Grand Forks, Mr. Craig raises some issues and suggested solutions which are well worth our consideration:

STATEMENT OF EARL D. CRAIG, JR.

Thank you. I appreciate the chance to be here this morning. It's a crucial time in this country's history. It's important that we're here. It's particularly important because of the need for a basic unity of interests and purpose of urban and rural poor people. Disunity at this point can only hurt us and our respective constituencies. So the very first thing I urge you today is to seek out the essential, broad coalitions of lower income people. Don't let the large economic interests manipulate a split between Blacks and Whites, a fight between Brown and Red and a struggle between metropolis and small town, and city and farm. The poor must unite and exert their full potential influence in the current energy debate.

Now I'd like to talk about President Carter's recent activities. I believe the President was right in highlighting the moral and psychological malaise in which this country finds itself. Signs of it are everywhere—in people's activities and the opinion polls, and even the comic strips. The poor know these feelings. They live and have lived with the prospect of a future that's worse, not better; they live with a sense of little control over their lives; they live at the forebearance of large corporate institutions; they live with an abiding distrust of government institutions, institutions that play a greater role in their lives than in the lives of most Americans.

I also believe the President was right in bringing together at Camp David a diverse array of people for the domestic summit—business leaders, economists, religious leaders, politicians, and the average citizens he went to see. Make no mistake. This country is on the verge, or it could be on the verge, of nothing less than a transformation of the American economic and social order that will shape the nature of our society for years, no, decades to come. It happens about once every 50 years when the old models and ways of doing things simply don't work anymore. The last time it happened was the Depression. You know, like then, the experts don't really know what's going on today in the economy. Any honest economist worth his salt will admit that they haven't known what's been going on for at least 10 years.

The President accurately discerned that energy is at the heart of this possible transformation. The list of linkages is familiar to you all. Clearly identifiable things like jobs, transportation systems and investment policies. Less perceived in public policy terms but equally important to the average person's life are things like the ability to take a vacation how and when you want, the cost of oil-based synthetic clothing and what's available for dinner, what it costs and how long it takes to prepare it.

And then there's inflation. Most Americans now understand the crippling effects of massive personal debt owed to large institutions. Such a condition generally characterizes low income neighborhoods. Now, much of America is saddled with just a burden of indebtedness. The strain it causes on family budgets, on entire neighborhoods and, perhaps most critically, on family and personal ties, is enormous. It's a weight now firmly fastened around the necks of millions of Americans. And they're starting to bend and break under the strain.

At the same time we suffer from high rates of unemployment, particularly among nonwhites and in many rural communities. Moreover, economists predict the recent OPEC price increases will throw out of work an additional 400,000 to 800,000 people.

Energy is at the heart of this. It's like watching a magician—you've got to watch the other hand. There's lot of movement—creation of an Energy Department, Presidential speeches and high level task forces—but the crucial activity, the transformation of the economy is going on in the other hand.

In a special energy article in the July 16 issue, Newsweek set forth its energy plan for America. Let me quote from it:

"The main goal (of national energy policy) is to reduce U.S. dependence on imported oil, making the transition with minimum shock to the economy, the environment and American life by the late 1900's."

What does this amount to? It seems clear to me what we have is the "deceiving hand" dramatically pointing out massive initiatives in energy policy and busily funneling huge amounts of capital toward allegedly essential projects. While the "magic hand," the real activity, is diligently preserving the existing economic and social system. In other words we will have a fundamentally unchanged economic and social system based on radically changed energy policy.

Newsweek (and the President) say we can change energy use and policies with "minimal shocks to the economy." I believe the economy in fact needs some shocks, internal shocks, to reorder who benefits from economic activity in this country. There must be disruption of certain persistent patterns in the modern American economy—persistent patterns of unemployment and underemployment in large portions of the Black, Indian and Chicano communities; persistent lack of economic development in small towns; persistent patterns of takeover of small family farms by massive corporate entities; persistent patterns of dependence and want among older Americans. We don't need minimum shocks to the economy. We need and have an opportunity to deal major shocks to it. And the need and the opportunity for fundamental transformation is through energy policy. We are now laying the foundation for the next economic era in this country. We are facing the 50-year redealing of the economic cards. We can't afford to miss this opportunity because of inadequate organization, lack of ideas or fear.

What do we do, given this analysis of the situation? Our basic response has got to be advocacy of an integrated transformation of American energy and economic policy designed to achieve greater equity in this society.

Let me just say at this point that I've been groping for a way to support the President. The Congress is so faction-ridden, and basically gutless, as shown by the fate of Carter's original energy plan, weak, inadequate and wrong-headed though it was, that real leadership from Congress seems like a hopeless cause. There seems to be little support for the poor in Congress and even less yet for the type of economic transformation that I believe is necessary. I really want to support him.

I'd like to go back to some of the President's comments to show you why I am so uncomfortable.

On Sunday President Carter did not once mention the role of corporations in America today. He inveighted against the inordinate influence of special interests, but didn't specifically discuss the role of the modern corporation.

He likewise inveighed against Washington generally in each of his recent energy speeches. In Detroit, for example, he said, "I intend to let the fresh air of America blow across Washington, D.C." While I agree there's a need for some fresh air in Washington, I fear the ultimate conclusions to which such remarks lead.

In the energy companies we are dealing with, as you know, the most awesome accumulation of private wealth in history. In 1978 Exxon, which put the "tiger in your tank," had more gross sales than the GNP's of all but 15 countries worldwide. In that same year, among the top 20 industrial corporations in the U.S. ranked by sales, fully one-half were oil companies. Their total sales for the year were, $222 billion; their accumulated assets, $170 billion. This type of power demands explicit recognition and treatment in any national energy or economic policy. So far the President has chosen to ignore this factor, preaching of the moral and social malaise and proceeding with his policies. Not mentioning or confronting such massive power is clearly a policy choice, a choice of more of the same. It's a hidden policy.

A second dangerous underlying theme in the President's remarks and much of the debate is the ineptness of government. High on everybody's list of energy scapegoats is the government. The President chose to spread the blame for the current crisis, OPEC, consumers, and he included himself in the list. His anti-Washingtonism, however, clearly singled out government for a large share of the blame. Energy Secretary James Schlesinger is now a special target of the anti-government attack. It's ironic that he, one of the most outspoken supporters of the big energy interests, has become their favorite target. It's likewise instructive. Now that attacking Schlesinger serves the overriding goal of less governmental regulation, the energy giants are eager to sacrifice him. Let me be clear at this point. I have long believed that Schlesinger should go. But he has become the private sector's symbolic whipping boy in its assault on a governmental role in energy policy. He should go, but for the right reasons. His departure should not be permitted to generate political capital for less governmental activity in energy policy.

I believe that turning to the oil companies as the energy saviors of America is a fundamental misreading of the needs and desires of the American people. The American people have little love for Mobil Oil or Texaco despite the friendly flying red Mobil horse or the innumerable urgings to "trust our cars to the man who wears the star." Government has got to spend its money, the people's money more wisely and exercise its influence, the people's influence, more effectively. The only way to do that is to openly recognize and compensate for the economic crisis at the same time the government's inability to guide policy is being touted.

Admittedly Americans consume energy in a profligate fashion. Why do we consume as we do? I believe it is the result of one of the great success stories in policy-making and governmental programming. There's been a lot of talk in the 1970's about the failures of American domestic policy, but the post-World War II economic and social goals of the public and corporate leadership have been in large measure realized. They suburbanized residential patterns, corporatized agricultural production and destroyed most mass transit systems. They destroyed our cities and drove out small family farmers, creating enormous wealth for some, while leaving behind a residue of permanently poor people. And there was never a real commitment to solving the problems of the poor, particularly that most basic one: not enough money.

There are two important lessons here: 1) American consumers are not the culprits in our energy crisis, despite numerous claims to the contrary; they were taught that living in the suburbs was better; that big cars were a measure of personal success and the ultimate in elegance and style; that high-energy farming was the only way to go. 2) And any policy can work if you have the necessary commitment of economic and political resources; it's not easy, but it can be done.

We must therefore, not be bamboozled, cajoled or lulled into surrendering to large corporate interests the right to determine the future of our energy system, and ultimately our economic system. There is a role for the public sector and the public. We can't let Jimmy Carter's faith in the American people be exploited by large economic interests to give them a free hand in determining our future.

That is for me the proper context for a discussion of the President's proposals, some alternatives to them and a possible political strategy.

REVIEW OF THE PRESIDENT'S PROPOSALS

On Sunday as I listened to the President and later this week as I reviewed his proposals, I was searching for a way to support him. Unfortunately, however, in reviewing the President's proposals I came to the conclusion that he just hasn't done it. He has not provided a blueprint for the use of energy and economic policy to create a more equitable social and economic order in America.

You may say, "The President has no mandate for making such a change." I disagree. In his own characterization of the situation, the President could easily have found a justification for the type of changes we seek. The prospect of millions of poor and working class families in a situation of financial dependence 25 to 30 years from now because of the burdens of energy and inflation; the prospect of millions of families at the end of an inadequate federal assistance pipeline is a truly terrible vision. It represents a serious, unnecessary step backward. And, in the end, a true threat to American democracy.

The poor have been in a vulnerable position for a long time. However, working class people have managed in recent years to free themselves to some degree. To return them to a status of extreme vulnerability is unconscionable. It likewise holds the seeds of untold social turmoil in this country. The protests of the truckers and gas station operators are the first hints of the depth and strength of these forces in American society.

Unfortunately, the President seems to have done just that. At a time when he could have moved to provide, through energy policy initiatives, employment opportunities and long term security, he chose instead to go with the old game plan, the old economic trickle down, the old welfare dependency. I fear we're just getting the same old medicine.

There are a number of legitimate arguments about the degree of domestic oil price decontrol (which I believe is proceeding too rapidly) and the size of the windfall profits tax (which I believe is too low given the enormous shifting of economic resources decontrol will produce), but I won't dwell on those specifics today. Rather, I shall concentrate on the proposed use during the next decade of the more than $140 billion in revenues the windfall profits tax will generate. Nothing in the President's program better characterizes the direction of his policy choices, a fundamental misdirection, in my opinion.

The President proposes to use 61.9 percent of the revenue, a total of $88.0 billion, for synthetic fuel development. This compares to 16.9 percent for aid to the poor, 11.6 percent for mass transit, 3.5 percent for a solar bank and solar tax cuts and a meager 1.4 percent for residential and commercial conservation.

This pattern represents a gross misallocation of resources that is at its heart a continuation of the old ways of doing things, the old trickle down. I make that claim for a variety of reasons: First, synthetic fuels are an extremely expensive means of energy production, running as high as $30 per barrel. There's also a great danger of failure. Consequently, the government is going to use much of this funding to guarantee that the producers make a reasonable return on their investment.

Synfuels will be developed by most of the same companies that are nominally paying the windfall profit taxes to begin with. According to the New York Times recently, the major coal liquefaction and gasification corporations include Gulf Oil, Exxon, Conoco, Ashland Oil and Mobile Oil; the leading prospective oil shale producers include Occidential Petroleum, Union Oil and Superior Oil;

the leading tar sand producers include Exxon, Gulf, Sun and Shell. So what we have in effect is a circular pipeline for over 60 percent of the windfall profits tax revenues running from oil companies, through the federal government, back to the oil companies. The one major change is that now the government and the taxpayers are assuming the risks inherent in these monumental synthetic fuel ventures.

These means of energy production are highly capital-intensive and energy intensive. As Alan Greenspan, former economic advisor to President Ford and no bleeding heart liberal or environmentalist, said, "I'm not saying we shouldn't do it (develop synthetic fuels), but it's how we do it that is critical. If we blunder into a blank-check project, we could find ourselves short of capital in other areas." Moreover, the number and type of jobs that they produce will do little to ease current and projected structural unemployment problems.

The 16.9% allocated to help poor people pay their energy bills will average only $100 per family, well below the projected increases in direct energy costs. This says nothing of the indirect energy costs in food, clothing and other goods and services they will likewise have to bear. It also fails to assist the many struggling families with income just above the eligibility guidelines.

The funding for the solar bank and solar tax credits is small and seems to offer little to poor and working class people who get little or no benefit from tax credits and often can't afford a loan, even at reduced interest rates. The approach will basically help some middle and upper class families make the switch to alternative energy sources, leaving poor and working class families paying exorbitant amounts for gas or electricity to heat their homes and hot water. An excessive drain on non-renewable energy sources would likewise continue.

The paltry 1.4% of the revenue devoted to residential and commercial conservation will hardly make a dent in the need, despite the proven cost-effectiveness of conservation efforts. The Community Services Administration has estimated that there are 10 million low-income dwelling units in need of weatherization in this country. To optimally weatherize these units it would take an estimated $8 billion in materials alone at current cost levels. An additional $6 to $8 billion is estimated as needed to provide labor to install these materials. In light of the projected increases in home heating fuel costs of all kinds, the use of scarce energy resources, particularly foreign oil in the Northeast, and the cost-effectiveness of investments in conservation, a massive federal effort using windfall profits revenues for conservation seems in order. It is important to note, these data pertain only to low income households. There are again large numbers of working class families whose budgets are strained to the breaking point who are not, and I would contend cannot, make this kind of investment—not for themselves and certainly not to help solve America's energy crisis.

I've been very critical of the President's planned use of the windfall profit tax revenues. I'm also not pleased with some other elements of his program, like, for example, the allocation system for gasoline under the emergency gas rationing plan. I want, however, to avoid merely sniping at his programs. That's too easy to do. It's what the Congress has so often done with energy proposals.

So what I'd like to do is sketch the outlines of an approach that contains the seeds of the most integrated approach to energy policy initiatives as a means of producing greater social and economic equity in this society. Let me say at this point that I commend the President for integrating the fight against inflation with his energy policies. That's an essential step, but it's short of the transformation that I believe is crucial to our society's evolution during the next 20 to 30 years.

The outlines of the program I would propose are as follows:

1. Continued controls on the price of old domestic oil and gasoline.

2. Stiff windfall profits taxes on the "unearned" portion of energy company profits.

3. Reallocation of windfall profit revenues to provide for a prudent level (not $88 billion) of experimentation in synthetic fuels, a massive conservation and solar program, more energy assistance for poor and working class people, and significant amounts of mass transit.

4. In the event windfall profit tax revenues are insufficient to adequately fund these activities, general tax revenues should be used. The recent OPEC price increases act just like a tax increase. They reduce aggregate demand for goods and services in the economy, i.e. they are deflationary. As the recession hits, and every indication is that it is upon us, economic stimulation will be necessary. What better way to do it than in the pursuit of greater energy independence.

5. An emergency rationing plan is absolutely essential. Allocations to households must, however, be based on something other than the number of registered automobiles owned by the households. As you might expect, research shows that the number of cars and the amount of driving per car increases with family income.

6. In the event oil consumption does not decline sufficiently, a mandatory rationing system must be started.

7. There must be an end to federal policies that effectively subsidize the suburbanization of America. As I noted earlier, this is a set of governmental policies that succeeded. Many of them remain in place today, encouraging even greater increases in energy consumption. If the society is to equitably transform cities and many rural communities, homes for most of the poor, must be revitalized. Cities and towns must become attractive places to live once again if massive volumes of energy are to be saved, infrastructure investment reutilized and their residents brought back into the mainstream of the American economy and social system. This is a politically difficult choice, but one that must be and, I believe, could be made in conjunction with changes in energy policy.

These are the bare outlines of what I consider to be a path to a fundamentally different energy and economic future for this country. It's not complete, but it provides the necessary direction in the critical areas. To seek less than this is to miss a major opportunity, perhaps the last one we'll have in this generation.

STRATEGY FOR ACTION

As I indicated earlier the politics of energy is far from encouraging. The President is trying to move into a new energy era while reenforcing the existing economic and social order. It seems likely from past performance that Congress will try to avoid the twin buzz saws of consumer discontent and the special interest lobbies.

What do we do? It's a complicated situation in which Congress and the Administration may try to act quickly. The synfuel bandwagon has already rolled through the House of Representatives.

I propose a four-part strategy. It is not particularly innovative, but it provides the foundation for the necessary effort.

1. Pressure on the President to modify his proposals to achieve greater equity, decentralization of economic and political power and an integration of economic and energy policies.

2. Meetings in the home districts with members of Congress to hold them accountable for the energy votes in the coming months. We desperately need a citizens counterweight. The President's proposals aren't good; the political climate is not good; but if people don't get organized, the outcome can only be worse. The oil companies will have their armies of lobbyists. So will the utilities and other interest groups. I also know the issues are complicated. We simply must overcome these handicaps and make our pressure felt.

3. Increased efforts to create projects that employ those needing jobs in economically depressed areas. The successful integration of economic and energy policies cannot rely solely on a mandate from Washington. Local groups must develop innovative projects and implement them. This can go on despite the lack of wholehearted support from the Administration.

4. Direct action similar to those of the truckers and gas stations. The question is, can the poor successfully pursue this policy.

As you have noticed by now, I haven't chosen to recite the increasingly familiar litany of how the poor use less and pay more for energy; how the poor bear a disproportionate share of energy price increases; how it is virtually impossible for poor and working class homeowners to weatherize their homes, or, even more remotely, how to install alternative energy systems; how renters, a disproportionate number of whom are poor, are generally relegated to highly energy inefficient apartments paying either high rents, high utility bills, or both; how confusing, poorly administered and poorly conceived the energy assistance efforts of the Community Services Administration have been. (Many of you know this having tried to operate such programs). I likewise haven't chosen to relate to you my frustrating experience in supervising a joint CSA, DOE, and CETA weatherization and training program. How changes in the CETA law threaten the very existence of a program that has weatherized over 600 homes and placed a number of CETA employees in union carpenter positions; how difficult it is to meet the various bureaucratic requirements; how participants in the program in Minneapolis last year before decontrol were spending an average of 17 percent of their income on their electricity and gas bills alone; or how, with virtually on promotional advertising during the past year, we have an unmet backlog of applications for weatherization that will take a year to clear up. I won't do any of those things.

What I shall do is reemphasize the critical nature of the changes now pending before the nation and the absolutely essential task of organizing to gain a truly equitable response. The only means of attaining this response is through a what I have called the integration of economic and energy policy for a more equitable society. The stakes are no less than the basic social and economic system of this country during the next economic era.

Mr. Carter ended his speech on Sunday asking that each of us "say something good about America." I'll do just that. Despite the grim tone of my remarks, it is important to remember that poor and working class people in this country are struggling and surviving. They do things like work their small farms during the day and hold another job at night. They may be lacking in confidence, but they push and support their kids anyway. That's what's good about America. It's not strong corporations or strong government. It's strong people.●

THE CAUTIONARY DEMAND FOR GOLD

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. PAUL. Mr. Speaker, the money supply continues to balloon, and only the Federal Government has its hands on the handle of the airpump.

As more and more people all over the world recognize the fundamental worthlessness of paper money—unbacked by anything but the politician's promise—gold's price increases.

But gold—despite the higher price—is not more valuable; the dollar is less valuable, thanks to the efforts of the Congress.

The Wall Street Journal published an interesting article on gold today, and I would like to draw it to my colleagues' attention.

The article follows:

THE CAUTIONARY DEMAND FOR GOLD

(By Roy W. Jastram)

Why has gold reached its highest price in history?

One can construct any number of fairly convincing scenarios. No doubt governments around the world will be working hard in coming days to convince us, for example, that the gold-buying spree of recent weeks is merely an irrational speculative binge. Gold bugs will be working equally hard to persuade us that the price of gold simply reflects expectations of inflation.

Doubtless there's considerable truth in both these positions. But they still don't tell us very much about what's happening and why. For that we need a broader perspective. In particular we need a perspective that takes into account the central economic change of our times: the global rise in the price of energy. We need to ask the question: is there a connection between the rise in the price of oil and the rise in the price of gold?

The answer may seem obvious—it has long been assumed by many economic observers that gold is a hedge against inflation, and inflation is caused in substantial part by higher energy prices, hence the price of gold is a reflection of oil prices. To the extent that oil has become harder to find and produce, there is truth in that supposition. Yet the full story is more complicated, and not without considerable irony. For if my hunch is correct, we may find that the real meaning $379-an-ounce gold is that the OPEC cartel is deliberately *underpricing* its oil.

That requires some explaining.

We must make ourselves think of gold as having some of the characteristics of a currency like marks, pounds, francs and yen—but a currency without a country. Gold is completely liquid, it "barters" against all goods and services without limit, and exchanges for the national currencies of the world guided by the same motives that cause them to be exchanged among themselves.

NO NATIONAL HOME

Granted, gold has not been a currency in any major economy for nearly half a century. It has no national home. Its supply is not managed by a single government. It suffers no indigenous rate of inflation. It is traded like a commodity, yet revered as a treasure.

If we accept the analytical advantages of viewing gold as a kind of currency within the framework of foreign exchange theory, what then? For one thing we are free to explore some old and some new paths from the new perspective. Let's examine supply as a simple example. Suppose the money supply in Switzerland is reduced while the money stocks of the other national economies remain constant. The exchange rate of francs against the other currencies will rise.

In the same way, if the world's market supply of gold falls off and demand remains constant, the exchange rate of gold against all the national currencies will rise. This is a straightforward application of what we know about the markets for foreign exchange.

Somewhat more complicated is the demand side of the picture. We are accustomed to distinguishing three types of demand for gold. These are fabrication demand, for industrial use and ornamentation; investment demand, for long term asset appreciation; and speculative demand, for short term trading profit. To this familiar list we can add a fourth: cautionary demand, for minimization of capital depreciation.

Why is there a cautionary demand for gold? A clear rationale emerges when gold is considered as if it were another currency. Since every asset is now priced in some country's currency this makes that asset's value vulnerable to the domestic turbulence of that country's money. Therefore, there exists a motive to withdraw from the dangers associated with any one currency and to transfer assets to another country's currency promising greater stability. But what happens when danger is sensed in every direction? There is one "currency" with no indigenous difficulties—gold. The cautionary demand for it is really a short position against all national monies.

Cautionary demand can itself drive gold prices up. It can place a floor under falling prices as well, because it is not based on anticipation of profit. In this respect it is unlike the other motives that stimulate the demand for gold. It should be obvious, however, that a rise in gold initiated by cautionary motives can be accelerated and extended by motives of speculation and investment gain.

The behavior of gold prices is sometimes taken as a surrogate for all the current rates of price inflation in the world—an assessment by the market place of an "average" rate of inflation world-wide. It is much more than that. The price of gold also reflects perceptions of rates of change in current rates of inflation, anticipation of future rates of inflation and fears of political turbulence and general economic disruption. When all these forces combine we would expect that the increase in the price of gold often exceeds the current rate of price inflation. There is not a simplistic arithmetic relation between the price of gold and the current rate of inflation.

To consider how cautionary demand can operate in the real world—albeit by indirection—let us take the example of OPEC and its pricing strategy.

Since OPEC jumped the price of oil fourfold in January 1974 speculation has centered on what its pricing strategy might be. Each further rise in price has stimulated discussion of the probable criteria guiding its price decisions. One prominent hypothesis is that the Arabs have gold in mind in their approach to pricing. Because of the centuries-old affinity between the Middle East and gold, the gold theory of cartel behavior has a ready market for credibility. This hypothesis usually bears the implication that OPEC decisions are aimed at a target that would stabilize their price of oil in terms of gold.

But is this what OPEC has done? If we take the nominal price per barrel in U.S. dollars and the price per barrel in terms of gold, and establish an index basis of January 1974=100, an interesting pattern emerges. Since its all-time high in August 1976, the gold price of oil per barrel has declined almost steadily; that is, it has taken less and less gold to buy a barrel of oil. The decline reached a whopping 48 percent by early 1979; with gold at $375 an ounce or so, the decline is close to 60 percent or more, though recent changes in the means of calculating a benchmark price for oil make the exact amount of the decline difficult to figure.

In other words, OPEC has not raised its dollar price for oil nearly as rapidly as the dollar price for gold has been rising. In a sense, OPEC has been underpricing its oil, at least in terms of gold—a rather different conclusion than most Americans might come to when driving into their neighborhood service station. But perhaps this just means that the Arabs aren't following a gold strategy in their pricing of oil. A closer look shows, however, that their gold strategy may simply be taking another form.

Let us consider this. OPEC has been accused of wrecking the economies of the rest of the world, and OPEC countries have publicly acknowledged their contribution to inflations in national currencies. They have roundly complained how worldwide inflation has had a backlash on their own economies. This is sufficient to explain why they have moderated their posted petroleum price increases far below the rate of increase in the price of gold. They fear that if they raised oil prices too much more, they risk wrecking the world economy—which in turn would wreck their markets for oil and jeopardize their own assets.

But OPEC may have hit upon another way to keep up with currency inflation. They may be siphoning off world revenues through the sale of oil and converting the excess revenue into gold. Thus they can let gold carry the hedging burden of cautionary demand and they can eschew the direct manipulation of oil prices that would achieve the same ends. This strategy of indirection would have poured billions of dollars into the gold markets of the world in recent months.

The observed evidence seems to bear this out. Numerous reports have cited heavy gold demand from the Mideast as a reason for the rise in the price of gold. The scenario receives further credence in this passage from a Wall Street Journal report of Sept. 7:

"This (the buying to cover short positions) was combined with a wave of Mideast buying of bullion on European spot markets, in turn coming on top of an already strong market. The Merrill Lynch analyst (vice president David Fitzpatrick) said, 'This reflects the full impact of oil-price rises, which means for the oil producers an estimated additional $30 billion of revenues in the second quarter, compared with the $10 billion in the first quarter.' "

CAUTIONARY DEMAND

It would be ironic if the rise to the highest price of gold in history had been initiated not by avarice, not through a seeking for gain, but from a widespread desire for shelter against economic diminution and political catastrophe. It is the suggestion of this article that cautionary demand touched it off.

Sheltering of assets in gold is not a surefire method of protection. But when gold falls in price it falls at different rates in different currencies. This is a lesson learned from floating exchange rates. If the golden asset must be disposed of on a depreciated basis it can be sold where gold has depreciated least.

It is comforting to see that the cautionary purchase of gold really comes down to a familiar economic principle: the diversification of risk. It will be interesting to see what lessons our policymakers draw from recognition of this principle, however.●

ADDRESS BY ARCHBISHOP CHRYSOSTOMOS

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ROSENTHAL. Mr. Speaker, during his visit to the United States last spring, Archbishop Chrysostomos of Cyprus delivered the following address at a congressional breakfast meeting. I feel it is important to share with my colleagues his insightful speech:

ADDRESS BY ARCHBISHOP CHRYSOSTOMOS OF CYPRUS

We are very pleased for having been given the opportunity of meeting you, the representatives of the people of the United States of America and addressing you in order to explain the tragic situation of the people of Cyprus and convey to you their appeal for your help so that they may regain their freedom and rights.

As you know, the people of Cyprus since 1974 have submerged in a terrible tragedy because of the invasion of Turkey, using the various modern arms that your country gave her, either directly or through NATO, certainly for other purposes. Now if the arms which your country supplies solely for NATO purposes should be used by the receiving countries to attack and destroy the independence of small and peaceful nations, this is a question which should be answered by you, the members of the Congress, the American people, and your Government.

We think that you are well aware of the atrocities of the Turkish troops against the people of Cyprus and there is no need to refer to them.

This tragic situation, that has been created as a consequence of the Turkish invasion, continues unfortunately, to remain unchanged. Turkey still ignores the resolutions of the United Nations which demand that the invasion forces be withdrawn from the Island, the refugees return to their ancestral homes and the internal affairs of Cyprus be settled through negotiations between the two communities—the Greek Cypriots, who constitute 80 percent of the population and the Turkish Cypriots, who constitute 18 percent. It is easy for anybody to realize that the continuation of the presence in Cyprus of the Turkish forces of occupation means a permanent threat to the independence of the whole Island, because Turkey, having under its military control a significant part of Cyprus and being a neighboring country can, at any moment, land in the Island as many military forces as it wishes and needs.

This is why I have come here to this great country of yours, the United States of America, as a spiritual father of the suffering people of Cyprus, to present to you and the whole American people, the tragic situation and the cry of despair of my people. I have come here to ask for the help of the American people, especially for assistance and support in order to press the invader to withdraw its forces from our Island and to restore to Cyprus the freedom and human rights which are now so ruthlessly violated.

We are in desperate need of such support because, as you certainly know, we are a small island and without external support and aid, we do not think it is possible that Turkey will be obliged to withdraw its army. We know from your history that you are a liberal people who fought many times for the protection of freedom and justice of other peoples. We know that one of the symbols of your country is the Statue of Liberty, which holds the burning torch in order to point out both to the Americans and to the peoples of the world what their duty and obligations are whenever the freedom of men is trampled upon or is at risk. This is the reason why the people of Cyprus appeal to your country with many hopes.

We cannot say that the approach of your country to our problem up to now has been the one we could expect from the United States of America. I do believe that it was possible for your country to stop the invasion but it avoided to do so. The United States of America has ways and means to exercise pressure on Turkey to withdraw its troops from Cyprus but it carefully avoids to do it, until now. It is for this reason I have visited the Statue of Liberty and tried to see whether its torch has been extinguished by the ashes of expediency and indifference. I hope to realize that this is not the case.

It would not be proper for us to specify what we feel to be the real interests of your country. However, allow me to say that keeping one's eyes closed to the violation of the moral principles, the injustices and the sufferings of the people of small nations is not the correct and safe way to serve one's interests. It is as if one tried to base its interests on very unstable and slippery ground.

What basically, the people of Cyprus ask is the implementation of the United Nations resolutions. We ask for the restoration of human rights for all the inhabitants of Cyprus, irrespective of race, religion or language. We do not intend to wrong anybody . . . but at the same time, we certainly do not want to be wronged by anybody. Therefore, we mainly are asking for equal political and human rights for all the inhabitants of Cyprus; we are only asking for justice. Everybody must have the right to travel anywhere in Cyprus, to settle wherever he likes, provided of course that he respects the rights of his fellow citizens.

The separation of Cyprus into two regions—one for Greek-Cypriots and another for the Turkish-Cypriots—not only leads to a flagrant violation of human rights, but also, what is worse and more dangerous, is this feeling of alienation brought about by the separation of the people into two opposing groups which finally can lead to the permanent division of the island. But, as you know, Cyprus is too small to be divided.

There are, of course, many who suggest that we must be realists, since we cannot change the faits-accomplis created by the Turkish invasion. However, I do not really know if realism is the acceptance of injustice against a people and the selling-out of their rights on the grounds that they are numerically small and militarily weak. Nor do I know if realism means committing suicide when faced with difficulties. We feel sorry for these people who suggest such kind of realism and wonder if in the last quarter of the twentieth century, after the bloodshed of two world wars for freedom, moral principles have so much lost their true value and meaning. We also wonder why your own country is included among those which directly or indirectly have suggested to us to accept realism which would lead to suicide, while it is possible for it, using the means at its disposal, to work for the abolition of injustice committed against the people of Cyprus.

Before ending my address to you, I feel it is my duty to convey the deepest gratitude of the Cypriot people to those of you who very often have raised their voices demanding the restoration of human rights of Cyprus. Allow me to say that this attitude is proof of the continuation of the noble tradition of your country towards justice, freedom and democracy—the tradition handed down to you by the "Founding Fathers" of your Nation who authored the very historical Declaration of Independence.

That is why as the spiritual leader of my people—the suffering people of Cyprus—I appeal to your conscience. We place before you our hopes, and our pleas for justice. Please do not close your ears to the cries of pain and despair of my people. Please do not wash your hands of our hardship. In Cyprus there live people like you—who like you, love freedom and justice. We are fighting to retain these ideals and in so doing, we appeal to you to look upon the Cypriot people as your brothers.

Plesae put yourselves in our position and do your duty, the duty imposed upon you by the tradition of liberalism of your country.●

ANOTHER VETO IS REQUIRED ON THE ENERGY AND WATER APPROPRIATIONS BILL

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. BROWN of California. Mr. Speaker, next week we can expect President Carter to again do the difficult thing with legislation that this body has unwisely sent to him. I refer to the energy and water appropriations bill, which contains the incredible exemption of the Tellico Dam from all Federal laws. While all of us can admire the skill of the proponents of this project on bringing their pet project back from the dead, none of us can be very pleased with the unconventional way this project has been included in the pending bill.

Without rehashing the issues which are important in this case, I would like to say a few words about the politics of the situation. President Carter has been put in the unfortunate position of upholding the laws of the land, and the principles behind those laws, while being asked by the Congress to make a few exceptions here and there. Obviously Presidential politics has played a part in this drama, where President Carter is again confronted with a major public works project from Tennessee that is widely considered obsolete. And obviously the Presidential candidates will try to distort this situation to embarass the President.

I fully expect President Carter to veto this legislation, because he has the integrity and courage to do so. I also fully expect this body to uphold this veto. I hope the people of this country pay close attention to the drama which is about to unfold.

Mr. Speaker, in today's Los Angeles Times there was an excellent editorial on this same subject, which I would like to share with my colleagues at this time.

The editorial follows:

TELLICO: A DAM WASTE

The survival of the snail darter, a minnow whose only known habitat is a small stretch of the Little Tennessee River near Knoxville, is no longer the most important issue in the controversy over the Tellico Dam.

The more persuasive reason for halting the project is that its potential economic benefit to the region is nil, and President Carter should not hesitate to veto an additional $36 million appropriation to complete it.

Although backers of the dam present the issue in its most simplistic terms—the existence of the snail darter versus a hydroelectric project on which $102 million already has been spent—Tellico has been a pork-barrel project from the very beginning, and has been kept alive only by the influence of Senate Minority Leader Howard H. Baker Jr. of Tennessee.

The value of Tellico's electrical generation to the Tennessee Valley Authority, $3 million a year, is more than offset by crop losses of more than $4 million a year on the 38,000 acres of prime farmland that the dam's reservoir would flood.

It is also specious to argue that the past federal investment of $102 million would be lost if the dam were not built. More than $80 million of that amount was spent on land acquisition and on roads and other improvements that would remain to serve the region.

Nor is there credibility to the claim that Tellico would be of vast recreational benefit; there are already 24 other lakes within 60 miles of the site.

Environmentalists brought the project to a stop last year by convincing the U.S. Supreme Court that the destruction of the snail darter's habitat would violate the Endangered Species Act. Baker's response was to propose formation of a Cabinet-level committee to review Tellico and other controversial projects. Among its members were the secretaries of interior, agriculture and the Army, and representatives of the Environmental Protection Agency and the Council of Economic Advisers.

The unanimous finding the committee, and on criteria that had nothing to do with the snail darter was that further expenditures on Tellico could not be justified.

But that did not stop Baker and others from pushing ahead and, after much arm-twisting, they were able to persuade narrow majorities in the House and Senate to include $36 million more for Tellico in an omnibus $10.8 billion spending measure for energy and water projects.

It was done by exempting Tellico from the Endangered Species Act and from "any other law" that would delay its construction. And it was done despite the Tennessee Valley Authority's own admission that Tellico would violate the flood-plain management law, the dredge-and-fill provisions of the Clean Water Act and the Historic Preservation Act.

A very bad precedent has been set when Congress can arbitrarily override its own past enactments to free a project of all environmental restrictions.

President Carter is in a difficult political position, and has been put there by, among others, Baker, who has presidential ambitions of his own. The only way Carter can veto the funds for Tellico is to veto the entire appropriations bill, and that would displease legislators from other states.

Although Tellico was not then an issue, Carter did veto a similar bill last year on grounds of adverse cost benefits and potential damage to the environment, and his veto was upheld in the House.

We urge him to exercise his veto power again this year. Worthwhile projects will survive for consideration again next year. Tellico, a waste of taxpayers' money, should not.●

THE MAIL MOVES AHEAD

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. DANNEMEYER. Mr. Speaker, the House seems to be determined to continue its old habits of overspending and ignoring possible areas for cutting expenditures. As an example of this, I need go back no further than the vote on H.R. 79, the Postal Service Act of 1979. In this vote the House turned its back on an organization with a troubled background that has made substantial strides in recent years toward operating in a businesslike and efficient manner. And, to add insult to injury, the House voted to give the Postal Service an increased subsidy over the strenuous objection of the administration and the Postal Service itself.

I submit the following editorial from the Washington Post of September 12, 1979, as an accurate and timely commentary of the actions of the House in dealing with the Postal Service:

THE MAIL MOVES AHEAD

If you still think of the Postal Service as a hopelessly inefficient agency with large losses and little future, think again. The service has just announced that it expects a revenue surplus for this fiscal year—the first since 1945. That good news comes with a few caveats. The gain, probably around $400 million, includes the $920-million-per-year general federal subsidy. Moreover, rising costs—especially cost-of-living increases in wages—are expected to push the service into the red again next year and dictate another round of rate increases in 1981. Still, the central fact remains: the Postal Service is doing much better than most people expected a few years ago.

There are two major reasons for the gains. One is better management. Postmaster General William F. Bolger and his predecessor, Benjamin F. Bailar, have gotten a better grip on payroll costs—which consume 86 percent of the budget—by improving productivity and offering discounts to large-volume customers who sort their mail themselves. Second, contrary to many predictions, private delivery services and electronic communications networks have not yet taken away huge chunks of postal patronage except for parcel post. Meanwhile, catalog shopping is booming. Thus the volume of mail, which dipped to 89.5 billion pieces in fiscal 1976, is growing steadily and may exceed 99 billion pieces this year.

The future holds problems. There are the constant problems of containing costs and maintaining the expensive public services, such as rural delivery, which a national postal system must include. Beyond that lies the new era of communications, which is approaching so rapidly and may soon enable many postal users to transmit most of their messages and money electronically. Mr. Bolger is determined to compete for this business—and that has plunged the Postal Service into a fierce regulatory battle with private communications companies.

Ultimately, Congress will probably have to intervene in this multi-billion-dollar fight. So far, however, the complexity of the issues and the pace of technological change have frustrated congressional efforts to rewrite the communications laws. It has been easier for the lawmakers to poke at familiar issues as the House did last week when it passed a bill granting the Postal Service larger subsidies—which the agency did not request—and making the postmaster general a political appointment once again. It is discouraging to see the House backing away from the concept of a businesslike postal system, just when that system is finally moving ahead.●

REPUBLICANS LEAD DEFEAT OF DEMOCRAT BUDGET RESOLUTION

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. SHUSTER. Mr. Speaker, with the defeat of the Democrats' big spending, big deficit-tax increase budget resolution, Republicans won one of their greatest victories in modern history in the U.S. House.

The American people have a right to know that the $550 billion Democrat budget was defeated by a overwhelmingly majority of Republicans and a minority of Democrats—146, 97 percent of the Republicans voted against the big deficit budget while only 4 voted for it.

However, 188 Democrats, 74 percent of the Democrats voted for the big spending deficit while only 67 voted against it.

Review of the floor debate shows that it was almost exclusively Republicans who led the fight against the budget—so the record is clear for the American people as we approach the 1980 elections. Republicans support limiting Government spending—Democrats continue to be the big spenders.●

MINIMUM WAGE, MAXIMUM FOLLY

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. PAUL. Mr. Speaker, Dr. Walter E. Williams, who teaches economics at Temple University and is a distinguished scholar at the Heritage Foundation, is an eloquent defender of disadvantaged Americans, and an equally eloquent critic of the Government policies that keep them that way. Recently the SmithKline Corp. published an excellent essay on this subject, and I would like to bring it to my colleagues attention:

MINIMUM WAGE, MAXIMUM FOLLY

(By Walter E. Williams)

(Sir, Hell is paved with good intentions.—Samuel Johnson (1775)).

Federal minimum wage laws represent a tragic irony. In the name of "preventing worker exploitation", "providing a living wage", and "reducing poverty", these measures in fact impede the upward mobility and increase the dependence of the most disadvantaged among us.

National leaders, including black leaders, fail to recognize that many economic problems faced by a large segment of the black population (and other minorities) are but a special case of problems for Americans generally: government-imposed restrictions on voluntary exchange.

THE STRANGE HISTORY OF BLACK YOUTH UNEMPLOYMENT

Today's youth joblessness is unprecedented; nearly 40 percent among blacks and 16 percent among whites, nationally. Black youth unemployment in some major cities is estimated to be 70 percent.[1]

In dramatic contrast, black youth unemployment in 1948 was 9.4 percent and white youth unemployment was 10.2 percent. In further contrast to today, until 1954 blacks in every age group were at least as active in the labor market as whites were

These facts demand that we challenge the official and popular explanations of current black youth joblessness. Employers have not become more racially discriminatory. Black youths of earlier times were not better skilled or educated than their white counterparts. Neither can we attribute the problem to slow economic growth. Even during the relative prosperity of the sixties and parts of the seventies, black youth unemployment rose—both absolutely and in relation to white youth unemployment.

The real explanation lies in the limitations of law itself. By increasing the minimum wage, Congress has caused a significant loss of job opportunities for young blacks. When employers are required to pay a minimum labor price of $2.90 an hour, they have no economic incentive to hire workers whose labor value, in the production of goods or delivery of services, may be only $2.00 an hour.

Congress can legislate a higher wage, but it cannot legislate that workers be more productive. Because Congress has not yet seized complete control of personnel operations in private firms, the minimum wage law thus discriminates against the low-skilled.

BASIC ECONOMIC, PRACTICAL POLITICS

A law that reduces opportunity for some almost always increases it for others. To see how the minimum wage law accomplishes this, recognize, as economists do, that low-skilled labor and high-skilled labor can often be substituted for each other.

Imagine an employer can build a particular fence by using three low-skilled workers each earning $14 a day ($42 total labor cost per day), or by using one-high skilled worker who earns $38 a day. To minimize labor costs, the employer hires the high-skilled worker.

But suppose the high-skilled worker suddenly demands $55 a day. The fence firm then hires the three low-skilled workers, and the high skilled worker loses his job.

On the other hand, the high-skilled worker may understand politics and economics. He may now join with others like himself and lobby for a minimum wage law of $20 a day (claiming noble motivations like "prevention of worker exploitation" and "provision of a living wage).*

Once the $20 minimum wage is law, the high-skilled worker can demand and get his $55 a day—because it now costs $60 to build the fence using low-skilled labor. By law, the high-skilled worker's competition is priced out of the market.

AN INCENTIVE TO DISCRIMINATE

Aside from causing unemployment for some, the minimum wage law encourages racial discrimination. If an employer must pay a minimum of $2.90 an hour no matter whom he hires, he may as well hire someone whose color he likes. Economists would explain this by saying that the minimum wage law prevents the worker from offering a "compensating difference" for less-preferred characteristics.

The same principle applies to groceries. Less-preferred chuck steak can compete with more-preferred filet mignon only by offering a compensating difference—a lower price. If we had a minimum price law for steak of, say, $4 a pound, sales of chuck would fall relative to sales of filet. Because uniform minimum price laws encourage people to discriminate against goods and services they perceive as less valuable, chuck steak would be "unemployed."

The minimum wage law's powerful incentive for racial discrimination is clearly illustrated in South Africa. There the white unions are the strongest supporters of minimum wage laws and their counterpart, "equal-pay-for-equal-work" for blacks! There, unions advocate these laws with the stated purpose of protecting white jobs against black competition.

THE BURDEN ON THE YOUNG

Young people suffer most from any law that discourages employment of low-skilled workers, simply because the young normally have the lowest skills.

If joblessness merely deprived young people of pocket money, we might shrug it off as another minor consequence of foolish government intervention. But early work experience produces more than money. It teaches job-search skills, effective work habits and respect for supervisors. It produces pride and self-respect. It lets a worker make mistakes when they are not terribly costly—when there are probably no dependents counting on the worker for continuous income. These labor market lessons are critical, particularly for minority youths who attend grossly inferior schools, where these lessons are not learned.

Moreover, an absence of job opportunity may account for much of the crime and other antisocial behavior among many of today's youth.

GOVERNMENT PRIVILEGES—GRANTED TO SOME DENIED TO OTHERS

Many other restrictive laws grant monopoly power to the few at the expense of the many. This not only makes us a poorer nation but also heightens conflict between classes of Americans.

These laws handicap minorities, even though racial discrimination is not their intent. Occupational licensure and business regulations laws deserve special mention. Taxi licensure laws in most cities are among the most flagrant forms of monopoly and collusion.

In the 1920's, a poor, industrious immigrant in New York City could buy a used car, paint "Taxi" on it, and be in business. Today's poor New York must have not only a car but also $60,000 for a tax license. In Boston it's $45,000, in Philadelphia, $35,000. In Chicago, $40,000.

There is no social justification for such entry costs. They serve only to protect the incomes of incumbent taxi owners and deny people the opportunity to enter a business whose skill and capital requirements are low.

Washington, D.C. is unusual. There, fees to own and operate a taxi are under $100. As a result, there are more minority owner-operators (as a percentage of minority population), the ratio of taxis to population is higher (8,400 taxis in Washington, 11,700 in New York, 600 in Philadelphia, 4,600 in Chicago), and taxi fares are lower than they are in most cities.

HOW GOVERNMENT CHASES ITS TAIL

When government confers a privilege on one class or group of citizens, it usually creates a disadvantage for another. Then, of course, it has to do something for the newly disadvantaged. This creates a disadvantge for another group and the cycle continues *ad infinitum*.

For example, the Davis-Bacon Act requires contractors to pay "prevailing wages" on Federally funded construction projects. This discriminates against non-union building contractors. Because most black contractors are non-union, the law inadvertently discriminates against blacks.

The government has responded to the disadvantage of minority contractors by setting racial quotas—setting aside 10% of Federal contracts for minority firms. These "set-asides" are now being challenged in the courts by white contractors who feel injured. More appropriate would be a court challenge of the Davis-Bacon Act.

But racial conflict, though significant, is a minor effect of government-created advantages and disadvantages. Most often this process has nothing to do with race.

WE ALL PAY FOR THE POVERTY INDUSTRY

America has legislated a host of costly social programs to fight the ill (but unrecognized) effects of laws that deny upward mobility to the disadvantaged. Without such laws we could do without many expensive Federal agencies (like the Equal Employment Opportunity Commission and most of HEW). The fact remains, at all levels of government $250 billion is spent annually in the name of fighting various aspects of poverty.

If we simply gave that sum to America's poor, each family of four would receive about $34,000 each year. But most of it goes instead for salaries and overhead to run the growing poverty industry. This is like feeding the horses in order to feed the sparrows. An acceptable, perhaps inevitable method—if one is a horse.

PRESCRIPTION FOR PROGRESS

Disadvantaged minorities do not need government programs that generate paternalism and dependency. They have secured their Constitutional guarantees. Now they need only legal changes that foster and promote a freer economy.

As a nation, we should: (1) exempt young people from the full requirements of the minimum wage law, (2) modify national labor law to allow free access to jobs, (3) reduce occupational licensure and business regulation restrictions, and (4) provide mechanisms for delivering higher quality education.

If we take these steps, today's disadvantaged minorities will melt into the economic mainstream en masse, as have other disadvantaged minorities—minorities fortunate enough to have become urbanized before America had so many laws that cut the bottom rungs off the economic ladder.●

THE IMPLICATIONS OF THE IRANIAN CRISIS FOR THE WORLD PETROLEUM SITUATION

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ROSENTHAL. Mr. Speaker, the Commerce, Consumer and Monetary Affairs Subcommittee which I chair has consistently shown that the Iranian cutoff in oil exports did not produce any shortage of crude in this country. Further the subcommittee has shown that the present price to the consumer of gasoline, home heating oil, diesel, and jet fuel are not justified or warranted. In this connection I bring to my colleagues' attention the introduction, summary of findings and conclusions, and recommendations of a suppressed Treasury Department report entitled "The Implications of the Iranian Crisis for the World Petroleum Situation." The report was made available in April to the CIA, Office of Management and Budget, the Energy Department, the Department of State, and other Government agencies. I have asked Secretary of Treasury Miller why this report has been suppressed and not made available to the policymaking body—the Congress, the enforcement agencies, and the public.

Further, the report raises the issue of a possible concerted effort of the international oil industry to convert the incident of the Iranian revolt and the temporary stoppage of exports into a created worldwide shortage. In fact, the Iranian situation together with the created aftermath and the resultant panic certainly aided the administration policy to deregulate oil prices in the United States and, as the report indicates, has led to pricing which is not justified on existing supply:

THE IMPLICATIONS OF THE IRANIAN CRISIS FOR THE WORLD PETROLEUM SITUATION

INTRODUCTION

This analysis, which extends through the end of March 1979, focuses on short-term markets, although some attention has been given to the long run. Implications for petroleum supply and price in the U.S. are described, though only in broad terms.

The issue and the approach

The crisis in Iran has affected, in varying degrees, the world supply and prices of crude oil and refined products. The implications, however, of Iran's decline as a petroleum exporter greatly depend on how prevailing and expected petroleum demand and supply are determined for the Free World.

Two methods can be used to analyze the situation. The most commonly used approach first establishes demand for liquid fuels. This quantity is assumed to equal crude oil requirements. The loss of Iran's exports is then subtracted to determine the supply gap, and on this basis, their impact on the pricing and distribution of remaining supplies is analyzed.

The second approach starts with an examination of the Free World petroleum supply situation. It derives the conclusion about the adequacy of supply—with or without Iran—from the market supply conditions; i.e., from the movement of prices, volumes, and quality of petroleum supply streams. In this approach, whenever international markets reflect stable prices, supply is considered adequate to meet the prevailing demand. For reasons that will be described in the Background Analysis, we have used the second method.

Summary of findings and conclusions

On the basis of statistical data presented in Tables 1 through 10 and further elaborated in the Background Analysis we have established that:

1. Liftings of crude in the Free World reached 49.8 million b/d in the second half of 1978. This was about 6 percent (3 million b/d), above the average daily liftings of the first half of 1978, when they were about 46.9 million b/d. OPEC contributed 2 million b/d to incremental liftings in the second half of 1978.

2. Starting in 1977 and extending beyond the first half of 1978, conditions on the international market were characterized by a surplus in crude and refined products. This surplus was recognized by the industry and resulted in increasing OPEC output restrictions, underlifting of pre-set volume targets by the international oil companies, and the decline of effectively paid nominal prices. Nobody paid the official price for crude because discounts, rebates, volume premiums, and credit extensions were generally granted during this period.

3. Only an increase in liquid fuel consumption of more than 6% would have required an expansion of crude liftings beyond levels produced in the second half of 1978. During this period and in the first quarter of 1979, we found no evidence of a change of this order in the Free World patterns of useful energy consumption, in general, and that of liquid fuels, in particular. An even greater relative increase in consumption would have been needed to absorb the surplus prevailing in the market and create an acute shortage in the first half on 1979. Indeed, because of transportation lags, incremental liftings of 1978 actually arrived at refineries at the beginning of 1979, reaching the market even later.

4. In view of the surplus, growing non-OPEC output, and a continuous inflow of crude and products from the Sino-Soviet countries, OPEC liftings on the order if 28.5–28.7 million b/d (annual average) should suffice to meet the demand for liquid fuels in the Free World during 1979. In January 1979, OPEC output without Iran was close to this range (28.4 million b/d).

5. During the first quarter of 1979, the rapid price increase in free export markets for refined products did not result from growing scarcity of crude, from increasing real costs, or from the new OPEC price schedule. The movements in prices for refined products on international markets reflect speculative purchases and preemptive hoardings, as well as a change in the structure of the international petroleum industry. The recent speculative upsurge in hoarding and international transfers of liquid hydrocarbons should not be confused with a more or less permanent increase in demand (i.e., a shift in the demand curve to the right).

6. The U.S. has been isolated, at least to a degree, from the effects of spiralling prices on the international refined product market, through the mechanism of price control. However, the prices on the export markets, notably in the Caribbean and Rotterdam, are now being used as evidence of prevailing and continuing shortages in liquid hydrocarbon supplies in the Free World. A reference to the OPEC crude price increases is misleadingly used to explain high product prices. Arguments have been made that these spot product prices should also fully apply to the U.S. market through decontrol. We have seen no evidence, however, which would permit us to explain the higher refined product prices in the export markets in terms of higher supply costs of crude.

7. A developing U.S. shortage in refined petroleum fuels, particularly unleaded gasolines, was not caused by Iran's crisis. The signs of shortage preceded the loss of Iran's exports. The main reason for the gasoline shortage in the U.S. have been the refining industry structure, market practices and, as the industry claims, various Government regulations. Examples include regulations on environmental quality and small refineries.

Recommendations

A decline in Iran's petroleum exports should not be taken as a reason for a Free World crude supply shortage, resulting in rising costs of crude and refined petroleum products.

Before a model of generalized and acute scarcity in petroleum supplies is adopted as a premise for U.S. international oil policy, more data should be sought from all parties to the international oil industry transactions, notably with respect to:

(a) the actualy supply cost of crude and refined products;

(b) the complete extent of inventories, especially of producing companies (national and international); supplies transported, stored on the water, kept in export market refineries and/or any other storage facility which, because of its legal nature, is not now included in the statistically recorded inventories of respective countries;

(c) the full scope and cost of export refineries' operations;

(d) the major international oil companies' and their trading affiliates' participation in the crude spot market as well as the refined product export markets.●

THE DIAMOND JUBILEE OF THE CHURCH OF OUR LADY OF THE MOST HOLY ROSARY

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mrs. HECKLER. Mr. Speaker, 75 years ago, in a basement church in Fall River, Mass., the Church of Our Lady of the Most Holy Rosary was founded. Under the founding pastorate of Rev. Robert Farrillo and the more recent pastorates of Msgr. Joseph Pannoni and Rev. Vincent Diaferio, the church has grown from this humble beginning to become a thriving community and an important part of the life of Fall River.

The parish community will celebrate their diamond jubilee this Sunday. His Holiness John Paul II has recognized this significant occasion, and the President has sent his congratulations.

I am privileged to share with my colleagues this important moment in the history of the Church of Our Lady of the Most Holy Rosary and her parishioners.●

CREDIBLE DETERRENT OR ARMS RACE: SUM VERSUS MX

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. BONKER. Mr. Speaker, I would like to call my colleague's attention to an article by Senator MARK O. HATFIELD from this week's Washington Post. Senator HATFIELD has been one of the thoughtful and creative voices in the strategic arms debate and I believe his alternative to the MX missile system deserves our careful attention.

The shallow underwater missile system (SUM) proposed by Senator HATFIELD has several important advantages over MX. Best estimates indicate SUM would:

Cost far less ($12 billion versus at least $30 billion).

Take less time to become operational (1985 versus 1989).

Involve fewer environmental and resource problems.

Be less likely to provoke another round of the arms race.

It seems to me that all the current emphasis on numbers and comparisons—throw weights, megatonnage, and CEP—obscures the fundamental aim of our strategic force: To deter the Soviets (or anyone else for that matter) from striking the United States. This is best accomplished by convincing a potential aggressor that we would have the ability to inflict damage that would be unacceptable to them, even after we had sustained a successful surprise attack.

This is the essence of deterrence and this should be the rationale for our nuclear force. Anything less than a credible retaliatory capability would be naive and irresponsible, and in fact would destabilize the "balance of terror." Anything more than a minimum deterrence force would be a huge waste of Federal dollars, could spook the Soviets into another arms race, and, if push came to shove, would merely "make the ruble bounce."

The article follows:

SUM STRATEGY

(By MARK O. HATFIELD)

President Carter has embraced the controversial defense theory which claims that the Soviet Union will be able by the 1980s to destroy 90 percent of U.S. land-based missiles (ICBMs) in a surprise attack. The president has called this "our most pressing strategic problem." His solution was to order production of a mobile MX missile, the most lethal weapon in U.S. history.

Unfortunately, the president has chosen one of the slowest, most expensive and strategically destabilizing solutions to the perceived vulnerability problem. The best possible choice would be to make the existing Minuteman ICBM force mobile aboard small submarines in U.S. coastal waters.

This proposal, known as the Shallow Underwater Missile System (SUM), offers dramatic strengths compared with land-based deployment of the MX. The 550 Minuteman III missiles could be carried by 138 small submarines, nearly identical to the German Type 600 submarine now in operation. This submarine force would patrol the U.S. coastal waters of the Atlantic and Pacific, which offer one-half million square miles of protected, navigable area. The Minuteman III missiles aboard the submarines would continue to offer a wide range of strategic options, retain their present high degree of accuracy, while being able to stay in direct contact with strategic command centers in times of crisis. In short, the SUM proposal with the existing ICBM forces maintains all the positive features of the land-based MX proposal while retaining none of its most glaring weaknesses.

For example, defense specialist Richard Garwin recently indicated to me that the Minuteman III force could be rapidly modified and deployed aboard these 450-ton submarines. The first missile deployment could be achieved by 1984, with the entire force at sea by 1986. As a result, our ICBM force would be invulnerable at the very time the Soviet counterforce threat will become severe.

By contrast, even the best Air Force estimates conclude that the full MX force will not be deployed before September 1989—a decade from now.

But serious problems are working against the 1989 deadline. No fewer than 33 federal laws will bear on the problems of land acquisition alone. To build and operate the MX "racetrack" scheme, the fourth-largest city in Nevada will have to be built and maintained in the middle of the desert.

Construction will require some 600,000 tons of cement, 32 to 48 million tons of sand, 210 million gallons of liquid asphalt, 125 million gallons of petroleum fuel and 17.9 billion gallons of water. At a minimum, then, the president's decision to deploy the MX will cause an unnecessary, 3- to 4-year delay in solving what he terms "our most pressing strategic problem."

Even with the substantial environmental and construction problems to be addressed, the Air Force assures Congress that the MX system can be built for about $30 billion. Other estimates range as high as $50 billion.

By contrast, Garwin's estimate on the cost for a fully operational Minuteman III force in the SUM concept is less than $12 billion. The billions saved by placing Minuteman III missiles at sea could be used to ease the burgeoning U.S. deficit or our dangerous dependence on foreign oil. The Air Force is already advancing the proposal that the United States may be forced to place an antiballistic missile (ABM) system around the MX site in the late 1980s to protect it against a large increase in Soviet warheads, an expensive addition to long-term MX costs. With the U.S. forces at sea, no such costly abandonment of the ABM treaty would be necessary. What's more, SUM would be easily verifiable and would not hold millions of U.S. citizens hostage to a Soviet counterforce attack.

Once deployed, the 200 MX missiles will increase the already immense explosive power of our ICBMs by over 400 percent, giving the United States the ability to destroy every Soviet ICBM site in a surprise attack. Even after such a counterforce strike, the United States would retain an overwhelming residual force equal to hundreds of thousands of Hiroshima bombs.

But the difference between a theoretical U.S. and Soviet first-strike capability is dramatic. Fully 70 percent of Soviet warheads rest on their land-based missiles. By contrast, some 25 percent of U.S. warheads are carried by our ICBMs. Put plainly, the preemptive strike posed by the MX against the Soviet arsenal would dwarf the much-vaunted Soviet threat against U.S. ICBMs.

In response, the Soviets will be forced to make one or more strategically dangerous decisions. Options could include launching their ICBMs on warning of attack, which would greatly increase the tension in any crisis; abrogating the ABM treaty to deploy an anti-missile system to protect their mobile system, which may not be verifiable; or attacking the United States preemptively in a crisis for fear that the United States might use MX to destroy Soviet ICBMs in their silos. As a result, every international crisis would carry with it a heightened risk of nuclear war.

The present Minuteman III force poses no such first-strike capability. Deploying the force aboard coastal submarines will ensure the full range of strategic options short of a first-strike counterforce threat, while offering maximum protection from Soviet attack.

Finally, by protecting our missiles while not proceeding with the MX, the United States could accept a proposal considered by both sides during SALT discussions to establish a moratorium on new land-based missiles. This would be a major step toward a more comprehensive moratorium on deployment of additional strategic systems. Such a moratorium is essential if the United States is to exert the moral authority necessary to halt frightening proliferation of nuclear weapons among Third World nations. The SUM/Minuteman III alternative to the MX will save billions, enhance the protection of our strategic forces and offer hope that effective controls can finally be placed on the burgeoning arms race.●

WORKPLACE FATALITIES

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. GAYDOS. Mr. Speaker, tragic workplace accidents, claiming the lives of countless workers throughout this country, are the cause of immeasurable suffering for the surviving families and friends. Many of these workers are young people who are taken from their families in their prime. Any nation which is concerned for the welfare of its citizens cannot overlook such a wide-ranging cause of misery and grief. The following examples represent only an infinitesimal proportion of those workplace-related injuries or deaths which have occurred recently in this country.

On March 28, 1979, a plant explosion in Linden, N.J., killed two employees and injured four others. The accident has been under investigation by Federal OSHA officials.

On March 30, 1979, 11 employees at an Amarillo, Tex., chemical plant were severely burned when an electrical switching gear that was being installed sent out a giant spark which ignited a flash fire in the room in which they were working.

On April 30, 1979, a 24-year-old Chicago, Ill., employee of a savings and loan bank was electrocuted while working on a sign atop the building.

On May 4, 1979, a 28-year-old San Jose, Calif., computer maintenance mechanic was electrocuted while checking the voltage on the back panel of a computer. The accident has been under investigation by Federal OSHA officials.

The Occupational Safety and Health Administration can and does provide the necessary guidelines and incentives for improving safety in the workplace. Surely, a nation of concerned citizens, such as ours, should provide strong support, encouragement, and helpful suggestions to an agency with so great a responsibility.●

LOUISIANA CONVENTION OF THE INTERNATIONAL GOOD NEIGHBOR COUNCIL

HON. JOHN B. BREAUX

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. BREAUX. Mr. Speaker, some of the top international leaders of Texas and Mexico will be in Lafayette and the Seventh Congressional District from September 27 to 29 for the first-ever-in-Louisiana convention of the International Good Neighbor Council. The International Good Neighbor Council was organized in 1954 under the leadership of Glenn Garrett, of Weimar, Tex., and Jose Muguerza, of Monterey, Mexico, to foster good neighborliness among the countries of the Western Hemisphere and particularly between the United States and Mexico. The organization drew its inspiration from the good neighbor policy of President Roosevelt and is being remembered on September 24 as "Good Neighbor Day." The international chairman, Mr. Bob Angers, was appointed by the Acadiana chapter charter president, Mr. Walter Landry. Their international headquarters is located in Monterey, Mexico.

Among the distinguished persons coming to Lafayette are Mayor Caesar Santos, of Monterey, Mexico, Mr. Arnaldo Marirez, president of the Texas Good Neighbor Commission, and about a dozen other mayors from Texas and Mexico.

The Lafayette-based Acadiana chapter is the first one outside of Texas in the United States. At the convention on September 27 there will be an orientation program for new chapters which are being planned in New Orleans and Quebec, Canada. About 500 persons are expected at the convention including Don Young, Deputy Director of the U.S. Travel Agency in Washington, D.C.

The International Good Neighbor Council has met continuously since 1954 and has adopted resolutions and taken action to facilitate ease of communication, tourism, and better understanding between the countries of the Western Hemisphere, particularly relations between the United States and Mexico.

Mr. Speaker, as the Congressman representing the Seventh Congressional

District, I salute the International Good Neighbor Council and wish it every success at its first-ever meeting in Louisiana. I am proud that this international organization will meet in my congressional district which has many common interests with Mexico and Texas in the development of energy resources in the North American Continent.●

TEACHERS—ARE THEY OVERQUALIFIED?

HON. DONALD JOSEPH ALBOSTA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ALBOSTA. Mr. Speaker, a constituent of mine has written to me with regard to the subject of employment of teachers, and their possible overqualification. His letter, however, goes well beyond just the teaching profession; it touches every profession that there are people working in. I feel that this letter is of great value to all employers. I also feel, however, that it is of particular value to Members of Congress. I have thus requested its reprinting for the RECORD:

HON. DON ALBOSTA,
House of Representatives, Longworth Building, Washington, D.C.

DEAR CONGRESSMAN ALBOSTA: Approximately one or two months ago an article was published in the Traverse City Record-Eagle which said that you would like to find out why many qualified teachers cannot find a job.

Although I cannot answer this question with certainty, I believe that I can shed some light on it, beyond the possible overabundance of teachers.

Based on conversations that I have had with teachers and others in the past, personal experience in job-hunting in accounting, and various articles and books that I have read, I suspect that many experienced teachers, and beginning teachers with a significant amount of education beyond a Bachelor degree, are rejected by employers because they are "overqualified." In fact, it appears to me that this is part of a general problem in every occupation, and every type of organization, including government.

The enclosed photocopies give some evidence to support what I have said. Various references to and personal experience descriptions about overqualification can be found in numerous magazine articles. A prominent job-hunting book, "What Color Is Your Parachute," by Richard Nelson Bolles, mentions refusal to hire because of overqualification (this book is on the suggested reading list of the MSU Placement Office). I have also had first hand experience with refusal to hire for this "reason" through comments of interviewers and rejection letters. A formal scientific study should be made to collect sound evidence about this problem, in my opinion.

The problem of not being able to get a job because you are overqualified, is tangled up with other excuses that employers use to not hire applicants. When experienced people look for work, they probably would like to get a job that uses their experience. However, it appears to me that many organizations have a strong promote-from-within rule and hire only a few people from outside for positions requiring experience. Experienced people may apply for a job requiring experience anyway, realizing that their chances of being hired at this level are very small. Then, they apply for a beginning job and are refused work because they are too qualified. If they happen to be unemployed, they thus may be locked out of their field.

After a while they decide that they must find some work to survive on. Assuming that they have at least a Bachelor degree, when they apply for work at a level below the beginning job for someone with a Bachelor degree, they are often again refused work because they are too qualified. Eventually they may have a choice of going on the welfare or leaving their college training and experience off their application.

If they decide to do the latter, there is a long period of time in their application which must be explained. If it is not explained satisfactorily, they probably will not be hired. They may decide to misstate their age or to put in false experience. They then, usually would have to sign a statement saying that the information given is complete and true. After doing this they might get a job. A good question is, "would the employer understand that they were only acting in self-defense and not lying, and take no adverse action, if the employer found out about the falsification?"

Assuming that the experienced job applicant above, who has at least a Bachelor degree, does not find any job within one, two or more years, something else happens. There is a long period of unemployment which must be explained. However, many employers cannot understand, even after reading the best explanation that can be given, how a qualified applicant can go for one, two or more years being unemployed. Then, these applicants may get rejected because they have been unemployed too long.

A vicious circle thus gets started, and these people are rejected in the future because they are overqualified and because they have been unemployed too long. Soon, their credentials may get out of date, and this is added to employers' "reasons" for refusal to hire. The above seems to me to be a reasonable explanation of what is happening in the employment process, but I believe that research should be done to find out just what is happening.

Why do many employers refuse to hire overqualified people? The reason that most people mention is that overqualified people will become discontented and leave. A second reason is that certain persons with hiring power fear that overqualified people may be given "their own" promotions and sometimes, even their job (a person is stupid if he/she hires a strong competitor).

The first reason for refusing to hire overqualified people is not necessarily true. When overqualified people get a chance to see what a chaotic, unjust, mess the employment process is and how difficult it is in many cases to get another job, they will be content with the job that they have. Many overqualified people who have been unemployed a long time, have learned that the opportunities for transfers are few and they do not intend to be job hoppers.

The second reason is obviously unjustified because it is immoral, dishonest and against the rules of competition.

Some other reasons why employers do not hire overqualified people are suggested by modern organization theory. The following information is taken from the book, "Management Accounting and the Behavioral Sciences," by Edwin Caplan.

Page 30, Table Two says:

I. Assumptions about Organization Goals: E. Facing a highly complex and uncertain world and equipped with only limited rationality, members of an organization tend to focus on "local" (i.e., individual and departmental goals). These local goals are often in conflict with each other.

II. Assumptions about the Behavior of Participants: D. The efficiency and effectiveness of human behavior and decision making within organizations is constrained by: (1) the inability to concentrate on more than a few things at one time; (2) limited awareness of the environment; (3) limited knowledge of alternative courses of action and the consequences of such alternatives; (4) limited reasoning ability; and (5) incomplete and inconsistent preference systems. As a result of these limits on human rationality, individual and organization behavior is usually directed toward attempts to find satisfactory—rather than optimal—solutions.

Farther along in this book, perception is discussed. It is stated that particularly in ambiguous situations, individuals tend to see what they want to see—that which makes them most comfortable or, sometimes, that which seems to be the most threatening.

If some of these ideas are obvious, they are a good reminder. It appears to me that employers are just concentrating on their local goals, probably cannot see the overall picture of what is happening throughout society to overqualified people that they reject, and do not want to spend the money and time necessary to find out what is happening to these people.

It also appears that most persons with power to hire are incompetent at evaluating applicants' backgrounds; reject people merely because the cost and effort involved in verifying their backgrounds might be larger than for certain other applicants; and deliberately look through an applicant's background for negative factors, find negative items, real or imagined, and reject many people without a proper consideration of their positive factors. Another unfair thing that employers do is not to tell rejected candidates the real reasons why they are being rejected. Candidates are sometimes (maybe often), left in the dark without guidance about how to steer themselves to a job.

If sound information on what happens to rejected overqualified people would be made available to employers and the public, employers might choose to stop or be forced to stop, rejecting overqualified people. Also, students would be more aware of the problem and might limit their studies accordingly.

In addition, it appears that sound information based on scientific research is needed on other employment practices, and on the supply of and demand for beginning people and experienced people in each field or in selected fields. A recurring feedback report prepared every six months, once per year, etc. and made available to the public, might bring beneficial planning and control through self-regulation, to the so called "job market." As things are now, job seekers and probably employers, have a very limited knowledge of the overall picture of employment opportunities (for experienced people particularly), and of employment practices.

Possibily, additional government regulation of the employment process is needed. Along with "job market" research, recurring feedback reports and possibly new regulations, auditing of the employment process may also be needed. Of course, the benefits of the above changes v. the costs of securing these benefits, must be kept in mind.

Who should do this work? If long-term unemployed overqualified people were hired on a permanent or temporary (possibly short-term contractual, full-time and part-time), basis by the United States Government, a direct contribution to solving the unemployment problem would be made. Temporary work might be limited to give these people only a survival living for the year, to spread the work among unemployed people.

In addition, the information generated would make an indirect contribution to solving the overall unemployment/underemployment problem. Also, government education (less retraining and training), welfare, unemployment compensation, and other expenses related to unemployment, might be reduced or at least something (job market information), would be received for the money.

Unemployed people probably have the highest motivation (if the work is set up so that they have time to continue their search for permanent work in their field and so that they are not forced to research practices of a company with which they expect to apply), of any one, to collect this information on the "job market."

These people would already have in hand, some information on employment practices of specific employers that they got through their applications, interviews and rejection letters. Additional information could be gotten from unemployed people, who are not hired. We should let the long-term unemployed people help solve their unemployment problem by hiring them to do research on "job market" problems.

Probably, various practices in the employment process, not currently illegal, are violations of human rights as defined by President Carter. It seems to me that basically taking away someone's right to work in the field in which you have prepared for many years, merely because you are overqualified, is a violation of human rights. Probably, if one closely examined the injustices committed against unemployed people who are trying to find work, he/she would find that the "job market" is a "living nightmare."

In summary, I suspect that many teachers are refused work because they are overqualified, people in all fields have the same problem, and the whole employment process needs critical review. Someone should collect sound evidence by scientific research on refusal to hire because of overqualification and on various other aspects of the employment process, for public use. This would be done in special studies and for recurring feedback reports. It might be necessary to audit the employment process. Long-term unemployed people, who are properly qualified of course, should be hired to collect this information.

Any help, sir, that you can give to bring more justice to the employment process, will be greatly appreciated.

Sincerely,

JOHN A. SHONK.●

POPE JOHN PAUL II

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. MAZZOLI. Mr. Speaker, today I am introducing a resolution welcoming Pope John Paul II to the United States.

I hope that all of my colleagues will join in sponsoring this resolution.

And, I hope that the House will consider and adopt this resolution promptly.

I am introducing this resolution for two reasons, Mr. Speaker.

First, Pope John Paul II is a towering and an influential figure on the world stage. As such, he richly merits a formal welcome from the House.

Second, along with my colleague from the other body, Senator BIRCH BAYH, I have noted with utter dismay that some persons are protesting the Pope's visit, because of a misguided reading of the Constitution on the separation of church and state.

In particular, I am chagrined that Madalyn Murray O'Hare, in a suit in Federal district court here in Washington, seeks to prevent the celebration of mass by Pope John Paul II, charging that the Pope brings a political message to this country.

Rather, the Pope brings to the United States a message like the one he brought so magnificently to his homeland, Poland, this past summer

It is a message of hope and peace, and freedom for all mankind. It is not a political message. Nor a partisan message. Nor a narrow message. His message is as broad as the world itself and all the people who live in it.

As the senior Senator from Indiana noted in his September 18 statement to the other body regarding Pope John Paul II:

> It would certainly be ironic, as well as tragic, if the man who drew millions to re-Poland would face less cooperation from the U.S. Government in his travels in America.

Mr. Speaker, I had the pleasure of meeting Pope John Paul II in the Vatican last December. He is a man of great personal warmth. A man who is greatly concerned about the condition of our world, torn as it is by war, famine, terrorism, and fear.

His is a voice calling for spiritual and personal freedom for all the worlds' people and peace for all.

I hope that the House will adopt this resolution. In doing so, it will demonstrate that the U.S. House of Representatives affirms that Pope John Paul II is entitled to the courtesy, the warmth, and the hospitality for which America is so noted.●

THE ECONOMIC STORK

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. PAUL. Mr. Speaker, we hear revived talk about that old economic snakeoil, price and wage controls.

Those advocating these controls could benefit from an eloquent essay by Dr. Thomas Sowell, professor of economics at UCLA, about the nature of prices. I would like to bring it to my colleagues' attention.

THE ECONOMIC STORK

(By Thomas Sowell)

Asking people where prices come from gets more embarrassing answers than asking small children where babies come from. It is not nearly as funny, however, because adults vote on economic policy—and some vote in Congress.

Many people think that high prices come from greed, while low prices come from sellers being reasonable, humane, responsible, and other Boy Scout virtues. It is the economic equivalent of believing that the stork brought you. Even those who have been told "the facts of life" about supply and demand can drift back into believing that rents go up because landlords are greedy and food prices rise because supermarkets are ripping us off.

If prices were determined by the arbitrary will of sellers, it would be hard to explain why they fall into such regular patterns. For example, housing costs in Los Angeles generally rise as you go west toward the ocean, and fall as you go east toward the smog. Greed must increase as you get near fresh air and decrease as you get into the smog. Who would have thought that smog had such moral benefits?

As for supermarkets, they average about a dime of profit on $10 worth of groceries. Even if they were in business just for their health, this would still have very little effect on grocery prices. They make their money on volume, not markup.

Prices convey information about what is scarce or plentiful, what is hard or easy to make, what is an efficient or inefficient way to do things. When prices convey information that people don't want to hear, they are quick to blame somebody. Motorists in Boston believe that their unusually high auto insurance rates are a plot by the insurance companies. Anyone who has seen Boston drivers in action will find nothing mysterious about their high auto insurance rates. If you want to see a car changing lanes in a tunnel, or challenging an emergency vehicle for the right of way at an intersection, go to Boston—and watch from a safe distance.

High prices in low-income neighborhoods bring out the moral crusaders in force. It does no good to tell them about the high crime rates in such neighborhoods, and its effect on the cost of operating a store. They just know that sinister forces are exploiting helpless victims. But why "greedy" store owners are leaving poor neighborhoods is a puzzle, if that is where they are reaping big profits.

Politicians encourage us to believe these moral theories of prices. Then they can play knight in shining armor, rescuing us from economic dragons, and living happily ever after in Washington. Rent control, wage-price guidelines, interest-rate ceilings are all political ways of soothing the symptoms of facts we do not want to face—such as the scarcity of housing or inflationary government deficits. As with other treatments of symptoms, the disease itself often gets worse. Rent control is a proven way to create and maintain a housing shortage. Interest rate ceilings, to help the poor, force the poor to resort to loan sharks, who ignore the legal limits on interest and have their own ways of collecting.

Perhaps the biggest reason why politicians want us to believe that prices are determined by greed is that they don't want the voters to blame them for the inflation that always follows in the wake of continued government deficits. Better we should be mad at the butcher, the baker or the candlestick maker. Hence the psycho-drama of the president coming on TV to sternly warn those who raise prices, while the government keeps printing money as fast as the presses will turn. The only way prices will come down is if the Bureau of Engraving runs out of green ink—or the Office of Management and Budget stops using red ink. Neither of these things is very likely.●

LT. COL. BYNUM P. WESTALL—33-YEAR CAREER IN THE U.S. ARMY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ANDERSON of California. Mr. Speaker, after 33 years of dedicated service, Lt. Col. Bynum Westall, U.S. Army, will retire on October 1, 1979. For his distinguished military career and contributions to the community, his friends, and associates will gather at Fort MacArthur in San Pedro, Calif., on September 27 to honor him. In recognition of this fine officer's outstanding contributions to his country, I would like to join in paying tribute to his achievements by sharing with my colleagues some of his career highlights.

Colonel Westall was born in Asheville, N.C. Upon graduation from high school in Norfolk, Va., he joined the War Shipping Administration where he served on board merchant ships until joining the U.S. Army in 1946. He received a battlefield commission as second lieutenant in 1952 while stationed in Kunwah, Korea.

Colonel Westall has attended various military schools, including the Airborne and Glider School in Japan; the Infantry officer basic course and the Infantry career course at Fort Benning, Ga.; the Command and General Staff College at Fort Leavenworth, Kans.; and other schools in the field of foreign service and personnel management.

His overseas service includes the Atlantic, Pacific, and Mediterranean war zones aboard merchant ships during the Second World War; the 7th Infantry Division during the Korean war; peacetime tours in Europe and Japan; and three tours in Vietnam during that conflict.

Colonel Westall has commanded rifle platoons and companies; and a force of about 3,000 indigenous troops in Vietnam. He has served in various staff assignments in battalions, regiments, and at the Army staff and joint staff level. He was on loan to the U.S. State Department during the period 1967–69.

For his outstanding and heroic service he has received two awards of the Silver Star; the Legion of Merit; three awards of the Bronze Star; four awards of the Army Commendation Medal; and the Combat Infantryman's Badge with Star.

During the past 6 years, this man has helped maintain San Pedro's Fort MacArthur as a friendly and welcome neighbor to the surrounding community, as well as a strong component of the Nation's defense system.

The U.S. Army will certainly miss the services of this man. In all his career endeavors he has excelled to the highest degree. My wife, Lee, joins me in offering our sincerest congratulations to Col. Bynum P. Westall—"Westy" to his friends—on completing his 33-year career of service. To his entire family, his wife, Elizabeth; and their children, Norbert, Frank, Anastacia, and Olga, we send our best wishes for continued success and happiness in the future.●

DO NOT LEGITIMIZE PLO TERRORISM

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. LEHMAN. Mr. Speaker, in recent weeks we have heard claims that the Palestine Liberation Organization has indicated a moderation in its policy toward Israel. That policy has, up to the present, called for the destruction of the State of Israel. While I have searched for evidence of such a policy change, I have found nothing to support that conclusion.

If the PLO has modified its stand, it is not reflected in the statements of its spokesmen. The issue of whether or not the PLO still seeks Israel's destruction is not clarified, because, I suspect, PLO aims have not changed. Yassar Arafat had a recent opportunity to clear up this question during a television interview, but continued to dodge questions in his usual manner, again reinforcing his lack of credibility.

Though things are quieter in northern Israel, Palestinian terrorism continues in other parts of the country. Bombs planted by the PLO exploded in the streets of Tel Aviv only a few weeks ago. And the same day SCLC members were visiting Lebanon as guests of the PLO, a PLO bomb killed 1 person and wounded 41 others in a crowded Jerusalem shopping area. Because our press reports less on terrorism within Israel and more on Israel's preventive actions in Lebanon, we usually now have to read foreign press translations to learn that terrorism in Israel is still going on.

I believe that we should not accept anything short of PLO recognition of Israel's right to exist and a cessation of terrorism against Israeli civilians. I can then foresee the framework for talking and for resolving the Palestinian problem, a genuine problem which must be dealt with in an equitable way. I seriously question whether the establishment of a Palestinian state would be in the best interests of the United States or would offer a real solution to the Middle East conflict. It may very well be a vehicle for additional Soviet influence in the area and a further diminution of American influence in the Middle East. We cannot afford to again orchestrate our own failure as we did in Iran.

The recent flirtation with the PLO merely gives that organization legitimacy and new strength. Why should it give up on getting rid of Israel just when it has attained new world recognition and prominence and almost succeeded in having a new U.N. resolution fashioned on its behalf by the United States? It is not at all surprising that evidence of PLO moderation toward Israel is so hard to find.

PLO presence in south Lebanon is the reason for Israeli preemptive strikes. Palestinian terrorists seem to be willing to sacrifice their own brethren as a tactical maneuver in order to elicit criticism of Israel for killing civilians while striking against the PLO. The PLO is willing to pay this price for condemnation of Israel at the United Nations and other international forums. It is painfully difficult to justify violence when civilians on either side are killed. Palestinian terrorists must not remain blameless, however, when it has a policy of basing operations in civilian centers.

Israel's Defense Minister, Ezer Weizman, recently stated that since Israel's counterterrorist actions in Lebanon began, there have been no successful PLO attacks against Israelis in the towns of northern Israel.

Mr. Speaker, I do not take lightly the killing of one Lebanese civilian by Israel, but I cannot understand why our State Department continues to avoid any public condemnation of the PLO after Jews are purposely tracked down and murdered, after which the PLO publicly claims responsibility. The State Department today still refuses to label the PLO as a terrorist organization, yet was willing at the United Nations to officially condemn terrorism by Israel without even mentioning the PLO by name. This is one sided and simply not acceptable.

The Palestinian Liberation Organization is not a classic terrorist organization which gains strength by targeting its operations against military and official outposts. Its strategy has been to strike against Israeli civilians. It is clear that the destruction of the State of Israel is, to the PLO, synonymous with the destruction of the Jewish people. It should not be surprising to anyone why the killing of Jews in Israel and elsewhere is an extremely sensitive issue with Jews and many non-Jews around the world. Morally, the United States cannot condone the perpetrators of these acts, especially when many PLO terrorists who are caught turn out to be West German. If the State Department wishes to start a dialog with the PLO, it should demand the cessation of all terrorist activity against Israeli civilians.

I urge our administration to clarify its Mideast policy and to be consistent in its actions, to learn to recognize real moderation and to concentrate its efforts on rewarding moderation. We have paid too little attention to the concrete gains Israel and Egypt have made on their own during the peace talks. They should be strongly encouraged and acknowledged in the progress they are making. The early return of the Alma oilfields is tangible proof of this progress.

The peace talks are producing results. We would be much better off to encourage and strengthen this asset than to help the PLO undermine it. The tangible assets which Israel has already relinquished is proof that Israel is committed to peace and that a firm foundation for future peace is taking root. Let that be the Archimedean lever to involve others in the peace negotiations, the only road that we can realistically travel to reach our destination—a genuine peace in the Middle East.●

H.R. 5018, A BILL TO REPEAL TITLE III OF THE MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT OF 1972

HON. JOHN B. BREAUX

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. BREAUX. Mr. Speaker, I am sponsoring H.R. 5018, a bill to repeal title III, the marine sanctuaries title, of the Marine Protection, Research, and

Sanctuaries Act of 1972. I believe that, notwithstanding the views of some persons to the contrary, title III adds nothing of value to the authority of the Federal Government to protect the environment. The program is being administered by the Department of Commerce in a manner that frustrates the efforts of other agencies to carry out their responsibilities, and it needlessly increases the tax burden on all our citizens and the costs imposed by the Federal Government on users of the marine environment. The following correspondence is indicative of the problem:

Washington, D.C., *August 31, 1979.*

Hon. Juanita M. Kreps,
Secretary of Commerce,
Washington, D.C.

Dear Secretary Kreps: This is in response to the request of July 31, 1979, from the Office of Coastal Zone Management, National Oceanic and Atmospheric Administration, for comments on an issue paper prepared to discuss the desirability and appropriateness of a marine sanctuary on Georges Bank.

I believe that the marine sanctuary program offers a unique opportunity to address multiple use conflicts on the Outer Continental Shelf (OCS) and in other coastal waters of the United States. The program was designed to provide a method of achieving a national balance of potentially conflicting uses. Although I see a significant role for the marine sanctuaries program, I am very concerned about the attempt by some groups to use it as a mechanism for preventing offshore energy activities. The Conservation Law Foundation's (CLF) proposal for designation of Georges Bank as a marine sanctuary is an example of such an attempt—its primary thrust is to restrict or prohibit oil and gas activities in the entire Georges Bank area.

As you know, the Outer Continental Shelf Lands Act (OCSLA) was substantially amended in 1978; it now statutorily directs me to insure the protection of the natural resources and environment in any area where OCS oil and gas activities are to occur and provides abundant authority to carry out that mandate. I believe that conscientious implementation of the OCSLA will insure that oil and gas activities do not damage the resources of Georges Bank. Attempts to preempt my exclusive authority to make decisions concerning the extent to which oil and gas activities may be undertaken in the Georges Bank area are unnecessary and inappropriate. It is the expressed Congressional intent and belief that implementation of the OCSLA will insure that oil and gas activities do not damage the resources of the OCS, including Georges Bank. Additional regulatory mechanisms should be established only if it is later demonstrated that this conviction is wrong—that implementation of the broad program created by the OCSLA is inadequate to protect the resources of Georges Bank.

The discussion in the issue paper implies that the existing regulatory mechanisms would not provide the restrictions necessary to assure proper safeguarding of the Georges Bank resources. Consequently, the reader's evaluation of the issue paper is likely to be biased against the existing mechanisms Rather than detailing every instance of this slanting, the most blatant examples have been identified. In the introduction on page 8, the following is stated:

"[T]he marine sanctuary regulation of oil and gas activity could range from allowing exploration and exploitation of these resources *with necessary restrictions to assure environmental protection* . . . to prohibiting oil and gas activities anywhere on the Bank." (Emphasis added.)

This statement wrongfully implies that the existing mechanisms regulating oil and gas production will not produce the necessary restrictions to assure environmental protection. In fact, under the Outer Continental Shelf Lands Act as amended, I am required to see that oil and gas exploration and development are conducted without unreasonable risk to the fisheries and the other resources (Sec. 25(h) of the OCSLA). Thus I am required to impose all restrictions necessary to prevent unreasonable risk and to assure environmental protection.

On page 80, the following paragraph appears in a discussion of a marine sanctuary alternative:

"Such case-by-case management would allow sanctuary managers to tailor protective measures to the nature of the threat or risk to living marine resources. Activities within various areas of the sanctuary might be allowed based on availability of new technologies that pose reduced risks to living resources and accumulated experience in managing activities on the bank."

This paragraph indirectly expresses the view that the existing regulatory mechanisms will not be able to tailor protective measures to the nature of the threats to living resources, to require new and lower-risk technologies as they are developed, or to accumulate experience in managing activities on the bank. This view has no basis in fact.

Finally, the last example appears on page 78, where in discussing a marine sanctuary alternative it is stated that: "(o)il and gas operations could occur anywhere in the Bank if they do not present unacceptable risks to the viability of the fishery or other living marine resources or jeopardize endangered or threatened species." This implies that the current system will allow unacceptable risks in violation of statutory requirements, an implication which I strongly object.

In my July 25, 1979 letter to you, I outlined my basic problems with the proposal put forward by the CLF. Their proposal is not sound; it differs markedly from what we understand your policy regarding marine sanctuaries to be. The CLF nominated Georges Bank as a marine sanctuary for the purpose of establishing "the priority of fisheries protection and food production in the Georges Bank region and to require that all non-fishing activities in the area be consistent with the continued vitality and productivity of the biological resource." A marine sanctuary designation for the above-stated purpose is not consistent with the Marine Protection, Research, and Sanctuaries Act of 1972, which declares that marine sanctuaries shall be designated for the purpose of preserving or restoring ocean and coastal waters for their conservation, recreational, ecological, or esthetic values. There is a serious question whether the nomination is for a marine sanctuary for the conservation of the fishery resource or whether it is for the promotion of the fishing industry over all other uses of Georges Bank. It is not clear how the promotion of a fishing industry can be equated with the purposes for which a marine sanctuary can be established. A second important point is that the proposal to have the sanctuary managed by the New England Regional Fisheries Council—a regional group with a single mission focus—is unacceptable. The New England Regional Fisheries Council is not an appropriate body to carry out the careful weighing of competing values which must be performed in the context of national, multiple-use objectives. Furthermore, we believe that a serious legal question exists as to whether the Secretary of Commerce could delegate the management authorities under the Marine Sanctuaries Act to a non-federal entity such as the Fisheries Management Council. We do not believe that the Department of Commerce's Reorganization Plan (Reorg. Plan No. 5 of 1950, reprinted in 5 U.S.C. app. at 743 (1976)) provides for such a delegation.

We are also of the opinion that the discussion of alternatives in the issue paper is inadequate. While recognizing that the issue paper was not meant to be a definitive presentation of alternative actions on marine sanctuaries in the Georges Bank, we believe that the failure to outline the nature of these sanctuaries and resulting actions unfairly biases reader evaluation in favor of the alternatives and against the more-explicitly detailed regulatory system for Sale No. 42.

Throughout the discussion of the alternatives, protective measures which might result in limited exclusions, which might be tailored to the nature of the risk or threat, or which might present higher levels of protection than the previous options are not described. Until the reader knows what these protective measures will be, he cannot know whether they will in fact do what the issue paper promises or what additional effects they might have that the issue paper does not address. We believe that this presentation encourages the reader to evaluate the specifics of the existing regulatory system against new promises that the resources will be protected under what are yet to be established, alternative systems. Since each reader is able to imagine for himself what such alternatives will likely entail, he is more likely to favor the general promises of the alternative systems. Yet such systems may very well not be designed in a manner close to his perception.

I hope that serious consideration will be given to the no designation alternative. Your policy appears to be that a designation of a marine sanctuary is justified only where required to insure adequate protection of the important natural and biological resources of the area. In light of the large number of existing federal laws now operating to protect the resources of the Bank, further regulation appears to be unnecessary. The Fisheries Conservation and Management Act, the Marine Mammal Protection Act, and the Endangered Species Act are designed to insure the protection of the fisheries and other resources against fishing practices and other activities which may be harmful to the fishery populations and other resources. Title I of the Marine Protection, Research and Sanctuaries Act (the Ocean Dumping Act), the Port and Tanker Safety Act of 1978, and the Clean Water Act are available to protect the water quality of the area. The Outer Continental Shelf Lands Act (Sec. 25(h)), as amended, insures that any oil and gas activities in the Georges Bank area are regulated in such a way that environmental protection is assured. The Coastal Zone Management Act is available to insure that onshore impacts of activities occurring offshore are compatible with the state's plan for development of its coastal zone. Given the scope of existing laws designed to protect the offshore natural resources as well as the President's desire to avoid unnecessary government regulation, it is questionable whether any marine sanctuary designation in the Georges Bank area is necessary. Certainly none is necessary to assure that oil and gas activities are conducted in an environmentally acceptable manner.

Under the discussion of the "no designation option", the issue paper discusses some proposed OCS Sale 42. We believe that it is inappropriate to use the issue paper as a vehicle for commenting on the supplemental DEIS. However, since NOAA chose to do so we feel obligated to respond to several of the "recommendations". One such proposal is that all drilling muds and cuttings be barged from Georges Bank for disposal. The Department of the Interior has consistently taken the position that while barging may, in certain instances, be appropriate, large-scale barging creates a greater potential for environmental damage than does the carefully controlled disposal of muds and cuttings at the drilling site. The NOAA-proposed mitigating measure is inferior to the Department's approach and not an acceptable form of protection for Georges Bank.

NOAA also proposes that a scientific committee, with NOAA membership, participate in making decisions which have been assigned, under the OCSLA, to the Secretary of the Interior and delegated to the U.S. Geological Survey. We are of the opinion that Depatrmental official have no authority to "share" their OCSLA decision-making authority, except as specifically provided by the OCSLA, with officials of other agencies. (Reorg. Plan No. 3 of 1950, reprinted in 5 U.S.C. app. at 742 (1976)). As mentioned in the issue paper, a Biological Committee currently exists which provides NOAA with an advisory role in the enforcement of certain lease stipulations. We are working with your staff to more clearly define the role of this Committee and the manner in which recommendations are considered. I believe we will be able to find a way for providing important biological advice to the Supervisor, while avoiding the problems associated with "sharing" decision-making authority.

Another mitigating measure proposed by NOAA is that a stipulation be included in tracts offered in OCS Sale 42 which specifies that "later designation of a marine sanctuary will, if required by sanctuary regulations, constitute a basis for modification, suspension, or cancellation of the affected leases with attendant rights to compensation for cancellation as provided in Section 5(a) of the Outer Continental Shelf Lands Act, as amended". This suggestion is another proposal with a questionable legal basis. Sections 5(a) and 25(h) of the OCSLA set very specific conditions for cancelling a lease and compensating the lessee. The specific provisions clearly identify those situations in which a lease may be cancelled. I have no ability to cancel leases except to the extent cancellation is authorized by statute. We do not believe the creation of a marine sanctuary in and of itself is a proper basis for modifying, suspending, or cancelling a lease.

The second option discussed in the NOAA paper is the designation of a marine sanctuary composed of the canyons and/or the sand waves and sandy shoals of Georges Bank. Oil and gas development activities would be prohibited or restricted in these areas but could proceed elsewhere on the Bank. It is possible that smaller, well-defined areas of resource sensitivity on Georges Bank would be appropriate candidates for marine sanctuary designation and would offer more realistic management and enforcement options to focus on their preservation. We believe that this is a viable option if sufficient scientific data were presented on chosen areas of Georges Bank that demonstrates their unique qualities warranting marine sanctuary status.

Under the third option the entire 20,000-square-mile area known as the Georges Bank would be designated a marine sanctuary. Several alternatives, contemplating various degrees of restriction on oil and gas activities, are discussed as sub-options under this alternative. As discussed in my letter of July 25, 1979, we believe that a designation of this size would be excessive to accomplish the objectives of the Marine Sanctuaries Act and would contradict the explicit policy that the boundaries of sanctuaries will not include an area greater than that appropriate to protect the resources (15 CFR § 922.21(c)).

We see no basis for Sub-option C.3—oil and gas activities pursuant to OCS Sale 42 would be allowed but all other oil and gas activities would be prohibited.

We view Sub-option C.4 as unreasonable and unacceptable. The statement that oil and gas resources "would remain in the ground for future use when exploitation may be deemed feasible" is unreasonable. Immediate exploitation is not only feasible but also highly desirable in light of this country's energy needs and the Administration's import policies.

We also take exception to the statement in this section that this option would eliminate any possibility of adverse effects on the fisheries. This option does not even discuss the adverse impacts of fisheries on the Bank which could be caused by commercial fishing itself, or indeed by other non-oil and gas related activities. For example, the enormous amounts of sediment disturbed by trawlers may cause unacceptable losses in light quality and may also be responsible for releasing heavy metals into the water column. Similarly, chronic oil releases may arise from ship traffic or may emanate from the myriad of fishing vessels now operating on the Bank.

It is not clear why oil and gas activities are singled out as the sole activity which threatens the environment of Georges Bank. Finally, it is equally unclear how NOAA has arrived at the conclusion that the management objectives of the Fishery Conservation and Management Act and the Marine Sanctuaries Act are consonant and parallel each other. Section 307 of Title III of the Marine Protection, Research and Sanctuaries Act of 1972 provides that marine sanctuaries be designated "for the purpose of preserving or restoring such areas for their conservation, recreational, ecological, or esthetic values."

One of the purposes of the FCMA is "to promote domestic, commercial and recreational fishing under sound conservation and management principles (16 USC 1801(b)(3))."

It is difficult to see how these purposes are consistent. Indeed, the history of Georges Bank fisheries has shown that promotion of commercial fishing has occasionally resulted in damage to the fisheries resources. We question how NOAA can assume that no regulation of fishing activity beyond that already exercised by the Secretary of Commerce and the New England Fishery Management Council is contemplated. For example, one of the adverse effects from oil and gas operations cited in the issue paper is increased turbidity (page 64). As discussed on page 31, trawling on the Georges Bank has significant effects on both the seabed and turbidity of the water column. It appears that if turbidity is to be avoided, then controls would be placed on fishing activities as well as on oil and gas operations.

In summary, we find that (1) the issue paper presents distortions of the potential conflicts on Georges Bank and an unbalanced assessment of the ecological impacts from any of the proposed or existing uses of the Bank ecosystem and (2) the issue paper does not demonstrate a need for additional management and enforcement procedures beyond those already established by federal law to protect OCS areas such as Georges Bank.

Thank you for the opportunity to comment.

Sincerely,

James A. Joseph,
Acting Secretary.

Washington, D.C.,
June 5, 1979.

Mr. Richard A. Frank,
Administrator, National Oceanic and Atmospheric Administration, Department of Commerce, Washington, D.C.

Dear Mr. Frank: The Department of the Interior is in the process of formulating detailed comments on the draft environmental impact statement (DEIS) on the proposed East and West Flower Gardens Marine Sanctuary, and will forward them to the Office of Coastal Zone Management before June 12. I want to take this opportunity, before the Department's comments are forwarded, to express my concern over the failure of the National Oceanic and Atmospheric Administration to involve the Department of the Interior in the development of the *Principles of Agreement* presented in Appendix 3 of the DEIS.

As you know, the Department of the Interior includes stipulations in each lease issued in the vicinity of the proposed sanctuary which are designed to protect the Flower Garden Banks from any detectable harm. The effectiveness of our program is amply demonstrated in the DEIS.

Despite this record, the Department of the Interior was not included in the discussions which led to the "Principles of Agreement" signed by officials of NOAA and EPA in March, 1979. In fact, the Department of the Interior first saw the agreement when it received the DEIS.

It is extremely unfortunate that the *only* federal agency which has taken action to protect the Flower Garden Banks was not invited to participate in the formulation of this Agreement. As a result, an unacceptable set of principles has been developed seemingly without regard for the Department of the Interior's existing regulatory program.

At a meeting on May 22 a delegation of representatives of the Department of the Interior met with a representative of the Office of Coastal Zone Management and indicated that the Department of the Interior would prefer that the DEIS be withdrawn and that a working group be established to develop a new set of "Principles of Agreement" between NOAA, EPA, Interior and the Coast Guard. Following the meeting, the Department of the Interior's request was denied, but an oral invitation has been extended to Interior to work with the Office of Coastal Zone Management on the preparation of a final environmental impact statement. Although Interior is dissatisfied with this response, the Agency is prepared to work with you if it receives a formal request and assurances that Interior's concerns will receive adequate consideration.

The Secretary of the Interior supports the establishment of a Marine Sanctuary to protect the Flower Garden Banks, and the Department is anxious to work with you to establish a reasonable and effective proposal. I would appreciate your immediate consideration of my request.

Sincerely,

Robert L. Herbst,
Assistant Secretary for Fish and Wildlife and Parks. ●

NEW YORK CONTROLLER NED REGAN WRITES ABOUT VICTIMS OF INFLATION AND THEIR ROLE IN HELPING TO EFFECT CHANGE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. KEMP. Mr. Speaker, the cruel manner in which inflation punishes Americans on low, moderate, and fixed incomes, and how rising tax rates, caused by inflation, rob Americans of even minimal real wage gains have been persistent themes of mine in this body.

But in concentrating on the effect of progressive tax rates on our economic output, some of us neglect to focus on the devastating effects this progressivity has on millions of our constituents.

In an article in the September 24 edition of Business Week magazine, my distinguished friend, Edward V. Regan, controller of New York State and past executive of Erie County, N.Y., describes in detail how inflation erodes real income earned by the working men and women of the Buffalo area and New York State while benefitting government coffers.

At this time, I request permission to add "Ned" Regan's outstanding article to my remarks.

The article follows:

CUTTING RIBBONS AND CUTTING TAXES

The people who suffer the most from inflation are those with low or moderate incomes. This group includes people living on limited or fixed incomes and young people who join the labor force at beginning salaries. And while the beneficiaries of inflation are sometimes obscure, there is one obvious winner—government. Taxation at progressive rates pumps money into government and allows it to thrive on inflation.

To recognize those who suffer and those who benefit from inflation is to understand why the problem is so hard to cure. And, perhaps more important, it also suggests how the impetus for dramatic changes may emerge.

The impetus may come from those who are hurt the most by inflation, from the poor and the elderly who are not able to hedge against the punishing rise in consumer prices. Their modest incomes—provided through public welfare, private retirement systems, or low-paying jobs—are meager to begin with and are now eroding rapidly. Their monthly benefits and inadequate earnings are increasingly consumed by the basic necessities of food, rent, fuel, and medical care.

Another group, less readily acknowledged as victims of inflation, is made up of young wage earners just getting started. Unlike their parents' generation, many now find it impossible to buy a house or an apartment on their salaries. Their hurt—perhaps less visible but no less real—is one of dashed hopes and lowered expectations.

TAX BRACKET CREEP

To compound the problems of the young wage earner, the phenomenon of "tax bracket creep" will further erode even his or her initial purchasing power. Take, for instance, the case of a family of four with an income of $15,000. In New York State, the federal and state income tax bite at present rates would be $1,827. Now with a cost-of-living increase—let us say 8.7 percent to match the official annual rate of current inflation—the gross income will grow to $16,305. But the family will move into a higher tax bracket that would then take $2,214 of the total earnings.

As a result, the take-home pay will grow by only 7 percent, or $918, and the family's personal economic position will have deteriorated.

So what that family loses in purchasing power the government gains in political power. What we really have in this country, because of inflation, is unlegislated tax increases that have created an era of remarkable governmental prosperity.

According to Treasury Dept. figures, federal revenue in each of the next two years will grow nearly $50 billion as a result of inflation. The federal budget is expected to increase from $464 billion in the current fiscal year to $593 billion in fiscal year 1981—and only $39 billion can be counted as a real gain in revenue. The rest comes from the inflationary bonanza that occurs when the employee's pay increase goes to the federal treasury rather than into his or her paycheck. Similarly, here in New York, prior to the recent tax cuts, the state government could pick up nearly $750 million a year from inflation alone.

So what do our political leaders—the very people to whom we should look for relief—do with this kind of money? Quite simple. They use it to get reelected. Unlike times in the past, they do not need new taxes or borrowing to support new spending. Inflation-generated revenue allows them to reduce taxes and simultaneously offer new services and new facilities. Incumbent office holders have never had it better. They can cut taxes *and* cut ribbons.

CAREY'S EXAMPLE

Look at recent evidence. Governor Hugh L. Carey came from 20 points behind to win last fall's race for governor of New York. He campaigned on his record of reducing taxes by $1 billion at the same time that he was able to initiate new spending programs worth more than $1.5 billion. (A Republican incumbent, by the way, would have done the same thing.) And of the 164 New York State legislators up for reelection last year, who enjoyed the same campaign advantages, only six were defeated. Similarly, only 26 of the 399 incumbent U.S. congressional candidates were denied another term.

Regrettably, this situation may undermine the will of political officeholders to cure the malaise that afflicts us. The attempt to dampen inflation is obviously complex—it involves interest rates, the money supply, tax incentives, and budget deficits—and no one approach is sufficient. But unfortunately, because political choices are usually close and complex, and with the cause of inflation frequently obscure, the opportunities for its control can go unpursued. As the advantage of incumbency indicates, elected officials are served by perpetuation of the status quo.

Arthur Schlesinger, the distinguished historian, says that our nation has cyclical periods of action and passion followed by times of apathy and political stagnation. The 1930s were a time of activity to cure the Depression, the '50s and the early '60s were a quiet period, and the mid-'60s to early '70s were times of real fervor. Recent years have been a period of inactivity, and when that happens the real problems are neglected. I suggest that is what has occurred with inflation.

But Schlesinger believes the nation recharges its batteries during such times of apathy and that in the mid-'80s the citizenry will act to change fundamental conditions that cripple us now.

Somewhere, somehow, like a chemical reaction, something will crack across this country. It won't happen among established citizens with high incomes. But it will happen among the elderly, the poor, and the young wage earners who see their economic situation erode as officeholders ride high. The ability to avert that protest, or at least to respond intelligently when it does occur, is the political challenge of the next half-decade.●

CONGRESSIONAL SALUTE TO THE HONORABLE FRANCIS X. HERBERT OF NEW JERSEY, 1979 MAN OF THE YEAR, NEW JERSEY STATE ORGANIZATION OF CYSTIC FIBROSIS

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ROE. Mr. Speaker, on Saturday, September 22, the people of my congressional district and State of New Jersey will join with me in heartiest congratulations and best wishes to a most distinguished citizen, esteemed State senator, outstanding community leader and good friend, the Honorable Francis X. Herbert of New Jersey, whose leadership endeavors in championing the cause of public awareness, increased commitment and support to help our cystic fibrosis and lung-damaged children have earned him the most highly coveted honor of being chosen the 1979 "Man of the Year" of the New Jersey State Organization of Cystic Fibrosis—the highest award of this most prestigious health caring organization.

Mr. Speaker, Senator Herbert, by his example and lifetime of dedication to the needs of people, has personified exemplary leadership in his outstanding responsible service to our people. His sincerity of purpose and personal commitment to the educational, economic, social, and cultural enhancement of our community has been a way of life for him. With your permission, I would like to insert at this point in our historic journal of Congress a brief biography of Francis X. Herbert, as follows:

Senator Herbert was born on January 11, 1931 in Jersey City.

He is a teacher by profession, holding a B.S. in Education (cum laude) from Fordham University, where he held the Terence V. Shealy Memorial Scholarship. He has an M.A. degree in English from Montclair State College and has done graduate work at Fordham, Columbia, Montclair, and California Poly.

Senator Herbert has taught in the public schools of New Jersey for twenty-two years. He is presently a member of the English Department at Secaucus High School.

Senator Herbert entered public life as a Councilman in Waldwick from 1970 to 1973. He served as Police and Fire Commissioner during that period.

Elected to Board of Chosen Freeholders in 1973, Senator Herbert was in charge of Institutions and Agencies and the County Juvenile Program for a year. He served as County Police Commissioner and was the County Bicentennial Chairman in 1976.

In the Senate, Mr. Herbert is Vice-Chairman of the State Government Committee and also sits on the Transportation Committee and the State Library Committee.

He is married to the former Eleanor Gillen and has three children.

Mr. Speaker, as you will note, he has been a leading and most active participant in the governmental and educational achievements of our State—as an educator and government official at State, county, and municipal levels: New Jersey State Senator, county freeholder, county and municipal police commissioner, councilman, and municipal fire commissioner. In addition to the esteem and respect he has engendered as a most proficient educator, his dynamic and energetic endeavors in community improvement and development are applauded by all of us.

Mr. Speaker, it is with deep personal pride and pleasure that I take this opportunity to call your attention to this year's recipient of an award of excellence that expresses appreciation for the untiring, unselfish herculean efforts of a highly compassionate individual in working for the eradication of the dread disease of cystic fibrosis and its tragic consequences which continues to threaten the lives of our children. We do indeed salute an outstanding citizen, esteemed legislator, beloved teacher, community leader, good friend, and great American—the 1979 Man of the Year of the New Jersey State Organization of Cystic Fibrosis, the Honorable Francis X. Herbert.●

BRAZIL PROMOTES PURE ALCOHOL AS ALTERNATE FUEL

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. DASCHLE. Mr. Speaker, Brazil has developed a very aggressive, long-term plan to eliminate its dependence on costly imported oil and to run all Brazilian cars on alcohol. Already, Brazilian cars run on a gasohol of 20-percent alcohol and 80-percent gasoline, and during the next 5 years an estimated 1.7 million cars will be fueled by alcohol. In fact, the limousine of Brazilian President Figueiredo is now running on pure alcohol.

This Brazilian experience provides food for thought for Americans who are caught in a fuel crunch. It shows the sound economics of an alcohol-fueled society, as well as the successful development of a GM engine which runs on gas, alcohol, or a combination of the two.

An article from the Tuesday, September 18, 1979, issue of the Washington Post provides an informative, concise report on Brazil's alcohol fuel program, and I heartily recommend it to my colleagues and request that it be inserted in the RECORD:

BRAZIL PROMOTES PURE ALCOHOL AS ALTERNATE FUEL

(By Larry Rohter)

RIO DE JANEIRO.—Brazilian President Figueiredo now rides to all official functions in a Ford LTD limousine that runs on pure alcohol. The other day he was photographed driving an alcohol-powered Beetle on the streets of Brasilia.

Within months, the first chief of state to use an official car running on pure alcohol will be joined by thousands of his fellow-citizens. Gen. Figureiredo and the head of the Brazilian Association of Automobile Manufacturers are scheduled to sign an agreement Wednesday aimed at putting 1.7 million alcohol-powered cars on the highways over the next five years.

The accord is the latest step in the government's ambitious, long-term plan to end dependence on costly imported oil. Brazilian cars already run on gasohol, a mixture of 20 percent alcohol with gasoline and the ultimate aim is for pure ethyl alcohol to be the basic auto fuel.

Under the agreement, auto manufacturers in Brazil are to produce at least 250,000 alcohol-powered vehicles a year for the domestic market, beginning in 1980. (Another 500,000 existing cars are to be converted.) Signatories to the accord include the local subsidiaries of General Motors, Ford, Volkswagen and Fiat.

"What Brazil has come up with here is a way of saving the automobile," says Prof. Jose Goldemberg of the University of San Paulo, former president of the Brazilian Society of Physicists. When the world's oil supplies run out, the car will be obsolete unless an alternative fuel supply is ready."

The Brazilian government is to guarantee that production of sugar cane, which when refinery yields the alcohol, will be sufficient to supply the cars. It is to replace its entire official fleet of conventional cars with alcohol-powered autos.

The alcohol program has been a top energy priority here since the 1973 oil crisis. Rising prices and the oil supply crunch triggered by the Iranian crisis have accelerated the Brazilian drive for energy independence.

Brazil currently has six million cars and a growing industry that produces more than a million vehicles annually. Government statistics have predicted that the 1979 oil-import bill will reach $7.5 billion.

As a result of the government drive, ethyl alcohol output here already has jumped from 169 million gallons in 1975 to an estimated 910 million gallons this year—more than total alcohol consumption in the rest of the world.

The Brazilian goal is to produce at least 2.75 billion gallons a year by 1985. To achieve that target, the government program calls for investments of $11 billion in distilleries and other alcohol-related projects through 1984.

"Brazil is the only country in the world that has already made official an alternative energy program based on alcohol," said General Motors do Brasil President Joseph Sanchez. "The government has reacted in a realistic and rational manner," to the energy crisis.

At General Motors' plant in Sao Paulo state, the first 252 alcohol-powered vehicles rolled off the assembly line last week destined for a government agency. Early next year, GM will begin mass producing its alcohol-powered vehicles for the public.

GM says its new motor, developed in Brazil by an international technical team and capable of running on gas, alcohol or a combination of the two, is the first "multifuel engine. To restructure its Brazilian operation and expand production, GM plans to invest $500 million here during the next four years.

By 1982, GM expects to be manufacturing 330,000 of its multifuel engines at the revamped Brazilian plant. Of that total, all but 80,000 will be earmarked for export to Britain, Japan, West Germany and Australia.

A General Motors spokesman here said, however, that the company has "no plans at present" to export the four-cylinder multifuel engine to the United States or to manufacture it at the company's parent plant in Michigan.

"Theoretically, there are no barriers that would prevent us from selling or making our line of alcohol-fueled vehicles and engines in the U.S.," said Jairo Lottle of GM. "It's just not in our plans at the moment."

Ford do Brasil, which later this month will begin mass-producing an alcohol-powered version of the LTD and two other models in its 1980 line, also says that it does not envision exports to the United States in the near future. Production is aimed at meeting local demand first.

"At this point, it doesn't depend as much on us as the Brazilian government," said engineering and technical chief Mauro Borghetti. "If they provide the infrastructure that assures there will be enough alcohol to go around, we'll make the cars."

To encourage consumers to switch to alcohol-powered autos, the government has already instituted a series of incentives. Credit restrictions and taxes have been eased for purchasers of alcohol-fueled vehicles and as of Jan. 1, drivers of cars running on pure alcohol will be exempted from the current prohibition on weekend fuel sales.

The biggest boon to users of alcohol comes in filling the car's tank. Government decrees have established a pump price of 87 cents a gallon for alcohol—as opposed to $1.86 a gallon for regular gasoline and $2.98 for high-test. The government says the cost of producing the alcohol is 70 cents per gallon.

Inventive public relations exercises also have been undertaken in an effort to win public confidence. On Sept. 7, Brazil's independence day, 170 race drivers participated in an alcohol-only auto race, held at the same Rio autodrome where the annual international Grand Prix takes place.

"I see nothing but advantages to be gained from using alcohol as a fuel," said the winning driver, Arthur Bragantini, after the race. "The engines perform better, and since the motor temperature is lower, last longer.

Similar conclusions were reached by participants in a road test sponsored earlier this month by the automotive magazine Quatro Rodas. Results of the four-day trial indicated that "the performance of alcohol-powered cars is as good as, if not better than, that of conventional automobiles."

Involved in the 62,000 mile road test were the Volkswagen "Passat" (Dasher) and Fiat's 147 model. Average mileage for the participating cars was 27.3 miles per gallon.

Such figures lead some Brazilans to think they have found, if not an answer to the energy crisis, at least a partial solution. Already, delegations from the Philippines, Africa and Central and South America have sent delegations to investigate possibilities of adopting their auto fleets to run on alcohol with Brazilian-designed technology.●

HOW THE PRESS DRAFTED KENNEDY

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. LAFALCE. Mr. Speaker, in the September 19, 1979 Washington Star, there was an interesting article by Richard Reeves, entitled "How the Press Drafted Kennedy." It is worthy of our attention and reflection.

The article follows:

HOW THE PRESS DRAFTED KENNEDY

(By Richard Reeves)

We did it! The press drafted Teddy Kennedy.

They've been saying for years that there's no such thing as a draft in American presidential politics. But they were wrong. They were thinking of a bunch of political bosses picking a candidate in smoke-filled rooms. The new political bosses are the press—national political reporters, to be more specific—and we had the power to make Sen. Kennedy into candidate Kennedy. The senator from Massachusetts planned to run for the White House in 1984. He thought it might be a cakewalk eight years after Jimmy Carter began two terms and 15 years after Chappaquiddick. Besides, it would be a lot easier for a liberal like him to govern beginning in 1985, when people might be a little more skeptical about tax-cutting new conservatism.

Well, now it looks like there won't be two Carter terms—the press, among others, thought the Georgian didn't deserve a second chance. Most national correspondents had made their minds up about that earlier this year.

Since that time, we have savaged Carter and built up Kennedy. Reporters and commentators went after Carter because they had become convinced he was a lousy president—and because it is our nature and craft to promote a conflict.

And, we could have, after all, taken Kennedy at his word, which in the beginning was sincere, when he said he wasn't running. But that would have left us underemployed in a quiet political year. So, we got Carter—with a little help from Hamilton Jordan and the White House munchkins.

Now, we will go after Kennedy. First we will turn on him for the vagueness we prized last month. He's going to be accused of fooling around with the hearts and minds of the American people—we want him to get out there and run like a man. He will no more control events in the next few months than he has in the past few. At this stage of a political campaign, for better or worse, the press has more control than politicians.

Then, we will begin questioning, loudly, whether Kennedy is too far left for 1980. He may be. In a funny way, he is very old-fashioned, the last New Dealer. Because of his family and popularity, Kennedy has been isolated from the pressures that have been determining the actions of other American politicians. When we talked, earlier this year, about the new conservatism that seems to be abroad in the land, he said he didn't believe it was happening. "Politicians here are behind the times," he said, "they're just catching up with yesterday's movements."

Perhaps. But he is the representative of yesterday. Talking about some government cutbacks during that conversation, he referred to them as "nickle-and-dime stuff." They were. But nickels and dimes are what people are worrying about these days.

Kennedy is a unique institution in American politics—it may not matter what he stands for and would do as president. My own impression, traveling the country, is that people are for him even though they disagree with him on issues because they think other people are for him. Some folks will follow Kennedy because they think millions of others will—maybe that's what leadership is.

Kennedy, I think, will announce his candidacy in December. With luck, he and America will get what they want out of his decision. The press? We've already got what we wanted—the most exciting campaign possible.●

THE UNITED STATES NEEDS ALASKAN OIL

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. FAZIO. Mr. Speaker, my colleague from California, Mr. DANNEMEYER, has announced his intentions to introduce an amendment to the Export Administration Act which would severely weaken language in the bill to restrict the export of Alaskan crude oil. I believe such an amendment would drastically undercut this Nation's energy security, and would therefore like to bring the following comments to the attention of my colleagues in the House. Several months ago President Carter established new bold energy goals for the United States. It is the common hope of the President of the United States, the U.S. Congress, and every citizen of our land that America have secure energy independence. The President proclaimed the following:

> Point one. I am tonight setting a clear goal for the energy policy of the United States. Beginning this moment, this nation will never use more foreign oil than we did in 1977—never. From now on, every new addition to our demand for energy will be met from our own production and our own conservation. The generation-long growth in our dependence on foreign oil will be stopped dead in its tracks, right now—and then reversed as we move through the 1980's.
>
> Point two. To ensure that we meet these targets, I will use my Presidential authority to set import quotas. I am announcing tonight that for 1979 and 1980, I will forbid the entry into this country of one drop of foreign oil more than these goals allow. These quotas will ensure a reduction in imports even below the ambitious levels we set at the Tokyo Summit.

Recognizing that our dependence on imported oil—now about half of our consumption—continues to push the American economy toward recession, erodes our influence throughout the world, and diminishes the value of the dollar, the President proposed as a cornerstone of his new energy policy massive reductions of U.S. oil imports.

Through an ambitious program of conservation, increased production of natural resources, and personal sacrifice, this new policy will attempt to solve the long-term energy crisis by wresting control of the supply of oil from harmful foreign sources. President Carter declared:

> For I am tonight setting the further goal of cutting our dependence on foreign oil by one-half by the end of the next decade—a saving of over four and one half million barrels of imported oil per day.

Today the U.S. House of Representatives can also take a vital step to ameliorate an American oil import bill which last year totaled $42 billion and is expected to run from $52 to $55 billion in 1979. We can pass overwhelmingly provisions in H.R. 4034 of the Export Administration Act of 1979 which prohibits exportation of Alaskan oil.

If the President's July 15 message to the American people is to be taken at face value, there is little doubt that the administration has endorsed the language currently in this bill as reported out of the Foreign Affairs Committee.

Alaskan crude represents a guaranteed supply of oil and thus lessens our dependence on foreign sources. This fact alone should preclude any swap or export as previously entertained by the policymakers of the Energy Department.

The United States can moderate both the effect of the recent OPEC price hikes and the even higher costs of imports from other nations such as Mexico by keeping domestically produced oil where it belongs—in the United States.

Since the production of crude oil from the North Slope of Alaska began, this Nation has achieved a significant step toward reducing its reliance on foreign oil supplies. Oil imports into the west coast have decreased by an astounding 53.4 percent, and nearly all the heavy, high sulfur crude once imported into the west coast has been directed to other U.S. markets freed up for consumption by other nations. Every drop of Alaskan North Slope oil produced is currently being consumed in the United States.

This legislation, when passed by the House, will help insure that the full economic potential of our Nation's wealth in Alaska will be felt throughout the United States. The language in H.R. 4034 which prohibits the exportation of Alaskan oil, except under specific economic conditions, will encourage this development of domestic transportation and refining capability and thereby spread the benefits of this resource to all Americans.

If Alaskan oil is exported or "swapped" for Mexican or Middle East crude, there is a strong likelihood that pipelines needed to deliver domestic oil to domestic markets will not be constructed. This possibility is very unfortunate, especially on the heels of President Carter's promise to create an Energy Mobilization Board which, in his words, will have the "responsibility and authority to cut through the redtape, the delays and endless roadblocks to completing key energy projects * * * like a critical refinery or pipeline."

Yet it is argued that unless the oil companies are permitted to export ANS, they will not feel compelled to produce to the fullest extent possible. There is every indication, however, that with an export restriction, ANS producers already have more than adequate incentive to produce. Sohio, the North Slope's largest producer, enjoyed an incredible 134 percent increase in earnings in the fourth quarter of 1978. Sohio's chairman attributed these recordbreaking earnings to a tripling of production on the North Slope. Even more incredible, first quarter 1979 profits climbed to 302 percent which Sohio attributed to a 45-percent increase in production and sales of ANS crude. All other North Slope producers also enjoyed considerable earnings during the same period.

In fact, a recent Petroleum Intelligence Weekly analysis of producer profits for North Slope crude found that Alaskan profits have been soaring because oil prices closely follow OPEC's latest hikes.

The study indicated that oil companies producing ANS crude have increased their profits by more than 70 percent thus far for this year. Aftertax profits on Alaskan sales to the "lower 48" markets on the west and gulf coasts boomed past $3 a barrel and will undoubtedly break the $4 a barrel mark—an 85 percent jump—with the latest OPEC boost topping $20 a barrel.

The target price on North Slope contract sales to west coast refiners is now $17.80 a barrel. The Petroleum Intelligence Weekly estimates that the selling price on the west coast will reap an overall producers profit of $4.11 a barrel after taxes.

Perhaps the oil companies' fortunes climaxed during the final week of June at the OPEC conference table in Geneva. Then and there the price for a barrel of Alaskan light oil—the world benchmark crude and one of the cheapest oils available lately—was increased from $14.54 to $18. Actually, the price of Saudi light has been less a benchmark than an anomaly in recent months. Surcharges and the spot market have seen to it that world oil prices have surpassed even projected oil prices for the mid-eighties. Many OPEC nations have lifted their prices to well over $20 a barrel.

Each and every time the cost of oil imports rises, so does the consumer cost and wellhead price of Alaskan oil. The price of Alaskan oil on the gulf coast has risen from $12.69 a barrel last winter to more than $16 per barrel now. But more importantly, it is cheaper than most similar quality imported oil because of domestic competition and the lag time in pricing.

ANS production is currently 1.2 million barrels per day, and operators of the trans-Alaskan pipeline have announced that the capacity of this transportation system is being increased by 150,000 barrels per day. Arco has recently announced that it plans to expand output per day over the next 5 years. Sohio, the North Slope's major producer, stated in its 1978 annual report:

> The cash flow generated by our Alaskan operation ultimately will provide the Company with opportunities to expand its energy and other current activities and to invest in new business areas, if desirable. For the present, however, our principal focus remain on Alaska and the continuing development of the Prudhoe Bay oil field.

All these projections of increased production come at a time when a ban on ANS crude is in effect. There is an enormous wealth of oil in Alaska, and every drop produced so far has been highly profitable to the oil companies. Every indicator of Alaskan oilfield development and profitability to ANS producers, including Sohio's rate of return increase from 9.9 percent in calendar 1978 to 11.7 percent from April 1978 to March 1979, leads to the same conclusion: Although exportation of Alaskan oil is prohibited, plenty of incentive already exists to increase production. The recent OPEC price hikes have already enabled ANS producers to eclipse the added profits they would receive through exportation.

Both abundant supplies of Alaskan oil and the ability to produce more as it is needed have tended to increase competition in domestic crude oil markets, thereby exerting downward pressure on the prevailing price of crude in the United States. If this oil is consumed domestically, it may help restrain future OPEC price increases to the United States.

While Alaskan oil can have a significant effect on domestic supplies and prices in our limited market, it seems inconceivable that we could ever export enough oil to exert downward pressure on the international oil supply markets. We must extend the benefits of Alaskan oil throughout the United States, but we must resist the temptation to overextend this limited supply by putting it on the world oil market where it will merely become tied to the OPEC pricing scheme. When Congress passed the Trans-Alaskan Pipeline Act specifying that ANS crude be delivered to domestic markets, the intent was clearly to benefit U.S. consumers; not OPEC, the oil companies, or Japan.

Right now, oil produced in the United States is just about the only oil which feels the forces of competition on our markets. Unlike most nations, prices are not set at monopoly levels by producers in this country. Price fixing is illegal in the United States. U.S. oil prices are set competitively, and although the world oil market which we are part of is less than perfectly competitive now, at least there is flexibility in the price of Alaskan oil according to market pressures.

As a matter of fact, this flexibility has produced some very nice results in my home State of California. Because the cost of shipping Alaskan oil through the canal is an impediment to producers marketing Alaskan oil on the gulf coast, these companies have been offering discounts to west coast refiners—a significant cost reduction to induce west coast refineries to buy more of their Alaskan oil. As a result, 900,000 barrels per day—50 percent higher than last year—of Alaskan oil are being processed on the west coast at a lower cost than comparable imports. And due to the increases in the world price of oil, the producers are still netting more than they did last year when they begged for the extra dollar or two which Alaskan oil exportation would bring.

What is significant about this? A lot of things. First, Alaskan oil is holding west coast prices down and freeing up other oil markets. Second, Alaskan oil is competitively priced and has not quite reached the price of the OPEC cartel, as it would if ANS were exported to Japan. Third, because the North Slope producers are now making more money for each barrel of oil than ever before, profits are soaring, and action is now being taken to expand the North Slope fields and the trans-Alaska pipeline. This will increase the overall oil supply picture. Fourth, we must now show the refiners that they can go ahead and invest in retrofitting to utilize more Alaskan oil and meet environmental restrictions. The time is upon us when it is cost-effective to do so. We must show the west-to-east pipeline builders that they can go ahead and invest millions—billions in pipelines with the full confidence that Alaskan oil will be here and will need transportation facilities. We can show the American people that Alaskan oil—which they read so much about in the newspapers during the early seventies as the panacea for the Nation's energy woes—will be available to augment supplies for U.S. consumption rather than to supply Japanese consumers.

We can even tell the oil producers that they are very lucky that OPEC has raised its prices so much in recent times, thereby contributing to their record-breaking profits. And we should tell Mexico that we would like their oil under and outright purchase agreement, rather than a "swap" because we need theirs as well as our own.

As I said before, the benefits which the west coast has been enjoying are transferable to the rest of the Nation. Although it will probably eliminate the price discounts which we on the west coast have enjoyed, a national distribution system for Alaskan oil is needed to efficiently get this vital resource to the markets where it is needed.

Should this bill be enacted without the amendment proposed by my colleague from California, the exportation of Alaskan oil will not forever and under all circumstances be prohibited. At such a time as the provisions of the bill can be met, when U.S. production and alternate energy sources insure that the OPEC oil producing nations no longer dictate United States and world energy pricing policy, and when Alaskan oil production is used to its maximum efficiency within the United States, the President may find it in the best interest of this Nation to export Alaskan oil. But for the time being, the only means of assuring that these objectives will be attained is by putting indefinite and highly restrictive controls on the exportation of this valuable resource.●

A "GRAND OLD LADY" BURNS IN JERSEY CITY

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. GUARINI. Mr. Speaker, on Wednesday, September 12, Jersey City lost a part of its tradition because a disastrous fire engulfed the roof and top floor of the historic City Hall. Few fires in New Jersey history have been so widely publicized, and none has consumed a structure more deeply rooted in the history of its area.

City Hall, a magnificent structure, was designed by Louis Broome. Construction began in December of 1893 and was completed 3 years later. A stunning architectural achievement. City Hall was known for its handsome dome of Tiffany glass. That dome is no more.

City Hall is located in a historic section of Jersey City and overlooks the site of the Battle of Paulus Hook, where an important confrontation of the American Revolution took place in August of 1779. On that occasion a band of revolutionaries under the command of Maj. Lighthorse Harry Lee routed the British forces.

The "Grand Old Lady of Grove Street" has been visited by many national leaders who served in the Congress of the United States. Among those who have patricipated in ceremonies at City Hall were Presidents Franklin D. Roosevelt and Harry S. Truman.

During the Eisenhower administration Federal funds were made available to raze City Hall because some considered the building too old and unfit for human occupancy. How wrong they were. Because of public outcry, plans for demolition were abandoned; the people of Jersey City wanted City Hall, a symbol of their achievement and aspirations, to continue to stand and function on behalf of their community.

Can City Hall indeed be salvaged? Studies have already begun to answer this important question. Under assistance made possible under the Comprehensive Employment and Training Act program, City Hall appeared to become younger with each passing day. Skilled workmen used their talents to refurbish the "Grand Old Lady of Grove Street," and their labors were appreciated indeed. The elegant rotunda was refinished. Dreary, dark varnish, which had covered the New England paneling throughout the halls, was removed to reveal the building's original internal beauty. Kentile floors were removed to reveal the original—and beautiful—mosaic tiles which graced City Hall. Broken plaster was repaired and repainted in soft yellow hues by CETA workers.

While many today may believe that the "Grand Old Lady" will never be the same, Mayor Thomas F. X. Smith and city officials intend to restore this wonderful building of Indiana granite and limestone. "I intend to restore this," said Mayor Smith. "Jersey City—and this building—are like the phoenix, we'll rise out of the ashes."

I join in this sentiment because the fire is a great loss to the people of Jersey City and New Jersey. Part of our tradition has been lost. Tragedy has struck the city just as it was beginning to escape its many urban, social, and economic problems. I intend therefore to do all I can to find Federal funds to help Jersey City rebuild city hall or, if necessary, to construct a new one. Whichever is the case, it is clear that the city needs the concern and help of anyone who will listen. I hope that my colleagues will support the "Grand Old Lady" in her hour of need and will endorse our efforts to come to her aid.●

EUROPEAN PARLIAMENTARIANS SUPPORT SALT II

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ZABLOCKI. Mr. Speaker, last week I was privileged, along with our colleague, Representative LEE H. HAMILTON of Indiana, to chair an informal joint meeting of the Subcommittees on International Security and Scientific Affairs and on Europe and the Middle East on European views of SALT II and related security issues. Testifying before the subcommittees were four European Parliamentarians: Paul Thyness, Member of Norwegian Parliament (Conservative), president of the North Atlantic Assembly; Patrick Wall, Member of the British Parliament (Conservative), chairman of the Military Committee of the North Atlantic Assembly; Klaas de Vries, Member of the Dutch Parliament and chairman of its Defense Committee (Labour), rapporteur of the Military Committee of the North Atlantic Assembly; and Peter Corterier, Member of the West German Parliament (Social Democrat), rapporteur of the Political Committee of the North Atlantic Assembly.

UNANIMOUS SUPPORT FOR SALT II RATIFICATION

Mr. Speaker, these four parliamentarians are all widely respected in the area of international political-military affairs in their respective parliaments. Their unanimous testimony in support for SALT II ratification is especially noteworthy by the fact that these four distinguished fellow legislators represent a diverse cross section of European political opinions. On behalf of his colleagues, Mr. Thyness said:

> Two of us are conservatives in the European sense, not in the American sense, and two of us are Social Democrats, labour party. One of each represents parties in power, one of each, parties in opposition. One of each represents a small country and a big country. On the whole, I think we have managed to get a fair cross-section.
>
> There is one thing that I think is interesting about this composition. That is that however different we are, small countries, big countries, opposition or government position, we are all agreed on one thing, namely: the necessity to have the SALT II Treaty ratified.

The unanimous support for the SALT II Treaty which the subcommittees received from these four parliamentarians representing diverse and disparate parties, countries, and overall political philosophies underscores the strong support for SALT II from our NATO allies.

CONSEQUENCES OF FAILURE TO RATIFY SALT II

Equally important, Mr. Speaker, were the observations from these European Parliamentarians with respect to the consequences of a failure on the part of the Senate to ratify SALT II. Citing the "dire circumstances" a failure to ratify SALT II would have, Mr. Thyness said:

> I seriously question the possibility of persuading European public opinion to back nuclear and conventional modernization if the United States rejects the SALT II Treaty.
>
> I am very much afraid that rejection of SALT II will never really be understood in Europe. And when people do not understand something they become suspicious, and the explanations they make up are usually rather ungenerous if not outright hostile and accusatory.
>
> The pressure felt by political leaders stems from a recognition of the vital necessity of ensuring public support at all times for the NATO alliance and the national defense posture, and of the devastating effect non-ratification is likely to have on the credibility of both the United States leadership and the aims and purposes of the alliance.

Said de Vries commenting on the implications of nonratification of SALT for European security:

> If SALT is concerned with our vital interest and it would turn out to be impossible that the top levels of the American Government could agree on the perspective of what the vital interests of the United States are and what the Alliance's are, I think that would be devastating to the leadership position of the United States.

Mr. Corterier added:

> I too believe the impact would be extremely negative. I believe there would be a fear about the East-West relations as a whole. . . . And if SALT fails, I think people would feel that all the results we have so far out of detente would be in jeopardy.
>
> There would be concern, I think, also on the part of many Eastern Europeans who have had very clear gains out of detente. In addition to that I think there would be a general fear that no arms control results could be had any more in the next few years, not only in the SALT area but also in other areas.

Mr. Speaker, I think our colleagues would agree that if one of the major purposes of SALT II is to improve our relations with our European allies, rejection of SALT II in light of the comments above would be most harmful to that objective.

UNITED STATES-NATO CONSULTATIONS

During the SALT oversight hearings held by the Committee on Foreign Affairs during the 95th Congress, and during the current hearings on SALT II ratification held by the Senate Foreign Relations Committee, questions have arisen regarding the adequacy of consultations between the U.S. Government and its NATO allies. Testimony by the witnesses appearing before the joint subcommittees yesterday is instructive on this point.

Said Paul Thyness:

> The facts as I have understood them are that the administration deserves high praise for the frequency with which it has informed the allies of developments throughout the negotiation process. In matters that have been of particular concern to the Europeans, for instance the non-circumvention question and the questions relating to the protocol issue, the allies have been given every opportunity to express their views fully before the United States committed herself vis-a-vis the Soviet Union.

Klaas de Vries was equally forthright in commending the U.S. Government on its efforts to consult with our allies:

> The degree of coordination and consultation has been extraordinary and unprecedented. Europe has every opportunity to express reservations about provisions considered during the course of formulating negotiating positions, and in those cases where Europe did insist on measures to protect certain interests more stringently—for example, on technology transfer—the United States accommodated European recommendations. . . . The much appreciated and publicly applauded effort of three successive administrations to inform and consult its allies has found its deserved reward in that all European allies became intimately familiar with the Treaty and were able to support its final version.

And finally in response to my question, Peter Corterier noted the need for even closer consultation during SALT III:

> Mr. Chairman, I didn't want to suggest that there wasn't adequate consultation during SALT II.
>
> But now in SALT III I think we have a different situation. . . . In order to be able to negotiate in that area, the Americans will need very, very close consultations and cooperation with the Europeans, and something, I think, that goes beyond what we have had in SALT II. . . . I think we have to think of new machinery, and this Special Group, I think, may be a good example of what we should do if we could maintain that Special Group.

ALLIED VIEWS ON PROTOCOL

Much has been said and written about the protocol to the SALT II treaty and the need for further action by the Senate to insure that the terms of the protocol are not simply extended following its expiration on December 31, 1981. The views of our allies' parliamentarians are, I think, instructive.

Patrick Wall noted:

> Therefore, I am particularly interested to hear the view which has been expressed that there is no question of extending the Protocol of that treaty beyond the date of the 31st of December, 1981, when presumarly the limit to the range of the cruise missile would then be removed.

Paul Thyness, too, voiced caution with respect to the duration of the protocol and understood the positive contribution Congress can make on this issue:

> We all know how easily such provisions become an integral part of an established order. The administration might very well find itself in the position either having to prolong the protocol, and thereby further postponing the possible deployment of ground and sea-launched cruise missiles, or refusing to prolong the Protocol, and thereby appear to undermine ongoing negotiations. But that situation cannot arise when the possible extension of the Protocol has been extensively debated and decided against beforehand as the case is now. Under circumstances created by the ratification debate it is the prolongation of the Protocol that would constitute a major new departure. Thus one of the weaker spots in the whole package has been effectively dealt with.

NONCIRCUMVENTION PROVISION

Another element of the protocol that has attracted much comment in the United States pertains to the provision prohibiting circumvention of the treaty and protocol. As the Members of this body well know, the United States has repeatedly stated its position that existing patterns of defense cooperation including both arms transfers and technology transfers will continue with our NATO allies. The views of our visiting Parlimentarians on this aspect of SALT are especially noteworthy. Said Mr. Thyness on this subject:

> At the outset of the debate in Europe some anxiety was expressed concerning the ambiguity of the non-circumvention clause. If it could involve the American assistance to the United Kingdom in the modernization of its strategic force or the deployment to Europe of cruise missiles for use in the theater role it would indeed have put a different complexion on the treaty, and might very well have had a serious negative effect on European attitudes. In fact I believe that before clarification on this point was obtained some scepticism was created that has been completely dissolved. It is a fairly common phenomenon which we politicians have to live with that initial impressions die hard.
>
> However, the administration has repeatedly stressed, and has indeed formally stated in a letter to the NATO Council, that not only has the United States consistently rejected the inclusion of a non-transfer provision in the SALT II agreement, but it has made it clear that the transfer of weapons and technology to the allies will continue and cannot ipso facto constitute circumvention. In the light of these clarifications I believe that any serious question on this point has been satisfactorily answered.

de Vries also commented on the noncircumvention provision of SALT II:

> Concerning the issue of non-circumvention, it is evident that the Soviet Union pressed hard for a very restrictive ban on transfers of technology and equipment covered in any way by the agreement. The United States however did not agree to such a clause. The non-circumvention clause is therefore very general and does no more than state an obligation which the United States would be under in any event. In testimony before the Senate Foreign Relations Committee, administration officials have affirmed in the most explicit language that the non-circumvention clause will not affect existing patterns of collaboration and cooperation with America's allies, nor will it preclude cooperation in modernization or continued nuclear or conventional cooperation with the allies.

Thus, I believe that there is very adequate understanding on the part of our European allies with respect to their ability to obtain technology and weapon systems necessary to the maintenance of NATO's military capability under terms of the protocol, and that the noncircumvention provision should not be regarded as an impediment to ratification of the SALT II treaty.

LINKAGE AND SOVIET TROOPS IN CUBA

Before leaving the discussion of the SALT treaty and related documents and turning to other issues addressed by our witnesses, I think it is useful to review their comments on the relationship of SALT to other subjects of discussion between the United States and the U.S.S.R.

Klaas de Vries commented generally on the question of linkage, noting:

> It is clear that SALT is one component of many that constitute the East-West relationship, and as an effort to establish understanding and a mutually acceptable framework in nuclear armaments it is clearly an important component. . . . Thus while SALT cannot be separated by developments in other areas it cannot be made responsible for them and cannot be used as a mechanism to influence them. It would have been wrong for the United States to have made concessions in SALT TWO in order to influence Soviet actions and it would have been wrong to have suspended SALT II in order to punish the Soviet Union. Above all, it must be stressed that SALT TWO is of substantial interest to both sides and must be judged on the basis of its own merits.

On the specific question of Soviet combat troops in Cuba, our witnesses counseled perseverance and patience in our dealings with the Soviets on this issue. In urging that SALT II not be held hostage by this latest development, Mr. Thyness said:

> Now, since we have been over here for a few days, we have of course, seen how the SALT TWO ratification debate has been suddenly centered on what is happening in Cuba and the Soviet military presence there.
>
> Now, it is obvious that the Soviet Union and its allies have a vastly different concept of what constitutes a constructive peace policy.
>
> In our opinion, the SALT TWO Treaty and other treaties we may conclude with the Soviet Union and the Warsaw Pact will not usher in any kind of millenium of cooperation. It will not relieve us of the necessity to meet their challenges in a number of other fields which are not covered by treaties.
>
> We simply have to get rid of the rather unrealistic perspective that concluding a treaty on nuclear arms limitations will somehow alter the total picture and relieve us of the necessity of meeting Soviet challenges in the European theater, in Africa, in Cuba, and in other parts of the world—militarily, politically and economically.

U.S. COMMITMENT TO EUROPE'S DEFENSE

The question of linkage of SALT to other issues relates further to the future of European security in a broader sense. As my colleagues know, in recent weeks some have questioned the present administration's commitment to the defense of our European allies indicating the urgent need for some sort of reaffirmation to our country's long-standing commitment to NATO and the defense of Western Europe.

In response to my inquiry on this very important point, our parliamentarian colleagues expressed surprise over such doubts and serious concern that the Soviets may interpret such doubts as a sign of lack of commitment and purpose within the North Atlantic Alliance.

Our legislative colleagues, Mr. Speaker, assured the subcommittees that there was no substance to such doubts:

Mr. Thyness:

> Well, Mr. Chairman, if I may be allowed to answer that in the first instance, I would say that I hear of this need for reassuring Europeans much more often on this side of the Atlantic than I do in Europe.
>
> We are perfectly confident that the Americans take our alliance deadly seriously and that we can trust that they will live up to their commitments to us, as I hope we are going to live up to our commitments to the alliance, too.

Mr. Wall:

> As far as my country is concerned there are no doubts whatsoever and there never have been, if I may say so.

Mr. Corterier:

> I agree with my colleagues, Mr. Chairman, that Europeans believe in the American guarantee, although if there should be too many Americans traveling to Europe and telling Europeans they shouldn't believe in that guarantee any more, I think that might hurt us in the long run.
>
> Therefore, I am not sure if Mr. Kissinger was very well-advised to raise these doubts at this very moment and at a time when . . . difficult decisions that NATO has got to make in December are being debated and discussed in Europe.

Mr. de Vries:

> What Dr. Kissinger did in Brussels was really not the message that we needed at that juncture. I have Dr. Kissinger's speech here, and what he said was "And therefore, I would say, which I might not say in office"—that is quite a curious distinction—"that European allies should not keep asking us to multiply strategic assurances that we cannot possibly mean or, if we do mean, we should not want to execute." But I feel that what Dr. Kissinger said might not only be an inaccurate description but that it might undermine the faith we have in such reassurances and might lead our adversaries to think that possibilities exist which are not real. And I think to create that kind of possible misunderstanding could be very dangerous.

Finally, Mr. Speaker, I think it is highly significant that our witnesses testified in support of continuing the SALT process. While each recognized that SALT III will present even more difficult negotiating problems, all four witnesses testified on the need to improve NATO's military capability while simultaneously pursuing arms control agreements in both the SALT and MDFR fora. There was general agreement that only by redressing the developing imbalances in theater nuclear forces could there be realistic hope for concluding arms control agreements that would permit both the NATO members and the Warsaw Pact to enhance their respective national security at lower levels of armaments.

Mr. Speaker, based on the testimony of these four distinguished European Parliamentarians, it is fair to conclude that our allies very much desire the ratification of SALT II and the development of new initiatives that will redress certain military imbalances and promote arms control agreements in theater nuclear and conventional forces in Europe. Such actions, undertaken in concert with our NATO allies, can lead to a more secure and hopefully less heavily armed world.●

THE PUBLIC DEBT LIMITATION

HON. DONALD JOSEPH ALBOSTA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ALBOSTA. Mr. Speaker, today the House of Representatives failed to pass H.R. 5669, a bill to increase the public debt limitation. I voted in favor of this measure, and I feel it is important that I explain my position on this matter.

This morning, before the House actually went in session, I had decided that based on the merits of H.R. 5229, I would oppose this legislation on the floor of the House of Representatives. I felt, at the time, that the $99 billion increase in the public debt ceiling was not simply a move to help the Government avoid a default situation on its debt, which would occur if the limit is not raised by the end of September. Instead, the House Ways and Means Committee reported a bill that was designed to raise the public debt ceiling to a level that would last until March 31, 1981. I rejected the argument that this large increase was necessary to avoid duplication of votes on the floor of the House in the future. I firmly believe that the Congress must have strong control over the size of the public debt, and to raise the debt ceiling for a period of time in excess of 1.5 years, certainly goes against that concept.

I do not want to see the U.S. Government default on its loans, but I also do not want to see a bill passed that would do much more than simply tide this Nation over until a balanced budget is achieved. I am hopeful that for fiscal year 1981, this Congress will be able to pass a balanced budget. I thus, saw no need to raise the debt limit for a period that extends well into fiscal year 1981, as was provided in the original version of H.R. 5229.

When this issue was on the floor of the House earlier today, however, our colleague, Representative Joseph Fisher, Democrat of Virginia, offered an amendment that would reduce the $99 billion ceiling increase in the legislation by close to $50 billion. In addition, Congressman Fisher's amendment shortened the life of this action so that it would expire on July 30, 1980, well in advance of the consideration of the fiscal year 1981 budget. I supported this amendment and commend Mr. Fisher for his insight in this matter.

The amendment offered by Mr. Fisher, and accepted by the full House, corrected the reservations I had about final passage of H.R. 5229. When I voted for this measure, I was confident that the U.S. Government would not be in a default situation, and that the public debt would not be increased any higher than is necessary to meet the current deficit spending levels that will ultimately be terminated when the Congress is able to approve a balanced budget in fiscal year 1981.●

DECONTROL 1: THE MYTH OF PRICE CONSERVATION

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. MAGUIRE. Mr. Speaker, one of the cruelest myths perpetuated on behalf of the President's decontrol strategy involves the alleged price conservation which will take place as domestic prices rise in phases to whatever OPEC will choose to charge us in 1981 and beyond. It is cruel for two reasons: First, it has been determined that to clear the market and induce conservation there will have to be a doubling or tripling of current gasoline prices. Second, even if meaningful conservation does take place, Congress and the President cannot guarantee that the poor will stay warm, nor that the last employed will not be fired as businesses struggle to cut costs in the face of the recession we are experiencing.

In testimony before a joint meeting of the Energy and Power and Energy and the Environment Subcommittees, departing Deputy Secretary of Energy O'Leary said that the poor face the choice between food and fuel this winter with heating oil prices already decontrolled. Our colleague Chairman Moffett obtained from the Secretary the admission that the President's fuel assistance program is insufficiently funded to help all of those citizens needing fuel who qualify for Federal assistance. And yet we say to these Americans and to those living just perilously above the cutoff line for assistance, we are going to reduce your access to gasoline to limit consumption.

One of the most compelling arguments against price conservation was offered by Seymour Zucker, economics editor of Business Week, in testimony before the Oversight Subcommittee on which I sit. Mr. Zucker said in part:

> . . . The evidence shows that elasticity of demand for oil products is extremely low . . . . Numerous estimates put the elasticity of demand for gasoline at about 0.1 over a two-year period; it would thus take a huge 100% rise in gasoline prices to cut consumption by only 10%. In other words, prices would have to hit perhaps $3.50 to $4.00 a gallon to reduce demand 20%.

As Mr. Zucker says, the cost of "clearing the market" is high unemployment and a worsening of the inflationary spiral that our citizens and constituents, with obvious justification, complain so bitterly about.

I insert Mr. Zucker's fine statement before the committee:

Statement of Seymour Zucker

I am Seymour Zucker, Economics Editor of Business Week magazine. Prior to my current position, I was an economist for the National Broadcasting Company from 1969 to 1973. From 1962 to 1969, I was an economist for the Port Authority of New York and New Jersey. In that capacity, I was responsible for analyzing and forecasting the demand for automobile travel. My special area of research was determining what value motorists put on their travel time. I hold a doctorate in economics from the New School for Social Research. My remarks before this committee in no way reflect the views of Business Week.

On July 15 and 16, President Carter proposed a huge $140 billion investment to put the U.S. on the road to energy autonomy. The Carter program, unfortunately, won't bring relief from the stranglehold that OPEC exerts on the well-being of the nation, until maybe, the end of the 1980s. The program is pitifully lacking in any short-term solutions, especially to reduce the demand for oil and oil products. Perhaps just as disturbing, the President continues to talk about the need for the nation to adapt to high-priced oil, and by that he means OPEC-priced oil. Clearly the major reason for the "energy crisis" is the emergence of the Cartel and its legitimization by the Western democracies. Since the beginning of the year, OPEC has raised its prices by 60 percent. In 1979 alone, this will shift an extra $70 billion from the oil-importing countries to OPEC, with more than $20 billion coming from the U.S. Once again the world economy is being brought to the brink of a major recession.

It should now be evident that OPEC refrained from raising prices between Jan. 1, 1977 and the end of 1978, not because of any benevolence toward the oil-importing countries, but simply because there was an oversupply of oil on the market. Indeed, discounts and stretched-out payments were common. Conversely, with the Iranian shutdown and ensuing shortfalls, OPEC prices went through the roof. Although we have been told repeatedly that higher crude oil prices will bring forth a surge of new supply, that is certainly not the case when it comes to OPEC. The supply curve of many OPEC members is, in fact, backward-bending; higher prices result in less, not more supply. Countries like Iraq and Iran, for example, will produce only enough oil to generate the revenue to meet their development goals. Higher crude oil prices therefore lead to cutbacks in output.

U.S. policy should be directed toward transforming the current condition of tight oil supply into one of oversupply as soon as possible. This means working on the demand side of the equation. The U.S. desperately needs to force a meaningful cutback in the use of oil and put pressure on the Cartel.

There are three ways to bring about a cutback, and all focus on gasoline usage, which accounts for nearly 50% of the crude oil used in the U.S. All three, of course, bear an economic cost. But one of them—rationing through coupons—probably is the most efficient and the least costly to society.

Many policymakers argue that boosting oil prices is an effective way to reduce demand for oil products. This myth has been espoused by Western leaders, as well as OPEC oil ministers, and it has given OPEC the rationale to raise prices. How many times have we read statements by OPEC members to the effect that the Cartel was raising its prices to force the West to mend its profligate ways?

But the evidence shows that the elasticity of demand for oil products is extremely low. (The elasticity of demand is the term used to describe the response of demand to changes in price. A high elasticity means that as price moves up, demand falls sharply. Inelastic demand means that consumers respond very little even to big changes in prices.) Numerous estimates put the elasticity of demand for gasoline at about 0.1 over a two-year period; it would thus take a huge 100 percent rise in gasoline prices to cut consumption by only 10 percent. In other words, prices would have to hit perhaps $3.50 to $4.00 a gallon to reduce demand 20 percent.

Pushing gasoline prices anywhere near that high level in order to dampen demand would turn the current economic slowdown into a severe recession. People become poorer when it takes $50 to fill the tank, and they cut back on all their spending. The price of $4 gasoline is high unemployment, and another bout of accelerating inflation.

Instead of using price, the government could mandate that the oil companies significantly reduce the output of gasoline. But this would result in "scramble pricing," where motorists are in effect being forced to outscramble each other to get as much as they can of the reduced gas supply. Much of the nation experienced such chaos in June, when supplies fell below demand by an estimated 12 percent, and long gas lines, station closings, and purchase limits were widespread.

The costs to the nation of scramble pricing are enormous. Time is a resource; the saving of time yields an economic benefit to society. People are consistently willing to spend money in order to save time; witness the growth of airplane vs. train and bus travel. Indeed, when we talk about increasing the nation's productivity, we mean nothing more than producing goods and services in less time. The loss of time thus represents an economic loss to society.

How much would a system that allocates a shortfall of, say 20% through scramble pricing cost the nation in lost time? Obviously, one can only attempt a rough estimate. There are about 113 million cars in the U.S. Assume that 110 million get their gasoline from retail filling stations. The average number of passengers-per-car is close to two. But in searching for gasoline, let's say that the number of occupants is 1.1 per vehicle. Assume further that the average motorist spends a total of one hour per week looking for an open service station and waiting on gas lines. In the New York region, people had to wait for up to 3 hours to get just 5 gal. of gasoline. Using the more conservative figure of one hour per week yields a total of 121 million hours a week in lost time for the overall economy.

To convert this lost time into dollars and cents, we have to estimate the value that motorists place on their time. For the 42% of driving that is done for work and business purposes, we can use the average hourly wage of $6. My own analysis, using data for the New York Metropolitan region, indicates that even when motorists are making trips for non-work purposes, such as shopping, visiting, or going to the doctor, they place a value on their time that is close to the wage rate. This leads to the conclusion that the value of lost time could easily top $600 million a week. Moreover, this estimate does not include the extra gas that motorists waste when they are forced to engage in scramble pricing. If a motorist burns just one additional gallon per week in searching and waiting on a gas line, then for the nation as a whole about $90 million worth of gasoline is wasted. (According to General Motors Corp., an automobile uses between 0.3 and 0.7 gallon of gas per hour while idling).

Not only does scramble pricing exact a huge toll in lost productivity as motorists waste time and effort trying to buy gasoline, but the system has negative impacts on the economy in other ways. Travel-related industries suffer, as do retailing, home purchases, and automobile sales.

Coupon rationing is the third, and in my view, the least disruptive method for reducing gas usage. The Department of Energy estimates the startup costs of such a program at $400 million, and total operating costs at about $1.5 billion per year. But this is minuscule when you compare it with the alternatives. Under coupon rationing, each motorist is assured a limited—but certain—supply of gasoline. The price is controlled at the pump. Those who want to drive more can buy tickets from those who are willing to forego an auto trip in exchange for cash. This so-called "white market" would, in effect, combine the virtues of the price system and the virtues of the coupon system.

The price of the tickets, plus the pump price, would about equal the free market price for the reduced gas supply. But this higher price would represent internal transfers between motorists rather than payments to OPEC, so it would have a minimal depressing effect on the economy. Coupon rationing would not generate gasoline lines because the amount of coupons would match the predetermined supply.

Moreover, the certainty of supply would allow the public to plan its driving more efficiently. It would therefore sharply reduce the secondary negative effects on the economy caused by the uncertainty of finding a station with gasoline.

But perhaps most important, the adoption of coupon rationing as an ongoing system will provide the U.S. with the muscle to bargain forcefully with the oil Cartel. A sustained a 20 percent reduction in gas use would produce a glut of oil. And that is the best guarantee against OPEC once again raising prices. Indeed, rationing should be maintained even as the glut continues, for in the short-run, it is the most effective way to force crude oil prices to decline.●

THE COAL INDUSTRY'S PROBLEMS: GOVERNMENT, ECONOMICS, OR ENVIRONMENT?

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. RAHALL. Mr. Speaker, as chairman of the coal group in the House, I have become aware of the frustrations that have been experienced by the coal mining industry. It should be experiencing a renaissance in the wake of the President's renewed call for greater coal use. Instead, excess production capacity has climbed to over 100 million tons, and hundreds of miners throughout the eastern coal producing States are unemployed. Congress and the administration need answers to many of the puzzling questions remaining on the future demand outlook in both the industrial and utility sectors along with some insight on where future coal production is likely to increase and why. The Congress will have a major role in the near and long-term future of the coal industry. To help answer some of the puzzling questions involved in shaping the future for coal, the CRS is sponsoring a seminar for Members and staff on "The Coal Industry's Problems: Government, Economics or Environment?", September 25, 1979, 9 a.m. to 11 a.m. in the Whittall Pavilion, main Library of Congress building. Six of the distinguished authorities on the coal industry will be present not only to offer prepared remarks, but to respond to questions from those in attendance. I would urge all of my colleagues to attend, especially those who are members of the coal group. I insert the CRS bulletin and the seminar in the RECORD:

THE COAL INDUSTRY'S PROBLEM: GOVERNMENT, ECONOMICS, OR ENVIRONMENT?

Members and professional staff are invited to attend a CRS Seminar on constraints to increased coal utilization.

Date: September 25, 1979.

Time: 9:00 to 1:00 a.m. (continental breakfast, 8:30).

Place: Whittall Pavilion, Library of Congress.

The United States has 434 billion tons of coal, more than the equivalent of Saudi Arabian oil resources. Yet, efforts to convert industry and utilities to coal continue to be frustrated. Although coal has been touted as our "ace in the hole" many wonder what is in the cards for our most abundant energy mineral. The Congressional Research Service has invited six of the foremost authorities on the coal industry to talk about this coal puzzle. Among the questions they will address are:

1. Why is the industry currently mining 100 to 150 million tons less per year than it could?

2. Why hasn't current legislation been successful in increasing coal demand?

3. If the demand were there, could the mining industry meet it?

4. Where is additional production likely to come from—east or west, surface or underground?

5. Has a realistic balance been struck between environmental and energy goals?

6. What should the government do to resolve the conflicting requirements placed on coal producers and users?

Panelists:

Mr. Joel Price, First Vice President, Dean Witter Reynolds, and author of the monthly publication, The Coal Observer.

Dr. Richard L. Gordon, Professor of mineral economics, Pennsylvania State University, and author of the book, U.S. Coal and the Electric Power Industry.

Ms. Louise Dunlap, Director of the Environmental Policy Center.

Mr. Carl Bagge, President, National Coal Association.

Mr. William Marx, President of the Council of Industrial Boiler Owners.

Mr. James Childress, Assistant, Executive Director of the Presidential Coal Commission.

Questions about the seminar should be directed to Duane Thompson, 287-4873. If you plan to attend, please clip and return—through inside mail—the pre-addressed form below (287-7903 for late reservations).

Sincerely,

GILBERT GUDE,
Director, Congressional Research Service.

Please detach here and drop in inside mail (postcard is pre-addressed):

Yes. I will attend the CRS seminar on "The Coal Industry's Problem: Government, Economics, or Environment," Tuesday, September 25, 1979, in the Whittall Pavilion, The Library of Congress from 9:00 a.m. to 11:00 a.m.

Congressional office________ Phone______.
Your name____________ Room No.______●

AIDING THE ARSENAL OF OPPRESSION

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. ASHBROOK. Mr. Speaker, the House has been considering changes to the Export Administration Act. This act was supposed to prevent trade between the United States and Communist nations from being diverted into military usage by these other nations. Unfortunately the demands of appeasment and of short-run profits have circumvented this intent and watered down the act. The result is that, today, the United States is shipping some of the cream of its technology into the hands of the strategic planners in the Kremlin.

The process of transferring American technology into Soviet military usage has been enhanced by the very people in charge of administering the export regulations. The Department of Commerce and the Export Administration have buried many of the relevant facts surrounding the transfer or diversion of technology in legal jargon and in the cloak of secrecy. I find this ironic in that the Soviets know all the facts about the situation, but the American people are excluded for national security and corporate security reasons. This is just one more example of the Federal Government making the world safe for communism.

Thankfully, for the sake of what is left of America's technological edge over the Soviets, there have been a number of people working on exports in the intelligence community, the Department of Defense, and in the Commerce Department, who have put country ahead of the Carter administration and have come forward with some startling information. The best known person of these courageous "whistle-blowers" is Lawrence Brady, an official in the Export Administration, who testified before a subcommittee of the House Armed Services Committee. In his testimony Mr. Brady asserted that there is a systematic diversion of U.S. technology to the Soviet war effort. He focused his evidence on the diversions at the Kama River and Zil truck plants. His new information painted a frightening picture of how an already bad situation has gotten out of hand.

Mr. Brady's actions has led to others coming forward with their own horror stories of how the U.S. Government has sold out to the Communists both in the literal and figurative senses. To illustrate the vast scope of aid to the Soviet war machine I would like to outline a few examples that have come to my attention in recent weeks. There are at least five major factory complexes that are now the beneficiaries of American know-how. In light of the SALT II debate and the presence of Soviet troops in Cuba these disclosures present an ominous situation that needs to be addressed.

KAMA RIVER

Kama River is probably the best known of the truck factories in the U.S.S.R. One publication calls Kama River a "living symbol of how détente can work." Situated 600 miles from Moscow the plant is now the largest truck factory in the world. It was planned in the mid-1960's, but it was détente that made the plant a reality. Over 40 U.S. companies, including such major corporations as the Chase Manhatten Bank, IBM, Pullman, Westinghouse, Ingersoll-Rand, and others, poured what is now estimated at over $430 million worth of material into the plant. This represents about 30 percent of the equipment at Kama River.

At peak capacity the Kama complex can produce 150,000 trucks and 250,000 engines. A number of these trucks, which are based on prototypes from the Zil plants, are outfitted for use as missile launchers. One of these missiles is the SA-3 Goa, a missile used by Warsaw Pact countries. The missile and the truck launcher are exported for use by Libya, Syria, and Iraq. Another truck is used to launch the 122mm barrage rocket. These trucks have appeared in Libya, Iraq, Syria, and are now in Cuba with the Soviet Brigade.

The engines from Kama River have been employed in various armored personnel carriers and command vehicles including some of the BTR-40 and the BTR-152 series. There have also been reports that engine technology from Kama has been diverted to develop the engines for the T-72 main battle tank.

ZIL

The Zil complex is the oldest of the major truck manufacturing complexes in the U.S.S.R. The plant is set up as a series of 13 separate factories to produce various parts that are assembled either on site or are shipped to become components of vehicles at other plants. Zil produces about 200,000 trucks within the complex each year. According to recent disclosures by the CIA over a quarter of these trucks go directly into military use. This includes at least 100 vehicles used for the 122mm BM-21 rocket.

The Zil trucks are also used as a launcher for the "FROG" series of missiles. These missiles were first introduced in 1957 as a short range ground to ground battlefield support weapon. By the 1973 October war they had become the favorite of the Syrian army and were used extensively in the battles for the Golan Heights. Zil also is the major producer of the BTR series of personnel carriers.

Reports confirm that U.S. technology is used in two of the Zil factories. Given the component production system at the complex, diversion is not occurring until the final stage of production, which may not be on site.

The more interesting new disclosure about the Zil complex is the role of Likhachev. The Likhachev complex is a cluster of 60 laboratories that do research and development for "the entire Soviet automobile industry." Unfortunately, the reports from DOD and Commerce that cite this fact do not further cite that, in Russian, automobile is "avtoprovod" which refers to any motorized vehicle, including tanks and other armored vehicles.

Several U.S. firms have exported material to the Likhachev complex. Presently the United States has provided: 13 computers, 385 machine tools, 6 computer monitoring systems, $1.4 million in spot welding equipment, $10 million in conveyer systems, $6 million in grinding machines, and gear-making equipment. These items will be used by the complex to conduct tests related to:

Engine dynamic character analysis.

Engine and truck loads analysis.

Strength tests for trucks and engines.

Calculations for forming and shaping cutting tools.

Road testing of vehicles.

Special software production for graphic pictures of calculations.

Manufacture of machine tools and precision testing tools.

The end use statement for most of these parts states only that they will be used for research. Since Likhachev is connected with most vehicle design and testing as well as establishes standards for vehicle design, the possibilities for direct benefits going to the Soviet military are endless.

MINSK

The Minsk plant, coded as "MAZ" in Soviet military manuals, produces trucks and military vehicles. Some of these vehicles are used for the transportation and launching of medium range missiles. The MAZ-543 missile launcher is used for the SS-1C Scud B missile. This mobile missile is used in Warsaw Pact nations and was used by Egypt in the 1973 war. The range of this weapon is about 174 miles.

Another missile launched by the MAZ-543 is the SS-12 Scaleboard. This missile has a range of just under 500 miles and can reach most Western European capitals from its deployed positions in East Germany. The missile can be outfitted with low yield nuclear warheads.

These advanced mobile missile launchers are constructed at a plant that receives computer plotting equipment from U.S. companies, according to DOD sources.

GORKI

The Gorki truck plant produces a variety of truck and tractors for the Soviet military. Many of these tractors are used in engineer units and for the hauling of supplies. The plant, coded "GAZ" in military manuals, also produces some of the BTR series of vehicles and the BRDM series of armored rocket launchers. Among this latter series is the AT-1 Snapper antitank rocket.

Gorki has received minicomputers and spectroscope equipment from the United States. Some U.S. material was reexported from Swedish auto factories to Gorki.

This overview of Soviet diversion of technology will raise questions from some of my colleagues over whether diversions have technically taken place. Throughout the testimony of Commerce Department officials before the R. & D. Subcommittee of Armed Services there is a common assertion that the law does not prevent some of the diversion I have discussed. This is a very dangerous fiction. A diversion is any benefit the Soviet war machine receives as a direct result of technology imported for civilian purposes. To retreat from this definition into legalistic jargon is to avoid the spirit and intent of why we have export controls in the first place.

If we are really serious about at least limiting the possible benefits the Soviet military machine might receive from our technology we should clear aside the legal jargon and look at the present administration of exports. We should take the findings of Mr. Lawrence Brady and ask questions based on his observations. Three questions come to mind:

First. Are the Soviets diverting U.S. equipment and technology whenever they have the ability and the need to do so?

Second. Are there presently adequate safeguards against diversion?

Third. Are the end-use statements meaningful?

The answers to these questions paint a sorry picture of U.S. resolve. The chart I have explained proves, at least to me, that Soviet use of U.S. technology has been systematically diverted into assisting the Soviet war effort. In every point there is a linkage of U.S. goods to enhanced Soviet capabilities for its own war vehicles.

The issue of adequate safeguards also provides a dismal assessment of current U.S. policy. With Soviet industry using components from various plants to build military vehicles it is difficult at best to trace every item built with U.S. technology to an end use. Computers monitoring inventories at one point making engines may be overseeing parts that are going into military vehicles at another plant. Technically there is no diversion, yet no one can say that benefits have not been realized by the Soviet military. In this regard end-use statements are also meaningless, because of the nature of production on the transfer of parts from one plant to another.

The conclusion that can be drawn from the material I have presented is that there is really no responsible program in effect today that meets the policy goals outlined in export law. This Nation needs a total reassessment of its relationship with the Communist bloc. We have given into their demands on many occasions. We have been generous in our trade policies. Very soon we are going to be asked to become even more generous with this policy by extending most-favored-nation status to the People's Republic of China and maybe even to the U.S.S.R. We have toned down our rhetoric and our resolve to meet Soviet expansionism. We have stepped back on our commitments to our allies in order to lessen tensions in the world. In return the Communist bloc has only turned every concession into a rout. This is not a balance of trade no matter what the financial ledgers show. What good are healthy profits if our exports are used to tighten the noose around the necks of the United States and its allies? What good is deténte if it serves only as a method to weaken the U.S. response to strengthened Soviet resolve? What good is SALT if it only stacks the deck in favor of the U.S.S.R.? The old rhetoric of improved relations and peaceful coexistence should give way to the reality that we are in deep trouble. Redefining our export policy is a step away from this brink. Reform should take place with reality, not rhetoric in mind.●

NEW EVIDENCE ON SOVIET CONTROL OF THE PLO

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 20, 1979

● Mr. KEMP. Mr. Speaker, in the past 2 months, there has been an avalanche of publicity concerning the Palestinian Liberation Organization. Much of the publicity would have the reader believe that the PLO is just another nationalist organization seeking to redress some vague, but ancient wrong. A recent article by a journalist for the Canadian Broadcasting Corp., Herbert Krosney, has left no reason for any thinking individual to retain such a perspective.

Mr. Krosney's article, "The PLO's Moscow Connection" was published in New York magazine, September 24, 1979, and through a series of interviews with PLO terrorists, details the wholesale involvement of the Soviet Union in the organization, training, equipping, planning, and logistic support for the PLO. Quoting a recent PLO defector on the master-servant relationship between the Soviet Union and Yassir Arafat, the PLO leader, Krosney writes:

> Arafat is an opportunist and would not make an important move without first consulting the Soviet ambassador. He meets him once or twice a week, sometimes once in two weeks in order to report his plans and current activities. When he comes back to Beirut from Russia, the truth is that he has fully detailed new plans, designed by the Russians.

The legend of the PLO, now flourishing in some circles in the West should join the cliches about Stalin being a democrat, Mao Tse-tung being an agrarian reformer, and Fidel Castro as a socialist. The PLO is nothing more than a wholly owned subsidiary of the Soviet KGB. It is a cover organization for the advance of Soviet military power and diplomatic influence in the Middle East. Should the PLO become the government of an independent Palestinian state, its policy would make it indistinguishable from any other East European Soviet puppet regime. I hope that journalistic inquiries like that made by Mr. Krosney will unmask the PLO for those who have been unable to understand the nature of that organization to date.

The article follows:

THE PLO'S MOSCOW CONNECTION

(By Herbert Krosney)

They move with stunning swiftness. Suddenly, in a busy Iraeli marketplace or on the fringes of an agricultural kibbutz, Palestinian terrorists wreak destruction and death on innocent civilians. Their means are varied: a well-concealed bomb, an ambush of automatic-weapons fire, a land mine, or incendiary devices. More often than not, the perpetrators of such deeds have disappeared by the time the police and military arrive. And all that is left are the twisted forms and ashes of the targets of their rampage.

Because of the effectiveness and wanton terror of these attacks, the papers are replete with such tales. What is not reported, though, and perhaps what makes such activities even more ominous, is that many of the guerrillas involved have received their training from a nation which has publicly taken a backseat to the latest Middle East peace developments: the Soviet Union.

The allegations have, of course, been around for years. Ever since Yasir Arafat first went to Moscow in 1969 in the wake of the Six-Day War, the extent of Russia's involvement with the Palestinian Liberation Organization has been a matter of considerable debate. Officially, the Soviet Union has granted the group political legitimacy by allowing it to open an office in the Russian capital. But, perhaps for fear of alienating Arab nations which privately don't want an independent Palestinian state on their borders, the Soviet Union has publicly walked a thin line in pronouncing the depth of its commitment. And yet, based on interviews with PLO officials and intelligence-community sources, there is no doubt that Russia has taken an active role in assisting and providing military aid to the Palestinian terrorists. Just how this came about and details of such support can now for the first time be revealed.

Since 1974, sources say, as many as 1,000 Palestinians have been sent to the Soviet Union and other Eastern-bloc countries for clandestine training in either Russian military or KGB (secret-police) camps. Considering the fact that the Palestinian irregular forces total perhaps 15,000, this figure indicates that one of each fifteen guerrillas has received such instruction.

Those brought to Moscow are not the foot soldiers of the revolution, either. Instead, only the best and the brightest, the Palestinian army's officers and officials, get the special courses. And what they learn is passed on to the troops and quickly applied to the Palestinians' war against the Israelis.

A case study of how this Palestinian-Russian connection works may be observed in an intelligence report currently in the hands of several Western nations. Not only does it display the quality of care given the Palestinian trainees, it also shows the pains to which the Soviet Union has gone in order to disguise its role in this situation.

In the summer of 1977, the training branch of the PLO notified its various member organizations that courses in infantry, engineering, and artillery would be held somewhere in the Soviet Union. Some two thirds of the places in these training classes were being set aside for Fatah, the PLO's main military branch, which is under the military command and overall leadership of Arafat.

Once chosen, the trainees were taken to the Shatila refugee camp near Beirut for a period of orientation under the direction of a Fatah captain, Faud Awad. His task was not easy. The new arrivals came from six different factions in the Palestinian movement: Fatah, the Palestinian Liberation Front, the Popular Front for the Liberation of Palestine, the Palestine Liberation Army, the Palestinian Armed Struggle, and Saiqa, the Syrian-backed component of the PLO. Further problems can be noted in the fact that two groups invited to this session turned down the offer. The Arab Liberation Front had demanded places for six of its members, was notified there was only room for three, and canceled its attendance. Also, the Democratic Front for the Liberation of Palestine, a Communist faction, claimed it had already received special courses in the Soviet Union and was not in any need of additional, general training.

Nevertheless, despite these dissenters, a fairly prominent group of Palestinian officials arrived at this Lebanese way station. There was Second Lieutenant Aadel, one of Arafat's personal bodyguards; Second Lieutenant Shabal Hassan, of Fatah's motorized forces; and from Fatah's Special Services unit, Second Lieutenant Hadhar. Two sergeant majors, Al-Abd Al Karim, of the PLF, and Hamran, of the Armed Struggle, appeared. Among the lieutenants signed up for the course were Abu Abdallah, of Fatah's training wing, and Hareb Abu Aatiwa, of the PLA. There were more than 50 others and all were en route to Moscow.

After checking in, the assembled Palestinians were given political, historical, and cultural lectures about the Soviet Union. These seminars, delivered by Abu Khaled Hussein, of Fatah's political department, and Abu Fahd, of the Ajnudin Forces, among others, were designed to establish a common ideological denominator among the assorted and disparate factions. Indeed, beyond the rhetoric and explanations given in Russian on proper behavior and the need to obey the orders of Soviet commanders, the recruits were strongly warned against involving themselves in any political arguments, even among themselves.

After about two weeks at Shatila, the trainees readied themselves to move out. Each was issued a doctored passport, derived from Jordanian or Lebanese originals, in the name of a person who had died. Original photos were replaced by pictures of the new holders. Cash, to the tune of 200 American dollars, was given to each recruit for personal expenses, and an admonition was related against attempting to smuggle additional currency—including rubles—into the Soviet Union. Finally, after being divided into three groups, the Palestinians boarded separate Aeroflot flights in Beirut and took off for Moscow, where they were met by Hikmat Abu Zaid, the deputy director of the PLO's Russian office.

All the Palestinians were given hotel accommodations and a tour of the capital. But many of the impressive sights around the Kremlin were not really given more than a once-over. The real business of this journey was anything but a mere broadening of horizons. Soon the group was flown to the Soviet foreign-military academy at Sanprobal, near the city of Simferapol on the Black Sea.

There, for the next six months, the Palestinians—along with activists from nations such as Libya, Iraq, South Yemen, and Algeria—were given an arduous course of study, including basic military field exercises, communications techniques, and lectures in theory. But at the heart of all this instruction came extensive "engineering" classes—just the sort which make a terrorist's eyes start to glow.

The syllabus, according to the report, included the following:

Study of regular and electric detonators;

Training in chemical and biological warfare;

Production of incendiary devices;

Preparation of an electrical charge by means of a detonator;

Study of exploding metals;

Crossing rivers by means of rubber or wooden boats;

Blowing up wood by means of a charge;

Study of fuse types; "detonating cord-red, instantaneous fuse-red, safety fuse-black";

Blowing up vehicles and ammunition dumps;

Preparation of anti-personnel mine fields.

Obviously, it is the sort of instruction which can in no manner be construed as simple political aid.

Muhammad Abu Kassem is an intense, 27-year-old Palestinian whose words and actions are a testament to the quality of the Soviet training. A few years ago, under the code name "Hader," this young Fatah member traveled from Lebanon to Russia for instruction which he would soon put to use.

On March 11, 1978, a special Fatah coastal unit called the Dallal Al Maghrebi squad, consisting of thirteen Palestinian terrorists, set out in a small boat with the aim of attacking the Tel Aviv suburb of Bat Yam. Because of navigational problems, the men were thrown off course and arrived on an Israeli beach more than 50 miles from their target. When they waded ashore that quiet Saturday morning, the stretch of sand was virtually deserted, all except for a 39-year-old New York-born photographer, Gail Rubin. Some of the terrorists approached the red-haired woman as she strolled along the waterfront, and, not knowing exactly where they were, questioned her. After she answered their questions. Gail Rubin was shot dead.

Soon the Palestinians commandeered a school bus and began a rampage down Israel's Coastal Highway, firing randomly at passing cars, killing drivers and passersby indiscriminately. By the time their attack was halted by a hail of police bullets, the terrorists' "Sabbath Massacre" had left 57 people dead and some 80 wounded.

The embarkation officer for the squad had been Muhammad Abu Kassem—Hader.

Hader was not actually present during the "Sabbath Massacre," an act which ultimately resulted in a major Israeli retaliatory raid against southern Lebanon which caused an escalation in killing by both sides in the Middle East conflict. But he was around last autumn when Palestinians attempted to blow up the port of Eilat, a resort town on the Red Sea with a population of 20,000.

Hader was placed second in command of this operation. The PLO secretly purchased a Greek ship, the S.S. *Agios Demetrios*, and loaded it with four tons of dynamite and 45 Russian-made Katusha rockets.

The plan was for the ship-qua-arsenal to fire its rockets at Eilat and its oil refineries, for the Palestinian crew to be transferred to an escape vessel, and then, using an automatic pilot, for the *Demetrios'* dynamite-laden hulk to be sent directly into the harbor. But about 50 miles from Eilat, the *Demetrios* was intercepted by an Israeli gunboat and fired upon. The crew was captured, and Hader, wounded by shrapnel, was placed under arrest. His trial is scheduled to resume next month amid extremely tight security.

What makes Hader's case most unusual is that he agreed to speak with a Western journalist about his activities. His consent to be interviewed came only after long and difficult negotiations and discussions with both Israeli authorities and Hader's family in the Gaza Strip.

The young terrorist met with an Arabic translator and me in an Israeli correctional facility. Hader first interrogated me on a variety of topics, including my reaction to his family and the attitude of Canadians—I was working for the Canadian Broadcasting Corporation—toward Palestinians. Finally, he set as a condition that he would refuse to respond to any questions he didn't want to answer. This was agreed to.

Apparently, Hader had resolved to avoid revealing any specific information. He did say, though, that he had received "military engineering training" in what he called "Friendship Camp" near the Black Sea.

"It was nothing special," he insisted. "We went through six months of military training, an ordinary course in the engineering field. We also had political studies: for example, the Russian Revolution, its stages and motivation. We learned about Communism and socialism. Russian technology, which is known to be very developed, was explained to us."

Hader was insistent that the PLO's "connection with the Russians is based on friendship. We will not agree that this connection is interpreted as such that the Russians are taking us over or manipulating us. If the Russians would impose conditions on us to keep up the friendship, we shall, of course, not accept them—even if this means we can't continue to study there."

And what, ultimately, was the purpose of his training? "The purpose of the course is teaching, to teach what I have learned to other fighters," Hader said. And he added that none of the recruits he studied with came from any of the internationally recognized Arab nations. The Soviet instruction, said Hader, "is for the training of people from liberation movements only."

While Hader was admittedly somewhat reticent to discuss the details of his Russian months, another Palestinian soldier did agree to reveal more information. Just why this is so is a matter of conjecture. But as with Hader, this Palestinian—whom we shall call "Abu Samil"—seems proud of the PLO's special relationship with the Soviet Union, impressed that their movement has been granted important backing and support without compromising its ideals.

As a Fatah officer, Samil was emphatic in defending the PLO's Russian link before agreeing to discuss it in any detail. "I would cooperate with the devil in order to liberate my country," he said, adding that the PLO was entirely politically independent of the Soviet Union. After making that point perfectly clear, Samil said that the extensive training he received in guerrilla warfare, land-to-land rocketry, and command procedures was the sort specifically designed for the kind of war Fatah had to fight against Israel.

Exercises were conducted in which a small force would attack a much larger force or in which specific targets would be attacked, held, and then evacuated. Security was kept tight, with each Palestinian calling every other by a "special name" and the Russian commanders' referring to their charges by similar pseudonyms.

And after several months of tutelage, the Palestinians were ready for their graduation exercise, ready to return home as leaders in the revolution.

"The day before graduation the Russians transferred the Palestinians to another camp. The camp was beside a lake, which enables us to complete a variety of training. In the early morning, there's a sudden alarm—that is, it's as if there's an emergency, an air raid, for example. In this exercise we must flee suddenly from the camp.

"The group takes their arms, and as we escape, the Russian trainers are firing at us. The sign of a successful exercise is in our managing to escape without being hit by the Russian trainers' bullets.

"Normally, as part of the training, direct fire is aimed by the trainers at the trainees. Naturally, the Russian trainers don't kill us. After all this hard work, we are not hit. The group has to escape the camp by penetrating through or jumping over the surrounding fence.

"If successful, it indicates they have stopped or delayed the enemy.

"The more important aspect of this training is survival and personal self-defense. All officers must take this part of the course, because if you can't protect yourself you can be assassinated anytime, anywhere.

"The main concentration is on self-preservation. So it's logical that you have to train in self-defense—hand-to-hand combat, judo, and especially in the use of pistols. The course concentrates on the use of pistols."

When pressed for additional, more intimate details of his training and his reaction to the Soviet Union, he confessed that the Palestinians sometimes had a difficult time when the Russians expected them to eat pork.

"They like ham, and we are Muslims, and it is forbidden to eat that meat."

He was asked if he had had time to say his prayers. "In Muslim religion, we have in

Koran special thing for the fight. If you are in the fight and the time of training, it is not only a half hour, or five minutes, you must pray. You can pray two times in no time, and you can pray during the fight, by your eyes and by your heart." How did the Russians look on it when you prayed?

"They have Muslims there [in the Soviet Union], but, generally, the Communist man looks at you as foolish or something like that." But, he added, "generally, they like us."

Recently, an officer of the PLO defected from the organization, charging corruption by higher-ups. After months of negotiations, this defector agreed to be interviewed—provided he was granted a transcript of our discussion before it was released.

Besides detailed allegations of extravagant spending and life-styles on the part of PLO officials—including Foreign Minister Faruk Kaddumi—the defector provided additional information on Soviet influence upon the Palestinians.

For example, he claimed that Hajis Mayil, the PLO's contact with the United Nations forces in southern Lebanon, "is known to be the Soviets special representative. . . . He too went to the Soviet Union for training."

He also attempted to explain Arafat's role in the support situation. "No one understands Arafat's ideology, and no one understands him," the defector said. "He, of course, gets no money from the Russians—they don't pay anybody. But they help him attain influence." This in part is a result of Arafat's willingness to work with Moscow in determining the PLO's political moves.

"Arafat is an opportunist and would not make an important move without first consulting the Soviet ambassador. He meets him once or twice a week, sometimes once in two weeks, in order to report his plans and current activities," says the PLO defector. "When he comes back to Beirut from Russia, the truth is that he has fully detailed new plans, designed by the Russians.

"What has happened is that we have become a terrorist organization of a kind that if the Russians want to explode a situation they're interested in, or use us for a special interest, they come and give us orders."

While the defector's bitter observations may well be exaggerated, taken in a broader context they seem to contain a good deal of merit. "It's important to realize that when you say the Soviet Union supports terrorism," says Dr. Ray S. Cline, a former deputy director of the Central Intelligence Agency, "you do not mean that they direct and command each terrorist activity. That would be impossible and not very useful.

"What they do is supply the infrastructure of terror: the money, the guns, the training, the background information, the communications, the propaganda that will inspire individual terrorist groups."

This view is strongly supported by General Shlomo Gazit, head of Israeli military intelligence from 1974 until early this year. He claims that the PLO has actively used its sophisticated training to provide assistance for other terrorist groups—including Japan's Red Army, Germany's Baader-Meinhof gang, or Ireland's IRA.

"That, I think, is the most dangerous aspect, from the international point of view, of Palestinian terrorism."

Although this time it is the Soviet Union which is providing the classrooms, the United States and other Western nations have become involved in analogous situations over the years. But regardless of the merits of each cause, the training of terrorists by global powers always has led to the same grim results.●